

Frasers Commercial Trust
1QFY16 Financial Results

20 January 2016

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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.

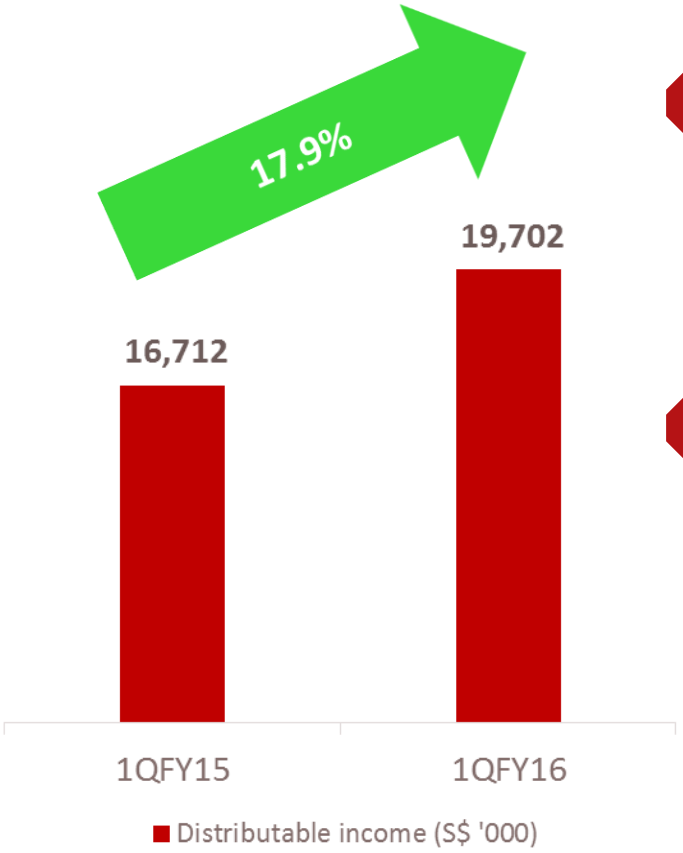
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- Results
- Forecast vs. actual results for 357 Collins Street
- Portfolio review
- Capital management
- Moving Forward

Results

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- **1QFY16 bolstered by the better performance of Alexandra Technopark and first full quarter contribution from 357 Collins Street**



1 **Higher contribution from Alexandra Technopark:**

- **Higher rental rates achieved**
- **Upfront rental income received[1]**
- **Lower utilities expenses**

2 **First full quarter contribution from 357 Collins Street following the completion of the acquisition on 18 August 2015**

1 Upfront rental income received from a pre-terminated lease. The pre-terminated lease was replaced by a new lease with a longer lease duration.

- **18% rise in distributable income for 1QFY16**

1 Oct 2015 – 31 Dec 2015	1QFY16 (S$ '000)	Y-o-Y Change (%)	Contributing factors
Gross Revenue	39,623	12%	▪ Higher revenue contribution from Alexandra Technopark due to higher rental rates and upfront rental income received from a pre-terminated lease[1], and first full quarter contribution from 357 Collins Street, offset by the weaker Australian dollar and lower occupancy rates for China Square Central and Central Park
Net Property Income	29,378	15%	▪ Higher rental rates, upfront rental income received and lower utilities expenses at Alexandra Technopark, and first full quarter contribution from 357 Collins Street, offset by the weaker Australian dollar and lower occupancy rates for China Square Central and Central Park
Net Property Income (cash basis)	29,104	15%	▪ Increase in net property income excluding the effects of recognising accounting income on a stratight line basis, despite the weaker Australian dollar
Distributable income to Unitholders	19,702	18%	▪ Distributable income to Unitholders increased y-o-y in line with NPI
DPU[2]	2.51¢	2%	▪ 2.0% growth in DPU with the 15.6% increase in the number of issued and issuable Units entitled to distribution

1 The pre-terminated lease was replaced by a new lease with a longer lease duration.
2 The number of Units used to calculate the amount available for DPU is 784,956,268. See accompanying 1QFY16 Financial Statements announcement for more details.

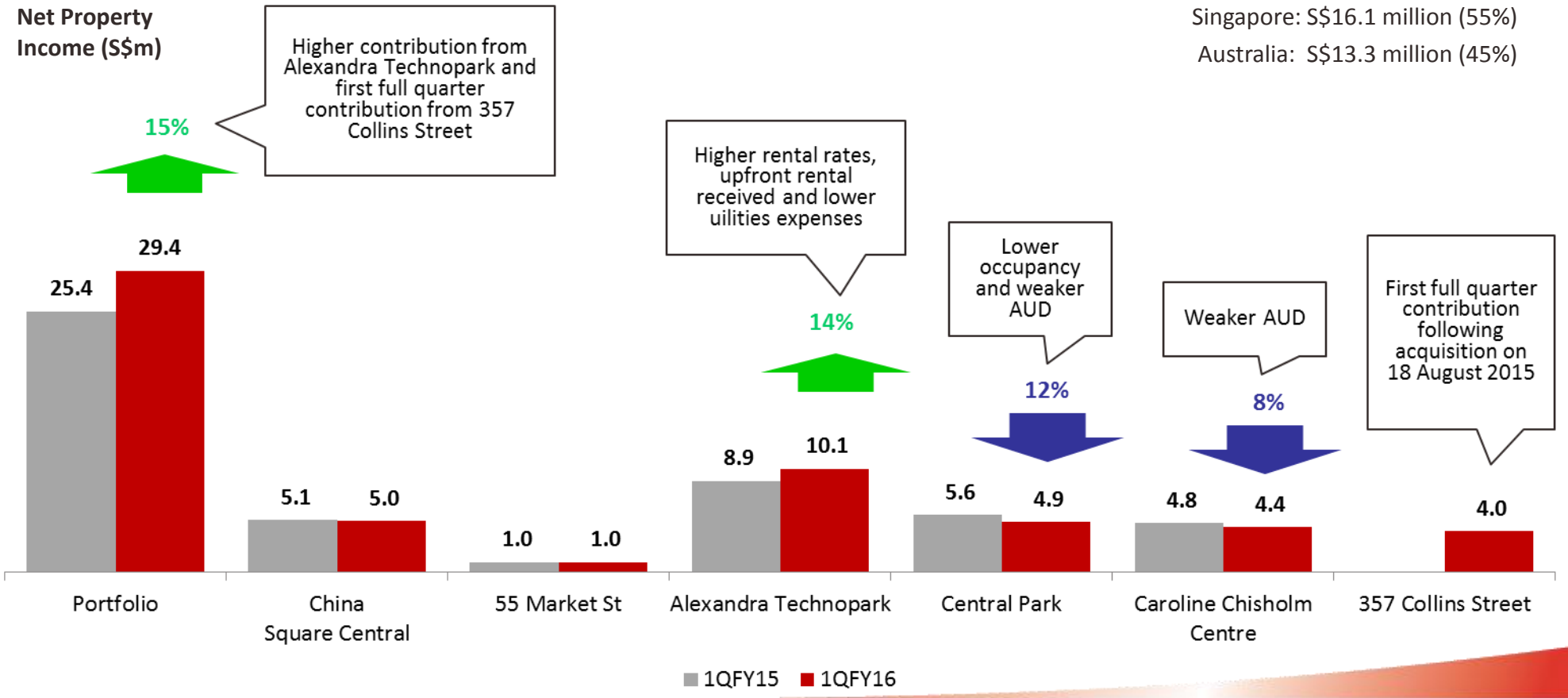
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Higher contribution from Alexandra Technopark and first full quarter contribution from 357 Collins Street

TOTAL: S$29.4 million 1QFY16

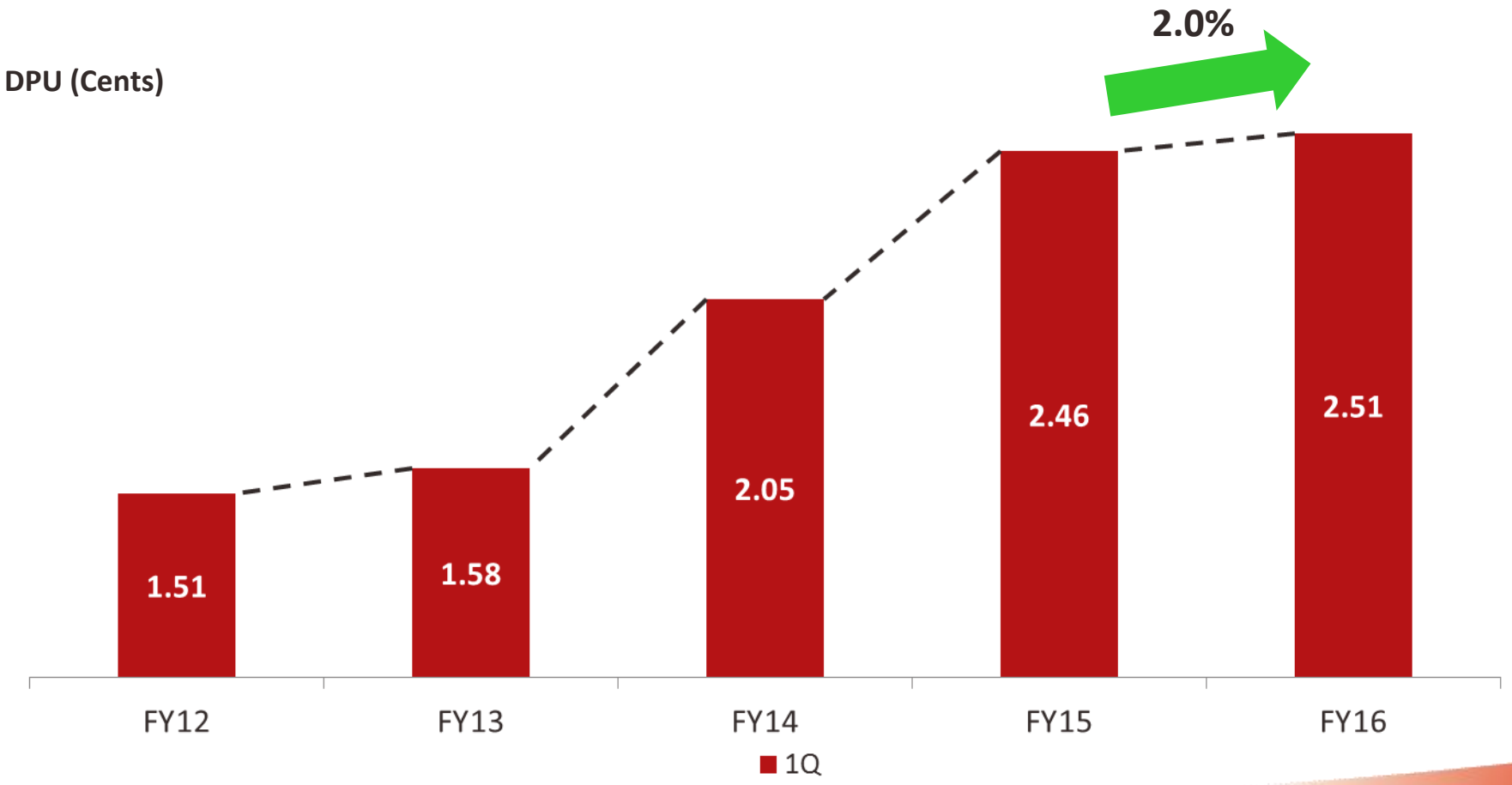
Singapore: S$16.1 million (55%)

Australia: S$13.3 million (45%)



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- **Continuous DPU growth in 1QFY16**



DRP will be applied for the distribution for 1QFY16

Distribution Period	1 October 2015 to 31 December 2015
Ordinary Unit Distribution Rate	**Distribution of 2.5100 cents per Unit comprising:** a) taxable income distribution of 1.8399 cents; and b) tax-exempt income distribution of 0.6701 cents.
Last day of trading on "cum" basis	**Monday, 25 January 2016**
Ex-distribution trading commence	Tuesday, 26 January 2016
Distribution Books Closure Date	Thursday, 28 January 2016 at 5.00 pm
Cash distribution payment date	**Monday, 29 February 2015**
Credit of Units to Unitholders' securities accounts/ listing of Units issued under the DRP on SGX-ST	**Monday, 29 February 2015**

See accompanying 1QFY16 Financial Statements announcement for more details.

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Forecast vs actual results for 357 Collins Street

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Actual net property income of 357 Collins Street surpassed forecast by 14%





^ Includes the reimbursement of rent-free periods of A$0.3 million each for the forecast and actual results for 1QFY16.

* Profit forecast of 357 Collins Street for 9 months period from 1 October 2015 to 30 June 2016 included in Appendix E of the Circular to Unitholders dated 3 June 2015, adjusted for the period from 1 October 2015 to 31 December 2015.

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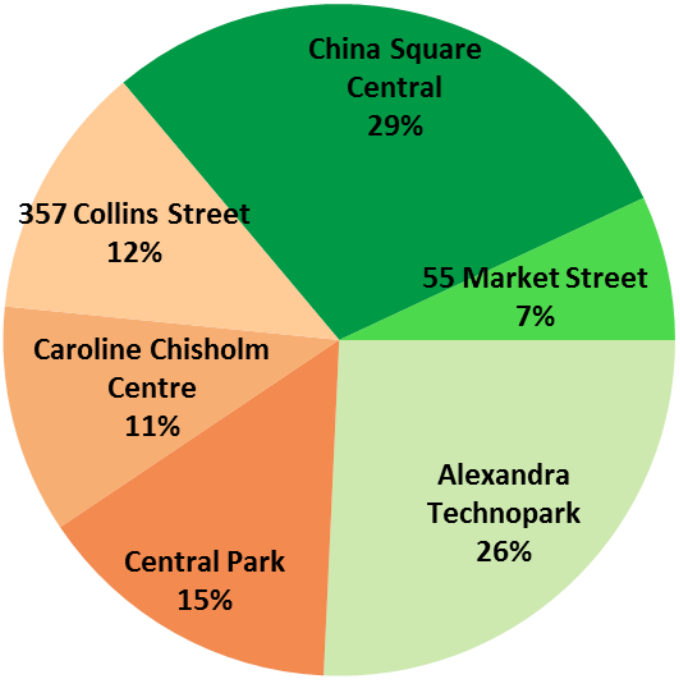
Portfolio review

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Portfolio review – Valuation

- **Balanced portfolio consisting of Singapore and Australian properties**
- **No one property consist of more than 29% of portfolio value**





Singapore	$	1,209.0	62%
Australia	$	753.7	38%
Total	$	1,962.7	**100%**

As at 31 December 2015. Excludes retail turnover rent

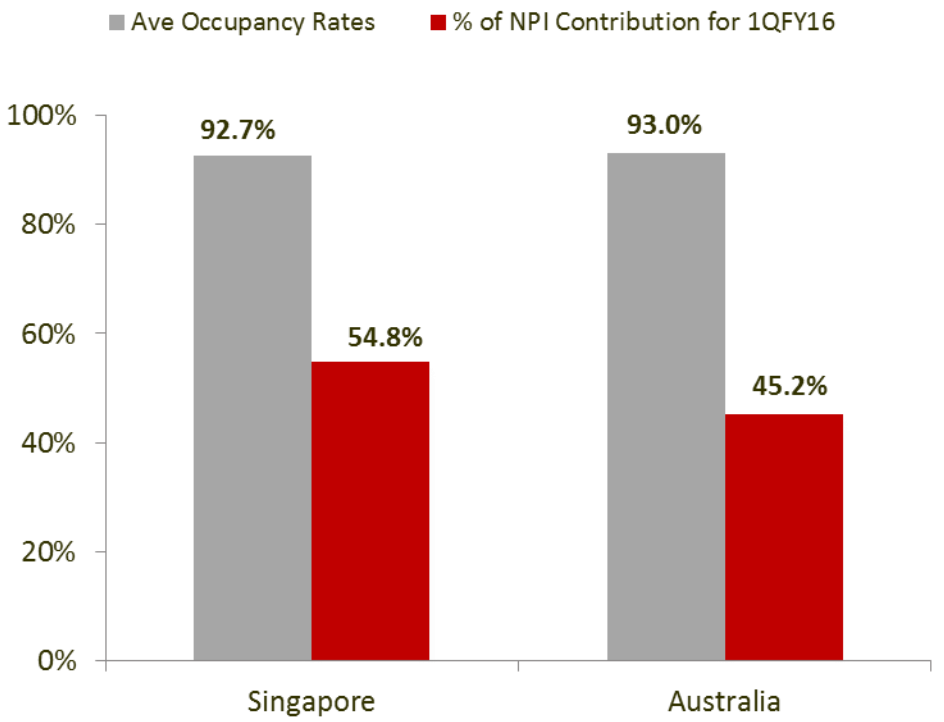
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Portfolio review – Occupancy Rates & WALE

- **Healthy average occupancy rate of 92.9%**
- **Healthy WALE of 3.3 years**

Key portfolio statistics	As at 31 December 2015
Ave Occupancy	92.9%
Portfolio WALE by gross rental income	3.3 years

Geographical occupancy and % of NPI contribution

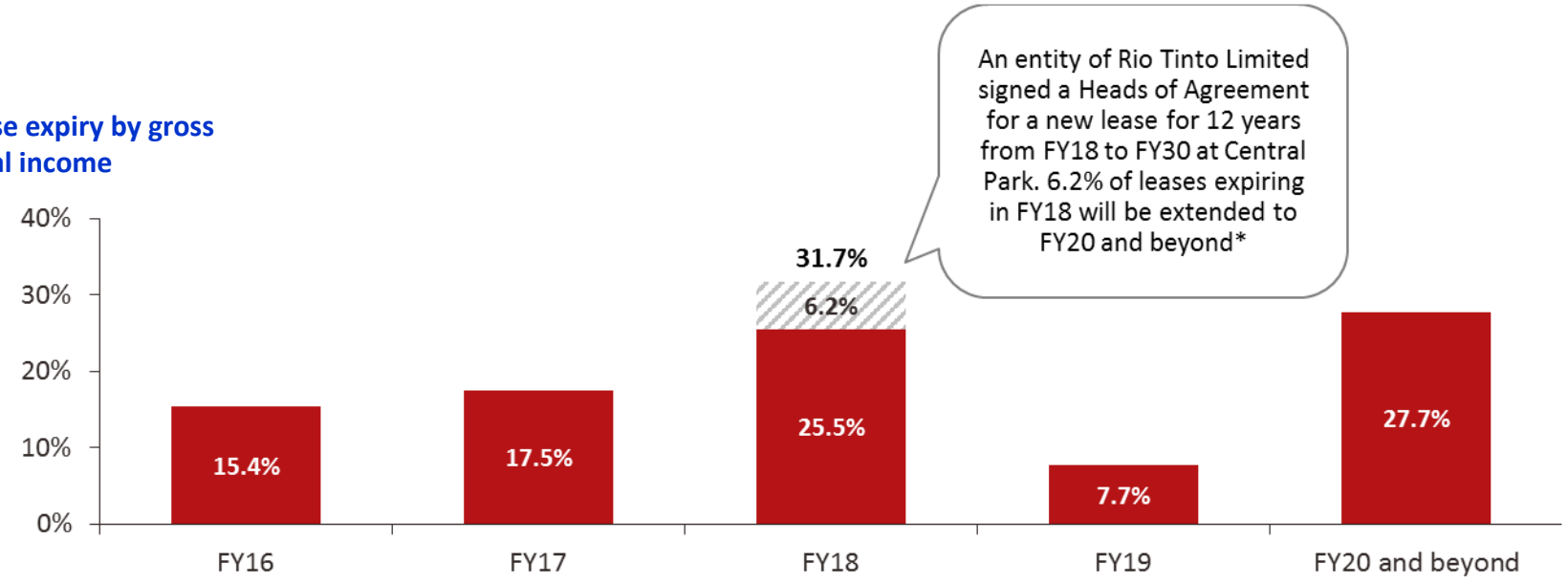


As at 31 December 2015. Excludes retail turnover rent

Portfolio review – Lease expiry profile

- **Proactive leasing reduced lease expiries in FY18 and lengthened lease expiry profile**
- **Well spread lease expiry provides income stability**

Portfolio lease expiry by gross rental income



Portfolio lease expiry by gross rental income

Number of leases expiring	68	83	57	17	34
NLA (sq ft) expiring	370,568	367,446	767,926	164,407	761,763
Expiries as % total NLA	14.1%	14.0%	29.3%	6.3%	29.1%
Expiries as % total Gross Rental Income	15.4%	17.5%	31.7%	7.7%	27.7%

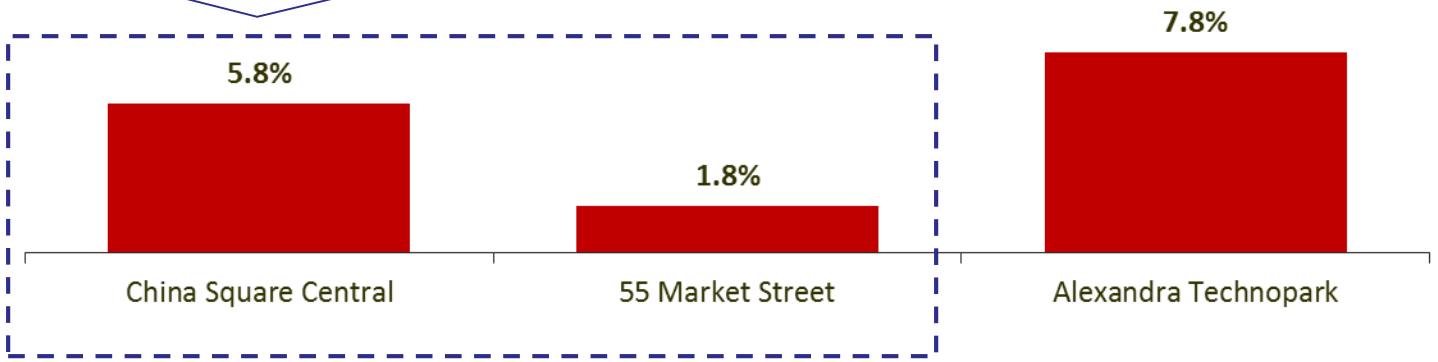
As at 31 December 2015. Excludes retail turnover rent

* New lease is assumed based on the existing space currently occupied by Hamersley Iron Pty Limited, a wholly-owned subsidiary of Rio Tinto Limited at Central Park as the exact space requirement will only be determined in FY18.

FY16 – Low lease expiries for the Singapore office properties

Property Lease Expiry in FY16 as a proportion of Portfolio Gross Rental Income

- Low lease expiry of 7.6% in year of high office supply
- New supply are mainly in Grade A/ Premium Grade space



Number of leases expiring	25 (office) 23 (retail)	8	11
Average passing rent for expiring leases	S$6.3 (office) S$5.8 (retail)	S$6.8	S$3.9

As at 31 December 2015. Excludes retail turnover rent

Healthy positive weighted average rental reversions in Singapore properties for new and renewed leases that commenced in 1QFY16[1]



China Square Central: +10.3%



Alexandra Technopark: +5.0%



357 Collins Street: Retail: -4.1%[2] Office: NA

New lease signed for office space that was previously unoccupied

As at 31 December 2015. Excludes retail turnover rent

1 Weighted average rental reversions based on the area for the new and renewed leases that commenced in 1QFY16.

2 Retail space representing approximately 0.5% of NLA at 357 Collins Street.

Portfolio review – Robust leasing activities

- **Robust leasing activities**
- **Committed, new and renewed tenants in 1QFY16 include:**

Tenant	Industry	Property
Crest Travel & Tours Pte Ltd	Travel	China Square Central
Silverfox Studios Pte Ltd	Consultancy/ business services	China Square Central
Ministry of Design Pte Ltd	Consultancy/ business services	China Square Central
Guo Fu Pte Ltd	Food & Beverage	China Square Central
Citigate Dewe Rogerson, I.Mage Pte Ltd*	Consultancy/ business services	55 Market Street
Sharp-Roxy Sales (Singapore) Pte Ltd	IT Products & Services	Alexandra Technopark
MIMS Pte Ltd	Medical	Alexandra Technopark
Jones Day*	Legal	Central Park
Folkstone Limited	Banking, insurance & financial services	357 Collins Street
Henrietta Chicken	Food & Beverage	357 Collins Street

As at 31 December 2015.

* Committed occupancies. Leases will only commence after 1QFY16.

More than 53% of leases have built-in step-up rents

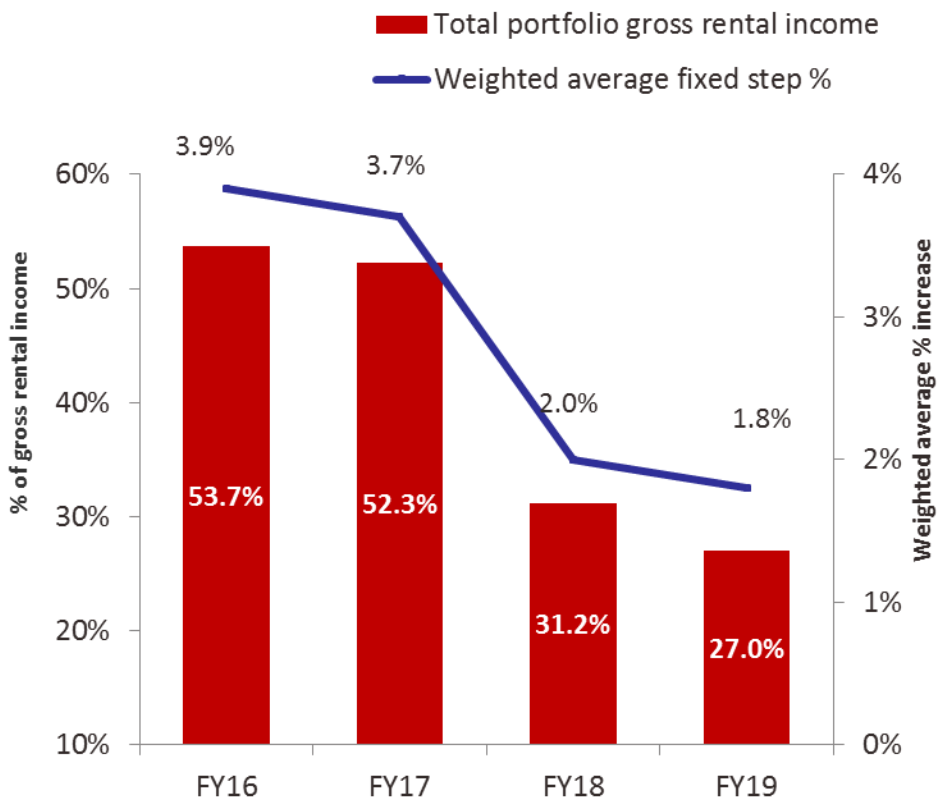
FY16 - Fixed % and other fixed lease rent reviews

Property	Leases	Average step-up rent	GROSS RENTAL INCOME Property	GROSS RENTAL INCOME Total Portfolio
China Square Central	3	2.5%	4.0%	0.8%
55 Market Street	1	2.9%	3.5%	0.1%
Alexandra Technopark	8	5.2%	42.5%	13.5%
Caroline Chisholm Centre	1	3.0%	100.0%	13.8%
Central Park	16	4.6%	72.2%	12.6%
357 Collins Street	35	3.9%	97.3%	12.9%

FY16 - Other mid-term lease rent reviews

Property	Leases	Review mechanism	GROSS RENTAL INCOME Property	GROSS RENTAL INCOME Total Portfolio
Central Park	1	Market	3.5%	0.6%
Central Park	5	CPI	10.8%	1.9%

FY16 – 19 - Portfolio fixed % reviews



Excludes retail turnover rent

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Portfolio review – Stability of income

Top 10 tenants:

- **Established and well diversified across various sectors**
- **MNCs, government department or public listed companies**
- **Contribute 57% of portfolio gross rental income and have a long WALE of 5.6 years**

Top 10 tenants by gross rental income

Tenant	Property	Sector	Lease Expiry	% (Gross Rental Income)
Commonwealth of Australia	Caroline Chisholm Centre	Government	Jul-25	14.0%
Hewlett-Packard Singapore Pte Ltd	Alexandra Technopark	IT Products & Services	Nov-17	10.5%
Hewlett-Packard Enterprise Singapore Pte Ltd	Alexandra Technopark	IT Products & Services	Mar-16/ Nov-17	6.6%
Hamersley Iron Pty Ltd*	Central Park	Mining/ resources	Jun-30	6.1%
Commonwealth Bank of Australia	357 Collins Street	Banking, insurance & financial services	Dec-22	5.3%
GroupM Singapore Pte Ltd	China Square Central	Consultancy/ business services	Mar-19	3.2%
BHP Billiton Iron Ore Pty Ltd	Central Park	Mining/ resources	Between Jul-17 to Oct-17	2.8%
Service Stream Ltd	357 Collins Street	Multimedia & Telecommunications	Dec-19	2.8%
Microsoft Operations Pte Ltd	Alexandra Technopark	IT Products & Services	Jan-17	2.7%
Cerebos Pacific Ltd	China Square Central	Food & beverage	May-17	2.6%
Total				56.6%

As at 31 December 2015. Excludes retail turnover rent

* An entity of Rio Tinto Limited signed a Heads of Agreement for a new lease for 12 years from FY18 to FY30. New lease is assumed based on the existing space currently occupied by Hamersley Iron Pty Limited, a wholly-owned subsidiary of Rio Tinto Limited at Central Park as the exact space requirement will only be determined later.

Asset updates – Developments at China Square Central

- **Site has been handed over for the development of a 16 storey hotel at China Square Central[1]**
- **New retail and commercial spaces with better frontage and visibility will also be created[2]**
- **Construction work expected to commence in 1Q 2016**
- **Construction expected to be completed in mid-2019, ahead of initial estimated construction period**



Artist's impression of the Hotel

China Square Central Hotel

- Hoardings will be erected to demarcate construction area
- Minimal disruptions expected
- Hotel and new retail and commercial spaces are part of the continuous rejuvenation which will boost the value of China Square Central in the long term

1 Construction to be undertaken by an entity of Frasers Centrepoint Limited.

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. This is to be undertaken by an entity of Frasers Centrepoint Limited as part of the additions and alterations at China Square Central.

Portfolio review – Singapore asset updates

China Square Central – healthy occupancy rate



55 Market Street – healthy occupancy rate



Alexandra Technopark – healthy occupancy rate



Occupancy	95.1% (office tower: 98.3%)	95.8%	92.8% ^
WALE	1.6 years	1.3 years	1.5 years
New leases, committed and renewals	Crest Travel & Tours Pte Ltd, Silverfox Studios Pte Ltd, Ministry of Design Pte Ltd, Guo Fu Pte Ltd	Citigate Dewe Rogerson, I.Mage Pte Ltd	Sharp-Roxy Sales (Singapore) Pte Ltd, MIMS Pte Ltd
Tenants	groupm, Cerebos, MOL, geyer, MediaMath, COASTAL, PAMA, EQUINIX, WT PARTNERSHIP, BANJARAN WEALTH, CHUBB	JONES LANG LASALLE, JobSTUDIO, bwl, CHANCERY LAW CORPORATION, Citigate Dewe Rogerson, MANCHESTER 1824, TKP, Itron, OPTUM, SUMITOMO FORESTRY (SINGAPORE) LTD.	hp, NOKIA, dyson, Great Eastern, SYBASE, OKI, SENNHEISER, AEROFLEX

As at 31 December 2015.

^ Committed occupancy as at 31 December 2015.

Portfolio review – Australia asset updates

	Central Park – Healthy WALE of 2.9 years	Caroline Chisholm Centre – full occupancy with long WALE of 9.5 years	357 Collins Street – full committed occupancy
			
Occupancy	80.3%^	100.0%	100.0%^
WALE	2.9 years (7.5 years with new lease#)	9.5 years	5.3 years
New leases, committed and renewals	Jones Day	Property occupied by a single tenant, i.e. the Commonwealth of Australia as represented by Centrelink (Aaa rated*) until July 2025	Folkstone Limited, Henrietta Chicken
Tenants	Rio Tinto, bhpbilliton, Asgard, MIMI, GESB, Plan B, DLA PIPER, ASX	Australian Government	CommonwealthBank, Wilson HTM, meridian, infor, EUREKA, orange Business Services, THE TRUST COMPANY

As at 31 December 2015.

^ Committed occupancy as at 31 December 2015.

* Based on Moody's rating in December 2014.

\# An entity of Rio Tinto Limited signed a Heads of Agreement for a new lease for 12 years from FY18 to FY30. New lease is assumed based on the existing space currently occupied by Hamersley Iron Pty Limited, a wholly-owned subsidiary of Rio Tinto Limited at Central Park as the exact space requirement will only be determined later.

Capital management

Capital Management – Debt statistics

- **Healthy interest coverage ratio of 4.63 times**
- **Low average interest rate of 3.07%**
- **Borrowings in AUD provide natural hedge for the Australian properties**

Statistics

	As at 31 December 2015
Total Assets (S$'000)	2,044,163
Gross Borrowings (S$'000)	738,952
Units on Issue and Issuable	784,956,268
NAV per Unit (ex-DPU) (S$)	1.53
Gearing [1]	36.2%
Interest coverage ratio (times) [2]	4.63
Average borrowing rate [3]	3.07%
- Weighted average SGD debt rate	2.65%
- Weighted average AUD debt rate	4.11%
FCOT Issuer rating by Moody's	Baa3

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 December 2015. See accompanying 1QFY16 Financial Statements announcement for more details.

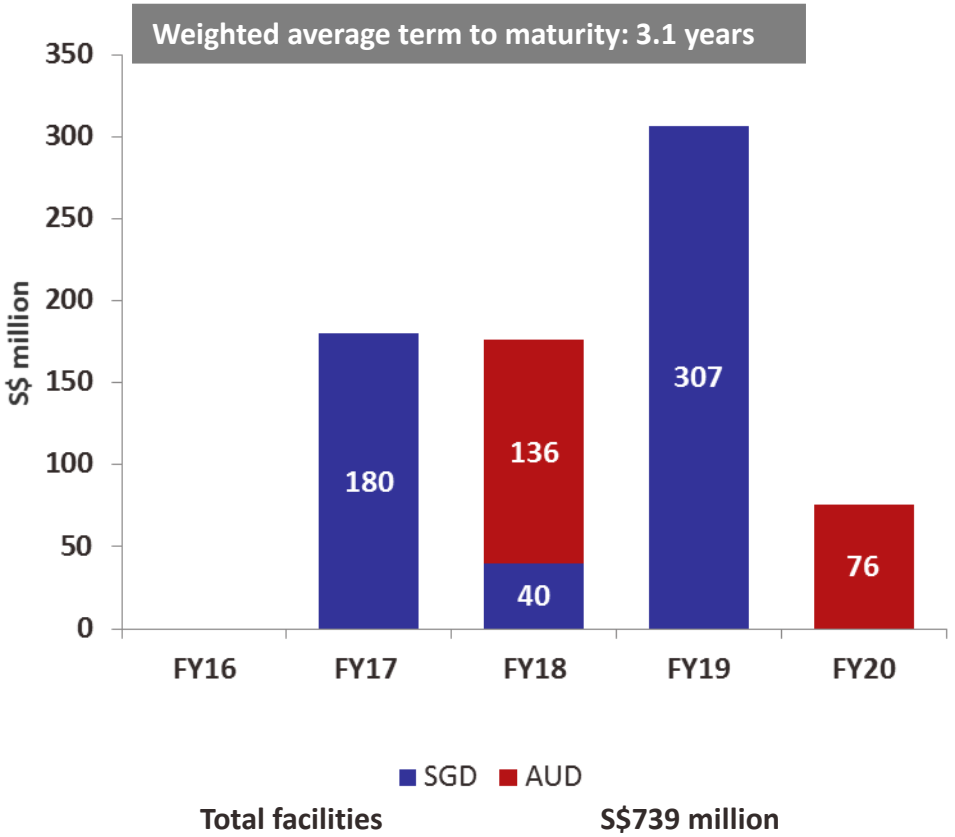
3 For quarter ended 31 December 2015

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Capital Management and debt statistics

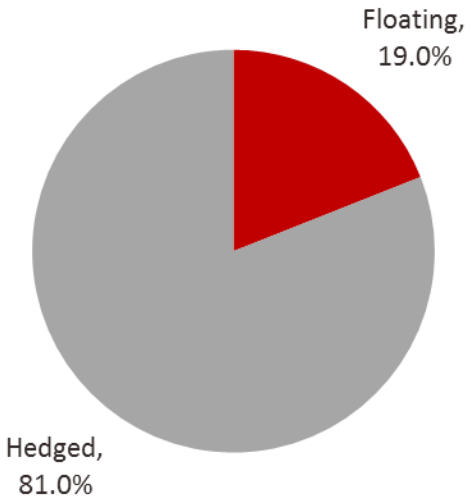
- **Well spread debt maturity profile**
- **No refinancing required until FY17**
- **All debts are unsecured**
- **Hedged 81% of gross borrowings on fixed rate**

Debt maturity



Total facilities **S$739 million**

Debt composition – floating vs. hedged



Hedging debt

As a % of:	As at 31 December 2015
Total Gross Borrowings	81%

As at 31 December 2015.

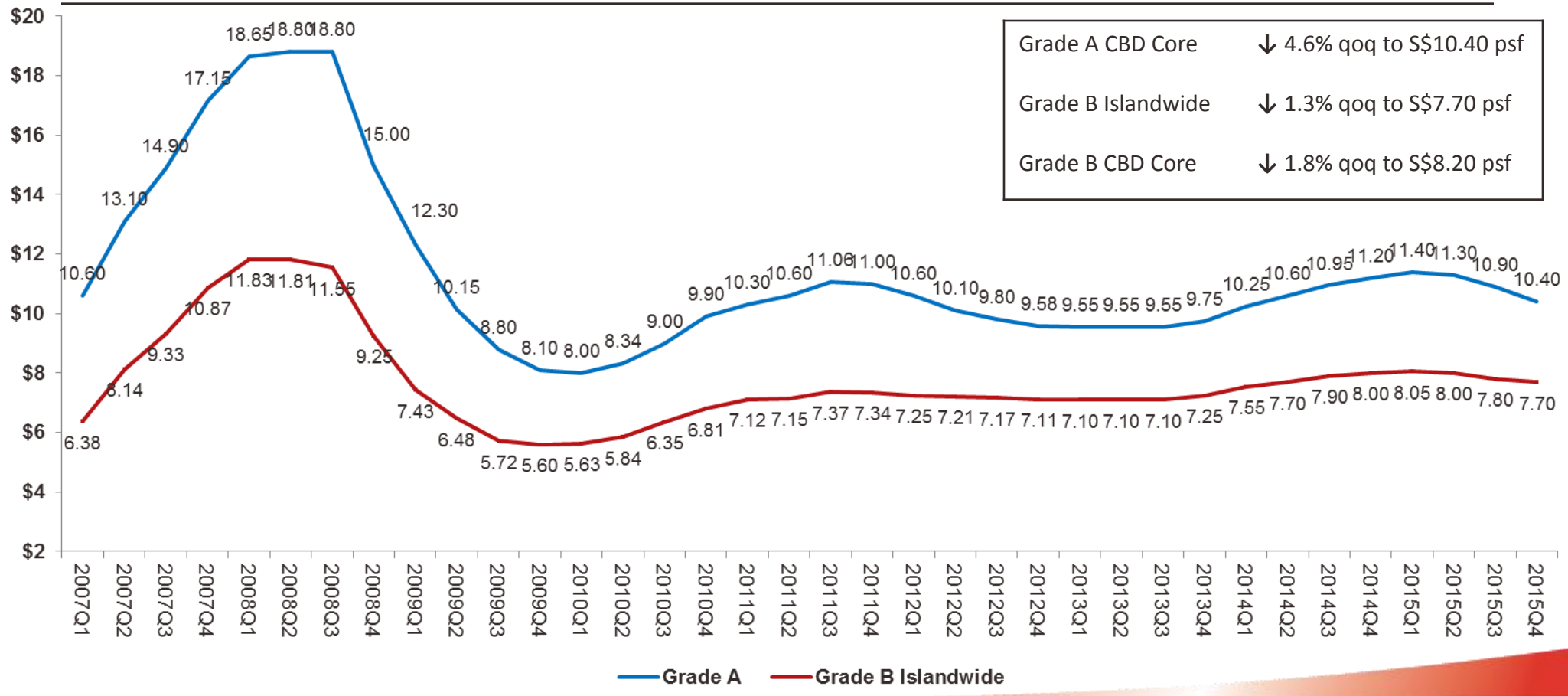
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Moving forward

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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	↓ 4.6% qoq to S$10.40 psf
Grade B Islandwide	↓ 1.3% qoq to S$7.70 psf
Grade B CBD Core	↓ 1.8% qoq to S$8.20 psf

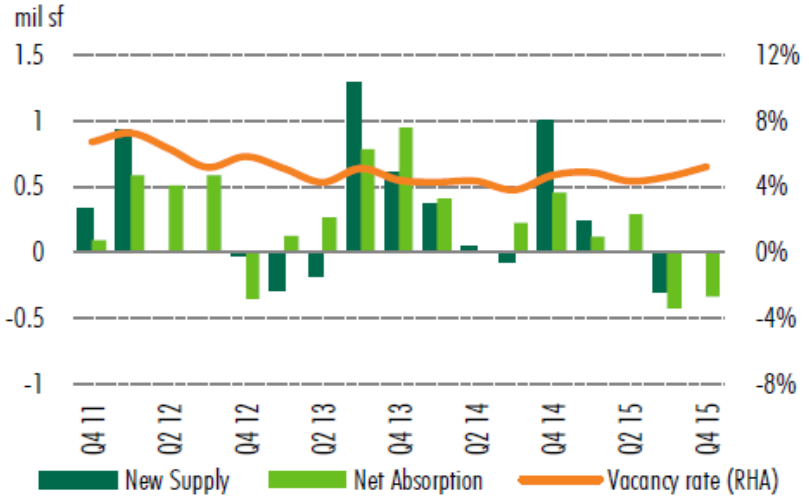
Source: CBRE Research

1 CBRE, Singapore Market View, Q4 2015

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

Office supply-demand dynamics and vacancy rates [1]



Source: CBRE Research, Q4 2015

Table 1: Office Vacancy Rates

	Q4 15	Q-o-q	Y-o-y
Islandwide	5.2%	60 bps	51 bps
Core CBD	4.9%	68 bps	57 bps
Fringe CBD	6.2%	49 bps	189 bps
Decentralised	4.8%	55 bps	12 bps
Grade A	5.2%	-4 bps	-66 bps

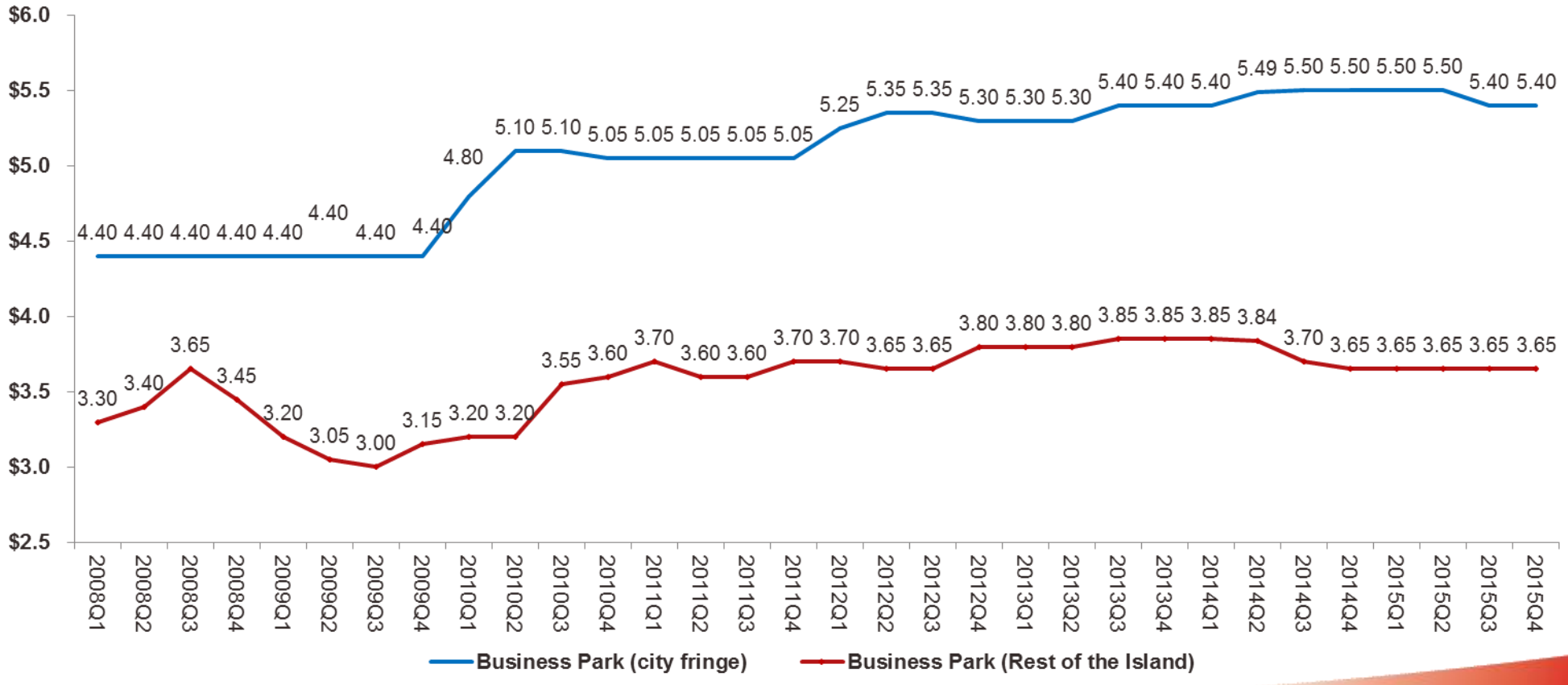
Source: CBRE Research, Q4 2015

- Q4 2015 total Islandwide office net absorption was negative 331,446 sf
- For the first time since Q1 2009, the office market recorded a consecutive quarter of negative absorption
- Asian and Japanese financial institutions, insurance and pharmaceutical companies continue to hold up well
- Relatively low vacancy of 5.2% is positive
- Major transactions are expected to emerge early next year, although off a lower rent base

1 CBRE, Singapore Market View, Q4 2015

Singapore business park rents trend – Rents have remained stable[1]

Singapore Business Park (city fringe) rents[1]

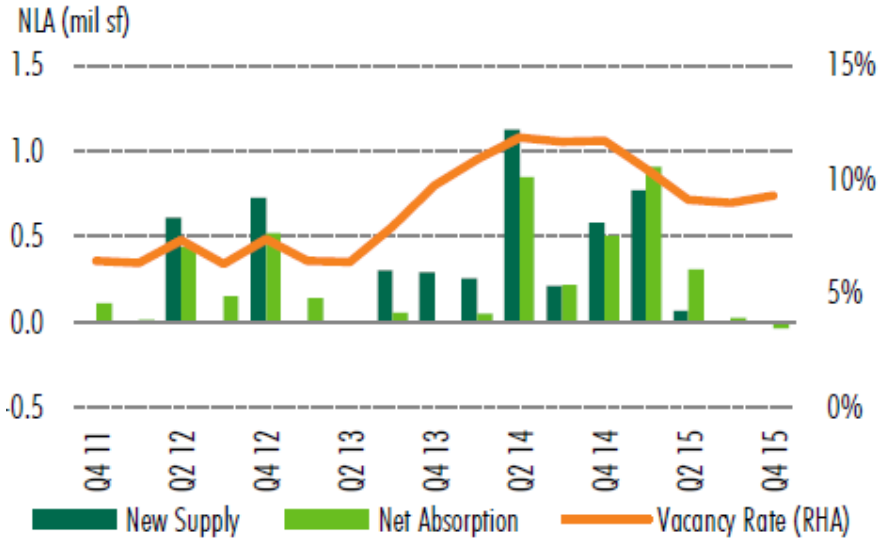


Source: CBRE Research

1 CBRE, Singapore Market View, Q4 2015

Solid fundamentals - demand, supply and outlook for business park

Business Park supply-demand dynamics and future pipeline[1]



Source: CBRE Research, Q4 2015

Table 6: Known Business Park Future Pipeline

Year	Est. NLA (mil sf)	Est. Pre-commitment
2016	1.82	37%
2017	-	-
Total	**1.82**	**37%**

Source: CBRE Research, Q4 2015

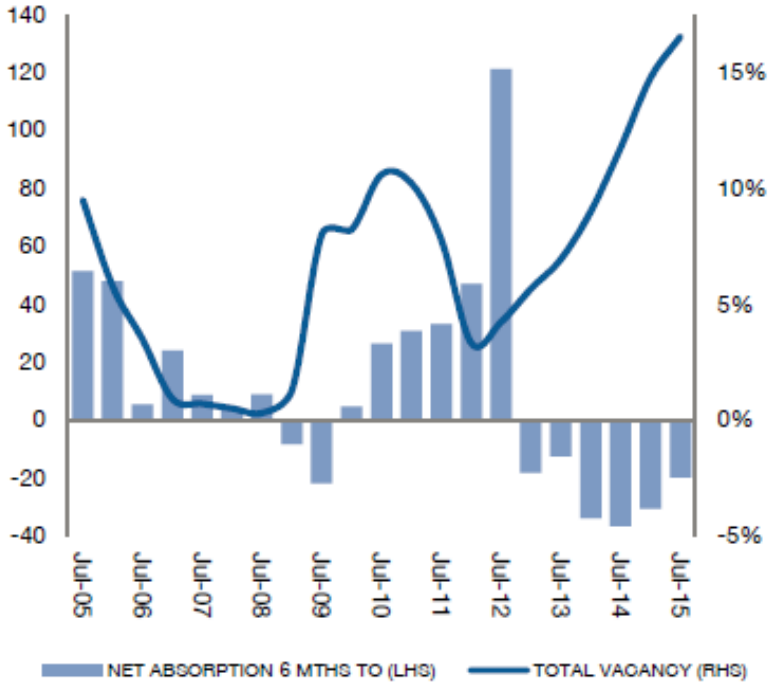
- Islandwide net absorption was approximately 1.18 million sf in 2015
- 4Q 2015 overall vacancy remained relatively stable at 9.3%, up 0.3 percentage points from previous quarter
- Technology, e-commerce and bio-medical industries continue to form the main bulk of demand
- Business parks sector remains fundamentally sound
- Rents are projected to remain flat

1 CBRE, Singapore Market View, Q4 2015

Perth CBD office supply and rents

- **Perth CBD office is still experiencing negative net absorption as a result of the soft leasing market**
- **Incentives for Prime space is around 45%**
- **Average Perth CBD prime net face rent was A$612 per square metre per annum**

Perth CBD office vacancy and net absorption ('000 sm) [1]



Source: Knight Frank Research/PCA

Market conditions [1]

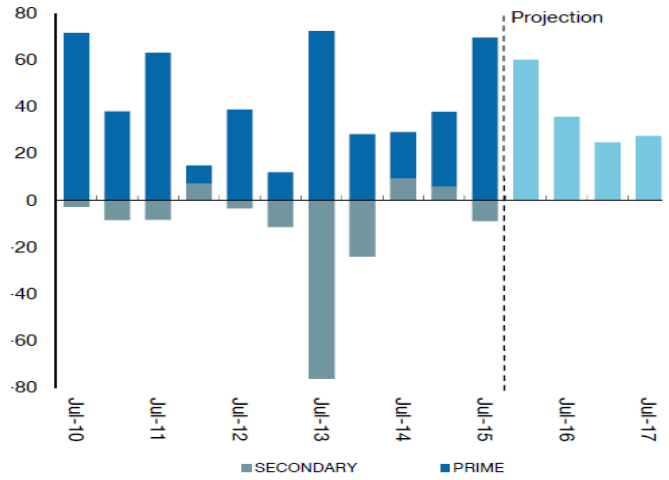
- Net absorption in the 12 months to July 2015 was negative 50,457 m^2 in the Perth CBD office market
- July 2015 was the sixth consecutive quarterly negative net absorption since January 2012
- Perth CBD office vacancy was 16.6% as at July 2015, an increase of 4.8 percentage points from 11.8% as at July 2014
- The current Perth CBD office market is allowing tenants the opportunity to seek better quality space and obtain greater incentives and in turn reset their passing rentals
- Demand is soft, but many tenants are taking advantage of incentives to relocate to higher quality office space
- Incentives are now around 45% and are expected to remain high as vacancy levels rise further into 2016

1 Knight Frank, Perth CBD Office Market Brief October 2015

Melbourne CBD office supply and rents

- **Melbourne Prime CBD office average net face rent are between A$450 – A$650 psm per annum**
- **Net absorption of 60,906 m² in the six months to July 2015 a five year high**
- **Vacancy is expected to decline over the next three years**

Melbourne CBD office market net absorption ('000 sm)[1]



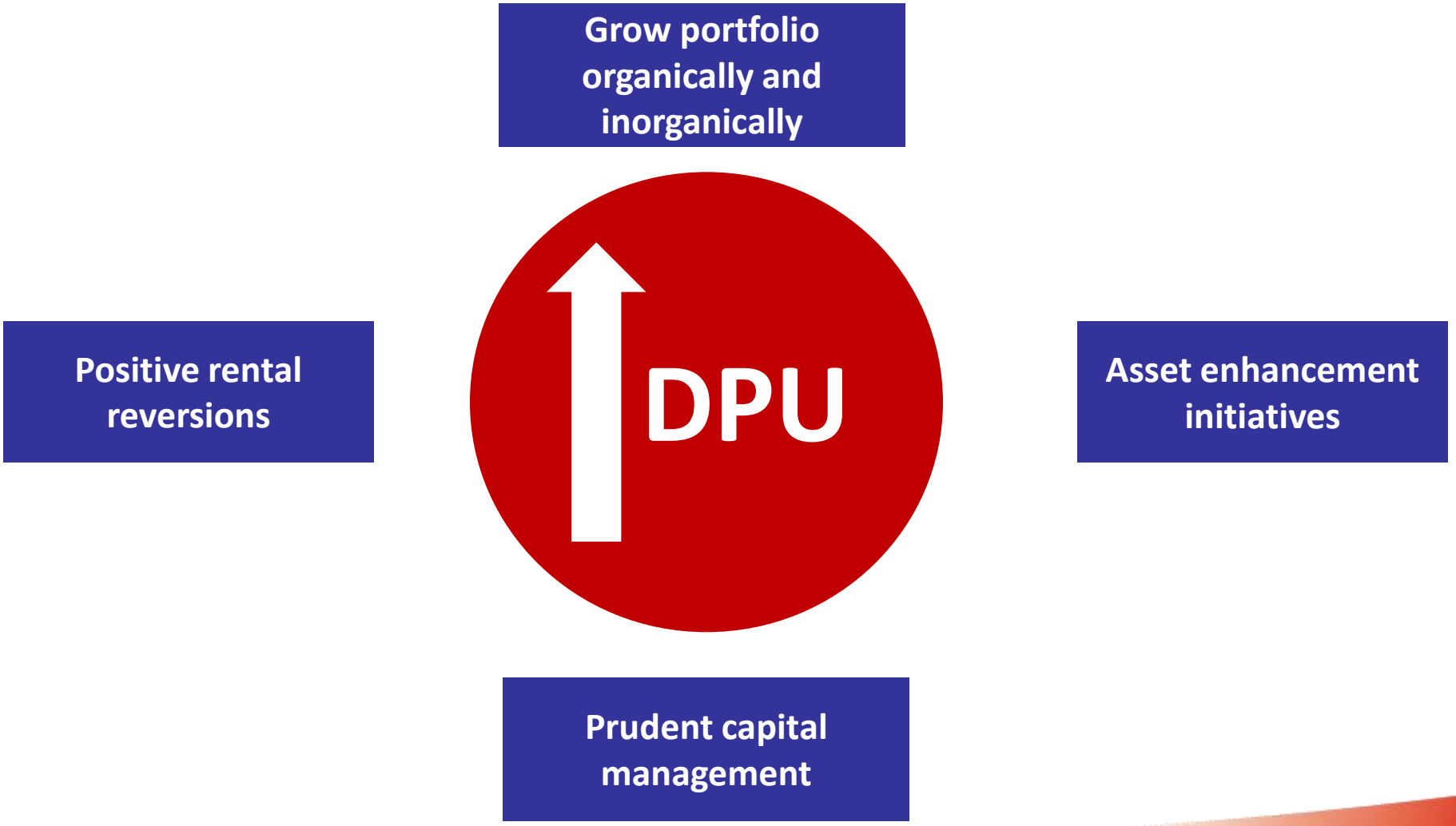
Source: Knight Frank Research/PCA

Market conditions [1]

- In the six months to July 2015, net absorption in the Melbourne CBD office market was 60,906 m², a five-year high
- Organisations intent on attracting and retaining the best talent are relocating into prime quality office accommodation
- High level of net absorption recorded in the Melbourne CBD office market has been driven by non-CBD tenants migrating into the market
- As at July 2015, Melbourne CBD office vacancy was 8.1%, the second lowest vacancy amongst all of Australia's CBD office markets
- A Grade vacancy was 7.6% as at July 2015
- Average prime incentives continue to range between 28% and 32%
- Total vacancy in the CBD office market is forecast to decline over the next three years to 6.0% as at July 2016

1 Knight Frank, Melbourne CBD Office Market Overview October 2015

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



Thank you

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