

Issuer: The Straits Trading Company Limited

Security: The Straits Trading Company Limited

Meeting details:

Date: 27 April 2017

Time: 11:00H

Venue: Meeting Rooms 303 and 304, Level 3, Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Suntec City, Singapore 039593

Company Description

The Straits Trading Company Limited, an investment company, stakes in real estate, hospitality, resources, and investment businesses in the Asia Pacific region. The company operates through Resources, Real Estate, and Hospitality segments. It engages in the mining of tin; smelting of tin concentrates and tin bearing materials; production of various grades of refined tin metal, refined tin metal, and by-products; and invests in other metals and mineral resources. The company also invests in, develops, manages, rents, leases, and sells real estate properties; provides real estate fund management services; and manages hotels and resorts. In addition, it offers media advertising, trustee, and property trust services. The company was incorporated in 1887 and is headquartered in Singapore. The Straits Trading Company Limited is a subsidiary of The Cairns Pte. Ltd.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=S20)

Q1. The group achieved many firsts in 2016 as the investments start to bear fruits. Shareholders would like to seek more clarity into some of the business operations, specifically:

- a) **Straits Real Estate (SRE):** SRE's assets under management (AUM) has grown to S\$1.13 billion as at end 2016 (page 18 of the annual report), and SRE's share capital stood at \$372.78 million as at 31 December 2016. **Can shareholders understand SRE manages any external funds? If not, would the difference between the AUM and the share capital be due to the leverage deployed? What are some of the opportunities to recycle the proceeds from 114 William Street? When does the put option for the Chongqing mall expire?**
- b) **SRE Capital:** Has the SRE Asian Asset Income Fund(SAAIF) had its initial closing? What is the targeted AUM for SAAIF? Following the successful launch of Nikko AM - Straits Trading Asia ex Japan REIT ETF, are there other products in the pipeline?

Q2. The group's 20.1% stake in ARA Asset Management Limited will be transferred to the Offeror in exchange for 20.95% of the holding company of the Offeror and S\$48.2 million in cash proceeds. One of the rationales for the acquisition was that ARA requires "a significant amount of capital to further its growth through strategic co-investments into existing and new funds, as well as through opportunistic acquisitions" to maximise the scalability of the ARA's business model.

- a) ARA is an important part of the group's real estate ecosystem. **Is the group still committed to fund ARA's continued growth which may be more capital-intensive than before?**
- b) **Has the scheme of arrangement for ARA affected how the group's real estate ecosystem would function?**
- c) **Would there be any impact on the accounting treatment of the group's stake in ARA given that it will continue to be accounted for as an associate using the equity-accounting method?**

Q3. On page 169 (Interested Person Transactions), the group has disclosed "Consultants Services (Private) Limited" as an interested person with whom the group has entered into interested person transactions during the financial year under review of \$2,151,674.

There were no such interested person transactions between the company or its subsidiaries and any of its interested persons during the financial year ended 31 December 2015.

- a) **As no other information about the interested person nor was the nature of the transaction(s) provided, shareholders would like to ask the company for more visibility into the interested person and the nature of transaction(s).**