

Appendix A (Rationale for the Acquisition)

Certain information from this Appendix A (including the charts, graphs, maps and diagrams) has been extracted from the Independent Market Research Report prepared by the Independent Market Research Consultant, CBRE Pte. Ltd. (“CBRE”) which is available for inspection by appointment only during normal business hours at the registered office of the Manager located 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.

Capitalised terms used herein, unless otherwise defined, shall have the meaning ascribed to them in the body of announcement.

1. RATIONALE FOR THE ACQUISITION

The Manager believes that the Acquisition will bring the following key benefits to FCT and its Unitholders:

1.1 NEX is a high-quality prime suburban retail asset with competitive strengths

1.1.1 Well-located with excellent transportation links

NEX is located at 23 Serangoon Central, Singapore 556083, a populous residential estate in the Northeastern region of Singapore. The mall has been a popular destination shopping mall for the residents and commuters in the region since its opening in 2008. NEX attracted approximately 36.2 million shopper traffic in FY2023, the second-highest within FCT’s current portfolio of retail malls comprising Causeway Point, Century Square, Hougang Mall, NEX (effective 25.5% interest), Northpoint City North Wing (including Yishun 10 Retail Podium), Tampines 1, Tiong Bahru Plaza, Waterway Point (50.0% interest) and White Sands (“**Retail Portfolio**”).

NEX has excellent transportation links which is a strong competitive advantage that underpins healthy shopper traffic and leasing demand. NEX is easily accessible via the integrated Serangoon Bus Interchange and the Serangoon Mass Rapid Transit (“**MRT**”) station that serves the North-East Line and Circle Line, making it a convenient destination for the surrounding residential population and commuters. The mall is served by major arterial roads such as Serangoon Central and Upper Serangoon Road, and is also easily accessible via the Central Expressway (“**CTE**”) and Kallang Paya Lebar Expressway (“**KPE**”).

Accessibility to the mall will further be enhanced with the completion of the Cross Island Line which will have connections to the existing North-East Line and Circle Line. Phase One of the Cross Island Line is expected to complete in 2030. The following is a public transportation map within NEX’s trade area and surrounding area:

Notes:

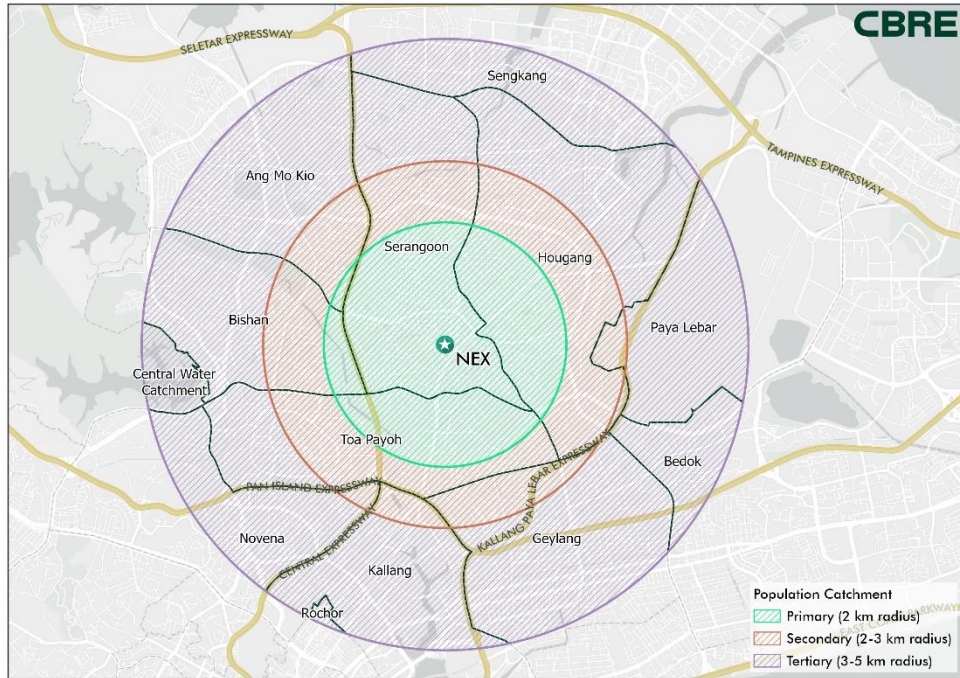
1. Excluded Jewel Changi Airport and Changi Airport retail space from malls outside central area.
2. Northpoint City includes both North Wing and South Wing; South Wing is jointly owned by the Sponsor and another investor.

1.1.3 Excellent catchment with projected population growth supported by housing developments

The population catchment areas of NEX have been identified and segmented as: Primary (within 2 kilometres (“km”) radius), Secondary (2 – 3 km radius) and Tertiary (3 – 5 km radius).

NEX’s primary and secondary trade areas have an average population density of approximately 19,600 per sq km, which is more than twice the national population density of approximately 7,500 per sq km. Additionally, NEX’s catchment areas include both landed and non-landed private residential developments, as well as public housing. There are approximately 409,000 dwelling units within the 5-km tertiary catchment area. Of this, approximately 63,500 housing units (15.5% of total catchment) are within the 2-km primary catchment. This includes an estimated 10,700 (16.9%) landed houses in subzones (e.g. Serangoon Garden, Lorong Chuan, Upper Paya Lebar and Woodleigh) and another 19,000 (30.0%) in private condominiums units and other apartments.

According to the Independent Market Research Consultant, the residents in NEX’s primary and secondary trade areas have a purchasing power per capita of \$40,777 per year which is higher than the national average of \$40,196 per year. The high population density and purchasing power of the catchment population provide support to NEX with shopper flow of diverse profile in demography, purchasing power and needs, which in turn enhances NEX’s ability to attract wider spectrum of retailers and Food and Beverage (“F&B”) tenants.



Source: CBRE

Trade Area	Population	Population Density / sq km ¹	Purchasing Power Per Capita (per year)
a) Primary	244,100	19,400	\$41,572
b) Secondary	309,000	19,700	\$40,777
Aggregate a) + b)	553,100	19,600	\$40,777
Singapore ²	5,538,300	7,500 ²	\$40,196

Source: CBRE

Notes:

1. Figures rounded to the nearest hundred.
2. The population has grown by 5.0% to 5.9 million in 2023, representing a population density of 8060 per sq km.

New residential units supply to be completed in the next five years is expected to increase catchment population by an estimated 19,800 people, representing 8.1% population growth in NEX’s primary trade area.

Future Residential Supply in Trade Area (Number of Units)

Catchment Area	Primary	Secondary	Tertiary	Total
HDB BTO	5,300	4,600	11,300	21,200

Private Residential	1,200	100	3,700	5,000
Total	6,500	4,700	15,000	26,200

Source: CBRE

A new 14,500 square metres gross floor area (“**GFA**”) polyclinic is currently under construction on a site opposite NEX. When completed in 2025, it will be the largest polyclinic (by floor area) in Singapore. This will bring additional footfall to NEX.

Location of the new polyclinic opposite NEX



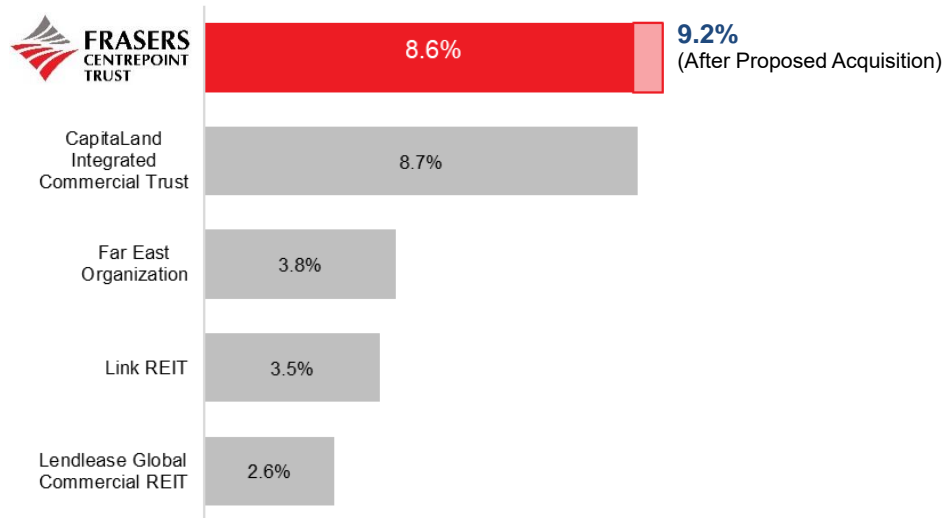
Source: CBRE

1.2 Strategic fit to FCT’s prime suburban Retail Portfolio

1.2.1 Strengthens FCT’s leading position in the Singapore prime suburban retail market

The Acquisition will strengthen FCT’s leading position in Singapore’s prime suburban retail market. FCT’s market share in suburban retail mall (by floor space) stands at 8.6%. Post-Acquisition, this will increase to approximately 9.2% and this will uplift FCT to be the largest suburban retail space owner in Singapore. The scale advantage will enhance FCT’s ability to attract and retain retailers, and to offer them a wider choice of locations as they look to expand.

Owners of Retail Malls Outside the Central Area by Floorspace

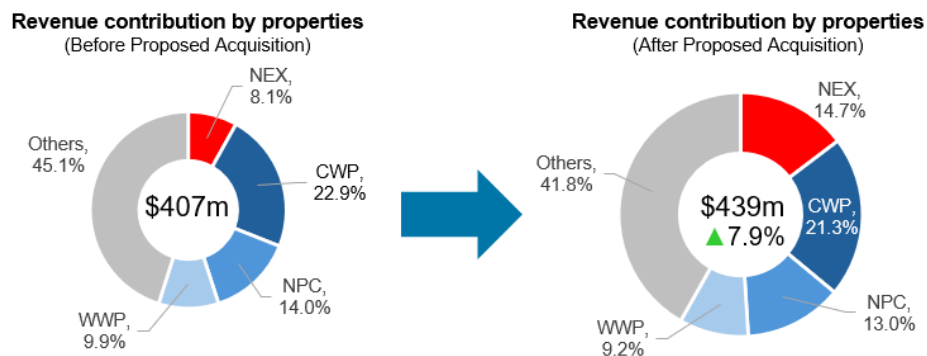


Source: CBRE

Note: The above chart includes malls that are located in Rest of Central Region and Outside Central Region, but excludes the following malls: Jewel Changi Airport, Changi Airport retail space, VivoCity, Harbourfront Centre, Quayside Isle and Mess Hall @ Sentosa.

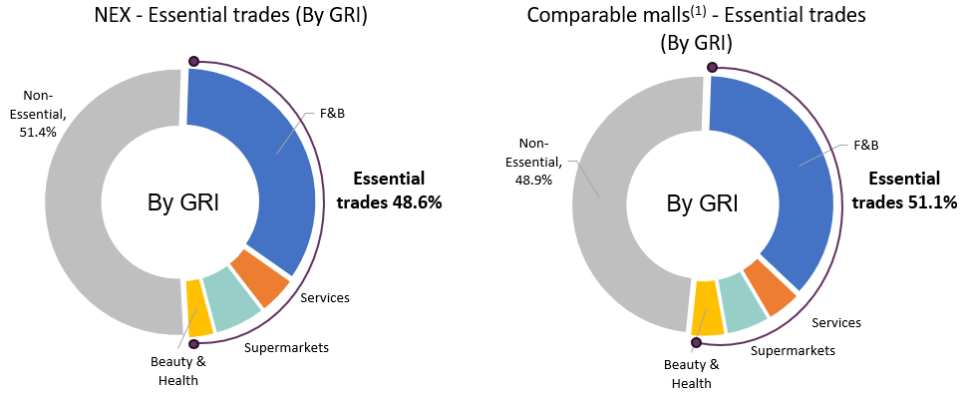
1.2.2 Enhances diversification and resilience of FCT

Based on FY2023 gross revenue, FCT's revenue base (based on FCT's proportionate share in Waterway Point and NEX) will be further diversified with the increased contribution from NEX post-acquisition from 8.1% to 14.7%. The Manager believes that this will improve the resilience of FCT's performance in the long run. NEX will be the second-largest property by revenue within FCT's Retail Portfolio after Causeway Point.



Note: CWP: Causeway Point; NPC: Northpoint City North Wing (including Yishun 10 retail podium); WWP: Waterway Point

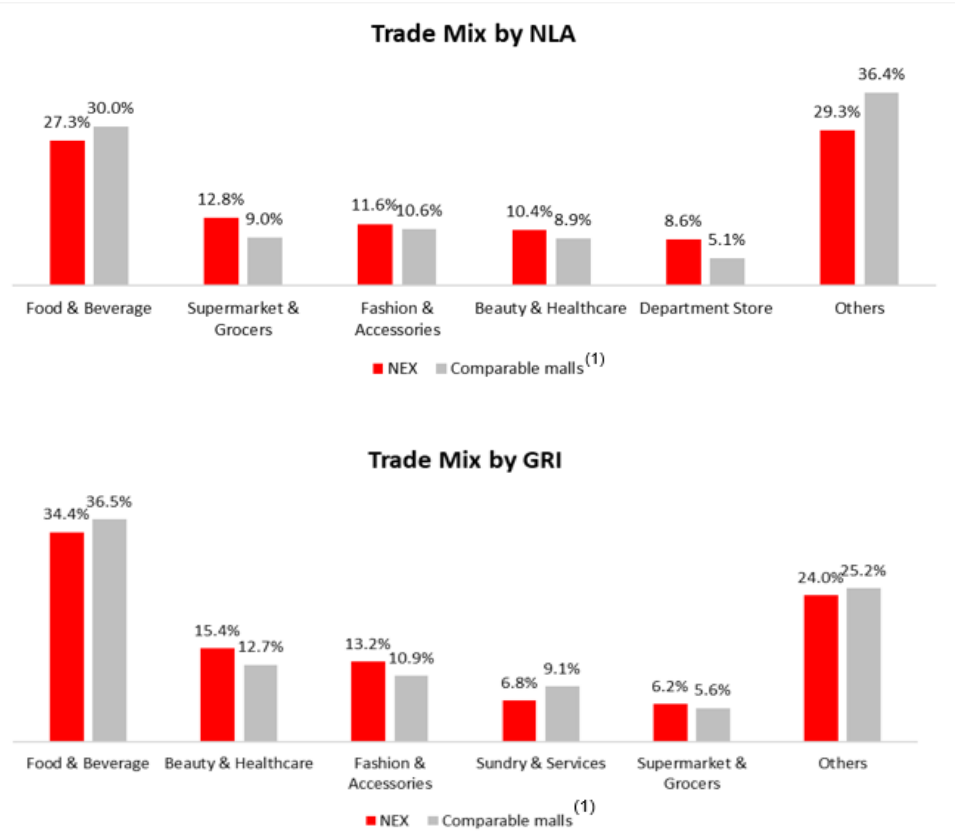
Essential trades make up nearly half of NEX's trade mix, which is similar to the comparable malls in FCT's Retail Portfolio. This reinforces FCT's trade mix focus on essential trades and services, which underpins FCT's resilience in its operating performance.



Note:

(1) Comparable malls in FCT's Retail Portfolio are Causeway Point, Northpoint City North Wing and Waterway Point.

The similarity between NEX's trade mix and the comparable malls in FCT's Retail Portfolio also helps to strengthen FCT's partnership with its retailers and provide wider options for them as they expand.

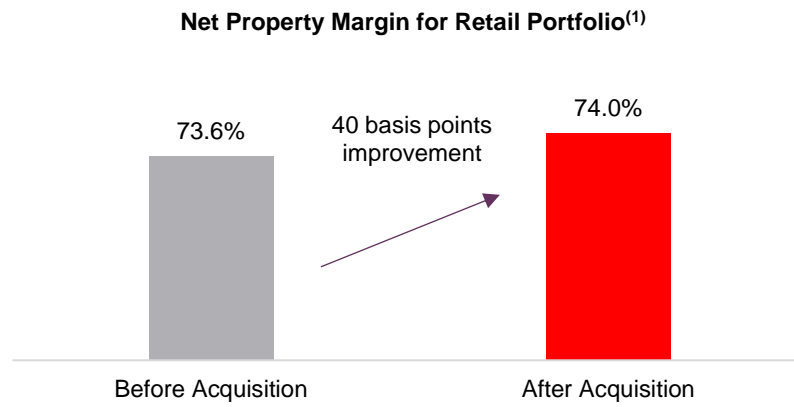


Note:

(1) Comparable malls in FCT's Retail Portfolio are Causeway Point, Northpoint City North Wing and Waterway Point.

1.2.3 Improves FCT's overall retail portfolio performance on a pro forma basis

The Acquisition is expected to improve the net property income margin of FCT's Retail Portfolio due to its strong NPI margin. With the increased stake in NEX, the pro forma NPI margin of FCT's Retail Portfolio (based on FCT's proportionate share in Waterway Point and NEX) as at 30 September 2023 is expected to be uplifted by 40 basis points from 73.6% to 74.0%.



Note:

(1) Excludes Changi City Point (divested on 31 October 2023) and Tampines 1 due to ongoing AEI.

1.3 NEX is well-positioned to grow

NEX has delivered consistent operating performance over the years. The reported committed occupancy in the most recent financial quarter ended 31 December 2023 was 100.0%. The Manager believes that NEX has further room for growth through asset enhancement initiatives and tenant-remixing strategies that will drive value creation and rent improvement in the medium term.

1.3.1 Growth through AEI, tenant remix strategy and rent improvement

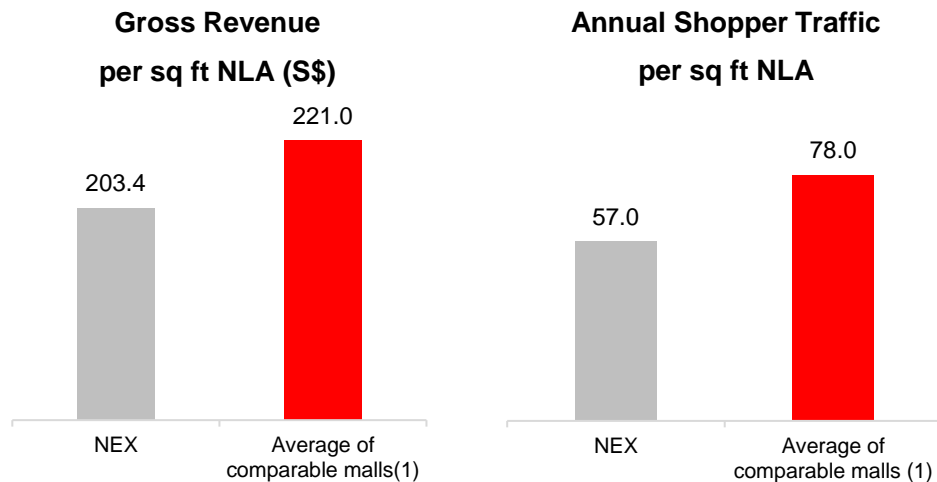
The Manager believes that there are growth opportunities for NEX through AEI, tenant remixing, and rent improvement in the medium term. The AEI opportunities, which are in various stages of evaluation and feasibility studies, and are subject to relevant authorities and GRPL JV partners approvals include:

- (i) Re-deploy approximately 60,000 sq ft¹ of non-commercial carpark GFA for retail and office use;
- (ii) Slab over voids on multiple floors to create new retail spaces;
- (iii) Reconfigure existing areas to improve space efficiency and optimise rental potential; and
- (iv) Refresh and improve retail offering to cater to shopper needs and growing catchment.

The Manager targets a return on investment above 7.0% on indicative development costing of \$80.0 million to \$100.0 million for enhancement opportunities indicated above. This is in line with the Manager’s returns target for asset enhancement initiatives.

1.3.2 Improvement in gross revenue per NLA and shopper traffic

Based on the gross revenue per NLA of comparable malls in FCT’s Retail Portfolio (i.e. Causeway Point, Northpoint City North Wing and Waterway Point), the average gross revenue per NLA of these three malls is approximately \$221.0 per sq ft. The gross revenue per NLA of NEX is \$203.4 per square feet (“sq ft”)². The Manager believes that there is an opportunity to improve NEX’s gross revenue per NLA through rent growth and increasing contribution from the ancillary revenues.



1 Based on preliminary feasibilities undertaken by GRPL.
 2 Based on NEX’s FY2023 gross revenue of \$129.09 million (on 100% basis) divided by its NLA of 634,631 sq ft.

Note:

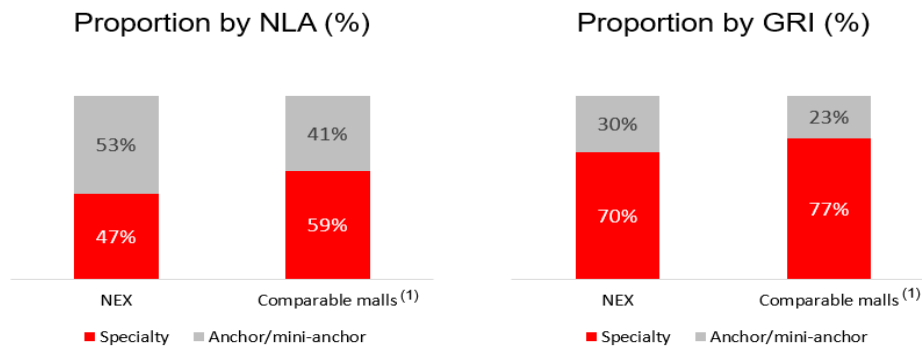
- (1) Comparable malls in FCT's Retail Portfolio are Causeway Point, Northpoint City North Wing and Waterway Point. The shopper traffic figure includes the shopper traffic for both Northpoint City North Wing and Northpoint City South Wing.

Based on the shopper traffic for FY2023, the annual shopper traffic per sq ft NLA of NEX was 57.0. The comparable malls in FCT's Retail Portfolio (i.e. Causeway Point, Northpoint City North Wing and Northpoint City South Wing and Waterway Point) have an average of 78.0. This is approximately 37.0% higher than NEX.

The Manager believes that NEX has upside potential to increase its shopper traffic over time through active property management and targeted marketing strategies as well as from future catchment population growth.

1.3.3 Opportunity for rent growth through space reconfiguration

Presently, NEX has approximately 47.0% of its NLA allocated to specialty retailers and 53.0% to anchor and mini-anchor tenants. In terms of GRI, NEX has approximately 70.0% of its GRI from specialty retailers and 30.0% from anchor and mini-anchor tenants. This is relatively lower than the comparable malls (i.e. Causeway Point, Northpoint City North Wing and Waterway Point) in FCT's Retail Portfolio. The Manager believes that there is opportunity to reconfigure and right size to improve trading productivity and rental yield. This will further diversify the retail offering for its shoppers.



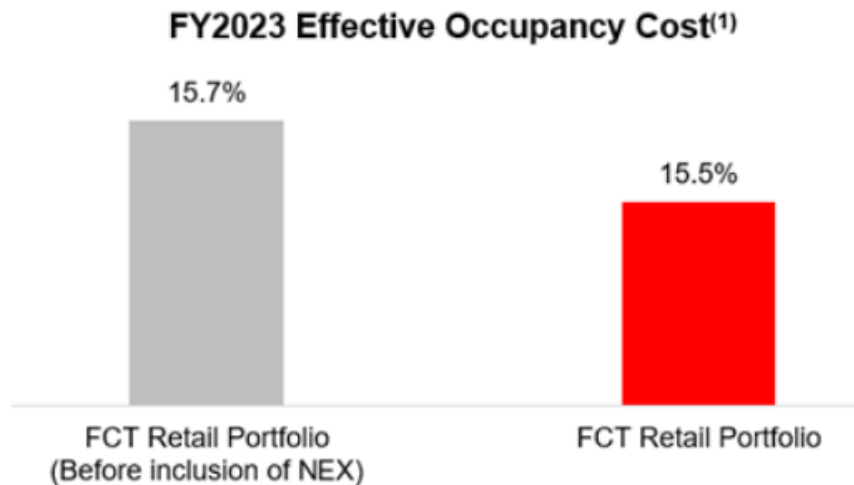
Note:

- (1) Comparable malls in FCT's Retail Portfolio are Causeway Point, Northpoint City North Wing and Waterway Point.

1.3.4 NEX’s lower effective occupancy cost provides rent growth opportunity for FCT’s Retail Portfolio

Effective occupancy cost refers to the ratio of gross rent and tenants’ sales. This metric provides an indication of rent growth opportunity. Prior to COVID-19, the average effective occupancy cost for FCT’s Retail Portfolio was 16.6% in the financial year ended 30 September 2018 and 17.0% in the financial year ended 30 September 2019. For FY2023, with improved tenants’ sales performance, the average effective occupancy cost for FCT Retail Portfolio, excluding NEX and Tampines 1 (which is currently undergoing AEI) was 15.7%, which provides opportunity for rent growth.

NEX has a healthy effective occupancy cost and there is good rental growth potential. With the inclusion of NEX, FCT’s Retail Portfolio effective occupancy cost is expected to lower to 15.5% on a pro forma basis as at 30 September 2023.



Note:

(1) Excludes Changi City Point (divested on 31 October 2023) and Tampines 1 (ongoing AEI).

1.3.5 Potential opportunity to restructure for tax transparency, directly improving distributable income

There is potential opportunity to achieve tax transparency for NEX through the conversion of the entity status to a limited liability partnership structure. This is subject to the joint venture partner’s agreement and relevant authorities’ approval. If approved, this could result in annual tax savings and would be accretive to the earnings of NEX.

1.4 DPU-Accretive Acquisition

Based on historical pro forma financial information, FCT's Unitholders are expected to enjoy a higher DPU as a result of the Acquisition being made at a price which is reflective of the cash flows which NEX is expected to generate, using the net proceeds raised from the Private Placement. Based on the pro forma financial effects of the Acquisition on the DPU for FY2023, the Acquisition is expected to be DPU accretive, increasing the DPU from 12.150 cents to 12.204 cents, which is approximately 0.4%.