

FRASERS CENTREPOINT TRUST

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

PROPOSED ACQUISITION OF SHARES IN PGIM REAL ESTATE ASIARETAIL FUND LIMITED

1. INTRODUCTION

Fraser's Centrepoint Asset Management Ltd., as manager of Fraser's Centrepoint Trust ("**FCT**") and together with its subsidiaries, the "**Group**", and Fraser's 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 entered into 12 conditional sale and purchase agreements (the "**Sale and Purchase Agreements**") with certain shareholders of PGIM Real Estate AsiaRetail Fund Limited (the "**Company**", and the selling shareholders, the "**Vendors**"), pursuant to which the Purchaser has agreed to buy, and the Vendors have agreed to sell, an aggregate of 90,346 shares in the capital of the Company (collectively, the "**Sale Shares**") (such sale and purchase transactions hereinafter collectively called the "**Acquisition**"). The Sale Shares comprise in aggregate an approximately 17.1312% stake in the Company.

2. INFORMATION ON THE COMPANY

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, 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 Sale and Purchase Agreements, the aggregate consideration for the Sale Shares is estimated to be approximately S\$342.5 million, subject to determination of the aggregate dividend amount payable in respect of the Sale Shares for the fourth quarter of 2018 (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 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\$341.7 million in aggregate (which includes the dividend payable in respect of the Sale Shares for the fourth quarter of 2018 ("**4Q 2018 Dividend**").

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

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

Except for 2 Vendors, the Purchaser shall pay the consideration in full to the Vendors on the Completion Date (as defined below). For the remaining 2 Vendors, the Purchaser shall pay on the Completion Date 95% of the estimated consideration (based on the estimated 4Q 2018 Dividend) with the balance (comprising the difference between the final consideration (based on the actual 4Q 2018 Dividend) and the amount paid on the Completion Date) payable 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 Vendors.

The “**Completion Date**” shall be the latest of (i) 29 March 2019 or 1 April 2019; (ii) the date falling 3 business days after fulfilment of the last condition precedent (as set out in paragraph 4 below); and (iii) (in the case of the majority of the Vendors) the date falling 3 business days after receipt of the 4Q 2018 Dividend by the Vendors (or such other date agreed between the Parties).

If certain conditions are met including receipt of certain distributions by the Purchaser, the Purchaser shall pay an additional sum of approximately S\$3.4 million (the “**Additional Sum**”) in aggregate to the Vendors.

4. OTHER SALIENT TERMS

The Sale Shares shall be sold to the Purchaser 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 3 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;
- (b) the receipt by the respective Vendors of the Non-Allocation Notice² 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 respective Vendors to the Purchaser being obtained and remaining in full force and effect and not withdrawn or revoked or amended, on or before the Completion Date.

In addition, for some of the Vendors, Completion is also conditional upon concurrent completion of the sale and purchase of their respective Sale Shares by certain other Vendors.

² Under the Company's Bye-Laws, the other shareholders of the Company have a right of pre-emption to acquire the Sale Shares. Around the signing of the Sale and Purchase Agreement, each 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.

The Sale and Purchase Agreements are generally on substantially similar terms, and also contain other customary terms such as limited representations and warranties, terms relating to termination and confidentiality obligations.

5. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

The relative figures for the Proposed 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 follows³:

<u>Comparison of</u>	Proposed Acquisition	FCT	Relative Figure
<u>Total return</u> (net profit test under Rule 1006(b))	S\$20.8 million ⁽¹⁾	S\$166.8 million ⁽²⁾	12.4%
<u>Consideration against Market capitalisation</u> (market capitalisation test under Rule 1006(c))	S\$346.0 million ⁽³⁾	S\$2,146.4 million ⁽⁴⁾	16.1%

Notes:

- (1) Based on the annualised consolidated results of the Company for the fourth quarter ended 31 December 2018 assuming that the Company’s asset enhancement initiative at Century Square has been completed.
- (2) Based on the latest audited consolidated financial statements of the Group for the financial year ended 30 September 2018⁴.
- (3) Includes both the estimated Consideration and the Additional Sum payable to the Vendors.
- (4) Based on the volume weighted average price of S\$2.3133 per FCT unit (“**Unit**”) as at 26 February 2019, being the market day immediately preceding the date of the Sale and Purchase Agreements⁵.

6. RATIONALE AND KEY BENEFITS OF THE ACQUISITION

6.1 Yield Accretion

FCT unitholders (“**Unitholders**”) can expect to enjoy higher distribution per Unit (“**DPU**”) as a result of the Acquisition being made at a price which is reflective of the cash flows which the Sale Shares are expected to generate, combined with a debt and equity financing plan to be determined by the Manager.

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 Unitholders.

³ figures and percentages are rounded to one decimal place

⁴ The latest audited financial statements of FCT are referenced for the relative figure calculations for a like-for-like comparison, as FCT recognises gain on investment properties in the income statement at the end of the financial year whereas the Company does so on a quarterly basis

⁵ 2 Sale and Purchase Agreements for a small proportion of the Sale Shares were signed earlier on 21 February 2019. For purposes of this test, all the Sale and Purchase Agreements are treated as having been signed on 27 February 2019.

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 Manager (“**Acquisition Fee**”) which will be payable in Units (“**Acquisition Fee Units**”), the Manager intends to finance the Acquisition with a combination of debt and equity financing. For purposes of completion certainty, the Manager will be arranging for bridge loan facilities to fully fund the Acquisition. Assuming that the Acquisition is fully funded by debt, the Group’s *pro forma* gearing would be 36.3% as at 30 September 2018.

The bridging loans will be repaid by term loan and/or equity. The final decision regarding the proportion of debt and equity will be made by the Manager at the appropriate time taking into account the then-prevailing market conditions.

8. PRO FORMA FINANCIAL EFFECTS

For illustrative purposes only: the *pro forma* financial effects of the Acquisition on (a) the DPU; (b) the net asset value (“**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 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 DPU 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 NAV per Unit for FY2018 is based on the assumption that the Acquisition had been effected at the end of FY2018;
- (c) approximately 1.5 million Acquisition Fee Units are issued;
- (d) in the case of 60% and 80% loan-to-value ratio (“**LTV**”), approximately 64.2 million and 31.9 million new Units are issued to raise net proceeds of S\$136.9 million and S\$68.1 million respectively to part-finance the Acquisition;
- (e) in the event that the Acquisition is fully funded by debt, no new Units are issued (other than the Acquisition Fee Units);
- (f) proceeds from equity fund raising, where applicable, are reflected on a “net of issue expenses” basis; and
- (g) 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

	Effects of the Acquisition			
	Before the Acquisition	After the Acquisition at the following LTV ⁽¹⁾		
		60%	80%	100%
Total return before tax (S\$'000)	166,820	180,167	178,106	176,062
Distributable Income (S\$'000)	111,316	119,585	117,523	115,479
Weighted average number of Issued and Issuable Units ('000)	925,881 ⁽²⁾	991,615 ⁽³⁾	959,403 ⁽³⁾	927,462 ⁽³⁾
DPU (cents)	12.015	12.052	12.242	12.443
Accretion (%)		0.31%	1.89%	3.56%

Notes:

- (1) Assuming that (i) the Company has completed its asset enhancement initiative at Century Square and (ii) FCT's expenses comprising borrowing costs associated with the drawdown of loans to fund the Acquisition, and the Manager's management fees, the Trustee's fees and other trust expenses incurred in connection with the Acquisition have been deducted.
- (2) Based on the weighted average number of Units issued and issuable as of 30 September 2018.
- (3) Includes approximately 1.5 million Acquisition Fee Units issued at an illustrative price of S\$2.27 per new Unit and the respective number of new Units issued to raise gross proceeds to part-finance the Acquisition (purely for illustrative purposes only).

Pro Forma NAV

	Effects of the Acquisition			
	Before the Acquisition	After the Acquisition at the following LTV		
		60%	80%	100%
NAV (S\$'000)	1,933,756	2,074,047	2,005,326	1,937,182
Issued and issuable Units ('000)	927,654 ⁽¹⁾	993,461 ⁽²⁾	961,249 ⁽²⁾	929,308 ⁽²⁾
NAV per Unit (S\$)	2.08	2.09	2.09	2.08

Notes:

- (1) Number of issued and issuable Units as at 30 September 2018.
- (2) Includes approximately 1.5 million Acquisition Fee Units issued at an illustrative price of S\$2.27 per new Unit and the respective number of new Units issued to raise gross proceeds to part-finance the Acquisition (purely for illustrative purposes only).

Pro Forma Capitalisation and Gearing

	Effects of the Acquisition			
	Before the Acquisition	After the Acquisition at the following LTV		
		60%	80%	100%
Current borrowings (S\$'000)	217,000	217,000	217,000	217,000
Non-current borrowings (S\$'000)	595,588	805,290	874,011	942,155
Total borrowings (S\$'000)	812,588	1,022,290	1,091,011	1,159,155
Unitholders' funds (S\$'000)	1,933,756	2,074,047	2,005,326	1,937,182
Total Capitalisation (S\$'000)	2,746,344	3,096,337	3,096,337	3,096,337
Gearing⁽¹⁾	28.6%	32.0%	34.2%	36.3%

Note:

(1) Computed as gross borrowings over total assets.

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, the Sale and Purchase Agreements 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 Sale and Purchase Agreements 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 announcement.

BY ORDER OF THE BOARD

Frasers Centrepoint Asset Management Ltd.

as manager of Frasers Centrepoint Trust
Company Registration No: 200601347G

Catherine Yeo
Company Secretary
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