

ANNOUNCEMENT

MARKET ACQUISITIONS OF UNITS IN SUNTEC REAL ESTATE INVESTMENT TRUST

1. INTRODUCTION

The Board of Directors (the “**Board**”) of The Straits Trading Company Limited (the “**Company**”) wishes to announce that Straits Real Estate Pte. Ltd., a subsidiary of the Company, has, pursuant to a series of transactions, purchased from the open market an aggregate number of 35,068,000 units in Suntec Real Estate Investment Trust (“**Suntec REIT**”, and its issued and fully paid-up units, the “**Units**”), representing approximately 1.4% of the Units¹ (the “**Market Acquisitions**”).

2. INFORMATION ON THE MARKET ACQUISITIONS

2.1 Information on Suntec REIT and Description of Trade

2.1.1 Suntec REIT was listed on 9 December 2004 on the Mainboard of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) and is the first composite real estate investment trust (“**REIT**”) in Singapore, owning income-producing real estate that is primarily used for retail and/or office purposes.

2.1.2 Suntec REIT is managed by ARA Trust Management (Suntec) Limited, which is a wholly-owned subsidiary of ARA Management Limited (“**ARA**”). ARA is a real estate fund management company listed on the SGX-ST.

2.1.3 Following settlement of the Market Acquisitions, the Company and its subsidiaries will have an interest in 35,068,000 Units, representing approximately 1.4% of the issued Units.

2.2 Rationale for the Market Acquisitions

The Market Acquisitions are made in the ordinary course of the real estate investment business of the Company and is in-line with the Company’s stated intention of deploying capital into suitable real estate related opportunities.

The Board is of the view that the Market Acquisitions represent an investment in a liquid Singapore-focused REIT at an attractive entry price. The average purchase price of the Market Acquisitions is a discount of 17.3% to Suntec REIT’s book value as at 31 March 2014.

Suntec REIT’s underlying portfolio, comprising office and retail properties in Suntec City, Park Mall, a one-third interest in One Raffles Quay and a one-third interest in Marina Bay Financial Centre Towers 1 and 2 and the Marina Bay Link Mall are strategically located in the growth corridors of Marina Bay and the Civic and Cultural District within Singapore’s Central Business District.

The Market Acquisitions are intended to be a long-term investment and strengthens the Company’s real estate ecosystem by giving it an interest in Suntec REIT which is managed

¹ Calculated based on 2,493,441,820 Units, being the total number of issued Units outstanding as at the date of this Announcement.

by ARA Trust Management (Suntec) Limited, a wholly-owned subsidiary of ARA. ARA is a 20.1% associate of the Company.

3. CONSIDERATION FOR THE MARKET ACQUISITIONS

- 3.1 Value of Consideration.** The aggregate value of the cash consideration for the Market Acquisitions is S\$60.2 million excluding transaction costs.
- 3.2 Pricing Factors.** As the Market Acquisitions were made via open market purchases, the aggregate consideration was based on the prevailing market prices at the time of the trades.
- 3.3 Satisfaction of Consideration.** The consideration for the Market Acquisitions will be satisfied by internal funds.

4. VALUE OF THE MARKET ACQUISITIONS

- 4.1 Book Value.** Based on the unaudited consolidated financial statements of the Suntec REIT Group² for the first quarter ended 31 March 2014 (“**Suntec REIT Group 1Q2014 Results**”), the book value (excluding non-controlling interests) of the Market Acquisitions is approximately S\$72.8 million.
- 4.2 Asset Value.** Based on the Suntec REIT Group 1Q2014 Results, the net tangible asset value (excluding non-controlling interests) of the Market Acquisitions is approximately S\$72.5 million.
- 4.3 Market Value.** Based on the volume weighted average price (“**VWAP**”) of the Units transacted on the SGX-ST on 2 May 2014 (being the full market day preceding this Announcement), the open market value of the Market Acquisitions is approximately S\$60.9 million.
- 4.4 Net Profits.** Based on the Suntec REIT Group 1Q2014 Results, the profit before income tax, minority interests and extraordinary items attributable to the Market Acquisitions for the first quarter ended 31 March 2014 is approximately S\$0.5 million.

5. ILLUSTRATIVE FINANCIAL EFFECTS

- 5.1 Assumptions.** The pro-forma financial effects of the Market Acquisitions on the earnings per share of the Company (“**EPS**”, and a share in the issued share capital of the Company, a “**Share**”), the net tangible assets (“**NTA**”) per Share, and the share capital of the Company are set out below and have been computed based on the audited consolidated financial statements of the Company and its subsidiaries (“**STC Group**”) for the financial year ended 31 December 2013 (“**STC Group FY2013 Results**”).

The financial effects as set out below are theoretical in nature and are therefore not necessarily indicative of the future financial position and earnings of the STC Group.

- 5.2 NTA – FY2013.** For purely illustrative purposes only, assuming the Market Acquisitions had been effected on 31 December 2013, being the end of the most recently completed financial year of the STC Group ended 31 December 2013 (“**FY2013**”), the effect of the Market Acquisitions on the NTA per Share for FY2013, based on the STC Group FY2013 Results, would be as follows:

	Before the Market Acquisitions	After the Market Acquisitions
NTA million ⁽¹⁾ (S\$)	1,290.1	1,290.1

² Based on page 75 of the annual report of Suntec REIT for the financial year ended 31 December 2013, the “**Suntec REIT Group**” would comprise Suntec REIT and its subsidiaries, and their interests in jointly controlled entities.

	Before the Market Acquisitions	After the Market Acquisitions
NTA per Share (S\$)⁽²⁾	3.16	3.16

Notes:

- (1) Assuming that the purchase price is S\$1.54, being the VWAP of the Units on 31 December 2013. The closing price of the Units on 31 December 2013 is S\$1.54.
(2) Calculated based on 408,095,772 issued Shares, being the number of Shares outstanding as at 31 December 2013.

- 5.3 EPS – FY2013.** For purely illustrative purposes only, assuming the Market Acquisitions had been effected on 1 January 2013, being the beginning of FY2013, the effect of the Market Acquisitions on the EPS for FY2013, based on the STC Group FY2013 Results, would be as follows:

	Before the Market Acquisitions	After the Market Acquisitions
Profit after tax and non-controlling interests (S\$ million)	119.5	121.7
EPS (cents)⁽¹⁾	29.3	29.8

Note:

- (1) Calculated based on 408,095,772 issued Shares, being the number of Shares outstanding as at 31 December 2013.

- 5.4 Share Capital.** The Market Acquisitions will not have an impact on the issued share capital of the Company.

6. NO SHAREHOLDERS' APPROVAL REQUIRED

- 6.1 Relative Figures.** The relative figures for the Market Acquisitions computed on the relevant bases set out in Rule 1006 of the Listing Manual of the SGX-ST ("**Listing Manual**") are as follows:

Rule 1006	Bases	Market Acquisitions (S\$'000)	STC Group (S\$'000)	Relative Figures (%)
(b)	The net profit attributable to the Market Acquisitions, compared with the STC Group's net profit ⁽¹⁾ .	5,828	93,297	6.2
(c)	The aggregate value of the consideration paid, compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares ⁽²⁾ .	60,172	1,326,801	4.5

Notes:

- (1) Net profits is defined as profit or loss before income tax, non-controlling interests and other extraordinary items. Based on the audited consolidated financial statements of the Suntec REIT Group for the financial year ended 31 December 2013, a net profit of S\$377,326,000 was reported by the Suntec REIT Group and accordingly the net profit attributable to the Market Acquisitions was S\$5,827,719. Based on the STC Group FY2013 Results, a net profit of S\$93,297,000 was reported by the STC Group.
- (2) Market capitalisation has been calculated on the basis of 408,095,772 Shares in issue at the date of this Announcement multiplied by the VWAP of the Shares transacted on the SGX-ST on the full market day prior to the date of this Announcement, being S\$3.25.

6.2 Classification. As the relative figures under Rule 1006(b) in relation to the Market Acquisitions exceed 5%, the Market Acquisitions is a “disclosable transaction” as defined in the Listing Manual. Accordingly, no Shareholders’ Approval is required.

7. RULE 704(17)(b) OF THE LISTING MANUAL

Pursuant to Rule 704(17)(b) of the Listing Manual, the Company’s aggregate cost of investment in quoted securities³ has exceeded 35.0% of the latest audited consolidated net tangible assets of the STC Group as at 31 December 2013, as follows:

Rule 704(17)(b)		Prior to the Market Acquisitions	After the Market Acquisitions
(i)	Aggregate cost of the Company’s quoted investments (S\$’000)	407,686	467,859
	Aggregate cost of the Company’s quoted investments as a percentage of the latest audited consolidated net tangible assets of the STC Group as at 31 December 2013	31.6%	36.3%
(ii)	Total market value of the quoted investments (S\$’000) ⁽¹⁾	375,976	436,889
(iii)	Amount of any provision for diminution in value of investments (S\$’000) ⁽²⁾	44,522	44,522
	Audited consolidated net tangible assets of the STC Group as at 31 December 2013 (S\$’000)	1,290,113	1,290,113

Notes:

- (1) Based on the VWAP of the quoted securities transacted on the full market day preceding this Announcement.
- (2) This refers to the cumulative impairment loss made on the quoted investments.

8. FURTHER INFORMATION

8.1 Directors’ Service Contracts. No person is proposed to be appointed as a director of the Company in connection with the Market Acquisitions. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

8.2 Directors’ Interests. Save for any interest in Units held directly or indirectly by Mr Tham Kui Seng, none of the Directors of the Company has any interest, direct or indirect, in the transactions contemplated by the Market Acquisitions.

³ For the avoidance of doubt, quoted securities do not include the Company’s interest in its listed subsidiary, Malaysia Smelting Corporation Berhad.

8.3 Controlling Shareholders' Interests. None of the controlling shareholders of the Company has any interest, direct or indirect, in the transactions contemplated by the Market Acquisitions.

By Order of the Board

Aldric Tan Jee Wei
Company Secretary
The Straits Trading Company Limited

2 May 2014
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 as a tin smelting company, The Straits Trading Company Limited today 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. It also owns a 20.1% stake in SGX-listed 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, one of the largest hospitality operators in Asia Pacific. 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.