

## ANNOUNCEMENT

---

### PROPOSED ACQUISITIONS OF PROPERTIES IN AUSTRALIA

---

*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 11 September 2018 relating to the “Subscription for Units in Property Trust and Shares in Investment Manager”.*

#### 1. INTRODUCTION

The Board of Directors (the “**Board**”) of The Straits Trading Company Limited (the “**Company**”) wishes to announce that the Trust, an indirect 80%-owned subsidiary of Straits Real Estate Pte. Ltd. (“**SREPL**”), has through its wholly-owned subsidiaries (the “**Purchasers**”), entered into contracts for sale (“**Contracts**”) for the acquisition of three properties, two of which are located in South Australia and one in Victoria, Australia (collectively, the “**Properties**”) for a total consideration of AUD94.0 million (approximately SGD92.8 million<sup>1</sup>) (the “**Consideration**”).

#### 2. INFORMATION ON THE PROPOSED ACQUISITIONS

##### 2.1 Information on the Properties

The property in Victoria, Australia is a 30,000 square metre mixed-use office and warehouse facility located in Bayswater (“**Victoria Property**”), approximately 36 kilometres from Melbourne with a multinational company as a key tenant.

One of the properties in South Australia is a 46,000 square metre distribution centre (“**SA Property**”) leased to a blue-chip single tenant on a long term lease located in Salisbury, approximately 21 kilometres from Adelaide.

The other property in South Australia acquired is a 15.2 hectare parcel of development land (“**Land Parcel**”). The site is located adjacent to the SA Property and will be developed for logistics uses.

##### 2.2 Rationale for the Proposed Acquisitions

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 Proposed Acquisitions are in line with this stated strategy.

##### 2.3 Information on Consideration

The Consideration for the Properties payable by the Purchasers is AUD94.0 million (approximately SGD92.8 million). The completion of the Land Parcel is conditional upon

---

<sup>1</sup> Unless otherwise stated, all conversions of amounts in AUD into amounts in SGD in this Announcement are based on a rate of exchange of SGD1.00 : AUD0.98749 as at 19 September 2018 and is provided for reference purposes only.

the approval by the Foreign Investment Review Board of Australia. The Consideration was arrived at after arm's length negotiations, on a willing-buyer and willing-seller basis, taking into account, *inter alia*, valuations of the Properties. The Consideration will be satisfied by internal funds and bank borrowings.

### **3. VALUE OF THE PROPERTIES**

Based on independent valuations, the aggregate value of the Properties totals AUD94.0 million. The valuations for the SA Property and the Land Parcel were conducted by Savills as at 31 August 2018. The valuation for the Victoria Property was conducted by Jones Lang LaSalle as at 23 February 2018. The valuations for the Victoria Property and SA Property were conducted based on the income capitalisation and discounted cash flow methods. The valuation for the Land Parcel was conducted based on the direct comparison approach.

### **4. FINANCIAL EFFECTS**

- 4.1** The Proposed Acquisitions are not expected to have a material impact on the earnings per share and net tangible asset per share of the Company and its subsidiaries (the "**Group**") for the current financial year ending 31 December 2018.
- 4.2** The Proposed Acquisitions will not have any impact on the issued share capital of the Company.

### **5. FURTHER INFORMATION**

- 5.1** As the Proposed Acquisitions are in the ordinary course of business of the Group, it is not material for the purposes of the listing manual of the Singapore Exchange Securities Trading Limited.
- 5.2** None of the directors of the Company has any interest, direct or indirect, in the transactions contemplated by the Proposed Acquisitions.
- 5.3** None of the controlling shareholders of the Company has any interest, direct or indirect, in the transactions contemplated by the Proposed Acquisitions.
- 5.4** Copies of the Contracts and the valuation reports are 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**

19 September 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 is an investment company with 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.