

## ANNOUNCEMENT

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### PROPOSED ACQUISITION OF RETAIL MALL IN PUDONG, CHINA

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#### 1. INTRODUCTION

The Board of Directors (the “**Board**”) of The Straits Trading Company Limited (the “**Company**”) wishes to announce that its subsidiary, Straits Real Estate Pte. Ltd. (“**SREPL**”), has through its wholly-owned subsidiary, SRE Venture 16 Pte. Ltd. (“**SREV16**”), entered into an arrangement with an entity owned by a fund managed by a subsidiary of ARA Asset Management Limited (“**ARA**”) and ICBC International Investment Management Limited (“**ICBCI**”) to form a joint venture (the “**Purchaser**”) to acquire a retail mall in Shanghai, People’s Republic of China (the “**Property**”) for a total cash consideration of approximately CNY2.42 billion (approximately SGD469.5 million<sup>1</sup>) (the “**Consideration**”) via the acquisition of 100% of the shares of the project company that owns the Property (the “**Proposed Acquisition**”).

#### 2. INFORMATION ON THE PROPOSED ACQUISITION

##### 2.1 Information on the Joint Venture

SREV16 has committed to taking up a 37.7% stake in the issued share capital of the Purchaser, with ARA and ICBCI committing to the remainder. The Consideration will be funded by a combination of shareholder capital and bank borrowings. SREV16’s capital contribution to the Consideration will be approximately CNY441.9 million (approximately SGD85.7 million), which will be funded by internal resources.

##### 2.2 Information on the Property

The Property, located in the Sanlin District of Pudong, Shanghai, People’s Republic of China, has approximately 83,074 square meters of gross floor area. The neighbourhood mall is strategically located within a strong population catchment of over 400,000 residents within a three kilometre radius and is easily accessible by various transportation modes. Opened in the fourth quarter of 2018, the mall is currently 91.3% occupied and offers an opportunity for the Purchaser to upgrade the tenant profile and capitalise on positive rental reversions.

##### 2.3 Rationale for the Proposed Acquisition

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 Acquisition is in line with this stated strategy.

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<sup>1</sup> Unless otherwise stated, all conversions of amounts in CNY into amounts in SGD in this Announcement are based on a rate of exchange of SGD1.00 : CNY5.15477 as at 16 December 2019 and is provided for the purpose of reference only.

## **2.4 Information on the Consideration**

The Consideration for the Property is approximately CNY2.42 billion (approximately SGD469.5 million). It was arrived at after arm's length negotiations, on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the valuation of the Property.

## **3. VALUE OF THE PROPERTY**

Based on the independent valuation, the value of the Property is CNY2.659 billion. The valuation for the Property, commissioned by a wholly owned subsidiary of the Purchaser, was conducted by CBRE as at 31 August 2019. The valuation was based on the discounted cash flow and direct comparable methods.

## **4. FINANCIAL EFFECTS**

- 4.1** The Proposed Acquisition is 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 2019.
- 4.2** The Proposed Acquisition will not have any impact on the issued share capital of the Company.

## **5. FURTHER INFORMATION**

- 5.1** As the Proposed Acquisition is 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** Save for any interest from their respective shareholdings in the Company, none of the Directors or controlling shareholders of the Company have any interest, direct or indirect, in the Proposed Acquisition.
- 5.3** A copy of the valuation report is 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**

17 December 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 and 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, which is dual listed on Bursa Malaysia and SGX-ST.