

# The Straits Trading Company Limited Corporate Profile

December 2013



**STRAITS  
TRADING**  
ESTABLISHED 1887

A MEMBER OF THE TECITY GROUP

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# Investment Highlights

## 1 Diversified portfolio – real estate and resources

- Exposure across Asia Pacific real estate spectrum via hard assets, management services and fund management
- Majority stake in 2<sup>nd</sup> largest refined tin producer globally

## 2 Unique growth platform through partnerships with leading players

- Advantages in terms of connectivity, relationships and business opportunities
- Partnerships with Far East Organization for hospitality and Mr John Lim (founder of ARA Asset Management Ltd) for real estate

## 3 Track record of value creation and unlocking

- Unlocked S\$508 million of shareholder value through sale of stake in WBL Corporation Limited
- Transformed hospitality division into a 30% stake in a sizable Asia Pacific hospitality group

## 4 Strong corporate governance

- Strong board oversight at The Straits Trading Company Limited (“STC”) as well as each individual investment

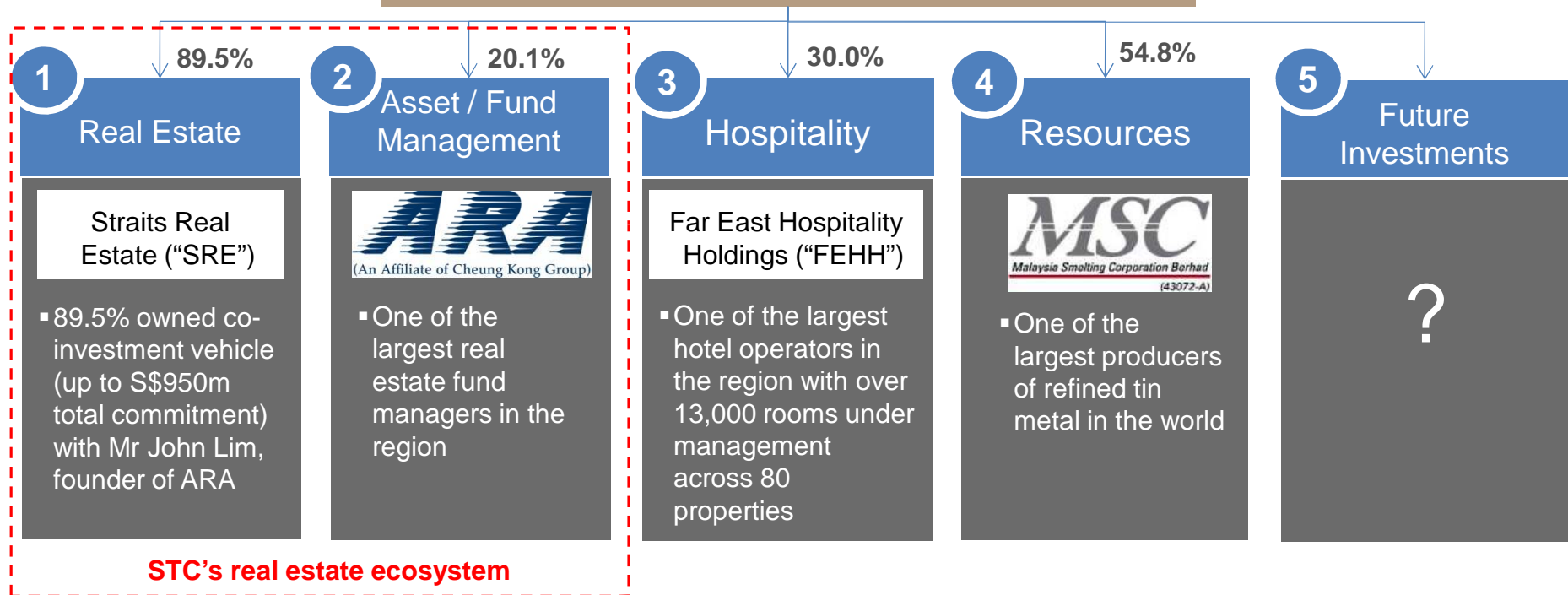
## 5 Sponsors with ‘skin-in-the-game’

- Alignment of interest with Tecity Group (STC’s 70% majority shareholder)
- Mr John Lim has committed S\$100m of his personal capital to the real estate co-investment vehicle(s) with STC
- Far East Orchard Ltd (“FEO”) has injected its hospitality business into the hospitality JV with STC

# STC Group – A Diversified Investment Company

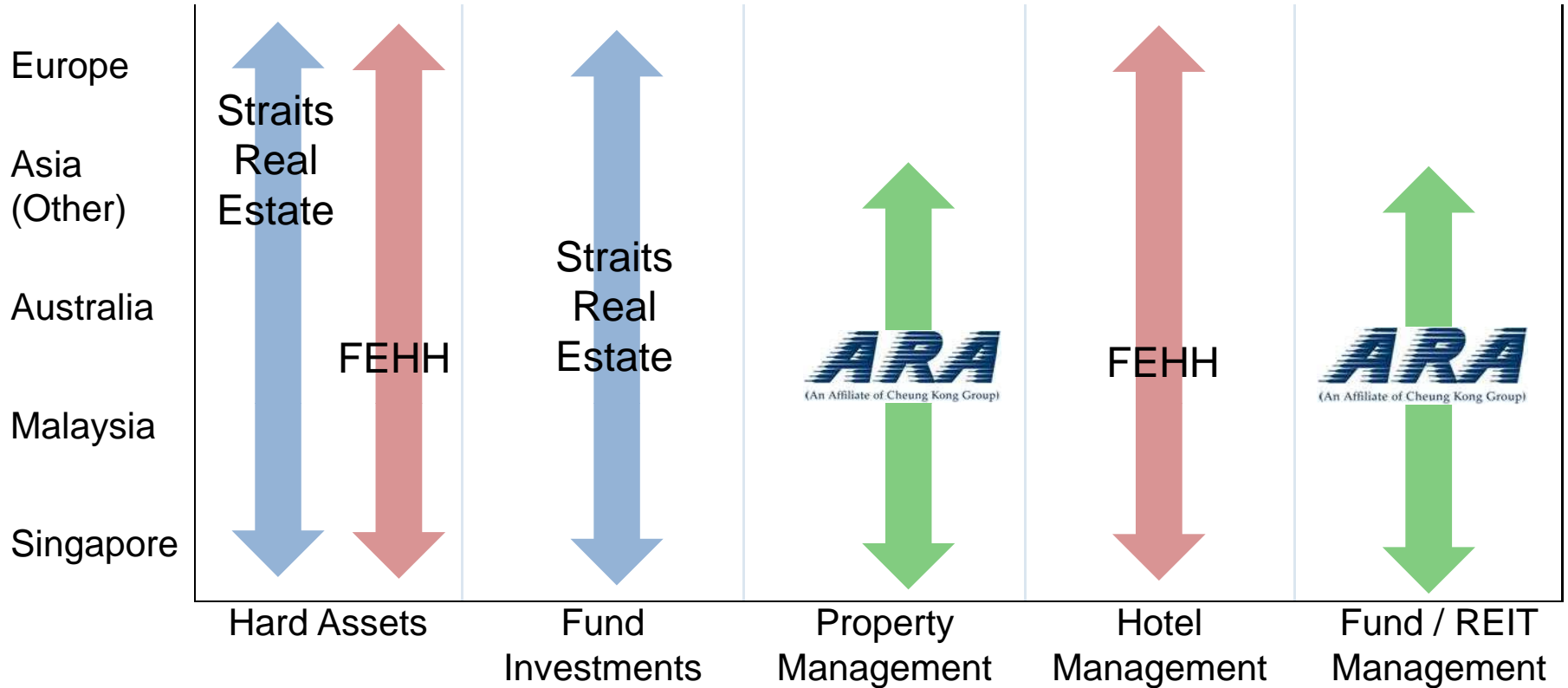
The Straits Trading Company Limited (“STC”), one of the oldest publicly listed companies in Singapore, is an investment holding company with businesses and investments spanning across the Asia-Pacific region

## The Straits Trading Company Limited



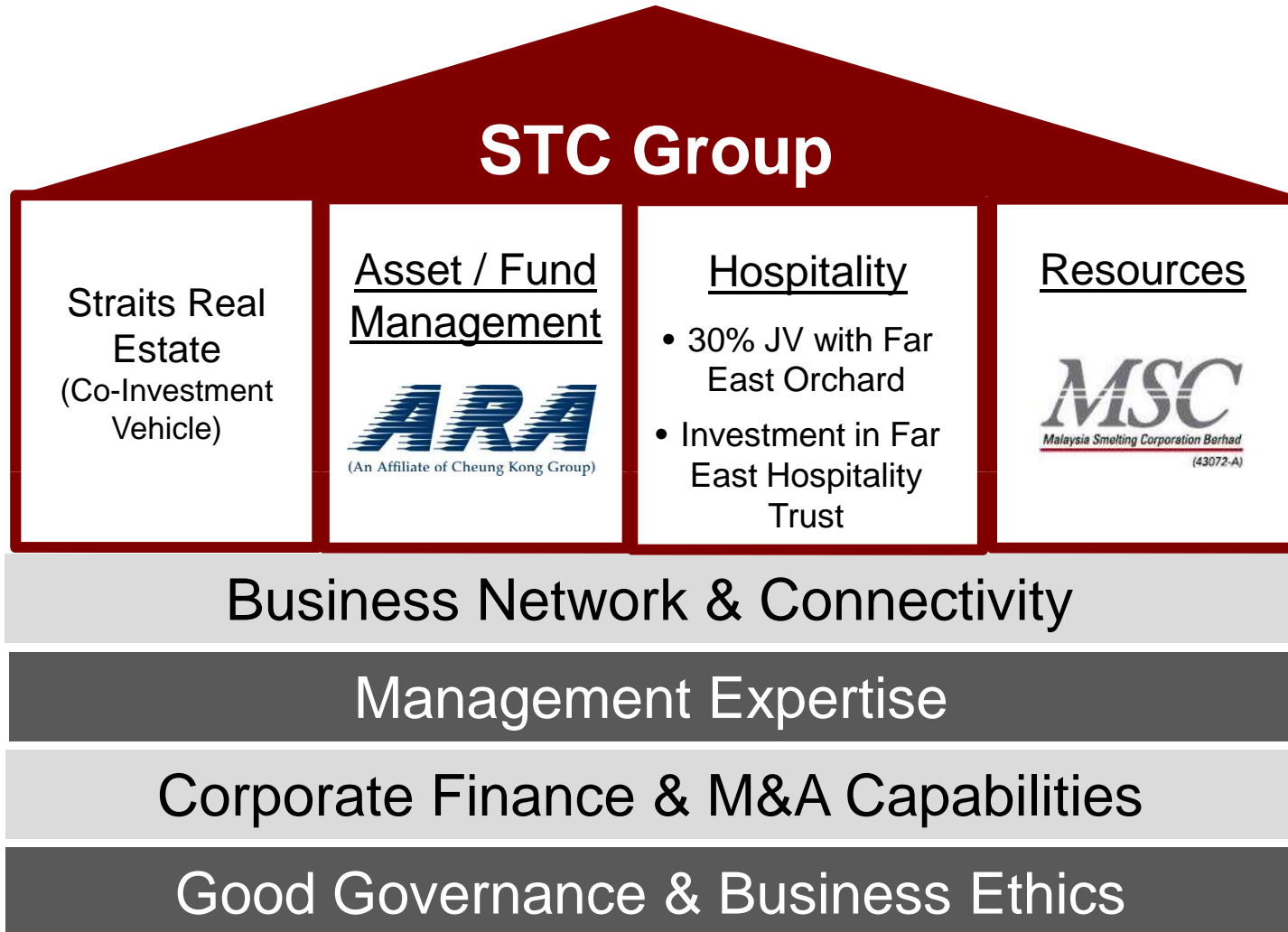
**STC was incorporated in 1887 and is listed on the SGX-ST with a market capitalisation of approximately S\$1.47 billion\***

# Diversified Real Estate Roadmap

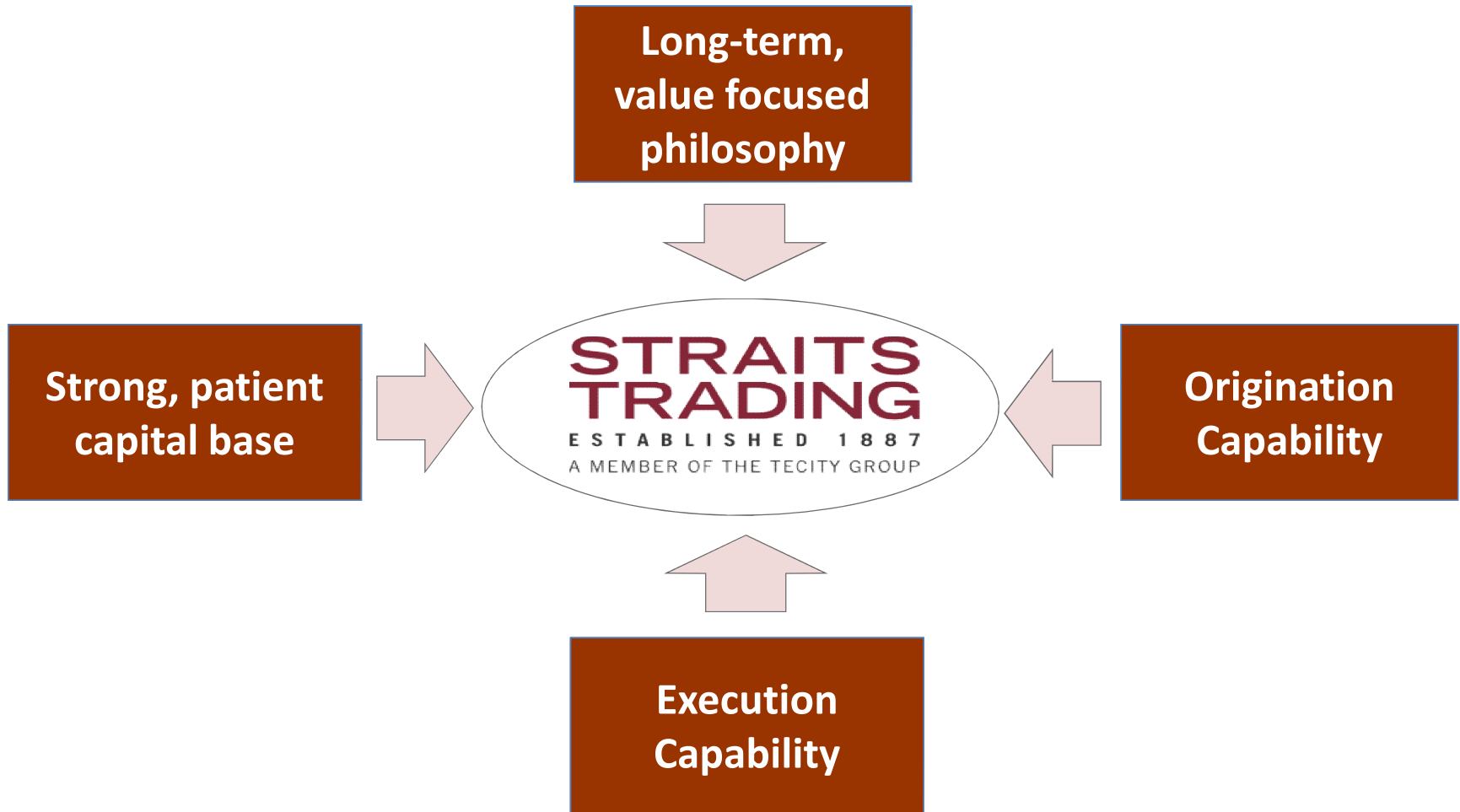


**STC is well positioned across the real estate spectrum targeting high quality assets and businesses spanning Asia, Australia and Europe**

# The STC Platform



# STC's Investment Advantage



# STC's Partners Are Leading Players

## Straits Real Estate

STC: 89.5% stake  
(up to S\$850m commitment)

Mr John Lim: 10.5% stake  
(up to S\$100m commitment)

### Profile of Mr John Lim:

- Mr Lim has been the Group Chief Executive Officer and Executive Director of ARA since its establishment in 2002
- Under Mr Lim's leadership, ARA's assets under management (AUM) has grown from zero to S\$23.4 billion<sup>1</sup> over a 10 year period
- As part of the acquisition by STC of a 20.1% stake in ARA, Mr John Lim was issued S\$50m in STC shares (~3.4% of STC's share capital)

## ARA Asset Management

STC: 20.1% stake  
Mr John Lim: 19.25% stake  
Cheung Kong: 7.83% stake

### Profile of Cheung Kong Group:

- Cheung Kong Group is a property development and strategic investment company
- It is one of the largest developers in Hong Kong of residential, commercial and industrial properties
- About one in seven private residences in Hong Kong were developed by the company

## Far East Hospitality Holdings

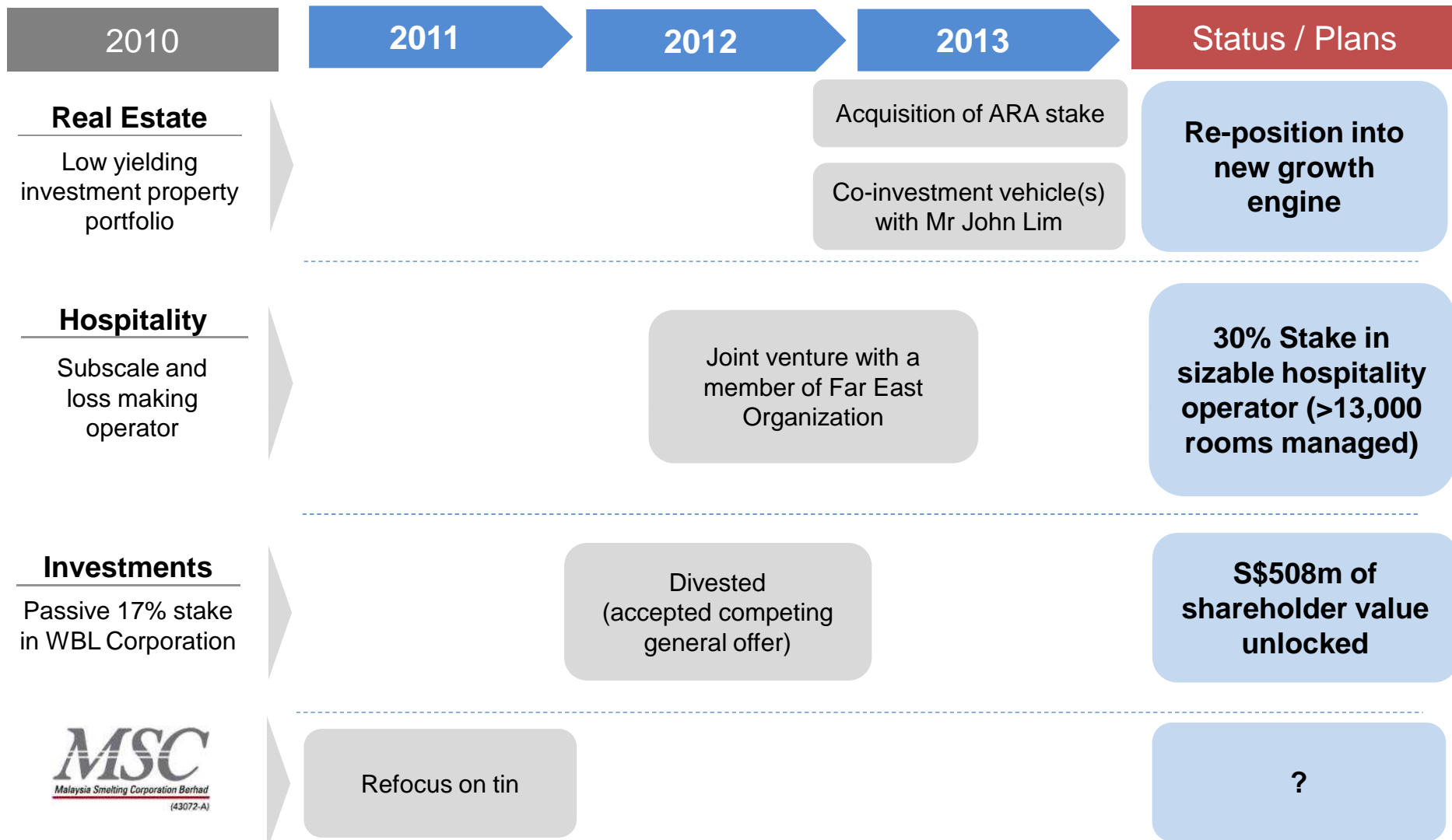
STC: 30% stake  
Far East Orchard: 70% stake

### Profile of Far East Orchard:

- Far East Orchard is a member of Far East Organization, Singapore's largest private property developer
- Far East Orchard has a diversified portfolio focusing on property development, hospitality real estate development and management and healthcare real estate space



# Track Record of Value Creation & Unlocking



# Board of Directors

## Executive Directors

### Chew Gek Khim (Executive Chairman)



- Ms. Chew was earmarked and groomed by her grandfather, Tan Sri (Dr) Tan Chin Tuan to head the Tecity Group
- Serves on the board of SIC of Singapore and Chairman of NEA

### Yap Chee Keong (Executive Director)



- Over 25 years of experience in M&A and finance
- Former advisor and CFO at SingPower Group
- CapitaMalls Asia board member

## Tecity Group Representatives

### Chew Gek Hiang (NI & NE Director)



- Executive Director and Head of Finance at Tecity Group
- Accountant by training; member of Institute of Chartered Accountants in England and Wales since 1990

### David Goh (NI & NE Director)



- CIO and Chief Strategist at Tecity Group
- Former adjunct associate professor of Finance at NTU and investment analyst with Great Eastern Life
- Holds M.Sc. from MIT and CFA Charter holder

## Non-Executive Directors

### Gautam Banerjee (Lead ID)



- Chairman of Blackstone Singapore and Vice Chairman of the Singapore Business Federation
- Former Executive Chairman of PwC Singapore
- Former Nominated Member of Parliament in Singapore

### Razman Ariffin (ID)



- Over 40 years of experience in the mining sector
- Former CEO of Malaysia Smelting Corporation (MSC)
- MSC board member

### Elizabeth Sam (NI & NE Director)



- Over 40 years of experience in the financial sector
- Former central banker (Ministry of Finance, MAS), Chairman of Singapore International Monetary Exchange and Investment Management Association of Singapore

### Tham Kui Seng (ID)



- Highly experienced in the real estate sector
- Housing and Development Board (HDB) board member
- Former Chief Corporate Officer of CapitaLand, CEO of CapitaLand Residential, and COO of Pidemco Land

### Dr Lin See-Yan (ID)



- Member, Prime Minister's Economic Council Working Group (Malaysia)
- Former Deputy Governor of Bank Negara Malaysia for 14 years
- British Chartered Scientist & Harvard educated economist

### Tan Tiong Cheng (ID)



- 40 years of experience in the real estate sector
- Executive Chairman of Knight Frank Pte Ltd
- Independent Director of Heeton Holdings Ltd and UOL Limited; Honorary Advisor to REDAS and a member of the Valuation Review Board

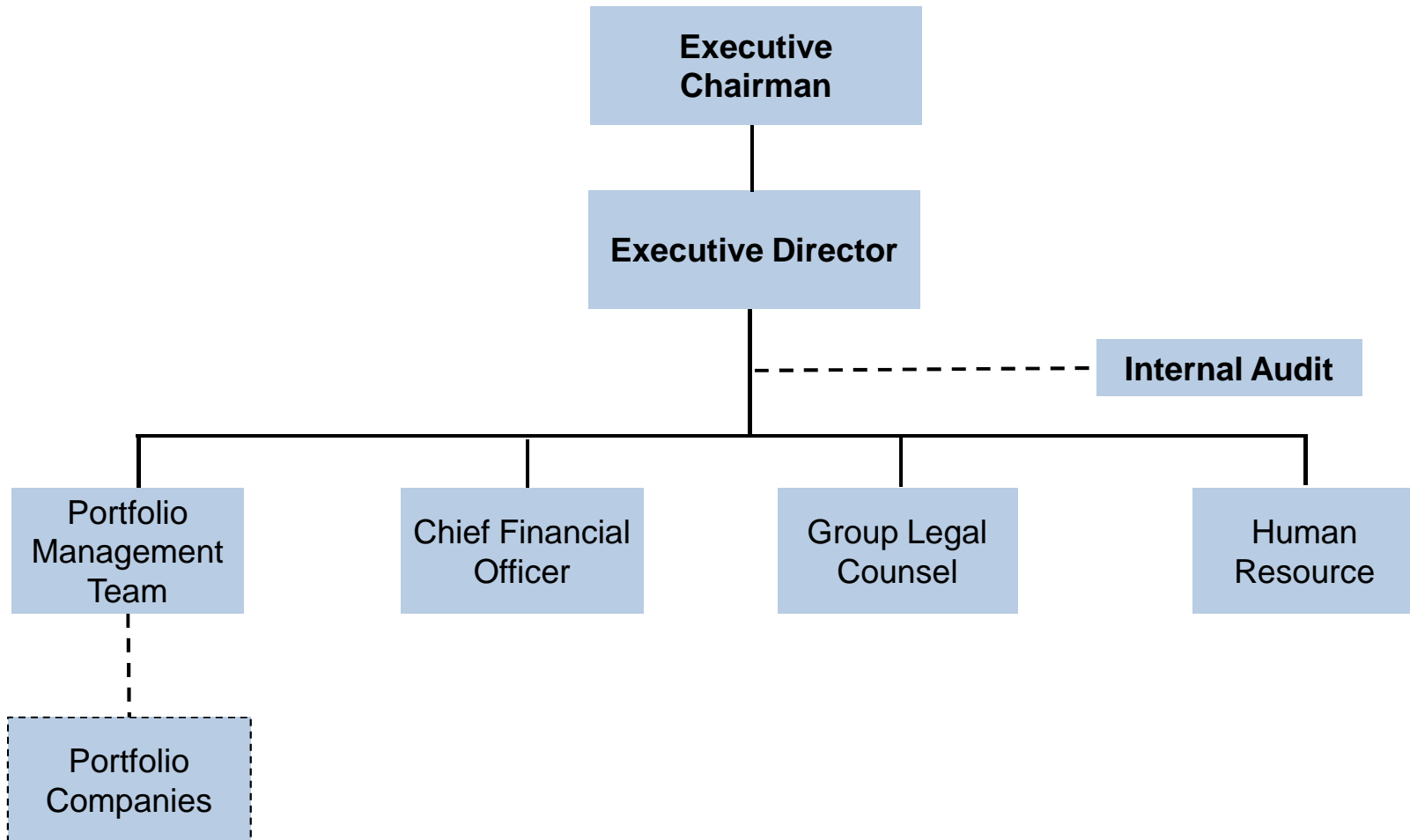
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# Management Structure



# Supportive Shareholder Base

Major Shareholders	
The Cairns Pte Ltd (Tecity Group)	70.0% <sup>1</sup>
Aberdeen	8.2% <sup>2</sup>
Third Avenue Management	7.4% <sup>3</sup>

*Notes:*

1. Based on disclosures to STC which were filed on SGXNET on 3 Dec 2013
2. Based on disclosures to STC which were filed on SGXNET on 2 May 2013
3. Based on disclosures to STC which were filed on SGXNET on 20 June 2013

## Overview of the Tecity Group:

- The Tecity Group is a privately held investment and philanthropic group of companies
- The Group was founded by the late banker and philanthropist Tan Sri (Dr) Tan Chin Tuan
- The Group manages an active global investment portfolio with a philosophy centered on the principles of its founder. It prides itself in being a responsible partner and desirable employer
- The Tecity Group is headed by Ms Chew Gek Khim, granddaughter of the founder

**Strong alignment of interests between Tecity Group and minority shareholders for capital preservation and long-term value creation**

# ARA Asset Management Ltd (“ARA”)

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# ARA Business Overview

1

A sound, well managed business

- Established in 2002 and listed on SGX in 2007, ARA is one of the largest real estate fund managers in the region
- ARA manages REITs listed in Singapore, Hong Kong and Malaysia with a diversified portfolio spanning the office, retail and industrial sectors; private real estate funds investing in Asia; and provides real estate management services



*ADF*  
ARA Asia  
Dragon Fund

*ADF II*  
ARA Asia  
Dragon Fund II

*HARMONY*  
ARA Harmony Fund

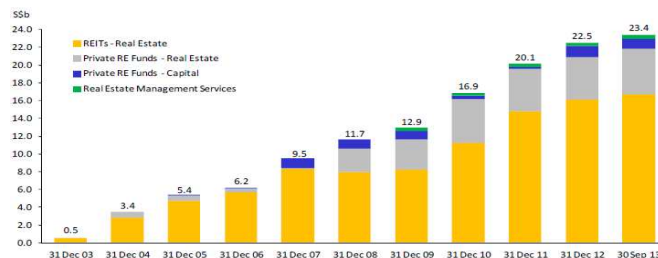
*CIP*  
ARA China  
Investment Partners

*MIP*  
ARA Morningside  
Investment Partners

2

Solid track record of AUM growth

- Total Asset Under Management (“AUM”) amounts to S\$23.4 billion (as at 30 Sep 2013), with compound annual growth rate of 48% since 2003



3

Sustainable dividend

- Cash generative asset-light business model
- Dividend growth over time - total dividends paid for FY2012 of S\$40.5m compared to S\$25.7m in FY2008

# ARA's Network

- ARA is set to benefit from combined business networks and industry relations of **STC** and **Cheung Kong Group**, among other partners
- New co-investment vehicle(s) between STC and Mr John Lim to help generate future AUM growth through envisaged seed / capital commitments into ARA's new private funds

	<b>Straits Trading Company</b>	<b>Cheung Kong Group</b>	<b>CalPERS</b>	<b>Teachers Retirement System of Texas (TRS)</b>	<b>CWT</b>	<b>AmInvestment Group Berhad</b>	<b>Citic Bank</b>
<b>Description</b>	Leading Singapore-based investment holding company with Asia-wide business interests and investments.	Leading multi-national conglomerate.  One of the largest real estate developers in Hong Kong and Asia.	Largest US public pension fund by assets.	Among top ten largest US pension funds by assets.	Largest listed logistics company in Southeast Asia.	One of Malaysia's premier financial services group .	Leading China-focused international investment bank.
<b>Relationship</b>	Strategic sponsor and business partner.  Provides capital support and access to extensive Asia business network.	One of ARA's founding shareholders.  Provides access to extensive portfolio of real estate properties and extensive Asia business network.	Anchor investor in ARA Asia Dragon Fund I and II.  Separate account investor in ARA China Investment Partners	Anchor investor in ARA Asia Dragon Fund I and II.	Joint venture partner of ARA in the manager of Cache Logistics Trust listed in Singapore.	Joint venture partner of ARA in the manager of AmFIRST REIT listed in Malaysia.	Joint venture partner of ARA in the manager of Hui Xian REIT listed in Hong Kong.

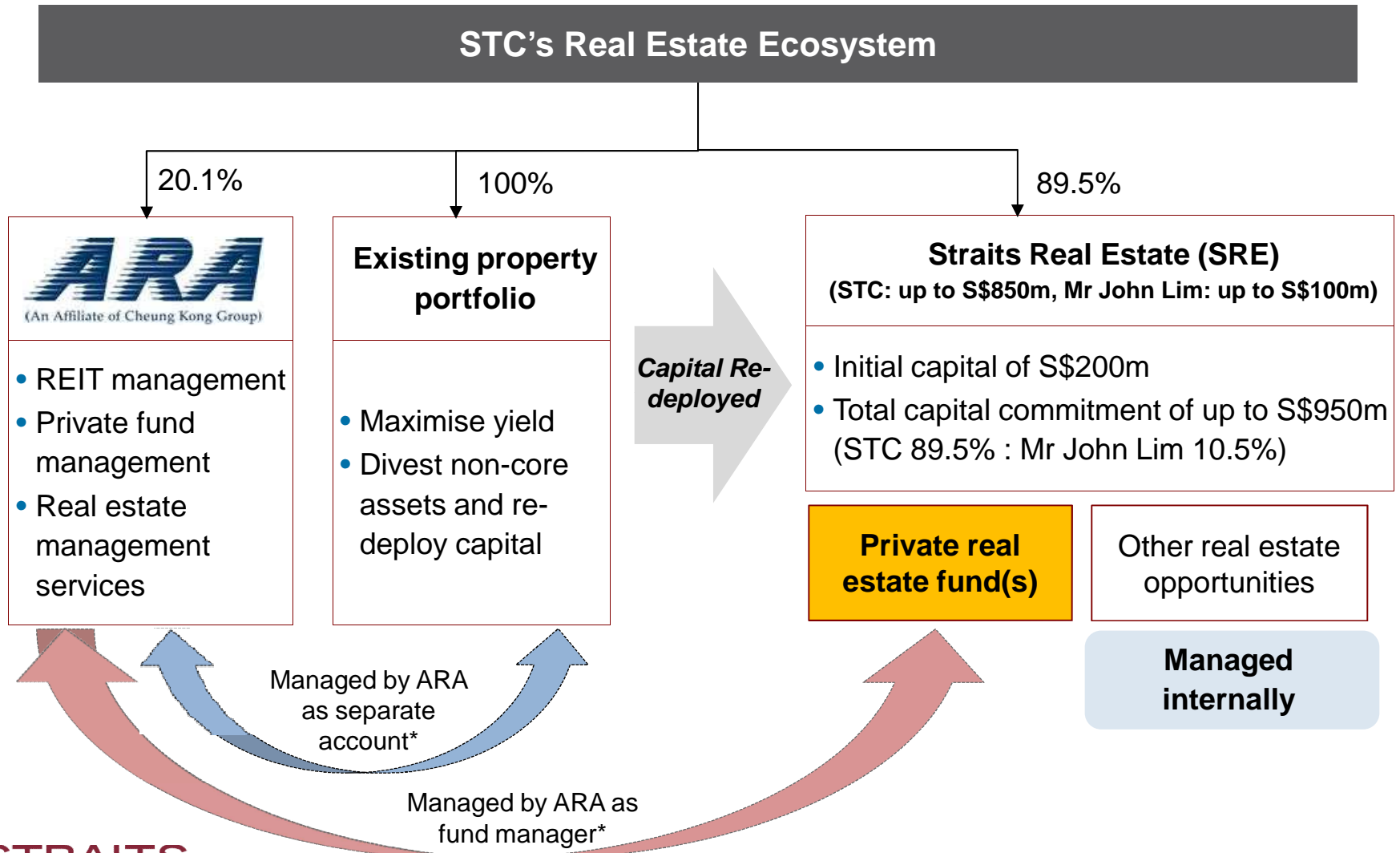
Source: ARA presentation 28 Oct 2013

# STC's Real Estate Ecosystem

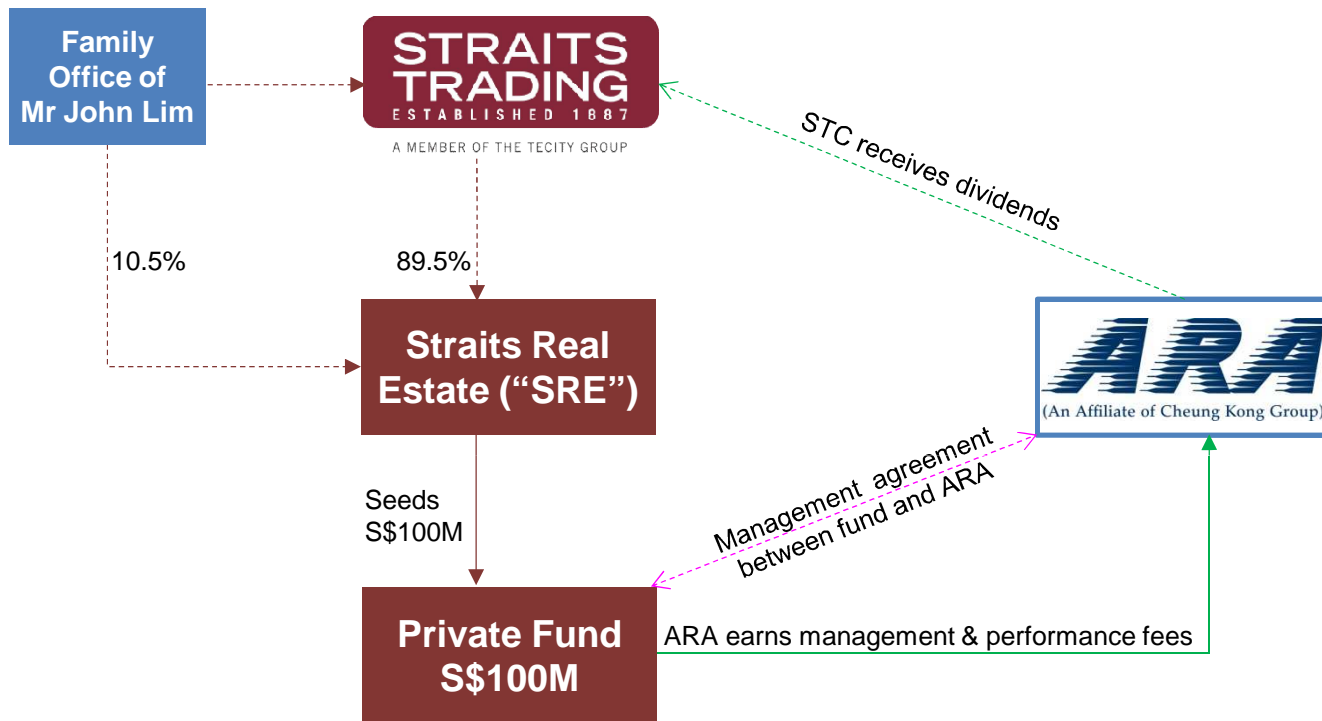
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# STC's Real Estate Ecosystem



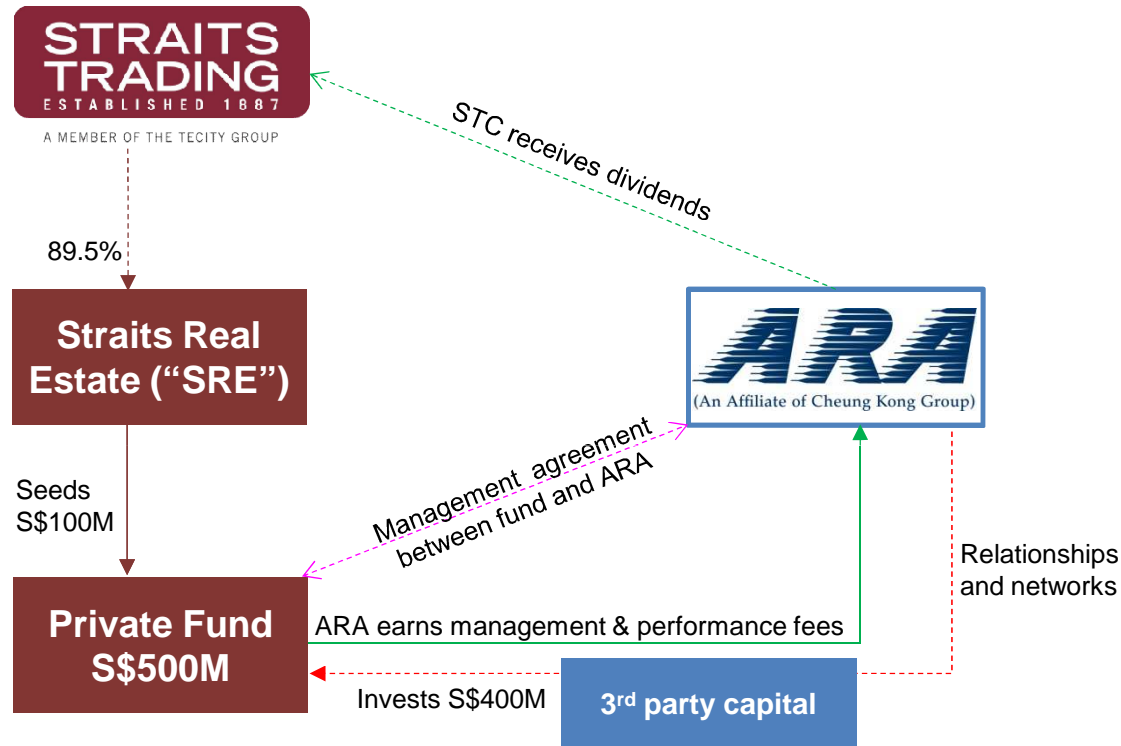
# Step 1: Seed Private Fund (For illustrative purposes only)



Legend	
Shareholding	----->
Cash injection	----->
Mgt. agreement.	----->
Fee income	----->
Dividends	----->

**SRE seeds first private fund with S\$100M initial capital**

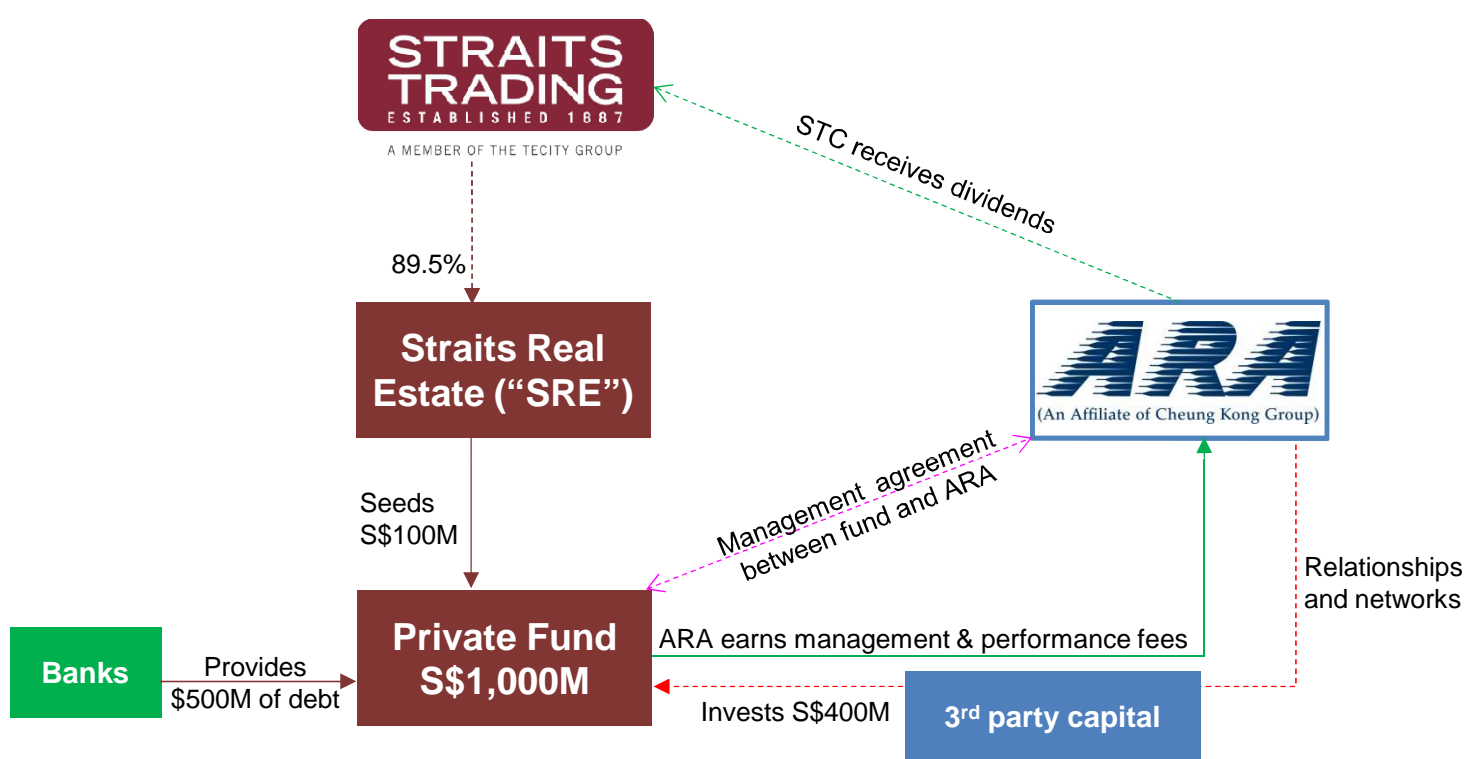
# Step 2: Attract 3<sup>rd</sup> Party Capital (For illustrative purposes only)



Legend	
Shareholding	----->
Cash injection	----->
Mgt. agreement.	----->
Fee income	----->
Dividends	----->

**ARA, via its relationships and networks, attracts 3<sup>rd</sup> party capital.  
Private fund grows to S\$500M**

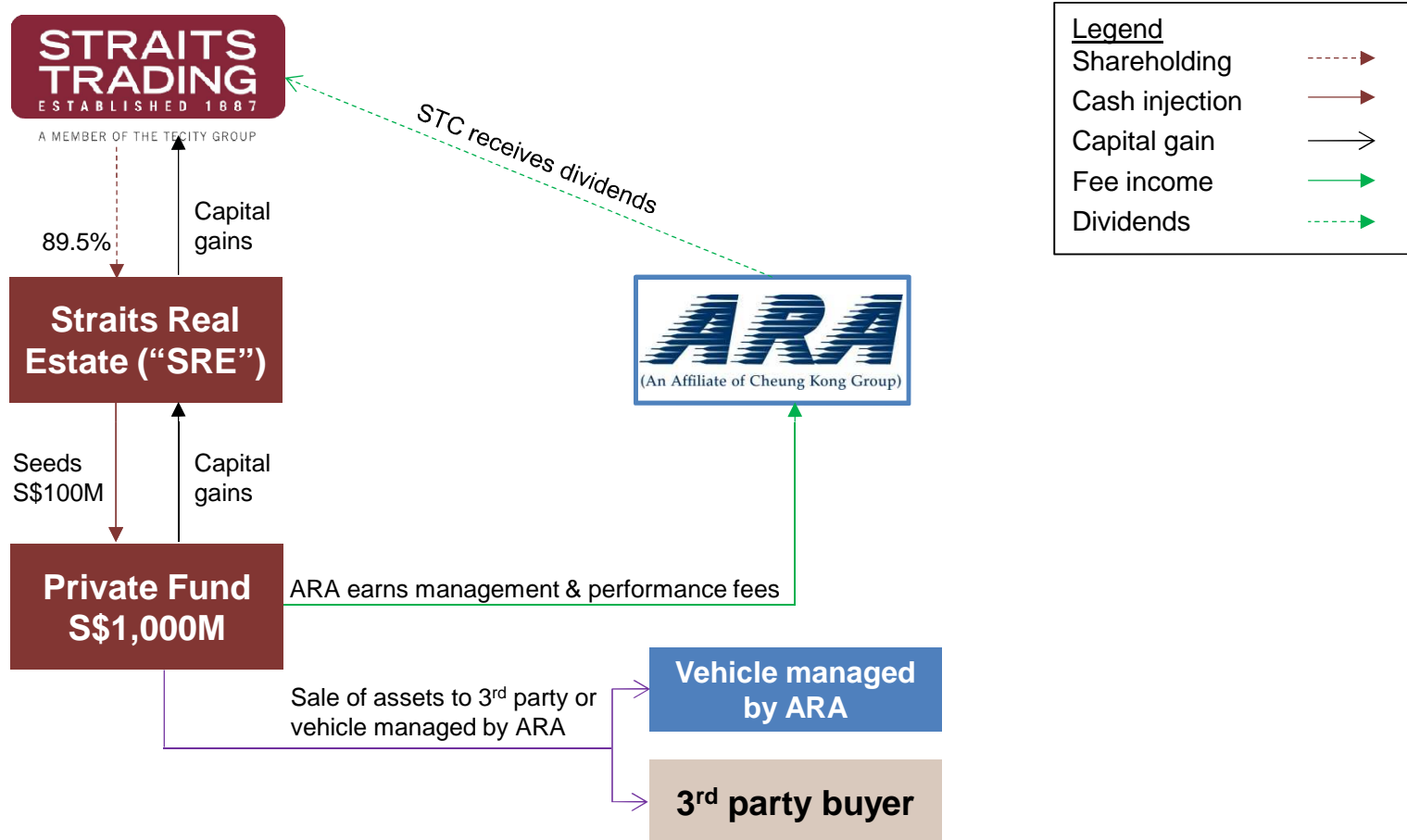
# Step 3: Leverage (For illustrative purposes only)



Legend	
Shareholding	----->
Cash injection	----->
Mgt. agreement.	----->
Fee income	----->
Dividends	----->

**Banks provides 50% debt to private fund.  
SRE has leveraged its S\$100M seed investment to S\$1B by attracting 3<sup>rd</sup> party investors and debt**

# Step 4: Monetisation & Capital Recycling (For illustrative purposes only)



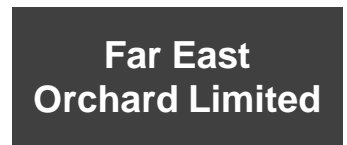
**The private fund either sell its assets to 3<sup>rd</sup> party buyers or a vehicle managed by ARA. SRE receives capital gains from these sales**

# Hospitality

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# STC's Hospitality JV with Far East Orchard

Transformation of STC's hospitality assets and businesses into an engine of growth capitalising on combined management capabilities, resources and operating platforms with like-minded partners



30%

70%

- Far East Orchard Limited, a member of Far East Organization, is a vertically integrated regional hospitality owner and operator
- Diversified portfolio of residential, commercial, hospitality and healthcare assets

- Combined hospitality portfolio covers over 80 hotels and serviced apartments with more than 13,000 rooms across eight countries
- Multi-brand portfolio (9 brands) catering to different target segments

Hospitality JV (FEHH\*)

Toga Investments

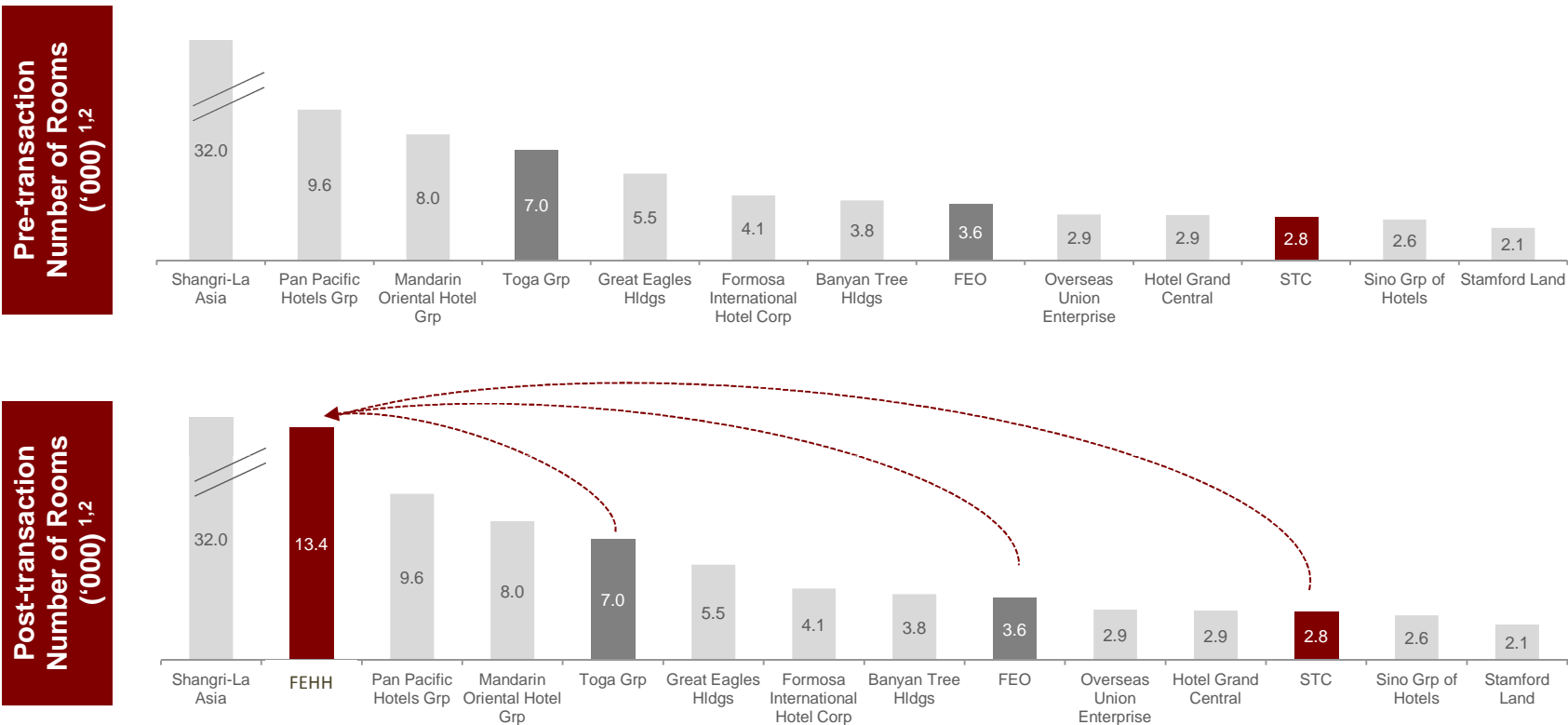
- Toga Hotels, the hospitality management arm of Toga Group, is one of the leading accommodation providers in Australia
- Hospitality management of more than 50 hotels and apartment hotels across Australia, New Zealand, Germany, Denmark and Hungary

50%

50%

Trust SPV

# FEHH - Scale for Future Expansion



- FEHH has > 13,000 rooms under management across 80 properties
- Platform to achieve optimal scale with reduced capital outlay
- Transforms STC's small scale hospitality business into a sizeable Asia Pacific hotel operator

(1) Peer set comprise companies that are (i) listed hotel management companies / hotel owners in Asia-Pacific excluding companies listed in India, Philippines and Japan; (ii) market capitalisation of above US\$100m; (iii) based in Asia-Pacific; (iv) with presence in more than one country in Asia-Pacific and at least two of the four markets which STC's hotels are located

(2) Estimated rooms from hotels under management (both owned and third party) globally



# Malaysia Smelting Corp Bhd (“MSC”)

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# Overview of MSC

- MSC is one of the world's leading producers of refined tin metal
- Listed on the Main Market of Bursa Malaysia since 1994, with a secondary listing on SGX-ST

## Smelting and Refining



- Custom tin smelting facility in Butterworth Penang, Malaysia
- Largest custom smelter globally with long established track record

## Tin Mining



- Engaged in open pit mining of tin in Perak, Malaysia
- Stable production of around 2,000 tones per annum

## Sales and Trading



- Premier high-purity refined tin brands (“MSC Straits”)
- Sales via the Kuala Lumpur Tin Market and the London Metal Exchange and marketed globally to end-users in the tin industry

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A MEMBER OF THE TECITY GROUP

# Appendix

# Company History



Straits Trading revolutionised mining methods from 1912 to 1937

- 1912 – STC became the largest tin smelting company in the world
- 1912 – 1937: Introduced innovative mining methods such as horizontal and vertical gravel pump and the dredge

- 1982 – Tin mining and smelting business subsumed under MSC

- 2008 – Tecity Group takes control of STC. Start of a long-term plan to develop and build on the existing businesses



- 1887 – Incorporation of STC
- 1890 – Set up first large smelting plant at Pulau Brani, Singapore
- 1900 – Acquired a stretch of coastline in Butterworth, Penang, where a smelting plant was constructed
- 1902 – Commenced smelting operations in Butterworth

- Tan Sri (Dr) Tan Chin Tuan appointed chairman (1965 – 1992)
- 1965 - Completed the development of Straits Trading Building, KL
- 1969 - Purchased and redeveloped the historic McAlister House at Battery Road, Singapore
- 1972 - Completed the 21-storey Straits Trading Building, Singapore

- 1994 – Public listing of MSC on the Kuala Lumpur Stock Exchange (now the Bursa Malaysia Securities Berhad)
- 1997 – Entered into the hospitality business by taking over management at Rendezvous Observation City Hotel, Perth
- 1998 – Rendezvous Hotel Singapore officially opened

- Reopening of Straits Trading Building, Singapore after redevelopment



The new 28-storey Straits Trading Building, redevelopment completed in 2010

Source: STC website. STC annual reports.

# Transaction with Mr John Lim

STC acquired 14.07% of Mr John Lim's 33% stake in ARA for a total consideration of S\$206.1m, consisting of:

- S\$156.1m in cash
- S\$50.0m in STC shares (~3.4% of STC's enlarged share capital)

