

FCOT declares DPU of 2.40 cents for 4QFY19, contributing to stable full-year DPU of 9.60 cents

- ◆ Portfolio committed occupancy continued to rise to 95.0% in 4QFY19 from 94.1% in 3QFY19
- ◆ Portfolio value rose 4.4% to S\$2.2 billion
- ◆ China Square Central retail podium to commence business in phases from November 2019

SUMMARY OF FCOT'S 4QFY19 AND FY19 RESULTS

	1/7/19 – 30/9/19 (4Q FY19)	1/4/19 – 30/6/19 (3Q FY19)	Q-o-Q Change (%)	1/7/18 – 30/9/18 (4Q FY18)	Y-o-Y Change (%)	1/10/18 – 30/9/19 (FY19)	1/10/17 – 30/9/18 (FY18)	Y-o-Y Change (%)
Gross Revenue (S\$'000)	32,897	30,215	8.9	32,477	1.3	125,060	133,306	(6.2)
Net Property Income (S\$'000)	21,727	19,753	10.0	21,611	0.5	82,689	89,272	(7.4)
Distribution to Unitholders (S\$'000)	21,905	21,779	0.6	21,421	2.3	86,903	82,726	5.0
Distribution per Unit	2.40¢ ⁽¹⁾	2.40¢ ⁽²⁾	-	2.40¢ ⁽³⁾	-	9.60¢	9.60¢	-

(1) The number of Units used to compute DPU was 912.7 million.

(2) The number of Units used to compute DPU was 907.5 million.

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

SINGAPORE, 22 OCTOBER 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\$21.9 million for the financial quarter ended 30 September 2019 ("**4QFY19**")¹. This translates to a Distribution per Unit ("**DPU**") of 2.40 cents, which is unchanged from the previous quarter and also 4QFY18.

Total distribution to Unitholders for the financial year ended 30 September 2019 ("**FY19**")¹ was S\$86.9 million, or 5.0% above that of the previous financial year ended 30 September 2018 ("**FY18**"). Full-year aggregate DPU for FY19 was 9.60 cents, which was unchanged compared to FY18.

The distribution for 4QFY19 will be paid out on 29 November 2019, with the distribution books closure date scheduled for 31 October 2019¹. The Manager will be applying the distribution reinvestment plan ("**DRP**") for the 4QFY19 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

FY19 portfolio gross revenue was 6.2% lower year-on-year at S\$125.1 million, mainly due to lower occupancy for Alexandra Technopark, divestment of 55 Market Street on 31 August 2018 and the effects of the average weaker Australia Dollar, partially offset by higher rental revenue for China Square Central. FY19 portfolio net property income ("**NPI**") was 7.4% lower year-on-year at S\$82.7 million, mainly due to the lower

¹ Refer to 4QFY19 Financial Statements for more details.

gross revenue for the portfolio, higher property tax expense for Alexandra Technopark and higher amortisation of lease incentives for Central Park and 357 Collins Street, partially offset by lower maintenance expenses for the Singapore properties and Caroline Chisholm Centre².

4QFY19 portfolio gross revenue of S\$32.9 million and NPI of S\$21.7 million were 8.9% and 10.0% above 3QFY19, respectively, mainly due to higher gross revenue recognised and lower utilities expenses for Alexandra Technopark and higher occupancy for Central Park.

The NPI figures above are before contribution 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 NPI³ for 4QFY19 and FY19 were S\$2.0 and S\$10.2 million, respectively. Including the attributable NPI of FBP, portfolio NPI for 4QFY19 and FY19 would be S\$23.7 million and S\$92.9 million, respectively.

While there are currently uncertainties with regard to the eventual outcome and impact of Brexit, the Manager remains confident on the long-term prospects of the UK market. The Manager 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 97.4% and long WALE of 6.8 years⁴ (with 82.0% of current leases by income expiring beyond FY23), as at 30 September 2019.

Portfolio average committed occupancy rate improved to 95.0% as at 30 September 2019 from 94.1% as at 30 June 2019. The occupancy rates for the Singapore portfolio, the Australia portfolio and FBP were 94.9%⁵, 94.5%⁵ and 97.4%⁶, respectively, as at 30 September 2019.

HIGHER PORTFOLIO VALUE

Total portfolio value based on independent valuations as at 30 September 2019 was S\$2.2 billion⁷, an increase of 4.4% compared to a year ago. In the respective local currency, the Singapore properties, the Australia properties and FBP reported year-on-year valuation gains of 10.0%, 4.6% and 1.1%, respectively.

CAPITAL MANAGEMENT

FCOT’s gearing as at 30 September 2019 was 28.6%, 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 30 September 2019, the weighted average term to maturity of FCOT’s borrowings was 2.1 years, with no more than S\$210.0 million due in any one financial year. In addition, all borrowings are on unsecured basis, which affords further financial flexibility.

ASSET ENHANCEMENT INITIATIVES FOR LONG-TERM GROWTH

Enhancing and rejuvenating existing assets is an important part in the Manager’s overall strategy to reshape and strengthen the investment portfolio for long-term growth.

² Progress payments amounting to S\$1.9 million in FY18 for re-flooring works of a periodic frequency which were completed in 4QFY18. No such expense was incurred in FY19.

³ Figures for FY19 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 reimbursements of lease incentives and rent guarantees ended in 3QFY19.

⁴ Weighted average lease expiry by gross rental income. The weighted average lease to break, reflecting contractual rights for tenants to pre-terminate leases, if any, was 5.3 years.

⁵ Committed occupancy as at 30 September 2019.

⁶ Inclusive of a new lease concluded in October 2019, the committed occupancy would be 99.1%.

⁷ Inclusive of 50.0% interest in FBP which is held as a joint venture and equity-accounted.

The completion of the upgrading and repositioning of Alexandra Technopark into a contemporary business campus in January 2019 has brought about tangible positive outcomes and enhanced the market positioning and long-term income potential of the property. Since January 2019, some 490,000 square feet (“sq ft”) of lease commitments have been secured at the property, including 460,000 sq ft of new leases. New tenants brought in include well-established local and international firms from a wide array of sectors, which have further strengthened and diversified the tenant profile. In addition, recent signing rents at S\$4.30-4.60 per sq ft per month are generally above the average passing rent of slightly below S\$4.00 per sq ft per month as at the end of 2018.

In the longer term, Alexandra Technopark is also expected to benefit from the urban transformation and rejuvenation of the Greater Southern Waterfront⁸, on the back of the Government’s plans to revitalise this precinct into a place integrating ‘work, live and play’.

At China Square Central, asset enhancement works to rejuvenate and reposition the retail podium at 18 Cross Street (the “**CSC Retail AEI**”) obtained Temporary Occupation Permit in 4QFY19. As part of the revamp, the architectural and technical specifications of the retail podium have been upgraded while integration and connectivity with other parts of China Square Central have been enhanced. In addition, the net lettable area of the retail podium has expanded to around 80,000 sq ft⁹ from around 64,000 sq ft prior to the commencement of the asset enhancement works.

The newly revamped retail podium is expected to commence business operation in phases starting from November 2019 and will feature a refreshed tenant mix and new shopper amenities. Close to 80% of the space in the retail podium has been pre-committed, with approximately a further 10% currently under active negotiations.

Mr Jack Lam, Chief Executive Officer of the Manager said, “We look forward to the impending resumption of business at, and income contribution from, the retail podium of China Square Central. Visitors can expect a refreshed and exciting mix of food and beverage, health and fitness, lifestyle and other offerings set within a rejuvenated and appealing environment.”

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

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⁸ Announced during the Singapore National Day Rally 2019.

⁹ Based on provisional scheme which is subject to change.

About Fraser's Commercial Trust

Fraser's 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 Fraser's Property Limited (Fraser's Property).

FCOT invests primarily in quality income-producing commercial properties. As at 30 September 2019, its portfolio includes six quality commercial buildings located in Singapore, Australia and the United Kingdom, representing a combined appraised value of approximately S\$2.2 billion.

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

About Fraser's Property Limited

Fraser's Property Limited ("Fraser's Property" and together with its subsidiaries, the "Group"), is a multi-national company that develops, owns 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\$33.6 billion as at 30 June 2019.

Fraser's Property's assets range from residential, retail, commercial & business parks, to logistics & industrial in Southeast Asia, Australia, Europe and China. Its well-established hospitality business owns and/or operates serviced apartments and hotels in over 70 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 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 & business parks, and logistics & 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. In addition, Fraser's Property Thailand is the sponsor of Fraser's Property Thailand Industrial Freehold & Leasehold REIT, which is focused on logistics and industrial properties in Thailand and is listed on the Stock Exchange of Thailand.

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.

PRESS RELEASE



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