

RAFFLES EDUCATION CORPORATION LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.: 199400712N)

HEADS OF AGREEMENT FOR THE PROPOSED SALE OF A PROPERTY IN AUSTRALIA

1. INTRODUCTION

The Board of Directors of Raffles Education Corporation Limited ("**REC**") wishes to announce that Raffles Assets Australia Pty Ltd ("**RAAPL**"), a wholly-owned subsidiary of REC, has today entered into a non-binding heads of agreement (the "**Heads of Agreement**") with Propertylink (Holdings) Limited ("**PHL**") in relation to the proposed sale (the "**Proposed Sale**") of RAAPL's entire freehold interest in the property at 1-3 Fitzwilliam Street, Parramatta, New South Wales 2150, Australia (the "**Property**").

The Heads of Agreement is intended to serve as a basis for the negotiation between RAAPL and PHL or its nominee (the "**Purchaser**") (collectively, the "**Parties**") in respect of the Proposed Sale and is not intended to be legally binding (except for the confidentiality provisions). The Heads of Agreement is subject to the Parties entering into a definitive agreement in relation to the Proposed Sale (the "**Definitive Agreement**") on terms to be agreed between the Parties, and further details will be announced if and when the Definitive Agreement is entered into.

2. INFORMATION ON THE PROPERTY

The Property is a six-story commercial building with a land size of approximately 2,049 sq. m. (22,000 sq. ft.) and has a net lettable area of 9,782 sq.m. (105,000 sq. ft.). Part of the Property is currently being leased out by RAAPL to Raffles College Pty Ltd ("**RCDC**"), a wholly-owned subsidiary of REC.

3. SALIENT TERMS OF THE HEADS OF AGREEMENT

The following are the salient terms of the Heads of Agreement:

3.1 Definitive Agreement

The Parties intend to enter into a Definitive Agreement in the form of a put and call option agreement.

3.2 Conditions Precedent

The exercise of the put option or the call option under the Definitive Agreement will be subject to certain conditions precedent, including but not limited to the completion of satisfactory due diligence by the Purchaser, the approval of the Foreign Investment Review Board of Australia (if required) and the approval of the shareholders of REC for the sale and purchase of the Property (if required).

3.3 Consideration

The consideration for the Proposed Sale is AUD82,000,000 (exclusive of any applicable goods and services tax).

Upon the execution of the Definitive Agreement, the Purchaser is to pay a deposit of AUD4,100,000 (the "**Deposit**") (being 5% of the consideration) to RAAPL's solicitors' trust account. The Deposit shall be refunded to the Purchaser if the Purchaser's due diligence exercise as defined and set out in the Heads of Agreement is not completed to the satisfaction of the Purchaser or if the put and call option under the Definitive Agreement is not exercised.

3.4 Terms of Lease

The terms of the existing lease agreement between RAAPL and RCDC will be amended effective from the completion date of the Proposed Sale (the "**Completion Date**").

3.5 Income Support

RAAPL will provide an income support arrangement to the Purchaser for a period of 12 months from the Completion Date in respect of the vacancy on level 3 of the Property (the "**Vacant Space**") at a rate of AUD440 per square metre (net), which will cease upon commencement of any lease of the Vacant Space meeting certain specified conditions.

4. **FURTHER ANNOUNCEMENTS**

REC will make further announcements, in compliance with the requirements of the Listing Manual of the Singapore Exchange Securities Trading Limited, upon the execution of the Definitive Agreement (if any) and/or when there are material developments in respect of the Proposed Sale.

5. **INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

As at the date of this announcement, none of the directors or controlling shareholders of REC has any interest, direct or indirect, in the Proposed Sale, other than through their respective directorships and shareholdings in REC.

6. **CAUTION IN TRADING**

Shareholders are advised to exercise caution in trading their shares as there is no certainty or assurance as at the date of this announcement that the Definitive Agreement will be entered into, the terms and conditions of the Proposed Sale will not differ from that set out in the Heads of Agreement, or the Proposed Sale will be undertaken at all.

Shareholders are advised to read this announcement and any further announcements by REC carefully. Shareholders should consult their stock brokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions that they should take.

By Order of the Board

RAFFLES EDUCATION CORPORATION LIMITED

Chew Hua Seng
Chairman

16 April 2018