



**FRASERS CENTREPOINT LIMITED**  
(Incorporated in the Republic of Singapore)  
(Company Registration No. 196300440G)

## **PROPOSED JOINT ACQUISITION OF HEREF FARNBOROUGH LIMITED WHICH HOLDS FARNBOROUGH BUSINESS PARK LOCATED IN THE UNITED KINGDOM**

### **1. INTRODUCTION**

The Board of Directors of Frasers Centrepoint Limited (“**FCL**”, and together with its subsidiaries, the “**Group**”), is pleased to announce that FCL, through its wholly-owned subsidiary Frasers Property International Pte. Ltd. (“**FPI**”), has entered into a share purchase agreement (“**Share Purchase Agreement**”) with Frasers Commercial Trust (“**FCOT**”, together with FPI, the “**Purchasers**”), and HEREF Farnborough Holdco Limited (the “**Vendor**”) for the acquisition by each of FPI and FCOT from the Vendor of 50.0% of the total issued shares of HEREF Farnborough Limited (the “**Target Co**”, and all the issued shares of the Target Co to be acquired, the “**Sale Shares**”) respectively (the “**Acquisition**”). The Target Co holds full beneficial and legal title to the freehold property known as Farnborough Business Park, which is located at Farnborough, Thames Valley, west of London, the United Kingdom (the “**Property**”).

FPI and FCOT (in such capacity, as “**JV Partners**”) have also entered into a joint venture agreement (the “**Joint Venture Agreement**”) to regulate their relationship *inter se* as 50-50 shareholders (the “**Agreed Proportion**”) of the Target Co (the “**Joint Venture**”).

### **2. THE ACQUISITION AND THE JOINT VENTURE**

#### **2.1 Description of the Property**

The Property is a freehold, high-quality business park located in Thames Valley, west of London. Spanning 46.5 hectares, the business park includes 14 commercial buildings<sup>1</sup> which provide 554,672 square feet (“**sq ft**”) of net lettable area, including 443,316 sq ft of offices (9 buildings), 98,083 sq ft of car showrooms<sup>2</sup> (two buildings), a 9,927 sq ft office-cum-industrial building and two cafes totalling 3,346 sq ft.

The Property benefits from excellent connectivity including direct connections to key motorways and direct train service to Waterloo Station, London. Further, the Property is approximately 1.6 kilometres (“**km**”) to Farnborough Town Centre, adjacent to the TAG Farnborough Airport and Farnborough International Exhibition & Conference Centre and approximately 40 km away from London’s Heathrow Airport.

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1 The Property also includes five freehold reversions subject to long leaseholds and four listed buildings relating to British aviation history.

2 Includes a car showroom to be built, which is pre-let and expected to be completed by January 2019.

## 2.2 Relationship between the JV Partners

As at the date of this announcement, FCL is deemed to have an interest in 216,382,354 units of FCOT (“**FCOT Units**”), equivalent to approximately 26.8% of the total number of FCOT Units in issue. Consequently, FCL is regarded as a “controlling Unitholder” of FCOT under the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**Listing Manual**”). In addition, Frasers Centrepoint Asset Management (Commercial) Ltd., the manager of FCOT (the “**FCOT Manager**”) is an indirect wholly owned subsidiary of FCL. FCL is therefore regarded as a “controlling shareholder” of the FCOT Manager under the Listing Manual.

Other than their interest in FCOT and the FCOT Manager held through FCL, the controlling shareholders of FCL do not hold any other interests in FCOT and the FCOT Manager. Accordingly, the Joint Venture falls within the exception under Rule 915(3) of the Listing Manual.

## 2.3 Purchase Consideration and Total Acquisition Cost

Pursuant to the Share Purchase Agreement, the Vendor shall sell the Sale Shares to the Purchasers and the Purchasers shall purchase the Sale Shares at a purchase consideration of £174.6<sup>1</sup> million (approximately S\$314.8 million<sup>2</sup>) (the “**Purchase Consideration**”), which is to be satisfied fully by cash.

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis based on the estimated net asset value (“**NAV**”) of the Target Co, the assets of which consist of but are not limited to the Property with an agreed property value of £175.0 million (approximately S\$315.5 million) taking into account the independent valuation of the Property of £175.05 million (approximately S\$315.6 million).

Based on the above, the estimated total cost of the Acquisition (the “**Total Acquisition Cost**”) is approximately £176.0 million (approximately S\$317.3 million), of which £88.0 million (approximately S\$158.7 million) is payable by FCL based on the Agreed Proportion, subject to closing adjustments, comprising:

- (i) 50.0% of the Purchase Consideration, being £87.3 million (approximately S\$157.4 million); and
- (ii) 50.0% of the estimated professional and other fees and expenses incurred in connection with the Acquisition, being £0.7 million (approximately S\$1.3 million),

(the “**FCL Acquisition Cost**”).

## 2.4 Valuation

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1 Based on the estimated NAV of the Target Co comprising the agreed property value of £175.0 million and working capital. The estimated NAV is subject to post-completion adjustments. The actual amount of Purchase Consideration payable to the Vendor will only be determined after the date of completion of the Acquisition.

2 In this announcement, unless otherwise stated, translations of amounts from the British Pound to Singapore dollars have been made on the basis of £1: S\$1.8030 as at 11 December 2017.

The Property was independently valued as at 11 December 2017 by BNP Paribas Real Estate Advisory & Property Management UK Limited (the “**Valuer**”) acting in the capacity of an external valuer (as jointly appointed by the FCOT Manager, British and Malayan Trustees Limited (in its capacity as trustee of FCOT) and FPI). The valuation was in accordance with the requirements of IFRS 13<sup>1</sup>, FRS 102<sup>2</sup>, and the RICS Valuation – Global Standards 2017<sup>3</sup>, and subject to specific assumptions contained within the Valuer’s valuation report<sup>4</sup>.

## 2.5 Principal Terms of the Acquisition

2.5.1 The Share Purchase Agreement contains customary provisions relating to the Acquisition, including representations and warranties, indemnities and pre-completion covenants. Completion of the Acquisition is subject to the fulfilment or waiver (as the case may be) of, among others, the following:

- (i) transfers in agreed form in respect of the Sale Shares duly executed and completed in favour of the Purchasers or as the Purchasers may direct;
- (ii) any documents required to give a good title to, and to enable the Purchasers’ or the Purchasers’ nominees to become the registered holders of the Sale Shares; and
- (iii) the Vendor evidencing the redemption or cancellation of all preferred equity certificates of the Target Co which occurred up to completion.

Completion of the Acquisition under the Share Purchase Agreement is expected to take place no later than 29 January 2018 (or such other date as may be mutually agreed).

2.5.2 Under the Share Purchase Agreement, the Vendor shall complete the construction of a car showroom within the Property that has been pre-let. In connection therewith, £10.7 million of the Purchase Consideration (approximately S\$19.3 million), is expected to be held in escrow, with £6.7 million (approximately S\$12.1 million) (subject to a final budget) to be drawn down progressively to fund the construction, and £4.0 million (approximately S\$7.2 million) to be released to the Vendor upon the car showroom obtaining practical completion.

## 2.6 Incentive Reimbursement and Rental Guarantees

Pursuant to the Share Purchase Agreement, the Vendor has agreed to reimburse to the Purchasers all outstanding rent-free incentives granted by the Vendor in relation to leases of the Property prior to the completion date of the Acquisition, up to an aggregate value of £2.9 million (approximately S\$5.2 million) (“**Incentives**”).

Further to paragraph 2.5.2, the Vendor has also agreed to pay to the Purchasers, on a quarterly basis, the monthly contracted rent and service charges which the tenant of the car showroom has pre-committed to pay, from the date of completion of the Acquisition to the rent commencement date for the tenant. It is currently expected that the car showroom will be

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1 International Financial Reporting Standard 13 Fair Value Measurement

2 Financial Reporting Standard 102 (UK) The Financial Reporting Standard applicable in the UK and Republic of Ireland

3 Royal Institution of Chartered Surveyors Valuation- Global Standards 2017

4 The Valuer has assumed that a car showroom, which is subject to an agreement for lease but has yet to be built, has indeed been constructed, fully at the Vendor’s cost, and that all conditions in the agreement for lease have been satisfied.

completed by January 2019<sup>1</sup>. The aggregate amount payable by the Vendor in connection with the above is up to £1.5 million (approximately S\$2.7 million).

Pursuant to the rent guarantee deeds ("**Rent Guarantee Deeds**") entered into between the Vendor and the Purchasers, the Vendor has agreed to:

- (i) pay certain minimum rental and void costs<sup>2</sup> for specified unlet units ("**Unlet Units**"), up to an aggregate value of £0.4 million (approximately S\$0.7 million), for a period of up to 12 months from the date of completion or until such time the units are let and rent payment commences, whichever is the earlier ("**Unlet Units Guarantee**"); and
- (ii) guarantee certain minimum rental and reimburse void costs<sup>2</sup> of certain leases with options to break or expiry dates in 2018 ("**Contingent Breaks and Expiries Units**"), up to an aggregate value of £2.0 million (approximately S\$3.6 million) ("**Contingent Breaks and Expiries Guarantee**"), for a period of up to one year from the date of break or non-renewal (as the case may be) of a lease, payable quarterly.

To support the Rent Guarantee Deeds, the aggregate amount of rent guaranteed above of £2.4 million (approximately S\$4.3 million) will be deposited in an escrow account for withdrawal by the Purchasers in accordance with the terms of the Rent Guarantee Deeds. The Unlet Units Guarantee and Contingent Breaks and Expiries Guarantee account for relatively small areas, at 1.9% and 9.4% respectively of the total net lettable area of the Property. In addition, the Contingent Breaks and Expiries Guarantee are to provide for contingent events if the relevant tenants give up their leases. The Vendor in providing the Contingent Breaks and Expiries Guarantee would provide a certain level of certainty to the income derived by the Purchasers from the Acquisition.

## 2.7 Principal Terms and Conditions of the Joint Venture Agreement

Under the Joint Venture Agreement, each JV Partner shall be entitled to appoint such number of directors to the board of the Target Co which is proportional to the Agreed Proportion.

The Joint Venture Agreement contains a list of reserved matters in relation to key operational and management issues affecting the Target Co, the distribution policy of the Target Co and customary provisions governing a transfer of the shares of the Target Co by the JV Partners.

## 2.8 Right of First Refusal

In connection with the expansion of FCOT's investment mandate, FCL, as the sponsor of FCOT, has granted a right of first refusal ("**ROFR**") to British and Malayan Trustees Limited, as trustee of FCOT (the "**FCOT Trustee**") for so long as:

- FCOT is listed on and quoted on the Main Board of the Singapore Exchange Securities Trading Limited;
- Frasers Centrepoint Asset Management (Commercial) Ltd. or any of its related

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1 Subject to a long stop date of 10 December 2019.

2 Includes service charge and rates payable to the local council and central government.

corporations remains the manager of FCOT;

- FCL and/or any of its related corporations, alone or in aggregate, remains as a controlling shareholder of the manager of FCOT; and
- FCL and/or any of its related corporations, alone or in aggregate, remains as a controlling unitholder of FCOT.

For the purposes of the ROFR:

- “**control**” means the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company, real estate investment trust or other entity (as the case may be);
- a “**controlling shareholder**” means a person who:
  - holds directly or indirectly 15.0% or more of the nominal amount of all voting shares of a company; or
  - in fact exercises control over a company;
- a “**controlling unitholder**” in relation to a real estate investment trust means:
  - a person who holds directly or indirectly 15.0% or more of the nominal amount of all voting units in the real estate investment trust; or
  - a person who in fact exercises control over the real estate investment trust;
- a “**related corporation**” has the meaning ascribed to it in the Companies Act, Chapter 50 of Singapore (the “**Companies Act**”);
- a “**Relevant Entity**” means FCL or any of its existing or future subsidiaries (which shall exclude any subsidiaries listed on any recognised stock exchange) or existing or future private funds managed by FCL (“**FCL Private Funds**”);
- a “**Relevant Asset**” refers to real estate assets located in Europe (including the United Kingdom) used for commercial purposes (comprising primarily office, business space and/or business park purposes). Where such real estate is held by a Relevant Entity through a special purpose company, vehicle or entity (a “**SPV**”) established solely to own such real estate, the term “**Relevant Asset**” shall refer to the shares or equity interests, as the case may be, in that SPV. Where such real estate is co-owned by a Relevant Entity as a tenant-in-common, the term “**Relevant Asset**” shall refer to the ownership share of the Relevant Entity in such real estate; and
- a “**subsidiary**” has the meaning ascribed to it in the Companies Act.

The ROFR shall cover any proposed offer (a “**Proposed Offer**”) by a Relevant Entity to dispose of any interest in any Relevant Asset which is owned by the Relevant Entity (“**Proposed Disposal**”). If the Relevant Asset is (i) owned jointly by a Relevant Entity together with one or more third parties and if consent from any of such third parties to offer the Relevant Asset to FCOT is required; or (ii) owned by FCL’s subsidiaries or FCL Private Funds which are not wholly-owned by FCL and whose other shareholder(s) or private fund investor(s) is/are third parties, and if consent from such shareholder(s) or private fund

investor(s) to offer the Relevant Asset to FCOT is required, FCL shall use its best endeavours to obtain the consent from the relevant third party(ies), other shareholder(s) or private fund investor(s), failing which the ROFR will exclude the disposal of such Relevant Asset. For the avoidance of doubt, the grant by any Relevant Entity of a lease (including a long-term lease) over any such Relevant Asset (or any part thereof) for a rent or other service income shall not constitute or be deemed to constitute a Proposed Disposal for the purposes of this paragraph.

The ROFR shall:

- be subject to any prior overriding contractual obligations which the Relevant Entity may have in relation to the Relevant Assets and/or to the third parties that hold interests in these Relevant Assets;
- exclude the disposal of any interest in the Relevant Assets by a Relevant Entity to a related corporation of such Relevant Entity pursuant to a reconstruction, amalgamation, restructuring, merger and/or analogous event or transfer of shares of the Relevant Entity between the shareholders as may be provided in any shareholders agreement; and
- be subject to the applicable laws, regulations and government policies and the Listing Manual.

In the event that:

- the FCOT Trustee fails to or does not indicate in writing to the Relevant Entity, its interest in purchasing the Relevant Asset within 15 days (or such other period as may be mutually agreed by the FCOT Trustee and the Relevant Entity) from the date of the FCOT Trustee's receipt of the written notice of an offer from FCL together with the relevant offer documents and other supporting documentation as required by the terms of the ROFR;
- the FCOT Trustee fails to or does not enter into a binding commitment (in the form of a sale and purchase agreement or a put and call option agreement, whether conditional or unconditional) (the "**Binding Commitment**") for the purchase of the Relevant Asset within 60 days (or such other period as may be mutually agreed by the FCOT Trustee and the Relevant Entity) from the date of the FCOT Trustee's receipt of written notice of an offer from FCL together with the relevant offer documents and other supporting documentation as required by the terms of the ROFR; or
- the proposed acquisition of the Relevant Asset is aborted by the FCOT Trustee,

the FCOT Trustee shall be deemed to be unable to, or not to have, exercised the ROFR. In the event that the FCOT Trustee fails or does not wish to exercise the ROFR, the Relevant Entity shall be entitled to dispose of its interest in the Relevant Asset to a third party on terms and conditions no more favourable to the third party than those offered by the Relevant Entity to the FCOT Trustee.

However, if the completion of the disposal of the Relevant Assets by the Relevant Entity to

the third party does not occur within 12 months from the date of the written notice of the Proposed Disposal, any proposal to dispose of such Relevant Asset after the aforesaid 12-month period shall then remain subject to the ROFR.

### **3. RATIONALE FOR THE ACQUISITION**

- (a) The Acquisition is in line with the Group's strategy to grow overseas and recurring income sources. The Acquisition is in the United Kingdom (the "UK"), a market that the Group is familiar with having operated in this market for over 15 years, and business parks is a recurring income asset class.
- (b) The Acquisition enhances the defensive characteristics of the Group's existing portfolio of business park assets in the UK. The Acquisition comprises assets with a weighted average lease expiry of 8.3<sup>1</sup> years, occupancy rate of 98.1%<sup>2</sup>, and a quality tenant base of 36<sup>3</sup> well-established corporations such as Fluor Limited, INC Research UK Ltd, Time Inc (UK) Ltd, Aetna Global Benefits (UK) Ltd and a unit of Regus. There is also opportunity for potential development of certain areas of the Property to increase lettable area.
- (c) The Acquisition is complementary to the three business parks the Group currently owns and enhances its presence in the Thames Valley. A larger cluster of business parks within the Thames Valley will allow the Group to offer a wider range of space solutions to customers seeking location-specific options, enhances cross marketing opportunities to meet customers' expansion and consolidation needs and drive operational efficiencies.

### **4. METHOD OF FINANCING AND FINANCIAL EFFECTS**

- 4.1 The FCL Acquisition Cost is payable in cash and will be funded from borrowings and/or internal resources.

#### **4.2 Financial Effects of the Acquisition and the Joint Venture**

There is no material impact on earnings per ordinary share ("Share") of FCL, net tangible asset and NAV per Share of the Group pursuant to the Acquisition and the Joint Venture based on the Group's latest announced consolidated audited financial statements for the financial year ended 30 September 2017.

### **5. OTHER INFORMATION**

#### **5.1 Chapter 10 of the Listing Manual**

The Acquisition is in the ordinary course of business of FCL in line with its strategy for growth of recurring income and strengthening its presence in the UK.

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<sup>1</sup> By gross rental income as at 30 September 2017 after taking into account certain rent guarantees and reimbursement of rent free incentives from the Vendor for existing leases and potential lease breaks/ lease expirations in 2018. The weighted average lease to termination (after accounting for rights to break) is 5.9 years.

<sup>2</sup> As at 30 September 2017 and after adjusting for leases for which the tenants have exercised their rights to break.

<sup>3</sup> As at 30 September 2017 and after taking into account committed pre-leases by two new tenants.

## **5.2 Interests of the Directors and Controlling Shareholders**

Save as disclosed in this announcement, none of the directors or controlling shareholders of FCL have any interest, direct or indirect, in the Acquisition and the Joint Venture other than in their capacity as directors or shareholders of FCL.

## **5.3 Director's Service Contracts**

No person is proposed to be appointed to the board of FCL in connection with the Acquisition or the Joint Venture, and hence no director's service contract is proposed to be entered into by FCL with any person in connection with the Acquisition or the Joint Venture.

## **6. DOCUMENTS FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the registered office of FCL<sup>1</sup> at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958 for a period of three months from the date of this announcement:

- (i) the Share Purchase Agreement;
- (ii) the Joint Venture Agreement;
- (iii) the ROFR agreement;
- (iv) the Rent Guarantee Deeds; and
- (v) the valuation report on the Property issued by the Valuer.

## **BY ORDER OF THE BOARD**

Catherine Yeo  
Company Secretary  
14 December 2017

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<sup>1</sup> Prior appointment with FCL would be appreciated.