

THIS SCHEME DOCUMENT IS ISSUED BY ARA ASSET MANAGEMENT LIMITED (THE "COMPANY"). THIS SCHEME DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

SCHEME DOCUMENT

DATED 28 FEBRUARY 2017



ARA ASSET MANAGEMENT LIMITED
(Incorporated in Bermuda)
(Company Registration No.: 32276)

PROPOSED ACQUISITION OF ARA ASSET MANAGEMENT LIMITED

by

**ATHENA INVESTMENT COMPANY
(CAYMAN) LIMITED**

by way of

**A SCHEME OF ARRANGEMENT
UNDER SECTION 99 OF
THE COMPANIES ACT 1981
OF BERMUDA**

Deloitte.

Independent Financial Adviser to the
Independent Directors of
ARA Asset Management Limited

**Scheme
Consideration
S\$1.78
for each
Scheme Share**

**The Scheme Consideration
is Final**

**Submit your vote in
person or by proxy**

IMPORTANT DATES AND TIMES

Last date and time for lodgement
of Proxy Forms for Scheme
Meeting

**21 March 2017 at 11.00 a.m.
(Singapore time)**

Date and time of Scheme Meeting

**23 March 2017 at 11.00 a.m.
(Singapore time)**

Place of Scheme Meeting

**Level 3, Summit 2
Suntec Singapore Convention &
Exhibition Centre
1 Raffles Boulevard, Suntec City
Singapore 039593**

IF YOU ARE IN ANY DOUBT ABOUT THIS SCHEME DOCUMENT OR THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

If you have sold or transferred all your issued and fully paid-up ordinary shares in the capital of the Company (the "Shares"), you should immediately hand this Scheme Document and the accompanying Proxy Forms (as defined herein) to the purchaser or transferee or to the bank, stockbroker or agent through whom you effected the sale or transfer, for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Scheme Document.

TRANSACTION OVERVIEW

- A consortium of parties (the “**Consortium**”) has proposed, through Athena Investment Company (Cayman) Limited (the “**Offeror**”), to acquire all the shares of ARA Asset Management Limited (the “**Company**”).

- The Consortium comprises the following parties:
 - an affiliate of Mr Lim Hwee Chiang John;
 - affiliates of The Straits Trading Company Limited; and
 - an affiliate of Cheung Kong Property Holdings Limited,(collectively, the “**Rollover Shareholders**”);
and
 - an affiliate of Warburg Pincus LLC; and
 - an affiliate of AVIC Trust Co., Ltd,(collectively, the “**Sponsor Shareholders**”).

- The acquisition will be effected:
 - i. by way of a scheme of arrangement (the “**Scheme**”) at a Scheme Consideration of **S\$1.78** per Scheme Share. **The Scheme Consideration is final**; and
 - ii. subject to the Scheme becoming effective, by way of the acquisition of the Rollover Shares pursuant to the terms of the Rollover Agreement.

- Upon the Scheme becoming effective, the Rollover Shareholders will transfer their Rollover Shares at a valuation equivalent to the Scheme Consideration, in exchange for a combination of cash and shares in the HoldCo. Upon completion of the Acquisition, the Rollover Shareholders will hold, through the HoldCo, an aggregate 48.8% effective stake in the Company.

- The Scheme is conditional upon the satisfaction (or, where applicable, waiver) of all the Scheme Conditions set out in Appendix 7 to this Scheme Document. The Scheme is not conditional or dependent on completion of the Rollover Agreement and Scheme Shareholders will be entitled to the Scheme Consideration upon the Scheme becoming effective, regardless of whether the Rollover Agreement is completed.

WHO ARE THE SPONSOR SHAREHOLDERS?

▶ **Alexandrite Gem Holdings Limited (AGHL)**

AGHL is an affiliate of Warburg Pincus. Warburg Pincus is a leading global private equity firm focused on growth investing with more than US\$40 billion in private equity AUM.

Warburg Pincus is an experienced partner to management teams seeking to build durable companies with sustainable value.

▶ **AVICT Dragon Holdings Limited (AVICT)**

AVICT is an affiliate of AVIC Trust, one of the leading investment and trust managers in China with AUM of over US\$51 billion.

AVIC Trust is owned by Oversea-Chinese Banking Corporation (19.9988%) and indirectly owned by AVIC Capital Co., Limited (80.0012%), a company listed on the Shanghai Stock Exchange and the finance arm of the Aviation Industry Corporation of China.

IRREVOCABLE UNDERTAKING

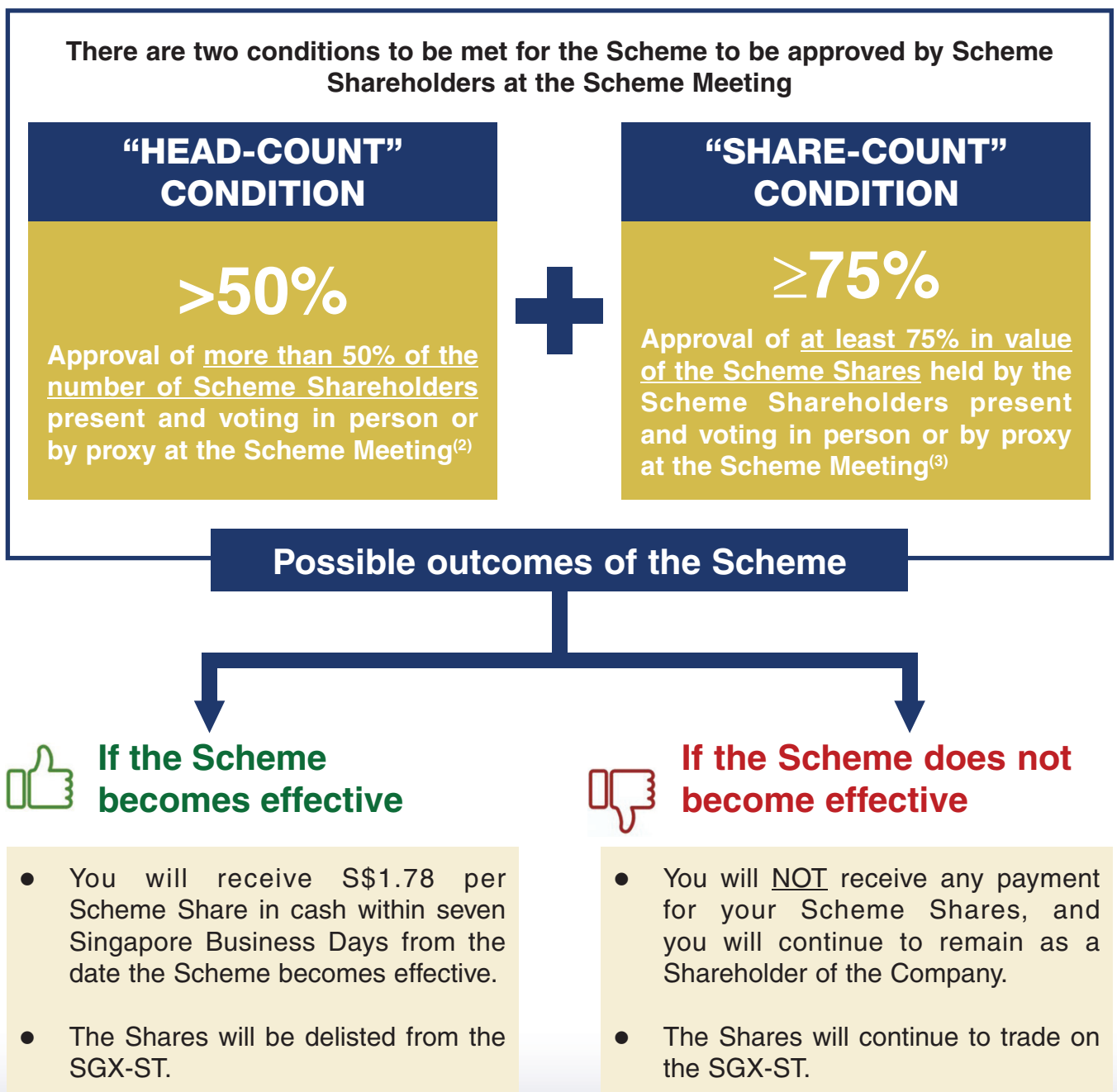
Franklin Templeton Institutional, LLC has given an irrevocable undertaking to vote all of the Shares it owns as at the date of the Scheme Meeting in favour of the Scheme.

As at the Latest Practicable Date, based on the disclosures made to the Company, Franklin Templeton Institutional, LLC holds an aggregate of 79,661,020 Shares, representing 7.99% of the Shares. Please refer to pages 32 to 33 of this Scheme Document for further details on the irrevocable undertaking.

SCHEME SHAREHOLDERS' APPROVAL FOR THE SCHEME

The Scheme is subject to a number of conditions, including approval from Scheme Shareholders and the Court, and will only become effective when these conditions have been satisfied (or, where applicable, waived). The Scheme Conditions must be satisfied (or, where applicable, waived) by 5.00 p.m. on 30 June 2017⁽¹⁾, failing which the Scheme will lapse.

The Offeror and its concert parties will abstain from voting on the Scheme in respect of their Scheme Shares (if any) at the Scheme Meeting.



(1) Or such other date as may be agreed in writing between the Offeror and the Company.

(2) Excluding the Offeror and its concert parties, who are not eligible to vote or will abstain from voting (as the case may be).

(3) Excluding Shares held by the Offeror and its concert parties, who are not eligible to vote or will abstain from voting (as the case may be).

RATIONALE FOR THE ACQUISITION

1

Opportunity for Scheme Shareholders to Realise their Investment at a Favourable Valuation

The Offeror is providing an opportunity for Scheme Shareholders to receive **S\$1.78 per Scheme Share in cash** without incurring brokerage fees.

The Offeror believes the Scheme Consideration is at an attractive premium to historical trading prices.

2

Continued Growth Requires Significant Capital

Amidst shifting dynamics in the real estate fund management industry, the Company believes that in order to maximise the scalability of the Company's business model in the long term, it will require a significant amount of capital to further its growth through strategic co-investments into existing and new funds, as well as through opportunistic acquisitions.

Should it remain a listed company at this scale, raising capital successfully will take time and will be highly dependent on market conditions. Such capital raisings also entail costs and may result in the dilution of Shareholders' interests.

3

Access to an Efficient Source of Significant Capital in Support of the Company's Future Growth

By privatising the Company together with affiliated entities of Warburg Pincus and AVIC Trust, the Consortium believes the Company will be able to secure the long-term commitment of two new strategic capital partners.

These partners provide the Company with increased access to capital, which will allow it to operate more nimbly and efficiently in achieving its growth objectives.

REALISE YOUR INVESTMENT AT A FAVOURABLE VALUATION

1 Attractive compared to historical share price

The Scheme Consideration exceeds the highest closing price of the Shares since May 2014.

Apart from brief periods between March 2013 to March 2014, the Scheme Consideration is higher than the adjusted closing prices of the Shares since the Company's IPO.

ARA Trading Price since IPO⁽¹⁾



Source: Bloomberg

(1) Up to and including 2 November 2016, being the Last Full Trading Day. Based on data extracted from Bloomberg which shows prices adjusted to reflect any changes in the share capital of the Company and also includes off market transactions.

2 Opportunity for Scheme Shareholders to exit their investment in the Company

The Scheme presents an exit opportunity for Scheme Shareholders who may otherwise find it difficult to exit their investment in the Company due to low trading liquidity. The historical trading volume of the Shares over the 12-, 6-, 3- and 1-month periods up to and including 2 November 2016 (being the Last Full Trading Day) are shown below.

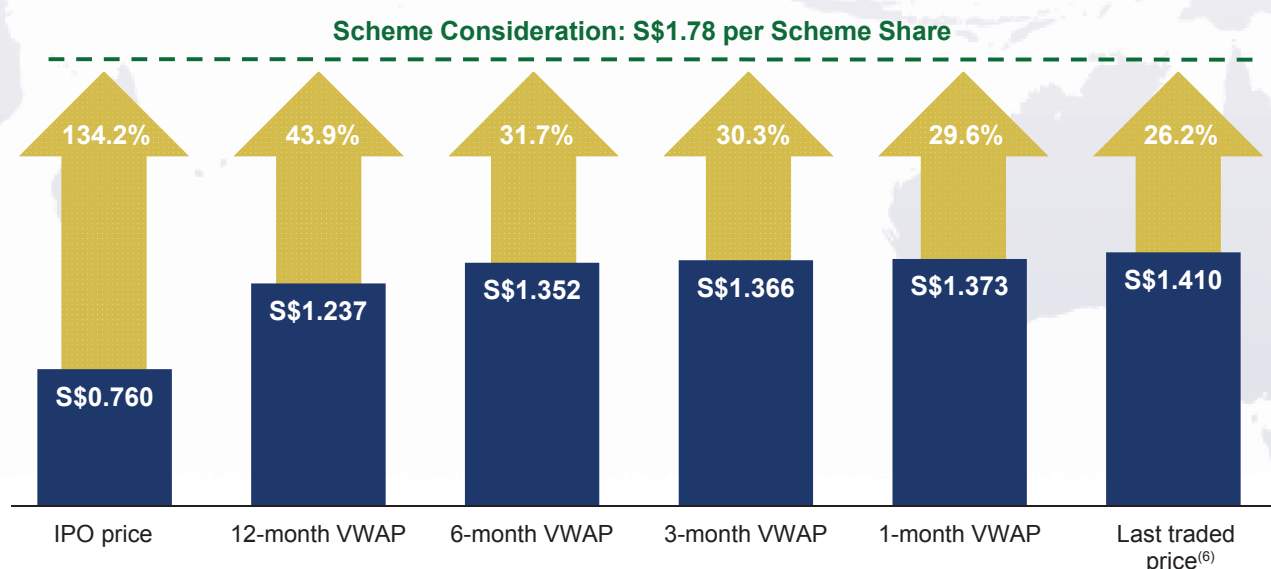
ARA Historical Trading Liquidity

	Prior 12-months	Prior 6-months	Prior 3-months	Prior 1-month
Average daily trading volume ⁽¹⁾	658,027	525,181	571,259	546,252
Average daily trading volume as a percentage of total issued Shares ⁽²⁾⁽³⁾	0.066%	0.053%	0.057%	0.055%

3 Significant premium to historical market prices

The Scheme Consideration is at a significant premium to the VWAP of the Shares over the 12-, 6-, 3-, and 1-month periods up to and including 2 November 2016 (being the Last Full Trading Day), the IPO price as well as the closing share price as at 2 November 2016.

Premia to Various Historical Benchmarks⁽⁴⁾⁽⁵⁾



Source: Bloomberg

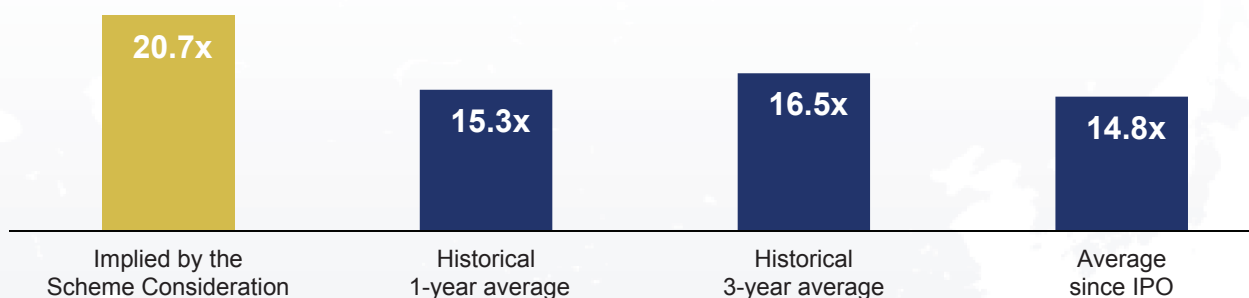
- (1) Calculated using the total volume of Shares traded divided by the number of days on which the Company is traded on the SGX-ST.
- (2) Calculated using the daily total volume of Shares traded divided by the total number of Shares outstanding.
- (3) Rounded to the nearest three decimal places.
- (4) IPO price and VWAPs shown in the chart above are based on data extracted from Bloomberg which shows prices adjusted to reflect any changes in the share capital of the Company and also includes off market transactions. Share price rounded to the nearest three decimal places.
- (5) Premia shown in the chart above are rounded to the nearest one decimal place.
- (6) Last traded price per Share on 2 November 2016, being the Last Full Trading Day.

4 Implied multiples compare favourably to historical averages

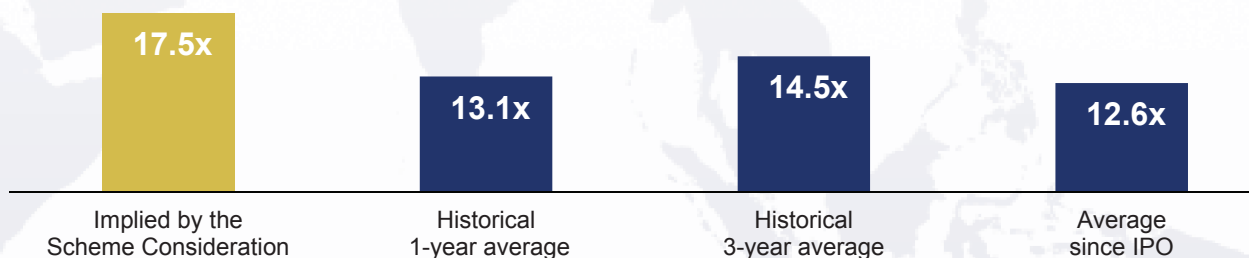
The Scheme Consideration implies a P/E, EV/EBITDA and EV/AUM of 20.7x, 17.5x and 5.0% respectively, which compare favourably to the Company's historical averages.

Implied Valuation Multiples vs. Historical Averages

P/E⁽¹⁾⁽⁵⁾



EV/EBITDA⁽²⁾⁽³⁾⁽⁵⁾



EV/AUM⁽²⁾⁽⁴⁾⁽⁵⁾



Source: Bloomberg

- (1) EPS used in the calculation of P/E implied by the Scheme Consideration is based on Next Twelve Months ("NTM") consensus as sourced from Bloomberg as at 21 February 2017, being the Latest Practicable Date. EPS used in the calculation of the historical 1-year, 3-year and since IPO averages is based on NTM consensus as sourced from Bloomberg for each respective day up to and including 2 November 2016, being the Last Full Trading Day.
- (2) EV implied by the Scheme Consideration is calculated based on the (i) market capitalisation, plus (ii) consolidated loans and borrowings, less (iii) consolidated cash and cash equivalents, plus (iv) non-controlling interests, as at 31 December 2016. EV used in the calculation of the historical 1-year, 3-year and since IPO averages is computed on a daily basis and reflects the latest market capitalisation at the end of each day and the Company's financial statements for each corresponding quarter up to and including 2 November 2016, being the Last Full Trading Day (i.e. EV calculations on and after 30 September 2016 take into account the consolidated loan and borrowings, cash and cash equivalents and non-controlling interests figures as at 30 September 2016).
- (3) The EBITDA used in the calculation of EV/EBITDA implied by the Scheme Consideration is based on NTM consensus as sourced from Bloomberg as at 21 February 2017, being the Latest Practicable Date. The EBITDA used in the calculation of the historical 1-year, 3-year and since IPO averages is based on NTM consensus as sourced from Bloomberg for each respective day up to and including 2 November 2016, being the Last Full Trading Day.
- (4) The AUM figure used in the calculation of EV/AUM implied by the Scheme Consideration is based on the Company's figures as at 31 December 2016. The AUM figure used in the calculation of the historical 1-year, 3-year and since IPO averages is based on the Company's quarterly reported figure for each corresponding quarter up to and including 2 November 2016, being the Last Full Trading Day (i.e. AUM figures used in the calculations on and after 30 September 2016 reflect the Company's AUM as at 30 September 2016).
- (5) Percentages and multiples shown in the chart above are rounded to the nearest one decimal place.

IFA AND INDEPENDENT DIRECTORS' RECOMMENDATIONS

Extracted from IFA Letter:

“Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, overall, we are of the view that the financial terms of the Scheme are **FAIR AND REASONABLE**. Accordingly, we advise the Independent Directors to recommend Scheme Shareholders to **VOTE IN FAVOUR** of the Scheme.”

Deloitte.
INDEPENDENT FINANCIAL ADVISOR

Extracted from recommendation from Independent Directors of the Company:

“The Independent Directors, having considered carefully the terms of the Scheme and the advice given by the IFA in the IFA Letter, concur with the recommendation of the IFA in respect of the Scheme. Accordingly, the Independent Directors recommend that Scheme Shareholders **VOTE IN FAVOUR** of the Scheme at the Scheme Meeting.

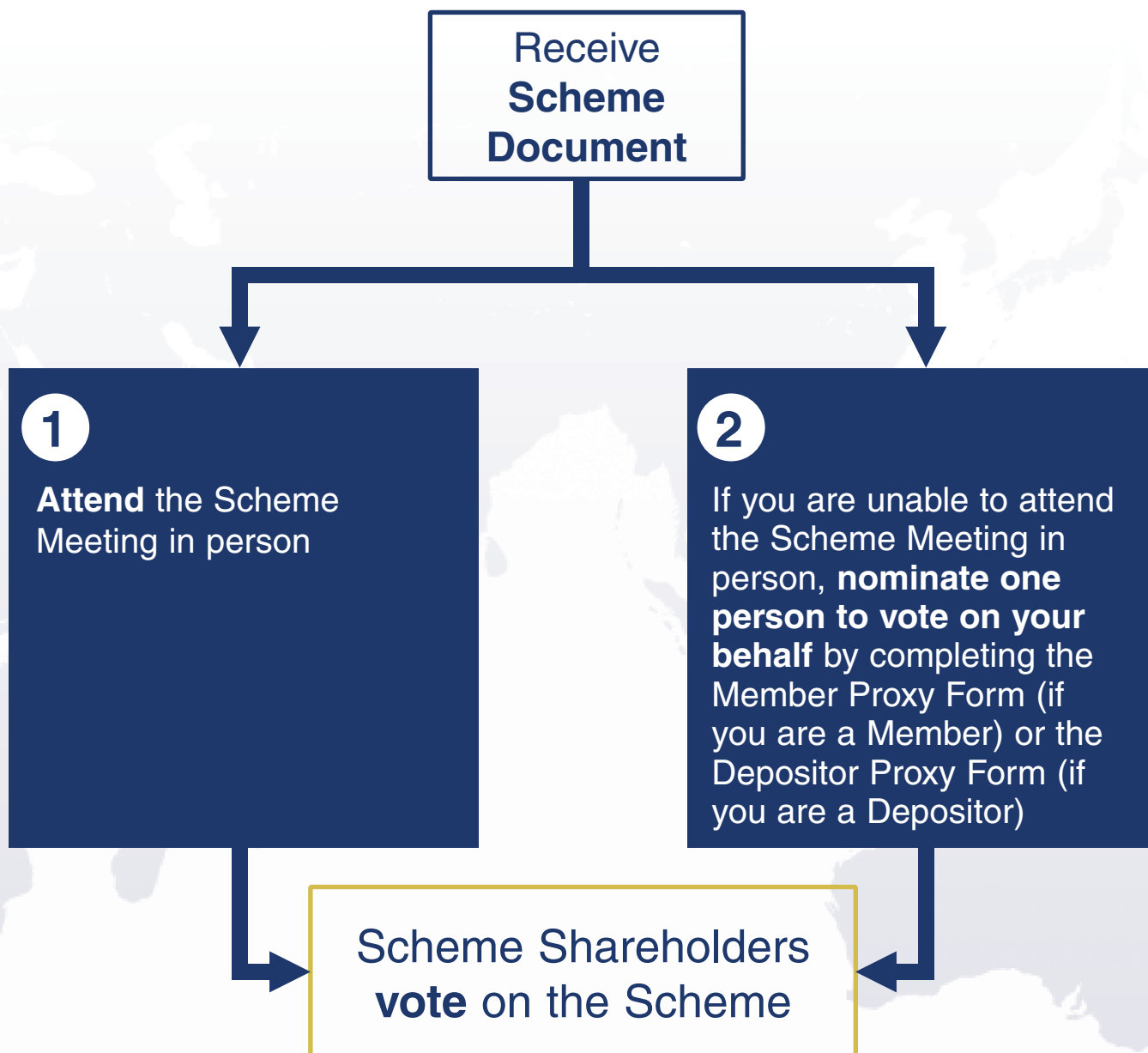
Scheme Shareholders should also be aware and note that there is no assurance that the trading volumes and market prices of the Shares will be maintained at the current levels prevailing as at the Latest Practicable Date if the Scheme does not become effective for whatever reason. Scheme Shareholders should also be aware and note that there is currently no certainty that the Scheme will become effective.”

ARA
INDEPENDENT DIRECTORS

IT IS IMPORTANT THAT YOU READ THESE EXTRACTS TOGETHER WITH AND IN THE CONTEXT OF THE IFA LETTER AND THE LETTER TO SCHEME SHAREHOLDERS IN FULL, WHICH CAN BE FOUND IN APPENDIX 1 AND PAGES 21 TO 37 OF THIS SCHEME DOCUMENT RESPECTIVELY. YOU ARE ADVISED AGAINST RELYING SOLELY ON THESE EXTRACTS.

HOW TO VOTE AT THE SCHEME MEETING

If you are a Member or a Depositor (who is an individual), there are two ways you can vote at the Scheme Meeting:



The result of the Scheme Meeting will be determined by Scheme Shareholders who cast their votes (in person or by proxy) on a poll at the Scheme Meeting and will be binding on all Scheme Shareholders.

If you are unable to attend the Scheme Meeting on 23 March 2017 at 11.00 a.m., or if you are a Depositor which is **not** an individual, please complete your Depositor Proxy Form enclosed with this Scheme Document, and return the completed and signed Depositor Proxy Form so that it arrives at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623 **BY NO LATER THAN 11.00 a.m. on 21 March 2017.**

COMPLETE THE PROXY FORM TO NOMINATE A PERSON TO VOTE ON YOUR BEHALF

If you are unable to attend in person, you may nominate someone you know, or the Chairman of the Scheme Meeting, to vote on your behalf.

If you are a Depositor which is not an individual, you **MUST** appoint a person to vote on your behalf by completing the Depositor Proxy Form.

STEP 1: Locate the Proxy Form

The Proxy Form is enclosed with this Scheme Document, or can be obtained from:

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place, Singapore Land Tower, #32-01
Singapore 048623

Operating hours: Monday to Friday: 8.30 a.m. to 5.30 p.m.

STEP 2: Complete the Proxy Form. The example below relates to the Depositor Proxy Form

DEPOSITOR PROXY FORM FOR SCHEME MEETING

We, The Central Depository (Pte) Limited ("CDP"), of 11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589, being a Member of ARA ASSET MANAGEMENT LIMITED (the "Company"), pursuant to Bye-law 7(1)(b) of the Bye-laws of the Company, are deemed to have appointed the person(s) whose name(s) and particulars are set out in Part I below (the "Appointee"), in respect of such number of Scheme Shares (the "Depositor(s) Shares") set out against his/her/its name in the Depository Register maintained by CDP as at 11.00 a.m. on Tuesday, 21 March 2017 (the "Depositor Cut-Off Time"), as our proxy to attend the Scheme Meeting (or any adjournment thereof) convened at the direction of the Supreme Court of Bermuda, to be held at Level 3, Summit 2, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 099593 on Thursday, 23 March 2017 at 11.00 a.m. for the purpose of considering and, if thought fit, approving (with or without modification) the resolution relating to the scheme of arrangement referred to in the Notice of Scheme Meeting dated 28 February 2017 (the "Scheme Resolution"), and at the Scheme Meeting (or at any adjournment thereof) to vote for us on our behalf.

Verify your name and particulars.

I. **A**

Verify your name and particulars.

A Verify your name and particulars.

Verify your name and particulars.

John Smith
Blk 55 Siglap Hill #04-03 S(257869)
No. of Depositor Shares: 100

OR, in the event the Company receives this Depositor Proxy Form which is:

(i) duly completed and signed/executed by the Depositor(s); and

(ii) submitted by the requisite time and date, and to the requisite office as indicated below,

we hereby appoint the person the "Appointee" whose details are given in Part II, provided that such details have been verified in Part V by the affixing of the seal or the signature of or on behalf of the person(s) named in Part II, and on the basis that such person(s) is/are authorised to vote in respect of the number of Depositor(s) Shares referred to in Part II as shown in Part III or, if no number is so reflected, in respect of the whole of the said shareholding.

B You may fill in the details of the appointee or leave this section blank. The Chairman of the Scheme Meeting will be the appointee if this section is left blank.

You may fill in the details of the Appointee or leave this section blank. The Chairman of the Scheme Meeting will be the Appointee if this section is left blank.

Indicate the number of Depositor(s) Shares you authorise the Appointee to vote.

Name	Address	NRIC/Passport Number	No. of Depositor(s) Shares
John Smith	Blk 55 Siglap Hill #04-03 S(257869)	S1234567A	

II. **B**

Name	Address	NRIC/Passport Number	No. of Depositor(s) Shares

C

C Indicate the number of Scheme Shares you authorise the appointee to vote.

You may fill in the details of the Appointee or leave this section blank. The Chairman of the Scheme Meeting will be the Appointee if this section is left blank.

Indicate the number of Depositor(s) Shares you authorise the Appointee to vote.

Name	Address	NRIC/Passport Number	No. of Depositor(s) Shares
			100

III. **D**

Indicate your vote by ticking in the box labeled FOR or AGAINST the Scheme Resolution below AND inserting the number of Depositor(s) Shares you wish to vote. PLEASE COMPLETE ONLY ONE BOX. DO NOT COMPLETE BOTH BOXES. IF YOU COMPLETE BOTH BOXES, YOUR DEPOSITOR PROXY FORM WILL BE REJECTED BY THE COMPANY.

FOR the Scheme Resolution (Tick ("✓") as applicable)	OR	AGAINST the Scheme Resolution (Tick ("✓") as applicable)
No. of Depositor(s) Shares: _____		No. of Depositor(s) Shares: _____

D Indicate your vote by ticking in the box labeled FOR or AGAINST the Scheme Resolution AND inserting the number of Scheme Shares you wish to vote.

III. Indicate your vote by ticking in the box labeled FOR or AGAINST the Scheme Resolution below AND inserting the number of Depositor(s) Shares you wish to vote. PLEASE COMPLETE ONLY ONE BOX. DO NOT COMPLETE BOTH BOXES. IF YOU COMPLETE BOTH BOXES, YOUR DEPOSITOR PROXY FORM WILL BE REJECTED BY THE COMPANY.

FOR the Scheme Resolution (Tick ("✓") as applicable)	OR	AGAINST the Scheme Resolution (Tick ("✓") as applicable)
<input checked="" type="checkbox"/> No. of Depositor(s) Shares: 100		No. of Depositor(s) Shares: _____

IV. **D**

Dated this _____ day of _____ 2017

The Central Depository (Pte) Limited

Signature of Director

V. **E**

TO BE COMPLETED BY DEPOSITOR(S) IF HE/SHE/IT WISHES TO NOMINATE AN APPOINTEE UNDER PART II

Sign in the box below.

For Individuals:	For Corporations:	Common Seal
Signature of Direct Account Holder	Signature of Director / Signature of Director/Secretary	

IMPORTANT: - PLEASE READ NOTES OVERLEAF CAREFULLY BEFORE COMPLETING THIS DEPOSITOR PROXY FORM.

DO NOT FILL IN BOTH BOXES



STEP 2: Complete the Proxy Form (cont'd)

DEPOSITOR PROXY FORM FOR SCHEME MEETING

We, The Central Depository (Pte) Limited ("CDP"), of 11 North Buona Vista Drive, #06-07 The Metropolis Tower 2, Singapore 138589, being a Member of ARA ASSET MANAGEMENT LIMITED (the "Company"), pursuant to Bye-law 77(1)(b) of the Bye-laws of the Company, are deemed to have appointed the person(s) whose name(s) and particulars are set out in Part I below (the "Depositor(s)", in respect of such number of Scheme Shares (the "Depositor(s) Shares") set out against his/her/its name in the Depository Register maintained by CDP as at 11.00 a.m. on Tuesday, 21 March 2017 (the "Depositor Cut-Off Time"), as our proxy to attend the Scheme Meeting (or any adjournment thereof) convened at the direction of the Supreme Court of Bermuda, to be held at Level 2, Summit 2, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039599 on Thursday, 23 March 2017 at 11.00 a.m. for the purpose of considering and, if thought fit, approving (with or without modification) the resolution relating to the scheme of arrangement referred to in the Notice of Scheme Meeting dated 28 February 2017 (the "Scheme Resolution"), and at the Scheme Meeting (or at any adjournment thereof) to vote for us on our behalf.

Verify your name and particulars.

A

OR, in the event the Company receives this Depositor Proxy Form which is:

- (i) duly completed and signed/executed by the Depositor(s); and
- (ii) submitted by the requisite time and date, and to the requisite office as indicated below.

we hereby appoint the person (the "Appointee") whose details are given in Part II, provided that such details have been verified in Part V by the affixing of the seal or the signature of or on behalf of the person(s) named in Part V and on the basis that such person(s) is/are authorised to vote in respect of the number of Depositor(s) Shares referred to in Part II as shown in Part III or, if no number is so reflected, in respect of the whole of the said shareholding.

You may fill in the details of the Appointee or leave this section blank. The Chairman of the Scheme Meeting will be the Appointee if this section is left blank. Indicate the number of Depositor(s) Shares you authorise the Appointee to vote.

Name	Address	NRIC/ Passport Number	No. of Depositor(s) Shares

or failing him/her, the Chairman of the Scheme Meeting, as CDP's proxy to attend and to vote for us on our behalf at the Scheme Meeting (or at any adjournment thereof). The Appointee is hereby directed to vote for or against the Scheme Resolution as indicated below and, if no such indication is given, as he/she/it thinks fit.

We further hereby authorise and direct the Appointee to accept this Depositor Proxy Form in respect of the Depositor(s) Shares.

*Delete accordingly

III. Indicate your vote by ticking FOR and AGAINST the Scheme Resolution below AND inserting the number of Depositor(s) Shares you wish to vote. PLEASE COMPLETE ONLY ONE OF THE TWO BOXES. IF YOU COMPLETE BOTH BOXES, YOUR DEPOSITOR PROXY FORM WILL BE REJECTED BY THE COMPANY.

FOR the Scheme Resolution (Tick ("✓") as applicable)	OR	AGAINST the Scheme Resolution (Tick ("✓") as applicable)
No. of Depositor(s) Shares: _____		No. of Depositor(s) Shares: _____

Dated this _____ day of _____ 2017

IV. The Central Depository (Pte) Limited

Signature of Director

V. TO BE COMPLETED BY DEPOSITOR(S) IF HE/SHE/IT WISHES TO NOMINATE AN APPOINTEE UNDER PART II

Sign in the box below.

E

For Individuals: Signature of Direct Account Holder	For Corporations: Signature of Director Signature of Director/Secretary	Common Seal
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IMPORTANT: - PLEASE READ NOTES OVERLEAF CAREFULLY BEFORE COMPLETING THIS DEPOSITOR PROXY FORM.

E

Sign in the box below.

V. TO BE COMPLETED BY DEPOSITOR(S) IF HE/SHE/IT WISHES TO NOMINATE AN APPOINTEE UNDER PART II

Sign in the box below.

For Individuals: Signature of Direct Account Holder	For Corporations: Signature of Director Signature of Director/Secretary	Common Seal
------------------------------------------------------------	-----------------------------------------------------------------------------------	-------------

IMPORTANT: - PLEASE READ NOTES OVERLEAF CAREFULLY BEFORE COMPLETING THIS DEPOSITOR PROXY FORM.

STEP 3: Return the completed Proxy Form

Return the completed and signed Proxy Form in the enclosed pre-addressed envelope so that it arrives at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623, **BY NO LATER THAN 11.00 a.m. on 21 March 2017**. The envelope is prepaid for posting in Singapore only. Please affix sufficient postage if posting from outside of Singapore.

<p>BUSINESS REPLY SERVICE PERMIT NO. 08701</p>  <p>ARA ASSET MANAGEMENT LIMITED DBS BANK LTD. c/o BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD. 50 RAFFLES PLACE SINGAPORE LAND TOWER #32-01 SINGAPORE 048623</p>	<p>Postage will be paid by addressee. For posting in Singapore only.</p>
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CHECK YOUR SHAREHOLDING BALANCE

A CONTACT THE CDP

You can check your shareholding balance with CDP at:

The Central Depository
9 North Buona Vista Drive
#01-19/20 The Metropolis
Singapore 138588
Tel. +65 6535 7511
Fax. +65 6535 0775

Operating hours:
Monday to Friday: 8.30 a.m. to 5.00 p.m.
Saturday: 9.00 a.m. to 12.30 p.m.
Closed on Sundays & Public Holidays

B CONTACT INTERMEDIARIES

If you own Shares through a bank, broker or any other intermediary, you can check your shareholding balance by contacting them directly.

C CONTACT SRS BANK

If you are a SRS Investor, please consult your SRS Agent Bank (being DBS Bank, Oversea-Chinese Banking Corporation Bank or United Overseas Bank) for further information.

SRS Investors and other investors who own Shares through a bank, broker or other intermediary should contact their respective SRS Agent Banks, banks, brokers or intermediaries **immediately** so as to provide voting instructions ahead of the last date and time for Proxy Forms to be lodged or returned.

INDICATIVE TIMELINE

Latest date and time for lodgement of Proxy Forms in respect of the Scheme Meeting : 21 March 2017 at 11.00 a.m.

Date and time of the Scheme Meeting : 23 March 2017 at 11.00 a.m.

Place of the Scheme Meeting : Level 3, Summit 2
Suntec Singapore Convention & Exhibition Centre
1 Raffles Boulevard, Suntec City
Singapore 039593



INVESTOR CONTACT

If you require further assistance or information, please contact:

DBS Bank
Strategic Advisory
Telephone: +65 6878 4293

Goldman Sachs
Investment Banking
Telephone: +65 6889 1000

from Monday to Friday, 9.00 a.m. to 6.00 p.m. (except public holidays).

IMPORTANT NOTICE

The information in this section should be read with the full information contained in the rest of this Scheme Document. If there should be any inconsistency or conflict between this section and this Scheme Document, this Scheme Document shall prevail. Nothing in this section is intended to be, or shall be taken as, advice, a recommendation or a solicitation to the Scheme Shareholders or any other party.

Scheme Shareholders are advised to be cautious when dealing in their Scheme Shares and not to take any action in relation to their Scheme Shares which may not prove to be in their best interests.

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DEFINITIONS

In this Scheme Document, the following definitions apply throughout unless otherwise stated or the context otherwise requires:

“ Acquisition ”	:	The proposed acquisition by the Offeror of all the Shares, as particularised in paragraph 4 of the Letter to Scheme Shareholders
“ Aequitas ”	:	Aequitas Pte. Ltd.
“ AGHL ”	:	Alexandrite Gem Holdings Limited
“ AmFIRST REIT ”	:	AmFIRST Real Estate Investment Trust
“ ARA Group ”	:	The Company and all of its subsidiaries as at the date of the Implementation Agreement, but excluding for the avoidance of doubt the Fund Entities, and “ ARA Group Company ” means any one of them
“ AUM ”	:	Assets under management
“ AVIC Trust ”	:	AVIC Trust Co., Ltd
“ AVICT ”	:	AVICT Dragon Holdings Limited
“ Bermuda Companies Act ”	:	The Companies Act 1981 of Bermuda
“ Bloomberg ”	:	Bloomberg L.P.
“ Board ”	:	The board of directors of the Company
“ Books Closure Date ”	:	A date and time to be fixed by the Directors and announced (before the Effective Date) by the Company on which the Transfer Books and the Register of Members will be closed in order to determine the entitlements of the Scheme Shareholders in respect of the Scheme Consideration
“ Break Fee ”	:	The fee payable by the Company to the Offeror in certain prescribed circumstances, as more particularly described in paragraph 4.3 of the Letter to Scheme Shareholders
“ Business Day ”	:	A day (other than a Saturday, Sunday or public holiday) on which banks in Bermuda, Hong Kong, New York and Singapore are generally open for business
“ BVI ”	:	The British Virgin Islands
“ Bye-laws ”	:	The bye-laws of the Company, as amended, supplemented or modified from time to time
“ Cairns ”	:	The Cairns Pte. Ltd.
“ Capital Markets Services License ”	:	A license that is granted by the MAS under Section 86 of the Securities and Futures Act to a person to carry on a business in any regulated activity
“ CDP ”	:	The Central Depository (Pte) Limited
“ CKPHL ”	:	Cheung Kong Property Holdings Limited

DEFINITIONS

“Code”	:	The Singapore Code on Take-overs and Mergers
“Company” or “ARA”	:	ARA Asset Management Limited, a company incorporated in Bermuda
“Company Securities”	:	(i) Shares or securities which carry voting rights in the Company; and (ii) convertible securities, warrants, options and derivatives in respect of such Shares or securities which carry voting rights in the Company
“Competing Offer”	:	Any offer, proposal or expression of interest by any person other than the Offeror pursuant to which such person or any other person may, whether directly or indirectly, and whether by share purchase, scheme of arrangement, merger or amalgamation, capital reconstruction, purchase of assets, tender offer, general offer, partial offer, joint venture, dual listed company structure or otherwise: (i) acquire or become the holder or owner of, or otherwise have an economic interest in: (a) all or any substantial part of the businesses, assets, revenues and/or undertakings of the Company; or (b) all or a significant portion of the share capital of the Company; (ii) acquire control of the ARA Group or merge with the Company; (iii) benefit under any other arrangement having an effect similar to any of the above; or (iv) effect a transaction which would preclude or restrict the Acquisition and/or the Scheme
“Consortium Agreement”	:	The agreement entered into on 18 September 2016 between the Consortium Parties, as more particularly described in paragraph 5.1 of the Letter to Scheme Shareholders
“Consortium Parties” or “Consortium”	:	SE, JLIG, WGL, AGHL and AVIC Trust and “Consortium Party” means any one of them
“Court”	:	The Supreme Court of Bermuda
“Court Hearings”	:	The hearings by the Court of the petition for the sanction of the Scheme
“Court Order”	:	The order of the Court pursuant to Section 99(2) of the Bermuda Companies Act sanctioning the Scheme
“Cut-Off Date”	:	30 June 2017 or such other date as may be agreed in writing between the Offeror and the Company
“DBS Vickers”	:	DBS Vickers Securities (Singapore) Pte Ltd
“Deed of Undertaking”	:	Deed of undertaking given by the Undertaking Shareholder to the Offeror dated 5 December 2016
“Depositor Cut-Off Time”	:	In relation to a Depositor, a time that is 48 hours prior to the time of the Scheme Meeting (being the time as at which the name of the Depositor must appear in the Depository Register, as supplied by CDP to the Company, as having Scheme Shares entered against its name in the said Depository Register, for the purpose of determining the entitlement of a Depositor to attend and vote as CDP’s proxy at the Scheme Meeting)

DEFINITIONS

“ Depositor Proxy Form ”	:	The proxy form to be completed by Scheme Shareholders who are Depositors for the Scheme Meeting
“ Directors ”	:	The directors of the Company as at the Latest Practicable Date, and “ Director ” means any one of them
“ EBITDA ”	:	Earnings before interest, taxes, depreciation and amortisation
“ Effective Date ”	:	The date on which the Scheme, if approved and sanctioned by the Court, becomes effective in accordance with its terms, and which date shall, in any event, be no later than the Cut-Off Date
“ Encumbrance ”	:	Any claim, charge, mortgage, security, pledge, lien, option, restriction, equity, power of sale, hypothecation, or other third party right or interest, retention of title, right of pre-emption, right of first refusal or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing
“ Entitled Scheme Shareholders ”	:	Scheme Shareholders as at the Books Closure Date
“ EPS ”	:	Net profit after tax and minority interests per Share
“ ESOP ”	:	The employee share option plan proposed to be put into place by the HoldCo, as more particularly described in paragraph 5.5 of the Letter to Scheme Shareholders
“ EV ”	:	Enterprise value
“ EV/AUM ”	:	EV as a percentage of AUM
“ EV/EBITDA ”	:	EV as a multiple of EBITDA
“ Explanatory Statement ”	:	The explanatory statement required under Section 100 of the Bermuda Companies Act as set out in pages 38 to 60 of this Scheme Document
“ Facilities Agreements ”	:	(i) the S\$80,000,000 facility agreement dated 2 November 2015 entered into between ARA Capital Investors I Pte. Ltd. as borrower and UOB as lender (as amended and/or restated from time to time, including on 18 May 2016); (ii) the S\$50,000,000 facility agreement dated 15 March 2011 entered into between ARA Investors II Limited and ARA Capital Investors I Pte. Ltd. as borrowers and UOB as lender (as amended and/or restated from time to time, including on 18 May 2016); and (iii) the S\$100,000,000 multicurrency money market line facility letter dated 29 April 2016 from UOB as lender to the Company as borrower
“ Fair Value ”	:	The value of the shares of the HoldCo determined by an independent third party valuer as required by WGL, in the event of a Marketed Sale, as more particularly described in paragraph 5.3.7 of the Letter to Scheme Shareholders
“ Fortune REIT ”	:	Fortune Real Estate Investment Trust

DEFINITIONS

“Fund Entities”	:	The Funds and their subsidiaries as at the date of the Implementation Agreement, and “Fund Entity” means any one of them
“Funds”	:	(i) ARA Asia Dragon Limited; (ii) ARA Asia Dragon II Limited; (iii) ARA China Investment Partners, LLC; (iv) Morningside Investment Partners, LLC; (v) Straits Investment Partners; (vi) Peninsula Investment Partners, L.P.; (vii) Peninsula Investments Partners (Australia), LP; (viii) Harmony Investors Group Limited; (ix) ARA Harmony Fund III, L.P.; (x) Park Mall Pte. Ltd.; (xi) ARA Summit Development Fund I, L.P.; (xii) Fortune REIT; (xiii) Suntec REIT; (xiv) Prosperity REIT; (xv) AmFIRST REIT; (xvi) Cache Logistics Trust; (xvii) Hui Xian REIT; (xviii) ARA-NPS Real Estate Investment Company; (xix) ARA-NPS REIT No. 2; (xx) ARA-ShinYoung REIT; and (xxi) ARA-ShinYoung REIT No. 2, and “Fund” means any one of them
“FY”	:	Financial year ended or ending 31 December, as the case may be
“Gatefold”	:	The pages preceding the “Contents” section of this Scheme Document
“Governmental Authority”	:	(i) the government of any jurisdiction (including any national, state, municipal or local government or any political or administrative subdivision thereof) and any department, ministry, agency, instrumentality, court, central bank, commission or other authority thereof, including without limitation any entity directly or indirectly owned (in whole or in part) or controlled thereby; (ii) any public international organisation or supranational body and its institutions, departments, agencies and instrumentalities; and (iii) any quasi-government or private body or agency lawfully exercising, or entitled to exercise, any administrative, executive, judicial, legislative, regulatory, licensing, competition, Tax, importing or other governmental or quasi-governmental authority
“Grange”	:	Grange Investment Holdings Private Limited
“HoldCo”	:	Athena Investment Company (Singapore) Pte. Limited
“HoldCo Shareholders”	:	AVICT, AGHL, JLIG, SE1 and WGL
“HKEX”	:	Stock Exchange of Hong Kong Limited
“Hui Xian REIT”	:	Hui Xian Real Estate Investment Trust
“IFA”	:	Deloitte & Touche Corporate Finance Pte Ltd, the independent financial adviser to the Independent Directors
“IFA Letter”	:	The letter from the IFA to the Independent Directors dated 28 February 2017, as set out in Appendix 1 to this Scheme Document
“Implementation Agreement”	:	The implementation agreement dated 8 November 2016 entered into between the Company and the Offeror setting out the terms and conditions on which the Offeror and the Company will implement the Scheme

DEFINITIONS

“Independent Directors”	:	The Directors who are considered independent for the purposes of the Scheme, namely (i) Mr Lee Yock Suan; (ii) Mr Lim How Teck; (iii) Mr Colin Stevens Russel; and (iv) Dr Cheng Mo Chi Moses
“IPO”	:	Initial public offering
“JLIG”	:	JL Investment Group Limited
“Joint Announcement”	:	The joint announcement by the respective boards of directors of the Company and the Offeror dated 8 November 2016 in relation to, <i>inter alia</i> , the Acquisition and the Scheme
“Joint Announcement Date”	:	8 November 2016, being the date of the Joint Announcement
“Kambau”	:	Kambau Pte. Ltd.
“KPMG”	:	KPMG LLP, auditors to the Company
“Last Full Trading Day”	:	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
“Latest Practicable Date”	:	21 February 2017, being the latest practicable date prior to the printing of this Scheme Document
“Law”	:	Any statute, law, rule, regulation, guideline, ordinance, code, policy or rule of common law issued, administered or enforced by any Governmental Authority, or any judicial or administrative interpretation thereof, including the rules of any stock exchange
“Letter to Scheme Shareholders”	:	The letter to the Scheme Shareholders as set out on pages 21 to 37 of this Scheme Document
“Listed REITs”	:	(i) Suntec REIT; (ii) Prosperity REIT; (iii) Fortune REIT; (iv) AmFIRST REIT; (v) Cache Logistics Trust; and (vi) Hui Xian REIT, and “Listed REIT” means any one of them
“Listing Manual”	:	The listing manual of the SGX-ST, as amended, modified or supplemented from time to time
“Market Day”	:	A day on which the SGX-ST is open for the trading of securities
“Marketed Sale”	:	The sale process of the shares in the HoldCo conducted by the Rollover Shareholders (save for SE2, who is not a party to the Shareholders’ Agreement), as more particularly described in paragraph 5.3.7 of the Letter to Scheme Shareholders
“MAS”	:	The Monetary Authority of Singapore
“Member Cut-Off Time”	:	In relation to a Member (other than CDP), a time that is 48 hours prior to the time of the Scheme Meeting (being the time as at which the name of the Member must appear in the Register of Members as a registered holder of Scheme Shares, for the purpose of determining the entitlement of a Member (other than CDP) to attend and vote (whether in person or by proxy) at the Scheme Meeting)

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“Member Proxy Form”	:	The proxy form to be completed by Scheme Shareholders who are Members (other than CDP) for the Scheme Meeting
“Members”	:	Persons who are registered as holders of Shares in the Register of Members
“MICM”	:	Matthews International Capital Management, LLC
“MIF”	:	Matthews International Funds
“MOFCOM”	:	Ministry of Commerce of the PRC
“Moratorium Period”	:	A period of not less than five years after completion of the Acquisition
“NDRC”	:	National Development and Reform Commission of the PRC
“Notice of Scheme Meeting”	:	The Notice of Scheme Meeting dated 28 February 2017 and attached as Appendix 13 to this Scheme Document
“NTM”	:	Next twelve months
“ODI Condition”	:	AVICT having obtained a record filing notice from the NDRC (or its competent local counterparts) and a certificate of outbound investment from MOFCOM, and completed foreign exchange registration with the relevant bank in the PRC as required by SAFE in relation to the sale and purchase of the Suntec REIT Units as contemplated by the Suntec REIT Acquisition Agreement
“Offeror”	:	Athena Investment Company (Cayman) Limited
“Offeror Concert Parties”	:	The persons acting in concert with the Offeror in relation to the Acquisition and the Scheme, and “Offeror Concert Party” means any one of them
“Offeror Financial Advisers”	:	DBS Bank Ltd. and Goldman Sachs (Singapore) Pte., being the joint financial advisers to the Offeror in respect of the Acquisition and the Scheme
“Offeror Group”	:	The HoldCo and its subsidiaries from time to time
“Offeror Letter to Scheme Shareholders”	:	The letter from the Offeror to Scheme Shareholders as set out in Appendix 2 to this Scheme Document
“Offeror Securities”	:	Offeror Shares and convertible securities, warrants, options and derivatives in respect of the Offeror Shares or other securities (if any) which carry voting rights in the Offeror
“Offeror Shares”	:	Ordinary shares in the capital of the Offeror
“Overseas Scheme Shareholder”	:	A Scheme Shareholder whose address is outside Singapore, as shown on the Register of Members or, as the case may be, in the records of CDP
“Parties”	:	The Company and the Offeror, and “Party” means any one of them

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“PRC” or “China”	:	People’s Republic of China
“Prescribed Occurrence”	:	Any of the matters in relation to the Offeror, or the Company (or where applicable, any ARA Group Company, Substantial Subsidiary or Fund), as the case may be, as set out in Schedule 6 to the Implementation Agreement and which are reproduced in Appendix 8 to this Scheme Document
“Prosperity REIT”	:	Prosperity Real Estate Investment Trust
“Proxy Forms”	:	The Member Proxy Form and the Depositor Proxy Form, and “ Proxy Form ” means any one of them
“P/E”	:	Market value per Share as a multiple of EPS
“Raffles”	:	Raffles Investments Limited
“Recommendation”	:	The recommendation to be given by the Independent Directors, unanimously and without qualification, that the Scheme Shareholders vote in favour of the Scheme
“Register of Members”	:	The register of members of the Company
“Registrar”	:	The Registrar of Companies of Bermuda
“REIT Managers”	:	(i) ARA Asset Management (Fortune) Limited; (ii) ARA Trust Management (Suntec) Limited; and (iii) ARA-CWT Trust Management (Cache) Limited
“REITs”	:	Real estate investment trusts
“Relevant Directors”	:	The Directors who are regarded as concert parties of the Consortium Parties, namely (i) Dr Chiu Kwok Hung Justin; (ii) Mr Lim Hwee Chiang John; (iii) Ms Chew Gek Khim; (iv) Mr Ip Tak Chuen Edmond; and (v) Mr Yap Chee Keong
“Relevant Shares”	:	All of the Shares which the Undertaking Shareholder beneficially owns as at the date of the Scheme Meeting
“Rollover Agreement”	:	The subscription and rollover agreement entered into between the Rollover Shareholders, the Sponsor Shareholders, the Offeror and the HoldCo on 8 November 2016 in relation to the proposed privatisation of the Company
“Rollover Shareholders”	:	SE1, SE2, JLIG and WGL
“Rollover Shares”	:	An aggregate of 461,100,481 Shares held by or on behalf of the Rollover Shareholders
“SAFE”	:	The State Administration of Foreign Exchange of the PRC
“Scheme”	:	The scheme of arrangement under Section 99 of the Bermuda Companies Act on the terms and subject to the conditions set out in this Scheme Document, as such Scheme may be amended or revised from time to time with the approval of (or as imposed by) the Court

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“Scheme Conditions”	:	The conditions precedent to the Scheme which must be satisfied (or, where applicable, waived) by 5.00 p.m. on the Cut-Off Date for the Scheme to be implemented and which are as set out in Appendix 7 to this Scheme Document
“Scheme Consideration”	:	S\$1.78 in cash for each Scheme Share
“Scheme Document”	:	This document dated 28 February 2017 containing, among other things, the Letter to Scheme Shareholders, the Scheme, the Explanatory Statement, the IFA Letter, the Offeror Letter to Scheme Shareholders, the Notice of Scheme Meeting and such other information as may be required by the Court or under the Code, the Bermuda Companies Act and/or the Listing Manual for disclosure or inclusion, and any other document(s) which may be issued by or on behalf of the Company to amend, revise, supplement or update these document(s) from time to time
“Scheme Meeting”	:	The meeting of the Scheme Shareholders (and any adjournment thereof) to be held on the date and at the time and venue specified in the Notice of Scheme Meeting, which meeting is convened at the direction of the Court for the purpose of considering and, if thought fit, approving the Scheme
“Scheme Resolution”	:	The resolution to be tabled at the Scheme Meeting, as set out in the Notice of Scheme Meeting
“Scheme Shareholders”	:	Shareholders other than the Rollover Shareholders
“Scheme Shares”	:	All the Shares, other than the Rollover Shares
“SE”	:	SE1 and SE2
“SE1”	:	Straits Equities Holdings (One) Pte. Ltd.
“SE2”	:	Straits Equities Holdings (Two) Pte. Ltd.
“Securities Account”	:	The relevant securities account maintained by a Depositor (being a Scheme Shareholder) with CDP but does not include a securities sub-account
“Securities and Futures Act”	:	Securities and Futures Act, Chapter 289 of Singapore
“SFC”	:	Securities and Futures Commission of Hong Kong
“SFO”	:	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“SGXNET”	:	The website of the SGX-ST
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholder”	:	(i) any person (other than CDP) who is registered in the Register of Members as the holder of Shares; and (ii) where CDP is registered in the Register of Members as the holder of Shares, any person who is registered in the Depository Register as having Shares credited to his Securities Account

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“Shareholders’ Agreement”	:	The shareholders’ agreement to be entered into between the HoldCo and the HoldCo Shareholders in respect of the governance of the Offeror Group
“Shares”	:	Issued and fully paid-up ordinary shares with a par value of S\$0.002 each in the capital of the Company
“SIC”	:	Securities Industry Council of Singapore
“Singapore”	:	The Republic of Singapore
“Singapore Business Day”	:	A day (excluding a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore
“Singapore Companies Act”	:	Companies Act, Chapter 50 of Singapore
“Singapore Share Transfer Agent”	:	Boardroom Corporate & Advisory Services Pte. Ltd., the Singapore share registrar and transfer agent to the Company
“Siong Lim”	:	Siong Lim Private Limited
“Specific Obligations”	:	The obligations of the Company under Clauses 3.4, 6.2, 7.2 and 10.1 of the Implementation Agreement
“Sponsor Shareholders”	:	AGHL and AVICT
“SRS”	:	Supplementary Retirement Scheme
“SRS Agent Banks”	:	Agent banks included under the SRS
“SRS Investors”	:	Investors who have purchased Shares using their SRS contributions pursuant to the SRS
“STC”	:	The Straits Trading Company Limited
“Steering Committee”	:	The steering committee established under the terms of the Consortium Agreement, as more particularly described in paragraph 5.1 of the Letter to Scheme Shareholders
“Substantial Shareholders”	:	Has the meaning as defined in the Securities and Futures Act
“Substantial Subsidiaries”	:	(i) ARA Asset Management (Fortune) Limited; (ii) ARA Trust Management (Suntec) Limited; (iii) ARA Management Pte. Ltd.; (iv) ARA Asset Management (Prosperity) Limited; (v) ARA-CWT Trust Management (Cache) Limited; (vi) ARA Managers (APF) Pte. Ltd.; (vii) ARA Fund Management (Asia Dragon II) Limited; (viii) ARA Fund Management (CIP) Limited; (ix) Jadeline Capital Sdn. Bhd.; (x) ARA Investors II Limited; (xi) ARA Real Estate Investors V Limited; (xii) ARA Real Estate Investors VI Limited; (xiii) ARA Real Estate Investors VII Limited; (xiv) ARA Real Estate Investors VIII Limited; (xv) ARA Real Estate Investors IX Limited; (xvi) ARA Real Estate Investors X Pte. Ltd.; (xvii) ARA Real Estate Investors XI Limited; (xviii) ARA Real Estate Investors XII Limited; (xix) ARA Real Estate Investors XIII Limited; (xx) ARA Managers (Harmony) Pte. Ltd.; (xxi) Suntec Singapore International Convention & Exhibition Services Pte. Ltd.; (xxii) APM Property Management Pte. Ltd.;

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	(xxiii) SC Property Management Co., Ltd.; (xxiv) Asia Property Management (China) Limited; (xxv) ARA Fund Management (MIP) Limited; (xxvi) ARA Fund Management (Harmony III) Limited; (xxvii) ARA Fund Management (SDF) Limited; (xxviii) ARA Managers (SIP) Pte. Ltd.; (xxix) ARA Korea Limited; (xxx) ARA Fund Management (PIP) Limited; and (xxxi) ARA Managers (Harmony V) Pte. Ltd., and “Substantial Subsidiary” means any one of them
“Suntec REIT”	: Suntec Real Estate Investment Trust
“Suntec REIT Acquisition Agreement”	: The agreement dated 8 November 2016 entered into between each of AVICT, STC and the Company for the sale and purchase of the Suntec REIT Units, as more particularly described in paragraph 5.4 of the Letter to Scheme Shareholders
“Suntec REIT Acquisition Conditions”	: The delisting of the Company from the Official List of the SGX-ST and the ODI Condition
“Suntec REIT Units”	: Units in Suntec REIT representing in aggregate, four per cent. of all the Suntec REIT units in issue as at the date of the Suntec REIT Acquisition Agreement, being 8 November 2016
“S\$”	: Singapore Dollars, being the lawful currency of Singapore
“Tax”	: Includes (i) taxes on gross or net income, profits and gains; and (ii) all other taxes, levies, duties, imposts, contributions, liabilities and charges in the nature of taxation and all related withholdings or deductions of any fiscal nature, including, for the avoidance of doubt, any excise, property, value added, sales, use, stamp, occupation, transfer, franchise or payroll taxes and any social security or social fund contributions, and any payment whatsoever which the relevant person may be or become bound to make to any person as a result of the discharge by that person of any tax which the relevant person has failed to discharge, together with all penalties, charges, fees and interest relating to any of the foregoing or to any late or incorrect return in respect of any of them and regardless of whether such taxes, levies, duties, imposts, charges, withholdings, penalties and interest are chargeable directly or primarily against or attributable directly or primarily to the relevant person or any other person and of whether any amount in respect of them is recoverable from any other person
“TCT”	: Tan Chin Tuan Pte. Ltd.
“Tecity”	: Tecity Pte. Ltd.
“Transfer Books”	: The transfer books of the Company
“Undertaking Expiry Date”	: The earliest of any of the following dates: (i) 31 March 2017 (or such later date as the Offeror and the Undertaking Shareholder may agree in writing), if the Scheme lapses, is withdrawn, or does not become effective by 5.00 p.m. on 31 March 2017 (or such later date as the Offeror and the Undertaking Shareholder may agree in writing and that the Court approves) for any

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reason other than a breach by the Undertaking Shareholder of any of its obligations set forth in the Deed of Undertaking; (ii) the date on which an announcement is made by a person, other than the Offeror, of a firm intention to make an offer for all the Shares at a price which is higher than the Scheme Consideration; (iii) the date the Scheme lapses, is withdrawn or does not become effective for any reason other than a breach by the Undertaking Shareholder of any of its obligations set forth in the Deed of Undertaking; or (iv) the date the Scheme becomes effective in accordance with its terms

“Undertaking Shareholder”	:	Franklin Templeton Institutional, LLC, as investment manager on behalf of certain funds and accounts
“Unit Acquisition”	:	The acquisition of the Suntec REIT Units by AVICT from the Company, as more particularly described in paragraph 5.4.1 of the Letter to Scheme Shareholders
“UOB”	:	United Overseas Bank Limited
“US\$”	:	United States dollars, being the lawful currency of the United States of America
“VWAP”	:	Volume weighted average price
“Warburg Pincus”	:	Warburg Pincus LLC
“WGL”	:	Wealthman Group Limited
“%” or “per cent.”	:	Per centum or percentage

Acting in Concert and Concert Parties. The expression “**acting in concert**” and the term “**concert parties**” shall have the meanings as ascribed to them respectively in the Code.

Depositor and Depository Register. The expressions “**Depositor**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

Expressions. Words importing the singular shall, where applicable, include the plural and *vice versa* and words indicating a specific gender shall, where applicable, include the other genders (male, female or neuter). References to persons shall, where applicable, include corporations.

Headings. The headings in this Scheme Document are inserted for convenience only and shall be ignored in construing this Scheme Document.

Rounding. Any discrepancies in the figures included in this Scheme Document between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown in totals in this Scheme Document may not be an arithmetic aggregation of the figures that precede them.

Scheme Shareholders. References to “**you**”, “**your**” and “**yours**” in this Scheme Document are, as the context so determines, to Scheme Shareholders.

DEFINITIONS

Statutes. Any reference in this Scheme Document to any enactment or statutory provision is a reference to that enactment or statutory provision as for the time being amended, modified, supplemented or re-enacted. Any word defined under the Bermuda Companies Act, the Code, the Listing Manual, the Securities and Futures Act, the Singapore Companies Act, or any modification thereof and not otherwise defined in this Scheme Document shall, where applicable, have the meaning ascribed to that word under the Bermuda Companies Act, the Code, the Listing Manual, the Securities and Futures Act, the Singapore Companies Act or that modification, as the case may be, unless the context otherwise requires.

Subsidiary and Related Corporations. The expressions “**subsidiary**” and “**related corporations**” shall have the meanings ascribed to them respectively in Sections 5 and 6 of the Singapore Companies Act.

Time and Date. Any reference to a time of day and date in this Scheme Document shall be a reference to Singapore time and date respectively, unless otherwise specified.

Total Number of Shares and Percentage of Shares. In this Scheme Document, the total number of Shares as at the Latest Practicable Date is 997,278,289 Shares and there are no Shares held in treasury. Unless stated otherwise, all references to percentage shareholding of the issued share capital of the Company in this Scheme Document are based on 997,278,289 Shares in the issued share capital of the Company as at the Latest Practicable Date.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Scheme Document are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “seek”, “expect”, “anticipate”, “estimate”, “believe”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Offeror’s or the Company’s (as the case may be) current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders and investors of the Offeror and the Company should not place undue reliance on such forward-looking statements, and neither the Offeror nor the Company undertakes any obligation to update publicly or revise any forward-looking statements.

EXPECTED TIMETABLE

Latest date and time for lodgement of Proxy Forms in respect of the Scheme Meeting	:	21 March 2017, 11.00 a.m. ⁽¹⁾⁽²⁾
Date and time of the Scheme Meeting	:	23 March 2017, 11.00 a.m.
Place of the Scheme Meeting	:	Level 3, Summit 2 Suntec Singapore Convention & Exhibition Centre 1 Raffles Boulevard, Suntec City Singapore 039593
Expected date of Court hearing of the application to sanction the Scheme	:	31 March 2017
Expected last day of trading of the Shares on the SGX-ST	:	5 April 2017
Expected date of suspension of trading of the Shares on the SGX-ST	:	6 April 2017
Expected Books Closure Date	:	10 April 2017, 5.00 p.m.
Expected Effective Date	:	11 April 2017 ⁽³⁾
Expected date that the Scheme Shares will be transferred to the Offeror's Securities Account or securities sub-account	:	By 21 April 2017
Expected date for payment of the Scheme Consideration	:	By 21 April 2017
Expected date for the delisting of the Shares from the SGX-ST	:	After payment of the Scheme Consideration

You should note that save for the last date and time for the lodgement of the Proxy Forms and the date, time and place of the Scheme Meeting, the above timetable is indicative only and may be subject to change. For the events listed above which are described as "expected", please refer to future announcement(s) by the Company and/or the SGX-ST for the exact dates of these events.

Notes:

- (1) Scheme Shareholders are requested to lodge the Proxy Forms for the Scheme Meeting in accordance with the instructions contained therein not less than 48 hours before the time appointed for the holding of the Scheme Meeting.
- (2) All Proxy Forms for the Scheme Meeting must be lodged with the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623. Completion and lodgement of a Proxy Form will not prevent a Member or a Depositor (who is an individual) who is a Scheme Shareholder from attending and voting in person or, as the case may be, as CDP's proxy, at the Scheme Meeting if he/she subsequently wishes to do so. In such event, the relevant Proxy Form will be deemed to be revoked.
- (3) The Scheme will only become effective upon the delivery of a copy of the Court Order to the Registrar for registration pursuant to Section 99(3) of the Bermuda Companies Act. A copy of the Court Order will only be delivered to the Registrar for registration after the satisfaction (or, where applicable, waiver) of all the other Scheme Conditions, a list of which is set out in **Appendix 7** to this Scheme Document. Assuming that a copy of the Court Order will be delivered to the Registrar on 11 April 2017 for registration, the Effective Date is 11 April 2017.

CORPORATE INFORMATION

DIRECTORS	:	Dr Chiu Kwok Hung Justin Mr Lim Hwee Chiang John Ms Chew Gek Khim Mr Ip Tak Chuen Edmond Mr Lee Yock Suan Mr Lim How Teck Mr Colin Stevens Russel Dr Cheng Mo Chi Moses Mr Yap Chee Keong
COMPANY SECRETARY	:	Ms Yeoh Kar Choo Sharon
ASSISTANT COMPANY SECRETARIES	:	Ms Chiang Wai Ming Codan Services Limited Clarendon House 2 Church Street Hamilton HM 11 Bermuda
REGISTERED OFFICE	:	Clarendon House 2 Church Street Hamilton HM 11 Bermuda
SINGAPORE SHARE TRANSFER AGENT TO THE COMPANY	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place Singapore Land Tower #32-01 Singapore 048623
LEGAL ADVISER TO THE OFFEROR AS TO SINGAPORE LAW	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
LEGAL ADVISER TO THE COMPANY AS TO SINGAPORE LAW	:	Jones Day 138 Market Street Level 28 CapitaGreen Singapore 048946
LEGAL ADVISER AS TO BERMUDA LAW	:	Conyers Dill & Pearman Pte. Ltd. 9 Battery Road #20-01 MYP Centre Singapore 049910
JOINT FINANCIAL ADVISERS TO THE OFFEROR	:	DBS Bank Ltd. 12 Marina Boulevard Level 46 MBFC Tower 3 Singapore 018982 Goldman Sachs (Singapore) Pte. 1 Raffles Link #07-01 South Lobby Singapore 039393

CORPORATE INFORMATION

**INDEPENDENT FINANCIAL ADVISER TO
THE INDEPENDENT DIRECTORS** : Deloitte & Touche Corporate Finance Pte Ltd
6 Shenton Way
OUE Downtown 2
#33-00
Singapore 068809

AUDITORS : KPMG LLP
16 Raffles Quay
Hong Leong Building
#22-00
Singapore 048581

HIGHLIGHTS OF THE SCHEME

The information in this section is a summary of the terms of the Scheme and is qualified by, and should be read in conjunction with, the full information contained in the rest of this Scheme Document.

- Company** : ARA Asset Management Limited, a company incorporated in Bermuda.
- Offeror** : Athena Investment Company (Cayman) Limited, a company incorporated in the Cayman Islands, which is a wholly-owned subsidiary of the HoldCo.
- HoldCo** : Athena Investment Company (Singapore) Pte. Limited, a company incorporated in Singapore.
- Acquisition** : The proposed acquisition by the Offeror of all the Shares, which will be effected:
- (i) by way of a scheme of arrangement under Section 99 of the Bermuda Companies Act, pursuant to which the Offeror is seeking to acquire the Scheme Shares, in compliance with the Code and on the terms and conditions of the Implementation Agreement; and
 - (ii) subject to the Scheme becoming effective in accordance with its terms, by way of the transfer of the Rollover Shares from the Rollover Shareholders to the Offeror on the terms of the Rollover Agreement, in exchange for a combination of cash and shares in the HoldCo.
- Scheme Terms** : Upon the Scheme becoming effective in accordance with its terms, all the Scheme Shares held by the Entitled Scheme Shareholders will be transferred to the Offeror fully paid-up, free from all Encumbrances and together with all rights, benefits and entitlements attaching thereto as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company to the Entitled Scheme Shareholders on or after the Joint Announcement Date.
- Scheme Consideration** : The price of S\$1.78 in cash payable by the Offeror for each Scheme Share, which is the final price for each Scheme Share.
- If any dividend, right or other distribution is declared, paid or made by the Company to the Entitled Scheme Shareholders on or after the Joint Announcement Date, the Offeror reserves the right to deduct from the Scheme Consideration an amount equal to such dividend, right or distribution. Scheme Shareholders will be notified in the event that any such dividend, right or other distribution is declared, paid or made, resulting in a deduction being made from the Scheme Consideration as aforesaid.
- Rollover Shareholders** :
- (i) Straits Equities Holdings (One) Pte. Ltd., a company incorporated in Singapore and a wholly-owned subsidiary of The Straits Trading Company Limited;
 - (ii) Straits Equities Holdings (Two) Pte. Ltd., a company incorporated in Singapore and a wholly-owned subsidiary of The Straits Trading Company Limited;

HIGHLIGHTS OF THE SCHEME

- (iii) JL Investment Group Limited, a company incorporated in BVI and wholly-owned by Mr Lim Hwee Chiang John; and
- (iv) Wealthman Group Limited, a company incorporated in BVI and an indirect wholly-owned subsidiary of Cheung Kong Property Holdings Limited.

- Scheme Shareholders** : Shareholders other than the Rollover Shareholders.
- Rollover Shares** : Shares held by or on behalf of the Rollover Shareholders.
- Scheme Shares** : All the Shares, other than the Rollover Shares.
- Scheme Conditions** : The Scheme is conditional upon the satisfaction (or, where applicable, waiver) of all the Scheme Conditions (which include the delivery of a copy of the Court Order to the Registrar for registration pursuant to Section 99(3) of the Bermuda Companies Act) by 5.00 p.m. on the Cut-Off Date. The Scheme Conditions are listed in **Appendix 7** to this Scheme Document. The Scheme is not conditional or dependent on completion of the Rollover Agreement and Scheme Shareholders will be entitled to the Scheme Consideration upon the Scheme becoming effective, regardless of whether the Rollover Agreement is completed.
- Scheme Meeting** : The Scheme must be approved at the Scheme Meeting by a majority in number of the Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Scheme Meeting.

Accordingly, a meeting of the Scheme Shareholders has been convened at the direction of the Court to be held on the date and at the time and venue as specified in the Notice of Scheme Meeting for the purpose of considering and, if thought fit, approving the Scheme.

The Rollover Shares do not form part of the Scheme Shares and the Rollover Shareholders are not Scheme Shareholders under the Scheme. Accordingly, they are not entitled to vote their Rollover Shares on the Scheme at the Scheme Meeting. In addition, the Offeror Concert Parties will abstain from voting on the Scheme in respect of their Scheme Shares (if any) at the Scheme Meeting.

If the Scheme Shareholders approve (with or without modification) the Scheme at the Scheme Meeting and the Court sanctions the Scheme, the Offeror and the Company will (subject to the satisfaction (or, where applicable, waiver) of all the other Scheme Conditions) take the necessary steps (which include the delivery of a copy of the Court Order to the Registrar for registration pursuant to Section 99(3) of the Bermuda Companies Act) to render the Scheme effective in accordance with its terms.

Upon the Scheme becoming effective in accordance with its terms, it will be binding on all Scheme Shareholders, whether or not they were present in person or by proxy or voted at the Scheme Meeting.

HIGHLIGHTS OF THE SCHEME

- Shareholding in the HoldCo upon Scheme becoming effective and on completion of the Rollover Agreement** : Upon the Scheme becoming effective in accordance with its terms and on completion of the Rollover Agreement:
- (i) the Company will become a wholly-owned subsidiary of the Offeror and an indirect wholly-owned subsidiary of the HoldCo; and
 - (ii) the shareholders of the HoldCo and their respective shareholding will be as follows:
 - (a) AVICT Dragon Holdings Limited: 20.48 per cent.;
 - (b) Alexandrite Gem Holdings Limited: 30.72 per cent.;
 - (c) JL Investment Group Limited: 19.85 per cent.;
 - (d) Straits Equities Holdings (One) Pte. Ltd.: 20.95 per cent.; and
 - (e) Wealthman Group Limited: 8.00 per cent.
- Delisting of the Shares from the SGX-ST** : Subject to the Scheme becoming effective in accordance with its terms, the Company will be delisted from the Official List of the SGX-ST.
- Rationale for the Acquisition** : The Offeror believes that the Acquisition:
- (i) provides an opportunity for the Scheme Shareholders to realise their investment at a favourable valuation without incurring brokerage fees; and
 - (ii) provides the Company access to an efficient source of significant capital in support of the Company's future growth.
- Financial Evaluation of the Scheme Consideration** : The Scheme Consideration represents a premium of approximately 26.2 per cent. over the Company's closing share price of S\$1.41 as at the Last Full Trading Day and a premium of 43.9 per cent., 31.7 per cent., 30.3 per cent. and 29.6 per cent., over the VWAP of the Shares over the 12-, 6-, 3- and 1-month periods, respectively, of the Shares up to the Last Full Trading Day.
- The implied P/E, EV/EBITDA and EV/AUM valuation multiples based on the Scheme Consideration compare favourably to the Company's historical averages.
- Apart from brief periods between March 2013 to March 2014, the Scheme Consideration is higher than the adjusted closing prices of the Shares since the Company's IPO.
- IFA's Advice to the Independent Directors in relation to the Scheme** : Subject to the qualifications, bases and further advice set out in the IFA Letter, the IFA has advised the Independent Directors to recommend that Scheme Shareholders **VOTE IN FAVOUR** of the Scheme at the Scheme Meeting.

HIGHLIGHTS OF THE SCHEME

The summary above should be read in conjunction with, and in the context of, the full text of the advice of the IFA to the Independent Directors on the Scheme as set out in **Appendix 1** to this Scheme Document.

**Independent Directors’
Recommendation to
Scheme Shareholders**

: Subject to the qualifications and bases set out in **paragraph 13** of the Letter to Scheme Shareholders, the Independent Directors have duly and carefully considered the terms of the Scheme and the advice given by the IFA in the IFA Letter. Accordingly, the Independent Directors unanimously recommend that Scheme Shareholders **VOTE IN FAVOUR** of the Scheme at the Scheme Meeting.

The summary above should be read in conjunction with, and in the context of, the Independent Directors’ recommendation as set out in **paragraph 13** of the Letter to Scheme Shareholders and **paragraph 20** of the Explanatory Statement.

LETTER TO SCHEME SHAREHOLDERS

ARA ASSET MANAGEMENT LIMITED

(Incorporated in Bermuda)
(Company Registration No.: 32276)

Directors:

Dr Chiu Kwok Hung Justin (Chairman and Non-Executive Director)
Mr Lim Hwee Chiang John (Group Chief Executive Officer and Executive Director)
Ms Chew Gek Khim (Deputy Chairman and Non-Executive Director)
Mr Ip Tak Chuen Edmond (Non-Executive Director)
Mr Lee Yock Suan (Independent Non-Executive Director)
Mr Lim How Teck (Independent Non-Executive Director)
Mr Colin Stevens Russel (Independent Non-Executive Director)
Dr Cheng Mo Chi Moses (Independent Non-Executive Director)
Mr Yap Chee Keong (Non-Executive Director)

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

28 February 2017

To: The Scheme Shareholders

Dear Sir/Madam

PROPOSED ACQUISITION OF ARA ASSET MANAGEMENT LIMITED BY ATHENA INVESTMENT COMPANY (CAYMAN) LIMITED BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 99 OF THE BERMUDA COMPANIES ACT

1. INTRODUCTION**1.1 Joint Announcement**

On 8 November 2016, the respective boards of directors of the Company and the Offeror jointly announced the proposed acquisition (the “**Acquisition**”), by a consortium comprising:

- 1.1.1** Straits Equities Holdings (One) Pte. Ltd. (“**SE1**”) and Straits Equities Holdings (Two) Pte. Ltd. (“**SE2**”, and together with SE1, “**SE**”), which are wholly-owned subsidiaries of The Straits Trading Company Limited (“**STC**”);
- 1.1.2** JL Investment Group Limited (“**JLIG**”), an entity wholly-owned by Mr Lim Hwee Chiang John;
- 1.1.3** Wealthman Group Limited (“**WGL**”), an indirect wholly-owned subsidiary of Cheung Kong Property Holdings Limited (“**CKPHL**”);
- 1.1.4** Alexandrite Gem Holdings Limited (“**AGHL**”), an affiliate of Warburg Pincus LLC (“**Warburg Pincus**”); and
- 1.1.5** AVICT Dragon Holdings Limited (“**AVICT**”), a special purpose vehicle established and controlled by AVIC Trust Co., Ltd (“**AVIC Trust**”),

each of SE, JLIG, WGL, AGHL and AVIC Trust, a “**Consortium Party**” and collectively the “**Consortium Parties**”, of all the issued and fully paid-up ordinary shares in the capital of the Company (the “**Shares**”) through the Offeror. The Acquisition will be effected:

- (a) by way of a scheme of arrangement under Section 99 of the Bermuda Companies Act, pursuant to which the Offeror is seeking to acquire all the Shares, other than the Shares held by or on behalf of SE1, SE2, JLIG and WGL (the “**Scheme Shares**”), in compliance with the Code; and

LETTER TO SCHEME SHAREHOLDERS

- (b) subject to the Scheme becoming effective in accordance with its terms, by way of the acquisition of all the Shares held by or on behalf of SE1, SE2, JLIG and WGL (the “**Rollover Shareholders**”), being an aggregate of 461,100,481 Shares (the “**Rollover Shares**”), on the terms of the Rollover Agreement (see **paragraph 5.2** below for details).

A copy of the Joint Announcement is available on the website of the SGX-ST at www.sgx.com.

1.2 Purpose

The purpose of this Scheme Document is to set out information pertaining to the Scheme, to seek your approval of the Scheme and to give you notice of the Scheme Meeting.

1.3 Explanatory Statement

An Explanatory Statement setting out the key terms of, the rationale for, and the effect of, the Scheme, the procedures for its implementation, and any material interests of the directors of the Company (“**Directors**”) whether as directors or as members or as creditors of the Company or otherwise and the effect thereon of the Scheme, insofar as it is different from the effect on the like interests of other persons, is set out on pages 38 to 60 of this Scheme Document. The Explanatory Statement should be read in conjunction with the full text of this Scheme Document.

2. INFORMATION ON THE PARTIES

2.1 Information on the Company

The Company was incorporated in Bermuda on 1 July 2002, and has been listed on the Main Board of the SGX-ST since November 2007. The Company is an Asian real estate fund management company focused on the management of REITs and private real estate funds. As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$1,994,557 comprising 997,278,289 Shares and there are no Shares held in treasury. The Company has no outstanding options or convertible securities over its Shares as at the Latest Practicable Date.

2.2 Information on the Offeror and the HoldCo

2.2.1 The Offeror. The Offeror is a special purpose vehicle incorporated under the laws of the Cayman Islands on 2 November 2016 for the purpose of the Acquisition. As at the Latest Practicable Date, the directors of the Offeror are:

- (i) Mr Joseph Gagnon, Ms Ellen Ng and Mr Jeffrey Perlman, being the nominees of AGHL; and
- (ii) Mr Jiangtao Yao and Mr Yinghui Wei, being the nominees of AVIC Trust.

2.2.2 The HoldCo. The Offeror is wholly-owned by Athena Investment Company (Singapore) Pte. Limited (the “**HoldCo**”), which is a special purpose vehicle incorporated under the laws of Singapore on 31 October 2016 for the purpose of the Acquisition.

As at the Latest Practicable Date, the only shareholders of the HoldCo are AGHL and AVICT, holding 60 per cent. and 40 per cent. of the HoldCo respectively. Upon the Effective Date, the board of the HoldCo will comprise the following nominees appointed by the respective Consortium Parties:

- (i) Ms Chew Gek Khim, being the nominee of SE;
- (ii) Dr Chiu Kwok Hung Justin and Mr Ip Tak Chuen Edmond, being the nominees of WGL;
- (iii) Mr Lim Hwee Chiang John, being the nominee of JLIG;

LETTER TO SCHEME SHAREHOLDERS

- (iv) Mr Joseph Gagnon, Ms Ellen Ng and Mr Jeffrey Perlman, being the nominees of AGHL; and
- (v) Mr Jiangtao Yao and Mr Yinghui Wei, being the nominees of AVIC Trust.

The shareholding structure of the HoldCo following the Scheme becoming effective in accordance with its terms and upon completion of the Rollover Agreement is set out in **paragraph 5.2** below.

2.3 Information on the Consortium Parties

2.3.1 SE and STC. SE1 and SE2 are investment holding companies incorporated in Singapore. SE1 and SE2 are wholly-owned subsidiaries of STC, a Singapore incorporated company whose shares are listed on the SGX-ST.

2.3.2 JLIG and Mr Lim Hwee Chiang John. JLIG is a company incorporated in BVI and is wholly-owned by Mr Lim Hwee Chiang John, who has been the Group Chief Executive Officer and Executive Director of the Company since 2002. JLIG is part of the JL Family Office which is the private investment holding group of companies founded by Mr Lim Hwee Chiang John.

2.3.3 WGL and CKPHL. WGL is a company incorporated in BVI. WGL is an indirect wholly-owned subsidiary of CKPHL, a Cayman Islands incorporated company whose shares are listed on the Stock Exchange of Hong Kong Limited (“**HKEX**”).

2.3.4 AGHL and Warburg Pincus. AGHL is a company incorporated in BVI. AGHL is wholly-owned by private equity funds managed by Warburg Pincus. Warburg Pincus is a global private equity firm with a track record of more than 50 years in the private equity business.

2.3.5 AVICT and AVIC Trust. AVICT is a special purpose company incorporated in BVI. AVICT is a wholly-owned subsidiary of AVIC Trust. AVIC Trust is a company incorporated in the People’s Republic of China. Re-registered in December 2009, AVIC Trust is one of the leading investment and trust managers in China with assets under management (“**AUM**”) of over US\$51 billion. AVIC Trust is owned by Oversea-Chinese Banking Corporation (19.9988 per cent.) and indirectly owned by AVIC Capital Co., Limited (80.0012 per cent.), a company listed on the Shanghai Stock Exchange and the finance arm of the Aviation Industry Corporation of China.

3. RATIONALE FOR THE ACQUISITION AND FUTURE PLANS FOR THE COMPANY

3.1 The Offeror’s Rationale for the Acquisition

The rationale for the Acquisition is stated in **paragraphs 3.1 to 3.2** of the Offeror Letter to Scheme Shareholders as set out in **Appendix 2** to this Scheme Document, an extract of which is set out below:

“3.1 Opportunity for Scheme Shareholders to Realise their Investment at a Favourable Valuation Without Incurring Brokerage Fees

3.1.1 The Scheme Consideration represents an attractive premium to historical market prices

The Scheme Consideration represents a premium of approximately 26.2 per cent. over the Company’s closing share price of S\$1.41 as at 2 November 2016 (being the Last Full Trading Day) and a premium of 43.9 per cent., 31.7 per cent., 30.3 per cent. and 29.6 per cent. over the VWAP of the Shares over the 12-, 6-, 3- and 1-month periods, respectively, up to and including the Last Full Trading Day.

LETTER TO SCHEME SHAREHOLDERS

The Scheme Consideration also represents a 134.2 per cent. premium to the initial public offering (“IPO”) price, adjusted for changes in the share capital of the Company since listing.

...

3.1.2 The Scheme Consideration is attractive compared to the historical share prices since the Company’s IPO

...

Apart from brief periods between March 2013 to March 2014, the Scheme Consideration is higher than the adjusted closing prices of the Shares since the Company’s IPO. The Scheme Consideration also exceeds the highest closing price of the Shares since May 2014.

3.1.3 The Company’s valuation multiples implied by the Scheme Consideration compare favourably to its historical averages

The valuation multiples of the Company implied by the Scheme Consideration compare favourably to its historical averages: (a) market value per Share as a multiple of net profit after tax and minority interests per Share (“EPS”)⁽¹⁾ (i.e. “P/E”); (b) Enterprise Value (“EV”)⁽²⁾ as a multiple of earnings before interest, taxes, depreciation and amortisation (“EBITDA”)⁽³⁾ (i.e. “EV/EBITDA”); and (c) EV as a percentage of assets under management (“AUM”)⁽⁴⁾ (i.e. “EV/AUM”).

The P/E implied by the Scheme Consideration is 20.7x, which is higher when compared to the historical averages since the Company’s IPO in 2007, the past one year and the past three years of 14.8x, 15.3x and 16.5x respectively, up to and including the Last Full Trading Day.

The EV/EBITDA implied by the Scheme Consideration is 17.5x, which is higher when compared to the historical averages since the Company’s IPO in 2007, the past one year, and the past three years of 12.6x, 13.1x and 14.5x, respectively, up to and including the Last Full Trading Day.

The EV/AUM implied by the Scheme Consideration is 5.0 per cent., which compares favourably to the historical averages since the Company’s IPO in 2007, the past one year, and the past three years of 4.9 per cent., 4.2 per cent. and 5.1 per cent. respectively, up to and including the Last Full Trading Day.

...

LETTER TO SCHEME SHAREHOLDERS

3.1.4 Opportunity for Scheme Shareholders to exit their investment in the Company who may otherwise find it difficult due to low trading liquidity

The historical trading liquidity of the Shares on the SGX-ST has been low. The average daily trading volume of the Shares over the 12-, 6-, 3- and 1-month periods up to and including the Last Full Trading Day are detailed in the table below.

	Average daily trading volume⁽¹⁾	Average daily trading volume as a percentage of total issued Shares⁽²⁾⁽³⁾
12-month period up to and including the Last Full Trading Day	658,027	0.066%
6-month period up to and including the Last Full Trading Day	525,181	0.053%
3-month period up to and including the Last Full Trading Day	571,259	0.057%
1-month period up to and including the Last Full Trading Day	546,252	0.055%

Notes:

- (1) Calculated using the total volume of Shares traded divided by the number of days on which the Company is traded on the SGX-ST.
- (2) Calculated using the daily total volume of Shares traded divided by the total number of Shares outstanding.
- (3) Rounded to the nearest three decimal places.

3.1.5 SE, JLIG and WGL will transfer their Rollover Shares to the Offeror at a valuation equivalent to the Scheme Consideration

Pursuant to the terms of the Rollover Agreement, the Rollover Shareholders (i.e. SE, JLIG and WGL) have agreed to transfer their Rollover Shares to the Offeror at a valuation equivalent to the Scheme Consideration, upon the Scheme becoming effective in accordance with its terms.

3.2 Access to an Efficient Source of Significant Capital in Support of the Company's Future Growth

The Company has an established track record in growing its AUM in REITs and private real estate funds. Since the Company's formation in 2002 and listing in 2007, the Company has built a diversified and resilient asset management portfolio across the Asia Pacific, managing approximately S\$35.6 billion worth of assets as at 31 December 2016.

The Company has over time, developed increasing investment and asset management capabilities over large-scale properties in multiple asset classes across Asia Pacific. Amidst shifting dynamics in the real estate funds management industry, it believes that in order to maximise the scalability of the business model in the long term, it will require a significant amount of capital to further its growth through strategic co-investments into existing and new funds, as well as through opportunistic acquisitions. Should it remain a listed company at this scale, raising capital successfully will take time and will be highly dependent on market conditions. Such capital raisings also entail costs and may result in the dilution of Shareholders' interests.

LETTER TO SCHEME SHAREHOLDERS

By privatising the Company together with affiliated entities of Warburg Pincus and AVIC Trust, the Consortium believes the Company will be able to secure the long-term commitment of two new strategic capital partners. These partners provide the Company with increased access to capital, which will allow it to operate more nimbly and efficiently in achieving its growth objectives. Warburg Pincus has a global network of investor relationships, experience in partnering with management teams to drive growth, and a strong investment track-record in real estate platforms around the world. AVIC Trust has a unique distribution capability in China and will also provide the Company with important access to the Chinese capital markets and other business opportunities in China.”

3.2 The Offeror’s Future Plans for the Company and its Employees

As stated in **paragraph 3.3** of the Offeror Letter to Scheme Shareholders as set out in **Appendix 2** to this Scheme Document:

“Save as described in the foregoing, the Offeror has no intention of making any material changes to the existing businesses, re-deploying the fixed assets, or discontinuing the employment of the existing employees of the ARA Group. However, the directors of the Offeror retain the flexibility at any time to consider any options or opportunities in relation to the ARA Group which may present themselves and which they may regard to be in the best interests of the Offeror.”

4. THE ACQUISITION

4.1 The Scheme

The Scheme will be effected in accordance with Section 99 of the Bermuda Companies Act, in compliance with the Code and on the terms and conditions of the implementation agreement dated 8 November 2016 entered into between the Company and the Offeror setting out the terms and conditions on which the Offeror and the Company will implement the Scheme (the **“Implementation Agreement”**).

Under the Scheme:

4.1.1 all the Scheme Shares held by the Scheme Shareholders as at the Books Closure Date (the **“Entitled Scheme Shareholders”**) will, on the Effective Date, be transferred to the Offeror:

- (i) fully paid-up;
- (ii) free from all Encumbrances; and
- (iii) together with all rights, benefits and entitlements attaching thereto as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company to the Entitled Scheme Shareholders on or after the Joint Announcement Date; and

4.1.2 in consideration for such transfer of the Scheme Shares, the Offeror will pay each Entitled Scheme Shareholder **S\$1.78 in cash** for each Scheme Share (the **“Scheme Consideration”**).

LETTER TO SCHEME SHAREHOLDERS

If any dividend, right or other distribution is declared, paid or made by the Company to the Entitled Scheme Shareholders on or after the Joint Announcement Date, the Offeror reserves the right to deduct from the Scheme Consideration an amount equal to such dividend, right or distribution. Scheme Shareholders will be notified in the event that any such dividend, right or other distribution is declared, paid or made, resulting in a deduction being made from the Scheme Consideration as aforesaid.

The Offeror does not intend to increase the Scheme Consideration of S\$1.78 and accordingly, this represents the final price for each Scheme Share.

Pursuant to the terms of the Implementation Agreement, the Scheme is conditional upon the satisfaction (or, where applicable, waiver) of all the Scheme Conditions (which include the delivery of a copy of the Court Order to the Registrar for registration pursuant to Section 99(3) of the Bermuda Companies Act) by 5.00 p.m. on the Cut-Off Date. A list of the Scheme Conditions is set out in **Appendix 7** to this Scheme Document. The Scheme is not conditional or dependent on completion of the Rollover Agreement and Scheme Shareholders will be entitled to the Scheme Consideration upon the Scheme becoming effective, regardless of whether the Rollover Agreement is completed.

Please refer to page 14 of this Scheme Document for the indicative timeline for the Acquisition.

4.2 Acquisition of Rollover Shares

The Offeror has also, on the Joint Announcement Date, entered into the Rollover Agreement with the Rollover Shareholders, AGHL, AVICT and the HoldCo, pursuant to which, subject to the Scheme becoming effective in accordance with its terms, the Offeror will acquire the Rollover Shares on the terms of the Rollover Agreement (see **paragraph 5.2** below for further details).

4.3 Termination

The Implementation Agreement provides that the Implementation Agreement may be terminated in certain circumstances (see **paragraph 8.4** of the Explanatory Statement for a list of these circumstances).

In the event the Implementation Agreement is terminated by either Party pursuant to its terms, the Implementation Agreement will cease to have any further force or effect (except for certain surviving provisions such as those relating to the Break Fee (as defined in this **paragraph 4.3** below), costs and expenses and governing law) and there shall be no further liability or obligation on the part of either Party (save for the aforementioned surviving provisions), but such termination shall not prejudice the rights of either Party which have accrued or arisen prior to such termination (provided that the Offeror shall not be entitled to claim against the Company for any breach of the warranties by the Company as set out in **Appendix 11** to this Scheme Document), and:

4.3.1 in the event that a Competing Offer becomes or is declared unconditional in all respects or becomes effective, as the case may be, in accordance with its terms within 180 calendar days from the Joint Announcement Date, the Company shall pay a break fee equivalent to 0.5 per cent. of the aggregate Scheme Consideration payable for the Scheme Shares to the Offeror (being S\$4,771,982.49); and

4.3.2 in the event:

- (i) that the Independent Directors do not provide the Recommendation, or the Independent Directors withdraw, modify or qualify the Recommendation otherwise than pursuant to a Competing Offer; or
- (ii) of a material breach or non-compliance by the Company of certain specified obligations in the Implementation Agreement, resulting in the termination of the Scheme (as set out in **paragraph 8.5.2(ii)** of the Explanatory Statement),

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the Company shall compensate the Offeror for all the costs and expenses actually incurred by or on behalf of the Offeror in connection with the Scheme and/or Acquisition, subject to a maximum amount of US\$2,000,000,

(in either case, the “**Break Fee**”).

Further details on the Break Fee can be found in **paragraph 8.5** of the Explanatory Statement.

The Board has not undertaken a formal sale process to identify other bidders and the Company has not received any alternative offer or proposal for the Shares from any third party as at the Latest Practicable Date.

As the Rollover Shareholders (holding in aggregate 46.24 per cent. of the Shares) have agreed to sell their Shares to the Offeror pursuant to the Rollover Agreement, the Company is of the view that the likelihood of a third party bid is remote.

4.4 Analysis of the Scheme Consideration

Please refer to **paragraph 4** of the Offeror Letter to Scheme Shareholders as set out in **Appendix 2** to this Scheme Document for the financial evaluation of the Scheme Consideration.

5. CONSORTIUM ARRANGEMENTS

5.1 Consortium Agreement

The Consortium Parties entered into a consortium agreement on 18 September 2016 (the “**Consortium Agreement**”). Pursuant to the Consortium Agreement, the Consortium Parties have established a steering committee (the “**Steering Committee**”) comprising five members (being one senior management representative from each Consortium Party). The Steering Committee is responsible for all matters relating to the Acquisition and the day-to-day supervision and management of the Acquisition. As at the Latest Practicable Date, the Steering Committee comprises the following members:

- 5.1.1 Ms Ellen Ng (Managing Director of Warburg Pincus) or, in the alternative, Mr Joseph Gagnon (Managing Director of Warburg Pincus);
- 5.1.2 Mr Lim Hwee Chiang John (Founder of JLIG) or, in the alternative, Mr Lim How Boon, Andy (Executive Director of JLIG);
- 5.1.3 Ms Chew Gek Khim (Executive Chairman of STC) or any alternate nominated by SE;
- 5.1.4 Mr Ip Tak Chuen Edmond (Executive Director and Deputy Managing Director of CKPHL) or, in the alternative, Ms Eirene Yeung (Company Secretary of CKPHL); and
- 5.1.5 Mr Jiangtao Yao (Chairman of AVIC Trust) or, in the alternative, Mr Yinghui Wei (Deputy General Manager of AVIC Trust).

5.2 Rollover Agreement

Pursuant to the terms of the Rollover Agreement, within one Business Day after the Scheme becomes effective in accordance with its terms, the Rollover Shareholders will transfer their Rollover Shares to the Offeror in exchange for a combination of cash and shares in the HoldCo. Under the terms of the Rollover Agreement:

- 5.2.1 AGHL and AVICT (collectively, the “**Sponsor Shareholders**”) shall each subscribe for 452,584,039 shares in the HoldCo and 301,722,693 shares in the HoldCo respectively at a subscription price of S\$1 for each HoldCo share, for an aggregate subscription price of S\$452,584,039 and S\$301,722,693 respectively;

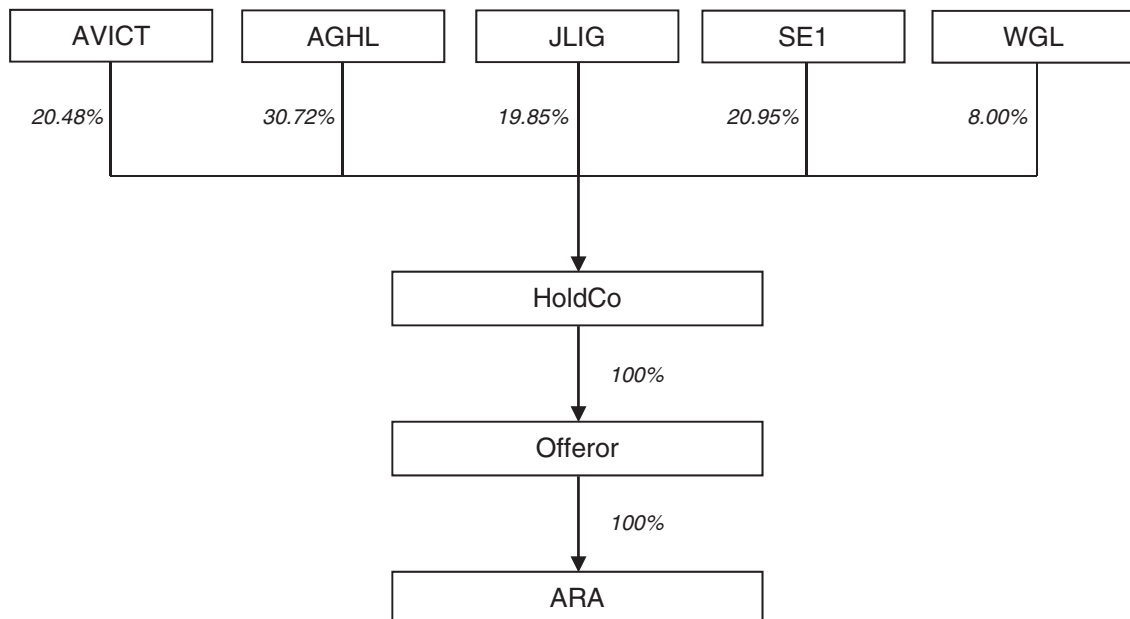
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- 5.2.2** SE shall transfer to the Offeror an aggregate of 200,482,000 Rollover Shares at a price of S\$1.78 for each Rollover Share for an aggregate consideration of S\$356,857,960, of which S\$48,210,963 is payable in cash and the remaining S\$308,646,997 of the consideration shall be utilised to subscribe for 308,646,997 shares in the HoldCo representing approximately 20.95 per cent. of the HoldCo at a subscription price of S\$1 for each HoldCo share. SE2 has nominated SE1 to receive its shares in the HoldCo to which it is entitled pursuant to the Rollover Agreement;
- 5.2.3** JLIG shall transfer to the Offeror an aggregate of 182,432,937 Rollover Shares at a price of S\$1.78 for each Rollover Share for an aggregate consideration of S\$324,730,628, of which S\$32,289,440 is payable in cash and the remaining S\$292,441,188 of the consideration shall be utilised to subscribe for 292,441,188 shares in the HoldCo representing approximately 19.85 per cent. of the HoldCo at a subscription price of S\$1 for each HoldCo share; and
- 5.2.4** WGL shall transfer to the Offeror an aggregate of 78,185,544 Rollover Shares at a price of S\$1.78 for each Rollover Share for an aggregate consideration of S\$139,170,268, of which S\$21,309,840 is payable in cash and the remaining S\$117,860,428 of the consideration shall be utilised to subscribe for 117,860,428 shares in the HoldCo representing approximately 8.00 per cent. of the HoldCo at a subscription price of S\$1 for each HoldCo share.

The subscription price of S\$1 for each HoldCo share is the subscription price agreed to between the parties to the Rollover Agreement.

The cash portion of the proceeds, being S\$48,210,963, S\$32,289,440 and S\$21,309,840, for SE, JLIG and WGL respectively will comprise approximately 13.5 per cent., 9.9 per cent. and 15.3 per cent. of the aggregate consideration payable to SE, JLIG and WGL respectively.

Upon the Scheme becoming effective in accordance with its terms and on completion of the Rollover Agreement, the Company will be a wholly-owned subsidiary of the Offeror and a wholly-owned indirect subsidiary of the HoldCo, and the shareholders of the HoldCo and their respective shareholding will be as follows:



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5.3 Shareholders' Agreement

AVICT, AGHL, JLIG, SE1 and WGL (collectively, the “**HoldCo Shareholders**”) will, on completion of the Rollover Agreement, enter into a shareholders' agreement (the “**Shareholders' Agreement**”) in respect of the governance of the HoldCo and its subsidiaries from time to time (the “**Offeror Group**”). Pursuant to the terms of the Shareholders' Agreement:

5.3.1 Best Interests. The HoldCo Shareholders have agreed to act in the best interests of the HoldCo.

5.3.2 Board Seats. The following directors of the HoldCo will be appointed as soon as reasonably practicable after the Scheme becomes effective in accordance with its terms:

- (i) Dr Chiu Kwok Hung Justin (Chairman, Rollover Shareholder director);
- (ii) Mr Ip Tak Chuen Edmond (Rollover Shareholder director);
- (iii) Ms Chew Gek Khim (Rollover Shareholder director);
- (iv) Mr Lim Hwee Chiang John (Rollover Shareholder director);
- (v) Mr Joseph Gagnon (Sponsor director);
- (vi) Ms Ellen Ng (Sponsor director);
- (vii) Mr Jeffrey Perlman (Sponsor director);
- (viii) Mr Jiangtao Yao (Sponsor director); and
- (ix) Mr Yinghui Wei (Sponsor director).

The Rollover Shareholders (save for SE2, who is not a party to the Shareholders' Agreement) will, collectively, have the right to appoint four directors, for so long as the specified shareholdings in the HoldCo are maintained. The Sponsor Shareholders shall initially have the right to appoint five directors.

5.3.3 Key Management. Mr Lim Hwee Chiang John shall serve as the Group Chief Executive Officer of the Offeror Group and Dr Chiu Kwok Hung Justin shall serve as the Chairman of the board of directors of the HoldCo. The Sponsor Shareholders shall have the right to appoint the Chief Financial Officer of the HoldCo.

5.3.4 Reserved Matters. The HoldCo Shareholders have agreed on a list of reserved matters which shall not be undertaken except, as the case may be, with the consent of a specified per cent. of the directors of the HoldCo or the HoldCo Shareholders holding more than a specified number of shares in the HoldCo.

5.3.5 Pre-emption Rights. The HoldCo Shareholders will have customary rights such as pre-emption rights over issuances of new shares in the HoldCo.

5.3.6 Restrictions on Transfer of Shares. Subject to certain exceptions (primarily in default scenarios), no HoldCo Shareholder may transfer, directly or indirectly, any of their interests in the HoldCo for a period of not less than five years after completion of the Acquisition (the “**Moratorium Period**”), without the consent of the other HoldCo Shareholders. The HoldCo Shareholders will also have customary rights such as pre-emptive rights over transfers by other shareholders and rights of compulsory transfers in the event of specified default events.

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5.3.7 Exit Mechanisms. If no liquidity event has taken place after the expiry of the Moratorium Period, then, depending on the circumstances, either the Sponsor Shareholders or, subject to the maintenance of specified shareholdings in the HoldCo, the Rollover Shareholders (save for SE2, who is not a party to the Shareholders' Agreement) have the right to conduct a sale process (a "**Marketed Sale**") and subject to the Marketed Sale meeting certain conditions, drag the remaining HoldCo Shareholders on the same terms. If the drag is not exercised, the remaining HoldCo Shareholders also have a tag-along right to sell all of their shares of the HoldCo on the same terms. WGL has the right to require an independent third party valuer to value the shares of the HoldCo (such value being the "**Fair Value**") and the Fair Value will be the minimum price that it shall receive for certain of its shares under a Marketed Sale. At certain times after the end of the Moratorium Period, WGL shall have the right to require the HoldCo to repurchase certain of its shares in the HoldCo at a price which shall be determined with reference to the prevailing earnings of the HoldCo.

5.3.8 Restrictive Covenants. The HoldCo Shareholders have agreed on a set of obligations in relation to restricted actions which may apply to some of the HoldCo Shareholders post-completion of the Acquisition including, where relevant, non-compete and non-solicit obligations and arrangements to maintain certain existing relationships with the Offeror Group for an agreed period post-completion of the Acquisition.

5.4 Acquisition of Units of Suntec REIT

In addition to the arrangements set out above, AVICT, STC and the Company have entered into a sale and purchase agreement (the "**Suntec REIT Acquisition Agreement**") on the Joint Announcement Date. Under the Suntec REIT Acquisition Agreement:

5.4.1 conditional upon (i) the delisting of the Company from the Official List of the SGX-ST; and (ii) AVICT having obtained a record filing notice from the National Development and Reform Commission of the PRC ("**NDRC**") (or its competent local counterparts) and a certificate of outbound investment from the Ministry of Commerce of the PRC ("**MOFCOM**"), and completed foreign exchange registration with the relevant bank in the PRC as required by the State Administration of Foreign Exchange of the PRC ("**SAFE**") in relation to the sale and purchase of the Suntec REIT Units (as defined below) as contemplated by the Suntec REIT Acquisition Agreement (the "**ODI Condition**" and together with (i), the "**Suntec REIT Acquisition Conditions**"), AVICT will, within 90 days of the satisfaction of the Suntec REIT Acquisition Conditions, acquire units in Suntec Real Estate Investment Trust ("**Suntec REIT**") representing, in aggregate, four per cent. of all of the Suntec REIT units in issue as at the date of the Suntec REIT Acquisition Agreement ("**Suntec REIT Units**") from the Company, at a price per unit equivalent to the VWAP of the units for the 30 Market Days prior to the date of the Joint Announcement (the "**Unit Acquisition**");

5.4.2 STC may by notice in writing to the Company participate in the Unit Acquisition by electing to sell up to half of the aggregate number of Suntec REIT Units (i.e. units representing two per cent. of all the Suntec REIT units in issue as at the date of the Suntec REIT Acquisition Agreement);

5.4.3 upon completion of the Unit Acquisition, the management fees (if any) paid to the Company or its affiliate by AVICT in respect of the Suntec REIT Units acquired under the Suntec REIT Acquisition Agreement will be shared equally between the Company and AVICT;

5.4.4 the Suntec REIT Acquisition Agreement shall terminate upon the termination of the Implementation Agreement or if AVICT does not provide a completion notice within 90 days of the satisfaction of the Suntec REIT Acquisition Conditions; and

5.4.5 any of STC, the Company or AVICT shall have the right to terminate the Suntec REIT Acquisition Agreement by giving written notice to the other parties if the ODI Condition is not satisfied by the 90th day after the delisting of the Company from the SGX-ST, or such other day as the parties may mutually agree in writing.

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5.5 Management Incentive Arrangements

An employee share option plan (“**ESOP**”) will be put into place by the HoldCo, pursuant to which not more than five per cent. of the shares of the HoldCo may be issued to key management of the Company pursuant to options to be granted under the ESOP. The ESOP is intended to incentivise key management and align their interests with the HoldCo Shareholders. As at the Latest Practicable Date, the Offeror has not determined the list of key management who will be permitted to participate in the ESOP, and it is contemplated that the Group Chief Executive Officer and the board of directors of the HoldCo will determine the grantees and allocations after completion of the Acquisition.

5.6 Joint Offerors

The SIC has, on 4 November 2016, confirmed that the Consortium Parties are regarded as joint offerors and that accordingly, the arrangements set out in this **paragraph 5** do not constitute special deals under Rule 10 of the Code.

6. NON-ELIGIBILITY TO VOTE

The Rollover Shares do not form part of the Scheme Shares and the Rollover Shareholders are not Scheme Shareholders under the Scheme. Accordingly, they are not entitled to vote their Rollover Shares on the Scheme at the Scheme Meeting.

In addition, in accordance with the SIC’s rulings as set out in **paragraph 10.1.1** of the Explanatory Statement, the Offeror and the Offeror Concert Parties will abstain from voting on the Scheme in respect of their Scheme Shares (if any) at the Scheme Meeting.

7. IRREVOCABLE UNDERTAKING

7.1 Deed of Undertaking

Franklin Templeton Institutional, LLC, as investment manager on behalf of certain funds and accounts (the “**Undertaking Shareholder**”), has entered into a deed of undertaking dated 5 December 2016 with the Offeror (the “**Deed of Undertaking**”) to, *inter alia*:

7.1.1 vote and/or procure the voting of all of the Shares which the Undertaking Shareholder beneficially owns as at the date of the Scheme Meeting (the “**Relevant Shares**”), whether on a show of hands or on a poll and whether in person or by proxy:

- (i) in favour of the Scheme and any other matter necessary or proposed to implement the Scheme at any meeting of the Scheme Shareholders held to approve the Scheme and at any adjournment thereof; and
- (ii) against any resolution or proposal to adjourn such meeting(s), other than with the Offeror’s consent; and

7.1.2 from the date of the Deed of Undertaking (i.e. 5 December 2016) until the Undertaking Expiry Date:

- (i) remain the legal and beneficial owner of, and be entitled to exercise the voting rights of, not less than 50 per cent. of the Shares that it owns as at the date of the Deed of Undertaking (i.e. 5 December 2016), provided, however, that it shall be entitled to sell any Shares if another person other than the Offeror has agreed to purchase all of the Shares at a price per Share which is higher than the Scheme Consideration (in such event, an announcement would be made and the Shares so sold shall not be subject to the terms of the Deed of Undertaking); and
- (ii) not take any action or omit to do any action which would conflict with its obligations under the Deed of Undertaking in a material respect or otherwise frustrate the Scheme or its implementation in a material respect.

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As at the Latest Practicable Date, based on the disclosures made to the Company, the Undertaking Shareholder holds an aggregate of 79,661,020 Shares, representing 7.99 per cent. of the Shares.

7.2 Termination of Deed of Undertaking

The Deed of Undertaking will be in force, and be binding upon the Undertaking Shareholder, from the date of the Deed of Undertaking (i.e. 5 December 2016) until the earliest of any of the following dates:

7.2.1 31 March 2017 (or such later date as the Offeror and the Undertaking Shareholder may agree in writing), if the Scheme lapses, is withdrawn, or does not become effective by 5.00 p.m. on 31 March 2017 (or such later date as the Offeror and the Undertaking Shareholder may agree in writing and that the Court approves) for any reason other than a breach by the Undertaking Shareholder of any of its obligations set forth in the Deed of Undertaking;

7.2.2 the date on which an announcement is made by a person, other than the Offeror, of a firm intention to make an offer for all the Shares at a price which is higher than the Scheme Consideration;

7.2.3 the date the Scheme lapses, is withdrawn or does not become effective for any reason other than a breach by the Undertaking Shareholder of any of its obligations set forth in the Deed of Undertaking; or

7.2.4 the date the Scheme becomes effective in accordance with its terms,

whereupon the obligations of the Undertaking Shareholder under the Deed of Undertaking shall terminate, save for certain provisions in the Deed of Undertaking (the “**Undertaking Expiry Date**”).

7.3 Inspection

A copy of the Deed of Undertaking is available for inspection at the office of the Company in Singapore at 6 Temasek Boulevard, #16-02 Suntec Tower 4, Singapore 038986, during normal business hours for the period up to the Effective Date.

8. NO CASH OUTLAY

Scheme Shareholders should note that no cash outlay (including any stamp duties or brokerage expenses) will be required from the Entitled Scheme Shareholders under the Scheme.

9. WAIVER OF RIGHTS TO A GENERAL OFFER

Scheme Shareholders should note that by voting in favour of the Scheme, they are agreeing to the Offeror and the Offeror Concert Parties consolidating effective control of the Company without having to make a general offer for the Company.

10. DELISTING

10.1 Upon the Scheme becoming effective in accordance with its terms and on completion of the Rollover Agreement (see **paragraph 5.2** above for further details), the Company will become a wholly-owned subsidiary of the Offeror and an indirect wholly-owned subsidiary of the HoldCo.

An application was made to seek approval from the SGX-ST to delist the Company from the Official List of the SGX-ST subject to the Scheme becoming effective in accordance with its terms. The SGX-ST has, on 28 December 2016, advised that it has no objection to the Company’s application to delist from the Official List of the SGX-ST, subject to:

10.1.1 compliance with the SGX-ST’s listing requirements;

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10.1.2 approval of the Scheme by a majority in number of Scheme Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority holding not less than three-fourths in value of the Scheme Shares voted at the Scheme Meeting; and

10.1.3 sanction of the Scheme by the Court.

The above decision of the SGX-ST is not to be taken as an indication of the merits of the Scheme, the proposed delisting of the Company from the Official List of the SGX-ST, the Company, its subsidiaries and/or their securities.

SCHEME SHAREHOLDERS SHOULD NOTE THAT BY VOTING IN FAVOUR OF THE SCHEME, THE SHARES WILL BE DELISTED AND WITHDRAWN FROM THE OFFICIAL LIST OF THE SGX-ST SUBJECT TO THE SCHEME BECOMING EFFECTIVE IN ACCORDANCE WITH ITS TERMS.

11. CONFIRMATION OF FINANCIAL RESOURCES

As stated in the Offeror Letter to Scheme Shareholders as set out in **Appendix 2** to this Scheme Document, DBS Bank Ltd. and Goldman Sachs (Singapore) Pte., in their capacity as joint financial advisers to the Offeror in respect of the Acquisition and the Scheme (the “**Offeror Financial Advisers**”), have confirmed that the Offeror has sufficient financial resources to acquire and satisfy in full the aggregate Scheme Consideration payable by the Offeror for all the Scheme Shares to be acquired by the Offeror pursuant to the Scheme (which, for the avoidance of doubt, excludes any consideration payable for the Rollover Shares).

12. INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS

12.1 Appointment of IFA

Deloitte & Touche Corporate Finance Pte Ltd has been appointed as the independent financial adviser to advise the Independent Directors (the “**IFA**”) for the purpose of making a recommendation to the Scheme Shareholders in connection with the Scheme. Scheme Shareholders should consider carefully the recommendation of the Independent Directors and the advice of the IFA to the Independent Directors before deciding whether or not to vote in favour of the Scheme. The advice of the IFA is set out in its letter dated 28 February 2017 (the “**IFA Letter**”) as set out in **Appendix 1** to this Scheme Document.

12.2 Factors Taken Into Consideration by the IFA

In arriving at its recommendation, the IFA has taken into account certain considerations (an extract of which is reproduced in italics below). Scheme Shareholders should read the following extract in conjunction with, and in the context of, the IFA Letter in its entirety as set out in **Appendix 1** to this Scheme Document. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meanings as defined in the IFA Letter.

“In arriving at our recommendation on the Scheme, we have assessed the financial terms of the Scheme after taking into consideration the following key considerations which we consider to be pertinent and which we consider may have a significant bearing on our assessment:

- *the Scheme Consideration represents a premium of 43.9%, 31.7%, 30.3% and 29.6% above the VWAP of the Shares for the 1-year, 6-month, 3-month and 1-month periods and 26.2% above the last transacted price of the Shares on the Last Full Trading Day respectively;*
- *the premium implied by the Scheme Consideration above the VWAP for 1-month, 3-month and 6-month periods prior to the Last Full Trading Day are within the range and close to the mean and median of the corresponding premia of the Precedent Privatisation Transactions;*

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- *the T12M PER, EV/EBITDA ratio and P/NAV ratio of the Group implied by the Scheme Consideration are higher than the mean and median of the T12M PERs, T12M EV/EBITDA ratios and P/NAV ratios of the Comparable Companies;*
- *the Independent Directors have unanimously approved the Implementation Agreement and the Company entering into the Implementation Agreement; and*
- *the likelihood of a competing offer from any third party is remote and the Company has not received any alternative offer or proposal for the Shares from any third party as at the Latest Practicable Date.”*

12.3 Advice of the IFA

After having regard to the considerations set out in the IFA Letter, and based on the information available to the IFA as at the Latest Practicable Date, the IFA has made certain recommendations to the Independent Directors, an extract of which is reproduced in italics below.

Scheme Shareholders should read the following extract in conjunction with, and in the context of, the IFA Letter in its entirety as set out in **Appendix 1** to this Scheme Document. Unless otherwise defined or the context otherwise requires, all capitalised terms below shall have the same meanings as defined in the IFA Letter.

“Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, overall, we are of the view that the financial terms of the Scheme are fair and reasonable. Accordingly, we advise the Independent Directors to recommend Scheme Shareholders to vote in favour of the Scheme.

The Independent Directors should also highlight to Scheme Shareholders that the Scheme, when it becomes effective, will be binding on all Scheme Shareholders, whether or not they have attended or voted at the Scheme Meeting, and if they have attended and voted, whether or not they have voted in favour of the Scheme.”

13. INDEPENDENT DIRECTORS’ RECOMMENDATION

13.1 Independence

The following Directors (the “**Relevant Directors**”) have abstained from making a recommendation on the Scheme to the Scheme Shareholders in accordance with the terms of the exemption granted by the SIC as described in **paragraph 10.1.4** of the Explanatory Statement as they are regarded as concert parties of the Consortium Parties and would therefore face an irreconcilable conflict of interest in relation to the Scheme:

13.1.1 Dr Chiu Kwok Hung Justin, an Executive Director on the board of CKPHL;

13.1.2 Mr Ip Tak Chuen Edmond, an Executive Director on the board of CKPHL;

13.1.3 Mr Lim Hwee Chiang John, the founder of JLIG;

13.1.4 Ms Chew Gek Khim, Executive Chairman on the board of STC; and

13.1.5 Mr Yap Chee Keong, Non-Independent and Non-Executive Director on the board of STC.

However, the Relevant Directors must still assume responsibility for the accuracy of the facts stated or opinions expressed in this Scheme Document and any other documents and advertisements issued by, or on behalf of, the Company in connection with the Scheme.

LETTER TO SCHEME SHAREHOLDERS

13.2 Recommendation

Mr Lee Yock Suan, Mr Lim How Teck, Mr Colin Stevens Russel and Dr Cheng Mo Chi Moses, being the Independent Directors, having considered carefully the terms of the Scheme and the advice given by the IFA in the IFA Letter, concur with the recommendation of the IFA in respect of the Scheme. Accordingly, the Independent Directors recommend that Scheme Shareholders **VOTE IN FAVOUR** of the Scheme at the Scheme Meeting.

Scheme Shareholders are reminded that upon the Scheme becoming effective in accordance with its terms, it will be binding on all Scheme Shareholders, whether or not they attended or voted at the Scheme Meeting, and, if they attended and voted at the Scheme Meeting, whether or not they voted in favour of the Scheme.

Scheme Shareholders should also be aware and note that there is no assurance that the trading volumes and market prices of the Shares will be maintained at the current levels prevailing as at the Latest Practicable Date if the Scheme does not become effective for whatever reason. Scheme Shareholders should also be aware and note that there is currently no certainty that the Scheme will become effective.

Scheme Shareholders should read and consider carefully this Scheme Document in its entirety, in particular, the advice of the IFA as set out in Appendix 1 to this Scheme Document before deciding whether or not to vote in favour of the Scheme.

13.3 No Regard to Specific Objectives

The Independent Directors advise the Scheme Shareholders to carefully consider the advice of the IFA and, in particular, the various considerations highlighted by the IFA in the IFA Letter, when deciding whether or not to vote in favour of the Scheme.

In giving the above recommendation, the Independent Directors have not had regard to the specific objectives, financial situation, tax position, tax status, risk profiles or particular needs and constraints and circumstances of any individual Scheme Shareholder. As each Scheme Shareholder would have different investment objectives and profiles, the Independent Directors recommend that any individual Scheme Shareholder who may require advice in the context of his specific investment objectives or portfolio should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

14. DIRECTORS' INTENTIONS WITH REGARD TO THE SCHEME

All of the Directors who are Scheme Shareholders (save for Mr Lim Hwee Chiang John) have informed the Company that they will vote their Scheme Shares in favour of the Scheme at the Scheme Meeting.

As at the Latest Practicable Date, save as disclosed in this Scheme Document, none of the Directors has any direct or deemed interests in the convertible securities, warrants, options and derivatives in respect of such Shares or securities which carry voting rights in the Company (collectively, the **"Company Securities"**):

Directors	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Mr Lim Hwee Chiang John	6,368,254	0.64	183,860,737 ⁽¹⁾	18.43
Mr Lee Yock Suan	85,668	0.0086	–	–
Mr Lim How Teck	837,800	0.084	–	–
Mr Colin Stevens Russel	21,780	0.0022	–	–

Note:

- (1) Mr Lim Hwee Chiang John has an indirect interest in the 182,432,937 Shares of JLIG held in a sub-account with Citibank Nominees Singapore Pte Ltd. JLIG is wholly-owned by Mr Lim Hwee Chiang John. He is also deemed interested in the 1,427,800 Shares of JL Philanthropy Ltd held in a sub-account with Citibank Nominees Singapore Pte Ltd. The beneficiary of JL Philanthropy Ltd is JL Charitable Settlement and Mr Lim Hwee Chiang John is the settlor of JL Charitable Settlement.

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Mr Lim Hwee Chiang John will abstain from voting his Scheme Shares at the Scheme Meeting as he is an Offeror Concert Party. Under the SIC's ruling, as set out in **paragraph 10.1.1** of the Explanatory Statement, Rollover Shareholders and their concert parties are required to abstain from voting on the Scheme.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information given in this Scheme Document (other than the information in **Appendices 1** and **2** to this Scheme Document, and any information relating to or opinions expressed by the Offeror, the Consortium Parties, the Offeror Financial Advisers, KPMG and/or the IFA) and the pages preceding the "Contents" section of this Scheme Document (the "**Gatefold**"), and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Scheme Document and the Gatefold constitute full and true disclosure of all material facts about the Acquisition, the Scheme and the ARA Group, and the Directors are not aware of any facts the omission of which would make any statement in this Scheme Document and the Gatefold misleading.

Where any information has been extracted or reproduced from published or otherwise available sources, or obtained from a named source, the sole responsibility of the Directors has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources and/or reproduced in this Scheme Document and the Gatefold in its proper form and context.

In respect of the IFA Letter, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the ARA Group are fair and accurate.

16. GENERAL INFORMATION

Your attention is drawn to the further relevant information in the Explanatory Statement and the Appendices to this Scheme Document.

Yours faithfully
For and on behalf of
the Board of
ARA ASSET MANAGEMENT LIMITED

Dr Chiu Kwok Hung Justin
Chairman

EXPLANATORY STATEMENT

(This Explanatory Statement constitutes the statement required under
Section 100 of the Bermuda Companies Act)

PROPOSED ACQUISITION OF THE COMPANY BY THE OFFEROR BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 99 OF THE BERMUDA COMPANIES ACT

1. INTRODUCTION

1.1 Announcement of the Acquisition and the Scheme

On 8 November 2016, the respective boards of directors of the Company and the Offeror jointly announced the proposed Acquisition by the Consortium through the Offeror, to be effected:

1.1.1 by way of a scheme of arrangement under Section 99 of the Bermuda Companies Act, pursuant to which the Offeror is seeking to acquire all the Scheme Shares, in compliance with the Code; and

1.1.2 subject to the Scheme becoming effective in accordance with its terms, by way of the acquisition of all the Rollover Shares on the terms of the Rollover Agreement (see **paragraph 4.2** below for details).

1.2 Explanatory Statement

This Explanatory Statement should be read in conjunction with the full text of this Scheme Document. Capitalised terms used in this Explanatory Statement which are not defined in this Explanatory Statement shall bear the same meanings ascribed to them on pages 1 to 12 of this Scheme Document.

2. RATIONALE FOR THE ACQUISITION

The rationale for the Acquisition is set out in **paragraph 3** of the Offeror Letter to Scheme Shareholders, which can be found in **Appendix 2** to this Scheme Document.

3. THE SCHEME

3.1 Terms of the Scheme

The Scheme is proposed to all Scheme Shareholders, being all Shareholders other than the Rollover Shareholders.

Under the Scheme:

3.1.1 all the Scheme Shares held by the Entitled Scheme Shareholders will, on the Effective Date, be transferred to the Offeror:

(i) fully paid-up;

(ii) free from all Encumbrances; and

(iii) together with all rights, benefits and entitlements attaching thereto as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company to the Entitled Scheme Shareholders on or after the Joint Announcement Date; and

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3.1.2 in consideration for such transfer of the Scheme Shares, the Offeror will pay each Entitled Scheme Shareholder **S\$1.78 in cash** for each Scheme Share.

If any dividend, right or other distribution is declared, paid or made by the Company to the Entitled Scheme Shareholders on or after the Joint Announcement Date, the Offeror reserves the right to deduct from the Scheme Consideration an amount equal to such dividend, right or distribution. Scheme Shareholders will be notified in the event that any such dividend, right or other distribution is declared, paid or made, resulting in a deduction being made from the Scheme Consideration as aforesaid.

The Offeror does not intend to increase the Scheme Consideration of S\$1.78 and accordingly, this represents the final price for each Scheme Share.

Please refer to page 14 of this Scheme Document for the indicative timeline for the Acquisition.

3.2 No Cash Outlay

Scheme Shareholders should note that no cash outlay (including any stamp duties or brokerage expenses) will be required from the Entitled Scheme Shareholders under the Scheme.

3.3 Waiver of Rights to a General Offer

Scheme Shareholders should note that by voting in favour of the Scheme, they are agreeing to the Offeror and the Offeror Concert Parties consolidating effective control of the Company without having to make a general offer for the Company.

4. CONSORTIUM ARRANGEMENTS

4.1 Consortium Agreement

The Consortium Parties entered into the Consortium Agreement on 18 September 2016. Pursuant to the Consortium Agreement, the Consortium Parties have established the Steering Committee comprising five members (being one senior management representative from each Consortium Party). The Steering Committee is responsible for all matters relating to the Acquisition and the day-to-day supervision and management of the Acquisition. As at the Latest Practicable Date, the Steering Committee comprises the following members:

4.1.1 Ms Ellen Ng (Managing Director of Warburg Pincus) or, in the alternative, Mr Joseph Gagnon (Managing Director of Warburg Pincus);

4.1.2 Mr Lim Hwee Chiang John (Founder of JLIG) or, in the alternative, Mr Lim How Boon, Andy (Executive Director of JLIG);

4.1.3 Ms Chew Gek Khim (Executive Chairman of STC) or any alternate nominated by SE;

4.1.4 Mr Ip Tak Chuen Edmond (Executive Director and Deputy Managing Director of CKPHL) or, in the alternative, Ms Eirene Yeung (Company Secretary of CKPHL); and

4.1.5 Mr Jiangtao Yao (Chairman of AVIC Trust) or, in the alternative, Mr Yinghui Wei (Deputy General Manager of AVIC Trust).

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4.2 Rollover Agreement

Pursuant to the terms of the Rollover Agreement, within one Business Day after the Scheme becomes effective in accordance with its terms, the Rollover Shareholders will transfer their Rollover Shares to the Offeror in exchange for a combination of cash and shares in the HoldCo. Under the terms of the Rollover Agreement:

- 4.2.1** AGHL and AVICT shall each subscribe for 452,584,039 shares in the HoldCo and 301,722,693 shares in the HoldCo respectively at a subscription price of S\$1 for each HoldCo share, for an aggregate subscription price of S\$452,584,039 and S\$301,722,693 respectively;
- 4.2.2** SE shall transfer to the Offeror an aggregate of 200,482,000 Rollover Shares at a price of S\$1.78 for each Rollover Share for an aggregate consideration of S\$356,857,960, of which S\$48,210,963 is payable in cash and the remaining S\$308,646,997 of the consideration shall be utilised to subscribe for 308,646,997 shares in the HoldCo representing approximately 20.95 per cent. of the HoldCo at a subscription price of S\$1 for each HoldCo share. SE2 has nominated SE1 to receive its shares in the HoldCo to which it is entitled pursuant to the Rollover Agreement;
- 4.2.3** JLIG shall transfer to the Offeror an aggregate of 182,432,937 Rollover Shares at a price of S\$1.78 for each Rollover Share for an aggregate consideration of S\$324,730,628, of which S\$32,289,440 is payable in cash and the remaining S\$292,441,188 of the consideration shall be utilised to subscribe for 292,441,188 shares in the HoldCo representing approximately 19.85 per cent. of the HoldCo at a subscription price of S\$1 for each HoldCo share; and
- 4.2.4** WGL shall transfer to the Offeror an aggregate of 78,185,544 Rollover Shares at a price of S\$1.78 for each Rollover Share for an aggregate consideration of S\$139,170,268, of which S\$21,309,840 is payable in cash and the remaining S\$117,860,428 of the consideration shall be utilised to subscribe for 117,860,428 shares in the HoldCo representing approximately 8.00 per cent. of the HoldCo at a subscription price of S\$1 for each HoldCo share.

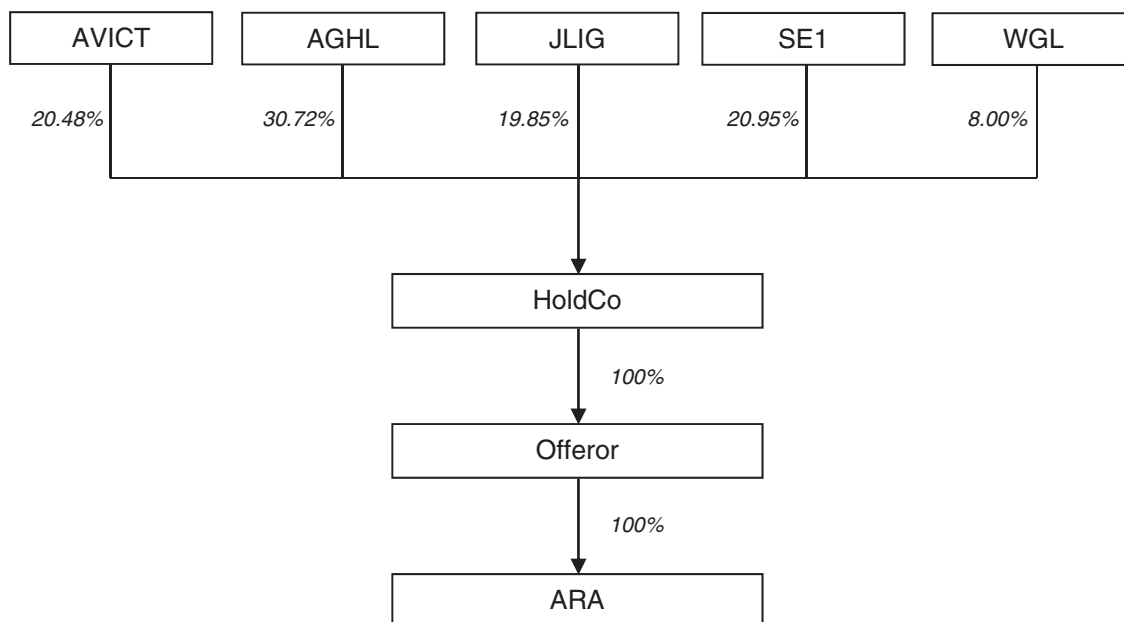
The subscription price of S\$1 for each HoldCo share is the subscription price agreed to between the parties to the Rollover Agreement.

The cash portion of the proceeds, being S\$48,210,963, S\$32,289,440 and S\$21,309,840, for SE, JLIG and WGL respectively will comprise approximately 13.5 per cent., 9.9 per cent. and 15.3 per cent. of the aggregate consideration payable to SE, JLIG and WGL respectively.

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Upon the Scheme becoming effective in accordance with its terms and on completion of the Rollover Agreement, the Company will be a wholly-owned subsidiary of the Offeror and a wholly-owned indirect subsidiary of the HoldCo, and the shareholders of the HoldCo and their respective shareholding will be as follows:



4.3 Shareholders' Agreement

The HoldCo Shareholders will, on completion of the Rollover Agreement, enter into the Shareholders' Agreement in respect of the governance of the Offeror Group. Pursuant to the terms of the Shareholders' Agreement:

4.3.1 Best Interests. The HoldCo Shareholders have agreed to act in the best interests of the HoldCo.

4.3.2 Board Seats. The following directors of the HoldCo will be appointed as soon as reasonably practicable after the Scheme becomes effective in accordance with its terms:

- (i) Dr Chiu Kwok Hung Justin (Chairman, Rollover Shareholder director);
- (ii) Mr Ip Tak Chuen Edmond (Rollover Shareholder director);
- (iii) Ms Chew Gek Khim (Rollover Shareholder director);
- (iv) Mr Lim Hwee Chiang John (Rollover Shareholder director);
- (v) Mr Joseph Gagnon (Sponsor director);
- (vi) Ms Ellen Ng (Sponsor director);
- (vii) Mr Jeffrey Perlman (Sponsor director);
- (viii) Mr Jiangtao Yao (Sponsor director); and
- (ix) Mr Yinghui Wei (Sponsor director).

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The Rollover Shareholders (save for SE2, who is not a party to the Shareholders' Agreement) will, collectively, have the right to appoint four directors, for so long as the specified shareholdings in the HoldCo are maintained. The Sponsor Shareholders shall initially have the right to appoint five directors.

4.3.3 Key Management. Mr Lim Hwee Chiang John shall serve as the Group Chief Executive Officer of the Offeror Group and Dr Chiu Kwok Hung Justin shall serve as the Chairman of the board of directors of the HoldCo. The Sponsor Shareholders shall have the right to appoint the Chief Financial Officer of the HoldCo.

4.3.4 Reserved Matters. The HoldCo Shareholders have agreed on a list of reserved matters which shall not be undertaken except, as the case may be, with the consent of a specified per cent. of the directors of the HoldCo or the HoldCo Shareholders holding more than a specified number of shares in the HoldCo.

4.3.5 Pre-emption Rights. The HoldCo Shareholders will have customary rights such as pre-emption rights over issuances of new shares in the HoldCo.

4.3.6 Restrictions on Transfer of Shares. Subject to certain exceptions (primarily in default scenarios), no HoldCo Shareholder may transfer, directly or indirectly, any of their interests in the HoldCo for the Moratorium Period, without the consent of the other HoldCo Shareholders. The HoldCo Shareholders will also have customary rights such as preemptive rights over transfers by other shareholders and rights of compulsory transfers in the event of specified default events.

4.3.7 Exit Mechanisms. If no liquidity event has taken place after the expiry of the Moratorium Period, then, depending on the circumstances, either the Sponsor Shareholders or, subject to the maintenance of specified shareholdings in the HoldCo, the Rollover Shareholders (save for SE2, who is not a party to the Shareholders' Agreement) have the right to conduct a Marketed Sale and subject to the Marketed Sale meeting certain conditions, drag the remaining HoldCo Shareholders on the same terms. If the drag is not exercised, the remaining HoldCo Shareholders also have a tag-along right to sell all of their shares of the HoldCo on the same terms. WGL has the right to require an independent third party valuer to value the shares of the HoldCo and the Fair Value will be the minimum price that it shall receive for certain of its shares under a Marketed Sale. At certain times after the end of the Moratorium Period, WGL shall have the right to require the HoldCo to repurchase certain of its shares in the HoldCo at a price which shall be determined with reference to the prevailing earnings of the HoldCo.

4.3.8 Restrictive Covenants. The HoldCo Shareholders have agreed on a set of obligations in relation to restricted actions which may apply to some of the HoldCo Shareholders post-completion of the Acquisition including, where relevant, non-compete and non-solicit obligations and arrangements to maintain certain existing relationships with the Offeror Group for an agreed period post-completion of the Acquisition.

4.4 Acquisition of Units of Suntec REIT

In addition to the arrangements set out above, AVICT, STC and the Company have entered into the Suntec REIT Acquisition Agreement on the Joint Announcement Date. Under the Suntec REIT Acquisition Agreement:

4.4.1 conditional upon (i) the delisting of the Company from the Official List of the SGX-ST; and (ii) the ODI Condition, AVICT will, within 90 days of the satisfaction of the Suntec REIT Acquisition Conditions, acquire the Suntec REIT Units from the Company, at a price per unit equivalent to the VWAP of the units for the 30 Market Days prior to the date of the Joint Announcement;

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- 4.4.2** STC may by notice in writing to the Company participate in the Unit Acquisition by electing to sell up to half of the aggregate number of Suntec REIT Units (i.e. units representing two per cent. of all the Suntec REIT units in issue as at the date of the Suntec REIT Acquisition Agreement);
- 4.4.3** upon completion of the Unit Acquisition, the management fees (if any) paid to the Company or its affiliate by AVICT in respect of the Suntec REIT Units acquired under the Suntec REIT Acquisition Agreement will be shared equally between the Company and AVICT;
- 4.4.4** the Suntec REIT Acquisition Agreement shall terminate upon the termination of the Implementation Agreement or if AVICT does not provide a completion notice within 90 days of the satisfaction of the Suntec REIT Acquisition Conditions; and
- 4.4.5** any of STC, the Company or AVICT shall have the right to terminate the Suntec REIT Acquisition Agreement by giving written notice to the other parties if the ODI Condition is not satisfied by the 90th day after the delisting of the Company from the SGX-ST, or such other day as the parties may mutually agree in writing.

4.5 Management Incentive Arrangements

An ESOP will be put into place by the HoldCo, pursuant to which not more than five per cent. of the shares of the HoldCo may be issued to key management of the Company pursuant to options to be granted under the ESOP. The ESOP is intended to incentivise key management and align their interests with the HoldCo Shareholders. As at the Latest Practicable Date, the Offeror has not determined the list of key management who will be permitted to participate in the ESOP, and it is contemplated that the Group Chief Executive Officer and the board of directors of the HoldCo will determine the grantees and allocations after completion of the Acquisition.

4.6 Joint Offerors

The SIC has, on 4 November 2016, confirmed that the Consortium Parties are regarded as joint offerors and that accordingly, the arrangements set out in this **paragraph 4** do not constitute special deals under Rule 10 of the Code.

5. IRREVOCABLE UNDERTAKING

5.1 Deed of Undertaking

The Undertaking Shareholder has entered into a Deed of Undertaking to, *inter alia*:

- 5.1.1** vote and/or procure the voting of all of the Relevant Shares, whether on a show of hands or on a poll and whether in person or by proxy:
- (i) in favour of the Scheme and any other matter necessary or proposed to implement the Scheme at any meeting of the Scheme Shareholders held to approve the Scheme and at any adjournment thereof; and
 - (ii) against any resolution or proposal to adjourn such meeting(s), other than with the Offeror's consent; and

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5.1.2 from the date of the Deed of Undertaking (i.e. 5 December 2016) until the Undertaking Expiry Date:

- (i) remain the legal and beneficial owner of, and be entitled to exercise the voting rights of, not less than 50 per cent. of the Shares that it owns as at the date of the Deed of Undertaking (i.e. 5 December 2016), provided, however, that it shall be entitled to sell any Shares if another person other than the Offeror has agreed to purchase all of the Shares at a price per Share which is higher than the Scheme Consideration (in such event, an announcement would be made and the Shares so sold shall not be subject to the terms of the Deed of Undertaking); and
- (ii) not take any action or omit to do any action which would conflict with its obligations under the Deed of Undertaking in a material respect or otherwise frustrate the Scheme or its implementation in a material respect.

As at the Latest Practicable Date, based on the disclosures made to the Company, the Undertaking Shareholder holds an aggregate of 79,661,020 Shares, representing 7.99 per cent. of the Shares.

5.2 Termination of Deed of Undertaking

The Deed of Undertaking will be in force, and be binding upon the Undertaking Shareholder, from the date of the Deed of Undertaking (i.e. 5 December 2016) until the Undertaking Expiry Date, whereupon the obligations of the Undertaking Shareholder under the Deed of Undertaking shall terminate, save for certain provisions in the Deed of Undertaking.

5.3 Inspection

A copy of the Deed of Undertaking is available for inspection at the office of the Company in Singapore at 6 Temasek Boulevard, #16-02 Suntec Tower 4, Singapore 038986, during normal business hours for the period up to the Effective Date.

6. INFORMATION ON THE OFFEROR AND THE CONSORTIUM PARTIES

Information on the Offeror and the Consortium Parties, as well as the Offeror's rationale for the Acquisition and future plans for the ARA Group, are set out in the Offeror Letter to Scheme Shareholders as set out in **Appendix 2** to this Scheme Document.

7. SCHEME MEETING

7.1 Approvals at the Scheme Meeting

The Scheme, which is proposed pursuant to Section 99 of the Bermuda Companies Act, has to be approved by the prescribed majority of Scheme Shareholders at a meeting convened at the direction of the Court. By an order of the Court dated 5 January 2017, the Scheme Meeting was directed to be convened for the purpose of considering and, if thought fit, approving the Scheme.

By proposing that the Acquisition be implemented, *inter alia*, by way of a scheme of arrangement under Section 99 of the Bermuda Companies Act, the Company is providing Scheme Shareholders with the opportunity to determine at the Scheme Meeting whether they consider the Scheme to be in their best interests.

The Scheme must be approved at the Scheme Meeting by a majority in number of the Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Scheme Meeting.

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The Rollover Shares do not form part of the Scheme Shares and the Rollover Shareholders are not Scheme Shareholders under the Scheme. Accordingly, they are not entitled to vote their Rollover Shares on the Scheme at the Scheme Meeting. In addition, in accordance with the SIC's rulings as set out in **paragraph 10.1.1** of this Explanatory Statement, the Offeror Concert Parties will abstain from voting on the Scheme in respect of their Scheme Shares (if any) at the Scheme Meeting.

The Scheme will only become effective upon the delivery of a copy of the Court Order to the Registrar for registration pursuant to Section 99(3) of the Bermuda Companies Act. A copy of the Court Order will only be delivered to the Registrar for registration after the satisfaction (or, where applicable, waiver) of all the other Scheme Conditions, a list of which is set out in **Appendix 7** to this Scheme Document. All the Scheme Conditions must be satisfied (or, where applicable, waived) by no later than 5.00 p.m. on the Cut-Off Date.

Upon the Scheme becoming effective in accordance with its terms, it will be binding on all Scheme Shareholders, whether or not they were present in person or by proxy or voted at the Scheme Meeting.

7.2 Voting at the Scheme Meeting

Voting at the Scheme Meeting will be by poll. In relation to voting by poll:

- 7.2.1** each Scheme Shareholder (being a Member, other than CDP) entitled to attend and vote at the Scheme Meeting which votes by proxy shall be included in the count of Scheme Shareholders present and voting at the Scheme Meeting as if that Scheme Shareholder (being a Member, other than CDP) were voting in person. The votes of a proxy who has been appointed to represent more than one Scheme Shareholder (being a Member, other than CDP) shall be counted as the votes of the total number of the Scheme Shareholders (being Members, other than CDP) appointing such proxy;
- 7.2.2** each Scheme Shareholder (being a Depositor) entitled to attend and vote at the Scheme Meeting which nominates a person to vote on its behalf as CDP's proxy at the Scheme Meeting shall be included in the count of Scheme Shareholders present and voting at the Scheme Meeting as if that Scheme Shareholder (being a Depositor) were voting in person. The votes of an appointee who has been nominated to represent more than one Scheme Shareholder (being a Depositor) shall be counted as the votes of the total number of Scheme Shareholders (being Depositors) nominating such appointee; and
- 7.2.3** a Scheme Shareholder (being both a Member (other than CDP) and a Depositor) entitled to attend and vote at the Scheme Meeting, and who votes in person or by proxy or as CDP's proxy (as the case may be) at the Scheme Meeting, will be counted as one Scheme Shareholder.

Each Scheme Shareholder entitled to attend and vote at the Scheme Meeting, and who votes in person or by proxy or as CDP's proxy (as the case may be) at the Scheme Meeting, may only cast all the votes it uses in respect of its Scheme Shares (whether as a Member (other than CDP) and/or as a Depositor) at the Scheme Meeting in one way only, namely, either for or against the Scheme.

7.3 Order of the Court dated 5 January 2017

Under the Bermuda Companies Act, those persons who agree to become members of a Bermuda company and whose names are entered on the register of members of such a company are considered members of the company, with rights to attend and vote at general meetings of the company. Depositors holding Shares through CDP are not recognised as Members in respect of the number of Shares credited to their respective Securities Accounts and generally do not have a right under the Bermuda Companies Act to attend and vote at general meetings of the Company.

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In the event that Depositors wish to attend and vote at general meetings of the Company, CDP will have to appoint them as proxies, pursuant to the Bye-laws and in accordance with the Bermuda Companies Act.

In relation to general meetings of the Company, under the Bye-laws, unless CDP specifies otherwise in a written notice to the Company, CDP shall be deemed to have appointed as CDP's proxies each of the Depositors who are individuals and whose names are shown in the records of CDP, as at a time not earlier than 48 hours prior to the time of the relevant general meeting, as supplied by CDP to the Company. Therefore, Depositors who are individuals can attend and vote as CDP's proxies at the general meetings of the Company without the lodgement of any proxy form. Depositors who are individuals who cannot attend a meeting personally may enable their nominees to attend as CDP's proxies by completing and returning a proxy form. Depositors who are not individuals can only be represented at a general meeting of the Company if their nominees are appointed as CDP's proxies. In these cases, proxy forms appointing nominees of Depositors as proxies of CDP must be executed by CDP as Member, duly completed by the Depositors and deposited at the place and within the time frame specified by the Company to enable the nominees to attend and vote at the relevant general meeting of the Company.

To give effect to the abovementioned existing arrangements to enable Depositors to attend and vote at the Scheme Meeting as Scheme Shareholders, the said order of the Court dated 5 January 2017 directed that, for the purposes of determining if a majority in number of the Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Scheme Meeting have voted to approve the Scheme at the Scheme Meeting, in respect of Scheme Shares held by CDP as Member, each Depositor which has Scheme Shares entered against its name in the Depository Register, as supplied by CDP to the Company, as at a time that is 48 hours prior to the time of the Scheme Meeting (being the time as at which the name of the Depositor must appear in the Depository Register, as supplied by CDP to the Company, as having Scheme Shares entered against its name in the said Depository Register, for the purpose of determining the entitlement of a Depositor to attend and vote as CDP's proxy at the Scheme Meeting) (the "**Depositor Cut-Off Time**"), and votes as CDP's proxy (or nominates any person to vote in its place as CDP's proxy) at the Scheme Meeting will be counted as one Scheme Shareholder, and the value to be attributed to such Depositor's vote at the Scheme Meeting will be the number of Scheme Shares entered against its name in the Depository Register as at the Depositor Cut-Off Time which are voted by that Depositor (or its nominee) as CDP's proxy at the Scheme Meeting.

A Depositor who has Scheme Shares entered against its name in the Depository Register as at the Depositor Cut-Off Time may attend and vote (or nominate another person to attend and vote in its place) as CDP's proxy, and further details relating thereto can be found in **paragraph 17.3** of this Explanatory Statement.

Pursuant to the said order of the Court dated 5 January 2017, for the purposes of determining if a majority in number of the Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Scheme Meeting have voted to approve the Scheme at the Scheme Meeting, each Member (other than CDP) which holds Scheme Shares in its own name in the Register of Members as at a time that is 48 hours prior to the time of the Scheme Meeting (being the time as at which the name of the Member must appear in the Register of Members as a registered holder of Scheme Shares, for the purpose of determining the entitlement of a Member (other than CDP) to attend and vote (whether in person or by proxy) at the Scheme Meeting) (the "**Member Cut-Off Time**") and votes, in person or by proxy, at the Scheme Meeting will be counted as one Scheme Shareholder, and the value to be attributed to such Member's vote at the Scheme Meeting will be the number of Scheme Shares entered in its name in the Register of Members as at the Member Cut-Off Time which are voted by (or on behalf of) that Member at the Scheme Meeting.

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In addition, pursuant to the said order of the Court dated 5 January 2017, (a) each Scheme Shareholder being a Member (other than CDP) entitled to attend and vote at the Scheme Meeting is entitled to appoint one, and only one, proxy to attend and vote on its behalf at the Scheme Meeting; and (b) each Scheme Shareholder being a Depositor entitled to attend and vote at the Scheme Meeting is entitled to nominate one, and only one, appointee to attend and vote on its behalf as CDP's proxy at the Scheme Meeting. A proxy or appointee need not be a Member.

A Scheme Shareholder (being both a Member (other than CDP) and a Depositor) entitled to attend and vote at the Scheme Meeting, and who votes in person or by proxy or as CDP's proxy (as the case may be) at the Scheme Meeting, will be counted as one Scheme Shareholder.

Each Scheme Shareholder entitled to attend and vote at the Scheme Meeting, and who votes in person or by proxy or as CDP's proxy (as the case may be) at the Scheme Meeting, may only cast all the votes it uses in respect of its Scheme Shares (whether as a Member (other than CDP) and/or as a Depositor) at the Scheme Meeting in one way only, namely, either for or against the Scheme.

7.4 Notice

The Notice of the Scheme Meeting is set out on pages 258 to 260 of this Scheme Document. You are requested to take note of the date, time and place of the Scheme Meeting.

8. CONDITIONS OF THE SCHEME

8.1 Scheme Conditions

8.1.1 Scheme Conditions. Pursuant to the terms of the Implementation Agreement, the Scheme is conditional upon the satisfaction (or, where applicable, waiver) of all the Scheme Conditions (which include the delivery of a copy of the Court Order to the Registrar for registration pursuant to Section 99(3) of the Bermuda Companies Act) by 5.00 p.m. on the Cut-Off Date.

A list of the Scheme Conditions is set out in **Appendix 7** to this Scheme Document. The Scheme is not conditional or dependent on completion of the Rollover Agreement and Scheme Shareholders will be entitled to the Scheme Consideration upon the Scheme becoming effective, regardless of whether the Rollover Agreement is completed.

8.1.2 Update on Status of Scheme Conditions. An update on the status of the Scheme Conditions is set out below:

- (i) all the regulatory approvals as set out in **paragraph 4** of **Appendix 7** to this Scheme Document have been satisfied or, to the extent legally permissible, waived by the Company and the Offeror in accordance with the terms of the Implementation Agreement; and
- (ii) the consent of UOB, as set out in **paragraph 7** of **Appendix 7** to this Scheme Document, for the Acquisition and the delisting of the Company has been obtained and the Facilities Agreements will remain in place after the close of the Acquisition and the delisting.

8.1.3 Remaining Scheme Conditions. Accordingly, as at the Latest Practicable Date, the Scheme is conditional upon the satisfaction (or, where applicable, waiver) of the remaining Scheme Conditions set out in **Appendix 7** to this Scheme Document by 5.00 p.m. on the Cut-Off Date.

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8.2 Non-fulfilment of Scheme Conditions

The Scheme will only become effective if all the Scheme Conditions set out in **Appendix 7** to this Scheme Document (which include the delivery of a copy of the Court Order to the Registrar for registration pursuant to Section 99(3) of the Bermuda Companies Act) have been satisfied or, where applicable, waived, in accordance with the Implementation Agreement. The Scheme Shareholders should note that if any of the Scheme Conditions is not satisfied or, where applicable, waived by 5.00 p.m. on the Cut-Off Date, the Scheme will not become effective.

8.3 Benefit of Certain Scheme Conditions

The Implementation Agreement provides that:

- 8.3.1 the Offeror alone may waive the Scheme Conditions in **paragraphs 6** (in relation to the Prescribed Occurrences set out in **Part II of Appendix 8** to this Scheme Document relating to the Company, any ARA Group Company, Substantial Subsidiary or Fund (as applicable)), **7, 8** and **10** of **Appendix 7** to this Scheme Document. Any breach or non-fulfilment of any such Scheme Conditions may be relied upon only by the Offeror;
- 8.3.2 the Company alone may waive the Scheme Conditions in **paragraphs 6** (in relation to the Prescribed Occurrences set out in **Part I of Appendix 8** to this Scheme Document relating to the Offeror) and **9** of **Appendix 7** to this Scheme Document. Any breach or non-fulfilment of any such Scheme Conditions may be relied upon only by the Company;
- 8.3.3 the Scheme Conditions in **paragraphs 1, 2** and **3** of **Appendix 7** to this Scheme Document are not capable of being waived by either or both of the Parties; and
- 8.3.4 the Scheme Conditions in **paragraphs 4** and **5** of **Appendix 7** to this Scheme Document may only be waived (to the extent legally permissible) if such waiver has been agreed in writing between the Parties.

8.4 Right to Terminate

The Implementation Agreement provides that if:

- 8.4.1 any of the Scheme Conditions set out in **paragraphs 1, 2** or **3** of **Appendix 7** to this Scheme Document is not satisfied, or if the Scheme has not become effective in accordance with its terms on or before 5.00 p.m. on the Cut-Off Date, either Party may immediately terminate the Implementation Agreement by notice in writing to the other Party;
- 8.4.2 an event under which the Company is obliged to pay the Break Fee pursuant to Clause 10.4.1 of the Implementation Agreement (see **paragraph 8.5.1** of this Explanatory Statement) occurs, the Implementation Agreement shall automatically terminate;
- 8.4.3 an event under which the Company is obliged to pay the Break Fee pursuant to Clause 10.4.2(i) of the Implementation Agreement (see **paragraph 8.5.2(i)** of this Explanatory Statement) occurs, the Offeror shall have the right to terminate the Implementation Agreement; and
- 8.4.4 subject to the Party seeking termination having consulted with the SIC and the SIC having given its approval, or stated that it has no objection, to such termination:
 - (i) the Scheme Condition set out in **paragraph 5** of **Appendix 7** to this Scheme Document is not satisfied, or is incapable of being satisfied, or if applicable, has not or will not be waived, on or before 5.00 p.m. on the Cut-Off Date, either Party may immediately terminate the Implementation Agreement by notice in writing to the other Party;

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- (ii) any of the Scheme Conditions set out in **paragraphs 4 or 6** (in relation to any Prescribed Occurrences set out in **Part II of Appendix 8** to this Scheme Document relating to the Company, any ARA Group Company, Substantial Subsidiary or Fund (as applicable)), or **paragraphs 7, 8 or 10 of Appendix 7** to this Scheme Document is not satisfied, or is incapable of being satisfied, or if applicable, has not or will not be waived, on or before 5.00 p.m. on the Cut-Off Date, the Offeror may terminate the Implementation Agreement by notice in writing to the Company, provided that with respect to **paragraph 8 of Appendix 7** to this Scheme Document (in relation to any breach of warranties by the Company), if the breach is capable of remedy, the Company fails to remedy the breach within the earlier of 15 Business Days from receipt of notice from the Offeror of the alleged breach, or 5.00 p.m. on the Cut-Off Date, and provided further that the Company works diligently to remedy the breach during such period; or
- (iii) any of the Scheme Conditions set out in **paragraph 6** (in relation to any Prescribed Occurrences set out in **Part I of Appendix 8** to this Scheme Document relating to the Offeror) or **paragraph 9 of Appendix 7** to this Scheme Document is not satisfied, or is incapable of being satisfied, or if applicable, has not or will not be waived, on or before 5.00 p.m. on the Cut-Off Date, the Company may terminate the Implementation Agreement by notice in writing to the Offeror.

8.5 Effect of Termination

In the event the Implementation Agreement is terminated by either Party pursuant to its terms, the Implementation Agreement will cease to have any further force or effect (except for certain surviving provisions such as those relating to the Break Fee (see **paragraphs 8.5.1 to 8.5.2** below for further details), costs and expenses and governing law) and there shall be no further liability or obligation on the part of either Party (save for the aforementioned surviving provisions), but such termination shall not prejudice the rights of either Party which have accrued or arisen prior to such termination (provided that the Offeror shall not be entitled to claim against the Company for any breach of the warranties by the Company as set out in **Appendix 11** to this Scheme Document), and:

8.5.1 in the event that a Competing Offer becomes or is declared unconditional in all respects or becomes effective, as the case may be, in accordance with its terms within 180 calendar days from the Joint Announcement Date, the Company shall pay a break fee equivalent to 0.5 per cent. of the aggregate Scheme Consideration payable for the Scheme Shares to the Offeror (being S\$4,771,982.49); and

8.5.2 in the event:

- (i) that the Independent Directors do not provide the Recommendation, or the Independent Directors withdraw, modify or qualify the Recommendation otherwise than pursuant to a Competing Offer; or
- (ii) of a material breach or non-compliance by the Company of Clauses 3.4, 6.2, 7.2 and 10.1 of the Implementation Agreement (the "**Specific Obligations**"), resulting in the termination of the Scheme,

the Company shall compensate the Offeror for all the costs and expenses actually incurred by or on behalf of the Offeror in connection with the Scheme and/or Acquisition, subject to a maximum amount of US\$2,000,000.

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Payment of the Break Fee shall be made by the Company to the Offeror within:

- (a) in the case of a payment under Clause 10.4.1 of the Implementation Agreement (see **paragraph 8.5.1** above), 10 Business Days after the date on which the Competing Offer is declared unconditional in all respects or becomes effective, as the case may be; and
- (b) in the case of a payment under Clause 10.4.2 of the Implementation Agreement (see **paragraph 8.5.2** above), 10 Business Days after the Offeror has submitted a written request together with reasonable supporting evidence of the costs and expenses actually incurred by it or on its behalf in connection with the Scheme and/or Acquisition.

The Specific Obligations are as follows:

- (1) **Best Endeavours.** The Company agrees to use its best endeavours to procure that each of the Scheme Conditions as set out in **Appendix 7** to this Scheme Document is satisfied as soon as practicable after the date of the Implementation Agreement or that there is no occurrence that would prevent the Scheme Conditions from being satisfied, as the case may be. Without limiting the generality of the foregoing:
 - (i) between the date of the Implementation Agreement and up to immediately prior to the date on which a copy of the Court Order has been delivered to the Registrar for registration, the Company will not take or omit to take any action which is within its power or control that would result in a breach of any warranty provided by it under the Implementation Agreement which will result in a material adverse effect on the ARA Group (taken as a whole), and is material in the context of the Scheme; and
 - (ii) the Company shall, upon request by the Offeror:
 - (a) provide the Offeror and its advisers as soon as possible with any information or documents reasonably requested by them in connection with a submission, filing or notification to, or request from, any relevant Governmental Authority;
 - (b) make any joint submissions, filings or notifications with the Offeror where required to do so by any Governmental Authority;
 - (c) assist the Offeror in communicating with any Governmental Authority for the purposes of satisfying each Scheme Condition; and
 - (d) notify the Offeror of any communication it receives from a Governmental Authority in respect of any joint submissions, filings or notifications in connection with the Acquisition (with any appropriate redactions due to confidentiality obligations);
- (2) **Company's Obligations.** Please see **paragraphs 1 to 20 of Part II of Appendix 9** to this Scheme Document;
- (3) **Company's Warranties.** The Company warrants to the Offeror as at the date of the Implementation Agreement and the Effective Date (except to the extent any warranty expressly relates to an earlier date, in which case such warranty shall speak only as of such date), in the terms as set out in **Appendix 11** to this Scheme Document; and
- (4) **No Solicitation.** Please see **paragraph 23 of Part II of Appendix 9** to this Scheme Document.

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9. OBLIGATIONS OF THE COMPANY AND THE OFFEROR

Pursuant to the terms of the Implementation Agreement, the Offeror and the Company have agreed to, *inter alia*, perform the obligations set out in **Parts I** and **II** respectively of **Appendix 9** to this Scheme Document.

The Company and the Offeror have also undertaken, in the Implementation Agreement, to ensure that they, through their legal counsel, are represented at the hearings by the Court of the petition for the sanction of the Scheme (the “**Court Hearings**”) and, if required by the Court, to provide an undertaking to the Court to do all things and take all actions to fulfil their respective obligations under the Scheme.

10. SCHEME CONDITIONS AND REGULATORY APPROVALS

10.1 SIC

10.1.1 Code. The SIC has by way of a letter dated 4 November 2016 confirmed, *inter alia*, that the Scheme is exempted from complying with Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29, 33.2 and Note 1(b) to Rule 19 of the Code, subject to the following conditions:

- (i) the Rollover Shareholders and their concert parties abstain from voting on the Scheme;
- (ii) the Directors who are also concert parties of the Consortium Parties abstain from making a recommendation on the Scheme to the Scheme Shareholders;
- (iii) the Company appoints an IFA to advise the Scheme Shareholders on the Scheme; and
- (iv) the Scheme Document to be provided to the Scheme Shareholders discloses the names of the Offeror and the Offeror Concert Parties (including the HoldCo), their current voting rights in the Company as of the Latest Practicable Date and their voting rights in the Company after the Scheme.

In respect of (i) above, to the extent that the Offeror Concert Parties hold Scheme Shares as at the Latest Practicable Date, as disclosed in the Offeror Letter to Scheme Shareholders set out in **Appendix 2** to this Scheme Document, such parties will abstain from voting their Scheme Shares on the Scheme at the Scheme Meeting.

The Relevant Directors (being persons who are Directors regarded as concert parties of the Consortium Parties) will abstain from making a recommendation on the Scheme to the Scheme Shareholders, in accordance with SIC’s ruling as set out in this **paragraph 10.1.1**.

In compliance with the Code, Deloitte & Touche Corporate Finance Pte Ltd has been appointed as the IFA to advise the Independent Directors in relation to the Scheme.

Paragraph 12.1.1 of the Offeror Letter to Scheme Shareholders, as set out in **Appendix 2** to this Scheme Document, discloses the voting rights of the Offeror and the Offeror Concert Parties (including the HoldCo) in the Company (if any) as of the Latest Practicable Date, and **paragraph 12.3** of the Offeror Letter to Scheme Shareholders discloses their voting rights in the Company after the Scheme.

10.1.2 Scheme Conditions. The SIC has, by way of its letter dated 4 November 2016, confirmed, *inter alia*, that it has no objections to the Scheme Conditions.

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10.1.3 Consortium Arrangements. The SIC has, by way of its letter dated 4 November 2016, also confirmed that the Consortium Parties are regarded as joint offerors and that accordingly, the arrangements set out in **paragraph 4** of this Explanatory Statement do not constitute special deals under Rule 10 of the Code.

10.1.4 Recommendation to the Scheme Shareholders. The SIC has, by way of its letter dated 4 November 2016, also confirmed that the Relevant Directors are exempted from the requirement to make a recommendation on the Scheme to the Scheme Shareholders. The Relevant Directors must, however, still assume responsibility for the accuracy of the facts stated in this Scheme Document and other documents and advertisements issued by, or on behalf of, the Company in connection with the Scheme.

10.2 Court and Registration of Court Order

The Scheme is subject to the sanction of the Court as stated in **paragraph 2** of **Appendix 7** to this Scheme Document. The Scheme will only become effective upon the delivery of a copy of the Court Order to the Registrar for registration pursuant to Section 99(3) of the Bermuda Companies Act.

10.3 SGX-ST

An application was made to seek approval from the SGX-ST to delist the Company from the Official List of the SGX-ST subject to the Scheme becoming effective in accordance with its terms as set out in **paragraph 11** of this Explanatory Statement.

11. EFFECT OF THE SCHEME AND DELISTING

Upon the Scheme becoming effective in accordance with its terms and on completion of the Rollover Agreement (see **paragraph 4.2** of this Explanatory Statement for further details), the Company will become a wholly-owned subsidiary of the Offeror and an indirect wholly-owned subsidiary of the HoldCo.

An application was made to seek approval from the SGX-ST to delist the Company from the Official List of the SGX-ST subject to the Scheme becoming effective in accordance with its terms. The SGX-ST has, on 28 December 2016, advised that it has no objection to the Company's application to delist from the Official List of the SGX-ST, subject to:

- (i) compliance with the SGX-ST's listing requirements;
- (ii) approval of the Scheme by a majority in number of Scheme Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority holding not less than three-fourths in value of the Scheme Shares voted at the Scheme Meeting; and
- (iii) sanction of the Scheme by the Court.

The above decision of the SGX-ST is not to be taken as an indication of the merits of the Scheme, the proposed delisting of the Company from the Official List of the SGX-ST, the Company, its subsidiaries and/or their securities.

SCHEME SHAREHOLDERS SHOULD NOTE THAT BY VOTING IN FAVOUR OF THE SCHEME, THE SHARES WILL BE DELISTED AND WITHDRAWN FROM THE OFFICIAL LIST OF THE SGX-ST SUBJECT TO THE SCHEME BECOMING EFFECTIVE IN ACCORDANCE WITH ITS TERMS.

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12. IMPLEMENTATION OF THE SCHEME

12.1 Application to Court for Sanction

After the Scheme has been approved by a majority in number of the Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Scheme Meeting convened and held in accordance with the order of the Court dated 5 January 2017, an application will be made to the Court by the Company for an order of the Court sanctioning the Scheme.

12.2 Procedure for Implementation

If the Scheme Shareholders approve (with or without modification) the Scheme at the Scheme Meeting and the Court sanctions the Scheme, the Offeror and the Company will (subject to the satisfaction (or, where applicable, waiver) of all the other Scheme Conditions) take the necessary steps (which include the delivery of a copy of the Court Order to the Registrar for registration pursuant to Section 99(3) of the Bermuda Companies Act) to render the Scheme effective in accordance with its terms, and the following will be implemented:

12.2.1 the Scheme Shares held by the Entitled Scheme Shareholders will, on the Effective Date, be transferred to the Offeror for the Scheme Consideration to be paid by the Offeror to the Entitled Scheme Shareholders for each Scheme Share as follows:

- (i) in the case of the Entitled Scheme Shareholders (not being Depositors), the Company shall authorise any person to execute or effect on behalf of all such Entitled Scheme Shareholders an instrument or instruction of transfer of all the Scheme Shares held by such Entitled Scheme Shareholders and every such instrument or instruction of transfer so executed shall be effective as if it had been executed by the relevant Entitled Scheme Shareholder; and
- (ii) in the case of the Entitled Scheme Shareholders (being Depositors), the Company shall instruct CDP, for and on behalf of such Entitled Scheme Shareholders, to debit, not later than seven Singapore Business Days after the Effective Date, all the Scheme Shares standing to the credit of the Securities Account of such Entitled Scheme Shareholders and credit all of such Scheme Shares to the Securities Account of the Offeror or such Securities Account(s) or securities sub-account(s) as directed by the Offeror;

12.2.2 from the Effective Date, all existing share certificates relating to the Scheme Shares held by the Entitled Scheme Shareholders (not being Depositors) will cease to be evidence of title of the Scheme Shares represented thereby;

12.2.3 the Entitled Scheme Shareholders (not being Depositors) are required to surrender for cancellation their existing share certificates relating to all their Scheme Shares to the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623 as soon as possible, but not later than seven Singapore Business Days after the Effective Date; and

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12.2.4 the Offeror shall, not later than seven Singapore Business Days after the Effective Date, and against the transfer of the Scheme Shares set out in **paragraph 12.2.1** above, make payment of the aggregate Scheme Consideration payable on the transfer of the Scheme Shares pursuant to the Scheme to:

- (i) each Entitled Scheme Shareholder (not being a Depositor) by sending a cheque for the aggregate Scheme Consideration payable to such Entitled Scheme Shareholder made out in favour of such Entitled Scheme Shareholder by ordinary post to his address in the Register of Members as at the Books Closure Date, at the sole risk of such Entitled Scheme Shareholder, or in the case of joint Entitled Scheme Shareholders (not being Depositors), to the first named Entitled Scheme Shareholder made out in favour of such Entitled Scheme Shareholder by ordinary post to his address in the Register of Members as at the Books Closure Date, at the sole risk of such Entitled Scheme Shareholders; and
- (ii) each Entitled Scheme Shareholder (being a Depositor) by making payment of the aggregate Scheme Consideration payable to such Entitled Scheme Shareholder to CDP. CDP shall:
 - (a) in the case of an Entitled Scheme Shareholder (being a Depositor) who has registered for CDP's direct crediting service, credit the aggregate Scheme Consideration payable to such Entitled Scheme Shareholder, to the designated bank account of such Entitled Scheme Shareholder; and
 - (b) in the case of an Entitled Scheme Shareholder or joint Entitled Scheme Shareholders (being Depositor(s)) who has or have not registered for CDP's direct crediting service, send to such Entitled Scheme Shareholder(s), by ordinary post to his mailing address in the Depository Register and at the sole risk of such Entitled Scheme Shareholder(s), a cheque for the payment of such aggregate Scheme Consideration made out in favour of such Entitled Scheme Shareholder(s).

Assuming that the Scheme becomes effective in accordance with its terms on 11 April 2017, the crediting by CDP of the Scheme Consideration payable to the Entitled Scheme Shareholders (being Depositors who have registered with CDP for direct crediting service) into the designated bank accounts of such Entitled Scheme Shareholders or, as the case may be, the posting of cheques for the Scheme Consideration under the Scheme in the manner set out in this **paragraph 12.2.4** is expected to take place on or before 21 April 2017.

12.3 Retention and Release of Proceeds

On and after the day being six calendar months after the posting of such cheques relating to the Scheme Consideration, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed (or has been returned uncashed) and shall place all such moneys in a bank account in the Company's name with a licensed bank in Singapore selected by the Company. The Company or its successor entity shall hold such moneys until the expiration of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to **Clause 3** of the Scheme as set out in **Appendix 12** to this Scheme Document to persons who satisfy the Company or its successor entity that they are respectively entitled thereto and that the cheques referred to in **Clause 3** of the Scheme as set out in **Appendix 12** to this Scheme Document for which they are payees have not been cashed. The Company or its successor entity shall, in its absolute discretion, determine whether any such person is so entitled. Any such determination shall be conclusive and binding upon all persons claiming an interest in the relevant moneys, and any payments made by the Company hereunder shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to **Clause 3** of the Scheme as set out in **Appendix 12** to this Scheme Document.

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On the expiry of six years from the Effective Date, each of the Company and the Offeror shall be released from any further obligation to make any payments of the Scheme Consideration under the Scheme and the Company or its successor entity shall transfer to the Offeror the balance (if any) of the sums then standing to the credit of the bank account referred to in **Clause 4** of the Scheme as set out in **Appendix 12** to this Scheme Document including accrued interest, subject, if applicable, to the deduction of interest, tax or any withholding tax or any other deduction required by law and subject to the deduction of any expenses.

13. CLOSURE OF BOOKS

13.1 Notice of Books Closure

Subject to the approval by the Scheme Shareholders of the Scheme at the Scheme Meeting and the sanction of the Scheme by the Court, notice of the Books Closure Date will be given in due course for the purposes of determining the entitlements of the Entitled Scheme Shareholders to the Scheme Consideration under the Scheme.

The Books Closure Date is expected to be on 10 April 2017 at 5.00 p.m.. The Company will make a further announcement in due course of the Books Closure Date.

13.2 Books Closure

No transfer of the Scheme Shares where the certificates relating thereto are not deposited with CDP may be effected after the Books Closure Date, unless such transfer is made pursuant to the Scheme.

13.3 Trading in Shares on the SGX-ST

An application was made to seek approval from the SGX-ST to delist the Company from the Official List of the SGX-ST subject to the Scheme becoming effective in accordance with its terms. The SGX-ST has, on 28 December 2016, advised that it has no objection to the Company's application to delist from the Official List of the SGX-ST, subject to:

13.3.1 compliance with the SGX-ST's listing requirements;

13.3.2 approval of the Scheme by a majority in number of Scheme Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority holding not less than three-fourths in value of the Scheme Shares voted at the Scheme Meeting; and

13.3.3 sanction of the Scheme by the Court.

The above decision of the SGX-ST is not to be taken as an indication of the merits of the Scheme, the proposed delisting of the Company from the Official List of the SGX-ST, the Company, its subsidiaries and/or their securities.

Assuming the Scheme becomes effective on 11 April 2017 and completion of the Rollover Agreement takes place on 12 April 2017, the Shares are expected to be delisted and withdrawn from the Official List of the SGX-ST after payment of the Scheme Consideration.

It is therefore expected that, subject to the approval of the SGX-ST, the Shares will cease to be traded on the SGX-ST on or about 5 April 2017 at 5.00 p.m., being three Market Days before the expected Books Closure Date of 10 April 2017 at 5.00 p.m..

Scheme Shareholders (not being Depositors) who wish to trade in their Scheme Shares on the SGX-ST are required to deposit with CDP their certificates relating to their Scheme Shares, together with the duly executed instruments of transfer in favour of CDP, by 15 March 2017, being 15 Market Days prior to the tentative last day for trading of the Scheme Shares.

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14. SETTLEMENT AND REGISTRATION PROCEDURES

Subject to the Scheme becoming effective in accordance with its terms, the following settlement and registration procedures will apply:

14.1 Entitled Scheme Shareholders whose Scheme Shares are not deposited with CDP

Entitlements to the Scheme Consideration will be determined on the basis of the Entitled Scheme Shareholders (not being Depositors) and their holdings of Scheme Shares appearing in the Register of Members as at the Books Closure Date.

Entitled Scheme Shareholders (not being Depositors) who have not already done so are requested to take the necessary action to ensure that the Scheme Shares owned by them are registered in their names with the Singapore Share Transfer Agent by the Books Closure Date.

As of and from the Effective Date, each existing share certificate representing a former holding of Scheme Shares by Entitled Scheme Shareholders (not being Depositors) will cease to be evidence of title of the Shares represented thereby.

Within seven Singapore Business Days of the Effective Date, the Offeror shall make payment of the Scheme Consideration to each Entitled Scheme Shareholder (not being a Depositor) based on his holding of the Scheme Shares as at the Books Closure Date.

14.2 Entitled Scheme Shareholders whose Scheme Shares are deposited with CDP

Entitlements to the Scheme Consideration will be determined on the basis of Entitled Scheme Shareholders (being Depositors) and the number of Scheme Shares standing to the credit of their Securities Account as at the Books Closure Date.

Entitled Scheme Shareholders (being Depositors) who have not already done so are requested to take the necessary action to ensure that the Scheme Shares owned by them are credited to their Securities Account by the Books Closure Date.

Following the Effective Date, CDP will debit all the Scheme Shares standing to the credit of each relevant Securities Account of each Entitled Scheme Shareholder (being a Depositor) and credit all of such Scheme Shares to the Securities Account of the Offeror or such Securities Account(s) as directed by the Offeror.

Within seven Singapore Business Days of the Effective Date, CDP shall make payment of the Scheme Consideration to each Entitled Scheme Shareholder (being a Depositor) based on the number of Scheme Shares standing to the credit of his or its Securities Account as at the Books Closure Date.

15. DIRECTORS' INTERESTS AND THE EFFECT OF THE SCHEME ON SUCH INTERESTS

The interests of the Directors in the Shares and as directors or creditors of the Company as at the Latest Practicable Date are set out in **Appendix 3** to this Scheme Document. None of the Directors is a creditor of the Company.

The effect of the Scheme on such interests of the Directors does not differ from that of the other Scheme Shareholders except that, after the Scheme becomes effective in accordance with its terms and upon completion of the Rollover Agreement, the Offeror will own all of the issued Shares as at the Effective Date, and Mr Lim Hwee Chiang John, a Director, will be deemed interested in approximately 19.85 per cent. of the Shares.

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16. OVERSEAS SCHEME SHAREHOLDERS

16.1 Overseas Scheme Shareholders

The applicability of the Scheme to Scheme Shareholders whose addresses are outside Singapore, as shown on the Register of Members or, as the case may be, in the records of CDP (each, an “**Overseas Scheme Shareholder**”), may be affected by the laws of the relevant overseas jurisdictions. Accordingly, all Overseas Scheme Shareholders should inform themselves about, and observe, any applicable legal requirements in their own jurisdictions.

Where there are potential restrictions on sending this Scheme Document to any overseas jurisdiction, the Offeror and the Company reserve the right not to send such documents to the Scheme Shareholders in such overseas jurisdiction. For the avoidance of doubt, the Scheme is being proposed to all Scheme Shareholders (including the Overseas Scheme Shareholders), including those to whom this Scheme Document will not be, or may not be, sent, provided that this Scheme Document does not constitute an offer or a solicitation to any person in any jurisdiction in which such offer or solicitation is unlawful and the Scheme is not being proposed in any jurisdiction in which the introduction or implementation of the Scheme would not be in compliance with the laws of such jurisdiction.

Overseas Scheme Shareholders who are in doubt about their positions should consult their own professional advisers in the relevant jurisdictions.

16.2 Copies of Scheme Document

Scheme Shareholders (including Overseas Scheme Shareholders) may obtain copies of this Scheme Document and any related documents during normal business hours and up to the date of the Scheme Meeting from the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623. An Overseas Scheme Shareholder may also write in to the Singapore Share Transfer Agent at the same address to request for this Scheme Document and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to three Market Days prior to the date of the Scheme Meeting.

It is the responsibility of any Overseas Scheme Shareholder who wishes to request for this Scheme Document and any related documents to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with all necessary formalities or legal requirements. In requesting for this Scheme Document and any related documents, the Overseas Scheme Shareholder represents and warrants to the Offeror and the Company that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Overseas Scheme Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.

16.3 Notice

The Offeror and the Company each reserves the right to notify any matter, including the fact that the Scheme has been proposed, to any or all Scheme Shareholders (including Overseas Scheme Shareholders) by announcement to the SGX-ST via SGXNET or paid advertisement in a daily newspaper published and circulated in Singapore, and in either case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any Scheme Shareholder (including any Overseas Scheme Shareholder) to receive or see such announcement or advertisement. For the avoidance of doubt, for as long as the Company remains listed on the SGX-ST, it will continue to notify all Scheme Shareholders (including Overseas Scheme Shareholders) of any matter relating to the Scheme by announcement via SGXNET.

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16.4 Foreign Jurisdiction

It is the responsibility of any Overseas Scheme Shareholder who wishes to vote on or receive payment under the Scheme to satisfy himself as to the full observance of the laws of the relevant jurisdiction in that connection, including the obtaining of any governmental or other consent which may be required, or compliance with all necessary formalities or legal requirements. In participating in the Scheme, the Overseas Scheme Shareholder represents and warrants to the Offeror and the Company that he is in full observance of the laws of the relevant jurisdiction in that connection, and that he is in full compliance with all necessary formalities or legal requirements. If any Overseas Scheme Shareholder is in any doubt about his position, he should consult his professional adviser in the relevant jurisdiction.

17. ACTION TO BE TAKEN BY SCHEME SHAREHOLDERS

17.1 General

A Scheme Shareholder shall not be entitled to attend and vote, in person or by proxy, at the Scheme Meeting unless such Scheme Shareholder is:

17.1.1 a Member (other than CDP) who has Scheme Shares entered against its name in the Register of Members as at the Member Cut-Off Time; or

17.1.2 a Depositor who has Scheme Shares entered against its name in the Depository Register, as supplied by CDP to the Company, as at the Depositor Cut-Off Time.

A Scheme Shareholder (being both a Member (other than CDP) and a Depositor) entitled to attend and vote at the Scheme Meeting, and who votes in person or by proxy or as CDP's proxy (as the case may be) at the Scheme Meeting, will be counted as one Scheme Shareholder.

Each Scheme Shareholder entitled to attend and vote at the Scheme Meeting, and who votes in person or by proxy or as CDP's proxy (as the case may be) at the Scheme Meeting, may only cast all the votes it uses in respect of its Scheme Shares (whether as a Member (other than CDP) and/or as a Depositor) at the Scheme Meeting in one way only, namely, either for or against the Scheme.

17.2 Voting by Members

Pursuant to the said order of the Court dated 5 January 2017, for the purposes of determining if a majority in number of the Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Scheme Meeting have voted to approve the Scheme at the Scheme Meeting, each Member (other than CDP) which holds Scheme Shares in its own name in the Register of Members as at the Member Cut-Off Time and votes, in person or by proxy, at the Scheme Meeting will be counted as one Scheme Shareholder, and the value to be attributed to such Member's vote at the Scheme Meeting will be the number of Scheme Shares entered in its name in the Register of Members as at the Member Cut-Off Time which are voted by (or on behalf of) that Member at the Scheme Meeting.

Further, pursuant to the said order of the Court dated 5 January 2017, each Scheme Shareholder being a Member (other than CDP) entitled to attend and vote at the Scheme Meeting is entitled to appoint one, and only one, proxy to attend and vote on its behalf at the Scheme Meeting. A proxy need not be a Member.

Scheme Shareholders being Members (other than CDP), whose names are entered in the Register of Members as at the Member Cut-Off Time, who are unable to attend the Scheme Meeting personally and who wish to appoint a proxy to attend and vote at the Scheme Meeting on their behalf will find together with this Scheme Document a Member Proxy Form which they

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are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623, not less than 48 hours before the time appointed for the holding of the Scheme Meeting. The Company shall be entitled to reject a Member Proxy Form which is incomplete, improperly completed (or otherwise does not comply with the instructions printed thereon), illegible or where the true intentions of the Member are not ascertainable from the instructions specified on the Member Proxy Form. The appointment of a proxy by a Scheme Shareholder being a Member (other than CDP) does not preclude that Scheme Shareholder from attending and voting in person at the Scheme Meeting if it so wishes in place of its proxy if it finds that it is able to do so. In such event, the Member Proxy Form appointing a proxy shall be deemed to be revoked.

The Offeror and the Offeror Concert Parties (including the Rollover Shareholders), are required to abstain from voting on the Scheme at the Scheme Meeting, in accordance with SIC's ruling as set out in **paragraph 10.1.1** of this Explanatory Statement. Accordingly, these parties are not permitted to act as a general proxy on behalf of any Scheme Shareholder who is a Member whereby such proxy may vote or abstain as the proxy may think fit in the absence of any specific instructions from such Scheme Shareholder. For the avoidance of doubt, these parties are however permitted to act as a specific proxy on behalf of a Scheme Shareholder who is a Member whereby the proxy is given specific directions to vote or abstain at the Scheme Meeting.

17.3 Voting by Depositors

Scheme Shareholders being Depositors are not recognised as Members in respect of the number of Scheme Shares credited to their respective Securities Accounts and generally do not have a right under the Bermuda Companies Act to attend and vote at general meetings of the Company.

To give effect to the existing arrangements to enable Depositors to attend and vote at the Scheme Meeting as Scheme Shareholders (as referred to in **paragraph 7.3** of this Explanatory Statement), the said order of the Court dated 5 January 2017 directed that, for the purposes of determining if a majority in number of the Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Scheme Meeting have voted to approve the Scheme at the Scheme Meeting, in respect of Scheme Shares held by CDP as Member, each Depositor which has Scheme Shares entered against its name in the Depository Register, as supplied by CDP to the Company, as at the Depositor Cut-Off Time, and votes as CDP's proxy (or nominates any person to vote in its place as CDP's proxy) at the Scheme Meeting will be counted as one Scheme Shareholder, and the value to be attributed to such Depositor's vote at the Scheme Meeting will be the number of Scheme Shares entered against its name in the Depository Register as at the Depositor Cut-Off Time which are voted by that Depositor (or its nominee) as CDP's proxy at the Scheme Meeting.

Further, pursuant to the said order of the Court dated 5 January 2017, each Scheme Shareholder being a Depositor entitled to attend and vote at the Scheme Meeting is entitled to nominate one, and only one, appointee to attend and vote on its behalf as CDP's proxy at the Scheme Meeting. An appointee need not be a Member.

Scheme Shareholders who are Depositors who wish to attend and vote at the Scheme Meeting, and whose names are shown in the records of CDP as at the Depositor Cut-Off Time, may attend and vote as CDP's proxies. Scheme Shareholders being Depositors who are individuals and who wish to attend the Scheme Meeting in person need not take any further action and can attend and vote as CDP's proxies at the Scheme Meeting without the lodgement of any Depositor Proxy Forms. Scheme Shareholders being Depositors who are individuals who are unable to attend personally and wish to appoint a nominee to attend and vote on its behalf as CDP's proxy at the Scheme Meeting, and those Scheme Shareholders being Depositors who are not individuals, will find together with this Scheme Document a Depositor Proxy Form which they are requested to

EXPLANATORY STATEMENT

(This Explanatory Statement constitutes the statement required under
Section 100 of the Bermuda Companies Act)

complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623, not less than 48 hours before the time appointed for the holding of the Scheme Meeting. The Company shall be entitled to reject a Depositor Proxy Form which is incomplete, improperly completed (or otherwise does not comply with the instructions printed thereon), illegible or where the true intentions of the Depositor are not ascertainable from the instructions specified on the Depositor Proxy Form.

18. INFORMATION RELATING TO SRS INVESTORS

SRS Investors who wish to attend the Scheme Meeting are advised to consult their respective SRS Agent Banks for further information and if they are in doubt as to the action they should take, SRS Investors should seek independent professional advice.

19. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

The IFA Letter setting out the advice of the IFA to the Independent Directors is set out on pages 61 to 85 in **Appendix 1** to this Scheme Document.

20. INDEPENDENT DIRECTORS' RECOMMENDATION

The recommendation of the Independent Directors in relation to the Scheme is set out in **paragraph 13** of the Letter to Scheme Shareholders.

21. GENERAL INFORMATION

Your attention is drawn to the further relevant information, including the Directors' interests in the Shares, all of which are set out in the Appendices to this Scheme Document. These Appendices form part of this Scheme Document. This Explanatory Statement should be read in conjunction with, and is qualified by, the full text of this Scheme Document, including the Scheme as set out on pages 252 to 257 in **Appendix 12** to this Scheme Document.

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LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS



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28 February 2017

The Independent Directors
ARA Asset Management Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Dear Sirs

PROPOSED ACQUISITION OF ARA ASSET MANAGEMENT LIMITED BY ATHENA INVESTMENT COMPANY (CAYMAN) LIMITED BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 99 OF THE BERMUDA COMPANIES ACT (THE "SCHEME")

For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the scheme document to the Scheme Shareholders of the Company dated 28 February 2017 (the "Scheme Document").

1. INTRODUCTION

On 8 November 2016 ("**Announcement Date**"), the respective boards of directors of ARA Asset Management Limited (the "**Company**") and Athena Investment Company (Cayman) Limited (the "**Offeror**") jointly announced the proposed acquisition (the "**Acquisition**") by the Consortium Parties of all the issued and paid up ordinary shares in the capital of the Company (the "**Shares**") through the Offeror for a consideration of S\$1.78 for each Scheme Share in cash (the "**Scheme Consideration**").

In connection with the Acquisition, the Offeror has on the Announcement Date entered into, *inter alia*, an implementation agreement (the "**Implementation Agreement**") with the Company, setting out the terms and conditions on which the Offeror will implement the Acquisition. The Offeror has also entered into a rollover agreement (the "**Rollover Agreement**") with, *inter alia*, the Rollover Shareholders on the Announcement Date.

The Offeror has sought exemptions of certain rules in the Singapore Code on Take-overs and Mergers (the "**Code**") from the Securities Industry Council of Singapore ("**SIC**") with respect to the Scheme and related matters. On 4 November 2016, the SIC confirmed and ruled that, *inter alia*, the exemptions are granted on condition that, *inter alia*, the Company appoints an independent financial adviser (the "**IFA**") to advise the Scheme Shareholders on the Scheme.

Arising from the SIC's confirmations and rulings above, the Company has appointed Deloitte & Touche Corporate Finance Pte Ltd ("**DTCF**") as the IFA to the directors of the Company who are considered independent (the "**Independent Directors**") for the purpose of making their recommendations to the Scheme Shareholders in connection with the Scheme.

This letter (the "**Letter**") is therefore addressed to the Independent Directors and sets out, *inter alia*, our views and evaluation of the Scheme and our recommendations thereon. This Letter forms part of the Scheme Document to Scheme Shareholders which provides the details of the Scheme and our recommendations in respect of the Scheme.

2. TERMS OF REFERENCE

DTCF has been appointed as the IFA to advise the Independent Directors in respect of their recommendations to the Scheme Shareholders in relation to the Scheme as required by the SIC.

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We have confined our evaluation and assessment to the financial terms of the Scheme and related matters and have not taken into account the commercial risks or commercial merits of the Scheme and other related matters. In addition, we have not been requested, and we do not express any advice or give any opinion on the merits of the Scheme and related matters relative to any other alternative. We were not involved in the negotiations pertaining to the Scheme nor were we involved in the deliberation leading up to the decision to put forth the Scheme.

The scope of our appointment does not require us to express, and we do not express, any view on the future growth prospects, financial position or earnings potential of the Company and its subsidiaries (the "**Group**"). Such evaluation or comments remain the responsibility of the Directors although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion. The opinion set forth herein is based solely on publicly available information as well as information provided by the Directors, and is predicated upon the economic and market conditions prevailing as at 21 February 2017, being the Latest Practicable Date. This Letter therefore does not reflect any projections on the future financial performance of the Group.

We have not been requested or authorised to solicit, and we have not solicited, any indications of interest from any third party with respect to the Shares. In that regard, we have not addressed the relative merits of the Scheme in comparison with any alternative transaction that the Company may consider in the future. Therefore, we do not express any views in these areas in arriving at our recommendations.

In formulating our opinion and recommendation, we have held discussions with the Directors and the management of the Group ("**Management**") and have relied to a considerable extent on the information set out in the Scheme Document, other public information collated by us and the information, representations, opinions, facts and statements provided to us, whether written or verbal, by the Company and its other professional advisers. Whilst care has been exercised in reviewing the information we have relied upon and we have made reasonable enquiries and exercised judgement in the use of such information, we have not independently verified the information both written and verbal and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information.

The Directors have confirmed, having made all reasonable inquiries and to the best of their respective knowledge, information and belief, all material information in connection with the Scheme and the related matters in connection with the Acquisition, the Company and/or the Group have been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other material information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company and/or Group stated in the Scheme Document to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein. Accordingly, no representation or warranty, express or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

The information which we relied on were based upon market, economic, industry, monetary and other conditions prevailing as at the Latest Practicable Date and may change significantly over a relatively short period of time. We assume no responsibility to update, revise or reaffirm our opinion or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or assumptions contained herein. Scheme Shareholders should take note of any announcements relevant to their consideration of the Scheme, as the case may be, which may be released after the Latest Practicable Date.

In rendering our advice and giving our recommendation, we have not had regard to the general or specific investment objectives, financial situation, risk profiles, tax position or particular needs and constraints of any Scheme Shareholder. As each Scheme Shareholder may have different investment profiles and objectives, we advise the Independent Directors to recommend that any Scheme Shareholder who may require specific advice in relation to his investment portfolio

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should consult his stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

The Company has been separately advised by its own professional advisers in the preparation of the Scheme Document. We have had no role or involvement and have not and will not provide any advice (financial or otherwise) in the preparation, review and verification of the Scheme Document. Accordingly, we take no responsibility for and express no view, whether express or implied, on the contents of the Scheme Document.

We hereby consent to a copy of this Letter to be reproduced in the Scheme Document and save for such use in the Scheme Document and Court Hearings, neither the Company nor the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any other purposes at any time and in any manner, without the prior written consent of DTCF in each specific case.

Our opinion is addressed to the Independent Directors for their benefit and deliberation of the Scheme. The recommendations made to the Scheme Shareholders in relation to the Scheme shall remain the responsibility of the Directors. Our recommendation to the Independent Directors in relation to the Scheme should be considered in the context of the entirety of this Letter and the Scheme Document.

3. INFORMATION ON THE OFFEROR AND THE HOLDCO

Detailed information on the Offeror and the HoldCo is set out in paragraphs 6 and 7 of Appendix 2 to the Scheme Document.

Offeror

Athena Investment Company (Cayman) Limited, being the Offeror, is a special purpose vehicle incorporated under the laws of the Cayman Islands on 2 November 2016 for the purpose of the Acquisition. As at the Latest Practicable Date, the directors of the Offeror are Mr Joseph Gagnon, Ms Ellen Ng and Mr Jeffrey Perlman, being the nominees of AGHL; and Mr Jiangtao Yao and Mr Yinghui Wei, being the nominees of AVIC Trust.

HoldCo

The Offeror is wholly-owned by Athena Investment Company (Singapore) Pte. Limited (the "**HoldCo**"), which is a special purpose vehicle incorporated under the laws of Singapore on 31 October 2016 for the purpose of the Acquisition. As at the Latest Practicable Date, the only shareholders of the HoldCo are AGHL and AVICT, holding 60% and 40% of the HoldCo respectively. The following directors of the HoldCo will be appointed as soon as reasonably practicable after the Scheme becomes effective in accordance with its terms:

- (i) Dr Chiu Kwok Hung Justin (Chairman, Rollover Shareholder director);
- (ii) Mr Ip Tak Chuen Edmond (Rollover Shareholder director);
- (iii) Ms Chew Gek Khim (Rollover Shareholder director);
- (iv) Mr Lim Hwee Chiang John (Rollover Shareholder director);
- (v) Mr Joseph Gagnon (Sponsor director);
- (vi) Ms Ellen Ng (Sponsor director);
- (vii) Mr Jeffrey Perlman (Sponsor director);
- (viii) Mr Jiangtao Yao (Sponsor director); and
- (ix) Mr Yinghui Wei (Sponsor director).

The shareholding structure of the HoldCo following the Scheme becoming effective in accordance with its terms and on completion of the Rollover Agreement is set out at Section 5.2 of this letter.

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Consortium Parties

The Acquisition of the Company by the Offeror is made by a consortium comprising:

- a) **SE and STC** - Straits Equities Holdings (One) Pte. Ltd. ("**SE1**") and Straits Equities Holdings (Two) Pte. Ltd. ("**SE2**", and together with SE1, "**SE**"), which are wholly-owned subsidiaries of The Straits Trading Company Limited ("**STC**");
- b) **JLIG and Mr Lim Hwee Chiang John** - JL Investment Group Limited ("**JLIG**"), an entity wholly-owned by Mr Lim Hwee Chiang John, who has been the Group Chief Executive Officer and Executive Director of the Company since 2002. JLIG is part of the JL Family Office which is private investment holding group of companies founded by Mr Lim Hwee Chiang John;
- c) **WGL and CKPHL** - Wealthman Group Limited ("**WGL**"), an indirect wholly-owned subsidiary of Cheung Kong Property Holdings Limited ("**CKPHL**");
- d) **AGHL and Warburg Pincus** - Alexandrite Gem Holdings Limited ("**AGHL**"), an affiliate of Warburg Pincus LLC ("**Warburg Pincus**"), a global private equity firm; and
- e) **AVICT and AVIC Trust** - AVICT Dragon Holdings Limited ("**AVICT**"), a special purpose vehicle established and controlled by AVIC Trust Co., Ltd ("**AVIC Trust**"). AVIC Trust is one of the leading investment and trust managers in China,

(each a "**Consortium Party**" and collectively the "**Consortium Parties**").

4. INFORMATION ON THE COMPANY AND THE GROUP

The Company was incorporated in Bermuda on 1 July 2002, and has been listed on the Main Board of the SGX-ST since November 2007. The Company is an Asian real estate fund management company focused on the management of REITs and private real estate funds. As at the Latest Practicable Date, the Company has an issued and paid-up share capital of S\$1,994,557 comprising 997,278,289 Shares and there are no Shares held in treasury. The Company has no outstanding options or convertible securities over its Shares as at the Latest Practicable Date.

5. THE SCHEME AND CONSORTIUM ARRANGEMENTS

The detailed terms of the Scheme and the Rollover Agreement are set out in the Explanatory Statement to the Scheme Document.

5.1. Salient terms of the Scheme

The Scheme is proposed to all Scheme Shareholders, being all Shareholders other than the Rollover Shareholders.

Pursuant to the Scheme, all the Scheme Shares held by the Scheme Shareholders as at the Books Closure Date (the "**Entitled Scheme Shareholders**") will, on the Effective Date, be transferred to the Offeror:

- (i) fully paid-up;
- (ii) free from all Encumbrances; and
- (iii) together with all rights, benefits and entitlements attaching thereto as at the Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the

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Company to the Entitled Scheme Shareholders on or after the Announcement Date;
and

in consideration of such transfer of Scheme Shares, the Offeror will pay each Entitled Scheme Shareholder **S\$1.78 in cash** for each Scheme Share.

If any dividend, right or other distribution is declared, paid or made by the Company to the Entitled Scheme Shareholders on or after the Announcement Date, the Offeror reserves the right to deduct from the Scheme Consideration an amount equal to such dividend, right or distribution. Scheme Shareholders will be notified in the event that any dividend, right or other distribution is declared, paid or made, resulting in a deduction being made from the Scheme Consideration as aforesaid.

The Offeror does not intend to increase the Scheme Consideration of S\$1.78 and accordingly, this represents the final price for each Scheme Share.

Pursuant to the terms of the Implementation Agreement, the Scheme is conditional upon the satisfaction (or, where applicable, waiver) of all the Scheme Conditions (which include the delivery of a copy of the Court Order to the Registrar for registration pursuant to Section 99(3) of the Bermuda Companies Act) by 5.00 p.m. on the Cut-Off Date. A list of the Scheme Conditions is set out in Appendix 7 to the Scheme Document. The Scheme is not conditional or dependent on completion of the Rollover Agreement and Scheme Shareholders will be entitled to the Scheme Consideration upon the Scheme becoming effective, regardless of whether the Rollover Agreement is completed.

Scheme Shareholders should note that by voting in favour of the Scheme, they are agreeing to the Offeror and the Offeror Concert Parties consolidating effective control of the Company without having to make a general offer for the Company.

Upon the Scheme becoming effective in accordance with its terms and on completion of the Rollover Agreement, the Company will become a wholly-owned subsidiary of the Offeror and an indirect wholly-owned subsidiary of the HoldCo.

The SGX-ST has, on 28 December 2016, advised that it has no objection to the Company's application for delisting from the Official List of the SGX-ST, subject to:

- (a) compliance with the SGX-ST's listing requirements;
- (b) approval of the Scheme by a majority in number of Scheme Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority holding not less than three-fourths in value of the Scheme Shares voted at the Scheme Meeting; and
- (c) sanction of the Scheme by the Court.

The above decision of the SGX-ST is not to be taken as an indication of the merits of the Scheme, the proposed delisting of the Company from the Official List of the SGX-ST, the Company, its subsidiaries and/or their securities.

Termination

The Implementation Agreement provides that the Implementation Agreement may be terminated in certain circumstances. In the event the Implementation Agreement is terminated by either Party pursuant to its terms, the Implementation Agreement will cease to have any further force or effect (except for certain surviving provisions such as those relating to the Break Fee, costs and expenses and governing law) and there shall be no further liability or obligation on the part of either Party (save for the aforementioned surviving provisions), but such termination shall not prejudice the rights of either Party which have accrued or arisen prior to such termination (provided that the Offeror shall not be entitled to claim against the Company

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for any breach of the warranties by the Company as set out in Appendix 11 of the Scheme Document), and:

- (a) in the event that a Competing Offer becomes or is declared unconditional in all respects or becomes effective, as the case may be, in accordance with its terms within 180 calendar days from the Announcement Date, the Company shall pay a break fee equivalent to 0.5% of the aggregate Scheme Consideration payable for the Scheme Shares to the Offeror (being S\$4,771,982.49); and
- (b) in the event:
 - (i) that the Independent Directors do not provide the Recommendation, or the Independent Directors withdraw, modify or qualify the Recommendation otherwise than pursuant to a Competing Offer; or
 - (ii) of a material breach or non-compliance by the Company of certain specified obligations in the Implementation Agreement, resulting in the termination of the Scheme,

the Company shall compensate the Offeror for all the costs and expenses actually incurred by or on behalf of the Offeror in connection with the Scheme and/or Acquisition, subject to a maximum amount of US\$2,000,000,

(in either case, the “**Break Fee**”).

Further details on the Break Fee can be found in the Explanatory Statement of the Scheme Document.

5.2. Consortium Arrangements

Consortium Agreement

The Consortium Parties entered into a consortium agreement on 18 September 2016 (the “**Consortium Agreement**”). Pursuant to the Consortium Agreement, the Consortium Parties have established a steering committee (the “**Steering Committee**”) comprising five members (being one senior management representative from each Consortium Party). The Steering Committee is responsible for all matters relating to the Acquisition and the day-to-day supervision and management of the Acquisition. As at the Latest Practicable Date, the Steering Committee comprises the following members:

- (a) Ms Ellen Ng (Managing Director of Warburg Pincus) or, in the alternative, Mr Joseph Gagnon (Managing Director of Warburg Pincus);
- (b) Mr Lim Hwee Chiang John (Founder of JLIG) or, in the alternative, Mr Lim How Boon, Andy (Executive Director of JLIG);
- (c) Ms Chew Gek Khim (Executive Chairman of STC) or any alternate nominated by SE;
- (d) Mr Ip Tak Chuen Edmond (Executive Director and Deputy Managing Director of CKPHL) or, in the alternative, Ms Eirene Yeung (Company Secretary of CKPHL); and
- (e) Mr Jiangtao Yao (Chairman of AVIC Trust) or, in the alternative, Mr Yinghui Wei (Deputy General Manager of AVIC Trust).

Rollover Agreement

Pursuant to the terms of the Rollover Agreement, within one Business Day after the Scheme becomes effective in accordance with its terms, the Rollover Shareholders will transfer their Rollover Shares to the Offeror in exchange for a combination of cash and shares in the HoldCo. Under the terms of the Rollover Agreement:

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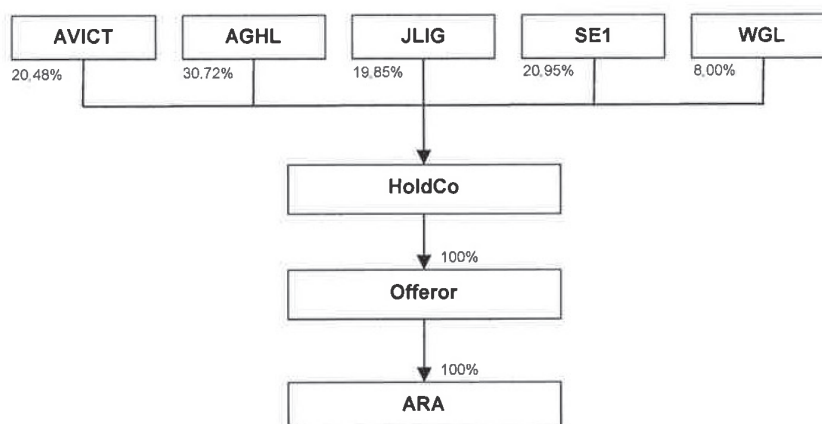


- (i) AGHL and AVICT shall each subscribe for 452,584,039 shares in the HoldCo and 301,722,693 shares in the HoldCo respectively at a subscription price of S\$1 for each HoldCo share, for an aggregate subscription price of S\$452,584,039 and S\$301,722,693 respectively;
- (ii) SE shall transfer to the Offeror an aggregate of 200,482,000 Rollover Shares at a price of S\$1.78 for each Rollover Share for an aggregate consideration of S\$356,857,960, of which S\$48,210,963 is payable in cash and the remaining S\$308,646,997 of the consideration shall be utilised to subscribe for 308,646,997 shares in the HoldCo representing approximately 20.95% of the HoldCo at a subscription price of S\$1 for each HoldCo share. SE2 has nominated SE1 to receive its shares in the HoldCo to which it is entitled pursuant to the Rollover Agreement;
- (iii) JLIG shall transfer to the Offeror an aggregate of 182,432,937 Rollover Shares at a price of S\$1.78 for each Rollover Share for an aggregate consideration of S\$324,730,628, of which S\$32,289,440 is payable in cash and the remaining S\$292,441,188 of the consideration shall be utilised to subscribe for 292,441,188 shares in the HoldCo representing approximately 19.85% of the HoldCo at a subscription price of S\$1 for each HoldCo share; and
- (iv) WGL shall transfer to the Offeror an aggregate of 78,185,544 Rollover Shares at a price of S\$1.78 for each Rollover Share for an aggregate consideration of S\$139,170,268, of which S\$21,309,840 is payable in cash and the remaining S\$117,860,428 of the consideration shall be utilised to subscribe for 117,860,428 shares in the HoldCo representing approximately 8.00% of the HoldCo at a subscription price of S\$1 for each HoldCo share.

The subscription price of S\$1 for each HoldCo share is the subscription price agreed to between the parties to the Rollover Agreement.

The cash portion of the proceeds, being S\$48,210,963, S\$32,289,440 and S\$21,309,840 for SE, JLIG and WGL respectively will comprise approximately 13.5%, 9.9% and 15.3% of the aggregate consideration payable to SE, JLIG and WGL respectively.

Upon the Scheme becoming effective in accordance with its terms and on completion of the Rollover Agreement, the Company will be a wholly-owned subsidiary of the Offeror and a wholly-owned indirect subsidiary of the HoldCo, and the shareholders of the HoldCo and their respective shareholding will be as follows:



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Acquisition of Units of Suntec REIT

In addition to the arrangements set out above, AVICT, STC and the Company have entered into a sale and purchase agreement (the "**Suntec REIT Acquisition Agreement**") on the Announcement Date. Under the Suntec REIT Acquisition Agreement:

- (i) conditional upon (a) the delisting of the Company from the Official List of the SGX-ST; and (b) AVICT having obtained a record filing notice from the National Development and Reform Commission of the PRC (or its competent local counterparts) and a certificate of outbound investment from the Ministry of Commerce of the PRC, and completed foreign exchange registration with the relevant bank in the PRC as required by the State Administration of Foreign Exchange of the PRC in relation to the sale and purchase of the Suntec REIT Units (as defined below) as contemplated by the Suntec REIT Acquisition Agreement (the "**ODI Condition**" and together with (a), the "**Suntec REIT Acquisition Conditions**"), AVICT will, within 90 days of the satisfaction of the Suntec REIT Acquisition Conditions, acquire units in Suntec Real Estate Investment Trust ("**Suntec REIT**") representing, in aggregate, 4% of all of the Suntec REIT units in issue as at the date of the Suntec REIT Acquisition Agreement ("**Suntec REIT Units**") from the Company, at a price per unit equivalent to the VWAP of the units for the 30 Market Days prior to the date of the Joint Announcement (the "**Unit Acquisition**");
- (ii) STC may by notice in writing to the Company participate in the Unit Acquisition by electing to sell up to half of the aggregate number of Suntec REIT Units (i.e. units representing 2% of all the Suntec REIT units in issue as at the date of the Suntec REIT Acquisition Agreement);
- (iii) upon completion of the Unit Acquisition, the management fees (if any) paid to the Company or its affiliate by AVICT in respect of the Suntec REIT Units acquired under the Suntec REIT Acquisition Agreement will be shared equally between the Company and AVICT;
- (iv) the Suntec REIT Acquisition Agreement shall terminate upon the termination of the Implementation Agreement or if AVICT does not provide a completion notice within 90 days of the satisfaction of the Suntec REIT Acquisition Conditions; and
- (v) any of STC, the Company or AVICT shall have the right to terminate the Suntec REIT Acquisition Agreement by giving written notice to the other parties if the ODI Condition is not satisfied by the 90th day after the delisting of the Company from the SGX-ST, or such other day as the parties may mutually agree in writing.

6. OFFEROR'S RATIONALE FOR THE ACQUISITION AND FUTURE PLANS FOR THE COMPANY

The full text of the Offeror's rationale for the Acquisition is set out in paragraph 3 of Appendix 2 of the Scheme Document. The relevant extracts are reproduced below for your reference:

6.1. Opportunity for Scheme Shareholders to Realise their Investment at a Favourable Valuation without Incurring Brokerage Fees

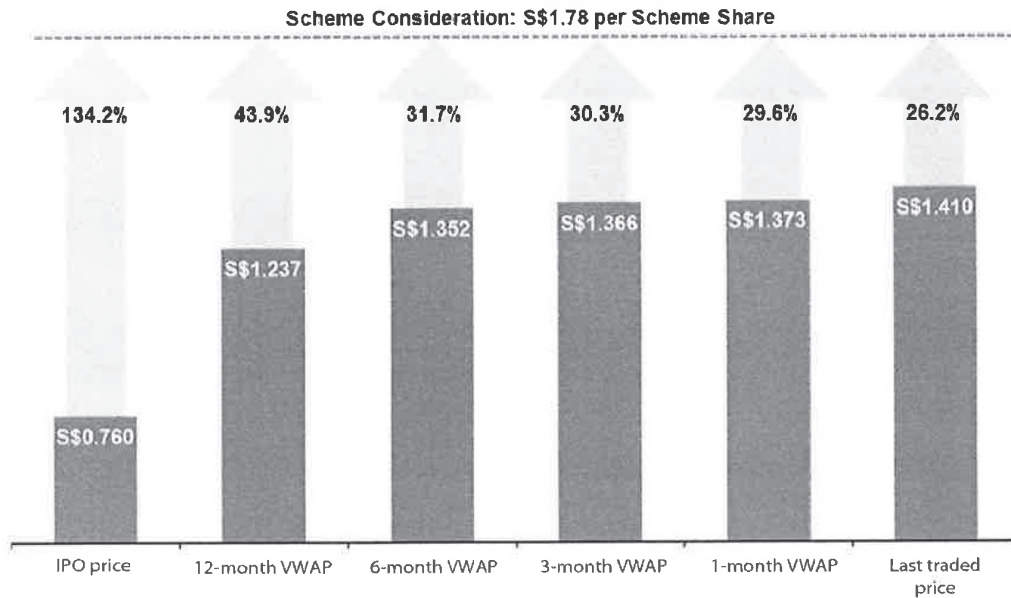
6.1.1. The Scheme Consideration represents an attractive premium to historical market prices

The Scheme Consideration represents a premium of approximately 26.2 per cent. over the Company's closing share price of S\$1.41 as at 2 November 2016 (being the Last Full Trading Day) and a premium of 43.9 per cent., 31.7 per cent., 30.3 per cent. and 29.6 per cent. over the VWAP of the Shares over the 12-, 6-, 3- and 1-month periods, respectively, up to and including the Last Full Trading Day.

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The Scheme Consideration also represents a 134.2 per cent. premium to the initial public offering ("IPO") price, adjusted for changes in the share capital of the Company since listing.



Notes:

- (1) IPO price and VWAPs shown in the chart above are based on data extracted from Bloomberg L.P. ("**Bloomberg**") which shows prices adjusted to reflect any changes in the share capital of the Company and also includes off market transactions. Share price rounded to the nearest three decimal places.
- (2) Premiums shown in the chart above are rounded to the nearest one decimal place.

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6.1.2. The Scheme Consideration is attractive compared to the historical share prices since the Company's IPO



Apart from brief periods from March 2013 to March 2014, the Scheme Consideration is higher than the adjusted closing prices of the Shares since the Company's IPO. The Scheme Consideration also exceeds the highest closing price of the Shares since May 2014.

6.1.3. The Company's valuation multiples implied by the Scheme Consideration compare favourably to its historical averages

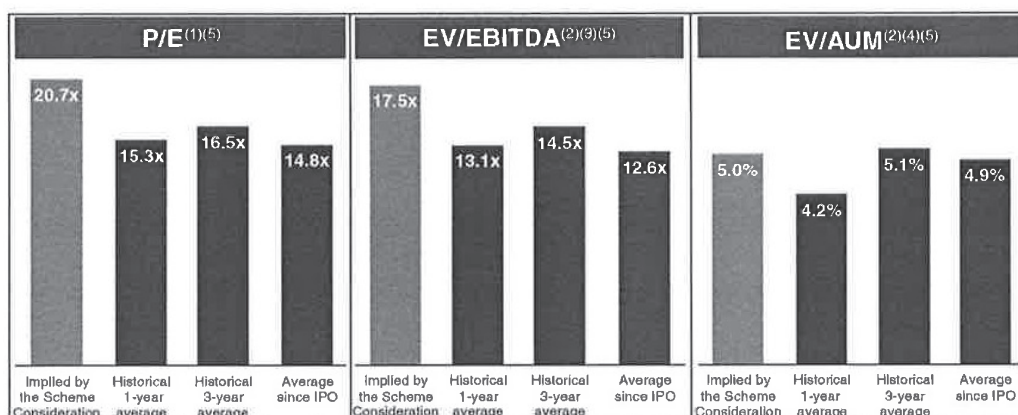
The valuation multiples of the Company implied by the Scheme Consideration compare favourably to its historical averages: (a) market value per Share as a multiple of net profit after tax and minority interests per Share ("EPS")⁽¹⁾ (i.e. "P/E"); (b) Enterprise Value ("EV")⁽²⁾ as a multiple of earnings before interest, taxes, depreciation and amortisation ("EBITDA")⁽³⁾ (i.e. "EV/EBITDA"); and (c) EV as a percentage of assets under management ("AUM")⁽⁴⁾ (i.e. "EV/AUM").

The P/E implied by the Scheme Consideration is 20.7x, which is higher when compared to the historical averages since the Company's IPO in 2007, the past one year and the past three years of 14.8x, 15.3x and 16.5x respectively, up to and including the Last Full Trading Day.

The EV/EBITDA implied by the Scheme Consideration is 17.5x, which is higher when compared to the historical averages since the Company's IPO in 2007, the past one year, and the past three years of 12.6x, 13.1x and 14.5x respectively, up to and including the Last Full Trading Day.

The EV/AUM implied by the Scheme Consideration is 5.0 per cent., which compares favourably to the historical averages since the Company's IPO in 2007, the past one year, and the past three years of 4.9 per cent., 4.2 per cent. and 5.1 per cent. respectively, up to and including the Last Full Trading Day.

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Notes:

- (1) EPS used in the calculation of P/E implied by the Scheme Consideration is based on Next Twelve Months ("NTM") consensus as sourced from Bloomberg as at 21 February 2017, being the Latest Practicable Date. EPS used in the calculation of the historical 1-year, 3-year and since IPO averages is based on NTM consensus as sourced from Bloomberg for each respective day up to and including 2 November 2016, being the Last Full Trading Day.
- (2) EV implied by the Scheme Consideration is calculated based on the (i) market capitalisation, plus (ii) consolidated loans and borrowings, less (iii) consolidated cash and cash equivalents, plus (iv) non-controlling interests, as at 31 December 2016. EV used in the calculation of the historical 1-year, 3-year and since IPO averages is computed on a daily basis and reflects the latest market capitalisation at the end of each day and the Company's financial statements for each corresponding quarter up to and including 2 November 2016, being the Last Full Trading Day (i.e. EV calculations on and after 30 September 2016 take into account the consolidated loan and borrowings, cash and cash equivalents and non-controlling interests figures as at 30 September 2016).
- (3) The EBITDA used in the calculation of EV/EBITDA implied by the Scheme Consideration is based on NTM consensus as sourced from Bloomberg as at 21 February 2017, being the Latest Practicable Date. The EBITDA used in the calculation of the historical 1-year, 3-year and since IPO averages is based on NTM consensus as sourced from Bloomberg for each respective day up to and including 2 November 2016, being the Last Full Trading Day.
- (4) The AUM figure used in the calculation of EV/AUM implied by the Scheme Consideration is based on the Company's figures as at 31 December 2016. The AUM figure used in the calculation of the historical 1-year, 3-year and since IPO averages is based on the Company's quarterly reported figure for each corresponding quarter up to and including 2 November 2016, being the Last Full Trading Day (i.e. AUM figures used in the calculations on and after 30 September 2016 reflect the Company's AUM as at 30 September 2016).
- (5) Percentages and multiples shown in the chart above are rounded to the nearest one decimal place.

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6.1.4. Opportunity for Scheme Shareholders to exit their investment in the Company who may otherwise find it difficult due to low trading liquidity

The historical trading liquidity of the Shares on the SGX-ST has been low. The average daily trading volume of the Shares over the 12-, 6-, 3- and 1-month periods up to and including the Last Full Trading Day are detailed in the table below.

	Average daily trading volume ⁽¹⁾	Average daily trading volume as a percentage of total issued Shares ⁽²⁾⁽³⁾
12-month period up to and including the Last Full Trading Day	658,027	0.066%
6-month period up to and including the Last Full Trading Day	525,181	0.053%
3-month period up to and including the Last Full Trading Day	571,259	0.057%
1-month period up to and including the Last Full Trading Day	546,252	0.055%

Notes:

- (1) Calculated using the total volume of Shares traded divided by the number of days on which the Company is traded on the SGX-ST.
- (2) Calculated using the daily total volume of Shares traded divided by the total number of Shares outstanding.
- (3) Rounded to the nearest three decimal places.

6.1.5. SE, JLIG and WGL will transfer their Rollover Shares to the Offeror at a valuation equivalent to the Scheme Consideration

Pursuant to the terms of the Rollover Agreement, the Rollover Shareholders (i.e. SE, JLIG and WGL) have agreed to transfer their Rollover Shares to the Offeror at a valuation equivalent to the Scheme Consideration, upon the Scheme becoming effective in accordance with its terms.

6.2. Access to an Efficient Source of Significant Capital in Support of the Company's Future Growth

The Company has an established track record in growing its AUM in REITs and private real estate funds. Since the Company's formation in 2002 and listing in 2007, the Company has built a diversified and resilient asset management portfolio across the Asia Pacific, managing approximately S\$35.6 billion worth of assets as at 31 December 2016.

The Company has over time, developed increasing investment and asset management capabilities over large-scale properties in multiple asset classes across Asia Pacific. Amidst shifting dynamics in the real estate funds management industry, it believes that in order to maximise the scalability of the business model in the long term, it will require a significant amount of capital to further its growth through strategic co-investments into existing and new funds, as well as through opportunistic acquisitions. Should it remain a listed company at this scale, raising capital successfully will take time and will be highly dependent on market conditions. Such capital raisings also entail costs and may result in the dilution of Shareholders' interests.

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By privatising the Company together with affiliated entities of Warburg Pincus and AVIC Trust, the Consortium believes the Company will be able to secure the long-term commitment of two new strategic capital partners. These partners provide the Company with increased access to capital, which will allow it to operate more nimbly and efficiently in achieving its growth objectives. Warburg Pincus has a global network of investor relationships, experience in partnering with management teams to drive growth, and a strong investment track-record in real estate platforms around the world. AVIC Trust has a unique distribution capability in China and will also provide the Company with important access to the Chinese capital markets and other business opportunities in China.

6.3. The Offeror's Intentions for the Company and its Employees

Save as described in the foregoing, the Offeror has no intention of making any material changes to the existing businesses, re-deploying the fixed assets, or discontinuing the employment of the existing employees of the ARA Group. However, the directors of the Offeror retain the flexibility at any time to consider any options or opportunities in relation to the ARA Group which may present themselves and which they may regard to be in the best interests of the Offeror.

7. ASSESSMENT OF THE FINANCIAL TERMS OF THE SCHEME

In evaluating and assessing the financial terms of the Scheme, we have taken into account the pertinent factors set out below which we consider to have a significant bearing on our assessment:

- (a) Market quotation and trading activity of the Shares;
- (b) Financial information of the Group;
- (c) Comparison with recently completed privatisation of companies listed on the SGX-ST;
- (d) Comparison of valuation ratios of selected listed companies which are broadly comparable with the Group; and
- (e) Other relevant considerations.

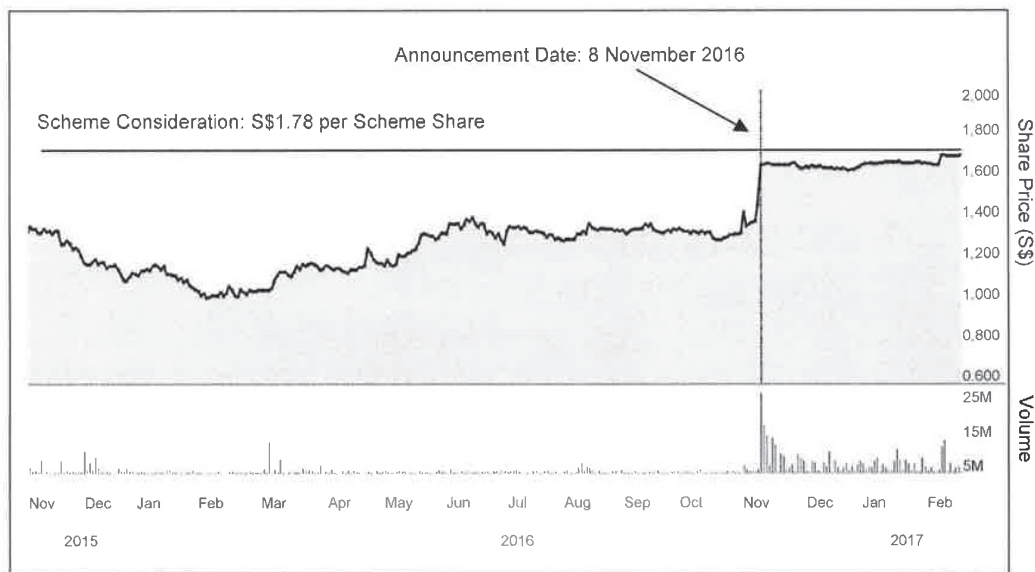
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7.1. Market quotation and trading activity of the Shares

We have compared the Scheme Consideration against the historical market price performance of the Shares and considered the historical trading volume of the Shares from 3 November 2015, being the 1-year period prior to the Last Full Trading Day and up to the Latest Practicable Date. We note that the Shares were halted from trading from 3 November 2016 (Thursday) to 8 November 2016 (Tuesday) and the Scheme was announced during the trading halt. Hence, the last full trading day of the Shares was 2 November 2016.

We set out below a chart showing the Scheme Consideration relative to the daily last transacted prices and trading volume of the Shares from 3 November 2015 (being the 1-year period prior to the Last Full Trading Day) and up to the Latest Practicable Date:



Source: Bloomberg

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In addition to the share price chart above, we have tabulated below selected statistical information on the share price performance and trading liquidity of the Shares for the above reference period.

Reference period	Highest traded price (\$\$)	Lowest traded price (\$\$)	VWAP ⁽¹⁾ (\$\$)	Premium of Scheme Consideration above VWAP (%)	Number of traded days ⁽²⁾	Average daily trading volume ⁽³⁾ ('000)	Average daily trading volume as a percentage of free float (%)
<u>Prior to the Last Full Trading Day</u>							
Last 1 year	1.460	1.015	1.237	43.90	252	516	0.09
Last 6 months	1.460	1.180	1.352	31.66	129	464	0.09
Last 3 months	1.460	1.305	1.366	30.31	64	453	0.09
Last 1 month	1.460	1.305	1.373	29.64	23	456	0.09
Last Full Trading Day	1.420	1.400	1.410	26.24	1	829	0.16
<u>After the Last Full Trading Day</u>							
From 3 November 2016 to the Latest Practicable Date	1.760	1.415	1.709	4.15	73	3,175	0.60
Latest Practicable Date	1.755	1.750	1.752	1.58	1	835	0.16

Source: Bloomberg

Notes:

- (1) The VWAP for the respective periods are calculated based on the daily turnover divided by volume as extracted from Bloomberg;
- (2) Traded days refer to the number of days on which the Shares were traded on the SGX-ST during the period; and
- (3) The average daily trading volume of the Shares is computed based on the total volume of Shares traded on the SGX-ST during the relevant periods, divided by the number of market trading days (excluding market trading days with full day trading halts) during that period.

We observed the following with regard to the share price performance from 3 November 2015 and up to the Latest Practicable Date:

- (a) Over the 1-year period prior to the Last Full Trading Day, the Shares have traded between a low of S\$1.015 and a high of S\$1.460. The Scheme Consideration represents a premium of S\$0.765 (or 75.4%) above the lowest transacted price of the Shares and a premium of S\$0.320 (or 21.9%) above the highest transacted price of the Shares;
- (b) The Scheme Consideration represents a premium of 43.9%, 31.7%, 30.3% and 29.6% above the VWAP of the Shares for the 1-year, 6-month, 3-month and 1-month periods, prior to the Last Full Trading Day respectively;
- (c) The Scheme Consideration represents a premium of 26.2% above the last transacted price of the Shares of S\$1.410 on the Last Full Trading Day; and

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- (d) Since the Last Full Trading Day and up to the Latest Practicable Date, the Shares have not traded above the Scheme Consideration but were generally trading at or around S\$1.709. The current share price appears to be supported by the Scheme Consideration. As at the Latest Practicable Date, the last transacted price of the Shares was S\$1.755.

We observed the following with regard to the trading liquidity of the Shares:

- (i) Over the 1-year period prior to the Last Full Trading Day, the Shares had traded on all the 252 trading days. However, trading liquidity was low. The average daily trading volume of the Shares for the 1-year, 6-month, 3-month and 1-month periods prior to the Last Full Trading Day, represent only 0.09%, 0.09%, 0.09% and 0.09% of the free float of the Shares respectively; and
- (ii) During the period following the Last Full Trading Day and up to the Latest Practicable Date, trading volume on the Shares increased substantially, but nevertheless remained low.

In addition to the above, we note that the Company had on 16 December 2015, announced the completion of its rights issue at an issue price of S\$1.00 for each rights share (the "**Issue Price**") on the basis of 18 rights shares for every 100 existing ordinary shares held by entitled Shareholders. The Scheme Consideration represents a premium of 78.0% above the Issue Price.

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7.2. Financial information of the Group

7.2.1 Statement of financial position of the Group

We have taken into account the latest market value of the major assets of the Group in assessing the financial terms of the Scheme.

The table below sets out the balance sheet of the Group as at 31 December 2016.

S\$'000	← Unaudited → As at 31 December 2016
Assets	
Plant and equipment	2,219
Intangible assets	1,092
Subsidiaries	0
Associates and joint ventures	20,427
Financial assets	526,278
Financial derivatives	341
Deferred tax assets	796
Other receivables	5,057
Total non-current assets	556,210
Financial assets	35,443
Trade and other receivables	60,492
Cash and cash equivalents	109,067
Total current assets	205,002
Total assets	761,212
Equity	
Share capital	1,995
Reserves	279,561
Retained earnings	300,866
Equity attributable to equity holders of the Company	582,422
Non-controlling interests	7,052
Total equity	589,474
Liabilities	
Loan and borrowings	80,174
Other payables	2,384
Deferred tax liabilities	189
Total non-current liabilities	82,747
Trade and other payables	34,724
Loan and borrowings	41,853
Current tax payable	12,414
Total current liabilities	88,991
Total liabilities	171,738
Total equity and liabilities	761,212

Source: SGX Announcements

Assets

The Group had total assets of S\$761.21 million as at 31 December 2016, comprising current assets of S\$205.00 million (26.9%) and non-current assets of S\$556.21 million (73.1%).

Total current assets comprised mainly cash and cash equivalents (53.2%), financial assets (17.3%) and trade and other receivables (29.5%). Current financial assets comprised REIT units received by the Group as part payment of management fees by certain REITs under management and REIT units received by the Group as payment for dividend income declared by an associate. Current trade and other receivables comprised accrued fees receivable, deposits, prepayments and other receivables.

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Total non-current assets comprised mainly financial assets (94.6%) and interest in associates and joint ventures (3.7%). Non-current financial assets comprised primarily (i) 145.2 million Suntec REIT units; (ii) 23.8 million Cache Logistics Trust units; (iii) 36.2 million AmFIRST REIT units; (iv) seed capital investments in the ARA Asia Dragon Fund (“**ADF I**”), the ADF II, the ARA China Investment Partners, LLC (“**CIP**”), the Morningside Investment Partners, LLC (“**MIP**”), the ARA Harmony Fund III (Malaysian Malls) (“**Harmony III**”) and the Peninsula Investment Partners, L.P. (“**PIP**”); and (v) a 10.02% strategic stake in ARA-NPS Real Estate Investment Company. Interests in associates and joint ventures relates to the Group’s joint venture in ARA-ShinYoung REIT and ARA-ShinYoung REIT No. 2, 40% equity interest in Cache Property Management Pte. Ltd., as well as 30% equity interest in the following: 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 respectively.

Non-current assets also include intangible assets of c. S\$1.09 million which include the Group’s contractual rights to receive the expected future economic benefits embodied in each of the management agreements between ARA Korea Limited (“**ARA Korea**”) and two privately-held Korean REITs under its management that will flow to the Group. The intangible assets are measured at cost less accumulated amortisation and impairment losses.

Liabilities

The Group has total liabilities of c. S\$171.74 million as at 31 December 2016, comprising current liabilities of S\$88.99 million (51.8%) and non-current liabilities of S\$82.75 million (48.2%).

Total current liabilities comprised mainly of trade and other payables (39.0%), loan and borrowings (47.0%) and current tax payable (14.0%). Trade and other payables comprise accrued fees payable, net GST output tax payable, provision for staff-related benefits to employees and other payables. Loan and borrowings relate mainly to a current secured revolving credit facility of S\$41.7 million.

Total non-current liabilities comprised mainly of loan and borrowings (96.9%) which relate mainly to a non-current secured term loan of S\$80.0 million.

7.2.2 Assessment of the Consideration based on financial information of the Company

For the purpose of our analysis, we have used the following ratios implied by the Scheme Consideration:

- (i) Price-to-earnings ratio (“**PER**”). This ratio is used to show the extent the value of each share is backed by earnings;
- (ii) EV/EBITDA. This ratio illustrates the market value of a company’s business relative to its historical pre-tax operating cash flow performance, without regard to the company’s existing capital structure; and
- (iii) Price-to-Net asset value (“**P/NAV**”). This ratio is used to show the extent the value of each share is backed by net assets. The NAV approach of valuing a group of companies is based on the aggregate value of all the assets of the group in their existing condition, after deducting the sum of all liabilities of the group.

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PER

Trailing 12-month ("T12M") net profit attributable to the owners of the Company is c. S\$88.66 million. Taking the equity value of the Company implied by the Scheme Consideration of c. S\$1,775.16 million (offer price of S\$1.78 multiplied by 997,278,289 ordinary shares) into account, the implied PER is **20.02** times.

EV/EBITDA ratio

The EV for the Group as implied by the Scheme Consideration and based on the Group's balance sheet as at 31 December 2016, is calculated as follows:

<u>S\$' million</u>	
Scheme Consideration	1,775.16
Add: Loan and borrowings	122.03
Add: Non-controlling interest	7.05
Less: Cash and cash equivalents	(109.07)
Implied EV	1,795.17
<hr/>	
T12M EBITDA⁽¹⁾	109.36

Source: SGX Announcement

Note:

- (1) The T12M EBITDA was computed based on the profit before taxation and after adding back depreciation and amortisation expenses and net finance costs for the T12M period.

T12M EBITDA was c. S\$109.36 million. Hence, the implied EV/EBITDA ratio implied by the Scheme Consideration is **16.42** times.

P/NAV ratio

Taking into consideration the balance sheet as at 31 December 2016, the net asset value ("**NAV**") of the Group is as follows:

<u>S\$' million</u>	
Total assets	761.21
Less: Total liabilities	(171.74)
NAV	589.47
Less: Minority interest	(7.05)
NAV attributable to owners of the Company	582.42

Source: SGX Announcement

Taking the NAV of S\$582.42 million into account and the equity value of the Group implied by the Scheme Consideration of c. S\$1,775.16 million, the implied P/NAV ratio is **3.05** times.

7.3. Comparison with recently completed privatisation of companies listed on the SGX-ST

The Acquisition is presently being proposed to be effected by way of the Scheme. Subject to the Scheme becoming effective in accordance with its terms, the Company will be delisted from the Official List of the SGX-ST. In assessing the reasonableness of the Scheme Consideration, we have compared the financial terms of the Scheme with those of selected successful privatisation transactions announced since January 2014 and up to the Latest Practicable Date, which were carried out either by way of voluntary delisting exit offers under Rule 1307 of the Listing Manual, offers being made by way of a scheme of arrangement under Section 210 of the Companies Act or general takeover offers under the Code where the offeror has stated its intention to delist the listed company from the SGX-ST ("**Precedent Privatisation Transactions**").

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This analysis serves as a general indication of the relevant premium/discount that the offerors had paid in order to acquire the target companies without having regard to their specific industry characteristics or other considerations, and the comparison sets out the premium or discount represented by each of the respective offer prices to the VWAPs over the 1-month, 3-month and 6-month periods prior to the announcement of the Precedent Privatisation Transactions.

We wish to highlight that the target companies involved in the Precedent Privatisation Transactions as set out in the analysis below may not be directly comparable to the Group in terms of market capitalisation, size of operations, composition of business activities, asset base, geographical spread, track record, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria. Each transaction must be judged on its own commercial and financial merits. The premium or discount that an offeror pays in any particular privatisation transaction varies in different specific circumstances depending on, *inter alia*, factors such as the potential synergy the offeror can gain by acquiring the target, the prevailing market conditions and sentiments, attractiveness and profitability of the target's business and assets, the possibility of a significant revaluation of the assets to be acquired, the availability of substantial cash reserves, the liquidity in the trading of the target company's shares, the presence or absence of competing bids for the target company, and the existing and desired level of control in the target company. The list of the Precedent Privatisation Transactions is by no means exhaustive and as such any comparison made only serves as an illustration. Conclusions drawn from the comparisons made may not necessarily reflect the perceived or implied market valuation of the Company.

			Premium/ (discount) to (%)		
			1-month VWAP	3-month VWAP	6-month VWAP
SuperBowl Holdings Limited	Leisure & Entertainment	06-Jan-14	34.9	41.2	45.0
Singapore Land Limited	Property developer & investments in hotels & retail centres	24-Feb-14	16.9	13.9	11.0
Chemoil Energy Limited	Physical supplier in the marine fuel industry	25-Feb-14	31.1	32.5	31.1
Asia Power Corporation Limited	Ownership, management & operation of power plants	24-Mar-14	1.2	2.1	9.7
China XLX Fertiliser Limited	Manufacturing & sale of urea, compound fertiliser & methanol	31-Mar-14	28.9	24.8	22.2
ASJ Holdings Limited	Manufacturing & sale of resistors & distributors of electronic & nonelectronic components	07-May-14	43.7	55.4	62.0
CapitaMalls Asia Limited	Shopping mall developer	16-May-14	34.4	32.8	27.6
Goodpack Limited	Intermediate bulk container solutions provider	27-May-14	30.8	31.3	34.3
Lee Kim Tah Holdings Limited	Construction, property development & investments	25-Sep-14	11.8	12.3	13.5
ECS Holdings Limited	Distribution of information, communications & technology products	14-Nov-14	9.0	11.5	9.3
euNetworks Group Limited	Operates high capacity fibre networks, provide high capacity communications infrastructure & networking solutions & services to large corporate companies, carriers, & service providers	17-Nov-14	58.4	69.2	101.2
Forterra Trust	Commercial real estate - owns 6 office & retail properties in Shanghai, Qingdao & Beijing	24-Nov-14	51.1	49.7	39.8
UE E&C Ltd	Provider of integrated building solutions	28-Nov-14	2.7	5.0	(2.9)
STATS ChipPAC Ltd.	Provider of semiconductor packaging design, bump, probe, assembly, test, & distribution services for communications, digital consumer, & computing market applications	30-Dec-14	24.5	27.6	32.1
Popular Holdings Limited	Property development, retail & distribution of publishing & e-learning	14-Jan-15	39.7	37.3	32.2
Keppel Land Limited	Property developer	23-Jan-15	25.0	28.8	28.2
Action Asia Limited	Manufacturing & assembling of mobile audio & video entertainment products	27-Feb-15	68.1	66.7	65.2
Junma Tyre Cord Company Limited	Production & sale of Nylon 6 industrial yarn & Nylon 6 dipped tyre cords	10-Mar-15	164.4 ⁽¹⁾	174.8 ⁽¹⁾	167.8 ⁽¹⁾
Lizhong Wheel Group Limited	Manufacturer of aluminium wheels	17-Aug-15	87.3 ⁽¹⁾	79.2 ⁽¹⁾	92.3 ⁽¹⁾
Chosen Holdings Limited	Product design & development, mould design & fabrication, plastic injection moulding & secondary processes & final product assembly	01-Sep-15	26.3	27.0	33.0

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Tiger Airways Holdings Limited	Airline	06-Nov-15	48.5	56.3	50.0
Sinotel Technologies Ltd	Integrated connectivity provider of innovative applications & solutions for the full spectrum of wireless telecommunication value chain	30-Nov-15	30.6	45.5	(4.5)
Li Heng Chemical Fibre	Manufacture & sale of high-end nylon yarn products	22-Dec-15	100.8 ⁽¹⁾	104.5 ⁽¹⁾	60.3 ⁽¹⁾
China Dairy Group Ltd	Manufacturing & sales of milk products	30-Dec-15	97.0 ⁽¹⁾	82.2 ⁽¹⁾	82.2 ⁽¹⁾
Starland Holdings Limited	Developing quality integrated residential & commercial properties	13-Jan-16	45.7	60.5	73.5
Xinren Aluminium Holdings Limited	Vertically integrated producer of primary aluminum products with one of the most cost-effective structures	25-Feb-16	49.6	50.0	48.5
Interplex Holdings Ltd	Engineering	29-Feb-16	11.1	13.1	16.5
OSIM International Ltd	Massage chairs	07-Mar-16	40.9	42.5	16.7
Halcyon Agri Corporation Limited	Natural rubber supply chain manager	28-Mar-16	51.7	28.5	8.1
Indiabulls Properties Investment Trust	Properties	27-Apr-16	26.9	26.3	25.6
China Merchants Holdings (Pacific) Limited	Leading toll road company focused on investing in & managing toll roads in the PRC.	09-May-16	21.8	25.3	20.2
Eu Yan Sang International Ltd	TCM	16-May-16	8.5	16.5	24.7
Sim Lian Group Limited	Real estate	08-Aug-16	16.6	19.5	21.3
Max			68.1	69.2	101.2
Min			1.2	2.1	(4.5)
Mean			30.7	32.9	30.9
Median			30.6	28.8	27.6
Company (Implied by Scheme Consideration)			29.6	30.3	31.7

Source: Bloomberg

Note:

(1) Excluded as statistical outlier in the mean and median computations.

Based on the above, we note that the premium implied by the Scheme Consideration above the VWAP for the 1-month period prior to the Last Full Trading Day, VWAP for the 3-month period prior to the Last Full Trading Day and VWAP for the 6-month period prior to the Last Full Trading Day are within the range and close to the mean and median of the corresponding premia of the Precedent Privatisation Transactions.

Scheme Shareholders should note that the above comparison with the Precedent Privatisation Transactions is for illustrative purposes only.

7.4. Comparison of valuation ratios of selected listed companies which are broadly comparable with the Group

For the purposes of assessing the Scheme Consideration, we have considered companies whose business is broadly comparable to the Group. As the Group is primarily engaged in the real estate fund management, we have considered companies that are involved in the same principal business. There are 6 such companies we have identified, namely Charter Hall Group, Kenedix, Inc., 360 Capital Group Limited, Folkestone Limited, Augusta Capital Ltd and Blackwall Ltd ("**Comparable Companies**").

We have had discussions with the Management about the suitability and reasonableness of the selected Comparable Companies acting as a basis for comparison with the Group. Relevant information has been extracted from Bloomberg, publicly available annual reports and/or public announcements of the selected listed companies. We make no representations or warranties, expressed or implied, as to the accuracy or completeness of such information. The Comparable

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Companies' accounting policies with respect to the values for which the assets or revenue and costs are recorded may differ from that of the Group.

We wish to highlight that the Comparable Companies may not be exhaustive and they differ from the Group in terms of, *inter alia*, market capitalisation, size of operations, client base, composition of business activities, asset base, geographical spread, track record, operating and financial leverage, risk profile, liquidity, accounting policies, future prospects and other relevant criteria respectively. As such, any comparison made is necessarily limited and merely serves as an illustrative guide.

We set out below a list of Comparable Companies:

Comparable Companies	County of listing	Principal Business
Charter Hall Group ("Charter Hall")	Australia	Charter Hall invests in and develops real estate. The company manages real estate investment funds and develops commercial, residential, and industrial properties.
Kenedix, Inc. ("Kenedix")	Japan	Kenedix provides real estate investment services such as real estate investment advisory, assets management, and loan (asset backed mortgages) investment.
360 Capital Group Limited ("360 Capital Group")	Australia	360 Capital Group is a property investment and funds management group that concentrates on the strategic investment and active investment management of property and property related assets.
Folkestone Limited ("Folkestone")	Australia	Folkestone is a real estate funds manager and developer providing real estate wealth solutions. The company's funds management platform offers listed and unlisted real estate funds to private clients and select institutional investors, while its on balance sheet activities focus on value-add and opportunistic (development) real estate investments.
Augusta Capital Ltd ("Augusta")	New Zealand	Augusta is a real estate company. The company holds and manages a core portfolio of office and carparking properties in central Auckland as well as provides funds management services.
Blackwall Ltd ("Blackwall")	Australia	BlackWall operates as a property funds manager. The company manages, develops, and finances income producing real estate on behalf of retail, high net worth, and institutional property investors.

Source: Bloomberg

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For the purpose of our evaluation and for illustration, we have made comparisons between the Group and the Comparable Companies as follows:

Comparable Companies	Last financial year-end	Market capitalisation as at Latest Practicable Date (\$ million)	PER ⁽¹⁾ (times)	EV/EBITDA ⁽²⁾ (times)	P/NAV ⁽³⁾ (times)
Charter Hall	30-Jun-16	2,236.5	9.45	8.28	1.55
Kenedix	31-Dec-16	1,390.8	10.98	9.08	1.27
360 Capital Group	30-Jun-16	228.6	8.71	11.63	1.27
Folkestone	30-Jun-16	156.1	26.27	11.71	0.98
Augusta	31-Mar-16	91.3	7.84	7.68	1.06
Blackwall	30-Jun-16	57.9	18.23	14.04	3.11
High		2,236.5	26.27	14.04	3.11
Low		57.9	7.84	7.68	0.98
Mean		693.5	13.58	10.41	1.54
Median		192.3	10.21	10.36	1.27
Implied by the Scheme Consideration			20.02	16.42	3.05

Source: Bloomberg, annual reports and latest publicly available financial information of the respective comparable companies

Notes:

- (1) The T12M PER of the Comparable Companies was computed based on its net profit for the T12M period. The T12M PER of the Group as implied by the Scheme Consideration is computed as shown in Section 7.2 of this Letter;
- (2) The EV of the Comparable Companies were computed based on the market capitalisation as at the Latest Practicable Date and adding back net debt and minority interest. The T12M EBITDA of the Comparable Companies was computed based on the profit before taxation and after adding back depreciation and amortisation expenses and net finance costs for the T12M period. The T12M EV/EBITDA of the Group as implied by the Scheme Consideration is computed as shown in Section 7.2 of this Letter; and
- (3) The P/NAV ratios of the Comparable Companies were computed based on their respective NAV values as set out in the latest published financial statements as at the Latest Practicable Date. The P/NAV ratio of the Group as implied by the Scheme Consideration is computed as shown in Section 7.2 of this Letter.

Based on the above, we note that:

- (i) the T12M PER of the Group of 20.02 times as implied by the Scheme Consideration is within the range of T12M PER ratios of the Comparable Companies and is above the mean and median of T12M PERs of the Comparable Companies;
- (ii) the T12M EV/EBITDA ratio of the Group of 16.42 times as implied by the Scheme Consideration is higher than the upper range, the mean and the median of the T12M EV/EBITDA ratios of the Comparable Companies; and
- (iii) the P/NAV of the Group of 3.05 times as implied by the Scheme Consideration is higher than the mean and the median of P/NAV ratios of the Comparable Companies.

APPENDIX 1
LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS



7.5. Other relevant considerations

7.5.1. Effect of the Scheme and Delisting

The Acquisition is presently being proposed to be effected by way of the Scheme and the Rollover Agreement. Upon the Scheme becoming effective in accordance with its terms and on completion of the Rollover Agreement, the Company will become a wholly-owned subsidiary of the Offeror and a wholly-owned indirect subsidiary of the HoldCo, and subject to the conditions of the SGX-ST's approval for the delisting of the Shares as set out in Section 5.1 of this Letter, the Shares will be delisted from the SGX-ST.

Upon the Scheme becoming effective in accordance with its terms, it will be binding on all Scheme Shareholders, whether or not they attended or voted at the Scheme Meeting (and if they attended and voted at the Scheme Meeting, whether or not they voted in favour of the Scheme). Scheme Shareholders should note that by voting for the Scheme, Scheme Shareholders are agreeing to the Offeror and the Offeror Concert Parties acquiring or consolidating effective control of the Company without having to make a general offer for the Company.

7.5.2. Support from the Independent Directors

The Independent Directors have unanimously approved the Implementation Agreement and the Company entering into the Implementation Agreement.

7.5.3. No alternative offers

As the Rollover Shareholders (holding in aggregate 46.24% of the Shares) have agreed to sell their Shares to the Offeror pursuant to the Rollover Agreement, the likelihood of a competing offer from any third party is remote. The Directors have confirmed that, as at the Latest Practicable Date, apart from the Acquisition being proposed to be effected by way of the Scheme by the Offeror, the Company has not received any alternative offer or proposal for the Shares from any third party.

8. OUR RECOMMENDATION TO THE INDEPENDENT DIRECTORS ON THE SCHEME

In arriving at our recommendation on the Scheme, we have assessed the financial terms of the Scheme after taking into consideration the following key considerations which we consider to be pertinent and which we consider may have a significant bearing on our assessment:

- the Scheme Consideration represents a premium of 43.9%, 31.7%, 30.3% and 29.6% above the VWAP of the Shares for the 1-year, 6-month, 3-month and 1-month periods and 26.2% above the last transacted price of the Shares on the Last Full Trading Day respectively;
- the premium implied by the Scheme Consideration above the VWAP for 1-month, 3-month and 6-month periods prior to the Last Full Trading Day are within the range and close to the mean and median of the corresponding premia of the Precedent Privatisation Transactions;
- the T12M PER, EV/EBITDA ratio and P/NAV ratio of the Group implied by the Scheme Consideration are higher than the mean and median of the T12M PERs, T12M EV/EBITDA ratios and P/NAV ratios of the Comparable Companies;
- the Independent Directors have unanimously approved the Implementation Agreement and the Company entering into the Implementation Agreement; and
- the likelihood of a competing offer from any third party is remote and the Company has not received any alternative offer or proposal for the Shares from any third party as at the Latest Practicable Date.

APPENDIX 1
LETTER FROM THE IFA TO THE INDEPENDENT DIRECTORS

Deloitte.

Based on our analysis and after having considered carefully the information available to us as at the Latest Practicable Date, overall, we are of the view that the financial terms of the Scheme are fair and reasonable. Accordingly, we advise the Independent Directors to recommend Scheme Shareholders to vote in favour of the Scheme.

The Independent Directors should also highlight to Scheme Shareholders that the Scheme, when it becomes effective, will be binding on all Scheme Shareholders, whether or not they have attended or voted at the Scheme Meeting, and if they have attended and voted, whether or not they have voted in favour of the Scheme.

Our opinion, as disclosed in this Letter, is based solely on publicly available information and information provided by the Directors and the Management and therefore does not reflect any projections of future financial performance of the Company or the Group after the completion of the Scheme. In addition, our opinion is based on the economic and market conditions prevailing as at the Latest Practicable Date and is solely confined to our views on the Scheme.

Our opinion is addressed to the Independent Directors for their benefit and for the purpose of their consideration of the Scheme. The recommendation to be made by them to the Scheme Shareholders shall remain the responsibility of the Independent Directors. Whilst a copy of this Letter may be reproduced in the Scheme Document, neither the Company, the Directors nor any other person may reproduce, disseminate or quote this Letter (or any part thereof) for any other purpose other than for the purpose of the Court Meeting and for the purpose of the Scheme, at any time and in any manner without the prior written consent of DTCF in each specific case.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully,

For and on behalf of
Deloitte & Touche Corporate Finance Pte Ltd



Koh Soon Bee
Executive Director

APPENDIX 2

LETTER FROM THE OFFEROR TO SCHEME SHAREHOLDERS

Athena Investment Company (Cayman) Limited

(Incorporated in the Cayman Islands)
(Company Registration No.: CT-316641)

28 February 2017

To: The Scheme Shareholders

Dear Sir/Madam

PROPOSED ACQUISITION OF ARA ASSET MANAGEMENT LIMITED BY ATHENA INVESTMENT COMPANY (CAYMAN) LIMITED BY WAY OF A SCHEME OF ARRANGEMENT UNDER SECTION 99 OF THE COMPANIES ACT 1981 OF BERMUDA

1. INTRODUCTION

1.1 Joint Announcement. On 8 November 2016 (the “**Joint Announcement Date**”), the respective boards of directors of Athena Investment Company (Cayman) Limited (the “**Offeror**”) and ARA Asset Management Limited (the “**Company**”) made a joint announcement (the “**Joint Announcement**”) in relation to the proposed acquisition (the “**Acquisition**”), by a consortium comprising:

1.1.1 Straits Equities Holdings (One) Pte. Ltd. (“**SE1**”) and Straits Equities Holdings (Two) Pte. Ltd. (“**SE2**”, and together with SE1, “**SE**”), which are wholly-owned subsidiaries of The Straits Trading Company Limited (“**STC**”);

1.1.2 JL Investment Group Limited (“**JLIG**”), an entity wholly-owned by Mr Lim Hwee Chiang John;

1.1.3 Wealthman Group Limited (“**WGL**”), an indirect wholly-owned subsidiary of Cheung Kong Property Holdings Limited (“**CKPHL**”);

1.1.4 Alexandrite Gem Holdings Limited (“**AGHL**”), an affiliate of Warburg Pincus LLC (“**Warburg Pincus**”); and

1.1.5 AVICT Dragon Holdings Limited (“**AVICT**”), a special purpose vehicle established and controlled by AVIC Trust Co., Ltd (“**AVIC Trust**”),

each of SE, JLIG, WGL, AGHL and AVIC Trust, a “**Consortium Party**” and collectively the “**Consortium Parties**”, of all the issued and fully paid-up ordinary shares in the capital of the Company (the “**Shares**”) through the Offeror.

1.2 Implementation Agreement and Rollover Agreement. The Acquisition will be effected:

1.2.1 by way of a scheme of arrangement (the “**Scheme**”) under Section 99 of the Companies Act 1981 of Bermuda (the “**Bermuda Companies Act**”), pursuant to which the Offeror is seeking to acquire all the Shares, other than the Shares held by or on behalf of SE1, SE2, JLIG and WGL (the “**Scheme Shares**”), in compliance with the Singapore Code on Takeovers and Mergers (the “**Code**”). In connection with the Acquisition, the Company and the Offeror (each, a “**Party**” and collectively the “**Parties**”) have, on the Joint Announcement Date, entered into an implementation agreement (the “**Implementation Agreement**”) setting out the terms and conditions on which the Company and the Offeror will implement the Scheme. The directors of the Company who are considered independent for the purposes of the Scheme (the “**Independent Directors**”) have unanimously approved the Implementation Agreement and the Company entering into the Implementation Agreement; and

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LETTER FROM THE OFFEROR TO SCHEME SHAREHOLDERS

1.2.2 subject to the Scheme becoming effective in accordance with its terms, by way of the acquisition of all the Shares held by or on behalf of SE1, SE2, JLIG and WGL (the “**Rollover Shareholders**”), being an aggregate of 461,100,481 Shares (the “**Rollover Shares**”), on the terms of a subscription and rollover agreement (the “**Rollover Agreement**”) entered into on the Joint Announcement Date between the Offeror, the Rollover Shareholders, AGHL, AVICT and the HoldCo (as defined in **paragraph 7.1** below), as further described in **paragraph 9.2** below.

1.3 Scheme Consideration and Premium.

Scheme Consideration = S\$1.78 for each Scheme Share

The Offeror does not intend to increase the Scheme Consideration and accordingly, this represents the **final** price for each Scheme Share. If any dividend, right or other distribution is declared, paid or made by the Company to the Entitled Scheme Shareholders (as defined in **paragraph 2.1.1** below) on or after the Joint Announcement Date, the Offeror reserves the right to deduct from the Scheme Consideration an amount equal to such dividend, right or distribution. Scheme Shareholders will be notified in the event that any such dividend, right or other distribution is declared, paid or made, resulting in a deduction being made from the Scheme Consideration as aforesaid.

The Scheme presents the Scheme Shareholders with an opportunity to realise their investment in the Scheme Shares at an attractive premium of approximately 43.9 per cent. over the Company’s 12-month volume weighted average price (“**VWAP**”) of S\$1.237 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 (the “**Last Full Trading Day**”), without incurring brokerage and other trading costs (see **paragraphs 3 to 4** below for further details).

1.4 Scheme Document. This letter from the Offeror to the Scheme Shareholders (the “**Offeror Letter to Scheme Shareholders**”) should be read and construed together with, and in the context of, this scheme document dated 28 February 2017 (“**Scheme Document**”) issued by the Company to the Scheme Shareholders containing details of the Scheme.

If you are in any doubt on the contents of this Offeror Letter to Scheme Shareholders or as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

1.5 Terms and References. This Offeror Letter to Scheme Shareholders should be read and construed together with, and in the context of, this Scheme Document. Unless otherwise stated, terms used but not defined in this Offeror Letter to Scheme Shareholders shall have the same meanings as defined in this Scheme Document.

2. THE ACQUISITION

2.1 The Scheme. The Scheme will be effected in accordance with Section 99 of the Bermuda Companies Act, in compliance with the Code and on the terms and conditions of the Implementation Agreement.

Under the Scheme:

2.1.1 all the Scheme Shares held by the Scheme Shareholders as at the Books Closure Date (the “**Entitled Scheme Shareholders**”) will, on the Effective Date, be transferred to the Offeror:

- (i) fully paid-up;

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LETTER FROM THE OFFEROR TO SCHEME SHAREHOLDERS

- (ii) free from all Encumbrances; and
- (iii) together with all rights, benefits and entitlements attaching thereto as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company to the Entitled Scheme Shareholders on or after the Joint Announcement Date; and

2.1.2 in consideration of such transfer of the Scheme Shares, the Offeror will pay each Entitled Scheme Shareholder **S\$1.78 in cash** for each Scheme Share (the “**Scheme Consideration**”).

If any dividend, right or other distribution is declared, paid or made by the Company to the Entitled Scheme Shareholders on or after the Joint Announcement Date, the Offeror reserves the right to deduct from the Scheme Consideration an amount equal to such dividend, right or distribution. Scheme Shareholders will be notified in the event that any such dividend, right or other distribution is declared, paid or made, resulting in a deduction being made from the Scheme Consideration as aforesaid.

The Offeror does not intend to increase the Scheme Consideration of S\$1.78 and accordingly, this represents the final price for each Scheme Share.

Please refer to page 14 of this Scheme Document for the indicative timeline for the Acquisition.

2.2 Acquisition of Rollover Shares. The Offeror has also, on the Joint Announcement Date, entered into the Rollover Agreement with the Rollover Shareholders, AGHL, AVICT and the HoldCo (as defined in **paragraph 7.1** below), pursuant to which, subject to the Scheme becoming effective in accordance with its terms, the Offeror will acquire the Rollover Shares on the terms of the Rollover Agreement, as more particularly described in **paragraph 9.2** below.

2.3 Scheme Conditions. The Scheme is conditional upon the satisfaction (or, where applicable, waiver) of all the Scheme Conditions (which include the delivery of a copy of the Court Order to the Registrar for registration pursuant to Section 99(3) of the Bermuda Companies Act), which are set out in **Appendix 7** to this Scheme Document. The Scheme will only come into effect if all the Scheme Conditions have been satisfied or waived (where applicable) in accordance with the terms of the Implementation Agreement, by no later than 5.00 p.m. on 30 June 2017 (or such other date as the Offeror and the Company may agree in writing) (the “**Cut-Off Date**”). Additional information on the Scheme Conditions is set out in **paragraph 8** of the Explanatory Statement. The Scheme is not conditional or dependent on completion of the Rollover Agreement and Scheme Shareholders will be entitled to the Scheme Consideration upon the Scheme becoming effective, regardless of whether the Rollover Agreement is completed.

2.4 Approvals Required. The Scheme Conditions include, without limitation, the following:

2.4.1 the approval of the Scheme at the Scheme Meeting by a majority in number of the Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Scheme Meeting; and

2.4.2 the sanction of the Scheme by the Court and the delivery of a copy of the Court Order to the Registrar for registration pursuant to Section 99(3) of the Bermuda Companies Act.

Upon the Scheme becoming effective in accordance with its terms, it will be binding on all Scheme Shareholders, whether or not they attended or voted at the Scheme Meeting (and if they attended and voted at the Scheme Meeting, whether or not they voted in favour of the Scheme). Scheme

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Shareholders should note that by voting for the Scheme, Scheme Shareholders are agreeing to the Offeror and the Offeror Concert Parties acquiring or consolidating effective control of the Company without having to make a general offer for the Company.

- 2.5 Delisting.** Upon the Scheme becoming effective in accordance with its terms and on completion of the Rollover Agreement, the Company will become a wholly-owned subsidiary of the Offeror and an indirect wholly-owned subsidiary of the HoldCo, and, subject to the approval of the SGX-ST, the Shares will be delisted from the Official List of the SGX-ST.

An application was made to seek approval from the SGX-ST to delist the Company from the Official List of the SGX-ST subject to the Scheme becoming effective in accordance with its terms. The SGX-ST has on 28 December 2016 advised that, subject to compliance with the SGX-ST's listing requirements, approval of the Scheme by a majority in number of Scheme Shareholders present and voting, either in person or by proxy, at the Scheme Meeting, such majority holding not less than three-fourths in value of the Scheme Shares voted at the Scheme Meeting, and sanction of the Scheme by the Court, it has no objection to the Company's application to delist from the Official List of the SGX-ST.

The SGX-ST's decision, however, is not to be taken as an indication of the merits of the Scheme, the proposed delisting of the Company from the Official List of the SGX-ST, the Company, its subsidiaries and/or their securities.

- 2.6 Effect of Termination.** The Implementation Agreement provides that the Implementation Agreement may be terminated in certain circumstances (see **paragraph 8.4** of the Explanatory Statement for a list of these circumstances). In the event the Implementation Agreement is terminated by either Party pursuant to its terms, the Implementation Agreement will cease to have any further force or effect (except for certain surviving provisions such as those relating to the Break Fee (see **paragraphs 2.6.1 to 2.6.2** below for further details), costs and expenses and governing law) and there shall be no further liability or obligation on the part of either Party (save for the aforementioned surviving provisions), but such termination shall not prejudice the rights of either Party which have accrued or arisen prior to such termination (provided that the Offeror shall not be entitled to claim against the Company for any breach of the warranties by the Company as set out in **Appendix 11** to this Scheme Document), and:

2.6.1 in the event that a Competing Offer becomes or is declared unconditional in all respects or becomes effective, as the case may be, in accordance with its terms within 180 calendar days from the Joint Announcement Date, the Company shall pay a break fee equivalent to 0.5 per cent. of the aggregate Scheme Consideration payable for the Scheme Shares to the Offeror (being S\$4,771,982.49); and

2.6.2 in the event:

- (i) that the Independent Directors do not provide the Recommendation, or the Independent Directors withdraw, modify or qualify the Recommendation otherwise than pursuant to a Competing Offer; or
- (ii) of a material breach or non-compliance by the Company of Clauses 3.4, 6.2, 7.2 and 10.1 of the Implementation Agreement, resulting in the termination of the Scheme,

the Company shall compensate the Offeror for all the costs and expenses actually incurred by or on behalf of the Offeror in connection with the Scheme and/or Acquisition, subject to a maximum amount of US\$2,000,000,

(in either case, the "**Break Fee**").

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Please refer to **paragraph 8.5** of the Explanatory Statement for additional details on the Break Fee under the Implementation Agreement.

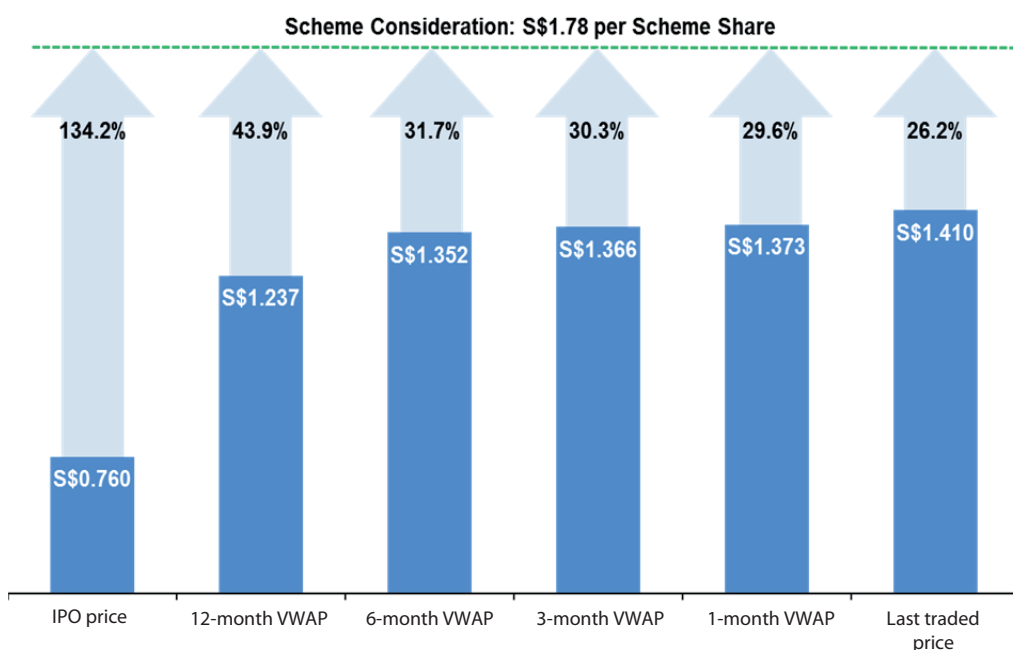
3. RATIONALE FOR THE ACQUISITION AND THE OFFEROR'S CURRENT INTENTIONS FOR THE COMPANY AND ITS EMPLOYEES

3.1 Opportunity for Scheme Shareholders to Realise their Investment at a Favourable Valuation Without Incurring Brokerage Fees

3.1.1 The Scheme Consideration represents an attractive premium to historical market prices

The Scheme Consideration represents a premium of approximately 26.2 per cent. over the Company's closing share price of S\$1.41 as at 2 November 2016 (being the Last Full Trading Day) and a premium of 43.9 per cent., 31.7 per cent., 30.3 per cent. and 29.6 per cent. over the VWAP of the Shares over the 12-, 6-, 3- and 1-month periods, respectively, up to and including the Last Full Trading Day.

The Scheme Consideration also represents a 134.2 per cent. premium to the initial public offering ("IPO") price, adjusted for changes in the share capital of the Company since listing.



Notes:

- (1) IPO price and VWAPs shown in the chart above are based on data extracted from Bloomberg L.P. ("Bloomberg") which shows prices adjusted to reflect any changes in the share capital of the Company and also includes off market transactions. Share price rounded to the nearest three decimal places.
- (2) Premiums shown in the chart above are rounded to the nearest one decimal place.

Please refer to **paragraph 4** below for further details on the financial evaluation of the Scheme Consideration.

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3.1.2 The Scheme Consideration is attractive compared to the historical share prices since the Company's IPO



Apart from brief periods between March 2013 to March 2014, the Scheme Consideration is higher than the adjusted closing prices of the Shares since the Company's IPO. The Scheme Consideration also exceeds the highest closing price of the Shares since May 2014.

3.1.3 The Company's valuation multiples implied by the Scheme Consideration compare favourably to its historical averages

The valuation multiples of the Company implied by the Scheme Consideration compare favourably to its historical averages: (a) market value per Share as a multiple of net profit after tax and minority interests per Share ("**EPS**")⁽¹⁾ (i.e. "**P/E**"); (b) Enterprise Value ("**EV**")⁽²⁾ as a multiple of earnings before interest, taxes, depreciation and amortisation ("**EBITDA**")⁽³⁾ (i.e. "**EV/EBITDA**"); and (c) EV as a percentage of assets under management ("**AUM**")⁽⁴⁾ (i.e. "**EV/AUM**").

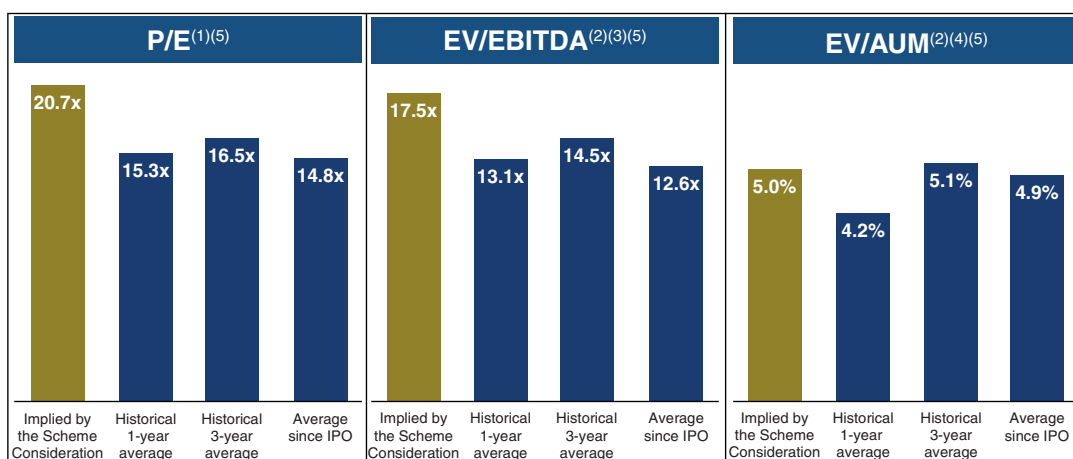
The P/E implied by the Scheme Consideration is 20.7x, which is higher when compared to the historical averages since the Company's IPO in 2007, the past one year and the past three years of 14.8x, 15.3x and 16.5x respectively, up to and including the Last Full Trading Day.

The EV/EBITDA implied by the Scheme Consideration is 17.5x, which is higher when compared to the historical averages since the Company's IPO in 2007, the past one year, and the past three years of 12.6x, 13.1x and 14.5x respectively, up to and including the Last Full Trading Day.

The EV/AUM implied by the Scheme Consideration is 5.0 per cent., which compares favourably to the historical averages since the Company's IPO in 2007, the past one year, and the past three years of 4.9 per cent., 4.2 per cent. and 5.1 per cent. respectively, up to and including the Last Full Trading Day.

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Notes:

- (1) EPS used in the calculation of P/E implied by the Scheme Consideration is based on Next Twelve Months (“NTM”) consensus as sourced from Bloomberg as at 21 February 2017, being the Latest Practicable Date. EPS used in the calculation of the historical 1-year, 3-year and since IPO averages is based on NTM consensus as sourced from Bloomberg for each respective day up to and including 2 November 2016, being the Last Full Trading Day.
- (2) EV implied by the Scheme Consideration is calculated based on the (i) market capitalisation, plus (ii) consolidated loans and borrowings, less (iii) consolidated cash and cash equivalents, plus (iv) non-controlling interests, as at 31 December 2016. EV used in the calculation of the historical 1-year, 3-year and since IPO averages is computed on a daily basis and reflects the latest market capitalisation at the end of each day and the Company’s financial statements for each corresponding quarter up to and including 2 November 2016, being the Last Full Trading Day (i.e. EV calculations on and after 30 September 2016 take into account the consolidated loan and borrowings, cash and cash equivalents and non-controlling interests figures as at 30 September 2016).
- (3) The EBITDA used in the calculation of EV/EBITDA implied by the Scheme Consideration is based on NTM consensus as sourced from Bloomberg as at 21 February 2017, being the Latest Practicable Date. The EBITDA used in the calculation of the historical 1-year, 3-year and since IPO averages is based on NTM consensus as sourced from Bloomberg for each respective day up to and including 2 November 2016, being the Last Full Trading Day.
- (4) The AUM figure used in the calculation of EV/AUM implied by the Scheme Consideration is based on the Company’s figures as at 31 December 2016. The AUM figure used in the calculation of the historical 1-year, 3-year and since IPO averages is based on the Company’s quarterly reported figure for each corresponding quarter up to and including 2 November 2016, being the Last Full Trading Day (i.e. AUM figures used in the calculations on and after 30 September 2016 reflect the Company’s AUM as at 30 September 2016).
- (5) Percentages and multiples shown in the chart above are rounded to the nearest one decimal place.

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3.1.4 Opportunity for Scheme Shareholders to exit their investment in the Company who may otherwise find it difficult due to low trading liquidity

The historical trading liquidity of the Shares on the SGX-ST has been low. The average daily trading volume of the Shares over the 12-, 6-, 3- and 1-month periods up to and including the Last Full Trading Day are detailed in the table below.

	Average daily trading volume ⁽¹⁾	Average daily trading volume as a percentage of total issued Shares ⁽²⁾⁽³⁾
12-month period up to and including the Last Full Trading Day	658,027	0.066%
6-month period up to and including the Last Full Trading Day	525,181	0.053%
3-month period up to and including the Last Full Trading Day	571,259	0.057%
1-month period up to and including the Last Full Trading Day	546,252	0.055%

Notes:

- (1) Calculated using the total volume of Shares traded divided by the number of days on which the Company is traded on the SGX-ST.
- (2) Calculated using the daily total volume of Shares traded divided by the total number of Shares outstanding.
- (3) Rounded to the nearest three decimal places.

3.1.5 SE, JLIG and WGL will transfer their Rollover Shares to the Offeror at a valuation equivalent to the Scheme Consideration

Pursuant to the terms of the Rollover Agreement, the Rollover Shareholders (i.e. SE, JLIG and WGL) have agreed to transfer their Rollover Shares to the Offeror at a valuation equivalent to the Scheme Consideration, upon the Scheme becoming effective in accordance with its terms.

3.2 **Access to an Efficient Source of Significant Capital in Support of the Company's Future Growth**

The Company has an established track record in growing its AUM in REITs and private real estate funds. Since the Company's formation in 2002 and listing in 2007, the Company has built a diversified and resilient asset management portfolio across the Asia Pacific, managing approximately S\$35.6 billion worth of assets as at 31 December 2016.

The Company has over time, developed increasing investment and asset management capabilities over large-scale properties in multiple asset classes across Asia Pacific. Amidst shifting dynamics in the real estate funds management industry, it believes that in order to maximise the scalability of the business model in the long term, it will require a significant amount of capital to further its growth through strategic co-investments into existing and new funds, as well as through opportunistic acquisitions. Should it remain a listed company at this scale, raising capital successfully will take time and will be highly dependent on market conditions. Such capital raisings also entail costs and may result in the dilution of Shareholders' interests.

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By privatising the Company together with affiliated entities of Warburg Pincus and AVIC Trust, the Consortium believes the Company will be able to secure the long-term commitment of two new strategic capital partners. These partners provide the Company with increased access to capital, which will allow it to operate more nimbly and efficiently in achieving its growth objectives. Warburg Pincus has a global network of investor relationships, experience in partnering with management teams to drive growth, and a strong investment track-record in real estate platforms around the world. AVIC Trust has a unique distribution capability in China and will also provide the Company with important access to the Chinese capital markets and other business opportunities in China.

3.3 The Offeror's Intentions for the Company and its Employees

Save as described in the foregoing, the Offeror has no intention of making any material changes to the existing businesses, re-deploying the fixed assets, or discontinuing the employment of the existing employees of the ARA Group. However, the directors of the Offeror retain the flexibility at any time to consider any options or opportunities in relation to the ARA Group which may present themselves and which they may regard to be in the best interests of the Offeror.

4. FINANCIAL EVALUATION OF THE SCHEME CONSIDERATION

The Scheme Consideration for each Scheme Share is S\$1.78 in cash. The Offeror does not intend to increase the Scheme Consideration and accordingly, this represents the final price for each Scheme Share. If any dividend, right or other distribution is declared, paid or made by the Company to the Entitled Scheme Shareholders on or after the Joint Announcement Date, the Offeror reserves the right to deduct from the Scheme Consideration an amount equal to such dividend, right or distribution. Scheme Shareholders will be notified in the event that any such dividend, right or other distribution is declared, paid or made, resulting in a deduction being made from the Scheme Consideration as aforesaid.

The figures set out in this section are based on data extracted from Bloomberg as at the Last Full Trading Day and/or the Latest Practicable Date, as the case may be.

The implied premium of the Scheme Consideration over the relevant closing prices and VWAP of the Company is as follows:

	Share Price (S\$) ⁽¹⁾	Premium to Share Price ⁽²⁾
IPO price	0.760	134.2%
12-month VWAP up to and including the Last Full Trading Day	1.237	43.9%
6-month VWAP up to and including the Last Full Trading Day	1.352	31.7%
3-month VWAP up to and including the Last Full Trading Day	1.366	30.3%
1-month VWAP up to and including the Last Full Trading Day	1.373	29.6%
Last traded price per Share on the Last Full Trading Day	1.410	26.2%
52-week high as at the Last Full Trading Day	1.460	21.9%
52-week low as at the Last Full Trading Day	1.015	75.4%
Last traded price per Share on the Latest Practicable Date	1.755	1.4%

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Notes:

- (1) Based on data extracted from Bloomberg which shows prices adjusted to reflect any changes in the share capital of the Company and also includes off market transactions. Rounded to the nearest three decimal places.
- (2) Rounded to the nearest one decimal place.

The Scheme Consideration also exceeds the highest closing price of the Shares in the past 2.5 years, up to and including the Last Full Trading Day.

The implied P/E, EV/EBITDA and EV/AUM of the Company based on the Scheme Consideration and the historical averages are set out in the table below:

	P/E ⁽¹⁾⁽⁵⁾	EV/EBITDA ⁽²⁾⁽³⁾⁽⁵⁾	EV/AUM ⁽²⁾⁽⁴⁾⁽⁵⁾
Implied by the Scheme Consideration as at the Latest Practicable Date	20.7x	17.5x	5.0%
Historical 1-year average as at the Last Full Trading Day	15.3x	13.1x	4.2%
Historical 3-year average as at the Last Full Trading Day	16.5x	14.5x	5.1%
Historical average since the Company's IPO as at the Last Full Trading Day	14.8x	12.6x	4.9%

Notes:

- (1) EPS used in the calculation of P/E implied by the Scheme Consideration is based on NTM consensus as sourced from Bloomberg as at 21 February 2017, being the Latest Practicable Date. EPS used in the calculation of the historical 1-year, 3-year and since IPO averages is based on NTM consensus as sourced from Bloomberg for each respective day up to and including 2 November 2016, being the Last Full Trading Day.
- (2) EV implied by the Scheme Consideration is calculated based on the (i) market capitalisation, plus (ii) consolidated loans and borrowings, less (iii) consolidated cash and cash equivalents, plus (iv) non-controlling interests, as at 31 December 2016. EV used in the calculation of the historical 1-year, 3-year and since IPO averages is computed on a daily basis and reflects the latest market capitalisation at the end of each day and the Company's financial statements for each corresponding quarter up to and including 2 November 2016, being the Last Full Trading Day (i.e. EV calculations on and after 30 September 2016 take into account the consolidated loan and borrowings, cash and cash equivalents and non-controlling interests figures as at 30 September 2016).
- (3) The EBITDA used in the calculation of EV/EBITDA implied by the Scheme Consideration is based on NTM consensus as sourced from Bloomberg as at 21 February 2017, being the Latest Practicable Date. The EBITDA used in the calculation of the historical 1-year, 3-year and since IPO averages is based on NTM consensus as sourced from Bloomberg for each respective day up to and including 2 November 2016, being the Last Full Trading Day.
- (4) The AUM figure used in the calculation of EV/AUM implied by the Scheme Consideration is based on the Company's figures as at 31 December 2016. The AUM figure used in the calculation of the historical 1-year, 3-year and since IPO averages is based on the Company's quarterly reported figure for each corresponding quarter up to and including 2 November 2016, being the Last Full Trading Day (i.e. AUM figures used in the calculations on and after 30 September 2016 reflect the Company's AUM as at 30 September 2016).
- (5) Percentages and multiples shown in the table above are rounded to the nearest one decimal place.

5. INFORMATION RELATING TO THE COMPANY

- 5.1 Corporate Information and Principal Business Activities.** The Company was incorporated in Bermuda on 1 July 2002, and has been listed on the Main Board of the SGX-ST since November 2007. The Company is an Asian real estate fund management company focused on the management of REITs and private real estate funds.

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- 5.2 Material Changes in the Financial Position of the Company.** Save for the information of the Company which is publicly available (including, without limitation, announcements which are released by the Company on SGXNET), save as disclosed in this Scheme Document, and save for the costs and expenses incurred or to be incurred in connection with the Acquisition and the Scheme, there has not been, to the knowledge of the Offeror, any material change in the financial position or prospects of the ARA Group since 31 December 2015, being the date of the last balance sheet laid before the Shareholders in a general meeting.
- 5.3 Transfer Restrictions.** The Bye-laws do not contain any restrictions on the right to transfer the Shares, which has the effect of requiring holders of such Shares, before transferring them, to offer them for purchase to Members or to any person.
- 5.4 Additional Information.** Additional general information relating to the Company is set out in **Appendix 3** to this Scheme Document.

6. INFORMATION RELATING TO THE OFFEROR

- 6.1 Principal Activities.** The Offeror is a special purpose vehicle incorporated under the laws of the Cayman Islands on 2 November 2016 for the purpose of the Acquisition. The Offeror has not carried on any business since its incorporation, except to enter into certain arrangements in connection with the Acquisition and the Scheme. The Offeror will be funding the Acquisition through a combination of external bank financing and equity commitments from AGHL and AVICT (collectively, the “**Sponsor Shareholders**”).
- 6.2 Directors.** The names, addresses and descriptions of the directors of the Offeror as at the Latest Practicable Date are as follows:

Name	Address	Description
Mr Joseph Gagnon	Warburg Pincus Asia LLC, Suite 6703, Two International Financial Centre, 8 Finance Street, Hong Kong	Director and nominee of AGHL
Ms Ellen Ng	Warburg Pincus Asia LLC, Suite 6703, Two International Financial Centre, 8 Finance Street, Hong Kong	Director and nominee of AGHL
Mr Jeffrey Perlman	Warburg Pincus Asia LLC, Suite 6703, Two International Financial Centre, 8 Finance Street, Hong Kong	Director and nominee of AGHL
Mr Jiangtao Yao	Suite 3701, The Center, No. 99, Queen's Road, Central, Hong Kong	Director and nominee of AVIC Trust
Mr Yinghui Wei	Suite 3701, The Center, No. 99, Queen's Road, Central, Hong Kong	Director and nominee of AVIC Trust

- 6.3 Share Capital of the Offeror.** As at the Latest Practicable Date, the Offeror has an authorised share capital of US\$50,000 comprising 5,000,000 ordinary shares with a par value of US\$0.01 each in the capital of the Offeror, and an issued share capital of US\$0.10 comprising 10 ordinary shares with a par value of US\$0.01 each in the capital of the Offeror.
- 6.4 Shareholding in the Offeror.** As at the Latest Practicable Date, the sole shareholder of the Offeror is Athena Investment Company (Singapore) Pte. Limited (see **paragraph 7** below for details).

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6.5 Summary of Financial Performance. As the Offeror was incorporated on 2 November 2016, no audited or unaudited financial statements of the Offeror have been prepared as at the Latest Practicable Date, and accordingly, there are no significant accounting policies to be noted.

6.6 Material Changes in the Financial Position of the Offeror. Save as disclosed in this Scheme Document and save in relation to and in connection with the Acquisition and the Scheme (including financing the Acquisition and the Scheme and the costs and expenses incurred or to be incurred in connection with the Acquisition and the Scheme), there has been no known material change in the financial position or prospects of the Offeror since its incorporation.

7. INFORMATION RELATING TO THE HOLDCO

7.1 Principal Activities. As at the Latest Practicable Date, the Offeror is wholly-owned by Athena Investment Company (Singapore) Pte. Limited (the “**HoldCo**”). The HoldCo is a special purpose vehicle incorporated under the laws of Singapore on 31 October 2016 for the purpose of the Acquisition. The HoldCo has not carried on any business since its incorporation, except to enter into certain arrangements in connection with the Acquisition and the Scheme.

7.2 Directors. The names, addresses and descriptions of the directors of the HoldCo as at the Latest Practicable Date are as follows:

Name	Address	Description
Mr Joseph Gagnon	306 Holyoke Road, Greensboro NC 27406 USA	Director and nominee of AGHL
Ms Ellen Ng	Suite 6703, Two International Financial Centre, 8 Finance Street, Hong Kong	Director and nominee of AGHL
Mr Jeffrey Perlman	50 Collyer Quay, #06-04 OUE Bayfront, Singapore 049321	Director and nominee of AGHL
Mr Jiangtao Yao	25F AVIC Square No. 1 Ganjiang Road N., Honggutan New District Nanchang Jiangxi, PRC	Director and nominee of AVIC Trust
Mr Yinghui Wei	25F AVIC Square No. 1 Ganjiang Road N., Honggutan New District Nanchang Jiangxi, PRC	Director and nominee of AVIC Trust

7.3 Share Capital of the HoldCo. As at the Latest Practicable Date, the HoldCo has an issued share capital of S\$10.00 comprising 10 ordinary shares.

7.4 Shareholding in the HoldCo. As at the Latest Practicable Date, the only shareholders of the HoldCo are AGHL and AVICT, holding 60 per cent. and 40 per cent. of the HoldCo, respectively.

7.5 Summary of Financial Performance. As the HoldCo was incorporated on 31 October 2016, no audited or unaudited financial statements of the HoldCo have been prepared as at the Latest Practicable Date and accordingly, there are no significant accounting policies to be noted.

7.6 Material Changes in the Financial Position of the HoldCo. Save as disclosed in this Scheme Document and save in relation to and in connection with the Acquisition and the Scheme (including financing the Acquisition and the Scheme and the costs and expenses incurred or to be incurred in connection with the Acquisition and the Scheme), there has been no known material change in the financial position or prospects of the HoldCo since its incorporation.

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8. INFORMATION RELATING TO THE CONSORTIUM PARTIES

- 8.1 SE and STC.** SE1 and SE2 are investment holding companies incorporated in Singapore. SE1 and SE2 are wholly-owned subsidiaries of STC, a Singapore incorporated company whose shares are listed on the SGX-ST.
- 8.2 JLIG and Mr Lim Hwee Chiang John.** JLIG is a company incorporated in BVI and is wholly-owned by Mr Lim Hwee Chiang John, who has been the Group Chief Executive Officer and Executive Director of the Company since 2002. JLIG is part of the JL Family Office which is the private investment holding group of companies founded by Mr Lim Hwee Chiang John.
- 8.3 WGL and CKPHL.** WGL is a company incorporated in BVI. WGL is an indirect wholly-owned subsidiary of CKPHL, a Cayman Islands incorporated company whose shares are listed on the Stock Exchange of Hong Kong Limited (“**HKEX**”).
- 8.4 AGHL and Warburg Pincus.** AGHL is a company incorporated in BVI. AGHL is wholly-owned by private equity funds managed by Warburg Pincus. Warburg Pincus is a global private equity firm with a track record of more than 50 years in the private equity business.
- 8.5 AVICT and AVIC Trust.** AVICT is a special purpose company incorporated in BVI. AVICT is a wholly-owned subsidiary of AVIC Trust. AVIC Trust is a company incorporated in the People’s Republic of China. Re-registered in December 2009, AVIC Trust is one of the leading investment and trust managers in China with AUM of over US\$51 billion. AVIC Trust is owned by Oversea-Chinese Banking Corporation (19.9988 per cent.) and indirectly owned by AVIC Capital Co., Limited (80.0012 per cent.), a company listed on the Shanghai Stock Exchange and the finance arm of the Aviation Industry Corporation of China.

9. CONSORTIUM ARRANGEMENTS

- 9.1 Consortium Agreement.** The Consortium Parties entered into a consortium agreement on 18 September 2016 (the “**Consortium Agreement**”). Pursuant to the Consortium Agreement, the Consortium Parties have established a steering committee (the “**Steering Committee**”) comprising five members (being one senior management representative from each Consortium Party). The Steering Committee is responsible for all matters relating to the Acquisition and the day-to-day supervision and management of the Acquisition. As at the Latest Practicable Date, the Steering Committee comprises the following members:
- 9.1.1** Ms Ellen Ng (Managing Director of Warburg Pincus) or, in the alternative, Mr Joseph Gagnon (Managing Director of Warburg Pincus);
- 9.1.2** Mr Lim Hwee Chiang John (Founder of JLIG) or, in the alternative, Mr Lim How Boon, Andy (Executive Director of JLIG);
- 9.1.3** Ms Chew Gek Khim (Executive Chairman of STC) or any alternate nominated by SE;
- 9.1.4** Mr Ip Tak Chuen Edmond (Executive Director and Deputy Managing Director of CKPHL) or, in the alternative, Ms Eirene Yeung (Company Secretary of CKPHL); and
- 9.1.5** Mr Jiangtao Yao (Chairman of AVIC Trust) or, in the alternative, Mr Yinghui Wei (Deputy General Manager of AVIC Trust).
- 9.2 Rollover Agreement.** Pursuant to the terms of the Rollover Agreement, within one Business Day after the Scheme becomes effective in accordance with its terms, the Rollover Shareholders will transfer their Rollover Shares to the Offeror in exchange for a combination of cash and shares in the HoldCo. Under the terms of the Rollover Agreement:

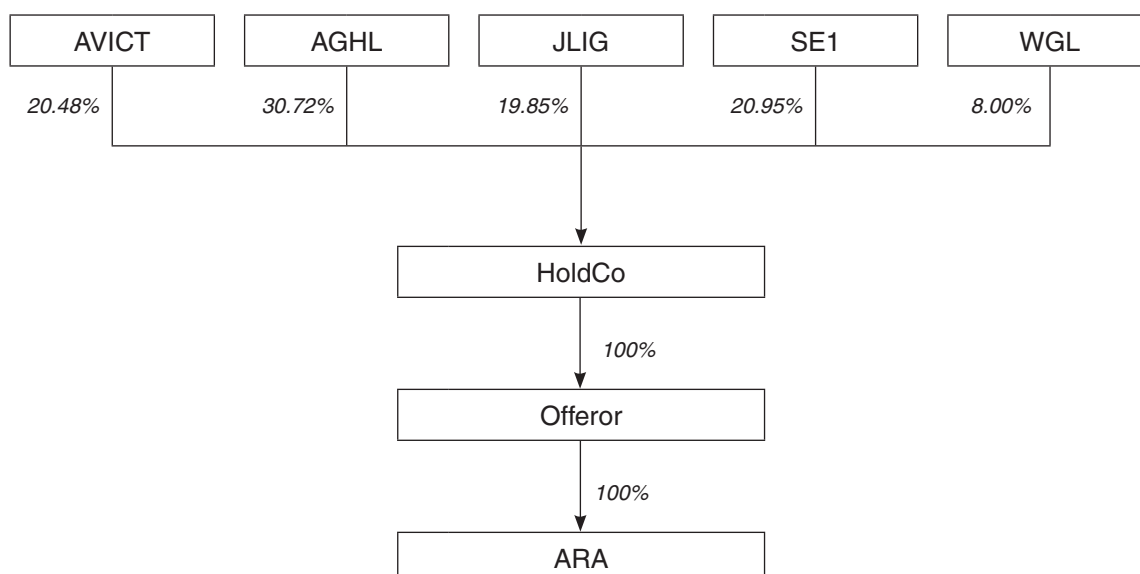
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- 9.2.1** AGHL and AVICT shall each subscribe for 452,584,039 shares in the HoldCo and 301,722,693 shares in the HoldCo respectively at a subscription price of S\$1 for each HoldCo share, for an aggregate subscription price of S\$452,584,039 and S\$301,722,693 respectively;
- 9.2.2** SE shall transfer to the Offeror an aggregate of 200,482,000 Rollover Shares at a price of S\$1.78 for each Rollover Share for an aggregate consideration of S\$356,857,960, of which S\$48,210,963 is payable in cash and the remaining S\$308,646,997 of the consideration shall be utilised to subscribe for 308,646,997 shares in the HoldCo representing approximately 20.95 per cent. of the HoldCo at a subscription price of S\$1 for each HoldCo share. SE2 has nominated SE1 to receive its shares in the HoldCo to which it is entitled pursuant to the Rollover Agreement;
- 9.2.3** JLIG shall transfer to the Offeror an aggregate of 182,432,937 Rollover Shares at a price of S\$1.78 for each Rollover Share for an aggregate consideration of S\$324,730,628, of which S\$32,289,440 is payable in cash and the remaining S\$292,441,188 of the consideration shall be utilised to subscribe for 292,441,188 shares in the HoldCo representing approximately 19.85 per cent. of the HoldCo at a subscription price of S\$1 for each HoldCo share; and
- 9.2.4** WGL shall transfer to the Offeror an aggregate of 78,185,544 Rollover Shares at a price of S\$1.78 for each Rollover Share for an aggregate consideration of S\$139,170,268, of which S\$21,309,840 is payable in cash and the remaining S\$117,860,428 of the consideration shall be utilised to subscribe for 117,860,428 shares in the HoldCo representing approximately 8.00 per cent. of the HoldCo at a subscription price of S\$1 for each HoldCo share.

The subscription price of S\$1 for each HoldCo share is the subscription price agreed to between the parties to the Rollover Agreement.

The cash portion of the proceeds, being S\$48,210,963, S\$32,289,440 and S\$21,309,840, for SE, JLIG and WGL respectively will comprise approximately 13.5 per cent., 9.9 per cent. and 15.3 per cent. of the aggregate consideration payable to SE, JLIG and WGL respectively.

Upon the Scheme becoming effective in accordance with its terms and on completion of the Rollover Agreement, the Company will be a wholly-owned subsidiary of the Offeror and a wholly-owned indirect subsidiary of the HoldCo, and the shareholders of the HoldCo and their respective shareholding will be as follows:



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9.3 Shareholders' Agreement. AVICT, AGHL, JLIG, SE1 and WGL (collectively, the “**HoldCo Shareholders**”) will, on completion of the Rollover Agreement, enter into a shareholders' agreement (the “**Shareholders' Agreement**”) in respect of the governance of the HoldCo and its subsidiaries from time to time (the “**Offeror Group**”). Pursuant to the terms of the Shareholders' Agreement:

9.3.1 Best Interests. The HoldCo Shareholders have agreed to act in the best interests of the HoldCo.

9.3.2 Board Seats. The following directors of the HoldCo will be appointed as soon as reasonably practicable after the Scheme becomes effective in accordance with its terms:

- (i) Dr Chiu Kwok Hung Justin (Chairman, Rollover Shareholder director);
- (ii) Mr Ip Tak Chuen Edmond (Rollover Shareholder director);
- (iii) Ms Chew Gek Khim (Rollover Shareholder director);
- (iv) Mr Lim Hwee Chiang John (Rollover Shareholder director);
- (v) Mr Joseph Gagnon (Sponsor director);
- (vi) Ms Ellen Ng (Sponsor director);
- (vii) Mr Jeffrey Perlman (Sponsor director);
- (viii) Mr Jiangtao Yao (Sponsor director); and
- (ix) Mr Yinghui Wei (Sponsor director).

The Rollover Shareholders (save for SE2, who is not a party to the Shareholders' Agreement) will, collectively, have the right to appoint four directors, for so long as the specified shareholdings in the HoldCo are maintained. The Sponsor Shareholders shall initially have the right to appoint five directors.

9.3.3 Key Management. Mr Lim Hwee Chiang John shall serve as the Group Chief Executive Officer of the Offeror Group and Dr Chiu Kwok Hung Justin shall serve as the Chairman of the board of directors of the HoldCo. The Sponsor Shareholders shall have the right to appoint the Chief Financial Officer of the HoldCo.

9.3.4 Reserved Matters. The HoldCo Shareholders have agreed on a list of reserved matters which shall not be undertaken except, as the case may be, with the consent of a specified per cent. of the directors of the HoldCo or the HoldCo Shareholders holding more than a specified number of shares in the HoldCo.

9.3.5 Pre-emption Rights. The HoldCo Shareholders will have customary rights such as pre-emption rights over issuances of new shares in the HoldCo.

9.3.6 Restrictions on Transfer of Shares. Subject to certain exceptions (primarily in default scenarios), no HoldCo Shareholder may transfer, directly or indirectly, any of their interests in the HoldCo for a period of not less than five years after completion of the Acquisition (the “**Moratorium Period**”), without the consent of the other HoldCo Shareholders. The HoldCo Shareholders will also have customary rights such as pre-emptive rights over transfers by other shareholders and rights of compulsory transfers in the event of specified default events.

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- 9.3.7 Exit Mechanisms.** If no liquidity event has taken place after the expiry of the Moratorium Period, then, depending on the circumstances, either the Sponsor Shareholders or, subject to the maintenance of specified shareholdings in the HoldCo, the Rollover Shareholders (save for SE2, who is not a party to the Shareholders' Agreement) have the right to conduct a sale process (a **"Marketed Sale"**) and subject to the Marketed Sale meeting certain conditions, drag the remaining HoldCo Shareholders on the same terms. If the drag is not exercised, the remaining HoldCo Shareholders also have a tag-along right to sell all of their shares of the HoldCo on the same terms. WGL has the right to require an independent third party valuer to value the shares of the HoldCo (such value being the **"Fair Value"**) and the Fair Value will be the minimum price that it shall receive for certain of its shares under a Marketed Sale. At certain times after the end of the Moratorium Period, WGL shall have the right to require the HoldCo to repurchase certain of its shares in the HoldCo at a price which shall be determined with reference to the prevailing earnings of the HoldCo.
- 9.3.8 Restrictive Covenants.** The HoldCo Shareholders have agreed on a set of obligations in relation to restricted actions which may apply to some of the HoldCo Shareholders post-completion of the Acquisition including, where relevant, non-compete and non-solicit obligations and arrangements to maintain certain existing relationships with the Offeror Group for an agreed period post-completion of the Acquisition.
- 9.4 Acquisition of Units of Suntec REIT.** In addition to the arrangements set out above, AVICT, STC and the Company have entered into a sale and purchase agreement (the **"Suntec REIT Acquisition Agreement"**) on the Joint Announcement Date. Under the Suntec REIT Acquisition Agreement:
- 9.4.1** conditional upon (i) the delisting of the Company from the Official List of the SGX-ST; and (ii) AVICT having obtained a record filing notice from the National Development and Reform Commission of the PRC (**"NDRC"**) (or its competent local counterparts) and a certificate of outbound investment from the Ministry of Commerce of the PRC (**"MOFCOM"**), and completed foreign exchange registration with the relevant bank in the PRC as required by the State Administration of Foreign Exchange of the PRC (**"SAFE"**) in relation to the sale and purchase of the Suntec REIT Units (as defined below) as contemplated by the Suntec REIT Acquisition Agreement (the **"ODI Condition"** and together with (i), the **"Suntec REIT Acquisition Conditions"**), AVICT will, within 90 days of the satisfaction of the Suntec REIT Acquisition Conditions, acquire units in Suntec Real Estate Investment Trust (**"Suntec REIT"**) representing, in aggregate, four per cent. of all of the Suntec REIT units in issue as at the date of the Suntec REIT Acquisition Agreement (**"Suntec REIT Units"**) from the Company, at a price per unit equivalent to the VWAP of the units for the 30 Market Days prior to the date of the Joint Announcement (the **"Unit Acquisition"**);
- 9.4.2** STC may by notice in writing to the Company participate in the Unit Acquisition by electing to sell up to half of the aggregate number of Suntec REIT Units (i.e. units representing two per cent. of all the Suntec REIT units in issue as at the date of the Suntec REIT Acquisition Agreement);
- 9.4.3** upon completion of the Unit Acquisition, the management fees (if any) paid to the Company or its affiliate by AVICT in respect of the Suntec REIT Units acquired under the Suntec REIT Acquisition Agreement will be shared equally between the Company and AVICT;
- 9.4.4** the Suntec REIT Acquisition Agreement shall terminate upon the termination of the Implementation Agreement or if AVICT does not provide a completion notice within 90 days of the satisfaction of the Suntec REIT Acquisition Conditions; and

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9.4.5 any of STC, the Company or AVICT shall have the right to terminate the Suntec REIT Acquisition Agreement by giving written notice to the other parties if the ODI Condition is not satisfied by the 90th day after the delisting of the Company from the SGX-ST, or such other day as the parties may mutually agree in writing.

9.5 Management Incentive Arrangements. An employee share option plan (“**ESOP**”) will be put into place by the HoldCo, pursuant to which not more than five per cent. of the shares of the HoldCo may be issued to key management of the Company pursuant to options to be granted under the ESOP. The ESOP is intended to incentivise key management and align their interests with the HoldCo Shareholders. As at the Latest Practicable Date, the Offeror has not determined the list of key management who will be permitted to participate in the ESOP, and it is contemplated that the Group Chief Executive Officer and the board of directors of the HoldCo will determine the grantees and allocations after completion of the Acquisition.

9.6 Joint Offerors. The SIC has, on 4 November 2016, confirmed that the Consortium Parties are regarded as joint offerors and that accordingly, the arrangements set out in this **paragraph 9** will not constitute special deals under Rule 10 of the Code.

10. IRREVOCABLE UNDERTAKING

10.1 Deed of Undertaking. Franklin Templeton Institutional, LLC, as investment manager on behalf of certain funds and accounts (the “**Undertaking Shareholder**”), has entered into a deed of undertaking dated 5 December 2016 with the Offeror (the “**Deed of Undertaking**”) to, *inter alia*:

10.1.1 vote and/or procure the voting of all of the Shares which the Undertaking Shareholder beneficially owns as at the date of the Scheme Meeting (the “**Relevant Shares**”), whether on a show of hands or on a poll and whether in person or by proxy:

- (i) in favour of the Scheme and any other matter necessary or proposed to implement the Scheme at any meeting of the Scheme Shareholders held to approve the Scheme and at any adjournment thereof; and
- (ii) against any resolution or proposal to adjourn such meeting(s), other than with the Offeror’s consent; and

10.1.2 from the date of the Deed of Undertaking (i.e. 5 December 2016) until the Undertaking Expiry Date (as defined in **paragraph 10.2** below):

- (i) remain the legal and beneficial owner of, and be entitled to exercise the voting rights of, not less than 50 per cent. of the Shares that it owns as at the date of the Deed of Undertaking (i.e. 5 December 2016), provided, however, that it shall be entitled to sell any Shares if another person other than the Offeror has agreed to purchase all of the Shares at a price per Share which is higher than the Scheme Consideration (in such event, an announcement would be made and the Shares so sold shall not be subject to the terms of the Deed of Undertaking); and
- (ii) not take any action or omit to do any action which would conflict with its obligations under the Deed of Undertaking in a material respect or otherwise frustrate the Scheme or its implementation in a material respect.

As at the Latest Practicable Date, based on the disclosures made to the Company, the Undertaking Shareholder holds an aggregate of 79,661,020 Shares, representing 7.99 per cent. of the Shares.

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10.2 Termination of Deed of Undertaking. The Deed of Undertaking will be in force, and be binding upon the Undertaking Shareholder, from the date of the Deed of Undertaking (i.e. 5 December 2016) until the earliest of any of the following dates:

10.2.1 31 March 2017 (or such later date as the Offeror and the Undertaking Shareholder may agree in writing), if the Scheme lapses, is withdrawn, or does not become effective by 5.00 p.m. on 31 March 2017 (or such later date as the Offeror and the Undertaking Shareholder may agree in writing and that the Court approves) for any reason other than a breach by the Undertaking Shareholder of any of its obligations set forth in the Deed of Undertaking;

10.2.2 the date on which an announcement is made by a person, other than the Offeror, of a firm intention to make an offer for all the Shares at a price which is higher than the Scheme Consideration;

10.2.3 the date the Scheme lapses, is withdrawn or does not become effective for any reason other than a breach by the Undertaking Shareholder of any of its obligations set forth in the Deed of Undertaking; or

10.2.4 the date the Scheme becomes effective in accordance with its terms,

whereupon the obligations of the Undertaking Shareholder under the Deed of Undertaking shall terminate, save for certain provisions in the Deed of Undertaking (the “**Undertaking Expiry Date**”).

10.3 Inspection. A copy of the Deed of Undertaking is available for inspection at the office of the Company in Singapore at 6 Temasek Boulevard, #16-02 Suntec Tower 4, Singapore 038986, during normal business hours for the period up to the Effective Date.

11. SPECIAL ARRANGEMENTS

11.1 No Agreement having any Connection with or Dependence upon Scheme. Save for the Implementation Agreement and the Deed of Undertaking, and save as disclosed in this Scheme Document, as at the Latest Practicable Date, there is no agreement, arrangement or understanding between (i) the Offeror or any of the Offeror Concert Parties; and (ii) any of the current or recent Directors or any of the current or recent Shareholders or any other person that has any connection with, or is dependent on or is conditional upon, the Scheme or its outcome.

11.2 Transfer of Shares. Save as disclosed in this Scheme Document, as at the Latest Practicable Date, there is no agreement, arrangement or understanding whereby any of the Scheme Shares acquired by the Offeror pursuant to the Scheme will be transferred to any other person. The Shares acquired by the Offeror pursuant to the Acquisition will be charged in favour of DBS Bank Ltd. as security for, *inter alia*, the Acquisition financing.

11.3 No Payment or Benefit to Directors of the Company. As at the Latest Practicable Date, save as disclosed in this Scheme Document, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any Director or to any director of any other corporation which, by virtue of Section 6 of the Singapore Companies Act, is deemed to be related to the Company as compensation for loss of office or otherwise in connection with the Scheme.

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12. DISCLOSURE OF SHAREHOLDINGS AND DEALINGS

12.1 Holdings and Dealings. As at the Latest Practicable Date:

12.1.1 the Offeror (including its directors) and the Offeror Concert Parties collectively own, control or have agreed to acquire an aggregate of 468,948,935 Shares, representing approximately 47.02 per cent. of the total number of issued Shares (excluding Shares held in treasury), the details of which are set out below:

No.	Name	Type of Company Securities	Number of Company Securities	Percentage of total number of Company Securities (%) ⁽¹⁾⁽²⁾
1.	Straits Equities Holdings (One) Pte. Ltd.	Shares	100,241,000	10.05
2.	Straits Equities Holdings (Two) Pte. Ltd.	Shares	100,241,000	10.05
3.	JL Investment Group Limited	Shares	182,432,937	18.29
4.	Mr Lim Hwee Chiang John	Shares	6,368,254	0.64
5.	JL Philanthropy Ltd ⁽³⁾	Shares	1,427,800	0.14
6.	Wealthman Group Limited	Shares	78,185,544	7.84
7.	Loh Chieu Yee ⁽⁴⁾	Shares	49,400	n.m. ⁽⁵⁾
8.	James Kwie Yuk Kuan ⁽⁶⁾	Shares	3,000	n.m. ⁽⁵⁾

Notes:

- (1) Rounded to the nearest two decimal places.
- (2) Computed based on a total of 997,278,289 Shares, being the number of Shares in issue as at the Latest Practicable Date.
- (3) JL Philanthropy Ltd is a related trust of Mr Lim Hwee Chiang John (who is a Director), and is presumed to be acting in concert with the Offeror.
- (4) Ms Loh Chieu Yee is the spouse of Mr Tham Kui Seng (who is a director of STC), and is presumed to be acting in concert with the Offeror.
- (5) Not meaningful.
- (6) Mr James Kwie Yuk Kuan is a director of Far East Hospitality Holdings Pte. Ltd. (which is an associated company of STC), and is presumed to be acting in concert with the Offeror.

12.1.2 save as disclosed in the table in **paragraph 12.1.1** above, none of the Offeror (including its directors) and the Offeror Concert Parties owns, controls or has agreed (other than pursuant to the Implementation Agreement) to acquire any (i) Shares or securities which carry voting rights in the Company; and (ii) convertible securities, warrants, options and derivatives in respect of such Shares or securities which carry voting rights in the Company (collectively, the “**Company Securities**”);

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12.1.3 save as disclosed in this **paragraph 12.1.3**, none of the Offeror and the Offeror Concert Parties has dealt for value in the Company Securities during the period commencing three months prior to the Joint Announcement Date and ending on the Latest Practicable Date:

Name	Date	No. of Shares Bought	No. of Shares Sold	Transaction Price per Share (\$)
DBS Vickers ⁽¹⁾	18 October 2016	200	–	1.3250
DBS Vickers	19 October 2016	–	200	1.3150

Notes:

(1) DBS Vickers is a wholly-owned subsidiary of DBS Bank Ltd., and is presumed to be acting in concert with the Offeror.

12.1.4 save as disclosed in this **paragraph 12.1.4**, based on the disclosures provided to the Company, the Undertaking Shareholder has not dealt for value in the Company Securities during the period commencing three months prior to the Joint Announcement Date and ending on the Latest Practicable Date:

Name	Date	No. of Shares Bought	No. of Shares Sold	Transaction Price per Share (\$)
Franklin Templeton Institutional, LLC	13 September 2016	–	7,208,889 ⁽¹⁾	Not Applicable
Franklin Templeton Institutional, LLC	9 December 2016	–	283,400	1.6900
Franklin Templeton Institutional, LLC	12 December 2016	–	200,000	1.6850
Franklin Templeton Institutional, LLC	12 December 2016	–	560,400	1.6900
Franklin Templeton Institutional, LLC	13 December 2016	–	1,460,000	1.6850
Franklin Templeton Institutional, LLC	14 December 2016	–	100,000	1.6850
Franklin Templeton Institutional, LLC	14 December 2016	–	87,600	1.6900
Franklin Templeton Institutional, LLC	15 December 2016	–	50,000	1.6850
Franklin Templeton Institutional, LLC	15 December 2016	–	2,450,000	1.6800
Franklin Templeton Institutional, LLC	19 December 2016	–	385,800	1.6850
Franklin Templeton Institutional, LLC	20 December 2016	–	153,700	1.6800
Franklin Templeton Institutional, LLC	20 December 2016	–	461,500	1.6850

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Name	Date	No. of Shares Bought	No. of Shares Sold	Transaction Price per Share (S\$)
Franklin Templeton Institutional, LLC	19 January 2017	–	653,700	1.7150
Franklin Templeton Institutional, LLC	19 January 2017	–	187,700	1.7200
Franklin Templeton Institutional, LLC	19 January 2017	–	800	1.7250
Franklin Templeton Institutional, LLC	20 January 2017	–	151,300	1.7150
Franklin Templeton Institutional, LLC	20 January 2017	–	166,600	1.7200
Franklin Templeton Institutional, LLC	23 January 2017	–	2,787,000	1.7150
Franklin Templeton Institutional, LLC	24 January 2017	–	2,270,700	1.7150
Franklin Templeton Institutional, LLC	25 January 2017	–	557,700	1.7150
Franklin Templeton Institutional, LLC	26 January 2017	–	2,000,000	1.7100
Franklin Templeton Institutional, LLC	26 January 2017	–	209,000	1.7150
Franklin Templeton Institutional, LLC	27 January 2017	–	310,000	1.7150
Franklin Templeton Institutional, LLC	31 January 2017	–	473,000	1.7150
Franklin Templeton Institutional, LLC	1 February 2017	–	2,106,900	1.7100
Franklin Templeton Institutional, LLC	2 February 2017	–	1,181,000	1.7050
Franklin Templeton Institutional, LLC	2 February 2017	–	379,000	1.7100
Franklin Templeton Institutional, LLC	15 February 2017	–	570,200	1.7500

Note:

- (1) The transfer out of 7,208,889 Shares on 13 September 2016 was due to the termination of an investment management agreement of a discretionary client managed by Franklin Templeton Institutional, LLC. No market trade was effected.

12.1.5 save for the Deed of Undertaking, as at the Latest Practicable Date, no person has given any irrevocable undertaking to the Offeror or the Offeror Concert Parties to vote in favour of the Scheme at the Scheme Meeting;

APPENDIX 2

LETTER FROM THE OFFEROR TO SCHEME SHAREHOLDERS

12.1.6 save as disclosed in this Scheme Document, neither the Offeror nor any Offeror Concert Party has entered into any arrangement of the kind referred to in Note 7 on Rule 12 of the Code, including indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to the Company Securities which may be an inducement to deal or refrain from dealing in the Company Securities; and

12.1.7 save as disclosed in this **paragraph 12.1.7**, neither the Offeror nor any Offeror Concert Party has (i) granted a security interest over any Company Securities to another person, whether through a charge, pledge or otherwise; (ii) borrowed from another person any Company Securities (excluding borrowed securities which have been on-lent or on-sold); or (iii) lent to another person any Company Securities:

(a) 84,950,000 Shares held by SE1 have been charged in favour of DBS Bank Ltd. as security for a loan to a STC group company; and

(b) 84,950,000 Shares held by SE2 have been charged in favour of DBS Bank Ltd. as security for a loan to a STC group company.

12.2 No Material Change in respect of the Offeror. Save as disclosed in this Scheme Document and save for information relating to the Offeror, the Acquisition and the Scheme that is publicly available, there has been no material change in any information previously published by or on behalf of the Offeror during the period commencing from the Joint Announcement Date and ending on the Latest Practicable Date.

12.3 Interests after Scheme Becomes Effective. Upon the Scheme becoming effective in accordance with its terms and on completion of the Rollover Agreement, the Offeror will directly hold 100 per cent. of the Shares and the voting rights of the Company. None of the Offeror Concert Parties will directly hold Shares or any other voting rights in the Company. The Company will become a wholly-owned subsidiary of the Offeror upon the Scheme becoming effective in accordance with its terms and on completion of the Rollover Agreement.

13. NON-ELIGIBILITY TO VOTE

The Rollover Shares do not form part of the Scheme Shares and the Rollover Shareholders are not Scheme Shareholders under the Scheme. Accordingly, they are not entitled to vote their Rollover Shares on the Scheme at the Scheme Meeting. In addition, in accordance with the SIC's rulings as set out in **paragraph 10.1.1** of the Explanatory Statement, the Offeror and the Offeror Concert Parties will abstain from voting on the Scheme in respect of their Scheme Shares (if any) at the Scheme Meeting.

14. FINANCIAL ADVISERS AND CONFIRMATION OF FINANCIAL RESOURCES

14.1 Offeror Financial Advisers. DBS Bank Ltd. and Goldman Sachs (Singapore) Pte. (collectively, the "Offeror Financial Advisers") are the joint financial advisers to the Offeror in respect of the Acquisition and the Scheme.

14.2 Confirmation of Financial Resources. The Offeror Financial Advisers confirm that the Offeror has sufficient financial resources to acquire and satisfy in full the aggregate Scheme Consideration payable by the Offeror for all the Scheme Shares to be acquired by the Offeror pursuant to the Scheme (which, for the avoidance of doubt, excludes any consideration payable for the Rollover Shares).

15. SETTLEMENT

Paragraphs 12 to 14 of the Explanatory Statement set out details of the procedures for the implementation of the Scheme and the settlement and registration procedures.

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LETTER FROM THE OFFEROR TO SCHEME SHAREHOLDERS

16. MARKET QUOTATIONS

16.1 Transacted Prices and Volume. We set out below in respect of each month for the six calendar months preceding the Joint Announcement Date and up to the Latest Practicable Date, as reported in Bloomberg:

16.1.1 the highest closing price and the lowest closing price in each month;

16.1.2 the last closing price on the last full trading day for each month; and

16.1.3 the transacted volume of the Shares for each month on the SGX-ST.

Monthly Trades	Highest Closing Price (S\$)	Lowest Closing Price (S\$)	Last Closing Price (S\$)	Transacted Volume of the Shares ('000)
January 2017	1.725	1.710	1.720	49,705
December 2016	1.705	1.675	1.705	47,478
November 2016	1.715	1.405	1.685	106,975
October 2016	1.460	1.315	1.400	11,044
September 2016	1.400	1.350	1.350	7,583
August 2016	1.400	1.315	1.365	16,908
July 2016	1.385	1.310	1.320	9,233
June 2016	1.430	1.295	1.380	10,380
May 2016	1.400	1.180	1.400	11,081

16.2 Highest and Lowest Prices. During the period commencing six months prior to the Joint Announcement Date and ending on the Latest Practicable Date, as reported by Bloomberg, the highest closing price was S\$1.755 per Share, transacted on 10 February 2017, 13 February 2017 and 21 February 2017, and the lowest closing price was S\$1.180 per Share, transacted on 3 May 2016.

16.3 Closing Prices. The closing price on:

16.3.1 2 November 2016, the Last Full Trading Day, was S\$1.410 per Share; and

16.3.2 the Latest Practicable Date, was S\$1.755 per Share.

17. CONSENTS

Each of the Offeror Financial Advisers has given and has not withdrawn its written consent to the issue of this Offeror Letter to Scheme Shareholders with the inclusion herein of its name and all references to its name in the form and context in which it appears in this Offeror Letter to Scheme Shareholders.

APPENDIX 2
LETTER FROM THE OFFEROR TO SCHEME SHAREHOLDERS

18. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Company in Singapore at 6 Temasek Boulevard, #16-02 Suntec Tower 4, Singapore 038986, during normal business hours for the period up to the Effective Date:

- (i) the Implementation Agreement;
- (ii) the Deed of Undertaking;
- (iii) the Suntec REIT Acquisition Agreement; and
- (iv) the letters of consent referred to in **paragraph 17** above.

19. RESPONSIBILITY STATEMENT

The directors of the Offeror and each of the members of the Steering Committee (including any who may have delegated detailed supervision of the preparation of this Offeror Letter to Scheme Shareholders and the pages preceding the “Contents” section of this Scheme Document (the “**Gatefold**”)) have taken all reasonable care to ensure that the facts stated and all opinions expressed in this Offeror Letter to Scheme Shareholders and the Gatefold (excluding information relating to the Company or any opinion expressed by the Company, the Offeror Financial Advisers, the IFA and/or KPMG) are fair and accurate and that, where appropriate, no material facts in relation thereto have been omitted from this Offeror Letter to Scheme Shareholders and the Gatefold, and the directors of the Offeror and each of the members of the Steering Committee jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from the Company, the sole responsibility of the directors of the Offeror and the members of the Steering Committee has been to ensure that, through reasonable enquiries, such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Offeror Letter to Scheme Shareholders and the Gatefold. The directors of the Offeror and the members of the Steering Committee do not accept any responsibility for any information relating to or any opinion expressed by the Company, the Offeror Financial Advisers, the IFA and/or KPMG.

The information in this Offeror Letter to Scheme Shareholders and the Gatefold is a summary of the Scheme, and is qualified by, and should be read in conjunction with, the more detailed information contained in this Scheme Document.

Yours faithfully
For and on behalf of
ATHENA INVESTMENT COMPANY (CAYMAN) LIMITED

Ms Ellen Ng
Director

APPENDIX 3
GENERAL INFORMATION RELATING TO THE COMPANY

1. DIRECTORS

The names, addresses and designations of the Directors as at the Latest Practicable Date are as follows:

Name	Address	Designation
Chiu Kwok Hung Justin	6 Temasek Boulevard #16-02 Suntec Tower 4 Singapore 038986	Chairman and Non-Executive Director
Lim Hwee Chiang John	6 Temasek Boulevard #16-02 Suntec Tower 4 Singapore 038986	Group Chief Executive Officer and Executive Director
Chew Gek Khim	6 Temasek Boulevard #16-02 Suntec Tower 4 Singapore 038986	Deputy Chairman and Non-Executive Director
Ip Tak Chuen Edmond	6 Temasek Boulevard #16-02 Suntec Tower 4 Singapore 038986	Non-Executive Director
Lee Yock Suan	6 Temasek Boulevard #16-02 Suntec Tower 4 Singapore 038986	Independent Non-Executive Director
Lim How Teck	6 Temasek Boulevard #16-02 Suntec Tower 4 Singapore 038986	Independent Non-Executive Director
Colin Stevens Russel	6 Temasek Boulevard #16-02 Suntec Tower 4 Singapore 038986	Independent Non-Executive Director
Cheng Mo Chi Moses	6 Temasek Boulevard #16-02 Suntec Tower 4 Singapore 038986	Independent Non-Executive Director
Yap Chee Keong	6 Temasek Boulevard #16-02 Suntec Tower 4 Singapore 038986	Non-Executive Director

2. PRINCIPAL ACTIVITIES

The Company is an integrated real estate fund manager in Asia established since 2002 and listed on the Main Board of the SGX-ST since November 2007.

The Company manages a diverse suite of REITs and private real estate funds that are invested in the office, retail, logistics/industrial, hospitality and residential sectors in the Asia Pacific region, complemented by its in-house real estate management services division.

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The ARA Group currently manages 11 REITs across four jurisdictions, namely Fortune REIT, which is dual-listed on the SGX-ST and HKEX, Suntec REIT and Cache Logistics Trust which are listed on the SGX-ST, Prosperity REIT and Hui Xian REIT which are listed on the HKEX, AmFIRST REIT which is listed on Bursa Malaysia Securities Berhad and five privately held REITs in South Korea, ARA-NPS Real Estate Investment Company, ARA-NPS REIT No. 2, ARA-ShinYoung REIT, ARA-ShinYoung REIT No. 2 and ARA-Alpharium REIT.

The ARA Group is also a leading private equity real estate manager in Asia, managing 10 private real estate funds with more than US\$5.8 billion in capital raised as at the Latest Practicable Date. As at 31 December 2016, the ARA Group's AUM was approximately S\$35.6 billion.

In addition to managing REITs and private real estate funds, the ARA Group also provides property management services and convention and exhibition services under its real estate management services division. This comprises the ARA Group's bespoke property management business, APM Property Management Pte. Ltd., Suntec International Convention & Exhibition Services Pte. Ltd. and Suntec Singapore International Convention & Exhibition Services Pte. Ltd..

3. SHARE CAPITAL

3.1 Shares

As at the Latest Practicable Date, there is only one class of shares in the capital of the Company, comprising ordinary shares.

As at the Latest Practicable Date, the issued and paid-up share capital of the Company is S\$1,994,557 comprising 997,278,289 Shares with a par value of S\$0.002 each which have been issued and are fully paid-up. The Company has no Shares held in treasury.

As at the Latest Practicable Date, the authorised share capital of the Company is S\$10,000,000 divided into 5,000,000,000 ordinary shares with a par value of S\$0.002 each.

3.2 Rights of the Shareholders in respect of Capital, Dividends and Voting

Selected texts of the Bye-laws relating to the rights of the Shareholders in respect of capital, dividends and voting have been extracted and reproduced in **Appendix 4** to this Scheme Document.

3.3 Issue of Shares

Since the end of FY2016, no new Shares have been issued by the Company.

3.4 Convertible Instruments

As at the Latest Practicable Date, there are no outstanding instruments convertible into, rights to subscribe for, and options in respect of, Shares or securities that carry voting rights affecting the Shares, and the ARA Group currently does not have any share option scheme or share plan.

APPENDIX 3
GENERAL INFORMATION RELATING TO THE COMPANY

4. FINANCIAL INFORMATION

4.1 Financial Information of the ARA Group

Set out below is certain financial information extracted from the annual reports of the Company for FY2014, FY2015 and from the unaudited consolidated financial statements of the ARA Group for FY2016.

The summary financial information for FY2014 and FY2015 is extracted from, and should be read in conjunction with, the audited consolidated financial statements of the ARA Group and the accompanying notes as set out in the annual reports of the Company for FY2014 and FY2015 respectively. The financial information for FY2016 is extracted from, and should be read in conjunction with, the unaudited consolidated financial statements of the ARA Group and the accompanying notes as set out in the unaudited consolidated financial statements of the ARA Group for FY2016.

	FY2016 S\$'000 (unaudited)	FY2015 S\$'000 (audited)	FY2014 S\$'000 (audited)
Revenue	176,831	156,027	173,058
Net profit before tax	106,709	95,448	103,617
Net profit after tax	92,117	81,353	90,730
Minority Interests	3,456	3,295	3,220
Earnings per Share (Cents) (restated)	8.89	8.96*	10.11*
Previously reported earnings per Share (Cents)	Not Applicable	Not Applicable	10.35

* The calculation of earnings per Share for the relevant periods are based on the profit attributable to equity holders of the Company for the respective financial periods and weighted average ordinary shares on a pro-rata basis based on an adjustment factor calculated based on the market price and theoretical ex-rights price of an ordinary share.

Set out below is also a summary of the dividend per Share declared in respect of each of FY2014, FY2015 and FY2016. This information was extracted from the annual reports of the Company for FY2014 and FY2015, and the unaudited consolidated financial statements of the ARA Group for FY2016.

Dividend per Share	Final Tax Exempt Dividend (S\$ Cents)	Interim Tax Exempt Dividend (S\$ Cents)
In respect of FY2016	–	2.3
In respect of FY2015	2.7	2.3
In respect of FY2014	2.7	2.3

APPENDIX 3

GENERAL INFORMATION RELATING TO THE COMPANY

A copy of the audited consolidated balance sheet of the ARA Group as at 31 December 2015, being the latest published audited consolidated balance sheet of the ARA Group prior to the Latest Practicable Date, and the unaudited consolidated balance sheet of the ARA Group for FY2016, which is reproduced from the unaudited consolidated financial statements of the ARA Group for FY2016, are set out below.

	FY2016 S\$'000 (unaudited)	FY2015 S\$'000 (audited)
Current Assets	205,002	158,078
Non-Current Assets	556,210	423,015
Total Assets	761,212	581,093
Current Liabilities	88,991	37,420
Non-Current Liabilities	82,747	16,065
Total Liabilities	171,738	53,485
NET ASSETS	589,474	527,608
Share Capital	1,995	1,995
Reserves	279,561	255,616
Retained Earnings	300,866	262,702
Non-Controlling Interests	7,052	7,295
TOTAL EQUITY	589,474	527,608

The audited consolidated balance sheet of the ARA Group as at 31 December 2015 should be read in conjunction with the audited consolidated financial statements of the ARA Group and the accompanying notes as set out in the annual report of the Company for FY2015. The unaudited consolidated balance sheet of the ARA Group for FY2016 should be read in conjunction with the unaudited consolidated financial statements of the ARA Group and the accompanying notes as set out in the unaudited consolidated financial statements of the ARA Group for FY2016.

Copies of the annual reports of the Company for FY2014 and FY2015, and the unaudited consolidated financial statements of the ARA Group for FY2016 are available for inspection at the office of the Company in Singapore at 6 Temasek Boulevard, #16-02 Suntec Tower 4, Singapore 038986, during normal business hours for the period up to the Effective Date.

4.2 Material Changes in Financial Position

Save as disclosed in this Scheme Document, the audited consolidated financial statements of the ARA Group for FY2015, the unaudited consolidated financial statements of the ARA Group for FY2016, and any other information on the ARA Group which is publicly available (including without limitation, the announcements released by the ARA Group on SGXNET), there have been no material changes to the financial position of the Company since 31 December 2015, being the date of the last published audited consolidated financial statements of the ARA Group.

4.3 Significant Accounting Policies

The significant accounting policies for the ARA Group are set out in the notes to the audited consolidated financial statements of the ARA Group for FY2015, which are set out in **Appendix 5** to this Scheme Document.

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GENERAL INFORMATION RELATING TO THE COMPANY

4.4 Changes in Accounting Policies

The changes in the significant accounting policies for the ARA Group are set out in the extract of the notes to the audited consolidated financial statements of the ARA Group for FY2015 in **Appendix 5** to this Scheme Document. Save as aforesaid, as at the Latest Practicable Date, there are no changes in the accounting policy of the ARA Group which will cause the figures disclosed in this **paragraph 4** not to be comparable to a material extent.

5. DISCLOSURE OF INTERESTS

5.1 Holdings of Offeror Securities by the Company

As at the Latest Practicable Date, none of the ARA Group Companies owns, controls or has agreed to acquire any Offeror Securities.

5.2 Interests of Directors in Offeror Securities

As at the Latest Practicable Date, and save as disclosed in this Scheme Document, none of the Directors has any direct or indirect interests in the Offeror Securities.

5.3 Interests of Directors in Company Securities

As at the Latest Practicable Date, and save as disclosed in this **paragraph 5.3** and this Scheme Document, none of the Directors has any direct or deemed interests in the Company Securities:

Directors	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
Mr Lim Hwee Chiang John	6,368,254	0.64	183,860,737 ⁽¹⁾	18.43
Mr Lee Yock Suan	85,668	0.0086	–	–
Mr Lim How Teck	837,800	0.084	–	–
Mr Colin Stevens Russel	21,780	0.0022	–	–

Note:

(1) Mr Lim Hwee Chiang John has an indirect interest in the 182,432,937 Shares of JLIG held in a sub-account with Citibank Nominees Singapore Pte Ltd. JLIG is wholly-owned by Mr Lim Hwee Chiang John. He is also deemed interested in the 1,427,800 Shares of JL Philanthropy Ltd held in a sub-account with Citibank Nominees Singapore Pte Ltd. The beneficiary of JL Philanthropy Ltd is JL Charitable Settlement and Mr Lim Hwee Chiang John is the settlor of JL Charitable Settlement.

5.4 Interests of Directors as Directors, Members or Creditors of the Company

As at the Latest Practicable Date, and save as disclosed in this Scheme Document, none of the Directors has any material interests in the Scheme whether as directors, or as members or as creditors of the Company or otherwise.

APPENDIX 3
GENERAL INFORMATION RELATING TO THE COMPANY

5.5 Interests of Substantial Shareholders

As at the Latest Practicable Date, based on the Register of Substantial Shareholders maintained by the Company, the interests of the Substantial Shareholders of the Company in the Shares are set out below:

Substantial Shareholder	Direct Interest as at the Latest Practicable Date		Deemed Interest as at the Latest Practicable Date	
	No. of Shares	%	No. of Shares	%
SE1	100,241,000	10.05	–	–
SE2	100,241,000	10.05	–	–
STC ⁽¹⁾	–	–	200,482,000	20.10
The Cairns Pte. Ltd. ⁽¹⁾	–	–	200,482,000	20.10
Raffles Investments Limited ⁽¹⁾	–	–	200,482,000	20.10
Siong Lim Private Limited ⁽¹⁾	–	–	200,482,000	20.10
Tecity Pte. Ltd. ⁽¹⁾	–	–	200,482,000	20.10
Aequitas Pte. Ltd. ⁽¹⁾	–	–	200,482,000	20.10
Kambau Pte. Ltd. ⁽¹⁾	–	–	200,482,000	20.10
Grange Investment Holdings Private Limited ⁽¹⁾	–	–	200,482,000	20.10
Tan Chin Tuan Pte. Ltd. ⁽¹⁾	–	–	200,482,000	20.10
Dr Tan Kheng Lian ⁽¹⁾	–	–	200,482,000	20.10
JLIG	182,432,937	18.29	–	–
Lim Hwee Chiang John ⁽²⁾	6,368,254	0.64	183,860,737	18.43
WGL	78,185,544	7.84	–	–
CKPHL ⁽³⁾	–	–	78,185,544	7.84
Mighty State Limited ⁽³⁾	–	–	78,185,544	7.84
Burgeon Force Limited ⁽³⁾	–	–	78,185,544	7.84
Paola Holdings Limited ⁽³⁾	–	–	78,185,544	7.84
Novel Trend Holdings Limited ⁽³⁾	–	–	78,185,544	7.84
Matthews International Capital Management, LLC ⁽⁴⁾	–	–	50,083,812	5.02
Franklin Resources, Inc. ⁽⁵⁾	–	–	79,661,020	7.99
Franklin Templeton Institutional, LLC ⁽⁶⁾	–	–	79,661,020	7.99

Notes:

(1) STC has a deemed interest in the Shares held by its wholly-owned subsidiaries, SE1 and SE2.

The Cairns Pte. Ltd. (“**Cairns**”) holds more than 50 per cent. of the voting rights of STC. By virtue of this, through STC, Cairns has a deemed interest in the Shares held by SE1 and SE2.

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Each of Raffles Investments Limited (“**Raffles**”), Siong Lim Private Limited (“**Siong Lim**”) and Tecity Pte. Ltd. (“**Tecity**”) holds not less than 20 per cent. of the voting rights of Cairns. By virtue of this, through Cairns and STC, each of Raffles, Siong Lim and Tecity has a deemed interest in the Shares held by SE1 and SE2.

Aequitas Pte. Ltd. (“**Aequitas**”) holds more than 50 per cent. of the voting rights of Raffles. By virtue of this, through Raffles, Cairns and STC, Aequitas has a deemed interest in the Shares held by SE1 and SE2.

Kambau Pte. Ltd. (“**Kambau**”) holds not less than 20 per cent. of the voting rights of Aequitas. By virtue of this, through Aequitas, Raffles, Cairns and STC, Kambau has a deemed interest in the Shares held by SE1 and SE2.

Grange Investment Holdings Private Limited (“**Grange**”) holds more than 50 per cent. of the voting rights of Kambau. By virtue of this, through Kambau, Aequitas, Raffles, Cairns and STC, Grange has a deemed interest in the Shares held by SE1 and SE2.

Tan Chin Tuan Pte. Ltd. (“**TCT**”) holds more than 50 per cent. of the voting rights of Grange. By virtue of this, through Grange, Kambau, Aequitas, Raffles, Cairns and STC, TCT has a deemed interest in the Shares held by SE1 and SE2.

Dr Tan Kheng Lian holds more than 50 per cent. of the voting rights of Tecity. By virtue of this, through Tecity, Cairns and STC, Dr Tan Kheng Lian has a deemed interest in the Shares held by SE1 and SE2.

- (2) Mr Lim Hwee Chiang John has an indirect interest in the 182,432,937 Shares of JLIG held in a sub-account with Citibank Nominees Singapore Pte Ltd. JLIG is wholly-owned by Mr Lim Hwee Chiang John.

He is also deemed interested in the 1,427,800 Shares of JL Philanthropy Ltd held in a sub-account with Citibank Nominees Singapore Pte Ltd. The beneficiary of JL Philanthropy Ltd is JL Charitable Settlement and Mr Lim Hwee Chiang John is the settlor of JL Charitable Settlement.

- (3) WGL is a wholly-owned subsidiary of Burgeon Force Limited which in turn is a wholly-owned subsidiary of Paola Holdings Limited. Paola Holdings Limited is a wholly-owned subsidiary of Novel Trend Holdings Limited which in turn is a wholly-owned subsidiary of Mighty State Limited. Mighty State Limited is a wholly-owned subsidiary of CKPHL. As such, Burgeon Force Limited, Paola Holdings Limited, Novel Trend Holdings Limited, Mighty State Limited and CKPHL are all deemed to be interested in the 78,185,544 Shares held by Wealthman Group Limited.
- (4) Matthews International Capital Management, LLC (“**MICM**”), a United States-registered investment advisor that transacts in the Shares on behalf of its clients, is deemed to be interested in these Shares held by a local custodian. MICM, which acts as an investment advisor to Matthews International Funds (“**MIF**”) is also deemed to be interested in the Shares in which MIF has a deemed interest.
- (5) Franklin Resources, Inc. is a fund manager which is deemed to be interested in the Shares.
- (6) Franklin Templeton Institutional, LLC is a direct wholly-owned subsidiary of Franklin Resources, Inc. and is deemed to be interested in the Shares.

6. DEALINGS DISCLOSURE

6.1 Dealings in Offeror Securities by the Company

None of the ARA Group Companies has dealt for value in the Offeror Securities during the period commencing three months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

6.2 Dealings in Offeror Securities by the Directors

None of the Directors has dealt for value in the Offeror Securities during the period commencing three months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

6.3 Dealings in Company Securities by the Directors

Save as disclosed in this Scheme Document, none of the Directors has dealt for value in any Shares during the period commencing three months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

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GENERAL INFORMATION RELATING TO THE COMPANY

7. INTERESTS OF THE INDEPENDENT FINANCIAL ADVISER

7.1 Interests of the IFA in Company Securities

As at the Latest Practicable Date, none of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis, owns or controls any Company Securities.

7.2 Dealings in Shares by the IFA

None of the IFA, its related corporations or funds whose investments are managed by the IFA or its related corporations on a discretionary basis has dealt for value in the Company Securities during the period commencing three months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

8. ARRANGEMENTS AFFECTING DIRECTORS

8.1 No Payment or Benefit to Directors

As at the Latest Practicable Date, save as disclosed in this Scheme Document, there is no agreement, arrangement or understanding for any payment or other benefit to be made or given to any Director or to any director of any other corporation which, by virtue of Section 6 of the Singapore Companies Act, is deemed to be related to the Company as compensation for loss of office or otherwise in connection with the Scheme.

8.2 No Agreement Conditional upon Outcome of the Scheme

As at the Latest Practicable Date, save as disclosed in this Scheme Document, there is no agreement, arrangement or understanding made between any of the Directors and any other person in connection with or conditional upon the outcome of the Scheme.

8.3 No Material Interest in Material Contracts

As at the Latest Practicable Date, save as disclosed in this Scheme Document, there are no material contracts entered into by the Offeror in which any Director has a material personal interest, whether direct or indirect.

9. MATERIAL LITIGATION

As at the Latest Practicable Date:

- (i) none of the ARA Group Companies is engaged in any material litigation or arbitration proceedings, as plaintiff or defendant, which might materially and adversely affect the financial position of the ARA Group taken as a whole; and
- (ii) the Directors are not aware of any proceedings pending or threatened against any of the ARA Group Companies or of any facts likely to give rise to any proceedings which might materially or adversely affect the financial position of the ARA Group taken as a whole.

10. GENERAL DISCLOSURE

10.1 Financial Statements for FY2015 and FY2016

The audited consolidated financial statements of the ARA Group for FY2015 and the unaudited consolidated financial statements of the ARA Group for FY2016 are set out in **Appendix 5** and **Appendix 6** to this Scheme Document respectively.

APPENDIX 3

GENERAL INFORMATION RELATING TO THE COMPANY

10.2 Directors' Service Contracts

There are no service contracts between any Director or proposed director with any ARA Group Company with more than 12 months to run and which cannot be terminated by the employing company within the next 12 months without paying any compensation. There were also no such service contracts entered into or amended between any Director or proposed director, with any ARA Group Company during the period commencing six months prior to the Joint Announcement Date and ending on the Latest Practicable Date.

10.3 Material Contracts with Interested Persons

As at the Latest Practicable Date, save as disclosed in the audited consolidated financial statements of the ARA Group for FY2014 and FY2015, and the unaudited consolidated financial statements of the ARA Group for FY2016 and any other information on the ARA Group which is publicly available (including without limitation, the announcements released by the Company on SGXNET) as to the material contracts with interested persons (within the meaning of Note 1 to Rule 23.12 of the Code) which are not in the ordinary course of business, none of the ARA Group Companies has entered into any material contracts with interested persons (other than those entered into in the ordinary course of business) during the period beginning three years before the Joint Announcement Date and ending on the Latest Practicable Date.

10.4 Costs and Expenses

In the event that the Scheme does not become effective for any reason, the expenses and costs incurred by the Company in connection with the Scheme will be borne by the Company, save that:

10.4.1 in the event that a Competing Offer becomes or is declared unconditional in all respects or becomes effective, as the case may be, in accordance with its terms within 180 calendar days from the Joint Announcement Date, the Company shall pay a break fee equivalent to 0.5 per cent. of the aggregate Scheme Consideration payable for the Scheme Shares to the Offeror (being S\$4,771,982.49); and

10.4.2 in the event:

- (i) that the Independent Directors do not provide the Recommendation, or the Independent Directors withdraw, modify or qualify the Recommendation otherwise than pursuant to a Competing Offer; or
- (ii) of a material breach or non-compliance by the Company of any of the Specific Obligations, resulting in the termination of the Scheme,

the Company shall compensate the Offeror for all the costs and expenses actually incurred by or on behalf of the Offeror in connection with the Scheme and/or Acquisition, subject to a maximum amount of US\$2,000,000.

10.5 Directors' Intentions with respect to their Shares

All of the Directors who are Scheme Shareholders (save for Mr Lim Hwee Chiang John), as set out in **paragraph 5.3** above have informed the Company that they will vote their Scheme Shares in favour of the Scheme at the Scheme Meeting.

Mr Lim Hwee Chiang John, will abstain from voting his Scheme Shares at the Scheme Meeting as he is a party acting in concert with the Offeror. Under the SIC's ruling, as set out in **paragraph 10.1.1** of the Explanatory Statement, Rollover Shareholders and their concert parties are required to abstain from voting on the Scheme.

APPENDIX 3

GENERAL INFORMATION RELATING TO THE COMPANY

10.6 Transfer Restrictions

The Bye-laws do not contain any restrictions on the right to transfer the Shares, which has the effect of requiring holders of such Shares, before transferring them, to offer them for purchase to Members or to any person.

11. CONSENTS

11.1 General

Allen & Gledhill LLP, Jones Day, Conyers Dill & Pearman Pte. Ltd., DBS Bank Ltd., Goldman Sachs (Singapore) Pte. and the Singapore Share Transfer Agent have each given and have not withdrawn their respective written consents to the issue of this Scheme Document with the inclusion herein of their names and all the references to their names in the form and context in which they respectively appear in this Scheme Document.

Save for the Offeror Financial Advisers in relation to the confirmation of financial resources set out in **paragraph 11** of the Letter to Scheme Shareholders and **paragraph 14** of **Appendix 2** to this Scheme Document, each of the aforesaid persons do not make, or purport to make, any statement in this Scheme Document or any statement upon which this Scheme Document is based and, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any liability to any person which is based on, or arises out of, statements, information or opinions in this Scheme Document.

11.2 IFA

The IFA has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion herein of its name, the IFA Letter (as set out in **Appendix 1** to this Scheme Document) and all references to its name in the form and context in which it appears in this Scheme Document.

11.3 KPMG

KPMG has given and has not withdrawn its written consent to the issue of this Scheme Document with the inclusion herein of its name and the report from KPMG dated 9 February 2017 on its review of the financial information of the ARA Group for FY2016 (as set out in **Appendix 6** to this Scheme Document), and all references to its name in the form and context in which it appears in this Scheme Document.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Company in Singapore at 6 Temasek Boulevard, #16-02 Suntec Tower 4, Singapore 038986, during normal business hours for the period up to the Effective Date:

- (i) the memorandum of association and the bye-laws of the Company;
- (ii) the annual reports of the Company for FY2014 and FY2015;
- (iii) the unaudited financial statements of the ARA Group for FY2016;
- (iv) the Implementation Agreement;
- (v) the Deed of Undertaking;
- (vi) the Suntec REIT Acquisition Agreement;
- (vii) the IFA Letter; and
- (viii) the letters of consent referred to in **paragraph 11** above.

APPENDIX 4

EXTRACTS FROM THE COMPANY'S BYE-LAWS

The rights of Shareholders in respect of capital, dividends and voting as extracted and reproduced from the Bye-laws of the Company are set out below:

All capitalised terms used in the following extracts shall have the same meanings given to them in the Bye-laws, a copy of which is available for inspection at the office of the Company in Singapore at 6 Temasek Boulevard, #16-02 Suntec Tower 4, Singapore 038986, during normal business hours for the period up to the Effective Date.

1. RIGHTS OF SHAREHOLDERS IN RESPECT OF CAPITAL

SHARE CAPITAL

3. (1) The share capital of the Company at the date on which these Bye-laws come into effect shall be divide into shares of a par value of S\$0.002 each.
- (2) The Company may purchase its own shares for cancellation or to acquire them as Treasury Shares in accordance with the Act on such terms as the Board shall think fit. Any power of the Company to purchase or otherwise acquire its own shares shall be exercisable by the Board in accordance with and subject to the Act, the Company's memorandum of association and, for so long as the shares of the Company are listed on the Designated Stock Exchange, the prior approval of the Members in general meeting for such purchase or acquisition. Such approval of the Members shall remain in force until (i) the conclusion of the annual general meeting of the Company following the passing of the resolution granting the said authority or (ii) the date by which such annual general meeting is required to be held or (iii) it is revoked or varied by ordinary resolution of the Company in general meeting, whichever is the earliest, and may thereafter be renewed by the Members in general meeting. For so long as the shares of the Company are listed on the Designated Stock Exchange, the Company shall make an announcement to the Designated Stock Exchange of any purchase or acquisition by the Company of its own shares on the market day following the day of such purchase or acquisition.
- 3A. (1) Where in the opinion of the Directors the shares of the Company are being held, directly or indirectly, by any (x) Member (a "Non-Qualifying Person") or (y) other person holding a beneficial interest in such shares through such Member:
- (i) whose ownership of shares may cause the Company's tax status or residence to be prejudiced or may cause the Company to suffer any pecuniary disadvantage (including any excise tax, penalties or liabilities under ERISA); or
 - (ii) whose ownership of shares may cause the Company to be required to comply with any registration or filing requirements in any jurisdiction, with which it would not otherwise be required to comply; or
 - (iii) whose ownership of shares may cause the Company's assets to be deemed to be "plan assets" for the purposes of Part 4 of Subtitle B of Title 1 of ERISA or Section 4795 of the United States Internal Revenue Code; or
 - (iv) whose ownership of shares may cause the Company to be required to register as an "investment company" under the Investment Company Act; or
 - (v) who is a U.S. Person but is not a Qualified Purchaser (as defined in the Investment Company Act);

then, in each case, the Company may at its option direct the Non-Qualifying Person to (I) transfer the whole or a specified percentage of his shares or (II) procure a transfer of the whole or a specified percentage of the beneficial ownership of his shares, pursuant to Bye-law 46A, to a person who is qualified to hold them and would not by reason of the transfer of those shares become or cause a Member to become a Non-Qualifying Person. If the

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EXTRACTS FROM THE COMPANY'S BYE-LAWS

required transfer is not effected within thirty (30) days after service of a Transfer Notice (as defined in Bye-law 46A) and the said Member directed to transfer his shares or procure the transfer of the beneficial ownership of his shares has not established to the reasonable satisfaction of the Company that he is not a Non-Qualifying Person and the Company's legal counsel furnishes an opinion to the Company to the effect that such Member is a Non-Qualifying Person (which opinion shall be conclusive as to the status of such Member), the Company may, at its option, subject to the Act, these Bye-laws and, for so long as the shares in the Company are listed on a Designated Stock Exchange, the rules and regulations of the Designated Stock Exchange, either (A) sell the shares concerned on behalf of the said Member or direct the Member to procure the sale of the beneficial ownership of the shares concerned on such terms as the Company may determine in its sole discretion or (B) purchase the shares concerned for cancellation for a consideration calculated at the par value of each such shares.

- (2) The consent of such Member for the sale or purchase of his shares by the Company in accordance with Bye-law 3A(1) above is not required and in determining if a Member is a Non-Qualifying Person, the Company (or its legal counsel or representative), may request such declarations and information from Members as it considers necessary at any time and from time to time.
- (3) The Company may take all necessary action to effect a sale or purchase in accordance with Bye-law 3A(1), including seeking a court order compelling a Non-Qualifying Person to effect a transfer or sale of the Non-Qualifying Person's shares or the beneficial ownership of such shares. If the Company seeks such a court order, the Non-Qualifying Person shall waive any claim of *forum non conveniens* and its rights under any service of process requirements mandated by the civil procedure rules of any jurisdiction. The Company and the Member agree that the Courts of Singapore shall be a convenient forum and shall have exclusive jurisdiction over such proceedings instituted by the Company in this connection.

ALTERATION OF CAPITAL

4. The Company may from time to time by ordinary resolution in accordance with Section 45 of the Act:-
 - (a) increase its capital by such sum, to be divided into shares of such amounts, as the resolution shall prescribe;
 - (b) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;
 - (c) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or such restrictions which in the absence of any such determination by the Company in general meeting, as the Directors may determine provided always that where the Company issues shares which do not carry voting rights, the words "non-voting" shall appear in the designation of such shares and where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting";
 - (d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the memorandum of association (subject, nevertheless, to the Act), and may by such resolution determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred rights or be subject to any such restrictions as compared with the other or others as the Company has power to attach to unissued or new shares;

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- (e) change the currency denomination of its share capital;
 - (f) make provision for the issue and allotment of shares which do not carry any voting rights; and
 - (g) cancel any shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.
5. The Board may settle as it considers expedient any difficulty which arises in relation to any consolidation and division under the last preceding Bye-law and in particular but without prejudice to the generality of the foregoing may issue certificates in respect of fractions of shares or arrange for the sale of the shares representing fractions and the distribution of the net proceeds of sale (after deduction of the expenses of such sale) in due proportion amongst the Members who would have been entitled to the fractions, and for this purpose the Board may authorise some person to transfer the shares representing fractions to their purchaser or resolve that such net proceeds be paid to the Company for the Company's benefit. Such purchaser will not be bound to see to the application of the purchase money nor will his title to the shares be affected by any irregularity or invalidity in the proceedings relating to the sale.
6. The Company may from time to time by special resolution, subject to any confirmation or consent required by law, reduce its authorised or issued share capital or any share premium account or other undistributable reserve in any manner permitted by law.
7. Except so far as otherwise provided by the conditions of issue, or by these Bye-laws, any capital raised by the creation of new shares shall be treated as if it formed part of the original capital of the Company, and such shares shall be subject to the provisions contained in these Bye-laws with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, cancellation, surrender, voting and otherwise.

SHARE RIGHTS

8. (1) Subject to any special rights conferred on the holders of any shares or class of shares, any share in the Company (whether forming part of the present capital or not) may be issued with or have attached thereto such rights or restrictions whether in regard to dividend, voting, return of capital or otherwise as the Company may by ordinary resolution determine or, if there has not been any such determination or so far as the same shall not make specific provision, as the Board may determine.
- (2) All the rights attaching to a Treasury Share shall be suspended and shall not be exercisable by the Company while it holds such Treasury Share and, except where required by the Act, all Treasury Shares shall be excluded from the calculation of any percentage or fraction of the share capital or shares, of the Company.
9. (1) In the event of preference shares being issued the total nominal value of issued preference shares shall not at any time exceed the total nominal value of the issued ordinary shares and preference shareholders shall have the same rights as ordinary shareholders as regards receiving of notices, reports and balance sheets and attending general meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened for the purpose of reducing the capital or winding-up or sanctioning a sale of the undertaking or where the proposition to be submitted to the meeting directly affects their rights and privileges or when the dividend on the preference shares is more than six (6) months in arrear.

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- (2) Subject to Sections 42 and 43 of the Act, any preference shares may be issued or converted into shares that, at a determinable date or at the option of the Company or the holder if so authorised by its memorandum of association, are liable to be redeemed on such terms and in such manner as the Company before the issue or conversion may by ordinary resolution of the Members determine.
- (3) The Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

VARIATION OF RIGHTS

10. Whenever the share capital of the Company is divided into different classes of shares, subject to the provisions of the Statutes, preference capital other than redeemable preference capital may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied or abrogated either whilst the Company is a going concern or during or in contemplation of a winding-up. To every such separate general meeting and all adjournments thereof all the provisions of these Bye-laws relating to general meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum (other than at an adjourned meeting) shall be two persons at least holding or representing by proxy at least one-third in nominal value of the issued shares of the class and at any adjourned meeting of such holders, two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters in nominal value of the issued shares of the class concerned within two months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting. The foregoing provisions of this Bye-law shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.
11. The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied, modified or abrogated by the creation or issue of further shares ranking *pari passu* therewith.

SHARES

12. (1) Subject to the Act, no shares may be issued by the Board without the prior approval of the Company in general meeting but subject thereto and to these Bye-laws (including Bye-law 147) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, the unissued shares of the Company (whether forming part of the original or any increased capital) shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration and upon such terms and conditions as the Board may in its absolute discretion determine but so that no shares shall be issued at a discount, provided always that:-
 - (a) no shares shall be issued to transfer a controlling interest in the Company without the prior approval of the Members in general meeting;

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- (b) (subject to any direction to the contrary that may be given by the Company in general meeting) any issue of shares for cash to Members holding shares of any class shall be offered to such Members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Bye-law 12(2) with such adaptations as are necessary shall apply; and
- (c) any other issue of shares, the aggregate of which would exceed the limits referred to in Bye-law 12(3), shall be subject to the approval of the Company in general meeting.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to Members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

- (2) Except as permitted under the rules or regulations of the Designated Stock Exchange or any direction given by the Company in general meeting, all new shares shall before issue be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as far as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined. After the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Board may dispose of those shares in such manner as they think most beneficial to the Company. The Board may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Board, be conveniently offered under this Bye-law 12(2).
- (3) Notwithstanding Bye-law 12(2) above but subject to the Statutes, the Company in general meeting may by ordinary resolution grant to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the said ordinary resolution, for further issues of shares where the aggregate number of shares to be issued pursuant to such authority does not exceed fifty per cent. (50%) (or such other limit, if any, as may be prescribed by the Designated Stock Exchange) of the issued share capital of the Company at the time of the passing of the said ordinary resolution, of which the aggregate number of shares to be issued other than on a pro rata basis to Members does not exceed twenty per cent. (20%) (or such other limit, if any, as may be prescribed by the Designated Stock Exchange) of the issued share capital of the Company at the time of the passing of the said ordinary resolution Provided that such general authority shall only remain in force until (i) the conclusion of the annual general meeting of the Company following the passing of the resolution granting the said authority or (ii) the date by which such annual general meeting is required to be held or (iii) it is revoked or varied by ordinary resolution of the Company in general meeting, whichever is the earliest.
- (4) The Board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine, Provided that such issue must be specifically approved by the Company in general meeting if required by the rules or regulations of the Designated Stock Exchange.

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13. The Company may in connection with the issue of any shares exercise all powers of paying commission and brokerage conferred or permitted by the Act. Subject to the Act, the commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one and partly in the other.
14. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust and the Company shall not be bound by or required in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any fractional part of a share or (except only as otherwise provided by these Bye-laws or by law) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.
15. (1) Subject to the terms and conditions of any application for shares, the Board shall allot shares applied for within ten (10) market days of the closing date of any such application (or such other period as may be approved by the Designated Stock Exchange).
(2) Subject to the Act and these Bye-laws, the Board may at any time after the allotment of shares but before any person has been entered in the Register as the holder, recognise a renunciation thereof by the allottee in favour of some other person and may accord to any allottee of a share a right to effect such renunciation upon and subject to such terms and conditions as the Board considers fit to impose.

SHARE CERTIFICATES

16. (1) Every share certificate shall be issued under the Seal or a facsimile thereof or bearing the signature (or a facsimile thereof) of a Director or the Secretary or a person expressly authorised to sign and shall specify the number and class and distinguishing numbers (if any) of the shares to which it relates, and the amount paid up thereon and may otherwise be in such form as the Directors may from time to time determine. No certificate shall be issued representing shares of more than one class. The Board may by resolution determine, either generally or in any particular case or cases, that any signature on any such certificates (or certificates in respect of other securities) need not be autographic but may be affixed to such certificates by some mechanical means or may be printed thereon or that such certificates need not be signed by any person.
(2) Every share certificate shall bear a legend substantially to the following effect:

"THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "UNITED STATES SECURITIES ACT"), OR ANY STATE SECURITIES LAWS IN THE UNITED STATES OR, EXCEPT AS SET OUT IN THE COMPANY'S PROSPECTUS, THE SECURITIES LAWS OF ANY OTHER STATE OR JURISDICTION, AND HAS BEEN INITIALLY PLACED PURSUANT TO EXEMPTIONS FROM THE UNITED STATES SECURITIES ACT AND THE US INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "UNITED STATES INVESTMENT COMPANY ACT") AND MAY NOT BE RE-OFFERED, RE-SOLD, TRANSFERRED, ASSIGNED, PLEDGED OR OTHERWISE DISPOSED OF EXCEPT THAT THIS SECURITY MAY BE RE-OFFERED, RE-SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATIONS UNDER THE UNITED STATES SECURITIES ACT ("REGULATION S") TO A PERSON OUTSIDE THE UNITED STATES AND NOT KNOWN BY THE TRANSFEROR TO BE A U.S. PERSON BY PRE-ARRANGEMENT OR OTHERWISE, AND UPON CERTIFICATION TO THAT EFFECT BY THE TRANSFEROR IN WRITING IN A FORM ACCEPTABLE TO THE COMPANY. THE TERMS "U.S. PERSON" AND "OFFSHORE TRANSACTION" HAVE THE MEANINGS SET FORTH IN REGULATION S."

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“THE COMPANY AND ITS AGENTS SHALL NOT BE OBLIGATED TO RECOGNIZE ANY RE-SALE OR OTHER TRANSFER OF THIS SECURITY MADE OTHER THAN IN COMPLIANCE WITH THESE RESTRICTIONS. THE COMPANY AND ITS AGENTS MAY REQUIRE ANY PERSON WITHIN THE UNITED STATES OR ANY U.S. PERSON WHO IS REQUIRED UNDER THESE RESTRICTIONS TO BE A QUALIFIED PURCHASER (AS DEFINED UNDER THE UNITED STATES INVESTMENT COMPANY ACT (A “QP”)) BUT WHO IS NOT A QP AT THE TIME IT ACQUIRES THIS SECURITY, TO TRANSFER THIS SECURITY IMMEDIATELY TO A NON-U.S. PERSON IN AN OFFSHORE TRANSACTION PURSUANT TO REGULATION S. THE COMPANY MAY ALSO REPURCHASE FOR CANCELLATION (TO THE EXTENT PERMITTED BY THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED) ANY SUCH SHARES FROM ANY SUCH PERSON ON A COMPULSORY BASIS. FURTHER, NO PURCHASE, SALE OR TRANSFER OF THIS SECURITY MAY BE MADE BY ANY (A) EMPLOYEE BENEFIT PLAN OR INDIVIDUAL RETIREMENT ACCOUNT SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”) OR SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”) (EACH, A “PLAN”) OR (B) ENTITY WHOSE UNDERLYING ASSETS INCLUDE “PLAN ASSETS” BY REASON OF ANY PLAN’S INVESTMENT IN THE ENTITY. EACH PURCHASER OR TRANSFEREE OF THIS SECURITY WILL BE REQUIRED TO REPRESENT OR WILL BE DEEMED TO HAVE REPRESENTED THAT IT IS NOT, AND IS NOT USING ASSETS OF A PLAN THAT IS, SUBJECT TO PART 4 OF SUBTITLE B OF TITLE I OF ERISA OR SECTION 4975 OF THE CODE, AND WILL BE SUBJECT TO RESTRICTIONS AS PROVIDED IN THE COMPANY’S PROSPECTUS AND BYE-LAWS.”

“THIS SECURITY IS NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN. EACH TRANSFEROR OF THIS SECURITY AGREES TO PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS SET FORTH HEREIN AND IN THE COMPANY’S PROSPECTUS TO THE TRANSFEREE AND TO ANY EXECUTING BROKER.”

17. (1) In the case of a share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate to one of several joint holders shall be sufficient delivery to all such holders.
- (2) Where a share stands in the names of two or more persons, the person first named in the Register shall as regards service of notices and, subject to the provisions of these Bye-laws, all or any other matters connected with the Company, except the transfer of the shares, be deemed the sole holder thereof.
- (3) Where a share stands in the names of two or more persons, any request relating to cancellation or issue of share certificates may be made by any one of the registered joint holders.
18. (1) Every person whose name is entered as a Member in the Register shall be entitled, without payment, to receive one certificate for all shares of any one class or several certificates each for one or more of such shares of such class upon payment for every certificate after the first of such fee as is provided in Bye-law 18(2).
- (2) The fee payable in respect of share certificates referred to in this Bye-law and Bye-law 19 shall be an amount (not exceeding two Singapore dollars (S\$2.00) per certificate or such other maximum amount as the Designated Stock Exchange may from time to time determine) as the Board may from time to time require provided that the Board may at any time waive such fee or determine a lower amount for such fee.

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19. (1) Upon every transfer of shares the certificate held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and a new certificate shall be issued to the transferee in respect of the shares transferred to him.
- (2) Where a Member transfers part only of the shares comprised in a certificate or where a Member requires the Company to cancel any certificate or certificates and issue new certificates for the purpose of subdividing his holding in a different manner the old certificate or certificates shall be cancelled and a new certificate or certificates for the balance of such shares issued in lieu thereof and such Member shall pay all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Board in its absolute discretion may require and such fee as is provided in Bye-law 18(2).
20. Subject to the payment of all or any part of the stamp duty payable (if any) on each share certificate prior to the delivery thereof which the Board in its absolute discretion may require, every person whose name is entered as a Member in the Register shall be entitled to receive within ten (10) market days of the date of allotment (or such other period as may be approved by the Designated Stock Exchange) or within ten (10) market days after the date of lodgement of a registrable transfer (or such other period as may be approved by the Designated Stock Exchange) share certificates in reasonable denominations for the shares so allotted or transferred.
21. Subject to the provisions of the Statutes, if any share certificate shall be defaced, worn out, destroyed, lost or stolen, it may be renewed on such evidence being produced and a letter of indemnity (if required) being given by the shareholder, transferee, person entitled, purchaser, member firm or member company of the Designated Stock Exchange or on behalf of its or their client or clients as the Board shall require, and (in case of defacement or wearing out) on delivery of the old certificate and in any case on payment of such sum (not exceeding two Singapore dollars (S\$2.00) or such other maximum sum as the Designated Stock Exchange may from time to time determine) as the Board may from time to time require. In the case of destruction, loss or theft, a shareholder or person entitled to whom such renewed certificate is given shall also bear the loss and pay to the Company all expenses incidental to the investigations by the Company of the evidence of such destruction or loss.

TRANSFER OF SHARES

46. Subject to these Bye-laws, any Member may transfer all or any of his shares by an instrument of transfer in the form acceptable to the Board provided always that the Company shall accept for registration an instrument of transfer in a form approved by the Designated Stock Exchange.
- 46A. (1) A Member who is or, becomes or, is likely to become, a Non-Qualifying Person shall forthwith transfer his shares or procure the transfer of the beneficial ownership of his shares to a person who is qualified to hold them and would not by reason of the transfer become or cause the Member to become a Non-Qualifying Person.
- (2) The Company shall be entitled to direct that a Non-Qualifying Person transfers the whole or a specified percentage of his shares or procure the transfer of the whole or a specified percentage of the beneficial ownership of his shares to a person who is qualified to hold them and would not by reason of such transfer become or cause the Member to become a Non-Qualifying Person. Notwithstanding any provisions to the contrary in these Bye-laws, until such transfer is completed, the holder of such shares will not be entitled to any rights or privileges attaching to such shares.
- (3) If the required transfer is not effected within thirty (30) days after service of a notice (the "Transfer Notice") to do so and the said Member directed to transfer his shares has not established to the reasonable satisfaction of the Company and the Company's legal counsel furnishes an opinion to the Company to the effect that such Member is a Non-Qualifying Person (which opinion shall be conclusive as to the status of such Member), the

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Company may, at its option, (i) purchase the shares concerned for cancellation pursuant to Bye-law 3A or (ii) sell the shares concerned on behalf of the said Member or direct the said Member to procure the sale of the beneficial ownership of those shares on such terms as the Company may determine in its sole discretion.

- (4) To give effect to any such sale the Board may authorise any person to transfer the said shares to be sold. The transfer shall be effected in accordance with the requirements of these Bye-laws save that to the extent there is any inconsistency between the provisions of Bye-laws 3A and 46A (other than this sub-paragraph (4)) and the provisions of any other Bye-laws, the provisions of Bye-laws 3A and 46A (other than this sub-paragraph (4)) will prevail.
47. The instrument of transfer of any share shall be signed by or on behalf of both the transferor and the transferee and be witnessed, provided always that an instrument of transfer in respect of which the transferee is the Depository shall be effective although not signed or witnessed by or on behalf of the Depository and provided further that when a corporation executes an instrument of transfer under seal, the affixation and attestation of the corporation's seal may be accepted as compliance with the requirements of this Bye-law. The Board may also resolve, either generally or in any particular case, upon request by either the transferor or transferee, to accept mechanically executed transfers. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the Register in respect thereof. Nothing in these Bye-laws shall preclude the Board from recognising a renunciation of the allotment or provisional allotment of any share by the allottee in favour of some other person.
48. (1) The Board may, in its absolute discretion and without giving any reason therefor, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve, or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also, without prejudice to the foregoing generality, refuse to register a transfer of any share (not being a fully paid up share) on which the Company has a lien or, except in the case of a transfer to executors, administrators or trustees of the estate of a deceased Member, a transfer of any share to more than three (3) joint holders.
- (2) No transfer shall be made to an infant or to a person of unsound mind or under other legal disability.
- (3) No transfer shall be made to a Non-Qualifying Person.
- (4) A Member who had subscribed for or acquired shares of the Company in reliance on Regulation S or in reliance on exemptions from registration requirements of Section 5 of the Securities Act shall not transfer any shares held by him except:
- (a) in accordance with Rule 144A of the Securities Act to a person that he or any person acting on his behalf reasonably believe is a "qualified institutional buyer" as defined in Rule 144A of the Securities Act purchasing for his own account or for the account of a qualified institutional buyer who is also a "qualified purchaser" as defined in Section 2(a) (51) of the Investment Company Act; or
- (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S; or
- (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 of the Securities Act;
- in each case, in accordance with any applicable securities laws of any State of the United States of America.

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- (5) The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any share upon the Register to any branch register or any share on any branch register to the Register or any other branch register. In the event of any such transfer, the shareholder requesting such transfer shall bear the cost of effecting the transfer unless the Board otherwise determines.
- (6) Unless the Board otherwise agrees (which agreement may be on such terms and subject to such conditions as the Board in its absolute discretion may from time to time determine, and which agreement the Board shall, without giving any reason therefor, be entitled in its absolute discretion to give or withhold), no shares upon the Register shall be transferred to any branch register nor shall shares on any branch register be transferred to the Register or any other branch register and all transfers and other documents of title shall be lodged for registration, and registered, in the case of any shares on a branch register, at the relevant Registration Office, and, in the case of any shares on the Register, at the Office or such other place in Bermuda at which the Register is kept in accordance with the Act.
- (7) Save as provided in the Bye-laws, there shall be no restriction on the transfer of fully paid up shares (except where required by law or the rules or regulations of the Designated Stock Exchange).
49. Without limiting the generality of the last preceding Bye-law, the Board may decline to recognise any instrument of transfer unless:-
- (a) a fee of such sum (not exceeding two Singapore dollars (S\$2.00) or such other maximum sum as the Designated Stock Exchange may from time to time determine to be payable) as the Board may from time to time require is paid to the Company in respect thereof;
- (b) the instrument of transfer is in respect of only one class of share;
- (c) the instrument of transfer is lodged at the Office or such other place in Bermuda at which the Register is kept in accordance with the Act or the Registration Office (as the case may be) accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do); and
- (d) if applicable, the instrument of transfer is duly and properly stamped.
50. If the Board refuses to register a transfer of any share, it shall, within one (1) month after the date on which the transfer was lodged with the Company, send to each of the transferor and transferee notice of the refusal.
51. The registration of transfers of shares or of any class of shares may, after notice has been given by advertisement in an appointed newspaper and in accordance with the requirements of the Designated Stock Exchange be suspended at such times and for such periods (not exceeding in the whole thirty (30) days in any year) as the Board may determine.

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2. RIGHTS OF SHAREHOLDERS IN RESPECT OF VOTING

GENERAL MEETINGS

55. An annual general meeting of the Company shall be held in each year other than the year in which its statutory meeting is convened at such time (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting unless a longer period would not infringe the rules or regulations of the Designated Stock Exchange, if any) and place as may be determined by the Board. In addition, for so long as the shares of the Company are listed on the Designated Stock Exchange, the interval between the close of the Company's financial year and the date of the Company's annual general meeting shall not exceed four (4) months or such other period as may be prescribed or permitted by the Designated Stock Exchange.
56. Each general meeting, other than an annual general meeting, shall be called a special general meeting. General meetings may be held in any part of the world as may be determined by the Board.
57. The Board may whenever it thinks fit call special general meetings, and, subject to the Act, Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Act.

NOTICE OF GENERAL MEETINGS

58. (1) At least fourteen (14) days' Notice of a general meeting shall be given to each Member entitled to attend and vote thereat. A general meeting at which the passing of a special resolution is to be considered shall be called by not less than twenty-one (21) days' Notice. A general meeting, whether or not a special resolution will be considered at such meeting, may be called by shorter notice if it is so agreed:-
- (a) in the case of a meeting called as an annual general meeting, by all the Members entitled to attend and vote thereat; and
- (b) in the case of any other meeting, by a majority in number of the Members having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent. (95%) in nominal value of the issued shares giving that right.
- (2) For so long as the shares of the Company are listed on the Designated Stock Exchange, at least fourteen (14) days' notice of any general meeting shall be given by advertisement in an English daily newspaper in circulation in Singapore and in writing to the Designated Stock Exchange.
- (3) The period of notice shall be exclusive of the day on which it is served or deemed to be served and exclusive of the day on which the meeting is to be held, and the Notice shall specify the day, time and place of the meeting and, in case of special business, the general nature of the business. Any Notice of a general meeting to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution on the Company in respect of such special business. The Notice convening an annual general meeting shall specify the meeting as such. Notice of every general meeting shall be given to all Members other than to such Members as, under the provisions of

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these Bye-laws or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, to all persons entitled to a share in consequence of the death or bankruptcy or winding-up of a Member and to each of the Directors and the Auditors.

- (4) The Secretary may postpone any general meeting called in accordance with the provisions of these Bye-laws (other than a meeting requisitioned under these Bye-laws) provided that notice of postponement is given to each Member before the time for such meeting. Fresh notice of the date, time and place for the postponed meeting shall be given to each Member in accordance with the provisions of these Bye-laws.
59. The accidental omission to give Notice of a meeting or (in cases where instruments of proxy are sent out with the Notice) to send such instrument of proxy to, or the non-receipt of such Notice or such instrument of proxy by, any person entitled to receive such Notice shall not invalidate any resolution passed or the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

60. (1) Members may participate in any general meeting by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.
- (2) All business shall be deemed special that is transacted at a special general meeting, and also all business that is transacted at an annual general meeting, with the exception of declaring a dividend, the reading, considering and adopting of the accounts and balance sheet and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet, the election of Directors and appointment of Auditors and other officers in the place of those retiring, the fixing of the remuneration of the Auditors, and the voting of remuneration or extra remuneration to the Directors.
- (3) No business, other than the appointment of a chairman of a meeting, shall be transacted at any general meeting unless a quorum of Members is present at the time when the meeting proceeds to business. Except as herein otherwise provided, two (2) Members present in person shall form a quorum, provided that if the Company shall at any time have only one Member, one Member present in person or by proxy, or being a corporation by its representative duly authorized, shall form a quorum for the transaction of business at any general meeting of the Company held during such time. For the purposes of this Bye-law Member includes a person attending as a proxy or as a duly authorized representative of a corporation which is a Member.
61. If within thirty (30) minutes (or such longer time not exceeding one hour as the chairman of the meeting may determine to wait) after the time appointed for the meeting a quorum is not present, the meeting, if convened on the requisition of Members, shall be dissolved. In any other case it shall stand adjourned to the same day in the next week at the same time and place or to such time and place as the Board may determine. If at such adjourned meeting a quorum is not present within half an hour from the time appointed for holding the meeting, the meeting shall be dissolved.
62. The chairman (if there be one) of the Board, and if not the president (if there be one) of the Company, shall preside as chairman at every general meeting. If at any meeting the chairman or the president, as the case may be, is not present within fifteen (15) minutes after the time appointed for holding the meeting, or if neither of them is willing to act as chairman, the Directors present shall choose one of their number to act, or if one Director only is present he shall preside as chairman if willing to act. If no Director is present, or if each of the Directors present declines to take the chair, or if the chairman chosen shall retire from the chair, the Members present in person or by proxy and entitled to vote shall elect one of their number to be chairman.

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63. The chairman may, with the consent of any meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place as the meeting shall determine, but no business shall be transacted at any adjourned meeting other than the business which might lawfully have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen (14) days or more, at least seven (7) clear days' Notice of the adjourned meeting shall be given specifying the time and place of the adjourned meeting but it shall not be necessary to specify in such notice the nature of the business to be transacted at the adjourned meeting and the general nature of the business to be transacted. Save as aforesaid, it shall be unnecessary to give notice of an adjournment.
64. If an amendment is proposed to any resolution under consideration but is in good faith ruled out of order by the chairman of the meeting, the proceedings on the substantive resolution shall not be invalidated by any error in such ruling. In the case of a resolution duly proposed as a special resolution, no amendment thereto (other than a mere clerical amendment to correct a patent error) may in any event be considered or voted upon.

VOTING

65. Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with these Bye-laws, at any general meeting (i) on a show of hands or by a count of votes received in the form of an electronic record, every Member present in person (or being a corporation, is present by a representative duly authorised under Section 78 of the Act), or by proxy shall have one vote and the chairman of the meeting shall determine which proxy shall be entitled to vote where a Member (other than the Depository) is represented by two proxies, and such vote may be cast by the Member (or his proxy or, being a corporation, by its duly authorised representative) raising his hand or by communicating his vote in the form of an electronic record, and (ii) on a poll every Member present in person or by proxy or, in the case of a Member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder or which he represents and in respect of which all calls due to the Company have been paid, but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purposes as paid up on the share. In the event that a Member participates in a general meeting by telephone or electronic means or other communication facilities, the chairman of the meeting shall direct the manner in which such Member may cast his vote on a show of hands or by a count of votes received in the form of an electronic record or by poll, as the case may be. A resolution put to the vote of a meeting shall be decided on a show of hands or by a count of votes received in the form of an electronic record unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:-
- (a) by the chairman of such meeting; or
 - (b) by at least three Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
 - (c) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Members having the right to vote at the meeting; or
 - (d) by a Member or Members present in person (or in the case of a Member being a corporation by its duly authorised representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or

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(e) where the Depository is a Member, by at least three proxies representing the Depository.

A demand by a person as proxy for a Member or in the case of a Member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a Member.

66. Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against the resolution.
67. If a poll is duly demanded the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.
68. A poll demanded on the election of a chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other question shall be taken in such manner (including but not limited to the use of ballot or voting papers or tickets or by means of communicating the votes in the form of an electronic record) and either forthwith or at such time (being not later than thirty (30) days after the date of the demand) and place as the chairman directs. It shall not be necessary (unless the chairman otherwise directs) for notice to be given of a poll not taken immediately.
69. The demand for a poll shall not prevent the continuance of a meeting or the transaction of any business other than the question on which the poll has been demanded, and, with the consent of the chairman, it may be withdrawn at any time before the close of the meeting or the taking of the poll, whichever is the earlier.
70. On a poll votes may be given either personally or by proxy.
71. A person entitled to more than one vote on a poll need not use all his votes or cast all the votes he uses in the same way.
72. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of such meeting shall be entitled to a second or casting vote in addition to any other vote he may have.
73. Where there are joint holders of any share any one of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register in respect of the joint holding. Several executors or administrators of a deceased Member in whose name any share stands shall for the purposes of this Bye-law be deemed joint holders thereof.
74. (1) A Member who is a patient for any purpose relating to mental health or in respect of whom an order has been made by any court having jurisdiction for the protection or management of the affairs of persons incapable of managing their own affairs may vote, whether on a show of hands or on a poll, by his receiver, committee, curator bonis or other person in the nature of a receiver, committee or curator bonis appointed by such court, and such receiver, committee, curator bonis or other person may vote on a poll by proxy, and may otherwise act and be treated as if he were the registered holder of such shares for the purposes of general meetings, provided that such evidence as the Board may require of the authority of the person claiming to vote shall have been deposited at the Office, head office or Registration Office, as appropriate, not less than forty-eight (48) hours before the time appointed for holding the meeting, or adjourned meeting or poll, as the case may be.

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- (2) Any person entitled under Bye-law 53 to be registered as the holder of any shares may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight (48) hours at least before the time of the holding of the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his entitlement to such shares, or the Board shall have previously admitted his right to vote at such meeting in respect thereof.
75. No Member shall, unless the Board otherwise determines, be entitled to attend and vote and to be reckoned in a quorum at any general meeting unless he is duly registered and all calls or other sums presently payable by him in respect of shares in the Company have been paid.
76. If:-
- (a) any objection shall be raised to the qualification of any voter; or
 - (b) any votes have been counted which ought not to have been counted or which might have been rejected; or
 - (c) any votes are not counted which ought to have been counted;

the objection or error shall not vitiate the decision of the meeting or adjourned meeting on any resolution unless the same is raised or pointed out at the meeting or, as the case may be, the adjourned meeting at which the vote objected to is given or tendered or at which the error occurs. Any objection or error shall be referred to the chairman of the meeting and shall only vitiate the decision of the meeting on any resolution if the chairman decides that the same may have affected the decision of the meeting. The decision of the chairman on such matters shall be final and conclusive.

PROXIES

77. (1) Any Member entitled to attend and vote at a meeting of the Company who is the holder of two or more shares shall be entitled to appoint not more than two proxies to attend and vote instead of him at the same general meeting provided that if the Member is the Depository:-
- (a) the Depository may appoint more than two proxies to attend and vote at the same general meeting and each proxy shall be entitled to exercise the same powers on behalf of the Depository as the Depository could exercise, including, notwithstanding Bye-law 65, the right to vote individually on a show of hands or by a count of votes received in the form of an electronic record;
 - (b) unless the Depository specifies otherwise in a written notice to the Company, the Depository shall be deemed to have appointed as the Depository's proxies to vote on behalf of the Depository at a general meeting of the Company each of the Depositors who are individuals and whose names are shown in the records of the Depository as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting supplied by the Depository to the Company and notwithstanding any other provisions in these Bye-laws, the appointment of proxies by virtue of this Bye-law 77(1)(b) shall not require an instrument of proxy or the lodgement of any instrument of proxy;
 - (c) the Company shall accept as valid in all respects the form of instrument of proxy approved by the Depository (the "CDP Proxy Form") for use at the date relevant to the general meeting in question naming a Depositor (the "Nominating Depositor") and permitting that Nominating Depositor to nominate a person or persons other than himself as the proxy or proxies appointed by the Depository. The Company shall, in determining rights to vote and other matters in respect of a completed CDP

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Proxy Form submitted to it, have regard to the instructions given by and the notes (if any) set out in the CDP Proxy Form. The submission of any CDP Proxy Form shall not affect the operation of Bye-law 77(1)(b) and shall not preclude a Depositor appointed as a proxy by virtue of Bye-law 77(1)(b) from attending and voting at the relevant meeting but in the event of attendance by such Depositor the CDP Proxy Form submitted bearing his name as the Nominating Depositor shall be deemed to be revoked;

- (d) the Company shall reject any CDP Proxy Form of a Nominating Depositor if his name is not shown in the records of the Depository as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting supplied by the Depository to the Company; and
 - (e) on a poll the maximum number of votes which a Depositor, or proxies appointed pursuant to a CDP Proxy Form in respect of that Depositor, is able to cast shall be the number of shares credited to the Securities Account of that Depositor as shown in the records of the Depository as at a time not earlier than forty-eight (48) hours prior to the time of the relevant general meeting supplied by the Depository to the Company, whether that number is greater or smaller than the number specified in any CDP Proxy Form or instrument of proxy executed by or on behalf of the Depository.
- (2) In any case where an instrument of proxy appoints more than one proxy (including the case when a CDP Proxy Form is used), the proportion of the shareholding concerned to be represented by each proxy shall be specified in the instrument of proxy.
- (3) A proxy need not be a Member. In addition, subject to Bye-law 77(1), a proxy or proxies representing either a Member who is an individual or a Member which is a corporation shall be entitled to exercise the same powers on behalf of the Member which he or they represent as such Member could exercise, including, notwithstanding Bye-law 65, the right to vote individually on a show of hands or by a count of votes received in the form of an electronic record. On a poll, a proxy need not use all the votes he is entitled to cast or cast all such votes in the same way.
78. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of an officer, attorney or other person authorised to sign the same or, in the case of the Depository, signed by its duly authorised officer by some method or system of mechanical signature as the Depository may deem appropriate. Where the instrument of proxy is in the form of an electronic record, it shall be completed and delivered by electronic means in such manner as may be set out by the Company in any note to or in any document accompanying the notice convening the meeting. In the case of an instrument of proxy (or an electronic record of an instrument of proxy) purporting to be signed (or delivered by electronic means, as the case may be) on behalf of a corporation by an officer thereof it shall be assumed, unless the contrary appears, that such officer was duly authorised to sign (or deliver by electronic means, as the case may be) such instrument of proxy (or the electronic record of the instrument of proxy) on behalf of the corporation without further evidence of the fact.
79. The instrument appointing a proxy and (if required by the Board) the power of attorney or other authority (if any) under which it is signed or completed and delivered on behalf of the appointor (which shall, for this purpose, include a Depositor), or a certified copy of such power or authority, shall be delivered to such place or one of such places (if any) (or, where the instrument of proxy is in the form of an electronic record, shall be transmitted to such electronic mail address(es)) as may be specified for that purpose in or by way of note to or in any document accompanying the notice convening the meeting (or, if no place is so specified at the Registration Office or the Office, as may be appropriate) not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes

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to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than twenty-four (24) hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution, except at an adjourned meeting or on a poll demanded at a meeting or an adjourned meeting in cases where the meeting was originally held within twelve (12) months from such date. Delivery of an instrument appointing a proxy shall not preclude a Member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

80. Instruments of proxy shall be in any usual or common form (including any form approved from time to time by the Depository) or in such other form as the Board may approve (provided that this shall not preclude the use of the two-way form). Instruments of proxy may also be in the form of an electronic record. The Board may, if it thinks fit, send out with the notice of any meeting physical forms of instrument of proxy for use at the meeting and/or, in the case of instruments of proxy in the form of an electronic record, a note to or any document accompanying the notice convening the meeting giving details of how an electronic record of the instrument of proxy may be completed and delivered by electronic means to the Company. The instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll and to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates.
81. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, or revocation of the instrument of proxy or of the authority under which it was executed, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company at the Office or the Registration Office (or such other place as may be specified for the delivery of instruments of proxy in the notice convening the meeting or other document sent therewith) two (2) hours at least before the commencement of the meeting or adjourned meeting, or the taking of the poll, at which the instrument of proxy is used.
82. Anything which under these Bye-laws a Member may do by proxy he may likewise do by his duly appointed attorney and the provisions of these Bye-laws relating to proxies and instruments appointing proxies shall apply *mutatis mutandis* in relation to any such attorney and the instrument under which such attorney is appointed. All references in these Bye-laws to an instrument appointing a proxy or an instrument of proxy shall, where not inconsistent with the context, include a reference to such instrument in the form of an electronic record.

CORPORATIONS ACTING BY REPRESENTATIVES

83. (1) Any corporation which is a Member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any class of Members. The person so authorised shall be entitled to exercise the same powers on behalf of such corporation as the corporation could exercise if it were an individual Member and such corporation shall for the purposes of these Bye-laws be deemed to be present in person at any such meeting if a person so authorised is present thereat.
- (2) Where a Member is the Depository (or its nominee, in each case, being a corporation), it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any meeting of any class of Members provided that the authorisation shall specify the number and class of shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Bye-law shall be entitled to exercise the same rights and powers as if such person was the registered holder of the shares of the Company held by the Depository (or its nominee) in respect of the number and class of shares specified in the relevant authorisation including the right to vote individually.

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- (3) Any reference in these Bye-laws to a duly authorised representative of a Member being a corporation shall mean a representative authorised under the provisions of this Bye-law.

WRITTEN RESOLUTIONS OF MEMBERS

84. (1) Subject to these Bye-laws, anything which may be done by resolution of the Company in general meeting or by resolution of a meeting of any class of the Members may, without a meeting be done by written resolution in accordance with this Bye-law.
- (2) Notice of a written resolution shall be given, and a copy of the resolution shall be circulated to all Members who would be entitled to attend a meeting and vote thereon. The accidental omission to give notice to, or the non-receipt of a notice by, any Member does not invalidate the passing of a resolution. A resolution in writing signed (in such manner as to indicate, expressly or impliedly, unconditional approval) by or on behalf of Members who at the date that the notice is given represent such majority of votes as would be required if the resolution was voted on at a meeting of Members at which all Members entitled to attend and vote thereat were present and voting, shall, for the purposes of these Bye-laws, be treated as a resolution duly passed at a general meeting of the Company and, where relevant, as a special resolution so passed. For the purposes of this Bye-law, the effective date of the resolution is the date when the resolution is signed by, or in the case of a Member that is a corporation whether or not a company within the meaning of the Act, on behalf of, the last Member whose signature results in the necessary voting majority being achieved and any reference in any Bye-law to the date of passing of a resolution is, in relation to a resolution made in accordance with this Bye-law, a reference to such date. Where the resolution states a date as being the date of his signature thereof by any Member the statement shall be prima facie evidence that it was signed by him on that date. Such a resolution may consist of several documents in the like form, each signed by one or more relevant Members.
- (3) Notwithstanding any provisions contained in these Bye-laws, a resolution in writing shall not be passed for the purpose of removing a Director before the expiration of his term of office under Bye-law 85(4) or for the purposes set out in Bye-law 152(3) relating to the removal and appointment of the Auditor.

NOTICES

158. Any notice from the Company to a Member shall be given in writing or by cable, telex or by electronic means (including facsimile and electronic mail) and any such notice and (where appropriate) any other document may be served or delivered by the Company on or to any Member either personally or by sending it through the post in a prepaid envelope addressed to such Member at his registered address as appearing in the Register or at any other address supplied by him to the Company for the purpose or, as the case may be, by transmitting it by electronic means (including facsimile and electronic mail) to any such address or number supplied by him to the Company for the giving of notice to him, or in accordance with Bye-law 158A, or may also be served by advertisement in appointed newspapers (as defined in the Act) or in newspapers published daily and circulating generally in the territory of and in accordance with the requirements of the Designated Stock Exchange. In the case of joint holders of a share all notices shall be given to that one of the joint holders whose name stands first in the Register and notice so given shall be deemed a sufficient service on or delivery to all the joint holders.

APPENDIX 4
EXTRACTS FROM THE COMPANY'S BYE-LAWS

- 158A. (1) Where a Member indicates his consent (in a form and manner satisfactory to the Board) to receive information or documents by accessing them on a website rather than by other means, the Board may deliver such information or documents by notifying the Member of their availability and including therein the address of the website, the place on the website where the information or document may be found, and instructions as to how the information or document may be accessed on the website.
- (2). In the case of information or documents delivered in accordance with Bye-law 158A(1), service shall be deemed to have occurred when (i) the Member is notified in accordance with that bye-law; and (ii) the information or document is published on the website.
159. Any notice or other document:-
- (a) if served or delivered by post, shall where appropriate be sent by airmail and shall be deemed to have been served or delivered on the day following that on which the envelope containing the same, properly prepaid and addressed, is put into the post; in proving such service or delivery it shall be sufficient to prove that the envelope or wrapper containing the notice or document was properly addressed and put into the post and a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board that the envelope or wrapper containing the notice or other document was so addressed and put into the post shall be conclusive evidence thereof; and
- (b) if served or delivered in any other manner contemplated by these Bye-laws (save for a notice or document delivered in accordance with Bye-law 158A(1)), shall be deemed to have been served or delivered at the time of personal service or delivery or, as the case may be, at the time of the relevant despatch or transmission by electronic means or publication; and in proving such service or delivery a certificate in writing signed by the Secretary or other officer of the Company or other person appointed by the Board as to the fact and time of such service, delivery, despatch, transmission by electronic means or publication shall be conclusive evidence thereof.
160. (1) Any notice or other document delivered or sent in accordance with these Bye-laws shall, notwithstanding that such Member is then dead or bankrupt or that any other event has occurred, and whether or not the Company has notice of the death or bankruptcy or other event, be deemed to have been duly served or delivered in respect of any share registered in the name of such Member as sole or joint holder unless his name shall, at the time of the service or delivery of the notice or document, have been removed from the Register as the holder of the share, and such service or delivery shall for all purposes be deemed a sufficient service or delivery of such notice or document on all persons interested (whether jointly with or as claiming through or under him) in the share.
- (2) A notice may be given by the Company to the person entitled to a share in consequence of the death, mental disorder or bankruptcy of a Member by sending it through the post in a prepaid letter, envelope or wrapper addressed to him by name, or by the title of representative of the deceased, or trustee of the bankrupt, or by any like description, at the address, if any, supplied for the purpose by the person claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death, mental disorder or bankruptcy had not occurred.
- (3) Any person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which prior to his name and address being entered on the Register shall have been duly given to the person from whom he derives his title to such share.

APPENDIX 4
EXTRACTS FROM THE COMPANY'S BYE-LAWS

3. RIGHTS OF SHAREHOLDERS IN RESPECT OF DIVIDENDS

DIVIDENDS AND OTHER PAYMENTS

136. The Board may, subject to these Bye-laws and in accordance with the Act, declare a dividend in any currency to be paid to the Members and such dividend may be paid in cash or wholly or partly in specie in which case the Board may fix the value for distribution in specie of any assets. The Board may declare and make such other distributions (in cash or in specie) to the Members as may be lawfully made out of the assets of the Company. The Company in general meeting may also, subject to these Bye-laws and in accordance with the Act, declare a dividend or such other distribution to be paid to the Members but no dividend or distribution shall be declared by the Company in general meeting in excess of the amount recommended by the Board.
137. Without prejudice to the generality of the above Bye-law 136 if at any time the share capital of the Company is divided into different classes, the Board may pay such dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and provided that the Board acts bona fide the Board shall not incur any responsibility to the holders of shares conferring any preference for any damage that they may suffer by reason of the payment of any dividend on any shares having deferred or non-preferential rights and may also pay periodically any fixed dividend which is payable on any shares of the Company.
138. No dividend shall be paid or distribution made if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than its liabilities.
139. Except in so far as the rights attaching to, or the terms of issue of, any share otherwise provide:-
- (a) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, but no amount paid up on a share in advance of calls shall be treated for the purposes of this Bye-law as paid up on the share; and
 - (b) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid.
140. The Board may deduct from any dividend or other moneys payable to a Member by the Company on or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.
141. No unpaid dividend or distribution or other moneys payable by the Company shall bear interest as against the Company.
142. Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address or, in the case of joint holders, addressed to the holder whose name stands first in the Register in respect of the shares at his address as appearing in the Register or addressed to such person and at such address as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the Register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

APPENDIX 4
EXTRACTS FROM THE COMPANY'S BYE-LAWS

143. All dividends or bonuses unclaimed for one (1) year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. Any dividend or bonuses unclaimed after a period of six (6) years from the date of declaration shall be forfeited and shall revert to the Company. The payment by the Board of any unclaimed dividend or other sums payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof.
144. Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of the Company or any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may issue certificates in respect of fractions of shares, disregard fractional entitlements or round the same up or down, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any Members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend, and such appointment shall be effective and binding on the Members. The Board may resolve that no such assets shall be made available to Members with registered addresses in any particular territory or territories where, in the absence of a registration statement or other special formalities, such distribution of assets would or might, in the opinion of the Board, be unlawful or impracticable and in such event the only entitlement of the Members aforesaid shall be to receive cash payments as aforesaid. Members affected as a result of the foregoing sentence shall not be or be deemed to be a separate class of Members for any purpose whatsoever.
145. (1) For so long as the shares of the Company are listed on the Designated Stock Exchange, any scheme which enables the Members to elect to receive securities in lieu of cash amount of any dividend must be approved by the Members in general meeting in accordance with applicable rules or regulations of the Designated Stock Exchange.
- (2) The Board shall have full power to make such provisions as it thinks fit for the implementation of a scheme approved pursuant to the provisions of paragraph (1) of this Bye law, and the Board may do all acts and things considered necessary or expedient to give effect to such a scheme.
- (3) Any resolution declaring a dividend on shares of any class, whether a resolution of the Company in general meeting or a resolution of the Board, may specify that the same shall be payable or distributable to the persons registered as the holders of such shares at the close of business on a particular date, notwithstanding that it may be a date prior to that on which the resolution is passed, and thereupon the dividend shall be payable or distributable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares. The provisions of this Bye-law shall *mutatis mutandis* apply to bonuses, capitalisation issues, distributions of realised capital profits or offers or grants made by the Company to the Members.

RESERVES

146. Before recommending any dividend, the Board may set aside out of the profits of the Company such sums as it determines as reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, also at such discretion, either be employed in the business of the Company or be invested in such investments as the Board may from time to time think fit and so that it shall not be necessary to keep any investments constituting the reserve or reserves separate or distinct from any other investments of the Company. The Board may also without placing the same to reserve carry forward any profits which it may think prudent not to distribute.

APPENDIX 4
EXTRACTS FROM THE COMPANY'S BYE-LAWS

CAPITALISATION

147. The Board may, with the sanction of an ordinary resolution of the Company (including an ordinary resolution passed pursuant to Bye-law 12(3),
- (a) issue bonus shares for which no consideration is payable to the Company to the persons registered as holders of shares in the Register of Members or (as the case may be) the register of the Depository at the close of business on such date as may be determined by the Board, in proportion to the then holdings of shares; and/or
 - (b) capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including the profit and loss account) whether or not the same is available for distribution and accordingly that such amount be set free for distribution among the persons registered as holders of shares in the Register of Members or (as the case may be) the register of the Depository at the close of business on such date as may be determined by the Board, in proportion to their then holdings of shares, on the footing that the same is not paid in cash but is applied either in or towards paying up the amounts for the time being unpaid on any shares in the Company held by such Members respectively or in paying up in full unissued shares, debentures or other obligations of the Company, to be allotted and distributed credited as fully paid up among such Members, or partly in one way and partly in the other,

and the Board shall give effect to such resolution provided that, for the purposes of this Bye-law, a share premium account and any reserve or fund representing unrealised profits, may be applied only in paying up in full unissued shares of the Company to be issued to such Members credited as fully paid. In carrying sums to reserve and in applying the same the Board shall comply with the provisions of the Act.

148. The Board may settle, as it considers appropriate, any difficulty arising in regard to any distribution under the last preceding Bye-law and in particular may issue certificates in respect of fractions of shares or authorise any person to sell and transfer any fractions or may resolve that the distribution should be as nearly as may be practicable in the correct proportion but not exactly so or may ignore fractions altogether, and may determine that cash payments shall be made to any Members in order to adjust the rights of all parties, as may seem expedient to the Board. The Board may appoint any person to sign on behalf of the persons entitled to participate in the distribution any contract necessary or desirable for giving effect thereto and such appointment shall be effective and binding upon the Members.

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DIRECTORS'

STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2015.

In our opinion:

- (a) the financial statements set out on pages 99 to 155 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

DIRECTORS

The directors in office at the date of this statement are as follows:

Dr Chiu Kwok Hung Justin (Chairman)
 Mr Lim Hwee Chiang John (Group Chief Executive Officer)
 Ms Chew Gek Khim (Deputy Chairman)
 Mr Ip Tak Chuen Edmond
 Mr Lee Yock Suan
 Mr Lim How Teck
 Mr Colin Stevens Russel
 Dr Cheng Mo Chi Moses
 Mr Yap Chee Keong

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings kept by the Company, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations (other than wholly-owned subsidiaries) are as follows:

Name of director and corporation in which interests are held	Holdings registered in name of director or nominee		Holdings in which director is deemed to have an interest	
	At 1.1.2015	At 31.12.2015	At 1.1.2015	At 31.12.2015
ARA Asset Management Limited (number of ordinary shares of \$0.002 each at par)				
Mr Lim Hwee Chiang John	6,896,826	6,368,254	155,814,184	183,860,737
Mr Lee Yock Suan	72,600	85,668	-	-
Mr Lim How Teck	653,400	837,800	-	-
Mr Colin Stevens Russel	21,780	21,780	-	-

None of the above Directors with shareholdings are deemed to have an interest in the subsidiaries of ARA Asset Management Limited, at the beginning and at the end of the financial year.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Company between the end of financial year and 21 January 2016.

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ARA GROUP FOR FY2015

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DIRECTORS' STATEMENT

DIRECTORS' INTERESTS *(cont'd)*

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTIONS

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options.

AUDIT COMMITTEE

The members of the Audit Committee during the year and at the date of this statement are:

- Mr Lee Yock Suan (Chairman), Independent Non-Executive Director
- Mr Lim How Teck, Independent Non-Executive Director
- Mr Colin Stevens Russel, Independent Non-Executive Director
- Dr Cheng Mo Chi Moses, Independent Non-Executive Director
- Mr Yap Chee Keong, Non-Executive Director

The Audit Committee performs the functions specified in Section 201B of the Singapore Companies' Act, Chapter 50, the SGX Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings during the financial year. In performing its functions, the Audit Committee met with the Company's external and internal auditors to review their audit plans, discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

During the year, the Audit Committee has reviewed the adequacy, effectiveness and integrity of the Group's internal control, risk management systems and financial records. Management also provides a quarterly and annual assurance on the state of the Group's internal controls, risk management systems and financial records. Based on the work performed by internal and external auditors, the Board, with the concurrence of the Audit Committee, is of the opinion that the internal controls in place are adequate and effective in addressing the Group's financial, operational and compliance risks in its current business environment.

DIRECTORS’ STATEMENT

AUDIT COMMITTEE *(cont’d)*

Further details regarding the Audit Committee are disclosed in the Report on Corporate Governance.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company, subsidiaries and significant associated companies, we have complied with Rules 712 and 715 of the SGX Listing Manual.

AUDITORS

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Dr Chiu Kwok Hung Justin

Director

Mr Lim Hwee Chiang John

Director

5 February 2016

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ARA GROUP FOR FY2015

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INDEPENDENT AUDITORS' REPORT

MEMBERS OF THE COMPANY
ARA ASSET MANAGEMENT LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of ARA Asset Management Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, the income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 99 to 155.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with Singapore Financial Reporting Standards so as to present fairly, in all material respects, the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

KPMG LLP

Public Accountants and
Chartered Accountants

Singapore

5 February 2016

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ARA GROUP FOR FY2015

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STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Assets					
Plant and equipment	4	2,105	1,766	–	–
Intangible assets	5	1,147	1,055	–	–
Subsidiaries	6	–	–	292,008	197,006
Associates and joint venture	7	16,191	6,006	–	–
Financial assets	9	397,294	265,842	–	–
Deferred tax assets	10	712	745	–	–
Trade and other receivables	11	5,566	5,871	–	–
Total non-current assets		423,015	281,285	292,008	197,006
Financial assets	9	33,509	38,454	–	–
Trade and other receivables	11	47,827	43,467	13,292	13,932
Cash and cash equivalents	12	76,742	64,430	31,517	2,310
Total current assets		158,078	146,351	44,809	16,242
Total assets		581,093	427,636	336,817	213,248
Equity					
Share capital	13	1,995	1,690	1,995	1,690
Reserves	13	255,616	112,555	225,287	74,859
Retained earnings		262,702	226,901	102,912	101,374
Equity attributable to equity holders of the Company		520,313	341,146	330,194	177,923
Non-controlling interests		7,295	6,988	–	–
Total equity		527,608	348,134	330,194	177,923
Liabilities					
Loans and borrowings	14	14,118	163	–	–
Trade and other payables	16	1,832	1,192	5,280	19,000
Deferred tax liabilities	10	115	124	–	–
Total non-current liabilities		16,065	1,479	5,280	19,000
Trade and other payables	16	25,001	32,719	1,343	1,676
Loans and borrowings	14	45	34,194	–	14,649
Current tax payable		12,374	11,110	–	–
Total current liabilities		37,420	78,023	1,343	16,325
Total liabilities		53,485	79,502	6,623	35,325
Total equity and liabilities		581,093	427,636	336,817	213,248

The accompanying notes form an integral part of these financial statements.

APPENDIX 5
AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ARA GROUP FOR FY2015

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CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2015

	Note	Group	
		2015 \$'000	2014 \$'000
Management fees	17	129,597	125,517
Acquisition, divestment and performance fees		13,453	24,593
Revenue		143,050	150,110
Finance income	18	12,367	20,393
Other income		610	2,555
		156,027	173,058
Administrative expenses		(46,346)	(51,903)
Operating lease expenses		(4,056)	(3,818)
Other expenses		(11,097)	(14,933)
Finance costs	18	(6,545)	(3,092)
Results from operating activities		87,983	99,312
Share of profit of associates and joint venture, net of tax		7,465	4,305
Profit before tax	19	95,448	103,617
Tax expense	20	(14,095)	(12,887)
Profit for the year		81,353	90,730
Profit attributable to:			
Equity holders of the Company		78,058	87,510
Non-controlling interests		3,295	3,220
Profit for the year		81,353	90,730
Earnings per share			
Basic and diluted earnings per share (cents)	21	8.96	10.35

The accompanying notes form an integral part of these financial statements.

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ARA GROUP FOR FY2015

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	Group	
	2015	2014
	\$'000	\$'000
Profit for the year	81,353	90,730
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Translation differences relating to financial statements of foreign subsidiaries	12,121	9,551
Net change in fair value of available-for-sale financial assets	(21,585)	9,005
Net change in fair value of available-for-sale financial assets reclassified to profit or loss	2,039	(34)
Other comprehensive income for the year, net of tax	(7,425)	18,522
Total comprehensive income for the year	73,298	109,252
Total comprehensive income attributable to:		
Equity holders of the Company	70,691	106,041
Non-controlling interests	3,237	3,211
Total comprehensive income for the year	73,928	109,252

There is no income tax attributable to the items in other comprehensive income.

The accompanying notes form an integral part of these financial statements.

APPENDIX 5
AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ARA GROUP FOR FY2015

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

Group	Note	Attributable to equity holders of the Company							Total equity \$'000	
		Share capital \$'000	Share premium \$'000	Foreign currency translation reserve \$'000		Fair value reserve \$'000	Retained earnings \$'000	Non- controlling interests \$'000		Total \$'000
				Reserves						
At 1 January 2014		1,690	74,859	(3,126)	22,291	181,856	277,570	2,827	280,397	
Total comprehensive income for the year										
Profit for the year		-	-	-	-	87,510	87,510	3,220	90,730	
Total other comprehensive income		-	-	9,551	8,980	-	18,531	(9)	18,522	
Total comprehensive income for the year		-	-	9,551	8,980	87,510	106,041	3,211	109,252	
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Dividends to equity holders	13	-	-	-	-	(42,257)	(42,257)	(1,549)	(43,806)	
Total contributions by and distributions to owners		-	-	-	-	(42,257)	(42,257)	(1,549)	(43,806)	
Changes in ownership interests in subsidiaries										
Divestment of interests in subsidiaries, without loss of control	24	-	-	-	-	(208)	(208)	2,499	2,291	
Total changes in ownership interests in subsidiaries		-	-	-	-	(208)	(208)	2,499	2,291	
Total transactions with owners		-	-	-	-	(42,465)	(42,465)	950	(41,515)	
At 31 December 2014	13	1,690	74,859	6,425	31,271	226,901	341,146	6,988	348,134	

The accompanying notes form an integral part of these financial statements.

APPENDIX 5
AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ARA GROUP FOR FY2015

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

Group	Note	Attributable to equity holders of the Company							Total equity \$'000
		Share capital \$'000	Share premium \$'000	Foreign currency reserves			Retained earnings \$'000	Non- controlling interests \$'000	
				translation reserve \$'000	Fair value reserve \$'000	Total \$'000			
At 1 January 2015		1,690	74,859	6,425	31,271	226,901	341,146	6,988	348,134
Total comprehensive income for the year									
Profit for the year		-	-	-	-	78,058	78,058	3,295	81,353
Total other comprehensive income		-	-	12,121	(19,488)	-	(7,367)	(58)	(7,425)
Total comprehensive income for the year		-	-	12,121	(19,488)	78,058	70,691	3,237	73,928
Transactions with owners, recorded directly in equity									
Contributions by and distributions to owners									
Contribution from non-controlling interest		-	-	-	-	-	-	53	53
Dividends to equity holders	13	-	-	-	-	(42,257)	(42,257)	(2,983)	(45,240)
Issue of ordinary shares related to rights issue, net of issue expenses	13	305	150,428	-	-	-	150,733	-	150,733
Total transactions with owners		305	150,428	-	-	(42,257)	108,476	(2,930)	105,546
At 31 December 2015	13	1,995	225,287	18,546	11,783	262,702	520,313	7,295	527,608

The accompanying notes form an integral part of these financial statements.

APPENDIX 5
AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ARA GROUP FOR FY2015

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CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Note	Group 2015 \$'000	Group 2014 \$'000
Cash flows from operating activities			
Profit for the year		81,353	90,730
Adjustments for:			
Amortisation of intangible assets		244	169
Depreciation of plant and equipment		769	725
Distribution income		(11,899)	(10,524)
Loss/(gain) on fair valuation/disposal of financial assets		471	(9,744)
Negative goodwill		–	(2,102)
Interest expense		2,556	763
Interest income		(185)	(125)
Impairment loss on available-for-sale financial assets		2,039	–
Gain on disposal of plant and equipment		(3)	(53)
Management fees received/receivable in units of real estate investment trusts		(65,573)	(61,788)
Share of profit of associates and joint venture		(7,465)	(4,305)
Tax expense		14,095	12,887
		16,402	16,633
Change in trade and other receivables		(2,173)	(2,688)
Change in trade and other payables		(7,078)	7,190
Cash generated from operating activities		7,151	21,135
Distribution income received		12,006	10,587
Proceeds from sale of units in real estate investment trusts		16,638	82,309
Tax paid		(12,831)	(11,860)
Net cash from operating activities		22,964	102,171
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	23	–	(528)
Acquisition of interest in joint venture		(6,027)	–
Divestment of interests in subsidiaries, without loss of control	24	–	2,291
Dividends received from associates		1,899	1,380
Contribution from non-controlling interest		53	–
Interest received		185	125
Proceeds from disposal of plant and equipment		12	166
Purchase of plant and equipment		(1,108)	(1,218)
Software development expenditure		(336)	–
Purchase of available-for-sale securities, net		(88,521)	(37,918)
Net cash used in investing activities		(93,843)	(35,702)

The accompanying notes form an integral part of these financial statements.

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ARA GROUP FOR FY2015

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CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Note	Group	
		2015	2014
		\$'000	\$'000
Cash flows from financing activities			
Dividends paid		(45,240)	(43,806)
Interest paid		(2,556)	(763)
Issue of ordinary shares related to rights issue, net of issue expenses		150,733	–
(Payment)/proceeds of finance lease liabilities, net		(45)	18
(Payment)/drawdown of borrowings, net		(20,195)	3,123
Net cash from/(used in) financing activities		82,697	(41,428)
Net increase in cash and cash equivalents			
Cash and cash equivalents at 1 January		11,818	25,041
Cash and cash equivalents at 1 January		64,430	39,060
Effect of exchange rate fluctuations on cash held		494	329
Cash and cash equivalents at 31 December	12	76,742	64,430

The accompanying notes form an integral part of these financial statements.

APPENDIX 5

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ARA GROUP FOR FY2015

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NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 5 February 2016.

1. DOMICILE AND ACTIVITIES

ARA Asset Management Limited (the "Company") is incorporated as an exempted company with limited liability in Bermuda and has its registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The principal place of business is at 6 Temasek Boulevard, #16-02 Suntec Tower 4, Singapore 038986. The Company was admitted to the official list of the main board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 2 November 2007.

The principal activity of the Company is that of investment holding.

The principal activities of the subsidiaries are those relating to the provision of real estate fund management services, including acting as the manager for public-listed real estate investment trusts and private real estate funds, as well as the provision of real estate management services and corporate finance advisory services.

The financial statements of the Company as at and for the financial year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and joint venture.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (cont'd)

2.4 Use of estimates and judgements (cont'd)

(i) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The Group's Asset Portfolio team has the overall responsibility for all significant fair value measurements, including Level 3 fair values.

The Asset Portfolio team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified. All significant changes in fair value measurements are reflected in the internal monthly management report.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 15 – Financial Instruments and Note 25 – Determination of fair values.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (cont'd)

2.4 Use of estimates and judgements (cont'd)

(ii) Judgements

Determination of control over investees

Management applies its judgement to determine whether the control indicators set out in Note 3.1(ii) indicate that the Group controls a real estate investment trust ("REIT") or an investment fund.

The Group acts as a manager to a number of REITs and investment funds. When determining whether the Group controls a REIT or an investment fund, the Group focuses on the assessment of the aggregate economic interests of the Group in the REIT or the fund (comprising any carried interests and expected management fees) and the investors' right to remove the manager of the REIT or the fund.

For all the REITs managed by the Group, the Group's equity interest is less than 6% and the aggregate economic interest in each case is not expected to be significant. As a result, the Group has concluded that it acts as an agent for the unitholders in all cases, and therefore has not consolidated these REITs.

For all funds managed by the Group, the other investors (whose numbers ranges from 1 to 30, excluding the Group) are able to vote by simple majority to remove the Group as fund manager without cause and are therefore substantive. The Group's equity interest ranges from 2% to less than 30% and the aggregate economic exposure is not expected to exceed 40%. As a result, the Group has concluded that it acts as an agent for the investors in all cases, and therefore has not consolidated these funds.

For further disclosure in respect of unconsolidated REITs and investment funds in which the Group has an interest, see Note 8.

(iii) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in Note 25 – Determination of fair values.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (*cont'd*)

3.1 Basis of consolidation (*cont'd*)

(i) Business combinations (*cont'd*)

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

APPENDIX 5

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ARA GROUP FOR FY2015

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NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (*cont'd*)

3.1 Basis of consolidation (*cont'd*)

(iii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Investments in associates and joint venture ("equity-accounted investees")

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint venture are accounted for using the equity method. They are initially recognised at cost, which includes transactions costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date the significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vi) Subsidiaries, associates and joint venture in the separate financial statements

Investments in subsidiaries, associates and joint venture are stated in the Company's statement of financial position at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (*cont'd*)

3.2 Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss), which is recognised in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising from acquisition, are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the reporting date.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control or significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the foreign currency translation reserve in equity.

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ARA GROUP FOR FY2015

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NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.3 Plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment is determined by comparing the net proceeds from disposal with the carrying amount of the item, and is recognised net within other income / other expenses in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is calculated separately.

Depreciation is recognised as an expense in profit or loss from the date the plant and equipment are installed and ready for use and is measured on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years are as follows:

Fittings and office equipment	–	3 to 5 years
Motor vehicles	–	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.4 Intangible assets

(i) Acquired contractual rights

Intangible assets represent acquired contractual rights with finite useful lives. It is measured at cost less accumulated amortisation and impairment losses. Intangible assets are amortised in profit or loss on a straight-line basis over their estimated useful lives from the date of acquisition over the period as stated in each contract.

(ii) Software

Cost associated with development of software are capitalised on the basis of the costs incurred to acquire and ability to use the specific software. Capitalised cost is measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

(iii) Amortisation

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

Acquired contractual rights	-	3 to 6 years
Capitalised software costs	-	5 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Financial instruments

(i) Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Financial instruments (cont'd)

(i) Non-derivative financial assets (cont'd)

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held-for-trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which takes into account any dividend income, are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise investments in private real estate funds.

Financial assets classified as held-for-trading comprise investments in listed real estate investment trust units actively managed by the Group's management to address short-term liquidity needs.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents comprise cash balances and bank deposits with original maturities of three months or less.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.5 Financial instruments (cont'd)

(i) Non-derivative financial assets (cont'd)

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. Available-for-sale financial assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see Note 3.6 (i)), are recognised in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognised, the cumulative gain or loss accumulated in equity is reclassified to profit or loss.

Available-for-sale financial assets comprise primarily investments in listed real estate investment trust units and private real estate funds that are managed by the Group.

(ii) Non-derivative financial liabilities

All financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities comprise loans and borrowings and trade and other payables.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.6 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associate and joint venture, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.6 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in profit or loss. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Associates and joint venture

An impairment loss in respect of an associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 3.6(ii). An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.8 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance lease is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specific asset and the arrangement contains a right to use the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

3.9 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Other long-term employee benefits

The Group has put in place a deferred compensation scheme which is designed to retain individual key executives managing the funds by offering them an opportunity to invest in the funds and to align the interests of key executives with that of the institutional fund investors in appropriately managing the fund's risks and returns.

The fair value of the amount payable to these key executives in respect of the deferred compensation scheme, which is settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees become entitled to payment. The liability is measured at each reporting date and settlement date based on the fair value of their investment in these funds. Any changes in the fair value of the liability are recognised as employee benefits in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.10 Revenue recognition

(i) REIT management fees

REIT management fees, comprising base and performance fees, are derived from the management of REITs and are determined based on the value of the real estate assets or total gross assets under management and net property income of the REITs managed, respectively. These fees are recognised on an accrual basis.

(ii) Acquisition, divestment and performance fees

Acquisition/divestment fees relate to fees earned in relation to the acquisition/divestment of properties by REITs and certain private real estate funds. The acquisition/divestment fees are determined based on the value of the properties acquired/divested and are recognised when the services have been rendered.

Performance fees relate to advisory and consultancy fees and fees earned in relation to private real estate funds where the returns of the private real estate funds exceed certain specified hurdles. Advisory and consultancy fees include project management fees and corporate finance advisory fees which are determined based on contracted terms and are recognised when the services have been rendered.

(iii) Portfolio management fees

Portfolio management fees are derived from the management of private real estate funds and are determined based on committed capital, invested capital or portfolio value. These fees are recognised on an accrual basis.

(iv) Real estate management service fees

Real estate management service fees are derived from the provision of property management services and convention and exhibition services rendered. These fees include marketing services fees, advertising fees and commissions and promotion commissions, and are recognised on an accrual basis.

3.11 Finance income and finance costs

Finance income comprises income on funds invested (including available-for-sale financial assets), distribution income, dividend income, gains on the disposal of available-for-sale financial assets and fair value gains on financial assets at fair value through profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Distribution income and dividend income are recognised in profit or loss when the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprise interest expense on financial liabilities, fees incurred in connection with the arrangement of debt facility, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss and impairment losses recognised on financial assets (other than trade receivables).

Borrowing costs that are not directly attributable to the acquisition of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

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3. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

3.12 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and deferred tax liabilities are offset if there is a legally enforceable right to offset current tax liabilities and current tax assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.13 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, and for the effects of all dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

3.14 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed monthly by the Group Chief Executive Officer ("Group CEO") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results reported to the Group CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, finance lease liabilities and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment and intangible assets other than goodwill.

3.15 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. The Group is currently assessing the potential impact of adopting these new standards and interpretations, on the financial statements of the Group and the Company.

These new standards include, among others, FRS 115 *Revenue from Contracts with Customers* and FRS 109 *Financial Instruments* which are mandatory for adoption by the Group on 1 January 2018.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.
- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Company in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and the Company. The Group does not plan to adopt these standards early.

The Accounting Standards Council (ASC) announced on 29 May 2014 that companies listed on the Singapore Exchange (SGX) will apply a new financial reporting framework identical to the International Financial Reporting Standards ("IFRS") for financial year ending 31 December 2018 onwards. Companies listed on SGX will have to assess the impact of IFRS 1: *First-time adoption of IFRS* when transitioning to the new reporting framework. The Group is currently assessing the impact of transitioning to the new reporting framework on its financial statements.

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4. PLANT AND EQUIPMENT

Group	Fittings and office equipment \$'000	Motor vehicles \$'000	Total \$'000
Cost			
At 1 January 2014	3,494	571	4,065
Additions	763	455	1,218
Disposals	(69)	(359)	(428)
Effect of movement in exchange rates	9	10	19
At 31 December 2014	4,197	677	4,874
Additions	1,108	–	1,108
Disposals	(89)	–	(89)
Effect of movement in exchange rates	64	16	80
At 31 December 2015	5,280	693	5,973
Accumulated depreciation			
At 1 January 2014	2,309	366	2,675
Depreciation for the year	603	122	725
Disposals	(52)	(263)	(315)
Effect of movement in exchange rates	14	9	23
At 31 December 2014	2,874	234	3,108
Depreciation for the year	651	118	769
Disposals	(80)	–	(80)
Effect of movement in exchange rates	56	15	71
At 31 December 2015	3,501	367	3,868
Carrying amounts			
At 1 January 2014	1,185	205	1,390
At 31 December 2014	1,323	443	1,766
At 31 December 2015	1,779	326	2,105

Leased motor vehicles

During the year, there were no additions to motor vehicles financed by new finance leases (2014: \$455,000). As at 31 December 2015, the carrying amount of motor vehicles held under finance lease was \$326,000 (2014: \$417,000). The amount outstanding under the finance lease agreement is set out in Note 14 to the financial statements.

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5. INTANGIBLE ASSETS

Group	Acquired contractual rights \$'000	Software \$'000	Total \$'000
Cost			
At 1 January 2014	–	–	–
Arising from acquisition of subsidiary	1,224	–	1,224
At 31 December 2014	1,224	–	1,224
Additions for the year	–	336	336
At 31 December 2015	1,224	336	1,560
Accumulated amortisation and impairment			
At 1 January 2014	–	–	–
Amortisation for the year	169	–	169
At 31 December 2014	169	–	169
Amortisation for the year	238	6	244
At 31 December 2015	407	6	413
Carrying amounts			
At 1 January 2014	–	–	–
At 31 December 2014	1,055	–	1,055
At 31 December 2015	817	330	1,147

6. SUBSIDIARIES

	Company	
	2015 \$'000	2014 \$'000
Equity investments at cost	67,802	67,802
Shareholders' loan to subsidiaries	224,206	131,443
Less: Impairment loss	–	(2,239)
	292,008	197,006

The shareholders' loan to subsidiaries are unsecured and interest-free with no specified repayment date. The settlement of the amount is neither planned nor likely to occur in the foreseeable future. As the amount is, in substance, a part of the Company's net investment in the subsidiaries, it is stated at cost.

The Company had in the prior years, cumulatively provided for impairment loss totalling \$2,239,000 which arose from a review of the recoverable amount, determined based on the estimated fair value of the subsidiaries. The provision for impairment loss was written back during the year as the amount is fully recoverable.

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6. SUBSIDIARIES (cont'd)

Details of significant and/or principal subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective ownership interest	
		2015 %	2014 %
ARA Asset Management (Fortune) Limited ^{(1) (2)}	Republic of Singapore	100	100
ARA Trust Management (Suntec) Limited ⁽¹⁾	Republic of Singapore	100	100
ARA Management Pte. Ltd. ⁽¹⁾	Republic of Singapore	100	100
ARA Asset Management (Prosperity) Limited ⁽²⁾	Hong Kong	100	100
ARA-CWT Trust Management (Cache) Limited ⁽¹⁾	Republic of Singapore	60	60
ARA Managers (APF) Pte. Ltd. ⁽¹⁾	Republic of Singapore	100	100
ARA Fund Management (Asia Dragon II) Limited ⁽¹⁾	Bermuda	100	100
ARA Fund Management (CIP) Limited ⁽¹⁾	Bermuda	100	100
Jadeline Capital Sdn. Bhd. ⁽²⁾	Malaysia	100	100
ARA Investors II Limited ⁽³⁾	British Virgin Islands	100	100
ARA Real Estate Investors V Limited ⁽³⁾	British Virgin Islands	100	100
ARA Real Estate Investors VI Limited ⁽³⁾	British Virgin Islands	100	100
ARA Real Estate Investors VII Limited ⁽³⁾	British Virgin Islands	100	100
ARA Real Estate Investors VIII Limited ⁽³⁾	British Virgin Islands	100	100
ARA Real Estate Investors IX Limited ⁽³⁾	British Virgin Islands	100	100
ARA Real Estate Investors X Pte. Ltd. ⁽¹⁾	Republic of Singapore	90.1	90.1
ARA Real Estate Investors XI Limited ⁽³⁾	British Virgin Islands	100	–
ARA Real Estate Investors XII Limited ⁽³⁾	British Virgin Islands	100	–
ARA Real Estate Investors XIII Limited ⁽³⁾	British Virgin Islands	100	–
ARA Managers (Harmony) Pte. Ltd. ⁽¹⁾	Republic of Singapore	100	100

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6. SUBSIDIARIES (cont'd)

Details of significant and/or principal subsidiaries are as follows: (cont'd)

Name of subsidiary	Country of incorporation	Effective ownership interest	
		2015	2014
		%	%
Suntec Singapore International Convention & Exhibition Services Pte. Ltd. ⁽¹⁾	Republic of Singapore	100	100
APM Property Management Pte. Ltd. ⁽¹⁾	Republic of Singapore	100	100
SC Property Management Co. Ltd. ⁽²⁾	Hong Kong	51	51
Asia Property Management (China) Limited ⁽²⁾⁽⁴⁾	Hong Kong	33.2	33.2
ARA Fund Management (MIP) Limited ⁽¹⁾	Bermuda	100	100
ARA Fund Management (Harmony III) Limited ⁽¹⁾	Cayman Islands	65	–
ARA Fund Management (SDF) Limited ⁽¹⁾	Cayman Islands	100	100
ARA Managers (SIP) Pte. Ltd. ⁽¹⁾	Republic of Singapore	100	100
ARA Korea Limited ⁽²⁾	Republic of Korea	90.1	90.1

⁽¹⁾ Audited by KPMG LLP, Singapore

⁽²⁾ Audited by other member firms of KPMG International

⁽³⁾ Not required to be audited by law of country of incorporation

⁽⁴⁾ Although the Group owns less than half of the voting power in this company, it is able to govern the financial and operating policies of the company by virtue of an agreement with the other investors of Asia Property Management (China) Limited and its subsidiaries. Consequently, the Group consolidates its investment in the company and its subsidiaries

KPMG LLP is the auditor of all significant Singapore-incorporated, Bermuda-incorporated and Cayman Islands-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries except for subsidiaries incorporated in the British Virgin Islands, Cayman Islands and Bermuda which are not required to be audited under the laws prevailing in their respective jurisdiction. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

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7. ASSOCIATES AND JOINT VENTURE

	Group	
	2015	2014
	\$'000	\$'000
Interests in associates	10,172	6,006
Interest in joint venture	6,019	–
At 31 December	16,191	6,006

An associated company is considered significant as defined under the Singapore Exchange Limited Listing Manual if the Group's share of its net tangible assets represents 20% or more of the Group's consolidated net tangible assets, or if the Group's share of its pre-tax profits accounts for 20% or more of the Group's consolidated pre-tax profits.

Associates

The Group has interests in a number of individually immaterial associates. The following table summarises, in aggregate, the carrying amount and share of profit of these associates that are accounted for using the equity method.

	Group	
	2015	2014
	\$'000	\$'000
Group's interest in net assets of investee at beginning of the year	6,006	4,657
Group's share of:		
- profit from continuing operations	7,473	4,305
- other comprehensive income	(34)	(11)
- total comprehensive income	7,439	4,294
Effect of movement in exchange rates	889	336
Dividends received in cash and/or in units of real estate investment trust	(4,162)	(3,281)
Carrying amount of interest in investee at the end of the year	10,172	6,006

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7. ASSOCIATES AND JOINT VENTURE (cont'd)

Associates (cont'd)

Details of associates are as follows:

Name of associate	Country of incorporation	Effective ownership interest	
		2015	2014
		%	%
Am ARA REIT Holdings Sdn. Bhd. ⁽¹⁾	Malaysia	30	30
Am ARA REIT Managers Sdn. Bhd. ⁽¹⁾	Malaysia	30	30
Cache Property Management Pte. Ltd. ⁽²⁾	Republic of Singapore	40	40
World Deluxe Enterprises Limited ⁽³⁾	British Virgin Islands	30	30
Hui Xian Asset Management Limited ⁽⁴⁾	Hong Kong	30	30
Beijing Hui Xian Enterprise Services Limited ⁽⁵⁾	People's Republic of China	30	30

⁽¹⁾ Audited by Ernst & Young, Malaysia

⁽²⁾ Audited by KPMG LLP, Singapore

⁽³⁾ Not required to be audited by law of country of incorporation

⁽⁴⁾ Audited by Deloitte Touche Tohmatsu, Hong Kong

⁽⁵⁾ Audited by Beijing Zhong Tong Xing Certified Public Accountants LLP, China

Joint venture

The Group has interests in ARA-ShinYoung REIT in 2015. The following table summarises, in aggregate, the carrying amount and share of profit of this joint venture that is accounted for using the equity method.

	Group	
	2015	2014
	\$'000	\$'000
Group's interest in net assets of investee at beginning of the year	-	-
Share of interest acquired	6,027	-
Group's share of:		
- loss from continuing operations	(8)	-
- total comprehensive income	(8)	-
Carrying amount of interest in investee at the end of the year	6,019	-

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7. ASSOCIATES AND JOINT VENTURE (cont'd)

Joint venture (cont'd)

Details of the joint venture are as follows:

Name of joint venture	Country of incorporation	Ownership interest	
		2015	2014
		%	%
ARA-ShinYoung REIT ⁽¹⁾	South Korea	50	–

⁽¹⁾ Audited by Deloitte Anjin LLC, South Korea

8. INVOLVEMENT WITH UNCONSOLIDATED STRUCTURED ENTITIES

The table below describes the types of structured entities that the Group does not consolidate but in which it holds an interest.

Type of structured entity	Nature and purpose	Interest held by the Group	Total assets	
			2015	2014
			\$'million	\$'million
REITs and Investment funds	To generate fees from managing assets on behalf of investors. These vehicles are financed through the issue of equity to investors.	<ul style="list-style-type: none"> • Investments in equity issued by the fund • Investments in units issued by the REITs • Management fees 	34,220	29,963

The table below sets out an analysis of the carrying amounts of interest held by the Group in unconsolidated REITs and investment funds. The maximum exposure to loss is the carrying amount of the assets held.

	2015	2014
	\$'000	\$'000
Carrying amount		
REITs and Investment funds	430,803	299,617

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9. FINANCIAL ASSETS

	Group	
	2015	2014
	\$'000	\$'000
Non-current		
Quoted available-for-sale financial assets	171,061	94,188
Unquoted available-for-sale financial assets	216,288	164,569
Unquoted financial assets designated at fair value through profit or loss	9,945	7,085
	397,294	265,842
Current		
Quoted financial assets held-for-trading	33,509	38,454

Quoted financial assets relate to units held in listed REITs. Certain quoted available-for-sale securities with an aggregate amount of \$120,558,000 (2014: \$81,805,000) relate to units held in certain listed REITs which are pledged as security to obtain credit facilities.

The carrying value of unquoted available-for-sale financial assets consists of seed capital investments in private real estate funds of \$205,157,000 (2014: \$148,204,000) and an investment in a privately-held REIT of \$11,131,000 (2014: \$11,686,000). The remaining carrying value of \$4,679,000 in 2014 relate to units held in an open-ended specialist equity fund which was fully liquidated in 2015. All of the unquoted available-for-sale financial assets are stated at their fair values.

The unquoted financial assets designated at fair value through profit or loss are units held in certain private real estate funds that otherwise would have been classified as available-for-sale. The performance of these unquoted financial assets designated at fair value through profit or loss is actively monitored and are managed on a fair value basis.

The Group's exposure to credit and currency risks related to financial assets are disclosed in Note 15.

Sensitivity analysis - equity price risk

All of the Group's quoted equity financial assets are listed on the SGX-ST, the Stock Exchange of Hong Kong ("HKEx") or the Bursa Malaysia Securities Berhad.

For such investments classified as available-for-sale or held-for-trading, a 10% increase / (decrease) in their stock prices at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2014, as indicated below:

	Equity		Profit or loss	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
SGX-ST	16,237	8,181	877	2,673
HKEx	-	-	2,474	1,172
Bursa Malaysia Securities Berhad	869	1,238	-	-

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10. DEFERRED TAX

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Deferred tax assets				
Tax loss carry-forward	712	745	-	-
Deferred tax liabilities				
Plant and equipment	(115)	(124)	-	-

Movements in temporary differences of the Group during the year are as follows:

	At 1 January 2014 \$'000	Acquired in business combinations (Note 23) \$'000	Recognised in profit or loss (Note 20) \$'000	At 31 December 2014 \$'000	Recognised in profit or loss (Note 20) \$'000	At 31 December 2015 \$'000
Plant and equipment	(68)	-	(56)	(124)	9	(115)
Tax loss carry-forward	-	454	291	745	(33)	712
	(68)	454	235	621	(24)	597

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11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables	10,794	14,355	–	–
Accrued revenue	24,451	23,558	–	–
Tenancy and other deposits	1,217	1,209	–	–
Other receivables	10,659	3,519	–	–
Amount due from a related party, non-trade	270	252	–	–
Amount due from subsidiaries, non-trade	–	–	13,255	13,890
Loans and receivables	47,391	42,893	13,255	13,890
Prepayments	6,002	6,445	37	42
	53,393	49,338	13,292	13,932
Non-current	5,566	5,871	–	–
Current	47,827	43,467	13,292	13,932
	53,393	49,338	13,292	13,932

There is no impairment allowance arising from the outstanding balances. The non-trade amounts due from a related party and subsidiaries are unsecured, interest-free and repayable on demand.

Accrued revenue relates to accrual of REIT management fees, portfolio management fees and real estate management services fees.

Non-current receivables for the Group relates to prepayments for agent fees in relation to the private real estate funds under management, which will be amortised over the life of these funds as well as tenancy deposits.

The Group's and Company's exposure to credit and currency risks related to trade and other receivables are disclosed in Note 15.

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash at bank and in hand	55,901	49,512	11,517	2,310
Short-term fixed deposits	20,841	14,918	20,000	–
Cash and cash equivalents in the statement of cash flows	76,742	64,430	31,517	2,310

The Group's and Company's exposure to credit, interest rate and currency risks related to cash and cash equivalents are disclosed in Note 15.

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NOTES TO THE FINANCIAL STATEMENTS

13. CAPITAL AND RESERVES

Share capital

	2015	2014
	Number of	Number of
	shares	shares
	'000	'000
Group and Company		
At 1 January	845,151	845,151
Issue of rights shares	152,127	–
At 31 December	997,278	845,151

On 11 November 2015, the Company launched a 18-for-100 renounceable underwritten rights issue of 152,127,196 new shares at an issue price of \$1.00 for each share ("Rights Issue"), to raise gross proceeds of approximately \$152.1 million.

On 16 December 2015, 152,127,196 new ordinary shares of \$0.002 each in the capital of the Company credited as fully paid were allotted and issued to shareholders of the Company in relation to the Rights Issue. Following listing of these shares on 17 December 2015, the total number of issued shares in the Company increased from 845,151,093 to 997,278,289.

All the newly issued shares rank pari passu in all respect with the existing ordinary shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

All issued shares are fully paid, with a par value of \$0.002 each.

Reserves

The reserves of the Group and the Company comprise the following balances:

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Share premium	225,287	74,859	225,287	74,859
Foreign currency translation reserve	18,546	6,425	–	–
Fair value reserve	11,783	31,271	–	–
	255,616	112,555	225,287	74,859

Share premium

Share premium is net of cost of issue of new shares.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognised or impaired.

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NOTES TO THE FINANCIAL STATEMENTS

13. CAPITAL AND RESERVES (cont'd)

Dividends

The following dividends were declared and paid by the Group and Company for the year ended 31 December:

	Group and Company	
	2015	2014
Paid by the Company to owners of the Company:	\$'000	\$'000
Interim dividend of \$0.023 per ordinary share (2014: \$0.023)	19,438	19,438
Final dividend of \$0.027 per ordinary share, paid in respect of the previous financial year (2014: \$0.027)	22,819	22,819
	42,257	42,257

At the Annual General Meeting to be held on 15 April 2016 (2014: 24 April 2015), a final exempt dividend of \$0.027 (2014: \$0.027) per share amounting to \$26,927,000 (2014: \$22,819,000) will be recommended for shareholders' approval. These financial statements do not reflect this dividend, which will be accounted for in the shareholders' equity as an appropriation of retained profits in the financial year ending 31 December 2016.

	Group	
	2015	2014
	\$'000	\$'000
Paid by subsidiaries to parties with non-controlling interest	2,983	1,549

14. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to interest rate and liquidity risks, see Note 15.

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Non-current liabilities				
Secured bank loans	14,000	–	–	–
Finance lease liability	118	163	–	–
	14,118	163	–	–
Current liabilities				
Secured bank loans	–	19,500	–	–
Unsecured bank loans	–	14,649	–	14,649
Finance lease liability	45	45	–	–
	45	34,194	–	14,649
	14,163	34,357	–	14,649

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NOTES TO THE FINANCIAL STATEMENTS

14. LOANS AND BORROWINGS (cont'd)

Terms and conditions of outstanding loans and borrowings are as follows:

Group	Currency	Nominal interest rate	Year of maturity	Fair value \$'000	Carrying amount \$'000
2015					
Secured bank loans	SGD	2.65% per annum	2018	14,000	14,000
Finance lease liability	SGD	1.88% per annum	2019	163	163
				14,163	14,163
2014					
Secured bank loans	SGD	1.68% per annum	2017	19,500	19,500
Unsecured bank loan	SGD	1.85% per annum	*	12,000	12,000
Unsecured bank loan	USD	1.81% per annum	*	2,649	2,649
Finance lease liability	SGD	1.88% per annum	2019	208	208
				34,357	34,357
Company					
				Fair value \$'000	Carrying amount \$'000
2014					
Unsecured bank loan	SGD	1.85% per annum	*	12,000	12,000
Unsecured bank loan	USD	1.81% per annum	*	2,649	2,649
				14,649	14,649

The secured bank loan of \$14,000,000 relates to a term loan drawn in 2015 for the Group's general working purposes and seed capital contributions to the private real estate funds. The facility is secured by 33,222,000 units held in Suntec REIT and terminates in November 2018.

The secured bank loans in 2014 of \$19,500,000 relates to a multicurrency revolving credit facility drawn for the Group's general working purposes and seed capital contributions to the private real estate funds. The facility is secured by 34,093,000 (2014: 34,093,000) units held in Suntec REIT and 17,922,000 (2014: 15,279,000) units in Cache Logistics Trust and terminates in March 2017.

* The unsecured bank loans in 2014 of \$14,649,000 primarily relate to an unsecured money market line drawn for the Group's various investments. There is no fixed expiry date on the facility.

NOTES TO THE FINANCIAL STATEMENTS

14. LOANS AND BORROWINGS (cont'd)

Finance lease liability

At 31 December, the Group has an obligation under a finance lease that is payable as follows:

Group	2015			2014		
	Principal \$'000	Interest \$'000	Future minimum payments \$'000	Principal \$'000	Interest \$'000	Future minimum payments \$'000
Within 1 year	45	4	49	45	4	49
Between 1 to 5 years	118	11	129	163	15	178
	<u>163</u>	<u>15</u>	<u>178</u>	<u>208</u>	<u>19</u>	<u>227</u>

15. FINANCIAL INSTRUMENTS

Financial risk management

Overview

The Group has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by the Group Risk Management and Internal Audit Division. The Group Risk Management and Internal Audit Division undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from counterparties and investment securities.

The carrying amount of financial assets in the statement of financial position represents the Group's and the Company's maximum exposure to credit risk, before taking into account any collateral held. The Group and the Company do not hold any collateral in respect of its financial assets.

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NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS (cont'd)

Credit risk (cont'd)

Trade and other receivables

Risk management policy

The Group's exposure to credit risk arises mainly through its trade and accrued fees receivables from REITs, real estate management and private real estate funds. Exposure to credit risk is monitored on an ongoing basis.

Investments and other financial assets

Risk management policy

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash and cash equivalents and other financial assets. Credit risk on cash and cash equivalents is limited because these are placed with regulated financial institutions. Credit risk on other financial assets is limited because the counterparties are entities with high credit quality and/or acceptable credit ratings. These financial assets are monitored on an ongoing basis by management.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Loans and receivables					
- Loans and receivables	11	47,391	42,893	13,255	13,890
- Cash and cash equivalents	12	76,742	64,430	31,517	2,310
Available-for-sale financial assets					
- Quoted financial assets	9	171,061	94,188	-	-
- Unquoted financial assets	9	216,288	164,569	-	-
Fair value through profit or loss					
- Quoted financial assets held-for-trading	9	33,509	38,454	-	-
- Unquoted financial assets	9	9,945	7,085	-	-
		554,936	411,619	44,772	16,200

NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS (cont'd)

Credit risk (cont'd)

Impairment losses

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The aging of trade and other receivables that was not impaired at the reporting date was:

	Group	
	2015	2014
	\$'000	\$'000
Not past due	20,377	15,828
Past due 0-60 days	763	1,612
Past due 61-120 days	93	47
More than 120 days	220	387
	21,453	17,874

Based on historical default rates, the Group believes that no impairment allowance is necessary as these accounts mainly relates to customers that have a good payment record with the Group. None of the other receivables are past due.

Liquidity risk

Risk management policy

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

In addition, the Group maintains the following lines of credit:

- An unutilised multicurrency revolving credit facility of \$49.6 million (2014: \$30.1 million) secured on the Group's strategic stakes in Suntec REIT and Cache Logistics Trust. The facility bears interest at a fixed spread over the corresponding benchmark rate of the available currencies and terminates in March 2017.
- An unutilised term loan of \$16.0 million (2014: Nil) secured on the Group's strategic stakes in Suntec REIT. The facility bears interest at a fixed spread over the corresponding benchmark rate of the available currencies.
- An unutilised unsecured money market line of \$80.0 million (2014: \$35.4 million). The facility bears interest at a fixed spread over the corresponding benchmark rate of the available currencies.
- \$6.0 million and HK\$3.0 million (2014: \$6.0 million and HK\$3.0 million) overdraft facilities that are unsecured. Interest would be payable at the respective Singapore and Hong Kong prime lending rates.

The Group has contractual commitments to incur capital expenditure with regard to its investments in various private real estate funds (see Note 27).

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NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS (cont'd)

Liquidity risk (cont'd)

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities which are measured at amortised cost including estimated interest payments but excluding the impact of netting agreements:

	Carrying amount \$'000	<----- Cash flows ----->		
		Contractual cash flows \$'000	Within 1 year \$'000	Within 1 to 5 years \$'000
Group				
2015				
Non-derivative financial liabilities				
Finance lease liability	163	(178)	(49)	(129)
Trade and other payables	26,833	(26,833)	(25,001)	(1,832)
Secured bank loans	14,000	(15,113)	(371)	(14,742)
	40,996	(42,124)	(25,421)	(16,703)
2014				
Non-derivative financial liabilities				
Finance lease liability	208	(227)	(49)	(178)
Trade and other payables	33,911	(33,911)	(32,719)	(1,192)
Secured bank loans	19,500	(19,814)	(19,814)	-
Unsecured bank loans	14,649	(14,911)	(14,911)	-
	68,268	(68,863)	(67,493)	(1,370)
Company				
2015				
Trade and other payables	6,623	(6,623)	(1,343)	(5,280)
	6,623	(6,623)	(1,343)	(5,280)
2014				
Trade and other payables	20,676	(20,676)	(1,676)	(19,000)
Unsecured bank loans	14,649	(14,911)	(14,911)	-
	35,325	(35,587)	(16,587)	(19,000)

It is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS (cont'd)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Market risk is managed through established investment policies and guidelines. These policies and guidelines are reviewed regularly taking into consideration changes in the overall market environment.

Currency risk

Risk management policy

The Group is exposed to currency risk on its revenue, expenses and borrowings, including inter-company sales, purchases and inter-company balances, that are denominated in a currency other than the respective functional currencies of the Group's entities. The currencies in which these transactions are primarily denominated in are United States dollar, Hong Kong dollar, Australian dollar, Chinese renminbi and Korean won.

Exposure to foreign currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure to an acceptable level.

Exposure to currency risk

The Group's and the Company's exposures to foreign currency were as follows based on notional amounts:

	<----- Group ----->						<---Company--->	
	United		Hong		Korean		United	
	Singapore	States	Kong	Australian	Chinese	Korean	States	Korean
	dollar	dollar	dollar	dollar	renminbi	won	dollar	won
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2015								
Financial assets	-	-	-	-	9,287	-	-	-
Trade and other receivables	-	689	6,286	-	-	-	15	-
Cash and cash equivalents	1,035	154	53	259	154	1,109	54	1,109
Trade and other payables	(44)	-	-	-	-	-	-	-
	991	843	6,339	259	9,441	1,109	69	1,109
2014								
Financial assets	-	-	-	-	7,254	-	-	-
Trade and other receivables	-	9	5,383	5	-	-	-	-
Cash and cash equivalents	211	645	106	747	197	1,115	85	1,115
Trade and other payables	(28)	(18)	(143)	-	-	-	-	-
Unsecured bank loan	-	(2,649)	-	-	-	-	(2,649)	-
	183	(2,013)	5,346	752	7,451	1,115	(2,564)	1,115

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15. FINANCIAL INSTRUMENTS (cont'd)

Market risk (cont'd)

Sensitivity analysis

A 10% strengthening of the Singapore dollar against the following currencies at the reporting date would have increased/(decreased) profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2014, as indicated below:

	Group		Company	
	Profit or (loss)		Profit or (loss)	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
United States dollar	(84)	201	(7)	256
Hong Kong dollar	(634)	(535)	-	-
Australian dollar	(26)	(75)	-	-
Chinese renminbi	(944)	(745)	-	-
Korean won	(111)	(111)	(111)	(111)
	(1,799)	(1,265)	(118)	145

A 10% weakening of the Singapore dollar against the above currencies at the reporting date would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group		Company	
	Carrying amount		Carrying amount	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Fixed rate instruments				
Financial assets	20,841	14,918	20,000	-
Financial liabilities	(163)	(208)	-	-
	20,678	14,710	20,000	-
Variable rate instruments				
Financial liabilities	(14,000)	(34,149)	-	(14,649)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS (cont'd)

Market risk (cont'd)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates at the reporting date would have increased / (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.

	Group		Company	
	Profit or (loss)		Profit or (loss)	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	\$'000	\$'000	\$'000	\$'000
2015				
Variable rate instruments	(140)	140	-	-
Cash flow sensitivity (net)	(140)	140	-	-
2014				
Variable rate instruments	(341)	341	(146)	146
Cash flow sensitivity (net)	(341)	341	(146)	146

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as results from operating activities divided by total shareholders' equity, excluding non-controlling interests.

The Board of Directors also monitors the level of dividends to ordinary shareholders. There were no changes in the Group's approach to capital management during the year.

In addition, certain subsidiaries of the Company are Capital Markets Services ("CMS") Licence holders registered by the Monetary Authority of Singapore to conduct the regulated activity of REIT management and are subject to the requirements under the Securities and Futures Act, Securities and Futures (Licensing and Conduct of Business) Regulations and Securities and Futures (Financial and Margin Requirements for Holders of Capital Market Services Licences) Regulations (collectively referred to as "CMS regulations"). As defined in the applicable legislation under the CMS regulations, these subsidiaries are required to maintain the "Base Capital" of \$1,000,000 and ensure that their "Financial Resources" shall not fall below 120% of the "Total Risk Requirement".

Apart from the above, certain subsidiaries of the Company are licensed corporations registered under the Hong Kong Securities and Futures Ordinance and are subject to the capital requirements of the Hong Kong Securities and Futures (Financial Resources) Rules ("FRR"). The minimum paid-up share capital requirement of these subsidiaries is HK\$5,000,000 and the minimum liquid capital requirement is the higher of HK\$3,000,000 and the variable required liquid capital as defined in the FRR.

The Group monitors its compliance with the requirements of both the CMS and FRR regulations regularly.

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15. FINANCIAL INSTRUMENTS (cont'd)

Fair value

Accounting classifications and fair values

The carrying amounts and fair values of certain financial assets including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Group	Carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2015					
Available-for-sale financial assets	387,349	171,061	–	216,288	387,349
Financial assets held-for-trading	33,509	33,509	–	–	33,509
Financial assets designated at fair value through profit or loss	9,945	–	–	9,945	9,945
	430,803	204,570	–	226,233	430,803
2014					
Available-for-sale financial assets	258,757	94,188	4,679	159,890	258,757
Financial assets held-for-trading	38,454	38,454	–	–	38,454
Financial assets designated at fair value through profit or loss	7,085	–	–	7,085	7,085
	304,296	132,642	4,679	166,975	304,296

Measurement of fair values

(i) Valuation techniques and significant unobservable inputs

The fair value of the Level 3 financial instruments as at the reporting date was determined using a valuation technique using the realisable net asset value approach, which takes into consideration the fair value of the underlying assets and liabilities of the entities to which the financial instrument relates. The assets held by the relevant entities comprise mainly real estate investments whose fair values were determined using the discounted cash flow and direct comparison methods. The fair value of such investments were determined by reference to projected operating cash flows, sales of comparable assets if any, and/or capitalisation rates analysis. These assumptions include net asset values, internal rates of return, discount and capitalisation rates, interest rates and financing terms, rental rates, timing of leasing activity, estimates of lease terms and related concessions, etc. The inputs used in the discounted cash flow methods also included risk-free rates of return, estimated risk premiums as well as other economic variables. These methodologies involve a significant degree of management judgement where adjustments may be made by management for differences between the investment and the referenced comparables.

NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS (cont'd)

Fair value (cont'd)

Measurement of fair values (cont'd)

(i) Valuation techniques and significant unobservable inputs (cont'd)

The following table shows the valuation technique and the key unobservable input used in the determination of fair value of the Level 3 financial assets.

Valuation technique	Significant unobservable input	Inter-relationship between significant unobservable input and fair value measurement
Net asset value	Net asset value	The estimated fair value would increase if net asset value was higher

Sensitivity analysis

For the fair value of Level 3 financial assets, changing the significant unobservable input by 10% at the reporting date would have the following favourable/(unfavourable) impact by the amount shown below.

	Increase/ (decrease)	Favourable/(unfavourable) impact on other comprehensive income \$'000
31 December 2015		
Net asset value	10%	22,623
	(10%)	(22,623)*
31 December 2014		
Net asset value	10%	16,698
	(10%)	(16,698)*

* Assuming there is no prolonged decline in its fair value below its cost.

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NOTES TO THE FINANCIAL STATEMENTS

15. FINANCIAL INSTRUMENTS (cont'd)

Fair value (cont'd)

Measurement of fair values (cont'd)

(i) Valuation techniques and significant unobservable inputs (cont'd)

Financial instruments not measured at fair values

The Group has not disclosed the fair values of financial instruments such as trade receivables and payables, loans and borrowings and cash and cash equivalents as the carrying amounts of these financial instruments are a reasonable approximation of fair values as at 31 December 2015 and 2014.

(ii) Transfers between Level 1 and 2

During the financial years ended 31 December 2015 and 31 December 2014, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

(iii) Level 3 fair values

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	Group	
	2015	2014
Level 3 financial assets:	\$'000	\$'000
At 1 January	166,975	128,272
Capital contribution	43,227	53,984
Capital returns	(9,522)	(15,342)
Total unrealised (losses)/gains recognised in profit or loss	(1,674)	289
Total gains/(losses) recognised in other comprehensive income	27,227	(228)
At 31 December	<u>226,233</u>	<u>166,975</u>

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
Trade payables	3,066	6,453	139	26
Accrued expenses	19,287	23,690	1,204	1,642
Other payables	4,360	3,768	–	8
Loan from a shareholder	120	–	–	–
Amount due to a subsidiary, non-trade	–	–	5,280	19,000
	<u>26,833</u>	<u>33,911</u>	<u>6,623</u>	<u>20,676</u>
Non-current	1,832	1,192	5,280	19,000
Current	25,001	32,719	1,343	1,676
	<u>26,833</u>	<u>33,911</u>	<u>6,623</u>	<u>20,676</u>

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16. TRADE AND OTHER PAYABLES (cont'd)

The Group's and the Company's exposure to currency and liquidity risks related to trade and other payables are disclosed in Note 15.

The loan from a shareholder is unsecured, interest-free and repayable on demand.

The outstanding balance with a subsidiary is unsecured and interest-free.

17. MANAGEMENT FEES

	Group	
	2015	2014
	\$'000	\$'000
REIT management fees	86,782	77,140
Portfolio management fees	21,021	24,429
Real estate management service fees	21,794	23,948
	129,597	125,517

18. FINANCE INCOME AND FINANCE COSTS

	Group	
	2015	2014
	\$'000	\$'000
Finance income		
Interest income - bank deposits	185	125
Gain on fair valuation/disposal of financial assets	283	9,744
Distribution income	11,899	10,524
	12,367	20,393
Finance costs		
Interest expense:		
- bank loans	1,291	719
- finance lease liabilities	4	30
- bank overdraft	17	14
- shareholder's loan	1,244	-
Foreign exchange loss, net	1,196	2,329
Impairment on available-for-sale financial assets	2,039	-
Loss on fair valuation/disposal of financial assets	754	-
	6,545	3,092

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NOTES TO THE FINANCIAL STATEMENTS

19. PROFIT BEFORE TAX

The following items have been included in arriving at the profit for the year:

	Group	
	2015	2014
	\$'000	\$'000
Other income		
Negative goodwill	–	2,102
Gain on disposal of plant and equipment	3	53
Operating expenses		
Agency commission	2,728	5,382
Amortisation of intangible asset	244	169
Audit fee paid to:		
- auditors of the Company	393	339
- other auditors	163	150
Non-audit fee paid to:		
- auditors of the Company	162	128
- other auditors	28	22
Depreciation of plant and equipment	769	725
Employee benefits expense (see below)	43,775	45,501
Employee benefits expense		
Salaries, bonus and other costs*	41,924	43,964
Contribution to defined contribution plans	1,851	1,537
	43,775	45,501

* Included in salaries, bonus and other costs are staff-related expenses of \$14,752,000 (2014: \$13,339,000) for Suntec Singapore International Convention & Exhibition Services Pte. Ltd., a wholly-owned subsidiary of the Company, which was fully reimbursed by a private fund and netted off.

20. TAX EXPENSE

	Group	
	2015	2014
	\$'000	\$'000
Current tax expense		
Current year	14,192	13,812
Overprovision in prior years	(121)	(690)
	14,071	13,122
Deferred tax expense		
Origination and reversal of temporary differences	24	(235)
Total tax expense	14,095	12,887
Reconciliation of effective tax rate:		
Profit for the year	81,353	90,730
Total tax expense	14,095	12,887
Profit excluding tax	95,448	103,617

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NOTES TO THE FINANCIAL STATEMENTS

20. TAX EXPENSE (cont'd)

	Group	
	2015	2014
	\$'000	\$'000
Tax using the Singapore tax rate at 17% (2014: 17%)	16,226	17,615
Effects of tax rates in foreign jurisdiction	(1,231)	(3,870)
Non-deductible expenses	644	920
Tax exempt income	(1,420)	(1,092)
Overprovision in prior years	(121)	(690)
Others	(3)	4
	14,095	12,887

21. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share at 31 December 2015 was based on the profit attributable to ordinary shareholders of \$78,058,000 (2014: \$87,510,000) and a weighted average number of ordinary shares outstanding calculated as follows:

	Group	
	2015	2014
	\$'000	\$'000
Profit attributable to ordinary shareholders	78,058	87,510
	Number	Number
	of shares	of shares
	'000	'000
Issued ordinary shares at beginning of the year	845,151	845,151
Effect of Rights Issue on 16 December 2015	152,127	–
Issued ordinary shares at end of the year	997,278	845,151
Weighted average number of ordinary shares	870,710	865,286
Basic and diluted earnings per share (cents)	8.96	10.35
Basic and diluted earnings per share (cents) (restated)	8.96	10.11

The basic and diluted earnings per ordinary share for the years ended 31 December 2015 and 31 December 2014 are calculated based on the profit attributable to ordinary shareholders of the Company for the financial year and weighted average ordinary shares on a pro-rata basis based on an adjustment factor calculated based on the market price and theoretical ex-rights price of an ordinary share. The basic and diluted earnings per share are the same as there is no dilutive instrument in issue at the reporting date.

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22. OPERATING SEGMENTS

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. For each of the strategic business units, the Group CEO reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

REITs:	Provision of fund management services to real estate investment trusts
Private real estate funds:	Provision of fund management services to private real estate funds
Real estate management services:	Provision of property management services and convention and exhibition services
Investment holdings:	Investing in a portfolio of listed securities in REITs and unlisted equity investment in REITs and private real estate funds

Others comprise primarily corporate finance advisory services which do not meet any of the quantitative thresholds for determining reportable segment in 2015 or 2014.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

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NOTES TO THE FINANCIAL STATEMENTS

22. OPERATING SEGMENTS (cont'd)

Information about reportable segments

	REITs		Private real estate funds		Real estate management services		Investment holdings		Others		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues	100,854	94,145	22,420	44,991	24,413	25,891	8,306	7,993	34	38	156,027	173,058
Inter-segment revenue	-	-	-	-	-	-	-	-	11,915	12,866	11,915	12,866
	100,854	94,145	22,420	44,991	24,413	25,891	8,306	7,993	11,949	12,904	167,942	185,924
Interest expense	(21)	(44)	-	-	-	-	(2,535)	(719)	-	-	(2,556)	(763)
Depreciation	(464)	(387)	(38)	(29)	(243)	(293)	-	-	(24)	(16)	(769)	(725)
Reportable segment profit before tax	69,969	63,255	7,153	21,391	9,369	11,071	4,047	7,034	368	325	90,906	103,076
Share of profit/(loss) of associates and joint venture, net of tax	5,579	3,355	-	-	1,894	950	(8)	-	-	-	7,465	4,305
Reportable segment assets	79,769	93,641	15,665	22,941	20,202	22,772	443,896	278,630	4,658	2,901	564,190	420,885
Investment in associates and joint venture	9,580	5,488	-	-	592	518	6,019	-	-	-	16,191	6,006
Capital expenditure	199	2,164	450	66	741	212	-	-	54	-	1,444	2,442
Reportable segment liabilities	6,298	6,677	6,185	8,673	7,880	7,811	3,264	6,895	3,085	3,855	26,712	33,911

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NOTES TO THE FINANCIAL STATEMENTS

22. OPERATING SEGMENTS (cont'd)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items of the Group

	2015	2014
	\$'000	\$'000
Revenue		
Total revenue for reporting segments	156,027	173,058
Other revenue	11,915	12,866
	167,942	185,924
Elimination of inter-segment revenue	(11,915)	(12,866)
Revenue	156,027	173,058
Profit		
Total profit for reportable segments	90,538	102,751
Other profit	368	325
	90,906	103,076
Unallocated amounts:		
- Other corporate expenses	(2,923)	(3,764)
Share of profit of associates and joint venture, net of tax	7,465	4,305
Profit before tax	95,448	103,617
Assets		
Total assets for reportable segments	559,532	417,984
Other assets	4,658	2,901
	564,190	420,885
Investment in associates and joint venture	16,191	6,006
Other unallocated assets	712	745
Total assets	581,093	427,636
Liabilities		
Total liabilities for reportable segments	23,627	30,056
Other liabilities	3,085	3,855
	26,712	33,911
Other unallocated liabilities	26,773	45,591
Total liabilities	53,485	79,502

Geographical segments

The Group's business is managed in six principal geographical areas, namely, Singapore, Hong Kong, Malaysia, China, Korea and Others.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of counterparties. Segment assets are based on the geographical location of the assets.

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NOTES TO THE FINANCIAL STATEMENTS

22. OPERATING SEGMENTS *(cont'd)*

Geographical segments *(cont'd)*

Geographical information	Revenue \$'000	Segment assets \$'000	Capital expenditure \$'000
2015			
Singapore	116,697	278,714	1,106
Hong Kong	9,353	8,548	116
Malaysia	1,996	11,931	171
China	6,240	15,716	8
Korea	2,963	19,799	–
Others	18,778	230,194	43
	156,027	564,902	1,444
2014			
Singapore	121,068	174,754	765
Hong Kong	10,453	5,369	81
Malaysia	3,078	16,242	–
China	6,348	14,434	113
Korea	4,092	27,044	1,483
Others	28,019	183,787	–
	173,058	421,630	2,442

23. ACQUISITION OF SUBSIDIARIES

On 17 April 2014, the Group acquired 100% stake in Macquarie Real Estate Korea Limited (now known as ARA Korea Limited) for approximately KRW9,336 million (equivalent to approximately \$11,351,000) and was negotiated on a willing-buyer, willing-seller basis. ARA Korea Limited is a real estate fund management company based in Seoul, South Korea and managed two privately-held Korean Real Estate Investment Trusts in 2014.

Pre-acquisition carrying amounts were determined based on applicable FRS immediately before the acquisition. The value of assets, liabilities and contingent liabilities recognised on acquisition are their estimated fair values.

From the acquisition date to 31 December 2014, ARA Korea Limited contributed revenue of \$1,431,000 and profit of \$89,000 to the Group's results. If the acquisition had occurred on 1 January 2014, management estimates that consolidated revenue would have been \$173,651,000 and consolidated profit for the year would have been \$90,767,000. In determining these amounts, Management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2014.

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NOTES TO THE FINANCIAL STATEMENTS

23. ACQUISITION OF SUBSIDIARIES (cont'd)

The acquisition had the following effect on the Group's assets and liabilities on acquisition date:

	2014 \$'000
Intangible assets	1,224
Deferred tax asset	454
Trade and other receivables	1,355
Cash and cash equivalents	10,823
Trade and other payables	(403)
Total identifiable net assets	13,453
Negative goodwill	(2,102)
Total consideration	11,351
Cash acquired	(10,823)
Net cash outflow	528

The intangible assets recognised reflects the Group's contractual rights to receive the expected future economic benefits embodied in the two management agreements of the REITs managed by ARA Korea Limited that will flow to the Group (Note 5).

There was no acquisition of any subsidiary during the financial year ended 31 December 2015.

24. DIVESTMENT OF INTERESTS IN SUBSIDIARIES, WITHOUT LOSS OF CONTROL

On 1 October 2014, the Group disposed of 9.9% equity interests in its subsidiaries, ARA Korea Limited and ARA Real Estate Investors X Pte. Ltd., for \$2,291,000. The consideration for the aforesaid disposal was received in cash and decreased the Group's ownerships of both subsidiaries from 100% to 90.1%.

The carrying amount of the net assets of ARA Korea Limited and ARA Real Estate Investors X Pte. Ltd. in the Group's financial statements on the date of the divestment were \$13,453,000 and \$11,791,000 respectively. Accordingly, the Group had recognised an increase in non-controlling interest of \$2,499,000 and a decrease in retained earnings of \$208,000 arising from the divestment.

The following summarises the effect of changes in the Group's ownership interest in both ARA Korea Limited and ARA Real Estate Investors X Pte. Ltd. collectively:

	2014 \$'000
Group's ownership interest, pre-divestment	25,244
Effect of decrease in Group's ownership interest	(2,499)
Group's ownership interest, post divestment	22,745

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NOTES TO THE FINANCIAL STATEMENTS

25. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investments in financial assets

The fair values of quoted investments that are classified as available-for-sale as well as quoted investments held-for-trading is determined by reference to their quoted closing bid prices at the reporting date. The fair value of certain unquoted securities classified as available-for-sale or designated at fair value through profit or loss is determined using a valuation technique (see Note 15).

26. OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	Group	
	2015	2014
	\$'000	\$'000
Within 1 year	3,494	4,961
Between 1 to 5 years	561	4,726
	4,055	9,687

The Group leases a number of offices under operating leases. The leases typically run for an initial period of 2 to 3 years, with an option to renew the lease after that date.

27. CAPITAL COMMITMENTS

Group	US\$'000	S\$'000 ⁽¹⁾
2015		
Undrawn commitments in:		
ARA Asia Dragon Fund II ⁽²⁾	20,850	29,546
ARA China Investment Partners, LLC ⁽³⁾	3,748	5,312
Morningside Investment Partners, LLC ⁽⁴⁾	20,050	28,413
Peninsula Investment Partners, L.P. ⁽⁵⁾	25,000	35,427
ARA Harmony Fund III, L.P. ⁽⁶⁾	–	486
	69,648	99,184

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ARA GROUP FOR FY2015

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NOTES TO THE FINANCIAL STATEMENTS

27. CAPITAL COMMITMENTS (cont'd)

Group	US\$'000	S\$'000 ⁽¹⁾
2014		
Undrawn commitments in:		
ARA Asia Dragon Fund II ⁽²⁾	26,386	34,954
ARA China Investment Partners, LLC ⁽³⁾	7,940	10,518
Morningside Investment Partners, LLC ⁽⁴⁾	20,050	26,560
	54,376	72,032

⁽¹⁾ Represents the equivalent in Singapore dollar based on the foreign exchange rates prevailing at 31 December 2015 and 31 December 2014, respectively

⁽²⁾ The Group has a commitment to invest up to US\$100 million in ARA Asia Dragon Fund II's aggregate committed capital as seed capital in the fund

⁽³⁾ The Group has a commitment to invest an amount of up to 4.0% in ARA China Investment Partners, LLC's aggregate committed capital as seed capital in the fund

⁽⁴⁾ The Group has a commitment to invest up to US\$40 million in Morningside Investment Partners, LLC's aggregate committed capital as seed capital in the fund

⁽⁵⁾ The Group has a commitment to invest up to US\$25 million in Peninsula Investment Partners, L.P.'s aggregate committed capital as seed capital in the fund

⁽⁶⁾ The Group has a commitment to invest up to S\$13.2 million in ARA Harmony Fund III, L.P.'s aggregate committed capital as seed capital in the fund

28. RELATED PARTIES

Transactions with key management personnel

Key management personnel compensation

Compensation payable to key management personnel comprised:

	Group	
	2015 \$'000	2014 \$'000
Short-term employee benefits	23,696	23,283
Post-employment benefits (including CPF)	491	474
Other long-term employee benefits	429	415
	24,616	24,172

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors of the Company are considered as key management personnel of the Group.

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AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ARA GROUP FOR FY2015

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NOTES TO THE FINANCIAL STATEMENTS

28. RELATED PARTIES (cont'd)

Transactions with key management personnel (cont'd)

Key management personnel compensation (cont'd)

Other related party transactions

Other than disclosed elsewhere in the financial statements, significant transactions with related parties at terms agreed between the parties are as follows:

	Transaction value for the year ended 31 December	
	2015	2014
Entities subject to common significant influence:	\$'000	\$'000
- Acquisition, divestment and performance fees received/receivable	4,837	4,508
- REIT management fees received/receivable	26,275	21,245
- Portfolio management fees received/receivable	2,023	502
- Real estate management fees received/receivable	150	118
- Distribution income received	783	1,114
- Advisory fee	(1,391)	(2,573)
- Interest on shareholder's loan	(1,244)	-
- Operating lease expenses paid/payable	(1,152)	(1,075)

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SUPPLEMENTARY INFORMATION

(SGX Listing Manual disclosure requirements)

1. INTERESTED PERSON TRANSACTIONS

The aggregate value of transactions entered into by the Group with interested persons and their affiliates, as defined in the SGX Listing Manual, are as follows:

Name of interested person	Aggregate value of all transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual		Aggregate value of all other transactions	
	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000
The Straits Trading Company Limited				
- Divestment strategy fees	538	778	-	-
- Interest on shareholder's loan	-	-	1,244	-
Straits Developments Private Limited				
- Divestment strategy fees	440	3,728	-	-
- Property management fees	150	118	-	61
- Operating lease expense	-	103	-	69
ARA Summit Development Fund I, L.P./ SRE Venture 1 Pte. Ltd.				
- Portfolio management fees	1,010	502	-	-
ARA Fund Management (Harmony III) Limited				
- Portfolio management fees	1,013	-	-	-
Dr Chiu Kwok Hung Justin				
- Key person and advisory services to the ARA Asia Dragon Fund	-	-	414	381

2. USE OF PROCEEDS FROM RENOUNCEABLE RIGHTS ISSUE

Out of the gross proceeds of approximately \$152.1 million that was raised from the Rights Issue, as at 31 December 2015 (i) \$60.0 million has been utilised to repay the shareholder loan from the STC Group in full; and (ii) approximately \$1.5 million has been used for partial payment of the estimated expenses of \$2.5 million incurred in connection with the Rights Issue. Of the remaining proceeds from the Rights Issue of approximately \$90.6 million, approximately \$63.9 million has been used to repay short term debts, pending the deployment of such funds for their intended use.

3. MATERIAL CONTRACTS

Save for interested person transactions disclosed in this Annual Report, there are no material contracts involving the interests of any Directors or controlling shareholders still subsisting during the financial year as required to be reported under Rule 1207(8) of the SGX Listing Manual.

The supplementary information above does not form part of the financial statements.



ARA ASSET MANAGEMENT LIMITED
FINANCIAL STATEMENTS ANNOUNCEMENT

FINANCIAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

The financial information for the year ended 31 December 2016 in the announcement has been extracted from the financial statements for the year ended 31 December 2016, 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 the following business segments:

- Real estate investment trusts (“REITs”);
- Private real estate funds; and
- Real estate management services.

ARA currently manages REITs listed in Singapore, Hong Kong and Malaysia with a diversified portfolio spanning the office/retail (commercial), industrial/office, logistics and hospitality sectors; privately-held REITs in South Korea; private real estate funds investing in real estate in Asia; and provides real estate management services, including property management and convention & exhibition services.

APPENDIX 6
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ARA GROUP FOR FY2016

ARA ASSET MANAGEMENT LIMITED



Financial Results Announcement
For the financial year ended 31 December 2016

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	1/10/16 to 31/12/16 ("4Q2016") S\$'000	1/10/15 to 31/12/15 ("4Q2015") S\$'000	Change %	1/1/16 to 31/12/16 ("FY2016") S\$'000	1/1/15 to 31/12/15 ("FY2015") S\$'000	Change %
Management fees	(a)	37,907	34,596	10%	140,584	129,597	8%
Acquisition, divestment and performance fees	(a)	2,022	4,773	(58%)	5,410	13,453	(60%)
Finance income	(b)	5,141	6,387	(20%)	29,634	12,367	140%
Other income		477	390	22%	1,203	610	97%
Total revenue		45,547	46,146	(1%)	176,831	156,027	13%
Administrative expenses	(c)	(13,052)	(11,571)	13%	(52,929)	(46,346)	14%
Operating lease expenses	(d)	(1,076)	(1,021)	5%	(4,191)	(4,056)	3%
Other expenses	(e)	(4,267)	(2,707)	58%	(12,730)	(11,097)	15%
Finance costs	(f)	(5,510)	(1,211)	355%	(5,477)	(6,544)	(16%)
Total expenses		(23,905)	(16,510)	45%	(75,327)	(68,044)	11%
Results from operating activities		21,642	29,636	(27%)	101,504	87,983	15%
Share of profit of associates and joint ventures, net of tax	(g)	1,442	1,158	25%	5,205	7,465	(30%)
Profit before tax	(h)	23,084	30,794	(25%)	106,709	95,448	12%
Tax expense	(i)	(3,365)	(3,827)	(12%)	(14,592)	(14,095)	4%
Profit for the period		19,719	26,967	(27%)	92,117	81,353	13%
Attributable to:							
Equity holders of the Company		18,510	25,563	(28%)	88,661	78,058	14%
Non-controlling interests		1,209	1,404	(14%)	3,456	3,295	5%
		19,719	26,967	(27%)	92,117	81,353	13%

Net Profit ⁽¹⁾	18,510	25,563	(28%)	88,661	78,058	14%
Adjusted Net Profit ⁽²⁾	20,964	20,130	4%	78,930	72,057	10%

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

(2) 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.

Seed Capital Investment

The fair value gains arising from ARA's seed capital investments into its private real estate funds under management from inception to date which are not recorded in the income statement but accounted for in the statement of comprehensive income amounted to approximately US\$39.2 million as at 31 December 2016. These gains reflect the underlying performance of the funds, excluding the impact of foreign exchange.

This amount has not been crystallised and there is no guarantee that such amount will be realised at the end of the fund life of each respective fund. Past performance of the funds is not indicative of the future prospects and returns.

ARA intends to hold these seed capital investments in its private real estate funds under management over the long term. The fair values of the respective funds may increase or decrease depending on various factors, risks and assumptions.

APPENDIX 6
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ARA GROUP FOR FY2016

ARA ASSET MANAGEMENT LIMITED



Financial Results Announcement
For the financial year ended 31 December 2016

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

(a) Revenue

		4Q2016	4Q2015	Change	FY2016	FY2015	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Management fees		37,907	34,596	10%	140,584	129,597	8%
REIT base and performance fees	(i)	23,231	22,514	3%	89,416	86,782	3%
Portfolio management and service fees	(ii)	7,593	6,139	24%	26,442	21,021	26%
Real estate management services fees	(iii)	7,083	5,943	19%	24,726	21,794	13%
Acquisition, divestment and performance fees	(iv)	2,022	4,773	(58%)	5,410	13,453	(60%)
Acquisition, divestment and performance fees		1,687	4,338	(61%)	4,210	11,417	(63%)
Advisory and consultancy fees		335	435	(23%)	1,200	2,036	(41%)

- (i) REIT management fees were higher at S\$89.4 million in FY2016 as compared to S\$86.8 million in FY2015. The increase was mainly due to higher REIT management fees arising from better asset performance post the asset enhancement initiatives undertaken, which resulted in an overall higher valuation of the property portfolios of the REITs 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 ("Cache") acquisition of three properties located in Australia in 4Q2015 also contributed to the higher REIT management fees in FY2016.
- (ii) Portfolio management and service fees grew 26% year-on-year to S\$26.4 million in FY2016 from S\$21.0 million in FY2015, primarily attributed to (i) the ARA China Investment Partners, LLC ("CIP") following the acquisition of two commercial properties in China in September and December 2015, (ii) higher fee contributions from the ARA Harmony III (Malaysian Malls) ("Harmony III") and the ARA Harmony V (Park Mall) ("Harmony V"), which were launched in August and December 2015 respectively and (iii) fee contributions from the Peninsula Investment Partners L.P. ("PIP") and the ARA Harmony VI (Century Link) ("Harmony VI").
- (iii) Real estate management fees increased to S\$24.7 million in FY2016 from S\$21.8 million in FY2015, mainly due to (a) higher property management fees received by the APM Group of companies ("APM") following (i) the completion of the asset enhancement works at Suntec City and (ii) the rendering of property management services to two commercial properties acquired by the CIP in September and December 2015 and (b) higher marketing service fees recorded during the year.
- (iv) Acquisition, divestment and performance fees amounted to S\$5.4 million in FY2016 compared to S\$13.5 million in FY2015. The acquisition fees received in FY2016 were mainly in relation to (i) fees received from Suntec REIT's acquisition of 177 Pacific Highway and investment in Southgate Complex in Australia and (ii) AmFIRST REIT's acquisition of Mydin HyperMall in January 2016. In comparison, fees received in FY2015 were mainly attributed to (a) acquisition fees related to (i) Fortune REIT's acquisition of Laguna Plaza in January 2015, (ii) Cache's acquisition of six Australian properties and fees received from the completion of the development of the DHL Supply Chain Advanced Regional Centre in FY2015, (iii) the ARA Summit Development Fund I, L.P. ("SDF I")'s maiden acquisition in Australia, and (iv) Suntec REIT's acquisition of three floors of strata office space at Suntec Tower Two in December 2015, in addition to (b) divestment fees received in relation to (i) the sale of certain properties held under the Straits Investment Partners ("SIP") portfolio, (ii) Fortune REIT's divestment of Nob Hill Square which was completed in April 2015, (iii) Cache's divestment of Kim Heng Warehouse which was completed in June 2015, and (iv) Suntec REIT's divestment of Park Mall completed in December 2015. Advisory and consultancy fees declined to S\$1.2 million in FY2016 from S\$2.0 million in FY2015 mainly due to a decrease in project management services provided by APM and its related corporations to the properties it manages in Singapore, China and Malaysia.

APPENDIX 6

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ARA GROUP FOR FY2016

ARA ASSET MANAGEMENT LIMITED



Financial Results Announcement For the financial year ended 31 December 2016

(b) Finance income

Finance income comprises mainly distribution income, interest income, net gain on fair valuation / disposal of financial assets and net foreign exchange gain. Finance income amounted to S\$29.6 million in FY2016, a significant increase from S\$12.4 million in FY2015. This was primarily attributed to a higher distribution income of S\$29.4 million in FY2016 compared to S\$11.9 million in FY2015, arising mainly from higher contribution from Suntec REIT following the further accumulation of unitholdings during the year, as well as ad-hoc distributions of approximately S\$9.5 million and S\$2.7 million from the ARA Asia Dragon Fund II ("ADF II") and the CIP respectively.

(c) Administrative expenses

Administrative expenses comprise primarily staff-related expenses and advisory fees. Administrative expenses were overall higher at S\$52.9 million in FY2016 compared to S\$46.3 million in FY2015, in line with the Group's higher profit achieved for the year. In comparison, administrative expenses in FY2015 included adjustments for bonus expenses as the actual payments were lower than the amount accrued in the previous year. Excluded from administrative expenses were staff-related expenses of S\$15.6 million (FY2015: S\$14.7 million) for Suntec Singapore International Convention & Exhibition Services Pte. Ltd. which were fully reimbursed from the Harmony II.

(d) Operating lease expenses

Operating lease expenses increased marginally to S\$4.2 million in FY2016 from S\$4.1 million in FY2015, in line with the Group's continuing business expansion.

(e) Other expenses

Other expenses comprise primarily other staff-related expenses (such as travelling expenses), agency commission, telecommunications expenses, legal & professional fees (including auditors' remuneration, company secretarial and share registrar fees), insurance, depreciation, continuing listing expenses, board meeting expenses and other miscellaneous expenses. Other expenses increased to S\$12.7 million in FY2016 from S\$11.1 million in FY2015. The higher other expenses in FY2016 were largely due to higher professional fees and higher depreciation expenses. These increases were partially offset by lower agency commission incurred during the year, which was in line with the lower acquisition, divestment and performance fees recorded in FY2016.

(f) Finance costs

Finance costs comprise net loss on fair valuation / disposal of financial assets, impairment on available-for-sale financial assets, net foreign exchange loss and interest expense. Finance costs in FY2016 declined to S\$5.5 million from S\$6.5 million in FY2015, primarily due to lower interest expense of S\$1.4 million incurred by the Group during the year (FY2015: S\$2.6 million).

(g) Share of profit of associates and joint ventures, net of tax

Share of profit of associates and joint ventures, net of tax comprise the Group's share of profit arising from the joint ventures in ARA-ShinYoung REIT and ARA-ShinYoung REIT No. 2, the 40% equity interest in Cache Property Management Pte. Ltd., as well as 30% equity interest in the following: 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 respectively. The Group's share of profit of associates and joint ventures decreased to S\$5.2 million in FY2016 from S\$7.5 million in FY2015, as the latter had included (i) 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 in March 2015 and (ii) a higher income contribution from Cache Property Management Pte Ltd.

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(h) Profit before income tax

The following items have been included in arriving at profit before tax for the period:

	4Q2016 S\$'000	4Q2015 S\$'000	Change %	FY2016 S\$'000	FY2015 S\$'000	Change %
Finance income						
Distribution income	5,079	3,644	39%	29,363	11,899	147%
Gain on fair valuation / disposal of financial assets	-	2,682	(100%)	-	-	n.m.
Interest income	62	50	24%	271	185	46%
Gain on disposal of investments	-	11	(100%)	-	283	(100%)
Other expenses						
Amortisation of intangible asset	65	65	0%	262	244	7%
Depreciation of plant and equipment	300	197	52%	1,247	769	62%
Finance costs						
Foreign exchange loss, net	300	229	31%	803	1,196	(33%)
Interest expense	494	967	(49%)	1,414	2,556	(45%)
Impairment on available-for-sale financial assets	(15)	15	n.m.	1,824	2,039	(11%)
Loss on fair valuation / disposal of financial assets	4,731	-	n.m.	1,436	754	90%

n.m.: not meaningful

(i) 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.

1(a)(iii) Statement of comprehensive income together with a comparative statement for the corresponding period of the immediately preceding financial year

	4Q2016 S\$'000	4Q2015 S\$'000	Change %	FY2016 S\$'000	FY2015 S\$'000	Change %
Profit for the period	19,719	26,967	(27%)	92,117	81,353	13%
Other comprehensive income / (loss)						
Items that are or may be reclassified subsequently to profit or loss:						
- Translation differences relating to financial statements of foreign subsidiaries	13,297	(1,179)	n.m.	4,737	12,121	(61%)
- Effective portion of changes in fair value of cash flow hedges	356	-	n.m.	341	-	n.m.
- Net change in fair value of available-for-sale financial assets	(9,990)	21,508	n.m.	17,212	(21,585)	n.m.
- Net change in fair value of available-for-sale financial assets reclassified to profit or loss	(15)	15	n.m.	1,824	2,039	(11%)
Other comprehensive income / (loss) for the period, net of tax	3,648	20,344	(82%)	24,114	(7,425)	n.m.
Total comprehensive income / (loss) for the period	23,367	47,311	(51%)	116,231	73,928	57%
Total comprehensive income / (loss) attributable to:						
Equity holders of the Company	21,991	45,959	(52%)	112,596	70,691	59%
Non-controlling interests	1,376	1,352	2%	3,635	3,237	12%
Total comprehensive income / (loss) for the period	23,367	47,311	(51%)	116,231	73,928	57%

n.m.: not meaningful

Note: There is no tax effect relating to the components of the other comprehensive income for the period.

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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	
		31/12/16 S\$'000	31/12/15 S\$'000	31/12/16 S\$'000	31/12/15 S\$'000
Assets					
Plant and equipment		2,219	2,105	-	-
Intangible assets	(a)	1,092	1,147	-	-
Subsidiaries	(b)	-	-	412,096	292,008
Associates and joint ventures	(c)	20,427	16,191	-	-
Financial assets	(d)	526,278	397,294	-	-
Financial derivatives	(e)	341	-	-	-
Deferred tax assets	(f)	796	712	-	-
Other receivables	(g)	5,057	5,566	1,102	-
Total non-current assets		556,210	423,015	413,198	292,008
Financial assets	(h)	35,443	33,509	-	-
Trade and other receivables	(i)	60,492	47,827	21,370	13,292
Cash and cash equivalents		109,067	76,742	6,327	31,517
Total current assets		205,002	158,078	27,697	44,809
Total assets		761,212	581,093	440,895	336,817
Equity					
Share capital		1,995	1,995	1,995	1,995
Reserves		279,561	255,616	225,297	225,287
Retained earnings		300,866	262,702	156,513	102,912
Equity attributable to equity holders of the Company		582,422	520,313	383,805	330,194
Non-controlling interests	(j)	7,052	7,295	-	-
Total equity		589,474	527,608	383,805	330,194
Liabilities					
Loan and borrowings	(k)	80,174	14,118	-	-
Other payables		2,384	1,832	53,180	5,280
Deferred tax liabilities		189	115	-	-
Total non-current liabilities		82,747	16,065	53,180	5,280
Trade and other payables	(l)	34,724	25,001	3,910	1,343
Loan and borrowings	(k)	41,853	45	-	-
Current tax payable		12,414	12,374	-	-
Total current liabilities		88,991	37,420	3,910	1,343
Total liabilities		171,738	53,485	57,090	6,623
Total equity and liabilities		761,212	581,093	440,895	336,817

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Footnotes:

- (a) *Intangible assets include the Group's contractual rights to receive the expected future economic benefits embodied in each of the management agreements between ARA Korea Limited ("ARA Korea") and the two privately-held Korean REITs under its management that will flow to the Group. The intangible assets are measured at cost less accumulated amortisation and impairment losses. As at 31 December 2016, an accumulated amortisation of S\$676,000 (31 December 2015: S\$414,000) had been made.*
- (b) *Interests 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.*
- (c) *Interests in associates and joint ventures relates to the Group's joint venture in ARA-ShinYoung REIT and ARA-ShinYoung REIT No. 2, 40% equity interest in Cache Property Management Pte. Ltd., as well as 30% equity interest in the following: 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 respectively.*
- (d) *Non-current financial assets as at 31 December 2016 comprised primarily (i) 145.2 million Suntec REIT units held by the Group as a strategic stake (31 December 2015: 94.3 million units); (ii) 23.8 million Cache units held by the Group as a strategic stake (31 December 2015: 17.9 million units); (iii) 36.2 million AmFIRST REIT units held by the Group as strategic stake (31 December 2015: 36.2 million units); (iv) seed capital investments in the ARA Asia Dragon Fund ("ADF I"), the ADF II, the CIP, the Morningside Investment Partners, LLC ("MIP"), the Harmony III and the PIP; and (v) a 10.02% strategic stake in ARA-NPS Real Estate Investment Company.*
- (e) *Financial derivatives comprises interest rate swaps entered into by the Group to manage its interest rate risk exposure on its floating rate bank loans by swapping the interest expense on a proportion of these term loans from floating rates to fixed rates.*
- (f) *Deferred tax asset relates to unutilised tax losses carried forward.*
- (g) *This relates to the payment of the agent fees in relation to certain private real estate funds under management which will be amortised over the life of the relevant funds, and tenancy deposits in relation to the operating lease agreements for the Group's office space.*
- (h) *Current financial assets comprise REIT units received by the Group as part payment of management fees by certain REITs under management and REIT units received by the Group as payment for dividend income declared by an associate.*
- (i) *Trade and other receivables comprise accrued fees receivable, deposits, prepayments and other receivables. The increase in trade and other receivables was mainly due to the accrual of REIT management fees in FY2016, partially offset by decreases in trade receivables and other receivables.*
- (j) *Non-controlling interests relate to the non-controlling shareholders' proportionate interest in ARA Fund Management (Harmony III) Limited, ARA-CWT Trust Management (Cache) Limited, Asia Property Management (China) Limited and its subsidiaries, APM (V) Consultancy Limited and its subsidiaries, ARA Korea, ARA Associates (Korea) Limited, ARA Real Estate Investors X Pte Ltd and ARAM Australia Pty Ltd.*
- (k) *Loan and borrowings as at 31 December 2016 relate to (i) a non-current secured term loan of S\$80.0 million (31 December 2015: S\$14.0 million); (ii) a current secured revolving credit facility of S\$41.7 million and (iii) finance lease liabilities of S\$327,000 (31 December 2015: S\$163,000). The Group's gearing ratio as at 31 December 2016 stood at approximately 21% (31 December 2015: 3%).*
- (l) *Trade and other payables comprise accrued fees payable, net GST output tax payable, provision for staff-related benefits to employees and other payables.*

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

	31/12/2016		31/12/2015	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	41,853	-	45	-
Amount repayable after one year	80,174	-	14,118	-
	<u>122,027</u>	<u>-</u>	<u>14,163</u>	<u>-</u>

Footnotes:

- (a) As at 31 December 2016, the Group's borrowings included the following:
- (i) a secured term loan facility of S\$80.0 million (31 December 2015: S\$14.0 million) drawn for the Group's seed capital contributions and investments into the various funds which it manages;
 - (ii) a secured revolving credit facility of S\$41.7 million (31 December 2015: Nil) drawn for the Group's investments and for general working capital purposes; and
 - (iii) finance lease liabilities of S\$327,000 (31 December 2015: S\$163,000) which relates to the purchase of certain plant and equipment.
- (b) As at 31 December 2016, the Group has the following facilities available for utilisation:
- (i) a multicurrency revolving credit facility of S\$7.9 million secured on the Group's strategic stake in Suntec REIT and Cache (31 December 2015: S\$49.6 million);
 - (ii) an unsecured money market line of S\$100.0 million (31 December 2015: S\$80.0 million); and
 - (iii) unsecured overdraft facilities of S\$6.0 million (31 December 2015: S\$6.0 million and HK\$3.0 million).

Details of any collateral

As at 31 December 2016, the Group has pledged 118.2 million units of Suntec REIT and 23.8 million units of Cache as security for the above facilities, which bear interest at a fixed spread over the corresponding benchmark rate of the available currencies.

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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

	Note	4Q2016 S\$'000	4Q2015 S\$'000	FY2016 S\$'000	FY2015 S\$'000
Cash flows from operating activities					
Profit for the period		19,719	26,967	92,117	81,353
<u>Adjustments for:</u>					
Amortisation of intangible assets		65	65	262	244
Depreciation of plant and equipment		300	197	1,247	769
Distribution income		(5,079)	(3,644)	(29,363)	(11,899)
Loss / (Gain) on fair valuation / disposal of financial assets		4,731	(2,693)	1,436	471
Gain on disposal of plant and equipment		-	(2)	(21)	(3)
Interest expense		494	967	1,414	2,556
Interest income		(62)	(50)	(271)	(185)
Impairment loss on available-for-sale financial assets		(15)	15	1,824	2,039
Management fees received / receivable in units of REITs		(13,203)	(17,169)	(68,819)	(65,573)
Share of profit of associates and joint ventures		(1,442)	(1,158)	(5,205)	(7,465)
Tax expense		3,365	3,827	14,592	14,095
Operating profit before working capital changes		8,873	7,322	9,213	16,402
Changes in working capital:					
Change in trade and other receivables		(1,062)	(1,876)	(134)	(2,173)
Change in trade and other payables		5,712	1,985	10,285	(7,078)
Cash generated from / (used in) operating activities		13,523	7,431	19,364	7,151
Distribution income received		5,112	3,654	29,513	12,006
Proceeds from sale of units in REITs		2,437	9,223	37,133	16,638
Tax paid		(2,604)	(2,834)	(14,552)	(12,831)
Net cash from operating activities	(a)	18,468	17,474	71,458	22,964
Cash flows from investing activities					
Investment in joint ventures		(2,003)	(6,027)	(7,742)	(6,027)
Acquisition of non-controlling interests without a change in control		(100)	-	(1,722)	-
Dividend received from associates		-	79	1,045	1,899
Interest received		62	50	271	185
Proceeds from disposal of plant and equipment		289	3	311	12
Software development expenditure		(29)	(336)	(207)	(336)
Purchase of plant and equipment		(344)	(395)	(1,665)	(1,108)
Contribution from non-controlling interests		32	-	626	53
Purchase of available-for-sale financial assets, net		(6,134)	(2,242)	(82,975)	(88,521)
Net cash used in investing activities	(b)	(8,227)	(8,868)	(92,058)	(93,843)
Cash flows from financing activities					
Dividends paid		(78)	(200)	(53,279)	(45,240)
Interest paid		(494)	(967)	(1,414)	(2,556)
Net proceeds from Rights Issue		-	150,733	-	150,733
(Payment of) / Proceeds from finance lease liabilities, net		(25)	(11)	164	(45)
Proceeds / (Payment of) from borrowings, net		36,700	(123,537)	107,700	(20,195)
Net cash from financing activities	(c)	36,103	26,018	53,171	82,697
Net increase in cash and cash equivalents					
Cash and cash equivalents at beginning of period		62,509	42,261	76,742	64,430
Effect of exchange rate fluctuations on cash held		214	(143)	(246)	494
Cash and cash equivalents at end of period		109,067	76,742	109,067	76,742

Footnotes:

- (a) Cash flows from operating activities increased to S\$71.5 million in FY2016 from S\$23.0 million in FY2015, mainly due to (i) higher proceeds received from the sale of REIT units received by the Group as part payment for REIT management fees, (ii) higher distribution income receipts and (iii) higher profit during the year.
- (b) Net cash outflow for investing activities was S\$92.1 million in FY2016 as compared to S\$93.8 million in FY2015. The lower cash outflow in FY2016 was largely due to lower net purchase of available-for-sale financial assets, partially offset by (i) higher investment in joint ventures and (ii) the acquisition of non-controlling interests without a change in control.
- (c) Net cash inflow from financing activities amounted to S\$53.2 million in FY2016, compared to S\$82.7 million in FY2015. The cash inflow in FY2016 was mainly attributed to proceeds from borrowings to finance (i) the accumulation of Suntec REIT units by the Group and (ii) investments and seed capital contributions to the various private real estate funds, partially offset by the dividends paid during the year.

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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

<u>Company</u>	Share capital S\$'000	Share premium S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 January 2015	1,690	74,859	101,374	177,923
Profit for the period	-	-	9,410	9,410
Total comprehensive income for the period	-	-	9,410	9,410
At 31 March 2015	1,690	74,859	110,784	187,333
Profit for the period	-	-	3,590	3,590
Total comprehensive income for the period	-	-	3,590	3,590
<i>Transactions with owners, recorded directly in equity</i>				
<i>Contributions by and distributions to owners</i>				
Final tax-exempt dividend paid of S\$0.027 per share	-	-	(22,819)	(22,819)
Total contributions by and distributions to owners	-	-	(22,819)	(22,819)
At 30 June 2015	1,690	74,859	91,555	168,104
Profit for the period	-	-	18,689	18,689
Total comprehensive income for the period	-	-	18,689	18,689
<i>Transactions with owners, recorded directly in equity</i>				
<i>Contributions by and distributions to owners</i>				
Interim tax-exempt dividend paid of S\$0.023 per share	-	-	(19,438)	(19,438)
Total contributions by and distributions to owners	-	-	(19,438)	(19,438)
At 30 September 2015	1,690	74,859	90,806	167,355
Profit for the period	-	-	12,106	12,106
Total comprehensive income for the period	-	-	12,106	12,106
<i>Transactions with owners, recorded directly in equity</i>				
<i>Contributions by and distributions to owners</i>				
Issue of ordinary shares related to Rights Issue, net of issue expenses	305	150,428	-	150,733
Total contributions by and distributions to owners	305	150,428	-	150,733
At 31 December 2015	1,995	225,287	102,912	330,194
At 1 January 2016	1,995	225,287	102,912	330,194
Profit for the period	-	-	1,067	1,067
Total comprehensive income for the period	-	-	1,067	1,067
<i>Transactions with owners, recorded directly in equity</i>				
<i>Contributions by and distributions to owners</i>				
Adjustment to issue expenses in relation to Rights Issue	-	10	-	10
Total contributions by and distributions to owners	-	10	-	10
At 31 March 2016	1,995	225,297	103,979	331,271
Profit for the period	-	-	20,334	20,334
Total comprehensive income for the period	-	-	20,334	20,334
<i>Transactions with owners, recorded directly in equity</i>				
<i>Contributions by and distributions to owners</i>				
Final tax-exempt dividend paid of S\$0.027 per share	-	-	(26,927)	(26,927)
Total contributions by and distributions to owners	-	-	(26,927)	(26,927)
At 30 June 2016	1,995	225,297	97,386	324,678
Profit for the period	-	-	10,211	10,211
Total comprehensive income for the period	-	-	10,211	10,211
<i>Transactions with owners, recorded directly in equity</i>				
<i>Contributions by and distributions to owners</i>				
Interim tax-exempt dividend paid of S\$0.023 per share	-	-	(22,937)	(22,937)
Total contributions by and distributions to owners	-	-	(22,937)	(22,937)
At 30 September 2016	1,995	225,297	84,660	311,952
Profit for the period	-	-	71,853	71,853
Total comprehensive income for the period	-	-	71,853	71,853
At 31 December 2016	1,995	225,297	156,513	383,805

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Group	Share capital and premium S\$'000	Fair value reserve S\$'000	Hedging reserve S\$'000	Foreign currency translation reserves S\$'000	Retained earnings S\$'000	Attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
At 1 January 2015	76,549	31,271	-	6,425	226,901	341,146	6,988	348,134
Total other comprehensive income	-	(3,303)	-	7,525	-	4,222	20	4,242
Profit for the period	-	-	-	-	18,970	18,970	901	19,871
Total comprehensive income for the period	-	(3,303)	-	7,525	18,970	23,192	921	24,113
<i>Transactions with owners, recorded directly in equity</i>								
<i>Change in ownership interest in a subsidiary, without a change in control</i>								
Contribution from a non-controlling interest	-	-	-	-	-	-	53	53
Total change in ownership interest in a subsidiary	-	-	-	-	-	-	53	53
At 31 March 2015	76,549	27,968	-	13,950	245,871	364,338	7,962	372,300
Total other comprehensive income	-	(8,612)	-	(4,823)	-	(13,435)	(29)	(13,464)
Profit for the period	-	-	-	-	16,442	16,442	452	16,894
Total comprehensive income for the period	-	(8,612)	-	(4,823)	16,442	3,007	423	3,430
<i>Transactions with owners, recorded directly in equity</i>								
<i>Contributions by and distributions to owners</i>								
Dividend paid to non-controlling interest	-	-	-	-	-	-	(2,711)	(2,711)
Final tax-exempt dividend paid of S\$0.027 per share	-	-	-	-	(22,819)	(22,819)	-	(22,819)
Total contributions by and distributions to owners	-	-	-	-	(22,819)	(22,819)	(2,711)	(25,530)
At 30 June 2015	76,549	19,356	-	9,127	239,494	344,526	5,674	350,200
Total other comprehensive income	-	(29,148)	-	10,598	-	(18,550)	3	(18,547)
Profit for the period	-	-	-	-	17,083	17,083	538	17,621
Total comprehensive income for the period	-	(29,148)	-	10,598	17,083	(1,467)	541	(926)
<i>Transactions with owners, recorded directly in equity</i>								
<i>Contributions by and distributions to owners</i>								
Dividend paid to non-controlling interest	-	-	-	-	-	-	(72)	(72)
Interim tax-exempt dividend paid of S\$0.023 per share	-	-	-	-	(19,438)	(19,438)	-	(19,438)
Total contributions by and distributions to owners	-	-	-	-	(19,438)	(19,438)	(72)	(19,510)
At 30 September 2015	76,549	(9,792)	-	19,725	237,139	323,621	6,143	329,764
Total other comprehensive income	-	21,575	-	(1,179)	-	20,396	(52)	20,344
Profit for the period	-	-	-	-	25,563	25,563	1,404	26,967
Total comprehensive income for the period	-	21,575	-	(1,179)	25,563	45,959	1,352	47,311
<i>Transactions with owners, recorded directly in equity</i>								
<i>Contributions by and distributions to owners</i>								
Dividend paid to non-controlling interest	-	-	-	-	-	-	(200)	(200)
Issue of shares in relation to Rights Issue, net of issue expenses	150,733	-	-	-	-	150,733	-	150,733
Total contributions by and distributions to owners	150,733	-	-	-	-	150,733	(200)	150,533
At 31 December 2015	227,282	11,783	-	18,546	262,702	520,313	7,295	527,608
At 1 January 2016	227,282	11,783	-	18,546	262,702	520,313	7,295	527,608
Total other comprehensive income	-	14,920	-	(11,873)	-	3,047	29	3,076
Profit for the period	-	-	-	-	19,354	19,354	687	20,041
Total comprehensive income for the period	-	14,920	-	(11,873)	19,354	22,401	716	23,117
<i>Transactions with owners, recorded directly in equity</i>								
<i>Contributions by and distributions to owners</i>								
Adjustment to issue expenses in relation to Rights Issue	10	-	-	-	-	10	-	10
Total contributions by and distributions to owners	10	-	-	-	-	10	-	10
At 31 March 2016	227,292	26,703	-	6,673	282,056	542,724	8,011	550,735
Total other comprehensive income	-	13,206	-	(602)	-	12,604	(17)	12,587
Profit for the period	-	-	-	-	19,324	19,324	935	20,259
Total comprehensive income for the period	-	13,206	-	(602)	19,324	31,928	918	32,846
<i>Transactions with owners, recorded directly in equity</i>								
<i>Contributions by and distributions to owners</i>								
Dividend paid to non-controlling interest	-	-	-	-	-	-	(1,600)	(1,600)
Final tax-exempt dividend paid of S\$0.027 per share	-	-	-	-	(26,927)	(26,927)	-	(26,927)
Total contributions by and distributions to owners	-	-	-	-	(26,927)	(26,927)	(1,600)	(28,527)
<i>Transactions with owners, recorded directly in equity</i>								
<i>Change in ownership interest in a subsidiary, without a change in control</i>								
Contribution from a non-controlling interest	-	-	-	-	-	-	65	65
Total change in ownership interest in a subsidiary	-	-	-	-	-	-	65	65
At 30 June 2016	227,292	39,909	-	6,071	274,453	547,725	7,394	555,119
Total other comprehensive income	-	903	(15)	3,915	-	4,803	-	4,803
Profit for the period	-	-	-	-	31,473	31,473	625	32,098
Total comprehensive income for the period	-	903	(15)	3,915	31,473	36,276	625	36,901
<i>Transactions with owners, recorded directly in equity</i>								
<i>Contributions by and distributions to owners</i>								
Dividend paid to non-controlling interest	-	-	-	-	-	-	(1,737)	(1,737)
Interim tax-exempt dividend paid of S\$0.023 per share	-	-	-	-	(22,937)	(22,937)	-	(22,937)
Total contributions by and distributions to owners	-	-	-	-	(22,937)	(22,937)	(1,737)	(24,674)
<i>Transactions with owners, recorded directly in equity</i>								
<i>Change in ownership interest in a subsidiary, without a change in control</i>								
Acquisition of non-controlling interests without a change in control	-	-	-	-	(596)	(596)	(1,026)	(1,622)
Contribution from a non-controlling interest	-	-	-	-	-	-	529	529
Total change in ownership interest in a subsidiary	-	-	-	-	(596)	(596)	(497)	(1,093)
At 30 September 2016	227,292	40,812	(15)	9,986	282,393	560,468	5,785	566,253
Total other comprehensive income	-	(10,172)	356	13,297	-	3,481	167	3,648
Profit for the period	-	-	-	-	18,510	18,510	1,209	19,719
Total comprehensive income for the period	-	(10,172)	356	13,297	18,510	21,991	1,376	23,367
<i>Transactions with owners, recorded directly in equity</i>								
<i>Contributions by and distributions to owners</i>								
Dividend paid to non-controlling interest	-	-	-	-	-	-	(78)	(78)
Total contributions by and distributions to owners	-	-	-	-	-	-	(78)	(78)
<i>Change in ownership interest in a subsidiary, without a change in control</i>								
Acquisition of non-controlling interests without a change in control	-	-	-	-	(37)	(37)	(63)	(100)
Contribution from a non-controlling interest	-	-	-	-	-	-	32	32
Total change in ownership interest in a subsidiary	-	-	-	-	(37)	(37)	(31)	(68)
At 31 December 2016	227,292	30,640	341	23,283	300,866	582,422	7,052	589,474

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Notes:

- Included in the share capital is a share premium account of S\$225.3 million as at 31 December 2016 (31 December 2015: S\$225.3 million).

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

There were no changes in the Company's share capital since the end of the last quarter financial results announcement, which was reported on 8 November 2016.

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	
	31/12/16	31/12/15
Total number of issued shares	997,278,289	997,278,289

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 2016 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 Auditor 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 Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period compared with the audited financial statements for the year ended 31 December 2015.

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

There is no change in the accounting policies and methods of computation adopted.

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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)	4Q2016	4Q2015
Weighted average number of ordinary shares	997,278,289	886,806,126
Earnings per share ("EPS") – Basic and Diluted	1.86	2.88

(Singapore cents)	FY2016	FY2015
Weighted average number of ordinary shares	997,278,289	870,709,933
Earnings per share ("EPS") – Basic and Diluted	8.89	8.96

The calculation of Basic and Diluted EPS for the relevant periods are based on the profit attributable to equity holders of the Company for the respective financial periods and weighted average ordinary shares on a pro-rata basis based on an adjustment factor calculated based on the market price and theoretical ex-rights price of an ordinary share. The Basic and Diluted EPS are the same as there is no dilutive instrument in issue at the reporting date.

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	
	31/12/16	31/12/15	31/12/16	31/12/15
Net asset value per ordinary share	58.40	52.17	38.49	33.11
Net tangible asset per ordinary share	58.29	52.06	38.49	33.11

Net asset value per share was calculated based on the net assets of the Group, excluding non-controlling interests, as at the relevant dates and the issued share capital of 997,278,289 shares.

Net tangible asset per share was calculated based on the net assets of the Group, excluding intangible assets and non-controlling interests, as at the relevant dates and the issued share capital of 997,278,289 shares.

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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

	4Q2016 S\$'000	4Q2015 S\$'000	Change %	FY2016 S\$'000	FY2015 S\$'000	Change %
Total Revenue	45,547	46,146	(1%)	176,831	156,027	13%
Management fees	37,907	34,596	10%	140,584	129,597	8%
Acquisition, divestment and performance fees	2,022	4,773	(58%)	5,410	13,453	(60%)
Finance income	5,141	6,387	(20%)	29,634	12,367	140%
Other income	477	390	22%	1,203	610	97%
Total expenses	(23,905)	(16,510)	45%	(75,327)	(68,044)	11%
Share of profit of associates and joint ventures, net of tax	1,442	1,158	25%	5,205	7,465	(30%)
Net Profit ⁽¹⁾	18,510	25,563	(28%)	88,661	78,058	14%
Adjusted Net Profit ⁽²⁾	20,964	20,130	4%	78,930	72,056	10%

n.m.: not meaningful

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

(2) *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.*

4Q2016 vs 4Q2015

The Group's recurrent management fees increased to S\$37.9 million in 4Q2016 from S\$34.6 million in 4Q2015. This was mainly due to (a) higher REIT management fees arising from (i) better asset performance post the asset enhancement initiatives undertaken, which resulted in an overall higher valuation of the property portfolios of the REITs under management and (ii) Suntec REIT's investment in Southgate Complex, Melbourne in 4Q2016; (b) higher portfolio management fees, mainly attributed to (i) fee contributions from the PIP, the MIP and the Harmony VI and (ii) higher fee contribution from the CIP following the acquisition of a commercial property in China in December 2015; and (c) higher real estate management services fees from higher property management fees and marketing service fees received by the Group.

Acquisition, divestment and performance fees for 4Q2016 were lower at S\$2.0 million compared to S\$4.8 million in 4Q2015. The fees received by the Group in 4Q2016 were primarily from Suntec REIT's investment in Southgate Complex in Australia in November 2016. Fees in 4Q2015 were mainly related to (i) Suntec REIT's acquisition of three floors of strata office space at Suntec Tower Two and divestment of Park Mall in December 2015 and (ii) Cache's acquisition of three properties located in Australia in 4Q2015.

Finance income was lower at S\$5.1 million in 4Q2016 compared to S\$6.4 million in 4Q2015, as the latter had included a net gain on fair valuation / disposal of financial assets of S\$2.7 million (4Q2016 recorded a net loss on fair valuation / disposal of financial assets of S\$4.7 million under finance costs). This was partially offset by a higher distribution income from Suntec REIT following the Group's further accumulation of Suntec REIT units in FY2016.

Total expenses in 4Q2016 increased significantly to S\$23.9 million from S\$16.5 million in 4Q2015. This was mainly attributed to (i) higher finance costs primarily due to a net loss on fair valuation / disposal of financial assets of S\$4.7 million during the quarter (4Q2015 had recorded a net gain on fair valuation / disposal of financial assets of S\$2.7 million under finance income), partially offset by lower interest expenses of S\$0.5 million in 4Q2016 compared to S\$1.0 million in 4Q2015, (ii) higher administrative expenses and (iii) higher other expenses in 4Q2016, mainly attributable to higher professional fees.

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The Group's share of profit of associates and joint ventures, net of tax amounted to S\$1.4 million in 4Q2016, a 25% increase over that of the same quarter last year mainly due to higher income contribution from Cache Property Management Pte Ltd.

Net Profit was lower at S\$18.5 million in 4Q2016 compared to S\$25.6 million in 4Q2015. However, the Adjusted Net Profit was higher at S\$21.0 million in 4Q2016 compared to S\$20.1 million in 4Q2015, an increase of 4% year-on-year.

FY2016 vs FY2015

The Group's recurrent management fees grew 8% year-on-year to S\$140.6 million in FY2016 from S\$129.6 million in FY2015. This was mainly due to (a) higher REIT management fees arising from (i) better asset performance post the asset enhancement initiatives undertaken, which resulted in an overall higher valuation of the property portfolios of the REITs under management and (ii) fee contribution from 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's acquisition of three Australian properties in the last quarter of 2015; (b) higher portfolio management fees primarily attributed to (i) higher fee contribution from the CIP following the acquisition of two commercial properties in China in September and December 2015, (ii) higher fee contributions from the Harmony III and the Harmony V, which were launched in August and December 2015 respectively and (iii) fee contributions from the PIP and the Harmony VI in FY2016; and (c) higher property management fees and marketing service fees recorded by the Group.

Acquisition, divestment and performance fees declined to S\$5.4 million in FY2016 compared to S\$13.5 million in FY2015. The fees received in FY2016 were mainly in relation to (i) fees received from Suntec REIT's acquisition of 177 Pacific Highway and investment in Southgate Complex in Australia and (ii) AmFIRST REIT's acquisition of Mydin HyperMall in January 2016. In comparison, fees received in FY2015 were mainly attributed to (a) acquisition fees related to (i) Fortune REIT's acquisition of Laguna Plaza in January 2015, (ii) Cache's acquisition of six Australian properties and fees received from the completion of the development of the DHL Supply Chain Advanced Regional Centre in FY2015, (iii) the SDF I's maiden acquisition in Australia, and (iv) Suntec REIT's acquisition of three floors of strata office space at Suntec Tower Two in December 2015; in addition to (b) divestment fees received in relation to (i) the sale of certain properties held under the Straits Investment Partners ("SIP") portfolio, (ii) Fortune REIT's divestment of Nob Hill Square which was completed in April 2015, (iii) Cache's divestment of Kim Heng Warehouse which was completed in June 2015, and (iv) Suntec REIT's divestment of Park Mall completed in December 2015. Advisory and consultancy fees was also lower at S\$1.2 million in FY2016 against S\$2.0 million in FY2015, mainly due to a decrease in project management services provided by APM and its related corporations to the properties it manages in Singapore, China and Malaysia.

Finance income grew significantly to S\$29.6 million in FY2016 from S\$12.4 million in FY2015 and this was primarily attributed to higher distribution income arising from (i) the further accumulation of Suntec REIT unitholdings and (ii) ad-hoc distributions from the ADF II and the CIP.

Total expenses for FY2016 increased to S\$75.3 million from S\$68.0 million in FY2015, mainly due to (i) higher administrative costs, in line with the higher profit achieved during the year (included in FY2015 were adjustments for bonus expenses as the actual payments were lower than the amount accrued in the previous year) and (ii) higher other expenses, largely attributed to higher professional fees and depreciation expenses, partially offset by lower agency commission incurred during the year. These increases were partially offset by lower finance costs incurred by the Group during the year, mainly due to a lower interest expense of S\$1.4 million in FY2016 compared to S\$2.6 million in FY2015.

The Group's share of profit of associates and joint ventures, net of tax was lower at S\$5.2 million in FY2016 compared to S\$7.5 million in FY2015, as the latter had included (i) 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 in March 2015 and (ii) a higher income contribution from Cache Property Management Pte Ltd.

Net Profit grew 14% to S\$88.7 million in FY2016 from S\$78.1 million in FY2015. Similarly, the Adjusted Net Profit was higher at S\$78.9 million in FY2016 compared to S\$72.1 million in FY2015, an increase of 10% year-on-year.

As at 31 December 2016, the Group's total assets under management stood at approximately S\$35.6 billion (approximately US\$24.6 billion).

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

The current results are broadly in line with the Company's commentary made in the Financial Results Announcement for the third quarter ended 30 September 2016 under item 10. The Company has not disclosed any financial forecast to the market.

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 International Monetary Fund ("IMF"), in its January 2017 "World Economic Outlook" report update, estimates 2016 global growth at 3.1 per cent. While 2017 global growth is projected to be higher at 3.4 per cent, the eventual outcome is much dependent on the policy stance of the incoming administration in the United States. 2017 growth projections for advanced economies and China have been revised upwards to 1.9 per cent and 6.5 per cent respectively. The IMF is of the view that notwithstanding the improved outlook for advanced economies, downside risks are still present.

Based on advanced estimates, the Singapore economy grew by 1.8 per cent year-on-year in the fourth quarter of 2016. For the whole of 2016, the economy is estimated to have grown by 1.8 per cent, above the official GDP growth forecast of between 1.0 and 1.5 per cent. China's economic growth for the fourth quarter of 2016 was 6.8 per cent year-on-year, recording an overall growth of 6.7 per cent in 2016.

Hong Kong's economy registered a growth of 1.9 per cent year-on-year in the third quarter of 2016, up from 1.7 per cent registered in the preceding quarter, on the back of rising private consumption expenditure, and favourable employment and earnings conditions. Overall 2016 GDP growth is projected at 1.5 per cent. Malaysia's economic growth increased 4.3 per cent year-on-year in the third quarter of 2016, higher than the 4.0 per cent growth rate achieved in the second quarter of 2016. Australia's GDP growth rate was 1.8 per cent in the third quarter of 2016, lower than the 3.3 per cent growth rate in the previous quarter. Based on advanced estimates, South Korea's GDP grew by 2.3 per cent year-on-year in the fourth quarter of 2016 compared to the 2.6 per cent growth rate in the preceding quarter. For the whole of 2016, growth is estimated at 2.7 per cent.

REITs

Despite the uncertain and volatile external environment and sector headwinds, the overall performance of ARA's REIT division for 2016 was stable. The division had during the year successfully delivered on its long-term growth strategies comprising both active asset management initiatives and growth via acquisitions. In addition, as part of its prudent approach towards optimising the returns of its property portfolio, opportunities to realise certain mature assets to recycle capital into higher performing assets were pursued.

The REIT division is expected to stay the course in 2017 with a key focus on maintaining a prudent capital structure whilst pursuing acquisition growth opportunities that may arise.

Suntec REIT had on 4 November 2016 jointly with the PIP, completed its acquisition of a 50% interest in Southgate Complex in Melbourne, further augmenting its presence in Australia. Cache Logistics Trust had during the quarter, entered into a sale and purchase agreement to divest Cache Changi Districentre 3 for S\$25.5 million, which was subsequently completed on 23 January 2017.

The Group had on 24 January 2017 completed investment via a newly-established privately held REIT named ARA-Alpharium REIT in two new Grade A office buildings situated in a newly-developed satellite business district near Seoul with approximate AUM of KRW 528 billion. This is the fifth privately held Korean REIT wholly-managed by ARA Korea Limited.

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Private Funds

2016 was a strong year of growth for ARA Private Funds, with 10 private real estate funds currently under management and more than US\$5.8 billion of capital raised since its inception in 2007.

The Group had during the quarter successfully established the ARA Harmony VI (Century Link) 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. It was the largest single-asset property transaction in Asia Pacific for the year.

With the completion of the joint acquisition together with Suntec REIT of a 50% interest in Southgate Complex in Melbourne, the PIP has during the quarter further deployed capital into the investment of an office property, thereby utilising its committed capital in full. Similarly, the MIP has also made investments during the quarter which rendered the full deployment of its committed capital.

Moving forward ARA Private Funds will focus on further scaling the growth of the division through various avenues including expanding its suite of private real estate funds and joint venture vehicles in pursuit of various investment strategies; securing additional committed capital in the ARA Investment Partners platform as well as tapping new sources of capital via the Group's Country Desk strategies in China, South Korea and Australia.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? No

Name of Dividend	:	Not applicable
Dividend Type	:	Not applicable
Dividend Amount	:	Not applicable
Dividend Rate	:	Not applicable
Par value of shares	:	Not applicable
Tax Rate	:	Not applicable

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

(c) Date payable

Not applicable.

(d) Book Closure date

Not applicable.

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

As set out in the joint announcement dated 8 November 2016, the Company has entered into an implementation agreement in relation to the proposed scheme of arrangement for the acquisition of shares in the Company. In accordance with the terms of the implementation agreement, no dividend has been declared or proposed for the period under review.

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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 and joint ventures, income tax and non-controlling interests	
	FY2016 S\$'000	FY2015 S\$'000	FY2016 S\$'000	FY2015 S\$'000
<u>Business Segments</u>				
REITs ^(a)	96,227	100,854	63,148	69,969
Private real estate funds	26,702	22,420	7,431	7,153
Real estate management services	27,048	24,413	11,078	9,369
Investment holdings ^(b)	26,789	8,306	23,153	4,047
Others	65	34	314	368
	<u>176,831</u>	<u>156,027</u>	<u>105,124</u>	<u>90,906</u>
Unallocated expenses	-	-	(3,620)	(2,923)
	<u>176,831</u>	<u>156,027</u>	<u>101,504</u>	<u>87,983</u>

Notes:

- (a) The lower revenue in FY2016 was mainly due to lower acquisition and divestment fees.
 (b) The higher revenue and profit in FY2016 were primarily attributed to a higher distribution income for the year, arising mainly from higher contribution from Suntec REIT following the further accumulation of unitholdings as well as ad-hoc distributions from the ADF II and the CIP.

- 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**

	FY2016 S\$'000	FY2015 S\$'000	Change %
Revenue reported for first half year	81,600	74,328	10%
Management fees	67,940	61,776	10%
Acquisition, divestment and performance fees	2,318	7,529	(69%)
Finance income	10,669	4,877	119%
Other income	673	146	361%
Profit after tax before deducting non-controlling interests reported for first half year	40,300	36,765	10%
Revenue reported for second half year	95,231	81,699	17%
Management fees	72,644	67,821	7%
Acquisition, divestment and performance fees	3,092	5,924	(48%)
Finance income	18,965	7,490	153%
Other income	530	464	14%
Profit after tax before deducting non-controlling interests reported for second half year	51,817	44,588	16%

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

	FY2016 S\$'000	FY2015 S\$'000
Ordinary	22,937 ^(a)	46,365 ^(b)
Preference	-	-
Total:	22,937	46,365

Notes:

- (a) This includes the interim dividend of S\$0.023 per share which was paid on 23 August 2016.
- (b) This comprises an interim dividend of S\$19.4 million or S\$0.023 per share which was paid on 28 August 2015 and a final dividend of S\$26.9 million or S\$0.027 per share which was paid on 6 May 2016.

17. Interested Person Transactions

A mandate was obtained from shareholders at the Company's Annual General Meeting held on 15 April 2016.

<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)	
	4Q2016 S\$'000	FY2016 S\$'000	4Q2016 S\$'000	FY2016 S\$'000
Straits Trading Company Limited ("STC") and its subsidiaries and associates				
- Portfolio Management fee	-	-	875	3,554
- Property Management fees	-	-	239	957
- Property letting fees	-	-	217	463
	-	-	1,331	4,974

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	36	Daughter of Dr Chiu Kwok Hung Justin (Chairman and Non-executive director).	Executive Director and Chief Executive Officer ("CEO"), ARA Asset Management (Fortune) Limited, a wholly-owned subsidiary of ARA Asset Management Limited. Ms Chiu oversees the overall management of Fortune REIT including strategic planning, investor relations, asset management and investment activities of Fortune REIT.	Nil

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ARA ASSET MANAGEMENT LIMITED



Financial Results Announcement
For the financial year ended 31 December 2016

19. Undertakings confirmation pursuant to Rule 720(1)

The Board of Directors of the Company hereby confirms that the undertakings from all its directors and executive officers as required in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual were procured.

20. Update on the Use of Proceeds from the Renounceable Underwritten Rights Issue

As at 31 December 2016, out of the gross proceeds of approximately S\$152.1 million that was raised from the Rights Issue, (i) S\$60.0 million has been utilised to repay in full the STC Shareholder Loan; (ii) S\$2.3 million has been used to pay for the expenses incurred in connection with the Rights Issue; and (iii) S\$56.9 million has been utilised for strategic investments and seed capital for the existing funds which the Company manages. The remaining proceeds from the Rights Issue amount to approximately S\$32.9 million.

The use of proceeds is in accordance with the stated use disclosed in the Offer Information Statement dated 19 November 2015.

The Group has on 25 January 2017 made a subsequent announcement on the full disbursement of the gross proceeds from the Rights Issue.

BY ORDER OF THE BOARD
ARA ASSET MANAGEMENT LIMITED

Lim Hwee Chiang
Director
9 February 2017

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 any of the forward-looking statements in this announcement, which are based on the current view of management on future events. Information from external sources in this announcement has not been independently verified by us.

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UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE ARA GROUP FOR FY2016



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The Board of Directors
ARA Asset Management Limited
6 Temasek Boulevard #16-02
Suntec Tower Four
Singapore 038986

9 February 2017

Dear Sirs

Report on 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 2016, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, 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.

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ARA Asset Management Limited and its subsidiaries
Report on review of Financial Information
Year ended 31 December 2016



Restriction on use

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Financial Information for the purpose of assisting the Company to meet the requirements of paragraph 3 of Appendix 7.2 of the Singapore Exchange Limited Listing Manual and for no other purpose. Our report is included in the Company's announcement of its Financial Information for the information of its shareholders. We do not assume responsibility to anyone other than the Company for our work, for our report, or for the conclusions we have reached in our report.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'KING LL', written over a faint grid background.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore

APPENDIX 7 SCHEME CONDITIONS

All capitalised terms used and not defined in this Appendix shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection at the office of the Company in Singapore at 6 Temasek Boulevard, #16-02 Suntec Tower 4, Singapore 038986, during normal business hours for the period up to the Effective Date.

The Acquisition is conditional upon the following:

1. **Approval by Scheme Shareholders:** the approval of the Scheme by a majority in number representing three-fourths in value of the Scheme Shareholders present and voting at the Scheme Meeting pursuant to Section 99(2) of the Bermuda Companies Act;
2. **Court Order:** the grant of the Court Order sanctioning the Scheme;
3. **Registration of Court Order with the Registrar:** the delivery of a copy of the Court Order to the Registrar for registration pursuant to Section 99(3) of the Bermuda Companies Act;
4. **Regulatory Approvals:** all the Regulatory Approvals as set out below having been obtained or granted and remaining in full force and effect from the date such Regulatory Approvals are obtained or granted up to immediately prior to the date on which a copy of the Court Order has been delivered to the Registrar for registration:
 - (i) confirmation from the SIC that Rules 14, 15, 16, 17, 20.1, 21, 22, 28, 29, and 33.2 and Note 1(b) to Rule 19 of the Code shall not apply to the Scheme, subject to any conditions the SIC may impose but without prejudice to Clause 3.4 of the Implementation Agreement (Best Endeavours);
 - (ii) approval-in-principle from the SGX-ST of the Scheme, the Scheme Document and for the proposed delisting of the Company from the SGX-ST;
 - (iii) confirmation from the SIC that the Consortium Parties are regarded as joint offerors under Note 6 on Rule 10 of the Code for the purposes of the Acquisition and that the Consortium Arrangements do not constitute a special deal under Rule 10 of the Code;
 - (iv) approval from the anti-monopoly bureau of the MOFCOM in relation to the Acquisition;
 - (v) in respect of the participation of AVIC Trust Co., Ltd in the Acquisition:
 - (a) a record filing notice from the NDRC (or its competent local counterparts);
 - (b) a certificate of outbound investment from the MOFCOM; and
 - (c) completion of foreign exchange registration with the relevant bank in the PRC as required by the SAFE;
 - (vi) approval from the MAS for:
 - (a) the application by the Consortium Parties for the change in effective control of each of the REIT Managers, pursuant to Section 97A of the Securities and Futures Act; and
 - (b) the application by each of the REIT Managers for the change of the shareholding of the Company, in accordance with the conditions of their respective Capital Markets Services Licenses; and

APPENDIX 7 SCHEME CONDITIONS

- (vii) approval by the SFC pursuant to Section 132(1) of the SFO, of persons who will become “substantial shareholders” (as defined in Schedule 1 to the SFO) of each of ARA Asset Management (Fortune) Limited, ARA Asset Management (Prosperity) Limited and Hui Xian Asset Management Limited;
5. **No Illegality:** between the date of the Implementation Agreement and up to immediately prior to the date on which a copy of the Court Order has been delivered to the Registrar for registration, no order, injunction, judgment or decree issued by any Governmental Authority or other legal restraints or prohibition or Law preventing the consummation of the Acquisition or implementation of the Scheme shall be in effect;
6. **No Prescribed Occurrence:** between the date of the Implementation Agreement and up to immediately prior to the date on which a copy of the Court Order has been delivered to the Registrar for registration, no Prescribed Occurrence in relation to (i) the Offeror (as set out in **Part I of Appendix 8** to this Scheme Document); or (ii) the Company, any ARA Group Company, Substantial Subsidiary or Fund (as applicable) (as set out in **Part II of Appendix 8** to this Scheme Document), in each case, occurring other than as required by the Implementation Agreement or the Scheme;
7. **Third Party Consent:** the following Third Party Consent having been obtained and in effect as at the day immediately prior to the date on which a copy of the Court Order has been delivered to the Registrar for registration:
- (i) in relation to the Facilities Agreements, the occurrence of one of the following:
- (a) UOB, in its capacity as lender under the Facilities Agreements, has:
- (I) consented to the Acquisition and delisting of the Company from the SGX-ST; and
- (II) consented to the amendments to the Facilities Agreements in a form satisfactory to the Offeror to permit the Facilities to remain in place after the Acquisition and delisting of the Company from the SGX-ST; or
- (b) the Offeror or the Company has obtained debt facilities that will allow the Company and its subsidiaries to refinance the Facilities in full on completion of the Acquisition; or
- (c) the Facilities have been repaid in full;
8. **Company Warranties:** there having been no breach by the Company of its Warranties given under Clause 7.2 of the Implementation Agreement as at the date of the Implementation Agreement and the day immediately prior to the date on which a copy of the Court Order has been delivered to the Registrar for registration as though made on and as at each such date except to the extent any Warranty expressly relates to an earlier date (in which case as at such earlier date), in each such case which has resulted in a material adverse effect on the business of the ARA Group (taken as a whole) and is material in the context of the Scheme;
9. **Offeror Warranties:** there having been no breach by the Offeror of its Warranties given under Clause 7.1 of the Implementation Agreement as at the date of the Implementation Agreement and the day immediately prior to the date on which a copy of the Court Order has been delivered to the Registrar for registration as though made on and as at each such date except to the extent any Warranty expressly relates to an earlier date (in which case as at such earlier date), in each such case which has resulted in a material adverse effect on the business of the Offeror (taken as a whole) and is material in the context of the Scheme; and

APPENDIX 7
SCHEME CONDITIONS

- 10. No Material Adverse Event:** none of the following events having occurred for the period from the Joint Announcement Date up to the time immediately prior to the date on which a copy of the Court Order has been delivered to the Registrar for registration:
- (i) the EBITDA of the ARA Group as derived from the unaudited accounts of the Company (or if available, the audited accounts of the Company) for the 12 months ended 31 December 2016 being less than 80 per cent. of that of the ARA Group for the 12 months ended 31 December 2015; or
 - (ii) the ARA Group ceasing to be the manager for:
 - (a) any of Suntec REIT, Prosperity REIT, Fortune REIT, Hui Xian REIT or ARA Asia Dragon II Limited; or
 - (b) Funds (other than ARA Asia Dragon II Limited or any Listed REIT referred to in (a)) which in aggregate have more than S\$2 billion of assets under management as at the Joint Announcement Date.

APPENDIX 8 PRESCRIBED OCCURRENCES

All capitalised terms used and not defined in this Appendix shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection at the office of the Company in Singapore at 6 Temasek Boulevard, #16-02 Suntec Tower 4, Singapore 038986, during normal business hours for the period up to the Effective Date.

For the purpose of the Implementation Agreement and in this Scheme Document, “**Prescribed Occurrence**”, in relation to the Offeror or the Company (or, where applicable, any ARA Group Company, Substantial Subsidiary or Fund), as the case may be, means any of the following:

Part I – Prescribed Occurrence in relation to the Offeror

1. **Injunction:** an injunction or other order issued against the Offeror by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Scheme or the Acquisition or any part thereof by the Offeror;
2. **Resolution for Winding Up:** the Offeror resolving that it be wound up;
3. **Appointment of Liquidator and Judicial Manager:** the appointment of a liquidator, provisional liquidator, judicial manager, provisional judicial manager and/or any other similar officer of the Offeror;
4. **Order of Court for Winding Up:** the making of an order by a court of competent jurisdiction for the winding up of the Offeror;
5. **Composition:** the Offeror entering into any arrangement or general assignment or composition for the benefit of its creditors generally;
6. **Appointment of Receiver:** the appointment of a receiver or a receiver and manager, in relation to the property or assets of the Offeror;
7. **Insolvency:** the Offeror becoming or being deemed by Law or a court to be insolvent or being unable to pay its debts when they fall due or stops or suspends or threatens to stop or suspend payment of its debts of a material amount as they fall due;
8. **Cessation of Business:** the Offeror ceases or threatens to cease for any reason to carry on business in the usual and ordinary course;
9. **Investigations and Proceedings:** if the Offeror or any of its directors is or will be the subject of any governmental, quasi-governmental, criminal, regulatory or stock exchange investigation and/or proceeding; or
10. **Analogous Event:** any event occurs which, under the Laws of any jurisdiction, has an analogous or equivalent effect to any of the foregoing event(s).

Part II – Prescribed Occurrence in relation to the Company (or where applicable, any ARA Group Company, Substantial Subsidiary or Fund)

1. **Conversion of Shares:** the Company converting all or any of its shares into a larger or smaller number of shares;
2. **Share Buy-back:** the Company (i) undertaking any share buy-backs pursuant to its existing share buy-back mandate; or (ii) entering into a share buy-back agreement or resolving to approve the terms of a share buy-back agreement under the Bermuda Companies Act or the equivalent companies or securities legislation. For the avoidance of doubt, this does not include any existing, or the renewal of a share buy-back mandate obtained from the Shareholders;

APPENDIX 8

PRESCRIBED OCCURRENCES

3. **Alteration of Share Capital:** the Company resolving to reduce or otherwise alter its share capital in any way;
4. **Allotment of Shares or Units:** the Company or any ARA Group Company (where the allotment or granting of option is made to a third party other than another ARA Group Company) making an allotment of, or granting an option to subscribe for, any shares, units or securities convertible into shares or units or agreeing to make such an allotment or to grant such an option or convertible security, other than an ARA Group Company making an allotment or granting an option pursuant to an existing contractual commitment prior to the date hereof which has been disclosed to the Offeror in the Disclosure Letter;
5. **Issuance of Debt Securities:** the Company or any ARA Group Company issuing, or agreeing to issue, convertible notes or other debt securities;
6. **Dividends:** the Company declaring, making or paying any dividends or any other form of distribution to its Shareholders;
7. **Injunction:** an injunction or other order issued against the Company or any ARA Group Company by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the Scheme or the Acquisition or any part thereof by the Company or any ARA Group Company;
8. **Resolution for Winding Up:** the Company or any ARA Group Company resolving that it be wound up, other than by way of a voluntary liquidation;
9. **Appointment of Liquidator and Judicial Manager:** the appointment of a liquidator, provisional liquidator, judicial manager, provisional judicial manager and/or any other similar officer of the Company or any ARA Group Company;
10. **Order of Court for Winding Up:** the making of an order by a court of competent jurisdiction for the winding up of the Company or any ARA Group Company;
11. **Composition:** the Company or any ARA Group Company entering into any arrangement or general assignment or composition for the benefit of its creditors generally;
12. **Appointment of Receiver:** the appointment of a receiver or a receiver and manager, in relation to the property or assets of the Company or any ARA Group Company;
13. **Insolvency:** the Company or any ARA Group Company becoming or being deemed by Law or a court to be insolvent or being unable to pay its debts when they fall due or stops or suspends or threatens to stop or suspend payment of its debts of a material amount as they fall due;
14. **Cessation of Business:** the Company or any Substantial Subsidiary ceases or threatens to cease for any reason to carry on business in the usual ordinary course;
15. **Breach of the Implementation Agreement:** the Company being in material breach of Clause 3.4 (use of best endeavours to fulfil the Scheme Conditions), Clause 6.2 (the obligations as set out in paragraphs 1 to 20 of Part II of Appendix 9 to this Scheme Document) and/or Clause 10.3 (use of best endeavours to procure the Independent Directors to provide the Recommendation) of the Implementation Agreement, and such breach is material in the context of the Scheme;

APPENDIX 8
PRESCRIBED OCCURRENCES

- 16. Investigations and Proceedings:** if the Company, any ARA Group Company, Fund or any of their respective directors is the subject of any formal governmental, quasi-governmental, criminal, regulatory or stock exchange investigation and/or proceeding (other than any routine Tax audit) which has been served on such person in writing which (i) will reasonably likely have a material adverse effect on the ARA Group (taken as a whole); or (ii) relates to any breach of any Anti-Bribery Law, Anti-Money Laundering Law or Law restricting dealings with a Sanctioned Person; or (iii) would have a material adverse impact on the reputation or goodwill of the ARA Group (taken as a whole); or
- 17. Analogous Event:** any event occurs which, under the Laws of any jurisdiction, has an analogous or equivalent effect to any of the foregoing event(s).

APPENDIX 9

OBLIGATIONS OF THE OFFEROR AND THE COMPANY IN RELATION TO THE SCHEME

All capitalised terms used and not defined in this Appendix shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection at the office of the Company in Singapore at 6 Temasek Boulevard, #16-02 Suntec Tower 4, Singapore 038986, during normal business hours for the period up to the Effective Date.

Part I – The Offeror’s Obligations

1. **Joint Announcement:** release the Joint Announcement jointly with the Company on the SGX-ST on the Joint Announcement Date;
2. **Offeror’s Letter to Scheme Shareholders:** prepare the Scheme Letter;
3. **Satisfaction of the Scheme Consideration:** subject to the Scheme becoming effective in accordance with its terms, pay the aggregate Scheme Consideration in accordance with Rule 30 of the Code;
4. **Representation:** ensure that it, through its legal counsel, is represented at the Court Hearings, and if required by the Court, provide an undertaking to the Court to do all things and take all actions to fulfil its obligations under the Scheme;
5. **Responsibility of Directors and Representatives on Steering Committee:** ensure that its directors or representatives of the Consortium Parties on the Steering Committee and such other persons as the SIC may require, take responsibility for information relating to the Offeror or the Offeror’s concert parties provided by or on behalf of the Offeror to the Company for inclusion in the Scheme Document and ancillary documents in such manner as may be required by all applicable Laws and regulations, including the Code, the Listing Manual and the Bermuda Companies Act;
6. **Provision of Information:** from the date of the Implementation Agreement until the Effective Date, subject to the Offeror’s legal obligations or restrictions and the Offeror’s directors’ fiduciary duties, furnish to the Company and its advisers the Scheme Letter (for inclusion as part of the Scheme Document) and such information relating to the Offeror, its directors and its concert parties as the Company and its advisers may reasonably request (i) for the preparation of the Scheme Document and the implementation of the Acquisition and/or the Scheme; and (ii) to determine whether the Scheme Conditions are being or have been fulfilled. To the extent that legal or contractual obligations in relation to third parties or the Offeror’s directors’ fiduciary duties may limit the Offeror’s obligations to comply with this paragraph 6, the Offeror shall forthwith inform the Company of that fact and, where applicable, consult with the Company as to the steps which may be taken to obtain any necessary third party consents to enable it to comply with this paragraph 6, or to otherwise arrange within those constraints that the Company is informed of, that part of the information that is material to the Acquisition and/or the Scheme;
7. **Consultation with the Company:** consult in good faith with the Company with a view to establishing appropriate procedures to provide the Company with access to information which the Company requires in relation to or in connection with the Acquisition and/or the Scheme and to facilitate the timely notification of material matters affecting the Offeror to the Company;
8. **Implementation of the Scheme:** take all steps required to be taken by it in relation to the Scheme and will use its best endeavours to procure that the Scheme is implemented on the terms set out in the Implementation Agreement and to be set out in the Scheme Document including complying with all procedures and processes imposed by the Court in connection with the Scheme; and
9. **No Action:** except for the exercise of any of its rights under the Implementation Agreement, take no action which may be prejudicial to the successful completion of the Acquisition or the implementation of the Scheme.

APPENDIX 9

OBLIGATIONS OF THE OFFEROR AND THE COMPANY IN RELATION TO THE SCHEME

Part II – The Company’s Obligations

The Company’s obligations under paragraphs 1 to 20 below are subject to (i) the fiduciary duties of its directors; and (ii) compliance with all applicable Laws.

1. **Joint Announcement:** release the Joint Announcement jointly with the Offeror on the SGX-ST on the Joint Announcement Date;
2. **Implementation of the Scheme:** take all steps required to be taken by it in relation to the Scheme and use its best endeavours to procure that the Scheme is implemented on the terms set out in the Implementation Agreement and to be set out in the Scheme Document including complying with all procedures and processes imposed by the Court in connection with the Scheme;
3. **IFA:** appoint an IFA to (i) advise the Independent Directors in connection with the Scheme; and (ii) publicly state in its opinion whether the terms of the Scheme are fair and reasonable;
4. **Regulatory Approvals:** procure the ARA Group and the Fund Entities to make applications for all Regulatory Approvals as set out in **paragraph 4 of Appendix 7** to this Scheme Document;
5. **Scheme Document and Approval of Documents by the Offeror:** prepare the requisite shareholder documents, including the Scheme Document in consultation with the Offeror and in accordance with any order of the Court, the Code, the Bermuda Companies Act, the Listing Manual and all applicable Laws and regulations and despatch the same, provide all documents required for the implementation of the Scheme in draft form to the Offeror with sufficient time for the Offeror’s review, being at least five Business Days, or such longer time as the Offeror may reasonably require and obtain the Offeror’s written approval (such approval not to be unreasonably withheld or delayed) prior to (i) despatching all documents required for the implementation of the Scheme; (ii) despatching all documents to be sent to the Scheme Shareholders; (iii) the making of any application to the Court under Section 99 of the Bermuda Companies Act; and (iv) the filing of any documents with a Governmental Authority in connection with the Scheme;
6. **SGX-ST Clearance:** (i) file the draft Scheme Document (including the draft IFA opinion on the Scheme) with the SGX-ST for clearance, in each case in such form and substance as may be approved by the Offeror, such approval not to be unreasonably withheld or delayed; (ii) as soon as reasonably practicable after receiving comments or queries from the SGX-ST, file a revised draft of the Scheme Document with the SGX-ST, in such form and substance as may be approved by the Offeror, such approval not to be unreasonably withheld or delayed; (iii) as soon as reasonably practicable, provide queries from and responses to the SGX-ST to the Offeror; and (iv) diligently pursue the SGX-ST’s clearance for the Scheme Document;
7. **Scheme Meeting:** subject to obtaining the prior written approval in principle of the SGX-ST for the draft Scheme Document, (i) apply to the Court for an order under Section 99(1) of the Bermuda Companies Act to convene the Scheme Meeting and for any ancillary orders relating thereto (including to enable Depositors with Shares credited to their Securities Accounts to vote and for their votes to be taken into account in determining if the Scheme has been approved by the requisite majority pursuant to Section 99(1) of the Bermuda Companies Act), all such applications and orders, including the originating summons for the Scheme and all affidavits in support thereof, to be in such form and substance as may be approved by the Offeror, such approval not to be unreasonably withheld or delayed; (ii) diligently pursue such application so as to obtain the Court’s order to convene the Scheme Meeting and other necessary ancillary orders as soon as reasonably practicable; and (iii) convene the Scheme Meeting;

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OBLIGATIONS OF THE OFFEROR AND THE COMPANY IN RELATION
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8. **Despatch of Documents:** subject to obtaining the Court's order under Section 99(1) of the Bermuda Companies Act to convene the Scheme Meeting, despatch to the Scheme Shareholders the Scheme Document and appropriate forms of proxy in such form and within such period as may be directed by the Court, each in form and substance reasonably acceptable to the Offeror, for use at the Scheme Meeting;
9. **Requests for Inspection of Documents:** following despatch of the Scheme Document, upon request by the Offeror, inform the Offeror promptly in writing of any requests made to inspect any document(s) which has been made available for inspection;
10. **Updates on Proxy Votes Received:** upon request by the Offeror, keep the Offeror updated in writing on the number of proxy votes received in respect of the resolutions to be proposed at the Scheme Meeting;
11. **Court Order:** subject to the Scheme being approved by the requisite majority of the Scheme Shareholders at the Scheme Meeting, apply to the Court for the Court Order and for any ancillary orders relating thereto (all such applications, orders and all affidavits in support thereof, including the Court Order, to be in such form and substance as may be approved by the Offeror, such approval not to be unreasonably withheld or delayed) and diligently pursue such application so as to obtain the sanction and confirmation of the Scheme by the Court as soon as reasonably practicable;
12. **Registration of Court Order with the Registrar:** subject to the Court Order being granted, expeditiously deliver a copy of the Court Order to the Registrar for registration pursuant to Section 99(3) of the Bermuda Companies Act;
13. **Representation:** ensure that it, through its legal counsel, is represented at the Court Hearings, and if required by the Court, provide an undertaking to the Court to do all things and take all actions to fulfil its obligations under the Scheme;
14. **Provision of Information and Consultation with the Offeror:** from the date of the Implementation Agreement until the Effective Date, subject to the Company's and every ARA Group Company's and/or Fund Entity's legal obligations or restrictions and to every ARA Group Company's and/or Fund Entity's directors' fiduciary duties, provide (and procure that the ARA Group, the Fund Entities and their respective Representatives will so provide) the Offeror with access to such information relating to the Company, the ARA Group, the Fund Entities, the Company's directors and the Company's concert parties which the Offeror may reasonably require in relation to or in connection with the Acquisition, the Scheme, the Offeror's financing arrangements or the Offeror's post-Acquisition plans for the Business. To the extent that any legal or contractual obligations in relation to third parties or any ARA Group Company's and/or Fund Entity's directors' fiduciary duties may limit the Company's obligations to comply with this paragraph 14, the Company shall forthwith inform the Offeror of that fact and, where applicable, consult with the Offeror as to the steps which may be taken to obtain any necessary third party consents to enable it to comply with this paragraph 14, or to otherwise arrange within those constraints, that part of the information that is material to the Acquisition and/or the Scheme;
15. **Access:** upon the Offeror providing reasonable notice and as the Offeror may reasonably require, make available its Representatives during Working Hours to discuss and assist with the Offeror's transition planning and financing arrangements;
16. **Application for Delisting of the Company:** subject to the Scheme becoming effective in accordance with its terms, apply to the SGX-ST for a delisting of the Company with effect on or after the Effective Date;

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17. **Third Party Consent:** procure that the ARA Group and/or the Fund Entities seek the Third Party Consent (as referred to in **paragraph 7 of Appendix 7** to this Scheme Document) and approvals as may be required for the implementation of the Scheme;
18. **Directors' Responsibility:** ensure that its directors shall take responsibility for all information included in the Scheme Document (other than information relating to the Offeror and its concert parties provided by or on behalf of the Offeror to the Company for inclusion in the Scheme Document) and all ancillary documents, as required by all applicable Laws and regulations, including any order of the Court, the Code, the Listing Manual and the Bermuda Companies Act;
19. **No Action:** save for the exercise of any of its rights under the Implementation Agreement, take no action which may be prejudicial to the completion of the Acquisition or the implementation of the Scheme;
20. **Conduct of Business by the ARA Group and the Fund Entities:** during the period from the date of the Implementation Agreement up to (and including) the Effective Date or the date on which the Implementation Agreement is terminated pursuant to Clause 4 of the Implementation Agreement, undertake that the Company (and undertake to procure that all the ARA Group Companies, and in respect of paragraphs 20(ii)(d) and 20(ii)(k) below, the Fund Entities):
- (i) shall carry on the Business of the ARA Group as a going concern in the ordinary and usual course consistent with past practices, and not (a) alter the general nature or scope of its Business; (b) launch any new products, effect any change in strategy, launch any new funds or enter into any new joint ventures if and to the extent that doing so would represent a material deviation from the current business strategy of the ARA Group or entry into a new geographic market; or (c) take any action which would be prejudicial to, or could reasonably be expected to materially delay the successful outcome of the Scheme, save insofar as agreed in writing by the Offeror;
 - (ii) without prejudice to the generality of paragraph 20(i) above and save as required by Law, shall not (and shall procure that all the ARA Group Companies, and in respect of paragraphs 20(ii)(d) and 20(ii)(k) below, the Fund Entities, shall not), without the prior written consent of the Offeror (such consent not to be unreasonably withheld or delayed):
 - (a) to the extent it is within its power or control, make, permit or suffer any Prescribed Occurrences;
 - (b) modify, amend or waive the terms of any Material Contracts, if such modification, amendment or waiver would have a material adverse effect on the financial position of the ARA Group (taken as a whole);
 - (c) enter into, or exercise an option in relation to, any agreement or incur any commitment involving any capital expenditure in excess of S\$10 million in aggregate, in each case exclusive of GST;
 - (d) in respect of the Fund Entities (through the Company using best endeavours in its capacity as the owner of the REIT manager, general partner or otherwise), enter into any agreements or arrangements containing a change in control provision which would give a counterparty any rights exercisable as a result of the Scheme or Acquisition;
 - (e) enter into or amend any agreement with any Interested Person otherwise than in the ordinary and usual course of business or if such amendment or agreement would result in a material adverse effect on the financial position of the ARA Group (taken as a whole);

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- (f) except as would not be material in the context of the ARA Group (taken as a whole) or otherwise in the ordinary course of business, acquire or agree to acquire or dispose of any assets, shares or other interests in or of any company, partnership or other venture;
- (g) enter into any agreement or arrangement to co-invest in or alongside the Funds other than (I) up to three co-investments of up to US\$25 million each, subject to a maximum cap of US\$50 million in aggregate for such co-investments; and (II) any investment in successor funds of the Funds provided that the investment is of the same or a lower proportion of the fund as the ARA Group Company's previous investment in such Funds;
- (h) incur any additional borrowings or incur any other indebtedness other than indebtedness in the ordinary and usual course of business, which, for the avoidance of doubt, shall not include any borrowings from banks or other financial institutions, other than (I) borrowings under any existing credit facilities of any ARA Group Company, provided that such borrowings do not exceed US\$130 million in aggregate; and (II) refinancing of the Facilities as required to satisfy the Third Party Consent referred to in **paragraph 7 of Appendix 7** to this Scheme Document;
- (i) save as required by Law:
 - (I) make any material amendment to the terms and conditions of employment (including remuneration, pension entitlements and other benefits) of any Key Manager, other than any periodic adjustments consistent with past practices;
 - (II) provide or agree to provide any gratuitous payment or benefit to any Key Manager or any of his dependants, other than any payments or benefits that are consistent with past practices; and
 - (III) dismiss any Key Managers other than for cause;
- (j) enter into any guarantee, indemnity or other agreement to secure any obligation of a third party or create any Encumbrance over the Business (including the shares in any of the subsidiaries) or any part of it, otherwise than in the ordinary and usual course of business;
- (k) (I) settle any Claim if such settlement (A) will result in a cash outflow for the ARA Group of US\$5 million or more (inclusive of litigation costs); or (B) relates to any breach by any ARA Group Company of any Anti-Bribery Law, Anti-Money Laundering Law or Law restricting dealings with a Sanctioned Person; or (II) in respect of the Fund Entities (through the Company using best endeavours in its capacity as the owner of the REIT manager, general partner or otherwise), settle any Claim which relates to any breach by any Fund Entity of any Anti-Bribery Law, Anti-Money Laundering Law or Law restricting dealings with a Sanctioned Person; or (III) settle any Claim if such settlement would have a material adverse impact on the reputation or goodwill of the ARA Group (taken as a whole);
- (l) make any change to its accounting practices or policies or amend its Constitutional Documents, other than for compliance with applicable Law; and/or
- (m) make (or seek the approval of the Court to make) any amendments to the Scheme Document or adjournment of the Scheme Meeting in respect of the Scheme,

APPENDIX 9
OBLIGATIONS OF THE OFFEROR AND THE COMPANY IN RELATION
TO THE SCHEME

provided that nothing in this paragraph 20 shall restrict any ARA Group Company from fulfilling its obligations under existing contractual commitments, which have been disclosed to the Offeror prior to the date of the Implementation Agreement;

21. **Appointment of Nominees of the Offeror; etc:** as soon as practicable after the Effective Date, but in any event not later than two Business Days thereafter in respect of the ARA Group Companies, the Company will appoint such nominees of the Offeror to the Board and the boards of the other ARA Group Companies, as the Offeror may direct, subject to applicable Laws and restrictions under the Constitutional Documents of the ARA Group Companies;
22. **Appeal Process:** if the Court refuses to make any orders convening the Scheme Meeting or approving the Scheme, the Company shall appeal the Court's decision to the fullest extent possible (except to the extent that the Parties agree otherwise in writing);
23. **No Solicitation:** during the No-Shop Period, the Company will not, and will ensure that none of its Representatives will, on behalf of the Company, whether directly or indirectly, solicit, initiate, or encourage any initial or further communication to procure proposals on Competing Offers, or communicate any intention to do any of these things in respect of a Competing Offer, or enter into any agreements or other arrangements regarding a Competing Offer, provided that nothing in the foregoing prevents the Company from providing information to any *bona fide* third party in compliance with Rule 9.2 of the Code or prevents the Company from continuing to make normal presentations to brokers, portfolio investors and analysts in the ordinary and usual course of business.

Provided further that, and for the avoidance of doubt, nothing in the Implementation Agreement shall (i) prohibit the Company from taking such action as may be required for the Company to comply with any applicable Law and its obligations under the Code; or (ii) prohibit or restrict the directors of the Company from complying with or discharging their fiduciary duties and complying with all applicable Laws. In the event the Company receives any unsolicited or uninitiated expression of interest, or an offer or proposal is received by the Company, the Company shall be entitled to:

- (a) if permitted pursuant to the Listing Manual and/or the Code, announce such expression of interest, offer or proposal;
 - (b) make any required recommendation to the Scheme Shareholders if a general offer is made in accordance with the Code; and
 - (c) entertain such unsolicited expression of interest, offer or proposal to the extent that the directors of the Company determine that failure to take such action could violate their fiduciary duties and any applicable Laws and regulations (including obligations under the Code);
24. **Notification of Approaches:** during the No-Shop Period, the Company shall promptly notify the Offeror if it receives an approach regarding a proposal on a Competing Offer, and in such event the Company shall, subject to any applicable Law, provide the Offeror the material terms of such approach; and
 25. **Recommendation:** the Company shall use its best endeavours to procure that all of its Independent Directors will unanimously and without qualification provide the Recommendation, and will not withdraw, modify or qualify the Recommendation, subject to and without prejudice to the Independent Directors' fiduciary duties and compliance with all applicable Laws. For the avoidance of doubt, nothing in this paragraph 25 shall be construed as requiring the Company to act, or to procure its Independent Directors to act, or to refrain from acting, in any manner which may be in breach of their fiduciary duties or any applicable Laws.

APPENDIX 10

THE OFFEROR'S WARRANTIES TO THE COMPANY

All capitalised terms used and not defined in this Appendix shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection at the office of the Company in Singapore at 6 Temasek Boulevard, #16-02 Suntec Tower 4, Singapore 038986, during normal business hours for the period up to the Effective Date.

The Offeror warrants to the Company that:

1. CAPACITY AND AUTHORITY

1.1 It:

- (a) is a company validly existing under the laws of its country of incorporation;
- (b) has the power to execute and deliver the Implementation Agreement, and to perform its obligations under the Implementation Agreement and has taken all action necessary to authorise such execution and delivery and the performance of such obligations; and
- (c) is not insolvent nor has it been declared insolvent, and no action or request is pending or threatened to declare it insolvent, wind it up or to make it subject to any proceeding contemplated by any applicable insolvency Law.

1.2 The Implementation Agreement constitutes legal, valid and binding obligations on it in accordance with its terms.

1.3 The execution and delivery by it of the Implementation Agreement and the performance of the obligations of it under the Implementation Agreement do not and will not conflict with or constitute a default under any provision of:

- (a) any agreement or instrument to which it is a party;
- (b) its Constitutional Documents; or
- (c) any Law, lien, lease, order, judgment, award, injunction, decree, ordinance or regulation, or any other restriction of any kind or character by which it is bound.

1.4 All authorisations from, and notices or filings with, any Governmental Authority or other authority that are necessary to enable it to execute, deliver and perform its obligations under the Implementation Agreement have been obtained or made (as the case may be) and are in full force and effect and all conditions of each such authorisation have been complied with.

1.5 The Offeror is not a Non-Qualifying Person (as defined in the Company's Constitutional Documents).

2. INSOLVENCY

2.1 It is not:

- (a) insolvent or unable to pay its debts within the meaning of any insolvency legislation applicable to it; or
- (b) unable to, or has stopped, paying its debts as they fall due.

2.2 No step has been taken to initiate any process by or under which:

- (a) the ability of its creditors to take any action to enforce their debts is suspended, restricted or prevented;

APPENDIX 10
THE OFFEROR'S WARRANTIES TO THE COMPANY

- (b) some or all of its creditors accept, by agreement or in pursuance of a court order, an amount less than the respective sums owing to them in satisfaction of those sums with a view to preventing its dissolution;
- (c) a person is appointed to manage its affairs, business and assets on behalf of its creditors; or
- (d) the holder of an Encumbrance over its assets is appointed to control its business and assets.

2.3 No process has been initiated which could lead to it being dissolved and its assets being distributed among its creditors, shareholders or other contributors.

3. SUFFICIENCY OF FINANCIAL RESOURCES

3.1 It has sufficient financial resources to undertake and complete the Acquisition and implement the Scheme, and shall procure that a cash confirmation is furnished by an appropriate third party in compliance with the Code.

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THE COMPANY'S WARRANTIES TO THE OFFEROR

All capitalised terms used and not defined in this Appendix shall have the same meanings given to them in the Implementation Agreement, a copy of which is available for inspection at the office of the Company in Singapore at 6 Temasek Boulevard, #16-02 Suntec Tower 4, Singapore 038986, during normal business hours for the period up to the Effective Date.

The Company warrants to the Offeror that:

1. CAPACITY AND AUTHORITY

1.1 It:

- (a) is duly incorporated and existing under the laws of Bermuda in good standing (meaning solely that it has not failed to make any filing with any Bermuda Governmental Authority, or to pay any Bermuda government fee or Tax, which would make it liable to be struck off the Register of Companies and thereby cease to exist under the laws of Bermuda);
- (b) has the power to execute and deliver the Implementation Agreement, and to perform its obligations under the Implementation Agreement and has taken all action necessary to authorise such execution and delivery and the performance of such obligations; and
- (c) is not insolvent nor has it been declared insolvent, and no action or request is pending or threatened to declare it insolvent, wind it up or to make it subject to any proceeding contemplated by any applicable insolvency Law.

1.2 The Implementation Agreement constitutes legal, valid and binding obligations on it in accordance with its terms.

1.3 The execution and delivery by it of the Implementation Agreement and the performance of the obligations of it under the Implementation Agreement do not and will not conflict with or constitute a default under any provision of:

- (a) any agreement or instrument to which it or any ARA Group Company is a party;
- (b) its Constitutional Documents or the Constitutional Documents of any ARA Group Company, if applicable; or
- (c) any Law, lien, lease, order, judgment, award, injunction, decree, ordinance or regulation, or any other restriction of any kind or character by which it or any ARA Group Company is bound.

1.4 All authorisations from, and notices or filings with, any Governmental Authority or other authority that are necessary to enable it to execute, deliver and perform its obligations under the Implementation Agreement have been obtained or made (as the case may be) and are in full force and effect and all conditions of each such authorisation have been complied with.

2. INSOLVENCY

2.1 No ARA Group Company:

- (a) is insolvent or unable to pay its debts within the meaning of any insolvency legislation applicable to the company concerned; or
- (b) is unable to, or has stopped, paying its debts as they fall due.

2.2 No step has been taken to initiate any process by or under which:

- (a) the ability of the creditors of any ARA Group Company to take any action to enforce their debts is suspended, restricted or prevented;

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THE COMPANY'S WARRANTIES TO THE OFFEROR

- (b) some or all of the creditors of any ARA Group Company accept, by agreement or in pursuance of a court order, an amount less than the respective sums owing to them in satisfaction of those sums with a view to preventing the dissolution of such entity;
- (c) a person is appointed to manage the affairs, business and assets of any ARA Group Company on behalf of its creditors; or
- (d) the holder of an Encumbrance over the assets of any ARA Group Company is appointed to control its business and assets.

2.3 No process has been initiated which could lead to any ARA Group Company being dissolved and its assets being distributed among the relevant company's creditors, shareholders or other contributors.

3. THE ARA GROUP

3.1 Each ARA Group Company is validly incorporated and validly existing under the Laws of its jurisdiction of incorporation. Each ARA Group Company has full power under its Constitutional Documents to conduct its business.

3.2 As of the date hereof, the structure of the ARA Group as set out at Schedule 2 of the Implementation Agreement is true and accurate.

3.3 No ARA Group Company has entered into any agreement whereby any person (other than another ARA Group Company) has the right (exercisable now or in the future and whether contingent or not) to call for the allotment, transfer, or issue of any share or loan capital in any ARA Group Company.

3.4 All the shares of the ARA Group Companies are free from Encumbrances, fully paid, properly and validly allotted and there is no outstanding liability to pay any additional contribution on the shares of the ARA Group Companies.

3.5 As at the date of the Implementation Agreement, no ARA Group Company has or has agreed to acquire any interest of any nature in any shares, debentures or other securities issued by any undertaking (other than in another ARA Group Company or Fund).

3.6 No ARA Group Company has any branch or permanent establishment outside its country of incorporation.

3.7 The copies of the Constitutional Documents of each Substantial Subsidiary, copies of which were provided in the Data Room Information, are true, accurate and complete in all material respects.

4. INFORMATION

4.1 So far as the Company is aware, all information supplied or disclosed in writing in the Disclosure Letter, the Data Room Information, the answers and documents provided in writing (including by e-mail) at due diligence meetings in connection with the Acquisition and/or the Scheme supplied or disclosed in writing by or on behalf of the Company to the Offeror or the legal and other professional advisers to the Offeror was, when supplied, true and accurate in all material respects as at the date hereof. So far as the Company is aware, there are no facts or matters or circumstances not disclosed in writing to the Offeror which:

- (a) renders any such information untrue or inaccurate in any material respect; or
- (b) other than in respect of, in connection with or relating to any Withheld Information, intentionally misleading in any material respect.

APPENDIX 11

THE COMPANY'S WARRANTIES TO THE OFFEROR

- 4.2 There is no information concerning the ARA Group which has not already been publicly disclosed and is material non-public information and is required to be disclosed in accordance with applicable Laws and regulations.
- 4.3 So far as the Company is aware, there is no information (including the Withheld Information) that has not been disclosed to the Offeror which the Company believes in good faith would lead the Offeror not to proceed with the Acquisition and/or the Scheme.
- 4.4 The Company is not aware of any matter or circumstance which would cause any of the Scheme Conditions in **paragraphs 4, 6** (in relation to any Prescribed Occurrences relating to the Company, any ARA Group Company, Substantial Subsidiary or Fund (as applicable)), **8 or 10 of Appendix 7** to this Scheme Document, not to be satisfied.
- 4.5 All material information relating to the ARA Group has been disclosed to the SGX-ST in compliance with its continuous disclosure requirements. All statements of fact contained in all announcements and circulars issued by the Company and published on the website of the SGX-ST and/or provided to the Shareholders were, when supplied or published, true and accurate and not misleading in any material respect and did not, at the time of their filing or publication, omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of circumstances under which they were made. The Scheme Document will contain all material information in compliance with any order of the Court, the Code, the Bermuda Companies Act and the Listing Manual, relevant to the Scheme Shareholders in determining whether to approve the Scheme.

5. THE FUNDS

- 5.1 Each of the Funds is validly incorporated or established under the laws of its jurisdiction and has full power under its Constitutional Documents to conduct its business.
- 5.2 No Side Letters or other ancillary arrangements have been entered into by any ARA Group Company with limited partners or unit holders or joint venture partners in relation to the Funds other than (a) with respect to such Side Letters or other ancillary arrangements entered into as of the date hereof, those provided in the Data Room Information; and (b) with respect to side letters or other ancillary arrangements entered into after the date of hereof, as provided to the Offeror.
- 5.3 The ARA Group and, to the Company's knowledge, the Fund Entities, have complied in all material respects with all of their obligations under the Partnership Agreements, the Side Letters and any investment management, asset management or investment advisory agreements to which they are party to, in relation to the Funds.
- 5.4 All material information and documentation which relates to payment of management, advisory and performance fees and carried interest (or analogous performance or incentive amounts provided in the documentation relating to the Funds to be for the benefit of the ARA Group) have been fairly disclosed to the Offeror.

6. FINANCIAL MATTERS

- 6.1 The Accounts:
- (a) have been prepared in accordance with applicable Law and relevant generally accepted accounting practices on a proper and consistent basis;
 - (b) give a true and fair view of the state of affairs of the ARA Group and its assets and liabilities as at the Accounts Date and of the results of the ARA Group for the financial year or period (as applicable) ended on that date;

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- (c) are not affected by any unusual or non-recurring items;
- (d) apply policies and estimation techniques of accounting which have been consistently applied in the audited financial statements of each ARA Group Company and in the audited consolidated financial statements of the Company for the three accounting reference periods ending on the Accounts Date; and
- (e) as at the Accounts Date, make adequate provisions or disclosures for all known liabilities, bad and doubtful debt, and contingent liabilities, where applicable.

6.2 The Management Accounts:

- (a) have been properly prepared on a basis consistent with that employed in preparing the Accounts, in all material respects, and on a basis consistent with that employed in preparing the management accounts of the ARA Group for the twelve months ending on the Accounts Date;
- (b) having regard to the purpose for which they were prepared, are not misleading in any material respect;
- (c) so far as the Company is aware, the Management Accounts give a fair view of the statements of financial position of each ARA Group Company and of the ARA Group (taken as a whole) for the period concerned; and
- (d) so far as the Company is aware, as at the date of the last Management Accounts, adequate provisions or disclosures were made for all known liabilities, bad and doubtful debts and contingent liabilities, where applicable.

6.3 So far as the Company is aware, since the Accounts Date, other than in the usual and ordinary course of business:

- (a) the Company has carried on its business in the ordinary and usual course of business and as a going concern, without any material interruption or alteration in its nature, scope or manner;
- (b) the profits of the ARA Group have not been materially affected by changes or inconsistencies in accounting treatment or to a material extent by any non-recurring items of income or expenditure;
- (c) no ARA Group Company has entered into any transaction or assumed or incurred any liabilities (including contingent liabilities) which is material to the ARA Group (taken as a whole), or made any payment which is material to the ARA Group (taken as a whole), other than routine payments not provided for in the Management Accounts;
- (d) the Company has not (i) issued, or agreed to issue, any share or loan capital or other similar interest; or (ii) reduced, or agreed to reduce, its paid-up share capital; or (iii) declared, authorised, paid or made, or agreed to declare, authorise, pay or make any dividend or other distribution (except any dividends set out in the Management Accounts); and
- (e) no ARA Group Company has entered into any unusual, long term or onerous commitments or contracts that would have a material adverse effect on the financial position of the ARA Group (taken as a whole).

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THE COMPANY'S WARRANTIES TO THE OFFEROR

6.4 There are no material actual or contingent liabilities of any of the ARA Group Companies except for (a) liabilities disclosed or provided for in the Accounts or the Management Accounts; (b) liabilities incurred in the ordinary and usual course of business since the Accounts Date which, taken together, do not result in a material adverse change to the ARA Group (taken as a whole); or (c) liabilities disclosed elsewhere in the Implementation Agreement.

6.5 So far as the Company is aware, the financial, statutory, accounting and other records of each ARA Group Company required to be kept by applicable Law in any relevant jurisdiction are up-to-date and have been properly prepared and maintained in all respects in accordance with such Law and relevant generally accepted accounting practices on a proper and consistent basis.

7. REGULATORY MATTERS

7.1 Each ARA Group Company and Fund has all Material Approvals required for carrying on its business effectively in the places and in the manner in which it is carried on in accordance with all applicable Law and regulations. To the extent that any ARA Group Company and/or Fund does not have any Non-Material Approval, such Non-Material Approval is not material to the ARA Group (taken as a whole).

7.2 Each of the Approvals is in full force and effect. So far as the Company is aware, there are no circumstances which indicate that any Approval will or is likely to be suspended, cancelled, modified, revoked or not renewed, in whole or in part, in the ordinary course of events (whether as a result of the Acquisition or the Scheme or the entry into or performance of the Implementation Agreement or otherwise). So far as the Company is aware, none of the Approvals has been breached or will be breached (whether as a result of the entry into or completion of the Implementation Agreement or otherwise).

7.3 Each of the existing directors, controllers, employees, managers and representatives of each ARA Group Company has been approved where required by the appropriate regulatory authorities in any jurisdiction which applies to such ARA Group Company.

7.4 No adverse reports have been issued in writing by any Governmental Authority and provided to an ARA Group Company within the last three years, specifically in respect of the ARA Group Companies' operations, business or affairs, other than with respect to any routine Tax audits.

8. COMPLIANCE WITH LAWS

8.1 Each ARA Group Company and Fund Entity has within the last five years, conducted its business and corporate affairs and where applicable managed the Funds:

(a) in accordance with its Constitutional Documents, except as would not be material to the ARA Group (taken as a whole); and

(b) in accordance with all applicable Law and regulations (including the Listing Manual, Anti-Bribery Laws, Economic Sanctions Law, Anti-Money Laundering Law and applicable anti-terrorist financing Laws, and applicable Law and regulations in respect of the sale or marketing of any interest in any funds or companies) in relation to the jurisdiction which it operates.

8.2 So far as the Company is aware, there is no investigation, disciplinary proceeding or enquiry by, or order, decree, decision or judgment of, any court, tribunal, arbitrator, Governmental Authority or regulatory body outstanding, pending or anticipated against any ARA Group Company or Fund Entity, in each case, which will be material to the ARA Group (taken as a whole), and excluding, for the avoidance of doubt, any routine Tax audit in relation to any ARA Group Company or Fund Entity.

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THE COMPANY'S WARRANTIES TO THE OFFEROR

- 8.3 None of the ARA Group Companies, and so far as the Company is aware, the Fund Entities, has received any written notice or other communication from any court, tribunal, arbitrator, Governmental Authority or regulatory body with respect to an alleged or actual violation and/or failure to comply with any applicable Law or regulations, or requiring it to take or omit any action.
- 8.4 The compliance manuals and internal procedures, systems and controls of each ARA Group Company and Fund Entity reflect the regulatory requirements to which the ARA Group Company or Fund Entity (as applicable) is subject in all material respects and the Company is not aware of any undisclosed material breaches of such compliance manuals, internal procedures, systems and controls.
- 8.5 No director or officer, or so far as the Company is aware, employee, advisor or other third party intermediary of the ARA Group or Fund Entities has, in the past three years, engaged in any fraudulent or otherwise unlawful behaviour in relation to the ARA Group.

9. ASSETS

- 9.1 All of the assets included in the Accounts are legally and beneficially owned by the ARA Group Companies, except for those disposed of since the Accounts Date in the ordinary course of business and any assets acquired since the Accounts Date.
- 9.2 All of the assets included in the Accounts are, where capable of possession, in the possession or under the control of the relevant ARA Group Company.
- 9.3 None of the material assets shown in the Accounts, acquired by any ARA Group Company since the Accounts Date or used by an ARA Group Company, is the subject of any factoring arrangement, conditional sale or credit agreement.
- 9.4 None of the assets of any ARA Group Company is subject to any Encumbrance.
- 9.5 Each ARA Group Company owns or is entitled to use all the assets necessary to carry on its business substantially as carried out at the date of the Implementation Agreement.

10. INSURANCE

- 10.1 Except as disclosed in the Disclosure Letter, each ARA Group Company and Fund Entity has in place all policies of insurance sufficient and customary for the conduct of its business as currently operated and in all material respects in line with general industry practice.
- 10.2 Such insurances are in full force and effect and all premiums and any related insurance premium taxes payable to date have been paid.
- 10.3 So far as the Company is aware, no act, omission, misrepresentation or non-disclosure by any ARA Group Company or Fund Entity has occurred which makes any of these policies void, voidable or unenforceable.
- 10.4 So far as the Company is aware, there has been no breach of the terms, conditions and warranties of any of the policies that would entitle insurers to decline or pay all or any part of any claim made under the policies or to terminate any policy.
- 10.5 The Acquisition and/or the Scheme will not have the effect of terminating, or entitling any insurer to terminate, cover under any such insurance.

APPENDIX 11
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11. CONTRACTS

11.1 Except as disclosed in the Disclosure Letter, all of the following Material Contracts are included in the Data Room Information:

- (a) agreements under the terms of which, as a result of the entry into and performance of the Implementation Agreement (i) any other party will be entitled to be relieved of any other obligation or become entitled to exercise any right (including any termination or pre-emption right or other option); (ii) any ARA Group Company will be in default; or (iii) a material liability or obligation of an ARA Group Company is likely to be created or increased;
- (b) agreements which are not on arm's lengths terms and/or could or does constitute a transfer at an undervalue;
- (c) agreements which restrict the freedom of any ARA Group Company to carry on its business in any part of the world in such manner as it thinks fit;
- (d) agreements which are a joint venture, consortium, partnership, other unincorporated association or profit (or loss) sharing agreement;
- (e) agreements which include a guarantee, indemnity or other agreement securing an obligation of a third party given by any ARA Group Company, except in the ordinary course of business;
- (f) agreements under which any ARA Group Company has sold or disposed of any company or business where it remains subject to any liability (whether contingent or otherwise);
- (g) agreements which involves or is likely to involve expenditure by any ARA Group Company totalling in excess of US\$250,000 per annum or any obligation of a material nature or magnitude to the ARA Group (taken as a whole);
- (h) agreements relating to the management or governance of each of the Funds to which an ARA Group Company is a party and each of the Side Letters entered into with each of the Funds; or
- (i) agreements which are a bid, tender, proposal or offer which, if accepted, would result in any ARA Group Company being committed to any agreement or arrangement of a kind described in paragraphs (a) to (h) above.

For the avoidance of doubt, "**Material Contracts**" excludes any agreement which is or contains material and non-public information. Where any ARA Group Company enters into any material agreements, contracts, transactions, understandings, arrangements or obligations of the type listed in this paragraph 11.1 after the date of the Implementation Agreement, copies of such agreements will be provided to the Offeror, save for agreements which is or contains material and non-public information.

11.2 All the Material Contracts are valid, binding and enforceable obligations of the ARA Group Company party thereto. No ARA Group Company is in default under any Material Contract and no third party is in default under any contract or arrangement with any ARA Group Company. So far as the Company is aware, no notice of termination or of intention to terminate has been received in respect of any of these Material Contracts.

11.3 There are no powers of attorney in force given by any ARA Group Company.

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12. FINANCE AND GUARANTEES

- 12.1 Except as disclosed in the Disclosure Letter, no guarantee or Encumbrance has been given by or entered into by any ARA Group Company or any third party in respect of the Financial Debt or other obligations of any ARA Group Company or Fund Entity or any other person.
- 12.2 The total Financial Debt of each ARA Group Company does not exceed its facilities with its bankers or any limitations on the borrowing powers contained in the Constitutional Documents of that ARA Group Company, or in any debenture or other deed or document binding on that ARA Group Company.
- 12.3 All of ARA Group's Financial Debt as at the date of the Implementation Agreement has been disclosed in the Data Room Information.

13. INTERESTED PERSON TRANSACTIONS

- 13.1 Save as disclosed in the Accounts or included in the Data Room Information and since the Accounts Date, there is no Interested Person Transaction between any ARA Group Company and an Interested Person of the Company.

14. LITIGATION / INVESTIGATION

- 14.1 No ARA Group Company or Fund Entity is involved as a party in any claim, legal action, proceeding, suit, litigation, arbitration, prosecution, investigation, enquiry, mediation or contentious administrative proceedings (of an amount in excess of US\$250,000) and no such proceedings have been threatened in writing by or against any ARA Group Company or Fund Entity, other than proceedings for collection by a ARA Group Company or Fund Entity of debts arising in the ordinary course of business, and so far as the Company is aware, there are no circumstances existing which are likely to lead to any such proceedings by or against an ARA Group Company or Fund Entity.
- 14.2 No governmental, administrative, regulatory or other official investigation or inquiry concerning any ARA Group Company or Fund Entity is in progress or pending, or has occurred within the last three years where such investigation or inquiry could reasonably be expected have a material adverse effect on the ARA Group (taken as a whole), and so far as the Company is aware, there are no circumstances likely to lead to any such investigation or inquiry.
- 14.3 No ARA Group Company or Fund Entity is affected by any existing or pending judgments or rulings and no ARA Group Company or Fund Entity has given any undertakings arising from any legal proceedings to a Governmental Authority or other third party.
- 14.4 Save as disclosed in the Disclosure Letter and as far as the Company is aware, no litigation, arbitration or administrative proceeding against it is current or pending or, so far as the Company is aware, threatened to restrain the entry into, exercise of its rights under and/or performance or enforcement of or compliance with its obligations under the Implementation Agreement.

15. INTELLECTUAL PROPERTY

- 15.1 The ARA Group Companies either own, or have valid licences to use, all the Intellectual Property Rights required to carry on the ARA Group's business in the same manner as it is currently carried on.
- 15.2 The Intellectual Property Rights that are owned by the ARA Group Companies are not subject to any Encumbrances. There are no agreements or arrangements that restrict the disclosure, use or assignment by any ARA Group Company of the material Intellectual Property Rights that are owned by the ARA Group Companies.

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15.3 The licences of material Intellectual Property Rights granted to, and by, any ARA Group Company are in force. So far as the Company is aware, none of the parties to them is in default and there are no grounds on which they might be terminated. No disputes have arisen or as far as the Company is aware, are foreseeable in connection with them.

15.4 So far as the Company is aware:

(a) none of the operations of any ARA Group Company materially infringe, or have in the preceding three years materially infringed, the Intellectual Property Rights of a third party; and

(b) no third party has disputed the right of an ARA Group Company to use its material Intellectual Property Rights, and there are no circumstances likely to give rise to a dispute.

16. REAL ESTATE

16.1 No ARA Group Company owns any land or buildings other than indirectly through its ownership interest in any Fund Entity.

16.2 In relation to those lands or buildings which are held under lease by any ARA Group Company, such lands or buildings are held under a valid, subsisting and enforceable lease or tenancy agreement with such exceptions as do not materially interfere with the use or proposed use of such land or buildings.

17. EMPLOYMENT, PENSIONS AND BENEFITS

17.1 The Data Room Information contains copies of the standard terms and conditions of employment and benefits (including any redundancy payment scheme) applicable to all Employees.

17.2 All material information relating to the Key Managers' employment terms and conditions and copies of all share incentive schemes, profit sharing, bonus or other incentive schemes applicable to any Employee have been provided separately to certain members of the Offeror and its advisors.

17.3 Save as disclosed in the Disclosure Letter, the ARA Group Companies have, in relation to each of their Employees and Former Employees, complied in all material aspects with all obligations owed to and in respect of the Employees and Former Employees, including under any legislation, regulations, collective agreements, and terms and conditions of employment, and has not incurred any material liability to any Employee and Former Employee in respect of any accident or injury.

17.4 No ARA Group Company has any agreements or arrangements with any trade union, staff association or other similar organisations or other bodies representing any of such ARA Group Company's Employees, and there are no such trade unions, staff associations or other similar organisations or other bodies (in any case whether or not recognised by any ARA Group Company).

17.5 Save as disclosed in the Disclosure Letter, there are no formal complaints, disputes or claims actual, pending or threatened of any nature which are material, in relation to any Employee or Former Employee, and so far as the Company is aware, there are no matters which could give rise to any such claims.

17.6 Other than the Statutory Retirement Schemes, there are no retirement benefit or pension or death benefit, or similar schemes or arrangements in relation to or binding on any ARA Group Company or to which any ARA Group Company contributes. Each ARA Group Company has complied in all material respects with its obligations under the rules of each of the Statutory Retirement Schemes.

17.7 No payments to any Employee will become due or payable as a consequence of the Acquisition or the Scheme becoming effective.

APPENDIX 11
THE COMPANY'S WARRANTIES TO THE OFFEROR

18. ANTI-BRIBERY AND CORRUPTION

- 18.1 As far as the Company is aware, none of the ARA Group Companies, the Fund Entities or their current or former Associated Persons has violated or committed an offence under any Anti-Bribery Law.
- 18.2 As far as the Company is aware, none of the ARA Group Companies, the Fund Entities, or their current or former Associated Persons has:
- (a) authorised, offered, promised or given any financial or other advantage (including, without limitation, any payment, loan, gift or transfer of anything of value), directly or indirectly, to or for the use or benefit of any Government Official (or to another person at the request or with the assent or acquiescence of such Government Official), or any other natural or legal person, in order to assist any ARA Group Company or Fund Entity in improperly obtaining or retaining business for or with any person, in improperly directing business to any person, or in securing any improper advantage; or
 - (b) taken any other action which would violate Anti-Bribery Law.
- 18.3 Each ARA Group Company and Fund Entity:
- (a) has in place policies, systems, controls and procedures:
 - (i) that each ARA Group Company and Fund Entity reasonably believes are sufficient to prevent it and its Associated Persons from violating any Anti-Bribery Law; and
 - (ii) for reporting a violation or suspected violation of Anti-Bribery Law and/or generally accepted standards of business ethics and conduct, and for ensuring that all such reports are fully investigated and acted upon appropriately; and
 - (b) has, as far as the Company is aware, kept accurate records of its activities, including financial records in a form and manner appropriate for a business of its size and resources.
- 18.4 No ARA Group Company or Fund Entity has conducted or initiated any internal investigation or made a voluntary, directed or involuntary disclosure to any Governmental Authority or similar agency with respect to any alleged or suspected act or omission arising under or relating to any non-compliance with or offence under any Anti-Bribery Law.
- 18.5 None of the ARA Group Companies or Fund Entities, nor, so far as the Company is aware, their current or former Associated Persons, is or has been the subject of any investigation, inquiry or litigation, administrative or enforcement proceedings by any Governmental Authority or any customer regarding any offence or alleged offence under Anti-Bribery Law, and so far as the Company is aware, no such investigation, inquiry or proceedings have been threatened or are pending, and there are no circumstances likely to give rise to any such investigation, inquiry or proceedings.
- 18.6 No ARA Group Company or Fund Entity is ineligible or treated by any Governmental Authority as ineligible to tender for any contract or business with, or be awarded any contract or business by, such Governmental Authority, or to tender for or perform any sub-contracting work under a contract with such Governmental Authority.

19. ANTI-MONEY LAUNDERING

- 19.1 As far as the Company is aware, none of the ARA Group Companies, the Fund Entities or their current or former Associated Persons has violated or committed an offence under any Anti-Money Laundering Law.

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THE COMPANY'S WARRANTIES TO THE OFFEROR

19.2 Each ARA Group Company:

- (a) has in place policies, systems, controls and procedures:
 - (i) that it reasonably believes is sufficient to prevent it and its Associated Persons from violating any Anti-Money Laundering Law; and
 - (ii) for reporting a violation or suspected violation of Anti-Money Laundering Law and/or other suspicious transaction, and for ensuring that all such reports are fully investigated and acted upon appropriately; and
- (b) has, so far as the Company is aware, kept accurate records of its activities, including financial records in a form and manner appropriate for a business of its size and resources.

19.3 None of the ARA Group Companies and Fund Entities, nor, so far as the Company is aware, their current or former Associated Persons is or has been the subject of any investigation, inquiry or litigation, administrative or enforcement proceedings by any Governmental Authority regarding any offence or alleged offence under the Anti-Money Laundering Law, and so far as the Company is aware, no such investigation, inquiry or proceedings have been threatened or are pending, and there are no circumstances likely to give rise to any such investigation, inquiry or proceedings.

20. SANCTIONS

20.1 No ARA Group Company or Fund Entity is, or is owned or controlled by, a Sanctioned Person, and none of its officers, directors, or holders of its equity interests is a Sanctioned Person.

20.2 No ARA Group Company or Fund Entity will knowingly directly or indirectly use the proceeds obtained in connection with the Implementation Agreement, or lend, contribute or otherwise knowingly make available such proceeds to any other ARA Group Company, Fund Entity, joint venture partner or other individual or entity to fund or facilitate any activities or business of or with any individual or entity that, at the time of such funding or facilitation, is a Sanctioned Person or in any country or territory that, at the time of such funding or facilitation, is a Sanctioned Territory.

20.3 For the preceding three years, no ARA Group Company or Fund Entity has knowingly engaged in, is now not knowingly engaged in, and will not knowingly engage in, any dealings or transactions with any individual or entity that at the time of the dealing or transaction is or was a Sanctioned Person, or in any country or territory that at the time of the dealing or transaction is or was a Sanctioned Territory.

21. TAX

21.1 Since the date of incorporation of the Company, no ARA Group Company or Fund Entity has been involved in any transaction which has given or may give rise to a liability to Tax on a ARA Group Company or Fund Entity, other than any liabilities to Tax occurring in respect of normal trading income or receipts of the ARA Group and any transactions entered into by them in the ordinary course of business.

21.2 Each ARA Group Company and Fund Entity has duly paid all Tax which it is liable to pay by the relevant payment deadlines set by the relevant Tax Authorities and is not liable to pay any penalty, surcharge, fine or interest to any Tax Authority in connection with any non-payment of Tax and, so far as the Company is aware, there are no circumstances by reason of which any ARA Group Company or Fund Entity may become liable to pay any penalty, surcharge, fine or interest in connection with Tax.

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21.3 No ARA Group Company or Fund Entity is involved in a dispute with a Tax Authority and no ARA Group Company or Fund Entity is or has, within the last three years, been the subject of any non-routine investigation, enquiry, assessment, audit, non-routine visit or review by any Tax Authority and, so far as the Company is aware, there are no facts or circumstances which are likely to give rise to any such dispute, disagreement, investigation, enquiry, assessment, audit, non-routine visit or review.

21.4 No ARA Group Company or Fund Entity has carried out any action which requires the prior consent or clearance of any Tax Authority without first obtaining such consent or clearance, and all such consents and clearances have been properly obtained on the basis of complete and accurate information, and any such actions have been implemented strictly in accordance with the terms of such clearance.

22. ANTI-COMPETITIVE AGREEMENTS AND PRACTICES

None of the ARA Group Companies or Fund Entities is a party to any agreement, arrangement or concerted practice or is or has been carrying on any practice material to the Business which, so far as the Company is aware, in whole or in part may contravene or may be invalidated by any anti-trust or similar legislation in Singapore, Malaysia, Hong Kong, China, Australia or Korea.

23. DISCUSSIONS WITH THIRD PARTIES

The Company is not in discussions with any third party that could reasonably be expected to result in a Competing Offer.

**APPENDIX 12
THE SCHEME**

IN THE SUPREME COURT OF BERMUDA

CIVIL JURISDICTION

COMMERCIAL COURT

2016: No. 494

IN THE MATTER OF

ARA ASSET MANAGEMENT LIMITED

and

IN THE MATTER OF SECTION 99 OF THE COMPANIES ACT 1981 OF BERMUDA

SCHEME OF ARRANGEMENT

Between

ARA ASSET MANAGEMENT LIMITED

And

THE SCHEME SHAREHOLDERS

(as defined herein)

PRELIMINARY

(A) In this Scheme of Arrangement, unless inconsistent with the subject or context:

(i) the following expressions shall bear the following meanings:

Act	: The Companies Act 1981 of Bermuda;
Books Closure Date	: A date and time to be fixed by the directors of the Company and announced (before the Effective Date) by the Company on which the Transfer Books and the Register of Members will be closed in order to determine the entitlements of the Scheme Shareholders in respect of the Scheme Consideration;
CDP	: The Central Depository (Pte) Limited;
Company	: ARA Asset Management Limited;
Court	: The Supreme Court of Bermuda;
Depositor	: Shall have the same meaning ascribed to it in Section 81SF of the Securities and Futures Act;

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Depository Register	: Shall have the same meaning ascribed to it in Section 81SF of the Securities and Futures Act;
Effective Date	: The date on which this Scheme becomes effective in accordance with Clause 6 of this Scheme;
Encumbrance	: Any claim, charge, mortgage, security, pledge, lien, option, restriction, equity, power of sale, hypothecation, or other third party right or interest, retention of title, right of pre-emption, right of first refusal or security interest of any kind or an agreement, arrangement or obligation to create any of the foregoing;
Entitled Scheme Shareholders	: Scheme Shareholders as at the Books Closure Date;
Implementation Agreement	: The implementation agreement dated 8 November 2016 entered into between the Company and the Offeror setting out the terms and conditions on which the Offeror and the Company will implement this Scheme;
Joint Announcement Date	: 8 November 2016, being the date of the joint announcement by the respective boards of directors of the Company and the Offeror in relation to, <i>inter alia</i> , this Scheme;
Latest Practicable Date	: 21 February 2017, being the latest practicable date prior to the printing of the Scheme Document;
Offeror	: Athena Investment Company (Cayman) Limited, a company incorporated in the Cayman Islands;
Register of Members	: The register of members of the Company;
Rollover Shareholders	: Straits Equities Holdings (One) Pte. Ltd., Straits Equities Holdings (Two) Pte. Ltd., JL Investment Group Limited and Wealthman Group Limited;
Rollover Shares	: An aggregate of 461,100,481 Shares held by or on behalf of the Rollover Shareholders;
S\$: Singapore dollars, being the lawful currency of Singapore;
Scheme	: This scheme of arrangement in its present form or with or subject to any modification thereof or addition thereto or condition approved or imposed by the Court;
Scheme Consideration	: S\$1.78 in cash for each Scheme Share;
Scheme Document	: The document dated 28 February 2017 and sent to the Scheme Shareholders containing, among other things, the Explanatory Statement to this Scheme in compliance with Section 100 of the Act;
Scheme Shareholders	: Shareholders other than the Rollover Shareholders;

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- Scheme Shares** : All the Shares, other than the Rollover Shares;
- Securities Account** : The relevant securities account maintained by a Depositor (being a Scheme Shareholder) with CDP but does not include a securities sub-account;
- Securities and Futures Act** : The Securities and Futures Act, Chapter 289 of Singapore
- SGX-ST** : Singapore Exchange Securities Trading Limited;
- Shareholder** : (a) any person (other than CDP) who is registered in the Register of Members as the holder of Shares; and (b) where CDP is registered in the Register of Members as the holder of Shares, any person who is registered in the Depository Register as having Shares credited to his Securities Account;
- Shares** : Issued and fully paid-up ordinary shares with a par value of S\$0.002 in the capital of the Company;
- Singapore Business Day** : A day (excluding a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore;
- Singapore Share Transfer Agent** : Boardroom Corporate & Advisory Services Pte. Ltd., the Singapore share registrar and transfer agent to the Company; and
- Transfer Books** : The transfer books of the Company;
- (ii) references to Clauses are references to the Clauses of this Scheme;
- (iii) references to a “**person**” include references to an individual, firm, partnership, company, corporation, unincorporated body of persons or any state or state agency;
- (iv) references to a statute or a statutory provision include the same as subsequently modified, amended or re-enacted from time to time;
- (v) the singular includes the plural and *vice versa* and words importing one gender shall include all genders;
- (vi) headings to Parts and Clauses are for ease of reference only and shall not affect the interpretation of this Scheme;
- (vii) any reference to a date or time in the day in this Scheme shall be a reference to that date or time in Singapore, unless otherwise stated; and
- (viii) references to a period of days shall include Saturdays, Sundays and public holidays, but where the final day falls on a Saturday, Sunday or a public holiday, the next working day after such date.
- (B) The Company was incorporated as an exempted company in Bermuda on 1 July 2002 under the Act with an authorised share capital of US\$12,000 divided into 12,000 shares with a par value of US\$1.00 each in the capital of the Company. At the Latest Practicable Date, the Company had an authorised share capital of S\$10,000,000 divided into 5,000,000,000 Shares, of which 997,278,289 Shares had been issued and are fully paid-up or credited as fully paid-up. The Shares are listed on the SGX-ST.

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- (C) At the Latest Practicable Date, the Offeror did not own any Shares.
- (D) The primary purpose of this Scheme is to provide for Scheme Shareholders to transfer on the Effective Date all the Scheme Shares to the Offeror in exchange for a cash payment with the result that the Company can be delisted from the SGX-ST and become a wholly-owned subsidiary of the Offeror.
- (E) In consideration for such transfer of the Scheme Shares to the Offeror, the Scheme Shareholders shall be entitled to receive, and will receive from the Offeror, S\$1.78 in cash for each Scheme Share.

If any dividend, right or other distribution is declared, paid or made by the Company to the Entitled Scheme Shareholders on or after the Joint Announcement Date, the Offeror has reserved the right to deduct from the Scheme Consideration an amount equal to such dividend, right or distribution. Scheme Shareholders will be notified in the event that any such dividend, right or other distribution is declared, paid or made, resulting in a deduction being made from the Scheme Consideration as aforesaid.

- (F) The Company and the Offeror have entered into the Implementation Agreement to set out their respective obligations with respect to this Scheme.
- (G) The Offeror has agreed to appear by Counsel at the hearing of the petition for the sanction of this Scheme and to undertake to the Court to do all things and take all actions to fulfil its obligations under this Scheme.

THE SCHEME

PART I

TRANSFER OF SCHEME SHARES AND PAYMENT TO SCHEME SHAREHOLDERS

1. With effect from the Effective Date, and in consideration of the Scheme Consideration, all the Scheme Shares held by the Entitled Scheme Shareholders will be transferred to the Offeror:
 - (i) fully paid-up;
 - (ii) free from all Encumbrances; and
 - (iii) together with all rights, benefits and entitlements attaching thereto as at the Joint Announcement Date and thereafter attaching thereto, including the right to receive and retain all dividends, rights and other distributions (if any) declared, paid or made by the Company to the Entitled Scheme Shareholders on or after the Joint Announcement Date.
2. For the purpose of giving effect to the transfer of the Scheme Shares provided for in Clause 1 of this Scheme:
 - (i) in the case of the Entitled Scheme Shareholders (not being Depositors), the Company shall authorise any person to execute or effect on behalf of all such Entitled Scheme Shareholders an instrument or instruction of transfer of all the Scheme Shares held by such Entitled Scheme Shareholders and every such instrument or instruction of transfer so executed shall be effective as if it had been executed by the relevant Entitled Scheme Shareholder; and

APPENDIX 12 THE SCHEME

- (ii) in the case of the Entitled Scheme Shareholders (being Depositors), CDP shall debit, not later than seven Singapore Business Days after the Effective Date, all the Scheme Shares standing to the credit of the Securities Account of such Entitled Scheme Shareholders and credit all of such Scheme Shares to the Securities Account of the Offeror or such Securities Account(s) or securities sub-account(s) as directed by the Offeror.
- 3. The Offeror shall, not later than seven Singapore Business Days after the Effective Date, and against the transfer of the Scheme Shares set out in Clause 2 of this Scheme, make payment of the aggregate Scheme Consideration payable on the transfer of the Scheme Shares pursuant to this Scheme to:
 - (i) each Entitled Scheme Shareholder (not being a Depositor) by sending a cheque for the aggregate Scheme Consideration payable to such Entitled Scheme Shareholder made out in favour of such Entitled Scheme Shareholder by ordinary post to his address in the Register of Members as at the Books Closure Date, at the sole risk of such Entitled Scheme Shareholder, or in the case of joint Entitled Scheme Shareholders (not being Depositors), to the first named Entitled Scheme Shareholder made out in favour of such Entitled Scheme Shareholder by ordinary post to his address in the Register of Members as at the Books Closure Date, at the sole risk of such Entitled Scheme Shareholders; and
 - (ii) each Entitled Scheme Shareholder (being a Depositor) by making payment of the aggregate Scheme Consideration payable to such Entitled Scheme Shareholder to CDP. CDP shall:
 - (a) in the case of an Entitled Scheme Shareholder (being a Depositor) who has registered for CDP's direct crediting service, credit the aggregate Scheme Consideration payable to such Entitled Scheme Shareholder, to the designated bank account of such Entitled Scheme Shareholder; and
 - (b) in the case of an Entitled Scheme Shareholder or joint Entitled Scheme Shareholders (being Depositor(s)) who has or have not registered for CDP's direct crediting service, send to such Entitled Scheme Shareholder(s), by ordinary post to his mailing address in the Depository Register and at the sole risk of such Entitled Scheme Shareholder(s), a cheque for the payment of such aggregate Scheme Consideration made out in favour of such Entitled Scheme Shareholder(s).

Assuming that this Scheme becomes effective in accordance with its terms on 11 April 2017, the crediting by CDP of the Scheme Consideration payable to the Entitled Scheme Shareholders (being Depositors who have registered with CDP for direct crediting service) into the designated bank accounts of such Entitled Scheme Shareholders or, as the case may be, the posting of cheques for the Scheme Consideration under this Scheme in the manner set out in Clause 3 of this Scheme is expected to take place on or before 21 April 2017.

- 4. On and after the day being six calendar months after the posting of such cheques relating to the Scheme Consideration, the Offeror shall have the right to cancel or countermand payment of any such cheque which has not been cashed (or has been returned uncashed) and shall place all such moneys in a bank account in the Company's name with a licensed bank in Singapore selected by the Company. The Company or its successor entity shall hold such moneys until the expiration of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to Clause 3 of this Scheme to persons who satisfy the Company or its successor entity that they are respectively entitled thereto and that the cheques referred to in Clause 3 of this Scheme for which they are payees have not been cashed. The Company or its successor entity shall, in its absolute discretion, determine whether any such person is so entitled. Any such determination shall be conclusive and binding upon all persons claiming an interest in the relevant moneys, and any payments made by the Company hereunder shall not include any interest accrued on the sums to which the respective persons are entitled pursuant to Clause 3 of this Scheme.

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On the expiry of six years from the Effective Date, each of the Company and the Offeror shall be released from any further obligation to make any payments of the Scheme Consideration under this Scheme and the Company or its successor entity shall transfer to the Offeror the balance (if any) of the sums then standing to the credit of the bank account referred to in Clause 4 of this Scheme including accrued interest, subject, if applicable, to the deduction of interest, tax or any withholding tax or any other deduction required by law and subject to the deduction of any expenses.

5. On and from the Effective Date, all existing share certificates relating to the Scheme Shares held by the Entitled Scheme Shareholders (not being Depositors) will cease to be evidence of title of the Scheme Shares represented thereby. The Entitled Scheme Shareholders (not being Depositors) are required to surrender for cancellation their existing share certificates relating to all their Scheme Shares to the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623 as soon as possible, but not later than seven Singapore Business Days after the Effective Date.

PART II GENERAL

6. This Scheme shall become effective upon a copy of the order of the Court sanctioning this Scheme under Section 99 of the Act being delivered to the Registrar of Companies in Bermuda for registration.
7. Unless this Scheme shall have become effective as aforesaid on or before 5.00 p.m. (Singapore time) on 30 June 2017, or such other date as may be agreed in writing between the Offeror and the Company, and permitted by the Court, this Scheme shall lapse.
8. This Scheme is conditional upon such conditions precedent (which are set out in Clause 3 of the Implementation Agreement and reproduced in Appendix 7 to the Scheme Document) being satisfied (or, where applicable, waived) in accordance with the terms of the Implementation Agreement.
9. The Company and the Offeror may jointly consent for and on behalf of all concerned to any modification of, or amendment to, this Scheme or to any condition which the Court may see fit to approve or impose.
10. This Scheme shall be governed by, and construed in accordance with, the laws of Bermuda, and the Company, the Offeror and the Scheme Shareholders submit to the non-exclusive jurisdiction of the courts of Bermuda.

Dated this 28th day of February, 2017

**APPENDIX 13
NOTICE OF SCHEME MEETING**

IN THE SUPREME COURT OF BERMUDA

CIVIL JURISDICTION

COMMERCIAL COURT

2016: No. 494

IN THE MATTER OF

ARA ASSET MANAGEMENT LIMITED

and

IN THE MATTER OF SECTION 99 OF THE COMPANIES ACT 1981 OF BERMUDA

NOTICE OF SCHEME MEETING

NOTICE IS HEREBY GIVEN that, by an order (the “**Court Order**”) dated 5 January 2017 made in the above matters, the Court has directed a meeting (the “**Scheme Meeting**”) of the Scheme Shareholders (as defined in the scheme of arrangement referred to below (the “**Scheme**”) of ARA Asset Management Limited (the “**Company**”) to be convened, and that the Scheme Meeting will be held at Level 3, Summit 2, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593, on Thursday, 23 March 2017 at 11.00 a.m. (Singapore time), for the purpose of considering and, if thought fit, approving (with or without modification) the following resolution (the “**Scheme Resolution**”):

“That the scheme of arrangement dated 28 February 2017 (“**Scheme**”) proposed to be made pursuant to Section 99 of the Companies Act 1981 of Bermuda between the Company and the Scheme Shareholders (as defined in the Scheme), in the form contained in the scheme document dated 28 February 2017, a copy of which has been circulated with the notice convening the Scheme Meeting, be and is hereby approved.”

Capitalised terms used in this Notice which are not defined in this Notice shall bear the same meanings ascribed to them on pages 1 to 12 of the scheme document dated 28 February 2017 (“**Scheme Document**”) of which this Notice forms part.

Copies of the Scheme and the Explanatory Statement are incorporated in the Scheme Document of which this Notice forms part. Scheme Shareholders (including Overseas Scheme Shareholders) may obtain copies of the Scheme Document and any related documents during normal business hours and up to the date of the Scheme Meeting from the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623. An Overseas Scheme Shareholder may also write in to the Singapore Share Transfer Agent at the same address to request for the Scheme Document and any related documents to be sent to an address in Singapore by ordinary post at his own risk, up to three Market Days prior to the date of the Scheme Meeting.

Pursuant to the Court Order, (a) each Scheme Shareholder being a Member (other than CDP) entitled to attend and vote at the Scheme Meeting is entitled to appoint one, and only one, proxy to attend and vote on its behalf at the Scheme Meeting; and (b) each Scheme Shareholder being a Depositor entitled to attend and vote at the Scheme Meeting is entitled to nominate one, and only one, appointee to attend and vote on its behalf as CDP’s proxy at the Scheme Meeting. A proxy or appointee need not be a Member.

APPENDIX 13

NOTICE OF SCHEME MEETING

Scheme Shareholders being Members (other than CDP), whose names are entered in the Register of Members as at 11.00 a.m. on 21 March 2017 (being the time that is 48 hours prior to the time of the Scheme Meeting), who are unable to attend the Scheme Meeting personally and who wish to appoint a proxy to attend and vote at the Scheme Meeting on their behalf will find together with the Scheme Document a Member Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623, not less than 48 hours before the time appointed for the holding of the Scheme Meeting (or any adjournment thereof, as the case may be). The Company shall be entitled to reject a Member Proxy Form which is incomplete, improperly completed (or otherwise does not comply with the instructions printed thereon), illegible or where the true intentions of the Member are not ascertainable from the instructions specified on the Member Proxy Form. The appointment of a proxy by a Scheme Shareholder being a Member (other than CDP) does not preclude that Scheme Shareholder from attending and voting in person at the Scheme Meeting if it so wishes in place of its proxy if it finds that it is able to do so. In such event, the Member Proxy Form appointing a proxy shall be deemed to be revoked.

Scheme Shareholders who are Depositors who wish to attend and vote at the Scheme Meeting, and whose names are shown in the records of CDP as at 11.00 a.m. on 21 March 2017 (being the time that is 48 hours prior to the time of the Scheme Meeting), as supplied by CDP to the Company, may attend and vote as CDP's proxies. Scheme Shareholders being Depositors who are individuals and who wish to attend the Scheme Meeting in person need not take any further action and can attend and vote at the Scheme Meeting as CDP's proxies without the lodgement of any Depositor Proxy Forms. Scheme Shareholders being Depositors who are individuals who are unable to attend personally and wish to appoint a nominee to attend and vote on its behalf as CDP's proxy at the Scheme Meeting, and those Scheme Shareholders being Depositors who are not individuals, will find together with the Scheme Document a Depositor Proxy Form which they are requested to complete, sign and return in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the office of the Singapore Share Transfer Agent, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower, #32-01, Singapore 048623, not less than 48 hours before the time appointed for the holding of the Scheme Meeting (or any adjournment thereof, as the case may be). The Company shall be entitled to reject a Depositor Proxy Form which is incomplete, improperly completed (or otherwise does not comply with the instructions printed thereon), illegible or where the true intentions of the Depositor are not ascertainable from the instructions specified on the Depositor Proxy Form.

Voting at the Scheme Meeting will be by poll. In relation to voting by poll, (a) each Scheme Shareholder (being a Member, other than CDP) entitled to attend and vote at the Scheme Meeting which votes by proxy shall be included in the count of Scheme Shareholders present and voting at the Scheme Meeting as if that Scheme Shareholder (being a Member, other than CDP) were voting in person. The votes of a proxy who has been appointed to represent more than one Scheme Shareholder (being a Member, other than CDP) shall be counted as the votes of the total number of the Scheme Shareholders (being Members, other than CDP) appointing such proxy; and (b) each Scheme Shareholder (being a Depositor) entitled to attend and vote at the Scheme Meeting which nominates a person to vote on its behalf as CDP's proxy at the Scheme Meeting shall be included in the count of Scheme Shareholders present and voting at the Scheme Meeting as if that Scheme Shareholder (being a Depositor) were voting in person. The votes of an appointee who has been nominated to represent more than one Scheme Shareholder (being a Depositor) shall be counted as the votes of the total number of Scheme Shareholders (being Depositors) nominating such appointee.

Pursuant to the Court Order, for the purposes of determining if a majority in number of the Scheme Shareholders representing not less than three-fourths in value of the Scheme Shares held by the Scheme Shareholders present and voting either in person or by proxy at the Scheme Meeting have voted to approve the Scheme at the Scheme Meeting, (a) each Member (other than CDP) which holds Scheme Shares in its own name in the Register of Members as at the time that is 48 hours prior to the time of the Scheme Meeting (being the time as at which the name of the Member must appear in the Register of Members as a registered holder of Scheme Shares, for the purpose of determining the entitlement of a Member (other than CDP) to attend and vote (whether in person or by proxy) at the Scheme Meeting) (the "**Member Cut-Off Time**") and votes, in person or by proxy, at the Scheme Meeting will be counted as one Scheme Shareholder, and the value to be attributed to such Member's vote at the

APPENDIX 13

NOTICE OF SCHEME MEETING

Scheme Meeting will be the number of Scheme Shares entered in its name in the Register of Members as at the Member Cut-Off Time which are voted by (or on behalf of) that Member at the Scheme Meeting; and (b) in respect of Scheme Shares held by CDP as Member, each Depositor which has Scheme Shares entered against its name in the Depository Register, as supplied by CDP to the Company, as at the time that is 48 hours prior to the time of the Scheme Meeting (being the time as at which the name of the Depositor must appear in the Depository Register, as supplied by CDP to the Company, as having Scheme Shares entered against its name in the said Depository Register, for the purpose of determining the entitlement of a Depositor to attend and vote as CDP's proxy at the Scheme Meeting) (the "**Depositor Cut-Off Time**"), and votes as CDP's proxy (or nominates any person to vote in its place as CDP's proxy) at the Scheme Meeting will be counted as one Scheme Shareholder, and the value to be attributed to such Depositor's vote at the Scheme Meeting will be the number of Scheme Shares entered against its name in the Depository Register as at the Depositor Cut-Off Time which are voted by that Depositor (or its nominee) as CDP's proxy at the Scheme Meeting. A Scheme Shareholder (being both a Member (other than CDP) and a Depositor) entitled to attend and vote at the Scheme Meeting, and who votes in person or by proxy or as CDP's proxy (as the case may be) at the Scheme Meeting, will be counted as one Scheme Shareholder.

Each Scheme Shareholder entitled to attend and vote at the Scheme Meeting, and who votes in person or by proxy or as CDP's proxy (as the case may be) at the Scheme Meeting, may only cast all the votes it uses in respect of its Scheme Shares (whether as a Member (other than CDP) and/or as a Depositor) at the Scheme Meeting in one way only, namely, either for or against the Scheme.

In the case of joint holders of Scheme Shares, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and, for this purpose, seniority will be determined by the order in which the names stand in the Register of Members or, as the case may be, the Depository Register, in respect of the relevant joint holding.

By the Court Order, the Court has appointed Lim How Teck or, failing him, any one of Lee Yock Suan, Moses Cheng Mo Chi or Colin Stevens Russel to act as Chairman of the Scheme Meeting and has directed the Chairman to report the results of the Scheme Meeting to the Court.

The Scheme will be subject to the subsequent approval of the Court.

Personal data privacy:

By submitting an instrument appointing a proxy, representative and/or appointee to attend, speak and vote at the Scheme Meeting and/or any adjournment thereof, a Member or Depositor (as the case may be) (i) consents to the collection, use and disclosure of the Member's or Depositor's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies, representatives and appointees appointed for the Scheme Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Scheme Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Member or Depositor discloses the personal data of the Member's or Depositor's proxy, representative and/or appointee to the Company (or its agents), the Member or Depositor has obtained the prior consent of such proxy, representative and/or appointee for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy, representative and/or appointee for the Purposes, and (iii) agrees that the Member or Depositor will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Member's or Depositor's breach of warranty.

Dated this 28th day of February, 2017

By order of the Court

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