



SINGAPORE PRESS HOLDINGS LIMITED
(Registration No. 198402868E)
Incorporated in the Republic of Singapore

**ACQUISITION OF PURPOSE-BUILT STUDENT ACCOMMODATION PORTFOLIO
IN THE UNITED KINGDOM**

1. INTRODUCTION

Singapore Press Holdings Limited ("**SPH**" or the "**Company**") is pleased to announce that the Company has, through its wholly-owned subsidiaries, Straits Five Pte. Ltd ("**Leeds Buyer**"), Straits Six Pte. Ltd. ("**Sheffield Buyer**") and Straits Eight Pte. Ltd. ("**Southampton Buyer**") (collectively, the "**Buyers**", and each a "**Buyer**"), entered into a sale and purchase agreement ("**SPA**") on 16 April 2019 with Habitus Holdings S.À R.L., ("**Leeds Seller**"), Privilege Holdings S.À R.L. ("**Sheffield Seller**") and Privilege Southampton Holdings S.À R.L. ("**Southampton Seller**"), (collectively, the "**Sellers**", and each a "**Seller**") and AIGGRE Europe Real Estate Fund I GP S.À R.L. ("**Sellers' Fund**") to acquire all the shares in the following companies in Luxembourg ("**Target Companies**" and each a "**Target Company**"):

- i) Privilege Leeds S.à.r.l ("**Leeds PropCo**") from the Leeds Seller;
- ii) Privilege Sheffield S.à.r.l ("**Sheffield PropCo**") from the Sheffield Seller; and
- iii) Privilege Southampton S.à.r.l ("**Southampton PropCo**") and Hampton Square Living S.à.r.l ("**Southampton Opco**") from the Southampton Seller,

(the "**Acquisition**").

After the Acquisition, the Target Companies will be wholly-owned subsidiaries of SPH. Each of the Target Companies, except for Southampton Opco, owns a freehold property for purpose built student accommodation. The Southampton Opco owns a leasehold property for the purpose of operating the purpose built student accommodation for the leasehold period in the United Kingdom (the "**PBSA Portfolio**").

2. INFORMATION ON THE PBSA PORTFOLIO

The PBSA Portfolio comprises three properties in Leeds, Sheffield and Southampton and an operating company in Southampton. Below is a summary of the ownership structure of the PBSA Portfolio pursuant to the Acquisition:

Seller	Buyer	Name of Target Company wholly owned by Buyer after Acquisition	Property owned by Target Company ("Asset")
Leeds Seller	Leeds Buyer	Privilege Leeds S.à.r.l.	Freehold property known as Asa Briggs House in Leeds
Sheffield Seller	Sheffield Buyer	Privilege Sheffield S.à.r.l.	Freehold property known as Sharman Court in Sheffield

Seller	Buyer	Name of Target Company wholly owned by Buyer after Acquisition	Property owned by Target Company ("Asset")
Southampton Seller	Southampton Buyer	Privilege Southampton S.à.r.l.	Freehold property known as Hampton Square in Southampton
Southampton Seller	Southampton Buyer	Hampton Square Living S.à.r.l.	Leasehold property, known as Hampton Square in Southampton

In connection with the Acquisition, the Target Companies will continue their facilities management agreements with Fresh Student Living Limited, a professional facility manager of student accommodation in the United Kingdom.

3. DETAILS OF THE ACQUISITION

3.1 Consideration

3.1.1 The purchase price of the shares in the Target Companies payable by the Buyers in connection with the Acquisition is the sum of £133,726,316.31 (approximately S\$237,016,523.03) (the "**Total Consideration**"). The Total Consideration is satisfied via (a) the aggregated payment of initial consideration to each of the Buyers amounting to £47,022,904.51 ("**Initial Consideration**"); (b) the payment of existing bank facilities and the Sellers' loans to the Target Companies; and (c) the Escrow Amount (as defined in paragraph 3.2(a)).

3.1.2 The SPA's adjustment mechanisms in respect of the Initial Consideration is that if the net asset value of the Target Companies (as set out in the completion accounts):

- (a) is less than the Initial Consideration, the Sellers will pay to the Buyers an amount equal to such difference, to be apportioned between the Buyers as set out in the completion accounts;
- (b) exceeds the Initial Consideration, the Buyers will pay to the Sellers an amount equal to such excess, to be apportioned between the Sellers as set out in the completion accounts; or
- (c) is the same as the Initial Consideration, then no payment will be due from either the Sellers or the Buyers to the other party.

The Total Consideration was arrived at following arms' length negotiations on a willing buyer-willing seller basis and taking into account various factors such as the assets and business prospects of the Target Companies.

The Total Consideration payable to the Sellers will be fully satisfied in cash and funded through internal as well as external resources.

Based on the Cushman & Wakefield valuation report dated 29 March 2019 ("**Valuation Report**") which was commissioned by the Buyers, the aggregate market value of the Assets as at 15 March 2019 is £129,865,000 (approximately S\$ 230,172,726).

Unless indicated otherwise, the indicative £-to-S\$ exchange rate used for the purposes of this announcement is £1: S\$1.7724.

3.2 Certain Terms and Conditions of the SPA

In addition to the customary representations and warranties for such agreements:

- (a) the Leeds Buyer and Sellers' Fund will enter into an escrow agreement ("**Escrow Agreement**") to set up an escrow account ("**Escrow Account**") for the purpose of rental guarantee more particularly described in paragraph 3.3 below. The amount in the Escrow Account is £2,617,000 ("**Escrow Amount**");
- (b) the Leeds Buyer shall not be entitled to assign its rights under the SPA or the Escrow Agreement unless the Leeds Buyer simultaneously assigns its rights under both agreements to the same party;
- (c) the Seller's Fund shall not be entitled to assign its rights under the Escrow Agreement or the SPA (by giving prior written notice to the Buyers) unless payments set out in paragraph 3.1.2 above have been made and such assignment is to an entity which is within the group of the Sellers and that the Sellers' Fund must simultaneously assign its rights and obligations under both agreements to the same party.

3.3 Rental Guarantee

3.3.1 Rationale of the Rental Guarantee

The Sellers' Fund will provide a rental guarantee (the "**Rental Guarantee**") with a capped liability equal to the Escrow Amount ("**Guaranteed Amount**"). The Rental Guarantee operates in the following manner:

- (a) The target income for the Assets is as follows: (i) £9,904,000 for the 2018/2019 academic year including the 2018/2019 summer income ("**2018/2019 Target Income**"); and (ii) £9,764,000 for the 2019/2020 academic year excluding the 2019/2020 summer income ("**2019/2020 Target Income**");
- (b) The Sellers' Fund will pay the shortfall in the form of permitted drawdown from the Escrow Account if the shortfall arises from any of these situations: (i) the gross income for academic year 2018/2019 is less than the 2018/2019 Target Income; or (ii) the contracted gross income (excluding summer income which is gross income from residential letting during the summer period from 13 July 2020 to 31 August 2020) is less than 2019/2020 Target Income. Gross income comprises rents and other income receivable through the letting, use or occupation of any part of the Assets, excluding items such as value-added tax, deposits from student residents and occupiers and late payment interests.

3.3.2 Principal Assumptions of the Rental Guarantee

The Guaranteed Amount was derived based on the expected shortfall between (a) the gross income for the duration of (i) the 2018/2019 academic year including the 2018/2019 summer income; and (ii) 2019/2020 academic year excluding the 2019/2020 summer income, in respect of the Assets; and (b) the 2018/2019 Target Income and 2019/2020 Target Income.

3.3.3 Safeguard

Within one business day after completion, the Guaranteed Amount will be paid into the Escrow Account.

3.3.4 Directors Opinion

The directors of the Company are of the view that the Rental Guarantee (the terms of which are set out in paragraph 3.3 of this Announcement) is on normal commercial terms and is not prejudicial to the interests of the Company and its shareholders.

3.3 Completion

Completion of the Acquisition took place in Luxembourg on 16 April 2019.

4. **RATIONALE FOR AND BENEFITS OF THE ACQUISITION**

The Company believes that the Acquisition will be beneficial to the Company and its subsidiaries (the "**Group**"), for the reasons set out below.

(a) *Dovetails with the Group's acquisition strategy*

The Company considers that the Acquisition dovetails with the Group's ongoing strategy of expanding the Group's asset management business to acquire cash-yielding assets in multiple defensive sectors.

(b) *Expanding the Group's geographical reach*

The Acquisition demonstrates the Group's intent to build its PBSA portfolio into a sizeable platform, whilst developing its strong domain expertise and on-ground capabilities in the United Kingdom.

5. **FINANCIAL EFFECTS OF THE ACQUISITION**

5.1 **For illustrative purposes only**, the financial effects of the Acquisition on the Company as set out below are prepared based on the Group's audited consolidated financial statements for the financial year ended 31 August 2018 ("**FY2018**") (being the latest announced consolidated full-year financial statements of the Group) and subject to the following key assumptions:

- (a) the effect of the Acquisition on the Company's net tangible assets ("**NTA**") per share in the capital of the Company ("**Share**") is based on the assumption that the Acquisition had been effected at the end of FY2018; and
- (b) the effect of the Acquisition on the Company's earnings per Share ("**EPS**") for FY2018 is based on the assumption that the Acquisition had been effected at the beginning of FY2018.

5.2 The financial effects as set out below, which are based on the assumptions set out in paragraph 5.1, are theoretical in nature and are therefore not necessarily indicative of the future financial position and earnings of the Company or the Group.

(a) NTA per Share

	Before the Acquisition	After the Acquisition
NTA (S\$'000)	3,290,904	3,290,904
Number of Shares (excluding treasury shares) ('000)	1,614,716	1,614,716
NTA per Share (S\$)	2.038	2.038

(b) EPS

	Before the Acquisition	After the Acquisition
Profit after taxation attributable to shareholders (S\$'000)	281,110	288,510
Weighted average number of Shares (excluding treasury shares) ('000)	1,615,277	1,615,277
EPS (S\$)	0.174	0.179

6. RELATIVE FIGURES OF THE ACQUISITION UNDER CHAPTER 10 OF THE LISTING MANUAL

Based on the Group's audited consolidated financial statements for FY2018, the relative figures of the Acquisition as computed on the bases as set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
(b)	Net profits attributable to the Assets, compared with the Group's net profits	2.6 ⁽¹⁾
(c)	Aggregate value of the Total Consideration, compared with the market capitalisation of the Company based on the total number of issued shares excluding treasury shares and management shares	6.1 ⁽²⁾
(d)	Number of equity securities issued by the Company as consideration for the Acquisition, compared with the number of equity securities previously in issue	Not applicable

(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves	Not applicable
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Notes:

- (1) *The relative figure for Rule 1006(b) was computed based on (i) the Group's net profits attributable to the shareholders of the Company for FY2018 of approximately S\$281,110,000; and (ii) the net profits attributable to the Assets, which is the subject of the Acquisition, of approximately S\$7,400,000.*
- (2) *The relative figure for Rule 1006(c) was computed based on (i) the market capitalisation of the Company of approximately S\$3.9 billion (which was determined by multiplying 1,598,079,180 issued shares (excluding treasury shares and management shares) of the Company by the weighted average price of approximately S\$2.44 per share transacted on 15 April 2019, being the market day immediately preceding the date of the SPA); and (ii) assumes that the total consideration payable to the Sellers, is £133,726,316.31 (approximately S\$237,016,523.03) (the "**Total Consideration**").*

As one of the relative figures under Rules 1006(b) and 1006(c) exceeds 5%, the Acquisition will constitute a discloseable transaction as defined in Chapter 10 of the Listing Manual.

7. INTERESTS OF DIRECTORS

None of the Directors of the Company has any interest, direct or indirect, in the Acquisition. The Company has no controlling shareholders.

8. DOCUMENT FOR INSPECTION

The Valuation Report is available for inspection at the Company's registered office at 1000 Toa Payoh North, Singapore 318994 during normal business hours for a period of three months from the date of this announcement.

Date: 16 April 2019