



A MEMBER OF THE TECITY GROUP

# **CORPORATE PRESENTATION AUGUST 2020**

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1H 2020



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# 1H2020 HIGHLIGHTS

# 1H2020 KEY HIGHLIGHTS

- 1H2020 EBITDA of S\$27.7mil
- Results were affected by the ongoing pandemic with losses from hospitality & resources segments, and unrealized fair value loss for investment properties and investment securities
- Sequential improvements in the second quarter

- Diversification and prudent capital management have put us in good stead
  - Ample dry powder for opportunistic acquisitions

# 1H2020 KEY HIGHLIGHTS

## Straits Real Estate

- Impact cushioned by a diversified portfolio across asset classes and geographies
- Minimal impact on rental income

## ARA

- Fund management business proven to be resilient
- Achieved gross AUM of S\$110 billion as at 30 June 2020

## Hospitality

- Impacted by drop in travel demand
- Taking opportunity to enhance efficiency & productivity

## Resources

- Impacted by lower tin price and temporary plant closure
- Tin price has rebounded strongly
- Operations have fully resumed

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## **BUSINESS HIGHLIGHTS**

REAL ESTATE ECOSYSTEM



# STRAITS REAL ESTATE

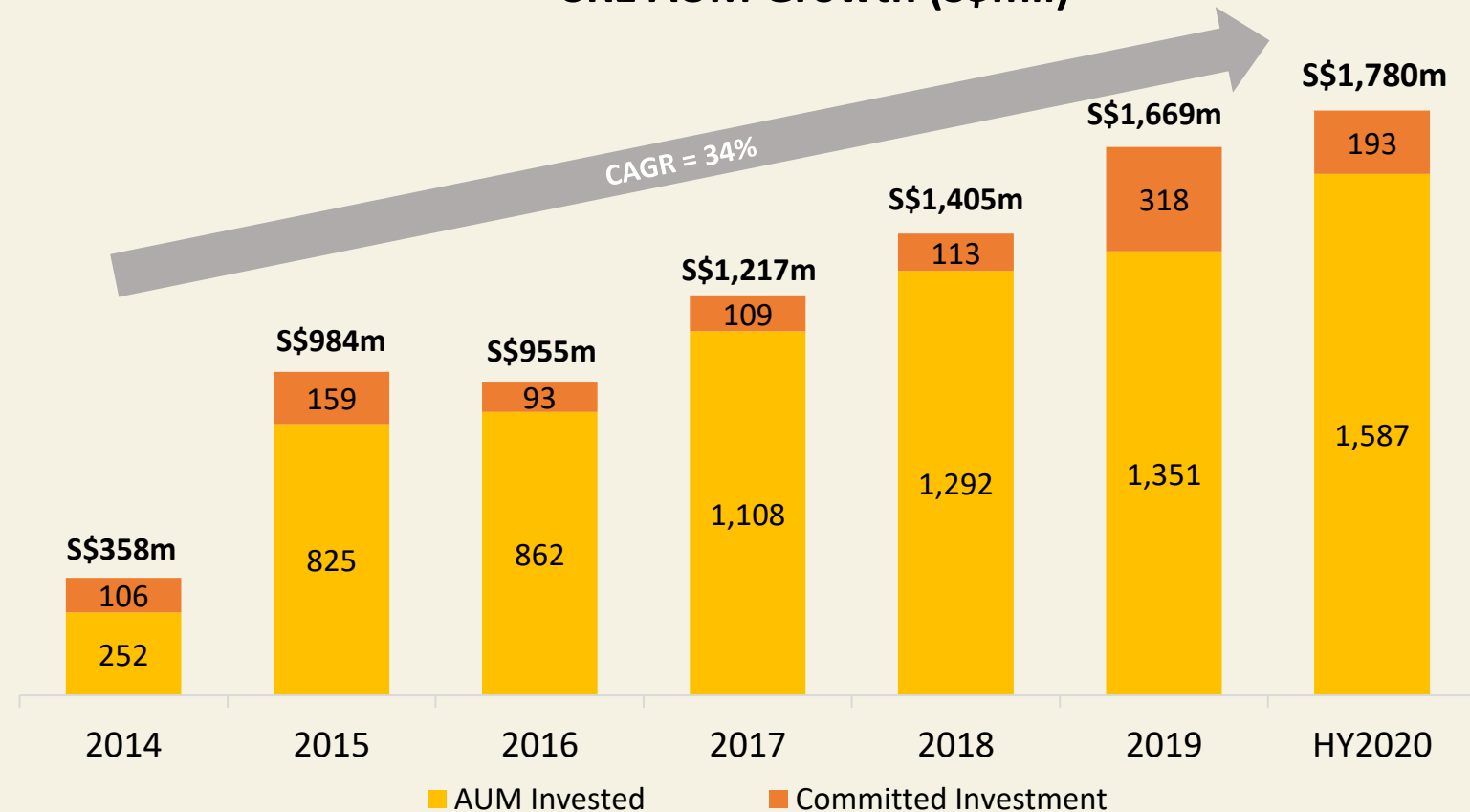
A growing global real estate investor

## Nurturing Platforms

(as of June 2020)

- **S\$1.8 billion**  
AUM
- **S\$797 million**  
Net capital invested
- **Return in 2019**  
11.0% ROE
- **S\$2.4 billion**  
AUM target

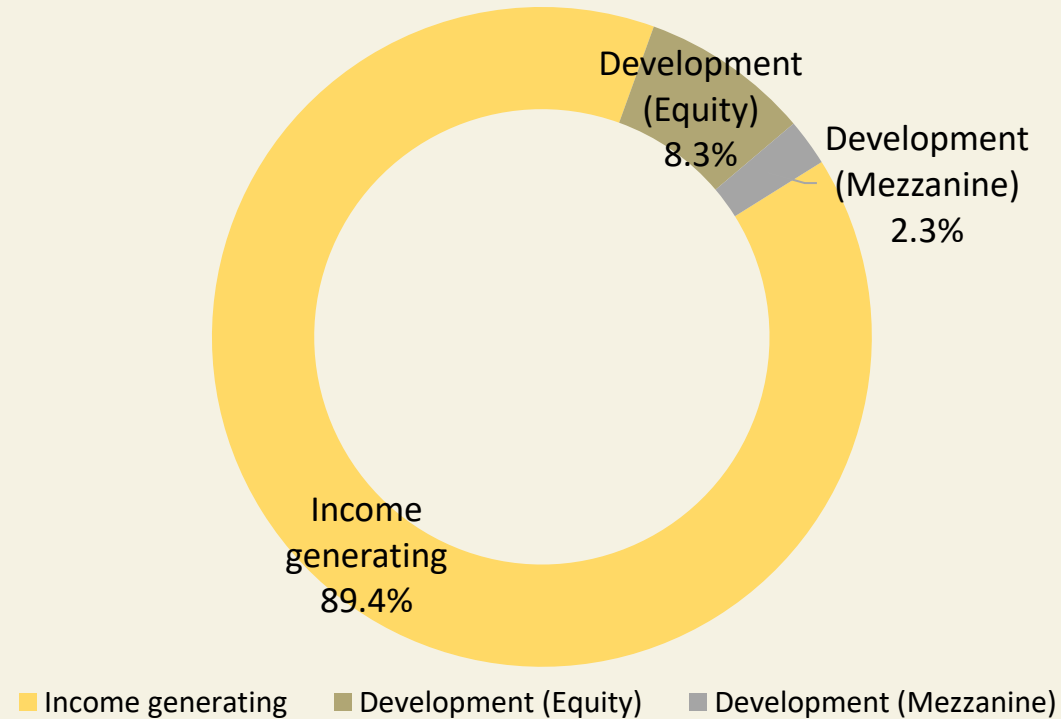
## SRE AUM Growth (S\$mil)



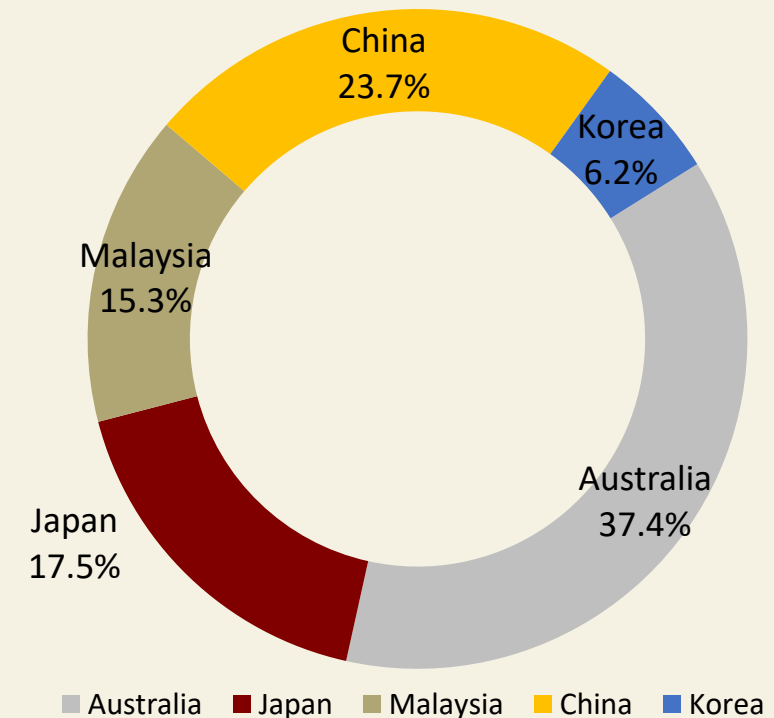
# SRE ASSET ALLOCATION

Predominately income generating and well-diversified portfolio

## Development vs Income Generating<sup>(1)</sup>



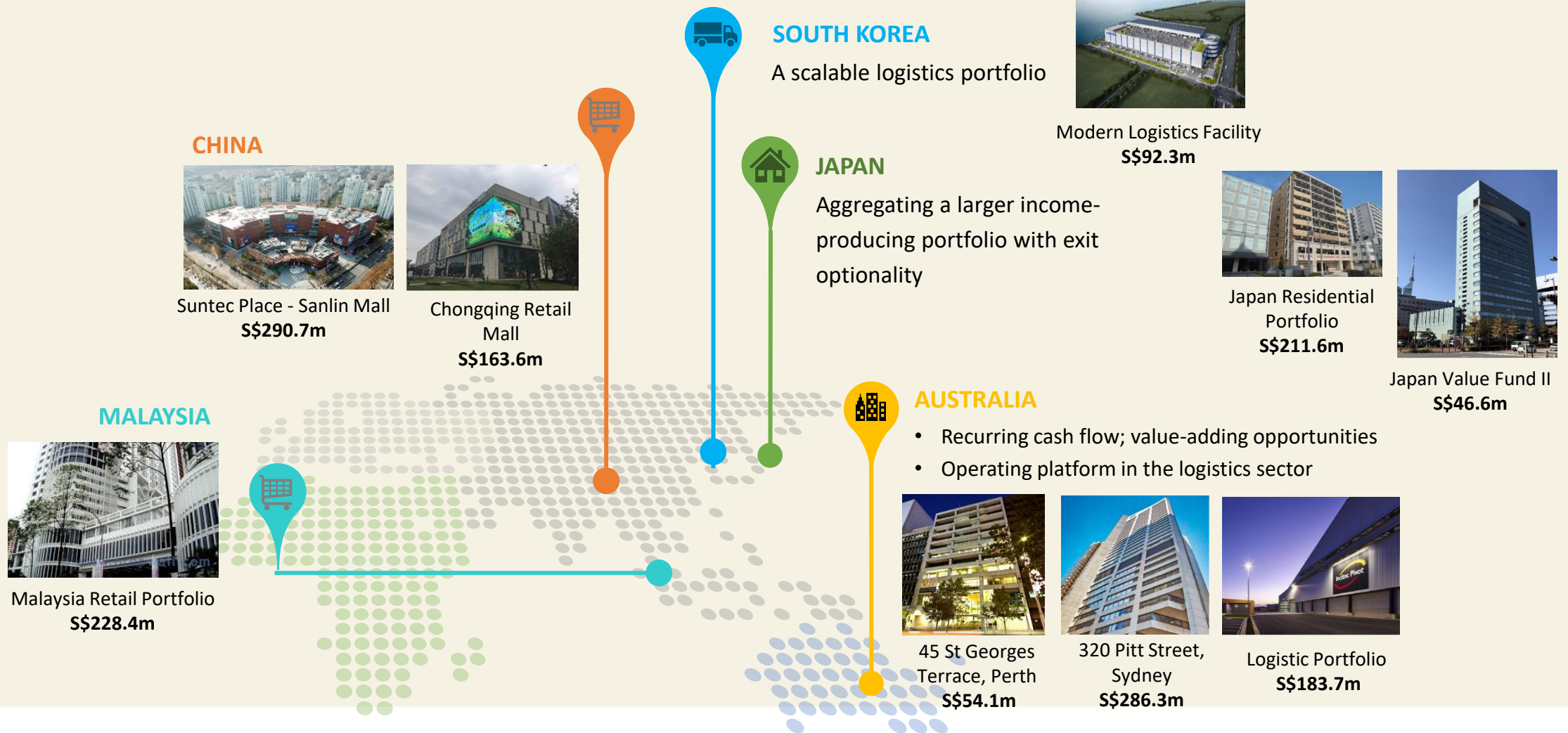
## Allocation by Country<sup>(1)</sup>





# STRAITS REAL ESTATE

Focused diversification within the value-add space



Figures represent SRE's pro-rata share of property value as of 30 June 2020

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# CHINA STRATEGY

## Destination malls in Chongqing and Shanghai

- The two shopping malls were affected during China's nationwide lockdown over the first quarter
- China emerged in the second quarter with stronger-than-expected 3.2% GDP growth
- **The two retail malls saw strong quarter-on-quarter rebound in shopper traffic and tenant sales for 2Q 2020**
- Active asset management and healthy demand within catchment area bode well for recovery

### Suntec Place - Sanlin Mall, Shanghai (37.3%)



- Currently 88% occupied
- AEI works for East Wing in progress
- Rebranded as “Suntec Place” and implemented a new membership system to drive tenant sales

### My Place Mall, Chongqing (100%)



- Currently 97% occupied
- Actively optimizing tenant mix to maximize rental upside

# JAPAN STRATEGY

Capitalize on local network to access off-market opportunities



## Japan Residential Portfolio (97.3% stake)



- Portfolio of 9 freehold residential properties (636 apartments) in Greater Tokyo
- Well-located buildings catering primarily to sustained demand from single-living locals
- Enjoys high occupancy of ~97%
- Provides strong recurring cash flow



## Japan Value Fund II (18.5% stake)



- Mandated to acquire office and other assets
- Source off-market deals to secure pricing arbitrage
- Invested ~JPY2.0bn out of JPY8.0bn in committed capital
- Sourcing for pipeline assets as the pandemic creates credit stress opportunities

# AUSTRALIA STRATEGY

Seeking assets with strong cash flow and value-adding opportunities

## Office properties with value-add upside

*320 Pitt Street (Sydney CBD)*



*45 St Georges Terrace (Perth CBD)*



- Office leasing inquiries are starting to pick up
- Actively fitting out space to enhance leasing traction for remaining space

## Mezzanine financing to residential development

*Project Aspire (Melbourne CBD)*



- Subscribed to AUD33.0 mil of secured notes for a high-rise construction of residential development
- Substantial pre-sale progress despite Covid-19

# AUSTRALIA STRATEGY

Strengthen logistics footprint in South Australia and Victoria

- Established a development and ownership platform with local developer; Commercial & General on a 80:20 basis

2018

- 5 properties (AUD137.5 mil)
- Blue-chip tenants

June  
2020

- 7 properties (AUD240.0 mil)
- ~95% occupancy (for operating assets)
- Long WALE of 9.8 years

- The build-to-suit portfolio enjoys high demand for quality warehouse space and generates recurring cash flow

- Developing more quality logistics and leveraging on strong leasing capabilities



# KOREA STRATEGY

“Build-to-core” strategy for Korean Logistics

- Collaboration with IGIS Asset Management, one of Korea’s largest asset managers, to establish a portfolio that develops and manages modern logistics facilities in Greater Seoul
- 94.7% interest in the Investment Vehicle with an initial commitment of **~KRW104 billion (~S\$120 million)**
- Structural works are in progress and in line with the construction contract and budget

Artist’s impression of Seed Asset



The modern logistics portfolio in Australia and Korea are poised to benefit from secular growth prospects spurred by Covid-19

# ARA ASSET MANAGEMENT

Accelerated expansion since privatisation

2017<sup>(1)</sup>

A premier **real estate** fund manager

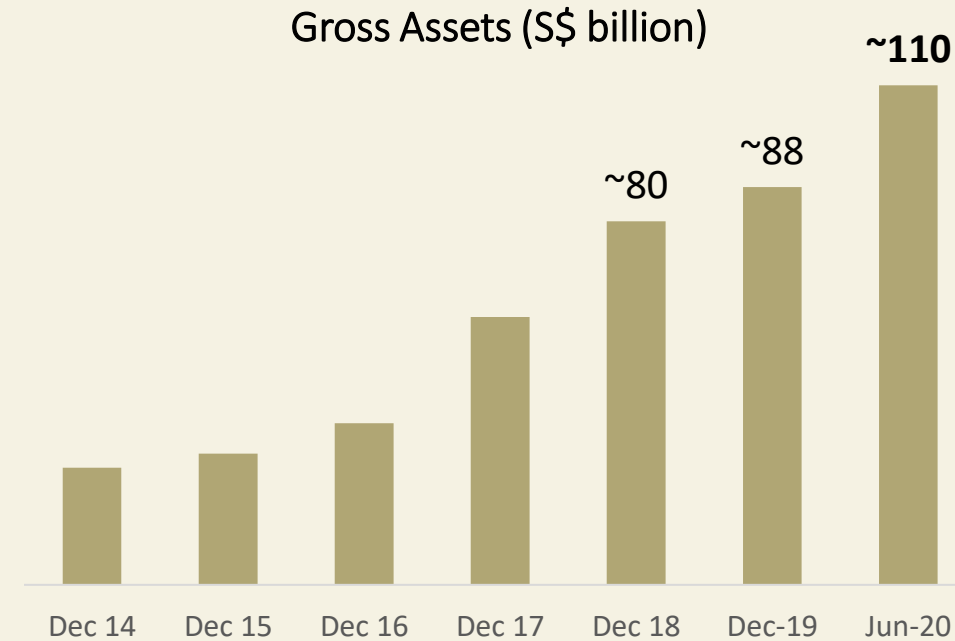
- 8 countries
- Asia Pacific presence
- 11 REITS
- 9 private real estate funds
- AUM S\$40 billion

June 2020

A leading APAC **real assets** fund manager

- **28** countries<sup>(2)</sup>
- **Global** presence
- **20** REITS<sup>(3)</sup>
- **Over 100** private real estate funds<sup>(3)</sup>
- Gross Assets **~S\$110** billion<sup>(3)</sup>

Gross Assets (\$\$ billion)



- ARA exceeded its target of gross AUM of \$100 billion by 2021<sup>(4)</sup>
- During the second quarter, STC increased its stake in ARA by 1.1% for ~S\$30.2mil

Sources:

(1) Press release by ARA Asset Management "ARA Establishes European Platform" dated 1 March 2018

(2) ARA website <http://www.ara-group.com/>

(3) Includes assets under management by ARA Asset Management Limited and the Group of companies ("ARA Group") and its Associates and Joint Ventures as at 30 June 2020

(4) The Business Times "Steadfast about growth" 25 August 2018

# ARA ASSET MANAGEMENT

A multi-platform, multi-product global fund management platform

## Key achievements for 1H2020

### 1. Strategic Transaction with LOGOS

- Expanded logistics platform in Asia Pacific
- Logos AUM: US\$9.5b

The logo for LOGOS, featuring the word "LOGOS" in a bold, black, sans-serif font.

### 2. Europe Credit Platform – Venn Partners

- Acquired majority stake in Venn Partners in the UK with AUM in excess of £5 billion

The logo for VENN partners, featuring the word "VENN" in a bold, black, sans-serif font, with "partners" in a smaller, lowercase font below it, and a circular graphic element to the right.

### 3. Increase in shareholders' stakes in ARA

- Straits Trading, John Lim and Cheong Kong – 51.3%
- Warburg Pincus – 48.7%

The logo for CROMWELL PROPERTY GROUP, featuring a stylized blue and white geometric shape to the left of the word "CROMWELL" in a bold, black, sans-serif font, with "PROPERTY GROUP" in a smaller font below it.

### 4. Launched proportional offer for Cromwell



# FAR EAST HOSPITALITY HOLDINGS

A scalable platform to tap opportunities in the hospitality industry

Far East Village Hotel Ariake  
Tokyo, Japan



## COVID-19 Mitigation Measures

- Prioritize health, safety & well-being
- Conserve cash flow with cost containment measures
- Secure government contracts and corporate contracts
- Focus on staycation and domestic travel in the near term
- Boost operational efficiencies through digital innovations

## FY2020 Hotel Openings

- Opened Far East Village Hotel Ariake in Japan in July 2020
- Reviewing the expected addition of ~1,550 rooms, given Covid-19 development

**FEHH remained cash flow positive despite the pandemic disruptions**



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## BUSINESS HIGHLIGHTS

RESOURCES

# MALAYSIA SMELTING CORP

Ongoing drive to enhance sustainability, competitiveness & long-term growth

## MSC Group

- Results impacted by lower tin prices and temporary plants closure from mid-March to May
- Operations have fully resumed since then
- Tin price has rebounded strongly
- Performance recovered in the second quarter with a net profit of RM0.9 mil, following a loss of RM13.2 mil in the first quarter

## TIN MINING - ongoing initiatives to raise mining productivity



- Improve daily mining output
- Explore new deposits and JV mining arrangements

## TIN SMELTING - to commence production at Pulau Indah smelter in 2H 2020



- Improve production yield and capacity
- Smaller carbon footprint

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**FINANCIAL HIGHLIGHTS  
1H2020**

# GROUP FINANCIAL HIGHLIGHTS

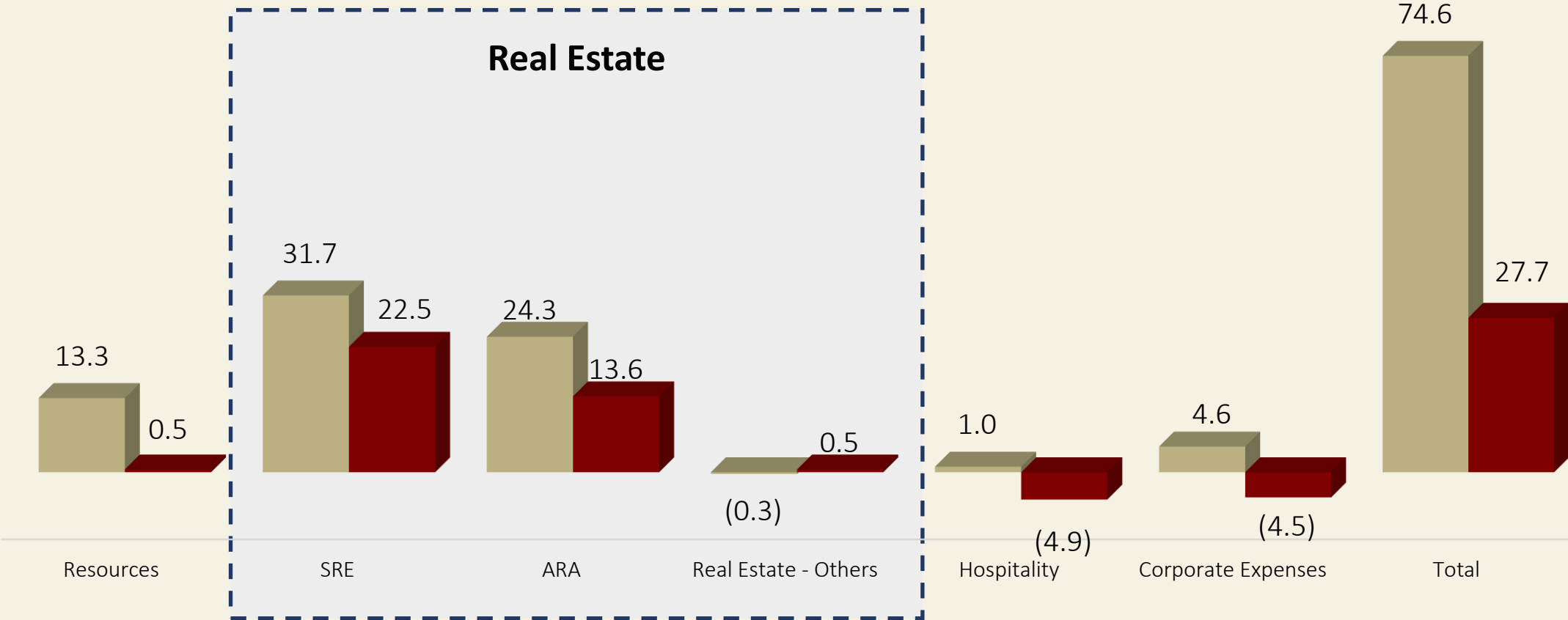
S\$'m	1H2020	1H2019	% change
EBITDA	27.7	74.6	-62.9
EBIT	23.3	71.0	-67.2
Profit before tax	9.5	56.9	-83.3
PATNCI	5.5	42.5	-87.1
EPS (cents)	1.3	10.4	-87.5

# EBITDA BY BUSINESS SEGMENTS

Main drivers of profitability – Real Estate segment

1H EBITDA (S\$ mil)

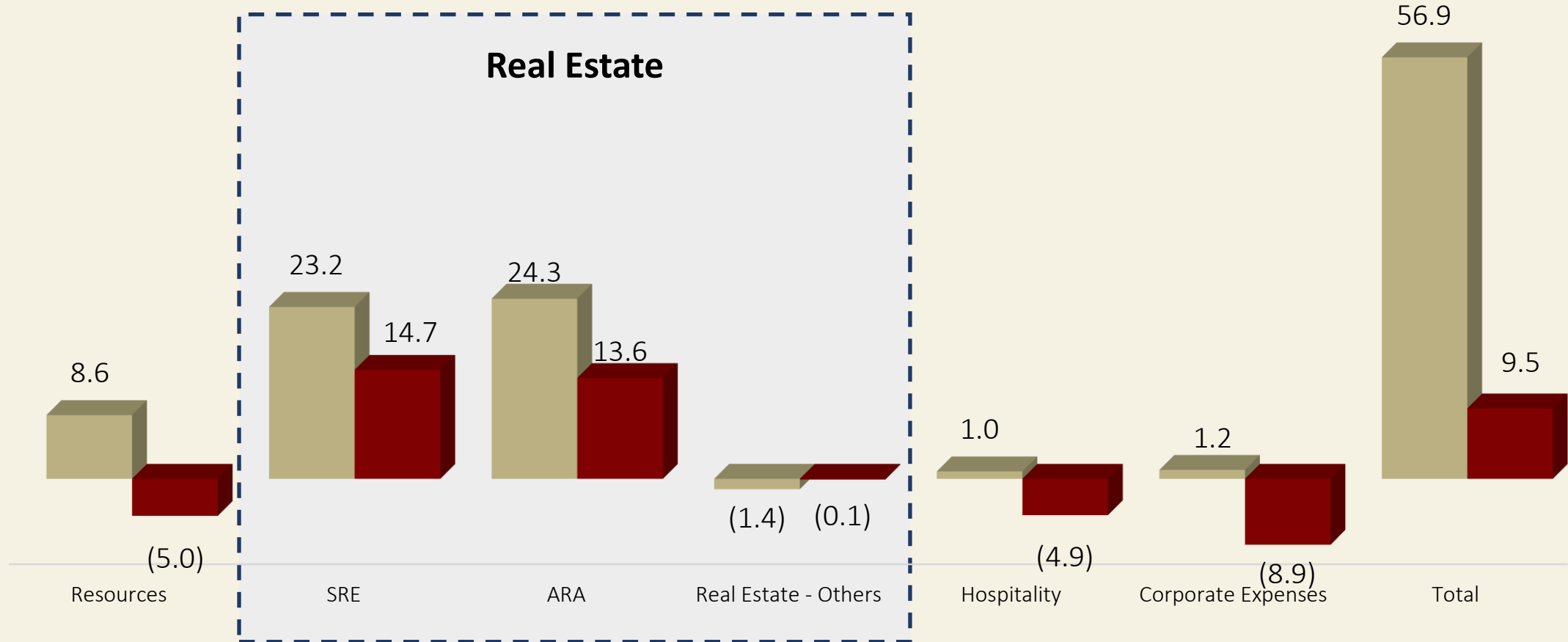
■ 1H2019 ■ 1H2020



# PAT BY BUSINESS SEGMENTS

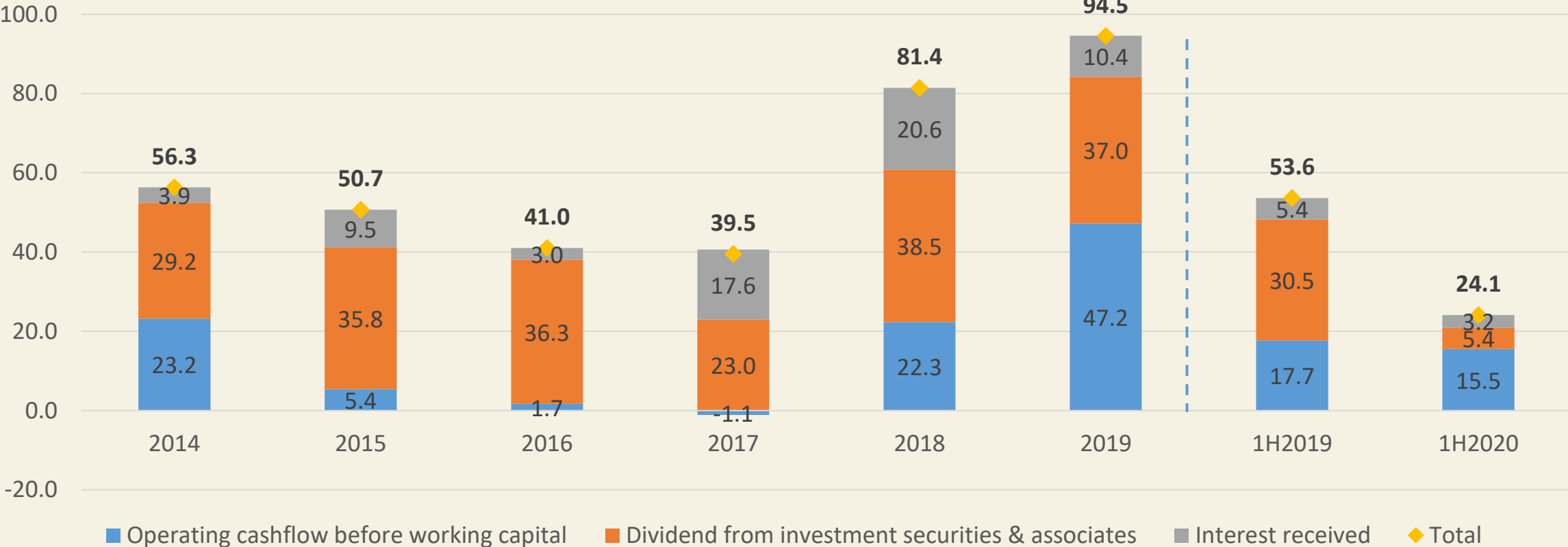
Main drivers of profitability - Real Estate segment

1H PAT (S\$ mil)  
 ■ 1H2019 ■ 1H2020



# KEY SOURCES OF GROUP CASHFLOW

Cashflow from Multiple Sources (S\$m)





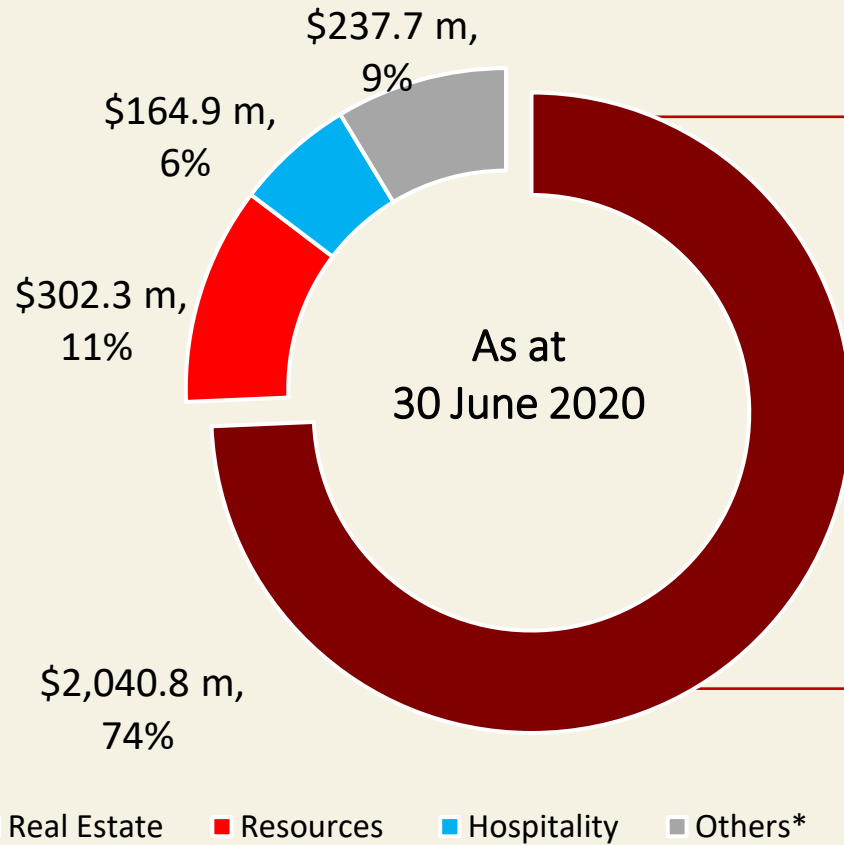
# GROUP FINANCIAL HIGHLIGHTS

Strong financial position and prudent financial metrics

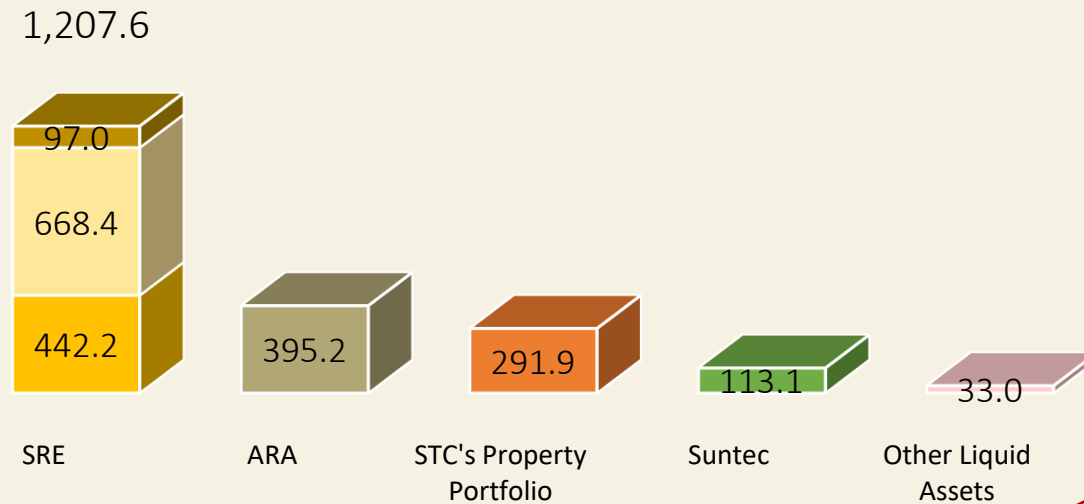
S\$m	30 Jun 2020	31 Dec 2019
Cash and short-term deposits	260.1	310.5
Total assets	2,745.7	2,649.2
Total borrowings	1,009.3	870.1
Total liabilities	1,138.7	979.9
Total equity	1,607.1	1,669.3
NAV/share (S\$)	3.56	3.73
Net debt/Total equity	46.6%	33.5%
EBITDA/Interest expenses	2.01	5.96

# TOTAL ASSETS

S\$2.75 billion in total assets as of June 2020 (Dec 2019: S\$2.65 billion)  
80% from real estate and hospitality segments



Real Estate Assets Breakdown (S\$ million)

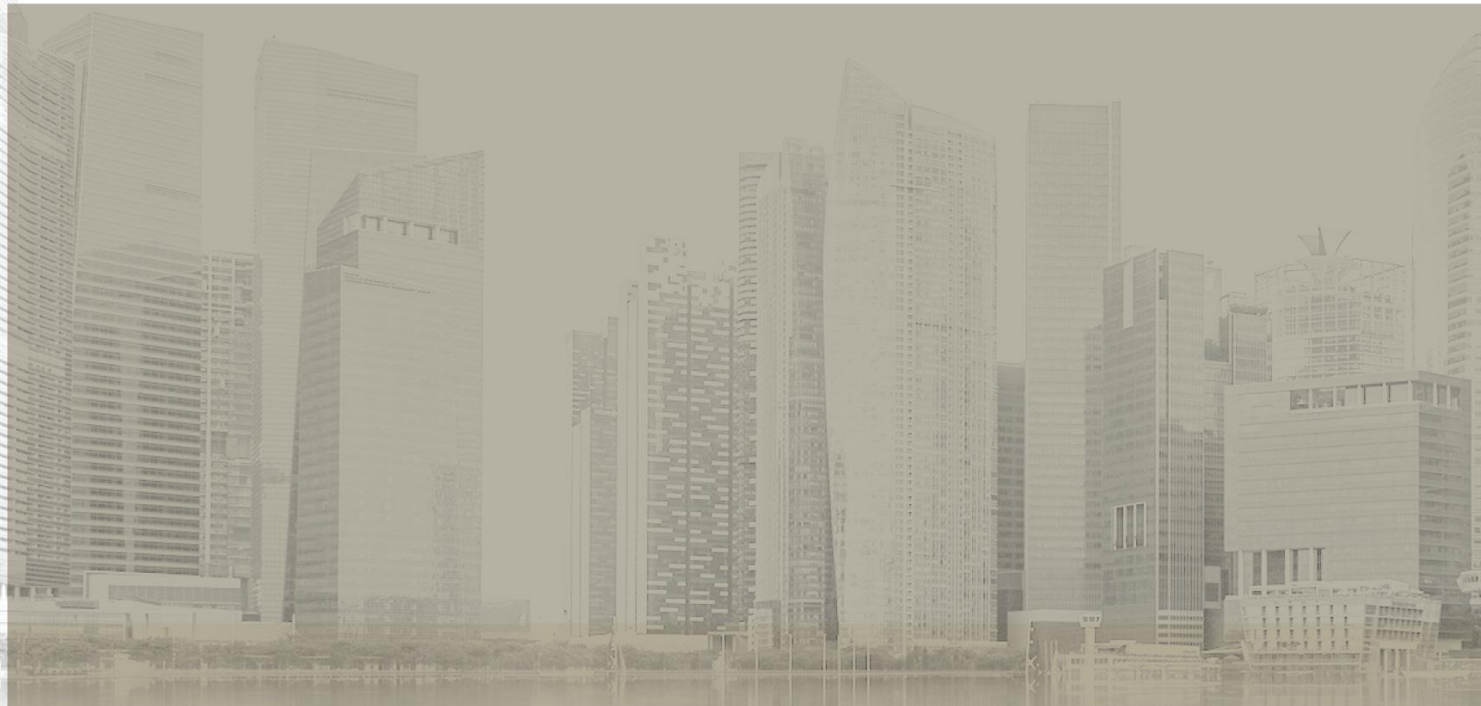


- Cash & others
- Chongqing Mall, 45 St Georges Terrace, logistics assets & Japan residential properties
- Harmony III, JVF II, 320 Pitt St, logistics joint venture in Korea, Suntec Place joint venture & investment in secured notes

\* Others comprise mainly Group-level cash, separate account portfolio

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## APPENDIX

# AUD-SGD REBOUNDED STRONGLY

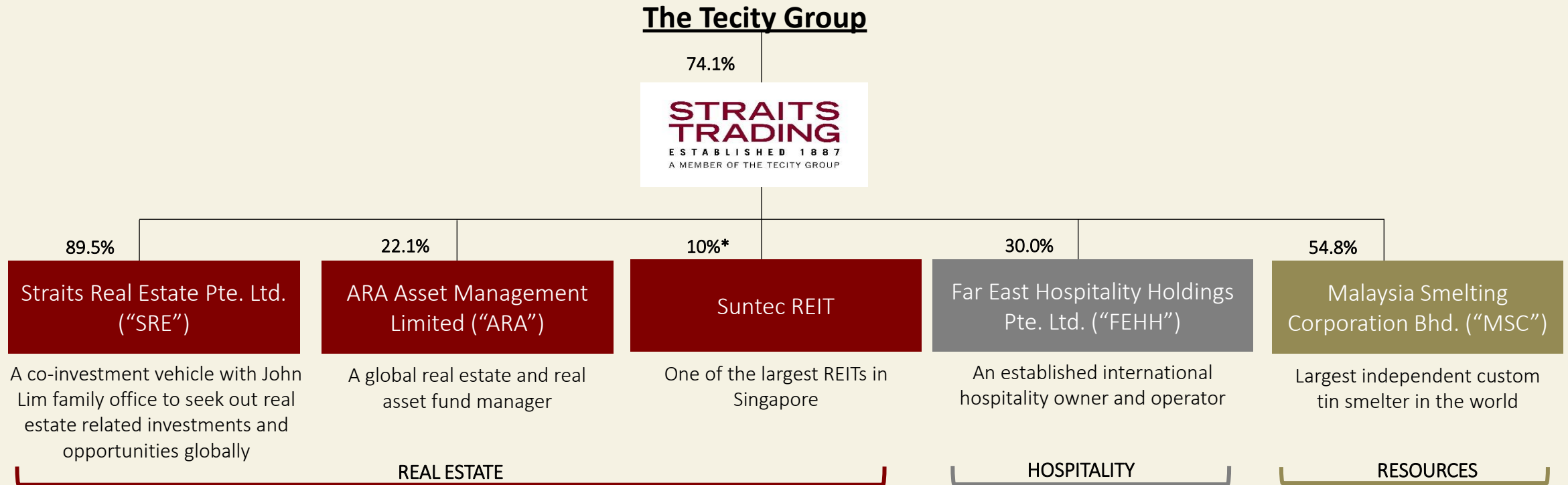


# TIN PRICE SHARP RECOVERY



# CORPORATE STRUCTURE

Structured to implement our strategy as a capital allocator

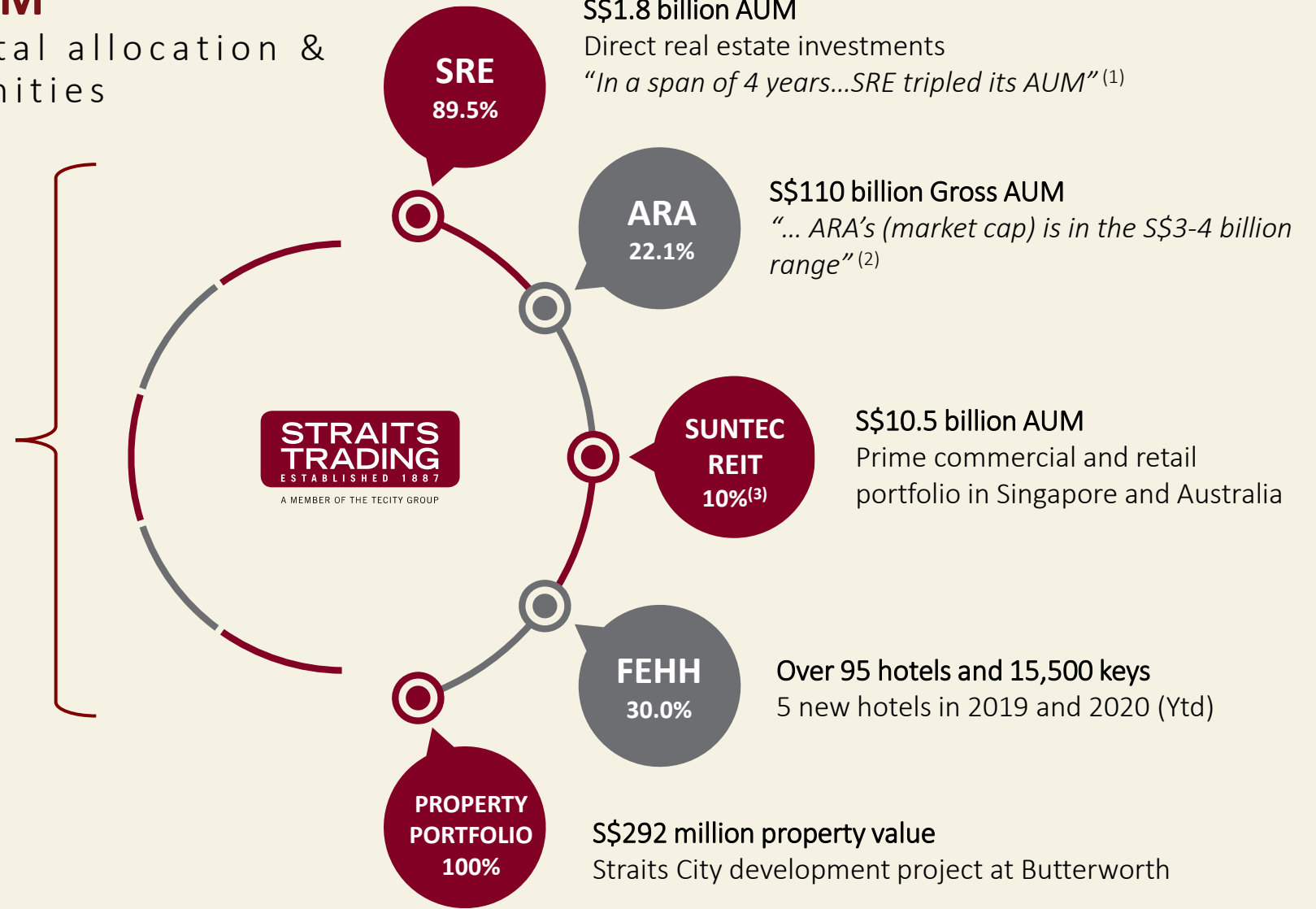


\* Aggregate interest in Suntec REIT including deemed interest through ARA group companies

# REAL ESTATE ECOSYSTEM

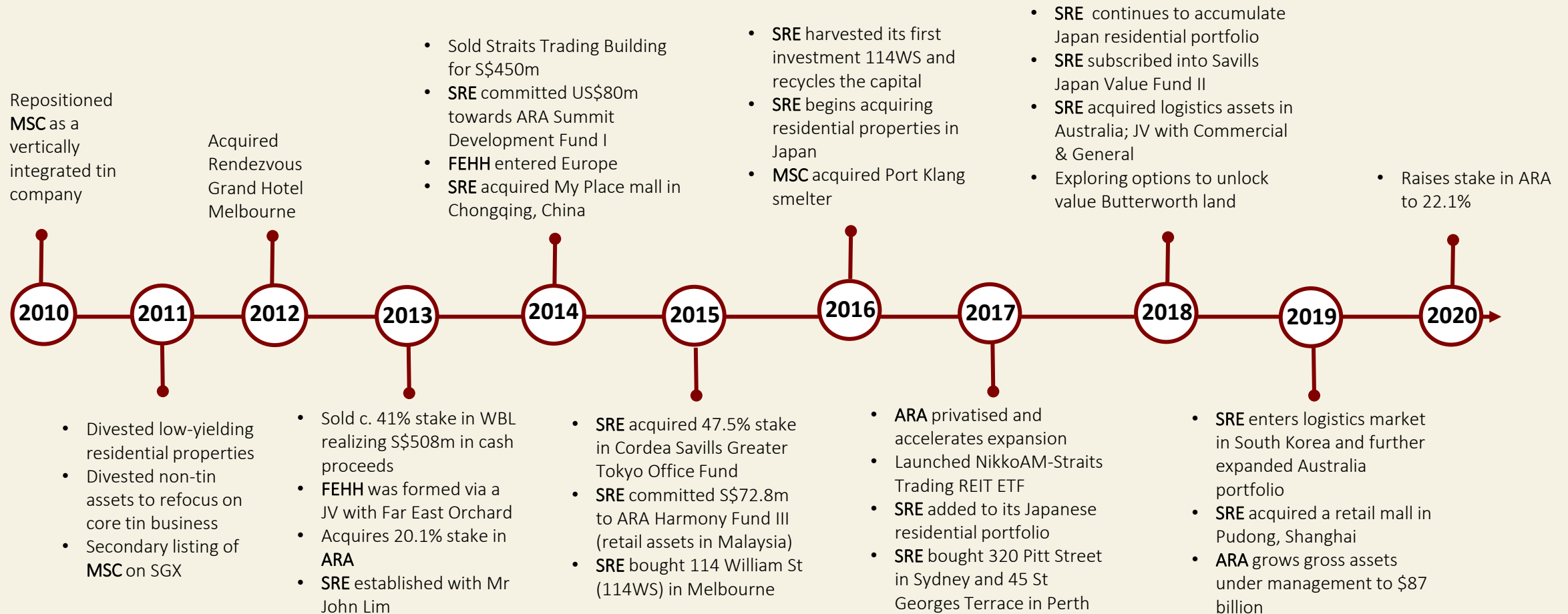
Structured for efficient capital allocation & enhanced access to opportunities

1. Enhanced deal flows
2. Capital recycling opportunities along real estate value chain
3. Multiple platforms with cross-fertilization prospects



# BUSINESS TRANSFORMATION SINCE 2008

Redefining focus and making new investments





# KEY COMPONENTS OF STC'S PORTFOLIOS

	Key Components	Consolidated Balance Sheet	Consolidated Profit & Loss
Straits Real Estate (SRE)	Chongqing Retail Mall	Investment property	Property revenue & fair value changes
	45 St Georges Terrace, Perth		
	Japan Residential Portfolio		
	Australia Logistics Portfolio		
	320 Pitt Street, Sydney	Joint venture	Share of results & interest income
	Korean Logistics	Joint venture	Share of results
	Malaysia Retail Portfolio (Harmony III)	Associate	Share of results
	Suntec Place – Sanlin Mall (Shanghai)		
	Japan Value Fund II		
Project Aspire	Investment securities	Interest income	
ARA		Associate	Share of results
STC's Property Portfolio	Singapore Residential Portfolio	Investment property	Property revenue & fair value changes
	Butterworth Land, Penang	Land under development	
Hospitality (Far East Hospitality Holdings)		Associate/ investment securities	Share of results & dividend
Malaysia Smelting Corp (MSC)		Consolidated assets	Consolidated P&L
Suntec REIT units		Investment securities & fair value changes	Dividend

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