

SGX-ST ANNOUNCEMENT

For immediate release

SALE OF PROPERTY AT 55 MARKET STREET, SINGAPORE

1. INTRODUCTION

1.1 Sale

Singapore, 10 July 2018 – Frasers Commercial Asset Management Ltd., as manager of Frasers Commercial Trust (“**FCOT**”, and as manager of FCOT, the “**Manager**”), wishes to announce that British and Malayan Trustees Limited, in its capacity as trustee of Frasers Commercial Trust (as trustee of FCOT, the “**Trustee**”), has entered into a property sale agreement (the “**Property Sale Agreement**”) with an unrelated third party (the “**Purchaser**”) to sell the property located at 55 Market Street, Singapore 048941 (“**55 Market Street**”, and the sale of 55 Market Street, the “**Sale**”).

1.2 Information on 55 Market Street

55 Market Street is a 16-storey commercial property comprising 15 floors of office space and two floors of retail space on the ground floor and basement level. 55 Market Street has 17 office and retail tenants and the net lettable area of the property was 71,796 square feet as at 31 March 2018.

Jones Lang LaSalle Property Consultants Pte Ltd (“**Jones Lang LaSalle**”) has been commissioned by the Manager to value 55 Market Street for FCOT. The valuation as at 1 July 2018 conducted by Jones Lang LaSalle of 55 Market Street is S\$150.0 million. The basis of the valuation was the direct capitalisation approach and the discounted cash flow approach.

PRINCIPAL TERMS OF THE SALE

1.3 Sale and Purchase

Pursuant to the Property Sale Agreement, FCOT will sell 55 Market Street to the Purchaser for an aggregate sale consideration of S\$216.8 million. The completion of the Sale is expected to take place by 31 August 2018.

1.4 Sale Consideration and Valuation

The aggregate sale consideration (of S\$216.8 million) for the Sale was arrived at through a marketing process conducted by an appointed property consultant, taking into consideration the independent valuation (of S\$150.0 million) as at 1 July 2018. The total deposit payable by the Purchaser to FCOT under the Property Sale Agreement is 15% of the aggregate sale consideration of S\$216.8 million. FCOT has received an aggregate initial deposit of S\$32.5 million from the Purchaser upon execution of the Property Sale Agreement. The remaining consideration shall be paid upon completion of the Sale. The purchase consideration is payable in cash.

1.5 Principal Terms of the Property Sale Agreement

The Property Sale Agreement contains customary provisions to the Sale, including representations and warranties and pre-completion covenants regarding the operation of 55 Market Street, limitations of the Vendor's liabilities and other commercial terms.

The salient terms of the Property Sale Agreement include, amongst others, the following:

- (i) the property is sold on an 'as is where is' basis and subject to all matters disclosed by and/or described in the Property Sale Agreement;
- (ii) the property is sold subject to the occupation agreements (as defined in the Property Sale Agreement), save in certain specific circumstances as set out in the Property Sale Agreement;
- (iii) there being no material damage relating to 55 Market Street prior to completion of the Sale; and
- (iv) there being no acquisition or notice of acquisition or intended acquisition by the government or other competent authority affecting 55 Market Street or a material part thereof prior to completion of the Sale.

2. RATIONALE FOR THE SALE

The Manager believes that the Sale will bring, *inter alia*, the following benefits to unitholders of FCOT (the "Unitholders"):

2.1 Capital recycling and active portfolio management

The divestment is in-line with the Manager's portfolio and capital management strategies for FCOT. The divestment will allow FCOT to repay existing debt so as to provide greater financial flexibility to pursue future acquisition opportunities and/or undertake other initiatives.

2.2 Divestment gain

FCOT is expected to recognise an estimated gain on the Sale of approximately S\$77.8 million over the book value of S\$139.0 million as at 30 September 2017. After taking into consideration the estimated transaction expenses and fees of S\$1.3 million, the estimated net gain is S\$76.5 million.

The sale price of S\$216.8 million is S\$144.3 million higher than FCOT's original purchase price of 55 Market Street of S\$72.5 million in 2006.

3. USE OF SALE PROCEEDS AND FINANCIAL EFFECTS

- 3.1** The Manager's current intention is to use all or substantially all of the sale proceeds to repay existing debt to provide FCOT with greater financial flexibility, with the remaining amount of the sale proceeds, if any, to be used for financing of capital expenditure and/or for general corporate and working capital purposes.

3.2 Pro forma financial effects

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Sale on the net asset value (“NAV”) per unit in FCOT (“Unit”), the distribution per Unit (“DPU”) and aggregate leverage of FCOT presented below were prepared based on the audited financial statements of FCOT for the financial year ended 30 September 2017.

3.2.1 Pro Forma NAV of the Sale

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Sale on the NAV per Unit as at 30 September 2017, as if the Sale was completed on 30 September 2017, are as follows:

	Effects of the Sale	
	Before the Sale	After the Sale
NAV per Unit (S\$)	1.60	1.70 ⁽¹⁾

Note:

(1) Assuming that sale proceeds net of estimated transaction expenses and fees were used to repay bank borrowings.

3.2.2 Pro Forma DPU of the Sale

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Sale on FCOT’s DPU for the financial year ended 30 September 2017, as if the Sale was completed on 1 October 2016, are as follows:

	Effects of the Sale	
	Before the Sale	After the Sale
DPU (cents)	9.82	10.18 ⁽¹⁾

Note:

(1) Assuming that sale proceeds net of estimated transaction expenses and fees were used to repay bank borrowings.

3.2.3 Pro Forma Aggregate Leverage

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Sale on FCOT’s aggregate leverage for the financial year ended 30 September 2017, as if the Sale was completed on 30 September 2017, are as follows:

	Effects of the Sale	
	Before the Sale	After the Sale
Aggregate leverage	34.7%	26.5% ⁽¹⁾

Note:

(1) Assuming that sale proceeds net of estimated transaction expenses and fees were used to repay bank borrowings.

4. INTERESTS OF THE DIRECTORS AND CONTROLLING UNITHOLDERS

As at the date of this announcement and based on the information available to the Manager as at the date of this announcement, save for the unitholding interests in FCOT held by certain directors of the Manager and the controlling Unitholders, none of the directors of the Manager or the controlling Unitholders has an interest, direct or indirect, in the Sale.

5. OTHER INFORMATION

5.1 Director's Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the Sale.

5.2 Relative Figures Computed on the Bases set out in Rule 1006

Chapter 10 of the Listing Manual classifies transactions by FCOT into (i) non-disclosable transactions, (ii) disclosable transactions, (iii) major transactions and (iv) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, inter alia, the following applicable bases of comparison set out in Rules 1006(a), 1006(b) and 1006(c) of the Listing Manual:

- (i) the net asset value of the assets to be disposed of, compared with FCOT's net asset value;
- (ii) the net profits attributable to the assets disposed of, compared with FCOT's net profits; and
- (iii) the aggregate value of the consideration given, compared with FCOT's market capitalisation.

Rule 1006(d) of the Listing Manual does not apply in relation to the Sale. The relative figures for the Sale computed on the bases set out above are as follows:

Comparison of:	Sale	FCOT	Relative figure (%)
Net asset value (S\$ million) ⁽¹⁾	139.1	1,353.0	10.3
Total return (S\$ million) ⁽¹⁾	1.7	24.5	6.9
Consideration against market capitalisation (S\$ million) ⁽²⁾	216.8	1,214.4	17.9

Notes:

- (1) Based on unaudited financial results for the financial period from 1 October 2017 to 31 March 2018.
- (2) Market capitalisation computed based on FCOT's volume weighted average price of S\$1.3748 on 9 July 2018, being the market day immediately prior to the date of the Property Sale Agreement.

Under Rule 1010 of the Listing Manual, where any of the relative figures computed on the bases set out above exceeds 5% but does not exceed 20%, the Sale is regarded as being a discloseable transaction. The Manager is of the view that the Sale is in the ordinary course of FCOT's business.

6. DOCUMENTS FOR INSPECTION

A copy of the Property Sale Agreement and the valuation report issued by Jones Lang LaSalle are available for inspection during normal business hours at the registered office of the Manager¹ at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958 for a period of three months from the date of this announcement.

BY ORDER OF THE BOARD

Fraser's Commercial Asset Management Ltd.
As manager of Fraser's Commercial Trust
Company Registration No: 200503404G

Catherine Yeo
Company Secretary
10 July 2018

For further information, kindly contact:

Ms Wang Mei Ling
Vice President, Investor Relations
Fraser's Commercial Asset Management Ltd.
T +65 6277 2509
E meiling.wang@frasersproperty.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 the 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.

¹ Prior appointment with the Manager would be appreciated.