

Fraser's Property Limited

Incorporated in Singapore

Company Registration No. 196300440G

ISSUE OF UNITS BY AQUAMARINE STAR TRUST

1. INTRODUCTION

The Proposed Transaction

- 1.1 Fraser's Property Limited (the "**Company**" or "**FPL**", and together with its subsidiaries, the "**Group**") wishes to announce that its wholly-owned subsidiaries, Fraser's Property Aquamarine Trustee Pte. Ltd (in its capacity as the trustee-manager of Aquamarine Star Trust) (the "**AST Trustee-Manager**") and FCL Aquamarine Pte. Ltd. (the "**Fraser's Investor**") have entered into a unit subscription agreement (the "**Subscription Agreement**") with a long-term strategic investor (the "**Investor**") pursuant to which the Investor has agreed to subscribe for new units in Aquamarine Star Trust ("**AST**") and the AST Trustee-Manager has agreed to issue such new units in AST to the Investor (the "**Proposed Transaction**").
- 1.2 AST holds the property known as Fraser's Tower, located at 182 Cecil Street, Singapore 069547 (the "**Property**" or "**Fraser's Tower**"). The Fraser's Investor currently holds 100.0% of the existing units in AST in issue.

Information on the Property

- 1.3 Fraser's Tower is a 38-storey premium Grade A office development with an adjacent three-storey cascading retail podium situated at the gateway to Singapore's core Central Business District ("**CBD**"). Completed in May 2018, the Property has a total net lettable area of approximately 685,000 sq ft of which around 93% is leased to a diversified base of reputable tenants as at 31 March 2019.
- 1.4 Designed as a green and sustainable workplace, Fraser's Tower is equipped with energy-efficient and smart building features. To encourage green commuting, Fraser's Tower has direct underground access to Tanjong Pagar MRT Station and secured bicycle parking lots with end-of-trip facilities. In recognition of the Property's environmentally-friendly design, the Property is Singapore Building and Construction Authority Green Mark Platinum certified.

2. THE PROPOSED TRANSACTION

- 2.1 Pursuant to the Subscription Agreement, the AST Trustee-Manager has agreed to issue new units in AST to the Investor such that the Fraser's Investor and the Investor will each hold 50.0% of the units in AST in issue upon the closing of the Proposed Transaction.
- 2.2 The closing of the Proposed Transaction is subject to, and conditional upon, among others, there being no material damage or compulsory acquisition of the Property on or before closing of the Proposed Transaction.
- 2.3 The agreed value of the Property (and all plant, equipment and fixed assets of the Property) (the "**Agreed Property Value**") is S\$1,965,000,000. The Agreed Property Value was

negotiated between Frasers Investor and the Investor, taking into account independent valuations of the Property as at 30 April 2019 by Knight Frank Pte Ltd and Cushman & Wakefield VHS Pte. Ltd. (the “**Valuation Reports**”) based on the capitalisation approach and a discounted cash flow analysis.

- 2.4 The Proposed Transaction is expected to raise approximately S\$442.7 million (subject to post-closing adjustments) based on 50.0% of AST’s adjusted net asset value immediately after the closing of the Proposed Transaction. The consideration for the Proposed Transaction will be settled wholly in cash free from any deduction or withholding for or on account of any present or future taxes, and shall be paid without any set-off or counterclaim.

3. RATIONALE FOR THE PROPOSED TRANSACTION

The Proposed Transaction is in line with the strategy of the Group to optimise capital productivity through active asset management initiatives:

- (a) This partnership with the Investor is part of the Group’s ongoing portfolio balancing efforts. Frasers Tower is a landmark office tower in Singapore’s core CBD and a strategic investment property within Group’s portfolio. Together with the Investor, the Group will continue to own and work on enhancing the value of Frasers Tower.
- (b) The Group will continue to undertake asset and property management of Frasers Tower. This leverages the Group’s experience in managing property assets for external parties and allows the Group to grow its recurring fee income stream while maintaining the network effect of its commercial portfolio.

4. FINANCIAL EFFECTS

- 4.1 The Proposed Transaction is in the ordinary course of business of the Group. For illustrative purposes only, the pro forma financial effects of the Proposed Transaction on FPL as set out below are prepared based on the Group’s latest announced audited consolidated financial statements for the financial year ended 30 September 2018 (“**FY2018**”), and are subject to the following key assumptions:

- (a) the effect of the Proposed Transaction on the Group’s earnings per ordinary share (“**Share**”) of FPL (“**EPS**”) for FY2018 is based on the assumption that the Proposed Transaction had been effected at the beginning of FY2018; and
- (b) the effect of the Proposed Transaction on the Group’s net tangible assets (“**NTA**”) per Share for FY2018 is based on the assumption that the Proposed Transaction had been effected at the end of FY2018.

- 4.2 The financial effects set out below are theoretical in nature and are therefore not necessarily indicative of the future financial position and earnings of FPL or the Group.

(a) **EPS**

	Before the Proposed Transaction	After the Proposed Transaction
Profit after tax and non-controlling interests (before fair value change and exceptional items) (S\$' million)	507.2	521.7
Profit after tax and non-controlling interests (after fair value change and exceptional items) (S\$' million)	759.0	823.4
EPS (before fair value change and exceptional items) (Singapore cents) ⁽¹⁾	14.7	15.2
EPS (after fair value change and exceptional items) (Singapore cents) ⁽¹⁾	23.4	25.6
Weighted average number of issued Shares ('million)	2,910.6	2,910.6

Note:

- (1) EPS has been calculated after adjusting for distributions to perpetual securities holders of S\$79.3 million.

(b) **NTA per Share**

	Before the Proposed Transaction	After the Proposed Transaction
NTA (S\$' million)	6,602.3	6,752.6
Number of issued Shares (million)	2,912.0	2,912.0
NTA per Share (S\$)	2.3	2.3

5. DOCUMENTS FOR INSPECTION

A copy of each of the Valuation Reports will be available for inspection at the registered office of the Company* at 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958 during normal business hours for three (3) months from the date of this announcement.

By Order of the Board

Catherine Yeo
Company Secretary
26 June 2019

**Prior appointment with the Company will be appreciated.*