

THE STRAITS TRADING COMPANY LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 188700008D)

**RESPONSES TO RELEVANT AND SUBSTANTIAL QUESTIONS FOR THE PURPOSES OF THE
ANNUAL GENERAL MEETING TO BE HELD ON 28 APRIL 2022**

The Straits Trading Company Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) would like to thank shareholders for submitting their questions in advance of the Annual General Meeting to be held by electronic means on 28 April 2022. The following are the questions submitted by shareholders and the responses of the Company.

Question 1

Taking total expenses + income tax expense, the cash balance is only sufficient to cover 3-4 months of expenses. Compared to 2020 and 2019, the cash balance seems tighter for 2021. Going forward, are there any contingency plans in place for cashflow in the event that the investment securities may not be at a good price at the point of time when cash is needed for operations? Are there sufficient credit line(s) at a reasonable interest rate?

Company’s Response

The Group has adequate and multiple sources of cashflow comprising interest income, dividends from its investment securities and associates, and rental from several income-generating assets. In FY2021, our operating cashflow before working capital had increased 82% year-on-year to S\$64.9 million compared to FY2020 and 38% compared to FY2019.

Not only do we continue to manage and keep a close track of cashflow in a prudent manner, we also practice prudent capital management which gives us sufficient debt headroom to pursue opportunities swiftly if we choose to.

In January 2022, the Group completed its private placement of 26.0 million new ordinary shares in the capital of the Company, raising gross proceeds of S\$80.9 million.

The merger between ARA Asset Management Limited (“ARA”) and ESR Cayman Limited (“ESR”) was also completed on 20 January 2022, and the Group received S\$134.8 million in cash as part of the consideration for our effective 19.0% stake in ARA.

The Group also has a residential real estate portfolio comprising 5 Good Class Bungalows (“**GCBs**”) in Singapore and a well-diversified portfolio of industrial, logistics, business park, office and retail properties that it can tap on should the need arise. In FY2021, the Group sold three GCBs for total net proceeds of approximately S\$96.2 million. As of 31 December 2021, the total value of the Group’s remaining GCBs was S\$156.7 million.

The Group has sufficient credit line at competitive interest rate when required.

Question 2

Will there be any plans to expand the real estate portfolios to include data centres?

Company's Response

Through our stake in ESR Cayman Limited, we have existing exposure to new economy assets such as data centres. Investments in new economy assets, which includes logistics assets, warehouse retail parks, business parks, and data centres, are among the real estate segments that the Group is exploring. However, such opportunities must fit the Group's core strategy of attractive risk-adjusted returns and efficient capital allocation.

Question 3

Just to understand management's thinking and strategy, is the intention to gradually and sustainably increase shareholder value year over year for the next 5-10 years?

Company's Response

Yes, delivering shareholder value has always been an important goal. Our dividends had grown from 2 cents a share (2008-2010) to 4 cents (2011-2015), 6 cents (2016-2020) and 8 cents in 2021, which represented a 33% increase from 2020. Even though there is no formal dividend policy, the Group has demonstrated consistent and sustained dividend growth. Our goal is to continue to reward our shareholders on a sustainable basis.

To enhance shareholder value, the Group continues to focus on its growth strategy as a conglomerate-investment company. We are supported by a resilient business model with a diversified asset portfolio in real estate, resources and hospitality, as well as core competencies in capital allocation and capital recycling.

Under Straits 5.0 transformation, the Group is exploring growth opportunities on new platforms and investing in new economy assets to propel forward. In line with this, we launched the Shareholders Club in 2021 to engage, educate, and enable co-investing opportunities, for example fractionalised real estate products, with our shareholders.

The Group's efforts to deliver value to shareholders across different facets have not gone unnoticed. Straits Trading's share price gained 61.5% year-on-year to close at S\$3.31 on 31 December 2021. Over the last four years, the Net Asset Value per Share had increased 20.2% from S\$3.62 to S\$4.35.

By Order of the Board

Ngiam May Ling
Company Secretary
21 April 2022
Singapore