

FCOT declares stable DPU of 2.40 cents for 2QFY19

SUMMARY OF FCOT'S 2QFY19 RESULTS

	1/1/19 – 31/3/19 (2Q FY19)	1/10/18 – 31/12/18 (1Q FY19)	Q-o-Q Change (%)	1/1/18 - 31/3/18 (2Q FY18)	Y-o-Y Change (%)
Gross Revenue (S\$'000)	30,402	31,546	(3.6)	33,014	(7.9)
Net Property Income (S\$'000)	20,087	21,122	(4.9)	22,432	(10.5)
Distribution to Unitholders (S\$'000)	21,669	21,550	0.6	20,601	5.2
Distribution per Unit	2.40¢ ⁽¹⁾	2.40¢ ⁽²⁾	-	2.40¢ ⁽³⁾	-

(1) The number of Units used to compute DPU was 902.9 million.

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

(3) 2QFY18 DPU comprise:

(a) 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

(b) distribution of 1.600 cents for the period from 1 February 2018 to 31 March 2018 (computed based on 882.2 million Units).

SINGAPORE, 23 APRIL 2019

Frasers Commercial Asset Management Ltd. (“**FCOAM**” or the “**Manager**”), the manager of Frasers Commercial Trust (“**FCOT**”, SGX: Frasers Com Tr), wishes to announce a distribution to Unitholders of S\$21.7 million for the financial quarter ended 31 March 2019 (“**2QFY19**”)¹. This translates to Distribution per Unit (“**DPU**”) of 2.40 cents, unchanged from the previous quarter and 2QFY18.

The distribution to Unitholders of S\$21.7 million for 2QFY19 was higher than the distributions of S\$21.6 million for 1QFY19 and S\$20.6 million for 2QFY18.

The distribution for 2QFY19 will be paid out on 30 May 2019, with the distribution books closure date scheduled for 2 May 2019¹. The Manager will be applying the distribution reinvestment plan (“**DRP**”) for the 2QFY19 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

2QFY19 portfolio gross revenue of S\$30.4 million and net property income (“**NPI**”) of S\$20.1 million were 3.6% and 4.9% lower, respectively, compared to 1QFY19, mainly due to the lower occupancy rate for Alexandra Technopark and effects of the average weaker Australia Dollar compared with a quarter ago, among other factors.

¹ Refer to 2QFY19 Financial Statements for more details.

2QFY19 saw portfolio gross revenue decreased by 7.9% year-on-year, 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. The corresponding NPI decreased 10.5% 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 2QFY19 was S\$2.6 million². Including the attributable NPI of FBP, portfolio NPI for 2QFY19 would be S\$22.7 million.

While there remains uncertainties on the eventual outcome of Brexit, the Manager remains confident on the long-term prospects of the UK and expects the performance of FBP to remain stable given the property’s solid fundamentals, which include a high-quality tenant base, healthy occupancy rate of 98.0% and long WALE of 7.3 years³ (with 90% of current leases by income expiring beyond FY22), as at 31 March 2019.

The portfolio average committed occupancy rate as at 31 March 2019 was 81.5%⁴, compared with 83.8% at the end of the previous quarter. Occupancy rates for the Singapore portfolio, the Australia portfolio and FBP as at 31 March 2019 were 67.5%⁵, 94.0%⁶ and 98.0%⁷, respectively. 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 Technopark⁸. The Manager is currently in discussions, including advance discussions, with various prospective tenants to lease space at the property, and appropriate announcements will be made in due course in the event that there are any material developments. The improvement in the committed occupancy rate for the Australia portfolio to 94.0% from 90.7% at the end of the previous quarter was mainly due to a take-up by WeWork of approximately 86,000 sf of space at Central Park, representing around 12.0% of the total net lettable area of the property. With WeWork’s lease commitment, the committed occupancy rate for Central Park improved significantly to 83.5% as at 31 March 2019, from 71.5% as at 31 December 2018.

CAPITAL MANAGEMENT

FCOT’s gearing as at 31 March 2019 was a healthy 29.1%, which is one of the lowest among S-REITS currently. The healthy level of gearing, which is well below the regulatory limit of 45%, provides a high degree of financial flexibility to pursue growth initiatives and capitalise on market opportunities, as well as a buffer against unforeseen market risks.

As at 31 March 2019, the weighted average term to maturity of FCOT’s borrowings was 2.6 years, with no more than S\$210.0 million due in any one financial year. There is currently no major refinancing need until February 2020. In addition, all borrowings are on unsecured basis, which affords further financial flexibility.

² 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).

³ 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 5.3 years.

⁴ 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 Refers to committed occupancy. (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 and HPS had fully exited the property in September 2018 and December 2018, respectively.

⁶ Refers to committed occupancy.

⁷ After adjusting for leases for which tenants have exercised rights to break.

⁸ 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 and HPS had fully exited the property in September 2018 and December 2018, respectively.

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, the S\$45 million asset enhancement initiative (“**ATP AEI**”) to rejuvenate and transform the property into a vibrant, engaging and stimulating business campus was fully completed during the quarter. A new 13,300-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, has greatly improved tenants’ and visitors’ experience at the property.

At China Square Central, the on-going S\$38 million asset enhancement initiative to rejuvenate and reposition the retail podium at 18 Cross Street (“**CSC Retail AEI**”) 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 80,000 sf⁹, which will add to its income-generating potential. Close to half of the space in the retail podium has been pre-committed to-date. 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 2Q 2019.

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.

At Central Park, there are plans for the office lobby and forecourt areas to undergo an asset enhancement initiative (“**CP AEI**”) to consolidate the property’s position as one of Perth’s premium grade business locations and enhance the experience for both tenants and visitors. Estimated to cost S\$23 million (FCOT’s 50% share: S\$11.5 million), the CP AEI is currently expected to commence in 2Q 2019 and complete in 3Q 2020. The key aims of the CP AEI are to transform the lobby and forecourt areas into a more contemporary, activated and community-friendly environment through the introduction of new amenities and flexible spaces and enhanced connection with the park adjacent to the property, among other things.

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

¹⁰ 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 31 March 2019, 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" and together with its subsidiaries, the "Group"), 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\$33 billion as at 31 December 2018.

Frasers Property's assets range from residential, retail, commercial and business parks, to logistics and industrial in Southeast Asia, Australia, Europe and China. 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.

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

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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