



# Frasers Commercial Trust 2QFY12 Financial Results

19 April 2012



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→ **Results**

→ **Portfolio review**

→ **Capital management**

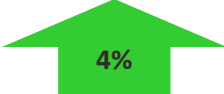


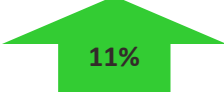

→ **Moving Forward**

# Results

### Key highlights:






- Gross revenue of S\$30.9m, ↑ 4% Y-o-Y
- Net property income of S\$24.8m, ↑ 4% Y-o-Y
- Distributable income to Unitholders of S\$11.2m, ↑ 11% Y-o-Y
- Portfolio average occupancy rates remain healthy at 96.1%
- Central Park achieved 12% net property income growth y-o-y to S\$6.5 million
- China Square Central underlying leases achieved net operating income of S\$18.5 million, as a result FCOT received share of profits amounting to S\$0.4 million from the master lessee
- Enlarge portfolio size by acquiring the balance 50% interest in Caroline Chisholm Centre

## 11% growth in distributable income in 2QFY12

1 Jan 2012 – 31 Mar 2012 (S\$ '000)	2Q FY12	Y-o-Y Change (%)	Contributing factors
Gross Revenue	30,874	 4%	▪ Higher contribution from Central Park and share of profits from master lessee of China Square Central
Net Property Income	24,760	 4%	▪ Higher income contribution from Central Park and China Square Central
Total distributable income	15,858	 8%	▪ Increase in NPI carried through to total distributable income coupled with reduction in interest expenses
- Unitholders	11,174	 11%	▪ Attributable to increase in total distributable income
- CPPU holders	4,684	-	▪ Full quarter distribution for CPPU holders
Distribution per CPPU Unit	1.37¢	-	▪ Full quarter distribution for CPPU holders
Distribution per Unit (DPU) <sup>1</sup>	1.74¢	 8%	▪ DPU increased Y-o-Y in line with distributable income

<sup>1</sup> The number of Units used to calculate the amount available for DPU is 640,914,228. See accompanying 2QFY12 Financial Statements announcement for more details.

## 1HFY12 DPU rose by 13% Y-o-Y

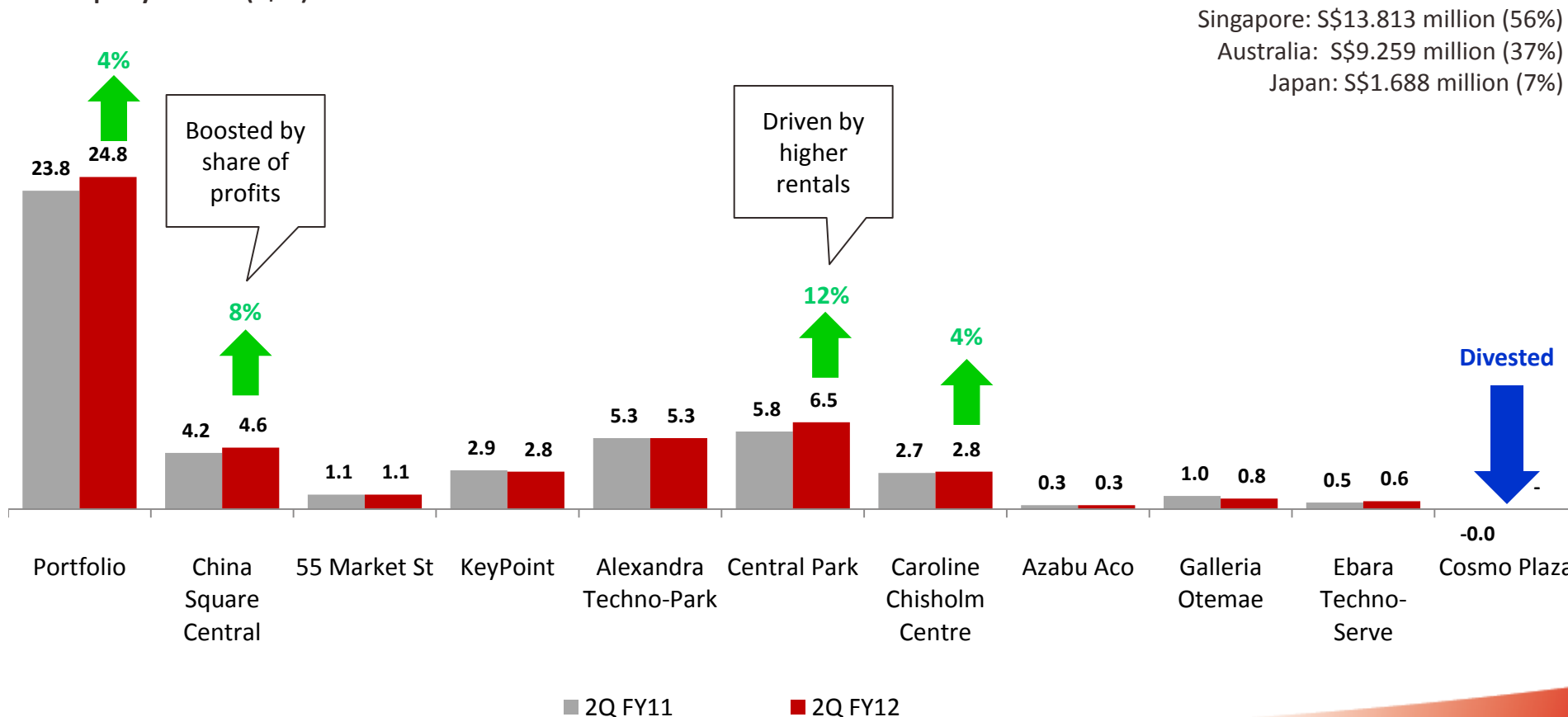
1 Oct 2011 – 31 Mar 2012 (S\$ '000)	1H FY12	Y-o-Y Change (%)	Contributing factors
Gross Revenue	61,535	 5%	▪ Higher contribution from Central Park and China Square Central
Net Property Income	49,393	 6%	▪ Higher income contribution from Central Park and China Square Central
Total distributable income	30,199	 10%	▪ Increase in NPI carried through to total distributable income coupled with reduction in interest expenses
- Unitholders	20,780	 16%	▪ Attributable to increase in total distributable income
- CPPU holders	9,419	-	▪ Full half-year distribution for CPPU holders
Distribution per CPPU Unit	2.75¢	-	▪ Full half-year distribution for CPPU holders
Distribution per Unit (DPU) <sup>1</sup>	3.24¢	 13%	▪ DPU increased Y-o-Y in line with distributable income

<sup>1</sup> The number of Units used to calculate the amount available for DPU is 640,914,228. See accompanying 2QFY12 Financial Statements announcement for more details.



## Higher NPI Y-o-Y boosted by share of profits and rising rentals

Net Property Income (\$m)





## Distribution to be paid on 30 May 2012

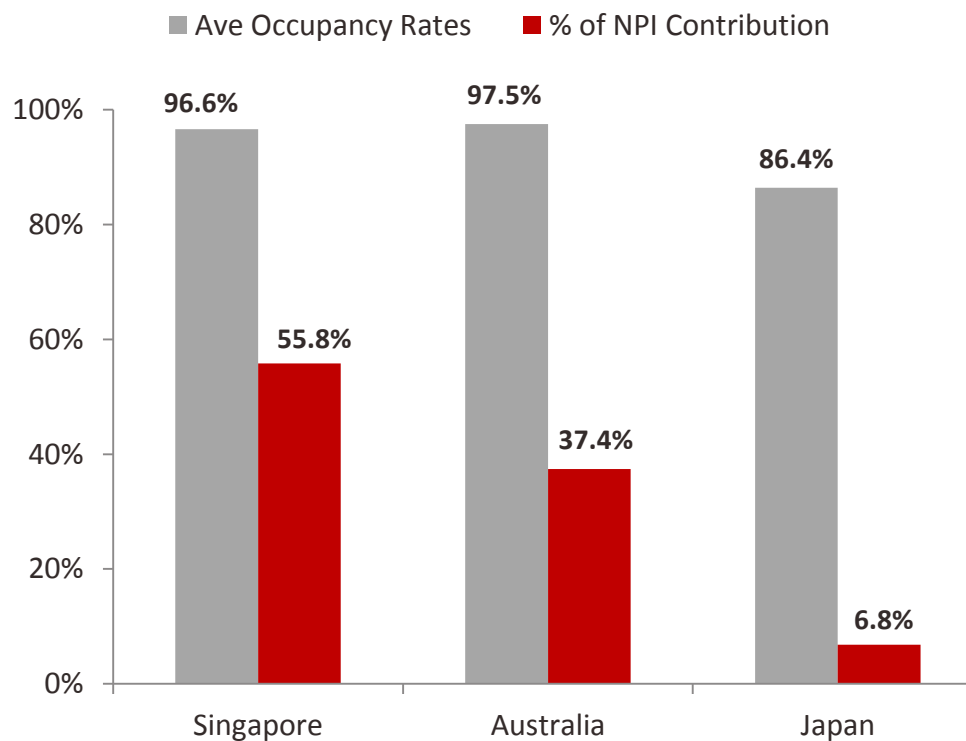
<b>Distribution Period</b>	1 October 2011 to 31 March 2012
<b>Ordinary Unit Distribution Rate</b>	<b>Distribution of 3.2423 cents per Unit comprising:</b> <ul style="list-style-type: none"> <li>a) taxable income distribution of 2.2101 cents;</li> <li>b) tax-exempt income distribution of 0.5673 cents;</li> <li>c) capital distribution of 0.4649 cents; and</li> </ul>
<b>CPPU Distribution Rate</b>	<b>Distribution of 2.7500 cents per CPPU Unit comprising:</b> <ul style="list-style-type: none"> <li>a) taxable income distribution of 2.1883 cents; and</li> <li>b) tax-exempt income distribution of 0.5617 cents</li> </ul>
<b>Last day of trading on “cum” basis</b>	<b>Tuesday, 24 April 2012</b>
<b>Ex-distribution trading commence</b>	Wednesday, 25 April 2012
<b>Distribution Books Closure Date</b>	Friday, 27 April 2012 at 5.00 pm
<b>Distribution Payment Date</b>	<b>Wednesday, 30 May 2012</b>

# Portfolio review

## Singapore & Australian portfolio contribute > 93% of NPI income

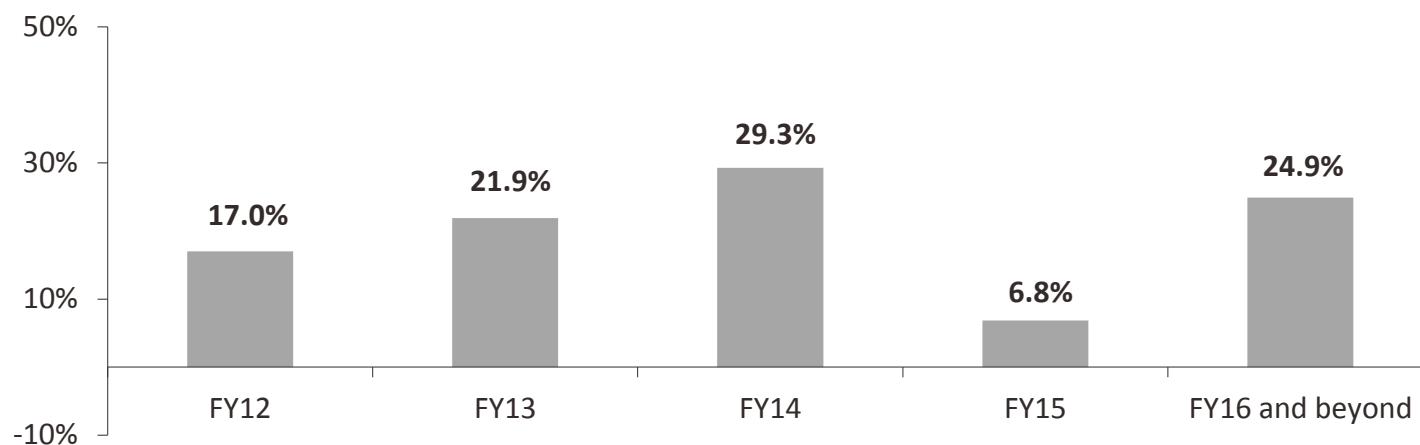
Key portfolio statistics	As at 31 March 2012
WALE by gross rental income	3.4 years
Ave Occupancy	96.1%

### Geographical occupancy and % of NPI contribution



## Healthy lease expiry profile

Portfolio lease expiry by gross rental income

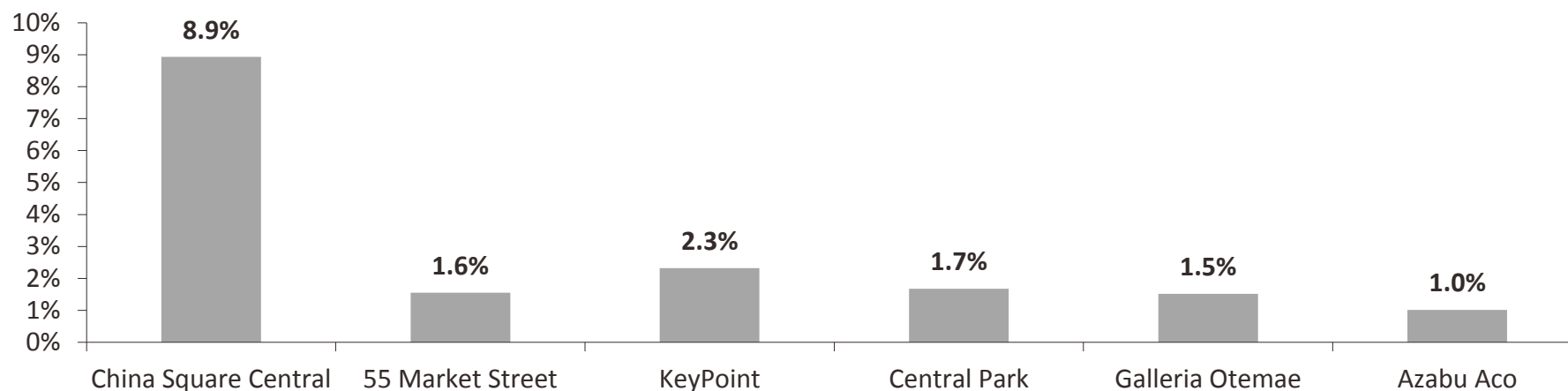


Number of leases expiring	105	162	82	30	18
NLA (sq ft) expiring	281,306	369,128	1,234,235	126,183	438,740
Expiries as % total NLA	11.0%	14.5%	48.4%	4.9%	17.2%
Expiries as % total Gross Rental Income	17.0%	21.9%	29.3%	6.8%	24.9%

As at 31 March 2012. Excludes retail turnover rent

## Breakdown of FY12 profile

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



### Ave passing rent for expiring leases

Number of leases expiring	37	5	46	3	12	2
NLA (sq ft) expiring	149,393	16,136	52,517	21,722	28,640	12,898
Average passing rent	\$5.8	\$10.4^	\$4.3	AUD \$578	¥11,171	¥16,621

^ For office leases

## Organic growth provided by built-in step-up rents

### FY12 - Fixed % lease rent reviews

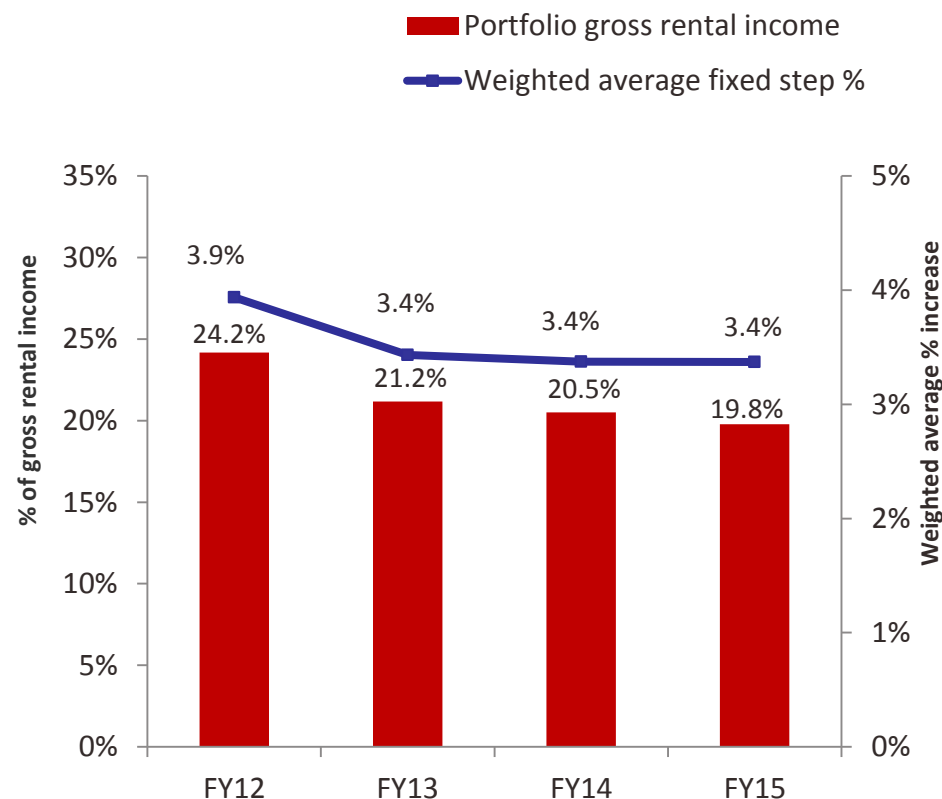
Property	Leases	Average step-up rent	GROSS RENTAL INCOME	
			Property	Total Portfolio
China Square Central	10	6.4%	7.0%	1.6%
KeyPoint	9	5.1%	8.4%	1.2%
Caroline Chisholm Centre	1	3.0%	100.0%	9.7%
Central Park	12	4.5%	48.0%	11.8%

### FY12- Other mid-term lease rent reviews

Property	Leases	Review mechanism	GROSS RENTAL INCOME	
			Property	Total Portfolio
Central Park	4	Market	19.7%	5.1%
Central Park	6	CPI	16.9%	4.4%

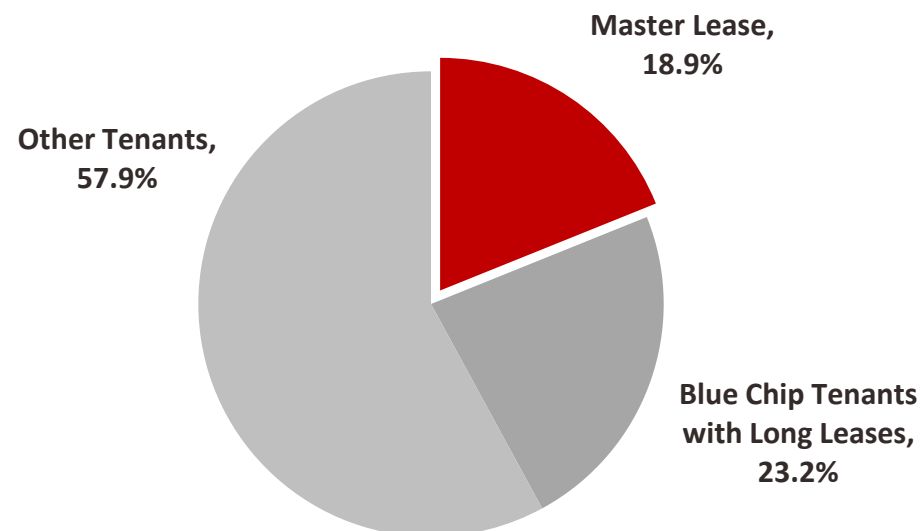
Excludes retail turnover rent

### FY12 – 15 - Portfolio fixed % reviews



## Master lessee/ blue chip tenants with long leases contribute >42% of total gross rental income

Master Lease		
Tenant	Lease Expiry	% (Gross Rental Income)
Alexandra Technopark – Orrick Investments Pte Ltd	Aug 2014	18.9%
Blue Chip Tenants with Long Leases		
Tenant	Lease Expiry	% (Gross Rental Income)
Commonwealth of Australia (Centrelink)	Jul 2025	9.7%
Hamersley Iron Pty Ltd	Jun 2018	7.3%
BHP Billiton Petroleum Pty Ltd	Nov 2015	1.9%
PF Lawyers Pty Ltd (DLA Piper)	Jun 2020	1.4%
Government Employees Superannuation Board (WA)	May 2017	1.2%
Plan B Administration Pty Ltd	Apr 2019	1.0%
Jones Lang LaSalle (WA) Pty Ltd	Mar 2021	0.7%
<b>Total</b>		<b>23.2%</b>



**Master Lessees**  
 +  
**Blue Chip Tenants with Long Leases**
 =
 **42.1% portfolio income secured**

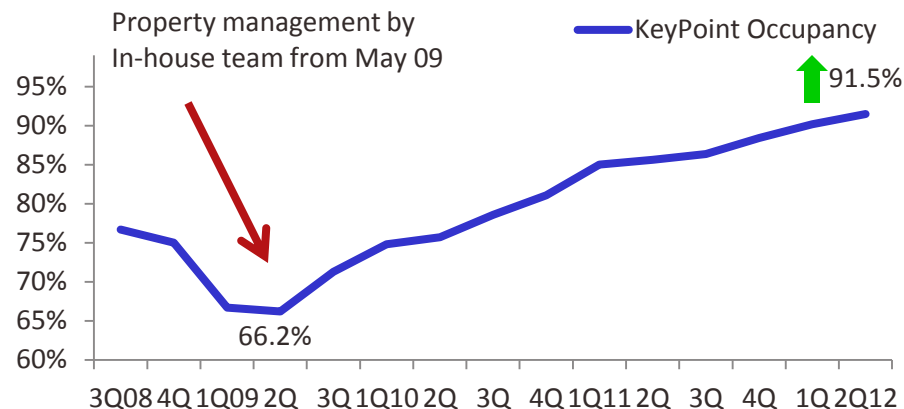


## KeyPoint – Occupancy at 91.5%

### ▪ Tenancy activity:

- Major tenants commenced/renewed include Corporate Travel Services, Shinryo Singapore, Singapore Retailers Association and Optique Paris Miki
- Occupancy ↑ 1.3% pts to 91.5% in September from 90.2% a quarter ago
- Rental for office tenants range from \$4.5 to \$5.5 psf pm
- Retail rental range from \$3.23 to \$13.8 psf pm

KeyPoint occupancy rate



KeyPoint Leases	Number	NLA	Average rental range S\$ psf pm
New leases (commenced 2QFY12)	7	12,246	3.23 – 5.5
Renewals	14	20,846	4.5 – 13.8
<b>Total</b>	<b>21</b>	<b>33,092</b>	<b>3.23 – 13.8</b>

## China Square Central – Underlying leases achieved net operating income of S\$18.5m

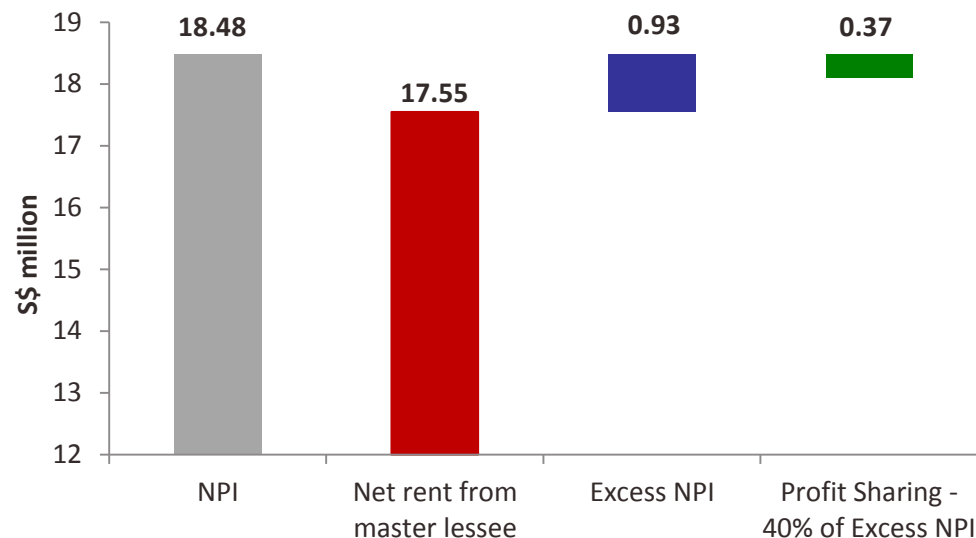
### ▪ Tenancy activity:

- Major tenants commenced/renewed include Grasshopper Asia, Straits Developments and Koei Entertainment
- Occupancy rate as at 31 March was 91.2%

### ▪ Master Lease:

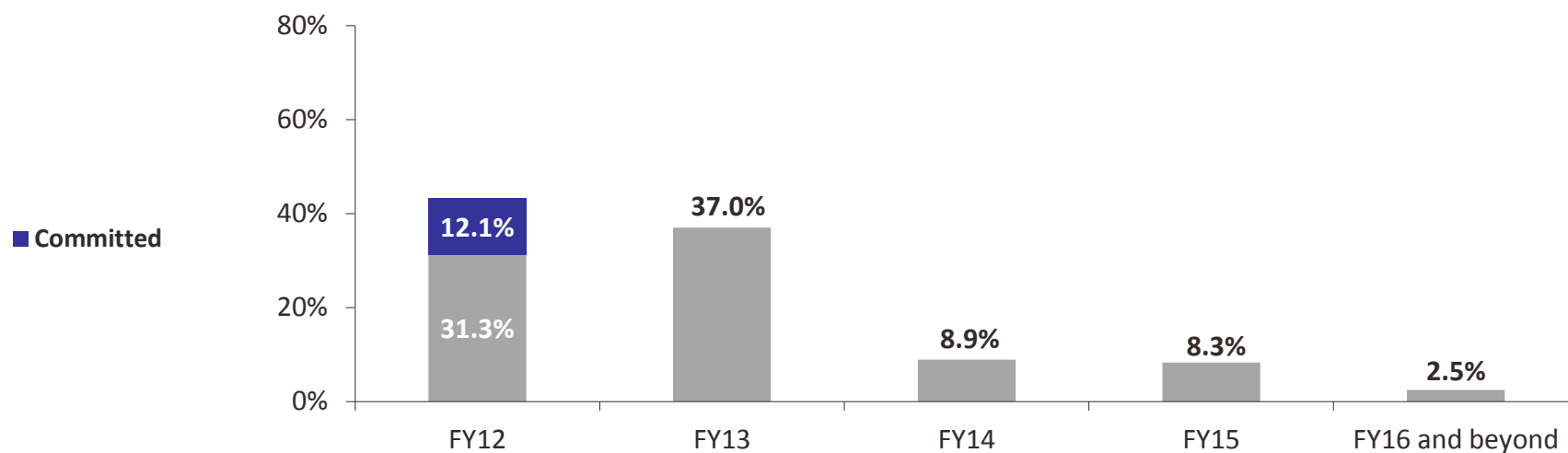
- Underlying leases achieved net operating income of S\$18.5 million for calendar year 2011
- Received share of profits amounting S\$0.4 million from the master lessee
- Exploring options to enhance and rejuvenate the asset to capitalise on the opening of Telok Ayer MRT station in 2013

China Square Central Profit Sharing



## China Square Central – Average passing rent below \$6.0 psf pm

Lease expiry by gross rental income



Number of leases expiring	37	53	19	8	1
NLA (sq ft) expiring	149,393	119,704	30,564	25,423	10,056
Expiries as % total Gross Rental Income	43.3%	37.0%	8.9%	8.3%	2.5%
Average passing rent	\$5.8	\$6.2	\$5.8	\$6.5	\$4.9

## Central Park – Achieved 12% net property income growth y-o-y

### ▪ Tenancy activity:

- Hamersley Iron commenced new lease in January and will take up another lease for expansion in April 2012
- Robust demand driven by resource related tenants
- Committed occupancy rate at 99.7%

### ▪ Bicycle parking facility:

- 240 bicycle parking facility including showers, lockers, a clothes dryers and drying rooms and irons

### ▪ NABERS:

- Central Park has achieved a 5 star NABERS Energy base building rating, up from the previous 4.5 star

Park-and-Ride Facility



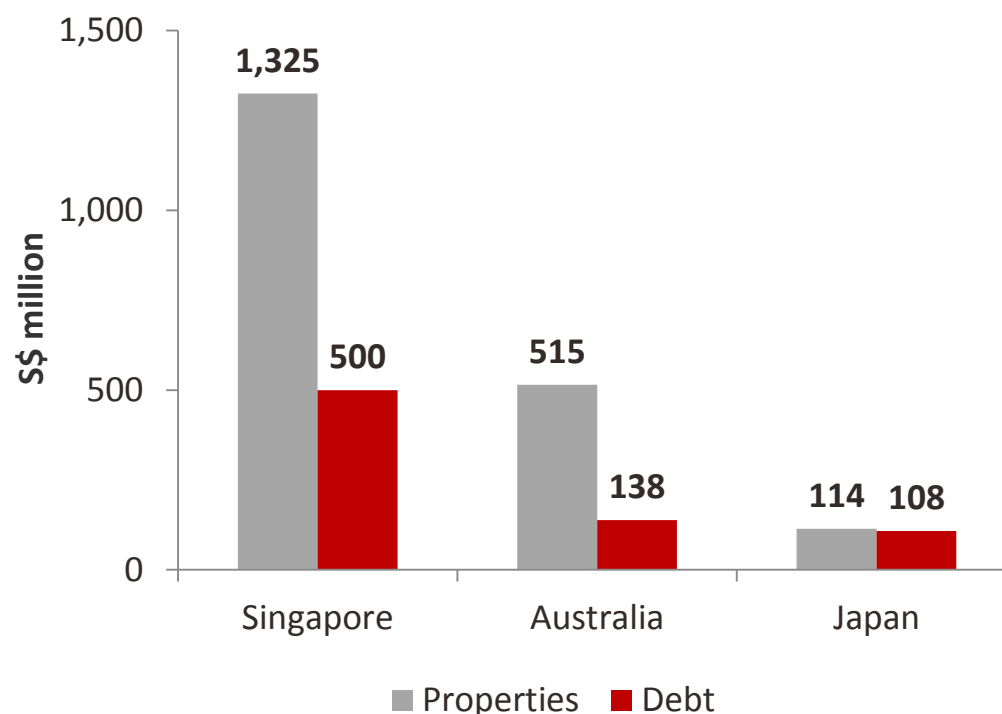
# Capital management

## Interest coverage ratio improved to 3.25 times from 3.04 times

### Statistics

	As at 31 March 2012
Total Assets (S\$'000)	2,067,181
Gross Borrowings (S\$'000)	746,171
Units on Issue and Issuable	640,914,228
NAV per Unit (ex-DPU) <sup>1</sup> (S\$)	1.33
NAV per Unit (assuming all CPPUs are converted into Units) <sup>1,2</sup> (S\$)	1.29
Gearing <sup>3</sup>	36.1%
Interest coverage ratio (times) <sup>4</sup>	3.25
Average borrowing rate <sup>5</sup>	3.9%

### Borrowings and assets by currency



<sup>1</sup> The number of Units used to calculate NAV per Unit has been adjusted for the effect of the Unit Consolidation.

<sup>2</sup> 342,500,000 Series A CPPUs are converted into Conversion Units at the conversion price of S\$1.1845 per Unit

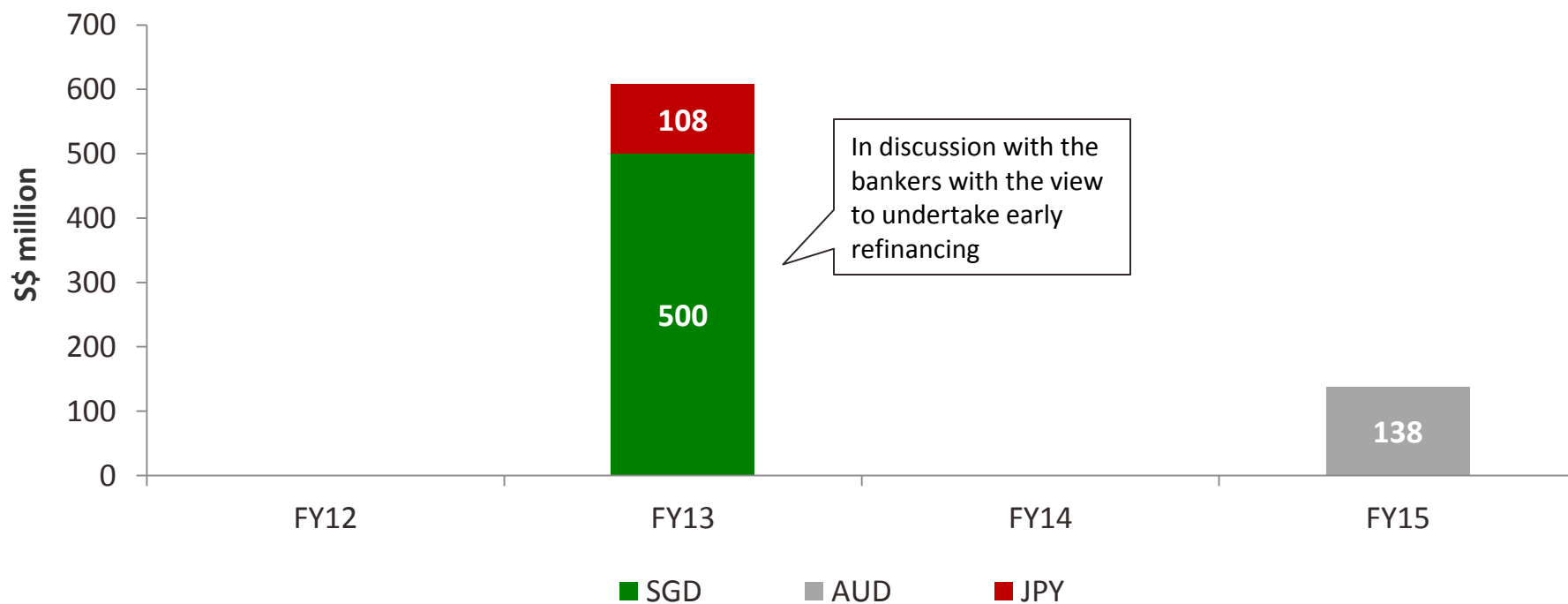
<sup>3</sup> Calculated as gross borrowing as a percentage of total assets

<sup>4</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 for the quarter ended 31 March 2012. See accompanying 2QFY12 Financial Statements announcement for more details.

<sup>5</sup> For quarter ended 31 March 2012.

## Debt maturity Profile

### Debt Maturity Profile



1 Based on an exchange rate of S\$1.00=¥66.22 and A\$1.00 = S\$1.3278 as at 31 March 2012

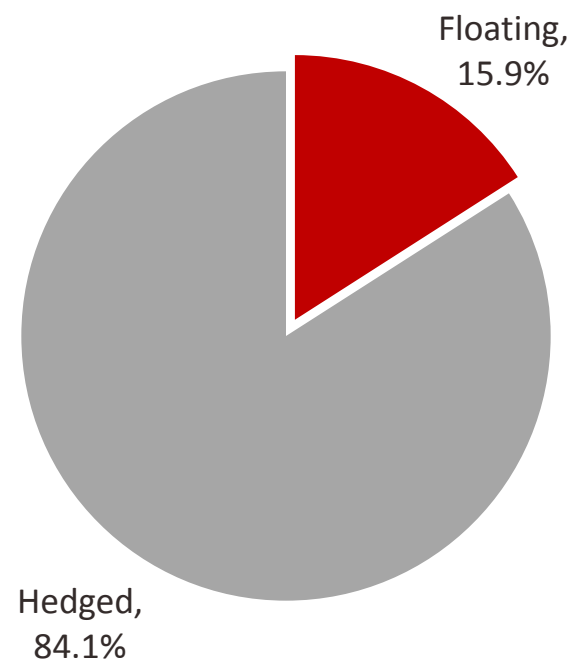


## Hedged about 84% of Gross Borrowings

### Hedging debt

As a % of:	As at 31 March 2012
Total Gross Borrowings	84.1%

### Debt composition – floating vs. hedged



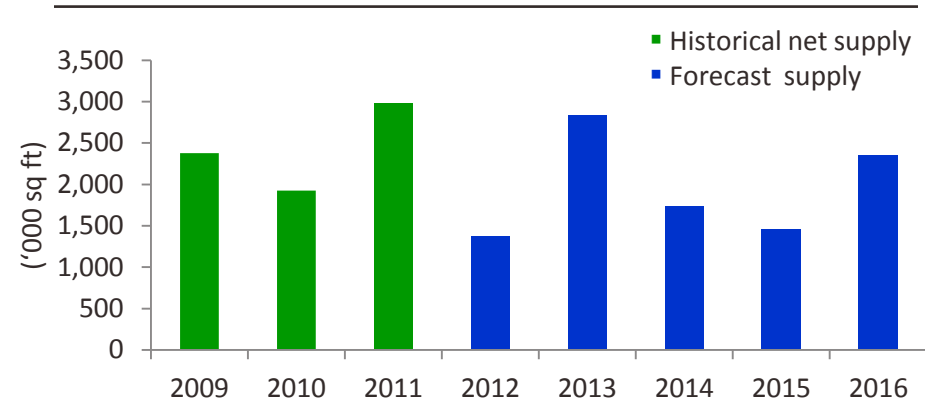
Moving forward

### Limited new office supply for the rest of the year

#### ■ Market conditions <sup>1</sup>

- Market sentiment remains positive in spite of a subdued outlook of Singapore's economy
- Positive net absorption of 587,000 sf in Q1 2012
- Grade A office rents declined by 3.6% q-o-q to \$10.60 psf/mth
- Grade B office rents dropped by 1.3% q-o-q to \$7.25 psf/mth
- Singapore remains a net beneficiary of the global off-shoring activities and a shift in economic power to Asia
- Limited new office supply for the rest of the year after the completion of Marina Bay Financial Centre Tower 3

#### Singapore office new supply <sup>2</sup>



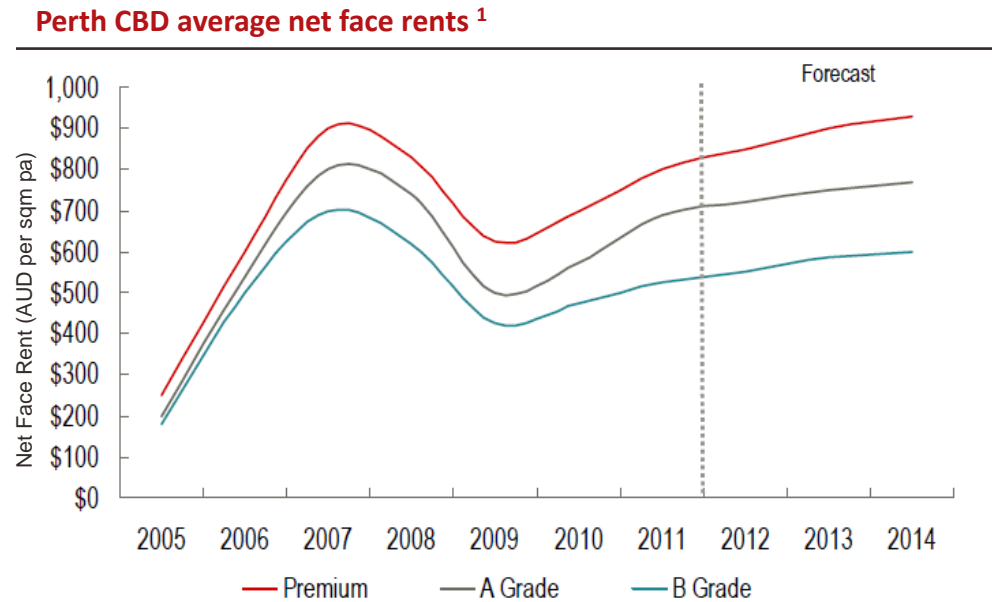
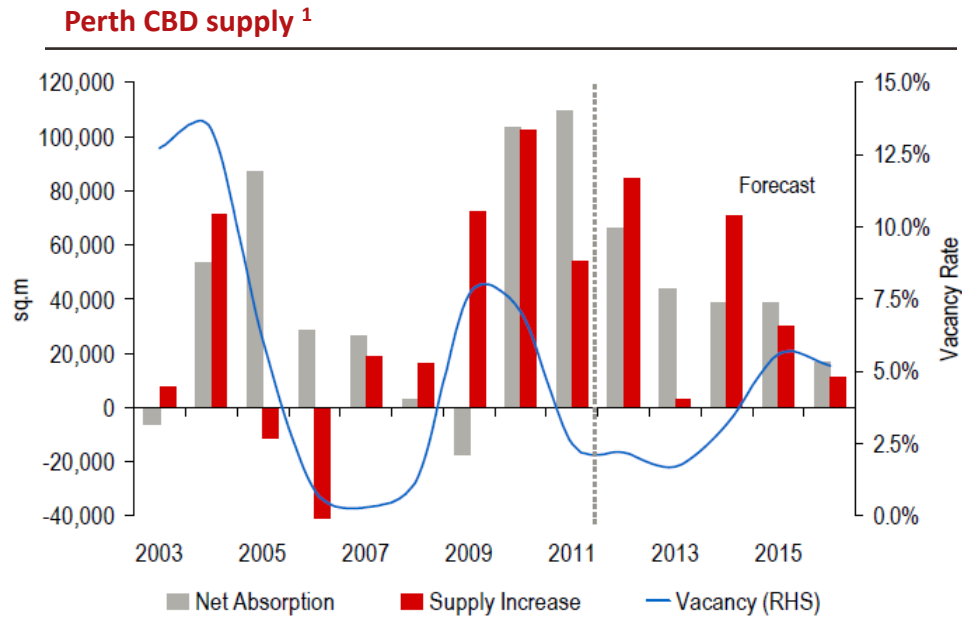
#### ■ Observation

- Grade B office rents more resilient in uncertain market condition
- Substantial new office supply coming from Marina Bay and Raffles Place area

<sup>1</sup> CB Richard Ellis, "MarketView Singapore", Q1 2012

<sup>2</sup> Source: URA; CBRE Research

## Forecast net face rents growth of 13% from 2012 to 2014

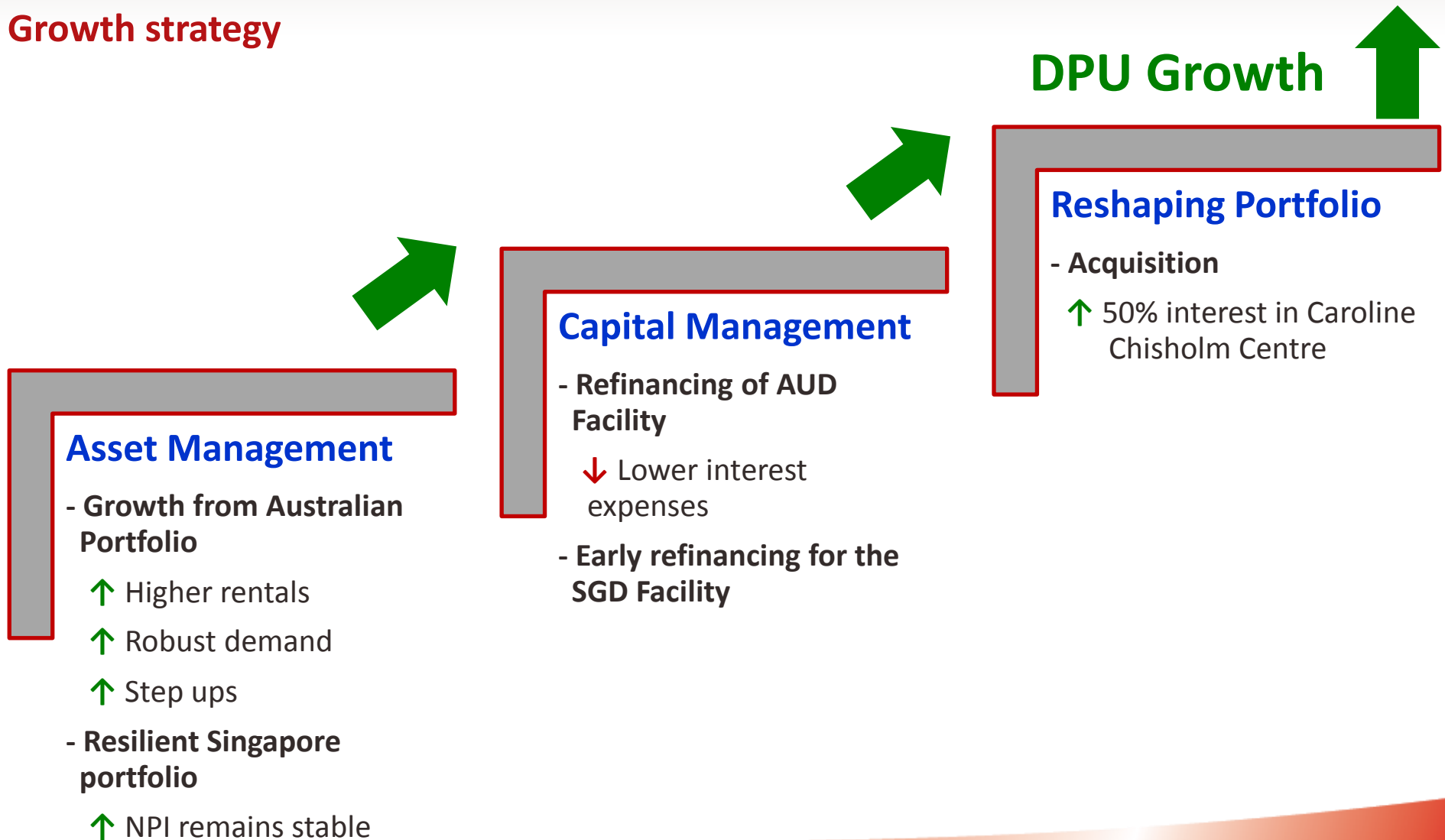


### ■ Market conditions <sup>1</sup>

- Record demand from resource related tenants coupled with supply-side constraints
- Forecast net face rents growth of 13% from 2012 to 2014
- Premium Grade vacancy at 0% as of December 2011 while CBD vacancy stood at 2.5%

<sup>1</sup> Jones Lang LaSalle "Perth CBD Office Market Outlook", March 2012

## Growth strategy



Thank you

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