

ANNOUNCEMENT

PROPOSED ACQUISITION OF RESIDENTIAL PROPERTIES IN TOKYO, JAPAN

*Unless otherwise defined herein, all capitalised terms used in this announcement shall have the same meanings ascribed to them in the previous announcement made by The Straits Trading Company Limited (the “**Company**”) on 4 January 2018 relating to the subscription in the Savills IM Japan Residential Fund, LP (the “**Fund**”).*

1. INTRODUCTION

The Board of Directors (the “**Board**”) of The Straits Trading Company Limited (the “**Company**”) wishes to announce that Savills IM Japan Residential Fund, LP (the “**Fund**”), has subscribed for 6,950 preference shares of JPY1,000 each in the share capital of JPN Residential Holdings Pte. Ltd. and 688,050 preference shares of JPY1,000 each in the share capital of JPN Residential TK Holdings Pte. Ltd., both of which are companies incorporated in Singapore, (the “**Subscriptions**”).

JPN Residential Holdings Pte. Ltd. has made an equity investment into, and JPN Residential TK Holdings Pte. Ltd. has entered into, separate *tokumei kumiai* agreements (or silent partnership agreements, the “**TK Agreements**”) with Residence 4 GK (“**TK Operator I**”) and Residence 5 GK (“**TK Operator II**”), each a *godo kaisha* incorporated under Japanese laws, to acquire an aggregate of 100% economic interest of the pre-tax distributions from each of TK Operator I and TK Operator II (each a “**Transaction**” and collectively, the “**Transactions**”). TK Operator I is an existing subsidiary of the Company and following the Transaction, TK Operator II is now a subsidiary of the Company.

The TK Operator I entered into a separate conditional purchase and sale agreement and acquired 100% trust beneficiary interest of two freehold 4-storey rental residential apartment buildings located in Meguro-ku, Tokyo, Japan while TK Operator II entered into a separate conditional forward purchase and sale agreement to acquire 100% trust beneficiary interest of a freehold 14-storey rental residential apartment building, currently under construction and targeted for completion in 2020, located in Chuo-ku, Tokyo, Japan (collectively the “**Properties**”) (the “**Acquisitions**”).

2. INFORMATION ON THE TRANSACTIONS

2.1 Information on the Properties

The Properties, comprising a total of 137 apartment units with a total net lettable area of 818.4 *tsubo* or approximately 2,700 square meters, are well located within Tokyo, Japan. The property in Chuo-ku lies within the main five-wards (*toushin 5-ku*) of the CBD while the properties in Meguro-ku are well located just south of the CBD. All three properties are well positioned to capitalise on tenant demand for close proximity to key business hubs within the city and are located within short walking distances to metro stations served by the Tokyo Metro Hibiya Line, Tokyo Toyoko Line (Meguro), and the JR Keiyo Line (Chuo).

2.2 Rationale for the Acquisitions

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 Acquisitions are in line with this stated strategy.

2.3 Information on the Consideration

The aggregate consideration for the Acquisitions is JPY3,077,670,000 which is supported by external valuations and will be funded by internal resources, being the Subscriptions (JPY695,000,000 (SGD8,897,708¹)) and bank borrowings.

3. FINANCIAL EFFECTS

3.1 As the acquisitions of the Properties, through the Subscriptions, 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 Acquisitions are 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 2019.

3.2 The Acquisitions 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 Acquisitions, save in respect of such of their interest in the shares of the Company (if any).

4.2 A copy of the TK Agreements 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

26 September 2019
Singapore

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

¹ Conversion of amount from JPY into SGD in this Announcement is based on a rate of exchange of SGD1.00: JPY78.11 as at 26 September 2019 and is provided for reference purposes only.



A MEMBER OF THE TECITY GROUP

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.