

FCOT declares stable DPU of 2.40 cents for 3QFY19

- ◆ Portfolio committed occupancy rises to 94.1% from 81.5% in 2QFY19
- ◆ Alexandra Technopark rejuvenation bears fruit with more than 400,000 sq ft of lease commitments secured since January 2019
- ◆ China Square Central retail podium asset enhancement works on-track to complete in 2H2019

SUMMARY OF FCOT'S 3QFY19 RESULTS

	1/4/19 – 30/6/19 (3Q FY19)	1/1/19 – 31/3/19 (2Q FY19)	Q-o-Q Change (%)	1/4/18 - 30/6/18 (3Q FY18)	Y-o-Y Change (%)
Gross Revenue (S\$'000)	30,215	30,402	(0.6)	32,494	(7.0)
Net Property Income (S\$'000)	19,753	20,087	(1.7)	20,371	(3.0)
Distribution to Unitholders (S\$'000)	21,779	21,669	0.5	21,248	2.5
Distribution per Unit	2.40¢ ⁽¹⁾	2.40¢ ⁽²⁾	-	2.40¢ ⁽³⁾	-

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

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

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

SINGAPORE, 22 JULY 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\$21.8 million for the financial quarter ended 30 June 2019 ("**3QFY19**")¹. This translates to a Distribution per Unit ("**DPU**") of 2.40 cents, unchanged from the previous quarter and 3QFY18.

The distribution to Unitholders of S\$21.8 million for 3QFY19 was higher than distributions of S\$21.7 million for 2QFY19 and S\$21.2 million for 3QFY18.

The distribution for 3QFY19 will be paid out on 29 August 2019, with the distribution books closure date scheduled for 30 July 2019¹. The Manager will be applying the distribution reinvestment plan ("**DRP**") for the 3QFY19 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

3QFY19 portfolio gross revenue of S\$30.2 million was stable compared to 2QFY19, while net property income ("**NPI**") of S\$19.8 million was slightly lower by 1.7%, mainly due to higher property tax expense for Alexandra Technopark and the average weaker Australia Dollar compared with a quarter ago, partially offset by higher rent revenue for China Square Central.

3QFY19 portfolio gross revenue decreased by 7.0% year-on-year, mainly due to lower occupancy rate for Alexandra Technopark, divestment of 55 Market Street on 31 August 2018 and effects of the average weaker Australia Dollar, partially offset by higher rent revenue for China Square Central. The corresponding

¹ Refer to 3QFY19 Financial Statements for more details.

NPI decreased 3.0% year-on-year, mainly due to the lower gross revenue, 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 Centre and lower utilities expense for Alexandra Technopark.

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 NPI for 3QFY19 was S\$2.0 million². Including the attributable NPI of FBP, portfolio NPI for 3QFY19 would be S\$21.8 million.

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 7.1 years³ (with 90% of current leases by income expiring beyond FY22), as at 30 June 2019.

The portfolio average committed occupancy rate as at 30 June 2019 was 94.1%⁴, a 12.6 percentage-point improvement from 81.5% at the end of the previous quarter. Occupancy rates for the Singapore portfolio, the Australia portfolio and FBP as at 30 June 2019 were 93.9%⁵, 93.5%⁵ and 97.4%⁶, respectively. The Singapore portfolio saw a significant uplift in committed occupancy by 26.4 percentage-points from the end of the previous quarter. This was mainly due to committed occupancy at Alexandra Technopark rising to 93.7% from 59.2%, on the back of lease commitments secured from Google Asia Pacific Pte. Ltd. (for around 344,100 sq ft of space)⁷ and several other tenants during the quarter.

CAPITAL MANAGEMENT

FCOT’s gearing as at 30 June 2019 was 29.3%, 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 June 2019, the weighted average term to maturity of FCOT’s borrowings was 2.4 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.

As a case in point, the recently completed S\$45 million upgrading and repositioning of Alexandra Technopark into a contemporary business campus has brought about tangible positive outcomes and enhanced the market positioning and long-term income potential of the property. Since January 2019, some 410,000 square feet (“sq ft”) of lease commitments have been secured, including 387,000 sq ft of new leases. New tenants brought in include well-established local and international firms from a wide array of sectors, which further strengthen and diversify the tenant profile at the property. In addition, recent signing

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. The weighted average lease to break, reflecting contractual rights for tenants to pre-terminate leases, if any, was 5.5 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 sq ft) which is currently closed for asset enhancement.

⁵ Refers to committed occupancy.

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

⁷ Refer to the announcement dated 25 June 2019 for further information.

rents at S\$4.00-4.60 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.

Mr Jack Lam, Chief Executive Officer of the Manager said, “In recent months we have witnessed accelerated leasing momentum and increased level of interest by high-quality local and international names for Alexandra Technopark. These observations strongly attest to the heightened appeal of the property as a business address after its recent upgrading and transformation, and at the same time clearly demonstrate the benefits of a well thought-through and executed asset plan.”

“We are also eagerly anticipating the completion of asset enhancement works at the retail podium of China Square Central in the near future, and look forward to delivering positive outcomes for that project as well,” added Mr Lam.

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 on-track 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 sq ft to around 80,000 sq ft⁸, which will add to its income-generating potential. Close to 60% of the space in the retail podium has been pre-committed to-date, with another 20% currently under advance negotiations. The retail component of China Square Central, including the retail podium, will benefit from an increase in customer base and footfall brought about by the opening of the 304-room Capri by Fraser, China Square hotel⁹ within the development in May 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 programme 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, asset enhancement works to the lobby and forecourt areas (“**CP AEI**”) commenced during the quarter and is 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 both 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 and flexible spaces and enhanced connection with the park adjacent to the property, among other things.

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⁸ May be subject to change.

⁹ The hotel is owned by an entity of Frasers Property Limited (refer to Circular to Unitholders dated 3 June 2015 for details).

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 June 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 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\$33.2 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.

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



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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