



A MEMBER OF THE TECITY GROUP

**135 Years New**

# **FY2021 Results Briefing**

2<sup>nd</sup> March 2022

# PROGRAMME OUTLINE

Time	Programme	Presenter
2:00 PM	Opening Address	Ms. Selina Ho <i>Head, Investors' Relations &amp; Corporate Secretariat</i> <i>Head, Corporate Communications</i>
2:05 PM	<ul style="list-style-type: none"><li>▪ FY2021 Highlights</li><li>▪ Business Highlights (Property)</li><li>▪ Business Highlights (Hospitality)</li><li>▪ Business Highlights (Resources)</li><li>▪ Financial Highlights</li></ul>	Dr. Allen Tan <i>Head, Portfolio Management</i>  Mr. James Kwie <i>Portfolio Manager, Portfolio Management</i>  Ms. Joyce Tan <i>Group Financial Controller</i>
2:30 PM	Q&A Session	Key Management Team
3:00 PM	End of Session	

Business Highlights  
***Property***

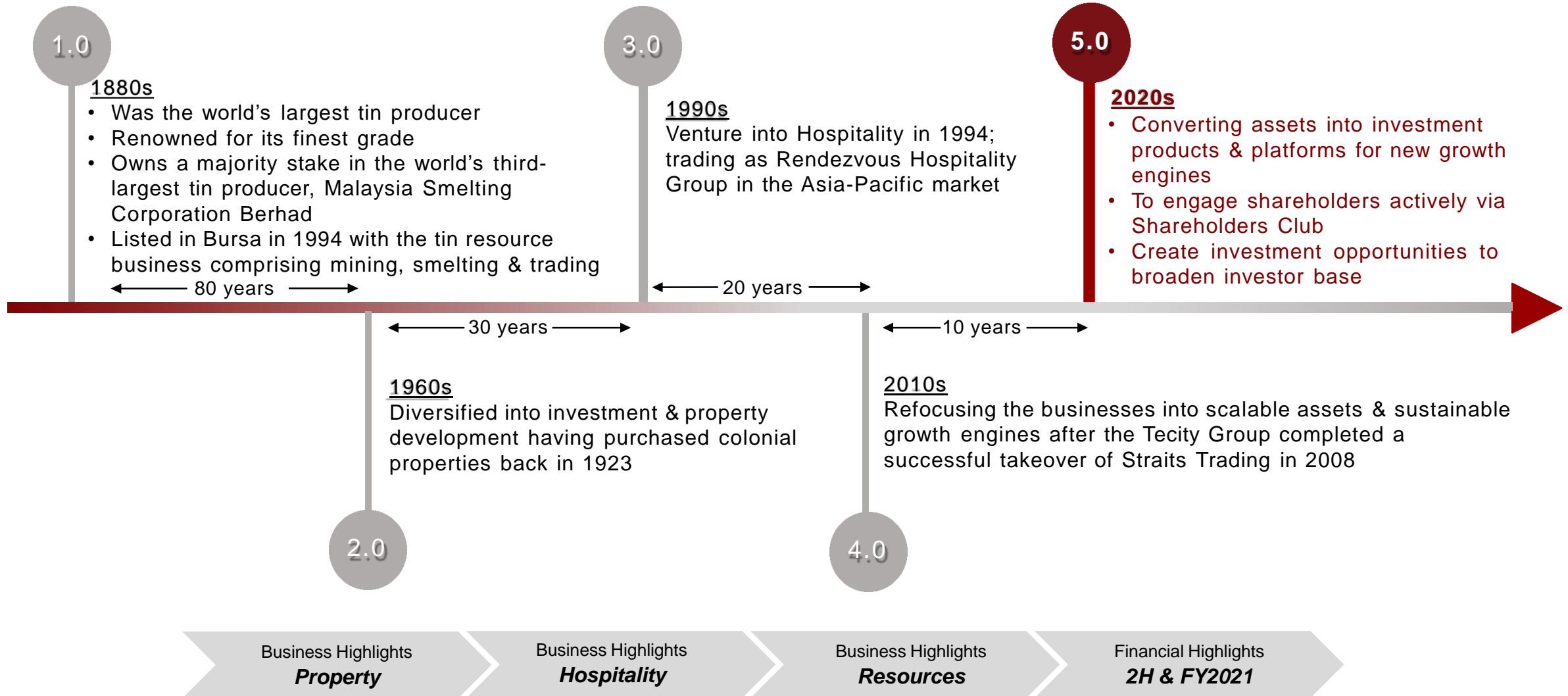
Business Highlights  
***Hospitality***

Business Highlights  
***Resources***

Financial Highlights  
***2H & FY2021***

# TRANSFORMATION MILESTONES

A Heritage of 135 years



# OVERVIEW OF BUSINESS SEGMENTS

A conglomerate-investment company with diversified portfolio



## PROPERTY

## RESOURCES

## HOSPITALITY

**Straits Developments Private Limited**  
("SDPL")  
100% Stake

Corporate and operational arm for the Group and property business, excluding SRE

**STC Property Management Sdn. Bhd.**  
("STCPM")  
100% Stake

Developer of Straits City Project Penang

**Straits Investment Management Pte. Ltd.**  
("SIM")  
100% Stake

Fund management specialising in global real estate securities

**Straits Real Estate Pte. Ltd.**  
("SRE")  
100% Stake

An investment vehicle seeking out real estate related opportunities globally

**Malaysia Smelting Corporation Berhad**  
("MSC")  
52.0% Stake

Largest independent custom tin smelter in the world

**Far East Hospitality Holdings Pte Ltd**  
("FEHH")  
30.0% Stake

An established international hospitality owner and operator

**ESR Cayman Limited**  
("ESR")  
4.8% Stake

APAC's largest real estate and real assets fund manager

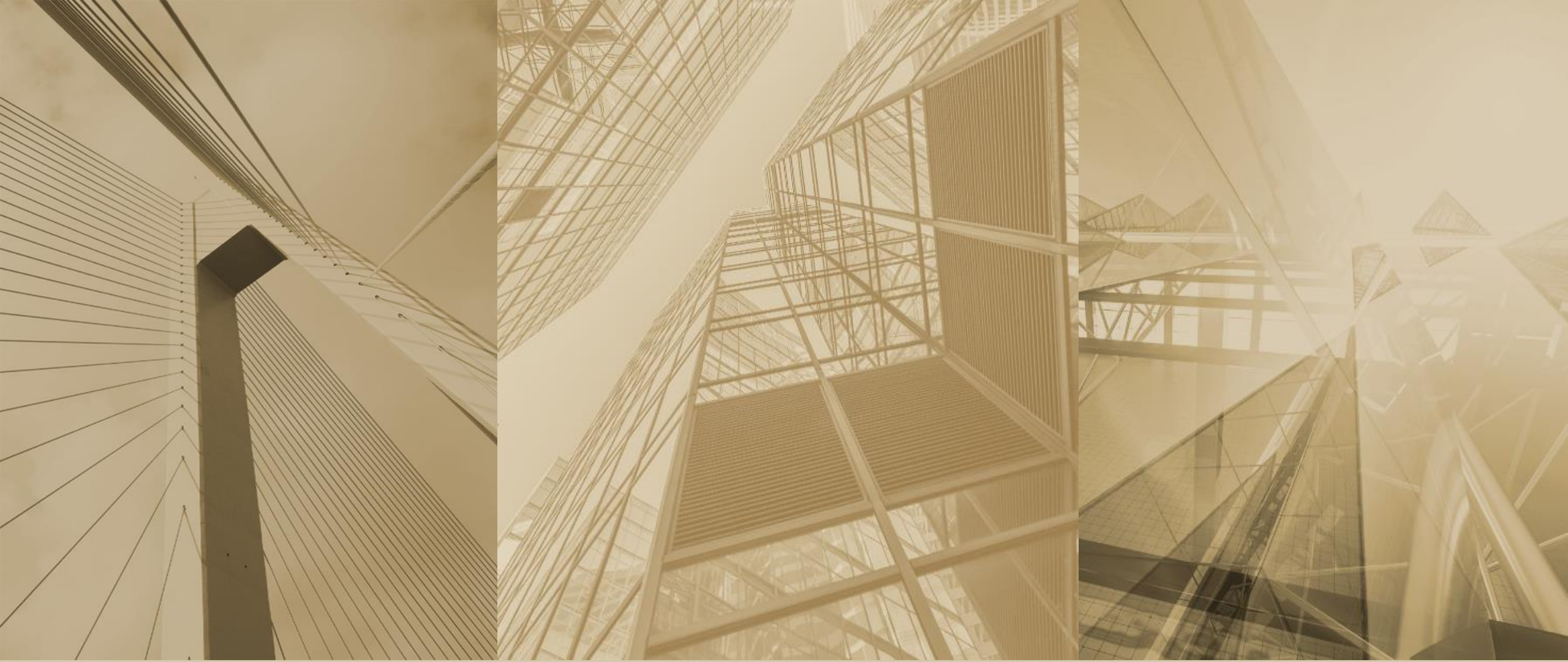
**Suntec REIT**  
2.8% Stake

One of the largest commercial REITs in Singapore

**SDAX Financial Pte Ltd**  
14.3% Stake

Fintech investment Asset tokenizing platform





# FY2021 Highlights

By: Dr. Allen Tan

# FY2021 KEY HIGHLIGHTS

Decade-high EBITDA, Straits 5.0 transformation on track

## Corporate Highlights

### Robust performance of real estate and resources segments

#### Real Estate

- Expanded UK footprint with committed GBP60 million (S\$108.6 million) investment in warehouse retail parks across the country
- ARA's merger with ESR Cayman Limited realised S\$1,140.4 million in returns

#### Resources

- New Pulau Indah smelter operating at 75% capacity with full commissioning of the plant expected in 2022
- Improved technologies increased the daily mining output at Rahman Hydraulic Tin mine in Klian Intan

#### Straits 5.0 Initiatives

- Shareholders' Club launched two fractionalised real estate investment products (via participatory notes)

## Financial Highlights

### Straits Trading posted over decade-high EBITDA of S\$401 million for FY2021 (FY2020: S\$133.8 million)

#### Real Estate

- PATNCI increased 233.2% to S\$232.7 million for FY2021 (FY2020: S\$69.8 million), mainly from recurring rental incomes and valuation gains from Australian and South Korean logistics portfolio

#### Resources

- PATNCI increased 534.4% to S\$20.7 million for FY2021 (FY2020: S\$3.3 million), supported by higher tin prices and strong growth in physical tin demand globally

#### Hospitality

- The segment had a loss of S\$12.6 million for FY2021 (FY2020: S\$11.8 million), impacted by prolonged COVID-19 restrictions

Business Highlights  
**Property**

Business Highlights  
**Hospitality**

Business Highlights  
**Resources**

Financial Highlights  
**2H & FY2021**



By: Dr. Allen Tan

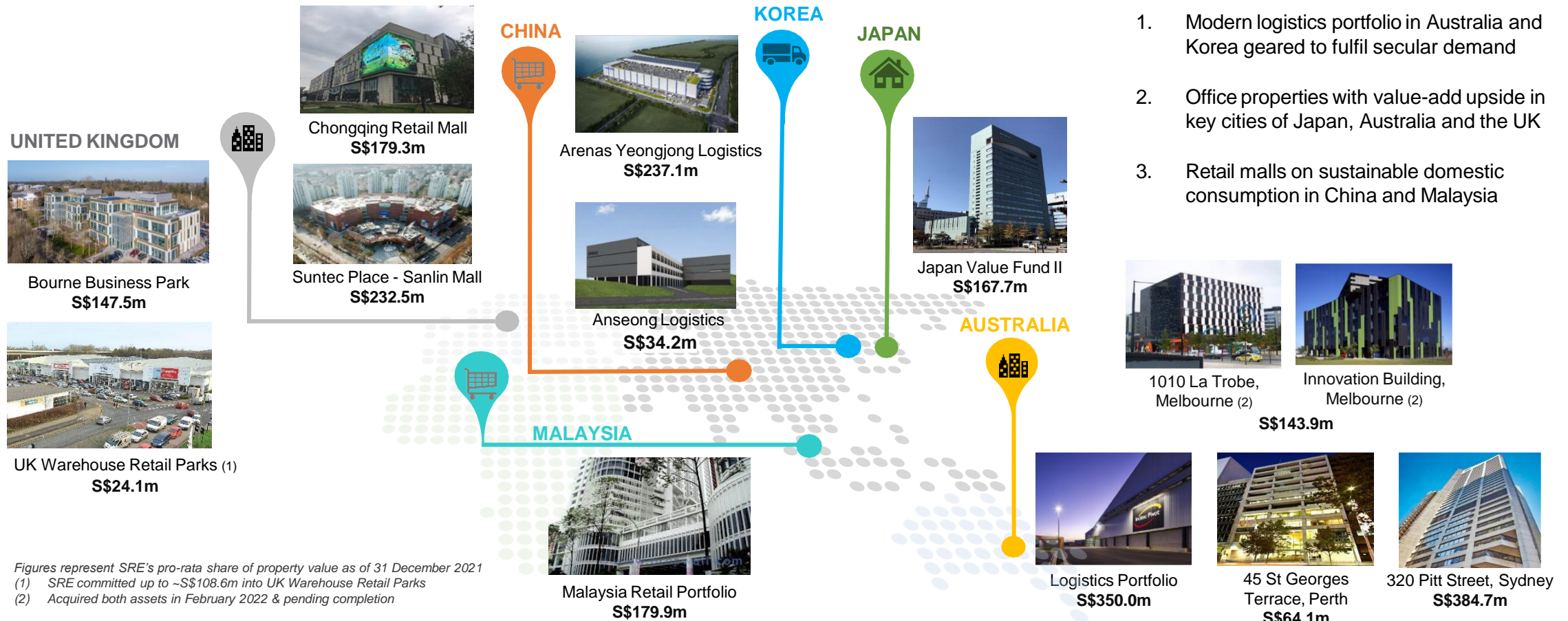
*Bourne Business Park, Surrey, United Kingdom*

# Business Highlights: Property

By: Dr. Allen Tan

# SRE: INVESTMENT FOOTPRINT

Focused Diversification Driven by Secular Growth Trends



## KEY INVESTMENT THEMES

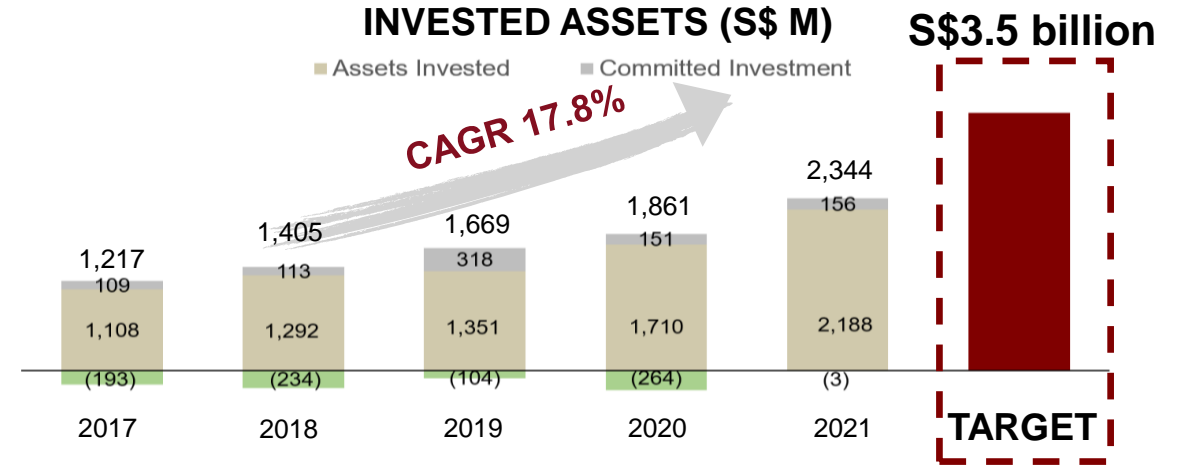
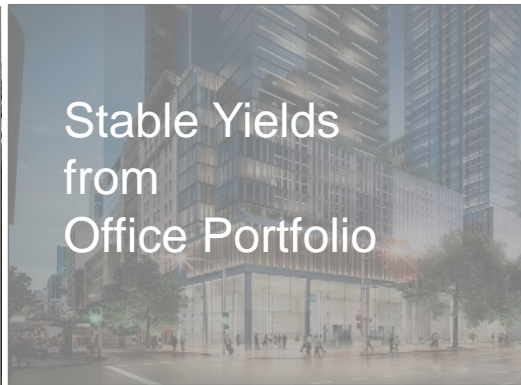
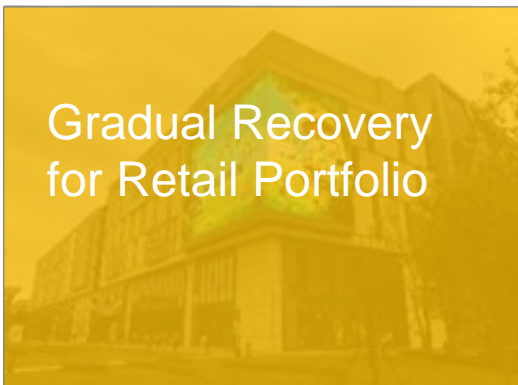
1. Modern logistics portfolio in Australia and Korea geared to fulfil secular demand
2. Office properties with value-add upside in key cities of Japan, Australia and the UK
3. Retail malls on sustainable domestic consumption in China and Malaysia

Figures represent SRE's pro-rata share of property value as of 31 December 2021  
 (1) SRE committed up to ~S\$108.6m into UK Warehouse Retail Parks  
 (2) Acquired both assets in February 2022 & pending completion

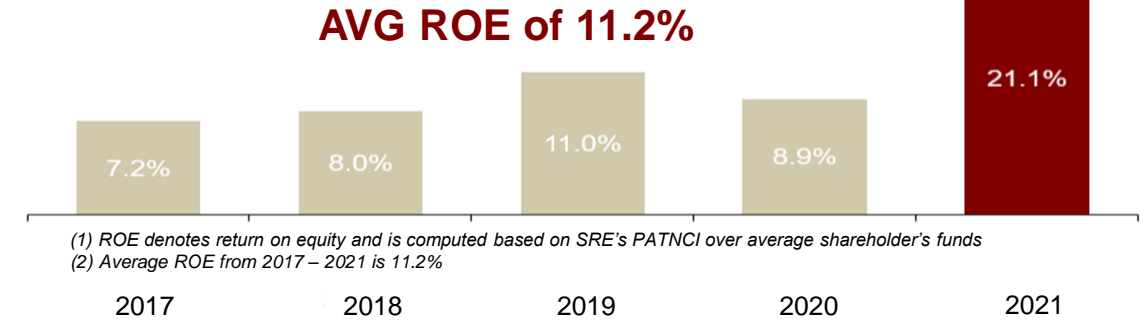


# SRE: GROWING REAL ESTATE PORTFOLIO

Sustained AUM growth with S\$2.3 billion in FY2021



### ROE TRACK RECORD – LASER-FOCUSED ON CAPITAL EFFICIENCY



Business Highlights  
**Property**

Business Highlights  
**Hospitality**

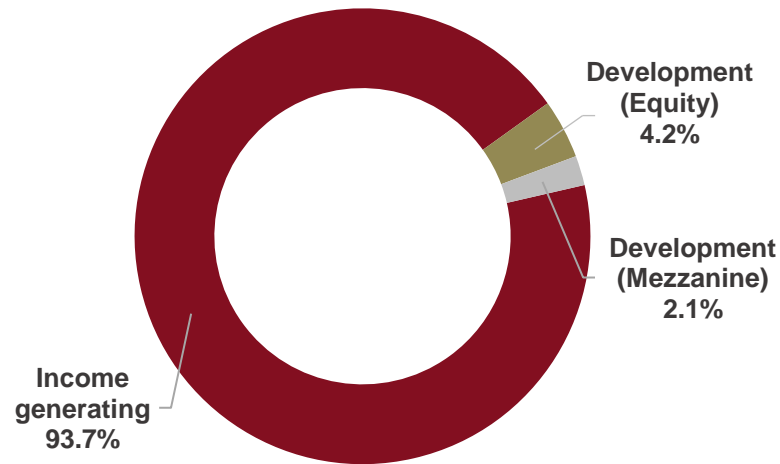
Business Highlights  
**Resources**

Financial Highlights  
**2H & FY2021**

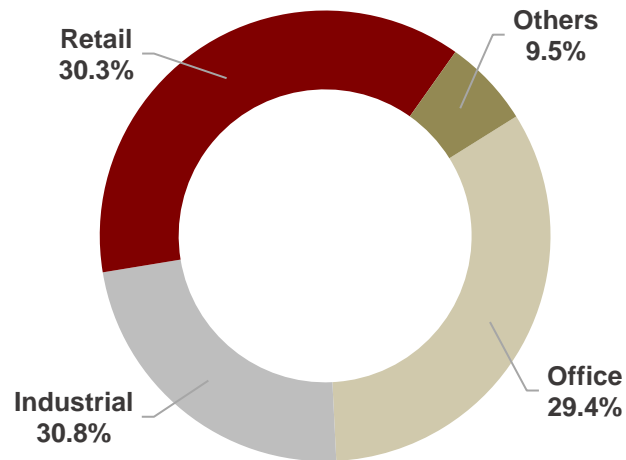
# SRE: PROPERTY PORTFOLIO

An income-generating and geographically diverse portfolio

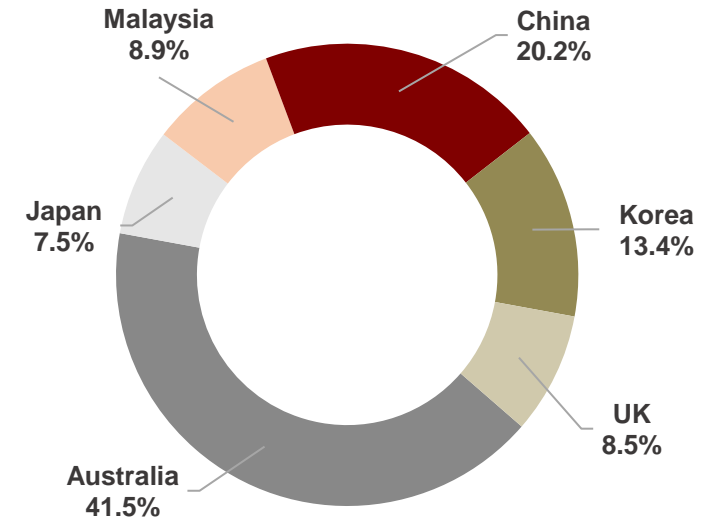
DEVELOPMENT VS. INCOME GENERATING



ALLOCATION BY ASSET CLASS



ALLOCATION BY COUNTRY



- ~94% income generating assets
- Increasing exposure to future-ready and resilient sectors: modern logistics and business parks



# STCPM: STRAITS CITY, FUTURE CITY

Unlocking value of prime land in Butterworth, Penang

## Straits City – Smart and sustainable integrated mixed-use development

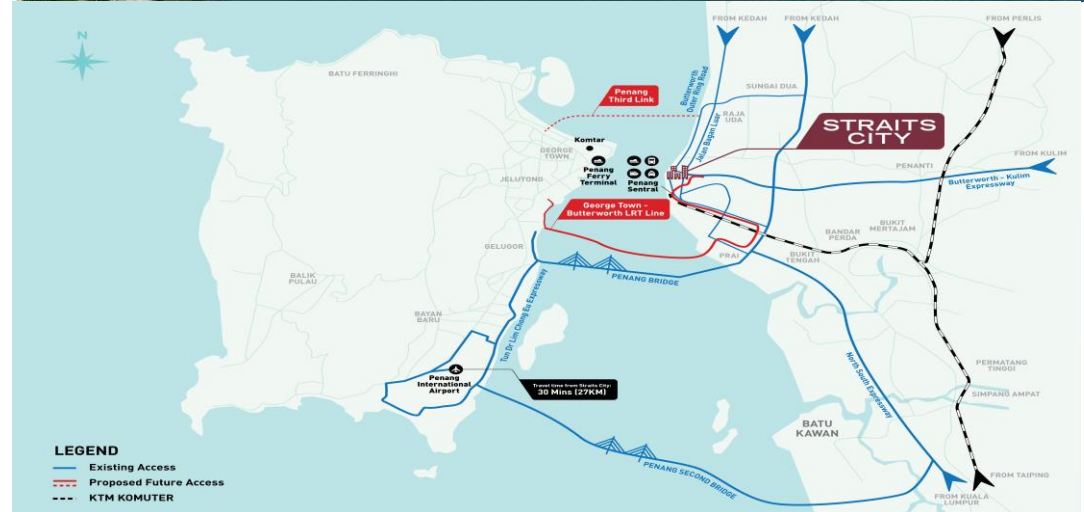
An integrated mixed-use development over 40 acres of land with offices, residential apartments, hotels, service apartments, and retail components

### Strategic location and Connectivity

- Within the historic Butterworth; overlooks Georgetown with sweeping views of the Penang Strait.
- Connected by the largest integrated transport hub (Penang Sentral), which combines rail, road and sea infrastructure.

### Key Drivers

- Business Improvement Districts (BIDs) initiative to enhance Butterworth's urban amenities, including smart infrastructures will drive the growth of Seberang Perai's smart industries and add value to Straits City.
- North Butterworth Container Terminal, which is 15 mins drive from Straits City was gazetted as a Free Trade Zone on 1 February 2021.
- Straits City is poised to benefit from the positive spillover effects from Indonesia-Malaysia-Thailand Growth Triangle and Belt and Road initiatives.



Business Highlights  
**Property**

Business Highlights  
**Hospitality**

Business Highlights  
**Resources**

Financial Highlights  
**2H & FY2021**

# STCPM: STRAITS CITY, FUTURE CITY

Unlocking value of prime land in Butterworth, Penang

**Straits City – Smart and sustainable integrated mixed-use development**

## Key Developments



First phase is a 4-star hotel, with 343 rooms, MICE facilities and quality retail space

~ 41,800 sq ft NLA

Topping out in **2Q 2022**; target completion in 4Q 2022



Hospitality industry is seeing signs of recovery with relaxation of COVID-19 restrictions and pent-up demand



Given its proximity to industrial parks, the hotel is positioned to meet business travellers' demand

## Straits City Future City



*Future Hotel at Straits City, Butterworth, Penang*

Business Highlights  
**Property**

Business Highlights  
**Hospitality**

Business Highlights  
**Resources**

Financial Highlights  
**2H & FY2021**

# SIM: EXPANDING PORTFOLIO

Identifying unique investment opportunities in public markets

Global fund management firm with capabilities in equities, fixed income and alternative investments

- Assets under management/advisory: S\$520 million
- Growth in assets: 56% CAGR over 6-year period
- Strategic partner with Nikko AM
  - ✓ NikkoAM-Straits Trading Asia Ex-Japan REIT ETF
  - ✓ NikkoAM-Shenton Global Property Securities Fund
  - ✓ NikkoAM-Straits Trading MSCI China Electric Vehicles and Future Mobility ETF
- Strategic partner with UBS
  - ✓ Straits Global Property Strategy
  - ✓ Straits Define Risk Strategy



SIM has a Capital Markets Services licence for fund management issued by the Monetary Authority of Singapore (“MAS”)

Business Highlights  
**Property**

Business Highlights  
**Hospitality**

Business Highlights  
**Resources**

Financial Highlights  
**2H & FY2021**

# ARA: MERGER WITH ESR CAYMAN

Realisation of Straits Trading's Investment in ARA



## TRANSACTION OVERVIEW

- ARA-ESR merger was completed on 20 January 2022
- Roll-over of Straits Trading's 19.0%<sup>(2)</sup> effective interest in ARA for total consideration of S\$1,140.4 million, comprising cash and securities of ESR
- Forming APAC's largest real estate and real asset manager, and the third largest listed real estate asset manager globally with significant exposure to new economy real estate
- Straits Trading's interest in ESR Group ~4.8%

(1) Based on Straits Trading's announcement as at 5<sup>th</sup> August 2021

(2) This being the product of SE1's shareholding in ARAH (22.06%), ARAH's effective economic interest in ARAC (96.21%) and ARAC's shareholding in ARAB (89.38%) = 18.97%

Business Highlights  
**Property**

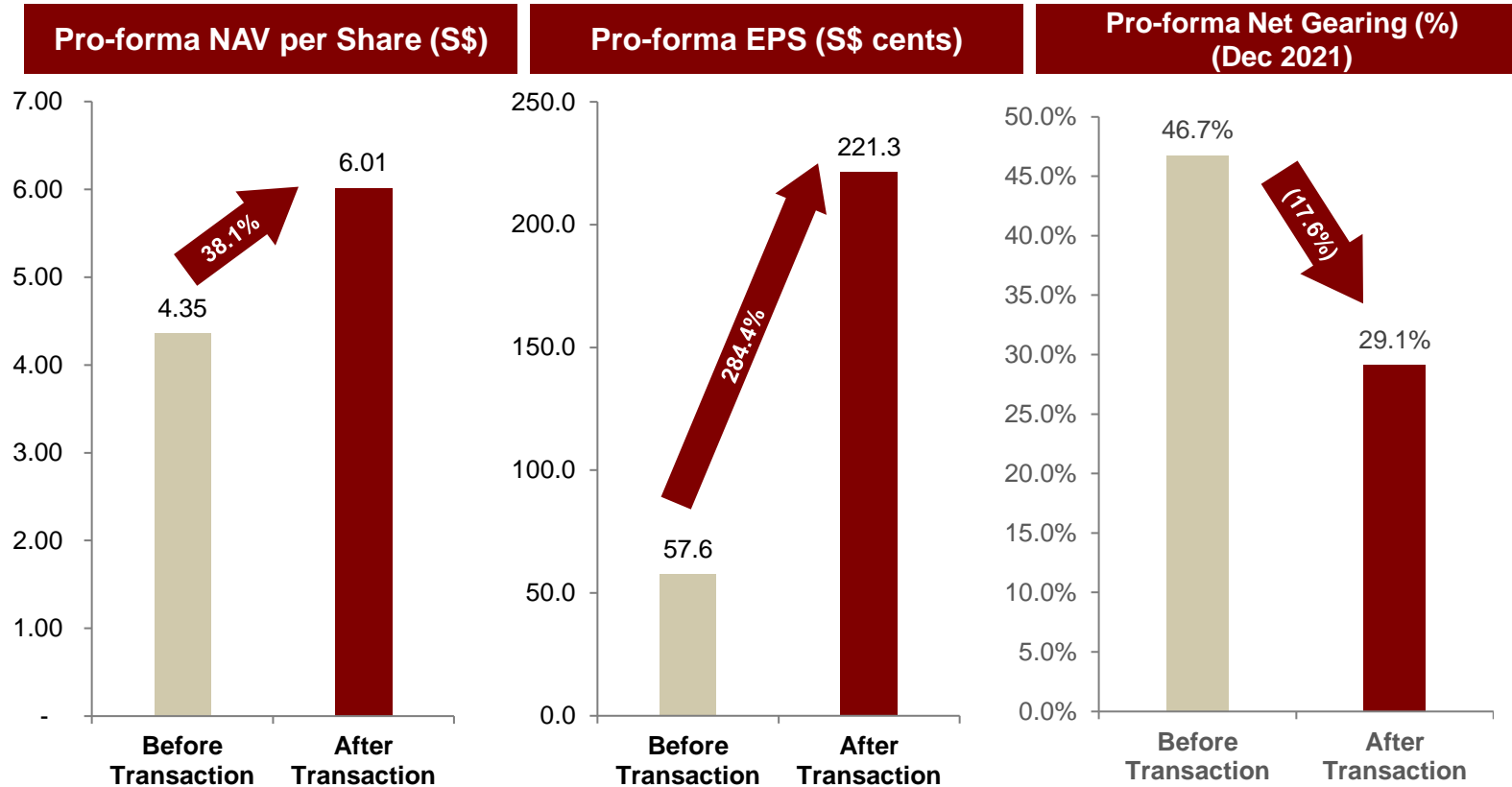
Business Highlights  
**Hospitality**

Business Highlights  
**Resources**

Financial Highlights  
**2H & FY2021**

# PRO FORMA FINANCIAL IMPACT OF TRANSACTION

- The transaction is **NAV and EPS accretive**
- Assume the proposed merger had been effected at end of December 2021:
  - ✓ the Group's pro-forma NAV will increase by S\$1.66/share, from S\$4.35/share to S\$6.01/share
  - ✓ the Group's pro-forma EPS will increase from S\$0.576/share to S\$2.213/share
  - ✓ the Group's pro-forma net gearing ratio will decrease from 46.7% to 29.1%



Note: Based on ESR share price at HKD\$26.35 and SGD:HKD exchange rate of 5.738 as at 31 December 2021





By: Mr. James Kwie

*The Clan Hotel, Singapore*

# Business Highlights: Hospitality

By: Mr. James Kwie



# FEHH: A PREMIER HOTEL OWNER & OPERATOR

Strategically positioned in key markets to seize post COVID-19 recovery opportunities

## Key Developments in FY2021

Opened 7 hotels with over 1,500 keys in Singapore, Australia, Japan and Germany

## Outlook

- Rebound to pre-pandemic levels in 2024 or later
- Uneven recovery with countries that have sizeable domestic markets expected to rebound faster
- Longer-term optimism that global tourism will recover with the increase in vaccination rollouts globally
- Expect openings of 13 properties through to 2023, including new countries such as Switzerland and Vietnam



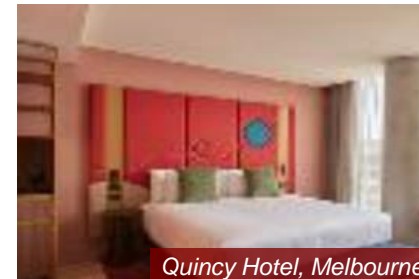
*The Clan Hotel, Singapore*



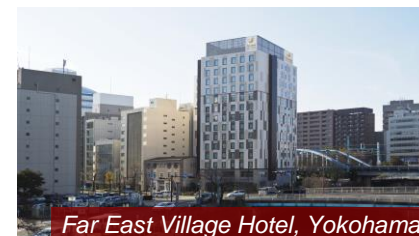
*A by Adina, Sydney*



*A by Adina, Canberra*



*Quincy Hotel, Melbourne*



*Far East Village Hotel, Yokohama*



*Adina Apartment Hotel, Munich*



*Oasia Resort, Singapore*

- Joint venture with Far East Orchard – 30% equity stake in FEHH
- Manages more than 100 properties with close to 18,000 rooms

Business Highlights  
**Property**

Business Highlights  
**Hospitality**

Business Highlights  
**Resources**

Financial Highlights  
**2H & FY2021**



*RHT Tin Mine in Klian Intan, Perak*

# **Business Highlights: Resources**

By: Mr. James Kwie

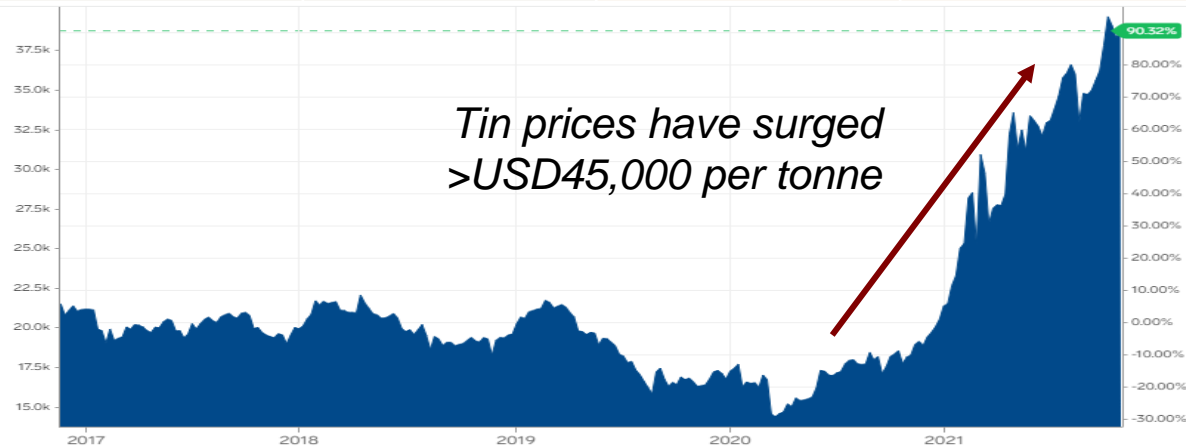
# MSC: HEALTHY PERFORMANCE DESPITE TOUGH ENVIRONMENT

Enhanced operating efficiencies with focus on logistics and costs management

## Financial Performance

All-time high net profit of **RM118.1 million (FY2020: RM15.2 million)**, boosted by high average tin prices

Net Profit for Tin Mining		Net Profit for Tin Smelting	
FY2021	FY2020	FY2021	FY2020
RM109.4 million	RM20.6 million	RM12.1 million	RM3.2 million



Source: Markets Insider



World's leading producer of tin metal and tin-based products and a global leader in custom tin smelting since 1887



MSC Straits Refined tin brand is registered at London Metal Exchange ("LME") and Kuala Lumpur Tin Market ("KLTM")



# MSC: GREEN INITIATIVES TO REDUCE CARBON FOOTPRINT

Committed to sustainably develop resources and reduce emissions

## Key Progress in FY2021

- New smelter at Pulau Indah reached 75% capacity; on track for full production in 2022
- Expects better production yield and smaller carbon footprint

## ESG Initiatives

- Installation of 1.26MWp solar PV panels to generate power, raise efficiency and reduce carbon emissions at Pulau Indah Plant
- Installation of 1.0 MW mini hydropower station to produce energy for mining operations
- Implementation of Mine Rehabilitation Plan including planting of trees, grasses and hydroseeding to greenify inactive areas and avoid erosion into nearby streams



Growing tin demand fuelled by adoption of electric vehicles, photovoltaic installation and consumer electronics

Source: MSC's disclosures to Bursa Malaysia





10, 12 Cable Road, Singapore

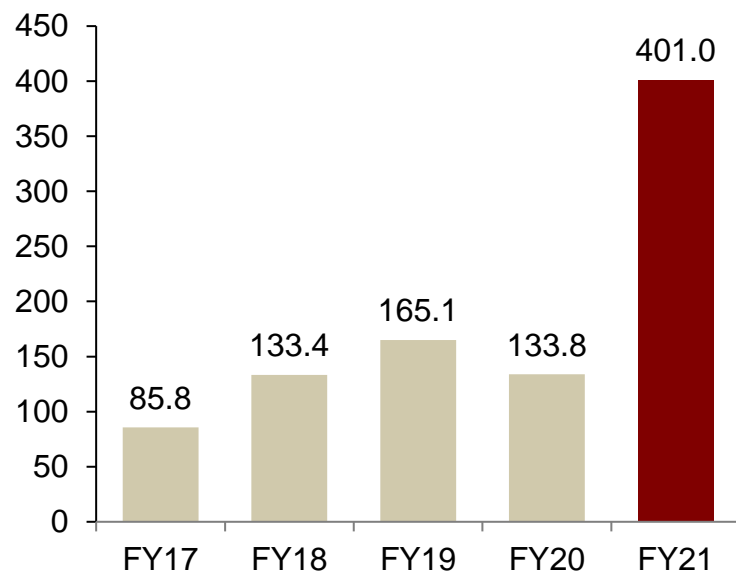
# Financial Highlights: 2H & FY2021

By: Ms. Joyce Tan

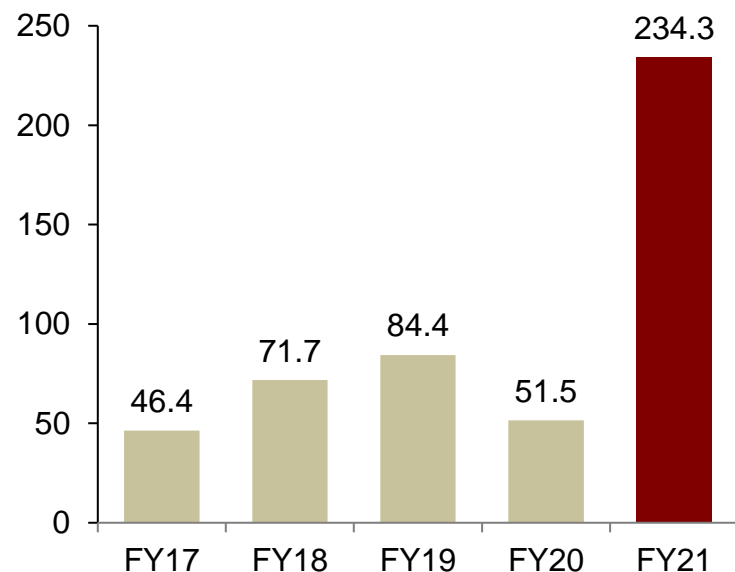
# GROUP FINANCIAL HIGHLIGHTS

Strong Financial Position

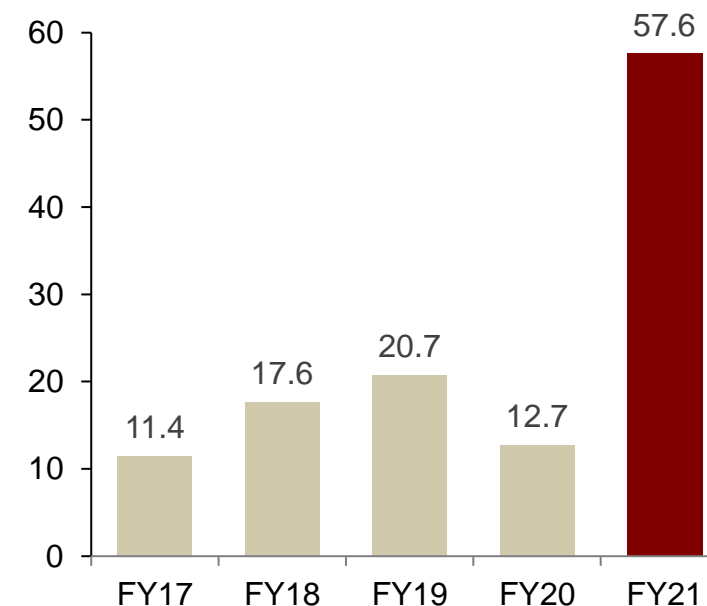
## EBITDA (S\$M)



## PATNCI (S\$M)



## EARNINGS PER SHARE (¢)



Business Highlights  
**Property**

Business Highlights  
**Hospitality**

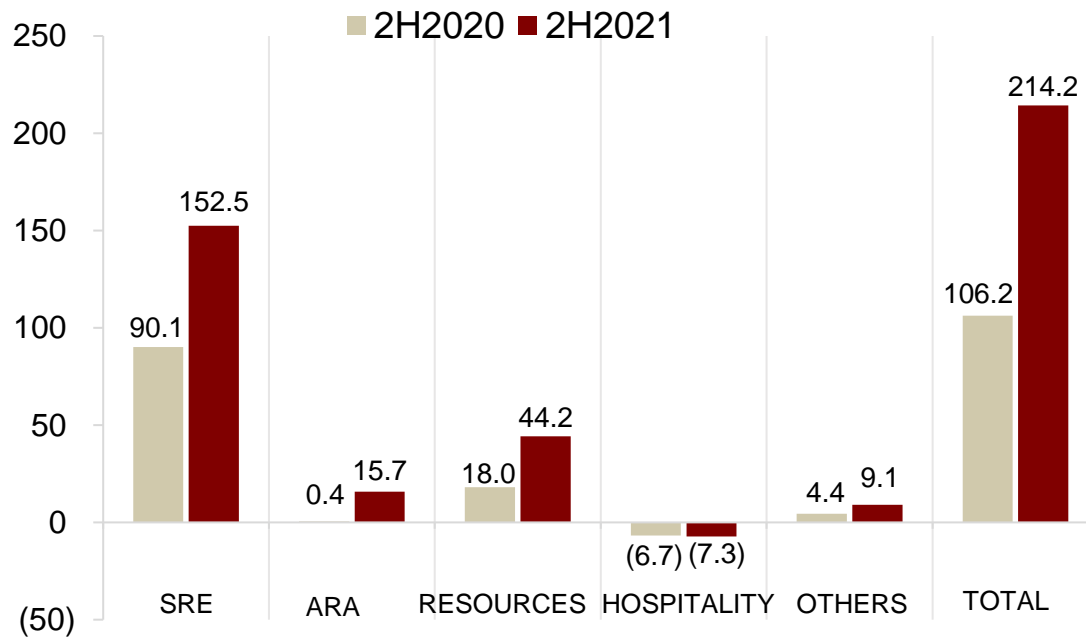
Business Highlights  
**Resources**

Financial Highlights  
**2H & FY2021**

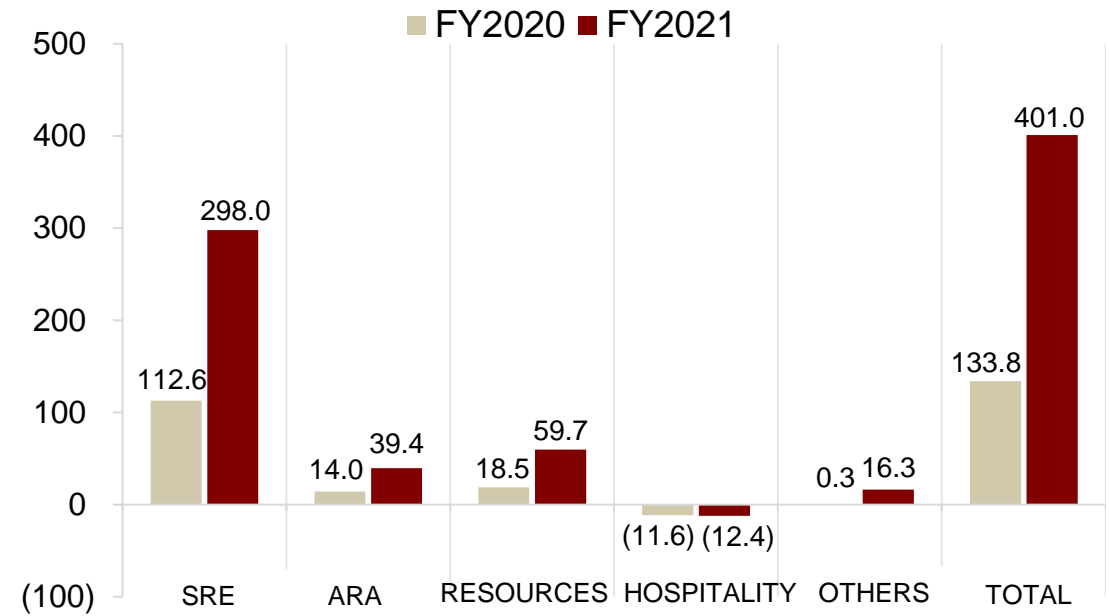
# EBITDA BY SEGMENTS

Main Profit Driver: Real Estate

**HALF YEAR EBITDA (\$M)**



**FULL YEAR EBITDA (\$M)**



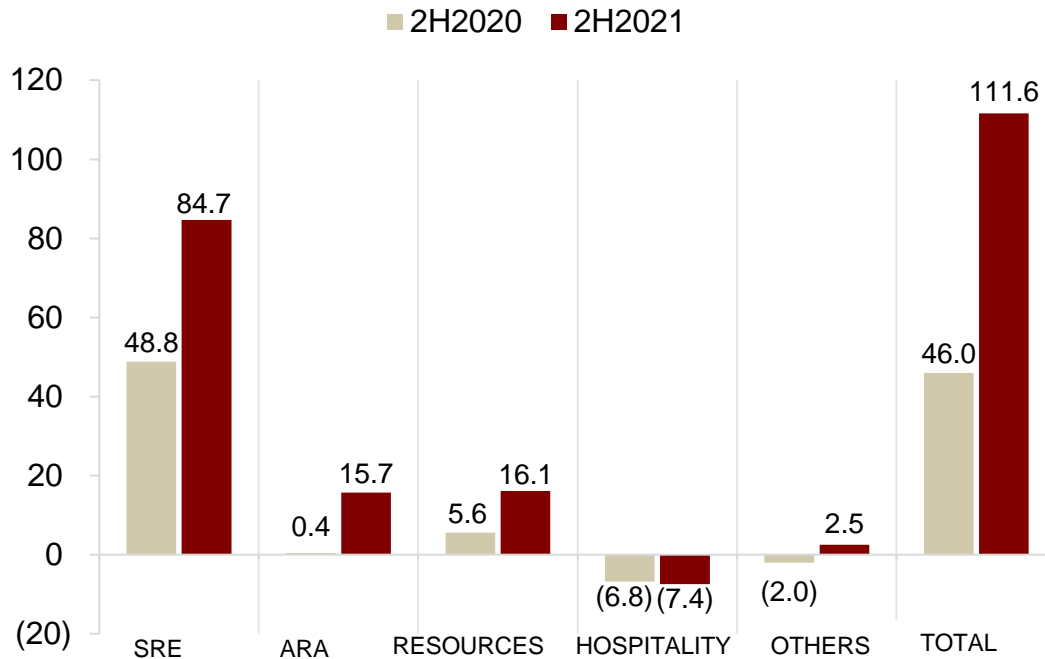
Note: Others comprise corporate expenses and others



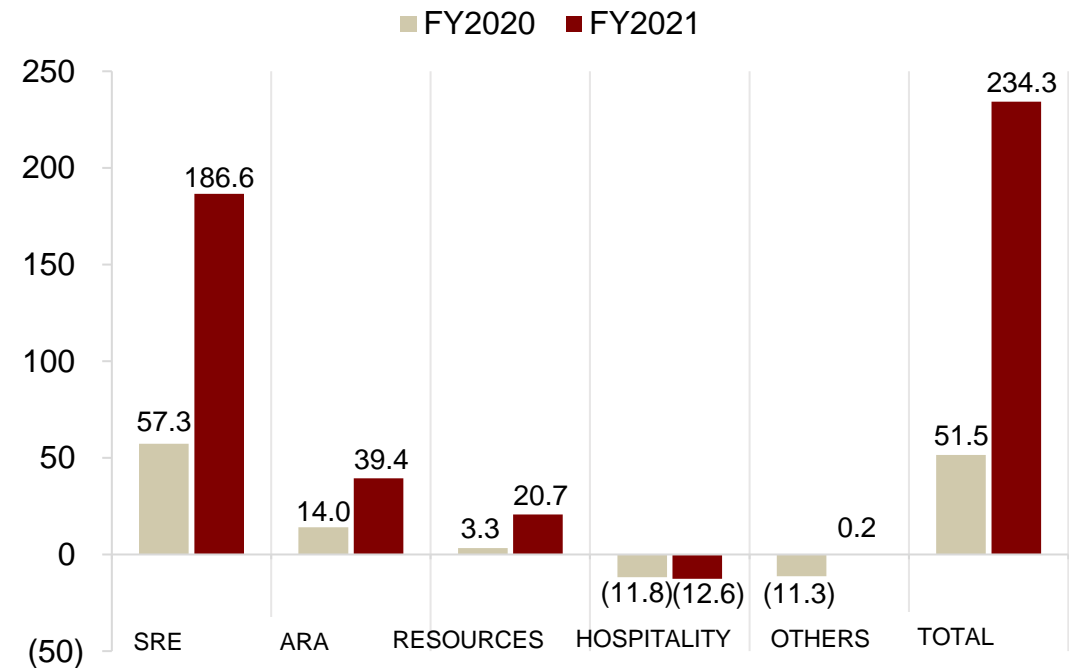
# PATNCI BY SEGMENTS

Main Profit Driver: Real Estate

**HALF YEAR PATNCI (\$M)**



**FULL YEAR PATNCI (\$M)**



Note: Others comprise corporate expenses and others

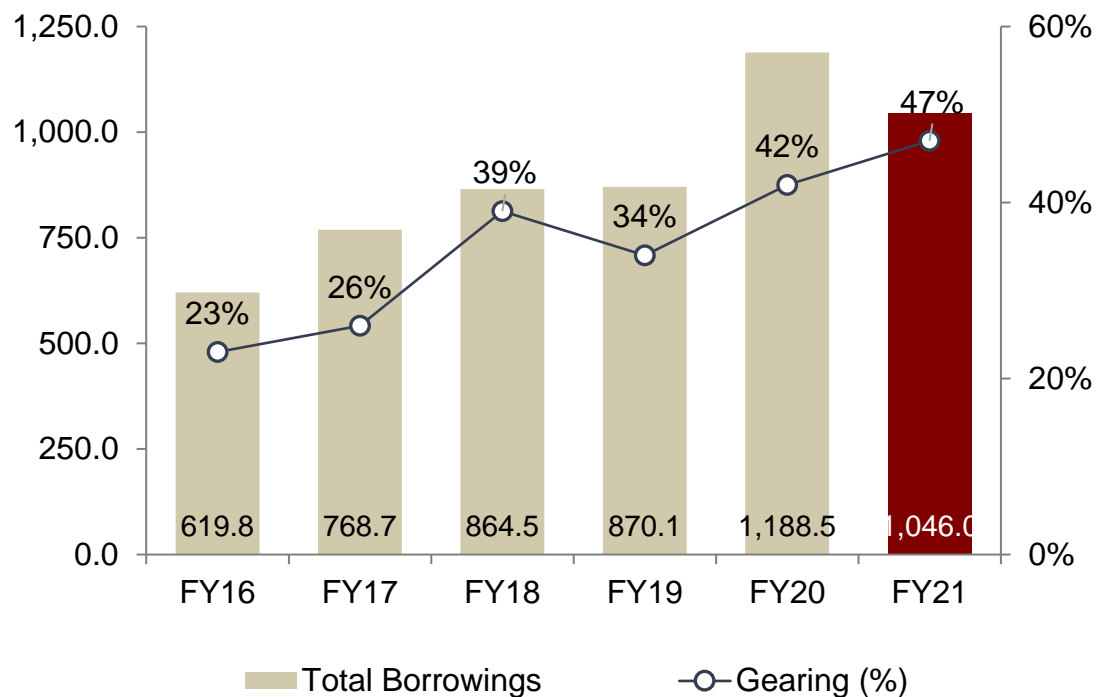




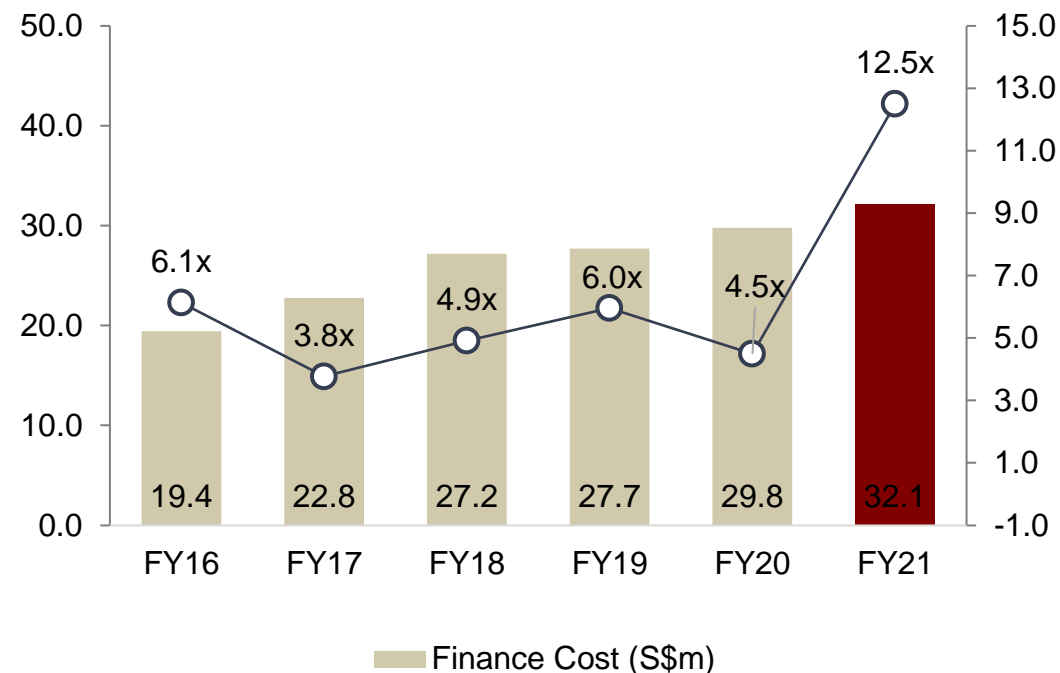
# GROUP FINANCIAL HIGHLIGHTS

Prudent Financial Metrics

## GEARING

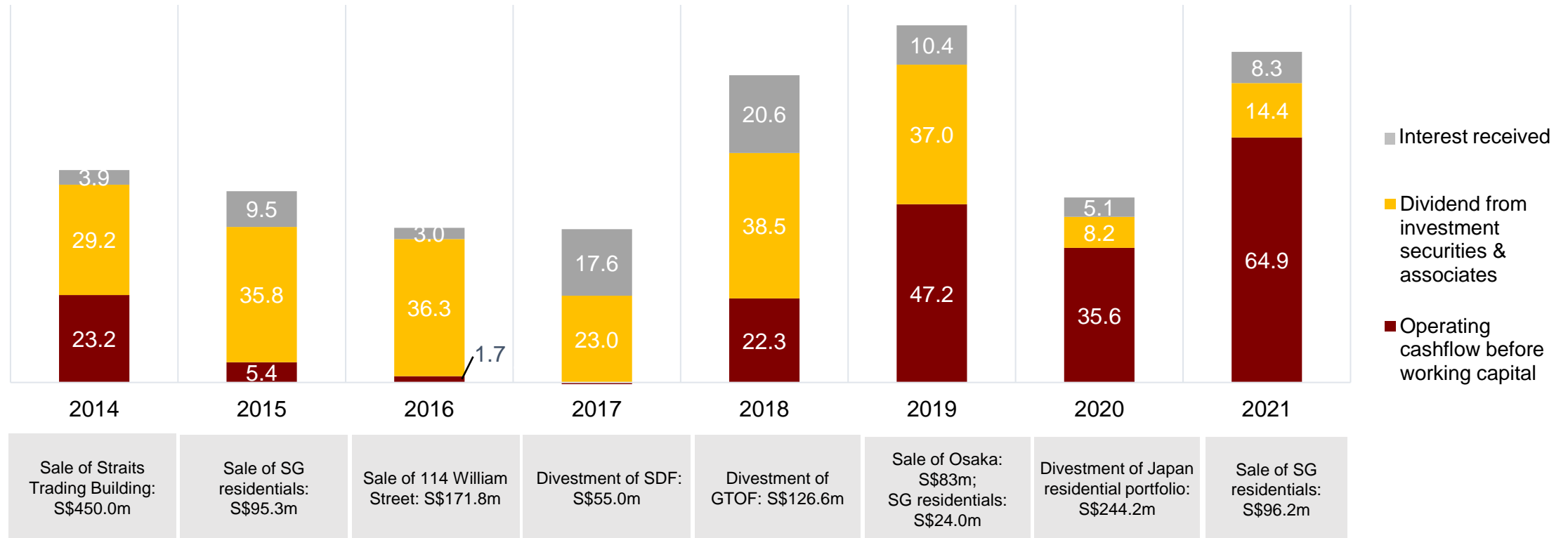


## INTEREST COVERAGE RATIO



# KEY SOURCES OF GROUP CASHFLOW

## CASHFLOW (S\$M)



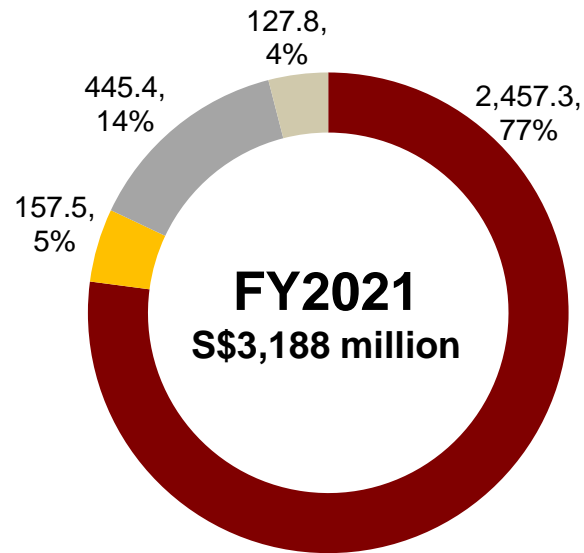
## CAPITAL RECYCLED



# TOTAL ASSETS

82% in Real Estate and Hospitality

## TOTAL ASSETS (S\$M)

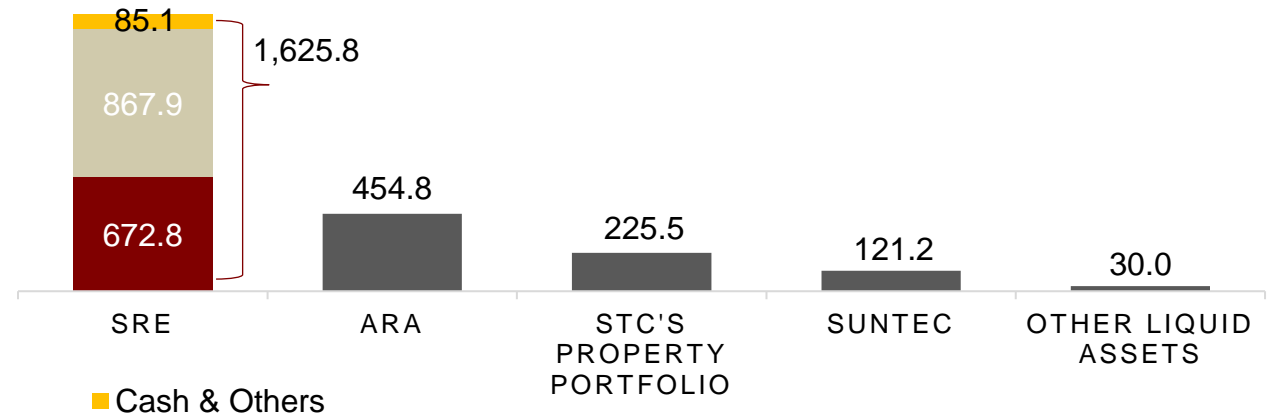


■ Real Estate ■ Hospitality ■ Resources ■ Others

\* Others comprise mainly Group-level cash, securities portfolio

## REAL ESTATE ASSETS BREAKDOWN (S\$M)

### REAL ESTATE ASSETS BREAKDOWN



# BALANCE SHEET REMAINS HEALTHY

Stable financial position

S\$M	31 December 2021	31 December 2020
Cash and short-term deposits	141.6	456.3
Total Assets	3187.9	3,085.9
Total Borrowings	1,046.0	1,188.5
Total Liabilities	1,253.1	1,359.0
Total Equity	1,934.9	1,726.9
NAV/share (S\$)	4.35	3.78
Net debt/Total equity	46.7%	42.4%
Group ROE	14.2%	3.4%

Business Highlights  
**Property**

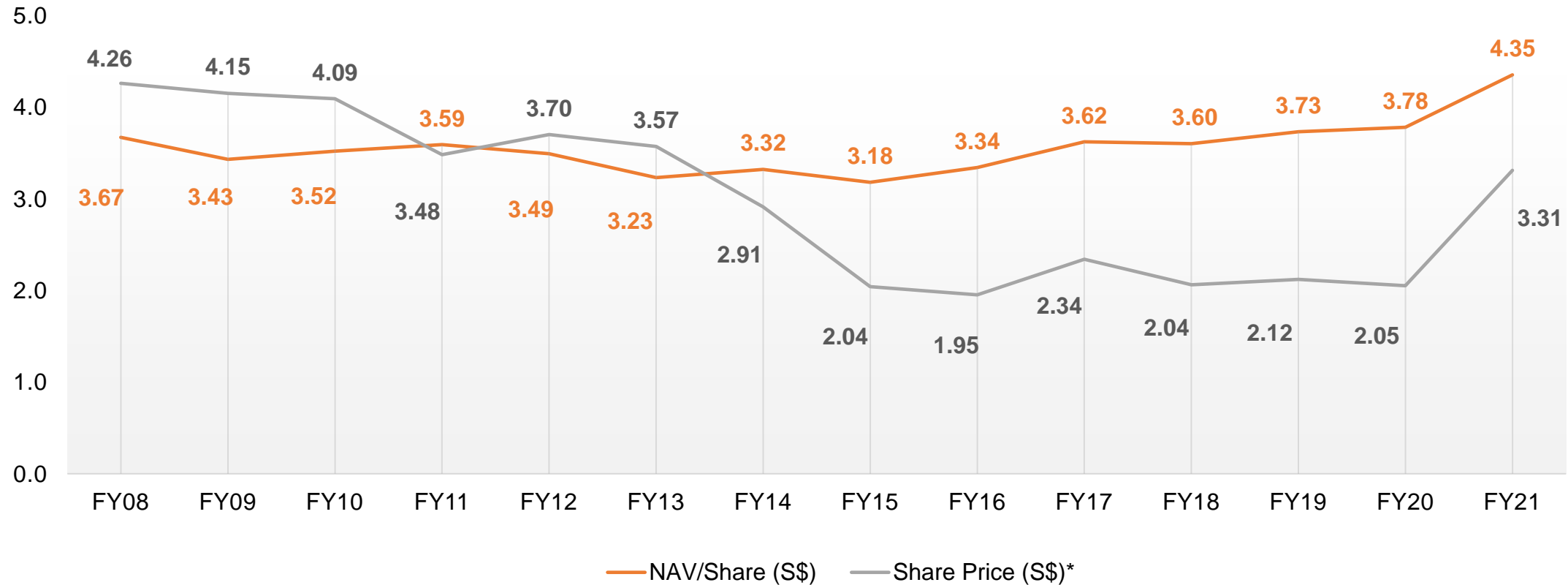
Business Highlights  
**Hospitality**

Business Highlights  
**Resources**

Financial Highlights  
**2H & FY2021**

# NAV PER SHARE

NAV increased S\$0.57/share year-on-year, before considering the financial impact of ARA-ESR merger



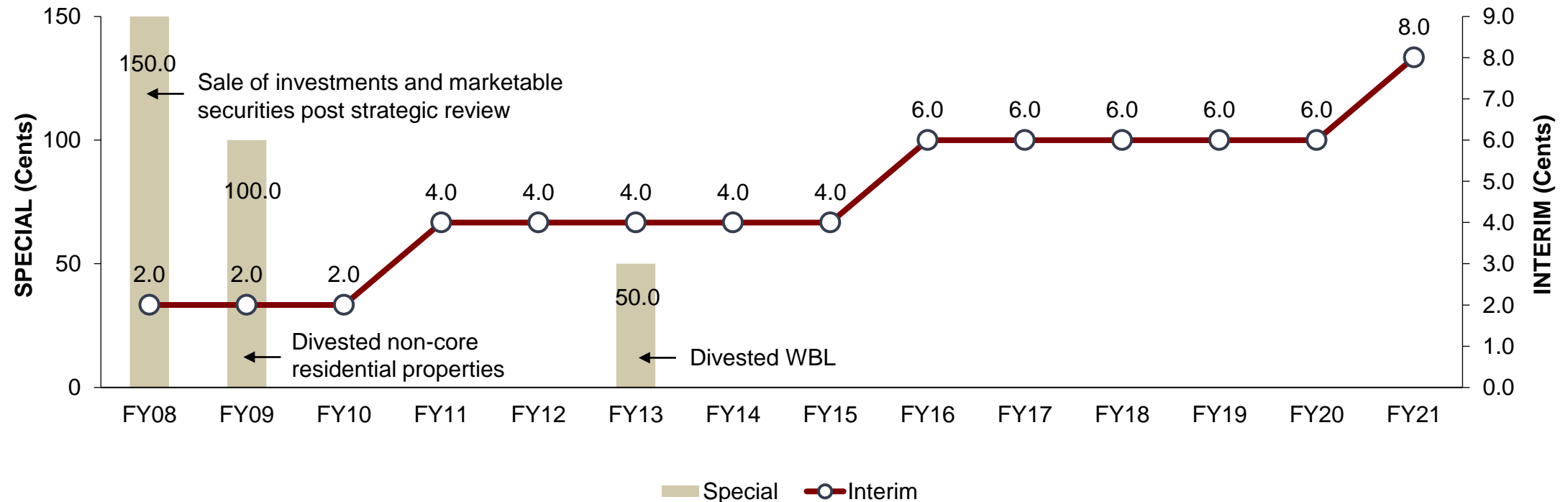
\* Closing price as at the last trading day of the financial year / period



# SUSTAINED DIVIDEND GROWTH

A one-tier tax-exempt interim dividend of S\$0.08 per share, up 33.3% compared to FY2020

## DIVIDEND PER SHARE



# Q&A Session

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## Reminders

- 1) **Keep your devices on mute**
- 2) **When asking a question:**
  - Use the 'Raise Hand' function and wait for the Host to call you. Please state your name and organisation before asking your question.
  - Alternatively, you can type your question in the chat box.

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These factors include, but are not limited to, (i) general global, regional and local political, social and economic conditions (including, but not limited to, factors such as the political landscape, environmental conditions and viral epidemics such as human avian flu and severe acute respiratory syndrome) that may result in reduced occupancy rates and room rates for the hospitality investments of the Company or affect the other investments of the Company, (ii) the cyclical nature of the property market and tourism industry in the countries in which the Company operates and fluctuations in tin prices, (iii) the Company not being successful in the implementation of its business strategies or in managing its growth, (iv) regulatory developments and changes in the industries in which the Company operates, the general economic condition of, and changes in, the economy in Asia-Pacific and Europe, (v) competition in the hospitality industry and the hospitality-related industry in the Asia-Pacific and Europe region, (vi) hostilities (including future terrorist attacks) or fear of hostilities that affect travel in general, within or to the Asia-Pacific region or any other countries in which the hospitality investments of the Company are located or have operations, (vii) changes in the supply and demand for tin metal, (viii) changes in the price of tin as a result of speculation, (viii) changes in interest rates or inflation rates, (ix) wars or acts of international or domestic terrorism, (x) occurrences of catastrophic events, natural disasters and acts of God that affect the business or properties of the Company, and (xi) other factors beyond the control of the Company. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of the Company's management on future events. The Company assumes no responsibility to amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events, or otherwise.

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