

**FRASERS CENTREPOINT TRUST**

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

**EXTENSION OF PROPERTY MANAGEMENT AGREEMENTS**

**1. INTRODUCTION**

Fraser's Centrepoint Asset Management Ltd., in its capacity as manager of Fraser's Centrepoint Trust ("**FCT**", and as manager of FCT, the "**Manager**"), wishes to announce that the appointment of Fraser's Property Retail Management Pte. Ltd. (the "**Property Manager**") as property manager of Causeway Point, Changi City Point, Northpoint City North Wing and Yishun 10 Retail Podium<sup>1</sup> (collectively, the "**FCT Wholly-Owned Properties**") has been extended for a term of 5 years pursuant to the letters of extension entered into on 2 July 2021 between HSBC Institutional Trust Services (Singapore) Limited (in its capacity as trustee of FCT (the "**Trustee**")), the Manager and the Property Manager (collectively, the "**Letters of Extension**").

The Letters of Extension will take effect following the expiry of the existing property management agreement (as amended, novated and/or supplemented) in respect of each of the FCT Wholly-Owned Properties (collectively, the "**FCT Wholly-Owned Properties PMAs**") on 4 July 2021 and will extend the Property Manager's appointment for five years up to 4 July 2026.

Separately, the Manager wishes to announce that the appointment of the Property Manager as property manager of Waterway Point has also been extended for a term of 5 years pursuant to a supplemental agreement (the "**Supplemental Agreement**") to the existing property management agreement (as amended, novated and/or supplemented) in respect of Waterway Point (such existing property management agreement as supplemented by the Supplemental Agreement, the "**Waterway Point PMA**", and together with the FCT Wholly-Owned Properties PMAs, the "**PMAs**") entered into on 2 July 2021 between the Property Manager and FC Retail Trustee Pte. Ltd., the trustee-manager of Sapphire Star Trust (the "**SST Trustee-Manager**"), a private trust through which

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<sup>1</sup> The existing property management agreement (as amended, novated and/or supplemented) in respect of Anchorpoint Shopping Centre (the "**Anchorpoint PMA**") and the existing property management agreement (as amended, novated and/or supplemented) in respect of YewTee Point (the "**YewTee Point PMA**") also expire on 4 July 2021. However, as announced by the Manager on 22 March 2021, the divestment of Anchorpoint Shopping Centre ("**Anchorpoint**" and the divestment of Anchorpoint, the "**Anchorpoint Divestment**") was completed on that day. Separately, as announced by the Manager on 28 May 2021, the divestment of YewTee Point (the "**YewTee Point Divestment**") was completed on that day. In connection with the Anchorpoint Divestment and the YewTee Point Divestment (collectively, the "**Divestments**"), the appointments of the Property Manager as (i) property manager of Anchorpoint and (ii) property manager of YewTee Point were terminated on the completion of both Divestments, before the expiry of the Anchorpoint PMA and the YewTee Point PMA on 4 July 2021. As such, unlike the FCT Wholly-Owned Properties, the appointments of the Property Manager as property manager for each of Anchorpoint and YewTee Point have not been extended.

FCT holds a 40.0% interest in Waterway Point<sup>2</sup>.

The terms of the Supplemental Agreement took effect following the expiry of the Waterway Point PMA on 17 March 2021 and will extend the Property Manager's appointment for five years up to 17 March 2026 (such extension, together with the extension of the appointments of the Property Manager in respect of the FCT Wholly-Owned Properties, the "**Extension of PMAs**").

## 2. SALIENT TERMS OF THE PMAs

### 2.1 Term and Extension of PMAs

The term of each PMA is for a period of five years commencing from 5 July 2016, save for the PMAs in respect of Changi City Point, Yishun 10 Retail Podium and Waterway Point, which commenced on 16 June 2019, 16 November 2016 and 18 March 2016 respectively, and whose term is until the earlier of 4 July 2021 or midnight of the date of termination of the respective PMA (in the case of Changi City Point and Yishun 10 Retail Podium) or, in the case of Waterway Point, until the expiry of the term on 17 March 2021 (unless otherwise further extended).

However, the Trustee and the Manager may, subject to the terms of the PMAs<sup>3</sup>, give written request to the Property Manager to extend the appointment of the Property Manager for a further term of five years from the expiry of the term on the same terms and conditions save for clauses relating to (i) any further extension of the PMAs thereafter, (ii) the fees payable to the Property Manager which shall be revised to the prevailing market rates, and (iii) any term which the Trustee and Manager may reasonably require due to any change in the applicable legislation or regulations. Any extension of the appointment of the Property Manager shall be subject to the approval of the unitholders of FCT ("**Unitholders**") (if required pursuant to the Trust Deed<sup>4</sup> or any applicable legislation or regulation).

### 2.2 Fees and Reimbursables

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<sup>2</sup> FCT currently holds a 40.0% interest in Waterway Point through the Trustee's 40.0% interest in all of the issued and paid-up units in Sapphire Star Trust. The remaining 60.0% interest in all of the issued and paid-up units in Sapphire Star Trust, and accordingly, the remaining 60.0% interest in Waterway Point, is held by two other joint-venture partners (the "**JV Partners**"). FCT also holds a 40.0% interest in the SST Trustee-Manager, through the Trustee's 40.0% interest in all of the issued and paid-up shares in FC Retail Trustee Pte. Ltd.. The remaining 60.0% interest in FC Retail Trustee Pte. Ltd. is similarly held by the JV Partners.

<sup>3</sup> This is save for the Waterway Point PMA, where the Property Manager may, subject to the terms of the Waterway Point PMA, give written request to the SST Trustee-Manager to extend the appointment of the Property Manager for a further term of five years from the expiry of the existing term (the "**Extension**") on the same terms and conditions save for the clause relating to payments of lump sum bonuses or penalties (which provides for a sum of S\$600,000 to be payable by the SST Trustee-Manager to the Property Manager or vice versa, depending on whether certain gross rental income targets are met over a period of 2 years) (the "**Clause**"), which shall be subject to discussion and agreement by the SST Trustee-Manager and the Property Manager in good faith at that time, taking into account the then prevailing marketing conditions and other relevant considerations. In the event that the SST Trustee-Manager and the Property Manager are unable to come to an agreement, then the Extension shall be on the same terms and conditions except for the Clause.

<sup>4</sup> "**Trust Deed**" means the trust deed constituting FCT dated 5 June 2006 (as amended, restated and supplemented from time to time).

Under the FCT Wholly-Owned Properties PMAs, the Property Manager is entitled to the following fees and reimbursements:

### **2.2.1 Property Management Services**

For property management services provided by the Property Manager, the Property Manager shall, in respect of the FCT Wholly-Owned Properties (save for Yishun 10 Retail Podium<sup>5</sup>), receive the following fees for each fiscal year:

- (a) 2.0% per annum of the gross revenue of the relevant FCT Wholly-Owned Property;
- (b) 2.0% per annum of the net property income of the relevant FCT Wholly-Owned Property (calculated before accounting for the property management fees); and
- (c) 0.5% per annum of the net property income of the relevant FCT Wholly-Owned Property (calculated before accounting for the property management fees), in lieu of leasing commissions otherwise payable to the Property Manager and/or third party agents.

### **2.2.2 Leasing Commissions to Third Party Brokers**

The Trustee is not required to pay any other leasing commissions to third party brokers for securing tenants for the relevant FCT Wholly-Owned Property or, as the case may be, the relevant FCT Wholly-Owned Property or any part(s) thereof, such leasing commissions (if any) shall be borne by the Property Manager.

### **2.2.3 Property Tax Services**

In addition, in relation to the services provided by the Property Manager in respect of property tax objections submitted to the tax authorities on any proposed annual value of any of the FCT Wholly-Owned Properties, the Property Manager is entitled to the following fees if as a result of such objections, the proposed annual value is reduced resulting in a property tax-savings for the relevant FCT Wholly-Owned Property:

- (a) where the proposed annual value is S\$1.0 million or less, a fee of 7.5% of the property tax savings;
- (b) where the proposed annual value is more than S\$1.0 million but does not exceed S\$5.0 million, a fee of 5.5% of the property tax savings; and
- (c) where the proposed annual value is more than S\$5.0 million, a fee of 5.0% of the property tax savings.

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<sup>5</sup> For Yishun 10 Retail Podium, 24.34% of the managing agent fee and the managing agent staff fee shall be deducted from the property management fees.

The abovementioned fee is a lump sum fixed fee based on the property tax savings calculated on a 12-month period. If in compliance with applicable regulatory requirements relating to an “interested person transaction” (as defined in the Listing Manual of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”)) and/or, as the case may be, an “interested party transaction” (as defined in Appendix 6 of the Code on Collective Investment Schemes (the “**Property Funds Appendix**”)) relating to real estate investment trusts, the approval of Unitholders is required for payment of such fees, such payment will be subject to the obtaining of such Unitholders’ approval, and if such approval cannot be obtained within the requisite time period for lodgement of such objections, the Property Manager shall not be obliged to undertake the relevant property tax objections and the Trustee shall be entitled to engage other consultants to undertake the relevant property tax objections.

#### **2.2.4 Project Management Services**

For project management services provided by the Property Manager, the Trustee shall pay the Property Manager the following fees for the development or redevelopment (if not prohibited by the Property Funds Appendix or if otherwise permitted by the Monetary Authority of Singapore), the refurbishment, retrofitting and renovation works in respect of each FCT Wholly-Owned Property (or any part(s) thereof):

- (a) where the construction costs are S\$2.0 million or less, a fee of 3% of the construction cost;
- (b) where the construction costs exceed S\$2.0 million but do not exceed S\$20.0 million, a fee of 2% of the construction costs;
- (c) where the construction costs exceed S\$20.0 million but do not exceed S\$50.0 million, a fee of 1.5% of the construction costs; and
- (d) where the construction costs exceed S\$50.0 million, a fee to be mutually agreed between the Manager, the Trustee and the Property Manager.

#### **2.2.5 Employee Reimbursements**

The Property Manager shall be entitled to reimbursements by the Trustee for employment and remuneration of the Property Manager’s employees for services rendered under the PMAs in respect of the respective FCT Wholly-Owned Properties, as approved by the Manager and the Trustee in the annual business plan and budget for the relevant FCT Wholly-Owned Property.

Under the Waterway Point PMA, the Property Manager is entitled to the following fees and reimbursements:

#### **2.2.6 Property Management Services**

For property management services provided by the Property Manager in respect of the retail

component of Waterway Point (the “**Retail Component**”), the Property Manager shall receive the following fees for each fiscal year:

- (a) 2.0% per annum of the gross revenue of the Retail Component; and
- (b) 2.5% per annum of the net property income of the Retail Component,

with such fees (the “**Management Fees**”) to be pro-rated and paid on a monthly basis.

No separate fees or commissions are payable by the SST Trustee-Manager to the Property Manager in connection with the marketing, leasing and leasing administration services that the Property Manager shall provide, or procure the provision of, during the term of its appointment.

In the event the aggregate of the Management Fees for any particular month is a negative figure, the Management Fees to be accrued for that month shall be zero and for the purposes of computing the Management Fees payable for the fiscal year in which such a month falls, the gross revenue and net property income for that month shall be deemed zero.

#### **2.2.7 Reimbursable Expenses**

The Property Manager shall be entitled to reimbursements by the SST Trustee-Manager for the following expenses incurred by the Property Manager in respect of the Retail Component for each month in a fiscal year:

- (a) employment and remuneration of the Property Manager’s employees for services rendered under the Waterway Point PMA, as approved by the SST Trustee-Manager in the annual budget for Waterway Point, or as the case may be, as agreed from time to time between the SST Trustee-Manager and the Property Manager; and
- (b) such other cost that may be agreed between the SST Trustee-Manager and the Property Manager from time to time.

### **3. RATIONALE FOR THE EXTENSION OF PMAs**

The Manager is of the view that the Extension of PMAs will ensure that there will be continuity in the management of the FCT Wholly-Owned Properties and Waterway Point (collectively, the “**Properties**”) by the Property Manager after the expiry of the existing PMAs. The Manager therefore believes that the management of the Properties by the same property manager, and hence the Extension of PMAs, will be beneficial to FCT and its Unitholders.

#### 4. INTERESTED PERSON TRANSACTION AND INTERESTED PARTY TRANSACTION

As at the date of this Announcement, Frasers Property Limited and its subsidiaries (the “**FPL Group**”) hold an aggregate direct and indirect interest in 697,650,437 units in FCT (“**Units**”), which is equivalent to approximately 41.07% of the total number of Units in issue as at the date of this Announcement, and is therefore regarded as a “controlling unitholder” of FCT for the purposes of both the Listing Manual of the SGX-ST (the “**Listing Manual**”) and the Property Funds Appendix. In addition, as the Manager is a wholly-owned subsidiary of FPL, the FPL Group is therefore regarded as a “controlling shareholder” of the Manager for the purposes of both the Listing Manual and the Property Funds Appendix.

As the Property Manager is a subsidiary of FPL, for the purposes of Chapter 9 of the Listing Manual and paragraph 5 of the Property Funds Appendix, the Property Manager (being a subsidiary of a “controlling unitholder” of FCT and a subsidiary of a “controlling shareholder” of the Manager) is (for the purposes of the Listing Manual) an “interested person” of FCT and (for the purposes of the Property Funds Appendix) an “interested party” of FCT.

Therefore, the Extension of PMAs will constitute an “interested person transaction” under Chapter 9 of the Listing Manual, as well as an “interested party transaction” under the Property Funds Appendix.

As of the date of this Announcement, the total value of all “interested person transactions” between FCT and the Property Manager, for the current financial year (including the Extension of PMAs but excluding transactions with a value below S\$100,000 and transactions which have been approved by Unitholders), is approximately S\$119.7 million (which is approximately 4.72% of FCT Group’s<sup>6</sup> latest audited net tangible assets (“**NTA**”) and net asset value (“**NAV**”) of S\$2.538 billion as at 30 September 2020).

As the aggregate value of the Extension of PMAs of approximately S\$117.7 million (which is approximately 4.64% of both the latest audited NTA and NAV of the FCT Group of S\$2.538 billion as at 30 September 2020), when aggregated with the existing total value of “interested person transactions” between FCT and all interested persons (including the Property Manager) for the current financial year and excluding transactions with a value below S\$100,000 and transactions which have been approved by Unitholders as set out in paragraph 4.1 below, is more than 3.0% of FCT Group’s latest audited NTA but less than 5.0% of FCT Group’s latest audited NTA, the Extension of PMAs is not subject to the approval of Unitholders.

##### 4.1 Existing Interested Person Transactions

As of the date of this Announcement, the total value of all “interested person transactions” between FCT and all interested persons (including the Property Manager), for the current financial year (including the Extension of PMAs but excluding transactions with a value below S\$100,000 and transactions which have been approved by Unitholders), is approximately S\$123.8 million (which is

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<sup>6</sup> “**FCT Group**” means FCT and its subsidiaries.

approximately 4.88% of both the latest audited NTA and NAV of the FCT Group of S\$2.538 billion as at 30 September 2020).

## **5. STATEMENT OF THE AUDIT, RISK AND COMPLIANCE COMMITTEE**

The audit, risk and compliance committee of the Manager is of the view that the Extension of PMAs is based on normal commercial terms and are not prejudicial to the interests of FCT and its minority Unitholders.

## **6. OTHER INFORMATION**

### **6.1 Director's Service Contracts**

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

### **BY ORDER OF THE BOARD**

#### **Frasers Centrepoint Asset Management Ltd.**

As manager of Frasers Centrepoint Trust

Company Registration No: 200601347G

Catherine Yeo

Company Secretary

4 July 2021

For further information, kindly contact:

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## **IMPORTANT NOTICE**

This Announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units.

The value of 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. The past performance of FCT is not necessarily indicative of the future performance of FCT.

Investors have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that holders of Units may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This Announcement 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. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events.