

Frasers Commercial Trust
3QFY17 Financial Results

24 July 2017

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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.

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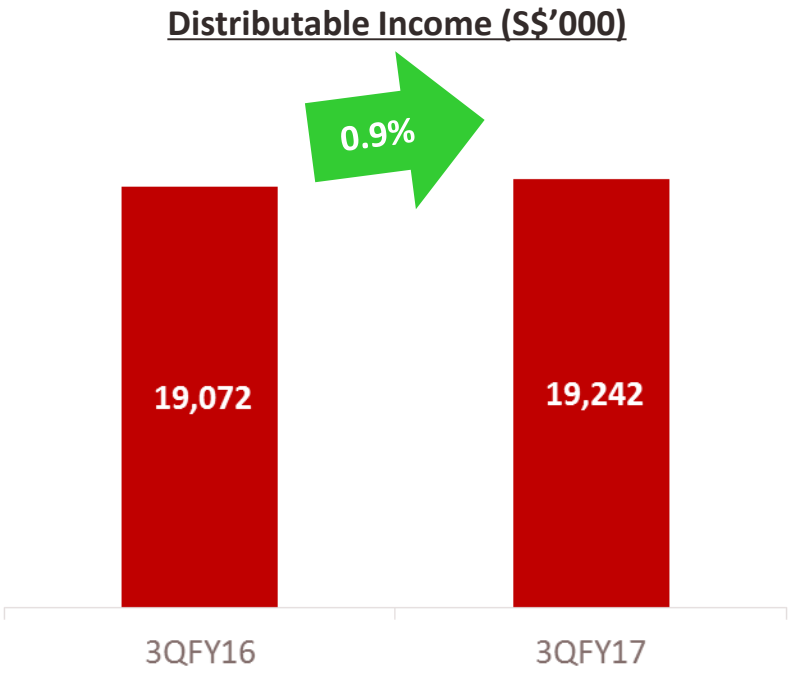
- Results
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Results

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Results – 3QFY17 Key highlights

- **Distribution income rose 0.9% y-o-y to $19.2 million in 3QFY17[1]**
- **Better performance by Australian portfolio as a result of stronger Australian dollar, offset by lower occupancy rates for Alexandra Technopark, China Square Central and Central Park**



0.9% increase in distributable income Y-o-Y

1. **Better performance by Australian portfolio as a result of average stronger Australian dollar in 3QFY17**
2. **Lower occupancy rates for China Square Central, Alexandra Technopark and Central Park**
3. **Overall relatively stable performance across the portfolio**
4. **Approximately 12.0% management fees taken in Units[2]**

1 In 3QFY17, 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 3QFY17 Financial Statements announcement for more details. Refer to the Circular to Unitholders dated 3 June 2015 for details of the development of a 16 storey Hotel and additions and alterations at China Square Central.

2 In 3QFY16, 10% of the Manager's management fees for the quarter were taken in Units.

- **0.9% y-o-y rise in Distributable Income**
- **1.5% y-o-y rise in Net Property Income (cash basis)**

1 Apr 2017 – 30 Jun 2017	3QFY17 (S$ '000)	Y-o-Y Change (%)	Contributing factors
Gross Revenue	38,326	1% ↓	▪ Higher revenue contribution from 357 Collins Street due to higher rental rates achieved and average stronger Australian dollar, offset by lower occupancy rates for Alexandra Technopark, China Square Central[1] and Central Park
Net Property Income	27,876	1% ↓	▪ Better performance by the Australian portfolio due to stronger Australian dollar, offset by lower occupancy rates for Alexandra Technopark, China Square Central[1] and Central Park
Net Property Income (cash basis)	28,081	2% ↑	▪ Increase in net property income excluding the effects of recognising accounting income on a straight line basis.
Distributable income to Unitholders	19,242	1% ↑	▪ Distributable income to Unitholders increased, with approximately 12% management fees taken in Units[2].
DPU[3]	2.40¢	-	▪ DPU remained relatively flat based on an increase in number of Units[3]. Inclusive of capital distribution of 0.35¢[4].

1 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.
2 In 3QFY16, 10% of the Manager's management fees for the quarter were taken in Units.
3 The number of Units used to calculate the amount available for DPU are 802,448,524 and 791,346,616 for 3QFY17 and 3QFY16, respectively. See accompanying 3QFY17 Financial Statements announcement for more details.
4 In 3QFY17, Unitholders' distribution from capital returns of 0.35 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 3QFY17 Financial Statements announcement for more details.

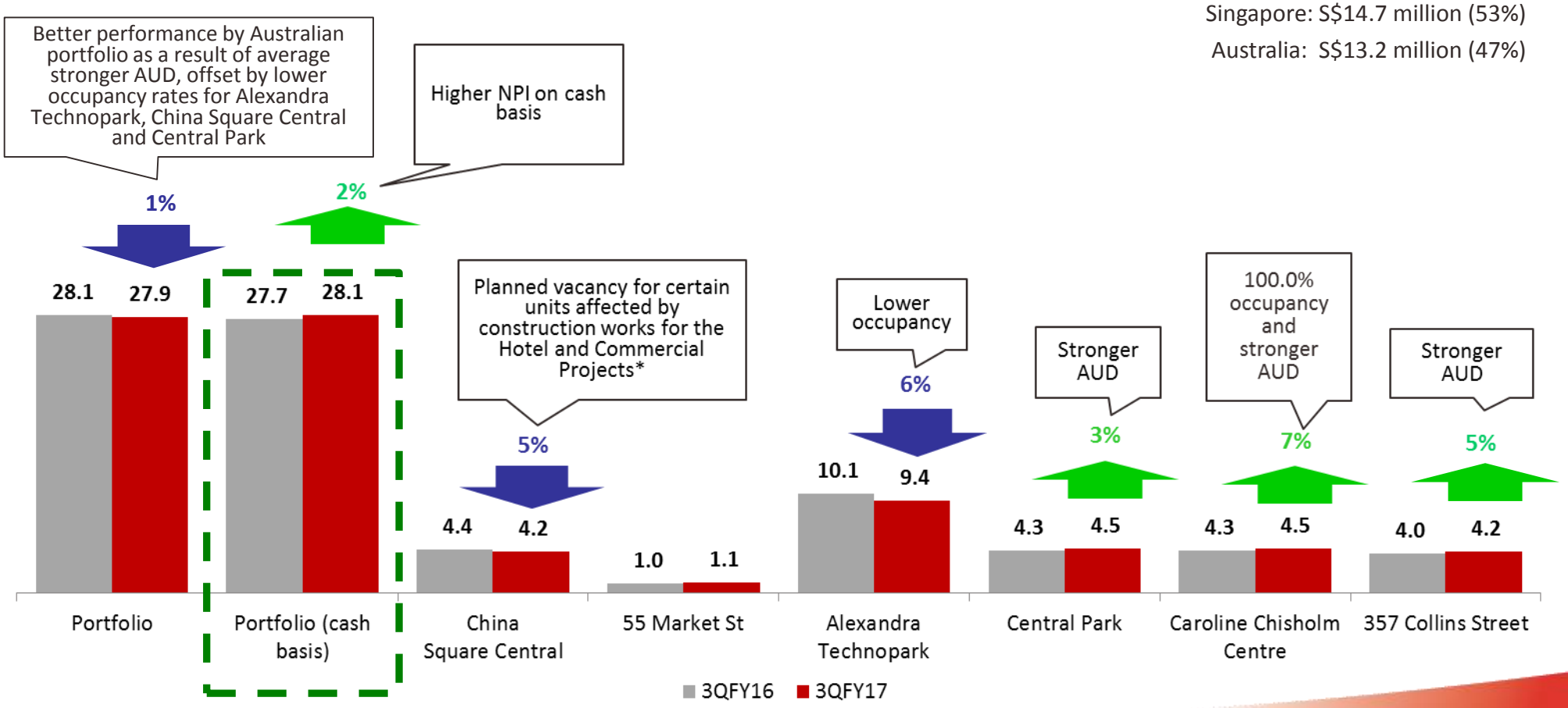
Better performance by Australian portfolio as a result of average stronger Australian dollar, offset by lower occupancy rates for Alexandra Technopark, China Square Central and Central Park

Net Property Income (S$m)

TOTAL: S$27.9 million for 3QFY17

Singapore: S$14.7 million (53%)

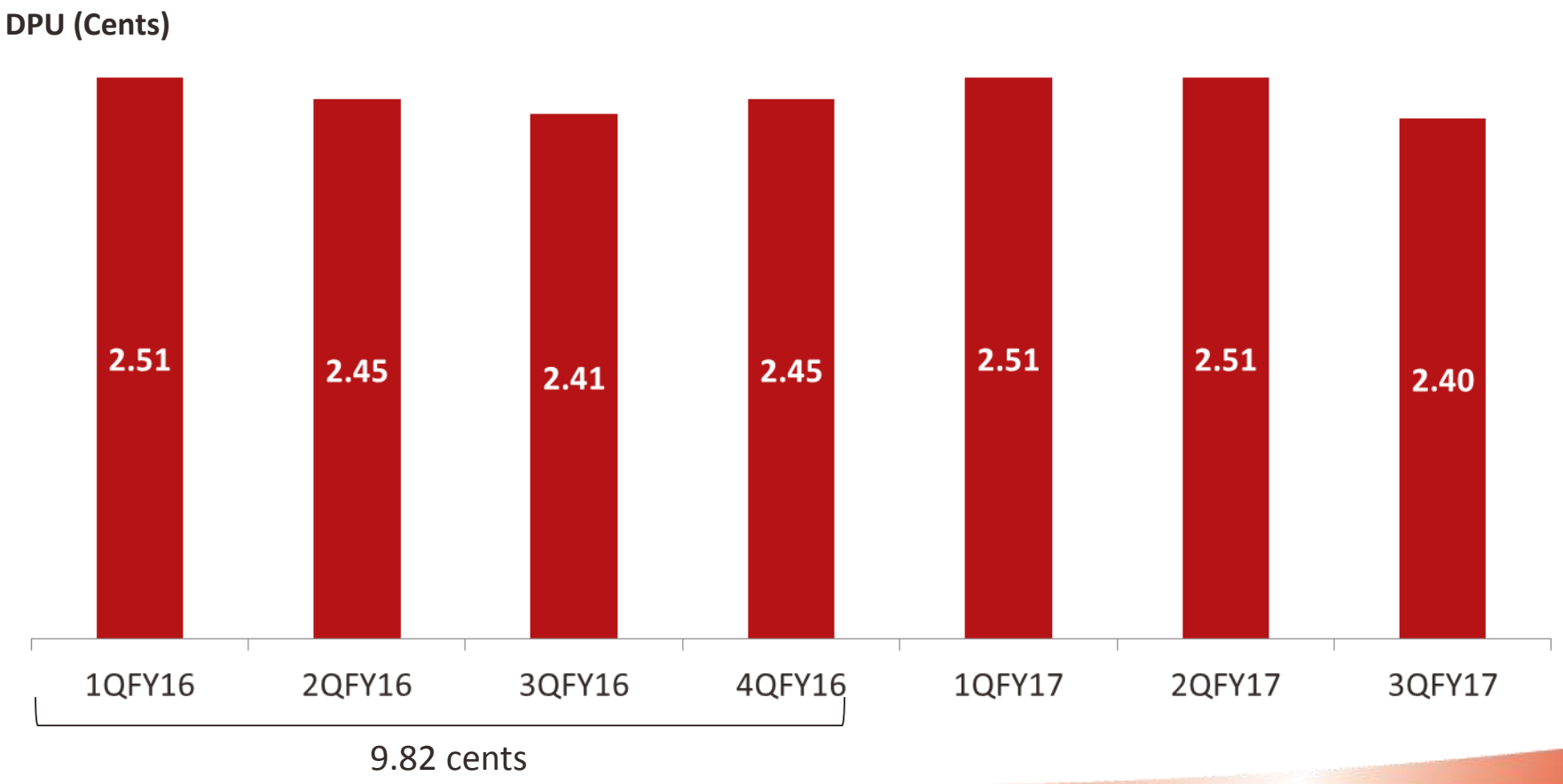
Australia: S$13.2 million (47%)



* 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.

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- **3QFY17 DPU stable y-o-y as higher distributable income was offset by an increase in number of Units[1]**
- **Approximately 12.0% management fees were taken in Units[2] in 3QFY17**



1 The number of Units used to calculate the amount available for DPU are 802,448,524 and 791,346,616 for 3QFY17 and 3QFY16, respectively. See accompanying 3QFY17 Financial Statements announcement for more details.

2 In 3QFY16, 10% of the Manager's management fees for the quarter were taken in Units.

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DRP will be applied for the distribution for 3QFY17

Distribution Period	1 April 2017 to 30 June 2017
Ordinary Unit Distribution Rate	**Distribution of 2.3979 cents per Unit comprising:** a) taxable income distribution of 1.5391 cents; b) tax-exempt income distribution of 0.5071 cents; and c) capital distribution of 0.3517 cents.
Last day of trading on "cum" basis	**Thursday, 27 July 2017**
Ex-distribution trading commence	Friday, 28 July 2017
Distribution Books Closure Date	Tuesday, 1 August 2017 at 5.00 pm
Cash distribution payment date	**Tuesday, 29 August 2017**
Credit of Units to Unitholders' securities accounts/ listing of Units issued under the DRP on SGX-ST	**Tuesday, 29 August 2017**

See accompanying 3QFY17 Financial Statements announcement for more details.

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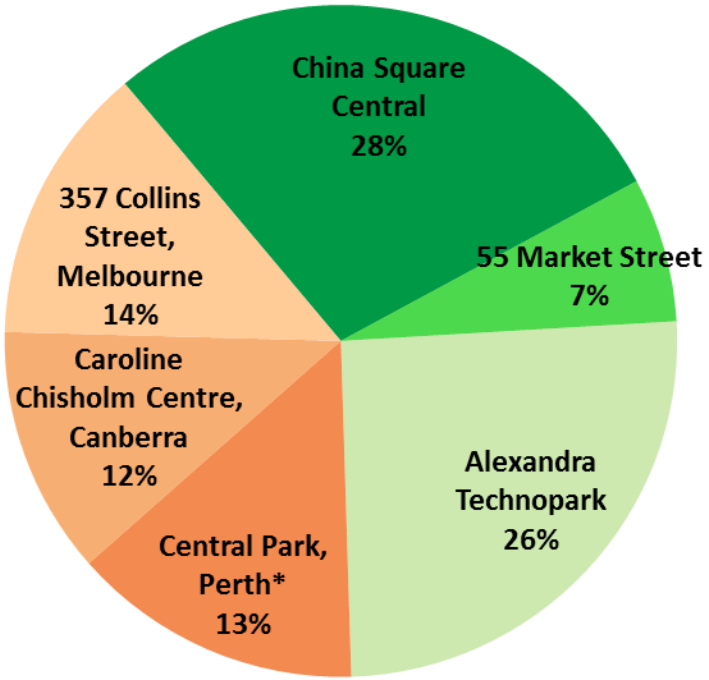
Portfolio Review

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Portfolio review – Valuation

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





Asset values as at 30 June 2017

Singapore	$	1,211.4 mil	61%
Australia	$	786.8 mil	39%
Total	$	1,998.2 mil	**100%**

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

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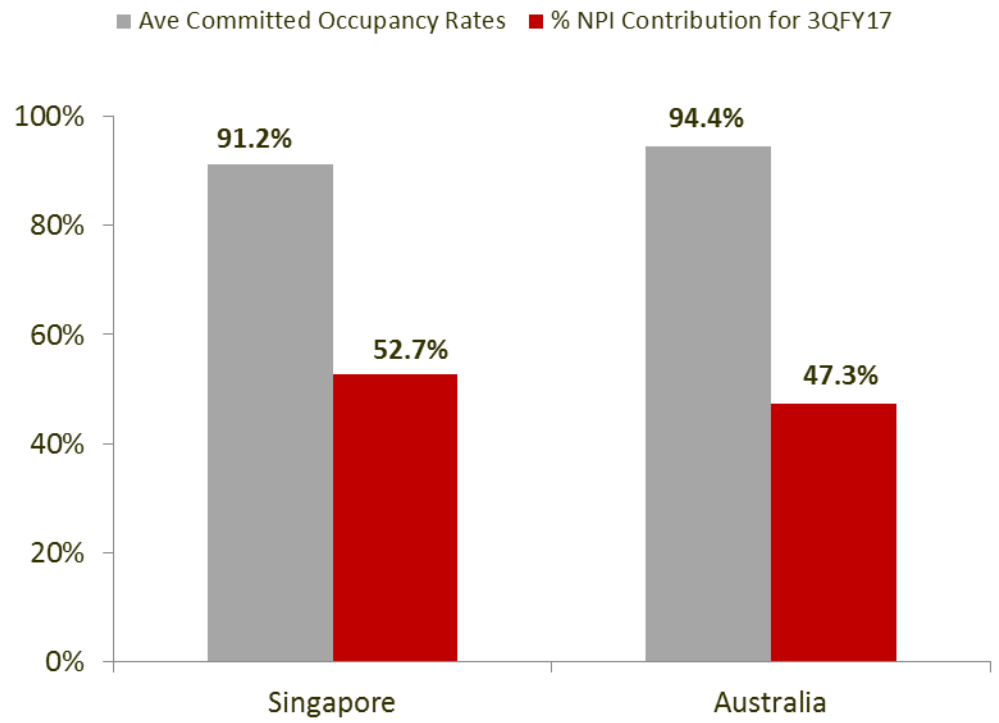
Portfolio review – Occupancy Rates & WALE

- **Healthy average committed occupancy rate of 92.6%[1]**
- **Improvement from 91.8%[2] in preceding quarter**
- **Healthy WALE of 3.4 years[1,3]**

Key portfolio statistics	As at 30 June 2017
Ave Committed Occupancy[1]	92.6%
Portfolio WALE by gross rental income[1,4]	3.4 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 30 June 2017. Excludes retail turnover rent.

1 Committed up to January 2018, taking into account space committed by an entity of Rio Tinto Limited on a new 12-year lease, among others.

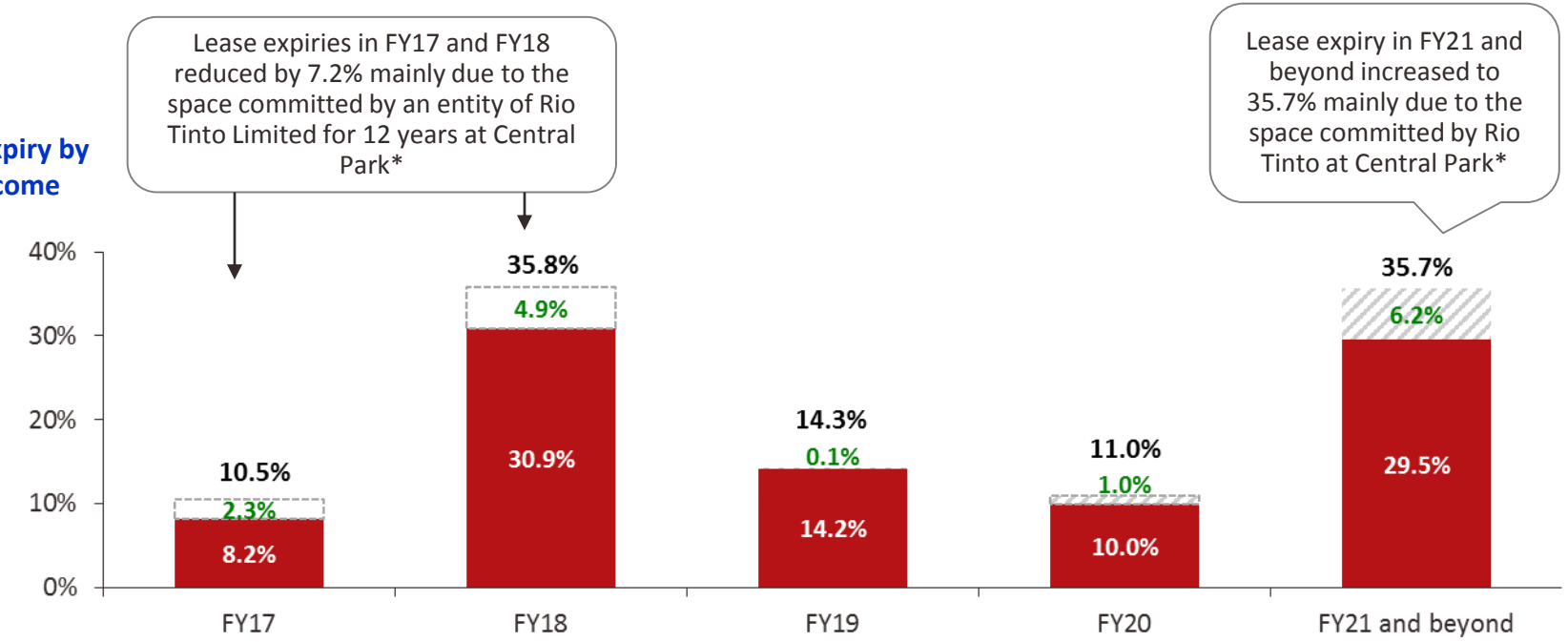
2 As at 31 March 2017. Committed up to September 2017, taking into account space committed by an entity of Rio Tinto Limited on a new 12-year lease.

3 Income-weighted. Excluding the space committed by an entity of Rio Tinto Limited, the WALE is 2.7 years.

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

Well-spread lease expiry profile provides income stability

Portfolio lease expiry by gross rental income



Portfolio lease expiry by gross rental income^

Number of leases expiring	23	85	56	31	40#
NLA (sq ft) expiring	201,912	730,005	308,514	242,519	861,632
Expiries as % total NLA	7.7%	27.9%	11.8%	9.3%	32.9%
Expiries as % total Gross Rental Income	8.2%	30.9%	14.3%	11.0%	35.7%

Data as at 30 June 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, among others. Excluding additional vacant spaces to be taken up by an entity of Rio Tinto Limited, amounting to approximately 2.0% of the gross rental income of the portfolio.

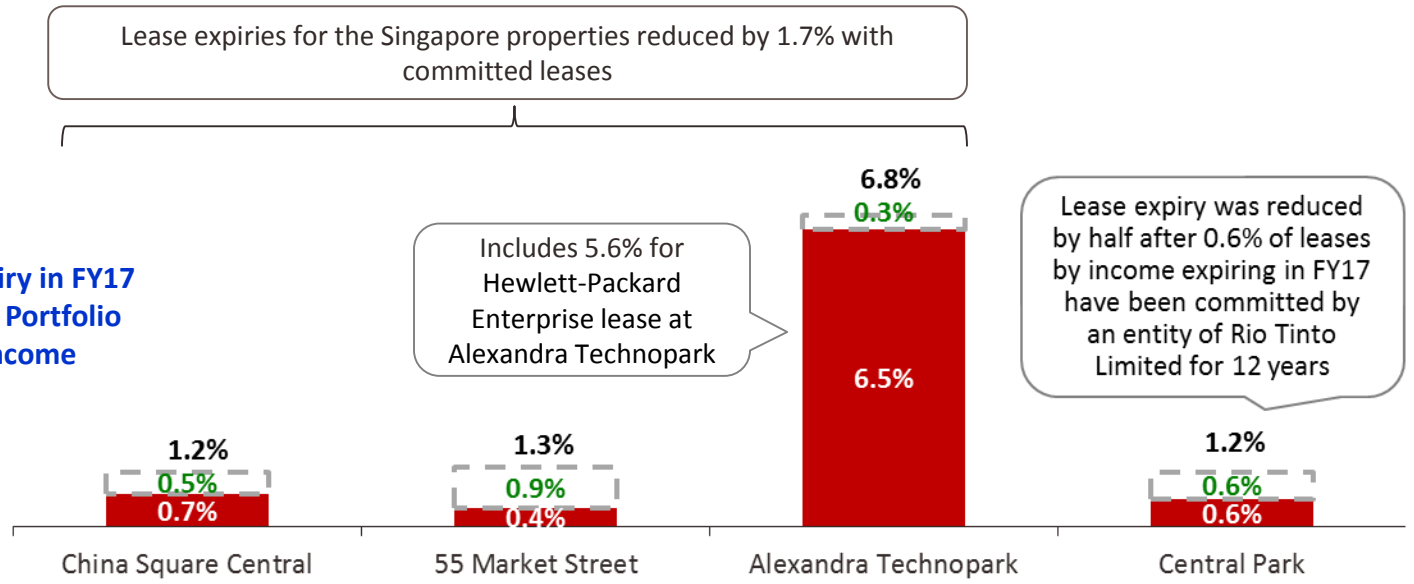
^ Inclusive of the space committed by an entity of Rio Tinto Limited and other committed leases as at 30 June 2017.

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 30 June 2017

Number of leases expiring^	5 (office) 7 (retail)	3	7	1
Average passing rent for expiring leases*	$7.00 (office) $8.19 (retail)	$7.42	$4.29	A$569.0

^ Inclusive of the space committed by an entity of Rio Tinto Limited and committed leases for China Square Central, 55 Market Street and Alexandra Technopark.

* 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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2.5%[1] average negative rental reversion for new/renewed leases totaling c.51,000 sf that commenced in 3QFY17



China Square Central:
- 2.6%[2]
(for c. 45,700 sf)



Alexandra Technopark:
0%
(for c.5,200 sf)

1 Income-weighted average reversion rate for new/renewed leases that commenced in 3QFY17, excluding turnover rents (if any). Caroline Chisholm Centre and 357 Collins Street were fully occupied for the whole of 3QFY17. There were no new/renewed leases that commenced in 3QFY17 for 55 Market Street and Central Park.

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.

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Portfolio review – Leasing activities

- **Healthy levels of leasing activities and market interest**
- **Selected new/renewed leases in 3QFY17:**

Tenant	Industry	Property
OCBC Property Services Pte Ltd	Real estate services	China Square Central
Banjaran Asset Management	Financial services	China Square Central
Suntory Beverage & Food Asia Pte Ltd	Food & beverage	China Square Central
Manchester Business School	Education	55 Market Street
Pentax Medical Singapore Pte Ltd	Pharmaceutical	Alexandra Technopark
Stryker Singapore Private Limited	Pharmaceutical	Alexandra Technopark
Olympus Singapore Pte Ltd	Medical equipment	Alexandra Technopark
Grant Thornton Australia Limited	Financial services	Central Park

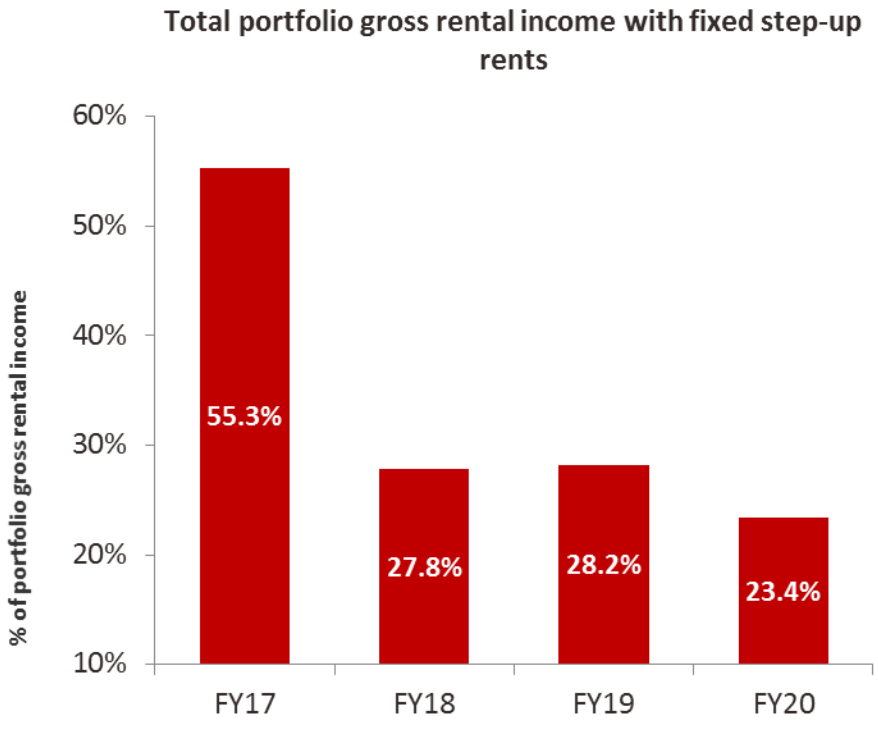
55% of FY17 leases have built-in step-up rents

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 60% of portfolio gross rental income and have a long WALE of 4.5 years as at 30 June 2017**

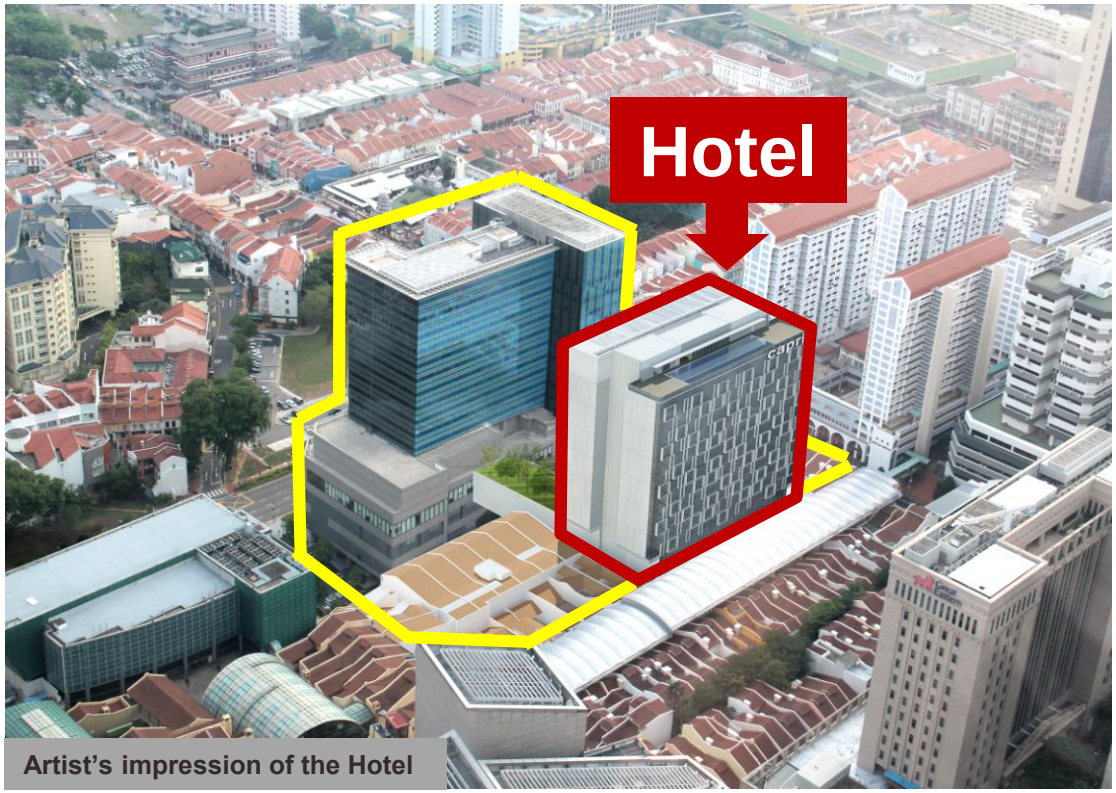
Top 10 tenants by gross rental income

Tenant	Property	Sector	Lease Expiry	% (Gross Rental Income)[1]
Commonwealth of Australia	Caroline Chisholm Centre	Government	Jul-25	15.2%
Hewlett-Packard Singapore Pte Ltd	Alexandra Technopark	IT Products & Services	Nov-17	11.1%
Hewlett-Packard Enterprise Singapore Pte Ltd	Alexandra Technopark	IT Products & Services	Sept-17/ Nov-17	7.1%
Rio Tinto Limited[2]	Central Park	Mining/ resources	Jun-18/ Jun-30	6.6%
Commonwealth Bank of Australia	357 Collins Street	Banking, insurance & financial services	Dec-22	5.9%
GroupM Singapore Pte Ltd	China Square Central	Consultancy/ business services	Mar-19	3.2%
Service Stream Ltd	357 Collins Street	Multimedia & Telecommunications	Dec-19	3.0%
BHP Billiton Iron Ore Pty Ltd	Central Park	Mining/ resources	July-17 to Oct-17	3.0%
Microsoft Operations Pte Ltd	Alexandra Technopark	IT Products & Services	Jan-22	2.8%
Suntory Beverage & Food Asia Pte Ltd	China Square Central	Food & beverage	May-20	2.1%
Total				60.0%

1 Data as at 30 June 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 2.0% 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 30 June 2017.

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

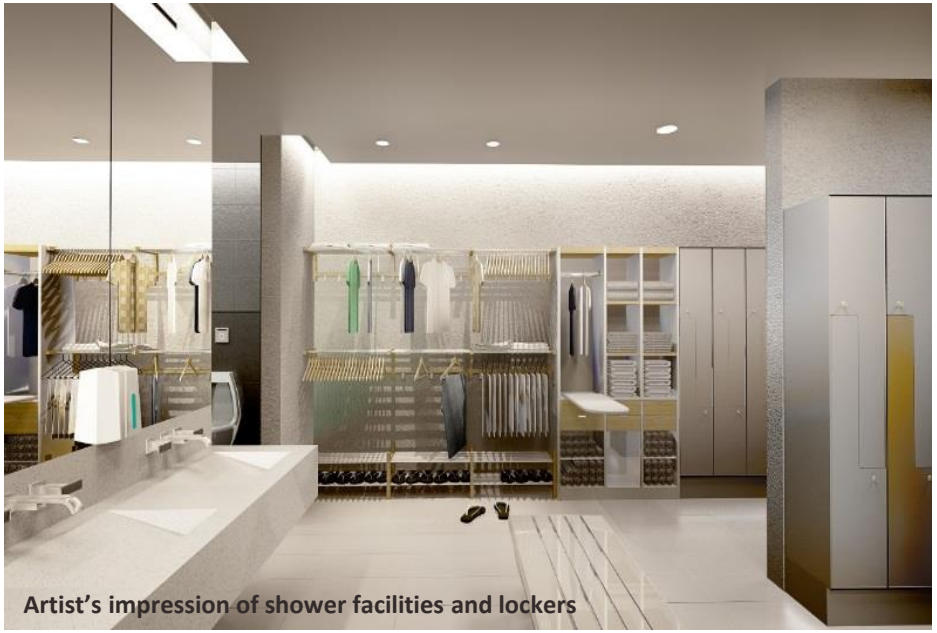
2 New spaces to be created from relocated spaces from part of the existing basement at 18 Cross Street and a section of 22 Cross Street. Refer to the Circular to Unitholders dated 3 June 2015 for details.

➔ Asset updates – Asset enhancement at Alexandra Technopark

- **Construction works for the rejuvenation and re-positioning of Alexandra Technopark commenced in 1Q 2017**
- **Works for the $45 million AEI are on track and are expected to be completed around mid-2018**
- **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**



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



Artist's impression of shower facilities and lockers

Portfolio review – Singapore assets update

	China Square Central – healthy occupancy at office tower	55 Market Street – healthy occupancy rate	Alexandra Technopark – healthy occupancy rate
			
Occupancy	80.8% (office tower: 93.6%)*	93.2%^	94.8%^
WALE	1.7 years	1.1 years	1.1 years
New leases, committed and renewals	OCBC Property Services Pte Ltd, Banjaran Asset Management Pte Ltd, Suntory Beverage & Food Asia Pte Ltd	Manchester Business School	Pentax Medical Singapore Pte Ltd, Stryker Singapore Private Limited, Olympus Singapore Pte Ltd
Tenants	groupm, SUNTORY, PACIFIC PRIME SINGAPORE, ABeam Consulting, MediaMath, Aspire, PAMA, EQUINIX, Wavecell, BANJARAN WEALTH, CHUBB	JLL, 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 30 June 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 30 June 2017.

Portfolio review – Australia asset updates

	Central Park – Long WALE of 5.9 years*	Caroline Chisholm Centre – full occupancy with long WALE of 8.0 years	357 Collins Street – full occupancy in a strong market
			
Occupancy	82.3*	100.0%	100.0%
WALE	1.6 years (5.9 years with new lease*)	8.0 years	3.9 years
New leases, committed and renewals	Grant Thornton Australia 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, JLL, 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 30 June 2017.

* Committed up to January 2018, taking into account space committed by an entity of Rio Tinto Limited on a new 12-year lease, among others. Actual occupancy was 72.3%.

^ 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 4.4 times**
- **Borrowings in AUD provide natural hedge for the Australian properties**

Statistics

	As at 30 June 2017
Total Assets (S$'000)	2,078,721
Gross Borrowings (S$'000)	747,142
Units on Issue and Issuable	802,448,524
NAV per Unit (ex-DPU) (S$)	1.52
Gearing [1]	35.9%
Interest coverage ratio (times) [2]	4.4
Average borrowing rate [3]	3.05%
- Weighted average SGD debt rate	2.69%
- 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 30 June 2017. See accompanying 3QFY17 Financial Statements announcement for more details.

3 For quarter ended 30 June 2017.

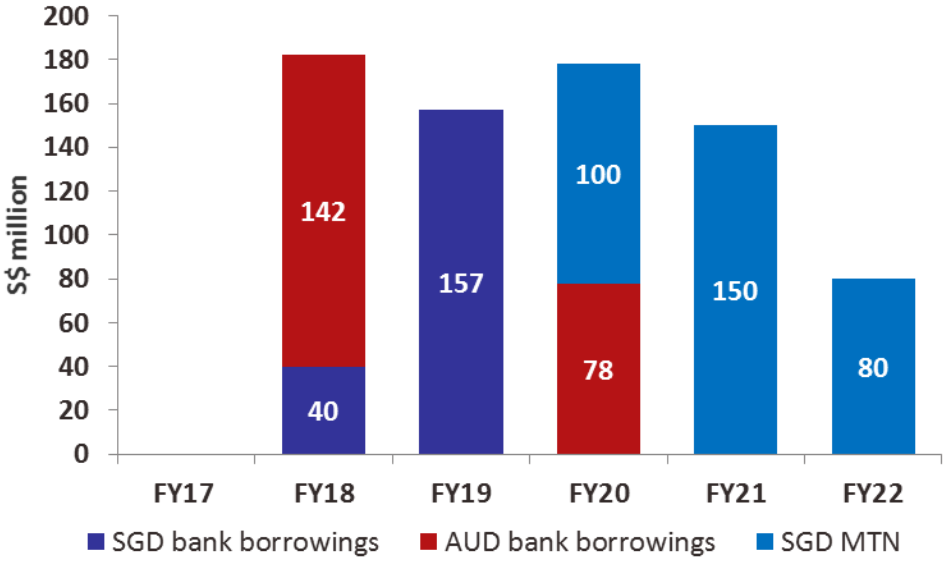
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Well-Spread Debt Expiry Profile

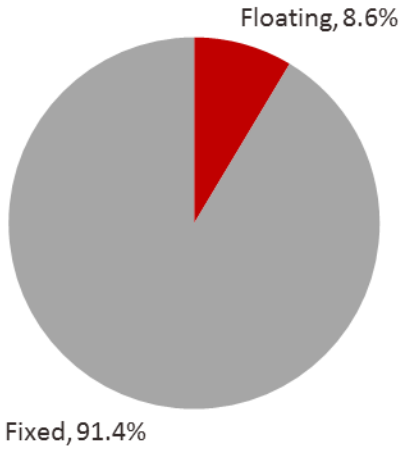
- **Well-spread debt maturity profile**
- **No debt maturing until August 2018**
- **Debt expiring in any one financial year no more than S$182 million**
- **91% of gross borrowings on fixed rate**

Debt maturity

Total facilities: S$747 million
Weighted average term to maturity: 2.8 years



Debt composition – floating vs. fixed interest rates



Data as at 30 June 2017.

Appendix: Markets Overview

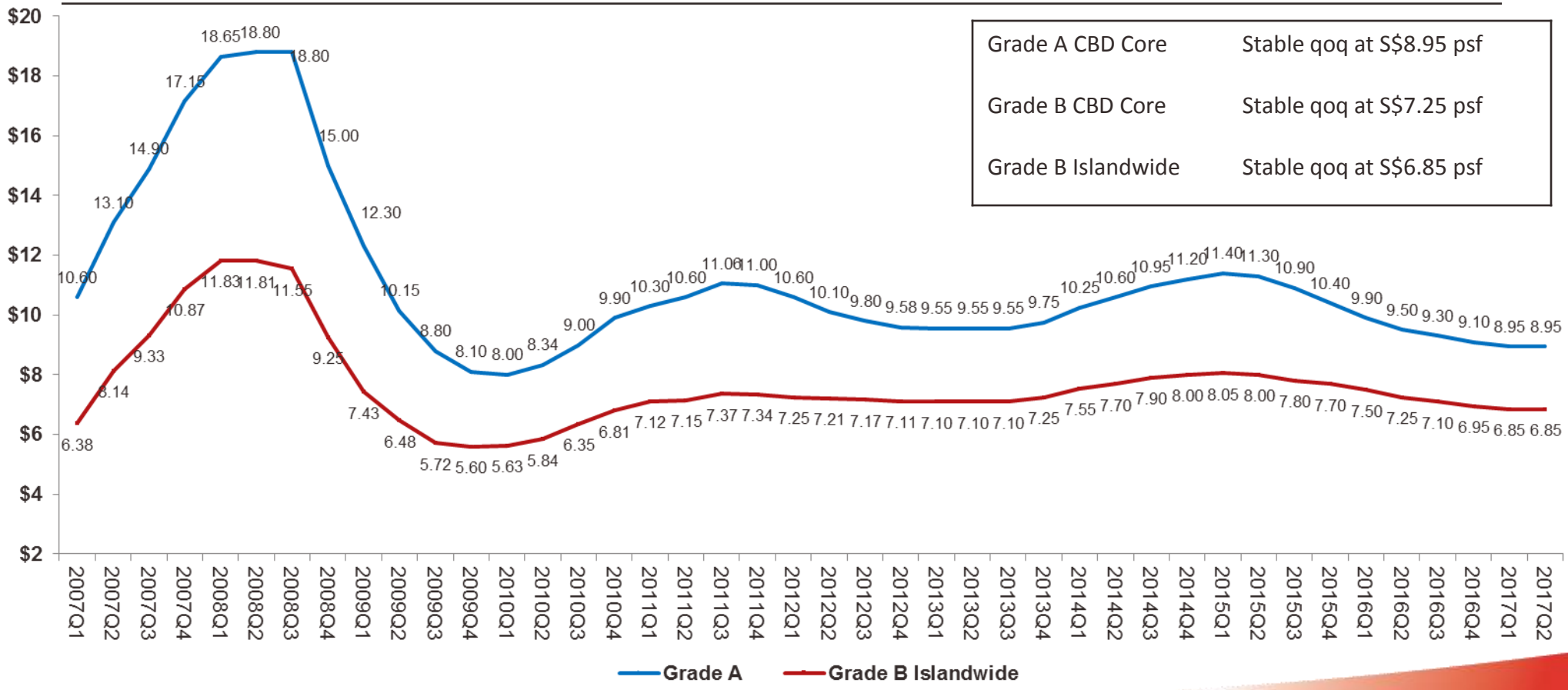
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Solid fundamentals - Singapore office rents

Singapore office:

- **Grade B rents relatively more stable**
- **Q2 2017 rents have stabilised and likely to represent a trough**

Singapore Grade A and Grade B office rents[1]



Grade A CBD Core	Stable qoq at S$8.95 psf
Grade B CBD Core	Stable qoq at S$7.25 psf
Grade B Islandwide	Stable qoq at S$6.85 psf

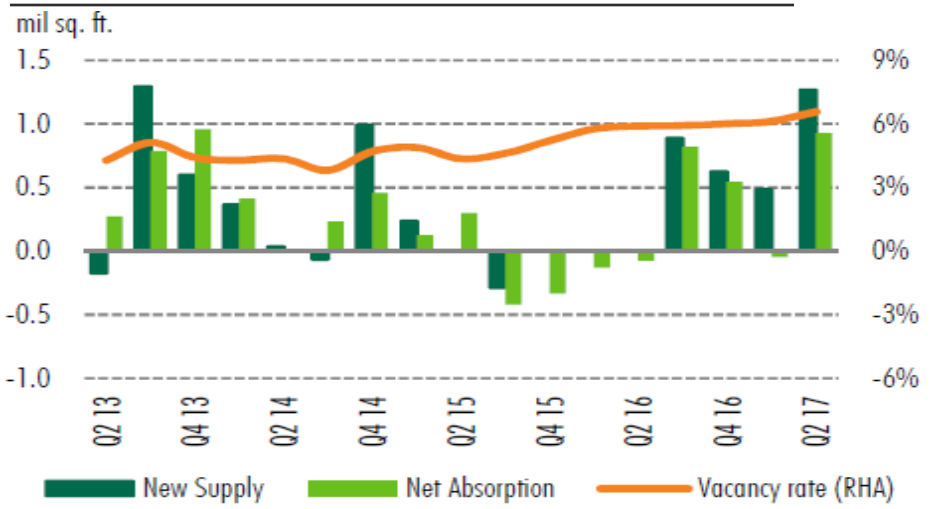
Source: CBRE Research

1 CBRE, Singapore Market View, Q2 2017

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

Office supply-demand dynamics[1]



Source: CBRE Research, Q2 2017

Office vacancy rates [1]

	Q2 17	Q-o-q	Y-o-y
Islandwide	6.6%	45 bps	68 bps
Core CBD	5.9%	144 bps	91 bps
Fringe CBD	8.2%	-34 bps	112 bps
Decentralised	6.1%	-53 bps	-37 bps
Grade A	4.5%	114 bps	-64 bps

Source: CBRE Research, Q2 2017

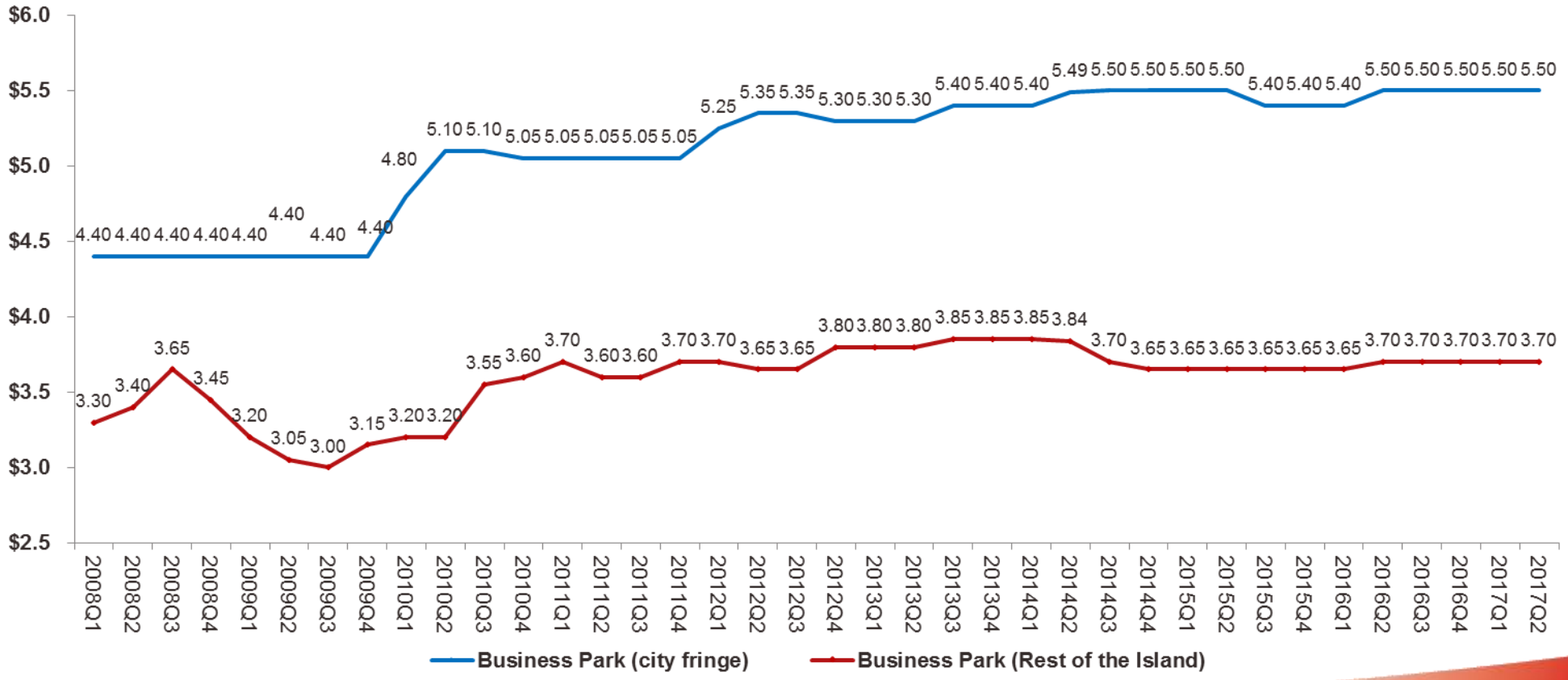
- Q2 2017 total island-wide office net absorption was healthy at 923,810 sf
- Island-wide vacancy edged up slightly by 0.5% points qoq to 6.6% in Q2 2017
- Concerns over new supply have diminished due to healthy pre-commitments achieved for UIC Building and Marina One
- CBRE Research believes the outlook for the office sector is improving
- Landlords of better quality buildings would be best placed to capture improving sentiments

1 CBRE, Singapore Market View, Q2 2017

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Singapore business parks – City fringe business park rents remained stable in Q2 2017[1]

Singapore Business Park (city fringe) rents[1]



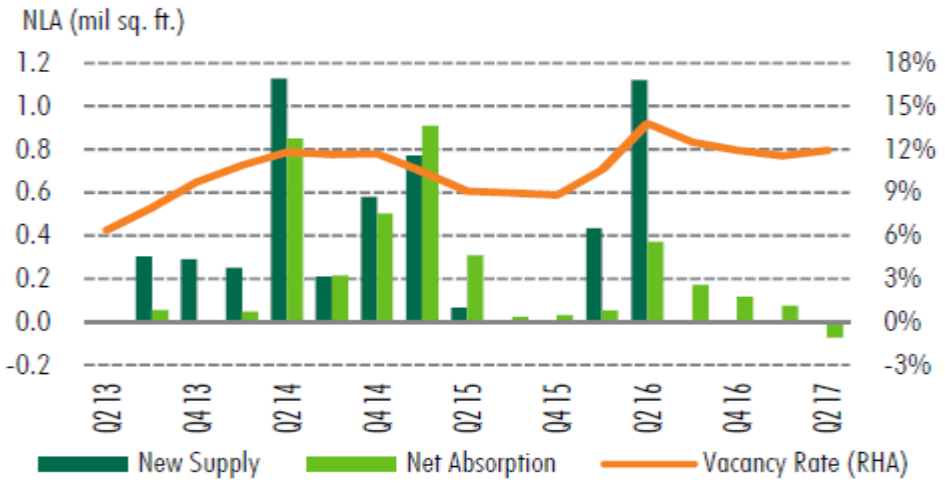
Source: CBRE Research

1 CBRE, Singapore Market View, Q2 2017

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

Business Park supply-demand dynamics[1]



Source: CBRE Research, Q2 2017

Business Park future pipeline[1]

Year	Est. NLA (mil sq. ft.)	Est. Pre-commitment
2017	0.44	60%
2018	0.24	-
2019	-	-
Total	0.67	39%

Source: CBRE Research, Q2 2017

- Business park island-wide vacancy rose slightly by 0.3% points qoq to 11.9% due to 72,320 sf negative net absorption in Q2 2017
- Leasing activities and enquiries have been slow in recent quarters with noticeable absence of large tenant movements
- Business parks in the city fringe remained competitive due to well-connected locations, and are generally the preferred choice for qualifying tenants seeking business park space
- CBRE Research expects rents to hold steady for the city fringe micro market
- With limited projects in the pipeline, supply-side pressure remains insignificant

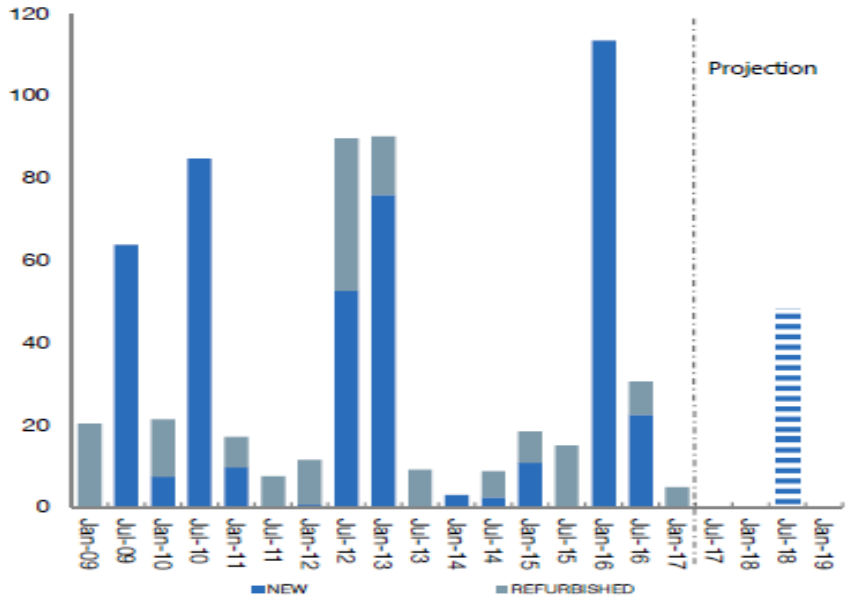
1 CBRE, Singapore Market View, Q2 2017

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Perth CBD office supply and rents

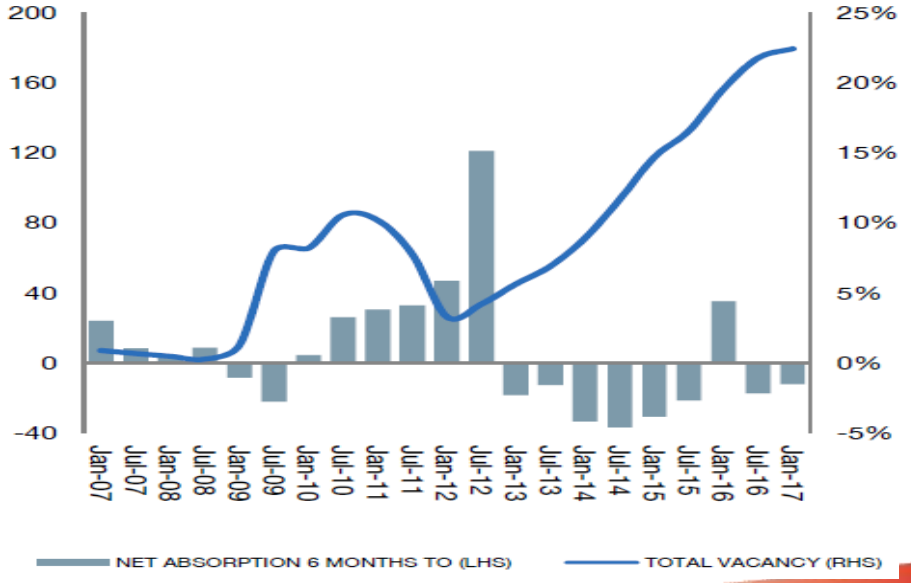
- **Prime Grade average net face rents range between A$528 to A$629 per sqm per annum as at January 2017, with incentives around 35% to 50%**
- **Prime Grade rents appear to be reaching a trough**
- **As at January 2017, Prime Grade office vacancy of 19.1% was below the Perth CBD office vacancy of 22.5%**
- **Prime Grade office has benefitted from flight to quality and non-CBD tenants relocating to CBD**
- **Major supply over the next two years is limited to the new headquarters of Woodside at Capital Square**

Perth CBD office supply (new and refurbished stock) ('000 sqm)



Source: Knight Frank Research/PCA

Perth CBD office net absorption and vacancy per six month period ('000 and %)



Source: Knight Frank Research/PCA

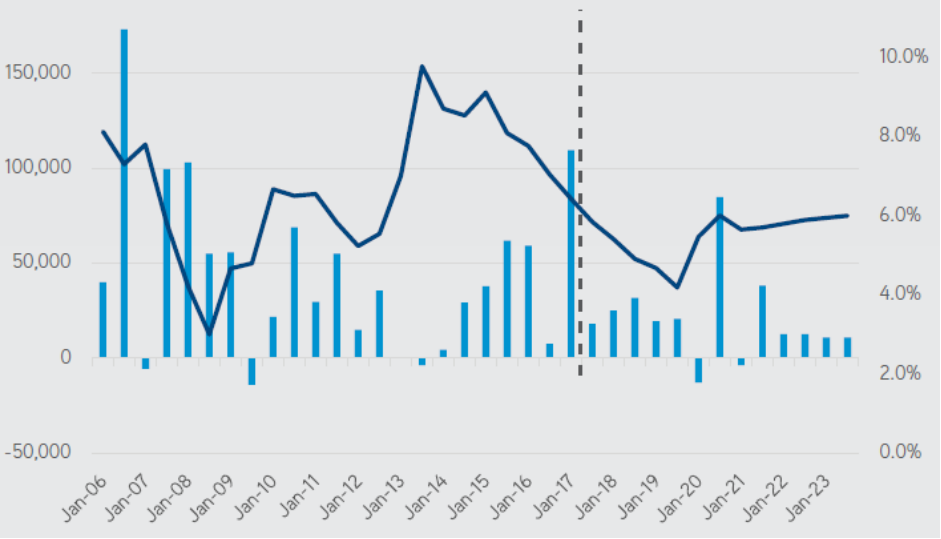
Source: Knight Frank Research, Perth CBD Office Market Overview, April 2017

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Melbourne CBD office supply and rents

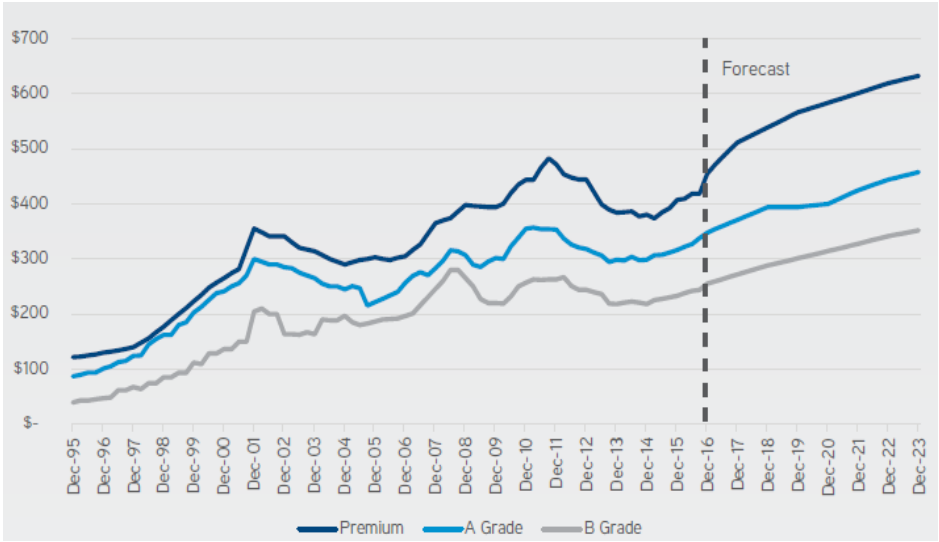
- **118,000 sqm net absorption in 2016 for the Melbourne CBD office market, and demand is expected to remain robust throughout 2017 and 2018**
- **6.4% vacancy rate in June 2017 expected to decline to 4.2% by mid-2018 given tight supply and strong demand**
- **Q1 2017 Grade A net face rent for Melbourne CBD office space was between A$450 to A$600 per sqm per annum, with incentive levels around 25% to 30%**
- **Net effective rents for Grade A Melbourne CBD office is expected to increase by 1.9% in the next 12 months as face rents increase and incentives reduce**

Melbourne CBD office total vacancy vs net absorption



Source: Colliers Edge

Melbourne CBD office net effective rents



Source: Colliers Edge

Source: Colliers International, Research and Forecast Report, CBD Office First Half 2017 and Savills Research, Quarter Time National Office Q1 2017.

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Thank you

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