

Fraser's Property Limited

Incorporated in Singapore

Company Registration No. 196300440G

PROPOSED DIVESTMENT OF INTERESTS IN JOINT VENTURE ENTITIES IN RELATION TO WATERWAY POINT

1. INTRODUCTION

Divestment of interests in Joint Venture Entities in relation to Waterway Point

Pursuant to Rule 704(18)(c) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the board of directors of Fraser's Property Limited (the "**Company**" or "**Fraser's Property**", and together with its subsidiaries, the "**Group**" or the "**Fraser's Property Group**") wishes to announce that the Company has on 16 May 2019, through an indirect wholly-owned subsidiary of the Company, FCL Emerald (2) Pte. Ltd. (the "**Vendor**"), entered into:

- (a) a conditional unit sale and purchase agreement (the "**Target Units SPA**") with HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of Fraser's Centrepoint Trust) (the "**Trustee**" and Fraser's Centrepoint Trust, "**FCT**"), to divest 33 $\frac{1}{3}$ % of the total issued units of Sapphire Star Trust ("**SST**", and 33 $\frac{1}{3}$ % of the total issued units of SST, the "**Target Units**") and the Vendor's 33 $\frac{1}{3}$ % share of a unitholders' loan previously extended by the unitholders of SST, to SST (the "**Vendor's Unitholders' Loan**") to the Trustee (the "**Proposed Property Divestment**"); and
- (b) a conditional share sale and purchase agreement (the "**SST Trustee-Manager SPA**") with the Trustee to divest 33 $\frac{1}{3}$ % of the issued share capital of FC Retail Trustee Pte. Ltd. (the "**SST Trustee-Manager**", and 33 $\frac{1}{3}$ % of the issued share capital of the SST Trustee-Manager, the "**SST Trustee-Manager Shares**") to the Trustee (the "**Proposed SST Trustee-Manager Divestment**", and the Proposed SST Trustee-Manager Divestment and the Proposed Property Divestment, the "**Proposed Divestment**").

The Vendor holds 33 $\frac{1}{3}$ % of the total issued units of SST and 33 $\frac{1}{3}$ % of the issued share capital of the SST Trustee-Manager as part of a three-way joint venture to develop and hold the retail units in the property known as "Waterway Point" located at 83 Punggol Central, Singapore 828761 (the "**Property**" or "**Waterway Point**") under SST (with the SST Trustee-Manager as a special purpose company incorporated to act as the trustee-manager of SST). The Proposed Divestment will result in the transfer of an effective 33 $\frac{1}{3}$ % interest in the Property to FCT.

2. SALIENT TERMS OF THE PROPOSED DIVESTMENT

2.1 Certain Principal Terms of the Target Units SPA

The principal terms of the Target Units SPA include, among others, the following:

- (a) the Target Units Purchase Consideration will be based on the net asset value of SST as at the completion date, subject to preliminary adjustments being within 30 calendar days after the date of completion under the Target Units SPA and final adjustments being within one year after the date of completion under the Target Units SPA;
- (b) the completion of the Target Units SPA will be inter-conditional on the fulfilment of the conditions precedent under the SST Trustee-Manager SPA; and
- (c) the completion of the Target Units SPA will be conditional on several conditions precedent, including:
 - (i) FCT obtaining the required approvals from its unitholders at an extraordinary general meeting of its unitholders, such approvals not having been cancelled, revoked or withdrawn; and
 - (ii) FCT having obtained adequate financing to fund its acquisitions pursuant to the Proposed Divestment on terms and conditions acceptable to FCT at its sole discretion, whether through an issue of Units or through debt (the composition and manner of such financing being at the sole discretion of FCT) and all such approvals necessary for such financing not having been cancelled, revoked or withdrawn, and if applicable the conditions to all such approvals having been fulfilled.

2.2 Certain Principal Terms of the SST Trustee-Manager SPA

The principal terms of the SST Trustee-Manager SPA include, among others, the following:

- (a) the SST Trustee-Manager Share Purchase Consideration will be based on the net asset value of the SST Trustee-Manager (in its personal capacity and excluding assets and liabilities incurred in its capacity as a trustee-manager of a trust) as at the completion date, subject to preliminary adjustments being within 30 calendar days after the date of completion under the SST Trustee-Manager SPA and final adjustments being within one year after the date of completion under the SST Trustee-Manager SPA;
- (b) the completion of the SST Trustee-Manager SPA will be inter-conditional on the fulfilment of the conditions precedent under the Target Units SPA; and
- (c) the completion of the SST Trustee-Manager SPA will be conditional on several conditions precedent, including:
 - (i) FCT obtaining the required approvals from its unitholders at an extraordinary general meeting of its unitholders, such approvals not having been cancelled, revoked or withdrawn; and
 - (ii) FCT having obtained adequate financing to fund its acquisitions pursuant to the Proposed Divestment on terms and conditions acceptable to FCT at its sole discretion, whether through an issue of Units or through debt (the composition and manner of such financing being at the sole discretion of FCT)

and all such approvals necessary for such financing not having been cancelled, revoked or withdrawn, and if applicable the conditions to all such approvals having been fulfilled.

2.3 Consideration for the Proposed Divestment

2.3.1 Target Units SPA

The purchase consideration payable to the Company under the Targets Units SPA is approximately S\$240.8 million (the “**Target Units Purchase Consideration**”). The Target Units Purchase Consideration is payable in cash and was negotiated on a willing-buyer and willing-seller basis, based on the agreed value of the Property of S\$1,300 million and taking into account the Vendor’s Unitholders’ Loan of approximately S\$94.8 million and the estimated net assets and liabilities of SST¹ as at the date of completion under the Target Units SPA. The Target Units Purchase Consideration is subject to further adjustments based on the actual consolidated net assets and liabilities of SST and the value of the Vendor’s Unitholders’ Loan as at the date of completion under the Target Units SPA.

2.3.2 SST Trustee-Manager SPA

The purchase consideration payable to the Company under the SST Trustee-Manager SPA is approximately S\$8,700 (the “**SST Trustee-Manager Share Purchase Consideration**”). The SST Trustee-Manager Share Purchase Consideration is payable in cash and was negotiated on a willing-buyer and willing-seller basis, based on the adjusted net asset value of the SST Trustee-Manager of approximately S\$26,000. The SST Trustee-Manager Share Purchase Consideration is subject to further adjustments based on the actual consolidated net assets and liabilities of SST Trustee-Manager as at the date of completion under the SST Trustee-Manager SPA.

3. RATIONALE FOR THE PROPOSED DIVESTMENT

The Proposed Divestment is in line with the strategy of the Company to optimise capital productivity by recycling capital from stabilised investment properties via its REIT platforms, which are of strategic importance to Frasers Property.

- (a) The Proposed Divestment allows the Company to recycle capital for potential acquisitions, development and/or asset enhancement of properties. At the same time, Frasers Property continues to benefit from investing in the Property via its stake in FCT. In addition, the Group will continue to undertake asset and property management of the Property, which allows the Group to maintain the network effect of its portfolio.
- (b) As a sponsor, it is in the Company's interest to support the growth of its REIT platforms. The Proposed Divestment will enhance FCT’s income diversification and enlarge the tenant base of FCT’s property portfolio. With a stronger platform, FCT will be in a better position to (i) continue to play a part in the Group’s capital recycling; and (ii) contribute to Frasers Property's recurring income in the form of asset and property management fees.

¹ This takes into account a bank loan owed by SST to certain financial institutions, of which the pro rata share attributable to the Target Units amounts to S\$191.0 million. For the avoidance of doubt, this bank loan will not be discharged by SST under the Proposed Property Divestment.

4. FINANCIAL EFFECTS

The Proposed Divestment is in the ordinary course of business of Frasers Property Group and is not expected to have any material effect on the net tangible assets per share and the earnings per share of the Frasers Property Group for the current financial year.

5. DOCUMENTS FOR INSPECTION

A copy of the Target Units SPA and the SST Trustee-Manager SPA is 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

16 May 2019