



# Frasers Commercial Trust 4QFY10 & Full Year Financial Results

22 October 2010

## Important notice

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.

The Manager expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement or financial information contained in this Presentation to reflect any change in the Manager’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement or information is based, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

The value of Frasers Commercial Trust units (“Units”) and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors should note that they have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the Singapore Exchange Securities Trading Limited (“SGX-ST”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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.

→ **Results**

→ **Portfolio review**

→ **Capital management**

→ **Moving Forward**


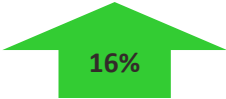

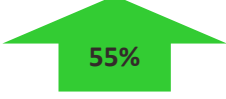

# Results

### Key highlights:

- Full year distributable income to Unitholders of S\$34.5m, ↑ 31% y-o-y
- Distribution income to CPPU holders of S\$18.8m, represents 5.5% distribution yield on the offer price of S\$1.0
- Full year DPU of 1.12 cents translates to distribution yield of 6.8%<sup>1</sup>
- Singapore and Australia properties achieved average occupancy rates of 96.1% and 98.8%, up from 95.5% and 96.3% in 3Q10 respectively
- Valuation as at 30 September 2010 valued property portfolio at S\$1.96 billion, an increase of 1.9% compared to the last valuation in 2009
- NAV up from S\$0.26 to S\$0.27 following portfolio valuation
- Only 11.2% of portfolio gross rental income due for renewal in FY11

<sup>1</sup> Based on full year DPU of 1.12 (¢) /FCOT closing price as at 21 October 2010




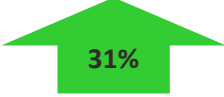

## 4Q DPU up 55% Y-o-Y

1 Jul 2010 – 30 Sep 2010 (S\$ '000)	4Q FY10	Y-o-Y Change (%)	Contributing factors
Gross Revenue	29,291	 14%	<ul style="list-style-type: none"> <li>Full quarter contribution from Alexandra Technopark and improved performance for KeyPoint &amp; Australia properties</li> </ul>
Net Property Income	23,230	 16%	<ul style="list-style-type: none"> <li>Increase in Gross Revenue carried through to NPI line</li> </ul>
Total distributable income	14,252	 78%	<ul style="list-style-type: none"> <li>Higher NPI contribution and lower finance costs</li> </ul>
- Unitholders	9,504	 55%	<ul style="list-style-type: none"> <li>Higher NPI contribution and lower finance costs</li> </ul>
- CPPU holders	4,748	NM	<ul style="list-style-type: none"> <li>Full quarter distribution for CPPU holders</li> </ul>
Distribution per CPPU Unit (Cents)	1.39	NM	<ul style="list-style-type: none"> <li>Full quarter distribution for CPPU holders</li> </ul>
DPU (cents per Unit)	0.31	 55%	<ul style="list-style-type: none"> <li>DPU increased Y-o-Y in line with distributable income</li> </ul>

NM – Not meaningful



## FY distributable income increased 31% Y-o-Y

1 Oct 2009 – 30 Sep 2010 (\$'000)	FY10	Y-o-Y <sup>1</sup> Change (%)	Contributing factors
Gross Revenue	117,934	 21%	▪ Full twelve months contribution from Alexandra Technopark, more favourable A\$ exchange rate
Net Property Income	93,038	 25%	▪ Increase in Gross Revenue carried through to NPI line
Total distributable income	53,303	 89%	▪ Higher NPI contribution and lower Finance Costs
- Unitholders	34,465	 31%	▪ Higher NPI contribution and lower Finance Costs
- CPPU holders	18,838	NM	▪ Full twelve months distribution for CPPU holders
Distribution per CPPU Unit (Cents)	5.50	NM	▪ Full twelve months distribution for CPPU holders
DPU (cents per Unit)	1.12	 29%	▪ DPU increased Y-o-Y in line with NPI

NM – Not meaningful

<sup>1</sup> Change in financial year end from 31 December to 30 September, y-o-y change represents the percentage change against corresponding period last year

## Distribution to be paid on 29 November 2010

<b>Distribution Period</b>	1 April 2010 to 30 September 2010
<b>Ordinary Unit Distribution Rate</b>	<p><b>Distribution of 0.5549 cents per Unit comprising:</b></p> <ul style="list-style-type: none"> <li>a) taxable income distribution of 0.4750 cents;</li> <li>b) tax-exempt income distribution of 0.0143 cents; and</li> <li>c) Capital distribution of 0.0656 cents</li> </ul>
<b>CPPU Distribution Rate</b>	<p><b>Distribution of 2.7575 cents per CPPU Unit comprising:</b></p> <ul style="list-style-type: none"> <li>a) taxable income distribution of 2.6767 cents; and</li> <li>b) tax-exempt income distribution of 0.0808 cents</li> </ul>
<b>Last day of trading on “cum” basis</b>	<b>Thursday, 28 October 2010</b>
<b>Ex-distribution trading commence</b>	Friday, 29 October 2010
<b>Distribution Books Closure Date</b>	Tuesday, 2 November 2010 at 5.00 pm
<b>Distribution payment date</b>	<b>Monday, 29 November 2010</b>



# Portfolio review

## 1.9% increase in portfolio value

Asset	Date of valuation	Local currency Value (millions)	Translation as at 30 September 2010 (S\$ million) <sup>1</sup>	Variance from last financial year	
				Total variance (S\$ million)	Total variance (%)
China Square Central	30 September 2010	S\$545.0	545.0	32.5	6.3%
55 Market Street	30 September 2010	S\$119.7	119.7	0.2	0.2%
KeyPoint	30 September 2010	S\$283.0	283.0	-	-
Alexandra Technopark	30 September 2010	S\$351.2	351.2	6.2	1.8%
Central Park	30 September 2010	A\$287.5 <sup>2</sup>	360.2	11.2	3.2%
Caroline Chisholm Centre	30 September 2010	A\$90.0 <sup>2</sup>	112.8	4.7	4.3%
Cosmo Plaza	30 September 2010	¥3,120.0	48.9	(5.8)	(10.6%)
Azabu Aco	30 September 2010	¥1,430.0	22.4	(1.5)	(6.2%)
Galleria Otemae	30 September 2010	¥4,740.0	74.2	(9.6)	(11.4%)
Ebara Techno-Serve	30 September 2010	¥2,420.0	37.9	(1.6)	(4.0%)
<b>Existing Properties</b>			<b>1,955.3</b>	<b>36.3</b>	<b>1.9%</b>
AWPF investment	30 September 2010	A\$23.8	29.9	3.8	14.6%

<sup>1</sup> Translated at ¥63.86= S\$1.00 and A\$1.00 = S\$1.2528 being the prevailing spot rates at close of quarter accounts.

<sup>2</sup> Represents FrasersComm's 50.0% indirect interest in the asset.

## Singapore and Australia properties registered higher valuation

### ■ Singapore & Australia:

- Properties recorded a total valuation gain of S\$54.8 million
- Accounts for 91% of portfolio value

### Asset values <sup>1</sup>

**TOTAL: S\$1,985.2 million**

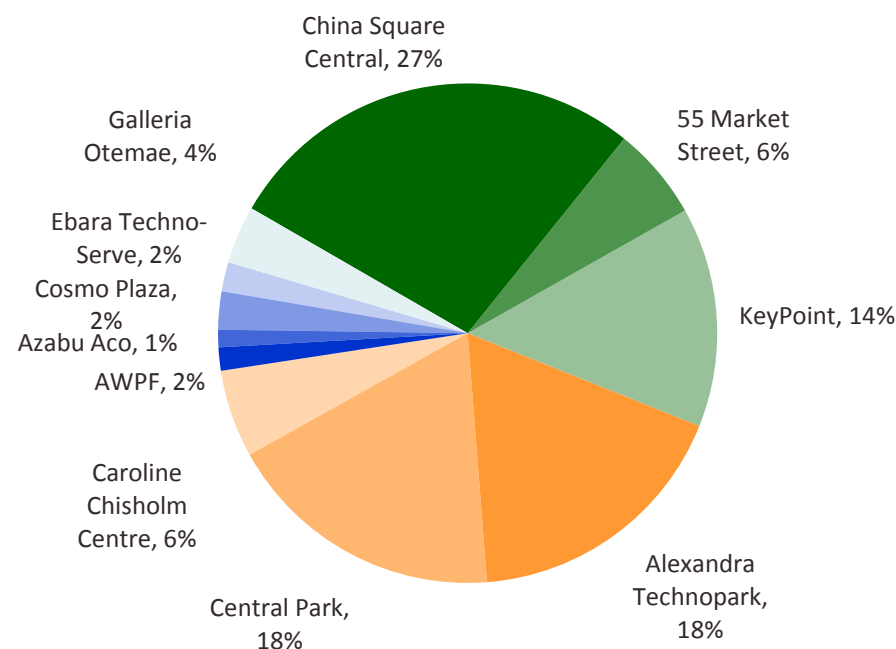
Singapore: S\$1,298.9 million (66%)

Australia S\$502.9 million (25%)

Japan: S\$183.4 million (9%)

### ■ Japan:

- Properties values down by S\$18.5 million
- Comprises only 9% of portfolio value
- Properties held through SPV structure with attached bonds
- NAV of Cosmo SPV is negative. Successful divestment would improve FCOT's gearing by up to 2%

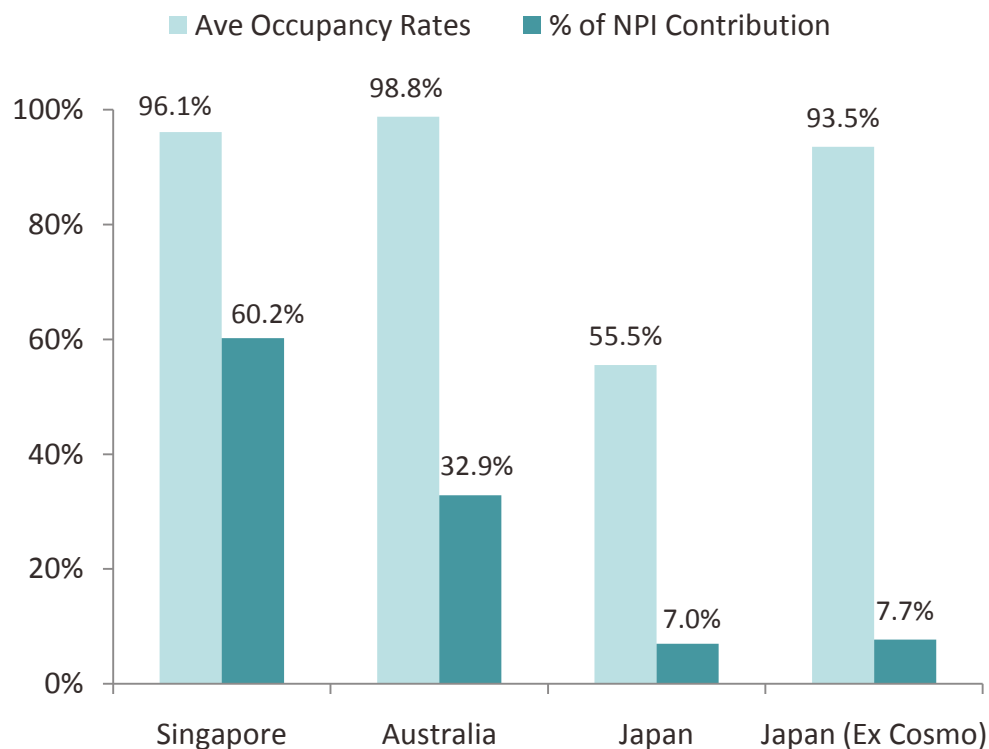


<sup>1</sup> Based on the most recent valuation converted to Singapore dollars as at 30 September 2010. See 4QFY10 Financial Statements for further information.

## Singapore and Australia occupancy rates >96% and contribute more than 93% of portfolio Net Property Income (“NPI”)

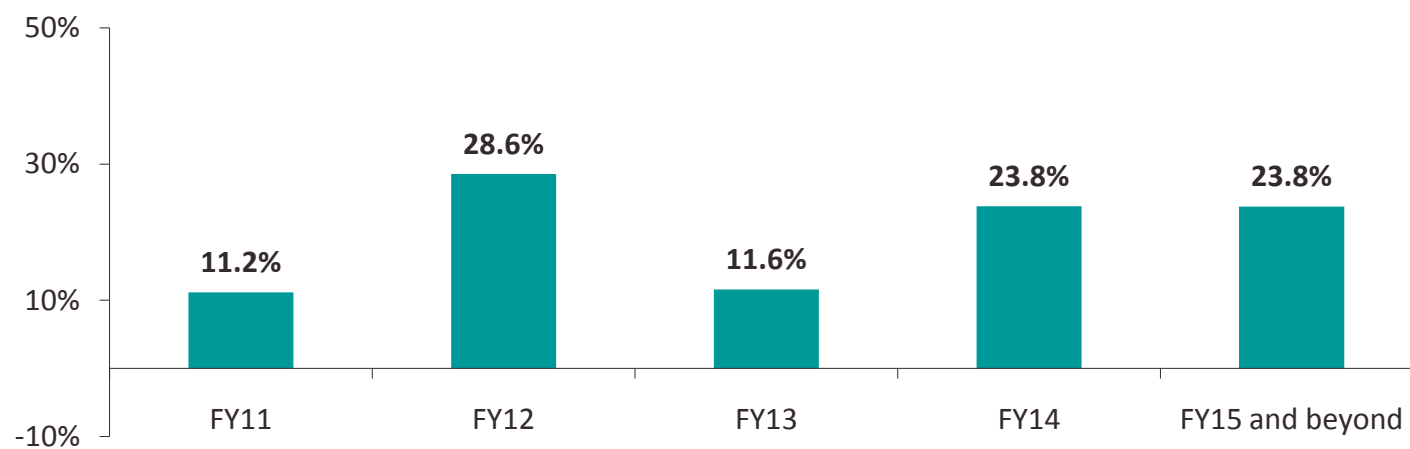
Key portfolio statistics	As at 30 September 2010
WALE by gross rental income	4.1 years
Ave Occupancy	90.8%

Geographical occupancy and % of NPI contribution



## Healthy lease expiry profile

Portfolio lease expiry by gross rental income

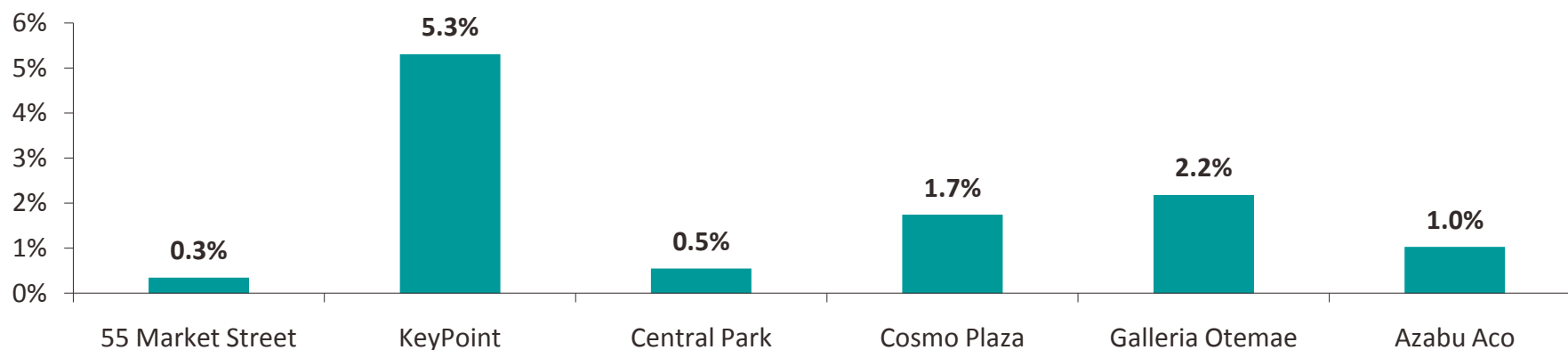


Number of leases expiring	88	90	55	8	18
NLA (sq ft) expiring	197,557	568,542	187,138	1,101,918	440,464
Expiries as % total NLA	7.1%	20.5%	6.7%	39.7%	15.9%
Expiries as % total Gross Rental Income	11.2%	28.6%	11.6%	23.8%	23.8%

As at 30 September 2010. Excludes AWPf and retail turnover rent

## Only 11.2% of gross rental income is due for renewal for FY11

Property lease expiry as a proportion of total portfolio gross rental income



### Expiring leases in FY11

Number of leases expiring	1	60	3	4	18	2
Average passing rent	\$10.5	\$5.5	AUD \$472	¥7,486	¥10,709	¥18,119

As at 30 September 2010. Excludes AWPf and retail turnover rent

## Almost 25% of gross rental income has built-in fixed rent step-ups of approximately 4.0% for FY11

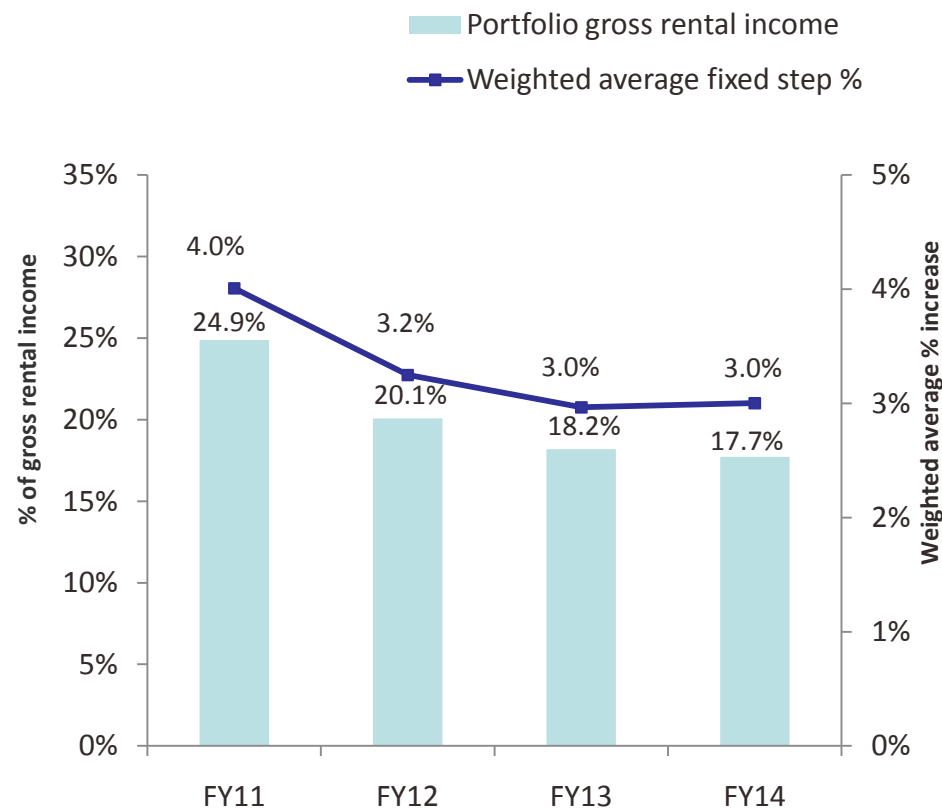
### FY11 - Fixed % lease rent reviews

Property	Leases	Average step-up rent	GROSS RENTAL INCOME	
			Property	Total Portfolio
KeyPoint	10	10.8%	4.6%	0.6%
55 Market Street	3	4.6%	24.5%	1.2%
Caroline Chisholm Centre	1	3.0%	100.0%	9.4%
Central Park	16	4.3%	56.3%	13.7%

### FY11 - Other mid-term lease rent reviews

Property	Leases	Review mechanism	GROSS RENTAL INCOME	
			Property	Total Portfolio
55 Market Street	1	Market	15.8%	0.8%
Central Park	5	Market	28.9%	7.0%
Central Park	4	CPI	9.5%	2.3%

### FY11 - 14 - Portfolio fixed % reviews

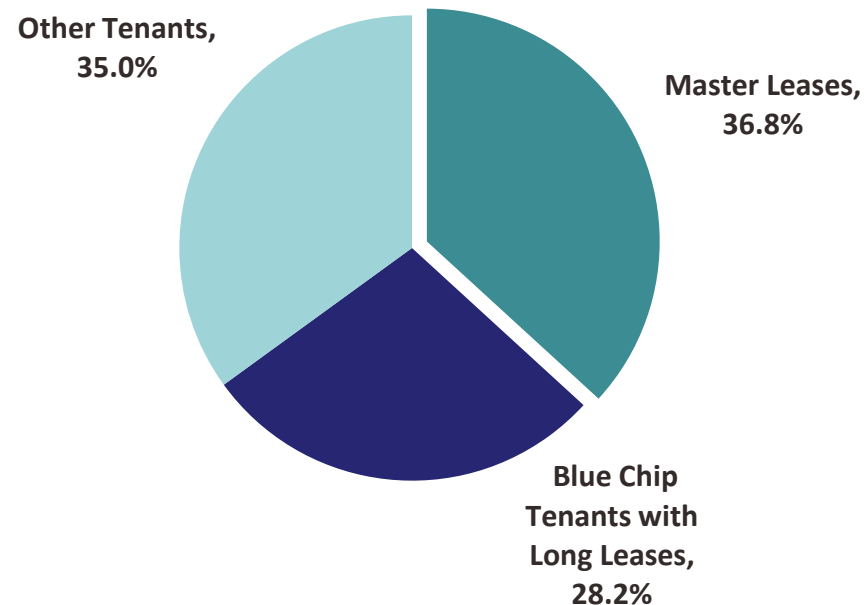




## Master lessees/ blue chip tenants with long leases contribute 65% of total gross rental income

Master Leases		
Tenant	Lease Expiry	% (Gross Rental Income)
Alexandra Technopark – Orrick Investments Pte Ltd	Aug 2014	20.5%
China Square Central – Unicorn Square Limited	Mar 2012	16.3%
<b>Total</b>		<b>36.8%</b>

Blue Chip Tenants with Long Leases		
Tenant	Lease Expiry	% (Gross Rental Income)
Commonwealth of Australia (Centrelink)	Jul 2025	9.4%
Hamersley Iron Pty Ltd	Jun 2018	5.2%
Ebara Corporation	May 2015	2.4%
Asguard Wealth Solutions	Jun 2013	2.0%
Gabelle Pty Ltd (Minter Ellison)	Jun 2013	2.0%
Dabserv Pty Ltd (Mallesons Stephen Jaques)	Jun 2014	1.8%
BHP Billiton Petroleum Pty Ltd	Nov 2015	1.8%
DLA Phillips Fox	Jun 2020	1.3%
Plan B Administration Pty Ltd	April 2019	1.1%
Government Employees Superannuation Board (WA)	May 2017	1.1%
<b>Total</b>		<b>28.2%</b>



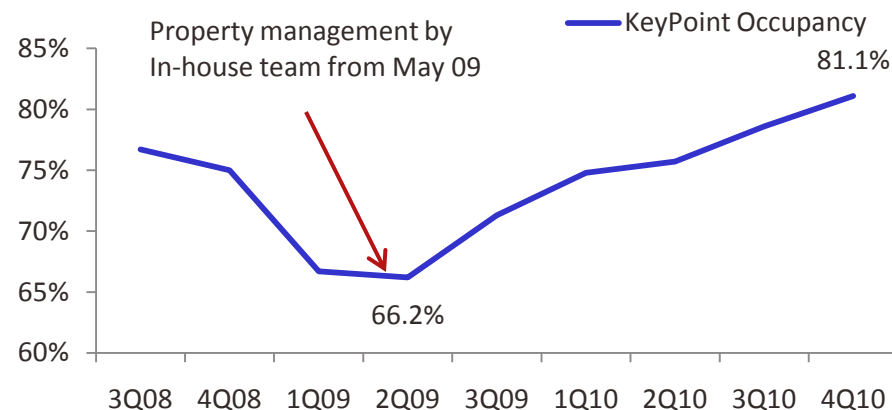
**Master Lessees**  
 +  
**Blue Chip Tenants with Long Leases**
 =
 **65.0% portfolio income secured**

## KeyPoint

### ▪ Tenancy activity:

- 15 new leases and renewals have commenced in 4QFY10 with average rental range from \$3.9 to \$5.0 psf pm
- Non-renewals of 1,804 sq ft were completely offset by new leases in 4QFY10 with net take up of 10,090 sq ft
- Demand from IT services, consultancy business and trading company occupier
- Committed occupancy is above 83%

### KeyPoint occupancy rate



KeyPoint Leases	Number	NLA	Average rental range S\$ psf pm
New leases (commenced 4QFY10)	12	11,894	4.0 – 5.0
Renewals	3	1,403	3.9 – 4.1
<b>Total</b>	<b>15</b>	<b>13,297</b>	<b>3.9 – 5.0</b>

## China Square Central

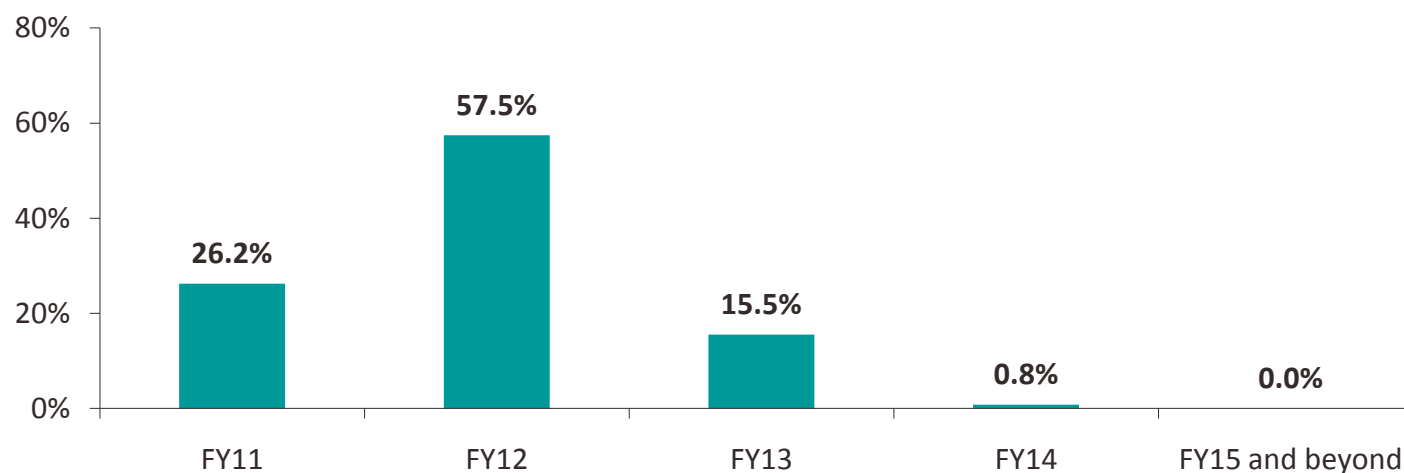
- **Healthy committed occupancy rate:**
  - Committed occupancy has increased from 91.5% in June to 93.1% in September
  - New leases and renewals signed include
    - Mouth Restaurant – retail
    - Don's pie – retail
    - Berkley Insurance Company – office

Committed occupancy rate	As at 30 June 2010	As at 30 September 2010
Office	95.9%	96.4%
Retail	79.7%	84.1%
<b>Total</b>	<b>91.5%</b>	<b>93.1%</b>



## China Square Central

Lease expiry by gross rental income



Number of leases expiring	29	53	24	2	0
NLA (sq ft) expiring	94,840	184,752	49,773	2,217	0
Expiries as % total Gross Rental Income	26.2%	57.5%	15.5%	0.8%	0.0%
Average passing rent	\$5.4	\$6.1	\$6.1	\$6.8	\$0.0

## Central Park

- **Asset Enhancement:**
  - Lavatory refurbishment for Central Park office tower
  - 44% out of 47 floors will be completed by 2010
  - Target to refurbish 4 to 5 floors per year
- **Commencement of lease:**
  - DLA Phillips Fox has commenced its 10 year lease over 2,640 sqm in Central Park on 1<sup>st</sup> July 2010 with net signing rent of A\$725 psm pa. Occupancy increased to 98%



Before AEI

After AEI

## 55 Market Street

- **Tenancy activity:**
  - New tenant has leased office space for 4 years at \$5.6 psf pm. This lease accounts for 6.5% of 55 Market Street NLA
  - Committed occupancy is 89.6%

## Caroline Chisholm Centre

- **Annual rent increment:**
  - 3% annual rent increment in Oct 10
  - Long WALE by gross rental income of approximately 14.8 years



# Capital management

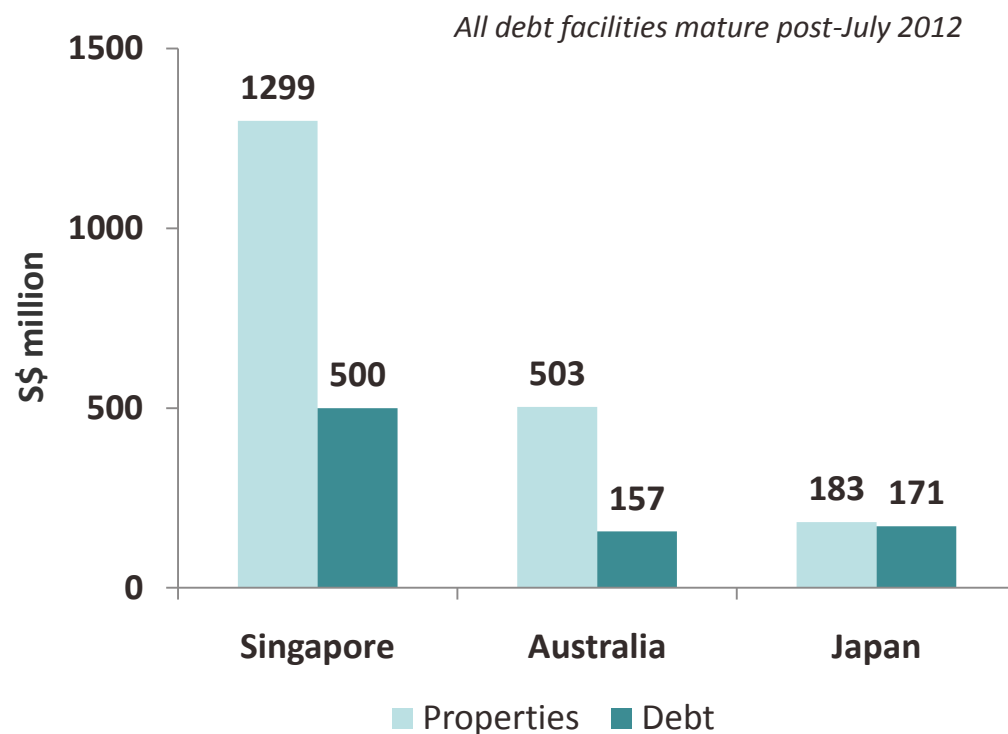


## Gearing below 40%

### Statistics

	As at 30 September 2010
Total Assets (S\$'000)	2,094,108
Gross Borrowings (S\$'000)	828,461
Units on Issue and Issuable	3,104,286,128
NAV per Unit (ex-DPU) (S\$)	0.27
NAV per Unit (assuming all CPPUs are converted into Units) <sup>1</sup> (S\$)	0.26
Gearing <sup>2</sup>	39.6%
Interest coverage ratio (times) <sup>3</sup>	2.48
Average borrowing rate <sup>4</sup>	4.1%

### Borrowings and assets by currency



<sup>1</sup> 342,500,000 Series A CPPUs are converted into Conversion Units at the conversion price of S\$0.2369 per Unit

<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 3Q FY09/10 Financial Statements announcement for more details.

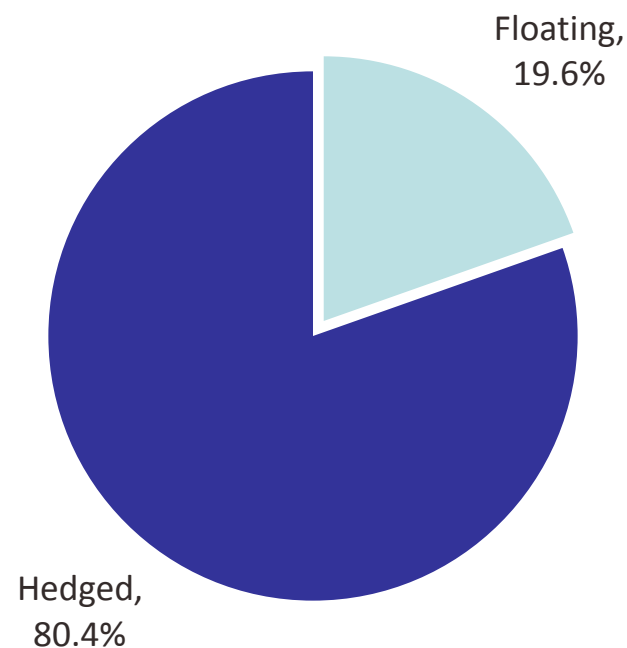
<sup>4</sup> For quarter ended 30 September 2010

## Hedged more than 80% of Gross Borrowings

### Hedging debt

As a % of:	As at 30 September 2010
SGD Borrowings	75.2%
AUD Borrowings	75.8%
JPY Borrowings	100.0%
Total Gross Borrowings	80.4%

### Debt composition – floating vs. hedged



Moving forward

## Demand for office space continued to improve

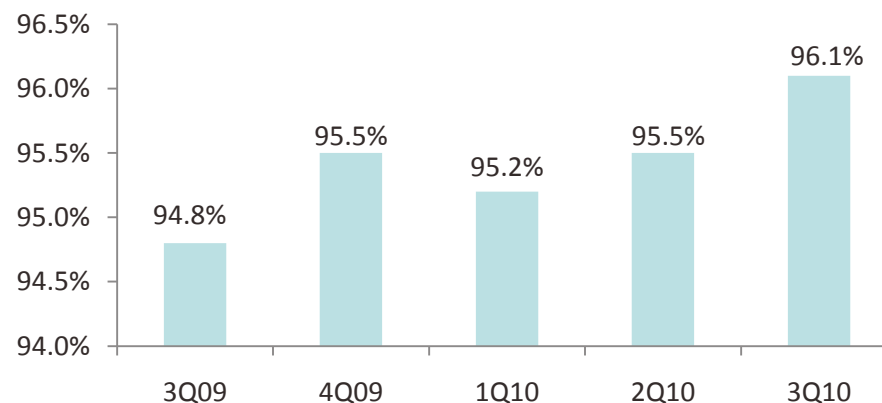
### ■ Market conditions <sup>1</sup>

- Office rents continued to strengthen after turning around in Q2 2010
- Grade A rents rose 6.5% q-o-q to average \$9.00 per sq ft per month up from \$8.45 per sq ft per month
- Grade A vacancy rate has fallen to 2.8% in Q3 2010 from 6.4% in Q2 2010

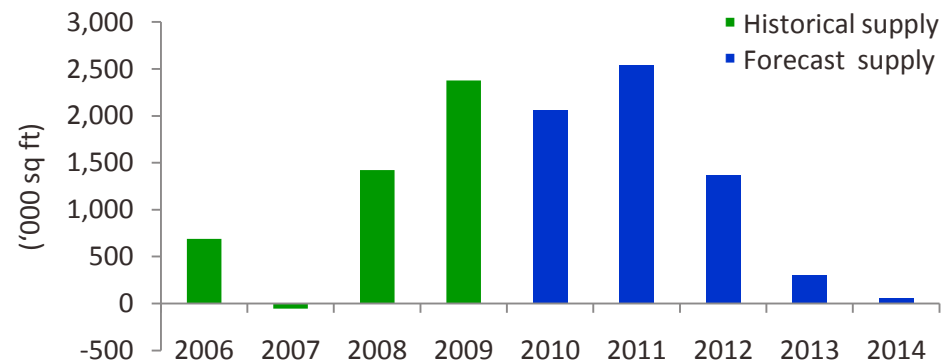
### ■ Supply <sup>2</sup>

- An estimated 7.0 million sq ft of office space is expected to be completed between Q410 and 2015
- After factoring 1.3 million sq ft which will be demolished for redevelopment and potential new supply, average annual supply will be about 1.5 million sq ft till 2015. This is not excessive even though it is higher than the historical 10-year annual average take-up of 1.2 million sq ft

FCOT's Singapore properties average occupancy



Singapore office new supply <sup>3</sup>



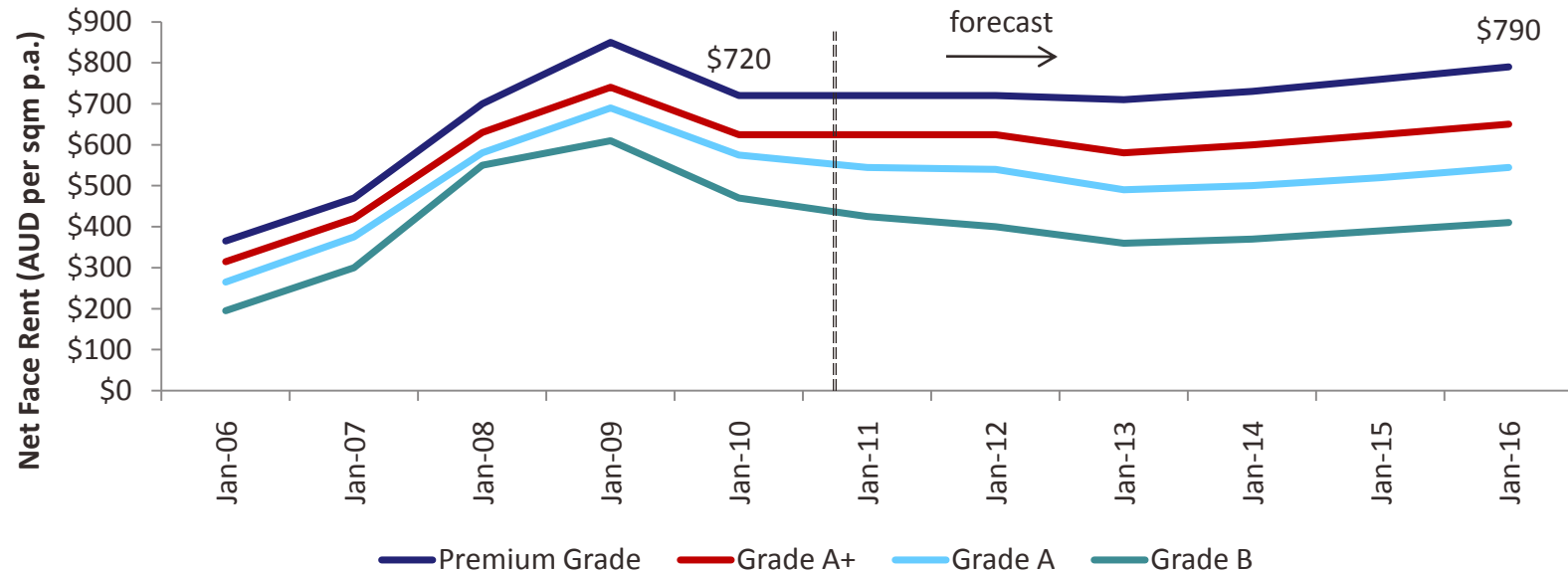
<sup>1</sup> CB Richard Ellis, "MarketView Singapore", 3Q2010

<sup>2</sup> DTZ Research, Property Times Singapore, "Investment deals surge", 3Q2010

<sup>3</sup> Source: URA; CBRE Research

## Perth's CBD office market has seen a surge in activity in 1H10

Perth CBD average net face rents <sup>1</sup>



### ■ Market conditions <sup>2</sup>

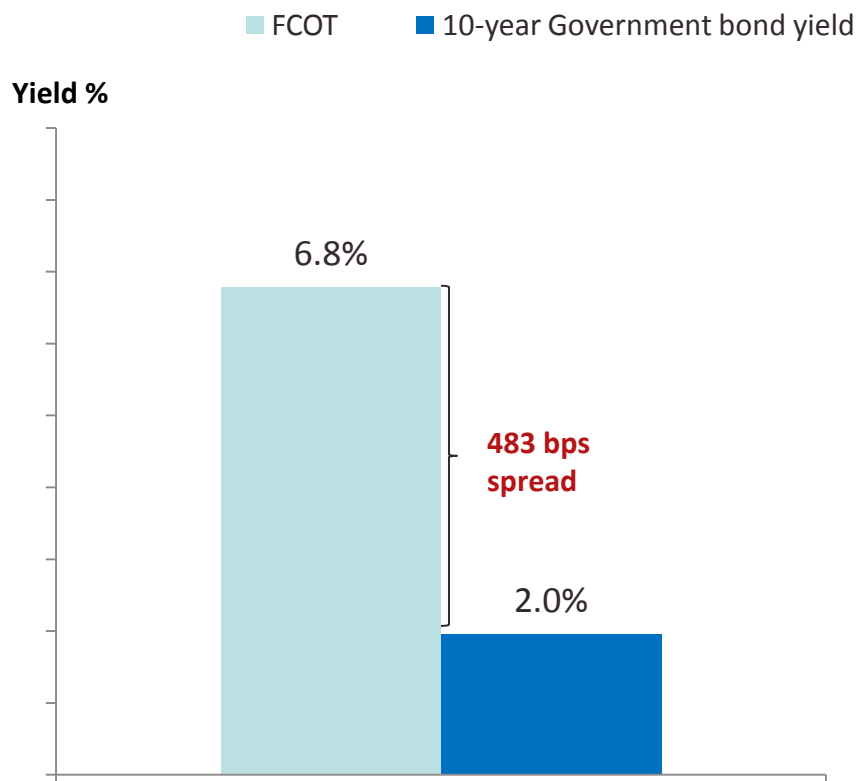
- Perth's CBD office market has seen a surge in activity in the first six months of 2010. Existing tenants begin to expand and take on additional space. Business confidence improved in line with the largest ever recorded trade surplus for the June 2010 quarter
- The premium grade vacancy rate has decreased from 5.7% in Jan to 3.5% in July

<sup>1</sup> CB Richard Ellis Perth Office Market Overview, September 2010

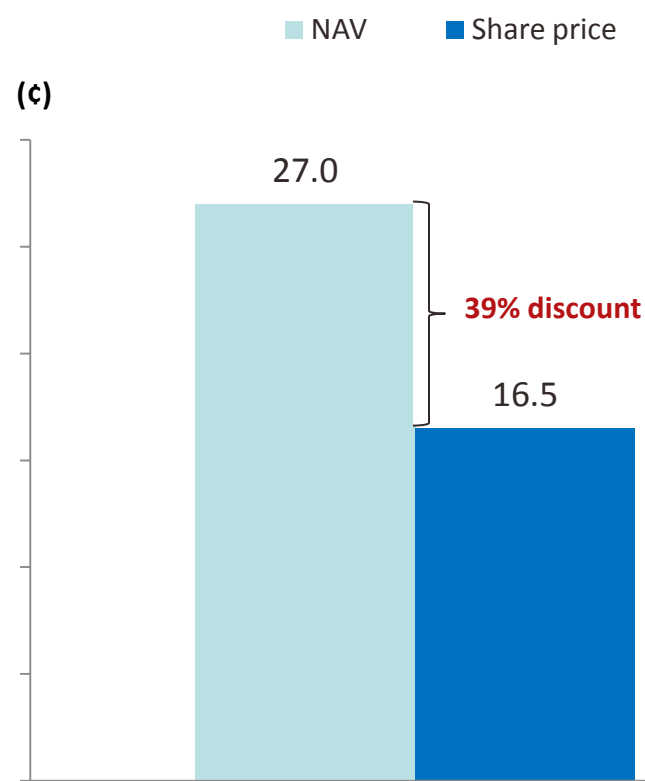
<sup>2</sup> Colliers International research, Research & Forecast Report Perth CBD Office Q3, 2010

## Trading at attractive yield & discount to NAV

Yield<sup>1</sup> returns compared to Singapore 10-year bond<sup>2</sup>



NAV compared to share price<sup>3</sup>



<sup>1</sup> Based on full year DPU of 1.12 (¢) / FCOT closing price as at 21 October 2010

<sup>2</sup> As at 21 October 2010. Source: Singapore Government Securities website

<sup>3</sup> As at 21 October 2010

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)