

## ANNOUNCEMENT

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### RESPONSE TO SGX-ST'S QUERIES ON THE COMPANY'S ANNOUNCEMENT RELEASED ON 26 SEPTEMBER 2019

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*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 26 September 2019, relating to the proposed acquisition of residential properties in Tokyo, Japan.*

The Board of Directors (the "**Board**") of The Straits Trading Company Limited (the "**Company**") refers to the queries raised by The Singapore Exchange Securities Trading Limited ("**SGX-ST**") in its email of 30 September 2019 in relation to the Company's announcement on 26 September 2019, and wishes to respond as follows:

#### SGX-ST's Queries:

- (a) We refer to the announcement issued by the Company on 26 September 2019 entitled "Proposed acquisition of residential properties in Tokyo, Japan". It is disclosed that JPN Residential Holdings Pte. Ltd. has acquired 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"). Please disclose the information required under Listing Rules 1010(3) and 1010(5) for the Transactions, if applicable. If not applicable, please explain.
- (b) It is disclosed that 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 (the "Acquisitions"). Please disclose the information required under Listing Rule 1010(5) for the Acquisitions.

#### The Company's Response:

- (a) In our announcement, it is stated that the Fund has subscribed for (i) 6,950 preference shares of JPY 1,000 each in the share capital of JPN Residential Holdings Pte. Ltd., and (ii) 688,050 preference shares of JPY1,000 each in the share capital of JPN Residential TK Holdings Pte. Ltd., for a total subscription consideration of JPY695,000,000 (the "**Subscriptions**").

The Subscriptions have been injected into TK Operator I and TK Operator II, an existing wholly-owned subsidiary and a newly incorporated wholly-owned subsidiary respectively of the Fund, as equity capital contribution to acquire 100% economic interest of the pre-tax distributions from each of TK Operator I and the TK Operator II.

In relation to the Listing Rules 1010(3) and 1010(5), the aggregate value of the above equity capital contribution equals the total consideration of the Subscriptions of JPY695,000,000.

Under a typical Japanese TK-GK structure, the TK Operator I and TK Operator II (i.e. *godo kaisha* or “GK”) will acquire the trust beneficiary interests or economic interests in the respective Properties, and the consideration for the Acquisitions will be funded by the Subscriptions (JPY695,000,000) and bank borrowings.

- (b) The combined valuation of Properties is JPY3,749,000,000 as per external valuation reports, compared to the aggregate consideration for the Acquisitions of JPY3,077,670,000. The valuation reports, dated 19 September 2019, were prepared by Land Coordinating Research Inc. on a discounted cash flow basis and were commissioned by the Fund.

By Order of the Board

Aldric Tan Jee Wei  
Company Secretary  
**The Straits Trading Company Limited**

2 October 2019  
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 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.