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# Investor Presentation:

**The Proposed Acquisition of a 33 $\frac{1}{3}$ % interest in Waterway Point from an interested person of Frasers Centrepoint Trust**

**June 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 and "CIRCULAR TO UNITHOLDERS IN RELATION TO: THE PROPOSED ACQUISITION OF A 33⅓% INTEREST IN WATERWAY POINT FROM AN INTERESTED PERSON OF FRASERS CENTREPOINT TRUST (AS AN INTERESTED PERSON TRANSACTION)" dated 13 June 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.

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.

This presentation is for information purposes only and does not constitute an offer for sale or an invitation or offer to acquire, purchase or subscribe for Units in the United States. This presentation is not for publication or distribution, directly or indirectly, in or into the United States (including its territories and possessions, any state of the United States and the District of Columbia), Canada or Japan. The Units referred to herein have not been, and will not be, registered under the Securities Act, or the securities laws of any state of the United States or other jurisdiction, and the Units may not be offered or sold in the United States, absent registration or an exemption from, the registration requirements under the Securities Act and applicable state or local securities laws. No public offering of securities is being made in the United States.

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.

This presentation 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.

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 Structure

- ◆ Acquisition of 33 $\frac{1}{3}$ % of the total issued units of Sapphire Star Trust (“SST” and 33 $\frac{1}{3}$ % of the total issued units of SST, the “Target Units”) and the Vendor’s 33 $\frac{1}{3}$ % 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 33 $\frac{1}{3}$ % 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<sup>(1), (2), (3)</sup>

## Independent Valuations and Agreed Property Value

- ◆ Valuations on a 100% basis:
  - a) Jones Lang LaSalle Property Consultants Pte Ltd : S\$1,305 million
  - b) CBRE Pte Ltd : S\$1,295 million
  - Agreed Property Value based on a) and b) : S\$1,300 million**

The independent valuations were determined using combination of capitalisation approach and discounted cash flow analysis

(1) The Proposed Acquisition is an interested person and interested party transaction under the Listing Manual of Singapore Exchange Securities Trading Limited (“Listing Manual”) and the Property Funds Appendix of the Code on Collective Investment Schemes, respectively. Thus, it is subject to FCT Unitholders’ approval.

(2) In accordance with Rule 919 of the Listing Manual, Frasers Property Limited (“Frasers Property”) and its subsidiaries (i) will abstain, and will procure that their associates abstain, from voting at the EGM on the resolution (to approve the Proposed Acquisition) and (ii) will not, and will procure that their associates do not, accept appointments as proxies in relation to the resolution (to approve the Proposed Acquisition), unless specific instructions as to voting are given.

(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)

## Estimated Total Outlay for the Acquisition

Approximately S\$440.6 million, which comprises:

- ◆ Consideration for the Proposed Property Acquisition: S\$240.8 million<sup>(4)</sup>
- ◆ Consideration for the Proposed SST Trustee-Manager Acquisition: S\$8,700<sup>(5)</sup>
- ◆ Acquisition Fee payable to the Manager for the Proposed Acquisition: S\$4.3 million<sup>(6)</sup>
- ◆ Pro-rata share of Bank Loan: S\$191 million<sup>(7)</sup>
- ◆ Estimated cost of the Equity Fund Raising (as defined below), professional fees and other fees and expenses incurred or to be incurred by FCT in connection with the Proposed Acquisition: S\$4.5 million

## Proposed Funding

- ◆ The Manager intends to finance the Total Acquisition Outlay less the sum of the Bank Loan attributable to the Target Units and the Acquisition Fee (the “Cash Outlay”) from the issuance of new equity (“Equity Fund Raising”)
- ◆ The Equity Fund Raising has raised gross proceeds of approximately S\$437.4 million. The Manager intends to utilise approximately S\$245.3 million from the gross proceeds of the Equity Fund Raising to fully finance the Cash Outlay.
- ◆ The final decision regarding the funding mix for the Cash Outlay will be made by the Manager at the appropriate time taking into account the then prevailing market conditions, interest rate environment, and availability of alternative funding options.

## EGM

- ◆ Extraordinary General Meeting to be convened on 28 June 2019

(4) Based on the estimated value of the Target Units, being approximately S\$146.0 million (as derived from the estimated net assets and liabilities of SST of approximately S\$437.8 million based on the Agreed Property Value), and the value of the Vendor's Unitholders' Loan of approximately S\$94.8 million as at the date of completion of the Proposed Property Acquisition

(5) Based on the adjusted net asset value of the SST Trustee-Manager of approximately S\$26,000

(6) The Acquisition Fee payable to the Manager in respect of the Proposed Acquisition will be in the form of units in FCT.

(7) Pro rata share of a bank loan owned by SST to certain financial institutions attributable to the Target Units under the Proposed Property Acquisition which will not be discharged by SST and will remain after completion of the Proposed Acquisition.

# Property information of Waterway Point



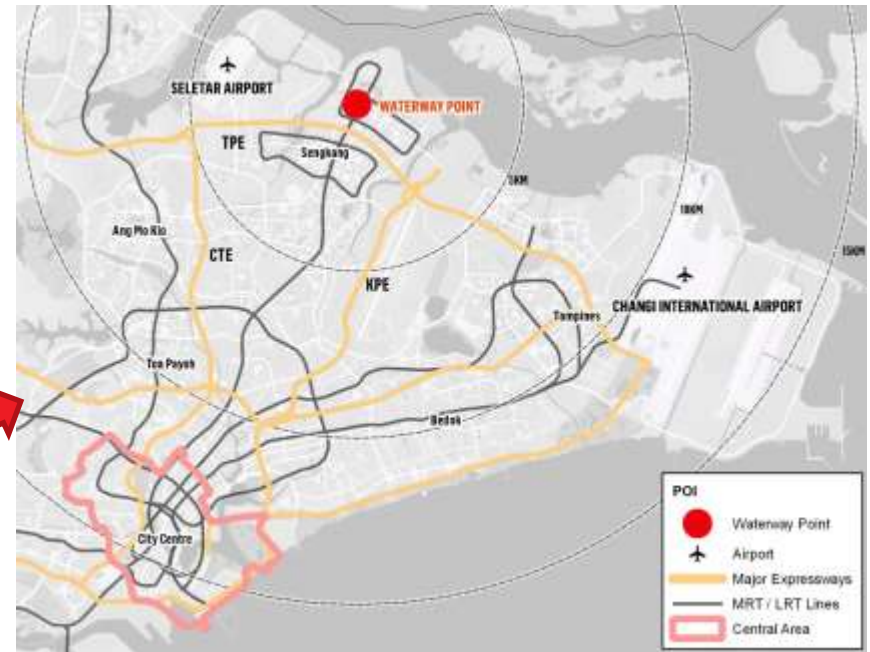
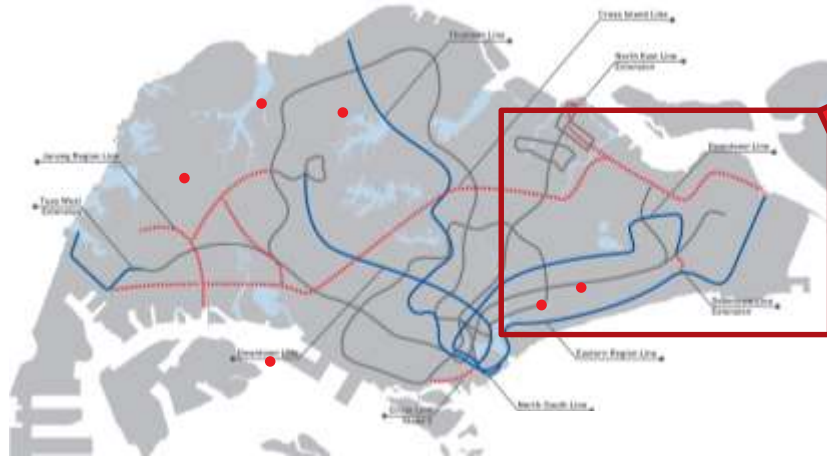
<b>TOP / Operation Date</b>	December 2015 / January 2016
<b>Location</b>	83 Punggol Central, Singapore 828761
<b>Title</b>	99-year leasehold title commencing 18 May 2011
<b>Gross Floor Area</b>	542,493 sq ft
<b>Net Lettable Area</b>	371,200 sq ft <sup>(1)</sup>
<b>No. of Storeys</b>	Four (Includes two basement levels)
<b>Car Park Lots</b>	623
<b>Committed Occupancy as at 31 March 2019</b>	98.1%
<b>Weighted Average Lease Expiry as at 31 March 2019</b>	By Gross Rental Income: 1.80 years By NLA: 1.89 years
<b>Key Tenants</b>	FairPrice Finest, Shaw Theatres, Best Denki, Daiso, Cotton On, H&M, Uniqlo, Koufu
<b>NPI (FY2018)<sup>(2)</sup></b>	S\$61.1 million
<b>NPI Yield (based on Agreed Property Value)</b>	4.7%

(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)

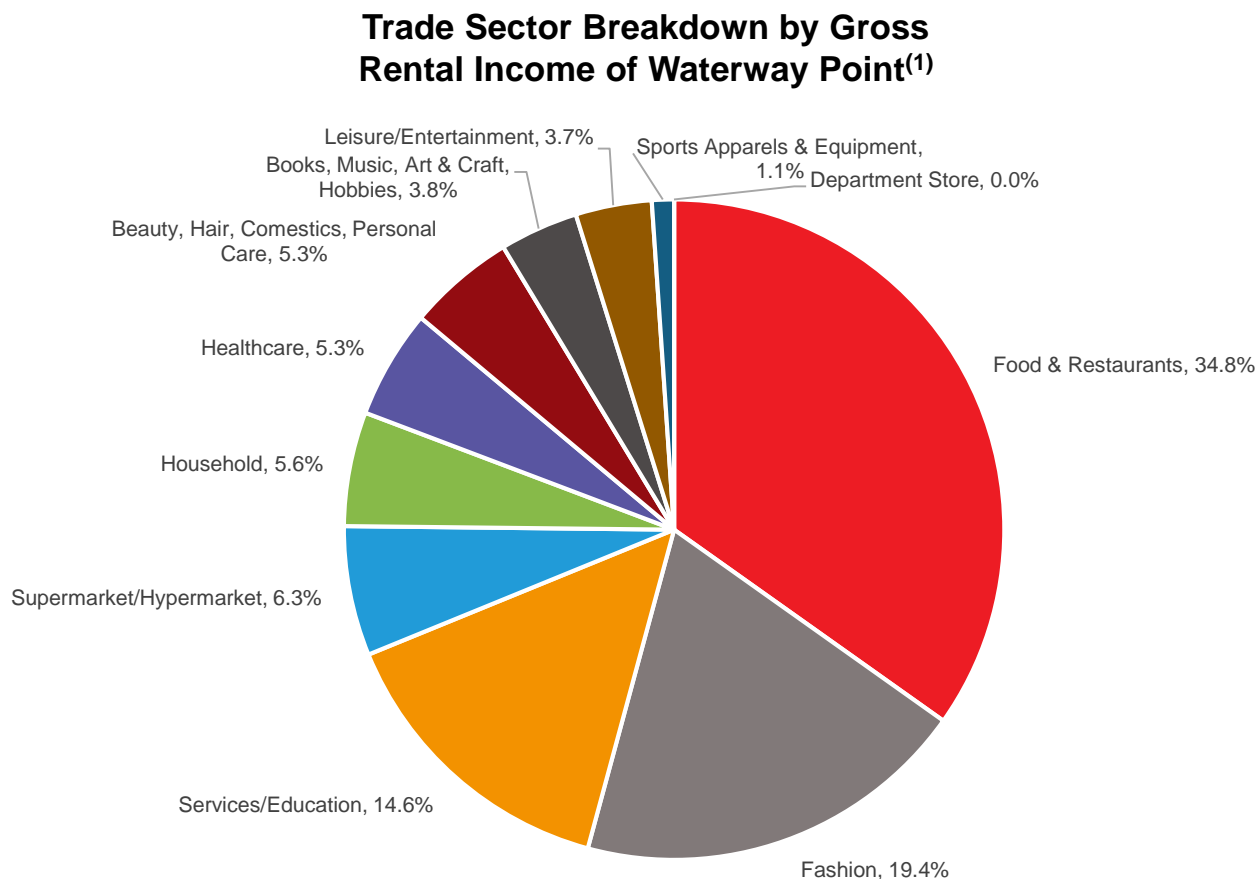
- Waterway Point enjoys excellent connectivity to the public transportation system including the Punggol MRT & LRT stations and a temporary bus interchange
- It is also served by major expressways including the Tampines Expressway (TPE) and the Seletar Expressway (SLE)





## 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



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# Key Transaction Rationale

# Key transaction rationale

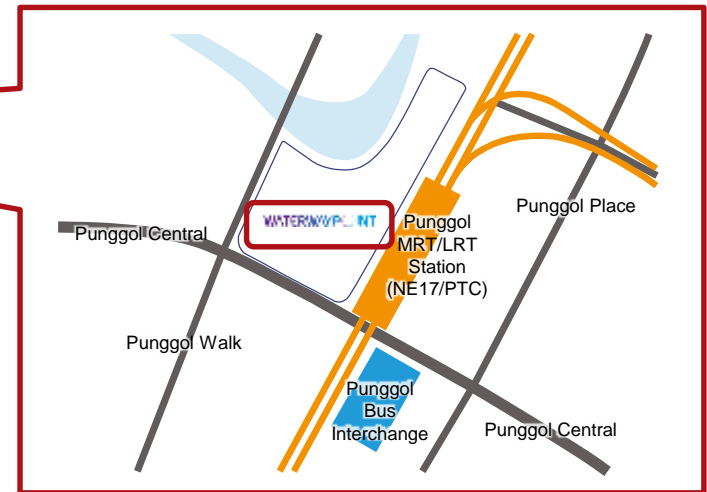
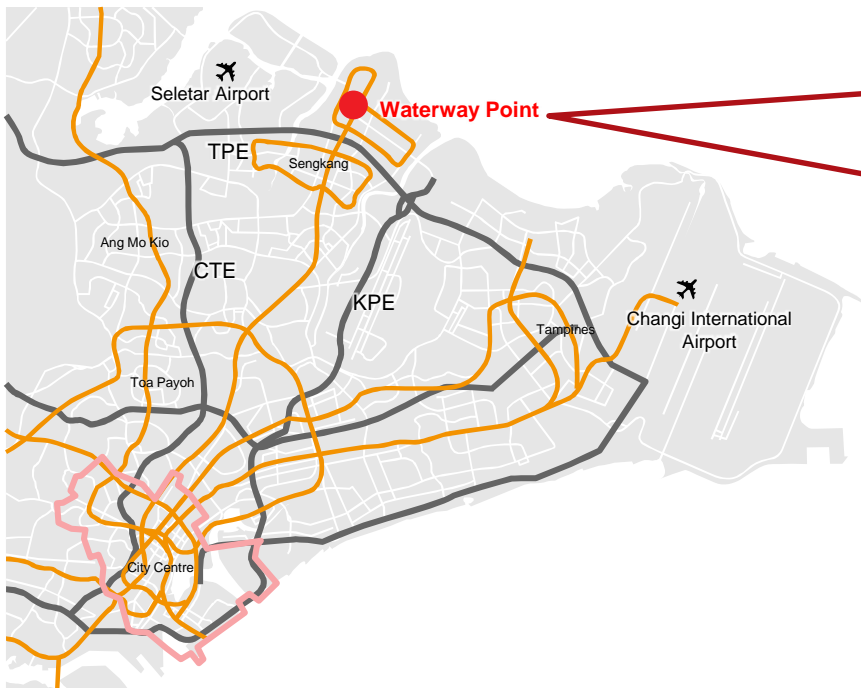


- 1 Competitive strengths of Waterway Point
- 2 Greater income diversification and enlarges tenant base of FCT's property portfolio
- 3 Managed by experienced and reputable property manager
- 4 DPU accretive transaction
- 5 Acquisition consistent with the Manager's investment strategy

# 1 Competitive strengths of Waterway Point

## a) Strategic location and good connectivity in Punggol Central

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



- Waterway Point
- ✈ Airport
- MRT Lines
- Major Expressways
- Central Area



- ◆ Directly connected to Punggol LRT
- ◆ Next to Punggol MRT (North East Line)



- ◆ Punggol Bus Interchange

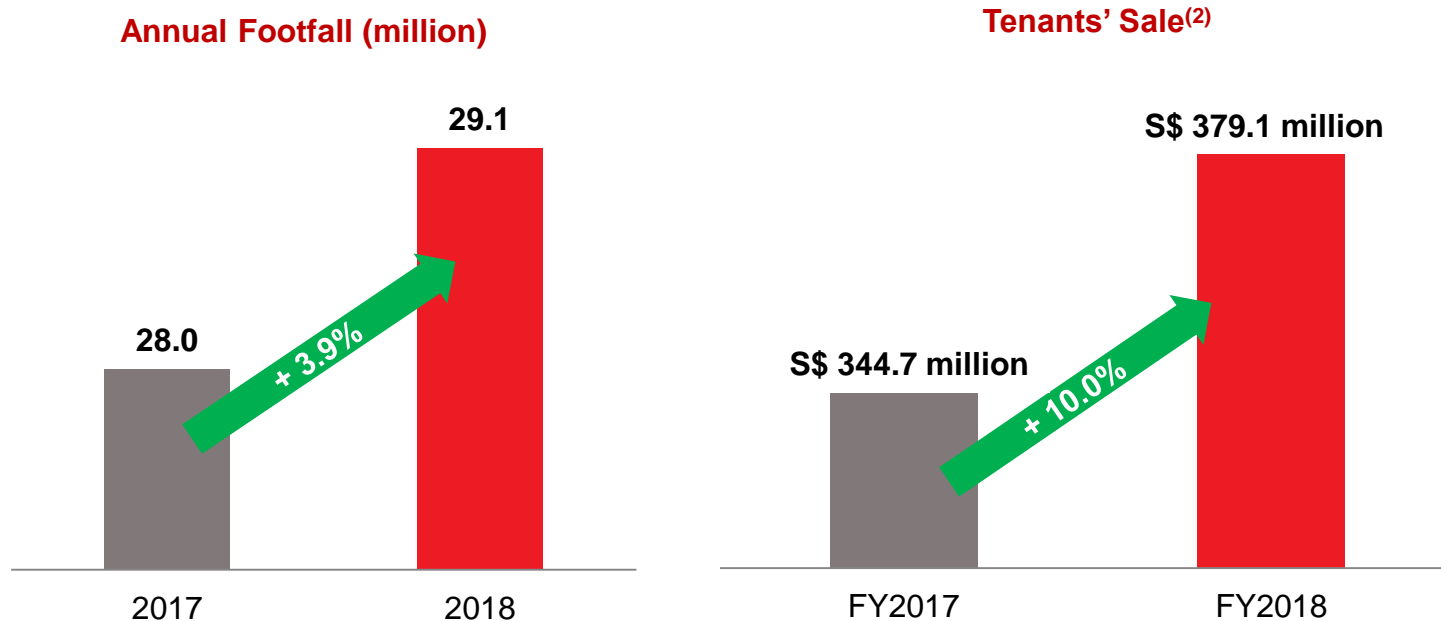


- ◆ Tampines Expressway (TPE)
- ◆ Seletar Expressway (SLE)

# 1 Competitive strengths of Waterway Point

## b) 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<sup>(1)</sup>



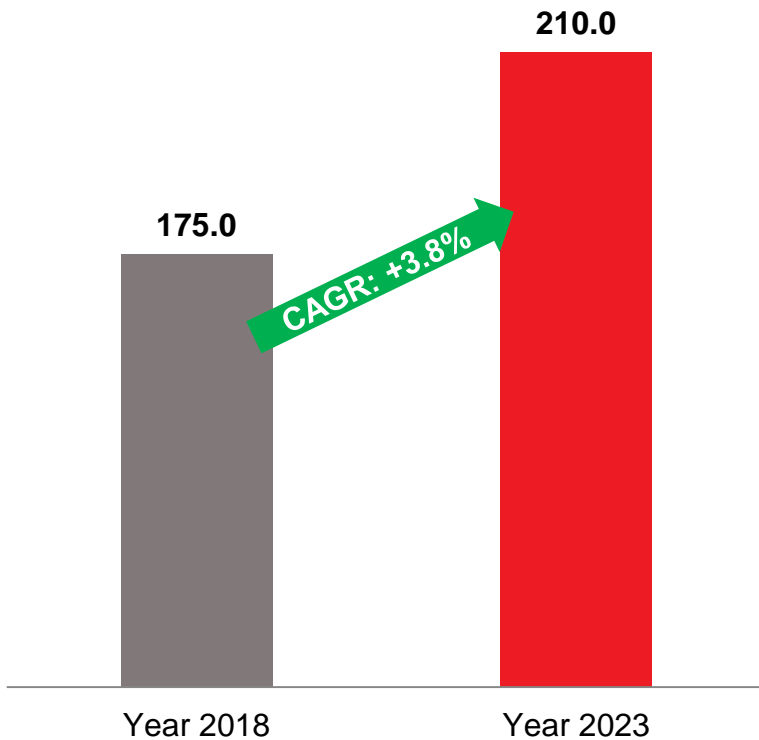
(1) Source: The Independent Market Research Report by Cistri

(2) Based on tenants reporting turnover rent

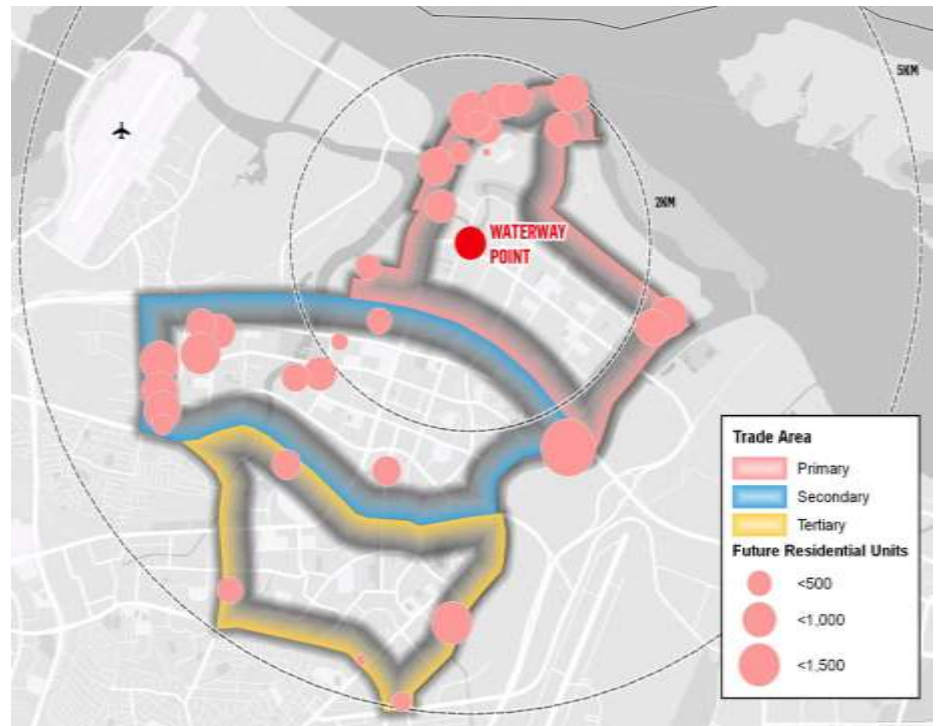
# 1 Competitive strengths of Waterway Point

## c) Favourable Catchment Area Supported by Strong Population Growth

Population in Waterway Point's primary trade area ('000s)



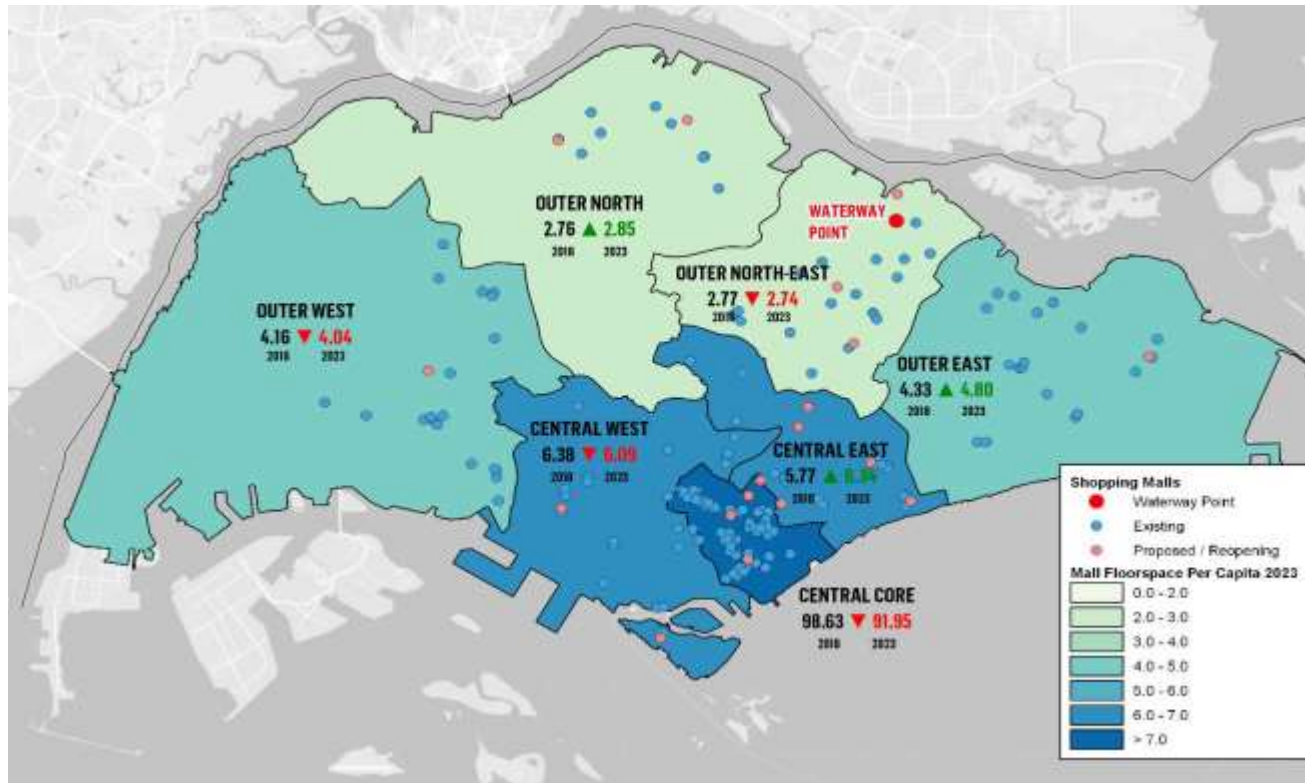
Trade area and upcoming residential units in 2018 – 2023



# 1 Competitive strengths of Waterway Point

## d) Trade area has one of the lowest retail mall floor space per capita in S'pore

- 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 Enlarges Tenant Base of FCT's Property Portfolio**

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### **Income diversification and enlarges tenant base of FCT's Property Portfolio**

- ◆ Diversifies FCT's portfolio of properties geographically
- ◆ Grants FCT exposure to the market in and around the Outer North-East region of Singapore
- ◆ Enlarges FCT's share in the overall Singapore retail property market and allows FCT to offer a wider choice of business locations to its tenants
- ◆ Addition of more than 200 tenants to existing tenant base, including key tenants such as Best Denki, Daiso, H&M, Shaw Theatres and Uniqlo



### **3 Managed by experienced and reputable property manager**

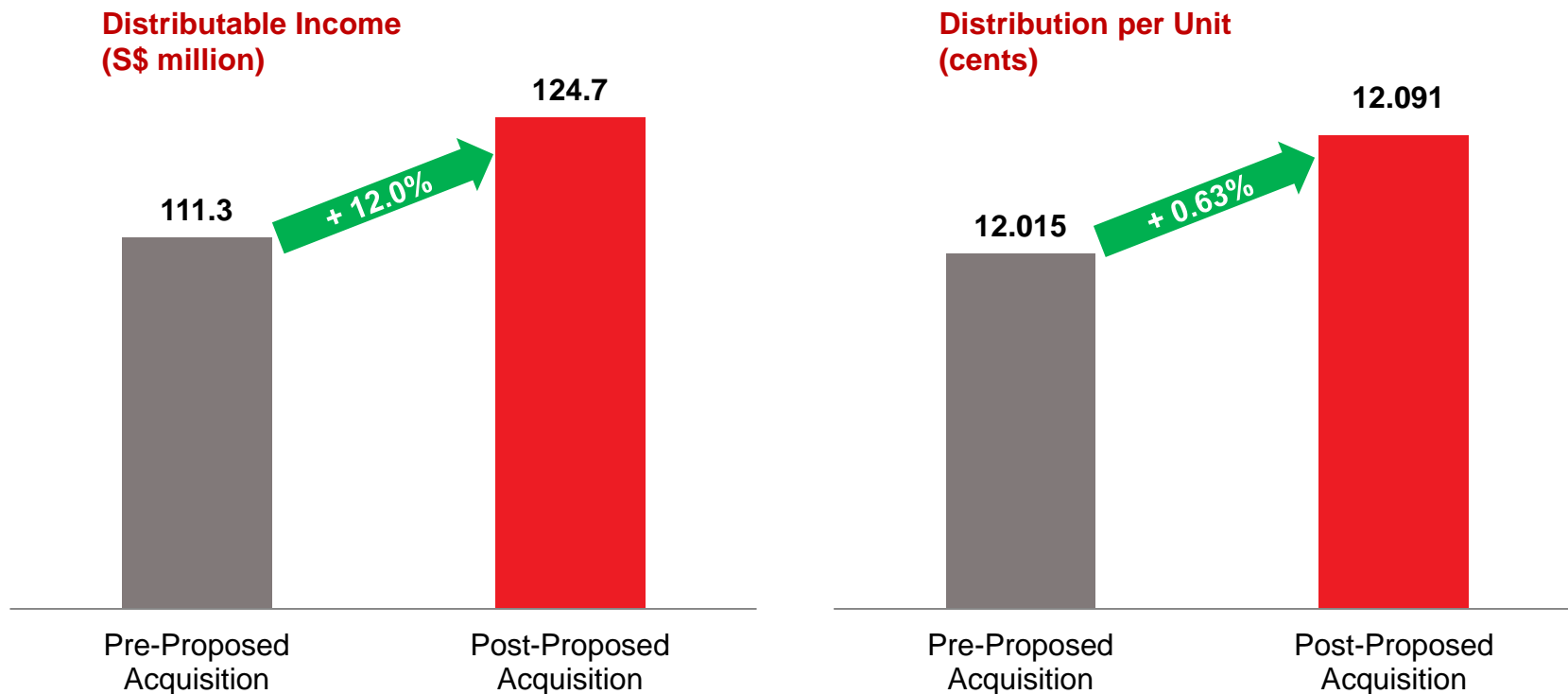
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**Managed by Frasers Property Retail Management Services Pte. Ltd., a wholly-owned subsidiary of Frasers Property Limited**

- ◆ Property manager with extensive retail mall management experience
- ◆ Property manager manages 12 retail malls across Singapore

## 4 DPU Accretive Transaction

Based on the pro forma financial effects<sup>(1)</sup> of the Proposed Acquisition in the DPU for FY2018, the Proposed Acquisition is expected to be DPU accretive, increasing the DPU from 12.015 cents to 12.091 cents.



(1) Based on FCT Audited Financial Statements for FY2018

## **5 Acquisition consistent with the Manager's investment strategy**

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### **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

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# Pro Forma Financial Effects

(for illustration only)

# Pro Forma DPU

- Pro Forma DPU after Proposed Acquisition is 0.63% higher at 12.091 S cents
- Pro Forma DPU after Proposed Acquisition and PREARFL Acquisition is 1.01% higher at 12.136 S cents

	Pro Forma Effects		
	Before the Proposed Acquisition and PREARFL Acquisition <sup>(1)</sup>	After the Proposed Acquisition <sup>(2)</sup>	After the Proposed Acquisition and PREARFL Acquisition <sup>(3)</sup>
<b>Total return for the year (S\$'000)</b>	166,820	199,781	215,834
<b>Distributable Income (S\$'000)</b>	111,316	124,728	135,214
<b>Weighted average number of Issued and Issuable Units ('000)</b>	925,881	1,030,984	1,113,454
<b>DPU (Singapore cents)</b>	12.015	12.091	12.136
<b>DPU Accretion (%)</b>	–	0.63	1.01

**Notes:**

- (1) Based on the FCT Audited Financial Statements for FY2018.
- (2) Taking into account the issue of approximately 103.2 million New Units at an average issue price of approximately S\$2.377 per New Unit under the Equity Fund Raising and the issue of approximately 1.8 million Units as payment of the Acquisition Fee for the Proposed Acquisition.
- (3) Taking into account the issue of approximately 184.0 million New Units at an average issue price of approximately S\$2.377 per New Unit under the Equity Fund Raising to raise gross proceeds of approximately S\$437.4 million and the issue of approximately 3.4 million Units as payment of the Acquisition Fee for both the Proposed Acquisition and the PREARFL Acquisition. PREARFL Acquisition refers to FCT's acquisition of a stake in PGIM Real Estate AsiaRetail Fund Limited as announced by FCT on 28 February 2019 and 21 March 2019.

# Pro Forma NAV

- Pro Forma NAV per unit after Proposed Acquisition is 1.4% higher at S\$2.11
- Pro Forma DPU after Proposed Acquisition and PREARFL Acquisition is 2.4% higher at S\$2.13

	Pro Forma Effects		
	Before the Proposed Acquisition and PREARFL Acquisition <sup>(1)</sup>	After the Proposed Acquisition <sup>(2)</sup>	After the Proposed Acquisition and PREARFL Acquisition <sup>(3)</sup>
NAV (S\$'000)	1,933,756	2,179,593	2,372,736
No. of Issued and Issuable Units ('000)	927,654	1,033,019	1,115,589
NAV per Unit (S\$)	2.08	2.11	2.13

**Notes:**

- (1) Based on the FCT Audited Financial Statements for FY2018.
- (2) Taking into account the issue of approximately 103.2 million New Units at an average issue price of approximately S\$2.377 per New Unit under the Equity Fund Raising and the issue of approximately 1.8 million Units as payment of the Acquisition Fee for the Proposed Acquisition.
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# Pro Forma Capitalisation

- Gearing Ratio after Proposed Acquisition is 30.7%
- Gearing Ratio after Proposed Acquisition and PREARFL Acquisition is 32.7%

	Pro Forma Effects as at 30 September 2018		
	Before the Proposed Acquisition and PREARFL Acquisition <sup>(1)</sup>	As adjusted for the Proposed Acquisition <sup>(3)</sup>	After the Proposed Acquisition and PREARFL Acquisition <sup>(4)</sup>
<b>Total Debt (S\$ million):</b>	<b>812.6</b>	<b>1,003.6<sup>(5)</sup></b>	<b>1,194.8<sup>(5)</sup></b>
Total Unitholders' Funds (S\$ million)	1,933.8	2,179.6	2,372.7
<b>Total Capitalisation (S\$ million)</b>	<b>2,746.4</b>	<b>3,183.2</b>	<b>3,567.5</b>
<b>Gearing Ratio<sup>(2)</sup> (%)</b>	<b>28.6</b>	<b>30.7<sup>(5)</sup></b>	<b>32.7<sup>(5)</sup></b>

## Notes:

(1) Based on the FCT Audited Financial Statements for FY2018.

(2) Calculated based on gross debt divided by total assets attributable to Unitholders.

(3) Taking into account the issue of approximately 103.2 million New Units at an average issue price of approximately S\$2.377 per New Unit under the Equity Fund Raising and the issue of approximately 1.8 million Units as payment of the Acquisition Fee for the Proposed Acquisition.

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(5) Including a bank loan owed by SST to certain financial institutions, of which the pro rata share attributable to the Target Units amounts to S\$191.0 million.

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## **Comparison of key pro forma financials between 16 May 2019 announcement and the Circular dated 13 June 2019**



## Key Pro Forma Financials (for illustrative purposes only)

- Improved Pro Forma financial effects due mainly to the better-than-expected outcome of the Equity Fund Raising

	Pro Forma financial effects as disclosed in the Announcement on 16 May 2019	Pro Forma financial effects as disclosed in the Circular dated 13 June 2019
DPU (Singapore cents)	12.093	12.136
DPU Accretion (%)	0.65%	1.01%
NAV per Unit (S\$)	2.11	2.13
Gearing	33.2%	32.7%

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# Recommendation on the Proposed Acquisition and Extraordinary General Meeting

# Recommendation

- Deloitte & Touche Corporate Finance Pte Ltd, as Independent Financial Adviser (IFA) to the Independent Directors of the Manager, is of the opinion that the Proposed Acquisition is based on normal commercial terms and is not prejudicial to the interests of FCT and its minority Unitholders.
- The IFA is of the opinion that the Independent Directors and the Audit Committee recommend that Unitholders vote in favour of the resolution to approve the Proposed Acquisition.
- Accordingly, the Independent Directors and the Audit Committee recommend that Unitholders vote at the EGM in favour of the resolution to approve the Proposed Acquisition.

# Extraordinary General Meeting

## Date and time

: 28 June 2019 at 10.00 a.m.

## Venue

: Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958

## Ordinary Resolution

To approve the Proposed Acquisition of a 33 $\frac{1}{3}$ % Interest In Waterway Point from an Interested Person of FCT (as an Interested Person Transaction)

### Note:

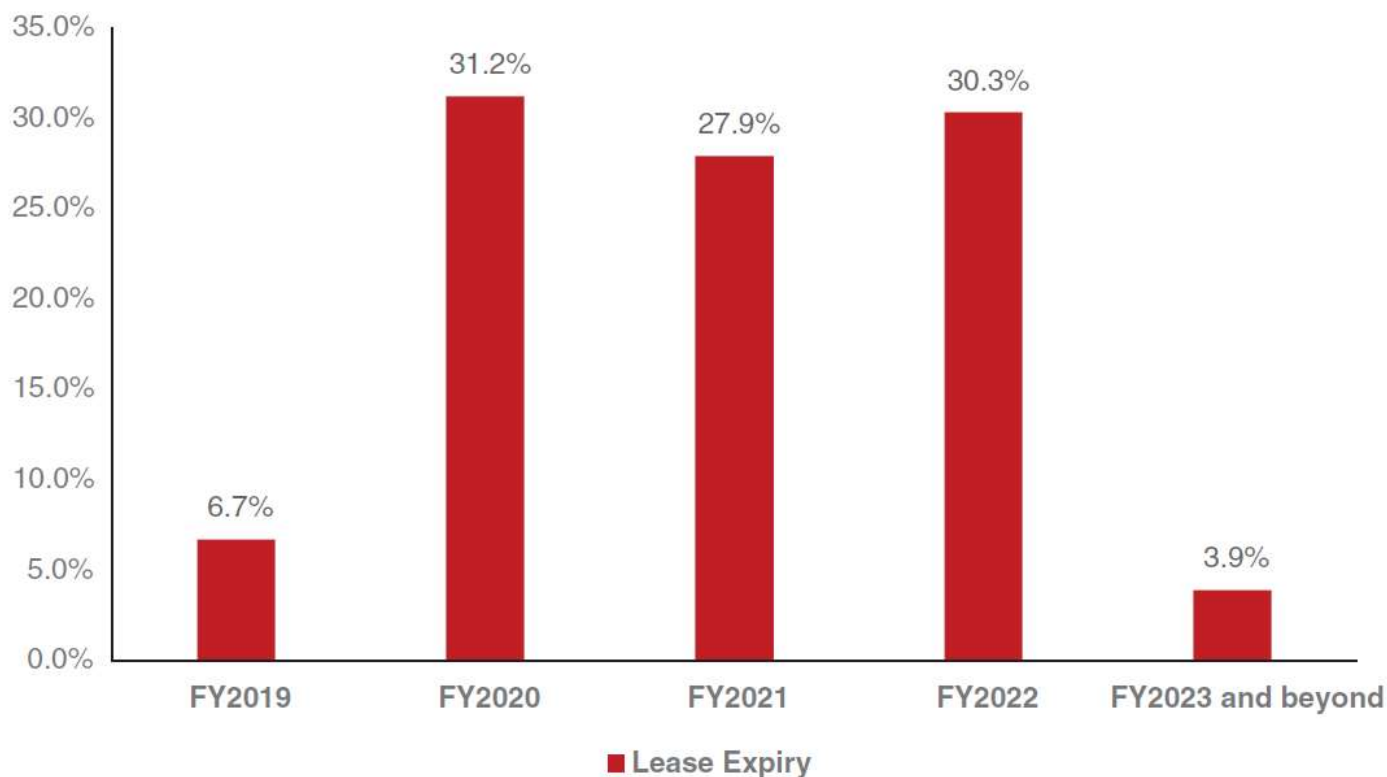
Proxy forms must reach the company secretary of the Manager at the office of the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01, Singapore 048623, not later than 25 June 2019 at 10.00 a.m., being 72 hours before the time fixed for the EGM. The completion and return of a proxy form by a Unitholder will not prevent the Unitholder from attending and voting in person if the Unitholder so wishes. Persons who have an interest in the approval of the resolution must decline to accept an appointment as proxies unless the Unitholder concerned has specific instructions in the proxy form as to the manner in which the Unitholder's votes are to be cast in respect of the resolution.

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# Appendix

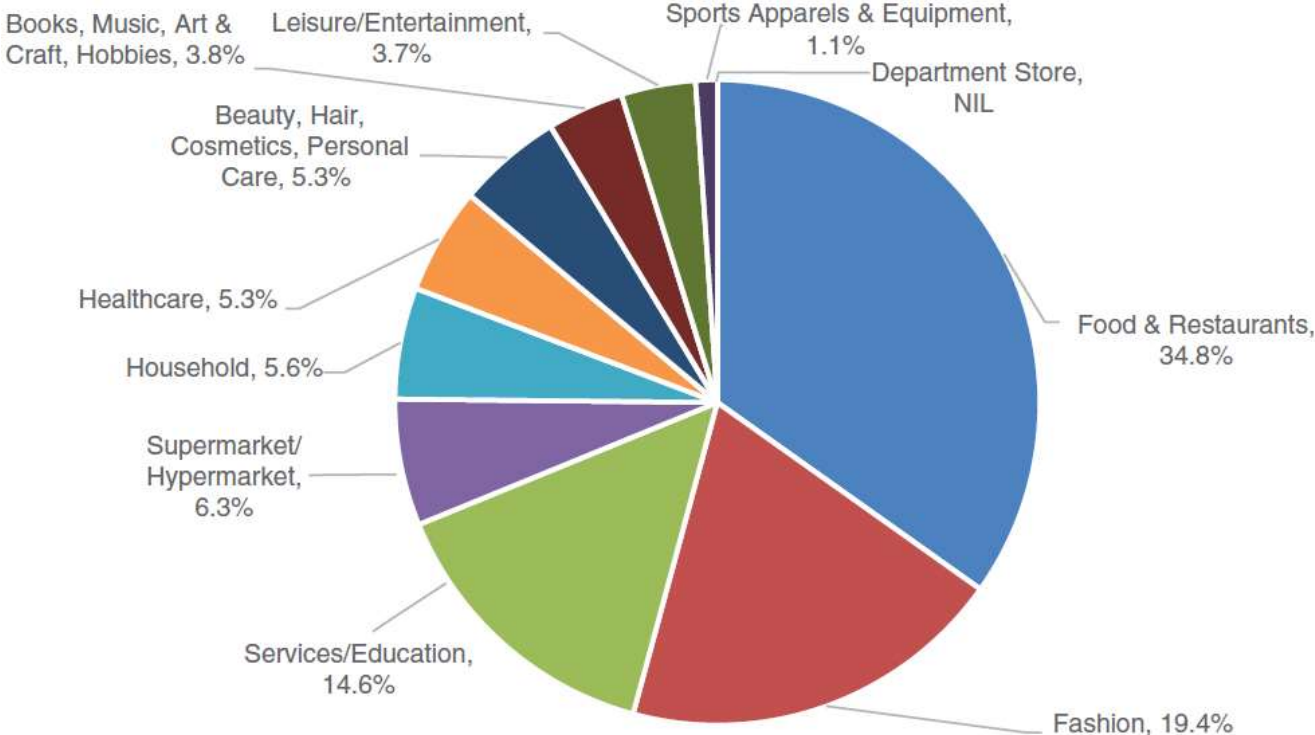
## Lease Expiry Profile for Waterway Point (as at 31 March 2019)

The graph below illustrates the lease expiry profile by Gross Rental Income of Waterway Point as at 31 March 2019



# Trade Sector Analysis for Waterway Point (as at 31 March 2019)

The chart below provides a breakdown by Gross Rental Income of the different trade sectors represented in Waterway Point.



# Top 10 Tenants Analysis for Waterway Point (as at 31 March 2019)

The table below sets out the top 10 tenants of Waterway Point by Gross Rental Income.

Top 10 Tenants	Percentage Contribution to GRI (%)
NTUC <sup>(1)</sup>	28.9
Koufu Pte Ltd	
Shaw Theatres Pte Ltd	
H&M Hennes & Mauritz Pte Ltd	
Cotton On Singapore Pte Ltd <sup>(2)</sup>	
Bachmann Japanese Restaurant Pte Ltd <sup>(3)</sup>	
Best Denki (Singapore) Pte Ltd	
Citibank Singapore Limited	
United Overseas Bank Limited	
Maybank Singapore Limited	
<b>Other Tenants</b>	<b>71.1</b>
<b>Total</b>	<b>100.0</b>

**Notes:**

(1) Operates FairPrice Finest and NTUC Healthcare (Unity)

(2) Includes leases for Cotton On, Cotton On Kids and TYPO

(3) Includes leases for Don Akimitsu, Menya Musashi Kinko and Osaka Ohsho



**Experience  
matters.**

