THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in ESR Cayman Limited, you should at once hand this Circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

ESR

ESR CAYMAN LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1821)

(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF ARA ASSET MANAGEMENT LIMITED (2) ISSUE OF CONSIDERATION SHARES AND SUBSCRIPTION SHARES UNDER A SPECIFIC MANDATE (3) PROPOSED ELECTION OF DIRECTORS AND (4) NOTICE OF EGM

Independent Financial Adviser
to the Independent Board Committee and Independent Shareholders

SOMERLEY CAPITAL LIMITED

A letter from the Board is set out on pages 14 to 57 of this Circular. A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders in respect of the Proposed Transaction (including the Specific Mandate) is set out on pages 58 to 59 of this Circular. A letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Transaction (including the Specific Mandate) is set out on pages 60 to 106 of this Circular.

A notice convening the EGM to be held at Four Seasons Grand Ballroom, Four Seasons Hotel, 8 Finance Street, Central, Hong Kong on Wednesday, 3 November 2021 at 10:00 a.m. is set out on pages N-1 to N-3 of this Circular. A form of proxy for use at the EGM is also enclosed. Such form of proxy is also published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at www.esr.com.

Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE EGM

Please refer to page 13 of this Circular for measures being taken to prevent and control the spread of the Novel Coronavirus 2019 (COVID-19) at the EGM, including:

- compulsory temperature checks and health declarations;
- recommended wearing of surgical face masks; and
- no distribution of corporate gifts and refreshments.

Any person who does not comply with the precautionary measures may be denied entry into the EGM venue. Attendees of the EGM should wear face masks at all times at the EGM venue and the Company reminds Shareholders that they may appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM as an alternative to attending the EGM in person.

18 October 2021

CONTENTS

CONTENTS

In this Circular, the following expressions have the following meanings unless the context otherwise requires:

"**1H2020**"	the six months ended 30 June 2020
"**1H2021**"	the six months ended 30 June 2021
"**Acquisition Agreement**"	the conditional Acquisition Agreement dated 4 August 2021 entered into between the Company, ARA and the Sellers, as amended by the parties thereto on 24 August 2021
"**Additional Cash**"	the total cash proceeds of the Permitted Issuance
"**Additional Cash Consideration Amount**"	the additional amount of Cash Consideration payable to the Additional Cash Consideration Recipients, details of which are set out in the section headed "*2.5 Cash Consideration Adjustment*" in the Letter from the Board
"**Additional Cash Consideration Recipient**"	each Consideration Recipient to whom the Cash Consideration is payable at Completion, except the LOGOS Founders and the ARA Executives
"**Alexandrite Gem**"	Alexandrite Gem Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
"**Announcement**"	the announcement of the Company dated 4 August 2021 in relation to the Proposed Transaction
"**APAC**"	Asia Pacific
"**APG**"	Stichting Depositary APG Strategic Real Estate Pool, a depository for an investment fund in Netherlands
"**ARA**"	ARA Asset Management Limited, a company incorporated in Bermuda with limited liability
"**ARA Asset Management**"	ARA Asset Management Holdings Pte. Ltd., a company incorporated in Singapore with limited liability
"**ARA Cayman**"	ARA Investment (Cayman) Limited, a company incorporated in the Cayman Islands with limited liability

"**ARA Executives**"	Mr. Lim Hwee Chiang (John), Mr. Moses K. Song, Mr. Ng Beng Tiong and Miss Seow Bee Lian (Cheryl)
"**ARA Group**"	ARA and its subsidiaries and "ARA Group Company" means any of them
"**ARA Merger Shares**"	the 1,899,734,566 ARA Shares held by the Designated Merger Sellers
"**ARA Shares**"	ordinary shares in the share capital of ARA
"**ASIC**"	the Australian Securities and Investments Commission
"**associate**"	has the meaning ascribed to such term in the Listing Rules
"**Athena Logistics**"	Athena Logistics Holding Ltd., a company incorporated in the Cayman Islands with limited liability
"**AUM**"	(a) in respect of ARA, gross assets under management of ARA Group and its associates as at 30 June 2021 adjusted for acquisition of Moorebank Logistics Park announced on 5 July 2021 and (b) in respect of the Company, gross assets under management of the Group as at 30 June 2021
"**Board**"	the board of Directors
"**Business Day**"	a day (other than a Saturday, Sunday or public holiday, and a day on which a typhoon signal number 8 or a black rainstorm warning is hoisted in Hong Kong at any time) on which banks in Bermuda, Cayman Islands, Hong Kong, Tokyo and Singapore are generally open for business
"**CAGR**"	compound annual growth rate
"**Cash Consideration**"	US$519 million to be paid by the Company to the Consideration Recipients for the purpose of partially satisfying the Total Consideration (assuming the Cash Consideration Adjustment is not exercised)

"**Cash Consideration Adjustment**"	the possible adjustment at the Company's election to issue new Shares at a price per Share which is greater than the Company Agreed Share Price (being HK$27.00) subject to the maximum total cash proceeds of US$1,038 million and which will be applied towards the partial settlement of the Total Consideration, thereby adjusting the amount of the Cash Consideration and the number of Consideration Shares which will be allocated to each Additional Cash Consideration Recipient
"**Circular**"	this Circular to the Shareholders in connection with the EGM
"**Companies Ordinance**"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (as amended and supplemented from time to time)
"**Company**"	ESR Cayman Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1821)
"**Company Agreed Share Price**"	HK$27.00 per Share
"**Completion**"	completion of the Proposed Transaction in accordance with the terms of the Acquisition Agreement
"**Conditions**"	the conditions as set out in the section headed "*2.9 Conditions to Completion*" in the Letter from the Board to which the Proposed Transaction is subject
"**connected person**"	has the meaning ascribed to it under the Listing Rules
"**Consideration Recipients**"	(a) the Indirect Consideration Recipients, (b) each of the LOGOS Founders (as designated Consideration Recipients of each of the Sellers except Ivanhoe Cambridge), (c) each of the ARA Executives (as designated Consideration Recipients of each of the Sellers except Athena Logistics and Ivanhoe Cambridge) and (d) each of the Sellers, except ARA Cayman
"**Consideration Share Price**"	HK$27.00 per Share

"**Consideration Shares**"	an aggregate of 1,345,898,078 Shares to be issued by the Company to the Sellers or the Consideration Recipients for the purpose of satisfying US$4,673 million of the Total Consideration (assuming the Cash Consideration Adjustment is not exercised and no further Shares are repurchased by the Company pursuant to the Repurchase Mandate from the Latest Practicable Date up to and including the date of Completion)
"**Consideration VLNs**"	certain vendor loan notes that were to be issued by the Company to the Sellers and the Consideration Recipients for the purpose of partially satisfying the Total Consideration. For the avoidance of doubt, no Consideration VLNs will be issued to any Seller or Consideration Recipient pursuant to a confirmation letter dated 12 October 2021
"**Conversion Shares**"	the Shares, when issued and delivered upon conversion of Consideration VLNs
"**Cromwell**" or "**Cromwell Property Group**"	comprises Cromwell Corporation Limited and Cromwell Diversified Property Trust, the responsible entity of which is Cromwell Property Securities Limited, the stapled securities of which are listed on the Australian Securities Exchange (ASX:CMW)
"**Directors**"	the directors of the Company
"**EBITDA**"	earnings before interest, tax, depreciation and amortisation
"**EGM**"	the extraordinary general meeting of the Company to be held on Wednesday, 3 November 2021 at 10:00 a.m. at Four Seasons Grand Ballroom, Four Seasons Hotel, 8 Finance Street, Central, Hong Kong, Hong Kong for the purposes of considering and, if thought fit, passing ordinary resolutions to approve the Matters for Approval
"**Enlarged Group**"	the Group as enlarged by the Proposed Transaction
"**ESG**"	environmental, social and governance
"**EV**"	enterprise value
"**EV/EBITDA**"	EV to EBITDA

"**Fee EBITDA**"	EBITDA adding corporate costs and subtracting co-investment income, share of profit of equity-accounted investees, net of tax, and other income
"**FIRB**"	the Australian Foreign Investment Review Board
"**FSMA**"	the United Kingdom Financial Services and Markets Act 2000 (as amended and supplemented from time to time)
"**FVOCI**"	Fair Value through Other Comprehensive Income
"**GAMA**"	the gross assets managed by the ARA Group and its associates
"**Group**"	the Company and its subsidiaries
"**HK$**"	Hong Kong dollars, the lawful currency of Hong Kong
"**IFRS**"	International Financial Reporting Standards
"**Independent Board Committee**"	an independent committee of the Board comprising all of the independent non-executive Directors, which has been formed to advise the Independent Shareholders in relation to the Proposed Transaction (including the Specific Mandate)
"**Independent Financial Adviser**"	Somerley Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Transaction (including the Specific Mandate)
"**Independent Shareholders**"	all Shareholders other than any Shareholder that has a material interest in the Proposed Transaction
"**Independent Third Party(ies)**"	independent third party(ies) not connected with the Company or its connected persons
"**Indirect Consideration Recipients**"	each of Alexandrite Gem (until it adheres to the Acquisition Agreement as a Seller), Straits, JL Entities and Wealthman Group (in respect of, and as the designated Consideration Recipients of ARA Cayman)

"**Ivanhoe Cambridge**"	Ivanhoe Cambridge Asia Inc., a company incorporated in Canada with limited liability
"**Jingdong**"	JD Property Holding Limited (formerly known as JD Logistics Holding Limited), a company incorporated in the Cayman Islands with limited liability
"**JL Entities**"	JL Investment Group Limited and JL Investment Group II Limited, each a wholly owned entity of Mr. Lim Hwee Chiang (John)
"**JLL**"	Jones Lang LaSalle Limited, an industry consultant
"**JLL Market Report**"	the market research report prepared by JLL
"**Kenedix**"	Kenedix, Inc., a company incorporated in Japan with limited liability
"**Latest Practicable Date**"	11 October 2021, being the latest practicable date prior to the printing of this Circular for the purpose of ascertaining certain information contained in this Circular
"**Laurels**"	Laurels Capital Investments Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by The Shen Trust and in which Mr. Jinchu Shen, an Executive Director, is deemed to have an interest under the SFO
"**Listing Rules**"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended and supplemented from time to time)
"**LOGOS**"	LOGOS Property Group Limited (formerly known as LOGOS China Investments Limited), a company incorporated in the British Virgin Islands with limited liability
"**LOGOS Consideration Cap**"	the maximum consideration of US$4.5 billion payable by the Company under the LOGOS Minority Acquisition

"**LOGOS Founders**"	Mr. John Marsh (in his own capacity and for and on behalf of Long Range Global Limited), Mr. Trent Iliffe, Mr. Stephen Hawkins (in his own capacity and for and on behalf of Magenta Asset Management Pte Ltd)
"**LOGOS Group**"	LOGOS and its subsidiary undertakings (as defined under the Companies Ordinance)
"**LOGOS JV**"	ARA Logistics Venture I Limited, a company incorporated in the Cayman Islands with limited liability
"**LOGOS JV Group**"	LOGOS JV and its subsidiary undertakings (as defined under the Companies Ordinance)
"**LOGOS Minority Acquisition**"	the proposed acquisition by the Company of the LOGOS Shares held by the LOGOS Founders in consideration for an issue of new Shares and/or the payment of cash
"**LOGOS Revised SHA**"	an amended and restated shareholders' agreement entered into between LOGOS JV and LOGOS Founders with respect to LOGOS and effective at Completion
"**LOGOS Shares**"	ordinary shares in the share capital of LOGOS
"**Long Stop Date**"	(a) 24 December 2021, (b) such later date (being no later than 14 February 2022) as either the Company or ARA Cayman may from time to time specify by written notice to the other parties on or before the then-prevailing Long Stop Date, if no Condition has become impossible to satisfy on or before 14 February 2022 or (c) such other date as may be agreed in writing by ARA Cayman and the Company, each acting reasonably and in good faith
"**Long Term Incentive Scheme**"	the long term incentive scheme which was adopted by the Company on 2 June 2021
"**MAS**"	the Monetary Authority of Singapore

"**Material Adverse Effect**"	with respect to the Group or ARA Group (as applicable), a materially adverse effect on the business, operations, assets, liabilities, condition (financial or otherwise) or results of the Group or ARA Group (as applicable) taken as a whole, provided that a "Material Adverse Effect" will: (a) not be deemed to include effects arising out of or resulting from: (i) changes in: (A) financial markets; (B) industry conditions; and/or (C) applicable laws or accounting standards, generally applicable to the fund management industry or the ownership, operation and/or development of logistics real estate projects in Asia, except to the extent such change has a disproportionate effect on the Group or the ARA Group (as applicable); (ii) a pandemic and/or an epidemic; and/or (iii) earthquakes, tsunamis, typhoons, outbreaks of war, or the occurrence of any military or terrorist attack; and (b) be deemed to have occurred with respect to the Group if the closing price per Share on the Stock Exchange falls 20% or more below the Company Agreed Share Price (being HK$27.00) for any consecutive 10 trading day period after the date of the Acquisition Agreement
"**Matters for Approval**"	(i) the Proposed Transaction (including the Specific Mandate); and (ii) the election of the Proposed Directors
"**Merger Implementation Agreement**"	the Bermuda law merger agreement to be entered into by the Company, ARA and NewCo

"**NewCo**"	a company to be incorporated in Bermuda with limited liability as soon as practicable following the date of the Acquisition Agreement and which will be a wholly-owned subsidiary of the Company
"**New Economy**"	has the meaning ascribed to it in the section headed "*12. Information on the ARA Group*"
"**New Horizon**"	New Horizon Global Limited, a company incorporated in Samoa with limited liability
"**Notice of EGM**"	the notice convening the EGM, as set out on pages N-1 to N-3 of this Circular
"**OMERS**"	OMERS Administration Corporation, a non-share capital corporation continued pursuant to the Ontario Municipal Employees Retirement System Act 2006
"**P/E**"	price to profit after tax attributable to shareholders
"**percentage ratios**"	has the meaning ascribed to it under the Listing Rules
"**Permitted Issuance**"	the possible issuance of new Shares by the Company, details of which are set out in the section headed "*2.5 Cash Consideration Adjustment*" in the Letter from the Board
"**Post-IPO Share Option Scheme**"	the share option scheme which was adopted by the Company on 12 October 2019
"**Pre-Completion Cut-off Date**"	the Business Day after the date on which the Company and the Sellers are notified that all of the Conditions have been satisfied
"**Proposed Directors**"	Mr. Lim Hwee Chiang (John), Dr. Chiu Kwok Hung, Justin and Mr. Rajeev Kannan
"**Proposed Merger**"	the proposed merger between the Group and the ARA Group, through a merger of ARA and NewCo pursuant to the terms and conditions under the Acquisition Agreement and the Merger Implementation Agreement
"**Proposed Sale**"	the proposed sale of the Sale Shares by the Designated Transfer Sellers to the Company

"**Proposed Transaction**"	the transactions contemplated under the Acquisition Agreement (including the Proposed Merger (if applicable), the Proposed Sale and the SMBC Subscription)
"**Redwood**"	Redwood Investment Company, Ltd., a company incorporated in the Cayman Islands with limited liability and which is controlled by Mr. Stuart Gibson, an Executive Director, and Mr. Charles Alexander Portes, a Non-Executive Director
"**Redwood Consulting**"	Redwood Consulting (Cayman) Limited, a company incorporated in the Cayman Islands with limited liability and which is controlled by Mr. Stuart Gibson, an Executive Director, and Mr. Charles Alexander Portes, a Non-Executive Director
"**Redwood Entities**"	Redwood and Redwood Consulting
"**REIT**"	real estate investment trust
"**Repurchase Mandate**"	the general mandate to repurchase Shares which was granted by the Shareholders to the Board at the annual general meeting of the Company held on 2 June 2021
"**Sale Shares**"	the 1,899,734,566 ARA Shares held by the Designated Transfer Sellers
"**Sellers**"	ARA Cayman, SMBC, New Horizon, (upon its execution of a counterpart to the Acquisition Agreement) Alexandrite Gem, Athena Logistics and Ivanhoe Cambridge
"**SFA**"	the Singapore Securities and Futures Act (Chapter 289) (as amended and supplemented from time to time)
"**SFC**"	the Securities and Futures Commission of Hong Kong
"**SFC Regulated Entity**"	each of ARA Asset Management (Fortune) Limited, ARA Asset Management (Prosperity) Limited and Hotel Xray Asset Management Limited

"**SFO**"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended and supplemented from time to time)
"**SGX-ST**"	Singapore Exchange Securities Trading Limited
"**Share Incentive Plans**"	the Post-IPO Share Option Scheme and the Long Term Incentive Scheme
"**Share Issue Mandate**"	the general mandate to issue Shares which was granted by the Shareholders to the Board at the annual general meeting of the Company held on 2 June 2021
"**Share Repurchase**"	the on-market repurchases of Shares by the Company from time to time pursuant to the Repurchase Mandate
"**Shareholders**	the holders of Shares
"**Shares**"	ordinary shares in the share capital of the Company
"**SK Inc**"	SK Inc. (formerly known as SK Holding Co., Ltd.), a company incorporated in South Korea with limited liability
"**SMBC**"	Sumitomo Mitsui Banking Corporation, a company incorporated in Japan with limited liability
"**SMBC Subscription**"	the proposed subscription by SMBC and/or its designated affiliates in relation to the SMBC Subscription Shares for US$250 million in aggregate
"**SMBC Subscription Price**"	HK$25.35 per Share
"**SMBC Subscription Shares**"	76,689,349 Shares to be issued to SMBC and/or its designated affiliates
"**Specific Mandate**"	the specific mandate to be obtained at the EGM for approval for the allotment and issue of the Consideration Shares and the SMBC Subscription Shares and (if the Company elects to make the Cash Consideration Adjustment) the Shares pursuant to the Permitted Issuance
"**Stock Exchange**"	The Stock Exchange of Hong Kong Limited

"**Straits**"	Straits Equities Holdings (One) Pte. Ltd., a company incorporated in Singapore with limited liability
"**S$**"	Singapore dollars, the lawful currency of Singapore
"**Takeovers Code**"	the Code on Takeovers and Mergers and Share Buy-backs (as amended and supplemented from time to time)
"**Tier 1 ESOP**"	the pre-IPO employee stock incentive scheme adopted by the Company on 3 November 2015 (as amended from time to time)
"**Total Consideration**"	US$5,192 million, which will be satisfied by the allotment and issue of the Consideration Shares and the payment of the Cash Consideration
"**Undertaking Party**"	each of the parties who will enter into a lock-up undertaking as set out in the section headed "*2.7 Lock-up Undertakings*" in the Letter from the Board
"**US$**"	United States dollars, the lawful currency of the United States of America
"**Venn**"	Venn Partners LLP
"**Wealthman Group**"	Wealthman Group Limited, a company incorporated in the British Virgin Islands with limited liability
"**WP Entities**"	Alexandrite Gem and Athena Logistics
"**%**"	per cent.

Notes:

(1) All references in this Circular to times and dates are references to Hong Kong times and dates.

(2) Unless otherwise stated, the figures in S$ are converted into US$ at the rate of US$1.00: S$1.351 and the figures in HK$ are converted into US$ at the rate of US$1:00: HK$7.776 for indicative purposes only, and should not be construed as a representation that any amount has been, could have been or may be, exchanged at this or any other rate.

(3) Data or information compiled by JLL has been reproduced in this Circular. Unless otherwise prohibited by applicable law, JLL does not accept any liability in negligence or otherwise for any loss or damage suffered by any party resulting from reliance on any such data or information.

In view of the ongoing Novel Coronavirus 2019 (COVID-19) pandemic and recent requirements for prevention and control of its spread, and taking into consideration of the guidelines issued by the Government of Hong Kong, the Company will implement the following preventive measures at the EGM to protect attending Shareholders, staff and other stakeholders from the risk of infection:

- Compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the EGM venue or be required to leave the EGM venue.

- All Shareholders, proxies and other attendees are required to complete and submit at the entrance of the EGM venue a declaration form by providing their names and contact details, and confirming that they have not travelled to, and to their best of knowledge, had no physical contact with any person who has recently travelled from the PRC or any overseas countries/territories at any time in the preceding 14 days. Any person who does not comply with this requirement may be denied entry into the EGM venue or be required to leave the EGM venue.

- Attendees shall wear surgical face masks inside the EGM venue at all times, and to maintain a safe distance between seats.

- No refreshments will be served, and there will be no corporate gifts.

To the extent permitted under law, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the safety of the attendees at the EGM.

In the interest of all stakeholders' health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person.

ESR CAYMAN LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1821)

Executive Directors
Mr. Jinchu SHEN *(co-CEO)*
Mr. Stuart GIBSON *(co-CEO)*

Non-executive Directors
Mr. Jeffrey David PERLMAN *(Chairman of the Board)*
Mr. Charles Alexander PORTES
Mr. Wei HU
Mr. David Alasdair William MATHESON

Independent Non-executive Directors
Mr. Brett Harold KRAUSE
The Right Honourable Sir Hugo George William SWIRE, KCMG
Mr. Simon James MCDONALD
Ms. Jingsheng LIU
Mr. Robin Tom HOLDSWORTH

Registered Office
c/o Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman, KY1-9008
Cayman Islands

Headquarters and principal place of business in Hong Kong
2406-07 Man Yee Building
68 Des Voeux Road Central
Hong Kong

18 October 2021

To the Shareholders

Dear Sir or Madam,

(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF ARA ASSET MANAGEMENT LIMITED
(2) ISSUE OF CONSIDERATION SHARES AND SUBSCRIPTION SHARES UNDER A SPECIFIC MANDATE
(3) PROPOSED ELECTION OF DIRECTORS
AND
(4) NOTICE OF EGM

1. INTRODUCTION

The Company refers to the Announcement dated 4 August 2021 issued by the Company in relation to the Proposed Transaction which relates to the proposed business combination of the Group with the ARA Group pursuant to the Acquisition Agreement, the announcement dated 24 August 2021 issued by the Company in relation to the amendment to the Acquisition Agreement and the announcement dated 12 October 2021 issued by the Company in relation to the adjustment to the Consideration Shares and Consideration VLNs.

The purpose of this Circular is to provide you with, among other things:

(i) further information regarding the Proposed Transaction (including the Specific Mandate) and financial information on the Group and the ARA Group;

(ii) information on the Proposed Directors;

(iii) a letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders;

(iv) a letter from the Independent Financial Adviser containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders; and

(v) the notice of the EGM to consider and, if thought fit, approve the Matters for Approval.

2. PROPOSED TRANSACTION AND THE ISSUE OF THE CONSIDERATION SHARES

On 4 August 2021, the Company, ARA and the Sellers entered into the Acquisition Agreement in connection with the Proposed Transaction, which was subsequently amended on 24 August 2021.

The principal terms of the Acquisition Agreement are as follows:

2.1 Date

4 August 2021 (and further amended on 24 August 2021)

2.2 Parties

(i) The Company

(ii) ARA

(iii) ARA Cayman, SMBC, New Horizon, Ivanhoe Cambridge, Athena Logistics and (upon its execution of a counterpart to the Acquisition Agreement) Alexandrite Gem (as the Sellers)

As at the date of this circular, Alexandrite Gem has not executed a counterpart to the Acquisition Agreement. It is expected that Alexandrite Gem will become a party to the Acquisition Agreement prior to Completion immediately after it has rolled down its indirect interest in ARA to a direct interest by acquiring shares in ARA from ARA Cayman immediately prior to Completion. The acquisition of shares in ARA from ARA Cayman by Alexandrite Gem is not subject to any regulatory approval and therefore will be completed. Until Alexandrite Gem acquires shares in ARA from ARA Cayman, such shares which Alexandrite Gem has agreed to acquire would be sold under the Acquisition Agreement by ARA Cayman, and therefore there would be no impact on Completion.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, ARA and the Sellers and their respective ultimate holding company, are Independent Third Parties.

2.3 Sale and purchase of the Sale Shares and Proposed Merger of ARA and NewCo

The Proposed Transaction will be implemented as follows:

(i) a combination of (a) the sale and purchase of the Sale Shares held by all Sellers except (upon its adherence to the Acquisition Agreement) Alexandrite Gem and (b) the merger of ARA and NewCo (as further described below); or

(ii) if ARA Cayman gives notice in writing to the Company and each other Seller on or before the Pre-Completion Cut-off Date, stating that the Sellers will transfer all of the Sale Shares held by all Sellers (a "**Full Transfer Election Notice**"), the sale and purchase of the Sale Shares held by all Sellers including Alexandrite Gem (without any merger of ARA and NewCo),

and accordingly:

(iii) if a Full Transfer Election Notice is given, each Seller will be a "**Designated Transfer Seller**" (and there will be no Designated Merger Seller); and

(iv) in all other circumstances (a) each Seller except Alexandrite Gem shall be a "**Designated Transfer Seller**" and (b) Alexandrite Gem (upon its adherence to the Acquisition Agreement) shall be the sole "**Designated Merger Seller**". In such circumstances, there will be no substantive difference in a Seller's obligations as a Designated Transfer Seller and a Designated Merger Seller and there will be no difference in the consideration paid to such Seller. The only difference is in respect of the closing deliverables for a Designated Transfer Seller and a Designated Merger Seller, for example, a Designated Transfer Seller must provide a transfer instrument, while shares held by a Designated Merger Seller are instead transferred by operation of law, and therefore a Designated Merger Seller's obligations are instead to approve the requisite corporate approvals to approve the Merger.

At Completion:

(1) each Designated Transfer Seller shall sell all of its Sale Shares and the Company shall purchase all such Sale Shares (immediately before the Proposed Merger); and

(2) unless a Full Transfer Election Notice is given, ARA and NewCo (a wholly owned subsidiary of the Company) will merge, whereupon the separate corporate identity of NewCo as an individual Bermuda company on the register of companies maintained by the Registrar of Companies in Bermuda will cease, and ARA will continue its existence under Bermuda law as the surviving company of the Proposed Merger.

Whether the Proposed Transaction is implemented in the manner set out in paragraph (1) or (2) above will not affect the overall terms of the Proposed Transaction (including the terms in relation to the Total Consideration). As at the Latest Practicable Date, ARA Cayman has not given the Full Transfer Election Notice to the Company and the other Sellers.

The Proposed Merger constitutes a merger pursuant to the applicable provisions of the Companies Act 1981 of Bermuda. The memorandum of association and bye-laws of ARA and (subject to any resignations and appointments) the directors and officers of ARA immediately prior to the Proposed Merger will be the surviving company's memorandum of association and bye-laws and the directors and officers after the Proposed Merger. The authorised share capital of the surviving company will be the authorised share capital of ARA immediately prior to the Proposed Merger and will not be combined with the authorised share capital of NewCo.

On Completion, ARA will become a wholly owned subsidiary of the Company and accordingly, the financial results of the ARA Group will be consolidated into the accounts of the Company.

2.4 Cash Consideration and Consideration Shares

The Total Consideration for the Proposed Transaction payable by the Company is US$5,192 million. The Total Consideration was determined after negotiation on an arm's length basis with ARA and the Sellers, with reference to, among other things, the overall financial position and performance of the ARA Group, the relative value of each of the Group and the ARA Group, selected peers' comparable valuation multiples and the value of synergies created by the Enlarged Group as further described below:

(a) **Transaction multiples:** The Company and its advisers performed a comprehensive analysis of the ARA Group's historical financial performance, market opportunities, competitive market position and business strategies, as well as ARA's operating and financial performance and prospects. As set out in the section headed "*12. Information on the ARA Group*", the ARA Group is engaged in the provision of real asset management services with a focus on real estate and New Economy funds in APAC. Consequently, the Company and its advisers also benchmarked the ARA Group against peers with a significant size (with an implied valuation of at least US$1 billion) and business which is similar to the ARA Group. The selected peers included real estate focused asset managers in APAC, such as the Group, Goodman Group, Charter Hall Corporation and Centuria Capital Group, and global real asset managers, such as Blackstone Inc, Brookfield Asset Management, Partners Group Holdings and EQT Group. The Company compared the transaction multiples for the Proposed Transaction, in particular the EV/EBITDA and P/E ratios, to those of the selected peers. The Company also evaluated the transaction multiples for recent acquisitions of controlling interests in asset management companies that are primarily engaged in the provision of real asset management services with a focus on real estate funds, similar to the ARA Group.

Based on ARA's audited financial statements for the six months ended 2021, the Total Consideration implies (i) 18.4 times of the ARA Group's EV/EBITDA for the twelve months ended 30 June 2021 and (ii) 22.2 times of the ARA Group's P/E[1] for the twelve months ended 30 June 2021. The transaction multiples for the Proposed Transaction are within the range of the selected peers' comparable valuation multiples and the range of recent asset management transactions.

(b) **Overall financial position and performance of the ARA Group:** The ARA Group's fee revenue increased by 8.6% from US$134.5 million in 2018 to US$146.0 million in 2019 and further increased by 74.8% to US$255.3 million in 2020, and by 139.3% from US$90.5 million in 1H2020 to US$216.6 million in 1H2021.

The ARA Group's EBITDA increased from US$143.4 million in 2018 to US$168.5 million in 2019 and US$200.9 million in 2020, and from US$63.0 million in 1H2020 to US$235.6 million in 1H2021. The ARA Group realised Fee EBITDA of US$74.6 million, US$75.9 million and US$140.6 million in 2018, 2019 and 2020, respectively, representing a CAGR of 37.3%, while delivering Fee EBITDA margin of 55.4%, 52.0% and 55.1% for 2018, 2019 and 2020, respectively. The ARA Group realised Fee EBITDA of US$48.7 million and US$133.7 million in 1H2020 and 1H2021, respectively, while achieving Fee EBITDA margin of 53.8% and 61.7% for those respective periods.

As at 30 June 2021, ARA Group's total equity attributable to equity holders of ARA (including perpetual securities) amounted to US$1,817.2 million and total assets amounted to US$3,470.1 million.

For further details, please refer to the section headed "*Appendix II – Financial Information of the ARA Group*" of this circular.

(c) **Relative value of each of the Group and the ARA Group:** The Total Consideration for the Proposed Transaction is US$5,192 million. As at the Latest Practicable Date, the Group had a market capitalisation of HK$69,773.5 million (US$8,972.6 million). The Proposed Transaction will involve the issuance of 1,422,587,427 Shares (including the SMBC Subscription Shares), representing 31.8% of the total issued Shares as enlarged by the allotment and issue of the Consideration Shares and the SMBC Subscription Shares (assuming that the Cash Consideration Adjustment is not exercised and no further Shares are repurchased by the Company pursuant to the Repurchase Mandate after the Latest Practicable Date and up to Completion).

In comparison, based on the pro forma financial information of the Enlarged Group for 1H2021, the ARA Group would have contributed 53% of the Enlarged Group's adjusted EBITDA and 54% of the Enlarged Group's core profit after tax and minority interests. Consequently, the Proposed Transaction would be 48% for core PATMI per Share accretive on a core PATMI per Share basis.

[1] Profit after tax attributable to shareholders adjusted for 34.3% pre-completion reorganisation with respect to LOGOS.

(d) **Value of synergies created by the Enlarged Group:** Please refer to the details set out in the section headed "*10. Reasons for, and Benefits of, the Proposed Transaction – (f) Potential synergies between the Group and the ARA Group*".

(e) **Market position and business strategies of ARA:** Please refer to the details set out in the sections headed "*12. Information on the ARA Group – (a) Overview of the ARA Group's Business*" and "*Appendix III – Management Discussion and Analysis on the ARA Group*" of this Circular.

(f) **Market price of the Shares:** The Consideration Share Price of HK$27.00 per Share was determined with reference to the prevailing market price of the Shares, details of which are set out below.

Having taken into account the reasons for and benefits of the Proposed Transaction set out in the section headed "*10. Reasons for, and Benefits of, the Proposed Transaction*" below and the basis for determining the Consideration set out above, the Directors are of the view that the Total Consideration of US$5,192 million is fair and reasonable.

Pursuant to the Acquisition Agreement (as disclosed in the Announcement), subject to the Cash Consideration Adjustment, the Total Consideration of US$5,192 million was originally to be satisfied in the following manner:

(i) US$519 million in cash;

(ii) US$4,286 million by the issue of 1,234,438,841 Consideration Shares at the Consideration Share Price; and

(iii) US$387 million by the issue of 111,459,237 Consideration VLNs to be converted at the Consideration Share Price (which will be issued in the form of Consideration Shares pursuant to a confirmation letter dated 12 October 2021).

Please refer to the Announcement for the table setting out the initial number of Consideration Shares and Consideration VLNs which were to be issued to, and the amount of the Cash Consideration which were payable to, each of the Sellers and the Consideration Recipients upon Completion, assuming that the Cash Consideration Adjustment is not exercised and the reorganisation of ARA pre-Completion is completed.

The parties to the Acquisition Agreement entered into an amendment agreement on 24 August 2021 pursuant to which they agreed that the Company would be permitted to conduct on-market share repurchases pursuant to the Repurchase Mandate (see the section headed *"9. Share Repurchases"* below for further details) and accordingly, the number of Consideration Shares and the principal amount of Consideration VLNs would be adjusted in accordance with an agreed calculation methodology if necessary (to ensure that, following implementation of the Share Repurchase, no Seller would be obliged to make a mandatory general offer for the Shares pursuant to Rule 26 of the Takeovers Code).

Pursuant to a confirmation letter dated 12 October 2021 entered into by the Company and ARA in respect of the Acquisition Agreement, the parties have agreed that no Consideration VLNs will be issued to any Seller or Consideration Recipient and additional Shares equal to the number of Conversion Shares that would have been received by each Seller or Consideration Recipient on conversion of the Consideration VLNs will instead be issued to the relevant Seller or Consideration Recipient.

The amendments to the Acquisition Agreement do not result in any change to the Total Consideration, the Cash Consideration or the aggregate number of Shares to be issued under the Acquisition Agreement. Save for the foregoing, the other terms of the Acquisition Agreement remain unchanged.

The Company had made certain Share Repurchases pursuant to the Repurchase Mandate, being an aggregate of 13,868,600 Shares as at the Latest Practicable Date (see the section headed *"9. Share Repurchases"* below for further details). Subject to the Cash Consideration Adjustment and assuming no further Shares are repurchased by the Company pursuant to the Repurchase Mandate after the Latest Practicable Date and up to and including the date of Completion, the Total Consideration will be satisfied in the following manner:

(i) US$519 million in cash; and

(ii) US$4,673 million by the issue of 1,345,898,078 Consideration Shares at the Consideration Share Price.

The Cash Consideration is expected to be funded by the internal resources of the Group and the net proceeds from the SMBC Subscription. The Consideration Shares will be issued by the Company to the Sellers or the Consideration Recipients pursuant to the Specific Mandate to be obtained from the Independent Shareholders at the EGM.

Assuming that the Cash Consideration Adjustment is not exercised and no further Shares are repurchased by the Company pursuant to the Repurchase Mandate after the Latest Practicable Date and up to Completion, the Consideration Shares will represent approximately 44.16% of the existing total issued Shares as at the Latest Practicable Date and approximately 30.11% of the total issued Shares as enlarged by the allotment and issue of the Consideration Shares and the SMBC Subscription Shares.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares, the SMBC Subscription Shares and any Shares issued pursuant to the Permitted Issuance.

The Consideration Shares will be issued at the price of HK$27.00 per Share, which was determined after arm's length negotiation with reference to the prevailing market price of the Shares and which represents:

(i) a discount of approximately 2.5% to the closing price of HK$27.70 per Share as quoted on the Stock Exchange on the date of the Announcement;

(ii) a discount of approximately 1.6% to the average closing price of HK$27.44 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the date of the Announcement;

(iii) a premium of approximately 1.9% to HK$26.50 per Share, being the average of the closing prices of the Shares as quoted on the Stock Exchange for the period from 5 July 2021 up to and including the date of the Announcement;

(iv) a premium of 5.7% to HK$25.54 per Share, being the average of the closing prices of the Shares as quoted on the Stock Exchange for the period from 5 February 2021 up to and including the date of the Announcement;

(v) a premium of approximately 18.2% to the closing price of HK$22.85 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

(vi) a premium of approximately 183% over the unaudited net asset value attributable to the owners of the Company (excluding perpetual capital securities) of approximately HK$9.52 per Share as set out in the interim results of the Company for 1H2021 and calculated based on the number of shares outstanding as of the date of the announcement.

The table below sets out the adjusted number of Consideration Shares to be issued to, and the amount of the Cash Consideration payable to, each of the Sellers and the Consideration Recipients upon Completion, assuming that the Cash Consideration Adjustment is not exercised, the reorganisation of ARA pre-Completion is completed and no further Shares are repurchased by the Company pursuant to the Repurchase Mandate after the Latest Practicable Date and up to and including the date of Completion.

Seller/Consideration Recipient	Sale Shares/ ARA Merger Shares	Total Consideration	
		Consideration Shares	Cash Consideration *(US$)*
ARA Cayman	1,504,934,891	–	–
WP Entities	113,941,204	591,440,160	273,776,743.09
Straits	–	214,674,500	99,880,604.71
JL Entities	–	203,969,969	94,900,157.48
Wealthman Group	–	80,575,922	37,489,184.28
Lim Hwee Chiang (John)(1)	–	8,402,959	–
Moses K. Song(1)	–	8,402,959	–
Ng Beng Tiong(1)	–	8,402,959	–
Seow Bee Lian (Cheryl)(1)	–	7,337,040	3,700,962.25
Marbill Holdings Pty Limited(1)(2)	–	3,156,349	3,054,428.58
Trent Iliffe(1)	–	3,156,349	3,054,428.58
Magenta Asset Management Pte Ltd(1)	–	822,252	117,969.52
SMBC	168,372,041	128,324,764	–
New Horizon	10,413,474	6,998,782	3,256,290.73
Ivanhoe Cambridge	102,072,956	80,233,114	–
Total	1,899,734,566	1,345,898,078	519,230,769.23

Note:

(1) The table sets out the number of Consideration Shares to be issued to, and the amount of the Cash Consideration payable to, certain members of the ARA management team and each of the ARA Executives and LOGOS Founders, as directed by, and which would otherwise have been payable to, ARA Cayman, SMBC, New Horizon and the WP Entities, in satisfaction of certain arrangements for the ARA Executives and LOGOS Founders.

(2) John Marsh (who is a LOGOS Founder, on behalf of himself and Long Range Global Limited, who are entitled to certain payments from LOGOS) has agreed that the Consideration Shares and the Cash Consideration they would be entitled to receive will be directed to Marbill Holdings Pty Limited in satisfaction of those payments. Marbill Holdings Pty Limited is a trustee of Marsh Holdings Hong Kong Trust, whose beneficiaries are John Marsh and his family.

The table below sets out the adjusted number of Consideration Shares to be issued to, and the amount of the Cash Consideration payable to, each of the Sellers and the Consideration Recipients upon Completion, assuming that the Cash Consideration Adjustment is exercised in full, the reorganisation of ARA pre-Completion is completed and no further Shares are repurchased by the Company pursuant to the Repurchase Mandate after the Latest Practicable Date and up to and including the date of Completion.

Seller/Consideration Recipient	Sale Shares/ ARA Merger Shares	Total Consideration Consideration Shares	Total Consideration Cash Consideration *(US$)*
ARA Cayman	1,504,934,891	–	–
WP Entities	113,941,204	430,381,938	832,985,099.52
Straits	–	156,139,434	303,119,522.80
JL Entities	–	148,353,696	288,004,768.62
Wealthman Group	–	58,605,372	113,772,875.93
Lim Hwee Chiang (John)[(1)]	–	8,402,959	–
Moses K. Song[(1)]	–	8,402,959	–
Ng Beng Tiong[(1)]	–	8,402,959	–
Seow Bee Lian (Cheryl)[(1)]	–	7,337,040	3,700,962.25
Marbill Holdings Pty Limited[(1)(2)]	–	3,156,349	3,054,428.58
Trent Iliffe[(1)]	–	3,156,349	3,054,428.58
Magenta Asset Management Pte Ltd[(1)]	–	822,252	117,969.52
SMBC	168,372,041	128,324,764	–
New Horizon	10,413,474	5,090,432	9,882,251.88
Ivanhoe Cambridge	102,072,956	80,233,114	–
Total	1,899,734,566	1,046,809,617	1,557,692,307.69

Note:

(1) The table sets out the number of Consideration Shares to be issued to, and the amount of the Cash Consideration payable to, certain members of the ARA management team and each of the ARA Executives and LOGOS Founders, as directed by, and which would otherwise have been payable to, ARA Cayman, SMBC, New Horizon and the WP Entities, in satisfaction of certain arrangements for the ARA Executives and LOGOS Founders.

(2) John Marsh (who is a LOGOS Founder, on behalf of himself and Long Range Global Limited, who are entitled to certain payments from LOGOS) has agreed that the Consideration Shares and Cash Consideration they would be entitled to receive will be directed to Marbill Holdings Pty Limited in satisfaction of those payments. Marbill Holdings Pty Limited is a trustee of Marsh Holdings Hong Kong Trust, whose beneficiaries are John Marsh and his family.

The Consideration Shares will be issued as fully paid and will rank *pari passu* in all respects with the Shares in issue.

Following Completion, the Company will announce details of the final number of Consideration Shares and (if the Cash Consideration Adjustment is exercised) the total amount of Cash Consideration received by each of the Sellers and the Consideration Recipients on Completion.

2.5 Cash Consideration Adjustment

The Company may, in the period between the date of the Acquisition Agreement and the date falling seven Business Days before Completion, issue new Shares provided that:

(i) such Shares are issued for cash payable on issuance at a price per Share which is equal to or greater than the Company Agreed Share Price (being HK$27.00);

(ii) such issuance is made by way of a placement to a number of public markets investors, and such investors are not granted or promised governance or other rights in the Group; and

(iii) the total Additional Cash arising from such issuance does not in aggregate exceed US$1,038 million and will be held by the Company and applied towards part settlement of the Total Consideration at Completion.

If a Permitted Issuance is made, the full amount of any Additional Cash will be applied towards part settlement of the Total Consideration and will be allocated to each Additional Cash Consideration Recipient on a *pro rata* basis for the allocation of the Cash Consideration among the Additional Cash Consideration Recipients as originally contemplated prior to any Cash Consideration Adjustment.

The amount of the Cash Consideration and the number of Consideration Shares which will be allocated to each Additional Cash Consideration Recipient will therefore be deemed adjusted accordingly.

If the Company elects to make the Cash Consideration Adjustment, the new Shares pursuant to the Permitted Issuance will be issued by the Company pursuant to (i) the Share Issue Mandate granted by the Shareholders to the Board at the annual general meeting held on 2 June 2021 and/or (ii) the Specific Mandate to be obtained from the Independent Shareholders at the EGM.

2.6 Termination

The Acquisition Agreement may be terminated at any time prior to Completion (and for so long as the relevant Material Adverse Effect is, or in the case of a Material Adverse Effect under limb (b) of the definition of Material Adverse Effect by 1.00 p.m. (Hong Kong time) on the seventh Business Day of it, subsisting) by notice in writing:

(i) by ARA Cayman to the other parties if a Material Adverse Effect occurs with respect to the Group;

(ii) by the Company to the other parties if a Material Adverse Effect occurs with respect to the ARA Group; and/or

(iii) by the Company to the other parties if a Material Adverse Effect has occurred with respect to the Group pursuant to limb (b) where the closing price per Share on the Stock Exchange falls 20% or more below the Company Agreed Share Price (being HK$27.00) for any consecutive 10 trading day period after the date of the Acquisition Agreement on or before the date falling 45 calendar days after the date of the Acquisition Agreement.

Any dispute in relation to whether or not a Material Adverse Effect has occurred would be subject to the general dispute resolution mechanism under the Acquisition Agreement, namely by reference to arbitration in Singapore under the rules of the Singapore International Arbitration Centre.

Upon the termination of the Acquisition Agreement, it will cease to have further force or effect, and the Proposed Transaction will not proceed, except that customary surviving provisions, including definitions and interpretation, confidentiality, assignment, entire agreement, further assurances, amendments, invalidity and governing law provisions, and any rights or liabilities that have accrued prior to termination will survive termination of the Acquisition Agreement.

2.7 Lock-up Undertakings

Certain Sellers, Consideration Recipients and existing Shareholders had commercially negotiated with the Company and agreed to enter into the lock-up undertakings in relation to the Proposed Transaction. Subject to certain customary exceptions:

(a) the WP Entities, Straits, SMBC, Wealthman Group, New Horizon and Ivanhoe Cambridge, in respect of all Shares legally and beneficially owned by them on Completion ("**Owned Securities**") (in respect of SMBC, including the SMBC Subscription Shares to be issued upon Completion) for a period of six months from the date of Completion;

(b) the JL Entities, the LOGOS Founders, Laurels and Redwood Entities in respect of a certain of their respective Owned Securities for a period of up to 36 months after the date of Completion; and

(c) the ARA Executives, in respect of all or part of the Shares legally and beneficially owned by them and issued to them pursuant to the employee share option plan of the ARA Group ("**ESOP Shares**") for a period of up to 18 months from the date of Completion,

agreed or will agree not to and agree to procure that, upon Completion, no company controlled by such Undertaking Party (by majority interest or board control) or any nominee or trustee holding in trust for such Undertaking Party will:

(i) sell or otherwise transfer or dispose of or create an encumbrance over any of their Owned Securities or ESOP Shares;

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any of their Owned Securities or ESOP Shares;

(iii) enter into any transaction with the same economic effect as any transaction described in paragraph (i) or (ii) above; or

(iv) offer to or contract to or agree to or publicly disclose that such Undertaking Party will or may enter into any transaction described in paragraph (i), (ii) or (iii) above.

2.8 Certain steps relating to the reorganisation of ARA pre-Completion

Prior to Completion, the ARA Group will undertake a reorganisation pursuant to which:

(i) LOGOS JV will acquire 8,110.5 ordinary shares in LOGOS (representing all of the ordinary shares in LOGOS held by Ivanhoe Cambridge) from Ivanhoe Cambridge, which will be satisfied by the allotment and issue of 102,072,956 ARA Shares to Ivanhoe Cambridge; and

(ii) ARA Logistics Partners Limited will acquire 2,574 ordinary shares in LOGOS JV (representing all of the ordinary shares in LOGOS JV held by Athena Logistics) from Athena Logistics, which will be satisfied by the allotment and issue of 113,941,204 ARA Shares and payment of a cash consideration of US$7,571,780.91 to Athena Logistics.

As a result of the reorganisation, Ivanhoe Cambridge and Athena Logistics will become shareholders of ARA.

Immediately prior to Completion, Alexandrite Gem will also acquire ARA Shares from ARA Cayman, to roll its current indirect interest in ARA down to a direct interest, and become a Seller under the Proposed Transaction.

2.9 Conditions to Completion

Completion of the Proposed Transaction is conditional upon the satisfaction (or, if applicable, waiver) of the following Conditions on or prior to the Long Stop Date:

(i) the listing of and permission to deal in all the Consideration Shares and the SMBC Subscription Shares being granted by the Listing Committee of the Stock Exchange, and such listing and permission not being subsequently revoked before Completion;

(ii) approval from the Bermuda Monetary Authority having been obtained for the Proposed Sale and (if applicable) the Proposed Merger;

(iii) approval from the Securities and Exchange Board of India having been obtained for the indirect change of control of LAI Investment Manager Private Limited, which is a wholly owned subsidiary of LOGOS;

(iv) notice having been provided to the United Kingdom Financial Conduct Authority under Section 178 of FSMA, and the United Kingdom Financial Conduct Authority, in respect of the Company or any other persons acquiring or increasing control over Venn Partners LLP and Cromwell Investment Services Limited, in which ARA has an indirect effective equity interest of approximately 60.8% and approximately 30.7%, respectively, for the purposes of Part XII of FSMA:

(a) having given notice in writing of its unconditional approval of the acquisition or increase in control by the Company or any other persons in accordance with section 189(4)(a) of FSMA; or

(b) having given notice in writing that it proposes to approve the acquisition or increase of control by the Company or any other persons subject to conditions in accordance with section 189(4)(b)(i) of FSMA where those conditions are reasonably satisfactory to the Company; or

(c) being treated as having approved the acquisition or increase of control by the Company or any other persons in accordance with section 189(6) of FSMA;

(v) all necessary consents having been obtained under the Overseas Investment Act 2005 (NZ) for, or in connection with, completion of the Proposed Transaction;

(vi) either:

(a) the Treasurer of the Commonwealth of Australia (or his or her delegate) having provided a written notice under the Australian Foreign Acquisitions and Takeovers Act 1975 to the effect that, the Australian Commonwealth Government does not object to the Proposed Transaction, either without conditions (other than the conditions set out in the list of standard tax conditions published in FIRB Guidance 12 – Tax Conditions on the FIRB website under "Guidance notes") or otherwise on terms acceptable to the Company and ARA Cayman, each acting reasonably; or

(b) following notice of the Proposed Transaction to the Treasurer of the Commonwealth of Australia under the Australian Foreign Acquisitions and Takeovers Act 1975, the Treasurer of the Commonwealth of Australia ceasing to be empowered to make any order under Division 2 of Part 3 of the Australian Foreign Acquisitions and Takeovers Act 1975;

(vii) approval from the Hong Kong Securities and Futures Commission having been obtained for the Company becoming a "substantial shareholder" (as defined in Schedule 1 of the SFO) of the relevant SFC Regulated Entities as a result of the Proposed Transaction pursuant to section 132 of the SFO, and such approval being in full force and effect;

(viii) following the submission of an application for the MAS' approval, pursuant to Section 97A of the SFA, for the Company to acquire effective control of certain ARA licensed entities in connection with the Proposed Transaction, the MAS:

(a) having given notice in writing of its unconditional approval pursuant to Section 97A of the SFA; or

(b) having given notice in writing of its approval pursuant to Section 97A of the SFA subject to conditions which are reasonably satisfactory to the Company, and where one or more of the conditions are required by the MAS to be satisfied prior to Completion, such conditions having been satisfied,

and, in either case, such approval not having been withdrawn or revoked;

(ix) (if required) the Registrar of Moneylenders granting the approval under the Moneylenders Act, Chapter 188 of Singapore for the Proposed Sale and (if applicable) the Proposed Merger, and such approval not having been withdrawn or revoked;

(x) (unless the Company determines that such approval is not required) approval from the Vietnamese competition authority having been obtained either approving the economic concentration contemplated under the Transaction or confirming that the economic concentration contemplated under the Transaction is not prohibited in accordance with (i) the Competition Law No 23/2018/QH14 passed by the National Assembly of Vietnam on 12 June 2018 and (ii) Decree No. 35/2020/ND-CP of the Government of Vietnam dated 24 March 2020;

(xi) the Company obtaining relief from ASIC to acquire a downstream interest in the stapled securities of Cromwell Property Group held by ARA on terms and conditions acceptable to the parties,

(the Conditions in paragraphs (i) to (xi) together, the "**Regulatory Conditions**");

(xii) the passing by the Shareholders of the Company (being such Shareholders as are allowed to vote under the Listing Rules or permitted by the Stock Exchange to vote) at an extraordinary general meeting of the Company of the resolutions to:

(a) approve the Proposed Transaction in accordance with the requirements of Chapter 14 and 14A of the Listing Rules;

(b) approve the issue and allotment of the Consideration Shares and the SMBC Subscription Shares; and

(c) appoint each of the (i) two nominees of ARA Cayman and (ii) one nominee of SMBC to the Board as Directors; and

(xiii) no governmental authority in any jurisdiction having taken any action (or enacted, promulgated, issued, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand, decision or order) that would prohibit or make the consummation of the Transaction or its implementation in accordance with its terms void, unenforceable, illegal or impracticable, other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the parties to proceed with the Transaction.

If any of the Conditions is not satisfied (or, if applicable, waived) by 5:00 p.m. on the Long Stop Date, any party to the Acquisition Agreement may by written notice to the other parties terminate the Acquisition Agreement with immediate effect.

As at the Latest Practicable Date, none of the Conditions have been satisfied (or, if applicable, waived).

2.10 Irrevocable Voting Undertakings

Each of Redwood, Laurels, OMERS, Jingdong and SK Inc (who in aggregate hold approximately 53.8% of the existing total issued Shares as at the date of the Latest Practicable Date) has irrevocably undertaken to, among other things, vote or appoint a proxy to vote all of the Shares legally or beneficially owned by them in favour of the ordinary resolutions to approve the Matters for Approval at the EGM. As a result, it is expected that the ordinary resolutions to approve the Matters for Approval will be duly passed at the EGM.

2.11 Pre-Completion Obligations

From the date of the Acquisition Agreement to Completion:

(i) the Company has agreed to conduct the business of the Group in the ordinary course, subject to certain restrictive covenants, including but not limited to distribution of dividends and disposal of material assets; and

(ii) each of the Sellers has agreed to take all necessary corporate action to conduct the business of the ARA Group (and in the case of Athena Logistics and Ivanhoe Cambridge, exclusively with respect to the LOGOS JV Group and the LOGOS Group, respectively) in the ordinary course, subject to certain restrictive covenants, including but not limited to distribution of dividends, acquisition or disposal of material assets, incurrence of financial debt and creation of encumbrances over any shares of a material ARA Group Company.

2.12 Warranty and Indemnity Insurance

The Acquisition Agreement contains customary fundamental warranties to be made by the Sellers in respect of (among others) their title to the Sale Shares or ARA Merger Shares (as applicable), their capacity to enter into the transaction documents and their solvency. ARA Cayman has separately provided certain customary business warranties in respect of the ARA Group on a nil recourse basis.

The Company purchased a warranty and indemnity insurance policy (the "**W&I Insurance Policy**") from Liberty Global Transaction Solutions (the "**W&I Insurer**") on and with effect from the date of the Acquisition Agreement to protect itself against claims relating to warranties and indemnities that are not recoverable under the Acquisition Agreement, including the business warranties. The maximum aggregate liability of the W&I Insurer will not exceed US$500 million and will be subject to a de minimis claim threshold of US$6.3 million.

All costs and expenses in relation to obtaining the W&I Insurance Policy will be borne by the Company.

2.13 Completion

Completion will take place on the tenth Business Day after the date on which the last of the Conditions is satisfied (or, if applicable, waived) (or any other date agreed in writing by ARA Cayman and the Company).

Subject to the satisfaction (or, if applicable, waiver) of the Conditions, it is currently expected that Completion will take place in the fourth quarter of 2021 or the first quarter of 2022.

3. CHANGES TO MANAGEMENT OF THE ARA GROUP AND THE BOARD AFTER THE PROPOSED TRANSACTION

3.1 Changes to Management of the ARA Group

Prior to Completion, the Company and ARA Cayman will discuss in good faith the integration of the management teams of the ARA Group with the Group.

It is expected that, on Completion:

(i) the existing CEO of ARA will continue as CEO of the ARA Group;

(ii) the existing co-CEOs of LOGOS will continue as co-CEOs of LOGOS; and

(iii) the other core ARA and LOGOS management teams will be retained in appropriate roles.

It is further expected that (and the Company and ARA Cayman will work together in good faith to implement arrangements before Completion to provide that):

(a) Wealthman Group will be entitled to appoint the chairpersons of, and have a veto over the appointment of the chief executive officers nominated by the Group to, the managers of Fortune REIT, Prosperity REIT and Hui Xian REIT for so long as it and its affiliates collectively remain the largest unitholder of the relevant REIT;

(b) Straits will retain its existing right to appoint the chairperson of Suntec REIT for so long as it remains a 'significant shareholder' (by reference, to a numerical threshold to be discussed and agreed, to asset value) in the Company; and

(c) Mr. Lim Hwee Chiang (John) will be entitled to be appointed as a senior adviser to the Company, on terms (including as to compensation) to be discussed and agreed between the Company and ARA Cayman, for so long as he is subject to the lock-up undertaking referred to above.

3.2 Election of Proposed Directors

Pursuant to the Acquisition Agreement, the parties have agreed that the composition of the Board will be increased from its current 11 Directors to 14 Directors and the Company will appoint three additional non-executive Directors with effect from Completion. As disclosed in the section headed "*2.9 Conditions to Completion*" above, Completion will be conditional upon, among other things, the Shareholders approving at the EGM the appointment of (a) two nominees of ARA Cayman and (b) one nominee of SMBC to the Board as Directors.

In accordance with Article 111 of the Articles of Association of the Company, the Company may in general meeting by ordinary resolution elect any person to be a Director as an additional Director. Pursuant to Article 113 of the Articles of Association of the Company, the Board recommends each of Mr. Lim Hwee Chiang (John), Dr. Chiu Kwok Hung, Justin and Mr. Rajeev Kannan for election at the EGM to the office of Director as a non-executive Director with effect from Completion.

Pursuant to Rule 13.74 of the Listing Rules, brief biographical details of the Proposed Directors proposed to be elected at the EGM are set out in Appendix V to this Circular.

Following the appointment of the three additional non-executive Directors, the number of the independent non-executive Directors will continue to represent at least one-third of the Directors as required under Rule 3.10A of the Listing Rules.

Save for the appointment of three additional non-executive Directors with effect from Completion to be approved by the Shareholders at the EGM as disclosed above, the Company has not granted any Shareholder (including the Sellers and the Consideration Recipients) any right to appoint a Director.

4. SUBSCRIPTION OF SHARES BY SMBC

As noted above, pursuant to the Acquisition Agreement and upon Completion, SMBC will be issued 128,324,764 Consideration Shares at an issue price of HK$27.00 per Share as a Seller of its ARA Shares to the Company (assuming that the Cash Consideration Adjustment is not exercised and no further Shares are repurchased by the Company pursuant to the Repurchase Mandate after the Latest Practicable Date and up to Completion).

Pursuant to the Acquisition Agreement, SMBC has further agreed to subscribe or procure the subscription for, and the Company has agreed to allot and issue to SMBC and/or its designated affiliates, an additional 76,689,349 Shares for an aggregate subscription price of US$250 million at a subscription price of HK$25.35 per Share. The SMBC Subscription Shares will be issued as fully paid and will rank *pari passu* in all respects with the Shares in issue and will be issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM. The SMBC Subscription is conditional on, among other things, the Proposed Transaction becoming unconditional. The Proposed Transaction is not conditional on the SMBC Subscription being completed.

Therefore, on Completion, SMBC will be issued a combination of Consideration Shares and SMBC Subscription Shares representing 205,014,113 Shares in aggregate, and 4.6% of the total issued Shares as enlarged by the allotment and issue of the Consideration Shares and SMBC Subscription Shares (assuming the Cash Consideration Adjustment is not exercised and no further Shares are repurchased by the Company pursuant to the Repurchase Mandate after the Latest Practicable Date and up to Completion).

The SMBC Subscription Price of HK$25.35 per Share represents (i) a discount of approximately 8.5% to the closing price of the Shares of HK$27.70 per Share as quoted on the Stock Exchange on the date of the Announcement and (ii) a premium of approximately 10.9% to the closing price of HK$22.85 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Company believes that, while the SMBC Subscription Price is slightly below the Consideration Share Price, the introduction of SMBC as an investor represents an opportunity for the Group to expand and strengthen its long-term blue chip shareholder base and establish a relationship with a strong capital partner. Furthermore, this discount is consistent with recent follow-on offerings in Hong Kong. SMBC has been an important capital partner for the ARA Group, as SMBC and the ARA Group have mutually supported each other's growth strategies in Asia. The SMBC Subscription would be an endorsement of the Enlarged Group's business model and growth prospect. The Group intends to use the net proceeds from the SMBC Subscription for the partial satisfaction of the Cash Consideration.

5. ARRANGEMENTS FOR THE ARA EXECUTIVES AND LOGOS FOUNDERS

The LOGOS Founders have entered into the LOGOS Revised SHA and have agreed to the commitments with respect to the LOGOS Minority Acquisition and other commercial arrangements as set out in the LOGOS Revised SHA, in consideration for which certain Sellers will, pursuant to the Acquisition Agreement, instruct the direct issuance of Consideration Shares, and the direct payment of Cash Consideration, to the LOGOS Founders in the amounts as set out below:

LOGOS Founder	Consideration Shares	Cash Consideration
Marbill Holdings Pty Limited, in its capacity as trustee of Marsh Holdings Hong Kong Trust (for John Marsh)	3,156,349	3,054,428.58
Trent Iliffe	3,156,349	3,054,428.58
Magenta Asset Management Pte Ltd (for Stephen Hawkins)	822,252	117,969.52

The ARA Executives agreed to accept the settlement of certain incentive arrangements granted under the employee share option plan established by ARA Asset Management by the direct issuance of Consideration Shares, and the direct payment of certain Cash Consideration, to the ARA Executives in such amounts as set out below:

ARA Executive	Consideration Shares	Cash Consideration
Lim Hwee Chiang (John)	8,402,959	–
Moses K. Song	8,402,959	–
Ng Beng Tiong	8,402,959	–
Seow Bee Lian (Cheryl)	7,337,040	3,700,962.25

6. LOGOS JOINT VENTURE

The LOGOS Founders have entered into the LOGOS Revised SHA with ARA and the Company to govern their relationship as shareholders of LOGOS with effect from Completion. Pursuant to the LOGOS Revised SHA, on or shortly after the date falling three years after Completion, the Company will acquire the LOGOS Shares held by the LOGOS Founders at fair market value, to be determined by an independent valuer at the time of such acquisition, subject to the LOGOS Consideration Cap. The LOGOS Consideration Cap has been agreed to facilitate the classification of the Proposed Transaction (including the LOGOS Minority Acquisition) pursuant to the Listing Rules. The consideration for the LOGOS Minority Acquisition will be satisfied by an issue of new Shares based on the 60-day volume-weighted average price of the Shares to the LOGOS Founders and/or the payment of cash, at the Company's election. The Company will make a decision on how the consideration for the

LOGOS Minority Acquisition will be satisfied and complete the LOGOS Minority Acquisition within 30 Business Days following the determination of the consideration for the LOGOS Minority Acquisition (or such longer period after the determination of such consideration as may be required). As the Company will appoint an independent valuer to determine the fair market value of the LOGOS Shares held by the LOGOS Founders on or shortly after the date falling three years after Completion, the number of consideration shares to be issued to the LOGOS Founders has not been fixed. Prior to the acquisition of their shares, the LOGOS Founders will continue to manage the day-to-day operations of the LOGOS Group with support from the Group. The Company will comply with the applicable requirements of the Listing Rules at the time of completion of the LOGOS Minority Acquisition.

7. SHARE OPTIONS

To retain the services of the ARA Group employees whose work is vital to the growth and continued success of the ARA Group and to incentivise and reward such employees, the Company will grant awards or other rights under the Share Incentive Plans to certain ARA Group employees following Completion. The aggregate value of all such grants (calculated by reference to the net value of such grants as at their date of grant, being the Share price at the relevant time net of any strike price or other exercise payment or threshold) is expected to be approximately US$27.7 million and will be made in compliance with the terms of the Share Incentive Plans and the Listing Rules. The Company will make an announcement when the grants have been made to such ARA Group employees following Completion.

8. TERMINATION OF THE CONSULTANCY SERVICES AGREEMENT WITH WARBURG PINCUS

On 30 March 2021, the Company announced that it had entered into a consultancy agreement with WP OCIM Alpha Limited, an affiliate of Warburg Pincus LLC, pursuant to which WP OCIM Alpha Limited would provide certain consultancy services to the Company for an initial term of 24 months, which may be extended at the Company's discretion for a further 12 months (the "**Consultancy Agreement**"). In view of the Proposed Transaction, the Company and WP OCIM Alpha Limited have agreed that pending Completion, payment of the service fee under the Consultancy Agreement is suspended and if the Proposed Transaction is completed, the Consultancy Agreement will be terminated with effect from Completion. If the Proposed Transaction is not completed and the Acquisition Agreement is terminated, the Company's obligation to pay the service fee (including the service fee payable in respect of the relevant period) under the Consultancy Agreement will resume. Notwithstanding that payment of the service fee under the Consultancy Agreement is suspended, WP OCIM Alpha Limited will continue to provide consultancy services to the Company pending Completion.

9. SHARE REPURCHASES

On 19 August 2021, the Board announced that it intended to exercise the Repurchase Mandate granted by the Shareholders at the annual general meeting of the Company held on 2 June 2021 to repurchase Shares in the open market from time to time. Taking into consideration the Company's confidence in its financial position, business fundamentals and prospects, the Board believed that the share price of the Company at that time was well below its intrinsic value. The Share Repurchase in such conditions would demonstrate the Company's positive outlook and would, ultimately, benefit the Company and create value to the Shareholders. The Share Repurchase will be financed by the Company with its existing available cash. The Board believed that the financial resources of the Company at that time would enable it to implement the Share Repurchase while maintaining a solid and healthy financial position for the continued growth of the Group's operations. The Share Repurchase will be conducted pursuant to the Repurchase Mandate and in compliance with the Memorandum and Articles of Association of the Company, the Listing Rules, the Takeovers Code, the Companies Law of the Cayman Islands and all other applicable laws and regulations. The Share Repurchase would not result in the number of the Shares held by the public falling below the relevant minimum percentage prescribed by the Listing Rules. The Company will subsequently cancel the Shares repurchased under the Share Repurchase, if any.

As noted above, the Acquisition Agreement was amended on 24 August 2021 to permit the Company to repurchase Shares pursuant to the Repurchase Mandate. As at the Latest Practicable Date, the Company had purchased an aggregate of 13,868,600 Shares pursuant to the Repurchase Mandate of which 7,944,000 Shares have been canceled.

10. REASONS FOR, AND BENEFITS OF, THE PROPOSED TRANSACTION

The Board believes that the Proposed Transaction will enhance shareholder value and represents a continuation of the Company's strategy articulated at the time of its listing on the Stock Exchange in 2019, details of which are set out in the section headed "*Business – Competitive Strengths and Strategies*" of the Company's prospectus dated 22 October 2019. The Proposed Transaction will also provide the opportunity for the Company to expand its fund management platform across geographies, investment strategies and liquidity profiles powered by the leading New Economy real estate platform.

The key reasons for, and the benefits of, the Proposed Transaction are as follows:

(a) Creation of APAC's largest real estate and real assets manager and the third largest listed real estate asset manager globally[2]

According to JLL Market Report, the ARA Group is the largest real assets manager based in APAC. As a result, upon the completion of the Proposed Transaction, the Enlarged Group would become the largest real assets manager in APAC with AUM of US$131.7 billion (compared to the Group's AUM of US$36.3 billion as at 30 June 2021) and the third largest listed real estate investment manager globally. Furthermore, the Enlarged Group would offer a unique multi-asset class exposure to key markets in APAC, representing over 95% of APAC's

[2] APAC peer data based on JLL Market Report as at 31 December 2020, or if unavailable, as at the latest publicly available figures; excludes balance sheet AUM. Global peer data as at 30 June 2020 and based on IPE Top 150 Real Estate Investment Managers 2020.

2020 GDP. With institutional global investors increasingly looking to invest more capital with a smaller group of managers, size increasingly matters for fund managers. With ARA Group's leading position in APAC, the Enlarged Group would be very well positioned to take advantage of this trend and attract new investors. Through the ARA Group, the Enlarged Group would also cement relationships with 69 capital partners, of which 59 are new to ESR, and have the support of nine of the top 20 global real estate limited partners, which represents over 40% of global capital deployment in real estate allocation in terms of AUM.

The Enlarged Group's AUM breakdown is as follow:

	Greater China	Japan	Australia and New Zealand	South Korea	SEA	India	US/Europe	AUM *(US$ billion)*
Logistics	√	√	√	√	√	√		53
Data Centers	√	√	√	√	√	√		
Public REITs	√	√	√	√	√		√	39
Private real estate funds	√	√		√	√		√	27
Infrastructure[4]/Others			√[3]		√[3,4]		√	13
AUM (US$ billion)	29	30	22	12	16	2	20	131

(b) Double down on New Economy real estate with the leading logistics and data centre platform in APAC

The ARA Group, through its subsidiary LOGOS, represents a unique opportunity for the Company to materially increase the size and scale of its logistics and data centre real estate business. The combination would increase New Economy AUM by 46% to US$52.9 billion and increase the Company's presence to 10 markets in APAC with leadership positions in terms of AUM and/or pipeline across key markets.

The indirect acquisition of LOGOS would add to the Company's existing business with US$16.6 billion of New Economy AUM, 8.9 million sqm of gross floor area in 9 countries across 26 investment vehicles with 22 institutional capital partners of which 14 are new to the Company. It would also enhance the Company's capital partner relationships as the LOGOS Group raised US$3.8 billion in capital from its capital partners in the last 24 months to June 2021.

3 Includes renewable energy initiative under the partnership with ENGIE.

4 ARA launched its inaugural infrastructure fund which is pending final regulatory approvals.

The table below sets out the key metrics of the Company, LOGOS and that of the combined platform as at 30 June 2021:

Key metrics	**ESR**	**LOGOS**[5]	**ESR + LOGOS**
Number of countries	7	9	10
AUM (US$ billion)	36.3	16.6	52.9
Portfolio GFA (MM sqm)	22.6	8.9	31.5
2020 Development Starts (US$ billion)	3.2	1.1	4.3
1H 2021 Development Work in Progress (“**WIP**”) (US$ billion)	5.5	4.7	10.2
Capital Raised in last 2 years to June 2021 (US$ billion)	6.4	3.8	10.2
Uncalled Capital (US$ billion)	4.4	3.3	7.7

The table below set out the total New Economy AUM and development pipelines of the Enlarged Group as at 30 June 2021:

Country/Region	**AUM**[6] *(US$ billion)*	**Pipeline**[7] *(MM sqm)*
Australia & New Zealand	15.0	0.7
China	10.7	2.5
Japan	9.2	2.6
Korea	9.4	1.2
SEA	7.0	1.2
India	1.6	1.0
Total	52.9	9.2

As disclosed in the Company’s annual report for the year ended 31 December 2020 and the interim report for the six months ended 30 June 2021, data centres as an asset class has grown exponentially across the region and around the world due to the rise of cloud solutions and smart technologies as well as the acceleration of e-commerce and fintech. Data centres are a highly complementary asset class which the Company is looking to strategically expand with select capital partners and operators. The Proposed Transaction would accelerate the roll-out of the Company’s data centre strategy with more expansive offerings. LOGOS’ partnership with leading data centre operators and mechanical and electrical providers would enhance the Enlarged Group’s data centre offering. On Completion of the Proposed Transaction, the Enlarged Group would have a data centre pipeline of over 1,200MW of capacity across APAC. The Proposed Transaction would also deepen the Enlarged Group’s exposure to a wider range of New Economy tenants.

5 Inclusive of ARA Logos Logistics Trust as of 30 June 2021, adjusted for LOGOS’ acquisition of Moorebank Logistics Park announced on 5 July 2021, which completion is subject to satisfaction of certain conditions precedent.

6 Inclusive of ARA Logos Logistics Trust as of 30 June 2021, adjusted for LOGOS’ acquisition of Moorebank Logistics Park announced on 5 July 2021, which completion is subject to satisfaction of certain conditions precedent.

7 2021-2023 pipeline as at 31 March 2021.

The ARA Group's Group EBITDA contribution from the New Economy business for the six months ended 30 June 2021 amounted to US$107.9 million, representing approximately 45.8% of the ARA Group's Group EBITDA. Financial assets and associates and joint ventures attributed to LOGOS and ARA Logos Logistics Trust amounted to US$164.0 million and US$114.5 million respectively as at 30 June 2021.

Based on the unaudited financial statements of the Group and the ARA Group for the six months ended 30 June 2021, the New Economy business would have comprised 77%, 77% and 78% of the Enlarged Group's 1H2021 revenue, segmental EBITDA[8] and capital commitments[9], respectively.

(c) Positions the Group to benefit from the financialization of real estate in APAC which is set to take off and represents an opportunity of approximately US$2 trillion

With the addition of the ARA Group's platform as further described in the section headed "*12. Information on the ARA Group*" below and its leading position in Asia Pacific, the Enlarged Group will be well-positioned to benefit from financialization of real assets in Asia Pacific where REITs are just emerging in markets such as China, Korea and India, and deliver a full suite of both public and private capital solutions to leading global investors. According to JLL, institutionally invested income producing real estate is expected to increase from US$3.3 trillion in 2020 to US$5.2 trillion in 2025, representing an approximately US$2 trillion growth opportunity.

The Enlarged Group is also well-positioned to benefit from a fully integrated closed-loop solutions ecosystem to help global capital partners divest Grade A commercial real estate with the benefit to re-deploy the capital back into New Economy real estate with the Company.

(d) Enhanced earnings resilience from increased contribution from fund management segment with predominantly perpetual and core-capital and dividend capacity

The increase in AUM would translate to increased contribution from fee-based earnings from the fund management segment, thereby improving the quality of the earnings of the Enlarged Group. Based on the pro forma profit and loss statement of the Enlarged Group for the six months ended 30 June 2021, the revenue contribution from the fund management segment would have increased from 61% to 81% and segmental EBITDA contribution from the fund management segment would have increased from 23% to 49% for the Enlarged Group.

The contribution of perpetual and core-capital vehicles in AUM of the Enlarged Group as at 30 June 2021 would have increased from 37% to over 50% for the Enlarged Group. The Proposed Transaction would also allow the Enlarged Group to enjoy perpetual income streams from ARA Group's suite of REITs as further described in the section headed "*12. Information on the ARA Group*" below. The contribution of perpetual and core capital going forward would contribute to greater earnings visibility and, combined with potential synergies, enhance the earning resilience and dividend capacity in the Enlarged Group's earning profile.

8 Before unallocated corporate costs and transaction expenses.

9 Sum of investment properties, investments in associates and joint ventures and financial assets.

As previously announced in the section headed "*Corporate Governance and Other Information*" of the Company's annual report for the year ended 31 December 2020, the Company's long-term objective is to deliver returns to Shareholders that are sustainable and in line with the long-term growth of the Group. The Board will review the dividend policy upon Completion of the Proposed Transaction, including the merits and timing of future dividend payments.

(e) Generating the fastest AUM growth of all listed real estate managers with increased asset light trajectory

On a four-years CAGR basis, the Group's and the ARA Group's AUM have increased at 41.8% and 30.1%, respectively, which is the fastest amongst the listed real estate asset managers. The Enlarged Group's size and scale together with the track record and leadership position in key markets would position the Enlarged Group well for even greater growth opportunities over the long term off a larger base.

Given ARA Group's low balance sheet intensity, the Proposed Transaction would accelerate the Company's asset light trajectory by reducing the Enlarged Group's balance sheet intensity[10] to enhance return on capital. The Enlarged Group would benefit from ARA Group's efficient use of balance sheet with average co-investments of 3.7% as at 30 June 2021.

As at 30 June 2021	**Co-investment[11]** *(US$ million)*	**% co-investment[12]**
Public REITs[13]	346.1	4.5%[14]
New Economy funds[15]	278.6	5.8%[16]/6.5%[17]
Private real estate funds	285.4	5.4%
Infrastructure/Others	19.1	0.3%
Total	929.2	3.7%

10 Defined as (investment properties + investments in associates and JVs + financial assets)/total AUM (inclusive of associates).

11 Comprises of financial assets and associates and joint ventures on balance sheet as at 30 June 2021.

12 Computed based on capital committed by the ARA Group as a percentage of the total capital committed as at 30 June 2021.

13 Excludes contributions from ARA Logos Logistics Trust.

14 Based on market capitalisation as at 30 June 2021.

15 Includes contributions from ARA Logos Logistics Trust. The percentage of co-investment of ARA Logos Logistics Trust is calculated based on market capitalisation as at 30 June 2021.

16 Excludes contribution from ARA LOGOS Logistics Trust

17 Includes contributions from ARA Logos Logistics Trust. The percentage of co-investment of ARA Logos Logistics Trust is calculated based on market capitalisation as at 30 June 2021.

(f) Potential synergies between the Group and the ARA Group

The Group expects the following potential synergies between the Group and the ARA Group as a result of the Proposed Transaction:

- **Revenue:** As a result of the Proposed Transaction, there will be increased size and scale in the Enlarged Group, particularly across the "New Economy" offerings with approximately 80% of its segmental EBITDA[18] and capital commitments being generated from the "New Economy" offerings, and increased competitive advantage with a wider range of investor offerings with public and private platforms. Such offerings will include new types of funds (including discretionary and non-discretionary, core plus and value add and solar and renewable energies to support the data centre offering and dedicated data centre vehicles). The Enlarged Group will also have a wider geographical coverage in APAC with the ability to cover 10 markets in a more efficient and focused manner.

- **Cost of capital:** The Enlarged Group will benefit from enhanced credit profile through increased contribution from core and perpetual vehicles to more than 50% in terms of AUM, an increase in segmental EBITDA contribution from the fund management segment to 49% and an improvement in net debt to total assets ratio from 30.6% to 21.6%. The Enlarged Group will also benefit from significant borrowing cost advantages with the strong cash generative earnings profile of the ARA Group with increased balance sheet and scale and will be able to leverage the combined deep capital market relationships of the Group and the ARA Group.

- **Capital Partners and New Fund Products:** The Enlarged Group will be able to substantially expand its investor base with over 59 new capital partner relationships and attract a larger volume of capital from some of the largest global capital partners. Upon Completion, the Enlarged Group will cover more than 40% of the top 20 global real estate investors in terms of AUM. The Enlarged Group will also be able to leverage on the ARA Group's experience and track record of raising discretionary and co-mingled funds to accelerate the Company's plans for such funds further enhancing quality of the fee revenue.

- **Cost:** As a result of the Proposed Transaction, the Enlarged Group will be able to reduce and streamline back-office infrastructure costs, leverage ARA Group's deep asset management capability and benefit from more cost-effective procurement with the enlarged platform.

(g) Brings together best-in-class management team with a supportive strategic shareholder base

The ARA Group will bring in top quality professionals with extensive industry experiences and expertise at the C-suite level to bolster the Company's management strength. The senior leadership team of the ARA Group has an average experience of more than 25 years in real estate, asset management, REITs management, corporate strategy and finance, and has been with the ARA Group for an average of more than 10 years.

[18] 1H2021 Segmental EBITDA before unallocated corporate costs.

Under the new shareholder ownership structure, the Enlarged Group will benefit from a group of new strategic shareholders, such as Warburg Pincus, who will be adding significant value to the Company both as capital partners and long term strategic partners, supporting the Company's next phase of growth. Upon the Completion of the Proposed Transaction, the shareholding in the Company of certain members of the management team of the ARA Group, the ARA Executives and the LOGOS Founders would also ensure continuous alignment of interest with Shareholders.

(h) Reinforces deep commitment to ESG in real estate in APAC

ARA Group has been a pioneer in ESG in APAC with notable environmental initiatives and proactive actions across its portfolio. ARA Group is the first real estate assets manager in Asia to sign the WorldGBC's Net Zero Carbon Buildings Commitment. ARA Group has pledged to support the United Nations-supported Principles for Responsible Investing and committed to only owning net zero carbon assets under direct control by 2030, measuring and disclosing energy consumption and carbon emissions from 2022. ARA Group's ESG practices have received industry recognition – received more than 120 ESG awards and accolades, achieved 53 green building certifications (approximately 25% of property portfolio), and raised more than S$1 billion of green financing.

11. EFFECT OF THE PROPOSED TRANSACTION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The table below shows the shareholding structure of the Company (i) as at the Latest Practicable Date and (ii) immediately upon the allotment and issue of all the Consideration Shares and the SMBC Subscription Shares, in each case, assuming (a) the Cash Consideration Adjustment is not exercised, (b) no Shares other than the Consideration Shares and SMBC Subscription Shares are issued from the Latest Practicable Date up to and including the date of Completion, (c) no further Shares are repurchased by the Company pursuant to the Repurchase Mandate after the Latest Practicable Date and up to and including the date of Completion and (d) the Shares that have been repurchased by the Company up to the Latest Practicable Date have all been cancelled by the Company, for illustration purpose only:

Name of Shareholder	**As at the Latest Practicable Date**		**Immediately upon completion of the issue of the Consideration Shares and SMBC Subscription Shares**	
	Number of Shares	*%*	*Number of Shares*	*%*
OMERS	456,221,943	15.0	456,221,943	10.2
Redwood Entities[(1)]	453,272,219	14.9	453,272,219	10.1
Laurels[(2)]	319,658,645	10.5	319,658,645	7.2

Name of Shareholder	**As at the Latest Practicable Date**		**Immediately upon completion of the issue of the Consideration Shares and SMBC Subscription Shares**	
	Number of Shares	*%*	*Number of Shares*	*%*
Jingdong[3]	213,821,461	7.0	213,821,461	4.8
APG[4]	211,057,897	6.9	211,057,897	4.7
SK Inc	196,539,292	6.4	196,539,292	4.4
WP Entities	–	–	591,440,160	13.2
JL Entities	–	–	203,969,969	4.6
Straits	–	–	214,674,500	4.8
Wealthman Group	–	–	80,575,922	1.8
SMBC	–	–	205,014,113	4.6
New Horizon	–	–	6,998,782	0.2
Ivanhoe Cambridge	–	–	80,233,114	1.8
ARA Executives	–	–	32,545,917	0.7
LOGOS Founders	–	–	7,134,950	0.2
Other Shareholders	1,197,050,790	39.3	1,197,050,790	26.8
Total	3,047,622,247	100.0	4,470,209,674	100.0

Notes:

(1) As at the Latest Practicable Date, 420,521,337 Shares was held by Redwood. Redwood is owned as to 42.0% and 58.0% by Kurmasana Holdings, LLC and Redwood Investor (Cayman) Limited, respectively, of which Kurmasana Holdings, LLC is wholly owned by Redwood Investor (Cayman) Limited and the voting rights of Redwood Investor (Cayman) Limited are controlled as to 50% and 50% by Mr Charles Alexander Portes and Mr Stuart Gibson, respectively. Hence, each of Mr Charles Alexander Portes, Mr Stuart Gibson, Redwood Investor (Cayman) Limited and Kurmasana Holdings, LLC are deemed to be interested in the Shares held by Redwood. Besides, as at the Latest Practicable Date, 32,750,882 Shares (inclusive of the interest in 16,899,687 Shares underlying the share options pursuant to the Tier 1 ESOP) were held by Redwood Consulting (Cayman) Limited ("**Redwood Consulting**") as the beneficial owner. Redwood Consulting is owned as to 50.0% and 50.0% by Mr Charles Alexander Portes and Mr Stuart Gibson, respectively. Hence each of Mr Charles Alexander Portes and Mr Stuart Gibson are deemed to be interested in Shares held by Redwood Consulting.

(2) Laurels is wholly owned by The Shen Trust. The settlor of The Shen Trust is Rosy Fortune Limited, the sole shareholder of which is Mr Jinchu Shen. The trustee of The Shen Trust is Tricor Equity Trustee Limited. Rosy Fortune Limited has a deemed interest under the SFO in the Shares held by The Shen Trust in its capacity as settlor of The Shen Trust, Mr Jinchu Shen has a deemed interest under the SFO in the Shares held by The Shen Trust solely in his capacity as the sole shareholder of the settlor of The Shen Trust and Tricor Equity Trustee Limited has a deemed interest under the SFO in the Shares held by The Shen Trust in its capacity as trustee of The Shen Trust. As at the Latest Practicable Date, 319,658,645 Shares (inclusive of the interest in 7,799,856 Shares underlying the share options pursuant to the Tier 1 ESOP) were held by Laurels as the beneficial owner.

(3) Jingdong is a wholly owned subsidiary of Jingdong Technology Group Corporation. Jingdong Technology Group Corporation is a wholly owned subsidiary of JD.com, Inc., a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the NASDAQ (stock symbol: JD) and the Main Board of the Stock Exchange (stock code: 9618).Max Smart Limited, a BVI company beneficially owned by Mr Richard Qiangdong Liu through a trust, owned 13.5% of the total outstanding

ordinary shares and 72.9% of the total outstanding voting power of JD.com, Inc. as at 28 February 2021. Therefore, each of JD Logistics Holding Limited, Jingdong Technology Group Corporation, JD.com, Inc., Max Smart Limited and Mr Richard Qiangdong Liu is deemed to have beneficial ownership over the Shares held by Jingdong.

(4) APG Asset Management N.V. ("**APG-AM**") is the investment manager of APG, which is the holder of the relevant Shares. APG-AM is wholly owned by APG Groep N.V., which is 92.16% owned by Stichting Pensioenfonds ABP, which is an investor in APG Strategic Real Estate Pool. Each of Stichting Pensioenfonds ABP, APG-AM and APG Groep N.V., are therefore deemed to be interested in the Shares held by APG.

The table below shows the shareholding structure of the Company (i) as at the Latest Practicable Date and (ii) immediately upon the allotment and issue of all the Consideration Shares and SMBC Subscription Shares, in each case assuming (a) the Cash Consideration Adjustment is exercised in full, (b) no Shares other than the Consideration Shares and SMBC Subscription Shares and new Shares under the Permitted Issuance are issued from the Latest Practicable Date up to and including the date of Completion, (c) no further Shares are repurchased by the Company pursuant to the Repurchase Mandate after the Latest Practicable Date and up to and including the date of Completion and (d) the Shares that have been repurchased by the Company up to the Latest Practicable Date have all been cancelled by the Company, for illustration purpose only:

Name of Shareholder	**As at the Latest Practicable Date**		**Immediately upon completion of the issue of the Consideration Shares and SMBC Subscription Shares**	
	Number of Shares	*%*	*Number of Shares*	*%*
OMERS	456,221,943	15.0	456,221,943	10.2
Redwood Entities	453,272,219	14.9	453,272,219	10.1
Laurels	319,658,645	10.5	319,658,645	7.2
Jingdong	213,821,461	7.0	213,821,461	4.8
APG	211,057,897	6.9	211,057,897	4.7
SK Inc	196,539,292	6.4	196,539,292	4.4
WP Entities	–	–	430,381,938	9.6
JL Entities	–	–	148,353,696	3.3
Straits	–	–	156,139,434	3.5
Wealthman Group	–	–	58,605,372	1.3
SMBC	–	–	205,014,113	4.6
New Horizon	–	–	5,090,432	0.1
Ivanhoe Cambridge	–	–	80,233,114	1.8
ARA Executives	–	–	32,545,917	0.7
LOGOS Founders	–	–	7,134,950	0.2
Other Shareholders	1,197,050,790	39.3	1,496,139,252	33.5
Total	3,047,622,247	100.0	4,470,209,675	100.0

The table below shows the shareholding structure of the Company (i) as at the Latest Practicable Date, and (ii) immediately upon the allotment and issue of all the Consideration Shares, in each case, assuming (a) the SMBC Subscription does not proceed, (b) the Cash Consideration Adjustment is not exercised, (c) no Shares other than the Consideration Shares are issued from the Latest Practicable Date up to and including the date of Completion, (d) no further Shares are repurchased by the Company pursuant to the Repurchase Mandate from the Latest Practicable Date up to and including the date of Completion and (e) the Shares that have been repurchased by the Company up to the Latest Practicable Date have all been cancelled by the Company, for illustration purpose only:

Name of Shareholder	**As at the Latest Practicable Date**		**Immediately upon completion of the issue of the Consideration Shares**	
	Number of Shares	*%*	*Number of Shares*	*%*
OMERS	456,221,943	15.0	456,221,943	10.4
Redwood Entities	453,272,219	14.9	453,272,219	10.3
Laurels	319,658,645	10.5	319,658,645	7.3
Jingdong	213,821,461	7.0	213,821,461	4.9
APG	211,057,897	6.9	211,057,897	4.8
SK Inc	196,539,292	6.4	196,539,292	4.5
WP Entities	–	–	591,440,160	13.5
JL Entities	–	–	203,969,969	4.6
Straits	–	–	214,674,500	4.9
Wealthman Group	–	–	80,575,922	1.8
SMBC	–	–	128,324,764	2.9
New Horizon	–	–	6,998,782	0.2
Ivanhoe Cambridge	–	–	80,233,114	1.8
ARA Executives	–	–	32,545,917	0.7
LOGOS Founders	–	–	7,134,950	0.2
Other Shareholders	1,197,050,790	39.3	1,197,050,790	27.2
Total	3,047,622,247	100.0	4,393,520,325	100.0

The table below shows the shareholding structure of the Company (i) as at the Latest Practicable Date and (ii) immediately upon the allotment and issue of all the Consideration Shares, in each case assuming (a) the SMBC Subscription does not proceed, (b) the Cash Consideration Adjustment is exercised in full, (c) no Shares other than the Consideration Shares and new Shares under the Permitted Issuance are issued from the Latest Practicable Date up to and including the date of Completion, (d) no further Shares are repurchased by the

Company pursuant to the Repurchase Mandate from the Latest Practicable Date up to and including the date of Completion and (e) the Shares that have been repurchased by the Company up to the Latest Practicable Date have all been cancelled by the Company, for illustration purpose only:

Name of Shareholder	**As at the Latest Practicable Date**		**Immediately upon completion of the issue of the Consideration Shares**	
	Number of Shares	*%*	*Number of Shares*	*%*
OMERS	456,221,943	15.0	456,221,943	10.4
Redwood Entities	453,272,219	14.9	453,272,219	10.3
Laurels	319,658,645	10.5	319,658,645	7.3
Jingdong	213,821,461	7.0	213,821,461	4.9
APG	211,057,897	6.9	211,057,897	4.8
SK Inc	196,539,292	6.4	196,539,292	4.5
WP Entities	–	–	430,381,938	9.8
JL Entities	–	–	148,353,696	3.4
Straits	–	–	156,139,434	3.6
Wealthman Group	–	–	58,605,372	1.3
SMBC	–	–	128,324,764	2.9
New Horizon	–	–	5,090,432	0.1
Ivanhoe Cambridge	–	–	80,233,114	1.8
ARA Executives	–	–	32,545,917	0.7
LOGOS Founders	–	–	7,134,950	0.2
Other Shareholders	1,197,050,790	39.3	1,496,139,252	34.1
Total	3,047,622,247	100.0	4,393,520,326	100.0

12. INFORMATION ON THE ARA GROUP

(a) Overview of the ARA Group's Business

The ARA Group is the largest real assets manager in APAC according to the JLL Market Report, with approximately US$95 billion[19] in GAMA as at 30 June 2021, with a fast growing New Economy real estate platform. The ARA Group raises, manages and advises public and private investment funds that invest across traditional real estate assets, real estate credit and infrastructure and, through its subsidiary LOGOS, "New Economy" real estate assets,

[19] Includes assets under management by the ARA Group and its associates as at 30 June 2021, adjusted for LOGOS' acquisition of Moorebank Logistics Park announced on 5 July 2021, which completion is subject to satisfaction of certain conditions precedent.

including logistics and data centres ("**New Economy**"). The ARA Group operates a global platform with a focus on APAC, including key markets such as China, India, Japan, Australia and New Zealand, South Korea, Hong Kong and Singapore. Upon Completion, the ARA Group will hold 86.4% of LOGOS.

The ARA Group provides products and services through three principal segments: public markets, private markets and strategic investments. The ARA Group's vertically integrated platform covers substantially the entire lifecycle of public REITs and private real estate funds and their assets, including product development and capital raising, development, asset management and property management.

The ARA Group[20] does not own or develop any physical real estate assets on its balance sheet, highlighting its disciplined asset light approach. The ARA Group and LOGOS respectively co-invests[21] 5.4% and 5.8% in its private funds as at 30 June 2021.

The ARA Group has built strong relationships with capital partners which include sovereign wealth funds, pension and insurance funds, endowments, corporations, institutional public market investors, retail investors and high net-worth individuals, as well as a diverse base of blue-chip tenants for the properties managed by the Company's public REITs and private real estate funds.

The ARA Group's three principal business segments are summarised below:

(i) Public Markets

The ARA Group directly and indirectly manages a total of eleven public REITs listed in Singapore, Hong Kong, Japan and Australia, and directly manages five and six indirectly through its associates, with aggregate AUM of approximately US$22.5 billion as at 30 June 2021. As a REIT manager, the ARA Group directs each REIT's strategies, manages its assets and capital and oversees its acquisitions and divestments. Public REITs provide a long-term capital base for the ARA Group, combining stable cash flows with growth potential.

Suntec REIT

Suntec REIT is listed on the Main Board of SGX-ST and owns income-producing real estate primarily used for office and retail space in Singapore, Sydney, Melbourne, Adelaide and London. As at 30 June 2021, the ARA Group held approximately 8.2% of the total units issued by Suntec REIT. Suntec REIT is managed by a wholly owned subsidiary of the ARA Group.

20 Excludes LOGOS

21 Computed based on capital committed by the ARA Group and LOGOS, respectively, as a percentage of the total capital committed as at 30 June 2021.

Fortune REIT

Fortune REIT is listed on the Stock Exchange and holds 16 malls in private housing estates in Hong Kong. As at 30 June 2021, the ARA Group held approximately 0.3% of the total units issued by Fortune REIT. Fortune REIT is managed by a wholly owned subsidiary of the ARA Group.

Prosperity REIT

Prosperity REIT is listed on the Stock Exchange and holds a portfolio of seven offices and industrial properties in Hong Kong. As at 30 June 2021, the ARA Group held approximately 0.8% of the total units issued by Prosperity REIT. Prosperity REIT is managed by a wholly owned subsidiary of the ARA Group.

ARA Logos Logistics Trust

ARA Logos Logistics Trust is listed on the Main Board of SGX-ST and invests in quality income-producing real estate used for logistics in APAC. ARA Logos Logistics Trust manages 29 logistics warehousing properties in Singapore and Australia, as well as 49.5% and 40.0% interests in two funds. As at 30 June 2021, the ARA Group held approximately 12.6% of the total units issued by ARA Logos Logistics Trust. ARA Logos Logistics Trust is managed by a wholly owned subsidiary of LOGOS.

Hui Xian REIT

Hui Xian REIT is a RMB-denominated REIT listed on the Stock Exchange and has a portfolio including office, retail, serviced apartment and hotel space in four key cities in China. As at 30 June 2021, the ARA Group held approximately 0.1% of the units issued by Hui Xian REIT. Hui Xian REIT is managed by Hui Xian Asset Management Limited, a wholly owned subsidiary of World Deluxe Enterprises Limited. CK Asset Holdings Limited and the ARA Group indirectly own 70% and 30% of World Deluxe Enterprises Limited, respectively.

ARA US Hospitality Trust

ARA US Hospitality Trust is a stapled trust listed on the Main Board of SGX-ST comprising ARA US Hospitality Property Trust and ARA US Hospitality Management Trust. ARA US Hospitality Trust invests primarily in hospitality real estate in the United States. As at 30 June 2021, the ARA Group held approximately 21.0% of the total units issued by ARA US Hospitality Trust. The ARA US Hospitality Trust is managed by wholly owned subsidiaries of the ARA Group.

(ii) Private Markets

The ARA Group manages and co-invests in 53 private investment funds with aggregate AUM of approximately US$42.7 billion as at 30 June 2021. The ARA Group's private market funds offer a range of strategies, risk profiles and asset classes in multiple regions to serve a broad range of investors. The ARA Group's private markets segment includes three business lines: private real estate funds, New Economy funds, infrastructure/others.

Private real estate funds

The ARA Group manages private real estate funds, which offer a range of strategies, risk profiles and asset classes, including office, retail, residential and hospitality, in various geographic regions. As at 30 June 2021, the ARA Group managed private real estate funds with aggregate AUM of approximately US$14.2 billion. The private real estate funds serve a diverse base of capital partners, including sovereign wealth funds, pension and insurance funds, endowments, corporations, retail investors and high net-worth individuals.

New Economy funds through LOGOS

The ARA Group manages funds focused on logistics and data centres through LOGOS, the ARA Group's New Economy platform, which develops property solutions for New Economy customers across APAC.

LOGOS manages every key aspect of logistics and data centre real estate, including establishing funds and raising capital, sourcing land or facilities and developing and building out properties for customers. As at 30 June 2021, LOGOS managed 25 private real estate funds with aggregate AUM of approximately US$15.3 billion and ARA Logos Logistics Trust (as described above). LOGOS has built strategic relationships with key New Economy tenants with operations throughout APAC.

The ARA Group's integrated platform allows LOGOS to efficiently recycle capital and reinvest in new development projects by selling stabilised assets to the ARA Group's REITs and private real estate funds.

Infrastructure and others

The ARA Group established its infrastructure platform, ARA Infrastructure, in 2018, and is planning to launch its first infrastructure fund (subject to governmental approvals) which will seek infrastructure investments in Southeast Asia.

The ARA Group manages private real estate private debt mandates through Venn. As at 30 June 2021, Venn managed seven investment mandates with aggregate gross capital commitments of approximately US$13.2 billion. Venn maintains a presence in the United Kingdom, the Netherlands and Spain, and serves a diverse group of investors, including governments, leading global institutions and private investors. Venn underwrites and regularly invests in its transactions to align its interests with those of its investors and borrowers.

(iii) Strategic Investments

The ARA Group holds strategic investments in Kenedix and Cromwell Property Group, which operate similar business lines as the ARA Group. Kenedix was previously listed on the First Section of the Tokyo Stock Exchange and manages REITs and private real estate funds in Japan. Cromwell Property Group is listed on the Australian Stock Exchange and is real estate asset investor and manager with properties in Australia, New Zealand and Europe and a global investor base. These strategic investments provide the ARA Group access to markets with significant growth opportunities, including Japan, Australia, New Zealand and Europe. As at 30 June 2021, the ARA Group's strategic investments had an aggregate AUM of approximately US$30.2 billion.

Upon Completion, the Company will continuously review and streamline the Enlarged Group's business segments if and when it is in the interests of the Group and the Shareholders to do so.

(b) Financial Information of the ARA Group

The financial information of the ARA Group is set out in Appendices II and III to this Circular.

13. INFORMATION ON THE SELLERS

(a) ARA Cayman

ARA Cayman is an investment holding company incorporated in the Cayman Islands with limited liability.

As at the Latest Practicable Date, ARA Asset Management holds 100% of the ordinary shares and 96.21% of the total share capital (including ordinary shares and redeemable preference shares) of ARA Cayman. ARA Asset Management is in turn held by the following shareholders:

Name of Shareholders	Shareholding Percentage
Alexandrite Gem Holdings Limited(1)	48.7%
JL Investment Group Limited(2)	19.85%
JL Investment Group II Limited(2)	1.11%
Straits Equities Holdings (One) Pte. Ltd.	22.06%
Wealthman Group Limited(3)	8.28%

Notes:

(1) Alexandrite Gem Holdings Limited is an investment holding company indirectly wholly owned by funds managed or advised by Warburg Pincus LLC or its affiliates. Immediately prior to Completion, Alexandrite Gem Holdings Limited will acquire shares in ARA from ARA Cayman, to roll its current indirect interest in ARA down to a direct interest, whereupon it will adhere to the Acquisition Agreement as a Seller and participate in the Proposed Transaction.

As at the Latest Practicable Date, Alexandrite Gem Holdings Limited holds certain redeemable preference shares in ARA Cayman.

(2) JL Investment Group Limited and JL Investment Group II Limited (together, the "**JL Entities**") are each investment holding companies ultimately controlled by Mr. Lim Hwee Chiang (John). The total original acquisition cost of the ARA Shares indirectly held by the JL Entities was approximately S$292,441,188.

(3) Wealthman Group Limited is an investment holding company ultimately controlled by CK Asset Holdings Limited.

(b) SMBC

SMBC is one of Japan's leading banks and is a direct wholly owned subsidiary of Sumitomo Mitsui Financial Group, Inc., a financial holding company.

As at the Latest Practicable Date, SMBC directly holds 10% of the shareholding interest in ARA.

(c) New Horizon

New Horizon is an investment holding company incorporated in Samoa and is directly wholly owned by Chen Huaidan.

As at the Latest Practicable Date, New Horizon directly holds 0.62% of the shareholding interest in ARA.

(d) Athena Logistics

Athena Logistics is an exempted company incorporated in the Cayman Islands. Athena Logistics is an investment holding company indirectly wholly owned by funds managed or advised by Warburg Pincus LLC or its affiliates.

(e) Ivanhoe Cambridge

Ivanhoe Cambridge is an investment holding company incorporated in Canada and is a wholly owned subsidiary of Ivanhoe Cambridge Inc., a Canadian real estate investment company.

14. INFORMATION ON THE GROUP

The Group is the largest Asia-Pacific logistics real estate group by gross floor area and by value of the assets owned directly and by the funds and investment vehicles it manages. Its investments include completed properties held on its balance sheet and co-investments in the funds and investment vehicles and other public REITs which it manages. It also manages a broad range of funds and investment vehicles that invest in a portfolio of premium logistics properties in various stages of the property life cycle.

As at the Latest Practicable Date, the Company indirectly owns (a) approximately 67% of ESR Funds Management (S) Limited, the manager of ESR-REIT, and (b) 100% of Sabana Real Estate Investment Management Pte. Ltd., the manager of Sabana Shari'ah Compliant Industrial Real Estate Investment Trust. Upon Completion, in addition to these two managers, the Company will also indirectly own 86.4% of ARA Logos Logistics Trust Management Limited, the manager of ARA Logos Logistics Trust. The Company will work with the boards of directors of each of the managers to address and resolve any potential conflict of interests that may arise from ESR's ownership of the managers of the abovementioned REITs with overlapping investment mandates. Appropriate announcements will be made at the relevant time in accordance with all applicable regulatory requirements.

The financial information of the Group is set out in Appendix I to this Circular.

15. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION ON THE GROUP

Upon Completion, ARA will become a wholly owned subsidiary of the Company and accordingly, the financial results of the ARA Group will be consolidated into the consolidated financial statements of the Group.

Appendix IV to this Circular sets out certain unaudited pro forma financial information of the Enlarged Group, which illustrates the financial effects of the Proposed Transaction on (i) the assets and liabilities of the Group, assuming Completion had taken place on 30 June 2021 and (ii) the revenue and net profit after tax of the Group, assuming Completion had taken place on 1 January 2021.

As set out in Appendix IV to this Circular, the financial effects of the Proposed Transaction on the Group are summarised as follows:

(a) Assets

The total assets of the Group as at 30 June 2021 would have increased from approximately US$8.5 billion to approximately US$15.8 billion for the Enlarged Group.

(b) Liabilities

The total liabilities of the Group as at 30 June 2021 would have increased from approximately US$4.3 billion to approximately US$5.7 billion for the Enlarged Group.

(c) Total equity

The total equity of the Group as at 30 June 2021 would have increased from approximately US$4.2 billion to approximately US$10.1 billion for the Enlarged Group.

(d) Earnings

The revenue of the Group for the six months ended 30 June 2021 would have increased from approximately US$204.4 million to approximately US$421.0 million for the Enlarged Group. The net profit after tax of the Group for the six months ended 30 June 2021 would have increased from US$229.7 million to approximately US$346.8 million for the Enlarged Group. Excluding one-off estimated transaction costs and equity-settled share option expense relating to ARA Group employees, the net profit after tax of the Group would have increased to approximately US$434.5 million for the Enlarged Group. The earnings per share of the Group for the six months ended 30 June 2021 would have increased from US$0.070 per share to US$0.071 per share for the Enlarged Group. Excluding one-off estimated transaction costs and equity-settled share option expense relating to ARA Group employees, the earnings per share for the Enlarged Group would be US$0.091 per share.

(e) Others

The EBITDA of the Group for the six months ended 30 June 2021 would have increased from US$373.5 million to approximately US$536.9 million for the Enlarged Group. The adjusted EBITDA of the Group for the six months ended 30 June 2021 would have increased from US$214.8 million to approximately US$455.7 million for the Enlarged Group. The core profits after tax and minority interests ("**core PATMI**") of the Group for the six months ended 30 June 2021 would have increased from US$166.9 million to approximately US$360.3 million for the Enlarged Group, while the core PATMI per share for the six months ended 30 June 2021 would have increased from US$0.055 per share to US$0.081 per share for the Enlarged Group.

The Directors are of the view that the Proposed Transaction is not expected to have any material adverse impact on the financial position and earnings of the Group.

Shareholders should note that the earnings contribution from ARA Group after Completion will depend on the future performance of ARA Group, and the actual effect of the Proposed Transaction on the assets, liabilities and earnings of the Group will depend on the financial position and performance of ARA Group as of the date of Completion, which cannot be quantified as at the Latest Practicable Date. The unaudited pro forma financial information of the Enlarged Group set out in Appendix IV to this Circular has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position and performance of the Group and the Enlarged Group at any future date.

16. WAIVER IN RELATION TO QUALIFICATIONS OF REPORTING ACCOUNTANTS AND AUDITORS OF ARA

Pursuant to Rule 4.03 of the Listing Rules, all accountants' reports must normally be prepared by certified public accountants who are qualified under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) ("**PAO**") for appointment as auditors of a company and who are independent both of the issuer and of any other company concerned to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the requirements on independence issued by the Hong Kong Institute of Certified Public Accountants.

Rule 4.03 of the Listing Rules also provides that in the case of a circular issued by a listed issuer in connection with the acquisition of an overseas company, the Stock Exchange may be prepared to permit the accountants' report to be prepared by a firm of practicing accountants which is not so qualified but which is acceptable to the Stock Exchange. Such a firm must normally have an international name and reputation and be a member of a recognised body of accountants.

The Company has applied to, and has been granted a waiver by, the Stock Exchange from strict compliance with Rule 4.03 of the Listing Rules to permit KPMG LLP, Singapore to prepare the accountants' report on the ARA Group which is included in this Circular for the following reasons:

(a) **International name and reputation:** KPMG LLP, Singapore is an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. The KPMG network of member firms is one of the "big four" global accounting firms and has an international name and reputation;

(b) **Member of a recognised body of accountants:** The audit partner performing audit services for ARA from KPMG LLP, Singapore is a member of the Institute of Singapore Chartered Accountants ("**ISCA**"). ISCA is the legal accounting profession organisation in Singapore and a member of the International Federation of Accountants (IFAC), a global organisation for the accountancy profession. KPMG LLP, Singapore is a registered public accounting firm with the Accounting and Corporate Regulatory Authority in Singapore ("**ACRA**");

(c) **Independence:** KPMG LLP, Singapore is independent from the ARA Group in accordance with the ACRA Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities and International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards);

(d) **Auditing standards:** KPMG LLP, Singapore will issue the accountants' report on the historical financial information of the ARA Group in accordance with the International Financial Reporting Standards and the audit will be conducted in accordance with International Auditing Standards;

(e) **Unduly burdensome to engage the Company's current auditors:** KPMG LLP, Singapore has been the auditor of ARA since 2007 and is familiar with ARA's business and financial recording system. The headquarters, key financial reporting staff and accounting work papers of ARA are primarily located in Singapore. The relevant audit team of KPMG LLP, Singapore is familiar with and also has geographical proximity to the relevant personnel and records of ARA. KPMG LLP, Singapore had previously audited ARA's statutory accounts for 2018, 2019 and 2020. The Company's current auditor, Ernst & Young, has not been the auditor of ARA and does not have the familiarity or geographical proximity to ARA as KPMG LLP, Singapore. The Company therefore considers that it would be unduly burdensome, impractical, costly and would involve a significant amount of time for Ernst & Young or another accountant who is qualified under the Professional Accountants Ordinance in Hong Kong to act as the reporting accountants to prepare the accountants' report on ARA Group in a timely matter; and

(f) **Assistance from KPMG Hong Kong:** KPMG, Certified Public Accountants (Hong Kong) will assist KPMG LLP, Singapore in ensuring the disclosure requirements of the Hong Kong Companies Ordinance and the applicable provisions of the Listing Rule are duly complied with in the preparation of the accountants' report on the ARA Group.

17. IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Proposed Transaction exceeds 25% but is less than 100%, the Proposed Transaction constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Proposed Transaction is subject to the reporting, announcement and shareholders' approval requirement, under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Mr. Lim Hwee Chiang (John) indirectly holds 20.96% of the shareholding interest in ARA Asset Management, which in turns holds 100% of the ordinary shares and 96.21% of the total share capital (including ordinary shares and redeemable preference shares) in ARA Cayman. As Mr. Lim Hwee Chiang (John) is entitled to control the exercise of 10% or more of the voting power at general meetings of ARA, Mr. Lim Hwee Chiang (John) is a substantial shareholder of ARA for the purposes of the Listing Rules. Pursuant to the Acquisition Agreement, Mr. Lim Hwee Chiang (John) will be appointed as a senior advisor to the Company and a Non-executive Director and is therefore regarded as a controller of the Company under Rule 14A.28(1) of the Listing Rules. Accordingly, the Proposed Transaction constitutes a connected transaction of the Company under Rule 14A.28 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Transaction exceeds 5%, the Proposed Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, Circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

18. EGM AND VOTING

18.1 EGM

The Company will convene the EGM for the Independent Shareholders to consider and, if thought fit, approve, the Matters for Approval.

A notice convening the EGM to be held at Four Seasons Grand Ballroom, Four Seasons Hotel, 8 Finance Street, Central, Hong Kong on Wednesday, 3 November 2021 at 10:00 a.m. is set out on pages N-1 to N-3 of this Circular.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions to be considered and, if thought fit, approved at the EGM will be voted by way of poll by the Independent Shareholders. The results of the poll will be published on the Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **www.esr.com** as soon as possible after the conclusion of the EGM.

All Shareholders who have a material interest in the Matters for Approval will be required to abstain from voting on the ordinary resolutions in respect of the Matters for Approval at the EGM. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder has a material interest in the Matters for Approval. As such, no Shareholder is required to abstain from voting under the Listing Rules at the EGM on the ordinary resolutions in respect of the Matters for Approval.

A proxy form for use at the EGM is enclosed with this Circular. Whether or not you are able to attend the EGM or any adjourned meeting in person, you are requested to complete, sign and return the enclosed proxy form in accordance with the instructions printed thereon to it to the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

18.2 Expected Timetable for the EGM

The expected timetable for the EGM is as follows:

Event	Date
Latest time for lodging a transfer of Shares to qualify for attendance at the EGM	4:30 p.m. on Thursday, 28 October 2021
Closure of the register of members of the Company	Friday, 29 October 2021 to Wednesday, 3 November 2021
Latest time for lodging a proxy form for the EGM	10:00 a.m. on Monday, 1 November 2021
EGM	10:00 a.m. on Wednesday, 3 November 2021

18.3 Closure of Register of Members of the Company

For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 29 October 2021 to Wednesday, 3 November 2021, both days inclusive, during which period no transfer of Shares will be effected.

In order to qualify for the right to attend and vote at the EGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 28 October 2021.

19. RECOMMENDATIONS

19.1 Recommendation from the Directors (other than those on the Independent Board Committee)

Having taken into account the reasons for and benefits of the Proposed Transaction as set out in the section headed "*10. Reasons for, and Benefits of, the Proposed Transaction*" above, the Directors (other than those on the Independent Board Committee, whose views are set out in the Letter from the Independent Board Committee) consider that the terms of the Acquisition Agreement (including the Proposed Transaction contemplated thereunder) and the issue of the Consideration Shares and the SMBC Subscription Shares and (if the Company elects to make the Cash Consideration Adjustment) the Shares pursuant to the Permitted Issuance under the Specific Mandate are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors (other than those on the Independent Board Committee, whose views are set out in the Letter from the Independent Board Committee) recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Proposed Transaction (including the Specific Mandate).

As Mr. Jeffrey David Perlman ("**Mr. Perlman**") is a director of ARA as well as a Director of the Company, Mr. Perlman has a material interest in the Proposed Transaction (including the Specific Mandate) contemplated in the Acquisition Agreement and has therefore abstained from voting on the board resolutions of the Company for approving the Acquisition Agreement (including the Proposed Transaction contemplated thereunder and the Specific Mandate). In addition, Mr. Perlman has not been involved in any of the discussions in relation to the Proposed Transaction (including the Specific Mandate) in his capacity as the Director of the Company.

Save as disclosed above, none of the Directors had a material interest in the Acquisition Agreement (including the Proposed Transaction contemplated thereunder and the Specific Mandate) and no Director has abstained from voting on the relevant resolutions of the Board.

19.2 Recommendations from the Independent Board Committee and the Independent Financial Adviser

The Independent Board Committee (comprising all of the independent non-executive Directors) has been formed to advise the Independent Shareholders in respect of the Proposed Transaction (including the Specific Mandate).

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Proposed Transaction (including the Specific Mandate) is fair and reasonable so far as the Independent Shareholders are concerned, whether it is in the interests of the Company and the Shareholders as a whole and as to voting.

Your attention is drawn to (i) the letter from the Independent Board Committee set out in this Circular which contains its advice and recommendation to the Independent Shareholders in respect of the Proposed Transaction (including the Specific Mandate) and (ii) the letter from the Independent Financial Adviser set out in this Circular which contains its advice and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Transaction (including the Specific Mandate) and the principal factors and reasons considered by the Independent Financial Adviser in arriving at its advice and recommendation.

Having taken into account the reasons for and benefits of the Proposed Transaction and the factors and reasons considered by, and the advice of the Independent Financial Adviser as set out in the letter from the Independent Financial Adviser, the Independent

Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Proposed Transaction (including the Specific Mandate).

19.3 Recommendation from the Directors

The Board considers that the resolutions to be proposed at the EGM and as set out in the notice of the EGM for approving the proposed election of the Proposed Directors are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve election of the Proposed Directors.

20. FURTHER INFORMATION

Morgan Stanley Asia Limited acted as financial adviser to the Company on the Proposed Transaction.

Your attention is drawn to the additional information set out in the Appendices to this Circular.

The Proposed Transaction is subject to all of the Conditions being satisfied (or, if applicable, waived) and therefore may or may not become unconditional. If any of the Conditions is not satisfied (or, if applicable, waived), the Proposed Transaction will not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares and other securities of the Company.

Yours faithfully,
For and on behalf of the Board of
ESR Cayman Limited
Jinchu Shen
Director

The following is the text of the letter from the Independent Board Committee to the Independent Shareholders in respect of the Proposed Transaction (including the Specific Mandate).

ESR

ESR CAYMAN LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1821)

18 October 2021

To the Independent Shareholders

Dear Sir or Madam,

(1) MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF ARA ASSET MANAGEMENT LIMITED (2) ISSUE OF CONSIDERATION SHARES AND SUBSCRIPTION SHARES UNDER A SPECIFIC MANDATE (3) PROPOSED ELECTION OF DIRECTORS AND (4) NOTICE OF EGM

We refer to the circular of ESR Cayman Limited dated 18 October 2021 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Circular, unless the context otherwise requires.

We have been appointed by the Board to form the Independent Board Committee to advise you in respect of the Proposed Transaction (including the Specific Mandate), details of which are set out in the "Letter from the Board" in the Circular.

Somerley Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders as to whether the Proposed Transaction (including the Specific Mandate) is fair and reasonable so far as the Independent Shareholders are concerned, whether it is in the interests of the Company and the Shareholders as a whole and as to voting.

Your attention is drawn to the letter from the Independent Financial Adviser set out in this Circular, which contains its advice and recommendation to us and the Independent Shareholders in respect of the Proposed Transaction (including the Specific Mandate) as well as the principal factors and reasons for its advice and recommendation.

Having taken into account the reasons for and benefits of the Proposed Transaction as set out in the Circular and the factors and reasons considered by, and the advice of the Independent Financial Adviser as stated in its letter of advice, we are of the opinion that the terms of the Proposed Transaction (including the Specific Mandate) are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We therefore recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Proposed Transaction (including the Specific Mandate).

Yours faithfully,
Mr. Brett Harold Krause
The Right Honourable Sir Hugo George William Swire, KCMG
Mr. Simon James McDonald
Ms. Jingsheng Liu
Mr. Robin Tom Holdsworth
Independent Board Committee

The following is the full text of a letter of advice from Somerley Capital Limited to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Transaction (including the Specific Mandate), which has been prepared for the purpose of inclusion in the Circular.

SOMERLEY CAPITAL LIMITED
20th Floor
China Building
29 Queen's Road Central
Hong Kong

18 October 2021

To: the Independent Board Committee and the Independent Shareholders

Dear Sirs,

**(1) MAJOR AND CONNECTED TRANSACTION
IN RELATION TO THE PROPOSED ACQUISITION OF
ARA ASSET MANAGEMENT LIMITED AND
(2) ISSUE OF CONSIDERATION SHARES AND
SUBSCRIPTION SHARES UNDER A SPECIFIC MANDATE**

INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in relation to the Proposed Transaction (including the Specific Mandate), details of which are contained in the circular of the Company dated 18 October 2021 (the "**Circular**"), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 4 August 2021 (after trading hours), the Company, ARA and the Sellers entered into the Acquisition Agreement (as further amended on 24 August 2021), pursuant to which the Company has conditionally agreed to acquire 100% of the share capital of ARA for the Total Consideration of US$5,192 million, subject to the Cash Consideration Adjustment (if any), which will be satisfied as to US$4,673 million (or approximately 90.0%) by the allotment and issue of the Consideration Shares, and as to the balance of US$519 million (or approximately 10.0%) by the payment of the Cash Consideration.

As the highest applicable percentage ratio in respect of the Proposed Transaction exceeds 25% but is less than 100%, the Proposed Transaction constitutes a major transaction of the Company under Chapter 14 of the Listing Rules. Accordingly, the Proposed Transaction is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, Mr. Lim Hwee Chiang (John) indirectly holds 20.96% of the shareholding interest in ARA Asset Management, which in turns holds 100% of ordinary shares in ARA Cayman. As Mr. Lim Hwee Chiang (John) is entitled to control the exercise of 10% or more of the voting power at the general meetings of ARA, he is a substantial shareholder of ARA for the purposes of the Listing Rules. Pursuant to the Acquisition Agreement, Mr. Lim Hwee Chiang (John) will be appointed as a senior advisor to the Company and a Non-executive Director and is therefore regarded as a controller of the Company under Rule 14A.28(1) of the Listing Rules. Accordingly, the Proposed Transaction constitutes a connected transaction of the Company under Rule 14A.28 of the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Transaction exceeds 5%, the Proposed Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. Brett Harold Krause, The Right Honourable Sir Hugo George William Swire, KCMG, Mr. Simon James McDonald, Ms. Jingsheng Liu and Mr. Robin Tom Holdsworth, has been established to advise the Independent Shareholders in connection with the Proposed Transaction (including the Specific Mandate). We, Somerley Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

During the past two years, there was no engagement between the Company and Somerley Capital Limited. As at the Latest Practicable Date, there were no relationships or interests between (a) Somerley Capital Limited; and (b) the Group, the Sellers, and their respective subsidiaries and associates that could reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser.

In formulating our opinion and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the Directors and management of the Group, which we have assumed to be true, accurate and complete in all material aspects as at the date of the Circular or the Latest Practicable Date (as the case may be) and will remain so up to the time of the EGM. We have reviewed (i) the Acquisition Agreement (as further amended on 24 August 2021); (ii) the annual report of the Company for the year ended 31 December 2020; (iii) the interim report of the Company for the six months ended 30 June 2021; and (iv) information contained in the Circular. We have also reviewed the trading performance of the Shares on the Stock Exchange. We have sought and received confirmation from the Directors that all material relevant information has been supplied to us and that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to doubt the truth, accuracy or completeness of the information provided to us, or to believe that any material information has been omitted or withheld. We have relied on such information and consider that the information which we have received is sufficient for us to reach an informed view. We have, however, not conducted any independent investigation into the business and affairs of the Group, the Sellers, the ARA Group, and their respective subsidiaries or associates, nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Proposed Transaction (including the Specific mandate), we have taken into account the following principal factors and reasons:

1. Background information of the Group

1.1 Principal business activities

The Group is principally engaged in (i) the development, construction and sale of completed properties; (ii) the management of the underlying assets on behalf of its capital partners via the funds and investment vehicles it managed; and (iii) the investment in completed properties, co-investment in the funds and investment vehicles and the public REITs it managed, and other investments. The Shares have been listed on the Stock Exchange since 1 November 2019, and the Company had a market capitalisation of approximately HK$69.8 billion as at the Latest Practicable Date.

The Group has geographical presence in the key markets in Asia Pacific, covering Australia, China, Japan, South Korea, Singapore and India. As at 30 June 2021, the Group (i) manages over 35 private third-party investment vehicles and three public-listed REITs, with a total AUM of approximately US$36.3 billion, (ii) owns completed logistics real estate with gross floor area over 14.2 million sqm, and (iii) has development pipeline with gross floor area of approximately 16.0 million sqm.

As set out in its prospectus, the Company's goal is to expand its position as a leading logistics real estate and fund management platform in Asia Pacific through a combination of growth strategies, including (i) actively evaluating opportunities in new markets through potential partnerships and selective acquisitions, and (ii) expanding its fund management platform and continuing to pursue acquisition opportunities. These strategies are being actively implemented as evidenced by a number of acquisitions undertaken by the Group since listing (as detailed in the section below headed "1.2 Selected recent development"), resulting in a substantial increase in the Group's AUM and expected growth in future management fee income.

1.2 Selected recent development

The Group raised approximately US$565.5 million of net proceeds from its listing in November 2019. Since then, a number of acquisitions and other transactions have been announced by the Group, in line with its stated growth strategies. For example, in June 2021, the Group completed a co-investment in a logistics portfolio in Australia, which has an aggregate value of approximately A$3.8 billion. In August 2021, the Group announced to establish a co-investment platform with an initial capital commitment of US$1.0 billion, which will in turn invests in warehousing and/or industrial properties in selected markets of China to be sourced, developed and managed by the Group.

In respect of realising values for its capital partners, the Group listed ESR Kendall Square REIT on the Korea Exchange in December 2020, raising new capital through pre-IPO investments and the global offering, for which the Group acts as the REIT manager. The initial portfolio of such REIT was sold down from two of the Group's private real estate funds.

It is stated in the Company's 2020 annual report that the Group will expand into the evolving ecosystem of data centres, a complementary asset class that has grown substantially in recent years. In the first half of 2021, the Group acquired data centre projects in Osaka, Japan and Kwai Chung, Hong Kong, being the first two data centre projects of the Group.

1.3 Financial performance

The following table sets out a summary of the consolidated statements of profit or loss of the Group for the three years ended 31 December 2018, 2019 and 2020, and for the six months ended 30 June 2020 and 2021, as extracted and summarised from the Company's 2019 and 2020 annual reports and 2021 interim report:

	For the six months ended 30 June		**For the year ended 31 December**		
	2021	**2020**	**2020**	**2019**	**2018**
	(unaudited)	*(unaudited)*	*(audited)*	*(audited)*	*(audited)*
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue	204,399	197,641	388,331	357,369	254,148
EBITDA *(Note 1)*	373,450	269,426	571,177	549,091	384,212
Adjusted EBITDA *(Note 2)*	214,812	151,007	366,004	358,933	239,586
Profit attributable to owners of the Company ("**PATMI**")	213,947	132,993	286,466	245,177	203,042
Core PATMI *(Note 3)*	166,940	121,204	259,941	226,723	147,619
Earnings per share (basic and diluted)	US$0.07	US$0.04	US$0.09	US$0.09	US$0.08

Notes:

(1) Being profit before tax, adding back depreciation and amortisation and finance costs, minus the effect of interest income

(2) Being profit before tax, adding back depreciation and amortisation, exchange loss/(gain), finance costs, equity-settled share option expense, write-off related to loss of property, plant and equipment and the listing expenses, minus the effect of interest income, one-off insurance compensation and fair value gains on completed investment properties and investment properties under construction

(3) Being PATMI, adding back equity-settled share option expense, minus the effect of fair value gains on completed investment properties (net of tax)

The Group's revenue continued to grow in the past three years, increased by approximately 40.6% to approximately US$357.4 million in 2019, and a further 8.7% to approximately US$388.3 million in 2020, mainly attributable to higher management fee income driven by its growth in AUM, increased rental income arising from the full year consolidation of Propertylink (Holdings) Limited Group (an industrial and office investment group acquired by the Group in March 2019), and higher construction revenue. For the first half of 2021, the Group recorded revenue of approximately US$204.4 million, representing a slight increase of approximately 3.4% compared to the same period in 2020, mainly driven by the continuous increase in management fee income, partly offset by lower construction income following disposal of the Group's Australia construction arm in September 2020.

The Group's Adjusted EBITDA and core PATMI increased by approximately 49.8% and 53.6% respectively to approximately US$358.9 million and US$226.7 million in 2019, mainly due to the enhanced performance from its investment and fund management segments, as explained above. In 2020, the Group's Adjusted EBITDA and core PATMI growth slowed down to approximately 2.0% and 14.7% to approximately US$366.0 million and US$259.9 million respectively, mainly due to lower rental income following the deconsolidation of a real estate portfolio in Australia.

The Group recorded Adjusted EBITDA and core PATMI of approximately US$214.8 million and US$166.9 million in the first half of 2021, representing an increase of approximately 42.3% and 37.7% respectively, compared to the same period in 2020. The increases were mainly attributable to the growth in the Group's co-investments in funds, associates and joint ventures, as well as lower borrowing costs.

1.4 Financial position

The following table sets out a summary of the consolidated statement of financial position of the Group as at 31 December 2018, 2019 and 2020, and as at 30 June 2021, as extracted and summarised from the Company's 2019 and 2020 annual reports and 2021 interim report:

	As at 30 June	**As at 31 December**		
	2021	**2020**	**2019**	**2018**
	(unaudited)	*(audited)*	*(audited)*	*(audited)*
	US$'000	*US$'000*	*US$'000*	*US$'000*
Non-current assets	7,172,546	5,861,284	5,156,142	3,562,491
Current assets	1,377,267	1,826,157	1,196,056	869,109
Current liabilities	1,620,124	985,662	488,976	855,373
Non-current liabilities	2,725,619	2,896,574	2,612,110	1,258,305

	As at 30 June 2021 (unaudited) US$'000	As at 31 December 2020 (audited) US$'000	2019 (audited) US$'000	2018 (audited) US$'000
Equity attributable to owners of the Company	4,008,531	3,596,209	3,026,254	2,090,039
Weighted average interest cost	4.6%	4.6%	5.0%	N/A
Gearing ratio	30.6%	23.2%	26.6%	19.8%
Net asset value per Share *(Note)*	US$1.23	US$1.18	US$1.00	US$0.78

Note: Calculated by dividing (a) the equity attributable to owners of the Company, minus the carrying amount of perpetual capital securities, by (b) the number of Shares outstanding as at the end of the relevant period/year

As at 30 June 2021, major assets of the Group comprised (i) investment properties of approximately US$3.6 billion, mainly representing logistics facilities measured at fair value, (ii) financial assets at fair value of approximately US$1.4 billion, mainly comprising listed equity investments and unlisted equity interests in investment funds and associates, including an approximately 18.1% equity interest in the Hong Kong listed China Logistics Property Holdings Co., Ltd. ("**CNLP**", 1589.HK), which is principally engaged in leasing of storage facilities and the related management services in the PRC, (iii) investments in joint ventures and associates, which in turn hold properties under construction and completed properties mainly in China, South Korea and Australia, of approximately US$1.3 billion, and (iv) cash and bank balances of approximately US$1.1 billion.

CNLP announced on 3 September 2021 that it is subject to a possible mandatory conditional cash offers for all its issued shares (the "**CNLP Offer**") and convertible bonds. The Offeror, JD Property Group Corporation, is a subsidiary of JD.com, Inc. The value of the Group's equity interest in CNLP as implied by the CNLP Offer is approximately US$350.7 million. Based on our discussion with the management, as at the Latest Practicable Date, the Group is considering the CNLP Offer which the completion will only take place after the conditions are being fulfilled on or around 15 July 2022, and has not decided whether to accept the CNLP Offer or not.

As at 30 June 2021, major liabilities of the Group comprised bank and other borrowings of approximately US$3.8 billion, with a weighted average debt maturity of approximately four years and a weighted average interest rate of approximately 4.6% per annum. As advised by the management of the Group, diversification of the Group's funding sources through a combination of banking facilities and bond issuances drove down the weighted average interest rate in 2020 and the first half of 2021.

On the same date, the Group has net debt (calculated by bank and other borrowings minus cash and bank balances) of approximately US$2.6 billion and gearing ratio (calculated by dividing net debt by total assets) of approximately 30.6%. The Directors commented in the 2021 interim report that the Company has a robust and well-capitalised balance sheet as at 30 June 2021.

2. Reasons for and benefits of the Proposed Transaction

The Board is of the view that the Proposed Transaction will enhance shareholder value and represents a continuation of the Company's strategy articulated at the time of its listing on the Stock Exchange in 2019. Detailed reasons for and benefits of the Proposed Transaction, as well as potential synergies between the Group and the ARA Group are set out in the Letter from the Board, and are summarised and highlighted below:

- The Enlarged Group would become the largest real asset manager in Asia Pacific and the third largest listed real estate investment manager globally, with a total AUM of approximately US$131.7 billion[1].

  Through the ARA Group, the Enlarged Group would also establish relationships with a significant number of new capital partners and have the support of top global real estate limited partners.

- LOGOS, a 86.4% owned subsidiary of the ARA Group upon Completion, mainly invests in New Economy real estate, with a total AUM of approximately US$16.6 billion[2]. The Proposed Transaction would increase the Group's AUM in New Economy real estate by approximately 46% to approximately US$52.9 billion and increase the Group's presence to 10 markets in Asia Pacific.

- With the ARA Group's leading position in Asia Pacific, the Enlarged Group will be well-positioned to benefit from (i) the financialisation of real estate in the region, in particular the expected growth opportunity in REIT markets, and (ii) an integrated closed-loop solutions ecosystem to help global capital partners to divest commercial real estate with the benefit to re-deploy the capital back into New Economy real estate with the Company.

1 being the sum of (a) total AUM managed by the Group of approximately US$36.3 billion as at 30 June 2021, and (b) total AUM managed by the ARA Group and its associates of approximately US$95.4 billion as at 30 June 2021, adjusting for LOGOS' acquisition of Moorebank Logistics Park announced on 5 July 2021, which completion is subject to satisfaction of certain conditions precedent

2 being the sum of (a) total AUM managed by LOGOS of approximately US$15.3 billion, adjusting for LOGOS' acquisition of Moorebank Logistics Park announced on 5 July 2021, which completion is subject to satisfaction of certain conditions precedent; and (b) total AUM managed by ARA Logos Logistics Trust of approximately US$1.3 billion

ARA runs an "asset-light" business model to earn management fee income. The Proposed Transaction would therefore reduce the Enlarged Group's balance sheet intensity to enhance return on capital.

- The Proposed Transaction would increase the Enlarged Group's fee-based earnings contribution, and increase the contribution of perpetual and core-capital vehicles in AUM of the Enlarged Group, thereby enhancing earnings resilience and dividend capacity.

- The acquisition of the ARA Group will bring in quality professionals with extensive industry experiences and expertise. It is expected that the management of ARA and LOGOS will be retained to continue their contribution to the Enlarged Group.

- The Enlarged Group will benefit from a group of new strategic shareholders, including Warburg Pincus LLC. Upon Completion, the shareholding in the Company of certain members of the management team of the ARA Group, the ARA Executives and the LOGOS Founders, which are subject to lock-up arrangements, would also ensure continuous alignment of interest with Shareholders.

- With an increased size and scale, the Enlarged Group is expected to have offerings of new type of funds, particularly across the New Economy sector and a wider geographical coverage in the Asia Pacific region, and benefit from significant borrowing cost advantages, by leveraging the combined capital market relationships of the Group and the ARA Group.

  The Enlarged Group will be able to reduce and streamline back-office infrastructure costs, leverage ARA Group's asset management capability and benefit from more cost-effective procurement with the enlarged platform.

Our comments

As discussed in the section above headed "1. Background information of the Group", the Group continued to expand its business through organic growth and strategic acquisitions of private and public platforms in Asia Pacific markets in recent years. The Proposed Transaction, the largest acquisition since its listing, will not only expand the Group's scale of operation immediately, but also bring significant synergetic value to the Enlarged Group as explained above.

Compared to the Group which focuses on New Economy real estate (being logistics and more recently, data centres), the ARA Group has a diversified portfolio under management, including offices, retail, hospitality and other types of real estate related investments. While such other types of real estate investments have not been its strategic focus, the Group may take advantage of the financialisation of real estate in Asia Pacific, in particular the expected growth of REIT markets in the region, to assist its capital partners to divest commercial real estate and to re-deploy the capital back into New Economy real estate, which the Group (and LOGOS upon Completion) has a strong track record.

Having considered the above commercial rationale and the fact that the ARA Group is a leading real asset manager in Asia Pacific with a significant size of AUM that invests in New Economy real estate, we concur with the Directors' view that the Proposed Transaction represents a sensible expansion move by the Group and is in line with the Group's stated strategy on expanding its position as a leading logistics real estate and fund management platform in Asia Pacific.

3. Principal terms of the Acquisition Agreement

Set out below is a summary of the principal terms of the Acquisition Agreement. Shareholders are advised to read in full further details of the Acquisition Agreement as set out in the Letter from the Board.

3.1 100% acquisition

On 4 August 2021, the Company, ARA and the Sellers entered into the Acquisition Agreement (as further amended on 24 August 2021), pursuant to which the Company has conditionally agreed to acquire 100% of the share capital of ARA. The Proposed Transaction will be implemented through the sale and purchase of ARA Shares or (if elected by ARA Cayman) the merger of ARA and a wholly-owned subsidiary of the Company under Bermuda Law, whereupon ARA will be the surviving entity. The Proposed Transaction will be satisfied by the allotment and issue of the Consideration Shares and the payment of the Cash Consideration.

Based on our understanding from the management of the Group, whether the Proposed Transaction will be implemented in full by sale of ARA Shares or partly by the abovementioned merger will not affect the overall terms of the Proposed Transaction (including the terms in relation to the Total Consideration). As at the Latest Practicable Date, ARA Cayman has not given such notice to the Company and the other Sellers.

3.2 Total Consideration

The Total Consideration is US$5,192 million, which will be satisfied in the following manner (subject to any Cash Consideration Adjustment):

(a) US$519 million in cash (being the Cash Consideration). US$250 million of the Cash Consideration will be funded by the SMBC Subscription (as referred to the sub-section below headed "3.4 The SMBC Subscription") and the remaining amount is expected to be funded by the internal resources of the Group; and

(b) US$4,673 million by the issue of 1,345,898,078 Consideration Shares at a price of HK$27.0 per Share (being the Consideration Share Price), which was determined after arm's length negotiation with reference to the prevailing market price of the Shares, as further analysed under the section below headed "6. Assessment of the issue prices of the Consideration Shares and the SMBC Subscription Shares".

The Consideration Shares and the SMBC Subscription Shares will be issued by the Company pursuant to the Specific Mandate to be obtained from the Independent Shareholders at the EGM.

Assuming that the Cash Consideration Adjustment is not exercised and no further Shares are repurchased by the Company pursuant to the Repurchase Mandate prior to Completion, the 1,345,898,078 Consideration Shares represent approximately 44.2% of the total issued Shares as at the Latest Practicable Date and approximately 30.1% of the total issued Shares as enlarged by the allotment and issue of the Consideration Shares and the SMBC Subscription Shares.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares, the SMBC Subscription Shares and any Shares issued pursuant to the Permitted Issuance (as further described below).

Following Completion, the Company will announce details of the final number of Consideration Shares and (if the Cash Consideration Adjustment is exercised) the total amount of Cash Consideration received by each of the Sellers and the Consideration Recipients on Completion.

3.3 Cash Consideration Adjustment

The Company may issue additional Shares before Completion to finance the Proposed Transaction provided that, among other things, such Shares will be issued for cash at a minimum price of HK$27.0 per Share, and the total cash proceeds from such issuance do not in aggregate exceed US$1,038 million (being the Permitted Issuance). If a Permitted Issuance is made, the full amount of any cash proceeds will be applied towards partial settlement of the Total Consideration, such that the amount of the Cash Consideration will be increased, and that the number of Consideration Shares will be reduced accordingly.

Following publication of the Announcement and up to the Latest Practicable Date, the Shares had been trading below HK$27.0, which made the Permitted Issuance impossible due to the abovementioned price restriction. Any Permitted Issuance before Completion will depend on, among others, the price of the Shares rising to HK$27.0 or above.

3.4 The SMBC Subscription

Pursuant to the Acquisition Agreement, the Company has agreed to allot and issue to SMBC and/or its designated affiliates an additional 76,689,349 Shares at a subscription price of HK$25.35 per Share. Proceeds from the SMBC Subscription of approximately US$250 million is to be used for the partial satisfaction of the Cash Consideration.

The SMBC Subscription is conditional on, amongst other things, the Proposed Transaction becoming unconditional, while the Proposed Transaction is not conditional on the SMBC Subscription being completed. As confirmed by the management of the Group, the Proposed Transaction and the SMBC Subscription are expected to take place simultaneously.

The SMBC Subscription Price is lower than the Consideration Share Price of HK$27.0 per Share, which the Company considers acceptable as the introduction of SMBC as an investor represents an opportunity for the Group to expand and strengthen its long-term blue chip shareholder base and establish a relationship with a strong capital partner.

Both the SMBC Subscription Price and the Consideration Share Price are further analysed in the section below headed "6. Assessment of the issue prices of the Consideration Shares and the SMBC Subscription Shares".

3.5 Amendments to the Acquisition Agreement

On 19 August 2021, the Board announced the Share Repurchase, which will be financed by the Company's existing available cash, and any Shares repurchased will be cancelled by the Company.

On 24 August 2021, the parties to the Acquisition Agreement entered into an amendment agreement, pursuant to which they agreed that the Company would be permitted to conduct the Share Repurchase and that the number of Consideration Shares and the principal amount of Consideration VLNs would be adjusted in accordance with an agreed calculation methodology if necessary, which is to ensure that no Seller is obliged to make a mandatory general offer for the Shares pursuant to Rule 26 of the Takeovers Code after the Share Repurchase.

Pursuant to a confirmation letter dated 12 October 2021 entered into by the Company and ARA in respect of the Acquisition Agreement, no Consideration VLNs will be issued to any Seller or Consideration Recipient. Additional Shares equal to the number of Conversion Shares that would have been received by each Seller or Consideration Recipient on conversion of the Consideration VLNs will instead be issued to the relevant Seller or Consideration Recipient. The amendments to the Acquisition Agreement do not result in any change to the Total Consideration, the Cash Consideration or the aggregate number of Shares to be issued under the Acquisition Agreement.

As at the Latest Practicable Date, the Company had purchased an aggregate of 13,868,600 Shares pursuant to the Repurchase Mandate, and the updated number of Consideration Shares to be issued by the Company are set out in the section headed "2.4 Cash Consideration and Consideration Shares" in the Letter from the Board. Save for the foregoing, the other terms of the Acquisition Agreement remain unchanged.

3.6 Lock-up undertakings

Certain Sellers, Consideration Recipients and existing Shareholders agreed to enter into the lock-up undertakings in relation to the Proposed Transaction. Subject to certain customary exceptions:

(a) the WP Entities, Straits, SMBC, Wealthman Group, New Horizon and Ivanhoe Cambridge, in respect of all Shares legally and beneficially owned by them on Completion (the "**Owned Securities**") (in respect of SMBC, including the SMBC Subscription Shares to be issued upon Completion) for a period of six months from the date of Completion;

(b) the JL Entities, the LOGOS Founders, Laurels and Redwood Entities in respect of a certain of their respective Owned Securities for a period of up to 36 months after the date of Completion; and

(c) the ARA Executives, in respect of all or part of the Shares legally and beneficially owned by them and issued to them pursuant to the employee share option plan of the ARA Group (the "**ESOP Shares**") for a period of up to 18 months from the date of Completion,

agreed or will agree not to and agree to procure that, upon Completion, no company controlled by such Undertaking Party (by majority interest or board control) or any nominee or trustee holding in trust for such Undertaking Party will:

(i) sell or otherwise transfer or dispose of or create an encumbrance over any of their Owned Securities or ESOP Shares;

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of, any of their Owned Securities or ESOP Shares;

(iii) enter into any transaction with the same economic effect as any transaction described in paragraph (i) or (ii) above; or

(iv) offer to or contract to or agree to or publicly disclose that such Undertaking Party will or may enter into any transaction described in paragraph (i), (ii) or (iii) above.

Based on our understanding from the management of the Group, the longer lock-up periods for the above group (b) and group (c) entities are principally due to the importance of their continued contribution to the business operation of ARA.

3.7 Conditions to Completion

Details of the conditions to Completion are set out in the section headed "2.9 Conditions to Completion" in the Letter from the Board. The major ones are summarised as follows:

Regulatory Conditions

(i) the listing of and permission to deal in all the Consideration Shares and the SMBC Subscription Shares being granted by the Listing Committee of the Stock Exchange, and such listing and permission not being subsequently revoked before Completion;

(ii) the relevant approvals from the governmental authority in the relevant jurisdictions, including Bermuda, India, the United Kingdom, New Zealand, Australia, Hong Kong, Singapore and Vietnam, as more particularly described in Conditions (ii) to (xi) under the section headed "2.9 Conditions to Completion" in the Letter from the Board; and

Shareholders' approval

(iii) the passing by the Independent Shareholders at the EGM of the ordinary resolutions to:

(a) approve the Proposed Transaction in accordance with the requirements of Chapter 14 and 14A of the Listing Rules;

(b) approve the issue and allotment of the Consideration Shares and the SMBC Subscription Shares; and

(c) appoint each of the (i) two nominees of ARA Cayman and (ii) one nominee of SMBC to the Board as directors.

If any of the Conditions is not satisfied (or, if applicable, waived) by 5:00 p.m. on 24 December 2021 (or such later date (being no later than 14 February 2022) as either the Company or ARA Cayman may specify), any party to the Acquisition Agreement may terminate the Acquisition Agreement with immediate effect.

As at the Latest Practicable Date, none of the Conditions have been satisfied (or, if applicable, waived).

Irrevocable Voting Undertakings

Each of Redwood, Laurels, OMERS, Jingdong and SK Inc (who in aggregate held approximately 53.8% of the total issued Shares as at the Latest Practicable Date) has irrevocably undertaken to, among other things, vote or appoint a proxy to vote all of the Shares legally or beneficially owned by them in favour of the ordinary resolutions to approve the Matters for Approval at the EGM.

Each of the resolutions to approve the Matters for Approval at the EGM is an ordinary resolution, which shall be considered and approved by the Independent Shareholders by way of a simple majority (i.e. 50%). As a result of the above, it is expected that the ordinary resolutions to approve the Matters for Approval will be duly passed at the EGM.

3.8 Reorganisation of ARA pre-Completion

Prior to Completion, the ARA Group will undertake a reorganisation (the "**Pre-Completion Reorganisation**"), such that the ARA Group will increase its effective interest in LOGOS from approximately 52.0% as at 30 June 2021 to approximately 86.4% upon Completion.

As a result of the reorganisation, Ivanhoe Cambridge and Athena Logistics will become shareholders of ARA. Immediately prior to Completion, Alexandrite Gem will also acquire ARA Shares from ARA Cayman, to roll its current indirect interest in ARA down to a direct interest, and become a Seller under the Proposed Transaction.

As at the Latest Practicable Date, ARA's Pre-Completion Reorganisation has not been completed.

3.9 Completion

Completion will take place on the tenth Business Day after the date on which the last of the Conditions is satisfied (or, if applicable, waived) (or any other date agreed in writing by ARA Cayman and the Company).

Subject to the satisfaction (or, if applicable, waiver) of the Conditions, it is currently expected that Completion will take place in the fourth quarter of 2021 or the first quarter of 2022.

3.10 Termination

The Acquisition Agreement may be terminated at any time prior to Completion:

(i) by ARA Cayman to the other parties if a Material Adverse Effect occurs with respect to the Group;

(ii) by the Company to the other parties if a Material Adverse Effect occurs with respect to the ARA Group; and/or

(iii) by the Company to the other parties if a Material Adverse Effect has occurred with respect to the Group on or before the date falling 45 calendar days after the date of the Acquisition Agreement, pursuant to limb (b) where the closing price per Share on the Stock Exchange falls 20% or more below HK$27.0 for any consecutive 10 trading day period after the date of the Acquisition Agreement.

Upon the termination of the Acquisition Agreement, it will cease to have further force or effect, and the Proposed Transaction will not proceed, except that customary surviving provisions and any rights or liabilities that have accrued prior to termination will survive termination of the Acquisition Agreement.

4. Information on the ARA Group

4.1 Background and businesses of the ARA Group

The ARA Group is principally engaged in the provision of (i) real estate fund management services, including acting as the manager for REITs (both publicly listed and privately held) and private real estate funds, and (ii) real estate management services. ARA is one of the leading real assets managers in Asia Pacific. Gross assets managed by the ARA Group and its associates was approximately US$95.4 billion[3], which included office premises, logistics and data centres, retail properties and real asset related investments. According to the management of the Group, between 2016 and 2020, the ARA Group raised gross equity of approximately US$16.1 billion through listed and private vehicles from its capital partners.

The ARA Group also holds certain strategic investments, including 30.0% interest in Kenedix, which manages REITs and private real estate funds in Japan, and approximately 30.7% interest in Cromwell Property Group, a real estate asset investor and manager with properties in Australia, New Zealand and Europe and which is listed on the Australian Stock Exchange, both of which operate similar business lines as the ARA Group.

In recent years, ARA grew its business and AUM both through organic growth and a series of strategic acquisitions, including (i) acquisition of a 70% equity interest in LOGOS, through a 74.0% owned subsidiary, which manages public and private real estate funds investing in logistics and data centre real estate, and (ii) acquisition of a 68% equity

[3] *As at 30 June 2021, adjusting for LOGOS' acquisition of Moorebank Logistics Park announced on 5 July 2021, which completion is subject to satisfaction of certain conditions precedent*

interest in Venn, an investment manager focusing on real estate private debt in Europe, both in March 2020. In the first half of 2021, ARA participated in the privatisation of Kenedix by a subsidiary of SMBC, after which ARA increased an additional interest in Kenedix to 30%.

Shares of ARA were previously listed on the SGX-ST in 2007. A consortium of investors (including a majority of the Sellers) completed the privatisation of ARA in April 2017.

Further details of ARA are set out in the Letter from the Board and Appendix II and III to the Circular.

4.2 Financial information of the ARA Group

4.2.1 Financial performance

The following table sets out a summary of the consolidated statements of profit or loss of the ARA Group for the three years ended 31 December 2018, 2019 and 2020, and for the six months ended 30 June 2020 and 2021, as extracted from the accountants' report of the ARA Group set out in Appendix II to the Circular:

	For the six months ended 30 June		For the year ended 31 December		
	2021	**2020**	**2020**	**2019**	**2018**
	(audited)	*(unaudited)*	*(audited)*	*(audited)*	*(audited)*
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Continuing operation					
Fee revenue	216,616	90,519	255,300	146,049	134,500
Co-investment income	14,421	12,849	24,799	42,724	35,802
Finance income	6,617	3,340	7,249	5,845	1,169
Share of profit of equity-accounted investees, net of tax	93,304	4,178	44,393	63,681	45,952
Other income	3,593	3,022	6,017	981	421
Total other income	117,935	23,389	82,458	113,231	83,344
Total income	334,551	113,908	337,758	259,280	217,844

	For the six months ended 30 June		For the year ended 31 December		
	2021	**2020**	**2020**	**2019**	**2018**
	(audited)	*(unaudited)*	*(audited)*	*(audited)*	*(audited)*
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Employee related costs	(60,860)	(30,560)	(81,623)	(55,243)	(47,055)
Legal and professional fees	(9,893)	(7,438)	(19,687)	(14,291)	(11,970)
Property related expenses	(3,762)	(3,545)	(6,049)	(7,988)	(5,570)
Administrative expenses	(17,855)	(5,995)	(22,276)	(7,426)	(8,656)
Operating expenses	(92,370)	(47,538)	(129,635)	(84,948)	(73,251)
Depreciation and amortisation	(6,690)	(4,538)	(11,054)	(4,251)	(1,048)
Fair value gain/(losses) and exchange differences	12,430	(4,469)	7,023	(1,400)	1,135
Finance costs	(11,238)	(5,592)	(13,464)	(30,498)	(6,536)
Total expenses	(97,868)	(62,137)	(147,130)	(121,097)	(79,700)
Transaction costs and one-off (expenses)/income	3,205	(11,181)	(19,183)	(9,239)	11,275
Profit before income tax	239,888	40,590	171,445	128,944	149,419
Tax expense	(35,108)	(12,221)	(37,260)	(16,939)	(13,574)
Profit from continuing operations	204,780	28,369	134,185	112,005	135,845
Discontinued operation					
Profit/(loss) from discontinued operation, net of tax	–	–	–	49,194	(3,161)
Profit for the year/period	204,780	28,369	134,185	161,199	132,684
Profit attributable to:					
Equity holders of ARA	148,025	6,287	75,906	130,989	108,607
Holders of perpetual securities	19,432	18,573	37,968	28,569	21,644
Non-Controlling Interests	37,323	3,509	20,311	1,641	2,433
EBITDA *(Note 1)*	251,199	47,380	188,714	157,848	155,834
Adjusted EBITDA *(Note 2)*	235,564	63,030	200,874	168,487	143,424

Notes:

(1) *Being profit from continuing operations, adding back tax expense, finance costs, depreciation and amortisation, minus finance income*

(2) *Being profit from continuing operations, adding back tax expense, finance costs, depreciation and amortisation, fair value gains/(losses) and exchange differences, transaction costs and one-off (expenses)/income, minus finance income*

Fee revenue

Fee revenue of the ARA Group is primarily derived from management fees earned from its public REITs and private funds, including acquisition and divestment fees in relation to the acquisition and divestment of properties, and performance fees when the returns of the funds exceeded specified hurdles.

Fee revenue rose by approximately 8.6% to approximately US$146.0 million in 2019, primarily attributable to the establishment of new funds and higher values of properties managed by the ARA Group. Fee revenue increased significantly by approximately 74.8% to approximately US$255.3 million in 2020, mainly driven by the contributions of approximately US$99.5 million in aggregate from LOGOS and Venn, both of which were acquired by ARA in the first half of 2020.

For the first half of 2021, fee revenue recorded a substantial increase of approximately 139.3% to approximately US$216.6 million, as compared to the same period in 2020, mainly attributable to the full-period effect of contributions from LOGOS and Venn.

Total other income

Total other income of the ARA Group mainly included (i) co-investment income, primarily representing distribution income from the REITs and private real estate funds it held, (ii) share of profits of associates or equity-accounted investees, net of tax, mainly from its strategic investments in Kenedix and Cromwell Property Group, and (iii) finance income on funds invested. Total other income increased by approximately 35.9% to approximately US$113.2 million in 2019, mainly due to the full year contribution from Cromwell Property Group, for which ARA acquired 19.5% interest in July 2018, and higher distribution income received from the REITs and private real estate funds held. Total other income declined approximately 27.2% to approximately US$82.5 million in 2020, primarily attributable to the decrease in share of profits from equity-accounted investees, net of tax and lower co-investment income mainly due to the COVID-19 pandemic.

For the first half of 2021, the ARA Group's total other income increased by approximately 404.2% to approximately US$117.9 million, as compared to the same period in 2020, which was mainly attributable to (i) the higher share of profit from Cromwell Property Group, primarily as a result of the increase in net fair value gains from its investment properties and financial instruments, and (ii) higher interest income received from short-term debt instruments.

Operating expenses

Operating expenses of the ARA Group increased by approximately 16.0% to approximately US$84.9 million in 2019, mainly driven by the increase in employee-related expenses as a result of business expansion. It increased further by approximately 52.6% to approximately US$129.6 million in 2020, mainly due to the increases in employee-related expenses and administrative expenses as a result of consolidation of LOGOS and Venn.

For the first half of 2021, the ARA Group's operating expenses increased by approximately 94.5% to approximately US$92.4 million, as compared to the same period in 2020, mainly due to the same reason as mentioned above.

Finance costs

Finance costs of the ARA Group mainly included interest expense on loans and borrowings and amortisation of financial instruments. It increased more than three times to from approximately US$6.5 million in 2018 to approximately US$30.5 million in 2019, mainly due to (i) interest expenses incurred from additional debt drawdown to finance ARA Group's acquisition of a portfolio of assets in the United States of America in 2018, which was subsequent divested in 2019, (ii) higher base interest rates, such as Singapore Swap Offer Rate, and (iii) increase in debt drawdown to fund ARA Group's investments and working capital needs. The ARA Group's finance costs decreased by approximately 55.8% to US$13.5 million in 2020, mainly due to the divestment of the United States of America portfolio as abovementioned.

For the first half of 2021, the ARA Group's finance costs doubled to approximately US$11.2 million, as compared to the same period in 2020, mainly due to the consolidation of finance costs from LOGOS and an increase in loans and borrowings.

Adjusted EBITDA

The ARA Group's Adjusted EBITDA increased by approximately 17.5% to approximately US$168.5 million in 2019, mainly driven by higher fee revenue and higher other income, partially offset by higher corporate costs incurred to cater for business expansion initiatives. It further increased by approximately 19.2% to approximately US$200.9 million in 2020, mainly due to the contributions from LOGOS and Venn post acquisition, partially offset by a lower share of profit of equity-accounted investees, net of tax, and other income.

For the first half of 2021, the Adjusted EBITDA of the ARA Group increased by approximately 273.7% to approximately US$235.6 million, as compared to the same period in 2020, mainly due to the net contributions from LOGOS and Venn post acquisition LOGOS.

4.2.2 Financial position

The following table sets out a summary of the consolidated statements of financial position of the ARA Group as at 31 December 2018, 2019 and 2020, and as at 30 June 2021, as extracted from the accountants' report of the ARA Group set out in Appendix II to the Circular:

	As at 30 June	**As at 31 December**		
	2021	**2020**	**2019**	**2018**
	(audited)	*(audited)*	*(audited)*	*(audited)*
	US$'000	*US$'000*	*US$'000*	*US$'000*
Intangible assets	416,012	410,465	32,762	32,600
Associates and joint ventures	1,441,830	1,023,868	875,782	721,360
Financial assets	609,847	654,263	618,847	529,770
Other non-current assets	45,179	25,255	66,444	6,122
Total non-current assets	2,512,868	2,113,851	1,593,835	1,289,852
Financial assets	64,298	54,222	10,442	8,349
Trade receivables	39,198	46,070	18,475	6,578
Prepayments, other receivables and other assets	215,104	119,874	93,225	51,247
Cash and cash equivalents	544,326	311,419	163,558	91,956
Other current assets	53	–	–	–

	As at 30 June	As at 31 December		
	2021	**2020**	**2019**	**2018**
	(audited)	*(audited)*	*(audited)*	*(audited)*
	US$'000	*US$'000*	*US$'000*	*US$'000*
	862,979	531,585	285,700	158,130
Assets held for sale	94,292	7,763	–	680,707
Total current assets	957,271	539,348	285,700	838,837
Total assets	**3,470,139**	**2,653,199**	**1,879,535**	**2,128,689**
Share capital	1,711	1,497	1,497	1,497
Reserves	1,110,738	800,683	696,027	584,059
Perpetual securities	704,764	704,860	704,860	445,586
Equity attributable to equity holders of ARA	**1,817,213**	**1,507,040**	**1,402,384**	**1,031,142**
Non-controlling interests	384,055	331,562	7,760	4,678
Total equity	**2,201,268**	**1,838,602**	**1,410,144**	**1,035,820**
Loans and borrowings	994,615	434,219	326,593	313,824
Other non-current liabilities	63,393	42,932	76,561	175,751
Total non-current liabilities	1,058,008	477,151	403,154	489,575
Loans and borrowings	35,400	35,113	4,604	–
Trade and other payables	116,019	264,037	48,448	37,562
Other current liabilities	28,322	38,296	13,185	9,229
	179,741	337,446	66,237	46,791
Liabilities directly associated with the assets held for sale	31,122	–	–	556,503
Total current liabilities	210,863	337,446	66,237	603,294
Total liabilities	**1,268,871**	**814,597**	**469,391**	**1,092,869**

As at 30 June 2021, the ARA Group recorded total assets of approximately US$3.5 billion, which mainly included (i) interests in associates and joint ventures of approximately US$1.4 billion, mainly representing its interest in Kenedix and Cromwell Property Group, (ii) financial assets of approximately US$0.7 billion, mainly representing investments in public REITs and seed capital in funds and investment vehicles it held as strategic stakes, (iii) cash and cash equivalents of approximately US$0.5 billion, and (iv) intangible assets of approximately US$0.4 billion, mainly relating to goodwill recognised from its acquisitions of LOGOS and Venn in 2020. As at 30 June 2021, excluding investment in associates and joint ventures and financial assets which were largely held as strategic investments, other non-current assets of the ARA Group represented less than 14% of its total assets, suggesting an "asset-light" business model as the ARA Group does not own or develop any physical real estate assets on its balance sheet.

As at 30 June 2021, the ARA Group recorded total liabilities of approximately US$1.3 billion, which mainly comprised loans and borrowings, bearing an average all-in costs of approximately 2.6% per annum and with a weighted average debt expiry of approximately 2.8 years from 1 July 2021. As confirmed by the management of the Group, the ARA Group has obtained unsecured committed financing facilities up to US$1.0 billion, with an all-in cost of approximately 1.8% per annum, which will be partially utilised to repay debt that will fall due as a result of the Proposed Transaction.

As at 30 June 2021, ARA had subordinated perpetual securities of approximately US$704.8 million, bearing distribution rates of between 5.20% to 5.65% per annum. We are given to understand that ARA is currently evaluating its options with regards to such securities. Equity attributable to ordinary shareholders of ARA and non-controlling interests, mainly representing interest in LOGOS held by the LOGOS Founders and Ivanhoe Cambridge, amounted to approximately US$1,817.2 million and US$384.1 million respectively as at 30 June 2021.

As at 30 June 2021, the ARA Group has net debt (calculated by total loans and borrowings less cash and cash equivalents) of approximately US$485.7 million and net gearing ratio (calculated by dividing net debt by total equity) of approximately 22.1%. In terms of capital commitments, the ARA Group has committed to invest up to approximately US$183.1 million as seed capital in the funds and investment vehicles that ARA manages as co-investments.

Our comments

During the above periods under review, the ARA Group's fee revenue increased on the back of its continuous AUM growth, leading to a significant improvement in EBITDA. In particular, following acquisitions of LOGOS in March 2020, the ARA Group's fee revenue and EBITDA growth trend accelerated. As set out in the section headed "Management Discussion and Analysis on the ARA Group" in Appendix III to the Circular, the ARA Group's fee revenue derived from New Economy real estate increased from approximately US$10.5 million in 2019 to approximately US$94.7 million and US$121.7 million respectively in 2020 and the first half of 2021, while its proportion to total fee revenue increased from approximately 7.2% in 2019 to approximately 37.1% and 56.2% respectively in 2020 and the first half of 2021.

The ARA Group, as a real assets manager, engages in an "assets-light" business model and earns 100% of its revenue from different types of management fees. Save for the strategic investments, other assets of the ARA Group's mainly working capital items or other financial assets and liabilities. As advised by the management of the Group, the fund management business of the ARA Group is cash flow generative and requires minimal capital investment on an ongoing basis, and therefore do not expect any significant fundraising requirements in the near future, except for the US$1.0 billion facilities to refinance its current debt.

4.3 Prospects

According to the JLL Market Report, institutionally invested income producing real estate is expected to increase from approximately US$3.3 trillion in 2020 to approximately US$5.2 trillion in 2025. Given the favourable economic and demographic factors, JLL considers that Asia Pacific's income-producing real estate is expected to expand at a faster pace than other major regions globally, and the rising popularity of REITs in Asia Pacific signals additional headroom for institutional investors to grow their real estate portfolio. Based on the statistics in the JLL Market Report, the percentage of institutional-invested real estate owned by REITs in Asia Pacific is approximately 15%, and the market capitalisation of major REIT markets in this region (being Australia, Hong Kong, Singapore and Japan) grew at a CAGR of between approximately 3.6% to 10.6% between 2013 and 2020. As REIT regulatory frameworks are being established in Korea, Southeast Asia, China and India, there is potential for the market capitalisation of the REIT markets in Asia Pacific to grow further in the future. As one of the leading REIT manager of Asia Pacific REITs, the ARA Group is expected to take advantage of the above-mentioned market growth trend.

The ARA Group, through LOGOS, manages funds that invests in logistics real estate. As set out in the Company's 2021 interim report, capital continued to flow into logistics sector as global institutional investors started to strategically rebalance their portfolios. According to the JLL Market Report, Asia Pacific was the leading region in the global e-commerce logistics market in 2020, with total industry spending of approximately US$175 billion. Spending in global and Asia Pacific e-commerce logistics market is expected to grow at a CAGR of approximately 8.6% and 11.3% respectively between 2020 and 2025, which indicated the market opportunities for LOGOS and the Enlarged Group as a whole.

While the growth of the ARA Group is subject to a number of risk factors, including its ability to grow its AUM through organic growth and strategic acquisitions, and its ability to continue raising and deploying investment funds from investors, management of the Group is generally optimistic about the prospects of the ARA Group. Having considered ARA's strong ability to grow and raise funds in the past, and the abovementioned favourable market environment in the real estate management services sector, in particular in Asia Pacific which is the ARA Group's main regional focus, we concur with the management's view above regarding the prospects of the ARA Group.

5. Assessment of the Total Consideration

5.1 Comparable Companies

As set out in the section above headed "4. Information on the ARA Group", the ARA Group is primarily engaged in the provision of real estate fund management services. For the purpose of evaluating the Total Consideration, we have analysed companies listed on the Stock Exchange (the "**Comparable Company(ies)**") that we consider to have a business and a significant size similar to that of the ARA Group, which (i) disclosed the real estate fund management business as one of their reportable segments and with significant real estate assets under management, according to their latest published full year financial statements, and (ii) had a market capitalisation of at least US$1.0 billion as at the Latest Practicable Date, which we consider to be reasonably substantial compared to the Total Consideration of approximately US$5.2 billion. Based on the above selection criteria, the Company is the only Comparable Company that we could identify according to our research on the website of the Stock Exchange. In order to obtain a sufficient number of Comparable Companies for a meaningful analysis, we have expanded the search to include companies listed on stock exchanges outside Hong Kong that can be identified on Bloomberg. A total of nine Comparable Companies were identified. Although the Comparable Companies may have business operations in markets different from that of the ARA Group, they are all principally engaged in the provision of real estate fund management services and all fall within the above selection criteria. Given the fact that only one Comparable Company can be identified on the Stock Exchange, we are of the view that, on balance, the Comparable Companies are fair and representative samples and should be used for the purpose of assessing the Total Consideration. In our view, the Comparable Companies set out below represent an exhaustive list based on the criteria above, according to our research on a best effort basis.

The table below illustrates the price-to-earnings ("**P/E**") ratios and the enterprise-value-to-EBITDA ("**EV/EBITDA**") ratios of the Comparable Companies, which we consider to be suitable ratios for comparison, having regard to the financial performance and the business model of the ARA Group. These ratios make reference to a company's income and cash flow generating ability (which is more relevant to the ARA Group as it recorded positive earnings and EBITDA in recent years) rather than, for example, the net asset backing as is the case for the price-to-book ratio (which is less relevant to the ARA Group given its "asset-light" business model). We also note that all the Comparable Companies have published the latest full year financial statements and/or latest interim financial statements for the period ended 30 June 2021. For the purpose of reflecting the latest trading performance of the ARA Group and the Comparable Companies, the ratios presented in the table below are prepared based on relevant financial information for the trailing twelve months ended 30 June 2021 ("**TTM**"):

Name of company (stock code)	**Principal activities**	**Market capitalisation as at the Latest Practicable Date** *(US$ billion)*	**P/E ratio** *(times)* *(Note 1)*	**Adjusted P/E ratio** *(times)* *(Note 2)*	**EV/ EBITDA ratio** *(times)* *(Note 3)*	**Adjusted EV/ EBITDA ratio** *(times)* *(Note 4)*
Blackstone Inc. (BX.NYSE)	Real estate investment, hedge funds, private equity, leveraged lending, senior debt, and rescue financing; Shares are listed on the New York Stock Exchange	138.3	30.1	42.2	14.2	16.2
Brookfield Asset Management Inc. (BAM.NYSE)	Asset management on real estate, infrastructure, private equity, and renewable power; Shares are listed on the New York Stock Exchange	84.7	29.6	NM *(Note 5)*	13.6	15.2
EQT AB Group (EQT.STO)	Investment in equity, venture, infrastructure, and real estate properties; Shares are listed on the Stockholm Stock Exchange	40.1	59.3	64.8	49.9	53.7

Name of company (stock code)	**Principal activities**	**Market capitalisation as at the Latest Practicable Date** *(US$ billion)*	**P/E ratio** *(times)* *(Note 1)*	**Adjusted P/E ratio** *(times)* *(Note 2)*	**EV/ EBITDA ratio** *(times)* *(Note 3)*	**Adjusted EV/ EBITDA ratio** *(times)* *(Note 4)*
Partner Group Holding AG (PGHN.SWX)	Investment programs under management in private equity, private real estate, private infrastructure and private debt; Shares are listed on the Swiss Stock Exchange	41.4	34.2	30.6	31.6	28.5
Goodman Group (GMG.ASX)	Property investment, fund management, property development and property services; Shares are listed on the Australian Stock Exchange	28.3	16.7	33.9 *(Note 6)*	16.2	31.1 *(Note 6)*
The Company (1821.HK)	Development, fund management, and investment activities; Shares are listed on the Stock Exchange	9.0	24.4	29.3	17.8	28.0
Charter Hall Group (CHC.ASX)	Managing real estate invest fund and developing commercial, residential, and industrial properties; Shares are listed on the Australian Stock Exchange	5.7	16.4	33.4 *(Note 7)*	14.1	24.3 *(Note 7)*
Patrizia AG (PAT.FRA)	Real estate investment company focuses on acquisition, management, appreciation, and sale of residential and commercial sectors; Shares are listed on the Frankfurt Stock Exchange	2.4	65.3	61.1	19.7	19.3

Name of company (stock code)	Principal activities	Market capitalisation as at the Latest Practicable Date *(US$ billion)*	P/E ratio *(times)* *(Note 1)*	Adjusted P/E ratio *(times)* *(Note 2)*	EV/ EBITDA ratio *(times)* *(Note 3)*	Adjusted EV/ EBITDA ratio *(times)* *(Note 4)*
Centuria Capital Group (CNI.ASX)	Real estate fund management and investment bond; Shares are listed on the Australian Stock Exchange	1.9	17.9	60.2	15.0	33.0
		Maximum	65.3	64.8	49.9	53.7
		Minimum	16.4	29.3	13.6	15.2
		Mean	32.6	44.5	21.4	27.7
		Median	29.6	38.1	16.2	28.0
ARA Group as implied by the Total Consideration		5.2 *(Note 8)*	23.9	22.2 *(Note 9)*	17.2 *(Note 10)*	18.4 *(Note 9)*

Source: Comparable Companies' filings, Bloomberg

Notes:

(1) Calculated by dividing the respective market capitalisation by the respective consolidated profits from continuing operations attributable to the ordinary shareholders, based on the most recently published financial information

(2) Calculated by dividing the respective market capitalisation by the respective consolidated profits from continuing operations attributable to the ordinary shareholders, adjusting for fair value changes of investment properties and/or financial assets, exchange loss/(gain), equity-settled expenses and other one-off significant items, such as reorganisation income or expenses and impairment loss (without taking into account the related tax effect) (collectively, the "**Adjustments Items**", *which, in our view, represent an exhaustive list on a best effort basis), based on the most recently published financial information; In respect of the Company, calculated by dividing the Company's market capitalisation by its core PATMI approximately US$305.7 million*

(3) Calculated by dividing the respective enterprise value ("**EV**") (*being the sum of the respective (i) market capitalisation, (ii) preferred equity and/or perpetual capital securities, (iii) non-controlling interests, and (iv) interest-bearing borrowings, minus cash and cash equivalents) by the respective earnings before net interest expenses, taxes, depreciation and amortisation* ("***EBITDA***"*), based on the most recently published financial information*

(4) Calculated by dividing the respective EV by the respective EBITDA, adjusting for the Adjustment Items, based on the most recently published financial information; In respect of the Company, calculated by dividing the Company's EV, calculated as per note (3) above, by its Adjusted EBITDA of approximately US$429.8 million

(5) Not meaningful. We note that Brookfield Asset Management Inc. recorded a marginal adjusted profit in its TTM period, with an Adjusted P/E Ratio of approximately 249.1 times, which is far above the high end of approximately 64.8 times. To avoid distortion of our analysis, we have excluded the above ratio as an outlier from the above table and the analysis below

(6) We note that Goodman Group recorded the share of fair value adjustments attributable to investment properties in the partnerships after tax of approximately A$1,295.8 million during the year ended 30 June 2021, which we consider to fall within the scope of the Adjustment Items and has been consistently adjusted by the management for performance analysis in its annual reports. In presenting the ratios above, we have adjusted the above from the profits from continuing operations and EBITDA to remove the impact of such fair value adjustments. If this impact has not been adjusted, the resultant Adjusted P/E ratio and the Adjusted EV/EBITDA ratio of Goodman Group would be approximately 15.9 and 15.4 times respectively

(7) We note that Charter Hall Group recorded the share of net fair value movements on equity accounted investments of approximately A$228.0 million during the year ended 30 June 2021, which we consider to fall within the scope of the Adjustment Items and has been consistently adjusted by the management for performance analysis in its annual reports. In presenting the ratios above, we have adjusted the above from the profits from continuing operations and EBITDA to remove the impact of such fair value adjustments. If this impact has not been adjusted, the resultant Adjusted P/E ratio and the Adjusted EV/EBITDA ratio of Charter Hall Group would be approximately 16.9 and 14.5 times respectively

(8) Being the Total Consideration of US$5,192 million

(9) As extracted from the section headed "2.4 Cash Consideration and Consideration Shares" in the Letter from the Board

(10) Calculated by dividing the ARA Group's EV of approximately US$6,766.6 million as at 30 June 2021 (calculated as per the note (3) above, being the sum of the Total Consideration of US$5,192 million, perpetual securities of approximately US$704.8 million, non-controlling interests of approximately US$384.1 million and net debt of approximately US$485.7 million as at 30 June 2021) by its EBITDA of approximately US$392.5 million. The above EV does not take into account any impact arising from ARA's Pre-Completion Reorganisation

(i) P/E ratio

The P/E ratios of the Comparable Companies range from approximately 16.4 times to 65.3 times, with a mean and median of approximately 32.6 times and 29.6 times respectively. The P/E ratio of ARA as represented by the Total Consideration of approximately 23.9 times is lower than the mean and median and falls within the range of P/E ratios of the Comparable Companies.

We observe that ARA and certain Comparable Companies recorded various significant non-operating or one-off items during the TTM period. For the purpose of reflecting their respective normalised earnings, Adjusted P/E ratios of ARA and the Comparable Companies are also presented above. The Adjusted P/E ratio of ARA as represented by the Total Consideration of approximately 22.2 times (after considering impacts arising from Pre-Completion Reorganisation regarding further acquisition of LOGOS) is also lower than the mean and median of the Adjusted P/E ratios of the Comparable Companies.

(ii) EV/EBITDA ratio

The EV/EBITDA ratios of the Comparable Companies range from approximately 13.6 times to 49.9 times, with a mean and median of approximately 21.4 times and 16.2 times respectively. The EV/EBITDA ratio of ARA as represented by the Total Consideration of approximately 17.2 times falls between the mean and median EV/EBITDA ratios of the Comparable Companies.

We have also taken into account the normalised EBITDA of ARA and the Comparable Companies. On this basis, the Adjusted EV/EBITDA ratio of ARA as represented by the Total Consideration of approximately 18.4 times (after considering impacts arising from Pre-Completion Reorganisation) is lower than the mean and median of the Adjusted EV/EBITDA ratios of the Comparable Companies.

The lower ratios as represented by the Total Consideration compared to those of the Comparable Companies are favorable to the Company, other things being equal.

5.2 Transaction Precedents

We have also researched publicly disclosed acquisitions of controlling interests in companies that are principally engaged in, among others, real estate management and have a significant size similar to that of the ARA Group, which derived a majority of revenue from the real estate fund management business (the "**Transaction Precedents**"), with an implied valuation of at least US$1.0 billion on a 100% basis, which we consider to be reasonably substantial compared to the Total Consideration of approximately US$5.2 billion. We have analysed Transaction Precedents that were announced and completed in the past five years, which allows a sufficient number of comparable Transaction Precedents to be identified for a valid analysis of the relevant transaction ratios. We consider the list of Transaction Precedents set out below to be an exhaustive list according to our research based on the above criteria on a best effort basis. The result of our research is as follows:

Date of initial announcement	**Name of target company**	**Consideration** *(US$ billion) (percentage of interest acquired)*	**P/E ratio** *(times)*	**Adjusted P/E ratio** *(times)*	**EV/EBITDA ratio** *(times)*	**Adjusted EV/EBITDA ratio** *(times)*
March 2021	Landmark Partners LLC ("**Landmark**")	1.1 (100%)	56.1 *(Note 2)*	29.6 *(Note 3)*	NA	NA
January 2021	Exeter Property Group ("**Exeter**")	1.9 (100%)	NA	NA	23.4 *(Note 4)*	NA
November 2016	ARA	0.7 (53.8%)	20.0 *(Note 5)*	19.1 *(Note 6)*	16.4 *(Note 7)*	15.8 *(Note 8)*
ARA Group as implied by the Total Consideration *(Note 9)*		5.2	23.9	22.2	17.2	18.4

Notes:

1. *Transaction figures sourced from the relevant press releases, public announcements, or regulatory filings. The above ratios are calculated based on the information available from the public sources, on a best effort basis*

2. *Calculated by dividing the transaction consideration of approximately US$690 million by the net income attributable to controlling interests of approximately US$12.3 million, as extracted from the press release dated 31 March 2021 from BrightSphere Investment Group Inc, the acquirer of Landmark*

3. *Calculated by dividing the transaction consideration of approximately US$690 million by the net income attributable to controlling interests, adjusting for impact of a one-time compensation arrangement that includes advances against future compensation payments and non-cash key employee-owned equity and profit interest revaluations, of approximately US$23.3 million, which we consider to fall within the scope of the Adjustment Items, and are exhaustive based on information publicly available, i.e. press release dated 31 March 2021 from BrightSphere Investment Group Inc., the acquirer of Landmark*

4. *Calculated by dividing the total consideration of US$1,870 million, on a cash and debt free basis, by the estimated 2020 EBITDA (including carried interest) of US$80 million, as extracted from the press release dated 26 January 2021 from EQT AB Group, the acquirer of Exeter*

5. *Calculated by dividing the value of ARA of approximately SGD1,775.2 million as implied by the scheme consideration of SGD1.78 per scheme share, by the net profit attributable to equity holders of ARA of approximately SGD88.7 million in 2016, based on the information available in the scheme document issued by ARA dated 28 February 2017*

6. *Calculated by dividing the value of ARA of approximately SGD1,775.2 million by the net profit attributable to equity holders of ARA, adjusting for the Adjustment Items, of approximately SGD92.7 million in 2016, based on the information available in the scheme document issued by ARA dated 28 February 2017*

7. *Calculated by dividing ARA's EV of approximately SGD1,795.2 million as at 31 December 2016 (being the sum of the value of ARA of SGD1,775.2 million, non-controlling interests of approximately SGD7.1 million and net debt of approximately SGD13.0 million as at 31 December 2016) by ARA's EBITDA of SGD109.4 million in 2016, based on the information available in the scheme document issued by ARA dated 28 February 2017*

8. *Calculated by dividing ARA's EV of approximately SGD1,795.2 million as at 31 December 2016 by ARA's normalised EBITDA, adjusting for the Adjustment Items, of SGD113.4 million in 2016, based on the information available in the scheme document issued by ARA dated 28 February 2017*

9. *For details of the calculations, please refer to the notes (9) to (10) as set out in the sub-section above headed "5.1 Comparable Companies"*

The P/E and Adjusted P/E ratios of the Transaction Precedents show in a wide range of between approximately 19.1 and 56.1 times. The P/E ratio and Adjusted P/E ratios of ARA as represented by the Total Consideration of approximately 23.9 times (based on the historical financial information) and 22.2 times (after considering impacts arising from Pre-Completion Reorganisation regarding further acquisition of LOGOS) respectively are higher than the privatization of ARA in 2016 but lower than the Landmark transaction in 2021.

The EV/EBITDA and Adjusted EV/EBITDA ratios of the Transaction Precedents range from approximately 15.8 times to 23.4 times. The EV/EBITDA ratio and Adjusted EV/EBITDA ratios of the ARA Group as represented by the Total Consideration of approximately 17.2 times (based on the historical financial information) and 18.4 times (after considering impacts arising from Pre-Completion Reorganisation regarding further acquisition of LOGOS) falls between the EV/EBITDA ratios of two identified Transaction Precedents.

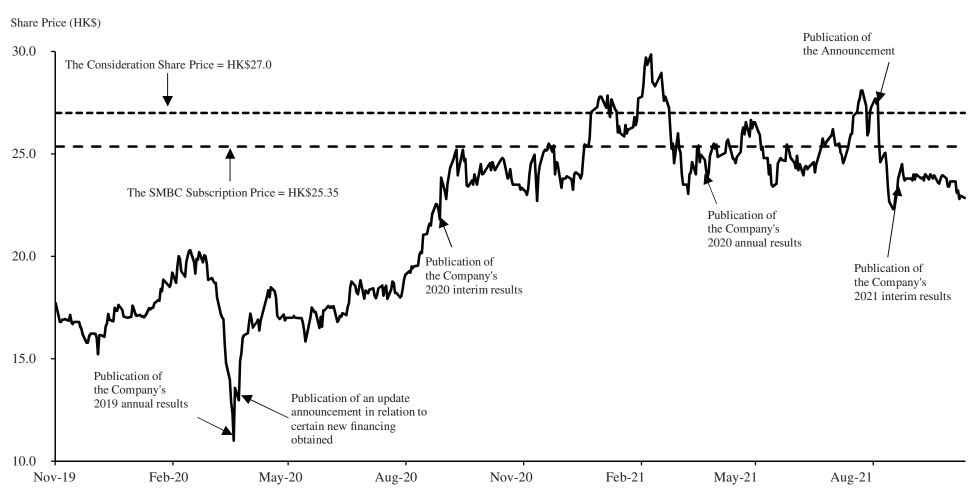
While the transaction ratios as represented by the privatisation of ARA in 2016 are generally lower than those as represented by the Proposed Transaction, we note that the ARA Group experienced a fast growth following its privatisation as evidenced by its CAGR from 2018 to 2020 of approximately 37.8% and 10.0% in terms of fee revenue and EBITDA respectively. This is significantly higher than the respective CAGR of approximately -1.4% and 2.0% from 2014 to 2016. The two more recent Transaction Precedents, Landmark and Exeter, have similar or higher earnings multiples compared to those as represented by the Proposed Transaction. Based on our analyses of the Comparable Companies and the Transaction Precedents, and also bearing in mind the strategic benefits to be brought by the Proposed Transaction, we consider the Total Consideration to be fair and reasonable.

6. Assessment of the issue prices of the Consideration Shares and the SMBC Subscription Shares

To assess the fairness and reasonableness of the issue prices of (i) the Consideration Shares, being HK$27.0 per Share, and (ii) the SMBC Subscription Shares, being HK$25.35 per Share, we have analysed the historical trading performance of the Shares in terms of price trend and reviewed terms of recent similar transactions.

6.1 Historical price performance of the Shares

The share price chart below illustrates the historical closing price of the Shares as quoted on the Stock Exchange during the period from its listing in November 2019 to the Latest Practicable Date (the "**Review Period**"), and the comparisons of such historical price performance of the Shares and the Consideration Share Price and the SMBC Subscription Price during the Review Period.



Source: Bloomberg

Following the initial public offering of the Shares at HK$16.8 per Share, trading commenced on the Stock Exchange on 1 November 2019. After a slight drop in November 2019, the market price of the Shares exhibited largely an upward trend in the first four months after listing, and closed at a high of HK$20.3 on 14 February 2020. The Share price then experienced a sharp decline in mid-March 2020, and closed at HK$11.0 on 19 March 2020, the lowest closing price during the Review Period, generally following the global stock market downturn in light of the negative impacts caused by COVID-19.

On 20 March 2020, the Company published an update announcement in relation to certain new financing obtained, an improved liquidity position of the Group, and a proposed on-market share repurchase exercise. On 23 March 2020, the Company published its 2019 annual results, showing increases in revenue and core PATMI of approximately 40.6% and 53.6% respectively as compared to 2018. After the publication of the two announcements, the market price of the Shares rebounded in the next few trading days to a level above HK$16.00, and generally exhibited an upward trend during the rest of 2020. During this period, the Company published its 2020 interim results, which showed increases in revenue and core PATMI of approximately 26.9% and 71.9% respectively as compared to the first half of 2019.

Following strength starting from mid-January 2021, reaching a high of HK$29.85 on 8 February 2021, the highest closing price during the Review Period, the market price of the Shares fell back in late February 2021 and then fluctuated in a range between HK$23.05 and HK$28.1 up to early August 2021. During this period, the Company published its 2020 annual results, showing increases in revenue and core PATMI of approximately 8.7% and 14.7% respectively as compared to 2019. The Shares closed at HK$27.7 on 4 August 2021, the last trading day immediately before publication of the Announcement.

Following publication of the Announcement, the market price of the Shares decreased to HK$25.6 and continued to trend downward, closing at HK$23.05 on 19 August 2021. After the market close on the same day, the Company published its 2021 interim results, showing increases in revenue and core PATMI of approximately 3.4% and 37.7% respectively in the first half of 2021, as compared to the first half of 2020, and announced to the Share Repurchase proposal. The Shares were subsequently traded at a narrow range of between HK$22.8 and HK$24.5 up to early October 2021.

The Share price closed at HK$22.85 as at the Latest Practicable Date, which is approximately 15.4% and 9.9% lower than the Consideration Share Price of HK$27.0 and the SMBC Subscription Price of HK$25.35 respectively.

As shown in the chart above, the Consideration Share Price of HK$27.0 per Share was generally higher than the market price of the Shares during the Review Period, and close to the average closing Share price for the five and ten consecutive trading days up to and including the date of the Announcement.

The SMBC Subscription Price of HK$25.35 per Share is approximately 6.1% lower than HK$27.0 as discussed above. This level of discount in our view is not unusual for placing transactions in the Hong Kong market, as further analysed below.

6.2 Analysis on the issue prices

The Consideration Share Price of HK$27.0 per Share was determined after arm's length negotiation with reference to the prevailing market price of the Shares. As advised by the management of the Group, the Group also took into account the strategic value to be brought by SMBC as a significant shareholder of the Company in determining the SMBC Subscription Price of HK$25.35 per Share.

Set out below is comparisons of the above issue prices and the (average) closing prices of the Shares as quoted on the Stock Exchange prior to publication of the Announcement:

	The Consideration Share Price of HK$27.0 represents a premium/ (discount) over/(to) *(%)*	**The SMBC Subscription Price of HK$25.35 represents a premium/ (discount) over/(to)** *(%)*
The closing price of HK$27.70 per Share as quoted on the Stock Exchange on the date of the Announcement	(2.5)	(8.5)
The average closing price of HK$27.44 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the date of the Announcement	(1.6)	(7.6)
The average closing price of HK$27.28 per Share as quoted on the Stock Exchange for the ten consecutive trading days up to and including the date of the Announcement	(1.0)	(7.1)
The average closing price of HK$26.31 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the date of the Announcement	2.6	(3.6)
The average closing price of HK$25.63 per Share as quoted on the Stock Exchange for the 180 consecutive trading days up to and including the date of the Announcement	5.3	(1.1)

6.3 Comparable issues of consideration shares

To assess the Consideration Share Price against recent consideration issues in the Hong Kong market, we have identified acquisitions involving issue of consideration shares with a size of at least HK$100 million by companies listed on the Main Board of the Stock Exchange (the "**Comparable Consideration Issues**"), which were announced in the past six months up to and including the day immediately before the Latest Practicable Date. We consider that the above duration allows a sufficient number of Comparable Consideration Issues to be identified for a valid analysis of the issue prices of consideration shares for acquisition purpose under recent market sentiment. The list of the Comparable Consideration Issues set out below represents an exhaustive list based on the above criteria, according to our research on the website of the Stock Exchange on a best effort basis.

It should be noted that the subject companies involved in the Comparable Consideration Issues may have different principal activities, market capitalisation, financial performance and financial position as compared with those of the Company, and the reasons behind their respective issues of shares may vary. However, considering that all of the Comparable Consideration Issues fall within the above selection criteria, and the similarity in nature of the issue of the Consideration Shares and the Comparable Consideration Issues that both involved issuing new shares to satisfy acquisition consideration, we consider that the Comparable Consideration Issues can provide a valid general reference for similar type of transactions in the Hong Kong market under the recent market environment.

			Premium/(discount) of the issue price over/(to) the closing price/the average closing price			
Date of announcement	**Name of company (stock code)**	**Issue price**	**on the last trading day**	**over the last 5 consecutive trading days**	**over the last 10 consecutive trading days**	**over the last 30 consecutive trading days**
		(HK$)	*(%)*	*(%)*	*(%)*	*(%)*
26 April 2021	Hao Tian International Construction Investment Group Limited (1341.HK)	0.330	(12.0)	(12.5)	(13.0)	(16.4)
28 April 2021	Mobvista Inc. (1860.HK)	9.630	(2.8)	0.3	4.9	32.9
4 May 2021	Eternity Investment Limited (764.HK)	0.250	2.0	0.8	4.0	4.3
31 May 2021	FIT Hon Teng Limited (6088.HK)	2.400	11.1	13.3	11.1	3.6
6 June 2021	Kingkey Financial International (Holdings) Limited (1468.HK)	0.240	(66.7)	(65.1)	(65.6)	(63.1)
7 June 2021	China Conch Venture Holdings Limited (586.HK)	36.657	10.4	6.0	3.8	0.6
29 June 2021	Chuang's China Investment Limited (298.HK)	0.550	17.0	18.5	19.3	20.0
1 July 2021	Zhongsheng Group Holdings Limited (881.HK)	63.396	(1.9)	2.1	2.7	(0.1)

Date of announcement	Name of company (stock code)	Issue price	Premium/(discount) of the issue price over/(to) the closing price/the average closing price on the last trading day	over the last 5 consecutive trading days	over the last 10 consecutive trading days	over the last 30 consecutive trading days
		(HK$)	*(%)*	*(%)*	*(%)*	*(%)*
8 July 2021	Champion Alliance International Holdings Limited (1629.HK)	2.680	(0.7)	(19.8)	(16.1)	(9.2)
16 August 2021	Newlink Technology Inc. (9600.HK)	2.558	(7.0)	(5.0)	(2.8)	14.2
25 August 2021	Xiaomi Corporation (1810.HK)	25.250	(0.4)	3.1	1.8	(2.7)
29 August 2021	CSMall Group Limited (1815.HK)	1.130	79.4	89.0	90.2	82.8
16 September 2021	CN Logistics International Holdings Limited (2130.HK)	8.000	7.2	2.9	2.7	2.9
23 September 2021	Frontier Services Group Limited (500.HK)	1.300	51.2	50.5	62.5	68.5
9 October 2021	Newborn Town Inc. (9911.HK)	4.460	0.0	5.0	3.2	(3.8)
		Mean	5.8	5.9	7.2	9.0
		Median	0.0	2.9	3.2	2.9
		Maximum	79.4	89.0	90.2	82.8
		Minimum	(66.7)	(65.1)	(65.6)	(63.1)
	The Consideration Share Price	27.0	(2.5)	(1.6)	(1.0)	2.6

Source: website of the Stock Exchange

Note: In presenting the above list of Comparable Consideration Issues, we have excluded from the above table (a) issues of A shares or domestic shares; (b) issues involving share exchange privatisation and share buy-back offer; and (c) issues that have been terminated or lapsed subsequently

As shown in the table above, the premiums/discounts of the Comparable Consideration Issues over/to the respective (average) closing price on the last trading day, and for the last 5, 10 and 30 consecutive trading days before publication of the announcement are in a wide range between a 66.7% discount and a 90.2% premium, with mean of between a 5.8% premium and 9.0% premium and median of between a 0.0% premium to a 3.2% premium. The premiums/discounts as represented by the Consideration Share Price over the (average) closing price of the Shares during the respective periods range from a 2.5% discount and a 2.6% premium, which are well within the range of premiums/discounts under the Comparable Consideration Issues. In our view, the above discounts and premiums as represented by the Consideration Share Price are also close to the mean and median under the Comparable Consideration Issues, given the relatively wide range of premiums/discounts under the Comparable Consideration Issues. Having considered the above and the fact that the Consideration Share Price is close to the market prices of the Shares before the Announcement, we consider the Consideration Share Price to be fair and reasonable.

6.4 Comparable placings

While the SMBC Subscription forms part of the Proposed Transaction, the SMBC Subscription Shares were not issued to SMBC as a Seller, but as a financier for the Company's partial satisfaction of the Cash Consideration. As such, we consider the SMBC Subscription to be a share placement for cash, which should be evaluated against recent placing transactions in the Hong Kong market. In this connection, we have identified new share issues with a size of at least US$100 million by companies listed on the Main Board of the Stock Exchange (the "**Comparable Placings**"), which were announced in the past six months up to and including the day immediately before the Latest Practicable Date. We consider that the above duration allows a sufficient number of Comparable Placings to be identified for a valid analysis of the issue prices of share placements under recent market sentiment. The list of the Comparable Placings set out below represents an exhaustive list based on the above criteria, according to our research on the website of the Stock Exchange on a best effort basis.

It should be noted that the subject companies involved in the Comparable Placings may have different principal activities, market capitalisation, financial performance and financial position as compared with those of the Company, and the reasons behind their respective placing may vary. However, considering that all of the Comparable Placings fall within the above selection criteria, and the similarity in nature of the SMBC Subscription and the Comparable Placings that both involved issuing new shares for cash, we consider that the Comparable Placings can provide a valid general reference for similar type of transactions in the Hong Kong market under the recent market environment.

			Premium/(discount) of placing/issue/subscription price over/(to) the closing price/the average closing price			
Date of announcement	**Name of company (stock code)**	**Placing/issue/ subscription price** *(HK$)*	**on the last trading date** *(%)*	**over the last 5 consecutive trading days** *(%)*	**over the last 10 consecutive trading days** *(%)*	**over the last 30 consecutive trading days** *(%)*
29 April 2021	CMGE Technology Group Ltd (302.HK)	3.30	(9.8)	(3.8)	0.3	6.8
2 May 2021	Fuyao Glass Industry Group Co Ltd (3606.HK)	42.90	(5.0)	(8.5)	(8.8)	(4.7)
14 May 2021	Genscript Biotech Corporation (1548.HK)	18.66	(5.0)	(1.7)	0.5	10.1
25 May 2021	Weimob Inc (2013.HK)	15.00	(6.6)	(7.8)	(3.8)	(9.7)
25 May 2021	Country Garden Services Holdings Co Ltd (6098.HK)	75.25	(6.0)	(2.7)	(1.7)	(3.2)

Date of announcement	Name of company (stock code)	Placing/issue/ subscription price *(HK$)*	Premium/(discount) of placing/issue/subscription price over/(to) the closing price/the average closing price on the last trading date *(%)*	over the last 5 consecutive trading days *(%)*	over the last 10 consecutive trading days *(%)*	over the last 30 consecutive trading days *(%)*
27 May 2021	China Risun Group Ltd (1907.HK)	5.90	(2.0)	4.6	3.1	9.7
28 May 2021	A-Living Smart City Services Co Ltd (3319.HK)	37.60	(6.6)	(1.3)	2.2	7.1
11 June 2021	Ganfeng Lithium Co Ltd (1772.HK)	101.35	(5.0)	(8.6)	(10.0)	(0.7)
16 June 2021	Shanghai Junshi Biosciences Co Ltd (1877.HK)	70.18	(5.8)	(6.4)	(8.9)	(8.1)
4 July 2021	Zhongsheng Group Holdings Ltd (881.HK)	63.40	(9.0)	(1.8)	0.8	(0.8)
5 August 2021	Xinte Energy Co., Ltd (1799.HK)	16.50	(13.8)	(11.8)	(13.3)	(5.8)
1 September 2021	Dongyue Group Ltd (189.HK)	23.00	(14.2)	(4.3)	5.9	32.5
5 October 2021	Chinasoft International Ltd. (354.HK)	12.26	(9.9)	(11.1)	(9.6)	(9.2)
		Mean	(7.6)	(5.0)	(3.3)	1.8
		Median	(6.6)	(4.3)	(1.7)	(0.8)
		Maximum	(2.0)	4.6	5.9	32.5
		Minimum	(14.2)	(11.8)	(13.3)	(9.7)
	The SMBC Subscription Price	25.35	(8.5)	(7.6)	(7.1)	(3.6)

Source: website of the Stock Exchange

Note: In presenting the above list of Comparable Placings, we have excluded from the above table (a) issues involving acquisitions, restructuring, loan capitalisation, share award scheme, public offering, mandatory cash offer, whitewash waiver, and issuance of convertible securities, A shares or domestic shares, and (b) issues that have been terminated or lapsed subsequently

As shown in the above table, a majority of the Comparable Placings are conducted at a placing price representing a discount to their market prices before the announcement. On the basis of the last trading day and periods of last 5, 10 and 30 consecutive trading days before the announcement, the premiums/discount of the Comparable Placings over/to the respective (average) closing price range from a 14.2% discount to a 32.5% premium, with mean of between a 7.6% discount to a 1.8% premium, and median of between a 0.8% discount to a 6.6% discount. The discounts as represented by the SMBC Subscription Price over the (average) closing price of the Shares during the respective periods, ranging from a 3.6% discount to a 8.5% discount, are comparable to or higher than the mean and median, but are well within the range of the Comparable Placings.

As set out in the Letter from the Board, the Company believes that while the SMBC Subscription Price is slightly below the Consideration Share Price, the introduction of SMBC as an investor represents an opportunity for the Group to expand and strengthen its long-term blue chip shareholder base. We understand from management of the Group that (i) SMBC has a strong banking relationship with, and has been an important capital partner for, the ARA Group, (ii) ARA and a subsidiary of SMBC formed an arrangement to privatise and delist Kenedix from the Tokyo Stock Exchange, and (iii) with SMBC as a Shareholder, the Enlarged Group will benefit from the deeper lending relationship, and may enhance its capital access to Japanese investors and business opportunities in Japan, where the Group has significant presence with assets under management of approximately US$9.2 billion (or approximately 25.4% of total) as at 30 June 2021. Having considered the above analysis of the SMBC Subscription Price and the benefits expected to be brought by SMBC as an investor, we consider the SMBC Subscription Price to be fair and reasonable.

7. Effect of the Proposed Transaction on the shareholding structure of the Company

The table below shows the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon the allotment and issue of all the Consideration Shares and the SMBC Subscription Shares, assuming that the Cash Consideration Adjustment is not exercised ("**Scenario 1**"); (iii) immediately upon the allotment and issue of all the Consideration Shares, the SMBC Subscription Shares and new Shares under the Permitted Issuance, assuming that the Cash Consideration Adjustment is exercised in full ("**Scenario 2**"); (iv) immediately upon the allotment and issue of all the Consideration Shares, assuming that the Cash Consideration Adjustment is not exercised and the SMBC Subscription does not proceed ("**Scenario 3**"); and (v) immediately upon the allotment and issue of all the Consideration Shares and new Shares under the Permitted Issuance, assuming that the Cash Consideration Adjustment is exercised in full and the SMBC Subscription does not proceed ("**Scenario 4**"), for illustration purpose only. Under each scenario, it is assumed that no other change will occur in the number of issued Shares before Completion and the Shares repurchased by the Company under the Repurchase Mandate up to the Latest Practicable Date have all been cancelled by the Company:

	As at the Latest Practicable Date		Scenario 1		Scenario 2		Scenario 3		Scenario 4	
Name of Shareholder	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
OMERS	456,221,943	15.0	456,221,943	10.2	456,221,943	10.2	456,221,943	10.4	456,221,943	10.4
Redwood	453,272,219	14.9	453,272,219	10.1	453,272,219	10.1	453,272,219	10.3	453,272,219	10.3
Laurels	319,658,645	10.5	319,658,645	7.2	319,658,645	7.2	319,658,645	7.3	319,658,645	7.3
Jingdong	213,821,461	7.0	213,821,461	4.8	213,821,461	4.8	213,821,461	4.9	213,821,461	4.9
APG	211,057,897	6.9	211,057,897	4.7	211,057,897	4.7	211,057,897	4.8	211,057,897	4.8
SK Inc	196,539,292	6.4	196,539,292	4.4	196,539,292	4.4	196,539,292	4.5	196,539,292	4.5
Other existing Shareholders	1,197,050,790	39.3	1,197,050,790	26.8	1,197,050,790	26.8	1,197,050,790	27.2	1,197,050,790	27.2
Existing Shareholders	3,047,622,247	100.0	3,047,622,247	68.2	3,047,622,247	68.2	3,047,622,247	69.4	3,047,622,247	69.4

Name of Shareholder	As at the Latest Practicable Date Number of Shares	%	Scenario 1 Number of Shares	%	Scenario 2 Number of Shares	%	Scenario 3 Number of Shares	%	Scenario 4 Number of Shares	%
WP Entities	–	–	591,440,160	13.2	430,381,938	9.6	591,440,160	13.5	430,381,938	9.8
JL Entities	–	–	203,969,969	4.6	148,353,696	3.3	203,969,969	4.6	148,353,696	3.4
Straits	–	–	214,674,500	4.8	156,139,434	3.5	214,674,500	4.9	156,139,434	3.6
Wealthman Group	–	–	80,575,922	1.8	58,605,372	1.3	80,575,922	1.8	58,605,372	1.3
SMBC	–	–	205,014,113	4.6	205,014,113	4.6	128,324,764	2.9	128,324,764	2.9
New Horizon	–	–	6,998,782	0.2	5,090,432	0.1	6,998,782	0.2	5,090,432	0.1
Ivanhoe Cambridge	–	–	80,233,114	1.8	80,233,114	1.8	80,233,114	1.8	80,233,114	1.8
ARA Executives	–	–	32,545,917	0.7	32,545,917	0.7	32,545,917	0.7	32,545,917	0.7
LOGOS Founders	–	–	7,134,950	0.2	7,134,950	0.2	7,134,950	0.2	7,134,950	0.2
Other Shareholders	–	–	–	–	299,088,462	6.7	–	–	299,088,462	6.8
Total	3,047,622,247	100.0	4,470,209,674	100.0	4,470,209,675	100.0	4,393,520,325	100.0	4,393,520,326	100.0

Note: The percentages above may not add up to 100% due to rounding

As illustrated above, the shareholdings in the Company held by the existing Shareholders would be diluted from 100.0% as at the Latest Practicable Date to a range of approximately 68.2% to 69.4% under different scenarios.

We note that there will be substantial dilution to the shareholdings in the Company held by the existing Shareholders due the scale of issues of new Shares under different scenarios. However, having considered (i) the benefits of the Proposed Transaction as set out in the section above headed "2. Reasons for and benefits of the Proposed Transaction", (ii) the issue prices of the Consideration Shares and the SMBC Subscription Shares being fair and reasonable, as discussed in the section above headed " 6. Assessment of the issue prices of the Consideration Shares and the SMBC Subscription Shares" and the issue of new Shares under the Permitted Issuance being not less than HK$27.0, the same as the Consideration Share Price, and (iii) it being prudent, in our view, to finance an acquisition of the size of the Proposed Transaction principally by equity, given the liquidity position of the Group as at 30 June 2021 as analysed in the section above headed "1. Background information of the Group", we consider the dilution to be acceptable.

8. Financial effects of the Proposed Transaction on the Group

Upon Completion, ARA will become a wholly owned subsidiary of the Company and accordingly, the financial results and financial position of the ARA Group will be consolidated into the consolidated financial statements of the Group.

The analyses on the financial effects below reference the unaudited pro forma financial information of the Enlarged Group in Appendix IV to the Circular, which has been complied by the Directors for illustrative purposes only and is based on a number of assumptions and estimates as set out therein. Because of its hypothetical nature, it may not give a true picture of the financial position and performance of the Group and the Enlarged Group at any future date.

Shareholders should note that the earnings contribution from the ARA Group after Completion will depend on the future performance of the ARA Group, and the actual effect of the Proposed Transaction on the assets, liabilities and earnings of the Group will depend on the financial position and performance of the ARA Group as at the date of Completion, which cannot be quantified as at the Latest Practicable Date.

8.1 Earnings

The Target Group has achieved continuous growth in fee revenue and EBITDA. Following Completion, the ARA Group will contribute immediate revenue and profit to the Group. As set out in the unaudited pro forma statement of profit or loss of the Enlarged Group in Appendix IV to the Circular, assuming the Proposed Transaction had been completed on 1 January 2021, the revenue and profit attributable to owners of the Enlarged Group would have increased to approximately US$421.0 million and approximately US$319.4 million, representing increases of approximately 106.0% and 49.3% as compared to that of the Group, for the six months ended 30 June 2021. During the same period, the earnings per share and the core PATMI per share would be increased from US$0.070 to US$0.071 and from US$0.055 to US$0.081 respectively, according to the Letter from the Board. We consider such accretion in per share earnings to be beneficial to the Independent Shareholders.

Based on the unaudited pro forma statement of profit and loss of the Enlarged Group for the six months ended 30 June 2021, the revenue contribution from the fund management segment would have increased from approximately 60.6% to approximately 80.9% and segmental results contribution from the fund management segment would have increased from approximately 23.4% to approximately 48.6% for the Enlarged Group. During the same period, the Adjusted EBITDA of the Group would be increased to approximately US$455.7 million, representing an increase of approximately 112.2% as compared to that of the Group.

According to the JLL Market Report, income producing real estate in the Asia Pacific region, which is the main focus of the Enlarged Group, is expected to expand at a faster pace than other major regions. We consider the Proposed Transaction would have a positive effect on the future growth of the Group, particularly in terms of fee revenue and EBITDA.

8.2 Assets and liabilities

As at 30 June 2021, the unaudited total assets and total liabilities of the Group amounted to approximately US$8.5 billion and US$4.3 billion respectively. Assuming the Proposed Transaction had been completed on 30 June 2021, the total assets and total liabilities of the Enlarged Group as at 30 June 2021 would have increased to approximately US$15.8 billion and US$5.7 billion respectively, according to the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as set out in Appendix IV to the Circular.

As set out in note 4 to the unaudited pro forma financial information of the Enlarged Group, a pro forma goodwill of approximately US$4.5 billion will be recognised as a result of the Proposed Transaction, which is a common in acquisitions of asset-light businesses. The pro forma goodwill is calculated based on the difference between the Total Consideration and the estimated fair values of the identifiable net assets of the ARA Group (currently assumed to approximate their carrying values). As the Consideration Shares are estimated based on the Consideration Share Price of HK$27.0 per Share, the actual Total Consideration will be different subject to the prevailing Share price at Completion. In addition, the fair values of the identifiable net assets of the ARA Group as at the date of Completion may be different from the carrying values of the net assets of the ARA Group as at 30 June 2021. Accordingly, actual goodwill amount at Completion may differ. It is stated that the Directors had performed an impairment assessment of the goodwill in accordance with, among others, the Group's accounting policy, and have taken into consideration the recoverable amount and synergy effect to the business of the Enlarged Group as key parameters for the assessment and accordingly, no pro forma adjustment in respect of goodwill impairment is made by the Directors.

Equity attributable to owners of the Company would increase from approximately US$4.0 billion as at 30 June 2021 to approximately US$9.6 billion on a pro forma basis, principally as a result of the enlarged capital base following the issue of the Consideration Shares and the SMBC Subscription Shares. On a per Share basis, the unaudited net asset value (excluding perpetual capital securities) as at 30 June 2021 was approximately US$1.23 per Share (or approximately HK$9.52 per Share). As the Consideration Shares and the SMBC Subscription Shares are to be issued at HK$27.0 per Share, approximately 1.8 times higher than the above unaudited net assets value per Share, the resultant net asset value per Share after Completion is expected to be enhanced.

8.3 Gearing

As at 30 June 2021, the Group had net debt of approximately US$2.6 billion and a gearing ratio (calculated by dividing net debt by total assets) of approximately 30.6%. As set out in the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group as set out in Appendix IV to the Circular, assuming the Proposed Transaction had been completed on 30 June 2021, net debt and total assets of the Enlarged Group would have increased to approximately US$3.4 billion and US$15.8 billion, with a gearing ratio (calculated by dividing net debt by total assets) of approximately 21.6%, which management of the Group considers to be desirable.

Shareholders should note that the average all-in costs of the ARA Group's loans and borrowings was approximately 2.6% per annum as at 30 June 2021, lower than the weighted average interest rate of the Group's bank and other borrowings of 4.6% per annum on the same date, and that ARA has secured committed financing facilities up to US$1.0 billion, with an all-in cost of approximately 1.8% per annum. The Enlarged Group is expected to benefit from ARA's credit profile, including a lower cost of debt.

9. Other matters relating to the Proposed Transaction

9.1 Management of the ARA Group and the Board following Completion

As advised by the management of the Group, it is currently expected that core senior management of the ARA Group (including the LOGOS Group) will be retained in appropriate roles on Completion. In particular, the existing CEO of ARA and co-CEOs of LOGOS will continue in their respective roles following Completion. Conformity of management of the ARA Group should play a crucial part in ensuring a successful acquisition.

The Sellers and the Consideration Recipients as a whole will hold approximately 30.6% to 31.8% of the total issued Shares immediately upon Completion under different scenarios. Pursuant to the Acquisition Agreement, the composition of the Board will be increased from its current 11 Directors to 14 Directors. The Board recommends each of Mr. Lim Hwee Chiang (John), Dr. Chiu Kwok Hung, Justin and Mr. Rajeev Kannan (collectively, the Proposed Directors) for election at the EGM to the office of Director as a non-executive Directors with effect from Completion. Brief biographical details of the Proposed Directors standing for election at the EGM are set out in Appendix V to the Circular. Given the above and the quality professionals expected to be brought to the Group as a result of the Proposed Transaction, we consider it reasonable for the Company to increase the number of Directors following Completion.

9.2 LOGOS joint venture

The LOGOS Founders entered into the LOGOS Revised SHA with ARA to govern their relationship as shareholders of LOGOS with effect from Completion. Pursuant to the LOGOS Revised SHA, on or shortly after the date falling three years after Completion, the Company will acquire the LOGOS Shares held by the LOGOS Founders (i.e. the remaining 14.6% of LOGOS) at a fair market value, to be determined by an independent valuer at the time of such acquisition, subject to a monetary cap of US$4.5 billion. The consideration will be satisfied by an issue of new Shares based on the 60-day volume-weighted average price of the Share to the LOGOS Founders and/or the payment of cash, at the Company's election. The Company will make a decision on how such consideration will be satisfied and complete the LOGOS Minority Acquisition within 30 Business Days (or a longer period as may be required) after the determination of such consideration. Prior to that, the LOGOS Founders will continue to manage the day-to-day operations of the LOGOS Group with support from the Enlarged Group.

The Company will comply with the applicable requirements of the Listing Rules at the time of completion of the LOGOS Minority Acquisition.

9.3 Arrangements for the LOGOS Founders and the ARA Executives

The LOGOS Founders entered into the LOGOS Revised SHA and agreed to the commitments with respect to the LOGOS Minority Acquisition and other commercial arrangements as set out in the LOGOS Revised SHA, in consideration for which certain Sellers will, pursuant to the Acquisition Agreement, instruct the direct issuance of Consideration Shares, and the direct payment of Cash Consideration, to the LOGOS Founders.

The ARA Executives agreed to accept the settlement of certain incentive arrangements granted under the employee share option plan established by ARA Asset Management by the direct issuance of Consideration Shares, and the direct payment of certain Cash Consideration, to the ARA Executives.

Details of the above are set out in the section headed "5. Arrangements for the ARA Executives and the LOGOS Founders" in the Letter from the Board.

9.4 Share Options

To retain the services of the ARA Group employees whose work is vital to the growth and continued success of the ARA Group and to incentivise and reward such employees, the Company will grant awards or other rights under the Share Incentive Plans to certain ARA Group employees following Completion. The aggregate value of all such grants is expected to be approximately US$27.7 million and will be made in compliance with the terms of the Share Incentive Plans and the Listing Rules. The Company will make an announcement when the grants have been made to such ARA Group employees following Completion.

9.5 Termination of the consultancy agreement with Warburg Pincus LLC

As set out in its announcement on 30 March 2021, the Company entered into a consultancy agreement with WP OCIM Alpha Limited, an affiliate of Warburg Pincus LLC, pursuant to which WP OCIM Alpha Limited would provide certain consultancy services to the Company for an initial term of 24 months, extendable at the Company's discretion for a further 12 months. In view of the Proposed Transaction, it is agreed that such consultancy agreement will be terminated with effect from Completion.

DISCUSSION

The Proposed Transaction is a strategic move to become a leading real asset fund manager

The Company has stated its goal to expand its position as a leading logistics real estate and fund management platform in Asia Pacific. Since its listing in 2019, the Group has undertaken a number of acquisitions, either by itself or by way of joint ventures, which have resulted in a significant growth in AUM. The Proposed Transaction represents a continuation of the Company's strategy to create the largest real asset fund manager in the Asia Pacific region. The Enlarged Group, through the existing Group and LOGOS, is expected to have a significant exposure to New Economy sector, including logistics facilities and data centres. ARA also has a proven fund-raising capability. Through the ARA Group, the Enlarged Group will establish relationships with new and important capital partners.

ARA's asset-light business model focused on earnings management fee income which is expected to enhance the Enlarged Group's earnings resilience. Compared to the Group's existing focus on the New Economy sector, ARA has a diversified portfolio of real estate under its management. The Enlarged Group should be well-placed to help global capital partners divest commercial real estate that ARA current manages and re-invest into New Economy real estate with the Company.

Terms of the Proposed Transaction

The Company will acquire ARA at the Total Consideration of US$5,192 million, to be satisfied as to 10% by cash and as to 90% by issuing approximately 1,345.9 million Consideration Shares at an issue price of HK$27.0 per Share. The Company may conduct a Permitted Issuance not exceeding US$1,038 million, at a minimum price of HK$27.0 per Share, to increase the cash portion of the Total Consideration. Subject to the Proposed Transaction becoming unconditional, SMBC will separately subscribe for approximately 76.7 million Shares at a price of HK$25.35 per Share, slightly lower than the issue price for the Consideration Shares. The proceeds will be used for partial satisfaction of the Cash Consideration. Shares to be owned by the Sellers will be subject to certain periods of lock-up.

Before Completion, there will be a reorganisation of ARA, such that the ARA Group's interest in LOGOS will be increased to 86.4% upon Completion. As the Proposed Transaction is subject to a number of Regulatory Conditions and other conditions (including approval by the Independent Shareholders at the EGM), Completion is expected to take place in the fourth quarter of 2021 or the first quarter of 2022. Shareholders holding approximately 54% of the total issued Shares have undertaken to vote in favour of the resolutions at the EGM, so the resolution relating to the Proposed Transaction (requiring approval of a simple majority) is expected to be duly passed.

Financial information and prospects of ARA

The ARA Group provides fund management services and real estate management services for public and private real estate funds. It grew its business and AUM both organically and through a series of strategic acquisitions, including the acquisition of LOGOS in early 2020. These are reflected in ARA's growth in AUM, fee revenue and Adjusted EBITDA in recent years. Fee revenue derived from New Economy real estate, which accounted for over half of ARA's total fee revenue in the first half of 2021, has seen even higher growth.

As an asset-light business, ARA's balance sheet comprised mainly financial assets and liabilities, its investments in associates and joint ventures (including its interests in Kenedix and Cromwell Property Group, which operate similar business lines as ARA). ARA had loans and borrowings of approximately US$1,048 million as at 30 June 2021, which are expected to be re-financed largely by a new US$1 billion facility. ARA is also soliciting consents for its perpetual securities of approximately US$705 million as at 30 June 2021.

Given ARA and LOGOS' strong ability to grow and raise funds in the past, and the favourable market environment in the Asia Pacific real estate management services sector, including the expected growth in the region's REIT market, the prospects of the ARA Group are encouraging.

Total Consideration and the issue prices of new Shares are fair and reasonable

We consider earnings-based multiples, as opposed to asset-based multiples, to be the preferred yardsticks to evaluate the Total Consideration for ARA, which runs an asset-light business. On this basis, the reported and Adjusted P/E ratios and EV/EBITDA ratios as represented by the Total Consideration are comparable to or lower (i.e. more favourable to the Company) than the average ratings of the Comparable Companies. The above ratios as represented by the Total Consideration are also broadly comparable to the three Transaction Precedents. We consider the Total Consideration to be fair and reasonable based on the above assessment, bearing in mind also the strategic benefits to be brought by the Proposed Transaction.

As the Proposed Transaction is a sizeable one, we consider it prudent that it be financed principally by the issue of new Shares. We further consider it reasonable for the Consideration Share Price (of HK$27.0 per Share) to be set at a level close to average market prices of the Shares prior to the Announcement, which is also the case for the Comparable Consideration Issues announced recently in the market.

The SMBC Subscription Shares were not issued to SMBC as a Seller, but as a financier for the Company's partial satisfaction of the Cash Consideration. Consequently, we consider that this transaction should be viewed differently, as a share placement exercise. The SMBC Subscription Price of HK$25.35 represents a discount of approximately 8.5% to the closing price of the Shares on the Last Trading Day, which is well within the range as represented by the Comparable Placings.

Financial effect of the Proposed Transaction

Upon Completion, the financial results and financial position of the ARA Group will be consolidated into the Group's consolidated financial statements, and the ARA Group would contribute immediate revenue and profitability to the Enlarged Group. On a pro forma basis, both per share earnings and net assets of the Enlarged Group would be enhanced, which we consider to be favourable to the Independent Shareholders. Gearing ratio of the Enlarged Group (net debt divided by total assets) would be reduced to a level that the management considers desirable.

The issue of the Consideration Shares will result in Shares held by existing Shareholders being diluted from 100% to approximately 68.2% to 69.4%. Taking into account the merits of the Proposed Transaction and the need for a prudent financial structure, we consider such dilution to be acceptable.

OPINION AND RECOMMENDATION

Having taken into account the principal factors and reasons set out above, we consider that that the Proposed Transaction (including the Specific Mandate) is on normal commercial terms, in the ordinary and usual course of business of the Group, and is fair and reasonable so far as the Independent Shareholders are concerned, and is also in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend that the Independent Board Committee to advise, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolution to approve the Proposed Transaction (including the Specific Mandate) at the EGM.

Yours faithfully,
for and on behalf of
SOMERLEY CAPITAL LIMITED

M. N. Sabine	**John Wong**
Chairman	*Director*

Mr. M. N. Sabine is a licensed person registered with the SFC and a responsible officer of Somerley Capital Limited, which is licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. He has over thirty years of experience in the corporate finance industry.

Mr. John Wong is a licensed person registered with the SFC and a responsible officer of Somerley Capital Limited. He has over ten years of experience in the corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP FOR EACH OF THE THREE YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 AND THE SIX MONTHS ENDED 30 JUNE 2021

Financial information of the Group for each of the three years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021, are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.esr.com) and can be accessed at the website addresses below:

(i) prospectus of the Company which included the accountants' report for the year ended 31 December 2018 (https://www1.hkexnews.hk/listedco/listconews/sehk/2019/1022/2019102200177.pdf);

(ii) annual report of the Company for the year ended 31 December 2019 (https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0429/2020042900023.pdf);

(iii) annual report of the Company for the year ended 31 December 2020 (https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0423/2021042300029.pdf); and

(iv) interim report of the Company for the six months ended 30 June 2021 (https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0924/2021092400029.pdf).

2. INDEBTEDNESS

As at 31 August 2021, being the latest practicable date of the Group and the ARA Group respectively, for the purpose of this statement of indebtedness, the Group and the ARA Group had the following outstanding indebtedness:

(a) Bank and other borrowings and lease liabilities

As at 31 August 2021:

(i) the Group had total bank and other borrowings of US$3,820,196,000 comprising secured bank loans of US$1,367,801,000, unsecured bank loans of US$1,244,305,000, unsecured bonds of US$846,012,000, unsecured convertible bonds of US$305,416,000 and unsecured other borrowings of US$56,662,000. Secured bank and other borrowings are secured by assets of the Group. The Group had total lease liabilities of US$11,673,000; and

(ii) the ARA Group had total bank and other borrowings of approximately US$1,062,494,000, comprising US$840,368,000 of secured bank loans, secured third party loans of US$29,063,000 and US$193,063,000 of unsecured short and medium term notes. The ARA Group's secured bank loans are secured by the assets of the ARA Group listed in paragraph (b)(ii) below. ARA Group had total lease liabilities of approximately US$17,604,000.

ARA Group has secured US$1,000,000,000 of unsecured committed financing which will be partially utilised to repay debt that will fall due as a result of the Proposed Transaction. Cost of financing would represent the aggregate of interest margin, credit adjustment spread and reference rate[22] amounting to approximately 1.7%–1.9%.

(b) Charge on assets

As at 31 August 2021:

(i) certain of the Group's completed investment properties and investment properties under construction with a total fair value of US$3,035,366,000, property, plant and equipment with a carrying amount of US$29,097,000, bank deposits with an amount of US$50,652,000, listed equity interests at market value with a fair value of US$206,495,000 and equity interests of certain subsidiaries were pledged to secure bank loans and other borrowings granted to the Group; and

(ii) pledged bank accounts amounting to US$20,345,000, equity interests of certain subsidiaries, listed equity interests at market value with a fair value of US$939,596,000 and unquoted equity investments and certain assets held for sale with a carrying amount of US$73,861,000 were pledged to secure bank loans and borrowings granted to the ARA Group.

(c) Contingent liabilities

As at 31 August 2021:

(i) the Group had no material contingent liabilities and guarantees on a group consolidated basis; and

(ii) the ARA Group had no material contingent liabilities and guarantees on a group consolidated basis.

Save as disclosed above and apart from intra-group liabilities and guarantees, as at the close of business on 31 August 2021, the Group and the ARA Group did not have any outstanding debt securities, loan capital, bank overdrafts, loans, mortgages, charges or other similar indebtedness, hire purchase or finance lease commitments, liabilities under acceptances or acceptance credits, guarantees or other material contingent liabilities.

[22] Singapore Overnight Rate Average as reference rate for SGD loan drawdown and London Interbank Offered Rate/Secured Overnight Financing Rate for USD loan drawdowns.

3. WORKING CAPITAL

The Directors are of the opinion that, following completion of the Proposed Transaction and in the absence of unforeseeable circumstances, after taking into account the Enlarged Group's business prospects, internal resources and available credit facilities, the Enlarged Group will have sufficient working capital for its present requirements for at least the next 12 months from the date of this Circular.

4. FINANCIAL AND TRADING PROSPECTS

The Group is committed to delivering value to the Shareholders and maximising business growth opportunities through efficient capital and asset allocations. The Group has been assessing different opportunities with an aim to expand its fund management platform across geographies, investment strategies and liquidity profiles. The Group's financial and operational results set records for the Group on multiple fronts, including AUM, PATMI, capital raising, leasing, development starts and development completions.

Accelerating growth of Fund Management segment

The Group's fund management segment achieved stellar performance during 1H2021 with revenue increasing 48.2% to US$123.9 million, buoyed by various key drivers including the continued growth in the Group's fund AUM which rose 37.9% year-on-year to US$32.7 billion, the robust development work-in-progress ("**WIP**") (in funds) which reached a record US$5.5 billion and strong leasing activity with over 1.6 million sqm of space leased across portfolio.

Supported by its well-established fund management platform, together with the continued acceleration in fundraising momentum, the Group's total AUM continued to grow, reaching US$36.3 billion, up 36.9% year-on-year.

The Group continues to see strong capital flows into logistics as global institutional investors are seeking to strategically rebalance their portfolios. Underpinned by the strong capital partner relationships and track record the Group has built over the years, the Group raised US$2.5 billion in committed capital via new and/or upsized vehicles across Japan, South Korea and Australia.

The A$3.8 billion (approximately US$2.9 billion) acquisition of the Milestone Portfolio and its management platform, which was completed in June 2021, marks the largest-ever logistics property transaction in Australia. The acquisition represents an 80% uplift in ESR Australia's AUM, which is now valued at US$6.1 billion, and positions the Group as the third largest logistics and industrial owner in the country, within three years of entering the Australian market.

Fundraising momentum remains strong as the Group continues to deepen its relationships with new and existing capital partners. As at 30 June 2021, the Group had over US$4.4 billion worth of committed but uncalled capital to invest in new projects going forward.

Robust development activities and leasing performance

The Group has over 19.7 million sqm of GFA in operation and under development across its portfolio and a landbank of over 2.9 million sqm, as at 30 June 2021. Its APAC wide portfolio achieved outstanding performance across multiple fronts, from new development starts to leasing. Development demand remained robust with WIP growing by 57% to a record US$5.5 billion in 1H2021. The Group achieved US$1.2 billion worth of development starts (as compared with US$0.8 billion during the six months ended 30 June 2020) and US$0.9 billion in development completions during 1H2021.

The Group owns one of the largest development pipelines in the region, totalling over 16.1 million sqm across its portfolio. It will continue to leverage third-party capital to fund development starts and exercise a disciplined asset light approach to achieve its targeted development completions.

In addition to strengthening its market leadership position in core markets, the Group has also sought to expand its footprint in Southeast Asia, one of the fastest growing regions in the world. In May 2021, the Group entered the Vietnamese market via a joint venture with the leading local logistics and industrial developer and operator, BW Industrial, to develop a 240,000 sqm project in Binh Duong, a major industrial development hub in southern Vietnam.

E-commerce acceleration and supply chain resilience have spurred demand for modern, institutional-grade logistics facilities, driving the solid performance of the Group's leasing activities. The Group maintained a healthy occupancy rate of 89% across its entire portfolio[23], and achieved record leasing of over 1.6 million sqm of space.

Strong balance sheet and continued asset light trajectory

As at 30 June 2021, the Group has a robust and well-capitalised balance sheet with US$1.1 billion in cash, and net debt over total assets of 30.6%. The Group continues to expand and diversify its funding and capital structure, which is crucial for fuelling the Group's long-term growth. In April 2021, it entered into a US$400 million (with a US$100 million incremental option) unsecured term loan facility which consists of a three-year tranche of US$267 million at Libor plus 2.75% and a five-year tranche of US$133 million at Libor plus 3.25%. There were 10 banks participating in the new facility which included both international and Asian financial institutions. In March 2021, the Group issued S$200 million (approximately US$148.6 million) NC5 fixed rate perpetual resettable step-up subordinated securities at a distribution rate of 5.65% under its US$2.0 billion Multicurrency Debt Issuance Programme. In June 2021, the Company issued a further tranche amounting to S$150 million (approximately US$111.6 million), bringing the aggregate total amount to S$350 million (approximately US$260.2 million).

23 Based on stabilised investment properties on balance sheet as at 30 June 2021.

The Group continues its asset light approach focusing on active recycling of capital to scale its business platform for future growth.

In May 2021, ESR-REIT embarked on its maiden overseas acquisition outside Singapore by taking a 10% stake in ESR Australia Logistics Partnership, which is an existing Australian core fund managed by ESR's Australian platform. This transaction also marks ESR-REIT's first acquisition from the Group's APAC pipeline. In June 2021, ESR Kendall Square REIT also completed the acquisition of the Anseong Logistics Park from the existing core fund managed by ESR's Korean platform. In July 2021, the Group fully exited its investment in Centuria Capital Group with A$272 million (approximately US$207.4 million) of total proceeds. The investment (including dividends) generated a 23.0% unleveraged internal rate of return (IRR).

Strengthened environmental, social and governance commitments

The Group continues its focus on sustainable growth as it constantly enacts a positive impact on the industry and creates a purpose-driven culture for the communities where it operates. ESG is at the heart of the Group's business, driving all decisions to maximise value for all stakeholders across the value chain. The Group has undertaken significant sustainability initiatives under its ESG 2025 Roadmap, underscored by sustainable properties and operations as well as best corporate practices.

As the Group expands into new markets and frontiers, it puts great emphasis on supporting local causes to contribute to the well-being of its communities. In southern Vietnam, the Group recently joined forces with its joint venture partner BW Industrial to accelerate the completion of a 40,000 sqm facility in the My Phuoc 4 Industrial Park in Vietnam, converting it into a makeshift treatment centre in response to the country's evolving COVID-19 pandemic. The Group and its partner worked in close alliance with the People's Committee of Binh Duong, where the facility is located, to provide a safe environment to support the local community in need.

In April 2021, the Group was awarded an MSCI ESG rating of A, recognising its outstanding performance in ESG best practices.

5. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group have been made up.

ACCOUNTANT'S REPORT ON THE AUDITED FINANCIAL INFORMATION OF THE ARA GROUP OF EACH OF THE THREE YEARS ENDED 31 DECEMBER 2018, 2019 AND 2020 AND THE SIX MONTHS ENDED 30 JUNE 2021

The following is the text of a report set out on pages II – 1 to II – 117, received from ARA's reporting accountants, KPMG LLP, Public Accountants and Chartered Accountants, Singapore, for the purpose of incorporation in this circular.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF ARA ASSET MANAGEMENT LIMITED AND ITS SUBSIDIARIES TO THE DIRECTORS OF ESR CAYMAN LIMITED

Introduction

We report on the historical financial information of ARA Asset Management Limited ("ARA") and its subsidiaries (together, the "ARA Group") set out on pages II – 4 to II – 117, which comprises the consolidated statements of financial position of the ARA Group as at 31 December 2018, 31 December 2019, 31 December 2020 and 30 June 2021 and the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows, for each of the years ended 31 December 2018, 31 December 2019 and 31 December 2020 and the six months ended 30 June 2021 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II – 4 to II – 117 forms an integral part of this report, which has been prepared for inclusion in the circular of ESR Cayman Limited (the "Company") dated 18 October 2021 (the "Circular") in connection with the proposed acquisition of the entire equity interests in ARA.

Directors' responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

The Underlying Financial Statements of the ARA Group as defined on page II – 4, on which the Historical Financial Information is based, were prepared by the directors of ARA. The directors of ARA are responsible for the preparation of the Underlying Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB"), and for such internal control as the directors of ARA determine is necessary to enable the preparation of the Underlying Financial Statements that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *"Accountants' Reports on Historical Financial Information in Investment Circulars"* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information in order to design 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. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the ARA Group's financial position as at 31 December 2018, 31 December 2019, 31 December 2020 and 30 June 2021 and of the ARA Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Review of stub period corresponding financial information

We have reviewed the stub period corresponding financial information of the ARA Group which comprises the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2020 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"* issued by the International Auditing and Assurance Standards Board. A review 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 International 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. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 2 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II – 4 have been made.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
18 October 2021

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the ARA Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by us under separate terms of engagement with ARA in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("IAASB") ("Underlying Financial Statements").

The Historical Financial Information is presented in United States Dollar ("USD") and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	Year ended 31 December 2018 US$'000	2019 US$'000	2020 US$'000	Six months ended 30 June 2020 US$'000 (unaudited)	2021 US$'000
Continuing operations						
Fee Revenue	5	134,500	146,049	255,300	90,519	216,616
Co-investment income		35,802	42,724	24,799	12,849	14,421
Finance income		1,169	5,845	7,249	3,340	6,617
Share of profit of equity-accounted investees, net of tax		45,952	63,681	44,393	4,178	93,304
Other income		421	981	6,017	3,022	3,593
Total other income		83,344	113,231	82,458	23,389	117,935
Total income		217,844	259,280	337,758	113,908	334,551
Less:						
Employee-related costs		(47,055)	(55,243)	(81,623)	(30,560)	(60,860)
Legal and professional fees		(11,970)	(14,291)	(19,687)	(7,438)	(9,893)
Property related expenses		(5,570)	(7,988)	(6,049)	(3,545)	(3,762)
Administrative expenses		(8,656)	(7,426)	(22,276)	(5,995)	(17,855)
Depreciation and amortisation		(1,048)	(4,251)	(11,054)	(4,538)	(6,690)
Fair value gains/(losses) and exchange differences		1,135	(1,400)	7,023	(4,469)	12,430
Finance costs		(6,536)	(30,498)	(13,464)	(5,592)	(11,238)
Total expenses		(79,700)	(121,097)	(147,130)	(62,137)	(97,868)
Transaction costs and one-off (expenses)/income	6	11,275	(9,239)	(19,183)	(11,181)	3,205
Profit before tax	6	149,419	128,944	171,445	40,590	239,888
Tax expense	7	(13,574)	(16,939)	(37,260)	(12,221)	(35,108)
Profit from continuing operations		135,845	112,005	134,185	28,369	204,780
Discontinued operation						
Profit/(Loss) from discontinued operation, net of tax	26	(3,161)	49,194	–	–	–
Profit for the year/period		132,684	161,199	134,185	28,369	204,780
Profit attributable to:						
– Ordinary equity holders of ARA		108,607	130,989	75,906	6,287	148,025
– Perpetual securities holders		21,644	28,569	37,968	18,573	19,432
– Non-controlling interests		2,433	1,641	20,311	3,509	37,323
Profit for the year/period		132,684	161,199	134,185	28,369	204,780
Profit from continuing operations attributable to:						
– Ordinary equity holders of ARA		111,768	81,795	75,906	6,287	148,025
– Perpetual securities holders		21,644	28,569	37,968	18,573	19,432
– Non-controlling interests		2,433	1,641	20,311	3,509	37,323
		135,845	112,005	134,185	28,369	204,780
Profit/(Loss) from discontinued operation attributable to:						
– Ordinary equity holders of ARA		(3,161)	49,194	–	–	–

The accompanying notes form part of the Historical Financial Information

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2018 US$'000	Year ended 31 December 2019 US$'000	Year ended 31 December 2020 US$'000	Six months ended 30 June 2020 US$'000 (unaudited)	Six months ended 30 June 2021 US$'000
Profit for the year/period		132,684	161,199	134,185	28,369	204,780
Other comprehensive income						
Items that will not be reclassified to profit or loss:						
Net fair value changes in financial assets carried at fair value through other comprehensive income ("FVOCI")		(68,701)	(5,557)	(33,826)	(89,149)	37,834
Share of fair value reserve of associates and joint ventures		42	1,124	(1,727)	(1,699)	4,430
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences relating to financial statements of foreign operations		(20,454)	8,432	75,774	(36,601)	(17,800)
Share of other comprehensive income of associates and joint ventures		1,049	100	(321)	5,388	(2,826)
Effective portion of changes in fair value of cash flow hedges		(25)	23	–	–	–
Other comprehensive income for the year/period, net of tax		(88,089)	4,122	39,900	(122,061)	21,638
Total comprehensive income for the year/period		44,595	165,321	174,085	(93,692)	226,418
Total comprehensive income attributable to:						
– Ordinary equity holders of the ARA		20,618	134,667	104,913	(110,758)	153,986
– Perpetual securities holders		21,644	28,569	37,968	18,573	19,432
– Non-controlling interests		2,333	2,085	31,204	(1,507)	53,000
		44,595	165,321	174,085	(93,692)	226,418
Total comprehensive income from continuing operations attributable to:						
– Ordinary equity holders of the ARA		23,779	85,473	104,913	(110,758)	153,986
– Perpetual securities holders		21,644	28,569	37,968	18,573	19,432
– Non-controlling interests		2,333	2,085	31,204	(1,507)	53,000
		47,756	116,127	174,085	(93,692)	226,418
Total comprehensive income from discontinued operation attributable to:						
– Ordinary equity holders of the ARA		(3,161)	49,194	–	–	–

The accompanying notes form part of the Historical Financial Information

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 December 2018 US$'000	As at 31 December 2019 US$'000	As at 31 December 2020 US$'000	As at 30 June 2021 US$'000
Assets					
Property, plant and equipment	*9*	3,241	4,237	4,031	4,104
Right-of-use assets	*10*	–	11,792	16,120	16,265
Intangible assets	*11*	32,600	32,762	410,465	416,012
Associates and joint ventures	*12*	721,360	875,782	1,023,868	1,441,830
Financial assets	*14*	529,770	618,847	654,263	609,847
Financial derivative assets	*15*	–	–	–	14,740
Deferred tax assets	*16*	1,158	924	1,347	1,436
Other non-current assets	*17*	1,723	49,491	3,757	8,634
Total non-current assets		1,289,852	1,593,835	2,113,851	2,512,868
Financial assets	*14*	8,349	10,442	54,222	64,298
Financial derivative assets	*15*	–	–	–	53
Trade receivables	*17*	6,578	18,475	46,070	39,198
Prepayments, other receivables and other assets	*17*	51,247	93,225	119,874	215,104
Cash and cash equivalents	*18*	91,956	163,558	311,419	544,326
		158,130	285,700	531,585	862,979
Assets held for sale	*26*	680,707	–	7,763	94,292
Total current assets		838,837	285,700	539,348	957,271
Total assets		2,128,689	1,879,535	2,653,199	3,470,139
Equity					
Share capital	*19*	1,497	1,497	1,497	1,711
Reserves	*19*	584,059	696,027	800,683	1,110,738
Perpetual securities	*20*	445,586	704,860	704,860	704,764
Equity attributable to equity holders of ARA		1,031,142	1,402,384	1,507,040	1,817,213
Non-controlling interests	*21*	4,678	7,760	331,562	384,055
Total equity		1,035,820	1,410,144	1,838,602	2,201,268

The accompanying notes form part of the Historical Financial Information

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	Note	As at 31 December 2018	As at 31 December 2019	As at 31 December 2020	As at 30 June 2021
		US$'000	*US$'000*	*US$'000*	*US$'000*
Liabilities					
Loans and borrowings	*22*	313,824	326,593	434,219	994,615
Lease liabilities	*10*	425	10,665	13,122	13,348
Trade and other payables	*23*	169,735	60,251	15,693	16,066
Contingent consideration payables	*24*	–	–	2,302	–
Deferred tax liabilities	*16*	5,591	5,645	11,815	33,979
Total non-current liabilities		489,575	403,154	477,151	1,058,008
Loans and borrowings	*22*	–	4,604	35,113	35,400
Lease liabilities	*10*	169	2,853	4,648	4,751
Trade and other payables	*23*	37,562	48,448	264,037	116,019
Contingent consideration payables	*24*	–	–	16,747	8,542
Current tax payable		9,060	10,332	16,901	15,029
		46,791	66,237	337,446	179,741
Liabilities directly associated with the assets held for sale	*26*	556,503	–	–	31,122
Total current liabilities		603,294	66,237	337,446	210,863
Total liabilities		1,092,869	469,391	814,597	1,268,871
Total equity and liabilities		2,128,689	1,879,535	2,653,199	3,470,139

The accompanying notes form part of the Historical Financial Information

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of ARA										
		Reserves									
	Share capital *US$'000*	Share premium *US$'000*	Translation reserve *US$'000*	Hedging reserve *US$'000*	Fair value reserve *US$'000*	Other reserve *US$'000*	Retained earnings *US$'000*	Perpetual securities *US$'000*	Total *US$'000*	Non-controlling interests *US$'000*	Total equity *US$'000*
At 1 January 2018	1,497	165,691	13,377	23	114,850	–	336,626	221,405	853,469	5,435	858,904
Total comprehensive income for the year											
Profit for the year	–	–	–	–	–	–	108,607	21,644	130,251	2,433	132,684
Other comprehensive income											
Foreign currency translation differences	–	–	(20,355)	–	–	–	–	–	(20,355)	(99)	(20,454)
Share of other comprehensive income of associates and joint ventures	–	–	1,232	(183)	42	–	–	–	1,091	–	1,091
Effective portion of changes in fair value of cash flow hedges	–	–	–	(25)	–	–	–	–	(25)	–	(25)
Net fair value changes in financial assets carried at FVOCI	–	–	–	–	(68,700)	–	–	–	(68,700)	(1)	(68,701)
Total other comprehensive income	–	–	(19,123)	(208)	(68,658)	–	–	–	(87,989)	(100)	(88,089)
Total comprehensive income for the year	–	–	(19,123)	(208)	(68,658)	–	108,607	21,644	42,262	2,333	44,595

The accompanying notes form part of the Historical Financial Information

	Attributable to equity holders of ARA										
		Reserves									
	Share capital US$'000	Share premium US$'000	Translation reserve US$'000	Hedging reserve US$'000	Fair value reserve US$'000	Other reserve US$'000	Retained earnings US$'000	Perpetual securities US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Dividends paid to ordinary shareholders *(note 19)*	–	–	–	–	–	–	(14,673)	–	(14,673)	–	(14,673)
Dividends paid to redeemable preference shareholders *(note 19)*	–	–	–	–	–	–	(31,985)	–	(31,985)	–	(31,985)
Dividends paid to non-controlling interests *(note 19)*	–	–	–	–	–	–	–	–	–	(2,344)	(2,344)
Distribution paid to perpetual securities holders *(note 20)*	–	–	–	–	–	–	–	(17,892)	(17,892)	–	(17,892)
Issue of perpetual securities, net of issue costs *(note 20)*	–	–	–	–	–	–	–	220,429	220,429	–	220,429
Reserves arising from business combination	–	–	–	–	–	(50)	–	–	(50)	–	(50)
Total contributions by and distributions to owners	–	–	–	–	–	(50)	(46,658)	202,537	155,829	(2,344)	153,485

The accompanying notes form part of the Historical Financial Information

	Attributable to equity holders of ARA										
		Reserves									
	Share capital US$'000	Share premium US$'000	Translation reserve US$'000	Hedging reserve US$'000	Fair value reserve US$'000	Other reserve US$'000	Retained earnings US$'000	Perpetual securities US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Changes in ownership interests in subsidiaries											
Acquisition of non-controlling interests without change in control *(note 28)*	–	–	–	–	–	(20,418)	–	–	(20,418)	(1,422)	(21,840)
Contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	676	676
Total changes in ownership interests in subsidiaries	–	–	–	–	–	(20,418)	–	–	(20,418)	(746)	(21,164)
Total transactions with owners	–	–	–	–	–	(20,468)	(46,658)	202,537	135,411	(3,090)	132,321
Others											
Transfer of fair value reserve of equity instruments designated at FVOCI upon disposal	–	–	–	–	186	–	(186)	–	–	–	–
Transfer of reserve	–	–	–	–	–	(468)	468	–	–	–	–
Transfer of statutory reserve	–	–	–	–	–	494	(494)	–	–	–	–
Total others	–	–	–	–	186	26	(212)	–	–	–	–
At 31 December 2018	1,497	165,691	(5,746)	(185)	46,378	(20,442)	398,363	445,586	1,031,142	4,678	1,035,820

The accompanying notes form part of the Historical Financial Information

	Attributable to equity holders of ARA										
		Reserves									
	Share capital US$'000	Share premium US$'000	Translation reserve US$'000	Hedging reserve US$'000	Fair value reserve US$'000	Other reserve US$'000	Retained earnings US$'000	Perpetual securities US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2019	1,497	165,691	(5,746)	(185)	46,378	(20,442)	398,363	445,586	1,031,142	4,678	1,035,820
Effect of adoption IFRS 16	–	–	–	–	–	–	(689)	–	(689)	–	(689)
Adjusted 1 January 2019	1,497	165,691	(5,746)	(185)	46,378	(20,442)	397,674	445,586	1,030,453	4,678	1,035,131
Total comprehensive income for the year											
Profit for the year	–	–	–	–	–	–	130,989	28,569	159,558	1,641	161,199
Other comprehensive income											
Foreign currency translation differences	–	–	8,328	–	–	–	–	–	8,328	104	8,432
Share of other comprehensive income of associates and joint ventures	–	–	148	(48)	1,124	–	–	–	1,224	–	1,224
Effective portion of changes in fair value of cash flow hedges	–	–	–	23	–	–	–	–	23	–	23
Net fair value changes in financial assets carried at FVOCI	–	–	–	–	(5,897)	–	–	–	(5,897)	340	(5,557)
Total other comprehensive income	–	–	8,476	(25)	(4,773)	–	–	–	3,678	444	4,122
Total comprehensive income for the year	–	–	8,476	(25)	(4,773)	–	130,989	28,569	163,236	2,085	165,321

The accompanying notes form part of the Historical Financial Information

	Attributable to equity holders of ARA										
		Reserves									
	Share capital US$'000	Share premium US$'000	Translation reserve US$'000	Hedging reserve US$'000	Fair value reserve US$'000	Other reserve US$'000	Retained earnings US$'000	Perpetual securities US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Dividends paid to redeemable preference shareholders *(note 19)*	–	–	–	–	–	–	(22,010)	–	(22,010)	–	(22,010)
Dividends paid to non-controlling interests *(note 19)*	–	–	–	–	–	–	–	–	–	(448)	(448)
Distribution paid to perpetual securities holders *(note 20)*	–	–	–	–	–	–	–	(23,881)	(23,881)	–	(23,881)
Issue of perpetual securities, net of issue costs *(note 20)*	–	–	–	–	–	–	–	254,586	254,586	–	254,586
Total contributions by and distributions to owners	–	–	–	–	–	–	(22,010)	230,705	208,695	(448)	208,247
Changes in ownership interests in subsidiaries											
Contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	1,445	1,445
Total changes in ownership interests in subsidiaries	–	–	–	–	–	–	–	–	–	1,445	1,445
Total transactions with owners	–	–	–	–	–	–	(22,010)	230,705	208,695	997	209,692

The accompanying notes form part of the Historical Financial Information

	Attributable to equity holders of ARA										
		Reserves									
	Share capital US$'000	Share premium US$'000	Translation reserve US$'000	Hedging reserve US$'000	Fair value reserve US$'000	Other reserve US$'000	Retained earnings US$'000	Perpetual securities US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Others											
Transfer of fair value reserve of equity instruments designated at FVOCI upon disposal	–	–	–	–	319	–	(319)	–	–	–	–
Transfer of statutory reserve	–	–	–	–	–	30	(30)	–	–	–	–
Total others	–	–	–	–	319	30	(349)	–	–	–	–
At 31 December 2019	1,497	165,691	2,730	(210)	41,924	(20,412)	506,304	704,860	1,402,384	7,760	1,410,144
At 1 January 2020	1,497	165,691	2,730	(210)	41,924	(20,412)	506,304	704,860	1,402,384	7,760	1,410,144
Total comprehensive income for the year											
Profit for the year	–	–	–	–	–	–	75,906	37,968	113,874	20,311	134,185
Other comprehensive income											
Foreign currency translation differences	–	–	62,016	–	–	–	–	–	62,016	13,758	75,774
Share of other comprehensive income of associates and joint ventures	–	–	(1,040)	12	(1,727)	–	–	–	(2,755)	707	(2,048)
Net fair value changes in financial assets carried at FVOCI	–	–	–	–	(30,254)	–	–	–	(30,254)	(3,572)	(33,826)
Total other comprehensive income	–	–	60,976	12	(31,981)	–	–	–	29,007	10,893	39,900
Total comprehensive income for the year	–	–	60,976	12	(31,981)	–	75,906	37,968	142,881	31,204	174,085

The accompanying notes form part of the Historical Financial Information

	Attributable to equity holders of ARA										
		Reserves									
	Share capital *US$'000*	**Share premium** *US$'000*	**Translation reserve** *US$'000*	**Hedging reserve** *US$'000*	**Fair value reserve** *US$'000*	**Other reserve** *US$'000*	**Retained earnings** *US$'000*	**Perpetual securities** *US$'000*	**Total** *US$'000*	**Non-controlling interests** *US$'000*	**Total equity** *US$'000*
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Capital distributions to non-controlling interests	–	–	–	–	–	–	–	–	–	(847)	(847)
Dividends paid to non-controlling interests *(note 19)*	–	–	–	–	–	–	–	–	–	(8,750)	(8,750)
Distribution paid to perpetual securities holders *(note 20)*	–	–	–	–	–	–	–	(37,968)	(37,968)	–	(37,968)
Total contributions by and distributions to owners	–	–	–	–	–	–	–	(37,968)	(37,968)	(9,597)	(47,565)

The accompanying notes form part of the Historical Financial Information

	Attributable to equity holders of ARA										
		Reserves									
	Share capital US$'000	Share premium US$'000	Translation reserve US$'000	Hedging reserve US$'000	Fair value reserve US$'000	Other reserve US$'000	Retained earnings US$'000	Perpetual securities US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Changes in ownership interests in subsidiaries											
Acquisition of subsidiaries with non-controlling interests *(note 27)*	–	–	–	–	–	–	–	–	–	145,853	145,853
Acquisition of non-controlling interests without change in control *(note 28)*	–	–	–	–	–	(257)	–	–	(257)	(2,625)	(2,882)
Contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	118,582	118,582
Non-cash considerations in business combinations by way of transferring existing subsidiaries *(note 27)*	–	–	–	–	–	–	–	–	–	12,886	12,886
Non-cash considerations in business combinations by way of transferring existing quoted FVOCI equity investments *(note 27)*	–	–	–	–	–	–	–	–	–	27,499	27,499
Total changes in ownership interests in subsidiaries	–	–	–	–	–	(257)	–	–	(257)	302,195	301,938
Total transactions with owners	–	–	–	–	–	(257)	–	(37,968)	(38,225)	292,598	254,373

The accompanying notes form part of the Historical Financial Information

	Attributable to equity holders of ARA										
		Reserves									
	Share capital US$'000	Share premium US$'000	Translation reserve US$'000	Hedging reserve US$'000	Fair value reserve US$'000	Other reserve US$'000	Retained earnings US$'000	Perpetual securities US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Others											
Transfer of fair value reserve of equity instruments designated at FVOCI upon disposal	–	–	–	–	(6,147)	–	6,147	–	–	–	–
Transfer of statutory reserve	–	–	–	–	–	239	(239)	–	–	–	–
Total others	–	–	–	–	(6,147)	239	5,908	–	–	–	–
At 31 December 2020	1,497	165,691	63,706	(198)	3,796	(20,430)	588,118	704,860	1,507,040	331,562	1,838,602
At 1 January 2020	1,497	165,691	2,730	(210)	41,924	(20,412)	506,304	704,860	1,402,384	7,760	1,410,144
Total comprehensive income for the period (unaudited)											
Profit for the period (unaudited)	–	–	–	–	–	–	6,287	18,573	24,860	3,509	28,369
Other comprehensive income (unaudited)											
Foreign currency translation differences (unaudited)	–	–	(34,403)	–	–	–	–	–	(34,403)	(2,198)	(36,601)
Share of other comprehensive income of associates and joint ventures (unaudited)	–	–	4,681	11	(1,699)	–	–	–	2,993	696	3,689
Net fair value changes in financial assets carried at FVOCI (unaudited)	–	–	–	–	(85,635)	–	–	–	(85,635)	(3,514)	(89,149)
Total other comprehensive income (unaudited)	–	–	(29,722)	11	(87,334)	–	–	–	(117,045)	(5,016)	(122,061)

The accompanying notes form part of the Historical Financial Information

	Attributable to equity holders of ARA										
		Reserves									
	Share capital US$'000	Share premium US$'000	Translation reserve US$'000	Hedging reserve US$'000	Fair value reserve US$'000	Other reserve US$'000	Retained earnings US$'000	Perpetual securities US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Total comprehensive income for the period (unaudited)	–	–	(29,722)	11	(87,334)	–	6,287	18,573	(92,185)	(1,507)	(93,692)
Transactions with owners, recorded directly in equity (unaudited)											
Contributions by and distributions to owners (unaudited)											
Dividends paid to non-controlling interests *(note 19)* (unaudited)	–	–	–	–	–	–	–	–	–	(84)	(84)
Distribution paid to perpetual securities holders *(note 20)* (unaudited)	–	–	–	–	–	–	–	(18,634)	(18,634)	–	(18,634)
Total contributions by and distributions to owners (unaudited)	–	–	–	–	–	–	–	(18,634)	(18,634)	(84)	(18,718)
Changes in ownership interests in subsidiaries (unaudited)											
Acquisition of subsidiaries with non-controlling interests (unaudited)	–	–	–	–	–	–	–	–	–	145,853	145,853
Contributions from non-controlling interests (unaudited)	–	–	–	–	–	–	–	–	–	118,582	118,582
Non-cash considerations in business combinations by way of transferring existing subsidiaries (unaudited)	–	–	–	–	–	–	–	–	–	12,886	12,886

The accompanying notes form part of the Historical Financial Information

	Attributable to equity holders of ARA										
		Reserves									
	Share capital *US$'000*	Share premium *US$'000*	Translation reserve *US$'000*	Hedging reserve *US$'000*	Fair value reserve *US$'000*	Other reserve *US$'000*	Retained earnings *US$'000*	Perpetual securities *US$'000*	Total *US$'000*	Non-controlling interests *US$'000*	Total equity *US$'000*
Non-cash considerations in business combinations by way of transferring existing quoted FVOCI equity investments (unaudited)	–	–	–	–	–	–	–	–	–	27,499	27,499
Total changes in ownership interests in subsidiaries (unaudited)	–	–	–	–	–	–	–	–	–	304,820	304,820
Total transactions with owners (unaudited)	–	–	–	–	–	–	–	(18,634)	(18,634)	304,736	286,102
Others (unaudited)											
Transfer of fair value reserve of equity instruments designated at FVOCI upon disposal (unaudited)	–	–	–	–	(5,891)	–	5,891	–	–	–	–
Transfer of statutory reserve (unaudited)	–	–	–	–	–	1	(1)	–	–	–	–
Total others (unaudited)	–	–	–	–	(5,891)	1	5,890	–	–	–	–
At 30 June 2020 (unaudited)	1,497	165,691	(26,992)	(199)	(51,301)	(20,411)	518,481	704,799	1,291,565	310,989	1,602,554

The accompanying notes form part of the Historical Financial Information

	Attributable to equity holders of ARA										
		Reserves									
	Share capital US$'000	Share premium US$'000	Translation reserve US$'000	Hedging reserve US$'000	Fair value reserve US$'000	Other reserve US$'000	Retained earnings US$'000	Perpetual securities US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
At 1 January 2021	1,497	165,691	63,706	(198)	3,796	(20,430)	588,118	704,860	1,507,040	331,562	1,838,602
Total comprehensive income for the period											
Profit for the period	–	–	–	–	–	–	148,025	19,432	167,457	37,323	204,780
Other comprehensive income											
Foreign currency translation differences	–	–	(17,986)	–	–	–	–	–	(17,986)	186	(17,800)
Share of other comprehensive income of associates and joint ventures	–	–	(2,967)	198	4,430	–	–	–	1,661	(57)	1,604
Net fair value changes in financial assets carried at FVOCI	–	–	–	–	22,286	–	–	–	22,286	15,548	37,834
Total other comprehensive income	–	–	(20,953)	198	26,716	–	–	–	5,961	15,677	21,638
Total comprehensive income for the period	–	–	(20,953)	198	26,716	–	148,025	19,432	173,418	53,000	226,418
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Issuance of new shares *(note 19)*	214	502,155	–	–	–	–	–	–	502,369	–	502,369
Dividends paid to ordinary shareholders *(note 19)*	–	–	–	–	–	–	(343,705)	–	(343,705)	–	(343,705)
Dividends paid to non-controlling interests *(note 19)*	–	–	–	–	–	–	–	–	–	(4,162)	(4,162)
Distribution paid to perpetual securities holders *(note 20)*	–	–	–	–	–	–	–	(19,528)	(19,528)	–	(19,528)
Redemption of preference shares	–	(75)	–	–	–	–	75	–	–	–	–

The accompanying notes form part of the Historical Financial Information

	Attributable to equity holders of ARA										
		Reserves									
	Share capital US$'000	Share premium US$'000	Translation reserve US$'000	Hedging reserve US$'000	Fair value reserve US$'000	Other reserve US$'000	Retained earnings US$'000	Perpetual securities US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
Total contributions by and distributions to owners	214	502,080	–	–	–	–	(343,630)	(19,528)	139,136	(4,162)	134,974
Changes in ownership interests in subsidiaries											
Acquisition of subsidiaries with non-controlling interests *(note 26)*	–	–	–	–	–	–	–	–	–	1,274	1,274
Non-reciprocal contribution in a non-wholly owned subsidiary	–	–	–	–	–	(2,381)	–	–	(2,381)	2,381	–
Total changes in ownership interests in subsidiaries	–	–	–	–	–	(2,381)	–	–	(2,381)	3,655	1,274
Total transactions with owners	214	502,080	–	–	–	(2,381)	(343,630)	(19,528)	136,755	(507)	136,248
Others											
Transfer of fair value reserve of equity instruments designated at FVOCI upon disposal	–	–	–	–	7,641	–	(7,641)	–	–	–	–
Transfer of statutory reserve	–	–	–	–	–	69	(69)	–	–	–	–
Total others	–	–	–	–	7,641	69	(7,710)	–	–	–	–
At 30 June 2021	1,711	667,771	42,753	–	38,153	(22,742)	384,803	704,764	1,817,213	384,055	2,201,268

The accompanying notes form part of the Historical Financial Information

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Cash flows from operating activities					
Profit for the year/period	132,684	161,199	134,185	28,369	204,780
Adjustments for:					
Amortisation of intangible assets	302	351	4,879	1,927	3,050
Bad debts written off	–	–	44	–	178
Depreciation of property, plant and equipment	746	1,306	1,733	791	855
Depreciation of right-of-use assets	–	2,594	4,442	1,820	2,785
Distribution income	(35,802)	(42,724)	(24,799)	(12,849)	(14,421)
Gain on disposal of assets held for sale	–	–	–	–	(741)
Gain on disposal of associates and joint ventures	(1,043)	–	–	–	–
Loss on disposal of property, plant and equipment	12	32	–	–	–
(Gain)/Loss on disposal of quoted FVTPL financial assets	436	(1,830)	1,983	13	(2,404)
Gain on fair value of derivative financial assets	–	–	–	–	(14,705)
(Gain)/Loss on modification of lease contracts	–	–	(2)	(2)	10
Gain on previously held interest in an associate/joint venture	(10,680)	–	–	–	(404)
Gain on sale of discontinued operation, net of tax	–	(45,089)	–	–	–
Gain on unrealised foreign exchange	(2,719)	(271)	(571)	–	–
Intangible asset written off	81	–	6	–	–
Interest expense	6,536	30,498	13,464	5,592	11,238
Interest income	(1,169)	(5,845)	(7,249)	(3,340)	(6,617)
Loss on partial disposal of interest in an associate	–	10,348	4,467	4,408	165
Management fees received/receivable in units of real estate investment trusts	(53,164)	(55,554)	(54,140)	(28,343)	(32,712)
Net (gain)/loss on fair value of financial assets	(729)	618	(3,494)	6,837	(1,931)
Property, plant and equipment written off	–	–	47	–	5
Share of profit of associates and joint ventures	(45,952)	(63,681)	(44,393)	(4,178)	(93,304)
Tax expense	13,574	16,939	37,260	12,221	35,108
	3,113	8,891	67,862	13,266	90,935
Change in trade and other receivables	(14,925)	(71,680)	30,687	37,560	(94,741)
Change in trade and other payables	6,121	15,977	(26,851)	(49,616)	(68,093)

The accompanying notes form part of the Historical Financial Information

	Year ended 31 December			Six months ended 30 June	
	2018	**2019**	**2020**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Cash (used in)/generated from operations	(5,691)	(46,812)	71,698	1,210	(71,899)
Distribution income received	35,909	42,784	24,393	12,016	14,093
Proceeds from sale of units in real estate investment trusts	18,729	51,090	5,991	311	28,190
Tax paid	(14,798)	(15,582)	(26,612)	(9,449)	(14,469)
	34,149	31,480	75,470	4,088	(44,085)
Cash flows from operating activities of discontinued operation	14,661	16,512	–	–	–
Net cash from/(used in) operating activities	48,810	47,992	75,470	4,088	(44,085)
Cash flows from investing activities					
Acquisition of interest in associates	(338,710)	(158,680)	–	–	–
Capital contributions in associates and joint ventures	–	(4,610)	(20,289)	(6,160)	(157,657)
Dividends received from associates and joint ventures	10,939	31,038	49,554	15,631	30,129
Interest received	1,169	1,505	10,616	713	6,309
Net cash outflows arising from acquisition of subsidiaries *(note 27)*	(15,660)	–	(208,821)	(208,821)	(4,203)
Payment of contingent consideration payables	–	–	–	–	(10,594)
Payment of software development expenditure	(19)	(86)	(96)	(87)	(303)
Proceeds from disposal of assets held for sale	–	–	–	–	8,504
Proceeds from disposal of discontinued operation, net of cash disposed	–	152,781	–	–	–
Proceeds from disposal of financial assets	4,503	11,668	–	–	–
Proceeds from disposal of property, plant and equipment	170	10	11	–	–
Proceeds from partial disposal of associates	1,247	29,558	14,506	14,270	–
Proceeds from redemption of financial assets	49,952	64,125	24,290	6,243	70,246
Purchase of assets held for sale	–	–	–	–	(37,188)
Purchase of club membership	–	–	–	–	(497)
Purchase of derivative financial assets	–	–	–	–	(53)
Purchase of financial assets	(68,769)	(162,734)	(72,265)	(16,899)	(69,378)
Purchase of property, plant and equipment	(2,210)	(2,310)	(794)	(286)	(834)

The accompanying notes form part of the Historical Financial Information

	Year ended 31 December			Six months ended 30 June	
	2018	**2019**	**2020**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
	(357,388)	(37,735)	(203,288)	(195,396)	(165,519)
Cash flows from investing activities of discontinued operation	(669,235)	–	–	–	–
Net cash used in investing activities	(1,026,623)	(37,735)	(203,288)	(195,396)	(165,519)
Cash flows from financing activities					
Acquisition of non-controlling interests *(note 28)*	(21,840)	–	(2,882)	–	–
Advances from immediate holding company	166,423	77,316	632,371	622,073	–
Capital distribution to non-controlling interests	–	–	(847)	–	–
Dividends paid to ordinary shareholders	(14,673)	–	–	–	–
Contributions from non-controlling interests	676	1,445	118,582	118,552	–
Dividends paid to non-controlling interests	(2,344)	(448)	(8,750)	(84)	(4,162)
Dividends paid to redeemable preference shareholders	(31,985)	(22,010)	–	–	–
Distribution paid to perpetual securities holders	(17,892)	(23,881)	(37,968)	(18,634)	(19,528)
Interest paid	(5,241)	(28,628)	(16,250)	(5,097)	(11,982)
Issue of ordinary shares, net of issue costs	–	–	–	–	502,369
Issue of perpetual securities, net of issue costs	220,429	254,586	–	–	–
Payment of lease liabilities	(153)	(2,211)	(4,745)	(1,235)	(2,712)
Proceeds from loans and borrowings	316,864	91,716	116,305	3,571	368,891
Proceeds from loans from immediate holding company	–	47,682	–	–	–
Repayment of advances from immediate holding company	–	(258,452)	(439,544)	(402,746)	(375)
Repayment of loans and borrowings	(137,466)	(76,005)	(46,667)	(45,907)	(389,851)
Repayment of loan from immediate holding company	–	–	(47,500)	–	–
	472,798	61,110	262,105	270,493	442,650
Cash flows from financing activities of discontinued operation	544,383	–	–	–	–
Net cash from financing activities	1,017,181	61,110	262,105	270,493	442,650

The accompanying notes form part of the Historical Financial Information

	Year ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Net increase in cash and cash equivalents	39,368	71,367	134,287	79,185	233,046
Cash and cash equivalents at beginning of the year/period	69,821	91,956	163,558	163,558	311,419
	109,189	163,323	297,845	242,743	544,465
Cash and cash equivalents reclassified as held for sale	(15,111)	–	–	–	–
Effect of exchange rate fluctuations on cash held	(2,122)	235	13,574	1,503	(139)
Cash and cash equivalents at end of the year/period	91,956	163,558	311,419	244,246	544,326

Significant non-cash transactions

For the period ended 30 June 2021, ARA has the following significant non-cash transactions:

- The immediate holding company novated its loans and borrowings of US$526,125,000 to ARA as disclosed in note 22; and

- Dividends declared by ARA of US$343,705,000 to the immediate holding company was set off against amounts due from its immediate holding company as disclosed in note 22.

The accompanying notes form part of the Historical Financial Information

I. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 CORPORATE INFORMATION

ARA Asset Management Limited ("ARA") 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 5 Temasek Boulevard, #12-01 Suntec Tower Five, Singapore 038985.

The Historical Financial Information of the ARA Group for the Relevant Periods comprise ARA and its subsidiaries (together referred to as the "ARA Group" and individually as "group entities") and the ARA Group's interest in equity-accounted investees.

The immediate and ultimate holding company are ARA Investment (Cayman) Limited, a company incorporated in the Cayman Islands and ARA Asset Management Holdings Pte. Ltd., a company incorporated in Singapore respectively.

The principal activity of ARA is that of investment holding.

The principal activities of the subsidiaries comprise:

(a) **Public Markets** – acting as the manager for public-listed real estate investment trusts ("REITs") and responsible for establishing a REIT's strategic direction, managing its assets and capital, and overseeing its acquisitions and divestments;

(b) **Private Markets** – The ARA Group manages, and co-invests in, various private real estate funds as well as other products, which have a range of strategies and risk profiles and this segment is broadly organised into the following business lines:

(i) Private real estate funds – the ARA Group provides fund management services, including acting as the manager for private real estate funds.

(ii) New economy funds – the ARA Group manages a logistics real estate platform, with extensive property and development expertise. This platform includes a public REIT, ARA LOGOS Logistics Trust and private real estate funds managed by LOGOS, in which the ARA Group acquired a 70% equity interests in 2020.

(iii) Credit – The ARA Group also manages, and co-invests in, credit funds through the origination and management loans in accordance with the terms of such debt funds. This is managed through its ARA-Venn platform, in which the ARA Group acquired a 68% interest in 2020.

(iv) Infrastructure – The ARA Group manages and co-invests in private infrastructure funds that seek to acquire assets in Asia across a range of infrastructure sectors, including energy, transport and telecommunications. The ARA Group established its infrastructure platform, ARA Infrastructure, in 2018.

(c) **Property management and leasing** – As part of the ARA Group's vertically integrated model, the ARA Group provides property management and leasing services to the majority of the assets owned by the public REITS and private real estate funds it manages, providing a competitive advantage in attracting and retaining high quality tenants.

Information about subsidiaries

As at 30 June 2021, the ARA Group had direct interests in the following principal subsidiaries, the particulars of which are set out below:

Name of subsidiary	Place and date of incorporation	Currency	Issued ordinary share capital *$*	Percentage of equity attributable to ARA *%*	Principal activities
ARA Asset Management (Fortune) Limited[1]	Republic of Singapore, 7 April 2003	SGD	1,000,000	100	Manager of Fortune REIT
ARA Trust Management (Suntec) Limited[1]	Republic of Singapore, 30 August 2004	SGD	1,000,000	100	Manager of Suntec REIT
ARA Korea Limited[3]	South Korea, 17 April 2014	KRW	7,000,000,000	90.1	Fund manager
ARA Korea (REF) Limited[3]	South Korea, 1 June 2018	KRW	4,000,000,000	90.1	Fund manager
Venn Partners LLP[4]	United Kingdom, 30 July 2009	GBP	1,311,637[9]	60.8	Investment Fund Manager
LOGOS Property Group Ltd[5][6]	British Virgin Islands, 27 January 2015	USD	384,208,865	52.0	Investment holding
ARA Asset Management (Prosperity) Limited[2]	Hong Kong SAR, 3 September 2005	HKD	5,000,000	100	Manager of Prosperity REIT
APM Australia (ARA) Pty Ltd[7]	Australia, 6 March 2018	AUD	10	100	Property Management
ARA Fund Management (CIP) Limited[1][8]	Bermuda, 18 October 2011	USD	12,000	100	Portfolio management
ARA Fund Management (Century) Limited[1][8]	Cayman Islands, 18 August 2016	USD	1	100	Portfolio management
ARA Fund Management (Mapleleaf) Limited[1][8]	Bermuda, 30 September 2016	USD	1	100	Asset management
ARA Fund Management (AREP Asia II) Limited[1][8]	Cayman Islands, 16 September 2016	USD	1	100	Portfolio management
ARAM Australia Pty Ltd[7]	Australia, 15 July 2013	AUD	1,650,000	90	Investment Manager
ARA Real Estate Investors XVIII Pte. Ltd.[1]	Republic of Singapore, 18 October 2011	SGD	1	100	Investment holding
ARA Real Estate Investors XXI Pte. Ltd.[1]	Republic of Singapore, 7 February 2018	SGD	1	100	Investment holding
ARA Property Management Pte. Ltd.[1]	Republic of Singapore, 5 October 2009	SGD	1	100	Investment holding

(1) The statutory financial statements for the years ended 31 December 2018, 2019 and 2020 were audited by KPMG LLP, Singapore

(2) The statutory financial statements for the years ended 31 December 2018, 2019 and 2020 were audited by KPMG, Hong Kong

(3) The statutory financial statements for the years ended 31 December 2018, 2019 and 2020 were audited by KPMG Samjong Accounting Corporation

(4) The statutory financial statements for the years ended 31 December 2018, 2019 and 2020 were audited by MHA MacIntyre Hudson

(5) The financial statements for the years ended 31 December 2018 and 2019 were audited by PwC, Australia

(6) The financial statements for the year ended 31 December 2020 were audited by KPMG LLP, Singapore.

(7) Not required to be audited under Australian law

(8) The financial statements for the years ended 31 December 2018 and 2019 were audited by KPMG LLP, Singapore. As of the date of this report, no financial statements for the year ended 31 December 2020 have been prepared

(9) Represented Partners' contributions in Venn Partners LLP

The above table lists the subsidiaries of ARA which, in the opinion of the directors, principally affected the results during the Relevant Periods or formed a substantial portion of the net assets of the ARA Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

All companies comprising the ARA Group have adopted 31 December as their financial year end date.

2 BASIS OF PREPARATION

2.1 Basis of preparation

The Historical Financial Information has been prepared in accordance with IFRSs, which comprise all standards and interpretations approved by the IASB. The Historical Financial Information also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

For the purpose of preparing this Historical Financial Information, the accounting policies set out in note 3 have been applied consistently throughout the Relevant Periods, except for those new accounting standards and interpretations which become effective and have been initially applied during the Relevant Periods. Details of the changes in accounting policies are discussed in note 2.3.

The IASB has issued a number of new and revised IFRSs. The ARA Group has not adopted any new accounting standards and interpretations issued but not yet effective for the accounting year beginning on 1 January 2021. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on 1 January 2021 are set out in note 3.17.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income and financial assets and liabilities at fair value through profit or loss, which have been measured at fair value.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

2.2 Use of estimates and judgements

The preparation of the Historical Financial Information in conformity with IFRS 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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 11 – Impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts.
- Note 27 – Accounting for business combinations: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the Historical Financial Information is included in:

- Note 12 – Determination of significant influence over investees.
- Note 13 – Determination of control over investees.
- Note 10 – Lease terms: whether the ARA Group is reasonably certain to exercise extension options.

Measurement of fair values

A number of the ARA Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The ARA Group has an established control framework with respect to the measurement of fair values. The ARA 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, valuation reports 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 IFRS, including the level in the fair value hierarchy in which such valuations should be classified. 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 ARA Group uses observable market 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 in 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 ARA 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 the following notes:

Note 25 – Financial instruments.

Note 27 – Accounting for business combinations: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed.

2.3 Changes in accounting policies

The ARA Group has applied the following IFRSs, amendments to IFRSs and interpretations for the first time for the financial period beginning on the following periods:

Financial period beginning on 1 January 2019

- IFRS 16 *Leases*
- IFRIC 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to IAS 28)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to IAS 12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to IAS 23)

Financial period beginning on 1 January 2020

- *Amendments to References to Conceptual Framework in IFRS Standards*
- *Definition of a Business (Amendments to IFRS 3)*
- *Definition of Material (Amendments to IFRS 1 and IAS 8)*
- *Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)*

Financial period beginning on 1 January 2021

- *Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*
- *Covid-19-Related Rent Concessions (Amendments to IFRS 16)*

Other than the amendments relating to IFRS 16 *Leases* and definition of a business (Amendments to IFRS 3), the application of these standards and amendments to standards does not have a material effect on the Historical Financial Information during the Relevant Periods.

IFRS 16 Leases

The ARA Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the information presented for 2018 is not restated – i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in IFRS 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the ARA Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining whether an Arrangement contains a Lease. The ARA Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in IFRS 16.

On transition to IFRS 16, the ARA Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The ARA Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the ARA Group leases office facilities. The ARA Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the ARA Group. Under IFRS 16, the ARA Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

Leases classified as operating leases under IAS 17

Previously, the ARA Group classified property leases as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the ARA Group's incremental borrowing rate applicable to the lease as at 1 January 2019. Right-of-use assets are measured at their carrying amount as if IFRS 16 had been applied since commencement date, discounted using the applicable incremental borrowing rates at the date of initial application.

The ARA Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The ARA Group used a number of practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17. In particular, the ARA Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Impact on Historical Financial Information

*Impact on transition**

On transition to IFRS 16, the ARA Group recognised additional right-of-use assets and additional lease liabilities, recognised the difference in retained earnings. The impact on transition is summarised below.

	1 January 2019
	US$'000
Right-of-use assets – Property, plant and equipment	12,279
Lease liabilities – Loans and borrowings	(12,968)
Retained earnings	689

When measuring lease liabilities for leases that were classified as operating leases, the ARA Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted-average rate applied is 3.32%.

	US$'000
Operating lease commitments at 31 December 2018 under IAS 17	18,432
Adjustments on initial application on 1 January 2019:	
– Leases of low-value assets	(146)
– Leases with less than 12 months of lease term at transition	(259)
– Discounted using the incremental borrowing rate at 1 January 2019	(5,059)
Finance lease liabilities recognised as at 31 December 2018	594
Lease liabilities recognised at 1 January 2019	13,562

Definition of a Business (Amendments to IFRS 3)

The ARA Group applied the amendments relating to definition of a business to business combinations whose acquisition dates are on or after 1 January 2020 in assessing whether it had acquired a business or a group of assets. The details of accounting policies are set out in note 3.1. See also note 27 for details of the ARA Group's acquisition of subsidiaries during the year ended 31 December 2020.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Historical Financial Information, except as explained in note 2.3

3.1 Basis of consolidation

(i) Business combinations

The ARA Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the ARA Group (see note 3.1(ii)). In determining whether a particular set of activities and assets is a business, the ARA Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The ARA Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The ARA Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests ("NCI") 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 in 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 date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

NCI 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 NCI's 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 NCI are measured at acquisition-date fair value, unless another measurement basis is required by IFRS.

Costs related to the acquisition, other than those associated with the issue of debt or equity investments, that the ARA Group incurs in connection with a business combination are expensed as incurred.

Changes in the ARA Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Subsidiaries

Subsidiaries are entities controlled by the ARA Group. The ARA 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 historical financial information of subsidiaries are included in the consolidated Historical Financial Information 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 ARA Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the ARA Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the consolidated financial statements of the ARA Group's controlling shareholder. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

(iv) Loss of control

When the ARA Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Investments in associates and joint ventures (equity-accounted investees)

Associates are those entities in which the ARA 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 ARA Group holds 20% or more of the voting power of another entity. A joint venture is an arrangement in which the ARA Group has joint control, whereby the ARA 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 ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated Historical Financial Information include the ARA 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 ARA Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the ARA 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 ARA Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(vi) 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 Historical Financial Information. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the ARA 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.

3.2 Foreign currency

(i) Functional currency and presentation currency

ARA's functional currency is Singapore Dollar and the Historical Financial Information is presented in United States Dollar ("USD") and all values are rounded to the nearest thousand (US$'000) except when otherwise indicated.

(ii) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated 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 translated 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 translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of an equity investment designated as at FVOCI are recognised in other comprehensive income.

(iii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on 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.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign 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, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the ARA 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 ARA 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 to occur 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 translation reserve in equity.

3.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, 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 property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, 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 ARA 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 property, 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 on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

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.

3.4 Intangible assets and goodwill

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates and joint ventures.

(ii) Acquired contractual rights

Intangible assets represent acquired contractual rights with finite useful lives. It is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Management contracts with indefinite useful lives

Intangible assets represent acquired asset management contracts with indefinite useful lives. The management contracts with indefinite useful lives are measured at cost less accumulated impairment losses.

(iv) Management contracts with finite useful lives

Intangible assets represent acquired asset management contracts with finite useful lives. The management contracts with finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

(v) 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.

(vi) Club membership

Club membership with indefinite useful lives are measured at cost less accumulated impairment losses.

(vii) 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 acquired or available for use.

The estimated useful lives for the current and comparative years are as follows:

- acquired contractual rights – 3 to 6 years
- management contracts with finite useful lives – 2 to 5 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) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the ARA Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the ARA Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held for trading, the ARA Group may irrevocably elect on initial recognition to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the ARA Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The ARA Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the ARA Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the ARA Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition

Financial assets

The ARA Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the ARA Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the ARA Group enters into transactions whereby it transfers assets recognised in its consolidated statements of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The ARA Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The ARA Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated statements of financial position when, and only when, the ARA Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the assets and settle the liabilities simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the ARA Group in the management of its short-term commitments.

(vi) 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. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at ARA's option, and any dividends are discretionary. They do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of ARA's equity instruments. Discretionary dividends thereon are recognised as equity distributions on approval by ARA's shareholders.

(vii) Perpetual securities

The perpetual securities do not have a maturity date and the ARA Group is able to elect to defer making a distribution, subject to the terms and conditions of the securities issue. Accordingly, the ARA Group is not considered to have a contractual obligation to make principal repayments or distributions in respect of its perpetual securities issue and the perpetual securities are classified and presented as equity. Distributions are treated as dividends which will be directly debited from equity. Incremental costs directly attributable to the issuance of perpetual securities are deducted against the proceeds from the issue.

(viii) Derivative financial instruments and hedge accounting

The ARA Group held derivative financial instruments to hedge its interest rate risk exposures.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The ARA Group designates certain derivatives as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the ARA Group documents the risk management objective and strategy for undertaking the hedge. The ARA Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedges

The ARA Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

(ix) Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by ARA that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of debt instrument.

These financial guarantees are accounted for as insurance contracts. A provision is recognised based on the ARA Group's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date.

The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount that would be required to settle the guarantee contract.

3.6 Impairment

(i) Non-derivative financial assets and contract assets

The ARA Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost, debt investments measured at FVOCI, lease receivables and contract assets.

Loss allowances of the ARA Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that results from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

Simplified approach

The ARA Group applies the simplified approach to provide for ECLs for all trade receivables (including lease receivables) and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The ARA Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the ARA Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the ARA Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the ARA Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The ARA Group considers a financial asset to be in default when:

- The debtor is unlikely to pay its credit obligations to the ARA Group in full, without recourse by the ARA Group to actions such as realising security (if any is held); or

- The financial asset is more than 90 days past due.

The ARA Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the ARA Group in full, without recourse by the ARA Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the ARA Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the ARA Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the ARA Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is "credit impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the ARA Group on terms that the ARA Group would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance of ECL in the consolidated statements of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of the assets.

For debt investments at FVOCI, loss allowances are charged to profit or loss and recognised in other comprehensive income.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the ARA Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the ARA Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the ARA Group's non-financial assets, other than contract assets and 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 goodwill, and 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 or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, 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.

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 the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.7 Assets and liabilities held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the ARA Group's accounting policies. Thereafter, the assets, or disposal group, classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss is first allocated to goodwill, and then to remaining assets and liabilities on *pro rata* basis, except that no loss is allocated to financial assets and deferred tax assets, which continue to be measured in accordance with the ARA Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

In addition, equity accounting of associates and joint ventures ceases once classified as held for sale.

3.8 Leases

The ARA Group has applied IFRS 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS 17 and IFRIC 4. The details of accounting policies under IAS 17 and IFRIC 4 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the ARA Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the ARA Group uses the definition of a lease in IFRS 16.

This policy is applied to contracts entered into, on or after 1 January 2019.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the ARA Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the ARA Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The ARA Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the ARA Group by the end of the lease term or the cost of the right-of-use asset reflects that the ARA Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the ARA Group uses the lessee's incremental borrowing rate as the discount rate.

The ARA Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the ARA Group is reasonably certain to exercise, lease payments in an optional renewal period if the ARA Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the ARA Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the ARA Group's estimate of the amount expected to be payable under a residual value guarantee, if the ARA Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The ARA Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the consolidated statements of financial position.

Short-term leases and leases of low-value assets

The ARA Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including office equipment. The ARA Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the ARA Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the ARA Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the ARA Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the ARA Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the ARA Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the ARA Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the ARA Group applies IFRS 15 to allocate the consideration in the contract.

The ARA Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease (see note 3.6(i)). The ARA Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

Generally, the accounting policies applicable to the ARA Group as a lessor in the comparative period were not different from IFRS 16.

Leases – Policy applicable before 1 January 2019

For the year ended 31 December 2018, the ARA Group determined whether the arrangement was or contained a leased based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchase had the ability or right to operate the asset while obtaining or controlling more an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither per unit of output nor equal to the current market price per unit of output.

(i) As a lessee

The ARA Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the ARA Group's consolidated statements of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(ii) As a lessor

When the ARA Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

To classify each lease, the ARA Group made an overall assessment of whether the lease transferred substantially all of the risks and rewards incidental to ownership of the underlying asset. If this was the case, then the lease was a finance lease; if not, then it was an operating lease. As part of this assessment, the ARA Group considered certain indicators such as whether the lease was for the major part of the economic life of the asset.

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 employee 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 or profit-sharing plans if the ARA 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 ARA 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 funds' 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 key executives become unconditionally entitled to payment. The liability is remeasured at each reporting date and at 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 expense in profit or loss.

3.10 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The ARA Group recognises revenue when it transfers control over a product or service to a customer. Invoices issued to customers are due within 60 days.

No adjustment is made to transaction prices for time value of money as the contracts do not include significant financing consideration.

Nature of goods and services

The following is a description of the principal activities from which the ARA Group generates its revenue.

(i) REIT fees revenue

The ARA Group generates REIT fees revenue, which comprise base and/or performance fees (excluding (ii)). These are derived from the provision of fund management services to real estate investment trust ("REIT") and are determined based on the value of the real estate assets or total deposited property assets and net property income of the REITs managed, respectively. The management services are provided to customers as a series of distinct goods or services that are substantially the same and transferred over time, either separately or in combination as an integrated offering, and are treated as a single performance obligation. Variable consideration is allocated to each distinct increment of service in the series and recognised as revenue as the service is performed over time.

(ii) Private fund fees revenue

Private fund fees revenue are derived from the management of private real estate funds and are determined based on committed/contributed capital, invested capital or portfolio value. These fees are recognised on an accrual basis as services are provided over time. The management services are provided to customers as a series of distinct goods or services that are substantially the same and transferred over time, either separately or in combination as an integrated offering, and are treated as a single performance obligation. Variable consideration is allocated to each distinct increment of service in the series and recognised as revenue as the service is performed over time.

Under some investment management agreements, the ARA Group is entitled to recognise performance fee revenue when certain conditions are met. Based on the ARA Group's performance fees recognition policy, performance fees are only recognised to the extent that it is highly probable that a significant reversal of revenue will not occur. At every reporting date, the ARA Group performs an assessment to determine the amount of performance fees to be recognised. The factors that affects the amount of performance fees recognised includes trigger events, probability of achieving hurdle rates etc.

(iii) Real estate management fees

The real estate management service fees are derived from the provision of property management services, convention and exhibition services, development and project management services and marketing services.

Property management fees and convention and exhibition service fees are determined based on gross revenue of the properties managed. Such services are provided to customers as a series of distinct goods or services that are substantially the same and transferred over time, either separately or in combination as an integrated offering, and are treated as a single performance obligation. Variable consideration is allocated to each distinct increment of service in the series and recognised as revenue as the service is performed over time.

Development and project management fees are earned when the ARA Group provides development and project management services to the owners of the property assets in accordance with the development management agreements. Such services are provided to customers as a series of distinct goods or services that are substantially the same and transferred over time, either separately or in combination as an integrated offering, and are treated as a single performance obligation. Variable consideration is allocated to each distinct increment of service in the series and recognised as revenue as the service is performed over time.

Marketing services fees, inclusive of advertising fees and commissions and promotion commissions are earned when the ARA Group finds new tenants/renews existing tenures for the properties they manage. As the customer does not benefit from the process undertaken, but rather the outcome, the ARA Group is entitled to payment for services upon the successful completion of the contract and revenue is recognised upon completion of the service, at a point in time.

(iv) Acquisition and divestment fees

The ARA Group earns acquisition and divestment fees in relation to the acquisition and divestment of properties. The acquisition and divestment fees are determined based on the consideration of the properties acquired and divested and are recognised upon completion of the service, at a point in time.

3.11 Contract assets and contract liabilities

Contract assets (accrued fee receivables) primarily relate to the ARA Group's rights to consideration for services rendered but not billed at the reporting date. Contract assets (accrued fee receivables) are transferred to trade receivables when the rights become unconditional. This usually occurs when the ARA Group invoices the customers.

Contract liabilities (deferred revenue) primarily relate to:

- advance consideration received from customers; and
- billings issued in excess of the ARA Group's rights to the consideration.

3.12 Government grants

Government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the ARA Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the ARA Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.13 Finance income and finance costs

Finance income and finance costs comprises primarily interest income on funds invested, interest expense on financial liabilities.

Interest income or expense is recognised using the effective interest method. Distribution income and dividend income are recognised in profit or loss on the date that the ARA Group's right to receive payment is established.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3.14 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are 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.

The ARA Group has determined that interest and penalties related to income taxes do not meet the definition of income taxes, and therefore accounted for them under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

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. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

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 ventures to the extent that the ARA 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 ARA 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 tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and 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.

Deferred tax assets are recognised for unused tax losses, unused 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 used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the ARA Group. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

In determining the amount of current and deferred tax, the ARA Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The ARA 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 ARA 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.

3.15 Discontinued operations

A discontinued operation is a component of the ARA Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the ARA Group and is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

3.16 Segment reporting

An operating segment is a component of the ARA 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 ARA Group's other components. All operating segments' operating results are reviewed monthly by the ARA Group's CEO (the chief operating decision maker) 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 that are reported to the ARA Group's 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 ARA's headquarters), head office expenses, lease liabilities, and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

3.17 New standards and interpretations not yet adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the ARA Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new IFRSs, interpretations and amendments to IFRSs are not expected to have a significant impact on the ARA Group's consolidated financial statements.

- *Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)*
- IFRS 17 *Insurance Contracts* and *Amendments to IFRS 17*
- *Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)*
- *Reference to the Conceptual Framework (Amendments to IFRS 3)*
- *Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)*
- *Onerous Contracts – Costs of Fulfilling a Contract* (*Amendments to IAS 37)*
- *Annual Improvements to IFRSs 2018 – 2020*

4 OPERATING SEGMENTS

The ARA Group has three reportable segments, as described below, which are the ARA 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 ARA Group's CEO reviews internal management reports on a monthly basis. The following summary describes the operations in each of the ARA Group's reportable segments:

Public Markets:	Provision of fund management services to public-listed real estate investment trusts ("REITs") and acting as manager of these REITs
Private Markets:	Provision of fund management services to (i) private real estate funds, (ii) new economy funds, (iii) credit funds and (iv) infrastructure funds
Corporate:	Comprising primarily corporate and shared services costs, as well as income derived from the ARA Group's material associates, namely Cromwell Property Group and Kenedix Inc. (see note 12)

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 ARA Group's 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.

Information about reportable segments

	Public Market *US$'000*	Private Market *US$'000*	Corporate *US$'000*	Unallocated *US$'000*	Total *US$'000*
Year ended 31 December 2018					
External revenues	83,982	50,518	–	–	134,500
Inter-segment revenues	–	1,052	12,469	–	13,521
Co-investment income	16,797	19,005	–	–	35,802
Interest income	280	210	679	–	1,169
Interest expense	(15)	(1)	(6,520)	–	(6,536)
Depreciation and amortisation	(668)	(324)	(56)	–	(1,048)
Share of profit of associates and joint ventures	2,660	(170)	43,462	–	45,952
Reportable segment profit before tax	88,678	36,810	23,931	–	149,419
Reportable segment assets	403,098	280,092	34,579	8,853	726,622
Investment in associates and joint ventures	4,555	9,861	706,944	–	721,360
Assets held for sale	–	680,707	–	–	680,707
Capital expenditure	2,581	263	21	9	2,874
Reportable segment liabilities	20,903	91,925	418,211	5,327	536,366
Liabilities directly associated with the assets held for sale	–	556,503	–	–	556,503
Year ended 31 December 2019					
External revenues	88,877	57,172	–	–	146,049
Inter-segment revenues	96	826	15,927	–	16,849
Co-investment income	18,720	24,004	–	–	42,724
Interest income	240	1,907	3,698	–	5,845
Interest expense	(122)	(19,574)	(10,802)	–	(30,498)
Depreciation and amortisation	(2,027)	(857)	(1,367)	–	(4,251)
Share of profit of associates and joint ventures	1,875	(238)	62,044	–	63,681
Reportable segment profit before tax	79,859	22,012	27,073	–	128,944
Reportable segment assets	485,201	325,454	182,517	10,581	1,003,753
Investment in associates and joint ventures	4,933	8,913	861,936	–	875,782
Capital expenditure	1,775	547	39	35	2,396
Reportable segment liabilities	25,360	36,432	396,870	10,729	469,391
Year ended 31 December 2020					
External revenues	93,147	162,153	–	–	255,300
Inter-segment revenues	85	829	13,895	–	14,809
Co-investment income	19,714	5,085	–	–	24,799
Interest income	134	1,492	5,623	–	7,249
Interest expense	(88)	(2,049)	(11,327)	–	(13,464)
Depreciation and amortisation	(1,986)	(7,734)	(1,334)	–	(11,054)
Share of profit of associates and joint ventures	936	10,722	32,735	–	44,393
Reportable segment profit before tax	82,850	88,309	286	–	171,445
Reportable segment assets	452,107	997,083	163,758	8,620	1,621,568
Investment in associates and joint ventures	4,457	126,236	893,175	–	1,023,868
Assets held for sale	–	7,763	–	–	7,763
Capital expenditure	73	793	10	14	890
Reportable segment liabilities	35,133	196,528	576,956	5,980	814,597

	Public Market *US$'000*	Private Market *US$'000*	Corporate *US$'000*	Unallocated *US$'000*	Total *US$'000*
Six months ended 30 June 2021					
External revenues	50,372	166,244	–	–	216,616
Inter-segment revenues	–	409	9,696	–	10,105
Co-investment income	11,049	3,372	–	–	14,421
Interest income	23	567	6,027	–	6,617
Interest expense	(118)	(3,777)	(7,343)	–	(11,238)
Depreciation and amortisation	(972)	(5,025)	(693)	–	(6,690)
Reportable segment profit before tax	61,769	119,047	59,072	–	239,888
Share of profit of associates and joint ventures	11,138	22,067	60,099	–	93,304
Reportable segment assets	556,780	1,010,102	355,542	11,593	1,934,017
Investment in associates and joint ventures	76,221	178,747	1,186,862	–	1,441,830
Assets held for sale	–	94,292	–	–	94,292
Capital expenditure	30	882	99	126	1,137
Reportable segment liabilities	53,190	269,896	909,282	5,381	1,237,749
Liabilities directly associated with the assets held for sale	–	31,122	–	–	31,122
Six months ended 30 June 2020 (unaudited)					
External revenues	43,650	46,869	–	–	90,519
Inter-segment revenues	–	457	7,310	–	7,767
Co-investment income	10,661	2,188	–	–	12,849
Interest income	116	266	2,958	–	3,340
Interest expense	(304)	(510)	(4,778)	–	(5,592)
Depreciation and amortisation	(1,091)	(2,793)	(654)	–	(4,538)
Reportable segment profit/(loss) before tax	36,139	19,989	(15,538)	–	40,590
Share of profit of associates and joint ventures	(106)	3,537	747	–	4,178
Capital expenditure	47	324	2	–	373

Reconciliations of reportable segment revenues, assets and liabilities and other material items of the ARA Group

	Year ended 31 December			Six months ended 30 June	
	2018	**2019**	**2020**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Revenue					
Total revenue for reporting segments	148,021	162,898	270,109	98,286	226,721
Elimination of inter-segment revenue	(13,521)	(16,849)	(14,809)	(7,767)	(10,105)
Revenue	134,500	146,049	255,300	90,519	216,616

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000*
Assets				
Total assets for reportable segments	717,769	993,172	1,612,948	1,922,424
Unallocated segments	8,853	10,581	8,620	11,593
	726,622	1,003,753	1,621,568	1,934,017
Investment in associates and joint ventures	721,360	875,782	1,023,868	1,441,830
Assets held for sale	680,707	–	7,763	94,292
Total assets	2,128,689	1,879,535	2,653,199	3,470,139
Liabilities				
Total liabilities for reportable segment	531,039	458,662	808,617	1,232,368
Unallocated segments	5,327	10,729	5,980	5,381
	536,366	469,391	814,597	1,237,749
Liabilities directly associated with the assets held for sale	556,503	–	–	31,122
Total liabilities	1,092,869	469,391	814,597	1,268,871

Geographical segments

The ARA Group's business is managed in six principal geographical areas, namely, Singapore, Hong Kong, Malaysia, China, Korea, Australia and New Zealand 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.

	Year ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Revenue					
Singapore	82,025	95,397	82,262	39,036	67,024
Hong Kong	9,890	7,061	29,717	14,366	13,402
Malaysia	2,972	2,861	2,988	1,242	1,410
China	20,325	15,245	33,708	14,180	19,996
Korea	2,633	7,428	17,886	3,142	2,493
Australia and New Zealand	3,226	5,802	71,686	10,351	100,667
Others	13,429	12,255	17,053	8,202	11,624
	134,500	146,049	255,300	90,519	216,616

	As at 31 December			As at 30 June
	2018	**2019**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Segment assets				
Singapore	425,167	521,288	474,028	945,044
Hong Kong	8,498	9,517	42,460	49,510
Malaysia	21,015	3,278	4,468	14,539
China	18,589	56,127	30,637	137,288
Korea	51,112	106,205	138,172	146,506
Australia and New Zealand	10,173	22,446	655,384	446,163
Others	192,068	284,892	276,419	194,967
	726,622	1,003,753	1,621,568	1,934,017

5 FEE REVENUE

	Year ended 31 December			Six months ended 30 June	
	2018	**2019**	**2020**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Management fees					
– REIT fee revenue	70,116	78,562	72,838	35,734	38,057
– Private funds fee revenue	25,667	25,324	73,630	12,697	113,205
– Real estate management fee revenue	34,054	35,412	85,453	34,950	58,082
	129,837	139,298	231,921	83,381	209,344
Acquisition/Divestment fees	4,447	5,584	22,379	6,638	6,772
Other revenue	216	1,167	1,000	500	500
	134,500	146,049	255,300	90,519	216,616
Timing of revenue recognition					
Performance obligations satisfied over time	115,075	129,380	214,114	79,055	203,707
Performance obligations satisfied at a point in time	19,425	16,669	41,186	11,464	12,909
	134,500	146,049	255,300	90,519	216,616

There was no revenue recognised in each of the year/period during the Relevant Periods from performance obligations satisfied, or partially satisfied, in the previous reporting periods.

The ARA Group pays placement fees to placement agents for securing investors for certain of the private real estate funds it invests in on a success basis. Such placement fees are incremental costs and are capitalised as contract costs as the ARA Group expects to recover these costs. These costs are amortised consistently with the pattern of revenue for the related contract. The following contract costs were amortised to profit or loss during the Relevant Periods:

	Year ended 31 December			Six months ended 30 June	
	2018	**2019**	**2020**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Contract costs amortised to profit or loss	98	88	98	49	49

There was no impairment loss recognised on contract costs.

6 PROFIT BEFORE TAX

The following items have been included in arriving at the profit for the Relevant Periods:

	Year ended 31 December			Six months ended 30 June	
	2018	**2019**	**2020**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Agency commission	2,793	3,528	1,573	777	905
Amortisation of intangible assets	302	351	4,879	1,927	3,050
Audit fee paid to:					
– auditors of ARA	900	355	966	685	739
– other auditors	193	220	230	23	122
Non-audit fee paid to:					
– auditors of ARA	2,465	737	1,915	1,272	173
– other auditors	79	49	202	182	112
Bad debts written off	–	–	44	–	178
Depreciation of property, plant and equipment	746	1,306	1,733	791	855
Depreciation of right-of-use assets	–	2,594	4,442	1,820	2,785
Gain on fair value of derivative financial assets	–	–	–	–	(14,705)
Net (gain)/loss on fair value of financial assets	(729)	618	(3,494)	6,837	(1,931)
Intangible assets written off	81	–	6	–	–

	Year ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Transaction costs and one-off expense/(income)					
Transaction costs	–	689	12,688	6,762	164
Gain on disposal of assets held for sale	–	–	–	–	(741)
Gain on disposal of associates and joint ventures	(1,043)	–	–	–	–
Loss on disposal of property, plant and equipment	12	32	–	–	–
(Gain)/Loss on disposal of quoted FVTPL financial assets	436	(1,830)	1,983	13	(2,404)
(Gain)/Loss on modification of lease contracts	–	–	(2)	(2)	10
Gain on previously held interest in an associate/joint venture	(10,680)	–	–	–	(404)
Loss on partial disposal of interest in an associate	–	10,348	4,467	4,408	165
Property, plant and equipment written off	–	–	47	–	5
	(11,275)	9,239	19,183	11,181	(3,205)
Employee benefits expense					
Salaries, bonus and other costs	45,087	52,917	78,103	28,999	58,709
Contribution to defined contribution plans	1,968	2,326	3,520	1,561	2,151
	47,055	55,243	81,623	30,560	60,860

7 TAX EXPENSE

	Year ended 31 December			Six months ended 30 June	
	2018	**2019**	**2020**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Current tax expense					
Current year/period	11,312	10,921	23,237	6,226	9,160
Withholding tax	2,533	5,607	8,575	6,234	3,698
(Over)/Under provision in prior years	(22)	196	38	10	(228)
	13,823	16,724	31,850	12,470	12,630
Deferred tax expense					
Origination and reversal of temporary differences	(249)	215	5,410	(249)	22,478
Total tax expense	13,574	16,939	37,260	12,221	35,108
Reconciliation of effective tax rate:					
Profit before tax from continuing operations	149,419	128,944	171,445	40,590	239,888
Tax at the domestic rates applicable to profits in the countries where ARA Group operates	19,951	26,389	40,955	7,745	57,964
Effect of share of profit of equity-accounted investees	(7,812)	(10,826)	(7,547)	(710)	(15,862)
Non-deductible expenses	2,374	1,932	6,684	3,886	3,806
Tax exempt income	(3,141)	(6,193)	(11,229)	(4,669)	(13,957)
Under/(Over) provision in prior years	(22)	196	38	10	(228)
Withholding tax	2,533	5,607	8,575	6,234	3,698
Others	(309)	(166)	(216)	(275)	(313)
	13,574	16,939	37,260	12,221	35,108

ARA was incorporated in Bermuda as an exempted company with limited liability under the Bermuda Tax Law and is exempted from the payment of Bermuda income tax. However, ARA is a tax resident of Singapore and is subject to Singapore income tax at the rate of 17% on the profits including those arising from sources outside Singapore and received in Singapore during the Relevant Periods.

The subsidiaries incorporated in the Cayman Islands are exempted companies with limited liability under the Cayman Islands Companies Law and are exempted from the payment of Cayman Islands income tax.

The subsidiaries incorporated in the British Virgin Islands are not subject to income tax as these subsidiaries do not have a place of business (other than a registered office only) nor conduct on any business in the BVI.

The subsidiaries incorporated in Singapore are subject to Singapore income tax at the rate of 17% on the profits including those arising from sources outside Singapore and received in Singapore during the Relevant Periods.

The subsidiaries incorporated in the People's Republic of China, the income tax rates for both domestic and foreign investment enterprises in Mainland China were unified at 25% during the Relevant Periods in accordance with the Corporate Income Tax ("CIT") Law of the People's Republic of China.

Hong Kong tax has been provided at the rate of 16.5% on the assessable profits arising in Hong Kong during the Relevant Periods.

The subsidiaries incorporated in South Korea are subject to Korean income tax at the rate of 25% during the Relevant Periods.

The subsidiaries incorporated in Australia are subject to Australian income tax at the rate of 30% during the Relevant Periods.

The subsidiaries incorporated in United Kingdom are subject to corporate tax at the rate of 19% during the Relevant Periods.

8 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful having regard to the preparation of the Historical Financial Information for the Relevant Periods.

9 PROPERTY, PLANT AND EQUIPMENT

	Fittings and office equipment	Motor vehicles	Total
	US$'000	*US$'000*	*US$'000*
Cost			
At 1 January 2018	4,514	562	5,076
Acquisition through business combinations *(note 27)*	53	–	53
Additions	2,507	348	2,855
Disposals	(1,035)	(337)	(1,372)
Effect of movement in exchange rates	(119)	(8)	(127)
At 31 December 2018	5,920	565	6,485
At 1 January 2019	5,920	565	6,485
Additions	2,310	–	2,310
Disposals	(795)	–	(795)
Effect of movement in exchange rates	48	4	52
At 31 December 2019	7,483	569	8,052
At 1 January 2020	7,483	569	8,052
Acquisition through business combinations *(note 27)*	656	47	703
Additions	794	–	794
Disposals	(12)	–	(12)
Written off	(469)	(23)	(492)
Effect of movement in exchange rates	210	6	216
At 31 December 2020	8,662	599	9,261
At 1 January 2021	8,662	599	9,261
Acquisition through business combinations *(note 27)*	139	29	168
Additions	744	90	834
Written off	(390)	(71)	(461)
Effect of movement in exchange rates	(8)	13	5
At 30 June 2021	9,147	660	9,807

	Fittings and office equipment *US$'000*	Motor vehicles *US$'000*	Total *US$'000*
Accumulated depreciation			
At 1 January 2018	3,451	314	3,765
Depreciation charge for the year	634	112	746
Disposals	(920)	(270)	(1,190)
Effect of movement in exchange rates	(74)	(3)	(77)
At 31 December 2018	3,091	153	3,244
At 1 January 2019	3,091	153	3,244
Depreciation charge for the year	1,194	112	1,306
Disposals	(752)	–	(752)
Effect of movement in exchange rates	15	2	17
At 31 December 2019	3,548	267	3,815
At 1 January 2020	3,548	267	3,815
Depreciation charge for the year	1,597	136	1,733
Disposals	(1)	–	(1)
Written off	(422)	(23)	(445)
Effect of movement in exchange rates	122	6	128
At 31 December 2020	4,844	386	5,230
Accumulated depreciation			
At 1 January 2021	4,844	386	5,230
Depreciation charge for the period	798	57	855
Written off	(385)	(71)	(456)
Effect of movement in exchange rates	61	13	74
At 30 June 2021	5,318	385	5,703
Carrying amounts			
At 31 December 2018	2,829	412	3,241
At 31 December 2019	3,935	302	4,237
At 31 December 2020	3,818	213	4,031
At 30 June 2021	3,829	275	4,104

10 LEASES

Leases as lessee (IFRS 16)

The ARA Group leases office facilities. The leases run for a period of up to 8 years, some with an option to renew the lease before the lease expires. For certain leases, the ARA Group is restricted from entering into any sub-lease arrangements. For the year ended 31 December 2018, these leases were classified as operating leases under IAS 17. Some of the leased properties have been sub-let by the ARA Group.

The ARA Group leases office equipment with contract terms of 1 to 5 years. These leases are leases of low-value items. The ARA Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the ARA Group is a lessee is presented below.

Right-of-use assets

	Office facilities
	US$'000
Cost	
At 1 January 2018, 31 December 2018 and 1 January 2019	–
Recognition of right-of-use assets on initial application of IFRS 16	13,032
Adjusted 1 January 2019	13,032
Additions	1,977
Effect of movement in exchange rates	172
At 31 December 2019	15,181
At 1 January 2020	15,181
Acquisition through business combinations *(note 27)*	4,208
Additions	4,287
Written off	(475)
Derecognition of right-of-use assets as a result of lease modification	(36)
Effect of movement in exchange rates	643
At 31 December 2020	23,808
Cost	
At 1 January 2021	23,808
Acquisition through business combinations *(note 27)*	412
Additions	2,944
Written off	(86)
Derecognition of right-of-use assets as a result of lease modification	(787)
Effect of movement in exchange rates	(577)
At 30 June 2021	25,714

	Office facilities
	US$'000
Accumulated depreciation	
At 1 January 2018, 31 December 2018 and 1 January 2019	–
Recognition of right-of-use assets on initial application of IFRS 16	753
Adjusted 1 January 2019	753
Depreciation charge for the year	2,594
Effect of movement in exchange rates	42
At 31 December 2019	3,389
At 1 January 2020	3,389
Depreciation charge for the year	4,442
Written off	(475)
Derecognition of right-of-use assets as a result of lease modification	(16)
Effect of movement in exchange rates	348
At 31 December 2020	7,688
At 1 January 2021	7,688
Depreciation charge for the period	2,785
Written off	(86)
Derecognition of right-of-use assets as a result of lease modification	(355)
Effect of movement in exchange rates	(583)
At 30 June 2021	9,449
Carrying amounts	
At 31 December 2018	–
At 31 December 2019	11,792
At 31 December 2020	16,120
At 30 June 2021	16,265

Finance lease/Lease liabilities

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000*
Finance lease/Lease liabilities				
Non-current	425	10,665	13,122	13,348
Current	169	2,853	4,648	4,751
	594	13,518	17,770	18,099

Finance lease/Lease liabilities are repayable:

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000*
On demand or within a period not exceeding one year	169	2,853	4,648	4,751
Within a period of more than 1 year but not exceeding 2 years	172	2,443	3,884	3,992
Within a period of more than 2 years but not exceeding 5 years	196	5,486	7,969	8,677
Within a period more than 5 years	57	2,736	1,269	679
	594	13,518	17,770	18,099

Information about the ARA Group's exposure to interest rate and liquidity risks is included in note 25.

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
				US$'000	*US$'000*
2018					
Finance lease liabilities	SGD	2.60% to 2.92%	2021	397	397
Finance lease liabilities	SGD	2.68%	2025	197	197
				594	594
2019					
Lease liabilities	SGD	2.60% to 2.92%	2021	260	260
Lease liabilities	SGD	2.68%	2025	175	175
Lease liabilities	SGD	3.32%	2026	9,679	9,679
Lease liabilities	HKD	3.57%	2023	1,692	1,692
Lease liabilities	SGD	3.32%	2020 – 2022	1,219	1,219
Lease liabilities	USD	3.94%	2022	235	235
Lease liabilities	KRW	7.21%	2020	173	173
Lease liabilities	MYR	3.32%	2021	26	26
Lease liabilities	AUD	3.84%	2020	59	59
				13,518	13,518
2020					
Lease liabilities	SGD	2.60% to 2.92%	2021	117	117
Lease liabilities	SGD	2.68%	2025	148	148
Lease liabilities	SGD	3.32%	2026	8,550	8,550
Lease liabilities	HKD	3.57%	2023	1,316	1,316
Lease liabilities	SGD	3.32%	2020 – 2022	940	940
Lease liabilities	USD	3.94%	2022	171	171
Lease liabilities	KRW	7.21%	2026	776	776
Lease liabilities	AUD	3.84%	2025	788	788
Lease liabilities	GBP	4.50%	2024	770	770
Lease liabilities	SGD	3.85%	2024 – 2025	2,577	2,577
Lease liabilities	AUD	7.16%	2022 – 2023	1,274	1,274
Lease liabilities	RMB	4.75%	2021	343	343
				17,770	17,770

	Currency	Nominal interest rate	Year of maturity	Face value *US$'000*	Carrying amount *US$'000*
30 June 2021					
Lease liabilities	SGD	2.60% to 2.92%	2021	42	42
Lease liabilities	SGD	2.68%	2025	133	133
Lease liabilities	SGD	3.32%	2026	7,849	7,849
Lease liabilities	HKD	3.57%	2023	1,122	1,122
Lease liabilities	SGD	3.32%	2022	487	487
Lease liabilities	USD	3.94%	2022	119	119
Lease liabilities	KRW	7.56% to 8.77%	2022 – 2026	817	817
Lease liabilities	AUD	3.84%	2025	712	712
Lease liabilities	GBP	4.50%	2024	674	674
Lease liabilities	SGD	3.85%	2024 – 2025	4,270	4,270
Lease liabilities	AUD	7.16%	2022 – 2023	1,202	1,202
Lease liabilities	RMB	4.75% to 9.73%	2021	116	116
Lease liabilities	RMB	3.27%	2023	433	433
Lease liabilities	SGD	1.58%	2026	123	123
				18,099	18,099

Amounts recognised in consolidated statements of profit or loss

	Year ended 31 December		Six months ended 30 June	
	2019	**2020**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Lease under IFRS 16				
Interest on lease liabilities	(492)	(647)	(151)	(420)
Expenses relating to short-term leases	(761)	(529)	(297)	(576)
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	(88)	(252)	(476)	(202)
Income from sub-leasing right-of-use assets presented in "other income"	426	349	203	37

Amounts recognised in consolidated statements of cash flows

	Year ended 31 December		Six months ended 30 June	
	2019	**2020**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Total cash outflow for leases	(2,211)	(4,745)	(1,235)	(2,712)

Extension options

Some property leases contain extension options exercisable by the ARA Group up to one year before the end of the non-cancellable contract period. Where practicable, the ARA Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the ARA Group and not by the lessors. The ARA Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The ARA Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The ARA Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liabilities of US$4,876,000, US$4,171,000 and US$4,221,000 as at 31 December 2019, 31 December 2020 and 30 June 2021, respectively.

Leases as lessor

The ARA Group sub-leases out its right-of-use assets. All sub-leases are classified as operating leases from a lessor perspective because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income from right-of-use assets sublease recognised by the ARA Group during the Relevant Periods are:

	Year ended 31 December		Six months ended 30 June	
	2019	**2020**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Rental income	426	349	203	37

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	As at 31 December		As at 30 June
	2019	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*
Operating leases under IFRS 16			
Less than one year	393	196	65
One to two years	258	–	–
	651	196	65

11 INTANGIBLE ASSETS

	Goodwill	Management contracts	Acquired contractual rights	Software	Club membership	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Cost						
At 1 January 2018	–	–	916	1,177	–	2,093
Acquisition through business combinations *(note 27)*	433	32,019	–	–	–	32,452
Additions	–	–	–	19	–	19
Written off	–	–	–	(81)	–	(81)
Effect of movement in exchange rates	(5)	(319)	(18)	(20)	–	(362)
At 31 December 2018	428	31,700	898	1,095	–	34,121
At 1 January 2019	428	31,700	898	1,095	–	34,121
Additions	–	–	–	86	–	86
Written off	–	–	–	(152)	–	(152)
Effect of movement in exchange rates	(10)	434	12	11	–	447
At 31 December 2019	418	32,134	910	1,040	–	34,502
At 1 January 2020	418	32,134	910	1,040	–	34,502
Acquisition through business combinations *(note 27)*	342,484	23,934	–	358	–	366,776
Additions	–	–	–	96	–	96
Written off	–	–	–	(6)	–	(6)
Effect of movement in exchange rates	13,954	1,805	16	87	–	15,862
At 31 December 2020	356,856	57,873	926	1,575	–	417,230

	Goodwill *US$'000*	Management contracts *US$'000*	Acquired contractual rights *US$'000*	Software *US$'000*	Club membership *US$'000*	Total *US$'000*
At 1 January 2021	356,856	57,873	926	1,575	–	417,230
Acquisition through business combinations *(note 27)*	7,445	–	–	–	–	7,445
Additions	–	–	–	303	497	800
Written off	–	–	–	(5)	–	(5)
Effect of movement in exchange rates	104	197	(4)	(4)	1	294
At 30 June 2021	364,405	58,070	922	1,869	498	425,764
Accumulated amortisation and impairment						
At 1 January 2018	–	–	640	604	–	1,244
Amortisation for the year	–	–	90	212	–	302
Effect of movement in exchange rates	–	–	(12)	(13)	–	(25)
At 31 December 2018	–	–	718	803	–	1,521
At 1 January 2019	–	–	718	803	–	1,521
Amortisation for the year	–	–	90	261	–	351
Written off	–	–	–	(152)	–	(152)
Effect of movement in exchange rates	–	–	10	10	–	20
At 31 December 2019	–	–	818	922	–	1,740
At 1 January 2020	–	–	818	922	–	1,740
Amortisation for the year	–	4,578	90	211	–	4,879
Effect of movement in exchange rates	–	118	18	10	–	146
At 31 December 2020	–	4,696	926	1,143	–	6,765
At 1 January 2021	–	4,696	926	1,143	–	6,765
Amortisation for the period	–	2,951	–	99	–	3,050
Written off	–	–	–	(5)	–	(5)
Effect of movement in exchange rates	–	(51)	(4)	(3)	–	(58)
At 30 June 2021	–	7,596	922	1,234	–	9,752
Carrying amounts						
At 31 December 2018	428	31,700	180	292	–	32,600
At 31 December 2019	418	32,134	92	118	–	32,762
At 31 December 2020	356,856	53,177	–	432	–	410,465
At 30 June 2021	364,405	50,474	–	635	498	416,012

Amortisation

The amortisation of management contracts, acquired contractual rights and software is included in other expenses.

Impairment testing for CGUs containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the ARA Group's CGUs as follows:

	As at 31 December			As at 30 June
	2018	**2019**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000*
LOGOS Property Group Limited ("LOGOS Group")	–	–	352,879	360,326*
Venn Partners LLP ("Venn")	–	–	3,538	3,649
ARA Logos Property Management Pte. Ltd. (*formerly known as Cache Property Management Pte. Ltd.*) ("ALPM")	118	120	122	122
ARA Korea Limited	310	298	317	308

The recoverable amount of LOGOS Group was assessed based on its fair value less cost to sell, using market comparison approach. The estimated recoverable amount exceeded its carrying amount by approximately US$238,904,000 and US$1,361,843,000 as at 31 December 2020 and 30 June 2021, respectively.

The recoverable amount of Venn was assessed based on its value-in-use, using the discounted cash flow forecasts to be generated from the continuing use of the CGU. The estimated recoverable amount exceeded its carrying amount by approximately US$39,809,000 and US$34,210,000 as at 31 December 2020 and 30 June 2021, respectively.

The recoverable amount of ALPM was assessed based on its value-in-use, using the discounted cash flow forecasts to be generated from the continuing use of the CGU. The estimated recoverable amount exceeded its carrying amount by approximately US$9,295,000, US$8,809,000, US$5,432,000 and US$6,080,000 as at 31 December 2018, 31 December 2019, 31 December 2020 and 30 June 2021, respectively.

* Included in this amount is a provisional goodwill of US$7,445,000 arising from acquisition of LOGOS India Fund Managers as disclosed in note 27. The ARA Group is currently undergoing an exercise to determine the fair values to be assigned to LOGOS India Fund Managers' identifiable assets, liabilities and contingent liabilities (if any) pursuant to the requirements on IFRS 3: *Business Combinations*. Upon finalisation of this exercise, the resulting goodwill on consolidation will be adjusted accordingly. The initial accounting for the above business combinations is incomplete as at 30 June 2021 and subject to the finalisation by the ARA Group.

Key assumption used in the market comparison approach were as follows:

	As at 31 December 2020 LOGOS Group	As at 30 June 2021 LOGOS Group
Enterprise value to EBITDA ratio	21.6	23.4

Enterprise value to EBITDA ratio is a metric used to compare the value of an entity, which is calculated using enterprise value dividing by EBITDA.

Key assumptions used in the value-in-use approach were as follows:

	As at 31 December				As at 30 June	
	2018	**2019**	**2020**	**2020**	**2021**	**2021**
	ALPM	**ALPM**	**Venn**	**ALPM**	**Venn**	**ALPM**
	%	%	%	%	%	%
Discount rate	10.3	9.4	10.0	6.8	10.0	7.1
Terminal value growth rate	1.0	1.1	2.0	1.2	2.0	1.5
Budgeted EBITDA growth rate (average of next five years)	1.4	1.4	22.1	1.3	20.0	2.6

The discount rate was a post-tax measures calculated from the risk-free rate of the countries that the CGU operates in, adjusted for market risk of investing in mature markets and the systematic risk specific to the CGU.

Five years of projected cash flows were included in the discounted cash flow model. A terminal growth rate into perpetuity has been determined as the consumer price index inflation rate for the countries in which the CGU operates.

Budgeted EBITDA was based on broad expectations of future anticipated income growth derived from the projected growth in existing and new funds under management in the next five years.

There is no reasonably possible change in the key assumptions (each on a standalone basis) that would cause the estimated recoverable amount to be equal to the carrying amount.

12 ASSOCIATES AND JOINT VENTURES

	As at 31 December			As at 30 June
	2018	**2019**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Interests in associates	711,499	866,869	1,013,101	1,393,079
Interests in joint ventures	9,861	8,913	10,767	48,751
	721,360	875,782	1,023,868	1,441,830

Determination of significant influence over investees

The ARA Group applies its judgement to determine whether the significant influence indicators set out in note 3.1(v) indicate that the ARA Group has significant influence on investment funds.

The ARA Group acts as a manager to a number of investment funds. When determining whether the ARA Group has significant influence on an investment fund, the ARA Group focuses on the assessment of manager's rights and responsibilities in managing the investments funds together with the ARA Group's collective right over the investment funds in relation to its representation on the Board of Directors, participation in policy-making processes, material transactions between the ARA Group and the investee, interchange of managerial personnel and provision of essential technical information.

Associates

The ARA Group has associates that are material and a number of associates that are individually immaterial to the ARA Group. All are equity accounted.

The following are for the material associates:

Name of associate	Kenedix, Inc. ("Kenedix")	Cromwell Property Group ("Cromwell")
Nature of business	Fund management business	Property investment, funds management, property management and property development
Principal place of business/Country of incorporation	Japan	Australia
Ownership interest/ Voting rights held	2018: 23.07% 2019: 21.62% 2020: 20.41% 30 June 2021: 30.00%	2018: 20.03% 2019: 23.69% 2020: 23.61% 30 June 2021: 30.73%
Fair value of ownership interest	2018: US$221.4 million 2019: US$247.9 million 2020: US$323.7 million	2018: US$329.7 million 2019: US$509.3 million 2020: US$383.9 million 30 June 2021:US$540.4 million

Kenedix has been delisted from Tokyo Stock Exchange on 17 March 2021 and the quoted market price is no longer available as at 30 June 2021.

The following table summarises the financial information on the ARA Group's material associates based on their respective financial statements. The table also analyses, in aggregate, the carrying amount and share of profit of the individually immaterial associates.

	Kenedix	Cromwell	Immaterial associates	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Year ended 31 December 2018				
Revenue	574,593	310,690	33,279	918,562
Profit from continuing operations	112,448	174,349	6,773	293,570
Other comprehensive income	(1,251)	13,984	(617)	12,116
Total comprehensive income	111,197	188,333	6,156	305,686
Attributable to NCI	(218)	–	–	(218)
Attributable to investee's shareholders	111,415	188,333	6,156	305,904
Non-current assets	735,883	2,410,032	250	3,146,165
Current assets	987,417	184,656	23,290	1,195,363
Non-current liabilities	(671,230)	(970,252)	–	(1,641,482)
Current liabilities	(171,015)	(88,313)	(8,357)	(267,685)
Net assets	881,055	1,536,123	15,183	2,432,361
Attributable to NCI	41,518	–	–	41,518
Attributable to investee's shareholders	839,537	1,536,123	15,183	2,390,843

	Kenedix	Cromwell	Immaterial associates	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
ARA Group's interest in net assets of investee at beginning of the year	333,244	–	4,491	337,735
Share of interest acquired during the year	6,934	331,776	–	338,710
Group's share of:				
– profit from continuing operations	24,774	18,688	2,660	46,122
– Other comprehensive income	(300)	1,578	(187)	1,091
– total comprehensive income	24,474	20,266	2,473	47,213
Dividends received/receivable during the year	(2,731)	(13,200)	(1,955)	(17,886)
Carrying amount of interest in associates acquired as subsidiary by the ARA Group	–	–	(662)	(662)
Effect of movement in exchange rates	8,422	(2,241)	208	6,389
Carrying amount of interest in investee at end of the year	370,343	336,601	4,555	711,499
Year ended 31 December 2019				
Revenue	645,472	269,781	33,866	949,119
Profit from continuing operations	99,483	192,075	11,136	302,694
Other comprehensive income	5,773	(208)	(340)	5,225
Total comprehensive income	105,256	191,867	10,796	307,919
Attributable to NCI	1,340	–	–	1,340
Attributable to investee's shareholders	103,916	191,867	10,796	306,579
Non-current assets	792,950	3,445,676	61,682	4,300,308
Current assets	790,353	199,633	26,711	1,016,697
Non-current liabilities	(441,141)	(1,513,195)	(104)	(1,954,440)
Current liabilities	(224,268)	(232,156)	(9,606)	(466,030)
Net assets	917,894	1,899,958	78,683	2,896,535
Attributable to NCI	15,232	–	–	15,232
Attributable to investee's shareholders	902,662	1,899,958	78,683	2,881,303
ARA Group's interest in net assets of investee at beginning of the year	370,343	336,601	4,555	711,499
Capital contributions	–	–	4,610	4,610
Share of interest acquired during the year	5,530	153,150	–	158,680
Share of interest disposed during the year	(39,906)	–	–	(39,906)
Group's share of:				
– profit from continuing operations	22,922	39,122	1,875	63,919
– Other comprehensive income	1,401	(72)	(105)	1,224
– total comprehensive income	24,323	39,050	1,770	65,143
Dividends received/receivable during the year	(10,191)	(25,786)	(1,441)	(37,418)
Effect of movement in exchange rates	3,809	341	111	4,261
Carrying amount of interest in investee at end of the year	353,908	503,356	9,605	866,869

	Kenedix *US$'000*	Cromwell *US$'000*	Immaterial associates *US$'000*	Total *US$'000*
Year ended 31 December 2020				
Revenue	299,840	253,568	500,263	1,053,671
Profit from continuing operations	98,493	69,601	323,432	491,526
Other comprehensive income	(8,772)	(8,234)	38,856	21,850
Total comprehensive income	89,721	61,367	362,288	513,376
Attributable to NCI	17,289	(900)	(20,879)	(4,490)
Attributable to investee's shareholders	72,432	62,267	383,167	517,866
Non-current assets	794,567	3,559,678	5,088,134	9,442,379
Current assets	1,141,379	279,983	553,011	1,974,373
Non-current liabilities	(588,799)	(1,691,897)	(1,061,713)	(3,342,409)
Current liabilities	(325,373)	(155,803)	(463,300)	(944,476)
Net assets	1,021,774	1,991,961	4,116,132	7,129,867
Attributable to NCI	37,526	–	166,692	204,218
Attributable to investee's shareholders	984,248	1,991,961	3,949,440	6,925,649
ARA Group's interest in net assets of investee at beginning of the year	353,908	503,356	9,605	866,869
Acquisition through business combinations *(note 27)*	–	–	89,778	89,778
Capital contributions	–	–	18,514	18,514
Share of interest disposed during the year	(18,973)	–	–	(18,973)
Group's share of:				
– profit from continuing operations	15,131	17,582	12,589	45,302
– Other comprehensive income	(1,757)	(2,042)	1,751	(2,048)
– total comprehensive income	13,374	15,540	14,340	43,254
Dividends received/receivable during the year	(4,017)	(32,036)	(10,365)	(46,418)
Reclassified as assets held-for-sale	–	–	(7,763)	(7,763)
Effect of movement in exchange rates	16,807	45,193	5,840	67,840
Carrying amount of interest in investee at end of the year	361,099	532,053	119,949	1,013,101
Six months ended 30 June 2021				
Revenue	168,657	146,795	147,245	462,697
Profit from continuing operations	52,751	124,046	416,196	592,993
Other comprehensive income	20,455	(10,452)	6,615	16,618
Total comprehensive income	73,206	113,594	422,811	609,611
Attributable to NCI	6,077	1,000	3,718	10,795
Attributable to investee's shareholders	67,129	112,594	419,093	598,816

	Kenedix	Cromwell	Immaterial associates	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Non-current assets	845,474	3,670,529	5,119,846	9,635,849
Current assets	1,101,659	178,670	729,925	2,010,254
Non-current liabilities	(522,060)	(1,680,340)	(2,063,540)	(4,265,940)
Current liabilities	(392,814)	(120,650)	(390,075)	(903,539)
Net assets	1,032,259	2,048,209	3,396,156	6,476,624
Attributable to NCI	33,606	–	185,629	219,235
Attributable to investee's shareholders	998,653	2,048,209	3,210,527	6,257,389
ARA Group's interest in net assets of investee at beginning of the period	361,099	532,053	119,949	1,013,101
Acquisition through business combinations *(note 27)*	–	124,975	–	124,975
Share of interest acquired during the period	149,084	–	8,411	157,495
Share of interest disposed during the year	(104)	–	–	(104)
Reclassified from quoted FVOCI equity investments	–	–	61,156	61,156
Group's share of:				
– profit from continuing operations	11,029	49,024	30,975	91,028
– Other comprehensive income	3,786	(2,003)	(21)	1,762
– total comprehensive income	14,815	47,021	30,954	92,790
Dividends received/receivable during the period	–	(17,748)	(13,522)	(31,270)
Effect of movement in exchange rates	(23,321)	(1,079)	(664)	(25,064)
Carrying amount of interest in investee at end of the period	501,573	685,222	206,284	1,393,079

Details of other associates are as follows:

		Effective ownership interest			
Name of associate	**Country of incorporation**	**31 December 2018**	**31 December 2019**	**31 December 2020**	**30 June 2021**
		%	%	%	%
World Deluxe Enterprises Limited	British Virgin Islands	30.00	30.00	30.00	30.00
Hui Xian Asset Management Limited	Hong Kong	30.00	30.00	30.00	30.00
Beijing Hui Xian Enterprise Services Limited	People's Republic of China	30.00	30.00	30.00	30.00
Xiamen AVICT – ARA Investment Management Limited	People's Republic of China	–	5.25	5.25	5.25
Ariva-ARA Hospitality Pte. Ltd.	Singapore	–	–	30.00	30.00
SME Help Fund Pte. Ltd.	Singapore	–	–	40.00	40.00

Name of associate	Country of incorporation	Effective ownership interest 31 December 2018	31 December 2019	31 December 2020	30 June 2021
		%	%	%	%
Venn Hypotheken BV*	United Kingdom	–	–	25.00	25.00
LOGOS China Logistics Club L.P.*	People's Republic of China/ Cayman Islands	–	–	5.00	5.00
LOGOS China Logistics Venture L.P.*	People's Republic of China/ Cayman Islands	–	–	5.00	5.00
LOGOS China Logistics Venture 3 L.P.*	People's Republic of China/ Cayman Islands	–	–	3.61	3.61
LOGOS China Logistics Venture 4 L.P.*	People's Republic of China/ Cayman Islands	–	–	5.00	5.00
LOGOS Singapore Logistics Venture L.P.*	Cayman Islands	–	–	3.03	3.03
Tuas South Avenue Pte. Ltd.*	Singapore	–	–	1.60	1.57
LOGOS Indonesia Logistics Venture L.P.*	Singapore	–	–	2.68	2.68
LOGOS Vietnam Logistics Venture L.P.*	Singapore	–	–	13.04	11.76
Logos Australia Logistics Venture Holding Trust*	Australia	–	–	5.00	5.00
LP Bishop Operating Trust and Holding Trust*	Australia	–	–	5.00	5.00
LOGOS Australia Investment Venture Holding Trust II*	Australia	–	–	5.00	5.00
Oxford Property Fund*	Australia	–	–	9.02	9.02
Logos Australia Logistics Portfolio Trust*	Australia	–	–	3.00	3.00
Southport Industrial Head Trust*	Australia	–	–	2.50	2.50
LP Heron Head Trust*	Australia	–	–	5.00	5.00
Logos James Fletcher Drive NZ Head Trust*	Australia	–	–	3.00	3.00
LOGOS Australia Investment Venture Holding Trust*^	Australia	–	–	2.50	–

Name of associate	Country of incorporation	Effective ownership interest 31 December 2018 %	31 December 2019 %	31 December 2020 %	30 June 2021 %
LOGOS Singapore Logistics Venture 2 L.P.	Cayman Islands	–	–	–	3.03
LOGOS Indonesia Logistics Venture 2 L.P.	Singapore	–	–	–	10.00
LOGOS Australian Value-Enhancement and Develop-To-Core Venture Holding Trust	Australia	–	–	–	5.15
LOGOS Australian Value-Enhancement and Develop-To-Core Venture Sub Trust 1	Australia	–	–	–	0.01
LAIVS Villawood Trust	Australia	–	–	–	2.50
ARA US Hospitality Trust	Singapore	–	–	–	20.93

* These associates are acquired through business combinations during the financial year ended 31 December 2020 (note 27).

^ This associate was reclassified to assets held for sale as at 31 December 2020 (note 26).

Joint ventures

The ARA Group has interests in a number of joint ventures that are individually immaterial to the ARA Group. The following table summarises, in aggregate, the carrying amount and share of profit of these joint ventures that are accounted for using the equity method.

	As at 31 December 2018 US$'000	2019 US$'000	2020 US$'000	As at 30 June 2021 US$'000
ARA Group's interest in net assets of investee at beginning of the year/period	10,467	9,861	8,913	10,767
Acquisition through business combinations *(note 27)*	–	–	739	36,809
Capital contributions	–	–	1,775	162
Group's share of:				
– profit/(loss) from continuing operations	(170)	(238)	(909)	2,276
– other comprehensive income	–	–	–	(158)
– total comprehensive income	(170)	(238)	(909)	2,118
Dividend received/receivable during the year	–	(324)	(301)	–
Carrying amount of interest in joint ventures acquired as subsidiaries by the ARA Group	–	–	–	(881)
Effect of movement in exchange rates	(436)	(386)	550	(224)
Carrying amount of interest in investee at the end of the year/period	9,861	8,913	10,767	48,751

Details of the joint ventures are as follows:

Name of joint venture	Country of incorporation	Effective ownership interest 31 December 2018 %	31 December 2019 %	31 December 2020 %	30 June 2021 %
ARA-ShinYoung REIT	South Korea	50.00	50.00	50.00	50.00
ARA-ShinYoung REIT No. 2	South Korea	50.00	50.00	50.00	50.00
Logos India Pte. Ltd.*^	Singapore	–	–	50.00	–
LI Sponsor Investments Pte. Ltd.*^	Singapore	–	–	50.00	–
Logos India Logistics Venture Pte. Ltd.*	Singapore	–	–	–	51.22

* These joint ventures are acquired through business combinations during the financial year ended 31 December 2020 and the financial period ended 30 June 2021 (note 27).

^ The ARA Group acquired additional 50% equity interests in these joint ventures during the financial period ended 30 June 2021. Consequently, the ARA Group's equity interests in these entities increased from 50% to 100% and these entities ceased to be joint ventures and became indirect subsidiaries of the ARA Group.

13 INVOLVEMENT WITH UNCONSOLIDATED STRUCTURE ENTITIES

The ARA Group considers its investments in REITs and certain investment funds to be investments in unconsolidated structured entities. These REITs and investment funds are designed so that the voting or similar rights are not the dominant factor in deciding who controls them.

The table below describes the types of structured entities that the ARA Group does not consolidate but in which it holds an interest.

Type of structured entity	Nature and purpose	Interest held by the ARA Group	Total assets As at 31 December 2018 *US$' million*	2019 *US$' million*	2020 *US$' million*	As at 30 June 2021 *US$' 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.	• Investments in debt/equity issued by the fund • Investments in units issued by the REITs • Management fees	19,389	20,547	23,089	23,876

Determination of control over investees

The ARA Group applies its judgement to determine whether the control indicators set out in note 3.1(ii) indicate that the ARA Group controls a real estate investment trust ("REIT") or an investment fund.

The ARA Group acts as a manager to a number of REITs and investment funds. When determining whether the ARA Group controls a REIT or an investment fund, the ARA Group focuses on the assessment of the aggregate economic interests of the ARA 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 ARA Group, the ARA Group's equity interest is less than 20% and the aggregate economic interest in each case is not expected to be significant. As a result, the ARA Group has concluded that it acts as an agent for the unitholders in all cases, and therefore has not consolidated these REITs.

For all investment funds currently managed by the ARA Group, the other investors (whose numbers ranges from 1 to 30, excluding the ARA Group) are able to vote by simple majority to remove the ARA Group as fund manager without cause and are therefore the kick out right is determined to be significant. The ARA Group's equity interest is less than 34% and the aggregate economic exposure is not expected to exceed 40%. As a result, the ARA Group has concluded that it acts as an agent for the investors in all cases, and therefore has not consolidated these funds.

The table below sets out an analysis of the carrying amounts of interest held by the ARA Group in unconsolidated REITs and investment funds.

	As at 31 December			As at 30 June
	2018	**2019**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Carrying amount				
Financial assets (non-current and current)	538,119	595,822	674,428	674,145

14 FINANCIAL ASSETS

	As at 31 December			As at 30 June
	2018	**2019**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Non-current				
Quoted FVOCI equity investments	300,783	364,638	296,913	320,160
Unquoted FVOCI equity investments	214,899	199,445	286,055	251,485
Unquoted equity investments mandatorily at fair value through profit or loss	14,088	21,297	37,238	38,202
Unquoted debt investments carried at amortised cost	–	33,467	34,057	–
	529,770	618,847	654,263	609,847
Current				
Quoted equity investments mandatorily at fair value through profit or loss	8,349	10,442	54,222	64,298
Total	538,119	629,289	708,485	674,145

The ARA Group designated the investments shown below as equity investments as at FVOCI because these equity investments represent investments that the ARA Group intends to hold for the long-term for strategic purposes.

	Fair value			
	As at 31 December			As at 30 June
	2018	2019	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000*
Quoted FVOCI financial assets				
Investments in listed REITs	300,783	364,638	296,913	320,160
Amount pledged as security to obtain credit facilities	296,066	331,964	280,856	316,692
Unquoted FVOCI financial assets				
Seed capital investments in private real estate funds	173,785	157,346	244,403	206,711
Investments in privately-held REITs	41,114	42,099	41,652	44,774
	214,899	199,445	286,055	251,485

The distribution income recognised from FVOCI financial assets during the Relevant Periods are:

	Year ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Distribution income	34,661	42,282	22,563	11,991	11,969

The transfer of cumulative gain/(loss) within equity for strategic investments that were disposed of during the Relevant Periods are:

	Year ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Transfer of cumulative gain/(loss)	(186)	(319)	6,147	5,891	(7,641)

The unquoted financial assets mandatorily at fair value through profit or loss are units held in certain private real estate funds. The performance of these unquoted financial assets is actively monitored and are managed on a fair value basis.

Unquoted debt investments carried at amortised cost bear interest at a fixed rate of 5% per annum and are due in May 2022. The debt investments were early redeemed by the issuer in March 2021.

The ARA Group's exposure to credit, currency and equity price risks related to financial assets are disclosed in note 25.

15 FINANCIAL DERIVATIVE ASSETS

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000*
Non-current assets				
Put option contract	–	–	–	14,740
Current assets				
Foreign currency forward contracts	–	–	–	53

Put option contract

On 30 April 2021, the ARA Group, together with its subsidiary, ARA Real Estate Investors 30 Limited ("ARA RE30"), entered into a put option agreement with an agreed floor price to sell its investments in Kenedix. Accordingly, the ARA Group recognised a financial derivative asset in relation to the fair value gain of the put option in accordance with IFRS 9.

Foreign currency forward contracts

The foreign currency forward contracts include the gross amount of all notional values for contracts that have not yet been settled or cancelled. The amount of notional value outstanding is not necessarily a measure or indication of market risk, as the exposure of certain contracts may be offset by that of other contracts.

	Contract notional amount	Fair value assets
	US$'000	*US$'000*
Financial derivative assets		
Foreign currency forward contracts	2,231	53

The ARA Group's exposure to liquidity risk related to financial derivative assets are disclosed in note 25.

16 DEFERRED TAX

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000*
Deferred tax assets				
Tax losses carry-forward	1,158	885	1,347	1,427
Provisions	–	39	–	9
	1,158	924	1,347	1,436
Deferred tax liabilities				
Property, plant and equipment	(204)	(185)	(42)	(206)
Accrued fee receivables	–	–	(3,994)	(26,570)
Fair value adjustments on acquisition of subsidiaries	(5,387)	(5,460)	(7,779)	(7,203)
	(5,591)	(5,645)	(11,815)	(33,979)

Movements in temporary differences of the ARA Group during the Relevant Periods are as follows:

	At beginning of the year/period *US$'000*	Recognised in profit or loss *(note 7)* *US$'000*	Acquisition through business combinations *(note 27)* *US$'000*	Exchange differences *US$'000*	At end of the year/period *US$'000*
Year ended 31 December 2018					
Tax losses carry-forward	598	285	293	(18)	1,158
Provisions	–	–	–	–	–
Property, plant and equipment	(169)	(39)	–	4	(204)
Fair value adjustments on acquisition of subsidiaries	–	3	(5,443)	53	(5,387)
	429	249	(5,150)	39	(4,433)
Year ended 31 December 2019					
Tax losses carry-forward	1,158	(246)	–	(27)	885
Provisions	–	33	–	6	39
Property, plant and equipment	(204)	(2)	–	21	(185)
Fair value adjustments on acquisition of subsidiaries	(5,387)	–	–	(73)	(5,460)
	(4,433)	(215)	–	(73)	(4,721)
Year ended 31 December 2020					
Tax losses carry-forward	885	(2,879)	3,175	166	1,347
Provisions	39	(38)	–	(1)	–
Property, plant and equipment	(185)	257	(113)	(1)	(42)
Accrued fee receivables	–	(3,595)	–	(399)	(3,994)
Fair value adjustments on acquisition of subsidiaries	(5,460)	845	(2,907)	(257)	(7,779)
	(4,721)	(5,410)	155	(492)	(10,468)
Six months ended 30 June 2021					
Tax losses carry-forward	1,347	(193)	279	(6)	1,427
Provisions	–	9	–	–	9
Property, plant and equipment	(42)	(165)	–	1	(206)
Accrued fee receivables	(3,994)	(22,589)	–	13	(26,570)
Fair value adjustments on acquisition of subsidiaries	(7,779)	460	–	116	(7,203)
	(10,468)	(22,478)	279	124	(32,543)

17 OTHER NON-CURRENT ASSETS, TRADE AND OTHER RECEIVABLES, PREPAYMENTS, AND OTHER ASSETS

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000*
Other non-current assets				
Accrued fees receivables	–	–	–	4,256
Tenancy deposits	1,256	1,248	1,909	1,809
Other receivables	76	74	78	555
Loans to third parties	–	47,500	–	547
Contract costs	329	669	570	520
Prepayments	62	–	1,200	947
	1,723	49,491	3,757	8,634
Trade receivables				
Trade receivables	6,578	18,475	46,070	39,198
Prepayments, other receivables and other assets				
Accrued fees receivables	37,118	34,026	86,490	165,768
Other deposits	14	20	267	502
Other receivables	7,260	4,281	14,469	31,724
Grant receivables	–	–	463	–
Loans to third parties	–	22,180	1,029	–
Interest receivable from third parties	–	3,485	36	345
Non-trade amounts due from:				
– immediate holding company	–	16,598	2,647	–
– a related party	190	191	2,179	2,104
Dividends receivable from:				
– third parties	–	–	406	735
– associate	5,478	10,909	8,906	10,061
Contract costs	42	97	98	98
Prepayments	1,145	1,438	2,884	3,767
	51,247	93,225	119,874	215,104

An ageing analysis of the trade receivables as at the end of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within 30 days	5,503	7,818	27,193	16,156
31 to 90 days	856	5,692	5,843	6,525
91 to 150 days	1	170	3,297	3,011
More than 150 days	218	4,795	9,737	13,506
	6,578	18,475	46,070	39,198

There is no impairment allowance arising from the outstanding balances. The non-trade amounts due from immediate holding company and a related party are unsecured, interest-free and repayable on demand.

Accrued fees receivable relates to accrual of REIT fee revenue, private funds fee revenue and real estate management fee revenue.

As at 31 December 2020 and 30 June 2021, loans to third parties are unsecured, interest-free and repayable on demand.

As at 31 December 2019, loans to third parties were unsecured and interests are charged at 8% per annum of which US$22,180,000 was repayable on demand and the remaining loan balance of approximately US$47,500,000 matures in 2021. Both loans have been settled in full in 2020.

The ARA Group's exposure to credit and currency risks related to trade and other receivables are disclosed in note 25.

18 CASH AND CASH EQUIVALENTS

	As at 31 December			As at 30 June
	2018	**2019**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Cash at bank and in hand	75,302	129,632	309,463	509,820
Short-term fixed deposits	16,654	33,926	1,956	34,506
	91,956	163,558	311,419	544,326

The ARA Group's exposure to credit, interest rate and currency risks related to cash and cash equivalents are disclosed in note 25.

19 CAPITAL AND RESERVES

Share capital

	Ordinary shares Number of shares			
	As at 31 December			As at 30 June
	2018	**2019**	**2020**	**2021**
	'000	*'000*	*'000*	*'000*
Authorised share capital				
At beginning of the year/period and at end of the year/period	5,000,000	5,000,000	5,000,000	5,000,000
Paid-up share capital				
At beginning of the year/period	997,278	997,278	997,278	997,278
Corporation reorganisation exercise:				
– Issuance of ordinary shares	–	–	–	2,470,533
– Repurchase of ordinary shares	–	–	–	(1,994,556)
Issue of ordinary shares	–	–	–	210,465
At end of the year/period	997,278	997,278	997,278	1,683,720

	Redeemable preference shares Number of shares			
	As at 31 December			As at 30 June
	2018	2019	2020	2021
	'000	*'000*	*'000*	*'000*
Authorised share capital				
At beginning of the year/period and at end of the year/period	5,000,000	5,000,000	5,000,000	5,000,000
Paid-up share capital				
At beginning of the year/period	100	100	100	100
Redemption of preference shares	–	–	–	(100)
At end of the year/period	100	100	100	–

All shares rank equally with regard to ARA's residual assets, except that preference shareholders participate only to the extent of the face value of the shares.

All issued ordinary shares are fully paid, with a par value of $0.001 (31 December 2018 to 31 December 2020: $0.002) each.

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 ARA.

Corporate reorganisation exercise

A corporate reorganisation exercise was undertaken from 23 April 2021 to 25 April 2021, which included the followings:

(i) the issuance of 997,278,289 newly issued voting ordinary shares to ARA Investment (Cayman) Limited ("ARAC");

(ii) a repurchase of the pre-existing 997,278,289 ordinary shares from ARAC;

(iii) the creation of a new class of ordinary shares with a decreased par value of SGD 0.00135;

(iv) the issuance of 1,473,255,355 voting ordinary shares with the lower par value as mentioned in (iii); and

(v) the repurchase of the 997,278,289 ordinary shares issued to ARAC under (i).

Issuance of new ordinary shares

On 6 May 2021 and 20 May 2021, ARA issued additional 200,051,577 and 10,413,474 ordinary shares respectively for total cash consideration of US$502,369,000 for general corporate funding purposes.

Redeemable preference shares

Holders of the redeemable preference shares receive dividend at ARA's discretion. They do not have the right to participate in any additional dividends declared for ordinary shareholders. Redeemable preference shares do not carry the right to vote.

The redeemable preference shares were fully redeemed on 30 March 2021.

Reserves

The reserves of the ARA Group comprise the following balances:

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000*
Share premium	165,691	165,691	165,691	667,771
Translation reserve	(5,746)	2,730	63,706	42,753
Hedging reserve	(185)	(210)	(198)	–
Fair value reserve	46,378	41,924	3,796	38,153
Other reserve	(20,442)	(20,412)	(20,430)	(22,742)
Retained earnings	398,363	506,304	588,118	384,803
	584,059	696,027	800,683	1,110,738

Share premium

Share premium is net of cost of issue of new shares.

Translation reserve

The translation reserve of the ARA Group comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity investments designated at FVOCI.

Other reserve

Other reserve comprises statutory reserve fund, reserve on acquisition of non-controlling interests and reserve on non-reciprocal capital contribution made subsidiary:

- In accordance to the laws and regulations of the countries where subsidiaries of the ARA Group operate in, these subsidiaries are required to make an appropriation to a statutory reserve fund. This statutory reserve is not available for dividend distribution to shareholders;

- Reserve on acquisition of non-controlling interests is the difference between the consideration and the carrying amount of additional interests acquired from non-controlling interests; and

- Reserve arising from the non-reciprocal capital contribution made to a non-wholly-owned subsidiary.

Dividends

The following dividends were declared and paid by the ARA Group and ARA during the Relevant Periods:

	Year ended 31 December			Six months ended 30 June	
	2018	**2019**	**2020**	**2020**	**2021**
	US\$'000	*US\$'000*	*US\$'000*	*US\$'000 (unaudited)*	*US\$'000*
Declared by ARA to owners of ARA:					
Interim dividend of S\$0.459 per ordinary share in 2021 and S\$0.020 per ordinary share in 2018	(14,673)	–	–	–	(343,705)
Interim dividend of S\$300 per redeemable preference share in 2019 and S\$431.60 per redeemable preference share in 2018	(31,985)	(22,010)	–	–	–
	(46,658)	(22,010)	–	–	(343,705)
Paid by subsidiaries to parties with non-controlling interests	(2,344)	(448)	(8,750)	(84)	(4,162)

20 PERPETUAL SECURITIES

On 17 July 2017 ("Series 001"), 21 June 2018 ("Series 002") and 4 September 2019 ("Series 004"), ARA issued subordinated perpetual securities (the "perpetual securities") with aggregate principal amounts totalling US\$697,543,530 (equivalent to S\$950 million) (Series 001, Series 002 and Series 004 at US\$218.4 million (or S\$300 million), US\$222.3 million (or S\$300 million) and US\$256.8 million (or S\$350 million) respectively).

During the years ended 31 December 2018 and 31 December 2019, the incremental costs incurred amounting to US\$1,892,000 and US\$2,200,000 were recognised as equity as a deduction from proceeds. The perpetual securities are listed on Singapore Exchange Securities Trading Limited ("SGX-ST").

Such perpetual securities bear distributions at a rate of 5.2% (Series 001), 5.65% (Series 002) and 5.6% (Series 004) per annum, payable semi-annually. Subject to the relevant terms and conditions in the Information Memorandum dated 29 June 2017 (Series 001), 12 February 2018 (Series 002) and 4 September 2019 (Series 004), ARA may elect to defer making distributions on the perpetual securities, and is not subject to any limits as to the number of times a distribution can be deferred.

As a result, the perpetual securities do not meet the definition for classification as a financial liability under IAS 32 *Financial Instruments: Presentation*. The whole instrument is presented within equity, and distributions are treated as dividends.

The perpetual securities constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any unsecured obligations of the Issuer.

During the Relevant Periods, distributions accrued and paid to perpetual security holders were as follows:

	Year ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Distributions accrued	21,644	28,569	37,968	18,573	19,432
Distributions paid	17,892	23,881	37,968	18,634	19,528

21 NON-CONTROLLING INTERESTS

The following subsidiaries have NCI that are material to the ARA Group.

		Ownership interests held by NCI			
Name of subsidiary	**Country of incorporation**	**31 December 2018**	**31 December 2019**	**31 December 2020**	**30 June 2021**
		%	%	%	%
ARA Logistics Venture I Limited	Cayman Island	–	–	48.0	47.8

The following summarises the financial information are prepared in accordance with IFRSs, modified for fair value adjustments on acquisition and differences in the ARA Group accounting policies.

	ARA Logistics Venture I Limited	**Others**	**Total**
	US$'000	*US$'000*	*US$'000*
31 December 2020			
Revenue	83,581		
Profit for the year	35,254		
Other comprehensive income	30,098		
Total comprehensive income	65,352		
Attributable to NCI:			
– Profit for the year	17,756	2,555	20,311
– Other comprehensive income	9,342	1,551	10,893
– Total comprehensive income	27,098	4,106	31,204
31 December 2020			
Non-current assets	481,683		
Current assets	216,812		
Non-current liabilities	(101,308)		
Current liabilities	(58,040)		
Net assets	539,147		
Net assets attributable to NCI	322,034	9,528	331,562

	ARA Logistics Venture I Limited	Others	Total
	US$'000	*US$'000*	*US$'000*
Cash flows used in operating activities	(14,087)		
Cash flows used in investing activities	(212,159)		
Cash flows from financing activities	351,976		
Net increase in cash and cash equivalents	125,730		
30 June 2021			
Revenue	121,678		
Profit for the period	74,460		
Other comprehensive income	35,290		
Total comprehensive income	109,750		
Attributable to NCI:			
– Profit for the year	35,830	1,493	37,323
– Other comprehensive income	16,958	(1,281)	15,677
– Total comprehensive income	52,788	212	53,000
Non-current assets	600,674		
Current assets	333,634		
Non-current liabilities	(171,122)		
Current liabilities	(113,552)		
Net assets	649,634		
Net assets attributable to NCI	372,891	11,164	384,055
Cash flows used in operating activities	(24,219)		
Cash flows used in investing activities	(50,675)		
Cash flows used in financing activities	(418)		
Net decrease in cash and cash equivalents	(75,312)		

As at 31 December 2018 and 31 December 2019, the net assets attributable to non-material NCI amounted to US$4,678,000 and US$7,760,000.

The total comprehensive income attributable to NCI for the years ended 31 December 2018 and 31 December 2019 amounted to US$2,333,000 and US$2,085,000.

22 LOANS AND BORROWINGS

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000*
Non-current liabilities				
Secured bank loans	248,824	252,673	269,938	802,318
Medium term notes	–	73,920	164,281	163,479
Loans from a third party	65,000	–	–	28,818
	313,824	326,593	434,219	994,615
Current liabilities				
Secured bank loans	–	4,604	4,840	–
Short term notes and loan notes	–	–	30,273	35,400
	–	4,604	35,113	35,400
Total loans and borrowings	313,824	331,197	469,332	1,030,015

Loans and borrowings are repayable:

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000*
On demand or within a period not exceeding one year	–	4,604	35,113	35,400
Within a period of more than 1 year but not exceeding 2 years	118,315	–	–	40,176
Within a period of more than 2 years but not exceeding 5 years	195,509	326,593	434,219	954,439
Within a period more than 5 years	–	–	–	–
	313,824	331,197	469,332	1,030,015

Information about the ARA Group's exposure to interest rate and liquidity risks is included in note 25.

Terms and conditions of outstanding loans and borrowings are as follows:

	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
				US$'000	*US$'000*
2018					
Secured bank loans	SGD	SOR+1.4%	2023	25,187	25,187
Secured bank loans	AUD	Cost of Funds+1.49%	2023	118,315	118,315
Secured bank loans	JPY	LIBOR+1.4%	2021 – 2023	105,322	105,322
Loan from a third party	GBP	10.00	2021	65,000	65,000
				313,824	313,824

	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
				US$'000	*US$'000*
2019					
Secured bank loans	SGD	SOR+1.4%	2023	25,532	25,532
Secured bank loans	AUD	Cost of Funds+1.49%	2023	118,009	118,009
Secured bank loans	JPY	LIBOR+1.4%	2021 – 2023	113,736	113,736
Medium term notes	SGD	4.15%	2024	73,920	73,920
				331,197	331,197
2020					
Secured bank loans	SGD	SOR+1.4%	2023	25,982	25,982
Secured bank loans	AUD	Cost of Funds+1.49%	2023	129,259	129,259
Secured bank loans	JPY	LIBOR+1.4%	2021 – 2023	119,537	119,537
Medium term notes	SGD	4.15% – 6.00%	2023 – 2024	164,281	164,281
Short term notes	SGD	5.00%	2021	30,273	30,273
				469,332	469,332
30 June 2021					
Secured bank loans	SGD	SOR+1.4%	2023	338,932	338,932
Secured bank loans	SGD	SOR+1.6%	2026	18,121	18,121
Secured bank loans	USD	LIBOR+3.7%	2023	40,176	40,176
Secured bank loans	AUD	Cost of Funds+1.49%	2023	129,103	129,103
Secured bank loans	JPY	TIBOR+2.0%	2025	275,986	275,986
Medium term notes	SGD	4.15% – 6.00%	2023 – 2024	163,479	163,479
Short term notes	SGD	4.50%	2021	26,362	26,362
Loan notes	SGD	4.25%	*	9,038	9,038
Loan from a third party	USD	5.00%	2024	28,818	28,818
				1,030,015	1,030,015

* The loan notes mature in 2031 but may be redeemed quarterly at the request of the note holders.

As at 31 December 2018, 31 December 2019, 31 December 2020 and 30 June 2021, bank loans of US$248,824,000, US$257,277,000, US$274,778,000 and US$486,156,000, respectively are secured by shares or units comprising:

	As at 31 December			As at 30 June
	2018	**2019**	**2020**	**2021**
	No. of Units '000	*No. of Units '000*	*No. of Units '000*	*No. of Units '000*
Suntec REIT units	188,142	188,142	188,142	188,142
ARA LOGOS Logistics Trust units	98,770	98,770	–	175,644
ARA US Hospitality Trust units	–	26,875	26,875	26,875
Kenedix Inc.	49,901	42,672	42,672	–
Cromwell Property Group	158,134	617,392	617,392	617,392

As at 30 June 2021, bank loans of US$275,986,000 is secured by (i) fixed first charge of all the shares and rights of a wholly owned subsidiary; (ii) first priority pledge over the shares in Kenedix Inc. owned by the ARA Group; and (iii) a fixed first charge over the bank account of a wholly owned subsidiary of ARA.

As at 30 June 2021, bank loans of US$40,176,000 is secured by (i) a charge over 186,295,000 units of Stapled Securities of Cromwell Property Group; and (ii) a charge over bank balances amounting to US$4,749,000 deposited in a cash collateral account.

As at 30 June 2021, loan from a third party of US$28,818,000 is secured by certain shares held in Logos India Logistics Venture Pte. Ltd.

Intra-group financial guarantee comprises guarantees given by ARA to the financial institutions in respect of banking facilities granted to following entities, which both expire in 2023:

	As at 31 December			As at 30 June
	2018	**2019**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000*
A wholly-owned subsidiary	105,322	113,736	119,537	–
Immediate holding company	383,346	309,140	524,231	–
	488,668	422,876	643,768	–

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities							
	Bank loans	**Medium term notes**	**Loan from a third party**	**Finance lease liabilities**	**Loan from immediate holding company**	**Amounts due to/(from) immediate holding company**	**Interest rate swap used for hedging**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2018	134,628	–	–	124	–	–	(25)	134,727
Changes from financing cash flows								
Advances from immediate holding company	–	–	–	–	–	166,423	–	166,423
Interest paid	(5,193)	–	–	(15)	–	–	(33)	(5,241)
Payment of finance lease liabilities	–	–	–	(153)	–	–	–	(153)
Proceeds from loans and borrowings	251,209	–	65,655	–	–	–	–	316,864
Repayment of loans and borrowings	(137,466)	–	–	–	–	–	–	(137,466)
Total changes from financing cash flows	108,550	–	65,655	(168)	–	166,423	(33)	340,427
The effect of changes in foreign exchange rates	(714)	–	(649)	(7)	–	(1,661)	–	(3,031)
Other changes								
Changes in fair value	–	–	–	–	–	–	58	58
Change in interest payables	461	–	(629)	(14)	–	–	–	(182)
New finance leases	–	–	–	645	–	–	–	645
Interest expense	5,899	–	623	14	–	–	–	6,536
Total other changes	6,360	–	(6)	645	–	–	58	7,057
At 31 December 2018	248,824	–	65,000	594	–	164,762	–	479,180

	Liabilities						
	Bank loans	Medium term notes	Loan from a third party	Lease liabilities	Loan from immediate holding company	Amount due to/(from) immediate holding company	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2019	248,824	–	65,000	594	–	164,762	479,180
Effect of IFRS 16 *(note 2.3)*	–	–	–	12,968	–	–	12,968
At 1 January 2019, adjusted	248,824	–	65,000	13,562	–	164,762	492,148
Changes from financing cash flows							
Advances from immediate holding company	–	–	–	–	–	77,316	77,316
Interest paid	(7,358)	(1,522)	(19,256)	(492)	–	–	(28,628)
Payment of lease liabilities	–	–	–	(2,211)	–	–	(2,211)
Proceeds from loans and borrowings	18,858	72,858	–	–	–	–	91,716
Proceeds from loan from immediate holding company	–	–	–	–	47,682	–	47,682
Repayment of advances from immediate holding company	–	–	–	–	–	(258,452)	(258,452)
Repayment of loans and borrowings	(11,005)	–	(65,000)	–	–	–	(76,005)
Total changes from financing cash flows	495	71,336	(84,256)	(2,703)	47,682	(181,136)	(148,582)
The effect of changes in foreign exchange rates	600	996	–	190	(182)	(224)	1,380
Other changes							
Change in interest payables	(315)	(523)	–	–	(966)	–	(1,804)
New leases	–	–	–	1,977	–	–	1,977
Interest expense	7,673	2,111	19,256	492	966	–	30,498
Total other changes	7,358	1,588	19,256	2,469	–	–	30,671
At 31 December 2019	257,277	73,920	–	13,518	47,500	(16,598)	375,617

	Liabilities						
	Bank loans	Medium term notes and short-term notes	Loans from non-controlling shareholders of subsidiaries	Lease liabilities	Loan from immediate holding company	Amount due to/(from) immediate holding company	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2020	257,277	73,920	154	13,518	47,500	(16,598)	375,771
Changes from financing cash flows							
Advances from immediate holding company	–	–	–	–	–	632,371	632,371
Interest paid	(6,757)	(6,507)	–	(647)	(2,339)	–	(16,250)
Payment of lease liabilities	–	–	–	(4,745)	–	–	(4,745)
Proceeds from loans and borrowings	–	116,165	140	–	–	–	116,305
Repayment of advances from immediate holding company	–	–	–	–	–	(439,544)	(439,544)
Repayment of loans and borrowings	(46,667)	–	–	–	–	–	(46,667)
Repayment of loan from immediate holding company	–	–	–	–	(47,500)	–	(47,500)
Total changes from financing cash flows	(53,424)	109,658	140	(5,392)	(49,839)	192,827	193,970
The effect of changes in foreign exchange rates	18,292	6,156	11	348	23	7,881	32,711
Other changes							
Acquisition through business combinations *(note 27)*	45,875	–	–	4,384	–	–	50,259
Change in interest payables	616	(482)	–	–	943	–	1,077
New leases	–	–	–	4,287	–	–	4,287
Derecognition of lease liabilities as a result of modification of lease contract	–	–	–	(22)	–	–	(22)
Interest expense	6,142	5,302	–	647	1,373	–	13,464
Total other changes	52,633	4,820	–	9,296	2,316	–	69,065
At 31 December 2020	274,778	194,554	305	17,770	–	184,110	671,517

	Liabilities						
	Bank loans	Medium term notes and short-term notes	Loans from non-controlling shareholders of subsidiaries	Lease liabilities	Amount due to/(from) immediate holding company	Amount due to/(from) immediate holding company	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2020	257,277	73,920	154	13,518	47,500	(16,598)	375,771
Changes from financing cash flows (unaudited)							
Advances from immediate holding company	–	–	–	–	–	622,073	622,073
Interest paid (unaudited)	(2,003)	(1,471)	–	(151)	(1,472)	–	(5,097)
Payment of lease liabilities (unaudited)	–	–	–	(1,235)	–	–	(1,235)
Proceeds from loans and borrowings (unaudited)	–	3,571	–	–	–	–	3,571
Repayment of advances from immediate holding company (unaudited)	–	–	–	–	–	(402,746)	(402,746)
Repayment of loans and borrowings (unaudited)	(45,907)	–	–	–	–	–	(45,907)
Total changes from financing cash flows (unaudited)	(47,910)	2,100	–	(1,386)	(1,472)	219,327	170,659
The effect of changes in foreign exchange rates (unaudited)	(3,526)	(2,603)	(6)	(1,046)	–	1,553	(5,628)
Other changes (unaudited)							
Acquisition through business combinations *(note 27)* (unaudited)	45,875	–	–	4,384	–	–	50,259
Change in interest payables (unaudited)	6	(8)	–	–	751	–	749
Interest expense (unaudited)	3,196	1,524	–	151	721	–	5,592
Total other changes (unaudited)	49,077	1,516	–	4,535	1,472	–	56,600
At 30 June 2020 (unaudited)	254,918	74,933	148	15,621	47,500	204,282	597,402

	Liabilities						
	Bank loans	Medium term notes, short-term notes and loan notes	Loan from a third party	Loans from non-controlling shareholders of subsidiaries	Lease liabilities	Amount due to/(from) immediate holding company	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2021	274,778	194,554	–	305	17,770	184,110	671,517
Changes from financing cash flows							
Proceeds from loans and borrowings	359,241	9,017	–	633	–	–	368,891
Repayment of loans and borrowings	(385,712)	(3,757)	–	(382)	–	–	(389,851)
Repayment of advances from immediate holding company	–	–	–	–	–	(375)	(375)
Payment of lease liabilities	–	–	–	–	(2,712)	–	(2,712)
Interest paid	(7,292)	(4,022)	(246)	(2)	(420)	–	(11,982)
Total changes from financing cash flows	(33,763)	1,238	(246)	249	(3,132)	(375)	(36,029)
The effect of changes in foreign exchange rates	(9,577)	(919)	–	9	(6)	(1,315)	(11,808)
Other changes							
Acquisition through business combinations *(note 27)*	40,879	–	29,063	–	525	–	70,467
Novation of loans and borrowings from immediate holding company	526,125	–	–	–	–	(526,125)	–
Dividend declared to immediate holding company	–	–	–	–	–	343,705	343,705
Change in interest payables	(1,110)	(1,470)	(347)	(6)	–	–	(2,933)
New leases	–	–	–	–	2,944	–	2,944
Derecognition of lease liabilities as a result of lease modification	–	–	–	–	(422)	–	(422)
Interest expense	4,986	5,476	348	8	420	–	11,238
Total other changes	570,880	4,006	29,064	2	3,467	(182,420)	424,999
At 30 June 2021	802,318	198,879	28,818	565	18,099	–	1,048,679

23 TRADE AND OTHER PAYABLES

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade payables	3,388	3,558	4,407	4,334
Other payables	5,500	10,338	17,746	40,955
Accrued expenses	28,594	32,568	53,889	68,829
Loans from:				
– immediate holding company	–	47,500	–	–
– non-controlling shareholders of subsidiaries	152	154	305	565
Non-trade amounts due to immediate holding company	164,762	–	186,757	–
Deferred revenue	–	10,305	8,510	8,640
Long-term employee benefits liability	4,901	4,276	8,116	8,762
	207,297	108,699	279,730	132,085
Non-current	169,735	60,251	15,693	16,066
Current	37,562	48,448	264,037	116,019
	207,297	108,699	279,730	132,085

An ageing analysis of the trade payables as at the end of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within 30 days	3,071	2,972	3,627	2,914
30 to 60 days	188	281	447	991
Over 60 days	129	305	333	429
	3,388	3,558	4,407	4,334

As at 31 December 2019, the loan from immediate holding company was unsecured, bears interest at 3% per annum and matures on 31 December 2021.

The loans from non-controlling shareholders of subsidiaries are unsecured, interest-free and repayable on demand, except for an amount of US$412,000 which bears interest of 4.25% per annum as at 30 June 2021

Included in other payables is an amount of US$24,708,000 in relation to the purchase consideration payable arising from acquisition of assets in China as at 30 June 2021 as disclosed in note 26.

Included in accrued expenses is an amount of provision of legal and related expenses of US$1,476,000 and US$1,476,000 as at 31 December 2020 and 30 June 2021, respectively as disclosed in note 31.

Deferred revenue is recognised as revenue when the ARA Group fulfils its performance obligation under the contract with the customers. Significant changes in the deferred revenue during the Relevant Periods are as follows:

	Year ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Increases due to cash received, excluding amounts recognised as revenue during the Relevant Periods	–	10,166	1,300	16	454

The ARA Group's exposure to currency and liquidity risks related to trade and other payables are disclosed in note 25.

24 CONTINGENT CONSIDERATION PAYABLES

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000*
Contingent consideration payables for acquisitions of:				
– LOGOS Property Group Limited	–	–	15,980	6,168
– Venn Partners LLP	–	–	3,069	2,374
	–	–	19,049	8,542
Non-current	–	–	2,302	–
Current	–	–	16,747	8,542
	–	–	19,049	8,542

The contingent consideration liability arose from the acquisition of LOGOS Property Group Limited ("LOGOS Group") and Venn Partners LLP ("Venn") for a total consideration of US$331,510,000 and non-cash considerations by way of transferring existing subsidiaries of ARA and quoted FVOCI equity investments of the ARA Group, which is satisfied by way of initial cash payments of US$312,626,000 upon completion of acquiring LOGOS Group and Venn.

The remaining consideration for LOGOS Group shall be payable subject to the terms and condition set out in the share subscription and purchase agreement, upon realisation of performance fee earned by LOGOS Group while the remaining consideration for Venn shall be payable subject to the terms and condition set out in the sale and purchase agreement, which include the achievement of earn-out targets.

25 FINANCIAL INSTRUMENTS

Financial risk management

Overview

The ARA Group has exposure to the following risks from financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the ARA Group's exposure to each of the above risks, the ARA Group's objectives, policies and processes for measuring and managing risk, and the ARA Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the ARA Group's risk management framework. The ARA 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 ARA Group's risk management policies are established to identify and analyse the risks faced by the ARA Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The management continually monitors the ARA 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 ARA Group's activities. The ARA Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors is assisted in its oversight role by the ARA Group Risk Management and Internal Audit Division. The ARA Group Risk Management and Internal Audit Division undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

Credit risk

Credit risk is the risk of financial loss to the ARA Group if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the ARA Group's receivables from counterparties and investment securities.

The carrying amounts of financial assets represent the ARA Group's maximum exposure to credit risk, before taking into account any collateral held. The ARA Group does not hold any collateral in respect of its financial assets.

Trade and other receivables

Risk management policy

The ARA 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 investment in financial assets. Credit risk on cash and cash equivalents is limited because these are placed with regulated financial institutions which are rated A to AA-, based on established rating agency ratings. 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.

Trade receivables and accrued fees receivables

The ARA Group establishes an allowance for impairment that represents its estimate of ECLs in respect of trade and accrued fees receivables. The key inputs into the measurement of ECL are the probability of default (PD), loss given default (LGD) and exposure at default (EAD). ECL is calculated by multiplying the PD by LGD and EAD.

PD is estimated based on the Global Corporate Default Rate for the real estate industry. LGD is the magnitude of the likely loss if there is a default. The ARA Group estimates LGD taking into consideration the collateral, history of recovery rates of claims against defaulted counterparties and counterparty industry. EAD represents the expected exposure in the event of a default. The ARA Group derives the EAD from the current exposure to the counterparty.

The ageing of trade receivables and accrued fees receivable that was not impaired at the reporting date was:

	As at 31 December			As at 30 June
	2018	**2019**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Not past due	6,124	7,798	24,110	11,077
Past due 0-60 days	245	3,539	6,431	12,259
Past due 61-120 days	24	524	4,122	2,308
More than 120 days	185	6,614	11,407	13,554
Accrued fees receivables	37,118	34,026	86,490	170,024
	43,696	52,501	132,560	209,222

Impairment on trade receivables and accrued fees receivable have been measured on the lifetime expected loss basis. The expected credit loss rates were insignificant for the Relevant Periods, and accordingly, no loss allowance was recognised.

Dividends receivable from third parties and associate, other receivables, tenancy and other deposits, non-trade amounts due from immediate holding company and a related party, and loans to third parties

Impairment on dividend receivable from third parties and associate, other receivables, tenancy and other deposits, non-trade amounts due from immediate holding company and a related party, and loans to third parties have been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is negligible.

Cash and cash equivalents

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The ARA Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

Liquidity risk

Risk management policy

Liquidity risk is the risk that the ARA Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The ARA 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 ARA Group's reputation.

Typically, the ARA 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.

The ARA Group has contractual commitments with regards to its investments in various private real estate funds (see note 29).

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities which are measured at amortised cost including estimated interest payments but excluding the impact of netting agreements:

			Cash flows		
	Carrying amount	Contractual cash flows	Within 1 year	Within 1 to 5 years	More than 5 years
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
As at 31 December 2018					
Non-derivative financial liabilities					
Secured bank loans	248,824	(268,265)	(7,194)	(261,071)	–
Loan from a third party	65,000	(83,983)	(6,500)	(77,483)	–
Finance lease liabilities	594	(662)	(191)	(412)	(59)
Trade and other payables*	202,396	(202,396)	(37,562)	(164,834)	–
	516,814	(555,306)	(51,447)	(503,800)	(59)
As at 31 December 2019					
Non-derivative financial liabilities					
Secured bank loans	257,277	(283,613)	(7,345)	(276,268)	–
Medium term notes	73,920	(87,681)	(3,095)	(84,586)	–
Lease liabilities	13,518	(14,634)	(2,937)	(7,180)	(4,517)
Trade and other payables*	94,118	(96,967)	(47,484)	(49,483)	–
	438,833	(482,895)	(60,861)	(417,517)	(4,517)
As at 31 December 2020					
Non-derivative financial liabilities					
Secured bank loans	274,778	(285,347)	(8,906)	(276,441)	–
Medium term notes and short term notes	194,554	(222,752)	(39,698)	(183,054)	–
Lease liabilities	17,770	(19,053)	(5,056)	(12,633)	(1,364)
Trade and other payables*	263,104	(263,104)	(262,445)	(659)	–
Contingent consideration payables	19,049	(19,049)	(16,747)	(2,302)	–
	769,255	(809,305)	(332,852)	(475,089)	(1,364)
As at 30 June 2021					
Non-derivative financial liabilities					
Secured bank loans	802,318	(851,295)	(15,246)	(836,049)	–
Medium term notes, short term notes and loan notes	198,879	(222,462)	(44,524)	(177,938)	–
Loan from a third party	28,818	(28,932)	(1,418)	(27,514)	–
Lease liabilities	18,099	(19,492)	(5,310)	(13,496)	(686)
Trade and other payables*	114,683	(114,700)	(113,813)	(887)	–
Contingent consideration payables	8,542	(8,542)	(8,542)	–	–
	1,171,339	(1,245,423)	(188,853)	(1,055,884)	(686)

	Carrying amount	Contractual cash flows	Cash flows Within 1 year	Within 1 to 5 years	More than 5 years
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
As at 30 June 2021					
Derivative financial instruments					
Foreign currency forward contracts (gross settled)	53	–	–	–	–
– Outflow	–	(2,231)	(2,231)	–	–
– Inflow	–	2,284	2,284	–	–
	53	53	53	–	–

* Trade and other payables exclude long-term employee benefits liability and deferred revenue.

It is not expected that the cash flows included in the maturity analysis of the ARA Group could occur significantly earlier, or at significantly different amounts.

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 ARA 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.

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark interbank offered rates (IBORs) with alternative rates. In Singapore, the fundamental review and reform of the two key Singapore Dollar interest rate benchmarks that are widely referenced in financial contracts, namely Singapore interbank offered rates (SIBORs) and Singapore swap offer rates (SORs), and the transition from SOR to the Singapore Overnight Rate Average (SORA), is also ongoing.

Currency risk

Risk management policy

The ARA 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 ARA Group's entities. The currencies in which these transactions are primarily denominated in are the Singapore dollar (SGD), United States dollar (USD), Hong Kong dollar (HKD), Australian dollar (AUD), Malaysian Ringgit (MYR), Chinese Renminbi (RMB), Sterling Pounds (GBP) and New Zealand Dollars (NZD).

Exposure to foreign currency risk is monitored on an ongoing basis and the ARA Group endeavours to keep the net exposure to an acceptable level.

Exposure to currency risk

The ARA Group's exposures to currency risk were as follows based on notional amounts:

	SGD	USD	HKD	AUD	MYR	RMB	GBP	NZD
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
As at 31 December 2018								
Financial assets	–	–	3,492	–	–	–	–	–
Trade and other receivables	–	2	9,890	–	–	–	–	–
Cash and cash equivalents	1,800	5,948	2,570	105	467	–	–	–
Trade and other payables*	(22,062)	(24)	–	(51)	–	–	–	–
	(20,262)	5,926	15,952	54	467	–	–	–
As at 31 December 2019								
Trade and other receivables	–	–	967	–	309	22,180	–	–
Cash and cash equivalents	638	3,423	89	3,069	–	–	–	–
Trade and other payables*	(729)	(335)	–	–	–	–	–	–
Loans and borrowings	–	–	–	–	–	–	–	–
	(91)	3,088	1,056	3,069	309	22,180	–	–
As at 31 December 2020								
Trade and other receivables	270	1,117	–	–	47	4,180	–	–
Cash and cash equivalents	5,252	13,110	73	25,439	–	–	2,076	–
Trade and other payables*	(33,985)	(313)	(116)	(1,326)	(22)	(5)	(2)	–
Loans and borrowings	(3,932)	–	–	–	–	–	–	–
	(32,395)	13,914	(43)	24,113	25	4,175	2,074	–
As at 30 June 2021								
Trade and other receivables	6	13,559	–	8,295	–	–	1,569	2,008
Cash and cash equivalents	858	226,061	133	10,198	–	3,156	2	5,365
Trade and other payables*	(14,776)	(754)	(209)	–	(2)	(5)	–	(4,099)
Loans and borrowings	–	(40,176)	–	–	–	–	–	–
	(13,912)	198,690	(76)	18,493	(2)	3,151	1,571	3,274

* Trade and other payables exclude long-term employee benefits liability and deferred revenue.

Sensitivity analysis

A reasonably possible 10% strengthening of the following currencies against the respective functional currencies of the ARA Group's entities 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 interest rates, remain constant.

	Profit or (loss)			
	As at 31 December			**As at 30 June**
	2018	**2019**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000*
SGD	(2,026)	(9)	(3,240)	(1,391)
USD	593	309	1,391	19,869
HKD	1,595	106	(4)	(8)
AUD	5	307	2,411	1,849
MYR	47	31	3	–
RMB	–	2,218	418	315
GBP	–	–	207	157
NZD	–	–	–	327
	214	2,962	1,186	21,118

A reasonably possible 10% weakening of the functional currency of the ARA Group, SGD 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

Risk management policy

The ARA Group manages its interest rate exposure by maintaining a mix of fixed and variable rate borrowings. Where necessary, the ARA Group hedges a portion of its interest rate exposure within the short to medium term by using interest rate swaps.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial instruments was as follows:

	Nominal amount			
	As at 31 December			**As at 30 June**
	2018	**2019**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Fixed rate instruments				
Financial assets	16,654	137,073	36,013	34,506
Financial liabilities	(65,594)	(134,938)	(212,324)	(245,796)
	(48,940)	2,135	(176,311)	(211,290)
Variable rate instruments				
Financial liabilities	(248,824)	(257,277)	(274,778)	(802,318)

Fair value sensitivity analysis for fixed rate instruments

The ARA 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.

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 all Relevant Periods.

	Profit or (Loss)	
	100 bp increase	**100 bp decrease**
	US$'000	*US$'000*
Year ended 31 December 2018		
Variable rate instruments	(2,488)	2,488
Cash flow sensitivity (net)	(2,488)	2,488
Year ended 31 December 2019		
Variable rate instruments	(2,573)	2,573
Cash flow sensitivity (net)	(2,573)	2,573
Year ended 31 December 2020		
Variable rate instruments	(2,748)	2,748
Cash flow sensitivity (net)	(2,748)	2,748
6 months ended 30 June 2021		
Variable rate instruments	(8,023)	8,023
Cash flow sensitivity (net)	(8,023)	8,023

Sensitivity analysis – equity price risk

All of the ARA Group's quoted equity financial assets are listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Stock Exchange of Hong Kong ("HKEx") or the Bursa Malaysia Securities Berhad.

For such investments classified as FVOCI or held for trading, a 10% increase 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.

	Equity			
	As at 31 December			**As at 30 June**
	2018	**2019**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000*
SGX-ST	29,966	36,464	29,691	32,016
Bursa Malaysia Securities Berhad	112	–	–	–
	30,078	36,464	29,691	32,016

	Profit or (Loss)			
	As at 31 December			As at 30 June
	2018	2019	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000*
SGX-ST	–	–	2,755	5,013
HKEx	835	1,044	2,668	1,417
	835	1,044	5,423	6,430

A 10% decrease in their stock prices would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

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. Capital consists of total equity. The Board of Directors monitors the return on capital as well as the level of dividends to shareholders. There were no changes in the ARA Group's approach to capital management during the years.

In addition, certain subsidiaries of ARA 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 ARA 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 ARA Group monitors its compliance with the requirements of both the CMS and FRR regulations regularly. During the Relevant Periods, the ARA Group has complied with the requirements of both the CMS and FRR regulations.

Accounting classifications and fair values

Measurement of 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.

		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
As at 31 December 2018					
Financial assets measured at fair value					
Financial assets carried at FVOCI	515,682	300,783	–	214,899	515,682
Financial assets mandatorily at FVTPL	22,437	8,349	–	14,088	22,437
	538,119	309,132	–	228,987	538,119

	Carrying amount	Fair value: Level 1	Level 2	Level 3	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
As at 31 December 2019					
Financial assets measured at fair value					
Financial assets carried at FVOCI	564,083	364,638	–	199,445	564,083
Financial assets mandatorily at FVTPL	31,739	10,442	–	21,297	31,739
	595,822	375,080	–	220,742	595,822
As at 31 December 2020					
Financial assets measured at fair value					
Financial assets carried at FVOCI	582,968	296,913	–	286,055	582,968
Financial assets mandatorily at FVTPL	91,460	54,222	–	37,238	91,460
	674,428	351,135	–	323,293	674,428
As at 30 June 2021					
Financial assets measured at fair value					
Financial assets carried at FVOCI	571,645	320,160	–	251,485	571,645
Financial assets mandatorily at FVTPL	102,500	64,298	–	38,202	102,500
	674,145	384,458	–	289,687	674,145
Financial derivative assets measured at fair value					
Put option contract	14,740	–	–	14,740	14,740
Foreign currency forward contracts	53	–	53	–	53
	14,793	–	53	14,740	14,793

Valuation techniques and significant unobservable inputs

Foreign currency forward contracts

The fair value of the Level 2 financial instruments at the reporting date was determined using quoted prices of similar financial assets adjusted for transaction expenses.

Financial assets carried at FVOCI and Financial assets mandatorily at FVTPL

The fair value of the Level 3 financial instruments as at the reporting date was determined using a valuation technique based on 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 values 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.

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
Realisable net asset value approach	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 *US$'000*
As at 31 December 2018		
Net asset value	10%	22,899
	(10%)	(22,899)
As at 31 December 2019		
Net asset value	10%	22,074
	(10%)	(22,074)
As at 31 December 2020		
Net asset value	10%	32,329
	(10%)	(32,329)
As at 30 June 2021		
Net asset value	10%	28,969
	(10%)	(28,969)

Put option contract

The fair value of the Level 3 financial instruments as at 30 June 2021 was determined using the option pricing model based on the present value techniques that reflect both the time value and the intrinsic value of an option. The inputs used in the present value techniques included the estimated share price and discount rate, which involve a significant degree of management judgement where adjustments may be made by management for differences between the share price of Kenedix and the referenced comparables.

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
Option pricing model	• Share price of Kenedix • Discount rate	The estimated fair value would increase if the share price of Kenedix was lower and the discount rate was lower

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) in unobservable inputs	Favourable/ (unfavourable) impact on profit or loss
		US$'000
As at 30 June 2021		
Share price of Kenedix	5%	(2,214)
	(5%)	2,214
Discount rate	10 basis points	(61)
	(10 basis points)	61

Financial instruments not measured at fair values

The ARA Group has not disclosed the fair values of financial instruments such as trade and other receivables, trade and other 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 2018, 31 December 2019 and 31 December 2020 and 30 June 2021. For non-current assets and non-current liabilities, the effect of discounting the future cash flows to obtain the fair value as at 31 December 2018, 31 December 2019 and 31 December 2020 and 30 June 2021 is not significant.

(i) Transfers between Level 1 and 2

During the Relevant Periods, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

(ii) Level 3 fair values

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

	As at 31 December			As at 30 June
	2018	**2019**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Level 3 financial assets:				
At beginning of the year/period	254,355	228,987	220,742	323,293
Acquisition through business combinations *(note 27)*	–	–	3,635	–
Derecognition of unquoted FVOCI equity investments arising from regaining control over the investee *(note 27)*	–	–	–	(17,800)
Capital contribution	37,522	82,210	71,024	16,017
Capital returns	(49,952)	(74,671)	(24,290)	(36,432)
Gain on fair value of derivative financial assets	–	–	–	14,705
Net change in fair value of financial assets designated at FVTPL	686	(28)	4,927	1,077
Total gains/(loss) for the year/period included in other comprehensive income:				
– Net change in fair value of FVOCI financial assets	(9,177)	(14,464)	37,494	6,833
Effect of movement in exchange rates	(4,447)	(1,292)	9,761	(3,266)
At end of the year/period	228,987	220,742	323,293	304,427

26 ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

(i) On 1 December 2018, the ARA Group acquired a portfolio of 38 select service hotels in 21 states across in the United States of America for approximately US$650,000,000 exclusively with a view of resale within the next twelve months.

The disposal group as classified as held for sale as at 31 December 2018 and the results presented as discontinued operation in the consolidated statements of profit or loss. There are no impairment losses relating to the disposal group, which is carried at cost and there are no cumulative income or expenses in OCI relating to the disposal group.

The non-recurring fair value measurement for the disposal group of approximately US$650,000,000 has been categorised as a level 3 fair value based on the acquisition price.

In May 2019, the ARA Group completed the disposal of the portfolio of hotels. The assets were held via a wholly owned subsidiary's shareholding of the stapled securities of ARA US Hospitality Property Trust and ARA US Hospitality Management Trust (collectively the "Trust"). Subsequent to the listing of the stapled securities in May 2019, the ARA Group received proceeds for its subsidiary's redemption of the stapled securities.

Subsequent to the disposal, the ARA Group continues to manage the Trust and earns management fees. While intra-group transactions have been fully eliminated in the consolidated financial results, management has elected to attribute the elimination of transactions between the continuing operations and the discontinued operation prior to the disposal in a way that reflects the continuance of these transactions subsequent to the disposal, as management believes this is useful to the users of the Historical Financial Information.

Effect of disposal on the financial position and performance of the ARA Group

	2018 *US$'000*	2019 *US$'000*
Assets held for sale	680,707	–
Liabilities directly associated with the assets held for sale	(556,503)	–
Net assets and liabilities held for sale	124,204	–
Consideration received, satisfied in cash	–	173,906
Cash and cash equivalents disposed of	–	(21,125)
Net cash inflow	–	152,781
Gain on sale of discontinued operation	–	45,089
Results from operating activities, net of tax	(3,161)	4,105
Profit/(Loss) from discontinued operation, net of tax	(3,161)	49,194

(ii) In December 2020, the ARA Group decided to dispose off its entire equity interests in its associate, LOGOS Australia Investment Venture Holding Trust and initiated the negotiation activities with a potential buyer for the said disposal. As a result, the said associate is classified as assets held for sale as at 31 December 2020.

The ARA Group estimated that there are no impairment losses relating to the assets held for sale as the disposal consideration is estimated to be the carrying amount of the said associate. The cumulative income included in other comprehensive income in relation to the translation reserve is US$713,000 as at 31 December 2020.

The non-recurring fair value measurement of the asset held for sale has been categorised as Level 3 fair value based on the net asset of the said associate, which contained certain investment properties that are measured at fair value.

On 17 April 2021, the ARA Group completed the disposal of the said associate and recorded a gain on disposal of assets held for sale amounting to US$741,000 in the consolidated statement of profit or loss for the period ended 30 June 2021.

(iii) Between 30 April to 10 June 2021, LOGOS Group, an indirect subsidiary of the ARA Group, acquired three assets in China from unrelated parties for a total cash consideration of US$61.9 million and the intention of the ARA Group is to sell these assets to certain venture capital partners. The negotiation activities with these venture capital partners have been initiated before the ARA Group completed the acquisition. As a result, these assets acquired by the ARA Group are classified as assets held for sale immediately on the respective acquisition date.

The following table summarises the assets acquired and liabilities assumed at the date of acquisition.

	US$'000
2021	
Assets held for sale	94,292
Liabilities directly associated with the assets held for sale	(31,122)
	63,170
Non-controlling interests	(1,274)
	61,896

The ARA Group estimated that there are no impairment losses relating to the assets held for sale as the disposal consideration is estimated to be the carrying amount of these assets. The cumulative income included in other comprehensive income in relation to the translation reserve is US$500,000 as at 30 June 2021.

The non-recurring fair value measurement of the asset held for sale has been categorised as Level 3 fair value based on the net asset of these assets, which contained certain investment properties that are measured at fair value.

27 BUSINESS COMBINATIONS

Business combinations in 2018

Acquisition of ARA Korea (REF) Limited and Cache Property Management Pte. Ltd.

In 2018, ARA Group acquired 100% equity interests of ARA Korea (REF) Limited ("REF") and 60% equity interests of ARA Logos Property Management Pte. Ltd. *(formerly known as Cache Property Management Pte. Ltd.)* ("CPM") from unrelated parties for a total cash consideration of US$21,170,000.

Pre-acquisition carrying amounts were determined based on applicable IFRSs immediately before the acquisitions. The value of assets, liabilities and contingent liabilities recognised on acquisition are their estimated fair values.

From the acquisition date to 31 December 2018, both REF and CPM contributed revenue of US$2,831,000 and profit of US$813,000 to the ARA Group's results. If the acquisition had occurred on 1 January 2018, management estimates that revenue would have been US$4,845,000 and profit would have been US$1,951,000. In determining these amounts, management has assumed that the fair value adjustment that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

Business combinations in 2020

Acquisition of LOGOS Group and Venn

In 2020, ARA Group acquired 70% equity interests of LOGOS Property Group Limited *(formerly known as LOGOS China Investments Limited)* and its subsidiaries ("LOGOS Group") and 68% equity interests of Venn Partners LLP ("Venn") from unrelated parties for a total cash consideration of US$331,510,000 and non-cash considerations by way of transferring existing subsidiaries of ARA and quoted FVOCI equity investments of the ARA Group.

Pre-acquisition carrying amounts were determined based on applicable IFRSs immediately before the acquisitions. The value of assets, liabilities and contingent liabilities recognised on acquisition are their estimated fair values.

From the acquisition date to 31 December 2020, both LOGOS Group and Venn contributed revenue of US$99,519,000 and profit of US$42,138,000 to the ARA Group's results. If the acquisition occurred on 1 January 2020, management estimates that revenue would have been US$101,865,000 and profit would have been US$30,798,000. In determining these amounts, management has assumed that the fair value adjustment that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2020.

Business combinations in 2021

Acquisition of LOGOS India Fund Managers and RE 28

On 7 April 2021, LOGOS India Holdco Pte. Ltd., an indirect subsidiary of ARA, acquired additional 50% equity interests in its existing joint ventures, LOGOS India Pte. Ltd. and LI Sponsor Investments Limited (collectively "LOGOS India Fund Managers") for a total cash consideration of US$8,730,000. Consequently, the ARA Group's equity interests in these entities increased from 50% to 100% and these entities ceased to be joint ventures and became indirect subsidiaries of the ARA Group.

The ARA Group holds 100% equity interests in an investee, ARA Real Estate Investors 28 Limited ("RE 28"), which was previously classified as unquoted FVOCI equity investments as a result of a put option entered with the note holder of RE 28, which provides an option to the note holder to convert its notes into ordinary shares of RE 28. On 7 May 2021, the put option was terminated and the ARA Group regained control over RE 28.

From the acquisition date to 30 June 2021, both LOGOS India Fund Managers and RE 28 contributed loss of US$414,000 to the ARA Group's results. If the acquisition had occurred on 1 January 2021, management estimates that profit would have been US$1,025,000. In determining these amounts, management has assumed that the fair value adjustment that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2021.

Considerations transferred

The following table summarises the acquisition-date fair value of each major class of consideration transferred:

	2018	2020	30 June 2021
	US$'000	*US$'000*	*US$'000*
Cash	21,170	312,626	8,730
Fair value of previously held interest in associate and joint venture	11,340	–	1,285
Non-cash considerations by way of transferring:			
– existing subsidiaries	–	12,886	–
– quoted FVOCI equity investments	–	27,499	–
Contingent consideration payables to vendors	–	18,884	–
Fair value of previously held interest in unquoted FVOCI equity investments	–	–	17,800
	32,510	371,895	27,815

Acquisition-related costs

The ARA Group incurred acquisition-related costs of US$149,000, US$5,005,000 and US$110,000 on legal fees and due diligence costs for the years ended 31 December 2018, 31 December 2019 and for the period ended 30 June 2021 respectively. These costs have been included in "Transaction costs and one-off (expenses)/income".

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition.

	2018	2020	30 June 2021
	US$'000	*US$'000*	*US$'000*
Property, plant and equipment	53	703	168
Right-of-use assets	–	4,208	412
Goodwill	–	245,729	–
Intangible assets	32,019	24,292	–
Associates and joint venture	–	90,517	161,784
Financial assets	–	3,635	–
Deferred tax assets	293	3,216	279
Trade and other receivables	486	57,163	3,207
Cash and cash equivalents	5,510	103,805	4,527
Trade and other payables	(337)	(58,156)	(79,481)
Loans and borrowings	–	(45,875)	(69,942)
Lease liabilities	–	(4,384)	(525)
Current tax payable	(504)	(799)	(59)
Deferred tax liabilities	(5,443)	(3,061)	–
Total identifiable net assets	32,077	420,993	20,370
Non-controlling interests	–	(145,853)	–
	32,077	275,140	20,370

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets required	Valuation techniques
Intangible assets	Multi-period excess earnings method: It considers the present value of net cash flows expected to be generated by the management contracts.
Associates	Market comparison technique: The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale.

Fair value of LOGOS India Fund Managers

The ARA Group is currently undergoing an exercise to determine the fair values to be assigned to LOGOS India Fund Managers' identifiable assets, liabilities and contingent liabilities (if any) pursuant to the requirements on IFRS 3: *Business Combinations*. Upon finalisation of this exercise, the resulting goodwill on consolidation will be adjusted accordingly. The initial accounting for the above business combinations is incomplete as at 30 June 2021 and subject to the finalisation by the ARA Group.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	2018	**2020**	**30 June 2021**
	US$'000	*US$'000*	*US$'000*
Total consideration transferred	21,170	371,895	8,730
Fair value of previously held interest in associate and joint venture	11,340	–	1,285
Fair value of previously held interest in unquoted FVOCI equity investments	–	–	17,800
Fair value of identifiable net assets	(32,077)	(275,140)	(20,370)
Excess of purchase consideration over fair value of identifiable net assets, representing goodwill arising from the acquisition	433	96,755	7,445

Cash flows relating to the acquisitions

	2018	**2020**	**30 June 2021**
	US$'000	*US$'000*	*US$'000*
Cash consideration	21,170	312,626	8,730
Less: Cash and cash equivalents acquired	(5,510)	(103,805)	(4,527)
Net cash outflows	15,660	208,821	4,203

28 ACQUISITION OF NON-CONTROLLING INTERESTS

Acquisition of non-controlling interests in ARA Logistics Trust Management Limited

On 27 July 2018, the ARA Group acquired an additional 40% interest in ARA Logistics Trust Management Limited (*formerly known as ARA Trust Management (Cache) Limited*) for a cash consideration of US$21,840,000, increasing its ownership from 60% to 100%.

The following summarises the effect of changes in the ARA Group's ownership interest in ARA Logistics Trust Management Limited:

	US$'000
Cash consideration paid	21,840
Carrying amount of non-controlling interests acquired	(1,422)
Decrease in equity attributable to owners of ARA	20,418

The decrease in equity attributable to owners of ARA comprised a decrease in other reserve of US$20,418,000.

Acquisition of non-controlling interests in SC Property Management Company Limited

On 14 December 2020, the ARA Group acquired an additional 43% equity interests in SC Property Management Company Limited for a cash consideration of US$2,882,000, increasing its ownership from 57% to 100%.

The following summarises the effect of changes in the ARA Group's ownership interest in SC Property Management Company Limited:

	US$'000
Cash consideration paid	2,882
Carrying amount of non-controlling interests acquired	(2,625)
Decrease in equity attributable to owners of ARA	257

The decrease in equity attributable to owners of ARA comprised a decrease in other reserve of US$257,000.

29 CAPITAL COMMITMENTS

	As at 31 December			**As at 30 June**
	2018	**2019**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Total undrawn commitments in associates and investment in FVOCI	45,281	85,611	195,476	183,087

30 RELATED PARTIES

Transactions with key management personnel

Key management personnel compensation

Compensation payable to key management personnel comprised:

	As at 31 December			As at 30 June	
	2018	2019	2020	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Short-term employee benefits	21,546	24,189	20,378	8,967	8,938
Post-employment benefits (including defined contribution plans)	624	666	671	415	324
Other long-term employee benefits	685	(28)	2,927	(393)	220
	22,855	24,827	23,976	8,989	9,482

Key management personnel of the ARA Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. The directors of ARA are considered as key management personnel of the ARA Group.

Other related party transactions

Other than disclosed elsewhere in the Historical Financial Information, significant transactions with related parties at terms agreed between the parties are as follows:

	Year ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000* *(unaudited)*	*US$'000*
Acquisition, divestment and performance fees received/receivable	4,446	2,008	26,829	6,638	6,772
REIT management fees received/receivable	67,119	72,382	72,727	34,456	36,466
Portfolio management fees received/receivable	25,667	25,324	86,374	21,185	131,906
Real estate management fees received/receivable	23,367	23,465	18,724	10,046	10,048
Distribution income received	34,414	40,003	20,841	11,915	14,276
Investment management fees received/receivable	64	63	62	29	34
Asset management fees received/receivable	544	572	756	324	590
Development management fees received/receivable	–	–	55,470	9,407	17,090
Consultancy fees received/receivable	–	–	261	256	270
Lease expenses paid/payable	(2,046)	(2,971)	(2,509)	(1,117)	(1,142)

31 LITIGATIONS

A statement of claim was filed by Citius Property Pty Ltd ("Citius") on 11 April 2017 in the Supreme Court of Victoria against LOGOS Australia Group Pty Ltd ("LAGPL"), a subsidiary of the ARA Group. Citius is claiming in loss and damages in relation to services provided by Citius to LAGPL and the fee payable to LAGPL. The parties participated in a mediation in March 2021, but were unable to reach a commercial resolution of the matter. The next step is the formal trial which is expected to occur in early 2022. In accordance to paragraph 92 of IAS 37: *Provisions, Contingent Liabilities and Contingent Assets*, details of the provision made for the litigation case are not disclosed in order not to prejudice the ARA Group's legal position in the proceedings.

32 SUBSEQUENT EVENTS

(i) On 5 July 2021, LOGOS Group, an indirect subsidiary of the ARA Group, entered into an agreement together with capital partners to acquire Moorebank Logistics Park (MLP), Australia's largest intermodal logistics facility in south-western Sydney for a total consideration of AU$1.67 billion. The said acquisition is expected to be completed in November 2021.

(ii) In July and September 2021, LOGOS Group, an indirect subsidiary of the ARA Group, entered into agreements to acquire certain assets for considerations of approximately US$50 million and AU$160 million in Vietnam and Australia respectively. The acquisition of Vietnam assets is expected to be completed in the next financial year with the intention to sell these assets to certain identified venture capital partners. The acquisition of Australia assets is expected to be completed in November 2021.

(iii) On 15 August 2021, the ARA Group entered into an agreement to acquire InfraRed European Real Estate business, a specialist discretionary fund manager in the European real estate sector for an initial consideration of GBP18 million and deferred consideration of up to GBP7 million if certain conditions are met within 12 months from the date of acquisition. The said acquisition is expected to be completed in November 2021.

33 STATEMENT OF FINANCIAL POSITION OF ARA

	As at 31 December			As at 30 June
	2018	**2019**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Assets				
Investments in subsidiaries	798,338	1,016,167	1,343,165	1,013,171
Trade and other receivables	–	15,645	200	297,274
Total non-current assets	798,338	1,031,812	1,343,365	1,310,445
Trade and other receivables	137,566	118,310	86,920	207,478
Prepayments	26	25	26	54
Cash and cash equivalents	19,544	40,084	54,127	297,503
Total current assets	157,136	158,419	141,073	505,035
Total assets	955,474	1,190,231	1,484,438	1,815,480
Equity				
Share capital	1,497	1,497	1,497	1,711
Reserves	316,537	383,447	458,835	694,173
Perpetual securities	445,586	704,860	704,860	704,764
Total equity	763,620	1,089,804	1,165,192	1,400,648
Liabilities				
Loans and borrowings	25,187	99,452	101,305	413,942
Trade and other payables	166,449	–	–	–
Total non-current liabilities	191,636	99,452	101,305	413,942

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade and other payables	218	947	217,771	883
Current tax payable	–	28	170	7
Total current liabilities	218	975	217,941	890
Total liabilities	191,854	100,427	319,246	414,832
Total equity and liabilities	955,474	1,190,231	1,484,438	1,815,480

Statement of changes in equity of ARA

		Reserves				
	Share capital	**Share premium**	**Translation reserve**	**Retained earnings**	**Perpetual securities**	**Total equity**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2018	1,497	165,691	10,622	149,211	221,405	548,426
Total comprehensive income for the year						
Profit for the year	–	–	–	50,570	21,644	72,214
Other comprehensive income						
Foreign currency translation differences	–	–	(12,899)	–	–	(12,899)
Total comprehensive income for the year	–	–	(12,899)	50,570	21,644	59,315
Transactions with owners, recorded directly in equity						
Contributions by and distribution to owners						
Dividends paid to ordinary shareholders *(note 19)*	–	–	–	(14,673)	–	(14,673)
Dividends paid to redeemable preference shareholders *(note 19)*	–	–	–	(31,985)	–	(31,985)
Distribution paid to perpetual securities holders *(note 20)*	–	–	–	–	(17,892)	(17,892)
Issue of perpetual securities, net of issue costs *(note 20)*	–	–	–	–	220,429	220,429
Total contributions by and distributions to owners	–	–	–	(46,658)	202,537	155,879
Total transactions with owners	–	–	–	(46,658)	202,537	155,879
At 31 December 2018	1,497	165,691	(2,277)	153,123	445,586	763,620

		← Reserves	→			
	Share capital	Share premium	Translation reserve	Retained earnings	Perpetual securities	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2019	1,497	165,691	(2,277)	153,123	445,586	763,620
Total comprehensive income for the year						
Profit for the year	–	–	–	74,209	28,569	102,778
Other comprehensive income						
Foreign currency translation differences	–	–	14,711	–	–	14,711
Total comprehensive income for the year	–	–	14,711	74,209	28,569	117,489
Transactions with owners, recorded directly in equity						
Contributions by and distribution to owners						
Dividends paid to redeemable preference shareholders *(note 19)*	–	–	–	(22,010)	–	(22,010)
Distribution paid to perpetual securities holders *(note 20)*	–	–	–	–	(23,881)	(23,881)
Issue of perpetual securities, net of issue costs *(note 20)*	–	–	–	–	254,586	254,586
Total contributions by and distributions to owners	–	–	–	(22,010)	230,705	208,695
Total transactions with owners	–	–	–	(22,010)	230,705	208,695
At 31 December 2019	1,497	165,691	12,434	205,322	704,860	1,089,804

	Share capital US$'000	Share premium US$'000 (Reserves)	Translation reserve US$'000 (Reserves)	Retained earnings US$'000 (Reserves)	Perpetual securities US$'000	Total equity US$'000
At 1 January 2020	1,497	165,691	12,434	205,322	704,860	1,089,804
Total comprehensive income for the year						
Profit for the year	–	–	–	53,886	37,968	91,854
Other comprehensive income						
Foreign currency translation differences	–	–	21,502	–	–	21,502
Total comprehensive income for the year	–	–	21,502	53,886	37,968	113,356
Transactions with owners, recorded directly in equity						
Contributions by and distribution to owners						
Distribution paid to perpetual securities holders *(note 20)*	–	–	–	–	(37,968)	(37,968)
Total contributions by and distributions to owners	–	–	–	–	(37,968)	(37,968)
Total transactions with owners	–	–	–	–	(37,968)	(37,968)
At 31 December 2020	1,497	165,691	33,936	259,208	704,860	1,165,192
At 1 January 2020	1,497	165,691	12,434	205,322	704,860	1,089,804
Total comprehensive income for the year (unaudited)						
Profit for the year (unaudited)	–	–	–	(11,450)	18,573	7,123
Other comprehensive income (unaudited)						
Foreign currency translation differences (unaudited)	–	–	(38,670)	–	–	(38,670)
Total comprehensive income for the year (unaudited)	–	–	(38,670)	(11,450)	18,573	(31,547)
Transactions with owners, recorded directly in equity (unaudited)						
Contributions by and distribution to owners (unaudited)						
Distribution paid to perpetual securities holders *(note 20)* (unaudited)	–	–	–	–	(18,634)	(18,634)
Total contributions by and distributions to owners (unaudited)	–	–	–	–	(18,634)	(18,634)
Total transactions with owners (unaudited)	–	–	–	–	(18,634)	(18,634)
At 30 June 2020 (unaudited)	1,497	165,691	(26,236)	193,872	704,799	1,039,623

	Share capital	Share premium	Translation reserve	Retained earnings/ (Accumulated losses)	Perpetual securities	Total equity
		← Reserves		→		
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2021	1,497	165,691	33,936	259,208	704,860	1,165,192
Total comprehensive income for the period						
Profit for the period	–	–	–	83,189	19,432	102,621
Other comprehensive income						
Foreign currency translation differences	–	–	(6,226)	–	–	(6,226)
Total comprehensive income for the period	–	–	(6,226)	83,189	19,432	96,395
Transactions with owners, recorded directly in equity						
Contributions by and distribution to owners						
Issuance of new shares	214	502,155	–	–	–	502,369
Dividends paid to ordinary shareholders *(note 19)*	–	–	–	(343,705)	–	(343,705)
Distribution paid to perpetual securities holders *(note 20)*	–	–	–	–	(19,528)	(19,528)
Redemption of preference shares	–	(75)	–	–	–	(75)
Total contributions by and distributions to owners	214	502,080	–	(343,705)	(19,528)	139,061
Total transactions with owners	214	502,080	–	(343,705)	(19,528)	139,061
At 30 June 2021	1,711	667,771	27,710	(1,308)	704,764	1,400,648

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by ARA and its subsidiaries in respect of any period subsequent to 30 June 2021.

Set out below is the management discussion and analysis on the ARA Group for the three years ended 31 December 2020 and the six months ended 30 June 2021 (the "**Reporting Period**"). The following financial information is based on the financial information of the ARA Group as set out in Appendix II to this Circular.

A. BUSINESS REVIEW

The ARA Group is the largest real assets manager in APAC with approximately US$95 billion in GAMA as at 30 June 2021, with a fast growing New Economy real estate platform. For further details of the ARA Group, please refer to the section headed "*12. Information on the ARA Group*" in the Letter from the Board.

B. FINANCIAL REVIEW

Overview

Since its inception in 2002, the ARA Group has experienced consistently strong growth. During the Reporting Period, through a combination of organic growth and strategic M&A, the ARA Group increased its GAMA from US$56.4 billion as at 31 December 2018 to US$64.6 billion as at 31 December 2019 and US$87.7 billion as at 31 December 2020, reflecting a 24.8% CAGR. The ARA Group's fee revenue grew by 8.6% from US$134.5 million in 2018 to US$146.0 million in 2019 and a further 74.8% to US$255.3 million in 2020, and by 139.3% from US$90.5 million in the 1H2020 to US$216.6 million in 1H2021. The ARA Group's fee revenue derived from New Economy real estate increased from approximately US$10.5 million in 2019 to approximately US$94.7 million and US$121.7 million respectively in 2020 and 1H2021.

Information regarding the ARA Group's GAMA is included in the table below.

	Year ended 31 December			**CAGR**
	2018	**2019**	**2020**	**18'-20'**
	US$ (in billion)	*US$ (in billion)*	*US$ (in billion)*	*(%)*
GAMA	56.4	64.6	87.7	24.8%

Information regarding the ARA Group's Fee Revenue, Fee EBITDA and Group EBITDA are included in the table below.

	Year ended 31 December			CAGR	Six months ended 30 June	
	2018	2019	2020	18'- 20'	2020	2021
	US$'000	*US$'000*	*US$'000*	*(%)*	*US$'000*	*US$'000*
					(Unaudited)	
Fee Revenue	134,500	146,049	255,300	37.8%	90,519	216,616
Growth (%)	–	*8.6%*	*74.8%*	–	–	*139.3%*
Contribution from New Economy (%)	*7.5%*	*7.2%*	*37.1%*	–	*21.3%*	*56.2%*
% of AUM[24]	*0.56%*	*0.51%*	*0.51%*	–	*0.39%*[25]	*0.68%*[25]
Fee EBITDA	74,572	75,928	140,587	37.3%	48,665	133,715
Margins (%)	*55.4%*	*52.0%*	*55.1%*	–	*53.8%*	*61.7%*
Group EBITDA	143,424	168,487	200,874	18.3%	63,030	235,564
Margins (%)	*65.8%*	*65.0%*	*59.5%*	–	*55.3%*	*70.4%*

The ARA Group's EBITDA grew from US$143.4 million in 2018 to US$168.5 million in 2019 and US$200.9 million in 2020, and from US$63.0 million in the 1H2020 to US$235.6 million in 1H2021. The ARA Group realised Fee EBITDA of US$74.6 million, US$75.9 million and US$140.6 million in 2018, 2019 and 2020, respectively, representing a CAGR of 37.3%, while delivering Fee EBITDA margin of 55.4%, 52.0% and 55.1% for 2018, 2019 and 2020, respectively. The ARA Group realised Fee EBITDA of US$48.7 million and US$133.7 million in 1H2020 and 1H2021, respectively, while delivering Fee EBITDA margin of 53.8% and 61.7% for those respective periods. For a discussion of EBITDA and Fee EBITDA and reconciliation of EBITDA and Fee EBITDA to net income, see *"– Non-IFRS Measures"* below.

Factors Affecting Results of Operations

The ARA Group's results of operations have been, and the ARA Group expects them to be, primarily affected by the following factors:

- The ARA Group's ability to grow GAMA through organic growth and strategic acquisitions;

- The ARA Group's ability to raise and deploy investment funds from public and private market investors;

24 Excludes AUM of Cromwell, Kenedix and Hui Xian REIT; 1H2021 AUM does not include adjustment for acquisition Moorebank Logistics Park announced on 5 July 2021, which completion is subject to satisfaction of certain conditions precedent.

25 Based on LTM Fee Revenue.

- Rental prices, occupancy rates, cap rates and leasing cycles of assets under management;
- The ARA Group's ability to source, design, construct, finance, lease and manage portfolio assets;
- Fluctuations in the market prices of quoted equity investments;
- The ARA Group's access to capital and cost of financing;
- The performance of the capital co-invested by the ARA Group alongside its capital partners in the funds it manages; and
- The ARA Group's ability to attract and retain talent and contain costs, particularly staff-related expenses.

Business Combinations

During the Reporting Period, the ARA Group grew its business organically and by acquiring other businesses, some of which have been accounted for as business combinations as described below.

Business combinations in 2018

Acquisition of ARA Korea (REF) Limited and ARA Logos Property Management Pte. Ltd.

In 2018, ARA Group acquired 100% equity interests of ARA Korea (REF) Limited ("**REF**") and 60% equity interests of ARA LOGOS Property Management Pte. Ltd. (formerly known as Cache Property Management Pte. Ltd.) ("**ALPM**") from unrelated parties for a total cash consideration of US$21,170,000.

Pre-acquisition carrying amounts were determined based on applicable IFRSs immediately before the acquisitions. The value of assets, liabilities and contingent liabilities recognised on acquisition are their estimated fair values.

From the acquisition date to 31 December 2018, both REF and ALPM contributed revenue of US$2,831,000 and profit of US$813,000 to the ARA Group's results. If the acquisition had occurred on 1 January 2018, management estimates that revenue would have been US$4,845,000 and profit would have been US$1,951,000. In determining these amounts, management has assumed that the fair value adjustment that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

Business combinations in 2020

Acquisition of LOGOS Group and Venn

In 2020, ARA Group acquired 70% equity interests of LOGOS Property Group Limited (formerly known as LOGOS China Investments Limited) and its subsidiaries and 68% equity interests of Venn from unrelated parties.

Pre-acquisition carrying amounts were determined based on applicable IFRSs immediately before the acquisitions. The value of assets, liabilities and contingent liabilities recognised on acquisition are their estimated fair values.

From the acquisition date to 31 December 2020, both LOGOS Group and Venn contributed revenue of US$99,519,000 and profit of US$42,138,000 to the ARA Group's results. If the acquisition occurred on 1 January 2020, management estimates that revenue would have been US$101,865,000 and profit would have been US$30,798,000. In determining these amounts, management has assumed that the fair value adjustment that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2020.

Business combination in 2021

Acquisition of LOGOS India Fund Managers and RE 28

On 7 April 2021, LOGOS India Holdco Pte. Ltd., an indirect subsidiary of ARA, acquired additional 50% equity interests in its existing joint ventures, LOGOS India Pte. Ltd. and LI Sponsor Investments Limited (collectively "**LOGOS India Fund Managers**"). Consequently, the ARA Group's equity interests in these entities increased from 50% to 100% and these entities ceased to be joint ventures and became indirect subsidiaries of the ARA Group.

The ARA Group holds 100% equity interests in an investee, ARA Real Estate Investors 28 Limited ("**RE 28**"), which was previously classified as unquoted FVOCI equity investments as a result of a put option entered with the note holder of RE 28, which provides an option to the note holder to convert its notes into ordinary shares of RE 28. On 7 May 2021, the put option was terminated and the ARA Group regained control over RE 28.

From the acquisition date to 30 June 2021, both LOGOS India Fund Managers and RE 28 contributed loss of US$414,000 to the ARA Group's results. If the acquisition had occurred on 1 January 2021, management estimates that profit would have been US$1,025,000. In determining these amounts, management has assumed that the fair value adjustment that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2021.

Principal Components of the Company's Consolidated Statement of Profit or Loss

Fee Revenue

During the Reporting Period, the ARA Group generated revenue primarily from fees earned from managing its public REITs and private funds.

The ARA Group has three reportable segments, which comprise its strategic business units. The strategic business units offer different products and services and are managed separately. The following summary describes the operations in each of the ARA Group's reportable segments:

- ***Public Markets***. Provision of fund management services to public-listed real estate Investment trusts ("**REITs**") and acting as manager of these REITs.

  Real Estate Investment Trusts

  The ARA Group directly and indirectly manages a total of eleven public REITs listed in Singapore, Hong Kong, Japan and Australia, and directly manages five and six indirectly through its associates, with aggregate AUM of approximately US$22.5 billion as at 30 June 2021. As a REIT manager, the ARA Group directs each REIT's strategies, manages its assets and capital and oversees its acquisitions and divestments. Public REITs provide a long-term capital base for the ARA Group, combining stable cash flows with growth potential.

Fund	**Strategy**
Suntec REIT	The principal investment strategy is to invest in income producing real estate which is primarily used for retail and/or office purposes.
Fortune REIT	The principal investment strategy is to invest in commercial properties, including without limitation stand-alone assets and comprehensive mixed-use developments such as retail, shopping mall, office, hotels, service apartments and industrial properties.
Prosperity REIT	The principal investment strategy is to invest in office, commercial and retail properties with no geographical restrictions.

Fund	**Strategy**
ARA Logos Logistics Trust	The principal investment strategy is to invest in quality income-producing real estate used for logistics in APAC.
ARA US Hospitality REIT	The principal investment strategy is to invest directly, or indirectly, in income producing real estate assets used primarily for hospitality purposes in the United States.
Hui Xian REIT	The principal investment strategy is to hold and invest in high quality commercial properties in any part of the world, including but not limited to the PRC.

Suntec REIT

Suntec REIT is listed on the Main Board of SGX-ST and owns income-producing real estate primarily used for office and retail space in Singapore, Sydney, Melbourne, Adelaide and London. As at 30 June 2021, it manages an AUM of approximately US$8.4 billion.

Fortune REIT

Fortune REIT is listed on the Main Board of the Stock Exchange of Hong Kong and holds 16 malls in private housing estates in Hong Kong. As at 30 June 2021, it manages an AUM of approximately US$5.0 billion.

Prosperity REIT

Prosperity REIT is listed on the Main Board of the Stock Exchange of Hong Kong and holds a portfolio of seven offices and industrial properties in Hong Kong. As at 30 June 2021, it manages an AUM of approximately US$1.3 billion.

ARA Logos Logistics Trust

ARA Logos Logistics Trust is listed on the Main Board of SGX-ST and invests in quality income-producing real estate used for logistics in APAC. ARA Logos Logistics Trust manages 29 logistics warehousing properties in Singapore and Australia, as well as 49.5% and 40.0% interests in two funds. As at 30 June 2021, ARA Group owns approximately 52% stake in the Manager of ARA Logos Logistics Trust. As at 30 June 2021, it manages an AUM of approximately US$1.3 billion.

ARA US Hospitality Trust

ARA US Hospitality Trust is a stapled trust listed on the Main Board of SGX-ST comprising the ARA US Hospitality Property Trust and ARA US Hospitality Management Trust. ARA US Hospitality Trust invests primarily in hospitality real estate in the United States. As at 30 June 2021, it manages an AUM of approximately US$0.7 billion.

Hui Xian REIT

Hui Xian REIT is a RMB-denominated REIT listed on the Main Board of the Stock Exchange of Hong Kong and has a portfolio including office, retail, serviced apartment and hotel space in four key cities in China. Hui Xian REIT is managed by Hui Xian Asset Management Limited, a wholly owned subsidiary of World Deluxe Enterprises Limited. As at 30 June 2021, ARA Group indirectly owns 30% of World Deluxe Enterprises Limited, with CK Asset Holdings Limited owning the remainder. As at 30 June 2021, it manages an AUM at approximately US$5.8 billion.

- ***Private Markets.*** Provision of fund management services to (i) private real estate funds, (ii) New Economy funds, (iii) infrastructure and others.

The ARA Group manages and co-invests in 53 private investment funds with aggregate AUM of approximately US$42.7 billion as at 30 June 2021. The ARA Group's private market funds offer a range of strategies, risk profiles and asset classes in multiple regions to serve a broad range of investors. The ARA Group's private markets segment includes three business lines: private real estate funds, New Economy funds and infrastructure/others.

Fund	**Strategy**
Private Real Estate Funds	Leverages ARA's solid track record in APAC to provide investors with multi-asset class, multi-strategy real estate investment opportunities
New Economy Logistics/ Data Centres	ARA manages funds focused on logistics and data centres through LOGOS, a leading APAC logistics real estate specialist
Infrastructure/Others	Offers investors exposure to diversified, high-quality global infrastructure assets
	Represents majority stake in Venn Partners, a specialist investment manager with a focus in Commercial Real Estate and Residential Mortgage lending

Private real estate funds

The ARA Group manages private real estate funds, which offer a range of strategies, risk profiles and asset classes, including office, retail, residential and hospitality, in various geographic regions. As at 30 June 2021, the ARA Group managed 21 private real estate funds with aggregate AUM of approximately US$14.2 billion. The private real estate funds serve a diverse base of capital partners, including sovereign wealth funds, pension and insurance funds, endowments, corporations, retail investors and high net-worth individuals.

New Economy funds through LOGOS

The ARA Group manages funds focused on logistics and data centres through LOGOS, the ARA Group's New Economy platform, which develops property solutions for New Economy customers across APAC.

LOGOS manages every key aspect of logistics and data centre real estate, including establishing funds and raising capital, sourcing land or facilities and developing and building out properties for customers. As at 30 June 2021, LOGOS managed 25 private real estate funds with aggregate AUM of approximately US$15.3 billion[26] and ARA Logos Logistics Trust (as described above), together with AUM of US$16.6 billion and US$7.5 billion of equity under management. LOGOS has built strategic relationships with key New Economy tenants with operations throughout APAC. Since 2019, LOGOS has achieved a 21 to 44% realized return on divestments. As at 30 June 2021, ARA Group owns approximately 52% of LOGOS.

The table below sets out the LOGOS' gross leasable area ("**GLA**"), number of assets and AUM breakdown by countries:

	Australia & New Zealand	**China**	**SEA**	**India**	**Total**
GLA (MM sqm)	3.5	2.3	2.3	0.8	8.9
Number of assets	61	24	26	5	116
AUM (US$ billion)	8.9	3.3	4.0	0.5	16.6

LOGOS has a strong development pipeline for New Economy assets across APAC. For example, LOGOS had announced its acquisition of Moorebank Logistics Park on 5 July 2021 for an acquisition price of approximately US$1.2 billion. Moorebank Logistics Park is the largest develop-to-core project in Sydney, Australia with an estimated upon completion gross asset value of more than US$3.0 billion, a total developable site area of 243 hectares and a gross floor area of more than 860,000 sqm.

[26] Adjusted for LOGOS' acquisition of Moorebank Logistics Park announced on 5 July 2021, which completion is subject to satisfaction of certain conditions precedent.

Infrastructure/Others

The ARA Group established its infrastructure platform, ARA Infrastructure, in 2018, and is planning to launch its first infrastructure fund (subject to governmental approvals) which will seek infrastructure investments in Southeast Asia.

The ARA Group manages private real estate debt mandates through Venn of which it owns 68.0%. As at 30 June 2021, Venn managed seven investment mandates with aggregate gross capital commitments of approximately US$13.2 billion. Venn maintains a presence in the United Kingdom, the Netherlands and Spain, and serves a diverse group of investors, including governments, leading global institutions and private investors. Venn underwrites and regularly invests in its transactions to align its interests with those of its investors and borrowers.

- ***Corporate.*** The Corporate division of ARA Group oversees and executes the executive management, strategic investments and key corporate functions at the ARA Group level including finance and governance, human resources, legal and IT divisions of the ARA Group. Corporate and shared services costs therefore comprise operating expenses such as employee related expenses, legal and professional fees, administrative expenses and property related expenses related to the performance of these functions, as well as income derived from the ARA Group's material associates, namely Cromwell Property Group and Kenedix:

Kenedix

The ARA Group has a 30% interest in Kenedix, which manages REITs and private real estate funds in Japan. Kenedix manages REITs and private real estate funds with AUM of ¥2,416 billion (approximately US$21.3 billion) as at 30 June 2021. Kenedix also operates a property management business that provides services to properties owned by its REITs and funds. Kenedix manages three public J-REITs and one Malaysia listed REIT. Kenedix also manages a diverse range of private real estate funds, including core funds targeting stabilised assets, bridge funds that hold assets that its REITs or private funds may acquire, and development funds.

Cromwell Property Group

The ARA Group has a 30.7% interest in Cromwell Property Group, a real estate asset investor and manager with properties in Australia, New Zealand and Europe and which is listed on the Australian Stock Exchange. It manages Cromwell European REIT, an SGX-ST listed REIT with AUM of €2.3 billion (approximately US$2.8 billion) as at 30 June 2021. As at 30 June 2021, Cromwell Property Group had AUM of A$11.5 billion (approximately US$8.9 billion).

The following summary describes the principal activities from which the ARA Group generates its revenue:

- **REIT fees revenue**

  The ARA Group generates REIT management fees revenue, which comprise base and/or performance fees. These are derived from the provision of fund management services to listed REIT and are determined based on the value of the real estate assets or total deposited property assets and net property income of the REITs managed, respectively.

- **Private fund fees revenue**

  The ARA Group generates private fund fees revenue from the management of private real estate funds. These are determined based on committed/contributed capital, invested capital or portfolio value.

- **Real estate management fees**

  The ARA Group generates real estate management service fees from the provision of property management services, convention and exhibition services, development and project management services and marketing services.

  Property management fees and convention and exhibition service fees are determined based on gross revenue of the properties managed.

  Development and project management fees are earned when the ARA Group provides development and project management services to the owners of the property assets in accordance with the development management agreements.

  Marketing services fees, inclusive of advertising fees and commissions and promotion commissions are earned when the ARA Group finds new tenants/renews existing tenures for the properties they manage.

- **Acquisition and divestment fees**

  The ARA Group earns acquisition and divestment fees in relation to the acquisition and divestment of properties. The acquisition and divestment fees are determined based on the consideration of the properties acquired and divested.

Information regarding the reportable segments is included in the tables below.

	Public Market	Private Market	Corporate	Unallocated	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Year ended 31 December 2018					
External revenues	83,982	50,518	–	–	134,500
Inter-segment revenues	–	1,052	12,469	–	13,521
Co-investment income	16,797	19,005	–	–	35,802
Interest income	280	210	679	–	1,169
Interest expense	(15)	(1)	(6,520)	–	(6,536)
Depreciation and amortisation	(668)	(324)	(56)	–	(1,048)
Share of profit of associates and joint ventures	2,660	(170)	43,462	–	45,952
Reportable segment profit before tax	88,678	36,810	23,931	–	149,419

	Public Market	Private Market	Corporate	Unallocated	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Year ended 31 December 2019					
External revenues	88,877	57,172	–	–	146,049
Inter-segment revenues	96	826	15,927	–	16,849
Co-investment income	18,720	24,004	–	–	42,724
Interest income	240	1,907	3,698	–	5,845
Interest expense	(122)	(19,574)	(10,802)	–	(30,498)
Depreciation and amortisation	(2,027)	(857)	(1,367)	–	(4,251)
Share of profit of associates and joint ventures	1,875	(238)	62,044	–	63,681
Reportable segment profit before tax	79,859	22,012	27,073	–	128,944

	Public Market US$'000	Private Market US$'000	Corporate US$'000	Unallocated US$'000	Total US$'000
Year ended 31 December 2020					
External revenues	93,147	162,153	–	–	255,300
Inter-segment revenues	85	829	13,895	–	14,809
Co-investment income	19,714	5,085	–	–	24,799
Interest income	134	1,492	5,623	–	7,249
Interest expense	(88)	(2,049)	(11,327)	–	(13,464)
Depreciation and amortisation	(1,986)	(7,734)	(1,334)	–	(11,054)
Share of profit of associates and joint ventures	936	10,722	32,735	–	44,393
Reportable segment profit before tax	82,850	88,309	286	–	171,445

	Public Market US$'000	Private Market US$'000	Corporate US$'000	Unallocated US$'000	Total US$'000
Six months ended 30 June 2020					
External revenues	43,650	46,869	–	–	90,519
Inter-segment revenues	–	457	7,310	–	7,767
Co-investment income	10,661	2,188	–	–	12,849
Interest income	116	266	2,958	–	3,340
Interest expense	(304)	(510)	(4,778)	–	(5,592)
Depreciation and amortisation	(1,091)	(2,793)	(654)	–	(4,538)
Reportable segment profit/(loss) before tax	36,139	19,989	(15,538)	–	40,590
Share of profit of associates and joint ventures	(106)	3,537	747	–	4,178

	Public Market	Private Market	Corporate	Unallocated	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Six months ended 30 June 2021					
External revenues	50,372	166,244	–	–	216,616
Inter-segment revenues	–	409	9,696	–	10,105
Co-investment income	11,049	3,372	–	–	14,421
Interest income	23	567	6,027	–	6,617
Interest expense	(118)	(3,777)	(7,343)	–	(11,238)
Depreciation and amortisation	(972)	(5,025)	(693)	–	(6,690)
Reportable segment profit before tax	61,769	119,047	59,072	–	239,888
Share of profit of associates and joint ventures	11,138	22,067	60,099	–	93,304

Geographical segments

The ARA Group's business is managed in six principal geographical areas: Singapore, Hong Kong, Malaysia, China, Korea, Australia and New Zealand 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.

Information regarding the geographical segments is included in the tables below.

	Revenue	Assets
	US$'000	*US$'000*
Year ended 31 December 2018		
Singapore	82,025	425,167
China	20,325	18,589
Hong Kong	9,890	8,498
Malaysia	2,972	21,015
Australia and New Zealand	3,226	10,173
Korea	2,633	51,112
Others	13,429	192,068
Total	134,500	726,622

	Revenue	Assets
	US$'000	*US$'000*
Year ended 31 December 2019		
Singapore	95,397	521,288
China	15,245	56,127
Korea	7,428	106,205
Hong Kong	7,061	9,517
Malaysia	2,861	3,278
Australia and New Zealand	5,802	22,446
Others	12,255	284,892
Total	146,049	1,003,753

	Revenue	Assets
	US$'000	*US$'000*
Year ended 31 December 2020		
Singapore	82,262	474,028
Australia and New Zealand	71,686	655,384
China	33,708	30,637
Hong Kong	29,717	42,460
Korea	17,886	138,172
Malaysia	2,988	4,468
Others	17,053	276,419
Total	255,300	1,621,568

	Revenue
	US$'000
Six months ended 30 June 2020	
Singapore	39,036
Hong Kong	14,366
Malaysia	1,242
China	14,180
Korea	3,142
Australia and New Zealand	10,351
Others	8,202
Total	90,519

	Revenue	Assets
	US$'000	*US$'000*
Six months ended 30 June 2021		
Singapore	67,024	945,044
Hong Kong	13,402	49,510
Malaysia	1,410	14,539
China	19,996	137,288
Korea	2,493	146,506
Australia and New Zealand	100,667	446,163
Others	11,624	194,967
Total	216,616	1,934,017

Other income

Other income includes co-investment income, share of profits of associates/equity-accounted investees (net of tax), finance income and other income. The ARA Group recognises income from the co-investments and joint ventures in the public REITs and the private investment funds ARA manages. Interest income is recorded as finance income and recognised using the effective interest method.

Distribution income and dividend income are recognised in profit or loss on the date that the ARA Group's right to receive payment is established. The income from the ARA Group's strategic investments in Kenedix and Cromwell Property Group is equity accounted and recorded under share of profits of associates/equity-accounted investees (net of tax).

Finance income comprises primarily interest income on funds invested. Other income consists mainly of government incentives received and reimbursements.

The following table sets forth other income in absolute amounts and percentages of the ARA Group's total fee revenue for the periods indicated.

	Year ended 31 December						Six months ended 30 June			
	2018	2018	2019	2019	2020	2020	2020	2020	2021	2021
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000* *(Unaudited)*	*%*	*US$'000*	*%*
Co-investment Income	35,802	26.6	42,724	29.3	24,799	9.7	12,849	14.2	14,421	6.7
Share of profit of equity-accounted investees, net of tax	45,952	34.2	63,681	43.6	44,393	17.4	4,178	4.6	93,304	43.1
Finance Income	1,169	0.9	5,845	4.0	7,249	2.8	3,340	3.7	6,617	3.1
Other Income	421	0.3	981	0.7	6,017	2.4	3,022	3.3	3,593	1.7
Total	83,344	62.0	113,231	77.5	82,458	32.3	23,389	25.8	117,935	54.6

Operating expenses

The components of the ARA Group's operating expenses include employee related expenses, legal and professional fees, administrative expenses and property related expenses. Administrative expenses include, among others, travel and entertainment costs, operating lease, insurance, IT, general and administrative costs.

The table below sets forth the ARA Group's operating expenses in absolute amounts and as percentages of its total fee revenue, for the periods indicated.

	Year ended 31 December						Six months ended 30 June			
	2018	2018	2019	2019	2020	2020	2020	2020	2021	2021
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000* *(Unaudited)*	*%*	*US$'000*	*%*
Employee related costs	47,055	35.0	55,243	37.8	81,623	32.0	30,560	33.8	60,860	28.1
Legal and professional fees	11,970	8.9	14,291	9.8	19,687	7.7	7,438	8.2	9,893	4.6
Administrative expenses	8,656	6.4	7,426	5.1	22,276	8.7	5,995	6.6	17,855	8.2
Property related expenses	5,570	4.1	7,988	5.5	6,049	2.4	3,545	3.9	3,762	1.7
Total	73,251	54.5	84,948	58.2	129,635	50.8	47,538	52.5	92,370	42.6

Other expenses

The components of the ARA Group's other expenses include depreciation and amortisation and fair value and foreign exchange movements.

The table below sets forth other expenses in absolute amounts and as percentages of the ARA Group's total fee revenue, for the periods indicated.

	Year ended 31 December						Six months ended 30 June			
	2018	2018	2019	2019	2020	2020	2020	2020	2021	2021
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000*	*%*
							(Unaudited)			
Depreciation and amortisation	1,048	0.8	4,251	2.9	11,054	4.3	4,538	5.0	6,690	3.1
Fair value & foreign exchange (gain)/loss	(1,135)	(0.8)	1,400	1.0	(7,023)	(2.8)	4,469	4.9	(12,430)	(5.7)
Total	(87)	(0.1)	5,651	3.9	4,031	1.6	9,007	9.9	(5,740)	(2.6)

Finance costs

The ARA Group's finance costs consist of interest expense on loans and borrowings.

Tax expense

Tax expense comprises current and deferred tax components. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income. The ARA Group and its subsidiaries are incorporated in a number of jurisdictions, including Singapore, Hong Kong, Bermuda, Australia, South Korea, the PRC, the British Virgin Islands ("**BVI**") and others and are taxed in accordance with the respective prevailing tax regulations of the jurisdiction in which they are incorporated.

During the Reporting Period, the ARA Group's deferred tax assets resulted primarily from losses available for offsetting against future taxable profits, employee benefits payable and accrued expenses. The ARA Group's deferred tax liability resulted primarily from fair value adjustments on financial assets at fair value through profit or loss and acquisition of subsidiaries.

	Year ended 31 December			Six months Ended 30 June	
	2018	2019	2020	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Current tax	13,823	16,724	31,850	12,470	12,630
Deferred tax	(249)	215	5,410	(249)	22,478
Total	13,574	16,939	37,260	12,221	35,108

The table below sets forth a reconciliation of the tax expense applicable to profit before tax using the applicable rates for the regions in which the ARA Group and its subsidiaries are domiciled to the aggregate tax expense, for the periods indicated.

	Year ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Profit before tax	149,419	128,944	171,445	40,590	239,888
Tax at the domestic rates applicable to profits in the countries where ARA Group operates	19,951	26,389	40,955	7,745	57,964
Effect of share of profit of equity-accounted investees	(7,812)	(10,826)	(7,547)	(710)	(15,862)
Non-deductible expenses	2,374	1,932	6,684	3,886	3,806
Tax-exempt income	(3,141)	(6,193)	(11,229)	(4,669)	(13,957)
Under/(Over) provision of current tax in prior years	(22)	196	38	10	(228)
Withholding tax	2,533	5,607	8,575	6,234	3,698
Others	(309)	(166)	(216)	(275)	(313)
Tax charge	13,574	16,939	37,260	12,221	35,108

In 2018, 2019, 2020 and the six months ended 30 June 2020 and 30 June 2021, the ARA Group's effective tax rates, calculated by dividing its tax expense by its profit before tax were 9.1%, 13.1%, 21.7%, 30.1% and 14.6% respectively.

NON-IFRS MEASURES

To supplement the ARA Group's consolidated results which are prepared and presented in accordance with IFRS, the ARA Group uses EBITDA and Fee EBITDA as additional financial measures, which are not required by, or presented in accordance with IFRS. The ARA Group believes that these non-IFRS measures facilitate comparisons of operating performance from period to period by eliminating impacts of items that the ARA Group does not consider to be indicative of the ARA Group's operating performance.

The ARA Group believes that these measures provide useful information to investors and others in understanding and evaluating the ARA Group's consolidated results of operations in the same manner as they help our management. However, the ARA Group's presentation of EBITDA and Fee EBITDA may not be comparable to similarly titled measures presented by other companies. Non-IFRS measures have limitations as analytical tools, and should not be considered in isolation from, or as a substitute for analysis of, the ARA Group's results of operations or financial conditions as reported under IFRS.

EBITDA

EBITDA is defined as net profit, subtracting profit/loss from discontinued operations and finance income, and adding back tax expense, finance costs, depreciation and amortisation, fair value gains/(losses) and foreign exchange movements, transaction costs and other one-off expenses/(income). The use of EBITDA has limitations as it does not reflect all items of income and expense that affect the ARA Group's operations. The term EBITDA is not defined under IFRS and is not a measure of profit and total comprehensive income or liquidity presented in accordance with IFRS.

The ARA Group's EBITDA increased by US$25.1 million or 17.5% from US$143.4 million in 2018 to US$168.5 million in 2019, driven by higher Fee EBITDA and higher other income, partially offset by higher corporate costs (which comprise primarily corporate and shared services costs) incurred to cater for business expansion initiatives.

EBITDA increased by US$32.4 million or 19.2% from US$168.5 million in 2019 to US$200.9 million in 2020, due to contributions from LOGOS and Venn post acquisition, partially offset by a lower share of profit of equity-accounted investees, net of tax, and other income.

EBITDA increased by US$172.5 million or 273.7% from US$63.0 million in 1H2020 to US$235.6 million in 1H2021, driven by higher Fee EBITDA and higher other income, partially offset by higher corporate costs (which comprise primarily corporate and shared services costs) incurred to cater for business expansion initiatives.

Fee EBITDA

Fee EBITDA is defined as EBITDA, adding back corporate costs and subtracting co-investment income, share of profit of equity-accounted investees, net of tax, and other income. The use of Fee EBITDA has limitations as it does not reflect all items of income and expense that affect the ARA Group's operations. The term Fee EBITDA is not defined under IFRS and is not a measure of profit and total comprehensive income or liquidity presented in accordance with IFRS.

The ARA Group's Fee EBITDA increased by US$1.4 million or 1.8% from US$74.6 million in 2018 to US$75.9 million in 2019, driven by higher fee revenue, partially offset by higher operating expenses. The higher operating expenses were mainly due to higher employee related expenses to cater for business expansion initiatives.

Fee EBITDA significantly increased by US$64.7 million or 85.2% from US$75.9 million in 2019 to US$140.6 million in 2020, due to strong fee revenue contribution from the acquisition of LOGOS and Venn in March 2020, partially offset by operating expenses. Excluding LOGOS and Venn, operating expenses were lower as a result of reduced business activity and cost-cutting measures undertaken in light of the COVID-19 pandemic.

Fee EBITDA increased by US$85.0 million or 174.8% from US$48.7 million in 1H2020 to US$133.7 million in 1H2021, mainly due to strong fee revenue contribution from the acquisition of LOGOS and Venn in March 2020, partially offset by operating expenses.

Reconciliation

The following table sets forth the reconciliations of the ARA Group's non-IFRS financial measures for the periods indicated to the nearest measures prepared in accordance with IFRS:

	Year ended 31 December			**Six months ended 30 June**	
	2018	**2019**	**2020**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
Net Profit	132,684	161,199	134,185	28,369	204,780

	Year ended 31 December			Six months ended 30 June	
	2018	2019	2020	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Less:					
(Loss)/Profit from discontinued operation	(3,161)	49,194	–	–	–
Finance Income	1,169	5,845	7,249	3,340	6,617
Add:					
Tax Expense	13,574	16,939	37,260	12,221	35,108
Finance Costs	6,536	30,498	13,464	5,592	11,238
Depreciation and Amortisation	1,048	4,251	11,054	4,538	6,690
Fair value (gains)/losses and exchange differences	(1,135)	1,400	(7,023)	4,469	(12,430)
Transaction costs and one-off expenses/ (income)	(11,275)	9,239	19,183	11,181	(3,205)
EBITDA	143,424	168,487	200,874	63,030	235,564
Add:					
Corporate Costs	13,323	14,827	14,922	5,684	9,469
Less:					
Co-investment Income	35,802	42,724	24,799	12,849	14,421
Share of profit of equity-accounted investees, net of tax	45,952	63,681	44,393	4,178	93,304
Other Income	421	981	6,017	3,022	3,593
Fee EBITDA	74,572	75,928	140,587	48,665	133,715

In light of the limitations of non-IFRS measures described above, when assessing the ARA Group's operating and financial performance, EBITDA and Fee EBITDA should not be considered in isolation, as a substitute for or superior to, net profit or any other operating performance measure that is calculated in accordance with IFRS.

In addition, because these measures may not be calculated in the same manner by all companies, they may not be comparable to similarly titled measures used by other companies. The ARA Group's presentation of non-IFRS measures should not be construed to imply that its future results will be unaffected by unusual or non-recurring items.

RESULTS OF OPERATIONS

The following table sets forth the ARA Group's consolidated income statement, both in absolute amounts and as percentages of its fee revenue, for the periods indicated. The operations results in any period are not necessarily indicative of the results that may be expected for any future period.

	Year ended 31 December						Six months ended 30 June			
	2018	2018	2019	2019	2020	2020	2020	2020	2021	2021
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000* (Unaudited)	*%*	*US$'000*	*%*
Public market	83,982	62.4	88,877	60.9	93,147	36.5	43,650	48.2	50,372	23.3
Private market	50,518	37.6	57,172	39.1	162,153	63.5	46,869	51.8	166,244	76.7
Fee Revenue	134,500	100.0	146,049	100.0	255,300	100.0	90,519	100.0	216,616	100.0
Other Income										
Co-investment income	35,802	26.6	42,724	29.3	24,799	9.7	12,849	14.2	14,421	6.7
Finance income	1,169	0.9	5,845	4.0	7,249	2.8	3,340	3.7	6,617	3.1
Share of profit of equity-accounted investees, net of tax	45,952	34.2	63,681	43.6	44,393	17.4	4,178	4.6	93,304	43.1
Other income	421	0.3	981	0.7	6,017	2.4	3,022	3.3	3,593	1.7
Total Other Income	83,344	62.0	113,231	77.5	82,458	32.3	23,389	25.8	117,935	54.4
TOTAL INCOME	217,844	162.0	259,280	177.5	337,758	132.3	113,908	125.8	334,551	154.4
Expenses										
Employee related costs	47,055	35.0	55,243	37.8	81,623	32.0	30,560	33.8	60,860	28.1
Legal & professional fees	11,970	8.9	14,291	9.8	19,687	7.7	7,438	8.2	9,893	4.6
Property related expenses	5,570	4.1	7,988	5.5	6,049	2.4	3,545	3.9	3,762	1.7
Administrative expenses	8,656	6.4	7,426	5.1	22,276	8.7	5,995	6.6	17,855	8.2
Operating Expenses	73,251	54.5	84,948	58.2	129,635	50.8	47,538	52.5	92,370	42.6
Depreciation & amortisation	1,048	0.8	4,251	2.9	11,054	4.3	4,538	5.0	6,690	3.1
Fair value and foreign exchange movements	(1,135)	(0.8)	1,400	1.0	(7,023)	(2.8)	4,469	4.9	(12,430)	(5.7)
Other Expenses	(87)	(0.1)	5,651	3.9	4,031	1.6	9,007	9.9	(5,740)	(2.6)
Finance costs	6,536	4.9	30,498	20.9	13,464	5.3	5,592	6.2	11,238	5.2
TOTAL EXPENSES	79,700	59.3	121,097	82.9	147,130	57.6	62,137	68.6	97,868	45.2

	Year ended 31 December						Six months ended 30 June			
	2018	2018	2019	2019	2020	2020	2020	2020	2021	2021
	US$'000	*%*	*US$'000*	*%*	*US$'000*	*%*	*US$'000* (*Unaudited*)	*%*	*US$'000*	*%*
Transaction Cost and one-off expenses/ (income)	(11,275)	(8.4)	9,239	6.3	19,183	7.5	11,181	12.4	(3,205)	(1.5)
Profit before income tax	149,419	111.1	128,944	88.3	171,445	67.2	40,590	44.8	239,888	110.7
Tax expense	13,574	10.1	16,939	11.6	37,260	14.6	12,221	13.5	35,108	16.2
Profit from continuing operations	135,845	101.0	112,005	76.7	134,185	52.6	28,369	31.3	204,780	94.5
(Loss)/Profit from discontinued operation (net of tax)	(3,161)	(2.4)	49,194	33.7	–	N/A	–	N/A	–	N/A
PROFIT FOR THE YEAR/PERIOD	132,684	98.6	161,199	110.4	134,185	52.6	28,369	31.3	204,780	94.5
Profit attributable to:										
Equity holders of ARA	108,607	80.7	130,989	89.7	75,906	29.7	6,287	6.9	148,025	68.3
Holders of perpetual securities	21,644	16.1	28,569	19.6	37,968	14.9	18,573	20.5	19,432	9.0
Non-controlling interests	2,433	1.8	1,641	1.1	20,311	8.0	3,509	3.9	37,323	17.2
Profit for the year/period	132,684	98.6	161,199	110.4	134,185	52.6	28,369	31.3	204,780	94.5
Profit from continuing operations attributable to:										
Equity holders of ARA	111,768	83.1	81,795	56.0	75,906	29.7	6,287	6.9	148,025	68.3
Holders of perpetual securities	21,644	16.1	28,569	19.6	37,968	14.9	18,573	20.5	19,432	9.0
Non-controlling interests	2,433	1.8	1,641	1.1	20,311	8.0	3,509	3.9	37,323	17.2
	135,845	101.0	112,005	76.7	134,185	52.6	28,369	31.3	204,780	94.5
Profit/(Loss) from discontinued operation attributable to:										
Equity holders of ARA	(3,161)	(2.4)	49,194	33.7	–	N/A	–	N/A	–	N/A

COMPARISON OF RESULTS OF OPERATIONS

Six months ended 30 June 2021 compared to six months ended 30 June 2020

Fee Revenue

The ARA Group's fee revenue increased by US$126.1 million or 139.3% from US$90.5 million in 1H2020 to US$216.6 million in 1H2021. The acquisition of LOGOS and Venn in March 2020 contributed significantly to the increase in fee revenue.

Total other income

The ARA Group's total other income increased by US$94.5 million or 404.2% from US$23.4 million in 1H2020 to US$117.9 million in 1H2021. This increase was primarily attributable to (i) an increase in share of profit of equity-accounted investees, net of tax and (ii) an increase in co-investment income, finance income and other income.

- The ARA Group's share of profit of equity-accounted investees, net of tax, increased by US$89.1 million or 2,133.2% from US$4.2 million in 1H2020 to US$93.3 million in 1H2021. The increase was primarily due to the higher share of profit from Cromwell and Kenedix in 1H2021.

- The ARA Group's co-investment income increased by US$1.6 million or 12.2% from US$12.8 million in 1H2020 to US$14.4 million in 1H2021. This was mainly due to higher distribution income received from the private real estate funds and REITs held.

- The ARA Group's finance income increased by US$3.3 million or 98.1% from US$3.3 million in 1H2020 to US$6.6 million in 1H2021 due to higher interest income received from short-term debt instruments.

- Other income increased by US$0.6 million or 18.9% from US$3.0 million in 1H2020 to US$3.6 million in 1H2021, primarily driven by the government grants and relief provided to companies in light of the COVID-19 pandemic and consolidation of other income from LOGOS and Venn.

Operating Expenses

Operating expenses increased by US$44.8 million from US$47.5 million in 1H2020 to US$92.4 million in 1H2021. The increase was primarily attributable to increases in (i) employee-related costs, (ii) legal and professional fees, (iii) property related expenses and (iv) administrative expenses from LOGOS and Venn following their acquisitions.

Employee-related expenses increased by US$30.3 million or 99.1% from US$30.6 million in 1H2020 to US$60.9 million in 1H2021, primarily attributable to employee expenses related to LOGOS and Venn, and reduced variable bonuses across ARA in 1H2020 as part of cost-cutting measures undertaken in view of the COVID-19 pandemic.

Legal and professional fees increased by US$2.5 million or 33.0% from US$7.4 million in 1H2020 to US$9.9 million in 1H2021 attributable to the consolidation of expenses of LOGOS and Venn, partially offset by lower expenses for other business units.

Property related expenses increased by US$0.2 million or 6.1% from US$3.5 million in 1H2020 to US$3.8 million in 1H2021, primarily due to higher agency commissions incurred for leasing services.

Administrative expenses increased by US$11.9 million or 197.8% from US$6.0 million in 1H2020 to US$17.9 million in 1H2021, primarily attributable to administrative expenses for LOGOS and Venn.

Other expenses

Other expenses decreased by US$14.7 million or 163.7% from loss of US$9.0 million in 1H2020 to gain of US$5.8 million in 1H2021. Other expenses include depreciation and amortisation, fair value gains/(losses) and exchange differences.

Depreciation and amortisation increased by US$2.2 million or 47.4% from US$4.5 million in 1H2020 to US$6.7 million in 1H2021 mainly due to amortisation of intangible assets and the attributable share of depreciation and amortisation expense of LOGOS and Venn.

Fair value movements and exchange differences decreased by US$16.9 million or 378.1% from loss of US$4.5 million in 1H2020 million to gain of US$12.4 million recorded in 1H2021, primarily attributable to realised foreign exchange gains and unrealised fair value gains on the ARA Group's equity investments.

Transaction costs & one-off expenses

Transaction costs and one-off expenses decreased by US$14.4 million or 128.7% from loss of US$11.2 million in 1H2020 to gain of US$3.2 million in 1H2021. In 1H2020, the ARA Group incurred transaction costs for the acquisition of LOGOS and Venn and the proportional takeover offer of Cromwell, as well as an accounting loss arising from the partial disposal of interest in Kenedix. 1H2021 had one-off gains from the sale of REIT units earned as fee revenue.

Finance Costs

Finance costs increased by US$5.6 million or 101.0% from US$5.6 million in 1H2020 to US$11.2 million in 1H2021 attributable to the consolidation of expenses from LOGOS, and increased debt in 1H2021.

Tax expense

Tax expense increased by US$22.9 million or 187.3% from US$12.2 million in 1H2020 to US$35.1 million in 1H2021, primarily due to higher corporate tax attributable to LOGOS, partially off-set by lower withholding tax incurred for dividends received from Cromwell and Kenedix.

Profit for the Period

As a result of the foregoing, profit for the period increased by US$176.4 million or 621.8% from US$28.4 million in 1H2020 to US$204.8 million in 1H2021 due to contributions from LOGOS and Venn post acquisition, and higher share of profit from Cromwell.

Public Markets Segment

Public Markets external revenue increased by US$6.7 million or 15.4% from US$43.7 million in 1H2020 to US$50.4 million in 1H2021. This was mainly due to higher management fees and acquisition/divestment fees received from the ARA Group's public REITs.

Co-investment income increased by US$0.4 million or 3.6% from US$10.7 million in 1H2020 to US$11.0 million in 1H2021, mainly attributable to due to higher distribution income received from the REIT units held.

Interest income was nominal at US$23,000 in 1H2021 compared to US$116,000 in 1H2020. Interest expense was US$118,000 in 1H2021 compared to US$304,000 in 1H2020. Depreciation and amortisation remained relatively stable at US$1.0 million in both periods.

Share of profit of associates and joint ventures increased by US$11.2 million from a loss of US$0.1 million in 1H2020 to profit of US$11.1 million in 1H2021, mainly due to the change in accounting recognition of ARA US Hospitality Trust as an investment in associate (from quoted equity investment at fair value previously) with effect from 2 June 2021, as a result of the ARA Group's increased equity interest in ARA US Hospitality Trust to 20.93%.

As a result of the foregoing, Public Markets reportable segment profit before tax increased by US$25.6 million or 70.9% from US$36.1 million in 1H2020 to US$61.8 million in 1H2021.

Private Markets Segment

Private Markets external revenue increased by US$119.4 million or 254.7% from US$46.9 million in 1H2020 to US$166.2 million in 1H2021. This was mainly due to the acquisition of LOGOS and Venn in March 2020 which contributed significantly to the increase in fee revenue.

Co-investment income increased by US$1.2 million or 54.1% from US$2.2 million in 1H2020 to US$3.4 million in 1H2021, mainly attributable to due to higher distribution income received from the private real estate funds held.

Interest income increased by US$0.3 million or 113.2% million from US$0.3 million in 1H2020 to US$0.6 million in 1H2021 due to interest income received from short-term debt instruments. Interest expense was US$3.8 million for 1H2021 compared to US$0.5 million in 1H2020, attributable to the consolidation of expenses from LOGOS. Depreciation and amortisation increased by US$2.2 million or 79.9% from US$2.8 million in 1H2020 to US$5.0 million in 1H2021, mainly due higher amortisation expenses related to intangible assets following the acquisition of LOGOS and Venn.

Share of profit of associates and joint ventures increased by US$18.5 million or 523.9% from US$3.5 million in 1H2020 to US$22.1 million in 1H2021, mainly due to the higher share of profit from Cromwell and Kenedix recognised in 1H2021.

As a result of the foregoing, Private Markets reportable segment profit before tax increased by US$99.1 million or 495.6% from US$20.0 million 1H2020 to US$119.0 million in 1H2021.

Corporate Segment

The Corporate segment reported nil revenue in 1H2020 and 1H2021.

Interest income increased by US$3.1 million or 103.8% from US$3.0 million in 1H2020 to US$6.0 million in 1H2021 due to higher interest received from short term debt instruments. Interest expense increased by US$2.6 million or 53.7% from US$4.8 million in 1H2020 to US$7.3 million in 1H2021, attributable to the increased debt in 1H2021. Depreciation and amortisation remained stable at approximately US$0.7 million in 1H2021 and 1H2020.

Share of profit of associates and joint ventures increased significantly by US$59.4 million from US$0.7 million in 1H2020 to US$60.1 million in 1H2021. The increase was mainly due to the higher share of profit from Cromwell and Kenedix in 1H2021 relative to the prior year.

As a result of the foregoing, Corporate reportable segment profit before tax increased by US$74.6 million from a loss of US$15.5 million in 1H2020 to a profit of US$59.1 million in 1H2021, primarily due to the higher share of profit of associates.

Year ended 31 December 2020 compared to year ended 31 December 2019

Fee revenue

The ARA Group's fee revenue increased by US$109.3 million or 74.8% from US$146.0 million in 2019 to US$255.3 million in 2020. The acquisition of LOGOS and Venn in March 2020 contributed significantly to the increase in fees revenue. The revenue contribution from the public market segment decreased by 24.4% from 60.9% in 2019 to 36.5% in 2020. The decrease was primarily attributable to the significant increase in fee revenue contribution from the private market segment of US$105.0 million or 183.6% from US$57.2 million in 2019 to US$162.2 million in 2020, post the acquisition of LOGOS and Venn in March 2020, which explain a significant proportion of that increased fee revenue from private markets.

Total other income

The ARA Group's total other income declined by US$30.8 million or 27.2% from US$113.2 million in 2019 to US$82.5 million in 2020. This decrease was primarily attributable to (i) a decrease in share of profit of equity-accounted investees, net of tax and (ii) a decrease in co-investment income, partially offset by an increase in finance income and other income.

- The ARA Group's share of profit of equity-accounted investees, net of tax, decreased by US$19.3 million or 30.3% from US$63.7 million in 2019 to US$44.4 million in 2020. The decrease was primarily due to the lower share of profit from Cromwell, as Cromwell reported a lower net profit for the year ended 31 December 2020 resulting from net aggregate fair value losses and transaction costs. The ARA Group's share of profit from Kenedix also decreased by US$7.8 million or 34.0% in 2020, primarily due to slightly reduced shareholdings and lower reported net profit resulting from lower extraordinary gains and higher minority interest.

- The ARA Group's co-investment income decreased by US$17.9 million or 42.0% from US$42.7 million in 2019 to US$24.8 million in 2020. This was mainly due to lower distribution income received from the private real estate funds held.

- The ARA Group's finance income increased by US$1.4 million or 24.0% from US$5.8 million in 2019 to US$7.2 million in 2020 due to higher interest income received from short-term debt instruments.

- Other income increased by US$5.0 million or 513.4% from US$1.0 million in 2019 to US$6.0 million in 2020, primarily driven by US$2.4 million of government grants and relief provided to companies in light of the COVID-19 pandemic and consolidation of other income from LOGOS and Venn.

Operating expenses

Operating expenses increased by US$44.7 million or 52.6% from US$84.9 million in 2019 to US$129.6 million in 2020. The increase was primarily attributable to increases in (i) employee-related costs, (ii) legal and professional fees and (iii) administrative expenses related to the acquisition of LOGOS and Venn, partially offset by lower property related expenses.

- Employee-related expenses increased by US$26.4 million or 47.8% from US$55.2 million in 2019 to US$81.6 million in 2020, primarily attributable to employee expenses related to LOGOS and Venn, partially offset by reduced variable bonuses across the ARA Group as part of cost-cutting measures undertaken in view of the COVID-19 pandemic.

- Legal and professional fees increased by US$5.4 million or 37.8% from US$14.3 million in 2019 to US$19.7 million in 2020 attributable to consolidation of the expenses of LOGOS and Venn, partially offset by lower expenses for other business lines.

- Property related expenses decreased by US$1.9 million or 24.3% from US$8.0 million in 2019 to US$6.0 million in 2020, primarily due to lower agency commissions incurred for leasing services.

- Administrative expenses increased by US$14.9 million or 200.0% from US$7.4 million in 2019 to US$22.3 million in 2020, primarily attributable to administrative expenses for LOGOS and Venn, partially offset by lower expenses for other business lines.

Other expenses

Other expenses decreased by US$1.6 million or 28.7% from US$5.7 million in 2019 to US$4.0 million in 2020. Other expenses include depreciation and amortisation, fair value gains/(losses) and exchange differences.

- Depreciation and amortisation increased by US$6.8 million or 160% from US$4.3 million in 2019 to US$11.1 million in 2020 mainly due to amortisation of intangible assets and the attributable share of depreciation and amortisation expense of LOGOS and Venn.

- Fair value movements and exchange differences decreased by US$8.4 million or 601.6% from loss of US$1.4 million in 2019 million to gain of US$7.0 million recorded in 2020, primarily attributable to realised foreign exchange gains and unrealised fair value gains on the ARA Group's equity investments.

Transaction costs and one-off expenses

Transaction costs and one-off expenses increased by US$9.9 million or 107.6% from US$9.2 million in 2019 to US$19.2 million in 2020. The increase was primarily due to transaction costs incurred for the acquisition of LOGOS and Venn and the proportional takeover offer of Cromwell, partially off-set by accounting loss arising from the partial disposal of interest in Kenedix.

Finance costs

Finance costs decreased by US$17.0 million or 55.8% from US$30.5 million in 2019 to US$13.5 million in 2020. This was mainly due to US$19.3 million of expenses incurred in 2019 in relation to the interest in a portfolio of assets in the U.S. which was acquired in December 2018 and subsequently divested in May 2019, which did not recur in 2020.

Tax expense

Tax expense increased by US$20.3 million or 120.0% from US$16.9 million in 2019 to US$37.3 million in 2020, primarily due to higher corporate tax attributable to LOGOS, and withholding tax incurred for dividends received from Cromwell and Kenedix.

Profit for the year

As a result of the foregoing, profit for the year decreased by US$27.0 million or 16.8% from US$161.2 million in 2019 to US$134.2 million in 2020. Profit from continuing operations increased US$22.2 million or 19.8% from US$112.0 million in 2019 to US$134.2 million in 2020 due to contributions from LOGOS and Venn post acquisition. Profit from discontinued operations decreased by US$49.2 million or 100% to nil in 2020.

Public Markets Segment

Public Markets external revenue increased by US$4.3 million or 4.8% from US$88.9 million in 2019 to US$93.1 million in 2020. This was mainly due to an increase in acquisition/divestment fees, partially offset by a decrease in management fees from the REITs owning hospitality and retail assets, which were adversely affected by the COVID-19 pandemic.

Co-investment income increased by US$1.0 million or 5.3% from US$18.7 million in 2019 to US$19.7 million in 2020, mainly attributable to income contribution from ARA US Hospitality Trust.

Interest income was nominal at US$134,000 in 2020 compared to US$240,000 in 2019. Interest expense was nominal at US$88,000 in 2020 compared to US$122,000 in 2019. Depreciation and amortisation remained relatively stable at US$2.0 million in 2019 and 2020.

Share of profit of associates and joint ventures decreased by US$0.9 million or 50.1% from US$1.9 million in 2019 to US$0.9 million in 2020 due to lower reported profit for Hui Xian REIT, whose performance was negatively impacted by the COVID-19 pandemic.

As a result of the foregoing, Public Markets reportable segment profit before tax increased by US$3.0 million or 3.7% from US$79.9 million in 2019 to US$82.9 million in 2020.

Private Markets Segment

Private Markets external revenue increased by US$105.0 million or 183.6% from US$57.2 million in 2019 to US$162.2 million in 2020. This was mainly due to the acquisition of LOGOS and Venn in March 2020 which contributed significantly to the increase in fee revenue.

Co-investment income decreased by US$18.9 million or 78.8% from US$24.0 million in 2019 to US$5.1 million in 2020, mainly attributable to lower distribution income received from the private real estate funds held, where 2019 had included income proceed received from the disposal of an asset in a fund.

Interest income decreased by US$0.4 million or 21.8% from US$1.9 million in 2019 to US$1.5 million in 2020 due to lower interest income received from short-term debt instruments. Interest expense decreased by US$17.5 million or 89.5% from US$19.6 million in 2019 to US$2.0 million in 2020. Interest expense in 2019 primarily related to a portfolio of assets in the U.S. acquired in December 2018 and divested in May 2019. Depreciation and amortisation increased by US$6.9 million or 802.5% from US$0.9 million in 2019 to US$7.7 million in 2020, mainly due to higher amortisation expenses related to intangible assets following the acquisition of LOGOS and Venn.

Share of profit of associates and joint ventures increased by US$11.0 million or 4,605% from a loss of US$0.2 million in 2019 to a profit of US$10.7 million in 2020, mainly due to the consolidation of LOGOS.

As a result of the foregoing, Private Markets reportable segment profit before tax increased by US$66.3 million or 301.2% from US$22.0 million in 2019 to US$88.3 million in 2020, mainly due to the contribution from LOGOS.

Corporate Segment

The Corporate segment reported nil revenue in 2019 and 2020.

Interest income increased by US$1.9 million or 52.1% from US$3.7 million in 2019 to US$5.6 million in 2020 due to higher interest received from short term debt instruments. Interest expense increased by US$0.5 million or 4.9% from US$10.8 million in 2019 to US$11.3 million in 2020, primarily due to the full year effect of interest payable on the S$100 million bond issued in 2019. Depreciation and amortisation remained stable at approximately US$1.3 million in 2020 and US$1.4 million in 2019.

Share of profit of associates and joint ventures decreased by US$29.3 million or 47.2% from US$62.0 million in 2019 to US$32.7 million in 2020. The decrease was primarily due to the lower share of profit from Cromwell, as Cromwell reported lower net profit for the year ended 31 December 2020 resulting from net aggregate fair value losses and transaction costs. The Company's share of profit from Kenedix also decreased by US$7.8 million or 34.0% in 2020 from slightly reduced shareholdings and lower reported net profit stemming from lower extraordinary items recorded and higher minority interest.

As a result of the foregoing, Corporate reportable segment profit before tax decreased by US$26.8 million or 98.9% from US$27.1 million in 2019 to US$0.3 million in 2020, primarily due to the reduced share of profit of associates.

Year ended 31 December 2019 compared to year ended 31 December 2018

Fee revenue

The ARA Group's fee revenue increased by US$11.5 million or 8.6% from US$134.5 million in 2018 to US$146.0 million in 2019. This increase was primarily attributable to higher fee revenue from both private and public markets. The increased fees from private markets were mainly due to the establishment of new funds and higher property values for assets managed by the ARA Group's private funds. The increased fees from public markets were mainly due to contributions from ARA US Hospitality Trust which was listed in May 2019, higher property values for assets managed by the ARA Group's REITs in Singapore and Hong Kong.

Total other income

The ARA Group's total other income increased by US$29.9 million or 35.9% from US$83.3 million in 2018 to US$113.2 million in 2019. This increase was primarily attributable to (i) an increase in share of profit of equity-accounted investees, net of tax, (ii) an increase in co-investment income, (iii) an increase in finance income and (iv) an increase in other income.

- The ARA Group's share of profit of equity-accounted investees, net of tax, increased by US$17.7 million or 38.6% from US$46.0 million in 2018 to US$63.7 million in 2019. The increase was primarily due to (i) a full year contribution from Cromwell in 2019, in which the ARA Group acquired an equity interest in June 2018, and (ii) an increase in the ARA Group's ownership interest in Cromwell in 2019. The ARA Group's share of profit from Kenedix decreased by US$1.9 million or 7.5% in 2019 from slightly reduced shareholdings and a lower reported net profit.

- The ARA Group's co-investment income increased by US$6.9 million or 19.3% from US$35.8 million in 2018 to US$42.7 million in 2019, primarily due to higher distribution income received from the REITs and private real estate funds held.

- The ARA Group's finance income increased by US$4.7 million or 400.0% from US$1.2 million in 2018 to US$5.8 million in 2019, primarily due to interest income received from short-term debt instruments.

- Other income increased by US$0.6 million or 133.0% from US$0.4 million in 2018 to US$1.0 million in 2019 due to an increase in reimbursements.

Operating expenses

Operating expenses increased by US$11.7 million or 16.0% from US$73.3 million in 2018 to US$84.9 million in 2019. The increase was mainly attributable to higher (i) employee-related costs, (ii) property related expenses and (iii) legal and professional fees, partially offset by lower administrative expenses.

- Employee-related expenses increased by US$8.2 million or 17.4% from US$47.1 million in 2018 to US$55.2 million in 2019, primarily as a result of business expansion initiatives in respect of ARA US Hospitality Trust, ARA Infrastructure, ARA Europe and ALPM (which became a wholly owned subsidiary in July 2018).

- Legal and professional fees increased by US$2.3 million or 19.4% from US$12.0 million in 2018 to US$14.3 million in 2019 mainly attributable to fees incurred in relation to the acquisition of a portfolio of assets in the U.S. in December 2018 which was subsequently divested in May 2019.

- Property related expenses increased by US$2.4 million or 43.4% from US$5.6 million in 2018 to US$8.0 million in 2019 principally due to higher agency commissions incurred for leasing services.

- Administrative expenses declined by US$1.2 million or 14.2% from US$8.7 million in 2018 to US$7.4 million in 2019 due mainly to a change in accounting standards whereby operating leases are recognised as part of depreciation instead of operating lease expenses in accordance with IFRS16.

Other expenses

Other expenses increased by US$5.7 million from gain of US$0.1 million in 2018 to loss of US$5.7 million in 2019. Other expenses include depreciation and amortisation, fair value gains or losses and exchange differences.

- Depreciation and amortisation increased by US$3.2 million or 305.6% from US$1.0 million in 2018 to US$4.3 million in 2019 mainly due to a change in accounting standards whereby operating leases are recognised as part of depreciation instead of operating lease expenses in accordance with IFRS16.

- Fair value gains or losses and exchange differences increased by US$2.5 million or 223.3% from gain of US$1.1 million in 2018 to loss of US$1.4 million in 2019, principally due to unrealised foreign exchange gains and unrealised fair value gains on the ARA Group's equity investments.

Transaction costs and one-off expenses

Transaction costs and one-off expenses increased by US$20.5 million or 181.9% from gain of US$11.3 million in 2018 to loss of US$9.2 million in 2019. In 2019, the ARA Group incurred a US$10.3 million loss on the partial disposal of an interest in Kenedix. Whilst a US$10.7 million fair value gain recognised in 2018 subsequent to the acquisition of a 60% stake in ALPM.

Finance costs

Finance costs increased by US$24.0 million or 366.6% from US$6.5 million in 2018 to US$30.5 million in 2019. Approximately US$19.3 million of the increase was incurred to finance the ARA Group's interest in a portfolio of assets in the U.S. which was acquired in December 2018 and subsequently divested in May 2019. The remainder of the increase resulted from higher base interest rates and increased debt to fund the ARA Group's investments and working capital needs.

Tax expense

Tax expense increased by US$3.4 million or 24.8% from US$13.6 million in 2018 to US$16.9 million in 2019, primarily due to higher withholding tax incurred for dividends received from Cromwell and Kenedix.

Profit for the year

As a result of the foregoing, profit for the year increased by US$28.5 million or 21.5% from US$132.7 million in 2018 to US$161.2 million in 2019. Profit from continuing operations decreased US$23.8 million or 17.5% from US$135.8 million in 2018 to US$112.0 million in 2019, principally due to increased transaction costs and one-off expenses. Profit/(loss) from discontinued operations (net of tax) increased US$52.4 million or 1,656.3% from a loss of US$3.2 million in 2018 to a profit of US$49.2 million in 2019.

Public Markets Segment

Public Markets external revenue increased by US$4.9 million or 5.8% from US$84.0 million in 2018 to US$88.9 million in 2019. This was mainly due to an increase in management fees from the revenue contribution from ARA US Hospitality Trust which was listed in May 2019, higher property values of assets managed by the ARA Group's REITs in Singapore and Hong Kong and AUM growth from the ARA Group's public REITs. The increase was partially offset by a decrease in acquisition/divestment fees.

Co-investment income increased by US$1.9 million or 11.4% from US$16.8 million in 2018 to US$18.7 million in 2019, mainly attributable to higher distribution income received from the REITs held.

Interest income was nominal at US$240,000 in 2019 compared to US$280,000 in 2018. Interest expense was nominal at US$122,000 in 2019 compared to US$15,000 in 2018. Depreciation and amortisation increased by US$1.4 million or 203.4% from US$0.7 million in 2018 to US$2.0 million in 2019 mainly due to a change in accounting standards whereby operating leases are recognised as part of depreciation instead of operating lease expenses in accordance with IFRS16.

Share of profit of associates and joint ventures decreased by US$0.8 million or 29.5% from US$2.7 million in 2018 to US$1.9 million in 2019, principally due to ARA Logos Property Management Pte. Ltd. ceasing to be an associate when it became a wholly-owned subsidiary in July 2018 as well as lower reported profit for Hui Xian REIT.

As a result of the foregoing, Public Market reportable segment profit before tax decreased by US$8.8 million or 9.9% from US$88.7 million in 2018 to US$79.9 million in 2019. This was principally due to a one-off gain of US$10.7 million recognised in 2018 in relation to the acquisition of the remaining interest in ARA Logos Property Management Pte. Ltd. in July 2018.

Private Markets Segment

Private Markets external revenue increased by US$6.7 million or 13.2% from US$50.5 million in 2018 to US$57.2 million in 2019. This was mainly due to an increase in management fees from the establishment of new funds and higher property values of assets managed by the Company's private funds, as well as an increase in acquisition/divestment fees.

Co-investment income increased by US$5.0 million or 26.3% from US$19.0 million in 2018 to US$24.0 million in 2019, mainly attributable to higher distribution income received from the private real estate funds held.

Interest income increased by US$1.7 million or 808.1% million from US$0.2 million in 2018 to US$1.9 million in 2019 due to higher interest received from short-term debt instruments. Interest expense increased by US$19.6 million from US$1,000 in 2018 to US$19.6 million in 2019. Interest expense in 2019 primarily related to a portfolio of assets in the U.S. acquired in December 2018 and divested in May 2019. Depreciation and amortisation increased by US$0.5 million or 164.5% from US$0.3 million in 2018 to US$0.9 million in 2019, mainly due to a change in accounting standards whereby operating leases are recognised as part of depreciation instead of operating lease expenses in accordance with IFRS16.

Share of profit of associates and joint ventures were a loss of US$0.2 million in 2018 and 2019.

As a result of the foregoing, Private Markets reportable segment profit before tax decreased by US$14.8 million or 40.2% from US$36.8 million in 2018 to US$22.0 million in 2019, primarily due to finance costs related to a portfolio of assets in the U.S. acquired in December 2018 and divested in May 2019.

Corporate Segment

The Corporate segment reported nil revenue in 2018 and 2019.

Interest income increased by US$3.0 million or 444.6% from US$0.7 million in 2018 to US$3.7 million in 2019 due to higher interest received from short term debt instruments. Interest expense increased by US$4.3 million or 65.7% from US$6.5 million in 2018 to US$10.8 million in 2019, primarily due to higher base interest rates and increased debt drawn to fund the Company's investments and working capital needs. Depreciation and amortisation increased by US$1.3 million or 2,341.1% from US$0.1 million in 2018 to US$1.4 million in 2019, primarily due to a change in accounting standards whereby operating leases are recognised as part of depreciation instead of operating lease expenses in accordance with IFRS16.

Share of profit of associates and joint ventures increased by US$18.6 million or 42.8% from US$43.5 million in 2018 to US$62.0 million in 2019. The increase was primarily due to (i) a full year contribution from the equity interest in Cromwell that the Company acquired in June 2018 and (ii) an increase in the Company's ownership of Cromwell in 2019. The Company's share of profit from Kenedix was lower by US$1.9 million or 7.5% in 2019 from slightly reduced shareholdings and a lower reported net profit.

As a result of the foregoing, reportable segment profit before tax increased by 3.1 million or 13.1% from US$23.9 million in 2018 to US$27.1 million in 2019, primarily due to the increase in share of profit of associates and joint ventures, partially offset by higher interest expense and depreciation and amortisation.

SEGMENTATION

Analysis of Selected Consolidated Statements of Financial Position Items

The table below sets forth selected information from the ARA Group's consolidated statements of financial position as at the dates indicated, which have been extracted from its audited consolidated financial statements.

	As at 31 December			As at 30 June
	2018	**2019**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Assets				
Property, plant and equipment	3,241	4,237	4,031	4,104
Right-of-use assets	–	11,792	16,120	16,265
Intangible assets	32,600	32,762	410,465	416,012
Associates and joint ventures	721,360	875,782	1,023,868	1,441,830
Financial assets	529,770	618,847	654,263	609,847
Financial derivative assets	–	–	–	14,740
Deferred tax assets	1,158	924	1,347	1,436
Other non-current assets	1,723	49,491	3,757	8,634
Total non-current assets	1,289,852	1,593,835	2,113,851	2,512,868
Financial assets	8,349	10,442	54,222	64,298
Financial derivative assets	–	–	–	53
Trade receivables	6,578	18,475	46,070	39,198
Prepayments, other receivables and other assets	51,247	93,225	119,874	215,104
Cash and cash equivalents	91,956	163,558	311,419	544,326
	158,130	285,700	531,585	862,979
Assets held for sale	680,707	–	7,763	94,292
Total current assets	838,837	285,700	539,348	957,271
Total assets	2,128,689	1,879,535	2,653,199	3,470,139

	As at 31 December			As at 30 June
	2018	**2019**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Equity				
Share capital	1,497	1,497	1,497	1,711
Reserves	584,059	696,027	800,683	1,110,738
Perpetual securities	445,586	704,860	704,860	704,764
Equity attributable to equity holders of ARA	1,031,142	1,402,384	1,507,040	1,817,213
Non-controlling interests	4,678	7,760	331,562	384,055
Total equity	1,035,820	1,410,144	1,838,602	2,201,268
Liabilities				
Loans and borrowings	313,824	326,593	434,219	994,615
Lease liabilities	425	10,665	13,122	13,348
Trade and other payables	169,735	60,251	15,693	16,066
Contingent consideration payables	–	–	2,302	–
Deferred tax liabilities	5,591	5,645	11,815	33,979
Total non-current liabilities	489,575	403,154	477,151	1,058,008
Loans and borrowings	–	4,604	35,113	35,400
Lease liabilities	169	2,853	4,648	4,751
Trade and other payables	37,562	48,448	264,037	116,019
Contingent consideration payables	–	–	16,747	8,542
Current tax payable	9,060	10,332	16,901	15,029
	46,791	66,237	337,446	179,741
Liabilities directly associated with the assets held for sale	556,503	–	–	31,122
Total current liabilities	603,294	66,237	337,446	210,863
Total liabilities	1,092,869	469,391	814,597	1,268,871
Total equity and liabilities	2,128,689	1,879,535	2,653,199	3,470,139

The ARA Group's liabilities directly associated with assets held for sale of US$556.5 million in 2018 mainly related to bank borrowings that were taken to fund the purchase of the assets classified as assets held for sale as of 31 December 2018. The loan together with the other liabilities, were fully extinguished and taken over by the buyer upon the sale of the assets in 2019.

The ARA Group recorded an increase in trade and other payables under current liabilities from US$48.4 million in 2019 to US$264.0 million in 2020. The increase in trade and other payables (under current liabilities) was due to (i) the consolidation of trade payables of LOGOS and Venn, which the ARA Group acquired in March 2020; (ii) an increase in accrued expenses due to the consolidation of LOGOS and Venn which the ARA Group acquired in March 2020 and an increase in accrued professional fees arising from the proportionate offer for Cromwell; and (iii) an increase in advances and loans from the immediate holding company mainly to fund the acquisition of LOGOS and Venn during the year.

Intangible assets

The ARA Group's intangible assets mainly relate to goodwill arising from business combinations, software and management contracts.

The ARA Group recorded goodwill of US$0.4 million, US$0.4 million, US$356.9 million and US$364.4 million as at 31 December 2018, 2019 and 2020 and 30 June 2021, respectively. The goodwill recorded in 2018 and 2019 was primarily due to the acquisition of ARA Logos Property Management in 2018. Goodwill increased to US$356.9 million in 2020 due to the ARA Group's acquisitions of LOGOS and Venn in March 2020. Goodwill increased to US$364.4 million as at 30 June 2021 primarily due to additional goodwill recognised from the acquisition of additional 50% equity interests in existing joint ventures, LOGOS India Pte. Ltd. and LI Sponsor Investments Limited (collectively "**LOGOS India Fund Managers**") in April 2021. The ARA Group is currently undergoing an exercise to determine the fair values to be assigned to LOGOS India Fund Managers' identifiable assets, liabilities and contingent liabilities (if any) pursuant to the requirements on IFRS 3: Business Combinations. Upon finalisation of this exercise, the resulting goodwill on consolidation will be adjusted accordingly. The initial accounting for the above business combination is incomplete as at 30 June 2021 and subject to the finalisation by the ARA Group.

The ARA Group's other intangible assets mainly relate to management contracts with indefinite useful life acquired in 2018 in connection with the acquisition of ARA Logos Property Management, and software and management contracts with both definite and indefinite useful lives in 2020 in connection with the acquisition of LOGOS and Venn. The ARA Group recorded other intangible assets of US$32.2 million, US$32.3 million, US$53.6 million and US$51.6 million as at 31 December 2018, 2019 and 2020 and 30 June 2021, respectively.

Investments in associates and joint ventures

The ARA Group's investments in associates and joint ventures comprise investments in associates and investments in joint ventures. The table below sets forth the ARA Group's investments in associates and joint ventures as at the dates indicated.

	As at 31 December			As at 30 June
	2018	**2019**	**2020**	**2021**
	US$'000	*US'000*	*US$'000*	*US$'000*
Interests in Associates	711,499	866,869	1,013,101	1,393,079
Interests in Joint Ventures	9,861	8,913	10,767	48,751
	721,360	875,782	1,023,868	1,441,830

Associates

Investments in associates mainly relates to the ARA Group's costs of investment, share of the profit or loss and other comprehensive income of investees less dividends that have been received. As at the dates indicated, ARA's associates mainly included its interests in Cromwell and Kenedix.

	Year Ended 31 December			Six months ended 30 June
	2018	**2019**	**2020**	**2021**
	US$'000	*US'000*	*US$'000*	*US$'000*
The ARA Group's interest in net assets of investee at beginning of the year/period	337,735	711,499	866,869	1,013,101
Acquisition through business combinations	–	–	89,778	124,975
Capital contributions	–	4,610	18,514	–
Share of interest acquired during the year/period	338,710	158,680	–	157,495
Share of interest disposed during the year/period	–	(39,906)	(18,973)	(104)
The ARA Group's share of total comprehensive income	47,213	65,143	43,254	92,790

	Year Ended 31 December			Six months ended 30 June
	2018	**2019**	**2020**	**2021**
	US$'000	*US'000*	*US$'000*	*US$'000*
Dividends received/receivable during the year/period	(17,886)	(37,418)	(46,418)	(31,270)
Carrying amount of interest in associates acquired as subsidiary by ARA	(662)	–	–	–
Reclassified as assets held-for-sale	–	–	(7,763)	–
Reclassified from quoted FVOCI equity investments	–	–	–	61,156
Effect of movement in exchange rates	6,389	4,261	67,840	(25,064)
Carrying amount of interest in investee at end of the year/period	711,499	866,869	1,013,101	1,393,079

The ARA Group's investment in associates increased to US$866.9 million as at 31 December 2019 as compared to US$711.5 million as at 31 December 2018 primarily due to (i) additional equity interests acquired of US$158.7 million, mainly from investment of US$153.2 million in shares in Cromwell, and (ii) share of total comprehensive income of associates net of dividends received of US$27.7 million. The above increases were partially offset by share of interest disposed of US$39.9 million as a result of a sale of shares in Kenedix.

The ARA Group's investment in associates increased further to US$$1,013.1 million as at 31 December 2020 primarily due to acquisition through business combinations of US$89.8 million as a result of the acquisition of LOGOS and Venn and effect of movement in exchange rates of US$67.8 million.

The ARA Group's investment in associates increased to US$1,393.1 million as at 30 June 2021 primarily due to the acquisition of additional interests in Kenedix Inc., the reclassification of 7.12% of Cromwell Property Group and 20.93% of ARA USH from an unquoted FVOCI equity investment to investment in associates during the period.

Joint ventures

ARA's investments in joint ventures mainly relate to its share of net assets of joint ventures, share of the profit or loss and other comprehensive income less dividends that have been received.

	Year Ended 31 December			Six months ended 30 June
	2018	**2019**	**2020**	**2021**
	US$'000	*US'000*	*US$'000*	*US$'000*
The ARA Group's interest in net assets of investee at beginning of the year/period	10,467	9,861	8,913	10,767
Capital contributions	–	–	1,775	162
The ARA Group's share of total comprehensive income	(170)	(238)	(909)	2,118
Dividends received/receivable during the year/period	–	(324)	(301)	–
Acquisition through business combination	–	–	739	36,809
Carrying amount of interest in joint ventures acquired as subsidiaries by the ARA Group	–	–	–	(881)
Effect of movement in exchange rates	(436)	(386)	550	(224)
Carrying amount of interest in investee at end of the year/period	9,861	8,913	10,767	48,751

The ARA Group's investment in joint ventures decreased from US$9.9 million in 2018 to US$8.9 million in 2019, primarily due to the share of losses of joint ventures of US$0.2 million and dividends received of US$0.3 million during the year. The increase in the ARA Group's investment in joint ventures to US$10.8 million in 2020 was primarily due to capital contributions to joint ventures of US$1.8 million and acquisition through business combination of US$0.7 million as a result of the acquisition of LOGOS, partially offset by share of losses of joint ventures of US$0.9 million and dividends received of US$0.3 million.

The increase in the ARA Group's investment in joint ventures from US$10.8 million as at 31 December 2020 to US$48.8 million at 30 June 2021 was primarily due to the acquisition of an additional 50% equity interests in LOGOS India Logistics Venture Pte Ltd during the period.

Financial assets

The ARA Group's financial assets consist of quoted and unquoted equity investments at fair value and unquoted debt investments at amortised cost. The table below sets forth a breakdown of the ARA Group's financial assets as at the dates indicated.

	As at 31 December			As at 30 June
	2018	**2019**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Non-current				
Quoted equity investments at fair value through other comprehensive income	300,783	364,638	296,913	320,160
Unquoted equity investments at fair value through other comprehensive income	214,899	199,445	286,055	251,485
Unquoted equity investments mandatorily at fair value through profit or loss	14,088	21,297	37,238	38,202
Unquoted debt investments carried at amortised cost	–	33,467	34,057	–
	529,770	618,847	654,263	609,847
Current				
Quoted equity investments mandatorily at fair value through profit or loss	8,349	10,442	54,222	64,298
Total	538,119	629,289	708,485	674,145

Investments in quoted equity investments at fair value through other comprehensive income represents the ARA Group's investments in public REITs listed on SGX and the Stock Exchange, which are quoted in an active market. The market values of the quoted equity investments are based on their quoted prices as at 31 December 2018, 2019 and 2020 and 30 June 2021 in these active markets.

Investments in quoted equity investments increased to US$320.2 million as at 30 June 2021 from US$296.9 million as at 31 December 2020 mainly arose from additional investments in ARA Logos Logistics Trust through the subscription of new shares and the receipt of management fee units. The increase was off-set by the reclassification of the investment in ARA US Hospitality Trust as an associate during the period as described under the Investments in Associates and Joint Ventures section of this document.

Unquoted equity investments at fair values represent the ARA Group's seed capital in funds and investment vehicles held by the ARA Group as strategic stakes. The fair values of unquoted equity investments are estimated based on the ARA Group's share of the net asset value of the investment funds.

Investments in unquoted equity investments decreased from US$214.9 million as at 31 December 2018 to US$199.4 million as at 31 December 2019 primarily due to a capital redemption due to the ARA Asia Dragon II Fund reaching the end of its fund life and the divestment of assets by the Morningside Investment Partners Fund, partially offset by (i) an increase in the ARA Group's investments in ARA Korea Private REIT No. 1 (Seoul Square); and (ii) an increase in the net asset value of the funds and investment vehicles in which the ARA Group made co-investments.

The increase in unquoted equity investments to US$286.1 million as at 31 December 2020 from US$199.4 million as at December 31, 2019 was primarily due to (i) a net increase in the ARA Group's investments primarily from the investments in ARA Korea Private REIT No. 8 (Parc 1), Venn Commercial Real Estate Fund II SCSp and ARA Real Estate Partners Asia II Fund; and (ii) an increase in the net asset value of the funds and investment vehicles in which the ARA Group made co-investments.

Investments in unquoted equity investments decreased to US$251.5 million as at 30 June 2021 from US$286.1 million as at 31 December 2020 primarily due to the partial divestment of the investments in ARA Korea Private REIT No. 8 (Parc 1) and the reclassification of the investment in a subsidiary upon regaining control of the subsidiary.

Other non-current assets, trade and other receivables, prepayments and other assets

ARA Group's trade and other receivables, prepayments and other assets primarily consist of management fees and fund management fees due from the REITs ARA Group manages, deposits, prepayments and other income receivables. The table below sets forth a breakdown of ARA Group's trade and other receivables, prepayments and other assets as at the dates indicated.

	As at 31 December			**As at 30 June**
	2018	**2019**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade receivables	6,578	18,475	46,070	39,198
Accrued fees receivables	37,118	34,026	86,490	170,024
Tenancy and other deposits	1,270	1,268	2,176	2,311
Other receivables	7,336	4,355	14,547	32,279
Grant receivables	–	–	463	–
Loans to third parties	–	69,680	1,029	547
Interest receivable from third parties	–	3,485	36	345
Non-trade amounts due from:				
– immediate holding company	–	16,598	2,647	–
– a related party	190	191	2,179	2,104
Dividends receivable from:				
– third parties	–	–	406	735
– associate	5,478	10,909	8,906	10,061
Contract costs	371	766	668	618
Prepayments	1,207	1,438	4,084	4,714
	59,548	161,191	169,701	262,936

Other non-current assets, trade and other receivables, prepayments and other assets increased by US$101.6 million or 170.7% from US$59.5 million as at 31 December 2018 to US$161.2 million as at 31 December 2019 primarily due to (i) increases in fees receivable due to timing of the billings, (ii) the significant growth in ARA Group's fund management business, and (iii) loans to third parties which were unsecured and carried interest of 8% per annum.

ARA Group's other non-current assets, trade and other receivables, prepayments, and other assets further increased by US$8.5 million or 5.3% from US$161.2 million as at 31 December 2019 to US$169.7 million as at 31 December 2020 primarily due to an increase in fees receivable primarily attributable to the consolidation of LOGOS, which ARA Group acquired in March 2020, partially offset by the settlement of loans to third parties.

Other non-current assets, trade and other receivables, prepayments and other assets increased by US$93.2 million or 54.9% from US$169.7 million as at 31 December 2020 to US$262.9 million as at 30 June 2021 primarily due to an increase in accrued fees receivable, trade receivables and other receivables.

Non-trade amounts due from immediate holding company relates to advancements made to ARA Group's immediate holding company for its general working capital purposes. The amounts were subsequently repaid by the immediate holding company in 2021.

The following table sets out the aging analysis of the ARA Group's trade receivables and accrued fees receivable as at the dates indicated:

	As at 31 December			**As at 30 June**
	2018	**2019**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Not past due	6,124	7,798	24,110	11,077
Past due 0 – 60 days	245	3,539	6,431	12,259
Past due 61 – 120 days	24	524	4,122	2,308
More than 120 days	185	6,614	11,407	13,554
Accrued fees receivables	37,118	34,026	86,490	170,024
	43,696	52,501	132,560	209,222

The ARA Group applies the simplified approach to providing impairment for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. ARA establishes an allowance for impairment that represents its estimate of ECLs in respect of trade and accrued fees receivables. ECL is calculated by multiplying the probability of default ("**PD**") by loss given default ("**LGD**") and exposure at default ("**EAD**").

The ARA Group's management, based on the above approach, is of the opinion that no provision for trade receivables was necessary as at 31 December 2018, 2019 and 2020 and 30 June 2021 as the amount of the potentially uncollectible amounts on these balances are insignificant.

Trade and other payables

The ARA Group's trade and other payables mainly relate to trade related payables, net output tax payable, accrued fees payable, provisions for staff related benefits and other payables. The table below sets forth a breakdown of trade and other payables as at the dates indicated.

	As at 31 December			As at 30 June
	2018	**2019**	**2020**	**2021**
	US$'000	*US'000*	*US$'000*	*US$'000*
Trade payables	3,388	3,558	4,407	4,334
Other payables	5,500	10,338	17,746	40,955
Accrued expenses	28,594	32,568	53,889	68,829
Loans and advances from immediate holding company	164,762	47,500	186,757	–
Loans from non-controlling shareholders of subsidiaries	152	154	305	565
Deferred revenue	–	10,305	8,510	8,640
Long-term employee benefits liability	4,901	4,276	8,116	8,762
	207,297	108,699	279,730	132,085

The ARA Group's trade and other payables increased from US$8.9 million in 2018 to US$13.9 million in 2019 primarily due to (i) provisions for reinstatement costs of a leased office space due to the expiry of the lease; (ii) provision for interest payable on the S$100 million medium term note issued during the year; and (iii) an increase in other payables arising from the inception of the new REIT manager of ARA Trust Management US Hospitality Trust. Trade and other payables further increased to US$22.2 million in 2020 primarily due to the consolidation of trade payables of LOGOS, which the ARA Group acquired in March 2020. The ARA Group's trade and other payables further increased to US$45.3 million as at 30 June 2021 primarily due to the acquisitions of three assets in China between April and June 2021. The other payables represent the outstanding purchase consideration that is payable to the vendor.

Accrued expenses increased from US$28.6 million in 2018 to US$32.6 million in 2019 primarily due to an increase in staff payroll and bonus payables which was in line with the increase in staff costs arising from the expansion and growth of the ARA Group's fund management business. Accrued expenses further increased to US$53.9 million in 2020 mainly due to (i) consolidation of accrued expenses of LOGOS and Venn, which the ARA Group acquired in March 2020; and (ii) an increase in accrued professional fees arising from the proportionate offer for Cromwell. This was partially offset by a reduction in accrued staff bonuses as variable bonuses were suspended for 2020 in view of the COVID-19 pandemic. Accrued expenses increased from US$53.9 million in 2020 to US$68.8 million as at 30 June 2021 primarily due to higher bonus provisions for the current period.

Loans from immediate holding company relate to loans and advances taken from the immediate holding company to fund the ARA Group's acquisitions and co-investments in various funds. Advances and loans from immediate holding company decreased from US$164.8 million in 2018 to US$47.5 million in 2019 as the loan was partially repaid using the proceeds received from the listing of ARA US Hospitality Trust in 2019. Advances and loans from immediate holding company increased to US$186.8 million in 2020 mainly to fund the acquisition of LOGOS and Venn during the year. Loans and advances from immediate holding company are unsecured and interest free except for a portion amounting to US$47.5 million that bears interest at 3% per annum and which was fully repaid in 2020.

Loans and advances from the immediate holding company was fully repaid in 2021.

Subordinated Perpetual Capital Securities

From 2017 to 2019, the ARA Group issued three subordinated perpetual securities ("**Series 001**", "**Series 002**" and "**Series 004**") under a S$1.5 billion Multicurrency Debt Issuance Programme. The subordinated perpetual securities have an aggregate principal amount of S$950 million (US$697.5 million). The distribution rate ranges from 5.20% to 5.65% per annum. Distributions are payable semi-annually in arrears. Subject to the terms and conditions of the subordinated perpetual securities, the ARA Group may elect to defer making distributions on the subordinated perpetual capital securities, with no limit on the number of times a distribution can be deferred.

The subordinated perpetual securities may be redeemed at the ARA Group's option at their principal amount in July 2022 (for Series 001), March 2023 (for Series 002) and September 2026 (for Series 004) or upon the occurrence of certain redemption events specified in the conditions of the issuance. If the subordinated perpetual securities are not redeemed by the first distribution rate reset date, the distribution rate will be subject to a step-up margin of 3.00% per annum. The subordinated perpetual securities are classified as equity instruments and recorded in equity in the ARA Group's consolidated statement of financial position and the distributions are recorded as dividends.

Upon Completion, it is expected that the Group will assume the ARA Group's subordinated perpetual securities.

Liquidity and Capital Resources

The ARA Group's principal sources of liquidity have been proceeds from cash flows from operating activities and financing activities. As at 31 December 2018, 2019 and 2020 and 30 June 2021, the ARA Group's cash and cash equivalents were US$92.0 million, US$163.6 million, US$311.4 million and US$544.3 million, respectively. Cash and cash equivalents consist of cash balances and bank deposits with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value and are used by the ARA Group in the management of its short-term commitments.

The following table sets forth a selected summary of our statement of cash flows for the periods indicated.

	Year ended 31 December			Six months ended 30 June	
	2018	**2019**	**2020**	**2020**	**2021**
	US$'000	*US'000*	*US$'000*	*US$'000* *(Unaudited)*	*US$'000*
Net cash from/(used in) operating activities	48,810	47,992	75,470	4,088	(44,085)
Net cash used in investing activities	(1,026,623)	(37,735)	(203,288)	(195,396)	(165,519)
Net cash from financing activities	1,017,181	61,110	262,105	270,493	442,650
Net increase in cash and cash equivalents	39,368	71,367	134,287	79,185	233,046
Cash and cash equivalents at beginning of the year/period	69,821	91,956	163,558	163,558	311,419
Cash and cash equivalents reclassified as held for sale	(15,111)	–	–	–	–
Effect of exchange rate fluctuations on cash held	(2,122)	235	13,574	1,503	(139)
Cash and cash equivalents at end of the year/period	91,956	163,558	311,419	244,246	544,326

Operating Activities

Net cash used in operating activities for the 1H2021 amounted to US$44.1 million, primarily attributable to profit after tax of US$204.8 million, adjusted for non-cash items, primarily including tax expense of US$35.1 million and interest expense of US$11.2 million, partially offset by management fees received/receivable in units of REITs of US$32.7 million, share of profit of associates and joint ventures of US$93.3 million, and distribution income of US$14.4 million. Movements in working capital primarily reflected an increase in trade and other receivables of US$94.7 million and a decrease in trade and other payables of US$68.1 million.

Net cash from operating activities in 2020 amounted to US$75.5 million, primarily attributable to profit after tax of US$134.2 million, adjusted for non-cash items, primarily including tax expense of US$37.3 million and interest expense of US$13.5 million, partially offset by management fees received/receivable in units of REITs of US$54.1 million, share of profit of associates and joint ventures of US$44.4 million, and distribution income of US$24.8 million. Movements in working capital primarily reflected a decrease in trade and other receivables of US$30.7 million, partially offset by a decrease in trade and other payables of US$26.9 million. Other cash items included distribution income received of US$24.4 million and proceeds from sale of REIT units received as management fees of US$6.0 million, less tax paid of US$26.6 million.

Net cash from operating activities in 2019 amounted to US$48.0 million, primarily attributable to profit after tax of US$161.2 million adjusted for non-cash items, primarily including interest expense of US$30.5 million, tax expense of US$16.9 million and loss on partial disposal of interest in an associate of US$10.3 million, partially offset by share of profit of associates and joint ventures of US$63.7 million, management fees received/receivable in units of REITs of US$55.6 million, gain on sale of discontinued operation, net of tax of US$45.1 million, distribution income of US$42.7 million, and the effect of the movements of working capital and other cash items. Movements in working capital primarily reflected an increase in trade and other receivables of US$71.7 million, partially offset by an increase in trade and other payables of US$16.0 million. Other cash items included proceeds from sale of REIT units received as management fees of US$51.1 million and distribution income received of US$42.8 million, less tax paid of US$15.6 million. Net cash from operating activities of discontinued operation was US$16.5 million.

Net cash from operating activities in 2018 amounted to US$48.8 million, primarily attributable to profit after tax of US$132.7 million adjusted for non-cash items, primarily including tax expense of US$13.6 million, partially offset by management fees received/receivable in units of REITs of US$53.2 million, share of profit of associates and joint ventures of US$46.0 million, distribution income of US$35.8 million, gain on previously held interest of US$10.7 million, and the effect of the movements of working capital and other cash items. Movements in working capital reflected an increase in trade and other receivables of US$14.9 million partially offset by an increase in trade and other payables of US$6.1 million. Other cash items included distribution income received of US$35.9 million and proceeds from sale of REIT units received as management fees of US$18.7 million, less tax paid of US$14.8 million. Net cash from operating activities of discontinued operation was US$14.7 million.

Investing Activities

Net cash used in investing activities in 1H2021 amounted to US$165.5 million, primarily attributable to additional capital contribution in associates and joint ventures of US$157.7 million, including the acquisitions of additional interests in ARA US Hospitality Trust, purchase of financial assets of US$69.4 million, including co-investments into existing and new funds, and purchase of assets held for sale of US$37.2 million, partially offset by dividends received from associates and joint ventures of US$30.1 million, proceeds from redemption of financial assets of US$70.2 million related to capital received from certain private funds following the divestment of assets and entry of new limited partners to the funds and interest received of US$6.3 million.

Net cash used in investing activities in 2020 amounted to US$203.3 million, primarily attributable to acquisitions of subsidiaries of US$208.8 million, including the acquisitions of LOGOS and Venn in March 2020, purchase of financial assets of US$72.3 million, including co-investments into existing and new funds, and capital contributions in associates and joint ventures of US$20.3 million, partially offset by dividends received from associates and joint ventures of US$49.6 million, proceeds from redemption of financial assets of US$24.3 million related to capital received from certain private funds following the divestment of assets and entry of new limited partners to the funds, proceeds from the partial disposal of shares in an associate of US$14.5 million and interest received of US$10.6 million.

Net cash used in investing activities in 2019 amounted to US$37.7 million, primarily attributable to purchase of financial assets of US$162.7 million, including the ARA Group's strategic stake in ARA US Hospitality Trust and the ARA Group's seed investments in the various private funds, acquisition of interest in associates of US$158.7 million, including Cromwell, partially offset by proceeds from disposal of discontinued operations, net of cash disposed of US$152.8 million, which mainly comprised the US asset portfolio which was disposed during the year, proceeds from redemption of financial assets of US$64.1 million, dividends received from associates and joint ventures of US$31.0 million and proceeds from partial disposal of shares in an associate of US$29.6 million.

Net cash used in investing activities in 2018 amounted to US$1,026.6 million, primarily attributable to acquisition of interest in associates of US$338.7 million, including the acquisition of equity interests in Cromwell in June 2018, purchase of financial assets of US$68.8 million, including purchase of additional ARA Logos Logistics Trust units for its rights issue and additional seed investments arising from the ARA Group's seed capital commitments in the various private funds and net cash outflows arising from acquisition of subsidiaries of US$15.7 million in connection with the acquisition of an additional 60% equity interest in ALPM and the acquisition of ARA Korea (REF) Limited, partially offset by proceeds of US$50.0 million from the redemption of capital from certain private funds arising from the divestment of assets managed under the funds and disposal of AmFIRST REIT units and dividends received from associates and joint ventures of US$10.9 million. Net cash used in investing activities of discontinued operation was to US$669.2 million.

Financing Activities

Net cash from financing activities in 1H2021 amounted to US$442.7 million, which was primarily attributable to proceeds from loans and borrowings of US$368.9 million mainly from the novation of loans from financial institutions by immediate holding company and issuance of shares to equity investors of US$502.4 million. The increase was partially offset by the repayment of loans and borrowings of US$389.9 million, distribution paid to perpetual securities holders of US$19.5 million and interest paid of US$12.0 million.

Net cash from financing activities in 2020 amounted to US$262.1 million, which was primarily attributable to advances from immediate holding company of US$632.4 million to fund the ARA Group's various investments, contributions from non-controlling interests of US$118.6 million in connection with the acquisition of LOGOS, and proceeds from loans and borrowings of US$116.3 million used mainly to fund the acquisitions of LOGOS and Venn, partially offset by repayment of loans and borrowings of US$46.7 million, distribution paid to perpetual securities holders of US$38.0 million, interest paid of US$16.3 million and repayment of advances and loan from immediate holding company with an aggregate of US$487 million. The advances and loan from immediate holding company were given to ARA Group to finance the acquisition of US hospitality assets portfolio which were divested in 2020.

Net cash from financing activities in 2019 amounted to US$61.1 million, which was primarily attributable to the issuance of perpetual securities, net of issue costs, of US$254.6 million mainly from S$350.0 million 5.6% perpetual securities issued in September 2019, advances and loans from immediate holding company of US$125.0 million primarily in connection with the purchase of Cromwell shares and proceeds from loans and borrowings of US$91.7 million mainly from a S$100 million bonds (net of expenses) issued in April 2019, which carried an interest rate of 4.15%, partially offset by repayment of advances from immediate holding company of US$258.5 million from the proceeds of the perpetual securities, repayment of loans and borrowings of US$76.0 million, interest paid of US$28.6 million, distribution paid to perpetual securities holders of US$23.9 million and dividends paid to redeemable preference shareholders of US$22.0 million.

Net cash from financing activities in 2018 amounted to US$1,017.2 million, which was primarily attributable to proceeds from loans and borrowings of US$316.9 million to fund the purchase of equity interests in Cromwell and other investments, issue of perpetual securities, net of issue costs, of US$220.4 million from the issue of S$300 million 5.65% perpetual securities in March 2018 and advances from immediate holding company of US$166.4 million in connection with the purchase of additional Kenedix and Cromwell shares, partially offset by repayment of loans and borrowings of US$137.5 million from proceeds of perpetual securities, dividends paid to redeemable preference shareholders of US$32.0 million, distribution paid to perpetual securities holders of US$17.9 million and dividends paid to ordinary shareholders of US$14.7 million.

Net cash from operating activities of discontinued operation in 2018 was US$544.4 million.

Contractual Obligations and Commitments

Operating Lease Commitments

The ARA Group sub-leases some of its right-of-use assets. These sub-leases are classified as operating leases from a lessor perspective because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The table below summarises the ARA Group's non-cancellable operating lease receivables as at the dates indicated.

	As at 31 December			As at 30 June
	2018	**2019**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Less than one year	–	393	196	65
One to two years	–	258	–	–
Total	–	651	196	65

Capital Commitments

The ARA Group has committed to invest up to certain amounts as seed capital in the funds and investment vehicles that the ARA Group manages as co-investments. As at 31 December 2018, 2019 and 2020, the ARA Group's undrawn capital commitments equalled US$45.3 million, US$85.6 million and US$195.5 million respectively. As at 30 June 2021, the ARA Group's undrawn capital commitments equalled US$183.1 million.

The ARA Group's capital commitments have increased over the Reporting Period as the ARA Group formed new private funds in new markets including Australia, South Korea and Europe.

Capital Expenditure

The ARA Group's capital expenditure for 2018, 2019 and 2020 and 1H2021 of US$2.9 million, US$2.4 million, US$0.9 million and US$1.1 million, respectively related mainly to office fixtures and software.

Working Capital

ARA Group recorded net current assets of US$235.5 million, US$219.5 million, US$201.9 million and US$746.4 million as at 31 December 2018, 2019 and 2020 and 30 June 2021, respectively. The table below sets forth a breakdown of ARA Group's current assets and liabilities as at the dates indicated.

	As at 31 December			As at 30 June
	2018	2019	2020	2021
	US$'000	*US$'000*	*US$'000*	*US$'000*
Current assets				
Financial assets	8,349	10,442	54,222	64,298
Financial derivative assets	–	–	–	53
Trade receivables	6,578	18,475	46,070	39,198
Prepayments, other receivables and other assets	51,247	93,225	119,874	215,104
Cash and cash equivalents	91,956	163,558	311,419	544,326
Assets held for sale	680,707	–	7,763	94,292
Total current assets	838,837	285,700	539,348	957,271
Current liabilities				
Loans and borrowings	–	4,604	35,113	35,400
Lease liabilities	169	2,853	4,648	4,751
Trade and other payables	37,562	48,448	264,037	116,019
Current tax payable	9,060	10,332	16,901	15,029
Contingent consideration payables	–	–	16,747	8,542
Liabilities directly associated with the assets held for sale	556,503	–	–	31,122
Total current liabilities	603,294	66,237	337,446	210,863
Net current assets	235,543	219,463	201,902	746,408

The ARA Group recorded a decrease in current assets from US$838.8 million as at 31 December 2018 to US$285.7 million as at 31 December 2019, mainly due to the disposition in 2019 of assets held for sale of US$680.7 million relating to the portfolio of assets in the U.S., partially offset by an increase in cash and cash equivalents and trade and other receivables.

Current liabilities decreased from US$603.3 million as at 31 December 2018 to US$66.2 million as at 31 December 2019, mainly due to the elimination of liabilities of US$556.5 million directly associated with the assets held for sale disposed in 2019 as noted above. Consequently, net current assets decreased from US$235.5 million as at 31 December 2018 to US$219.5 million as at 31 December 2019.

The ARA Group recorded an increase in current assets from US$285.7 million as at 31 December 2019 to US$539.3 million as at 31 December 2020, mainly due to an increase in cash and cash equivalents, trade and other receivables and financial assets following the consolidation of LOGOS and Venn.

Current liabilities increased from US$66.2 million as at 31 December 2019 to US$337.4 million as at 31 December 2020, mainly due to an increase in trade and other payables, loans and borrowings and contingent consideration payables in relation to the acquisition of LOGOS and Venn. Consequently, net current assets decreased from US$219.5 million as at 31 December 2019 to US$201.9 million as at 31 December 2020.

The ARA Group recorded an increase in current assets from US$539.3 million as at 31 December 2020 to US$957.3 million as at 30 June 2021, mainly due to an increase in prepayments, other receivables and other assets arising from the recognition of fund management fees by LOGOS, increase in assets held for sale from the acquisition of three assets in China and an increase in cash and cash equivalents of US$232.9 million.

Current liabilities decreased from US$337.4 million as at 31 December 2020 to US$210.9 million as at 30 June 2021, mainly due to a decrease in trade and other payables of US$148.0 million arising from the repayment of non-trade amounts due to the immediate holding company. Consequently, net current assets increased from US$201.9 million as at 31 December 2020 to US$746.4 million as at 30 June 2021.

The ARA Group's future cash requirements will depend on many factors, including its operating cash flows, capital expenditures and changing business conditions and future developments, including any investments or acquisitions the ARA Group may decide to pursue. The ARA Group may require additional cash due to changing business conditions or other future developments.

Indebtedness

Loans and borrowings

As at 31 December 2018, 2019 and 2020 and 30 June 2021, the ARA Group's total loans and borrowings amounted to US$313.8 million, US$331.2 million, US$469.3 million and US$1,030.0 million, respectively. Loans and borrowings were primarily used to fund the ARA Group's capital commitments and investments. The increase of 5.5% from US$313.8 million as at 31 December 2018 to US$331.2 million as at 31 December 2019 was primarily due to an increase in financing needs resulting from the expansion of the ARA Group's business, including the listing of ARA US Hospitality Trust on SGX-ST and the acquisition of an additional 3.7% stake in Cromwell Property Group.

The increase of 41.7% from US$331.2 million as at 31 December 2019 to US$469.3 million as at 31 December 2020 was primarily due to the increase in financing needs resulting from the expansion of the ARA Group's business, mainly for the acquisition of its interests in LOGOS and Venn in March 2020 and the consolidation of the US$90.8 million bonds issued by LOGOS to fund its capital commitments and business growth. The ARA Group's loans and other borrowings during the Reporting Period were denominated in U.S. dollars, Japanese Yen, Australian dollars, Sterling Pounds and Singapore dollars.

The increase from US$469.3 million as at 31 December 2020 to US$1,030.0 million as at 30 June 2021 was primarily due to the novation of outstanding loan facilities from ARA's immediate holding company to ARA during the period.

In July 2018, the ARA Group entered into a new five-year term loan facility amounting to AUD$168 million (approximately US$118.3 million) to partly finance the acquisition of a 19.5% stake in Cromwell Property Group. This loan is secured by shares of Cromwell Property Group.

In September 2018, the ARA Group entered into a new loan facility comprising a term loan facility and revolving loan facility amounting to S$1,050 million (approximately US$770.4 million), which is secured by a pool of Suntec REIT units, ARA Logos Logistics Trust units, shares of Kenedix and shares of Cromwell Property Group. The purpose of this loan facility was to refinance the ARA Group's existing credit facilities and for general corporate funding purposes, capital expenditure and investments.

In April 2019, ARA issued S$100 million (approximately US$74.4 million) of Series 003 Notes due April 2024 bearing interest of 4.15% per annum under its S$1,500 million Multicurrency Debt Issuance Programme. Proceeds from the 4.15% Notes were used for general corporate purposes, including funding of acquisitions, working capital, and financing investments.

In December 2019, the ARA Group upsized its existing S$1,050 million (approximately US$770.4 million) loan facility by an additional S$200 million (approximately US$148.7 million) secured by additional Suntec REIT units, ARA Logos Logistics Trust units, ARA US Hospitality Trust units, Kenedix shares and Cromwell Property Group shares.

In June 2020, the ARA Group issued an unsecured 9-month S$5 million (approximately US$3.8 million) 5% short-term note through its Minterest platform. Similarly, the ARA Group issued an unsecured 1-year S$30 million (approximately US$22.7 million) 4.5% short-term note in August 2020 and an unsecured 1-year S$5 million (approximately US$3.8 million) 4.5% short-term note in September 2020 through its Minterest platform. Proceeds from the short-term notes was used for general corporate finance purposes.

In September 2020, LOGOS Group issued S$120 million (approximately US$90.8 million) of 6% notes due September 2023 under LOGOS' S$1,000 million (approximately US$756.8 million) Multicurrency Debt Issuance Programme for general corporate funding purposes and financing investments, working capital and capital expenditure requirements.

In November 2020, LOGOS Group entered into a new revolving loan facility of S$92 million (approximately US$69.6 million) which is secured by ARA Logos Logistics Trust units. The facility was undrawn as at 31 December 2020. The proceeds from the facility are for general corporate funding purposes, capital expenditure, investments and the acquisition of additional ARA Logos Logistics Trust units.

In March 2021, the ARA Group entered into a new term loan facility amounting to ¥34.5 billion (approximately US$313.8 million) to refinance the ARA Group's existing loan facilities and finance the acquisition of an additional 10% stake in Kenedix. This loan is secured by shares of Kenedix.

The table below sets forth the ARA Group's current and non-current loans and borrowings repayable as at the dates indicated.

	As at 31 December			As at 30 June
	2018	**2019**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within one year	–	4,604	35,113	35,400
Over one year	313,824	326,593	434,219	994,615
Total	313,824	331,197	469,332	1,030,015

The ARA Group's outstanding loans and borrowings are secured as described below. As at 30 June 2021, US$802.3 million or 77.9% of its loans and borrowings were secured by a pool of listed and unlisted equities. The corresponding figures as at 31 December 2018, 2019 and 2020 are US$248.8 million (79.3%) and US$257.3 million (77.7%) and US$274.8 million (58.6%) respectively. The table below sets forth ARA Group's outstanding loans and borrowings of the dates indicated.

	As at 31 December			As at 30 June
	2018	**2019**	**2020**	**2021**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Current loans and borrowings:				
Current bank loans – secured	–	4,604	4,840	–
Short term notes – unsecured	–	–	30,273	35,400
Total current loans and borrowings	–	4,604	35,113	35,400
Non-current loans and borrowings:				
Non-current bank loans – secured	248,824	252,673	269,938	802,318
Medium term notes – unsecured	–	73,920	164,281	163,479
Non-current loans	65,000	–	–	28,818
Total non-current loans and borrowings	313,824	326,593	434,219	994,615
Total loans and borrowings	313,824	331,197	469,332	1,030,015

During the Reporting Period the ARA Group's loans and borrowings bore fixed and floating interest rates. The table below sets forth the effective interest rates for the ARA Group's outstanding loans and borrowings as at the dates indicated.

	Interest rate
Bank loans – secured	SGD: SOR+1.4% JPY: LIBOR+1.4%
Bank loans – secured	AUD: Bank's Costs of funds+1.49%
Bank loans – secured	SGD: SOR+1.60% USD: LIBOR+1.85% JPY TIBOR +2.00%
Short term notes – unsecured	SGD: 5.00%
Short term notes – unsecured	SGD: 4.50%
Medium term notes – unsecured	SGD: 4.15%
Medium term notes – unsecured	6.00%
Loan from a third party	USD: 5.00%
Loan from a third party	GBP: 10.00%
Loan notes	SGD: 4.25%
Secured bank loans	USD: LIBOR+3.7%

During the Reporting Period, the average all-in costs of the ARA Group's loans and borrowings listed above ranged between 2.9% and 3.1%.

As at 31 December 2020, the ARA Group had approximately US$345.4 million in unutilised banking facilities and nil proposed facilities supported by letters of intent from the underlying banks. As at 30 June 2021, the ARA Group had approximately US$536.9 million in unutilised banking facilities and nil proposed facilities supported by letters of intent from the underlying banks.

The ARA Group is subject to certain restrictive financial covenant ratios under its bank loan arrangements and other borrowing arrangements. These financial covenant ratios include share margin ratios, interest coverage ratios, gearing ratios and leverage limitation ratios. The ARA Group's loan agreements contain cross-default provisions where one technical default on one of its obligations under other agreements will trigger a technical default under such agreements.

The ARA Group anticipates seeking further financing to fund its working capital and capital expenditures with bank borrowings and other funds raised from domestic and international capital markets.

Lease liabilities

As the ARA Group adopted IFRS 16, the ARA Group recognised total lease liabilities of US$0.6 million, US$13.5 million, US$17.8 million and US$18.1 million as at 31 December 2018, 2019 and 2020 and 30 June 2021, respectively. The increase from US$13.5 million to US$17.8 million was primarily attributable to the ARA Group's acquisition of LOGOS. The increase from US$17.8 million to US$18.1 million was primarily attributable to new leases for office space and office equipment entered into during the period.

Future Plans for Material Investments

Other than disclosed in this Circular, the ARA Group currently has not entered into any binding commitment for material investment or capital assets in the coming year.

Employees

As at 30 June 2021, the ARA Group had a total of 1,439 full-time employees and 540 full-time employees (excluding property management team). The total employee related costs (salaries and other benefits) were approximately US$60.2 million for the six months ended 30 June 2021. The ARA Group abides with all applicable laws and regulations and participates in various employee social security plans for employees. The remuneration policy rewards staff based on individual, business unit and overall ARA Group performance. The remuneration policy and packages are designed to align with the interests of employees with those of the shareholders; and to attract and retain employees whilst taking into account the prevailing market conditions within the same industry and comparable companies. The ARA Group has not experienced any significant problems with its employees due to labour disputes.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The unaudited pro forma financial information (the "**Unaudited Pro Forma Financial Information**") presented below is prepared to illustrate the financial effect on the financial performance and financial position of the Enlarged Group as if the Proposed Transaction had been completed on (i) 1 January 2021 in respect of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Enlarged Group; and (ii) 30 June 2021 in respect of the unaudited pro forma consolidated statement of financial position of the Enlarged Group.

The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purposes only and because of its hypothetical nature, it may not purport to present the true picture of the financial effects on the financial performance and financial position of the Enlarged Group that would have been attained had the Proposed Transaction been completed on the dates indicated herein. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Enlarged Group's future financial performance and financial position.

The Unaudited Pro Forma Financial Information has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Proposed Transaction as if the Proposed Transaction had been completed on (i) 1 January 2021 in respect of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Enlarged Group; and (ii) 30 June 2021 in respect of the unaudited pro forma consolidated statement of financial position of the Enlarged Group.

The unaudited pro forma consolidated statement of financial position of the Enlarged Group is prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2021 as extracted from the published interim report of the Group for the six months ended 30 June 2021 and the audited group balance sheet of the ARA Group as at 30 June 2021 as extracted from the accountant's report on the ARA Group set out in Appendix II to this Circular, after making pro forma adjustments relating to the Proposed Transaction that are (i) directly attributable to the Transaction and (ii) factually supportable, as if the Proposed Transaction had been completed on 30 June 2021.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income of the Enlarged Group is prepared based on the unaudited consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 30 June 2021 as extracted from the published interim report of the Group for the six months ended 30 June 2021 and the audited consolidated statement of profit or loss and other comprehensive income of the ARA Group for the six months ended 30 June 2021 as extracted from the accountant's report on the ARA Group set out in Appendix II to this Circular, after making pro forma adjustments relating to the Proposed Transaction that are (i) directly attributable to the Transaction and (ii) factually supportable, as if the Proposed Transaction had been completed on 1 January 2021.

The Unaudited Pro Forma Financial Information should be read in conjunction with other financial information included elsewhere in this circular.

Unaudited Pro Forma Consolidated Statement of Financial Position

	ESR Cayman Group 30-Jun-21 *(unaudited)* *Note 1* *US$'000*	ARA Group 30-Jun-21 *(audited)* *Note 2* *US$'000*	Reclassifications 30-Jun-21 *Note 3* *US$'000*	Acquisition entries *Note 4* *US$'000*	Impact of share repurchase *Note 5* *US$'000*	SMBC subscription *Note 6* *US$'000*	Acquisition of additional interest in LOGOS become 86.4% *Note 7* *US$'000*	Acquisition costs *Note 8* *US$'000*	Equity-settled share option paid to ARA Group employees *Note 9* *US$'000*	Unaudited Pro Forma consolidated statement of financial position of the Enlarged Group 30-Jun-21 *US$'000*
NON-CURRENT ASSETS										
Property, plant and equipment	33,042	4,104	–	–	–	–	–	–	–	37,146
Right-of-use assets	11,990	16,265	–	–	–	–	–	–	–	28,255
Investments in joint ventures and associates	1,272,235	1,441,830	–	–	–	–	–	–	–	2,714,065
Financial assets at fair value through profit or loss	661,622	–	38,202	–	–	–	–	–	–	699,824
Financial assets at fair value through other comprehensive income	717,538	–	571,645	–	–	–	–	–	–	1,289,183
Investment properties	3,598,239	–	–	–	–	–	–	–	–	3,598,239
Goodwill	673,131	–	364,405	4,130,044	–	–	–	–	–	5,167,580
Other intangible assets	106,834	416,012	(364,405)	(50,474)	–	–	–	–	–	107,967
Other non-current assets	74,549	8,634	–	–	–	–	–	–	–	83,183
Deferred tax assets	23,366	1,436	–	–	–	–	–	–	–	24,802
Financial assets	–	609,847	(609,847)	–	–	–	–	–	–	–
Financial derivative assets	–	14,740	–	–	–	–	–	–	–	14,740
Total non-current assets	7,172,546	2,512,868	–	4,079,570	–	–	–	–	–	13,764,984

Unaudited Pro Forma Consolidated Statement of Financial Position (Continued)

	ESR Cayman Group 30-Jun-21 *(unaudited)* *Note 1* *US$'000*	ARA Group 30-Jun-21 *(audited)* *Note 2* *US$'000*	Reclassifications 30-Jun-21 *Note 3* *US$'000*	Acquisition entries *Note 4* *US$'000*	Impact of share repurchase *Note 5* *US$'000*	SMBC subscription *Note 6* *US$'000*	Acquisition of additional interest in LOGOS become 86.4% *Note 7* *US$'000*	Acquisition costs *Note 8* *US$'000*	Equity-settled share option paid to ARA Group employees *Note 9* *US$'000*	Unaudited Pro Forma consolidated statement of financial position of the Enlarged Group 30-Jun-21 *US$'000*
CURRENT ASSETS										
Trade receivables	125,038	39,198	165,768	–	–	–	–	–	–	330,004
Prepayments, other receivables and other assets	119,624	215,104	(165,768)	–	–	–	–	–	–	168,960
Financial assets at fair value through profit or loss	–	64,298	–	–	–	–	–	–	–	64,298
Financial derivative assets	–	53	–	–	–	–	–	–	–	53
Cash and bank balances	1,132,605	544,326	–	(519,231)	(42,052)	250,000	–	–	–	1,365,648
	1,377,267	862,979	–	(519,231)	(42,052)	250,000	–	–	–	1,928,963
Assets held for sale	–	94,292	–	–	–	–	–	–	–	94,292
Total current assets	1,377,267	957,271	–	(519,231)	(42,052)	250,000	–	–	–	2,023,255

Unaudited Pro Forma Consolidated Statement of Financial Position (Continued)

	ESR Cayman Group 30-Jun-21 *(unaudited)* *Note 1* *US$'000*	ARA Group 30-Jun-21 *(audited)* *Note 2* *US$'000*	Reclassifications 30-Jun-21 *Note 3* *US$'000*	Acquisition entries *Note 4* *US$'000*	Impact of share repurchase *Note 5* *US$'000*	SMBC subscription *Note 6* *US$'000*	Acquisition of additional interest in LOGOS become 86.4% *Note 7* *US$'000*	Acquisition costs *Note 8* *US$'000*	Equity-settled share option paid to ARA Group employees *Note 9* *US$'000*	Unaudited Pro Forma consolidated statement of financial position of the Enlarged Group 30-Jun-21 *US$'000*
CURRENT LIABILITIES										
Bank and other borrowings	1,392,919	35,400	–	–	–	–	–	–	–	1,428,319
Lease liabilities	5,980	4,751	–	–	–	–	–	–	–	10,731
Trade payables, accruals and other payables	199,067	116,019	–	–	–	–	–	60,000	–	375,086
Contingent consideration payable	–	8,542	–	–	–	–	–	–	–	8,542
Income tax payable	22,158	15,029	–	–	–	–	–	–	–	37,187
	1,620,124	179,741	–	–	–	–	–	60,000	–	1,859,865
Liabilities directly associated with the assets held for sale	–	31,122	–	–	–	–	–	–	–	31,122
Total current liabilities	1,620,124	210,863	–	–	–	–	–	60,000	–	1,890,987
NET CURRENT (LIABILITIES)/ASSETS	(242,857)	746,408	–	(519,231)	(42,052)	250,000	–	(60,000)	–	132,268
TOTAL ASSETS LESS CURRENT LIABILITIES	6,929,689	3,259,276	–	3,560,339	(42,052)	250,000	–	(60,000)	–	13,897,252

Unaudited Pro Forma Consolidated Statement of Financial Position (Continued)

	ESR Cayman Group 30-Jun-21	ARA Group 30-Jun-21	Reclassifications 30-Jun-21	Acquisition entries	Impact of share repurchase	SMBC subscription	Acquisition of additional interest in LOGOS become 86.4%	Acquisition costs	Equity-settled share option paid to ARA Group employees	Unaudited Pro Forma consolidated statement of financial position of the Enlarged Group 30-Jun-21
	(unaudited)	*(audited)*								
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	*Note 7*	*Note 8*	*Note 9*	
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
NON-CURRENT LIABILITIES										
Deferred tax liabilities	313,550	33,979	–	–	–	–	–	–	–	347,529
Bank and other borrowings	2,359,696	994,615	–	–	–	–	–	–	–	3,354,311
Lease liabilities	6,493	13,348	–	–	–	–	–	–	–	19,841
Trade and other payables	–	16,066	(16,066)	–	–	–	–	–	–	–
Other non-current liabilities	45,880	–	16,066	–	–	–	–	–	–	61,946
Total non-current liabilities	2,725,619	1,058,008	–	–	–	–	–	–	–	3,783,627
NET ASSETS	4,204,070	2,201,268	–	3,560,339	(42,052)	250,000	–	(60,000)	–	10,113,625

Unaudited Pro Forma Consolidated Statement of Financial Position (Continued)

	ESR Cayman Group 30-Jun-21 *(unaudited)* *Note 1* *US$'000*	ARA Group 30-Jun-21 *(audited)* *Note 2* *US$'000*	Reclassifications 30-Jun-21 *Note 3* *US$'000*	Acquisition entries *Note 4* *US$'000*	Impact of share repurchase *Note 5* *US$'000*	SMBC subscription *Note 6* *US$'000*	Acquisition of additional interest in LOGOS become 86.4% *Note 7* *US$'000*	Acquisition costs *Note 8* *US$'000*	Equity-settled share option paid to ARA Group employees *Note 9* *US$'000*	Unaudited Pro Forma consolidated statement of financial position of the Enlarged Group 30-Jun-21 *US$'000*
EQUITY										
Equity attributable to owners of the Company										
Issued capital	3,060	1,711	–	(365)	(14)	77	–	–	–	4,469
Perpetual capital securities	259,649	704,764	–	–	–	–	–	–	–	964,413
Equity components of convertible bonds	48,501	–	–	–	–	–	–	–	–	48,501
Other reserves	3,697,321	1,110,738	–	3,560,704	(42,038)	249,923	37,862	(60,000)	–	8,554,510
	4,008,531	1,817,213	–	3,560,339	(42,052)	250,000	37,862	(60,000)	–	9,571,893
Non-controlling interests	195,539	384,055	–	–	–	–	(37,862)	–	–	541,732
TOTAL EQUITY	4,204,070	2,201,268	–	3,560,339	(42,052)	250,000	–	(60,000)	–	10,113,625

Notes for Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group

(1) The balances have been extracted from the unaudited condensed consolidated statement of financial position of the Group for the six months ended 30 June 2021.

(2) The balances have been extracted from the audited consolidated statement of financial position of the ARA Group as set out in Appendix II to this Circular.

(3) Reclassifications are to align the classifications of the respective amounts of financial statement line items as shown on the consolidated statement of financial position of ARA Group to those of the consolidated statement of financial position of the Group:

(i) from "Financial assets (non-current)" of ARA Group to "Financial assets at fair value through profit or loss" and "Financial assets at fair value through other comprehensive income" of the Group;

(ii) from "Other intangible assets" of ARA Group to "Goodwill" of the Group. This is to separate goodwill from other intangible assets and disclose as a separate line;

(iii) from "Prepayments, other receivables and other assets" of ARA Group to "Trade receivables" of the Group for trade balances related to fee receivables of ARA Group;

(iv) from "Trade and other payables (non-current)" of ARA Group to "Other non-current liabilities" of the Group.

(4) The Group has applied the acquisition accounting in accordance with IFRS 3 *Business Combinations* to account for the acquisition of ARA Group as if the acquisition was completed on 30 June 2021. The pro forma goodwill is calculated as follows:

	Notes	*USD'000*
Consideration transferred	*(a)*	5,192,019
		5,192,019
Less:		
Carrying amount of net tangible assets acquired		1,786,389
Non-controlling interests of ARA Group	*(b)*	(384,055)
Perpetual capital securities	*(c)*	(704,764)
		697,570
Pro forma goodwill ("the Goodwill")		4,494,449

(a) Pursuant to the Acquisition Agreement, subject to the Cash Consideration Adjustment, the Total Consideration is US$5,192 million. As the Company had made certain Share Repurchases pursuant to the Repurchase Mandate, being an aggregate of 13,868,600 Shares as at the Latest Practicable Date, subject to the Consideration Adjustment and assuming no further Shares are repurchased by the Company pursuant to the Repurchase Mandate from the Latest Practicable Date up to and including the date of Completion, the Total Consideration will be satisfied in the following manner:

(i) US$519 million in cash, to be funded by internal resources of the Group and the net proceeds from the SMBC Subscription; and

(ii) US$4,673 million by the issue of 1,345,898,078 Consideration Shares at the Consideration Share Price.

(b) The non-controlling interests of ARA Group is measured at their proportionate share in the recognised fair value of ARA Group's identifiable net assets.

Notes for Unaudited Pro Forma Consolidated Statement of Financial Position of the Enlarged Group (continued)

(c) The carrying amount of perpetual capital securities as of 30 June 2021 represents proceeds received upon issuance (net of issuance costs), as well as accrued distributions (net of distributions paid).

As the Consideration Shares are estimated based on the Consideration Share Price of HK$27.00 per Share, the actual Total Consideration will be different subject to the prevailing share price at Completion. Accordingly, actual goodwill amount at Completion may differ.

Pursuant to IFRS 3, the fair values of identifiable assets acquired, and liabilities assumed of the ARA Group at the date of Completion shall be recognised and any excess of the Total Consideration over the fair values of the identifiable assets acquired and the liabilities assumed measured in accordance with IFRS 3 of the ARA Group shall be recognised as goodwill. As the fair values of the identifiable net assets of the ARA Group at the date of Completion may be different from the carrying values of the net assets of the ARA Group as at 30 June 2021, actual excess of the Total Consideration over the fair values of the identifiable net assets of the ARA Group and the final amounts of assets and liabilities of the ARA Group recognised may be different from the amounts above.

According to the Group's accounting policy, after initial recognition, the Goodwill will be measured at cost less any accumulated impairment losses. The Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

In the preparation of this Unaudited Pro Forma Financial Information of the Enlarged Group, the Directors had performed an impairment assessment of the Goodwill in accordance with IAS 36 Impairment of Assets and the Group's accounting policy. The Directors have taken into consideration the recoverable amount and synergy effect to the business of the Enlarged Group as key parameters for the assessment and accordingly, no pro forma adjustment in respect of goodwill impairment is made by the Directors in the Unaudited Pro Forma Financial Information for the Enlarged Group. Such assessment assumed that (i) there are no major material adverse changes in the fair values of the assets and liabilities; and (ii) the identifiable assets and liabilities can be realized at their book values. However, should there be any adverse changes to the business of ARA Group, including but not limited to, any subsequent adverse changes in the operation, impairment may be required to be recognized against the Goodwill in accordance with IAS 36 and the Group's accounting policy.

The reporting accountants have conducted their engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 Assurance Engagements to Report on the Compilation of Unaudited Pro Forma Financial Information Included in a Prospectus and considered that the goodwill impairment test performed by the Directors is consistent with the Company's applicable financial reporting framework and its accounting policies under that framework. However, the reporting accountants did not perform an audit or review of the financial information used in the preparation of the goodwill impairment test prepared by the Directors.

The Directors confirmed that they will apply consistent accounting policies, principal assumptions and valuation method to assess impairment of the Goodwill in subsequent reporting periods in accordance with the requirement of IAS 36. The Company also confirmed with its auditors that they will audit and opine on the consolidated financial statements of the Company in accordance with Hong Kong Standards on Auditing.

(5) On 19 August 2021, the Board announced that it intended to exercise the Repurchase Mandate granted by the Shareholders at the annual general meeting of the Company held on 2 June 2021 to repurchase Shares in the open market from time to time.

As noted above, the Acquisition Agreement was amended on 24 August 2021 to permit the Company to repurchase Shares pursuant to the Repurchase Mandate. As at the Latest Practicable Date, the Company had purchased an aggregate of 13,868,600 Shares pursuant to the Repurchase Mandate and the number of Consideration Shares have been adjusted in accordance with an agreed calculation methodology.

(6) Pursuant to the Acquisition Agreement, SMBC has further agreed to subscribe or procure the subscription for, and the Company has agreed to allot and issue to SMBC and/or its designated affiliates, an additional 76,689,349 Shares for an aggregate subscription price of US$250 million at a subscription price of HK$25.35 per Share. The SMBC Subscription Shares will be issued as fully paid and will rank *pari passu* in all respects with the Shares in issue and will be issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM. The SMBC Subscription is conditional on, among other things, the Proposed Transaction becoming unconditional.

(7) Upon Completion, the ARA Group will hold 86.4% of LOGOS. The non-controlling interests ("NCI") share in LOGOS' will reduce from 47.8% to 13.6% accordingly. This resulted in lower total comprehensive income attributable to NCI, and higher total comprehensive income attributable to ARA Group. The financial impact was computed based on LOGOS' total comprehensive income for the six months ended 30 June 2021.

(8) The adjustment represents the estimated transaction costs of approximately US$60 million relating to the Proposed Transaction.

(9) To retain the services of the ARA Group employees whose work is vital to the growth and continued success of the ARA Group and to incentivise and reward such employees, the Company will grant awards or other rights under the Share Incentive Plans to certain ARA Group employees following Completion. The aggregate value of all such grants (calculated by reference to the net value of such grants as at their date of grant, being the Share price at the relevant time net of any strike price or other exercise payment or threshold) is expected to be approximately US$27.7 million (when fully vested) and will be made in compliance with the terms of the Share Incentive Plans and the Listing Rules.

(10) The LOGOS Founders have entered into LOGOS Revised SHA with ARA to govern their relationship as shareholders of LOGOS with effect from Completion. Pursuant to the LOGOS Revised SHA, on or shortly after the date falling three years after Completion, the Group will acquire the LOGOS shares held by the LOGOS Founders (the "LOGOS Minority Acquisition") at fair market value, to be determined by an independent valuer at the time of such acquisition, subject to the LOGOS Consideration Cap of US$4.5 billion. The consideration for the LOGOS Minority Acquisition will be satisfied by an issue of new Shares based on the 60-day volume-weighted average price of the Shares to the LOGOS Founders and/or the payment of cash, at the Company's election. As the number of consideration shares payable to the LOGOS Founders has not been fixed, the LOGOS Minority Acquisition consideration is not determinable at the date of circular.

Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income

	ESR Cayman Group For the six months ended 30 June 2021 *(unaudited)* *Note 1* *US$'000*	ARA Group For the six months ended 30 June 2021 *(audited)* *Note 2* *US$'000*	Reclassifications For the six months ended 30 June 2021 *Note 3,4* *US$'000*	Acquisition costs *Note 5* *US$'000*	Acquisition of additional interest in LOGOS become 86.4% *Note 6* *US$'000*	Equity-settled share option paid to ARA Group employees *Note 7* *US$'000*	Unaudited Pro Forma consolidated statement of profit or loss and other comprehensive income of the Enlarged Group For the six months ended 30 June 2021 *US$'000*
Revenue	204,399	216,616	–	–	–	–	421,015
Cost of sales	(30,861)	–	(3,762)	–	–	–	(34,623)
Gross profit	173,538	216,616	(3,762)	–	–	–	386,392
Other income and gains, net	212,494	3,593	36,673	–	–	–	252,760
Co-investment income	–	14,421	(14,421)	–	–	–	–
Finance income	–	6,617	(6,617)	–	–	–	–
Administrative expenses	(96,761)	(17,855)	(77,443)	(60,000)	–	(27,720)	(279,779)
Employee-related costs	–	(60,860)	60,860	–	–	–	–
Legal and professional fees	–	(9,893)	9,893	–	–	–	–
Property related expenses	–	(3,762)	3,762	–	–	–	–
Depreciation and amortisation	–	(6,690)	6,690	–	–	–	–
Fair value gains/(losses) and exchange differences	–	12,430	(12,430)	–	–	–	–
Transaction costs and one-off (expenses)/income	–	3,205	(3,205)	–	–	–	–
Finance costs	(79,810)	(11,238)	–	–	–	–	(91,048)

Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

	ESR Cayman Group For the six months ended 30 June 2021 *(unaudited)* *Note 1* *US$'000*	ARA Group For the six months ended 30 June 2021 *(audited)* *Note 2* *US$'000*	Reclassifications For the six months ended 30 June 2021 *Note 3,4* *US$'000*	Acquisition costs *Note 5* *US$'000*	Acquisition of additional interest in LOGOS become 86.4% *Note 6* *US$'000*	Equity-settled share option paid to ARA Group employees *Note 7* *US$'000*	Unaudited Pro Forma consolidated statement of profit or loss and other comprehensive income of the Enlarged Group For the six months ended 30 June 2021 *US$'000*
Share of profits and losses of joint ventures and associates, net	78,149	93,304	–	–	–	–	171,453
Profit before tax	287,610	239,888	–	(60,000)	–	(27,720)	439,778
Income tax expense	(57,915)	(35,108)	–	–	–	–	(93,023)
Profit for the period	229,695	204,780	–	(60,000)	–	(27,720)	346,755
Attributable to:							
Owners of the Company	213,947	148,025	19,432	(60,000)	25,703	(27,720)	319,387
Perpetual capital securities holder	–	19,432	(19,432)	–	–	–	–
Non-controlling interests	15,748	37,323	–	–	(25,703)	–	27,368
	229,695	204,780	–	(60,000)	–	(27,720)	346,755

Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

	ESR Cayman Group For the six months ended 30 June 2021 *(unaudited)* *Note 1* *US$'000*	ARA Group For the six months ended 30 June 2021 *(audited)* *Note 2* *US$'000*	Reclassifications For the six months ended 30 June 2021 *Note 3,4* *US$'000*	Acquisition costs *Note 5* *US$'000*	Acquisition of additional interest in LOGOS become 86.4% *Note 6* *US$'000*	Equity-settled share option paid to ARA Group employees *Note 7* *US$'000*	Unaudited Pro Forma consolidated statement of profit or loss and other comprehensive income of the Enlarged Group For the six months ended 30 June 2021 *US$'000*
Profit for the period	229,695	204,780	–	(60,000)	–	(27,720)	346,755
Other comprehensive income/(loss)							
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:							
Exchange differences on translation of foreign operations	(36,261)	(17,800)	–	–	–	–	(54,061)
Share of other comprehensive loss of joint ventures and associates	(7,309)	(2,826)	–	–	–	–	(10,135)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	(43,570)	(20,626)	–	–	–	–	(64,196)

Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

	ESR Cayman Group For the six months ended 30 June 2021 *(unaudited)* *Note 1* *US$'000*	ARA Group For the six months ended 30 June 2021 *(audited)* *Note 2* *US$'000*	Reclassifications For the six months ended 30 June 2021 *Note 3,4* *US$'000*	Acquisition costs *Note 5* *US$'000*	Acquisition of additional interest in LOGOS become 86.4% *Note 6* *US$'000*	Equity-settled share option paid to ARA Group employees *Note 7* *US$'000*	Unaudited Pro Forma consolidated statement of profit or loss and other comprehensive income of the Enlarged Group For the six months ended 30 June 2021 *US$'000*
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:							
Changes in fair value of financial assets at fair value through other comprehensive income	(20,944)	37,834	–	–	–	–	16,890
Share of fair value reserve of associates and joint ventures	–	4,430	–	–	–	–	4,430
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	(20,944)	42,264	–	–	–	–	21,320
Other comprehensive income/(loss) for the period, net of tax	(64,514)	21,638	–	–	–	–	(42,876)
Total comprehensive income for the period	165,181	226,418	–	(60,000)	–	(27,720)	303,879

Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)

	ESR Cayman Group For the six months ended 30 June 2021 *(unaudited)* *Note 1* *US$'000*	ARA Group For the six months ended 30 June 2021 *(audited)* *Note 2* *US$'000*	Reclassifications For the six months ended 30 June 2021 *Note 3,4* *US$'000*	Acquisition costs *Note 5* *US$'000*	Acquisition of additional interest in LOGOS become 86.4% *Note 6* *US$'000*	Equity-settled share option paid to ARA Group employees *Note 7* *US$'000*	Unaudited Pro Forma consolidated statement of profit or loss and other comprehensive income of the Enlarged Group For the six months ended 30 June 2021 *US$'000*
Attributable to:							
Owners of the Company	152,135	153,986	19,432	(60,000)	37,862	(27,720)	275,695
Perpetual capital securities holder	–	19,432	(19,432)	–	–	–	–
Non-controlling interests	13,046	53,000	–	–	(37,862)	–	28,184
	165,181	226,418	–	(60,000)	–	(27,720)	303,879

Notes for Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Enlarged Group

(1) The balances have been extracted from the unaudited condensed consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 30 June 2021.

(2) The balances have been extracted from the audited consolidated statement of profit or loss and other comprehensive income of the ARA Group as set out in Appendix II to this Circular.

(3) Reclassifications are to change presentation of consolidated statement of profit or loss and other comprehensive income of ARA Group to be "by function" in accordance with IAS 1 *Presentation of Financial Statements*. This is to align with the Group's presentation of consolidated statement of profit or loss and other comprehensive income.

(4) ARA Group's accrued distribution of perpetual capital securities is reclassified to "Owners of the Company" to align with the Group's presentation. ARA Group recognised perpetual capital securities as equity as it is able to defer making a distribution (subject to the terms and conditions of the securities issue) on the perpetual capital securities, and is not subject to any limits as to the number of times a distribution can be deferred.

(5) The adjustment represents the estimated transaction costs of approximately US$60 million relating to the Acquisition.

(6) Upon Completion, the ARA Group will hold 86.4% of LOGOS. The non-controlling interests ("NCI") share in LOGOS' will reduce from 47.8% to 13.6% accordingly. This resulted in lower total comprehensive income attributable to NCI, and higher total comprehensive income attributable to ARA Group. The financial impact was computed based on LOGOS' total comprehensive income for the six months ended 30 June 2021 as disclosed in ARA's accountant's report.

(7) To retain the services of the ARA Group employees whose work is vital to the growth and continued success of the ARA Group and to incentivise and reward such employees, the Company will grant awards or other rights under the Share Incentive Plans to certain ARA Group employees following Completion. The aggregate value of all such grants (calculated by reference to the net value of such grants as at their date of grant, being the Share price at the relevant time net of any strike price or other exercise payment or threshold) is expected to be approximately US$27.7 million (when fully vested) and will be made in compliance with the terms of the Share Incentive Plans and the Listing Rules

(8) Enlarged Group Segmental Information for the six months ended 30 June 2021 is prepared for illustrative purposes only and because of its hypothetical nature, it may not purport to present the true picture of the financial effects on the segmental financial performance of the Enlarged Group that would have been attained had the Proposed Transaction been completed on the dates as set out in the introductory paragraphs.

ARA Group reclassified its current private market, public market and corporate segments presentation into ESR's segmental information view based on segmentation split below:

(a) Investments segment of ARA Group comprises seed capital investments into various co-investment funds and public listed real estate investment trusts ("REITs") that derive dividend income; as well as projects that are held as seed investments.

(b) Fund Management segment of ARA Group comprises it's segment results from its current private markets segment that primarily engaged in the provision of fund and property management services to (i) private real estate funds, (ii) new economy funds, (iii) credit funds and (iv) infrastructure funds. It also consists of associates that are involved in the provision of fund management businesses which include Cromwell Property Group and Kenedix Inc.

(c) Development segment of ARA Group comprises share of profit of associates and joint ventures holding the development projects.

Notes for Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Enlarged Group (Continued)

Unaudited Pro-Forma Operating Segment Information

	Six months ended 30 June 2021															
	ESR Cayman Group				ARA Group				Pro Forma adjustments				Unaudited Pro Forma operating segment information of the Enlarged Group			
	Investment	Fund Management	Development	Total	Investment	Fund Management	Development	Total	Investment	Fund Management	Development	Total	Investment	Fund Management	Development	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Segment revenue	53,786	123,872	26,741	204,399	–	216,616	–	216,616	–	–	–	–	53,786	340,488	26,741	421,015
– Intersegment sales	–	–	–	–	–	409	–	409	–	–	–	–	–	409	–	409
	53,786	123,872	26,741	204,399	–	217,025	–	217,025	–	–	–	–	53,786	340,897	26,741	421,424
Reconciliation:																
Elimination of intersegment sales	–	–	–	–	–	(409)	–	(409)	–	–	–	–	–	(409)	–	(409)
Revenue from continuing operations	53,786	123,872	26,741	204,399	–	216,616	–	216,616	–	–	–	–	53,786	340,488	26,741	421,015
Operating expenses	(8,914)	(26,724)	(40,579)	(76,217)	(683)	(75,644)	–	(76,327)	–	–	–	–	(9,597)	(102,368)	(40,579)	(152,544)
Fair value gains on investment properties	63,253	–	102,648	165,901	–	–	–	–	–	–	–	–	63,253	–	102,648	165,901
Changes in carrying value of financial assets and liabilities at fair value through profit or loss	(13,963)	–	5,958	(8,005)	1,032	899	–	1,931	–	–	–	–	(12,931)	899	5,958	(6,074)
Gain on fair value of derivative financial assets	–	–	–	–	–	14,705	–	14,705	–	–	–	–	–	14,705	–	14,705
Share of profits and losses of joint ventures and associates, net	42,700	–	35,449	78,149	10,227	74,004	9,073	93,304	–	–	–	–	52,927	74,004	44,522	171,453

Notes for Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Enlarged Group (Continued)

Unaudited Pro-Forma Operating Segment Information (Continued)

	Six months ended 30 June 2021															
	ESR Cayman Group				ARA Group				Pro Forma adjustments				Unaudited Pro Forma operating segment information of the Enlarged Group			
	Investment	Fund Management	Development	Total	Investment	Fund Management	Development	Total	Investment	Fund Management	Development	Total	Investment	Fund Management	Development	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Gain/(loss) on sale of interests in a joint venture and an associate	3,251	–	2,038	5,289	–	(165)	–	(165)	–	–	–	–	3,251	(165)	2,038	5,124
Gain on previously held interest in an associate/joint venture	–	–	–	–	404	–	–	404	–	–	–	–	404	–	–	404
Gain on disposal of asset held for sale	–	–	3,035	3,035	741	–	–	741	–	–	–	–	741	–	3,035	3,776
Gain on disposal of quoted financial assets at fair value through profit or loss	–	–	–	–	–	2,404	–	2,404	–	–	–	–	–	2,404	–	2,404
Dividend income	43,006	–	–	43,006	11,897	2,524	–	14,421	–	–	–	–	54,903	2,524	–	57,427
Segment result	183,119	97,148	135,290	415,557	23,618	235,343	9,073	268,034	–	–	–	–	206,737	332,491	144,363	683,591
Reconciliation:																
Depreciation and amortisation				(8,266)				(6,690)				–				(14,956)
Exchange gain/(loss)				(2,091)				(4,206)				–				(6,297)
Interest income				2,236				6,617				–				8,853
Finance costs				(79,810)				(11,238)				–				(91,048)
Equity-settled share option expense				(5,172)				–				(27,720)				(32,892)
Other unallocated gains				1,032				3,593				–				4,625

Notes for Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income of the Enlarged Group (Continued)

Unaudited Pro-Forma Operating Segment Information (Continued)

	Six months ended 30 June 2021															
	ESR Cayman Group				ARA Group				Pro Forma adjustments				Unaudited Pro Forma operating segment information of the Enlarged Group			
	Investment	Fund Management	Development	Total	Investment	Fund Management	Development	Total	Investment	Fund Management	Development	Total	Investment	Fund Management	Development	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Corporate and other unallocated expenses				(35,876)				(16,222)				(60,000)				(112,098)
Profit before tax from continuing operations				287,610				239,888				(87,720)				439,778
Other segment information																
Depreciation and amortisation				(8,266)				(6,690)				–				(14,956)
Capital expenditure				817,754				1,137				–				818,891
Investments in joint ventures and associates				1,272,235				1,441,830				–				2,714,065

B. REPORT FROM THE REPORTING ACCOUNTANT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report received from Ernst & Young, Certified Public Accountants, Hong Kong, which has been prepared for the purpose of inclusion in this Circular, in respect of the unaudited pro forma financial information of the Enlarged Group.

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18 October 2021

To the Directors of ESR Cayman Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of ESR Cayman Limited (the "Company") and its subsidiaries (collectively, the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2021, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2021, and the related notes as set out on pages IV-1 to IV-19 of the circular dated 18 October 2021 (the "Circular") issued by the Company (the "Unaudited Pro Forma Financial Information") in connection with the proposed acquisition (the "Proposed Acquisition") of 100% of share capital of the ARA Asset Management Limited (the "Target", the Target and its subsidiaries collectively referred to as the "ARA Group"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages IV-1 to IV-19 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Proposed Acquisition on the Group's financial position as at 30 June 2021 and the Group's financial performance for the six months ended 30 June 2021 as if the transaction had taken place at 30 June 2021 and 1 January 2021 respectively. As part of this process, information about the Group's financial position and financial performance has been extracted by the Directors from the Group's financial statements for the six months ended 30 June 2021 as set out in the financial information of the Group in Appendix I. Information about the Target Group's financial position and financial performance has been extracted by the Directors from the accountants' report on the ARA Group included in Appendix II to the Circular.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirement of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Unaudited Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Proposed Acquisition on unadjusted financial information of the Group as if the Proposed Acquisition had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Acquisition would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the Proposed Acquisition, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the Proposed Acquisition in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The biographical details of the Proposed Directors proposed for election at the EGM are set out below:

MR. LIM HWEE CHIANG (JOHN)

Mr. Lim Hwee Chiang, John, aged 65, is a co-founder of ARA and has been the Deputy Chairman since February 2021 and is responsible for providing stewardship, strategic direction and governance oversight of the Company. He also serves as a non-executive director of ARA Asset Management (Fortune) Limited, ARA Trust Management (Suntec) Limited, ARA Asset Management (Prosperity) Limited and Hui Xian Asset Management Limited, all of which are subsidiaries of the Company. Mr. Lim is also the Chairman and non-executive director of Suntec Singapore International Convention & Exhibition Services Pte. Ltd and LOGOS, and a non-executive director of The Land Managers Development (S) Pte. Ltd.

Mr. Lim has 40 years of experience in the real estate industry. Before acting as the Deputy Chairman of the Company, he has been serving as the Group CEO of the Company for 18 years. Prior to founding the Company with Dr. Chiu in 2002, Mr. Lim served as Executive Director at GRA (Singapore), the subsidiary of US-based Prudential Real Estate Investors from 1997 to 2002. Before joining GRA (Singapore), Mr. Lim was Managing Director at The Land Managers from 1996 to 1997 and General Manager at The Singapore Labour Foundation from 1991 to 1995. Mr. Lim started his career at DBS Land in 1981. Mr. Lim was also an independent director of Teckwah Industrial Corporation Limited until it was delisted from Singapore Stock Exchange on 24 November 2020.

Mr. Lim obtained his bachelor's degree in mechanical engineering in May 1981, a master's degree in industrial engineering in June 1985 and a diploma in business administration in June 1987, each from the National University of Singapore.

It is proposed that Mr. Lim will enter into an appointment letter with the Company for a term of three years commencing upon Completion, his appointment can be terminated by either party giving to the other not less than one month's notice in writing and Mr. Lim will be subject to retirement by rotation in accordance with the Articles of Association of the Company and Listing Rules. Mr. Lim will not receive additional remuneration from the Company to act as the non-executive Director.

Each JL Entity is an investment holding company ultimately controlled by Mr. Lim. Hence, Mr. Lim is interested in the Consideration Shares to be issued to him, and will be deemed to be interested in the Consideration Shares to be issued to the JL Entities pursuant to the Proposed Transaction within the meaning of Part XV of the SFO.

Save as disclosed in this Circular, Mr. Lim has confirmed that he (i) did not hold any directorship in any other listed public company in Hong Kong or overseas during the past three years; (ii) has not held any positions with any member of the Group; and (iii) does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company. In addition, as at the date of this Circular, Mr. Lim does not have any interest in the shares or underlying shares of the Company within the meaning of Part XV of the SFO.

The Board is not aware of any other matters or information that need to be brought to the attention of the Shareholders or to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules in relation to the proposed election of Mr. Lim as a Director.

DR. CHIU KWOK HUNG, JUSTIN

Dr. CHIU Kwok Hung, Justin, aged 71, is the Founding Chairman and Director of ARA Asset Management Limited, the Chairman and a Non-executive Director of ARA Asset Management (Prosperity) Limited as the manager of Prosperity REIT (listed in Hong Kong), a Non-executive Director of ARA Asset Management (Fortune) Limited as the manager of Fortune REIT (currently listed in Hong Kong and previously listed in Singapore prior to 21 October 2019), and a Director of ARA Fund Management (Asia Dragon) Limited as the manager of the ARA Asia Dragon Fund. Dr. Chiu joined the CK Group in 1997 and is an Executive Director and an Executive Committee Member of CK Asset Holdings Limited (listed in Hong Kong), heading the real estate sales, marketing and property management teams.

Dr. Chiu has more than 40 years of international experience in real estate in Hong Kong and overseas, and is one of the most respected professionals in the property industry in Asia. He is a Fellow of The Royal Institution of Chartered Surveyors, a Council Member and a Fellow of The Hong Kong Institute of Directors, a Fellow of Hong Kong Institute of Real Estate Administrators, a Vice Chairman of the Board of Governors of Hong Kong Baptist University Foundation, an Honorary Associate Member of Business of Trent University, Canada, a member of the Singapore Management University International Advisory Council in China, an Honorary Professor of School of Pharmaceutical Sciences of Sun Yat-sen University in China, a member of the School of Business Advisory Committee and an Adjunct Professor of the School of Business of Hong Kong Baptist University and a Senior Departmental Fellow of the Department of Land Economy at University of Cambridge, the United Kingdom. He was a member of the Standing Committee of the 12th Shanghai Committee of the Chinese People's Political Consultative Conference of the People's Republic of China.

Dr. Chiu holds a Bachelor of Arts degree in Sociology and Economics from Trent University, Canada, and was conferred with the degree of Doctor of Social Sciences, *honoris causa* by Hong Kong Baptist University and the degree of Doctor of Laws, *honoris causa* by Trent University, Canada.

It is proposed that Dr. Chiu will enter into an appointment letter with the Company for a term of three years commencing upon Completion, his appointment can be terminated by either party giving to the other not less than one month's notice in writing and Dr. Chiu will be subject to retirement by rotation in accordance with the Articles of Association of the Company and Listing Rules. Dr. Chiu will not receive additional remuneration from the Company to act as the non-executive Director.

Dr. Chiu was a director of Best Partner Resources Limited ("**Best Partner**") (a company incorporated in Hong Kong for engaging in the food court business in Hong Kong and owned as to 30% by Cheung Kong (Holdings) Limited) for the period from December 2001 to July 2004. Best Partner was put into liquidation by a petition presented by its creditor on 27 September 2004. The amount involved was HK$1,284,654.20 plus interest and costs and a winding-up order was made by the Court on 10 November 2004. Dr. Chiu had resigned as a Director of Best Partner before commencement of the winding up proceeding and he did not take part in any matters giving rise to the winding up. Best Partner was dissolved on 20 November 2009.

Save as disclosed in this Circular, Dr. Chiu has confirmed that he (i) did not hold any directorship in any other listed public company in Hong Kong or overseas during the past three years; (ii) has not held any positions with any member of the Group; and (iii) does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company. In addition, as at the date of this Circular, Dr. Chiu does not have any interest in the shares or underlying shares of the Company within the meaning of Part XV of the SFO.

The Board is not aware of any other matters or information that need to be brought to the attention of the Shareholders or to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules in relation to the proposed election of Dr. Chiu as a Director.

MR. RAJEEV KANNAN

Mr. Rajeev Kannan, aged 49, is and has been the Managing Executive Officer of Sumitomo Mitsui Banking Corporation (SMBC) since 1 April 2020. Mr. Kannan is also the Deputy Head of Asia Pacific Division as well as General Manager, Corporate Banking, Asia Pacific Division.

Mr. Kannan is responsible for all Corporate Banking activities in Asia Pacific Division while also overseeing various wholesale and investment banking products including Infrastructure & Project Finance, Principal Investments, M&A and Sponsor Finance, Loan Capital Markets and Securitisation. Mr. Kannan also sits on the Asia Pacific ALM committee as well as Risk committee. Mr. Kannan is also a member of Board of Directors of Clifford Capital Pte Ltd, Pierfront Capital Pte Ltd, and ARA Asset Management Limited.

Mr. Kannan has over 25 years of investment banking, emerging market investing and energy & infrastructure sector experience globally. Mr. Kannan joined SMBC in 1997 and had various responsibilities in Singapore before moving to Tokyo in 2012.

Prior to his current role, Mr. Kannan was Executive Officer and Head of Investment Banking, Asia Pacific where he was directly responsible for the various wholesale and investment banking products from May 2016 to March 2020.

Previously he was Executive Officer & General Manager, Global Structured Finance based in Tokyo headquarters of SMBC, responsible for Structured Finance business in Japan from May 2012 to April 2016. Mr. Kannan moved to Tokyo in April 2012 as General Manager of Project & Export Finance Department and was promoted to the corporate title of Executive Officer in April 2015. Mr. Kannan was first non-Japanese Executive Officer/General Manager to be based in SMBC's head office. Mr. Kannan started his career at ICICI Bank in Mumbai in 1994 after obtaining a master's degree in management and engineering from Birla Institute of Technology & Science (BITS), Pilani in India.

Mr. Kannan was conferred the Institute of Banking and Finance (IBF) Distinguished Fellow Award in 2019. He was also listed in the 2015 Nikkei Business Magazine as one of the Top 100 persons to have a significant influence on Japan. Mr. Kannan is also thought-leader and is regularly invited to speak at conferences and seminars on infrastructure investing, Japanese markets and energy sector.

It is proposed that Mr. Kannan will enter into an appointment letter with the Company for a term of three years commencing upon Completion, his appointment can be terminated by either party giving to the other not less than one month's notice in writing and Mr. Kannan will be subject to retirement by rotation in accordance with the Articles of Association of the Company and Listing Rules. Mr. Kannan will not receive additional remuneration from the Company to act as the non-executive Director.

Save as disclosed in this Circular, Mr. Kannan has confirmed that he (i) did not hold any directorship in any other listed public company in Hong Kong or overseas during the past three years; (ii) has not held any positions with any member of the Group; and (iii) does not have any relationship with any Director, senior management, substantial shareholder or controlling shareholder of the Company. In addition, as of the date of this Circular, Mr. Kannan does not have any interest in the shares or underlying shares of the Company within the meaning of Part XV of the SFO.

The Board is not aware of any other matters or information that need to be brought to the attention of the Shareholders or to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules in relation to the proposed election of Mr. Kannan as a Director.

1. RESPONSIBILITY STATEMENT

This Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this Circular misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company comprised of 3,053,546,847 fully paid Shares.

Subject to the passing of the proposed resolution for the approval of the Specific Mandate, up to an aggregate of 1,422,587,427 fully paid Shares will be issued by the Company to the Sellers, the Consideration Recipients and SMBC pursuant to the Acquisition Agreement (including the SMBC Subscription).

3. INTERESTS OF DIRECTORS

3.1 Interests in shares, underlying shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the "**Model Code**") to be notified to the Company and the Stock Exchange, were as follows:

Name of Director	Capacity/nature of interest	Number of Shares held[(1)]	Approximate percentage of shareholdings
Mr Jinchu Shen	Interest of controlled corporations[(2)]	319,658,645 (L)[(3)]	10.5%
Mr Stuart Gibson	Interest of controlled corporations[(4)]	453,272,219 (L)[(5)]	14.8%
	Interest of spouse	73,000 (L)	0.00%
		453,345,219 (L)	14.8%
Mr Charles Alexander Portes	Interest of controlled corporations[(4)]	453,272,219 (L)[(5)]	14.8%

Notes:

1. The Letter "L" denotes the long position in the Shares.

2. Laurels Capital Investments Limited is wholly owned by The Shen Trust. In respect of The Shen Trust, the settlor is Rosy Fortune Limited (the sole shareholder of which is Mr Jinchu Shen). Mr Jinchu Shen has a deemed interest under the SFO in the Shares held by The Shen Trust solely in his capacity as the sole shareholder of the settlor of The Shen Trust.

3. Inclusive of the interest in 7,799,856 Shares underlying the share options pursuant to the Tier 1 ESOP.

4. Redwood Investment Company, Ltd. is owned as to 42.0% and 58.0% by Kurmasana Holdings, LLC and Redwood Investor (Cayman) Ltd., respectively, of which Kurmasana Holdings, LLC is wholly owned by Redwood Investor (Cayman) Ltd. and the voting rights of Redwood Investor (Cayman) Ltd. are controlled as to 50% and 50% by Mr Charles Alexander Portes and Mr Stuart Gibson, respectively. Hence, each of Mr Charles Alexander Portes, Mr Stuart Gibson, Redwood Investor (Cayman) Ltd. and Kurmasana Holdings, LLC will be deemed to be interested in the Shares held by Redwood Investment Company, Ltd.. Redwood Consulting (Cayman) Limited is owned as to 50.0% and 50.0% by Mr Charles Alexander Portes and Mr Stuart Gibson, respectively. Hence each of Mr Charles Alexander Portes and Mr Stuart Gibson are deemed to be interested in Shares held by Redwood Consulting (Cayman) Limited.

5. Inclusive of the interest in 16,899,687 Shares underlying the share options pursuant to the Tier 1 ESOP.

Save as disclosed in this Circular, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to Section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

3.2 Interests in assets, contracts or arrangements of the Group

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group or the ARA Group since 31 December 2020, being the date to which the latest published audited accounts of the Group were made up.

Except for the termination agreement to the Consultancy Agreement as disclosed in the section headed "*7. Termination of the Consultancy Services Agreement with Warburg Pincus*", as at the Latest Practicable Date, there was no contract or arrangement subsisting in which any of the Directors was materially interested and which was significant in relation to the businesses of the Group or of the ARA Group taken as a whole.

3.3 Interests in Competing Businesses

As at the Latest Practicable Date, the interests of Directors in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group (the "**Competing Businesses**"), as required to be disclosed pursuant to the Listing Rules, were as follows:

(a) Mr. Perlman, a non-executive Director is an employee of Warburg Pincus Private Equity X, L.P. (a substantial shareholder of the Company up to 27 November 2020 and which will become a substantial shareholder again on Completion) and its affiliates, which have other investments in the real-estate sector in APAC, some of which may have business overlaps and potentially compete with the Company. In connection with his employment, he may hold directorships in such businesses.

(b) Mr. Perlman, is a non-executive Director of ARA. The ARA Group raises, manages and advises public and private investment funds that invest across traditional real estate assets, real estate credit and infrastructure and New Economy. An overview of ARA's business is set out in the section headed "*12. Overview of the ARA Group*" in the Letter from the Board.

As at the Latest Practicable Date, save as disclosed above, none of the Directors or their respective close associates (as if each of them was treated as a controlling shareholder under Rule 8.10 of the Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

4. SUBSTANTIAL SHAREHOLDERS' INTEREST IN SECURITIES

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons had an interest in the Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

Name of Shareholder	Capacity/nature of interest	Number of Shares held[(1)]	Approximate percentage of shareholdings
OMERS Administration Corporation	Beneficial owner	456,221,943 (L)	14.9%
Mr Stuart Gibson	Interest of controlled corporations and interest of spouse[(2)]	453,345,219 (L)	14.8%
Mr Charles Alexander Portes	Interest of controlled corporations[(2)]	453,272,219 (L)	14.8%
Redwood Investor (Cayman) Limited	Interest of controlled corporations[(2)]	420,521,337 (L)	13.8%

Name of Shareholder	Capacity/nature of interest	Number of Shares held[1]	Approximate percentage of shareholdings
Kurmasana Holdings, LLC	Interest of controlled corporation[2]	420,521,337 (L)	13.8%
Redwood Investment Co., Limited	Beneficial owner[2]	420,521,337 (L)	13.8%
Mr Jinchu Shen	Interest of controlled corporation[3]	319,658,645 (L)	10.5%
Rosy Fortune Limited	Founder of a discretionary trust[3]	319,658,645 (L)	10.5%
Tricor Equity Trustee Limited	Trustee[3]	319,658,645 (L)	10.5%
Laurels Capital Investments Limited	Beneficial owner[3]	319,658,645 (L)	10.5%
Mr Qiangdong Liu	Beneficiary of a trust (other than a discretionary interest)[4]	213,821,461 (L)	7.0%
Max Smart Limited	Interest of controlled corporation[4]	213,821,461 (L)	7.0%
JD.com, Inc.	Interest of controlled corporation[4]	213,821,461 (L)	7.0%
Jingdong Technology Group Corporation	Interest of controlled corporation[4]	213,821,461 (L)	7.0%
UBS Trustees (B.V.I.) Limited	Trustee[4]	213,821,461 (L)	7.0%
JD Property Holding Limited	Beneficial owner[4]	213,821,461 (L)	7.0%
Stichting Depositary APG Strategic Real Estate Pool	Depositary[5]	211,057,897 (L)	6.9%
APG Asset Management N.V.	Investment Manager[5]	211,057,897 (L)	6.9%
APG Groep N.V.	Investment Manager[5]	211,057,897 (L)	6.9%
Stichting Pensioenfonds ABP	Investment Manager[5]	211,057,897 (L)	6.9%
SK Inc	Beneficial owner	196,539,292 (L)	6.4%
GIC Private Limited	Investment Manager	184,088,345 (L)	6.0%
Lazard Asset Management LLC	Investment Manager	155,950,263 (L)	5.1%

Notes:

1. The letter "L" denotes the long position in the Shares.

2. As at the Latest Practicable Date, 420,521,337 Shares was held by Redwood. Redwood is owned as to 42.0% and 58.0% by Kurmasana Holdings, LLC and Redwood Investor (Cayman) Limited, respectively, of which Kurmasana Holdings, LLC is wholly owned by Redwood Investor (Cayman) Limited and the voting rights of Redwood Investor (Cayman) Limited are controlled as to 50% and 50% by Mr Charles Alexander Portes and Mr Stuart Gibson, respectively. Hence, each of Mr Charles Alexander Portes, Mr Stuart Gibson, Redwood Investor (Cayman) Limited and Kurmasana Holdings, LLC are deemed to be interested in the Shares held by Redwood. Besides, as at the Latest Practicable Date, 32,750,882 Shares (inclusive of the interest in 16,899,687 Shares underlying the share options pursuant to the Tier 1 ESOP) were held by Redwood Consulting (Cayman) Limited ("**Redwood Consulting**") as the beneficial owner.

   Redwood Consulting is owned as to 50.0% and 50.0% by Mr Charles Alexander Portes and Mr Stuart Gibson, respectively. Hence each of Mr Charles Alexander Portes and Mr Stuart Gibson are deemed to be interested in Shares held by Redwood Consulting.

3. Laurels is wholly owned by The Shen Trust. The settlor of The Shen Trust is Rosy Fortune Limited, the sole shareholder of which is Mr Jinchu Shen. The trustee of The Shen Trust is Tricor Equity Trustee Limited. Rosy Fortune Limited has a deemed interest under the SFO in the Shares held by The Shen Trust in its capacity as settlor of The Shen Trust, Mr Jinchu Shen has a deemed interest under the SFO in the Shares held by The Shen Trust solely in his capacity as the sole shareholder of the settlor of The Shen Trust and Tricor Equity Trustee Limited has a deemed interest under the SFO in the Shares held by The Shen Trust in its capacity as trustee of The Shen Trust. As at the Latest Practicable Date, 319,658,645 Shares (inclusive of the interest in 7,799,856 Shares underlying the share options pursuant to the Tier 1 ESOP) were held by Laurels as the beneficial owner.

4. Jingdong is a wholly owned subsidiary of Jingdong Technology Group Corporation. Jingdong Technology Group Corporation is a wholly owned subsidiary of JD.com, Inc., a company incorporated in the Cayman Islands with limited liability and whose shares are listed on the NASDAQ (stock symbol: JD) and the Main Board of the Stock Exchange (stock code: 9618). Max Smart Limited, a BVI company beneficially owned by Mr Richard Qiangdong Liu through a trust, owned 13.5% of the total outstanding ordinary shares and 72.9% of the total outstanding voting power of JD.com, Inc. as at 28 February 2021. Therefore, each of JD Logistics Holding Limited, Jingdong Technology Group Corporation, JD.com, Inc., Max Smart Limited and Mr Richard Qiangdong Liu is deemed to have beneficial ownership over the Shares held by Jingdong.

5. APG Asset Management N.V. ("**APG-AM**") is the investment manager of APG, which is the holder of the relevant Shares. APG-AM is wholly owned by APG Groep N.V., which is 92.16% owned by Stichting Pensioenfonds ABP, which is an investor in APG Strategic Real Estate Pool. Each of Stichting Pensioenfonds ABP, APG-AM and APG Groep N.V., are therefore deemed to be interested in the Shares held by APG.

Save as disclosed above, as at the Latest Practicable Date and so far as is known to any Director or chief executive of the Company, no other person had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or Proposed Directors had any existing or proposed service contracts with any member of the Group and/or the ARA Group (excluding contracts expiring or determinable by the relevant member of the Group and/or the ARA Group within one year without payment of compensation (other than statutory compensation)).

6. MATERIAL CONTRACTS

Save as disclosed below, no material contracts (not being a contract entered into in the ordinary course of business) have been entered into by members of the Group and/or of the ARA Group within the two years immediately preceding the Latest Practicable Date:

(i) the IPO implementation deed dated 18 October 2019 and entered into between (a) Laurels Capital Investments Limited; (b) WP OCIM One LLC; (c) Stichting Depositary APG Strategic Real Estate Pool as depositary of APG Strategic Real Estate Pool; (d) Redwood Investment Company, Ltd.; (e) Redwood Investor (Cayman) Ltd.; (f) Kurmasana Holdings, LLC; (g) the Company; (h) Redwood Consulting (Cayman) Ltd.; (i) Bohai Investment Holding Limited; (j) Luckfield Global Limited; (k) Emerald Ewood (Cayman) Limited; (l) SK Holdings Co., Ltd. (currently known as SK Inc.); (m) General Electric Pension Trust; (n) Stepstone A Opportunities Fund, L.P.; (o) Stepstone Rivas Private Equity Fund, L.P.; (p) Stepstone H Opportunities Fund, L.P.; (q) Stepstone AMP Opportunities Fund, L.P.; (r) Stepstone FSS Opportunities Fund, L.P.; (s) Jingdong Logistics Group Corporation; (t) Montsoreau Investment Limited; (u) Goldman Sachs Investments Holding (Asia) Limited; and (v) Jeffrey Jin Chu Shen (沈晉初) to set out the terms in relation to the implementation of the reorganisation of the Company and, if necessary, the unwind of the reorganisation of the Company;

(ii) the underwriting agreement dated 21 October 2019 relating to the Company's Hong Kong public offering and entered into among the Company, the joint sponsors, the joint global coordinators and the Hong Kong underwriters as disclosed in the prospectus of the Company dated 22 October 2019;

(iii) the underwriting agreement dated 25 October 2019 relating to the Company's international placing and entered into among the Company, the joint global coordinators (for themselves and on behalf of the international underwriters) and certain selling shareholders as disclosed in the prospectus of the Company dated 22 October 2019;

(iv) a cornerstone investment agreement dated 16 October 2019 entered into between the Company, OMERS, Deutsche Securities Asia Limited, CLSA Capital Markets Limited and Morgan Stanley Asia Limited, pursuant to which OMERS agreed to subscribe for a certain number of Shares upon completion of the Company's global offering and listing on the Stock Exchange in 2019 at HK$16.80 per Share;

(v) a Pre-IPO subscription investment agreement dated 30 March 2021 entered into between ARA and SMBC in connection with the subscription by SMBC for 168,372,041 ordinary shares for US$400 million in ARA;

(vi) a Pre-IPO subscription investment agreement dated 27 April 2021 entered into between ARA and New Horizon in connection with the subscription by New Horizon for 10,413,474 ordinary shares for US$24.74 million in ARA; and

(vii) the Acquisition Agreement (together with the amendment agreement to the Acquisition Agreement dated 24 August 2021 and the confirmation letter dated 12 October 2021), details of the Total Consideration are set out in "*2.4 Cash Consideration and Consideration Shares*" in the Letter from the Board.

7. MATERIAL LITIGATION

As at the Latest Practicable Date, no members of the Group and/or the ARA Group were engaged in any litigation of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group and/or the ARA Group.

8. EXPERTS

8.1 Qualification of experts

The following are the names and qualification of the experts who have given its opinion or advice which are contained in this Circular:

Name	Qualifications
Ernst & Young	Certified Public Accountants, Hong Kong
KPMG LLP	Public Accountants and Chartered Accountants, Singapore
Somerley Capital Limited	a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Jones Lang LaSalle Limited	Industry consultant

8.2 Interests of experts

As at the Latest Practicable Date, none of the above experts was interested in any securities of any member of the Group or of the ARA Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group or of the ARA Group, and none of the above experts had any direct or indirect interest in any assets which had been, since 31 December 2020 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by, or leased to, or were proposed to be acquired or disposed of by, or leased to, any member of the Group or of the ARA Group.

9. CONSENTS

Each of the above experts has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its opinion, letter and/or report and/or references to its name and/or opinion, letter and/or report in the form and context in which they respectively appear in this Circular.

10. MISCELLANEOUS

(i) The registered office of the Company is situated at c/o Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9008, Cayman Islands and the headquarters and principal place of business in Hong Kong is situated at 2406–07 Man Yee Building, 68 Des Voeux Road Central, Hong Kong.

(ii) The Company's Hong Kong share registrar and transfer office is Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(iii) The Company's principal share registrar and transfer office is Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

(iv) The company secretary of the Company is Mr. Richard Kin-sing Lee. Mr. Lee is a solicitor of the High Court of the Hong Kong Special Administrative Region and a non-practising solicitor of the Supreme Court of England and Wales.

(v) The English text of this Circular shall prevail over the Chinese text in the event of any inconsistency.

11. DOCUMENTS ON DISPLAY

The following documents will be available on (i) the website of the Company (www.esr.com) and (ii) the website of the Stock Exchange (www.hkex.com) during the period of 14 days from the date of this Circular:

(i) the Acquisition Agreement, the amendment agreement to the Acquisition Agreement dated 24 August 2021 and the confirmation letter dated 12 October 2021;

(ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which is set out in this Circular;

(iii) the accountant's report on the ARA Group for each of the financial years ended 31 December 2018, 2019 and 2020 and the six months ended 30 June 2021 from KPMG LLP, Singapore, the text of which is set out in Appendix II to this Circular;

(iv) the report from Ernst & Young in relation to the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this Circular;

(v) the JLL Market Report; and

(vi) the written consents referred to in the section headed "*9. Consents*" in this Appendix.

ESR CAYMAN LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1821)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**Meeting**") of ESR Cayman Limited (the "**Company**") will be held at Four Seasons Grand Ballroom, Four Seasons Hotel, 8 Finance Street, Central, Hong Kong on Wednesday, 3 November 2021 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendment the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**:

   (a) the Acquisition Agreement (a copy of which is marked "**A**" and initialled by the chairman of the EGM for the purpose of identification) dated 4 August 2021 (and as amended on 24 August 2021) and the Proposed Transaction contemplated thereunder, as more particularly described in the circular issued by the Company on 18 October 2021 (the "**Circular**", a copy of which is marked "**B**" and initialled by the chairman of EGM for the purpose of identification), which constitutes a major and connected transaction under the Listing Rules, be and are hereby approved, confirmed and ratified;

   (b) the Directors be and are hereby granted the Specific Mandate to exercise the powers of the Company to allot and issue the Consideration Shares, the SMBC Subscription Shares and (if the Company elects to make the Cash Consideration Adjustment) the Shares pursuant to the Permitted Issuance, pursuant to the terms and conditions of the Acquisition Agreement; and

   (c) the Directors, acting collectively and individually, be and are hereby authorised to take all such steps, do all such acts and things and to sign, execute, seal (where required) and deliver all such documents which he/she may in his/her absolute discretion, consider necessary, appropriate, desirable or expedient in connection with or to implement or give effect to the above resolution and all of the transactions contemplated thereunder."

2. "**THAT**, subject to the passing of resolution 1 above and conditional upon the Completion of the Proposed Transaction, Mr. Lim Hwee Chiang (John) be elected as a non-executive Director."

3. "**THAT**, subject to the passing of resolution 1 above and conditional upon the Completion of the Proposed Transaction, Dr. CHIU Kwok Hung, Justin be elected as a non-executive Director."

4. "**THAT**, subject to the passing of resolution 1 above and conditional upon the Completion of the Proposed Transaction, Mr. Rajeev Kannan be elected as a non-executive Director."

By Order of the Board
ESR Cayman Limited
Jinchu Shen
Director

Hong Kong, 18 October 2021

Registered Office
c/o Walkers Corporate Limited
190 Elgin Avenue
George Town
Grand Cayman, KY1-9008
Cayman Islands

Headquarters and principal place of business in Hong Kong
2406-07 Man Yee Building
68 Des Voeux Road Central
Hong Kong

Notes:

1. Capitalised terms used in this notice shall have the same meanings as defined in the Circular, unless the context requires otherwise.

2. Any Shareholder entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and vote instead of him. A Shareholder who is the holder of two or more Shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a Shareholder.

3. All resolutions at the EGM will be taken by way of poll pursuant to the Listing Rules and the results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.

4. In order to be valid, a form of proxy and the power of attorney (if any) or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the EGM or any adjournment thereof.

5. For determining the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 29 October 2021 to Wednesday, 3 November 2021, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the right to attend and vote at the EGM, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 28 October 2021.

6. Delivery of the form of proxy will not preclude a Shareholder from attending and voting in person at the EGM and in such event, the form of proxy shall be deemed to be revoked.

7. In the case of joint registered holders of any Share, any one of such joint registered holders may vote at the EGM, 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 registered holders be present at the EGM, the vote of the senior who tenders a vote either personally or by proxy shall be accepted to the exclusion of the votes of the other joint registered holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

8. PRECAUTIONARY MEASURES FOR THE EGM

   Please refer to the Circular for the measures being taken to prevent and control the spread of the Novel Coronavirus 2019 (COVID-19) at the EGM, including:

   - compulsory temperature checks and health declarations;

   - recommended wearing of surgical face masks; and

   - no distribution of corporate gifts and refreshments.

   Any person who does not comply with the precautionary measures may be denied entry into the EGM venue. Attendees of the EGM should wear face masks at all times at the EGM venue and the Company reminds Shareholders that they may appoint the chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM as an alternative to attending the EGM in person.

9. References to time and dates in this notice are to Hong Kong time and dates.

As at the date of this notice, the Board of Directors of the Company comprises Mr. Jinchu Shen and Mr. Stuart Gibson as Executive Directors, Mr. Jeffrey David Perlman as the Chairman and Non-executive Director, Mr. Charles Alexander Portes, Mr. Wei Hu and Mr. David Alasdair William Matheson as Non-executive Directors, Mr. Brett Harold Krause, The Right Honourable Sir Hugo George William Swire, KCMG, Mr. Simon James McDonald, Ms. Jingsheng Liu and Mr. Robin Tom Holdsworth as Independent Non-executive Directors.