

ANNOUNCEMENT

ACQUISITION OF SUBSIDIARIES

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 2 Pte. Ltd., has entered into a conditional share purchase agreement (the “**SPA**”) to acquire the entire issued share capital in two (2) Singapore incorporated companies, Nikko AM Japan Property I-I Pte. Ltd. and Nikko AM Japan Property I-II Pte. Ltd. (the “**Target Companies**”), (the “**Transaction**”). The Target Companies own 100% trust beneficiary interest in Splendid Namba II, a freehold 14-storey rental residential apartment (the “**Property**”) via Tokutei Mokuteki Kaisha Nikko AM Japan Property 1-2. The Transaction is conditional upon, *inter alia*, satisfactory due diligence of the Property and the Transaction. Upon the completion of the Transaction, the Target Companies will become subsidiaries of the Company.

2. INFORMATION ON THE TRANSACTION

2.1 Information on 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 905.3 tsubo (approximately 2,992.8 square metres) comprising 120 apartment units which are individually equipped with wall-mounted air-conditioning, bathroom and kitchen amenities. As of end December 2016, the Property has an occupancy rate of 95.0%.

Located within close proximity to the metro line, the Property is conveniently 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.

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 JPY924,686,000 (approximately SGD11,594,809¹) will be funded by internal resources and bank borrowings.

¹ Conversion of amount from JPY into SGD in this Announcement is based on a rate of exchange of SGD1.00:JPY79.75 as at 17 January 2017 and is provided for reference purposes only.

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 the shares of the Company (if any).
- 4.2** A copy each of the SPA and valuation report 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

18 January 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 is an investment company with stakes in real estate, hospitality, resources and investments that span the Asia Pacific region. It owns an 89.5% stake in Straits Real Estate Pte. Ltd., a co-investment vehicle that seeks out real estate related investments and opportunities. It also owns a 20.1% stake in SGX-listed 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 Pte. Ltd., one of the largest hospitality operators in Asia Pacific. 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 SGX-ST.