



Frasers Commercial Trust 1QFY11 Financial Results

26 January 2011

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→ **Results**

→ **Portfolio review**

→ **Capital management**


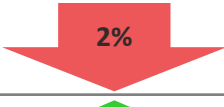

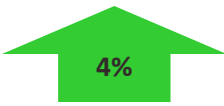
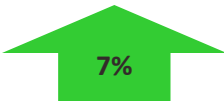
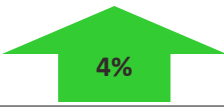
→ **Moving Forward**

Results

Key highlights:

- First quarter distributable income to Unitholders of S\$7.9m, ↑ 7% Y-o-Y
- Distribution to CPPU holders of S\$4.7m, represents 5.5% distribution yield on the offer price of S\$1.0
- Portfolio achieved average occupancy rate of 91.8%, up 1% from 90.8% in 4Q10
- Only 9.9% of portfolio gross rental income due for renewal for FY11
- Divestment of Cosmo Plaza would improve operating statistics of the Reit

1Q DPU up 4% Y-o-Y

1 Oct 2010 – 31 Dec 2010 (S\$ '000)	1Q FY11	Y-o-Y Change (%)	Contributing factors
Gross Revenue	28,981	 2%	<ul style="list-style-type: none"> Lower contribution from Cosmo Plaza due to expiry of a significant tenancy in early August 2010
Net Property Income	22,946	 2%	<ul style="list-style-type: none"> Decrease in Gross Revenue carried through to NPI line
Net Property Income (Ex-Cosmo)	23,177	 0%	<ul style="list-style-type: none"> Negative NPI contribution from Cosmo in 1QFY11
Total distributable income	12,644	 4%	<ul style="list-style-type: none"> Absence of loss from realisation of forward contract incurred in the prior year
- Unitholders	7,896	 7%	<ul style="list-style-type: none"> Attributable to increase in total distributable income
- CPPU holders	4,748	-	<ul style="list-style-type: none"> Full quarter distribution for CPPU holders
Distribution per CPPU Unit (Cents)	1.39	-	<ul style="list-style-type: none"> Full quarter distribution for CPPU holders
DPU (cents per Unit)	0.25	 4%	<ul style="list-style-type: none"> DPU increased Y-o-Y in line with distributable income

Portfolio review

1.0% increase in portfolio value

Asset	Date of valuation	Local currency Value (millions)	Translation as at 31 December 2010 (S\$ million) ¹	Variance from 30 September 2010	
				Total variance (S\$ million)	Total variance (%)
China Square Central	30 September 2010	S\$545.0	545.0	-	-
55 Market Street	30 September 2010	S\$119.7	119.7	-	-
KeyPoint	30 September 2010	S\$283.0	283.0	-	-
Alexandra Technopark	30 September 2010	S\$351.2	351.2	-	-
Central Park	30 September 2010	A\$288.2 ²	375.7	15.5	4.3%
Caroline Chisholm Centre	30 September 2010	A\$90.0 ²	117.3	4.5	4.0%
Azabu Aco	30 September 2010	¥1,430.0	22.4	-	-
Galleria Otemae	30 September 2010	¥4,745.4	74.2	-	-
Ebara Techno-Serve	30 September 2010	¥2,420.0	37.8	(0.1)	(0.3%)
Cosmo Plaza	30 September 2010	¥3,120.0	48.8	(0.1)	(0.2%)
Existing Properties			1,975.1	19.8	1.0%
AWPF investment	30 September 2010	A\$24.9	32.5	2.6	8.7%

■ Cosmo Plaza was divested on 18 January 2011

1 Translated at ¥63.94= S\$1.00 and A\$1.00 = S\$1.3038 being the prevailing spot rates at close of quarter accounts.

2 Represents FrasersComm's 50.0% indirect interest in the asset.

Singapore and Australia properties account for 93% excluding Cosmo Plaza

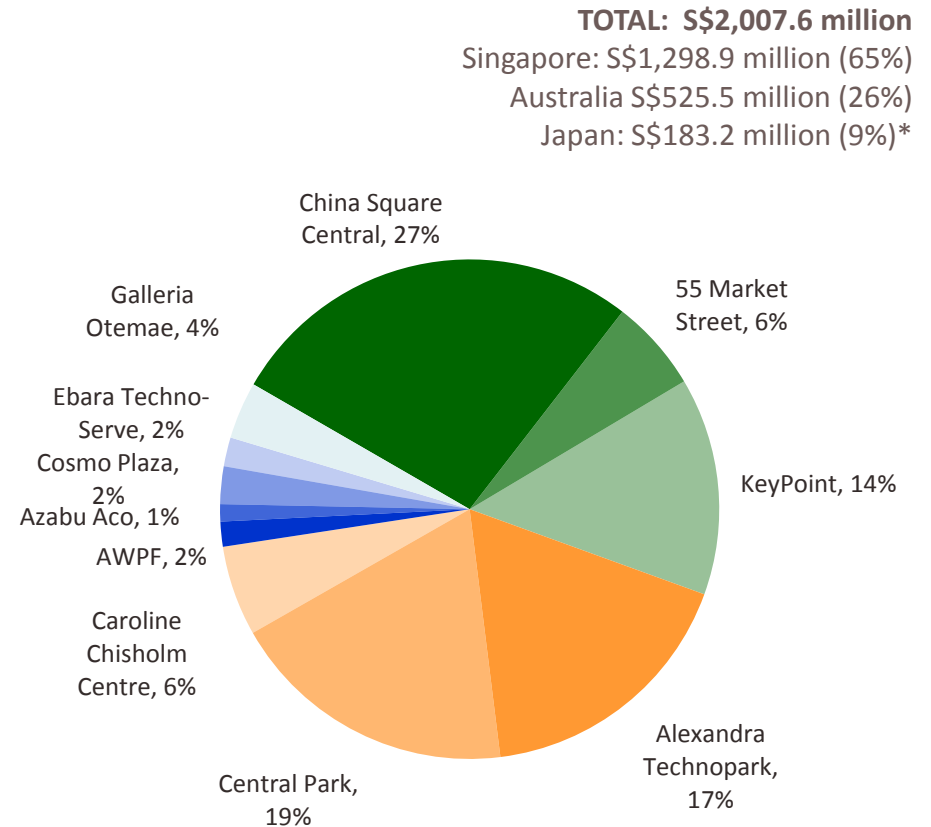
▪ **Singapore & Australia:**

- Accounts for 93% of portfolio value excluding Cosmo Plaza
- Australia properties recorded an increase in value of S\$22.6 million

▪ **Japan:**

- Properties values down by S\$0.2 million due to the slight weakening of the Japanese Yen
- Comprises only 7% of portfolio value excluding Cosmo Plaza

Asset values ¹



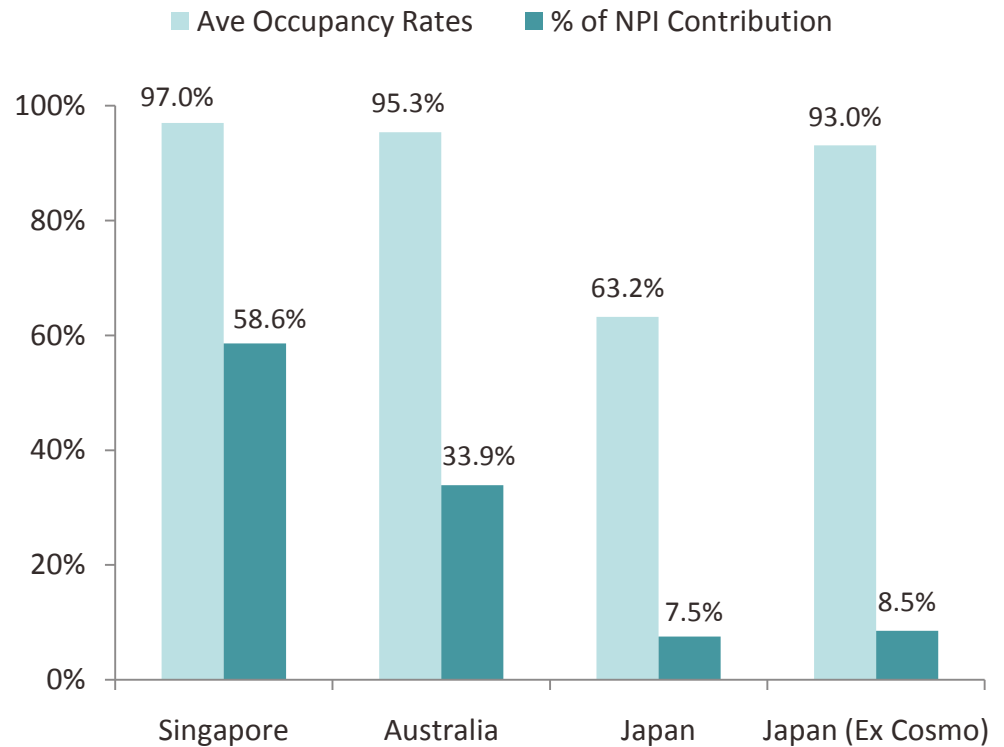
* Includes Cosmo Plaza which was divested on 18 January 2011

¹ Based on the valuation as at 31 December 2010 converted to Singapore dollars. See 1QFY11 Financial Statements for further information.

Portfolio occupancy rate >96% excluding Cosmo Plaza

Key portfolio statistics	As at 31 December 2010
WALE by gross rental income	4.0 years
Ave Occupancy	91.8%
Ave Occupancy (Ex Cosmo)	96.3%

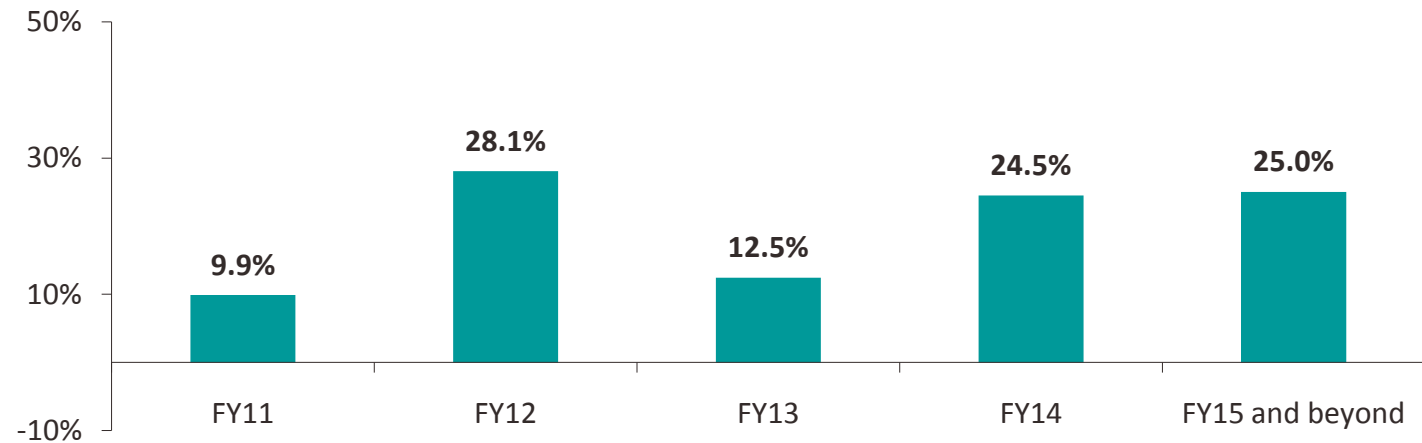
Geographical occupancy and % of NPI contribution



As at 31 December 2010. Excludes AWPf and retail turnover rent

Healthy lease expiry profile

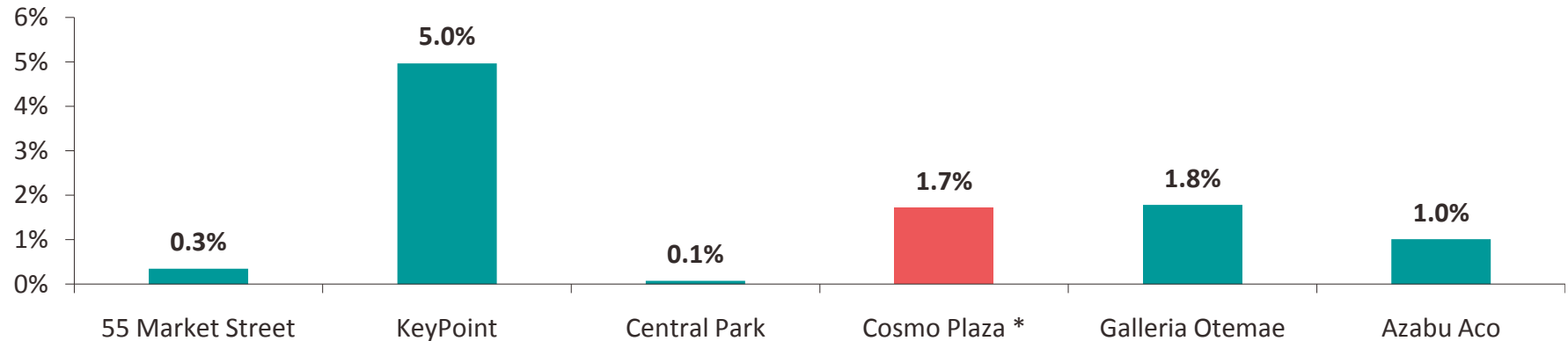
Portfolio lease expiry by gross rental income



Number of leases expiring	75	92	72	15	20
NLA (sq ft) expiring	179,306	567,110	205,990	1,142,987	447,267
Expiries as % total NLA	7.1%	22.3%	8.1%	45.0%	17.6%
Expiries as % total Gross Rental Income	9.9%	28.1%	12.5%	24.5%	25.0%

Only 8.2% of gross rental income is due for renewal for FY11 excluding Cosmo Plaza

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



Expiring leases in FY11

Number of leases expiring	1	51	1	4	16	2
Average passing rent	\$10.5	\$5.6	AUD \$643	¥7,486	¥10,572	¥18,119

* Cosmo Plaza was divested on 18 January 2011

As at 31 December 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

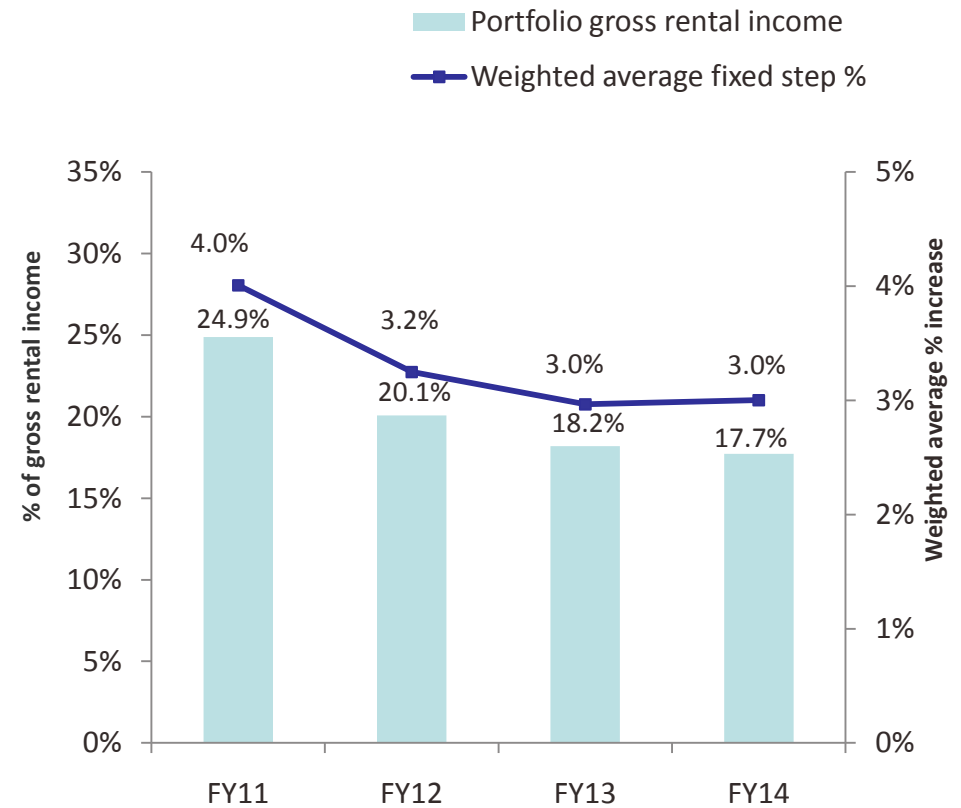
FY11 - Fixed % lease rent reviews

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	21.4%	5.2%
Central Park	4	CPI	9.5%	2.3%

FY11 - 14 - Portfolio fixed % reviews

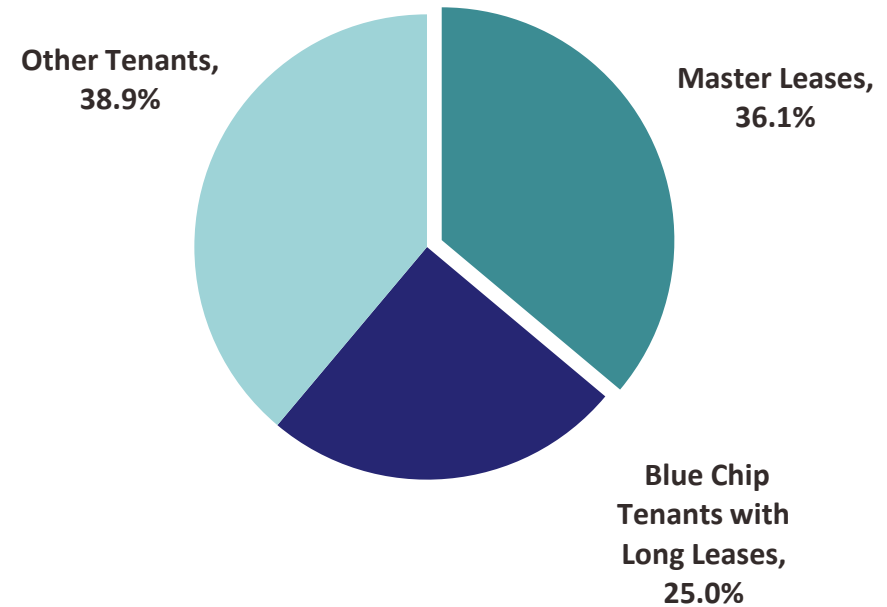


As at 31 December 2010. Excludes AWPf and retail turnover rent

Master lessees/ blue chip tenants with long leases contribute >61% of total gross rental income

Master Leases		
Tenant	Lease Expiry	% (Gross Rental Income)
Alexandra Technopark – Orrick Investments Pte Ltd	Aug 2014	20.1%
China Square Central – Unicorn Square Limited	Mar 2012	16.0%
Total		36.1%

Blue Chip Tenants with Long Leases		
Tenant	Lease Expiry	% (Gross Rental Income)
Commonwealth of Australia (Centrelink)	Jul 2025	9.9%
Hamersley Iron Pty Ltd	Jun 2018	5.3%
Ebara Corporation	May 2015	2.3%
BHP Billiton Petroleum Pty Ltd	Nov 2015	2.0%
Dabserv Pty Ltd (Mallesons Stephen Jaques)	Jun 2014	1.8%
DLA Phillips Fox	Jun 2020	1.4%
Government Employees Superannuation Board (WA)	May 2017	1.2%
Plan B Administration Pty Ltd	April 2019	1.1%
Total		25.0%



Master Lessees
 +
Blue Chip Tenants with Long Leases
 =
 61.1% portfolio income secured

Cosmo Plaza – Successful divestment

▪ Divestment details:

- Completed on 18 January 2011
- Total consideration of JPY4 (less than S\$1) for shares in TMK which holds Cosmo Plaza and includes bond of JPY3.8 billion
- Gain on disposal of approximately JPY468.7 million (S\$7.28 million)¹

▪ Positive impact for FCOT:

- Assuming the divestment had been completed on 31 December 2010
 - Improve operating statistics of the Reit

Positive impact for FCOT



✓ NPI



✓ Portfolio occupancy rate to above 96%



✓ Interest Cover Ratio

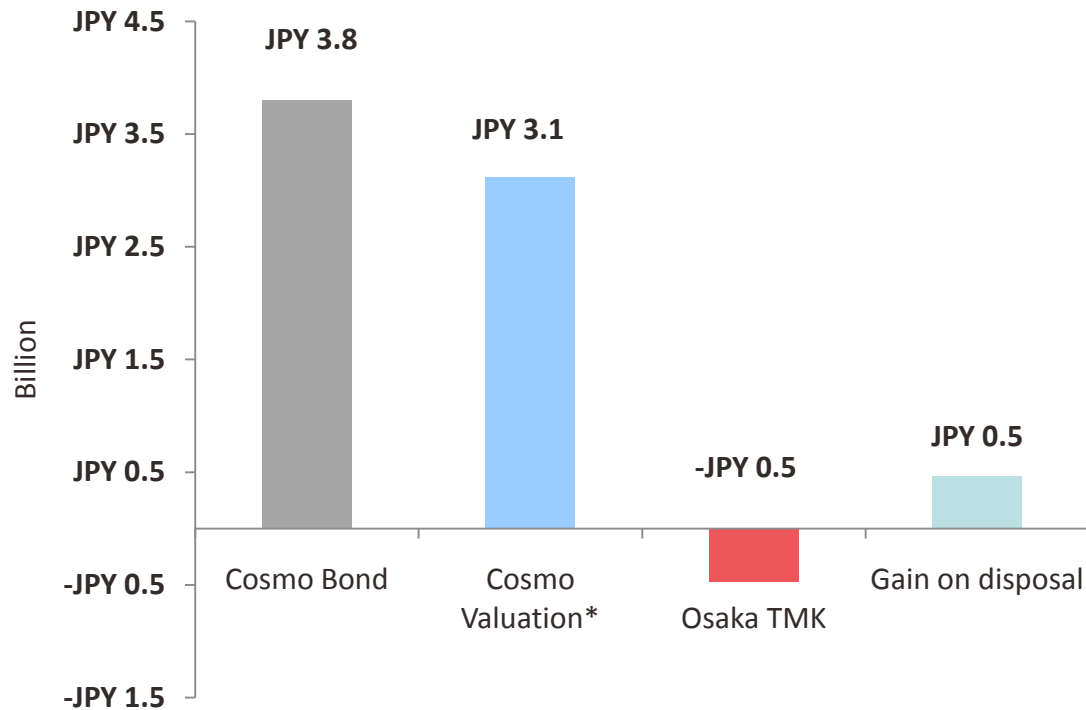


✓ Gearing by 1.8% to 38%

¹ Based on the exchange rate of ¥64.36 = S\$1.00 as at 18 January 2011

Cosmo Plaza – Successful divestment

Divestment details



Sale implies a price above valuation resulting in a gain of JPY468.7 million (S\$7.28 million)¹

*As at 30 September 2010

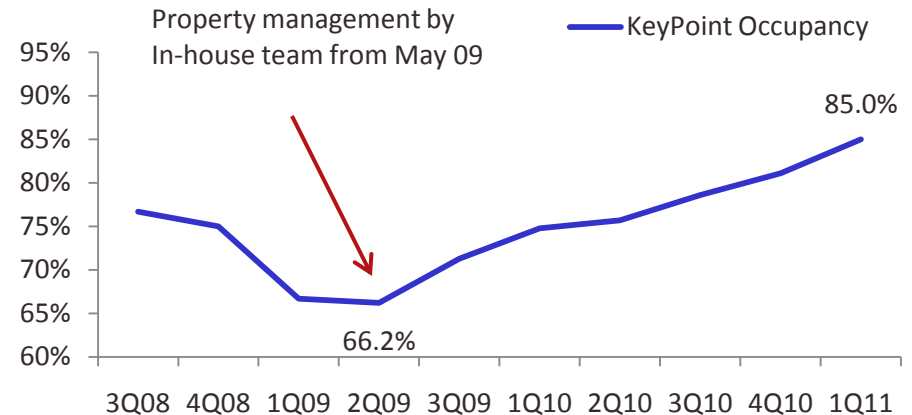
¹ Based on the exchange rate of ¥64.36 = S\$1.00 as at 18 January 2011

KeyPoint – Strong growth momentum

▪ Tenancy activity:

- 20 new leases and renewals have commenced in 1QFY11 with average rental range for office tenants from \$4.0 to \$4.8 psf pm
- Retail rental range from \$7.8 to \$14.0 psf pm
- Non-renewals of 1,134 sq ft were completely offset by new leases in 1QFY11 with net take up of 10,796 sq ft
- Occupancy has increased 3.9% to 85.0% in December from 81.1% in September
- Committed occupancy is 86.9%

KeyPoint occupancy rate



KeyPoint Leases	Number	NLA	Average rental range S\$ psf pm
New leases (commenced 1QFY11)	8	11,930	4.0 – 7.8
Renewals	12	9,406	4.0 – 14.0
Total	20	21,336	4.0 – 14.0

China Square Central – Rise in committed occupancy

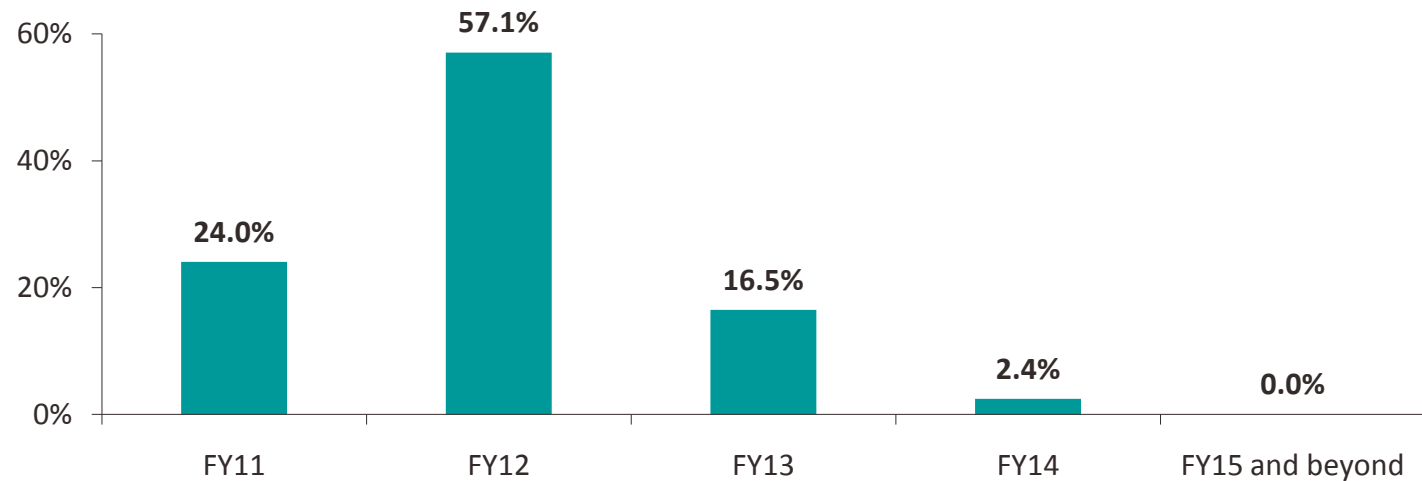
- **Healthy committed occupancy rate:**
 - Committed occupancy has increased to 93.7% in December from 93.1% in September

Committed occupancy rate	As at 30 September 2010	As at 31 December 2010
Office	96.4%	96.4%
Retail	84.1%	86.5%
Total	93.1%	93.7%



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

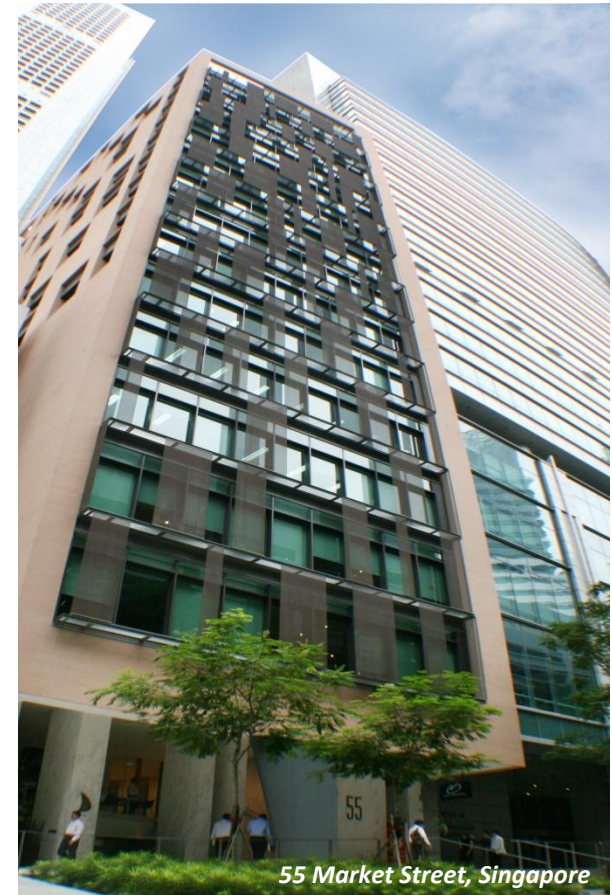
Lease expiry by gross rental income



	FY11	FY12	FY13	FY14	FY15 and beyond
Number of leases expiring	26	55	28	5	0
NLA (sq ft) expiring	90,034	189,650	53,622	9,429	0
Expiries as % total Gross Rental Income	24.0%	57.1%	16.5%	2.4%	0.0%
Average passing rent	\$5.4	\$6.0	\$6.2	\$5.2	\$0.0

55 Market Street – Above 95% committed occupancy

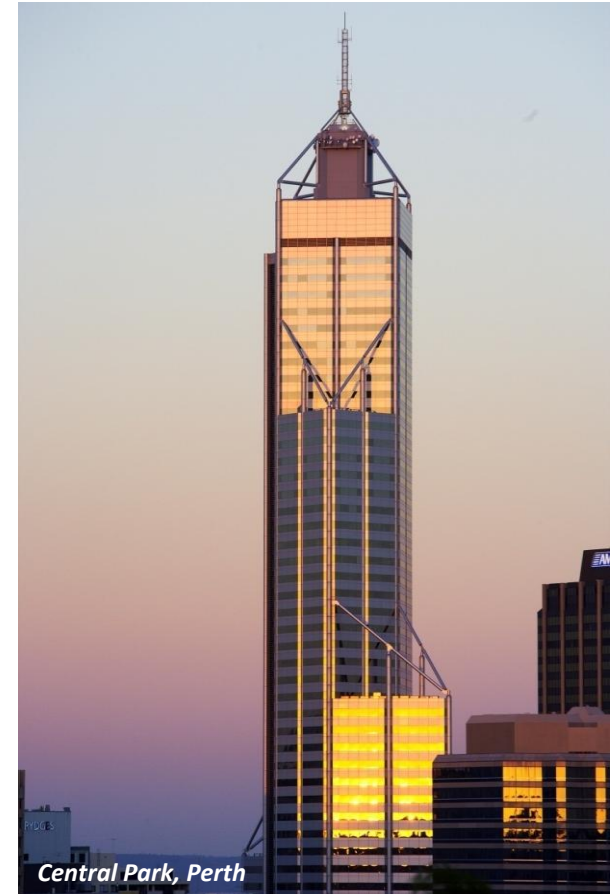
- Tenancy activity:
 - Occupancy has increased 6.5% to 89.6% in December from 83.1% in September
 - In the quarter, two committed office leases were signed for 3 years at \$6.0 psf pm and \$6.5 psf pm respectively
 - They account for 6.2% of 55 Market Street NLA
 - Committed occupancy is 95.8%



55 Market Street, Singapore

Central Park – 100% committed occupancy

- **Tenancy activity:**
 - Existing tenant BHP Billiton leased space at A\$750 psm pa
 - Secured two new office leases and they account for 7.5% of Central Park NLA
 - 100% committed occupancy with long WALE by gross rental income of 4.7 years



Capital management

Gearing reduce by 1.8% with sale of Cosmo Plaza

Statistics before sale of Cosmo Plaza

	As at 31 December 2010
Total Assets (S\$'000)	2,095,981
Gross Borrowings (S\$'000)	834,637
Units on Issue and Issuable	3,120,815,000
NAV per Unit (ex-DPU) (S\$)	0.27
NAV per Unit (assuming all CPPUs are converted into Units) ¹ (S\$)	0.26
Gearing ²	39.8%
Interest coverage ratio (times) ³	2.50
Average borrowing rate ⁴	4.1%

Statistics after sale of Cosmo Plaza

	As at 31 December 2010
Total Assets (S\$'000)	2,040,932
Gross Borrowings (S\$'000)	775,166
Units on Issue and Issuable	3,120,815,000
NAV per Unit (ex-DPU) (S\$)	0.27
NAV per Unit (assuming all CPPUs are converted into Units) ¹ (S\$)	0.26
Gearing ²	38.0%
Interest coverage ratio (times) ³	2.59
Average borrowing rate ⁴	4.3%

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

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 2010. See accompanying 1Q FY11 Financial Statements announcement for more details.

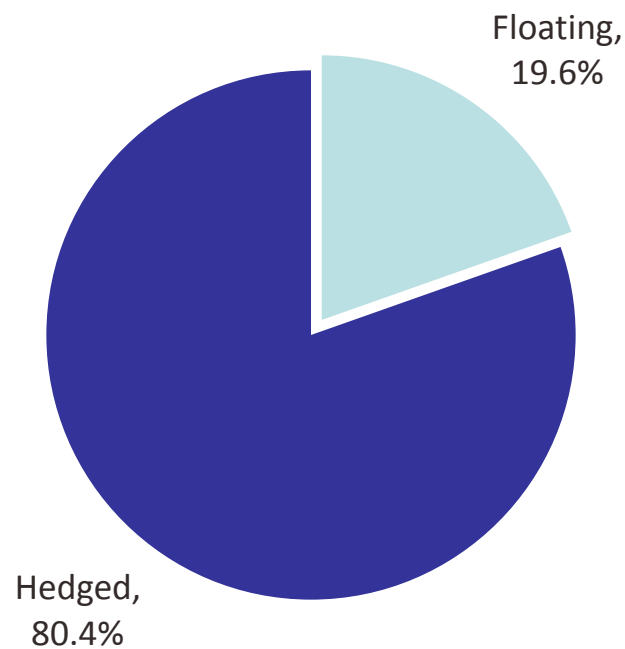
4 For quarter ended 31 December 2010

Hedged more than 80% of Gross Borrowings

Hedging debt

As a % of:	As at 31 December 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

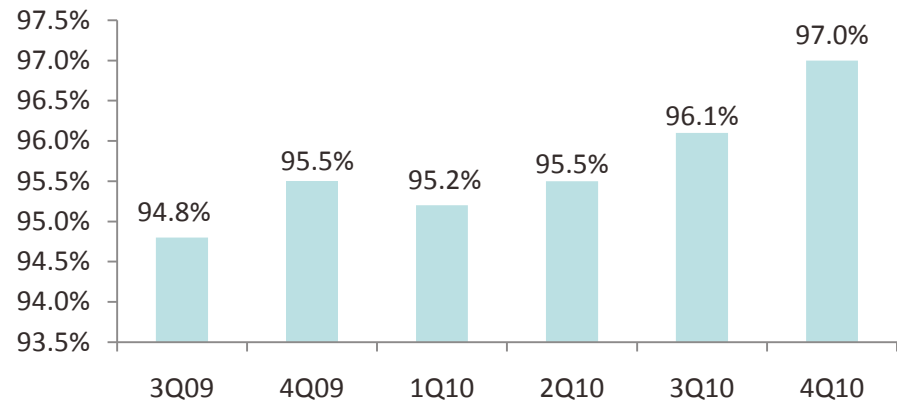
Market conditions ¹

- Office rents strengthen off the back of the economic rebound in 2H 2010
- Grade A rents averaged \$9.90 psf pm, reflecting an increase of 10.0% q-o-q and 22.2% y-o-y. The current rent level is still 47.3% below the peak of \$18.80 psf pm in Q3 2008
- Grade A vacancy rate dipped to 2.7% in Q4 2010 from 2.8% in Q3 2010 and a notable turnaround from 6.2% in Q4 2009

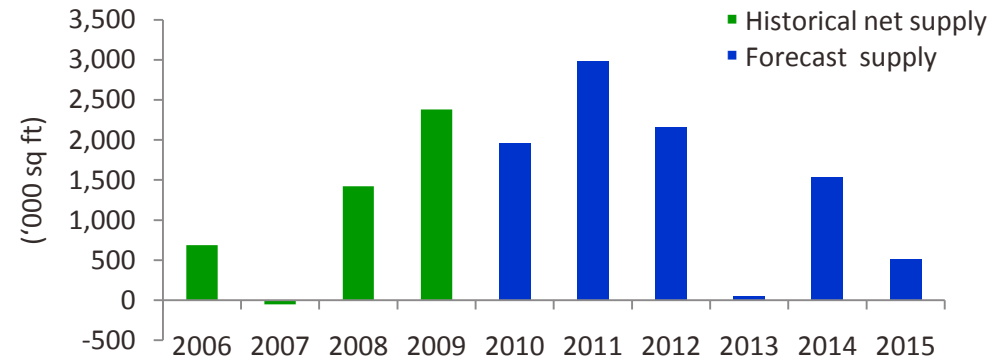
Supply ²

- An estimated 8.2 million sq ft of office space is expected to be available between 2011 and 2015
- Rents are expected to grow at a slower rate due to the substantial amount of new space available in 2011, net supply of 2.2 million sq ft

FCOT's Singapore properties average occupancy



Singapore office new supply ³



¹ CB Richard Ellis, "MarketView Singapore", 4Q2010

² DTZ Research, Property Times Singapore, "Strong economy provides continued boost", 4Q2010

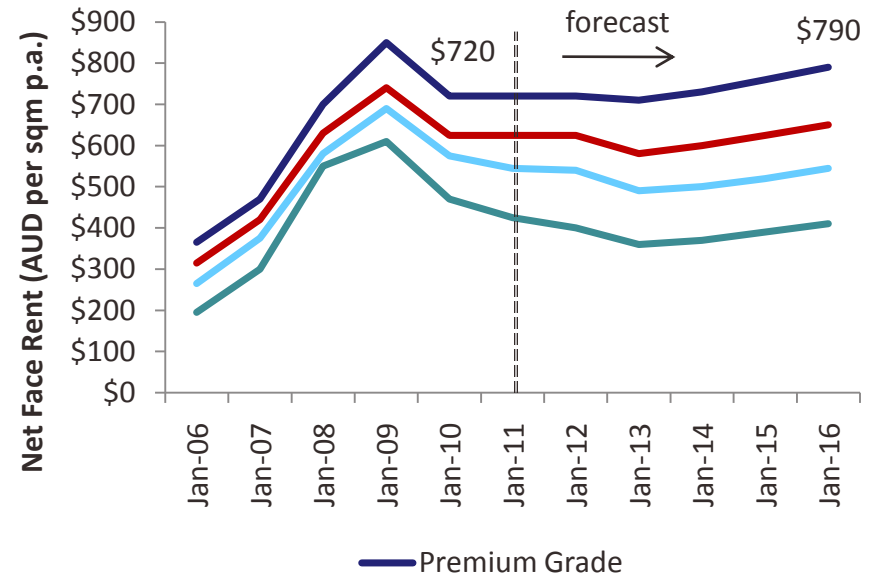
³ Source: URA; CBRE Research

Prime grade vacancy tightened in Perth's CBD office market

▪ Market conditions ¹

- Prime grade vacancy tightened to 5.5% in Q3 2010 after peaking at 8.0% a year earlier
- Tenant demand has recovered earlier than expected. Upgraded the net absorption forecasts for the 2010 to 2012 timeframe by 100,000 sqm
- Tenant options for prime grade contiguous space will be tightening in 2011 to 2013. If demand continues to surprise on the upside, a number of these options may be absorbed by sitting tenants and not actively promoted to the market
- Despite the high levels of demand, new supply will be limited by the high costs of construction and the disparity between market and economic rents

Perth CBD average net face rents ²

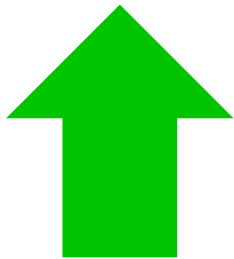


¹ Jones Lang LaSalle, "Pulse – How tight is tight – Perth", December 2010

² CB Richard Ellis Perth Office Market Overview, September 2010

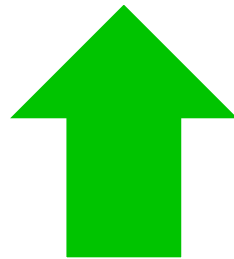
Growth Drivers

Distributable Income



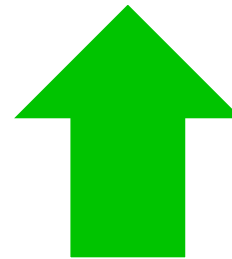
**Healthy Committed
Occupancy Boost
NPI**

Central Park – 100.0%
55 Market Street – 95.8%
KeyPoint – 86.9%



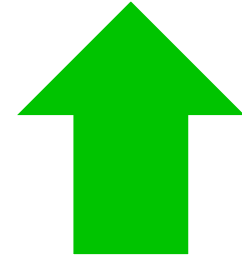
Organic Growth

Step – up Rents
-Singapore
- Australia



Potential Savings

Capitalise on prevailing
low interest rate
environment



Acquisitions

Additional headroom
created as a result of
Cosmo divestment

Thank you

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