

PARKSON RETAIL ASIA LIMITED (“PRA” OR THE “COMPANY”)

PROPOSED ACQUISITION OF A STAKE IN ODEL PLC (“ODEL”) FOR THE DEVELOPMENT AND EXPANSION OF DEPARTMENT STORES IN SRI LANKA

1. INTRODUCTION

The Board of Directors of PRA is pleased to announce that on 26 July 2012, PRA had entered into a conditional Share Sale and Purchase Agreement (“SSPA”) to acquire a total of 60,625,000 ordinary shares in Odel (“Shares”) from Otara Del Gunewardene, Ruchi Hubert Gunewardene and Ajit Damon Gunewardene (collectively, the “Gunewardene Family”) at LKR 23.50 per Share for a total consideration of approximately LKR 1,424.7 million or approximately SGD 13.6 million (the “Family Consideration”) (the “Proposed Acquisition”). The Family Consideration was determined after arm’s length negotiations with the Gunewardene Family and on a willing-buyer and willing-seller basis.

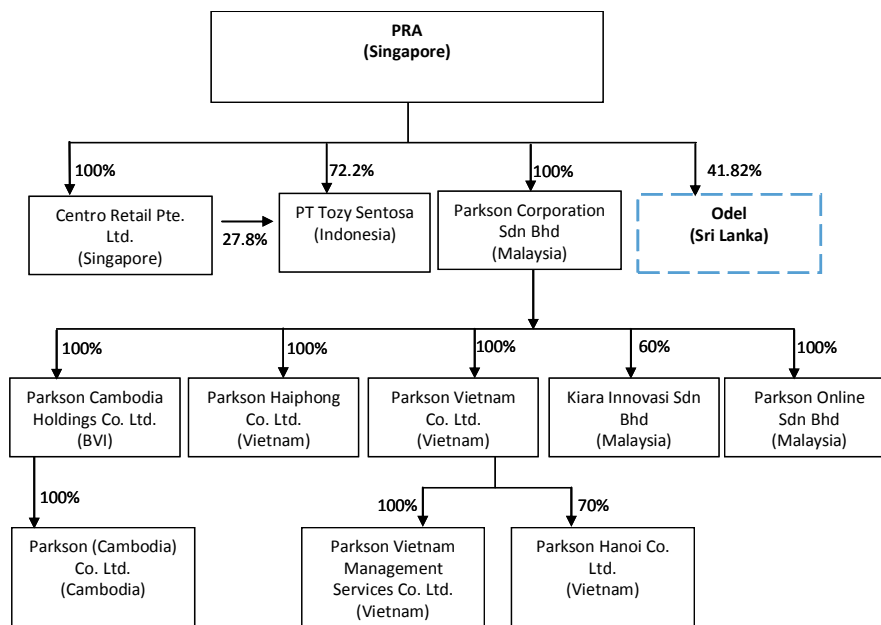
The 60,625,000 Shares to be acquired from the Gunewardene Family represent 41.82% of Odel’s issued and paid-up share capital. The Gunewardene Family will continue to own 60,625,000 Shares of Odel, representing 41.82% of Odel’s issued and paid-up share capital.

Odel is listed on the Colombo Stock Exchange in Sri Lanka. The price of LKR 23.50 per Share represents a premium of 9.8% over the weighted average price of LKR 21.3970 per Share on 25 July 2012.

For the purposes of this announcement, the exchange rate of SGD 1.00 : LKR 104.48 has been used (the “Exchange Rate”).

2. CORPORATE STRUCTURE OF PRA AFTER THE PROPOSED ACQUISITION

The structure of PRA resulting from the Proposed Acquisition will be as follows:



3. CONDITIONS PRECEDENT TO CLOSING

The Proposed Acquisition is subject to the following conditions precedent, among others:

- (a) PRA obtaining all regulatory and other approvals necessary for the purchase of the Shares from the Gunewardene Family; and
- (b) All representations and warranties by the Gunewardene Family in the SSPA are true and correct as at the completion of the Proposed Acquisition.

4. MANDATORY OFFER REQUIREMENT FOR REMAINING SHARES IN ODEL

Upon completion of the Proposed Acquisition, PRA will be required under the Sri Lankan Company Take-overs and Mergers Code 1995 (As amended in 2003) to make a mandatory offer (the “Offer”) for all of the remaining Shares in Odel at LKR 23.50 per Share, being the highest price at which PRA has acquired the Shares of Odel within the twelve-month period prior to the date of the completion of the Proposed Acquisition. PRA’s shareholding in Odel after the Offer will depend on the number of acceptances of the Offer.

The Offer will be unconditional as to acceptances from the commencement of the Offer and PRA will purchase all Shares validly accepted by Odel’s shareholders regardless of PRA’s final shareholding in Odel subsequent to the closure of the Offer.

PRA has received an irrevocable undertaking from the Gunewardene Family not to accept the Offer in respect of their remaining 60,625,000 Shares held in Odel after the Proposed Acquisition, representing 41.82% of Odel’s issued and paid-up share capital.

Refer to the Appendix for more information disclosed in the announcements by Odel which have been filed with the Colombo Stock Exchange.

5. APPOINTMENT OF DIRECTORS ON ODEL’S BOARD

Odel currently has a 5-member board of directors, comprising 2 persons from the Gunewardene Family and 3 independent directors.

As part of the Offer, after the offer document has been despatched by PRA to the Board of Directors of Odel and shareholders of Odel, the Gunewardene Family will immediately convene a meeting of the Board of Directors of Odel to appoint 3 persons nominated by PRA to be directors of Odel.

6. INFORMATION ON ODEL

Odel was incorporated in Sri Lanka on 31 October 1990 and was converted to a public limited company on 24 February 2010. It has a paid-up capital of LKR 251,925,000 or approximately SGD 2.4 million. Odel’s principal activity is fashion retailing. Based on the latest audited financial statements ended 31 March 2012, Odel’s sales were approximately LKR 3,819 million or approximately SGD 36.5 million and its net profits were approximately LKR 202 million or approximately SGD 1.9 million.

7. RIGHTS ISSUE OF ODEL

The Board of Directors of Odel have resolved that subsequent to the completion of the Offer, Odel will undertake a one-for-one rights issue of Shares at LKR 20.00 per Share (the “**Proposed Rights Issue**”), subject to all shareholder, regulatory and other approvals being obtained by Odel. The Gunewardene Family and PRA have undertaken to accept and subscribe for all the rights Shares that they will be entitled to under the Proposed Rights Issue.

The Gunewardene Family further agrees and undertakes that it shall not accept or subscribe for any rights Shares that are not accepted or subscribed by other shareholders of Odel under the Proposed Rights Issue.

The Proposed Rights Issue, if fully accepted and subscribed by all of the shareholders of Odel, is expected to raise a minimum of LKR 2,899.0 million or approximately SGD 27.7 million for Odel. The amount to be subscribed by the Gunewardene Family is expected to be a minimum of LKR 1,212.5 million or approximately SGD 11.6 million. The amount to be subscribed by PRA will depend on the number of Shares that PRA will own after the Offer and will be a minimum of LKR 1,212.5 million or approximately SGD 11.6 million, assuming that no acceptances are received pursuant to the Offer.

The funds to be raised in the Proposed Rights Issue are intended to fund the development and expansion of Odel in Sri Lanka.

8. SOURCE OF FUNDS

Funding for the Proposed Acquisition, Offer and Proposed Rights Issue will be sourced from internally generated funds of PRA.

9. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition is part of PRA's strategy to go beyond the Southeast Asian market to seek opportunities in countries with strong growth. The Proposed Acquisition provides PRA with an opportunity to establish a footprint in Sri Lanka and extend its department store chain into other parts of Asia. Further, PRA will seek to nurture and develop the exclusive brand “Odel” to a more established level.

PRA does not intend to make major changes to Odel's business operations in the near future. PRA will be represented on the Board of Odel and will thereby provide overall strategic direction to the operations of Odel.

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

Based on the latest announced unaudited consolidated financial statements of PRA for the six-month period from 1 October 2011 to 31 March 2012, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**") are as follows:

Listing Rule	Relative figure (%)
(a) <u>Listing Rule 1006(a)</u>	
There are no assets to be disposed of in the Proposed Acquisition.	<i>Not applicable</i>
(b) <u>Listing Rule 1006(b)</u>	
The net profits attributable to the 41.82% interest in Odel to be acquired by PRA, being the sum of SGD 0.44 million (based on the Exchange Rate), compared with PRA's net profits of SGD 35.7 million	1.2%
(c) <u>Listing Rule 1006(c)</u>	
The aggregate value of the consideration of approximately SGD 13.6 million to be paid for acquiring a 41.82% interest in Odel (based on the Exchange Rate), compared with PRA's market capitalization of approximately SGD 948.2 million (calculated based on the weighted average price of SGD 1.40 per PRA share and 677.3 million PRA shares excluding treasury shares) as at 24 July 2012, being the last traded market day immediately preceding the date of the signing of the SSPA	1.4%
(d) <u>Listing Rule 1006(d)</u>	
There are no shares to be issued by PRA pursuant to the Proposed Acquisition	<i>Not applicable</i>

In view of the foregoing, the Proposed Acquisition constitutes a non-discloseable transaction under Chapter 10 of the Listing Manual.

Based on the audited balance sheet of Odel as at 31 March 2012, the attributable book value and attributable net tangible asset value of the Shares to be acquired under the Proposed Acquisition were approximately LKR 733.3 million (approximately SGD 7.0 million) and approximately LKR 727.7 million (approximately SGD 7.0 million) respectively.

Based on the weighted average price of LKR 21.3970 per Share on 25 July 2012 (being the last market day on which the Shares were traded on the Colombo Stock Exchange prior to the date of announcement of the Proposed Acquisition), the latest available open market value of the Shares to be acquired under the Proposed Acquisition was approximately LKR 1,297.2 million (approximately SGD 12.4 million).

11. NO APPROVALS REQUIRED

The Proposed Acquisition, Offer and Proposed Rights Issue are not subject to the approval of the shareholders of PRA.

12. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

None of the Directors and major shareholders of PRA and/or persons connected with them has any interest, direct or indirect, in the Proposed Acquisition.

13. ESTIMATED TIMEFRAME FOR THE COMPLETION OF THE PROPOSED ACQUISITION AND THE OFFER

The Proposed Acquisition is expected to be completed around the end of July or beginning of August 2012. The Offer is expected to be completed by November 2012. The Proposed Rights Issue will commence after the completion of the Offer.

14. FINANCIAL ADVISER

The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, is acting as exclusive financial adviser to PRA in relation to the international aspects of the Proposed Acquisition.