

CHANGI CITY POINT, THE EXISTING PORTFOLIO AND THE ENLARGED PORTFOLIO

The following sections set out selected information in respect of Changi City Point, the Existing Portfolio and the Enlarged Portfolio (comprising the Existing Portfolio and Changi City Point). Any discrepancies in the tables, charts or diagrams between the listed figures and totals thereof are due to rounding.

This Circular contains certain information with respect to the trade sectors of the tenants of Changi City Point, the Existing Portfolio and the Enlarged Portfolio. The Manager has determined the trade sectors in which these tenants are primarily involved based upon the Manager's general understanding of the business activities conducted by these tenants in the premises occupied by them. The Manager's knowledge of the business activities of these tenants is necessarily limited and these tenants may conduct business activities that are in addition to, or different from, those shown herein.

1. Changi City Point

Located in the heart of Changi Business Park, Changi City Point is in close proximity to the residential estates of Simei, Bedok and Tampines to the north-west and west and adjacent to Changi Airport to the north-east. The Property's locality is unique in its proximity to the Singapore Expo, which is Singapore's largest convention and exhibition venue, as well as to educational institutions such as the Institute of Technical Education College East and the future campus of the Singapore University of Technology and Design, slated to be completed by the end of 2014.

The Property is a three-storey multi-tenanted retail mall together with one basement level. Its main retail levels from Basement 1 to Level 2 accommodate a diverse tenant base comprising key retailers such as Cold Storage, Gain City, Nike and Challenger, restaurants such as Tung Lok Signatures, food outlets, two food courts and speciality retail units. The Property also includes a landscaped rooftop garden housing art installations and "Arena @ L3", an outdoor performing area. A total of 627 car park lots¹, which form part of the common property, are provided at the Property.

Changi City Point is well-served by public transport, being directly opposite the Singapore Expo MRT station, and is connected to the rest of Changi Business Park and Simei MRT station by shuttle bus services. Public transport services to Changi Business Park (and hence also to the Property) will be further enhanced by the completion of Downtown Line Phase 3, which is expected to be completed in 2017. The Property also benefits from good access by road to the city area and other parts of Singapore with good accessibility to the ECP, PIE and TPE.

¹ The car park lots are shared between Changi City Point, Capri By Fraser and ONE@Changi City.

The table below sets out a summary of selected information on Changi City Point as at 28 February 2014.

GFA (sq ft)	306,375
NLA (sq ft)	207,237 ⁽¹⁾
Number of Committed Leases	134
Number of Storeys	Three (plus one basement level)
Number of Car Park Lots	627 ⁽²⁾
Title	Leasehold estate of 60 years commencing 30 April 2009
Committed Occupancy Rate as at 28 February 2014 (%)	97.8
WALE by NLA (years)	1.68
Purchase Price per sq ft Based on the Purchase Consideration⁽³⁾ (S\$)	1,472

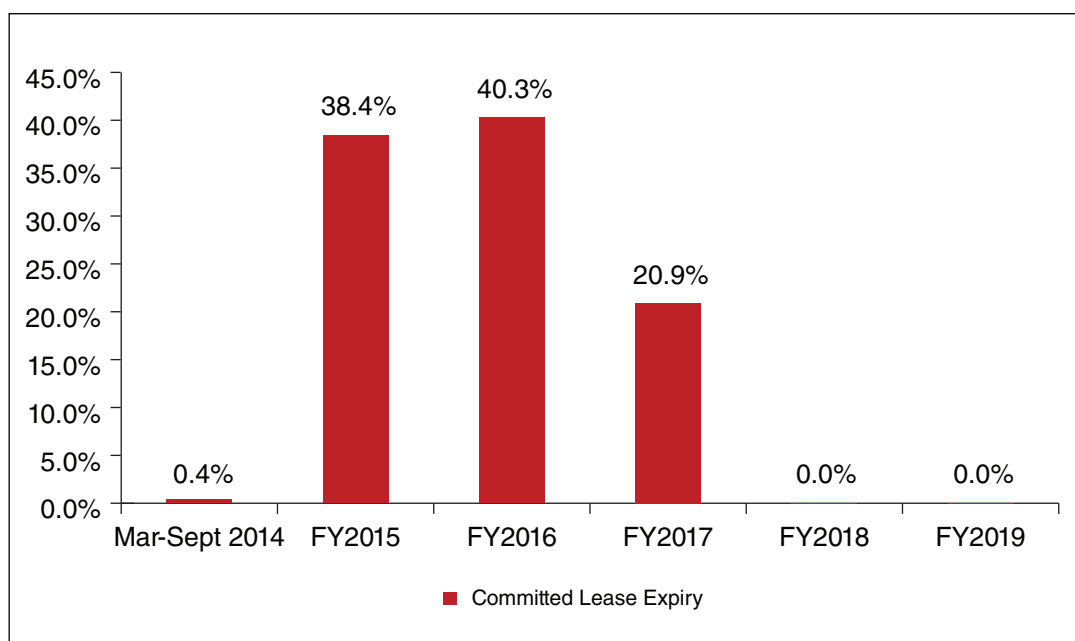
Notes:

- (1) This excludes the area of approximately 3,390.6 sq ft currently used as C&CI space.
- (2) The car park lots are shared between Changi City Point, Capri By Fraser and ONE@Changi City.
- (3) Based on Changi City Point's NLA of 207,237 sq ft.

The Property obtained its TOP in September 2011 and commenced operations in November 2011.

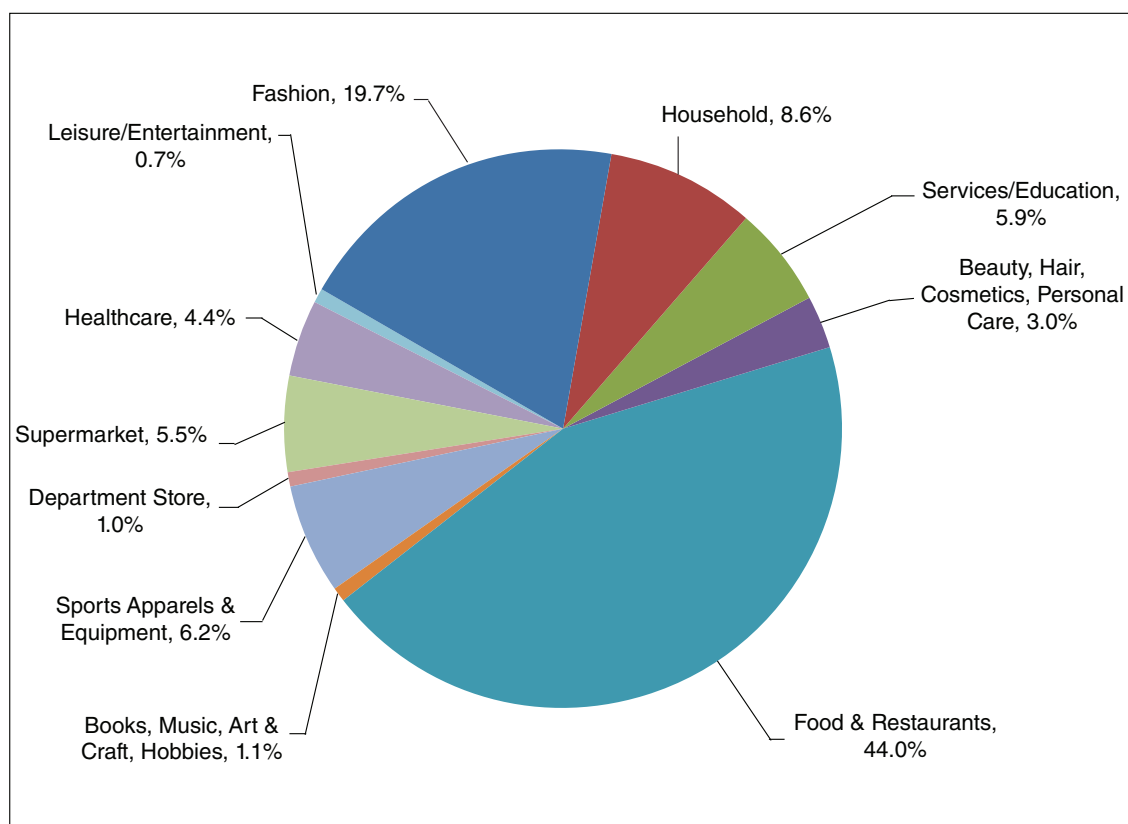
1.1 Lease Expiry Profile for Changi City Point (as at 28 February 2014)

The graph below illustrates the expiry profile (by Gross Rental Income) of Changi City Point for the period from March 2014 to September 2014 (which includes the Forecast Period) and the next five financial years (each comprising a 12-month period ending on 30 September) thereafter.



1.2 Trade Sector Analysis for Changi City Point (as at 28 February 2014)

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



1.3 Top 10 Tenants Analysis for Changi City Point (as at 28 February 2014)

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

Top 10 Tenants	Percentage Contribution to Gross Rental Income (%)
Koufu Pte Ltd	33.3
Cold Storage Singapore (1983) Pte Ltd ⁽¹⁾	
Gain City Best-Electric Pte Ltd	
Copitiam Pte Ltd ⁽²⁾	
NIKE Singapore Pte Ltd	
D & N Singapore Pte Ltd ⁽³⁾	
Tung Lok Millennium Pte Ltd	
Redina Trading Pte Ltd (Hush Puppies Outlet)	
Challenger Technologies Limited	
RE&S Enterprises Pte Ltd (Ichiban Sushi)	
Other Tenants	66.7
Total	100.0

Notes:

- (1) Includes the leases for Cold Storage supermarket, Guardian pharmacy and 7-Eleven store.
- (2) Operator of the Bagus food court at Changi City Point and Dorakeiki.
- (3) Includes the leases for Spaghetti Goemon and The Asian Kitchen.

1.4 Insurance

Changi City Point is insured in a manner which the Manager believes is consistent with good commercial practice in Singapore. The insurance coverage for Changi City Point covers industrial all risks, public liability and terrorism. There is no significant or unusual excess or deductible amounts required under such policies.

2. EXISTING PORTFOLIO

The table below sets out selected information about the Existing Portfolio as at 28 February 2014.

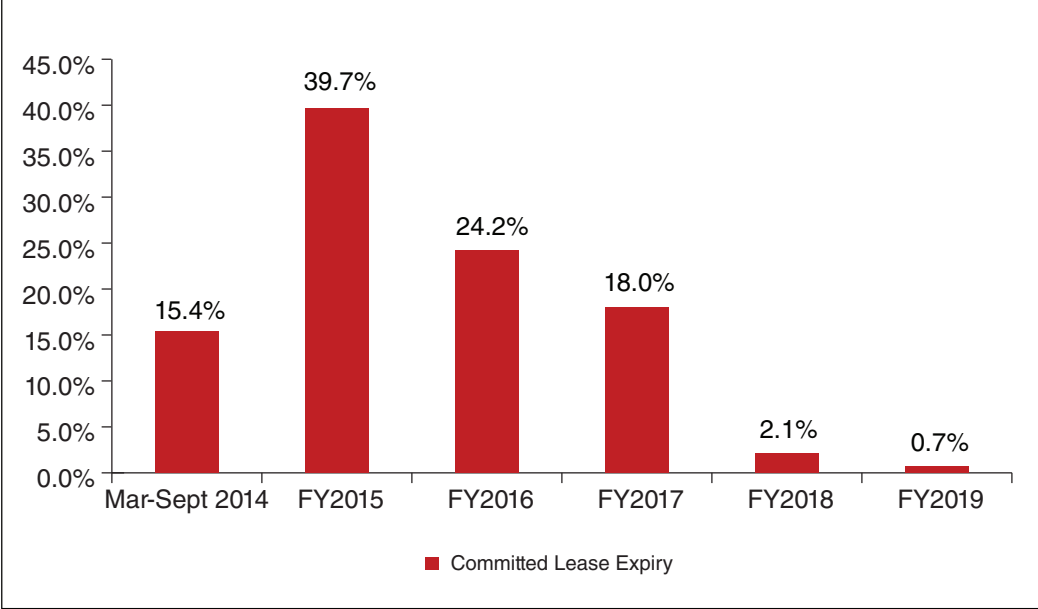
	Causeway Point	Northpoint	YewTee Point	Bedok Point	Anchorpoint
GFA (sq ft)	629,160	364,595	117,594	133,598	102,736
NLA (sq ft)	416,631	236,119	73,669	81,656	70,985
Number of Committed Leases	225	175	76	61	63
Car Park Lots	842	236	83 ⁽²⁾	76	128 ⁽¹⁾
Title	Leasehold title of 99 years commencing 30 October 1995	Leasehold title of 99 years commencing 1 April 1990	Leasehold title of 99 years commencing 3 January 2006	Leasehold title of 99 years commencing 15 March 1978	Freehold
Valuation⁽³⁾ (S\$'000)	1,006,000	638,000	161,000	128,500	86,000
Percentage of aggregate value of Existing Portfolio (%)	49.8	31.6	8.0	6.4	4.3
Committed Occupancy Rate (%)	99.7	99.3	98.0	99.3	97.6
Net Property Income for Forecast Period (S\$'000)	19,324	11,721	3,070	1,971	1,568

Notes:

- (1) Located at Anchorpoint but comprise part of the common property of a strata sub-divided mixed-use development, which in turn comprises Anchorpoint and The Anchorage (a condominium).
- (2) Part of limited common property for the exclusive benefit of YewTee Point.
- (3) Valuations as at 30 September 2013.

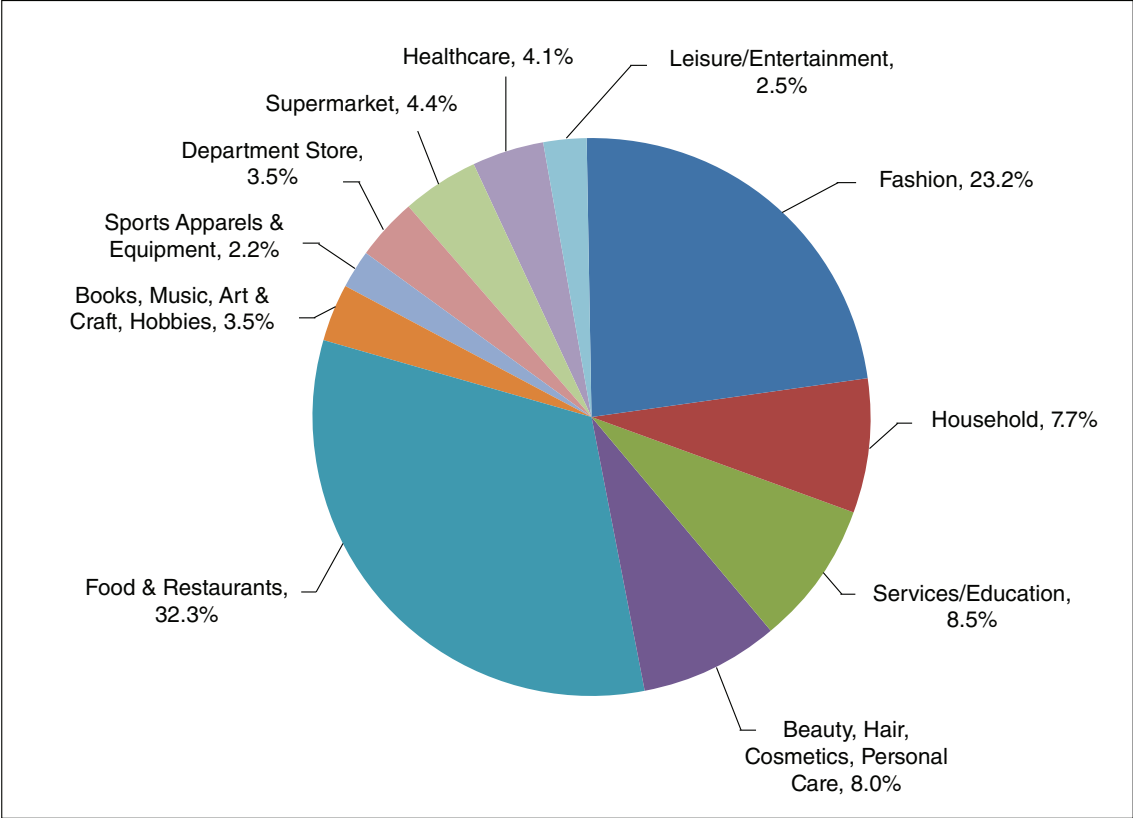
2.1 Lease Expiry Profile for the Existing Portfolio (as at 28 February 2014)

The graph below illustrates the expiry profile (by Gross Rental Income) of the Existing Portfolio for the period from March 2014 to September 2014 (which includes the Forecast Period) and the next five financial years (each comprising a 12-month period ending on 30 September) thereafter.



2.2 Trade Sector Analysis for the Existing Portfolio (as at 28 February 2014)

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



2.3 Top 10 Tenants of the Existing Portfolio (as at 28 February 2014)

The table below sets out the top 10 tenants of the Existing Portfolio by Gross Rental Income.

Top 10 Tenants	Percentage Contribution to Gross Rental Income (%)
Cold Storage Singapore (1983) Pte Ltd ⁽¹⁾	22.6
Metro (Private) Limited ⁽²⁾	
Courts (Singapore) Limited	
Copitiam Pte Ltd ⁽³⁾	
Food Republic Pte Ltd	
NTUC Fairprice Co-operative Ltd ⁽⁴⁾	
Aspial Corporation Ltd ⁽⁵⁾	
Watson's Personal Care Stores Pte Ltd	
McDonald's Restaurants Pte Ltd	
G2000 Apparel (S) Pte Ltd	
Other Tenants	77.4
Total	100.00

Notes:

- (1) Includes the leases for Cold Storage supermarkets, Guardian pharmacies and 7-Eleven stores.
- (2) Includes the leases for Metro departmental store and Clinique Service Centre.
- (3) Operator of the Kopitiam food court.
- (4) Includes the leases for NTUC Fairprice and NTUC Healthcare (Unity).
- (5) Includes the leases for Lee Hwa Jewellery, CITIGEMS, Goldheart Jewellery and Maxi-Cash.

3. ENLARGED PORTFOLIO

The table below sets out selected information about the Enlarged Portfolio as at 28 February 2014.

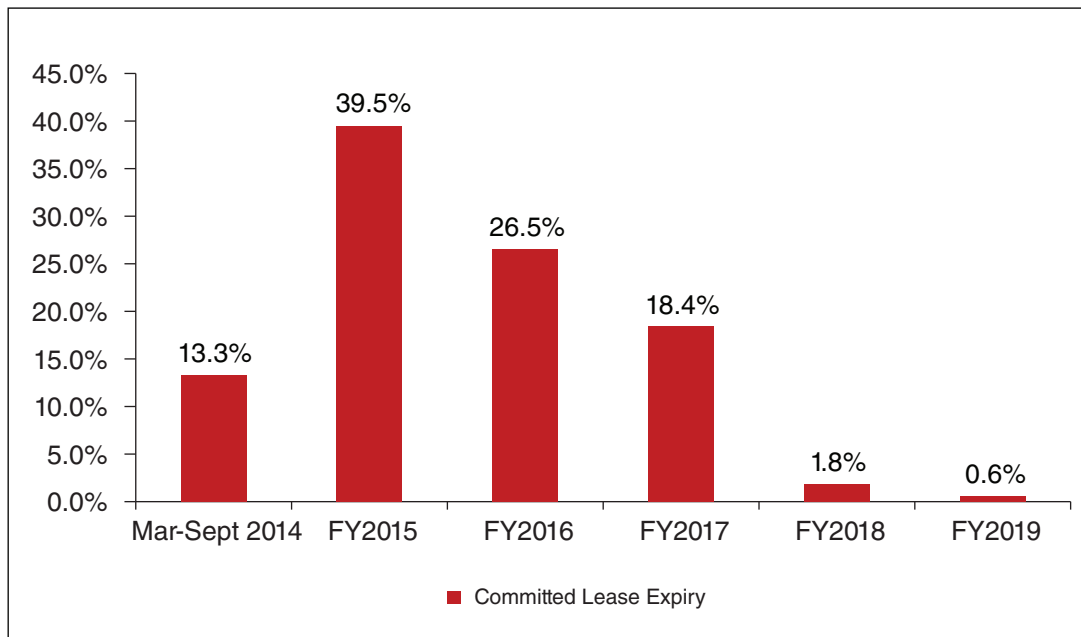
	Existing Portfolio	Changi City Point	Enlarged Portfolio
GFA (sq ft)	1,347,683	306,375	1,654,058
NLA (sq ft)	879,060	207,237 ⁽¹⁾	1,086,297
Number of Committed Leases	600	134	734
Car Park Lots	1,365 ⁽²⁾	627 ⁽³⁾	1,992 ⁽²⁾⁽³⁾
Valuation (S\$'000)	2,019,500 ⁽⁴⁾	305,000 ⁽⁵⁾	2,324,500
Committed Occupancy Rate as at 28 February 2014 (%)	99.2	97.8	99.0
Net Property Income for Forecast Period (S\$'000)	37,654	5,519	43,173

Notes:

- (1) This excludes the area of approximately 3,390.6 sq ft currently used as C&CI space.
- (2) Includes the 128 car park lots located at Anchorpoint but comprise part of the common property of a strata sub-divided mixed-use development, which in turn comprises Anchorpoint and The Anchorage (a condominium), and the 83 car park lots which are part of limited common property for the exclusive benefit of YewTee Point.
- (3) The car park lots are shared between Changi City Point, Capri By Fraser and ONE@Changi City.
- (4) Valuations as at 30 September 2013.
- (5) The Purchase Consideration for Changi City Point.

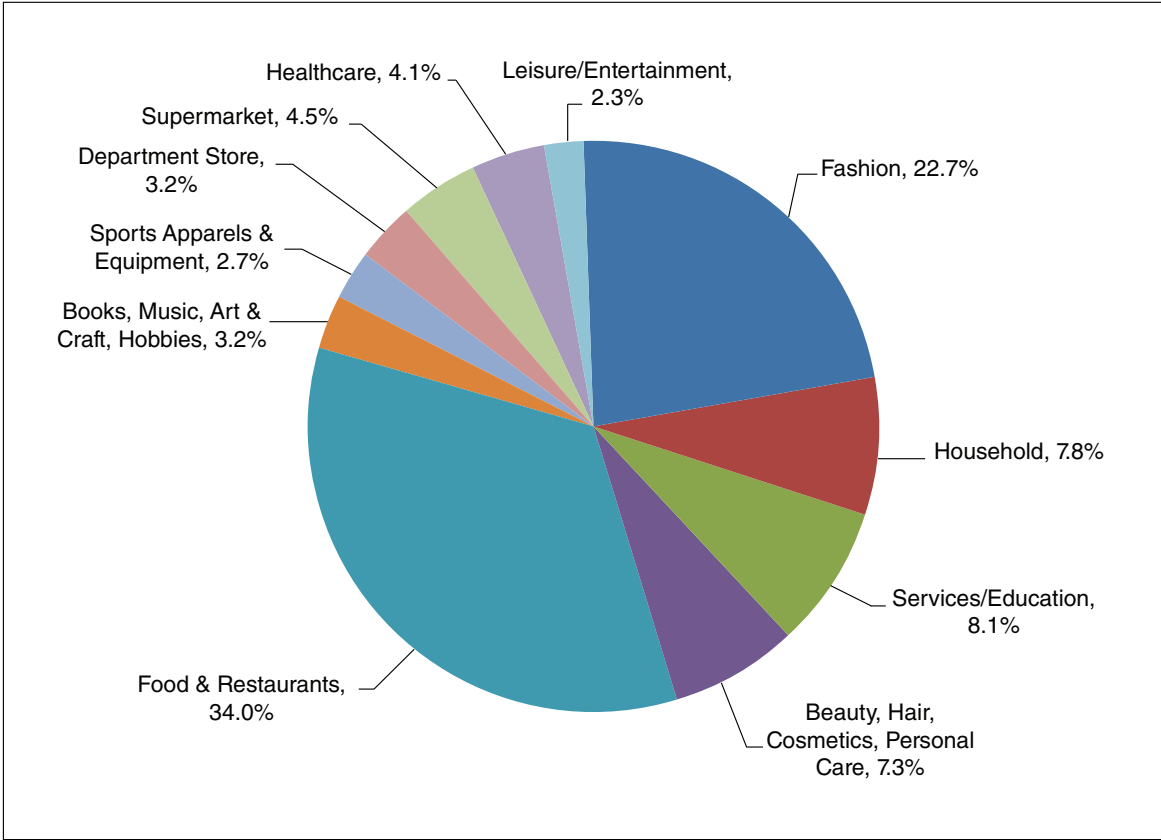
3.1 Lease Expiry Profile for the Enlarged Portfolio (as at 28 February 2014)

The graph below illustrates the expiry profile (by Gross Rental Income) of the Enlarged Portfolio for the period from March 2014 to September 2014 (which includes the Forecast Period) and the next five financial years (each comprising a 12-month period ending on 30 September) thereafter.



3.2 Trade Sector Analysis for the Enlarged Portfolio (as at 28 February 2014)

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



3.3 Top 10 Tenants of the Enlarged Portfolio (as at 28 February 2014)

The table below sets out the top 10 tenants of the Enlarged Portfolio by Gross Rental Income.

Top 10 Tenants	Percentage Contribution to Gross Rental Income (%)
Cold Storage Singapore (1983) Pte Ltd ⁽¹⁾	22.2
Metro (Private) Limited ⁽²⁾	
Courts (Singapore) Limited	
Copitiam Pte Ltd ⁽³⁾	
Koufu Pte Ltd	
Food Republic Pte Ltd	
Watson's Personal Care Stores Pte Ltd	
NTUC Fairprice Co-operative Ltd ⁽⁴⁾	
McDonald's Restaurants Pte Ltd	
Aspial Corporation Ltd ⁽⁵⁾	
Other Tenants	77.8
Total	100.0

Notes:

- (1) Includes the leases for Cold Storage supermarkets, Guardian pharmacies and 7-Eleven stores.
- (2) Includes the leases for Metro departmental store and Clinique Service Centre.
- (3) Operator of the Kopitiam and Bagus food courts and Dorakeiki.
- (4) Includes the leases for NTUC Fairprice and NTUC Healthcare (Unity).
- (5) Includes the leases for Lee Hwa Jewellery, CITIGEMS, Goldheart Jewellery and Maxi-Cash.

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PROFIT FORECAST

Statements contained in this section which are not historical facts may be forward-looking statements. Such statements are based on the assumptions set forth in this section and are subject to certain risks and uncertainties which could cause actual results to differ materially from those forecasted. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by the Manager or any other person nor that these results will be achieved or are likely to be achieved.

The following table sets out FCT's forecast consolidated statement of net income and distribution for the Forecast Period, which has been prepared in accordance with the accounting policies adopted by FCT for FY2013. In the preparation of the forecast consolidated statement of net income and distribution for the Forecast Period, specific non-cash items which have no impact on distributable income have been excluded in the presentation of the distributable income to Unitholders. The Profit Forecast has been examined by the Independent Accountants and should be read together with their report contained in **Appendix C** of this Circular as well as the assumptions and sensitivity analysis set out in Section B of this appendix.

FORECAST CONSOLIDATED STATEMENT OF NET INCOME AND DISTRIBUTION OF FCT – EXISTING ASSETS AND CHANGI CITY POINT

	Forecast Period (1 June 2014 to 30 September 2014) ⁽¹⁾		
	Existing Assets	Changi City Point	Enlarged Assets
S\$'000			
Gross Rent	48,284	8,068	56,352
Other Revenue	5,324	880	6,204
Gross Revenue	53,608	8,948	62,556
Property Manager's Fee	(2,050)	(325)	(2,375)
Property Tax	(4,823)	(713)	(5,536)
Maintenance Expenses	(5,878)	(1,487)	(7,365)
Other Property Expenses	(3,203)	(904)	(4,107)
Property Expenses	(15,954)	(3,429)	(19,383)
Net Property Income	37,654	5,519	43,173
Borrowing Costs	(5,678)		(7,226)
Trust Expenses	(556)		(589)
Manager's Management Fee	(4,009)		(4,599)
Net Income	27,411		30,759
Net Tax Adjustments ⁽²⁾	1,341		1,560
Distribution from Associate	1,499		1,499
Income Available for Distribution	30,251		33,818
Distributable Income to Unitholders⁽³⁾	30,251		33,818
Units in Issue ('000)	825,968 ⁽⁴⁾		914,246 ⁽⁵⁾
Basic DPU (cents)	3.66		3.70
Annualised DPU (cents)	10.99		11.10

Notes:

- (1) The forecast DPU will vary to the extent that the New Units under the Private Placement are issued on a date other than 1 June 2014.
- (2) These include, where applicable, non-tax deductible expenses relating to the portion of the Manager's management fee which is paid or assumed to be paid in the form of Units, amortisation of upfront fee for credit facilities, the Trustee's fee and other expenses which are not deductible for tax purposes.
- (3) Distributions for the Forecast Period are based on 100.0% of the total income available for distribution.
- (4) The average Units in issue at the end of the Forecast Period.
- (5) The average Units in issue at the end of the Forecast Period include the forecast number of Units and the assumed number of New Units to be issued (i) pursuant to the Private Placement, (ii) as payment for the Acquisition Fee and (iii) as part payment of the Manager's management fee for the Forecast Period which is assumed to be paid in the form of Units. For (i), the Illustrative Issue Price has been assumed, while an issue price of S\$1.81 per Unit has been assumed for (ii) and (iii). The assumed number of New Units to be issued under the Private Placement to part finance the Acquisition is approximately 86.5 million.

1. SECTION A: ASSUMPTIONS

The major assumptions made in preparing the Profit Forecast are set out below. The Manager considers these assumptions to be appropriate and reasonable at the date of this Circular.

1.1 Gross Revenue

Gross Revenue comprises (a) Gross Rental Income and (b) Other Revenue. A summary of the assumptions which have been used in calculating Gross Revenue for the Forecast Period is set out below:

1.1.1 Gross Rental Income

Gross Rental Income consists of base rental income (after rent rebates, refunds, credits or discounts, where applicable, but excluding turnover rent), service charge and advertising & promotion levy payable by tenants. For the majority of leases, rents payable under the lease agreements are subject to pre-determined annual increases by way of step-up clauses provided in the lease agreements. The bulk of lease terms are for two and three years, which is consistent with the market practice in Singapore.

The percentages of forecast Gross Rental Income of the Existing Portfolio and Changi City Point for the Forecast Period which are attributable to Committed Leases as at 28 February 2014 are set out in the table below.

	(%)
Existing Portfolio	92.6
Changi City Point	98.9

(i) Base rental income

In order to forecast base rental income, the Manager has, in the first instance, used rents payable under the Committed Leases. The forecast base rental incomes of the Existing Portfolio and Changi City Point for the Forecast Period are set out in the table below.

	(\$'000)
Existing Portfolio	40,775
Changi City Point	6,085

The Manager has assessed the market rent for each portion of the lettable area in each property as at 28 February 2014. The market rent is the rent which the Manager believes could be achieved if each lease was renegotiated as at 28 February 2014, and is estimated with reference to base rents payable under comparable leases that have been recently negotiated, the effects of competing retail developments, prevailing market conditions, inflation levels and tenant demand levels. If a Committed Lease expires during the Forecast Period, the Manager has assumed that the base rent for the new lease (or renewed lease) which commences in the Forecast Period, to be the market rent.

(ii) Service charge and advertising & promotion levy

The service charge and advertising & promotion levy are contributions paid by tenants towards the Property Expenses (as defined herein) of the Enlarged Portfolio. In order to forecast service charge and advertising & promotion levy, the Manager has used service charges and advertising & promotion levy payable under the Committed Leases. If a Committed Lease expires in the Forecast Period, the Manager has assumed that the service charge and advertising & promotion levy payable for the new lease (or renewed lease) will be the same as the amount payable under the existing Committed Lease. The forecast service charge and advertising & promotion levy of the Existing Portfolio and Changi City Point for the Forecast Period are set out in the table below.

	(S\$'000)
Existing Portfolio	7,509
Changi City Point	1,983

(iii) Lease renewal rate and vacancy allowance

For the leases expiring during the Forecast Period, the Manager has reviewed the details of each of these leases with regards to the likelihood of renewal. There are no committed leases of Changi City Point expiring in the Forecast Period. Based on the Manager's assessment, leases of the Existing Portfolio expiring in the Forecast Period which are expected to be renewed constitute 7.5% of the Gross Rental Income of the Existing Portfolio for the Forecast Period.

For the balance of the leases of the Existing Portfolio expiring during the Forecast Period which are assumed not to be renewed, vacancy allowances are assumed before rent becomes payable under new leases. The average vacancy allowance that has been assumed is two months.

(iv) Occupancy rate

The forecast average occupancy rates (weighted by NLA) for the Existing Portfolio and Changi City Point for the Forecast Period are set out in the table below.

	(%)
Existing Portfolio	99.1
Changi City Point	94.4

In preparing the figures in the table above, the Manager has carefully reviewed the current tenancy status and profiles of the Enlarged Portfolio, having regard to, among others, current market conditions and the general business conditions of the Enlarged Portfolio. For prudence, reasonable allowances for lease pre-terminations and other forms of rental income disruptions that may happen from time to time and for various reasons in the ordinary course of business of multi-tenanted retail malls, have been incorporated.

1.1.2 Other Revenue

Other Revenue includes turnover rent, revenue from car parking facilities, licence fees, revenue from casual leasing (such as kiosks and atrium space), and other miscellaneous income.

(i) Turnover rent

The majority of tenants have provisions in their leases for the payment of turnover rent (generally computed as a fixed percentage of monthly sales turnover) in addition to the Gross Rental Income. In order to forecast turnover rent for the Enlarged Portfolio, the Manager has reviewed the average historical turnover rent figures for each tenant that pays turnover rent. Where historical turnover rent figures are not available, the Manager has estimated the tenant's expected sales turnover, based on information provided by the tenant and having regards to the business activity of the tenant and other relevant factors.

As at 28 February 2014, the percentage (by NLA) of leases with turnover rent provisions out of all the Committed Leases in the Existing Portfolio and Changi City Point are set out in the table below.

	(%)
Existing Portfolio	80.6
Changi City Point	95.0

For the Forecast Period, the percentage of turnover rent to the Gross Revenue of the Existing Portfolio and Changi City Point are set out in the table below.

	(%)
Existing Portfolio	5.0%
Changi City Point	6.1%

(ii) Other revenue (excluding turnover rent)

The assessment of other revenue (excluding turnover rent) is based on existing agreements, historical income collections and the Manager's assessment of the business operations and conditions of the Enlarged Portfolio. For the Forecast Period, the percentage contributions of other income (excluding turnover rent) to the Gross Revenue of the Existing Portfolio and Changi City Point are set out in the table below.

	(%)
Existing Portfolio	5.4
Changi City Point	3.7

1.2 Property Expenses

Property expenses consist of (a) Property Manager's fee, (b) property tax, (c) maintenance expenses and (d) other miscellaneous property expenses. A summary of the assumptions which have been used in deriving the Property Expenses for the Forecast Period is set out below:

1.2.1 Property Manager's Fee

Pursuant to the Property Management Agreement, the Property Manager's fees are based on a fee of 2.0% per annum of the Gross Revenue for each property, plus a fee of 2.0% per annum of the NPI (calculated before accounting for the Property Manager's fees in that financial period) for each property, and a fee of 0.5% per annum of the NPI (calculated before accounting for the Property Manager's fees in that financial period) for each property, in lieu of leasing commissions otherwise payable to the Property Manager and/or third party agents.

1.2.2 Property Tax

It has been assumed that the applicable property tax rate for the Enlarged Portfolio for the Forecast Period will remain at the prevailing 10.0%. Property tax for the Forecast Period is computed based on the base rental income and rental income from kiosks, car park income (net of associated operating expenses) and any other income that are taxable.

1.2.3 Maintenance Expenses

Maintenance expenses include the general repairs and maintenance costs of, as well as non-capital expenditures to improve, the Enlarged Portfolio. The Manager adopts a policy of regular maintenance on all operating aspects of the Existing Portfolio and plans to do the same for Changi City Point. These regular maintenance costs are expensed as incurred.

In the case of Anchorpoint, the Anchorpoint Management Corporation is responsible for the repair, maintenance and operation of, as well as the capital expenditure and improvement works relating to, the common property of Anchorpoint Development¹. The maintenance expenses for Anchorpoint include the contributions to the management fund and sinking fund established by the Anchorpoint Management Corporation.

In the case of YewTee Point, the YewTee Point Management Corporation is responsible for the repair, maintenance and operation of, as well as the capital expenditure and improvement works relating to, the common property of YewTee Development² including the limited common property for the exclusive benefit of YewTee Point. The maintenance expenses for YewTee Point include the contributions to the management fund and sinking fund established by the YewTee Point Management Corporation³ and the subsidiary management corporation of the limited common property in the YewTee Development which are for the exclusive benefit of YewTee Point.

¹ Located at Anchorpoint but are part of common property of strata sub-divided mix-use development, which comprises Anchorpoint and The Anchorage (a condominium) (collectively, the "**Anchorpoint Development**"), managed by the Management Corporation Strata Title Plan No. 2304, being the Management Corporation of the Anchorpoint Development (the "**Anchorpoint Management Corporation**") established under the Building Maintenance & Strata Management Act.

² The mix-use development comprising YewTee Point and YewTee Residences.

³ The Management Corporation Strata Title Plan No. 3516, being the management corporation of YewTee Development established under the Building Maintenance & Strata Management Act.

For each property in the Enlarged Portfolio, an individual assessment has been made of the repairs and maintenance expenses for the Forecast Period, on the basis of, among others, the general state of repair of the Enlarged Portfolio, actual historical repairs and maintenance expenses and the rates under the existing service and maintenance contracts with suppliers. For the Forecast Period, the estimated maintenance expenses, expressed as a percentage of Gross Revenue for the Existing Portfolio and Changi City Point, are set out in the table below.

	(%)
Existing Portfolio	11.0
Changi City Point	16.6

The figure for Changi City Point is comparatively higher as it is a small property relative to some of the larger properties in the Existing Portfolio and therefore does not enjoy similar economies of scale.

1.2.4 Other Property Expenses

Other property expenses include advertising and promotional expenses, expenses associated with the operation of car parking facilities, insurance costs, allowance for doubtful receivables and general and administrative expenses.

For each property in the Enlarged Portfolio, an individual assessment has been made of such property expenses for the Forecast Period, on the basis of, among others, actual historical expenses and existing service and maintenance contracts with suppliers.

For the Forecast Period, the estimated other property expenses, expressed as a percentage of Gross Revenue for the Existing Portfolio and Changi City Point, are set out in the table below.

	(%)
Existing Portfolio	6.0
Changi City Point	10.1

The figure for Changi City Point is comparatively higher as it is a small property relative to some of the larger properties in the Existing Portfolio and therefore does not enjoy similar economies of scale.

1.3 Manager's Management Fee

The Manager's management fee comprises a base fee of 0.3% per annum of the value of the Deposited Property and a performance fee of 5.0% per annum of FCT's NPI.

In the Profit Forecast, 20.0% of the Manager's aggregate management fee is assumed to be paid in the form of Units and the balance in cash. The portion of the Manager's management fee payable in the form of Units is payable quarterly in arrears and the portion of the Manager's management fee payable in cash is payable monthly in arrears.

1.4 Trust Expenses

Trust expenses comprise FCT's recurring operating expenses such as Trustee's fee, annual listing fee, registry fees, audit and tax advisory fees, valuation fees, costs associated with the preparation and distribution of reports to Unitholders, investor communication costs and other miscellaneous expenses.

The Trustee's fee is presently charged on a scaled basis not exceeding 0.1% per annum of the value of the Deposited Property, subject to a minimum of S\$9,000 per month, excluding out-of-pocket expenses and GST.

1.5 Distributions from Associate

Distribution from associate refers to distribution income (net of withholding tax) received from FCT's investment in 31.17%¹ of the units in Hektar Real Estate Investment Trust listed on the Main Board of Bursa Malaysia Securities Berhad. The distribution amount for the Forecast Period is estimated based on actual historical distributions received in the previous corresponding period.

1.6 Borrowing Costs

The Manager has assumed an all-in, effective average interest rate of 2.90% per annum (including margin and amortisation of upfront fee for credit facilities) for the borrowings that will be taken up to part finance the acquisition of Changi City Point. As a point of reference, the 3-year and 5-year Singapore dollar swap offer rate was 1.00% and 1.68% per annum, respectively, as at the Latest Practicable Date. The Manager has assumed a blended interest rate of 2.88% for the borrowings of the Existing Assets.

1.7 Capital Expenditure

The Manager has made allowances for the forecast capital expenditures based on the budget for regular capital expenditure for the Existing Portfolio and Changi City Point, as shown in the table below. It has been assumed that such capital expenditure will be funded by borrowings. Such capital expenditure incurred is capitalised as part the Deposited Property and has no impact on the income statements and distributions of FCT other than in respect of interest incurred on the borrowings.

	(S\$'000)
Existing Portfolio	6,237
Changi City Point	192

1.8 Investment Properties

As at 28 February 2014, the Manager has made a hypothetical assumption that the carrying value for the Existing Portfolio is S\$2.0 billion (based on the aggregate valuation of the Existing Portfolio by independent professional valuers as at 30 September 2013) adjusted for subsequent capitalised capital expenditure. It has been assumed that the property valuations of the Existing Portfolio for the Forecast Period will only increase by the amount of forecast capital expenditure shown in paragraph 1.7 above. This assumption is made when estimating the value of the Deposited Property for the purposes of forecasting the base fee component in the Manager's management fee and the Trustee's fee.

¹ Comprising 124.9 million units out of a total of 400.6 million units in Hektar Real Estate Investment Trust as at the Latest Practicable Date.

The carrying value for Changi City Point is hypothetically assumed to be S\$305.0 million. It has been assumed that the valuation of Changi City Point for the Forecast Period will only increase by the amount of forecast capital expenditure shown in paragraph 1.7 above. This assumption is made when estimating the value of the Deposited Property for the purposes of forecasting the base fee component in the Manager's management fee and the Trustee's fee.

1.9 Accounting Standards

The Manager has assumed that there is no significant change in applicable accounting standards or other financial reporting requirements during the Forecast Period that may have a material bearing on the forecast distributable income of FCT.

1.10 Other Assumptions

The Manager has made the following additional assumptions in preparing the Profit Forecast:

- Other than the acquisition of Changi City Point, the property portfolio remains unchanged;
- There will be no material change to the respective carrying value of the property assets and other investments held by FCT;
- Other than for the purposes mentioned in this Circular, there will be no further capital raised during the Forecast Period;
- There will be no material change to the taxation legislation or other legislation;
- There will be no material change to the tax ruling dated 15 March 2006 issued by the Inland Revenue Authority of Singapore on the taxation of FCT and the Unitholders;
- All leases and licences are enforceable and will be performed in accordance with their terms; and
- 100% of FCT's distributable income in respect of the Forecast Period will be distributed.

2. SECTION B: SENSITIVITY ANALYSIS FOR THE EXISTING PORTFOLIO AND THE ACQUISITION

The Profit Forecast is based on a number of key assumptions that have been outlined earlier in this appendix.

Unitholders should be aware that future events cannot be predicted with any certainty and deviations from the figures forecast in this Circular are to be expected. To assist Unitholders in assessing the impact of these assumptions on the Profit Forecast, the sensitivity of DPU to changes in the key assumptions is set out below.

The sensitivity analysis below is intended as a guide only and variations in actual performance could exceed the ranges shown. Movements in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

Unless otherwise stated, the sensitivity analysis has been prepared using the same assumptions as those set out earlier in this appendix.

2.1 Gross Revenue

Changes in the Gross Revenue will impact the NPI of FCT. The impact of variations in Gross Revenue on DPU is set out in the table below.

Impact on DPU pursuant to changes in Gross Revenue for the Forecast Period

Based on the Illustrative Issue Price	Distribution per Unit (cents)
	Existing Assets with Changi City Point
Gross Revenue is 1.0% above Base Case	11.30
Base Case ⁽¹⁾	11.10
Gross Revenue is 1.0% below Base Case	10.89

Note:

- (1) Refers to the relevant figures appearing in, or underlying, the “Forecast Consolidated Statement of Net Income and Distribution of FCT – Existing Assets and Chang City Point” under paragraph 4.5 of the Letter to Unitholders.

2.2 Property Expenses

Changes in Property Expenses will impact the NPI of FCT. The impact of variations in Property Expenses on DPU is set out in the table below.

Impact on DPU pursuant to changes in Property Expenses for the Forecast Period

Based on the Illustrative Issue Price	Distribution per Unit (cents)
	Enlarged Assets
Property Expenses are 2.5% above Base Case	10.94
Base Case ⁽¹⁾	11.10
Property Expenses are 2.5% below Base Case	11.26

Note:

- (1) Refers to the relevant figures appearing in, or underlying, the “Forecast Consolidated Statement of Net Income and Distribution of FCT – Existing Assets and Chang City Point” under paragraph 4.5 of the Letter to Unitholders.

2.3 Borrowing Costs

Changes in interest rates in respect of the borrowings to be incurred to part finance the acquisition of Chang City Point and to finance capital expenditure and other additions as well as other loans which are subject to refinancing under the Forecast Period will impact the financing costs, and therefore the distributable income of FCT. The impact of variations in interest rate on DPU is set out in the table below.

Impact on DPU pursuant to changes in Borrowing Costs for the Forecast Period

Based on the Illustrative Issue Price	Distribution per Unit (cents)
	Enlarged Assets
Interest Rates are 25 Basis Points above Base Case	11.05
Base Case ⁽¹⁾	11.10
Interest Rates are 25 Basis Points below Base Case	11.14

Note:

- (1) Refers to the relevant figures appearing in, or underlying, the “Forecast Consolidated Statement of Net Income and Distribution of FCT – Existing Assets and Chang City Point” under paragraph 4.5 of the Letter to Unitholders.

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INDEPENDENT ACCOUNTANTS' REPORT ON THE PROFIT FORECAST

12 May 2014

The Board of Directors
Frasers Centrepoint Asset Management Ltd.
(as Manager of Frasers Centrepoint Trust)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

HSBC Institutional Trust Services (Singapore) Limited
(as Trustee of Frasers Centrepoint Trust)
21 Collyer Quay
#10-02 HSBC Building
Singapore 049320

Dear Sirs,

Letter from the Independent Accountants on the Profit Forecast for the financial period from 1 June 2014 to 30 September 2014

This letter has been prepared for inclusion in the circular to unitholders dated 12 May 2014 (the "Circular") to be issued by Frasers Centrepoint Trust ("FCT") in connection with the proposed acquisition of Changi City Point and the proposed issue of up to 90.0 million new units to part finance the acquisition of Changi City Point (the "Acquisition").

The directors of Frasers Centrepoint Asset Management Ltd. (the "Directors") are responsible for the preparation and presentation of the forecast consolidated statement of net income and distribution of the existing assets of FCT and Changi City Point for the financial period from 1 June 2014 to 30 September 2014 (the "Profit Forecast"), as set out in Appendix B of the Circular, which have been prepared on the basis of the assumptions as set out on pages B-1 to B-11 of the Circular.

We have examined the Profit Forecast in accordance with Singapore Standards on Assurance Engagements (SSAE) 3400, The Examination of Prospective Financial Information, issued by the Institute of Singapore Chartered Accountants ("ISCA"). The Directors are solely responsible for the Profit Forecast including the assumptions set out on pages B-1 to B-11 of the Circular on which the Profit Forecast is based.

Based on our examination of the evidence supporting the relevant assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Forecast. Further, in our opinion, the Profit Forecast, so far as the accounting policies and calculations are concerned, is properly prepared on the basis of the assumptions and is presented in accordance with Recommended Accounting Practice (RAP) 7, Reporting Framework for Unit Trusts (but not all the required disclosures), issued by ISCA, which is the framework adopted by FCT in the preparation of its financial statements.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the Profit Forecast since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those forecasted. For these reasons set out above, we do not express any opinion as to the possibility of achievement of the Profit Forecast.

Attention is drawn, in particular, to the sensitivity analysis of the Profit Forecast as set out in Section B of Appendix B of the Circular.

This letter has been prepared for inclusion in the Circular of FCT to be issued in connection with the Acquisition and should not be used for any other purpose.

Yours faithfully,

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore

(Partner-in-charge: Nagaraj Sivaram)

VALUATION CERTIFICATES



VALUATION CERTIFICATE

Property	: 5 Changi Business Park Central 1 "Changi City Point" Singapore 486038
Client	: Frasers Centrepoint Asset Management Ltd. (as Manager of Frasers Centrepoint Trust)
Purpose	: Acquisition and Corporate Finance
Legal Description	: Part of Land Lot No. : 10950L Mukim : 27
Tenure	: Leasehold 60 years commencing 30 April 2009 (balance of about 55.2 years as at 1 March 2014)
Basis Of Valuation	: Market Value subject to existing tenancies, occupational arrangements and proper strata subdivision
Registered Lessor/Lessee	: Leased from JTC Corporation to Ascendas Frasers Pte. Ltd.
Land Area of Lot No. 10950L Mukim 27	: 46,969.0 sm
Master Plan 2008	: "Business Park - White" with a gross plot ratio of 2.5
Brief Description	: Changi City Point is a 3-storey retail complex with a basement level. It is the retail component of Changi City – an integrated retail, hotel and business park development. It is located directly opposite the Expo MRT station and next to the proposed Expo Downtown Line station (under construction). The Property accommodates retail units, restaurants, food courts, food outlets, a supermarket, kiosks and schools from Basement 1 to 2nd storey. The 3rd storey is used as Civic & Community Institution (C&CI) space. An outdoor dry and wet playground and a tree-house trail for children are located on the 2nd storey. Also located on the 3rd storey are a landscaped rooftop garden with interactive art installations and the "Arena @ L3" – an outdoor performing area. The Property was completed in 2011.
Tenancy Profile	: Cold Storage Singapore (1983) Pte Ltd, Copitiam Pte Ltd, Tung Lok Millennium Pte Ltd, Challenger Technologies Limited, Gain City Best-Electric Pte Ltd, Koufu Pte Ltd, NIKE Singapore Pte Ltd and retail non-major tenancies
Gross Floor Area	: 28,463.21 sm
Net Lettable Area	: 19,253.0 sm, excluding C&CI space of 315.0 sm
Valuation Approaches	: Capitalisation Approach and Discounted Cash Flow Analysis
Date Of Valuation	: 1 March 2014
Market Value	: S\$306,000,000/- (Singapore Dollars Three Hundred And Six Million Only)
Assumptions, Disclaimers, Limitations & Qualifications	: <i>This valuation certificate is provided subject to the assumptions, disclaimers, limitations and qualifications detailed throughout this certificate which are made in conjunction with those included within the Limiting Conditions located at the end of this certificate. Reliance on this certificate and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. Use by, or reliance upon this document for any other purpose if not authorized, Knight Frank Pte Ltd is not liable for any loss arising from such unauthorized use or reliance. The document should not be reproduced without our written authority. The valuer has no pecuniary interest that would conflict with the proper valuation of the property.</i>
Prepared By	: Knight Frank Pte Ltd

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LIMITING CONDITIONS

This Valuation Certificate is subject to the following limiting conditions:

- (1) The Valuer's responsibility in connection with this certificate is limited to the client to whom the certificate is addressed. The Valuer disclaims all responsibility and will accept no liability to any other party.
- (2) Reproduction of this certificate in any manner whatsoever in whole or in part or any reference to it in any published document, circular or statement without the Valuer's prior written approval of the form and context in which may appear is prohibited.
- (3) The opinion expressed in this certificate is made strictly in accordance with the terms and for the purpose expressed therein and the values assessed and any allocation of values between portions of the property need not be applicable in relation to some other assessment.
- (4) All liens and encumbrances, if any, affecting the property have been disregarded unless otherwise stated and it is assumed that the current use of the property is not in contravention of any planning or other governmental regulation or law.
- (5) The Valuer does not warrant to the client to whom the certificate is addressed and any other person the title or the rights of any person with regard to the property.
- (6) Unless otherwise stated all information has been obtained by our search of records and examination of documents or by enquiry from Government departments or other appropriate authorities. When it is stated in this certificate that information has been supplied to the Valuer by another party, this information is believed to be reliable and the Valuer shall not be held responsible or liable if this should prove not to be so.
- (7) While due care is taken to note building defects in the course of inspection, no structural survey is made and no guarantee is given in respect of rot, termite or pest infestation or other hidden defects.
- (8) The Valuer is not obliged to give testimony or to appear in Court with regard to this certificate, with reference to the property unless specific arrangement has been made therefor.



VALUATION CERTIFICATE

- Address of Property** : 5 Changi Business Park Central 1
CHANGI CITY POINT
Singapore 486038
- Our Reference** : 2013/225
- Valuation Prepared for** : HSBC Institutional Trust Services (Singapore) Limited (as Trustee of
Fraser's Centrepoint Trust).
- Legal Description** : Lot 10950L Mukim 27
- Tenure** : 60-year lease commencing on 30 April 2009 (balance of
approximately 55.2 years un-expired term)
- Registered Lessee(s)/
Proprietor(s)** : Ascendas Frasers Pte Ltd
- Brief Description** : The subject property is located at Changi Business Park Central 1,
off Changi South Avenue 1/Changi South Avenue 2, in the heart of
Changi Business Park. It is approximately 14 km from the City
Centre. Vehicular access to the subject property is via Changi
Business Park Central 1.
- Changi City Point is a 3-storey with a basement level retail mall. It
started trading since end-2011 and was officially opened in April
2012.
- The shopping mall provides a wide range of trades and services
such as food court, F&B outlets, supermarket, household services,
electronica/ electronics, furniture, health care/ pharmacy services,
sports/ fashion/ accessories, jewelry and hair & beauty, amongst
others. In addition, #03-01 within the mall accommodates a Civic &
Community Institution space occupied by Very Special Arts
Singapore. The building also incorporates a rooftop outdoor
amphitheater for art performances and activities.
- There are a total of 627 car parking lots within Changi City shared by
ONE@Changi City, Capri By Fraser and Changi City Point.
However, we have been instructed to exclude the car parking lots in
our valuation as they will be part of the common property.
- All essential public services and tele-communication services are
connected.
- Land Area** : 46,969.0 sm
- Gross Floor Area** : 28,463.1 sm, as provided and subject to final survey
- Lettable Floor Area** : Approximately 19,253.0 sm excluding the lettable area of about
315.0 sm for #03-01 which is used as Civic & Community Institution
space.



Year Of Completion	:	The Temporary Occupation Permit for Changi City Point was issued on 7 September 2011.
Condition	:	Good state of repair and maintenance.
Tenancy Brief	:	Based on latest information provided to us, the subject property is about 98.0% let at a total monthly gross rental of S\$1,946,450 /-. The monthly service charge is generally at S\$1.80 psf and advertising & promotion fee is generally at S\$0.60 psf. Major tenants in the Changi City Point include Cold Storage Supermarket, Koufu, Gain City, Bagus, Nike Factory Store, Challenger and Tung Lok Signatures, etc.
Annual Land Rent	:	Nominal (currently waived)
Annual Value	:	S\$21,138,500/-
Master Plan Zoning (2008 Edition)	:	Business Park – White 40 with plot ratio of 2.5
Permitted Use	:	For Business Park, Retail and Hotel activities only and for no other purpose whatever
Basis Of Valuation	:	As-Is Basis and subject to existing tenancies
Valuation Approach	:	Income Capitalisation Method, Discounted Cashflow Analysis and Direct Comparison Method
Capitalisation Rate	:	5.75%
Discount Rate	:	7.75%
Terminal Cap Rate	:	6.25%
Internal Rate Of Return	:	7.86%
Date of Valuation	:	1 March 2014
Market Value	:	S\$304,000,000/- (Singapore Dollars Three Hundred And Four Million Only)

Colliers International Consultancy & Valuation (Singapore) Pte Ltd

KH/CN/ha

This valuation certificate is subject to the attached Limiting Conditions.

5 Changi Business Park Central 1
CHANGI CITY POINT
Singapore 486038
Our Ref : 2013/225

Page 2





LIMITING CONDITIONS

1. Values are reported in Singapore currency unless otherwise stated.
2. In our valuation it is presumed that the property as currently used is not in contravention of any planning or similar regulations. We shall not be responsible if it is otherwise.
3. For obvious reasons, we do not and cannot provide information relating to government acquisitions unless the land has already been gazetted for acquisition.
4. No requisition on road, MRT, LRT, drainage and other government proposals has been made. Such information will not be tendered unless specifically requested for and we be properly reimbursed.
5. While due care is exercised in the course of our inspection to note any serious defects, we will not (and are not qualified to) carry out a structural, geotechnical or environmental survey. We will not inspect those parts of the property that are unexposed or inaccessible. Further, we will not be able to report that the building is free from rot, infestations or other defects. The building services will not be tested but will be presumed to be in good working order. We recommend that appropriately qualified persons be engaged to undertake investigations excluded from our scope of work.
6. Neither the whole nor any part of this valuation report or any reference to it may be included in any document, circular or statement or be published in any way without our prior written consent to the form and context in which it may appear. We shall bear no responsibility for any unauthorised inclusion or publication and reserve the right to claim for any loss, liability, costs or expenses (including but not limited to professional or executive time) we may suffer or reasonably incur, directly or indirectly, as a result of a breach of this clause.
7. In accordance with our usual practice, we must state that this valuation report is restricted to the client or person to whom this valuation report is specifically addressed to and for the specific purpose stated therein and to be used within a reasonable time. We disclaim any liability should it be used by any other person or for any other purpose(s) or beyond a reasonable time.
8. Where it is stated in the valuation report that information has been supplied to us by another party, the information is presumed to be reliable and we do not accept any responsibility should it be proven otherwise. The study of possible alternative development options and the related economics are not within the scope of this report unless expressly stated.
9. Our opinion of the market value of the property is free from any influence and/or point of views of any other parties.
10. Any market projections incorporated within our services including but not limited to, income, expenditure, associated growth rates and other variables are projections only and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.
11. No allowance will be made in our valuation report for any charges, mortgages or other claims affecting the property nor for any costs, expenses, taxation or outgoings which may be involved in any transaction of the property.
12. The title to the property is presumed to be good and marketable and, unless mentioned in this valuation report, be free from any encumbrances, restrictions and other legal impediments. We accept no responsibility for investigations into title, searches and requisitions and other such legal matters.
13. Any plans included in this report are for identification purposes only and should not be treated as certified copies of areas or other particulars contained therein.
14. All Location Plans are obtained from Streetdirectory.com. Whilst we do make every endeavour to update the maps as far as it is possible, we do not vouch for the accuracy of the maps and shall not be responsible if it is otherwise.
15. We shall not be required to give testimony or to appear in court or any other tribunal or to any government agency by reason of this valuation report or with reference to the property in question unless prior arrangements have been made and we be properly reimbursed. For the avoidance of doubt, our directors and employees shall have no liability in respect of their private assets. The amount of aggregate liability of Colliers is limited to the fee for this service.

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**LETTER FROM DELOITTE AND TOUCHE CORPORATE FINANCE PTE LTD
TO THE INDEPENDENT DIRECTORS OF FRASERS CENTREPOINT
ASSET MANAGEMENT LTD.**

INDEPENDENT FINANCIAL ADVISER'S LETTER

DELOITTE & TOUCHE CORPORATE FINANCE PTE LTD

(Incorporated in the Republic of Singapore)
Company Registration Number: 200200144N)

12 May 2014

The Independent Directors of
Frasers Centrepoint Asset Management Ltd.
(as Manager of Frasers Centrepoint Trust)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

HSBC Institutional Trust Services (Singapore) Limited
(as Trustee of Frasers Centrepoint Trust)
21 Collyer Quay
#10-02 HSBC Building
Singapore 049320

Dear Sirs

- (A) THE PROPOSED ACQUISITION OF CHANGI CITY POINT AS A RELATED PARTY TRANSACTION**
- (B) THE PROPOSED PLACEMENT OF NEW UNITS TO FRASERS CENTREPOINT LIMITED AND/OR ANY OF ITS SUBSIDIARIES AS A RELATED PARTY TRANSACTION**

*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the draft circular dated 12 May 2014 to the unitholders of Frasers Centrepoint Trust (the "**Circular**").*

1. INTRODUCTION

FCT is a Singapore-domiciled retail real estate investment trust. It was listed on the Main Board of Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 5 July 2006 and is managed by Frasers Centrepoint Asset Management Ltd. (the "**Manager**"). The Manager is a real estate management company that is a subsidiary of Frasers Centrepoint Limited ("**FCL**"). FCT's principal activity is to invest in income-producing properties used primarily for retail purposes in Singapore and overseas. As at 30 September 2013, FCT's portfolio comprised five suburban malls in Singapore with an aggregate appraised value of approximately S\$2.0 billion. FCT also owns a 31.17% equity stake in the Bursa Malaysia-listed Hektar REIT.

The Acquisition

On 8 April 2014, the Trustee entered into the conditional sale and purchase agreement with Ascendas Frasers Pte. Ltd. (the “**Vendor**”), to acquire the property known as Changi City Point¹ (“**Changi City Point**” or the “**Property**”), together with the plant and equipment (the “**Acquisition**”). The Vendor is a joint venture between FCL and Ascendas Development Pte. Ltd. FCL holds an indirect 50.0% interest in the Vendor through its wholly-owned subsidiary, FCL Emerald (1) Pte. Ltd. The purchase consideration for the Property is agreed at S\$305.0 million (the “**Purchase Consideration**”) and was arrived at on a willing-buyer and willing-seller basis and based on the two independent valuations.

The FCL Group Placement

The Manager intends to finance the Acquisition with a combination of equity and debt financing so as to ensure that the Acquisition will provide overall DPU accretion to Unitholders while maintaining an optimum level of gearing. The final decision regarding the proportion of equity and debt financing to be employed for the purposes of financing the acquisition will be made by the Manager at the appropriate time taking into account the then prevailing market conditions. Details of the methods of financing of the Acquisition are set out in Paragraph 4.1 of the Letter to Unitholders in the Circular. The equity financing is proposed to comprise a private placement of up to 90.0 million New Units (which is equivalent to up to approximately S\$155.7 million² or 10.9% of the 825,400,343 Units in issue as at 5 May 2014, being the latest practicable date prior to the printing of the Circular (the “**Latest Practicable Date**”). To enable FCL and/or any of its subsidiaries (collectively, the “**FCL Group**”) to be in a position to support FCT, the Manager is seeking Unitholders’ approval for the FCL Group to subscribe for such number of New Units under the Private Placement up to its proportionate pre-placement unitholding in FCT, in percentage terms³ (the “**FCL Group Placement**”). The New Units placed to the FCL Group under the FCL Group Placement will be issued at the same price as the New Units issued to other investors under the Private Placement.

As at the Latest Practicable Date, FCL holds an aggregate deemed interest in 339,270,343 Units (which is equivalent to approximately 41.1% of the 825,400,343 Units in issue and is therefore regarded as a “controlling Unitholder” of FCT under both the Listing Manual of the SGX-ST (the “**Listing Manual**”) and Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the “**Property Funds Appendix**”). As FCL holds an indirect 50.0% interest in the Vendor, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Vendor (being an associate of a controlling Unitholder) is considered an “interested person” of FCT under the Listing Manual and an “interested party” of FCT under the Property Fund Appendix. Therefore the Acquisition will constitute an “interested person transaction” under Chapter 9 of the Listing Manual as well as an “interested party transaction” under Paragraph 5 of the Property Funds Appendix. Similarly, the FCL Group Placement also constitutes an “interested person transaction” under Chapter 9 of the Listing Manual.

As the consideration for the Acquisition exceeds 5% of the latest audited NAV of S\$1,462.4 million and the value of New Units placed to the FCL Group under the FCL Group Placement may also exceed this threshold, the Manager is seeking the approval of the Unitholders for

¹ Being the whole of Strata Lot U49285C together with Accessory Lots A101C, A102M, A103W and A104V, all of Mukim 27 together with the building comprised thereon and known as 5 Changi Business Park Central 1, Changi City Point, Singapore 486038.

² Based on the Illustrative Issue Price of S\$1.73.

³ This excludes the Units to be issued to the Manager as payment of the Acquisition Fee (the “**Acquisition Fee Units**”).

the Acquisition and the FCL Group Placement. We note that the Manager is also seeking Unitholders' approval for the Private Placement (Resolution 2). In the event that Unitholders do not approve Resolution 2 (the Private Placement), the Manager will not proceed with Resolution 3 (the FCL Group Placement).

2. TERMS OF REFERENCE

We have been appointed as the independent financial adviser to the Independent Directors of the Manager in respect of whether the Acquisition and the FCL Group Placement (collectively the "**Proposed Transactions**") are on normal commercial terms and are not prejudicial to the interests of FCT and its minority Unitholders. This letter, which sets out our evaluation for the Independent Directors in respect of our engagement, is an integral part of the Circular.

We were neither a party to the negotiations entered into in relation to the Proposed Transactions, nor were we involved in the deliberations leading up to the decision on the part of the Directors to enter into these transactions or arrangements. We do not, by this letter or otherwise, advise or form any judgement on the strategic, commercial or financial merits or risks of the Proposed Transactions. All such evaluations, advice, judgements or comments remain the sole responsibility of the Directors and their advisers. We have however drawn upon such evaluations, judgements and comments as we deem necessary and appropriate in arriving at our opinion. The scope of our appointment does not require us to express, and nor do we express, a view on the future growth prospects, earnings potential or value of FCT. We do not express any view as to the price at which the Units may trade upon completion of the Acquisition nor on the future value, financial performance or condition of FCT after the Proposed Transactions. It is also not within our terms of reference to compare the merits of the Proposed Transactions to any alternative transactions that were or may have been available to FCT. Such comparison and consideration remain the responsibility of the Directors, the Manager and their advisers.

We have relied upon the assurances of the Directors who have collectively and individually accepted full responsibility for the accuracy and completeness of the information provided to us. The Directors have confirmed to us that to the best of their knowledge, information and belief, all material information available to them in connection with the Proposed Transactions have been disclosed to us and that such information constitutes full and true disclosure of all material information relating to such transactions and that there is no other information the omission of which would cause any of the information disclosed to us or relied on by us in making our recommendation to be inaccurate, incomplete, untrue or misleading in any material respect. We have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty (whether express or implied) is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information. We have nonetheless made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the reliability of such information.

We have not made any independent evaluation or appraisal of the assets and liabilities (including, without limitation, the real properties) of FCT or the Acquisition. We have been furnished with the valuation reports for the Property prepared by the Independent Valuers. With respect to such reports, we are not experts and do not hold ourselves to be experts in the evaluation of Property and have relied solely upon such reports.

Our views are based on market, economic, industry, monetary and other conditions (where applicable) prevailing on and our analysis of the information made available to us as at the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our

opinion, factors or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or factors or assumptions contained herein. Unitholders should take note of any announcements relevant to their considerations of the Proposed Transactions which may be released by the Manager after the Latest Practicable Date.

The Manager has been separately advised by its own legal adviser in the preparation of the Circular other than this letter. We have had no role or involvement and have not provided any advice whatsoever in the preparation, review and verification of the Circular other than this letter. Accordingly, we take no responsibility for, and express no views, whether express or implied, on the contents of the Circular except for this letter.

Our opinion in relation to the Proposed Transactions as set out in Paragraph 9 of this letter should be considered in the context of the entirety of our advice. This letter may only be reproduced, disseminated or quoted in the form and context in which it appears in the Circular or with our prior consent.

We have not had regard to the general or specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Unitholder. As Unitholders will have different investment objectives, we advise the Independent Directors to recommend that any Unitholder who may require specific advice in relation to his or her specific investment objectives or portfolio should consult his or her stockbroker, bank manager, solicitor, accountant, tax adviser or other professional advisers.

3. INFORMATION ON CHANGI CITY POINT

Information on Changi City Point is set out in Paragraph 2.1 of the Letter to Unitholders in the Circular and a detailed description of the Property is set out in **Appendix A** of the Circular. We recommend that the Independent Directors advise the Unitholders to read this information carefully.

The Property obtained its TOP in September 2011 and commenced operations in November 2011. The table below sets out a summary of selected information on the Property as at 28 February 2014 (unless otherwise indicated).

GFA (sq ft)	306,375
NLA (sq ft)	207,237
Number of Committed Leases	134
Number of Storeys	Three (with one basement level)
Number of Car Park Lots	627
Title	Leasehold estate of 60 years commencing 30 April 2009
Committed Occupancy Rate as at 28 February 2014 (%)	97.8
Weighted Average Lease Expiry ("WALE") by NLA (years)	1.68
Purchase Price per sq ft based on the Purchase Consideration (S\$)	1,472

4. THE PROPOSED ACQUISITION

4.1. The Acquisition

Pursuant to the Conditional Sale and Purchase Agreement made between the Trustee and the Vendor, the Vendor shall sell the Property to the Trustee together with the plant and equipment and the Trustee shall purchase the Property together with the plant and equipment upon the terms and subject to the conditions of the Conditional Sale and Purchase Agreement. The Vendor is a joint venture between FCL and Ascendas Development Pte. Ltd. in which FCL holds an indirect 50.0% interest. The Purchase Consideration of S\$305.0 million was arrived at on a willing-buyer and willing-seller basis and based on the two valuations by Knight Frank and Colliers. The Manager (on behalf of the Trustee) and the Vendor have negotiated the Conditional Sale and Purchase Agreement in good faith with each other on an arm's length basis and have agreed on the terms and conditions of the Conditional Sale and Purchase Agreement, including all other agreements or documents thereunder required to give effect to the Conditional Sale and Purchase Agreement and facilitate the completion of the Acquisition.

4.2. Estimated Acquisition Cost

The current estimated Acquisition Cost is approximately S\$312.5 million, comprising:

- (i) the Purchase Consideration of S\$305.0 million;
- (ii) the Acquisition Fee of S\$3.05 million (being 1.0% of the Purchase Consideration); and
- (iii) the estimated professional and other fees and expenses of approximately S\$4.5 million which will be incurred by FCT in connection with the Acquisition and the Private Placement, comprising (a) underwriting and financial advisory fees in respect of the Private Placement of S\$1.62 million, (b) debt facility fees of S\$1.19 million and (c) transaction costs of S\$1.67 million.

As the Acquisition will constitute an "interested party transaction" under Paragraph 5 of the Property Funds Appendix, the Acquisition Fee payable to the Manager in respect of the Acquisition will be in the form of Units which shall not be sold within one year from their date of issuance.

4.3. Conditions Precedent

Completion of the Acquisition is conditional upon the fulfilment of the conditions precedent as set out in Paragraph 2.5 in the Letter to Unitholders. The Trustee has, pursuant to the Conditional Sale and Purchase Agreement, paid to the Vendor a deposit of 5.0% of the Purchase Consideration on 8 April 2014, which may be refunded to the Trustee if the Conditional Sale and Purchase Agreement is terminated under certain circumstances as provided in the Conditional Sale and Purchase Agreement. The Trustee shall, on completion of the Acquisition, pay to the Vendor the balance 95.0% of the Purchase Consideration.

4.4. Proposed Method of Financing

The Manager intends to finance the Acquisition with a combination of equity and debt financing, so as to ensure that the Acquisition will provide overall DPU accretion to Unitholders while maintaining an optimum level of gearing. The final decision regarding the proportion of equity and debt financing to be employed for the purposes of financing the Acquisition will be made by the Manager at the appropriate time taking into account the then

prevailing market conditions. The illustrative proportion of equity and debt financing to be employed for the purposes of financing the Acquisition (excluding the Acquisition Fee of S\$3.05 million to be paid to the Manager in the form of Units) adopted in the Circular is as follows:

- Equity financing – S\$149.7 million; and
- Debt financing and/or internal sources – S\$159.8 million

4.4.1. Equity Financing

Under the equity financing plan, the Manager proposes to issue up to 90.0 million New Units (which is equivalent to up to approximately S\$155.7 million¹ or 10.9% of the 825,400,343 Units in issue as at the Latest Practicable Date) under the Private Placement to part finance the Acquisition². The structure and timing of the Private Placement have not been finally determined. If and when the Manager decides to carry out the Private Placement, the Private Placement will comprise a private placement of New Units to institutional and other investors. The Manager will work with the Joint Lead Managers and Underwriters to determine the structure of the Private Placement, the time schedule for the Private Placement and the Issue Price, taking into account the then prevailing market conditions, and other factors that the Manager and the Joint Lead Managers and Underwriters may consider relevant. The structure and time schedule of the Private Placement and the Issue Price will be determined in accordance with Chapter 8 of the Listing Manual. The Manager will announce details of the Private Placement at the appropriate time.

We highlight that in the event that the Acquisition and the Private Placement are approved by Unitholders, but market conditions are not conducive to carry out the Private Placement or the Private Placement cannot be effected on acceptable terms, the Manager may decide to delay the Acquisition or alternatively fully finance the Acquisition by debt or a combination of debt and other forms of equity fund raising. Should the Manager part-finance the Acquisition through other forms of equity fund raising other than a private placement, the Manager will rely on any available general unit issue mandate for the purpose of issuing new Units.

An overview of the Private Placement and use of proceeds is set out in Paragraph 5.1 of the Letter to Unitholders in the Circular. We recommend that the Independent Directors advise the Unitholders to read these carefully.

4.4.2. Debt Financing

The Manager has put in place loan facilities and may from time to time put in place new loan facilities, as the case may be (the “**FCT Loan Facilities**”), which may be utilised to part finance the Acquisition in accordance with the funding structure to be determined by the Manager. A summary of the FCT Loan Facilities is set out in Paragraph 4.1.2 of the Letter to Unitholders in the Circular. We recommend that the Independent Directors advise the Unitholders to read these carefully.

¹ Based on the Illustrative Issue Price of S\$1.73.

² For the avoidance of doubt, the Private Placement is inclusive of the FCL Group Placement.

4.4.3. Aggregate Leverage of FCT

FCT's Aggregate Leverage is 27.6% as at 30 September 2013. Following the completion of the Acquisition and assuming that the Manager raises S\$149.7 million from the Private Placement and borrows S\$159.8 million to finance the Acquisition, FCT's Aggregate Leverage will be 30.6%. The level of Aggregate Leverage set out above is within the limits allowed under the Property Funds Appendix.

5. THE CHANGI CITY POINT PMA

If FCT acquires Changi City Point, it will be managed by Frasers Centrepoint Property Management Services Pte. Ltd. (the "**Property Manager**"), a wholly-owned subsidiary of FCL.

The Trustee, the Manager and the Property Manager have entered into a property management agreement on 8 April 2014 to provide services in respect of Changi City Point for the period commencing on the date of completion of the Acquisition ("**Completion**") (or such other date as the parties may agree in writing) and ending on the date falling five years from the date of Completion (the "**Changi City Point PMA**").

Under the terms of the Changi City Point PMA, the Property Manager will be paid certain fees for property management (including lease management), property tax services and project management services rendered in respect of Changi City Point as set out in Paragraph 4.7 of the Letter to Unitholders in the Circular.

6. THE FCL GROUP PLACEMENT

To enable the FCL Group to be in a position to support FCT, the Manager is seeking Unitholders' approval for the proposed issue of New Units to the FCL Group, as part of the Private Placement. The FCL Group may subscribe for such number of New Units under the Private Placement up to the FCL Group's proportionate pre-placement unitholding in FCT, in percentage terms¹.

The New Units placed to the FCL Group under the FCL Group Placement will be issued at the same price as the New Units issued to other investors under the Private Placement.

The Issue Price will be subject to Rules 811(1) and 811(5) of the Listing Manual, and will not be issued at more than 10.0% discount to the volume weighted average price for trades done on the SGX-ST for the full market day on which the placement agreement is signed or, if trading in the Units is not available for a full market day, for the preceding market day up to the time the placement agreement is signed, excluding (where applicable) declared distributions provided that the placees under the Private Placement are not entitled to the declared distributions.

7. EVALUATION OF THE ACQUISITION

In reaching our recommendation in respect of the Acquisition, we have given due consideration to the following factors:

- (1) The Rationale for the Acquisition;
- (2) The Independent Valuations of the Property;

¹ This excludes the Acquisition Fee Units.

- (3) Comparison of Capitalisation Rates, Discount Rates and Terminal Yields;
- (4) Comparison with NPI Yields of Selected Retail Properties;
- (5) Comparison with Selected Retail Property Transactions; and
- (6) The Financial Effects of the Transaction.

7.1. The Rationale for the Acquisition

The Manager's view of the key benefits of the Acquisition is set out in Paragraph 3 of the Letter to Unitholders in the Circular. We recommend that the Independent Directors advise the Unitholders to read this section of the Circular carefully.

7.2. The Independent Valuations of the Property

The Manager commissioned an independent valuer (that is, Knight Frank) and the Trustee commissioned another independent valuer (that is, Colliers) to value the Property. The valuation certificates of the Independent Valuers are attached as **Appendix D** of the Circular. The market values of the Property as determined by the Independent Valuers are set out below:

Property	Appraised Value		Average Valuation	Agreed Consideration ⁽¹⁾
	Knight Frank	Colliers		
Changi City Point	S\$306.0 million	S\$304.0 million	S\$305.0 million	S\$305.0 million

Note:

- (1) For the avoidance of doubt, the agreed Purchase Consideration does not include the Acquisition Fee payable to the Manager and the estimated professional and other fees and expenses which will be incurred by FCT in connection with the Acquisition and the Private Placement.

The key points to be highlighted in respect of the Independent Valuations are as follows:

- (i) The basis of valuation used is "Market Value", the definitions of which are broadly consistent as between the Independent Valuers;
- (ii) The relevant date for the valuations undertaken is 1 March 2014;
- (iii) Knight Frank used the capitalisation approach and discounted cash flow analysis, while Colliers used the capitalisation approach, discounted cash flow analysis and the direct comparison method; and
- (iv) The methods used by the Independent Valuers are widely accepted methods for the purpose of valuing income-producing properties.

We note that the Purchase Consideration for the Property of S\$305.0 million is equal to the average of the appraised values by Knight Frank and Colliers.

7.3. Comparison of Capitalisation Rates, Discount Rates and Terminal Yields

We have compared the capitalisation rates, discount rates and terminal yields used by the Independent Valuers with those used in the latest independent valuation of the retail properties owned by FCT (the "**FCT Existing Properties**") as set out below:

Properties	Discount Rate (%)	Capitalisation Rate (%)	Terminal Yield (%)
Property ~ Knight Frank ⁽¹⁾	7.75	5.70	5.95
Property ~ Colliers ⁽¹⁾	7.75	5.75 ⁽³⁾	6.25
FCT Existing Properties ⁽²⁾	7.75 – 8.00	5.25 – 5.60	5.45 – 5.85

Notes:

- (1) Capitalisation rates, discount rates and terminal yields are the rates for the retail space of the Property extracted from the reports of the Independent Valuers.
- (2) Capitalisation rates, discount rates and terminal yields used by independent valuers in arriving at the market value of the FCT Existing Properties as at 30 September 2013 as disclosed in the respective independent valuation reports provided by the Manager.
- (3) Colliers adopts two capitalisation rates in its valuation of the Property: (1) 5.5% for term income; and (2) 5.75% for reversionary income.

Based on the table above we highlight the following:

- (i) The discount rates used by the Independent Valuers in their valuations of the Property are in line with the range used in the latest independent valuation of the FCT Existing Properties; and
- (ii) The capitalisation rates and terminal yields used by the Independent Valuers in their valuations of the Property are higher than the capitalisation rates and terminal yields used in the latest independent valuation of the FCT Existing Properties.

The above analysis serves only as one factor considered by us in our evaluation and may not be meaningful to a satisfactory extent as the Property differs from the FCT Existing Properties in many aspects (such as location, accessibility, profile and composition of tenants, proximity to major venues and/or attractions, outstanding lease tenure and other relevant factors). Accordingly, the Independent Directors should note that any comparisons made with respect to the Property to the FCT Existing Properties serve as an illustrative guide only.

7.4. Comparison with NPI Yields of Selected Retail Properties

We have extracted information in respect of valuations of selected retail properties owned by FCT and certain other Singapore listed REITs which own and invest in assets which are used, or predominantly used for retail purposes in Singapore (the “**Selected Retail Properties**”) in order to benchmark the NPI yield implied by the Purchase Consideration with the NPI yields for the Selected Retail Properties.

We highlight that the NPI yield of the Property is based on the annualised NPI for the Forecast Period (1 June 2014 to 30 September 2014) whereas the NPI yields for all the Selected Retail Properties (except the one owned by SPH REIT) is based on their historical NPI for their latest financial year.

Selected Retail Properties ⁽¹⁾		NPI Yield ⁽²⁾ (%)
FCT Existing Properties	Average	5.6%
	High	6.0%
	Low	5.4%

Selected Retail Properties⁽¹⁾		NPI Yield⁽²⁾ (%)
CapitaMall Trust (“CMT”) ⁽³⁾	Average	6.1%
	High	6.5%
	Low	5.4%
Mapletree Commercial Trust (“MCT”) (VivoCity)		5.1%
SPH REIT (Clementi Mall)		5.6% ⁽⁴⁾
All Selected Retail Properties	Average	5.8%
	High	6.5%
	Low	5.1%
Changi City Point		5.4%

Sources: REIT or company filings; circulars to unitholders where available; DTCF analysis

Notes:

- (1) We have selected only pure retail properties within each REIT’s portfolio; as such, the NPI yields are not representative of the entire portfolio properties for each REIT.
- (2) The NPI yields of the Selected Retail Properties is calculated based on the annual NPI for their latest financial year divided by the latest market value, as extracted from the latest available annual reports and announcements of the respective REITs.
- (3) We have excluded Bugis Junction, a pure retail property, from CMT’s portfolio of companies as it underwent asset enhancement initiatives from April 2013 to October 2013.
- (4) NPI Yield calculated based on forecast FY2014 NPI with income support as set out in the IPO prospectus of SPH REIT dated 17 July 2013 and revised valuation as at August 2013.

Based on the table above, we note the following:

- (i) The NPI yield of the Property is broadly in line with the NPI yields for the FCT Existing Properties; and
- (ii) The NPI yield of the Property is broadly in line with the NPI yields for all the Selected Retail Properties.

The Property obtained its TOP in September 2011 and commenced operations in November 2011. The Selected Retail Properties have been operational for longer. We note that the tenancy agreements for the Property are generally of 2 to 3 years duration and that the first cycle of lease renewals is underway. It is to be expected that rentals will increase to reflect market rents on first renewal.

We highlight that the analysis above is only one factor considered by us in our evaluation and is limited in its utility to the extent that the Property differs from the Selected Retail Properties in aspects such as location, accessibility, title, net lettable area, composition of tenants, proximity to major venues and/or attractions, outstanding lease tenure, market risks, track record and other relevant factors. In addition, the valuations of the selected properties were undertaken at different points in time under different market and economic conditions. Accordingly, the Independent Directors should note that any comparisons made with respect to the Property to the Selected Retail Properties serve as an illustrative guide only.

7.5. Comparison with Selected Retail Properties Transactions

We have also extracted information from selected transactions involving purchases of retail properties located in Singapore that are publicly available (the “**Comparable Transactions**”) in order to compare the acquisition price psf and the NPI yields implied by the Purchase Consideration for the Property with the acquisition price psf and the NPI yields implied by the properties which are included in our list of Comparable Transactions.

Transaction Date	Property Name	Acquirer	Lease Expiry ⁽¹⁾	Purchase Price (\$ million)	NPI Yield at Acquisition ⁽²⁾	Purchase Price psf ⁽³⁾ (\$)
Jul-13	Clementi Mall	SPH REIT	96	571 ⁽⁴⁾	5.4% ⁽⁴⁾	2,970
Jul-12	Nex	Mercatus Co-operative Ltd	95	825 ⁽⁵⁾ (50%)	5.0%	2,592 ⁽⁵⁾
May-12	Compass Point	Gemshine Investments (S) Pte Ltd ⁽⁶⁾	87	519	5.6%	1,926
Jul-11	Bedok Point	FCT	66	127	5.5% ⁽⁷⁾	1,569
Jun-11	Jurong Point Extension	Prestige Realty Pte Ltd	94	229 ⁽⁸⁾ (50%)	5.1%	2,132 ⁽⁸⁾
Feb-11	Bugis+ (formerly Iluma)	CapitaMall Trust	55	295	3.8% ⁽⁹⁾	1,593
Jan-10	Northpoint	FCT	89	165	5.8% ⁽¹⁰⁾	1,924
Jan-10	YewTee Point	FCT	91	126	5.9% ⁽¹⁰⁾	1,736
				Average	5.3%	2,055
				Median	5.5%	1,925
				High	5.9%	2,970
				Low	3.8%	1,568
March-14	Changi City Point	FCT	55	305.0	5.4%	1,472

Sources: REIT or company filings; circulars to unitholders or shareholders (as the case may be) in relation to the respective transactions where available; DTCF analysis

Notes:

- (1) The years to lease expiry is calculated at point of acquisition.
- (2) The implied NPI yield are based on market reports, circulars or calculated based on the purchase price of the respective property at acquisition.
- (3) Based on the purchase price divided by the NLA of the properties.
- (4) The Clementi Mall’s valuation was inclusive of income support. In the absence of income support, the valuation was S\$553m. The NPI yield is based on the profit forecast and profit projection, together with the accompanying assumptions in SPH’s prospectus and includes guaranteed income amount. In the absence of guaranteed income amount, NPI yield is 4.6%.
- (5) Mercatus Co-operative Ltd acquired a 50% stake in Nex for S\$825 million. The NLA psf and NPI yield is calculated based on the implied valuation and NPI of 100% of the property.
- (6) In May 2012, FCL through a wholly owned subsidiary entered into an agreement with Asia Property Fund (“APF”) to jointly bid for Compass Point via a newly incorporated JV, Gemshine Investments (S) Pte Ltd (81.01% held by APF and 18.99% held by FCL).
- (7) NPI yield for Bedok Point is based on the net property income for forecast period 2012.
- (8) Prestige Realty Pte Ltd acquired a 50% interest in Jurong Point Extension. The NLA psf and NPI yield is calculated based on the implied valuation and NPI of 100% of the property of S\$670 million.
- (9) Bugis+’s estimated net property income for FY2010 of S\$11.1 million is based on the revenue derived from its tenancy schedule as at 1 February 2011 and the Manager’s estimate of the operating expenses as disclosed by CapitaMall Trust in their circular.
- (10) NPI yield of Northpoint and YewTee Point are computed based on the forecast period 2010 NPI (annualised) divided by the purchase consideration of the respective property as per FCT’s circular dated 7 January 2010.

From the table above, we note the following:

- (i) The NPI yield of the Property of 5.4% is within the range of NPI yields at which the Comparable Transactions occurred and is in line with both the average and the median of such yields; and
- (ii) The implied purchase price for the Property of S\$1,472 psf is lower than the equivalent implied purchase prices psf for the Comparable Transactions.

The analysis above is only one factor considered by us in our evaluation herein and may not be meaningful to a satisfactory extent as the Property differs from the selected transacted properties in many aspects, such as location, accessibility, title, net lettable area, composition of tenants, proximity to major venues and/or attractions, outstanding lease tenure, market risks, track record and other relevant factors. In addition, the valuations of the selected properties were undertaken at different points in time under different market and economic conditions. Accordingly, the Independent Directors should note that any comparisons made between the Property and the selected transacted properties serve as an illustrative guide only.

7.6. The Financial Effects of the Acquisition

The pro forma impact of the Acquisition is set out in Paragraph 4.4 of the Letter to Unitholders in the Circular. We note that assumptions were made for the purpose of preparation of the pro forma financial effects. We recommend that the Independent Directors advise Unitholders to read these carefully, as well as take them into consideration when considering the financial effects of the Acquisition. Based on the information set out in Paragraph 4.4 of the Letter to Unitholders in the Circular, we note the following:

- (i) The pro forma DPU increases by 0.06 cents (or approximately 0.55%) following the Acquisition. The increase in DPU is largely due to the increase in distribution following the Acquisition. We note that the increase in DPU is being offset by the dilution effect of the Private Placement;
- (ii) The pro forma NAV per Unit remains unchanged following the Acquisition;
- (iii) The total debt increases from S\$589.0 million to S\$748.8 million and Total Unitholders' funds increases from S\$1,462.4 million to S\$1,615.1 million; and
- (iv) The Transactions, taken as a whole, increase FCT's Aggregate Leverage to 30.6% on a pro forma basis.

8. EVALUATION OF THE FCL GROUP PLACEMENT

In reaching our recommendation in respect to the FCL Group Placement, we have given due consideration to the following factors:

- (1) The Rationale for the FCL Group Placement;
- (2) The Basis for the FCL Group Placement; and
- (3) Precedent Placements to Interested Persons.

8.1. The Rationale for the FCL Group Placement

The Manager's view of the rationale for the FCL Group Placement is set out in Paragraph 6.2 of the Letter to Unitholders in the Circular and is reproduced below:

"The Manager believes that the size of the FCL Group's unitholdings in FCT provides a degree of stability to FCT as an investment vehicle. Allowing New Units to be placed to the FCL Group would help to maintain such stability, which is ultimately to the benefit of Unitholders. The ability of the FCL Group to subscribe for New Units under the Private Placement would also enhance investors' confidence in FCT by providing a higher degree of certainty for the successful completion of the Private Placement.

The Manager is thus of the view that the FCL Group should be given the opportunity to apply for such New Units under the Private Placement."

8.2. The Basis for the FCL Group Placement

We note that the FCL Group may subscribe for such number of New Units under the Private Placement up to the FCL Group's proportionate pre-placement unitholding in FCT, in percentage terms¹, and may do so at the same price as the New Units issued to other investors under the Private Placement.

We note further that under Rule 811(1) of the Listing Manual, the issue price of the New Units must not be priced at more than 10% discount to the weighted average price for the Units on the SGX-ST for the full market day on which the placement agreement was signed. The Manager will work with the Joint Lead Managers and Underwriters to determine the structure of the Private Placement, the time schedule for the Private Placement and the Issue Price, taking into account the then prevailing market conditions, and other factors that the Manager and the Joint Lead Managers and Underwriters may consider relevant. The Manager will announce details of the Private Placement at the appropriate time.

We further note that the interested persons of FCT and each of its associates, including the Manager, are prohibited from voting on the said resolution to permit such a placement of New Units.

8.3. Precedent Placements to Interested Persons

We have considered the details of other completed placements undertaken by SGX-ST listed companies and REITs wherein there was a placement of shares and/or units to an interested person. Based on our review, we note that:

- (i) There were a total of six transactions in the period from 1 January 2010 to the Latest Practicable Date wherein an interested person was granted the right to subscribe to a placement;
- (ii) Of those six transactions, two involved entities (that is, Ascott Residence Trust and CapitaRetail China Trust) that are comparable to FCT in that they are REITs listed on the Main Board of the SGX-ST;
- (iii) The rationale used in both these transactions were similar in that subscription by the interested person enhanced investors' confidence by giving a higher degree of certainty for the successful completion of the placement.

¹ This excludes the Acquisition Fee Units.

A summary of the two transactions are as follows.

Companies	Date of Announcement	Unitholding of interested person prior to placement (%)	Total Proceeds Raised (\$ million)	Unitholding of interested person after the placement (%)	Issue/ Subscription Price (\$)	Premium over/(discount to) VWAP for trades done on the SGX-ST for the full market day on date of signing (%)
Ascott Residence Trust	20 Aug 2010	47.7	560.6	47.7 ⁽¹⁾	1.080	(4.7)
CapitaRetail China Trust	06 May 2011	41.0	70.0	39.5	1.170	(6.5)

Note:

- (1) The unitholding of the interested person was expected to remain unchanged post completion of the private placement and preferential offering, which were part of the equity fund raising exercise undertaken by Ascott Residence Trust.

Sources: SGX-ST announcements; circulars to unitholders

- (i) We note that in the case of Ascott Residence Trust and CapitaRetail China Trust the interested person held 47.7% and 41.0% respectively which is broadly in line with that percentage unitholding of FCL in FCT held through its wholly-owned subsidiaries, FCL Trust Holdings Pte. Ltd. and the Manager;
- (ii) The discount to VWAP applied for Ascott Residence Trust and CapitaRetail China Trust were 4.7% and 6.5% respectively and this pricing was determined by joint lead managers and underwriters, working with the managers having regard to the then prevailing market conditions amongst other relevant factors; and
- (iii) The process and pricing to be adopted in the case of the Private Placement is similar to that adopted by Ascott Residence Trust and CapitaRetail China Trust.

9. OUR RECOMMENDATION

In arriving at our recommendation, we have taken into account the following factors which we consider to have a significant bearing on our assessment of the Acquisition and the FCL Group Placement.

The Acquisition

- (i) The rationale for the Acquisition;
- (ii) The Purchase Consideration for the Property of S\$305.0 million is equal to the average of the appraised values ascribed by Colliers and Knight Frank;
- (iii) The NPI yield of the Property is broadly in line with the NPI yields both for the FCT Existing Properties and for the Selected Retail Properties; and
- (iv) The NPI yield of the Property is within the range of NPI yields at which the selected transacted properties were acquired and higher than the average of such yields.

The FCL Group Placement

- (i) The rationale for the FCL Group Placement;

- (ii) The FCL Group may subscribe for such number of New Units under the Private Placement up to the FCL Group's proportionate pre-placement unitholding in FCT, in percentage terms¹ and may do so at the same price as the New Units are issued to other investors under the Private Placement; and
- (iii) There are two precedent transactions which were undertaken using a structure and on terms which are similar to those contemplated under the FCL Group Placement.

Subject to the assumptions and qualifications set out herein and taking into account the prevailing conditions as at the Latest Practicable Date, we are of the opinion that the Proposed Transactions are on normal commercial terms and are not prejudicial to the interest of FCT and its minority Unitholders. Accordingly, we are of the opinion that the Independent Directors recommend that Unitholders vote in favour of the Acquisition and the FCL Group Placement resolutions to be proposed at the Extraordinary General Meeting.

In arriving at our recommendation, we emphasise that we have, *inter alia*, relied upon representations made by the Directors and the Manager in relation to the current intentions and future direction of FCT. The Independent Directors should note that we have arrived at these conclusions based upon the information made available to us up to and including the Latest Practicable Date.

Our recommendation is addressed to the Independent Directors and the Trustee for their benefit in connection with and for the purpose of their consideration of the Proposed Transactions. Any recommendation made by the Independent Directors in respect of the Acquisition and the FCL Group Placement resolutions shall remain their responsibility.

Our recommendation is governed by the laws of Singapore and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully

Deloitte & Touche Corporate Finance Pte Ltd

Jeff Pirie
Executive Director

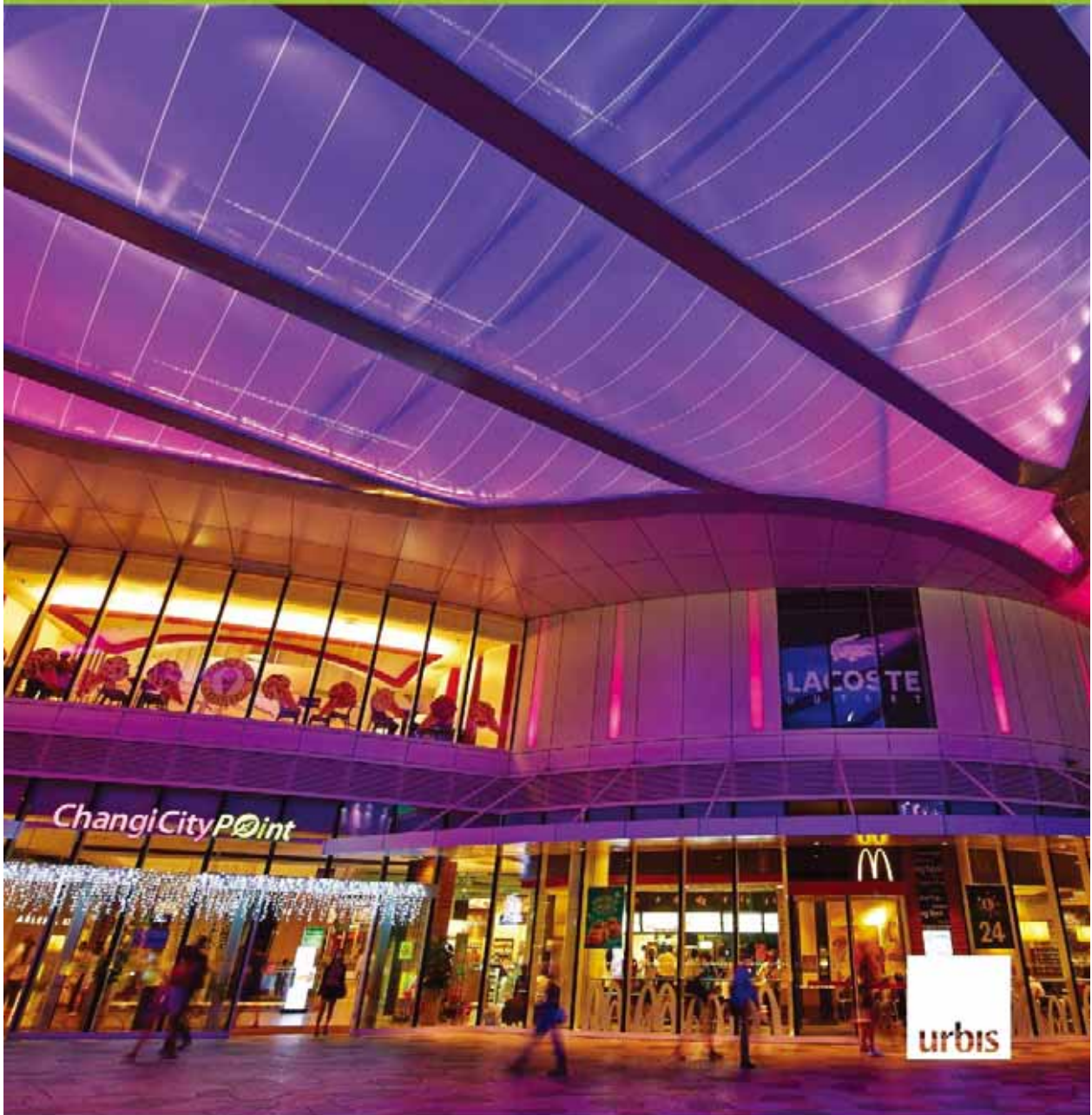
¹ This excludes the Acquisition Fee Units.

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CHANGI CITY POINT: RETAIL MARKET OVERVIEW

Changi City Point Retail Market Overview

March 2014



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Appendix A – Changi City Point Layout Plans

Executive Summary

The principal findings from this retail market study for Changi City Point are as outlined below.

ECONOMIC OVERVIEW

- Despite some volatility attributable to fluctuating global growth during the past decade, Singapore's economy has grown strongly, averaging 5.6% per annum in real terms between 2001 and 2013, but with only modest growth in 2012 and 2013. Growth in Singapore's economy is expected to improve over the next few years, in tandem with the continued global recovery, with real GDP growth forecast to average 4.7% p.a. from 2013 to 2018.
- Inflation has historically remained under control, although it has risen over the past few years on the back of rising housing, food and transport costs. For 2013-2018, Consumer Price Inflation is forecast at 2.3% p.a. and Retail Price Inflation at 1.0% p.a.
- From 2013 to 2018, nominal retail sales in Singapore are expected to grow on average at 4.0% per annum largely on the back of an improving local and global economy.

CHANGI CITY POINT

- Changi City Point is considered a sub-regional centre in the Singapore context, providing 207,237 sq.ft NLA. The main anchor is Cold Storage, with 15,360 sq.ft (or 7% of total floorspace). The centre is still relatively new, having only opened in late 2011.
- Changi City point has a number of unique features including:
 - Its extensively landscaped setting making it “a mall within a garden.”
 - Its mixture of both traditional retail and outlet retail with the centre having 15 outlet stores including Nike, Adidas and Lacoste.
 - Its location within Changi Business Park which gives it access to a sizeable and relatively affluent workforce.
- As a result of its location close to the airport, Changi City Point enjoys excellent access by road. The centre is well-connected to the Pan-Island Expressway, the East Coast Parkway and (slightly further afield) the Tampines Expressway. Between them, these three major roads provide rapid access to the whole of eastern Singapore.
- The closest MRT station to Changi City Point is Expo, which serves the Singapore Expo Centre on the East-West Line. The service to Changi Business Park (and hence also to Changi City Point) will be further enhanced by the completion of Downtown Line Phase 3. This phase is expected to complete in 2017.
- The centre provides 627 car parks. This equates to 3.0 spaces per 1,000 sq.ft of NLA. The parking lots are shared between the mall, One@Changi City and the adjacent hotel, Capri by Fraser.
- During 2013, the mall generated an estimated SGD 142.7 million, at an average productivity of SGD 57.4 per sq.ft per month. Growth has been healthy, with productivity increasing from SGD 49.6 per sq.ft per month in 2012, and expected to remain healthy as the mall becomes more established.
- In 2013 Changi City Point generated SGD 24.8 million in gross rent, at an average of SGD 10.0 per sq.ft per month, and with an overall average occupancy cost ratio (OCR) for the centre of 17.4%, decreasing from 18.9% in 2012. The 2013 OCR is relatively high by international standards reflecting:
 - The fact that the centre is still in its establishment phase and is yet to reach its fully stabilised level.

- Singapore typically has OCRs that are higher than other markets.
- In 2013 healthy rental growth was achieved at the time of lease renewal for a number of tenants.

TRADE AREA ANALYSIS

- Changi City Point is served by a number of different market segments, including:
 - Trade area residents
 - Changi Business Park workers
 - Hotel guests
 - Expo visitors
 - Nearby university students
- The main trade area is expected to grow on average by 3.1% per annum from SGD 3.0 billion in 2013 to SGD 3.5 billion in 2018. Over the same period, the total trade area is expected to grow from SGD 5.9 billion to 7.0 billion, with the main trade area accounting for around 50% of this market.
- The worker, guest, visitor and students markets are expected to experience healthy growth over the coming years and will be of considerable benefit to Changi City Point.
- Taking into account worker, guest, visitor and nearby student spending markets, the total available retail spending market is estimated at SGD 6.2 billion, growing to SGD 7.3 billion in 2018 at an average of 3.4% per annum.

COMPETITION

- The overall trade area retail provision is considered to be relatively strong. The most relevant competition for Changi City Point is the concentration of retail around the Tampines MRT Station to the north and the retail at Bedok Town Centre to the west, particularly Bedok Mall. The centre does however benefit from a lack of competition within the primary trade area.
- In terms of future competition, Project Jewel at Changi Airport will provide a nearby retail offer of considerable scale and is expected to be designed and tenanted to a high level. This project is a joint venture between CapitaLand and Changi Airport Group. Some minor additional competition at the local level will also be provided with the reopening of Eastpoint Mall in Simei.
- The Outer East Region has a considerably lower provision of shopping centre floorspace per capita compared with average provision across Singapore. This is forecast to increase over time as retail developers look to take advantage of the growing retail market in this area. However, even by 2018 the shopping centre floorspace provision in the Outer East Region is still projected to remain below the Singapore average.

MARKET OUTLOOK FOR CHANGI CITY POINT

- Changi City Point, being just over two years old, is still going through its establishment phase as would be expected for a centre of this type and scale and located in an area which is gradually being developed and still with a long way to reach its fully built-out capacity.
- The centre however should experience solid growth over the next few years and is in a good position to take advantage of the following developments in the Singapore and local retail market, including:
 - Ongoing healthy growth in the resident retail spending market over the next five years.
 - The constantly improving public transportation network including the completion of the Downtown Extension Line.

- A growing office workforce at Changi Business Park, with the future built-out capacity for a further 29,000 workers.
- The continued development, usage and patronage of Singapore Expo.
- Growth in the nearby student population with the 2014 opening of the new campus of the Singapore Technology and Design University
- In relation to future competition, we would expect there to be only a minor localized impact resulting from the reopening of Eastpoint Mall in 2014. Similarly in the case of the Project Jewel centre at Changi Airport, because of its scale, market positioning and location at the airport, it is expected again to not have a significant impact on Changi City Point's trading performance with the Project Jewel centre performing a much wider regional role and with a very strong focus on the tourist market.

Introduction

RESEARCH BRIEF

Urbis has been commissioned by Frasers Centrepoint to undertake a retail market overview of Changi City Point as part of Fraser Centrepoint's due diligence and for inclusion in a circular for Unitholders.

OBJECTIVES OF STUDY

The principal objectives of the research are to provide the following:

- An overview of the Singapore retail market including an assessment of the outlook for the market over the next five years.
- An overview of the centre as well as an evaluation of centre performance in calendar year 2013.
- An analysis of the existing and future retail market segments from which Changi City Point is expected to draw custom.
- An overview of existing and forthcoming retail competition of relevance to Changi City Point.

SOURCES OF INFORMATION

This report draws on a variety of information, both official and unofficial. The principal sources of information used in this study include:

- Economic data and forecasts provided by the Economist Intelligence Unit (EIU).
- Publications from the Singapore Ministry of Trade and Industry including the Economic Survey of Singapore.
- Statistical information, both published and unpublished, from the Singapore Department of Statistics including:
 - Population Census 2010
 - Tourism Statistics for 2006-2013
 - Population Trends 2013
 - Household Income and Expenditure Survey, 2007/08
 - Retail Sales and Catering Trade Index Series
 - Wholesale and Retail Sales Economic Review
- Publications from the Singapore Tourism Board (STB), the Urban Redevelopment Authority (URA) and the Housing Development Board (HDB).
- Previous studies and research undertaken by Urbis on the retail market for specific shopping centres (including Changi City Point) within the Singapore market.
- Information provided directly by Frasers Centrepoint for the purposes of this study.

FORMAT OF REPORT

This report includes five sections as follows:

- **Section 1** – Singapore Retail Market Overview
- **Section 2** – Changi City Point Site & Performance Evaluation
- **Section 3** – Trade Area Analysis
- **Section 4** – Review of Retail Competition
- **Section 5** – Market Outlook – Changi City Point

ABBREVIATIONS

GDP	Gross Domestic Product
CPI	Consumer Price Index
RPI	Retail Price Inflation
F&B	Food & Beverage
GDP	Gross Domestic Product
GFA	Gross Floor Area
NLA	Net Lettable Area
GFC	Global Financial Crisis
HES	Household Expenditure Survey
OCR	Occupancy Cost Ratio
PCE	Private Consumption Expenditure
STB	Singapore Tourism Board
EIU	Economist Intelligence Unit

1 Singapore Retail Market Overview

Singapore is a small, highly integrated and mature economy. Its on-going performance plays an important role in growth in retail sales. This section provides some economic context to assist in our examination of the outlook for the retail market.

1.1 ECONOMIC GROWTH – PAST & FORECAST

Singapore economic growth has remained healthy in recent years, with GDP growing by 5.6% per annum between 2001 and 2013. There have been weaker years - the recent Global Financial Crisis (GFC) restricted growth to 1.7% and -0.8% in 2008 and 2009 respectively. However, the economy has managed to rebound from each downturn, and maintained a solid level of growth.

As a major trading nation and financial hub, the story behind Singapore's economic performance is highly correlated with the state of the global economy. During the last economic boom (up to 2007), Singapore benefited greatly with economic growth significantly above trend levels. In more recent times, the major issues confronting the global economy – the Euro crisis, the slow rebound of the US economy, the slowing of the major emerging economies – have all acted as a drag on Singapore's economy.

However, the global economy has stabilised over the past twelve months. The rebound in the US finally appears to be taking a firm hold, in contrast to the stuttering of the past few years. Japan, which has been a long-term underperformer, has started to see signs of improvement. Europe appears to have muddled its way through the Euro crisis, and markets are now less nervous about China than they have been.

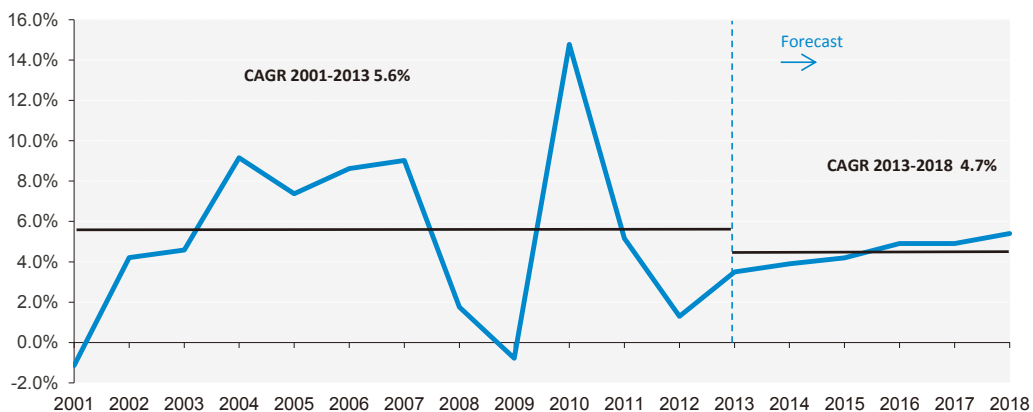
All of this points to an improving outlook for Singapore. After a weak 2012 (1.3% growth), Economist Intelligence Unit (EIU) forecasts are for the Singapore economy to continue a gradual improvement, growing by 3.5% in 2013 (consistent with Ministry of Trade and Industry forecasts). Between 2013 and 2018, the EIU expects growth to average 4.7% per annum. This is lower than the long term trend, but a healthy rate of growth nonetheless. It reflects a lower growth global economy – much of the growth over the past decade was fuelled by debt, a situation that is unlikely to return over the short to medium term.

Obviously, these growth forecasts are dependent on a continued global economic recovery, with any stagnation or negative shocks to the global economy likely to be reflected in Singapore's future real GDP growth. Conversely, better than expected global economic performance will positively impact Singapore's real GDP growth.

Real GDP Growth

SINGAPORE, 2001 - 2018

CHART 1.1



Source: Economic Intelligence Unit: December 2013

1.2 PRIVATE CONSUMPTION EXPENDITURE – PAST & FORECAST

Chart 1.2 presents historical and forecast real private consumption expenditure (PCE) growth from 2001 to 2018. PCE is a measure of the contribution of households to GDP. Typically, PCE growth tracks that of GDP, and it is closely linked as retail sales growth, with retail spending by households is a major component of private consumption.

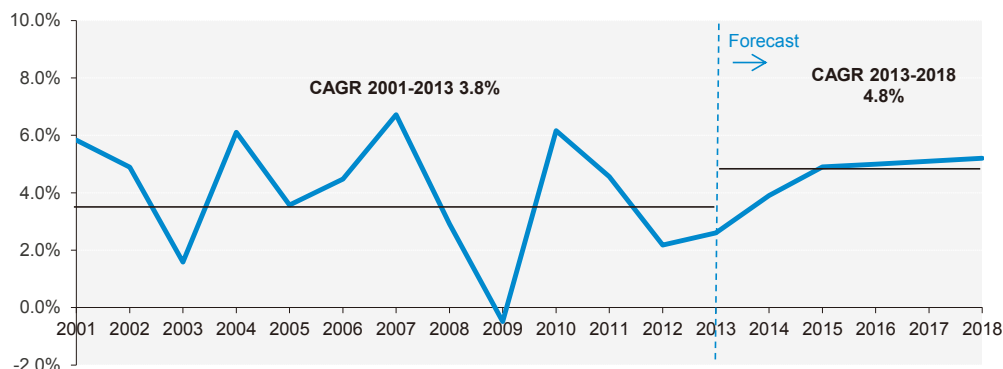
Real PCE growth averaged 3.8% from 2001 to 2013, with notable contractions in the growth rate during the SARS epidemic in 2003 and the GFC in 2008 and 2009. 2012 also saw a temporary reduction in the real PCE growth rate, which was associated with decreased consumer confidence related to weaker global economic conditions.

In 2013 real PCE growth rebounded somewhat, estimated at 2.6% with key drivers of this growth being household spending on housing and utilities, health, recreation and culture. The EIU forecasts real PCE growth to rebound from 2013 to 2018, recording a CAGR of 4.8% over the forecast period.

PCE Real Growth

SINGAPORE, 2001-2018

CHART 1.2



Source: Economist Intelligence Unit: Dec 2013

1.3 INFLATION – PAST & FORECAST

From 2001 to 2013 Consumer Price Inflation (CPI) averaged 2.3% per annum. Years in which prices recorded significantly higher growth have included 2008, 2011 and 2012, with price increases in recent years mainly driven by rising housing, food and transport costs.

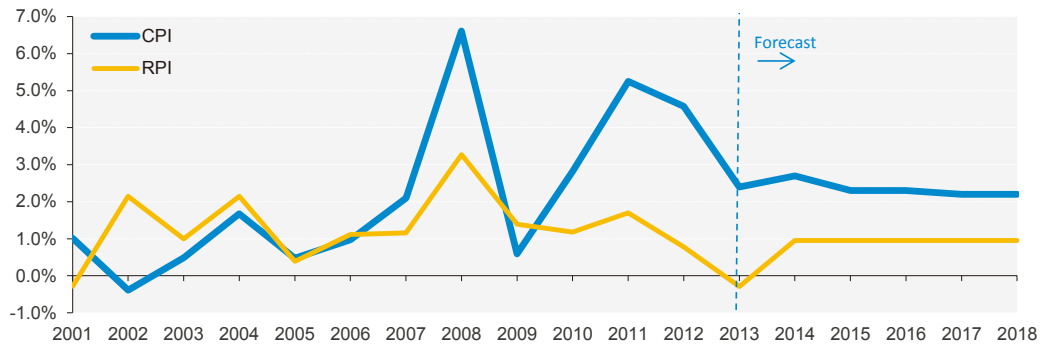
CPI moderated over 2013, recorded at 2.4%, due in part to a moderation in growth of transport cost price increases. The main drivers of inflation continue to be housing, food and transport costs (despite the recent decrease). The EIU expects CPI to rise marginally to 2.7% in 2014, recording an average of 2.3% from 2013 to 2018.

The Retail Price Inflation (RPI) is a subset of CPI that measures the price variance of retail goods and services. RPI in Singapore typically trends slightly below CPI, and between 2003 and 2013 averaged approximately 1.3%. Preliminary data suggests 2013's RPI at -0.3%, reflective of decreases in prices in watches and jewellery, furniture and household goods. In turn, this reflects a relatively weak year for retail sales (discussed below). From 2013 to 2018 Urbis expects RPI to average approximately 1.0%.

Consumer and Retail Price Inflation

SINGAPORE, 2001 - 2018

CHART 1.3



Source: Economist Intelligence Unit December 2013; Urbis

1.4 POPULATION GROWTH – PAST & FORECAST

In June, Statistics Singapore estimated the total Singapore population to be 5.39 million. The estimates are comprised of Singapore ‘residents’ and ‘non-residents’. Residents are comprised of Singaporean citizens and permanent residents, whilst non-residents typically consist of expatriate workers on long-term working visas. The total resident population for 2013 was estimated at 3.84 million, whilst non-residents consisted of 1.55 million.

Singapore’s population growth is largely driven by growth in non-residents. Growth, therefore, is largely contingent of Government policy which controls the level of migration. We expect with a slightly below trend economic growth outlook, the level of immigration will be kept in check, and non-residential population growth might be lower than in recent years. This segment is likely to grow at around 4.3% per annum over the next five years, or 72,800 people.

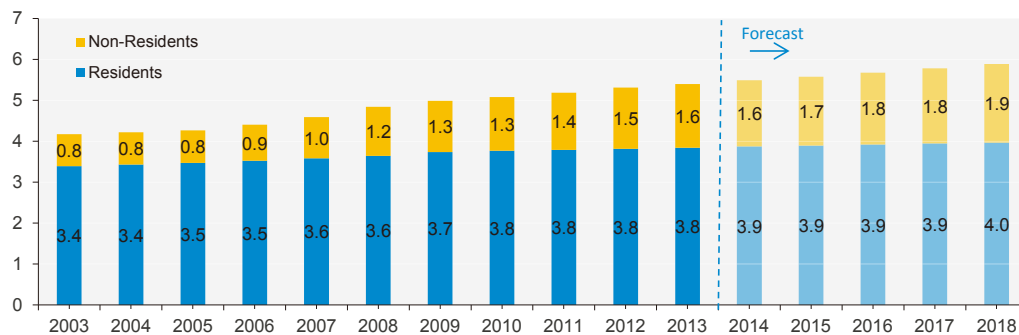
Due to an aging population and low fertility rates, the resident population should exhibit lower and more stable growth over time. We expect it to grow at 0.6% per annum over the next five years, or 24,700 people, in line with recent trends.

As a result, Urbis forecast total population growth at 1.7% per annum (97,500 people per annum), reaching 5.89 million by 2018.

Singapore Population¹

RESIDENT & NON-RESIDENT, SINGAPORE, 2003 - 2018 (MILLION)

CHART 1.4



1. Total Population comprises Residents and Non-residents staying in Singapore for at least one year. Population is at June each year
Source : Singapore Census 2013; 'Population Trends 2013' Singapore Statistics Department; Urbis

1.5 TOURIST VISITATION TO SINGAPORE – PAST & FORECAST

Tourism has seen significant growth in Singapore since the early 2000s, with international visitors (excluding Malaysian day trippers) growing at 6.2% per annum from 2001 to 2013. The last 3 years have seen particularly strong growth in tourism numbers, with an average growth rate of 14.4% (1.5 million visitors per annum) from 2009 to 2013. This growth has been supported by a number of large tourist-oriented developments such as Marina Bay Sands & Resorts World Sentosa, as well as the rapidly increasing number of 'destinational' events such as the Grand Prix and Arts Festival. Most recently growth has been slowing, from a peak of 20% in 2010, to an estimated 7.5% in 2013.

To date the Singapore Tourism Board has only released tourist spending statistics for the first half of 2013. In Q1 2013, even though visitor numbers increased by 9.0% compared to Q1 2012, total retail sales from tourists decreased by an estimated 4.0% relative to the preceding year. Of particular note was the absolute decrease in the number of business travellers to Singapore and their associated retail spending, something that has also been experienced in Hong Kong and Japan.

As the global economy improved over the course of 2013, we expect that retail spending by tourists also recovered, and this is indicated by Q2 2013 figures that show an increase in tourism retail spending of around 9% relative to Q2 2012. Despite the rebound in tourist retail spending in Q2 2013, which is expected to have continued over the remainder of the year, we estimate that overall 2013 saw only a small annual increase in tourist retail spending (~2.5%). Taking into account the estimated 7.5% increase in international visitors; this is representative of a slight reduction in retail spending per visit in 2013.

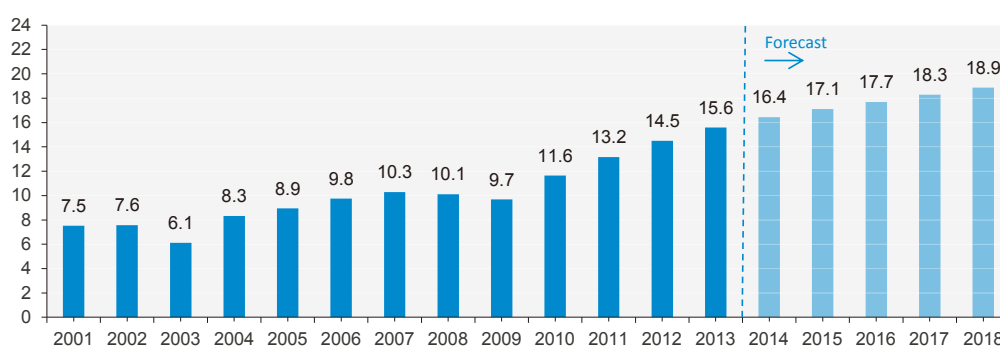
Urbis estimates tourist retail spending in Singapore for 2013 at SGD 7.1 billion, comprising approximately 17.2% of total retail sales. This is a high proportion by international standards, reflecting the importance of tourism to the overall retail market.

From 2013 to 2018 international visitor numbers are forecast to grow at around 3.9% per annum (in line with Singapore Tourism Board projections), representing a moderation in growth relative to the very strong growth experienced over the last few years coinciding with the opening of the Integrated Resorts. The slowing in forecast growth is partly due to an expected moderation in the global tourism growth rate (particularly as China's economy slows), as well as increased regional competition. This still translates to tourist spending accounting for an increasing proportion of the total retail spending market over time, reaching 18.9% in 2018.

International Visitor Arrivals¹

SINGAPORE, 2001 - 2018 (MILLION)

CHART 1.5



1. Visitor arrivals exclude Malaysia day trippers.

* 2013 visitor arrivals estimated based on Jan-Nov arrivals

Source : Singapore Tourism Board Statistics; Urbis

1.6 RETAIL SALES – PAST & FORECAST

Singapore's retail sales growth has remained resilient over the last decade, with only major global economic shocks such as the SARS epidemic, GFC and more recently contractions in the Eurozone, US and Chinese being the main drags on growth at various times. Between 2001 and 2013 nominal retail sales grew by 3.8% per annum. In real terms, retail sales grew by 2.6% per annum over the same period.

In 2013 retail sales recorded flat real year-on-year growth (0.1%), while nominal retail sales growth was slightly negative (-0.2%) as a result of retail price deflation. Price deflation is not often seen in Singapore; in this case it was driven by price pressure on watches and jewellery, furniture and household goods.

A key factor impacting the flat retail sales over 2013 has been subdued retail spending from tourists, with retail spending from tourists increasing by an estimated 2.5% despite an estimated 7.5% rise in the number of international visitors. This is representative of a decrease in tourist retail spending per visit.

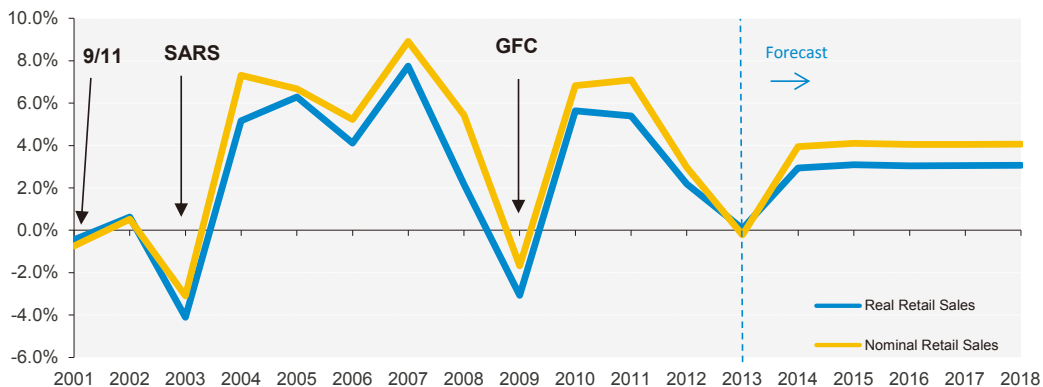
Taking account of the overall level of retail sales growth in 2013 and the various sources of retail spending, it is estimated that per capita retail spending in Singapore declined marginally over 2013. This is representative of subdued consumer sentiment, particularly over the first half of the year, due to economic uncertainty.

On the back of an improving local and global economy, retail sales growth is expected to increase in 2014 to 3.9%, consistent with rebounds after downturns post the SARS epidemic and the GFC. From 2013 to 2018, nominal and real retail sales are expected to record respective CAGRs of 4.0% and 3.0%.

Retail Sales Growth¹

SINGAPORE, 2001 - 2018

CHART 1.6



*2013 figures estimated based on January-October data

1. Excludes motor vehicle sales but includes food catering sales

Source : Indices of Retail Sales and Catering Trade, Singapore Department of Statistics; Urbis

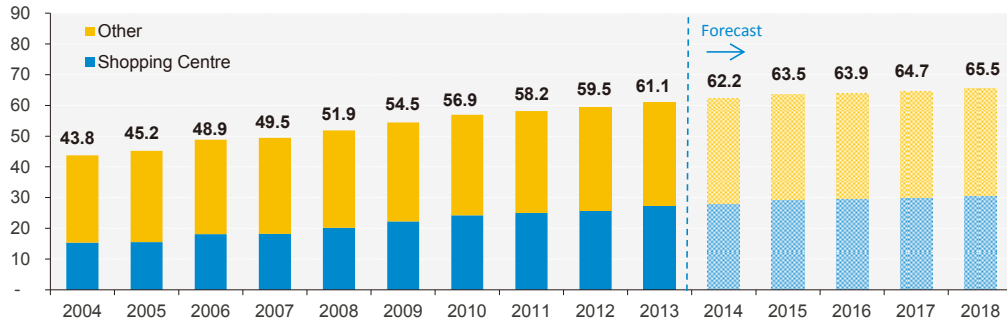
1.7 RETAIL SUPPLY – EXISTING & FORECAST

Urbis estimates that at year-end 2013 the total retail net lettable area (NLA) in Singapore was 61.1 million sq.ft NLA. Of this amount, roughly 27.3 million sq.ft (44.7%) is estimated to have been shopping centre floorspace.

Retail Floorspace Supply¹

SINGAPORE, 2004 – 2018 (MILLION SQ.FT NLA)

CHART 1.7



1. At year end
Source : Urbis

During 2013 around 1.7 million sq.ft NLA of shopping centre floorspace was added to the Singapore market, with notable completions including Jem (560,000 sq.ft NLA), Westgate (350,000 sq.ft NLA) and Bedok Mall (220,000 sq.ft NLA). In 2014 the most significant forecast addition to the stock of shopping centre floorspace in Singapore is Singapore Sports Hub (250,000 sq.ft NLA).

From 2013 to 2018, we expect the total stock of shopping centre floorspace to increase by an average of 690,000 sq.ft NLA per annum (taking into account an assumed 1.0% obsolescence rate), reaching a total of 30.8 million sq.ft NLA in 2018, and making up 47.0% of total retail floorspace. Significant retail developments from 2015 to 2018 include Jurong Big Box (366,000 sq.ft NLA) and Waterway Point (365,000 sq.ft NLA) in 2015 and CapitaLand's Project Jewel (600,000 sq.ft NLA) in 2018.

Proposed Shopping Centres by Region
SINGAPORE, 2014 - 2018

TABLE 1.1

Planning Region	NLA (sq.ft)	Completion Date
Central Core		
Capitol Piazza	160,000	2014
6 Shenton Way	148,000	2014
Orchard Gateway	143,900	2014
268 Orchard Road	95,900	2014
Asia Square Tower 2	27,000	2014
South Beach	83,400	2015
Tanjong Pagar Site	150,000	2016
Marina One	119,000	2017
Central East		
Sports Hub	250,000	2014
Wyndham Hotel	60,000	2014
Paya Lebar Square	100,000	2015
One KM	210,000	2016
Geylang Serai Civic Plaza	20,000	2016
Paya Lebar White Site	250,000	2017
Outer West		
HillV2	55,000	2014
Jurong Big Box	366,000	2015
Outer North-East		
The Seletar Mall	192,000	2014
Waterway Point	365,000	2015
Yishun White Site	339,000	2017
Outer North		
Hillion Mall	168,000	2015
Outer East		
Eastpoint Mall	211,000	2014
Project Jewel	600,000	2018

Source : Urbis

1.8 RETAIL MARKET OUTLOOK & IMPLICATIONS FOR CHANGI CITY POINT

In a country where the vast majority of visitors to shopping centres arrive by public transport, Changi City Point's location directly on Singapore's East-West Line provides a significant advantage in terms of exposure to visitors. Proximity to the popular Singapore Expo centre, which attracted around 7.5 million visitors in 2013, and its location within the fast growing Changi Business Park also bolsters this exposure further. We note:

- Singapore's economy is highly integrated with the global economy and is therefore vulnerable to fluctuations in it. Conversely this can be viewed positively – when global conditions are good, Singapore is able to perform well, and the country recovers quickly from economic downturns.

- Despite some volatility attributable to fluctuating global growth during the past decade, Singapore's economy has grown relatively strongly at around 5.6% per annum in real terms between 2001 and 2013. Inflation has historically remained under control, although it has risen over the past few years on the back of rising housing, food and transport costs.
- Growth in Singapore's economy is expected to improve further over the next few years, in tandem with the continued global recovery, with real GDP growth forecast to average 4.7% p.a. from 2013 to 2018.
- Tourism growth in Singapore has been particularly strong in recent years, averaging 14.4% per annum between 2009 and 2013. Although this is forecast to moderate between 2013 and 2018, Changi City Point is relatively well positioned to take advantage of the growing Singapore business tourist market.
- Between 2001 and 2013 nominal retail sales grew by approximately 3.8% per annum. From 2013 to 2018, nominal retail sales are expected to average 4.0% per annum largely on the back of an improving local and global economy.

2 Changi City Point Overview

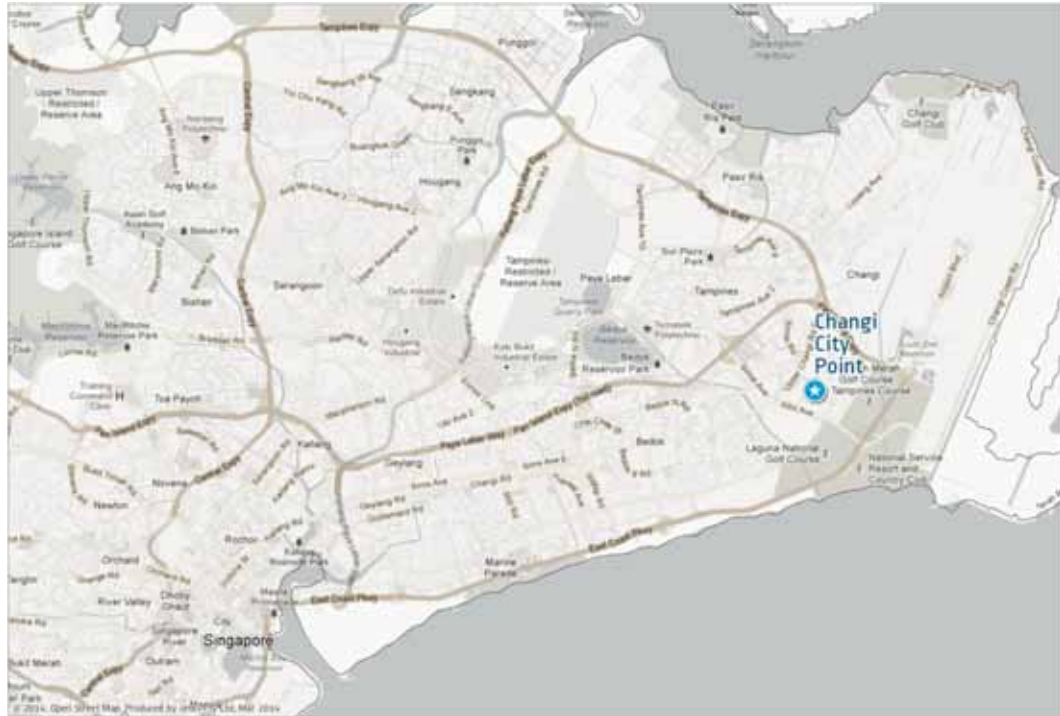
Changi City Point forms part of a larger mixed-use project on a 4.7 hectare site in the Changi Business Park developed by a joint venture between Frasers Centrepoint and Ascendas. The other components of the development include 759,000 sq.ft GFA of office space (One@Changi City), as well as a Capri by Fraser hotel with 313 rooms. Both the hotel and the office space were not completed and operating until some time after the completion of the retail mall in November 2011.

2.1 LOCATION & ACCESSIBILITY

Changi City Point is located in the eastern-most part of Singapore, in Changi Business Park (as shown in Map 2.1), around 12km east of the CBD. The Business Park is adjacent to Changi Airport (to the north-east), whilst the residential areas of Simei, Tampines and Bedok are to the north-west and west respectively. To the south-east are three golf courses, the Tanah Merah Country Club, the Laguna National Golf & Country Club and the National Service Resort & Country Club.

REGIONAL CONTEXT

MAP 2.1



2.1.1 ROAD ACCESS

As a result of its location close to the airport, Changi City Point enjoys excellent access by road (shown on Map 2.2). The centre is well-connected to the Pan-Island Expressway, the East Coast Parkway and (slightly further afield) the Tampines Expressway. Between them, these three major roads provide rapid access to the whole of eastern Singapore. At a more local level, the centre is situated at the corner of Changi South Avenue 1 and Changi South Avenue 2. These then connect directly to the ECP and PIE via Simei Avenue and Xilin Avenue.

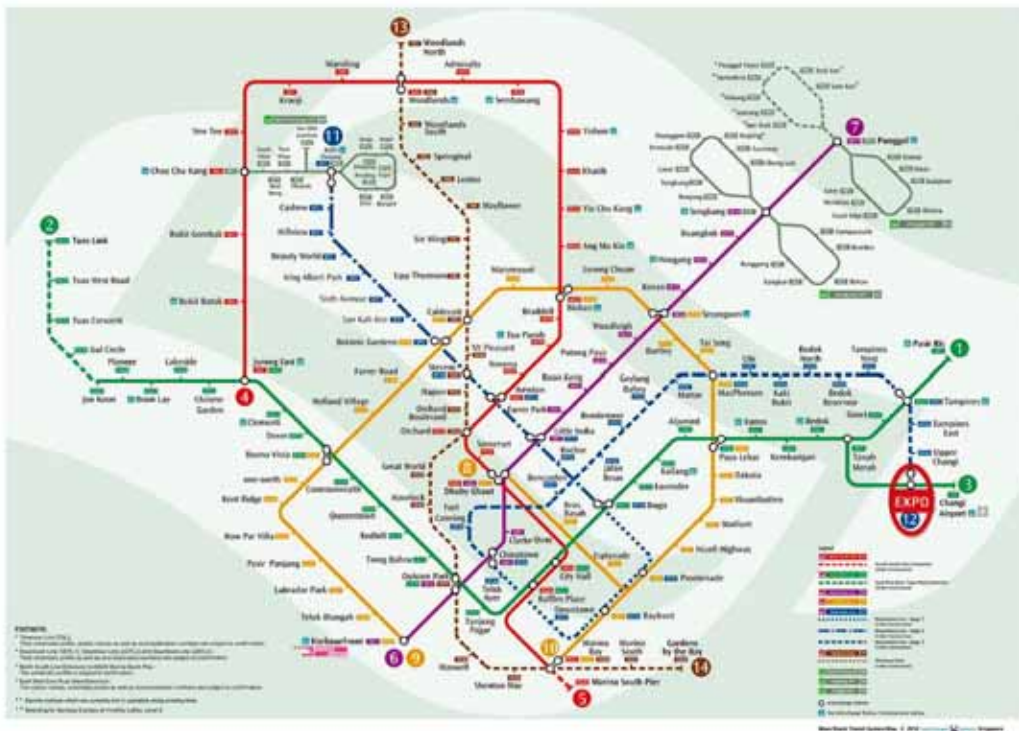
Proximity to the Singapore Expo does pose some challenges, due to the fact that it generates considerable local traffic congestion, particularly on weekends. At the same time, however, it must be recognised that Expo visitors form an important market segment for Changi City Point with many Expo visitors combining a visit to the Expo with a shopping trip to Changi City Point.



2.1.2 MRT ACCESS

The closest MRT station to Changi City Point is Expo (marked on Map 2.3), which serves the Singapore Expo Centre. The station is directly opposite the western end of the centre, and is on the Changi Airport spur of the East-West Line. This spur includes only the Changi Airport and Expo stations, via a train change at Tanah Merah. The East-West line then runs through the centre of the city, via City Hall and Raffles Place, out as far as Joo Koon in the west. Journey times are slightly increased by the requirement to change trains at Tanah Merah, but the service to Expo station remains reasonably frequent (5 services per hour in each direction between Tanah Merah and Expo).

The service to Changi Business Park (and hence also to Changi City Point) will be further enhanced by the completion of Downtown Line Phase 3. This phase will run from Chinatown, via Geylang, Bedok and Tampines and will terminate at Expo, which will therefore become an interchange station. Downtown Line Phase 3 is expected to open in 2017, at which time, Changi City Point will have a direct basement connection from the shopping mall into the station, thus improving MRT connectivity particularly from the areas of Bedok North, Simei and Tampines.



2.1.3 BUS SERVICES

Changi City Point is not as well-served by buses as by the MRT, with the nearest stops located on Xilin Avenue (bus route 35) and Upper Changi Road East (routes 12, 24, 38, NR7). These services operate as follows:

- 12 – Pasir Ris to New Bridge Road
- 24 – Ang Mo Kio to Changi Airport
- 38 – Tampines to Bedok
- 35 – Bedok to Tanah Merah Ferry Terminal
- NR7 – Night service from Marina Centre to Pasir Ris

2.1.4 LOCAL SHUTTLE

A local shuttle bus completes circuits of Changi Business Park at lunchtimes on weekdays (11.30 – 14.30, at 15 minute intervals) in order to enable access to the centre by local workers. This service is provided free of charge by the mall, and means that it remains a strong option for workers whose buildings sit outside easy walking distance in Singapore's climate. An additional shuttle service is provided to Simei MRT station seven days a week, between 11.30 – 21.00 at 30 minute intervals.

2.1.5 PEDESTRIAN ACCESS

A ten minute walk from Changi City Point covers the majority of the Changi Business Park, together with around a third of Changi International Logis Park and the Singapore Expo Centre. The centre is rare in Singapore in that it does not have a walk-up residential catchment population. However, it does have a good sized worker population within a comfortable walking distance, and this is supplemented by the workers served by the shuttle bus service.

2.2 SURROUNDING LAND USES

Map 2.4 highlights the key surrounding land uses for Changi City Point. Changi Business Park comprises a significant office worker population that is an important source of shopper traffic for Changi City Point. Close by within Changi Business Park itself are the UE BizHub (a business park development including offices, a 251 room hotel and some local retail), The Signature (the landmark office tower for the Business Park as a whole) and Plaza 8, an office building which also offers a small amount of retail space. Various other office buildings of note that are already operating within the Business Park include offices for Standard Chartered, Citi and DBS Asia. In addition, directly adjacent and connected with Changi City Point are the One@Changi City office building and the 313-room Capri by Fraser hotel. The first of these two buildings has Credit Suisse and J.P. Morgan as its anchor tenants

Wrapping around Changi Business Park to the south and east is Changi International Logis Park, an area of warehousing and logistics businesses. To the west and on the other side of the MRT line is Singapore Expo, which attracted 7.5 million convention and exhibition visitors to a total of over 800 events in 2013. Beyond the Expo lies the Institute of Technical Education College East. This tertiary education facility has 680 staff and a capacity of 8,500 full-time and 5,800 part-time students.

To the north of the Expo is the site of a new campus of Singapore University of Technology and Design. This is currently under construction, scheduled to be completed during 2014.

In addition to workers, therefore, students also form an important source of business for Changi City Point.

SURROUNDING LAND USES

MAP 2.4



2.3 DESCRIPTION OF CENTRE & TENANT MIX

Changi City Point is a simply designed centre with a single gallery running its full length, a secondary mall leading to the main atrium in the south western corner and an outdoor dining and entertainment area towards the eastern end (as shown in the layout plans included in Appendix A). There is a further secondary mall running from north to south, which is a 24-hour pedestrian access route mandated by the URA. The main gallery of the centre includes a number of full height light wells which include landscaped planting and water features. These contribute to the overall feel of the centre, which has a strong emphasis on natural materials and the integration of plants and landscaping, providing a point of difference from many malls in Singapore.

Table 2.1 shows the breakdown of the centre by tenant category. The mall is considered a sub-regional centre in the Singapore context, providing 207,237 sq.ft NLA. The main anchor is Cold Storage with 15,360 sq.ft (or 7% of total floorspace) and is located in the basement.

Changi City Point has a number of unique features including:

- Its extensively landscaped setting making it “a mall within a garden.”
- Its mixture of both traditional retail and outlet retailers with the centre having 15 outlet stores including Nike, Adidas and Lacoste.
- Its location within Changi Business Park which gives it access to sizeable and relatively affluent workforce.

The mall has two small food courts – Bagus and Koufu. Combined these tenants occupy 23,691 sq.ft. Bagus is located in the basement, while Koufu is the main anchor on Level 2.

There are 138 specialty shops in the mall, providing a combined 140,350 sq.ft. Of this, 4,026 sq.ft is currently vacant. Of the occupied specialty shop floorspace, around 40% of floorspace is allocated to F&B tenancies, while the remainder is allocated to non-food specialty tenants such as apparel and homewares, with 15 of the specialty shops being outlet stores.

The roof of the centre features a 450 seat arena for events and performances. There is also an open semi-landscaped area on the roof which is designed to function as a kind of public park.

Changi City Point provides 627 car parks. This equates to 3.0 spaces per 1,000 sq.ft of NLA. The parking lots are shared between the mall, One@Changi City and the adjacent hotel, Capri by Fraser.



PICTURE 1 – CHANGI CITY POINT, EXTERNAL VIEW



PICTURE 2 – CHANGI CITY POINT, CENTRAL ATRIUM



PICTURE 3 – CHANGI CITY POINT, INTERNAL VIEW



PICTURE 4 – CHANGI CITY POINT, F&B OUTDOOR RESTAURANT AREAS (THE OASIS)



PICTURE 5 – CHANGI CITY POINT, AMPHITHEATRE



PICTURE 6 – CHANGI CITY POINT, WET PLAY AREA

Centre Composition

CHANGI CITY POINT, 31 JANUARY 2014

TABLE 2.1

	No. of Tenants	NLA (sq.ft)	NLA (%)
Anchor Tenants			
Cold Storage	1	15,360	7%
Bagus (Food Court)	1	8,320	4%
Tung Lok Signatures	1	5,016	2%
Challenger Outlet	1	5,113	2%
Gain City	1	9,634	5%
Koufu (Food Court)	1	15,371	7%
Nike Factory Store	1	8,073	4%
Anchor Sub-Total	7	66,887	32%
Specialty Shops			
Occupied	128	136,325	66%
Vacant	10	4,026	2%
Total Specialty Shop	138	140,350	68%
Total Centre	145	207,237	100%

1. As at 31 January 2014

Source: Frasers Centrepoint; Urbis

2.4 CENTRE PERFORMANCE TO DATE

2.4.1 VISITATION

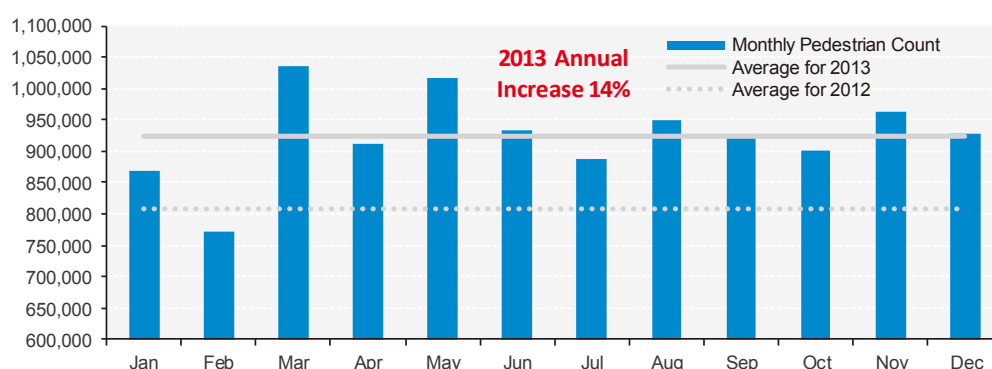
Footfall growth was relatively solid in 2013. Throughout the year, total visitation was 11.1 million, up 14% from 9.7 million in 2012. This reflects the gradual establishment of the mall within its catchment, ongoing growth in the market and the completion and occupation of the adjacent One@Changi Business Park and the Capri by Fraser hotel.

It should be noted that daily footfall at Changi City Point is relatively stable over the week, with the busiest days being Thursday and Friday, and foot traffic dropping off slightly over the weekend. This speaks to the importance of the surrounding worker markets to the centre in terms of driving traffic during the week.

Pedestrian Footfall by Month

CHANGI CITY POINT

CHART 2.1



Source: Frasers Centrepoint; Urbis

2.4.2 SALES PRODUCTIVITY

The centre's overall performance is quite typical of a newly opened mall in suburban Singapore. During 2013, the mall generated an estimated SGD 142.7 million in total sales, at an average productivity of SGD 57.4 per sq.ft per month. Growth has been healthy, with productivity increasing from SGD 49.9 per sq.ft per month in 2012. Typically suburban malls in Singapore have an average productivity of SGD 80-90 per sq.ft per month. While this performance is not as strong as many more established malls within Singapore, the centre remains in its establishment phase, and should benefit from strong growth in its local market over the next few years together with the completion of the Downtown Line.

2.4.3 AVERAGE RENTAL

The following summarises the gross rent and occupancy cost ratios for the centre. Note that gross rent includes service charges and turnover rent, as well as base rent.

In 2013 Changi City Point generated SGD 24.8 million in gross rent, at an average of SGD 10.0 per sq.ft per month.

The occupancy cost ratio (OCR) for the centre (i.e. the ratio of gross rent to sales) is estimated at 17.4% in 2013. This is relatively high by international standards, however it reflects:

- The fact that the centre remains in its establishment phase means that turnover levels have not yet reached stabilised levels, and we would expect as turnover increases OCRs will come down slightly; and
- Singapore typically has OCRs that are higher than other markets. OCRs for specialty shops of around or slightly in excess of 20% are quite typical and sustainable.

It is noted that in 2013 healthy rental growth was achieved at the time of lease renewal for a number of tenants.

2.5 CONCLUSIONS

Changi City Point is still very much in its establishment phase with its performance improving steadily over time as it matures as a centre and as further development in the immediate surrounding area is completed. With further development set to come (including the completion of more business park space as Changi Business Park, the Downtown Line extending to the Expo Station and the Singapore University of Technology and Design), the sales performance of the centre should continue to improve and grow over the next five years.

3 Trade Area Analysis

This section discusses the market segments from which Changi City Point is able to attract retail spending. The market segments of relevance include:

- Trade Area Residents
- Workers from Changi Business Park and Logis Park
- Retail workers
- Hotel workers
- Hotel guests
- Expo visitors
- Nearby university students

3.1 RESIDENT TRADE AREA DEFINITION

The resident trade area of a shopping centre is dependent on a number of factors including:

- The strength, range and appeal of services offered by the centre
- The proximity and composition of competitive centres
- The level of accessibility by road and public transport
- The presence of physical barriers such as rivers, freeways, railways, etc.

Normally a trade area for an existing centre is defined using the results from an Exit Survey carried out at the centre, and which can provide, amongst other things, details of the place of residence for its customers that took part in the survey. In the case of Changi City Point such a survey has not yet been completed and as such, the trade area has been defined according to Urbis' professional opinion, which is informed by an evaluation of access routes to the centre, surrounding competition, and significant experience assessing shopping centre trade areas elsewhere in Singapore.

Map 3.1 shows the trade area we have defined for the proposed centre. The sectors are defined as follows:

- The **Primary** sector is bordered by the Pan Island Expressway to the north, Bedok Canal to the east and the Laguna and Tanah Merah golf courses to the south-east. This sector is basically contained within a 2 km radius from the subject site and the only sizeable shopping centre within this sector is the Eastpoint Centre approximately 2 km to the north-west.
- The **Secondary North** sector is a small sector bordered by the Tampines Expressway, Upper Changi Road, New Loyang Link and Pasir Ris Drive. The only centre of any relevance within the secondary north sector is a small neighbourhood centre known as Loyang Point.
- The **Secondary North-West** sector extends north-west from the Pan Island Expressway to Tampines Avenue 10 and the Tampines Canal. It is bordered to the south-west by Bedok Canal and to the north-east by the Tampines Expressway. This sector has a relatively extensive retail offer and included within the Tampines Town Centre are three significant shopping malls namely Tampines Mall, Century Square and Tampines 1.
- The **Secondary West** sector extends into the Bedok DGP zone, as far west as Bedok North Avenue 3 and Bedok South Avenue 1. At present there are no significant retail centres within the secondary west sector.

- A **Tertiary** sector has been defined to encompass the rest of the populated areas of Singapore's East Region. It is bordered to the west by the Kallang-Paya Lebar Expressway and the Eunos Link, and to the east encompasses Changi Airport.

Collectively the primary and secondary trade area sectors comprise the main trade area. The total trade area on the other hand also includes a tertiary sector, which is of relevance only if there is a significant retail outlet component included in the centre.

CHANGI CITY POINT TRADE AREA

MAP 3.1



3.2 TRADE AREA POPULATION & SPENDING FORECASTS

Table 3.1 shows the estimated resident population of the trade area from 2013 to 2018. In 2013 the main trade area population is estimated at 457,000, with 70,000 residents in the primary. The tertiary is estimated to comprise a further 451,000 residents. From 2013 to 2018 the main trade area is expected to grow by 1.3% per annum (6,000 people per annum), reaching around 411,000, with 77,000 in the primary.

Trade Area Population Forecasts

CHANGI CITY POINT TRADE AREA, 2013 - 2018

TABLE 3.1

Trade Area Sector	Population ('000)		CAGR	
	2013	2018	2013-18 (%)	(No. '000)
Primary	70	77	1.7%	1.3
Secondary				
Secondary North	57	63	1.7%	1.0
Secondary North West	208	218	1.0%	2.1
Secondary West	122	130	1.3%	1.6
Total Secondary	387	411	1.2%	4.7
Main Trade Area	457	487	1.3%	6.0
Tertiary	451	492	1.7%	8.1
Total Trade Area	909	979	1.5%	14.1

Source: Urbis

Table 3.2 present trade area retail spending per capita estimates from 2013 to 2018. Forecast nominal growth in per capita spending is 1.8% per annum and the sector with the highest per capita spending is the secondary north followed by the secondary west. Per capita spending in the primary is slightly below the Singapore average, while average per capita spending across the main trade area is close to the Singapore average. Taking the tertiary into account, the total trade area variation is around 1% higher than the Singapore average.

Trade Area Retail Spending Per Capita

CHANGI CITY POINT TRADE AREA, 2013 – 2018 (SGD NOMINAL)

TABLE 3.2

Trade Area Sector	*Variation from Singapore Average 2013 (%)	Per Capita Retail Spending (SGD)		CAGR (%) 2013-18
		2013	2018	
Primary	-2.8%	6,307	6,899	1.8%
Secondary				
Secondary North	5.6%	6,849	7,492	1.8%
Secondary North West	-2.8%	6,307	6,899	1.8%
Secondary West	2.8%	6,669	7,295	1.8%
Total Secondary	0.2%	6,501	7,115	1.8%
Main Trade Area	-0.3%	6,472	7,081	1.8%
Tertiary	2.0%	6,618	7,240	1.8%
Total Trade Area	0.9%	6,544	7,161	1.8%

1. Includes assumed average Retail Price Inflation of 1.0% p.a. between 2013 and 2018

*Retail spending variations are based on incomes reported in the Singapore Census of Population 2010 which is limited to Singapore residents

Source: Household Income & Expenditure Survey 2007/08; Singstat; Urbis

Table 3.3 shows the estimated size of the trade area retail spending market for Changi City Point. The main trade area is expected to grow on average by 3.1% per annum from SGD 3.0 billion in 2013 to SGD 3.5 billion in 2018. Over the same period, the total trade area is expected to grow from SGD 5.9 billion to 7.0 billion, with the main trade area accounting for around 50% of this market.

Trade Area Retail Spending Market

CHANGI CITY POINT TRADE AREA, 2013 – 2018 (SGD NOMINAL)

TABLE 3.3

Trade Area Sector	Retail Spending (SGD Mil.)		CAGR (%)
	2013	2018	2013-18
Primary	443	528	3.6%
Secondary			
Secondary North	393	468	3.6%
Secondary North West	1,309	1,503	2.8%
Secondary West	815	950	3.1%
Total Secondary	2,517	2,921	3.0%
Main Trade Area	2,960	3,450	3.1%
Tertiary	2,987	3,562	3.6%
Total Trade Area	5,946	7,012	3.4%

1. Includes assumed average Retail Price Inflation of 1.0% p.a. between 2013 and 2018

Source: Household Income & Expenditure Survey 2007/08; Singstat; Urbis

3.3 OTHER MARKET SEGMENT SPENDING FORECASTS

Changi Business Park and the surrounding area encompass a number of other market segments from which Changi City Point is able to attract retail spending. The market segments include:

- Office and Logis Park workers
- Retail workers
- Hotel workers
- Hotel guests
- Expo visitors
- University students

3.3.1 LOCAL WORKERS

Changi City Point's location at Changi Business Park affords it access to the retail spending from a large pool of local workers, including office, Logis Park and hotel workers.

Table 3.4 shows the estimated office workers capacity (at 100% occupancy) of Changi Business Park by building through to 2018. At year-end 2013 it is estimated that Changi Business Park comprised 4.7 million sq.ft NLA of office floorspace, translating to a worker capacity of 25,900. Known projects indicate that the office workforce capacity is expected to expand to 26,300 by year-end 2015. Based on historical additions to office floorspace at Changi Business Park, it is expected that the office workforce capacity will expand to 30,000 by 2018. Notable existing office buildings include The Signature, One@Changi City and Citi, which are occupied by a number of higher order tenants such as Credit Suisse, J.P. Morgan and Citi.

Office Worker Population Capacity
CHANGI CITY POINT, 2013 - 2018

TABLE 3.4

Building	GFA (sq.ft)	Efficiency (%)	NLA (sq.ft)	Workspace Ratio (sq.ft per worker)	Workers
Existing Office Space					
The Signature	505,133	85.0%	429,363	180	2,385
1 Changi Business Park Avenue	123,248	88.4%	108,951	180	605
IBM	172,224	85.0%	146,390	180	813
Invensys	213,127	85.0%	181,158	180	1,006
Eighthrium	209,325	85.0%	177,927	180	988
Honeywell	195,076	81.0%	158,012	180	878
Xilinx	221,943	85.0%	188,651	180	1,048
Applied Materials	204,516	85.0%	173,839	180	966
Hansapoint	209,338	89.0%	186,311	180	1,035
3 CBP Crescent	226,292	88.5%	200,268	180	1,113
Plaza 8 @ CBP	351,068	38.8%	136,214	180	757
Standard Chartered @ Changi	225,000	85.0%	191,250	180	1,063
DBS Asia Hub	340,000	85.0%	289,000	180	1,606
One@Changi City	759,000	86.0%	650,000	180	3,611
UE Biz Hub East	470,240	90.0%	423,216	180	2,351
Standard Chartered @ Changi 2	202,901	85.0%	172,466	180	958
Rohde & Schwarz	137,209	85.0%	116,627	180	648
Citi	644,118	85.0%	547,500	180	3,042
Akznobel	217,971	85.0%	185,275	180	1,029
Total	5,627,729	82.8%	4,662,419	180	25,902
Planned at year-end 2015					
DBS Hub Phase II	76,000	85.0%	64,600	180	359
Rigel Technology's R&D Centre	unknown	-	-	-	-
Total Potential Supply at year-end 2015	5,703,729	82.9%	4,727,019	180	26,261
Forecast Supply 2015-2018					
Additional Space p.a	342,824	85.0%	291,400	180	1,619
Total Potential Supply at year-end 2018	6,732,199	83.2%	5,601,219	180	29,562

Source : Ascendas; Urbis

Table 3.5 shows the estimated office worker spending market at Changi Business Park. It is our understanding that average occupancy of office space at Changi Business Park is around 95% and that a significant proportion of the forthcoming office space has been pre-committed. The existing average occupancy has been used to derive the number of office workers currently at Changi Business Park and a small one-year establishment effect has been applied to future floorspace, after which a 95% occupancy rate has been applied.

Given the above assumptions the office worker retail spending market is estimated at SGD 129.9 million in 2013, growing to SGD 180.5 million in 2018.

By 2018 Changi Business Park is expected to be approximately 54% complete, with 29,600 office workers. There is the capacity to accommodate a further 25,000 workers in the business park over time as it reaches its fully built out capacity over the next 20-30 years. There is therefore considerable office worker growth potential beyond 2018 for Changi City Point.

Office Worker Retail Spending Market

CHANGI CITY POINT, 2013 – 2018 (SGD NOMINAL)

TABLE 3.5

	Unit	2013	2018
Total Floorspace	sq.ft NLA ('000)	4,662	5,893
Average Occupancy	%	95%	95%
Worker Space Ratio	sq.ft NLA / Worker	180	180
On-Site Office Workers	no. Workers	24,607	29,481
Spend Per Working Day	SGD	22	26
Average Working Days	no. Days	240	240
Total Retail Spending	SGD Mil.	129.9	180.5

Source : Urbis

The adjacent Changi International Logis Park will also provide a local worker population. As shown in Table 3.6 we estimate this to be slightly under 6,000 workers, which, due to the park already being fully occupied, is not expected to change significantly from this figure over the forecast period.

Logis Park Worker Retail Spending Market

CHANGI CITY POINT, 2013 – 2018 (SGD NOMINAL)

TABLE 3.6

	Unit	2013	2018
Industrial Land	ha	66	66
Roads & Services	%	0.2	0.2
Industrial Land excl. Roads & Services	ha	53	53
FAR		0.37	0.37
GFA	sq.ft / Worker	196,544	196,544
GFA Per Worker	sq.ft / Worker	34	34
On-Site Workers	no. Workers	5,781	5,781
Spend Per Working Day	SGD	13	15
Average Working Days	no. Days	240	240
Total Retail Spending	SGD Mil.	18.0	20.9

Source : Urbis

Table 3.7 presents the retail worker retail spending market attributable to those retail workers at the various retail components of Changi Business Park, including:

- Changi City Point
- The Signature
- UE BizHub East
- Plaza 8 @ CBP

The retail worker spending market is significantly smaller than the office and Logis Park worker markets, estimated at SGD 4.7 million in 2013 and forecast to reach SGD 5.4 million in 2018.

Retail Worker Retail Spending Market

CHANGI CITY POINT, 2013 – 2018 (SGD NOMINAL)

TABLE 3.7

	Unit	2013	2018
Occupied Retail Floorspace	sq.ft NLA ('000)	320	320
Worker Space Ratio	sq.ft NLA / Worker	320	320
On-Site Retail Workers	no. Workers	1,000	1,000
Spend Per Working Day	SGD	13	15
Average Working Days	no. Days	360	360
Total Retail Spending	SGD Mil.	4.7	5.4

Source : Urbis

Changi Business Park includes two hotels in Capri by Fraser, which is adjacent to Changi City Point, and Park Avenue. These constitute a combined 564 rooms and are estimated to employ around 508 hotel workers. Hotel worker spending is estimated to be relatively small in comparison to the other worker markets, at SGD 2.4 million in 2013, SGD 2.8 million in 2018.

Hotel Worker Retail Spending Market

CHANGI CITY POINT, 2013 – 2018 (SGD NOMINAL)

TABLE 3.8

	Unit	2013	2018
Available Rooms	no. Rooms	564	564
Worker Space Ratio	Workers / Key	0.9	0.9
On-Site Hotel Workers	no. Workers	508	508
Spend Per Working Day	SGD	13	15
Average Working Days	no. Days	365	365
Total Retail Spending	SGD Mil.	2.4	2.8

Source : Urbis

Table 3.9 shows the estimated worker population and associated retail spending from 2013 to 2018. In order to avoid double counting in assessing the total retail spending market, a discount has been applied to the worker numbers such that 60% of the workers are assumed to come from beyond the resident trade area. This means that the additional worker retail spending market, as distinct from the resident trade area spending market, is estimated to be SGD 93.0 in 2013 and SGD 125.7 million in 2018.

Combined Worker Retail Spending Market
 CHANGI CITY POINT, 2013 – 2018 (SGD NOMINAL)

TABLE 3.9

	Unit	2013	2018
Workers			
Office Workers	Persons	24,607	29,481
Retail Workers	Persons	1,000	1,000
Hotel Workers	Persons	508	508
LogisPark Workers	Persons	5,781	5,781
Total Workers	Persons	26,115	30,989
Working Days			
Office Worker Days	Days	240	240
Retail Worker Days	Days	360	360
Hotel Worker Days	Days	365	365
LogisPark Worker Days	Days	240	240
Spend Per Office Worker Per Day			
Food	SGD	10	12
Non-Food	SGD	12	14
Total Spend	SGD	22	26
Total Spend Per Annum			
Food	SGD Mil.	59.1	82.0
Non-Food	SGD Mil.	70.9	98.4
Total Spend	SGD Mil.	129.9	180.5
Spend Per Retail Worker Per Day			
Food	SGD	6	7
Non-Food	SGD	7	8
Total Spend Per Day	SGD	13	15
Total Spend Per Annum			
Food	SGD Mil.	2.2	2.5
Non-Food	SGD Mil.	2.5	2.9
Total Spend	SGD Mil.	4.7	5.4

Source : Urbis

		2013	2018
Spend Per Hotel Worker Per Day			
Food	SGD	6	7
Non-Food	SGD	7	8
Total Spend	SGD	13	15
Total Spend Per Annum			
Food	SGD Mil.	1.1	1.3
Non-Food	SGD Mil.	1.3	1.5
Total Spend	SGD Mil.	2.4	2.8
Spend Per LogisPark Worker Per Day			
Food	SGD	6	7
Non-Food	SGD	7	8
Total Spend	SGD	13	15
Total Spend Per Annum			
Food	SGD Mil.	8.3	9.7
Non-Food	SGD Mil.	9.7	11.3
Total Spend	SGD Mil.	18.0	20.9
Total Worker Retail Spend Per Annum			
Food	SGD Mil.	70.7	95.5
Non-Food	SGD Mil.	84.4	114.1
Total Spend	SGD Mil.	155.1	209.6
<i>Proportion of Workers from Outside the Trade Area</i>		60%	60%
Total Additional Worker Retail Spend Per Annum			
Food	SGD Mil.	42.4	57.3
Non-Food	SGD Mil.	50.6	68.5
Total Spend	SGD Mil.	93.0	125.7

Source : Urbis

3.3.2 HOTEL GUESTS

Table 3.10 presents an estimation of the existing hotel guest retail spending market and forecast market to 2018. The total retail spending market for hotel guests is estimated at SGD 31.4 million in 2013 and forecast to reach SGD 34.6 million in 2018.

It should be noted that hotel guest retail spending is likely to be distributed more broadly across Singapore than spending from other local market segments, as well-known retail districts such as Orchard Road will attract some of tourist retail spending.

Having said that, it is expected that a high proportion of the guests in the hotels at Changi Business Park are traveling for business purposes and therefore are less likely to shop at Orchard Road and the other popular centres and shopping precincts in Singapore.

Hotel Guest Retail Spending Market

CHANGI CITY POINT, 2013 – 2018 (SGD NOMINAL)

TABLE 3.10

	Unit	2013	2018
Available Rooms	no. Rooms	564	564
Occupancy Rate	%	83%	83%
Occupied Room Nights	no. Nights	169,835	169,835
Double Occupancy Factor	no. Guests	1.4	1.4
Guest Nights of Demand	no. Nights	237,768	237,768
Retail Spend Per Guest Night			
Food	SGD	53	58
Non-Food	SGD	79	87
Total	SGD	132	146
Total Retail Spend			
Food	SGD Mil.	12.5	13.8
Non-Food	SGD Mil.	18.8	20.8
Total	SGD Mil.	31.4	34.6

Source : Urbis

3.3.3 EXPO VISITORS

Table 3.11 provides an estimate of the potential spending market generated by visitors to Singapore Expo. According to management, Expo receives around 7.5 million visitors in 2013 translating to a retail spending market of approximately SGD 97.5 million. Notable events held at Singapore Expo during 2013 included IT Expo, Asia Education Expo and Singapore Food Expo.

In the absence of more detailed information, we have adopted the same spend per visit figures as for workers. This generates a spending market of SGD 113.0 million in 2018.

Singapore Expo Visitors Retail Spending Market

CHANGI CITY POINT, 2013 – 2018 (SGD NOMINAL)

TABLE 3.11

	Unit	2013	2018
Expo Visitors	Persons	7,500,000	7,500,000
Spend Per Visit	SGD	13	15
Total Retail Spending	SGD Mil.	97.5	113.0

Source : Singex; Urbis

3.3.4 UNIVERSITY STUDENTS

Another separate spending market available to the Changi City Point will be that generated by students attending the soon to be completed Singapore University of Technology and Design and the already complete ITE College East.

We understand the estimated ultimate population for Singapore University of Technology and Design is around 6,000 students while ITE College East has a capacity of 8,500 full-time and 5,800 part-time students. We would expect these students to generate some retail spending although the spend per capita figure in this instance will be significantly below that estimated for the Changi Business Park workers.

3.3.5 TOTAL AVAILABLE RETAIL SPENDING MARKET

Table 3.12 summarises the sum total of the retail markets estimated in this section. This shows that the total available retail spending market is estimated at SGD 6.2 billion, growing to SGD 7.3 billion in 2018.

Total Available Retail Spending Market

CHANGI CITY POINT, 2013 – 2018 (SGD NOMINAL)

TABLE 3.12

Trade Area Sector	Retail Spending (SGD Mil.)		CAGR (%)
	2013	2018	2013-18
Primary	443	528	3.6%
Secondary			
Secondary North	393	468	3.6%
Secondary North West	1,309	1,503	2.8%
Secondary West	815	950	3.1%
Total Secondary	2,517	2,921	3.0%
Main Trade Area	2,960	3,450	3.1%
Tertiary	2,987	3,562	3.6%
Total Trade Area	5,946	7,012	3.4%
Office Workers	78	108	6.8%
LogisPark Workers	11	13	3.0%
Retail Workers	3	3	3.0%
Hotel Workers	1	2	3.0%
Hotel Guests	31	35	2.0%
Expo Visitors	98	113	3.0%
Total On-Site Market	222	273	4.3%
Total Retail Spending Market	6,168	7,285	3.4%

1. Includes assumed average Retail Price Inflation of 1.0% p.a. between 2013 and 2018

Source: Household Income & Expenditure Survey 2007/08; Singstat; Urbis

3.4 IMPLICATIONS FOR CHANGI CITY POINT

Changi City Point is able to draw from significantly sized resident trade area which accounts for the large majority of the total retail spending market from which the centre is able to attract custom. Growth in the resident retail spending market over the forecast period is expected to be strong, particularly in the primary, and this is set to benefit the centre moving forward.

The location of Changi City Point and surrounding land uses also provides the centre with the opportunity to draw upon a number of sizeable market segments, which are set to grow strongly through to 2018. However, the combined size of the surrounding market segments is small compared with the resident trade area spending market. The market shares that Changi City Point should be able to achieve from these market segments in close proximity to the centre however, should be considerably higher than those for the resident trade area sectors.

4 Review of Retail Competition

The competitive environment included both existing and future competition relevant to Changi City Point is now considered.

4.1 EXISTING CENTRES

Table 4.1 presents a list of existing and future shopping centre competition for Changi City Point, with the locations shown in Map 4.1. Further discussion pertaining to existing key competitors is then provided.

CHANGI CITY POINT SHOPPING CENTRE COMPETITION – EXISTING & PROPOSED MAP 4.1



Existing Shopping Centres

CHANGI CITY POINT TRADE AREA, 2014

TABLE 4.1

	Distance (km)	NLA (sq.ft)	Major Tenants
Primary			
UE BizHub East	0.1	60,000	NTUC FairPrice Xtra
The Signature	0.2	20,000	-
Plaza 8 @ CBP	0.2	20,000	-
Singapore Expo	0.3	20,000	-
Secondary North-West			
Tampines Mart	2.3	40,000	Gaint
Tampines Mall	2.8	321,000	Isetan; Courts; NTUC Fairprice; Popular
Century Square	2.8	205,000	BHG department store; NTUC Fairprice
Tampines 1	2.9	260,000	Cold Storage
Tertiary			
Bedok Point	3.2	80,000	-
Bedok Mall	3.8	220,000	NTUC FairPrice Finest; Best Denki; Popular
Bedok Town Centre	3.3	235,000	Sheng Siong; NTUC; Giant
Changi Airport T1-T4	3.6	28,000	-
Loyang Point	3.7	75,000	Sheng Siong; Giant
White Sands	4.5	148,000	NTUC Fairprice; Kopitiam; Popular
Elias Mall	5.4	70,000	Golden Bamboo Brothers Supermarket
Tampines Retail Park	5.4	377,000	Courts; Giant; Ikea
Beyond			
Parkway Parade	7.3	520,000	Isetan; Giant; Cold Storage; Best Denki
Nexus	10.0	600,000	Isetan; Hypermarket; Cinemas

Source : Urbis

4.1.1 PRIMARY TRADE AREA COMPETITION

CHANGI BUSINESS PARK & SINGAPORE EXPO

UE BIZHUB EAST

This development is located north of Changi City Point and comprises around 60,000 sq.ft NLA of retail floorspace. The retail offer constitutes exclusively F&B, and is made up of a FairPrice Xtra hypermarket and a strip of restaurants located in a shaded walkway called Changi Link.

THE SIGNATURE

The Signature has a small F&B provision estimated at approximately 20,000 sq.ft NLA, which will provide some competition for F&B spending from business park workers, with its location being more convenient relative to a number of the surrounding office buildings.

PLAZA 8 @ CBP

Plaza 8 @ CBP comprises approximately 20,000 sq.ft NLA, almost all of which is F&B and anchored by a small food court and a 7-Eleven. This retail offer will provide some competition for the F&B spending of surrounding office workers.

SINGAPORE EXPO

Singapore Expo has a small provision of F&B specialty, estimated to comprise approximately 20,000 sq.ft NLA. As a result of Singapore Expo being slightly removed from Changi Business Park, this offer is unlikely to provide competition for office worker spending, rather catering for Singapore Expo workers. The offer will however provide competition for the F&B spending of Expo visitors.



PICTURE 7 – FAIR PRICE XTRA HYPERMARKET, UE BIZHUB EAST



PICTURE 8 – THE SIGNATURE



PICTURE 9 – PLAZA 8 @ CBP



PICTURE 10 – SINGAPORE EXPO

4.1.2 SECONDARY TRADE AREA COMPETITION

TAMPINES TOWN CENTRE

Tampines Town Centre is located approximately 2.8 km north-west of Changi City Point and comprises a regional concentration of residential and commercial development, including three shopping centres, namely; Tampines Mall, Century Square and Tampines One.

TAMPINES MALL

Tampines Mall is a six-level 328,000 sq.ft NLA centre which is anchored by a two-level Isetan department store on Levels 1 and 2, a NTUC FairPrice supermarket in the basement, Courts and an 8-screen Golden Village Cinema. This centre, owned by CapitaMall Trust, is one of the strongest in eastern Singapore and is of primary competitive relevance to Changi City Point.



PICTURE 11 – TAMPINES MALL, FACADE



PICTURE 12 – TAMPINES MALL, INTERNAL

CENTURY SQUARE

Century Square is a 205,000 sq.ft NLA centre connected to Tampines Mall by an undercover walkway on Level 1. The centre's offer is at a lower market position compared with Tampines Mall, characterised by its weaker anchors, which include a three-level BHG department store and a NTUC FairPrice Finest Supermarket in the basement. This centre benefits from its co-location with the Tampines Mall, as a significant amount of shopper traffic passes between the two centres.



PICTURE 13 – CENTURY SQUARE, FACADE



PICTURE 14 – CENTURY SQUARE, INTERNAL

TAMPINES 1

Tampines 1 is the weakest of the three centres surrounding Tampines MRT Station. The centre comprises 260,000 sq.ft NLA of retail floorspace spread over six levels. The centre is anchored by a 30,000 sq.ft Cold Storage in the Basement, a two-level Esprit and Muji. While the finishes of the centre are superior to those of the other malls, the tenancy mix is weaker, particularly on the upper levels. Further, the centre does not receive as high foot traffic as the other two due to its physical separation on the opposite side of the MRT station.



PICTURE 15 – TAMPINES 1, FACADE



PICTURE 16 – TAMPINES 1, INTERNAL

4.1.3 TERTIARY TRADE AREA COMPETITION

WHITE SANDS

White Sands is located approximately 4.5 km north of Changi City Point, adjacent to Pasir Ris MRT Station. The centre comprises 148,000 sq.ft NLA of retail floorspace spread over six levels. The retail offer is positioned at the mid-market and anchors include a NTUC FairPrice supermarket and Popular bookshop. White Sands is designed to serve the local catchment in Pasir Ris.



PICTURE 17 – WHITE SANDS, FACADE



PICTURE 18 – WHITE SANDS, INTERNAL

TAMPINES RETAIL PARK

This site is located around 5.3 km north-west of Changi City Point and was the first site opened under the "Warehouse Retail Scheme". The retail park includes IKEA, Giant and Courts and has a total of 377,000 sq.ft NLA. Although this was not initially as successful as anticipated, we understand that IKEA is performing well. There is a direct shuttle to the retail park from Tampines MRT Station assists in improving access to the site, however access to the site is still considered to be weak.



PICTURE 19 – IKEA, TAMPINES RETAIL PARK



PICTURE 20 – COURTS, TAMPINES RETAIL PARK

BEDOK MALL

Bedok Mall is located 3.8 km west of Changi City Point adjacent to Bedok MRT Station. This CapitaMalls centre constitutes 220,000 sq.ft NLA of retail floorspace spread over four levels and opened fully leased in December 2013. Anchors include a NTUC FairPrice Finest supermarket, Uniqlo and BEST Denki. The centre derives significant benefit from its underground connection to the MRT, which provides easy access to the supermarket in the basement. The centre is further advantaged by the large walk-up population attributable to the considerable volume of HDB housing that surrounds Bedok Town Centre. This centre is expected to draw widely from suburban eastern Singapore.



PICTURE 21 – BEDOK MALL, FACADE



PICTURE 22 – BEDOK MALL, INTERNAL

BEDOK POINT

Bedok Point is a small centre of around 80,000 sq.ft NLA located near Bedok MRT Station. The centre is anchored by Challenger, with the residual retail offer largely comprising F&B. This centre assists in consolidating Bedok Town Centre as a retail hub, however does not have the scale of offer to be a primary retail location. It is our understanding that the centre is set to be remixed in 2014, with the most notable new addition being Harvey Norman.



PICTURE 23 – BEDOK POINT, FACADE



PICTURE 24 – BEDOK POINT, INTERNAL

DOWNTOWN EAST E! HUB

This centre is located approximately 4.7 km north of Changi City Point and comprises 130,000 sq.ft NLA. The centre is anchored by a FairPrice supermarket and has a particularly strong entertainment offer consisting of a Cathay Cineplex, Orchid Bowling Alley and an eXplorerkid entertainment centre. The primary retail offer is located in five level enclosed format, however there is additional retail, including Cotton On and Giordano on an adjacent semi-enclosed pad site.



PICTURE 25 – DOWNTOWN EAST E! HUB, FACADE



PICTURE 26 – DOWNTOWN EAST E! HUB, FAIRPRICE SUPERMARKET

4.1.4 BEYOND TRADE AREA COMPETITION

PARKWAY PARADE

Parkway Parade is a strong centre in the inner-suburban east consisting of 576,000 sq.ft NLA of retail floorspace, approximately 7.3 km west of Changi City Point and just beyond the border of the tertiary trade area sector. Parkway is anchored by an Isetan department store, Giant and Cold Storage. Although located beyond the trade area is of relevance due to its scale and strong trade mix. It is highly Popular with residents of eastern Singapore.



PICTURE 27 – PARKWAY PARADE, FACADE



PICTURE 28 – PARKWAY PARADE, INTERNAL

NEX

Nex located approximately 10 km west of Changi City Point adjacent to the Serangoon MRT Station and comprises 618,000 sq.ft NLA. Anchors include FairPrice Xtra hypermarket, Cold Storage and Shaw Theatres. While a considerable distance from Changi City Point, the scope of offer at NEX means that it is able to draw retail customers widely from across eastern Singapore.



PICTURE 29 – NEX, FACADE



PICTURE 30 – NEX, INTERNAL

4.2 PROPOSED COMPETITION

EASTPOINT MALL

Eastpoint Mall is located approximately 1.4 km north-west of Changi City Point adjacent to Simei MRT Station. The centre is currently being refurbished and when complete will comprise approximately 210,000 sq.ft NLA. At present a 40,000 sq.ft NLA FairPrice Supermarket is located adjacent to the site. The mall is set to re-open in late 2014. The centre benefits from its strategic location adjacent to the MRT and a large walk-up population attributable to Simei Housing Estate. Once refurbished, this centre is expected to be of some relevance.



PICTURE 31 –EASTPOINT MALL, FACADE



PICTURE 32 – FAIRPRICE FINEST, SIMEI

PROJECT JEWEL - CHANGI

Project Jewel is a mixed-used development by Changi Airport Group and CapitaMalls Asia which will include a 520,000 sq.ft NLA shopping centre. The mixed-use complex will be integrated with Terminals 1, 2 and 3 at Changi Airport and in addition to the retail offer, the development will provide indoor gardens and leisure attractions, hotel facilities. This development will be located 3.6 km east of Changi City Point, and upon completion in 2018 will be of competitive relevance, particularly in terms of drawing custom from tourists to Singapore.

Proposed Shopping Centres

CHANGI CITY POINT TRADE AREA, 2014

TABLE 4.2

	Opening Year	Distance (km)	NLA (sq.ft)	Major Tenants
Primary				
Eastpoint Mall	2014	1.4	210,000	NTUC; Best Denki
Tertiary				
Project Jewel - Changi	2018	3.6	520,000	n.a

Source : Urbis

4.3 FORECAST RETAIL FLOORSPACE

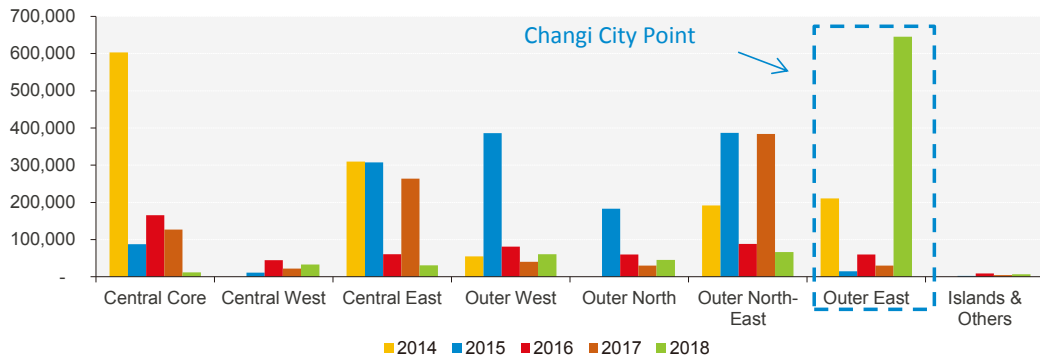
Chart 4.1 displays new shopping centre floorspace by region in Singapore from 2014-2018 (these are based on the planning regions defined by the URA as shown in Map 4.2). As shown, there is a moderate amount of floorspace planned for the Outer East, in which Changi City Point is located, with the most notable additions being Eastpoint Mall in 2014 and Project Jewel in 2018.



Planned Shopping Centre Floorspace by Region¹

SINGAPORE, 2014-2018 (SQ FT NLA)

CHART 4.1



1. At year end

*An additional allowance of 1 million sq.ft NLA has been included from 2013 to 2018 for future shopping centres that are as yet unknown.

This allowance has been distributed by planning region based on projected population growth.

Source : URA; Urbis

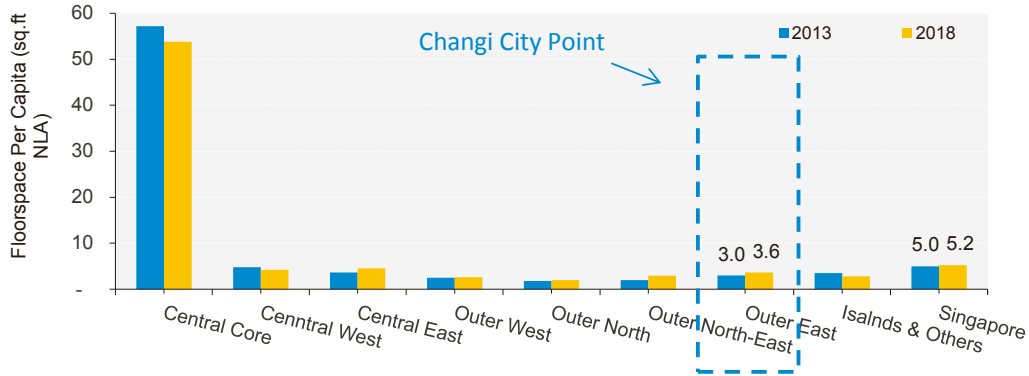
Between year-end 2013 and year-end 2018 the net shopping centre space built per annum in the Outer East Region, taking into account obsolescence (i.e. @ 1.0% per annum), on average will be around 162,000 sq.ft. At present we estimate the total amount of shopping centre floorspace within the Outer East region to be around 2.7 million sq.ft with total floorspace per capita for the region relatively low at 3.0 sq.ft per person compared with the Singapore average at 4.9 sq.ft per person.

As shown in Chart 4.2 we are forecasting the shopping centre floorspace per capita provision for the Outer East region to increase to around 3.6 sq.ft per person in 2018 after factoring in the inception of Project Jewel, which is still significantly below the overall Singapore provision of 5.2 sq.ft per person.

Shopping Centre Floorspace by Region

SINGAPORE, CALENDAR YEAR END 2013 - 2018

CHART 4.2



Source : Urbis

4.4 IMPLICATIONS FOR CHANGI CITY POINT

The overall trade area retail provision is considered to be relatively strong. The most relevant competition for Changi City Point is the concentration of retail around the Tampines MRT Station to the north and the retail at Bedok Town Centre to the west, particularly Bedok Mall. Both Tampines and Bedok however are located in the secondary and tertiary trade areas and Changi City Point has a very little competition in its primary trade area.

In terms of future competition, Frasers Centrepoint is in a position to mitigate the competition from Eastpoint Mall, however Project Jewel will provide a nearby retail offer of considerable scale and is expected to be designed and tenanted to a high level as it is being developed by an experienced retail developer in CapitalLand.

The Outer East has a considerably lower provision of shopping centre floorspace per capita compared with average provisions across Singapore. This is forecast to increase over time as retail developers look to take advantage of the growing retail market in this area.

5 Market Outlook

- Changi City Point, being just over two years old, is still going through its establishment phase as would be expected for a centre of this type and scale and located in an area which is being gradually developed and still has a long way to go to reach its fully built-out capacity.
- The centre however should experience solid growth over the next few years and it is in a good position to take advantage of the following developments in the Singapore and local retail market, including:
 - Ongoing healthy growth in the resident retail spending market over the next five years.
 - The constantly improving public transportation network including the completion of the Downtown Extension Line with its direct underground connection with Changi City Point.
 - A growing office workforce at Changi Business Park expected to double in size over the next 20-30 years.
 - The continued development, usage and patronage of Singapore Expo.
 - Growth in the nearby student population with the 2014 opening of the new campus of the Singapore Technology and Design University
- In relation to future competition, we would expect there to be only a minor localized impact resulting from the opening of Eastpoint Mall in 2014. Similarly in the case of the Project Jewel centre at Changi Airport, because of its scale, market positioning and location at the airport, this centre is expected again to not have a significant impact on Changi City Point's trading performance with the Project Jewel centre performing a much wider regional role and with a very strong focus on the tourist market.

Disclaimer

This report is dated 14 March 2014 and incorporates information and events up to that date only and excludes any information arising, or event occurring, after that date which may affect the validity of Urbis Pty Ltd's (**Urbis**) opinion in this report. Urbis prepared this report on the instructions, and for the benefit only, of Frasers Centrepoint Trust (**Instructing Party**) for the purpose of Independent Retail Market Review (**Purpose**) and not for any other purpose or use. To the extent permitted by applicable law, Urbis expressly disclaims all liability, whether direct or indirect, to the Instructing Party which relies or purports to rely on this report for any purpose other than the Purpose, and to any other person which relies or purports to rely on this report for any purpose whatsoever (including the Purpose).

In preparing this report, Urbis was required to make judgements which may be affected by unforeseen future events, the likelihood and effects of which are not capable of precise assessment.

All surveys, forecasts, projections and recommendations contained in or associated with this report are made in good faith and on the basis of information supplied to Urbis at the date of this report, and upon which Urbis relied. Achievement of the projections and budgets set out in this report will depend, among other things, on the actions of others over which Urbis has no control.

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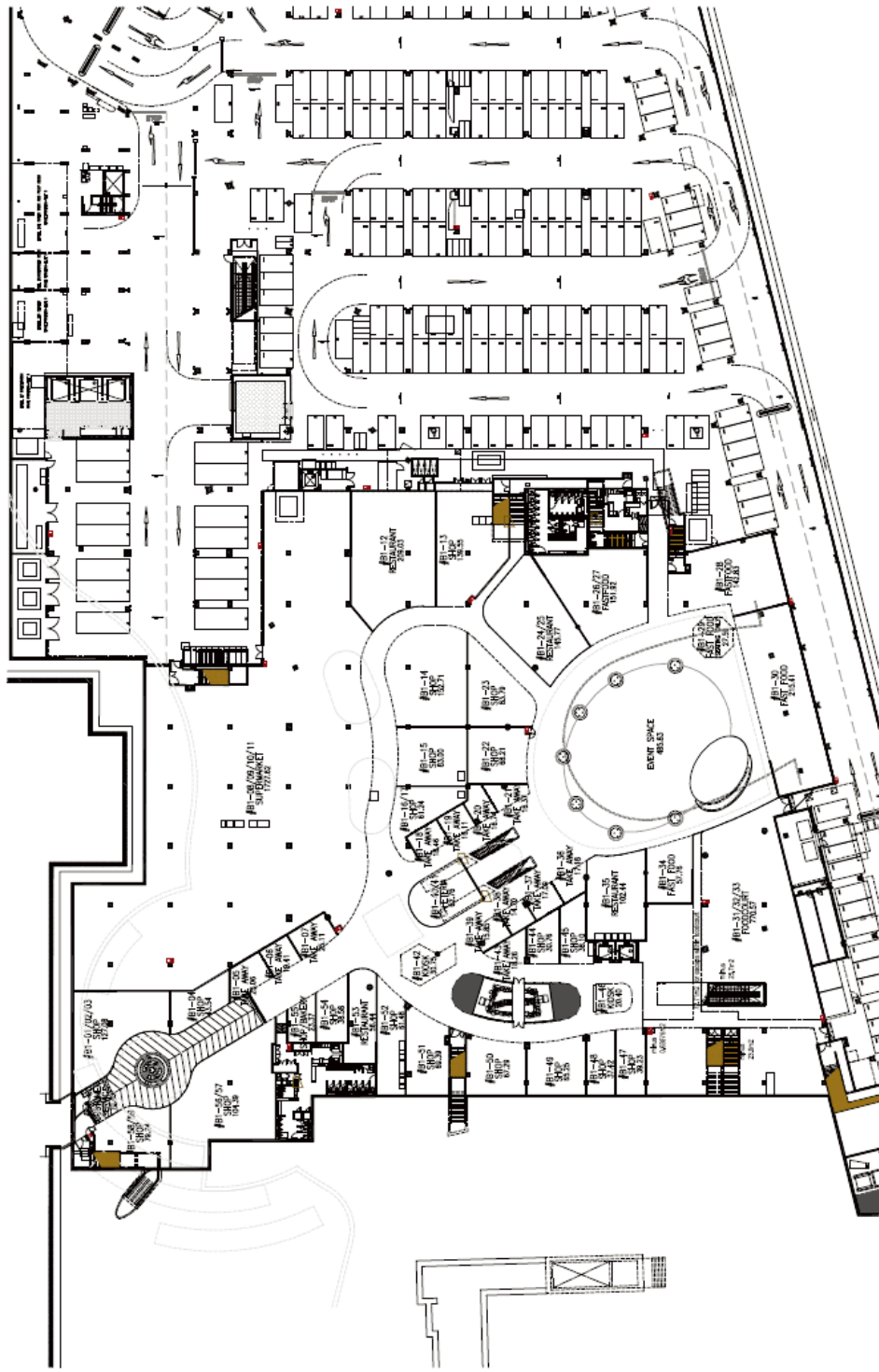
This report has been prepared with due care and diligence by Urbis and the statements and opinions given by Urbis in this report are given in good faith and in the reasonable belief that they are correct and not misleading, subject to the limitations above.

Appendix A

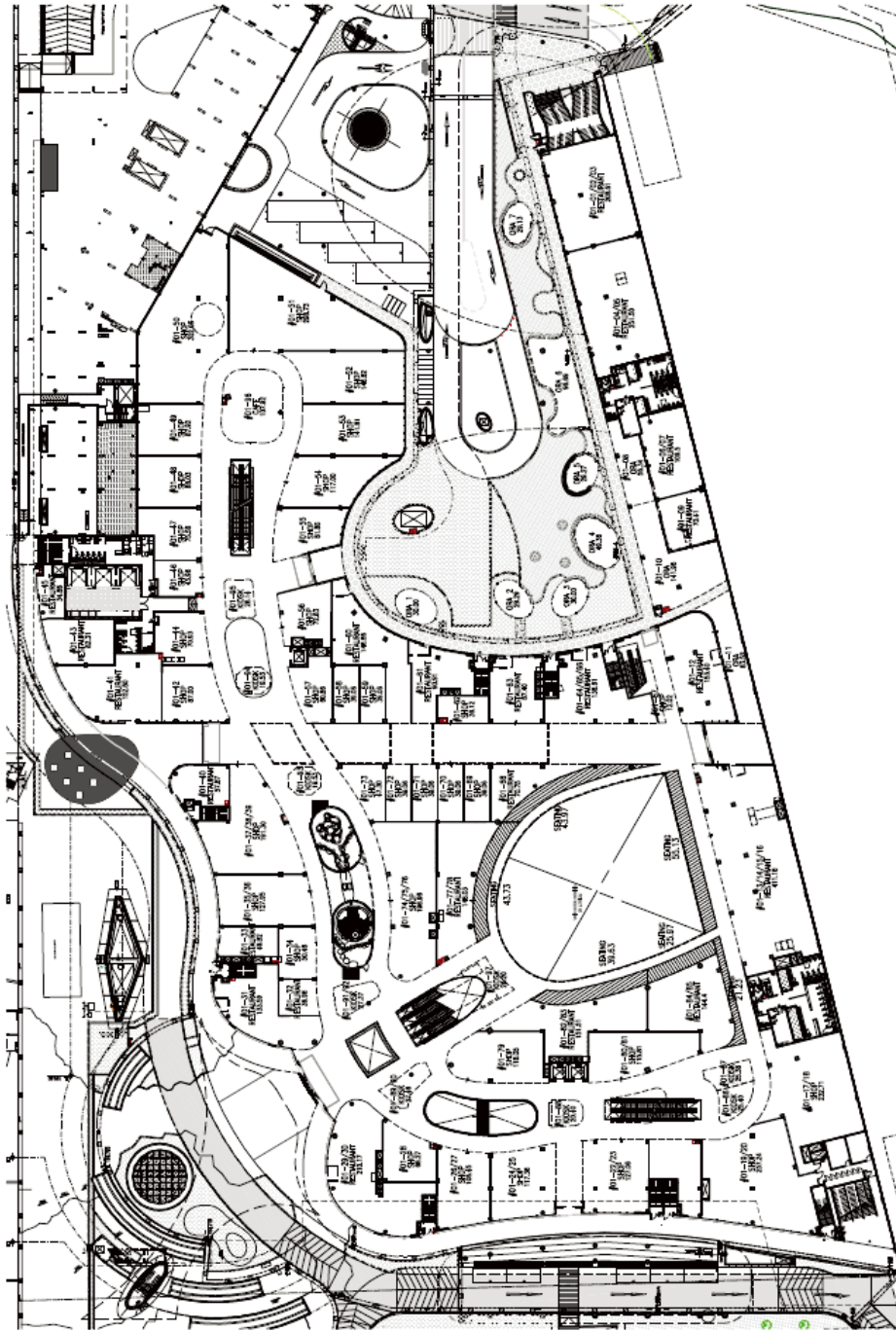
Changi City Point Layout Plans

FIGURE A1

BASEMENT 1, CHANGI CITY POINT



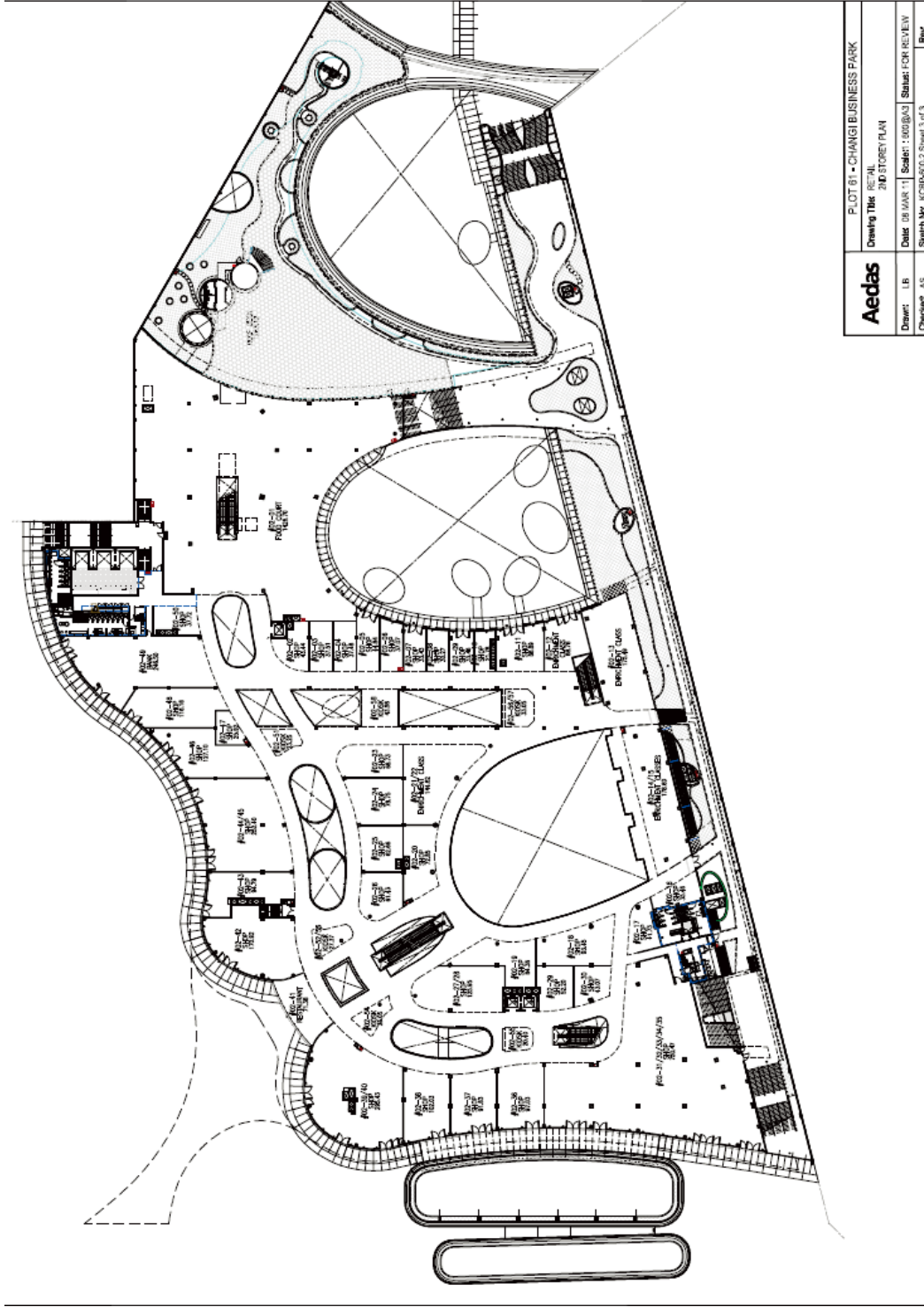
Aedas		Drawing Title: RETAIL B1 STOREY PLAN	
Drawn: LB	Date: 09 MAR 11	Scale: 1:500(A3)	Status: FOR REVIEW
Checked: AS	Sheet No: KCBM-500	Sheet 1 of 3	Rev:



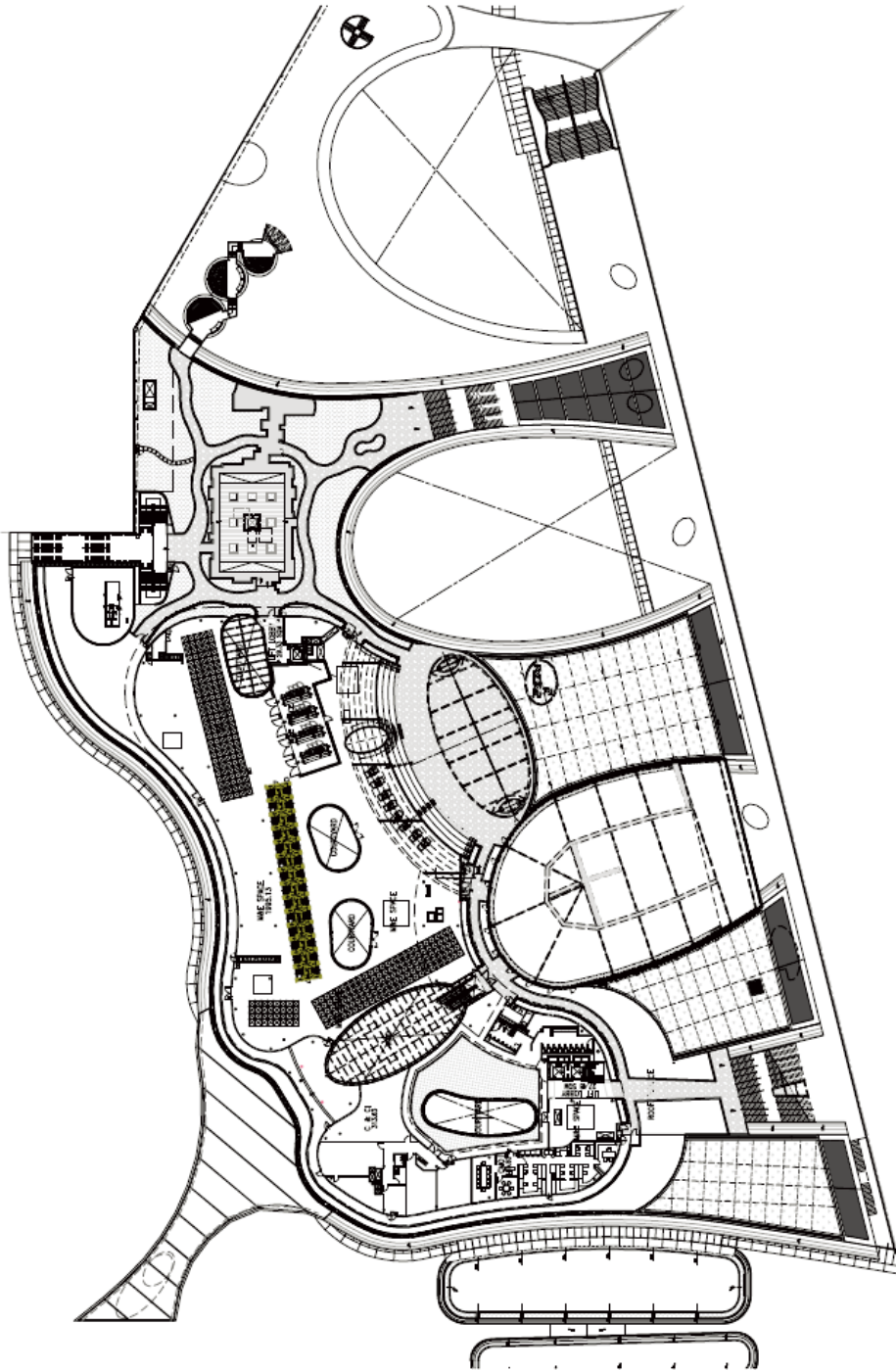
Aedas	PLOT 81 • CHANGI BUSINESS PARK			
	Drawing Title: RETAIL 1ST STOREY PLAN			
Drawn: LB	Scale: 1:500 (A3)	Status: FOR REVIEW		
Checked: AS	Sheet No: KCBM-500.1	Sheet 2 of 3	Rev	

FIGURE A3

LEVEL 2, CHANGI CITY POINT



Aedas	PLOT 01 - CHANGI BUSINESS PARK			
	Drawing Title: RETAIL 2ND STOREY PLAN			
Drawn: LB	Date: 08 MAR '11	Scale: 1:500 (A3)	Status: FOR REVIEW	Rev:
Checked: AS	Sketch No: KCBM-002 Sheet 3 of 3			Rev:



Aedas	PLOT 61 - CHANGI BUSINESS PARK			
	Drawing Title	RETAIL	3RD STOREY PLAN	
Drawn: LB	Check: DB MAR 11	Scale: 1:600 @ A3	Status: FOR REVIEW	Rev
Checked: AS	Sketch No: KCBP-6003	Sheet 4 of 4		

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NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an EXTRAORDINARY GENERAL MEETING of Frasers Centrepoint Trust (“**FCT**”) will be held at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958 on 29 May 2014 at 10.00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

ORDINARY RESOLUTION

1. THE PROPOSED ACQUISITION OF CHANGI CITY POINT AS A RELATED PARTY TRANSACTION

That:

- (i) approval be and is hereby given for the acquisition of Changi City Point (as defined in the circular dated 12 May 2014 (the “**Circular**”) issued by Frasers Centrepoint Asset Management Ltd., as manager of FCT (the “**Manager**”), to unitholders of FCT (the “**Unitholders**”) from Ascendas Frasers Pte. Ltd. (the “**Vendor**”), a joint venture between Frasers Centrepoint Limited (“**FCL**”) and Ascendas Development Pte. Ltd. in which FCL holds an indirect 50.0% interest through its wholly-owned subsidiary, FCL Emerald (1) Pte. Ltd., for an aggregate purchase consideration of S\$305.0 million (the “**Acquisition**”) on the terms and subject to the conditions set out in the conditional sale and purchase agreement entered into between the Vendor and HSBC Institutional Trust Services (Singapore) Limited, as trustee of FCT (the “**Trustee**”), in respect of the sale and purchase of Changi City Point; and
- (ii) the Manager, any director of the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of FCT to give effect to the Acquisition.

ORDINARY RESOLUTION

2. THE PROPOSED ISSUE OF UP TO 90.0 MILLION NEW UNITS UNDER THE PRIVATE PLACEMENT

That subject to and contingent upon the passing of Resolution 1:

- (i) approval be and is hereby given for the issue of up to 90.0 million new units in FCT (“**New Units**”) under a private placement (the “**Private Placement**”) in the manner described in the Circular; and
- (ii) the Manager, any director of the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of FCT to give effect to the Private Placement.

ORDINARY RESOLUTION

3. THE PROPOSED PLACEMENT OF NEW UNITS TO THE FCL GROUP UNDER THE PRIVATE PLACEMENT AS A RELATED PARTY TRANSACTION

That subject to and contingent upon the passing of Resolution 1 and Resolution 2:

- (i) approval be and is hereby given for the issue of up to such number of New Units, as part of the Private Placement, to FCL and/or any of its subsidiaries (collectively, the “**FCL Group**”, and the placement of New Units to the FCL Group, the “**FCL Group Placement**”) as described in the Circular; and
- (ii) the Manager, any director of the Manager and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such director of the Manager or, as the case may be, the Trustee may consider expedient or necessary or in the interests of FCT to give effect to the FCL Group Placement.

BY ORDER OF THE BOARD

Frasers Centrepoint Asset Management Ltd.
(Company Registration No. 200601347G)
As manager of Frasers Centrepoint Trust

Anthony Cheong Fook Seng / Piya Treruangrachada
Company Secretaries
12 May 2014

Important Notice

A unitholder of FCT entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a unitholder of FCT.

The instrument appointing a proxy or proxies must be lodged at the Manager’s registered office at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958, not less than 48 hours before the time appointed for the Extraordinary General Meeting.

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IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to Proxy Form

1. A Unitholder of Frasers Centrepoint Trust ("**FCT**", and a unitholder of FCT, a "**Unitholder**") entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a Unitholder. The instrument appointing a proxy or proxies must be deposited with the Company Secretary of Frasers Centrepoint Asset Management Ltd., as manager of FCT ("**Manager**") at its registered office at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958, not less than 48 hours before the time appointed for holding the Extraordinary General Meeting.
2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. Completion and return of this instrument appointing a proxy or proxies ("**Proxy Form**") shall not preclude a Unitholder from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the meeting in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under this instrument of proxy, to the meeting.
4. A Unitholder should specify the total number of units in FCT ("**Units**") held. If the Unitholder has Units entered against his name in the Depository Register maintained by the Central Depository (Pte) Limited ("**CDP**"), he should specify that number of Units. If the Unitholder has Units registered in his name in the Register of Unitholders of FCT, he should specify that number of Units. If the Unitholder has Units entered against his name in the said Depository Register and registered in his name in the Register of Unitholders, he should insert the aggregate number of Units. If no number is specified, this form of proxy will be deemed to relate to all the Units held by the Unitholder.
5. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.
6. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
7. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Extraordinary General Meeting, as certified by CDP to the Manager.
8. CPF approved agent banks acting on the request of CPF Investors who wish to attend the Extraordinary General Meeting as observers are required to submit in writing, a list with details of the investors' name, NRIC/Passport numbers, addresses and numbers of Units held. The list, signed by an authorised signatory of the CPF approved agent bank, should reach the Company Secretary, at the registered office of the Manager not later than 48 hours before the time appointed for holding the Extraordinary General Meeting.

FRASERS CENTREPOINT TRUST

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

PROXY FORM EXTRAORDINARY GENERAL MEETING

IMPORTANT

1. For investors who have used their CPF money to buy units in Frasers Centrepoint Trust, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. CPF Investors who wish to attend the Extraordinary General Meeting as OBSERVERS have to submit their requests through their respective CPF approved agent banks so that their CPF approved agent banks may register, in the required format, with the Company Secretary, Frasers Centrepoint Asset Management Ltd. (Agent Banks: please see Note 8 on required format).
4. **PLEASE READ THE NOTES TO THE PROXY FORM.**

I/We _____ (Names)

of _____ (Address)

being a unitholder/unitholders of Frasers Centrepoint Trust ("FCT"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholdings (Note 2)

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholdings (Note 2)

or, both of whom failing, Mr Bobby Chin Yoke Choong or failing him, Mr Soh Kim Soon, as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Extraordinary General Meeting of FCT to be held at 10.00 a.m. on 29 May 2014 at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958, and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolution to be proposed at the Extraordinary General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the Extraordinary General Meeting.

NOTE: The Chairman of the EGM will be exercising his right under paragraph 9 of Schedule 1 of the Deed of Trust constituting FCT (as amended) to demand a poll in respect of the resolutions to be put to the vote of members at the EGM and at any adjournment thereof. Accordingly, such resolutions at the EGM will be voted on by way of poll.

Resolutions		No. of Votes For*	No. of Votes Against*
1.	To approve the Proposed Acquisition of Changi City Point as a Related Party Transaction (Ordinary Resolution)		
2.	To approve the Proposed Issue of Up to 90.0 Million New Units under the Private Placement (Ordinary Resolution) (Conditional upon Resolution 1)		
3.	To approve the Proposed Placement of New Units to the FCL Group under the Private Placement as a Related Party Transaction (Ordinary Resolution) (Conditional upon Resolution 1 and Resolution 2)		

* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of Units in the boxes provided.

Dated this _____ day of _____ 2014

Total number of Units held (Note 4)

Signature(s) of Unitholder(s)/Common Seal

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Affix
Postage
Stamp

The Company Secretaries
Fraser's Centrepoint Asset Management Ltd.
(as manager of Fraser's Centrepoint Trust)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

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MANAGED BY
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