

ANNOUNCEMENT

INVESTMENT IN AN OFFICE BUILDING IN SYDNEY, 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 Australia 2 Pte. Ltd., subscribed for a 26% interest in the ordinary units (“**Units**”) of 320P Trust (26 Units at AUD1 per Unit) and approximately AUD119.0 million (approximately SGD122.7 million¹) in notes issued by 320P Trust (collectively, the “**Transaction**”).

320P Trust, through its subsidiaries, entered into a sale and purchase agreement with Propertylink Fund Management Pty Ltd as trustee of 320 Pitt Street Trust to acquire an office building located in Sydney, Australia (the “**Property**”) (the “**Acquisition**”). SRE Australia 2 Pte. Ltd. will be part of a consortium, comprising funds managed by ARA Asset Management Limited, for the Acquisition. The Acquisition is conditional upon, *inter alia*, the satisfactory due diligence of the Property and Australia Foreign Investment Review Board approval.

2. INFORMATION ON THE TRANSACTION

2.1 Information on the Property

The Property is a 32-storey office building with a total net lettable area of 29,159 square metres located at 320 Pitt Street, Sydney, Australia. Strategically situated between various transport nodes, the Property is within walking distance from Central Rail Station, the upcoming George Street light rail system and Pitt Street Metro station. The Property is also located within close proximity to Chinatown and Pitt Street Mall which offers ample lifestyle and food and beverage amenities. Built in 1989, the Property underwent upgrades to the mechanical and hydraulic systems in 2010 and the lift cars in 2016. The Property has the potential to be repositioned as a core investment through an asset enhancement program.

2.2 Rationale for the Transaction

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 Transaction is in line with this stated strategy.

2.3 Information on the Consideration

The consideration for the Transaction is approximately AUD119.0 million (SGD122.7 million¹), which will be funded by internal resources and bank borrowings.

¹ Conversion of amount from AUD into SGD in this Announcement is based on a rate of exchange of SGD1.00:AUD0.97 as at 5 June 2017 and is provided for reference purposes only.

3. FINANCIAL EFFECTS

- 3.1 No Material Impact.** The Transaction is in the ordinary course of business of the Company and its subsidiaries (the “Group”) and is not expected to have a material impact on the earnings per share and net tangible asset per share of the Group for the current financial year ending 31 December 2017.
- 3.2 Share Capital.** The Transaction will not have any impact on the issued share capital of the Company.

4. FURTHER INFORMATION

- 4.1 Directors’ Service Contracts.** No person is proposed to be appointed as a director of the Company in connection with the Transaction. Accordingly, no service contract is proposed to be entered into between the Company and any such person.
- 4.2 Directors’ Interests.** None of the directors of the Company has any interest, direct or indirect, in the transactions contemplated by the Transaction.
- 4.3 Controlling Shareholders’ Interests.** None of the controlling shareholders of the Company has any interest, direct or indirect, in the transactions contemplated by the Transaction.
- 4.4 Document for Inspection.** A copy of the agreement for the Transaction 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

6 June 2017
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, 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.