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# Frasers Commercial Trust

## 3QFY18 Financial Results

25 July 2018



# Important notice

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Certain statements in this Presentation constitute “forward-looking statements”, including forward-looking financial information. Such forward-looking statement and financial information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of FCOT or the Manager, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements and financial information. Such forward-looking statements and financial information are based on numerous assumptions regarding the Manager’s present and future business strategies and the environment in which FCOT or the Manager will operate in the future. Because these statements and financial information reflect the Manager’s current views concerning future events, these statements and financial information necessarily involve risks, uncertainties and assumptions. Actual future performance could differ materially from these forward-looking statements and financial information.

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This document is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of REIT and the Manager is not necessarily indicative of the future performance of Frasers Commercial Trust and the Manager.

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

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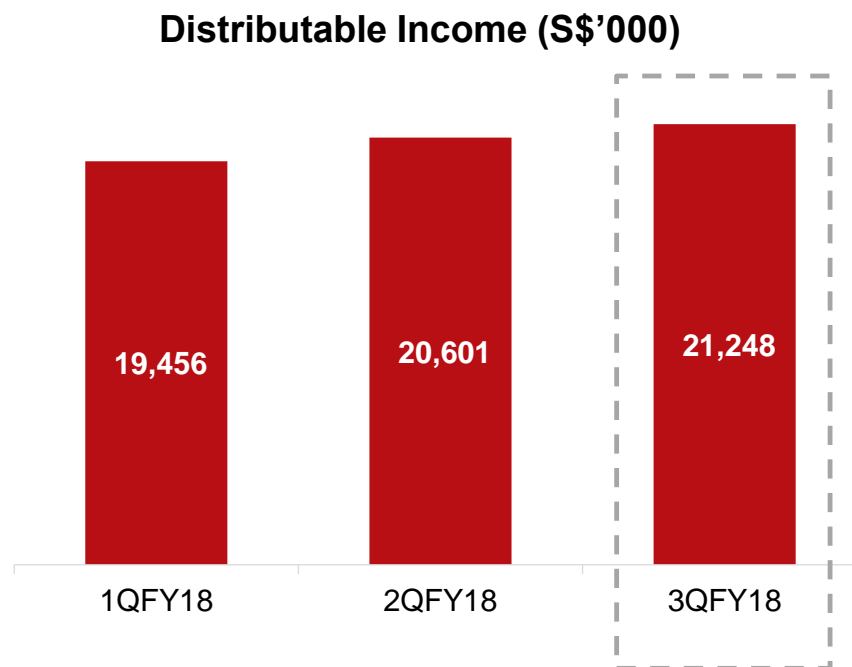
- ◆ Results
- ◆ Capital Management
- ◆ Portfolio Review
- ◆ Reshaping and strengthening the portfolio for long-term growth
- ◆ Growth from Asset Enhancement Initiatives
- ◆ Appendix: Asset Details and Market Overview

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# Results

# Results 3QFY18 key highlights




- ◆ 3QFY18 DPU of 2.40 cents was stable vs 2QFY18
- ◆ 3QFY18 distribution income of S\$21.2 million<sup>1</sup>



1. For 3QFY18, distribution from capital returns includes S\$5.5 million which relates to a portion of net consideration received from the disposal of the Hotel development rights at China Square Central in August 2015, which is classified as capital distribution from tax perspective. See accompanying 3QFY18 Financial Statements announcement for more details, and refer to the Circular to Unitholders dated 3 June 2015 for details on the disposal of the Hotel development rights at China Square Central in August 2015.

# Results 3QFY18 Q-o-Q key highlights

## 3QFY18 distributable income up 3% Q-o-Q




1 Apr 2018 – 30 Jun 2018	3QFY18 (S\$ '000)	Q-o-Q Change (%)	Contributing factors
Gross Revenue	32,494	 2%	Higher occupancy rate and rents achieved for China Square Central, offset by lower occupancy rate for Alexandra Technopark and the effects of average weaker Australian dollar.
Net Property Income	20,371	 9%	As above and higher repair and maintenance expense at Caroline Chisholm Centre <sup>1</sup> .
Distributable income to Unitholders	21,248	 3%	Includes full quarter contribution from Farnborough Business Park <sup>2</sup> and higher distribution of capital returns <sup>3</sup> .
DPU <sup>4</sup>	2.40¢	-	

See 3QFY18 Financial Statements announcement for details.

1. Progress payment amounting to S\$1.7 million (2QFY18: S\$0.1 million) for re-flooring works of a periodic frequency. The re-flooring works are expected to complete by end-FY18.
2. Share of result of joint venture for FCOT's 50% interest in Farnborough Business Park. The acquisition of Farnborough Business Park was completed on 29 January 2018.
3. For 3QFY18, distribution from capital returns includes S\$5.5 million (2QFY18: S\$2.9 million) which relates to a portion of net consideration received from the disposal of the Hotel development rights at China Square Central in August 2015, which is classified as capital distribution from tax perspective. See accompanying 3QFY18 Financial Statements announcement for more details, and refer to the Circular to Unitholders dated 3 June 2015 for details on the disposal of the Hotel development rights at China Square Central in August 2015.
4. The number of Units used to calculate the amount available for DPU was 885,367,591. See accompanying 3QFY18 Financial Statements announcement for more details.

# Results 3QFY18 Y-o-Y key highlights

## 3QFY18 distributable income up 10% Y-o-Y

1 Apr 2018 – 30 Jun 2018	3QFY18 (S\$ '000)	Y-o-Y Change (%)	Contributing factors
Gross Revenue	32,494	 15%	Lower occupancy rates for Alexandra Technopark, China Square Central <sup>1</sup> , 55 Market Street, Central Park and 357 Collins Street and the effects of average weaker Australian dollar.
Net Property Income	20,371	 27%	As above and higher repair and maintenance expense at Caroline Chisholm Centre <sup>2</sup> .
Distributable income to Unitholders	21,248	 10%	Includes contribution from Farnborough Business Park <sup>3</sup> , distribution from capital returns <sup>4</sup> and management fee in units <sup>5</sup> .
DPU <sup>6</sup>	2.40¢	-	

See 3QFY18 Financial Statements announcement for details.

1. Impacted by planned vacancies to facilitate asset enhancement works at the retail podium at 18 Cross Street.
2. Progress payment amounting to S\$1.7 million (3QFY17: Nil) for re-flooring works of periodic frequency. The re-flooring works are expected to complete by end-FY18.
3. Share of result of joint venture for FCOT's 50% interest in Farnborough Business Park. The acquisition of Farnborough Business Park was completed on 29 January 2018.
4. For 3QFY18, distribution from capital returns includes S\$5.5 million (3QFY17: S\$0.9 million) which relates to a portion of net consideration received from the disposal of the Hotel development rights at China Square Central in August 2015, which is classified as capital distribution from tax perspective. See accompanying 3QFY18 Financial Statements announcement for more details, and refer to the Circular to Unitholders dated 3 June 2015 for details on the disposal of the Hotel development rights at China Square Central in August 2015.
5. In 3QFY18, 100% (3QFY17: 12%) of the Manager's management fee was paid in Units.
6. The number of Units used to calculate the amount available for DPU was 885,367,591. See accompanying 3QFY18 Financial Statements announcement for more details.

# Results 3QFY18 Q-o-Q portfolio NPI

- Higher occupancy rate and rents for China Square Central, offset by lower occupancy rate at Alexandra Technopark, effects of weaker Australian dollar and higher repair and maintenance expense for Caroline Chisholm Centre

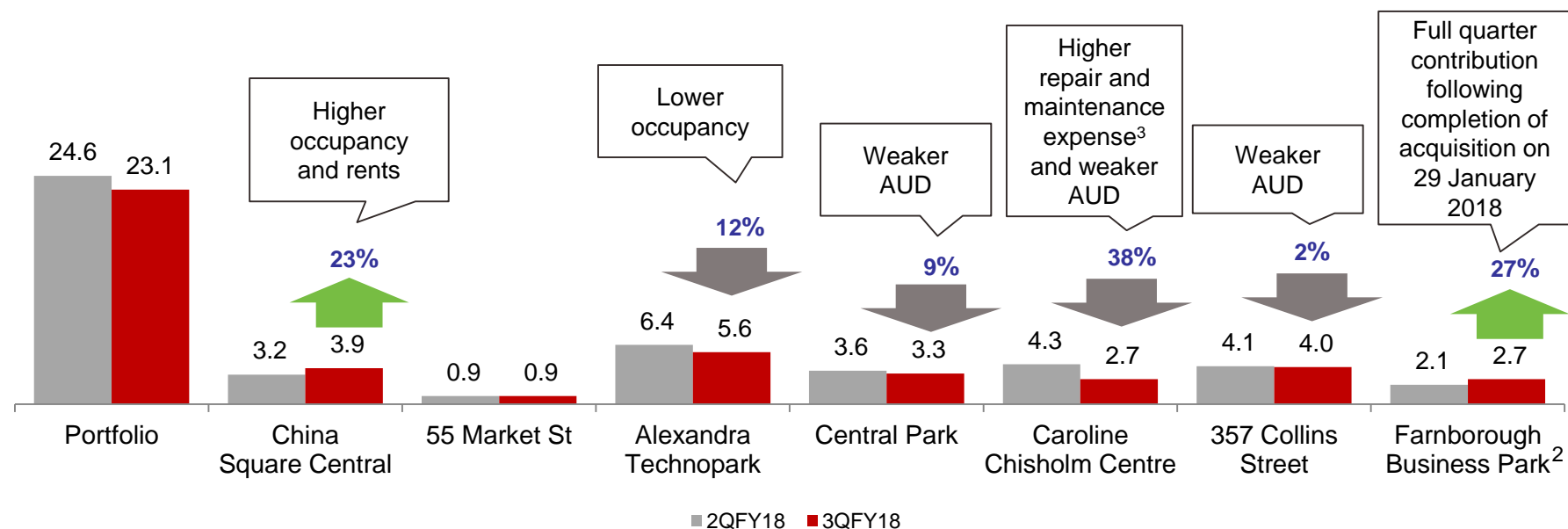
Singapore: S\$10.4 million (45%)

Australia: S\$10.0 million (43%)

United Kingdom: S\$2.7 million (12%)<sup>2</sup>

**Total NPI: S\$23.1 million (100%)<sup>1</sup>**

## Net Property Income (S\$m)<sup>1</sup>



- Portfolio net property income for 3QFY18 and 2QFY18 including 50% share of net property income of Farnborough Business Park (held as a joint venture and equity-accounted in the financial statements).
- The acquisition of 50% interest in Farnborough Business Park was completed on 29 January 2018. Figures include reimbursements of lease incentives and rent guarantee for certain unlet units, among others, by the vendor in accordance with the terms of the acquisition (refer to announcement dated 14 December 2017 for details).
- Progress payment amounting to S\$1.7 million (2QFY18: S\$0.1 million) for re-flooring works of a periodic frequency. Re-flooring works are expected to complete by end-FY18.

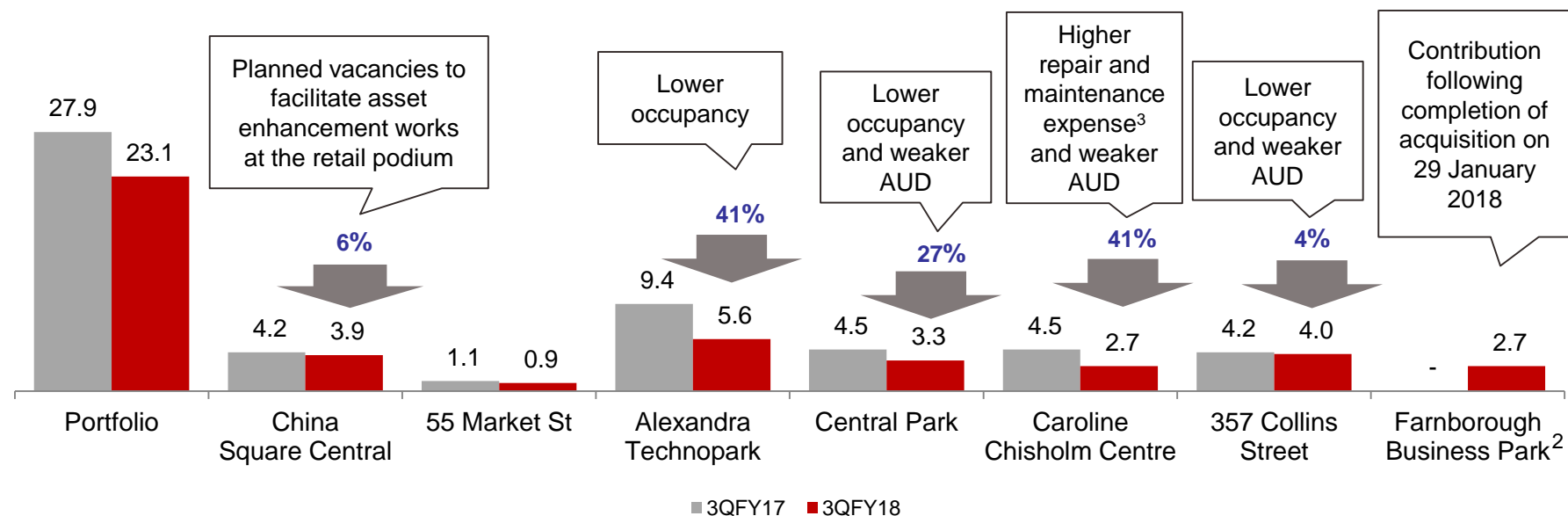


# Results 3QFY18 Y-o-Y portfolio NPI

- ◆ Lower occupancy rates at the Singapore properties, Central Park and 357 Collins Street, effects of weaker Australian dollar and higher repair and maintenance expense for Caroline Chisholm Centre

Singapore: S\$10.4 million (45%)  
 Australia: S\$10.0 million (43%)  
 United Kingdom: S\$2.7 million (12%)<sup>2</sup>  
**Total NPI: S\$23.1 million (100%)<sup>1</sup>**

## Net Property Income (S\$m)<sup>1</sup>

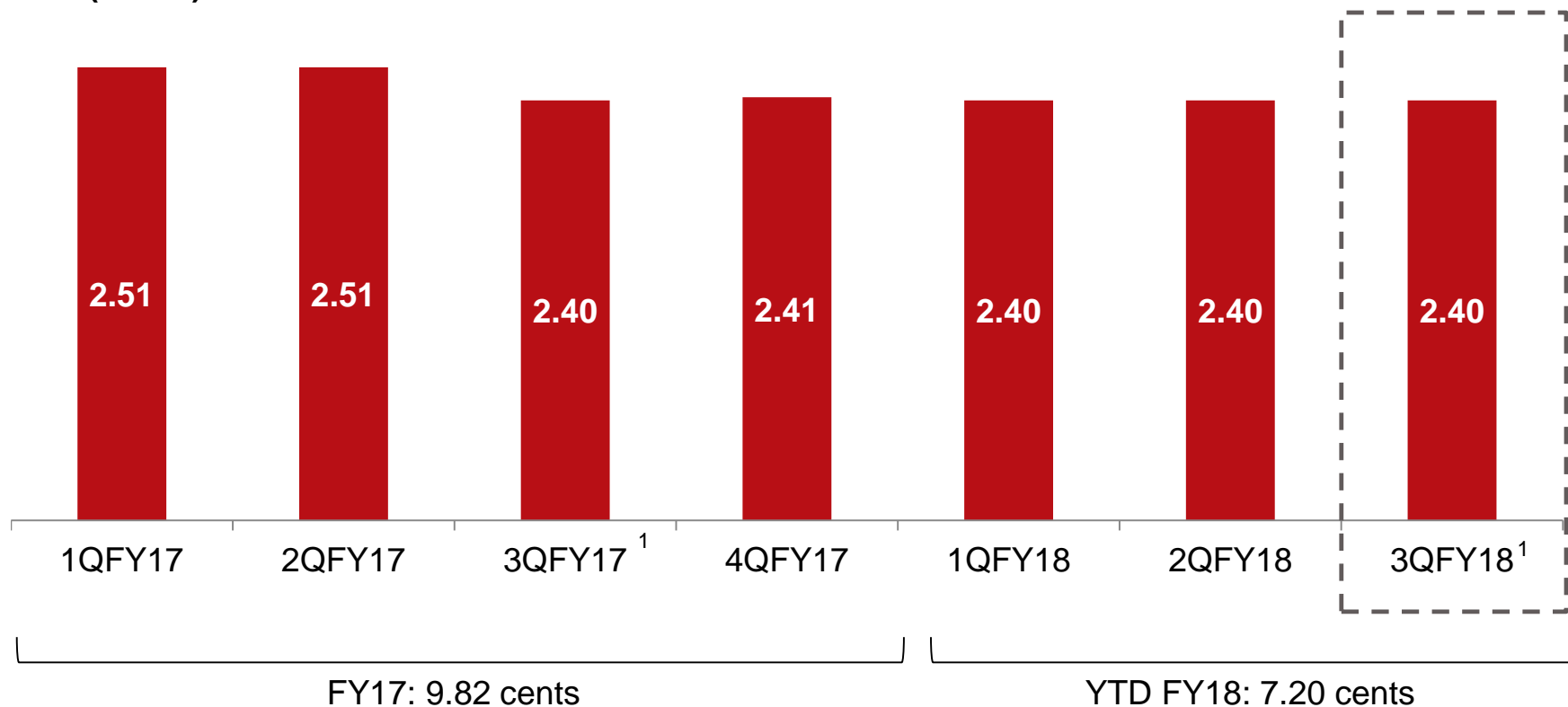


1. Portfolio net property income for 3QFY18 including 50% share of net property income of Farnborough Business Park (held as a joint venture and equity-accounted in the financial statements).
2. The acquisition of 50% interest in Farnborough Business Park was completed on 29 January 2018. Figures include reimbursements of lease incentives and rent guarantee for certain unlet units, among others, by the vendor in accordance with the terms of the acquisition (refer to announcement dated 14 December 2017 for details).
3. Progress payment amounting to S\$1.7 million (3QFY17: Nil) for re-flooring works of a periodic frequency. Re-flooring works are expected to complete by end-FY18.

# DPU profile

- ◆ 3QFY18 DPU was stable both Q-o-Q and Y-o-Y

## DPU (Cents)



1. The number of Units used to calculate the amount available for DPU were 885,367,591 and 802,448,524 for 3QFY18 and 3QFY17, respectively. See accompanying 3QFY18 Financial Statements announcement for more details.

# Distribution payment

- ◆ **DRP will be applied for the distribution for 3QFY18**

<b>Distribution Period</b>	1 April 2018 to 30 June 2018
<b>Ordinary Unit Distribution Rate<sup>1</sup></b>	Distribution of 2.4000 cents per Unit comprising: a) taxable income distribution of 1.1767 cents; b) tax-exempt income distribution of 0.3510 cents; and c) capital distribution of 0.8723 cents.
<b>Last day of trading on “cum” basis</b>	Monday, 30 July 2018
<b>Ex-distribution trading commence</b>	Tuesday, 31 July 2018
<b>Distribution Books Closure Date</b>	Thursday, 2 August 2018 at 5.00 pm
<b>Cash distribution payment date</b>	Wednesday, 29 August 2018
<b>Credit of Units to Unitholders’ securities accounts/ listing of Units issued under the DRP on SGX-ST</b>	Wednesday, 29 August 2018

See accompanying 3QFY18 Financial Statements announcement for more details.

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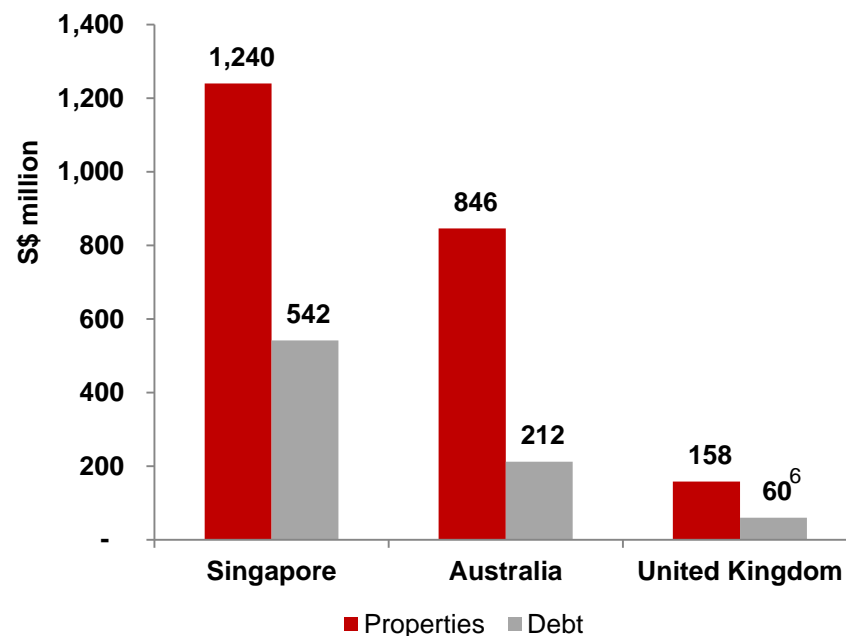
# Capital Management

# Debt statistics

- ◆ Healthy gearing of 35.4%
- ◆ Healthy interest coverage ratio of 3.5 times
- ◆ Borrowings in local currencies provide natural hedge

Statistics	As at 30 June 2018
Total Assets (S\$'000)	2,295,598
Gross Borrowings (S\$'000)	813,679
Units on Issue and Issuable entitled to distribution	885,367,591
NAV per Unit (ex-DPU) (S\$) <sup>1</sup>	1.50
Gearing <sup>2</sup>	35.4%
Interest coverage ratio (times) <sup>3</sup>	3.5
Average borrowing rate <sup>4</sup>	3.05% p.a.
FCOT Issuer rating by Moody's <sup>5</sup>	Baa2

## Borrowings and assets by currency



1. Based on issued Units for the financial quarter ended 30 June 2018.

2. Gross borrowing as a percentage of total assets.

3. Net income before changes in fair values of investment properties, interest, other investments and derivative instruments, income tax and distribution, and adding back certain non-recurring items/cash finance costs for the quarter ended 30 June 2018. See accompanying 3QFY18 Financial Statements announcement for details.

4. For quarter ended 30 June 2018.

5. Moody's affirmed FCOT's Baa2 ratings (with a negative outlook) in its credit opinion report dated 19 March 2018.

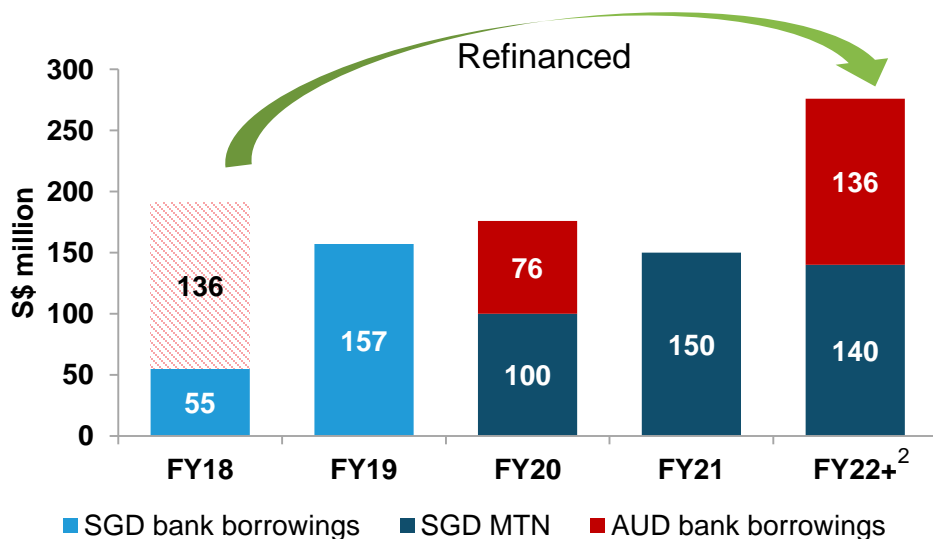
6. S\$60.0 million five-year senior unsecured notes issued in February 2018 was swapped into Sterling Pound.

# Well-spread debt expiry profile

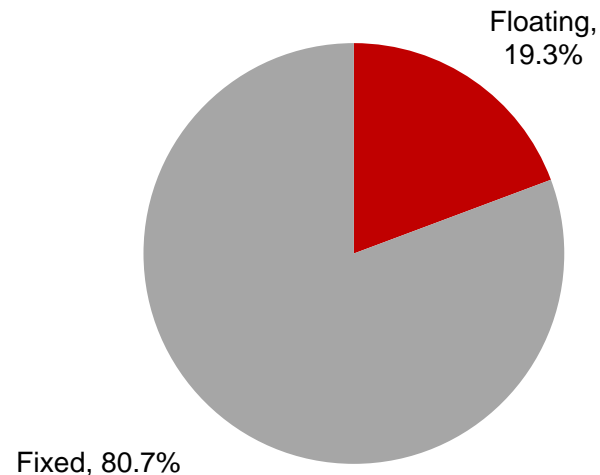
- ◆ Well-spread debt maturity profile
- ◆ Refinanced A\$135 million debt due in FY18 to FY22
- ◆ All debts are unsecured
- ◆ 81% of gross borrowings on fixed rate

## Debt maturity

Total facilities: S\$814 million  
Weighted average term to maturity: 2.6 years



## Debt composition – floating vs. fixed interest rates



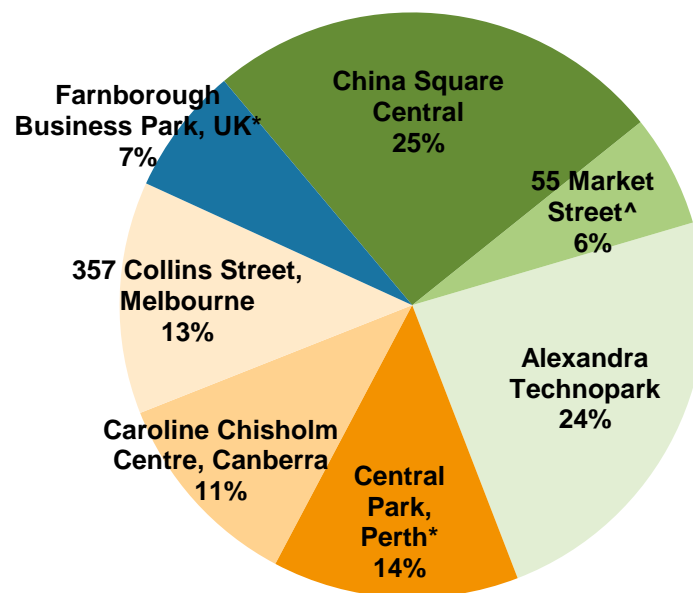
1. Data (including exchange rates) as at 30 June 2018.  
2. Inclusive of S\$60.0 million senior unsecured notes issued in February 2018 and swapped into Sterling Pound.

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# Portfolio Review

# Portfolio Review Asset values

- ◆ Diversified portfolio with no single property accounting for more than 25% of portfolio value



## Asset values as at 30 June 2018

Singapore	\$	1,239.6 mil	55%
Australia	\$	845.8 mil	38%
United Kingdom	\$	157.5 mil	7%
<b>Portfolio asset value</b>	<b>\$</b>	<b>2,242.9 mil</b>	<b>100%</b>

^ Classified as asset held for sale. On 10 July 2018, FCOT announced the divestment of 55 Market Street. See accompanying 3QFY18 Financial Statements announcement for details.

\* Reflects FCOT's 50% interest each in Central Park and Farnborough Business Park (held as a joint venture and equity-accounted in the financial statements).

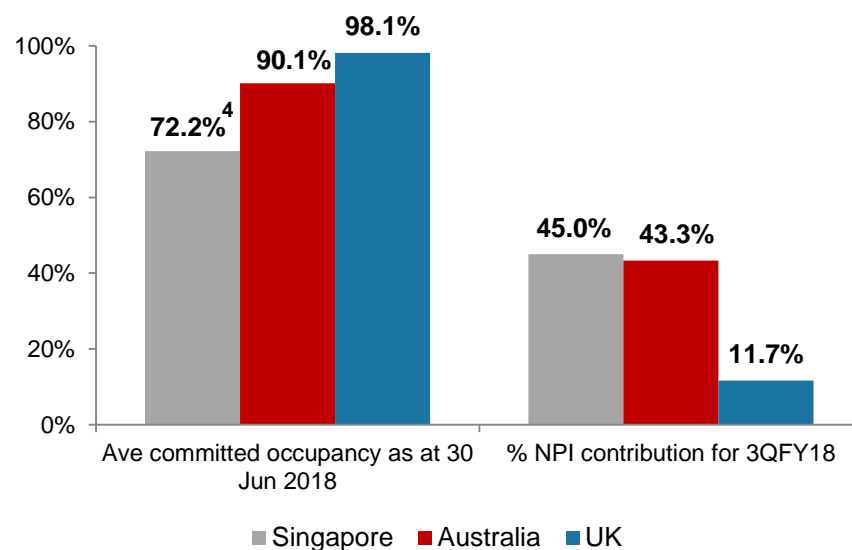


# Portfolio Review Occupancy & WALE

- ◆ Average committed occupancy rate of 81.9%<sup>1</sup>
- ◆ Committed WALE of 4.0 years<sup>1,2</sup>

Key portfolio statistics as at 30 Jun 2018	Actual occupancy	Committed occupancy <sup>1</sup>
Ave Occupancy	79.5%	81.9%
Portfolio WALE by gross rental income <sup>2</sup>	3.4 years	4.0 years
Portfolio WALB by gross rental income <sup>2,3</sup>	3.1 years	3.7 years

## Geographical occupancy<sup>1</sup> and NPI<sup>2</sup> contribution

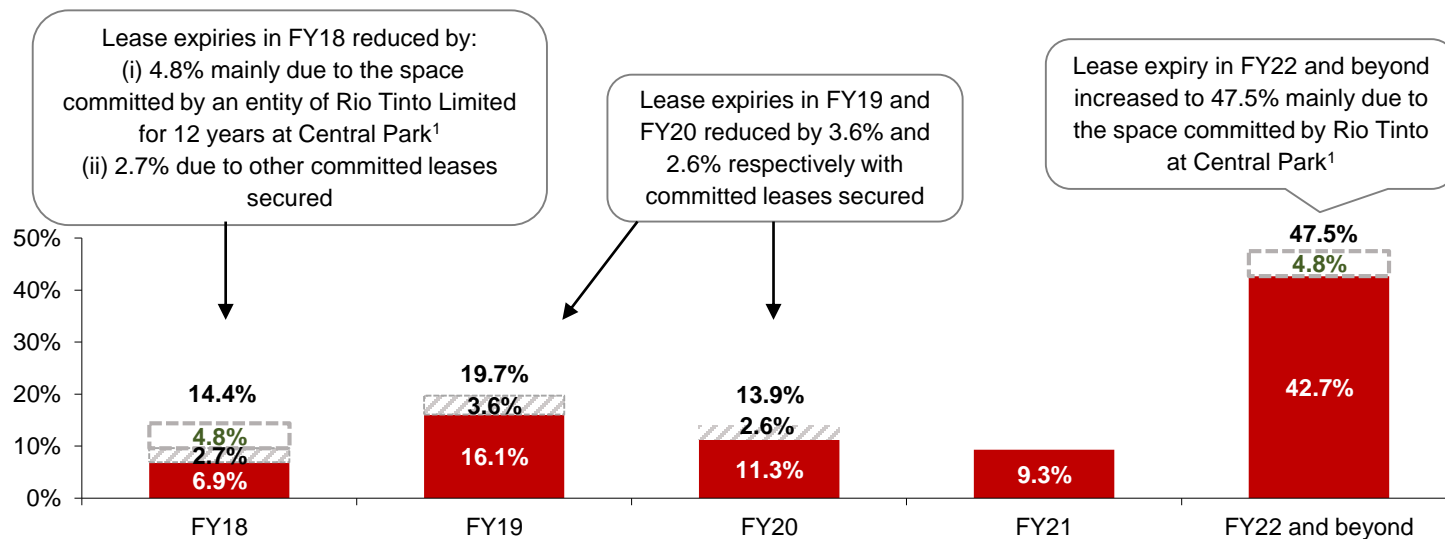


- Adjusted for, among other things, space committed by an entity of Rio Tinto Limited on a new 12-year lease commencing in FY18 and space that Rio Tinto Limited will be returning by end-FY18 as part of its partial relocation to new premises under the new lease. In addition, the total NLA of the portfolio used in the computation of occupancy rate has excluded 18 Cross Street retail podium (NLA c. 64,000 sf) which is currently closed for asset enhancement.
- Excludes lease incentives and retail turnover rents, if any. For Farnborough Business Park, reimbursements of rent free incentives and rent guarantee for certain unlet units, among others, by the vendor in accordance with the terms of the acquisition (refer to announcement dated 14 December 2017 for details) are included.
- WALB - weighted average lease to break, reflecting contractual rights for tenants to pre-terminate leases in certain cases.
- Mainly affected by lease expiration for Hewlett-Packard Enterprise Singapore Pte Ltd and phased reduction in lease area by Hewlett-Packard Singapore Pte Ltd at Alexandra Technopark (refer to the announcements dated 22 September 2017 and 3 November 2017 for further details).

# Portfolio Review Lease expiry profile

- ◆ Well-spread lease expiry profile provides income defensiveness

## Portfolio lease expiry by gross rental income



## Portfolio lease expiry by gross rental income<sup>2</sup>

<b>Number of leases expiring</b>	21	70	45	30	79 <sup>3</sup>
<b>NLA (sq ft) expiring</b>	201,209	417,767	285,417	181,813	1,160,293
<b>Expiries as % total NLA</b>	7.1%	14.8%	10.1%	6.5%	41.2%
<b>Expiries as % total Gross Rental Income</b>	9.6%	19.7%	13.9%	9.3%	47.5%

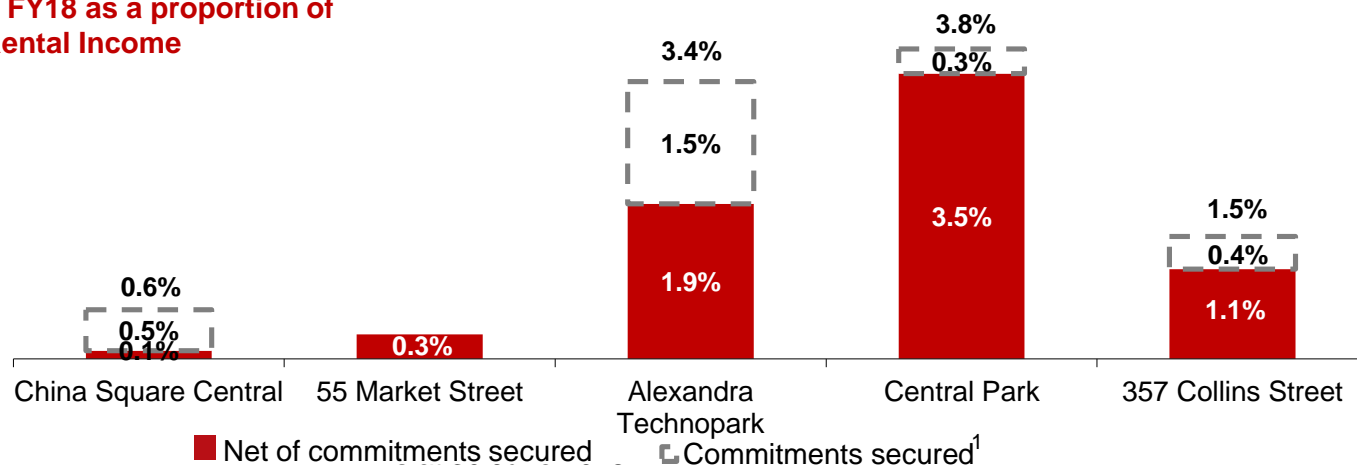
Data as at 30 June 2018. Exclude lease incentives and retail turnover rents, if any. For Farnborough Business Park, reimbursements of rent free incentives and rent guarantee for certain unlet units, among others, by the vendor in accordance with the terms of the acquisition (refer to announcement dated 14 December 2017 for details) are included.

1. Based on the space committed by an entity of Rio Tinto Limited on a new 12-year lease at Central Park commencing in FY18.
2. Adjusted for, among other things, space committed by an entity of Rio Tinto Limited on a new 12-year lease commencing in FY18. In addition, the total NLA of the portfolio used in the computation has excluded 18 Cross Street retail podium (NLA c. 64,000 sf) which is currently closed for asset enhancement.
3. Pending confirmation of actual number of leases to be executed in respect of the overall space committed by an entity of Rio Tinto Limited under a Heads of Agreement.

# Portfolio Review Lease expiry profile for FY18

- ◆ Proactive management of leases

## Lease Expiries in FY18 as a proportion of Portfolio Gross Rental Income



### As at 30 June 2018

Number of leases expiring <sup>1</sup>	2 (office)	1 (office) 1 (retail)	3	3 (office)	3 (office)
Average passing rents for expiring leases (net of those with commitments secured) <sup>2</sup>	\$6.83 (office)	\$7.00 (office) \$5.60 (retail)	\$4.12	A\$610 (office)	A\$569 (office)

1. Adjusted for, among other things, space committed by an entity of Rio Tinto Limited on a new 12-year lease commencing in FY18 and committed leases secured.
2. Excludes lease incentives and retail turnover rents, if any. Figures for Singapore properties are on a gross rent per square foot per month basis, while figures for Australian properties are based on net face rent per square metre per annum basis.

# Portfolio Review Leasing activities

- ◆ Selected new/renewed leases committed in 3QFY18:

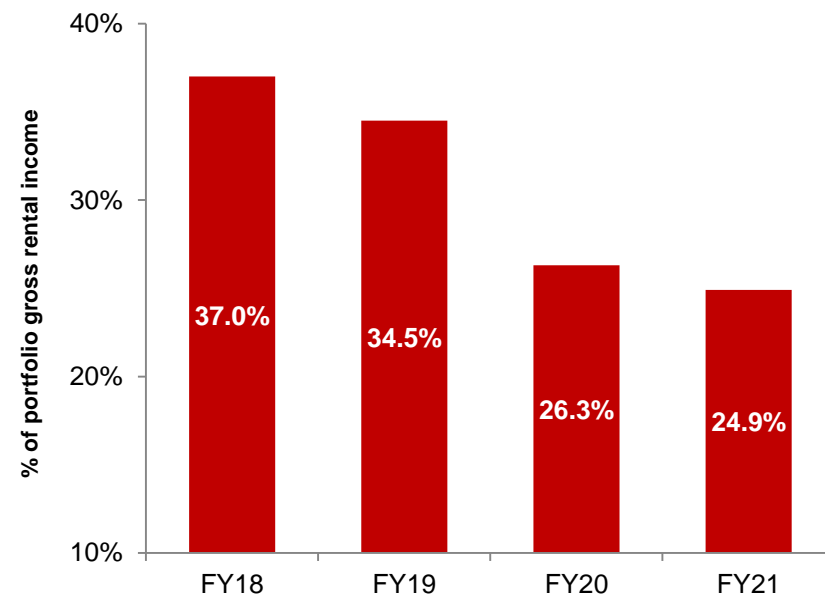
Tenant	Industry	Property
TechEdge Asia Pacific, Singapore Pte Ltd	IT products & services	China Square Central
Jungle Ventures Pte Ltd	Financial services	China Square Central
Legal Clinic LLC	Legal	China Square Central
GroupM Singapore Pte Ltd	Consultancy/ business services	China Square Central
JT International Tobacco Services (Singapore) Pte Ltd	Consumer goods	Alexandra Technopark
DISA Limited	IT products & services	Alexandra Technopark
Olympus Singapore Pte Ltd	Medical/ pharmaceutical	Alexandra Technopark
Westpac Banking Corporation	Financial services	Central Park
Australian Energy Market Operator Limited	Energy	Central Park
FTI Consulting (Australia) Pty Ltd	Consultancy/ business services	Central Park
Meridian Energy Australia Pty Ltd	Mining/ Resources	357 Collins Street
INC Research UK Ltd	Medical/ pharmaceutical	Farnborough Business Park
Fiscal Reps Limited	Financial services	Farnborough Business Park

# Portfolio Review Mid-term rent reviews

## 37% of FY18 leases have built-in step-up rents

Property	Leases	Average step-up	GROSS RENTAL INCOME <sup>1</sup>	
			% of Property	% of Portfolio
China Square Central	9	1.8%	41.3%	7.2%
55 Market Street	1	0.7%	7.6%	0.3%
Alexandra Technopark	1	15.1%	1.4%	0.4%
Caroline Chisholm Centre	1	3.0%	100.0%	16.1%
Central Park	12	3.7%	29.2%	4.7%
357 Collins Street	24	3.9%	50.0%	8.0%

## FY18 – FY21 Portfolio Gross Revenue with Step-Up Rents for Existing Leases



Weighted average fixed step-ups	2.9%	2.8%	2.3%	2.0%
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1. Excludes lease incentives and turnover rent, if any.

# Portfolio Review Top-10 tenants

- ◆ Established names and well diversified across various sectors
- ◆ Contribute 50% of portfolio gross rental income, with a WALE of 5.3<sup>1</sup> years at 30 June 2018

## Top 10 tenants by gross rental income

Tenant	Property	Sector	Lease Expiry	% Gross Rental Income <sup>2</sup>
Commonwealth of Australia	Caroline Chisholm Centre	Government	Jul-25	15.9%
Rio Tinto Limited <sup>3</sup>	Central Park	Mining/ resources	Jun-30 <sup>3</sup>	7.1%
Commonwealth Bank of Australia	357 Collins Street	Banking, insurance & financial services	Dec-22	6.4%
Hewlett-Packard Singapore Pte Ltd	Alexandra Technopark	IT Products & Services	Dec-18	3.7%
GroupM Singapore Pte Ltd	China Square Central	Consultancy/ business services	Jul-23	3.4%
Service Stream Ltd	357 Collins Street	Multimedia & Telecommunications	Dec-24	3.3%
Microsoft Operations Pte Ltd	Alexandra Technopark	IT Products & Services	Jan-22	2.9%
Fluor Limited	Farnborough Business Park	Engineering	May-19 to Jun-25	2.9%
Suntory Beverage & Food Asia Pte Ltd	China Square Central	Food & beverage	May-20	2.2%
Nokia Solutions and Networks (S) Pte Ltd	Alexandra Technopark	Multimedia & telecommunications	Feb-21	2.1%
<b>Total</b>				<b>49.9%</b>



Data as at 30 June 2018.

1. The WALB (after accounting for rights to break) is 4.9 years.
2. Excludes lease incentives and retail turnover rents, if any. For Farnborough Business Park, reimbursements of rent free incentives and rent guarantee for certain unlet units, among others, by the vendor in accordance with the terms of the acquisition (refer to announcement dated 14 December 2017 for details), are included.
3. Based on the space committed by an entity of Rio Tinto Limited on a new 12-year lease at Central Park commencing in FY18.

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# Reshaping and strengthening the portfolio for long-term growth

## Reshaping and strengthening the portfolio for long-term growth



- ◆ Expanded investment mandate to Europe (including UK) in January 2018 with a view to create greater balance and diversification
- ◆ Well-aligned with Sponsor's top 3 geographical markets
- ◆ Over S\$4 billion right of first refusal pipeline from Sponsor

- ◆ Unlock value
- ◆ Recycle capital for higher-yielding investments and other growth opportunities

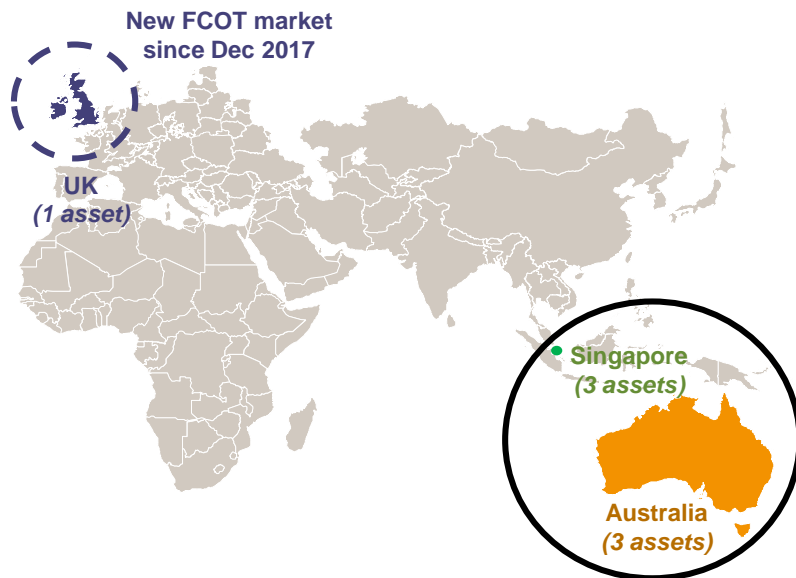


# Reshaping and strengthening the portfolio for long-term growth

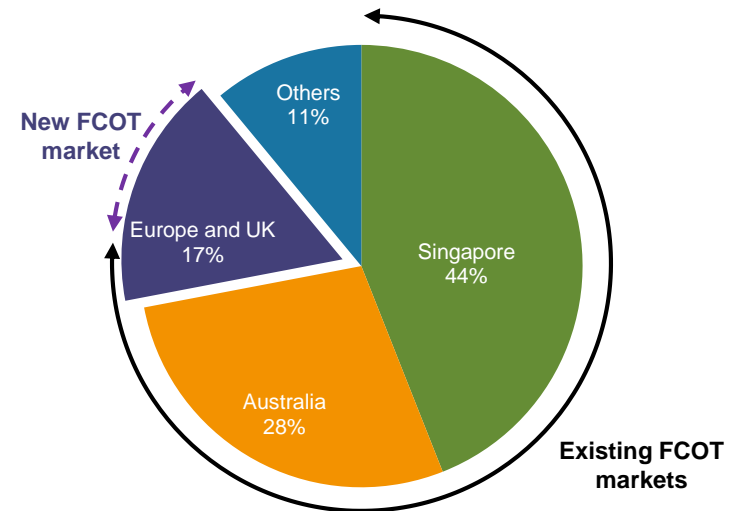
Synergistic alignment to Sponsor's top 3 geographical markets for **GROWTH** and **DIVERSIFICATION**

- ◆ Announced expansion of investment mandate to Europe/UK in Dec 2017
- ◆ Enhanced diversification from broadened mandate
- ◆ FCOT granted right of first refusal for Frasers Property's relevant office/business space/business park assets in Europe (including UK)

Alignment with Sponsor's top 3 geographical markets



Frasers Property's assets by geography<sup>1</sup>



# Acquisition: 50% interest in Farnborough Business Park, UK

## Strengthening portfolio for **LONG-TERM GROWTH**

- ◆ Acquisition of 50% interest in Farnborough Business Park (“FBP”) at a property value of £87.5 million<sup>1</sup> completed on 29 January 2018
- ◆ FBP is an award-winning business park with solid fundamentals in a well-connected location in Thames Valley



**46.5 h**  
freehold land

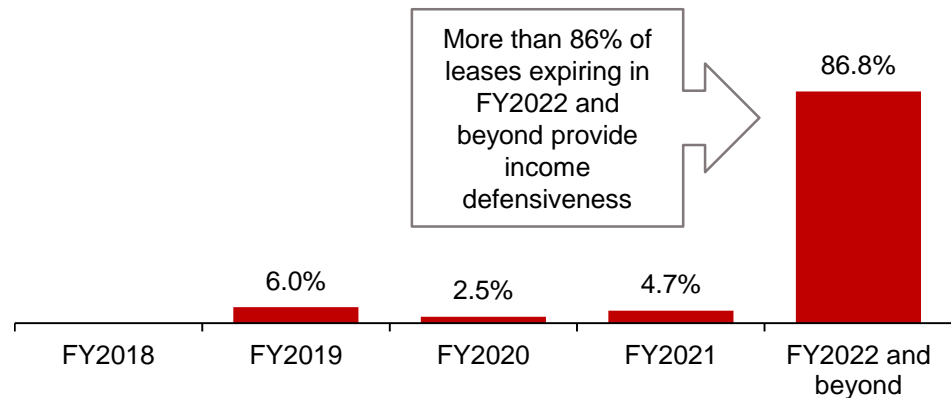
**~555k sf**  
NLA

**7.7**  
**years**  
long WALE<sup>2</sup>

**98.1%**  
occupancy  
rate<sup>3</sup>

**36**  
quality  
tenants

More than 86% of leases expiring in FY2022 and beyond provide income defensiveness



Data as at 30 June 2018.

1. Represents FCOT’s 50.0% interest in FBP. Refer to the announcement dated 14 December 2017.
2. By gross rental income and including reimbursements of rent free incentives and rent guarantee for certain unlet units, among others, by the vendor in accordance with the terms of the acquisition (refer to announcement dated 14 December 2017 for details). The WALB (after accounting for rights to break) is 5.4 years.
3. After adjusting for leases for which the tenants have exercised their rights to break.

# Divestment: 55 Market Street

Monetizing non-core asset and reshaping and strengthening portfolio for **LONG-TERM GROWTH**

- ◆ Divestment of 55 Market Street to an unrelated third party for S\$216.8 million announced on 10 July 2018
- ◆ Unlocking significant value with net gain of S\$76.5 million<sup>1</sup> and almost 3X initial purchase price<sup>2</sup>
- ◆ Monetization enables recycling of capital to higher-yielding investments and other growth initiatives
- ◆ DPU-accretive transaction (see pro-forma effects below)
- ◆ Divestment expected to be completed by 31 August 2018

<b>S\$216.8 mil</b> or <b>S\$3,020 psf</b>  <b>sale consideration</b>	<b>45% premium</b>  to S\$150.0 mil valuation as at 1 July 2018	<b>c. 3X</b>  of S\$72.5 mil original purchase price in 2006	<b>S\$76.5 mil</b>  estimated net gain over S\$139.0 mil book value as at 30 Sept 2017 <sup>1</sup>	<b>1.6%</b>  Implied exit NPI yield <sup>3</sup>
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Pro-forma financial effects of the divestment	Before divestment	After divestment <sup>4</sup>
Gearing as at 30 Sep 2017	34.7%	26.5%
DPU for FY17	9.82 cents	10.18 cents
NAV per Unit as at 30 Sep 2017	S\$1.60	S\$1.70

1. Net of estimated transaction expenses and fees of S\$1.3 million.
2. Acquired in 2006 for S\$72.5 million.
3. Based on the annualized net property income of 55 Market Street for 3QFY18.
4. Assuming that divestment proceeds net of transaction expenses and fees were used to repay FCOT's bank borrowings.

# Over S\$4bn ROFR Pipeline

FCOT has Right of First Refusal over Frasers Property Group's relevant Office/Business Space/Business Park assets in Asia-Pacific and Europe (including UK), currently worth more than S\$4bn

## Selected Singapore assets owned by Frasers Property



**Frasers Tower<sup>1</sup>**



**Alexandra Point**



**51 Cuppage Road**



**Valley Point**

## Selected Australia assets owned by Frasers Property



**1B Homebush Bay Drive**



**2 Southbank Boulevard**



**1D Homebush Bay Drive**



**Rhodes Corporate Park (Bldg F)**

## Selected UK assets owned by Frasers Property



**Winnersh Triangle**



**Chineham Park**



**Watchmoor Park**



**Farnborough Business Park<sup>2</sup> (50%)**

Source: Frasers Property 2017 annual report and announcements.

1. Currently under development.
2. Refers to Frasers Property's 50% interest.

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# Growth from Asset Enhancement Initiatives

# Asset Update Asset enhancement at Alexandra Technopark

- ◆ \$45 million AEI and re-branding on track to complete around 2H2018
- ◆ Creating a contemporary business campus with greater connectivity and a more activated, stimulating and engaging environment
- ◆ Tenants can look forward to a generous offering of wellness, lifestyle, social and other amenities
- ◆ New amenities include futsal courts, end-of-trip facilities, exercise areas and meeting facilities



# Asset Update Asset enhancement at Alexandra Technopark

- ◆ New amenity hub received Temporary Occupancy Permit (TOP) in June 2018

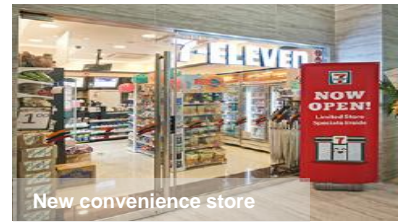
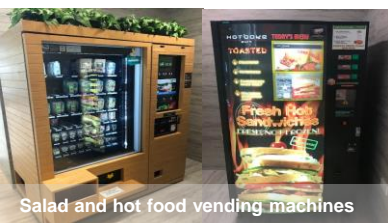
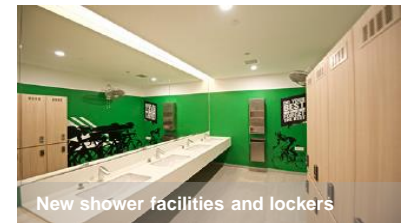


Amenity hub will mainly house:

- ◆ Food and beverage outlets → New food court, cafes
- ◆ New amenities → Function room, roof garden, BBQ pits
- ◆ Services → Clinic

# New ATP – A contemporary Business Campus

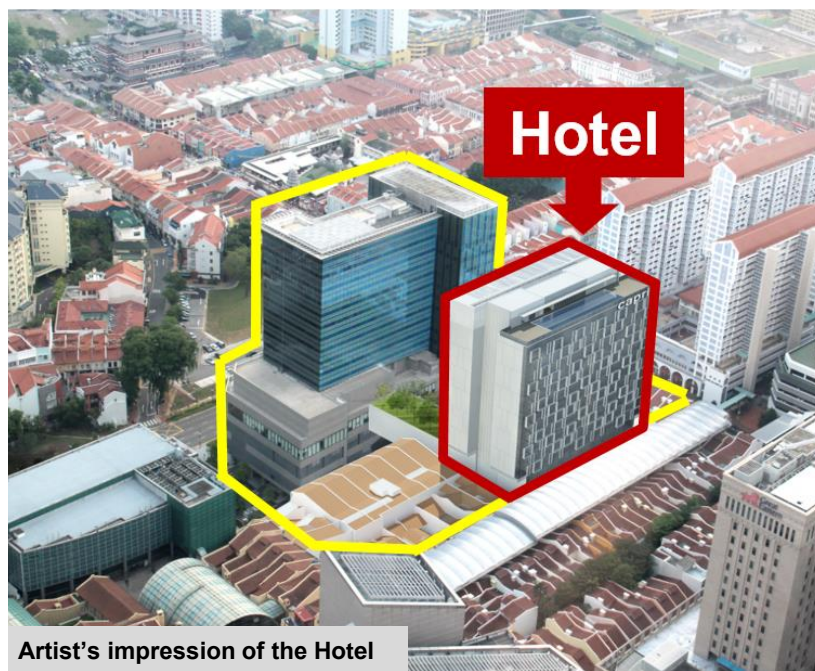
- ◆ Wide range of wellness, lifestyle, social and other amenities<sup>1</sup>





# Asset Update Developments at China Square Central

- ◆ Construction works for the development of the 16-storey Hotel and Commercial Project<sup>1</sup> are on track and expected to be completed by mid-2019
- ◆ New retail and commercial spaces with better frontages and visibility will also be created<sup>2</sup>
- ◆ The new 304-room Capri by Fraser hotel will bring increased activity to rejuvenate China Square Central



China Square Central

Proposed Hotel

1. Undertaken by an entity of Frasers Property Limited. Refer to the Circular to Unitholders dated 3 June 2015 for details.
2. New spaces to be created from relocated spaces from part of the existing basement at 18 Cross Street and a section of 22 Cross Street. Refer to the Circular to Unitholders dated 3 June 2015 for details.

# Asset Update Enhancement of China Square Central retail podium

- ◆ S\$38 million project commenced in 1Q 2018 and expected to complete by the second half of 2019<sup>1</sup>
- ◆ NLA to potentially increase to c.75,000 sf<sup>1</sup> from c.64,000 sf currently
- ◆ Improved tenant mix focusing on F&B, wellness and services
- ◆ To benefit from uplift in human traffic from Capri by Fraser opening in 2019
- ◆ Retail podium closed during construction period for safety reasons



1. Based on provisional scheme which may be subject to change.

# Asset Update Developments at China Square Central

- ◆ Global collaborative space operator, WeWork, has commenced operations at 22 Cross Street<sup>1</sup>
- ◆ 22 Cross Street premises house WeWork's Singapore headquarters



Interior of WeWork's office at 22 Cross Street



Interior of WeWork's office at 22 Cross Street



Interior of WeWork's office at 22 Cross Street

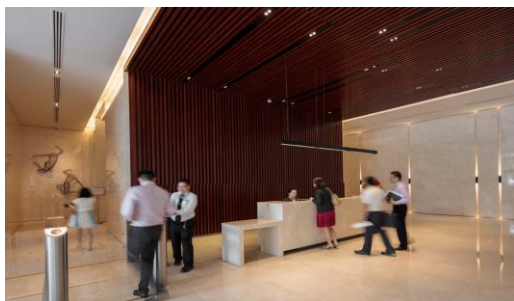
1. WeWork had committed a total of approximately 28,700 sf of space at 22 Cross Street, which will be taken up in phases starting with approximately 16,800 sf.

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# Appendix: Asset Details and Market Overview

# Portfolio Update Singapore assets

**China Square Central – stable occupancy for office tower**



**55 Market Street – stable occupancy**



**Alexandra Technopark – rejuvenation and repositioning underway**



<b>Occupancy</b>	93.9% <sup>1,2</sup> (office tower: 93.0% <sup>1</sup> )	87.9%	64.8% <sup>1</sup>
<b>WALE</b>	1.7 years	1.7 years	1.8 years
<b>WALB</b>	1.7 years	1.7 years	1.4 years
<b>New leases, committed and renewals</b>	TechEdge Asia Pacific, Singapore Pte Ltd, Jungle Ventures Pte Ltd, Legal Clinic LLC, GroupM Singapore Pte Ltd	-	JT International Tobacco, DISA Limited, Olympus Singapore Pte Ltd

## Tenants



Data as at 30 June 2018.

1. Committed occupancy as at 30 June 2018.
2. Excluding 18 Cross Street retail podium (NLA c 64,000 sq ft) which is currently closed for asset enhancement.

# Portfolio Update Australia assets

**Central Park – long WALE of 5.8 years<sup>1</sup>**



**Caroline Chisholm Centre – full occupancy with long WALE of 7.0 years**



**357 Collins Street – high occupancy in a strong market**



<b>Occupancy</b>	69.8% <sup>1,2</sup>	100.0%	98.5%
<b>WALE</b>	2.1 years (5.8 years with new leases <sup>1</sup> )	7.0 years	3.0 years
<b>WALB</b>	2.0 years (5.7 years with new leases <sup>1</sup> )	7.0 years	3.0 years
<b>New leases, committed and renewals</b>	Westpac Banking Corporation, FTI Consulting (Australia) Pty Ltd	Property occupied until July 2025 by a single tenant, the Commonwealth of Australia (AAA rated <sup>3</sup> )	Meridian Energy Australia Pty Ltd

**Tenants**



**Australian Government**



Data as at 30 June 2018.

- Adjusted for, among other things, space committed by an entity of Rio Tinto Limited on a new 12-year lease commencing in FY18 and space that Rio Tinto Limited will be returning by end-FY18 as part of its partial relocation to new premises under the new lease. Actual occupancy on 30 June 2018 was 67.8%.
- Committed occupancy as at 31 March 2018.
- Based on Standard and Poor's rating in January 2018.

# Portfolio Update United Kingdom asset

**Farnborough Business Park –  
long WALE and healthy  
occupancy**



<b>Occupancy</b>	98.1% <sup>1</sup>
<b>WALE</b>	7.7 years
<b>WALB</b>	5.4 years
<b>New leases, committed and renewals</b>	INC Research UK Ltd, Fiscal Repts Limited

<b>Tenants</b>	
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Data as at 30 June 2018.

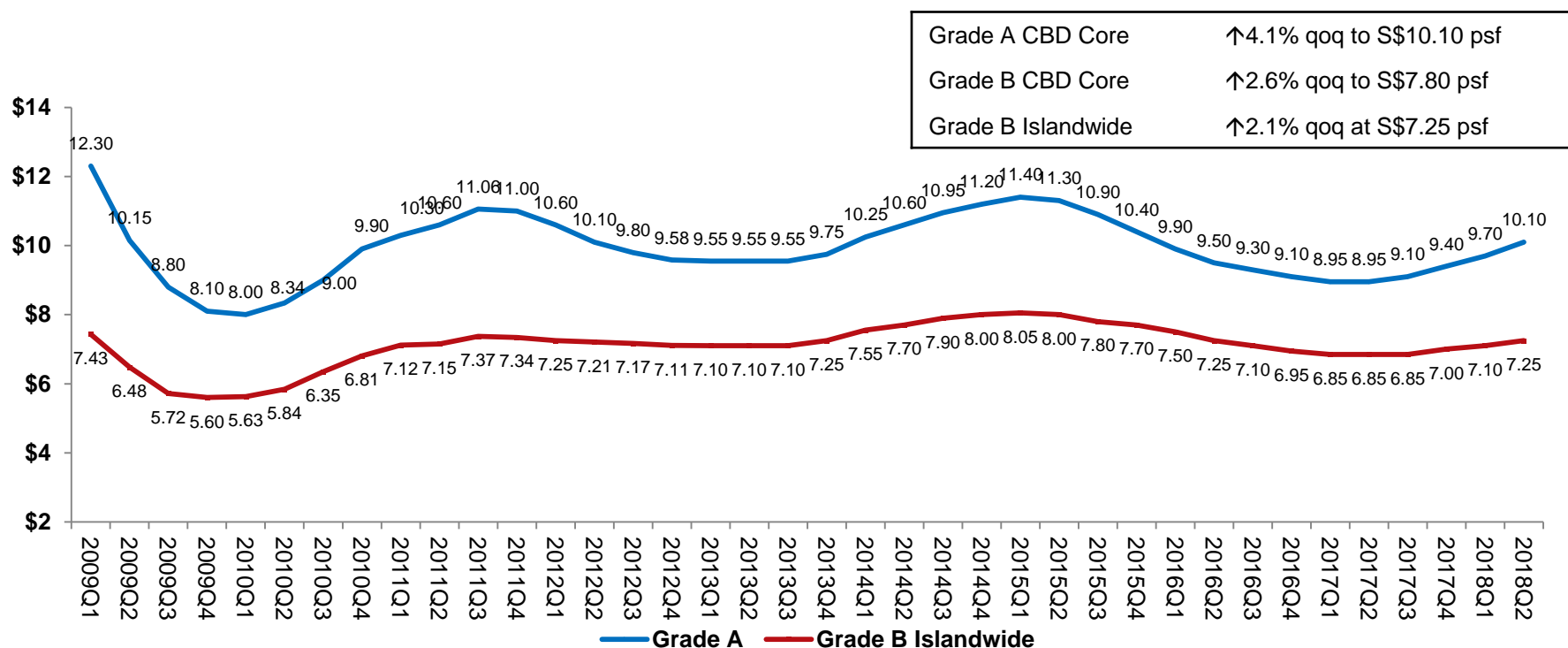
1. After adjusting for leases for which the tenants have exercised their rights to break.

# Singapore office rents

Singapore office:

- ◆ Grade B rents relatively more stable
- ◆ General outlook for the office market is positive

## Singapore Grade A and Grade B office rents<sup>1</sup>



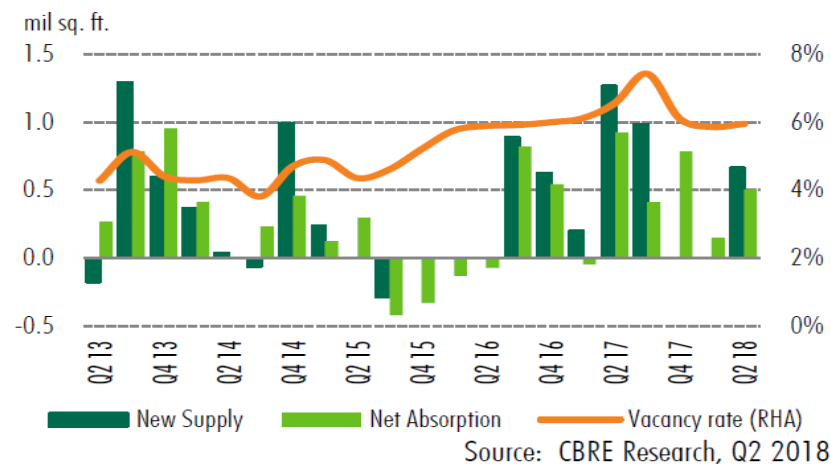
Source: CBRE Research

1. CBRE, Singapore Market View, Q2 2018



# Demand, supply and outlook for Singapore CBD office market

## Office supply-demand dynamics<sup>1</sup>



- ◆ Market fundamentals have strengthened and island-wide vacancy remained tight at 5.9% in 2Q 2018
- ◆ According to CBRE, demand for space mainly stemmed from flexible space operators, technology firms and insurance companies
- ◆ CBRE is of the opinion that the medium-term outlook for rents is positive with the tapering future supply

## Office vacancy rates<sup>1</sup>

	Q2 18	Q-o-q	Y-o-y
Islandwide	5.9%	9 bps	-63 bps
Core CBD	5.9%	1 bps	6 bps
Fringe CBD	6.9%	41 bps	-136 bps
Decentralised	4.9%	-12 bps	-120 bps
Grade A	5.9%	5 bps	133 bps

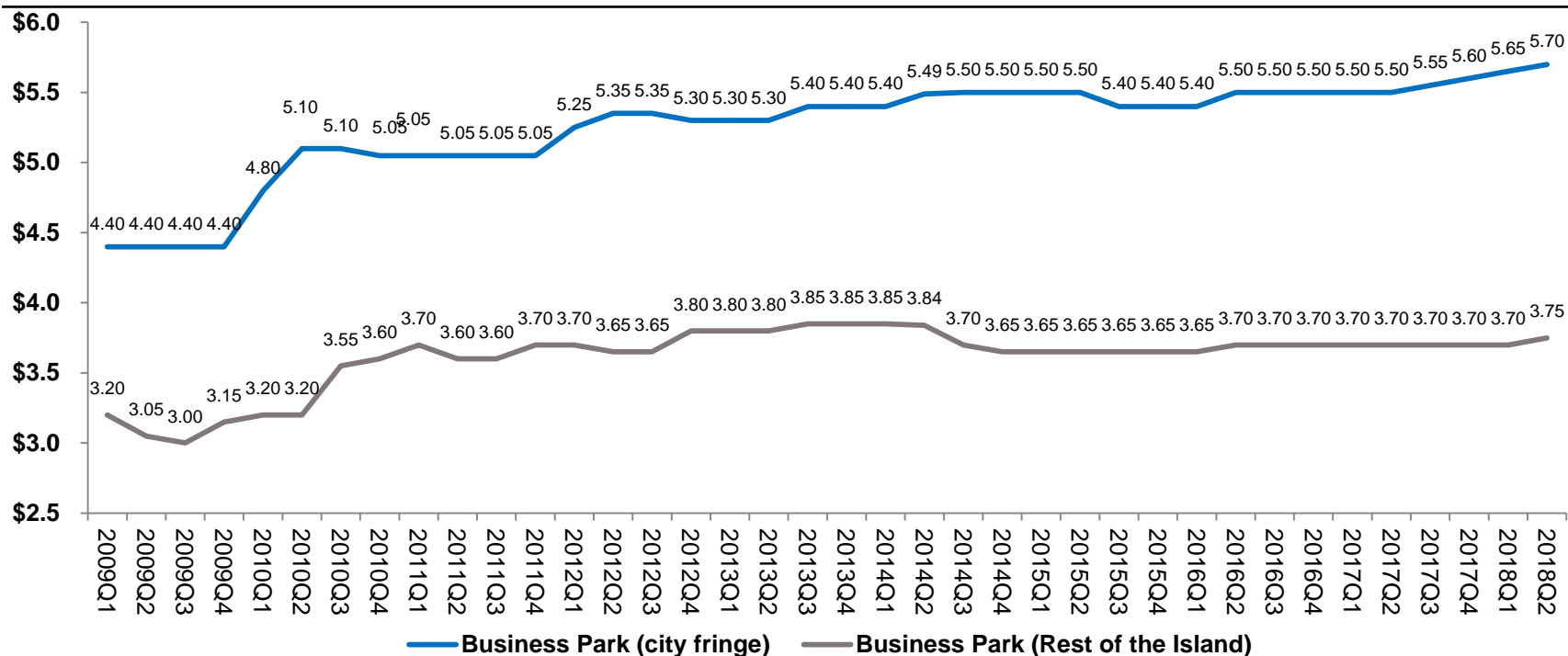
Source: CBRE Research, Q2 2018

# Singapore business park rents<sup>1</sup>

Singapore business parks<sup>2</sup>:

- ◆ City fringe business park average rent increased by 0.9% qoq in 2Q 2018
- ◆ Rest of the island average rent increased by 1.4% qoq in 2Q 2018

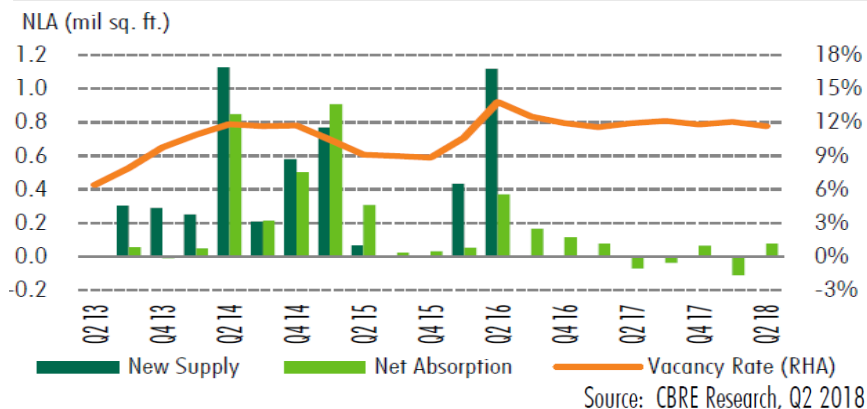
## Singapore Business Park (city fringe) rents<sup>2</sup>



- Alexandra Technopark is a high-specification B1 industrial development located at the city-fringe, with certain physical attributes similar to business parks. In the absence of comprehensive market research information directly relevant to the asset class of Alexandra Technopark, market research information for business parks is provided for indicative reference.
- CBRE, Singapore Market View, Q2 2018

# Demand, supply and outlook for Singapore business park market<sup>1</sup>

## Business park supply-demand dynamics<sup>2</sup>



## Business park future pipeline<sup>2</sup>

Year	Est. NLA (mil sq. ft.)	Est. Pre-commitment
2018	0.50	53%
2019	0.24	0%
2020	0.15	100%
<b>Total</b>	<b>1.12</b>	<b>46%</b>

Source: CBRE Research, Q2 2018

- ◆ Leasing activity and interest in business park space registered an upswing in 2Q 2018
- ◆ Island-wide net absorption turned positive to 74,408 sf in 2Q 2018 which led to a reduction in vacancy to 11.6% from 12.0% in 1Q 2018
- ◆ Demand was mainly attributed to tenants seeking expansion or relocation space and driven by the relatively more affordable business park rents compared to office rents
- ◆ City fringe business parks of higher quality and better locations continue to be in demand
- ◆ CBRE is of the opinion that rents for city fringe business parks are expected to grow as vacancy remains tight

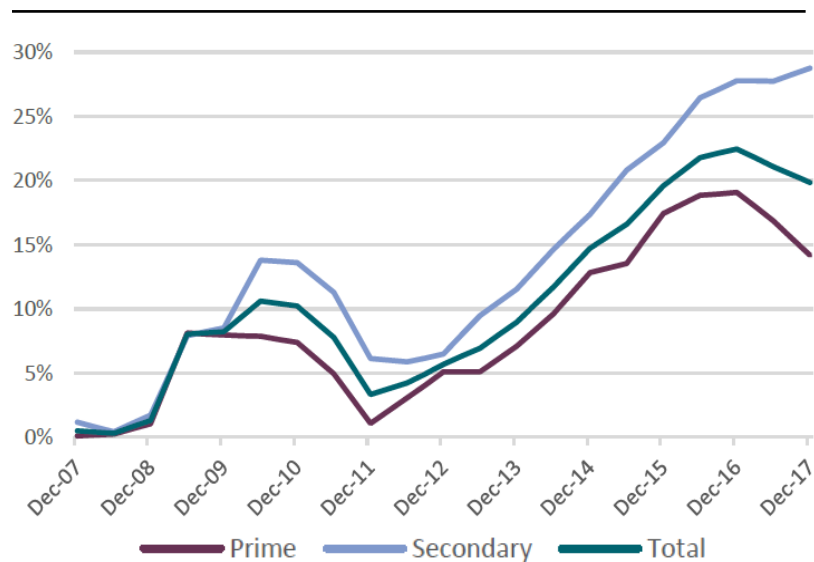
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2. CBRE, Singapore Market View, Q2 2018

# Perth CBD office supply and rents

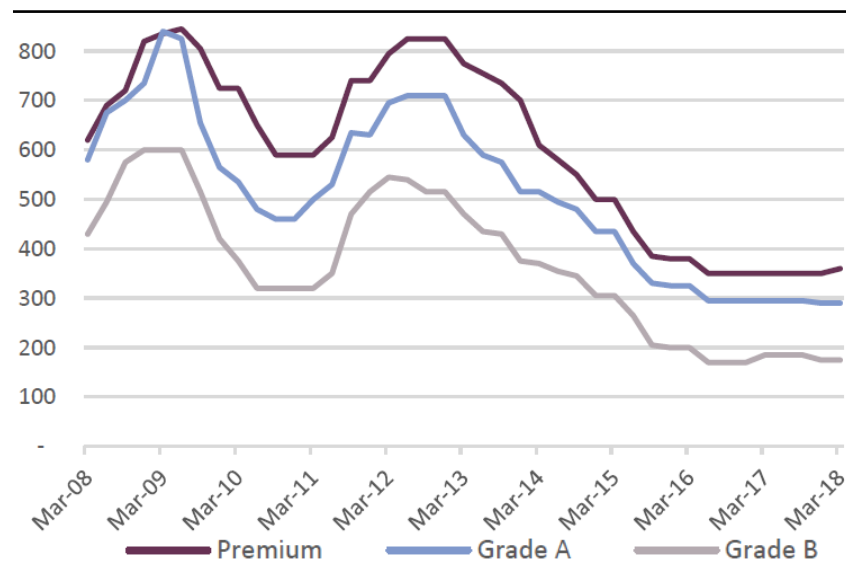
- ◆ Business confidence continues to improve and demand is strengthening for Prime Grade office space due to 'flight to quality' and tenants relocations to CBD
- ◆ Two consecutive half-year periods of positive net absorption for the six months ended June and December 2017, which occurred for the first time since the peak of the office market in 2012, are indications of recovery
- ◆ Prime Grade average net face rent was A\$500 to A\$725 per sqm per annum as at March 2018, with average lease incentives between 45% and 48%
- ◆ Prime Grade vacancy was 6.3% as at December 2017

## Perth CBD office vacancy rate by grade (%)



Source: Savills Research/PCA

## Perth CBD net effective rents by grade (A\$/sqm)

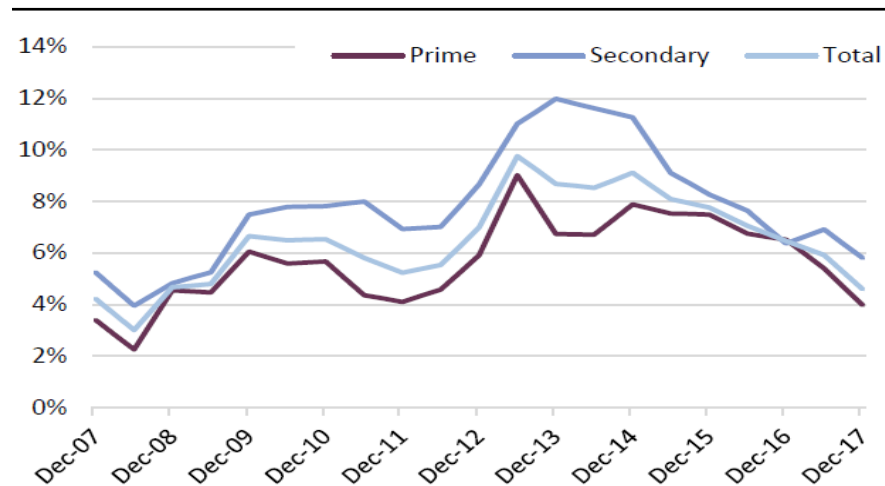


Source: Savills Research/ PCA

# Melbourne CBD office supply and rents

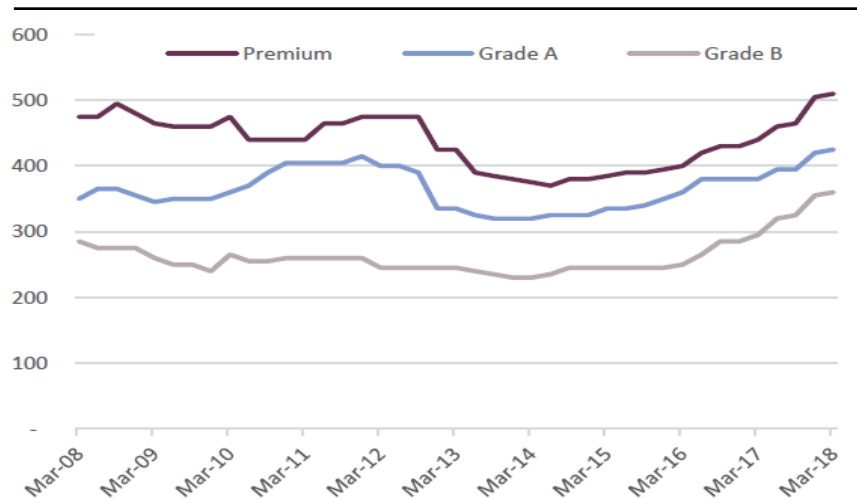
- ◆ CBD office market continues to be strong, supported by employment growth across Victoria state, among other factors
- ◆ Total net absorption of 74,800 sqm for 2017 for Melbourne CBD was the strongest among Australian cities
- ◆ Grade A average net face rent for Melbourne CBD office space was between A\$520 to A\$640 per sqm per annum as at March 2018, with lease incentives around 25% to 29%
- ◆ Overall vacancy rate of 4.6% as at April 2018 was the joint-lowest (with Sydney CBD) in Australia, further decline anticipated in the next twelve months
- ◆ Office net face rent is forecast to grow over the next two years

Melbourne CBD office vacancy rate (%)



Source: PCA/ Savills Research

Melbourne CBD office net effective rents by grade (\$/sq m)



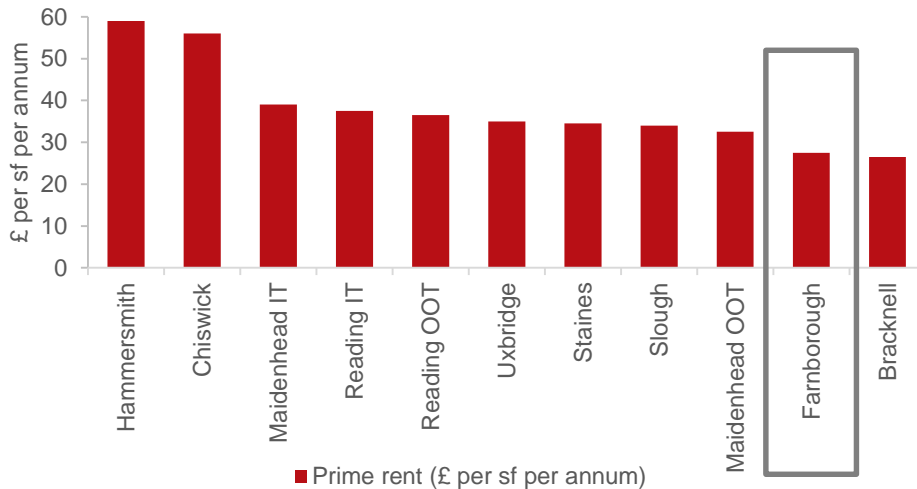
Source: Savills Research

Source: Savills Research, Melbourne CBD Office, April 2018.

# Thames Valley office supply and rents

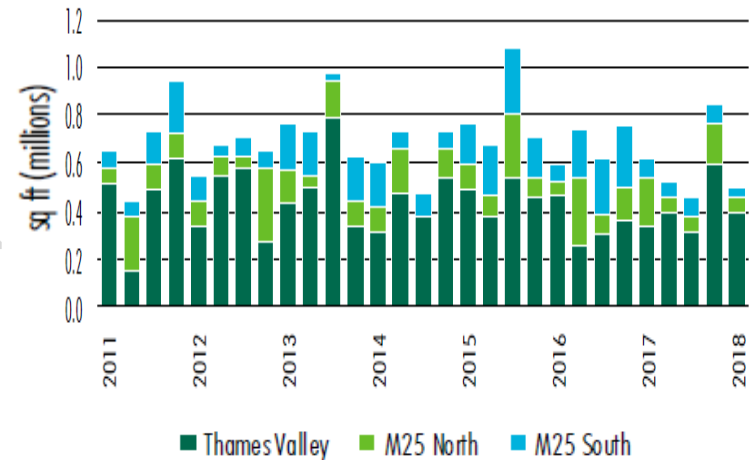
- ◆ Grade A office rent for Farnborough area was around £27.5 per sq ft per annum as at March 2018, while incentives were generally around 17.5% to 20.0% (for typical 10-year lease terms)
- ◆ Thames Valley's vacancy rate of 10.1% as at March 2018 was a 0.8-percentage point reduction compared to December 2017

Key Thames Valley Grade A office rents (£ per sf per annum)



Source: CBRE Research, Q1 2018

Thames Valley and M25 take up, Q1 2018



Source: CBRE Research, Q1 2018

**Experience  
matters.**

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