

Fraser's Property Limited

(Formerly known as Fraser's Centrepont Limited)

Incorporated in Singapore

Company Registration No. 196300440G

ACQUISITION OF ALPHA INDUSTRIAL AND PORTFOLIO OF LOGISTICS AND LIGHT INDUSTRIAL ASSETS IN GERMANY AND AUSTRIA

1. INTRODUCTION

1.1 The Board of Directors of Fraser's Property Limited ("**FPL**", and together with its subsidiaries, the "**Group**") wishes to announce that sale and purchase agreements (collectively, the "**Sale and Purchase Agreements**") have been entered into by the following wholly-owned subsidiaries of FPL (each a "**Purchaser**" and collectively, the "**Purchasers**") with the vendors as set out below (each a "**Vendor**" and collectively, the "**Vendors**");

- (i) (a) FPE Investments RE11 B.V. with Alpha Industrial Holding S.A., Wörner IMMO-Log GmbH, Shanghai Investment Trust S.A., (b) FPE Investments RE13 B.V. with Al Gewerbepark Kirchheim GmbH & Co. KG, and (c) FPE Investments RE14 B.V. with Al Gewerbepark Remscheid GmbH & Co. KG, (the "**Sale and Purchase Agreement 1**");
- (ii) FPE Investments RE11 B.V. with Alpha Industrial Holding S.A. and Mr. Umut Ertan (the "**Sale and Purchase Agreement 2**");
- (iii) FPE Investments RE12 B.V. with Alpha Industrial Holding S.A. and CCP IV Logistics Holding S.à.r.l. (the "**Sale and Purchase Agreement 3**");
- (iv) FPE Investments RE12 B.V. with Alpha Industrial Holding S.A. and CCP IV Logistics Holding S.à.r.l. (the "**Sale and Purchase Agreement 4**");
- (v) FPE Investments RE12 B.V. with Alpha Industrial Holding S.A. and EPISO 3 Pluto Holding S.à.r.l. (the "**Sale and Purchase Agreement 5**"); and
- (vi) FPE Investments RE12 B.V. with Alpha Industrial Holding S.A. and EPISO 3 Chevre JV S.à.r.l. (the "**Sale and Purchase Agreement 6**");

for the acquisition of 22 logistics and light industrial properties / assets (the "**Portfolio Acquisition**") located in Germany and Austria (the "**Properties**").

In addition to the Portfolio Acquisition, Fraser's Property Advisory (Europe) B.V., an indirect wholly-owned subsidiary of FPL, who is also a party to the Sale and Purchase Agreement 1, will be acquiring from Alpha Industrial Holding S.A. and Wörner IMMO-Log GmbH, two German management companies located in Cologne, Germany and FPE Investments RE11 B.V. will be acquiring a Luxembourg company BV Maschinen GmbH holding the fixtures relating to some of the Properties under the Sale and Purchase Agreement 1 (together, the "**Business Acquisition**").

2. INFORMATION ON THE PROPERTIES

The Properties in the Portfolio Acquisition are categorised as follows:

2.1 Investments

As part of the Portfolio Acquisition, 16 logistics and light industrial properties located in Germany and Austria (the “**Investment Properties**”) will be acquired. Three of the Investment Properties (Stuttgart Magstadt, Bielefeld, Remscheid) have short-/medium term asset enhancement potential. The details of the Investment Properties and the entities holding such Investment Properties (which are directly or indirectly the subject of the acquisition) (each a “**Target Holding Entity**” and together, the “**Target Holding Entities**”) are as follows:

	Target Holding Entities	Location of Investment Properties	Gross Leasable Area (sq m) (“GLA”)	Occupancy ¹	Weighted Average Lease Expiry ² (years) (“WALE”)	Net asset value of the Target Holding Entity ³ (’000)	Expected date of closing of acquisition
(a)	AI Gewerbepark Tamm GmbH ⁵	Stuttgart/Tamm	39,220	100%	9.6	€229 / S\$ 376 ⁴	30 June 2018
(b)	Rheindeich ⁵	Duisburg	46,603	100%	4.8	€ (233) / S\$ (382)	30 June 2018
(c)	AI Gewerbepark Ratingen GmbH ⁵	Düsseldorf/Ratingen	37,728	100%	7.4	€1,388 / S\$ 2,276	30 June 2018
(d)	CCP IV Garching S.à.r.l. ⁶	Munich/Garching	13,014	100%	14.6	€(17) / S\$ (28)	30 September 2018
(e)	AI Gewerbepark Obertshausen GmbH ⁵	Obertshausen	16,962	100%	10.2	€4,649 / S\$ 7,624	30 June 2018
(f)	Gewerbepark Bergheim GmbH ⁵	Cologne/Bergheim	6,478	100%	1.6	€187 / S\$ 307	30 June 2018
(g)	AI Gewerbepark Hanau GmbH ⁵	Frankfurt/Hanau	5,077	86%	5.1	€5 / S\$ 8	30 June 2018
(h)	Objektgesellschaft An der Trift mbH ⁵	Frankfurt/Dreieich	19,937	100%	1.4	€2,661 / S\$ 4,364	30 June 2018
(i)	Cargo Nord Object 3 GmbH & Co OG ⁷	Vienna/Schwechat (Austria)	10,419	100%	4.5	€332 / S\$ 545	30 September 2018

¹ As at 31 January 2018

² As at the expected date of closing of acquisition

³ Based on the unaudited trial balances as at 31 December 2017, based on applicable local GAAP

⁴ In this announcement unless otherwise stated, translations of amount from Euro to Singapore dollars have been made on the basis of €1: S\$ 1.64 as 16 February 2018

⁵ The relevant Purchaser will acquire 94.0% of the Target Holding Entity and the remaining 6.0% is held by a third party

⁶ The relevant Purchaser will acquire 94.9% of the Target Holding Entity and the remaining 5.1% is held by a third party

⁷ The Target Holding Entities in (i), (k) and (l) will be acquired through the acquisition of 100% of the shares of their respective holding companies being Vienna Logistics S.à.r.l. (which holds 11% of the shares in the respective Target Holding Entities) and CCP IV Strauss Holding GmbH (which holds 89% of the shares in the respective Target Holding Entities)

(j)	Cargo Nord Object 10-12 GmbH & Co OG ⁶	Vienna/Schwechat (Austria)	9,307	100%	3.5	€(1,703) / S\$ (2,793)	30 September 2018
(k)	AI Gewerbepark Simmering GmbH ⁷	Vienna (Austria)	24,805	100%	8.8	€307 / S\$ 504	30 June 2018
(l)	Autolog Speditions- und Logistik GmbH & Co OG ⁷	Graz (Austria)	29,356	99%	4.4	€1,293 / S\$ 2,121	30 September 2018
(m)	AI Gewerbepark Magstadt GmbH ⁵	Magstadt	21,758	100%	2.4	€76 / S\$ 125	30 June 2018
(n)	GUMES Verwaltung Objekt Bielefeld-Sennestadt GmbH ⁸	Bielefeld	22,167	100%	8.5	€(2,746) / S\$ (4,503)	30 September 2018
(o)	GUMES Verwaltung Sechsendreißigste Vermietungs-GmbH ⁸	Bielefeld	31,087	100%	2.2	€3,645 / S\$ 5,978	30 September 2018

The details of the Investment Properties that are acquired by way of direct acquisition of the respective assets are as follows:

	Location	GLA (sq m)	Occupancy ⁹	WALE ¹⁰ (years)	Expected date of closing of acquisition
(p)	Kirchheim (Munich)	30,165	100%	1.8	30 June 2018
(q)	Remscheid	29,784	73%	3.0	30 June 2018

The Investment Properties have an average occupancy rate of 98.2% as at 31 January 2018 and a weighted average lease expiry of 6.2 years, with a total GLA of approximately 393,800 square metres.

The Target Holding Entities with respect to the Properties in Bergheim and Obertshausen hold completed Investments Properties as well as assets under development. The assets under development would be acquired via a forward purchase arrangement, which is described more fully in paragraph 2.2.

2.2 Forward Purchases

Under the Portfolio Acquisition, five assets which are currently partly or wholly under development will be acquired as forward purchases (the “**Forward Purchase Properties**”) The Forward Purchase Properties are located in Bergheim, Obertshausen, Frankenthal, Egelsbach and Hamburg. The developments will be managed by Alpha Industrial GmbH & Co. KG (“**Alpha KG**”).

⁸ The relevant Purchaser will acquire 93.1% of the Target Holding Entity and the remaining 6.9% is held by a third party

⁹ As at 31 January 2018

¹⁰ As at the expected date of closing of acquisition

Gewerbepark Bergheim GmbH (“**GP Bergheim**”) currently holds a property in Bergheim (please also refer to further details of the Property under paragraph 2.1(f) above) that consists of a completed asset and a project currently under development. Both the completed asset and the development are acquired under Sale and Purchase Agreement 1 as of initial closing on 30 June 2018, with the shares of GP Bergheim being transferred to the relevant Purchaser only upon the completion of the development. The purchase price is subject to adjustments, including, *inter alia*, if rental income from committed leases for the completed development exceeds pre-agreed thresholds.

AI Gewerbepark Obertshausen GmbH (“**GP Obertshausen**”) holds a property (please also refer to further details of the Property under paragraph 2.1(e) above) and a development plot in Obertshausen. GP Obertshausen is part of the portfolio to be acquired under Sale and Purchase Agreement 1 on 30 June 2018. The purchase price is subject to adjustments, including, *inter alia*, if rental income from committed leases for the completed development exceeds pre-agreed thresholds. The relevant Vendor has an option which is exercisable by 31 January 2020 to repurchase the development plot if construction works are not commenced by a pre-agreed date.

The acquisition of the shares in Frankenthal S.A and Egelsbach S.à.r.l are subject to the completion of the development properties held by these entities and occupancy rates and lease tenures at pre-agreed thresholds being achieved.

EPISO 3 Chevre S.à.r.l. (“**EPISO 3**”) currently owns a building, which - pursuant to a lease agreement - is built on a plot of land leased from the port of Hamburg¹¹. In addition to the completed building, there are two logistic facilities on the plot of land which are in the process of being constructed. The shares of EPISO 3 will be transferred to the relevant Purchaser once the two logistic facilities are completed, which is expected to take place on 31 December 2018.

The details of the Forward Purchase Properties are as follows:

	Holding entities of the Forward Purchase Properties (the “Holding Entities”)	Location	GLA (sq m)	Net asset value of Holding Entities¹² (‘000)
(a)	Gewerbepark Bergheim GmbH ¹³	Cologne /Bergheim	12,765	€187 / S\$307
(b)	AI Gewerbepark Obertshausen GmbH ⁹	Obertshausen	6,348	€4,649 / S\$7,624
(c)	Egelsbach S.à.r.l ⁹	Egelsbach	26,553	€(16) / S\$(26)
(d)	Frankenthal S.A ⁹	Frankenthal	19,008	€(24) / S\$(39)
(e)	EPISO 3 Chevre S.à.r.l ⁹	Hamburg	62,882	€311 / S\$510

¹¹ It is typical for interests in assets/buildings in ports in Germany to be held in this manner

¹² Based on the unaudited trial balances as at 31 December 2017, based on applicable local GAAP

¹³ The relevant Purchaser will acquire 94.0% of the Holding Entity in Germany and the remaining 6.0% is held by a third party

2.3 Development Project Duisburg

Rheindeich consists of a standing asset and a development plot in Duisburg, which is part of the portfolio to be acquired as of initial closing on 30 June 2018. The relevant Vendor has an option which is exercisable by 31 January 2020 to repurchase the development plot if construction works are not commenced by the relevant Purchaser by a pre-agreed date.

Based on the trial balances of Rheindeich as at 31 December 2017, the net asset value of Rheindeich was approximately € (233,000) (S\$(382,120)).

3. BUSINESS ACQUISITION

3.1 The Business Acquisition consists of the acquisition of 100% of the shares in Alpha KG and Alpha Industrial Management GmbH (being the general partner of Alpha KG) with net asset values of approximately €3,594,000 (S\$5,894,160)¹⁴ and €(5,000) (S\$(8,200))¹⁵ respectively, as at 31 December 2017. These entities provide development and asset management services and capabilities, including for third party owned assets. They manage over 425,000 square metres of third party asset management mandates and developed more than 300,000 square metres of logistics real estate in the last three years.

4. SALIENT TERMS OF THE PORTFOLIO ACQUISITION AND THE BUSINESS ACQUISITION

4.1 Terms of the Sale and Purchase Agreements

Completion of the acquisitions under the Sale and Purchase Agreements are each subject to the satisfaction of certain conditions precedent, including:

- (i) Merger control clearance;
- (ii) Consent for change of control or release documents having been obtained from some of the lenders under the respective bank loan agreements; and/or
- (iii) Property related conditions with regard to completion of developments, occupancy rates and rental income.

4.2 Consideration for the Portfolio Acquisition and Business Acquisition

The total aggregate of the considerations payable under the Sale and Purchase Agreements is approximately €285.2 million (approximately S\$467.7 million) (the “**Consideration**”) and was arrived at on a willing-buyer willing-seller basis based on the aggregate valuation of the Properties, the net asset value of the entities named in paragraphs 2 and 3 above and the amount required to discharge shareholders loans owing to the relevant Vendors. The considerations are subject to adjustments in accordance with the respective Sale and Purchase Agreements.

Sale and Purchase Agreement	Target Entity	Consideration (in millions)
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¹⁴ Based on the unaudited trial balances as at 31 December 2017, based on applicable local GAAP

¹⁵ Based on the unaudited trial balances as at 31 December 2017, based on applicable local GAAP

Sale and Purchase Agreement 1 (Share acquisition of holding entities)	AI Gewerbepark Obertshausen GmbH, Frankenthal S.A., AI Gewerbepark Ratingen GmbH, Objektgesellschaft An der Trift mbH, AI Gewerbepark Simmering GmbH, Egelsbach S.à.r.l., Gewerbepark Bergheim GmbH, AI Gewerbepark Magstadt GmbH, AI Gewerbepark Hanau GmbH, Rheindeich, BV Maschinen GmbH	€146.9 / S\$240.9
Sale and Purchase Agreement 1 (Asset acquisition)	Not applicable	
Sale and Purchase Agreement 1 (Business Acquisition)	Alpha Industrial GmbH & Co. KG, Alpha Industrial Management GmbH	
Sale and Purchase Agreement 2	AI Gewerbepark Tamm GmbH	€28.4 / S\$46.6
Sale and Purchase Agreement 3	CCP IV Garching S.à.r.l	€14.1 / S\$23.1
Sale and Purchase Agreement 4	Vienna Logistics S.à.r.l, CCPIV Strauss Holding GmbH	€35.5 / S\$58.2
Sale and Purchase Agreement 5	GUMES Verwaltung Objekt Bielefeld-Sennestadt GmbH, GUMES Verwaltung Sechsunndreißigste Vermietungs-GmbH	€34.9 / S\$57.2
Sale and Purchase Agreement 6	EPISO 3 CCP IV Chevre S.à.r.l	€25.4 / S\$41.7
Total Consideration		€285.2 / S\$467.7

The aggregate valuation of the Properties as at 31 December 2017 by BNP Paribas Real Estate is €581.25 million (approximately S\$953.25 million).

The Consideration is payable in cash and will be funded from borrowings and internal resources.

5. RATIONALE

5.1 The Portfolio Acquisition and Business Acquisition are in line with FPL's strategy and will deliver significant benefits to FPL, including:

(a) strengthen FPL's Europe platform. The Business Acquisition will allow the Group to add development capabilities that will enable it to create new assets to complement its existing high-quality investment portfolio in Europe. The ability to offer a full range of integrated capabilities related to industrial and logistics properties - from development to property and asset management - will strengthen its Europe platform and position it well for further growth. The Business Acquisition will also deepen management bench strength in Europe and add a team in Cologne, which will further enhance FPL's market reach and position;

(b) the Portfolio Acquisition offers stable cashflow with growth prospects. The Properties are logistics and light industrial facilities that are strategically located in key industrial and logistics hubs in Germany and Austria. With a tenant base of reputable international corporations, the Investment Properties have a GLA of approximately 393,800 square metres, a WALE of 6.2 years, and will contribute stable, recurring income to FPL. Furthermore, the Forward Purchase Properties will add newly developed logistics facilities

of approximately 127,500 square metres and development potential of approximately 35,000 square metres to the portfolio; and

- (c) expand Frasers Property’s recurring income base and reinforce Frasers Property’s “network effect”. The Portfolio Acquisition will expand the Group’s portfolio of industrial and logistics assets in Europe from 31¹⁶ assets with GLA totalling approximately 831,000 square metres to 53 assets with a GLA over 1.3 million square metres. A larger asset portfolio in Europe reinforces FPL’s “network effect” and “grow with customers” strategy.

6. FINANCIAL EFFECTS OF THE PORTFOLIO ACQUISITION AND BUSINESS ACQUISITION

6.1 For illustrative purposes only, the financial effects of the Portfolio Acquisition and Business Acquisition on FPL as set out below are prepared based on the Group’s latest announced audited consolidated financial statements for the financial year ended 30 September 2017 (“FY2017”), and are subject to the following key assumptions:

- (a) the effect of the Portfolio Acquisition and the Business Acquisition on the Group’s earnings per ordinary share (“Share”) of FPL (“EPS”) for FY2017 is based on the assumption that the Portfolio Acquisition and the Business Acquisition had been effected at the beginning of FY2017;
- (b) the effect of the Portfolio Acquisition and the Business Acquisition on the Group’s net tangible asset (“NTA”) and net asset value (“NAV”) per Share for FY2017 is based on the assumption that the Portfolio Acquisition and the Business Acquisition had been effected at the end of FY2017;
- (c) the effect of the Portfolio Acquisition and the Business Acquisition is based on the aggregated financial statements¹⁷ of the target entities for the financial year ended 31 December 2017;
- (d) the pro forma financial information set out in this paragraph 6 have been prepared based on an illustrative exchange rate of €1: S\$1.64 as at 30 September 2017.

6.2 The financial effects set out below are theoretical in nature and are therefore not necessarily indicative of the future financial position and earnings of FPL or the Group.

(a) EPS

	Before the Portfolio Acquisition and the Business Acquisition	After the Portfolio Acquisition and the Business Acquisition
Profit after tax and non-controlling interests (before fair value change)	488	495

¹⁶ Includes the proposed acquisitions of six cross-dock facilities and a warehouse in Germany, as well as the sale of two warehouse facilities in Germany which are pending completions

¹⁷ Based on the unaudited trial balances as at 31 December 2017, based on applicable local GAAP

and exceptional items) (S\$' million)		
Weighted average number of issued Shares ('000)	2,904,157	2,904,157
EPS (before fair value change and exceptional items) (Singapore cents) ⁽¹⁾	14.56	14.79

Note:

(1) The EPS is computed after adjusting for distributions to perpetual securities holders of S\$65 million.

(b) NTA per Share

	Before the Portfolio Acquisition and the Business Acquisition	After the Portfolio Acquisition and the Business Acquisition ⁽¹⁾
NTA (S\$' million)	6,358	6,309
No. of issued Shares ('000)	2,905,325	2,905,325
NTA per Share (S\$)	2.19	2.17

Note:

(1) The NTA has been adjusted for the transaction costs of the Portfolio Acquisition and the Business Acquisition.

(c) NAV per Share

	Before the Portfolio Acquisition and the Business Acquisition	After the Portfolio Acquisition and the Business Acquisition ⁽¹⁾
NAV (S\$' million)	7,155	7,150
No. of issued Shares ('000)	2,905,325	2,905,325
NAV per Share (S\$)	2.46	2.46

Note:

(1) The NAV has been adjusted for the transaction costs of the Portfolio Acquisition and the Business Acquisition.

7. RELATIVE FIGURES OF THE PORTFOLIO ACQUISITION AND THE BUSINESS ACQUISITION UNDER CHAPTER 10 OF THE LISTING MANUAL (THE “LISTING MANUAL”) OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

7.1 Based on the Group’s latest announced unaudited consolidated financial statements for the three months ended 31 December 2017, the relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Relative Figure for the Portfolio Acquisition and the Business Acquisition
(a) The net asset value of the assets to be disposed of, compared with the Group’s net asset value	Not applicable
(b) The net profits attributable to the assets to be acquired, being the sum of approximately S\$3 million for the Portfolio Acquisition and the Business Acquisition, compared with the Group’s net profits of approximately S\$160 million	1.9 %
(c) The aggregate value of the consideration given, compared with FPL’s market capitalisation of approximately S\$5.7 billion (calculated based on the weighted average price of S\$1.97 per Share and 2,912,026,619 Shares (excluding treasury shares)) as at 15 February 2018 being the market day immediately preceding the date of the Sale and Purchase Agreements	8.1 %
(d) The number of equity securities issued by FPL as consideration for the Portfolio Acquisition and Business Acquisition, compared with the number of equity securities previously in issue	Not applicable
(e) The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group’s proved and probable reserves	Not applicable

7.2 The Portfolio Acquisition and the Business Acquisition are in the ordinary course of business of FPL in line with its strategy to grow recurring income base and strengthen its presence in Europe.

8. DIRECTORS AND CONTROLLING SHAREHOLDERS

- 8.1 No person is proposed to be appointed to the board of FPL in connection with the Portfolio Acquisition and the Business Acquisition, and hence no director's service contract is proposed to be entered into by FPL with any person in connection with the Portfolio Acquisition and the Business Acquisition.
- 8.2 None of the directors or controlling shareholders of FPL have any interest, direct or indirect, in the Portfolio Acquisition and the Business Acquisition other than in their capacity as directors or shareholders of FPL.

9. DOCUMENTS FOR INSPECTION

Copies of the following documents will be made available for inspection at the registered office of FPL at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958 during normal business hours for a period of three (3) months from the date of this announcement:

- (i) the Sale and Purchase Agreement 1;
- (ii) the Sale and Purchase Agreement 2;
- (iii) the Sale and Purchase Agreement 3;
- (iv) the Sale and Purchase Agreement 4;
- (v) the Sale and Purchase Agreement 5;
- (vi) the Sale and Purchase Agreement 6; and
- (vii) the valuation report summaries for the Properties.

BY ORDER OF THE BOARD

Catherine Yeo
Company Secretary

19 FEBRUARY 2018