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# Fraser's Centrepoint Trust

Presentation at Phillip Capital Investors' Event

Raffles City Tower, Level 6

23 November 2018



# Forward-looking statements

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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 FCT 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 FCT 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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- ◆ This Presentation contains certain information with respect to the trade sectors of FCT’s tenants. The Manager has determined the trade sectors in which FCT’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 FCT’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.

# Frasers Centrepoint Trust (FCT)

- ◆ Six suburban retail properties located in Singapore's densely-populated residential areas, with excellent footfall catchment and connection to public transport infrastructure
- ◆ Tenancy-mix focused on necessity and convenience shopping; F&B and services which remain resilient through economic cycles
- ◆ Strong track record: 12 consecutive years of Distribution per Unit (DPU) growth since IPO in 2006
- ◆ Poised for Growth: Opportunities to acquire retail properties from Sponsor and 3<sup>rd</sup> parties; AEI and organic growth from current properties
- ◆ Sponsored by Frasers Property Limited

**Market Cap of  
S\$2 billion<sup>1</sup>**

**Bloomberg: FCT SP  
Reuters: J69U.SI  
SGX: J69U**



**Total appraised  
value of S\$2.75  
billion<sup>2</sup>**

**Total net lettable  
area of 1.1  
million square  
feet**

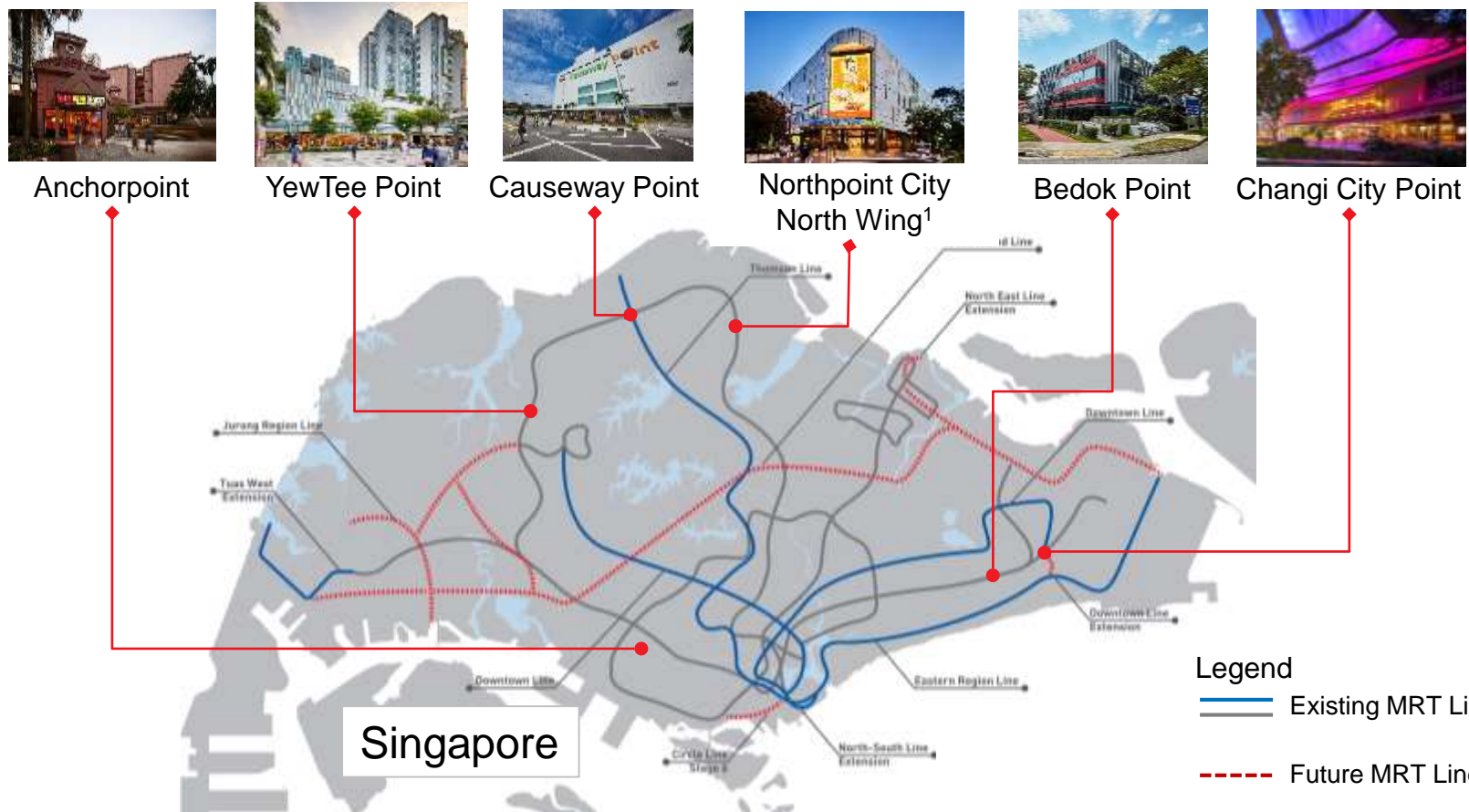


1. Based on closing price of \$2.16 on 31 October 2018

2. As at 30 September 2018

# Portfolio of six suburban retail properties

- ◆ Well-located suburban retail properties that enjoy good connectivity to public transport, high footfall and high occupancy



1. Also includes Yishun 10 retail podium located next to Northpoint City North Wing | Map source: URA Master Plan, Illustration not to scale

# Many reasons for shoppers to visit our malls

Convenience, wide range of options, delightful experience



Necessity & convenience shopping



Fun for the family



Delightful shopper experiences



Everyday dining

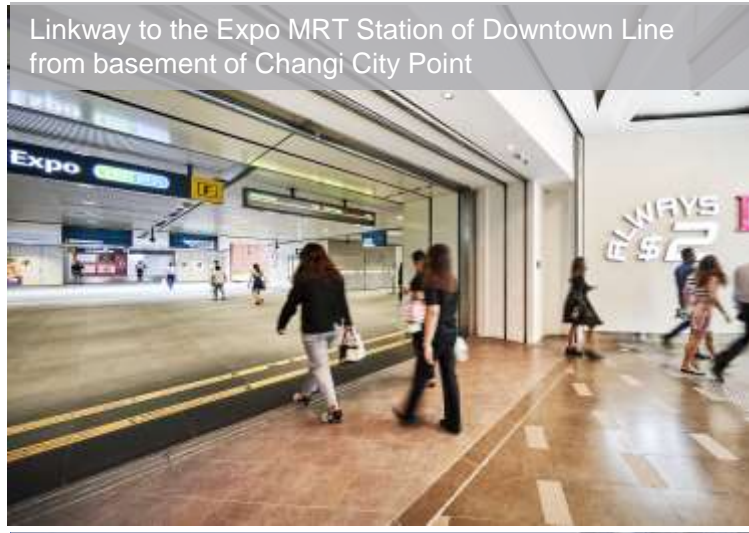


Essential services



Social and family dining

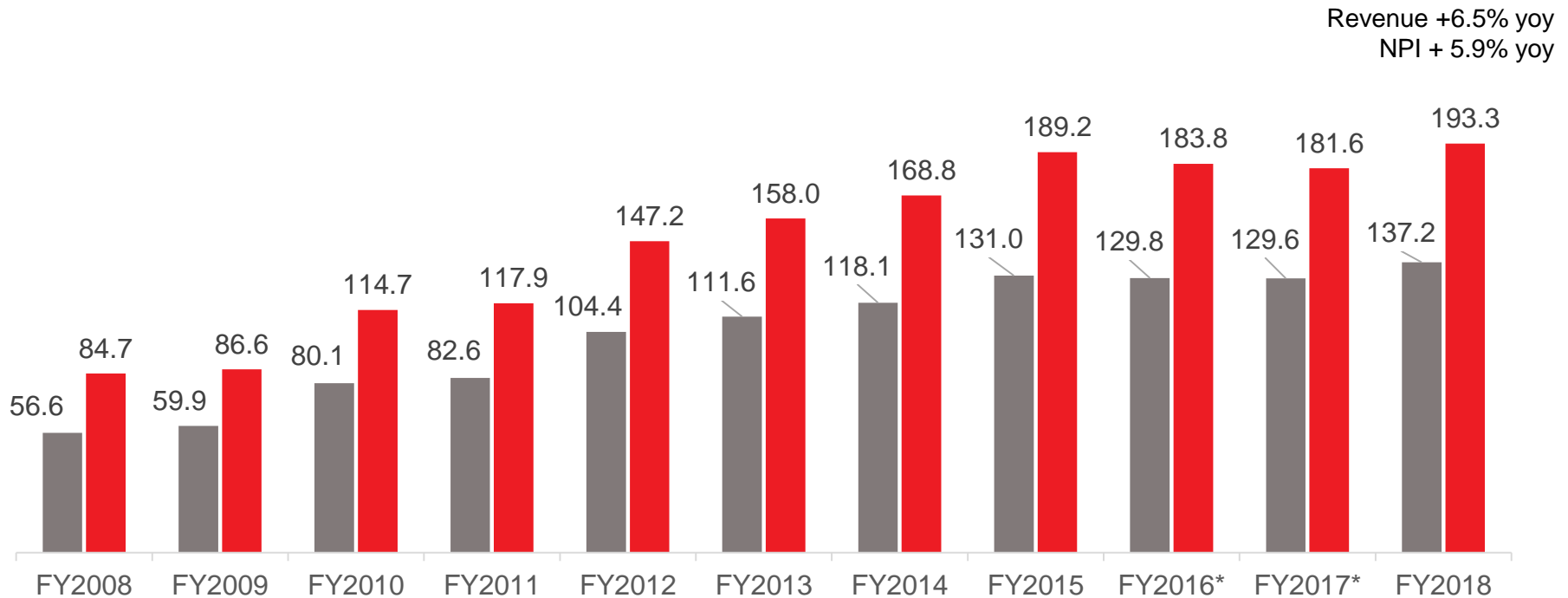
# Our malls are highly accessible by public transport



# Consistent performance

Revenue and Net Property Income (S\$ million)

■ Net Property Income ■ Gross Revenue

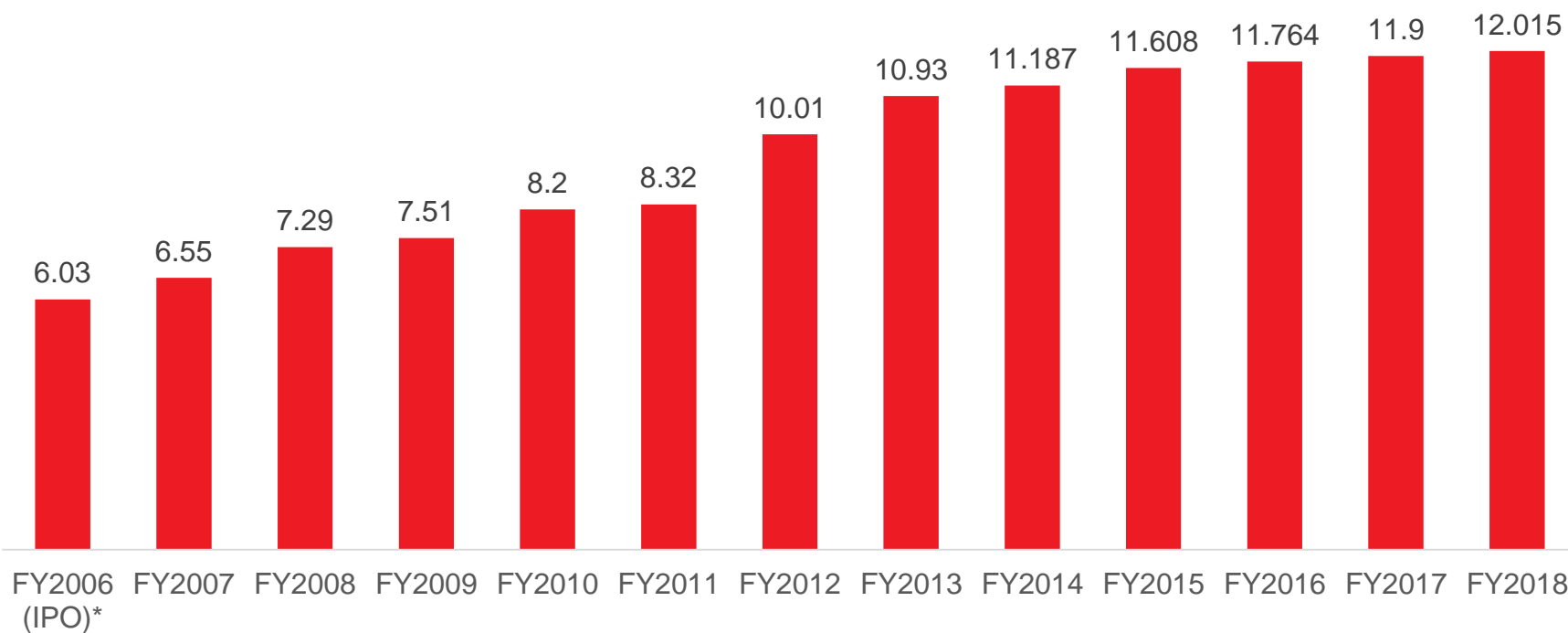


\* Revenue and Net Property Income in FY2016 and FY2017 were affected by the asset enhancement works at Northpoint City North Wing

# Steady DPU growth

12 consecutive years of DPU growth

Distribution per Unit (\$ cents)

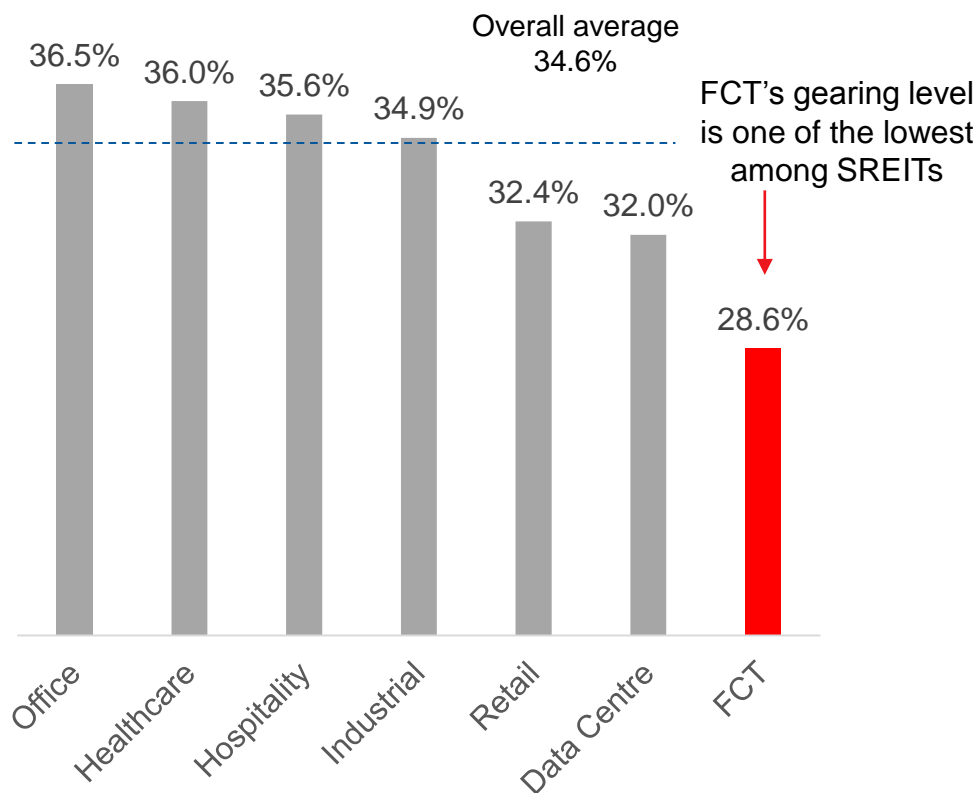


\* Annualised DPU for the period 5 Jul 06 (IPO) to 30 September 2006.



# Strong financial position

Gearing level of SREIT by sector<sup>1</sup>



## Key financial indicators as at 30 Sep 2018

Gearing level <sup>1</sup>	28.6%
Interest Cover <sup>2</sup>	6.25 times
Weighted average debt maturity	2.2 years
Percentage of borrowings on fixed rates or hedged via interest rate swaps	64% <sup>3</sup>
Unencumbered assets as % of total assets	85.8%
All-in average cost of borrowings	2.6%
Corporate credit rating	BBB+ (Stable) Baa1 (Stable)
<ul style="list-style-type: none"> <li>S&amp;P</li> <li>Moody's</li> </ul>	

1. The ratio of total outstanding borrowings over total assets as at stated balance sheet date
2. Earnings before interest and tax (EBIT) divided by interest expense

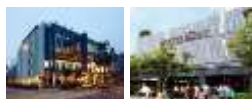
<sup>1</sup> Source: OCBC Investment Research Weekly S-REITs Tracker, 19 November 2018

# Clear growth strategies

## Acquisition Growth

Northpoint 2  
YewTee Point

2010



Bedok  
Point

2011



Changi City  
Point

2014



Yishun 10 Retail  
Podium

2016



Future



Northpoint South Wing  
(Singapore)



Waterway Point (33.3%)  
(Singapore)



Overseas  
Opportunities

## Enhancement Growth (AEI)

Anchorpoint  
(2008)



Northpoint  
(2010)



Causeway Point  
(2012)



Northpoint City  
North Wing  
(2017)



Causeway Point  
UPL\*  
(2019)



\*UPL: Underground Pedestrian Link

## Organic Growth



Rental Growth

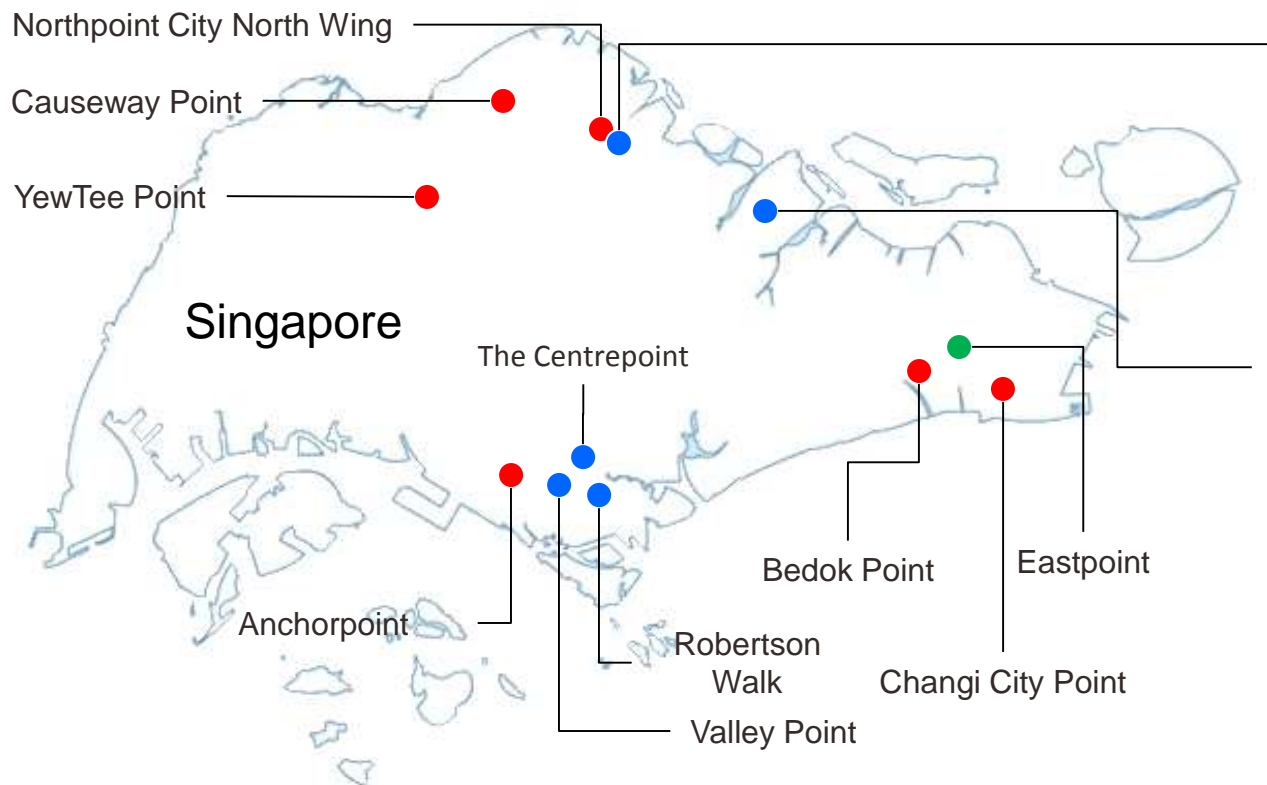


High Occupancy



High Footfall

# Frasers Property's retail assets in Singapore



**Northpoint City South Wing**  
(Fraser Property owns 100%)



**Waterway Point**  
(Fraser Property owns 33.3%)



● (6) Owned by FCT

● (5) Owned and managed by Frasers Property Limited ("FPL"), including properties held through joint ventures

● (1) Managed by Fraser Property Limited, owned by 3<sup>rd</sup> party

# Summary

## Quality assets and management skillsets

- ◆ Well-located suburban retail properties that enjoy good connectivity to public transport, high footfall and high occupancy
- ◆ Diversified tenant base that focuses on necessity and convenience shopping; staple F&B; and services to sustain footfall and tenants' sale
- ◆ Skillsets that are fundamental to successful AEI with good returns on investment and capital value creation

## Growing DPU and strong financial position

- ◆ Growing DPU and NAV through prudent asset, capital and risk management
- ◆ Strong financial position with low gearing and cost of borrowings
- ◆ Strong support from sponsor Frasers Property Limited

## Poised for further growth

- ◆ Opportunities to acquire retail assets from Sponsor and/or 3<sup>rd</sup> parties, both in Singapore and overseas
- ◆ Positive macro-environment factors that support consumption growth in suburban retail sector (low unemployment rate, growing median household income, growing population in the suburban residential areas, better public transport connectivity)



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**Highlights from results for  
Full Year FY2018 ended 30  
September 2018**

## Full year DPU hits new high at 12.015 cents

\$'000	FY2018 Oct 17 to Sep 18	FY2017 Oct 16 to Sep 17	Y-o-Y change
Gross Revenue	193,347	181,595	▲ 6.5%
Property Expenses	(56,161)	(52,037)	▲ 7.9%
Net Property Income	137,186	129,558	▲ 5.9%
Income Available for Distribution	111,316	110,615	▲ 0.6%
Distribution to Unitholders	111,316	109,797	▲ 1.4%
Distribution per Unit (DPU)	12.015¢	11.90¢	▲ 1.0%

## Strong financial position with gearing level at 28.6%

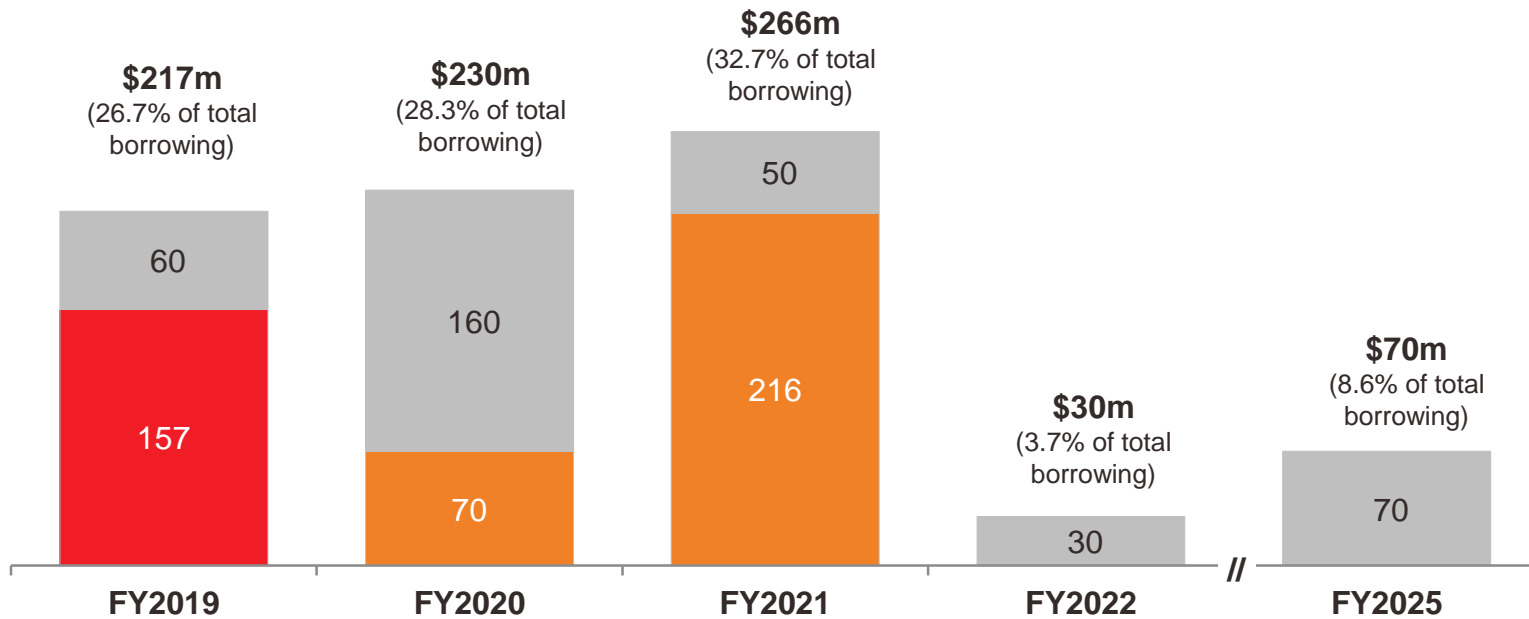
As at	30 September 18	30 September 17
Gearing ratio <sup>1</sup>	28.6%	29.0%
Interest cover for the Financial Year <sup>2</sup>	6.25 times	6.85 times
Total borrowings	\$813 million	\$798 million
% of borrowing on fixed rates or hedged via interest rate swaps	64%	55%
Average cost of borrowings (all-in)	2.6%	2.3%
Corporate credit rating	S&P: BBB+/Stable Moody's: Baa1/ Stable	

1. Calculated as the ratio of total outstanding borrowings over total assets as at stated balance sheet date.

2. Calculated as earnings before interest and tax (EBIT) divided by interest expense.

# Weighted average debt maturity @ 30 September 2018: 2.0 years

Type of borrowings	Aggregate amount
Unsecured bank borrowings	S\$157 million (19.3%)
Medium Term Note	S\$370 million (45.5%)
Secured bank borrowings*	S\$286 million (35.2%)
<b>Total Borrowings</b>	<b>S\$813 million (100.0%)</b>



\* Secured on Anchorpoint, YewTee Point and Bedok Point. Causeway Point, Northpoint City North Wing (including Yishun 10 retail podium) and Changi City Point, representing 85.8% of total investment property portfolio, are unencumbered.



## Portfolio occupancy improved to 94.7%

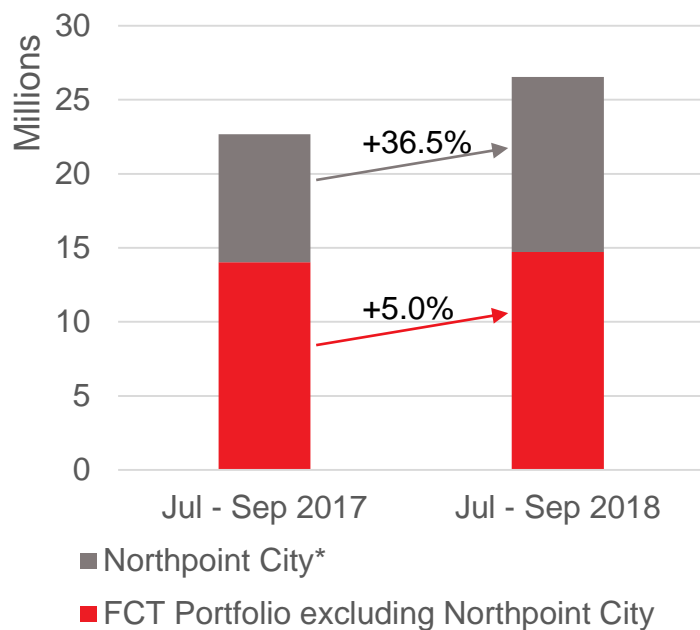
Occupancy at Anchorpoint to improve with secured committed lease for the vacant unit accounting ~6% NLA

Mall Occupancy	30 Sep 17	31 Dec 17	31 Mar 18	30 Jun 18	30 Sep 18
Causeway Point	99.5%	99.9%	99.3%	99.9%	98.4%
Northpoint City North Wing (Includes Yishun 10 Retail Podium)	81.6%	86.8%	94.0%	92.5%	96.5%*
Changi City Point	88.5%	86.0%	90.6%	92.6%	93.8%
Bedok Point	85.2%	85.3%	77.8%	78.1%	79.2%
YewTee Point	95.7%	94.4%	93.0%	92.9%	94.3%
Anchorpoint	96.2%	94.4%	93.3%	87.8%	88.8%
<b>FCT Portfolio</b>	<b>92.0%</b>	<b>92.6%</b>	<b>94.0%</b>	<b>94.0%</b>	<b>94.7%</b>

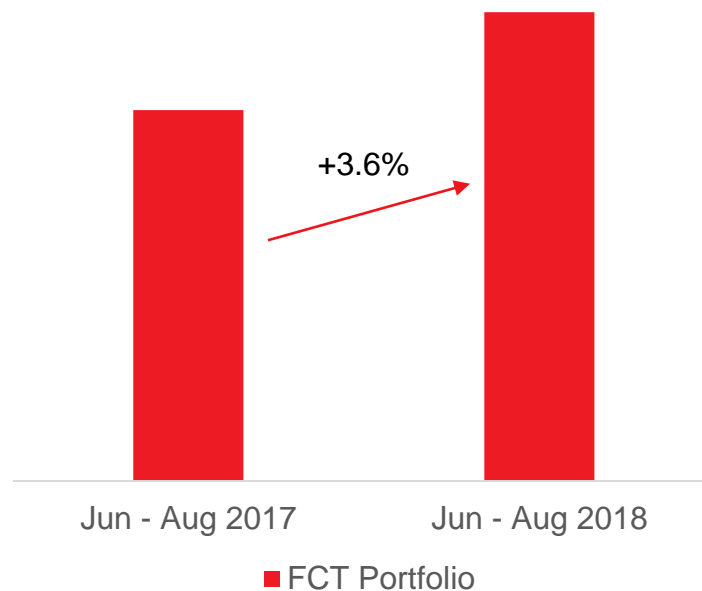
\*Excluding Yishun 10 retail podium, occupancy for Northpoint City North Wing as at 30 Sep 2018 was 99.4%

# Growth in overall shopper traffic and tenant's sales

## Shopper Traffic



## Tenants' Sales



\* Shopper traffic for Northpoint City in Jul – Sep 2018 includes both North Wing and South Wing

# FCT's portfolio of suburban malls to remain resilient

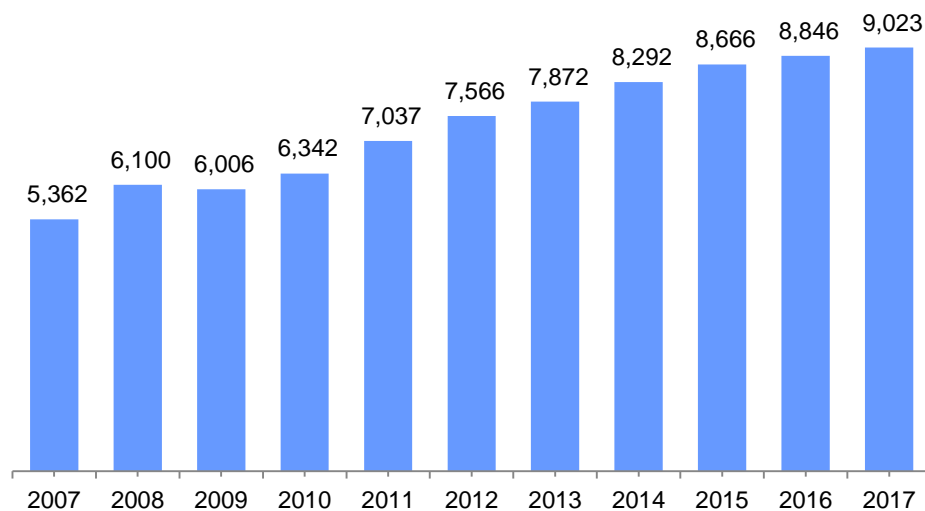
- FCT's portfolio of suburban malls continues to benefit from the healthy shopper traffic and leasing demand that support its resilience amidst challenges facing the retail industry.
- We will continue work on initiatives to keep our malls attractive and relevant to our shoppers, making our malls convenient destinations where our shoppers can enjoy better experience beyond basic buying and dining.
- Going forward, we remain focused on continuous improvement in the financial performance of FCT as well as on acquisition strategies to drive further growth.

# Retail Outlook



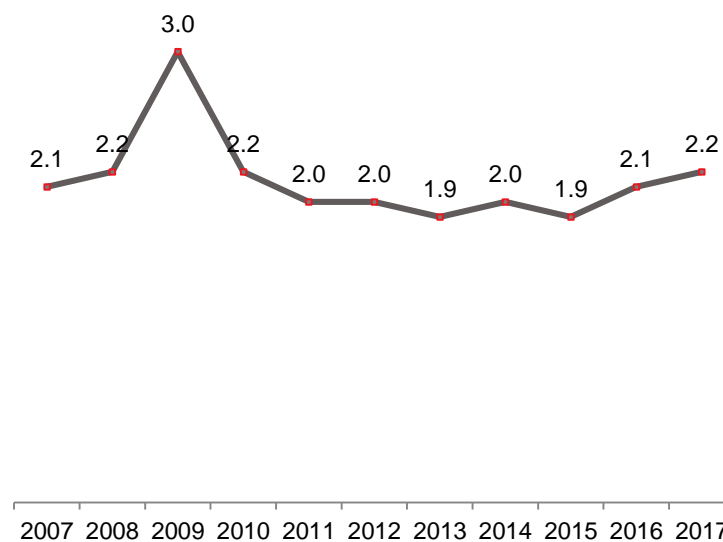
# Healthy macro-economic fundamentals

## Household median income in Singapore continues to grow (S\$)



■ Median Monthly Household Income from Work (Including Employer CPF Contributions) Among Resident Employed Households, 2007 – 2017

## Low unemployment rate in Singapore



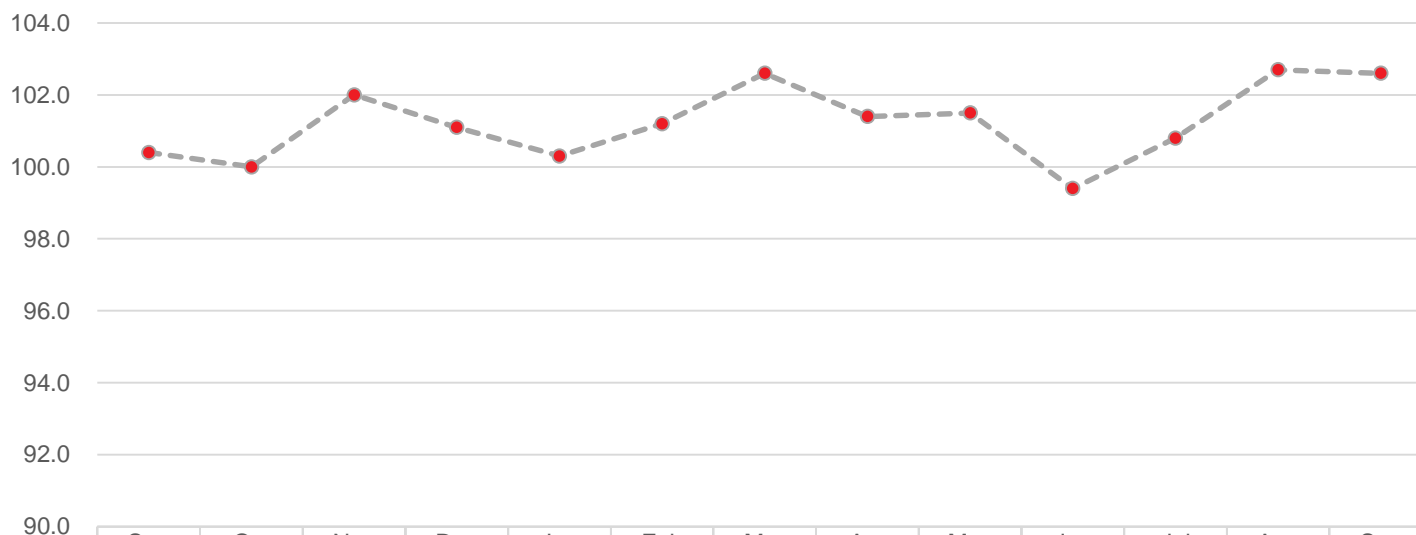
— Overall unemployment rate (Annual Average)

Source: Department of Statistics, Key Household Income Trends 2017  
[http://www.singstat.gov.sg/publications/publications-and-papers/population#household\\_income](http://www.singstat.gov.sg/publications/publications-and-papers/population#household_income)

Source: Unemployment - Ministry of Manpower, Singapore  
<http://stats.mom.gov.sg/Pages/Unemployment-Summary-Table.aspx>

# Singapore retail sales holding up

Retail Sales Index (Seasonally adjusted) at Current Prices  
(2017 = 100)



	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
	2017				2018								
—●— Seasonally Adjusted	100.4	100.0	102.0	101.1	100.3	101.2	102.6	101.4	101.5	99.4	100.8	102.7	102.6

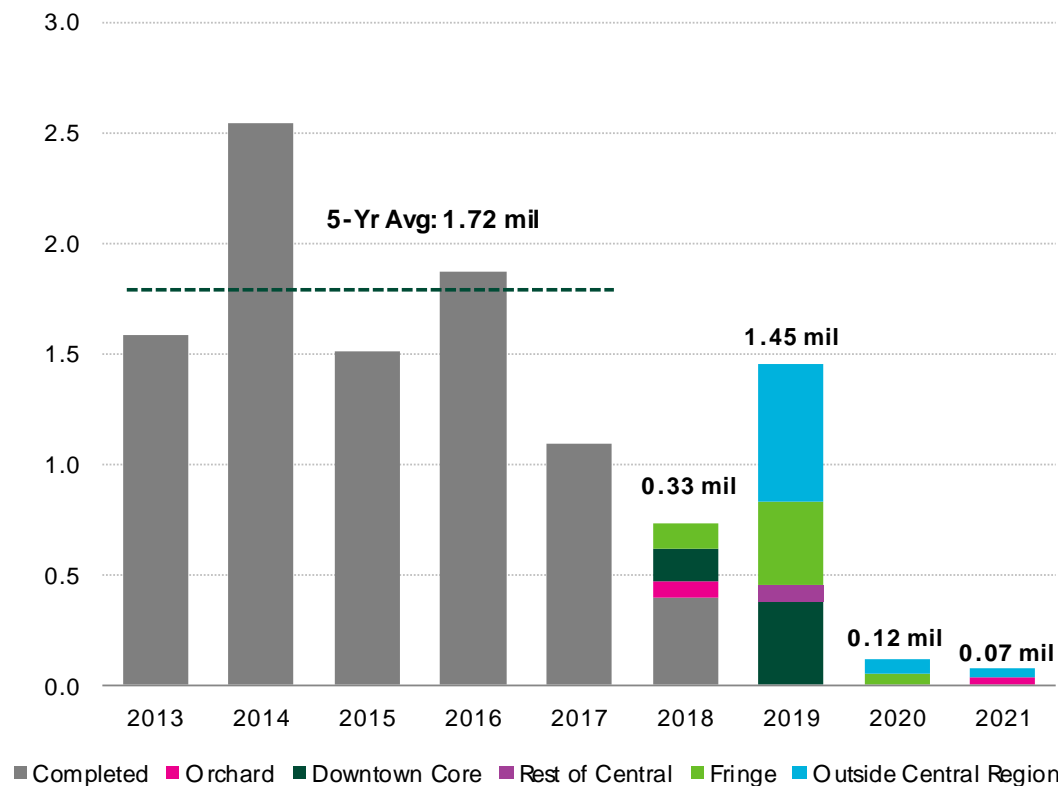
Seasonal Adjustment: Seasonal effects are observed in the RSI as there are usually intra-year periodic variations that repeat during the fixed period of time every year. To better reflect the underlying trends of the monthly sales, the RSI index is seasonally adjusted to remove the seasonal effects.

The RSI covers retail sales of: (a) (multi-channel) retailers in Singapore that sell via both physical stores and online/ecommerce sites; (b) retailers in Singapore that sell via physical stores only; and (c) retailers in Singapore that sell mainly via online/e-commerce sites

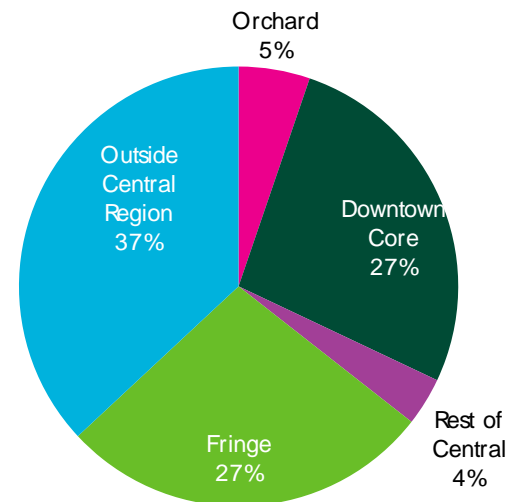
Source: Department of Statistics Singapore, 12 November 2018

# Limited upcoming new retail supply

NLA (mil sq ft)



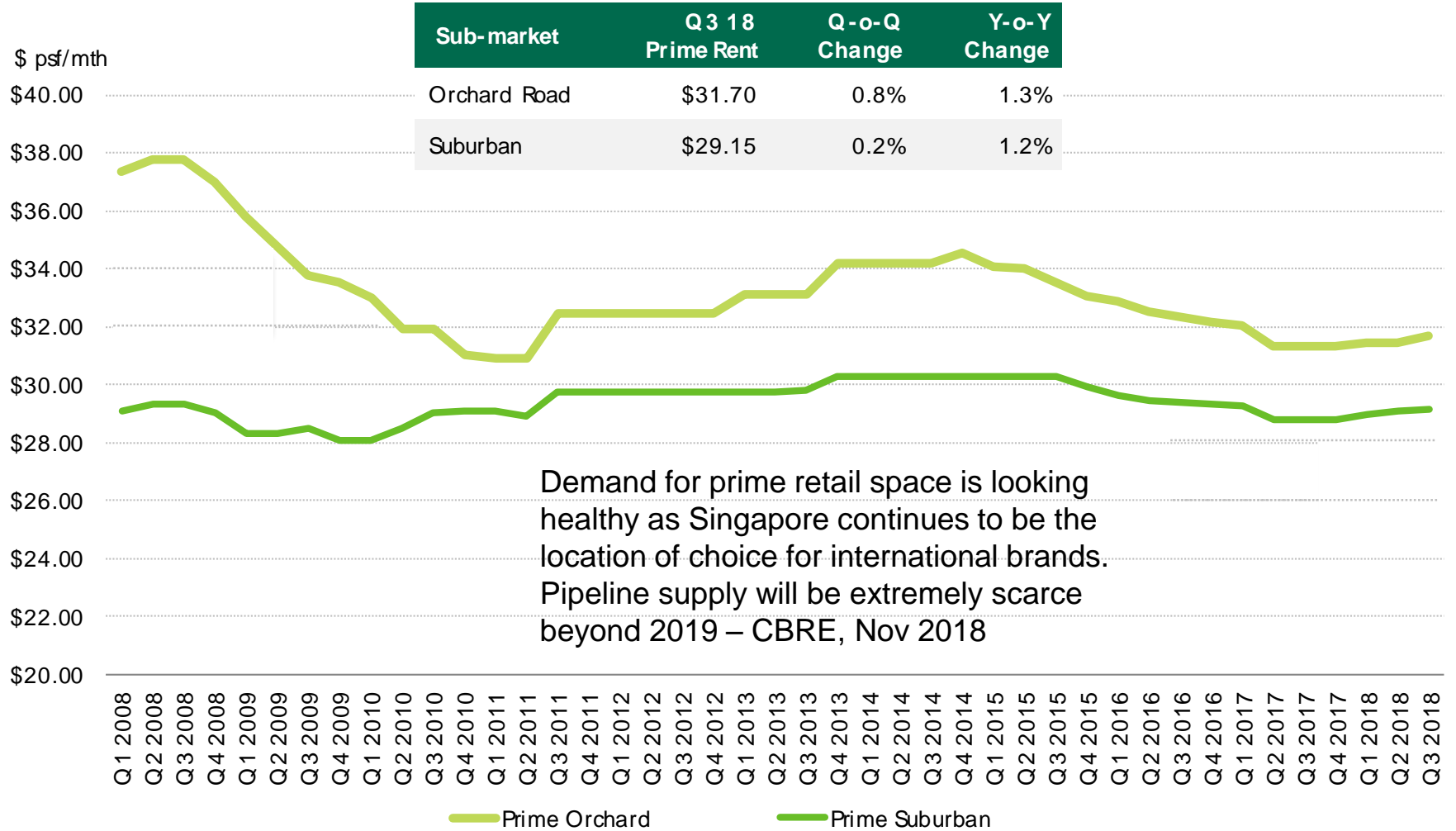
Composition of supply from Q4 2018 to 2021:



Note: Numbers include additional space carved out during AEI and if the development is closed entirely the total new NLA of enhanced asset is included. Future supply tracks projects with NLA of 20,000 sf and more.

Source: CBRE Research

# Prime Rent Up





**Experience  
matters.**

