



THAKRAL CORPORATION LTD

(Incorporated in the Republic of Singapore on 7 October 1993)
(Company Registration No. 199306606E)

PRESS RELEASE

THAKRAL ACQUIRES 3 PROPERTIES WITH TOTAL VALUE OF S\$66 MILLION – HOTEL WBF (WHITE BEAR FAMILY) NAMBA MOTOMACHI, UTSUBO EAST BUILDING AND LEGAL ITACHIBORI BUILDING IN OSAKA, JAPAN UNDER NEW INVESTMENT STRUCTURE

Singapore, 1 October 2018 – SGX Mainboard-listed Thakral Corporation Ltd (“Thakral” or the “Group”) under a new pooled investment structure has invested in two new properties – the Hotel WBF (White Bear Family) Namba Motomachi and office building, Utsubo East Building. Additionally, the existing Legal Itachibori Building is being acquired from the Group’s current pooled investment vehicle (that has a different shareholding pattern from the new pooled structure). The total value of the three properties, all in Osaka, Japan, is around JPY5.46 billion (S\$66 million).

These are acquired in the ordinary course of the Group’s business as part of its overall strategy to broaden its asset and earnings base in Japan to capitalise on the country’s strong economic fundamentals and tourism boom.

The Hotel WBF (White Bear Family) Namba Motomachi has 111 rooms consisting of 26 double, 84 twin and 1 larger accessible twin. Its location lends itself to being a perfect target for inbound tourists as it is conveniently sited 7 minutes’ walk from the Namba Station and directly serves Kansai International Airport. This station is considered as the gateway for tourists coming to Osaka from abroad since the train from Kansai Airport stops in Namba.

The Hotel WBF Namba Motomachi is purchased on a fixed lease back for 5 years to the current operator, White Bear Family (WBF), a reputable brand which operates over 30 hotels across six prefectures in Japan, with 11 in Osaka.

Utsubo East Building is an office building in the heart of Osaka’s Central Business District. The property is built on freehold land and has a gross floor area (GFA) of about 5,000 sqm. It has a current occupancy rate of 98%. It is 6 minutes’ walk from the Hommachi Station on the Yotsubashi Line and is centrally located – around 300 m from Mido Suji street and around 900 m from Festival City.

Legal Itachibori Building is also an office building, about 5 minutes from Hommachi Station and in the heart of Osaka’s Central Business District. The property has a gross floor area of about 5,600 sqm. It has current occupancy rate of around 75%.

Osaka, the second biggest metropolis in Japan, is enjoying strong demand due to a surge of activity in retail spending, hotel development and infrastructure investment ahead of the 2020 Olympic Games in Tokyo. Hotel WBF Namba Motomachi is well

positioned to benefit from the additional supply of hotel rooms coming up in Namba as the area has started to attract more tourists.

The city has bid to host the 2025 Expo and is the current front-runner to host the first casino resort in Japan. This would likely increase its appeal to Asian tourists and herald new demand for hotel accommodation.

A strong leasing market underpins the robust demand for property in Osaka as rents are expected to rise by 6.4 percent this year and 7.5 percent in 2019.¹

Thakral's Chief Executive Officer, Mr. Inderbethal Singh Thakral said: "The acquisitions are part of our broader strategy to ride on the growing tenant demand in Osaka as the region has the highest occupancy rate owing to strong demand from visitors as well as a limited volume of office supply."¹

The Hotel WBF Namba Motomachi is a relatively new hotel and minimal capital/maintenance expenditure is expected to be incurred in the next few years. We therefore look forward to enjoy a high cash return on this property."

"As part of our strategy to increase investments in Japan, we will continue to look for more properties especially in the office and possibly in the retail sector in Osaka. We are optimistic that the investments will deliver positive returns and yield capital growth over time to enhance shareholder value," he added.

The acquisitions are funded through bank borrowings and from the Group's internal resources as well as co-investors.

The investments have been made through a new holding structure in Japan via the Group's direct subsidiary, TJP Pte Ltd ("TJPP"), a pooled investment vehicle with equity interests from the Group and co-investors, and its indirect subsidiary, SJ Property Investments Pte Ltd, which is held by TJPP. The Group will hold about 50% interest in TJPP.

¹Source: www.theinvestor.jll/news/japan/others/osaka-winning-investment-japan, *The Investor* (26 April 2018)



Hotel WBF Namba Motomachi, Osaka



Utsubo East Building, Osaka



Legal Itachibori Building, Osaka

About Thakral

Listed on the SGX Mainboard since December 1995, Thakral Corporation Ltd has two divisions – Lifestyle Division and Investment Division.

The Group's Investment Division invests directly or with co-investors in real estate and other investment opportunities including property-backed financial instruments. The Group also earns income from the services rendered from the originating, packaging and managing the projects. The Investment Division, through a joint venture, has expanded its businesses into development and management of retirement living resorts in Australia under the GemLife brand. Taking advantage of the upward trend in the Japanese property sector and the country's low interest rate, the Group has also expanded its investment footprint to Japan. With the completion of the acquisition of The Riverwalk office property, the Group has extended its property investments to Singapore.

The Group's Lifestyle Division is focused on marketing and distributing brands in the beauty, wellness and lifestyle categories, working with leading ecommerce platforms as well as traditional retailers. The brands distributed by the Lifestyle Division include at-home beauty device brands MTG Refa, ikoo, Panasonic, PMD, DermaWand, Philips, TriPollar and T3, skin and hair care brands Canvas, Codage, Institut Karite Paris, John Masters Organics and Botanist, wellness brands MTG SIXPAD, Style Seat and Slendertone as well as lifestyle brands Apple and DJI.

Greater China including Hong Kong, Southeast Asia and India are key markets for the Lifestyle Division and Australia and Japan for the Investment Division.

Release issued on behalf of Thakral Corporation Ltd by Stratagem Consultants Pte Ltd

For more information, please contact:

Tham Moon Yee: tmy@stratagemconsultants.com
Soh Tiang Keng: sohtk@stratagemconsultants.com
Julian Kay julian@stratagemconsultants.com

Tel: (65) 6227 0502