

Executing Upon Platforms of Growth



A MEMBER OF THE TECITY GROUP

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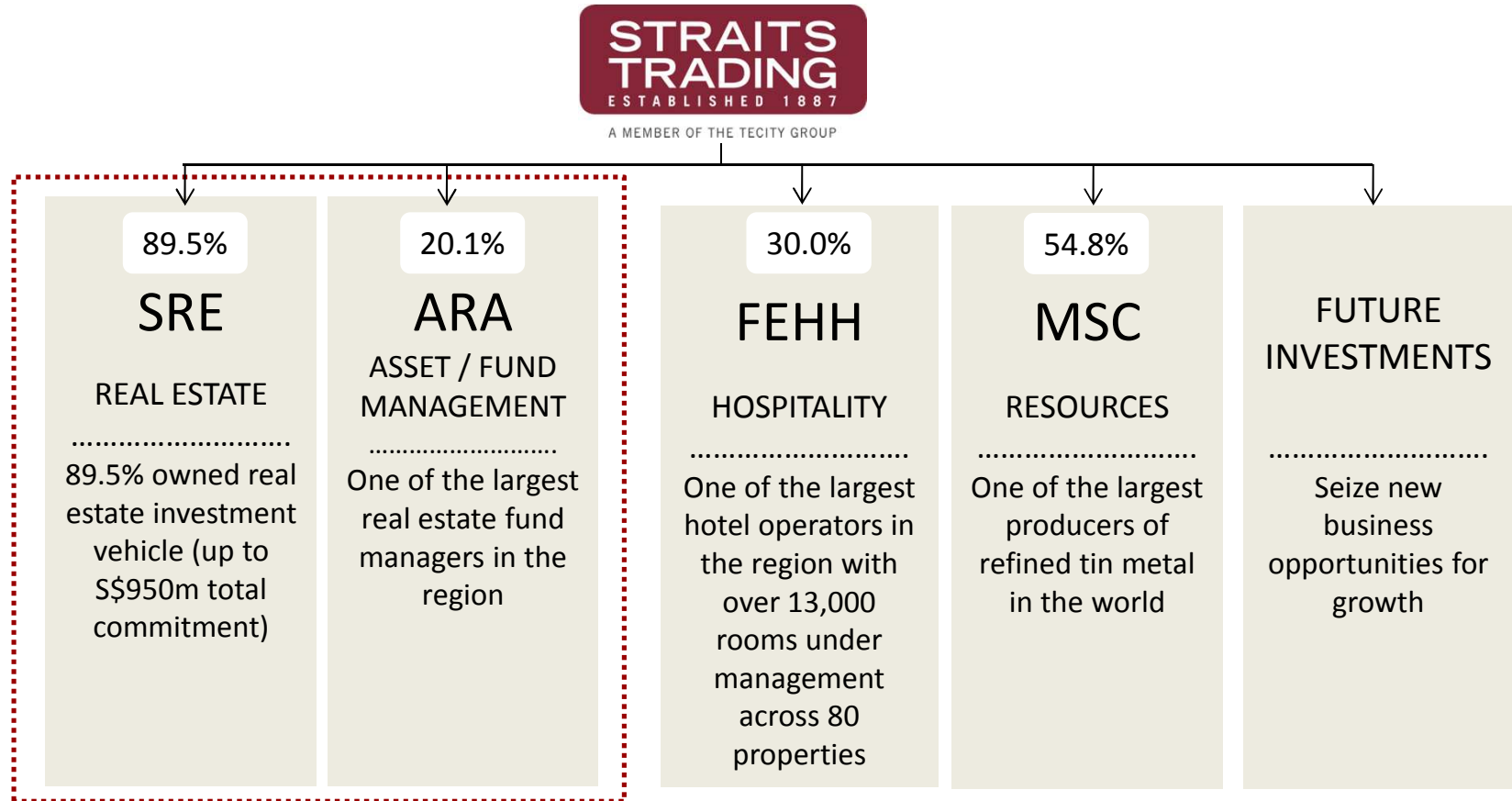
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Straits Trading – A Diversified Investment Company

The Straits Trading Company Limited, one of the oldest publicly listed companies in Singapore, is an investment company with stakes in real estate, hospitality, resources and investments that span Asia-Pacific and Europe. Incorporated in 1887 and listed on the SGX-ST, Straits Trading has a market capitalisation of approximately S\$1.2 billion*.

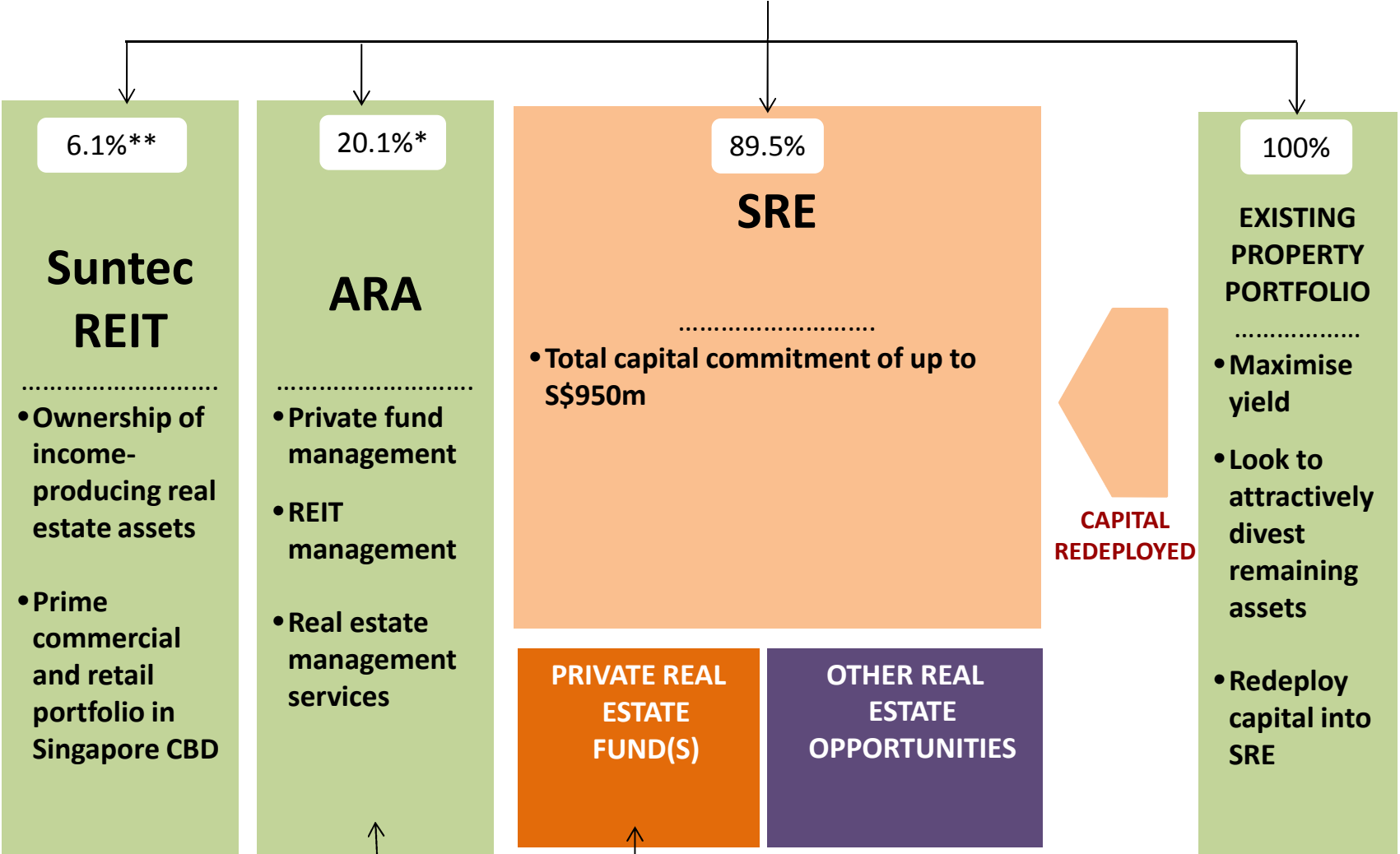


Straits Trading's real estate ecosystem

* As at 29 Apr 2015

Straits Trading Real Estate Ecosystem

Straits Trading's Real Estate Ecosystem



*Direct interest
 **Aggregate interest

Managed by ARA

Acquisition of units in Suntec REIT

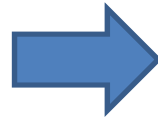
Strengthen real estate ecosystem



Monetisation of Straits Trading Building



Sold to



SUN VENTURE



Capital redeployed into Straits Real Estate to tap higher returning opportunities

Key Developments – Real Estate

Acquisition of Chongqing retail mall

Cost of RMB668.4 million (about SGD141.6 million)



Artist impression

SRE Capital

The Business Times, Wednesday, 22 April 2015, Cover Page

Straits Trading sets up unit to trade real estate securities

SRE Capital to start off with a dividend-paying fund that trade mainly REITs in the Asia-Pacific

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Singapore

THE Straits Trading Company's real estate investment arm has set up a new subsidiary, SRE Capital, to fund and manage funds invested in REITs, asset backed trusts and corporate securities in the real estate and infrastructure sectors in the Asia Pacific.

For a start, SRE Capital will manage a dividend paying fund that trade real estate securities listed in the region, mainly REITs and to a lesser extent, infrastructure securities.

This move is in line with Straits Trading's plan to set up "Blackstone-like" funds as growth engines as it seeks to become a capital allocator in the real estate space.

Its real estate investment arm, Straits Real Estate Pte Ltd (SRE), has committed an initial seed capital of S\$130 million to the fund, with a plan to raise capital from accredited investors including high net worth individuals, institutions and family offices globally. This open-ended fund, known as SRE Asian Asset Income Fund (SAIF), is expected to pay dividends on a regular basis.

Straits Trading group executive chairman Chew Gek Khim expects the fund to yield returns of 8-10 per cent, beating the 5-6 per cent yield that REITs are typically offering.



Mr Finch says the fund will focus on the larger REIT markets in the Asia-Pacific

Using a capital rotation strategy, the fund seeks to take advantage of 'systemic mispricing of embedded cashflows' from the REIT sector and provide indirect exposure to high quality commercial real estate in the Asia Pacific.

The fund is managed by SRE Capital, which just obtained a capital markets services licence from the Monetary Authority of Singapore this month. SRE Capital is headed by Stephen Kay Finch, who has over 14 years of experience in securities trading and fund management.

'Straits Trading has articulated the strategy to build up the real estate fund management ecosystem so SRE Capital is a part of that and the primary driver for investments in the real estate securities space in the region,' Mr Finch, SRE Capital CEO, told BT.

'Property cycles always move up and down but in general, we see that the region is fairly valued.'

In the past six to seven years, the biggest risk in real estate securities has not been posed by real estate or interest rates, Mr Finch said. Rather, risks to macro-financial stability arising from the Lehman crisis, eurozone debt woes and the US tapering of quantitative easing have a much bigger impact on equities markets and hence REITs in the short run.

To manage such market risks, SRE Capital will undertake risk management activities such as currency and interest rate hedging and the use of futures, options and short-selling to ride out financial market volatility.

Mr Finch said that the fund would focus on the larger REIT markets in the Asia-Pacific, namely Japan and Singapore. The outlook for Japan's office and hotel segments is looking up while liquidity conditions remain supportive; Singapore's office segment remains strong before a large supply stream in next year, he noted.

Prior to joining SRE Capital, Mr Finch was CEO and Director at APK Funds Management (Asia), which used to manage ARA Asian Asset Income Fund. He was earlier with DBS Bank where he led the REITs and debt capital markets business from 2000 to 2006 and advised on several REIT listings.

Straits Trading owns 89.5 per cent of SRE, a co-investment vehicle with ARA Asset Management chairman John Lim. SRE has a capital commitment of up to S\$950 million, of which Mr Lim is putting in up to S\$100 million of his own money. Through the activities of SRE, Straits Trading is seeking wider access to investment opportunities in real estate.

In December, SRE made its maiden acquisition, snapping up a retail development called Times Midtown in Chongqing, China, for S\$6.4 million yuan (S\$941.6 million). In May last year, SRE committed US\$90 million to wards a development fund ARA Sanyrd Development Fund I LP to invest in development projects in Australia and South-east Asia.

Straits Trading now holds a 20.1 per cent stake in ARA Asset Management Ltd, a 6.1 per cent stake in Siretec REIT, a 30 per cent stake in Far East Hospitality Holdings and a 54.8 per cent stake in Malaysia Structuring Corporation Berhad.

According to its fiscal 2014 annual report, Straits Trading still has 10 freehold residential units at Geylang Green condominiums, eight good class bungalows at Cable Road and Nathan Road, and several properties in Malaysia. It had entered into a binding agreement in March to sell 14 condo units in The Holland Collection to Jaiyi Holdings for S\$53.8 million.

Key Developments - Hospitality



Far East Hospitality made its maiden acquisition in Europe through acquiring a 50% interest in four hotel properties in Germany and Denmark

Key Developments - Resources



Refocus on tin



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