

## **PRESS RELEASE**

*For immediate release*

### **FCOT unlocks value with the sale of KeyPoint realising a gain of S\$72.8 million**

**Singapore, 24 April 2012** – Frasers Centrepoint Asset Management (Commercial) Ltd. (the “**Manager**”), as the manager of Frasers Commercial Trust (“**FCOT**”), wishes to announce the proposed sale (the “**Sale**”) of KeyPoint (the “**Property**”) to Bayfront Ventures Pte Ltd for a consideration of S\$360.0 million (the “**Sale Consideration**”). Bayfront Ventures Pte Ltd is a company jointly owned by Fragrance Group Ltd and World Class Land Pte Ltd, a subsidiary of Aspial Corporation Limited.

Mr Low Chee Wah, Chief Executive Officer of the Manager, said, “This transaction is an excellent opportunity for FCOT to unlock the value of one of its older assets, thereby creating value for our Unitholders resulting in a gain of S\$72.8 million. The divestment is in line with our strategy to reshape the portfolio with better assets which will provide further growth for our Unitholders.

We are pleased that the Sale was achieved at 26.3% or S\$75.0 million above the last valuation of S\$285 million in September last year. The Sale will strengthen the financial position of FCOT and provide financial flexibility for its next phase of growth.”

#### **Details of the Sale**

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 million<sup>1</sup> as at 30 September 2011, other market comparable market transactions and its potential value as a development site.

The Sale is subject to, inter alia, the approval of the Unitholders and other terms and conditions as stated in the announcement dated 24 April 2012 to the Singapore Exchange relating to the proposed sale of KeyPoint.

Further details on the Sale will be set out in a circular to be issued to Unitholders of FCOT (“Unitholders”) in due course.

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

As part of the strategy of reshaping the portfolio, 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 by the Manager as an asset that has reached its optimal economic life cycle in view that it is a 34 years old building and has a short remaining lease of 62 years which may impact the future value of the Property.

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<sup>1</sup> 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.

In addition, the Property requires a significant amount of additional capital expenditure to be spent on upgrading and rejuvenating the Property in order to achieve higher rentals and occupancy. Hence, the Manager considers that the Property is suitable for divestment.

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 represents 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 realise its reshaping strategy to strengthen the asset portfolio.

**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 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.

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### **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 and its current portfolio includes nine quality commercial buildings located in Singapore, Australia and Japan. As at 31 March 2012, the portfolio represented a combined appraised value of approximately S\$2.0 billion.

FCOT, formerly known as Allco Commercial REIT, was listed on the Main Board of Singapore Exchange Securities Trading Limited (SGX-ST) on 30 March 2006.

On 14 August 2008, Frasers Centrepoint Limited acquired the manager of FCOT and units in FCOT and renamed the manager of FCOT, Frasers Centrepoint Asset Management (Commercial) Ltd.

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

### **About Frasers Centrepoint Limited**

Frasers Centrepoint Limited (FCL), the wholly-owned property arm of Singapore-listed consumer group Fraser and Neave, Limited, is one of Singapore's top property companies, with total assets close to S\$9.7 billion. To date, the company has a combined global land bank in excess of 30 million sq ft.

From owning just a single shopping mall in 1983, Frasers Centrepoint has since grown to become an integrated real estate company with a portfolio of residential, commercial and serviced residences spanning 20 countries across Asia, Australasia, Europe and the Middle-East. Its serviced residences management company, Frasers Hospitality, has award-winning gold-standard serviced residences in 29 gateway cities. Frasers Property, FCL's international property arm, develops world-class projects in UK, Australia, New Zealand, China, Thailand and Vietnam.

FCL's listed entities comprise Frasers Centrepoint Trust (FCT, a retail trust), Frasers Commercial Trust (FCOT, an office/business space trust) and Frasers Property China Limited (FPCL).

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

Website: [www.fraserscentrepoint.com](http://www.fraserscentrepoint.com)

### **About Fraser and Neave, Limited**

Established in 1883, Fraser and Neave, Limited (F&NL) is a leading Asia Pacific Consumer Group with expertise and prominent standing in the Food & Beverage, Property and Publishing & Printing industries.

Leveraging its strengths in marketing and distribution; research and development; brands and financial management; as well as years of acquisition experience, F&NL provides key resources and sets strategic directions for its subsidiary companies across all three industries.

Listed on the Singapore stock exchange, F&NL ranks as one of the most established and successful companies in the region with an impressive array of renowned brands that enjoy strong market leadership. It has shareholders' funds and total assets employed of S\$8 billion and S\$14 billion, respectively. F&NL is present in over 20 countries spanning Asia Pacific, Europe and the USA, and employs over 17,000 people worldwide.

For more information on F&NL, please visit [www.fraserandneave.com](http://www.fraserandneave.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 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.