

**STRAITS
TRADING**
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A MEMBER OF THE TECITY GROUP



CORPORATE PRESENTATION FEBRUARY 2018

4QFY2017 & FY2017



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COMPANY OVERVIEW



ABOUT THE STRAITS TRADING COMPANY

AT A GLANCE

1887 Founded as a tin smelting company;
One of the oldest companies listed on the
Singapore Exchange

2008 Became a member of Tecity Group;
Began strategic evolution into a corporate
transformer

NOW An investment company with
diversified interests in Real Estate, Hospitality
and Resources across the Asia Pacific

INVESTMENT PLATFORMS

REAL ESTATE

- SRE's AUM and STC's property portfolio valued at over S\$1.4 billion
- ARA S\$40.0 billion AUM
- Suntec REIT S\$9.6 billion AUM

HOSPITALITY

- An international hotel owner and operator with a diverse portfolio of ~90 hotels and 14,000 rooms under management

RESOURCES

- A majority stake in the largest independent custom tin smelter in the world

CORPORATE STRUCTURE

Structured to implement our strategy as a capital allocator

The Tecity Group

70.0%



89.5%

Straits Real Estate Pte. Ltd.
("SRE")

A co-investment vehicle with John Lim family office to seek out real estate related investments and opportunities globally

21.0%

ARA Asset Management Limited ("ARA")

A premier integrated real estate fund manager

3.8%⁽¹⁾

Suntec REIT

One of the largest REITs in Singapore

30.0%

Far East Hospitality Holdings Pte. Ltd. ("FEHH")

An established international hospitality owner and operator

54.8%

Malaysia Smelting Corporation Bhd. ("MSC")

Largest independent custom tin smelter in the world

REAL ESTATE

HOSPITALITY

RESOURCES

(1) 11.9% aggregate interest in Suntec REIT held by Tecity Group of companies

PROVEN TRACK RECORD

Creating and unlocking value from our investments since 2010



REAL ESTATE

2011-2012: Divested low-yielding residential properties

2013: Acquired 20.1% stake in ARA & formed SRE

2014: Monetised Straits Trading Building for S\$450m

Since 2015: Allocating capital to higher-yielding projects (SRE)

2016-2017: Privatisation of ARA; divested 114 William Street



HOSPITALITY

2013: Took a 30% in FEHH, a hospitality joint venture with Far East Orchard, a member of Far East Organization

Since 2014: Achieved operational turnaround. A platform for growth



RESOURCES

2011-2013:

- Divested non-tin assets and refocused on core tin business
- Improved profile and liquidity with SGX secondary listing

Currently the largest independent custom tin smelter in the world



INVESTMENTS

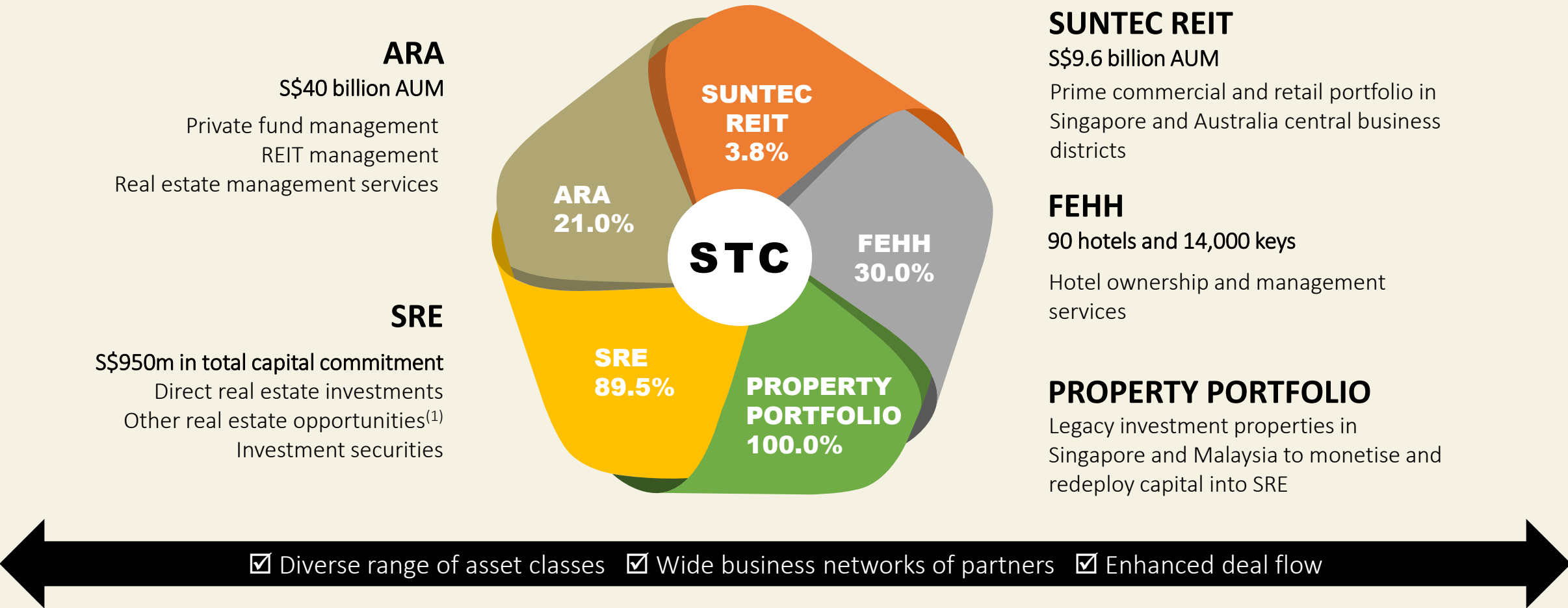
2010-2013:

- Became the largest shareholder in WBL with a c.41% stake after a share swap with two institutional investors;
- Triggered an MGO and finally accepted a competing general offer

2014: S\$508m of shareholder value unlocked and reinvested into new businesses

REAL ESTATE ECOSYSTEM

Structured for efficient capital allocation and enhanced access to opportunities



(1) Including investments in development projects, special situations, mezzanine deals, etc.
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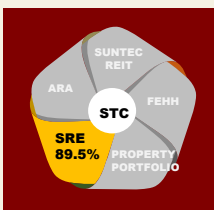
BUSINESS HIGHLIGHTS

REAL ESTATE ECOSYSTEM

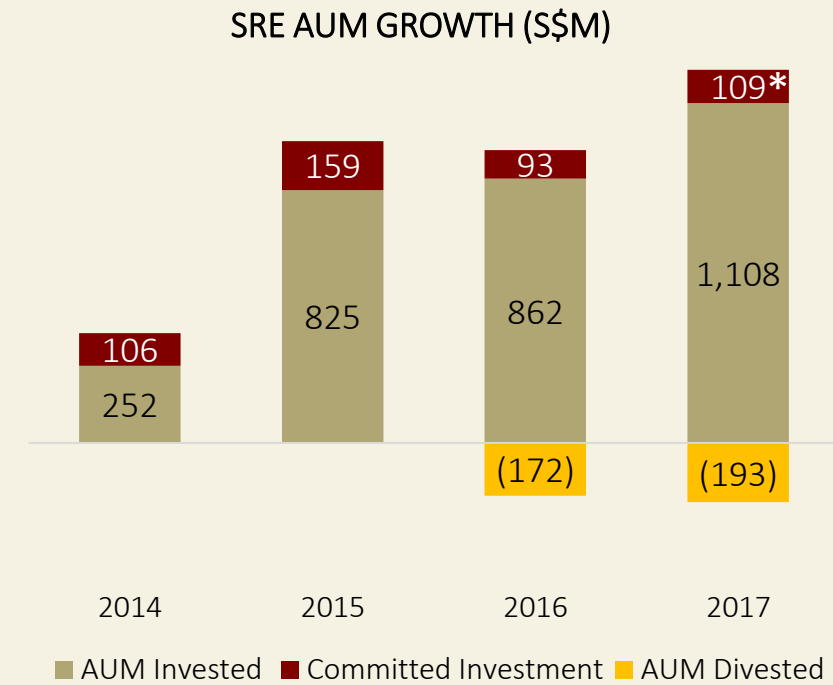
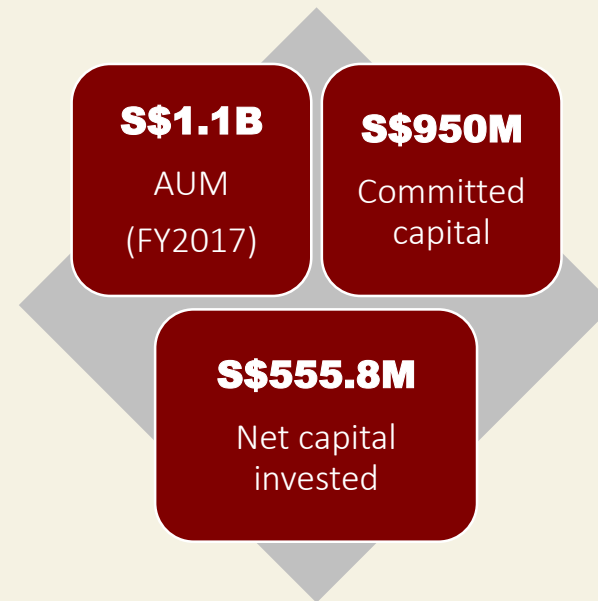


STRAITS REAL ESTATE

A global real estate investor



- A real estate investment company that seeks out real estate related investments and opportunities globally
- **Diversified** investment portfolio across geography and property segments comprising direct and fund investments



China: Retail



Malaysia: Fund investment



Singapore: REITs



Japan: Residential



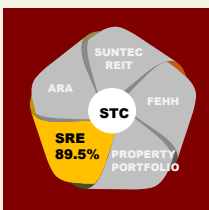
Japan: Office Fund



Australia: Fund investment and office

PORTFOLIO SUMMARY

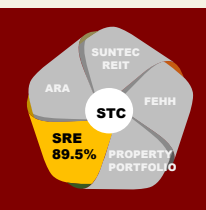
Direct real estate investments and fund investments



INVESTMENTS	OVERVIEW	CARRYING VALUE ⁽¹⁾ AS AT 31 DEC 2017 (\$M)
CHINA 悦地 My Place	82,000 sqm mall in Chongqing connected to subway station	167.1
AUSTRALIA Office portfolio	Two office buildings: Sydney (320 Pitt St) Perth (45 St Georges Terrace)	126.0 55.7 ⁽²⁾
JAPAN Residential portfolio	Five completed freehold residential properties in Osaka and Tokyo	109.7
JAPAN Japan Residential Fund	Two newly completed rental residential assets in Tokyo	Note (3)
JAPAN Greater Tokyo Office Fund	Five office assets in the Greater Tokyo Area	101.6
AUSTRALIA ARA Summit Development Fund	Mezzanine lender for two projects in Melbourne (Victoria One – residential and Heidelberg – mixed development)	27.2
MALAYSIA ARA Harmony Fund III	Five high quality retail malls across Malaysia (total NLA 2.8 mil sq ft) supported by strong catchment areas	78.4

AUSTRALIA STRATEGY

Seeking assets with strong immediate cashflow and value-adding opportunities



- 1st harvest: Divested 114 William Street for A\$161.5m (24.6% IRR⁽²⁾) in October
- Acquired 320 Pitt Street in Sydney in July
- In December, acquiring 45 St Georges Terrace in Perth for A\$54.2m⁽³⁾

2015

2016

2017

- Acquired 114 William Street in Melbourne for A\$125m in August
- Asset enhancement works & leasing strategy to raise its occupancy, WALE⁽¹⁾ and yield



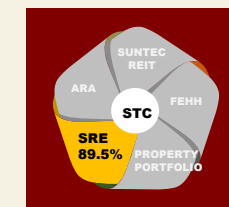
45 St Georges Terrace: A well-located asset with convenient transport connections

- 11-storey office building with 2 basements and NLA of c. 10,010 sqm
- Located in the Perth Central Business District and walking distance to Perth railway station, Perth underground station, Elizabeth Quay station, and Elizabeth Quay bus station
- Potential to benefit from the continued rejuvenation of the city centre

L to R: 114 William Street (Melbourne) (divested) | 320 Pitt Street (Sydney) | 45 St Georges Terrace (Perth)

JAPAN: RESIDENTIAL

Growing income-producing residential assets to aggregate into a larger portfolio



L to R: Luxe Taisho | Luxe Shin Osaka | Luxe Dome Mae | Splendid Namba II | Sakuradai

Direct investments

- **5** freehold residential rental properties in Central Osaka & Tokyo
- **612** apartment units
- Income producing with c. **97%** portfolio occupancy
- **S\$109.7m** asset value



Japan Residential Fund (JRF)

- **2** residential assets in Tokyo
- Capital commitment: **JPY9.0b**
- Capital contributed: **S\$10.6m**



L to R: Asakusabashi | Narimasu

- JRF seeks to maximize current income and long-term capital appreciation by acquiring residential properties located in the Greater Tokyo area and other key markets in Japan

- These assets are income producing and centrally located with convenient transport access
- Key demand drivers in Japan
 - Urbanisation trend of young professionals into cities
 - Increasing number of smaller households

• 2016

- Acquired Luxe Taisho, Luxe Shin Osaka and Luxe Dome Mae in Osaka

• 2017

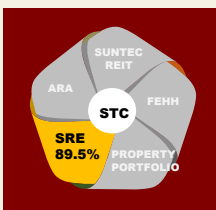
- Acquired Splendid Namba II in Osaka
- Acquired Sakuradai in Tokyo

• 2018

- Subscribed into Savills IM Japan Residential Fund in January
- Acquired 2 residential properties in Asakusabashi, Taiko-ku and Narimasu, Itabashi-ku for JPY880.6m; 88 apartment units with total NLA of 2,487.4 sqm

JAPAN: OFFICE

Acquiring assets with a view to monetise via various routes



Greater Tokyo Office Fund (GTOF)

- **5** office assets
- Capital commitment: **JPY7.2b** (c. S\$90m)
- Capital contributed: **JPY6.8b** (c. S\$80m)
- Carrying value: **S\$101.6m** (37.6% interest)



L to R: Kirin Yokohama | Sasazuka | Omori Park | Toyochi | Makuhari

- GTOF seeks to acquire office properties at higher-than market yields via off-market deals

• 2015

- Acquired 47.5% stake in GTOF for JPY4.9b in June
- 2 office assets then, Takanaka Muse & Kirin Yokohama

• 2016

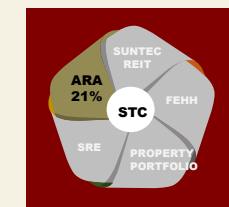
- GTOF acquired Bright East Shibaura and Omori Park

• 2017

- GTOF divested Bright East Shibaura & Takanaka Muse
- GTOF acquired Sasazuka, Toyochi & Makuhari

ARA ASSET MANAGEMENT

Leveraging ARA's unique growth proposition



Privatised in April 2017 by a consortium led by Mr John Lim, Straits Trading, CK Asset Holdings Limited, Warburg Pincus and AVIC Trust, valuing the company at approximately S\$1.8 billion



New Growth Phase Post-privatisation

- "...ARA is aiming to achieve an **AUM of \$100 billion** within 5 years..."
- "... highlights Japan, South Korea, China and Australia as markets in which he will be hunting for opportunity..."

Strong Partners in New Shareholders

- Warburg Pincus: Global network of investor relationships | AUM > US\$44b
- AVIC Trust: Access to capital markets/business opportunities in China | AUM > US\$70b

Reinforcing our Real Estate Ecosystem

- Business network
- Expertise in real estate funds & property management
- REIT and private funds platforms

ARA

An integrated real estate fund manager
with AUM S\$40b
(as at December 2017)

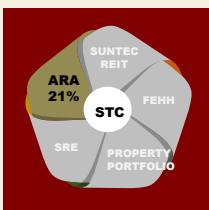
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ARA ASSET MANAGEMENT

Continued AUM growth in Australia, Korea and China in 2017



REITS UPDATES:

- Established two new Korean-REITs, ARA-Alpharium REIT and ARA Korea Global REIT I
- Hui Xian REIT: Acquired Harbour Plaza Chongqing and an interest in Sheraton Chengdu Lido Hotel
- Prosperity REIT: Disposed Harbourfront Landmark Property at a premium of approximately 49% to its last appraised value
- Suntec REIT: Acquired a 50% interest in a premium grade office building located at 477 Collins Street, Melbourne for A\$414.2 million.
- Cache Logistics Trust: In 2017, divested Cache Changi Districentre 3 and acquired a freehold distribution warehouse in Melbourne, Australia. In early 2018, divested Hi-Speed Logistics Centre in Singapore at a 7% premium to valuation and added a nine-property portfolio in Australia.
- Fortune REIT: Disposed Provident Square for HK\$2.0 billion at a premium of more than 88% above its appraised value.

PRIVATE REAL ESTATE FUNDS UPDATES:

- Set up its Japan Desk in June 2017; and acquired a 20.94% strategic holding in Kenedix, one of the leading real estate managers in Japan to jointly explore collaboration opportunities both in Japan and regionally.



SUNTEC REIT

Singapore's first and largest composite REIT



- Prime commercial and retail portfolio in Singapore and Australia central business districts with Assets under Management of S\$9.6 billion
- 4 properties in Singapore, 1 property in Sydney & 2 properties in Melbourne



FAR EAST HOSPITALITY HOLDINGS

A scalable platform that allows us to tap into growth in the hospitality industry



- An international hospitality owner and operator formed in 2013 as a 70-30 JV between Far East Orchard Limited (a listed company under Far East Organization) and The Straits Trading Company
- A leading hotel operator across Australia, New Zealand and Europe through Toga Far East Hotels (FEHH's joint venture with the Toga Group)
- In FY2017, FEHH secured a contract to manage 3 new properties in Sentosa with a total inventory of 839 rooms.



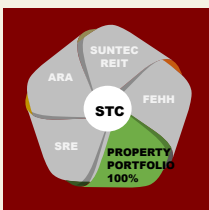
L to R: Oasia Hotel Downtown | Rendezvous Hotel Singapore | Sentosa Hotels (artist impression)

BRANDS

Oasia | Quincy | Rendezvous | Village | Far East Collection | Adina Apartment Hotels | Medina Serviced Apartments | Travelodge Hotels | Vibe Hotels | TFE Hotels Collection

PROPERTY PORTFOLIO

Diversified across geography and asset classes



OSAKA & TOKYO

- Tokyo and Osaka Residential apartments
- Greater Tokyo Office Fund

CHONGQING

- Chongqing Retail Mall

KL, MALACCA, IPOH & PENANG

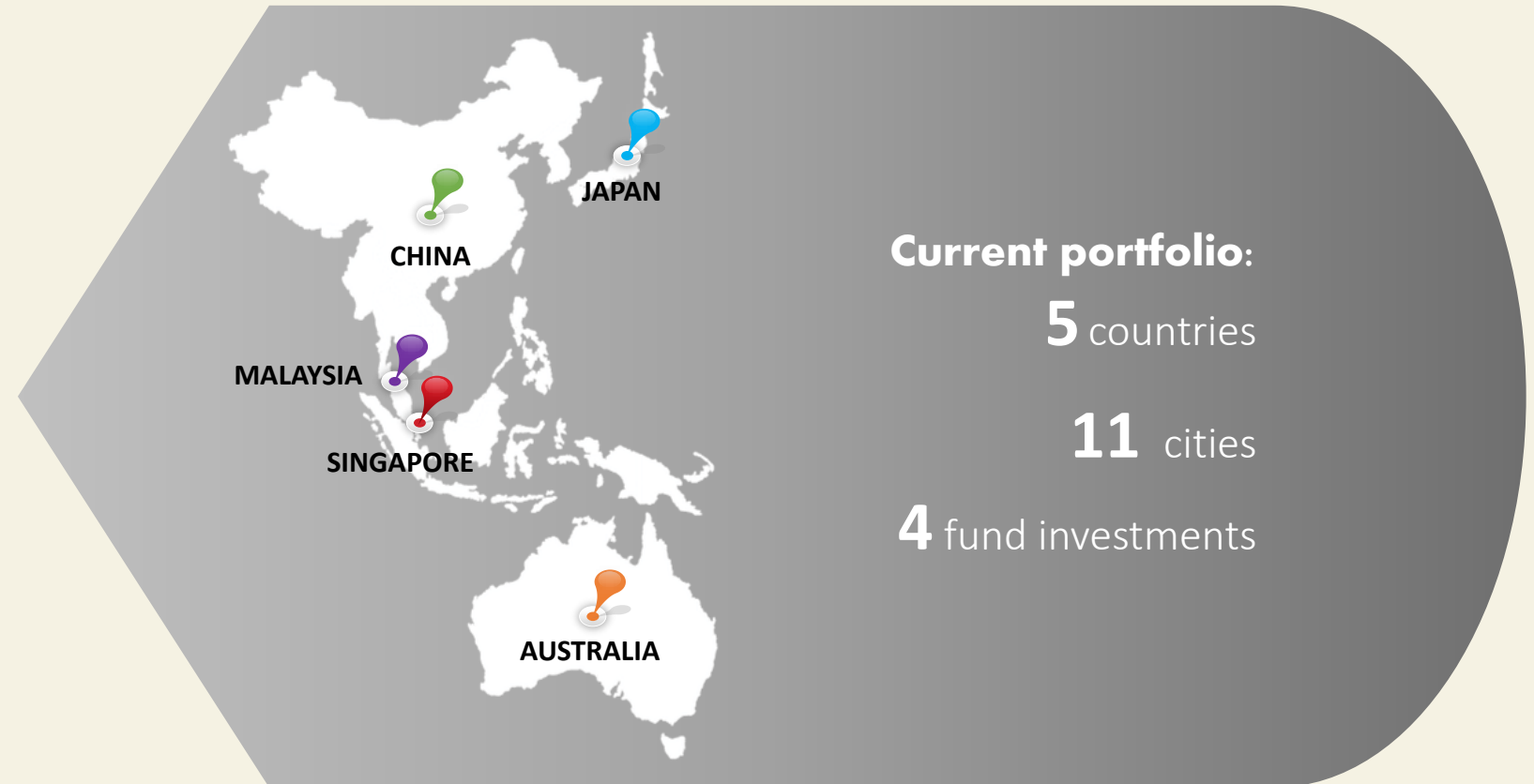
- ARA Harmony Fund III
- Malaysia Properties S\$38.5m⁽¹⁾

SINGAPORE

- Bungalows and apartments S\$276.4m⁽¹⁾

SYDNEY, MELBOURNE & PERTH

- Summit Development Fund
- 320 Pitt Street
- 45 St Georges Terrace



As at 31 December 2017



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BUSINESS HIGHLIGHTS

RESOURCES



MALAYSIA SMELTING CORPORATION

#1 Largest Independent Custom Tin Smelter

27,200 tonnes of tin produced in 2017, approximately 7.5% of total global supply⁽¹⁾

Butterworth Smelter

One of world's lowest cost tin smelting plants; annual production capacity of ~40,000 tonnes of refined tin a year

#1 Malaysia's Largest Tin Mine

Approximately 2,220 tonnes produced in 2017 at our mine in Perak, >40% of Malaysia's output⁽¹⁾

Rahman Hydraulic Tin Mine

Largest operating open-pit hard rock tin mine in Perak



ONGOING TRANSFORMATION PLANS

Becoming an efficient and fully integrated tin company



TIN SMELTING

- Upgrade of technology
 - Enhance operational efficiencies and reduce cost
- Port Klang Smelter
 - Enhance connectivity with Westport and London Metal Exchange warehouse



TIN MINING

- Potential to enhance capacity at Rahman Hydraulic Tin Mine



FINANCIAL HIGHLIGHTS 4Q2017 & FY2017

FYE 31 December



GROUP FINANCIAL HIGHLIGHTS

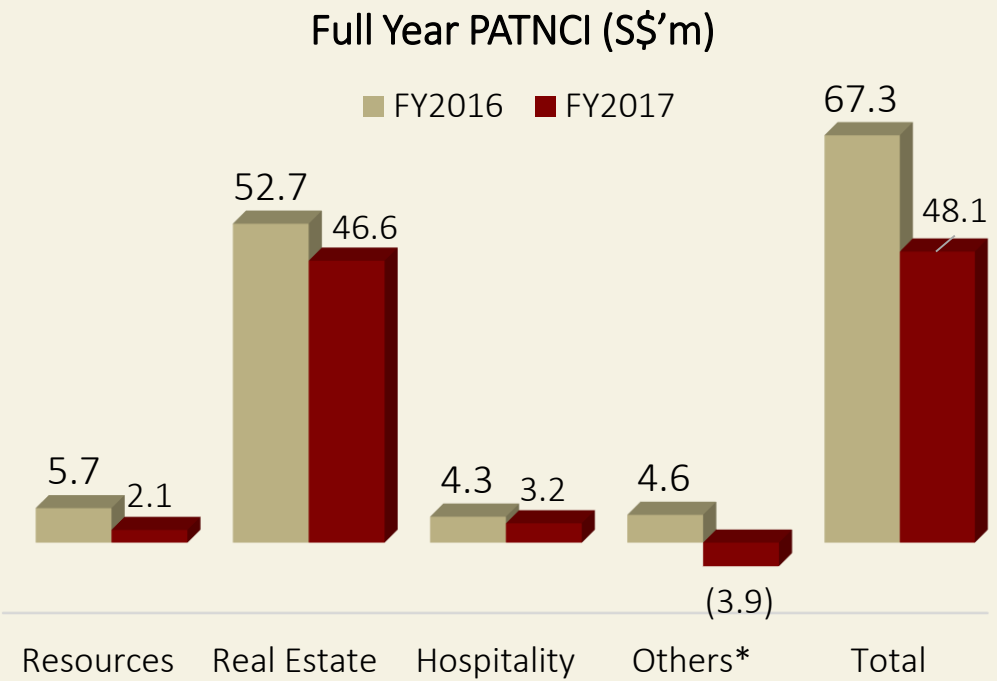
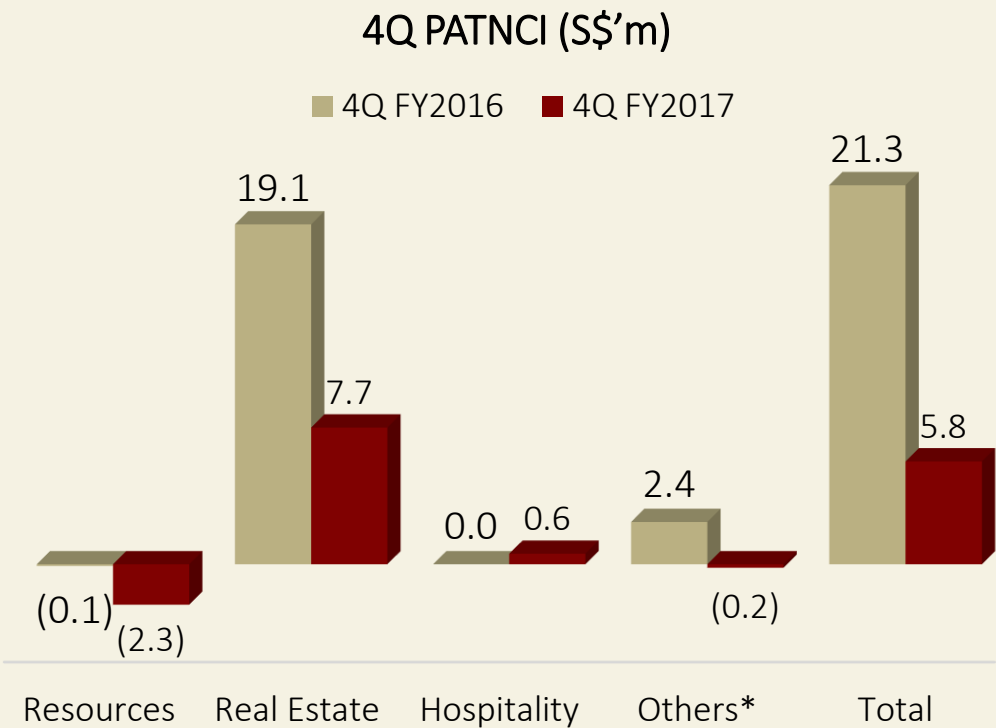
S\$'m	4Q 2017	4Q 2016	% change	FY2017	FY2016	% change
EBITDA	11.2	39.6	(71.7)	87.5	119.1	(26.5)
EBIT	9.8	38.3	(74.5)	81.9	114.4	(28.4)
Profit before tax	3.6	33.3	(89.3)	59.1	94.9	(37.7)
PATNCI	5.8	21.3	(72.8)	48.1	67.3	(28.5)
EPS (cents)	1.4	5.2	(72.8)	11.8	16.5	(28.5)

GROUP FINANCIAL HIGHLIGHTS

Strong financial position and prudent financial metrics

S\$m	31 Dec 2017	31 Dec 2016
Cash and short-term deposits	362.4	291.1
Total assets	2,433.6	2,204.6
Total borrowings	768.7	619.8
Total liabilities	862.8	745.9
Total equity	1,570.9	1,458.7
Net debt/Total equity	25.9%	22.5%
EBITDA/Interest expenses	3.85	6.13

PATNCI BY BUSINESS SEGMENTS

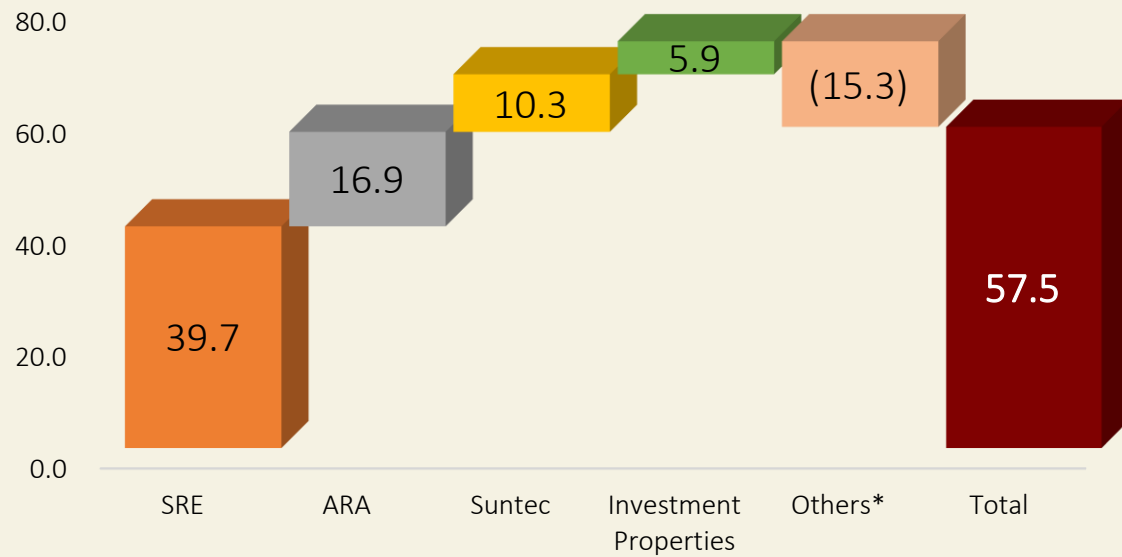


**Others comprise Group-level corporate and treasury services*

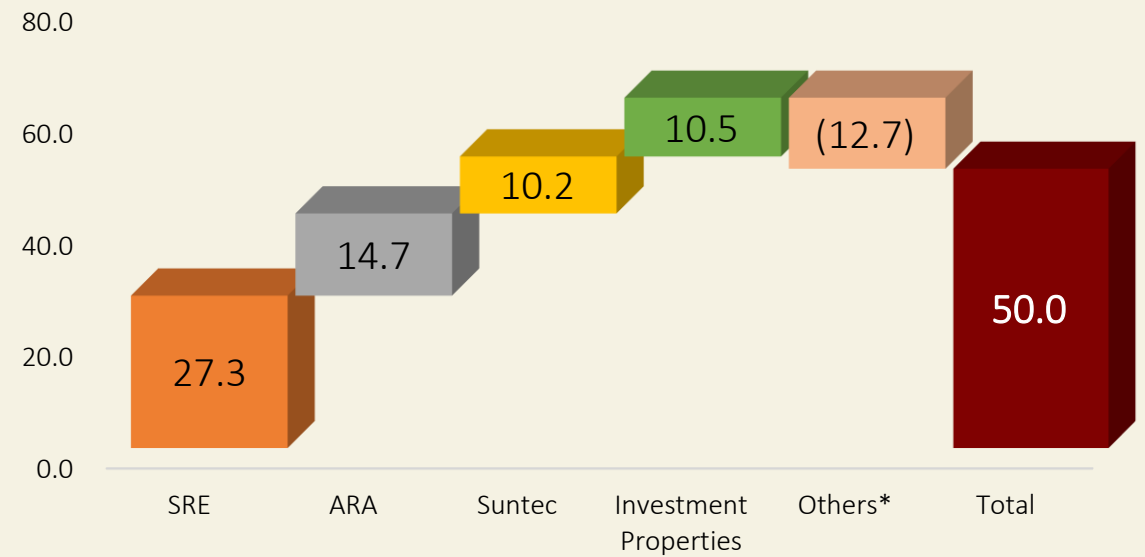
PAT BREAKDOWN: REAL ESTATE SEGMENT

SRE main driver of profitability

FY2016 (S\$'m)



FY2017 (S\$'m)

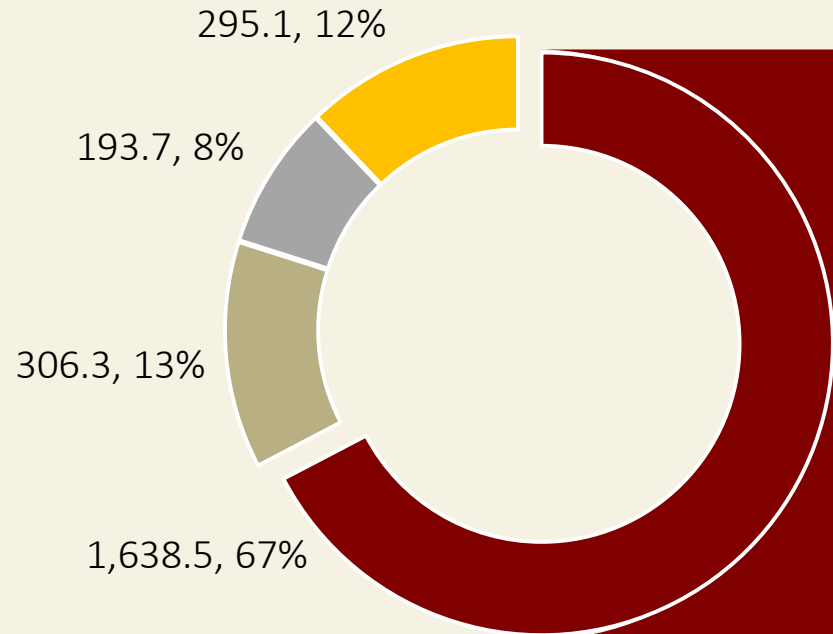


- SRE had a net gain from sale of a property in FY2016
- Performance of ARA and Suntec REIT stable

TOTAL ASSETS

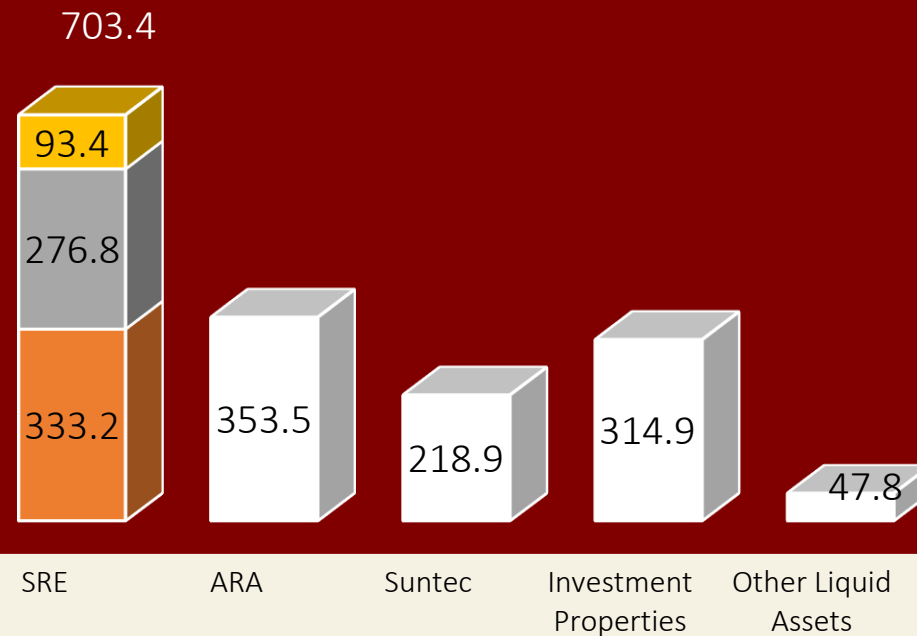
S\$2.4 billion in total assets; 75% from real estate and hospitality segments

Total Assets (31 December 2017)



■ Real Estate ■ Resources ■ Hospitality ■ Others*

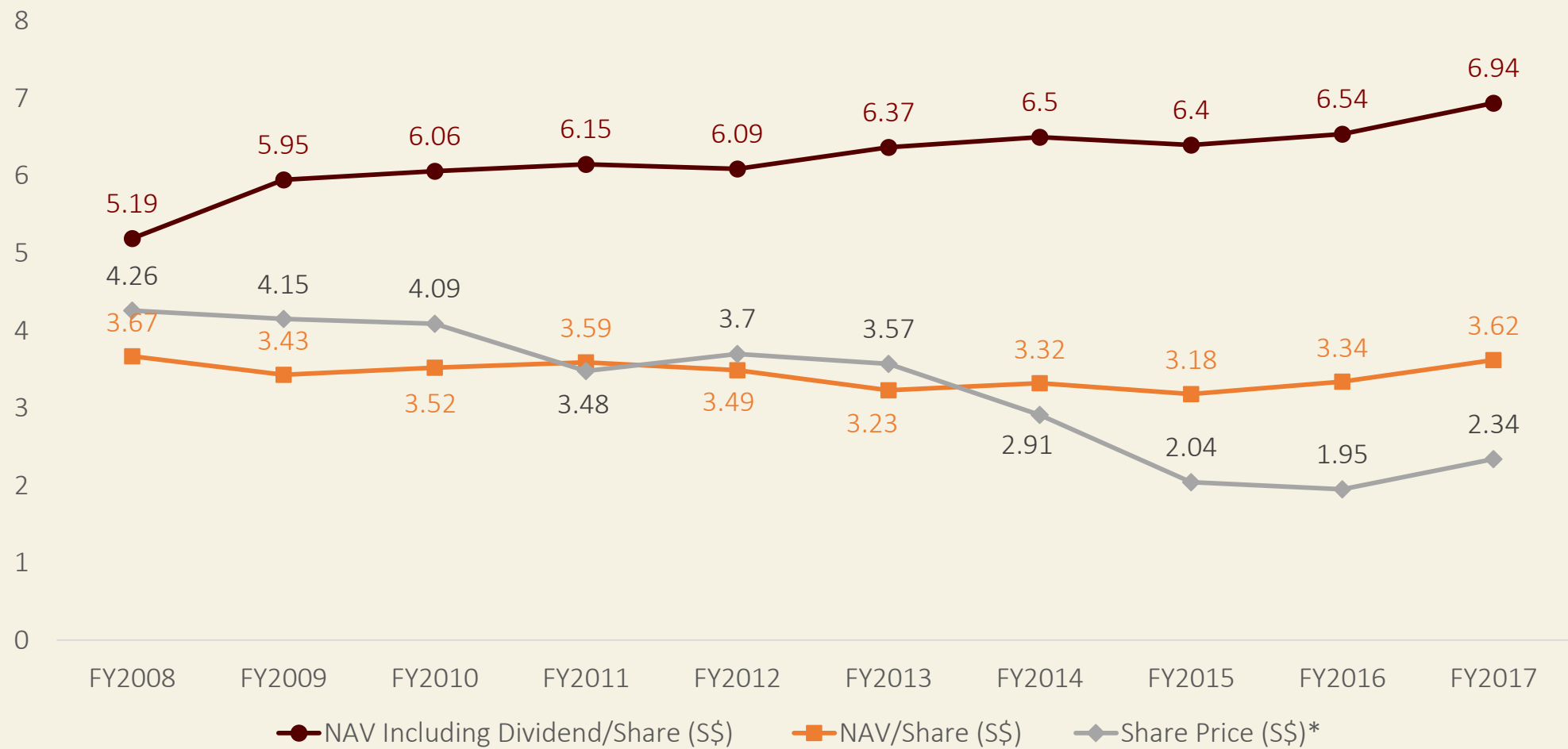
Real Estate Assets Breakdown (\$'m)



■ Cash & others
 ■ Chongqing Mall & Japan residential properties
 ■ Harmony III, GTOF, SDF & 320 Pitt St

NET ASSET VALUE PER SHARE

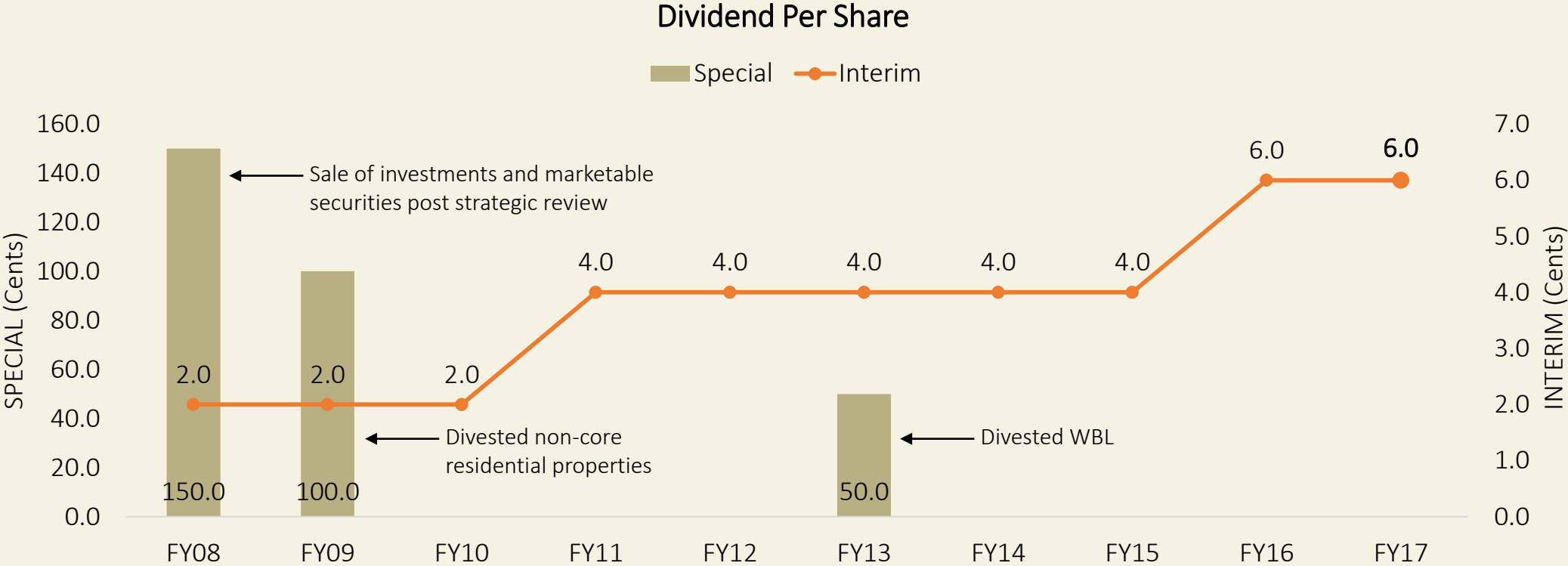
Stock price is currently trading at a discount to our intrinsic value



* Closing price as at the last trading day of the financial year

DIVIDEND HISTORY

Rising dividends reflects improvement in our business





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STRATEGY & PLANS



BUSINESS STRATEGY

Hospitality

- To increase number of management contracts
 - To acquire strategic assets
- To divest properties toward higher yielding growth opportunities

Real Estate

- To continue to seek out new and attractive investment opportunities in the Asia Pacific

Resources

- To continue to optimise operational efficiencies
- Potential for capacity expansion of Rahman Hydraulic Tin Mine
- Potential new exploration

COMPETITIVE EDGE

Leveraging on our key strengths to grow

Real Estate Ecosystem

- Network to tap a wide spectrum of real estate opportunities

Diversified Portfolio

- Across various geography, property segments and investment modes

2

1

3

Optimised Capital Structure

- Financial flexibility to fund expansion
- Agility to capture investment opportunities

Experienced Team

- High caliber board - over 30 years of industry experience each
- Senior management team - over 20 years of experience each

4

5

Proven Track Record

- Ability to monetize assets and implement strategies to enhance property asset value
- Proven ability to deploy divestment proceeds to pursue other growth opportunities



THANK YOU

Q&A