

# Frasers Centrepoint Trust

Presentation at KGI REIT Event  
“Finding yield in Singapore”

SGX Auditorium  
22 March 2016



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## Overview

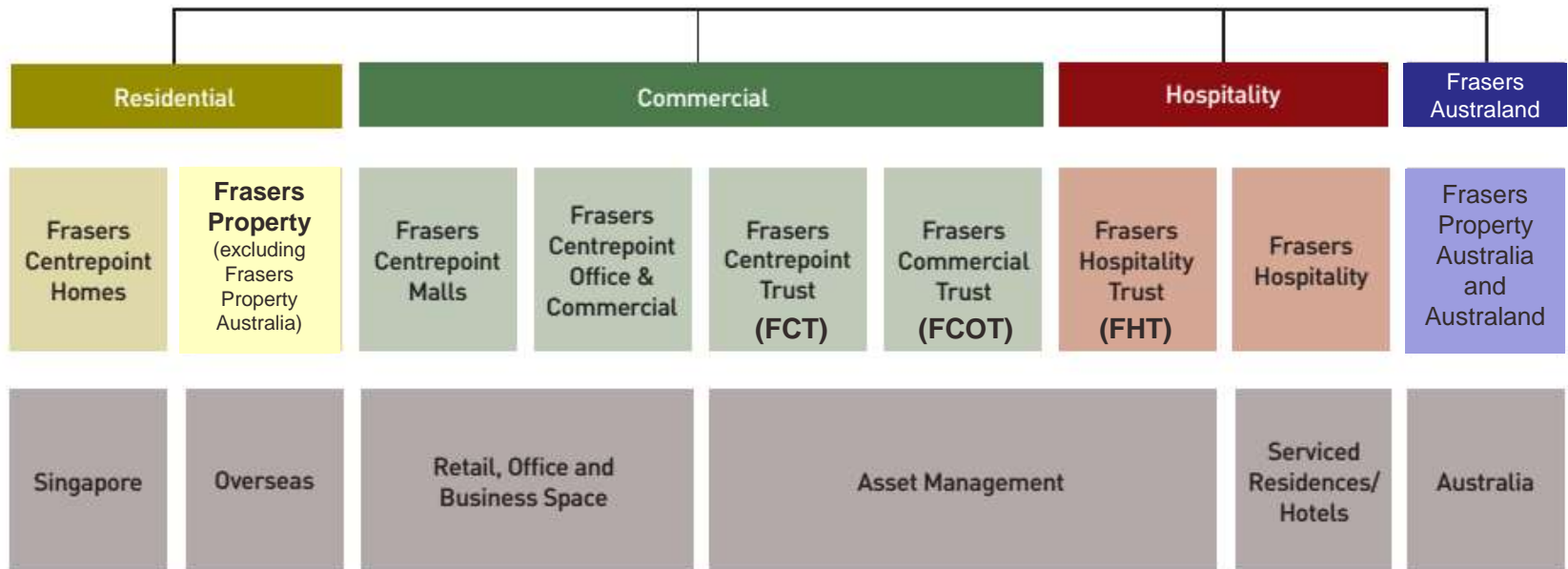
## Frasers Centrepoint Trust (FCT)

- REIT listed on the SGX-ST with a market capitalisation of S\$1.8 billion<sup>1</sup>
- Owns a portfolio of six suburban retail malls in Singapore, which are located next to /near MRT stations and bus interchanges
- Achieved 7.5% CAGR in DPU over nine consecutive years since IPO in 2006
- Sponsored by Frasers Centrepoint Limited (FCL), a full-fledged international real estate company headquartered in Singapore

REIT: Real Estate Investment Trust

1. Based on closing price of \$1.99 on at 29 Feb 2016

# FCT – Largest REIT by market cap within the Frasers Centrepoint Group

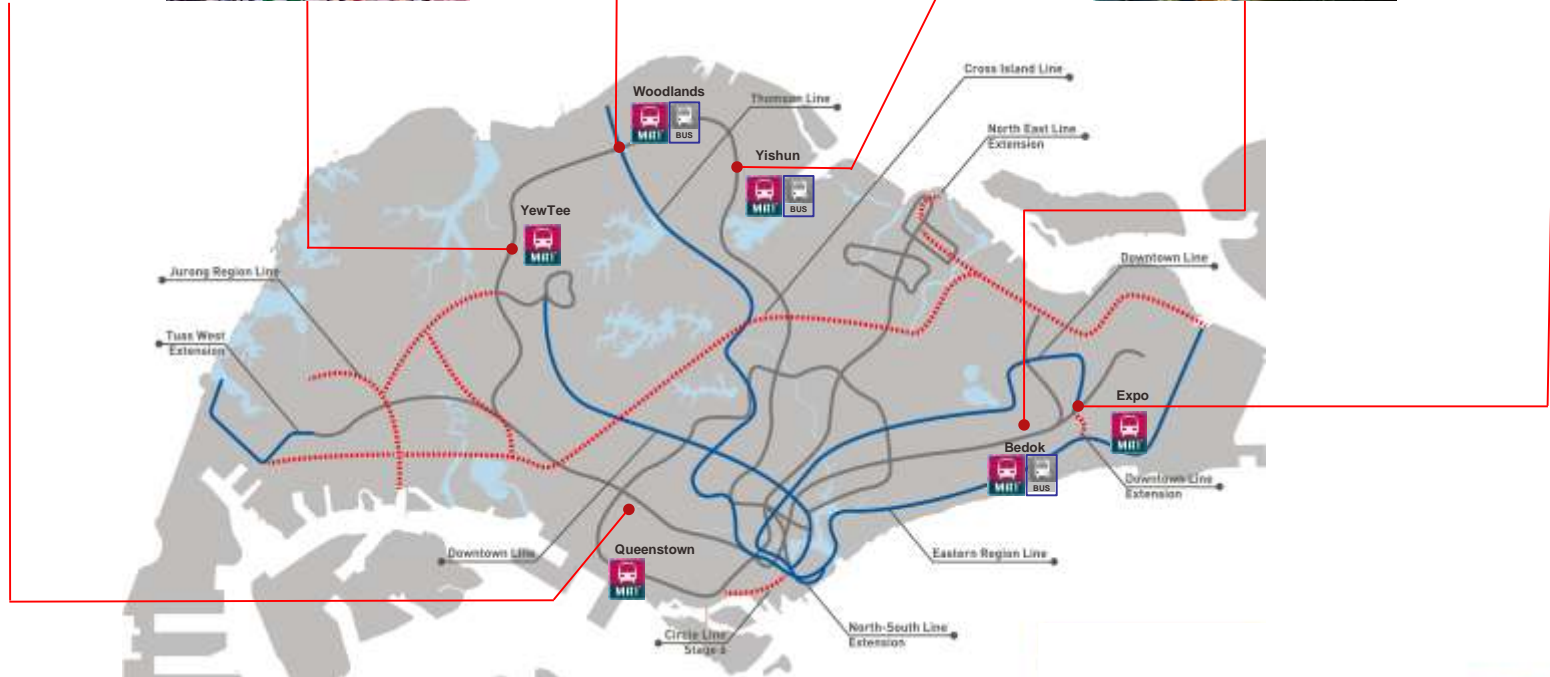


As at 31 December 2015

- FCL: Listed on SGX since Jan 2014, market cap: S\$4.9b
- FCT: Listed on SGX since Jul 2006, market cap of S\$1.7b. FCL's stake: 41.3%
- FCOT: Listed on SGX since Mar 2006, market cap of S\$1.0b. FCL's stake: 27.2%
- FHT: Listed on SGX since Jul 2014, market cap: S\$1.0b. FCL's stake: 20.9%

## Singapore-centric, suburban-focused retail asset portfolio

Six retail malls next to or near to Mass Rapid Transit (MRT) stations / Bus Interchanges



Map source: URA Master Plan 2014  
Illustration not to scale

## Suburban malls weigh more on necessity shopping, services and F&B



**Grocery**



**Food courts / F&B**



**Family amenities**



**Health and wellness**



**Optics and eyewear**



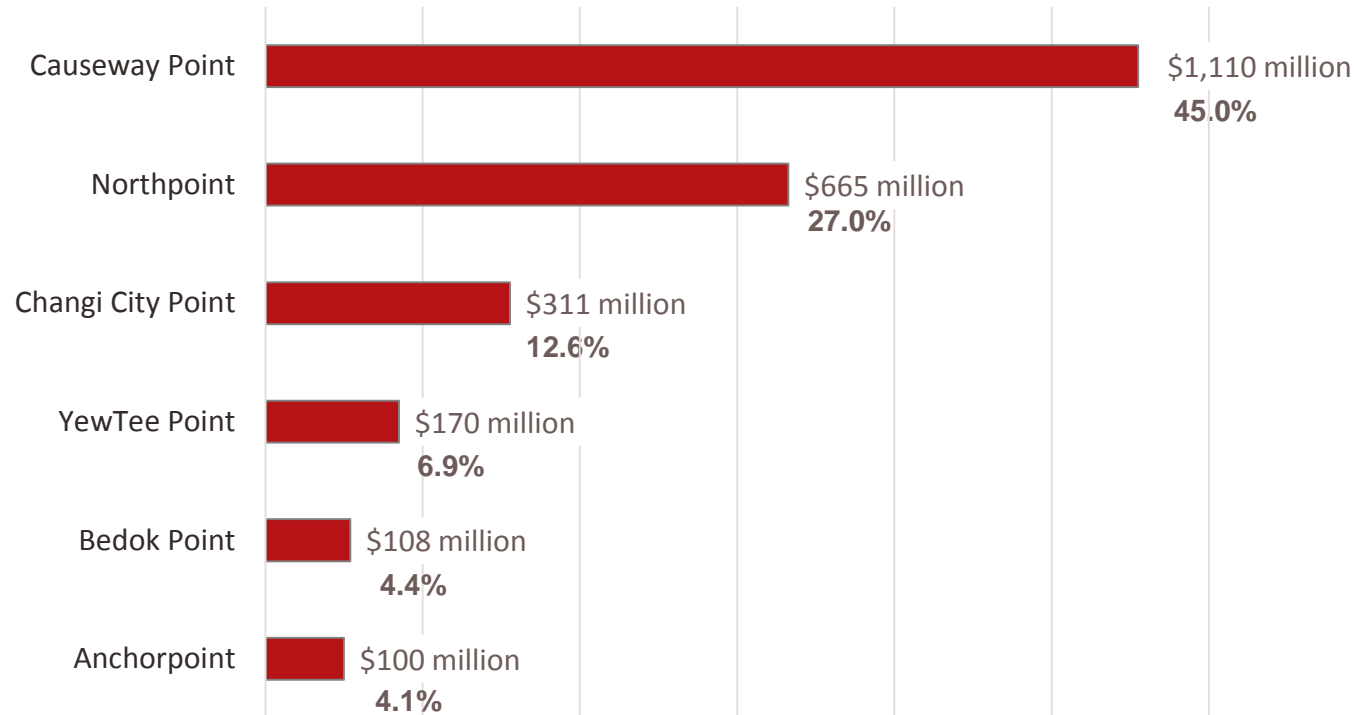
**Fashion**



## Portfolio of 6 retail malls valued at \$2.46 billion

All valuations are as at 30 September 2015

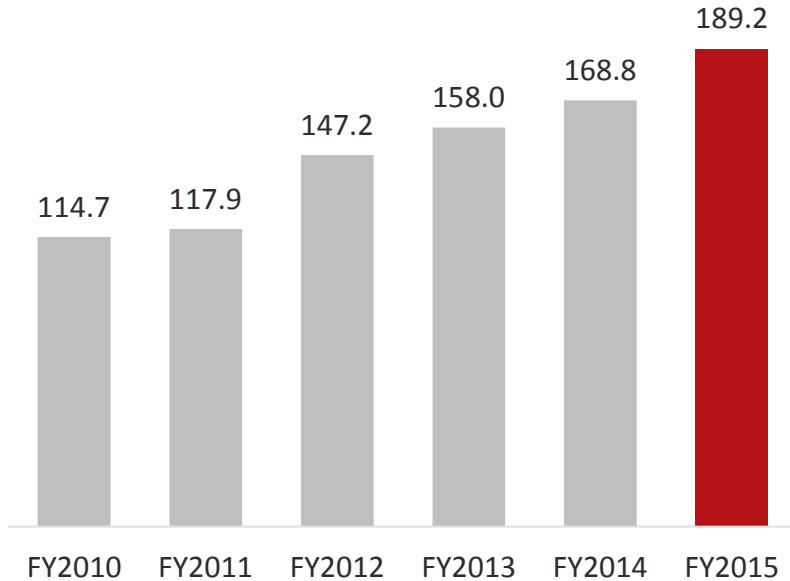
Percentage figures represent asset value as proportion of total appraised value of \$2.46 billion



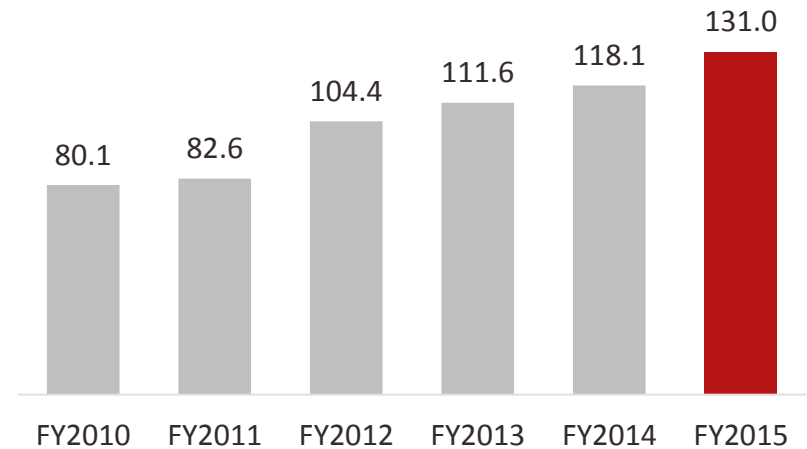
Note: FCT also holds 31.17% of Hektar REIT, a retail-focused REIT in Malaysia listed on the Mainboard of Bursa Malaysia.

## Steady and consistent growth through economic cycles

**Gross Revenue** (S\$ million)



**Net Property Income** (S\$ million)



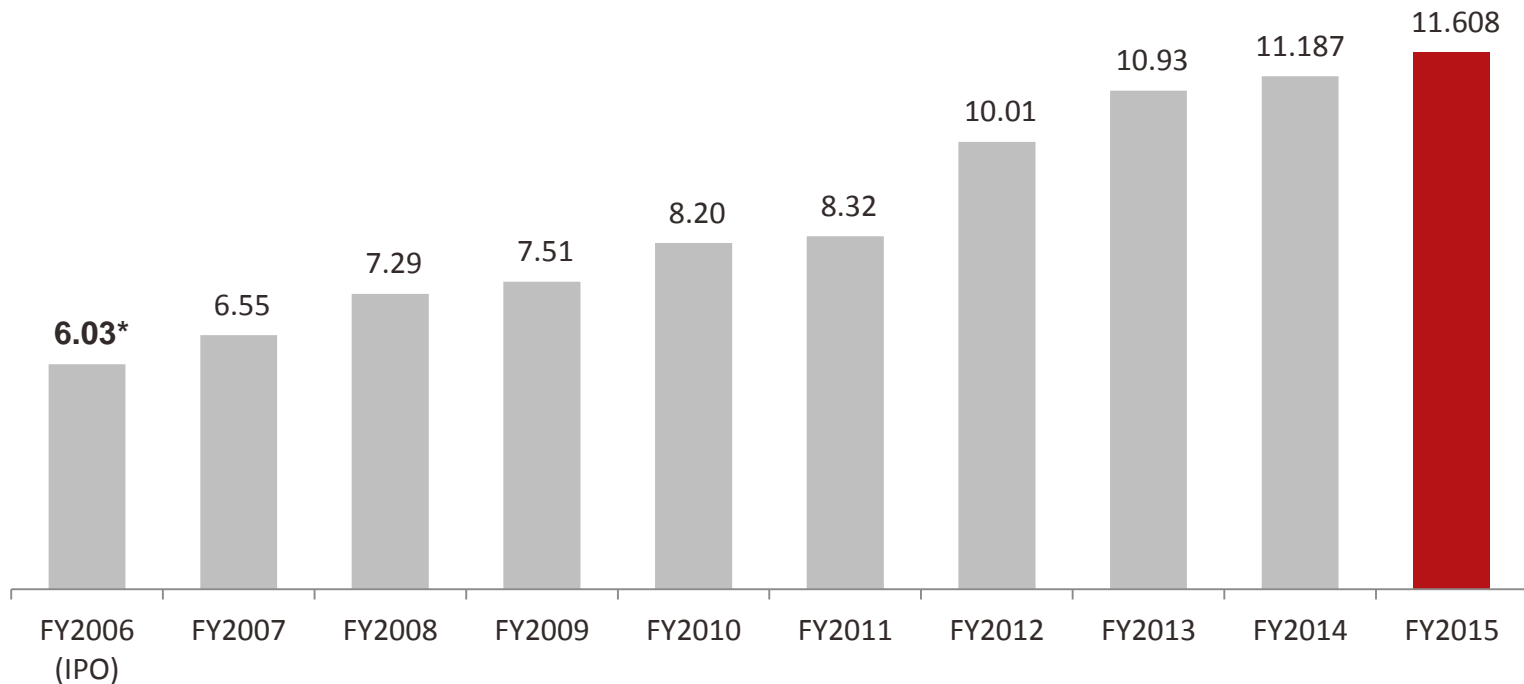
Note: FCT Financial year ends 30 Sep

## Delivering steady and growing distributions

Nine consecutive years of DPU growth since listing

### Distribution per Unit (S cents)

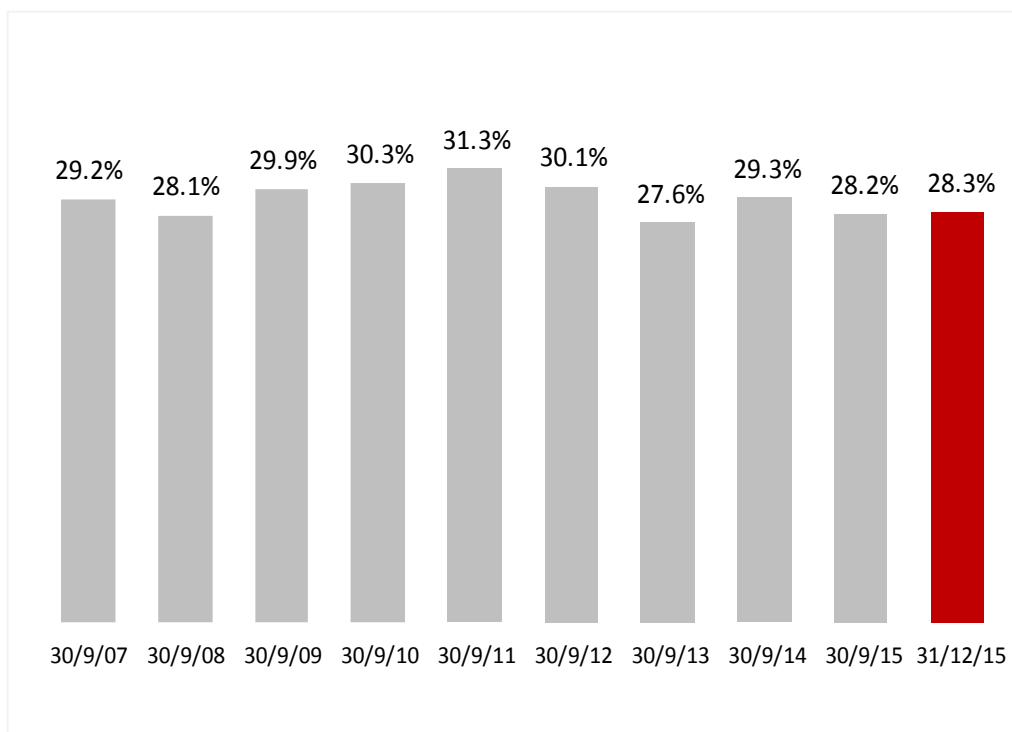
CAGR FY2006 – FY2015: 7.5%



Note: FCT Financial year ends 30 September  
FY2006 DPU of 6.03 cents is derived by annualising 4QFY06 DPU  
CAGR: compound annual growth rate.

## Stable and healthy gearing level

### Gearing level<sup>1</sup>



### Key financial position indicators

As at	31 Dec 15	30 Sep 15
Gearing level <sup>1</sup>	28.3%	28.2%
Interest cover <sup>2</sup>	7.04 times	7.09 times
Total borrowings	\$724m	\$718m
% of borrowing on fixed rates or hedged via interest rate swaps	74%	75%
All-in average cost of borrowings	2.361%	2.404%
Corporate credit rating	S&P: BBB+/Stable Moody's: Baa1/Positive	

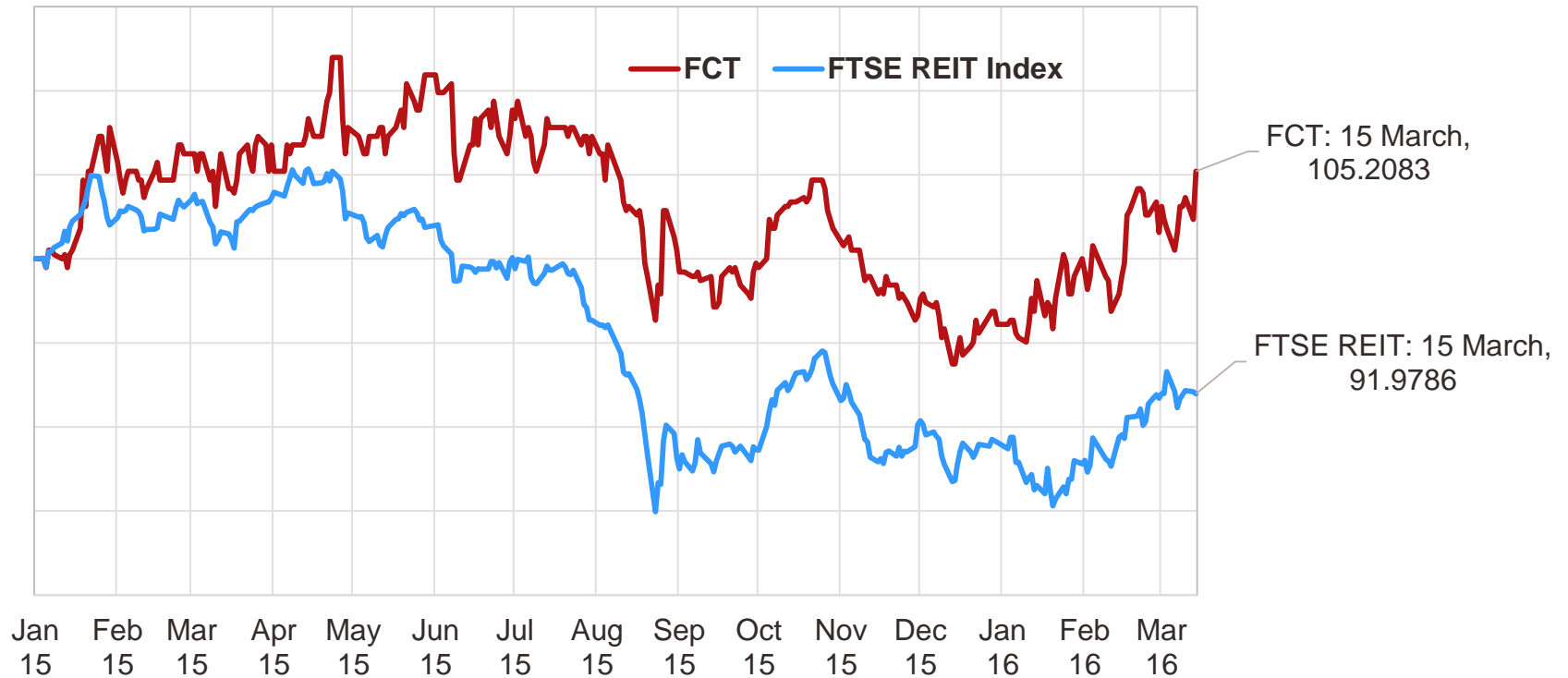
1. Calculated as the ratio of total outstanding borrowings over total assets as at stated balance sheet date.
2. Calculated as earnings before interest and tax (EBIT) divided by interest expense for the quarter ended Dec and Sep for year 2015 and 2014, respectively



## Unit Price Performance

## FCT unit Price Performance versus FTSE REIT Index\*

2 January 2015 to 15 March 2016



Source: Bloomberg

\* FTSE ST Real Estate Investment Trusts Index



## Highlights from Financial Results for 1st Quarter FY2016 ended 31 December 2015

## 1Q16 Results Highlights

### Financial performance

- 1Q16 DPU of 2.87 cents, up 4.4% year-on-year (1Q15 DPU: 2.75 cents)
- Gross Revenue of \$47.1 million, down 0.2% year-on-year
- Net Property Income of \$33.5 million, up 2.0% year-on-year
- Net Asset Value per Unit of \$1.91 as at 31 December 2015
- Gearing level at 28.3% as at 31 December 2015 (30 September 2015: 28.2%)

### Operational performance

- 94.5% portfolio occupancy as at (30 September 15: 96.0%)
- 1Q16 portfolio average rental reversion at 13.7%
- 1Q16 shopper traffic up 8% year-on-year



## 1Q16 DPU of 2.87 cents, up 4.4% year-on-year

\$'000	1Q16 Oct 15 to Dec 15	1Q15 Oct 14 to Dec 14	Y-o-Y change
Gross Revenue	47,075	47,178	▼ 0.2%
Property Expenses	(13,531)	(14,279)	▼ 5.2%
Net Property Income	33,544	32,899	▲ 2.0%
Income Available for Distribution	27,711	26,595	▲ 4.2%
Distribution to Unitholders	26,335	25,194	▲ 4.5%
Distribution per Unit (DPU)	2.87¢	2.75¢	▲ 4.4%

Drop due mainly to lower utility tariff rates, fewer maintenance and replacement work done in 1Q16

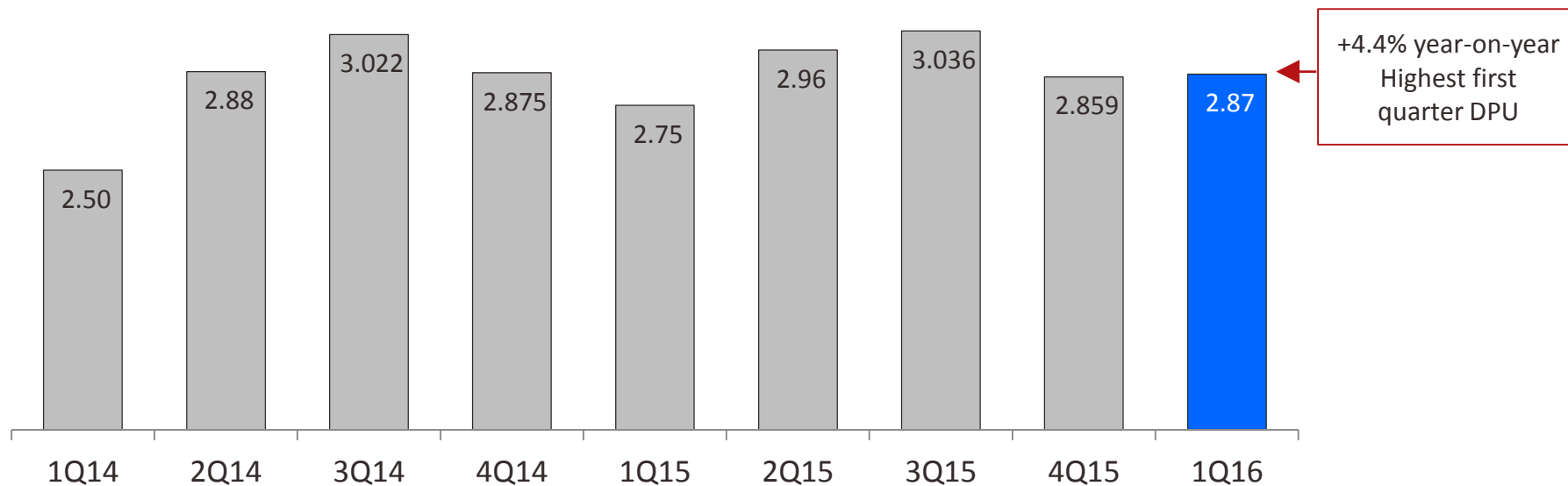
Cash retention in 1Q

- 1Q16: \$1.38 million  
0.150¢ per unit
- 1Q15: \$1.40 million  
0.153¢ per unit

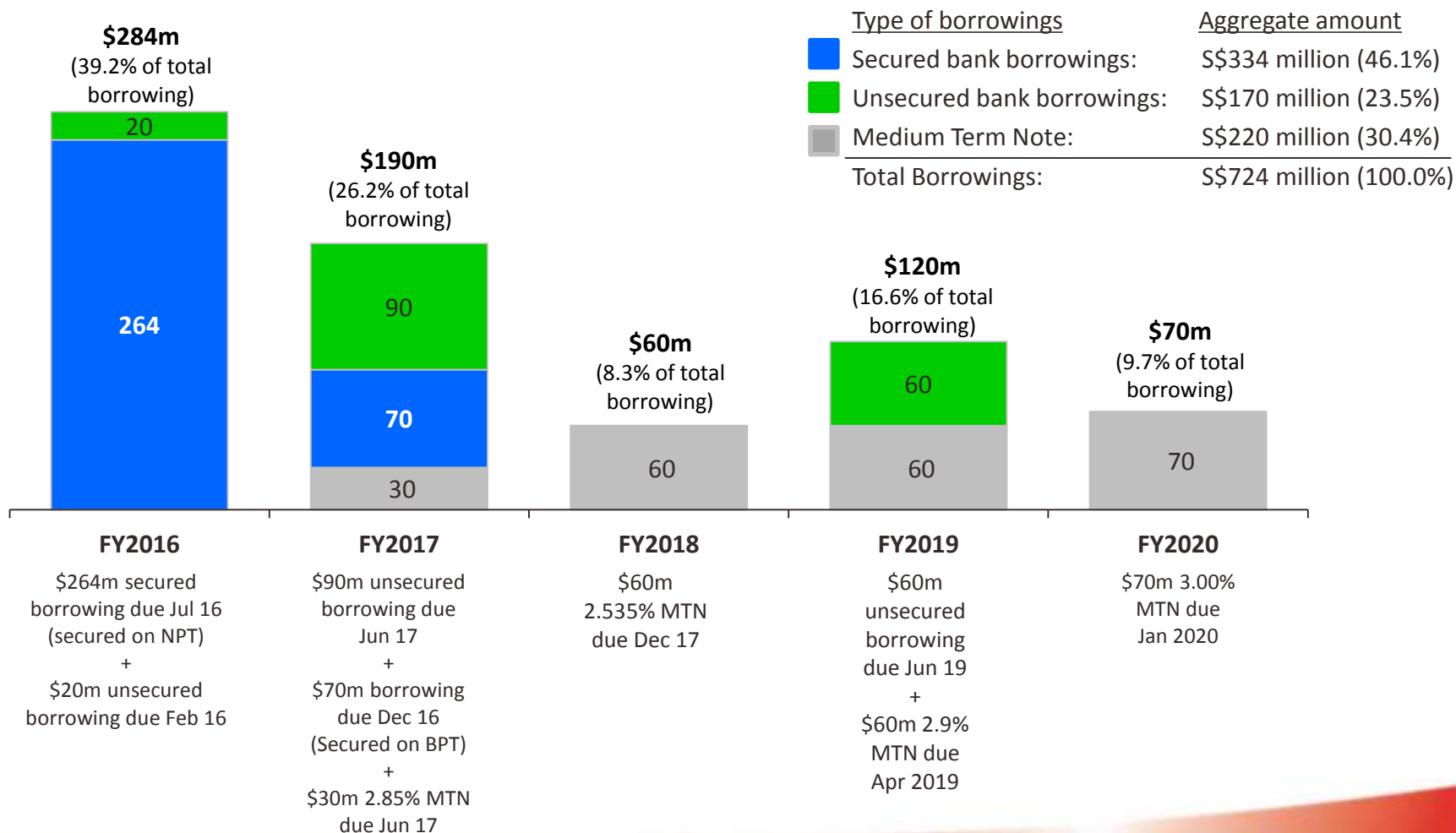
## FCT delivers steady and regular DPU

### FCT Quarterly DPU

DPU (¢)



## Weighted average debt maturity @ 31 December 2015: 1.45 years



## Overall portfolio occupancy at 94.5%

- Stable occupancy at Causeway Point and Northpoint
- Improved occupancy at YewTee Point and Anchorpoint
- Some transitional vacancy at Changi City Point and Bedok Point

Mall Occupancy	31 Dec 14	31 Mar 15	30 Jun 15	30 Sep15	31 Dec 15
Causeway Point	99.5%	99.6%	99.2%	99.5%	99.2%
Northpoint	96.3%	99.1%	99.0%	98.2%	96.2%
Changi City Point	91.7%	90.1%	92.4%	91.1%	88.6%
Bedok Point	90.8%	94.2%	84.9%	84.2%	76.8%
YewTee Point	96.7%	97.6%	95.6%	94.8%	96.8%
Anchorpoint	98.8%	98.8%	98.1%	96.9%	97.0%
<b>FCT Portfolio</b>	<b>96.4%</b>	<b>97.1%</b>	<b>96.5%</b>	<b>96.0%</b>	<b>94.5%</b>

2% transitional vacancy due to fitting out

~1-2% transitional vacancy due to fitting out

New anchor tenant (~9% of NLA) fitting out, expects to start in March 2016

## Average rental reversion of 13.7% for 1Q16

1Q16 (1 Oct – 31 Dec 2015)	No. of renewals	NLA (sq ft) Renewed	As % Mall's NLA	Change compared to preceding rental rates <sup>1</sup>
Causeway Point	18	50,110	12.1%	12.5%
Northpoint	9	9,644	4.1%	26.3%
Changi City Point	25	43,627	21.1%	15.4%
Bedok Point	3	5,015	6.1%	-38.2%
YewTee Point	5	2,271	3.1%	3.3%
Anchorpoint	2	977	1.4%	5.1%
<b>FCT Portfolio</b>	<b>62</b>	<b>111,644</b>	<b>10.3%</b>	<b>13.7%</b>

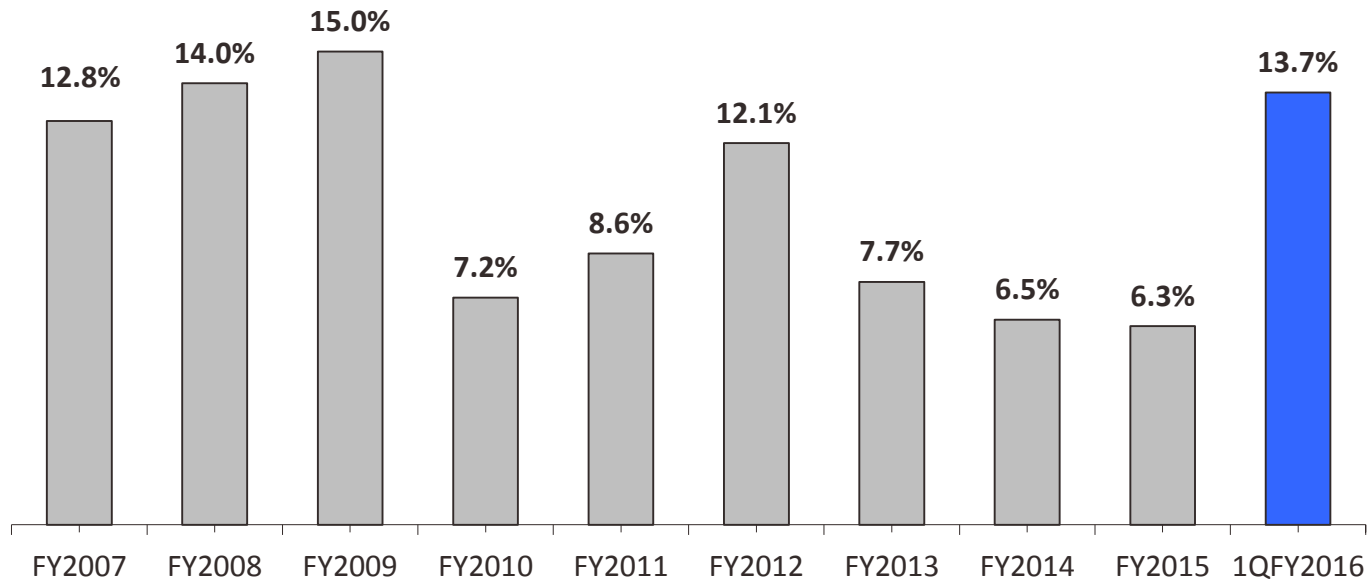
Due mainly to a single lease signed at a significantly higher rental rate compared with the preceding lease.

Two leases renewed at significantly lower rental rate compared with the preceding lease.

1. Change between the average rental rates between the new lease and the preceding lease contracted typically 3 years ago

## Maintaining positive rental reversions through economic cycles

FCT rental reversions<sup>1</sup> (FY2007 – 1QFY2016)

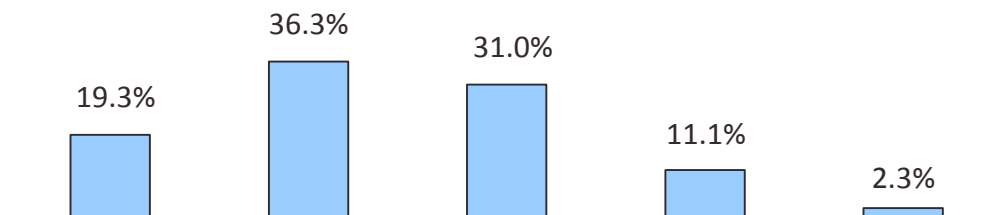


1. Change between the average rental rates between the new lease and the preceding lease contracted typically 3 years ago

## Portfolio Lease Expiry as at 31 December 2015

Weighted Average Lease Expiry (WALE)	
By NLA	<b>1.61 years</b> (4Q15: 1.50 years)
By Gross Rent	<b>1.59 years</b> (4Q15: 1.54 years)

Expiry profile as % of total gross rental income



Lease expiry <sup>1</sup> as at 31 Dec 2015	FY2016	FY2017	FY2018	FY2019	FY2020
Number of leases expiring	145	252	233	45	10
NLA (sq ft) expiring	191,285	369,034	305,906	121,723	38,514
Expiries as % of total NLA	18.6%	36.0%	29.8%	11.9%	3.8%
Expiries as % of Gross rental	19.3%	36.3%	31.0%	11.1%	2.3%

1. Calculations exclude vacant floor area.

## The 3 larger malls account for 82% of the NLA to be renewed in the remaining 9 months of FY2016

as at 31 December 2015

For remaining 9 months (2Q-4Q) in FY2016	Number of Leases Expiring	Nett Lettable Area (NLA) Expiring (sq ft)	as % of leased area of Mall	as % of total gross rent of Mall
Causeway Point	40	57,860	14.0%	15.7%
Northpoint	43	63,758	28.1%	27.2%
Changi City Point	21	35,511	19.3%	17.2%
Bedok Point	5	3,459	5.4%	7.5%
YewTee Point	16	12,151	17.0%	17.9%
Anchorpoint	20	18,546	26.9%	26.9%
<b>Total FCT</b>	<b>145</b>	<b>191,285</b>	<b>*18.6%</b>	<b>#19.3%</b>

\* as % of leased area of FCT Portfolio

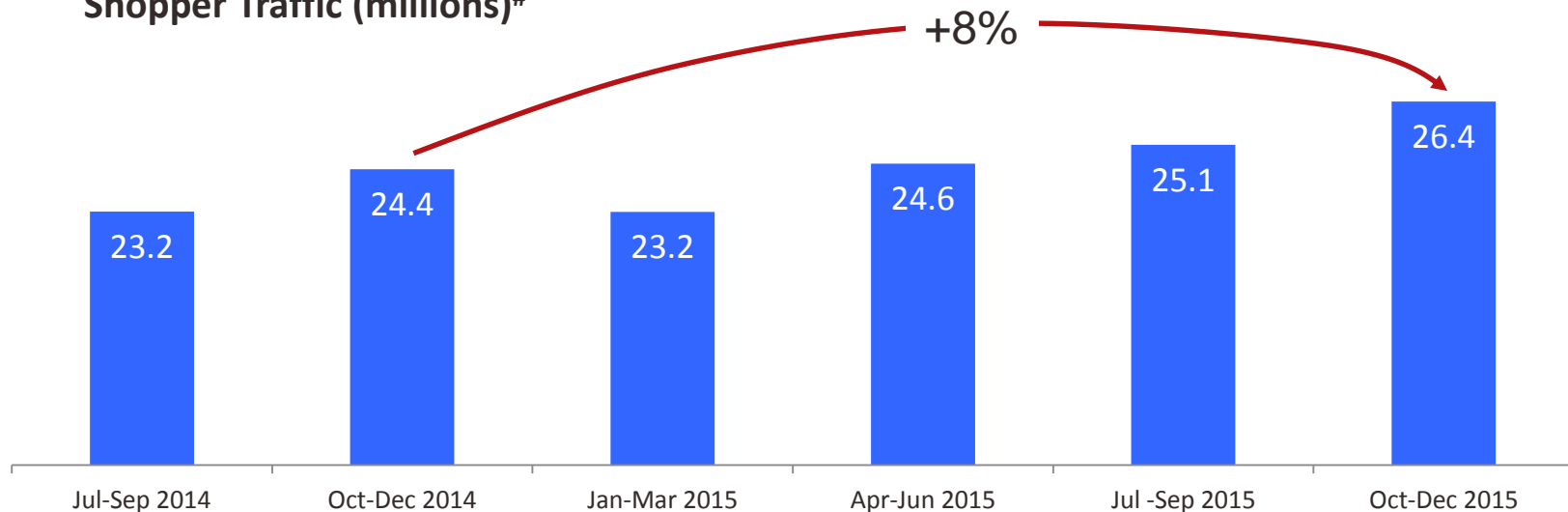
# as % of total gross rent of FCT Portfolio



## 1Q16 shopper traffic up 8% year-on-year

Northpoint registered a double-digit year-on-year increase, as more commuters and shoppers pass through the mall after the closure of an outdoor public corridor adjacent to the mall in August 2015 due to construction works

Shopper Traffic (millions)#



# based on the records by electronic traffic counters installed at the respective malls  
(Causeway Point, Northpoint, Changi City Point, Bedok Point, YewTee Point and Anchorpoint)



Artist's Impression

# Northpoint AEI

## Asset Enhancement Initiative (AEI) for Northpoint Shopping Centre

- 18-month AEI scheduled to commence in Mar 2016 and expected to complete in September 2017
- Mall to remain open for business during course of AEI
- AEI will focus on enhancing shopper experience and comfort; boosting the diversity of retail offerings; and to enable the mall to benefit from the integration with upcoming retail component of Northpoint City by Frasers Centrepoint Limited
- AEI is expected to deliver positive return for FCT upon completion
- Based on current estimate, average mall occupancy is projected to be about 76% over the period March to September 2016



Artist's Impression

## Growth Strategy

## Clear growth strategy

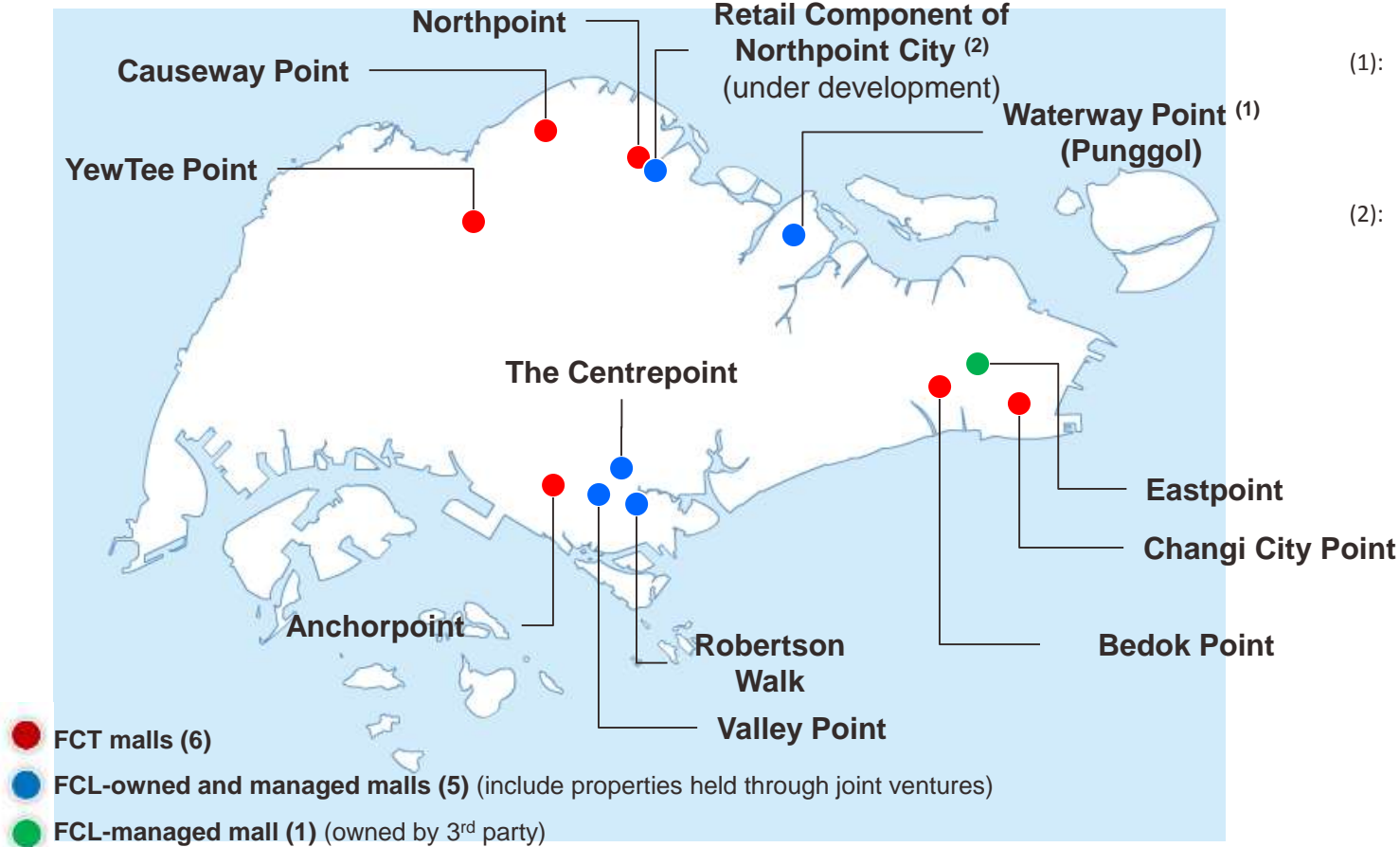
1	Strategy	Key drivers
	<b>Acquisition growth</b>	<ul style="list-style-type: none"><li>• Sponsor's pipeline assets</li><li>• 3<sup>rd</sup> party asset acquisition, including overseas</li></ul>
2	<b>Enhancement growth</b>	<ul style="list-style-type: none"><li>• Enhance configuration of floor plates / layout to achieve better asset yield and sustainable income growth</li><li>• Value creation through better income-producing capability after Asset Enhancement Initiative (AEI)</li></ul>
3	<b>Organic growth</b>	<ul style="list-style-type: none"><li>• Positive rental reversions and maintaining healthy portfolio occupancy</li><li>• Annual rental step-ups provide steady growth</li></ul>

## Growth from Acquisitions and AEs



## Sponsor's retail assets in Singapore

12 retail malls in Singapore managed by Frasers Centrepoint Limited, including 6 malls in FCT



(1): FCL owns 1/3 proportionate share of Waterway Point, the commercial component of a mixed development in Punggol.

(2): FCL is developing a mixed commercial and residential site under the Government Land Sale programme, of which the commercial component can be developed into a retail mall

Illustration is not to scale



**Outlook**



## Outlook for FY2016

- Based on MTI's advance estimates, the Singapore economy grew by 2.0% year-on-year in the fourth quarter of 2015, compared to 1.8% in the previous quarter. For 2015, the economy grew by 2.1% which is in line with the growth forecast of close to 2.0%
- Asset enhancement at Northpoint is scheduled to commence in March 2016. The 18-month programme is expected to deliver a positive return upon completion
- In spite of the current headwinds in the retail industry, FCT's well-located suburban malls are expected to continue to attract steady shopper traffic, thus contributing to the sustainability of the portfolio's rental income and occupancy rates

# Thank you

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