

MEDIA RELEASE

STRAITS REAL ESTATE STAYS BULLISH ON LOGISTICS SECTOR; ENTERS NEW MARKET OF SOUTH KOREA AND EXPANDS AUSTRALIAN PORTFOLIO

- ***Enters a new strategic partnership with IGIS Asset Management in South Korea to develop a portfolio of modern logistics facilities***
- ***Expands its portfolio in Australia via a new build-to-suit development project under its existing joint venture with Commercial & General***
- ***Combined initial capital commitment of SGD220 million in the logistics sector provides a foundation to develop a scalable logistics business***
- ***Actively looking to allocate more capital to this sector across other Asian gateway markets***

SINGAPORE – 20 June 2019 – Nine months after its initial foray into the logistics sector, The Straits Trading Company Limited ("**Straits Trading**" or "**the Group**") a diversified investment company with interests in real estate, hospitality and resources, through its subsidiary Straits Real Estate Pte. Ltd. ("**SRE**"), is stepping up its investment in the sector with a new partnership in South Korea and a new development project in Adelaide, South Australia.

With total allocated capital of approximately SGD220 million, SRE's expansion into the Asia Pacific logistics sector is largely driven by positive sector outlook and attractive risk-adjusted returns. Including these latest projects, SRE has already deployed and/or committed SGD120 million into seven logistics projects with an expected portfolio value of approximately SGD380 million. Once fully deployed, SRE expects a portfolio value in excess of SGD700 million.

New Venture in South Korea

In South Korea, SRE has struck a new strategic partnership with IGIS Asset Management ("**IGIS**") to create a portfolio of modern logistics facilities focused on the Greater Seoul area, alongside an initial capital commitment of KRW110 billion (approximately SGD127 million).

The joint venture has since made its maiden investment, with a 50% interest in a 62,217 square metre (sqm) freehold site in Incheon, South Korea that is slated to be developed into an approximately 190,000 sqm, five-storey ramp-up logistics facility. The balance 50% stake is held by a reputable offshore investor. IGIS will be responsible for providing development, leasing, and asset management services. Construction is expected to commence in July 2019 and be completed by

1Q2021. Once fully deployed, it is expected that initial commitment will have a portfolio of up to KRW400 billion.

The proposed facility is located in close proximity to Incheon International Airport's air cargo terminal and easily accessible via the Incheon International Airport Expressway. It will offer attractive state-of-the-art facilities for tenants that include export/import businesses, duty free operators and global freight forwarders.

Said Mr Desmond Tang, CEO of SRE, "Our expansion into South Korea's logistics sector comes amidst a rapidly evolving logistics landscape, where there are growing occupier requirements for greater logistical agility and efficiency to support their competitiveness, particularly in continually expanding industries such as e-commerce. These requirements, together with tenant expansion and consolidation strategies, have rendered most of the current market supply of logistics facilities in South Korea obsolete. Our partnership with IGIS will serve to address this pressing gap in the landscape, where we believe opportunities abound."

"SRE's initial commitment is just the beginning. Once fully deployed, we will look towards committing additional capital resources as we believe this opportunity will remain attractive for the near to mid-term. Moreover, once completed and stabilised, these properties will generate higher recurring yields for SRE vis-à-vis investing directly into completed assets," added Mr Tang.

Growing Portfolio in Australia

Aside from its new venture in South Korea, SRE continues to expand its presence Down Under through its Integrated Logistics Partners ("**ILP**") platform with Commercial & General ("**C&G**") which was established nine months ago.

Having aggregated a portfolio of five assets to date, the AUD125 million capitalised ILP is about to complete the acquisition of a land parcel for a build-to-suit project in Adelaide. The project, on a 37,958 sqm freehold site located approximately 15 km north of Adelaide's central business district in the "Technology Park" precinct of Mawson Lakes, is slated to be developed into a 14,665 sqm purpose-built office and warehouse facility and will be 100% occupied by a NYSE-listed blue-chip tenant on a long term lease.

Total development cost for the project is estimated at AUD44.3 million (approximately SGD42.2 million) and is targeted to be completed by 3Q2020. When completed, this Mawson Lakes project, along with its Kilkenny development, which is expected to complete in 4Q2019, will extend the overall portfolio weighted average lease expiry (WALE) to 8.8 years from 7.3 years currently.

Added Mr Tang, "This latest transaction fits the mould of what we are trying to achieve with the ILP platform by identifying and capitalising on favorable fundamentals while significantly de-risking developments with long term commitments from blue-chip tenants."

Overarching Strategy

SRE's foray into the logistics sector comes amidst positive macro trends such as urbanisation growth, an evolving retail landscape, infrastructure spending, and competitive sustainability. These themes are, to various degrees, evident in many Asian markets, providing SRE with a broad swath of growth possibilities within the region.

Said Mr Tang, "We are excited to make our inaugural investment in the vibrant South Korea logistics sector, while expanding our presence in Australia. We believe these greenfield developments will offer compelling value for us and our partners. While development presents inherent risks, we believe that with the right local partners, coupled with the right product and attributes such as significant pre-leasing commitments and/or compelling leasing propositions, we will be able to incrementally de-risk projects to deliver the best returns for our shareholders."

"With property risk mitigation, we believe the current market dynamics for modern facilities will allow SRE to reap attractive returns normally associated along the risk curve. At the same time, we will seek to time the delivery of our development projects to provide a balanced mix of recurring income from completed assets with the higher returns from our development efforts. Even as we look forward to fruitful growth in the South Korean and Australian markets, we will continue our efforts to explore new and existing markets so as to deepen and widen our footprint in the region," added Mr Tang.

To date, SRE's logistics portfolio comprises three completed income generating assets and two development projects in Australia with existing blue-chip tenants that include the likes of Siemens, Coca Cola Amatil, and Incitec Pivot. Upon completion of its Australian and South Korean development pipeline, income generated from those projects is expected to be yield accretive. Furthermore, newly developed state-of-the-art properties secured with strong tenancies will enhance the overall appeal of the portfolio.

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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, 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, a premier global integrated real assets fund manager, and has a 30% interest in Far East Hospitality Holdings, a premier hospitality assets 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 SGX-ST.

About IGIS Asset Management

Established in 2010, IGIS is one of the largest asset managers with total assets under management of USD21.7 billion, including USD15.9 billion in South Korea. The company holds the asset management license regulated by Korea's Financial Supervisory Service and has acted as a trusted fiduciary to over

137 well-known institutional investors garnering an extensive track record in various asset classes in Korea.

About Commercial & General

Commercial & General is a leader in creating, investing and managing real assets. With more than AUD 2 billion in projects delivered or under development across healthcare, industrial, workplace and communities, the company's divergent thinking is powered by market-leading intelligence across Australasia. The company has connections throughout the world, and believes in creating generational value that is tangible and reciprocal.

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