

## Fraser's Logistics & Commercial Trust Reports 1HFY23 DPU of 3.52 Singapore Cents

### 1HFY23 Highlights

- ◆ Completed development of two logistics & industrial properties in the United Kingdom, bringing the total portfolio to 107 properties worth S\$6.8 billion
- ◆ Maintained **high portfolio occupancy rate of 95.9% with a WALE of 4.5 years** as at 31 March 2023, with ~84,500 sq m of leasing completed for the period from January to March 2023
- ◆ Healthy **aggregate leverage of 27.8%** as at 31 March 2023, with a weighted average debt maturity of 2.4 years
- ◆ **Rental reversion** for the period from January - March 2023 was **+3.6% (incoming rent vs. outgoing rent basis) and +23.2% (average rent vs. average rent basis)**

### Summary of Results

S\$'000	1HFY23	1HFY22	Variance (%)
Revenue	207,981	235,670	(11.7)
Adjusted Net Property Income <sup>1</sup>	155,917	180,085	(13.4)
Distributable Income	130,782	142,108	(8.0)
DPU (Singapore cents)	3.52	3.85	(8.6)

### SINGAPORE, 4 MAY 2023

Fraser's Logistics & Commercial Asset Management Pte. Ltd., the manager of Fraser's Logistics & Commercial Trust ("FLCT" and the manager of FLCT, the "REIT Manager"), today announced FLCT's results for the six-month period ended 31 March 2023 ("1HFY23").

### 1HFY23 FINANCIAL PERFORMANCE AND DISTRIBUTION

FLCT reported revenue of S\$208.0 million and Adjusted Net Property Income of S\$155.9 million for 1HFY23, representing decreases of 11.7% and 13.4% respectively, from S\$235.7 million and S\$180.1 million in the corresponding financial period ("1HFY22"). The year-on-year decreases were mainly due to the absence of contribution from Cross Street Exchange which was divested on 31 March 2022, and weaker exchange rates for the foreign currencies against the Singapore Dollar over the period. Distributable income for 1HFY23 was correspondingly lower at S\$130.8 million, from S\$142.1 million a year ago.

The distribution per unit ("DPU") for 1HFY23 was 3.52 Singapore cents, representing a decrease of 8.6% from 3.85 Singapore cents in 1HFY22. The 1HFY23 DPU will be paid on 15 June 2023<sup>2</sup>.

<sup>1</sup> Actual net property income excluding straight lining adjustments for rental income and adding lease payments of right-of-use assets

<sup>2</sup> FLCT's distributions are made on a semi-annual basis for the six-month periods ending 31 March and 30 September

## PORTFOLIO UPDATE

For the period from January to March 2023, FLCT executed 14<sup>3</sup> leasing transactions, representing a lettable area of approximately 84,500 square metres (“sq m”)<sup>4</sup>. The average rental reversion achieved for the period was +3.6% on an incoming rent vs. outgoing rent basis and +23.2% on an average rent vs. average rent basis. Accordingly, this brings the total leasing activity in 1HFY23 to approximately 324,000 sq m or approximately 12.2% of total portfolio lettable area. The healthy leasing momentum enabled FLCT to maintain a strong occupancy rate of 95.9%<sup>5</sup> and a weighted average lease expiry (“WALE”) of 4.5 years<sup>5</sup>.

FLCT also completed the development of the two UK logistics & industrial properties during the period, bringing the total portfolio size to 107 properties, worth approximately S\$6.8 billion<sup>6</sup> as at 31 March 2023. Net asset value (“NAV”) per unit was S\$1.27 as at 31 March 2023, from S\$1.30 as at 30 September 2022.

Mr. Robert Wallace, Chief Executive Officer of the REIT Manager, said, “The continued strength of the Singapore Dollar has had an adverse translation impact on our foreign-sourced income. However, FLCT was able to demonstrate operational resilience, underpinned by the strength of our high-quality property portfolio. Leasing progress across our logistics & industrial portfolio, as well as our commercial portfolio were robust in the year-to-date, supporting a high occupancy rate of 95.9% coupled with a long WALE of 4.5 years.

“Nevertheless, management remains optimistic about the future. We are committed to maintaining a high-quality logistics & industrial-focused property portfolio that is strategically located in developed countries, which coupled with our healthy balance sheet, gives us confidence that FLCT can weather any uncertainties and capture future opportunities. We are confident that with our sound business fundamentals and portfolio management capabilities, FLCT will continue to thrive and ensure our commitment to delivering long-term value for all FLCT stakeholders.”

## CAPITAL MANAGEMENT

As at 31 March 2023, FLCT’s aggregate leverage was 27.8%. Total borrowings were S\$1,980 million, 76.2% of which were at fixed interest rates, with only S\$78 million due for refinancing in 2HFY23. The cost of borrowings for 1HFY23 was 1.8%<sup>7</sup> per annum.

## OUTLOOK

An overview of the countries in which FLCT has a presence is provided below:

### Australia

According to the Australian Bureau of Statistics, Australia’s GDP grew 0.5% in the December 2022 quarter, following a rise of 0.7% in September. The consumer price index over the 12-months to March 2023 came in lower at 7.0%. However, the Reserve Bank of Australia has decided to increase the cash rate target by 25 basis points to 3.85% in May 2023 as it seeks to return inflation to target. According to the Reserve Bank of Australia in February 2023, the country’s GDP is forecast to grow by around 1.5% over both 2023 and 2024.

<sup>3</sup> Includes a lease of ~2,400 sqm at Connexion II which was signed after 31 March 2023.

<sup>4</sup> Please refer to Slide 10 of FLCT’s Results Presentation dated 4 May 2023 for details

<sup>5</sup> Based on gross rental income, being the contracted rental income and estimated recoverable outgoings for the month of March 2023. Excludes straight lining rental adjustments and include committed leases

<sup>6</sup> Excludes the property under development in UK and right-of-use assets.

<sup>7</sup> Based on trailing 12 months borrowing cost

The leasing market in the Australian logistics and industrial sector remains healthy with low vacancy rates and strong market rental growth over the past 12-18 months. The Melbourne office sector remains a relatively challenging sector hampered by lower physical occupancy rates, elevated incentives and vacancy rates, whilst the Perth market has seen improvements in the prime grade office sector. The rising interest rate environment is expected to push capitalisation rates higher across both the commercial and industrial asset classes.

### **Germany, Netherlands, and the UK**

Based on Germany's Federal Office of Statistics, the German economy contracted by 0.2% in the fourth quarter of 2022, while the official Dutch statistics office, CBS, reported a 0.6% growth rate for the Netherlands over the same period. Annual inflation in Germany and The Netherlands in March 2023 was 7.4% and 4.4% respectively.

For the UK, its GDP came in at 0.1% in the fourth quarter of 2022, a marginal increase of 0.2 percentage points from the previous quarter. The Bank of England's Monetary Policy Committee (MPC) has also continued to vote for higher interest rate increases, with the MPC voting to increase the Bank Rate by a further 0.25 percentage points to 4.25% in March 2023. CPI also remained high, with CPI for the 12-month period falling from 10.5% in December 2022 to 10.1% in January 2023, but subsequently rising back to 10.4% in February 2023.

On outlook expectations, the latest World Economic Outlook report released by the International Monetary Fund in April 2023 said that it expects real 2023 GDP for Germany and The Netherlands to be -0.1% and +1.0% respectively.

Russia's ongoing war against Ukraine also continues to have profound impacts on Europe's economic health and in particular, the automotive industry in Europe. Vehicle production has been impacted, hampered by disruptions in the supply of auto-manufacturing components from Ukraine, though we have not observed any significant impacts to FLCT's automotive tenants in Germany and the Netherlands. The application of economic and financial sanctions on Russia has also caused significant economic pressure, with Russia being a major exporter of gas and oil.

The German and Dutch logistics and industrial occupancy markets remain healthy with positive take up and continued market rental growth. Conditions have softened in the UK logistics sector with lower levels of take up and increased vacancies. The UK business park sector has continued to experience lower levels of physical occupation, elevated vacancy levels and many occupiers are consolidating into smaller but higher quality tenancies. Similar to Australia, given higher levels of inflation and rising interest rates, capitalisation rates are expected to expand over the short to medium terms.

### **Singapore**

For Singapore, the latest advanced estimates published by Singapore's Ministry of Trade and Industry in April 2023 reported a +0.1% on-year growth in the first quarter of 2023. Based on the latest estimate published by the Monetary Authority of Singapore in April 2023, Singapore's GDP growth is projected to step down to 0.5% - 2.5% in 2023.

### **Outlook**

The overall economic and business outlook remains uncertain amid elevated levels of inflation, interest rate hikes, and turmoil in the financial sector. Further, while the COVID-19 pandemic-induced disruptions to global economic activity have subsided, the risk remains of a resurgence of the virus through the evolution of a new variant, while the emerging future of work practices may translate into changes to workspace requirements.

The REIT Manager is also closely monitoring emerging trends and behavioural activity, including deglobalisation, as well as onshoring trends and its implications on the logistics and industrial space. FLCT remains focused on managing any financial implications arising from global developments, foreign exchange risks and inflationary pressures. There continues to be no material impact to the FLCT portfolio to-date, although the situation remains dynamic.

Capital and liquidity management also remains a key strategic priority. FLCT's resilient portfolio, strong balance sheet and financial flexibility well positions the REIT to face the current challenging global environment. Looking ahead, the REIT Manager will continue to focus on proactive asset and lease management strategies, and to evaluate and pursue growth opportunities by way of asset enhancements and/or acquisitions, to generate sustainable long-term value for FLCT unitholders.

**END**

#### **About Frasers Logistics & Commercial Trust**

Frasers Logistics & Commercial Trust ("**FLCT**") is a Singapore-listed real estate investment trust with a portfolio comprising 107 industrial and commercial properties, worth approximately S\$6.8 billion, diversified across five major developed markets – Australia, Germany, Singapore, the United Kingdom and the Netherlands. FLCT was listed on the Mainboard of Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 20 June 2016 as Frasers Logistics & Industrial Trust and was subsequently renamed Frasers Logistics & Commercial Trust on 29 April 2020 following the completion of a merger with Frasers Commercial Trust.

FLCT's investment strategy is to invest globally in a diversified portfolio of income-producing properties used predominantly for logistics or industrial purposes located globally, or commercial purposes (comprising primarily CBD office space) or business park purposes (comprising primarily non-CBD office space and/or research and development space) located in the Asia-Pacific region or in Europe (including the United Kingdom). FLCT is sponsored by Frasers Property Limited.

FLCT is a constituent of the FTSE EPRA Nareit Global Real Estate Index Series (Global Developed Index), Straits Times Index and Global Property Research (GPR) 250.

For more information about FLCT, visit [www.frasersproperty.com/reits/flct](http://www.frasersproperty.com/reits/flct)

#### **About Frasers Property Limited**

Frasers Property Limited ("**Frasers Property**") and together with its subsidiaries, the "**Frasers Property Group**" or the "**Group**", is a multinational developer-manager-investor 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\$40.2 billion as at 30 September 2022.

Frasers Property's multinational 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 spans 70 cities in over 20 countries across Asia, Australia, Europe, the Middle East and Africa.

Frasers Property is also the sponsor of two real estate investment trusts ("**REITs**") and one stapled trust listed on the SGX-ST. Frasers Centrepoint Trust and Frasers Logistics & Commercial Trust are focused on retail, and industrial & commercial 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 industrial & logistics properties in Thailand, and Golden Ventures Leasehold Real Estate Investment Trust, which is focused on commercial properties.

The Group is committed to inspiring experiences and creating places for good for its stakeholders. By acting progressively, producing and consuming responsibly, and focusing on its people, Frasers Property aspires to raise sustainability ideals across its value chain, and build a more resilient business. It is committed to be a net-zero carbon corporation by 2050. Building on its heritage as well as leveraging its knowledge and capabilities, the Group aims to create lasting shared value for its people, the businesses and communities it serves. Frasers Property believes in the diversity of its people and are invested in promoting a progressive, collaborative and respectful culture.

For more information on Frasers Property, please visit [frasersproperty.com](http://frasersproperty.com) or follow us on [LinkedIn](https://www.linkedin.com/company/frasers-property).

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The value of the units in FLCT (“Units”) and the income derived from them may fall or rise. The Units are not obligations of, deposits in, or guaranteed by the REIT Manager, Perpetual (Asia) Limited, in its capacity as trustee of FLCT, or Frasers Property (as the sponsor of FLCT).

An investment in the Units is subject to investment risks, including the possible loss of the principal amount invested. Unitholders have no right to request that the REIT Manager redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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This news release is not an offer or sale of the Units in the United States. The Units have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and may not be offered or sold in the United States absent registration except pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the Securities Act. Any public offering of the Units in the United States would be made by means of a prospectus that would contain detailed information about FLCT, the REIT Manager and its management, as well as financial statements.

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