

SINGAPORE POST LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 199201623M

PROPOSED SALE OF SINGPOST AUSTRALIA INVESTMENTS PTY LTD

1. INTRODUCTION

Singapore Post Limited (“**SingPost**” or the “**Company**”, and the Company and its subsidiaries, the “**SingPost Group**”) wishes to announce that it and its wholly-owned subsidiary, SingPost Logistics Holdings Pte Ltd (the “**Seller**”), have on 2 December 2024 entered into a sale and purchase agreement (the “**SPA**”) with Pacific 2023 Bidco E Pty Limited (the “**Purchaser**”), pursuant to which the Seller shall sell the entire issued share capital of its indirect wholly-owned subsidiary, SingPost Australia Investments Pty Ltd (“**SPAI**”), to the Purchaser (the “**Proposed Disposal**”) on the terms and conditions set out in the SPA.

The completion of the Proposed Disposal (“**Completion**”) is subject to and conditional upon various conditions precedent (“**Conditions**”) including, *inter alia*, the approval of shareholders of SingPost (“**Shareholders**”) for the Proposed Disposal at an extraordinary general meeting of SingPost to be convened (“**EGM**”). Following Completion, SingPost will no longer hold any interest in SPAI and its subsidiaries, including Freight Management Holdings Pty. Ltd. (“**FMH**”), and SPAI and its subsidiaries will cease to be members of the SingPost Group.

2. INFORMATION RELATING TO SPAI AND THE PURCHASER

2.1 Information relating to SPAI

SPAI is an indirect wholly-owned subsidiary of the Company, incorporated in Australia, with an issued and paid up share capital of A\$49,000,000 comprising 49,000,000 ordinary shares. SPAI was incorporated for the purpose of holding the equity interest in FMH.

2.2 Information relating to FMH

FMH is a fully integrated, multi-modal national logistics provider. It has businesses spanning fourth-party logistics (4PL), third-party logistics (3PL), transportation and technology. Founded in 2000 as a technology-led dedicated 4PL service provider, FMH has grown to be the leading 4PL service provider in Australia. FMH’s 3PL business includes well-established logistics operator Border Express and courier service provider CouriersPlease, enabling it to provide end-to-end logistics solutions across an integrated national B2B2C network.

SPAI holds 17,648 ordinary shares in the capital of FMH (“**FMH Shares**”), representing approximately 97.1% of the issued share capital of FMH. The remaining 525 FMH Shares, representing approximately 2.9% of the issued share capital of FMH, are held by each shareholder of FMH other than SPAI (collectively, the “**FMH Management Shareholders**”).

The FMH Management Shareholders exercised their respective right to put 50% of the FMH Shares held by them to SPAI, pursuant to the terms of the shareholders agreement dated 16 October 2024 entered between SPAI and the FMH Management Shareholders (“**FMH SHA**”) or rights accrued from the terminated shareholders agreement dated 31 March 2023 between SPAI and certain FMH Management Shareholders. On completion of the acquisition of the FMH Shares from the FMH Management Shareholders in FMH in accordance with the respective

put options exercised, SPAI's shareholding in FMH is expected to increase from approximately 97.1% to approximately 98.56%.

As set out further below, pursuant to the terms of the SPA, SPAI will and intends to exercise its drag-along right set out in the FMH SHA, to acquire the remaining 1.44% of the FMH Shares (the "**Drag-Along Right**") from the FMH Management Shareholders.

SPAI is expected to hold the entire issued share capital of FMH immediately after Completion.

2.3 SPAI Asset Value

Based on the unaudited consolidated financial statements of the SingPost Group for the half year ended 30 September 2024 as announced by the Company on 6 November 2024 ("**1H2024**"), the net asset value ("**NAV**") of SPAI as at 30 September 2024 is approximately S\$384.7 million.

2.4 SPAI Net Profit

Based on the unaudited consolidated financial statements of the SingPost Group for 1H2024, the profit including discontinued operations that have not been disposed and before income tax and non-controlling interests ("**Net Profit**") for SPAI is approximately S\$20.3 million.

2.5 Information relating to the Purchaser

The Purchaser is a special purpose vehicle incorporated in Australia. The Purchaser is an indirect wholly-owned subsidiary of funds advised or managed by Pacific Equity Partners, an Australia-headquartered private equity fund which is the largest and most active private markets fund manager in Australia.

3. SALIENT TERMS OF THE PROPOSED DISPOSAL

3.1 Consideration of the Proposed Disposal

Pursuant to the terms of the SPA, the Purchaser shall acquire the shares of SPAI for an amount in cash equal to the sum of A\$775.9 million (equivalent to approximately S\$682.8¹ million), subject to adjustments² to be determined at the time of Completion and any other further adjustments in accordance with the terms of the SPA (the "**Aggregate Consideration**"). The actual quantum of the Aggregate Consideration will be available on or before Completion.

This translates into an enterprise value of A\$1.02 billion (equivalent to approximately S\$897.6 million) taking into account the cash, indebtedness, and working capital of SPAI and FMH as of 30 June 2024.

3.2 Factors Taken into Account in Arriving at the Aggregate Consideration

¹ Based on an indicative exchange rate of A\$1: S\$0.88 (solely for illustrative purposes).

² Prior to Completion, in accordance with the SPA, adjustments will be made for (i) the cost of capital charge, being interest payable on the consideration calculated from 30 June 2024 (the "**Locked Box Date**") up to the date of Completion ("**Completion Date**") (both dates inclusive); (ii) any notified leakage from the Locked Box Date up to the Completion Date; (iii) transaction costs and bonuses excluding any amount paid before the Locked Box Date; and (iv) the amount payable, to be provided by the Purchaser, to discharge the A\$110 million promissory note dated 27 June 2024 issued by FMH in favour of Couriers Please Australia Pty Limited on Completion.

The Aggregate Consideration was mutually arrived at after arms' length negotiations between the Seller and the Purchaser on a willing-seller and willing-buyer basis after taking into consideration, *inter alia*, the rationale for the Proposed Disposal.

The Aggregate Consideration will be paid by the Purchaser to the Seller in cash and in full without counterclaim or set-off, and without any deductions in respect of tax except as required by law.

3.3 Exercise of the Drag-Along Right

Pursuant to the terms of the SPA, at Completion, the Seller has agreed and must ensure that each of the FMH Management Shareholders has agreed to transfer the FMH Shares held by them to SPAI immediately following Completion. Such transfer will be facilitated through SPAI's exercise of the Drag-Along Right.

In accordance with the terms of the SPA, the Seller will ensure that SPAI and its subsidiaries have sufficient funds to exercise the Drag-Along Right contemplated. It is expected that SPAI will be incurring an amount of A\$11.1 million (equivalent to approximately S\$9.8 million³) to exercise the Drag-Along Right.

3.4 Conditions Precedent

Pursuant to the terms of the SPA, Completion is subject to and conditional upon, *inter alia*, the satisfaction or waiver of the Conditions set out below:

- (a) obtaining regulatory approvals, such as approvals from the Foreign Investment Review Board of Australia; and
- (b) the Company obtaining the requisite approval from the Shareholders in general meeting.

3.5 Completion

In accordance with the terms of the SPA, Completion will take place 10 business days after the last in time of the Conditions have been satisfied or waived in accordance with the terms of the SPA.

Completion is expected to take place by the end of March 2025. Following Completion, SPAI and its subsidiaries (including FMH) will no longer be part of the SingPost Group.

4. RATIONALE FOR THE PROPOSED DISPOSAL

In July 2023, the Board of Directors of SingPost (the "**Board**") initiated a strategic review of the SingPost Group's portfolio of businesses, with a view to enhancing shareholder returns and ensuring that the SingPost Group is appropriately valued⁴. In March 2024, the Board outlined its strategic intentions for the businesses with the objective of unlocking value for Shareholders⁵. In relation to the Australia business, it was stated that "*the Group will explore*

³ Based on an indicative exchange rate of A\$1: S\$0.88 (solely for illustrative purposes).

⁴ Please refer to the Company's announcement titled "*SingPost Appoints BofA Securities as Financial Advisor for Strategic Review*" dated 17 July 2023 available on SGXNet for additional details.

⁵ Please refer to the Company's announcement titled "*Board Strategic Review Unveils Pathways to Growth and Unlocking Shareholder Value*" dated 19 March 2024 available on SGXNet for additional details.

near term partnerships that contribute to growth, provide equity to deleverage acquisition debt and establish an independent valuation benchmark. The Group will continue to pursue appropriate M&A opportunities and seek future liquidity options to maximise value”.

In line with this objective, the Board initiated a strategic review of the Australia business⁶ to explore strategic options that would enhance the value of the business and maximise shareholder value. Merrill Lynch Markets Australia Pty Limited (“**BofA**”) was appointed as financial advisor to the Board. As part of the strategic review, potential divestment options, both partial and full, were explored alongside strategies for driving growth through organic and inorganic means.

In the course of the strategic review, the Company received unsolicited interest in the acquisition of 100% of the shares in FMH. This led to initiating an international competitive bid process, conducted by BofA, in relation to a potential divestment of SPAI. The bid process also established an independent valuation benchmark of the Australia business. Potential third-party bidders ranged from global strategic corporations including those in the logistics sector to private equity firms. The bidders were selected based on their experience interest and/or existing investments in similar assets, ability and willingness to offer an attractive price for the business, certainty of financing the transaction in full and the other terms and conditions of their proposal(s).

Following an in-depth review and evaluation of the proposals received from the bidders, the Board determined that a complete disposal of SPAI would be the best option for Shareholders and a first step towards unlocking value for Shareholders. The Purchaser was selected as the preferred bidder.

The Board is of the view that the headline valuation and key terms of the proposal from the Purchaser for a complete divestment of the Australia business are commercially superior to other options and that the Proposed Disposal would enable SingPost to bring forward and unlock significant value. Proceeds from the Proposed Disposal will not only reinforce the SingPost Group’s liquidity but will also enable meaningful deleveraging of debt, strengthen the balance sheet and increase financial flexibility, thereby crystallising the unrealised value of the business for the benefit of Shareholders. Post-Completion, the Board and Management intend to review and reset the strategy for the Group.

The Board is confident that the Proposed Disposal is in the best interests of the Company and its Shareholders.

5. USE OF PROCEEDS

From the Proposed Disposal, the SingPost Group expects to receive gross proceeds of approximately A\$775.9 million (equivalent to approximately S\$682.8 million) in cash, which is approximately S\$298.1 million in excess of the NAV of SPAI as at 30 September 2024. Assuming that the Proposed Disposal is completed on 31 March 2024 and subject to adjustments determined at the time of Completion and any other further adjustments in accordance with the terms of the SPA, the realised gain on disposal pursuant to the Proposed Disposal is approximately S\$312.1 million.

⁶ Please refer to the Company’s announcement titled “*Strategic Review of Australia Business to Formulate Optionalities*” dated 21 June 2024 available on SGXNet for additional details.

The SingPost Group intends to utilise some of the proceeds to repay borrowings, in particular, its Australian Dollar-denominated debt amounting to A\$362.1 million (equivalent to approximately S\$320.8 million) as at 30 September 2024) undertaken for the financing of the acquisition of FMH. The total Australian Dollar-denominated debt of the SingPost Group, including borrowings undertaken by FMH, amounted to A\$614.8 million (equivalent to approximately S\$544.9 million) as at 30 September 2024.

The Board will consider in due course the payment of a special dividend, after taking into account, amongst other things, the repayment of the Australian Dollar-denominated borrowings and the future funding needs of the SingPost Group. Further announcements on such proposed special dividend will be made at an appropriate time.

The remainder of the proceeds from the Proposed Disposal will be retained by the SingPost Group for future growth opportunities to invest in existing and/or new businesses, assets and investment opportunities.

6. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

6.1 Bases and Assumptions

The pro forma financial effects of the Proposed Disposal as set out below are purely for illustrative purposes only and do not reflect the future actual financial position of the SingPost Group following Completion. The pro forma financial effects have been prepared based on the latest audited consolidated financial statements of the SingPost Group for the financial year ending 31 March 2024 subject the following assumptions:

- (a) the Proposed Disposal had been effected on 31 March 2024, being the end of the most recently completed financial year of the SingPost Group and of which the statement of financial position of the SingPost Group has been publicly announced, for illustrating the financial effects on the consolidated NTA of the SingPost Group;
- (b) the Proposed Disposal had been effected on 1 April 2023, being the beginning of the most recently completed financial year of the SingPost Group and of which the profit and loss of the SingPost Group has been publicly announced, for illustrating the financial effects on the consolidated earnings of the SingPost Group; and
- (c) the costs and expenses in connection with the Proposed Disposal are disregarded for the purposes of calculating the financial effects.

6.2 NTA per share

For illustrative purposes only, assuming that the Proposed Disposal had been completed on 31 March 2024, the pro forma financial effects on the NTA of the SingPost Group are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net assets (S\$ million)	1,421.0	1,719.3
Less : intangibles (S\$ million)	636.3	168.4
NTA (S\$ million)	784.7	1,550.9
Number of issued SingPost Shares (excluding treasury shares) as at 31 March 2024 (million)	2,250.0	2,250.0
NTA per SingPost Share (S\$ cents)	34.9	68.9

6.3 Earnings Per Share

For illustrative purposes only and assuming that the Proposed Disposal had been completed on 1 April 2023, the pro forma financial effects on the earnings of the SingPost Group are as follows:

	Before the Proposed Disposal	After the Proposed Disposal
Net Profit attributable to ordinary shareholders (S\$ million)	78.3	363.8
Weighted average number of issued SingPost Shares for the financial year ended on 31 March 2024 (million)	2,249.9	2,249.9
Basic earnings per SingPost Share (S\$ cents)	3.5	16.2

7. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE LISTING MANUAL OF THE SGX-ST

7.1 Relative Figures for the Proposed Disposal under Rule 1006

The Proposed Disposal is a disclosable transaction for the Company pursuant to the Listing Manual (the “**Listing Manual**”) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Based on the unaudited consolidated financial statements of the SingPost Group for 1H2024, the relative figures of the Proposed Disposal computed on the bases set out in Rule 1010 of the Listing Manual are as follows:

Rule 1006	Bases	SPAI S\$'million	SingPost Group S\$'million	Relative Figures %
(a)	The net asset value of the assets to be disposed of, compared with the SingPost Group	384.7	1,421.6	27.1
(b)	The Net Profits ⁽¹⁾ attributable to the assets to be disposed of, compared with the SingPost Group	20.3	30.7	66.1
(c)	Aggregate Consideration receivable for the Proposed Disposal, compared with SingPost's market capitalisation ⁽²⁾	682.8	1,295.8	52.7

Notes:

- (1) Based on the Net Profit of SPAI for 1H2024 and the Net Profit of the SingPost Group for 1H2024.
- (2) SingPost's market capitalisation is based upon 2,250,051,000 ordinary shares in the capital of SingPost (excluding treasury shares) as at 30 September 2024 ("**SingPost Shares**") at a volume weighted average price of S\$**0.58** per SingPost Share as at 29 November 2024.

7.2 Shareholders' Approval

As the relative figures under Rule 1006(a), 1006(b) and 1006(c) of the Listing Manual for the Proposed Disposal exceeds 20%, the Proposed Disposal would constitute a major transaction for the Company as defined in Chapter 10 of the Listing Manual.

A circular to Shareholders setting out details of the Proposed Disposal and enclosing a notice of the EGM to be convened will be despatched to Shareholders in due course. In the meantime, Shareholders are advised to refrain from taking any action in relation to their SingPost Shares which may be prejudicial to their interests until they or their advisers have considered the information and the recommendations to be set out in the circular.

8. FURTHER INFORMATION

8.1 Directors' Service Contracts

No person is proposed to be appointed as a director of SingPost in connection with the Proposed Disposal. Accordingly, no service contract is proposed to be entered into between SingPost and any such person.

8.2 Interests of Directors and Controlling Shareholders

Save as disclosed in this announcement, other than by virtue of their respective directorships and/or shareholding interest in the Company and/or the SingPost Group (as the case may be), none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

8.3 Documents For Inspection

Copies of the SPA are available for inspection during normal business hours at the registered office of SingPost at 10 Eunos Road 8, Singapore Post Centre, Singapore 408600, for a period of three months commencing from the date of this Announcement.

Issued by Singapore Post Limited on 2 December 2024.