

## FCOT declares stable DPU of 2.40 cents for 4QFY18, contributing to full-year DPU of 9.60 cents

- ◆ Completed divestment of 55 Market Street on 31 August 2018 and recognised an estimated net gain of approximately S\$75.7 million<sup>1</sup>
- ◆ Gearing significantly reduced to 28.3% following repayment of debt with divestment proceeds of 55 Market Street
- ◆ Low gearing level provides substantial headroom for future growth initiatives

### SUMMARY OF FCOT'S 4QFY18 AND FY18 RESULTS

	1/7/18 – 30/9/18 (4Q FY18)	1/4/18 – 30/6/18 (3Q FY18)	Q-o-Q Change (%)	1/7/17 – 30/9/17 (4Q FY17)	Y-o-Y Change (%)	1/10/17 – 30/9/18 (FY18)	1/10/16 – 30/9/17 (FY17)	Y-o-Y Change (%)
Gross Revenue (S\$'000)	32,477	32,494	-	38,306	(15.2)	133,306	156,551	(14.8)
Net Property Income (S\$'000)	21,611	20,371	6.1	26,735	(19.2)	89,272	113,843	(21.6)
Distribution to Unitholders (S\$'000)	21,421	21,248	0.8	19,397	10.4	82,726	78,600	5.2
Distribution Per Unit	2.40¢ <sup>(1)</sup>	2.40¢ <sup>(2)</sup>	-	2.41¢ <sup>(3)</sup>	(0.4)	9.60¢	9.82¢	(2.2)

(1) The number of Units used to compute DPU was 892.6 million.

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

(3) The number of Units used to compute DPU was 805.8 million.

### SINGAPORE, 19 OCTOBER 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\$21.4 million for the financial quarter ended 30 September 2018 ("**4QFY18**")<sup>2</sup>. This translates to Distribution per Unit ("**DPU**") of 2.40 cents, unchanged from the previous quarter.

Full-year distribution income accordingly aggregates to S\$82.7 million for the financial year ended 30 September 2018 ("**FY18**")<sup>2</sup>, 5.2% above that of the previous financial year ended 30 September 2017 ("**FY17**"). Full-year DPU of 9.60 cents for FY18 is 2.2% lower in comparison with FY17 due to the higher Unit base in FY18<sup>3</sup>.

The DPU of 2.40 cents per Unit for 4QFY18 will be paid out on 29 November 2018, with the distribution books closure date scheduled for 30 October 2018<sup>2</sup>. The Manager will be applying the distribution

<sup>1</sup> Based on the property's net book value of S\$139.9 million and net of transaction expenses and fees.

<sup>2</sup> Refer to 4QFY18 Financial Statements for more details.

<sup>3</sup> Inclusive of 67,567,000 new Units issued pursuant to the private placement which was completed on 1 February 2018 to part finance the acquisition of 50.0% interest in Farnborough Business Park. Refer to the announcement dated 1 February 2018 for details.

reinvestment plan (“DRP”) for the 4QFY18 distribution. 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.

## PORTFOLIO PERFORMANCE

FY18 portfolio gross revenue of S\$133.3 million was 14.8% lower year-on-year, mainly due to lower occupancy rates for the Singapore properties, Central Park and 357 Collins Street, divestment of 55 Market Street on 31 August 2018, absence of a one-off payment in relation to a lease termination in Central Park in FY17 and effects of the average weaker Australia dollar compared with FY17. FY18 portfolio net property income (“NPI”) of S\$89.3 million was 21.6% lower year-on-year mainly due to the lower gross revenue for the portfolio and higher maintenance expense for Caroline Chisholm Centre<sup>4</sup>.

4QFY18 portfolio gross revenue was S\$32.5 million, in-line with that of 3QFY18. NPI of S\$21.6 million for 4QFY18 was 6.1% higher than 3QFY18, mainly due to lower utilities expense for Alexandra Technopark and lower repair and maintenance expense for Caroline Chisholm Centre<sup>5</sup>.

The NPI figures above are before contributions from the 50.0% indirect interest in Farnborough Business Park (“FBP”) in the United Kingdom (“UK”), which is held as a joint venture and equity-accounted. The 50.0% interest in FBP was acquired on 29 January 2018 and the attributable NPI<sup>6</sup> were S\$7.1 million and S\$2.2 million for FY18 and 4QFY18, respectively.

As at 30 September 2018, the portfolio average committed occupancy rate rose to 83.4%<sup>7</sup> from 81.9%<sup>9</sup> as at 30 June 2018. The 30 September 2018 occupancy rates for the Singapore portfolio, the Australia portfolio and FBP were 75.7%<sup>8</sup>, 89.0% and 98.1%<sup>9</sup>, respectively.

## PORTFOLIO VALUE INCREASED 3.0% TO S\$2.1 BILLION

Portfolio value increased to S\$2.1 billion<sup>10</sup> based on independent valuations as at 30 September 2018, up 3.0% compared to a year ago.

The two Singapore properties saw an average valuation increase of 6.3% year-on-year, while the three Australia properties reported an average valuation increase of 4.6% in Australia Dollar and a 2.5% decrease when translated to Singapore Dollar due to the weaker Australia Dollar compared to a year ago.

The portfolio continues to be well-diversified with Singapore, Australia and UK properties constituting 54%, 39% and 7% of portfolio value, respectively, and no single asset accounting for more than 28% of portfolio value.

## RESHAPING AND STRENGTHENING THE PORTFOLIO FOR LONG-TERM GROWTH

The divestment of 55 Market Street to an unrelated third party for a sale consideration of S\$216.8 million was completed on 31 August 2018. The sale consideration was almost three times the original purchase

<sup>4</sup> Progress payments amounting to S\$1.9 million in FY18 (FY17: S\$0.9 million) for re-flooring works. The re-flooring works were completed in 4QFY18.

<sup>5</sup> Progress payment amounting to S\$0.1 million in 4QFY18 (3QFY18: S\$1.7 million) for re-flooring works. The re-flooring works were completed in 4QFY18.

<sup>6</sup> 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).

<sup>7</sup> 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.

<sup>8</sup> Committed occupancy. 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).

<sup>9</sup> After adjusting for leases for which the tenants have exercised their rights to break.

<sup>10</sup> Portfolio as at 30 September 2018 includes 50% interest in FBP acquired on 29 January 2018 and excludes 55 Market Street divested on 31 August 2018.

price of S\$72.5 million in 2006. Arising from the divestment, FCOT recognised an estimated net gain of approximately S\$75.7 million<sup>11</sup> over the property's book value of S\$139.9 million.

The proceeds from the divestment of 55 Market Street were utilised to repay S\$197 million of borrowings in September 2018, which significantly reduced aggregate leverage to 28.3% as at 30 September 2018, from 35.4% as at 30 June 2018.

Mr Jack Lam, Chief Executive Officer of the Manager said, "FY18 was a significant year as we executed several major initiatives to reshape and strengthen the portfolio for long-term growth. We expanded our investment mandate to Europe, and in January 2018 made an income-accretive investment in Farnborough Business Park. Following that, the divestment of 55 Market Street at a substantial gain unlocked significant value and helped to bring about higher financial flexibility to pursue future growth opportunities."

"Long-term growth will also come from enhancing our assets and on that note we are pleased that the revamp of Alexandra Technopark is nearing completion and has already garnered very encouraging feedback from tenants and other stakeholders. Likewise, we eagerly look forward to completing the rejuvenation of the retail podium at China Square Central in the later part of 2019," added Mr Lam.

### **GROWTH THROUGH ASSET ENHANCEMENT INITIATIVES**

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

At Alexandra Technopark, a S\$45 million asset enhancement initiative ("**ATP AEI**") to rejuvenate and transform the property into a vibrant, engaging and stimulating business campus that was announced in January 2017 is nearing completion. A new 13,200-square foot amenity hub, which provides seamless connectivity to the two business space blocks and houses a wide array of food and beverage, social and other amenities, is already in operation and has greatly improved tenants' and visitors' experience at the property.

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 78,000 sf<sup>12</sup>, which will add to its income-generating potential. The retail podium is also expected to benefit from increased visitor numbers to China Square Central that can be envisaged with the expected opening of the new 304-room Capri by Fraser, China Square hotel<sup>13</sup> in March 2019<sup>14</sup>.

In relation to China Square Central, another positive development is that in September 2018 the Urban Redevelopment Authority launched a Business Improvement District ("**BID**") programme for the China Place precinct in which China Square Central is part of. The BID programme looks to enhance place management and vibrancy of the precinct through business-led efforts aided by seed funding provided by the Government. The China Place BID will be synergistic with the on-going transformation of China Square Central and will further boost the long-term commercial potential of the development.

**END**

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<sup>11</sup> Net of transaction expenses and fees.

<sup>12</sup> Based on provisional scheme and may be subject to change.

<sup>13</sup> Refer to Circular to Unitholders dated 3 June 2015 for details.

<sup>14</sup> Refer to Frasers Property Limited's announcement dated 10 April 2018.

### **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 September 2018, its portfolio includes six quality commercial buildings located in Singapore, Australia and the United Kingdom, representing a combined appraised value of approximately S\$2.1 billion.

For more information on FCOT, please visit [www.fraserscommercialtrust.com](http://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 approximately S\$32 billion as at 30 June 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 to customers and stakeholders, leveraging on its 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, commercial, and 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](http://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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