

The Straits Trading Company Limited Company Presentation

FY2016 Results

March 2017



A MEMBER OF THE TECITY GROUP

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Financial Highlights

4Q and Full Year 2016

Group Financial Highlights: 4Q and Full Year 2016

S\$m	4Q 2016	4Q 2015	% change	FY2016	FY2015	% change
EBITDA	39.6	19.0	109.0	119.1	30.5	290.8
EBIT	38.3	18.0	112.4	114.4	26.6	330.1
Profit before tax	33.3	13.6	145.0	94.9	10.9	772.9
PATNCI	21.3	11.4	87.9	67.3	8.5	687.1
EPS (cents)	5.2	2.8	87.9	16.5	2.1	687.1
EBITDA / Interest expenses	6.13	1.94	216.3	6.13	1.94	216.3

2016 full year EBITDA increased by 3.9x, and PATNCI by 7.9x compared to 2015

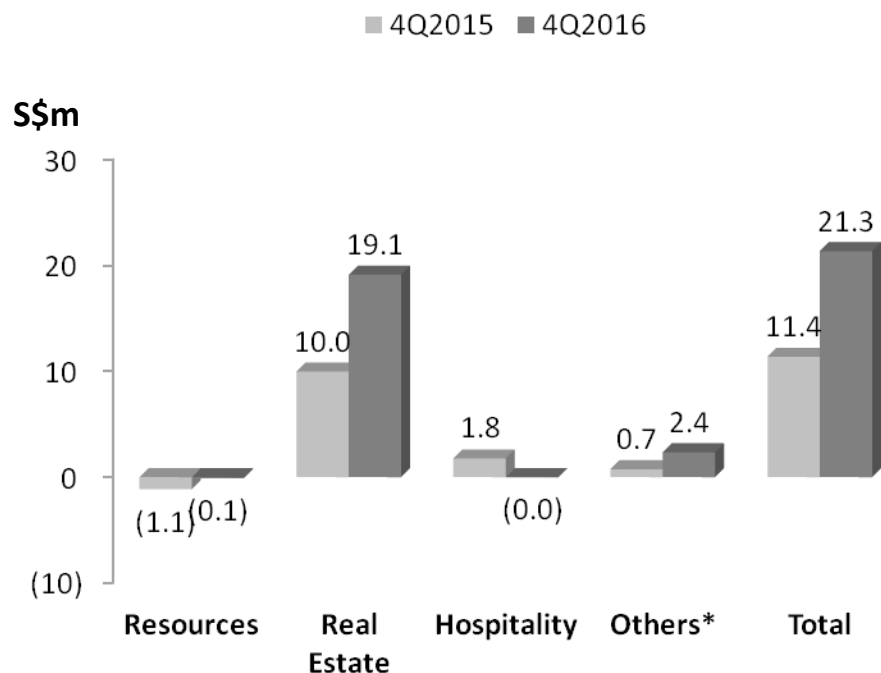
Group Financial Highlights: 4Q and Full Year 2016

S\$m	31 Dec 2016	31 Dec 2015
Cash and short-term deposits	291.1	239.3
Total assets	2,204.6	2,085.5
Total borrowings	619.8	551.7
Total liabilities	745.9	715.3
Total equity	1,458.7	1,370.2
NAV per share (S\$)	3.34	3.18
Net debt / Total equity	22.5%	22.8%

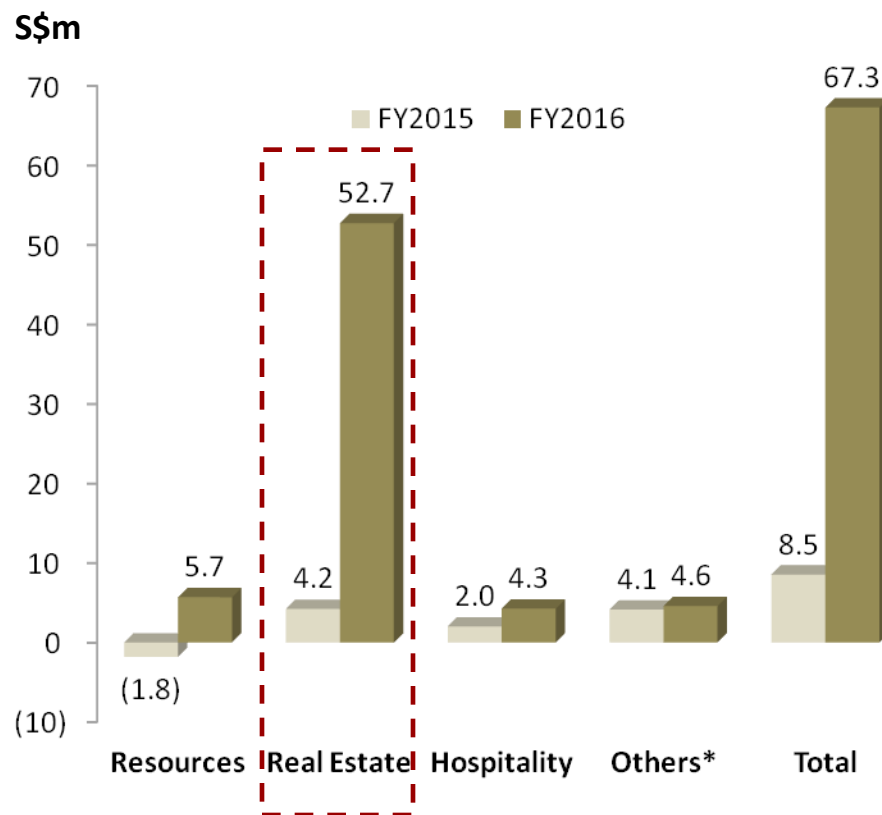
Improved NAV per share with prudent capital management

PATNCI By Business Segments

PATNCI for 4Q



PATNCI for Full Year

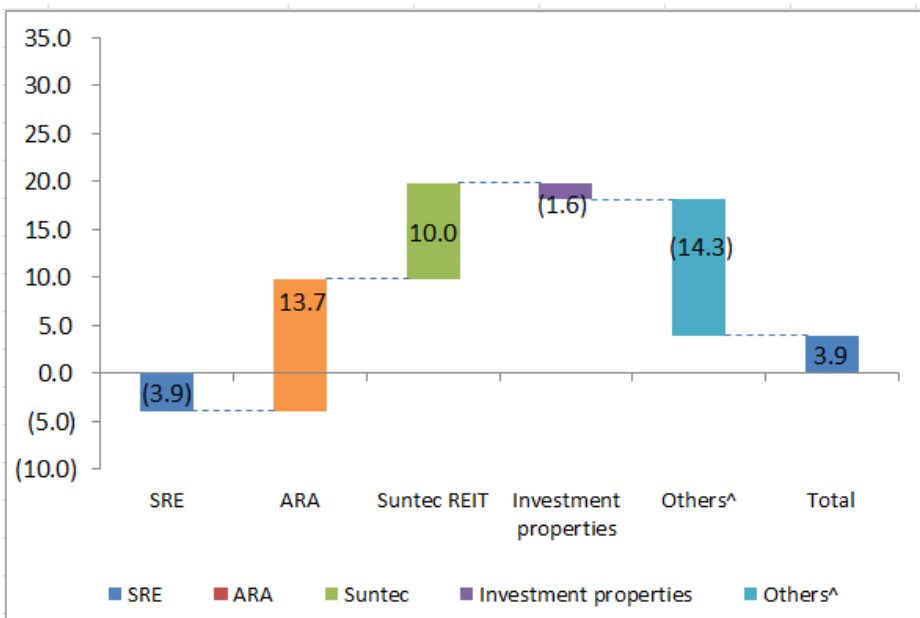


Improved performance across all business segments for the full year

PAT Breakdown for Real Estate Segment

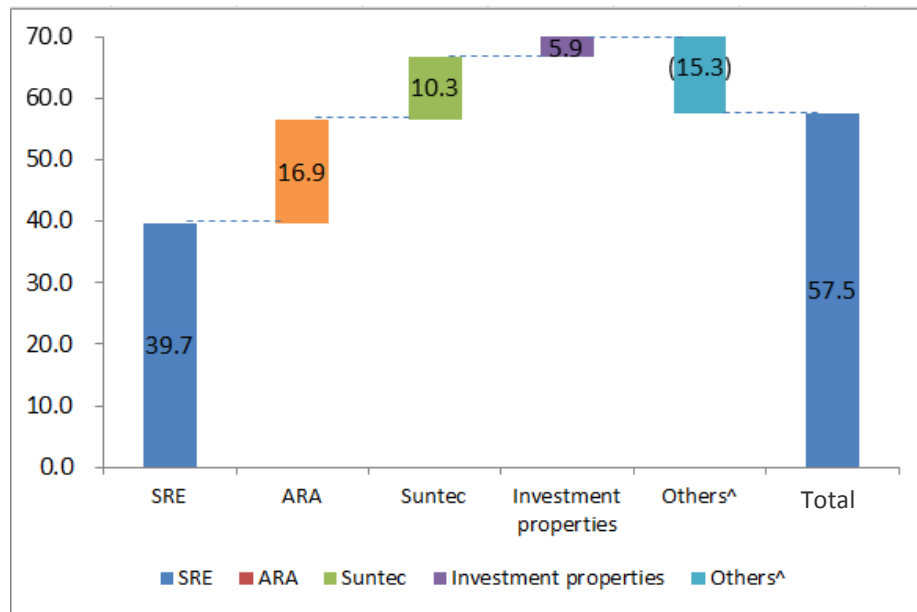
Real Estate Segment PAT Breakdown – FY2015

(in S\$m)



Real Estate Segment PAT Breakdown – FY2016

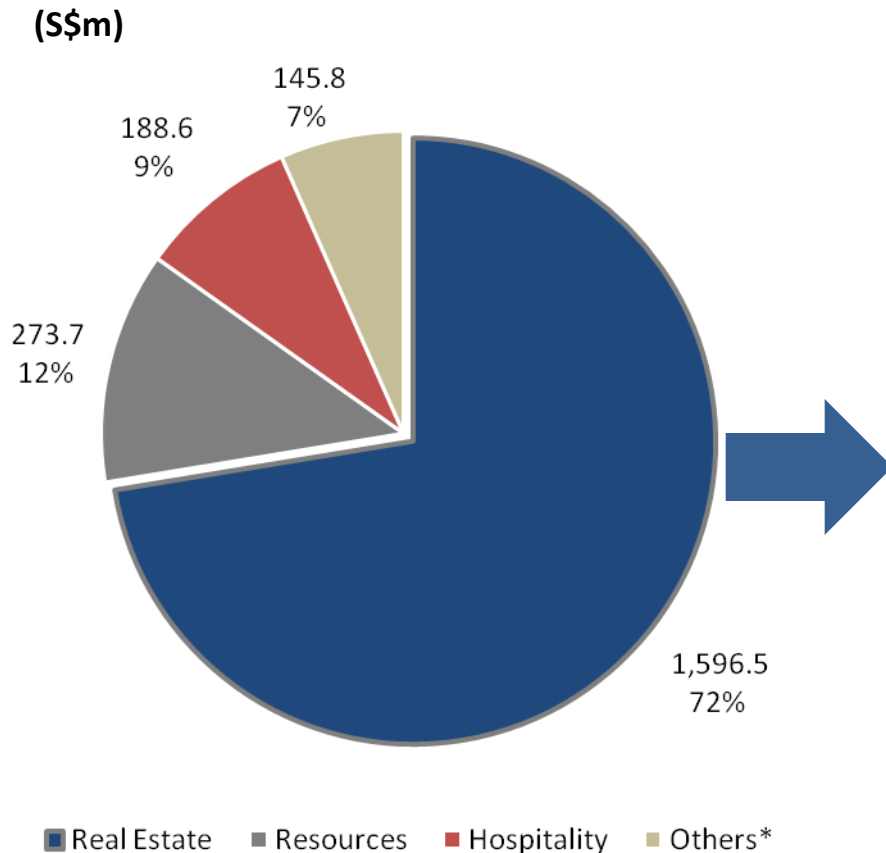
(in S\$m)



- SRE contributed to the increased profitability
- Performance of ARA and Suntec REIT stable

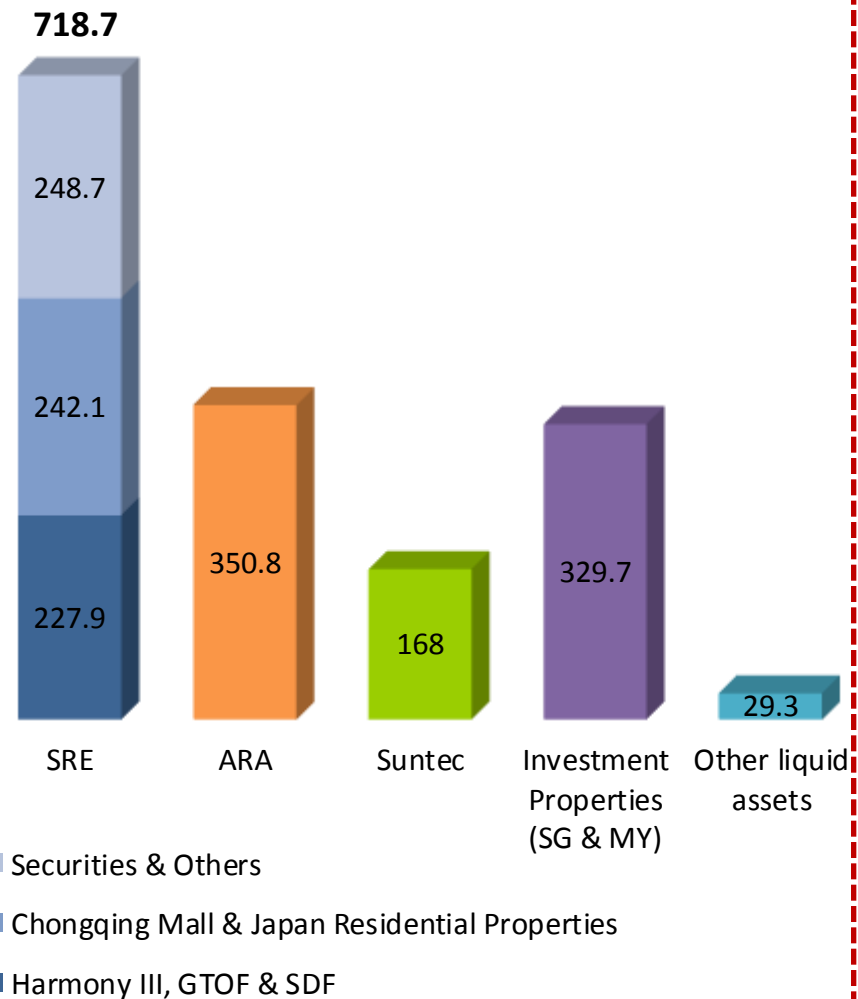
Total Assets

Total assets at 31 December 2016: S\$2.2b



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

Real Estate Assets Breakdown (S\$m)



Diversified Real Estate Portfolio

Chongqing



Chongqing Retail Mall SGD 167.8m

Malacca, KL, Ipoh & Penang



Wisma Straits Trading, KL
SGD 17.5m



ARA Harmony Fund III
SGD 83.3m *

Singapore



Bungalows and apartments
SGD 278.4m



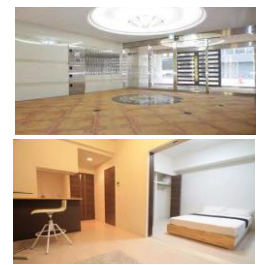
STRAITS TRADING
ESTABLISHED 1887
A MEMBER OF THE TECITY GROUP

** Figures refer to carrying value;
otherwise figures refer to asset values*

REAL ESTATE • HOSPITALITY • RESOURCES



Tokyo and Osaka



Osaka residential apartments
SGD 74.3m



Greater Tokyo Office Fund
SGD 78.2m *

Sydney and Melbourne



Summit Development Fund
SGD 66.4m




114 William Street (divested)

Dividend Increases to 6 cents

Reflects Improvement in Business

	FY08	FY09	FY10	FY11	FY12	FY13*	FY14	FY15	FY16
Interim	2.0	2.0	2.0	4.0	4.0	4.0	4.0	4.0	6.0
Special	150.0	100.0	-	-	-	50.0*	-	-	-

- 
- Dividend ex-date: 17 April 2017
 - Book closure date: 20 April 2017
 - Date payable: 5 May 2017
 - Dividend yield: 2.9% (based on closing price of S\$2.05/share as at 28 Feb 2017)

** Year that WBL Corporation was divested*

Business Highlights

Real Estate Ecosystem

Straits Trading Group: A Diversified Investment Company

Since the takeover in 2008, Straits Trading has been transformed into a major player in real estate, hospitality and resources, with investments that span the Asia-Pacific region.

Our Real Estate Ecosystem

4.0%*

**Real Estate
Investment Trust**



One of the largest REITs in Singapore with ownership interests in prime commercial and retail properties

20.1%

**Asset / Fund
Management**



One of the largest real estate fund managers in the region

89.5%

Real Estate



89.5% owned co-investment vehicle that seeks out real estate related investments & opportunities globally

30.0%

Hospitality



One of the largest hospitality operators in the region with 90 properties and over 13,500 rooms under management

54.8%

Resources



Largest independent custom tin smelter

- New investments that complement these platforms
- Leverage on these platforms and make appropriate future investments to develop engines of growth

* 11.7% aggregate interest in Suntec REIT held by Tecity Group of companies

Harnessing Straits Trading's Real Estate Ecosystem

1 SOURCE

- Leveraging on extensive business network for deals and for exit opportunities

2 INVEST

- Allocating capital to investments that present the best risk-return profile

3 NURTURE

- Nurturing our real estate investments and related platforms to grow and increase recurring revenue streams

4 RECYCLE

- Recycling capital when investments are ripe for harvest

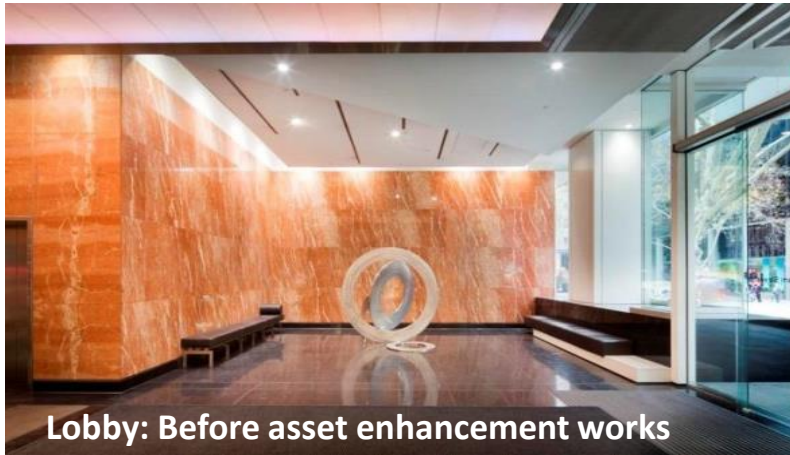
5 SYNERGISE

- Creating value across the value chain through the interaction between the various real estate platforms and by strengthening core activities

Successful Divestment of 114 William Street

A case study of Straits Real Estate

- Acquired in Aug 2015 for approximately **S\$125.1m (A\$125.0 m)**
- Asset enhancement works, together with active leasing strategy, resulted in significant improvements in occupancies, WALE and yield
- Completed the divestment of the property for approximately **S\$171.8m (A\$161.5m)** in November 2016
- **Equity IRR of 24.6% and equity multiple of 1.39x on capital of S\$57.0m**



Lobby: Before asset enhancement works



Lobby: After asset enhancement works

Business Highlights

Key Business Units

Straits Real Estate Pte. Ltd. - Investment Portfolio



Chongqing Retail Mall



ARA Harmony Fund III



Suntec REIT



Greater Tokyo Office Fund



Japan Residential Portfolio



Summit Development Fund

A real estate investment company that seeks out real estate related investments and opportunities globally

Well-diversified Investment Portfolio: Direct Investments

ASSET / COUNTRY

OVERVIEW

DEVELOPMENTS

CHINA Chongqing Retail Mall

- 82,000 sqm development directly linked to the subway station;
- Part of a large mixed-use development with residential buildings, offices and a hotel

- Soft-opened in December 2016
- Key tenants, including a Korean cinema chain CGV Cinemas and Maan Coffee, have started operations



JAPAN Residential Portfolio

- 4 completed freehold residential properties with 516 units in Osaka
- Close to full occupancies driven by continuing urbanization trend

- Plans to acquire additional residential assets to aggregate into a larger portfolio



AUSTRALIA Office property

- 114 William Street, a 26-storey office building situated in the Melbourne CBD

- Divested in November 2016



Growing our Japan Residential Portfolio

Part of a broader strategic plan to acquire additional residential assets in Tokyo and Osaka to aggregate into a larger portfolio



Luxe Taisho



Luxe Shin Osaka



Luxe Dome Mae



Splendid Namba II

- Entry into Japan residential market with an initial portfolio of freehold residential rental properties with 396 units in central Osaka and asset value of S\$74.3m
- Acquired another freehold residential property with 120-unit apartment located in Naniwa-ku, Osaka in January 2017
- Strong portfolio occupancy at 98% as of December 2016, driven by continuing urbanization trend

Well-diversified Investment Portfolio: Fund Investments

FUND / COUNTRY

OVERVIEW

JAPAN

Greater Tokyo Office Fund

- Speciality in identifying and acquiring distressed office properties
- Currently invested in 4 office assets in the Greater Tokyo Area



MALAYSIA

ARA Harmony Fund III

- Portfolio of high quality, well-located 5 retail malls across Malaysia with total NLA of 2.8 mil sq ft; supported by strong catchment areas
- High committed occupancy of 95% with steady income stream



AUSTRALIA

Summit Development Fund

- Initial investment in mezzanine financing for 2 residential development projects in Sydney and Melbourne
- Development progress is on track



ASIA PACIFIC

SRE Asian Asset Income Fund

- Launched and managed by **SRE Capital**
- Investment Adviser to Nikko Asset Management Asia Limited for its ETF (Nikko AM Straits Trading Asia Ex Japan REIT); to be listed and traded on the SGX on 29 March 2017



Greater Tokyo Office Fund (“GTOF”)

Kirin Yokohama



Bright East Shibaura



Takanawa Muse



Omori Park

- SRE subscribed into the GTOF fund since June 2015, with committed capital of up to JPY7.2bn (c.S\$90m)
- Cordea Savills, the fund manager, works closely with banks and asset management companies and seeks to acquire properties at higher-than market yields via off-market deals
- Carrying value of SRE's 45.2% interest: S\$78.2m

Proposed Privatisation of ARA Asset Management

Benefits to Straits Trading

Proposed privatisation through a scheme of arrangement with an offer price of \$1.78/share

1 Strong partners in new shareholders

- Warburg Pincus: Global network of investor relationships and deep experience that complements the strengths of existing shareholders
 - AUM of over US\$40 billion
- AVIC Trust: Unique distribution capability and access to capital markets and business opportunities in China
 - AUM of over US\$51 billion

2 Value-add and opportunities

- ARA will **continue to reinforce Straits Trading's real estate ecosystem**
- Access to :
 - business network
 - expertise in real estate funds and property management
 - REIT and private funds platforms

3 Strategic Investment

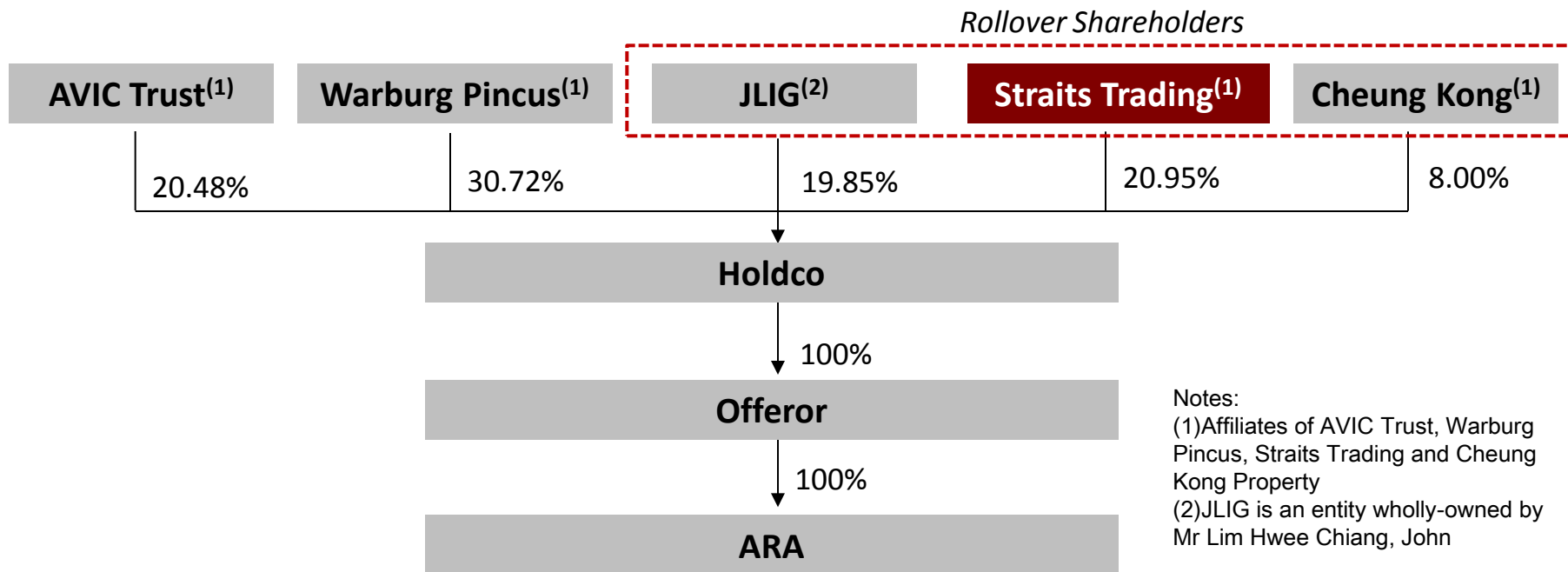
- Straits Trading continues to **participate in ARA's unique growth proposition**
- Potential opportunity for Straits Trading to free up capital to re-deploy into investments

- **All the regulatory approvals have been obtained**
- **Meeting to approve the scheme scheduled for 23 March 2017**

Proposed Privatisation of ARA Asset Management

Shareholding Structure Post-Transaction

Straits Trading, the single largest shareholder of ARA, to swap its 20.1% stake in ARA for a 20.95% stake in the company that indirectly owns ARA and receive approx. \$48.2 million in cash proceeds



ARA remains an integral pillar of Straits Trading's real estate ecosystem and continues to contribute to our sustainable earnings

Far East Hospitality Holdings (“FEHH”)

STC’s Hospitality Joint Venture

A premier hospitality assets owner and operator that is a 70-30 JV formed in 2013 between Far East Orchard Limited (a listed company under Far East Organization) and Straits Trading.



Oasia Hotels and Residences

8 brands

**~90 hotels
& serviced
residences**

**13,500
rooms under
management**

7 countries

- Regional hotel owner and operator with a sizeable overseas network
- FEHH’s joint venture with the Toga Group, Toga Far East Hotels, is a leading hotel operator across Australia, New Zealand and Europe

Malaysia Smelting Corporation

A Leading Producer of Refined Tin

Largest independent custom tin smelter in the world



- Listed on the Main Market of Bursa Malaysia since 1994, with a secondary listing on SGX-ST in 2011
- Custom tin smelting facility in Butterworth Penang, Malaysia and open pit mining of tin in Perak, Malaysia
- Producer of premium high-purity refined tin
- Acquired a production facility in Klang, Malaysia last year with a more advanced manufacturing technology
- Ongoing initiatives to optimise efficiency throughout the MSC group

Business Strategy

Leverage on partners in our current platforms to grow

Real Estate

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

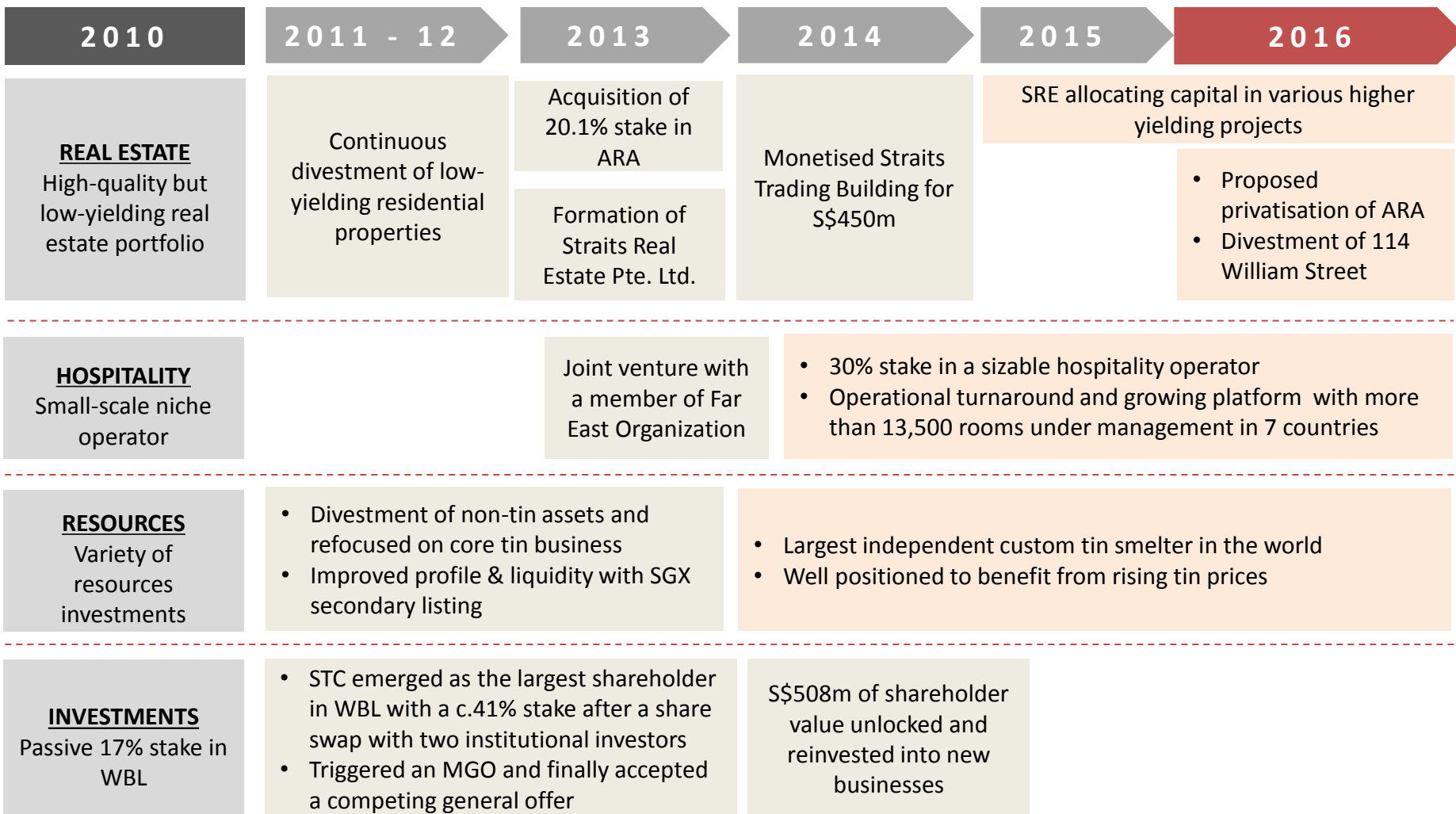
Hospitality

- To increase number of management contracts
- To acquire strategic assets
- To divest properties (recycle and re-deploy capital) toward higher yielding growth opportunities

Resources

- To continue to optimise operational efficiencies despite volatile commodity prices

Track Record of Rotating Capital Efficiently into Higher Yielding Investments



Conclusion

Conclusion

1

Various business platforms starting to show results

2

Continue to harness synergies across our real estate ecosystem

3

Work on all engines to provide sustainable returns

Thank you

Q&A



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