FRASERS COMMERCIAL TRUST
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE HALF YEAR ENDED 31 MARCH 2017

FRASERS COMMERCIAL TRUST ("FCOT" or the "Trust") is a real estate investment trust established under a Trust Deed dated 12 September 2005 (as restated, amended and supplemented) entered into between Frasers Centrepoint Asset Management (Commercial) Ltd (as manager of FCOT) (the "Manager") and British and Malayan Trustees Limited (as trustee of FCOT) (the "Trustee").

The principal activities of FCOT and its subsidiaries (the "Group") are those relating to investment in a portfolio of commercial real estate and real estate related assets with the primary objective of delivering regular and stable distributions to Unitholders, and to achieve long-term growth in such distributions and the net asset value per Ordinary Unit of FCOT ("Unit").

The property portfolio of FCOT as at 31 March 2017 consists of six properties as follows:-

Singapore

1. China Square Central located at 18, 20 & 22 Cross Street ("China Square Central")
2. Alexandra Technopark located at 438A/438B Alexandra Road ("ATP")
3. 55 Market Street

Australia

1. 50.0% indirect interest in Central Park located in Perth ("Central Park")
2. Caroline Chisholm Centre located in Canberra ("Caroline Chisholm Centre")
3. 357 Collins Street located in Melbourne ("357 Collins Street").

SUMMARY OF CONSOLIDATED RESULTS OF FCOT AND ITS SUBSIDIARIES
- 1 January 2017 to 31 March 2017 ("2Q2017") vs 1 January 2016 to 31 March 2016 ("2Q2016")
- 1 October 2016 to 31 March 2017 ("1H2017") vs 1 October 2015 to 31 March 2016 ("1H2016")

	Group					
	1/1/2017 to 31/3/2017	1/1/2016 to 31/3/2016	Change	1/10/2016 to 31/3/2017	1/10/2015 to 31/3/2016	Change
	S$'000	S$'000	%	S$'000	S$'000	%
Gross revenue	40,240	38,994	3%	79,919	78,617	2%
Net property income	30,020	28,836	4%	59,232	58,214	2%
Total return for the period	19,224	18,041	7%	37,960	35,741	6%
Distribution Income for Unitholders	20,022	19,348	3%	39,961	39,050	2%
Distribution per Unit (cents)						
Unitholders						
For the period	2.51 (1)	2.45	2%	5.01	4.96	1%
Annualised	10.16	9.83	3%	10.05	9.89	2%

Footnotes:
(1) The number of Units used to calculate the amount available for distribution per Unit ("DPU") is 799,065,416. Please see Section 1(d)(ii) for the details of changes in the number of Units.

1(a) Consolidated Statement of Total Return together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group					
	1/1/2017 to 31/3/2017	1/1/2016 to 31/3/2016	Change	1/10/2016 to 31/3/2017	1/10/2015 to 31/3/2016	Change
	S$'000	S$'000	%	S$'000	S$'000	%
Gross revenue [1]	40,240	38,994	3%	79,919	78,617	2%
Property operating expenses [2]	(10,220)	(10,158)	1%	(20,687)	(20,403)	1%
Net property income [3]	**30,020**	**28,836**	4%	**59,232**	**58,214**	2%
Interest income	83	167	(50%)	217	338	(36%)
Manager's management fees	(3,443)	(3,388)	2%	(6,885)	(6,803)	1%
Trust expenses	(521)	(425)	23%	(904)	(864)	5%
Finance costs [4]	(6,359)	(6,100)	4%	(12,352)	(12,228)	1%
Net income before foreign exchange differences, fair value changes and taxation	**19,780**	**19,090**	4%	**39,308**	**38,657**	2%
Foreign exchange gain	1,250	1,153	8%	1,498	1,399	7%
Net change in fair value of investment properties [5]	69	(1,133)	NM	350	(1,274)	NM
Net change in fair value of derivative financial instruments	(270)	110	NM	(183)	(659)	(72%)
Realised loss on derivative financial instruments[6]	(525)	(125)	NM	(710)	(114)	NM
Total return before tax	**20,304**	**19,095**	6%	**40,263**	**38,009**	6%
Taxation	(1,080)	(1,054)	2%	(2,303)	(2,268)	2%
Total return for the period	**19,224**	**18,041**	7%	**37,960**	**35,741**	6%

Reconciliation of Total Return for the Period to Income Available for Distribution

	Group					
	1/1/2017 to 31/3/2017	1/1/2016 to 31/3/2016	Change	1/10/2016 to 31/3/2017	1/10/2015 to 31/3/2016	Change
	S$'000	S$'000	%	S$'000	S$'000	%
Total return for the period	**19,224**	**18,041**	7%	**37,960**	**35,741**	6%
Non-tax deductible / (non-taxable) items and other adjustments:						
Management fees payable in Units	-	1,355	NM	-	2,141	NM
Trustees' fees	159	153	4%	315	298	6%
Amortisation of borrowing costs	759	405	87%	1,136	811	40%
Net change in fair value of investment properties	(69)	1,133	NM	(350)	1,274	NM
Net change in fair value of derivative financial instruments	270	(110)	NM	183	659	(72%)
Deferred taxation	(116)	321	NM	156	643	(76%)
Unrealised exchange gain	(1,593)	(1,304)	22%	(1,842)	(1,553)	19%
Effects of recognising accounting income on a straight line basis over the lease term	538	(920)	NM	670	(1,195)	NM
Other non tax deductible items and temporary differences	850	274	NM	1,733	231	NM
Net effect of non-tax deductible / (non-taxable) items and other adjustments	**798**	**1,307**	(39%)	**2,001**	**3,309**	(40%)
Income available for distribution to Unitholders [7]	**20,022**	**19,348**	3%	**39,961**	**39,050**	2%
Unitholders' distribution comprise:						
- from operations	18,185	18,766	(3%)	35,935	38,468	(7%)
- from capital returns [8]	1,837	582	NM	4,026	582	NM
	20,022	**19,348**	3%	**39,961**	**39,050**	2%

NM - Not meaningful

Footnotes:

(1) Gross revenue includes base rental income, car park income, service charges (payable by the tenants towards property expenses of the properties such as air-conditioning, utility charges and cleaning charges), public car park revenue and turnover rent. The composition of gross revenue by property is as follows:

	Group						
	1/1/2017 to 31/3/2017	1/1/2016 to 31/3/2016	Change		1/10/2016 to 31/3/2017	1/10/2015 to 31/3/2016	Change
	S$'000	S$'000	%		S$'000	S$'000	%
China Square Central	6,672	7,273	(8%)		13,511	14,956	(10%)
55 Market Street	1,488	1,462	2%		2,945	2,922	1%
Alexandra Technopark	12,907	13,152	(2%)		26,267	26,454	(1%)
Central Park	7,849	6,610	19%		14,749	13,462	10%
Caroline Chisholm Centre	5,620	5,242	7%		11,172	10,507	6%
357 Collins Street	5,704	5,255	9%		11,275	10,316	9%
	40,240	**38,994**	3%		**79,919**	**78,617**	2%

(2) The composition of the property operating expenses by major items is as follows:-

	Group						
	1/1/2017 to 31/3/2017	1/1/2016 to 31/3/2016	Change		1/10/2016 to 31/3/2017	1/10/2015 to 31/3/2016	Change
	S$'000	S$'000	%		S$'000	S$'000	%
Property maintenance expenses	3,418	3,268	5%		7,095	6,592	8%
Property management fees	809	657	23%		1,619	1,330	22%
Property tax	2,160	2,139	1%		4,049	4,254	(5%)
Utilities	1,514	1,703	(11%)		3,138	3,467	(9%)
Professional fees	883	973	(9%)		1,724	1,901	(9%)
Insurance	117	114	3%		240	232	3%
Council rates	562	517	9%		1,115	1,003	11%
Amortisation of leasing commission	246	205	20%		492	439	12%
Other operating expenses	511	582	(12%)		1,215	1,185	-
	10,220	**10,158**	1%		**20,687**	**20,403**	1%

(3) The composition of the net property income by property is as follows:-

	Group						
	1/1/2017 to 31/3/2017	1/1/2016 to 31/3/2016	Change		1/10/2016 to 31/3/2017	1/10/2015 to 31/3/2016	Change
	S$'000	S$'000	%		S$'000	S$'000	%
China Square Central	4,437	4,796	(7%)		9,051	9,818	(8%)
55 Market Street	1,077	1,045	3%		2,120	2,078	2%
Alexandra Technopark	9,731	9,908	(2%)		19,843	19,963	(1%)
Central Park	5,882	4,634	27%		10,443	9,565	9%
Caroline Chisholm Centre	4,639	4,383	6%		9,238	8,782	5%
357 Collins Street	4,254	4,070	5%		8,537	8,008	7%
	30,020	**28,836**	4%		**59,232**	**58,214**	2%

Footnotes:

(4) The composition of finance costs is as follows:-

	Group						
	1/1/2017 to 31/3/2017	1/1/2016 to 31/3/2016	Change		1/10/2016 to 31/3/2017	1/10/2015 to 31/3/2016	Change
	S$'000	S$'000	%		S$'000	S$'000	%
Interest expense	5,600	5,695	(2%)		11,216	11,417	(2%)
Capitalised borrowing costs expensed off	404	-	NM		404	-	NM
Amortisation ot borrowing costs	355	405	(12%)		732	811	(10%)
	6,359	**6,100**	4%		**12,352**	**12,228**	1%

NM - Not meaningful

The capitalised borrowing costs of approximately S$0.4 million expensed off during 2Q2017 was related to the partial early refinancing of loan facilities.

(5) The net change in fair value of investment properties in 2Q2017 and 2Q2016 was related to the adjustment of the changes in carrying value of the investment properties during the respective periods. The changes in the carrying value of the investment properties mainly arose from the recognition of rental income on a straight-line basis in accordance with the Singapore Financial Reporting Standards and the increase in leasing fees capitalised, net of amortisation.

(6) Included in the realised loss on derivative financial instruments are the following:

	Group						
	1/1/2017 to 31/3/2017	1/1/2016 to 31/3/2016	Change		1/10/2016 to 31/3/2017	1/10/2015 to 31/3/2016	Change
	S$'000	S$'000	%		S$'000	S$'000	%
Loss arising from termination of interest rate swap	(214)	-	NM		(214)	-	NM
Loss arising from realisation of foreign currency forward contracts	(311)	(125)	NM		(496)	(114)	NM
	(525)	**(125)**	NM		**(710)**	**(114)**	NM

NM - Not meaningful

(7) FCOT's distribution policy is to distribute at least 90% of its taxable income to the Unitholders.

(8) Unitholders' distribution from capital returns comprised:-

	Group						
	1/1/2017 to 31/3/2017	1/1/2016 to 31/3/2016	Change		1/10/2016 to 31/3/2017	1/10/2015 to 31/3/2016	Change
	S$'000	S$'000	%		S$'000	S$'000	%
Gain on disposal of hotel development rights [(a)]	867	582	49%		1,717	582	195%
Return of capital from a subsidiary [(b)]	970	-	NM		2,309	-	NM
	1,837	**582**	NM		**4,026**	**582**	NM

NM – Not meaningful

(a) This relates to a portion of the net consideration received from the disposal of the hotel development rights in respect of China Square Central in August 2015, which is classified as capital distribution from tax perspective, to supplement the loss of income from certain affected units during the hotel construction period.

(b) This relates to the distribution available to Unitholders arising from the return of capital of a subsidiary to distribute earnings from Australia trapped due to non-cash accounting items.

1(b)(i) Statements of Financial Position, together with the comparative statements as at the end of the immediately preceding financial year

	Group		Trust	
	31/3/2017	30/9/2016	31/3/2017	30/9/2016
	S$'000	S$'000	S$'000	S$'000
Non-current assets				
Investment properties [1]	2,010,801	1,989,287	1,210,340	1,209,500
Subsidiaries	-	-	318,892	318,892
Loan to a subsidiary	-	-	92,977	90,646
Fixed assets	68	81	68	81
Deferred tax asset	356	348	-	-
	2,011,225	**1,989,716**	**1,622,277**	**1,619,119**
Current assets				
Trade and other receivables [2]	22,543	8,155	89,106	73,978
Cash and bank balances	58,480	71,487	49,115	65,193
	81,023	**79,642**	**138,221**	**139,171**
Total assets	**2,092,248**	**2,069,358**	**1,760,498**	**1,758,290**
Current liabilities				
Borrowings (net of transaction costs)	(79,885)	(179,462)	(79,885)	(179,462)
Trade and other payables [3]	(19,539)	(23,302)	(13,392)	(16,866)
Current portion of security deposits	(6,392)	(5,340)	(6,392)	(5,339)
Derivative financial instruments [4]	(3,603)	(7,434)	(1,672)	(3,794)
Provision for taxation [5]	(5,949)	(3,763)	-	-
	(115,368)	**(219,301)**	**(101,341)**	**(205,461)**
Net current (liabilities)/ assets [6]	**(34,345)**	**(139,659)**	**36,880**	**(66,290)**
Non-current liabilities				
Borrowings (net of transaction costs)	(668,841)	(562,829)	(445,243)	(345,050)
Non-current portion of security deposits	(6,590)	(7,736)	(6,590)	(7,736)
Deferred tax liabilities [7]	(52,546)	(51,076)	-	-
	(727,977)	**(621,641)**	**(451,833)**	**(352,786)**
Total liabilities	**(843,345)**	**(840,942)**	**(553,174)**	**(558,247)**
Net assets attributable to Unitholders	**1,248,903**	**1,228,416**	**1,207,324**	**1,200,043**
Represented by:				
Unitholders' funds [8]	**1,248,903**	**1,228,416**	**1,207,324**	**1,200,043**

Footnotes:

(1) The investment properties were valued at their fair values based on independent valuations as at 30 September 2016 and subsequently adjusted for capital expenditure. As at 31 March 2017, the carrying amounts of the investment properties approximated their fair values.

The increase in investment properties was mainly due to strengthening of Australian Dollar as at 31 March 2017 as compared to 30 September 2016 and capital expenditure incurred during the period.

(2) The increase in trade and other receivables was mainly due to timing difference of tax refundable in Australia in respect of the Australian properties.

(3) The decrease in trade and other payables was mainly due to lower advance rental received.

(4) Derivative financial instruments relate to fair values of interest rate derivative financial instruments entered into in respect of FCOT's borrowings and foreign currency forward contracts.

(5) The increase in provision for taxation was mainly due to the tax provision for the current period.

(6) The net current liability position as at 31 March 2017 and 30 September 2016 was due to a loan facility due on 18 September 2017 amounting to S$80 million and S$180 million on the respective balance sheet dates. The decrease in net current liability position as at 31 March 2017 as compared to 30 September 2016 was mainly due to the partial early refinancing of the loan due on 18 September 2017.

(7) Deferred tax is provided for in respect of the potential capital gains arising from the changes in fair value of the Australian properties. The increase in deferred tax was mainly due to strengthening of Australian dollar as at 31 March 2017 as compared to 30 September 2016.

(8) The increase in Unitholders' funds was mainly due to:
- effects of the strengthening of Australian dollar as at 31 March 2017 as compared to 30 September 2016 on the net assets attributable to the Australia operations; and
- issuance of Units pursuant to distribution reinvestment plan.

1(b)(ii) Aggregate amount of borrowings and debt securities

Amount repayable in one year or less, or on demand

Group			
As at 31/3/2017		As at 30/9/2016	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
-	80,000	-	180,000

Amount repayable after one year

Group			
As at 31/3/2017		As at 30/9/2016	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
-	671,006	-	565,378

Details of any collateral

All term loan facilities as at 31 March 2017 are unsecured.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group			
	1/1/2017 to 31/3/2017	1/1/2016 to 31/3/2016	1/10/2016 to 31/3/2017	1/10/2015 to 31/3/2016
	S$'000	S$'000	S$'000	S$'000
Operating activities:				
Total return before tax	20,304	19,095	40,263	38,009
Adjustments for:-				
Finance costs	6,359	6,100	12,352	12,228
Effect of recognising accounting income on a straight-line basis over the lease term	538	(920)	670	(1,195)
Depreciation	7	6	14	12
Amortisation of leasing commission	247	206	491	440
Interest income	(83)	(167)	(217)	(338)
Management fees payable in Units	-	1,355	-	2,141
Net change in fair value of derivative financial instruments	270	(110)	183	659
Net change in fair value of investment properties	(69)	1,133	(350)	1,274
Realised gain on derivative financial instruments	525	125	710	114
Operating income before working capital changes	**28,098**	**26,823**	**54,116**	**53,344**
Changes in working capital:-				
Trade and other receivables	(15,114)	(3,352)	(14,034)	(1,851)
Trade and other payables	(731)	(2,384)	(5,761)	(4,571)
Cash generated from operations	**12,253**	**21,087**	**34,321**	**46,922**
Tax paid	(1)	(2,489)	(2)	(2,489)
Net cash generated from operating activities	**12,252**	**18,598**	**34,319**	**44,433**
Investing activities:				
Capital expenditure on investment properties	(785)	(600)	(1,454)	(985)
Payment for leasing costs capitalised	(925)	(419)	(1,020)	(520)
Purchase of fixed assets	-	(59)	-	(59)
Interest received	126	190	209	310
Net cash used in investing activities	**(1,584)**	**(888)**	**(2,265)**	**(1,254)**
Financing activities:				
Proceeds from borrowings	150,000	-	150,000	-
Repayment of borrowings	(150,000)	-	(150,000)	-
Termination of derivative financial instruments	(214)	-	(214)	-
Realisation of derivative financial instruments	(312)	(125)	(497)	(114)
Finance costs paid	(6,213)	(5,725)	(10,647)	(11,395)
Issue costs paid	(80)	(75)	(164)	(153)
Distributions paid [(1)]	(15,879)	(16,416)	(33,349)	(33,984)
Transaction costs on borrowings	(304)	-	(304)	-
Net cash used in financing activities	**(23,002)**	**(22,341)**	**(45,175)**	**(45,646)**
Net decrease in cash and cash equivalents	**(12,334)**	**(4,631)**	**(13,121)**	**(2,467)**
Cash and cash equivalents at beginning of period	70,702	64,443	71,487	62,233
Effect of exchange rate changes	112	87	114	133
Cash and cash equivalents at end of period [(2)]	**58,480**	**59,899**	**58,480**	**59,899**

Footnotes

(1) Pursuant to the Distribution Reinvestment Plan implemented, these amounts represent the cash component of the distributions paid and exclude the distributions paid by way of issuance of Units amounting to S$4.1 million during 2Q2017 (2Q2016: S$3.3 million) and S$6.1 million for 1H2017 (1H2016: S$4.5 million).

(2) For purposes of the consolidated Cash Flow Statement, the consolidated cash and cash equivalents comprised the following:

	Group	
	31/3/2017	31/3/2016
	S$'000	S$'000
Bank and cash balances	36,206	30,328
Fixed deposits	22,274	29,571
Cash and cash equivalents	58,480	59,899

1(d)(i) Statements of movements in Unitholders' Funds

	Group		Trust	
	1/1/2017 to 31/3/2017	1/1/2016 to 31/3/2016	1/1/2017 to 31/3/2017	1/1/2016 to 31/3/2016
Movement from 1 January to 31 March	S$'000	S$'000	S$'000	S$'000
Balance at beginning of period	1,234,433	1,221,031	1,202,992	1,207,184
Operations				
Change in net assets attributable to Unitholders resulting from operations	19,224	18,041	21,361	20,553
Unitholders' transactions				
Issue of Units	4,060	4,072	4,060	4,072
Issue expenses	(80)	(75)	(80)	(75)
Distributions to Unitholders	(19,939)	(19,702)	(19,939)	(19,702)
Change in Unitholders' funds resulting from Unitholders' transactions	(15,959)	(15,705)	(15,959)	(15,705)
Foreign currency translation reserve				
Movement for the period	12,539	8,771	-	-
Hedging reserve				
Net fair value changes on derivative financial instruments	(1,334)	(10,081)	(1,070)	(8,909)
Balance at end of period	1,248,903	1,222,057	1,207,324	1,203,123

	Group		Trust	
	1/10/2016 to 31/3/2017	1/10/2015 to 31/3/2016	1/10/2016 to 31/3/2017	1/10/2015 to 31/3/2016
Movement from 1 October to 31 March	S$'000	S$'000	S$'000	S$'000
Balance at beginning of period	1,228,416	1,206,871	1,200,043	1,197,386
Operations				
Change in net assets attributable to Unitholders resulting from operations	37,960	35,741	38,487	39,880
Unitholders' transactions				
Issue of Units	6,075	6,280	6,075	6,280
Issue expenses	(164)	(153)	(164)	(153)
Distributions to Unitholders	(39,424)	(32,291)	(39,424)	(32,291)
Change in Unitholders' funds resulting from Unitholders' transactions	(33,513)	(26,164)	(33,513)	(26,164)
Foreign currency translation reserve				
Movement for the period	12,025	13,597	-	-
Hedging reserve				
Net fair value changes on derivative financial instruments	4,015	(7,988)	2,307	(7,979)
Balance at end of period	1,248,903	1,222,057	1,207,324	1,203,123

1(d)(ii) Details of any changes in Units

	1/1/2017 to 31/3/2017	1/1/2016 to 31/3/2016	1/10/2016 to 31/3/2017	1/10/2015 to 31/3/2016
	Units	Units	Units	Units
Issued Units				
Balance at beginning of period	795,818,663	784,338,683	794,298,124	782,703,651
Issue of Units - management fees	-	617,585	-	1,329,488
Issue of Units - Distribution Reinvestment Plan	3,246,753	2,869,009	4,767,292	3,792,138
Balance at end of period	799,065,416	787,825,277	799,065,416	787,825,277
Issued and issuable Units				
Issued Units at end of period	799,065,416	787,825,277	799,065,416	787,825,277
Management fees payable in Units	-	1,037,965	-	1,037,965
Issued and issuable Units at end of period	799,065,416	788,863,242	799,065,416	788,863,242

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", or an equivalent standard)

These figures have not been audited nor reviewed by the auditors.

3. Where figures have been audited, or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the company's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the financial year ended 30 September 2016.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Consolidated Earnings per Unit ("EPU") and available for distribution per Unit ("DPU") for the financial period

	1/1/2017 to 31/3/2017	1/1/2016 to 31/3/2016	1/10/2016 to 31/3/2017	1/10/2015 to 31/3/2016
	S$'000	S$'000	S$'000	S$'000
Total return after taxation and before distribution	19,224	18,041	37,960	35,741
EPU				
Weighted average number of Units in issue	796,936,989	785,806,501	795,895,469	786,237,482
Basic earnings per Unit (cents)[(1)]	2.41	2.30	4.77	4.55
DPU				
Number of issued and issuable Units entitled to distribution	799,065,416	788,863,242	799,065,416	788,863,242
Distribution per Unit based on the total number of issued and issuable Units entitled to distribution (cents)	2.51	2.45	5.01	4.96

Footnotes:

(1) Basic earnings per Unit ("EPU") is computed using the total return after taxation and before distribution and the weighted average number of Units during the period. There is no dilutive potential Units in 2Q2016 and 2Q2017.

7. Unitholders' funds per Unit based on issued and issuable Units at the end of the period

	Group		Trust	
	31/3/2017	30/9/2016	31/3/2017	30/9/2016
Unitholders' funds at end of period (S$'000)	1,248,903	1,228,416	1,207,324	1,200,043
Number of Units issued at the end of the period ('000)	799,065	794,298	799,065	794,298
Unitholders' funds per Unit (S$)	1.56	1.55	1.51	1.51
Adjusted Unitholders' funds per Unit (excluding distributable income) (S$)	1.54	1.52	1.49	1.49

8. Review of performance

(a) Variance between 2Q2017 and 2Q2016

Net property income for 2Q2017 was S$30.0 million, 4% higher than that of 2Q2016. The increase was mainly due to:-

- higher income contribution from 357 Collins Street due to higher occupancy and rental rates achieved;
- effects of the average stronger Australian dollar during 2Q2017 as compared to 2Q2016 on the income from Australian properties; and
- a one-off payment received in relation to a termination of lease in Central Park.

The increase in net property income was partially reduced by the lower occupancy rate for China Square Central and Alexandra Technopark.

The increase in finance costs by S$0.3 million in 2Q2017 as compared to that of 2Q2016 was mainly due to the capitalised borrowing costs expensed off during 2Q2017 due to partial early refinancing of loan facilities.

The net change in fair value of investment properties in 2Q2017 and 2Q2016 was related to the adjustment of the changes in the carrying value of investment properties due to recognition of rental income on a straight-line basis in accordance with the Singapore Financial Reporting Standards and the increase in leasing fees capitalised, net of amortisation.

The net gain and loss arising from fair value changes of derivative financial instruments in 2Q2017 and 2Q2016 was related to fair value change on forward foreign currency contracts.

(b) Variance between 1H2017 and 1H2016

Net property income for 1H2017 was S$59.2 million, 2% higher than that of 1H2016. The increase was mainly due to:-

- higher income contribution from 357 Collins Street due to higher occupancy and rental rates achieved;
- effects of the average stronger Australian dollar during 1H2017 as compared to 1H2016 on the income from Australian properties; and
- a one-off payment received in relation to a termination of lease in Central Park.

The increase was partially reduced by the lower occupancy rates for China Square Central and Central Park.

The increase in finance costs by S$0.1 million in 1H2017 as compared to that of 1H2016 was mainly due to the capitalised borrowing costs expensed off during 2Q2017 due to partial early refinancing of loan facilities.

The net change in fair value of investment properties in 1H2017 and 1H 2016 was related to the adjustment of the changes in the carrying value of investment properties due to recognition of rental income on a straight-line basis in accordance with the Singapore Financial Reporting Standards and the increase in leasing fees capitalised, net of amortisation.

The net gain and loss arising from fair value changes of derivative financial instruments in 1H2017 and 1H2016 was related to fair value change on forward foreign currency contracts.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

10. Commentary on the competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next 12 months

Singapore

In its statements released on 17 February and 13 April 2017, the Ministry of Trade and Industry ("MTI") announced that based on advance estimates, the Singapore economy grew by 2.5% on a year-on-year ("yoy") basis in the first quarter of 2017, easing from the 2.9% growth in the previous quarter. On a quarter-on-quarter ("qoq") seasonally-adjusted annualised basis, the economy contracted by 1.9%, after posting a strong rebound of 12.3% in the previous quarter. MTI is of the view that while global growth is projected to pick up slightly in 2017, downside risks in the global economy remain. Domestically, externally-oriented sectors such as the manufacturing and transportation and storage sectors are likely to provide support to growth in the Singapore economy in 2017. The information and communications and education, health and social services sectors are expected to remain resilient, while the construction, marine and offshore and retail and food services are likely to continue facing headwinds. The Singapore economy is expected to grow at a modest pace of 1.0% to 3.0% in 2017.

For the office market, CBRE[1] reported that for the quarter ended 31 March 2017, average rent for Grade A CBD Core eased by 1.6% qoq to $8.95 per square feet ("psf") per month, island-wide average Grade B rent was lower by 1.4% qoq to $6.85 psf per month, and average Grade B CBD Core rent declined 1.4% qoq to $7.25 psf per month. Island-wide net absorption for Q1 2017 was negative 47,439 square feet ("sf"). Vacancy held up relatively well with only a marginal increase of 0.1% points qoq to 6.1% in Q1 2017. Indicators suggest that the Singapore office market is finding support level. Concerns of new supply are dissipating due to stronger pre-commitments achieved for UIC Building and Marina One. CBRE Research believes that there is potential for rental growth by end-2017 and a more sustained market recovery in 2018, although the recovery is expected to be mixed.

For the business park market, CBRE[1] reported that performance during Q1 2017 continued to be stable. Net absorption in Q1 2017 was 75,082 sf and demand from technology and media companies continued to be active, although there was a slowdown in overall enquiry level. Average business park (city fringe) rents remained stable qoq at $5.50 psf per month. Island-wide vacancy fell 0.3% points qoq to 11.6% in Q1 2017 and there was no new supply during the quarter. There will be a supply gap from 2017 until mid-2018 and this will bode well for occupancy in the medium term. Higher quality business parks may see pick-up in rent alongside any recovery in the office market.

Australia

In the Statements on Monetary Policy Decision released in February and April 2017 by the Reserve Bank of Australia, cash rate remained unchanged at 1.50%. The Australian economy is continuing its transition following the end of the mining investment boom, and non-mining business investment has risen over the past year. Low interest rates and the depreciation of the exchange rate since early 2013 have supported the transitioning economy. Both public demand and dwelling investment grew strongly and are expected to continue supporting growth in non-mining activities in the coming quarters. Gross domestic product growth is forecast at 2.5% to 3.5% for the year to December 2017, before increasing to around 2.75% to 3.75% for the year ending 31 December 2018.

For the Perth CBD office market, Colliers International and Savills Research[2] reported that according to the Property Council of Australia, vacancy rate as at end-December 2016 increased marginally to 22.5%, indicating that vacancy is stabilising. This led to relatively steady market rents for the Premium Grade CBD office market. As at December 2016, net face rents for Premium Grade CBD office generally ranged between A$600 to A$725 per square metre ("sqm") per annum. Incentives are averaging around 47.5%. The prevailing attractive rent level continues to entice non-CBD tenants to relocate to buildings in the CBD, although to-date deals done have generally been for smaller occupiers. Demand for CBD office space is expected to be largely led by occupiers in consumer and business services sectors. Major supply over the next two years is limited to the new headquarters of Woodside at Capital Square. With Woodside vacating its current space and the forecast soft white collar employment conditions, Colliers International expects vacancy to increase to 24.2% by mid-2018.

10. Commentary on the competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next 12 months (cont'd)

Australia (cont'd)

For the Melbourne CBD office market, Knight Frank Research[3] reported that vacancy fell from 7.8% to 6.4% in the 12 months to January 2017, its lowest level in four years. Melbourne continues to have the second lowest vacancy rate amongst all the CBDs in Australia behind Sydney. As at January 2017, average prime net face rent for Melbourne CBD office space was between A$490 to A$580 per sqm per annum, with incentive levels around 25% to 30%. The Melbourne CBD recorded positive net absorption of 109,612 sqm in the six months to January 2017, the strongest performance in Australia. The Melbourne CBD office market vacancy rate is projected to fall to 10-year lows in 2017, with constrained new supply coupled with forecast white collar employment growth of 2.1% per annum between 2017 to 2019. The overall vacancy rate is expected to fall to 4.1% by end-2018. With expected strong tenant demand in the Melbourne CBD over the next three years, and vacancy falling to its lowest level in four years, prime net face rent is forecast to record average growth of 5.0% per annum over the next two years. According to Knight Frank Research, on a global basis, the Melbourne CBD is ranked in the top five cities for forecast rental growth performance over the next three years.

[1] CBRE, Singapore Market View, Q1 2017
[2] Colliers International, Research and Forecast Report, CBD Office First Half 2017 and Savills Research, Perth CBD Office, January 2017
[3] Knight Frank Research, Melbourne CBD Office Market Overview March 2017

11. Distributions

(a) Current financial period

Name of distribution
Distribution to Unitholders ("Unitholders' Distribution") for the period from 1 January 2017 to 31 March 2017

The Manager has determined that the Distribution Reinvestment Plan will apply to the distribution for the period from 1 January 2017 to 31 March 2017.

(b)(i) Distribution rate

	Unitholders' Distribution
	cents
Taxable income component	1.6034
Tax-exempt income component	0.6725
Capital component	0.2298
Total	**2.5057**

The Payment Date and Books Closure Date for the Unitholders' Distribution are stated in Section 11 (d) and (e) below.

(b)(ii) Corresponding period of preceding financial period

Unitholders' Distribution for the period from 1 January 2016 to 31 March 2016

	Unitholders' Distribution
	cents
Taxable income component	1.7784
Tax-exempt income component	0.6004
Capital component	0.0738
Total	**2.4526**

(c) Tax rate

Taxable income distribution
Qualifying investors and individuals (other than those who hold their Units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deducting of tax at the rate of 10.0%. Other investors will receive their distributions after deduction of tax at the rate of 17.0%.

Tax-exempt income distribution
Tax-exempt income distribution is exempt from tax in the hands of all Unitholders.

Capital distribution
Capital distribution represents a return of capital for Singapore income tax purpose and not subject to tax. For Unitholders who hold the Units as trading assets, the amount of capital distribution will be applied to reduce the cost base of the Units for the purpose of calculating the amount of taxable trading gains arising from the disposal of Units.

(d) Date payable 30 May 2017

(e) Books closure date: 2 May 2017

12. If the Group has obtained a general mandate from unitholders for Interested Party Transactions ("IPT"), the aggregate value of such transactions are required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There is no general mandate obtained from Unitholders for IPTs.

13. Confirmation pursuant to Rule 705(5) of the SGX-ST Listing Manual

We confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of FCAMC (as Manager of FCOT) which may render these interim financial results to be false or misleading, in any material aspect.

14. Confirmation pursuant to Rule 720(1) of the SGX-ST Listing Manual

FCAMC (as Manager of FCOT) confirms that it has procured undertakings from all Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the Listing Manual.

For and on behalf of the Board of Directors of Frasers Centrepoint Asset Management (Commercial) Ltd

Dr Chua Yong Hai
Director

Christopher Tang Kok Kai
Director

By Order of the Board
Frasers Centrepoint Asset Management (Commercial) Limited
(Company registration no. 200503404G)
As Manager of Frasers Commercial Trust

Catherine Yeo
Company Secretary
21 April 2017

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 other companies and venues for the sale/distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on the current view of management on future events.

Any discrepancies in the tables included in this announcement between the listed amounts and total thereof are due to rounding.