



Frasers Commercial Trust 1QFY14 Financial Results

22 January 2014

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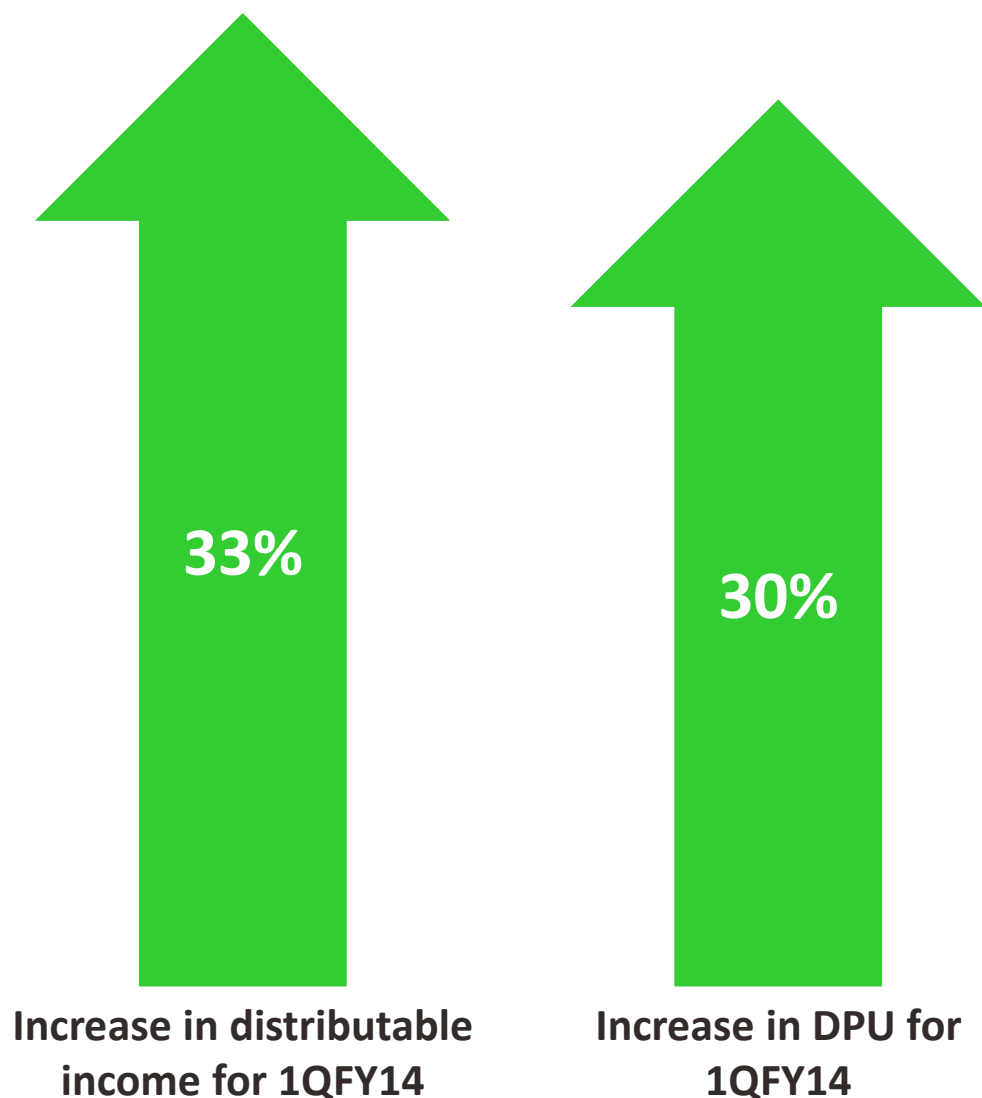
→ **Results**

→ **Portfolio review**

→ **Capital management**

→ **Moving Forward**

Results



1

Better performance of the properties

- Better performances of the Singapore properties, off-set by weaker Australian dollar and slightly lower occupancy for Central Park
- Weaker Australian dollar off-set by a realised gain on forward currency contracts arising from hedging the cashflows from the Australian properties

2







Proactive capital management and effective capital redeployment

- 24% lower finance costs mainly due to the partial loan prepayments and weaker Australian dollar
- Savings in Series A CPPU distribution - redeployed proceeds from the divestment of KeyPoint to redeem Series A CPPUs

→ Results – Financial highlights

6

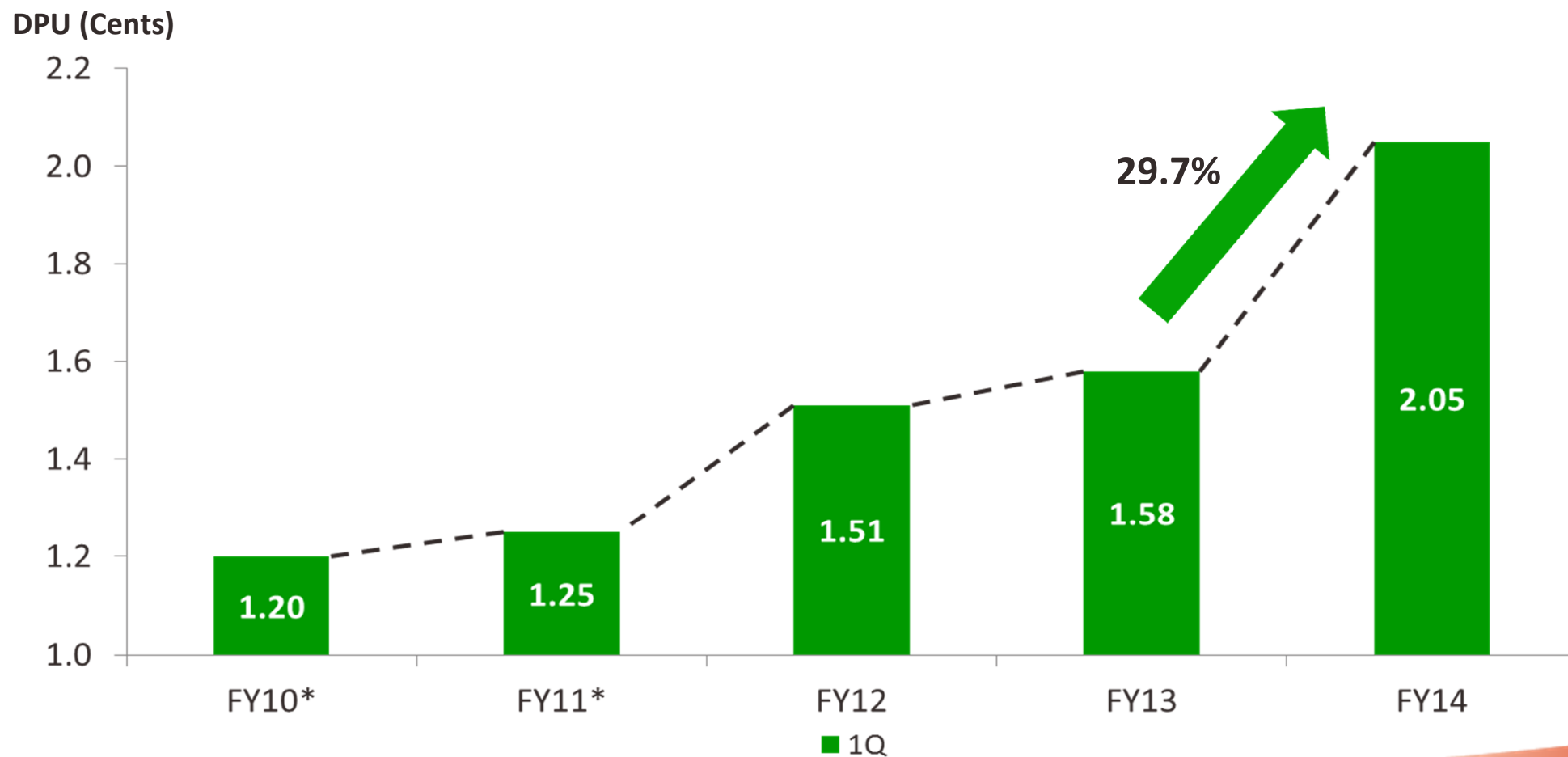
▪ 33% rise in distributable income for 1QFY14

1 Oct 2013 – 31 Dec 2013	1QFY14 (\$\$ '000)	Y-o-Y Change (%)	Contributing factors
Gross Revenue	28,769	 3%	▪ Better performances of the Singapore properties, offset by weaker Australian dollar and slightly lower occupancy for Central Park
Net Property Income	22,126	 4%	▪ Better performances of the Singapore properties, offset by weaker Australian dollar, slightly lower occupancy for Central Park and absence of income from the divested Japanese ¹ properties
Net Property Income (excluding divestments ¹)	22,126	 2%	▪ Marginal decline Y-o-Y if net property income from the divested properties are excluded
Distributable income:			
- Unitholders	13,703	 33%	▪ Savings in Series A CPPU distribution arising from the net conversion and redemption of Series A CPPU and reduction in interest expenses led to the uplift in the distribution to Unitholders
- CPPU holders	15	 100%	▪ Lower Series A CPPU distribution arising from the net conversion and redemption of Series A CPPU
Distribution per CPPU Unit	1.39¢	-	▪ 1QFY13 distribution for CPPU holders paid on 2 January 2014
DPU ²	2.05¢	 30%	▪ DPU increased Y-o-Y in line with higher distributable income to Unitholders

¹ The properties in Japan were divested on 25 October 2012.

² The number of Units used to calculate the amount available for DPU is 669,037,695. See accompanying 1QFY14 Financial Statements announcement for more details.

- 29.7% strong DPU growth for 1QFY14
- Implementation of DRP for 1QFY14



* Adjusted for Unit consolidation

Distribution Period	1 October 2013 to 31 December 2013
Ordinary Unit Distribution Rate	Distribution of 2.0483 cents per Unit comprising: a) taxable income distribution of 1.2188 cents; b) tax-exempt income distribution of 0.7548 cents; and c) capital distribution of 0.0747 cents.
Last day of trading on “cum” basis	Monday, 27 January 2014
Ex-distribution trading commence	Tuesday, 28 January 2014
Distribution Books Closure Date	Thursday, 30 January 2014 at 5.00 pm
Cash distribution payment date	Friday, 28 February 2014
Credit of Units to Unitholders’ securities accounts/ listing of Units issued under the DRP on SGX-ST	Monday, 3 March 2014

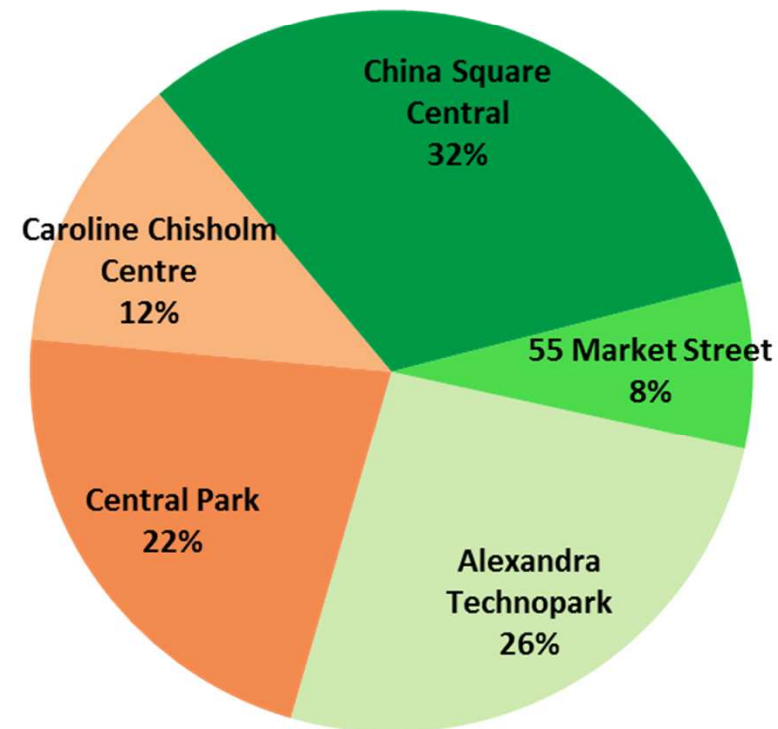
- 1.3863 cents distribution per CPPU unit for the period from 1 October 2013 to 31 December 2013 was paid on 2 January 2014.

Portfolio review

→ Portfolio review – Valuation

11

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



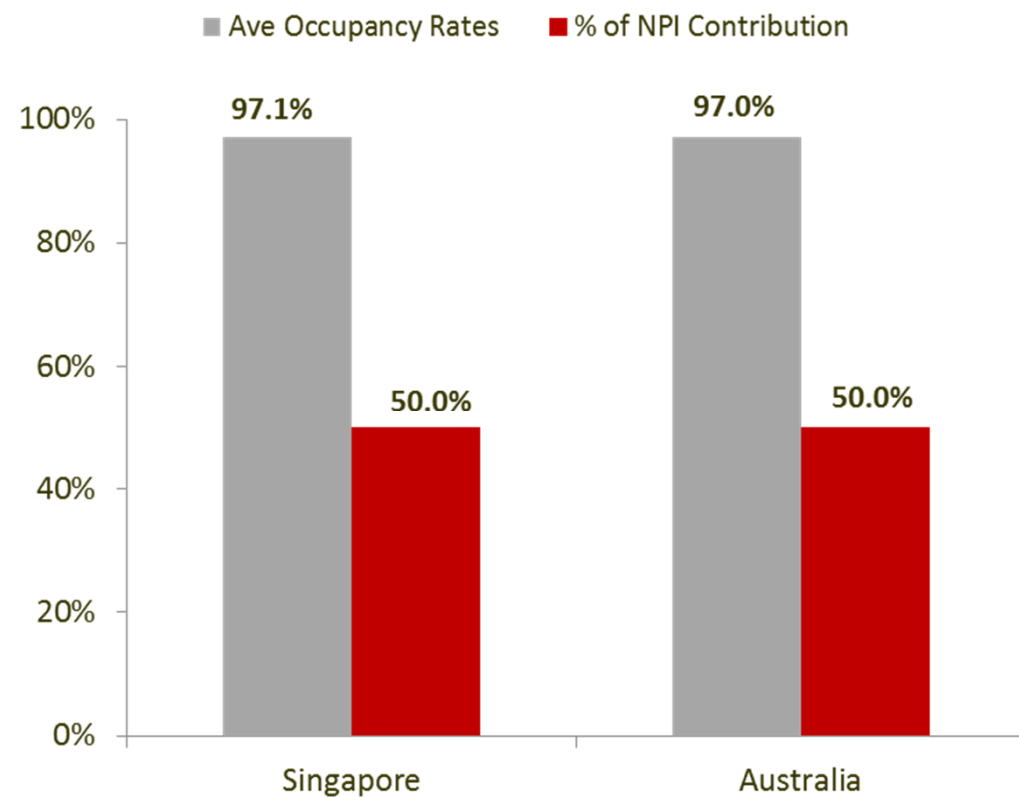
Singapore	\$	1,171.0	66%
Australia	\$	613.8	34%
Total	\$	1,784.8	100%

As at 31 December 2013. Excludes retail turnover rent

- **Strong average occupancy rate of 97.1%**
- **Healthy WALE of 4.4 years**

Key portfolio statistics	As at 31 December 2013
Ave Occupancy	97.1%
WALE by gross rental income	4.4 years

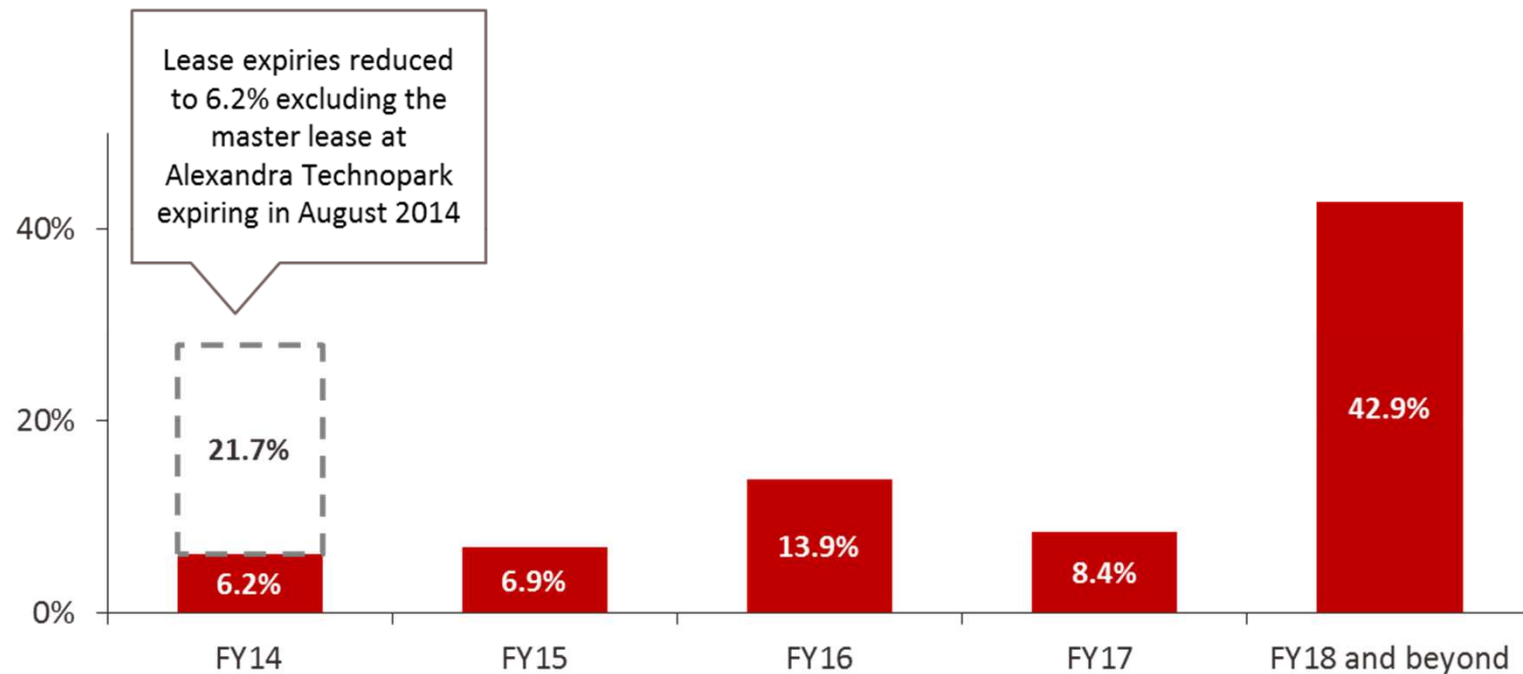
Geographical occupancy and % of NPI contribution



As at 31 December 2013. Excludes retail turnover rent

More than 42% of lease expiry in FY2018 and beyond provides income stability

Portfolio lease expiry by gross rental income

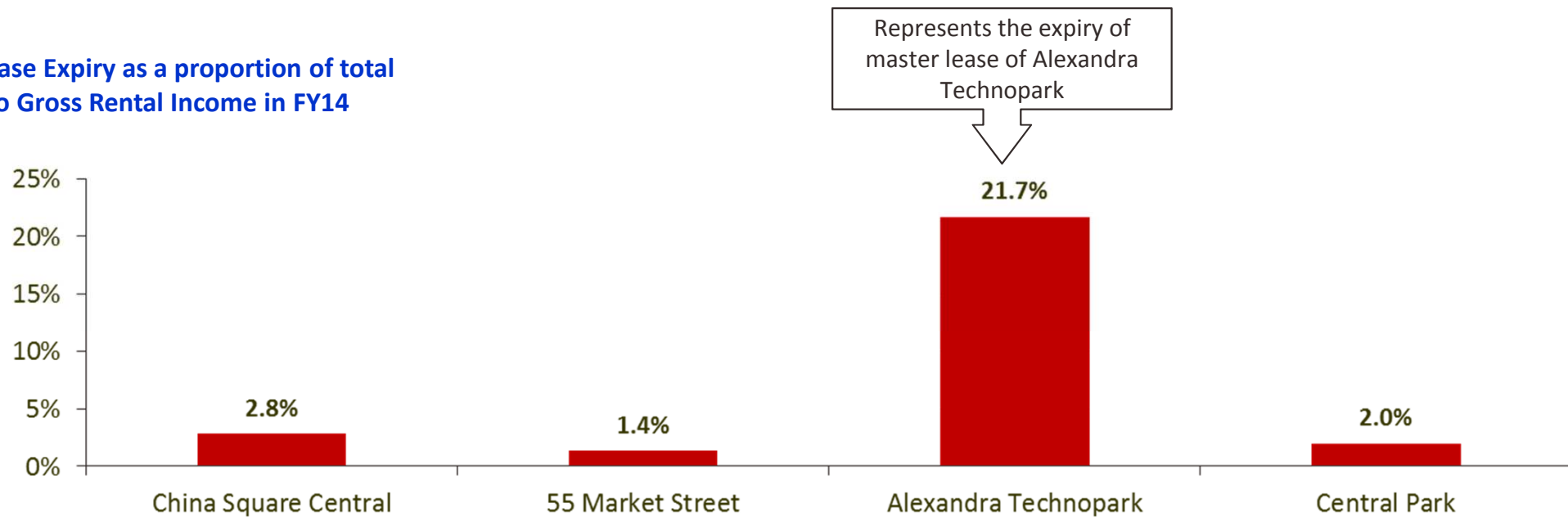


Number of leases expiring	40	48	53	13	18
NLA (sq ft) expiring	1,121,025	92,616	187,955	95,385	715,636
Expiries as % total NLA	50.7%	4.2%	8.5%	4.3%	32.3%
Expiries as % total Gross Rental Income	27.9%	6.9%	13.9%	8.4%	42.9%

As at 31 December 2013. Excludes retail turnover rent

Low passing rents and higher occupancy provide opportunities for higher income

Property Lease Expiry as a proportion of total Portfolio Gross Rental Income in FY14



Number of leases expiring	31	7	1	1
Average passing rent for expiring leases	\$6.1	\$6.5	\$1.8*	AUD \$790

As at 31 December 2013. Excludes retail turnover rent

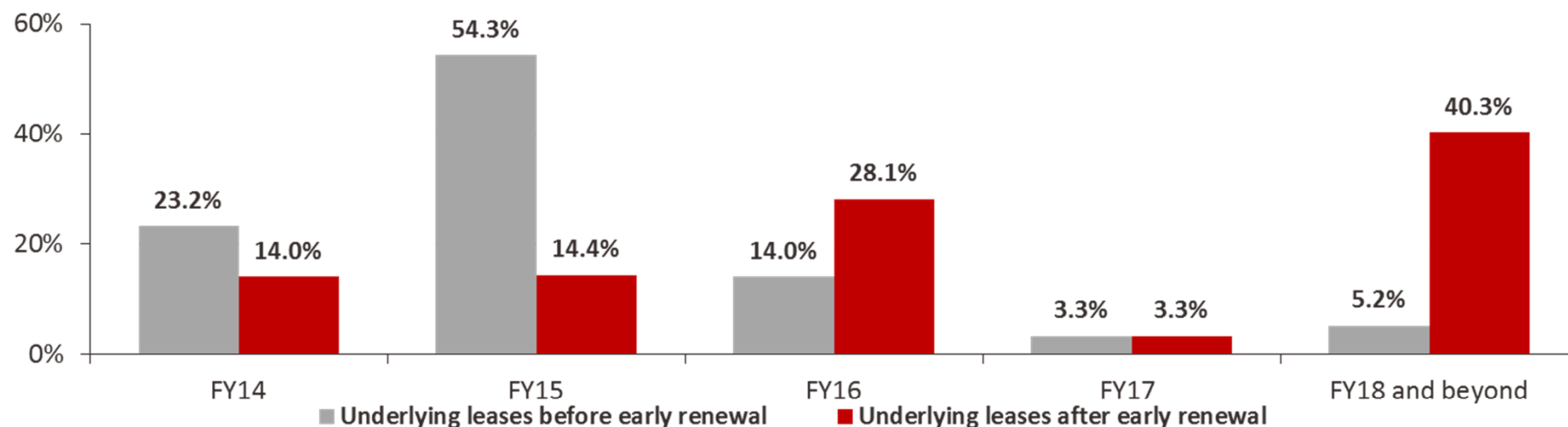
* Based on the master lease rent which is net of property expenses

➔ Portfolio review – Lease expiry profile of Alexandra Technopark underlying leases

15

- More than 40% of lease expiry in FY2018 and beyond after early renewal of 511,000 square feet of leases
- Provide income stability after the expiry of Master Lease in August 2014

Alexandra Technopark underlying lease expiry
by gross rental income



	FY14		FY15		FY16		FY17		FY18 and beyond	
No. of leases expiring	16	14	16	14	12	15	7	7	3	4
NLA (sq ft) expiring	235,001	135,909	565,174	153,841	131,856	281,077	28,773	28,773	46,544	408,147
Expiries as % total NLA	22.5%	13.0%	54.1%	14.7%	12.6%	26.9%	2.8%	2.8%	4.5%	39.0%
Expiries as % total Gross Rental Income	23.2%	14.0%	54.3%	14.4%	14.0%	28.1%	3.3%	3.3%	5.2%	40.3%

As at 31 December 2013. Excludes retail turnover rent

Positive rental reversions for new and renewed leases commenced in 1QFY14¹

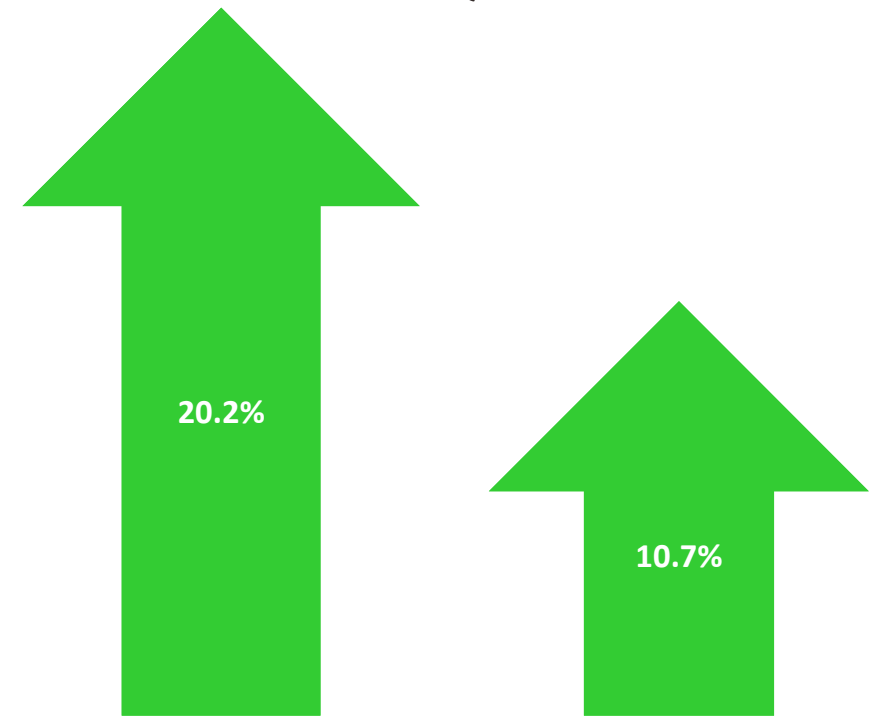


China Square Central



Alexandra Technopark

Positive rental reversions achieved
in 1QFY14¹



China Square
Central

Alexandra Technopark²

As at 31 December 2013. Excludes retail turnover rent

¹ Weighted average rental reversions based on the area for the new and renewed leases in 1QFY14.

² Underlying leases.

More than 41% of leases have built-in step-up rents

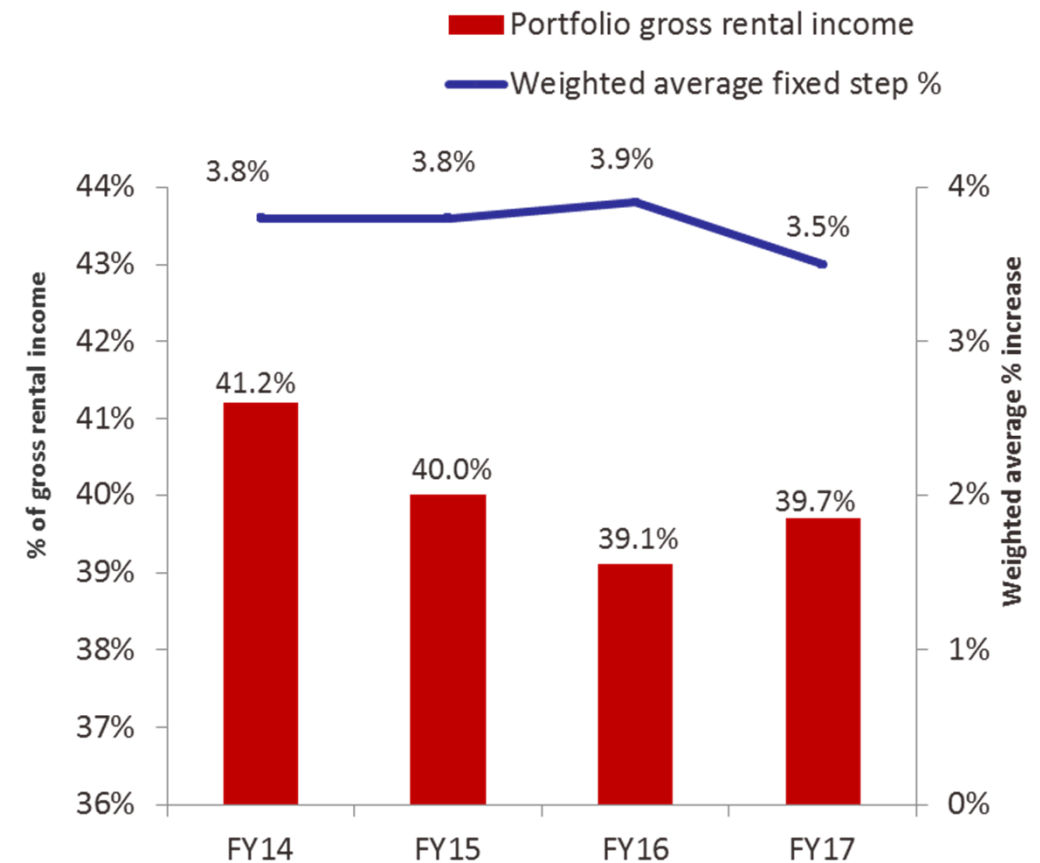
FY14 - Fixed % and other fixed lease rent reviews

Property	Leases	Average step-up rent	GROSS RENTAL INCOME	
			Property	Total Portfolio
China Square Central	5	3.1%	4.1%	1.0%
55 Market Street	1	2.9%	3.5%	0.2%
Caroline Chisholm Centre	1	3.0%	100.0%	20.7%
Central Park	15	4.7%	69.2%	19.3%

FY14- Other mid-term lease rent reviews

Property	Leases	Review mechanism	GROSS RENTAL INCOME	
			Property	Total Portfolio
Central Park	2	Market	5.2%	1.4%
Central Park	6	CPI	9.6%	2.7%

FY14 – 17 - Portfolio fixed % reviews



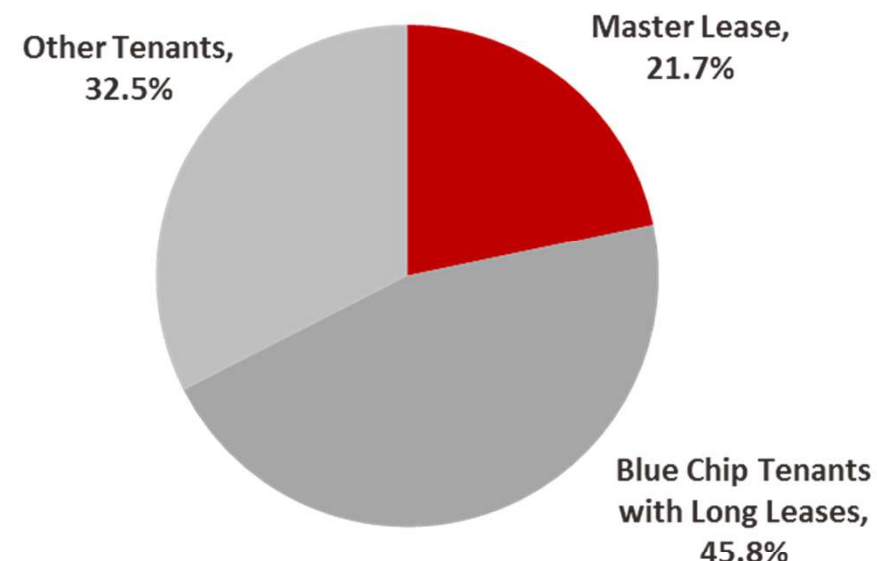
Master lessee/ blue chip tenants with long leases contribute 68% of total gross rental income

Master Leases

Tenant	Lease Expiry	% (Gross Rental Income)
Alexandra Technopark – Orrick Investments Pte Ltd	Aug 2014	21.7%

Blue Chip Tenants with Long Leases

Tenant	Lease Expiry	% (Gross Rental Income)
Commonwealth of Australia (Centrelink)	Jul 2025	20.7%
Hamersley Iron Pty Ltd (Rio Tinto)	Jun 2018	8.9%
BHP Billiton Iron Ore Pty Ltd	Jul/ Aug/ Oct 2017	4.0%
GroupM Singapore Pte Ltd	Mar 2019	3.8%
Cerebos Pacific Ltd	May 2017	3.6%
Government Employees Superannuation Board (WA)	May 2017	2.1%
PF Laywers Pty Ltd (DLA Piper)	Jun 2020	1.5%
Plan B Administration Pty Ltd	June 2019	1.2%
Total		45.8%



Master Lessee
 +
Blue Chip Tenants with Long Leases

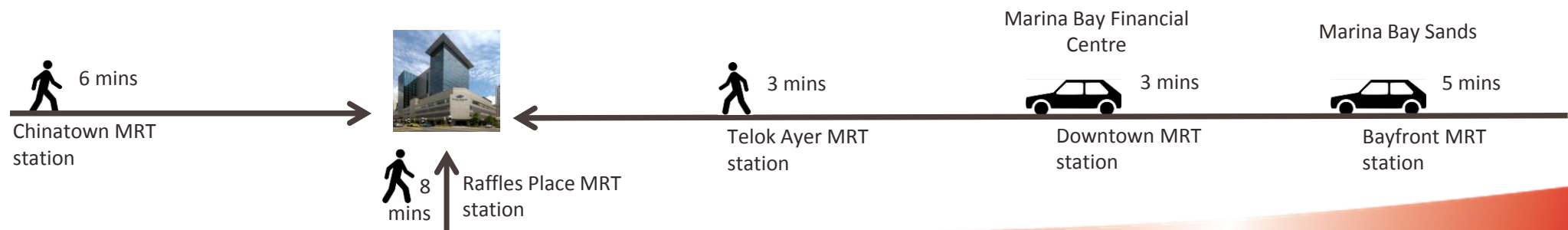
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67.5% portfolio income secured

➔ Portfolio review – Asset updates

19

- Telok Ayer MRT station opened on 22 December 2013 – increased connectivity to China Square Central
- China Square Central is now close to 3 MRT stations



Map not to scale.

- **Expiry of Master Lease at Alexandra Technopark in August 2014 provides income uplift**
- **Positive reversions arising from:**
 - Immediate uplift in income after the expiry of the Master Lease
 - Low underlying passing rents
- **Alexandra Technopark is strategically located with good connectivity**



S\$1.8 psf

← Master lease net rent received by FCOT

S\$3.4 psf

- Underlying average passing gross rent of Alexandra Technopark
- Low underlying average passing gross rent - potential for positive rental reversions

China Square Central – healthy leasing activities






55 Market Street – healthy occupancy rate



Alexandra Technopark – High occupancy rate



Occupancy	92.9% [^]	90.0%	96.4% (underlying occupancy) Average underlying passing gross rent: S\$3.4 psf
New leases , committed and renewals	OCBC Property Services, Libby, Perszyk, Kathman Pte Ltd, AEP Investment Management	Jones Lang LaSalle, Corporate Serviced Offices	TownHall Clinic, Dyson Operations, American Bureau of Shipping
Tenants			

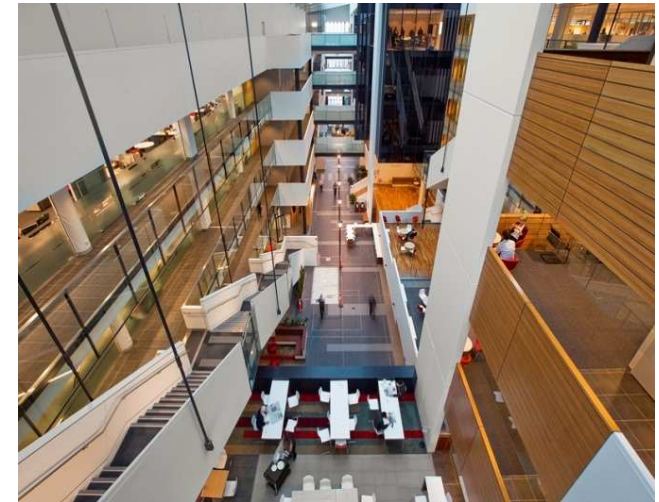
As at 31 December 2013.

[^] Committed occupancy as at 31 December 2013.

Central Park – Long WALE of 4.1 years



Caroline Chisholm Centre –full occupancy with long WALE of 11.5 years



Occupancy	93.3%	100.0%
	Slightly lower occupancy compared to previous year due to the departure of a tenant. Potential for higher occupancy with proactive leasing activities	Property occupied by a single tenant, i.e. the Commonwealth of Australia as represented by Centrelink (Aaa rated*) until July 2025
WALE	4.1 years	11.5 years
Tenants		

As at 31 December 2013.

* Based on Moody's rating in December 2013

Capital management

→ Capital Management – Debt statistics

24

- **Healthy interest coverage ratio of 4.18 times**
- **Low all-in interest rate of 2.7%**
- **Borrowings in AUD provide natural hedge for the Australian properties**

Statistics

	As at 31 December 2013
Total Assets (S\$'000)	1,832,114
Gross Borrowings (S\$'000)	694,330
Units on Issue and Issuable ¹	669,037,695
NAV per Unit (ex-DPU) ¹ (S\$)	1.54
Gearing ²	37.9%
Interest coverage ratio (times) ³	4.18
Average borrowing rate ⁴	2.7%
- Weighted average SGD debt rate	1.9%
- Weighted average AUD debt rate	5.7%

Borrowings and assets by currency



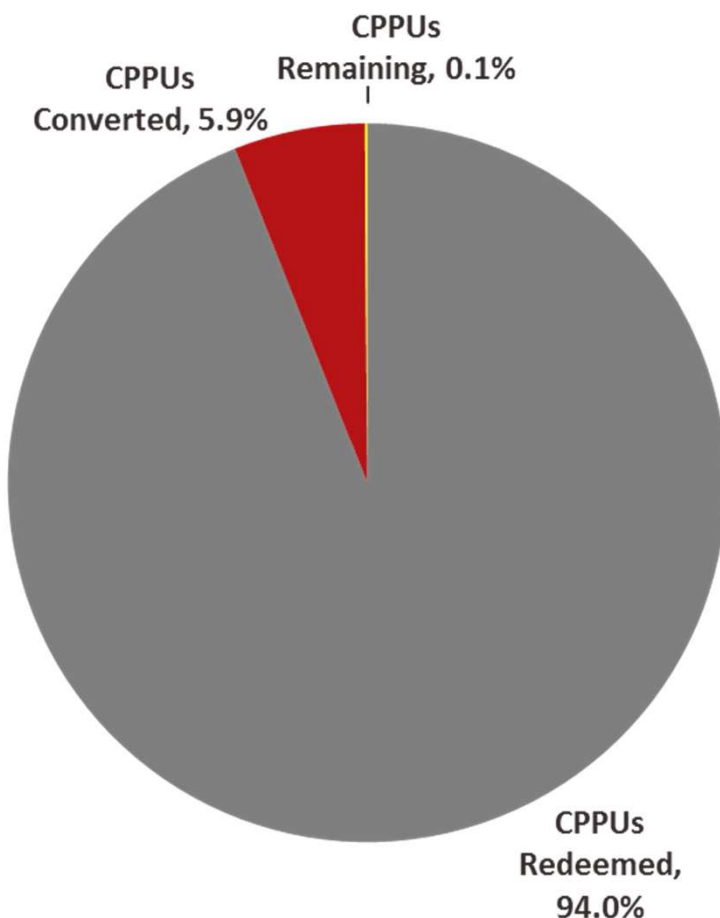
1 The number of Units includes 586,569 Units arising management fees payable in Units, but excludes 695,243 Units arising from the conversion of CPPUs on 2 January 2014.

2 Calculated as gross borrowing as a percentage of total assets

3 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 2013. See accompanying 1QFY14 Financial Statements announcement for more details.

4 For quarter ended 31 December 2013

Redemption of CPPUs is accretive to Unitholders



- In 1QFY14, 11.1 million CPPUs were converted¹
- On 2 January 2014, a further 0.8 million CPPUs were converted²
- To-date, a total of 342.3 million CPPUs were either redeemed or converted³
- About 0.2 million or 0.1% CPPUs remain outstanding
- Redemption or conversion of CPPUs will result in \$18.8 million³ savings in CPPU distribution p.a.

1 11,101,787 Series A CPPUs were converted on 1 October 2013.

2 823,544 Series A CPPUs were converted on 2 January 2014.

2 1,040,910 Series A CPPUs converted on 1 October 2012; 162,567,826 Series A CPPUs redeemed and 7,437,501 Series A CPPUs converted into 6,278,918 new Ordinary Units in FCOT on 2 January 2013; 157,123,847 Series A CPPUs redeemed on 1 April 2013 and 2,172,641 Series A CPPUs redeemed on 1 July 2013.

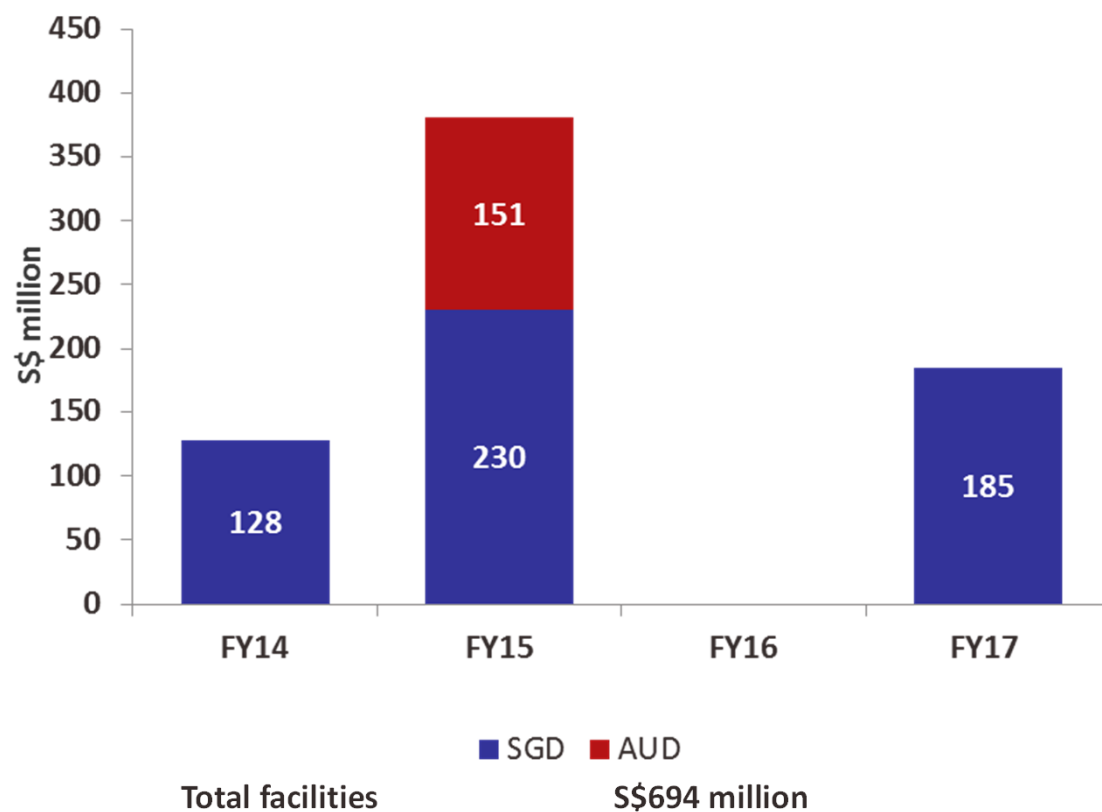
3 Based on distribution rate of 5.5% p.a. for Series A CPPUs, assuming that the redemption and conversion had occurred for the full year.

→ Capital Management and debt statistics

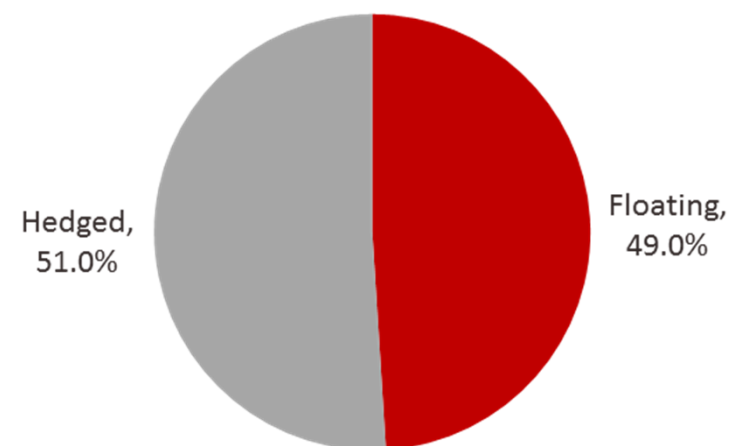
26

- Well spread debt maturity profile
- Hedged about 51% of gross borrowings

Debt maturity



Debt composition – floating vs. hedged



Hedging debt

As a % of:	As at 31 December 2013
Total Gross Borrowings	51.0%

As at 31 December 2013.

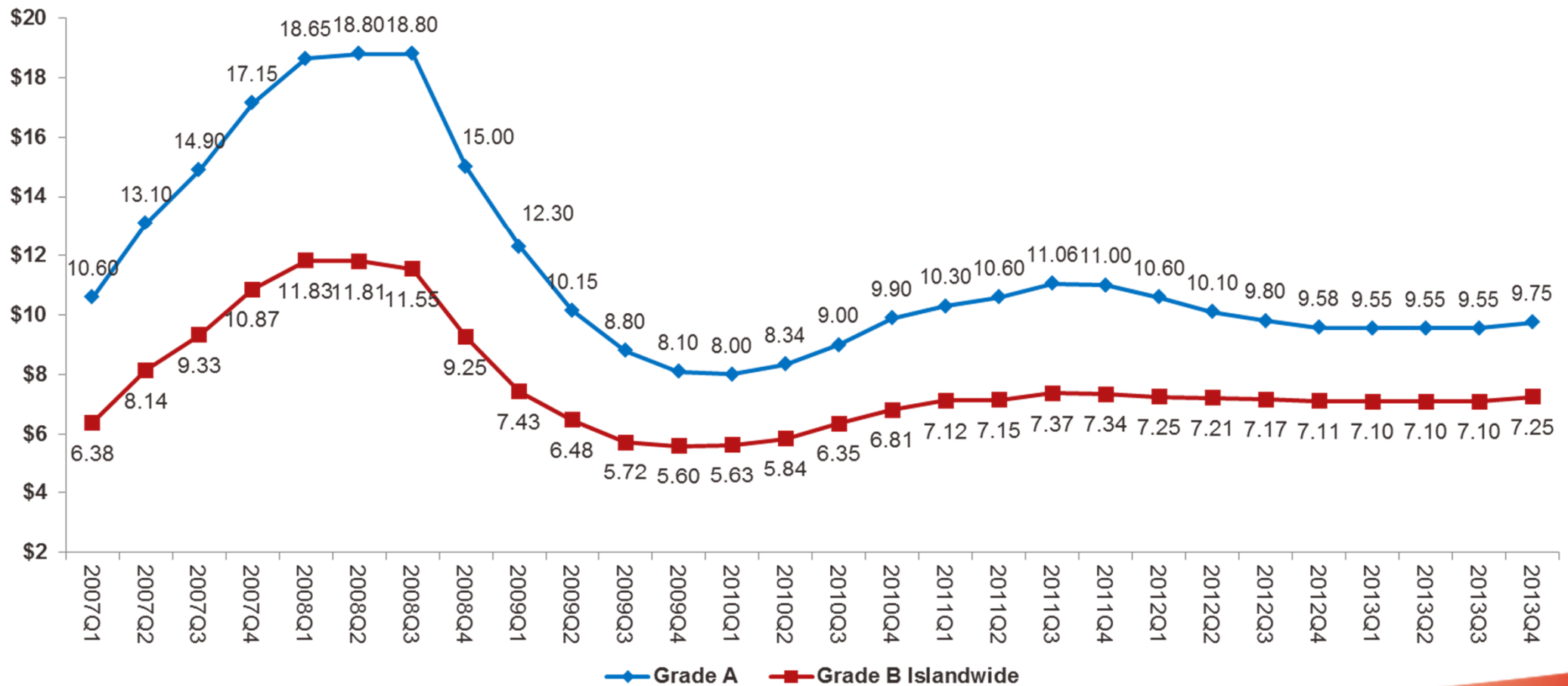
Moving forward

2. Solid fundamentals – positive market outlook

28

Singapore office rents trend – Rents have started to grow

Singapore Grade A and Grade B office rents¹

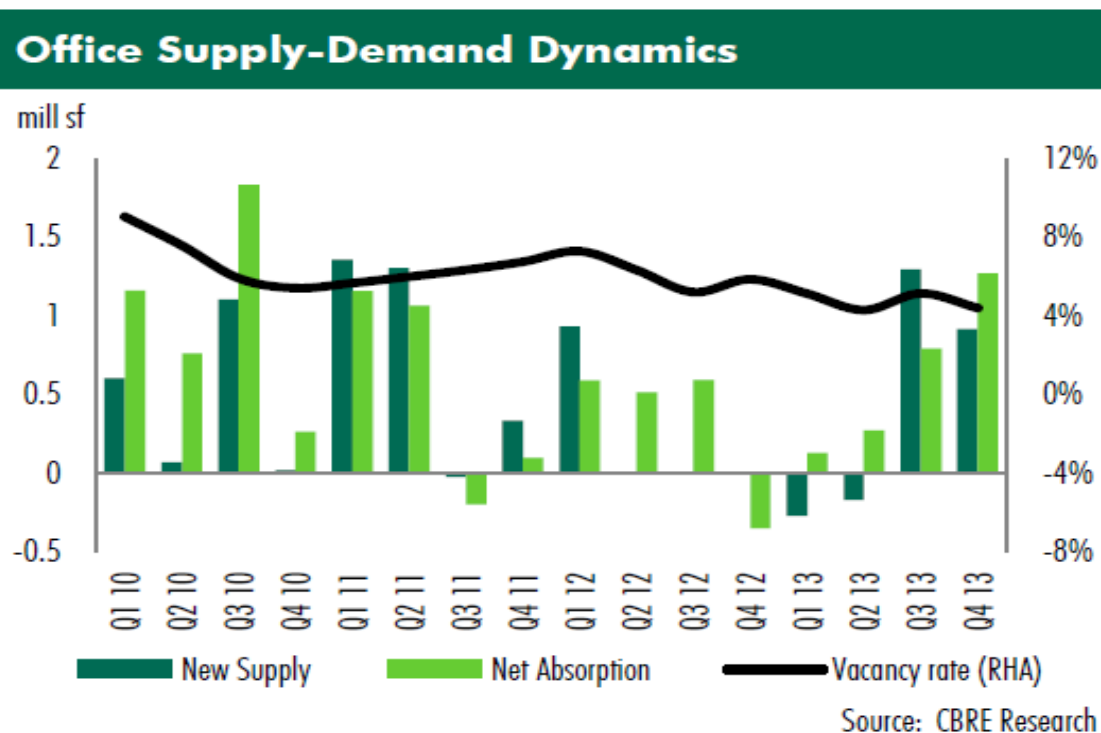


¹ Source: CBRE Research

2. Solid fundamentals – demand, supply and outlook

29

Office supply-demand dynamics¹



- Island-wide net absorption was 1.27 mil sf in Q4 2013
- Annual net absorption of 2.45 mil sf was the highest level since 2011 and 58% higher than the 10 year average of 1.55 mil sf
- Overall island-wide office vacancy rate declined q-o-q from 5.1% to 4.4%
- Pipeline of future supply for next 2 years remains limited
- Available office space is expected to tighten further in the short to medium term before next wave of office development in 2H 2016
- Expects rental growth in 2014 and 2015

Office Vacancy Rates			
	Q4 2013	q-o-q	y-o-y
Island Wide	4.4%	-74 bps	-146 bps
Core CBD	4.8%	-167 bps	-296 bps

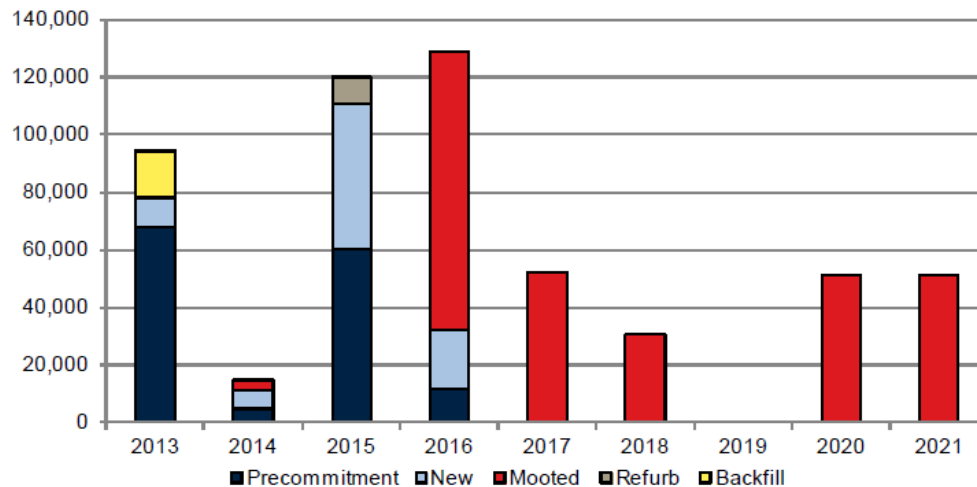
¹ CBRE, Singapore Market View, Q4 2013

2. Solid fundamentals – positive market outlook

30

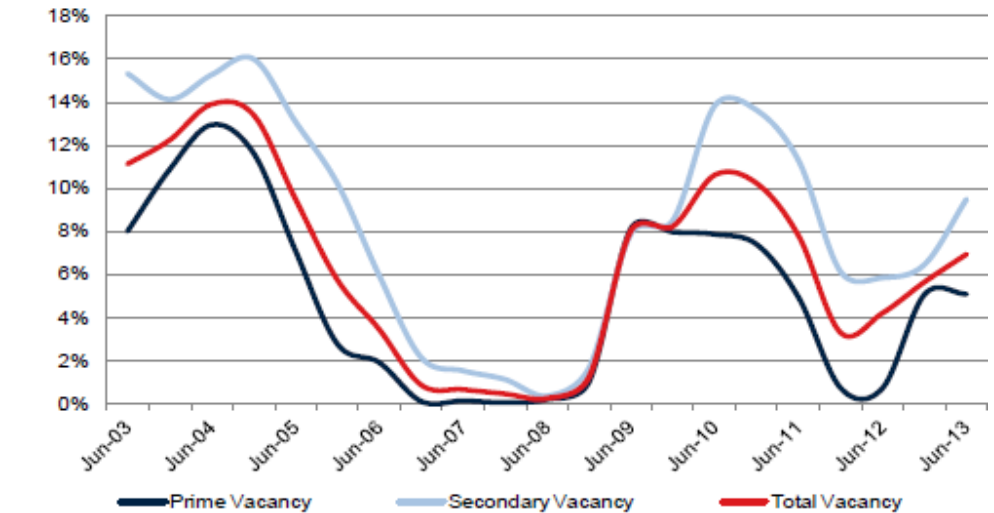
Premium Grade Perth office market remains resilient

Perth Office CBD forecast gross office supply by type¹



Source: Savills Research

Perth Office CBD vacancy by grade¹



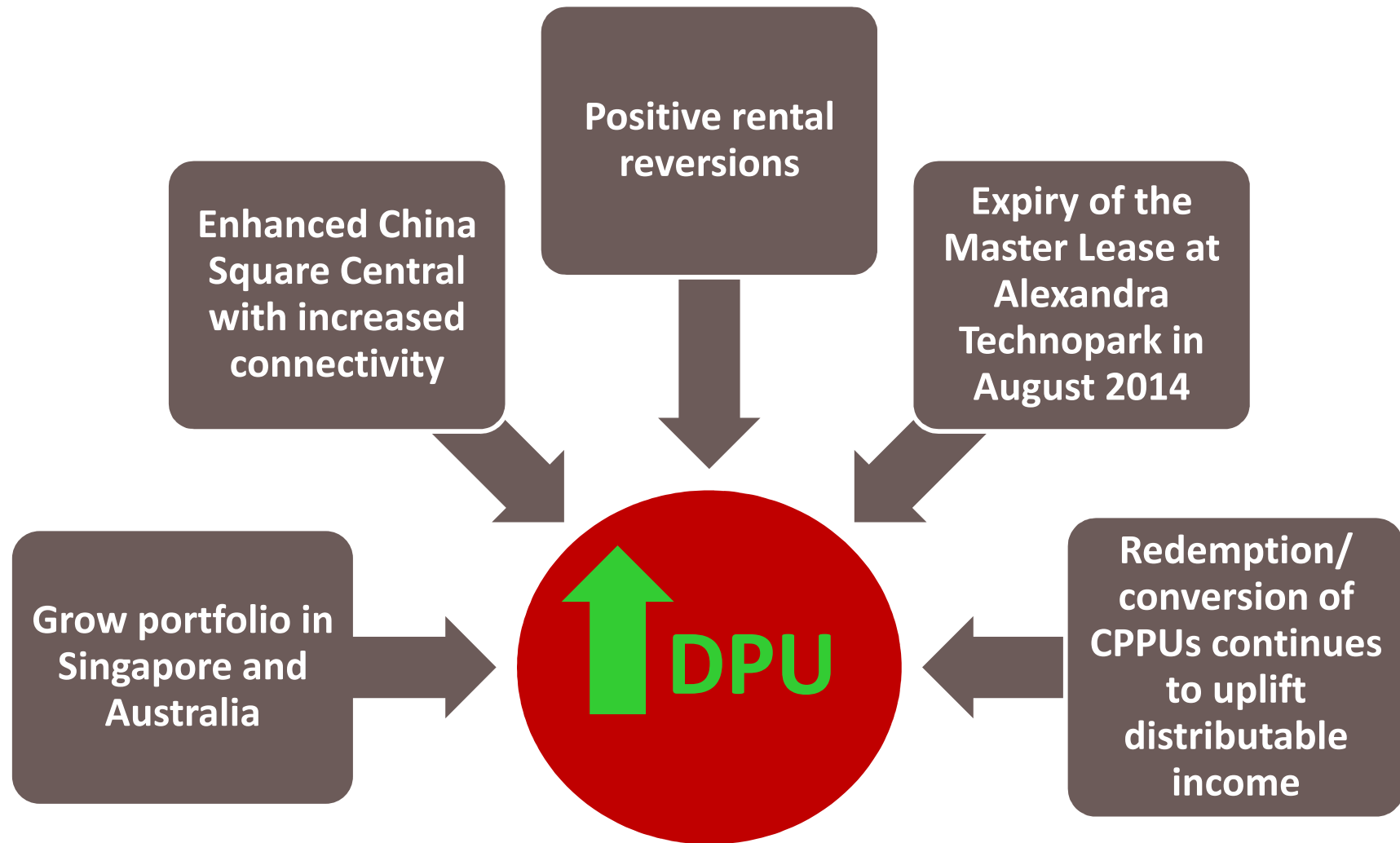
Source: Savills Research

■ Market conditions¹

- Perth CBD office market vacancy rate has increased from 5.7% in January 2013 to 6.9% in July 2013 according to the Property Council of Australia
- In the 12 months to September 2013, Savills recorded 124,869 square metres of leasing activity in the Perth CBD office market, up 12% on the 12 months prior
- Premium Grade rent is currently at \$775 to \$905 per square metre
- Consumer sentiment improved to a three-year high in September 2013, even though the general consensus is that the mining boom has begun its decline
- A further decline in rental levels is expected together with an increase in incentives before prices begin to stabilise
- The level of enquiry and transactions is expected to increase over 2014 as a result of a number of large leases reaching expiry in this period

¹ Savills Research, Spotlight Perth CBD Office, October 2013

Various initiatives in place to deliver growth in distributable income



Thank you

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