

SGX-ST ANNOUNCEMENT

For immediate release

FRASERS LOGISTICS & INDUSTRIAL TRUST

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

PROPOSED DIVESTMENT OF 80 HARTLEY STREET IN THE STATE OF NEW SOUTH WALES, AUSTRALIA

1. INTRODUCTION

1.1. Proposed Divestment of 80 Hartley Street

Frasers Logistics & Industrial Asset Management Pte. Ltd., as manager (the “**Manager**”) of Frasers Logistics & Industrial Trust (“**FLT**”), wishes to announce that Perpetual (Asia) Limited (the “**Trustee**”), in its capacity as trustee of FLT, has through FLT Landowner Pty Limited, in its capacity as trustee of Hartley Street Trust A, entered into a conditional sale and purchase agreement (the “**SPA**”) with The Trust Company (Australia) Limited¹ (the “**Purchaser**”), being an unrelated third party, in relation to the proposed divestment of 80 Hartley Street, Smeaton Grange located in New South Wales, Australia (the “**Property**”, and the proposed divestment of the Property, the “**Proposed Divestment**”) for a sale consideration of A\$90.5 million (approximately S\$90.5 million²) (the “**Sale Consideration**”).

1.2. Information on the Property

Constructed in 1998, the Property is located within an established industrial precinct (considered a secondary location) in Sydney’s Outer South West, with good connectivity to the Hume Highway, M5 Motorway and the Northern Road. It is situated approximately 33 kilometres south west of the Parramatta Central Business District (“**CBD**”) and approximately 45 kilometres from the Sydney CBD.

The Property comprises a cross-dock, regional distribution facility with a high clearance warehouse, office accommodation of 2,033 square metres (“**sqm**”), drive-around truck access, 104 access doors and 436 car parking spaces. It occupies a site of 167,100 sqm and has a total gross lettable area of 61,281 sqm. The Property was purpose-built for Coles Supermarkets Australia Pty Ltd and will have a remaining lease term of approximately five years, upon extension of the existing lease.

¹ The Trust Company (Australia) Limited in its capacity as custodian for Bieson Pty Ltd as trustee for CPIF Smeaton Grange Logistics Trust and The Trust Company (Australia) Limited in its capacity as custodian for Bieson Pty Ltd as trustee for CLP Smeaton Grange Logistics Trust, as tenants in common in equal shares. The purchasing trust which will hold the interests in the Property post-completion of the Proposed Divestment will be managed by the Charter Hall Group.

² All S\$ equivalent figures are derived based on the exchange rate of S\$1 = A\$1.00.

2. RATIONALE FOR THE PROPOSED DIVESTMENT

The Proposed Divestment is in line with the Manager's proactive asset management and portfolio rebalancing strategies to improve the quality of FLT's portfolio. After thorough evaluation, the Manager assessed that it is timely to divest the Property which is a non-core asset at the terms offered by the Purchaser to unlock value for FLT's unitholders ("Unitholders"). The sale will be positive to FLT's portfolio metrics, in particular, FLT's portfolio weighted average lease term and age.

3. SALE CONSIDERATION

The Sale Consideration was agreed on a willing-buyer and willing-seller basis, taking into account, among other factors, the book value of the Property at A\$64.5 million (approximately S\$64.5 million) as at 31 March 2018, as well as the latest independent valuation of the Property conducted by Jones Lang LaSalle Advisory Services Pty Ltd ("JLL") at A\$85.0 million (approximately S\$85.0 million) as at 1 July 2018.

The book value was based on JLL's valuation as at 30 September 2017, with a lease expiry on 19 June 2019. The latest valuation of the Property by JLL assumes a four-year lease extension with a new lease expiry on 19 June 2023, and includes outstanding incentives and lessor works. Excluding the outstanding incentives and lessor works, the valuation of the Property would be A\$88.5 million as at 1 July 2018.

JLL used both the income capitalisation method and the discounted cash flow method in deriving the valuation. The valuation was commissioned by the Trustee for the Proposed Divestment.

The Sale Consideration is 40.3% above the book value of the Property of A\$64.5 million (approximately S\$64.5 million) as at 31 March 2018 and at a 39.2% premium over the original purchase price paid by FLT of A\$65.0 million (approximately S\$65.0 million). The estimated divestment gain over the book value of the Property is approximately A\$17.7 million (approximately S\$17.7 million).

4. PRINCIPAL TERMS OF THE PROPOSED DIVESTMENT

The Purchaser has paid an amount equivalent to 5% of the Sale Consideration as deposit and will pay the balance of the Sale Consideration on completion of the Proposed Divestment (to take place after fulfilment of the conditions to completion in the SPA). The Proposed Divestment is expected to be completed by no later than October 2018 (unless agreed otherwise between the parties to the SPA).

5. USE OF PROPOSED DIVESTMENT PROCEEDS

Taking into account the divestment fee of A\$452,500³ (approximately S\$452,500) to be paid to the Manager, outstanding lessor obligations, taxes and other divestment related expenses, the estimated net proceeds from the Proposed Divestment is approximately A\$82.2 million (approximately S\$82.2 million). The net divestment proceeds may be

³ 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 (the "Trust Deed").

distributed to Unitholders and/or used for funding potential acquisition opportunities, reducing existing debt and/or other general corporate purposes.

6. FINANCIAL EFFECTS OF THE PROPOSED DIVESTMENT

Assuming that the Proposed Divestment had taken place on 20 June 2016, the distribution per unit (“DPU”, and unit of FLT, “Unit”) of FLT for the financial period from 20 June 2016⁴ to 30 September 2017 would be reduced by 0.18 Singapore cents to 8.67 Singapore cents⁵. The net asset value (“NAV”) per Unit as at 30 September 2017 would increase from 0.94 Singapore cents to 0.95 Singapore 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 period from 20 June 2016 to 30 September 2017 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.

7. OTHER INFORMATION

7.1. Relative Figures computed on the Bases set out in Rule 1006 of the Listing Manual

A proposed disposal by FLT may fall into any of the categories set out in Rule 1004 of the Listing Manual of Singapore Exchange Securities Limited (“SGX-ST”) depending on the size of the relative figures computed on the following applicable bases of comparison:

- (i) the net asset value of the assets to be disposed of, compared with FLT’s net asset value;
- (ii) the net profits attributable to the assets to be disposed of, compared with FLT’s net profits; and
- (iii) the aggregate value of the consideration received, compared with FLT’s market capitalisation.

The relative figures for the Proposed Divestment using the aforesaid bases of comparison are set out in the table below:

Criteria	Proposed Divestment	FLT	Relative Percentage (%)
Net Asset Value (A\$ million)	64.3 ⁽¹⁾	1,366 ⁽¹⁾	4.7
Net Property Income ⁽²⁾ (A\$ million)	1.4 ⁽¹⁾	34.8 ⁽¹⁾	3.9
Sale Consideration against FLT’s Market Capitalisation ⁽³⁾ (S\$ million)	90.5	2,087	4.3

⁴ Date of listing of FLT on the Mainboard of the SGX-ST.

⁵ Assumes the net proceeds are used for repayment of bank borrowings, before taking into consideration estimated capital gains tax on the Proposed Divestment and any distribution from the net proceeds. Taking into consideration estimated capital gains tax on the Proposed Divestment of A\$3.4 million, DPU would be 8.44 Singapore cents.

Notes:

- (1) Based on FLT's actual net asset value as at 31 March 2018 and net property income in FLT's unaudited financial statements for the financial period from 1 January 2018 to 31 March 2018.
- (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) As at 2 July 2018, being the market day preceding the date of the SPA.

Based on the relative figures as computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST, the Proposed Divestment is a non-discloseable transaction within the meaning of Rule 1008 of the Listing Manual of the SGX-ST. The Manager is of the view that the Proposed Divestment is in the ordinary course of FLT's business.

7.2. Interest of Directors and Controlling Unitholders

None of the directors of the Manager ("**Directors**") has an interest, direct or indirect, in the Proposed Divestment. The Directors are also not aware of any Controlling Unitholder (as defined in the Listing Manual of the SGX-ST) having any interest, direct or indirect, in the Proposed Divestment, and have not received any notification of interest in the Proposed Divestment from any Controlling Unitholder.

7.3. Director's Service Contracts

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

7.4. Document for Inspection

A copy of the SPA dated 3 July 2018 and valuation report by JLL on the Property dated 1 July 2018 are available for inspection by prior appointment during normal business hours at the registered office of the Manager at 438 Alexandra Road, #21-00, Alexandra Point, Singapore 119958 for three months from the date of this announcement.

The Trust Deed will also be available for inspection at the registered office of the Manager for so long as FLT continues to be 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
3 July 2018

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, Perpetual (Asia) Limited, as trustee of FLT or any of its affiliates. 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 FLT and the Manager is not necessarily indicative of the future performance of FLT and the Manager.

ADDITIONAL INFORMATION – AUSTRALIA'S FOREIGN INVESTMENT REGIME

Australia's foreign investment regime is set out in the Australian Foreign Acquisitions and Takeovers Act 1975 (the “**FATA**”) and the Australian Government’s Foreign Investment Policy (the “**Policy**”).

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

A “*foreign person*”⁶ that acquires Units is required under the FATA to notify and receive a prior no objections notification (“**FIRB Approval**”) of its investment in FLT 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 FLT is considered to be an “Australian Land Trust”⁷ (“**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 the date of this announcement, the threshold prescribed under FATA is A\$261.0 million) 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

⁶ 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.

⁷ 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 Investor⁸ acquiring a “direct interest”⁹ 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\$261.0 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 the date of this announcement, the threshold prescribed under the FATA is A\$261.0 million, unless the ALT has ‘sensitive’ land holdings, in which case the threshold is A\$57.0 million)¹⁰; 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 ALT.¹¹

Significant actions

As at 31 March 2018, the value of the Australian land assets comprised in FLT's portfolio is 95.8% of the total asset value of FLT. Consequently, FLT is considered to be an ALT.

⁸ A “**foreign government investor**” means an entity that is:

- 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.

⁹ 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.

¹⁰ 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.

¹¹ This exemption applies where an ALT is listed on an official stock exchange (whether in Australia or not).

As at 31 March 2018, FLT has gross Australian assets of approximately A\$1,930.8 million, which is above A\$261.0 million.

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.