

## ANNOUNCEMENT

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### PROPOSED ACQUISITION OF BUSINESS PARK IN SURREY, UNITED KINGDOM

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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 indirect subsidiary, SRE Bourne Limited<sup>1</sup> (the “**Purchaser**”), a company incorporated in England and Wales, has, on 26 August 2020, entered into an agreement (“**Agreement**”) to acquire 100% of a business park known as Bourne Business Park (“the **Property**”) from a party unrelated to the Company (“**Vendor**”) for a total cash consideration of approximately GBP76.7 million<sup>2</sup> (approximately SGD137.9 million) (the “**Consideration**”) (the “**Proposed Acquisition**”).

#### 2. THE PROPOSED ACQUISITION

##### 2.1 Information on the Property

The Property is a prime business park located in Addlestone, Surrey County, United Kingdom with six standalone office buildings totalling approximately 182,364 sq. ft. of net lettable area under a single freehold ownership. The Property is strategically located to established transport links and has a current occupancy of 96% let to office tenants spanning across various industries.

##### 2.2 Rationale for the Proposed Acquisition

The Company has consistently articulated to its shareholders (“**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. The Proposed Acquisition is in line with this stated strategy.

##### 2.3 Information on the Consideration

The Consideration is approximately GBP76.7 million (approximately SGD137.9 million), of which 10.5% has been paid as deposit on signing of the Agreement (“**Deposit**”) and the balance 89.5% will be paid on completion of the Proposed Acquisition. It was arrived at after arm’s length negotiations, on a willing-buyer and willing-seller basis, taking into account, *inter alia*, the current tenancies in place, comparable transactions in the market, and future market prospects. The Consideration will be paid in cash and will be satisfied by internal funds and bank borrowings.

#### 3. NET PROFITS

The estimated net profits before income tax attributable to the Property for the six-month period ended 30 June 2020 (“**1H2020**”) is GBP1.2 million (approximately SGD2.1 million).

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<sup>1</sup> SRE Bourne Limited is an indirect wholly-owned subsidiary of Straits Real Estate Pte. Ltd. (“**SRE**”), which is in turn a subsidiary of the Company, with the Company holding 89.5% of SRE.

<sup>2</sup> Unless otherwise stated, all conversions of amounts in GBP into amounts in SGD in this announcement (“**Announcement**”) are based on an exchange rate of GBP1.00:SGD1.797 and rounded to one decimal place. Any discrepancies between the GBP and SGD figures stated in this Announcement are due to rounding.

#### 4. FINANCIAL EFFECTS

4.1 For illustrative purposes only, the financial effects of the Proposed Acquisition on the Company as set out below are prepared based on the audited consolidated financial statements for the financial year ended 31 December 2019 (“FY2019”) of the Company and its subsidiaries (the “Group”) (being the latest announced consolidated full-year financial statements of the Group) and subject to the following key assumptions:

- 4.1.1 the effect of the Proposed Acquisition on the Company’s net tangible asset (“NTA”) per share in the capital of the Company (“Share”) is based on the assumption that the Proposed Acquisition had been effected at the end of FY2019; and
- 4.1.2 the effect of the Proposed Acquisition on the Company’s earnings per Share (“EPS”) for FY2019 is based on the assumption that the Proposed Acquisition had been effected at the beginning of FY2019.

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 Company or the Group.

##### Net Tangible Asset

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA (S\$ million)	1,495.7	1,487.6 <sup>3</sup>
Number of Shares (excluding treasury shares) (million)	407.2	407.2
NTA per Share (S\$)	3.67	3.65

##### Earnings per Share

	Before the Proposed Acquisition	After the Proposed Acquisition
Profit after taxation attributable to Shareholders (S\$ million)	84.4	76.6 <sup>3</sup>
Weighted average number of Shares (excluding treasury shares) (million)	407.5	407.5
EPS (Singapore cents)	20.7	18.8

4.2 The Proposed Acquisition will not have any impact on, or result in any change to, the issued share capital of the Company.

<sup>3</sup> The computations of this figure include one-off stamp duty and transaction expenses amounting to approximately SGD8.2 million.

## 5. MAJOR TRANSACTION

5.1 Based on the financial results of the Company for 1H2020, the relative figures in relation to the Proposed Acquisition computed on the bases as set out in Rule 1006 of the Listing Manual (“**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) are as follows:

Rule 1006	Bases	Relative Figures (%) <sup>(8)</sup>
(a)	Net asset value of the assets to be disposed of, compared with net asset value of the Group <sup>(1)</sup>	Not applicable
(b)	The net profits <sup>(2)</sup> attributable to the Property, compared with the net profits of the Group <sup>(3)</sup>	22.3
(c)	The Consideration <sup>(4)</sup> , compared with the Company’s market capitalisation based on the total number of Shares (excluding treasury shares) <sup>(5)</sup>	22.0
(d)	Number of equity securities issued by the Company as consideration for the Proposed Acquisition, compared with the number of equity securities previously in issue <sup>(6)</sup>	Not applicable
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves <sup>(7)</sup>	Not applicable

**Notes:**

- (1) Rule 1006(a) of the Listing Manual is not applicable as the Property is being acquired by the Group, not disposed.
- (2) The relative figure is computed based on a net profits attributable to the Proposed Acquisition of approximately SGD2.1 million.
- (3) The relative figure is computed based on a net profits of the Group of approximately SGD9.5 million for 1H2020. Net profits is defined as profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (4) The relative figure is computed based on a Consideration price of approximately SGD137.9 million.
- (5) Market capitalisation has been calculated on the basis of 406,819,572 Shares in issue (excluding treasury shares) as at the date of this Announcement multiplied by the volume weighted average price of the Shares transacted on the SGX-ST on the full market day immediately prior to the date of the Agreement, being approximately SGD626.5 million.
- (6) Rule 1006(d) of the Listing Manual is not applicable as there are no equity securities issued by the Company as consideration for the Proposed Acquisition.
- (7) Rule 1006(e) of the Listing Manual is not applicable as the Company is not a mineral, oil or gas company.
- (8) Any discrepancies between the figures in the Notes to the table and the Relative Figures set out in the table are due to rounding.

5.2 As the relative figures under Rule 1006(b) and (c) of the Listing Manual exceed 20%, the Proposed Acquisition constitutes a “major transaction” for the Company and, unless otherwise exempted, the approval of the Shareholders for the Proposed Acquisition is

required pursuant to Rule 1014 of the Listing Manual. The Company has made an application to SGX-ST to waive the requirement to obtain the approval of the Shareholders. In this regard, the Proposed Acquisition is subject to and conditional upon (a) the Shareholders approving the Proposed Acquisition in accordance with the terms of the Agreement (“**Shareholder Approval**”) (if required) or (b) the waiver by the SGX-ST of such requirement or the approval of the SGX-ST to proceed with the Proposed Acquisition provided that the Company takes steps to seek Shareholder Approval after closing of the Proposed Acquisition (the “**Waiver**”). The Company has been informed that The Cairns Pte. Ltd., a substantial shareholder of the Company holding 285,670,552 Shares, representing approximately 70.2% of the total number of issued Shares (excluding treasury shares)<sup>4</sup>, has executed an irrevocable undertaking to vote all of its 285,670,552 Shares in favour of the resolution to approve the Proposed Acquisition should an extraordinary general meeting of the Company be convened to seek approval of the Proposed Acquisition.

- 5.3** The Company has also been informed that should Shareholder Approval not be obtained or a Waiver not received by 5 p.m. GMT on 11 November 2020, the Agreement shall (save for certain provisions) cease and determine and in such an event, the Vendor shall pay any interest accrued on the Deposit to the Purchaser but retain the Deposit absolutely.

## **6. FURTHER INFORMATION**

- 6.1** Save for any interest from their respective shareholdings in the Company, none of the Directors or controlling Shareholders have any interest, direct or indirect, in the Proposed Acquisition.
- 6.2** 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.
- 6.3** A copy of the Agreement is available for inspection by Shareholders 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**

26 August 2020  
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 is a conglomerate with resources, real estate and hospitality. Its investments comprise majority or strategic stakes in the world’s third-largest tin producer, Malaysia Smelting Corporation Berhad, which is dual listed on Bursa Malaysia and SGX-

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<sup>4</sup> Calculated on the basis of 406,819,572 Shares in issue (excluding treasury shares).

ST; Straits Real Estate; ARA Asset Management Limited and Far East Hospitality Holdings as well as a diversified property portfolio that is wholly-owned by the Group.