12 May 2016

The Manager
ASX Market Announcements
Australian Securities Exchange
Exchange Centre
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Arowana Australasian Value Opportunities Fund Limited
Investor Presentation

Arowana Australasian Value Opportunities Fund Limited (ASX: AWQ) is pleased to update its current Investor Presentation, a copy of which is attached.

On behalf of the Board of AWQ

Tom Bloomfield
Company Secretary

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AROWANA AUSTRALASIAN VALUE OPPORTUNITIES FUND LIMITED

(“AAVOF”)

Investor Presentation

May 2016

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References to ‘normalised’ information are to non-IFRS financial information.

Non-IFRS financial information has not been subject to audit or review.

TOPICS FOR DISCUSSION

1. About AAVOF
2. Performance
3. Investment Approach
4. Investment Portfolio
5. Team, Sponsor & Communication
6. Investment Opportunities
7. Why AAVOF?
8. Appendix

AAVOF: LISTED INVESTMENT COMPANY

- Quoted on 5 Jan 2015
- Comprised of ordinary share and free option
  - Starting NTA (pre tax) of A$0.97
- Deep research methodology
- Absolute return mindset
- Concentrated portfolio
- Investment universe:
  - Australian listed securities
  - Up to 25% ex-Australia with ability to hedge to this level
- Dividends – target payout ratio 70% - 100%
- Strong returns to date

AAVOF overview	
Shares (Ticker)	AWQ
Share Price[1]	A$1.05
NTA (pre tax) 30 April 2016	A$1.08
NTA (diluted pre tax) 30 April 2016	A$1.03
Mkt cap (A$m)[1]	A$50.6m
Dividend intention (30 June 2016)[2]	3c/share
Options (Ticker)	AWQO
Options Price[1]	A$0.03
Options (Strike)	A$0.98
Options (Expiry)[3]	30 June 2016

1. Last close as at 11 May 2016
2. Final dividend and franking level yet to be declared but likely to be 3 cents and less than 50% franked.
3. New shares issued in respect of options will be entitled to any dividend declared

AAVOF CORE OBJECTIVES

Strong Performance

10.01% net return last 12 months[1]

High Payout Ratio

70%-100% payout ratio[2]

Dividend Yield

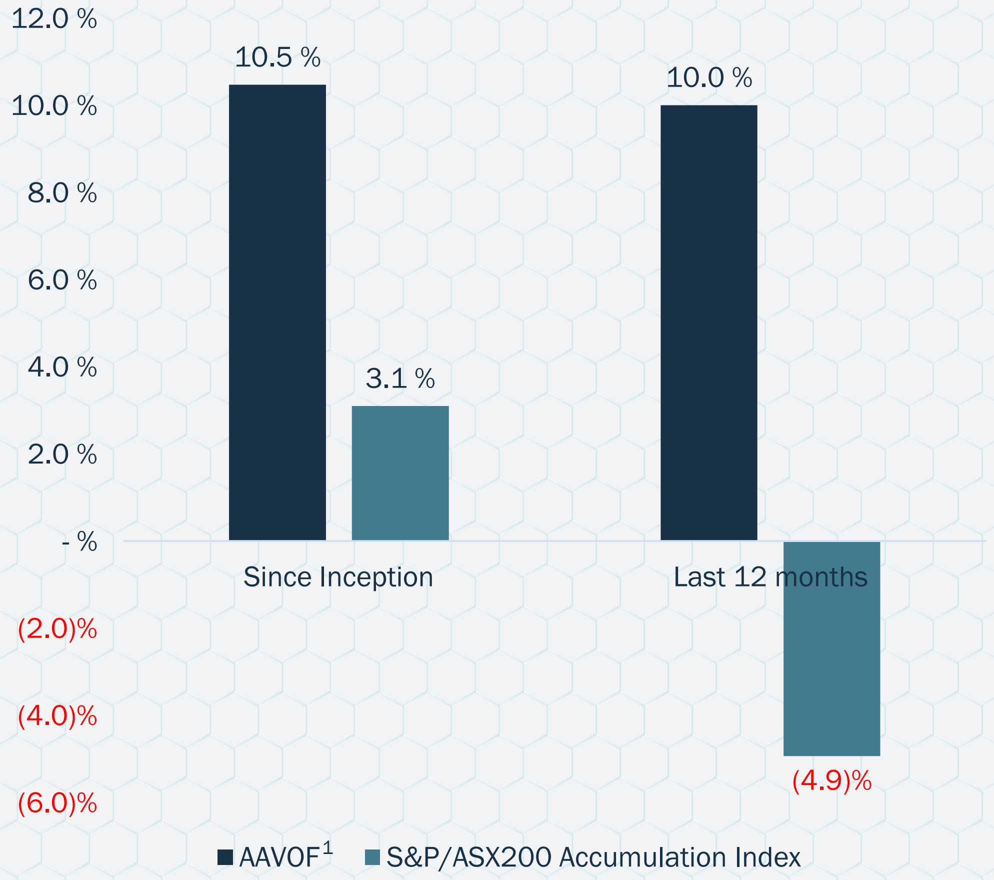
Pro forma yield 5.7%[3]

Sustainability

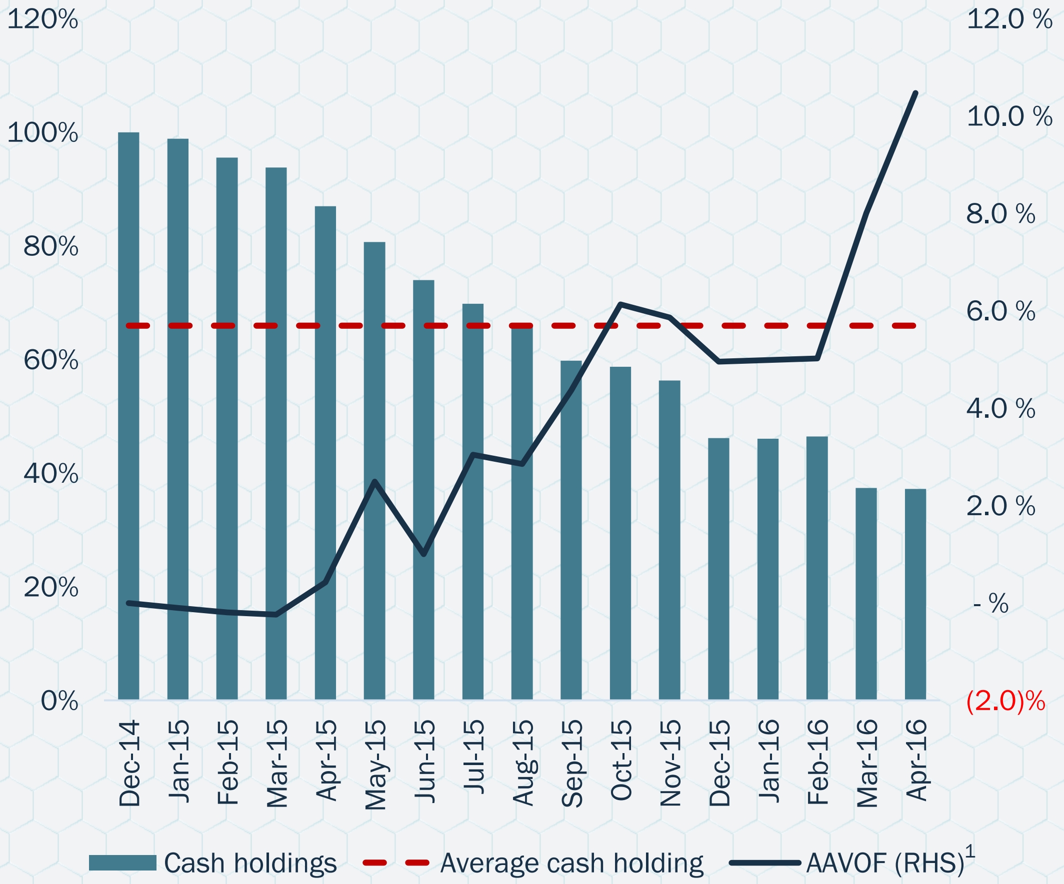
1. As at 30 April 2016; net return after all fees and other costs and before providing for estimated tax on unrealised gains
2. Policy of distributing 70%-100% of post tax income as dividends
3. Annualised yield based off projected 3 cent per share dividend for half year ending 30 June 2016 and stock price of $1.05 as at 30 April 2016; franking for maiden dividend likely to be lower than 50% owing to many portfolio gains being unrealised at this juncture

BETTER RETURNS...

Significant outperformance since inception...



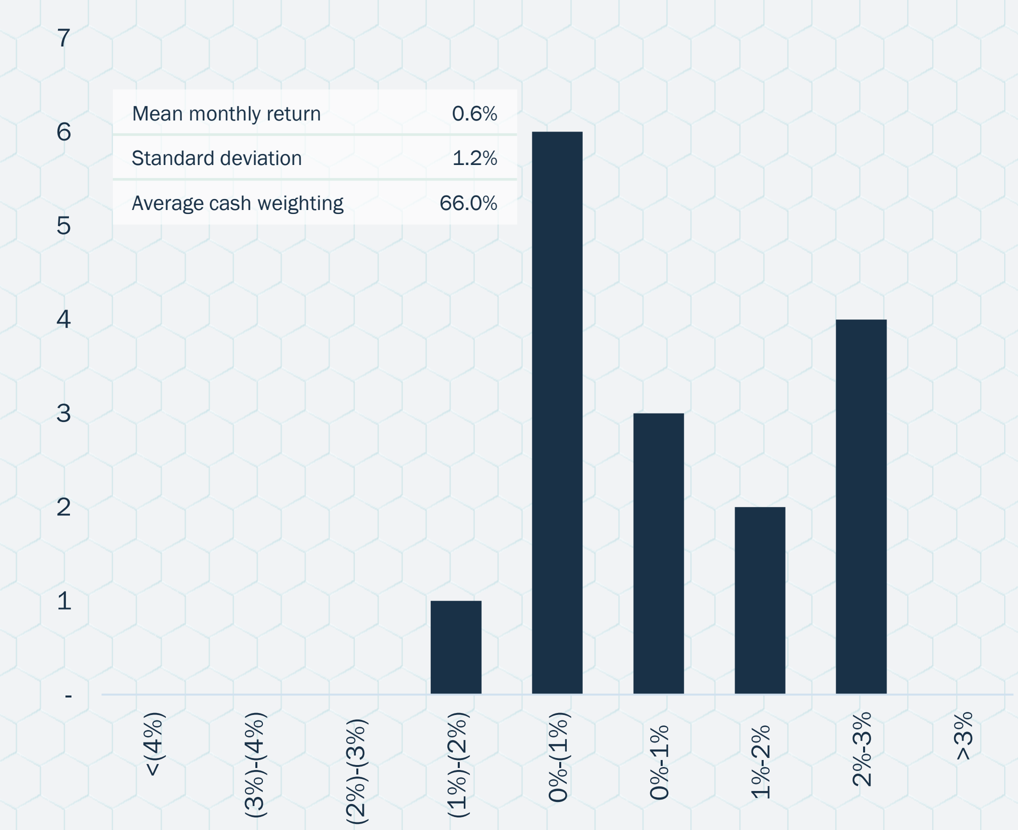
...despite average cash level of 66% since inception



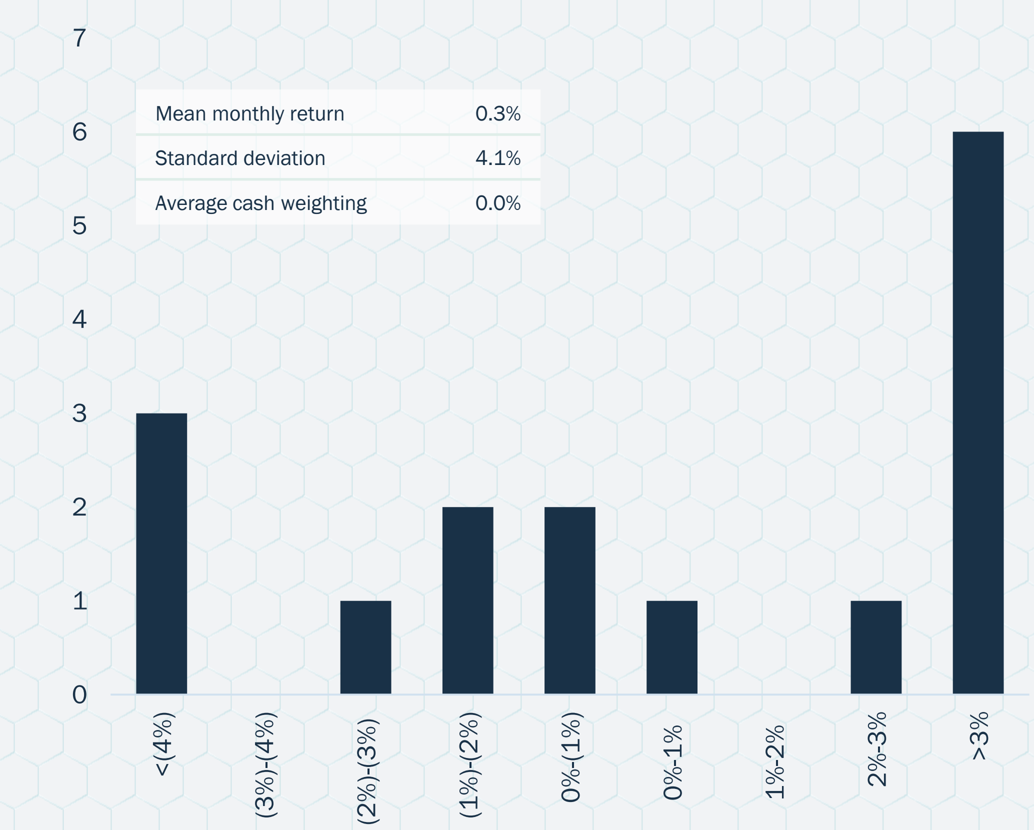
1. Net return after all fees and other costs and before providing for estimated tax on unrealised gains

....LOWER DISPERSION AND VOLATILITY

Monthly return distribution since Inception AAVOF*



Monthly return distribution S&P/ASX 200 Accumulation Index



* Net return after all fees and other costs and before providing for estimated tax on unrealised gains

CORE FOCUS OF OUR INVESTMENT PROCESS IS FINDING IDIOSYNCRATIC STOCKS WITH STRONG UPSIDE ASYMMETRY

IDEA GENERATION

- Novel chart screens which overlay fundamental data with stock price over varying periods of time
- Core requirement is identification of market inefficiency or mispricing

HYPOTHESIS TESTING

- Scientific approach; avoiding confirmation and other biases in process
- Testing nulls/counter factual

MOSAIC BUILDING

- Build sector knowledge
- Global perspective
- Multiple contact points
- Proprietary research

FRAMING & RETESTING

- Refine hypothesis
- Explore nulls/opposite views
- Explore modifications

PROPRIETARY DATA

- Identify areas of critical data
- Acquire key high frequency data

QUANTIFICATION

- Derivation of upside/downside
- Worked through revenue, cost structure, operating and financial leverage

SIZING & IMPLEMENTATION

- Asymmetry: what is risk reward payoff
- Appropriate position sizing
- Execution

MONITOR & EXIT

- Monitor thesis and data
- Guard against thesis drift
- Update price target for new data
- Exit on drift or change in asymmetry

ERROR ANALYSIS & LEARNING

- Review why any new key data wasn't learned in primary research phase
- Feedback lessons learned into process
- **Critical part of process to avoid left tails**

IDEA GENERATION SCREENING – HOW WE DO IT

- Peter Lynch in “One up on Wall Street” reproduced “chart screens”; charts of fundamental data, produced since 1933 by Securities Research Co for US listed stocks.
- Because a stock price is typically a derivative of earnings x valuation multiple, a stock price chart *on its own* gives you no useful information
- By adding fundamental data like earnings and valuation, you turn the chart into a rich tapestry of *fundamental* information across time

- Our proprietary charts use many more data fields (we run a series of these using an auto generation program)
- Once you can read the fundamentals on these charts, its possible to look through 200 stocks on a few key metrics in 15 minutes
- Key benefits:
  - Human brain processes images better than a sheet of numbers
  - We can see *cycles* in margins, sales growth and valuation. Our screens become *dynamic*
  - We can see “cheap” stocks on earnings measures – and if these situations historically correct or persist for long periods of time

- Many of our largest winners to date have had limited research, no research or negative recommendations from sell side firms
- **Our returns are highly uncorrelated to the general market because we generate most of our own ideas**

IDEA GENERATION – AND CORRELATION: MOST ANALYSTS (BUY AND SELL SIDE) TEND TO LAG

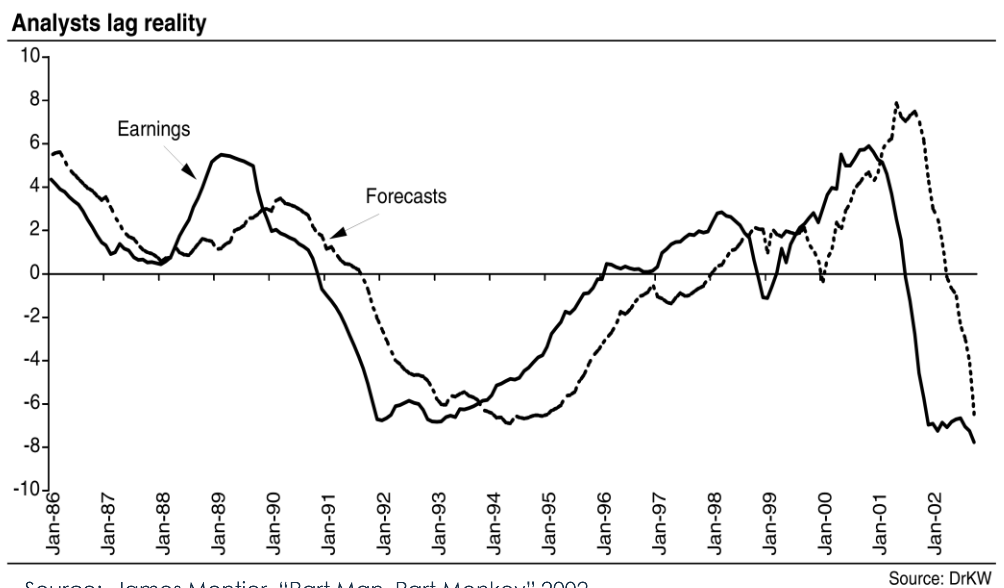
There is danger in being too dependent upon others for your investment ideas

Equity research

Investors buy these stocks

Investors have large cross over holdings

Correlation ensues



Source: James Montier, "Part Man, Part Monkey" 2002

CORE ELEMENTS OF OUR PROCESS: SCIENTIFIC APPROACH TO HYPOTHESIS TESTING

- A typical investment firm formulates an investment hypothesis and then validates in a positively deterministic fashion the key drivers. A typical hypothesis might be:

  1. Woolworths has high margins
  2. Therefore Woolworths is a good company and enjoys a wide economic moat
     - This might be tested by looking at historical margins, market share, history of food inflation and valuation

- This is a deeply flawed approach on several counts:
  - We *always* have imperfect and incomplete data; and it *changes* with time. So by focusing *just* on Woolworths we are missing the dynamic of the *Mosaic*
  - All systems are *dynamic*. Rising margins at a point almost always *cause* greater competition. Often rising margins are not an economic moat, more a manifestation of a company struggling for growth and generating it via price, not volume change
  - Logic framing is a critical part of hypothesis development and it is an iterative process

- Scientific hypothesis testing teaches us we *cannot prove* a hypothesis. We can only disprove null hypotheses. As we do this repeatedly the hypothesis becomes more robust and our knowledge of the sector becomes much deeper

- The typical approach focuses on the known. Implicitly it assumes a sample of data is the population of data
  - The scientific approach explicitly acknowledges the existence of the unknown. It forces us to continue to search for relevant data

- **Best known example of the critical difference in approach here is Juvenal's "Black Swan"**

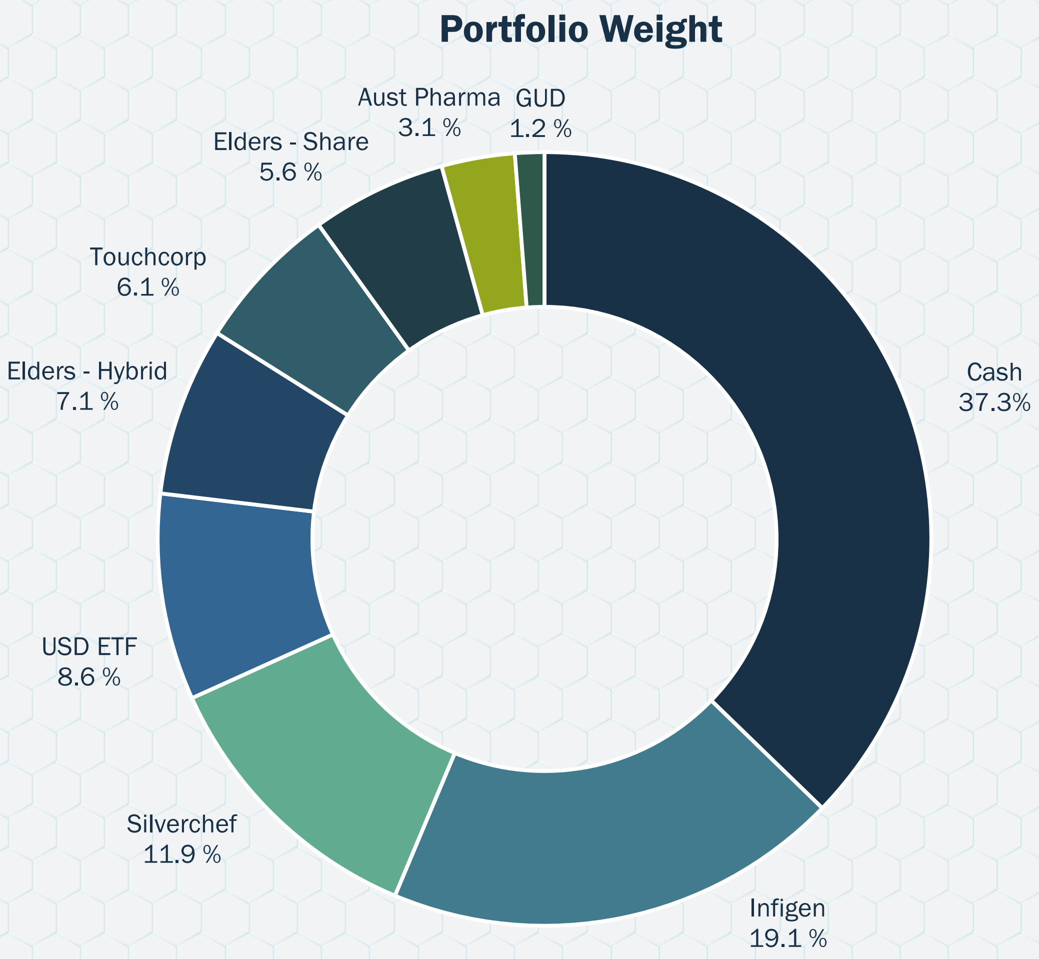
CORE ELEMENTS OF OUR PROCESS: THE MOSAIC

- Because we have imperfect information, narrow consideration of a situation is dangerous, e.g.:
  - Perhaps your investment hypothesis is a single tile in the Mosaic showing a strong animal (e.g., figuratively, a traditional supermarket with high margins)
  - If you don't consider more widely, you ignore new sources of competition. The most dangerous competition always comes from outside a company's core vertical (E.g. internet vs newspapers, Apple vs Swatch)
- By relentlessly researching different aspects that affect a hypothesis (formulating, and then testing nulls), we strengthen our sector knowledge and gain deep understanding of what causes some companies' earnings to grow and others to decline in a particular sector
- We get closer to the full picture of what is going on. Loss rate and size should decline; win rate and ability to size should increase

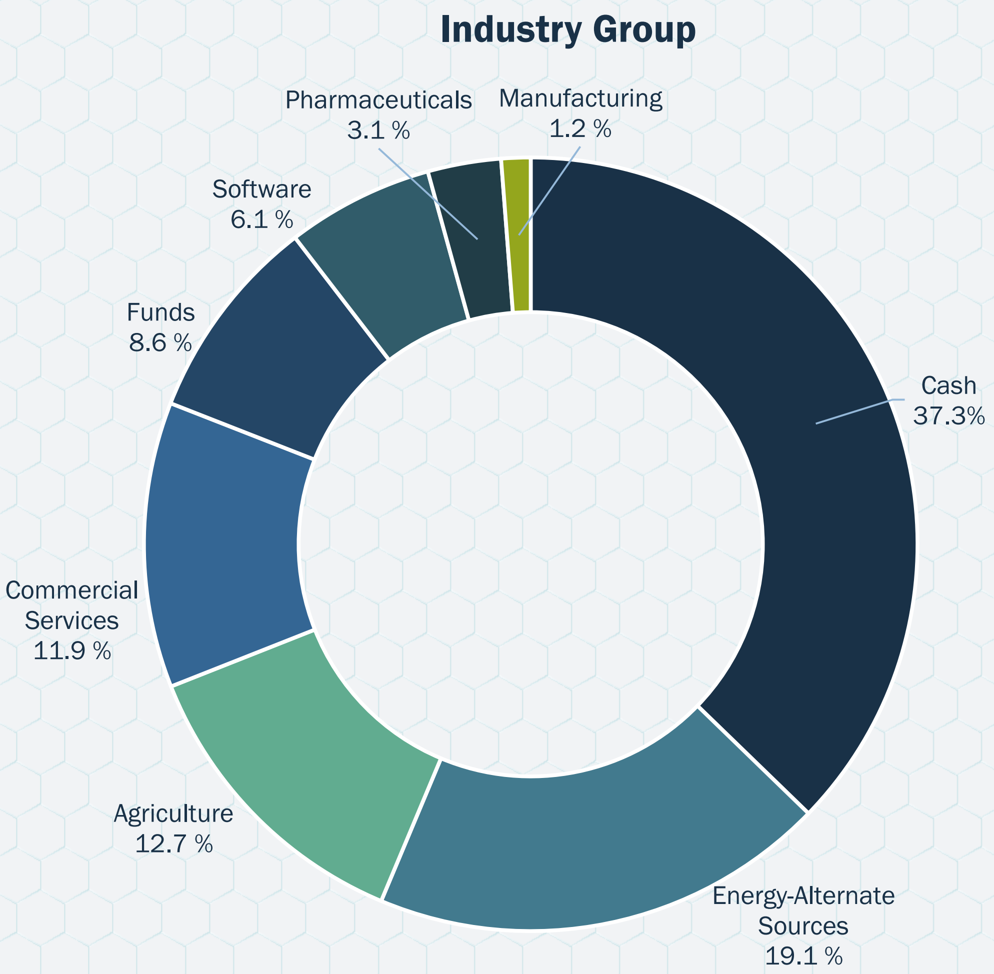
Part of the picture

The whole picture

PORTFOLIO AT 30 APRIL 2016



Total = $51.9m



Total = $51.9m

TEAM BACKGROUND

Gary Hui
(CIO / Lead Analyst)

- CIO since inception of AWQ
- 7 years Indus Capital (Asian / global hedge fund)
- 8 years J.P. Morgan (Proprietary Trading, ECM and M&A)
- 5 years Deloitte (corporate finance, audit)

Kevin Chin
(Investment Committee)

- Founder & Managing Director of Arowana & Co
- PM of predecessor fund, AVOF and CIO of ASX listed Asian Masters Fund (Dec 07 – Dec 09)
- Former experience includes J.P. Morgan, Deloitte, Ord Minnett, PWC

Ben Wolrige
(Analyst)

- Analyst since May 2015
- 3 years Corality Financial Group (specialist infrastructure modeling)
- 2 years VGI Partners (global hedge fund)

Kent Kwan
(Investment Committee)

- Kent previously served as CIO and COO of Arowana International
- Previously a small caps portfolio manager at J.P. Morgan with direct responsibility for over $1 billion in FUM

Conor Byrne
(Chief Operating Officer)

- COO since inception of AWQ
- 8 years as COO of Investors Mutual
- 9 years Treasury Group Investment Services

Benn Lim
(Joint Head - Distribution)

- IR & Bus. Dev. AWQ & AWN
- 9 years Financial Adviser at UBS WM
- 5 years Financial Adviser at Commonwealth Private

John Knights
(Joint Head - Distribution)

- IR & Bus. Dev. AWQ & AWN
- 17 years ECM Macquarie Bank
- 5 years ECM Evans & Partners

OVERVIEW OF AROWANA & CO. (“AROWANA”)

What is Arowana?

- A diversified investment group with operating subsidiaries and investments across Australia, New Zealand and Asia and listed vehicles on NASDAQ and the Australian Stock Exchange
- Our purpose is to grow enterprises, grow people and grow value
- Differentiated in that we know not just how to buy and sell businesses but we also know how to run, start, fix and grow them

Who is Arowana?

- Led by founder, Kevin Chin, who has experience in “hands on” strategic and operational management (having served as CEO, CFO and COO of various companies across a range of industries)
- Team offers a unique blend of investment banking, funds management, strategic and operational management, consulting, accounting, tax and legal capabilities
- Collective “hands on” experience encompasses more than a dozen industries

What is Arowana’s track record?

- Launched in January 2007, though a predecessor entity (led by Kevin Chin) has been practising its style of investing and operating since November 2004
- Since inception, Arowana has successfully navigated the global financial crisis and delivered annualised returns in excess of 30% to investors
- Arowana has also helped create over 1,000 new jobs across its various operating companies

What is Arowana’s modus operandi?

- The Arowana modus operandi is underpinned by an investment philosophy that is consistent across all of its investments and operations and based on fundamental value investing principles with an activist and ethical orientation
- Investment process encompasses detailed forensic due diligence, a very rigorous investment qualification process and a “dynamic value” approach to investment and operational management

INVESTOR COMMUNICATION

Quarterly Detailed Newsletters

Website
www.aavof.com

Quarterly Presentations

Blog: Stock Stories

Monthly NAV and Sector Weights

WHERE ARE THE INVESTMENT OPPORTUNITIES TODAY?

- No matter how bad the macro is, there are always undiscovered stocks waiting to be found
  - The onus is on us, as investors, to find them
- Relentless scrutiny of companies via ongoing monitoring is required
  - Sometimes a company's story changes…e.g. new management, sale of a poor division, new market entry, regulatory change, structural change
  - Many of our best performing positions have had little to no broker research coverage
- Change, especially structural change, throws up opportunities
  - And cash is like an option with no expiry…we believe our process works and thus cash facilitates greater opportunity capture given our bottom up investment process

EXPANDED FOOTPRINT DRIVES INCREASE IN OPPORTUNITY SET

Deep Research and Sector focused

- Perspective must be global or you will pay in higher error rate and miss money making opportunities
- E.g: Biggest competitive threats are typically outside a company's core vertical, e.g. internet vs newspapers
- Likewise biggest opportunities are found this way

Highly time intensive

- Always seek to understand an industry in time and across geography
- Necessarily involves examining all large companies in the industry, suppliers (esp. equipment) and customers
- Understand industry change through time…why do margins, earnings change
- Typically throws up multiple investable candidates

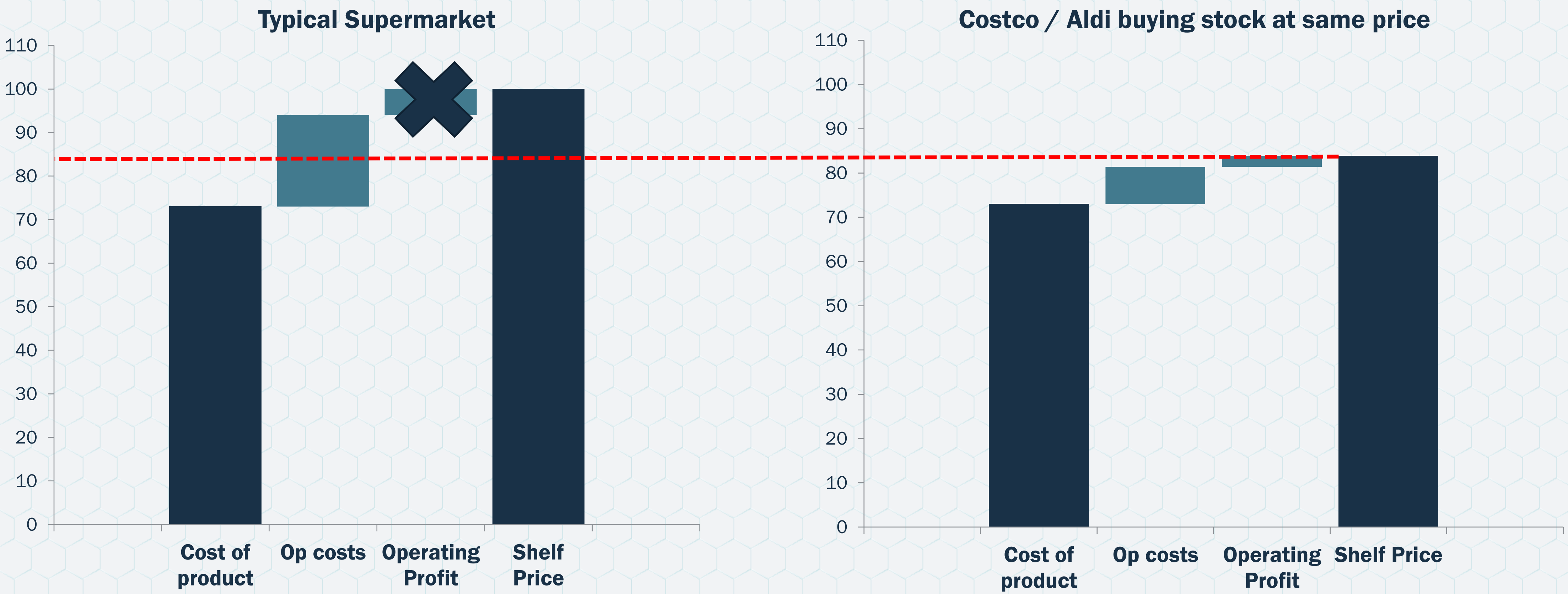
Our investment universe includes up to 25% Ex-Australian securities with an ability to hedge to that same level should it be deemed prudent

EXAMPLE OF A GLOBAL MOSAIC: FOOD RETAIL - WHY WAS IT SUCH A COMPELLING STRUCTURAL STORY?

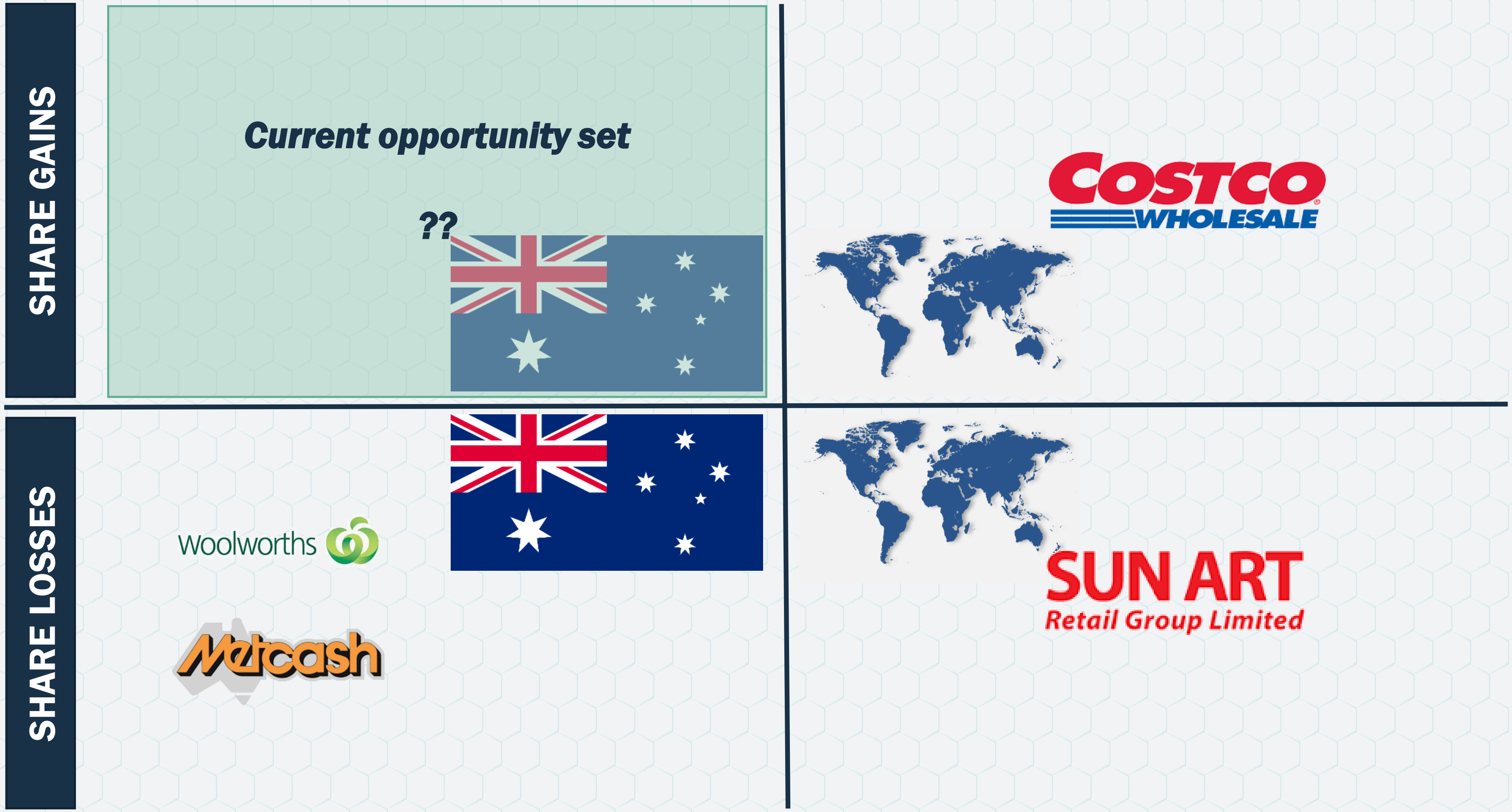
- New "deep and narrow discounting" formats have lower cost structures at lower sales volume. Costco and Aldi have operating costs <u>half</u> those of a typical supermarket. Example:
  - Typical supermarket has cash operating costs ~22% of sales, Costco[1] is at ~10%
  - Typical supermarket has gross margin of ~27%. Costco is at ~13%
- Costco stocks 1/10th the SKUs (stock keeping units) for a similar level of sales productivity. Handling costs, wastage are lower
  - Costco opening hours are shorter. Sales / square metre / hour of open time are much higher. Wages are lower on a $/sales basis even though per hour wages and benefits at Costco are higher than a typical supermarket
  - Purchasing costs are lower. Suppliers have less packaging and retooling costs
  - Lower wastage and handling costs
- Inexorable structural trend. "Deep narrow" offering models of Costco and Aldi cannot be stopped by a traditional supermarket model
  - Causes a redistribution of profits within the industry…away from incumbents and towards these newer models…still in play
  - Analogues to Costco and Aldi exist elsewhere, as do analogues to Metcash and Woolworths…

1. Costco is used as an example of the "deep and narrow" discounting model given it is listed and produces some very helpful data

HOW CAN A TRADITIONAL SUPERMARKET PRICE MATCH WHEN DOING SO WOULD WIPE OUT PROFIT?



A GLOBAL PERSPECTIVE PROVIDES BETTER UNDERSTANDING OF INDUSTRY DYNAMICS AND OPENS THE OPPORTUNITY SET



OTHER INDUSTRIES WITH SIMILAR OPPORTUNITY SET

Many examples. Typically looking for structural change or "self help" after turmoil

- Finance (fintech impact – WATCH THIS SPACE!)
- Wind (select operators and OEMs)
- Shoe / Apparel retail (online shift)
- Many others

By drilling into an industry in great depth, research effort becomes more efficient

- What you learn from one company helps pixelate what you know about the others
- Your goal is to get ahead of the street, which is where the real margin of safety comes from

WHY AAVOF?

Unique process yields strong performance

- Experienced team
- Deep research process
- Focus on risk asymmetry

Regular investor communication

- Monthly portfolio and NAV updates
- Quarterly detailed newsletters
- Quarterly investor presentations
- Website and blog

Period to 30 April 2016	AAVOF*	S&P/ASX 200 Accum	Over / (Under) Perform.
One Month	2.29%	3.37%	(1.08)%
Three Months	5.23%	6.35%	(1.13)%
Six Months	4.09%	2.56%	1.53%
One Year	10.01%	(4.93)%	14.94%
Since IPO (5 Jan 15)	10.48%	3.10 %	7.38%

High payout ratio

- 70% - 100% of post tax profits as dividends
- Linking yield to investment performance

Significant arbitrage opportunity available via Options

- NTA per share of $1.08
  - vs option strike of $0.98
- Price per share of $1.05
  - vs option strike of $0.98

*Net return after all fees and other costs and before providing for estimated tax on unrealised gains

Historical Case Study : Infigen Energy

26 February 2016

INFIGEN ENERGY ("INFIGEN")
HISTORICAL CASE STUDY AS PUBLISHED ON 26 FEBRUARY 2016

- Key portfolio addition for the period and the largest position of the fund
- Formerly Babcock & Brown Wind (BBW)
- Business struggled for years due largely to a challenged US subsidiary, which in late 2015 was sold
- Debt level is very large
  - No analyst coverage
  - Trading below replacement cost
  - Revenues now growing strongly, up 27% in 1H 2016
  - Cash flow capacity very strong
  - In our view, significant upside potential
  - Thesis details overleaf…

Infigen Energy overview	
Ticker	IFN
Price[1]	A$0.46
Mkt cap[1]	A$351m
P/E (FY17F)[2]	N/a
RoE (FY17F)[2]	N/a
Yield (FY17F)[2]	N/a
AWQ position size at cost[3]	13.2%

1. Last close as at 23 February 2016
2. Based on available Bloomberg consensus forecasts
3. As at 31 January 2016

INFIGEN STARTED LISTED LIFE JUST OVER 10 YEARS AGO…

Infigen listed on the ASX on 28th October 2005

- World's only listed pure play wind farm owner at IPO
- Initial asset portfolio 672 Megawatts (MW) installed capacity
- Framework pipeline of ~750MW available for acquisition from Babcock & Brown (BNB.AU)
- At the date of research initiation, valuation for FY2006F EV/EBITDA was 24.0x and FY2007F was 14.4x[1]
- Starting leverage was low at ~30% debt / enterprise value
- Spain, at IPO, was forecast to be the single largest adjusted revenue contributor[2]
- Over time the US assets came to be the largest part of the portfolio

The company was then known as Babcock & Brown Wind Partners (BBW.AU)

1. UBS initiation report dated 19 December 2005, valuation post management fees of 1.4% and not including Framework assets (equally not including the consideration for the framework assets)
2. Adj. revenue includes the contribution from equity accounted US assets as revenue

...INFIGEN – A LONG TIME IN THE WILDERNESS

- The credit crisis, underperforming assets and a complex U.S. tax equity structure contributed to a significant decline in market value
- In mid 2009, equity analysts valued Infigen's US assets at US$0.9 - 1.2 billion
- The US assets were sold in late 2015 for ~US$272m
  - A key positive despite the reduced proceeds
- Debt remains very high, at ~2x market capitalization ("market cap")

Infigen security price since IPO

Source: Bloomberg

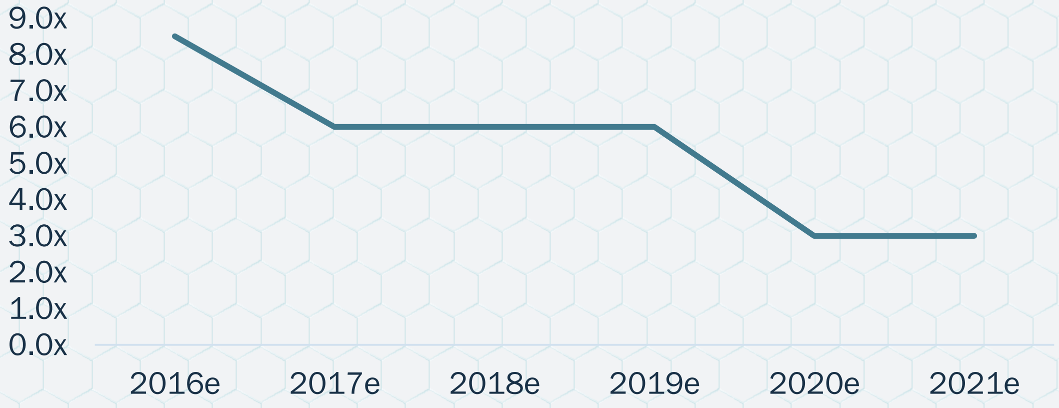
WHEN EARNINGS GROW STRONGLY, DEBT IS A SLINGSHOT ON EQUITY RETURN

- A firm's Enterprise Value (EV) is the sum of its market cap and net debt
- In the context of constant EV, if net debt falls fast, all else equal, market cap (and thus share price) must rise rapidly
  - If EV is actually rising, then the equity upside leverage is even stronger
- A challenge Infigen faces is that its Global Facility has a rapidly declining net debt to EBITDA covenant
  - Our analysis indicates the risk of covenant trip is de minimis

Conceptual example of equity leverage to falling net debt

	Year 0	Year 1	Year 2	Year 3	Year 4
EV (A$)	100	100	100	100	100
Net debt (A$)	80	65	50	35	20
Market cap (A$)	20	35	50	65	80
Shares (#)	20	20	20	20	20
Value per share ($)	1.00	1.75	2.50	3.25	4.00

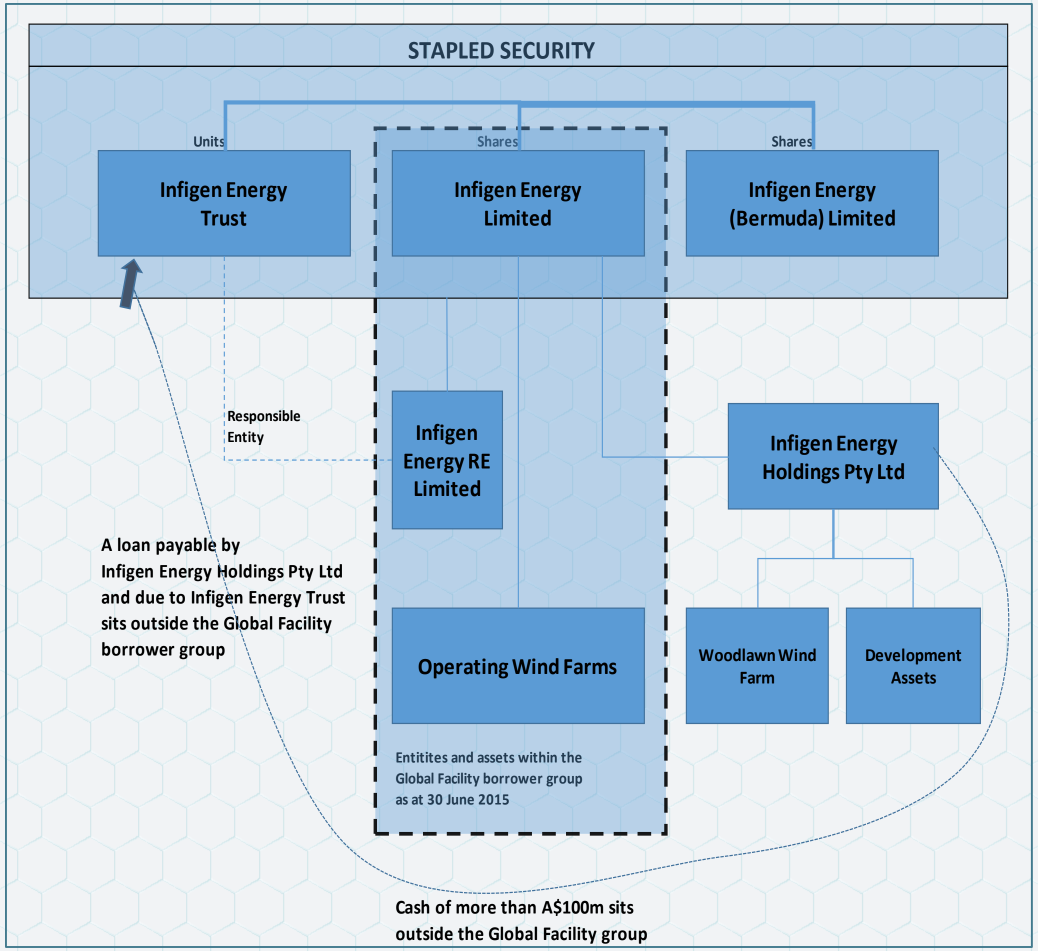
Infigen forced covenant step down (net debt/EBITDA)



Source: Infigen Energy and AWQ

QUIRKS OF INFIGEN'S CREDIT PACKAGE VASTLY REDUCE THE RISK OF COVENANT TRIP AND EQUITY VALUE COMPRESSION

- Infigen's Global Facility borrower group entities are subject to rapid covenant step down and full cash sweep
- Infigen has over A$100m sitting outside the Global Facility group in Excluded entities
- Contributions from Excluded entities to the Global Facility group count as EBITDA (and cause net debt to fall) under the covenant terms
- Thus Infigen has an ability to mitigate prior to covenant testing date and/or self cure post covenant testing date
- Covenant trip risk becomes de minimis



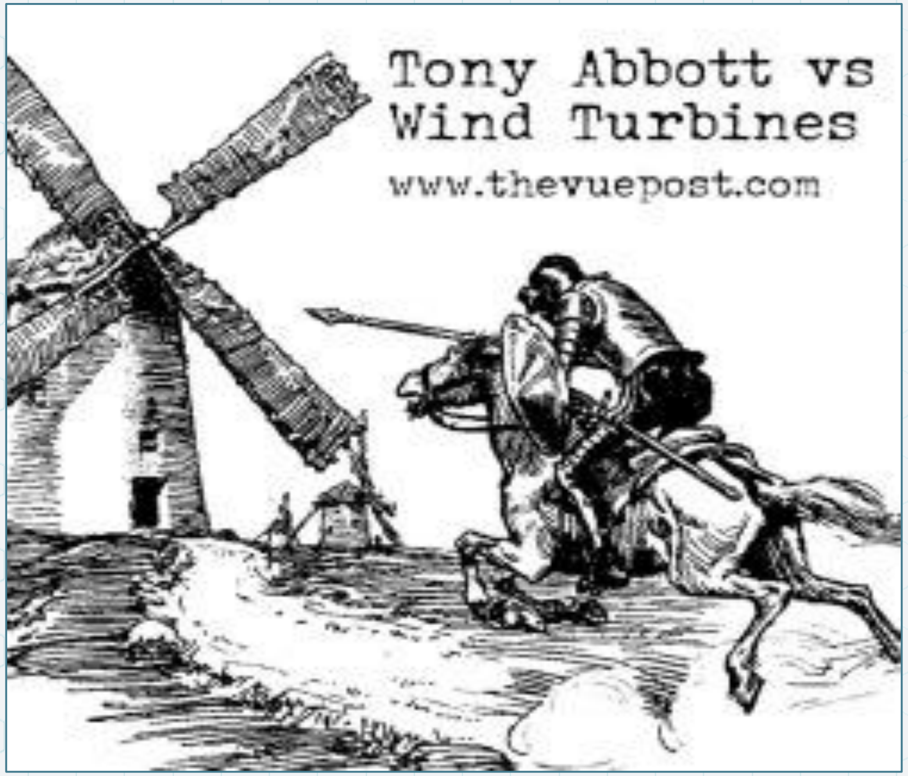
Source: Infigen Energy and AWQ

IN 2014 A HOSTILE POLICY ENVIRONMENT RESULTED IN THE PRICE OF GREEN CREDITS (LARGE GENERATOR CERTIFICATES) FALLING RAPIDLY…

Australia's then Prime Minister Tony Abbott during 2014 and 2015:

- Banned the federal renewable energy bank, the CEFC[1], from financing new wind projects
- Banned the CEFC investing in small scale solar
- Cut Australia's renewable energy target
- Entered the scientific debate on climate change by calling global warming "*crap*"
- Called wind turbines "*ugly*" (implicitly preferring the aesthetic appeal of open cut coal mines which are among the largest sources of Australia's carbon emissions)

1. Clean Energy Finance Corporation
2. From the novel "Don Quixote"; *Miguel* de Cervantes, 1605

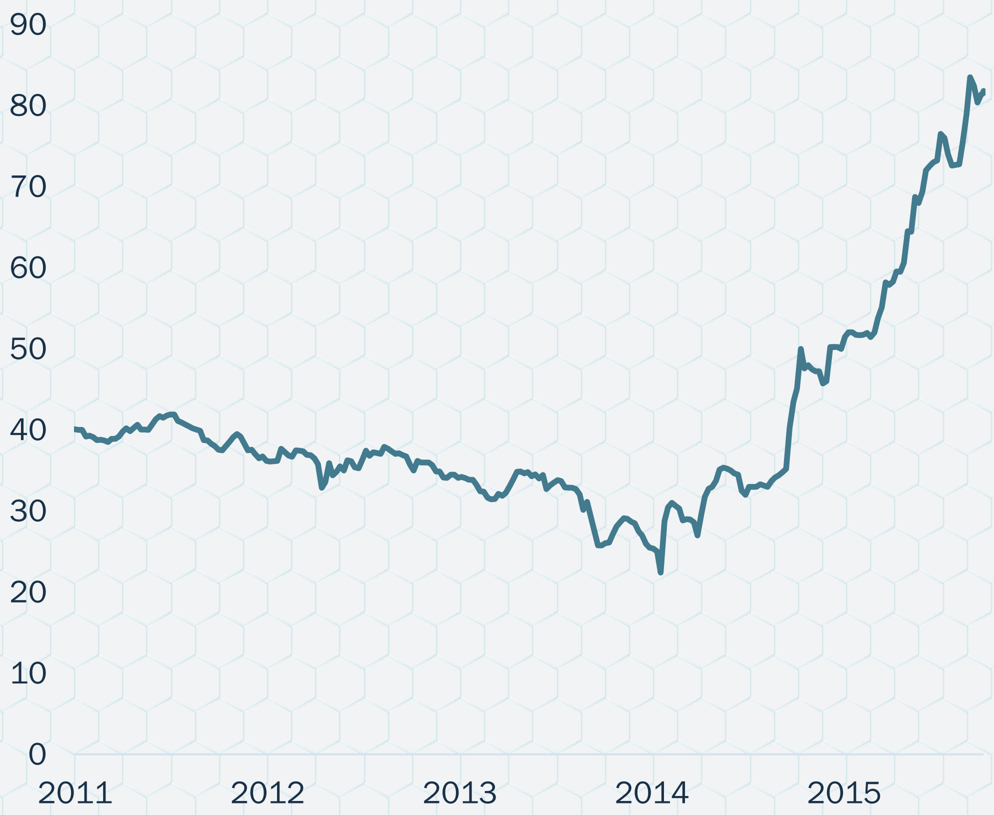


"Just then they came in sight of thirty or forty windmills that rise from that plain. And no sooner did Don Quixote see them that he said to his squire, "Fortune is guiding our affairs better than we ourselves could have wished. Do you see over yonder, friend Sancho, thirty or forty hulking giants? I intend to do battle with them and slay them"[2]

...YET WITH POLICY CERTAINTY RESTORED, MARKET FORCES ARE DRIVING UP LGC PRICES STRONGLY

- Policy uncertainty drove LGC prices below A$30/MWh in 2014
- This resulted in delays in obtaining financing for new renewable projects, which can easily take 2+ years to develop and build
- Post reaffirmation of the RET[1] LGC prices are again subject to market forces
- LGCs are a MAJOR source of revenue for Infigen, with the LGC price often being higher than the wholesale power price
- We envisage an acute shortage of LGCs for at least several years
- Should result in strong earnings which in turn will drive deleveraging...and thus strong growth in the security price

LGC price (A$ per MWh)

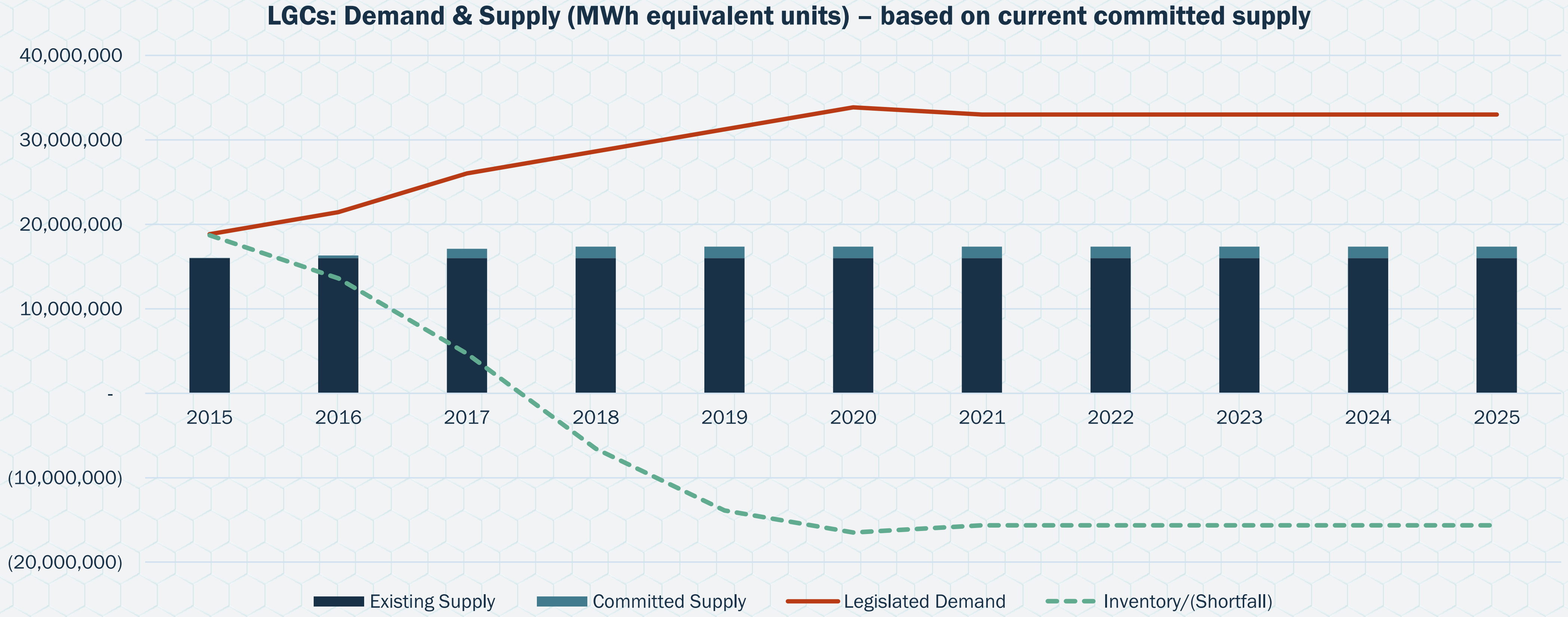


Source: Bloomberg

1. Renewable Energy Target, for Large scale generation of 33,000 GWh by 2020

AS A RESULT OF POLICY UNCERTAINTY, PLANNING FOR NEW CAPACITY STALLED…

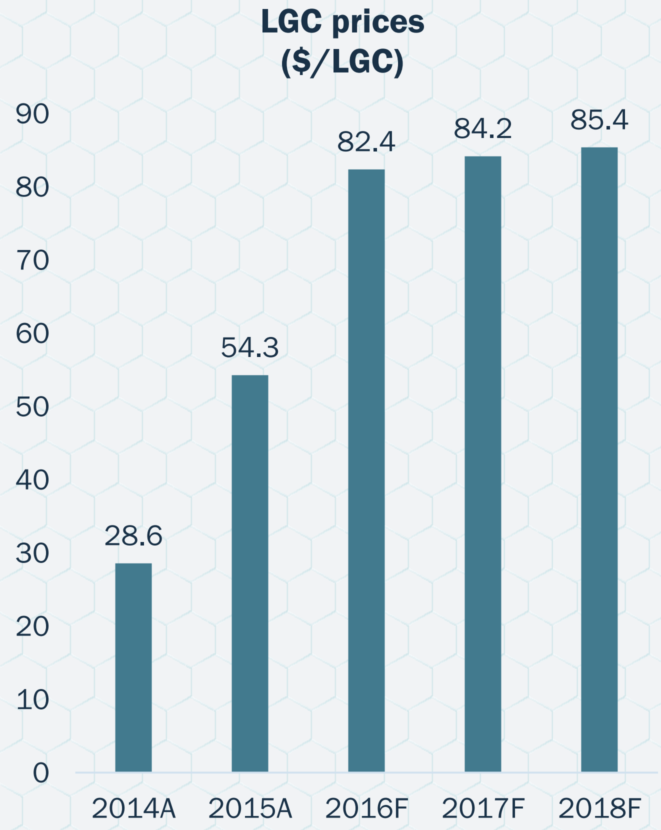
Cumulative capacity of 5 to 6 Gigawatts is needed to meet the supply shortfall

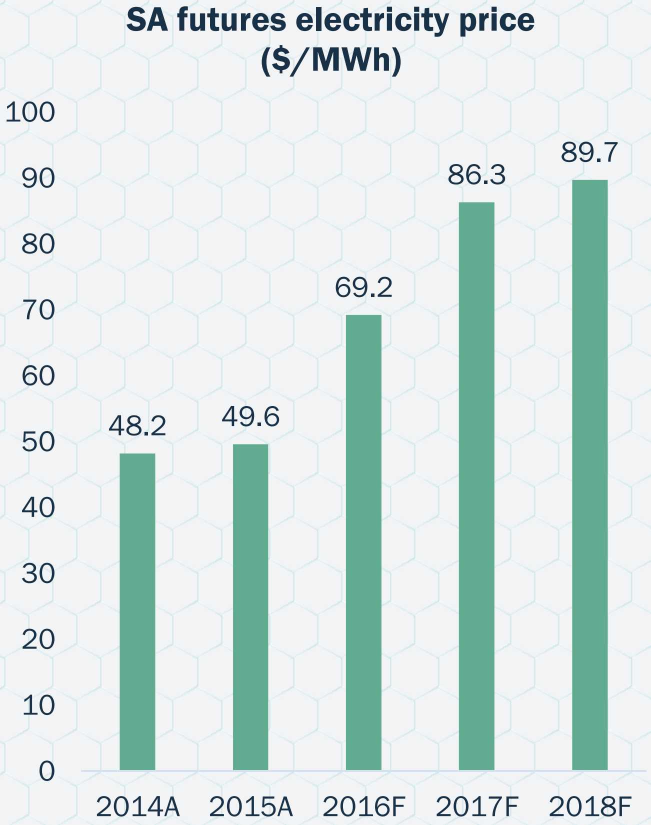


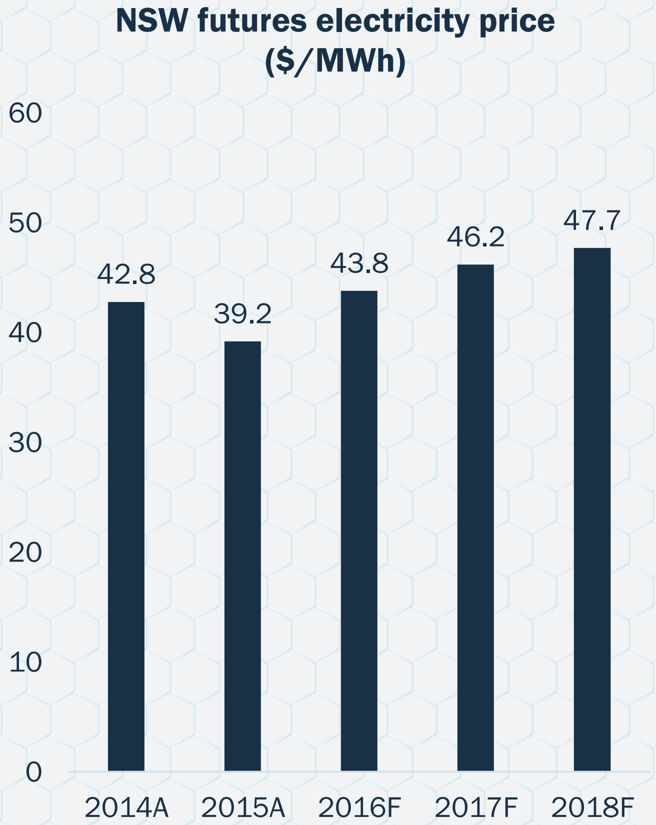
Source: Clean Energy Regulator, AEMO & Arowana analysis, which assumes 35% capacity factor on new supply

...WITH RESULTING PRICE INCREASES BENEFITING INFIGEN

Substantially improved outlook will benefit Infigen's merchant assets







Source: Infigen

THE CLEAR TREND LOCALLY AND INTERNATIONALLY IS FOR RET'S TO INCREASE OVER TIME

In 2015, Australia was one of the very few jurisdictions to reduce rather than increase their Renewable Energy Target. The overwhelming and inexorable trend is for RET scheme increases:

- **September 2015:** California increased their 2030 renewable energy target from 33% to 50%
- **May 2015:** QLD commit to a 50% renewable energy target by 2030
- **August 2015:** ACT commit to a 100% renewable energy target by 2025 – previous target was 90% by 2020
- **2014:** SA commit to a 50% target by 2025 up from 33% by 2020 set in 2009
- **2015: Australian Labour Party announced its renewable energy policy is for a 50% target by 2030**

Renewable energy will inexorably increase over time as a proportion of overall energy mix - driven by climate change and wide public support

IN THE MEDIUM TERM THIS IS BULLISH FOR LGC PRICES AND THUS BULLISH FOR INFIGEN

ULTIMATELY WE BUY A SECURITY FOR WHAT WE THINK IT WILL BECOME TOMORROW, NOT WHAT IT IS TODAY

Before Infigen was...	...and we think Infigen will transition to
♦ Highly leveraged, no distributions paid to equity as all cash is swept to repay debt	♦ Sustainable leverage ♦ Cash flow supports high distribution yield
♦ No equity coverage; all former brokers dropped coverage in the depths of Infigen's challenges ♦ "Ugly" wind farm owner and developer	♦ Infigen begins to receive equity research coverage again? ♦ Only pure play green energy exposure on ASX of scale ♦ Potential for Infigen to become a "market darling"
♦ RET/LGC scheme at risk under former government	♦ RET reaffirmed with earliest review 2020 (scheme life to 2030) ♦ ALP policy is for lift in RET target from 23% of electricity from renewables to 50% ♦ Value in Infigen's development book starts to be recognised by the market