







FRASERS COMMERCIAL TRUST

Joint Venture with Frasers Centrepoint Limited to Acquire £175 million Farnborough Business Park in the United Kingdom

14 December 2017

➔ Important notice

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This Presentation contains certain information with respect to the trade sectors of the tenants. The Manager has determined the trade sectors in which the 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 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. No representation or warranty expressed or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or opinions contained in this Presentation.

➔ Summary of Proposed Joint Acquisition

- ✓ **FCOT to expand investment mandate to Europe, with initial focus on the United Kingdom ("UK")**
- ✓ **50:50 joint venture between FCOT and Frasers Centrepoint Limited ("FCL") to acquire Farnborough Business Park for £174.6 million(1)**

Description	▪ **Farnborough Business Park:** High quality business park of 14 commercial buildings located in the UK(2)
Purchase consideration	▪ £174.6(1) million (S$314.8 million) based on adjusted NAV of target company, on a debt-free basis
Property Valuation	▪ £175.05 million(3)
FCOT's funding	▪ Funding structure will be optimised to comprise a combination of debt and equity ▪ For purpose of completion, bridging loan facility will be arranged to fund FCOT's share of purchase consideration of £87.3 million (S$157.4 million), to be drawn down if required
Completion date	▪ Expected end-January 2018
Investment mandate expansion	▪ Expansion of investment mandate to include commercial real estate assets (primarily office, business space and/or business parks) in Europe including the UK ▪ FCOT intends to focus initially on the UK



Exchange rate applied of £1 : S$1.8030 where applicable as at 11 December 2017.

(1) Estimated net asset value of HEREF Farnborough Limited, which holds Farnborough Business Park, based on an agreed property value of £175.0 million and working capital in the company. The estimated net asset value is subject to post-completion adjustment and the actual amount of purchase consideration would only be determined after the completion date.

(2) Includes a car showroom to be built, which is pre-let and expected to be completed by January 2019. Farnborough Business Park also includes five freehold reversions subject to long leaseholds and four listed buildings relating to British aviation history.

(3) Based on the valuation report by BNP Paribas Real Estate Advisory & Property Management UK Limited dated 11 December 2017.

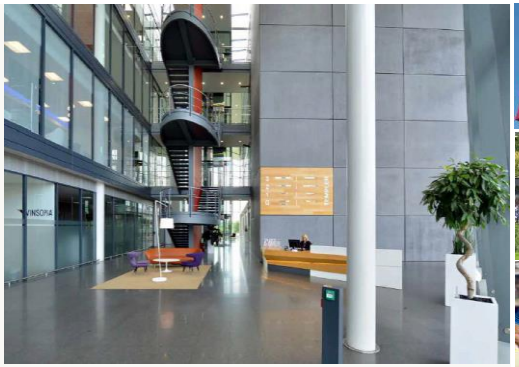
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➔ Overview of Farnborough Business Park

46.5 hectares	~555k sq ft	8.3 years	98.1%	89%	36
freehold land	NLA	long WALE(1)	occupancy rate(2)	tenant retention(3)	quality tenants(4)





















FLUOR

inc Research

Time Inc.

Regus

aetna

Award-winning and well-located business park with 14 high quality buildings that offer an integrated live-work-play proposition(5)

(1) *By gross rental income as at 30 September 2017 after taking into account certain rent guarantees and reimbursement of rent free incentives from the vendor for existing leases and potential lease breaks/lease expirations in 2018. The weighted average lease to termination ("WALT") (after accounting for rights to break) is 5.9 years. Please refer to FCOT's announcement dated 14 December 2017 for further details.*

(2) *As at 30 September 2017 and after adjusting for leases for which the tenants have exercised their rights to break.*

(3) *Since 2012.*

(4) *As at 30 September 2017 and after taking into account committed pre-leases to two new tenants.*

(5) *Farnborough Business Park also includes five freehold reversions subject to long leaseholds and four listed buildings relating to British aviation history.*

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➔ Overview of Farnborough Business Park (cont'd)

Single-ownership business park with a site area of 46.5 hectares



34 min
train ride to Waterloo Station

Connected to key motorway junctions 4 and 4a of M3

40 km
to Heathrow Airport

1.6 km
to Farnborough Town Centre

Adjacent to TAG Farnborough Airport and Farnborough International Exhibition & Conference Centre

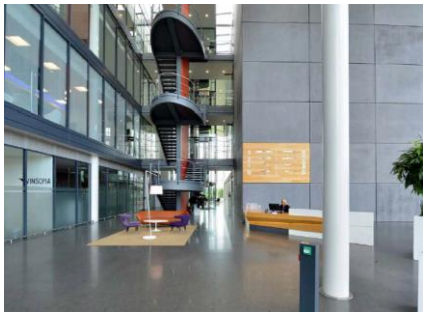
Farnborough Business Park site area

Note: Boundary shown is illustrative only and includes certain lots sold on long leaseholds

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➔ Overview of Farnborough Business Park (cont'd)

Selected developments within and adjacent to the property[1]










TAG Farnborough Airport[2]

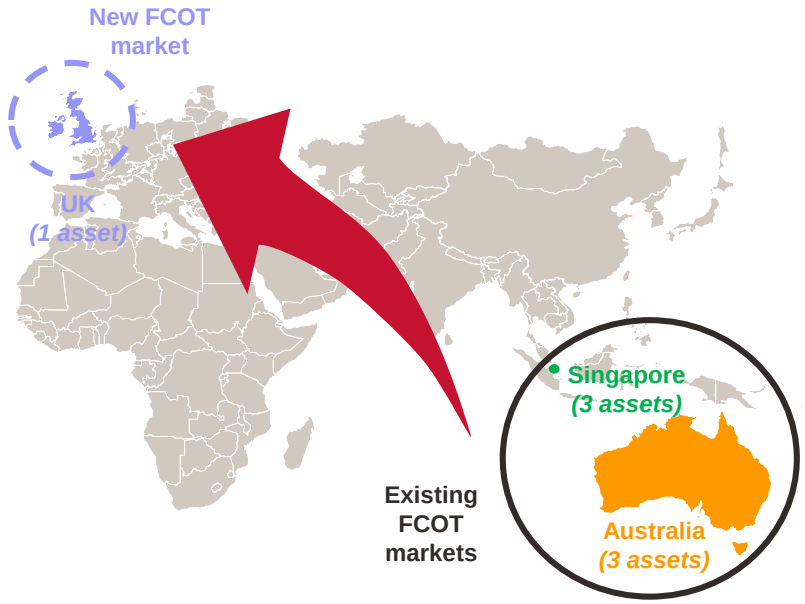

(1) *Includes certain lots sold as long leaseholds.*
(2) *Adjacent to, and is not part of, Farnborough Business Park*

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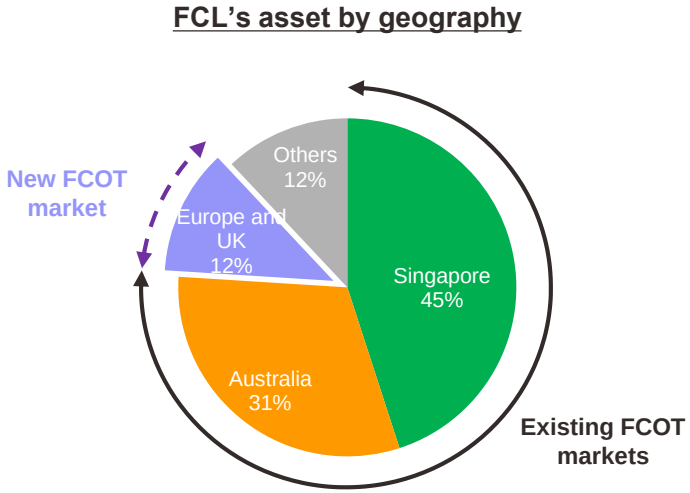
➔ Expansion of FCOT's investment mandate – synergistic alignment to Sponsor

Synergistic alignment to Sponsor's top 3 geographical markets

Enhanced diversification from broadened mandate



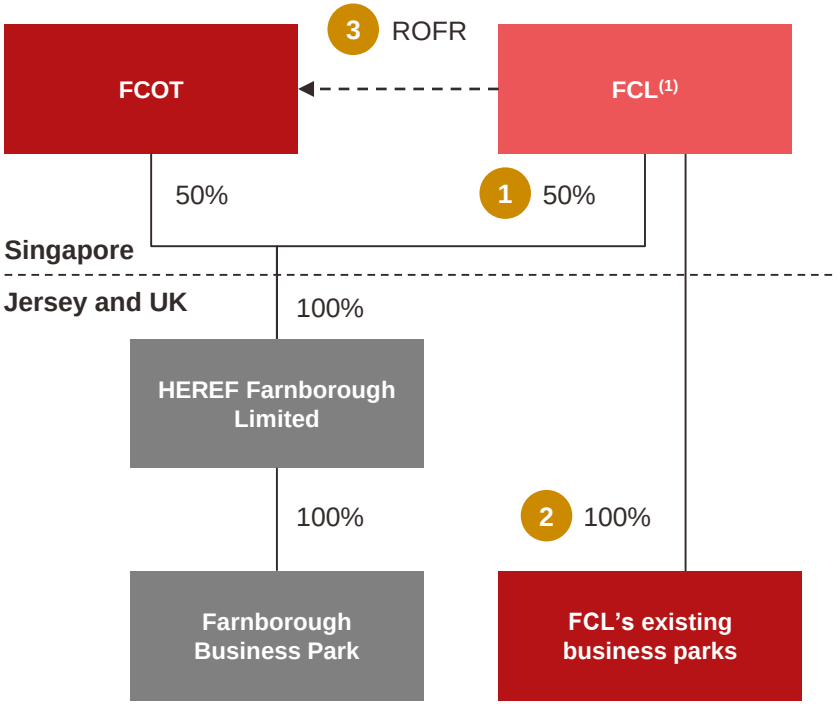
Alignment with Sponsor's top 3 geographical markets



Data as at 30 September 2017.

Joint venture structure – synergistic approach

Synergistic joint venture structure to leverage on FCL's network and platform strengths in the UK



1. **50:50 joint acquisition with Sponsor**
2. **Network effect with FCL's platform**
3. **ROFR for future growth**

(1) *Through Frasers Property International Pte. Ltd.*

➔ Key transaction rationale

1. **High-quality and strategically located business park**

2. **Strategic diversification into the UK business park market**

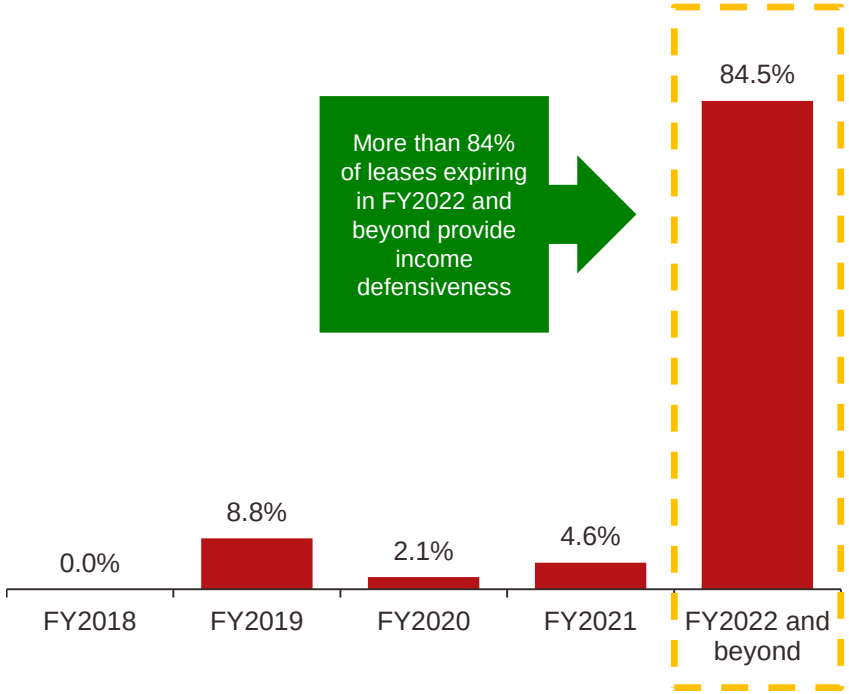
3. **DPU-accretive acquisition and strengthens FCOT's portfolio**

4. **Consistent with the Manager's strategy to achieve long term growth for FCOT**

1 High-quality and strategically located business park

Strong defensive attributes

Lease expiry profile by gross rental income(1)



- **Long WALE of 8.3 years(2)**
- **High occupancy rate of 98.1%(3)**
- **Healthy tenant retention rate of 89%(4)**

Data as at 30 September 2017. Excluding lease incentives and retail turnover rent, if any.

(1) After taking into account certain rent guarantees and reimbursement of rent free incentives from the vendor for existing leases and potential lease breaks/expirations in 2018.

(2) By gross rental income after taking into account rent guarantees and reimbursement of rent free incentives from vendor for existing leases and potential lease breaks / lease expirations in 2018. The weighted average lease to termination ("WALT") (after accounting for rights to break) is 5.9 years.

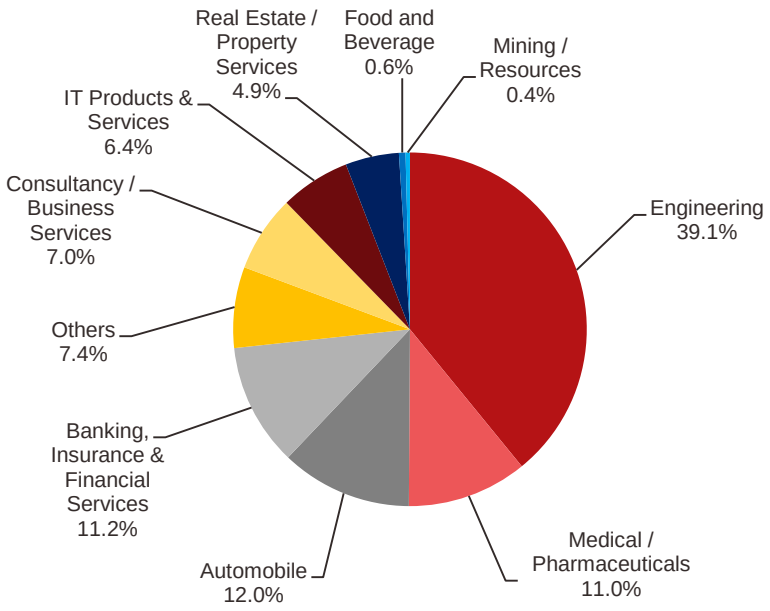
(3) After adjusting for leases for which the tenants have exercised their rights to break.

(4) Since 2012.

1 High-quality and strategically located business park (cont'd)

Strong and diversified tenant base

Diversified trade sector mix[(1)]



Primarily focused on engineering, medical, pharmaceuticals and automobile sectors

High quality tenant base[(1)]

#	Top ten tenants by rental income	Sector	% Gross rental income	Credit rating
1	Fluor Limited	Engineering	35.6%	A3 / A-
2	INC Research UK Ltd	Medical / Pharmaceuticals	10.8%	Ba2 / BB-
3	Time Inc (UK) Ltd	Publisher	6.5%	B1 / B
4	Bolling Investments Limited	Automobile	6.3%	n/a
5	Aetna Global Benefits (UK) Ltd	Insurance	5.9%	Baa2 / A
6	Barons Farnborough Limited	Automobile	4.7%	n/a
7	Red Hat UK Limited	IT	4.2%	BBB
8	CapQuest Debt Recovery Ltd	Financial services	3.3%	n/a
9	A unit of Regus	Service office	3.2%	n/a
10	Corporate Media Partners Limited	Consultancy	1.8%	n/a

Data as at 30 September 2017. Excluding lease incentives and retail turnover rent, if any.

(1) Taking into account certain rent guarantees and reimbursement of rent free incentives from the vendor for existing leases and potential lease breaks / lease expirations in 2018 and committed pre-lease to Bolling Investments Limited to occupy a car showroom (construction to commence in 1Q 2018 and expected to be completed by January 2019)

1 High-quality and strategically located business park (cont'd)

Best-in-class building quality and amenities

Pinehurst I



- Development completed in 2015
- 4-storey building with 48,988 sq ft of lettable area
- Single-let to INC Research (UK)

25 Templer Avenue



- Landmark Norman Foster HQ-style building
- 4-storey building with 79,314 sq ft of lettable area
- Multi-let to various tenants, including key tenants such as Aetna and CapQuest

Pinehurst II



- Development completed in 2015
- 4-storey building with 59,149 sq ft of lettable area
- Multi-let to Fluor and Time Inc (UK)

The Hub



- Completely refurbished in 2006
- 3-storey building with 46,530 sq ft of lettable area
- Multi-let to various tenants with key tenants including Fluor and Regus

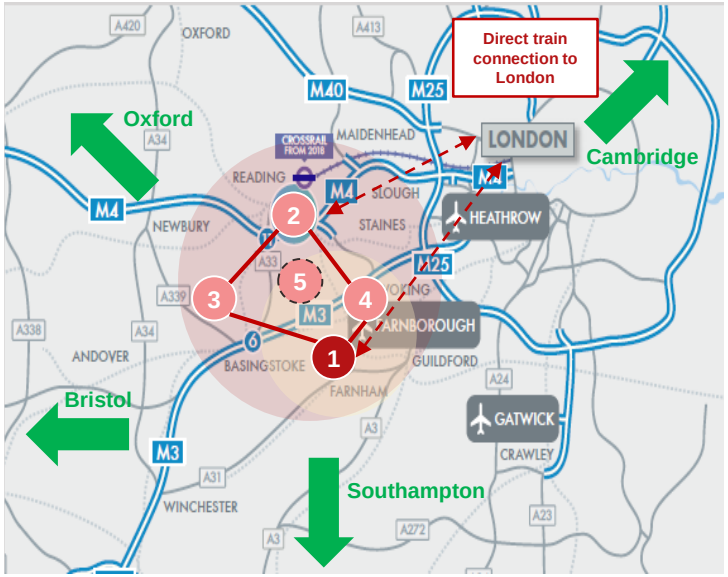
Additional future growth through potential development of certain areas in the property

1 High-quality and strategically located business park (cont'd)

Excellent connectivity and strategic network effect from FCL Group's cluster of business parks

- **Network effect:** Synergistic network effect between FCL's existing business parks and Farnborough Business Park
- **Unique positioning:** premium business park located adjacent to TAG Farnborough Airport and Farnborough International Exhibition & Conference Centre

FCL Group's Thames Valley network



Thames Valley Blackwater Valley

Excellent transport connectivity

	ROAD	RAIL	AIR
1 Farnborough Business Park	5 km to M3 29 km to M25	34 min to London Waterloo Stn	40 km to Heathrow 1.6 km to TAG Farnborough Airport
2 Winnersh Triangle	1.6 km to M4 – J10 26 km to M25 – J48	8 min to Reading Stn 30 min to Paddington Stn	37 km to Heathrow
3 Chineham Park	5 km to M3 – J6 45 km to M25 – J2	16 min to Reading Stn	64 km to Heathrow
4 Watchmoor Park	1 km to M3 – J4 8 km to M25 – J2	34 min to London Waterloo Stn	29 km to Heathrow
5 Maxis[1]	8 km to M4 – J10 63 km to Central London	54 min[2] to Paddington Stn 62 min to London Waterloo Stn	32 km to Heathrow

FCOT / FCL FCL

(1) *Acquisition of Maxis by FCL is subject to certain conditions precedent.*
(2) *Via Reading.*

1 High-quality and strategically located business park (cont'd)

Differentiated business park integrating lifestyle and community with a live-work-play focus

Integrated communities with high quality amenities

















Integrated business community with high quality amenities focused on delivering a stimulating and enriching business campus environment

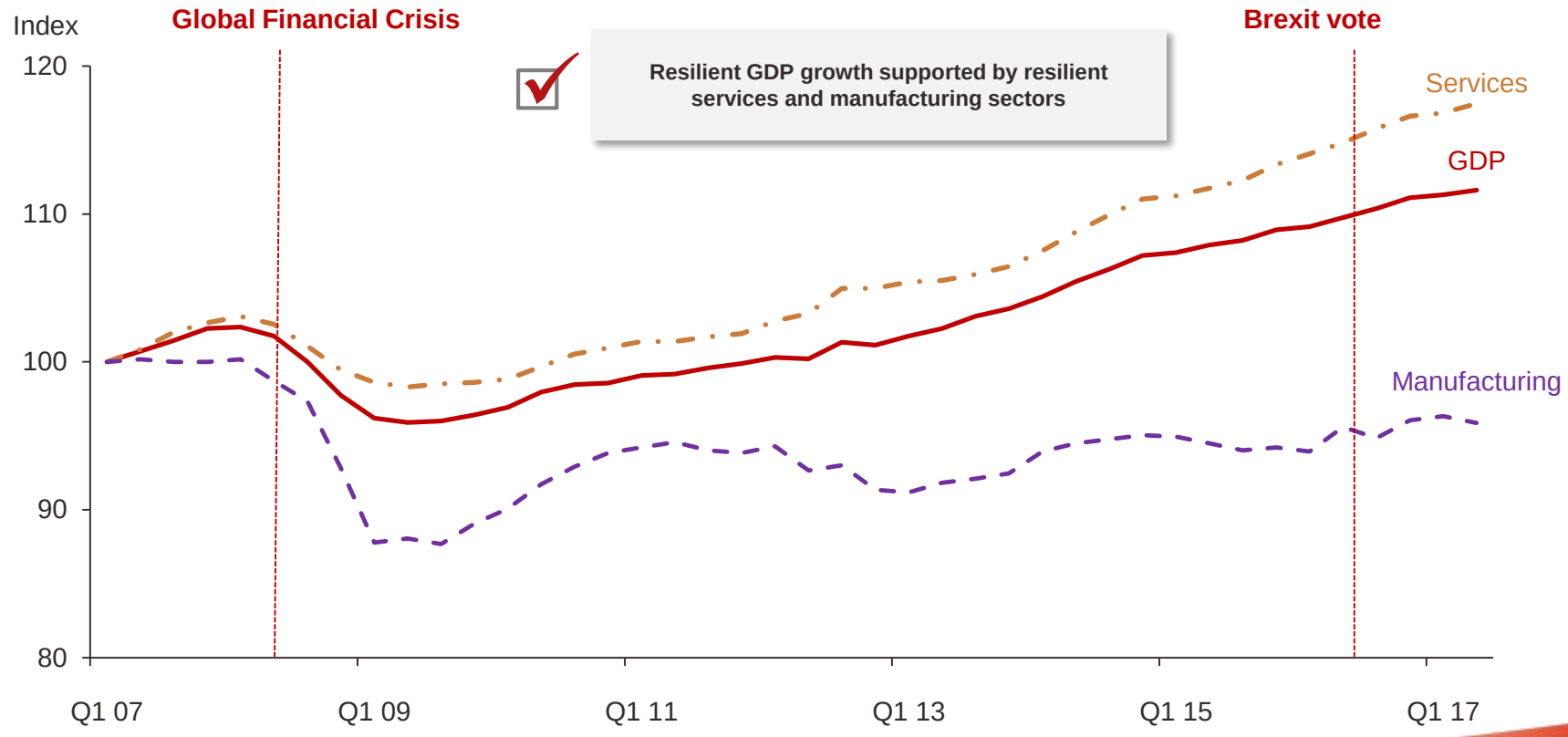
- **Attractive business campus:** Mixed-use business environment in Thames Valley that has attracted blue-chip companies to relocate their corporate headquarters, such as Fluor Limited
- **Cluster effect:** Concentration of skilled talent pool from key business clusters including manufacturing, financial & business services and hi-tech sectors
- **Modern amenities:** Provision of on-site amenities with >300,000 sq ft of modern retail and other facilities
- **Healthy tenant retention:** Has proven appeal to occupiers with healthy tenant retention ratio of 89% since 2012
- **Award-winning business park:** Won BCO award for excellent office space, Green Flag award for well-managed green space and BALI landscape award

Note: Data as at 30 September 2017.

2 Strategic diversification into the UK business park market

Access to the 5th largest economy globally with resilient economic performance post-Brexit vote

UK GDP



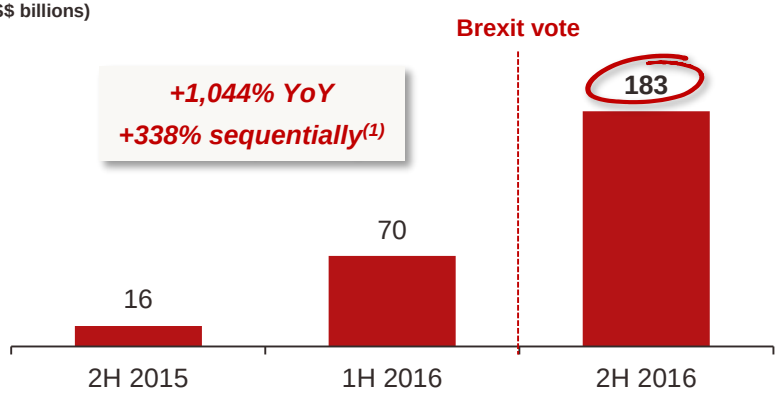
Source: OECD, Office for National Statistics.

2 Strategic diversification into the UK business park market (cont'd)

Robust FDI inflows and robust domestic business performance

Resilient FDI inflows

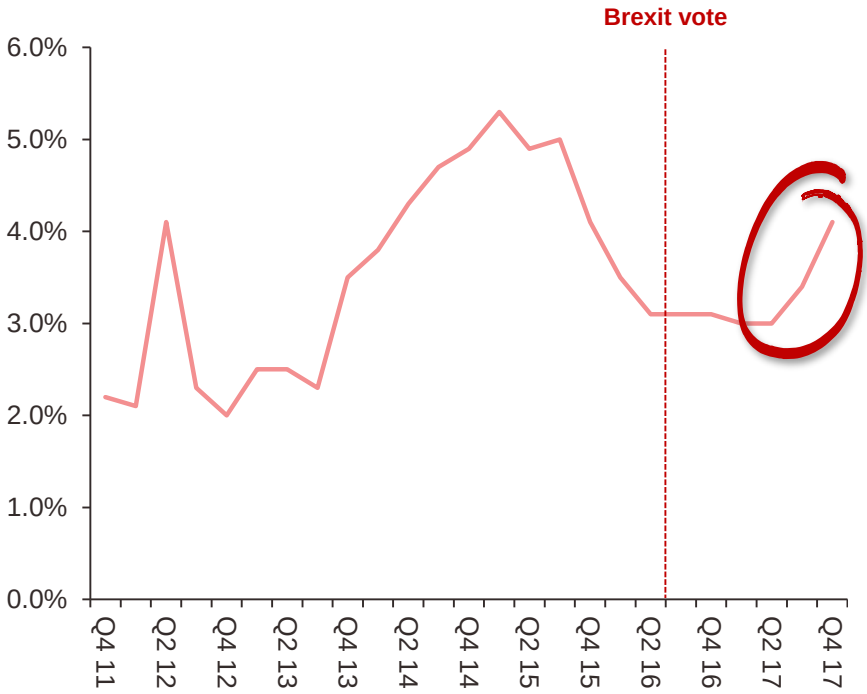
(US$ billions)



FDI supported by large global institutions

Domestic profits picking up

Average change in profits (%)



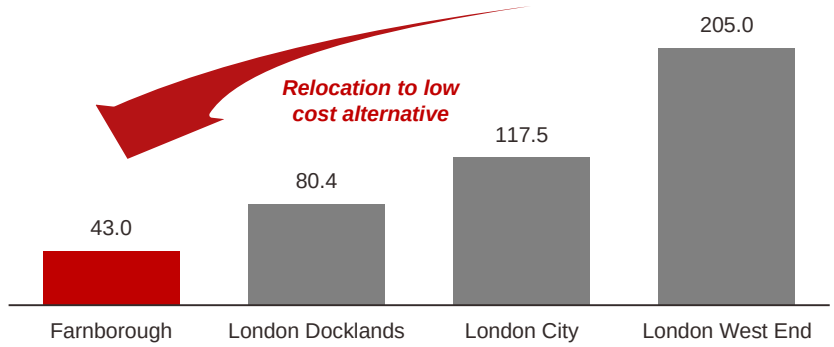
Source: OECD, Office for National Statistics, Bloomberg LP, Institute of Chartered Accountants in England and Wales.
(1) Refers to growth in FDI inflows from 2H 2015 to 1H 2016

2 Strategic diversification into the UK business park market (cont'd)

Resilient UK business park market supported by cost efficient positioning and favourable demand-supply dynamics

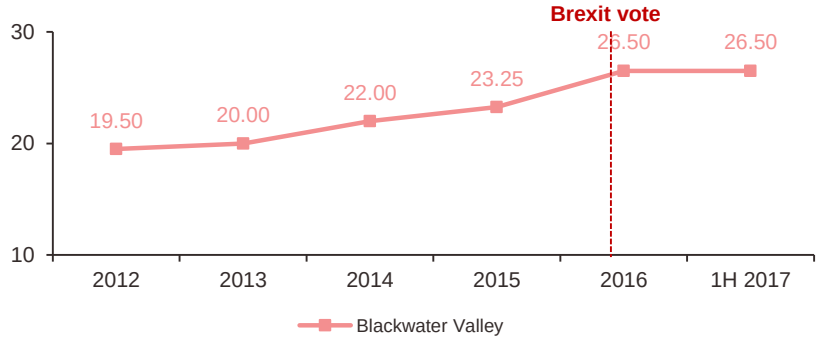
Cost-efficient alternative to CBD and London locations

Total occupier cost (£ psf pa)

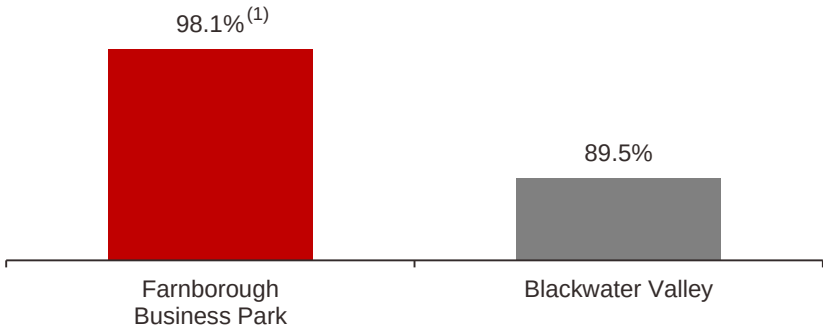


Resilient rental trends despite Brexit vote

Top rents £ psf pa

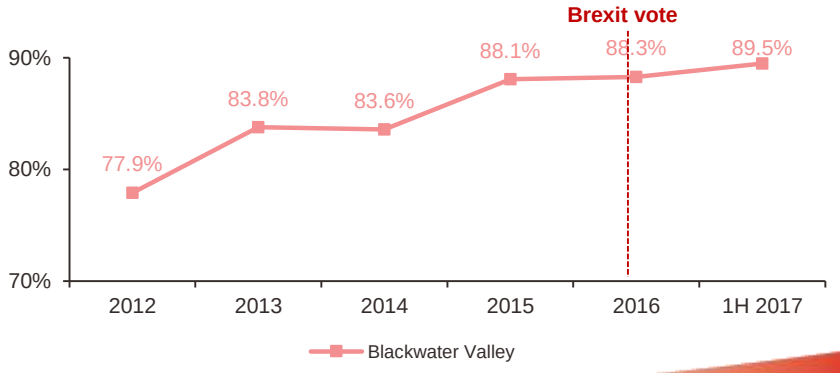


Office occupancy rates in Blackwater Valley



Demand and supply trends driving healthy occupancy rates

Occupancy rate



Source: Based on the valuation report by BNP Paribas Real Estate Advisory & Property Management UK Limited dated 11 December 2017.

(1) As at 30 September 2017 and after adjusting for leases which tenants have exercised their rights to break.

2 Strategic diversification into the UK business park market (cont'd)

Well located in the Blackwater Valley with strong economic and demographic fundamentals

Strong micro-market fundamentals

Presence of key business clusters:

- Manufacturing
- Financial & business services
- Hi-tech, TMT
- Aerospace

Availability of quality workforce:

- Large workforce: **85%** working age population
- Quality workforce: **>60%** office-based workforce

Availability of quality talent pool:

- Access to over **340k** university students from universities in South East UK

Selected blue-chip tenants located in Blackwater Valley

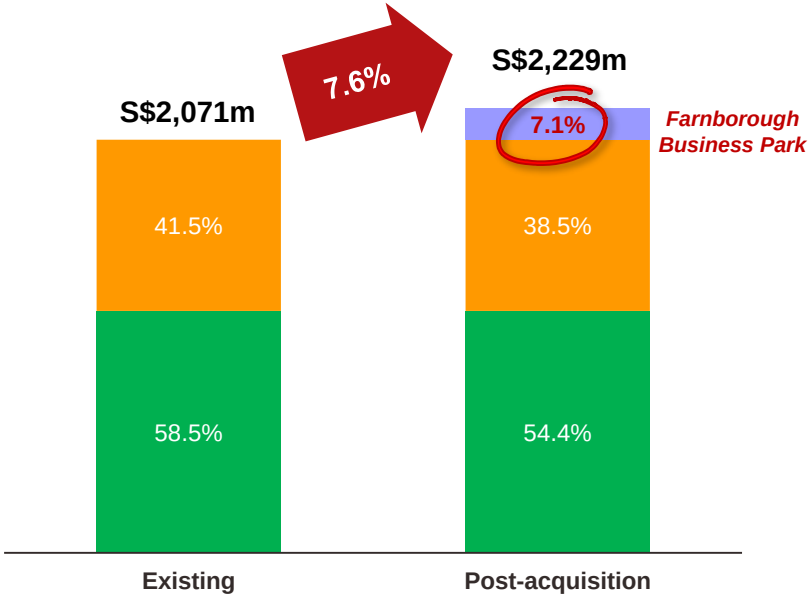
FLUOR, inc Research, Time Inc., AON, SAMSUNG, ERICSSON, skillsoft, GE, SGS, BD, aetna, ADP A more human resource., Audi, SANOFI, Flagship Food Group, NOVARTIS, pabulum HONESTLY GOOD FOOD, 3M, JACOBS

Source: Higher Education Statistics Agency, valuation report by BNP Paribas Real Estate Advisory & Property Management UK Limited dated 11 September 2017.

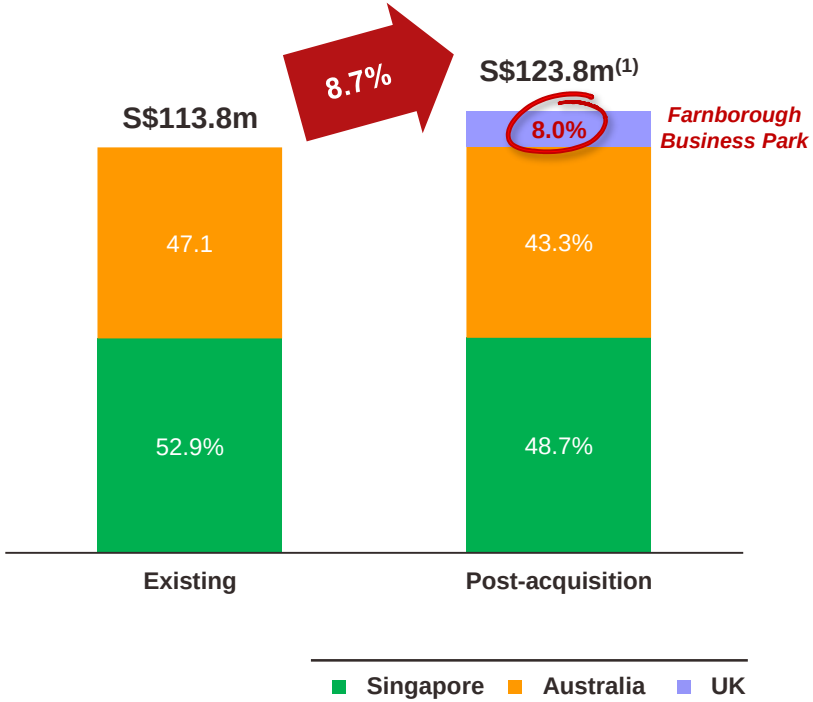
3 DPU-accretive acquisition and strengthens FCOT's portfolio

Enhanced portfolio diversification

Pro forma portfolio asset value as at 30 September 2017



Pro forma NPI for FY2017



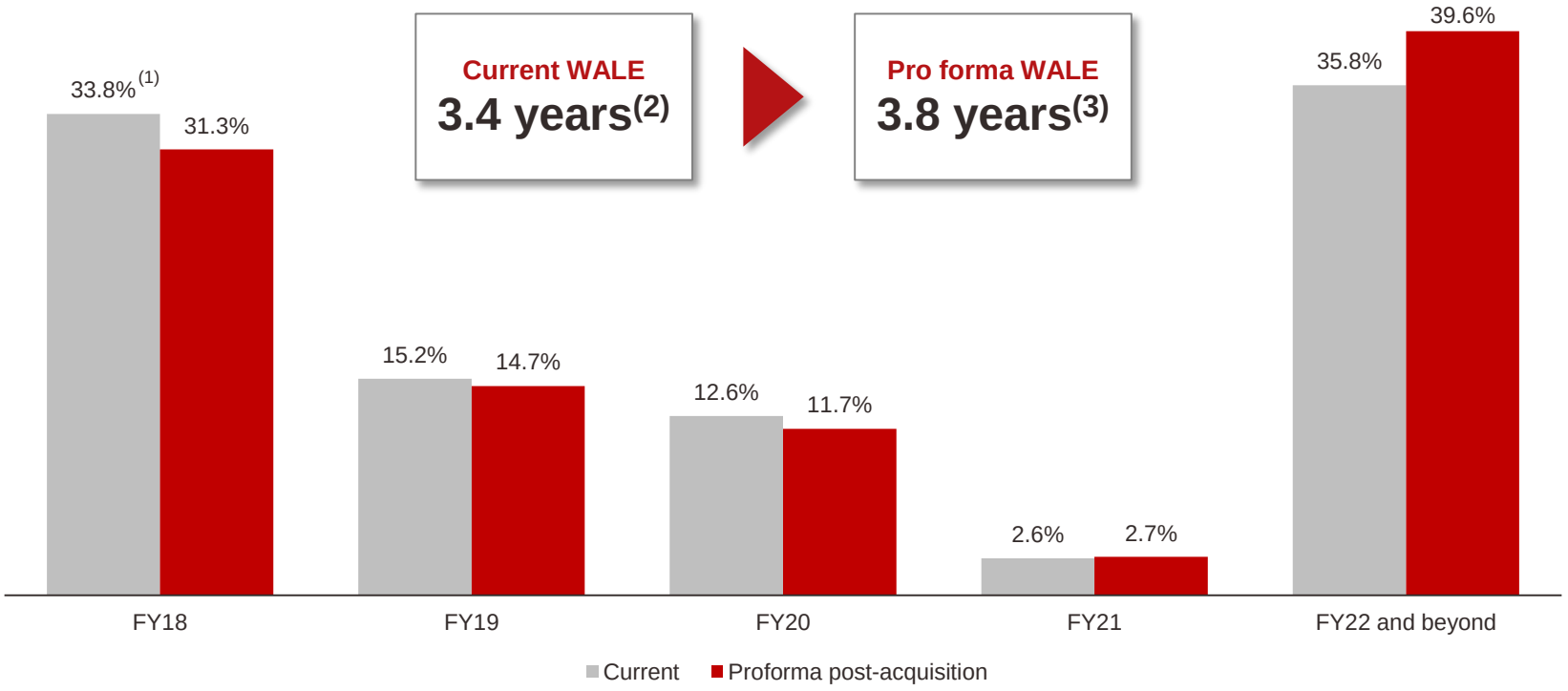
Exchange rate applied of £1 : S$1.8030 where applicable as at 11 December 2017.

(1) *Based on FCOT's 50% share of the NPI of the property, which is based on headline rent of £12.1m p.a. (inclusive of reimbursement of rent free incentive and rent guarantees from the vendor), adjusted for the estimated net operating expenses of Farnborough Business Park.*

3 DPU-accretive acquisition and strengthens FCOT's portfolio (cont'd)

Improved lease expiry profile for enlarged portfolio

Portfolio lease expiry profile by gross rental income



Data as at 30 September 2017. Excluding lease incentives and turnover rent, if any

(1) Lease expiries in FY2018 has taken into account the space committed by an entity of Rio Tinto Limited for 12 years at Central Park commencing in FY2018 of 5.5%. Inclusive of the premises at Alexandra Technopark which were not renewed by Hewlett-Packard Enterprise and Hewlett-Packard Singapore upon lease expirations on 30 November 2017 (totalling 3.1%).

(2) Adjusted for, among others, space committed by an entity of Rio Tinto Limited at Central Park on a new 12-year lease commencing in FY2018 and leases constituting 6.8% portfolio GRI which were not renewed by Hewlett-Packard Enterprise Singapore Pte Ltd at Alexandra Technopark upon lease expirations on 30 September 2017 and 30 November 2017 (refer to FCOT's announcement dated 22 September 2017 for further details). On 3 November 2017, FCOT announced that premises constituting a further 1.5% of portfolio GRI would not be renewed by Hewlett-Packard Singapore Pte Ltd at Alexandra Technopark upon lease expiration on 30 November 2017 (refer to FCOT's announcement dated 3 November 2017 for details).

(3) Based on committed gross rental income and excluding lease incentives and turnover rent, if any, and taking into account rent guarantees and reimbursement of rent free incentives from the vendor for existing leases and potential lease breaks / lease expirations in 2018. The WALT (after accounting for rights to break) is 3.6 years

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3 DPU-accretive acquisition and strengthens FCOT's portfolio (cont'd)

DPU-accretive transaction

Key metrics	Before the proposed acquisition[1]	After the proposed acquisition[2]	% change
Net property income (S$ million)	113.8	123.8[3]	8.7%
Distributable income (S$ million)	78.6	85.8	9.1%
DPU (Singapore cents)	9.82	9.97[4]	1.6%
Gearing[5]	34.7%	35.8%	

Note: Exchange rate applied for £1 :S$1.8030 as at 11 December 2017.

(1) Based on financials for the year ended 30 September 2017 (FY2017).

(2) FY2017 proforma assumes the full year impact of the transaction occurred on 1 October 2016.

(3) Based on FCOT's 50% share of the NPI of Farnborough Business Park, which is based on headline rent of £12.1m p.a. (inclusive of reimbursement of rent free incentive and rent guarantees from the vendor), adjusted for the estimated net operating expenses of the property.

(4) Assumes 58.0 million new units issued from Equity Fund Raising and remaining amount financed by debt.; and management fee (in connection with the acquisition of Farnborough Business Park) taken in units.

(5) Computed as gross borrowings over total assets.

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4 Consistent with the Manager's investment strategy to achieve long term growth for FCOT

The acquisition and expansion of investment mandate are in line with the Manager's strategies

- **Entry into an attractive and institutionalised market via strategic partnership with Sponsor**
- **Diversification beyond Singapore and Australia**
- **Increases ROFR pipeline**
- **High-quality and defensive asset**
- **Prudent capital structure**

Manager's strategies

- ✓ **Build a balanced and diversified portfolio of quality commercial properties**
- ✓ **Achieve long-term growth and deliver stable distributions to unitholders**

4 Consistent with the Manager's investment strategy to achieve long term growth for FCOT (cont'd)

Expanded ROFR pipeline to more than S$4bn

Selected Singapore assets owned by FCL


Frasers Tower[1]


Alexandra Point


51 Cuppage Road


Valley Point

Selected Australia assets owned by FCL


1B Homebush Bay Drive


2 Southbank Boulevard


1D Homebush Bay Drive


Rhodes Corporate Park (Bldg F)

Selected UK assets owned by FCL


Winnersh Triangle


Chineham Park


Watchmoor Park


Farnborough Business Park[2] (50%)

Source: FCL 2016 annual report and announcements.
(1) Currently under development.
(2) Not owned by FCL as at date of announcement.

Thank you

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