
Fraser's Centrepont Trust

Presentation at The HSBC Singapore REITS Corporate Day

20 September 2019



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Outline

- ◆ Overview
- ◆ FCT's malls are well-positioned to grow
- ◆ Financial and operation highlights
- ◆ Unit price performance and recent developments
- ◆ Macro-economic and Retail Industry Indicators
- ◆ Going forward

Frasers Centrepoint Trust (FCT)

- ◆ FCT is a Singapore-centric, suburban-focused retail REIT listed on the Mainboard of the Singapore Exchange
- ◆ Investment property portfolio comprises 7 retail properties located in the suburban regions in Singapore
- ◆ FCT also owns ~21.13% in PGIM Real Estate AsiaRetail Fund (PGIM ARF) which owns 5 suburban retail properties, an office property in Singapore and 2 retail malls in Malaysia. FCT also holds a 31.15% stake in Hektar Real Estate Investment Trust (H-REIT), which is listed on the Bursa Malaysia.
- ◆ Strong track record: 12 consecutive years of Distribution per Unit (DPU) growth since IPO in 2006
- ◆ Poised for Growth: Opportunities to acquire retail properties from Sponsor and 3rd parties; asset enhancement initiatives (AEI) and organic growth from current properties
- ◆ Sponsored by Frasers Property Limited

Market Cap
S\$3.1 billion¹

Bloomberg: FCT SP
Reuters: J69U.SI
SGX: J69U



Free float market cap¹:
S\$1.95 billion

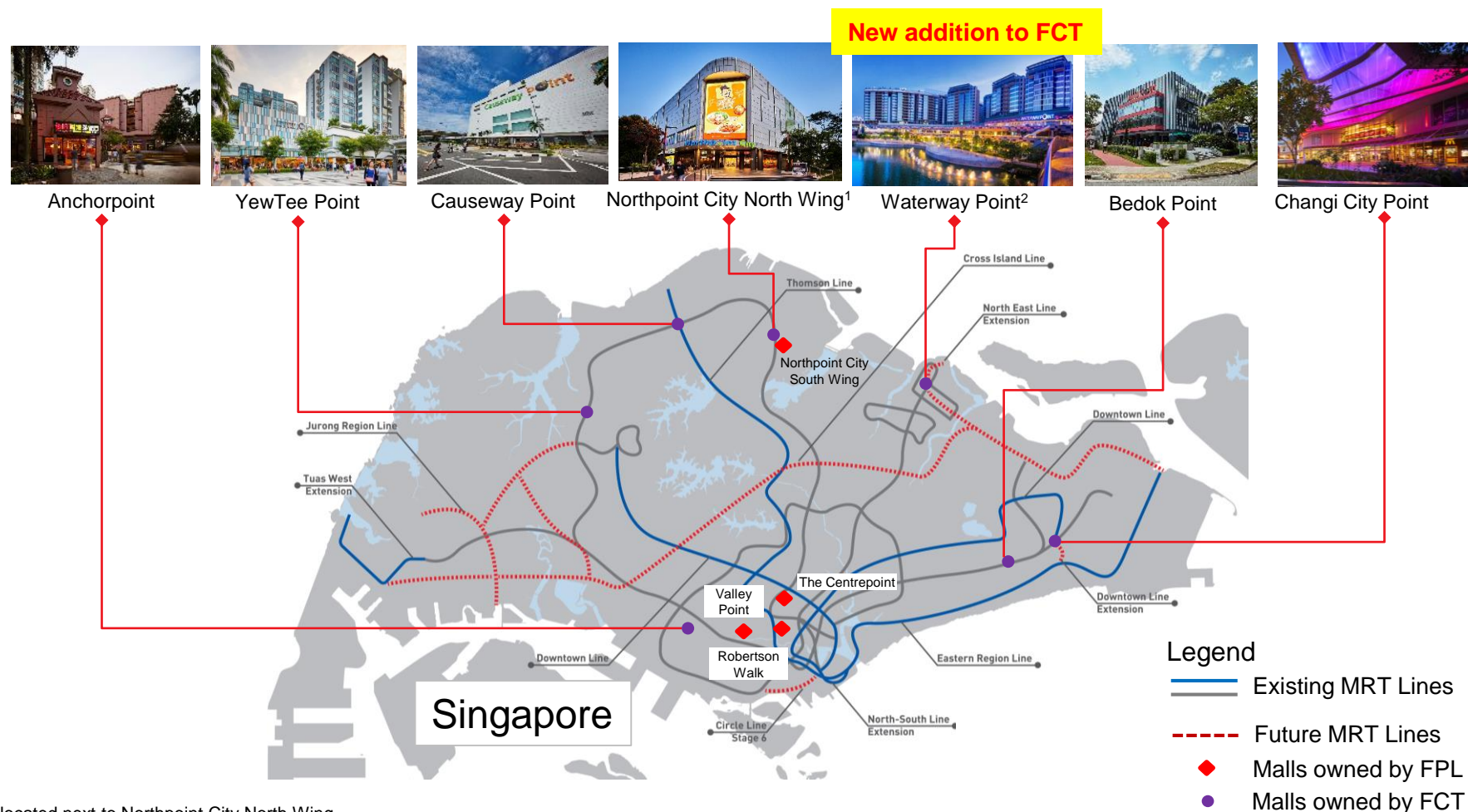
Total assets:
S\$3.22 billion²



1. Based on closing price of \$2.75 on 30 August 2019
2. As at 30 June 2019

FCT's portfolio of suburban retail properties

- ◆ Our properties are located in populous residential areas, enjoy good connectivity to public transportation system, stable footfall and healthy mall occupancy



¹ Includes Yishun 10 retail podium located next to Northpoint City North Wing

² Acquisition of 1/3 stake in Waterway Point completed on 11 July 2019

Map source: URA Master Plan, Illustration not to scale

Our malls attract steady shopper footfall

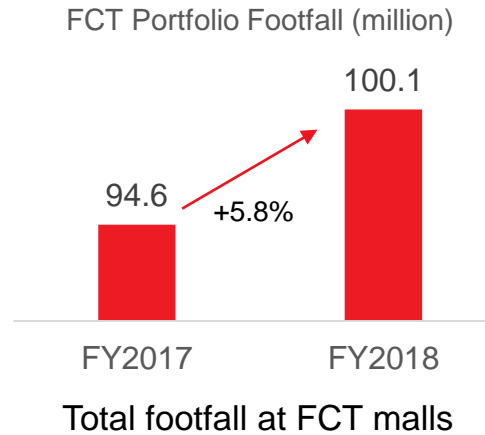
- Visits to suburban retail malls are part of many shoppers' daily routine



Necessity & convenience shopping



Fun for the family



Everyday dining



Essential services



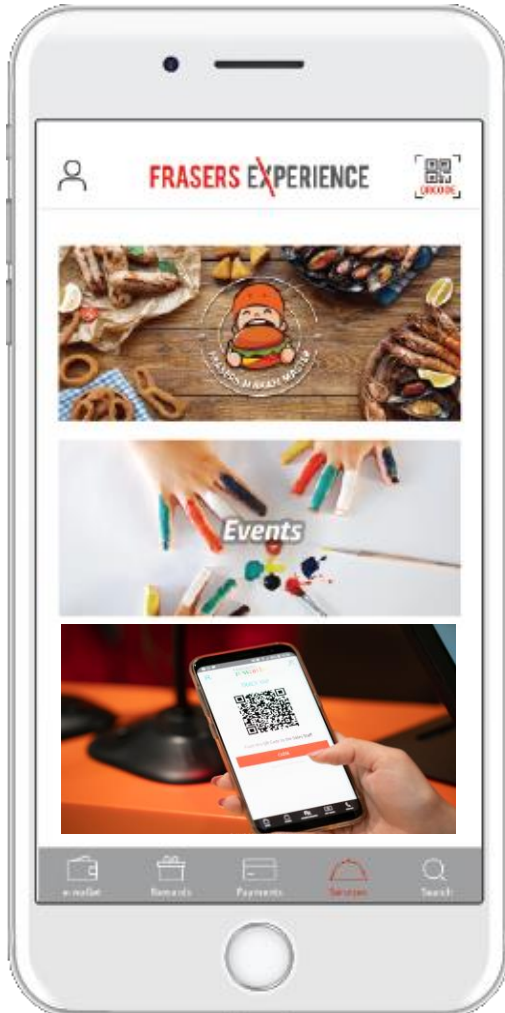
Social and family dining

Our malls have easy access to public transport

- Our malls are well connected to public transport such as MRT stations and bus interchanges



Keeping our malls relevant in the digital age

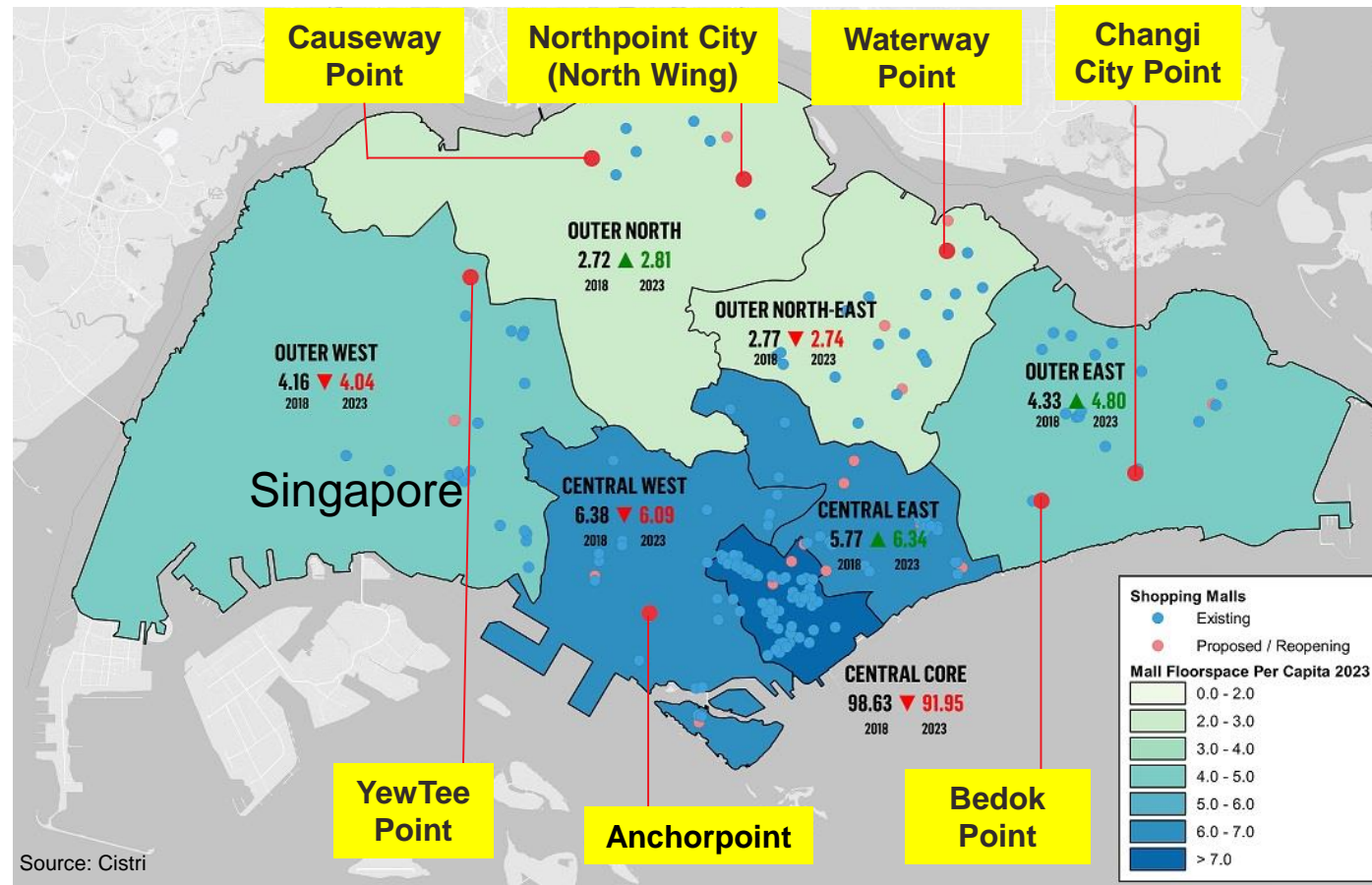


- The future of shopping malls is about experiences and the customer journey
- **Frasers Experience app (FRx)** is the digital platform to redefine how we interact with our shoppers; to enhance shopper experiences at our malls; to offer more benefits with less time needed and more conveniences with less hassle
 - Earn rewards points via QR code at more than 1200 retailers at 14 Frasers Property / FCT retail malls
 - As Digital Gift Card and e-wallet for cashless payment
 - Features the exclusive “Makan Master”, a digital F&B concierge service for pre-booking and reservations at participating F&B outlets at Frasers malls

FCT's malls are well-positioned to grow

FCT's retail properties are well-positioned to grow

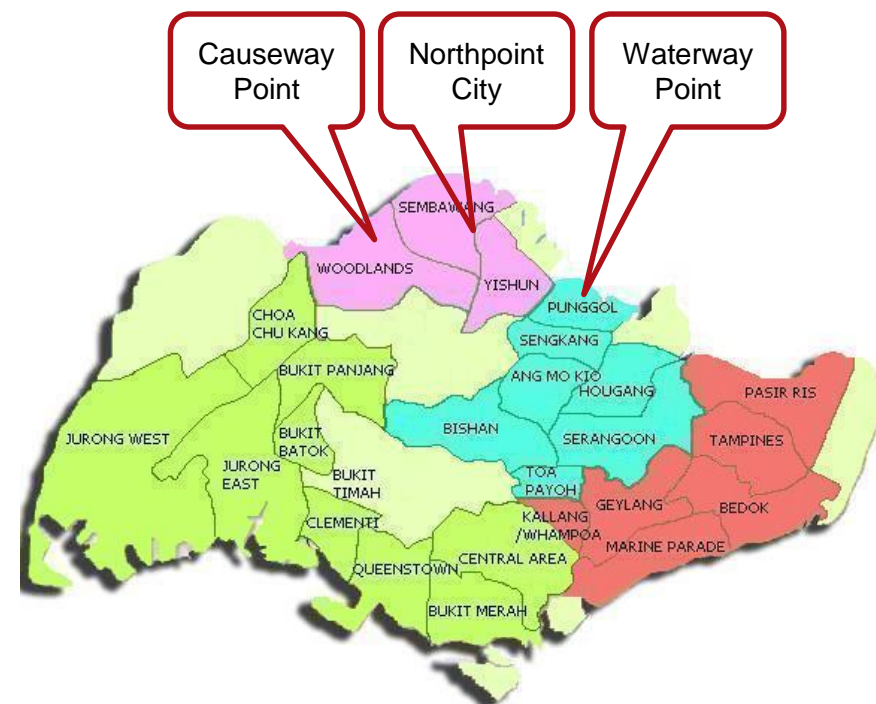
- ◆ Key FCT properties are located in North and North-East regions which have retail space per capita of about 2.7, the lowest of all the 7 regions in Singapore
- ◆ Lower retail space per capita implies higher footfall growth potential for the malls in those regions



FCT's retail properties are located in growing HDB towns

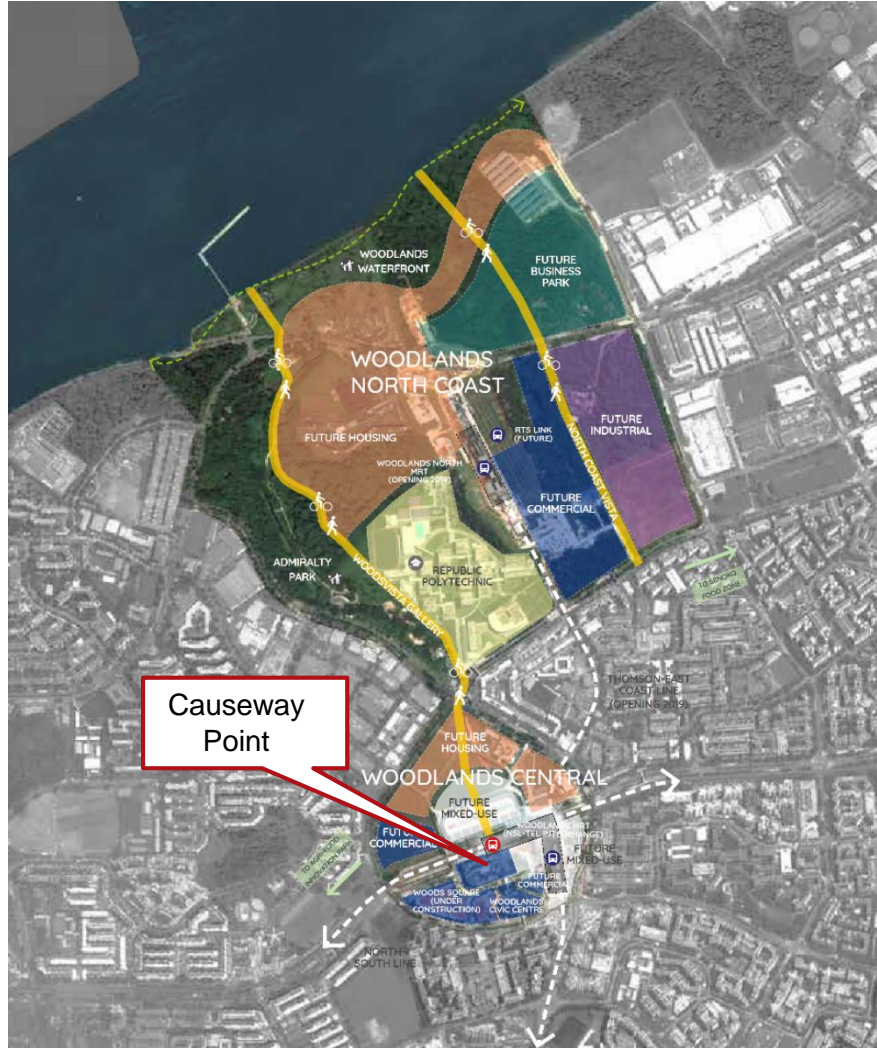
- ♦ The three largest malls in FCT portfolio are located in HDB towns with growing number of HDB units and with good growth potential
- ♦ Punggol has 8,806 new flats under construction and is the fastest growing HDB town

| FCT Malls | HDB Town | Population @ 31 March 2018 | Current HDB units | HDB units Under construction | Current Units + Units under construction | HDB Projected Ultimate | Growth potential to Projected Ultimate |
|-----------------|-----------|----------------------------|-------------------|------------------------------|--|------------------------|--|
| Causeway Point | Woodlands | 242,500 | 68,153 | 3,164 | 71,317 | 102,000 | 43% |
| Northpoint City | Yishun | 196,600 | 62,786 | 4,154 | 66,940 | 84,000 | 25% |
| | Sembawang | 73,500 | 26,834 | 3,497 | 30,331 | 65,000 | 114% |
| Waterway Point | Punggol | 134,100 | 49,229 | 8,806 | 58,035 | 96,000 | 65% |



Source: Key Statistics ,Housing & Development Board (HDB) Annual Report 2017/18 and HDB website at www.hdb.gov.sg

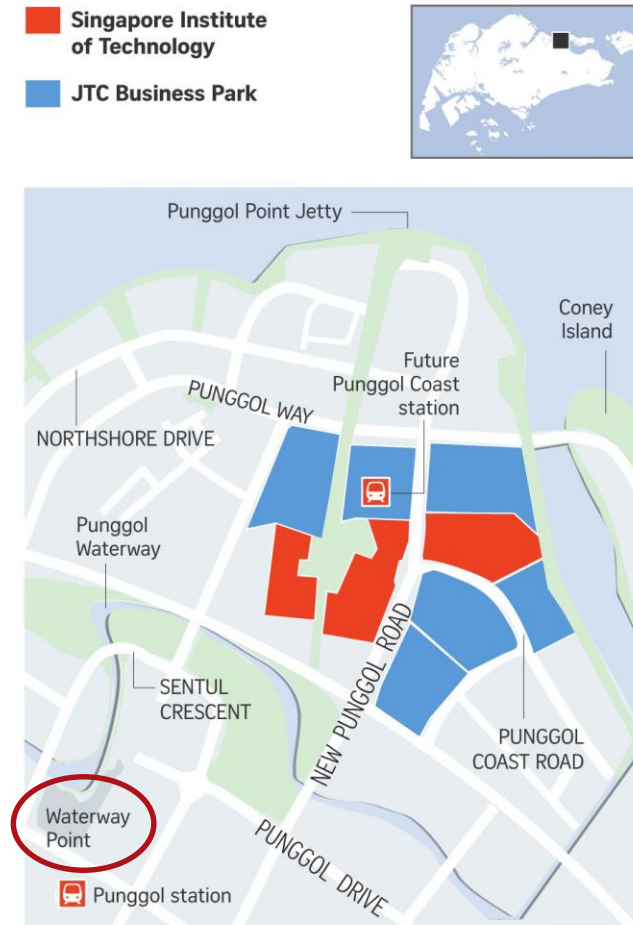
Woodlands Regional Centre



Source: URA

- Woodlands Regional Centre poised to be the largest economic hub in Singapore's North region under the URA draft Master plan 2019
- Woodlands Central will be a regional business hub
- New business, industry, R&D and learning & innovation institution to be introduced to Woodlands Regional Centre on over 100 hectares of developable land.
- Northern Agri-Tech and Food Corridor
- New Thomson-East Coast MRT Line with Woodlands Station as interchange to current North-South Line

Punggol Digital District



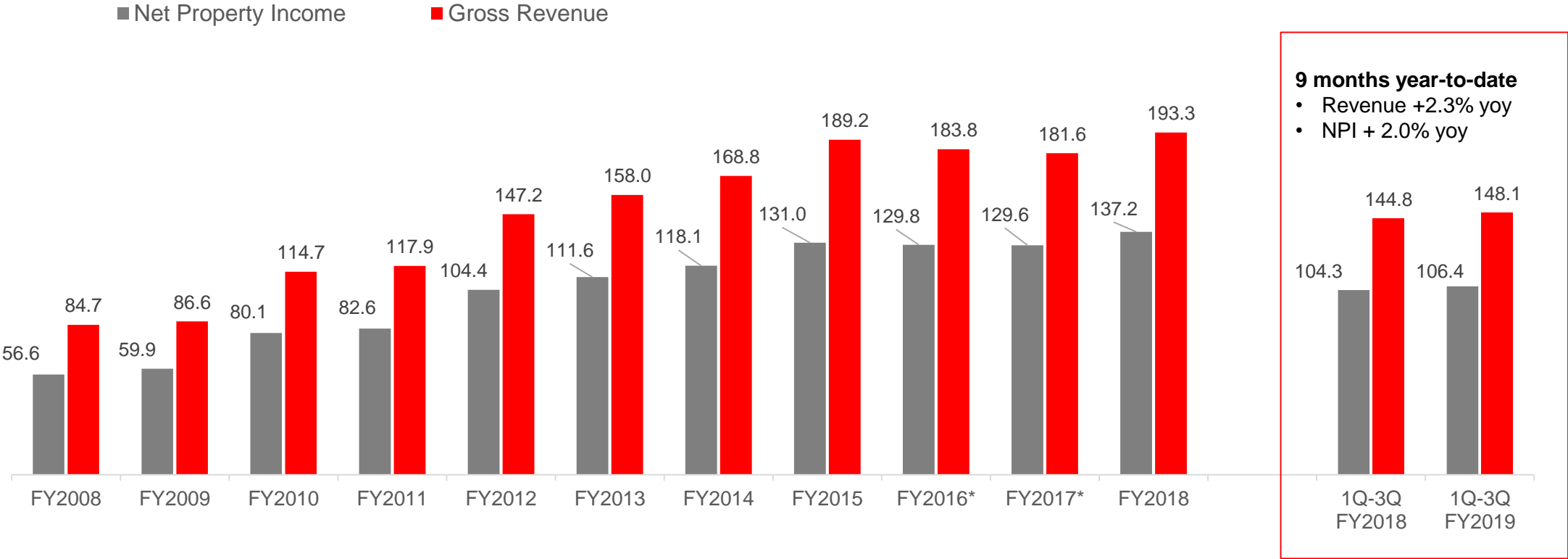
Source: Straits Times, 10 September 2019

- The Next Generation Smart & Integrated District under the URA draft Master plan 2019
- SIT's Punggol campus, Singapore's first university in the north-east, will be up by 2023; able to accommodate 12,000 students
- *Straits Times, 10 September 2019*
- "Punggol Digital District is the first district in Singapore where JTC will integrate a business park, university and community facilities upfront from the master planning stage"
- *JTC group director of new estates Kok Poh June*
- JTC expects the Punggol Digital District to generate up to 28,000 digital economy jobs
- *Straits Times, 10 September 2019*

Financial and operation highlights

Consistent performance

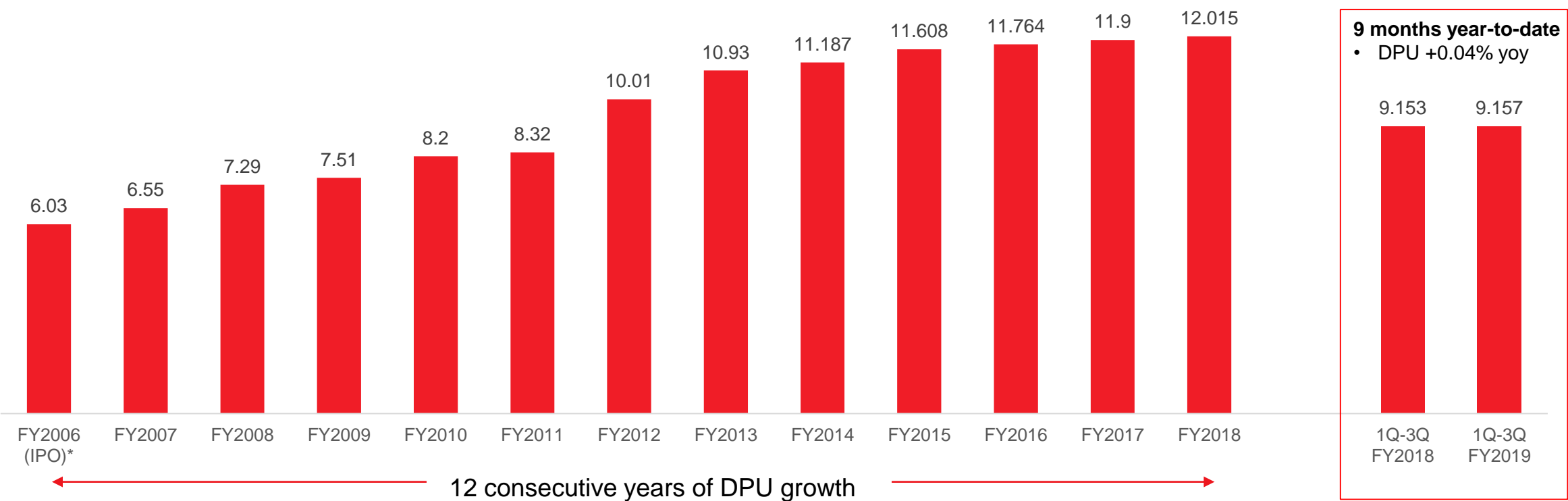
Revenue and Net Property Income (S\$ million)



* Revenue and Net Property Income in FY2016 and FY2017 were affected by the asset enhancement works at Northpoint City North Wing

Steady DPU growth

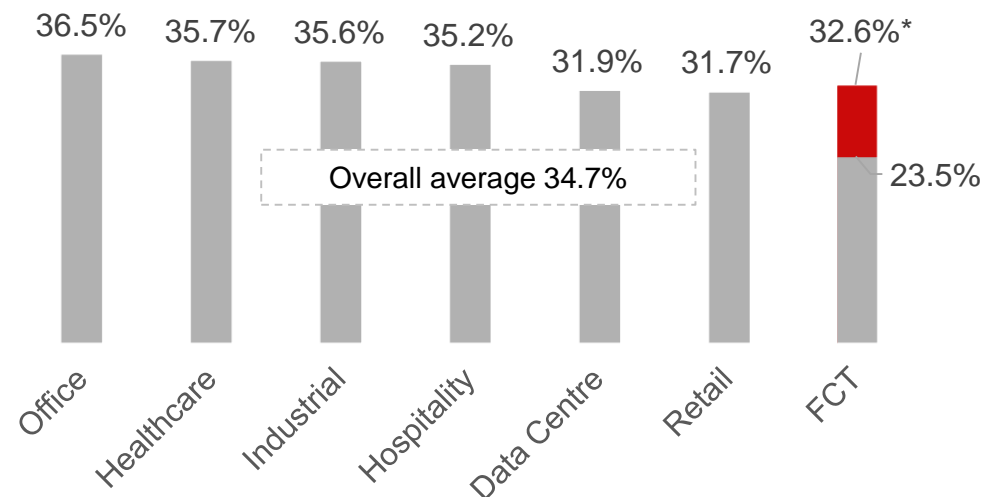
Distribution per Unit (\$ cents)



* Annualised DPU for the period 5 Jul 06 (IPO) to 30 September 2006.

Strong financial position

Gearing level of SREIT by sector



Source: OCBC Investment Research Weekly S-REITs Tracker, 16 September 2019

***FCT gearing is:**

- 23.5% as reported on 30 June 2019
- 32.6% as at 31 July 2019, after assuming the \$191m *pro rata* borrowing associated with the 1/3 interest in Waterway Point, which the acquisition was completed on 11 July 2019

Key financial indicators as at 30 June 2019

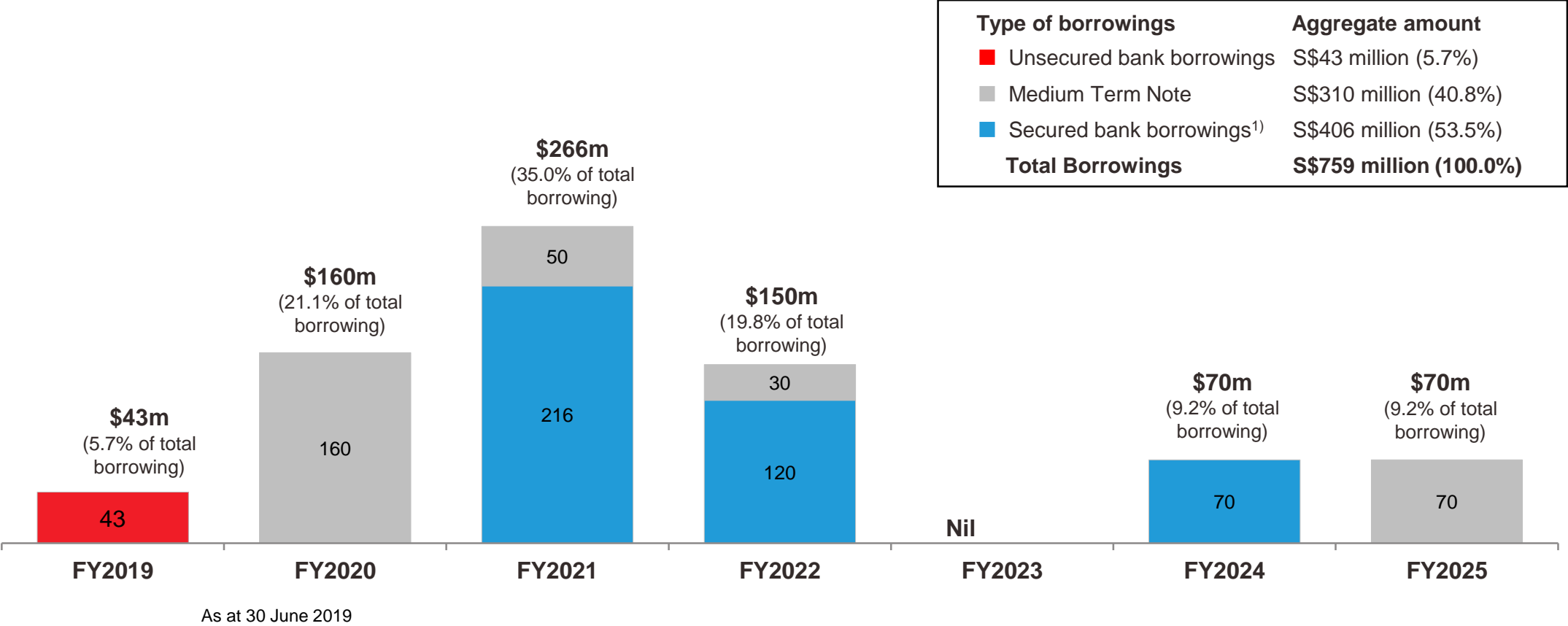
| | |
|---|-----------------|
| Gearing level ¹ | 23.5% |
| Total borrowings | \$759 million |
| Total assets | \$3,224 million |
| Interest Cover ² | 4.52 times |
| Weighted average debt maturity | 2.3 years |
| Percentage of borrowings on fixed rates or hedged via interest rate swaps | 67% |
| Unencumbered assets as % of total assets | 77.2% |
| All-in average cost of borrowings | 2.7% |
| Corporate credit rating | |
| • S&P | BBB+ (Stable) |
| • Moody's | Baa1 (Stable) |

1. The ratio of total outstanding borrowings over total assets as at stated balance sheet date

2. Earnings before interest and tax (EBIT) divided by interest expense

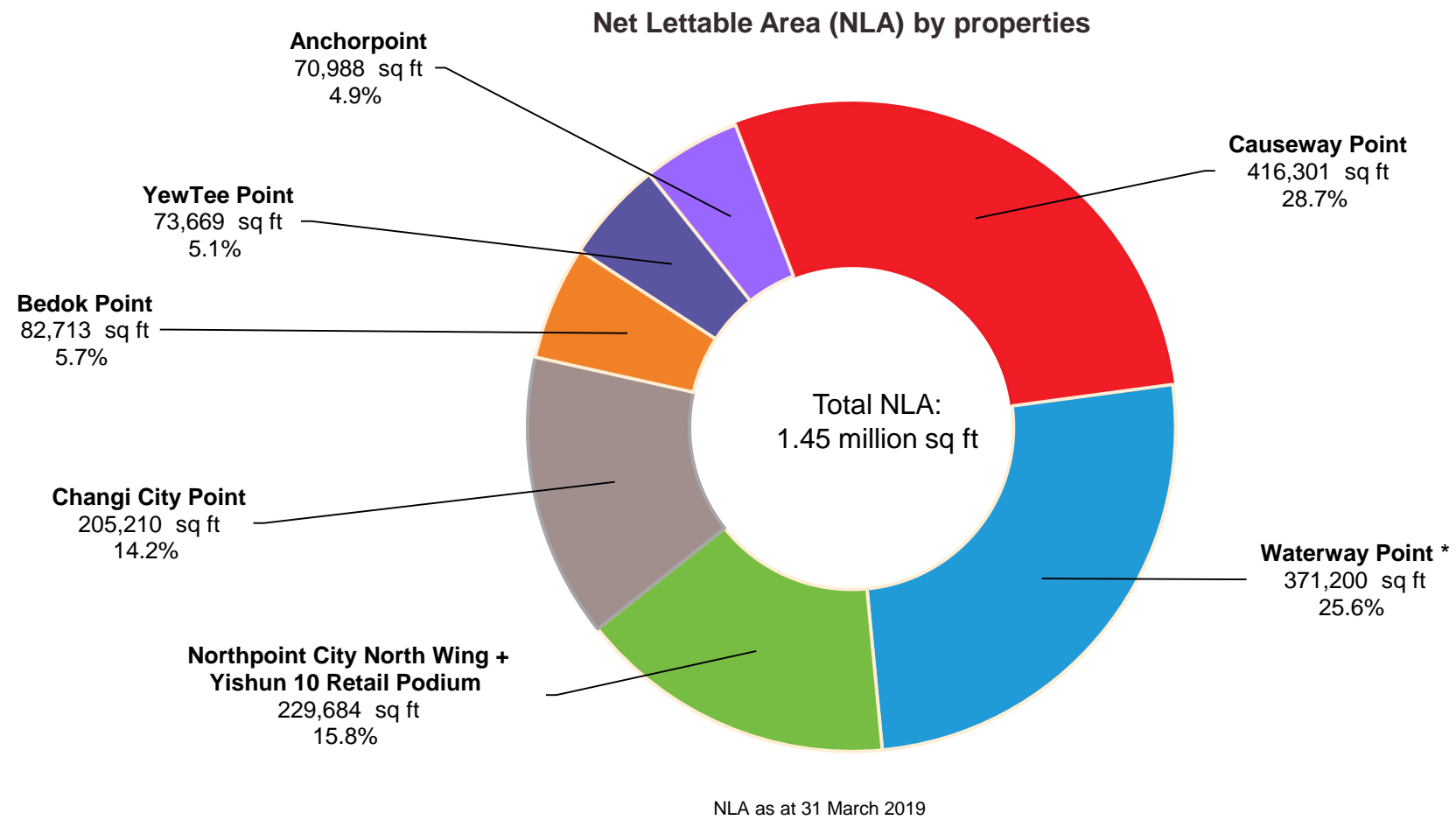
Well spread out debt maturity profile

- ◆ Weighted Average Debt Maturity as at 30 June 2019: 2.3 years



1) Secured on Anchorpoint, YewTee Point and Changi City Point. Causeway Point, Northpoint City North Wing (including Yishun 10 retail podium) and Bedok Point, representing 77.2% of total investment property portfolio, are encumbered.

The larger malls account for 84.2% of portfolio's NLA

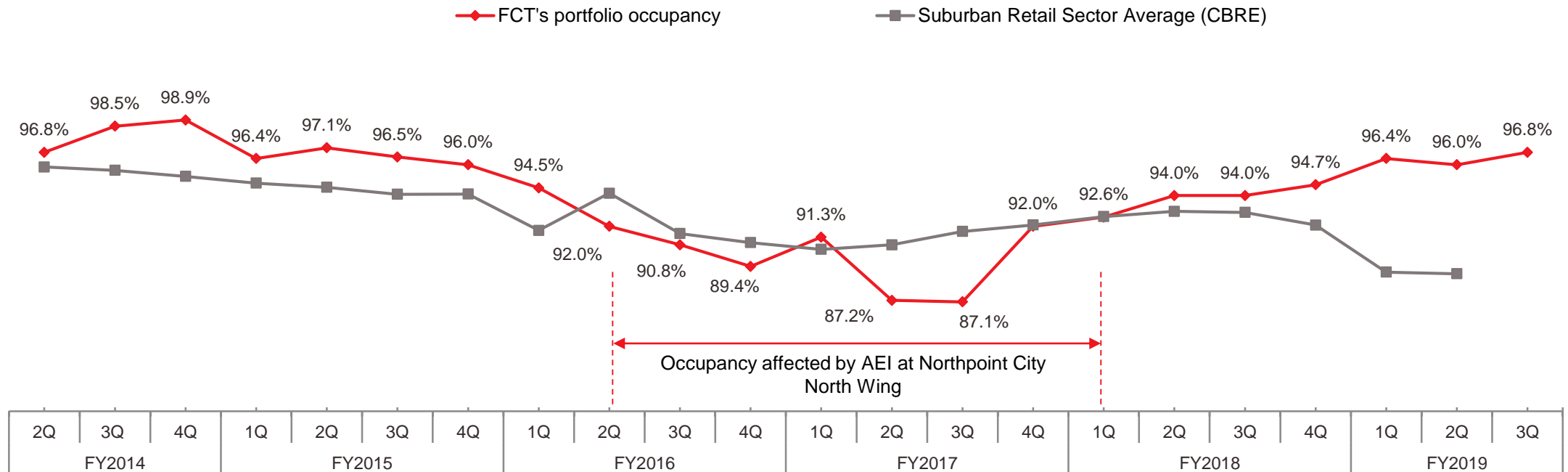


* FCT owns 40% interest in Waterway Point which has a total NLA of 371,200 square feet

Maintaining healthy occupancy

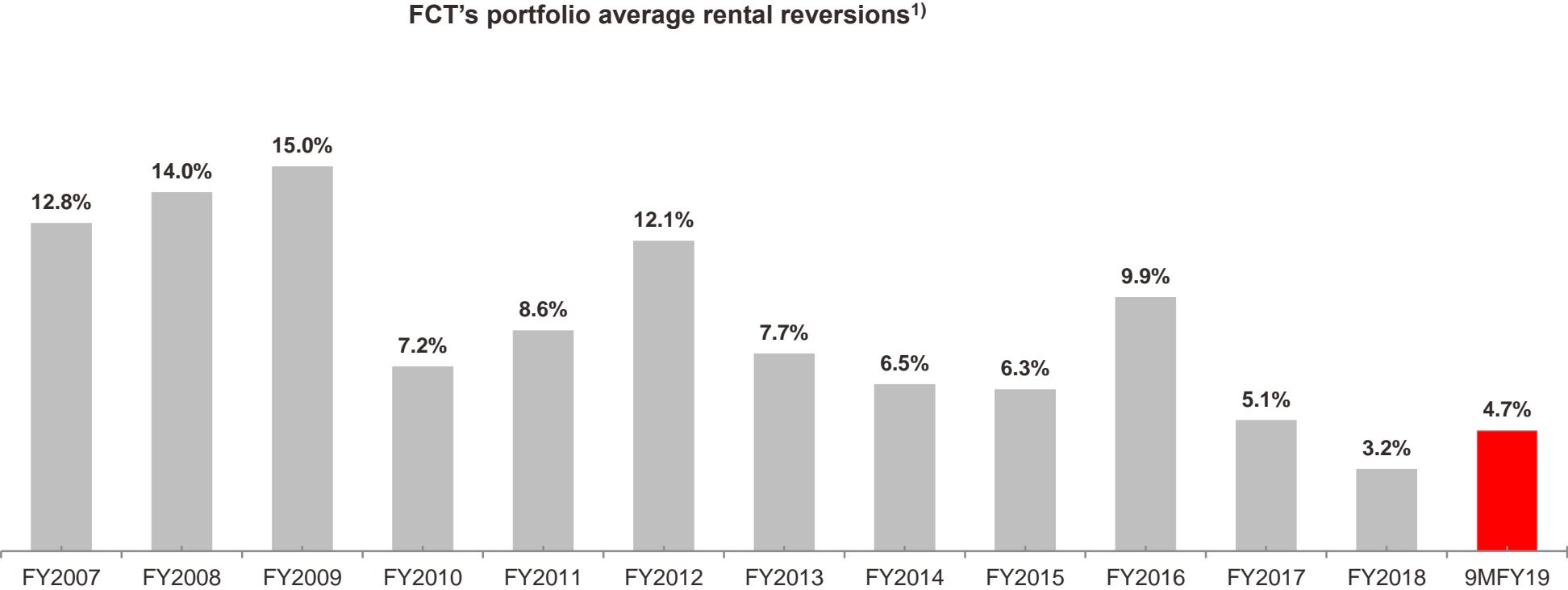
- FCT's portfolio occupancy typically outperforms the sector average tracked by CBRE, except during periods when its major properties undergo asset enhancement initiative (AEI) works

FCT's portfolio occupancy versus suburban retail mall average occupancy (CBRE)



Source: FCT, CBRE Singapore Real Estate Market Update, 2Q 2019

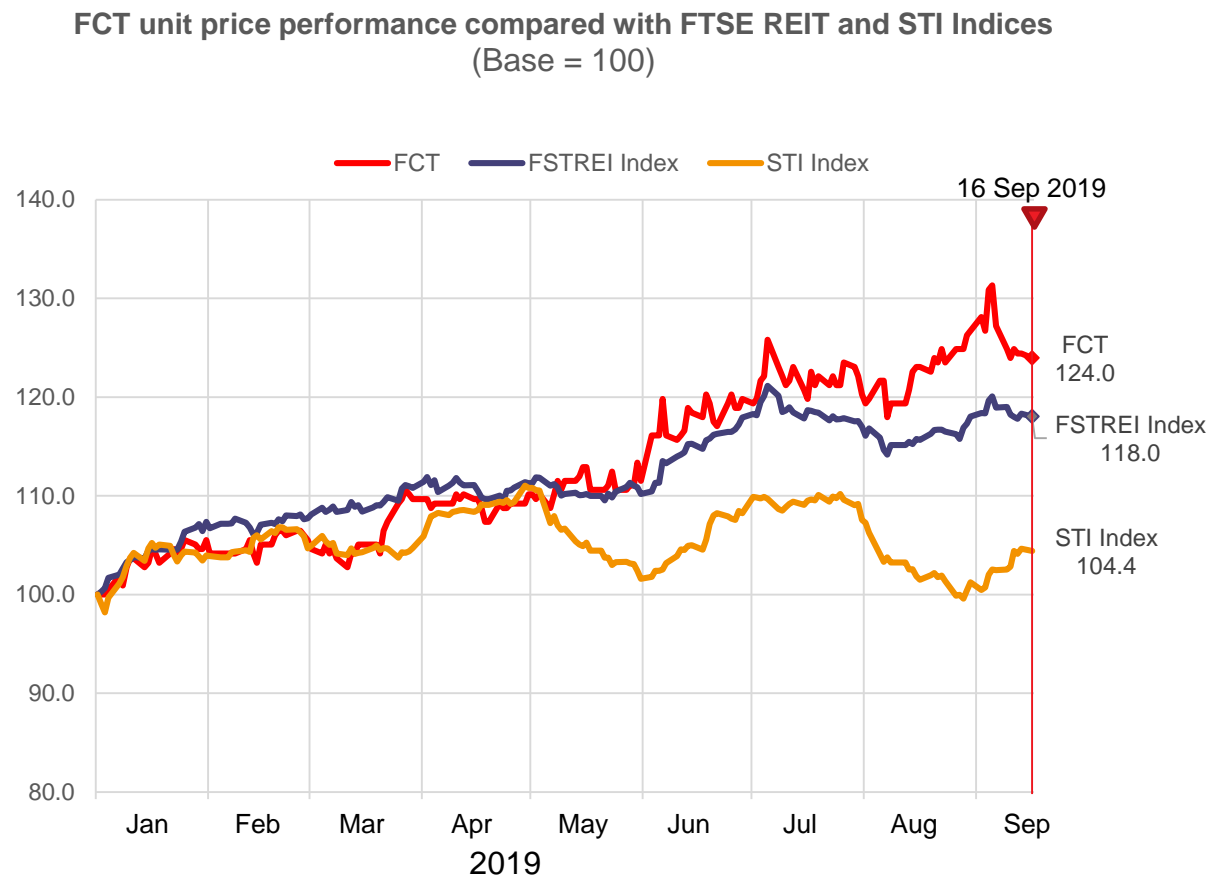
Maintaining positive rental reversions through economic cycles



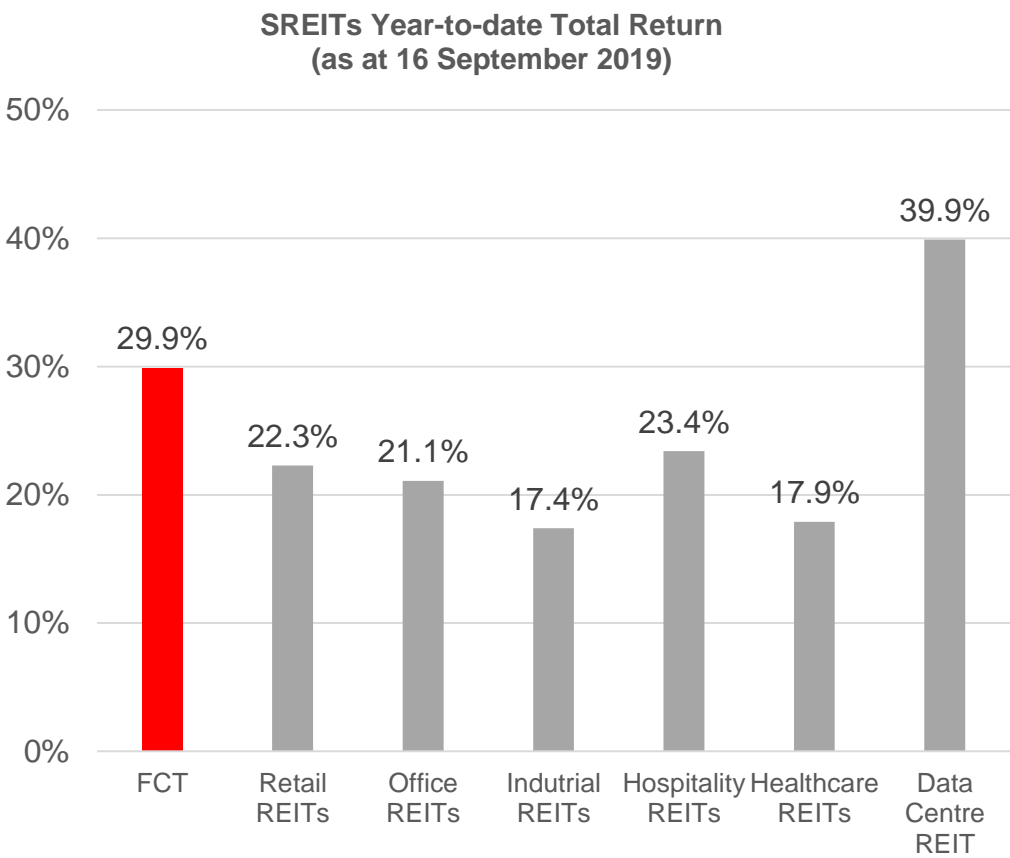
1) Based on the variance between the average rental rates between the new lease and the preceding lease, based on same retail space. Reconfigured or amalgamated retail space is excluded from calculation of rental reversion. Average lease tenure is 3 years.

Unit price performance and recent developments

FCT unit price has outperformed the FTSE REIT and STI Indices



Source: Bloomberg



Source: OCBC Investment Research Weekly S-REITs Tracker , 16 September 2019

Recent developments

Raising FCT's profile in the global investment community

- ♦ FCT to join the FTSE EPRA/NAREIT Global Developed Index w.e.f. 23 September 2019

Acquisitions – Laying the foundations for future growth

- ♦ Completed the acquisition of 18.8% stake in PGIM Real Estate AsiaRetail Fund Limited (“PGIM ARF”) on 4 and 26 April 2019 for a total purchase consideration of S\$380 million. FCT's interest in PGIM ARF increased to **21.13%** following a redemption event in the fund on 30 June 2019
- ♦ Completed the acquisition of 33⅓% interest in Waterway Point on 11 July 2019. FCT acquired an additional 6⅔% interest for S\$89.6 million on 18 September 2019 to raise its total stake in Waterway Point to 40.0%

Equity Fund Raising (“EFR”)

- ♦ Raised gross proceeds of approximately **S\$437.4** million from EFR via issuance of 184 million new units comprising private placement of 155.18 million units at \$2.382 per unit and non-renounceable preferential offering of 28.82 million units at \$2.35 per unit.

FCT is well covered by research analysts

| Firm | Analysts |
|--|-----------------|
| 1 BNP Paribas | Lee Wee Liat |
| 2 Bank of America-Merrill Lynch | Donald Chua |
| 3 CGS-CIMB | Eing Kar Mei |
| 4 Citi Investment Research | Brandon Lee |
| 5 CLSA Asia-Pacific Markets | Tan Xuan |
| 6 Credit Suisse | Nicholas Teh |
| 7 Daiwa Capital Markets | David Lum |
| 8 DBS | Carmen Tay |
| 9 HSBC | Pratik Ray |
| 10 JP Morgan | Terence Khi |
| 11 KGI | Geraldine Wong |
| 12 Macquarie | Derrick Heng |
| 13 Maybank Kim Eng | Chua Su Tye |
| 14 Mizuho | Yosuke Ohata |
| 15 OCBC Investment Research | Andy Wong |
| 16 Phillip Securities Research | Natalie Ong |
| 17 RHB | Vijay Natarajan |
| 18 SooChow CSSD Capital Markets (Asia) | YiYuan Zhao |
| 19 UBS | Michael Lim |
| 20 UOB Kay Hian Research | Jonathan Koh |

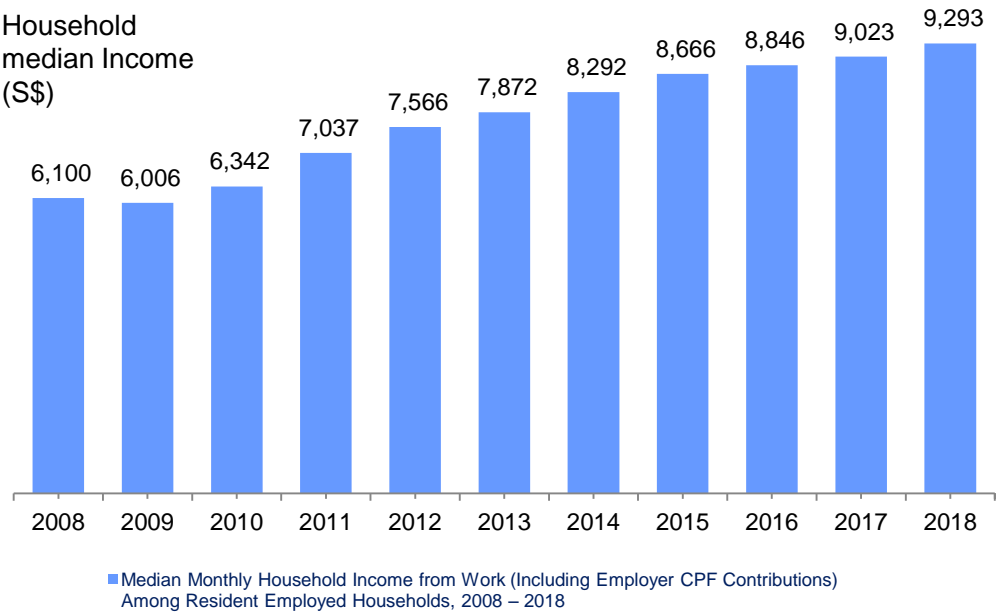
| Analysts' calls | Count |
|--|-------|
| Positive call (Buy, Overweight, Add) | 12 |
| Neutral Call (Hold, Neutral, Equal Weight) | 7 |
| Sell Call (Sell, Underweight) | 1 |
| Total | 20 |

As at 31 August 2019

Macro-economic and Retail Industry Indicators

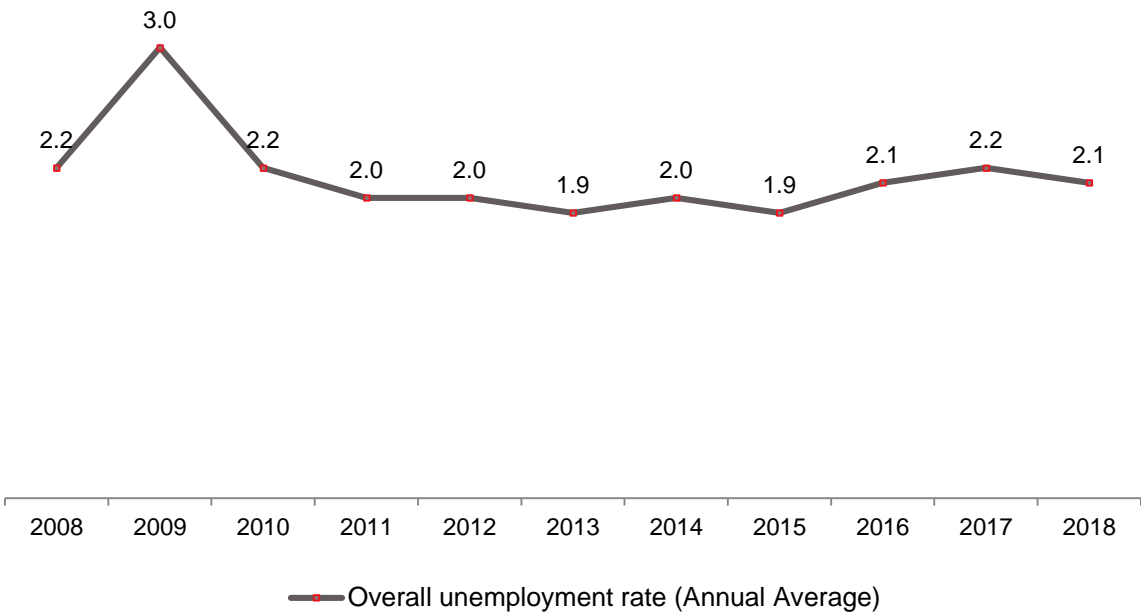
Healthy macro-economic fundamentals

Household median income among Singaporeans
(citizens and permanent residents) continues to grow



Source: Department of Statistics, Singapore

Low unemployment rate in Singapore

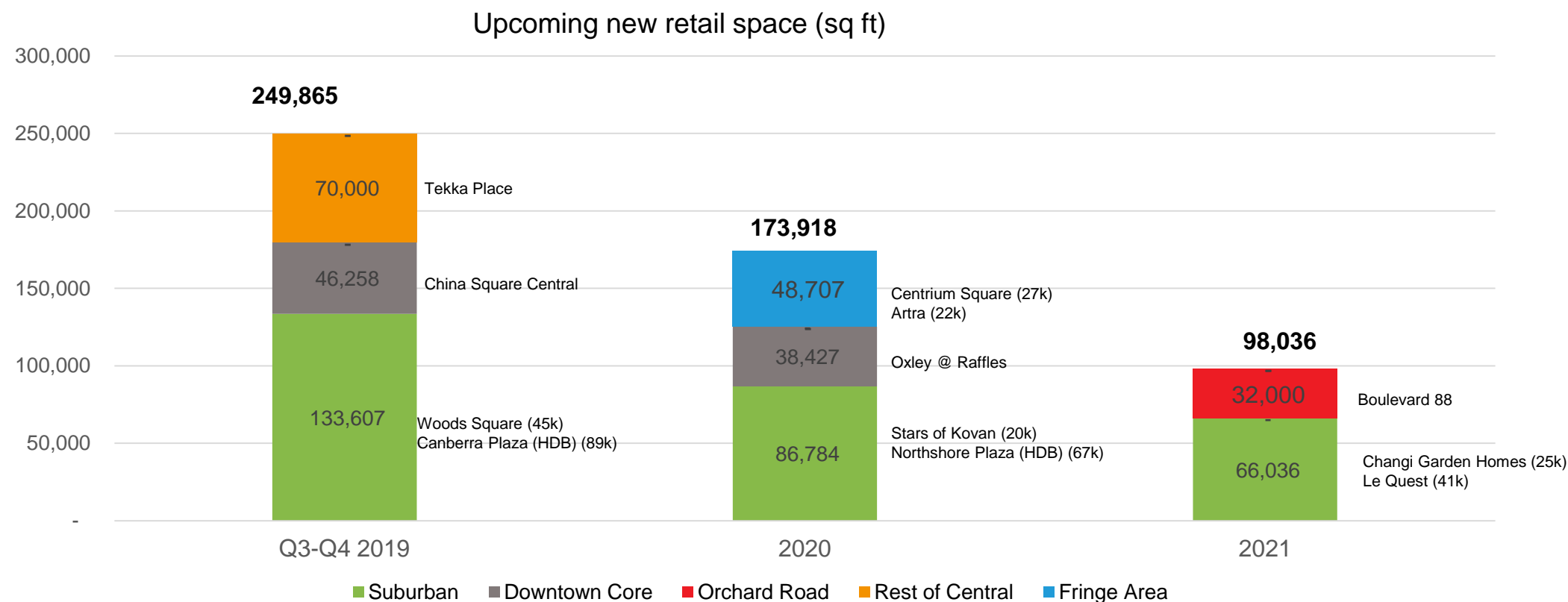


Source: Unemployment - Ministry of Manpower, Singapore

Limited upcoming new retail supply

New Supply between 2H 2019 and 2021:

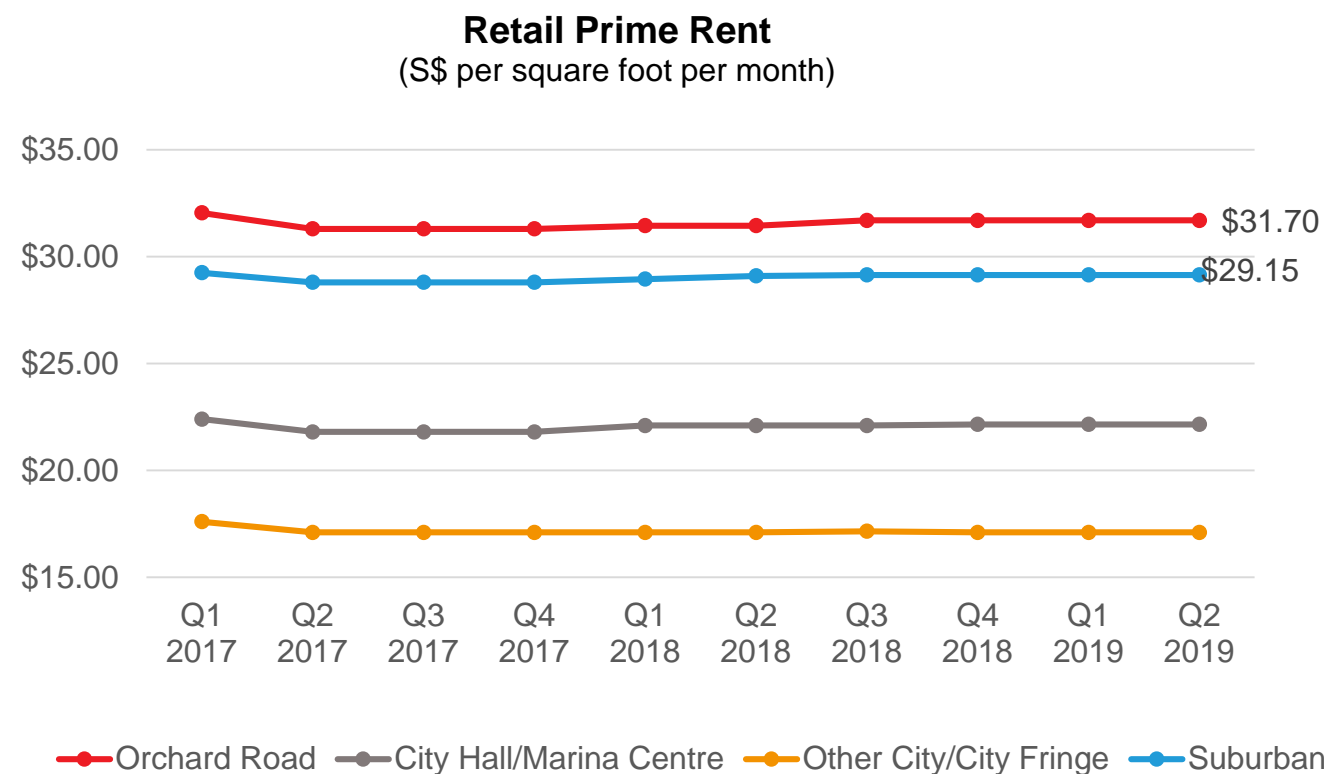
- ◆ Total new supply is ~522k sq ft, accounts for <1% of total retail stock in Singapore
- ◆ Total new supply in suburban region is ~286k sq ft, accounts for ~2.2% of total suburban retail stock



Note: Only projects with NLA of 20,000 sf or more are included in the count of future supply.
Source: CBRE, Singapore Real Estate Market Update, 2Q 2019

Retail prime rents holding steady

- ◆ Suburban prime retail rents expected to hold steady



CBRE Research does not expect any major movements in prime retail rents for H2 2019. The limited upcoming supply remains the saving grace of the market and will help to cushion the extent of the rental decline if any.

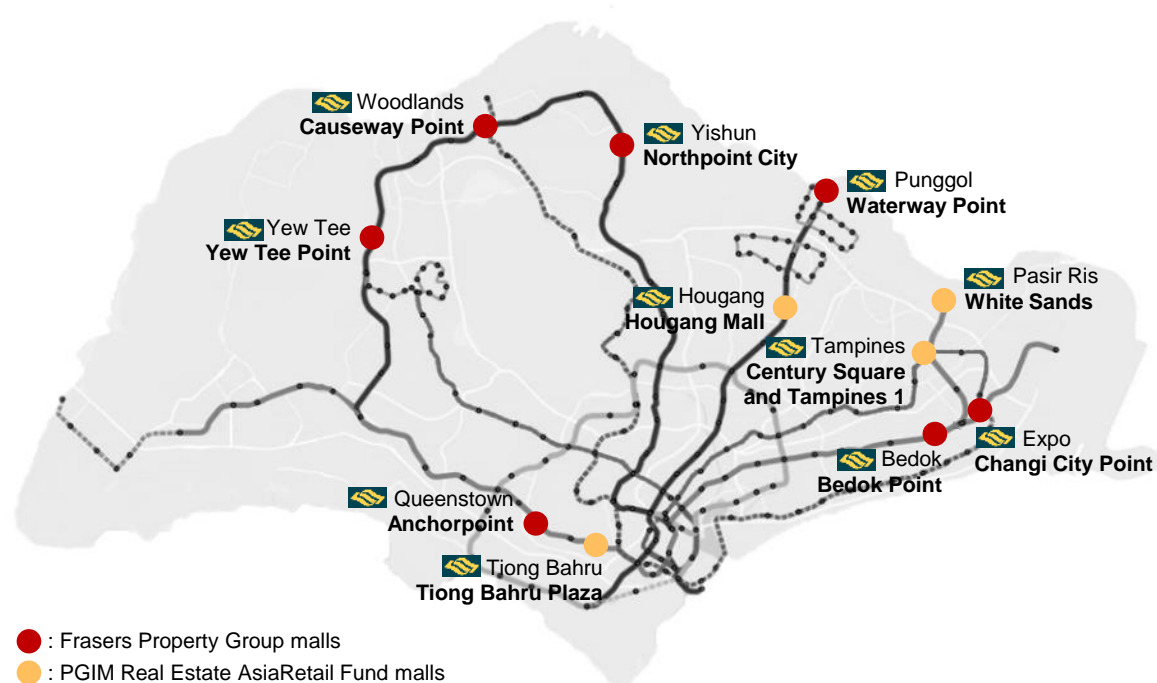
CBRE, July 2019

Source: CBRE, Singapore Real Estate Market Update, 2Q 2019

Going forward

To scale up presence in suburban sector in Singapore

- ♦ The recent acquisitions of 1/3 stake in Waterway Point and the 21.13% investment in PGIM ARF¹ reinforce FCT's core strength as a leading suburban retail space provider in Singapore, further expand its market share in this sector and help to drive FCT's long-term growth and returns to its unitholders



Source: <https://blog.nus.edu.sg/uspmmuse/2015/04/17/trains-in-time-envisioning-singapores-future-train-network/>

1. Frasers Property Limited ("FPL") holds a separate stake of ~53.74% in PGIM ARF
2. Based on HDB's data as of 31 March 2018

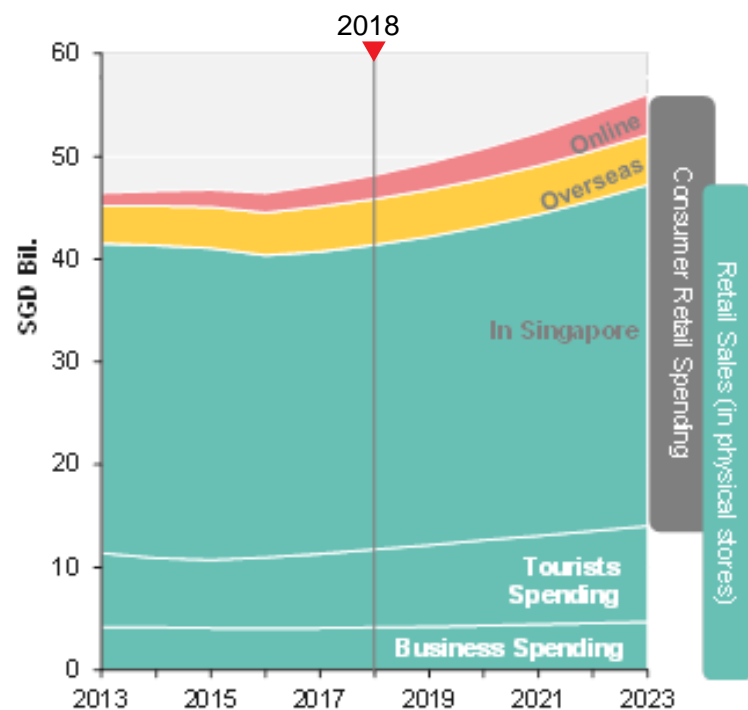
| Mall | Area | Population ² |
|-------------------|---------------|-------------------------|
| Anchorpoint | Queenstown | 82,500 |
| Bedok Point | Bedok | 194,700 |
| Changi City Point | | |
| Causeway Point | Woodlands | 242,500 |
| Northpoint City | Yishun | 196,600 |
| | Sembawang | 73,500 |
| Waterway Point | Punggol | 134,100 |
| YewTee Point | Choa Chu Kang | 169,000 |
| Century Square | Tampines | 232,700 |
| Tampines 1 | | |
| Hougang Mall | Hougang | 179,500 |
| Tiong Bahru Plaza | Bukit Merah | 145,700 |
| White Sands | Pasir Ris | 108,400 |

Retail sales projected to grow

- According to Cistri, consumer retail spending is projected to grow a compounded annual growth rate of 2.6% per year from the current level of \$34.4 billion
- Bulk of the retail sales are still in physical store and in Singapore (see chart below)

Nominal Resident Retail Sales growth

2013 - 2023



1. Including Work Pass Holders

2. Including Malaysian Daytrippers

Source: Cistri, August 2019

| | 2018 (SGD Bil.) | Annual Growth: | |
|--|--------------------|------------------|------------------|
| | | Last 5 Years: | Next 5 Years: |
| Population | | +1.0% | +1.1% |
| Real Spend Per Capita | | -1.1% | +0.7% |
| Retail Price Inflation | | +0.8% | +0.9% |
| Consumer Retail Spending ¹ | 34.4 | +0.7% | +2.6% |
| Less: | | | |
| Online (2018: 6% of retail spending) | 2.1 | +10.9% | +6.0% |
| Overseas (2018: 9% of retail spending) | 3.0 | +3.0% | +1.8% |
| Add: | | | |
| Tourism Retail Spending ² | 6.4 | -2.6% | +4.0% |
| Business Spending | 4.1 | -0.3% | +2.8% |
| Retail Sales (in physical stores) | 40.9 | -0.3% | +2.8% |

Summary

Poised for growth

- ◆ The S\$820 million of investments which FCT made in FY2019 is transformational and will strengthen its position as a leading suburban retail REIT in Singapore
- ◆ Opportunity for Sponsor's pipeline asset in Northpoint City South Wing
- ◆ The keys malls in FCT portfolio are well-located in the Northern and Eastern Gateways with positive prospects for economic and population growth. The malls are also located in regions with low retail space per capita and limited future retail supply

Quality assets with resilient performance

- ◆ FCT's portfolio of quality suburban retail assets remain resilient through economic cycles due to its focus on necessity spending and F&B and it offers convenience, accessibility and experiential advantages that underpin its relevance to shoppers

Pure play Singapore-centric, suburban-focused REIT

- ◆ FCT is focused on the Singapore suburban retail sector and will continue to expand its presence in this sector

**Experience
matters.**

