

ANNOUNCEMENT

PROPOSED SALE 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 “**Vendor**”), has today entered into a conditional sale and purchase agreement (the “**SPA**”) in relation to the sale (the “**Proposed Sale**”) of an office building located at 114 William Street, Melbourne, Australia (the “**Property**”) to AFIAA Australia 4 Pty Ltd (the “**Purchaser**”). The Property will be sold for a sale price of approximately AUD161.5 million (approximately SGD171.8 million¹).

2. INFORMATION ON THE PROPOSED ACQUISITION

2.1 Information on the Property

The Property is a 26-storey office building with 22 levels of office space, one level of ground retail space and two basement car park floors. The Property provides a total net lettable area of 21,010.80 sq. metres. The Property sits on a freehold land site of 1,856 sq. metres at the corner of William and Little Collins Streets in the heart of the financial and legal precincts in the Western Core of the 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 Consideration for the Proposed Sale

The purchase price for the Property payable by the Purchaser is approximately AUD161.5 million (approximately SGD171.8 million) (the “**Consideration**”). The completion of the SPA is conditional upon the approval of the Proposed Sale 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.

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 : AUD0.94 as at 20 October 2016 and is provided for reference purposes only.

3. VALUE OF THE PROPERTY

The Property, acquired at a purchase consideration of approximately AUD125.0 million, is valued at AUD134.0 million as at 30 June 2016. 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 The Proposed Sale is expected to have a positive impact on the earnings per share but no material impact on the net tangible asset per share of the Company and its subsidiaries (the “**Group**”) for the current financial year ending 31 December 2016.
- 4.2 The Proposed Sale will not have any impact on the issued share capital of the Company.

5. FURTHER INFORMATION

- 5.1 As the Proposed Sale is in the ordinary course of business of the Group, it does not fall within the scope of Chapter 10 of the listing manual of the Singapore Exchange Securities Trading Limited.
- 5.2 None of the Directors of the Company, and to the best of the Directors’ knowledge, none of the controlling shareholders of the Company, has any interest, direct or indirect, in the Proposed Sale, save in respect of such of their interest in Shares (if any).
- 5.3 A copy each of the SPA and valuation report will be available for inspection by shareholders of the Company during normal business 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

21 October 2016
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.