

Frasers Commercial Trust
2QFY15 Financial Results

23 April 2015

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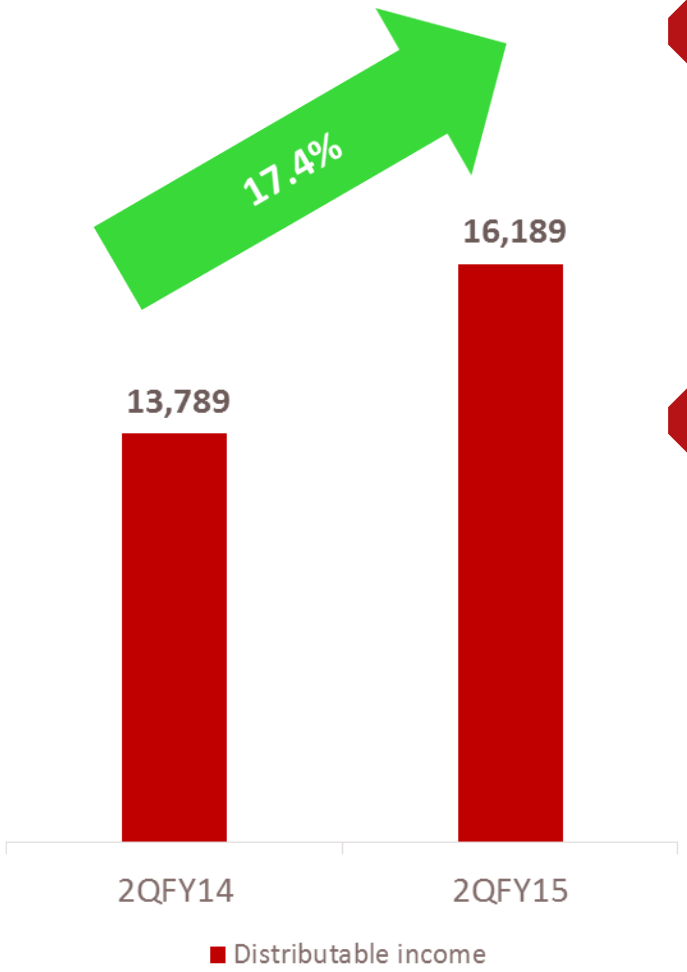
This Presentation includes market and industry data and forecast that have been obtained from internal survey, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such included information. While the Manager has taken reasonable steps to ensure that the information is extracted accurately and in its proper context, the Manager has not independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein.

- Results
- Portfolio review
- Capital management
- Moving Forward

Results

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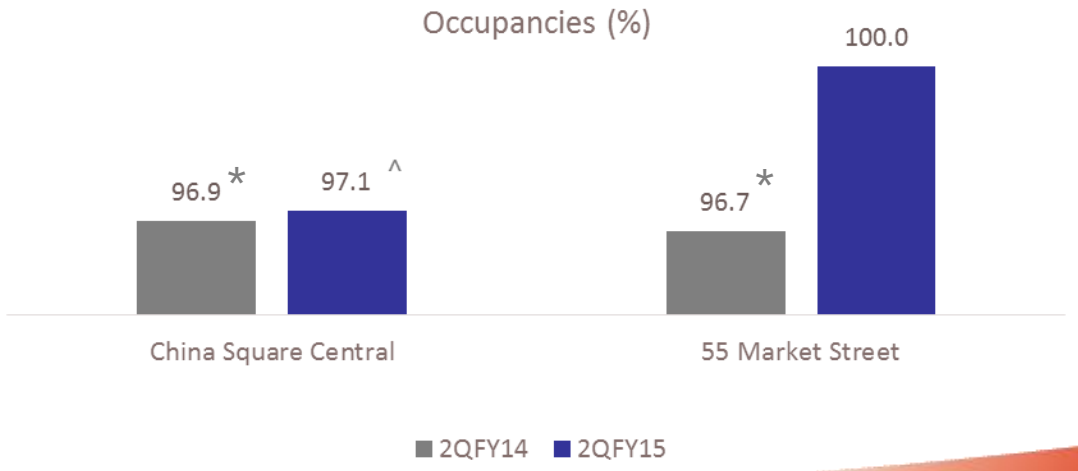
Singapore properties continue to boost 2QFY15 results



1 Significant contribution from Alexandra Technopark following the expiry of the master lease

- Significant contribution from the underlying leases of Alexandra Technopark following the expiry of the master lease in August 2014
- NPI for Alexandra Technopark up 68.3% in 2QFY15 yoy

2 Higher occupancies and rentals achieved for China Square Central and 55 Market Street



* Committed occupancy as at 31 March 2014.
^ Committed occupancy as at 31 March 2015.

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- **17% rise in distributable income for 2QFY15**

1 Jan 2015 – 31 Mar 2015	2QFY15 (S$ '000)	Y-o-Y Change (%)	Contributing factors
Gross Revenue	34,814	22%	▪ Higher revenue contribution from the underlying leases of Alexandra Technopark following the expiry of the master lease in August 2014 and better performances of China Square Central and 55 Market Street due to higher occupancies and rental rates achieved
Net Property Income	24,716	14%	▪ Higher contribution from the underlying leases of Alexandra Technopark and better performances of China Square Central and 55 Market Street
Distributable income to Unitholders	16,189	17%	▪ Distributable income to Unitholders increased y-o-y in line with NPI
DPU[1]	2.38¢	16%	▪ DPU increased y-o-y in line with higher distributable income to Unitholders

1 The number of Units used to calculate the amount available for DPU is 681,548,751. See accompanying 2QFY15 Financial Statements announcement for more details.

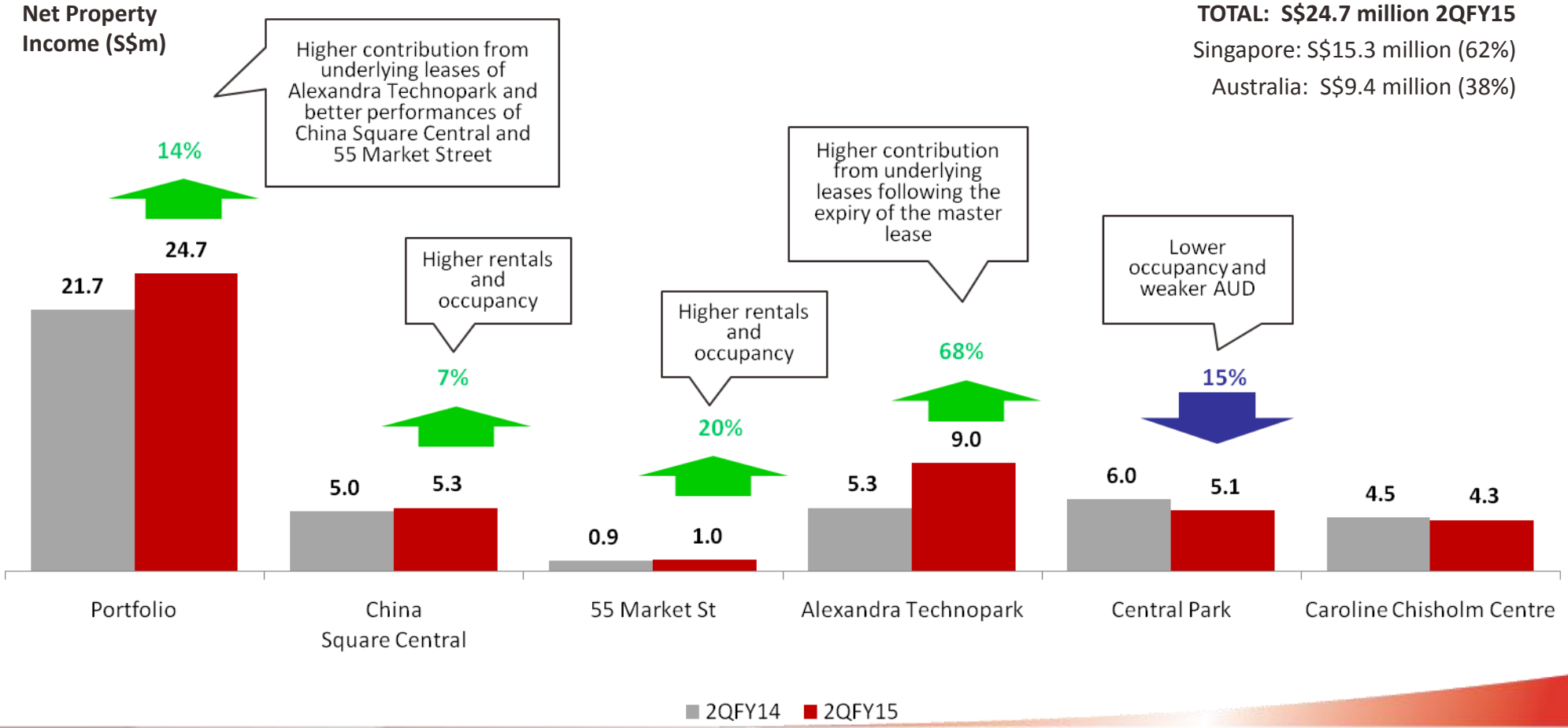
Higher contribution from Alexandra Technopark following the expiry of the master lease and better performances of China Square Central and 55 Market Street

Net Property Income (S$m)

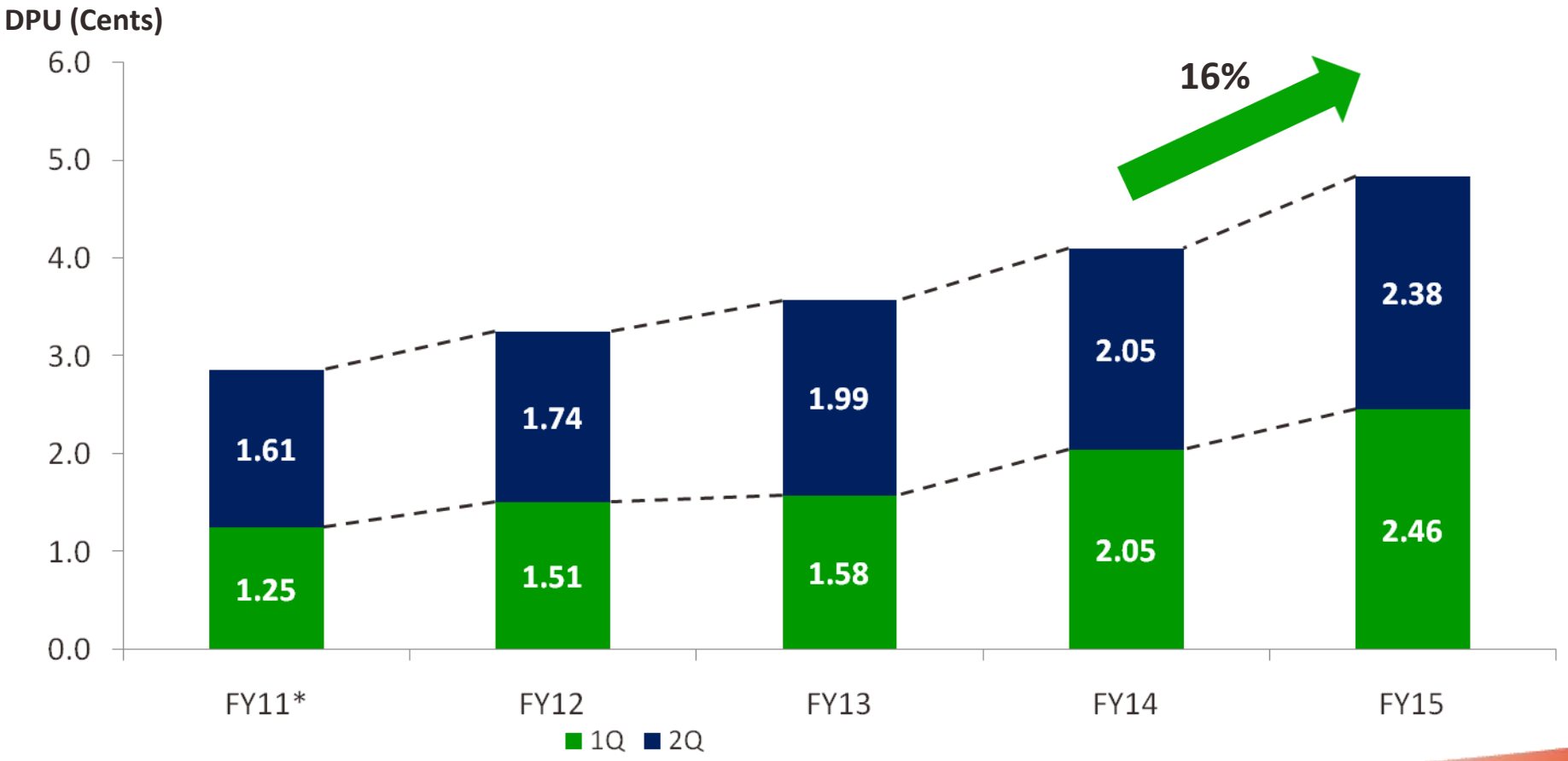
TOTAL: S$24.7 million 2QFY15

Singapore: S$15.3 million (62%)

Australia: S$9.4 million (38%)



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



* Adjusted for Unit consolidation

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DRP will be implemented for the distribution for 2QFY15

Distribution Period	1 January 2015 to 31 March 2015
Ordinary Unit Distribution Rate	**Distribution of 2.3754 cents per Unit comprising:** a) taxable income distribution of 1.9300 cents; b) tax-exempt income distribution of 0.4205 cents; and c) capital distribution of 0.0249 cents
Last day of trading on "cum" basis	**Tuesday, 28 April 2015**
Ex-distribution trading commence	Wednesday, 29 April 2015
Distribution Books Closure Date	Monday, 4 May 2015 at 5.00 pm
Cash distribution payment date	**Friday, 29 May 2015**
Credit of Units to Unitholders' securities accounts/ listing of Units issued under the DRP on SGX-ST	**Friday, 29 May 2015**

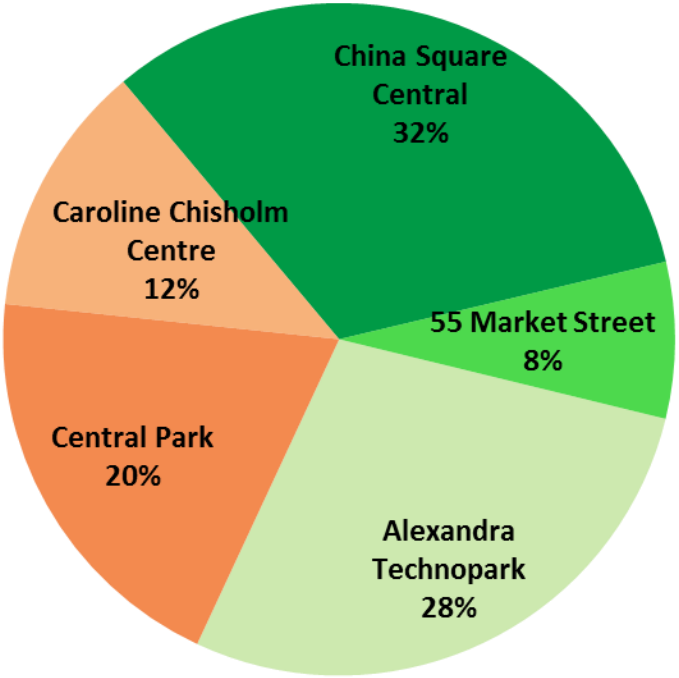
Portfolio review

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Portfolio review – Valuation

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





Singapore	$	1,216.2	68%
Australia	$	570.9	32%
Total	$	1,787.1	**100%**

As at 31 March 2015. Excludes retail turnover rent

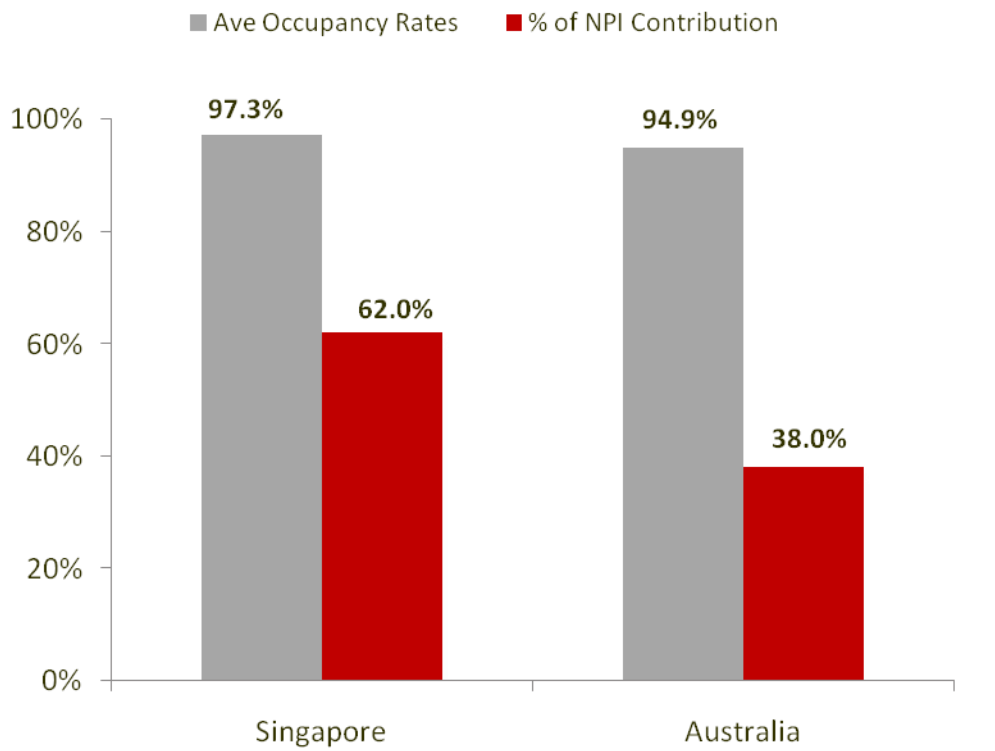
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Portfolio review – Occupancy Rates & WALE

- **Robust average occupancy rate of 96.5%**
- **Healthy WALE of 3.5 years^**

Key portfolio statistics	As at 31 March 2015
Ave Occupancy	96.5%
WALE by gross rental income	3.5 years^

Geographical occupancy and % of NPI contribution



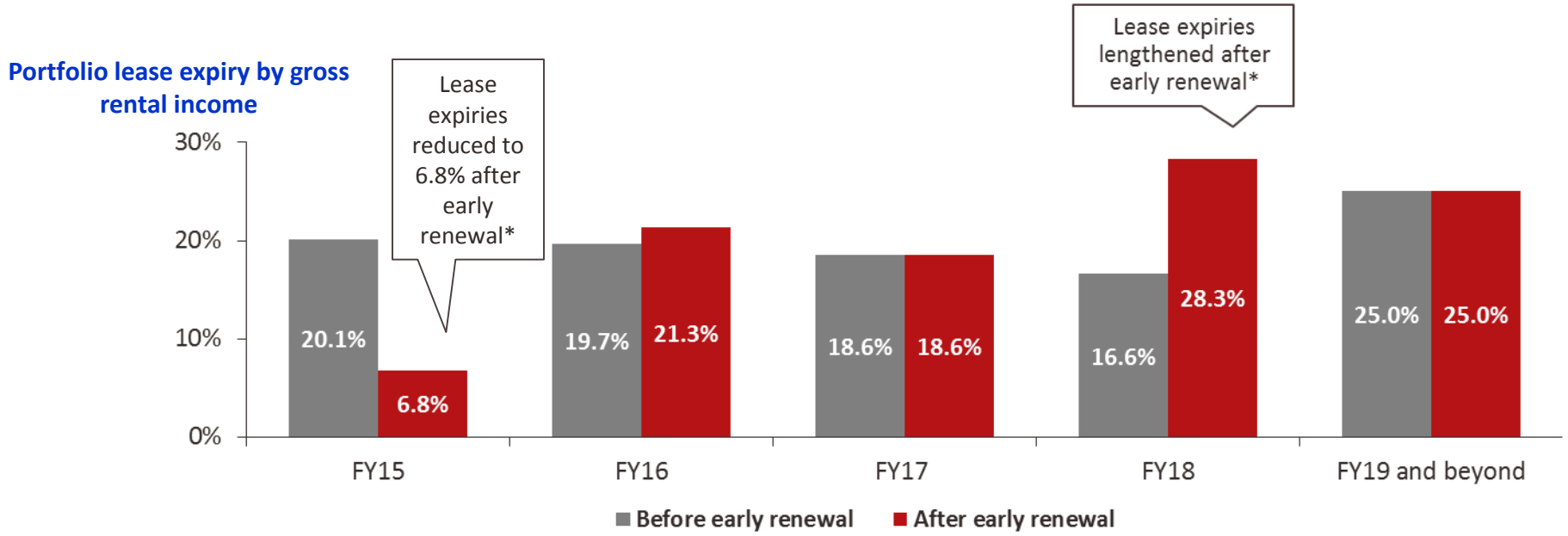
As at 31 March 2015. Excludes retail turnover rent

^ Inclusive of the early renewal of the underlying leases at Alexandra Technopark

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Portfolio review – Lease expiry profile

- **Proactive leasing reduced lease expiries in FY15 and lengthened lease expiry profile**
- **Well spread lease expiry provides income stability**



Number of leases expiring	43	41	80	81	72	72	27	28	14	14
NLA (sq ft) expiring	580,815	169,482	413,511	463,241	345,788	345,788	303,220	664,824	555,869	555,869
Expiries as % total NLA	25.5%	7.4%	18.1%	20.3%	15.2%	15.2%	13.3%	29.2%	24.4%	24.4%
Expiries as % total Gross Rental Income	20.1%	6.8%	19.7%	21.3%	18.6%	18.6%	16.6%	28.3%	25.0%	25.0%

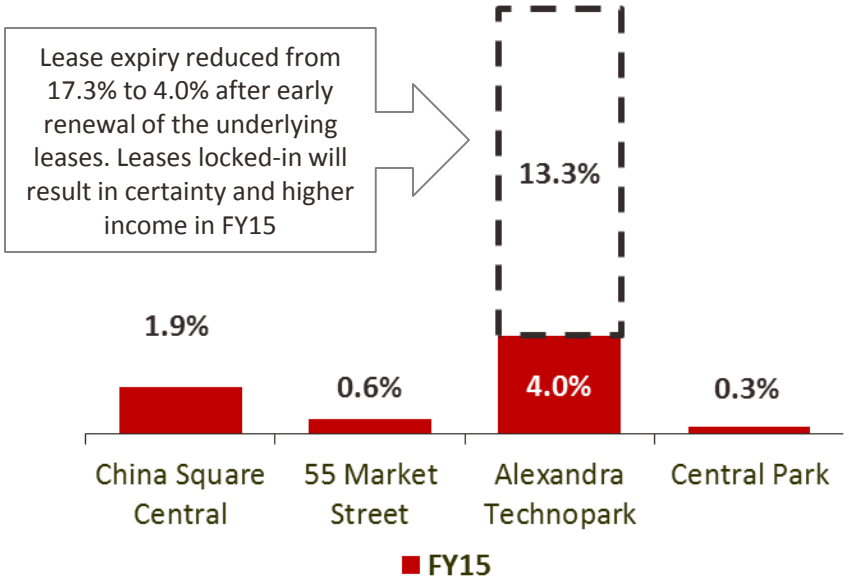
As at 31 March 2015. Excludes retail turnover rent

* After the early renewal of the underlying leases at Alexandra Technopark

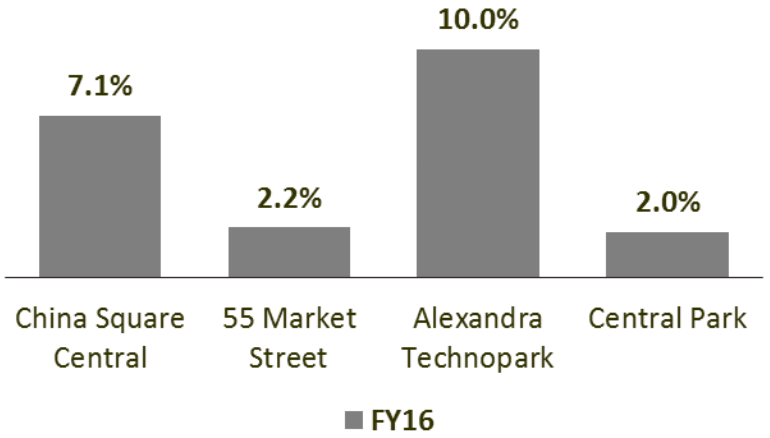
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FY15 and FY16 - Potential for higher income due to low passing rents

Property Lease Expiry as a proportion of total Portfolio Gross Rental Income in FY15



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



Number of leases expiring *	5 (office) 19 (retail)	4	9	4 (retail only)
Average passing rent for expiring leases *	$6.5 (office) $5.2 (retail)	$6.4	$3.3	AUD $1,288 (retail only)

27 (office) 28 (retail)	9	14	3
$6.4 (office) $5.8 (retail)	$6.8	$3.7	AUD $512

As at 31 March 2015. Excludes retail turnover rent

* After the early renewal of the underlying leases at Alexandra Technopark

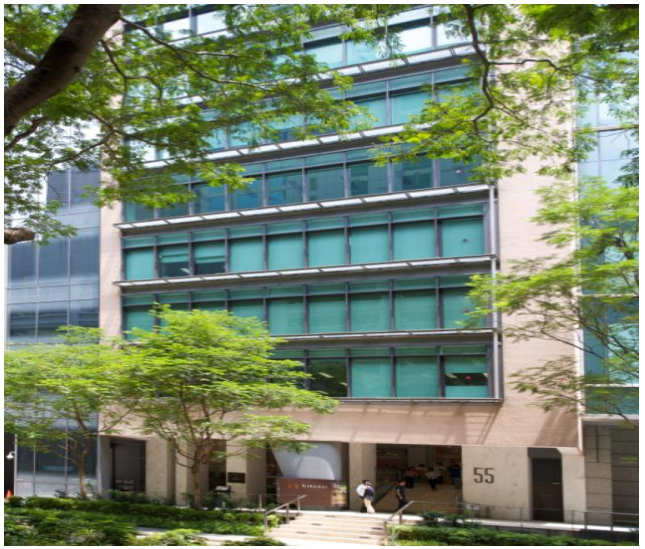
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Achieved positive weighted average rental reversions for new and renewed leases that commenced in 2QFY15[1]



China Square Central

+ 15.6%



55 Market Street

+ 4.6%



Alexandra Technopark

+ 6.7%[2]

As at 31 March 2015. Excludes retail turnover rent

1 Weighted average rental reversions based on the area for the new and renewed leases in 2QFY15.

2 Rental reversion for office space only.

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Portfolio review – Robust leasing activities

- **Robust leasing activities**
- **Committed, new and renewed tenants in 2QFY15 include:**

Tenant	Industry	Property
MKS Precious Metals	Financial services	China Square Central
ABeam Consulting	Consultancy/ Business Services	China Square Central
The 3rd Space	Business Services and Food & Beverage	China Square Central
Itron Metering Systems	IT	55 Market Street
Il Lido	Food & Beverage	55 Market Street
Jobstudio	Consultancy/ Business Services	55 Market Street
Hitachi Home Electronics	Electronics	Alexandra Technopark

As at 31 March 2015.

More than 34% of leases have built-in step-up rents

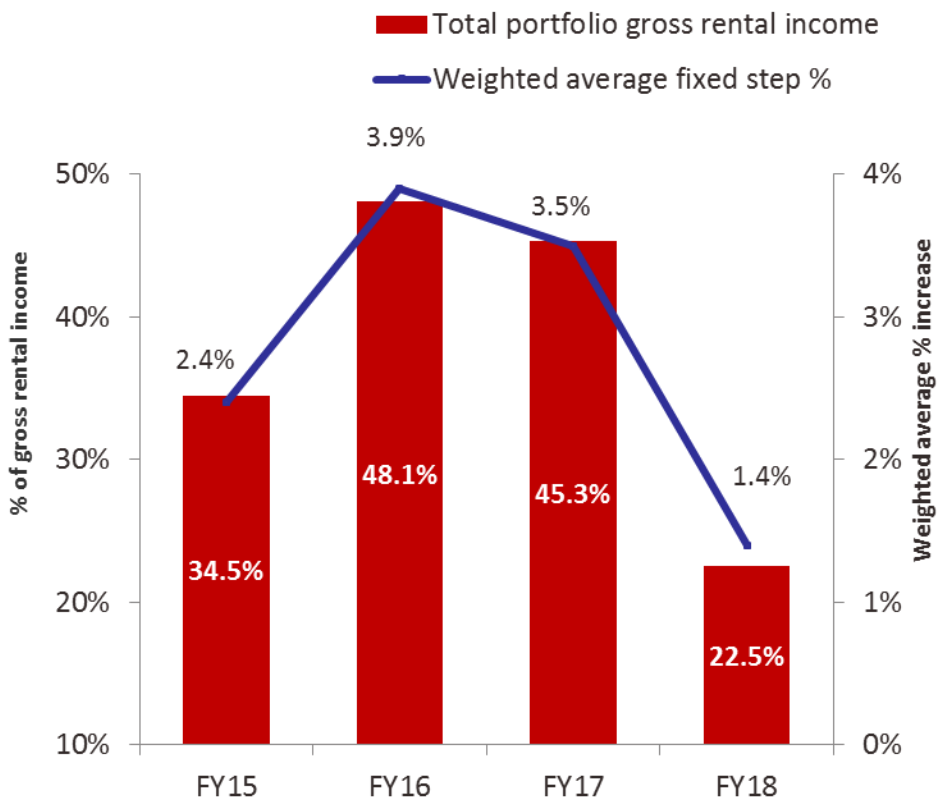
FY15 - Fixed % and other fixed lease rent reviews

Property	Leases	Average step-up rent	GROSS RENTAL INCOME Property	GROSS RENTAL INCOME Total Portfolio
China Square Central	5	3.0%	6.6%	1.5%
55 Market Street	2	2.9%	7.0%	0.3%
Alexandra Technopark	3	5.3%	1.8%	0.6%
Caroline Chisholm Centre	1	3.0%	100.0%	16.7%
Central Park	18	4.6%	71.6%	15.4%

FY15 - Other mid-term lease rent reviews

Property	Leases	Review mechanism	GROSS RENTAL INCOME Property	GROSS RENTAL INCOME Total Portfolio
Central Park	2	Market	7.4%	1.6%
Central Park	6	CPI	18.7%	4.0%

FY15 – 18 - Portfolio fixed % reviews



Excludes retail turnover rent

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Blue chip tenants with long leases contribute 46% of total gross rental income

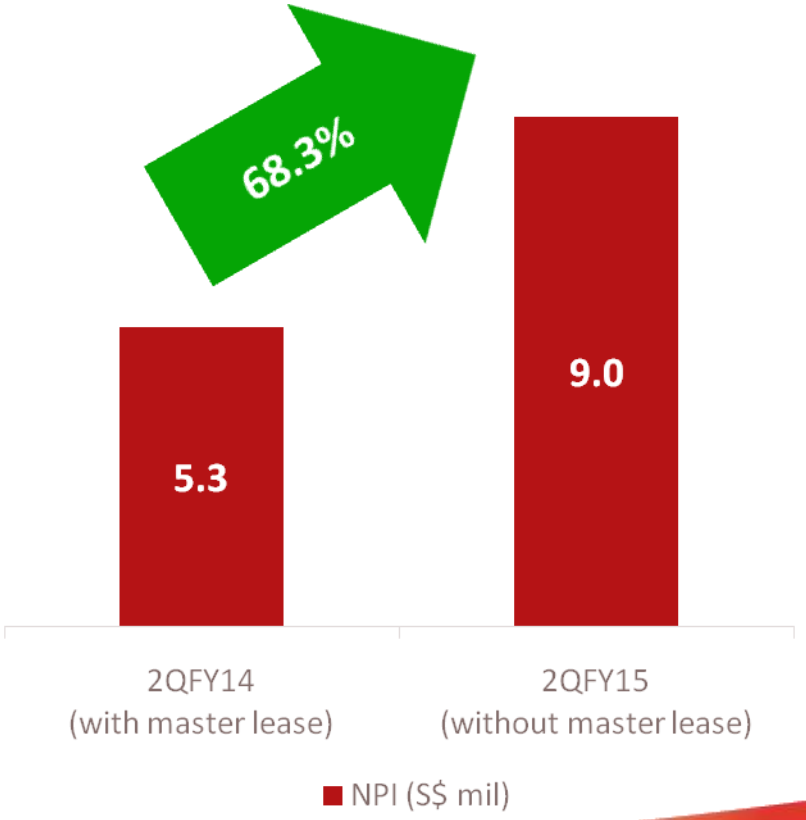
Blue Chip Tenants with Long Leases

Tenant	Lease Expiry	% (Gross Rental Income)
Commonwealth of Australia (Centrelink)	Jul-25	16.4%
Hewlett-Packard Singapore Pte Ltd	Nov-17	11.7%
Hamersley Iron Pty Ltd	Jun-18	7.2%
GroupM Singapore Pte Ltd	Mar-19	3.5%
BHP Billiton Iron Ore Pty Ltd	Oct-17	1.8%
PF Lawyers Pty Ltd (DLA Piper)	Jun-20	1.2%
Westpac Banking Corporation	Dec-17	1.1%
Singapore Oxygen Air Liquide Private Limited	Jun-18	1.0%
IOOF Service Co Pty Ltd	Jun-19	0.9%
Japan Australia LNG (MIMI) Pty Ltd	Mar-23	0.8%
Total		45.8%

As at 31 March 2015. Excludes retail turnover rent

- **Alexandra Technopark's NPI up 68.3% in 2QFY15 following expiry of the master lease in August 2014**





Portfolio review – Singapore asset updates

China Square Central – high occupancy rate



55 Market Street – full occupancy rate



Alexandra Technopark – high occupancy rate



Occupancy	97.1%^	100.0%	97.4%
WALE	2.0 years	1.6 years	1.8 years*
New leases, committed and renewals	MKS Precious Metals, Abeam Consulting, The 3rd Space	Itron Metering Systems, Jobstudio, Il Lido	Hitachi Home Electronics, FCL Management Services
Tenants	groupm, Cerebos, MOL, geyer, MediaMath, COASTAL, EQUINIX, WT PARTNERSHIP, PAMA, CHUBB	Jones Lang LaSalle, JobSTUDIO, bwl, CHANCERY LAW CORPORATION, Citigate Dewe Rogerson, MANCHESTER 1824, TKP, Itron, OPTUM, SUMITOMO FORESTRY (SINGAPORE) LTD.	hp, NOKIA, dyson, Great Eastern, SYBASE, OKI, SENNHEISER, AEROFLEX

As at 31 March 2015.

^ Committed occupancy as at 31 March 2015.

* Inclusive of the early renewal of the underlying leases at Alexandra Technopark

Portfolio review – Australia asset updates

Central Park – Healthy WALE of 3.3 years



Caroline Chisholm Centre –full occupancy with long WALE of 10.3 years



Occupancy	88.6%	100.0% Property occupied by a single tenant, i.e. the Commonwealth of Australia as represented by Centrelink (Aaa rated*) until July 2025
WALE	3.3 years	10.3 years
Tenants	Rio Tinto, bhpbilliton, Asgard, MIMI, ASX, GESB, Plan B WEALTH MANAGEMENT, DLA PIPER	Australian Government Department of Human Services

As at 31 March 2015.

* Based on Moody's rating in December 2014.

Capital management

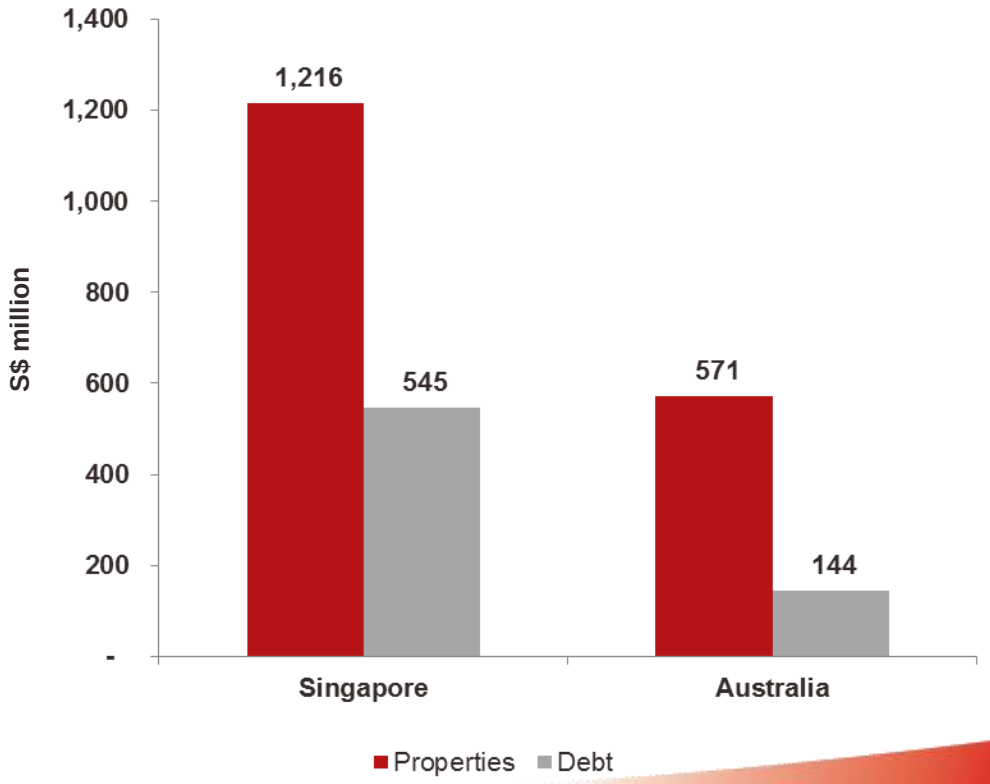
Capital Management – Debt statistics

- **Healthy interest coverage ratio of 4.44 times**
- **Low all-in interest rate of 2.9%**
- **Borrowings in AUD provide natural hedge for the Australian properties**

Statistics

	As at 31 March 2015
Total Assets (S$'000)	1,849,589
Gross Borrowings (S$'000)	688,708
Units on Issue and Issuable	681,548,751
NAV per Unit (ex-DPU) (S$)	1.55
Gearing [1]	37.2%
Interest coverage ratio (times) [2]	4.44
Average borrowing rate [3]	2.9%
- Weighted average SGD debt rate	2.4%
- Weighted average AUD debt rate	4.8%

Borrowings and assets by currency



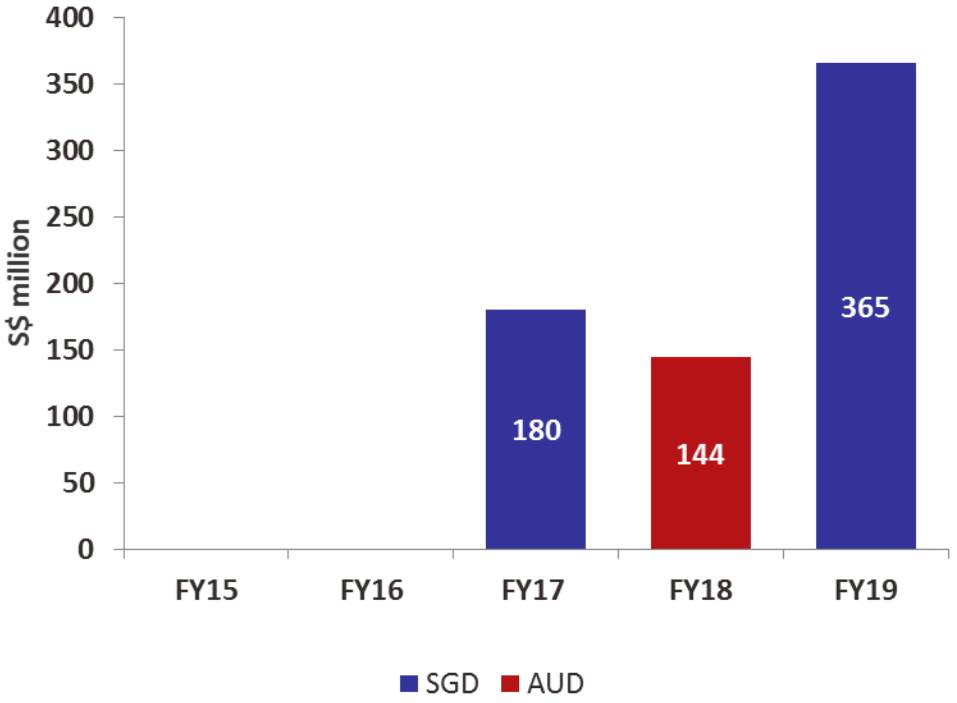
1 Calculated as gross borrowing as a percentage of total assets
2 Calculated as net income before changes in fair values of investment properties, interest, other investment and derivative financial instruments, income tax and distribution and adding back certain non-recurring items/ cash finance costs for the quarter ended 31 March 2015. See accompanying 2QFY15 Financial Statements announcement for more details.
3 For quarter ended 31 March 2015

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Capital Management and debt statistics

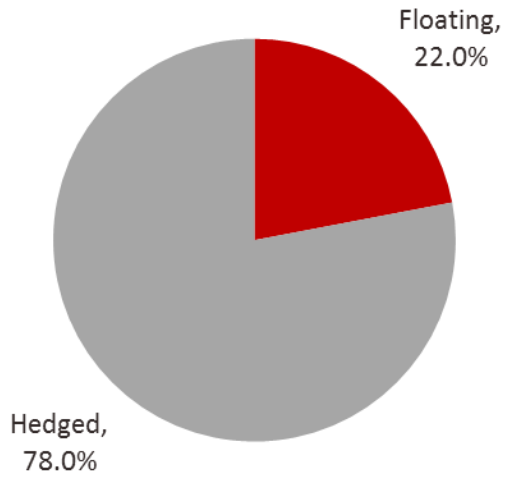
- **Well spread debt maturity profile**
- **No refinancing required until FY17**
- **Hedged 78% of gross borrowings**

Debt maturity



Total facilities **S$689 million**

Debt composition – floating vs. hedged



Hedging debt

As a % of:	As at 31 March 2015
Total Gross Borrowings	78%

As at 31 March 2015.

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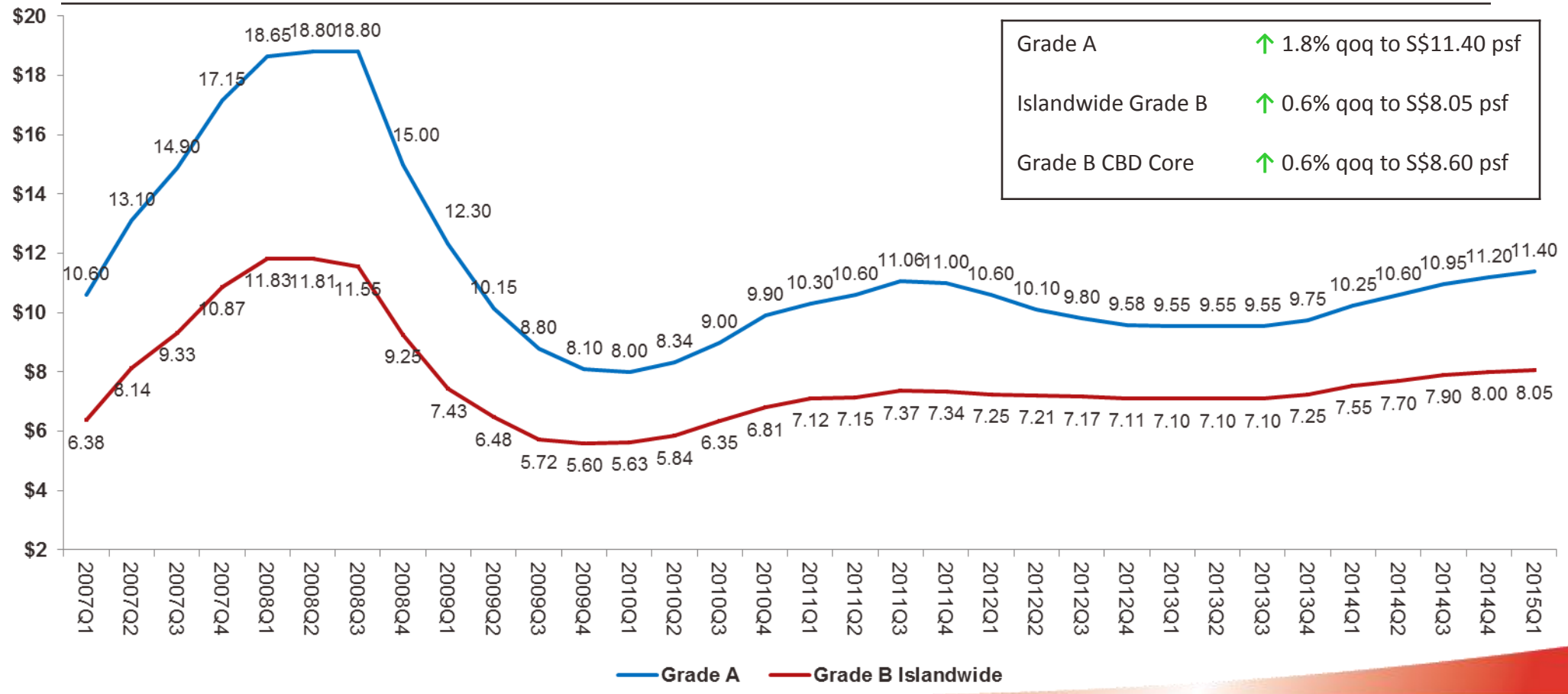
Moving forward

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2. Solid fundamentals – Singapore office rents

- **Singapore office - vacancy rates expected to remain low due to limited pipeline office space over the next 12 months**

Singapore Grade A and Grade B office rents[1]



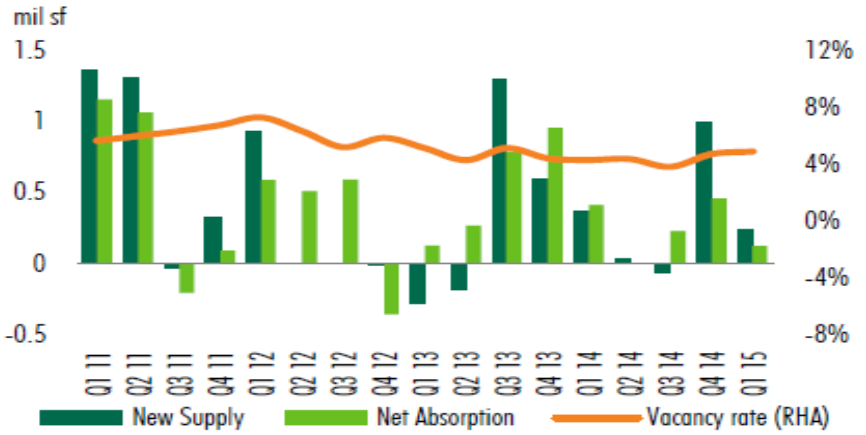
Grade A	↑ 1.8% qoq to S$11.40 psf
Islandwide Grade B	↑ 0.6% qoq to S$8.05 psf
Grade B CBD Core	↑ 0.6% qoq to S$8.60 psf

1 Source: CBRE Research

2. Solid fundamentals – demand, supply and outlook for Singapore CBD office

Office supply-demand dynamics and vacancy rates [1]

Chart 1: Office Supply-Demand Dynamics



Source: CBRE Research, Q1 2015

Table 1: Office Vacancy Rates

	Q1 15	Q-o-q	Y-o-y
Islandwide	4.9%	18 bps	59 bps
Core CBD	3.9%	-41 bps	-42 bps
Fringe CBD	5.9%	36 bps	22 bps
Decentralised	5.9%	120 bps	197 bps
Grade A	5.1%	-70 bps	-10 bps

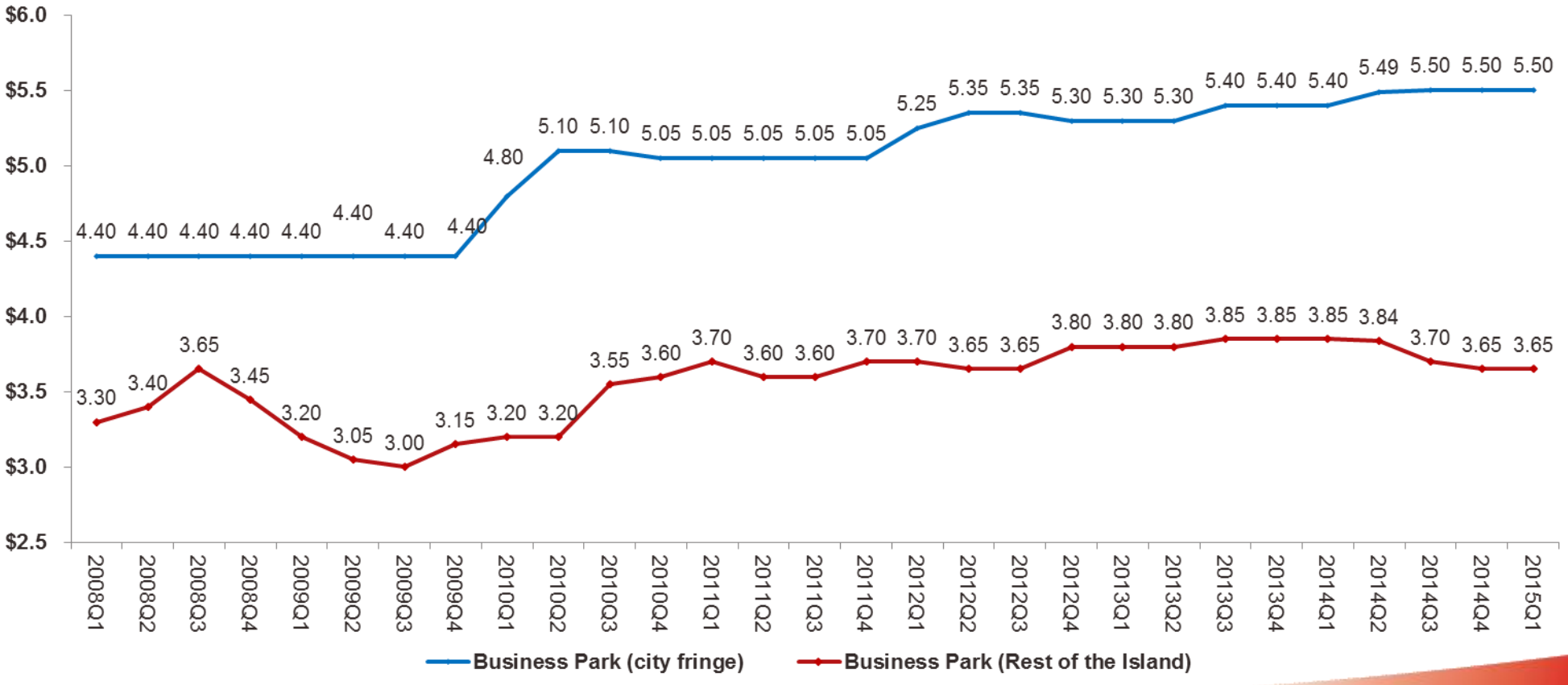
Source: CBRE Research, Q1 2015

- Q1 2015 total Islandwide office net absorption was 0.12 mil sf
- Leasing activity was driven mainly by upgrading or rent advantage rather than expansion
- Leasing demand continues to be driven by information technology and e-commerce, insurance and energy sectors
- Vacancy rates are expected to remain low due to limited new office space in the pipeline over the next 12 months
- Rental growth is expected to remain flat going forward

1 CBRE, Singapore Market View, 1Q2015

Singapore business park rents trend – Rents have stablised for city fringe business park

Singapore Business Park (city fringe) rents[1]



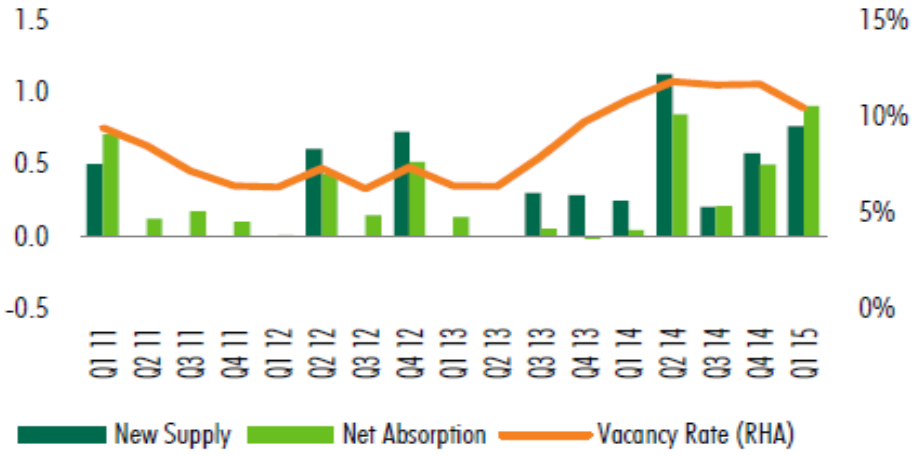
1 Source: CBRE Research

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2. Solid fundamentals – demand, supply and outlook for business & science park

Manufacturing Indices and Business Park future pipeline[1]

Chart 5: Business Park Supply-Demand Dynamics



Source: CBRE Research, Q1 2015

Table 6: Known Business Park Future Pipeline

Year	Est. NLA (mil sf)	Est. Pre-commitment
2015	1.35	67%
2016	1.75	11%
2017	-	-
Total	**3.09**	**35%**

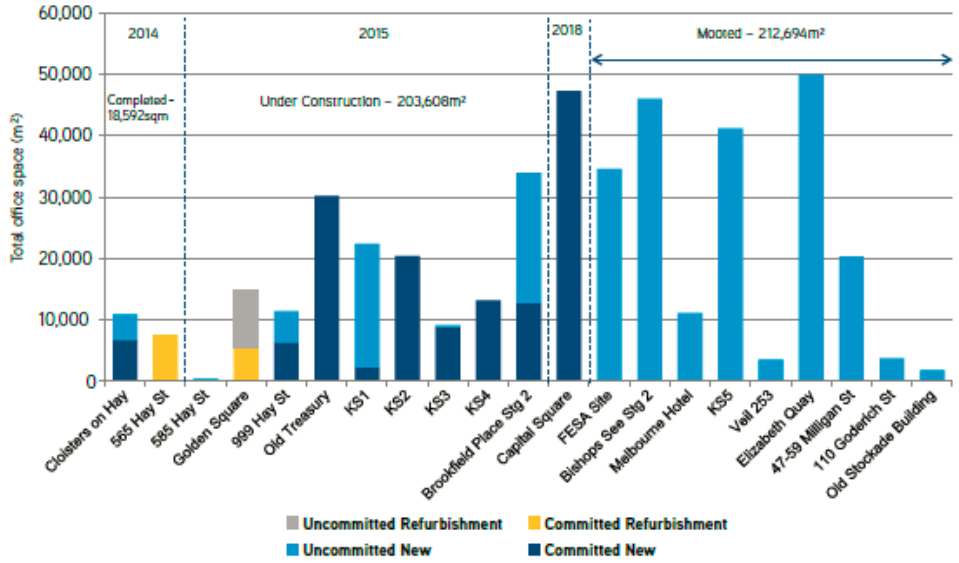
Source: CBRE Research, Q1 2015

- Demand supported by the information and communications, pharmaceutical and technology sectors
- Vacancy decreased from 11.7% to 10.4% due to some leasable space being removed from the market
- Rents maintained in Q1 2015 as landlords continued to focus on raising occupancy rates
- Encouraging signs for the early part of 2015 and this could bode well for the rest of the year
- Assuming demand remains stable, the limited new speculative supply in 2015 should see vacancy rates continue to head downwards

1 CBRE, Singapore Market View, Q12015

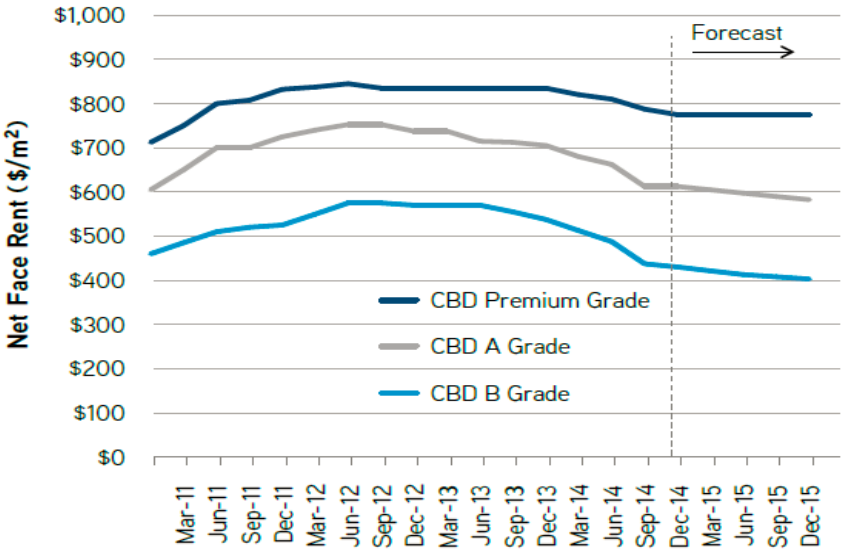
Premium Grade average net face rents is around A$775 psm per annum

Perth CBD office supply (sqm)[1]



Source: Colliers Edge

Perth CBD average net face rents[1]



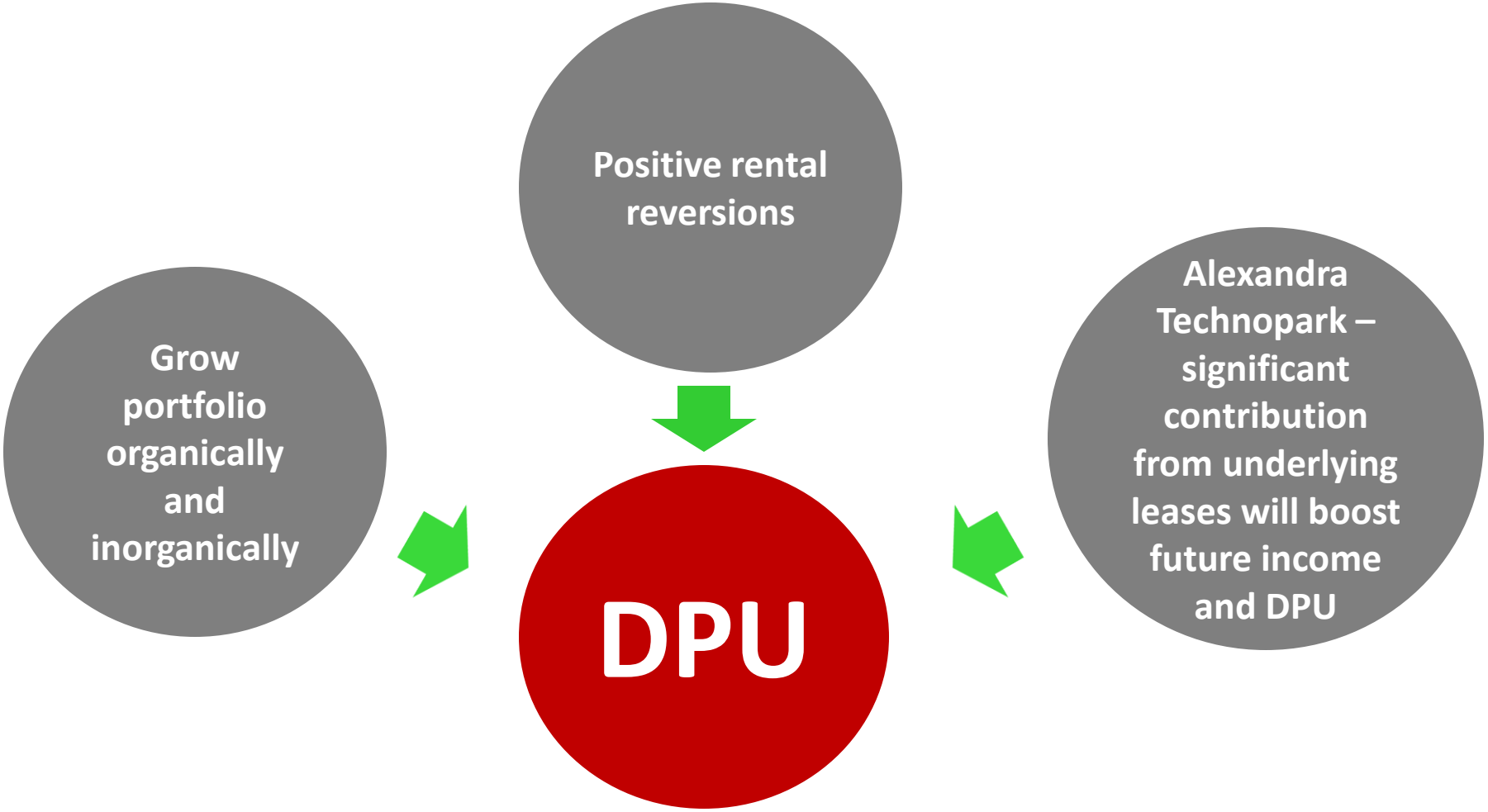
Source: Colliers Edge

Market conditions [1]

- According to the Property Council of Australia, Perth CBD office vacancy was 14.8% as at January 2015, up from 11.8% six months earlier
- The Premium Grade net face rents moderated to an average of A$775 per square metre per annum, down 1.6% from 4Q2014 due to the increase in Premium Grade vacancy to 8.5% and stronger competition from lower A Grade space
- Incentives for Premium space are presently between 25.0% to 30.0%
- Colliers International expects the vacancy rate will continue to rise over the next 12 months, with ongoing downward pressure on net face rents and upward movement in incentives

1 Colliers International, Research and Forecast Report, First Half 2015 Australia and New Zealand

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



Thank you

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