

## ANNOUNCEMENT

### PROPOSED DISPOSAL OF RESIDENTIAL PROPERTIES 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 a consolidated subsidiary, has entered into a binding commitment letter (“**BCL**”) to dispose of the trust beneficiary interests in certain residential properties in Tokyo, Japan (the “**Properties**”) held by indirect subsidiaries of SREPL through Savills IM Japan Residential Fund, LP (the “**Fund**”) for an aggregate cash consideration of approximately JPY18,949 million (approximately SGD244.2<sup>1</sup> million) (the “**Consideration**”) (the “**Proposed Disposal**”).

#### 2. INFORMATION ON THE PROPOSED DISPOSAL

##### 2.1 Information on the Properties

The Properties to be disposed of are as follows:

- 2.1.1 two freehold rental residential apartment buildings comprising a 11-storey building in Minami-ku, Saitama, Japan and a 6-storey building in Nerima-ku, Tokyo, Japan;
- 2.1.2 a freehold 7-storey rental residential apartment building located in Kawaguchi, Saitama, Japan;
- 2.1.3 five freehold rental residential apartment buildings located in Tokyo, Japan with one 4-storey building in Itabashi-ku, two 4-storey buildings in Meguro-ku, one 12-storey building in Minato-ku and one 14-storey building in Taito-ku; and
- 2.1.4 a newly-completed freehold 14-storey rental residential apartment building located in Chuo-ku, Tokyo, Japan,

collectively comprising a total of 636 apartment units and two commercial units with a total net lettable area of 21,964 square meters or approximately 6,644 *tsubo*.

##### 2.2 Rationale for the Proposed Disposal

The Company has consistently articulated to its shareholders (“**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 Proposed Disposal is in line with this stated strategy.

##### 2.3 Information on the Consideration

The Consideration for the Properties is approximately JPY18,949 million (approximately SGD244.2<sup>1</sup> million). It was arrived at after arm’s length negotiations, on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the valuation of the Properties. The Consideration will be satisfied on a cash basis on completion of the Proposed Disposal.

#### 3. VALUE OF THE PROPERTIES

<sup>1</sup> All figures converted to SGD from JPY in this announcement are based on an exchange rate of JPY77.61: SGD1 and rounded to the nearest one decimal place.

- 3.1** Based on the independent valuation, the value of the Properties is JPY18,789 million (approximately SGD242.1<sup>1</sup> million). The valuation for the Properties, commissioned by the subsidiaries of the Fund, was conducted by Land Coordinating Research Inc. as at 30 June 2020. The valuation was based on the income capitalisation and discounted cash flow methods.
- 3.2** As at 30 September 2020, the book value of the Properties is SGD238.6 million and the net asset value of the Properties is SGD101.1 million<sup>2</sup>.

#### **4. IMPACT ON THE COMPANY**

- 4.1** The Proposed Disposal is a transaction in the ordinary course of business of the Company. The Properties are not critical to the principal business activity of the Company and will not affect the nature of the Company's principal business or result in a disposal of a substantial part of the Company's business. The Proposed Disposal reflects the continuous execution of the Company's business strategy of investing, enhancing the value and crystallising the value uplift of its investments via an exit.
- 4.2** The Proposed Disposal will not have any impact on the issued share capital of the Company.

#### **5. FURTHER INFORMATION**

- 5.1** As the Proposed Disposal is in the ordinary course of business of the Company, it is not material for the purposes of the listing manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Board is also pleased to announce that the SGX-ST has confirmed the Company's view that Shareholders' approval is not required for the Proposed Disposal.
- 5.2** Save for any interest from their respective shareholdings in the Company, none of the Directors or controlling Shareholders of the Company have any interest, direct or indirect, in the Proposed Disposal.
- 5.3** Copies of the valuation report and the BCL are available for inspection by Shareholders 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**

15 October 2020  
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 is a conglomerate with resources, real estate and hospitality. Its investments comprise majority or strategic stakes in the world's third-largest tin producer, Malaysia Smelting Corporation Berhad, which is dual listed on Bursa Malaysia and SGX-ST; Straits Real Estate; ARA Asset Management Limited and Far East Hospitality Holdings as well as a diversified property portfolio that is wholly-owned by the Group.

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<sup>2</sup> The net asset value of the Properties is computed as the book value of the Properties minus loans.