

Frasers Commercial Trust
OCBC Global Treasury
REITs Presentation 2014

August 2014



FRASERS COMMERCIAL TRUST

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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.

Contents

- **Key highlights**
- **Operational and financial overview**
- **Supplementary materials**



Key highlights



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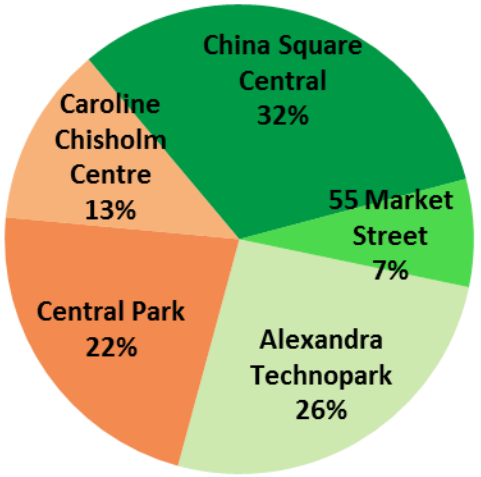
Key highlights – Asset locations and valuation

- **FCOT offers balanced exposure to 5 quality properties in Singapore and Australia**
- **No single property consists of more than 32% of portfolio value**

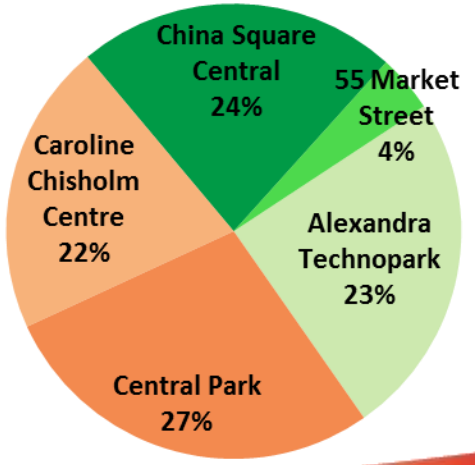


	Properties	Portfolio Value [1]	3QFY14 Portfolio Net Property Income
SINGAPORE	2 office assets 1 business space asset	S$1,171.0 million, (65%)	S$11.6 million, (51%)
AUSTRALIA	2 office assets	S$643.7 million, (35%)	S$11.3 million, (49%)
Total	4 office assets 1 business space asset	S$1,814.7 million	$S22.9 million

Portfolio Value [1]



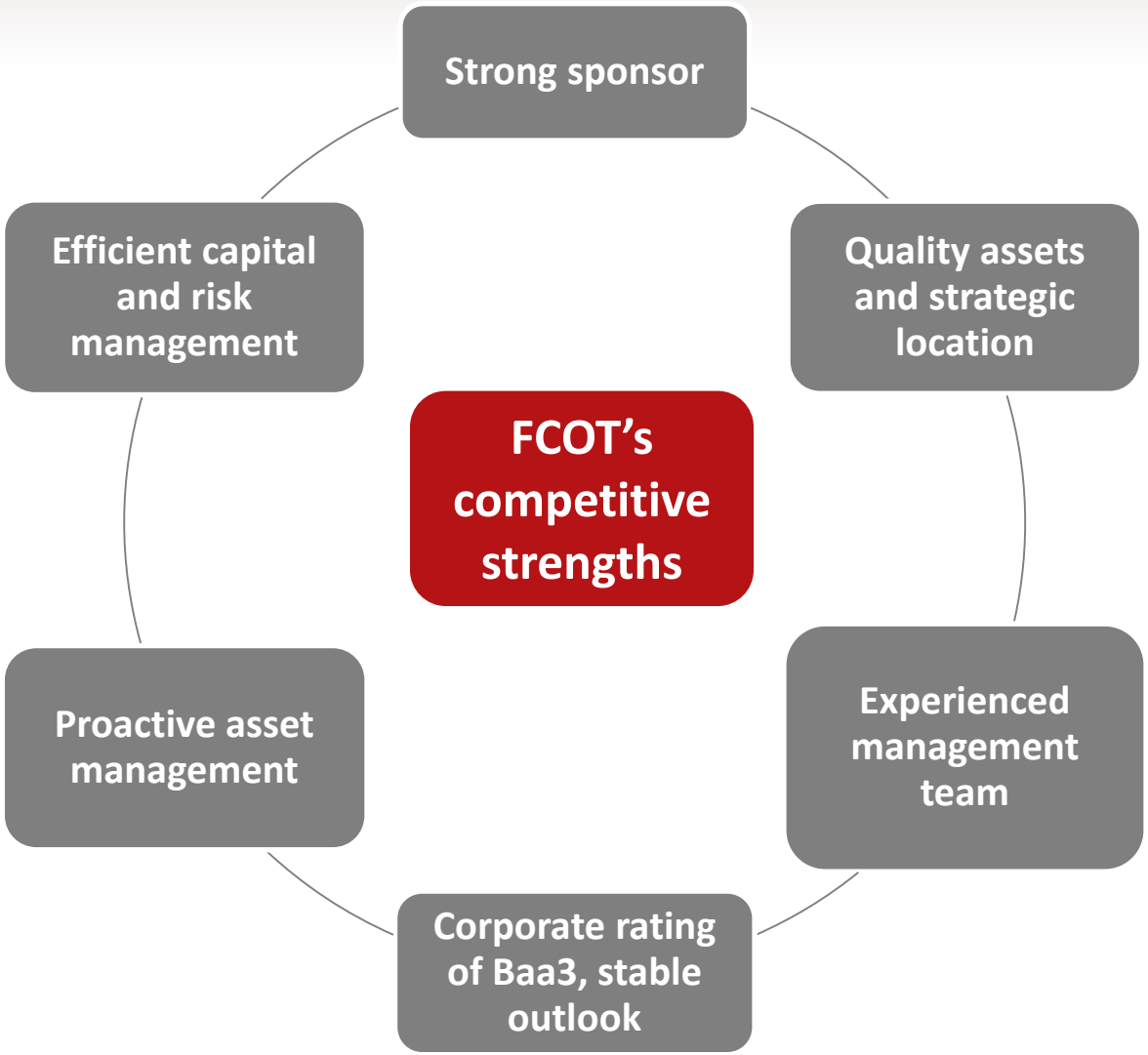
3QFY14 Portfolio Net Property Income



1 As at 30 June 2014

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Key highlights - FCOT's competitive strengths



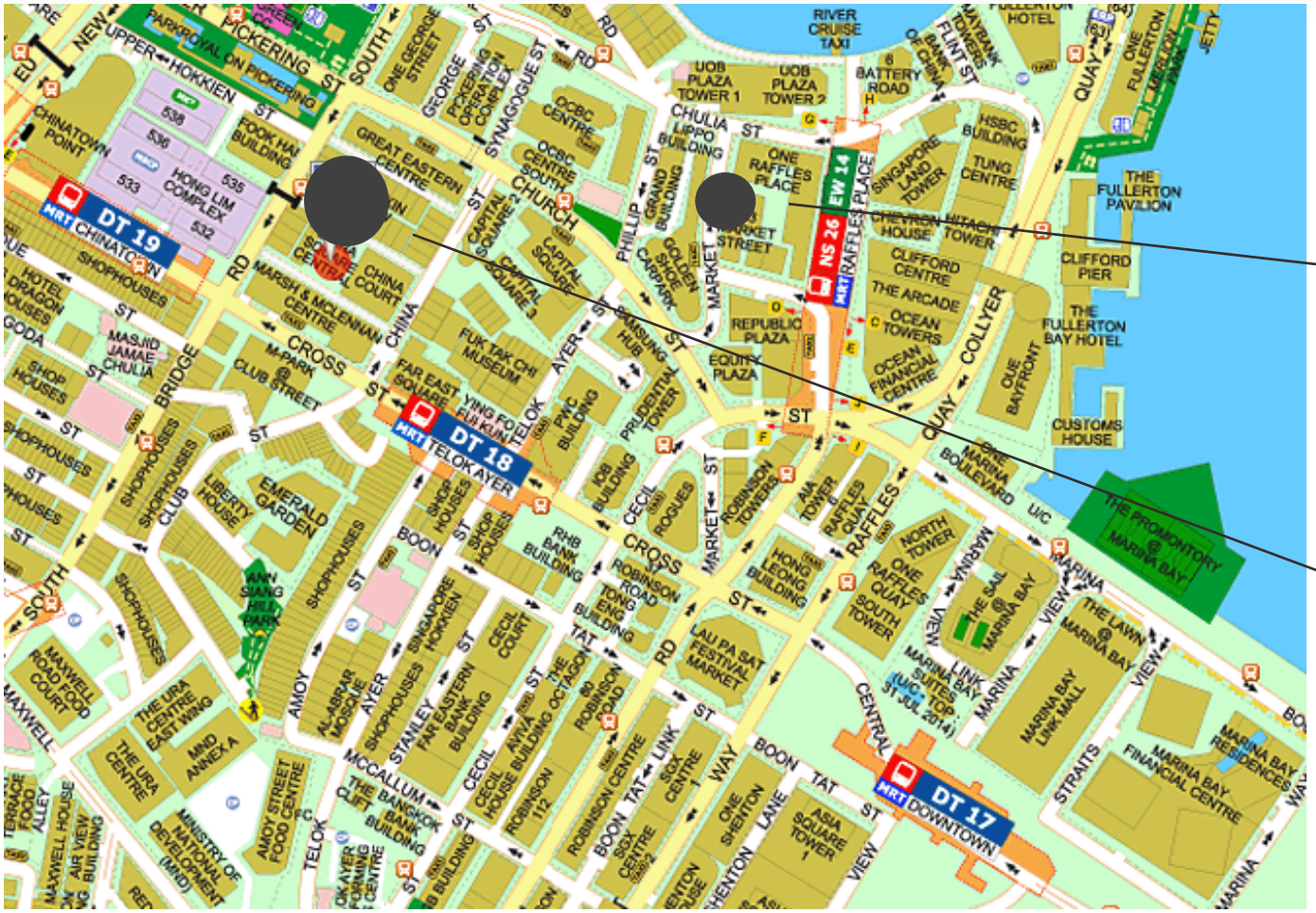
FCOT is supported by a strong sponsor

Key attributes of sponsor

- ✓ Frasers Centrepoint Limited ("FCL") has strong foothold in property development, investment and management
- ✓ Established track record
- ✓ Strong financials
- ✓ Strong regional footprint
- ✓ Integrated property developer
- ✓ Overseas reach
- ✓ Strong network of relationships in office sector

➔ Key highlights – Quality and strategically located assets

- **Singapore office assets are centrally located in the CBD area**



Singapore CBD



55 Market Street

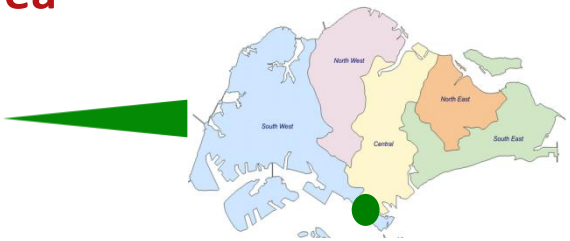


China Square Central

- **Alexandra Technopark is located within the prominent Alexandra business corridor, a dynamic business hub at the fringe of the Central area**



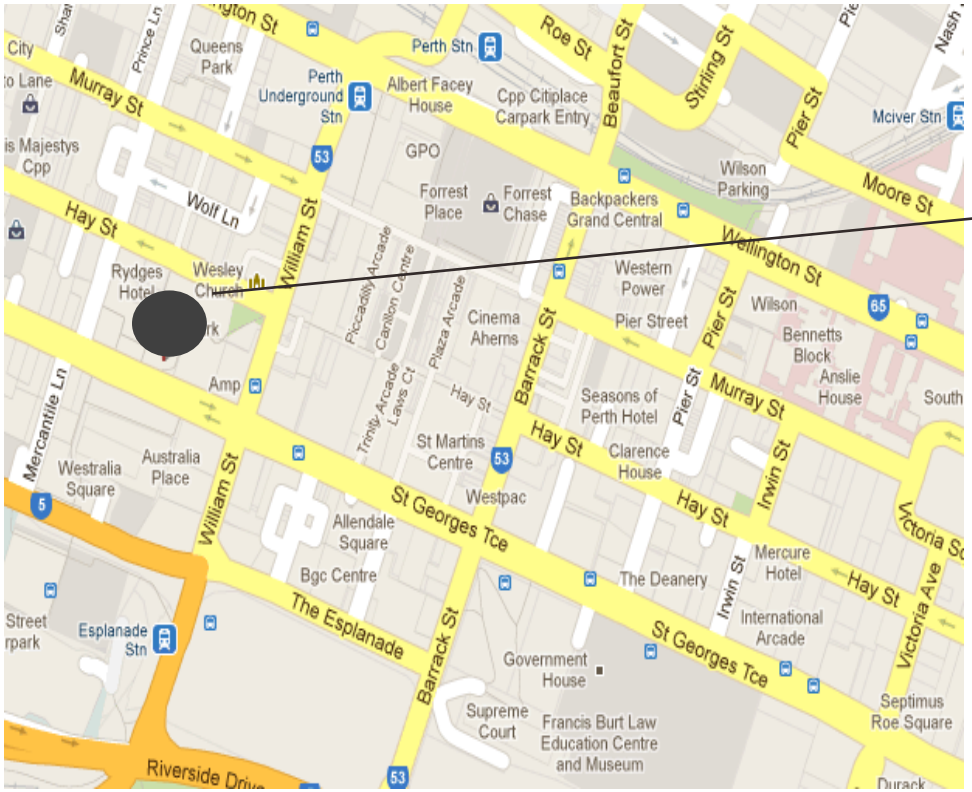
Alexandra business corridor





Alexandra Technopark

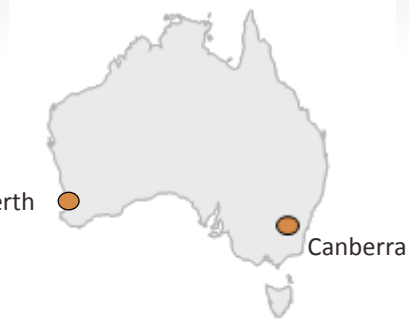
- **Australian assets are strategically located**



Perth CBD

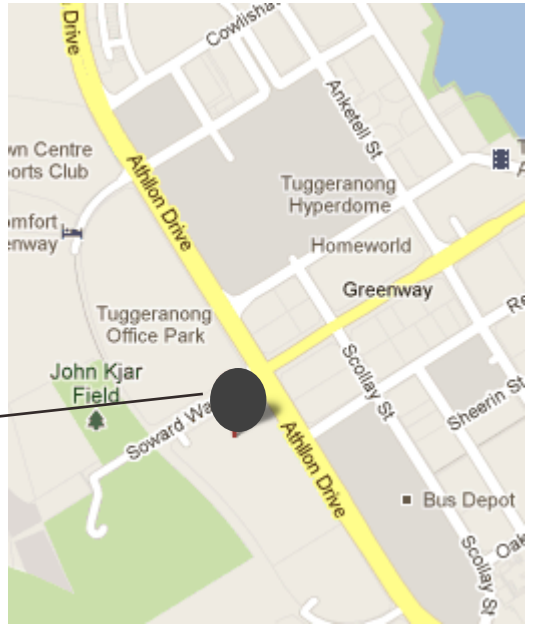


Central Park, Perth





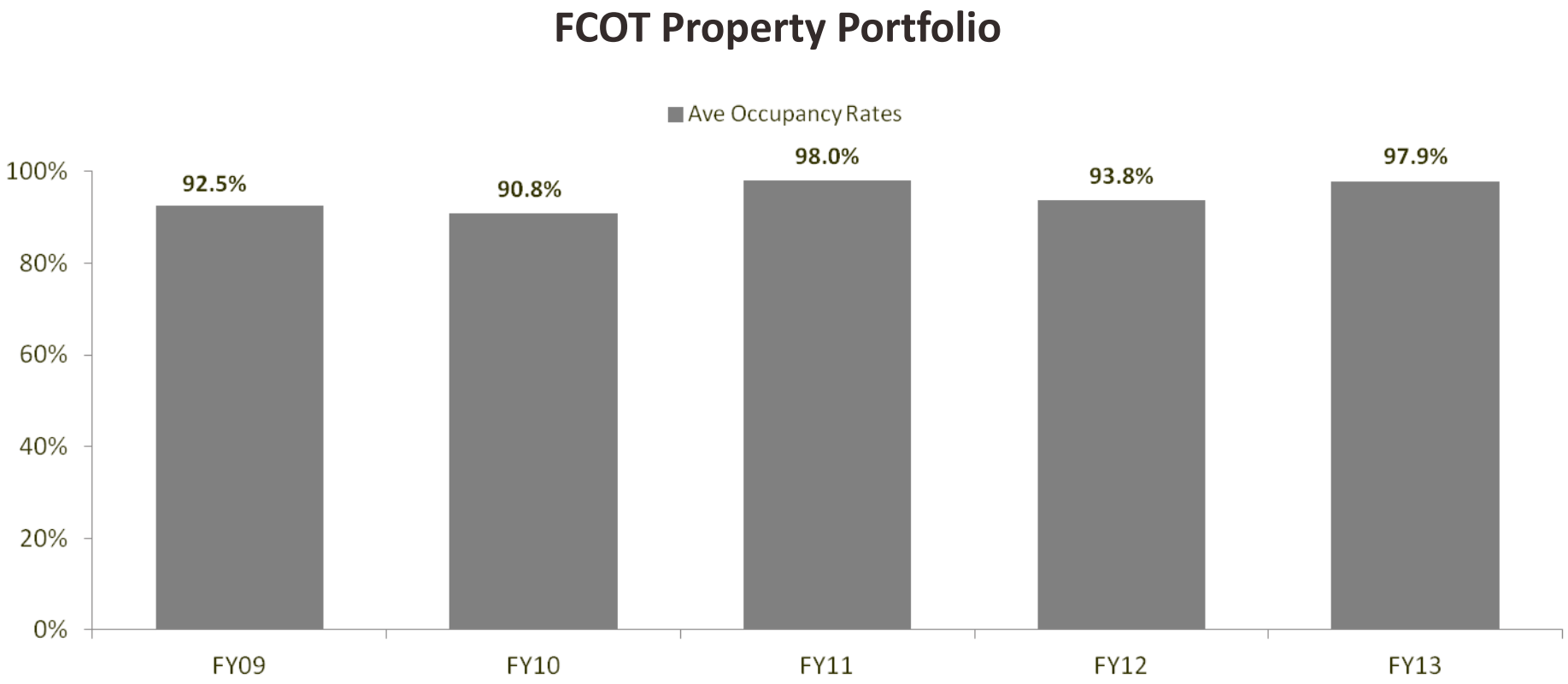
Caroline Chisholm Centre, Canberra



Tuggeranong Town Centre, Canberrra

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- **High occupancy rates demonstrate the good location and connectivity of the assets**



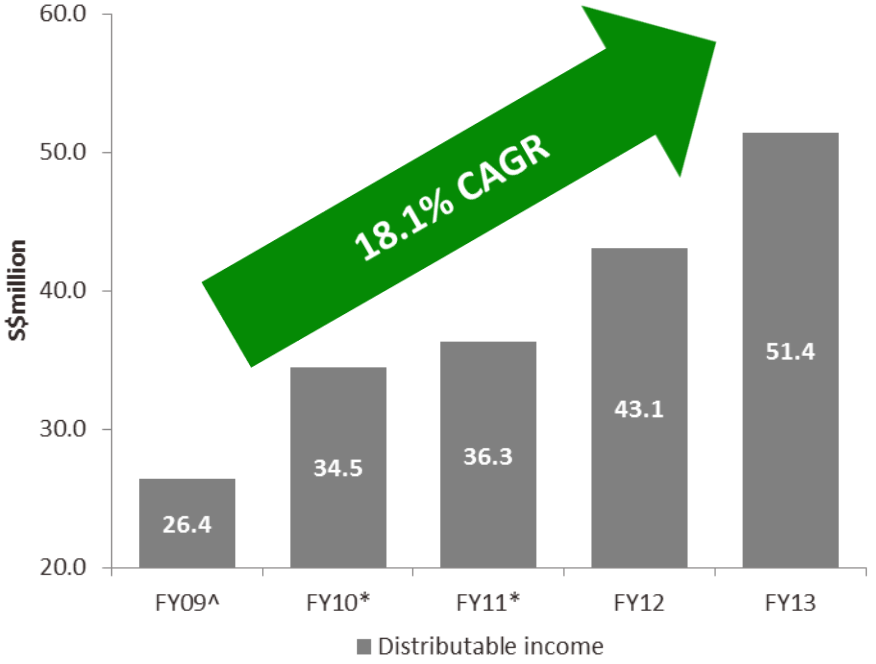
WALE by gross rental income (as at 30 June 2014)	3.9 years

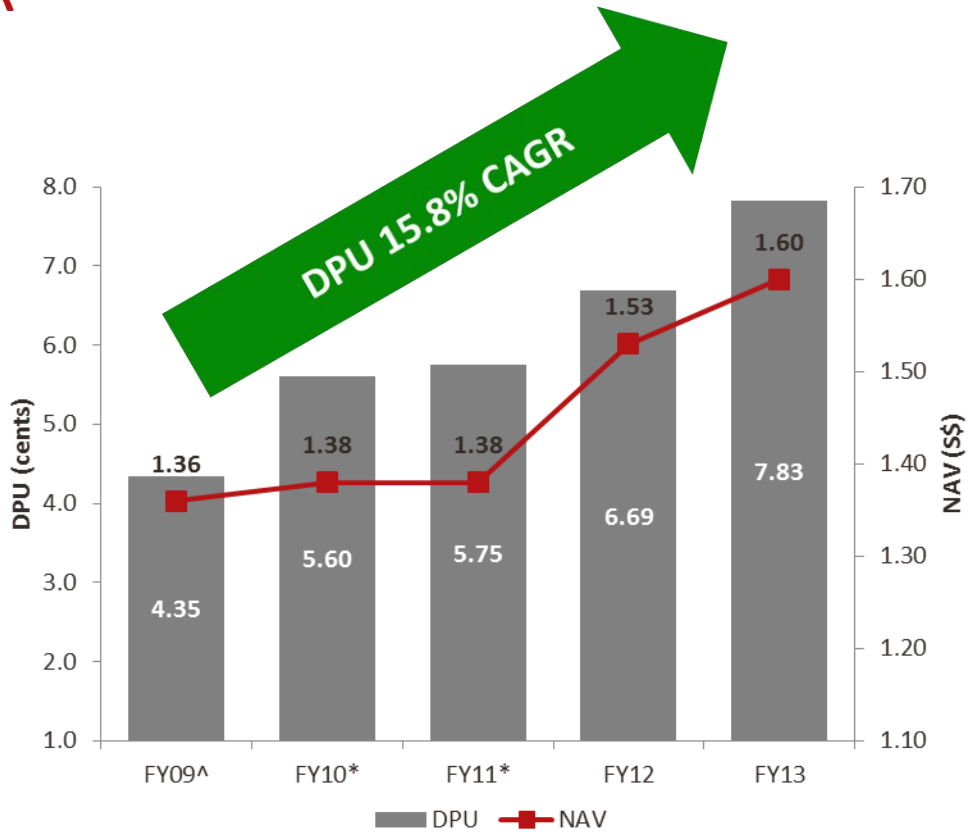
As at 30 June 2014. Excludes retail turnover rent

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Key highlights – Experienced management team

- **Experienced management team delivered fourth consecutive year of growth in distributable income and DPU since recapitalisation exercise**
- **From FY09 – FY13:**
  - **Distributable income grew at 18.1% CAGR**
  - **DPU grew at 15.8% CAGR**
  - **NAV grew at 4.1% CAGR**





^ Adjusted for Unit consolidation. In FY09, FCOT changed its financial year end from 31 December to 30 September. For comparison purposes, the distributable income and DPU for 12 months period from 1 October 2008 to 30 September 2009 is presented.

* Adjusted for Unit consolidation

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- **Rated Baa3 with stable outlook by Moody's**

✓ Balanced portfolio of properties

✓ Properties located in well regulated markets – Singapore and Australia

✓ Healthy lease expiry profile

✓ Stable rents, recurring cashflows

✓ Expects FCOT's properties to continue generating stable incomes – steady occupancy, organic growth from positive rental reversions

Key highlights – Proactive asset management

- **Manager constantly reviews trade mix and market position of properties to increase income and property values**
- **Upgrading and unlocking value of property improves positioning of property and enhance future growth potential**



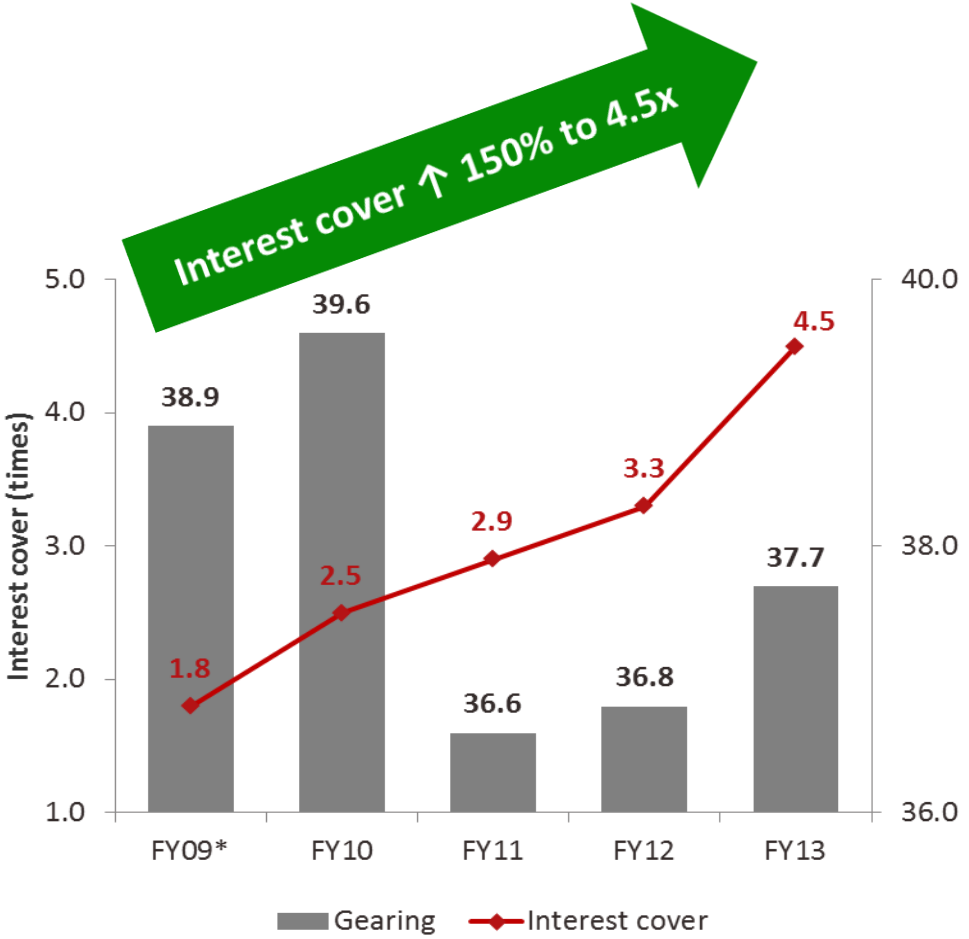
Precinct Master Plan, China Square Central

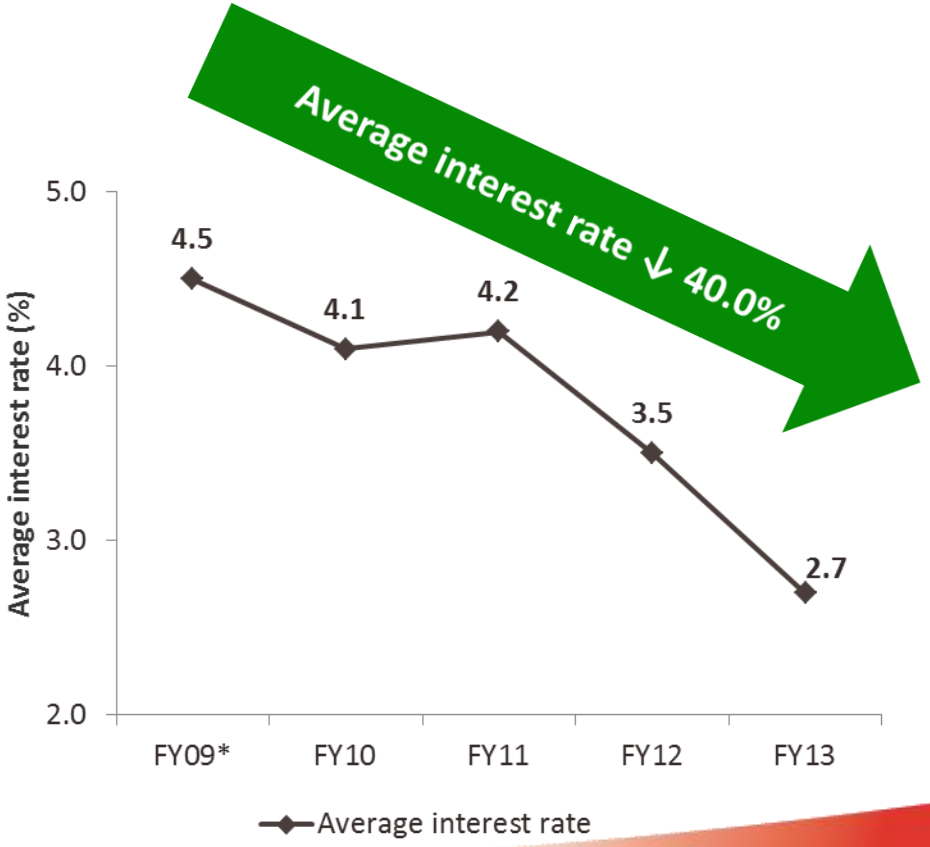


Asset enhancement, office tower of China Square Central

Key highlights – Efficient capital and risk management

- **Gearing consistently below 40.0% since recapitalisation exercise**
- **Interest cover has more than doubled since FY09 demonstrates improved profile**
- **Average interest rate decreased by 40.0% since 4QFY09**





* In FY09, FCOT changed its financial year end from 31 December to 30 September. FY09 represents the period from 1 January 2009 to 30 September 2009.

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FCOT wins prestigious award in Corporate Governance



- Runner-up, Singapore Corporate Governance Award under the REITs and Business Trust category, 14th SIAS Investors' Choice Award
- Award recognises companies with good corporate governance practices and shareholder interest based on the following:
  - Singapore Corporate Governance Code
  - Organisation for Economic Co-operation and Development standards
  - Shareholder confidence



Operational and financial overview



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1. Stability of income

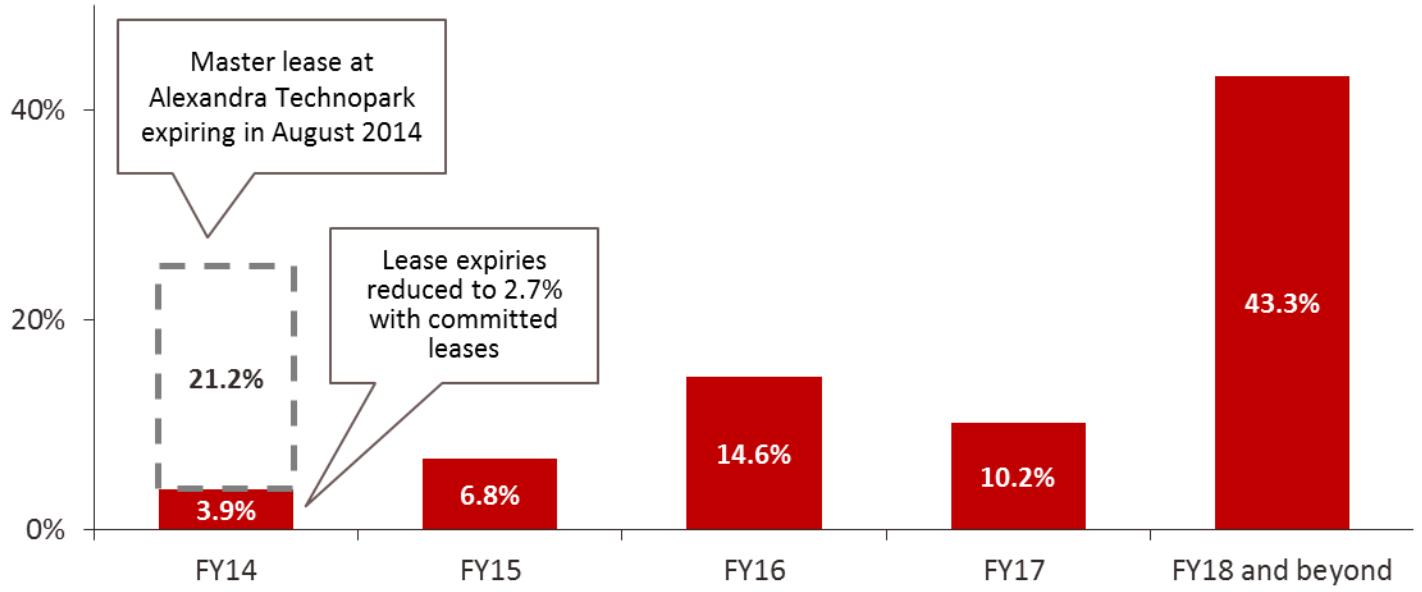
- ➔ Healthy lease expiry profile
- ➔ Healthy occupancy and long WALE
- ➔ Quality tenants and master lease
- ➔ Organic growth

2. Solid fundamentals

3. Growth strategy

More than 43% of lease expiry in FY2018 and beyond provides income stability

Portfolio lease expiry by gross rental income



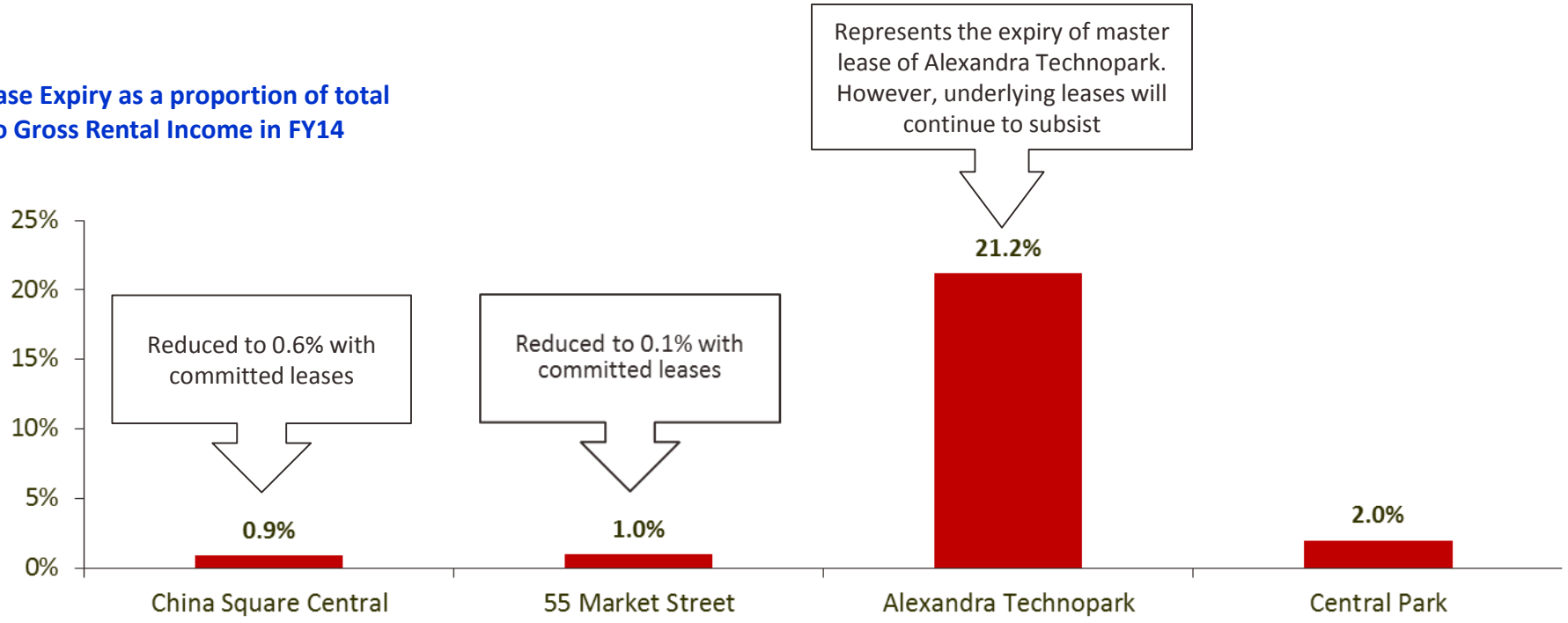
Number of leases expiring	20	47	62	27	21
NLA (sq ft) expiring	1,089,846	93,834	199,603	120,194	730,977
Expiries as % total NLA	48.8%	4.2%	8.9%	5.4%	32.7%
Expiries as % total Gross Rental Income	25.1%	6.8%	14.6%	10.2%	43.3%

As at 30 June 2014. Excludes retail turnover rent

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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



	China Square Central	55 Market Street	Alexandra Technopark	Central Park
Number of leases expiring	13 (9 after committed)	5 (1 after committed)	1	1^
Average passing rent for expiring leases	$6.7	$6.5	$1.8*	AUD $790

As at 30 June 2014. Excludes retail turnover rent

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

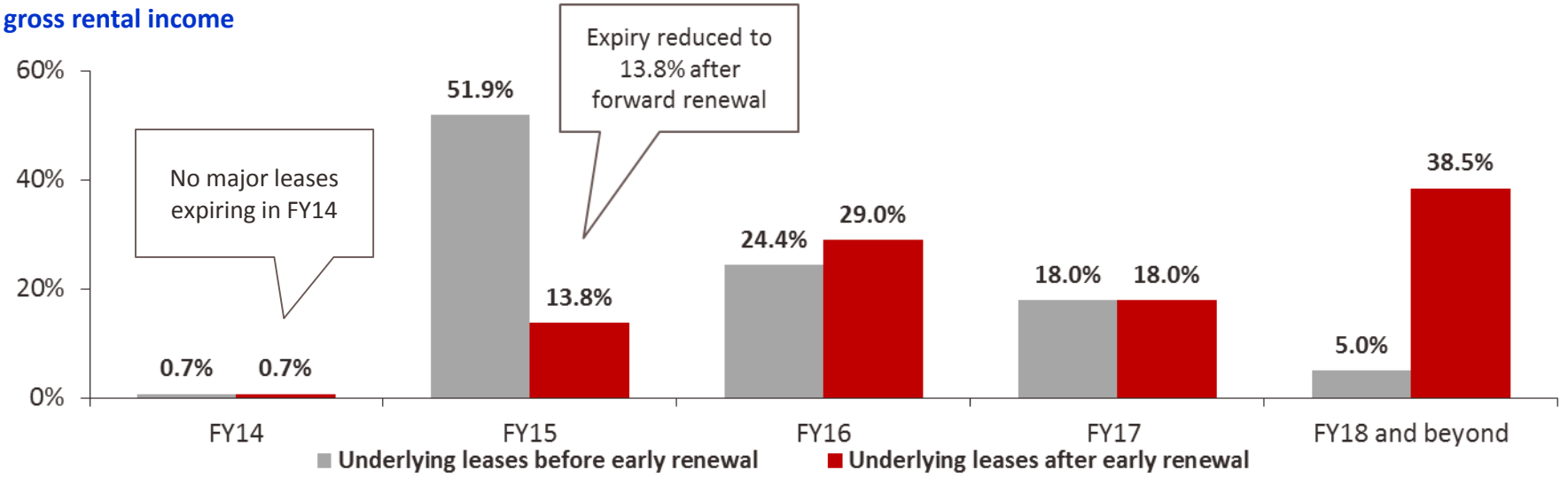
^ Tenant is not renewing

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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

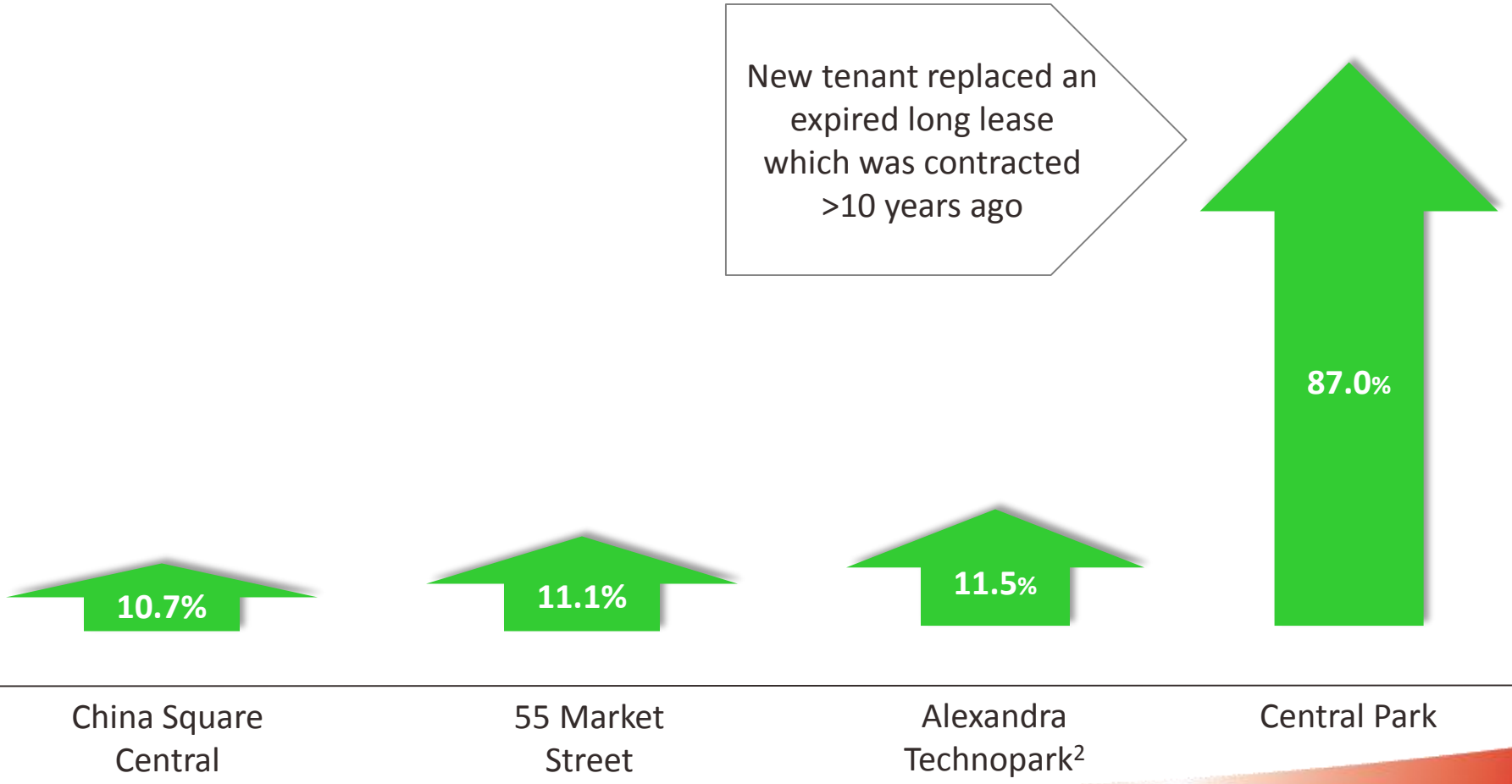


	FY14		FY15		FY16		FY17		FY18 and beyond	
No. of leases expiring	4	4	16	14	14	15	17	17	3	4
NLA (sq ft) expiring	6,566	6,566	565,173	153,840	231,351	281,080	163,614	163,614	46,544	408,147
Expiries as % total NLA	0.6%	0.6%	54.1%	14.7%	22.1%	26.9%	15.7%	15.7%	4.5%	39.0%
Expiries as % total Gross Rental Income	0.7%	0.7%	51.9%	13.8%	24.4%	29.0%	18.0%	18.0%	5.0%	38.5%

As at 30 June 2014. Excludes retail turnover rent

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Positive rental reversions for new and renewed leases that commenced in 3QFY14[1]



As at 30 June 2014. Excludes retail turnover rent

1 Weighted average rental reversions based on the area for the new and renewed leases in 3QFY14.

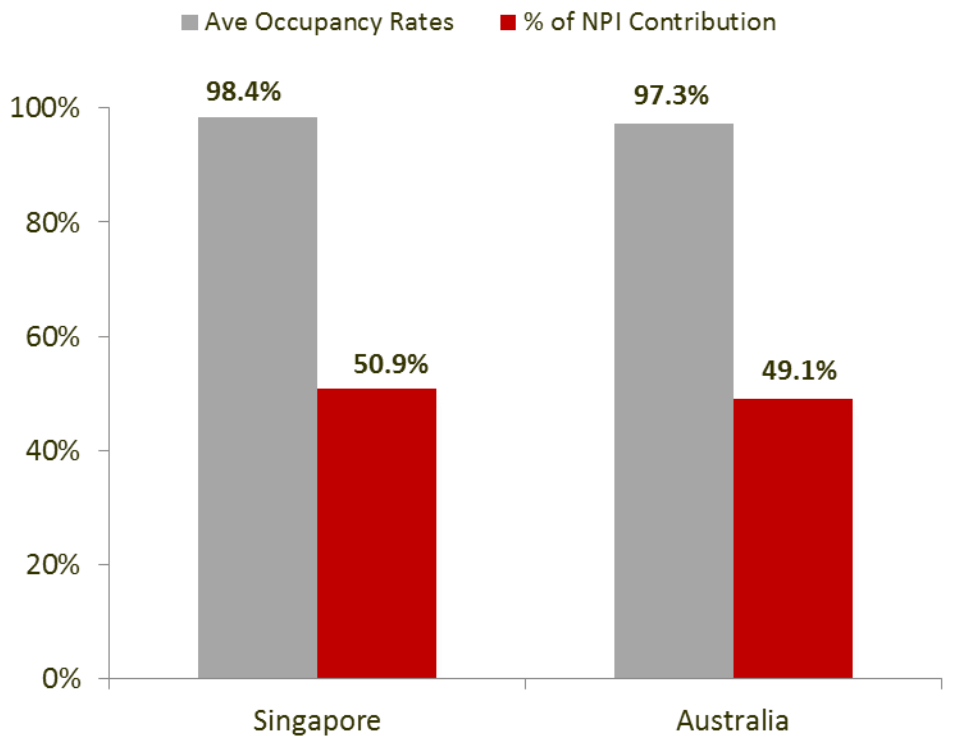
2 Underlying leases.

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- **Strong average occupancy rate of 98.0%**
- **Healthy WALE of 3.9 years**

Key portfolio statistics	As at 30 June 2014
Ave Occupancy	98.0%
WALE by gross rental income	3.9 years

Geographical occupancy and % of NPI contribution



As at 30 June 2014. Excludes retail turnover rent

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

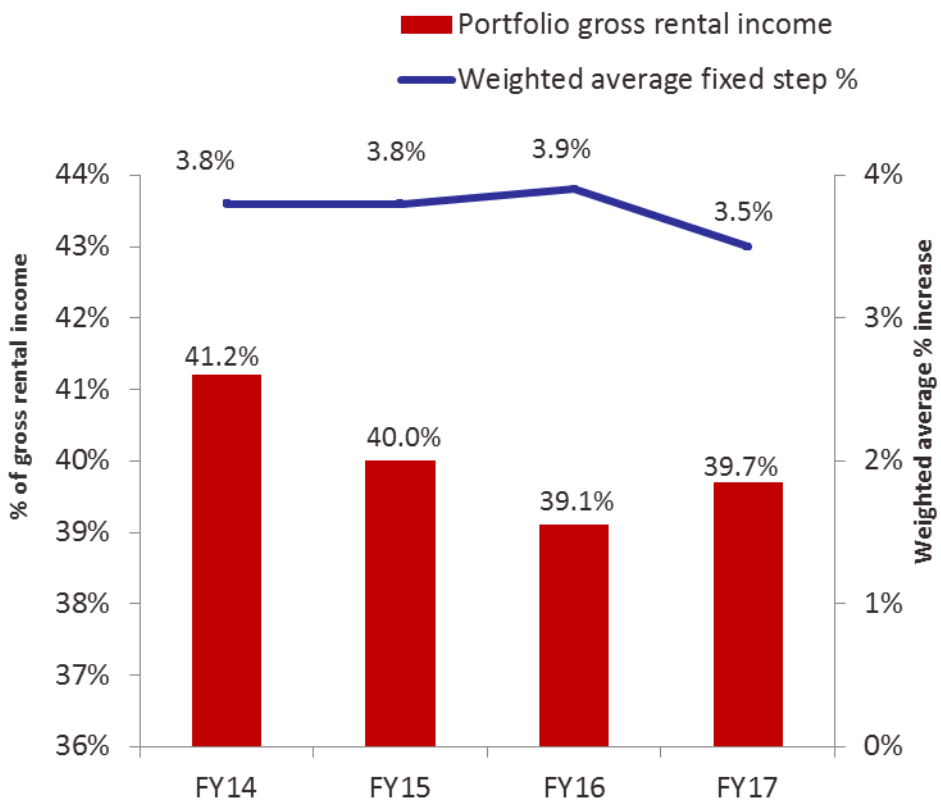
FY14 - Fixed % and other fixed lease rent reviews

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



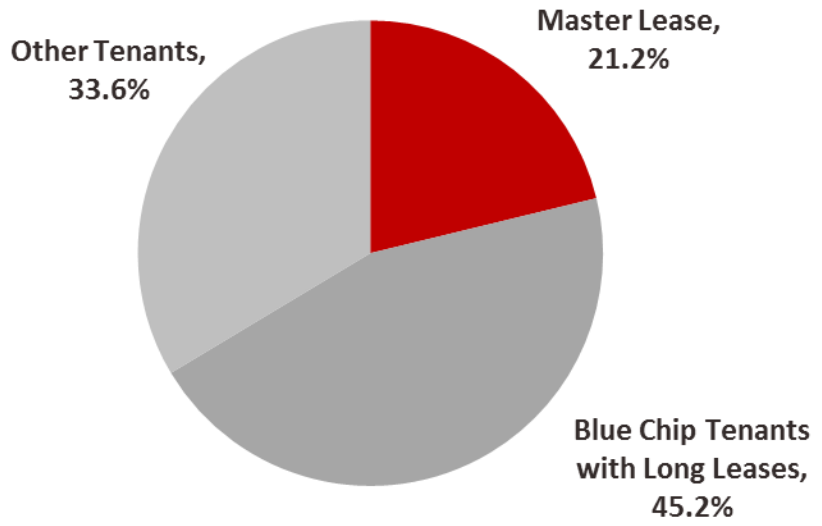
Excludes retail turnover rent

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Master lessee/ blue chip tenants with long leases contribute 66% of total gross rental income

Master Leases		
Tenant	**Lease Expiry**	**% (Gross Rental Income)**
Alexandra Technopark – Orrick Investments Pte Ltd	Aug 2014	21.2%

Blue Chip Tenants with Long Leases		
Tenant	**Lease Expiry**	**% (Gross Rental Income)**
Commonwealth of Australia (Centrelink)	Jul 2025	20.2%
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	4.2%
Cerebos Pacific Ltd	May 2017	3.5%
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		45.2%



Master Lessee + Blue Chip Tenants with Long Leases = 66.4% portfolio income secured

As at 30 June 2014. Excludes retail turnover rent

1. **Stability of income**

2. **Solid fundamentals**
   - ➔ Natural hedge in place
   - ➔ Well supported by financial institutions
   - ➔ Well spread debt maturity profile and improved gearing
   - ➔ Positive market outlook
   - ➔ Growing demand

3. **Growth strategy**

Capital Management – Debt statistics

- **Healthy interest coverage ratio of 4.39 times**
- **Low all-in interest rate of 2.8%**
- **Borrowings in AUD provide natural hedge for the Australian properties**

Statistics

	As at 30 June 2014
Total Assets (S$'000)	1,860,715
Gross Borrowings (S$'000)	701,360
Units on Issue and Issuable [1]	674,628,770
NAV per Unit (ex-DPU) [1] (S$)	1.56
Gearing [2]	37.7%
Interest coverage ratio (times) [3]	4.39
Average borrowing rate [4]	2.8%
- Weighted average SGD debt rate	1.9%
- Weighted average AUD debt rate	5.5%

Borrowings and assets by currency



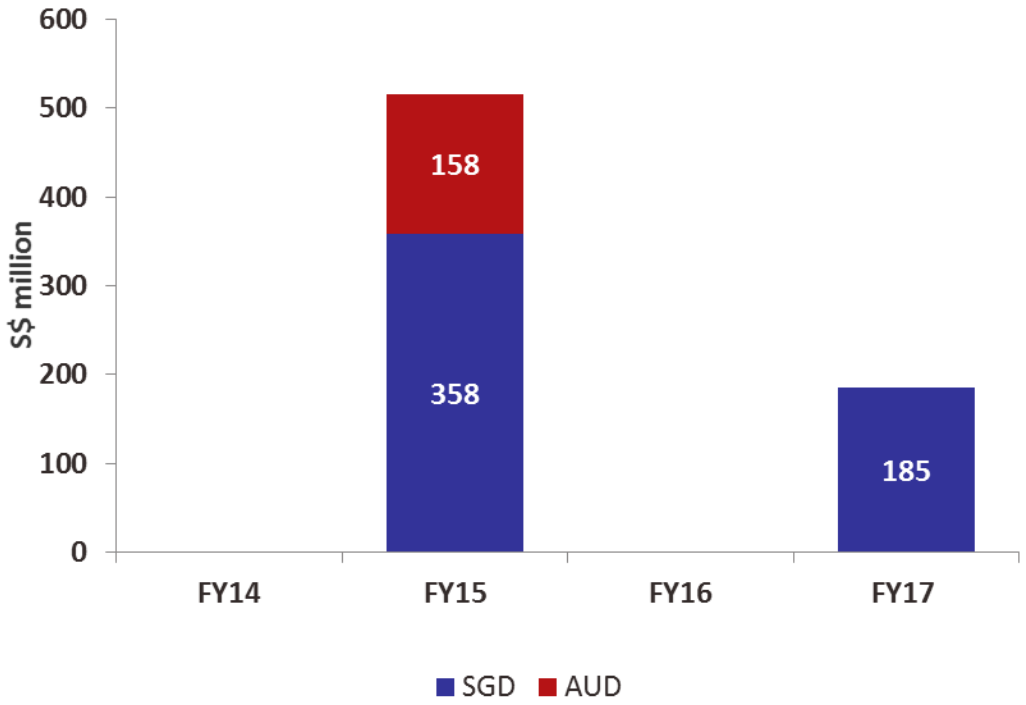
1 The number of Units includes 883,707 Units arising from management fees payable in Units.
2 Calculated as gross borrowing as a percentage of total assets
3 Calculated as net income before changes in fair values of investment properties, interest, other investment and derivative financial instruments, income tax and distribution and adding back certain non-recurring items/ cash finance costs for the quarter ended 30 June 2014. See accompanying 3QFY14 Financial Statements announcement for more details.
4 For quarter ended 30 June 2014

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Capital Management and debt statistics

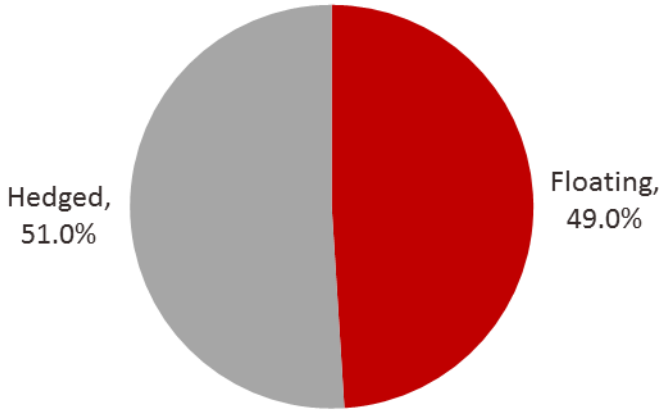
- **Hedged about 51% of gross borrowings**
- **In the midst of discussions to re-finance and term out all the debt**

Debt maturity



Total facilities **S$701 million**

Debt composition – floating vs. hedged



Hedging debt

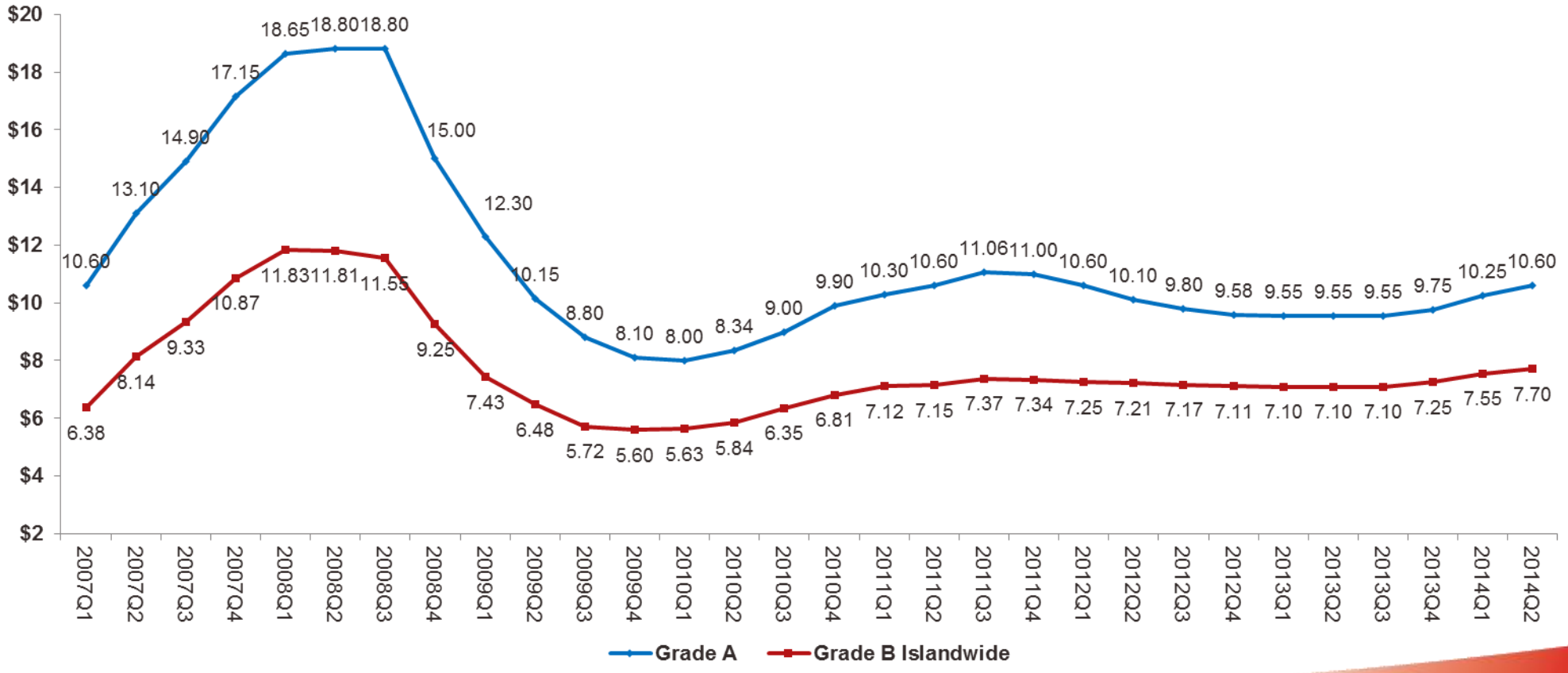
As a % of:	As at 30 June 2014
Total Gross Borrowings	51%

As at 30 June 2014.

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Singapore office rents trend – Rents continue to grow

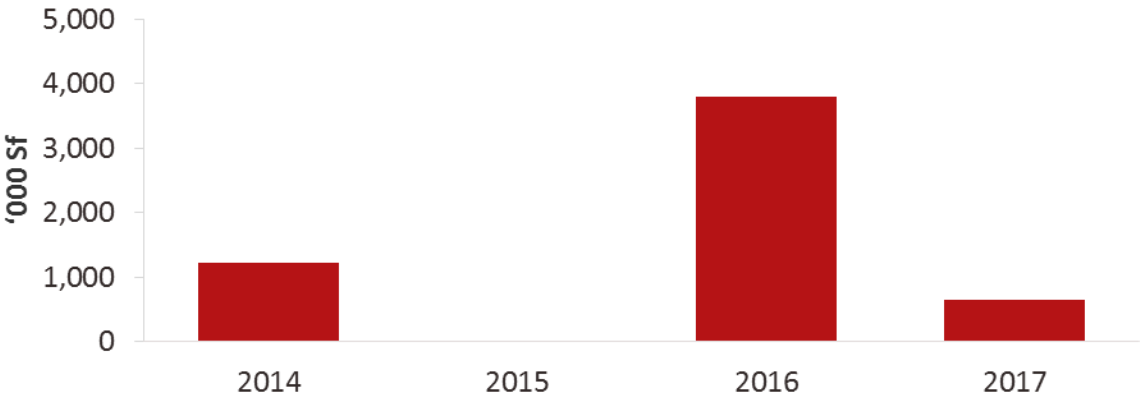
Singapore Grade A and Grade B office rents[1]



1 Source: CBRE Research

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Singapore office supply 2014 – 2017[1,2]

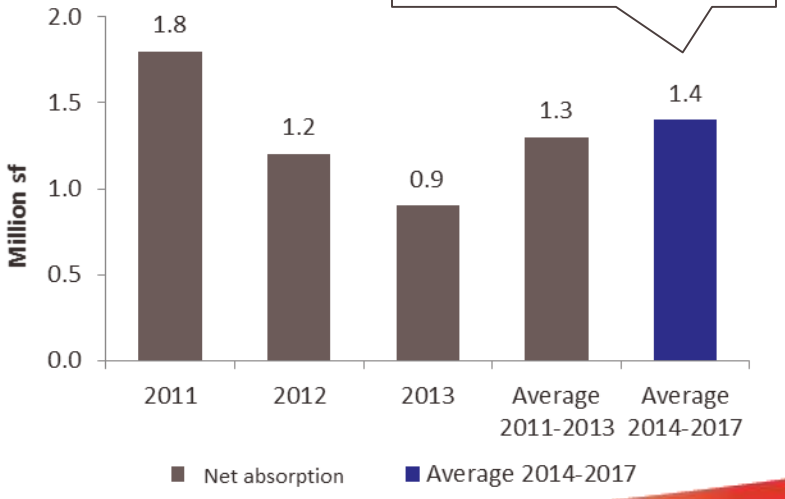


Major office supply:

- CapitaGreen (700,000 sf)
- South Beach Development (527,450 sf)
- Marina One (1,875,630 sf)
- Guoco Tower (850,000 sf)
- Duo (570,475 sf)
- 5 Shenton Way (277,540 sf)
- Redevelopment of Intl Factors Building and Robinson Towers (215,280 sf)
- Cecil Street (645,000 sf)

Net absorption vs new supply[1,2]

Average new supply for 2014 -2017 is in line with the average net absorption for 2011 - 2013

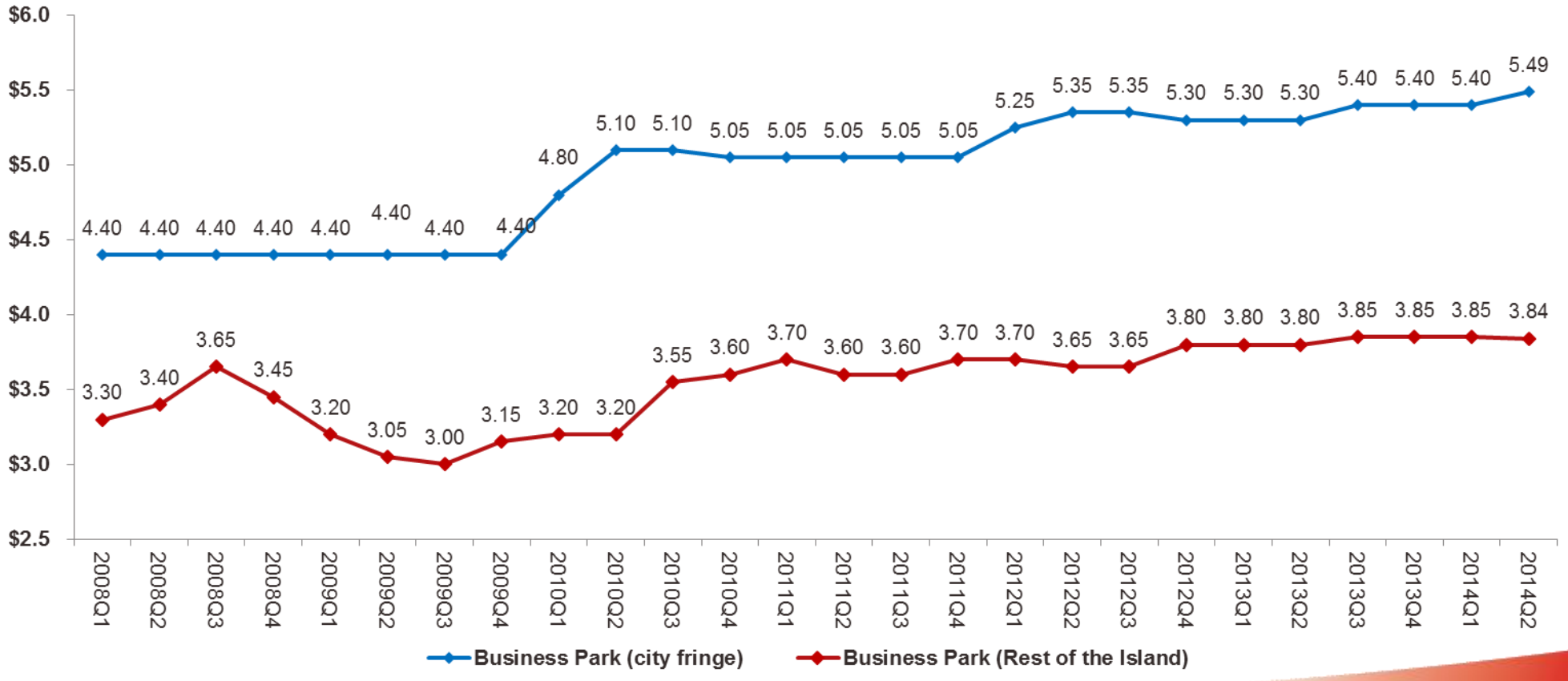


1 CBRE, Singapore Market View, Q2 2014
2 Core and fringe CBD areas only, excluding strata title

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Singapore business park rents trend – Rents are rising for city fringe business park

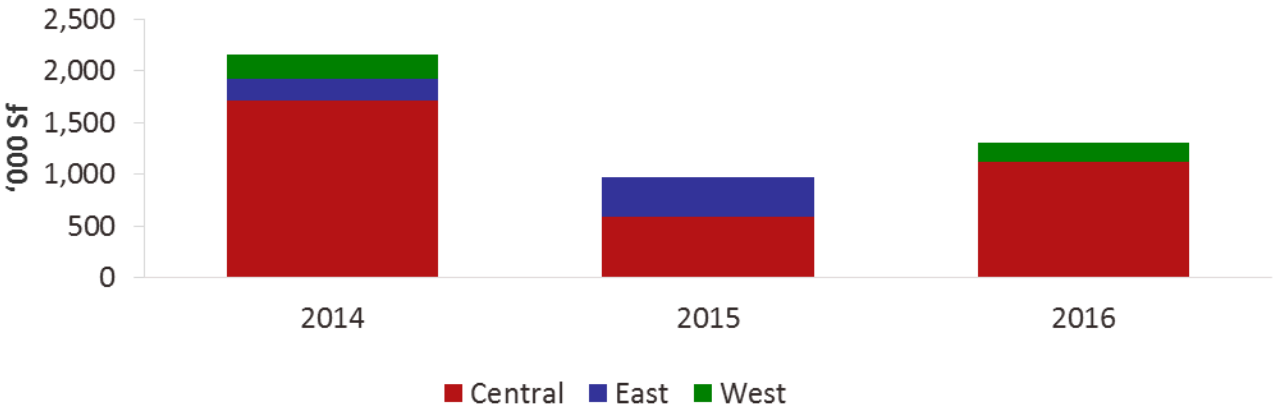
Singapore Business Park (city fringe) rents[1]



1 Source: CBRE Research

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Singapore business park supply 2014 – 2017[1]



Major business park supply:

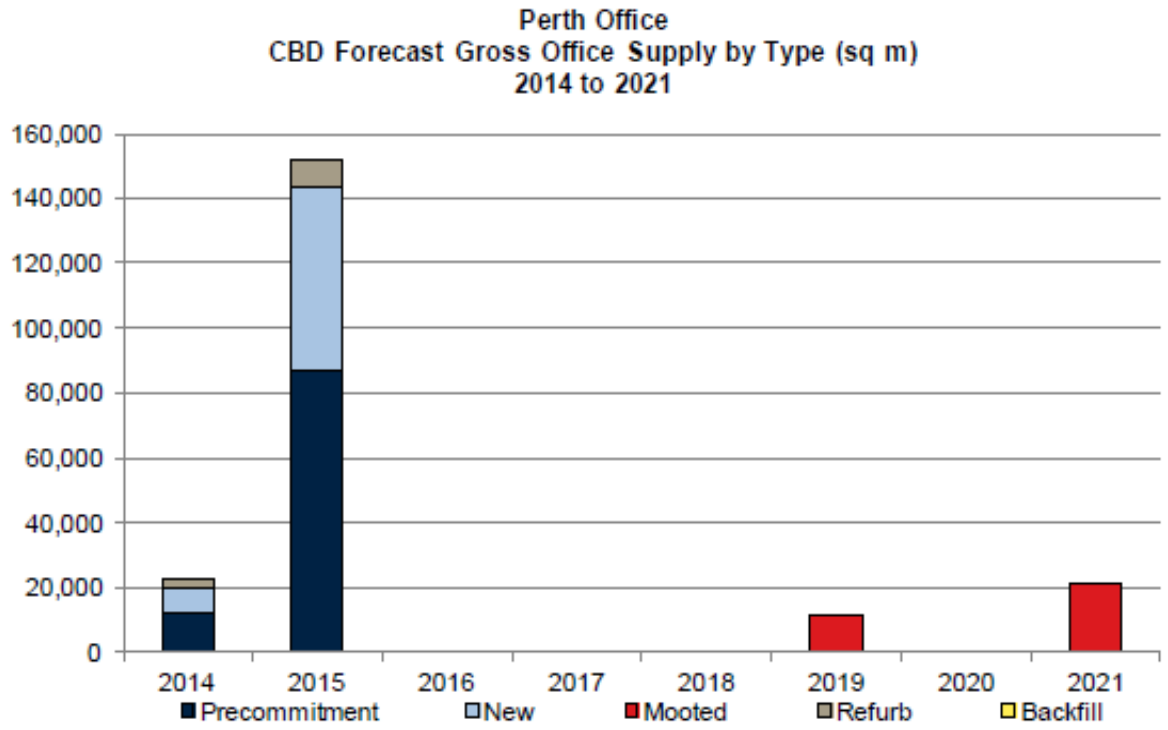
- The Shugart (Seagate BTS) (440,028 sf)
- Galaxis (507,852 sf)
- Fusionopolis Phase 2A (768,542 sf)
- Clean Tech Two (240,035 sf)
- Mediapolis (584,270 sf)
- Haite Hi-Tech Singapore Aviation Training Centre (169,424 sf)
- Soo Kee Jewellery HQ (140,469 sf)
- Mapletree Business City Phase 2 (1,120,000 sf)
- MediaHub (184,881 sf)

- Only Mapletree Business City Phase 2 is located in the Alexandra Precinct area
- Most of the supply are purpose built business parks (e.g. BTS projects, training centres, headquarters etc)

1 CBRE, Singapore Market View, Q2 2014

Average Premium Grade net face rents are between A$725 – A$850 psm per annum

Perth CBD office supply[1]



Source: Savills Research

Market conditions[1]

- Perth CBD office market vacancy rate in January 2014 was 9.0%, up from 6.9% in July 2013
- Only Melbourne's vacancy rate (8.4%) is better than Perth. Perth's vacancy rate is on par with Sydney
- New supply in 2015 is expected to increase vacancy further, until it is gradually absorbed in 2016
- Demand conditions are likely to improve as the effects of reduced interest rates and depreciating Australian dollar are felt in the market
- Average Premium Grade net face rents are between A$725-A$850 per square metre p.a.

1 Spotlight, Perth CBD Office, Savills, April 2014





Attained 100.0% committed occupancy for the office tower of China Square Central

- Continue to benefit from asset enhancement initiatives and Precinct Master Plan
- Greater connectivity after Telok Ayer MRT station opened in December 2013
- Attractive office accommodation with good surrounding amenities

As at 30 June 2014.

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**
- **Immediate uplift in income after expiry of Master Lease**

Portfolio review – Singapore asset updates

	China Square Central – high occupancy rate	55 Market Street – healthy occupancy rate	Alexandra Technopark – High occupancy rate
			
Occupancy	98.1%^	94.6%^	96.9% (underlying occupancy) Average underlying passing gross rent: S$3.6 psf
New leases , committed and renewals	Coastal Oil, Pacific Prime Singapore Insurance, Wavecell, Chain IQ, Xiaomi Singapore, SThree	Yuan Tai Petrochemical, Manchester Business School	Servlink Technology Resources
Tenants	groupm, Cerebos, MOL, geyer, Waldmann, AEPIM, COASTAL, Aspire Global Network ASIA, PAMA, Wavecell	Jones Lang LaSalle, CORPORATE SERVICED OFFICES, bwl, CHANCERY LAW CORPORATION, Citigate Dewe Rogerson, MANCHESTER 1824 The University of Manchester Manchester Business School, TKP, SUMITOMO FORESTRY (SINGAPORE) LTD.	hp, NOKIA, dyson, Great Eastern, SYBASE, Microsoft, SENNHEISER, EASTMAN

As at 30 June 2014.

^ Committed occupancy as at 30 June 2014.

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Central Park – Healthy WALE of 3.7 years



Caroline Chisholm Centre –full occupancy with long WALE of 11.0 years

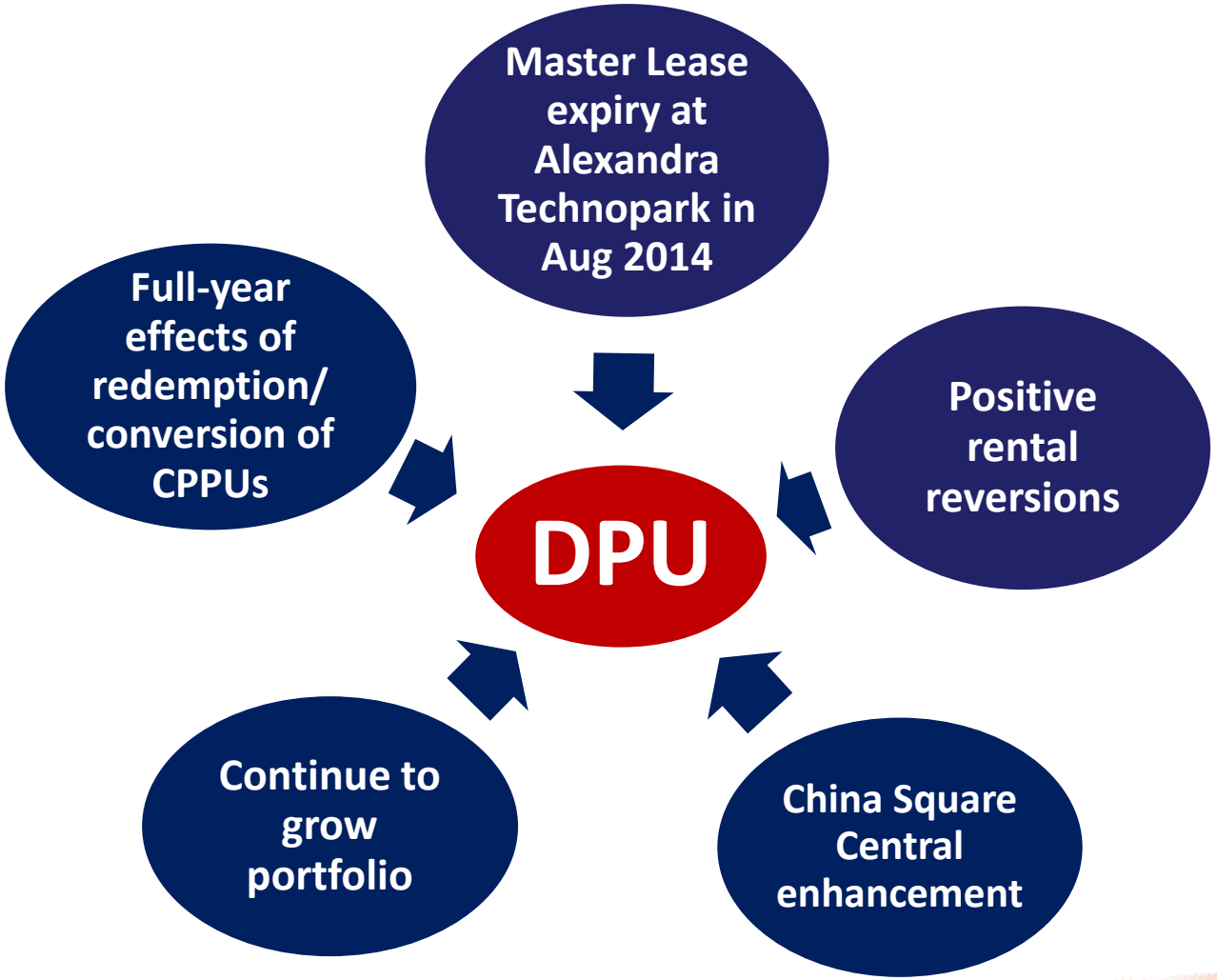


Occupancy	94.1%	100.0% Property occupied by a single tenant, i.e. the Commonwealth of Australia as represented by Centrelink (Aaa rated*) until July 2025
WALE	3.7 years	11.0 years
Tenants	Rio Tinto, bhpbilliton, Asgard, MIMI, ASX, GESB, Plan B WEALTH MANAGEMENT, DLA PIPER	Australian Government Department of Human Services

As at 30 June 2014.

* Based on Moody's rating in December 2013.

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



Appendix



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Key highlights - Properties in Singapore







	55 Market Street, Singapore	China Square Central, Singapore	Alexandra Technopark, Singapore
Description	• 16-storey commercial property with 2 floors (incl. basement) of retail space • Located in CBD • Awarded the Green Mark Gold Award	• 15-storey commercial office tower and retail development • Located in CBD • Awarded the Green Mark Gold Award and Eco-Office Certification	• High-tech business space development comprising 2 blocks of high-specification buildings, large floor plates of up to 76,000 sq ft • Awarded the Green Mark Gold Award and Eco-Office Certification
Tenure	Leasehold 999 years commencing 1826	Leasehold 99 years commencing 1997	Leasehold 99 years commencing 2009
Total NLA (sq ft)	71,796	372,202	1,045,227
Accessibility	5-minute walk from Raffles Place MRT station, 10-minute walk to the new Telok Ayer MRT station*	3-minute walk to the new Telok Ayer MRT station*, 6-minute walk to the Chinatown MRT station and 8-minute walk to the Raffles PlaceMRT station	15-minute drive from CBD, within walking distance to the Labrador Park MRT station
Valuation^	S$133.0 million	S$573.0 million	S$465.0 million
Occupancy rate	98.1%#	94.6%#	96.9%~

Data as at 30 June 2014
* Opened on 22 December 2013
^ As at 30 September 2013
# Committed occupancy as at 30 June 2014
~ Represents the underlying occupancy

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Key highlights - Properties in Australia





	Central Park, Perth	Caroline Chisholm Centre, Canberra
Description	• 47-storey premium grade, tallest building in Perth • Equipped with state of the art facilities, located in the heart of the CBD • First premium office building in Perth to attain a 5 star NABERS* energy base building rating • 4.5 star NABERS* Indoor Environment rating, 3.5 star NABERS* Water rating • Winner, Business Category of the Western Australia Water Awards • Best managed building over 20,000 square metres, overall winner, Western Australia 2013 Office Building Management award~	• 5-storey Grade A contemporary office building • Located in the core of Tuggeranong Town Centre, one of 4 town centres within the city of Canberra • 5 star NABERS* energy base building rating
Tenure	Freehold	Leasehold 99 years commencing 2002
Total NLA (sq ft)	357,188	433,182
Accessibility	Unparalleled road, rail and bus access	Well served by major roads
Valuation^	S$411.1 million (50% interest)	S$232.7 million
Occupancy rate	94.1%	100.0%

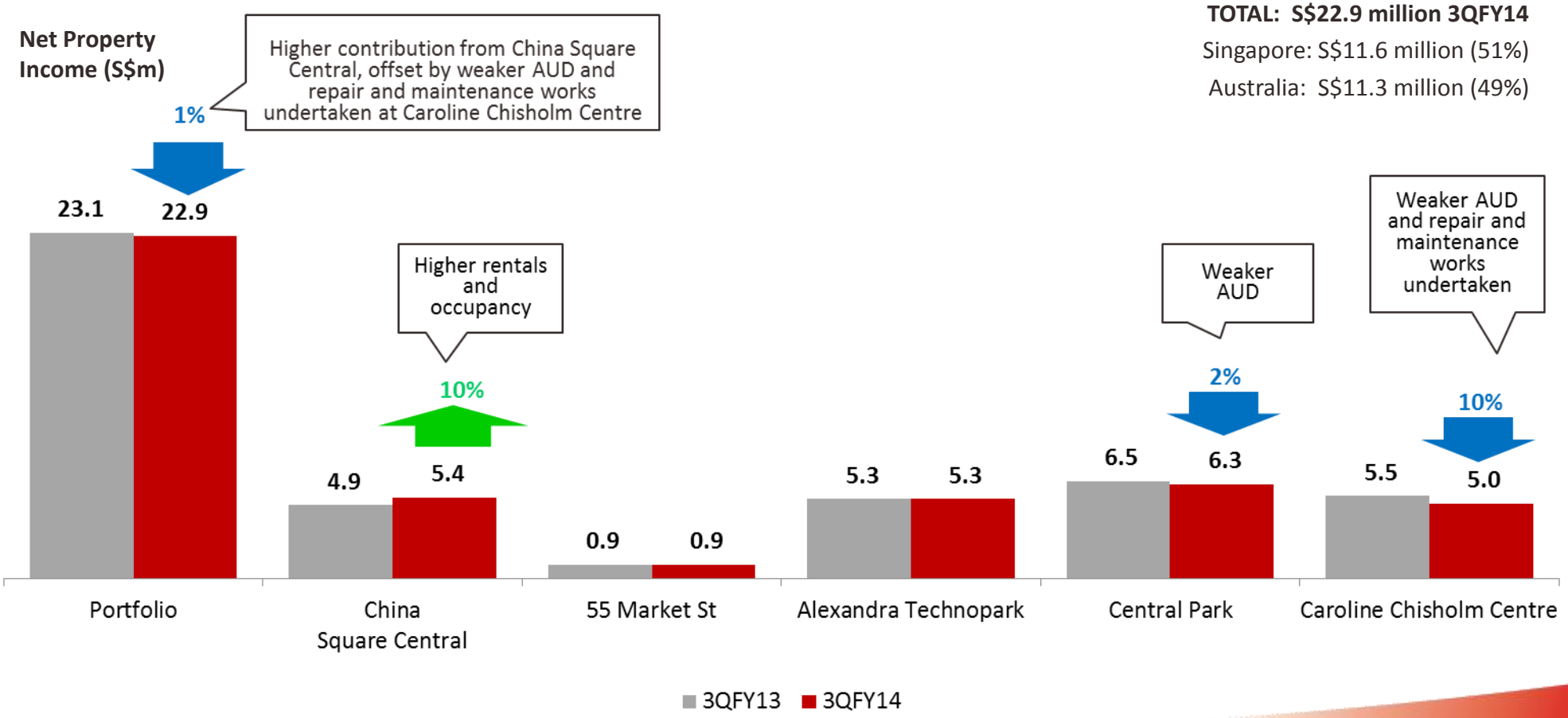
Data as at 30 June 2014
* National Australian Built Environment Rating System
~ Organised by the Property Council of Australia
^ As at 30 September 2013

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

TOTAL: S$22.9 million 3QFY14

Singapore: S$11.6 million (51%)

Australia: S$11.3 million (49%)



Thank you

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