

## PRESS RELEASE

*Unless otherwise stated, all capitalised terms not otherwise defined herein shall have the same meanings ascribed to them in the Joint Announcement and the Acquisition Announcement dated 2 December 2019.*

# Frasers Logistics & Industrial Trust and Frasers Commercial Trust Announce Proposed Merger by way of Trust Scheme

- ◆ DPU<sup>1</sup> accretive transactions for FLT and FCOT Unitholders on a pro forma basis
- ◆ Create a diversified portfolio valued at S\$5.7 billion<sup>2</sup>
- ◆ Top-10 S-REIT by market capitalisation with index representation
- ◆ Enlarged capital base with a broadened ROFR<sup>3</sup> pipeline in excess of S\$5.0 billion
- ◆ Scheme Consideration of S\$1.680 per FCOT Unit<sup>4</sup> at premium of c. 3.5% to 1-month VWAP<sup>5</sup>

## SINGAPORE, 2 DECEMBER 2019

The respective Managers of Frasers Logistics & Industrial Trust (“**FLT**”) and Frasers Commercial Trust (“**FCOT**”) today jointly announced the proposed merger of FLT and FCOT (the “**Proposed Merger**”). In conjunction with the Proposed Merger, FLT announced the proposed acquisition of 50% interest in Farnborough Business Park (“**FBP**”) from a wholly-owned subsidiary of Frasers Property Limited (“**FPL**” or the “**Sponsor**”) for an estimated consideration of £90.1 million (approximately S\$157.7 million), subject to post-completion adjustments (the “**Proposed Asset Acquisition**”). The remaining 50% interest in FBP is currently indirectly held by FCOT. Upon completion of the Proposed Asset Acquisition, the enlarged REIT will hold 100% of the interest in FBP (the “**Enlarged REIT**”).

The Enlarged REIT will hold a diversified portfolio of logistics, industrial, office, business park and commercial assets worth approximately S\$5.7 billion across Asia Pacific, Europe and the United Kingdom. The Enlarged REIT is expected to be one of the top 10 largest S-REITs by market capitalisation and will have greater index representation on the FTSE EPRA/NAREIT Index.

Mr. Robert Wallace, Chief Executive Officer of FLT’s Manager, said, “The merger will be a win-win transaction for both FLT and FCOT Unitholders, delivering DPU accretion and greater growth prospects. The Enlarged REIT will provide synergistic end-to-end business solutions for a wider customer base. It enhances our financial capacity and flexibility to pursue acquisitions through our expanded mandate and a ROFR pipeline in excess of S\$5.0 billion. We will be in an even stronger position to pursue growth and continue to deliver long-term value to our Unitholders.”

Mr. Jack Lam, Chief Executive Officer of FCOT’s Manager, said, “This merger will be transformational for both REITs, allowing us to tap on each other’s strengths to create an even more resilient and diversified platform. With the combined portfolio, we will be able to unlock synergies and explore new opportunities in the logistics, industrial and commercial sectors. The transaction will be beneficial for FCOT Unitholders. In particular, they will benefit from a larger market capitalisation, FTSE EPRA/NAREIT Global Developed Index representation, a potentially wider investor base and higher trading liquidity.”

---

<sup>1</sup> “Distribution per unit”.

<sup>2</sup> Portfolio value of the Enlarged REIT as at 30 September 2019 includes 100% interest in FBP, which is based on the Agreed Property Value at an exchange rate of £1 : S\$1.6984.

<sup>3</sup> “Right of first refusal”.

<sup>4</sup> Units in FCOT, with the unitholders of FCOT referred to as the “FCOT Unitholders”.

<sup>5</sup> “Volume weighted average price”.

## DETAILS OF PROPOSED MERGER

The Proposed Merger will be by way of a trust scheme of arrangement (the “**Trust Scheme**”), with FLT acquiring all units of FCOT in exchange for a combination of cash and new units in FLT.

Unitholders of FCOT will receive S\$1.680 (the “**Scheme Consideration**”) for each FCOT Unit held by FCOT Unitholders as at the Books Closure Date<sup>6</sup>, which shall be satisfied by:

- ◆ S\$0.151 in cash (the “**Cash Consideration**”); and
- ◆ 1.233 new FLT Units<sup>7</sup> at an issue price of S\$1.240 per FLT Unit (the “**Consideration Units**”).

This implies a 1.355 times gross exchange ratio. By way of illustration, if the Trust Scheme becomes effective in accordance with its terms, a FCOT Unitholder will receive S\$151.00 in cash and 1,233 Consideration Units for every 1,000 FCOT units held by it as at the Books Closure Date.

In addition, the Scheme Consideration represents a premium to FCOT’s historical trading prices of approximately 0.6%, 3.5% and 8.2% to FCOT’s Last Traded Price<sup>8</sup>, 1-month VWAP and 12-month VWAP, respectively.

The total consideration for the Proposed Merger is approximately S\$1,537.0 million as at the Announcement Date, comprising S\$138.1 million in cash and 1,128.1 million Consideration Units.

Following the completion of the Proposed Merger, the Sponsor and its related corporations (the “**Sponsor Group**”) are expected to hold approximately 21.9% of the total issued units in the Enlarged REIT. As at the Announcement Date, the Sponsor Group holds approximately 19.6% interest in FLT and 25.9% interest in FCOT.

## PROPOSED ACQUISITION OF FARNBOROUGH BUSINESS PARK

Conditional upon, amongst others, the completion of the Proposed Merger and the approval of the FLT Unitholders, the acquisition of the 50% interest in FBP for £90.1 million (approximately S\$157.7 million) is expected to be DPU-accretive.

FBP is a 46.5 hectares freehold high-quality business park located in the Thames Valley in the United Kingdom. FBP is strategically located with excellent connectivity, including direct connections to key motorways and direct train service to Waterloo Station, London. Furthermore, FBP is approximately 1.6 km to Farnborough Town Centre, adjacent to the TAG Farnborough Airport and Farnborough International Exhibition & Conference Centre, and approximately 40 km away from London’s Heathrow Airport.

With a net lettable area of approximately 50,882 sqm, the business park has a high committed occupancy rate of 99.1%<sup>9</sup> and long weighted average lease expiry (“**WALE**”) of 6.8 years as at 30 September 2019.

---

<sup>6</sup> “**Books Closure Date**” means the date to be announced (before the Effective Date of the Trust Scheme) by the FCOT Manager on which the Transfer Books and the Register of FCOT Unitholders of FCOT will be closed in order to determine the entitlements of the FCOT Unitholders in respect of the Trust Scheme.

<sup>7</sup> Units in FLT, with the unitholders of FLT referred to as the “**FLT Unitholders**”.

<sup>8</sup> The last traded price per FCOT Unit on 27 November 2019 (the “**Last Trading Date**”).

<sup>9</sup> As at 30 September 2019, inclusive of a new lease concluded in October 2019.

## RATIONALE FOR THE PROPOSED MERGER

Key rationale of the Proposed Merger are as outlined below.

### 1. DPU Accretive

The Proposed Merger and the Proposed Asset Acquisition will be DPU accretive on a pro forma basis for both FLT Unitholders and FCOT Unitholders by 2.2%<sup>10</sup> and 4.2%<sup>11</sup> respectively.

### 2. Flagship Portfolio of Commercial and Industrial Assets

The Enlarged REIT will have a broadened investment mandate to invest in a wider spectrum of asset classes across logistics, industrial, office, business park and commercial properties. With a larger platform, the Enlarged REIT will manage approximately 2.6 million sqm of space with approximately 300 tenants in 98 properties spread across five countries.

The Enlarged REIT will also be able to provide a wide suite of product offerings catering to the end-to-end needs of a wider customer base. This enables the Enlarged REIT to create an entrenched network of tenants across its ecosystem and access income streams across the economic value chain.

### 3. Creation of a Top-10 S-REIT with Index Inclusion

The Enlarged REIT is expected to become a top-10 S-REIT by market capitalisation, with an increased market capitalisation of approximately S\$4.2 billion<sup>12</sup> and larger free float of approximately S\$3.0 billion<sup>13</sup>. This is expected to result in an improvement in the Enlarged REIT's weightage within the FTSE EPRA/NAREIT Index.

Consequently, the Enlarged REIT may potentially enjoy higher trading liquidity, attract a wider investor base and achieve broader analyst coverage, which could lead to a positive re-rating of the Enlarged REIT.

### 4. Enhance Diversification and Portfolio Resilience

The Enlarged REIT's exposure to any single asset and geography will not be more than 12% and 50% by value respectively. Tenant diversification will also be enhanced due to the enlarged tenant base of approximately 300 tenants from a wide array of industries. No single tenant will contribute more than 6% of pro forma gross rental income ("GRI"), and the top ten tenants' contribution to GRI will also be reduced from 51.6% (based on FCOT portfolio) to 24.0%<sup>14</sup> based on the Enlarged REIT's portfolio on a pro forma basis.

The Enlarged REIT will have a WALE of 5.8 years<sup>15</sup> and will enjoy organic growth via escalation in underlying lease rates. The Enlarged REIT will also have greater income stability and cash flow visibility, with 58.9% of leases expiring after 30 September 2023.

---

<sup>10</sup> See Paragraph 7.1.1 in the Acquisition Announcement for details of the pro forma financial effects of the Proposed Merger and the Proposed Asset Acquisition on the amount available for distribution to FLT Unitholders and FLT's DPU for FY2019.

<sup>11</sup> Please refer to footnote 2 on page 8, and footnote 3 on page 9, in the Joint Announcement for the pro forma calculations.

<sup>12</sup> Illustrative market capitalisation of the Enlarged REIT calculated as (i) the sum of (a) the number of FLT Units outstanding as at the Last Trading Date; (b) the number of FLT Units to be issued to satisfy the portion of Scheme Consideration in FLT Units; (c) the number of FLT Units to be issued as consideration for the acquisition fee for the Proposed Merger; and (d) the number of FLT Units to be issued as consideration for the acquisition fee for the Proposed Asset Acquisition, and (ii) multiplied by the issue price of S\$1.240 per FLT Unit.

<sup>13</sup> Based on information available to the FLT Manager and the FCOT Manager as at the Last Trading Date. Excludes the stakes held by the Sponsor, the FLT Manager, the FCOT Manager, directors of the FLT Manager and the FCOT Manager, substantial FLT Unitholders and substantial FCOT Unitholders and their respective associates.

<sup>14</sup> Based on GRI as at 30 September 2019 (excluding vacancy, committed leases, lease incentives and retail turnover rents, if any).

<sup>15</sup> Based on GRI as at 30 September 2019 (including committed leases and excluding vacancy, lease incentives and retail turnover rents, if any).

## 5. Growth Trajectory from Enlarged Capital Base and ROFR Pipeline

The Enlarged REIT is expected to benefit from an increased capital base and debt headroom, providing the Enlarged REIT greater capacity to pursue investment opportunities with enhanced flexibility and agility. Debt headroom of the Enlarged REIT is expected to be approximately S\$0.9 billion. The Enlarged REIT will also be able to undertake asset enhancement initiatives and development projects on a larger scale.

The Enlarged REIT will continue to leverage on the Sponsor's integrated development and asset management platform for growth. It will have access to a sizeable ROFR pipeline of more than S\$5.0 billion, which will allow the Enlarged REIT to pursue future growth.

### APPROVALS REQUIRED

The Trust Scheme will require, amongst others, FCOT Unitholders' approval of FCOT's Trust Deed Amendments and the Trust Scheme at the meetings to be convened. In addition, the Trust Scheme will require the sanction of the Singapore High Court. FLT and persons acting in concert with it will abstain from voting on the Trust Scheme.

FLT will be required to seek the approval of FLT Unitholders at an extraordinary general meeting to be convened for the Proposed Merger, the issue of the Consideration Units, and the Proposed Asset Acquisition. FPL and its associates will abstain from voting on FLT's resolutions pertaining to the Proposed Merger and the Proposed Asset Acquisition.

### FINANCIAL ADVISERS

Merill Lynch (Singapore) Pte. Ltd. ("**BofA Securities**") is the sole financial adviser to the FLT Manager in respect of the Proposed Merger and the Trust Scheme.

DBS Bank Ltd. is the sole financial adviser to the FCOT Manager in respect of the Proposed Merger and the Trust Scheme.

Further information on the Proposed Merger can be found in the joint announcement, FLT's acquisition announcement, as well as both FLT's and FCOT's investor presentations, which can be downloaded from SGXNET or from FLT's and FCOT's respective websites.

**END**

### MEDIA CONTACTS

#### **Newgate Communications**

Terence Foo / Lim Yuan See / Bob Ong

T: +65 6532 0606

E: [terence.foo@newgatecomms.com.sg](mailto:terence.foo@newgatecomms.com.sg) / [yuansee.lim@newgatecomms.com.sg](mailto:yuansee.lim@newgatecomms.com.sg) / [bob.ong@newgatecomms.com.sg](mailto:bob.ong@newgatecomms.com.sg)

### INVESTOR CONTACTS

#### **BofA Securities**

T: +65 6678 0102

#### **DBS Bank Ltd.**

T: +65 6682 8999

#### **Fraser's Logistics & Industrial Trust**

Ng Chung Keat

Assistant Vice President, Investor Relations

T: +65 6813 0583

E: [ir@fraserslogisticstrust.com](mailto:ir@fraserslogisticstrust.com)

#### **Fraser's Commercial Trust**

Wang Mei Ling

Vice President, Investor Relations

T: +65 6277 2509

E: [meiling.wang@frasersproperty.com](mailto:meiling.wang@frasersproperty.com)

## RESPONSIBILITY STATEMENTS

**FLT Manager.** The directors of the FLT Manager (including those who may have delegated detailed supervision of this Press Release) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Press Release which relate to FLT and/or the FLT Manager (excluding information relating to FCOT and/or the FCOT Manager) are fair and accurate and that there are no other material facts not contained in this Press Release, the omission of which would make any statement in this Press Release misleading. The directors of the FLT Manager jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from FCOT and/or the FCOT Manager, the sole responsibility of the directors of the FLT Manager has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Press Release. The directors of the FLT Manager do not accept any responsibility for any information relating to FCOT and/or the FCOT Manager or any opinion expressed by FCOT and/or the FCOT Manager.

**FCOT Manager.** The directors of the FCOT Manager (including those who may have delegated detailed supervision of this Press Release) have taken all reasonable care to ensure that the facts stated and opinions expressed in this Press Release which relate to FCOT and/or the FCOT Manager (excluding information relating to FLT and/or the FLT Manager) are fair and accurate and that there are no other material facts not contained in this Press Release, the omission of which would make any statement in this Press Release misleading. The directors of the FCOT Manager jointly and severally accept responsibility accordingly.

Where any information has been extracted or reproduced from published or otherwise publicly available sources or obtained from FLT and/or the FLT Manager, the sole responsibility of the directors of the FCOT Manager has been to ensure through reasonable enquiries that such information is accurately extracted from such sources or, as the case may be, reflected or reproduced in this Press Release. The directors of the FCOT Manager do not accept any responsibility for any information relating to FLT and/or the FLT Manager or any opinion expressed by FLT and/or the FLT Manager.

## ABOUT FRASERS LOGISTICS & INDUSTRIAL TRUST

FLT is the first Singapore-listed real estate investment trust (“REIT”) with a portfolio comprising 92<sup>16</sup> logistics and industrial properties, worth approximately A\$3.6 billion, concentrated within major logistics and industrial markets in Australia, Germany and the Netherlands. FLT was listed on the Mainboard of Singapore Exchange Securities Trading Limited (“SGX-ST”) on 20 June 2016.

FLT’s investment strategy is to invest globally in a diversified portfolio of income-producing industrial and logistics properties<sup>17</sup>. With strong connectivity to key infrastructure, FLT’s modern portfolio consists predominantly of freehold and long leasehold land tenure assets with a well-diversified tenant base. FLT is sponsored by FPL.

For more information about FLT, visit [www.fraserslogisticstrust.com](http://www.fraserslogisticstrust.com).

## ABOUT FRASERS COMMERCIAL TRUST

FCOT is a commercial REIT focused on growing shareholder value for its unitholders through active asset management, sound financial management and strategic investments. FCOT is sponsored by Frasers Property Limited.

FCOT invests primarily in quality income-producing commercial properties. As at 30 September 2019, its portfolio includes six quality commercial buildings located in Singapore, Australia and the United Kingdom, representing a combined appraised value of approximately S\$2.2 billion.

For more information on FCOT, please visit [www.fraserscommercialtrust.com](http://www.fraserscommercialtrust.com)

---

<sup>16</sup> Excludes 610 Heatherton Road, Clayton South, Victoria, Australia which is classified as “Investment Property held for Sale” and includes Fuggerstraße 17, Bielefeld, Germany which was completed on 28 November 2019.

<sup>17</sup> Such real estate assets used for “logistics” or “industrial” purposes also include office components ancillary to the foregoing purposes.

## **ABOUT THE SPONSOR: FRASERS PROPERTY LIMITED**

Frasers Property Limited (“**Frasers Property**” and together with its subsidiaries, the “**Group**”), is a multi-national company that develops, owns and manages a diverse, integrated portfolio of properties. Listed on the Main Board of the SGX-ST and headquartered in Singapore, the Group has total assets of approximately S\$37.6 billion as at 30 September 2019.

Frasers Property's assets range from residential, retail, commercial & business parks, to industrial & logistics in Southeast Asia, Australia, Europe and China. Its well-established hospitality business owns and/or operates serviced apartments and hotels in over 70 cities across Asia, Australia, Europe, the Middle East and Africa. The Group is unified by its commitment to deliver enriching and memorable experiences to customers and stakeholders, leveraging its knowledge and capabilities from across markets and property sectors, to deliver value in its multiple asset classes.

Frasers Property is also the sponsor of three REITs and one stapled trust listed on the SGX-ST. Frasers Centrepoint Trust, Frasers Commercial Trust, and Frasers Logistics & Industrial Trust are focused on retail, commercial & business parks, and industrial & logistics properties respectively. Frasers Hospitality Trust (comprising Frasers Hospitality Real Estate Investment Trust and Frasers Hospitality Business Trust) is a stapled trust focused on hospitality properties. In addition, the Group has two REITs listed on the Stock Exchange of Thailand. Frasers Property Thailand is the sponsor of Frasers Property Thailand Industrial Freehold & Leasehold REIT, which is focused on logistics and industrial properties in Thailand and Golden Land Property Development Public Company Limited is the sponsor of Golden Ventures Leasehold Real Estate Investment Trust, which is focused on commercial properties.

For more information on Frasers Property, please visit [frasersproperty.com](http://frasersproperty.com)

## **IMPORTANT NOTICE**

This Press Release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages, benefits and training costs), property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the FLT Manager's and the FCOT Manager's current view on future events.

The value of the FLT Units or FCOT Units (“**Units**”) and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, the FLT Manager, the FCOT Manager or any of their affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they have no right to request the FLT Manager or the FCOT Manager to redeem or purchase their Units while the Units are listed. It is intended that unitholders may only deal in their Units through trading on SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This Press Release is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of FCOT and the FCOT Manager is not necessarily indicative of the future performance of FCOT and the FCOT Manager. The past performance of FLT and the FLT Manager is not necessarily indicative of the future performance of FLT and the FLT Manager.

This Press Release has not been reviewed by the Monetary Authority of Singapore.