

Frasers Commercial Trust
2QFY17 Financial Results

21 April 2017

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This document is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of REIT and the Manager is not necessarily indicative of the future performance of Frasers Commercial Trust and the Manager.

This Presentation contains certain information with respect to the trade sectors of the Trust's tenants. The Manager has determined the trade sectors in which the Trust's tenants are primarily involved based on the Manager's general understanding of the business activities conducted by such tenants. The Manager's knowledge of the business activities of the Trust's tenants is necessarily limited and such tenants may conduct business activities that are in addition to, or different from, those shown herein.

This Presentation includes market and industry data and forecast that have been obtained from internal survey, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information. While the Manager has taken reasonable steps to ensure that the information is extracted accurately and in its proper context, the Manager has not independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein.

- Results
- Portfolio Review
- Capital Management
- Appendix: Markets Overview

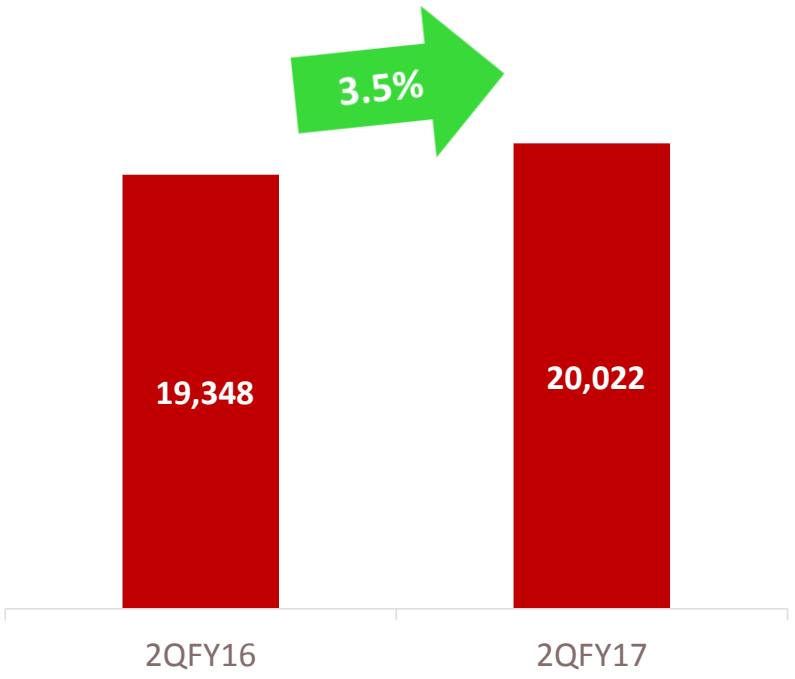
Results

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Results – 2QFY17 Key highlights

- **Distribution income rose 3.5% y-o-y to $20.02 million in 2QFY17**
- **Underpinned by better overall results for the Australian portfolio and stronger Australian dollar**
- **Distributable income was stable vs. $19.95 mil in 1QFY17**

Distributable income (S$'000)



3.5% increase in distributable income Y-o-Y

1. **Better performance from 357 Collins Street due to higher occupancy and rental rates achieved**
2. **Average stronger Australian dollar in 2QFY17**
3. **Overall relatively stable performance across the portfolio**

1 The pre-terminated lease is replaced with a committed lease.
2 In 2QFY17, Unitholders' distribution from capital returns includes S$0.9 million which relates to a portion of net consideration received from the disposal of the Hotel development rights at China Square Central in August 2015, which is classified as capital distribution from tax perspective. See accompanying 2QFY17 Financial Statements announcement for more details.
3 Development of a 16 storey hotel ("Hotel") and additions and alterations at China Square Central. Refer to the Circular to Unitholders dated 3 June 2015 for details.

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3.5% year-on-year rise in distributable income for 2QFY17

1 Jan 2017 – 31 Mar 2017	2QFY17 (S$ '000)	Y-o-Y Change (%)	Contributing factors
Gross Revenue	40,240	3%	▪ Higher revenue contribution from 357 Collins Street due to higher occupancy and rental rates achieved, one-off payment received in relation to a lease termination in Central Park[1] and average stronger Australian dollar, offset by lower occupancy rates for China Square Central[2] and Alexandra Technopark.
Net Property Income	30,020	4%	▪ As above.
Net Property Income (cash basis)	30,558	9%	▪ Higher increase in net property income excluding the effects of recognising accounting income on a straight line basis.
Distributable income to Unitholders	20,022	3%	▪ Distributable income to Unitholders increased with the higher net property income.
DPU[3]	2.51¢	2%	▪ DPU increased with no management fees taken in units[4]. Inclusive of capital distribution of 0.23¢[5].

1 The space released has been pre-committed by another tenant.
2 Including planned vacancies for retail units affected by construction works for the Hotel and Commercial Project. Refer to Circular to Unitholders dated 3 June 2015 for details.
3 The number of Units used to calculate the amount available for DPU is 799,065,416. See accompanying 2QFY17 Financial Statements announcement for more details.
4 In 2QFY16, 40% of the Manager's management fees for the quarter were taken in Units.
5 In 2QFY17, Unitholders' distribution from capital returns of 0.23 cents included a portion of consideration received from the disposal of the Hotel development rights at China Square Central in August 2015, which is classified as capital distribution from tax perspective. See accompanying 2QFY17 Financial Statements announcement for more details.

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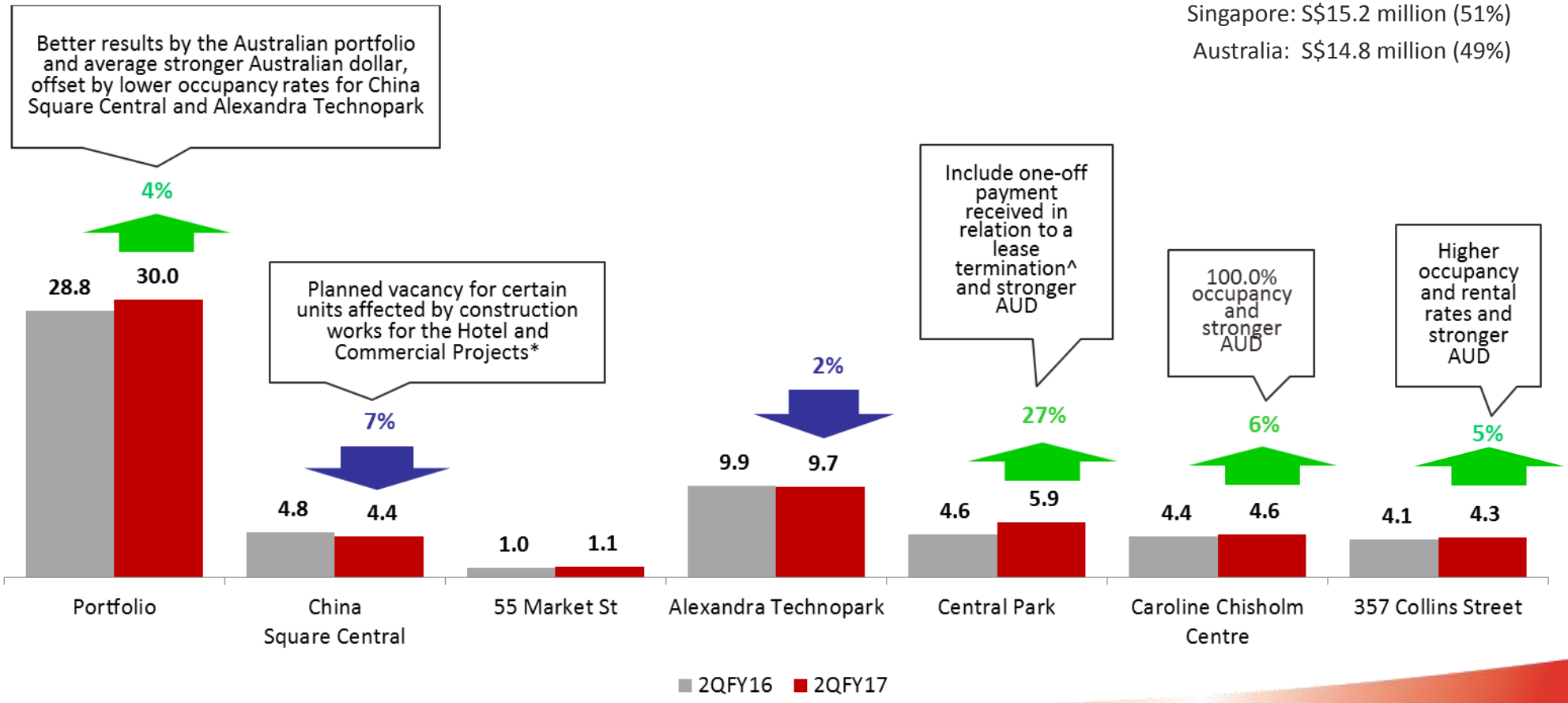
2QFY17 results boosted by better results by the Australian portfolio and stronger Australian dollar

Net Property Income (S$m)

TOTAL: S$30.0 million for 2QFY17

Singapore: S$15.2 million (51%)

Australia: S$14.8 million (49%)

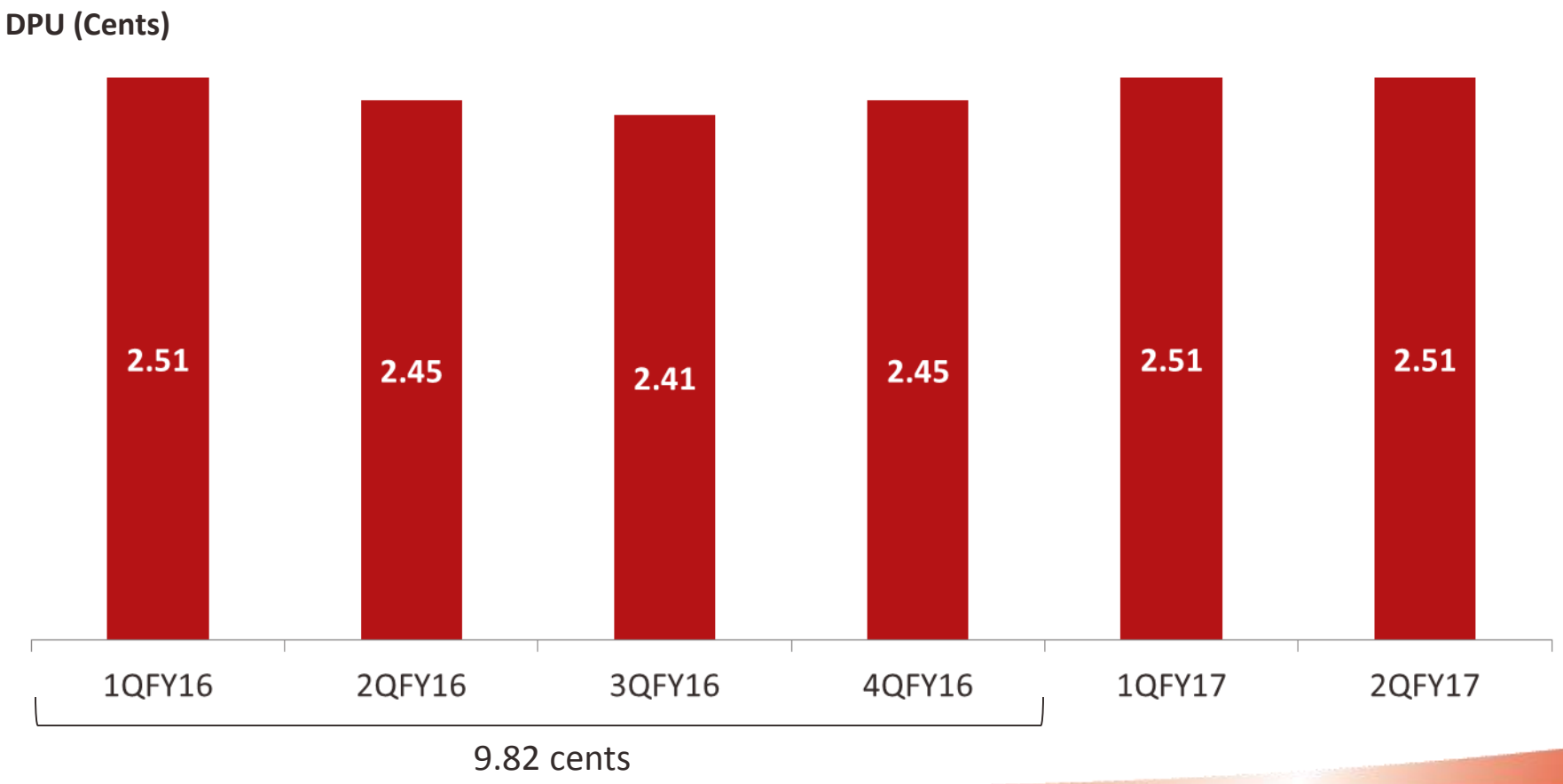


* Refer to Circular to Unitholders dated 3 June 2015 for details. Affected units were mainly retail units at 18 Cross Street and certain units at the shophouses at 20 and 22 Cross Street. Construction is undertaken by an entity of Frasers Centrepoint Limited.

^ The space released has been pre-committed by another tenant.

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2QFY17 DPU increased 2.4% YoY and held steady QoQ, with no management fees taken in Units[1]



1 In 2QFY16, 40% of the Manager's management fees for the quarter were taken in Units. In 1QFY17, no management fees were taken in Units.

DRP will be applied for the distribution for 2QFY17

Distribution Period	1 January 2017 to 31 March 2017
Ordinary Unit Distribution Rate	**Distribution of 2.5057 cents per Unit comprising:** a) taxable income distribution of 1.6034 cents; b) tax-exempt income distribution of 0.6725 cents; and c) capital distribution of 0.2298 cents.
Last day of trading on "cum" basis	**Wednesday, 26 April 2017**
Ex-distribution trading commence	Thursday, 27 April 2017
Distribution Books Closure Date	Tuesday, 2 May 2017 at 5.00 pm
Cash distribution payment date	**Tuesday, 30 May 2017**
Credit of Units to Unitholders' securities accounts/ listing of Units issued under the DRP on SGX-ST	**Tuesday, 30 May 2017**

See accompanying 2QFY17 Financial Statements announcement for more details.

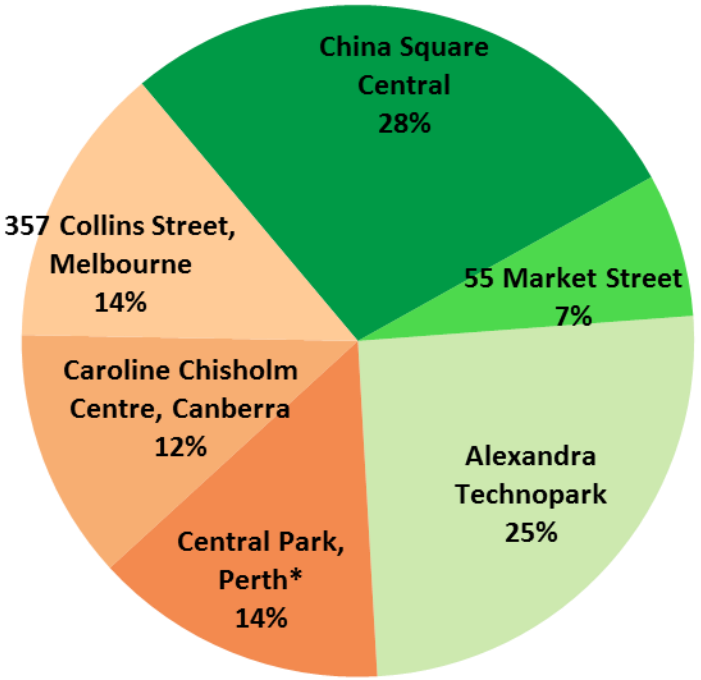
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Portfolio Review

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- **Balanced portfolio of Singapore and Australian properties**
- **No one property accounts for more than 28% of portfolio value**





Asset values as at 31 March 2017

Singapore	$	1,210.3 mil	60%
Australia	$	800.5 mil	40%
Total	$	2,010.8 mil	**100%**

* Reflects FCOT's 50.0% interest in Central Park.

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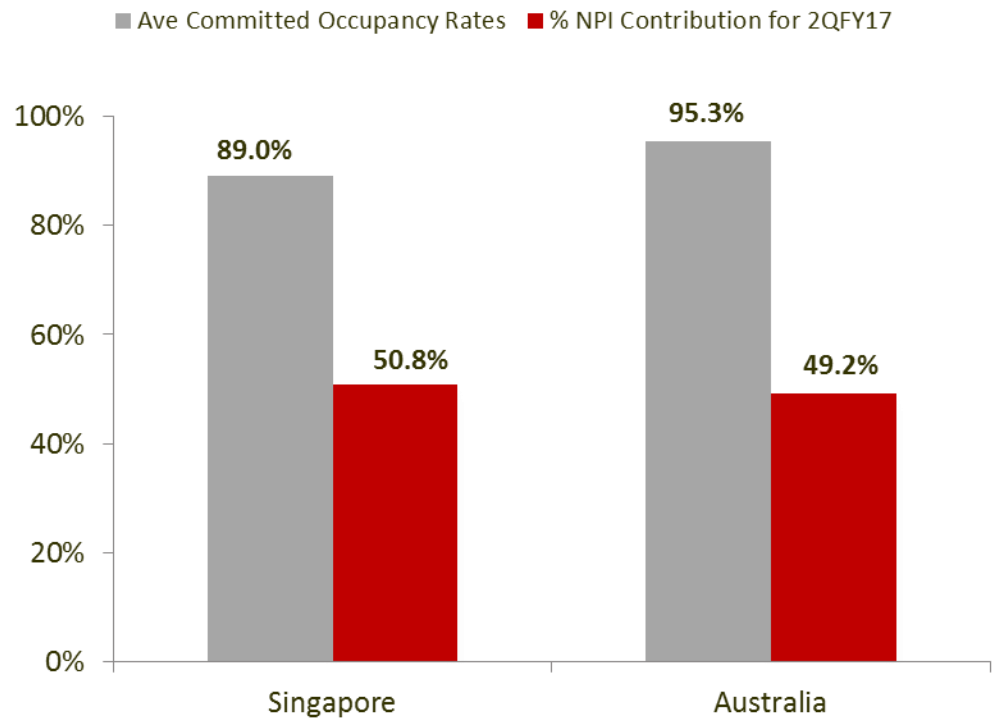
Portfolio review – Occupancy Rates & WALE

- **Healthy average committed occupancy rate of 91.8%[1]**
- **Healthy WALE of 3.7 years[1,2]**

Key portfolio statistics	As at 31 March 2017
Avg Committed Occupancy[1]	91.8%
Portfolio WALE by gross rental income[1,2]	3.7 years

- Planned vacancies at China Square Central due to on-going construction works for the Hotel and Commercial Project[3] contributed to lower occupancy for the Singapore portfolio.

Geographical occupancy and % NPI contribution



Data as at 31 March 2017. Excludes retail turnover rent.

1 Committed up to Sept 2017, taking into account space committed by an entity of Rio Tinto Limited on a new 12-year lease.

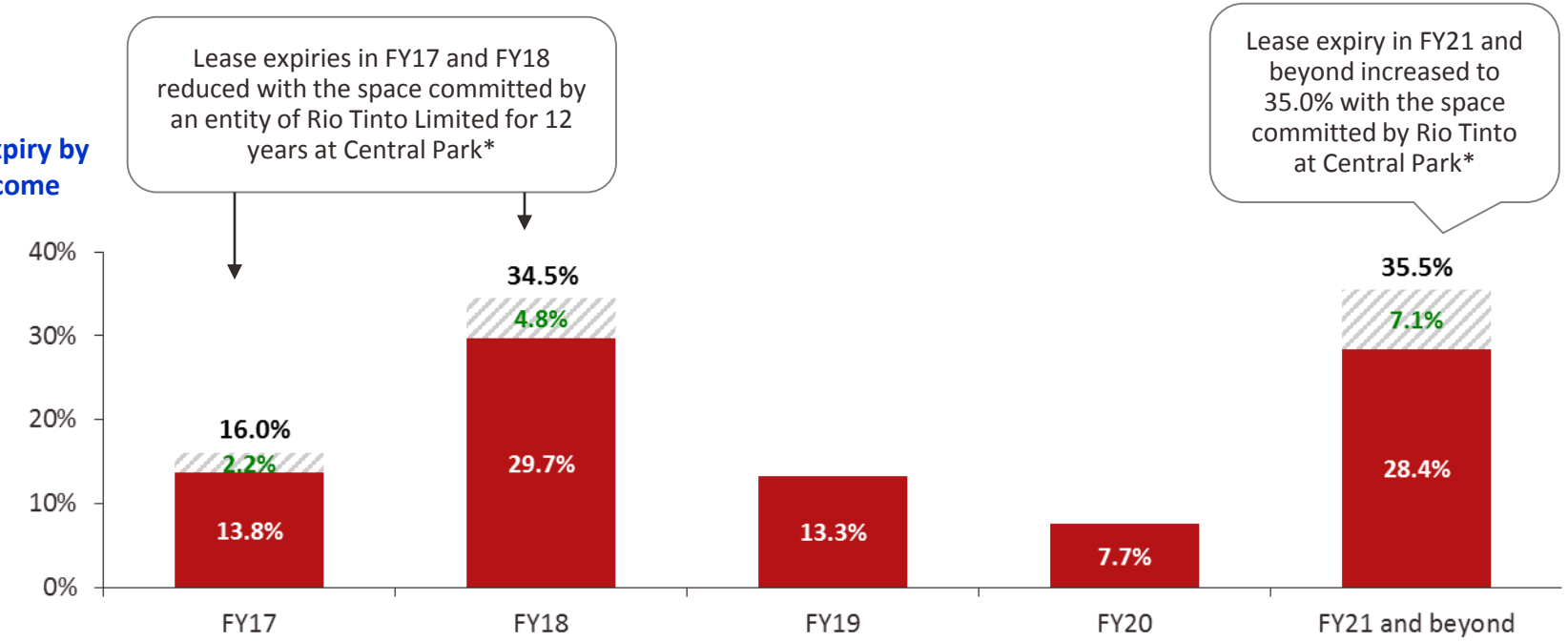
2 Income-weighted. Excluding the new lease, the WALE is 2.8 years.

3 Refer to the Circular to Unitholders dated 3 June 2015 for details.

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Well-spread lease expiry profile provides income stability

Portfolio lease expiry by gross rental income



Portfolio lease expiry by gross rental income^

	FY17	FY18	FY19	FY20	FY21 and beyond
Number of leases expiring	49	80	48	25	37#
NLA (sq ft) expiring	308,261	719,923	293,831	186,849	862,543
Expiries as % total NLA	11.8%	27.5%	11.2%	7.1%	32.9%
Expiries as % total Gross Rental Income	13.8%	29.7%	13.3%	7.7%	35.5%

Data as at 31 March 2017. Excludes retail turnover rent.

* Based on the space committed by an entity of Rio Tinto Limited on a new 12-year lease at Central Park. Excluding additional vacant spaces to be taken up by an entity of Rio Tinto Limited, amounting to approximately 1.2% of the gross rental income of the portfolio.

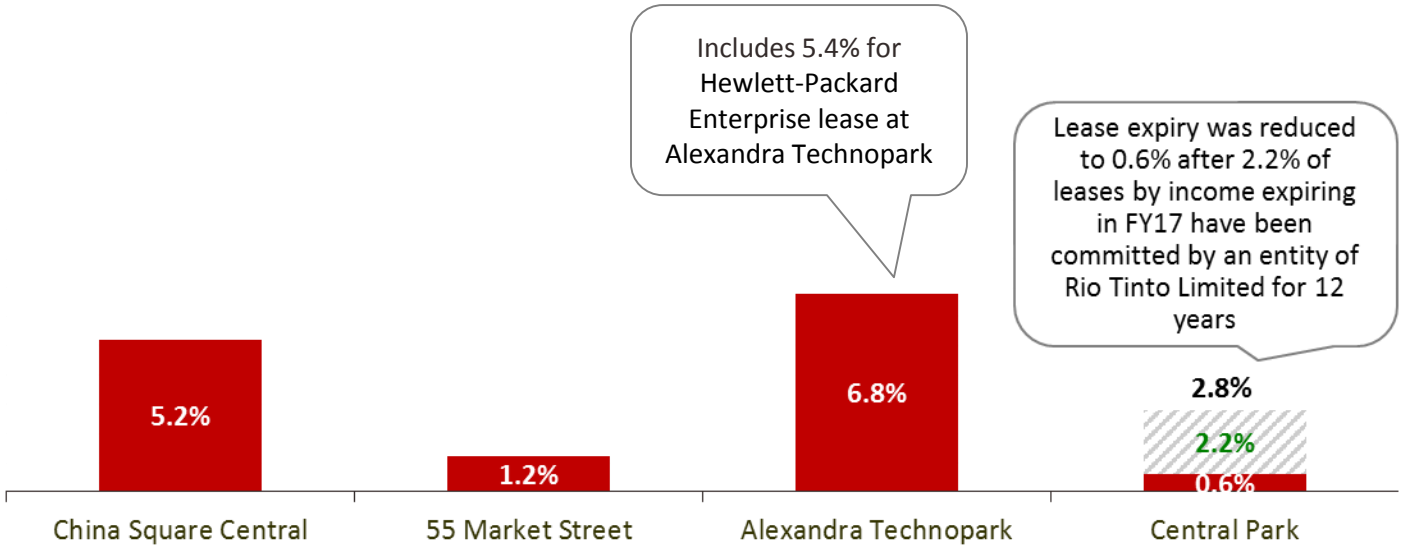
^ Inclusive of the space committed by an entity of Rio Tinto Limited.

Number of leases to be finalised later for the space committed by an entity of Rio Tinto Limited.

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Proactive management of leases

Property Lease Expiry in FY17 as a proportion of Portfolio Gross Rental Income



As at 31 Mar 2017

Number of leases expiring^	16 (office) 13 (retail)	7	12	1 (office)
Average passing rent for expiring leases*	$6.90 (office) $7.60 (retail)	$7.20	$4.30	A$569.0 (office)

^ Inclusive of the space committed by an entity of Rio Tinto Limited.

* Excludes turnover rent. Figures for Singapore properties are on a gross rent per square foot per month basis, while Central Park figure is based on net face rent per square metre per annum basis.

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3.6%[1] average positive rental reversion for new/renewed leases totaling c.119,100 sf that commenced in 2QFY17



China Square Central:
- 0.1%[2]
(for c.14,700 sf)



55 Market Street:
+3.1%
(for c.3,000 sf)



Alexandra Technopark:
+4.7%
(for c.101,300 sf)



Central Park:
- 43.2%
(for c.110 sf)

Small retail tenant representing approximately 0.03% of NLA of Central Park

1 Income-weighted average reversion rate for new/renewed leases that commenced in 2QFY17, excluding turnover rents (if any). Caroline Chisholm Centre and 357 Collins Street were fully occupied for the whole of 2QFY17.

2 Average rental reversions for 18 Cross Street office tower only. Excludes the retail podium at 18 Cross Street, and 20 and 22 Cross Street which are partially affected by the construction works for the Hotel and Commercial Project. Refer to the Circular to Unitholders dated 3 June 2015 for details of the Hotel and Commercial Project.

- **Healthy levels of leasing activities and market interest**
- **Selected new/renewed leases in 2QFY17:**

Tenant	Industry	Property
C1X Asia Pacific Pte Ltd	Multimedia & telecommunications	China Square Central
Il Lido Pte Ltd	Food & beverage	China Square Central
Chatham Financial Corporation	Financial services	China Square Central
Mart Boulevard Pte Ltd	Food & beverage	China Square Central
Shan Cha Pte Ltd	Food & beverage	China Square Central
Gabriel Law Corporation	Legal	55 Market Street
Auriopro Solutions Pte Ltd	IT products & services	Alexandra Technopark
American Bureau of Shipping	Shipping	Alexandra Technopark

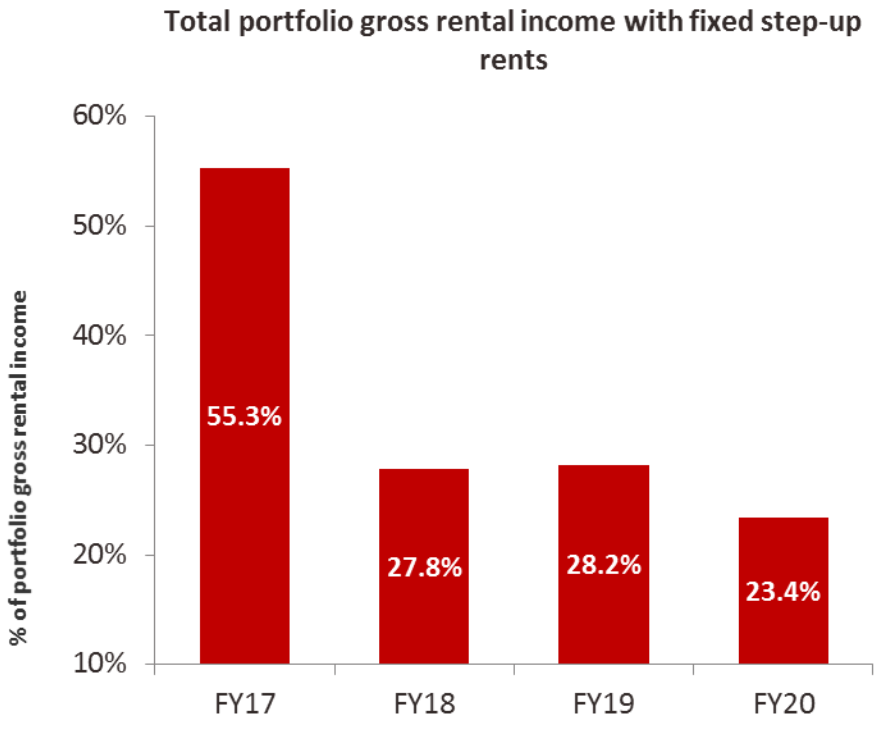
55% of FY17 leases have built-in step-up rents

Property	Leases	Average step-up rent	GROSS RENTAL INCOME[1] Property	GROSS RENTAL INCOME[1] Total Portfolio
China Square Central	3	1.5%	18.9%	3.4%
55 Market Street	2	0.7%	10.7%	0.4%
Alexandra Technopark	3	4.9%	36.5%	12.3%
Caroline Chisholm Centre	1	3.0%	100.0%	14.0%
Central Park	15	4.4%	69.8%	11.4%
357 Collins Street	38	3.9%	100.0%	13.8%

FY17 - Other mid-term lease rent reviews

Property	Leases	Review mechanism	GROSS RENTAL INCOME[1] Property	GROSS RENTAL INCOME[1] Total Portfolio
Central Park	2	Market	6.5%	1.1%
Central Park	4	CPI	7.1%	1.2%

FY17 – 20 - Portfolio fixed % reviews



	FY17	FY18	FY19	FY20
Weighted average fixed step-up increase	3.8%	1.8%	1.9%	1.5%

1 Excludes turnover rent (if any).

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Portfolio review – Stability of income

Top 10 tenants:

- **MNCs, government department and public listed companies**
- **Established names and well diversified across various sectors**
- **Contribute 61% of portfolio gross rental income and have a long WALE of 4.6 years as at 31 March 2017**

Top 10 tenants by gross rental income

Tenant	Property	Sector	Lease Expiry	% (Gross Rental Income)[1]
Commonwealth of Australia	Caroline Chisholm Centre	Government	Jul-25	14.9%
Hewlett-Packard Singapore Pte Ltd	Alexandra Technopark	IT Products & Services	Nov-17	10.8%
Hewlett-Packard Enterprise Singapore Pte Ltd	Alexandra Technopark	IT Products & Services	Sept-17/ Nov-17	6.9%
Rio Tinto Limited[2]	Central Park	Mining/ resources	Jun-18/ Jun-30	8.1%
Commonwealth Bank of Australia	357 Collins Street	Banking, insurance & financial services	Dec-22	5.8%
GroupM Singapore Pte Ltd	China Square Central	Consultancy/ business services	Mar-19	3.1%
BHP Billiton Iron Ore Pty Ltd	Central Park	Mining/ resources	Between Jul-17 to Oct-17	3.0%
Service Stream Ltd	357 Collins Street	Multimedia & Telecommunications	Dec-19	3.0%
Microsoft Operations Pte Ltd	Alexandra Technopark	IT Products & Services	Jan-22	2.7%
Cerebos Pacific Ltd	China Square Central	Food & beverage	May-17	2.6%
Total				60.9%

1 Data as at 31 March 2017. Excludes turnover rent (if any).
2 Based on the space committed by an entity of Rio Tinto Limited on a new 12-year lease at Central Park. Excluding additional vacant spaces to be taken up by an entity of Rio Tinto Limited, amounting to approximately 1.2% of the gross rental income of the portfolio.

Asset updates – Developments at China Square Central

- **Construction works for the development of the 16-storey Hotel and Commercial Project[1] are on track and expected to be completed by mid-2019**
- **New retail and commercial spaces with better frontage and visibility will also be created[2]**
- **The Hotel and Commercial Project will bring in increased activity and rejuvenate China Square Central**



Artist's impression of the Hotel



China Square Central

Proposed Hotel

Data as at 31 March 2017.

1 Undertaken by an entity of Frasers Centrepoint Limited. Refer to the Circular to Unitholders dated 3 June 2015 for details.

2 New spaces to be created from relocated spaces from part of the existing basement at 18 Cross Street and a section of 22 Cross Street. Refer to the Circular to Unitholders dated 3 June 2015 for details.

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Asset updates – Asset enhancement at Alexandra Technopark

- **Alexandra Technopark will be revamped at a cost of $45 million to create a new campus-like environment**
- **Creating more community-friendly spaces, greater connectivity and integration and a refreshed and contemporary look**
- **Tenants can look forward to a generous offering of wellness, lifestyle, social and other amenities**
- **Preliminary site works have commenced and the AEI is expected to complete around mid-2018**

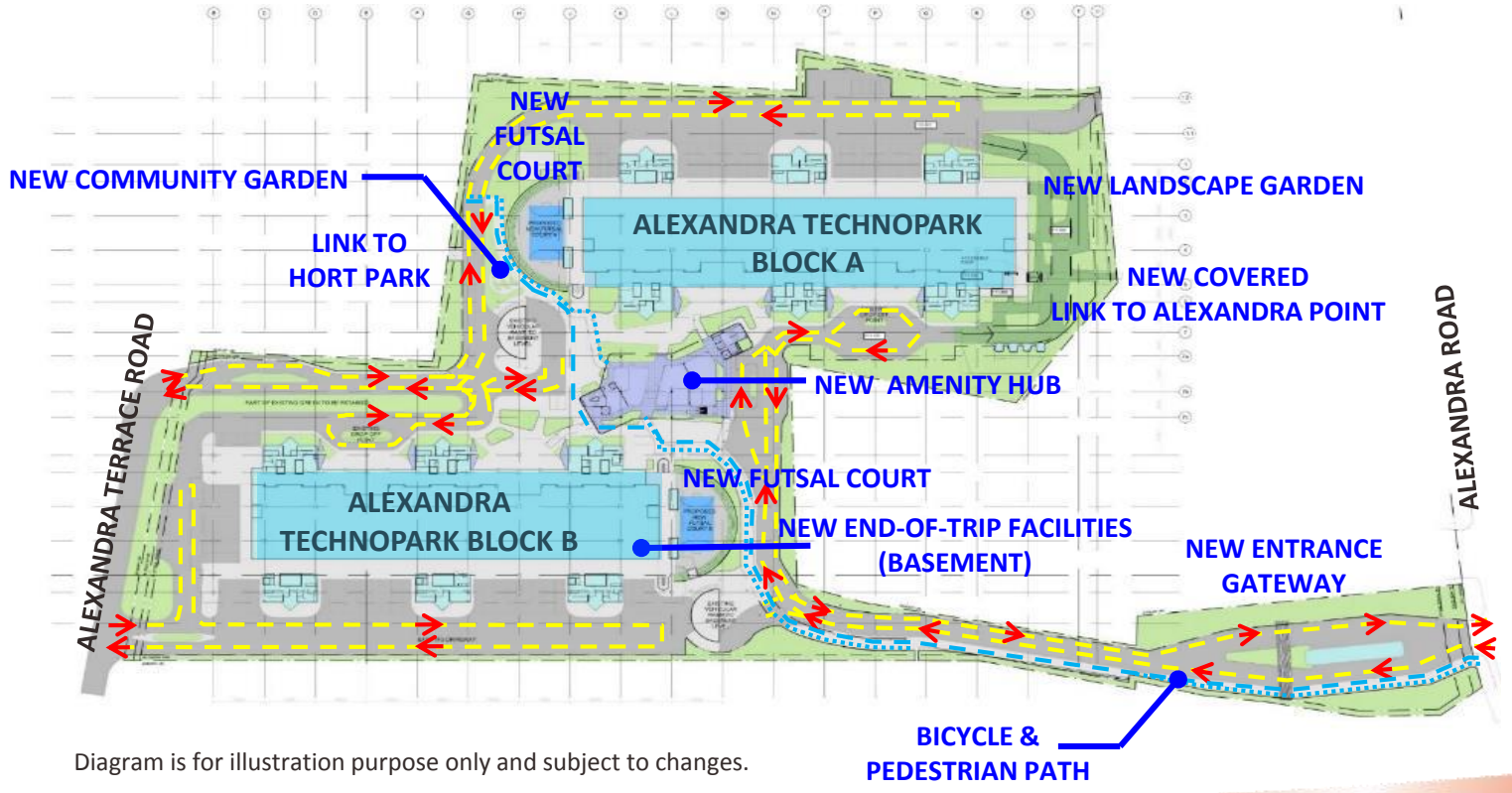


Diagram is for illustration purpose only and subject to changes.

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➔ Asset updates – Asset enhancement at Alexandra Technopark

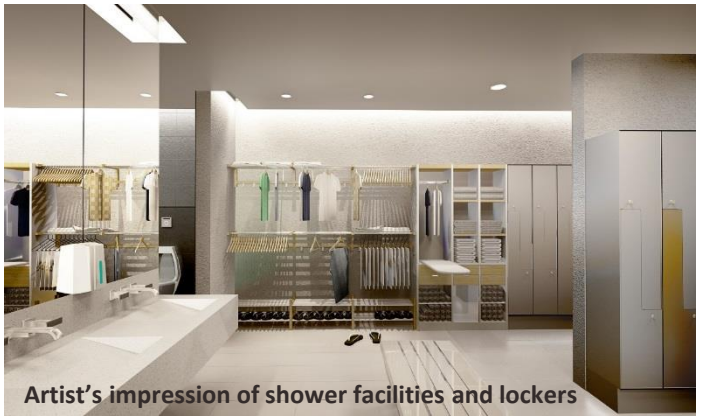
- **Wide range of amenities and activity spaces will be introduced for an enriching and stimulating environment**
- **New features will encourage greater interaction and cultivate a vibrant community at ATP**


Artist's impression of Central Plaza, a new amenity hub



Artist's impression of lift lobby


Artist's impression of bicycle racks


Artist's impression of shower facilities and lockers

New amenities include:

- ✓ Amenity hub
- ✓ Futsal courts
- ✓ Extensively landscaped garden environment
- ✓ End-of-trip facilities
- ✓ Farming plots for tenants to grow their own greens
- ✓ Bicycle and pedestrian paths
- ✓ Barbeque pits
- ✓ Exercise areas

Portfolio review – Singapore assets update

China Square Central – high occupancy at office tower



55 Market Street – healthy occupancy rate



Alexandra Technopark – healthy occupancy rate



Occupancy	82.7% (office tower: 96.0%)*	92.9%	91.0%^
WALE	1.3 years	1.3 years	1.3 years
New leases, committed and renewals	C1X Asia Pacific Pte Ltd, Il Lido Pte Ltd, Chatham Financial Corporation, Mart Boulevard Pte Ltd, Shan Cha Pte Ltd	Gabriel Law Corporation	Auriopro Solutions Pte Ltd, American Bureau of Shipping
Tenants	groupm, Cerebos, Pacific Prime Singapore, ABeam Consulting, MediaMath, Aspire, Equinix, Wavecell, Banjaran Wealth, Chubb	Jones Lang LaSalle, JobStudio, bwl, Chancery Law Corporation, Citigate Dewe Rogerson, Manchester 1824, TKP, Itron, Optum, Sumitomo Forestry (Singapore) Ltd.	hp, Hewlett Packard Enterprise, Great Eastern, Sybase, OKI, Omron, Sennheiser, FEK Delvotec, Aeroflex

Data as at 31 March 2017.

* Occupancy of retail units lowered by planned vacancies for construction of the Hotel and Commercial Project. Refer to the Circular to Unitholders dated 3 June 2015 for details.

^ Committed occupancy as at 31 March 2017.

Portfolio review – Australia asset updates

	Central Park – Long WALE of 7.1 years*	Caroline Chisholm Centre – full occupancy with long WALE of 8.3 years	357 Collins Street – full occupancy in a strong market
			
Occupancy	85.2%*	100.0%	100.0%
WALE	1.6 years (7.1 years with new lease*)	8.3 years	4.1 years
New leases, committed and renewals	Australian Energy Market Operator Limited	Property occupied until July 2025 by a single tenant, the Commonwealth of Australia as represented by Centrelink (Aaa rated^)	Nil – fully occupied
Tenants	Rio Tinto, bhpbilliton, MIMI, ASX, GESB, IOOF, DLA PIPER, JONES DAY	Australian Government	CommonwealthBank, Wilson HTM INVESTMENT GROUP, EUREKA, orange Business Services, meridian, infor, THE TRUST COMPANY, Folkestone

Data as at 31 March 2017.

* Committed up to Sept 2017, taking into account space committed by an entity of Rio Tinto Limited on a new 12-year lease. Actual occupancy was 77.9%.

^ Based on Moody's rating in November 2016.

Capital Management

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Capital Management – Debt statistics

- **Healthy gearing of 35.9%**
- **Healthy interest coverage ratio of 4.5 times**
- **Borrowings in AUD provide natural hedge for the Australian properties**

Statistics

	As at 31 March 2017
Total Assets (S$'000)	2,092,248
Gross Borrowings (S$'000)	751,006
Units on Issue and Issuable	799,065,416
NAV per Unit (ex-DPU) (S$)	1.54
Gearing [1]	35.9%
Interest coverage ratio (times) [2]	4.5
Average borrowing rate [3]	3.01%
- Weighted average SGD debt rate	2.63%
- Weighted average AUD debt rate	3.91%
FCOT Issuer rating by Moody's	Baa2

Borrowings and assets by currency



1 Calculated as gross borrowing as a percentage of total assets.

2 Calculated as net income before changes in fair values of investment properties, interest, other investment and derivative financial instruments, income tax and distribution and adding back certain non-recurring items/ cash finance costs for the quarter ended 31 March 2017. See accompanying 2QFY17 Financial Statements announcement for more details.

3 For quarter ended 31 March 2017.

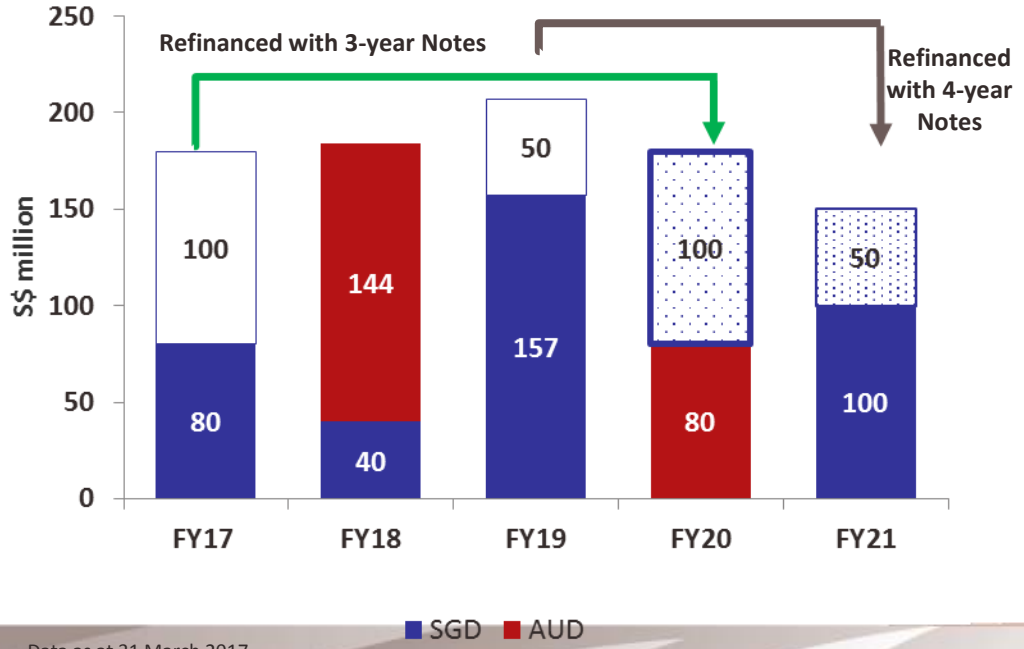
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Capital Management and debt statistics

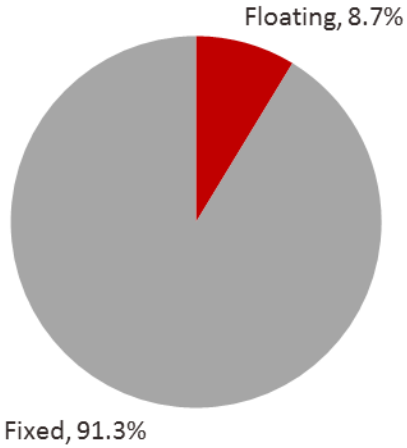
- **Well-spread debt maturity profile**
- **Proactive early partial prepayments of aggregate S$150.0 million borrowings due in September 17 and FY19, funded by proceeds from issuances of unsecured notes in February and March 2017**
- **Debt expiring in any one financial year moderated to not more than S$184 million**
- **91% of gross borrowings on fixed rate**

Debt maturity

Total facilities: S$751 million
Weighted average term to maturity: 2.5 years



Debt composition – floating vs. fixed interest rates



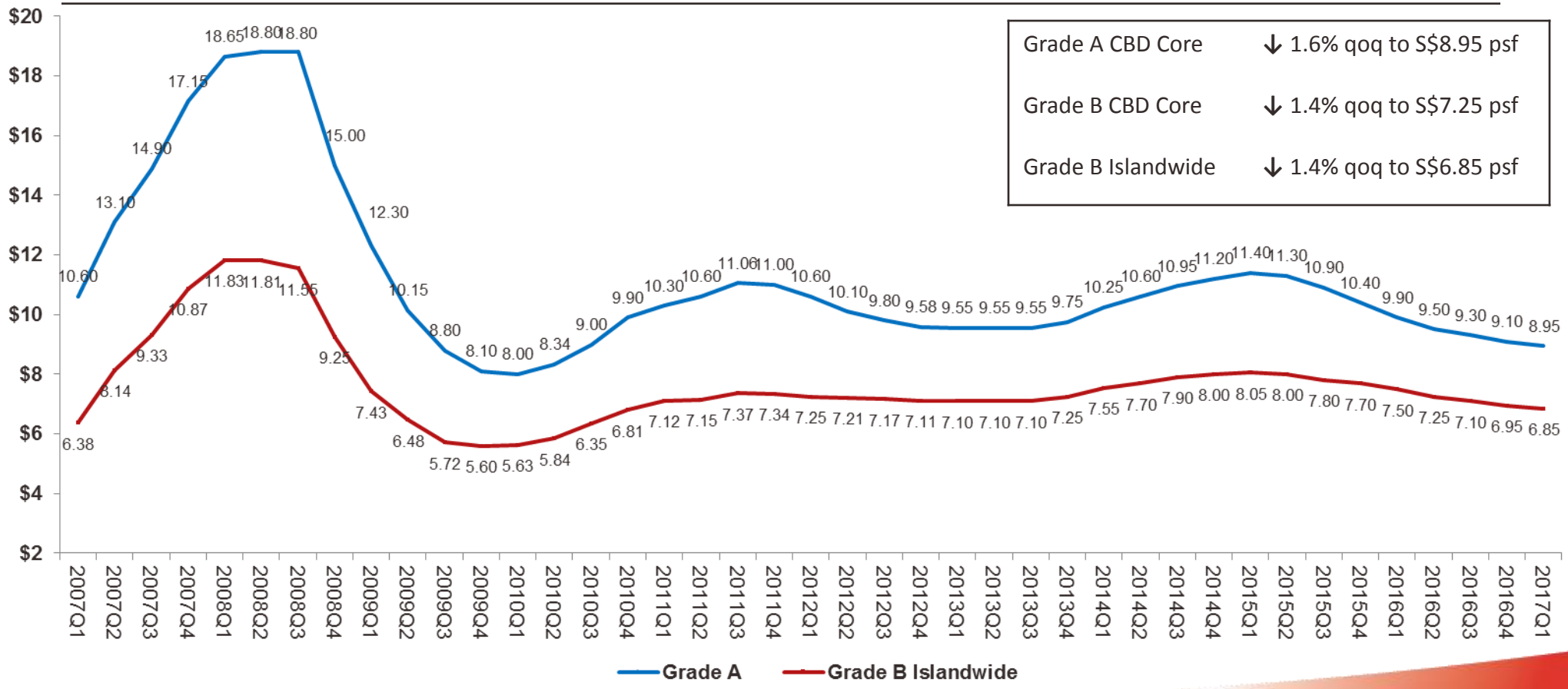
Data as at 31 March 2017.

Appendix: Markets Overview

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Singapore office - Grade B rents relatively more stable

Singapore Grade A and Grade B office rents[1]



Grade A CBD Core	↓ 1.6% qoq to S$8.95 psf
Grade B CBD Core	↓ 1.4% qoq to S$7.25 psf
Grade B Islandwide	↓ 1.4% qoq to S$6.85 psf

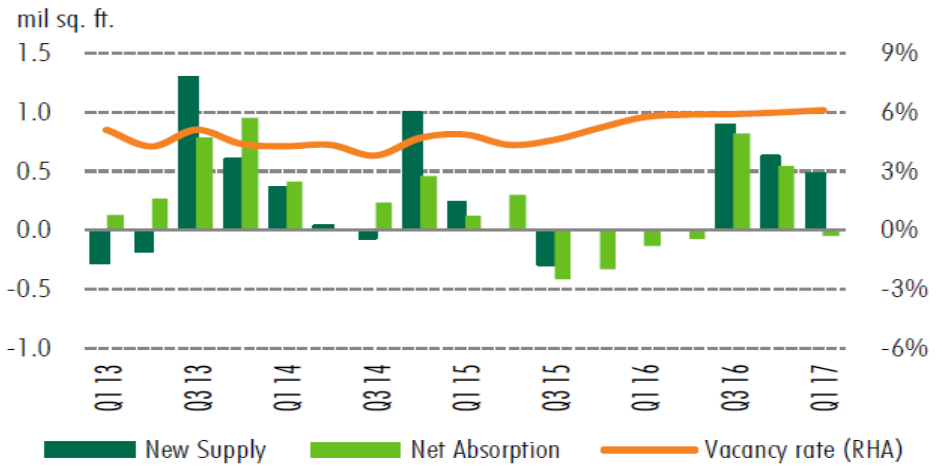
Source: CBRE Research

1 CBRE, Singapore Market View, Q1 2017

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Solid fundamentals - demand, supply and outlook for Singapore CBD office

Office supply-demand dynamics[1]



Source: CBRE Research, Q1 2017

Office vacancy rates [1]

	Q1 17	Q-o-q	Y-o-y
Islandwide	6.1%	12 bps	37 bps
Core CBD	4.4%	22 bps	-43 bps
Fringe CBD	8.6%	-25 bps	174 bps
Decentralised	6.6%	36 bps	21 bps
Grade A	3.4%	-80 bps	-164 bps

Source: CBRE Research, Q1 2017

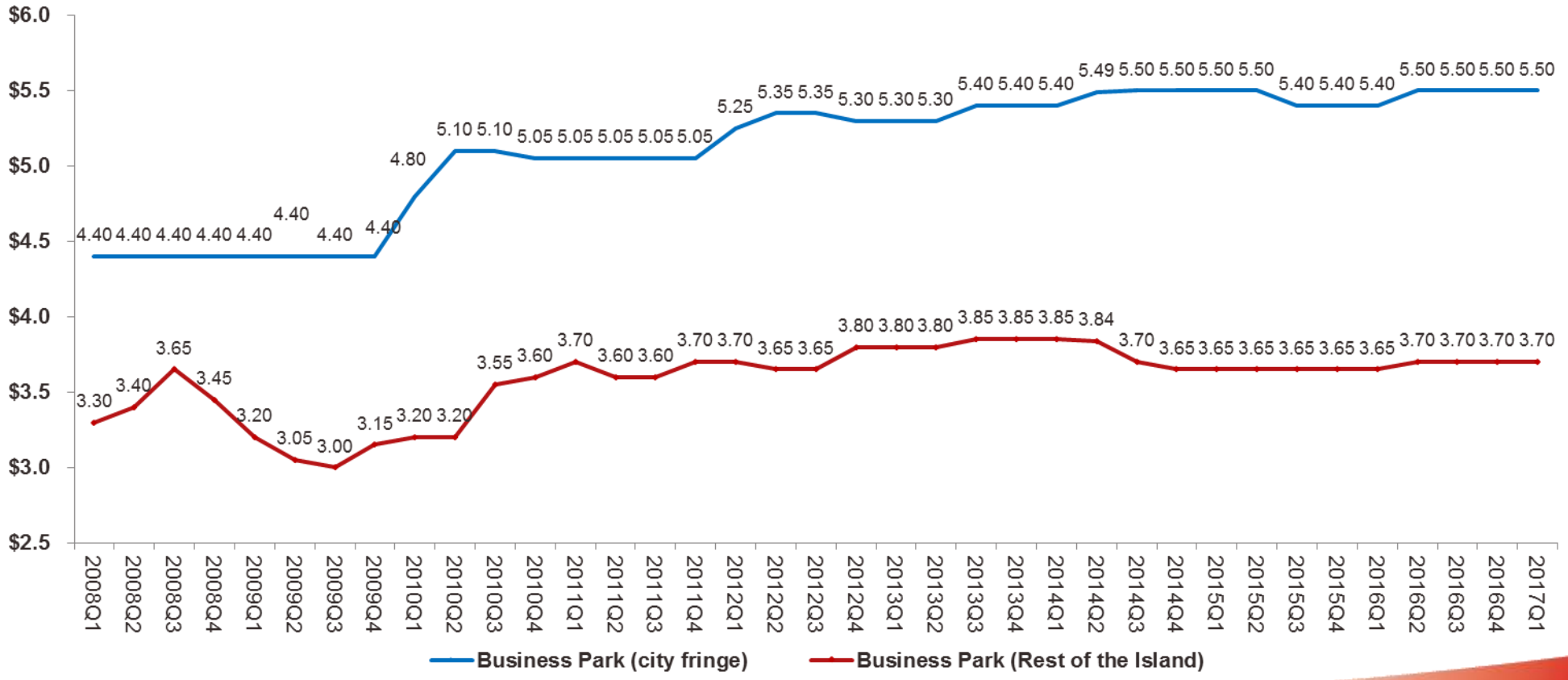
- Q1 2017 total island-wide office net absorption was negative 47,439 sf
- Island-wide vacancy held up relatively well with only a marginal increase of 0.1% points qoq to 6.1% in Q1 2017
- Indicators suggest that the Singapore office market is finding support level
- Concerns of new supply are dissipating due to stronger pre-commitments achieved for UIC Building and Marina One
- CBRE Research believes that there is potential for rental growth by end-2017 and a more sustained market recovery in 2018, although the recovery is expected to be mixed

1 CBRE, Singapore Market View, Q1 2017

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Singapore business parks – City fringe business park rents remained stable in Q1 2017[1]

Singapore Business Park (city fringe) rents[1]



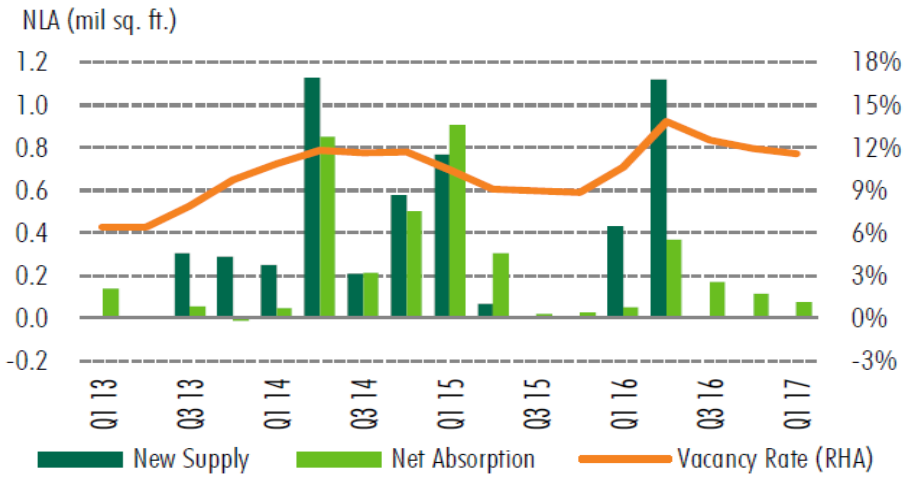
Source: CBRE Research

1 CBRE, Singapore Market View, Q1 2017

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Solid fundamentals - demand, supply and outlook for Singapore business park

Business Park supply-demand dynamics[1]



Source: CBRE Research, Q1 2017

Business Park future pipeline[1]

Year	Est. NLA (mil sq. ft.)	Est. Pre-commitment
2017	-	-
2018	-	-
2019	0.36	35%
2020	0.14	100%
Total	**0.50**	**53%**

Source: CBRE Research, Q1 2017

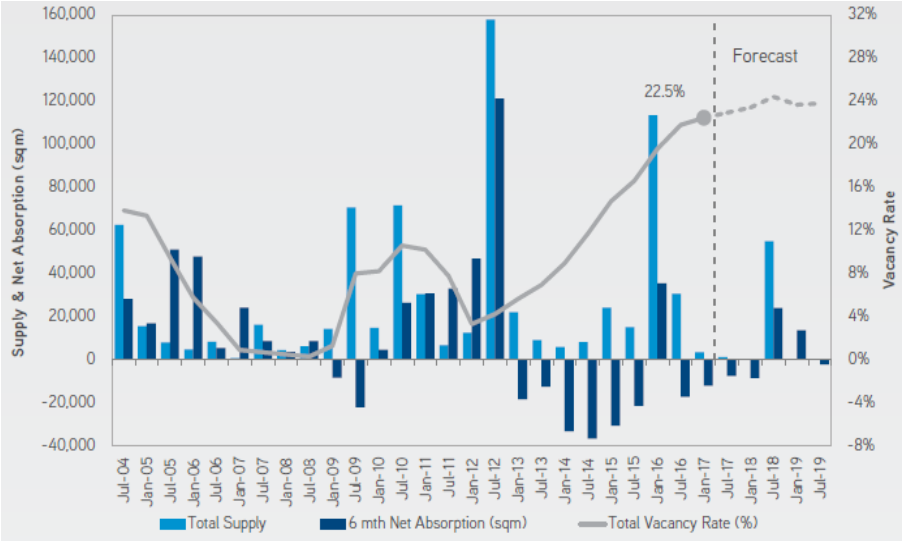
- Business park market continued to be stable in Q1 2017
- Business park island-wide vacancy fell 0.3% qoq points to 11.6% in Q1 2017
- Net absorption in Q1 2017 was 75,082 sf and demand from technology and media companies continued to be active, although there was a slowdown in overall enquiry level
- There was no new supply in 1Q 2017
- There will be a supply gap from 2017 until mid-2018 and this will bode well for occupancy in the medium term
- Higher quality business parks may see pick-up in rent alongside any recovery in the office market

1 CBRE, Singapore Market View, Q1 2017

Perth CBD office supply and rents

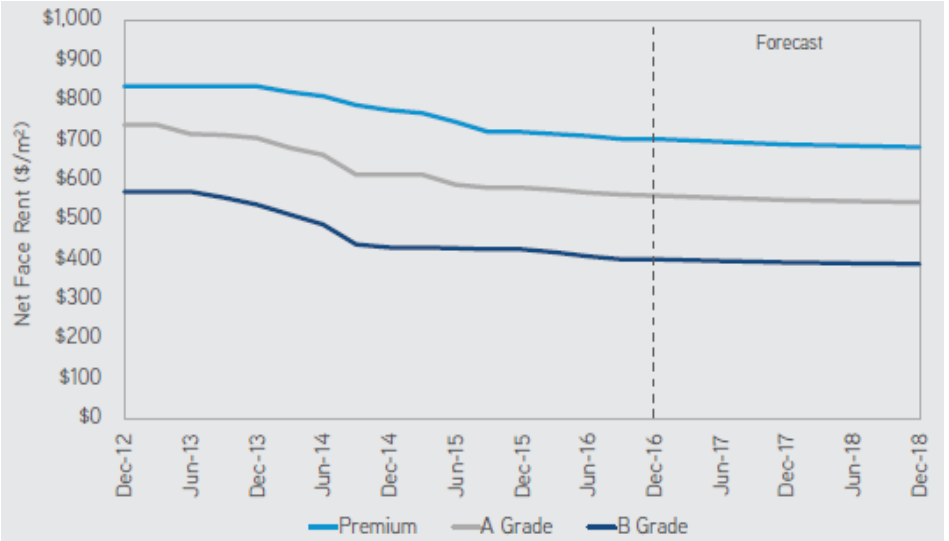
- **Premium Grade net face rents range between A$600 to A$725 per sqm per annum as at December 2016, with incentives averaging around 47.5%**
- **As at end-December 2016, market vacancy increased marginally to 22.5%, indicating stabilization**
- **Prevailing attractive rent level entices non-CBD tenants to relocate to CBD**
- **Demand for CBD office space expected to be largely led by consumer and business services sectors**
- **Major supply over the next two years is limited to the new headquarters of Woodside at Capital Square**

Perth CBD office supply, net absorption and vacancy rate



Source: Colliers Edge/PCA

Perth CBD average net face rents



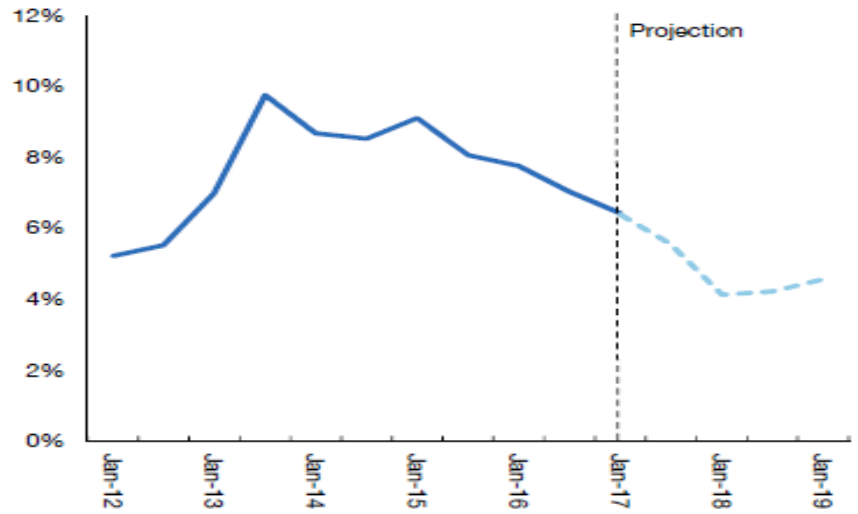
Source: Colliers Edge

Source: Colliers International, Research and Forecast Report, CBD Office First Half 2017 and Savills Research, Perth CBD Office, January 2017

Melbourne CBD office supply and rents

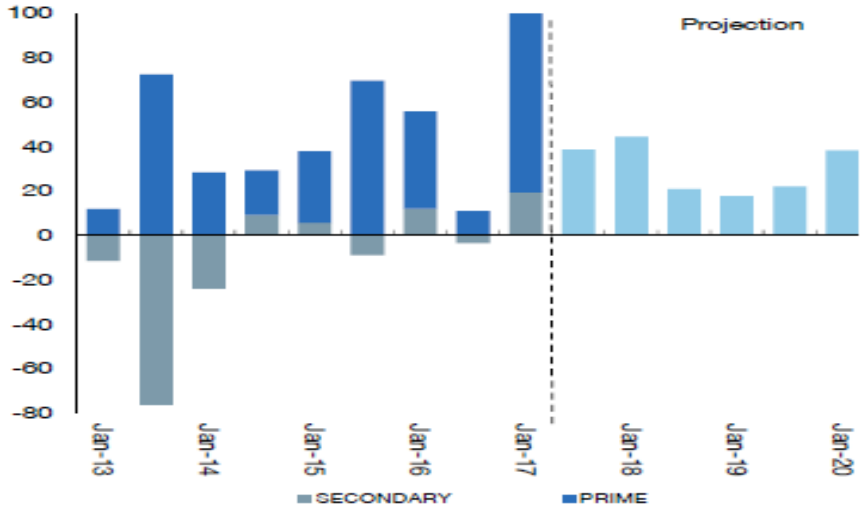
- **Vacancy fell from 7.8% to 6.4% in the 12 months to January 2017, its lowest level in four years**
- **Melbourne CBD office has the second lowest vacancy rate in Australia behind Sydney**
- **As at January 2017, average prime net face rent for Melbourne CBD office space was between A$490 to A$580 per sqm per annum, with incentive levels around 25% to 30%**
- **Prime net face rent is forecast to record average growth of 5.0% per annum over the next two years**
- **Melbourne CBD is ranked in the top five cities globally for forecast rental growth performance over the next three years**

Melbourne CBD office vacancy rate (%)



Source: Knight Frank Research/ PCA

Melbourne office CBD net absorption per six-month period ('000 sqm)



Source: Knight Frank Research/ PCA

Source: Knight Frank Research, Melbourne CBD Office Market Overview March 2017.

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Thank you

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