



Frasers Commercial Trust Presentation for Extraordinary General Meeting

12 July 2012



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Certain statements in this Presentation constitute “forward-looking statements”, including forward-looking financial information. Such forward-looking statement and financial information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of FCOT or the Manager, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and financial information. Such forward-looking statements and financial information are based on numerous assumptions regarding the Manager’s present and future business strategies and the environment in which FCOT or the Manager will operate in the future. Because these statements and financial information reflect the Manager’s current views concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information.

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The value of Frasers Commercial Trust units (“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 the Singapore Exchange Securities Trading Limited (“SGX-ST”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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

This Presentation contains certain information with respect to the trade sectors of the Trust’s tenants. The Manager has determined the trade sectors in which the Trust’s tenants are primarily involved based on the Manager’s general understanding of the business activities conducted by such tenants. The Manager’s knowledge of the business activities of the Trust’s tenants is necessarily limited and such tenants may conduct business activities that are in addition to, or different from, those shown herein.

This Presentation includes market and industry data and forecast that have been obtained from internal survey, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information. While the Manager has taken reasonable steps to ensure that the information is extracted accurately and in its proper context, the Manager has not independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein.



Details



Summary of approvals sought

- **Resolutions sought at Extraordinary General Meeting (“EGM”)**
 1. Resolution 1: The Proposed Sale of KeyPoint (Ordinary Resolution)
 2. Resolution 2: The Proposed Trust Deed Supplement (Extraordinary Resolution)
 3. Resolution 3: The Proposed Unit Buy-Back Mandate (Ordinary Resolution) (Conditional Upon Passing of Resolution 2)

The proposed sale of KeyPoint – At 26.3% above valuation

- **Divestment details¹**
 - Sale consideration of S\$360.0 million is 26.3% and 4.0% above current use valuation² and single use valuation³ respectively
 - Gain of approximately S\$72.8 million based on the estimated net sale proceeds
- **Rationale**
 - 34 years old building which faces design and structural obsolescence
 - Only 62 years leasehold tenure remaining
 - Requires a significant amount of additional capital expenditure to be spent in order to stay competitive



¹ Entered into a conditional sale and purchase agreement with Bayfront Ventures Pte Ltd on 23 April 2012

² Based on the latest current use valuation of S\$285.0 million as at 31 May 2012

³ Based on the single use valuation of S\$346.0 million as at 31 May 2012

The proposed sale of KeyPoint

▪ Condition Precedent

- Unitholders should note that the sale of KeyPoint is still subject to the condition precedent in relation to the issue of a letter by the Head Lessor (or the Singapore Land Authority (“SLA”) or the Commissioner of Lands on behalf of the Head Lessor) that it has in-principle no objection to:
 - (a) 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 SLA to FCOT; or
 - (b) 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 SLA or Commissioner of Lands on behalf of the Head Lessor), as disclosed on Page 9 of the Circular
- An application has been made and the Manager is waiting a letter by the Head Lessor (or the SLA or the Commissioner of Lands on behalf of the Head Lessor) in relation to this condition precedent
- The Manager will make an announcement once this condition precedent is satisfied

The estimated net sale proceeds

- **Approximately S\$357.8 million**

	Value
The proposed sale of KeyPoint	
Sale consideration	S\$360.0 million
Less: the estimated professional and others fees expenses incurred by FCOT in connection with the Sale (which includes a divestment fee payable to the Manager of S\$1.8 million)	(\$2.2 million)
The estimated net sale proceeds is approximately	S\$357.8 million

Use of the estimated net sale proceeds

- **Manager intends to apply the estimate net sale proceeds towards one or more of the following:**
 1. Reducing the debt liabilities of FCOT and/or its subsidiaries
 2. Funding the Unit buy-back connected to the Unit Buy-Back Mandate (subject to Unitholders' approval of the resolutions);
 3. Partial redemption of Series A Convertible Perpetual Preference Units¹ (“CPPUs”) (subject to the terms of the Series A CPPUs and other relevant regulatory requirements); and
 4. General corporate and working capital purposes

The proposed trust deed supplement

■ Details

- In connection with the proposed adoption of the Unit Buy-Back Mandate, the Manager seeks approval from Unitholders for the proposed amendment of the Trust Deed to authorise the Manager to purchase Units for and on behalf of FCOT from time to time as well as the consequential amendments to the Trust Deed in relation thereto
- Further details and the full text of the Trust Deed Supplement is set out in **Appendix A** of the Circular dated 18 June 2012

The proposed unit buy-back mandate

■ Details

- Not more than 3.5% of the total number of issued Units¹
- Purchase price not exceeding 105.0% of the Average Closing Market Price²

■ Rationale

- In line with the Manager's aim to adopt an active approach to capital management
- A flexible and cost-effective capital management strategy to enhance return on equity for Unitholders and/or the Unitholders' funds per Unit
- Help to mitigate short-term market volatility
- Off-set the effects of short-term speculative trading of the Units
- Instil market confidence in the Units

1 640,914,228 Units are in issue as at the Latest Practicable Date (assuming no further Units are issued on or prior to the EGM at which the Unit Buy-Back Mandate is approved)

2 Average Closing Market Price means the average of the closing market prices of a Unit over the last five Market Days, on which transactions in Units were recorded, preceding the day of the Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-day market period in accordance with Rule 884 of the Listing Manual

The pro forma financial effects of the Sale

- **Scenarios for illustrative purpose only¹**
 1. The partial prepayment of the S\$500.0 million Term Loan Facility (“Scenario 1”);
 2. The funding of the redemption of 50% of the issued Series A CPPUs², with the balance applied towards the Term Loan Partial Prepayment (“Scenario 2”); and
 3. The funding of the purchase of 22,431,998 Units and the Partial Series A CPPU Redemption, with the balance applied towards the Term Loan Partial Prepayment (“Scenario 3”)

¹ Scenarios were prepared based on the assumption that (i) the acquisition by FCOT of the other 50.0% interest in Caroline Chisholm Centre was completed on 31 March 2012, (ii) the Sale was completed on 31 March 2012 and (iii) the estimated Net Sale Proceeds had been applied towards each of the scenarios

² Equal to 171,250,000 units of issued Series A CPPUs

The pro forma financial effects of the Sale – DPU

FY2011	Audited	Pro forma (Scenario 1)	Pro forma (Scenario 2)	Pro forma (Scenario 3)
Distributable Income attributable to Unitholders (\$\$'000)	36,324	39,129	41,988	41,152
DPU (Cents)	5.75	6.19	6.64	6.75
Increase against audited FY2011		↑ 7.7%	↑ 15.5%	↑ 17.4%

The pro forma financial effects of the Sale on DPU for FY2011 as if (i) the Sale was completed on 1 October 2010 and (ii) assuming that the estimated Net Sale Proceeds had been applied towards the Scenarios

The pro forma financial effects of the Sale – Unitholders' Funds per Unit

As at 30 September 2011	Audited	Pro forma (Scenario 1)	Pro forma (Scenario 2)	Pro forma (Scenario 3)
Unitholders' funds (S\$'000)	877,626	943,795	946,969	925,569
Unitholders' funds (excluding distributable income) (S\$'000)	849,830	915,999	919,173	897,773
Issued and issuable Units ('000)	634,338	634,338	634,338	611,906
Unitholders' funds per Unit (S\$)	1.38	1.49	1.49	1.51
Unitholders' funds per Unit (excluding distributable income) (S\$)	1.34	1.44	1.45	1.47
Increase against audited 30 September 2011		↑ 7.5%	↑ 8.2%	↑ 9.7%

The pro forma financial effects of the Sale on the Unitholders' funds per Unit as at 30 September 2011 as if (i) the Sale was completed on 30 September 2011 and (ii) assuming that the estimated Net Sale Proceeds had been applied towards the Scenarios

The pro forma financial effects of the Sale - Gearing

As at 31 March 2012	Unaudited ⁽¹⁾	Unaudited Pro forma ⁽²⁾	Unaudited Pro forma (Scenario 1) ⁽³⁾	Unaudited Pro forma (Scenario 2) ⁽³⁾	Unaudited Pro forma (Scenario 3) ⁽³⁾
Total assets (S\$'000)	2,067,181	2,195,117	1,910,117	1,910,117	1,910,117
Gross borrowings (S\$'000)	746,171	860,362	502,562	673,812	695,616
Aggregate leverage (%)	36.1	39.2	26.3	35.3	36.4

1 Based on FCOT's unaudited financial statements for the financial half year ended 31 March 2012

2 Based on FCOT's unaudited financial statements for the financial half year ended 31 March 2012 and adjusted as though the acquisition by FCOT of the other 50.0% interest in Caroline Chisholm Centre was completed on 31 March 2012 (actual completion took place on 13 April 2012)

3 Based on FCOT's unaudited financial statements for the financial half year ended 31 March 2012 and adjusted as though (a) the acquisition by FCOT of the other 50.0% interest in Caroline Chisholm Centre was completed on 31 March 2012 (actual completion took place on 13 April 2012) and (b) the Sale was completed on 31 March 2012

Thank you

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