

## Frasers Centrepoint Limited and Frasers Commercial Trust to jointly acquire Farnborough Business Park

- **50:50 joint venture between Frasers Centrepoint Limited and Frasers Commercial Trust to acquire Farnborough Business Park for £174.6 million<sup>1</sup>**
- **FCOT to expand its investment mandate to Europe, with initial focus on the United Kingdom**
- **High-quality and strategically located business park extends and strengthens FCL Group's<sup>2</sup> market position in Thames Valley, a prominent business park region west of London**

**Singapore, 14 December 2017** – Frasers Centrepoint Limited (“FCL”) together with Frasers Centrepoint Asset Management (Commercial) Ltd. (the “**Manager**”), the manager of Frasers Commercial Trust (“FCOT”) are pleased to announce that FCL’s wholly-owned subsidiary, Frasers Property International Pte. Ltd., and FCOT have entered into a share purchase agreement to acquire on a 50-50% basis, Farnborough Business Park in the United Kingdom (“**UK**”) from HEREF Farnborough Holdco Limited (the “**Vendor**”) for a purchase consideration of £174.6 million (approximately S\$314.8 million<sup>3</sup>) (the “**Purchase Consideration**”), on a debt-free basis (the “**Acquisition**”).

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis, taking into account, among others, the location, occupancy and income derived from Farnborough Business Park (“**FBP**”). The Purchase Consideration is supported by independent valuation of the property of £175.05 million (approximately S\$315.6 million<sup>3</sup>) appraised by BNP Paribas Real Estate Advisory & Property Management UK Limited<sup>4</sup>.

### High-quality and strategically located business park

FBP is a 46.5-hectare freehold high-quality business park comprising 14 commercial buildings<sup>5</sup> with a total net lettable area of approximately 555,000 square feet located in Thames Valley, west of London. It benefits from excellent connectivity including direct connections to key motorways and direct train service to Waterloo Station, London. Further, FBP 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.

FBP is a defensive asset underpinned by leases with a long WALE of 8.3 years<sup>6</sup> and a diversified tenant base of 36 tenants<sup>7</sup> including 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. Designed as an integrated business campus with retail, hotel and other amenities, it enjoys high occupancy of 98.1%<sup>8</sup> and healthy tenant retention rate of around 89%<sup>9</sup>.

Further details and photographs of FBP are set out in Appendix A.

<sup>1</sup> Estimated net asset value of HEREF Farnborough Limited, which holds FBP, based on an agreed property value of £175.0 million and working capital in the company. The estimated net asset value is subject to post-completion adjustment and the actual amount of purchase consideration would only be determined after the completion date.

<sup>2</sup> FCL and its subsidiaries.

<sup>3</sup> Based on the exchange rate of £1: S\$1.8030 as at 11 December 2017.

<sup>4</sup> Based on the valuation report dated 11 December 2017.

<sup>5</sup> Includes a car showroom to be built, which is pre-let and expected to be completed by January 2019. FBP also includes five freehold reversions subject to long leaseholds and four listed buildings relating to British aviation history.

<sup>6</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 (“**WALT**”) (after accounting for rights to break) is 5.9 years. Please refer to FCOT’s announcement dated 14 December 2017 for further details.

<sup>7</sup> As at 30 September 2017 and after taking into account committed pre-leases by two new tenants.

<sup>8</sup> As at 30 September 2017 and after adjusting for leases for which the tenants have exercised their rights to break.

<sup>9</sup> Since 2012.

## **Reinforcing FCL Group's strategy of growing recurring income and strengthening its presence in the UK**

Mr Panote Sirivadhanabhakdi, Group Chief Executive Officer of FCL, commented, "The Acquisition is in line with the Group's strategy to grow overseas and recurring income sources in markets that we are familiar with, and FCL has been operating in the UK for over 15 years. FBP is complementary to the three other business parks that the Group owns in Thames Valley. Having a larger presence within the cluster enhances our ability to offer a wider range of space solutions to meet customers' expansion and consolidation needs, and allow us to drive operational efficiencies."

## **FCOT expands its investment mandate to Europe, with initial focus on the UK**

Mr Bobby Chin, Chairman and Independent Non-Executive Director of the Manager, said, "FCOT will be expanding its investment mandate to include Europe - with an initial focus on the UK - to diversify FCOT's investments beyond existing markets of Singapore and Australia. The UK is one of the largest economies globally and its commercial real estate market is vast, well-established and institutionalised, which we consider to be important and attractive characteristics. Tapping into the UK market will enhance our ability to provide diversified, balanced and long-term growth for FCOT unitholders."

Mr Jack Lam, Chief Executive Officer of the Manager, added, "FBP is an award-winning business park with strong fundamentals including a well-connected location, good building quality, a high occupancy rate, long-dated leases and well-established corporate tenants; and its addition will add quality, defensiveness and diversity to FCOT's portfolio. In addition, based on the contemplated financing plan involving a combination of debt and equity, the Acquisition is expected to be DPU-accretive. Overall, the Acquisition will be beneficial to FCOT on many fronts."

"The expansion of FCOT's investment mandate creates further synergistic alignment with FCL, as Europe is currently FCL's third largest market by asset size, behind Singapore and Australia. In support of FCOT's expanded investment mandate, FCL has also granted FCOT a right of first refusal over its office, business space and business park assets in Europe including the UK. Combined with existing pipeline assets in Singapore and Australia, the current visible pipeline for FCOT totals more than S\$4 billion in value," Mr Lam concluded.

The Acquisition is expected to be completed by end-January 2018.

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### Appendix A: Further information on FBP

FBP is a 46.5-hectare freehold high-quality business park comprising 14 commercial buildings<sup>10</sup> with a total net lettable area of approximately 555,000 square feet located west of London. It benefits from excellent connectivity including direct connection to key motorways and direct train service to Waterloo Station, London. Further, FBP is approximately 1.6 km to Farnborough Town Centre, adjacent to the TAG Farnborough Airport and Farnborough International Exhibition & Conference Centre and is approximately 40 km away from London's Heathrow Airport.

In addition, the Property is located in the micro-market of Blackwater Valley (part of Thames Valley), which is home to a large pool of highly skilled labour. For this reason, many corporations especially technology and engineering companies are located within the region, benefitting from access to research institutions, universities, amenities, transport connectivity and residential areas.

Further details on FBP are set out below:

<b>Tenure</b>	Freehold
<b>Total net lettable area</b>	554,672 sq ft
<b>Selected major tenants as at 30 September 2017</b>	Fluor Limited, INC Research UK Ltd, Time Inc (UK) Ltd, Aetna Global Benefits (UK) Ltd and a unit of Regus
<b>Occupancy Rate</b>	98.1% <sup>11</sup>
<b>WALE by Gross Rental Income (years)</b>	8.3 <sup>12</sup>
<b>Property Valuation (£million)</b>	175.05 <sup>13</sup>

<sup>10</sup> Includes a car showroom to be built, which is pre-let and expected to be completed by January 2019. FBP also includes five freehold reversions subject to long leaseholds and four listed buildings relating to British aviation history.

<sup>11</sup> As at 30 September 2017 and after adjusting for leases for which the tenants have exercised their rights to break.

<sup>12</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 WALT (after accounting for rights to break) is 5.9 years.

<sup>13</sup> Based on the valuation report by BNP Paribas Real Estate Advisory & Property Management UK Limited dated 11 December 2017.

### Farnborough Business Park



### Farnborough Business Park, Site Map



 FBP site area

Note: boundary shown is illustrative only and includes certain lots sold on long leaseholds.

### **About Frasers Centrepoint Limited**

Frasers Centrepoint Limited is a full-fledged multi-national real estate company and one of Singapore's top property companies with total assets of around S\$27.0 billion as at 30 September 2017. FCL has three strategic business units – Singapore, Australia and Hospitality, which focus on residential, commercial, retail and industrial properties in Singapore and Australia, and the hospitality business spanning more than 80 cities across Asia, Australia, Europe, and the MENA region. FCL also has an International business unit that focuses on China, Europe, and Southeast Asia.

FCL is listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). FCL is also a sponsor and its subsidiaries are the managers of three REITs listed on the SGX-ST, Frasers Centrepoint Trust, Frasers Commercial Trust, and Frasers Logistics & Industrial Trust that are focused on retail properties, office and business space properties, logistics and industrial properties respectively, as well as one stapled trust listed on the SGX-ST, Frasers Hospitality Trust (comprising Frasers Hospitality Real Estate Investment Trust and Frasers Hospitality Business Trust) that is focused on hospitality properties.

As a testament to its excellent service standards, best practices, and support of the environment, FCL is the proud recipient of numerous awards and accolades both locally and abroad.

For more information on FCL, please visit [www.fraserscentrepoint.com](http://www.fraserscentrepoint.com).

### **About Frasers Commercial Trust**

Frasers Commercial Trust (FCOT) is a commercial real estate investment trust (REIT) focused on growing shareholder value for its unitholders through active asset management, sound financial management and strategic investments. FCOT is sponsored by Frasers Centrepoint Limited (FCL).

FCOT invests primarily in quality income-producing commercial properties. As at 30 September 2017, its portfolio includes six quality commercial buildings located in Singapore and Australia, representing a combined appraised value of approximately S\$2.1 billion.

For more information on FCOT, please visit [www.fraserscommercialtrust.com](http://www.fraserscommercialtrust.com)

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