

Frasers Commercial Trust
2QFY14 Financial Results

23 April 2014



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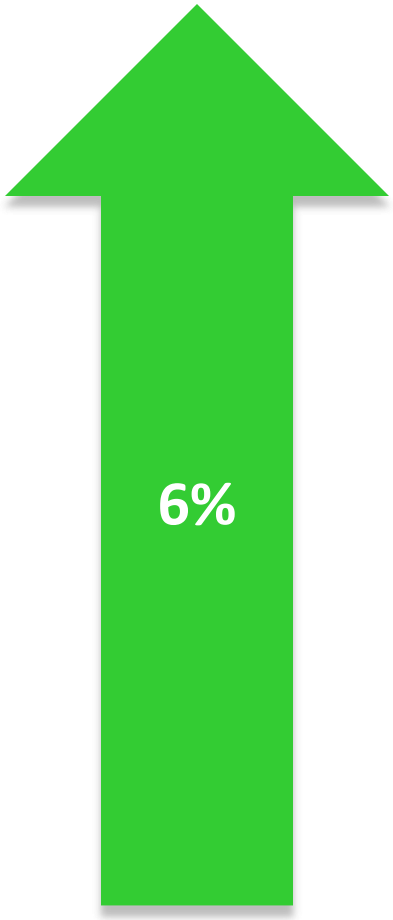
This Presentation contains certain information with respect to the trade sectors of the Trust's tenants. The Manager has determined the trade sectors in which the Trust's tenants are primarily involved based on the Manager's general understanding of the business activities conducted by such tenants. 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.

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.

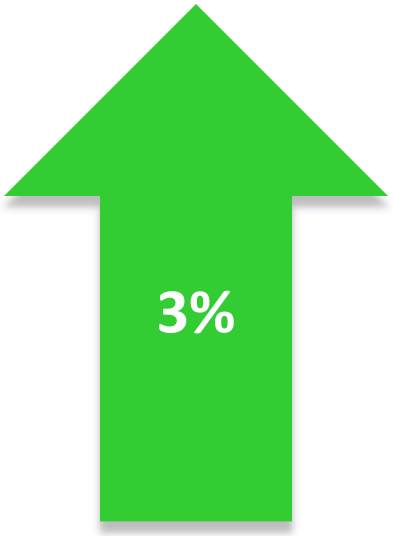
- **Results**
- **Portfolio review**
- **Capital management**
- **Moving Forward**

Results

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Increase in distributable income for 2QFY14



Increase in DPU for 2QFY14

1 Better performance of China Square Central

- Better performance of China Square Central, off-set by weaker Australian dollar, lower occupancy for Central Park and slightly higher expenses due to painting works undertaken at Caroline Chisholm Centre
- Lower occupancy for Central Park offset by higher rental rates achieved
- Weaker Australian dollar offset by a realised gain on forward currency contracts arising from hedging the cashflows from the Australian properties and lower interest expense for the Australian-dollar denominated loans

2 Effective capital redeployment

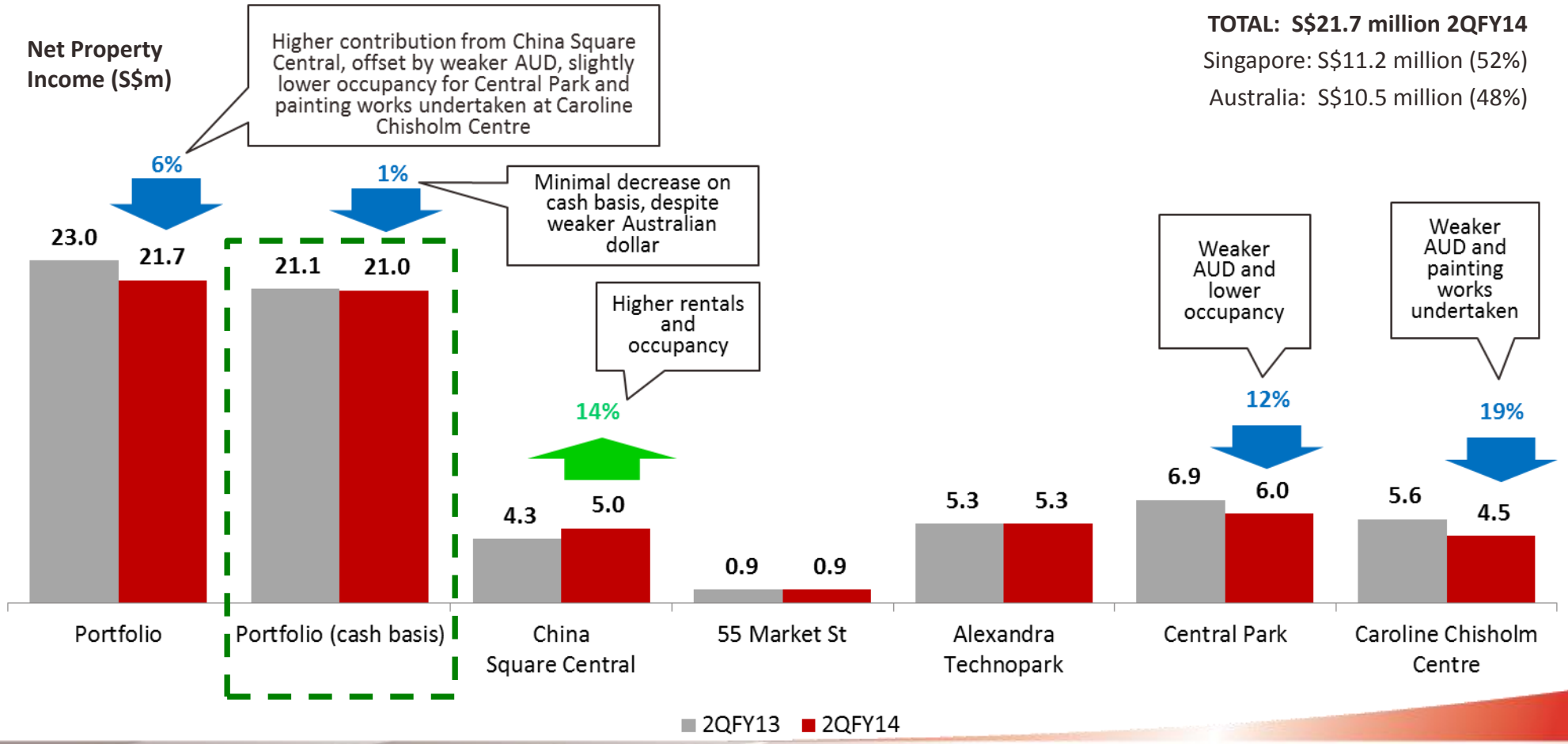
- Savings in Series A CPPU distribution - redeployed proceeds from the divestment of KeyPoint to redeem Series A CPPUs

6% rise in distributable income for 2QFY14

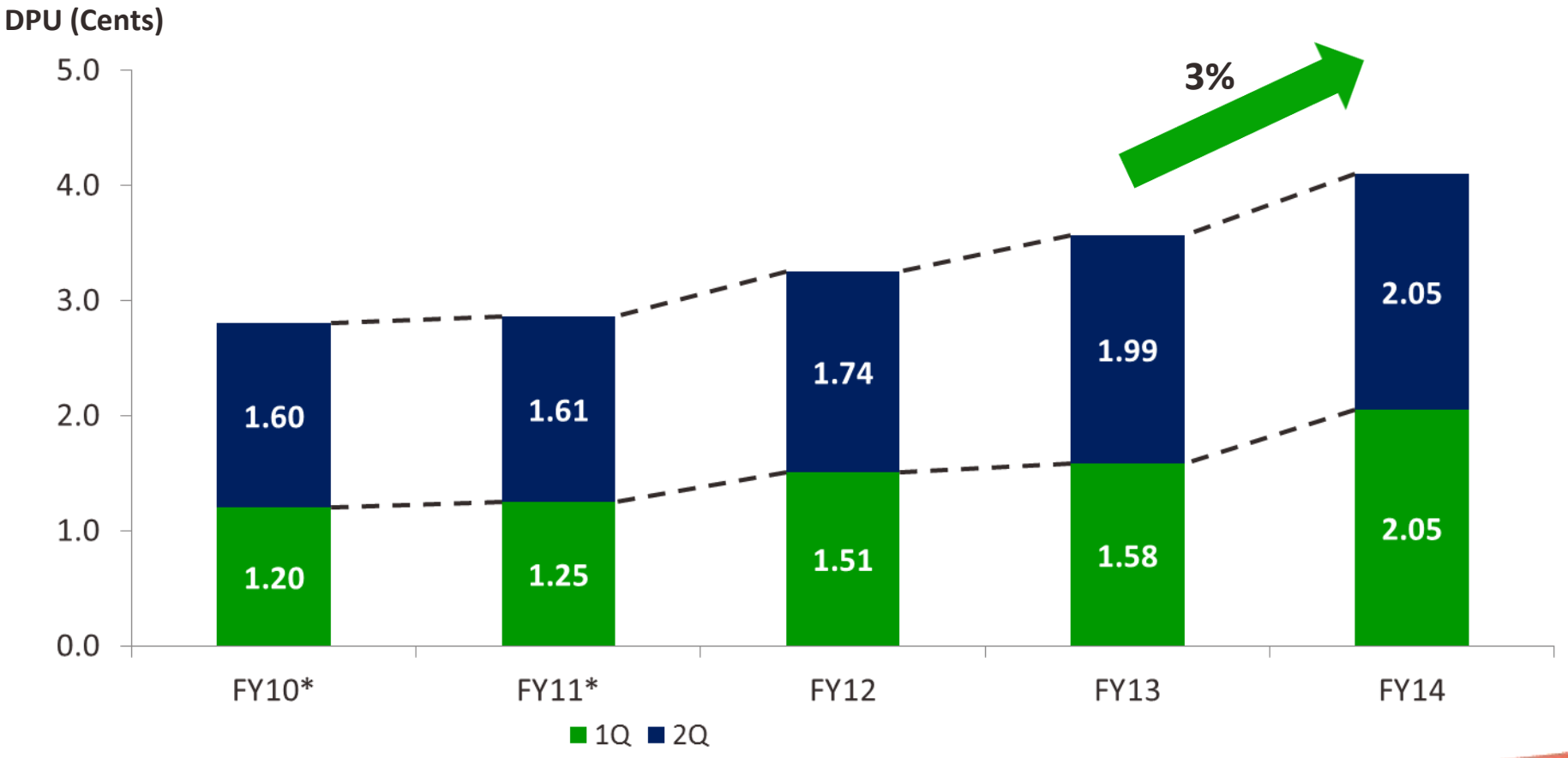
1 Jan 2014 – 31 Mar 2014	2QFY14 (S$ '000)	Y-o-Y Change (%)	Contributing factors
Gross Revenue	28,600	4% ↓	▪ Better performance of China Square Central due to higher occupancy rates and rental rates, offset by weaker Australian dollar and slightly lower occupancy for Central Park. Lower occupancy for Central Park offset by higher rental rates achieved
Net Property Income	21,704	6% ↓	▪ Better performance of China Square Central, offset by weaker Australian dollar, slightly lower occupancy for Central Park and slightly higher expenses due to painting works undertaken at Caroline Chisholm Centre
Net Property Income (cash basis)	21,044	1% ↓	▪ Minimal decrease if the effects of recognising accounting income on a straight line basis over the lease term were excluded, despite weaker Australian dollar
Distributable income:			
- Unitholders	13,789	6% ↑	▪ Savings in Series A CPPU distribution arising from the net conversion and redemption of Series A CPPU and reduction in interest expenses led to the uplift in the distribution to Unitholders
- CPPU holders	3	100% ↓	▪ Lower Series A CPPU distribution arising from the net conversion and redemption of Series A CPPU
Distribution per CPPU Unit	1.36¢	-	▪ 2QFY14 distribution for CPPU holders paid on 1 April 2014
DPU[2]	2.05¢	3% ↑	▪ DPU increased Y-o-Y in line with higher distributable income to Unitholders

1 The number of Units used to calculate the amount available for DPU is 671,820,553. See accompanying 2QFY14 Financial Statements announcement for more details.

Better performance of China Square Central, offset by weaker performance of the Australian properties



- **Continuous DPU growth for 2QFY14**
- **Implementation of DRP for 2QFY14**



* Adjusted for Unit consolidation

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Results – Distribution payment

Distribution Period	1 January 2014 to 31 March 2014
Ordinary Unit Distribution Rate	**Distribution of 2.0524 cents per Unit comprising:** a) taxable income distribution of 1.2015 cents; and b) tax-exempt income distribution of 0.8509 cents.
Last day of trading on "cum" basis	**Monday, 28 April 2014**
Ex-distribution trading commence	Tuesday, 29 April 2014
Distribution Books Closure Date	Friday, 2 May 2014 at 5.00 pm
Cash distribution payment date	**Friday, 30 May 2014**
Credit of Units to Unitholders' securities accounts/ listing of Units issued under the DRP on SGX-ST	**Monday, 2 June 2014**

- 1.3562 cents distribution per CPPU unit for the period from 1 January 2014 to 31 March 2014 was paid on 1 April 2014.

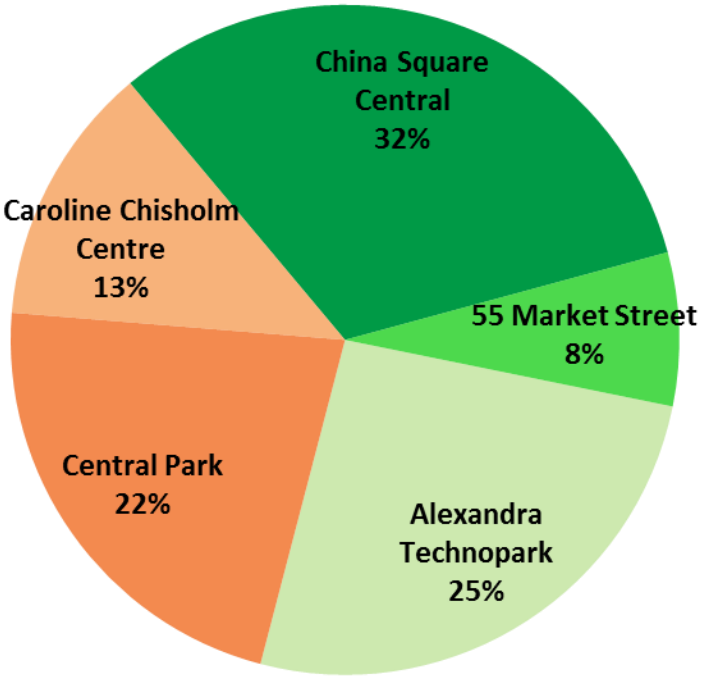
Portfolio review

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Portfolio review – Valuation

- **Balanced portfolio consisting of Singapore and Australian properties**
- **No one property consist of more than 32% of portfolio value**





Singapore	$	1,171.0	65%
Australia	$	625.5	35%
Total	$	1,796.5	**100%**

As at 31 March 2014. Excludes retail turnover rent

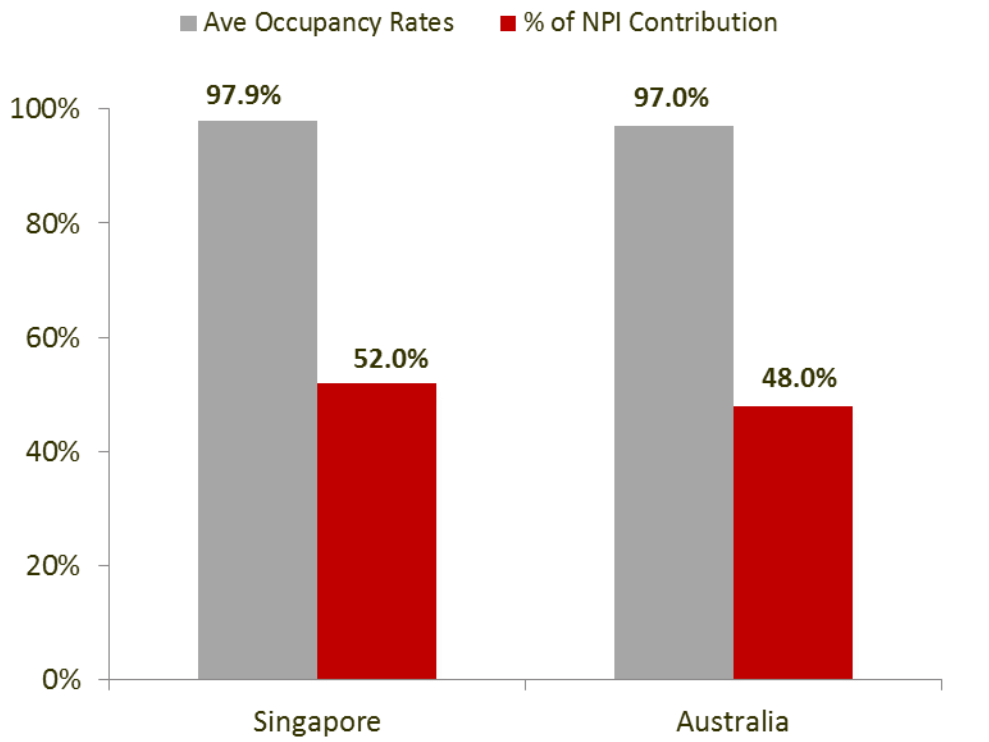
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Portfolio review – Occupancy Rates & WALE

- **Strong average occupancy rate of 97.5%**
- **Healthy WALE of 4.1 years**

Key portfolio statistics	As at 31 March 2014
Ave Occupancy	97.5%
WALE by gross rental income	4.1 years

Geographical occupancy and % of NPI contribution

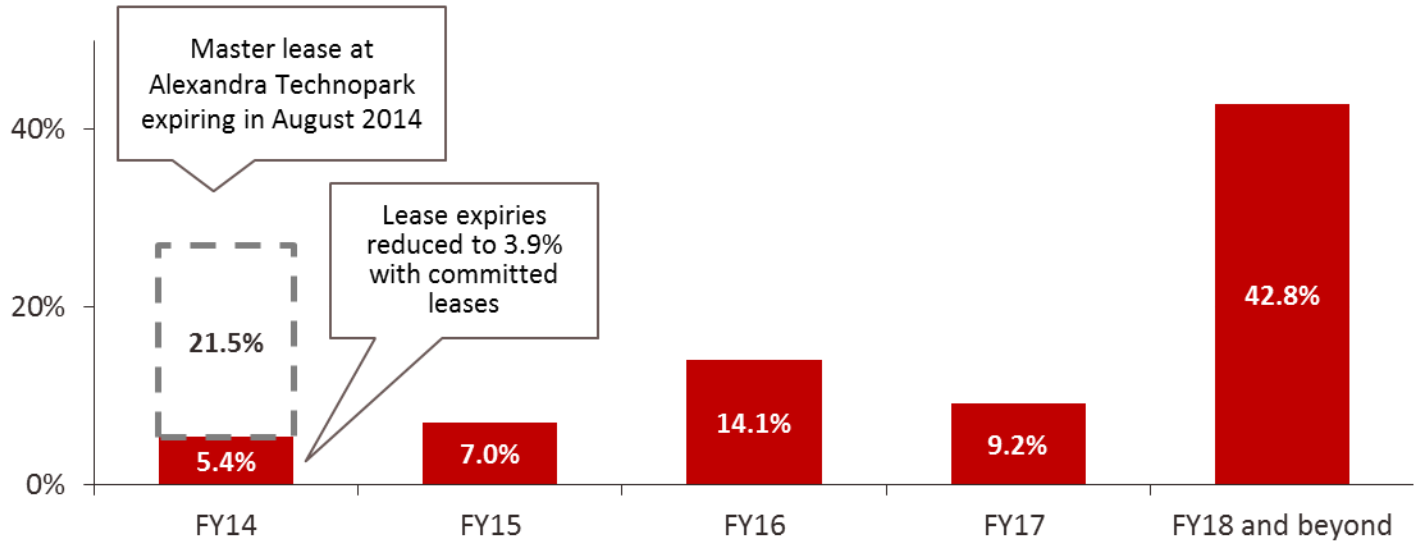


As at 31 March 2014. Excludes retail turnover rent

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More than 42% of lease expiry in FY2018 and beyond provides income stability

Portfolio lease expiry by gross rental income

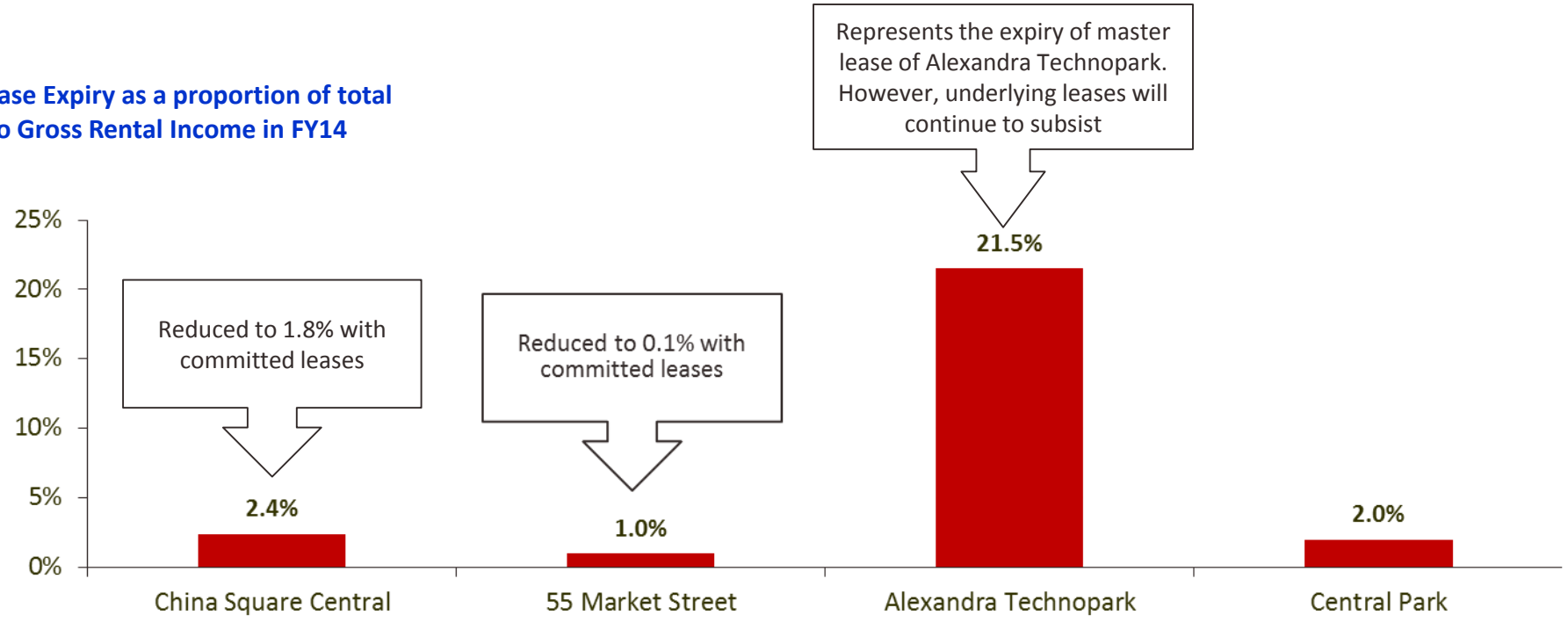


Number of leases expiring	31	49	56	22	19
NLA (sq ft) expiring	1,108,747	94,528	191,381	106,384	722,502
Expiries as % total NLA	48.6%	4.1%	8.4%	4.7%	31.7%
Expiries as % total Gross Rental Income	26.9%	7.0%	14.1%	9.2%	42.8%

As at 31 March 2014. Excludes retail turnover rent

Low passing rents and higher occupancy provide opportunities for higher income

Property Lease Expiry as a proportion of total Portfolio Gross Rental Income in FY14



Number of leases expiring	24 (22 after committed)	5 (1 after committed)	1	1
Average passing rent for expiring leases	$6.7	$6.5	$1.8*	AUD $790

As at 31 March 2014. Excludes retail turnover rent

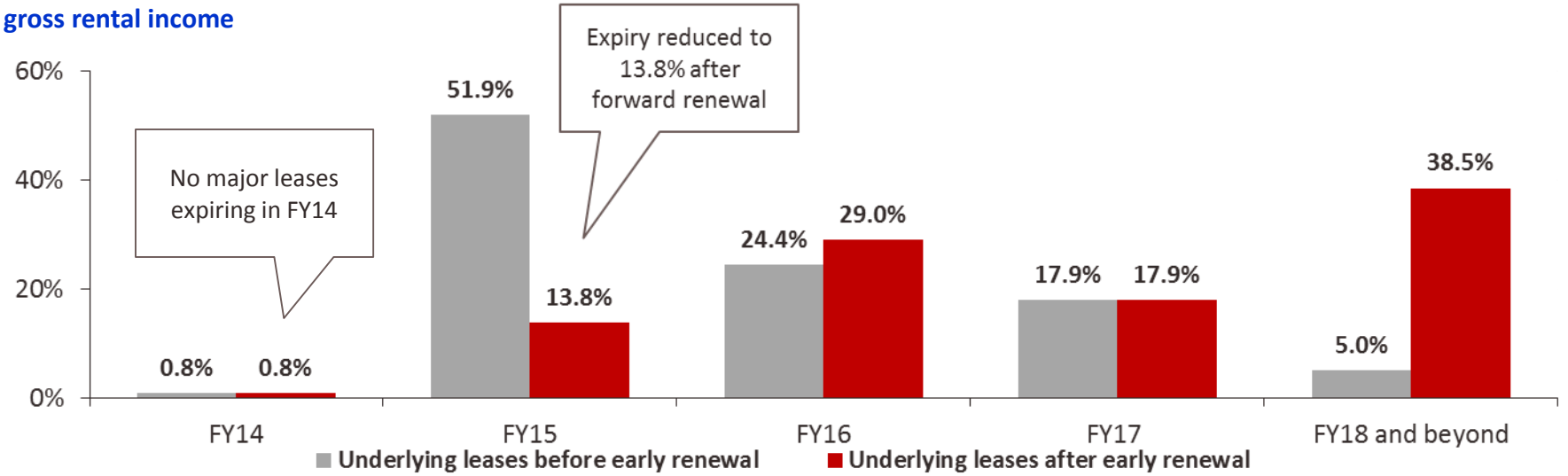
* Based on the master lease rent which is net of property expenses

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Portfolio review – Lease expiry profile of Alexandra Technopark underlying leases

- **More than 38% of lease expiry in FY2018 and beyond after early renewal of 511,000 square feet of leases**
- **Provide income stability after the expiry of Master Lease in August 2014**

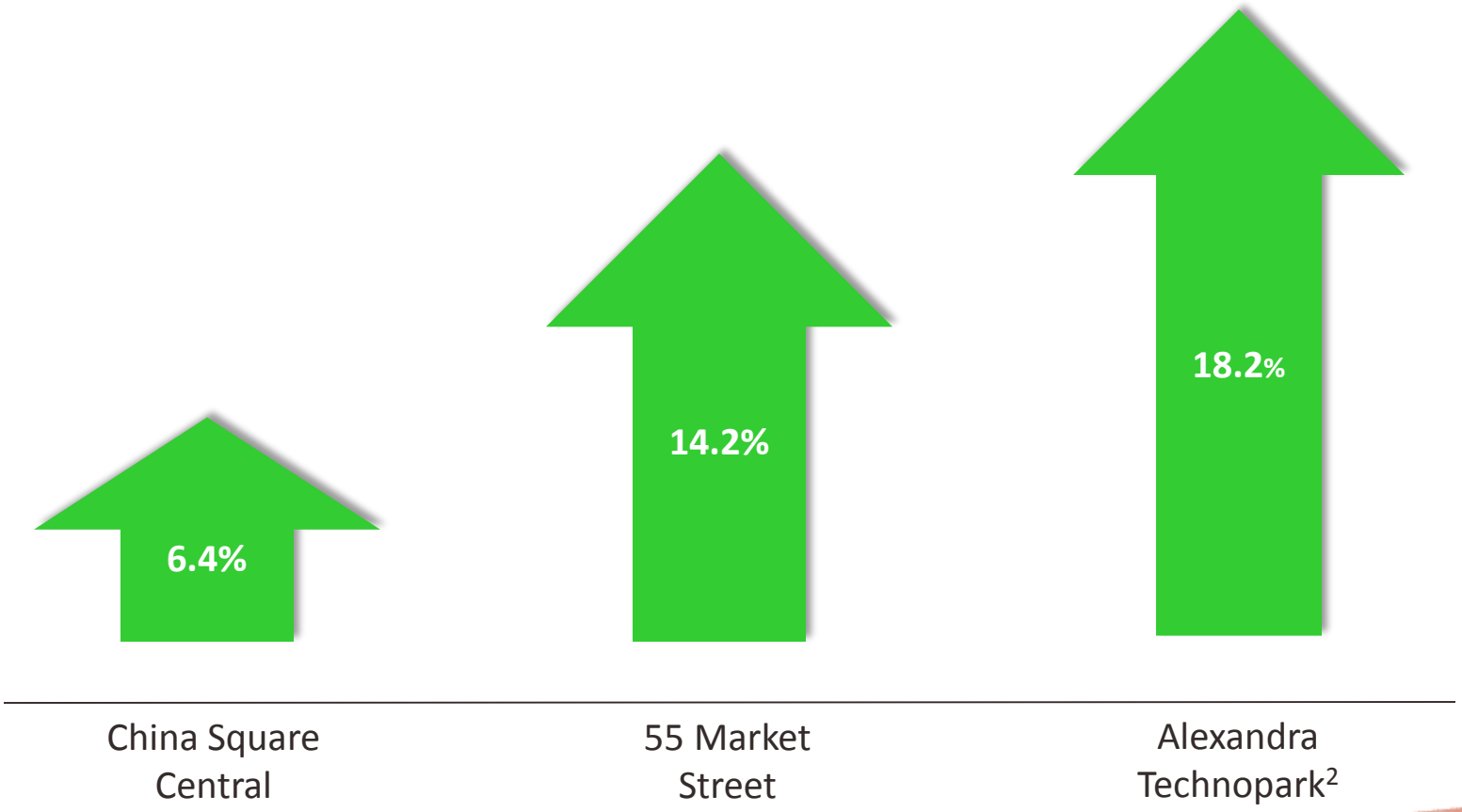
Alexandra Technopark underlying lease expiry by gross rental income



	FY14		FY15		FY16		FY17		FY18 and beyond	
No. of leases expiring	6	6	16	14	14	15	15	15	3	4
NLA (sq ft) expiring	7,771	7,771	565,173	153,840	231,351	281,080	162,409	162,409	46,544	408,147
Expiries as % total NLA	0.7%	0.7%	54.1%	14.7%	22.1%	26.9%	15.5%	15.5%	4.5%	39.0%
Expiries as % total Gross Rental Income	0.8%	0.8%	51.9%	13.8%	24.4%	29.0%	17.9%	17.9%	5.0%	38.5%

As at 31 March 2014. Excludes retail turnover rent

Singapore properties continue to enjoy positive rental reversions for new and renewed leases that commenced in 2QFY14[1]



As at 31 March 2014. Excludes retail turnover rent

1 Weighted average rental reversions based on the area for the new and renewed leases in 2QFY14.

2 Underlying leases.

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Portfolio review – Robust leasing activities

- **286,372 square feet committed, new and renewed leases in 2QFY14**
- **Represents 12.6% of portfolio total NLA**
- **Committed, new and renewed tenants include:**

Tenant	Industry	Property
GroupM (additional space taken by existing tenant)	Media and telecommunications	China Square Central
MW Medical	Medical	China Square Central
Wavecell	Media and telecommunications	China Square Central
Chatham Financial	Insurance and financial services	China Square Central
Yuan Tai Petrochemical	Resources	55 Market Street
Manchester Business School	Education	55 Market Street
Microsoft	IT	Alexandra Technopark
Aurionpro Solutions	IT	Alexandra Technopark
Australia Stock Exchange	Business services	Central Park

As at 31 March 2014. Excludes retail turnover rent

More than 41% of leases have built-in step-up rents

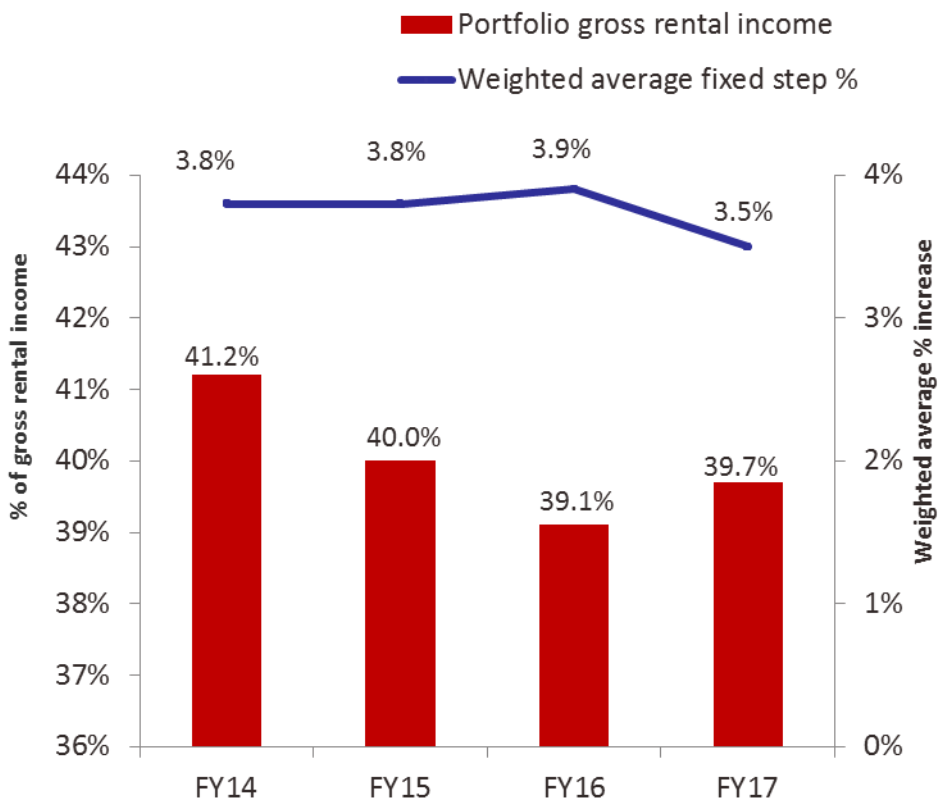
FY14 - Fixed % and other fixed lease rent reviews

Property	Leases	Average step-up rent	GROSS RENTAL INCOME Property	GROSS RENTAL INCOME Total Portfolio
China Square Central	5	3.1%	4.1%	1.0%
55 Market Street	1	2.9%	3.5%	0.2%
Caroline Chisholm Centre	1	3.0%	100.0%	20.7%
Central Park	15	4.7%	69.2%	19.3%

FY14- Other mid-term lease rent reviews

Property	Leases	Review mechanism	GROSS RENTAL INCOME Property	GROSS RENTAL INCOME Total Portfolio
Central Park	2	Market	5.2%	1.4%
Central Park	6	CPI	9.6%	2.7%

FY14 – 17 - Portfolio fixed % reviews



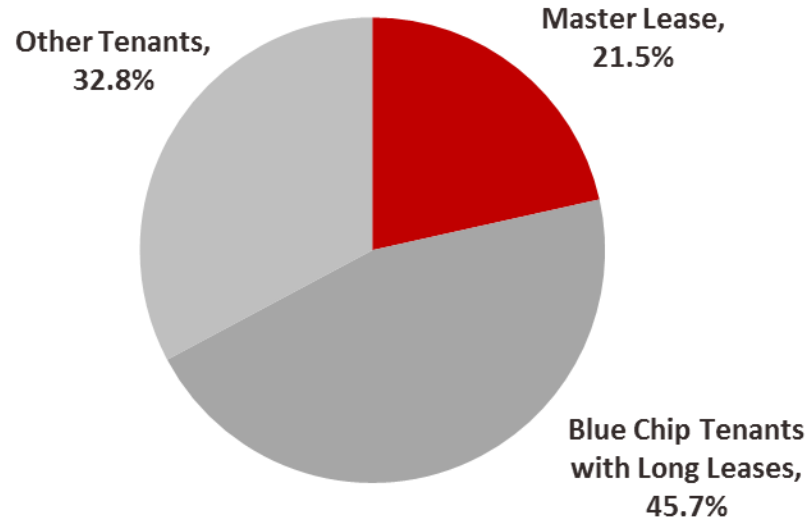
Excludes retail turnover rent

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Master lessee/ blue chip tenants with long leases contribute 67% of total gross rental income

Master Leases		
Tenant	**Lease Expiry**	**% (Gross Rental Income)**
Alexandra Technopark – Orrick Investments Pte Ltd	Aug 2014	21.5%

Blue Chip Tenants with Long Leases		
Tenant	**Lease Expiry**	**% (Gross Rental Income)**
Commonwealth of Australia (Centrelink)	Jul 2025	20.4%
Hamersley Iron Pty Ltd (Rio Tinto)	Jun 2018	8.8%
BHP Billiton Iron Ore Pty Ltd	Jul/ Aug/ Oct 2017	3.9%
GroupM Singapore Pte Ltd	Mar 2019	4.3%
Cerebos Pacific Ltd	May 2017	3.6%
Government Employees Superannuation Board (WA)	May 2017	2.1%
PF Laywers Pty Ltd (DLA Piper)	Jun 2020	1.4%
Plan B Administration Pty Ltd	June 2019	1.1%
Total		45.7%



Master Lessee + Blue Chip Tenants with Long Leases = 67.2% portfolio income secured

As at 31 March 2014. Excludes retail turnover rent

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Portfolio review – Asset updates

- **Expiry of Master Lease at Alexandra Technopark in August 2014 provides income uplift**
- **Positive reversions arising from:**
  - **Immediate uplift in income after the expiry of the Master Lease**
  - **Low underlying passing rents**
- **Alexandra Technopark is strategically located with good connectivity**



S$1.8 psf

Master lease net rent received by FCOT

S$3.6 psf

- **Underlying average passing gross rent of Alexandra Technopark**
- **Low underlying average passing gross rent - potential for positive rental reversions**

Portfolio review – Singapore asset updates

	China Square Central – healthy leasing activities	55 Market Street – healthy occupancy rate	Alexandra Technopark – High occupancy rate
			
Occupancy	96.9%^	96.7%^	96.9% (underlying occupancy) Average underlying passing gross rent: S$3.6 psf
New leases , committed and renewals	MW Medical Centre; Chatham Financial; Hinoki; Libby, Persayk, Kathman; Chain IQ Holding, Wavecell	Corporate Serviced Offices, Gabriel Law Corporation (legal firm), Manchester Business School	Dyson, Eastman Chemical, Microsoft, Aurionpro Solutions
Tenants	groupm, Cerebos, MOL, geyer, Waldmann, AEPIM, Aspire Global Network ASIA, PAMA, Wavecell	Jones Lang LaSalle, Corporate Serviced Offices, bwl, Chancery Law Corporation, Citigate Dewe Rogerson, TKP	hp, Nokia, dyson, Great Eastern, Sybase, Microsoft

As at 31 March 2014.

^ Committed occupancy as at 31 March 2014.

Portfolio review – Australia asset updates

	Central Park – Healthy WALE of 3.8 years	Caroline Chisholm Centre –full occupancy with long WALE of 11.3 years
		
Occupancy	94.1%^ Slightly lower occupancy compared to previous year due to the departure of a tenant. Potential for higher occupancy with proactive leasing activities	100.0% Property occupied by a single tenant, i.e. the Commonwealth of Australia as represented by Centrelink (Aaa rated*) until July 2025
WALE	3.8 years	11.3 years
Tenants	Rio Tinto, bhpbilliton, Asgard, MIMI, ASX, GESB, KING&WOOD MALLESONS, Plan B WEALTH MANAGEMENT, DLA PIPER	Australian Government Department of Human Services

As at 31 March 2014.

^ Committed occupancy as at 31 March 2014.

* Based on Moody's rating in December 2013.

Capital management

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Capital Management – Debt statistics

- **Healthy interest coverage ratio of 4.16 times**
- **Low all-in interest rate of 2.7%**
- **Borrowings in AUD provide natural hedge for the Australian properties**

Statistics

	As at 31 March 2014
Total Assets (S$'000)	1,843,503
Gross Borrowings (S$'000)	696,993
Units on Issue and Issuable [1]	671,820,553
NAV per Unit (ex-DPU) [1] (S$)	1.55
Gearing [2]	37.8%
Interest coverage ratio (times) [3]	4.16
Average borrowing rate [4]	2.7%
- Weighted average SGD debt rate	1.9%
- Weighted average AUD debt rate	5.5%

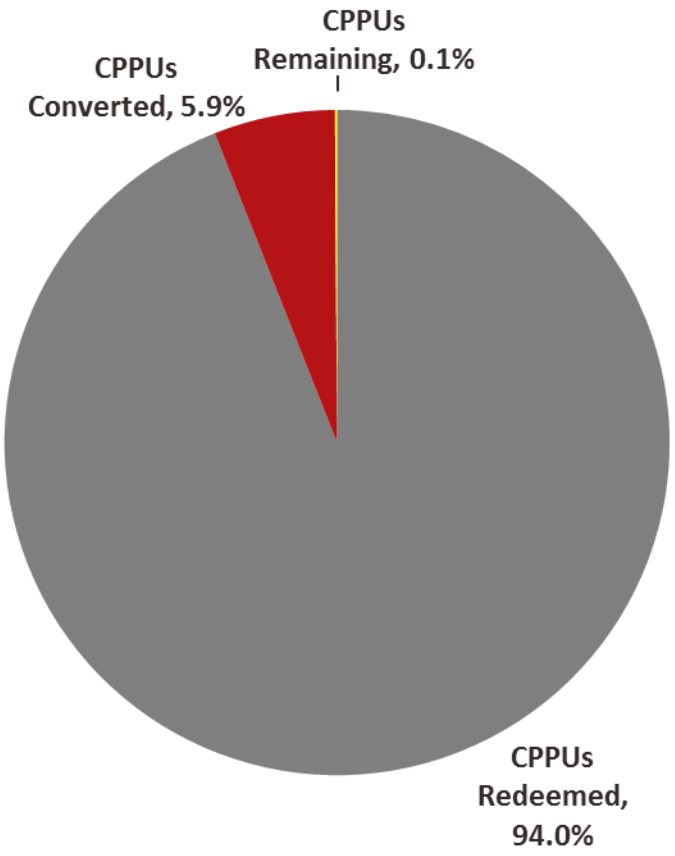
Borrowings and assets by currency



1 The number of Units includes 694,880 Units arising management fees payable in Units, but excludes 45,133 Units arising from the conversion of CPPUs on 1 April 2014.
2 Calculated as gross borrowing as a percentage of total assets
3 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 2014. See accompanying 2QFY14 Financial Statements announcement for more details.
4 For quarter ended 31 March 2014

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Redemption of CPPUs is accretive to Unitholders



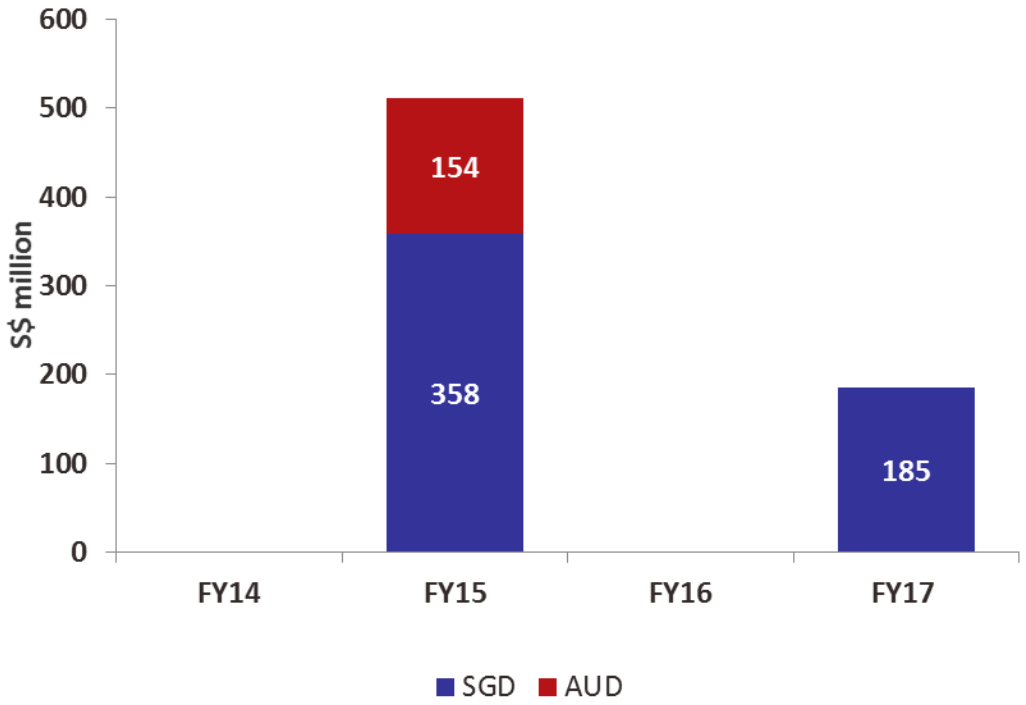
- In 2QFY14, 0.8 million CPPUs were converted[1]
- On 1 April 2014, a further 0.05 million CPPUs were converted[2]
- To-date, a total of 342.3 million CPPUs were either redeemed or converted[3]
- About 0.2 million or 0.1% CPPUs remain outstanding
- Redemption or conversion of CPPUs will result in $18.8 million[4] savings in CPPU distribution p.a.

1 823,544 Series A CPPUs were converted on 2 January 2014.
2 53,465 Series A CPPUs were converted on 1 April 2014.
3 1,040,910 Series A CPPUs converted on 1 October 2012; 162,567,826 Series A CPPUs redeemed and 7,437,501 Series A CPPUs converted into 6,278,918 new Ordinary Units in FCOT on 2 January 2013; 157,123,847 Series A CPPUs redeemed on 1 April 2013 ; 2,172,641 Series A CPPUs redeemed on 1 July 2013 and 11,101,787 Series A CPPUs converted on 1 October 2013.
4 Based on distribution rate of 5.5% p.a. for Series A CPPUs, assuming that the redemption and conversion had occurred for the full year.

Capital Management and debt statistics

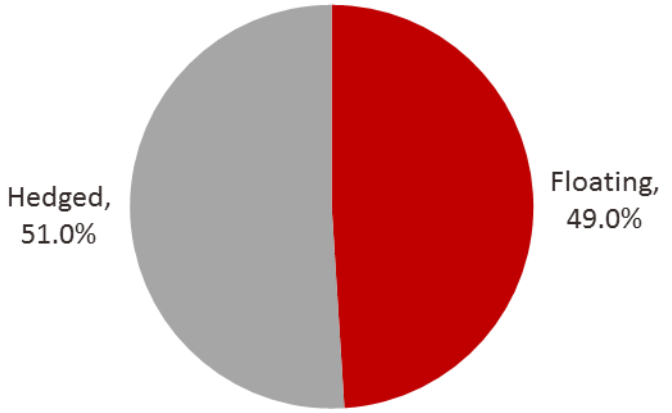
- **No refinancing requirements in FY14**
- **Hedged about 51% of gross borrowings**

Debt maturity



Total facilities **S$697 million**

Debt composition – floating vs. hedged



Hedging debt

As a % of:	**As at 31 March 2014**
Total Gross Borrowings	51.0%

As at 31 March 2014.

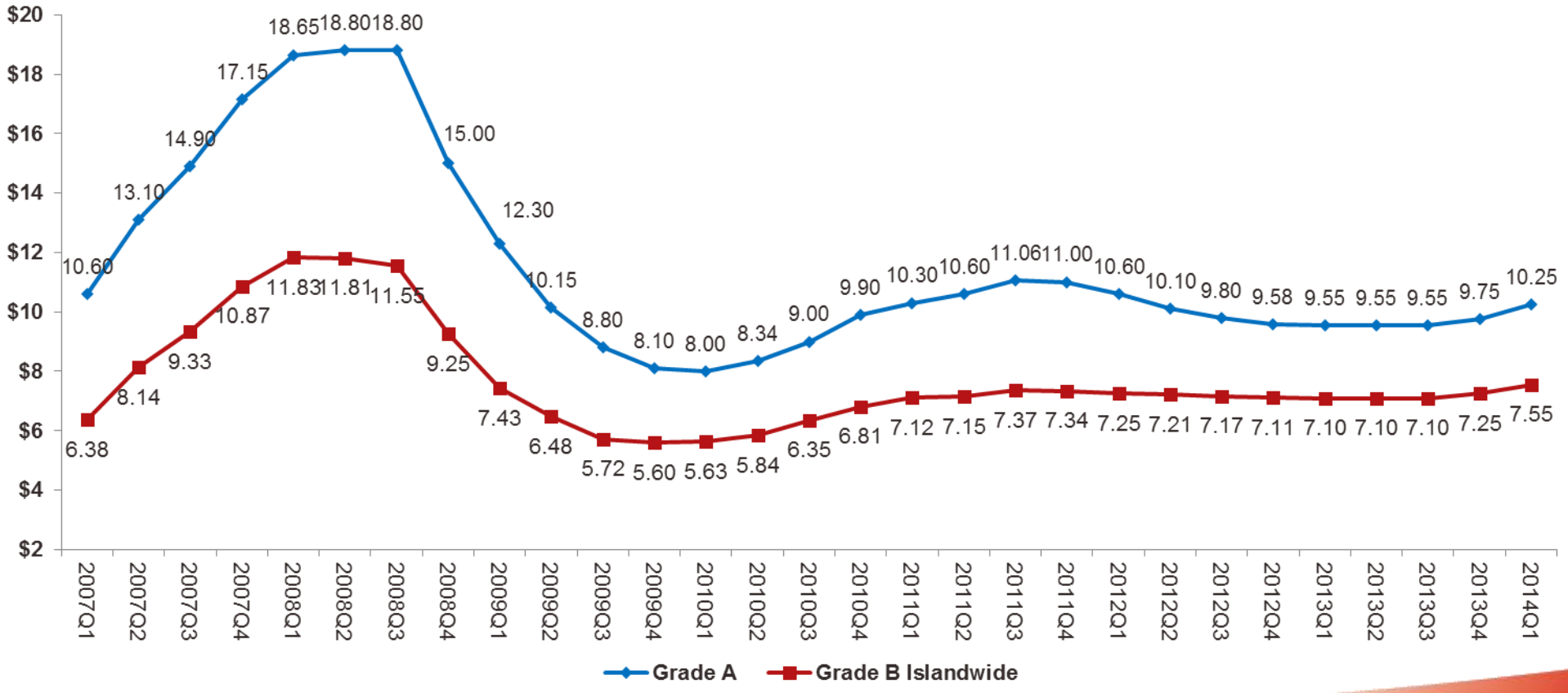
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Moving forward

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Singapore office rents trend – Rents continue to grow

Singapore Grade A and Grade B office rents[1]



1 Source: CBRE Research

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Office supply-demand dynamics[1]

Chart 2: Office Supply-Demand Dynamics

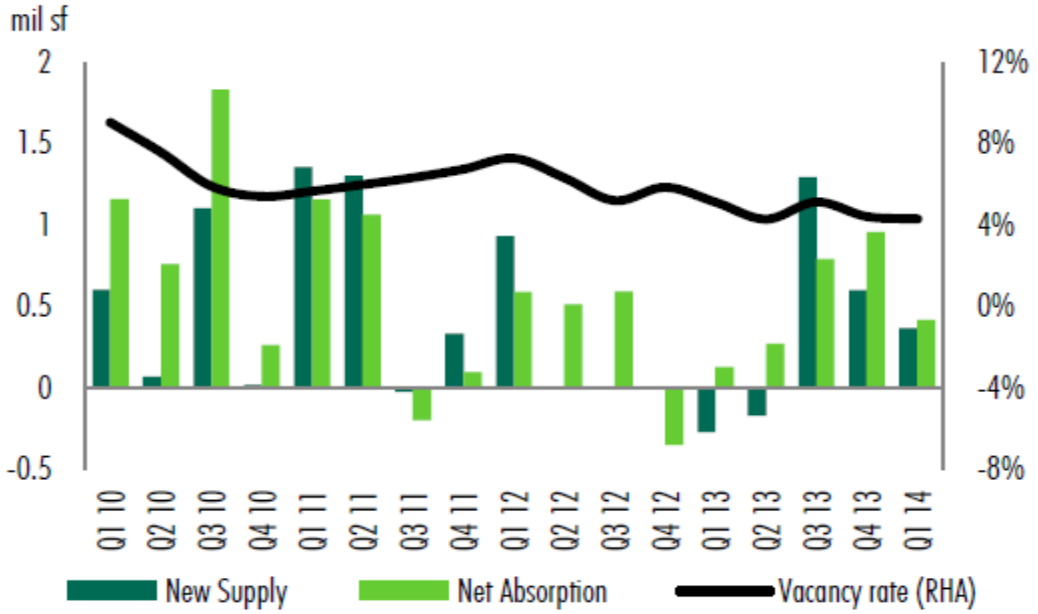


Table 1: Office Vacancy Rates

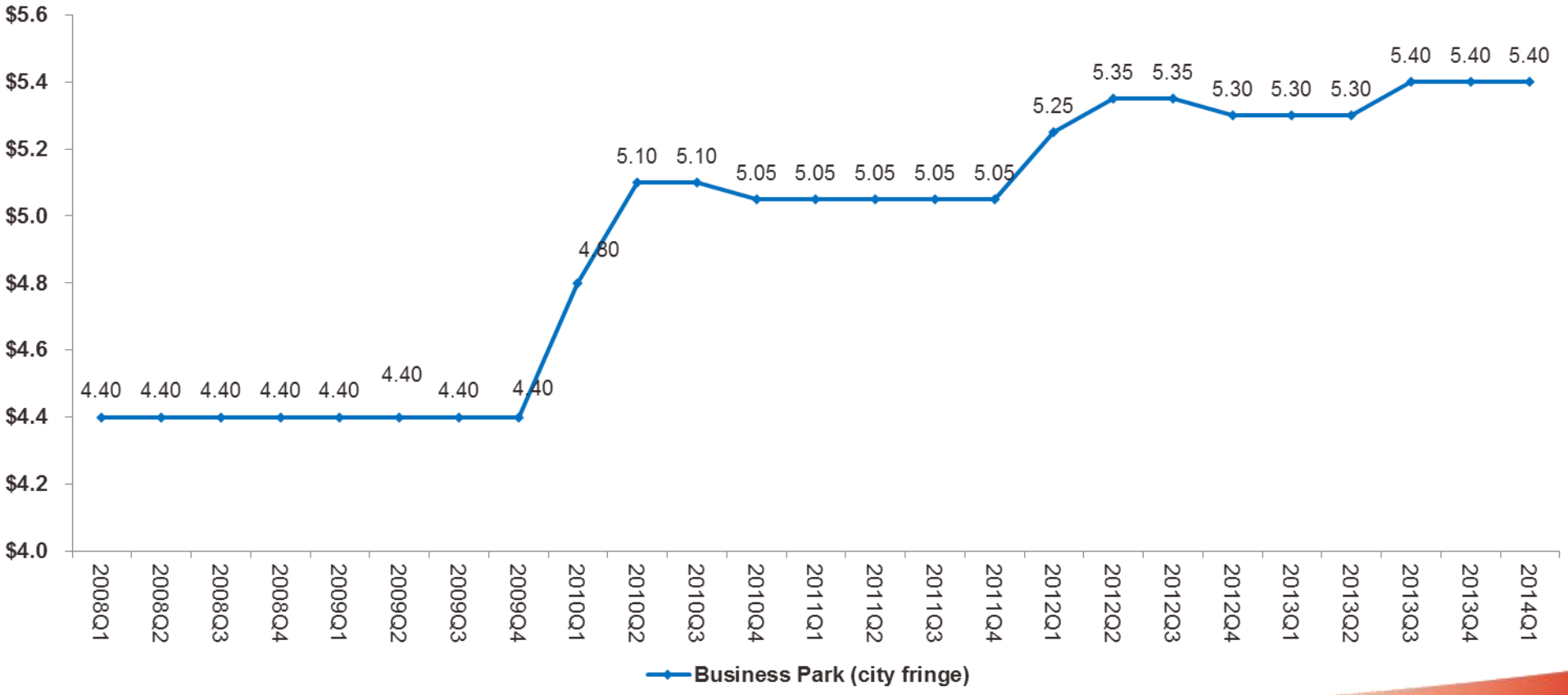
	Q1 2014	q-o-q	y-o-y
Island Wide	4.3%	-11 bps	-82 bps
Core CBD	4.3%	-55 bps	-253 bps

- Strong leasing activity in CBD Core in Q1 2014
- Demand mainly from insurance, e-commerce and IT sectors
- Positive net absorption of 99,000 sf in CBD Core
- Vacancy in CBD Core decreased from 4.4% to 4.3% in Q1 2014
- Low supply in the next 2 years and sustainable positive demand is expected to drive rent upwards

1 CBRE, Singapore Market View, Q1 2014

Singapore business park rents trend – Rents at healthy levels

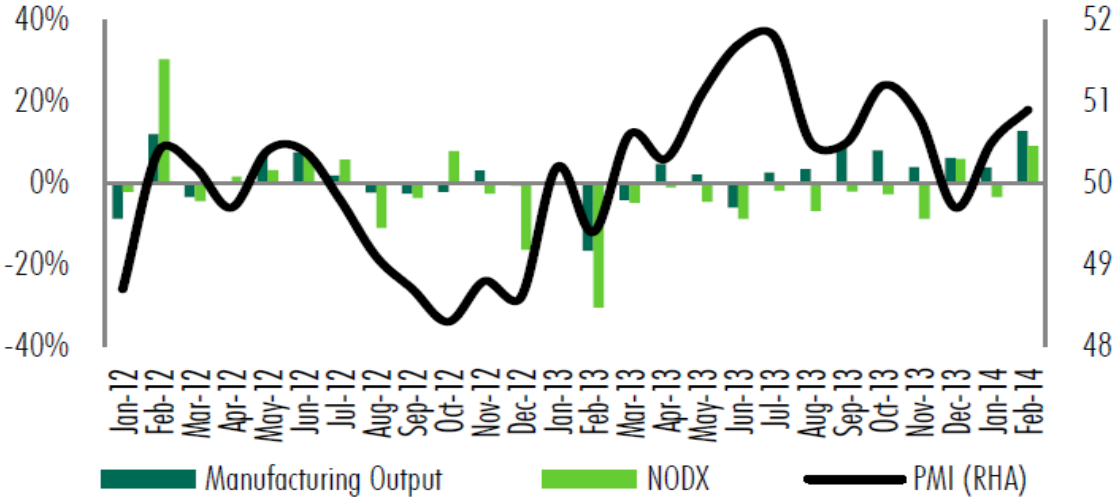
Singapore Business Park (city fringe) rents[1]



1 Source: CBRE Research

Manufacturing Indices[1]

Chart 6: Manufacturing Indices



Source: EDB, IE SIPMM, CBRE Research, Q1 2014

Table 6: Known Business & Science Park Future Pipeline

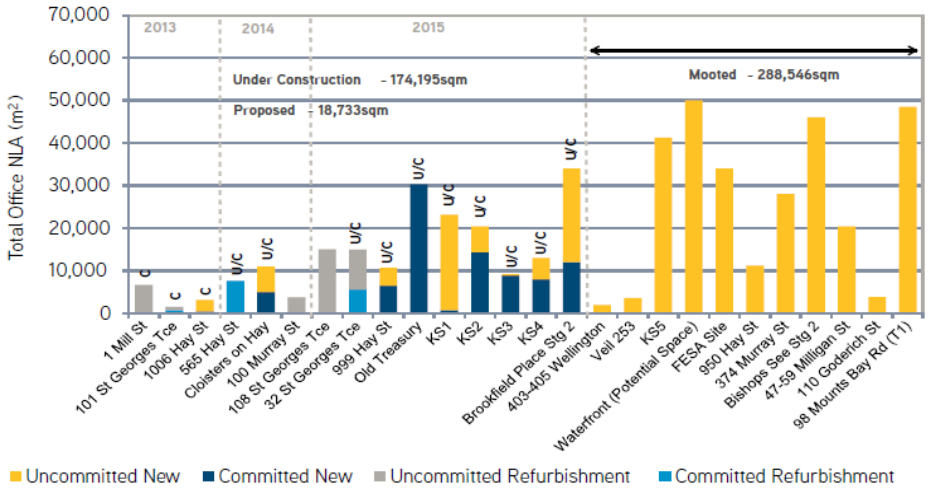
Year	Estimated NLA (million sf)	Estimated Pre-commitment Levels
2014	2.16	70%
2015	0.97	100%
2016	1.51	0%

- Vacancy rose from 9.3% to 10.3% in Q1 2014 due to 420,000 sf new supply and softened demand
- Demand mainly from IT, finance and consumer product sectors
- No major corrections in rents expected as demand is likely to pick up on the back of rising office rents
- Rising office rents could push more qualifying occupiers to lease business park space as seen in 2010
- New supply in 2014 and 2015 are mostly built-to-suit or pre-committed

1 CBRE, Singapore Market View, Q1 2014

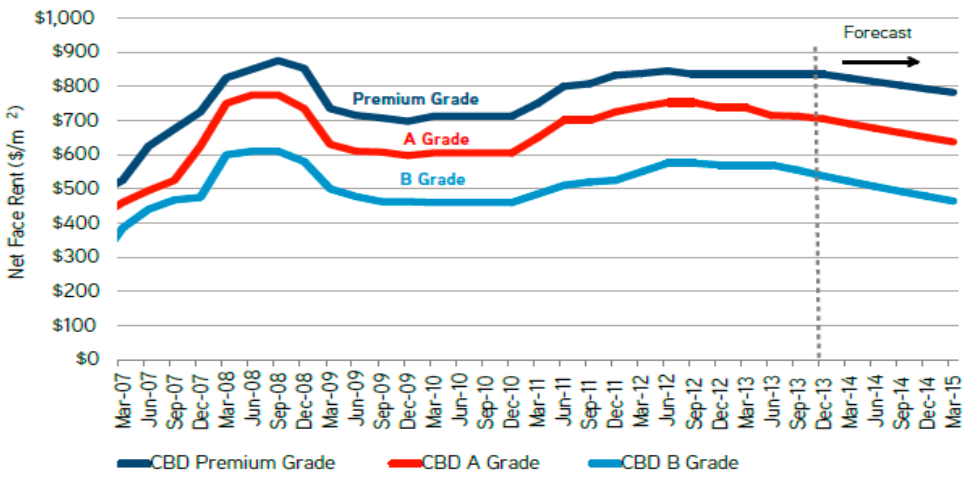
Minimal change in Premium Grade Perth office rents over the past 12 months

Perth CBD office supply[1]



Source: Colliers International.

Perth CBD average net face rents[1]



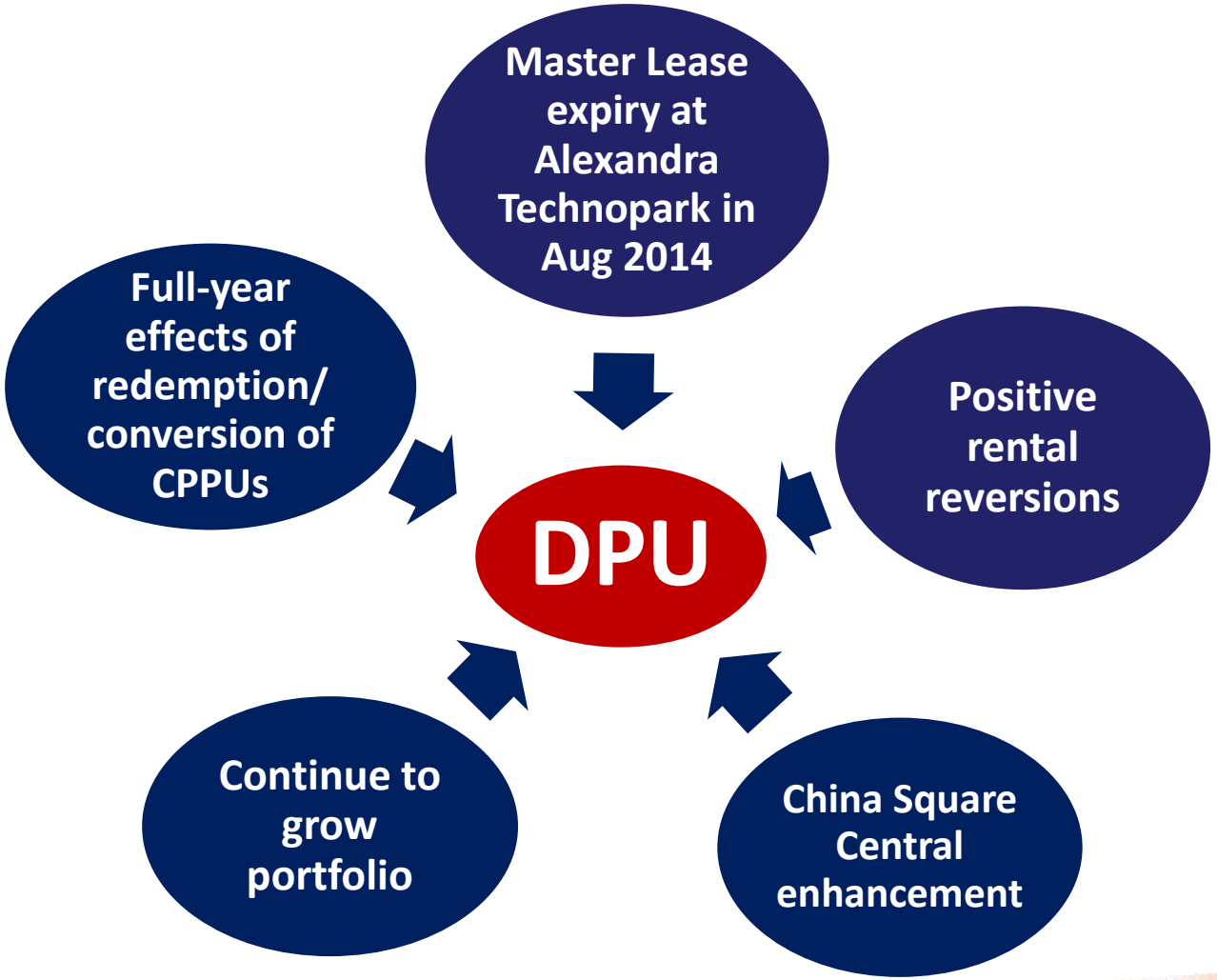
Source: Colliers International.

Market conditions [1]

- Perth CBD office market vacancy rate in December 2013 was 9.0%, up from 6.9% in the first half of 2013, according to the Property Council of Australia
- Only Melbourne's vacancy rate (8.7%) is better than Perth. Perth's vacancy rate is on par with Sydney and is some five percentage points better than Brisbane (14.2%)
- Premium Grade net face rents are averaging $835 per square metre, little changed over the past 12 months to December 2013
- Incentives for Premium Grade remain unchanged

1 CBRE, Singapore Market View, Q1 2014

Organic and in-organic initiatives to deliver growth in distributable income



Thank you

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