

Frasers Commercial Trust
1QFY15 Financial Results

22 January 2015



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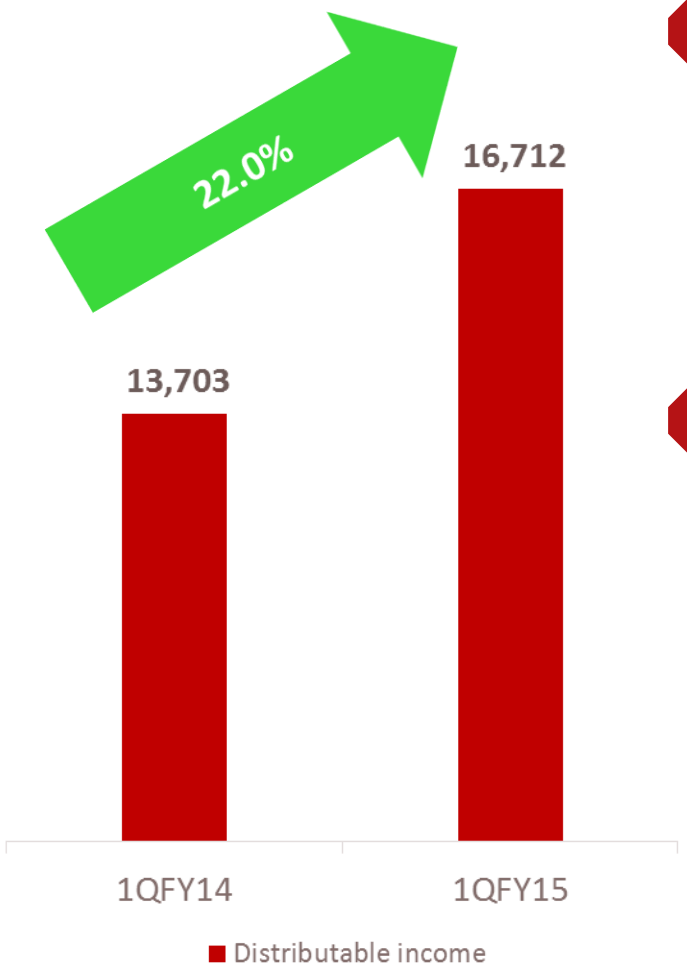
This Presentation includes market and industry data and forecast that have been obtained from internal survey, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that 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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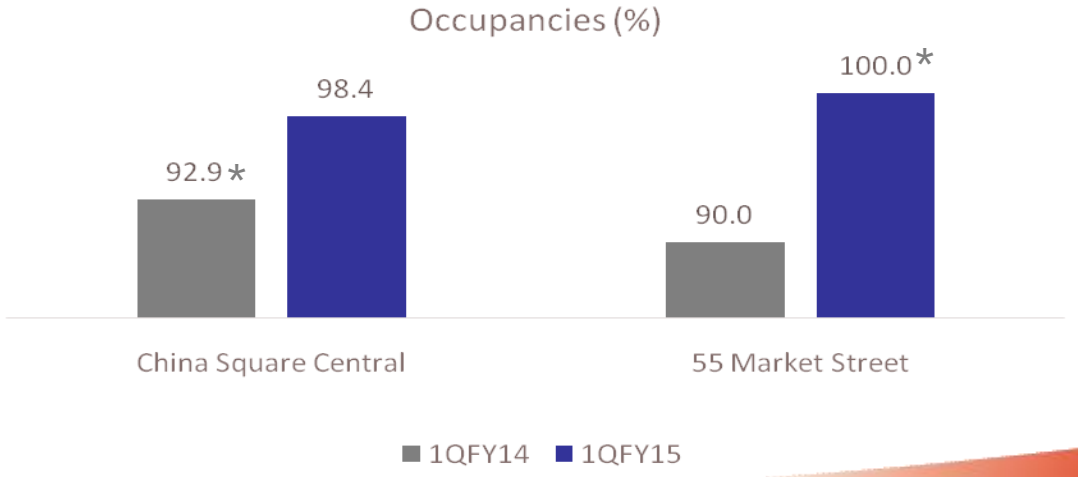
The Singapore properties continue to perform well and boost the performance of the Trust



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

- First full quarter of contribution from the underlying leases of Alexandra Technopark following the expiry of the master lease in August 2014
- NPI for Alexandra Technopark up 66.2%

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



* Committed occupancy as at 31 December.

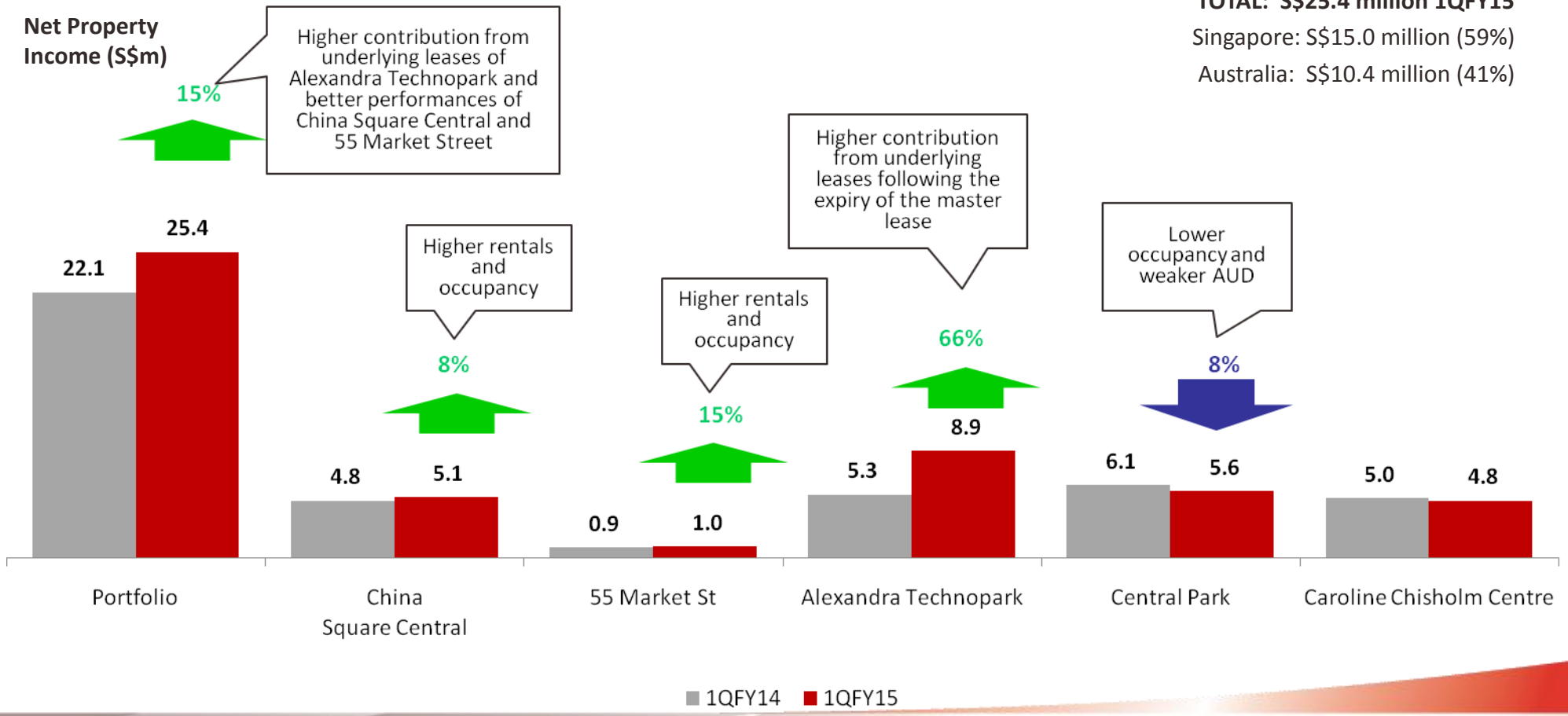
- **22% rise in distributable income for 1QFY15**

1 Oct 2014 – 31 Dec 2014	1QFY15 (S$ '000)	Y-o-Y Change (%)	Contributing factors
Gross Revenue	35,459	23%	▪ 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	25,444	15%	▪ Higher contribution from the underlying leases of Alexandra Technopark and better performances of China Square Central and 55 Market Street
Distributable income to Unitholders	16,712	22%	▪ Higher NPI and realised gain on foreign currency forward contracts
DPU[1]	2.46¢	20%	▪ DPU increased y-o-y in line with higher distributable income to Unitholders

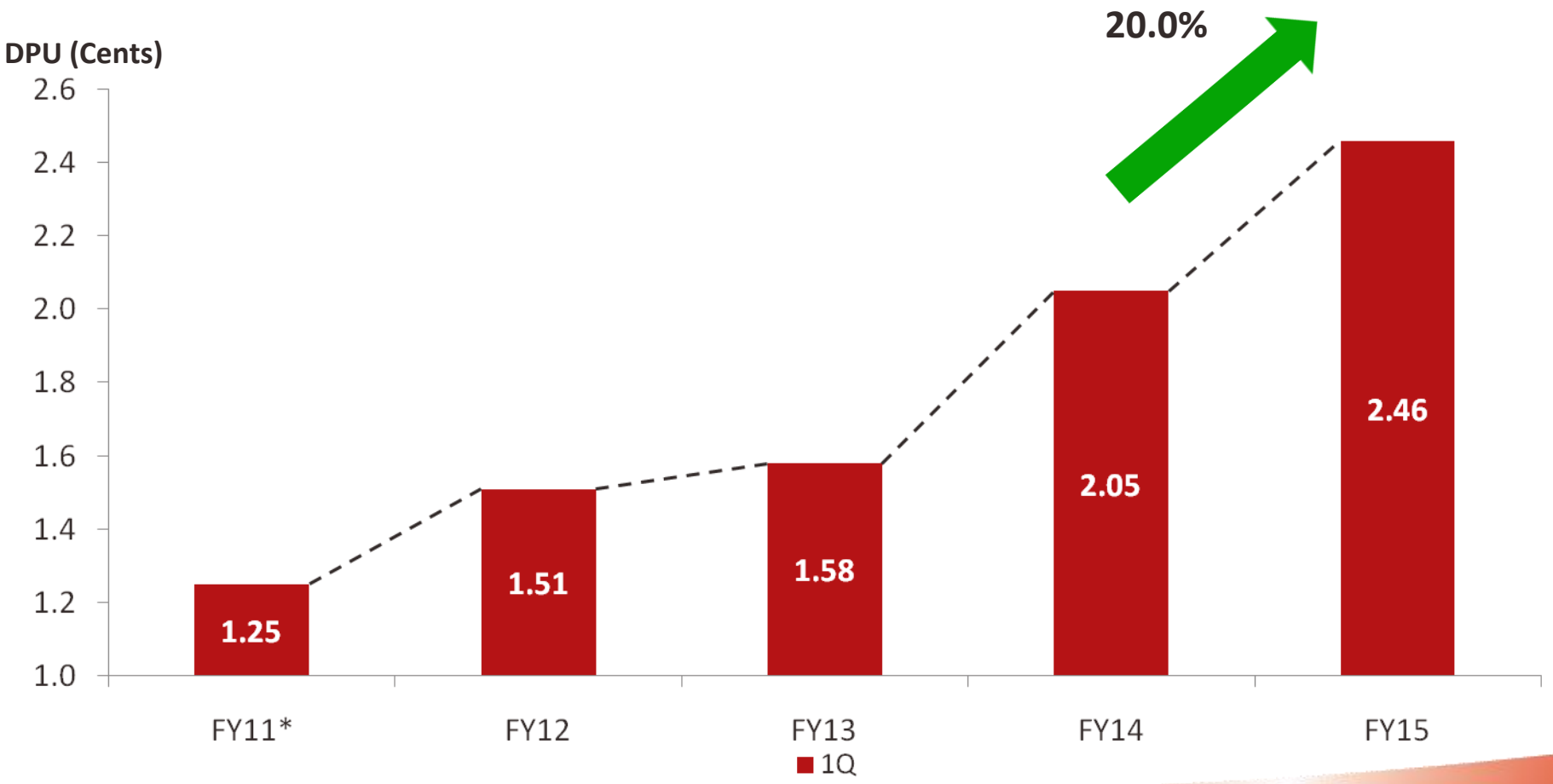
1The number of Units used to calculate the amount available for DPU is 679,136,788. See accompanying 1QFY15 Financial Statements announcement for more details.

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

TOTAL: S$25.4 million 1QFY15
Singapore: S$15.0 million (59%)
Australia: S$10.4 million (41%)



- **20% DPU growth in 1QFY15**



* Adjusted for Unit consolidation

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DRP will be implemented for the distribution for 1QFY15

Distribution Period	1 October 2014 to 31 December 2014
Ordinary Unit Distribution Rate	**Distribution of 2.4608 cents per Unit comprising:** a) taxable income distribution of 1.8460 cents; b) tax-exempt income distribution of 0.5780 cents; and c) capital distribution of 0.0368 cents
Last day of trading on "cum" basis	**Tuesday, 27 January 2015**
Ex-distribution trading commence	Wednesday, 28 January 2015
Distribution Books Closure Date	Friday, 30 January 2015 at 5.00 pm
Cash distribution payment date	**Friday, 27 February 2015**
Credit of Units to Unitholders' securities accounts/ listing of Units issued under the DRP on SGX-ST	**Monday, 2 March 2015**

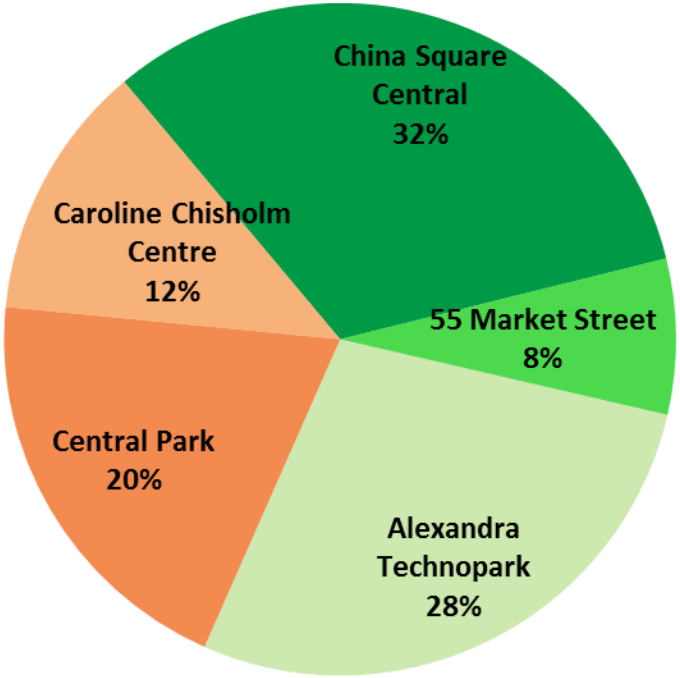
Portfolio review

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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**





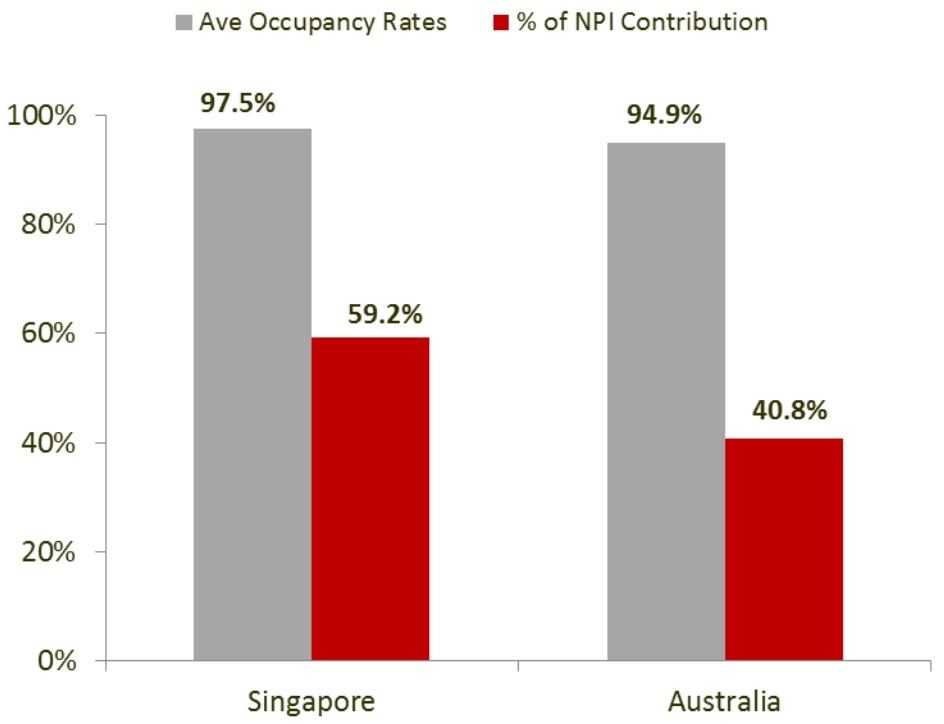
Singapore	$	1,216.2	68%
Australia	$	579.6	32%
Total	$	1,795.8	**100%**

As at 31 December 2014. Excludes retail turnover rent

- **Robust average occupancy rate of 96.6%**
- **Healthy WALE of 3.7 years^**

Key portfolio statistics	As at 31 December 2014
Ave Occupancy	96.6%
WALE by gross rental income	3.7 years^

Geographical occupancy and % of NPI contribution



As at 31 December 2014. Excludes retail turnover rent

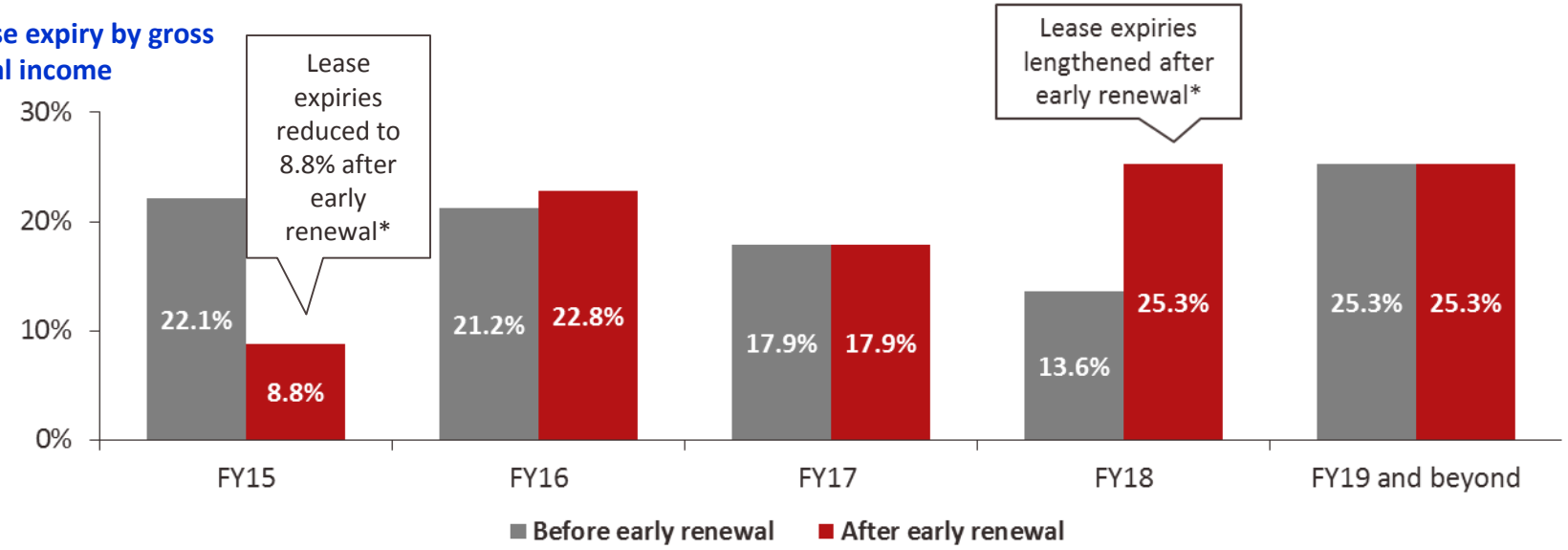
^ Inclusive of the early renewal of the underlying leases at Alexandra Technopark

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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**

Portfolio lease expiry by gross rental income



Number of leases expiring	52	50	83	84	69	69	17	18	14	14
NLA (sq ft) expiring	627,146	215,813	438,387	488,117	336,589	336,589	244,215	605,818	555,869	555,869
Expiries as % total NLA	27.5%	9.5%	19.2%	21.4%	14.8%	14.8%	10.7%	26.6%	24.4%	24.4%
Expiries as % total Gross Rental Income	22.1%	8.8%	21.2%	22.8%	17.9%	17.9%	13.6%	25.3%	25.3%	25.3%

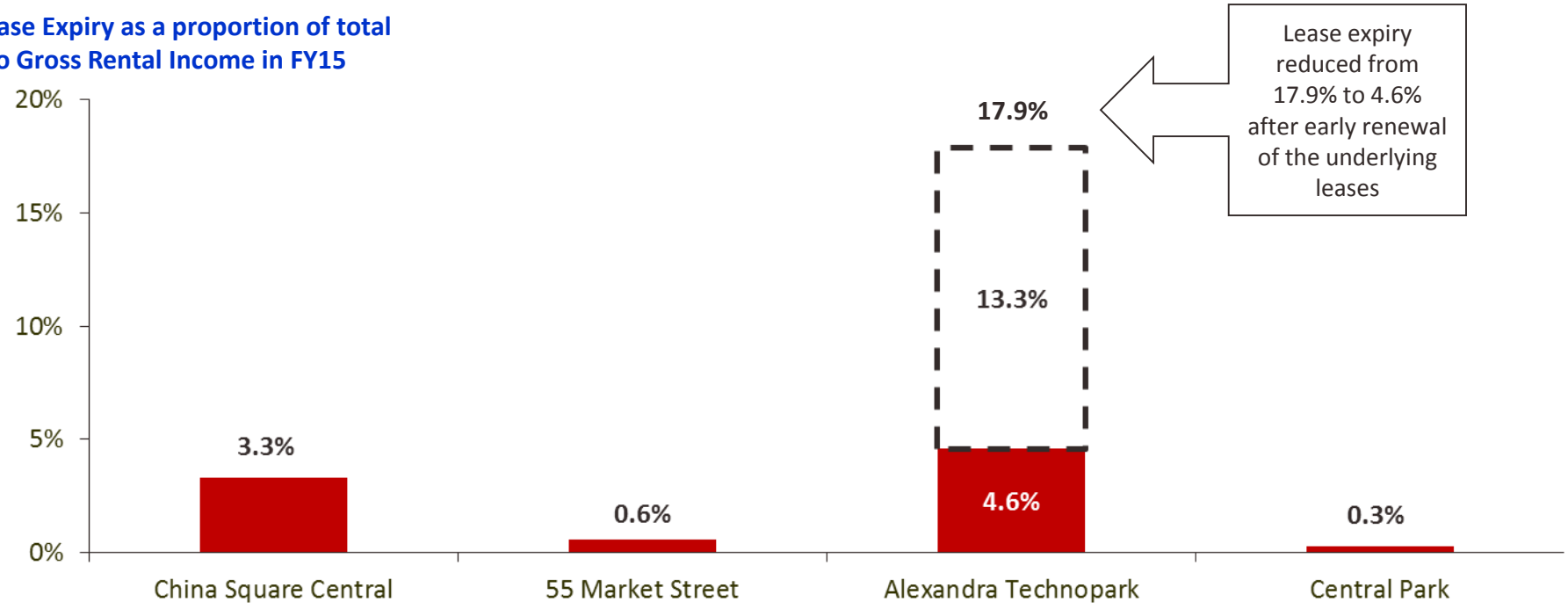
As at 31 December 2014. Excludes retail turnover rent

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

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Properties in Singapore poised to benefit from the uptrend in office rents

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



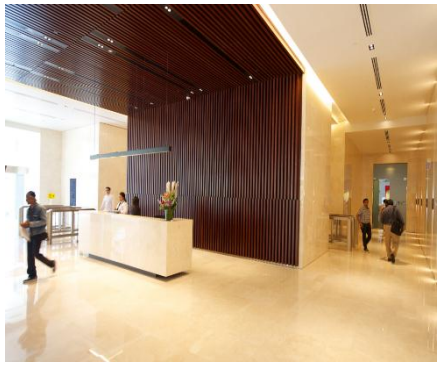
Number of leases expiring *	9 (office) 20 (retail)	4	13	4
Average passing rent for expiring leases *	$6.6 (office) $5.3 (retail)	$6.4	$3.2	AUD $1,263 (retail)

As at 31 December 2014. 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 1QFY15[1]



China Square Central

1QFY15: ↑ 1.2%



Alexandra Technopark

1QFY15: ↑ 16.9%



55 Market Street

1QFY15: ↑ 7.1%

As at 31 December 2014. Excludes retail turnover rent

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

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Portfolio review – Robust leasing activities

- **Active leasing activities**
- **Committed, new and renewed tenants in 1QFY15 include:**

Tenant	Industry	Property
Equinix Asia Pacific	IT Products & Services	China Square Central
WT Partnership (S)	Consultancy/ Business Services	China Square Central
Keppel DC REIT Management	Real estate	China Square Central
Mediamath Singapore	Multimedia & Telecommunications	China Square Central
Berkeley Insurance	Insurance	China Square Central
First Derivatives	Consultancy/ Business Services	55 Market Street
OKI Data (Singapore)	IT Products & Services	Alexandra Technopark
FM Food Court	Amenities	Alexandra Technopark

As at 31 December 2014.

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

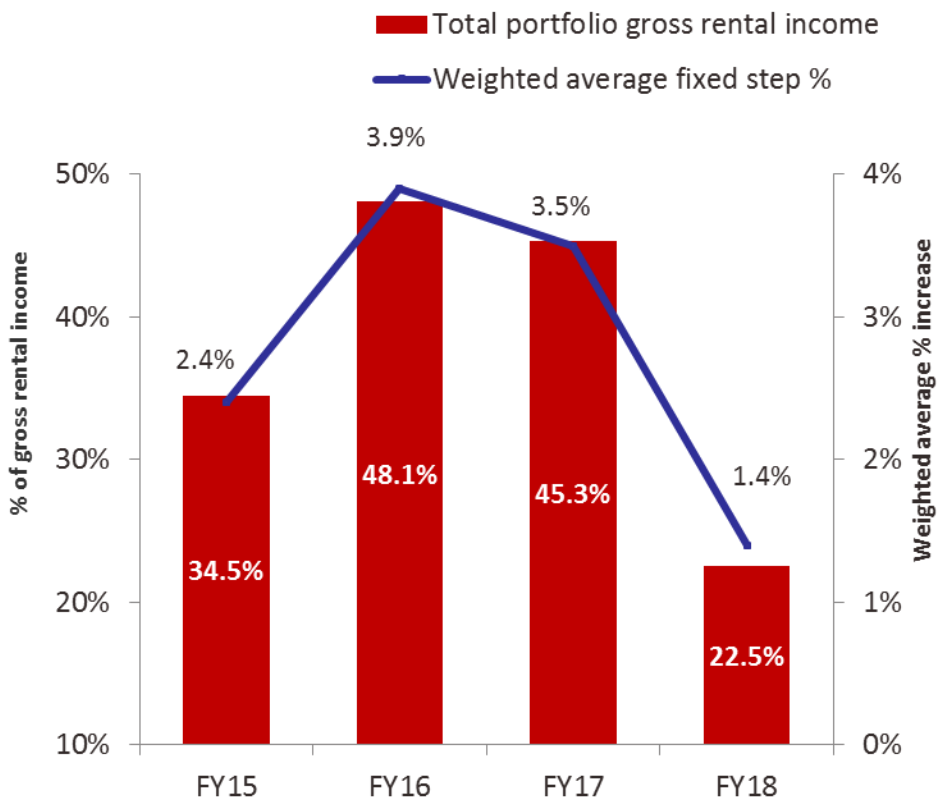
FY15 - Fixed % and other fixed lease rent reviews

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

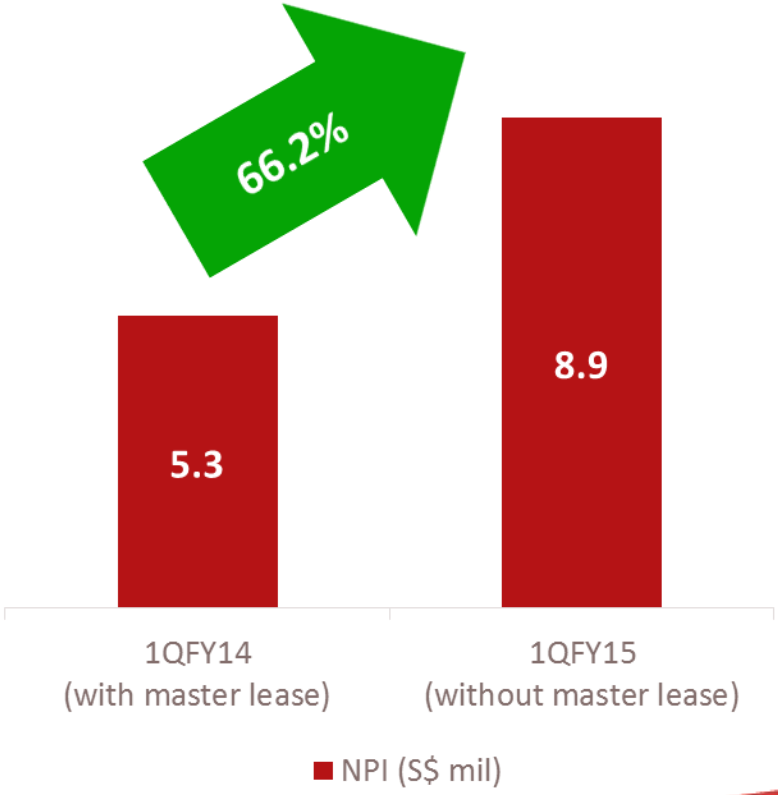
Tenant	Lease Expiry	% (Gross Rental Income)
Commonwealth of Australia (Centrelink)	Jul-25	16.7%
Hewlett-Packard Singapore Pte Ltd	Nov-17	11.7%
Hamersley Iron Pty Ltd	Jun-18	7.3%
GroupM Singapore Pte Ltd	Mar-19	3.5%
BHP Billiton Iron Ore Pty Ltd	Oct-17	1.9%
PF Lawyers Pty Ltd (DLA Piper)	Jun-20	1.2%
Westpac 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		46.1%

As at 31 December 2014. Excludes retail turnover rent

Portfolio review – Asset updates (Alexandra Technopark)

- **1QFY15 – first full quarter of contribution from Alexandra Technopark following the expiry of the master lease in August 2014**
- **NPI up 66.2% in 1QFY15**



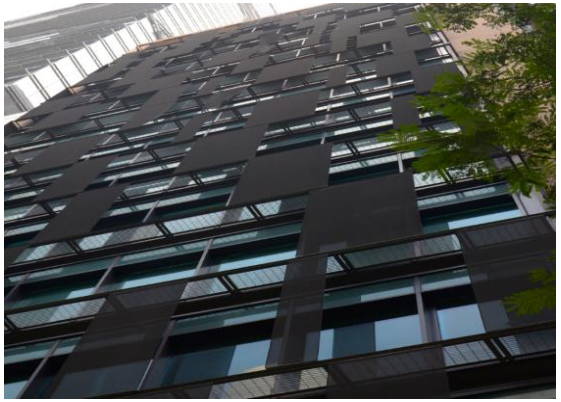


Portfolio review – Singapore asset updates

China Square Central – office tower fully occupied



55 Market Street – full occupancy rate^



Alexandra Technopark – high occupancy rate



Occupancy	98.4% (100.0% for the office tower)	100.0%^	97.7%
WALE	2.0 years	1.7 years	2.0 years*
New leases, committed and renewals	Equinix Asia Pacific, Straits Developments, WT Partnership (S), Mediamath, Keppel DC REIT Management	Itron Metering Systems, Optum Health & Technology, First Derivatives	FM Food Court, OKI Data (Singapore)
Tenants	groupm, Cerebos, MOL, geyer, Waldmann, Coastal, Equinix, WT Partnership, 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, Microsoft, Sennheiser, Aeroflex

As at 31 December 2014.

^ Committed occupancy as at 31 December 2014.

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

Central Park – Healthy WALE of 3.6 years



Caroline Chisholm Centre –full occupancy with long WALE of 10.5 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	3.6 years	10.5 years
Tenants	Rio Tinto, bhpbilliton, Asgard, MIMI, ASX, GESB, Plan B WEALTH MANAGEMENT, DLA PIPER	Australian Government Department of Human Services

As at 31 December 2014.

* Based on Moody's rating in December 2014.

Capital management

Capital Management – Debt statistics

- **Healthy interest coverage ratio of 4.83 times**
- **Low all-in interest rate of 2.7% - similar to the all-in interest rate recorded in 1QFY14**
- **Borrowings in AUD provide natural hedge for the Australian properties**

Statistics

	As at 31 December 2014
Total Assets (S$'000)	1,855,616
Gross Borrowings (S$'000)	691,057
Units on Issue and Issuable	679,136,788
NAV per Unit (ex-DPU) (S$)	1.56
Gearing [1]	37.2%
Interest coverage ratio (times) [2]	4.83
Average borrowing rate [3]	2.7%
- Weighted average SGD debt rate	1.9%
- Weighted average AUD debt rate	5.4%

Borrowings and assets by currency



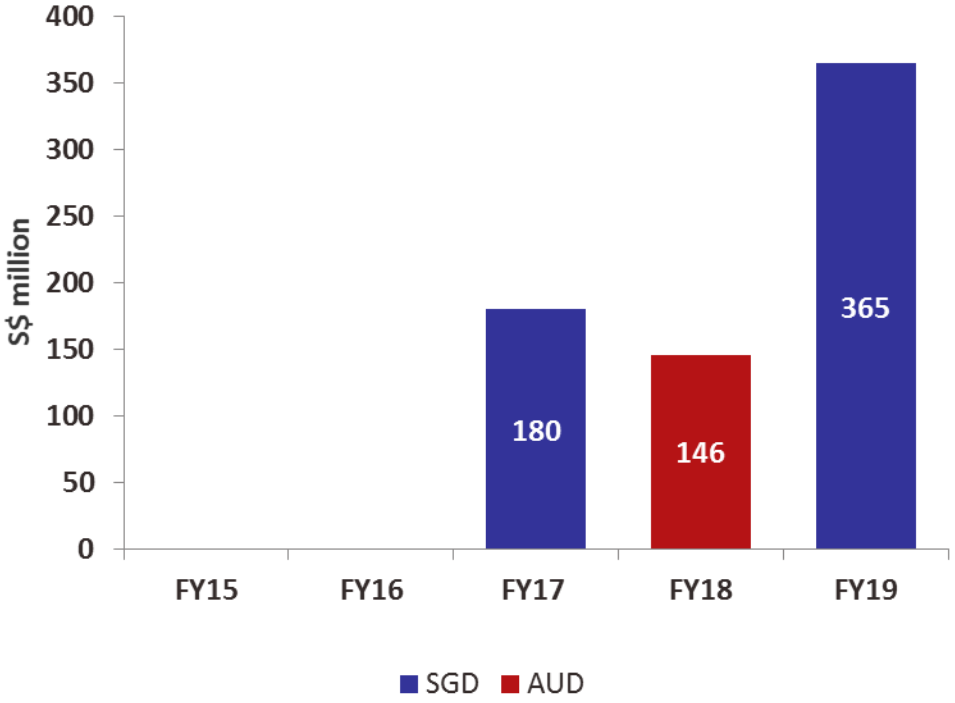
1 Calculated as gross borrowing as a percentage of total assets
2 Calculated as net income before changes in fair values of investment properties, interest, other investment and derivative financial instruments, income tax and distribution and adding back certain non-recurring items/ cash finance costs for the quarter ended 31 December 2014. See accompanying 1QFY15 Financial Statements announcement for more details.
3 For quarter ended 31 December 2014

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Capital Management and debt statistics

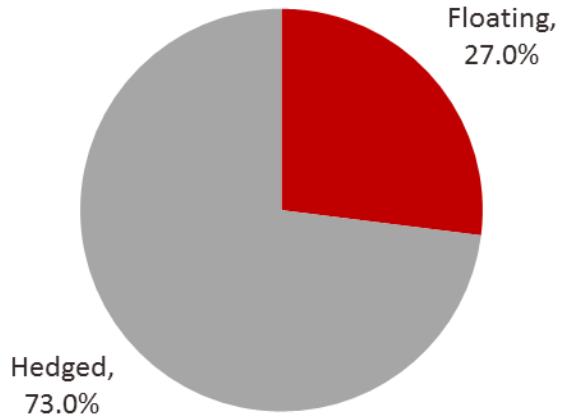
- **Well spread debt maturity profile**
- **No refinancing required until FY17**
- **Hedged 73% of gross borrowings**

Debt maturity



Total facilities **S$691 million**

Debt composition – floating vs. hedged



Hedging debt

As a % of:	As at 31 December 2014
Total Gross Borrowings	73.0%

As at 31 December 2014.

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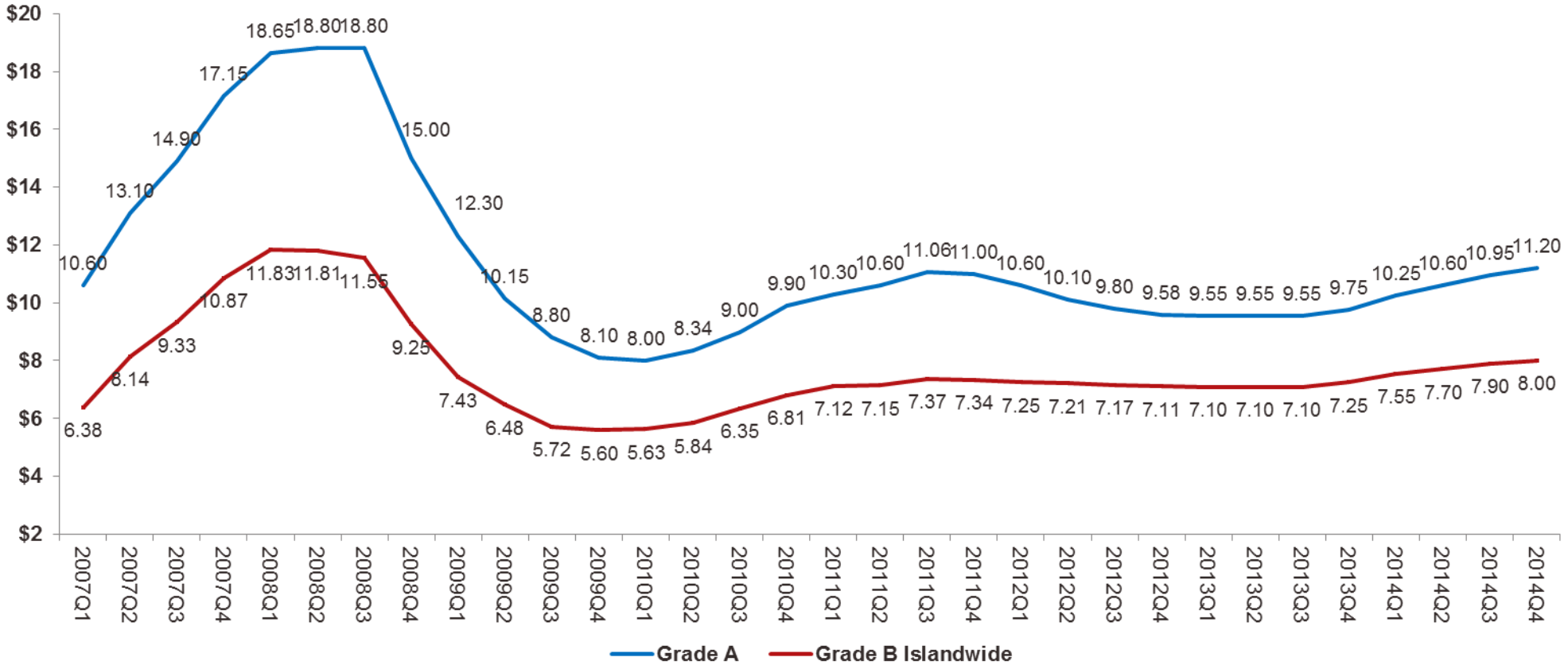
Moving forward

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2. Solid fundamentals – positive market outlook

- **Singapore office rents trend – Upward rental growth is projected to remain in the next 12 months**

Singapore Grade A and Grade B office rents[1]



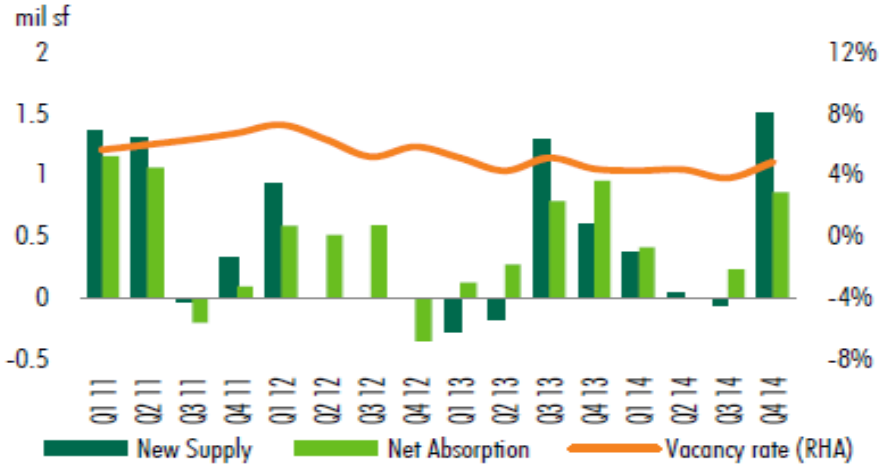
1 Source: CBRE Research

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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, Q4 2014

Table 1: Office Vacancy Rates

	Q4 2014	Q-o-q	Y-o-y
Islandwide	4.7%	89 bps	30 bps
Core CBD	4.3%	85 bps	-56 bps
Fringe CBD	5.5%	-7 bps	48 bps
Decentralised	4.7%	211 bps	197 bps
Grade A	5.8%	158 bps	-48 bps

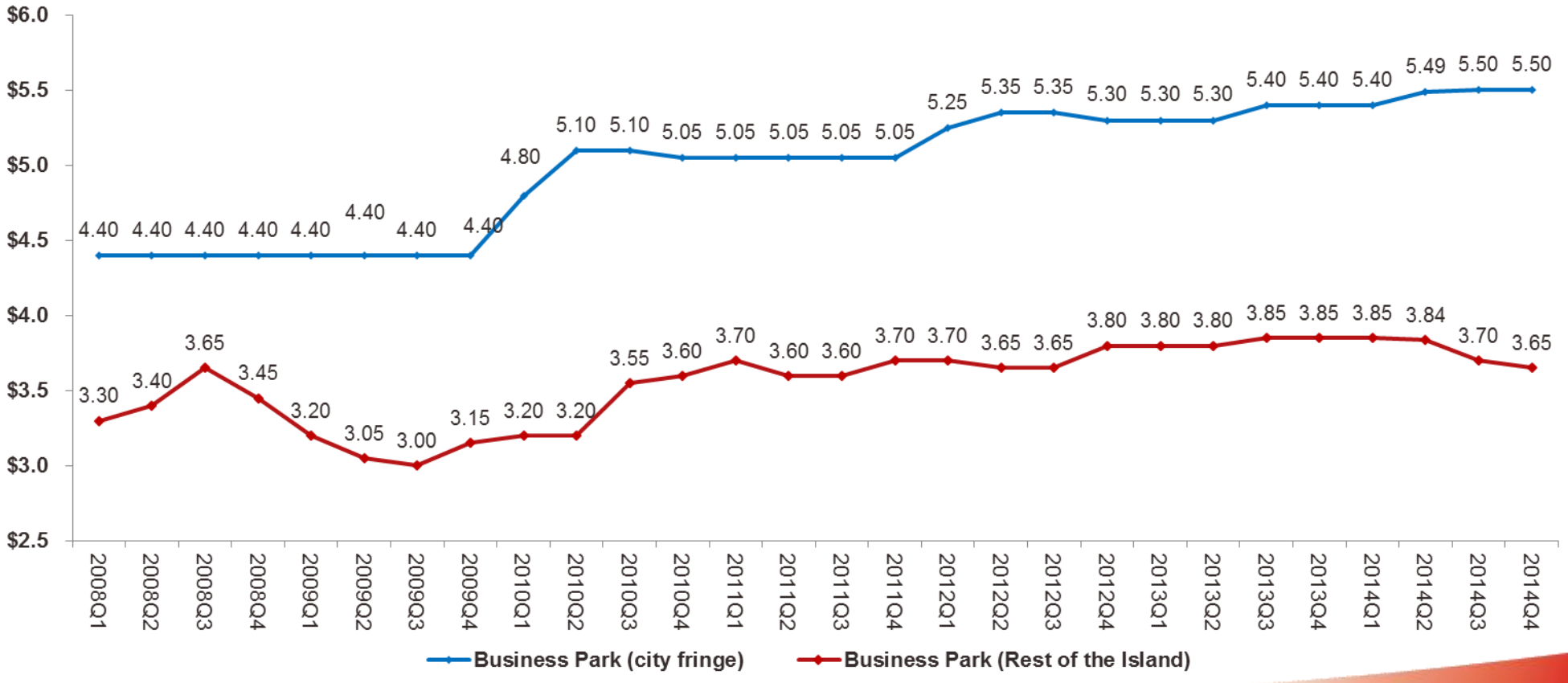
Source: CBRE Research, Q4 2014

- Islandwide office net absorption in 2014 was 1.5 mil sf, in line with 10-year market average of 1.1 mil but 49.2% down from 2013's absorption level
- However, lease transactions may be driven by upgrading or rent advantage instead of expansion
- Islandwide vacancy rate was 4.7%, underpinned by tight office space
- Grade B CBD Core rent up 0.6% q-o-q to S$8.55 psf in Q4 2014
- Low vacancy will be compounded by very restricted pipeline of new office supply over the next 18 months
- Market may still enjoy rental growth in next 12 months, 1H2015 likely to outperform 2H2015

1 CBRE, Singapore Market View, 4Q2014

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

Singapore Business Park (city fringe) rents[1]

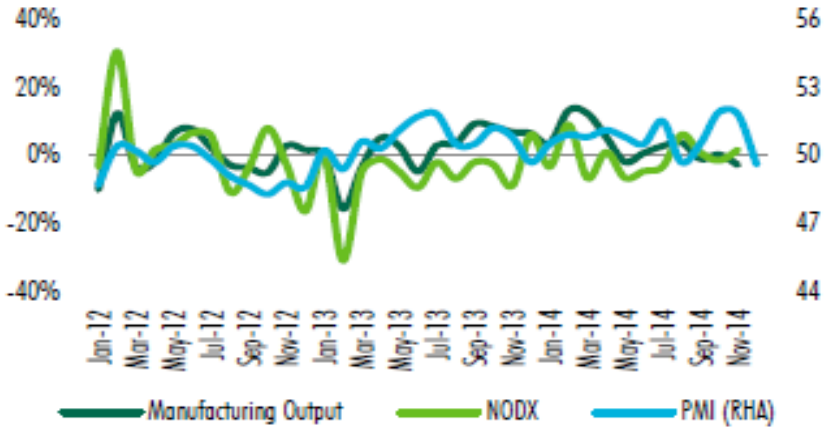


1 Source: CBRE Research

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Manufacturing Indices and Business Park future pipeline[1]

Chart 5: Manufacturing Indices



Source: CBRE Research, Q4 2014

Table 6: Known Business Park Future Pipeline

Year	Est. NLA (mil sf)	Est. Pre-commitment
2015	2.22	74%
2016	1.69	11%
2017	-	-

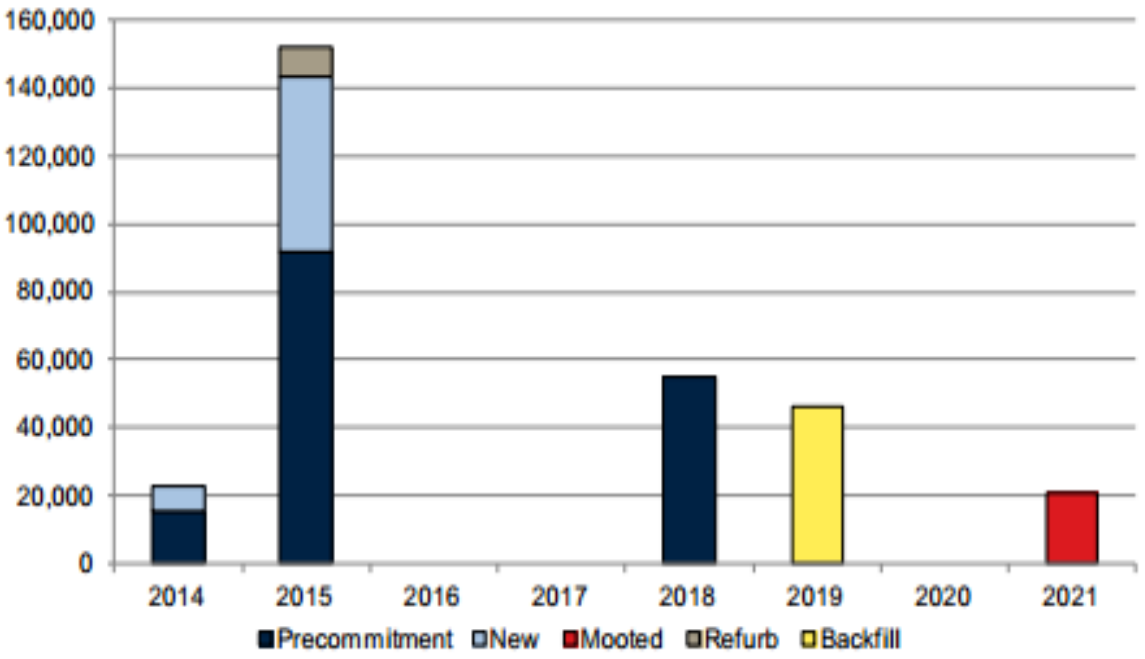
Source: CBRE Research, Q4 2014

- Demand remains resilient albeit unspectacular
- Demand supported by e-commerce, engineering and IT firms with quality and cost as main considerations
- Vacancy increased 10bps to 11.7%
- Outlook for 2015 remains positive but cautious
- Demand is expected to grow at slower pace due to economic uncertainties weighing down on historically strong demand industries and stringent government regulations

1 CBRE, Singapore Market View, Q42014

Premium Grade average net face rents are between A$715 - A$810 psm per annum

Perth CBD office supply (sqm)[1]



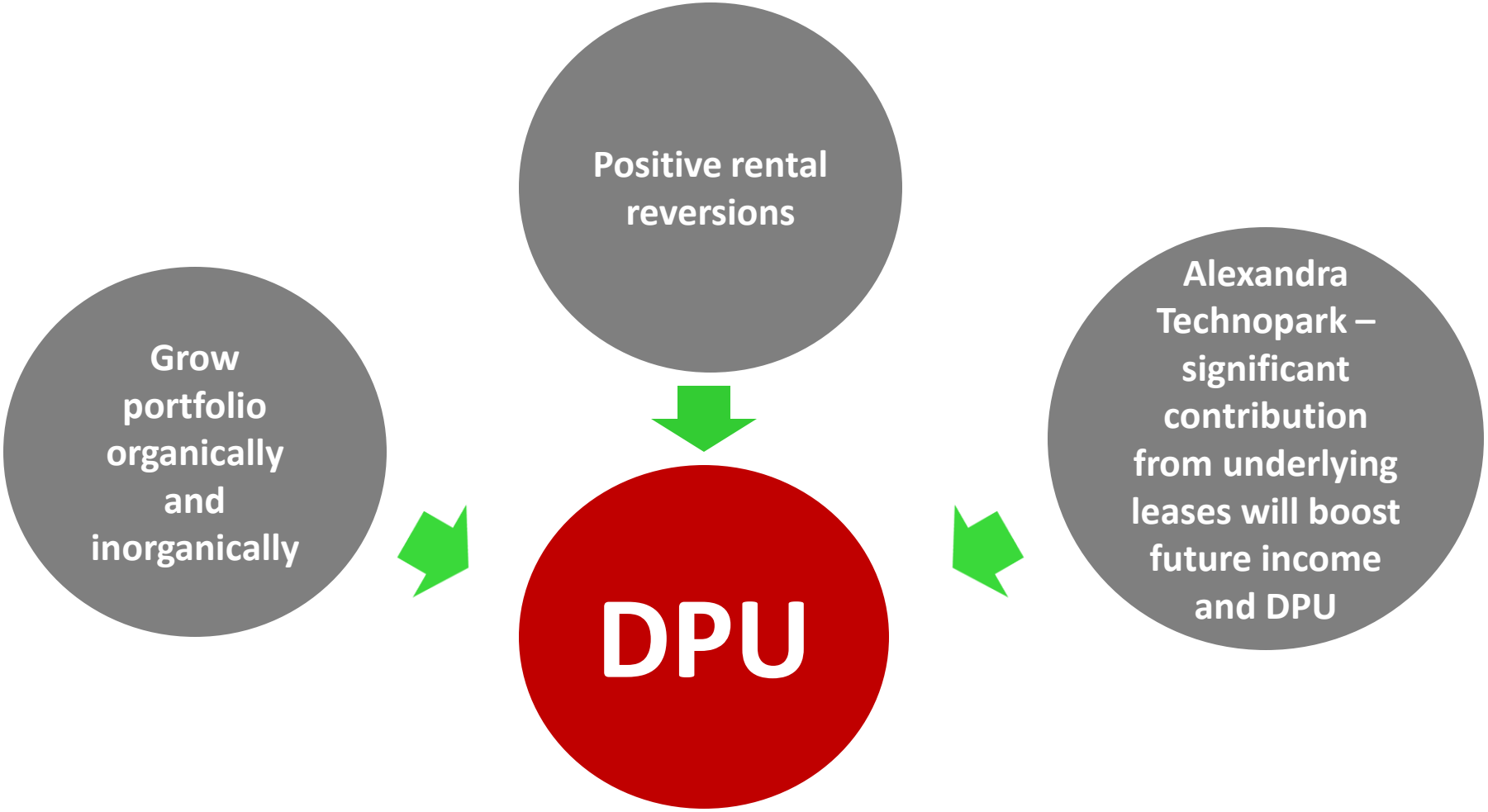
Source: Savills Research

Market conditions [1]

- Premium Grade average net face rents are between A$715 to A$810 psm pa
- Perth CBD office market vacancy rate was 11.8% as at July 2014 according to the Property Council of Australia
- Demand is subdued and a number of businesses are re-evaluating their staffing and accommodation needs
- Incentives across all grades in the CBD were 25% - 30% as at September 2014 , the highest level recorded since 2006
- All grades of office accommodation experienced an increase in vacant space over the 6 months, albeit with the lower grades experiencing the largest increases demonstrating the flight to quality that is resulting from the market turning in tenants favour
- While vacancy seems high for Perth, is only marginally higher than the national CBD vacancy rate of 10.7%
- Continued strong market fundamentals such as high population growth and low unemployment ensure that the market will not head for a crash in Perth

1 Spotlight Perth CBD Office, October 2014, Savills Research Western Australia

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



Thank you

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