

Annual General Meeting Presentation

28 April 2017

INDERBETHAL SINGH THAKRAL
CEO



THAKRAL
CORPORATION LTD



THAKRAL
CORPORATION LTD

Financial Performance

ANIL M. DARYANANI
CFO



FINANCIAL SNAPSHOT

(FY2016 vs FY2015)

	FY2016	FY2015	Change
<i>Revenue (S\$ million)</i>	214.9	331.3	-35%
<i>Gross Profit (S\$ million)</i>	45.2	33.1	37%
<i>Gross Margin (%)</i>	21%	10%	11 pts
<i>Net Profit (S\$ million)* (Excluding exceptional item)</i>	10.8	(1.3)	NM
<i>Net Asset Value (NAV, cents)</i>	73.72	73.57	NM

* Excludes net unrealized valuation loss on investment properties of S\$7.3 million (FY2015: gain of S\$9.9 million)

NM - Not material / meaningful



FINANCIAL SNAPSHOT

(1QFY17 vs 1QFY16)

	1QFY17	1QFY16	Change
<i>Revenue (S\$ million)</i>	36.9	80.3	-54%
<i>Gross Profit (S\$ million)</i>	10.5	8.5	25%
<i>Gross Margin (%)</i>	29%	11%	18 pts
<i>Net Profit (S\$ million)* (Excluding exceptional item)</i>	3.5	1.9	82%
<i>Net Asset Value (NAV, cents)</i>	74.95	73.01	3%

* Excludes net unrealized valuation loss on investment properties of S\$1.5 million (Q1FY16: \$0.9 million)



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Investment Division



Investment Division

Key Markets

- Australia
- Japan
- Other parts of Asia (mainly China and HK)



Investment Division

Key Highlights – FY2016

Investment returns from additional projects compared to last year as well as returns from completed or progressing projects saw:

- Revenue hit S\$36.2 million in FY2016 vs S\$24.0 million in FY2015 (Increased 51%)
- Segment operating profit (EBIT) before valuation gains/losses on Investment Properties and share of loss of joint ventures was S\$27.2 million vs S\$15.8 million in FY2015 (Increased 72%)



Investment Division

Key Highlights – Q1-FY17

Accrual of fee income as well as investment returns from ongoing projects resulted in:

- Revenue of S\$7.2 million in Q1-FY17 vs S\$5.6 million in Q1-FY16 (Increased 29%)
- Segment operating profit (EBIT) before valuation gains/losses on Investment Properties and share of loss of joint ventures of S\$5.0 million vs S\$4.0 million previously (Increased 26%)



Investment & Asset Overview

Thakral Capital Holdings

Diversified real estate investment company

Capital Investment & Management	GLNG Housing	GemLife JV
- Investing in and syndicating capital for real estate development projects - Targeting TCH IRR returns of >20%	Principal investment in 101 houses leased to the GLNG consortium at above market yields until 2020	- Joint Venture investment into an establishment franchise with substantial track record - GemLife brand established - Established and contracted development pipeline for circa 2,000 homes in prime locations in the eastern states of Australia - Targeting TCH IRR returns over the project >20%



TCH - Executive Directors



Kevin Barry
Joint Managing Director



Greggory Piercy
Joint Managing Director



Victor Shkolnik
Executive Director



Thakral Capital Holdings

Capital Investment & Management

- Thakral Capital Holdings (“TCH”) was formed in late 2010 and started operations in Australia as Thakral Capital (“TCAP”) in early 2011, originating and managing investments for the TCL Group
- Invests directly or with co-investors in real estate and other investment opportunities in Australia and Asia-Pacific
- Originates, packages and manages housing projects



Thakral Capital Holdings

Capital Investment & Management

- Revenue earned from establishment fees charged on capital committed for projects, management fees, and returns on capital invested
- Targeting TCH IRR returns of >20%



Investments in Australia

- Investing and committing in excess of A\$300 million of capital into projects with an end value surpassing A\$2.6 billion with returns varying from 15-20% IRR to its co-investors and managed funds
- Projects range from residential and mixed use development, to retirement resorts under the GemLife brand
- Projects and property investments in key cities - Sydney, Melbourne and Brisbane
- Over a 6 year track record, successfully completed 11 projects with another 11 in the pipeline, 6 of which are under construction
- Established core relationships with developers and investors to ensure and ongoing pipeline



Investment Project Track Record Completed

Gross Realisation Value of Completed Projects: A\$1.21bn



Australia Towers Stage 1
Sydney



The Quay
Melbourne



GLNG Portfolio
Gladstone



Harbour One
Melbourne



Emerant Lane
Sydney



Union Balmain
Sydney



Sephora
Brisbane



Gateway
Mackay



VIDA
Brisbane



Eden
Greenacre



Various Townhouses
Queensland



Investment Project Track Record Under Construction & Contracted

Gross Realisation Value of Projects under construction and contracted: A\$1.44bn



FV
Brisbane



Sanctuary Cammeray
Sydney



Newstead Series
Brisbane



The Grove
Richlands



The Oxford
Bondi Junction



Grange Residences
Grange



Investment Project Highlights

Capital Investment & Management

2015

Newstead Series Project

- Luxury residential project in Brisbane
- Funded up to A\$32.2 million

Project Update

- Project proceeding on time and budget
- Construction undertaken by one of Australia's leading builders
- Close to 90% of the 300 units have been pre-sold
- Apartment management rights have been sold to JLL





Investment Project Highlights

Capital Investment & Management

2014

FV Stage 1

- Luxury residential project in Brisbane
- Funded up to A\$57.8 million

Project Update

- Project proceeding on budget and slightly behind program
- Construction undertaken by one of Australia's leading builders
- Close to 99% of the 651 units have been pre-sold
- Apartment management rights have been sold to Mantra





Investment Project Highlights

GLNG Housing

GLNG Gladstone Housing Project

- The TCH group own 101 houses in Gladstone, Queensland that are on lease to GLNG up to June 2020

Project Update

- GLNG Project is in its operational phase with first gas shipped in October 2015
- The remaining contracted GLNG lease cash flows fully repay by Q1 2020 the A\$21.2 million of senior debt currently outstanding with Westpac (at March 2017)
- The carrying value of 101 houses (at March 2017) was A\$48.4 million





About GemLife

- Based in Queensland with a mission to let the Over 50s live the life they deserve, GemLife focuses on delivering all the benefits of lifestyle, location, community, and security
- Development and management of retirement resorts in Queensland and New South Wales and Victoria with a view to have a pipeline of 2,000 homes



About GemLife

Living Gems

- Our partner in the GemLife business is Living Gems
- Owned by the Puljich family who has a more than 30-year track record of owning and running Living Gems
- Completed five resorts and 1,171 home sites under its management
- Won several awards including the International Over 50s Housing Awards' Most Outstanding Active Lifestyle Resort in the World 2015





Investment Project Highlights

GemLife JV

2016

Launch of GemLife

- Total project value of about A\$308 million for the 2 projects that are underway
- Resort-style retirement housing
- GemLife is a JV with a subsidiary of Living Gems Lifestyle Resorts
- The GemLife business will generate:
 - Upfront development profits
 - Annuity rental income as resorts mature
- First two resort-style retirement communities – GemLife Bribie Island and GemLife Highfields – have been launched in Queensland
- A\$21 million committed by TCH group for initial 2 projects of which c.50% raised from funds directly managed by the Investment Division





About GemLife

Bribie Island and Highfields projects

- Achieved strong positive response from buyers
- Bribie Island – 404 homes on a 24.9-hectare site including a 9.5-hectare lake
- GemLife Highfields – 233 homes on a 9-hectare site
- First occupants for both projects are expected to move in by Q3 2017



GemLife Highfields
QLD



GemLife Bribie Island
QLD



Thakral Capital Holdings Outlook for 2017

- 4 sites currently under contract and in due diligence stage and 3 further sites under evaluation in the GemLife business. 2 sites expected to be settled in 2017
- New sites are expected to be settled through a combination of senior debt, investor capital and Investment Division capital of which some will come from funds recycled from maturing projects. Other funding options will be explored if required
- Expect 4 projects including Sanctuary Cammeray, FV, Grove and Newstead to complete in FY17 or early FY18 – funds to be recycled into new projects already in the pipeline
- The housing market in the sectors we operate remains relatively strong albeit price increases are expected to flatten in 2017



Investments in Japan

Thakral Japan Properties

- 49.9% subsidiary
- Focuses mainly on commercial properties
- Projects and property investments in Osaka
- Invested S\$13.3 million in October 2014 with carrying value in March 2017 at S\$20.6 million



Investment Project Highlights Japan

2016

Hotel Oaks Reaze Tsukamoto

- First hotel property acquired in Nov 2016
- No additional equity invested by the Group – financed almost entirely through uplift in value of 2 commercial buildings in Osaka

Project Update

- 100% leased
- Finalising legal documentation for change of operator to an internationally-recognized midscale brand from mid-year to improve returns





Investment Project Highlights Japan

2014

Yotsubashi East Building & Yotsubashi Nakano Building

- Acquired for a total of S\$42 million in Oct 2014

Project Updates

- Fully occupied
- Improved occupancy and return rates resulting in improved yield
- Substantial uplift in asset value since acquisition



Yotsubashi East
Building



Yotsubashi Nakano
Building



Investment Updates

Other Regions in Asia

- Portfolio of warehouse properties in Hong Kong and commercial and residential properties in China valued at S\$52 million
- Hong Kong warehouse building (partly-owned) situated on the waterfront in a district undergoing residential redevelopment
- Land prices in Hong Kong continuing advance due to interest from PRC developers and keen buying interest from home buyers
- Seeking to maximize value from disposal of this asset



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Lifestyle Division

TORSTEN STOCKER
COO, Lifestyle Division

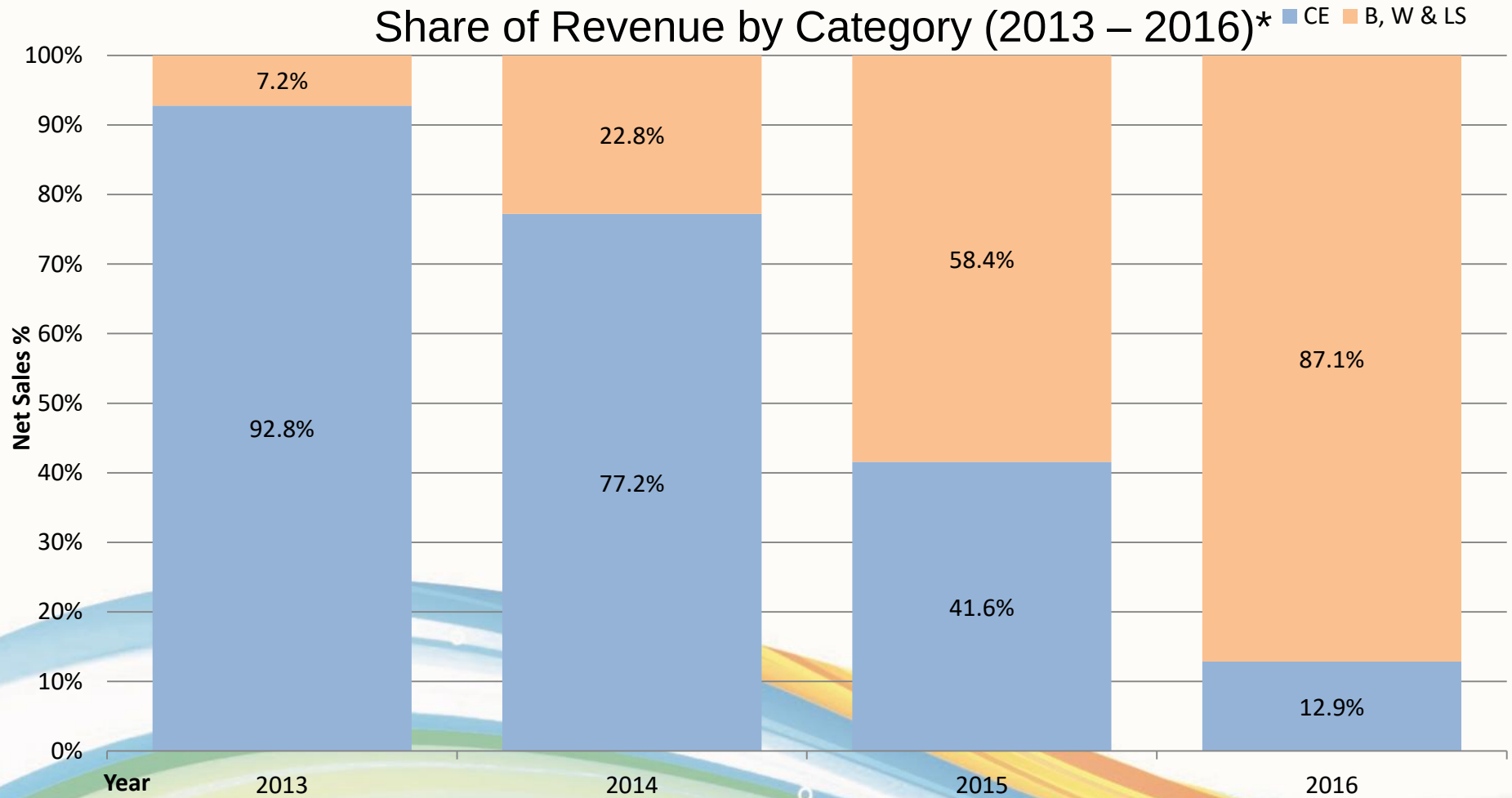


Core Strategy

- Focusing on beauty, wellness and lifestyle brands, in Greater China
- Building strong category and channel platforms (both online and offline) to drive scale
- Exploring value creation opportunities and capturing better margins through brand management



Beauty, Wellness & Lifestyle



*Note: Data is for Thakral China and excludes certain low-margin business



Global Brands

Beauty

ReFa



CM.
PRO EDITION



CANVAS
Beautiful Science



LEADERS



MEDI HEAL



BRAUN



Panasonic



PHILIPS



Wellness

SIXPAD



Body Make Seat
Style



Lifestyle



dji



Skullcandy





Leading Channels

E-commerce

天猫
TMALL.COM

淘宝网
Taobao.com

小红书
全世界的好东西

京东
JD.COM

魅力惠 MEI
.COM

Prestige
Beauty

Beauty Specialist:

SEPHORA

Sasa 莎莎
making life beautiful

SPACE.NK

Department Store:

PARKSON 百盛

金鹰
GOLDEN EAGLE

妍丽

Spa:

GRAND | HYATT

ZETA VILLA
丝·廷养生会所

Premium
Mass Beauty

c!ty'super

COLORS

万宁 manning's

Ole'
supermarket

watsons 屈臣氏

Lifestyle

CHIC BUS

chanps

美承
MEICHENG

10 一兆韦德
TERA WELLNESS



Retail POS Excellence

CANVAS
Beautiful Science



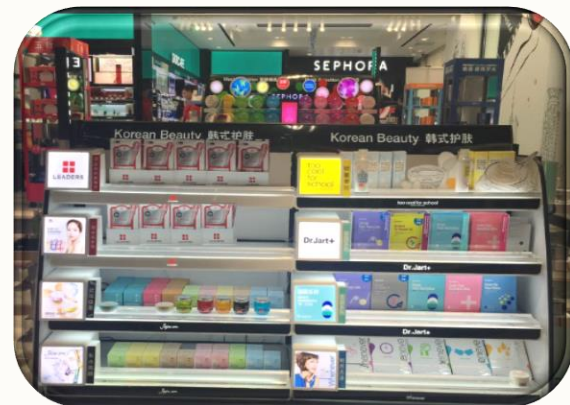
Canvas Store, Eslite Spectrum
Department Store, Suzhou

ReFa ^{Body Make Seat} Style SIXPAD



Chonps Store, Kerry Center,
Hangzhou

LEADERS



Sephora Store, Disney Outlet,
Shanghai



Canvas Store,
Shenyang



Chonps Store, Kerry Center,
Hangzhou

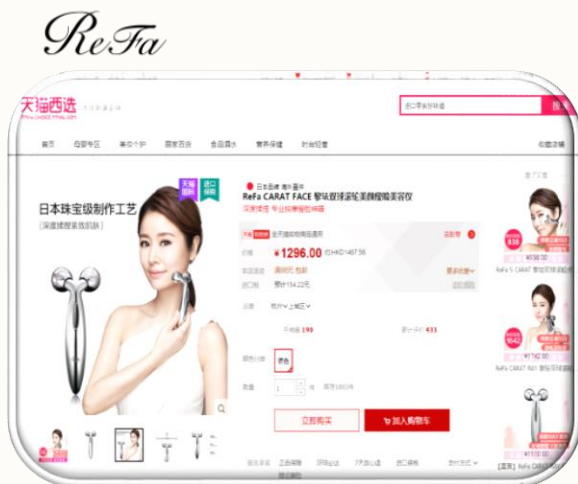


Sephora Store, Nanjing Road,
Shanghai



Online POS Excellence

天猫
TMALL.COM



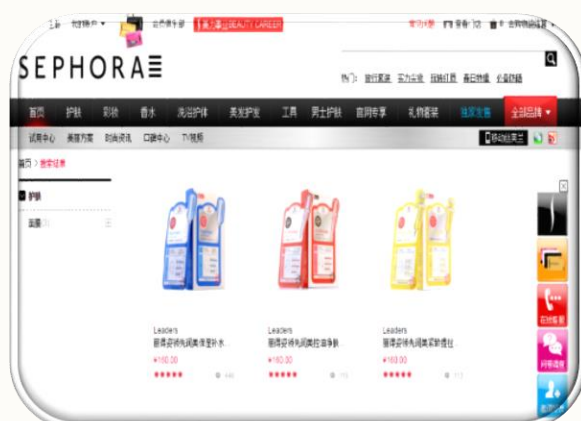
淘宝网
Taobao.com

SIXPAD Abs Fit

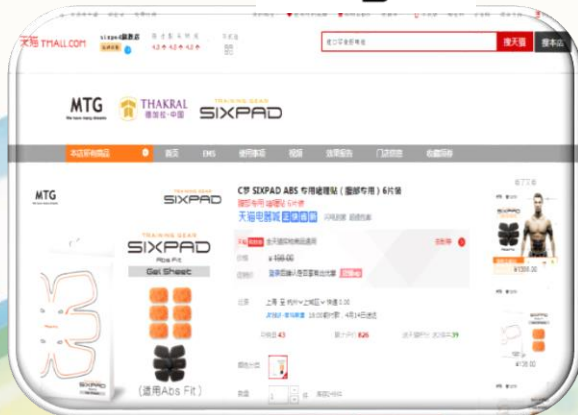


SEPHORA.cn

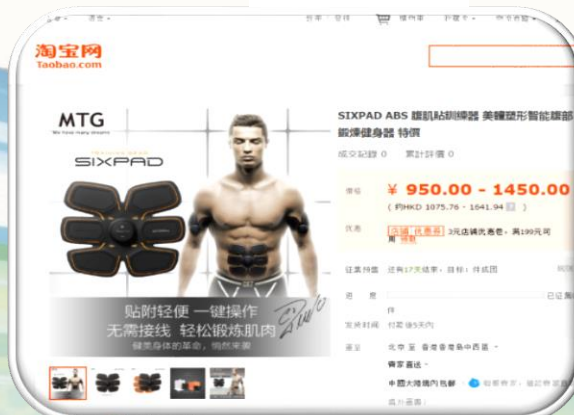
LEADERS



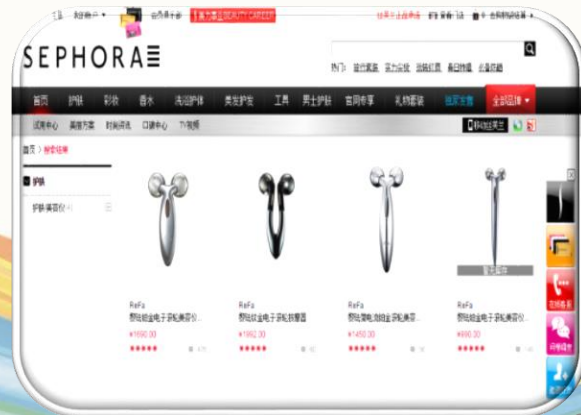
SIXPAD Body Fit



SIXPAD Body Fit



ReFa





Scalable Platforms

Sephora
Example

2014 2015 2016 2017

Brands in
Sephora

ReFa

ReFa

ReFa

ReFa

CM.
PRO EDITION

LEADERS

LEADERS

LEADERS

MEDI HEAL

SIXPAD

SIXPAD

Stores
Covered



25

35

200

210

Team



Sales



25 Sephora outlets



1 Sales Manager



1 Trainer



Revenue multiple (i.e. 2014 = 1, 2015 = 1.x etc.)



Financial Highlights

- Strategic shift towards more stable, higher-margin beauty, wellness and lifestyle products
- Segment losses shrank by 35% on a lower turnover of S\$178.6 million for FY2016 compared to S\$307.3 million in the prior year
- Business showed improvement - Division achieved EBIT break-even in Q1, 2017



Outlook for 2017

- Drive sales of our current portfolio
- Selectively add new brands for 2017 and 2018
- Deepen relationships with key channels
- Strengthen China cross-border footprint



THANK YOU

❖ For further enquiries, please contact:

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