

FCOT declares stable DPU of 2.40 cents for 3QFY18

- ◆ Divestment of 55 Market Street at 45% premium to valuation unlocks significant value and creates headroom for future growth initiatives
- ◆ New amenity hub at Alexandra Technopark received Temporary Occupancy Permit and will house a variety of food and beverage offerings and lifestyle amenities

SUMMARY OF FCOT'S 3QFY18 RESULTS

	1/4/18 – 30/6/18 (3Q FY18)	1/3/18 - 31/3/18 (2Q FY18)	Change (%)	1/4/17 - 30/6/17 (3Q FY17)	Change (%)
Gross Revenue (S\$'000)	32,494	33,014	(1.6)	38,326	(15.2)
Net Property Income (S\$'000)	20,371	22,432	(9.2)	27,876	(26.9)
Distribution to Unitholders (S\$'000)	21,248	20,601	3.1	19,242	10.4
Distribution Per Unit	2.40¢ ⁽¹⁾	2.40¢ ⁽²⁾	-	2.40¢ ⁽³⁾	-

(1) The number of Units used to compute DPU was 885.4 million.

(2) 2QFY18 DPU comprised:

- advanced distribution of 0.800 cents for the period from 1 January 2018 to 31 January 2018 which was paid out in cash on 12 March 2018 (computed based on 810.7 million Units); and
- distribution of 1.600 cents for the period from 1 February 2018 to 31 March 2018 (computed based on 882.2 million Units).

(3) The number of Units used to compute DPU was 802.4 million.

SINGAPORE, 25 JULY 2018

Fraser's Commercial Asset Management Ltd. ("**FCOAM**" or the "**Manager**"), the manager of Fraser's Commercial Trust ("**FCOT**", SGX:Fraser's Com Tr), wishes to announce a distribution to Unitholders of S\$21.2 million¹ for the financial quarter ended 30 June 2018 ("**3QFY18**"). Distribution per Unit ("**DPU**") of 2.40 cents for 3QFY18 was stable compared with the preceding quarter and also 3QFY17.

The distribution to Unitholders of \$21.2 million for 3QFY18 was higher than the \$20.6 million in 2QFY18 and \$19.2 million in 3QFY17.

The DPU of 2.40 cents per Unit for 3QFY18 will be paid out on 29 August 2018, with the distribution books closure date scheduled for 2 August 2018¹. The Manager will be applying the distribution reinvestment plan ("**DRP**") for the distribution for 3QFY18. The DRP provides Unitholders with the option to receive their distributions declared either in the form of Units or cash, or a combination of both.

¹ Refer to 3QFY18 Financial Statements for more details.

PORTFOLIO PERFORMANCE

Gross revenue of S\$32.5 million for 3QFY18 was marginally lower than the S\$33.0 million in 2QFY18, mainly due to lower occupancy rate for Alexandra Technopark and the effects of the average weaker Australian dollar, offset partially by the higher occupancy rate and average rents achieved for China Square Central. Net property income (“NPI”) for 3QFY18 was 9.2% lower quarter-on-quarter due to the reasons mentioned coupled with higher maintenance expense for Caroline Chisholm Centre².

On a year-on-year basis, 3QFY18 gross revenue was 15.2% lower mainly due to lower occupancy rates for the Singapore properties, Central Park and 357 Collins Street and the effects of the average weaker Australian dollar. 3QFY18 NPI was 26.9% lower year-on-year mainly due to the reasons mentioned as well as higher repair and maintenance expense for Caroline Chisholm Centre².

The 2QFY18 and 3QFY18 gross revenue and NPI figures above are before contributions from FCOT’s 50% indirect interest in Farnborough Business Park (“FBP”), the United Kingdom, which is held as a joint venture and equity-accounted. Gross revenue³ and NPI³ for FBP for 3QFY18 were S\$3.7 million (2QFY18: S\$2.3 million) and S\$2.7 million (2QFY18: S\$2.1 million), respectively.

As at 30 June 2018, the portfolio average committed occupancy rate was 81.9%⁴. The committed occupancy rates for the Singapore portfolio, the Australia portfolio and FBP were 72.2%⁵, 90.1% and 98.1%⁶, respectively.

RESHAPING AND STRENGTHENING THE PORTFOLIO FOR LONG-TERM GROWTH

In line with the Manager’s proactive portfolio and capital management strategy to deliver long-term growth, FCOT has entered into a property sale agreement on 10 July 2018 to divest 55 Market Street to an unrelated third party for a sale consideration of S\$216.8 million. The transaction is expected to complete by 31 August 2018.

The sale consideration of S\$216.8 million, equivalent to S\$3,020 per square foot based on the building’s net lettable area⁷, was arrived at through a marketing process conducted by an appointed property consultant. The sale consideration represents a 44.5% premium above the property’s valuation of S\$150.0 million as at 1 July 2018 and almost three times the original purchase price of S\$72.5 million in 2006. FCOT is expected to recognise an estimated net gain of approximately S\$76.5 million⁸ over the property’s book value of S\$139.0 million as at 30 September 2017. The sale consideration implies an annualised net property income yield of 1.6% based on the net property income of 55 Market Street for 3QFY18.

Assuming all net divestment proceeds are used to repay existing debt, FCOT’s aggregate leverage as at 30 September 2017 would reduce from 34.7% to 26.5%⁹ on a pro-forma basis. In addition, the divestment would

² Progress payment amounting to S\$1.7 million (2QFY18: S\$0.1 million; 3QFY17: Nil) for re-flooring works of a periodic frequency. The re-flooring works are expected to complete by end-FY18.

³ Figures include reimbursements of lease incentives and rent guarantee for certain unlet units, among others, by the vendor in accordance with the terms of the acquisition (refer to announcement dated 14 December 2017 for details).

⁴ Adjusted for, among other things, space committed by an entity of Rio Tinto Limited on a new 12-year lease commencing in FY18 and space that Rio Tinto Limited will be returning by end-FY18 as part of its partial relocation to new premises under the new lease. In addition, the total net lettable area (“NLA”) of the portfolio used in the computation of occupancy rate has excluded 18 Cross Street retail podium (NLA c. 64,000 sf) which is currently closed for asset enhancement.

⁵ Mainly affected by lease expiration for Hewlett-Packard Enterprise Singapore Pte Ltd and phased reduction in lease area by Hewlett-Packard Singapore Pte Ltd at Alexandra Technopark (refer to the announcements dated 22 September 2017 and 3 November 2017 for details).

⁶ After adjusting for leases for which the tenants have exercised their rights to break.

⁷ As at 31 March 2018.

⁸ Net of estimated transaction expenses and fees of S\$1.3 million.

⁹ Refer to the announcement dated 10 July 2018 for details.

have been accretive to FCOT's distribution per unit on a pro-forma basis for the financial year ended 30 September 2017, based on the same assumptions⁹.

Mr Jack Lam, Chief Executive Officer of the Manager said, "55 Market Street is the smallest of our assets and is non-core. Monetizing the asset at a gain of close to S\$67 million above valuation and almost tripling the initial purchase price unlocks significant value. It also creates opportunities for us to recycle capital to higher-yielding investments and other initiatives as we continue to reshape and strengthen the portfolio for long-term growth."

GROWTH THROUGH ASSET ENHANCEMENT INITIATIVES

Enhancing and rejuvenating property assets provide another important source of long-term growth, and the Manager proactively plans and executes asset enhancement initiatives when opportunities arise.

At Alexandra Technopark ("**ATP**"), a S\$45 million asset enhancement initiative ("**ATP AEI**") is on schedule to complete in the second half of 2018. The ATP AEI aims to rejuvenate and transform the property into a vibrant, engaging and stimulating business campus with a view to enhancing its long-term market position and competitiveness. Tenants can look forward to a wide array of wellness, social and other amenities including food and beverage outlets, end-of-trip facilities and fitness facilities, among others.

One of the new additions as part of ATP's transformation is a new 13,200-square feet, 3-storey amenity hub which received its Temporary Occupation Permit in June 2018. Located in-between and seamlessly connecting the two existing business space blocks, the amenity hub will transform the tenant experience at ATP. The amenity hub will house a variety of food and beverage offerings (including a food court), services and many social and communal facilities like a landscaped roof garden, barbeque pits and a function room.

At China Square Central, a S\$38 million asset enhancement initiative to rejuvenate and reposition the retail podium at 18 Cross Street ("**CSC Retail AEI**") commenced in 1Q 2018 and is expected to complete in the second half of 2019. The CSC Retail AEI aims to create an exciting destination focusing on food and beverage, wellness and services. At the same time, the net lettable area of the retail podium is expected to increase from 64,000 sf to around 75,000 sf¹⁰, which will further boost the mall's market competitiveness and income-generating potential.

The retail podium is also expected to benefit from increased visitor numbers to China Square Central, particularly outside work hours and on weekends and public holidays, that can be envisaged with the opening of the new 304-room Capri by Fraser, China Square hotel¹¹ located adjacent to the retail podium. The hotel is currently scheduled to open by the first quarter of 2019. The completions of CSC Retail AEI and Capri by Fraser, China Square hotel are expected to bring about a major uplift to the vibrancy, attractiveness and market position of China Square Central as a whole.

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¹⁰ Based on provisional scheme and may be subject to change.

¹¹ Refer to Circular to Unitholders dated 3 June 2015 for details.

About Frasers Commercial Trust

Frasers Commercial Trust (FCOT) is a commercial real estate investment trust (REIT) focused on growing shareholder value for its unitholders through active asset management, sound financial management and strategic investments. FCOT is sponsored by Frasers Property Limited (Frasers Property).

FCOT invests primarily in quality income-producing commercial properties. As at 30 June 2018, its portfolio includes seven quality commercial buildings located in Singapore, Australia and the United Kingdom, representing a combined appraised value of approximately S\$2.2 billion.

For more information on FCOT, please visit www.fraserscommercialtrust.com

About Frasers Property Limited

Frasers Property Limited ("Frasers Property" or the "Company"), is a multi-national company that owns, develops and manages a diverse, integrated portfolio of properties. Listed on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") and headquartered in Singapore, the Company is organised around five asset classes with total assets of S\$30 billion as at 31 March 2018.

Frasers Property's assets range from residential, retail, commercial and business parks, to logistics and industrial in Singapore, Australia, Europe, China and Southeast Asia. Its well-established hospitality business owns and / or operates serviced apartments and hotels in over 80 cities across Asia, Australia, Europe, the Middle East and Africa. The Company is unified by its commitment to deliver enriching and memorable experiences for customers and stakeholders, leveraging knowledge and capabilities from across markets and property sectors, to deliver value in its multiple asset classes.

Frasers Property is also the sponsor of three real estate investment trusts and one stapled trust listed on the SGX-ST. Frasers Centrepoint Trust, Frasers Commercial Trust, and Frasers Logistics & Industrial Trust are focused on retail properties, office and business space properties and business parks, logistics and industrial properties respectively. Frasers Hospitality Trust (comprising Frasers Hospitality Real Estate Investment Trust and Frasers Hospitality Business Trust) is a stapled trust focused on hospitality properties.

For more information on Frasers Property, please visit www.frasersproperty.com

Important notice

This announcement may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from similar developments, shifts in expected levels of property rental income, changes in operating expenses, (including employee wages, benefits and training costs), property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business.

Investors are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view on future events.

The value of 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 SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This publication is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for the Units. The past performance of FCOT and the Manager is not necessarily indicative of the future performance of FCOT and the Manager.

PRESS RELEASE



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