

## FRASERS LOGISTICS & COMMERCIAL TRUST INVESTS IN SECOND FORWARD FUNDING OPPORTUNITY IN THE UNITED KINGDOM

- ◆ Acquisition of a prime freehold logistics development in Cheshire, North West England, UK, for a total consideration on a completed basis of £101.0 million (approximately S\$171.7 million<sup>1</sup>)
- ◆ Pre-let to Peugeot Motor Company Plc, a leading UK auto distributor with a 15-year lease term
- ◆ Marks fourth logistics and industrial investment in the UK

**SINGAPORE, 25 JUNE 2022**

Fraser's Logistics & Commercial Asset Management Pte. Ltd., the manager of Fraser's Logistics & Commercial Trust ("**FLCT**") and the manager of FLCT, the "**REIT Manager**", is pleased to announce that it has, through the Sub-Trust Trustees<sup>2</sup> acting as trustees of a sub-trust wholly owned by FLCT, acquired a property to be developed at West Road, Hooton Park Airfield, Ellesmere Port in Cheshire, North West England, United Kingdom (the "**UK**") (the "**Property**") from an unrelated third party, Stoford Properties Ltd ( "**Stoford**"), with FLCT to fund the development by Stoford of the new facility (the "**Proposed Acquisition**"). The all-in maximum consideration for the Proposed Acquisition on a completed basis is £101.0 million (approximately S\$171.7 million) (the "**Maximum Consideration**").

The Maximum Consideration was negotiated on a willing buyer and willing seller basis and taking into consideration the independent valuation conducted by CBRE Limited ("**CBRE**")<sup>3</sup> at £101.0 million (approximately S\$171.7 million) as at 1 June 2022<sup>4</sup>. The CBRE valuation is based on the income capitalisation approach and comparable market transactions.

Mr. Robert Wallace, Chief Executive Officer of the REIT Manager, said, "The forward funding acquisition presents an excellent opportunity to add a state-of-the-art logistics facility to FLCT's growing UK logistics and industrial portfolio. With a committed 15-year lease term to Peugeot, a subsidiary of the global automaker Stellantis Group, the Property will serve as its national distribution centre upon completion. The Property will be developed to high building and sustainability specifications and will meet BREEAM<sup>5</sup> "Excellent" and EPC<sup>6</sup> A rating.

"The Property will mark FLCT's fourth logistics and industrial investment in the UK and is strategically sited in a well-established logistics and industrial precinct in UK's North West, which will enable us to deepen FLCT's presence in the attractive UK logistics real estate space, while supporting our objectives of delivering sustainable long-term value to our unitholders."

### KEY ATTRIBUTES OF THE PROPOSED ACQUISITION

The Property sits within the UK's North West logistics and industrial ("**L&I**") market, which has witnessed strong occupier demand and falling vacancy rates, in line with the overall growth of the UK L&I market in recent years. According to CBRE, North West continued its trend of strong take-up of 1.3 million square feet ("**sq ft**") (approximately 120,774 square metres ("**sqm**") in Q1 2022, registering a growth of 14.0% year-on-year, with a record take-up of more than 5.0 million sq ft in 2021. At the end of Q1 2022, supply of warehouse space in the North West fell by 11.0% quarter-on-quarter to 1.8 million sq ft (approximately 167,225 sqm), resulting in

<sup>1</sup> Unless otherwise stated, the S\$ equivalent of the figures in this press release have been arrived at based on an assumed exchange rate of 1.7000 as at 22 June 2022.

<sup>2</sup> The "**Sub-Trust Trustees**" refer to FLCT Ellesmere Trustee 1 Limited and FLCT Ellesmere Trustee 2 Limited as joint trustees of FLCT Ellesmere Trust.

<sup>3</sup> CBRE was commissioned by the REIT Manager and Perpetual (Asia) Limited, as trustee of FLCT, to value the Property.

<sup>4</sup> CBRE's valuation is on a completed basis, on the basis that all relevant planning permission is in place and the Property is leased to the tenant, Peugeot, based on the terms in the agreement for lease with Peugeot, and excludes the effects of rental incentives which will be borne by the vendor, Stoford.

<sup>5</sup> Building Research Establishment Environmental Assessment Method ("**BREEAM**") is the world's longest established method of assessing, rating and certifying the sustainability of buildings.

<sup>6</sup> Energy Performance Certificate ("**EPC**") is a rating scheme to summarise the energy efficiency of buildings. An EPC rates a building from A (most efficient) to G (least efficient) and is valid for 10 years.

the vacancy rate falling to approximately 1.3%<sup>7</sup>. Based on JLL research, L&I rental growth in the UK will rise by approximately 4.9% annually over the five-year period from 2022 to 2026<sup>8</sup>.

Occupier demand in the North West L&I market continues to be strengthened by significant levels of infrastructure investment, including the newly completed Mersey Gateway Bridge that connects the national motorway network in north Cheshire with Merseyside, the deep-water terminal expansion at the 'Liverpool2' port to become UK's largest transatlantic port and the ongoing expansion plan at Manchester Airport. These infrastructure improvements will further enhance the prominence of the North West region as one of the most integral logistics markets in the UK.

The Property is strategically located on West Road within Hooton Business Park, in an excellent and established location adjacent to Junction 6 of the M53 Motorway in the county of Cheshire, which provides quick access to the national motorway network. The strategic location benefits from exceptional road, rail and sea connectivity, providing an excellent distribution location for a range of occupiers, and is notably known for its links to automotive engineering.

The Property will sit on a 14.41-hectare site and will have a total lettable area of 667,185 sq ft (approximately 61,984 sqm). The Property will be developed by the vendor, Stoford, to high specification and sustainability standards and will be certified as net zero carbon in operation for the base build works. Development of the Property is expected to complete in the second half of 2023<sup>9</sup> and will be leased to Peugeot Motor Company Plc ("**Peugeot**") for a lease term of 15 years, with the Property serving as its national distribution centre in the UK. The lease will also benefit from five-yearly, upward-only rent reviews<sup>10</sup>.

The Proposed Acquisition also marks FLCT's second partnership with Stoford in the UK for the delivery of new state-of-the-art industrial facilities. Stoford is a leading UK developer specialising in industrial, production and logistics facilities and has built over 17 million sq ft (approximately 1.58 million sqm) of industrial space since 1996 with an ongoing development capacity of 23,159,000 sq ft (approximately 2.15 million sqm), delivering space that meets BREEAM "Excellent" and EPC A ratings. Stoford has delivered accommodation for some of UK's largest businesses, providing full turnkey solutions including tenant fit-outs and is recognised as a pre-let specialist.

This marks FLCT's sixth property in the UK, increasing FLCT's exposure to the UK market to 13.0% of its total portfolio value, from 10.7% prior to the Proposed Acquisition. Post-acquisition, the weighting of FLCT's portfolio by value towards L&I will also increase from 66.3% to 67.1%<sup>11</sup>. Post-acquisition, based on the portfolio metrics as at 31 March 2022, weighted average lease expiry will increase to 4.8 years from 4.6 years with a portfolio occupancy rate of 96.2%.

## FUNDING AND FINANCIAL EFFECTS

The total cost of the Proposed Acquisition is estimated to be £103.5 million (approximately S\$175.9 million), comprising the Maximum Consideration, the acquisition fee payable to the REIT Manager as well as professional and other fees and expenses in connection with the Proposed Acquisition (including stamp duty land tax, but excluding recoverable value-added tax). The Proposed Acquisition will be partially funded from the divestment proceeds of Cross Street Exchange in Singapore<sup>12</sup> and with the balance from existing debt facilities.

<sup>7</sup> CBRE UK Logistics Market Summary Q1 2022.

<sup>8</sup> JLL Forecasts of MSCI UK 2022-26 (EMEA Research) Report, June 2022.

<sup>9</sup> Prior to completion of the lease to Peugeot, a related entity of Peugeot has the right to acquire the Property should there be a breach by the developer, Stoford of the agreement for lease with Peugeot (such instances include if the development is not undertaken in accordance with the specifications of Peugeot under the agreement for lease or if the developer is insolvent). However, FLCT has certain rights to step into the developer's position should there be a breach by the developer.

<sup>10</sup> Linked to the annual rise with the consumer price index, collared at 2.0% and capped at 4.0% p.a.

<sup>11</sup> As at 31 March 2022 and based on portfolio value which excludes the recognition of right-of-use assets, and includes 545 Blackburn Road which was acquired on 20 May 2022 and the proposed acquisition of three properties located at 1, 11 & 17 Magnesium Place, Truganina, Victoria, Australia announced on 10 June 2022.

<sup>12</sup> Please refer to the announcements dated 2 December 2021 and 25 January 2022 for details.

The Proposed Acquisition is not expected to have any material effect on FLCT's net tangible assets.

#### OTHER INFORMATION

Based on the relative figures as computed on the bases set out in Rule 1006 of the listing manual of Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), the Proposed Acquisition is a "Non-Discloseable Transaction" within the meaning of Rule 1006 of the Listing Manual.

END

#### ARTIST IMPRESSIONS OF THE PROPERTY





**About Frasers Logistics & Commercial Trust**

Fraser's Logistics & Commercial Trust ("**FLCT**") is a Singapore-listed real estate investment trust with a portfolio comprising 102 industrial and commercial properties, worth approximately S\$6.7 billion, diversified across five major developed markets – Australia, Germany, Singapore, the United Kingdom and the Netherlands. FLCT was listed on the Mainboard of Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 20 June 2016 as Fraser's Logistics & Industrial Trust and was subsequently renamed Fraser's Logistics & Commercial Trust on 29 April 2020 following the completion of a merger with Fraser's Commercial Trust.

FLCT's investment strategy is to invest globally in a diversified portfolio of income-producing properties used predominantly for logistics or industrial purposes located globally, or commercial purposes (comprising primarily CBD office space) or business park purposes (comprising primarily non-CBD office space and/or research and development space) located in the Asia-Pacific region or in Europe (including the United Kingdom). FLCT is sponsored by Fraser's Property Limited.

FLCT is a constituent of the FTSE EPRA Nareit Global Real Estate Index Series (Global Developed Index), Straits Times Index and Global Property Research (GPR) 250.

For more information about FLCT, visit [www.frasersproperty.com/reits/flct](http://www.frasersproperty.com/reits/flct)

**About Frasers Property Limited**

Fraser's Property Limited ("**Fraser's Property**") and together with its subsidiaries, the "**Fraser's Property Group**" or the "**Group**", is a multi-national developer-owner-operator of real estate products and services across the property value chain. Listed on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and headquartered in Singapore, the Group has total assets of approximately S\$40.7 billion as at 31 March 2022.

Fraser's Property's multi-national businesses operate across five asset classes, namely, residential, retail, commercial & business parks, industrial & logistics as well as hospitality. The Group has businesses in Southeast Asia, Australia, Europe and China, and its well-established hospitality business owns and/or operates serviced apartments and hotels in over 70 cities and 20 countries across Asia, Australia, Europe, the Middle East and Africa.

Fraser's Property is also the sponsor of two real estate investment trusts ("**REITs**") and one stapled trust listed on the SGX-ST. Fraser's Centrepont Trust and Fraser's Logistics & Commercial Trust are focused on retail, and industrial & commercial properties, respectively. Fraser's Hospitality Trust (comprising Fraser's Hospitality Real Estate Investment Trust and Fraser's 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. Fraser's Property (Thailand) Public Company Limited is the sponsor of Fraser's Property Thailand Industrial Freehold & Leasehold REIT, which is focused on industrial & logistics properties in Thailand, and Golden Ventures Leasehold Real Estate Investment Trust, which is focused on commercial properties.

The Group is committed to inspiring experiences and creating places for good for its stakeholders. By acting progressively, producing and consuming responsibly, and focusing on its people, Fraser's Property aspires to raise sustainability ideals across its value chain, and build a more resilient business. It is committed to be a net-zero carbon corporation by 2050. Building on its heritage as well as leveraging its knowledge and capabilities, the Group aims to create lasting shared value for its people, the businesses and communities it serves. Fraser's Property believes in the diversity of its people and are invested in promoting a progressive, collaborative and respectful culture.

For more information on Fraser's Property, please visit [frasersproperty.com](http://frasersproperty.com) or follow us on [LinkedIn](#).

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The value of the units in FLCT ("**Units**") and the income derived from them may fall or rise. The Units are not obligations of, deposits in, or guaranteed by the REIT Manager, Perpetual (Asia) Limited, in its capacity as trustee of FLCT, or Frasers Property (as the sponsor of FLCT).

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Unitholders have no right to request that the REIT Manager redeem or purchase 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 news release may contain forward-looking statements or financial information that involve assumptions, 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. Predictions, projections or forecasts of the economy or economic trends of the markets are not necessarily indicative of the future or likely performance of FLCT. The forecast financial performance or financial information of FLCT is not guaranteed. A potential investor is cautioned not to place undue reliance on these forward-looking statements or financial information, which are based on the REIT Manager's current view of future events.

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