



# Frasers Commercial Trust 1QFY09/10 Financial Results

26 January 2010



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## 1QFY09/10 Results



## 1QFY09/10: Successful completion of refinancing

### Key highlights:

- **Successful completion of refinancing**

3 November: S\$500.0 million SGD Facility has been drawn down in full to repay balance of loan note facility under the Loan Note Subscription Agreement

15 December: A\$125.4 million AUD Facility has been drawn down and used to repay the outstanding amount under the Yen Bi-Lateral Cash Advance Facility

### Management's focus:

- **Asset enhancement - KeyPoint**

Reviewing and embarking on asset enhancement for KeyPoint to capitalize on the completion of the Circle Line Nicoll Highway MRT station

- **Continued active asset management of portfolio**

Focus on improving occupancy, tenant retention and cost management

## Improved economic outlook and stabilisation of rentals in Singapore, increased demand for Perth CBD office space in Australia

- Australia
  - Economic conditions have improved, a return of demand and confidence has seen vacancy stabilise
  - Market optimism increased following on from the approval of the A\$43 billion Gorgon LNG project, however moderate pressure on rental levels is expected with large amount of new supply completing in 2010
- Singapore
  - Brighter economic outlook led to strong recovery in leasing activity as business confidence improved
- Japan
  - Demand and rental rates continue to be under pressure as high unemployment rate and uncertain economic prospect has affected consumer confidence



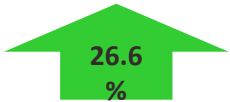

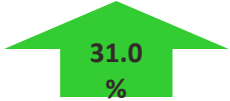









Moving forward, focus is on tenancy management and selected capital works programs using rights proceeds to enhance the offering at selected properties and attract tenants

## ➔ 1QFY09/10 Results – Financial highlights

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**1QFY09/10: Improved results – DPU increased by 20% Q-o-Q, with DPU of 0.24 cents**

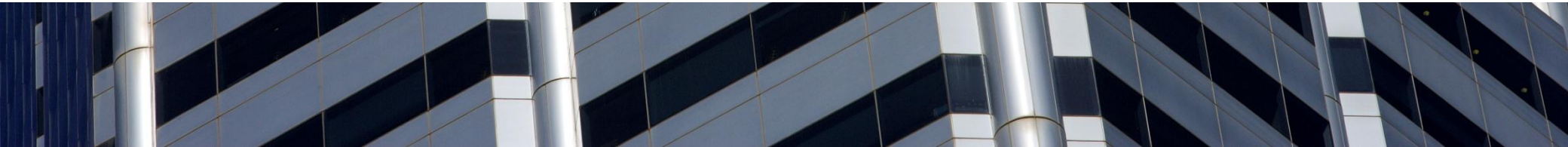
	1/10/09-31/12/09 (1QFY09/10 ) (S\$'000)	Year-on-Year Change (%) 1/10/08- 31/12/08	Quarter-on-Quarter Change (%) 1/7/09- 30/9/09	Contributing factors
Gross Revenue	29,649	 19.1 %	 15.5 %	▪ Full quarter contribution from Alexandra Technopark, more favourable A\$ exchange rate
Net Property Income	23,502	 26.6 %	 17.7 %	▪ Increase in Gross Revenue carried through to NPI line
Total distributable income	12,145	 31.0 %	 51.7 %	▪ Higher Gross Revenue and NPI contribution
- For Unitholders	7,397	 20.2 %	 20.3 %	▪ Lower finance costs compared to last year
- CPPU holders	4,748	NM	 155.5 %	▪ Full quarter distribution for CPPU holders
Distribution per CPPU Unit (Cents)	1.39	NM	 157.4 %	▪ Full quarter distribution for CPPU holders
DPU (cents per Unit)	0.24	 22.6* %	 20.0* %	▪ DPU increased Q-o-Q in line with NPI

\* Comparative DPU last year and preceding quarter have been adjusted for an increase in units as a result of rights issue





## Portfolio review





**Fair values:** Marginal decline in portfolio with revaluation of Cosmo Plaza, NTA of S\$0.27 per Unit (ex-distribution)

Asset	Date of valuation	Local currency Value (millions)	Translation as at 31 December 2009 (S\$ million) <sup>1</sup>	Variance from 30 September 2009		
				Valuation impact (S\$ million)	FX translation impact (S\$ million) <sup>2</sup>	Total variance
55 Market Street	30 September 2009 <sup>6</sup>	S\$119.5	119.5	-	-	-
Alexandra Technopark	30 September 2009 <sup>6</sup>	S\$345.0	345.0	-	-	-
China Square Central	30 September 2009 <sup>6</sup>	S\$512.5	512.5	-	-	-
KeyPoint	30 September 2009 <sup>6</sup>	S\$283.0	283.0	-	-	-
Caroline Chisholm Centre	31 October 2009 <sup>6</sup>	A\$87.5 <sup>4</sup>	108.3	-	0.3	0.2%
Central Park	1 November 2009 <sup>6</sup>	A\$283.1 <sup>4</sup>	350.5	0.7 <sup>5</sup>	0.8	0.4%
Azabu Aco	30 September 2009	¥1,530.0	23.6	-	(0.3)	(1.3%)
Ebara Techno-Serve	30 September 2009	¥2,530.0	39.0	-	(0.6)	(1.3%)
Galleria Otemae	30 September 2009	¥5,370.0	82.7	-	(1.1)	(1.3%)
Cosmo Plaza	31 December 2009	¥3,250.0	50.1	(3.9)	(0.7)	(8.4%)
<b>Existing Properties</b>			<b>1,914.2</b>	<b>(3.1)</b>	<b>(1.6)</b>	<b>(0.2 %)</b>
AWPF investment	30 September 2009	A\$21.1	26.1		-	-

1 Translated at ¥64.94 = S\$1.00 and A\$1.00 = S\$1.2382 being the prevailing spot rates at close of quarter accounts

2 Calculated as the conversion of the movement between valuations in local currency value to 31 December 2009 FX rates

3 Difference in S\$ holding value attributable to movement in FX rates since 30 September 2009 from ¥64.06 = S\$1.00 and A\$1.00 = S\$1.2353

4 Represents FrasersComm's 50.0% indirect interest in the asset

5 Includes capital expenditure for the quarter of A\$0.6m

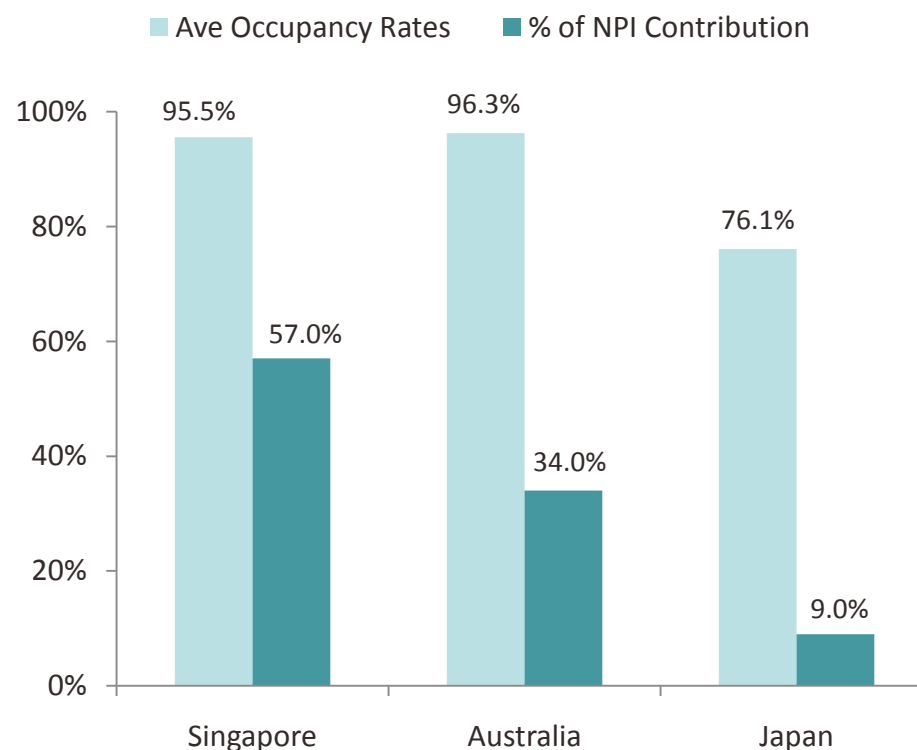
6 Previous valuation was carried out on 31 July 2009 and confirmed by the valuers at the respective dates. See 1QFY09/10 Financial Statements for further information

## Occupancy Rates: Singapore and Australia occupancy rates > 95.5% and contribute 91% of Net Property Income (“NPI”)

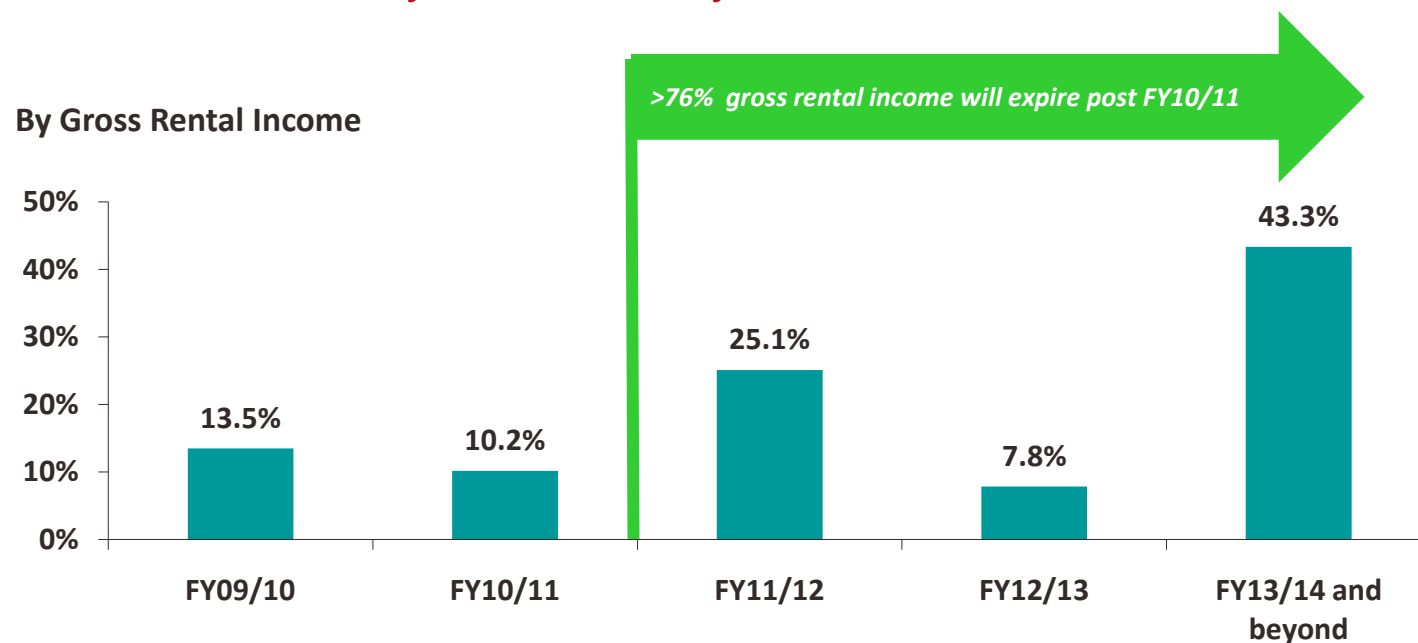
Key portfolio statistics	As at 31 December 2009	As at 30 September 2009
WALE by gross rental income	4.4 years	4.5 years
Ave Occupancy	92.9%	92.5%

- Long leases in Australian properties and Master Leases will anchor the long weighted average lease expiry (“WALE”), enhancing the secure long-term income stream
- Portfolio Occupancy Rates increased by 0.4% to 92.9%

Geographical Occupancy and % of NPI Contribution



**Lease expiry profile:** Solid lease expiry profile, over 86% of gross rental income is secure for the current financial year, and only 10% has renewal risk for the next year



Number of leases expiring	69	81	53	19	23
NLA (sq ft) expiring	277,855	189,987	515,867	116,376	1,475,581
Expiries as % total NLA	10.0%	6.9%	18.6%	4.2%	53.2%
Expiries as % total Gross Rental Income	13.5%	10.2%	25.1%	7.8%	43.3%

**Upcoming lease expiries:** limited upcoming expiries in terms of the Portfolio's gross rental income, <14% expiring during the current FY

**FY09/10 key lease expiries**

Property	Leases	Average passing rent	GROSS RENTAL INCOME		NET LETTABLE AREA(NLA)		Leasing factors
			Property	Total Portfolio	Property	Total Portfolio	
55 Market Street	11	S\$7.54 psf pm	46.9%	2.9%	48.7%	1.3%	Manageable exposure for the portfolio
KeyPoint	36	S\$5.48 psf pm	13.5%	1.7%	9.2%	1.0%	Completion of Nicoll Highway MRT station in 1H2010 and asset enhancement
Central Park	3	A\$354 psqm pa net	6.3%	1.5%	8.0%	1.0%	Market rental ~A\$700 psm pa gross
Galleria Otemae	14	¥12,198 per tsubo pm	38.1%	2.0%	32.3%	1.3%	Focus on early tenant retention
Azabu Aco	1	¥17,449 per tsubo pm	54.1%	0.7%	53.6%	0.3%	Small impact on portfolio

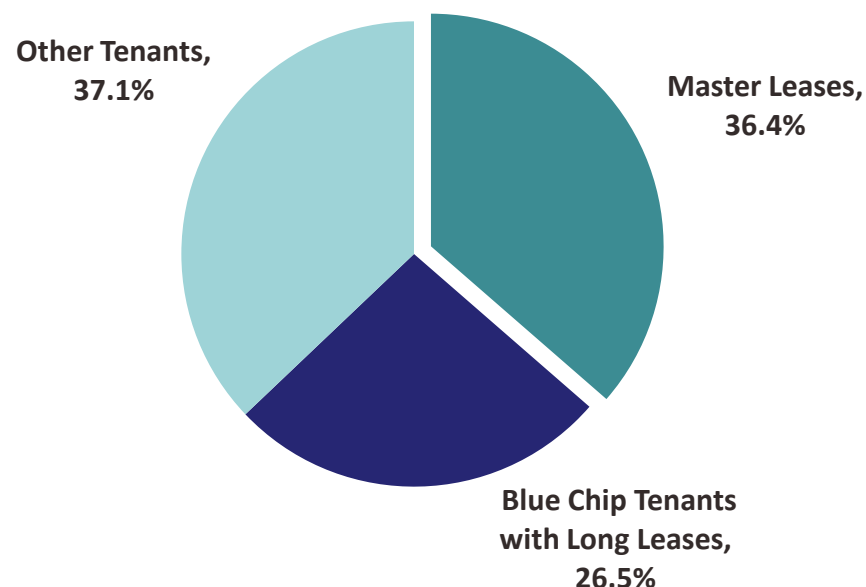


**Cash flow base:** Master lessees/ blue chip tenants with long leases contribute over **62%** of total gross rental income and long term stability of income

Master Leases		
Tenant	Lease Expiry	% (Gross Rental Income)
Alexandra Technopark – Orrick Investments Pte Ltd	Aug 2014	20.2%
China Square Central – Unicorn Square Limited	Mar 2012	16.2%
<b>Total</b>		<b>36.4%</b>

Blue Chip Tenants with Long Leases		
Tenant	Lease Expiry	% (Gross Rental Income)
Commonwealth of Australia (Centrelink)	Jul 2025	9.2%
Hamersley Iron Pty Ltd	Jun 2018	4.9%
WMC Resources Ltd	Jun/ Oct 2012	2.3%
Dabserv Pty Ltd (Mallesons Stephen Jaques)	Jun 2014	2.2%
Gabelle Pty Ltd (Minter Ellison)	Jun 2013	2.0%
Asguard Wealth Solutions	Jun 2013	1.9%
BHP Billiton Petroleum Pty Ltd	Nov 2015	1.7%
Plan B Administration Pty Ltd	April 2019	1.2%
Government Employees Superannuation Board (WA)	May 2017	1.1%
<b>Total</b>		<b>26.5%</b>



**Master Lessees**  
 +  
**Blue Chip Tenants with Long Leases**
 =
 **62.9% portfolio income secured**

**Fixed rent step-ups:** almost **24%** of the portfolio's gross rental income has built-in average organic growth of approximately **4.0%** for FY09/10

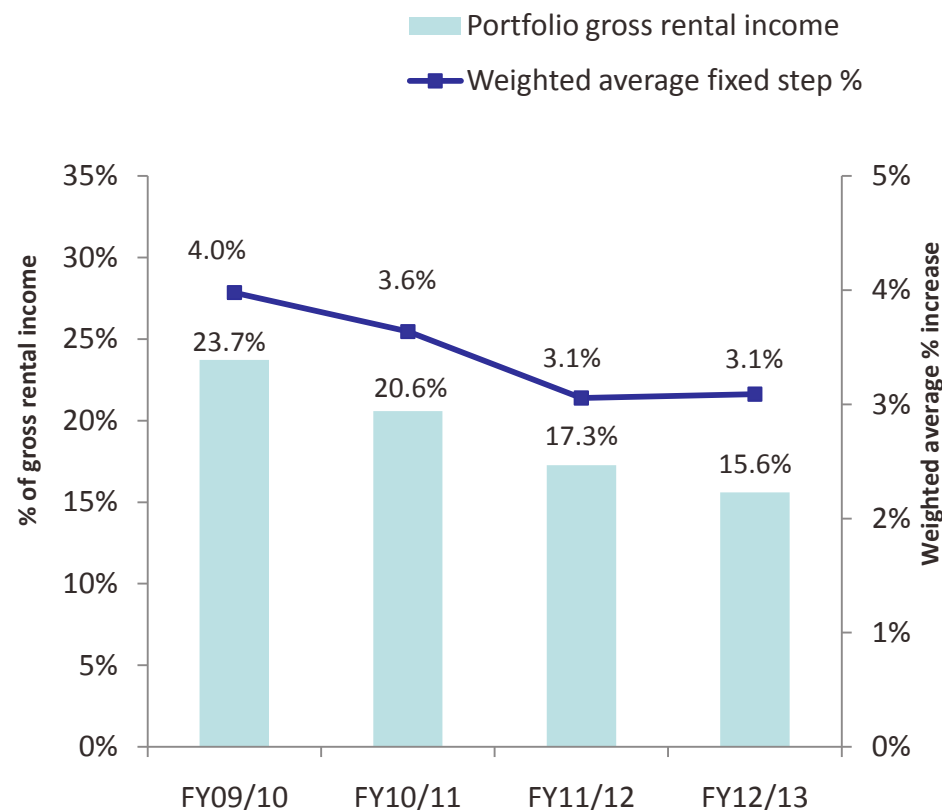
**FY09/10 - Fixed % mid-term lease rent reviews**

Property	Leases	Average fixed rent review	GROSS RENTAL INCOME	
			Property	Total Portfolio
KeyPoint	7	11.6%	2.0%	0.3%
55 Market Street	5	4.7%	35.4%	2.2%
Caroline Chisholm Centre	1	3.0%	100.0%	8.9%
Central Park	16	4.4%	55.2%	12.4%

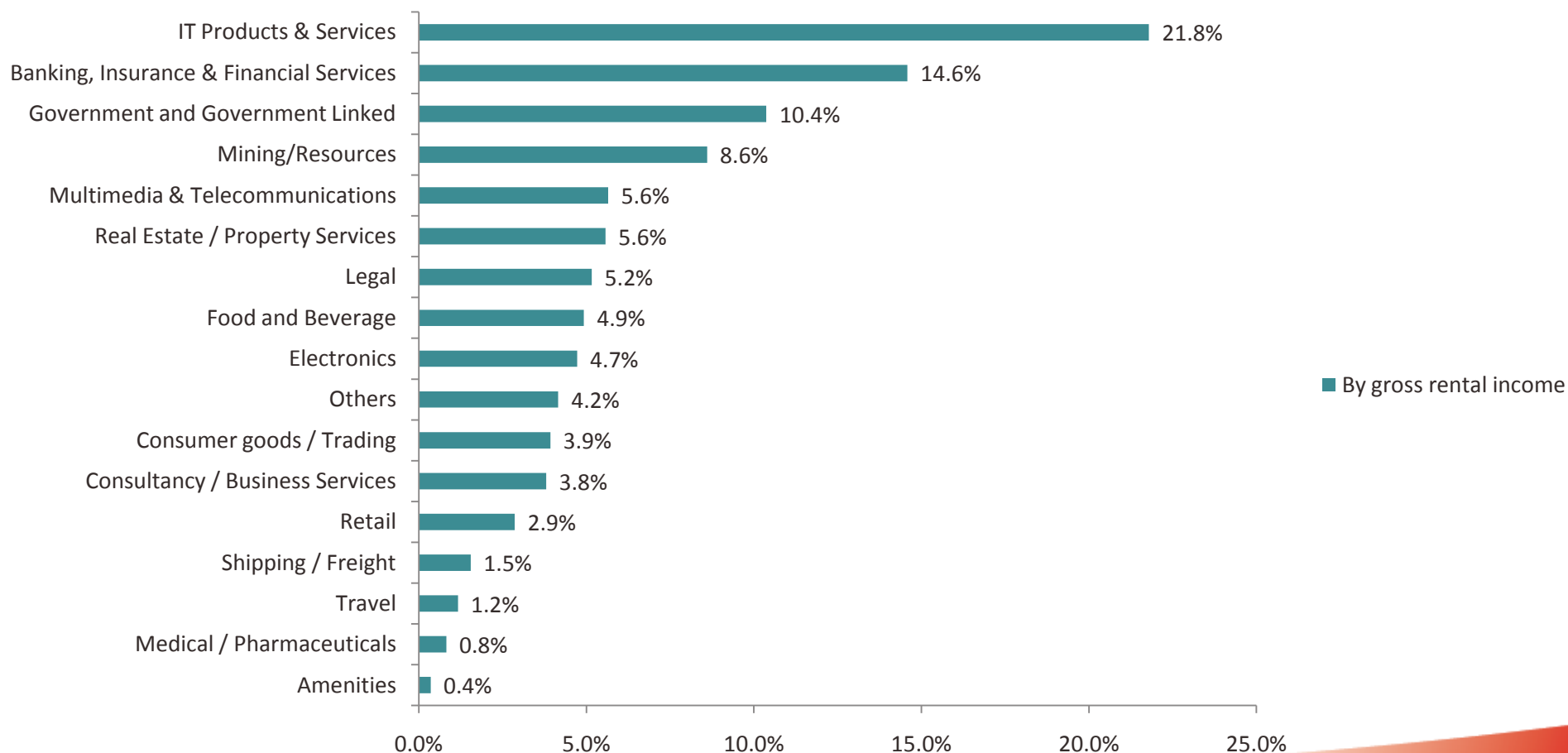
**FY09/10 - Other mid-term lease rent reviews**

Property	Leases	Review mechanism	GROSS RENTAL INCOME	
			Property	Total Portfolio
Central Park	5	Market	29.6%	6.6%
Central Park	4	CPI	8.7%	2.0%

**FY09/10 - 12/13 - Portfolio Fixed % reviews**



## Trade Sector Mix: Diverse trade sector mix with no single trade sector contributing > 22% of gross rental income



As at 31 December 2009. Excludes AWPf and retail turnover rent

### KeyPoint

- **Tenancy activity:**
  - A new retail tenant commenced and existing office tenants leased new space for expansion in 1QFY09/10
  - Non-renewals of 2,596 sqft were completely offset by new leases in 1QFY09/10 with net take up of 14,655 sqft
  - Occupancy grew from 71% as at 30 September 2009 to 75% as at 31 December 2009
    - office occupancy up from 71% to 74%
    - retail occupancy up from 78% to 84%

KeyPoint Leases	Number	NLA	Average rental S\$ psf pm
New leases & Expansion (commenced 1QFY09/10)	7	17,251	4.0
Renewals	12	20,701	4.1
<b>Total</b>	<b>19</b>	<b>37,952</b>	<b>4.1</b>

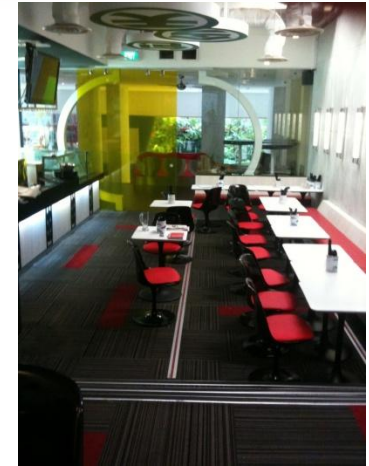


- **Capital enhancement works:**
  - In planning stage, target to commence in 2H 2010 and complete by 1Q 2011
  - Improve competitive position and capitalize on the completion of the Circle Line Nicoll Highway MRT



### 55 Market Street

- **New retail tenant:**
  - Provides amenities to office tenants
- **Property management:**
  - In-house property management team assuming direct control from 1 Jan 10, from third party property manager



### Australian Wholesale Property Fund (AWPF)

- FCOT has a 39% indirect investment in AWPF following the successfully completion of recapitalisation and restructuring exercise
- The Manager is seeking for opportunity to divest this investment at appropriate time

### Cosmo Plaza, Osaka

- **Divestment strategy:**
  - Working with agent for specific target campaign
- **Tenancy management:**
  - the Manager continues to work with the local asset manager to market the space and control expenses, whilst pursuing the divestment strategy



# Capital management

**Recapitalisation & refinance:** All refinance and recapitalisation activities were completed 15 December 2009, with full impact of the transactions to be seen in quarters 2-4 FY09/10

## Snapshot

	As at 31 December 2009 S\$'000
Total Assets	2,039,078
Total Liabilities	866,976
Unitholders' funds <sup>1</sup>	1,172,102
Units on Issue and Issuable	3,052,987,981
NAV per Unit (ex-DPU)	0.27
Gross Borrowings	823,785
Gearing <sup>2</sup>	40.4%

## Debt statistics

	As at 31 December 2009
Interest coverage ratio <sup>3</sup>	2.56
Average borrowing rate	4.5%

- The weighted average remaining debt term will be 3.0 years following completion of the loan draw down in 1Q FY2009/2010
- Standard & Poor's Ratings Services ("S&P") has on 7 December 2009 affirmed FCOT's 'BB' long-term corporate credit rating and revised the outlook to stable.

<sup>1</sup> Includes Series A CPPU holders

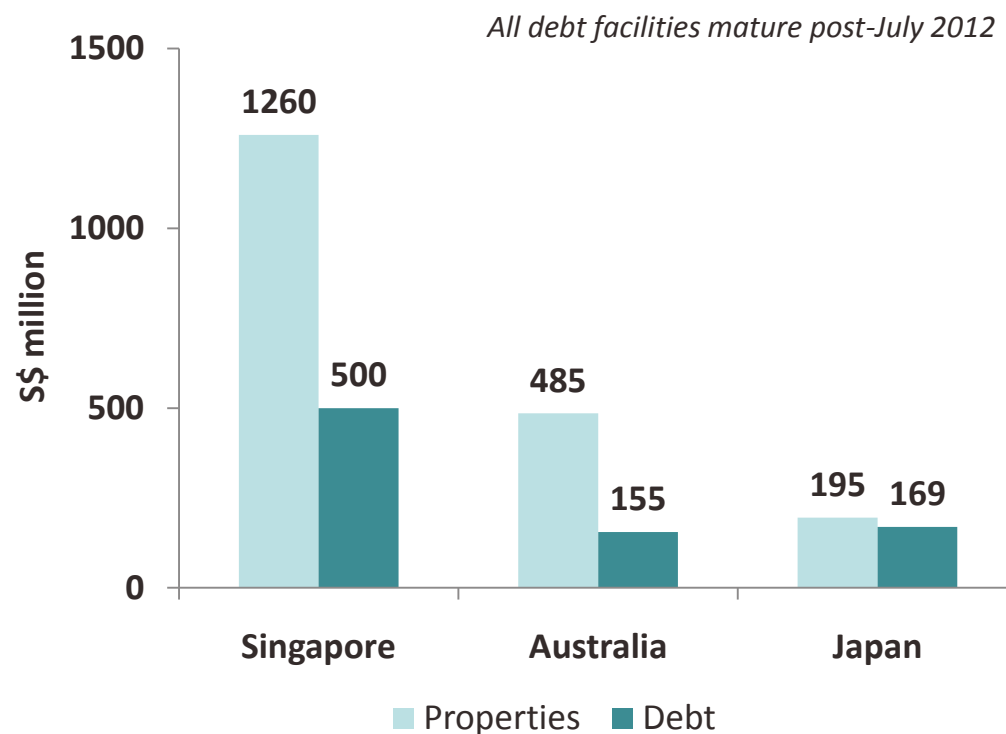
<sup>2</sup> Calculated as gross borrowing as a percentage of total assets

<sup>3</sup> 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)/cash finance costs. See accompanying 1Q2010 Financial Statements announcement for more details.

**Refinance:** Restructured borrowings to create natural hedge for non-S\$ properties, lengthened debt maturities

- New 3-year transferable term loan facilities of S\$500.0 million (DBS, OCBC, Standard Chartered & CBA) with a margin of 2.65% over the Singapore swap offer rate and A\$125.4 million (CBA) with a margin of 2.65% over the Australian BBSY, drawn in early November and December 2009
- JPY loan replaced by A\$ loan to provide a more natural hedge against fluctuations in foreign exchange rates
- No debt maturing until after July 2012

Borrowings and assets by currency





Thank you

Frasers Centrepont Asset Management (Commercial) Limited  
Level 21 | 438 Alexandra Road | Alexandra Point | Singapore 119958  
Tel: +65 6276 4882 | Fax: +65 6276 8942 | Email: [fcot@fraserscentrepont.com](mailto:fcot@fraserscentrepont.com)  
[www.fraserscommercialtrust.com](http://www.fraserscommercialtrust.com)