

Frasers Property Limited

*Incorporated in Singapore
Company Registration No. 196300440G*

ISSUANCE OF UNITS IN NORTH GEM TRUST WHICH HOLDS NORTHPOINT CITY (SOUTH WING)

1. INTRODUCTION

- 1.1 Frasers Property Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to announce that its wholly-owned subsidiaries, Frasers Property North Gem Trustee Pte. Ltd. (in its capacity as the trustee-manager of North Gem Trust) (the "**Trustee-Manager**") and FCL Amber Pte. Ltd. ("**FCL Amber**") have today entered into a unit subscription agreement (the "**Unit Subscription Agreement**") with Bright Bloom Capital Limited (the "**Subscriber**"), pursuant to which the Subscriber has subscribed for 1,000,002 new units (the "**Subscription Units**") in North Gem Trust ("**NGT**"), representing 50% of the enlarged total issued units of NGT upon completion of the Unit Subscription Agreement ("**Completion**") (the "**Subscription**"). FCL Amber holds the remaining 50% of the enlarged total issued units of NGT.
- 1.2 NGT presently holds interest as a tenant in common in the land on which Northpoint City (South Wing) is situated, and is solely entitled to the beneficial interest in the commercial component (comprising retail, community club and other non-residential uses) of the development (the "**Property**").

2. THE SUBSCRIPTION AND RELATED TRANSACTIONS

2.1 Description of the Property

Northpoint City (South Wing), located at 930 Yishun Avenue 2, comprises a two-storey retail podium with two basements, incorporating amenities such as carparking facilities as well as the Nee Soon Community Club and the Yishun Bus Interchange. Completed in December 2017, it has a lettable area of 26,994 square metres.

2.2 The Subscription and Related Transactions

- (a) The Unit Subscription Agreement provides for the subscription of such number of new units by the Subscriber in NGT representing 50% of the total issued units of NGT upon Completion. In connection with the Subscription, TCCP Pte. Ltd. ("**TCCP**") (being a related corporation of the Subscriber) has today granted a new unitholder loan of S\$174.5 million (the "**TCC Unitholder Loan**") to the Trustee-Manager (acting on behalf of NGT), being an amount equivalent to 50% of the unitholder loan extended by FCL Amber to NGT and outstanding immediately prior to Completion (the "**Previous FCL Amber Loan**").

- (b) FCL Amber has also today granted a new unitholder loan of S\$174.5 million on the same terms as the TCC Unitholder Loan (the "**FCL Unitholder Loan**", and together with the TCC Unitholder Loan, the "**New Unitholder Loans**") to the Trustee-Manager (acting on behalf of NGT) which is equivalent to the balance 50% of the Previous FCL Amber Loan owing by NGT to FCL Amber immediately prior to Completion. The loan proceeds from the TCC Unitholder Loan and the FCL Unitholder Loan have been utilised on Completion for the repayment of the entire Previous FCL Amber Loan, which has been fully repaid on Completion and replaced with the New Unitholder Loans.
- (c) Each of FCL Amber, the Subscriber and the Trustee-Manager has also today entered into a unitholders' agreement in relation to NGT (the "**Unitholders' Agreement**") to regulate the relationship between FCL Amber and the Subscriber as unitholders of NGT and an amendment and restatement deed (the "**Amendment and Restatement Deed**") pursuant to which the deed of trust constituting NGT has been amended and restated (the "**Amended and Restated Trust Deed**").

The above shall be referred to collectively as the "**Transaction**" and the Unit Subscription Agreement, the Unitholders' Agreement, the Amendment and Restatement Deed (incorporating the Amended and Restated Trust Deed) and the loan agreements in relation to the New Unitholder Loans shall be referred to collectively as the "**Transaction Documents**".

2.3 **Consideration and Valuation**

The consideration for the Subscription is paid in cash and is the sum equal to 100% of the adjusted net asset value of NGT immediately prior to Completion (the "**Consideration**"). The adjusted net asset value of NGT is derived from the total assets less total liabilities of NGT, adjusted on the basis that the agreed value of the Property is fixed at S\$1.100 billion (the "**Agreed Property Value**") and after taking into account certain adjustments.

The estimated Consideration, which has been paid on Completion, is S\$1.00, subject to post-completion adjustments in accordance with the Unit Subscription Agreement.

Based on the unaudited results of the Company for the half year ended 31 March 2020, the book value of the Property as at 31 March 2020 is approximately S\$1.050 billion, the net losses attributable to 50% of the equity interest in NGT is approximately S\$0.23 million and the net tangible liabilities attributable to 50% of the equity interest in NGT is approximately S\$197.8 million.

The Agreed Property Value of S\$1.100 billion was negotiated on a willing-buyer and willing-seller basis, taking into account an independent valuation of the Property as at 1 June 2020 by Jones Lang LaSalle Property Consultants Pte Ltd (the "**Independent Valuer**") based on the capitalisation approach and a discounted cash flow analysis. Based on the report by the Independent Valuer dated 1 June 2020 (the "**Independent Valuation**"), the Independent Valuer has stated that the open market value of the Property as at 1 June 2020 was S\$1.100 billion.

As mentioned in paragraph 2.2 above, in addition to the payment of the estimated Consideration, TCCP (being a related corporation of the Subscriber) has also extended the TCC Unitholder Loan of S\$174.5 million to enable the Trustee-Manager (acting on behalf of

NGT) to repay 50% of the total amount owing by NGT to FCL Amber immediately prior to Completion under the Previous FCL Amber Loan.

Accordingly, the total amount which has been received by the Trustee-Manager (acting on behalf of NGT) in connection with the Subscription from the Subscriber and its related corporation TCCP on Completion is S\$174,500,001, being the aggregate of the estimated Consideration and the TCC Unitholder Loan.

The final Consideration payable by the Subscriber is subject to post-Completion adjustments for the adjusted net asset value of NGT immediately prior to Completion.

2.4 **Principal Terms of the Unit Subscription Agreement**

The principal terms of the Unit Subscription Agreement include, *inter alia*, the following:

- (a) the Consideration for the Subscription shall be the sum equal to 100% of the adjusted net asset value of NGT immediately prior to Completion;
- (b) Completion is conditional on the entry into the requisite agreements in relation to the amendments to the existing facility agreement made between the Trustee-Manager (in its capacity as trustee-manager of NGT) and certain financial institutions (the "**Existing Facility Agreement**") to, *inter alia*, permit the issuance of the Subscription Units to the Subscriber or receipt of the requisite written consents under the Existing Facility Agreement for the issuance of the Subscription Units to the Subscriber.

The requisite agreements in relation to the amendments to the Existing Facility Agreement have been entered into prior to Completion; and

- (c) on Completion, the Subscriber or its related corporation shall grant the TCC Unitholder Loan to the Trustee-Manager (acting on behalf of the Trust), which shall be fully applied by the Trustee-Manager (acting on behalf of the Trust) on Completion towards the partial repayment of the Previous FCL Amber Loan.

2.5 **Principal Terms of the New Unitholder Loans and the Unitholders' Agreement**

- (a) The principal terms of each of the New Unitholder Loans include, *inter alia*, the following:
 - (i) the quantum of the principal amount of each New Unitholder Loan is S\$174.5 million, being equivalent to 50% of the total amount owing by NGT to FCL Amber immediately prior to Completion under the Previous FCL Amber Loan;
 - (ii) the rate of interest on each New Unitholder Loan is a fixed rate of 4.5 per cent. per annum, or such other rate as agreed between the Trustee-Manager (acting on behalf of the Trust) and the lender under the relevant New Unitholder Loan provided that the same rate applies under each of the New Unitholder Loans;

- (iii) each New Unitholder Loan and all amounts accrued or owing in connection with such loan shall be repaid by no later than 18 March 2025; and
 - (iv) all repayments of the New Unitholder Loans shall be made on a *pro rata* basis based on the respective unitholding proportion of FCL Amber and the Subscriber *inter se* in NGT.
- (b) The principal terms of the Unitholders' Agreement include, *inter alia*, the following:
- (i) the unitholders and the Trustee-Manager shall not take any action or pass any resolution in respect of a set of reserved matters, which relates to key operational and management matters relating to NGT, except with the unanimous approval of the unitholders;
 - (ii) any provision of funds by the unitholders of NGT (whether by way of unitholder loans or subscription of new units) shall be on a *pro rata* basis based on their respective unitholding proportion in NGT; and
 - (iii) any support from the unitholders (whether by way of undertakings, guarantees, securities, indemnities or otherwise) required in connection with any external financing to be taken up by NGT shall be provided by the unitholders on the same terms and on a *pro rata* basis based on their respective unitholding proportion in NGT.

3. RATIONALE FOR AND BENEFITS OF THE TRANSACTION

The Transaction is a continuing initiative of the Group's capital management discipline and partnership strategy:

- (a) The Transaction enables the Group to optimise its capital productivity whilst growing asset and property management fee income.
- (b) The Group will remain as the asset manager and property manager of Northpoint City, thereby maintaining its strong suburban retail footprint in Singapore.
- (c) Net proceeds of approximately S\$174 million raised from the Transaction will be used to deleverage the Group's balance sheet and for the Group's general working capital purposes.
- (d) The Group expects to recognise a gain of S\$50 million over the last audited book value of Northpoint City (South Wing) as at 30 September 2019.

4. **INTERESTED PERSON TRANSACTIONS**

4.1 **The Subscription**

The Subscriber is a wholly-owned subsidiary of TCC Prosperity Limited ("**TCCPL**"). TCCPL is a company established in the British Virgin Islands and wholly-owned by Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi in equal shares.

As at the date of this Announcement (the "**Announcement Date**"), Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi are controlling shareholders of the Company and are deemed interested in 86.85% of the share capital of the Company. Mr Charoen Sirivadhanabhakdi is also the Chairman and Non-Executive and Non-Independent Director of the Company and Khunying Wanna Sirivadhanabhakdi is the Vice Chairman and Non-Executive and Non-Independent Director of the Company. Accordingly, the Subscriber is an associate of the controlling shareholders and directors of the Company and is deemed to be an "interested person" of the Company for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Listing Manual**").

Therefore, the entry by the Trustee-Manager and FCL Amber into the Unit Subscription Agreement would constitute an "interested person transaction" for the purposes of Chapter 9 of the Listing Manual.

Based on the latest audited financial statements of the Company and its subsidiaries for the financial year ended 30 September 2019, the latest audited net tangible assets of the Group is approximately S\$6,764.14 million. The total value of the Subscription is approximately S\$174,500,001 (the "**Subscription IPT Value**"), being the total amount received by the Trustee-Manager (acting on behalf of NGT) from the Subscriber and its related corporation TCCP in connection with the Subscription as set out in paragraph 2.3 above, representing approximately 2.58% of the latest audited net tangible assets of the Group.

4.2 **The New Unitholder Loans**

(a) **TCC Unitholder Loan**

As mentioned in paragraph 4.1 of this Announcement, the Subscriber is deemed to be an "interested person" of the Company for the purposes of Chapter 9 of the Listing Manual. Accordingly, the provision of the TCC Unitholder Loan by TCCP to NGT on Completion constitutes an "interested person transaction" for the purposes of Chapter 9 of the Listing Manual.

Based on Rule 909 of the Listing Manual, the value of the transaction is the amount at risk to the issuer and in the case of borrowing of funds from an interested person, the value of the transaction is the interest payable on the borrowing. Accordingly, the maximum amount of risk to the issuer in respect of the TCC Unitholder Loan under Chapter 9 of the Listing Manual is approximately S\$36.77 million (the "**TCC Unitholder Loan IPT Value**"), being the aggregate of the amount of interest payable for the term of the TCC Unitholder Loan.

(b) FCL Unitholder Loan

Following Completion today, Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, indirectly through the Subscriber, hold 50% of the total issued units of NGT. Accordingly, NGT has become an associate of the controlling shareholder and directors of the Company and is deemed to be an "interested person" of the Company for the purposes of Chapter 9 of the Listing Manual. Therefore, the provision of the FCL Unitholder Loan by FCL Amber to NGT on Completion constitutes an "interested person transaction" for the purposes of Chapter 9 of the Listing Manual.

Based on Rule 909 of the Listing Manual, the value of the transaction is the amount at risk to the issuer and in the case of lending of funds to an interested person, the value of the transaction is the interest payable on the loan and the value of the loan. Accordingly, the maximum amount of risk to the issuer in respect of FCL Unitholder Loan under Chapter 9 of the Listing Manual is approximately S\$211.27 million (the "**FCL Unitholder Loan IPT Value**"), being the aggregate of the FCL Unitholder Loan and the amount of interest payable for the term of the FCL Unitholder Loan.

(c) Rule 916(3) of the Listing Manual

Rule 916(3) of the Listing Manual states that the provision of a loan to a joint venture with an interested person is not required to comply with Rule 906 of the Listing Manual if:

- (i) the loan is extended by all joint venture partners in proportion to their equity and on the same terms;
- (ii) the interested person does not have an existing interest in the joint venture prior to the participation of the entity at risk in the joint venture; and
- (iii) the issuer confirms by an announcement that its audit committee is of the view that:
 - (A) the provision of the loan is not prejudicial to the interests of the issuer and its minority shareholders; and
 - (B) the risks and rewards of the joint venture are in proportion to the equity of each joint venture partner and the terms of the joint venture are not prejudicial to the interests of the issuer and its minority shareholders.

In this regard, the TCC Unitholder Loan and the FCL Unitholder Loan are being made on identical terms to NGT and in proportion to the respective equity of the Subscriber and FCL Amber in NGT. The Subscriber does not have any interest in NGT prior to Completion and FCL Amber is the sole unitholder of NGT prior to Completion. The audit committee of the Company has also confirmed the matters set out in subparagraph (iii) above in paragraph 4.3(b) below. Accordingly, the New Unitholder Loans fall within the exception under Rule 916(3) of the Listing Manual and are not required to comply with Rule 906 of the Listing Manual.

4.3 **Audit Committee on the Subscription and the New Unitholder Loans**

Having considered the terms and conditions of the Transaction Documents and the Independent Valuation, the audit committee of the Company is of the view that:

- (a) the Subscription is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority shareholders; and
- (b) in respect of the New Unitholder Loans:
 - (i) the provision of the TCC Unitholder Loan by TCCP to NGT and the provision of the FCL Unitholder Loan by FCL Amber to NGT is not prejudicial to the interests of the Company and its minority shareholders; and
 - (ii) the risks and rewards of the joint venture are in proportion to the equity of each of FCL Amber and the Subscriber in NGT and the terms of the joint venture are not prejudicial to the interests of the Company and its minority shareholders.

4.4 **Interested Person Transactions**

As at the Announcement Date, the value of all interested person transactions entered into with the Subscriber and its associates during the current financial year up to the Announcement Date (excluding transactions less than S\$100,000 and transactions conducted pursuant to the Company's general mandate for interested person transactions) is approximately S\$92.98 million.

Based on the Subscription IPT Value, the TCC Unitholder Loan IPT Value and the FCL Unitholder Loan IPT Value, the total value of the Transaction under Chapter 9 of the Listing Manual is approximately S\$422.53 million.

The total value of all interested person transactions entered into by the Group for the current financial year up to the Announcement Date (including in respect of the Transaction) amount to approximately S\$515.51 million.

BY ORDER OF THE BOARD

Catherine Yeo
Company Secretary
14 July 2020