

ANNOUNCEMENT

PROPOSED ACQUISITION OF AN OFFICE BUILDING IN MELBOURNE, AUSTRALIA

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**”), through its subsidiary, SRE Investment 1 (Australia) Pty Ltd (the “**Purchaser**”), has today entered into a conditional sale and purchase agreement (the “**SPA**”) in relation to the acquisition (the “**Proposed Acquisition**”) of an office building located at 114 William Street, Melbourne, Australia (the “**Property**”) from Tackelly No. 6 Pty Ltd (the “**Vendor**”), in its capacity as trustee of the Tackelly No. 6 Trust, a privately held trust established in Australia. The Property will be acquired at a purchase consideration of approximately AUD125.0 million (approximately SGD125.1 million¹).

2. INFORMATION ON THE PROPOSED ACQUISITION

2.1 Information on the Property

The Property is a 25-storey office building with 22 levels of office space, one level of ground retail space and two basement car park floors. The Property sits on a freehold land site of 1,856 sq. m. at the corner of William and Little Collins Streets in the heart of the financial and legal precincts in the Western Core of Melbourne Central Business District. Major law courts are within 500 metres to the Property’s north, while Melbourne’s retail core is approximately 500 metres to its east with numerous dining, recreational and entertainment attractions. The Property is surrounded by high quality office buildings including 140 William Street, CBQ Building, 500 Bourke Street, Bourke Place and Rialto. The Southern Cross, Flagstaff and Flinders Street train stations are situated close to the Property, which is also well accessible by major tram routes along William, Collins and Bourke Streets.

2.2 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.

¹ 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 : AUD0.99956 as at 30 July 2015 and is provided for reference purposes only.

2.3 Information on Consideration

The total consideration for the Property payable by the Purchaser is approximately AUD125.0 million (approximately SGD125.1 million²) (the “**Consideration**”). The completion of the SPA is conditional upon the approval of the Proposed Acquisition 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*, the valuation of the Property. The Consideration will be satisfied by internal funds and bank borrowings.

3. VALUE OF THE PROPERTY

Based on the valuation commissioned by the Purchaser and conducted by Urbis Australia (the “**Valuer**”), the valuation of the Property is AUD125.0 million as at 31 July 2015. The valuation was conducted based on a completed and operational basis using both the income capitalisation and discounted cash flow methods.

4. FINANCIAL EFFECTS

4.1 No Material Impact. 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 2015.

4.2 Share Capital. The Proposed Acquisition will not have any impact on the issued share capital of the Company.

5. FURTHER INFORMATION

5.1 Not Material. 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 Directors’ Service Contracts. No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

5.3 Directors’ Interests. None of the directors of the Company has any interest, direct or indirect, in the transactions contemplated by the Proposed Acquisition.

5.4 Controlling Shareholders’ Interests. None of the controlling shareholders of the Company has any interest, direct or indirect, in the transactions contemplated by the Proposed Acquisition.

5.5 Documents for Inspection. Copies of the SPA and report by the Valuer are available for inspection by shareholders of the Company during normal business

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hours at the registered office of the Company at 9 Battery Road, #28-01, Straits Trading Building, Singapore 049910 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

31 July 2015
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 & 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.