

SGX-ST Announcement

For immediate release

COMPLETION OF ACQUISITION OF STRATA LOTS COMPRISED IN RETAIL PODIUM OF YISHUN 10 CINEMA COMPLEX & APPOINTMENT OF PROPERTY MANAGER

(A) Completion of Acquisition

Further to its announcement dated 4 November 2016 in relation to the acquisition of units #01-01, #01-02, #01-03, #01-04/04A, #01-05, #01-06, #01-07, #01-08 and #01-09 of the retail podium of Yishun 10 Cinema Complex (the "**Building**"), 51 Yishun Central 1, Singapore 768794 (the "**Retail Podium**", and the acquisition of the Retail Podium, the "**Acquisition**"), Frasers Centrepoint Asset Management Ltd., in its capacity as manager of Frasers Centrepoint Trust ("**FCT**", and as manager of FCT, the "**Manager**"), is pleased to announce that FCT has completed the Acquisition today.

(B) Appointment of Property Manager

In connection with the Acquisition, the Manager, as manager of FCT has today entered into a property management agreement (the "**PMA**") with HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of FCT (the "**Trustee**") and Frasers Centrepoint Property Management Services Pte. Ltd., as property manager (the "**Property Manager**"), pursuant to which the Property Manager shall provide property management services for the Retail Podium.

(1) Salient Terms of the PMA

(a) Term and Extension of the PMA

The term of the PMA shall commence from 16 November 2016 and end on 4 July 2021 and the midnight of the date of termination of the PMA, whichever is the earlier (the "**Term**"). However, the Trustee and the Manager may, subject to the terms of the PMA, give written request to the Property Manager to extend the appointment of the Property Manager for a further five years on the same terms and conditions save for clauses relating to (i) any further extension of the PMA thereafter, (ii) the fees payable to the Property Manager which shall be revised to the prevailing market rates, and (iii) any

term which the Trustee and Manager may require due to any change in the applicable legislation or regulations. Any extension of the appointment of the Property Manager shall be subject to the approval of FCT's unitholders ("**Unitholders**") (if required pursuant to the Trust Deed¹ or any applicable legislation or regulation).

(b) Fees and Reimbursements

The fees and reimbursements payable to the Property Manager by FCT in respect of the Retail Podium are set out below:

Property Management Services

The Trustee shall pay to the Property Manager and the Property Manager shall be entitled to receive in respect of the Retail Podium, for each Fiscal Year² during and throughout the Term, the following fees (collectively the "**Fees**") determined as follows:

$$\text{Fees} = A - [24.43\% \times (B + C)]$$

where:

A is the total of (a) 2% per annum of the gross revenue of the Retail Podium, (b) 2% per annum of the net property income (calculated before accounting for the Property Manager's fees payable under the PMA in that Fiscal Year) of the Retail Podium and (c) 0.5% per annum of the net property income (calculated before accounting for the Property Manager's fees payable under the PMA in that Fiscal Year) of the Retail Podium, in lieu of leasing commissions otherwise payable to the Property Manager and/or third party agents;

B is the managing agent fee as agreed between the managing agent and the MCST³ of each Fiscal Year;

C is the managing agent staff fee as agreed between the managing agent and the MCST of each Fiscal Year; and

24.43% represents the share value of the Retail Podium in the Building.

¹ "**Trust Deed**" means the trust deed constituting FCT dated 5 June 2006 (as amended and supplemented from time to time).

² "**Fiscal Year**" means in relation to the Retail Podium, any period of 12 months commencing on the 1 October and ending on the 30 September except that the first Fiscal Year for the Retail Podium shall commence on 16 November 2016 and shall end on 30 September 2017, and the last Fiscal Year shall end on the earlier of (i) the date of expiry of the term and (ii) the date of termination of the PMA.

³ "**MCST**" means the managing corporation constituted in respect of the strata title plan relating to the Building.

Leasing Commissions to Third Party Brokers

The Trustee is not required to pay any other leasing commissions to third party brokers for securing tenants for the Retail Podium, such leasing commissions (if any) will be borne by the Property Manager.

Property Tax Services

In addition, in relation to the services provided by the Property Manager in respect of property tax objections submitted to the tax authorities on any proposed annual value of the Retail Podium, the Property Manager is entitled to the following fees if as a result of such objections, the proposed annual value is reduced resulting in a property tax-savings for the relevant Property:

- (i) where the proposed annual value is S\$1.0 million or less, a fee of 7.5% of the property tax savings;
- (ii) where the proposed annual value is more than S\$1.0 million but does not exceed S\$5.0 million, a fee of 5.5% of the property tax savings; and
- (iii) where the proposed annual value is more than S\$5.0 million, a fee of 5.0% of the property tax savings.

The abovementioned fee is a lump sum fixed fee based on the property tax savings calculated on a 12-month period. If in compliance with applicable regulatory requirements relating to Related Party Transactions⁴ relating to real estate investment trusts, the approval of Unitholders is required for payment of such fees, such payment will be subject to the obtaining of such Unitholders' approval, and if such approval cannot be obtained within the requisite time period for lodgement of such objections, the Property Manager shall not be obliged to undertake the relevant property tax objections and the Trustee shall be entitled to engage other consultants to undertake the relevant property tax objections.

Project Management Services

For the project management services, the Trustee will pay the Property Manager the following fees for the development or redevelopment (if not prohibited by the Property Funds Appendix or if otherwise permitted by the Monetary Authority of Singapore), the refurbishment, retrofitting and renovation works in respect of the Retail Podium:

⁴ "Related Party Transactions" refers to an "interested person transaction" (as defined in the Listing Manual of the SGX-ST) and/or, as the case may be, an "interested party transaction" (as defined in the Property Funds Appendix).

- (i) where the construction costs are S\$2.0 million or less, a fee of 3% of the construction costs;
- (ii) where the construction costs exceed S\$2.0 million but do not exceed S\$20.0 million, a fee of 2% of the construction costs;
- (iii) where the construction costs exceed S\$20.0 million but do not exceed S\$50.0 million, a fee of 1.5% of the construction costs; and
- (iv) where the construction costs exceed S\$50.0 million, a fee to be mutually agreed by the Trustee, the Manager and the Property Manager.

For the purpose of calculating the fees payable to the Property Manager, "construction costs" means all construction costs and expenditure valued by the quantity surveyor engaged by the Trustee for the project, excluding development charges, differential premiums, statutory payments, consultants' professional fees and goods and services tax.

If in compliance with applicable regulatory requirements relating to Related Party Transactions relating to real estate investment trusts, the approval of Unitholders is required for payment of any of the abovementioned fees for project management services, such payment will be subject to the obtaining of such Unitholders' approval, and if such approval is not obtained, the Property Manager shall not be obliged to undertake the relevant project management services and the Trustee shall be entitled to engage other consultants to undertake the relevant project management services.

Employee Reimbursements

The Property Manager will be entitled to reimbursements by FCT for employment and remuneration costs of the Property Manager's employees for services rendered under the PMA in respect of the Retail Podium, as approved by the Manager and the Trustee in the annual business plan and budget for the Retail Podium.

(2) Rationale for Entry into the PMA

The Manager is of the view that the entry into the PMA with the Property Manager will streamline the management of the Retail Podium, together with the other properties of FCT. In addition, given that the management of the common property is undertaken by the managing agent of the Building, the Fees payable under the PMA is less than the property management fees in respect of the other properties of FCT. The Manager therefore believes that the entry into the PMA will be beneficial to FCT and Unitholders.

(3) Interested Person Transaction

At the date of this announcement, the Manager and the Property Manager are wholly-owned by FCL. Therefore, for the purposes of Chapter 9 of the Listing Manual of Singapore Exchange Securities Trading Limited (the “**Listing Manual**”), the Property Manager (being wholly-owned by FCL, which is a “controlling unitholder” of FCT and also a “controlling shareholder” of the Manager) is (for the purposes of the Listing Manual) an “interested person” of FCT. The total value of all transactions between FCT and FCL or its associates for the current financial year ending 30 September 2017 (being the PMA over the Term) is estimated at S\$270,000 and is below 3.0% of FCT’s latest audited net tangible assets as at 30 September 2015 for the purposes of Chapter 9 of the Listing Manual. Other than the entry into of the PMA, FCT has to-date not entered into any other “interested person transaction” and/or “interested party transaction” during the course of the financial year ending 30 September 2017.

(4) Audit Committee

Based on the rationale of the entry into the PMA, the Audit Committee of the Manager is of the view that the terms of the PMA are normal commercial terms and would not be prejudicial to the interests of FCT and its minority Unitholders.

(5) Documents Available For Inspection

A copy of the PMA is available for inspection at the registered office of the Manager at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958, during normal business hours for a period of three months from the date of this announcement.

BY ORDER OF THE BOARD

Frasers Centrepoint Asset Management Ltd.
(Company Registration No: 200601347G)
as manager of Frasers Centrepoint Trust

Catherine Yeo
Company Secretary

16 November 2016

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 ("**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 or purchase their Units for so long as the Units are listed on the SGX-ST. 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 announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of FCT and the Manager is not necessarily indicative of the future performance of FCT and the Manager.