

RAFFLES EDUCATION CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 199400712N)

ACQUISITION OF LAND AND BUILDING BY RAFFLES EDUCATION CORPORATION LIMITED THROUGH ITS SUBSIDIARY, RAFFLES ASSETS AUSTRALIA PTY LTD

1. INTRODUCTION

The Board of Directors of Raffles Education Corporation Limited (the "**Company**") wishes to announce that its subsidiary, Raffles Assets Australia Pty Ltd (the "**Purchaser**"), has today entered into a Contract for the Sale of Land (the "**Contract**") to acquire land and building located at 1-3 Fitzwilliam Street in Parramatta, NSW, Australia (the "**Property**") (the "**Acquisition**").

2. INFORMATION ON THE PROPERTY

The Property is a 6-storey modern commercial building with a land size of approximately 2,049 sq. m. (22,000 sq. ft.). It has a net lettable area of 9,782 sq. m. (105,000 sq. ft.) with 103 parking lots.

3. RATIONALE FOR THE ACQUISITION

The Property will primarily be developed as a permanent campus for the Company's college in Sydney, Raffles College of Design and Commerce (RCDC). Currently, RCDC operates out of leased premises. The acquisition is in line with the Company's move to eventually have all its schools/colleges/universities operate out of own premises.

4. VALUATION AND CONSIDERATION FOR THE ACQUISITION

The purchase consideration of AUD29,000,000 (approximately S\$34,234,500 based on an exchange rate of AUD1 = S\$1.1805) excluding GST (the "**Purchase Price**") is arrived at on a "willing-buyer willing seller, as-is-where-is" basis. As at the date of this announcement, no valuation of the Property has been undertaken.

A deposit of AUD2,900,000 being ten per cent (10%) of the Purchase Price shall be payable to the Vendor upon signing of the Contract. Completion of the Acquisition is 30 days from the date of the Contract.

The sources of funds for the Acquisition will be through a combination of bank borrowings and internal resources. There is no net profit attributable to the Property at this stage.

5. FINANCIAL EFFECTS OF THE ACQUISITION

For illustrative purposes, the financial effects of the Acquisition on the net tangible asset ("NTA") per share of the Company and earnings per share ("EPS") of the Company, based on the audited consolidated financial statements of the Company for the financial year ended 30 June 2013, are as follows:

NTA

Assuming the Acquisition had been effected at the end of the financial year ended 30 June 2013, the financial effects of the Acquisition on the NTA of the Company would have been as follows:

	As at 30 June 2013	
	Before Acquisition	After Acquisition
NTA (S\$'000)	425,380	425,380
NTA per share ⁽¹⁾ (Singapore cents)	41.49	41.49

Note:

- (1) NTA per Share is calculated based on 1,025,363,233 Shares (excluding treasury shares) as at 30 June 2013

EPS

Assuming the Acquisition had been effected at the beginning of the financial year ended 30 June 2013 and RCDC having ended the lease of the current premise and moved into the Property at the beginning of the financial year ended 30 June 2013, the financial impact of the Acquisition on the EPS of the Company would have been as follows:

	As at 30 June 2013	
	Before Acquisition	After Acquisition
Net Profit attributable to the equity holders of the Company (S\$'000)	26,671	28,824
EPS ⁽²⁾ (Singapore cents)	2.66	2.87

Note:

- (2) EPS is calculated based on the weighted average number of Shares (excluding treasury shares) of 1,004,413,517 for the financial year ended 30 June 2013

The above pro forma financial effects presented are theoretical in nature and are only for illustration purposes. They do not represent the actual financial position and/or results of the Company and its subsidiaries (the "Group").

6. **RELATIVE FIGURES UNDER RULE 1006 OF THE LISTING MANUAL OF THE SGX-ST**

Based on the unaudited consolidated financial statements of the Group for the 9 months ended 31 March 2014, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Bases of calculation	Relative figure (%)
<u>Rule 1006(a)</u> Net asset value of assets to be disposed of, compared with the Group's net asset value	Not applicable
<u>Rule 1006(b)</u> Net profits attributable to the assets acquired or disposed of, compared with the Group's net profits	Not applicable
<u>Rule 1006(c)</u> Aggregate value of consideration given, compared with the Company's market capitalisation as at 22 July 2014 ⁽³⁾	9.0
<u>Rule 1006(d)</u> Number of equity securities issued by the Company as consideration for the acquisition, compared with the number of equity securities previously in issue	Not applicable

Note:

(3) Based on the closing price of the shares of the Company transacted on the SGX-ST on 22 July 2014, being the trading day prior to the date of this Announcement.

Based on the above, the Acquisition constitutes a discloseable transaction and does not require the approval of shareholders for the purposes of Chapter 10 of the Listing Manual.

7. **INTEREST OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

None of the Directors, and as far as the Directors are aware, none of the controlling shareholders of the Company, has any interest, direct or indirect, in the Acquisition save through their shareholdings (if any) in the Company.

No person is proposed to be appointed as a Director in connection with the Acquisition.

8. DOCUMENTS FOR INSPECTION

A copy of the Contract may be inspected during the Company's usual business hours (from 9.00 a.m. to 5.00 p.m.) on any business day for a period of three months from the date of this announcement at the registered office of the Company at 51 Merchant Road, Raffles Education Square, Singapore 058283.

By Order of the Board
RAFFLES EDUCATION CORPORATION LIMITED

Chew Hua Seng
Chairman

23 July 2014