

## FCT reports 2Q20 DPU of 1.61 cents, 48.7% lower year-on-year

- ◆ FCT retains 50% of distributable income to preserve financial flexibility in current times of uncertainty
- ◆ COVID-19 to have significant impact on FCT's revenue, income available for distribution and cashflow for the remaining period of Financial Year 2020

### SINGAPORE, 23 APRIL 2020

Fraser's Centrepoint Asset Management Ltd. ("FCAM"), the manager of Fraser's Centrepoint Trust ("FCT" or the "Trust"), reported distribution per unit ("DPU") of 1.61 Singapore cents for the period from 1 January 2020 to 31 March 2020 ("2Q20"), 48.7% lower year-on-year ("y-o-y"), due to enlarged unitholders base and higher amount of distributable income retained during the quarter .

FCT Unitholders (the "Unitholders") can expect to receive their DPU for 2Q20 on 29 May 2020. The Ex-Date is 30 April 2020 and the Books Closure Date is 4 May 2020.

Mr Richard Ng, Chief Executive Officer of FCAM, said, "The COVID-19 outbreak is unprecedented in its speed of transmission, severity and extent of its impact. This is a very challenging period for everyone. Our team has been working hard to ensure the safety and wellbeing of our tenants, shoppers, employees and all stakeholders.

Our tenants are experiencing tough trading conditions as shopper traffic and tenants' sales at our properties have been severely affected due to the COVID-19 outbreak. FCT, together with Fraser's Property Retail (the "Group") rolled out our Tenant Support Package ("TSP") on 26 February 2020<sup>1</sup> and a S\$45 million enhancement to the TSP on 27 March 2020<sup>2</sup>, to help our tenants meet immediate cashflow challenges and to provide rental relief and support over the next few months. We will continue to monitor the COVID-19 situation and take appropriate measures to help FCT navigate through this difficult period."

### Summary of 2Q20 results

In S\$'000 unless otherwise stated	2Q20 1/1/20 to 31/3/20	2Q19 1/1/19 to 31/3/19	Increase/ (Decrease)
Gross revenue	50,168	49,733	0.9%
Net property income ("NPI")	35,964	36,444	(1.3%)
Income available for distribution before dividends	25,199	27,673	(8.9%)
Dividends from associates and joint ventures	10,803 <sup>3</sup>	1,135	851.8%
Income available for distribution	36,002	28,808	25.0%
Distribution to Unitholders	18,000	29,158	(38.3%)
DPU (S cents)	1.610	3.137	(48.7%)
Net asset value and net tangible asset value per Unit (S\$) <sup>4</sup>	2.21	2.08	6.3%

<sup>1</sup> "Fraser's Property Retail announces Tenant Support Package across 14 malls", Press Release, 26 February 2020. Available at website: [https://fct.fraserproperty.com/newsroom/20200226\\_122055\\_J69U\\_KJN98V8RV1UKKRCD.1.pdf](https://fct.fraserproperty.com/newsroom/20200226_122055_J69U_KJN98V8RV1UKKRCD.1.pdf)

<sup>2</sup> "Fraser's Property Retail and Fraser's Centrepoint Trust To Provide Tenants With Additional S\$45 Million In Rental Rebates", Press Release, 27 March 2020. Available at website: [https://fct.fraserproperty.com/newsroom/20200327\\_184515\\_J69U\\_QQSV00WJGR6UCID.1.pdf](https://fct.fraserproperty.com/newsroom/20200327_184515_J69U_QQSV00WJGR6UCID.1.pdf)

<sup>3</sup> Includes dividends from PGIM Real Estate AsiaRetail Fund Limited ("PGIM ARF"): S\$6.012 million and Sapphire Star Trust ("SST"): S\$3.779 million (this amount excludes interest income of S\$0.683 million from SST) (2Q19: nil).

<sup>4</sup> As at 31 March 2020 for 2Q20 and 31 March 2019 for 2Q19.

### **Gross revenue remained stable, distributable income lifted by contributions from PGIM ARF and SST**

Gross revenue for 2Q20 was S\$50.2 million, up 0.9% y-o-y on gross rent increase from renewals and step up rents from existing leases. NPI for the quarter was S\$36.0 million, down 1.3% y-o-y as growth in property expense outpaced revenue growth during the quarter.

Income available for distribution for 2Q20 rose 25.0% to S\$36.0 million, due mainly to contributions from FCT's 24.8% interest in PGIM ARF and 40.0% interest in SST. The distribution from PGIM ARF was S\$6.0 million and the amount from SST was S\$3.8 million. In view of the uncertainty brought about by the COVID-19 situation, the Manager has adopted a prudent approach to retain approximately 50% of the income available for distribution this quarter to bring the distribution to Unitholders to S\$18.0 million.

### **Gearing at 33.3%, cost of borrowings down to 2.44%**

FCT's gearing level stood at 37.4%<sup>5</sup> as at 31 March 2020. The increase in the gearing from last quarter was due mainly to the drawdown of S\$80 million from its revolving credit facility on 27 March 2020 to repay a S\$90 million Medium Term Note ("MTN") due on 3 April 2020. Post the repayment of the S\$90 million MTN, the gearing is 33.3%.

The all-in cost of borrowing in 2Q20 was 2.44%, down from 2.57% in the previous quarter. The weighted average debt maturity was 2.13 years and FCT has approximately 50% of its borrowings on fixed or hedged-to-fixed interest rates. FCT is in compliance with all its financial covenants.

### **Stable portfolio occupancy, lower shopper traffic and tenants' sales due to COVID-19 impact**

For the financial year-to-date period between 1 October 2019 and 31 March 2020 ("YTD"), a total of 142 leases accounting for 269,284 square feet or 18.5% of total portfolio net lettable area ("NLA") were renewed. The YTD average portfolio rental reversion stood at 5.2%. All leases of anchor tenants due for renewal in FY2020 have been renewed and there are currently less than 12% of expiring leases by NLA in FY2020 remaining to be renewed.

The portfolio occupancy as at 31 March 2020 was 96.1%, stable compared with 96.0% a year ago but 1.2%-point lower compared with the previous quarter.

Overall portfolio shopper traffic in 2Q20 was down 2.4% y-o-y. The traffic registered positive y-o-y growth in January 2020 but registered sharp declines in February 2020 and March 2020 due to impact from COVID-19. Tenants' sales on per square foot basis for the period December 2019 to February 2020 was down 4.0% y-o-y, with steeper sales decline registered in February. Tenants' sales at larger malls saw between 2% and 10% y-o-y decline while smaller malls saw mixed variances. The Manager expects tenants' sales for the next few months to be lower than February 2020 due to further impact from COVID-19 and the "Circuit Breaker" measures which commenced on 7 April 2020, and which has now been extended to 1 June 2020.

### **Outlook**

The COVID-19 outbreak, which was first reported in early 2020, has escalated rapidly over the last two months and inflicted significant impact on the economy both domestically and globally. In its most recent GDP growth forecast projection on 26 March 2020, the Ministry of Trade and Industry ("MTI") downgraded its growth forecast for Singapore GDP to "-4.0 to -1.0 per cent" from "-0.5 to 1.5 per cent"<sup>6</sup>. Singapore Department of Statistics reported retail sales index (excluding motor vehicles) for February 2020 declined 10.2%, compared with February 2019.

<sup>5</sup> In accordance with Property Funds Appendix, the gearing ratio included FCT's proportionate share of deposited property value and borrowings in SST.

<sup>6</sup> "Singapore's GDP Contracted by 2.2 Per Cent in the First Quarter of 2020. MTI Downgrades 2020 GDP Growth Forecast to "-4.0 to -1.0 Per Cent", Ministry of Trade and Industry, Press Release, 26 March 2020. Available at website: [https://www.mti.gov.sg/Newsroom/Press-Releases/2020/03/Singapore-GDP-Contracted-by-2\\_2-Per-Cent-in-the-First-Quarter-of-2020](https://www.mti.gov.sg/Newsroom/Press-Releases/2020/03/Singapore-GDP-Contracted-by-2_2-Per-Cent-in-the-First-Quarter-of-2020)

The Government has announced various safe distancing measures, the “Circuit Breaker” measures and the stay home advisory in March 2020 and April 2020 to protect the public. The COVID-19 outbreak has significant detrimental impact to retail and F&B businesses. Under the “Circuit Breaker” period from 7 April 2020 to 4 May 2020 and which has now been extended till 1 June 2020, all “non-essential” trades are to be closed and certain F&B trades are permitted to accept only takeaway orders.

The “COVID-19 (Temporary Measures) (Temporary Relief for Inability to Perform Contracts) Regulations 2020” (the “Regulations”) provides tenants with relief from their contractual obligations for six months from the effective date of the Regulations, and this period may be extended to a year. The rental payments of affected tenants during this period could potentially be deferred.

The combination of the detriment from COVID-19, the regulatory measures aforementioned and the provision for rental rebates under the TSP will have significant impact on FCT’s revenue, income available for distribution and cashflow for the remaining period of Financial Year 2020.

The Manager will continue to proactively manage the operating and financial performance of the property portfolio in the best interests of FCT and its Unitholders, taking into consideration the impact from the developing COVID-19 situation.

**End**

#### **About Frasers Centrepoint Trust**

Frasers Centrepoint Trust (“FCT”) is a leading developer-sponsored retail real estate investment trust (REIT). FCT’s property portfolio comprises the following suburban retail properties in Singapore: Causeway Point, Northpoint City North Wing (including Yishun 10 Retail Podium), Anchorpoint, YewTee Point, Bedok Point, Changi City Point and Waterway Point (40%-interest). FCT malls are strategically located in various established residential townships and have a large and diversified tenant base covering a wide variety of trade sectors.

FCT holds 24.82% stake in PGIM Real Estate AsiaRetail Fund Limited (“PGIM ARF”) through its wholly owned subsidiary FCT Holdings (Sigma) Pte. Ltd. PGIM ARF owns five retail malls (Tiong Bahru Plaza, White Sands, Hougang Mall, Century Square and Tampines 1 and owns and manages an office property (Central Plaza) in Singapore, and two retail malls in Malaysia. FCT also holds a 31.15% stake in Hektar Real Estate Investment Trust, a retail-focused REIT in Malaysia listed on the Main Market of Bursa Malaysia Securities Berhad.

FCT is focused on increasing shareholder value by pursuing organic, enhancement and acquisition growth strategies. With proactive lease management initiatives, FCT is well placed to achieve sustainable rental growth. To unlock the full potential of its assets, FCT continues to enhance existing assets to maximise their performance. The potential acquisitions of new assets will help FCT gain greater scale and drive further income growth for unitholders.

Listed on the Main Board of the Singapore Exchange Securities Trading Limited since 5 July 2006, FCT is managed by Frasers Centrepoint Asset Management Ltd., a real estate management company and a subsidiary of Frasers Property Limited.

For more information on FCT, please visit [www.frasersproperty.com/reits/fct](http://www.frasersproperty.com/reits/fct)

### **About Frasers Property Limited**

Frasers Property Limited (“Frasers Property” and together with its subsidiaries, the “Frasers Property Group” or the “Group”), is a multi-national owner-operator-developer of real estate products and services across the property value chain. 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\$38.8 billion as at 31 December 2019.

Frasers Property's multi-national businesses operate across five asset classes, namely, residential, retail, commercial & business parks, industrial & logistics as well as hospitality. The Group has businesses in Southeast Asia, Australia, Europe and China, and 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.

Frasers Property is also the sponsor of three real estate investment trusts (“REITs”) 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 & business parks, and industrial & logistics 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. In addition, the Group has two REITs listed on the Stock Exchange of Thailand. Frasers Property (Thailand) Public Company Limited is the sponsor of Frasers Property Thailand Industrial Freehold & Leasehold REIT, which is focused on logistics and industrial properties in Thailand, and Golden Land Property Development Public Company Limited is the sponsor of Golden Ventures Leasehold Real Estate Investment Trust, which is focused on commercial and hospitality properties.

The Group is unified by its commitment to deliver enriching and memorable experiences to customers and stakeholders, leveraging its people, knowledge and capabilities from across markets and property sectors, to deliver value in its multiple asset classes.

For more information on Frasers Property, please visit [www.frasersproperty.com](http://www.frasersproperty.com)

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