

18 CROSS STREET

Frasers Commercial Trust 4QFY13 Financial Results

23 October 2013

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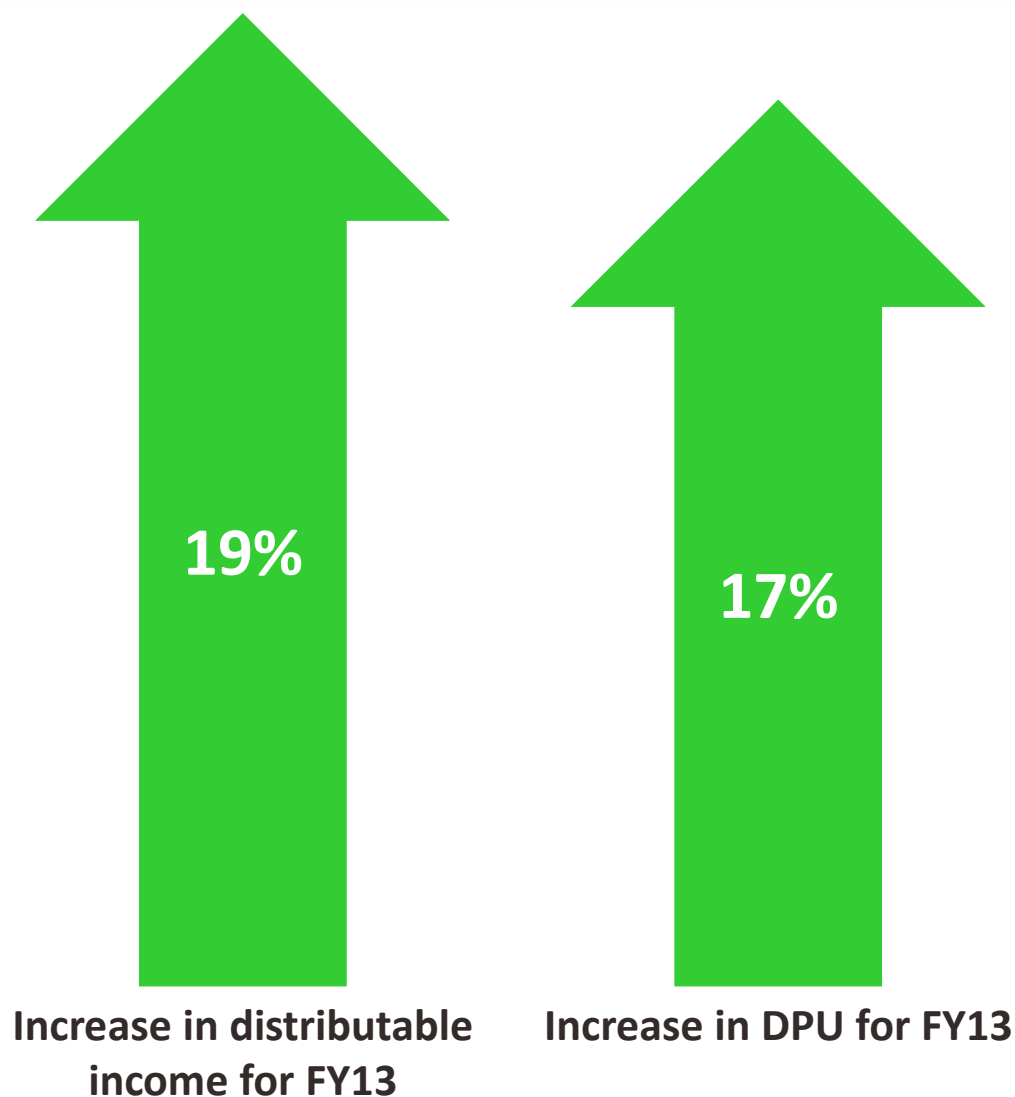
→ **Results**

→ **Portfolio review**

→ **Capital management**

→ **Moving Forward**

Results



1

Better performance of the properties

- Higher rentals achieved for the properties
- Contribution from additional 50% interest in Caroline Chisholm Centre
- Off-set by divestments of KeyPoint and properties in Japan in 1QFY13 and FY12 and weaker Australian dollar
- Weaker Australian dollar off-set by a realised gain on forward currency contracts arising from hedging the cashflows from the Australian properties

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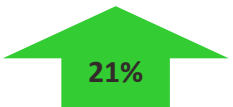


Proactive capital management and effective capital redeployment

- 36% lower finance costs mainly due to the partial loan prepayments and refinancing of loan facilities in October 2012 and FY2012
- Savings in Series A CPPU distribution - redeployed proceeds from the divestment of KeyPoint to redeem Series A CPPUs

→ Results – Financial highlights

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▪ 21% rise in distributable income for 4QFY13



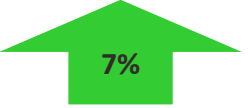
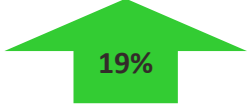
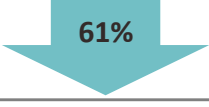

1 Jul 2013 – 30 Sept 2013	4QFY13 (S\$ '000)	Y-o-Y Change (%)	Contributing factors
Gross Revenue	28,812	 19%	▪ Higher contribution from China Square Central due to higher occupancy and rental rates achieved, offset by weaker Australian dollar and nil contributions from KeyPoint and the properties in Japan after the divestments
Net Property Income	21,882	 17%	▪ Higher contribution from China Square Central, offset by weaker Australian dollar and nil contributions from KeyPoint and the properties in Japan after the divestments. The weaker Australian dollar was off-set by a realised gain on forward currency contracts arising from hedging the cashflows from the Australian properties
Net Property Income (excluding KeyPoint and the Japanese properties)	21,882	 2%	▪ Higher occupancy and rental rates achieved, offset by weaker Australian dollar. The weaker Australian dollar was off-set by a realised gain on forward currency contracts arising from hedging the cashflows from the Australian properties
Distributable income:			
- Unitholders	13,686	 21%	▪ 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	169	 96%	▪ Lower Series A CPPU distribution arising from the net conversion and redemption of Series A CPPU
Distribution per CPPU Unit	1.38¢	-	▪ 4QFY13 distribution for CPPU holders paid on 1 October 2013
DPU ¹	2.08¢	 19%	▪ DPU increased Y-o-Y in line with higher distributable income to Unitholders

¹ The number of Units used to calculate the amount available for DPU is 659,078,719. See accompanying 4QFY13 Financial Statements announcement for more details.

→ Results – Financial highlights

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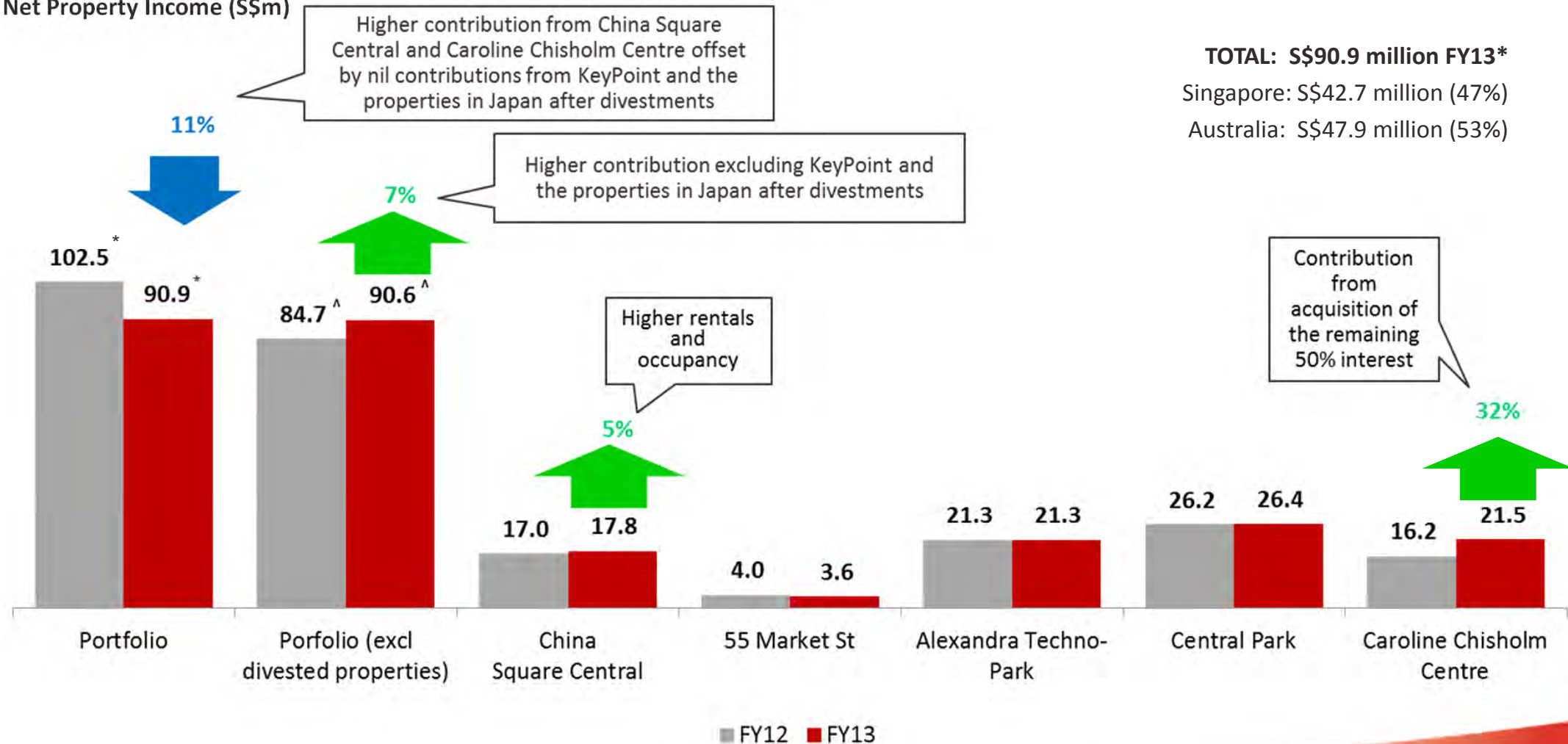
▪ 19% rise in FY13 distributable income

1 Oct 2012 – 30 Sept 2013	FY13 (S\$ '000)	Y-o-Y Change (%)	Contributing factors
Gross Revenue	118,197	 11%	▪ Higher contribution from Caroline Chisholm Centre due to acquisition of remaining 50% interest and higher rental rates achieved for the properties, offset by weaker Australian dollar and nil contributions from KeyPoint and the properties in Japan after the divestments
Net Property Income	90,936	 11%	▪ Higher contribution from 100% interest in Caroline Chisholm Centre and higher rental rates achieved for the properties, offset by weaker Australian dollar and nil contributions from KeyPoint and the properties in Japan after the divestments. The weaker Australian dollar was off-set by a realised gain on forward currency contracts arising from hedging the cashflows from the Australian properties
Net Property Income (excl KeyPoint and Japanese properties)	90,637	 7%	▪ Higher contribution from 100% interest in Caroline Chisholm Centre and higher rental rates achieved for the properties, offset by weaker Australian dollar. The weaker Australian dollar was off-set by a realised gain on forward currency contracts arising from hedging the cashflows from the Australian properties
Distributable income:			
- Unitholders	51,378	 19%	▪ 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	7,424	 61%	▪ Lower Series A CPPU distribution arising from the net conversion and redemption of Series A CPPU
Distribution per CPPU Unit	5.50¢	-	▪ Full year distribution for CPPU holders
DPU ¹	7.83¢	 17%	▪ DPU increased Y-o-Y in line with higher distributable income to Unitholders

¹ The number of Units used to calculate the amount available for DPU is 659,078,719. See accompanying 4QFY13 Financial Statements announcement for more details.

Higher NPI from China Square Central and Caroline Chisholm Centre, offset by divestments in 1QFY13 and 4QFY12

Net Property Income (\$m)



TOTAL: S\$90.9 million FY13*
 Singapore: S\$42.7 million (47%)
 Australia: S\$47.9 million (53%)

* Includes KeyPoint which was divested on 28 September 2012 and the Japanese properties which were divested on 25 October 2012.

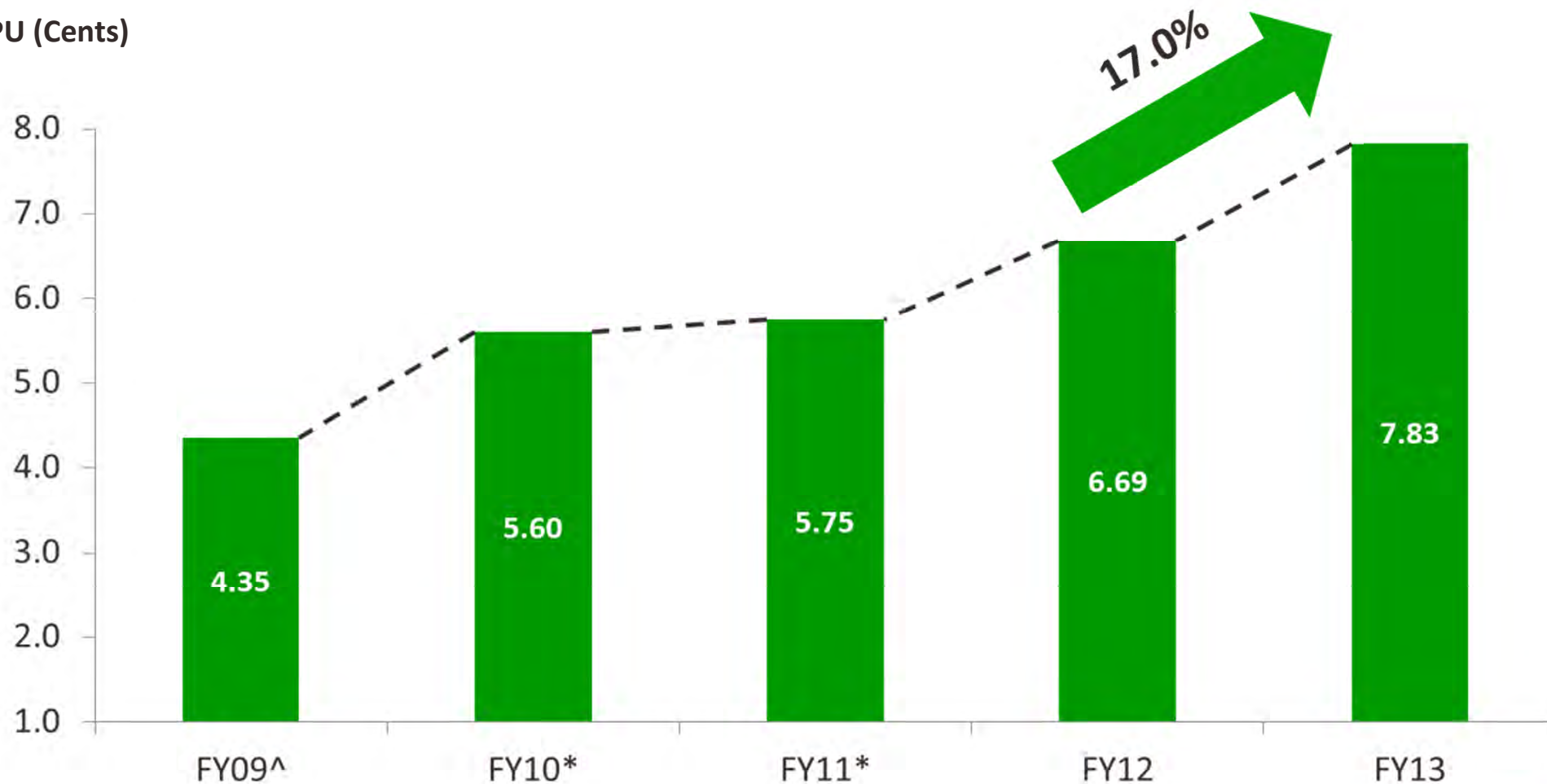
^ Excludes KeyPoint which was divested on 28 September 2012 and the Japanese properties which were divested on 25 October 2012.

→ Results – Financial highlights

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- Fourth consecutive year of growth in DPU since recapitalisation exercise
- DPU grew at 15.8% CAGR from FY09 – FY13

DPU (Cents)



^ Adjusted for Unit consolidation. In FY09, FCOT changed its financial year end from 31 December to 30 September. For comparison purposes, the DPU for 12 months period from 1 October 2008 to 30 September 2009 is presented.

* Adjusted for Unit consolidation

Distribution to be paid on 29 November 2013

Distribution Period	1 July 2013 to 30 September 2013
Ordinary Unit Distribution Rate	Distribution of 2.0766 cents per Unit comprising: a) taxable income distribution of 1.0842 cents; b) tax-exempt income distribution of 0.9165 cents; and c) capital distribution of 0.0759 cents.
Last day of trading on “cum” basis	Monday, 28 October 2013
Ex-distribution trading commence	Tuesday, 29 October 2013
Distribution Books Closure Date	Thursday, 31 October 2013 at 5.00 pm
Distribution Payment Date	Friday, 29 November 2013

- 1.3863 cents distribution per CPPU unit for the period from 1 July 2013 to 30 September 2013 was paid on 1 October 2013.

Portfolio review

3.1% increase in overall portfolio valuation driven mainly by the Singapore properties

Asset	Date of valuation	Local currency Value (millions)	Translation as at 30-Sep-13 (\$\$ million) ¹	Variance from 30 September 2012 (\$\$ million)	(%)
China Square Central	30-Sep-13	S\$573.0	573.0	15.0	2.7%
55 Market Street	30-Sep-13	S\$133.0	133.0	5.0	3.9%
Alexandra Technopark	30-Sep-13	S\$465.0	465.0	75.0	19.2%
Central Park	30-Sep-13	A\$347.5 ²	408.0	(18.8)	(4.4)%
Caroline Chisholm Centre	30-Sep-13	A\$198.0	232.4	(22.3)	(8.8)%
Total portfolio			1,811.4	53.9	3.1%

Note: Australian properties recorded 3.5% increase in valuation based on valuations denominated in Australian dollar

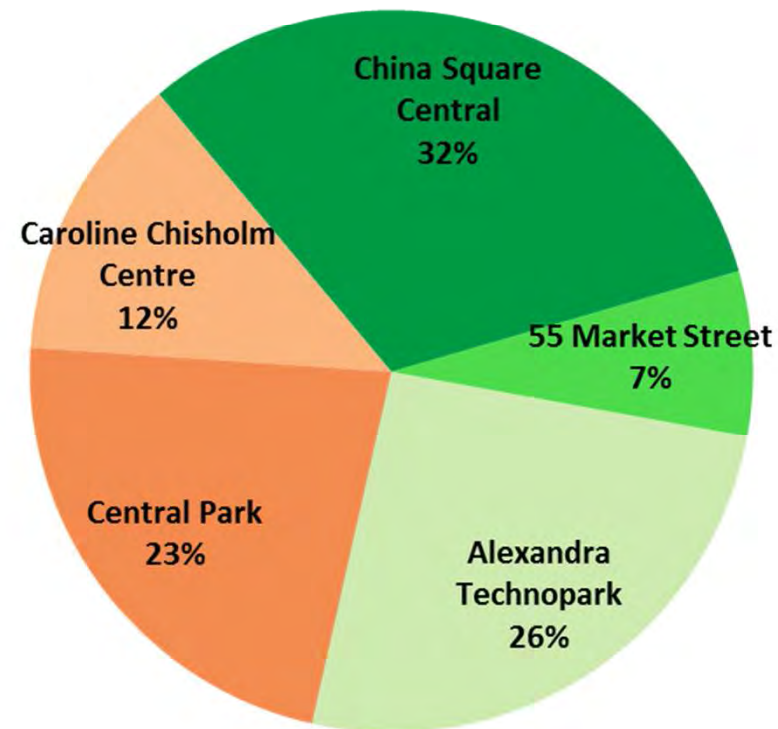
¹ Translated at A\$1.00 = S\$1.1740 being the prevailing spot rate at close of quarter accounts

² Represents Frasers Commercial Trust's 50.0% indirect interest in the asset

→ Portfolio review – Valuation

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



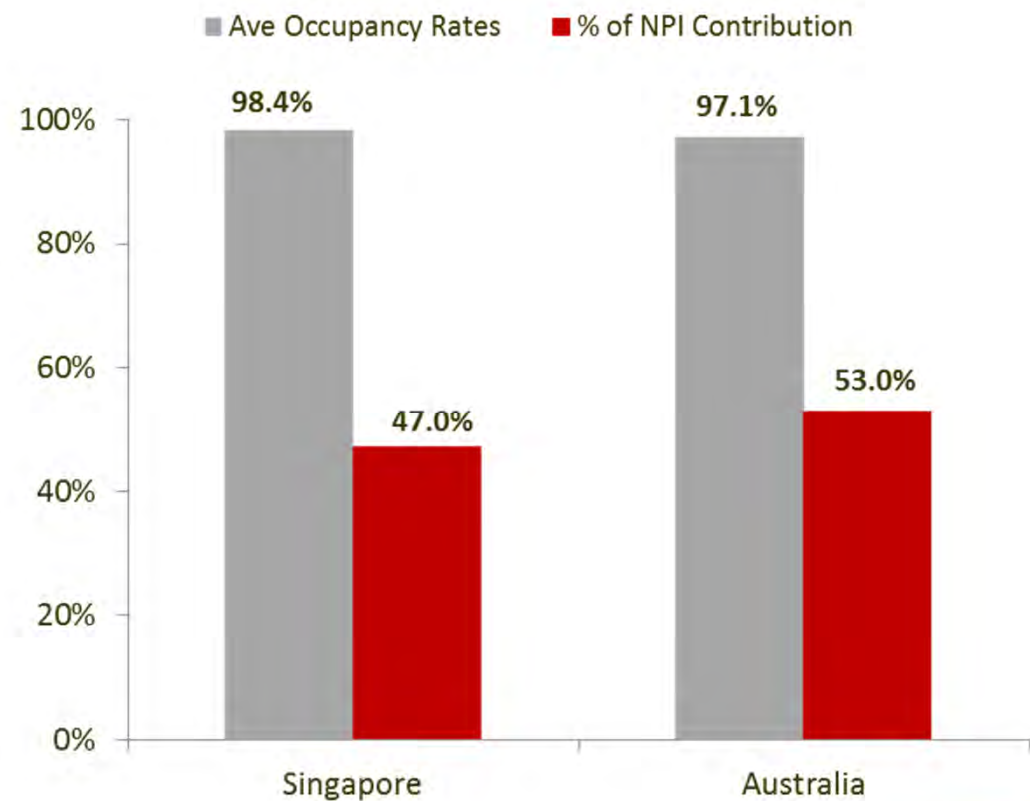
Singapore	\$ 1,171.0	65%
Australia	\$ 640.4	35%
Total	\$ 1,811.4	100%

As at 30 September 2013. Excludes retail turnover rent

- **Strong average occupancy rate of 97.9%**
- **Healthy WALE of 4.6 years**

Key portfolio statistics	As at 30 September 2013
Ave Occupancy	97.9%
WALE by gross rental income	4.6 years

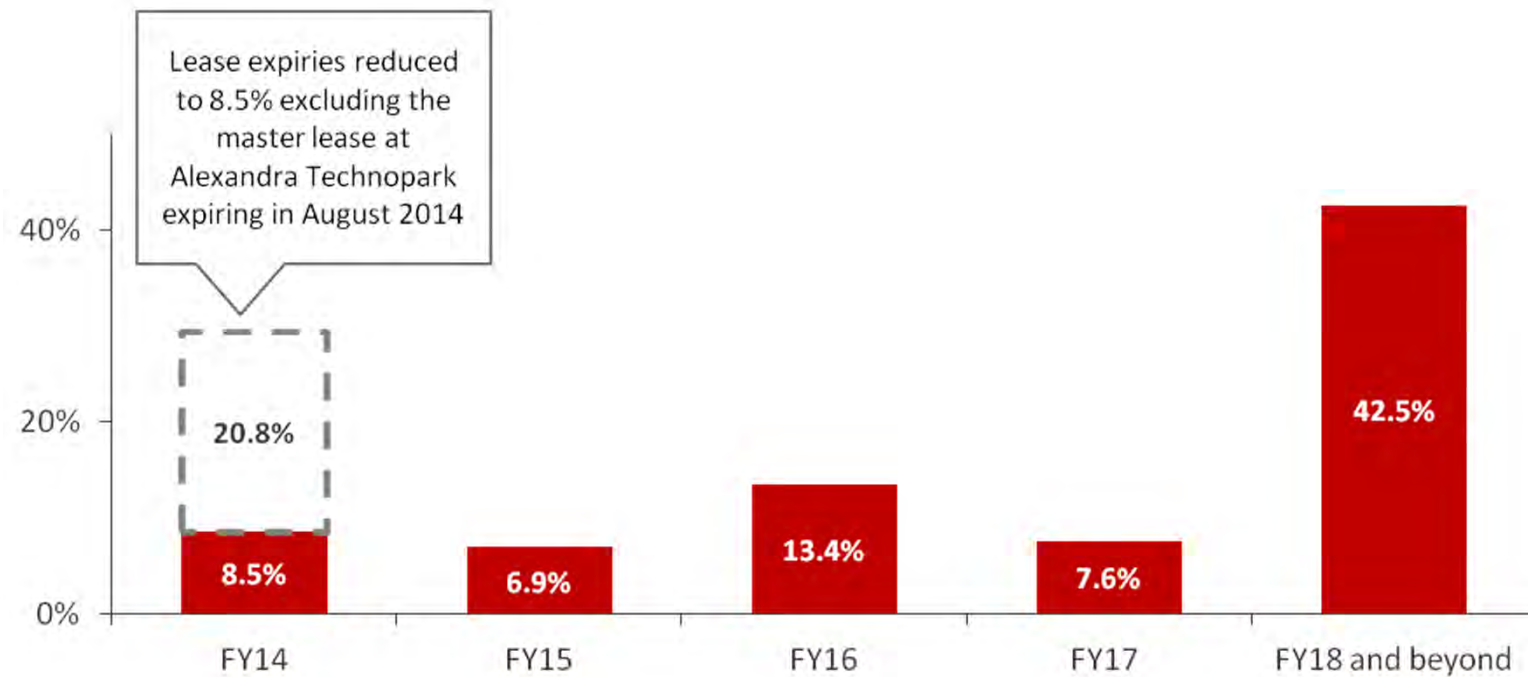
Geographical occupancy and % of NPI contribution



As at 30 September 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



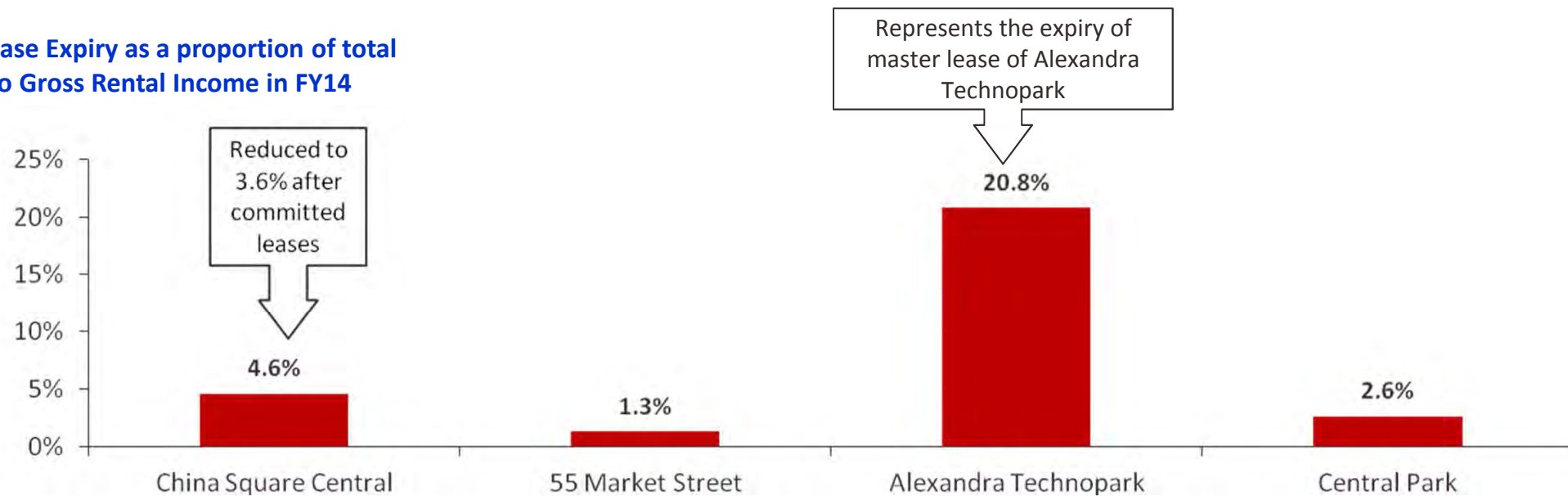
Number of leases expiring	51	50	51	8	16
NLA (sq ft) expiring	1,153,989	95,375	186,122	85,317	706,780
Expiries as % total NLA	50.6%	4.2%	8.2%	3.7%	31.0%
Expiries as % total Gross Rental Income	29.3%	6.9%	13.4%	7.6%	42.5%

As at 30 September 2013. Excludes retail turnover rent

Potential for higher income arising from:

- Low passing rents
- Higher occupancy

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



Number of leases expiring	40 (35 after committed leases)	7	1	3
Average passing rent for expiring leases	\$6.5	\$6.5	\$1.8*	AUD \$668

As at 30 September 2013. Excludes retail turnover rent

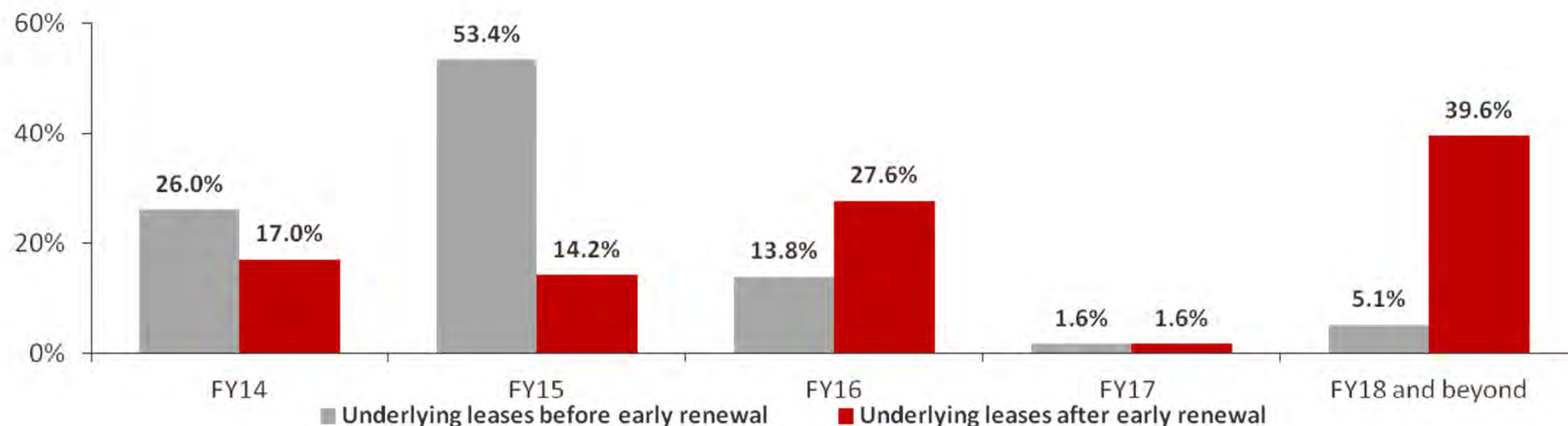
* Based on the master lease rent which is net of property expenses

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

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- More than 39% 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

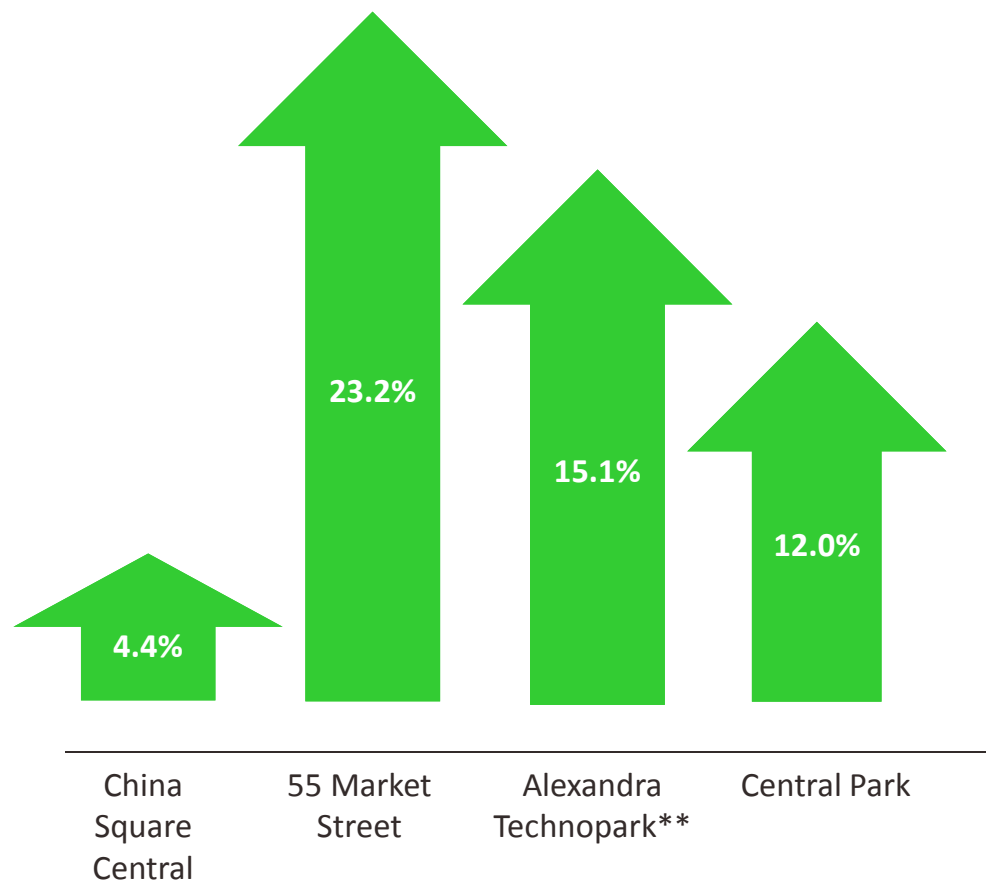


	FY14		FY15		FY16		FY17		FY18 and beyond	
No. of leases expiring	19	17	16	14	12	15	3	3	3	4
NLA (sq ft) expiring	260,857	161,635	565,174	153,841	131,856	281,077	15,005	15,005	46,544	408,147
Expiries as % total NLA	25.0%	15.4%	54.1%	14.7%	12.6%	26.9%	1.4%	1.4%	4.5%	39.0%
Expiries as % total Gross Rental Income	26.0%	17.0%	53.4%	14.2%	13.8%	27.6%	1.6%	1.6%	5.1%	39.6%

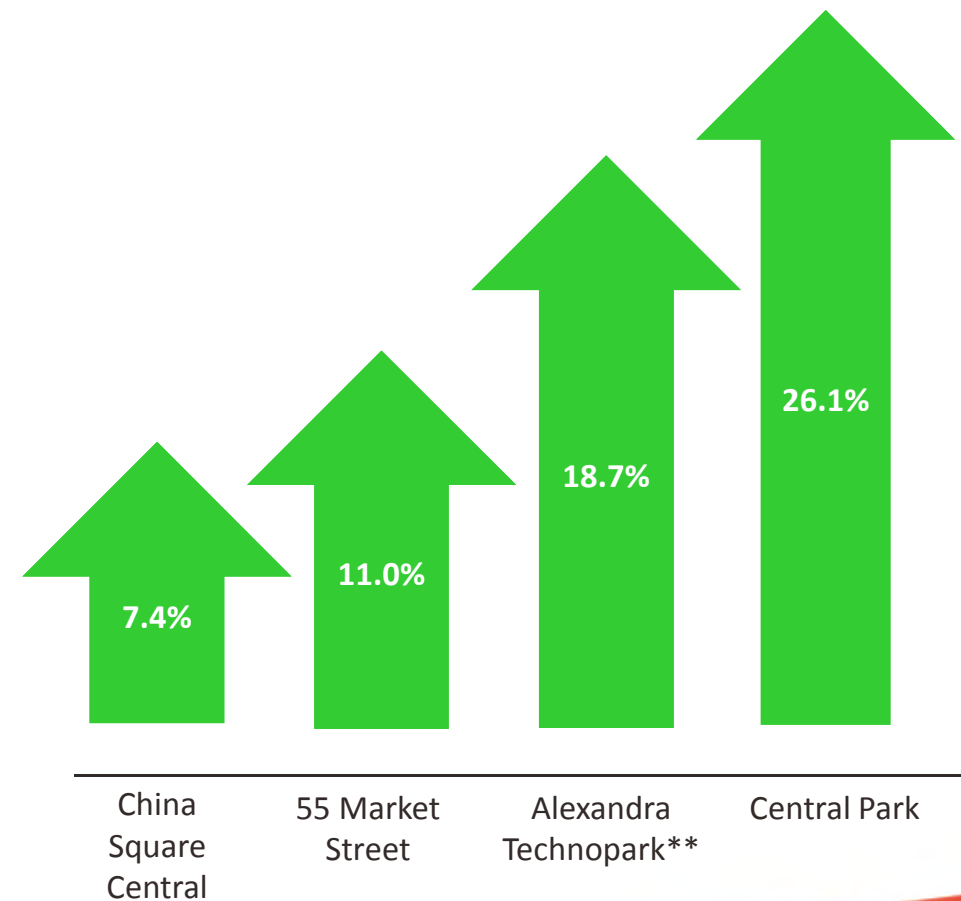
As at 30 September 2013. Excludes retail turnover rent

Positive rental reversions for new and renewed leases commenced in 4QFY13[^] and FY13*

Rental reversions achieved in 4QFY13[^]



Rental reversions achieved in FY13*



As at 30 September 2013. Excludes retail turnover rent

[^] Weighted average rental reversions based on the area for the new and renewed leases in 4QFY13

* Weighted average rental reversions based on the area for the new and renewed leases in FY13

** Underlying leases

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

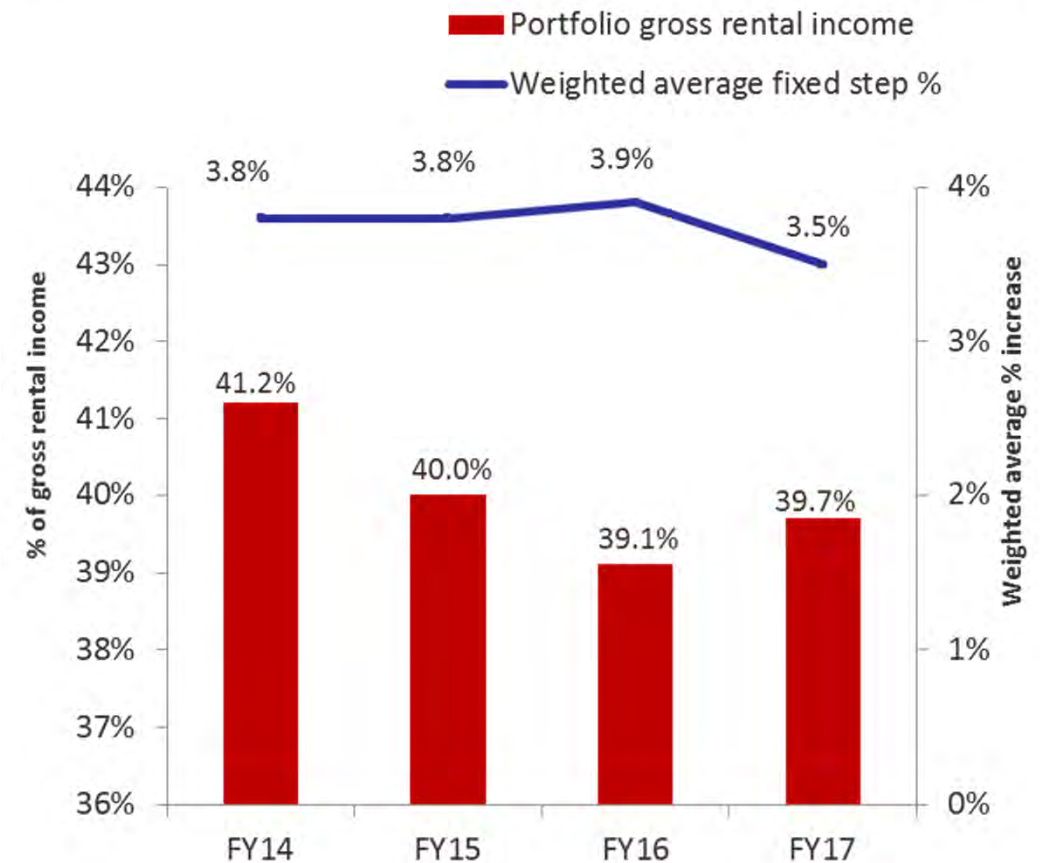
FY14 - Fixed % and other fixed lease rent reviews

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	4	Market	6.6%	1.8%
Central Park	6	CPI	9.6%	2.7%

FY14 – 17 - Portfolio fixed % reviews



Excludes retail turnover rent

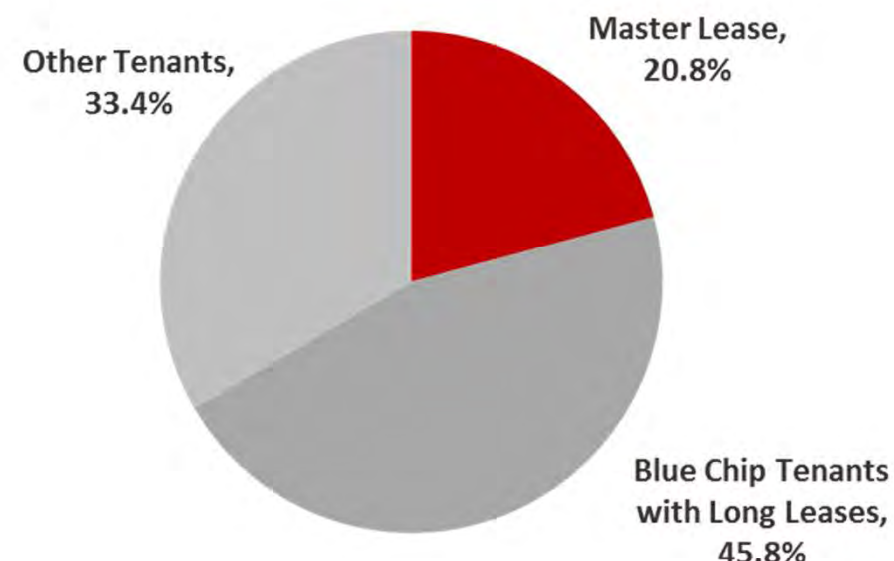
Master lessees/ blue chip tenants with long leases contribute 67% of total gross rental income

Master Leases

Tenant	Lease Expiry	% (Gross Rental Income)
Alexandra Technopark – Orrick Investments Pte Ltd	Aug 2014	20.8%

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	9.2%
BHP Billiton Iron Ore Pty Ltd	Jul/ Aug/ Oct 2017	4.0%
GroupM Singapore Pte Ltd	Mar 2019	3.6%
Cerebos Pacific Ltd	May 2017	3.4%
Government Employees Superannuation Board (WA)	May 2017	2.2%
PF Lawyers 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
 =
 66.6% portfolio income secured

- Precinct Master Plan and asset enhancement of office tower have improved positioning and will boost growth potential of China Square Central
- Retail tenants have been improved and new concepts will continue to be brought in to rejuvenate the area



Nankin Mall after the completion of the Precinct Master Plan



Office lobby of 18 Cross Street after completion of the asset enhancement

➔ Portfolio review – Asset updates

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- **Telok Ayer MRT station to open on 22 December 2013 will increase connectivity to China Square Central**
- **China Square Central is now close to 3 MRT stations**



China Square Central is located within:

- 230 m to Telok Ayer MRT station
- 400 m to Chinatown MRT station
- 520 m to Raffles Place MRT station

China Square Central is:

- 1 MRT station away from Marina Bay Financial Centre (Downtown MRT station)
- 2 MRT stations away from Marina Bay Sands (Bayfront MRT station)



Source: Land Transport Authority

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**

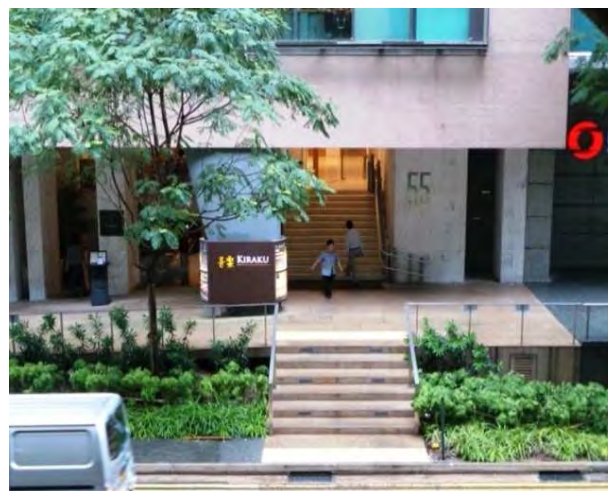


- FCOT receives master lease net rent of \$1.8 psf, compared to average underlying passing gross rent of \$3.5 psf
- Low average underlying passing gross rent of \$3.5 psf also provides potential for positive rental reversions
- Increasing demand for decentralised location
- Strategically located at the fringe of the Central area – about 15 minutes away from CBD
- Good connectivity – close to major expressways, within walking distance to Labrador Park MRT Station (Circle Line)
- Blue chip tenants: HP, Nokia, Great Eastern, Microsoft, Sybase, Hitachi

China Square Central – robust leasing activities



55 Market Street – full occupancy rate



Alexandra Technopark – High occupancy rate



Occupancy	93.5%	100.0%	97.5% (underlying occupancy) Average underlying passing gross rent: S\$3.5 psf
New leases , committed and renewals	Panna Harrison (Asia), AEP Investment Management, Chatham Financial, Aspire Global Network	TKP Singapore In, Jobstudio	Aeroflex, Pacorini Metals, Miliken Asia
Tenants			

**Central Park – Long
WALE of 4.2 years**



**Caroline Chisholm Centre –full
occupancy with long WALE of 11.8 years**



Occupancy	93.5%	100.0%
		Property occupied by a single tenant, i.e. the Commonwealth of Australia as represented by Centrelink (Aaa rated*) until July 2025
WALE	4.2 years	11.8 years
Tenants		

As at 30 September 2013.

* Based on Moody's rating in June 2013

Capital management

→ Capital Management – Debt statistics

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- **Healthy interest coverage ratio of 4.49 times**
- **Low all-in interest rate of 2.7%**
- **Borrowings in AUD provide natural hedge for the Australian properties**

Statistics

	As at 30 September 2013
Total Assets (S\$'000)	1,862,544
Gross Borrowings (S\$'000)	701,225
Units on Issue and Issuable ¹	659,078,719
NAV per Unit (ex-DPU) ¹ (S\$)	1.57
Gearing ²	37.7%
Interest coverage ratio (times) ³	4.49
Average borrowing rate ⁴	2.7%
- Weighted average SGD debt rate	1.9%
- Weighted average AUD debt rate	5.5%

Borrowings and assets by currency



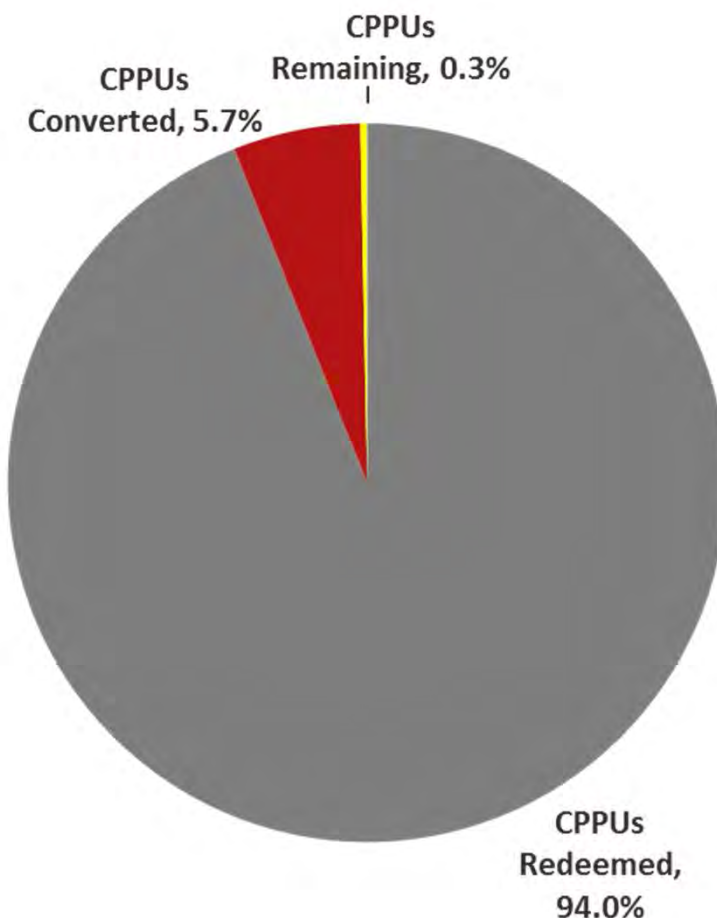
¹ The number of Units includes 1,539,732 Units arising management fees payable in Units, but excludes 9,372,407 Units arising from the conversion of CPPUs on 1 October 2013.

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 30 September 2013. See accompanying 4QFY13 Financial Statements announcement for more details.

⁴ For quarter ended 30 September 2013

Redemption of CPPUs is accretive to Unitholders



- In FY13, 330.3 million CPPUs were either redeemed or converted¹
- On 1 October 2013, a further 11.1 million CPPUs were converted
- Only 0.3% CPPUs remain outstanding, after taking into consideration of the 11.1 million CPPUs converted on 1 October 2013
- Redemption or conversion of CPPUs in FY13 resulted in \$18.2 million² savings in CPPU distribution p.a.

1 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.

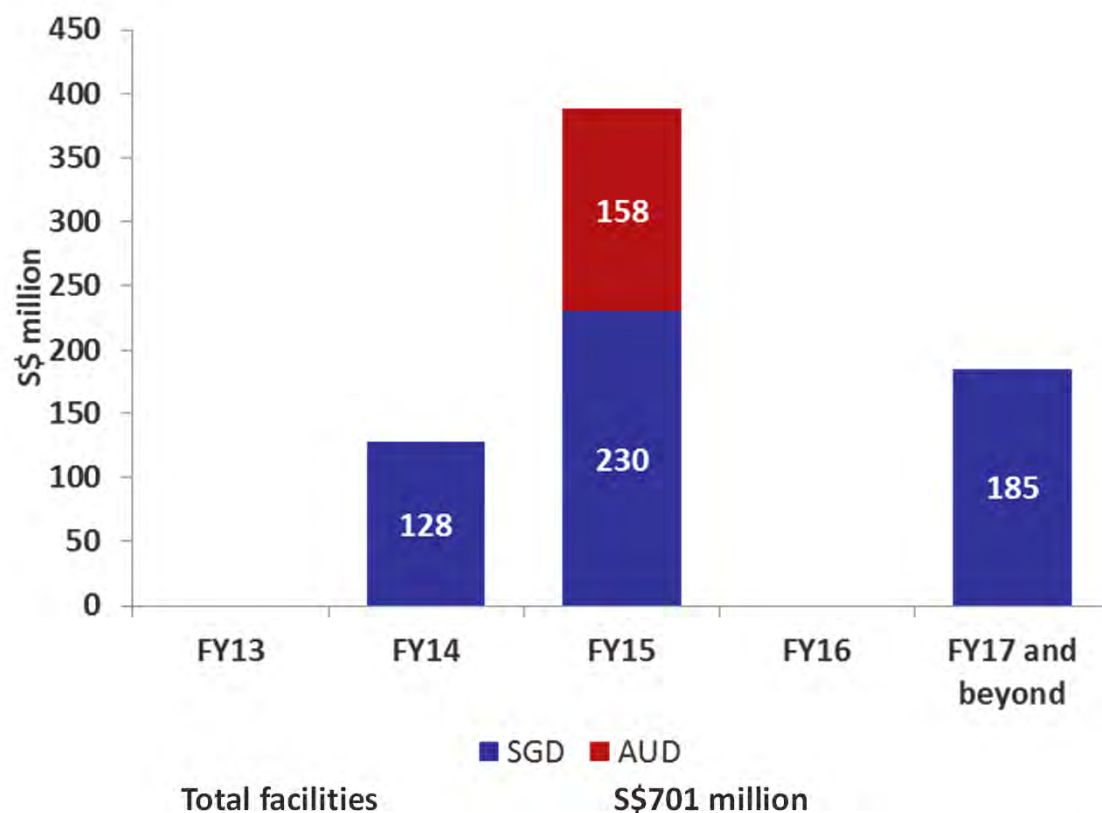
2 Based on distribution rate of 5.5% p.a. for Series A CPPUs, assuming that the redemption and conversion had occurred for the full year.

→ Capital Management and debt statistics

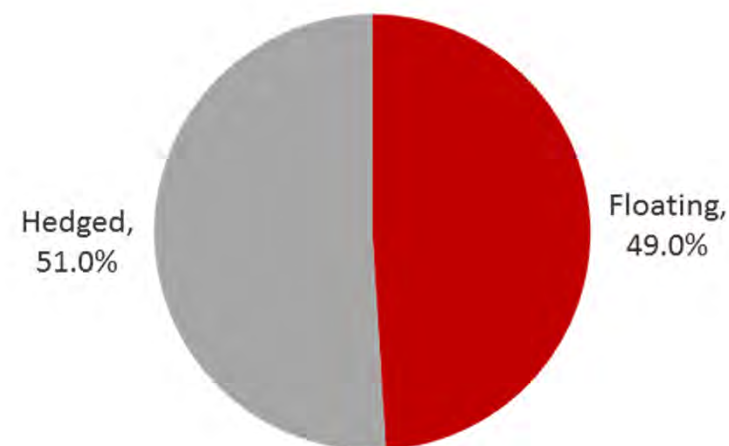
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- Well spread debt maturity profile
- Hedged about 51% of gross borrowings
- Established \$1 bil multicurrency MTN programme in September 2013 – provides an alternative source of financing
- Forward hedge of anticipated net cashflows from Australia mitigates currency risk

Debt maturity



Debt composition – floating vs. hedged



Hedging debt

As a % of:	As at 30 September 2013
Total Gross Borrowings	51.0%

As at 30 September 2013.

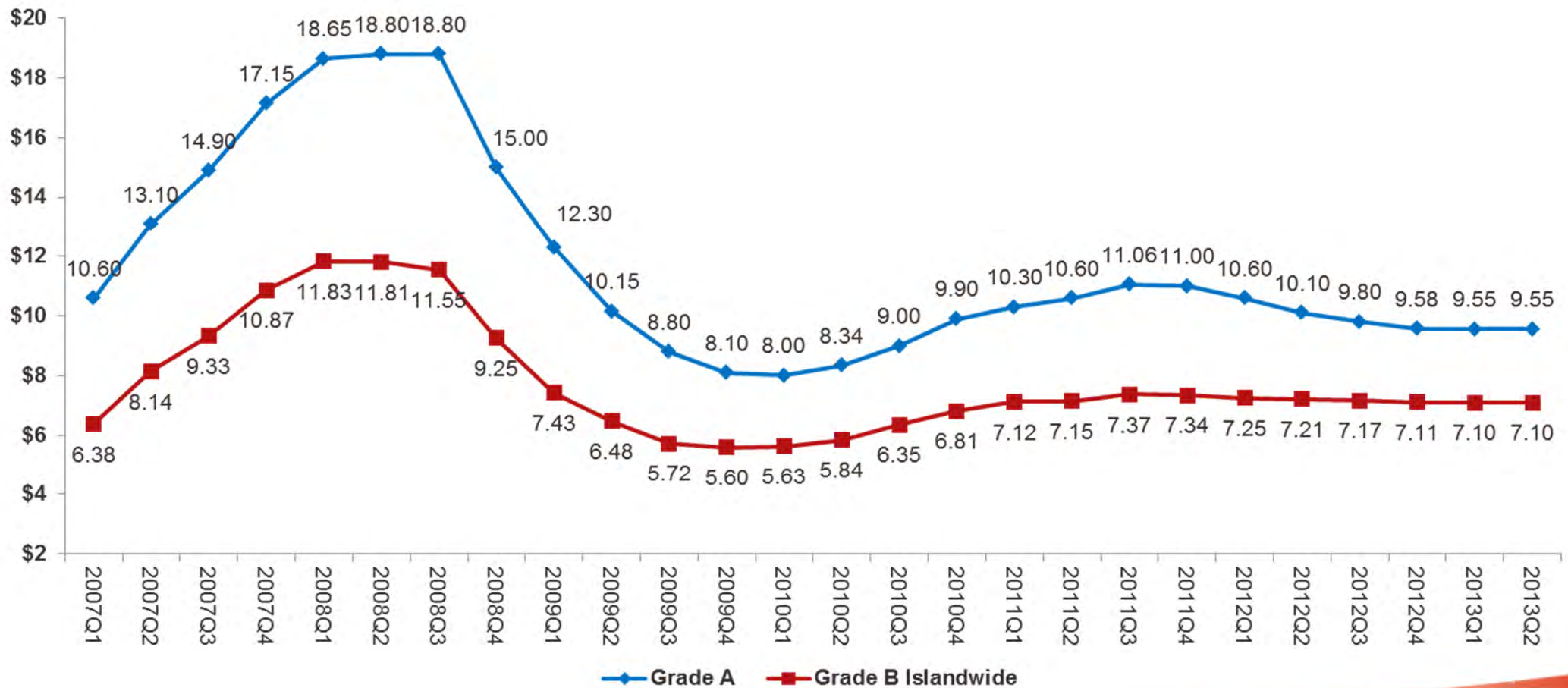
Moving forward

2. Solid fundamentals – positive market outlook

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Singapore office rents trend – Rents have stabilised and poised to grow

Singapore Grade A and Grade B office rents¹

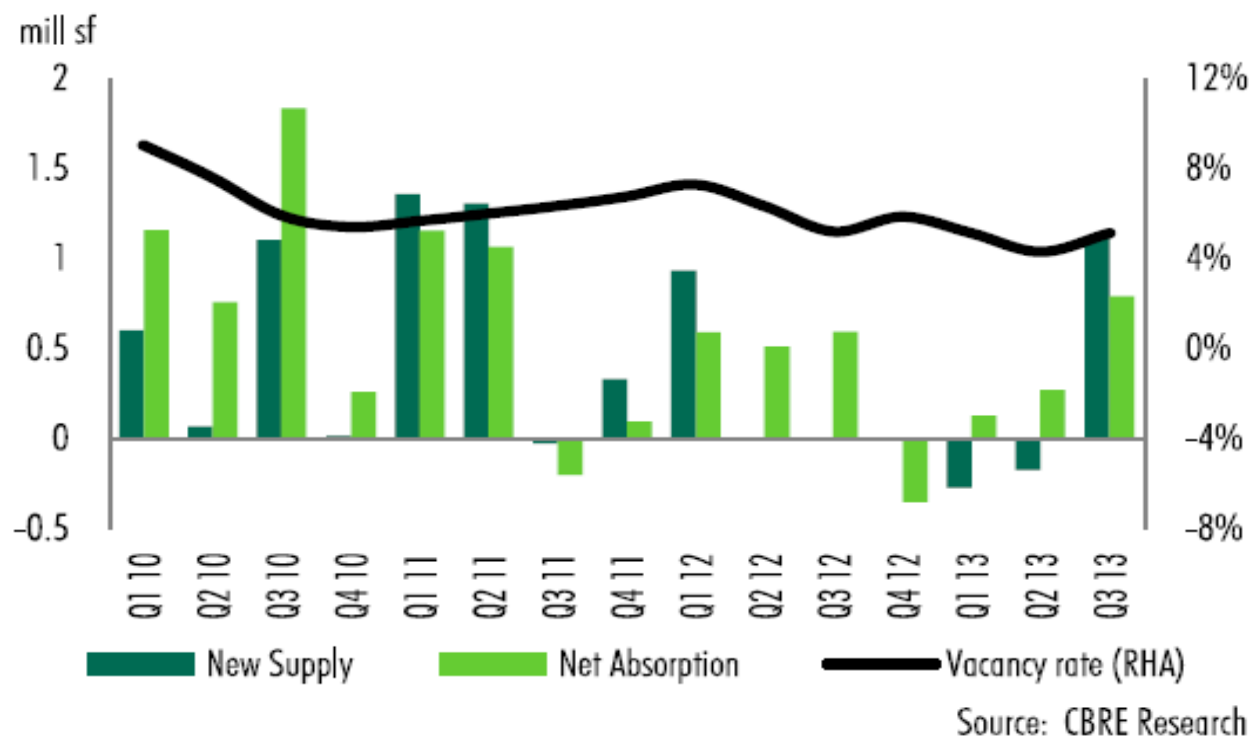


¹ Source: CBRE Research

2. Solid fundamentals – demand, supply and outlook

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Office supply-demand dynamics¹



- Island-wide net absorption was 786,959 sf in Q3 2013
- Overall island-wide office vacancy rate increased slightly q-o-q from 4.3% to 5.1%, but still lower than the 10-year average vacancy rate of 7.2%
- Over the next 12 to 18 months the volume of future new office supply appears manageable
- Demand is expected to remain steady across active sectors including professional services, energy and commodities, insurance and IT

Office Vacancy Rates			
	Q3 2013	q-o-q	y-o-y
Island Wide	5.1%	84 bps	-7 bps
Core CBD	6.5%	156 bps	-35 bps

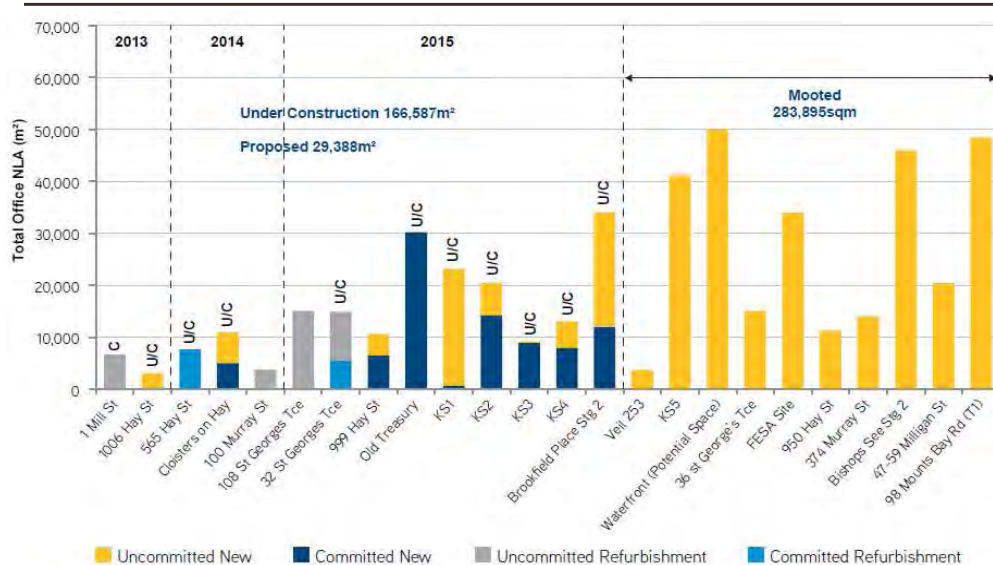
¹ CBRE, Singapore Market View, Q3 2013

2. Solid fundamentals – positive market outlook

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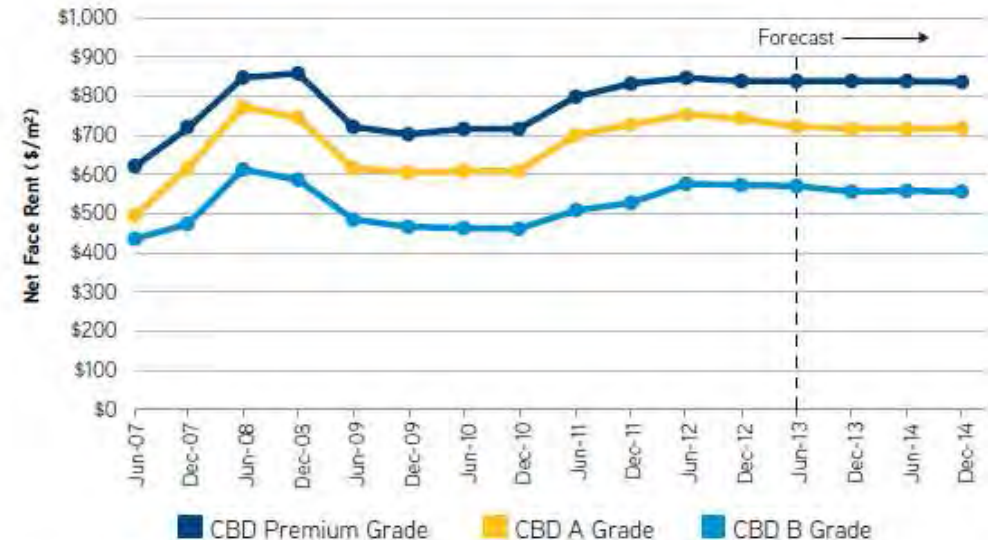
Premium Grade Perth office market remains resilient

Perth CBD supply¹



Source: Colliers International

Perth CBD average net face rents¹



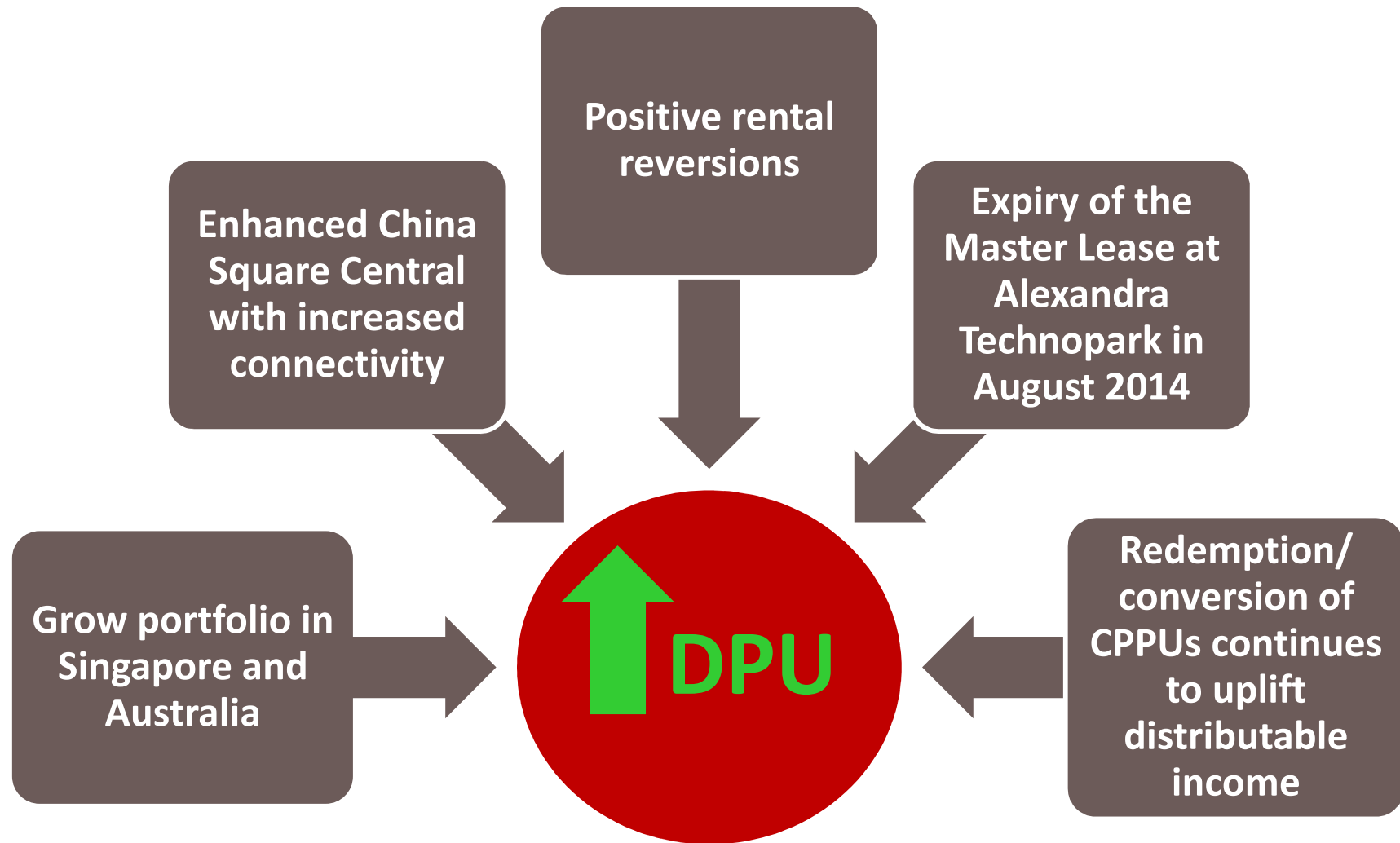
Source: Colliers International

Market conditions¹

- Perth CBD vacancy rate continues to be tight at 6.9%
- Property Council of Australia figures reflect a flight to quality, vacancy rates for Premium Grade buildings tightened to 2.7%
- Confidence levels in the property sector in Western Australia remain relatively robust even though peak in the mining boom and resource sector-related project investment in Australia has passed
- Perth is coming off a 12 month record high in net absorption and critically low vacancy and stock levels
- Premium net face rent is averaging approximately \$835 psm p.a.
- A durable, resource-related knowledge sector workforce will continue to underpin office demand over the long term

¹ Colliers International, Research and Forecast Report, Second Half 2013, Australia and New Zealand

Various initiatives in place to deliver growth in distributable income



Thank you

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