

Frasers Property Limited

Incorporated in Singapore

Company Registration No. 196300440G

PROPOSED INVESTMENT INTO PGIM REAL ESTATE ASIARETAIL FUND LIMITED**1. INTRODUCTION**

Frasers Property Limited (“**FPL**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that Frasers Property Crystal Pte. Ltd. (the “**Purchaser**”), a wholly owned subsidiary of FPL, has on 17 February 2019 entered into a conditional sale and purchase agreement (the “**Sale and Purchase Agreement**”) with a shareholder of PGIM Real Estate AsiaRetail Fund Limited (the “**Company**”, and the selling shareholder, the “**Vendor**”), pursuant to which the Purchaser has agreed to buy from the Vendor, and the Vendor has agreed to sell to the Purchaser and/or its nominees, 94,013 shares in the capital of the Company (the “**Sale Shares**”) (such sale and purchase transaction hereinafter called the “**Acquisition**”).

2. THE ACQUISITION**2.1 Information on the Company and the Sale Shares**

The Company is an open-end private investment vehicle set up as a company incorporated in Bermuda and the largest non-listed retail mall fund in Singapore. The Company owns and manages six retail malls in close proximity to MRT subway stations (Tiong Bahru Plaza, White Sands, Liang Court, Hougang Mall, Century Square and Tampines 1) and an office property (Central Plaza) in Singapore, and four retail malls in Malaysia. The Company is managed by PGIM Real Estate, the real estate investment business of PGIM, the \$1 trillion global investment management business of Prudential Financial, Inc. (NYSE: PRU).

The Sale Shares comprise approximately 17.8265% stake in the Company.

2.2 Consideration for the Sale Shares

Pursuant to the terms and subject to the conditions of the Sale and Purchase Agreement, the consideration for the Sale Shares is estimated to be approximately S\$356.4 million, subject to determination of the dividend amount payable in respect of the Sale Shares for the fourth quarter of 2018 (the “**Consideration**”).

The Consideration was arrived at on a willing-buyer and willing-seller basis, taking into consideration the net asset value of the Sale Shares and the underlying performance of the properties owned by the Company.

The book value and net asset value of the Sale Shares as at 31 December 2018 amount to approximately S\$355.5 million (which includes the 4Q 2018 Dividend (as defined in paragraph 2.2(a) below)).

The Consideration shall be satisfied by the Purchaser in the following manner:

- (a) on the date falling 3 business days after fulfilment of the last condition precedent (as set out in paragraph 2.3 below) (or such other date agreed between the Parties) (the

"**Completion Date**"), the Purchaser shall pay to the Vendor the sum of approximately S\$338.6 million (the "**Initial Consideration Payment**"), being 95% of the amount calculated as follows: approximately S\$359.7 million, less the dividend payable in respect of the Sale Shares for the fourth quarter of 2018 ("**4Q 2018 Dividend**") which is estimated as being approximately S\$3.3 million;

- (b) on the date falling 7 business days after the later of the Completion Date and the date of receipt of the 4Q 2018 Dividend by the Vendor ("**Second Payment Date**"), the Purchaser shall pay the sum equivalent to the positive difference between the Consideration and the Initial Consideration Payment, if any, to the Vendor, provided that in the event that the Initial Consideration Payment exceeds the Consideration, the Vendor shall be obliged to repay to the Purchaser the amount by which the Initial Consideration Payment exceeds the Consideration, on the Second Payment Date.

If certain conditions are met including receipt of certain distributions by the Purchaser, the Purchaser shall pay an additional sum of approximately S\$3.6 million (the "**Additional Sum**") to the Vendor.

2.3 Other Salient Terms of the Sale and Purchase Agreement

The Sale Shares shall be sold to the Purchaser and/or its nominee(s) with effect from the Completion Date, free from all encumbrances and together with all rights, dividends and entitlements attaching and/or accruing to the Sale Shares as from (but excluding) the Completion Date. Save as stated in paragraph 2.2 above, distributions to shareholders, including of the proceeds of property sales or extraordinary income, declared in respect of the Sale Shares at any time on or after 4 February 2019, shall accrue to the Purchaser.

Completion of the Acquisition ("**Completion**") shall be conditional on the following:

- (a) the consent or no objection decision (as the case may be) from the Bermuda Monetary Authority pursuant to the Bermuda Exchange Control Act 1972 (and regulations thereunder) in respect of the transfer of the Sale Shares to the Purchaser and/or its nominee(s);
- (b) the receipt by the Vendor of the Non-Allocation Notice¹ from the Company in relation to the Sale Shares; and
- (c) the approval from the board of directors of the Company approving the transfer of the Sale Shares from the Vendor to the Purchaser and/or its nominee(s) being obtained and remaining in full force and effect and not withdrawn or revoked or amended, on or before the Completion Date.

The Sale and Purchase Agreement also contains other customary terms such as limited representations and warranties, terms relating to termination and confidentiality obligations.

¹ Under the Company's Bye-Laws, the other shareholders of the Company have a right of pre-emption to acquire the Sale Shares. Following the signing of the Sale and Purchase Agreement, the Vendor will give a Transfer Notice to the Company which will constitute an offer to the other shareholders to acquire the Sale Shares. If none of the other shareholders apply for the Sale Shares within the next 30 calendar days, or if the Transfer Notice requires that all and not some of the Sale Shares must be purchased and the other shareholders have not collectively applied to do so, the Company will give a Non-Allocation Notice to the Vendor and the other shareholders, and thereafter the Vendor will be at liberty to sell the Sale Shares to the Purchaser on the terms set out in the Bye-Laws.

3. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

Based on the latest announced unaudited consolidated financial statements of the Group for the first quarter ended 31 December 2018 (“**1Q2019**”) of financial year 2019 (“**FY2019**”), the relative figures computed in respect of the Acquisition on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) are as follows²:

| | | | |
|--|--|---|------|
| <u>Net profit test</u> (Rule 1006(b)) | Net profits attributable to the Sale Shares = S\$5 million | Net profits of the Group = S\$278 million | 1.8% |
| <u>Market capitalisation test</u> (Rule 1006(c)) | Estimated consideration ³ = S\$360 million | FPL’s market capitalisation (calculated based on the weighted average price of S\$1.6990 per Share and 2,919,487,919 Shares (excluding treasury shares) as at 15 February 2019, being the market day immediately preceding the date of the Sale and Purchase Agreement = S\$4,960 million | 7.3% |

(Rules 1006(a), (d) and (e) are not applicable as the Acquisition is an acquisition of assets and no shares of FPL are being issued in consideration of the Acquisition.)

4. RATIONALE AND KEY BENEFITS OF THE ACQUISITION

- 4.1 The Acquisition is in line with the Group’s strategy to grow recurring income sources in one of the Group’s key asset classes. The assets in the Company are primarily suburban retail properties in Singapore, an asset class in which the Group has significant experience.
- 4.2 The Acquisition enhances the resilience of the Group’s portfolio of investment properties. Suburban retail is an asset class that has demonstrated resilience across property cycles. The Acquisition offers an opportunity for the Group to grow its presence in the retail sector in Singapore through exposure to the Company’s portfolio of quality retail properties.

² figures are rounded to whole numbers and percentages to one decimal place

³ for purposes of this calculation, including both the estimated Consideration and the Additional Sum

5. SOURCES(S) OF FUNDS FOR THE ACQUISITION AND FINANCIAL EFFECTS

5.1 Source(s) of Funds

FPL intends to finance the Acquisition via internal funds or external borrowings or a combination thereof.

5.2 Pro Forma Financial Effects

For illustrative purposes only, the *pro forma* financial effects of the Acquisition 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 Acquisition on the Group's earnings per ordinary share ("**Share**") of FPL ("**EPS**") for FY2018 is based on the assumption that the Acquisition had been effected at the beginning of FY2018;
- (b) the effect of the Acquisition on the Group's net tangible assets ("**NTA**") per Share for FY2018 is based on the assumption that the Acquisition had been effected at the end of FY2018; and
- (c) the effect of the Acquisition is based on the unaudited consolidated financial statements of the Company for the financial year ended 31 December 2018.

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,

(1) EPS

| | Before the Acquisition | After the Acquisition |
|---|------------------------|-----------------------|
| Profit after tax and non-controlling interests (before fair value change and exceptional items) (S\$'million) | 507 | 509 |
| Profit after tax and non-controlling interests (after fair value change and exceptional items) (S\$'million) | 759 | 763 |
| EPS (before fair value change and exceptional items) (Singapore cents) | 14.70 | 14.75 |
| EPS (after fair value change and exceptional items) (Singapore cents) | 23.35 | 23.50 |
| Weighted average number of issued Shares ('million) | 2,910.6 | 2,910.6 |

The EPS has been calculated after adjusting for distributions to perpetual securities holders of S\$79 million.

(2) NTA per Share

| | Before the Acquisition | After the Acquisition |
|------------------------------------|------------------------|-----------------------|
| NTA (S\$'million) | 6,602 | 6,600 |
| Number of issued Shares ('million) | 2,912.0 | 2,912.0 |
| NTA per Share (S\$) | 2.27 | 2.27 |

The NTA has been adjusted for the transaction costs of the Acquisition.

6. OTHER INFORMATION

6.1 Director's Service Contracts

No person is proposed to be appointed as a director of FPL in connection with the Acquisition.

6.2 Interests of the Directors and Controlling Shareholders

None of the directors of FPL and, as far as the directors of FPL are aware, none of the controlling Shareholders of FPL, has any interest, direct or indirect, in the Acquisition (otherwise than through their holdings of Shares, if any).

7. DOCUMENTS FOR INSPECTION

A copy of the Sale and Purchase Agreement will be available for inspection by prior appointment during normal business hours at the registered office of FPL at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958 from the date of this announcement up to and including the date falling three months after the date of this announcement.

BY ORDER OF THE BOARD

Catherine Yeo
Company Secretary

18 February 2019