

SGX-ST ANNOUNCEMENT

For immediate release

DIVESTMENT OF 50% INTEREST IN THE PROPERTY AT 99 SANDSTONE PLACE, PARKINSON, QUEENSLAND

1. INTRODUCTION

1.1 Divestment of 50% interest in the Property

Frasers Logistics & Industrial Asset Management Pte. Ltd., as manager of Frasers Logistics & Industrial Trust (“**FLT**”, and as manager of FLT, the “**Manager**”), is pleased to announce that FLT Queensland No. 8 Pty Ltd, as trustee for Sandstone Place Trust A (the “**Sub-Trust Trustee**”) and wholly-owned by FLT, has today entered into a contract of sale (the “**Sale Contract**”) with ACREF 99SP Pty Ltd as trustee for ACREF 99SP AUT (the “**Purchaser**”) ¹ to sell 50% of its interest in the property at 99 Sandstone Place, Parkinson, Queensland (the “**Property**”) and the sale of 50% interest in the Property, the “**Proposed Divestment**”) for a sale consideration of A\$134.2 million (approximately S\$127.2 million²) (the “**Sale Consideration**”) at a premium of 8.8% over the book value of the Property at A\$123.3 million³ (approximately S\$116.9 million) (based on a 50% interest in the Property) as at 31 March 2019.

1.2 Information on the Property

The Property was acquired by FLT as part of its initial public offering portfolio on 20 June 2016. Constructed in 2008 and extended in 2012, the Property has a total gross lettable area of 54,245 square metres (“**sqm**”) and occupies a site of 155,300 sqm. The Property comprises a cross-dock, regional distribution facility with 3,285 sqm of office accommodation and 50,960 sqm of cold storage and ancillary warehousing.

The Property was purpose-built for Coles Group Ltd (“**Coles**”) with a remaining weighted average lease expiry term of 13.2 years as at 31 March 2019.

As at 31 March 2019, the Sub-Trust Trustee held the remaining 96.2-year leasehold interest in the Property, which it had acquired from Australand Industrial No.112 Pty Ltd, a subsidiary of Frasers Property Australia Pty Limited (“**FPA**”). Subsequently, the Sub-Trust Trustee purchased the freehold interest in the Property held by FPA. The sale of 50% interest in the Property to the Purchaser is on a freehold basis.

1 DWS Investments Australia Ltd (“**DWS**”) is the investment manager of the Purchaser, being ACREF 99SP Pty Ltd as trustee for ACREF 99SP AUT.

2 Unless otherwise stated, the S\$ equivalent of the A\$ figures in this announcement have been arrived at based on an assumed exchange rate of A\$1 : S\$0.9481.

3 Includes the acquisition cost of the freehold interest in the Property.

2. DETAILS OF THE PROPOSED DIVESTMENT

2.1 Certain Principal Terms of the Sale Contract

Pursuant to the Sale Contract, the Sub-Trust Trustee has agreed to sell 50% interest in the Property to the Purchaser.

The Sub-Trust Trustee has agreed to make an adjustment to the Sale Consideration at completion for the Purchaser's 50% share of the outstanding committed capital expenditure in respect of the Property (and which amount the Purchaser is to bear as co-owner following completion).

Completion is subject to, and conditional upon, among others, the Purchaser delivering to the Vendor the transfer documentation required to register the Purchaser as the holder of the 50% interest in the Property. Completion of the Proposed Divestment is expected to take place in the third quarter of 2019.

2.2 Sale Consideration and Valuation

The Sale Consideration is based on the agreed sale price for 50% interest in the Property which was negotiated on a willing-buyer and willing-seller basis, taking into account, among other factors, the book value of the Property at A\$123.3 million¹ (based on a 50% interest in the Property) as at 31 March 2019, as well as the latest independent valuation of the Property (the "**Valuation**") conducted by Urbis Valuations Pty Ltd (the "**Independent Valuer**") at A\$134.2 million (approximately S\$127.2 million) (based on a 50% interest in the Property) as at 1 May 2019.

The Independent Valuer used both the income capitalisation method and the discounted cash flow method in deriving the Valuation. The Valuation was commissioned by the Manager and Perpetual (Asia) Limited, as trustee of FLT.

FLT is expected to recognise an estimated net gain of approximately A\$10.9 million (approximately S\$10.3 million) over the book value of the Property at A\$123.3 million (based on a 50% interest in the Property) as at 31 March 2019. The Sale Consideration is also at a 15.3% premium to the original purchase price of A\$116.4 million² (based on a 50% interest in the Property) at FLT's initial public offering in 2016.

2.3 Co-Owners Agreement

In connection with the Proposed Divestment, the Sub-Trust Trustee and the Purchaser (the "**Parties**" and each a "**Party**") will at completion enter into a co-owners agreement (the "**Co-Owners Agreement**") to regulate their rights and obligations as owners of the Property.

Pursuant to the Co-Owners Agreement, in the event either Party (the "**Selling Co-Owner**") wishes to sell its interest in the Property, the Selling Co-Owner shall give the other Party a right

¹ Includes the acquisition cost of the freehold interest in the Property.

² Based on a 99-year leasehold tenure.

of first offer. The other Party may itself acquire the Selling Co-Owner's interest in the Property or nominate a member of its group to acquire such interest. If the other Party rejects the offer by written notice to the Selling Co-Owner, the Selling Co-Owner may sell its interest in the Property to a third party on terms no more favourable than those that were offered by the Selling Co-Owner to the other Party (i.e. there is no change to the terms which may directly or indirectly influence the price on which the interest is sold, to give a more favourable result to the purchaser).

Notwithstanding the foregoing, each of the Parties is permitted to, among others, assign, transfer or dispose of its respective interest in the Property to its respective group members, including its ultimate holding company and any subsidiary of that ultimate holding company. In the event that a Party defaults on the Co-Owners Agreement, that defaulting Party shall also offer its interest for sale to the non-defaulting Party if the breach is not remedied or compensation is not paid.

The Parties will also on completion engage Jones Lang LaSalle (QLD) Pty Ltd ("**JLL**") to be the property manager to manage and maintain the Property pursuant to a separate property management agreement to be entered into between JLL, the Sub-Trust Trustee and the Purchaser. The Parties will also form a strategic committee (with two representatives appointed by each Party) to decide on operational matters in relation to the Property and exercise overall control over the Property.

3. RATIONALE FOR THE PROPOSED DIVESTMENT

The Proposed Divestment is in line with the Manager's proactive asset management and portfolio rebalancing strategies. The Manager believes that the Proposed Divestment will bring the following key benefits to the unitholders of FLT ("**Unitholders**"):

- (i) The Proposed Divestment significantly reduces Coles' concentration risk within FLT's portfolio from 7.0% of total gross rental income¹ ("**GRI**") to 3.6% of total GRI as at 31 March 2019. Currently, Coles is the single largest tenant in FLT's portfolio, and the Proposed Divestment provides an opportunity to decrease FLT's income exposure from a single tenant.
- (ii) The Proposed Divestment creates a strategic partnership with DWS, a global real estate investment manager, with a proven track record in Australia's industrial sector and strong familiarity with cold storage logistics assets.
- (iii) The proceeds from the Proposed Divestment are expected to bring greater financial flexibility to FLT and strengthen FLT's balance sheet.

¹ Being the contracted rental income and estimated recoverable outgoings for the month of 31 March 2019. Excludes straight lining rental adjustments.

4. USE OF SALE PROCEEDS AND FINANCIAL EFFECTS OF THE PROPOSED DIVESTMENT

4.1 Use of Sale Proceeds

The net sale proceeds from the Proposed Divestment is estimated to be approximately A\$128.8 million (approximately S\$122.1 million), after taking into account the divestment fee of approximately A\$0.7¹ million (approximately S\$0.7 million) to be paid to the Manager, capital gains tax of approximately A\$3.9 million (approximately S\$3.7 million) and other divestment related expenses.

The net divestment proceeds may be distributed to Unitholders and/or used for funding potential acquisition opportunities, reducing existing debt and/or other general corporate purposes.

4.2 Pro Forma Financial Effects of the Proposed Divestment

Assuming that the Proposed Divestment had taken place on 1 October 2017, the distribution per Unit (“DPU”, and unit of FLT, “Unit”) of FLT for the financial year ended 30 September 2018 would have been reduced by 0.21 Singapore cents (0.20 Australian cents) from 7.19 Singapore cents (6.94 Australian cents) to 6.98 Singapore cents^{2,3} (6.74 Australian cents). The net asset value (“NAV”) per Unit as at 30 September 2018 would increase from 94 Singapore cents (95 Australian cents) to 95 Singapore cents (96 Australian cents).

The pro forma financial effects of the Proposed Divestment have been prepared based on the audited consolidated financial statements of FLT for the financial year ended 30 September 2018 and are strictly for illustrative purposes. They are not indicative of the actual financial effects of the Proposed Divestment on the DPU and NAV per Unit, nor are they indicative of the financial performance of FLT.

1 The divestment fee is 0.5% of the Sale Consideration and is payable to the Manager pursuant to the trust deed dated 30 November 2015 (as amended and supplemented) constituting FLT.

2 Assumes that the net proceeds are used for repayment of bank borrowings, before taking into consideration the estimated capital gains tax on the Proposed Divestment and any distribution from the net proceeds. Taking into consideration the estimated capital gains tax on the Proposed Divestment of A\$3.9 million, DPU would be 6.71 Singapore cents (6.48 Australian cents).

3 Assuming that the Proposed Divestment had taken place on 1 October 2018 and that the net proceeds are used for repayment of bank borrowings, before taking into consideration the estimated capital gains tax on the Proposed Divestment and any distribution from the net proceeds, based on the unaudited financial statements of FLT for the period from 1 October 2018 to 31 March 2019 which was announced on 26 April 2019, DPU would have been reduced by 0.08 Singapore cents (0.08 Australian cents) from 3.54 Singapore cents (3.63 Australian cents) to 3.46 Singapore cents (3.55 Australian cents). Taking into consideration the estimated capital gains tax on the Proposed Divestment of A\$3.9 million, DPU would have been 3.27 Singapore cents (3.36 Australian cents).

5. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

As at the date of this announcement and based on information available to the Manager as at the date of this announcement, save for the Unitholding interests in FLT held by certain directors of the Manager and the controlling Unitholders, none of the directors of the Manager or the controlling Unitholders has an interest, direct or indirect, in the Proposed Divestment.

6. OTHER INFORMATION

6.1 Directors' Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Proposed Divestment or any other transactions contemplated in relation to the Proposed Divestment.

6.2 Disclosure under Rule 1006 of the Listing Manual

Chapter 10 of the SGX-ST Listing Manual (the "**Listing Manual**") governs the acquisition or disposal of assets, including options to acquire or dispose of assets, by FLT. Such transactions are classified into the following categories:

- (i) non-discloseable transactions;
- (ii) discloseable transactions;
- (iii) major transactions; and
- (iv) very substantial acquisitions or reverse take-overs.

A proposed divestment by FLT may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison:

- (a) the NAV of the assets to be disposed of, compared with FLT's net asset value pursuant to Rule 1006(a) of the Listing Manual;
- (b) the net profits attributable to the assets disposed of, compared with FLT's net profits pursuant to Rule 1006(b) of the Listing Manual; and
- (c) the aggregate value of the consideration given or received, compared with FLT's market capitalisation based on the total number of issued Units pursuant to Rule 1006(c) of the Listing Manual.

6.3 Relative Figures computed on the Bases set out in Rule 1006

The relative figures computed on the bases set out in Rules 1006(a), 1006(b) and 1006(c) of the Listing Manual are as follows:

Comparison of:	The Proposed Divestment	FLT	Relative Percentage (%)
NAV (A\$ m)	17.0	1,935 ⁽¹⁾	0.9
Net Property Income ⁽²⁾ (A\$ m)	4.5	99.2 ⁽¹⁾	4.5
Sale Consideration against FLT's market capitalisation ⁽³⁾ (S\$ m)	127.2 ⁽⁴⁾	2,425	5.2

Notes:

- (1) Based on FLT's net asset value as at 31 March 2019 and net property income in FLT's unaudited financial statements for the financial period ended 31 March 2019.
- (2) In the case of a real estate investment trust, net property income is a close proxy to the net profits attributable to its assets.
- (3) Based on the weighted average price of the Units transacted on the SGX-ST on 12 June 2019, being the market day preceding the date of signing of the Sale Contract, of S\$1.1961 per Unit.
- (4) Based on an exchange rate of A\$1 : S\$0.9481.

Under Rule 1010 of the Listing Manual, where any of the relative figures computed on the bases set out above exceeds 5% but does not exceed 20%, the Proposed Divestment is regarded as being a discloseable transaction. The Manager is of the view that the Proposed Divestment is in the ordinary course of FLT's business.

7. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager ¹ at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958, for a period of three months from the date of this announcement:

- (i) the Sale Contract; and
- (ii) the valuation report of the Property issued by the Independent Valuer.

¹ Prior appointment with the Manager (telephone number: +65 6813 0588) will be appreciated.

The Trust Deed will also be available for inspection at the registered office of the Manager, for so long as FLT is in existence.

BY ORDER OF THE BOARD

Frasers Logistics & Industrial Asset Management Pte. Ltd.

As manager of Frasers Logistics & Industrial Trust

Company Registration No. 201528178Z

Catherine Yeo

Company Secretary

13 June 2019

IMPORTANT NOTICE

This announcement 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 Manager's current view on future events.

The value of the Units and the income derived from them, if any, may fall or rise. The Units are not obligations of, deposits in, or guaranteed by, the Manager or Perpetual (Asia) Limited, as trustee of FLT. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units in the United States. This announcement is not for publication or distribution, directly or indirectly, in or into the United States (including its territories and possessions, any state of the United States and the District of Columbia), Canada or Japan. The Units referred to herein have not been, and will not be, registered under the Securities Act, or the securities laws of any state of the United States or other jurisdiction, and the Units may not be offered or sold in the United States, absent registration or an exemption from, the registration requirements under the Securities Act and applicable state or local securities laws. No public offering of securities is being made in the United States.

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

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

ADDITIONAL INFORMATION – FOREIGN INVESTMENT REGIME OF AUSTRALIA

Australia’s foreign investment regime is set out in the Australian Foreign Acquisitions and Takeovers Act 1975 (the “**FATA**”), the Australian Foreign Acquisitions and Takeovers Regulation and the Australian Government’s Foreign Investment Policy, including Guidance Notes issued by the Foreign Investment Review Board (“**FIRB**”).

A “*foreign person*”¹ that acquires Units is required under the FATA to notify and receive a prior no objection notification (“**FIRB Approval**”) of its investment in FLT from the Australian Treasurer through the FIRB if any of the circumstances set out below apply at the time the Units are acquired:

- (a) if FLT is considered to be an “Australian Land Trust”² (“**ALT**”) at the time of acquisition, all foreign persons acquiring Units (including existing holders of Units acquiring additional Units) will require FIRB Approval unless an exemption applies (see below);
- (b) if FLT is not an ALT, but has gross Australian assets in excess of a specified threshold prescribed under FATA (as at 30 April 2019, the threshold prescribed under FATA is A\$266.0 million (and A\$1,154 million for agreement country investors)) at the time of acquisition, all investors (i) who are foreign persons and (ii) who are acquiring a substantial interest (20% or more held solely or together with associates) in FLT or have a substantial interest (20% or more held solely or together with associates) and increase their holding, will require FIRB Approval; or

1 A “**foreign person**” is broadly defined in the FATA and includes:

- an individual not ordinarily resident in Australia; or
- a corporation in which an individual not ordinarily resident in Australia, a foreign corporation or a foreign government holds a substantial interest (20% or more held solely or together with associates); or
- a corporation in which 2 or more persons, each of whom is an individual not ordinarily resident in Australia, a foreign corporation or a foreign government, hold an aggregate substantial interest (40% or more including associate holdings); or
- the trustee of a trust in which an individual not ordinarily resident in Australia, a foreign corporation or a foreign government holds a substantial interest (20% or more held solely or together with associates); or
- the trustee of a trust in which 2 or more persons, each of whom is an individual not ordinarily resident in Australia, a foreign corporation or a foreign government, hold an aggregate substantial interest (40% or more including associate holdings); or
- a foreign government.

2 An ALT is a unit trust in which the value of interests in Australian land exceeds 50% of the value of the total assets of the unit trust.

- (c) any investor that is a Foreign Government Investor³ acquiring a “direct interest”⁴ in FLT will require FIRB Approval at the time of acquisition, regardless of whether FLT is considered to be an ALT or whether FLT has gross Australian assets in excess of A\$266.0 million.

Exemptions from ALT requirements

The FATA contains two relevant exemptions from the requirement to obtain FIRB Approval that would otherwise apply if FLT was considered to be an ALT:

- (a) where the relevant person is not a foreign government investor and the relevant person’s interest in FLT would not be valued in excess of a specified threshold prescribed under the FATA (at 30 April 2019, the threshold prescribed under the FATA is A\$266.0 million, unless the ALT has ‘sensitive’ land holdings, in which case the threshold is A\$58.0 million (or A\$1,154 million for agreement country investors))⁵; and
- (b) the relevant person, together with associates, is acquiring an interest of less than 10% in FLT and will not be in a position to influence or participate in the central management and control of the ALT or to influence, participate in or determine the policy of the ALT⁶.

3 A “**foreign government investor**” means an entity that is:

- a foreign government or separate government entity; or
- a corporation, or trustee of a trust, or general partner of a limited partnership in which:
 - a foreign government or separate government entity, alone or together with one or more associates, holds an interest of at least 20%; or
 - foreign governments or separate government entities of more than one country (or parts of more than one foreign country), together with any one or more associates, hold an interest of at least 40%;
- a “separate government entity” means an individual, corporation or corporation sole that is an agency or instrumentality of a foreign country or part of a foreign country, but not part of the body politic of a foreign country or of a part of a foreign country.

The FATA deems foreign government related entities from the same country to be associated. The effect is that an entity will be a foreign government investor where one or more foreign government related entities from the same country have in aggregate a 20% or more interest in the subject entity.

4 A “**direct interest**” is defined to mean:

- an interest of at least 10% in the entity or business, or
- an interest of at least 5% in the entity or business if the person who acquires the interest has entered a legal arrangement relating to the businesses of the person and the entity or business, or
- an interest of any percentage in the entity or business if the person who has acquired the interest is in a position to:
 - participate or influence the central management and control of the entity or business; or
 - influence, participate or determine the policy of the entity or business.

5 This applies in respect of ALTs that have predominantly developed commercial real estate portfolios (i.e. less than 10% residential or vacant commercial land). Previously, there was no applicable monetary threshold. It is the value of the interest being acquired, rather than the value of the underlying land that is determinative for the purposes of this exemption. The concept of ‘sensitive’ land is broad and includes mines and critical infrastructure (for example, an airport or port) as well as property that has Australian government tenants.

6 This exemption applies where an ALT is listed on an official stock exchange (whether in Australia or not).

Significant actions

As at 31 March 2019, the value of the Australian land interests comprised in FLT's portfolio is 64.4% of the total asset value of FLT. Consequently, FLT is considered to be an ALT. As at 31 March 2019, FLT has gross Australian assets of approximately A\$2,017 million, which is above A\$266.0 million (and above A\$1,154 million for agreement country investors).

Any investor that is a "foreign person" acquiring Units on the secondary market should seek their own advice on the FIRB requirements as they pertain to their specific circumstances.