

FRASERS CENTREPOINT TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 5 June 2006 (as amended, restated and supplemented))

THE PROPOSED DIVESTMENT OF CHANGI CITY POINT

1. INTRODUCTION

1.1 Divestment of the Property

Frasers Centrepoint Asset Management Ltd., in its capacity as manager of Frasers Centrepoint Trust (“**FCT**” and as manager of FCT, the “**Manager**”), wishes to announce that HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of FCT (the “**Trustee**”), has entered into a sale and purchase agreement (the “**SPA**”) with an unrelated third party (the “**Purchaser**”), in relation to the proposed divestment of the strata lot (together with the accessory lots)¹ which collectively comprise the property known as “Changi City Point” (the “**Property**” and the proposed divestment of the Property, the “**Divestment**”).

1.2 Information on the Property

The Property is a retail mall located at 5 Changi Business Park Central 1, Singapore 486038. The Property is connected to the Expo Mass Rapid Transit station which also serves as an interchange station on the Downtown line and on the East West branch line which extends to Changi Airport.

The Property comprises three storeys and one basement level and the net lettable area (“**NLA**”) is approximately 19,366 square metres (“**sq m**”) (208,453 square feet (“**sq ft**”). As at 30 September 2022, the Property had a total of 128 tenants and key tenants include FairPrice Finest and Daiso. The three largest trade sectors are Food & Beverage, Fashion & Accessories and Sports Apparel & Equipment and they account for, in aggregate, approximately 70% of the Property’s NLA. Total shopper traffic of the mall for the period between 1 October 2021 and 30 September 2022 was 7.5 million.

Savills Valuation And Professional Services (S) Pte Ltd (the “**Independent Valuer**”) has been commissioned by the Manager and the Trustee to value the Property for FCT. The methods used by the Independent Valuer were the income capitalisation method and discounted cash flow analysis.

The following table sets out a summary of selected information on the Property as at 30 September 2022:

Property	Changi City Point
Location	5 Changi Business Park Central 1, Singapore 486038
Title	60-year leasehold commencing 30 April 2009
Gross Floor Area (sq ft)	306,378
NLA (sq ft)	208,453 ⁽¹⁾

¹ The whole of Strata Lot U49285C and Accessory Lots A101C, A102M, A103W, A104V, all of Mukim 27.

Net Property Income (FY2022)	\$14,570,000
Net Property Income Yield Based on the Divestment Consideration (as defined below)	4.31%

Note:

- (1) The NLA includes the area of approximately 315 sq m (3,391 sq ft) currently used as Community/Sports Facilities Scheme (CSFS) space.

2. PRINCIPAL TERMS OF THE TRANSACTION

2.1 Principal terms of the SPA

The principal terms of the SPA include, among others, the following:

- (i) JTC Corporation (“**JTC**”) has granted its written approval to the Divestment on the terms of JTC’s in-principle written approval to the Divestment (the “**JTC Consent Letter**”) and each of the Trustee and the Purchaser shall comply with the terms and conditions imposed on each of them by JTC and/or any of the competent authorities as conditions for the grant of the JTC Consent Letter, and accept the JTC Consent Letter in accordance with the terms therein;
- (ii) the Purchaser agrees that with effect from (and including) completion of the Divestment, the Purchaser shall (i) be a party to the LLP Agreement² and a Partner (as defined in the LLP Agreement) of CCCO LLP and (ii) accede to and be bound by all applicable rights and obligations as the registered proprietor of the Property and a Partner of CCCO LLP as referred to in the LLP Agreement, by way of a deed of ratification, accession and retirement which shall be prepared by the Trustee and shall be substantially in the form and containing the provisions set out in the SPA with such modifications thereof as may be agreed between the parties; and
- (iii) the Purchaser shall be entitled to terminate the SPA if:
 - (a) prior to completion of the Divestment, there is any material damage (as defined in the SPA) of the Property or any part(s) thereof;
 - (b) on or before completion of the Divestment, the government or other competent authority shall acquire or give notice of acquisition or intended acquisition which affects the building in which the Property is comprised to any extent or measure;
 - (c) any reply received by the Purchaser prior to completion of the Divestment from the relevant authorities to its legal requisitions in respect of the Property is unsatisfactory; and
 - (d) there is any breach of the Trustee’s warranty that the Trustee is the sole legal owner of the Property, holding the Property on trust in its capacity as trustee of

² As at the date of this Announcement, FCT has a 43.68% interest in the ownership and voting rights in a joint venture, Changi City Carpark Operations LLP (“**CCCO LLP**”). This joint venture is incorporated in Singapore and is a strategic venture in the management and operation of car park in the Property. The Trustee (as subsidiary proprietor (retail) of the Property) is a party to a limited liability partnership agreement (as supplemented) (the “**LLP Agreement**”) relating to CCCO LLP.

FCT, and/or that the JTC lease (as defined in the SPA) is valid and subsisting and the Trustee has not received from JTC any notice of breach of the terms and conditions of the JTC lease which are on the Trustee's part to be observed or performed, and such breach is not remedied on or before completion of the Divestment.

Completion of the Divestment is expected to take place on 15 November 2023.

2.2 Divestment consideration and valuation

The divestment price of the Property is S\$338.0 million³ (the “**Divestment Consideration**”), which was negotiated on a willing-buyer and willing-seller basis after taking into account the independent valuation of the Property (conducted by the Independent Valuer) of S\$325.0 million as at 31 July 2023, and results in an estimated capital gain of approximately S\$20 million⁴.

On the signing of the SPA on 29 August 2023, the Purchaser shall pay to the Trustee (or to any other party(ies) as directed by the Trustee) a deposit amounting to S\$16.9 million (which represents 5% of the Divestment Consideration) and the Purchaser will pay the balance of the Divestment Consideration to the Trustee (or to any other party(ies) as directed by the Trustee) on completion of the Divestment. The Divestment Consideration will be paid by the Purchaser in cash.

3. RATIONALE FOR THE DIVESTMENT

The Manager believes that the Divestment will benefit unitholders of FCT (“**Unitholders**”) as it is in line with the Manager's proactive portfolio management strategy⁵ to optimise portfolio composition and its returns objectives for FCT and Unitholders. The Manager intends to use the net proceeds from the Divestment to repay certain debts, which will reduce FCT's aggregate leverage and strengthen its financial position.

Following the Divestment, the Manager expects an increase in FCT's portfolio committed occupancy rate as at 30 June 2023 from 98.7% to 99.3%, an uplift to FCT's portfolio average gross rent per sq ft as at 30 June 2023 of 3.7%, an increase in the average remaining lease tenure of FCT's retail portfolio as at 30 June 2023 by 2.3 years and an improvement in FCT's portfolio tenants' sales per sq ft as at 30 June 2023 by 3.9%, each on a pro forma basis.

4. USE OF DIVESTMENT PROCEEDS AND FINANCIAL EFFECTS

4.1 Use of divestment proceeds

After taking into account the divestment fee of approximately S\$1.7 million payable in cash, other divestment related expenses of approximately S\$0.2 million and transfer of tenants' security deposits of approximately S\$6.4 million, the net proceeds from the Divestment would be approximately S\$329.7 million.

3 The difference between the Divestment Consideration of S\$338.0 million and the book value of the Property of S\$325.1 million as at 31 March 2023 is approximately 4.0%.

4 Based on the variance between the Divestment Consideration of S\$338.0 million and the sum of the original purchase price of the Property of S\$305.0 million, the transaction-related expenses and the capital expenditure invested in respect of the Property.

5 The Manager regularly reviews the property portfolio of FCT as part of its proactive portfolio management strategy and where the Manager considers that any property has reached a stage where its divestment is in the interest of Unitholders, the Manager may recommend the divestment and redeploy the divestment proceeds into the acquisition of properties that meet its investment criteria.

The Manager intends to use the net proceeds from the Divestment to repay certain debts, which will reduce FCT's aggregate leverage as at 30 June 2023 from 40.2% to 37.1%, improve FCT's hedge ratio of fixed interest rate loans as at 30 June 2023 from 63% to 73% and reduce FCT's average all-in cost of borrowing for the nine-month period ended 30 June 2023 from 3.7% to 3.6%, each on a pro forma basis. The average cost of debt which the Manager intends to repay using the net proceeds from the Divestment would be approximately 5.04% based on the prevailing 1-month compounded Singapore Overnight Rate Average of 3.6540% as at 28 August 2023.

4.2 Pro forma financial effects

FOR ILLUSTRATIVE PURPOSES ONLY

The pro forma financial effects of the Divestment on the distribution per unit in FCT ("Unit") ("DPU") and net asset value ("NAV") per Unit of FCT presented below were prepared based on the audited financial statements of FCT for the financial year ended 30 September 2022 ("FY2022" and the audited financial statements of FCT for FY2022, the "FY2022 Audited Financial Statements").

4.2.1 Pro forma DPU of the Divestment

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Divestment on FCT's DPU for FY2022, as if FCT had completed the Divestment on 1 October 2021, are as follows:

	Effects of the Divestment	
	Before the Divestment	After the Divestment
DPU (cents)	12.227 ⁽¹⁾	12.001 ⁽²⁾
Dilution	N.A.	1.85%

Notes:

- (1) Based on the FY2022 Audited Financial Statements. FCT has retained 0.100 cents per Unit or S\$1.7 million of its tax-exempt income available for distribution to Unitholders in FY2022.
- (2) Excluding 0.100 cents per Unit or S\$1.7 million of its tax-exempt income available for distribution to Unitholders as it was retained in FY2022. Based on the assumption that the net proceeds from the Divestment of approximately S\$329.7 million is used to repay certain debts.

4.2.2 Pro forma NAV of the Divestment

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the Divestment on the NAV per Unit as at 30 September 2022, as if the Divestment was completed on 30 September 2022, are as follows:

	Effects of the Divestment	
	Before the Divestment	After the Divestment
NAV (S\$'000)	3,964,077 ⁽¹⁾	3,974,953 ⁽²⁾
Issued and Issuable Units ('000)	1,703,765 ⁽¹⁾	1,703,765

NAV per Unit (S\$)	2.33 ⁽¹⁾	2.33
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Notes:

- (1) Based on the FY2022 Audited Financial Statements.
- (2) Included the estimated net gain of approximately S\$10.9 million arising from the Divestment, which is based on the variance between the Divestment Consideration of S\$338.0 million and the book value of the Property and investment in CCCO LLP of \$325.2 million as at 30 September 2022, less the estimated fees and expenses relating to the Divestment.

5. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

As at the date of this announcement and based on information available to the Manager as at the date of this announcement, save for the Unitholding interests in FCT 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 Divestment.

6. OTHER INFORMATION

6.1 Directors' service contracts

No person is proposed to be appointed as a director of the Manager in connection with the Divestment or any other transactions contemplated in relation to the Divestment.

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

Chapter 10 of the Listing Manual⁶ governs the acquisition or disposal of assets, including options to acquire or dispose of assets, by FCT. Such transactions are classified into the following categories:

- (i) non-discloseable transactions;
- (ii) discloseable transactions;
- (iii) major transactions; and
- (iv) very substantial acquisitions or reverse takeovers.

A transaction by FCT may fall into any of the categories set out above depending on the size of the relative figures computed on the following bases of comparison under Rule 1006 of the Listing Manual:

- (a) the NAV of the assets to be disposed of, compared with FCT's NAV pursuant to Rule 1006(a) of the Listing Manual;
- (b) the net profits attributable to the assets disposed of, compared with FCT's net profits pursuant to Rule 1006(b) of the Listing Manual; and
- (c) the aggregate value of the consideration given or received, compared with FCT's market capitalisation based on the total number of issued Units excluding treasury Units pursuant to Rule 1006(c) of the Listing Manual.

⁶ The Listing Manual of Singapore Exchange Securities Trading Limited (the "SGX-ST").

The relative figures computed on the bases set out in Rules 1006(a), 1006(b) and 1006(c) of the Listing Manual in respect of the Divestment are as follows:

	Divestment (S\$ million)	FCT (S\$ million)	Relative figure (%)
<u>Rule 1006(a)</u> NAV of the assets to be disposed of	318.7 ⁽¹⁾	3,964.2 ⁽²⁾	8.0
<u>Rule 1006(b)</u> Net profits attributable to the assets to be disposed of, compared with FCT's net profits	7.4 ⁽³⁾	113.6 ⁽⁴⁾	6.5
<u>Rule 1006(c)</u> Aggregate value of the consideration received compared with FCT's market capitalisation based on the total number of issued Units	338.0	3,762.7 ⁽⁵⁾	9.0

Notes:

- (1) Based on book value of the Property and investment in CCCO LLP less tenants' security deposits relating to the Divestment, as of 31 March 2023.
- (2) Based on the unaudited financial statements of FCT for the six-month period ended 31 March 2023 (the "**1H2023 Unaudited Financial Statements**").
- (3) Excluded the estimated net gain of approximately S\$10.9 million arising from the Divestment, which is based on the variance between the Divestment Consideration of S\$338.0 million and the book value of the Property and investment in CCCO LLP of \$325.2 million as at 1 October 2022, less the estimated fees and expenses relating to the Divestment, and the effects of repayment of certain debts.
- (4) Based on the 1H2023 Unaudited Financial Statements' total return before tax.
- (5) Based on the weighted average price of the Units transacted on the SGX-ST on 28 August 2023, being the market day preceding the date of signing of the SPA, of S\$2.2024 per Unit.

Under Rule 1010 of the Listing Manual, where any of the relative figures computed on the bases set out above exceeds 5.0% but does not exceed 20.0%, the Divestment is regarded as being a discloseable transaction.

6.3 Documents available for inspection

Copies of the following documents are available for inspection by appointment only during normal business hours at the registered office of the Manager at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958, from the date of this Announcement up to and including the date falling three months after the date of this Announcement:

- (i) the SPA; and
- (ii) the valuation report of the Independent Valuer.

The trust deed dated 5 June 2006 (as amended, restated and supplemented) constituting FCT will also be available for inspection by appointment only during normal business hours at the registered office of the Manager, for so long as FCT is in existence.

BY ORDER OF THE BOARD

Frasers Centrepoint Asset Management Ltd.

As manager of Frasers Centrepoint Trust

Company Registration No: 200601347G

Catherine Yeo

Company Secretary

30 August 2023

For further information, kindly contact:

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This Announcement may contain forward-looking statements that involve assumptions, 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 other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and 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 in FCT ("**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.

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