

General Announcement::THAKRAL INVESTS IN A NINE-STOREY OFFICE BUILDING IN HEART OF OSAKA'S CENTRAL BUSINESS DISTRICT
Issuer & Securities

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THAKRAL CORPORATION LTD

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

PRESS RELEASE

THAKRAL INVESTS IN A NINE-STOREY OFFICE BUILDING IN HEART OF OSAKA'S CENTRAL BUSINESS DISTRICT

- The Group boosts its portfolio to 6 investment properties in an increasingly bullish real estate market in the Land of the Rising Sun.

Singapore, 31 January 2018 – SGX Mainboard-listed Thakral Corporation Ltd (“Thakral” or the “Group”) has invested in another office building – the Legal Itachibori Building – in Osaka, Japan’s second largest city and its new hotspot for Asian tourists.

The nine-storey building, about 5 minutes away from Hommachi Station in the heart of Osaka’s Central Business District, covers a land area of 813 sqm.

The building has a gross building area of around 5,618 sqm and a net rentable area of 3,869 sqm. It currently has an occupancy rate of 82%.

The Group’s other real estate investments in Japan are all located in Osaka. They include two office buildings (the Yotsubashi Nakano Building and Yotsubashi East Building), two hotels (Best Western Osaka Tsukamoto Hotel and the R Hotels Inn Osaka Kita Umeda) and the Namba retail redevelopment site.

As before, the investment in the Legal Itachibori Building will be made through its pooled investment vehicle, Thakral Japan Properties Pte Ltd (“TJP”), in which the Group holds about 50% interest. The investment has been funded by the shareholders of TJP in proportion to their shareholding against subsequent issue of equity shares in TJP.

Thakral expects the investments to generate positive returns for shareholders as Japan’s real estate market is expected to stay upbeat.

Mr. Inderbethal Singh Thakral, Thakral’s Chief Executive Officer, said, “We believe that real estate in Japan – especially Osaka – is in a sweet spot. Osaka, which has been lagging behind Tokyo for some time in economic and investment activity – is now enjoying strong demand.

The growth in tourism here has led to greater demand for hotels. Its office market is now showing stronger rental growth backed by solid demand and limited supply in the market, attracting both domestic and overseas investors. Aside from properties catering for the rising tourist numbers, we have chosen to invest in quality office buildings as these remain the preferred asset class for global investors. We are therefore confident of the strategic value of our Japanese real estate portfolio.”

With major urban development projects undertaken ahead of the 2020 Tokyo Olympics, coupled with the Bank of Japan's low interest rates, Japan's real estate sector is forecast to remain buoyant.

According to JLL Research, healthy demand and limited supply are expected to see the vacancy rate in Osaka remain below 5% and this should support further rental growth. In the investment market, capital values are expected to rise reflecting rent growth and further cap rate (capitalization rate) compression. (Source : Osaka Office Market Summary, JLL Research Japan, Q3 2017)



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 of such 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.

The Group's Lifestyle Division has continued to re-focus on marketing and distributing brands in the beauty, wellness and lifestyle categories, working with leading ecommerce platforms as well as traditional retailers. The Lifestyle Division's

partners include beauty and personal care device brands MTG Refa, Panasonic, Philips and Braun, skin care brands Canvas and Leaders, cosmetic brand Color Me, wellness brands MTG SIXPAD and Style Seat and Slendertone as well as lifestyle brands Apple, DJI and Skullcandy.

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
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