

ANNOUNCEMENT

ACQUISITION OF INTEREST IN RESIDENTIAL PROPERTY IN SAITAMA, 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 989,000 preference shares of JPY1,000 each in the share capital of JPN Residential TK Holdings Pte. Ltd., a subsidiary of the Company incorporated in Singapore, (the “**Subscription**”).

JPN Residential TK Holdings Pte. Ltd., has entered into a tokumei kumiai agreement (or silent partnership agreement, the “**TK Agreement**”) with SIM Residence 2 GK, a godo kaisha incorporated under Japanese laws (the “**TK Operator**”), to acquire an aggregate of 86.8% economic interest of the pre-tax distributions from the TK Operator (the “**Transaction**”).

The TK Operator entered into a land purchase agreement and project assignment agreement to acquire 100% trust beneficiary interest of the rental residential apartment located in Saitama, Japan (the “**Property**”).

2. INFORMATION ON THE TRANSACTION

2.1 Information on the Properties

The Property, located in Higashi Kawaguchi, Saitama, completed in March 2018 and comprises a total of 134 apartment units with a total net lettable area of 2,104 tsubo (approximately 6,957 square meters).

The Property is located within three minutes’ walk from Higashi Kawaguchi Station which connects to Tokyo via the Musashino Line and Saitama Rapid Railway Line. Strategically located amongst various amenities including schools, supermarkets and hospital, the Property is also in close proximity to well established shopping malls Aeon Lake Town and AEON Urawa Misono mall. The Property has secured a 5-year master-lease as part of the transaction.

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 Subscription of JPY989 million (approximately SGD12.2 million¹) will be funded by internal resources and bank borrowings.

3. FINANCIAL EFFECTS

3.1 As the investment in the Property, through the Subscription, 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 Subscription 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 2018.

3.2 The Subscription 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 Subscription, 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

14 March 2018
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

¹ Conversion of amount from JPY into SGD in this Announcement is based on a rate of exchange of SGD1.00: JPY81.25 as at 14 March 2018 and is provided for reference purposes only.

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.