

SGX-ST Announcement

For immediate release

Divestment of Japan Properties

Singapore, 25 October 2012 – Frasers Centrepoint Asset Management (Commercial) Ltd. (the “**Manager**”), as the manager of Frasers Commercial Trust (“**FCOT**”), wishes to announce that on 25 October 2012:

- (i) Frasers Commercial Tozai SPC No.1 Pte. Ltd. (“**FCT1**”), an entity sponsored by British and Malayan Trustees Limited, as trustee of FCOT (“**Trustee**”), entered into a share transfer agreement with Yugen Kaisha Aoyama Sogo Accounting Office (“**ASAO**”), a company incorporated in Japan, for the sale of 2 common shares (*tokutei shusshi*) in Frasers Commercial Tozai No.2 TMK (“**Tozai TMK**”), which constitute 100.0% of the issued and outstanding common shares in Tozai TMK, and 2 shares (*kabu*) in Frasers Commercial Tozai Master Lessee KK (“**Tozai MLKK**”), which constitute 100.0% of the issued and outstanding shares in Tozai MLKK, for an aggregate consideration of JPY2 (less than S\$¹) (the “**TMK Common Shares and Master Lessee Shares Transfer Agreement**”); and
- (ii) FCT1 and the Tokyo Branch of Frasers Commercial Tozai SPC No. 2 Pte. Ltd. (“**FCT2**”), a subsidiary of the Trustee, entered into an agreement with ASAO for the sale of an aggregate of 108,065 preference shares (*yuusen shusshi*) in Tozai TMK, which constitute 100.0% of the issued and outstanding preference shares in Tozai TMK, for an aggregate consideration of JPY2 (less than S\$¹) (the “**TMK Preferred Shares Transfer Agreement**”),

(collectively, the “**Divestment**”), to be paid in cash by ASAO pursuant to the TMK Common Shares and Master Lessee Shares Transfer Agreement and the TMK Preferred Shares Transfer Agreement on the date of completion of the Divestment on 25 October 2012.

Following the Divestment, FCT1, FCT2, the Trustee and Shinsei Trust & Banking Co., Ltd (“**STB**”), the holder of JPY6,937.2 million (S\$109.2 million²) fixed-term bonds issued by the Tozai TMK which matures on 1 November 2012 (“**Bonds**”) purchased under a bond purchase agreement dated 21 September 2007 (the “**Bond Purchase Agreement**”) shall not have any further rights, obligations or liabilities to or against each other and any of the other parties (as the case may be) under the Bond Purchase Agreement and all other documents and instruments in relation to the Bonds.

Tozai TMK wholly-owns 3 properties in Japan, namely, Galleria Otemae Building (“**Galleria Otemae**”), Azabu Aco Building (“**Azabu Aco**”) and Ebara Techno-Serve Headquarters Building (“**Ebara Techno-Serve**”), (collectively, the “**Tozai Properties**”). Further information on the Tozai Properties is disclosed below. Tozai MLKK is a *kabushiki kaisha*, a special purpose vehicle incorporated to be the master lessee of the Tozai Properties.

¹ Based on the exchange rate of S\$1= JPY64.3087 as at 25 October 2012.

² Based on the exchange rate of S\$1= JPY63.5324 as at 30 September 2012.

Description of the Tozai Properties

Galleria Otemae is a 12-storey building located in the Chuo Ward, Osaka, comprising commercial office space, ground floor and basement retail space and 48 carpark lots. Azabu Aco is a 3-storey building located in the Minato-ku Ward, Tokyo, comprising commercial office space, a basement level and 2 carpark lots. Ebara Techno-Serve is a 5-storey building located in the Ota Ward, Tokyo, comprising commercial office space and 20 carpark lots.

FCOT acquired a 100.0% indirect interest in the Tozai Properties on 26 September 2007, which was partially financed by the Bonds.

The table below sets out key information regarding the Tozai Properties as at 30 September 2012:

	Galleria Otemae	Azabu Aco	Ebara Techno-Serve
Net Lettable Area (square feet)	108,509	15,944	53,805
Number of Leases	32	3	1
Number of Car Park Lots	48	2	20
Title / Leasehold Estate Expiry	Shoyu-ken ^(a)	Shoyu-ken ^(a)	Shoyu-ken ^(a)
Valuation^(b)	JPY2.74 billion/ S\$43.1 million ^(c)	JPY1.33 billion/ S\$20.9 million ^(c)	JPY1.93 billion/ S\$30.4 million ^(c)
Net Property Income for the Financial Year ended 30 September 2012	JPY210.2 million/ S\$3.4 million ^(d)	JPY75.4 million/ S\$1.2 million ^(d)	JPY141.4 million/ S\$2.3 million ^(d)
Occupancy	66.3%	100.0%	100.0%

Notes:

- Shoyu-ken is an ownership right under the laws of Japan.
- Based on the valuation carried out on 30 September 2012 by Rich Appraisal Institute Co., Ltd, the valuer appointed by the Manager, using the net income capitalisation approach and discounted cash flow analysis.
- Based on the exchange rate of S\$1 = JPY63.5324 as at 30 September 2012.
- Based on the average exchange rate of S\$1 = JPY62.2278 for the financial year ended 30 September 2012.

Consideration for the Divestment

The consideration of JPY2 (less than S\$1¹) payable under each of the TMK Common Shares and Master Lessee Shares Transfer Agreement (to FCT1) and the TMK Preferred Shares Transfer Agreement (to FCT1 and FCT2) was arrived at based on the financial positions of Tozai TMK and, as the case may be, Tozai MLKK.

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

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

	Value
Aggregate net liability value and the latest available open market value of Tozai TMK and Tozai MLKK ^(a)	Aggregate net liability of JPY(312.9) million/ S\$(4.9) million ^(b)
	Value
Excess of the net proceeds from the Divestment over the aggregate net liability value of Tozai TMK and Tozai MLKK	S\$18.2 million ^(c)
	Value
Net losses attributable to Tozai TMK and Tozai MLKK ^(a)	JPY(1,444.9) million / S\$(23.2) million ^(d)
Gain on divestment of Tozai TMK and Tozai MLKK	S\$18.2 million ^(c)

Notes:

- (a) As at 30 September 2012, based on the unaudited financial statements of FCOT for the financial year ended 30 September 2012.
- (b) Based on the exchange rate of S\$1 = JPY63.5324 as at 30 September 2012.
- (c) The excess of the net proceeds from the Divestment over the aggregate net liability value of Tozai TMK and Tozai MLKK as at 30 September 2012 and the gain on Divestment is S\$18.2 million, after accounting for the related cumulative foreign currency translation gain of approximately S\$13.3 million^(a).
- (d) Based on the average exchange rate of S\$1 = JPY62.2278 for the financial year ended 30 September 2012

Upon the completion of the Divestment, FCOT and its relevant subsidiaries will have no further interest in the Tozai Properties, Tozai TMK and Tozai MLKK.

Financial Effects of the Divestment

Net Tangible Assets - For illustrative purposes only and assuming that the Divestment had been effected on 30 September 2012, the end of the most recently completed financial year, the pro forma financial effects on the net tangible assets per unit in FCOT (“Unit”) as at 30 September 2012 are as follows:

	Before the Divestment ^(a)	After the Divestment ^(b)
Net Tangible Assets	S\$1,332.2 million	S\$1,337.1million
Net Tangible Assets attributable to Unitholders (“Unitholders’ Funds”)	S\$989.7 million	S\$994.6 million
Unitholders’ Funds per Unit ^(c)	S\$1.53	S\$1.54

Notes:

- (a) Based on the unaudited financial statements of FCOT as at 30 September 2012.
- (b) Based the unaudited financial statements of FCOT as at 30 September 2012 after excluding the net liabilities attributable to Tozai TMK and Tozai MLKK of S\$4.9 million.
- (c) Based on 645,895,269 issued and issuable Units (excluding issuable Units pursuant to conversion of Series A Convertible Perpetual Preferred Units) as at 30 September 2012.

Distributable income per Unit - For illustrative purposes only and assuming that the Divestment had been completed on 1 October 2011, the beginning of the most recently completed financial year, the pro forma financial effects on the distributable income per Unit for the financial year ended 30 September 2012 are as follows:

	Before the Divestment ^(a)	After the Divestment
Distributable income attributable to Unitholders	S\$43.1 million	S\$42.7 million
Distributable income per Unit	6.69 cents	6.64 cents

Notes:

- (a) Based on the unaudited financial statements of FCOT for the financial year ended 30 September 2012.

Rationale for the Divestment

The Manager is of the view that the Tozai Properties no longer meet the long-term investment strategy of FCOT and the Divestment is in line with the Manager's strategy to re-shape the portfolio of FCOT which the Manager had embarked on about two years ago. Following from the Divestment, FCOT will exit from the Japan market and will focus primarily on the Singapore and Australia markets.

Tozai TMK and Tozai MLKK are currently at an aggregate negative net asset value of S\$4.9 million. For the financial year ended 30 September 2012, the Tozai Properties contributed approximately 7% to the total net property income of FCOT and as such, do not contribute significantly to the overall net property income of FCOT.

In addition, the Tozai properties have recorded declining occupancy and weak performance as compared to the financial year ended 30 September 2011 ("FY2011"). As at 30 September 2012, the average occupancy rate for the Tozai Properties declined to 79%, as compared to 94% in FY2011.

The Divestment is expected to result in the following benefits to Uniholders and FCOT:

- (i) The Divestment would result in an improvement in FCOT's aggregate leverage from 36.8% to 33.7% based on the unaudited financial statements of FCOT as at 30 September 2012. The lower gearing would provide financial flexibility to the Manager and place FCOT on a stronger financial position to pursue future acquisitions and acquire better yield-accretive assets;
- (ii) Occupancy rate for FCOT's portfolio as at 30 September 2012 would have improved from 93.8% to 94.9%, assuming the Divestment had been completed on 30 September 2012; and
- (iii) The weighted average lease expiry for FCOT's portfolio would have lengthened from 4.7 years to 5.0 years, assuming the Divestment had been completed on 30 September 2012.

Interests of Directors and Controlling Unitholders

None of the directors of the Manager or controlling unitholder of FCOT has any interest, direct or indirect, in the Divestment.

Directors' Service Contracts

No director will be appointed pursuant to the Divestment.

Disclosures pursuant to Rule 1006 of the Listing Manual

The relative figures for the Divestment using the applicable bases of comparison set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006(a)	Value
Aggregate net liability value of Tozai TMK and Tozai MLKK ^(a)	S\$(4.9) million
Net asset value of the FCOT Group ^(a)	S\$1,332.2 million
Size of the relative figure	Negative 0.4%
Rule 1006(b)	Value
Aggregate net losses attributable to Tozai TMK and Tozai MLKK ^(a)	S\$(23.2) million ^(b)
Net profits of the FCOT Group ^(a)	S\$169.0 million
Size of the relative figure	Negative 13.7%
Rule 1006(c)	Value
Consideration for the Divestment	JPY4 (less than S\$1 ^(c))
FCOT's market capitalization ^(d)	S\$760.6 million
Size of relative figure	Not meaningful
Rule 1006(d)	Value
Number of equity securities to be issued by FCOT as consideration for an acquisition	Rule 1006(d) is not applicable
Number of equity securities in issue	Rule 1006(d) is not applicable
Size of the relative figure	Rule 1006(d) is not applicable

Notes:

- (a) Based on the unaudited financial statements of FCOT for the financial year ended 30 September 2012.
- (b) The aggregate net losses attributable to Tozai TMK and Tozai MLKK included revaluation loss of the Tozai Properties of S\$26.6 million.
- (c) Based on the exchange rate of S\$1= JPY64.3087 as at 25 October 2012.
- (d) Based on the number of Units in issue and the closing price of such Units on 24 October 2012, being the market day preceding the date of this announcement.

Documents Available for Inspection

A copy of each of the TMK Common Shares and Master Lessee Shares Transfer Agreement and the TMK Preferred Shares Transfer Agreement is available for inspection during normal business hours at the registered office of the Manager at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958, for a period of three months commencing 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
25 October 2012

For further information, kindly contact:

Ms. Wang Mei Ling
Manager, Investor Relations
Frasers Centrepoint Asset Management (Commercial) Ltd
Tel: +65 6277 2509
Email: meiling.wang@fraserscentrepoint.com

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 or any of its affiliates. An investment in the 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.