



A MEMBER OF THE TECITY GROUP

# **CORPORATE PRESENTATION AUGUST 2018**

2Q 2018 and HY2018

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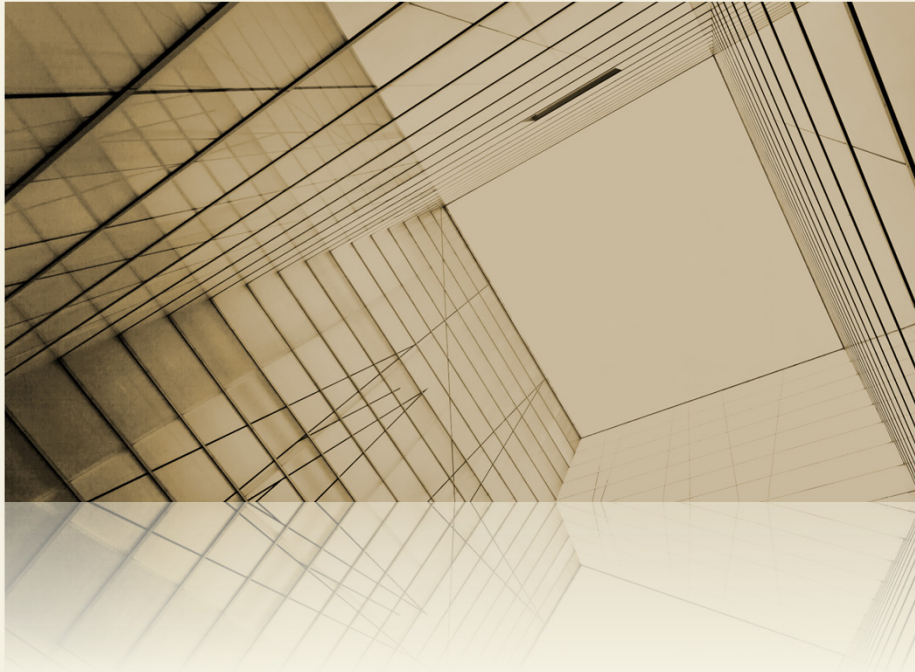
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## CONTENTS



# COMPANY OVERVIEW

# THE STRAITS TRADING COMPANY

STC is an **investment company**,  
with diversified interests in Real Estate, Hospitality and Resources across the Asia Pacific,  
that invests for **risk-adjusted returns**.

## REAL ESTATE

- SRE's AUM and STC's property portfolio valued at over S\$1.8 billion
- ARA Group & Associates S\$77.2 billion AUM
- Suntec REIT S\$9.6 billion AUM

## HOSPITALITY

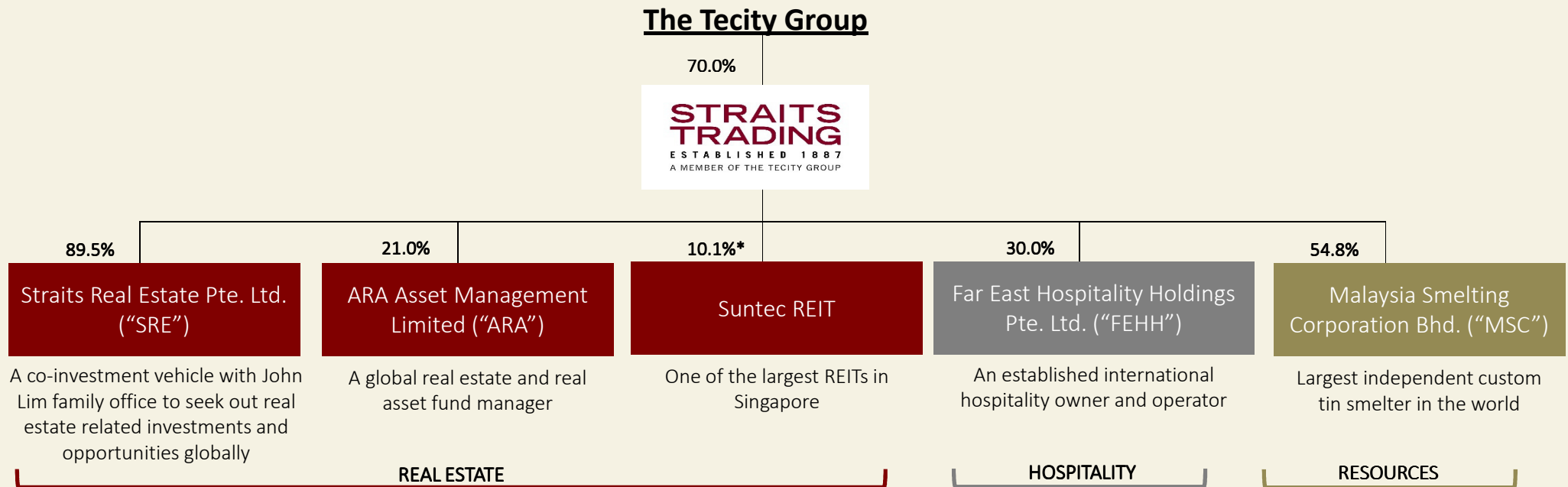
- An international hotel owner and operator with a diverse portfolio of over 90 hotels and 14,600 rooms under management

## RESOURCES

- A majority stake in the largest independent custom tin smelter in the world

# CORPORATE STRUCTURE

Structured to implement our strategy as a capital allocator



\* Aggregate interest in Suntec REIT held by STC Group of companies

# REAL ESTATE ECOSYSTEM

Structured for efficient capital allocation and enhanced access to opportunities

## PROPERTY PORTFOLIO

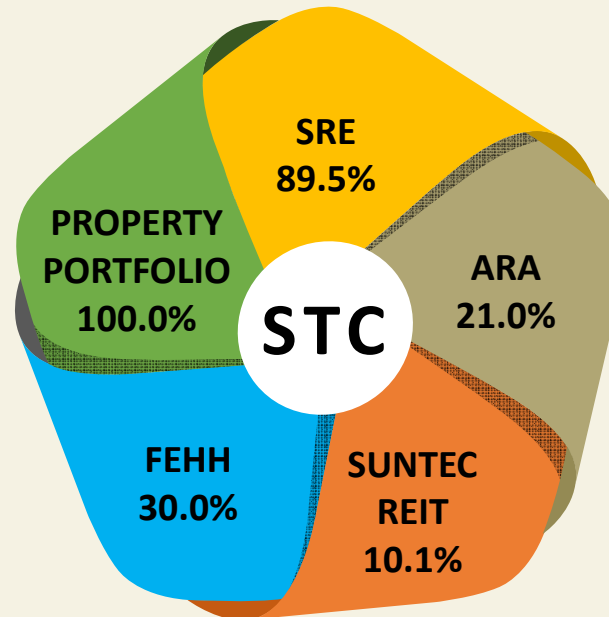
S\$310 million property value

Legacy investment properties in Singapore and Malaysia to monetise and redeploy capital into SRE

## FEHH

Over 90 hotels and 14,600 keys

Hotel ownership and management services



## SRE

S\$1.5 billion AUM

Direct real estate investments  
Other real estate opportunities<sup>(1)</sup>  
Investment securities

## ARA

S\$77.2 billion Gross AUM

Private fund management  
REIT management  
Real estate management services  
Infrastructure

## SUNTEC REIT

S\$9.6 billion AUM

Prime commercial and retail portfolio in Singapore and Australia central business districts

☑ Enhanced deal flow ☑ Arbitrage opportunities ☑ Ideas exchange ☑ Access to property value chain



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# BUSINESS HIGHLIGHTS

REAL ESTATE ECOSYSTEM





# STRAITS REAL ESTATE

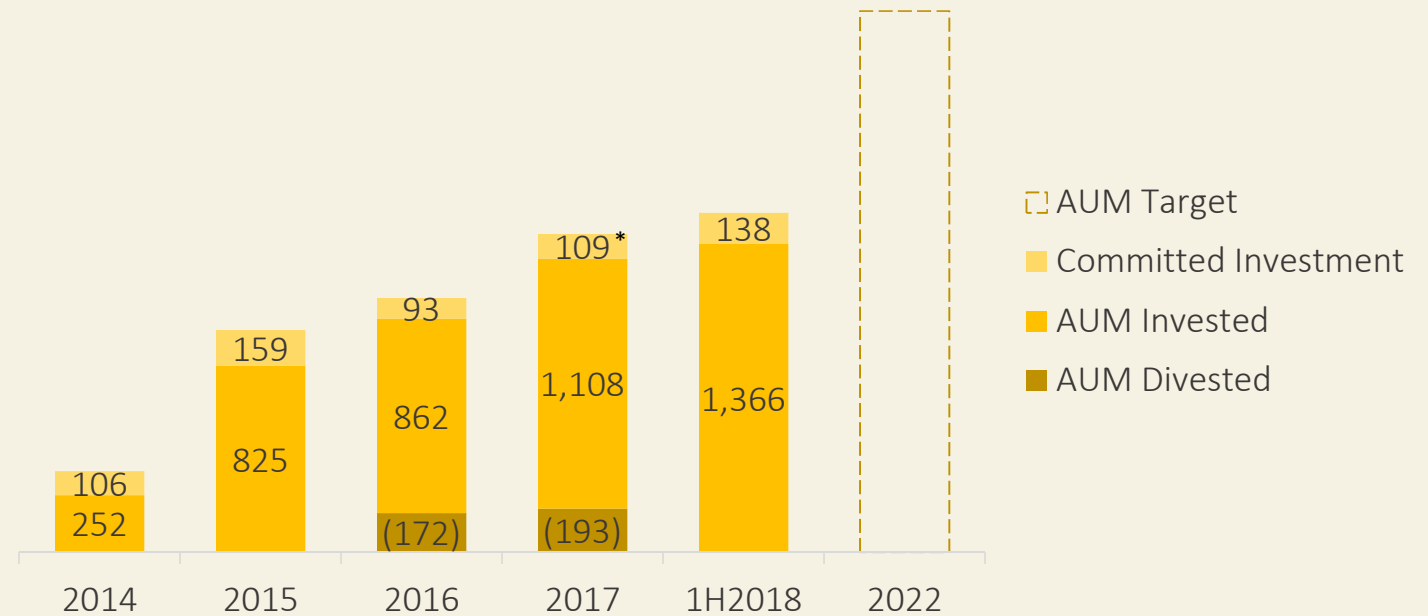
A growing global real estate investor

## Nurturing Platforms

(as of June 2018)

- **S\$1.5 billion**  
AUM
- **S\$950 million**  
Committed capital
- **S\$582.0 million**  
Net capital invested
- **S\$2.4 billion**  
AUM target by 2022

SRE AUM Growth (S\$m)

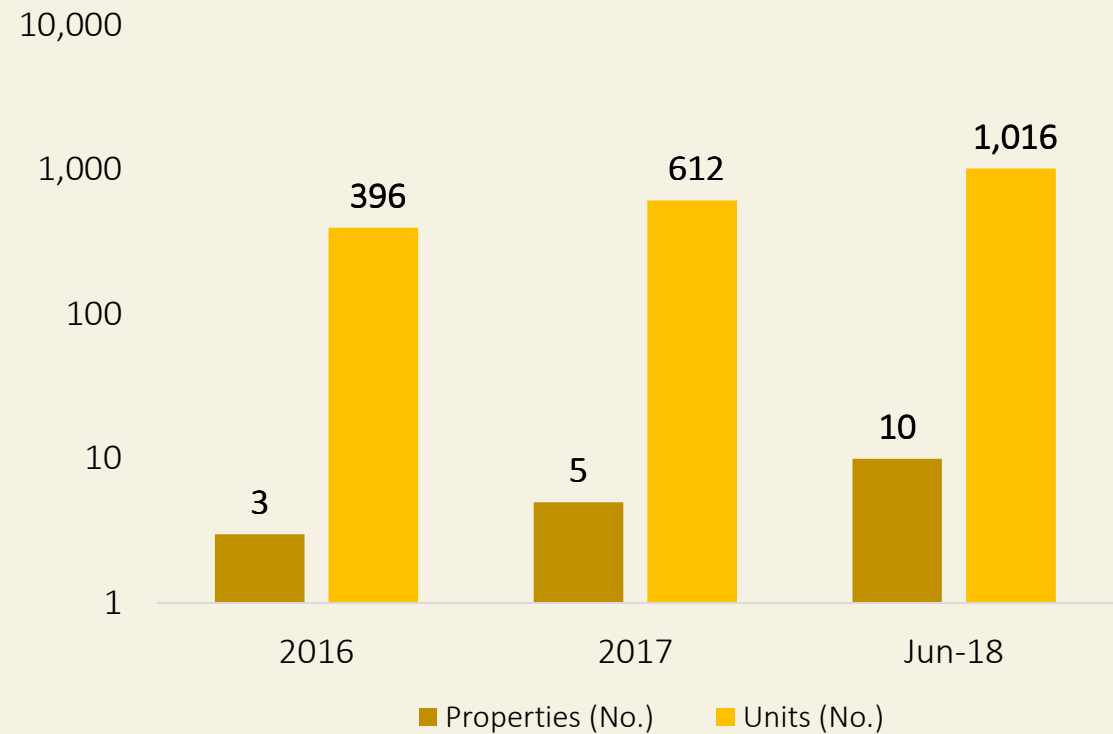


## JAPAN STRATEGY

Growing income-producing residential assets to aggregate into a larger portfolio

### Portfolio of more than 1,000 units and growing

- Quality assets located near transport nodes and key amenities in Greater Tokyo and Osaka
- 5 new acquisitions in Tokyo and Greater Tokyo in 2018
- Potentially expanding to Yokohama, Fukuoka and Nagoya in future



## JAPAN STRATEGY

Acquiring office assets with high potential for capital gains

### Greater Tokyo Office Fund (GTOF)

- Acquires office properties at higher-than-market yields via off-market deals

2015

- Acquired 47.5% stake in GTOF for JPY4.9b in June
- Properties - 2

2016

- Acquired 2 office assets
- Properties - 4

2017

- Divested two; acquired another 3 office assets
- Properties – 5

2018

- At divestment stage to crystalize valuation uplifts
- Properties – 5

### Japan Value Fund II

- Subscribed into the fund with a committed capital of JPY 8.0 billion in June 2018
  - Managed by Savills Investment Management
- To acquire office assets in the Greater Tokyo area and other cities in Japan

## AUSTRALIA STRATEGY

Seeking assets with strong immediate cashflow and value-adding opportunities

### Achieved 24.6% IRR from 1<sup>st</sup> divestment

114 William Street (Melbourne CBD)



2015

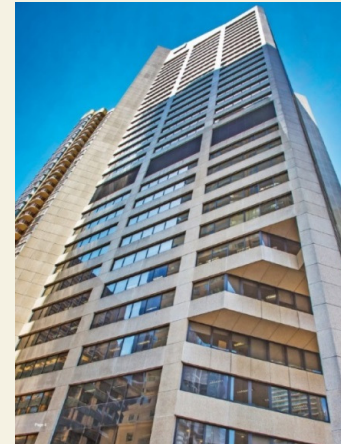
- Acquired 114 William Street
- Asset enhancement works done

2016

- Divested 114 William Street for A\$161.5 million

### Added prime located assets in Sydney & Perth CBD

320 Pitt Street (Sydney CBD)



2017

- Acquired 320 Pitt Street in Sydney
- Acquired 45 St Georges Terrace in Perth<sup>(1)</sup>

45 St Georges Terrace (Perth CBD)



2018

- Asset upgrading and rejuvenation
- Poised to secure better lease income

## PORTFOLIO SUMMARY

Direct real estate investments and fund investments

INVESTMENTS	OVERVIEW	CARRYING VALUE <sup>(1)</sup> AS AT 30 JUNE 2018 (S\$M)
<b>CHINA</b> 悦地 My Place	GFA 82,000 sqm mall in Chongqing connected to subway station	171.1
<b>AUSTRALIA</b> Office portfolio	• 320 Pitt Street in Sydney CBD	140.1
	• 45 St Georges Terrace in Perth CBD	56.4
<b>JAPAN</b> Residential portfolio	10 freehold residential properties in Osaka and Tokyo	275.0
<b>JAPAN</b> Greater Tokyo Office Fund	5 office assets in the Greater Tokyo Area	101.2
<b>JAPAN</b> Japan Value Fund II	First investment in an office building in central Fukuoka Committed capital: JPY8.0 billion	18.1
<b>AUSTRALIA</b> ARA Summit Development Fund	Mezzanine lender for 2 projects in Melbourne (Victoria One – residential; and Heidelberg – mixed development)	27.6
<b>MALAYSIA</b> ARA Harmony Fund III	5 retail malls across Malaysia (total NLA 2.8 mil sqft) supported by strong catchment areas	78.6

(1) Figures refer to carrying values; otherwise figures refer to asset values

# ARA ASSET MANAGEMENT

Accelerated expansion since privatization

## 2017<sup>(1)</sup>

A premier **real estate** fund manager

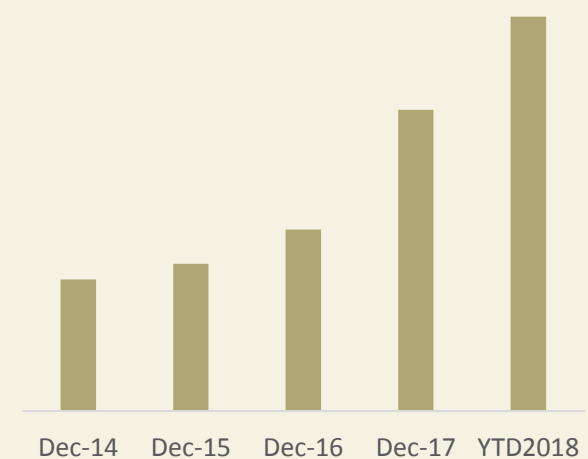
- 18 cities
- 6 countries
- Asia Pacific presence
  - 11 REITS
- 9 private real estate funds
  - AUM S\$36 billion

## 2018<sup>(2)</sup>

A premier global **real assets** fund manager

- 62 cities
- 20 countries
- **Global** presence
  - 21 REITS
- **Over 70** private real estate funds
  - Gross Assets **S\$77.2 billion** <sup>(3)</sup>

Gross Assets (S\$ billion) 77.2<sup>(3)</sup>



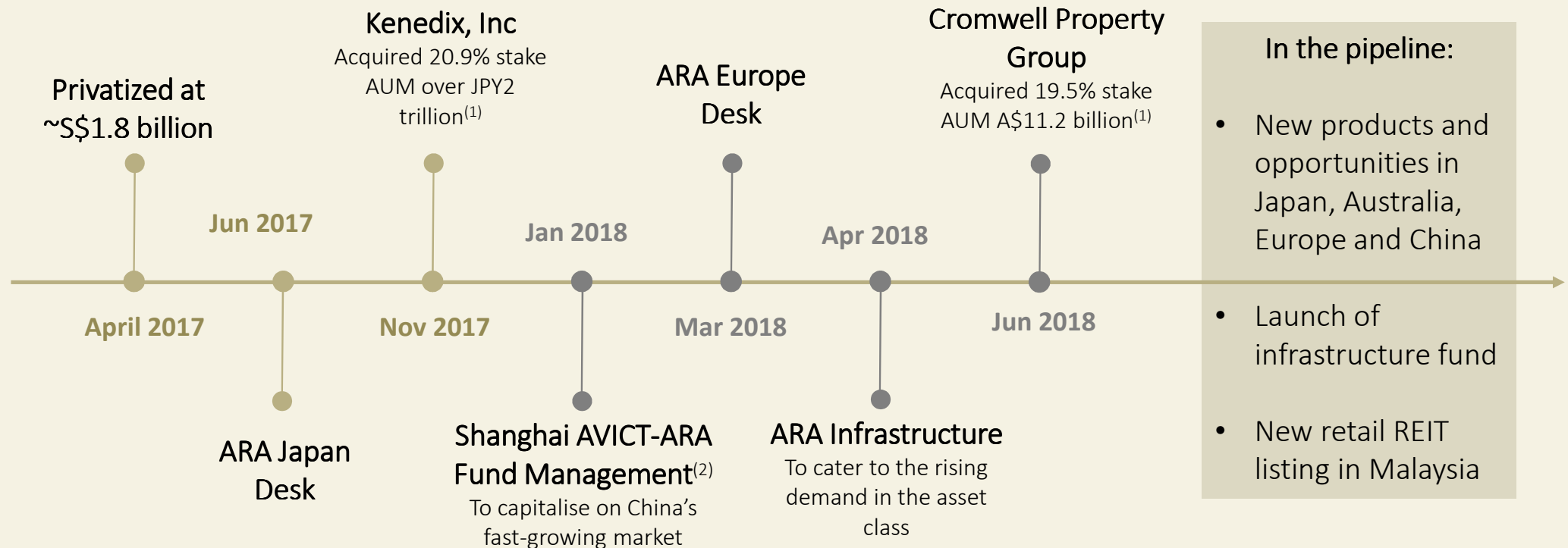
Aiming “to achieve an **AUM of \$100 billion** within 5 years...”<sup>(4)</sup>

Sources:

- (1) Press release by ARA Asset Management “ARA clinches prestigious real estate awards” dated 2 March 2017
- (2) Press release by ARA Asset Management “ARA Group completes acquisition of 19.5% interest in Cromwell” dated 4 June 2018
- (3) Gross assets managed by ARA Group and its Associates as at 1 June 2018
- (4) The Edge Singapore, 24-30 July 2017

# ARA ASSET MANAGEMENT

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



# SUNTEC REIT

Singapore's first and largest composite REIT

High quality office assets, complemented by retail and convention components

7 assets comprising 4 properties in Singapore, 1 property in Sydney & 2 properties in Melbourne

S\$9.6 billion AUM as at 31 Dec 2017

REIT Manager with proven track record – growing traction at the Suntec City Mall

- Footfall +8.5% YOY
- Tenants sale psf +5.0% YOY



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\* Source: Suntec REIT's 2Q and Half Year 2018 Corporate Presentation dated 25 July 2018  
Footfall and tenant sales are for Suntec City Mall.



## FAR EAST HOSPITALITY HOLDINGS

A scalable platform that allows us to tap into growth in the hospitality industry

- 70-30 JV between Far East Orchard Limited and STC
- A leading hotel operator in Australia, New Zealand and Europe through hospitality partnership with Toga Group
- 10 brands across 7 countries: Oasia | Quincy | Rendezvous | Village | Far East Collection | Adina Apartment Hotels | Medina Serviced Apartments | Travelodge Hotels | Vibe Hotels | TFE Hotels Collection



| Rendezvous Hotel Singapore



| Sentosa Hotels (artist impression)



| Oasia Hotel Downtown

# FAR EAST HOSPITALITY HOLDINGS

## Investment update

### Hotel Project in Ariake District, Japan<sup>(1)</sup>

- 50-50 JV to purchase a plot of land and hotel to be constructed in Tokyo, Japan
- Purchase consideration: JPY 8.2 billion
- Close to Central Tokyo, Tokyo Disneyland and Haneda Airport; and walking distance to Tokyo Big Sight and the Ariake Arena
- Japan is the 3<sup>rd</sup> largest economy in the world and is experiencing strong growth in in-bound tourism arrivals



### The Clan Hotel, Singapore<sup>(2)</sup>

- Appointment of FEHH's wholly-owned subsidiary, Far East Hospitality Management (S) Pte. Ltd. as:
  - A consultant during the design, planning and construction stages of the Hotel;
  - The sole and exclusive operator of the Hotel,
- Located at Cross Street, Telok Ayer Street, Pekin Street & China Street, the hotel will have 324 rooms and is targeted to open in mid-2020

(1) Far East Orchard Limited announcement on the SGX dated 28 May 2018

(2) Far East Orchard Limited announcement on the SGX dated 4 July 2018

# FAR EAST HOSPITALITY HOLDINGS

Building a stronger pipeline

Strong hospitality  
pipeline up to  
2020  
& beyond\*

2017

- >90 properties
- >14,000 rooms

2020

- >110 properties
- >17,500 rooms

2023 TARGET

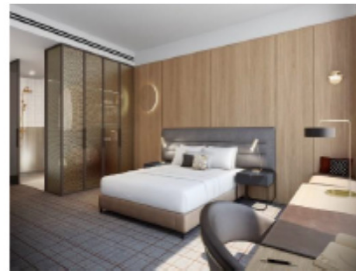
- 150 properties or  
30,000 rooms



Adina Apartment Hotel  
Macquarie Park Sydney,  
Australia



Adina Apartment Hotel  
Melbourne West End,  
Australia



Vibe Sydney Darling Harbour,  
Australia



Adina Apartment Hotel  
Freiburg, Germany



Adina Apartment Hotel  
Munich, Germany



Village Hotel at Sentosa,  
Singapore

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Source: Far East Orchard Limited's FY2017 AGM Presentation posted on SGX on 24 April 2018  
Based on signed management contracts as at 31 December 2017

## PROPERTY PORTFOLIO

Singapore & Malaysia Property Portfolio – To monetise and redeploy capital

- Divested three residential units in 1H2018
- Singapore bungalows and apartments: S\$272.2 million
- Malaysia properties<sup>(1)</sup>: S\$41.1 million



Good Class Bungalows



Gallop Green Townhouses & Apartments



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## BUSINESS HIGHLIGHTS

RESOURCES



# MALAYSIA SMELTING CORPORATION

## Largest Independent Custom Tin Smelter

The Butterworth smelter produced 27,172 tonnes of tin in 2017, approximately 7.5% of total global supply<sup>(1)</sup>

## Malaysia's Largest Tin Mine

Rahman Hydraulic Tin mine produced approximately 2,226 tonnes in 2017 accounting for >40% of Malaysia's output<sup>(1)</sup>



(1) Source: MSC

# ONGOING TRANSFORMATION PLANS

Becoming an efficient and fully integrated tin company



## TIN SMELTING

- Upgrade of technology
  - Enhance operational efficiencies and reduce cost
- Port Klang Smelter
  - Currently in testing stage



## TIN MINING

- Potential to enhance capacity at Rahman Hydraulic Tin Mine

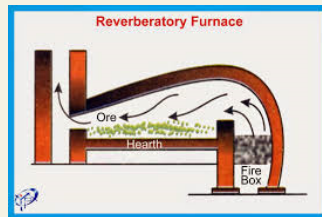


## OUTLOOK

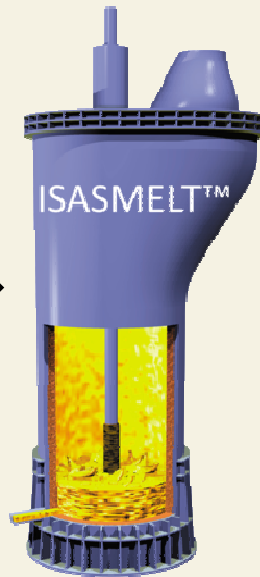
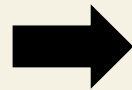
- Expect recovery yields, production and cost efficiencies to improve once Port Klang smelter is fully operational

# Value Enhancement Initiatives – Smelting Process

Adoption of Top Submerged Lance Technology to enhance MSC's process efficiency



**REVERBATORY  
FURNACE**



**STATE OF THE ART  
TOP SUBMERGED  
LANCE ("TSL")**

## SIMPLIFIED PROCESS

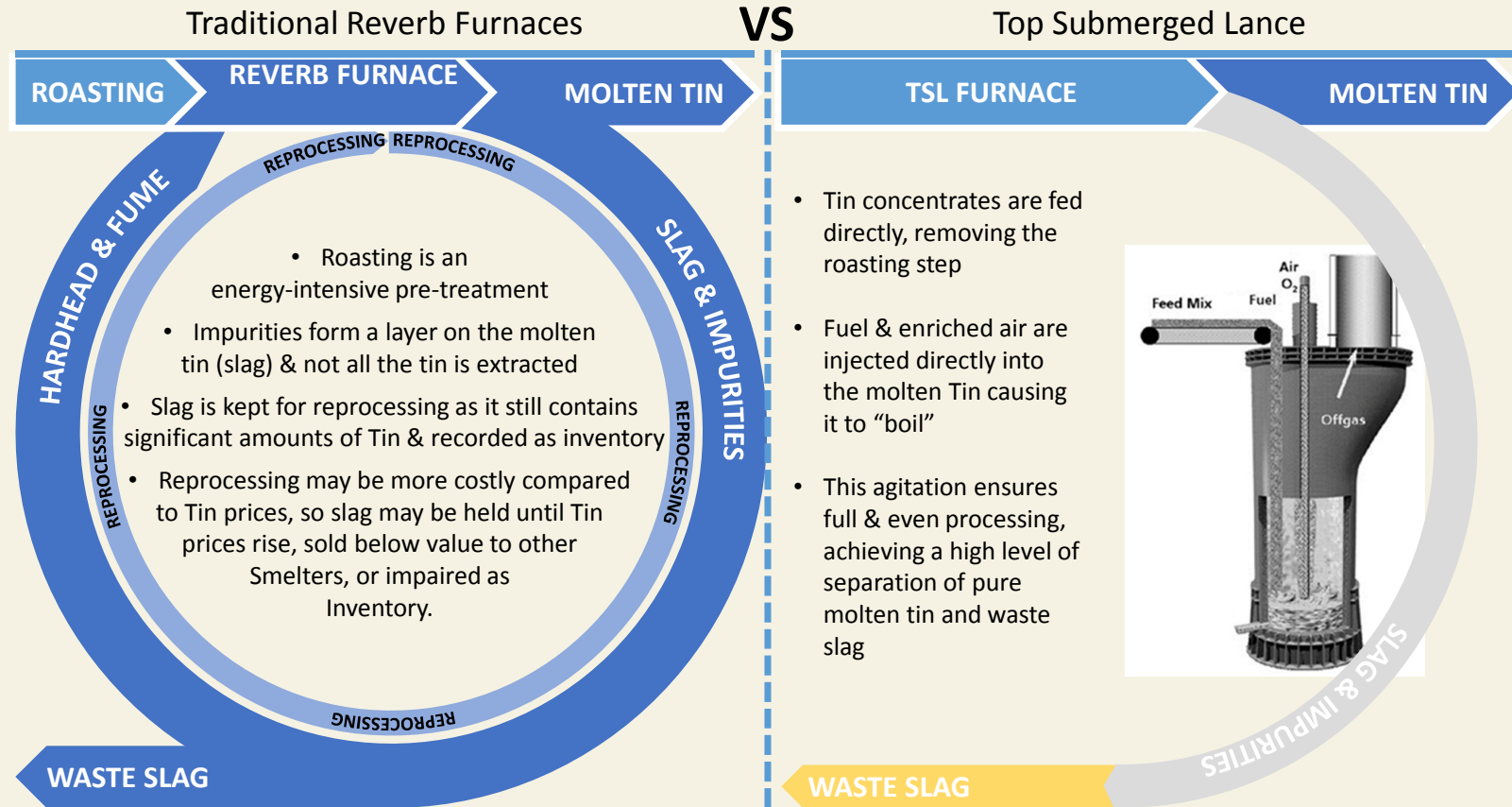
## HIGHER PURITY

- Less feed preparation – direct feed of wet concentrates from conveyor into furnace & no roasting required
- Higher energy efficiency as no need for separate roaster/furnace
- Higher purity metals and higher purity slag leading to less retreatment saving both time and energy
- Ability to use multiple fuel sources leading to the lowest possible energy cost at all times
- Ability to scale feed rate up or down according to requirements
- Low labour requirements & easy to maintain leading to lower operating cost
- Port Klang logistics advantage – excellent connectivity to Westport and London Metal Exchange warehouse



# Value Enhancement Initiatives – Smelting Process

Less Processes, Better Results





**FINANCIAL HIGHLIGHTS  
2Q2018**

Second Quarter Ended 30 June 2018

## GROUP FINANCIAL HIGHLIGHTS

S\$'m	2Q 2018	2Q 2017	% change	1H 2018	1H 2017*	% change
EBITDA	51.3	16.5	211.5	72.6	50.9	42.5
EBIT	49.6	15.1	227.6	69.2	48.3	43.1
Profit before tax	42.8	10.3	314.8	55.9	38.0	47.0
PATNCI	33.9	8.5	298.8	43.6	29.4	48.4
EPS (cents)	8.3	2.1	298.8	10.7	7.2	48.4

## GROUP FINANCIAL HIGHLIGHTS

Strong financial position and prudent financial metrics

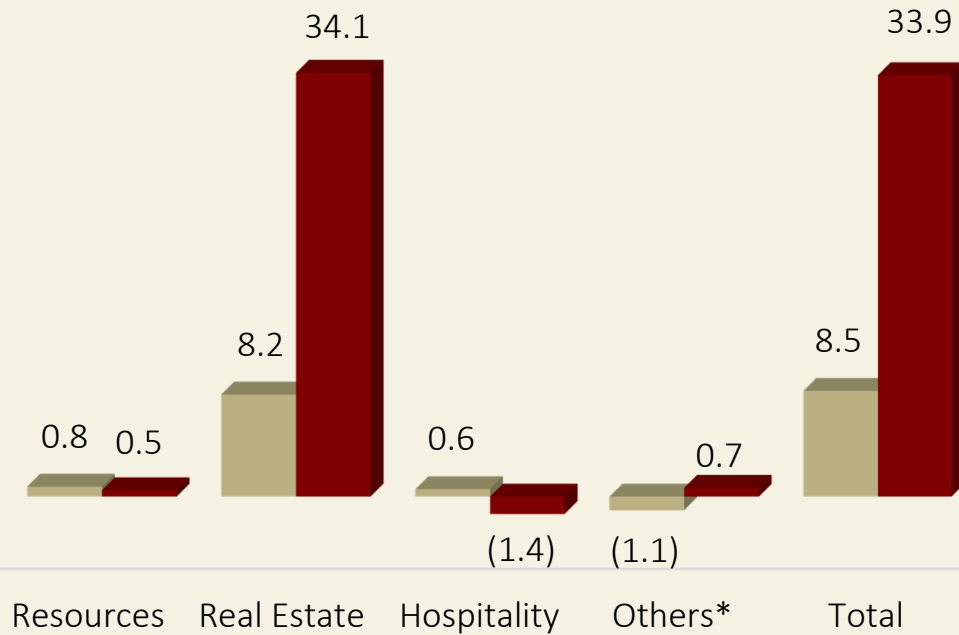
S\$m	30 Jun 2018	31 Dec 2017 (restated)
Cash and short-term deposits	215.7	362.4
Total assets	2,533.7	2,433.6
Total borrowings	873.2	768.7
Total liabilities	986.6	862.8
Total equity	1,547.1	1,570.9
Net debt/Total equity	42.5%	25.9%
EBITDA/Interest expenses	5.47	3.77

## PATNCI BY BUSINESS SEGMENTS

Main drivers of profitability - Real Estate segment and SRE

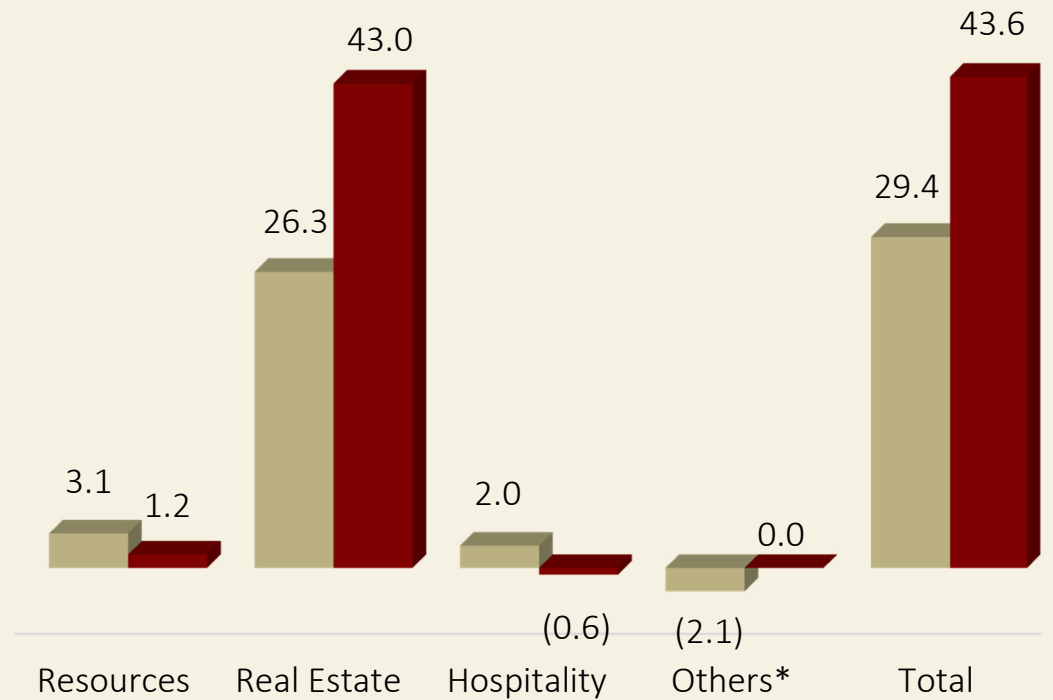
2Q PATNCI (S\$ million)

■ 2Q2017 ■ 2Q2018



1H PATNCI (S\$ million)

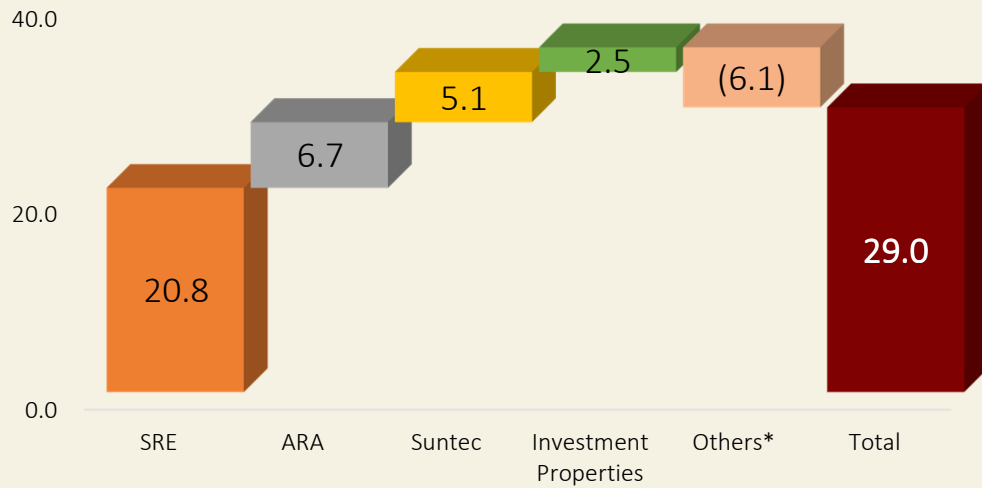
■ 1H2017 ■ 1H2018



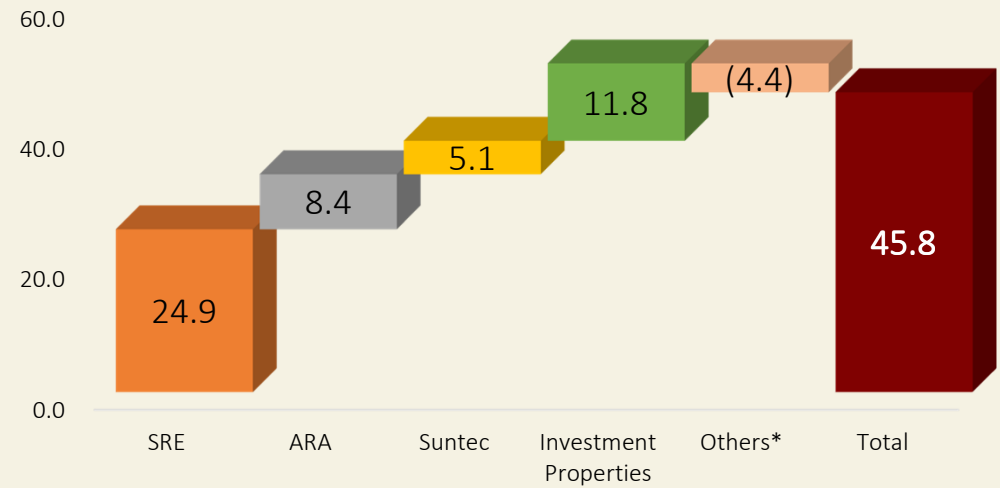
# PAT BREAKDOWN: REAL ESTATE SEGMENT

SRE main driver of profitability

1H2017 (S\$'m)



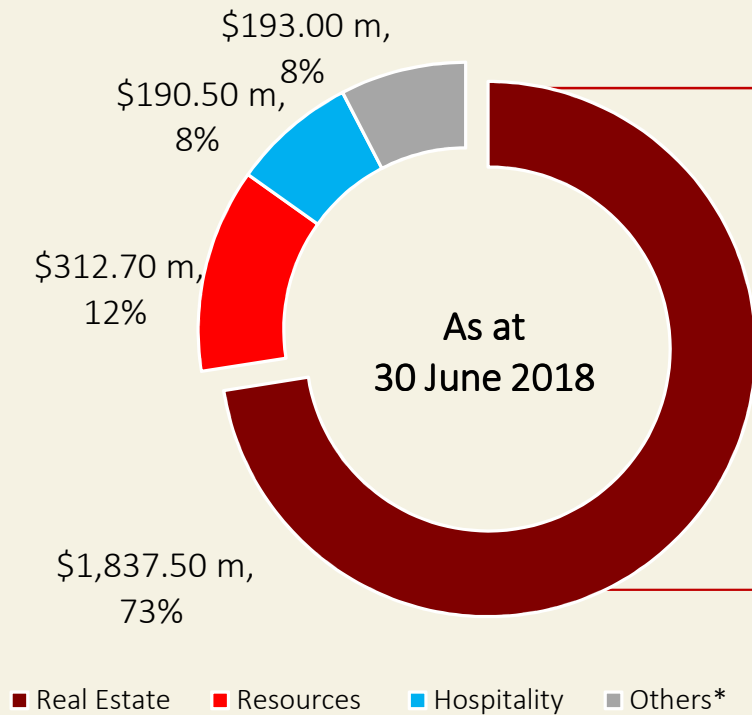
1H2018 (S\$'m)



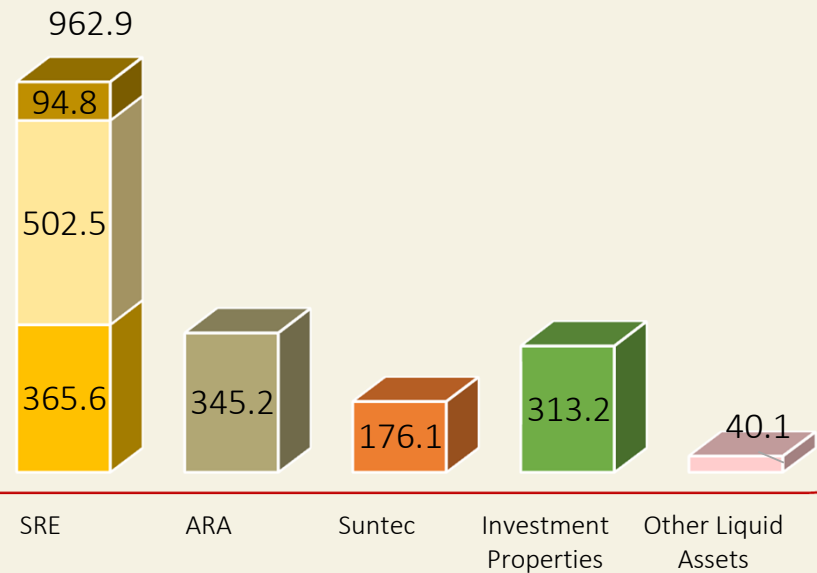
- Overall increased profitability from SRE, ARA and Investment Properties

# TOTAL ASSETS

S\$2.5 billion (FY2017: S\$2.4 billion) in total assets; 80% from real estate and hospitality segments



Real Estate Assets Breakdown (S\$ million)

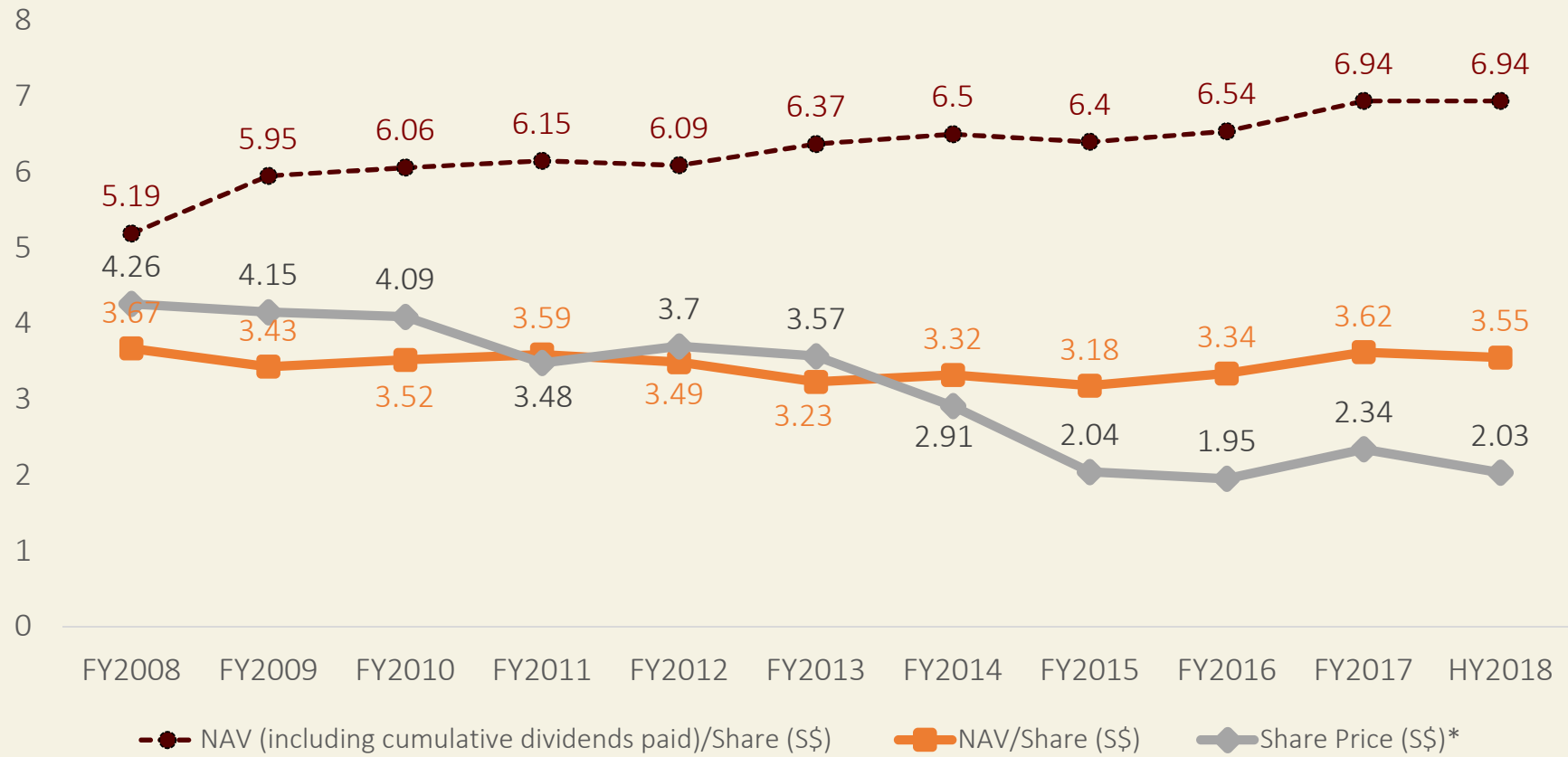


- Cash & others
- Chongqing Mall, 45 St Georges Terrace & Japan residential properties
- Harmony III, GTOF, JV F II, SDF & 320 Pitt St

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

# NET ASSET VALUE PER SHARE

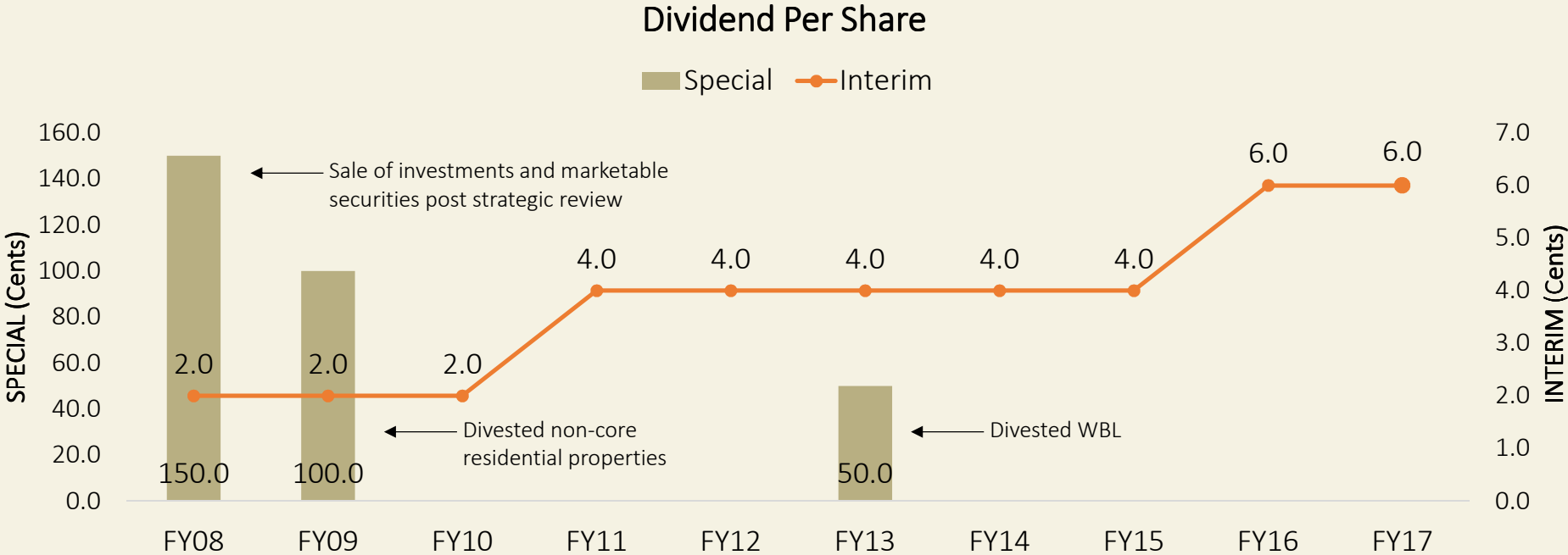
Stock price is currently trading at a discount to our intrinsic value





# DIVIDEND RECORD

Rising dividends reflects improvement in our business





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## STRATEGY & PLANS



# COMPETITIVE EDGE

Leveraging on our key strengths to grow

## Real Estate Ecosystem

- Network to tap a wide spectrum of real estate opportunities

## Diversified Portfolio

- Across various geography, property segments and investment modes



## Optimised Capital Structure

- Financial flexibility to fund expansion
- Agility to capture investment opportunities

## Experienced Team

- High caliber board - over 30 years of industry experience each
- Senior management team - over 20 years of experience each

## Proven Track Record

- Ability to monetize assets and implement strategies to enhance property asset value
- Proven ability to deploy divestment proceeds to pursue other growth opportunities

# BUSINESS STRATEGY

## Hospitality

- To increase number of management contracts
  - To acquire strategic assets
- To divest properties toward higher yielding growth opportunities

## Real Estate

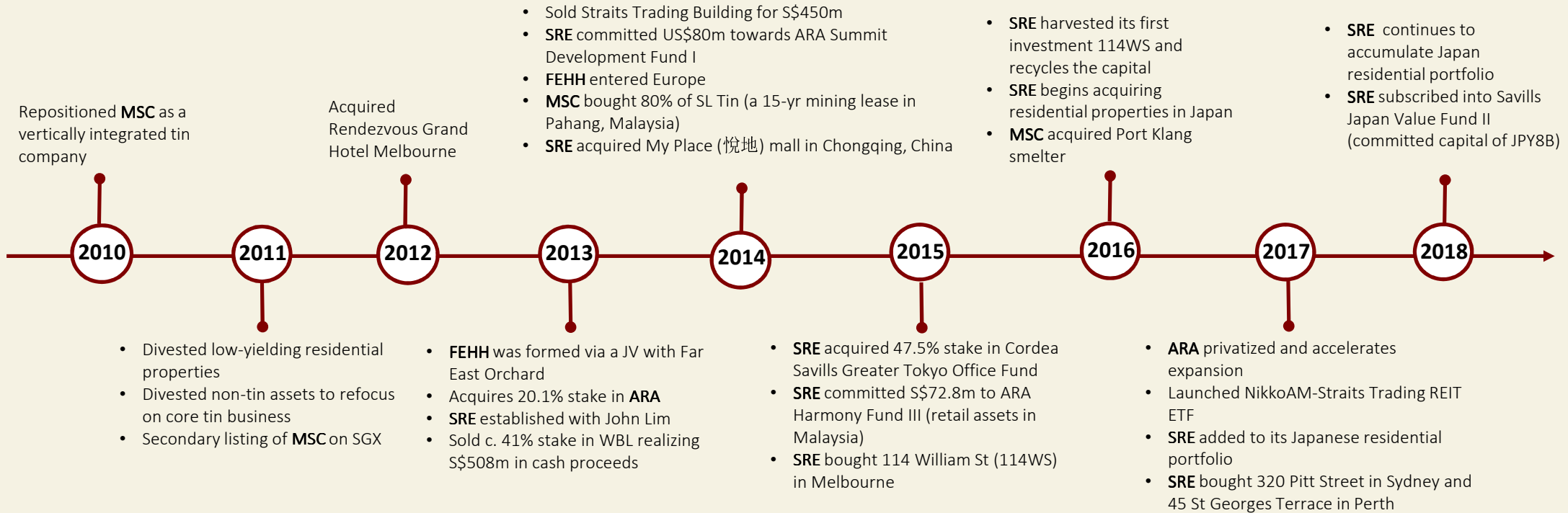
- To continue to seek out new and attractive investment opportunities in the Asia Pacific
  - To double AUM by 2022

## Resources

- To continue to optimise operational efficiencies
- Potential for capacity expansion of Rahman Hydraulic Tin Mine
- Potential new exploration

# BUSINESS TRANSFORMATION SINCE 2008

Redefining focus and making new investments





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**THANK YOU**