



(a real estate investment trust constituted on 5 June 2006 under the laws of the Republic of Singapore)
Sponsored by Fraser's Centrepoint Limited, a wholly-owned subsidiary of Fraser and Neave, Limited

ANNOUNCEMENT

ENTRY INTO PUT AND CALL OPTION AGREEMENT

In relation to the initial public offering of units in Fraser's Centrepoint Trust in July 2006 (the "**Offering**"), the joint financial advisors were DBS Bank Ltd ("**DBS Bank**") and Oversea-Chinese Banking Corporation Limited ("**OCBC Bank**"). The joint lead underwriters and bookrunners of the Offering were DBS Bank, OCBC Bank and UBS AG, acting through its business group, UBS Investment Bank.

1. INTRODUCTION

1.1 Put and Call Option Agreement to Purchase the Property

Fraser's Centrepoint Asset Management Ltd., as manager of Fraser's Centrepoint Trust ("**FCT**", and manager of FCT, the "**Manager**"), wishes to announce that HSBC Institutional Trust Services (Singapore) Limited, as trustee of FCT (the "**Trustee**") has today entered into a put and call option agreement (the "**Option Agreement**"), pursuant to which the Trustee has the right to require Yishun Development Pte Ltd (the "**Vendor**"), a wholly owned subsidiary of Fraser's Centrepoint Limited ("**FCL**"), the sponsor of FCT, to enter into a sale and purchase agreement (the "**Sale and Purchase Agreement**") to sell the whole of Lot 2985X of Mukim 19 (which is adjacent to FCT's existing Northpoint Shopping Centre ("**Northpoint**")) together with the building (the "**Building**") to be erected thereon (the "**Property**"), to the Trustee, and the Vendor has the right to require the Trustee to enter into the Sale and Purchase Agreement to purchase the Property from the Vendor, at the purchase price to be determined in accordance with and on the terms set out therein (the "**Acquisition**").

1.2 Information on the Property

The Property has a site area of approximately 44,273 sq ft. Approval has been obtained to construct a 4 storey commercial building with 2 basement levels on the site with an approved maximum gross floor area of approximately 132,967 sq ft. The Building is planned to be physically joined to Northpoint. The Building is currently expected to have approximately 83,100 sq ft of net lettable area ("**NLA**") when completed, of which approximately 21,528 sq ft will be leased to the National Library Board. The Building is undergoing construction and is expected to obtain temporary occupation permit in the second half of 2008.

1.3 Disclosure Requirements under the Listing Manual and the Property Funds Guidelines

At the date of this announcement, FCL holds an aggregate indirect interest in 316,082,469 units in FCT ("**Units**"), comprising approximately 51.21% of the total number of Units in issue, and is therefore regarded as a "controlling unitholder" of FCT under both the Listing Manual of Singapore Exchange Securities Trading Limited (the "**SGX-ST**", and the Listing Manual of the SGX-ST, the "**Listing Manual**") and Appendix 2 to the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore (the "**Property Funds Guidelines**").

As the Vendor is wholly owned by FCL, for the purposes of Chapter 9 of the Listing Manual, the Vendor, being an associate of a controlling unitholder of FCT, is an "interested person" of FCT. For the purposes of the guidelines relating to interested party transactions under the Property Funds Guidelines, the Vendor is an "interested party" of FCT. In addition, the Acquisition of the Property by FCT qualifies as a discloseable transaction under Chapter 10 of the Listing Manual.

2. PRINCIPAL TERMS OF THE ACQUISITION

2.1 Consideration

The purchase price of the Property (the "**Purchase Price**") will be the average of the open market values of the Property (as at a date to be agreed by the Trustee and the Vendor) as determined by (i) the licensed valuer appointed by the Trustee, and (ii) (if the Vendor does not exercise its right to appoint a licensed valuer and is prepared to accept the valuation determined by the licensed valuer appointed by the Manager) such licensed valuer appointed by the Manager or (if the Vendor exercises its right to appoint a licensed valuer) the licensed valuer appointed by the Vendor ("**Average Market Price**"). The Average Market Price must be a value not lower than S\$139,500,000 (unless otherwise agreed by the Vendor) and not higher than S\$170,500,000 (unless otherwise agreed by the Trustee) ("**Agreed Price Range**").

The mid-point of the Agreed Price Range, being S\$155,000,000, is based on an open market valuation of the Property by a licensed valuer, Jones Lang LaSalle ("**JLL**"), appointed by the Vendor. JLL determined that the open market value of the Property as at 1 October 2007, assuming that it is satisfactorily completed with temporary occupation permit issued and in a steady state of operation, is S\$155,000,000. JLL's valuation was derived based on a combination of discounted cash flow and capitalisation of net income methods.

2.2 Completion

Completion of the Acquisition ("**Completion**") will take place 3 months after the entry into the Sale and Purchase Agreement by the Trustee and the Vendor, or such other earlier date as the Trustee and the Vendor may agree (the "**Completion Date**"). Subject to Vendor's agreement, the Manager is targeting for Completion to take place on or about the middle of 2009. 10% of the Purchase Price will be payable on the date of execution of the Sale and Purchase Agreement and where the certificate of statutory completion for the Building has not been issued by the Completion Date, 82% of the Purchase Price will be payable on the Completion Date, with the remaining 8% to be held by Allen & Gledhill, LLP as stakeholders pending the issue of the certificate of statutory completion for the Building. Where the certificate of statutory completion for the Building has been issued by the Completion Date, the balance 90% of the Purchase Price shall be paid to the Vendor on Completion.

Subject to the conditions precedent in the Option Agreement as described in paragraph 2.3 below, the right of the Trustee to require the Vendor to enter into the Sale and Purchase Agreement and the right of the Vendor to require the Trustee to enter into the Sale and Purchase Agreement arises only after the temporary occupation permit for the Building has been issued.

2.3 Conditions Precedent

The Acquisition is conditional upon, *inter alia*, the following conditions precedent, unless specifically waived:

- (a) the obtaining of approval from the President of the Republic of Singapore (as head lessor of the Property) to (i) the sale of the Property to the Trustee, and (ii) the entry by the Trustee of leases and/or licences in respect of premises located in the Building to third parties;
- (b) the Average Market Price falling within the Agreed Price Range unless the fulfilment of such Condition Precedent is waived:
 - (i) where the Average Market Price is above the S\$170.50 million, by the Purchaser in writing; or
 - (ii) where the Average Market Price is below the S\$139.50 million, by the Vendor in writing;
- (c) the Average Market Price not being greater than the higher of (i) the valuation of the Property by the licensed valuer appointed by the Trustee, and (ii) the valuation of the Property by the licensed valuer appointed by the Manager; and
- (d) the obtaining of approval of the Unitholders of FCT ("**Unitholders**") to the acquisition of the Property at the Purchase Price on the terms and subject to the conditions of the Sale and Purchase Agreement.

Conditions precedent set out in sub-paragraphs 2.3 (a) and 2.3 (d) above must be satisfied, unless specifically waived, no later than 31 July 2010 or such other date as the Trustee and the Vendor may agree.

2.4 Trustee's Right of Termination

Notwithstanding the above and any other provisions of the Option Agreement, the Trustee shall have the right to terminate the Option Agreement if, *inter alia*, the Vendor for any reason does not give by 30 June 2009, written notice to the Trustee that the temporary occupation permit for the Building has been issued

3. METHOD OF FINANCING

The Acquisition may be financed by, *inter alia*, borrowings, issue of new Units or a combination thereof. The Manager intends to put in place the financing plan for the Acquisition closer to the time when Unitholders' approval is being sought for the Acquisition, taking into account market conditions then prevailing. Details of the proposed financing plan will be set out in a Circular to be issued to Unitholders for purposes of obtaining the approval of Unitholders for the Acquisition ("**Circular**").

4. RATIONALE

The Manager believes that the Acquisition will bring the following benefits to Unitholders.

4.1 Integration with Northpoint

As the Property is planned to be integrated with Northpoint, both Northpoint and the Building may be planned and managed as a single enlarged retail mall with NLA of approximately 232,300 sq ft, representing some 56% increase over Northpoint's current NLA. The enlarged mall will entrench FCT's market dominance in the subject trade area.

Furthermore, the enlarged mall will facilitate better organisation of tenant mix, improved internal layout and more efficient provision of services and facilities and other economies of scale that are expected to enhance overall asset profitability and value. Currently, the Manager plans to carry out certain asset enhancement works at Northpoint with a view to capitalize on synergies with the Property.

4.2 The Acquisition is in line with the Manager's Investment Strategy for FCT

The Acquisition is in line with the Manager's investment strategy for FCT, which is to invest, directly or indirectly, in a diversified portfolio of income-producing real estate which is primarily used for retail purposes.

The Manager aims to maximise the rate of return for, and to make regular distributions to, Unitholders by, *inter alia*, pursuing opportunities for asset acquisitions that are yield accretive.

4.3 Income Diversification and Enlargement of Asset Portfolio

The Acquisition will enlarge FCT's asset size and improve income diversification by reducing the reliance of FCT's income stream on any single asset.

5. FINANCIAL EFFECTS OF THE ACQUISITION

As the Property is currently under construction and no part of the Purchase Price is payable until the conditions precedent stated in Paragraph 2.3 herein have been fulfilled (unless specifically waived), the entry into the Option Agreement is not expected to have any material impact on the net profits, net tangible asset per Unit and distribution per Unit of FCT for the current financial year. When the financing details for the Acquisition have been finalised, the details thereof and the financial effects of the Acquisition will be set out in the Circular.

6. AUDIT COMMITTEE STATEMENT

Having considered the principal terms of the Acquisition, as well as the rationale for the entry into the Option Agreement and for the Acquisition, the audit committee of the Manager (which comprises a majority of independent directors of the Manager) (the "**Audit Committee**") is of the view that the principal terms of the Acquisition are normal commercial terms and would not be prejudicial to the interests of FCT and its minority Unitholders.

Mr. Anthony Cheong, who is a member of the Audit Committee and a member of the board of directors of the Vendor, has declared his interest in the Acquisition and had abstained from participating in the review process of the Acquisition.

7. OTHER INTERESTED PERSON TRANSACTIONS

As at 19 October 2007 (the latest practicable date prior to the date of this Announcement) (the “**Latest Practicable Date**”), the value of all interested person transactions between FCT and FCL and/or associates of FCL for the current financial year which commences on 1 October 2007 is nil.

8. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

As at the Latest Practicable Date, certain directors of Fraser and Neave, Limited (“**F&NL**”), the holding company of FCL, collectively hold an aggregate interest (direct and deemed) in 650,000 Units and certain directors of FCL collectively hold an aggregate interest (direct and deemed) in 1,150,000 Units (including those of a director of F&NL who is also a director of FCL) and certain directors of the Manager collectively hold an aggregate interest (direct and deemed) in 750,000 Units (including those of the aforementioned directors of F&NL and FCL who are also directors of the Manager). Messrs Lim Ee Seng and Anthony Cheong Fook Seng (the “**Common Directors**”) are members of the board of directors of the Vendor and of the Manager and Mr. Christopher Tang Kok Kai is an executive director of the Manager, a wholly owned subsidiary of FCL.

Through FCL Trust Holdings Pte Ltd and the Manager, FCL has an indirect interest in 316,082,469 Units (comprising approximately 51.21% of the existing Units) as at the Latest Practicable Date. The Manager itself holds 2,582,469 Units.

The Common Directors and Mr. Christopher Tang Kok Kai have declared their interest in relation to the Acquisition and had abstained from voting on resolutions in relation thereto. Other than as aforesaid, based on information available to the Manager as at the date of this announcement, none of the directors of the Manager or the controlling Unitholders of FCT¹ have an interest, direct or indirect, in the Acquisition.

9. OTHER INFORMATION

9.1 Director’s Service Contracts

No person is proposed to be appointed as a director of the Manager in connection with the proposed Acquisition, the Option Agreement, the Sale and Purchase Agreement or any other transaction contemplated in relation to the Acquisition.

9.2 Disclosure under Rule 1010(13) of the Listing Manual

9.2.1 Chapter 10 of the Listing Manual classifies transactions into (i) non-discloseable transactions, (ii) discloseable 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 bases:-

- (a) the net profits attributable to the assets acquired or disposed of, compared with FCT’s net profits;

¹ A person with an interest in one or more units constituting not less than 15.0% of all outstanding units in FCT.

- (b) the aggregate value of the consideration given, compared with the market capitalisation of FCT; and
 - (c) the number of Units issued by FCT as consideration for the Acquisition, compared with the number of Units previously in issue.
- 9.2.2 As the Property is still under construction, the relative figure for the basis of comparison set out in sub-paragraph 9.2.1 (a) does not apply for the Acquisition.
- 9.2.3 Based on FCT's market capitalisation of approximately S\$925.82 million as at the Latest Practicable Date, the relative figure for the basis of comparison set out in sub-paragraph 9.2.1 (b), assuming the maximum value of S\$170,500,000 in the Agreed Price Range, is 18.4%.
- 9.2.4 The relative figure of the basis of comparison set out in sub-paragraph 9.2.1 (c) does not apply because the financing plan for the Acquisition has not been determined as at the date of this announcement.
- 9.2.5 As the relative figure under Rule 1006(c) of the Listing Manual exceeds 5%, as described in sub-paragraph 9.2.3 above, the Acquisition constitutes a discloseable transaction as defined in Chapter 10 of the Listing Manual. As the relative figure under Rule 1006(c) does not however exceed 20.0%, the Acquisition does not therefore constitute a major transaction as defined in Chapter 10 of the Listing Manual.

10.3 Documents for Inspection

A copy of the Option Agreement (which annexes the Sale and Purchase Agreement) is available for inspection during normal business hours (prior appointment will be appreciated) at the registered office of the Manager located at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958 for a period of 3 months commencing from the date of this announcement.

Anthony Cheong
Company Secretary

Frasers Centrepoint Asset Management Ltd.
(Company registration no. 200601347G)
(as Manager of Frasers Centrepoint Trust)

22 October 2007

Important Notice

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 will have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of FCT is not necessarily indicative of the future performance of FCT. This announcement contains forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in these 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 level of property rental income, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.