

MEDIA RELEASE

STRAITS TRADING'S PATNCI SOARS FOURFOLD TO \$33.9 MILLION IN 2Q2018

- *Subscription into Japan Value Fund II with committed capital of JPY8.0 billion strengthens presence in Japanese commercial segment*
- *ARA undergoes accelerated growth since privatisation with gross AUM of \$77.2 billion¹*

SINGAPORE - 14 August 2018 - The Straits Trading Company Limited ("**Straits Trading**" or the "**Group**"), reported a profit after tax and non-controlling interests ("**PATNCI**") of \$33.9 million for the three months ended 30 June 2018 ("**2Q2018**"), up fourfold from \$8.5 million a year ago. Earnings per share ("**EPS**") for the period soared to 8.3 cents from 2.1 cents in 2Q2017.

The Group's improved performance in 2Q2018 was largely on the back of higher income from its investments, which contributed \$20.0 million in interest income and a fair value gain in investment properties of \$14.6 million.

As at 30 June 2018, the Group's balance sheet remains robust with cash and cash equivalents of \$215.7 million, which will allow the Group to tap suitable opportunities that may arise.

During the quarter, the Group continued to deepen its presence in the Japanese property market with a subscription into the Savills Investment Management Japan Value Fund II and committed capital of JPY8.0 billion. The fund will be managed by Savills Investment Management, with a mandate to acquire office assets in the Greater Tokyo area and other cities in Japan. This is part of the Group's strategy of acquiring office properties at above market yields.

Meanwhile, the Group's 54.8%-owned resources arm, Malaysian Smelting Corporation Berhad ("**MSC**")'s ongoing transformation remains well on track, having commenced early testing and commissioning of its new tin smelter in Pulau Indah, Port Klang. Utilising newer and more efficient technology, the new smelter is expected to be operational in the medium term and MSC expects to relocate its operations to the facility progressively.

¹ Gross assets managed by ARA Group and its Associates as at 1 June 2018

ARA Asset Management (“**ARA**”), in which the Group owns a 21% stake, is also in the midst of its own transformation. It has become a global integrated real asset fund manager following the acquisition of a 20.94% stake in Kenedix Inc, and a 19.5% stake in Cromwell Property Group as well as the establishment of its infrastructure business. Cromwell Property Group boasts assets under management (“**AUM**”) of A\$11.2 billion² across Australia, New Zealand and Europe. ARA’s gross AUM totals \$77.2 billion¹, spanning 62 cities across 20 countries.

Ms Chew Gek Khim, Executive Chairman of Straits Trading said, “Straits Trading continues to invest and benefit from the Japanese commercial and residential segments this year, underscoring our commitment in what we believe to be a key growth market for the Group. We remain confident of the Australian market, where we are actively evaluating opportunities to add to our existing portfolio of assets. In addition, our 21% stake in ARA positions us to participate and benefit meaningfully from ARA’s exciting growth since its privatisation.”

“We are delighted with this quarter’s improved set of results, which reflects improvement in all of our business segments . We have also announced our intention to institute a share buyback that provides us with the ability to purchase shares when it is opportune to do so. We believe it demonstrates our strong confidence in Straits Trading as a value proposition for investors.”

SEGMENT RESULTS:

Real Estate Business

The Group’s real estate segment posted PATNCI of \$34.1 million in 2Q2018, compared to \$8.2 million a year ago due to fair value gain of residential properties in Singapore and Japan as well as higher interest income from the notes issued by the joint venture.

Resources Business

The Group’s resources business posted PATNCI of \$0.5 million for 2Q2018, compared to \$0.8 million a year ago on the back of lower recovery yield and higher operating expenses due to operating inefficiencies in the Butterworth plant. The higher tin prices in US Dollars terms were offset by the stronger Malaysian Ringgit.

² As at 31 March 2018

SUMMARY OF RESULTS:

\$ million	2Q2018	2Q2017	+/(-) %	1H2018	1H2017 (restated)	+/(-) %
Profit before tax	42.8	10.3	314.8	55.9	38.0	47.0
Profit after tax	36.5	9.8	273.0	47.6	34.7	36.9
Profit attributable to owners of the Company ("PATNCI")	33.9	8.5	298.8	43.6	29.4	48.4
Earnings per share (in Singapore cents)	8.3	2.1	298.8	10.7	7.2	48.4

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About The Straits Trading Company Limited

Incorporated in 1887, The Straits Trading Company Limited has stakes in real estate, hospitality, resources and investments that span the Asia Pacific region. It owns an 89.5% stake in Straits Real Estate, a co-investment vehicle that seeks out real estate related investments & opportunities globally. It also owns a 20.95% stake in ARA Asset Management Limited, one of the largest real estate fund managers in the region and has a 30% interest in Far East Hospitality Holdings, an established international hospitality owner and operator. Straits Trading also engages in tin mining and smelting through its 54.8%-owned subsidiary, Malaysia Smelting Corporation Berhad that is dual listed on Bursa Malaysia and SGX-ST.

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For the full STC Financial Statements, please visit our website: www.stc.com.sg