

Fraser's Property Limited

Incorporated in Singapore

Company Registration No. 196300440G

PROPOSED DIVESTMENT OF INTERESTS IN TWO PROPERTIES IN AUSTRALIA AND THE UNITED KINGDOM

Unless otherwise stated, the S\$ equivalent of the A\$ figures and £ figures in this Announcement have been arrived at based on assumed exchange rates of A\$1 : S\$0.9872 and £1 : S\$1.7969, respectively.

1. INTRODUCTION

The board of directors of Fraser's Property Limited (the "**Company**" or "**FPL**") wishes to announce that the Company, through its subsidiary, Australand Property Holdings Pty Ltd (as trustee of FPT (Braeside No. 1) Trust) (the "**Australian Vendor**"), entered into an asset sale and purchase agreement dated 3 August 2020 (the "**Asset Sale and Purchase Agreement**") with Fraser's Logistics & Commercial Trust ("**FLCT**"), through FLT Landowner Pty Limited as trustee for Canterbury Road Trust A (which is wholly-owned by FLCT) (the "**Sub-Trust Trustee**"), to sell to the Sub-Trust Trustee a freehold logistics property located at 75-79 Canterbury Road, Braeside, Victoria, Australia (the "**Australian Property**") (the "**Australian Property Divestment**")

In addition, the Company, through its subsidiary, Fraser's Property HoldCo (Jersey) 2 Limited (the "**UK Vendor**"), entered into a share purchase agreement dated 3 August 2020 (the "**Share Purchase Agreement**") with, among others¹, FLCT UK Pte. Ltd. (the "**UK Purchaser**"), a wholly-owned subsidiary of Perpetual (Asia) Limited, in its capacity as the trustee of FLCT, to divest its entire equity interests in Maxis Business Park Limited (the "**Property Company**") which wholly-owns a property known as Maxis Business Park located at Maxis Park, Western Road, Bracknell, United Kingdom (the "**UK Property**") (the "**UK Property Divestment**", and together with the Australian Property Divestment, the "**Proposed Divestments**").

2. SALIENT TERMS OF THE PROPOSED DIVESTMENTS

2.1. Certain Terms and Conditions of the Asset Sale and Purchase Agreement

The principal terms of the Asset Sale and Purchase Agreement include, among others, that:

- (i) the completion of the Australian Property Divestment be subject to the satisfaction of the condition precedent that the Sub-Trust Trustee has obtained financing for the Australian Property Divestment; and

¹ Fraser's Property International Pte. Ltd., a subsidiary of the Company, is also a party to the Share Purchase Agreement as guarantor to guarantee the performance of the UK Vendor's obligations under the Share Purchase Agreement.

- (ii) certain limited representations and warranties are made by the Australian Vendor including in relation to the capacity of the Australian Vendor, information disclosed, legal matters, title to the Australian Property and other matters in relation to the Australian Property. Claims for breach of warranties are subject to a cap on liability and must be made within a certain period after the completion of the transfer. Furthermore, certain limited representations and warranties are made by the Sub-Trust Trustee in relation to the capacity of the Sub-Trust Trustee.

2.2. Certain Terms and Conditions of Incentive Reimbursement Deed

In connection with the Australian Property Divestment, the Australian Vendor will also enter into an incentive reimbursement deed (the “**Incentive Reimbursement Deed**”) in respect of the Australian Property under which the Australian Vendor will be reimbursing the Sub-Trust Trustee for incentives (for example, rent abatement) which the Australian Vendor has made available or agreed to grant to the tenant of the Australian Property.

The actual amount reimbursable under the Incentive Reimbursement Deed will be based on the actual tenancy in respect of the Australian Property as at the time that the Incentive Reimbursement Deed takes effect.

2.3. Certain Terms and Conditions of the Share Purchase Agreement

The principal terms of the Share Purchase Agreement include, among others, that:

- (i) the completion of the UK Property Divestment be subject to the satisfaction of the condition precedent that the UK Purchaser has obtained adequate financing to fund the UK Property Divestment; and
- (ii) certain limited representations and warranties are made by the UK Vendor including in relation to the capacity of the UK Vendor, information disclosed, legal matters, title to the shares in the Property Company and to the UK Property and other matters in relation to the Property Company and the UK Property. Claims for breach of warranties are subject to a cap on liability and must be made within a certain time period after the date of completion of the UK Property Divestment. Furthermore, certain limited representations and warranties are made by the UK Purchaser in relation to the capacity of the UK Purchaser.

2.4. Certain Terms and Conditions of the Tax Deed of Covenant

On completion of the Proposed UK Acquisition, the UK Vendor will also enter into a tax deed of covenant (the “**Tax Deed of Covenant**”) with, among others², the UK Purchaser pursuant to which the UK Vendor will indemnify the UK Purchaser against certain claims for taxation, including (i) in respect of or in consequence of any transaction which occurred or deemed to have occurred on or before completion under the Share Purchase Agreement; and (ii) by reference to any profits earned, accrued or received on or before completion under the Share Purchase Agreement.

² Frasers Property International Pte. Ltd., a subsidiary of the Company, is also a party to the Tax Deed of Covenant as guarantor to guarantee the performance of the UK Vendor's obligations under the Tax Deed of Covenant.

2.5. Consideration for the Proposed Divestments

Australian Property Divestment

The purchase consideration of approximately A\$22.5 million (approximately S\$22.2 million) under the Asset Sale and Purchase Agreement (the “**Asset Purchase Consideration**”) for the Australian Property Divestment is payable to the Australian Vendor in cash, and was negotiated on a willing buyer and willing seller basis, taking into account the carrying value of the Australian Property of approximately A\$22.5 million (approximately S\$22.2 million).

UK Property Divestment

The purchase consideration payable by the UK Purchaser to the UK Vendor (the “**UK Purchase Consideration**”) in cash under the Share Purchase Agreement and negotiated on a willing-buyer and willing-seller basis, is based on:

- (i) the consideration for 100.0% of the issued share capital of the Property Company (the “**Share Consideration**”) being the adjusted net asset value of the Property Company as at the date of completion of the UK Property Divestment, taking into account the agreed value of the UK Property of £67.3 million (approximately S\$121.0 million) (the “**Agreed Property Value**”). The Agreed Property Value was arrived at on a willing-buyer and willing-seller basis taking into account the carrying value of the UK Property of approximately £67.3 million (approximately S\$121.0 million); and
- (ii) the outstanding existing shareholder’s loan extended by the UK Vendor to the Property Company (the “**Loan Consideration**”) which is to be fully discharged on the date of completion of the UK Property Divestment.

The estimated UK Purchase Consideration is £37.7 million (approximately S\$67.7 million), being the sum of (a) the estimated Share Consideration of £18.6 million (approximately S\$33.4 million) which is subject to adjustment post-completion of the UK Property Divestment, and (b) the Loan Consideration of £19.1 million (approximately S\$34.3 million).

3. RATIONALE

The Proposed Divestments are in line with the strategy of the Company and its subsidiaries (the “**Group**”) to recycle capital as part of its active portfolio management initiatives from stabilised investment properties via its real estate investment trusts (“**REITs**”), which are of strategic importance to the Group. This enables the Group to both optimise capital productivity and support the growth of its REITs.

4. FINANCIAL EFFECTS OF THE PROPOSED TRANSACTION

The Proposed Divestments are in the ordinary course of FPL's business and are not expected to have any material effect on the net tangible assets per share and the earnings per share of the Group for the current financial year.

5. DOCUMENTS FOR INSPECTION

Copies of the Asset Sale and Purchase Agreement, the Incentive Reimbursement Deed and the Share Purchase Agreement (including the form of the Tax Deed of Covenant) are available for inspection at the registered office of the Company³ at 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958 during normal business hours for three (3) months from the date of this announcement.

By Order of the Board

Catherine Yeo
Company Secretary
3 August 2020

³ Prior appointment with the Company will be appreciated.