

Straits Trading buys Japan property for 925m yen

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PROPERTY firm Straits Trading Company on Wednesday said it plans to buy for 925 million yen (\$11.6 million) the rights to a rental residential property in Osaka, Japan.

The property, Splendid Namba II, is a 14-storey freehold rental residential property located in Naniwa-ku, Osaka, Japan.

Completed in March 2015, the property has a net lettable area of about 2,992.8 square metres, comprising 120 apartment units. As at end-December 2016, the property has an occupancy rate of 95 per cent.

The property is close to the metro line, and is connected to the prime shopping area of Shinsaibashi and Namba business district.

"The transaction presents a good opportunity to incorporate a well-located, income-producing asset to assemble a portfolio of residential apartments in key Japanese cities," the company said in a regulatory filing.

The transaction involves Straits Trading's subsidiary Straits Real Estate buying all of two companies, Nikko AM Japan Property I-I and Nikko AM Japan Property I-II. These, in turn, own 100 per cent trust beneficiary interest in Splendid Namba II.

The transaction will be funded by internal resources and bank borrowings.

The company separately said an indirect subsidiary of the company, SRE Capital, is "intended to be" appointed as investment adviser by Nikko Asset Management Asia for the Nikko AM-Straits Trading Asia Ex Japan Reit ETF.

"The terms of the investment advisory agreement are currently being negotiated by SRE Capital and Nikko and there is no assurance that a definitive agreement will be reached."

Shares of Straits Trading closed on Wednesday at S\$1.93, down half a cent.