

ANNOUNCEMENT

ACQUISITION OF INTEREST IN RESIDENTIAL PROPERTY IN TOKYO, JAPAN

1. INTRODUCTION

The Board of Directors (the “**Board**”) of The Straits Trading Company Limited (the “**Company**”) wishes to announce that its subsidiary, Straits Real Estate Pte. Ltd. (“**SREPL**”), through its wholly-owned subsidiary SRE Japan 11 Pte. Ltd., has entered into a *tokumei kumiai* agreement (or silent partnership agreement, the “**TK Agreement**”) with SIM Residence One GK, a *godo kaisha* incorporated in Japan (the “**TK Operator**”), to acquire a 98.5% stake of the distributions from the TK Operator, (the “**Transaction**”).

The TK Operator entered into a separate conditional purchase and sale agreement to acquire 100% trust beneficiary interest of a freehold 6-storey rental residential apartment in Tokyo, Japan (the “**Property**”). The Transaction is conditional upon, *inter alia*, satisfactory due diligence of the Property and the Transaction. With the completion of the Transaction, the TK Operator is now a subsidiary of the Company.

2. INFORMATION ON THE TRANSACTION

2.1 Information on the Property

The Property, located in Nerima-ku, Tokyo, Japan, has a net lettable area of 604.7 *tsubo* (approximately 1,999.0 square metres) comprising 96 apartment units with an occupancy rate of 99.0% as at 31 August 2017.

Surrounded by various schools and local amenities, the Property is strategically located within 9-minutes’ walk from both Sakuradai Station and Shin-Egota Station which provide access to the Seibu Ikebukuro Line and the Toei Oedo Line, respectively. The Property was completed in May 1991 and the façade and lobby areas of the Property were refurbished in 2015.

The well-located Property appeals strongly to corporates and young professionals and provides asset diversification to improve the profile of SREPL’s existing residential portfolio.

2.2 Rationale for the Transaction

The Company has previously articulated to shareholders its strategy of redeploying capital from its existing property portfolio of high quality, but low yielding investment properties into potentially higher return real estate opportunities via SREPL. The Transaction is in line with this stated strategy.

2.3 Information on the Consideration

The consideration for the Transaction of JPY448,021,065 (SGD5,408,923¹) will be funded by internal resources and bank borrowings.

3. FINANCIAL EFFECTS

3.1 As the investment in the Property, through the Transaction, is in the ordinary course of business of the Company and its subsidiaries (the “Group”), it is not material for the purposes of the listing manual of the Singapore Exchange Securities Trading Limited. The Transaction is not expected to have a material impact on the earnings per share and net tangible asset per share of the Group for the current financial year ending 31 December 2017.

3.2 The Transaction will not have any impact on the issued share capital of the Company.

4. FURTHER INFORMATION

4.1 None of the Directors of the Company, and to the best of the Directors’ knowledge, none of the controlling shareholders of the Company, has any interest, direct or indirect, in the Transaction, save in respect of such of their interest in Shares (if any).

4.2 A copy of the TK Agreement will be available for inspection by shareholders of the Company during normal business hours at the registered office of the Company at 1 Wallich Street, #15-01, Guoco Tower, Singapore 078881 for three months from the date of this Announcement.

By Order of the Board

Aldric Tan Jee Wei
Company Secretary
The Straits Trading Company Limited

29 September 2017
Singapore

This Announcement will be available at the Company’s website at <http://www.stc.com.sg>

About The Straits Trading Company Limited

Incorporated in 1887, The Straits Trading Company Limited has stakes in real estate, hospitality, resources and investments that span the Asia Pacific region. It owns a 89.5% stake in Straits Real Estate, a co-investment vehicle that seeks out real estate related investments & opportunities globally. It also owns a 20.95% stake in ARA Asset Management Limited, one of the largest real estate fund managers in the region, and has a 30% interest in Far East Hospitality Holdings, an established international hospitality owner and operator. Straits Trading also engages in tin mining and smelting through its 54.8%-owned subsidiary, Malaysia Smelting Corporation Berhad that is dual listed on Bursa Malaysia and the SGX-ST.

¹ Conversion of amount from JPY into SGD in this Announcement is based on a rate of exchange of SGD1.00:JPY82.83 as at 29 September 2017 and is provided for reference purposes only.