

FCOT declares stable DPU of 2.40 cents for 1QFY19

- ◆ Alexandra Technopark's revamp to a contemporary business campus nearing full completion
- ◆ Repositioning and rejuvenation of the retail podium at China Square Central on track for completion in the second half of 2019
- ◆ Well-positioned to capture growth opportunities with healthy gearing of 28.4%

SUMMARY OF FCOT'S 1QFY19 RESULTS

	1/10/18 – 31/12/18 (1Q FY19)	1/7/18 – 30/9/18 (4Q FY18)	Q-o-Q Change (%)	1/10/17 - 31/12/17 (1Q FY18)	Y-o-Y Change (%)
Gross Revenue (S\$'000)	31,546	32,477	(2.9)	35,321	(10.7)
Net Property Income (S\$'000)	21,122	21,611	(2.3)	24,858	(15.0)
Distribution to Unitholders (S\$'000)	21,550	21,421	0.6	19,456	10.8
Distribution per Unit	2.40¢ ⁽¹⁾	2.40¢ ⁽²⁾	-	2.40¢ ⁽³⁾	-

(1) The number of Units used to compute DPU was 897.9 million.

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

(3) The number of Units used to compute DPU was 810.7 million.

SINGAPORE, 18 JANUARY 2019

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\$21.6 million for the financial quarter ended 31 December 2018 ("**1QFY19**")¹. This translates to Distribution per Unit ("**DPU**") of 2.40 cents, matching those of the previous quarter and 1QFY18.

The distribution to Unitholders of S\$21.6 million for 1QFY19 was higher than the distributions of S\$21.4 million for 4QFY18 and S\$19.5 million for 1QFY18.

The DPU for 1QFY19 will be paid out on 1 March 2019, with the distribution books closure date scheduled for 28 January 2019¹. The Manager will be applying the distribution reinvestment plan ("**DRP**") for the 1QFY19 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.

¹ Refer to 1QFY19 Financial Statements for more details.

PORTFOLIO PERFORMANCE

1QFY19 portfolio gross revenue of S\$31.5 million was 2.9% lower compared to 4QFY18, mainly due to the lower occupancy rate for Alexandra Technopark, divestment of 55 Market Street on 31 August 2018 and effects of the average weaker Australia Dollar compared with a quarter ago. 1QFY19 portfolio net property income (“NPI”) of S\$21.1 million was 2.3% lower quarter-on-quarter mainly due to the lower gross revenue, partially offset by the lower repair and maintenance expenses for Caroline Chisholm Centre².

On a year-on-year basis, 1QFY19 portfolio gross revenue was 10.7% lower, mainly due to the lower occupancy rates for the Singapore properties, divestment of 55 Market Street on 31 August 2018 and effects of the average weaker Australia Dollar. 1QFY19 NPI was 15.0% lower year-on-year, mainly due to the lower gross revenue, higher property tax for Alexandra Technopark and higher amortisation of lease incentives for Central Park and 357 Collins Street.

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 for 1QFY19 was S\$3.6 million³. Including the attributable NPI of FBP, portfolio NPI for 1QFY19 would be S\$24.7 million, an improvement of 3.8% on a quarter-on-quarter basis and stable on a year-on-year basis.

There are currently uncertainties in the UK with regard to the course of development of the Brexit process and its outcome, as well as the political situation in the country. Notwithstanding this, the Manager expects the performance of FBP to remain stable given its solid fundamentals, which include a high-quality tenant base, healthy occupancy rate of 98.1% and long WALE of 7.3 years⁴ (with 88% of current leases by income expiring beyond FY22), as at 31 December 2018.

As at 31 December 2018, the portfolio average committed occupancy rate rose marginally to 83.8%⁵ from 83.4%⁵ as at 30 September 2018. The 31 December 2018 occupancy rates for the Singapore portfolio, the Australia portfolio and FBP were 75.0%⁶, 90.7%⁷ and 98.1%⁸, respectively.

STRENGTHENING AND RESHAPING THE PORTFOLIO FOR LONG-TERM GROWTH

Mr Jack Lam, Chief Executive Officer of the Manager said, “We executed several major initiatives in the last financial year to strengthen and reshape the portfolio and our capital structure for greater resilience and long-term growth potential. Our efforts will continue into the current financial year, including working towards completing the repositioning and rejuvenation of the retail podium at China Square Central in the second half of 2019. We also have a high degree of financial flexibility to pursue growth initiatives and capitalise on market opportunities given our healthy gearing of 28.4%, which is one of the lowest among S-REITs currently.”

² Final progress payment amounting to S\$0.1 million in 4QFY18 for re-flooring works. The re-flooring works were completed in 4QFY18.

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 Weighted average lease expiry by gross rental income. 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). The weighted average lease to break, reflecting contractual rights for tenants to pre-terminate leases, if any, was 5.2 years.

⁵ 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.

⁶ Refers to committed occupancy. Occupancy for the Singapore portfolio has been affected mainly by the exits of Hewlett-Packard Enterprise Singapore Pte Ltd (“HPE”) and Hewlett-Packard Singapore Pte Ltd (“HPS”) from Alexandra Technopark (refer to the announcements dated 22 September 2017 and 3 November 2017 for details). HPE and HPS previously occupied an aggregate area of 495,253 square feet at the property. HPE had fully exited the property in September 2018, while for HPS the lease for a final tranche of 93,302 square feet of space expired on 31 December 2018 and was not renewed.

⁷ Refers to committed occupancy.

⁸ After adjusting for leases for which tenants have exercised rights to break.

UPDATE ON 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 is nearing full completion. A new 13,300-square feet 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 sf⁹, 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 hotel¹⁰ in March 2019¹¹.

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.

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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 31 December 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

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 Group has total assets of approximately S\$32 billion as at 30 September 2018.

⁹ Based on provisional scheme and may be subject to change.

¹⁰ Refer to Circular to Unitholders dated 3 June 2015 for details.

¹¹ Refer to Frasers Property Limited’s announcement dated 10 April 2018.

Fraser's 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 Group 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.

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

For more information on Fraser's 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.

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