

## **SGX-ST Announcement**

For immediate release

### **PROPOSED SALE OF KEYPOINT**

**Singapore, 24 April 2012** – Frasers Centrepoint Asset Management (Commercial) Ltd., in its capacity as manager of Frasers Commercial Trust (“**FCOT**”, and the manager of FCOT, the “**Manager**”), wishes to announce that on 23 April 2012, British and Malayan Trustees Limited, in its capacity as trustee for FCOT, entered into a conditional sale and purchase agreement (“**SPA**”) with Bayfront Ventures Pte Ltd (the “**Purchaser**”) for the sale (the “**Sale**”) of KeyPoint (the “**Property**”) at a consideration of S\$360.0 million (the “**Sale Consideration**”). The Purchaser is a company jointly owned by Fragrance Group Ltd and World Class Land Pte Ltd, a subsidiary of Aspiat Corporation Limited.

Further details on the Sale will be set out in a circular to be issued to unitholders of FCOT (“**Unitholders**”) in due course (the “**Circular**”), together with a notice of extraordinary general meeting of Unitholders, for the purpose of seeking Unitholders’ approval in relation to the Sale.

#### **Sale Consideration**

The Sale Consideration was arrived at on a willing-buyer, willing-seller basis, after taking into account the Property’s fair value of S\$285.0 million as at 30 September 2011, comparable market transactions and its potential value as a development site. The valuation of the Property as at 30 September 2011 was carried out using the net income capitalisation approach and discounted cash flow method analysis. Based on estimated net proceeds of S\$357.8 million (after taking into account divestment fee and other estimated related costs) and the carrying value of the Property as at 31 March 2012, the Sale is expected to result in a gain of approximately S\$72.8 million.

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

KeyPoint is a 34-year old non-Grade A commercial building situated at the fringe of Singapore’s Central Business District (“**CBD**”) and located at 371 Beach Road, Singapore 199597. It has a leasehold tenure of approximately 62 years remaining on the land. The Property has a net lettable area of approximately 28,797 square metres (or 309,963 square feet) and 227 carpark lots. The occupancy rate as at 31 March 2012 was 91.5%. On 12 August 2011, the Urban Redevelopment Authority granted an outline planning permission for the redevelopment of KeyPoint into a commercial and residential development subject to certain terms and conditions.

#### **Principal Terms of the Sale**

The Sale is subject to, amongst others, the following terms and conditions:

- (a) the approval of the Unitholders to the Sale on terms and conditions as set out in the SPA (“**Unitholders’ Approval**”);
- (b) the consent of the existing lenders of FCOT to the Sale and the discharge of the existing mortgage; and

- (c) the issue of a letter by the Head Lessor (or the Singapore Land Authority or the Commissioner of Lands on behalf of the Head Lessor) that it has in-principle no objections to (i) an extension of the Head Lessor's in-principle approval to extend the term of the State Lease to a fresh 99 year lease as set out in a previous letter from the Singapore Land Authority to FCOT, or (ii) extend the term of the State Lease to a fresh 99 year lease, on such terms and conditions as may be specified by the Head Lessor (or by the Singapore Land Authority or Commissioner of Lands on behalf of the Head Lessor).

Completion of the sale ("**Completion**") shall take place no later than two months after the Purchaser receives notice from FCOT that Unitholders' Approval is obtained. Upon receipt of the notice from FCOT, the Purchaser has the right to exercise its option to complete the Sale within one month from its issuance of a written notice.

The Purchaser has, as of the date of the signing of the SPA, paid to FCOT an aggregate amount equivalent to 3.0% of the Sale Consideration as a deposit and an additional amount of 4.5% of the Sale Consideration will be payable upon FCOT obtaining the Unitholders' Approval with the balance of the Sale Consideration payable on Completion. Assuming the Unitholders' Approval is obtained by 30 July 2012, Completion is expected to take place by 30 September 2012 or earlier.

#### **Rationale for the Sale**

The Manager conducts active and constant review of its portfolio of properties in order to maximise their value, thereby unlocking value for Unitholders. This includes identifying assets within its portfolio which may have a higher and better economic use other than in its present state or its present use.

The Property was identified as an asset that has reached its optimal economic life cycle and is suitable for divestment for the following reasons:

- (a) it is a 34-year old building which faces design and structural obsolescence compared with other competing office buildings in the market;
- (b) the short remaining lease of 62 years may impact the future value of the Property; and
- (c) the Property requires a significant amount of additional capital expenditure to be spent to upgrade and rejuvenate the Property in order to achieve higher rentals and occupancy.

The Manager believes the Sale will bring the following benefits to Unitholders:

#### **(a) The Realisation of the Value of the Property Above Current Valuation**

The Sale Consideration is 26.3% or S\$75.0 million above the Property's latest valuation of S\$285.0 million as at 30 September 2011. Based on the annualised Net Property Income ("**NPI**") of the Property for the financial half year ended 31 March 2012, the Sale Consideration will represent a NPI yield of 3.11%. This is significantly lower than the market capitalisation of 4.50% to 4.75% typically used by valuers for their capitalisation method of valuation for a comparable property. The estimated gain from the Sale, based on estimated net proceeds, is expected to be approximately S\$72.8 million.

**(b) Strengthening the Financial Position of FCOT and Provide Financial Flexibility**

The net proceeds from the Sale could be utilised to reduce the debt liabilities of FCOT, thereby reducing the aggregate leverage of FCOT. The reduction in the aggregate leverage will provide FCOT with financial flexibility and debt headroom to acquire better quality assets and to realise its reshaping strategy to strengthen the asset portfolio of FCOT.

**Disclosures pursuant to Rules 1010(5), 1010(6) and 1010(7) of the Listing Manual**

The relevant values of the Property required to be disclosed pursuant to Rules 1010(5), 1010(6) and 1010(7) of the Listing Manual of Singapore Exchange Securities Trading Limited (the “Listing Manual”) are as follows:

	<b>Value</b>
Book value of the Property	S\$285.0 million <sup>(a)</sup>
	<b>Value</b>
Excess of the net proceeds from the Sale over the book value of the Property	S\$72.8 million <sup>(b)</sup>
	<b>Value</b>
Net property income attributable to the Property	S\$5.6 million <sup>(c)</sup>
Gain on the Sale	S\$72.8 million <sup>(b)</sup>

**Notes:**

- (a) The book value of the Property as disclosed in the unaudited financial statements of FCOT as at 31 March 2012 was based on the valuation carried out on 30 September 2011 by Savills Valuation and Professional Services (S) Pte Ltd, the valuer appointed by the Trustee and the Manager. The net income capitalisation approach and discounted cash flow analysis were used in computing such valuation.
- (b) Based on estimated net proceeds of S\$357.8 million against the book value of the Property of S\$285.0 million as at 31 March 2012.
- (c) The net property income of the Property as disclosed in the unaudited financial statements of FCOT for the financial half year ended 31 March 2012.

**Proforma Financial Effects of the Sale**

The proforma financial effects of the Sale presented below are based on certain assumptions and are strictly for illustrative purposes only. They do not reflect the financial position of FCOT after the completion of the Sale. They have been prepared based on the audited financial statements of FCOT as at 30 September 2011 taking into account the Sale Consideration.

Unitholders’ funds per Ordinary Unit – On the assumption that (i) the Sale had completed and (ii) the entire net proceeds from the Sale had been applied towards partial prepayment of the term loan facility of SGD500 million under the facility agreement dated 22 September 2009 (collectively, the “Transactions”), on 30 September 2011, the end of the most recently completed financial year, the Unitholders’ funds per Ordinary Unit (excluding distributable income) would increase by approximately 7.5% from S\$1.34 to S\$1.44.

Distributable Income per Ordinary Unit - On the assumption that the Transactions had been effected on 1 October 2010, the beginning of the most recently completed financial year ended 30 September 2011, the distributable income per Ordinary Unit for the financial year ended 30 September 2011 would increase by approximately 7.7% from 5.75 cents to 6.19 cents.

#### **Interests of Directors and Controlling Unitholders/ Directors' Service Contracts**

None of the directors of the Manager or controlling Unitholder of FCOT has any interest, direct or indirect, in the Sale. No director will be appointed pursuant to the Sale.

#### **Disclosures pursuant to Rule 1006 of the Listing Manual**

(a) Rule 1006(a)

Based on FCOT's unaudited financial statements for the financial half year ended 31 March 2012, the relative figure for the basis of the comparison of the net asset value attributable to the Property as compared to FCOT Group's net asset value is approximately 23.3%.

(b) Rule 1006(b)

Based on FCOT's unaudited financial statements for the financial half year ended 31 March 2012, the relative figure for the basis of the comparison of the net profits attributable to the Property as compared to FCOT Group's net profit before tax is approximately 25.0%.

(c) Rule 1006(c)

Based on the Sale Consideration and FCOT's market capitalisation of S\$570.4 million as at 23 April 2012 (being the market day preceding the date of this announcement), the relative figure for the basis of the comparison of the aggregate consideration with market capitalisation is approximately 63.1%.

(d) Computation of Rule 1006(d) is not applicable.

Accordingly, Unitholders' approval will be sought for the Sale.

#### **Documents Available for Inspection**

A copy of each of the SPA and the valuation report of the Property carried out by Savills Valuation and Professional Services (S) Pte Ltd are available for inspection during the normal business hours at the registered office of the Manager at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958 for a period of 3 months from the date of this announcement.

Frasers Centrepoint Asset Management (Commercial) Ltd  
(Company Registration No: 200503404G)  
As manager of Frasers Commercial Trust

Anthony Cheong Fook Seng  
Company Secretary  
24 April 2012

**For further information, kindly contact:**

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**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 Units and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

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 SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This publication is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of FCOT and the Manager is not necessarily indicative of the future performance of FCOT and the Manager.