

SGX-ST ANNOUNCEMENT

For immediate release

FRASERS LOGISTICS & COMMERCIAL TRUST

(a real estate investment trust constituted on 30 November 2015 under the laws of the Republic of Singapore)

THE PROPOSED ACQUISITION OF AN INDUSTRIAL PROPERTY IN SINGAPORE

1. Introduction

Fraser's Logistics & Commercial Asset Management Pte. Ltd., as manager of Fraser's Logistics & Commercial Trust ("**FLCT**", and as manager of FLCT, the "**Manager**") is pleased to announce that Perpetual (Asia) Limited, as trustee of FLCT (the "**FLCT Trustee**") has, through FLCT Singapore 1 Trust ("**FS1T**")¹, entered into a sale and purchase agreement dated 17 October 2024 (the "**SPA**") with an unrelated third party, Diamond Land Pte. Ltd. (the "**Vendor**") to acquire the remaining leasehold interest in Lot 4843A of Mukim 7 together with the building erected thereon and currently known as "2 Tuas South Link 1, Singapore 636904" (the "**Property**") (the "**Proposed Acquisition**").

2. The Proposed Acquisition of the Property

2.1. About the Property

The Property was completed and ready for occupation in 2018, and it is a leasehold logistics property located within the Jurong Industrial Estate, in close proximity to the Tuas Mega Port. The Property is a modern six-storey ramp-up logistics facility, featuring mezzanine offices, car parking and truck and trailer lots, and has a total net lettable area ("**NLA**") of 56,203 square metres. It has also been certified Green Mark Platinum by the Building and Construction Authority ("**BCA**"). The Property has an occupancy rate of 85.8%² and a weighted average lease expiry of 1.8 years³ as at 30 September 2024.

2.2. Valuation and Purchase Price

The FLCT Trustee and the Manager have commissioned an independent valuer, Knight Frank Pte Ltd ("**Knight Frank**") to value the Property. The independent valuation of the Property as at 30 September 2024⁴ is S\$143.8 million (with Occupancy Guarantee and Rent-Free Amounts (each as defined herein)) (the "**Appraised Value**").⁵

The purchase price for the Property is S\$140.3 million (the "**Purchase Price**"), which was negotiated on a willing-buyer and willing-seller basis, taking into account the independent

1 FS1T is a private trust that is wholly-owned by FLCT. In connection with the Proposed Acquisition, Perpetual (Asia) Limited, as trustee of FS1T has entered into the SPA with the Vendor ("**Purchaser**").

2 Occupancy is based on NLA of the committed leases.

3 Based on gross rental income, being the contracted rental income and estimated recoverable outgoings.

4 Knight Frank arrived at their valuation by adopting a Capitalisation Method, a Discounted Cash Flow Analysis and a Direct Comparison Method.

5 The independent valuation of the Property as at 30 September 2024 without taking into account Occupancy Guarantee and Rent-Free Amounts is S\$140.9 million.

valuation of the Property. The Purchase Price represents a discount of approximately 2.5% to the Appraised Value.

2.3. Certain Terms and Conditions of SPA

The principal terms of the SPA include, among others, the following:

- (a) the Purchase Price of S\$140.3 million;
- (b) a right of termination by FS1T upon the occurrence of certain events, including unsatisfactory legal requisition replies, compulsory acquisition affecting the Property, material damage to the Property and breach of title warranties; and
- (c) an agreement that the Purchase Price may be adjusted for the Occupancy Guarantee Amount (as defined herein) and the Rent-Free Amounts (as defined herein) on legal completion ("**Completion**").

The Purchaser will have in place warranty and indemnity insurance policies, which provide insurance coverage against claims by FS1T in relation to any breach of warranties under the SPA, up to prescribed limits.

2.4. Occupancy Guarantee and Rent-Free Amounts

Under the SPA, the Vendor and the Purchaser agree that in the event that the occupancy rate of the Property as at the date of Completion ("**Completion Date**") is below 100.0%, the Purchase Price will be adjusted for any vacant lettable space in the Property and new leases (if any) as at the Completion Date ("**Occupancy Guarantee**") and the amount of adjustment will be computed with reference to agreed rates and capped at a maximum of S\$3.3 million (the "**Occupancy Guarantee Amount**"). The Vendor and Purchaser also agree that the Purchase Price will also be adjusted to take into account outstanding rent-free amounts ("**Rent-Free Amounts**"). The adjustments to the Purchase Price for the Occupancy Guarantee Amount and the Rent-Free Amounts are expected to amount to approximately S\$2.9 million.

The purchase consideration payable on Completion will be approximately S\$137.4 million, after taking into account the expected adjustments for the Occupancy Guarantee Amount and the Rent-Free Amounts.⁶ The purchase consideration will be paid to the Vendor in cash.

2.5. Estimated Total Transaction Cost

The estimated total cost of the Proposed Acquisition (the "**Total Transaction Cost**") is approximately S\$147.2 million, comprising:

- (a) the Purchase Price of S\$140.3 million less the expected adjustments to the Purchase Price for the Occupancy Guarantee Amount and Rent-Free Amounts of approximately S\$2.9 million;

⁶ Knight Frank as the independent valuer is of the opinion that the Occupancy Guarantee is in line with market rates and the Rent-Free Amounts as at the Completion Date is in line with market terms.

- (b) the acquisition fee payable to the Manager for the Proposed Acquisition pursuant to the trust deed dated 30 November 2015 (as amended and supplemented) constituting FLCT (the “**Trust Deed**”), which amounts to approximately S\$1.4 million (the “**Acquisition Fee**”) which will be paid in cash; and
- (c) the estimated professional, stamp duty and other fees and expenses incurred or to be incurred by FLCT in connection with the Proposed Acquisition of approximately S\$8.4 million.

3. Proposed Method of Financing the Proposed Acquisition

The Manager intends to finance the Total Transaction Cost, through external debt financing.

4. Pro Forma Financial Effects

The pro forma financial effects of the Proposed Acquisition for the period from 1 October 2023 to 31 March 2024 (“**1H 2024**”) on the distribution per unit in FLCT (“**Unit**”, distribution per Unit, “**DPU**”) and gearing as at 31 March 2024 presented below are strictly for illustrative purposes only and were prepared based on FLCT’s unaudited financial statements for 1H 2024 (“**1H 2024 Unaudited Financial Statements**”) which was announced on 7 May 2024, and assuming that the Purchase Price has been adjusted for the expected Occupancy Guarantee Amount and Rent-Free Amounts, and the acquisition fee and management fee in relation to the Proposed Acquisition are being paid in cash.

4.1 Pro Forma DPU

The pro forma financial effects of the Proposed Acquisition on the DPU for 1H 2024 are strictly for illustrative purposes only, as if (a) FLCT had purchased the Property and the Proposed Acquisition had been completed on 1 October 2023, and (b) FLCT owned the Property for the full period of 1H 2024:

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	Pro Forma Effects of the Proposed Acquisition for 1H 2024	
	1H 2024 Unaudited Financial Statements	Immediately after completion of the Proposed Acquisition
Distributable Income (S\$ m) ⁽¹⁾	130.7	132.8 ⁽²⁾
DPU (Singapore cents)	3.48	3.54
DPU accretion (%)	-	1.7

Note:

- (1) Assumed that FS1T is an approved sub-trust, and the distribution FLCT receives from FS1T is accorded tax transparency treatment.
- (2) Assumed 100.0% of the Manager’s base and performance management fees are paid in cash. Also includes capital distributions relating to the expected Occupancy Guarantee Amount and Rent-Free Amounts.

4.2 Pro Forma Gearing

The following table sets forth the pro forma gearing of FLCT as at 31 March 2024, as if FLCT had completed the Proposed Acquisition on 31 March 2024.

	1H 2024 Unaudited Financial Statements	Immediately after completion of the Proposed Acquisition
Aggregate leverage ⁽¹⁾ (%)	32.7	34.1

Note:

(1) Calculated based on total gross borrowings divided by total assets. The impact of FRS 116 Leases and non-controlling interests have been excluded for the purpose of computing the aggregate leverage ratio.

5. Rationale for and Key Benefits of the Proposed Acquisition

The Proposed Acquisition will bring the following benefits:

5.1 Strategic acquisition of a prime logistics asset in Singapore

The Proposed Acquisition is FLCT's first logistics and industrial acquisition in Singapore. Notwithstanding that the logistics market in Singapore is characterised by limited prime logistics assets, the logistics market has robust underlying market fundamentals where the prime logistics assets have an average occupancy rate of approximately 94.6%⁷. The Proposed Acquisition provides FLCT with a rare opportunity to acquire a prime logistics asset (that is also certified Green Mark Platinum by the BCA) in a highly sought-after market.

5.2 Strategic proximity to Tuas Mega Port

The Tuas Mega Port which is expected to consolidate port operations across Singapore by the 2040s, has commenced operations and is expected to increase Singapore's container handling capacity from 37.3 million twenty-foot equivalent units (TEUs)⁸ to 65.0 million TEUs when it becomes fully operational⁹. As the Property is located in close proximity to the Tuas Mega Port (being just a 2-minute drive from the Tuas Mega Port), it is strategically positioned to benefit from an anticipated increase in demand for logistics facilities.

5.3 Strengthen portfolio resilience to foreign exchange fluctuations

The Proposed Acquisition will further diversify FLCT's income stream by increasing the proportion of income it derives from Singapore properties. Consequently, this would reduce FLCT's exposure to foreign exchange volatility, given FLCT's predominantly overseas portfolio.

5.4 DPU accretive entry into Singapore logistics market, diversifying growth drivers

The entry into the Singapore logistics market is expected to be DPU accretive and creates new growth drivers for FLCT's portfolio. The pro forma effects on the DPU for 1H 2024 is expected to be an improvement of 1.7% assuming that the Proposed Acquisition had been completed on

7 Source: CBRE Research.

8 Based on the estimated container handling volume in 2022.

9 Source: Maritime and Port Authority of Singapore.

1 October 2023 (please refer to paragraph 4.1 above for more details). The existing leases are also contracted with rental escalation and market rent review mechanisms, which will offer potential income upside in the future.

Based on the proposed method of financing, the Proposed Acquisition is also expected to be net asset value per Unit neutral.

5.5 Continual expansion of Logistics and Industrial (“L&I”) portfolio

The Proposed Acquisition enables the Manager to further diversify its portfolio composition. This is aligned with FLCT’s strategic objective to expand its L&I portfolio in developed countries. After the Proposed Acquisition, FLCT’s total portfolio logistics and industrial exposure will increase from 70.9%¹⁰ to 71.5% and FLCT’s Singapore exposure will increase from 9.8%¹⁰ to 11.6%.

6. Listing Manual Requirements

6.1 Non-Discloseable Transaction

Based on the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**Listing Manual**”), the Proposed Acquisition is a non-discloseable transaction within the meaning of Rule 1008 of the Listing Manual.

6.2 Interests of Directors

As at the date of this Announcement, none of the Directors has an interest, direct or indirect, in the Proposed Acquisition.

6.3 Directors’ Service Contracts

No person is proposed to be appointed as a Director in connection with the Proposed Acquisition or any other transactions contemplated in relation to the Proposed Acquisition.

7. Documents for Inspection

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager¹¹ at 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958 from the date of this Announcement up to and including the date falling three months after the date of this Announcement:

- (a) the SPA; and
- (b) the full valuation report on the Property issued by Knight Frank.

¹⁰ Based on the book value of FLCT’s portfolio as at 30 June 2024, excluding one property under development in Europe and right-of-use assets.

¹¹ Prior appointment with the Manager (telephone: +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 FLCT is in existence.

BY ORDER OF THE BOARD

Frasers Logistics & Commercial Asset Management Pte. Ltd.

As manager of Frasers Logistics & Commercial Trust

Company Registration No. 201528178Z

Catherine Yeo

Company Secretary

17 October 2024

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 in FLCT ("**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 FLCT. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

This announcement is for information purposes only and does not constitute an offer for sale or 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 FLCT and the Manager is not necessarily indicative of the future performance of FLCT 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* ("FATA") and associated regulations and the Australian Government's Foreign Investment Policy.

Notifiable actions (i.e. mandatory notification) for Australian Land Trusts

A "foreign person"¹² that acquires Units is required under the FATA to notify and receive a prior no objection notification ("FIRB Approval") in respect of its investment in FLCT from the Australian Treasurer through the Foreign Investment Review Board ("FIRB") if any of the circumstances set out below apply at the time the Units are acquired:

- (a) if FLCT is considered to be an "Australian Land Trust"¹³ ("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 FLCT is not an ALT, but has gross Australian assets that meet a specified threshold prescribed under FATA or the consideration value meets the specified threshold (as at the date of this Announcement, the threshold prescribed under FATA is A\$330 million¹⁴) 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 FLCT or have a substantial interest (20% or more held solely or together with associates) and increase their holding, will require FIRB Approval; or

12 A "foreign person" is broadly defined in the FATA and includes:

- (a) an individual not ordinarily resident in Australia; or
- (b) 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
- (c) 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
- (d) 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
- (e) 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);
- (f) a foreign government; or
- (g) any other person, or any other person that meets the conditions, prescribed by the regulations.

13 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.

14 Where the investor is from certain free trade agreement partners (Chile, China, Hong Kong, Japan, New Zealand, Peru, Singapore, South Korea, the United States, the United Kingdom and any other country for which the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), done at Santiago on 8 March 2018, is in force (including Canada, Mexico, Malaysia and Vietnam)) a higher threshold of A\$1,427 million applies.

Additional information – Foreign Investment Regime of Australia (cont'd)

- (c) any investor that is a Foreign Government Investor¹⁵ acquiring a “direct interest”¹⁶ in FLCT will require FIRB Approval prior to acquisition, regardless of whether FLCT is considered to be an ALT or whether FLCT has gross Australian assets in excess of the applicable threshold; or
- (d) if FLCT is a national security business¹⁷ (or if it carries on a national security business) any investor acquiring a direct interest in FLCT will require FIRB Approval at the time of acquisition of a “direct interest”, regardless of the value of the interest; or

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

- (a) a foreign government or separate government entity; or
- (b) a corporation, or trustee of a trust, or general partner of an unincorporated 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%;
- (c) 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.

16 A “direct interest” is defined to mean:

- (a) an interest of at least 10% in the entity or business, or
- (b) 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
- (c) an interest of any percentage in the entity or business if the person who acquired the interest is in a position to:
 - participate in or influence the central management and control of the entity or business; or
 - influence, participate in or determine the policy of the entity or business.

17 A business is a ‘national security business’ if:

- (a) the business is carried on wholly or partly in Australia whether or not in anticipation of profit or gain; and
- (b) it is publicly known, or could be known upon the making of reasonable inquiries, that the business is of a kind referred to below:
 - a responsible entity (within the meaning of the *Security of Critical Infrastructure Act 2018* (Cth) (**‘the SOCI Act’**)) for an asset;
 - an entity that is a direct interest holder in relation to a critical infrastructure asset (within the meaning of those terms in the SOCI Act);
 - a carrier or nominated carriage service provider to which the *Telecommunications Act 1997* (Cth) applies;
 - develops, manufactures or supplies critical goods or critical technology that are, or are intended to be, for a military use, or an intelligence use, by defence and intelligence personnel, the defence force of another country, or a foreign intelligence agency;
 - provides, or intends to provide, critical services to defence and intelligence personnel, the defence force of another country, or a foreign intelligence agency;
 - stores or has access to information that has a security classification;
 - stores or maintains personal information of defence and intelligence personnel collected by the Australian Defence Force, the Defence Department or an agency in the national intelligence community which, if accessed, could compromise Australia’s national security;
 - collects, as part of an arrangement with the Australian Defence Force, the Defence Department or an agency in the national intelligence community, personal information on defence and intelligence personnel which, if disclosed, could compromise Australia’s national security; or
 - stores, maintains or has access to personal information on defence and intelligence personnel that has been collected as part of an arrangement with the Australian Defence Force, the Defence Department or an agency within the national intelligence community, which, if disclosed, could compromise Australia’s national security.

Additional information – Foreign Investment Regime of Australia (cont'd)

- (e) if FLCT is an ALT and holds any interests in national security land¹⁸, any investor acquiring a direct interest in FLCT will require FIRB Approval at the time of acquisition of a “direct interest”, regardless of the value of the interest.

Exemptions from ALT requirements

There are two relevant exemptions from the requirement to obtain FIRB Approval under the FATA that would otherwise apply if FLCT was considered to be an ALT:

- (a) where the relevant person is not a foreign government investor and the relevant person's interest in FLCT would not be valued in excess of a specified threshold prescribed under the FATA (at the date of this announcement, the threshold prescribed under the FATA is A\$330 million¹⁹, unless the ALT has ‘sensitive’ land holdings, in which case the threshold is A\$71 million)²⁰; and
- (b) the relevant person, together with associates, is acquiring an interest of less than 10% in FLCT and will not be in a position to influence or participate in the central management and control of FLCT or to influence, participate in or determine the policy of FLCT²¹.

Significant actions

As at 31 March 2024, the value of the Australian land assets comprised in FLCT's portfolio is 47.1% of the total asset value of FLCT. Consequently, FLCT is not considered to be an ALT. As at 31 March 2024, FLCT had gross Australian assets of approximately S\$3,387.8 million, which is above the general A\$330 million threshold applicable to trusts that are not ALTs.

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.

18 **‘National security land’** is currently defined as:

- Defence premises – land owned or occupied by Defence; or
- Land in which an agency in the national intelligence community has an interest (if this interest is publicly known or could be known after making reasonable inquiries).

19 See footnote 18 above.

20 This applies in respect of ALTs that have predominantly developed commercial real estate portfolios (i.e. less than 10% residential or vacant commercial land). It is the value of the interest being acquired, rather than the value of the underlying land that is in the usual course determinative for the purposes of this exemption. The concept of ‘sensitive’ land is broad and includes transport logistics facilities, mines, telecommunication structures and critical infrastructure (for example, an airport or port) as well as property that has Australian government tenants.

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