



FRASERS CENTREPOINT TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 5 June 2006 (as amended))

ACQUISITION OF SHARES IN ASIARETAIL FUND

1. INTRODUCTION

Frasers Centrepoint Asset Management Ltd., as manager of Frasers Centrepoint Trust (“**FCT**” and together with its subsidiaries, the “**Group**”, and Frasers Centrepoint Asset Management Ltd. as manager of FCT, the “**Manager**”) is pleased to announce that FCT Holdings (Sigma) Pte. Ltd. (the “**Purchaser**”), a wholly owned subsidiary of FCT, has on 30 June 2020 exercised its right of pre-emption as a shareholder of PGIM Real Estate AsiaRetail Fund Limited (the “**Company**”) to apply for an aggregate of 48,229 shares in the capital of the Company (collectively, the “**Sale Shares**” and the transaction, the “**Acquisition**”) that certain shareholders of the Company had given notice of their desire to sell (the selling shareholders, the “**Vendors**”, and such notices, the “**Transfer Notices**”).

The Company has on 30 June 2020 given notice that the Purchaser has been allocated all of the Sale Shares.

The Sale Shares comprise in aggregate an approximate 12.07% stake in the Company.

2. INFORMATION ON THE COMPANY

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

3. CONSIDERATION FOR THE SALE SHARES

Pursuant to the terms and conditions of the Transfer Notices, the aggregate consideration for the Sale Shares is approximately S\$197.2 million (the “**Consideration**”).

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

¹ PGIM is the principal investment management business of Prudential Financial, Inc. (PFI). Prudential Financial, Inc. of the United States is not affiliated with Prudential plc, which is headquartered in the United Kingdom

In addition to the Consideration, the Vendors are also entitled to the dividends declared by the Company on the Sale Shares in relation to any period up to and including the completion date.

The NAV of the Sale Shares as at 31 March 2020 amounts to approximately S\$194.0 million in aggregate.

The Purchaser shall pay the Consideration in full to the Vendors on the completion date.

4. OTHER SALIENT TERMS

The Sale Shares shall be sold to the Purchaser free from all encumbrances on the completion date.

5. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

The relative figures for the Acquisition using the relevant bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”) are as follows²:

<u>Comparison of</u>	<u>Acquisition</u>	<u>FCT Group (the “Group”)</u>	<u>Relative Figure</u>
<u>Total return</u> (net profit test under Rule 1006(b))	S\$1.8 million ⁽¹⁾	S\$210.7 million ⁽²⁾	0.9%
<u>Consideration against Market capitalisation</u> (market capitalisation test under Rule 1006(c))	S\$197.2 million	S\$2,634.5 million ⁽³⁾	7.5%

Notes:

- (1) Based on the Group’s share of consolidated results of the Company for the financial year ended 30 September 2019 and assuming that:
 - (i) the Company had divested Liang Court, Kinta City, Island Plaza and 1st Avenue Mall on 30 September 2018;
 - (ii) the Group’s share of return is based on an effective shareholding in the Company of 27.95% from 1 October 2018 to 30 June 2019 and 31.41% from 1 July 2019 to 30 September 2019 following capital redemption in the Company;
 - (iii) the Group’s expenses comprising borrowing costs from the drawdown of loans to fund the Acquisition, the Manager’s management fees, the transaction costs and the Trustee’s fees incurred in connection with the Acquisition, have been deducted; and
 - (iv) the Acquisition Fee of S\$1.972 million (being 1% of the Consideration) has been deducted.
- (2) Based on the latest audited consolidated financial statements of the Group for the financial year ended 30 September 2019 (“FY2019”) and adjustments made to assume that:
 - (i) the acquisition of 99,150 shares in the capital of the Company took place on 1 October 2018;

² Figures and percentages are rounded to one decimal place

- (ii) the divestments of Liang Court, Kinta City, Island Plaza and 1st Avenue Mall took place on 30 September 2018; and
 - (iii) the acquisition of 40% of the total issued units of Sapphire Star Trust (“SST”) and 40% share of a unitholders’ loan previously extended by the unitholders of SST to SST took place on 1 October 2018.
- (3) Based on the volume weighted average price of S\$2.3564 per FCT unit (“Unit”) as at 29 June 2020, being the market day immediately preceding the date of exercise of the Purchaser’s pre-emption right.

6. RATIONALE AND KEY BENEFITS OF THE ACQUISITION

6.1 Accretion to Distribution per Unit (“DPU”)

The Acquisition is accretive to the Group’s DPU for FY2019 based on the assumption that the Acquisition had been effected at the beginning of FY2019 (*i.e.* on 1 October 2018).

6.2 Consistent with the Manager’s Investment Strategy

The Acquisition is in line with the Manager’s principal investment strategy to acquire interests in quality income-producing properties used primarily for retail purposes, and to enhance FCT’s presence in the Singapore suburban retail sector, so as to deliver regular and stable distributions to FCT’s unitholders (“Unitholders”).

6.3 Greater Income Diversification

The Acquisition is expected to benefit FCT and its Unitholders through further income diversification and mitigation of concentration risk from any single asset or major tenants.

7. METHOD OF FINANCING THE ACQUISITION, AND ESTIMATED ACQUISITION COST

Excluding the acquisition fee payable to the Manager³ (“Acquisition Fee”) which will be payable in Units (“Acquisition Fee Units”), the Manager intends to finance the Acquisition with debt financing. The Acquisition fully funded by debt would result in the Group’s *pro forma* gearing to be 36.2% as at 30 September 2019.

8. PRO FORMA FINANCIAL EFFECTS

For illustrative purposes only: the *pro forma* financial effects of the Acquisition on (a) the DPU; (b) the NAV per Unit; and (c) capitalisation and gearing of FCT, as set out below, are prepared based on the Group’s latest audited consolidated financial statements for FY2019, and are subject to the following key assumptions:

³ The Acquisition Fee is in the sum of S\$1.972 million, being 1% of the Consideration

- (i) the effect of the Acquisition on the Group's DPU for FY2019 is based on the assumption that the Acquisition had been effected at the beginning of FY2019 (*i.e.* on 1 October 2018);
- (ii) the effect of the Acquisition on the Group's NAV per Unit for FY2019 is based on the assumption that the Acquisition had been effected at the end of FY2019 (*i.e.* on 30 September 2019);
- (iii) approximately 0.8 million Acquisition Fee Units are issued;
- (iv) as the Acquisition is fully funded by debt, no new Units are issued (other than the Acquisition Fee Units); and
- (v) bank borrowings are used to finance the balance funding requirement, including paying the estimated professional and other fees and expenses incurred or to be incurred by FCT in connection with the Acquisition.

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

Pro Forma DPU

	Audited Financial Statements for FY2019	Effects of the Acquisition	
		Before the Acquisition ⁽¹⁾	After the Acquisition ⁽²⁾
Total return before tax (S\$'000)	205,956	210,721	212,485
Distributable Income (S\$'000)	118,718	133,663	133,936
Weighted average number of Issued and Issuable Units ('000)	1,003,727 ⁽³⁾	1,116,063 ⁽⁴⁾	1,116,916 ⁽⁵⁾
DPU (cents)	11.974 ⁽⁶⁾	11.972 ⁽⁶⁾	11.987 ⁽⁶⁾
Accretion (%)			0.13%

Notes:

- (1) Based on the latest audited consolidated financial statements of the Group for FY2019 and adjustments made to assume that:
 - (i) the acquisition of 99,150 shares in the capital of the Company took place on 1 October 2018;
 - (ii) the divestments of Liang Court, Kinta City, Island Plaza and 1st Avenue Mall took place on 30 September 2018; and
 - (iii) the acquisition of 40% of the total issued units of SST and 40% share of a unitholders' loan previously extended by the unitholders of SST to SST took place on 1 October 2018.

- (2) Based on the Group's share of consolidated results of the Company for the financial year ended 30 September 2019 and assuming that:
- (i) the Company had divested Liang Court, Kinta City, Island Plaza and 1st Avenue Mall on 30 September 2018;
 - (ii) the Group's share of return is based on an effective shareholding in the Company of 27.95% from 1 October 2018 to 30 June 2019 and 31.41% from 1 July 2019 to 30 September 2019 following capital redemption in the Company;
 - (iii) the Group's expenses comprising borrowing costs from the drawdown of loans to fund the Acquisition, the Manager's management fees, the transaction costs and the Trustee's fees incurred in connection with the Acquisition, have been deducted; and
 - (iv) the Acquisition Fee of S\$1.972 million (being 1% of the Consideration) has been deducted.
- (3) Based on the weighted average number of Units issued and issuable as of 30 September 2019.
- (4) Based on the weighted average number of Units issued and issuable as of 30 September 2019 and assuming that the equity fund raising to part-finance the acquisition of 99,150 shares in the capital of the Company and 40% of the total issued units of SST and 40% share of a unitholders' loan previously extended by the unitholders of SST to SST took place, and the respective acquisition fees in units were issued, on 1 October 2018.
- (5) Includes approximately 0.8 million Acquisition Fee Units issued at an illustrative price of S\$2.4027 per new Unit.
- (6) Excludes release of prior year's retention of distributable income of 0.096 cents per Unit.

Pro Forma NAV

	Effects of the Acquisition	
	Audited Financial Statements for FY2019 and Before the Acquisition	After the Acquisition
NAV (S\$'000)	2,471,059	2,470,960
Issued and issuable Units ('000)	1,117,509 ⁽¹⁾	1,118,330 ⁽²⁾
NAV per Unit (S\$)	2.21	2.21

Notes:

- (1) Number of issued and issuable Units as at 30 September 2019.
- (2) Includes approximately 0.8 million Acquisition Fee Units issued at an illustrative price of S\$2.4027 per new Unit.

Pro Forma Capitalisation and Gearing

	Effects of the Acquisition	
	Audited Financial Statements for FY2019 and Before the Acquisition	After the Acquisition
Current borrowings (S\$'000)	295,049	295,049

Non-current borrowings (S\$'000)	973,956	1,171,294
Total borrowings (S\$'000)	1,269,005	1,466,343
Unitholders' funds (S\$'000)	2,471,059	2,470,960
Total Capitalisation (S\$'000)	3,740,064	3,937,303
Gearing⁽¹⁾	32.9%	36.2%

Note:

(1) Computed as gross borrowings over total assets. In accordance with Appendix 6 of the Code on Collective Investment Schemes, the gearing ratio included FCT's 40% proportionate share of deposited property value and borrowing in SST.

9. OTHER INFORMATION

9.1 Director's Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Acquisition or any other transaction contemplated in relation to the Acquisition.

9.2 Interests of the Directors and Controlling Unitholders

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

10. DOCUMENTS FOR INSPECTION

Copies of the Transfer Notices will be available for inspection during normal business hours at the registered office of the Manager 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 announcement⁴.

⁴ Prior appointment is required. Please contact the Investor Relations team (Tel: +65 6277 2657 or email: ir@fraserscentrepointrust.com).

BY ORDER OF THE BOARD

Frasers Centrepoint Asset Management Ltd.

as manager of Frasers Centrepoint Trust

Company Registration No: 200601347G

Catherine Yeo

Company Secretary

30 June 2020

For further information, kindly contact:

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