Acquisition of a one-third interest in Waterway Point

16 May 2019
Important Notice

This presentation shall be read in conjunction with Frasers Centrepoint Trust’s (“FCT”) announcement “ACQUISITION OF A 33⅓% INTEREST IN WATERWAY POINT FROM AN INTERESTED PERSON OF FRASERS CENTREPOINT TRUST” released on 16 May 2019.

This presentation 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 current view of Frasers Centrepoint Asset Management Ltd. as manager of FCT (the “Manager”) on future events.

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This Presentation may contain 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.

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 SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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This Presentation includes market and industry data 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 and surveys 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.

This advertisement has not been reviewed by the Monetary Authority of Singapore.
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Transaction Overview
Transaction Summary

- Acquisition of 33⅓% of the total issued units of Sapphire Star Trust (“SST” and 33⅓% of the total issued units of SST, the “Target Units”) and the Vendor’s 33⅓% share of a unitholders’ loan previously extended by the unitholders of SST to SST. SST holds the retail units in Waterway Point (“Proposed Property Acquisition”)
- Acquisition of 33⅓% of the issued share capital of FC Retail Trustee Pte. Ltd., being the Trustee-Manager of SST (“Proposed SST Trustee-Manager Acquisition” and together with the Proposed Property Acquisition, the “Proposed Acquisition”)
- Proposed Acquisition is subject to FCT Unitholders’ Approval by way of ordinary resolution (1), (2), (3)

Proposed funding for the total outlay for the transaction (less the pro rata share of bank loan) will comprise:
- A private placement of new units to institutional and other investors;
- A non-renounceable preferential offering of new units to existing unitholders on a pro rata basis;

- Extraordinary General Meeting to be convened in due course

1. Proposed Acquisition is an interested person and party transaction under the Listing Manual of Singapore Exchange Securities Trading Limited and the Property Funds Appendix of the Code on Collective Investment Schemes. Thus, it is subject to FCT Unitholders’ approval.
2. Frasers Property Limited being FCT’s sponsor (the “Sponsor”), and its associates will abstain from voting on the proposed resolution as the Proposed Acquisition involves a transaction with associates of Frasers Property Limited.
3. Ordinary Resolution means a resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the Trust Deed.
Transaction Summary (cont’d)

**Independent Valuation**
- Proposed Property Acquisition: S$1,305 million (JLL) / S$1,295 million (CBRE) on a 100% basis
- Both valuations determined using capitalisation approach and discounted cash flow analysis

**Agreed Property Value(1)**
- Proposed Property Acquisition: S$1,300 million on a 100% basis

**Estimated Total Outlay for the Transaction**
- Approximately S$440.6 million, which comprises:
  - Consideration for purchase of target Units: S$240.8 million\(^1\)
  - Proposed SST Trustee-Manager Acquisition: approximately $8,700
  - Pro-rata share of bank loan: S$191.0 million\(^2\)
  - Other acquisition related fees and expenses: S$8.8 million

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1. Based on the Agreed Property Value, taking into account the Vendor’s Unitholders’ Loan (of approximately S$[94.8] million) and the estimated net assets and liabilities of SST
2. Pro rata share of a bank loan owed by SST to certain financial institutions attributable to the Target Units under the Proposed Property Acquisition
## Property information of Waterway Point

<table>
<thead>
<tr>
<th>Property Information</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year of Completion / Operation Date</strong></td>
<td>2015 / April 2016</td>
</tr>
<tr>
<td><strong>Location</strong></td>
<td>83 Punggol Central, Singapore 828761</td>
</tr>
<tr>
<td><strong>Title</strong></td>
<td>99-year leasehold title commencing 18 May 2011</td>
</tr>
<tr>
<td><strong>Gross Floor Area</strong></td>
<td>542,493 sq ft</td>
</tr>
<tr>
<td><strong>Net Lettable Area</strong></td>
<td>371,200 sq ft(1)</td>
</tr>
<tr>
<td><strong>No. of Storeys</strong></td>
<td>Four (Includes two basement levels)</td>
</tr>
<tr>
<td><strong>Car Park Lots</strong></td>
<td>623</td>
</tr>
<tr>
<td><strong>Committed Occupancy as at 31 March 2019</strong></td>
<td>98.1%</td>
</tr>
<tr>
<td><strong>Weighted Average Lease Expiry as at 31 March 2019</strong></td>
<td>By Gross Rental Income: 1.80 years By NLA: 1.89 years</td>
</tr>
<tr>
<td><strong>Key Tenants</strong></td>
<td>FairPrice Finest, Shaw Theatres, Toys &quot;R&quot; Us, Best Denki, Daiso, Cotton On, H&amp;M, Uniqlo, Koufu</td>
</tr>
<tr>
<td><strong>NPI (FY2018)</strong></td>
<td>S$61.1 million</td>
</tr>
<tr>
<td><strong>NPI Yield (based on Agreed Property Value)</strong></td>
<td>4.7%</td>
</tr>
</tbody>
</table>

1. This excludes the area of approximately 17,954 sq ft currently used as Community Sports Facilities Scheme space
2. NPI (adjusted for reduced maintenance fund contributions to the retail sub-management committee without Financial Reporting Standard Adjustments
Property information of Waterway Point (cont’d)

- Waterway Point enjoys excellent connectivity to the public transportation system including the Punggol MRT & LRT stations and a temporary bus interchange
- It is also served by major expressways including the Tampines Expressway (TPE) and the Seletar Expressway (SLE)
Property information of Waterway Point (cont’d)

- Diversified tenant base includes a wide range of food & beverage outlets, convenience shopping and essential goods and services

Trade Sector Breakdown by Gross Rental Income of Waterway Point

- Food & Restaurants, 34.8%
- Fashion, 19.4%
- Services/Education, 14.6%
- Supermarket/Hypermarket, 6.3%
- Household, 5.6%
- Healthcare, 5.3%
- Beauty, Hair, Comestics, Personal Care, 5.3%
- Leisure/Entertainment, 3.7%
- Books, Music, Art & Craft, Hobbies, 3.8%
- Sports Apparels & Equipment, 1.1%
- Department Store, 0.0%

1. As at 31 March 2019
Key Transaction Rationale
Key transaction rationale

1. Competitive strengths of Waterway Point
2. Greater income diversification and enlarged tenant base of FCT’s property portfolio
3. Managed by experienced and reputable property manager
4. DPU accretive transaction
5. Acquisition consistent with the Manager’s investment strategy
1. Competitive strengths of Waterway Point

Strategic location and good connectivity in Punggol Central

- Excellent connectivity to public transport and expressways
- Supports strong residential catchment

- Directly connected to Punggol LRT
- Next to Punggol MRT (North East Line)
- Punggol Bus Interchange
- Tampines Expressway (TPE)
- Seletar Expressway (SLE)
1 Competitive strengths of Waterway Point

Suburban mall with proven, stabilised performance

- Strong tenants’ sales growth and shopper traffic
- Committed mall occupancy of 98.1% as at 31 March 2019
- Average tenants’ sales per sq ft per month of S$85, in line with the average of better performing malls in Singapore of S$80-S$90 per sq ft per month

Tenants’ Sale

<table>
<thead>
<tr>
<th>Year 2017</th>
<th>Year 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>S$ 344.7 million</td>
<td>S$ 379.1 million</td>
</tr>
</tbody>
</table>

+ 10.0%

Annual Footfall (million)

<table>
<thead>
<tr>
<th>Year 2017</th>
<th>Year 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>28.0</td>
<td>29.1</td>
</tr>
</tbody>
</table>

+ 3.9%

1. Source: Cistri
2. Based on tenants reporting turnover rent
1 Competitive strengths of Waterway Point

Favourable Catchment Area Supported by Strong Population Growth

Population in Waterway Point’s primary trade area (‘000s)

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>175.0</td>
</tr>
<tr>
<td>2023</td>
<td>210.0</td>
</tr>
</tbody>
</table>

CAGR: +3.8%

Trade area and upcoming residential units in 2018 – 2023

Source: Cistri
Competitive strengths of Waterway Point

Trade area has one of the lowest retail mall floor space per capita in Singapore

- Waterway Point’s trade area has one of the lowest retail mall floor space per capita in Singapore at 2.77 sq ft, much lower than the Singapore's overall average of 5.9 sq ft
2 Greater Income Diversification and Enlarged Tenant Base of FCT’s Property Portfolio

Income diversification and enlarged tenant base

- Waterway Point is expected to contribute 16.5%\(^{(1)}\) of the total return of the enlarged FCT portfolio for FY2018 post acquisition
- Addition of more than 200 tenants to existing tenant base, including key tenants such as Best Denki, Daiso, H&M, Shaw Theatres and Uniqlo

**Total Return for FY2018 post Acquisition**
(on pro forma basis)

- **Proposed Acquisition\(^1\)**
  - S$ 33.0M
  - 16.5%

- **Existing Portfolio\(^2\)**
  - S$ 166.8M
  - 83.5%

S$ 199.8M

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1. Based on FCT’s 33\(\frac{1}{3}\)% share of the Proposed Acquisition’s Total Return for FY2018
2. Based on FCT’s audited financial statements for FY2018
Managed by experienced and reputable property manager

Managed by Frasers Property Retail Management Services Pte. Ltd., a wholly-owned subsidiary of Frasers Property Limited

- The property manager has extensive retail mall management experience and it manages 12 retail malls across Singapore

Figures as of 31 December 2018
1. Eastpoint Mall is a third party-owned mall managed by Frasers Property Singapore
DPU Accretive Transaction

The proposed transaction is expected to be DPU accretive

FY2018 Pro Forma Financials (for illustrative purposes only)

1. Based on FCT Audited Financial Statements
2. Assuming the issue of approximately 106.7 million new Units at S$2.300 per Unit and the issue of 1.9 million new Units as payment of the acquisition fee for the Proposed Property Acquisition (the “Acquisition Fee”)
3. Calculated based on gross debt divided by total assets attributable to Unitholders.

<table>
<thead>
<tr>
<th></th>
<th>Pre-Proposed Acquisition</th>
<th>Post-Proposed Acquisition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distributable Income</td>
<td>111.3</td>
<td>124.7</td>
</tr>
<tr>
<td>Distribution per Unit</td>
<td>12.015</td>
<td>12.049</td>
</tr>
</tbody>
</table>

- **Distributable Income (S$ million)**
  - Pre-Proposed Acquisition: 111.3
  - Post-Proposed Acquisition: 124.7 (12% increase)
- **Distribution per Unit (S$ cents)**
  - Pre-Proposed Acquisition: 12.015
  - Post-Proposed Acquisition: 12.049 (0.29% increase)
5 Acquisition consistent with the Manager’s investment strategy

Proposed Acquisition is in line with FCT’s key objectives

- Invest in quality income-producing properties used primarily for retail purposes
- Deliver regular and stable distributions to Unitholders
- Provide Unitholders with long-term capital growth
Pro Forma Financial Effects
# FY2018 Pro Forma Financials (for illustrative purposes only)

The Manager intends to finance the Proposed Acquisition from the issuance of new equity. In addition, the Manager may utilize part of the proceeds from equity fund raising to pare down bridging loans taken up by FCT in connection of the PREARFL Acquisition\(^{(1)}\)

<table>
<thead>
<tr>
<th></th>
<th>Before the Proposed Acquisition and PREARFL Acquisition(^{(2)})</th>
<th>After the Proposed Acquisition(^{(3)})</th>
<th>After the Proposed Acquisition and PREARFL Acquisition(^{(4)})</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total return for the year (S$ ‘000)</td>
<td>166,820</td>
<td>199,781</td>
<td>215,363</td>
</tr>
<tr>
<td>Distributable income (S$ ‘000)</td>
<td>111,316</td>
<td>124,728</td>
<td>134,743</td>
</tr>
<tr>
<td>DPU (Singapore cents)</td>
<td>12.015</td>
<td>12.049</td>
<td>12.093</td>
</tr>
<tr>
<td>DPU Accretion (%)</td>
<td>-</td>
<td>0.29%</td>
<td>0.65%</td>
</tr>
<tr>
<td>NAV per Unit (S$)</td>
<td>2.08</td>
<td>2.10</td>
<td>2.11</td>
</tr>
</tbody>
</table>

1. On 28 Feb 2019 and 21 Mar 2019, FCT announced its acquisition of interests in PGIM Real Estate AsiaRetail Fund Limited (the “PREARFL Acquisition”)
2. Based on FCT Audited Financial Statements for the financial year ended 30 September 2018
3. Assuming the issue of approximately 106.7 million new Units at S$2.300 per Unit and the issue of 1.9 million new Units as payment of the Acquisition Fee for the Proposed Acquisition
4. Assuming the issue of approximately 184.0 million new Units at an issue price between S$2.270 and S$2.300 per Unit and the issue of 3.5 million new Units as payment of the Acquisition Fee for both the Proposed Acquisition and the PREARFL Acquisition
Experience matters.