FRASERS COMMERCIAL TRUST
FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE QUARTER ENDED 31 DECEMBER 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 December 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 October 2017 to 31 December 2017 ("1Q2018") vs 1 October 2016 to 31 December 2016 ("1Q2017")

	Group		
	1/10/2017 to 31/12/2017	1/10/2016 to 31/12/2016	Change
	S$'000	S$'000	%
Gross revenue	35,321	39,679	(11%)
Net property income	24,858	29,212	(15%)
Total return for the period	13,202	18,736	(30%)
Distribution Income for Unitholders	19,456	19,939	(2%)
Distribution per Unit (cents)			
Unitholders			
For the period	2.40 (1)	2.51 (2)	(4%)
Annualised	9.52	9.96	(4%)

Footnotes:
(1) The number of Units used to calculate the amount available for distribution per Unit ("DPU") is 810,654,842. Please see Section 6 for the details on the number of issued and issuable Units entitled to distribution.
(2) The number of Units used to calculate the amount available for distribution per Unit ("DPU") is 795,818,663.

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

	Group		
	1/10/2017 to 31/12/2017	1/10/2016 to 31/12/2016	Change
	S$'000	S$'000	%
Gross revenue [1]	35,321	39,679	(11%)
Property operating expenses [2]	(10,463)	(10,467)	-
Net property income [3]	**24,858**	**29,212**	(15%)
Interest income	93	134	(31%)
Manager's management fees	(3,369)	(3,442)	(2%)
Trust expenses	(455)	(383)	19%
Finance costs [4]	(5,960)	(5,993)	(1%)
Net income before foreign exchange differences, fair value changes and taxation	**15,167**	**19,528**	(22%)
Foreign exchange (loss)/ gain	(1,316)	248	NM
Net change in fair value of investment properties [5]	48	281	(83%)
Net change in fair value of derivative financial instruments	327	87	NM
Realised loss on derivative financial instruments[6]	-	(185)	NM
Total return before tax	**14,226**	**19,959**	(29%)
Taxation	(1,024)	(1,223)	(16%)
Total return for the period	**13,202**	**18,736**	(30%)

NM - Not meaningful

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

	Group		
	1/10/2017 to 31/12/2017	1/10/2016 to 31/12/2016	Change
	S$'000	S$'000	%
Total return for the period	**13,202**	**18,736**	(30%)
Non-tax deductible / (non-taxable) items and other adjustments:			
Management fees payable in Units	3,369	-	NM
Trustees' fees	167	156	7%
Amortisation of borrowing costs	262	377	(31%)
Net change in fair value of investment properties	(48)	(281)	(83%)
Net change in fair value of derivative financial instruments	(327)	(87)	NM
Deferred taxation	47	272	(83%)
Unrealised exchange loss/ (gain)	1,068	(249)	NM
Effects of recognising accounting income on a straight line basis over the lease term	240	132	82%
Other non-tax deductible items and temporary differences	1,476	883	67%
Net effect of non-tax deductible / (non-taxable) items and other adjustments	**6,254**	**1,203**	NM
Income available for distribution to Unitholders [7]	**19,456**	**19,939**	(2%)
Unitholders' distribution comprise:			
- from operations	16,062	17,750	(10%)
- from capital returns [8]	3,394	2,189	55%
	19,456	**19,939**	(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		
	1/10/2017 to 31/12/2017	1/10/2016 to 31/12/2016	Change
	S$'000	S$'000	%
China Square Central	6,137	6,839	(10%)
55 Market Street	1,348	1,457	(7%)
Alexandra Technopark	11,025	13,360	(17%)
Central Park	5,810	6,900	(16%)
Caroline Chisholm Centre	5,411	5,552	(3%)
357 Collins Street	5,590	5,571	-
	35,321	**39,679**	(11%)

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

	Group		
	1/10/2017 to 31/12/2017	1/10/2016 to 31/12/2016	Change
	S$'000	S$'000	%
Property maintenance expenses	3,481	3,677	(5%)
Property management fees	720	810	(11%)
Property tax	1,953	1,889	3%
Utilities	1,877	1,624	16%
Professional fees	807	841	(4%)
Insurance	116	123	(6%)
Council rates	553	553	-
Amortisation of leasing commission	207	246	(16%)
Other operating expenses	749	704	6%
	10,463	**10,467**	-

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

	Group		
	1/10/2017 to 31/12/2017	1/10/2016 to 31/12/2016	Change
	S$'000	S$'000	%
China Square Central	3,931	4,614	(15%)
55 Market Street	922	1,043	(12%)
Alexandra Technopark	7,618	10,112	(25%)
Central Park	3,710	4,561	(19%)
Caroline Chisholm Centre	4,495	4,599	(2%)
357 Collins Street	4,182	4,283	(2%)
	24,858	**29,212**	(15%)

Footnotes:

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

	Group		
	1/10/2017 to 31/12/2017	1/10/2016 to 31/12/2016	Change
	S$'000	S$'000	%
Interest expense	5,698	5,616	1%
Amortisation of borrowing costs	262	377	(31%)
	5,960	**5,993**	(1%)

(5) The net change in fair value of investment properties in 1Q2018 and 1Q2017 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) The realised loss on derivative financial instruments in 1Q2017 was loss arising from realisation of foreign currency forward contracts. There was no realised loss on derivatives financial instruments in 1Q2018.

(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		
	1/10/2017 to 31/12/2017	1/10/2016 to 31/12/2016	Change
	S$'000	S$'000	%
Gain on disposal of hotel development rights [(a)]	1,936	850	128%
Return of capital from a subsidiary [(b)]	1,458	1,339	9%
	3,394	**2,189**	55%

(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.

(b) This relates to the distribution available to Unitholders arising from the return of capital of a subsidiary to distribute earnings from Australia.

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

	Group		Trust	
	31/12/2017	30/9/2017	31/12/2017	30/9/2017
	S$'000	S$'000	S$'000	S$'000
Non-current assets				
Investment properties [1]	2,054,544	2,070,857	1,216,341	1,212,000
Deposit [2]	15,836	-	15,836	-
Subsidiaries	-	-	313,236	313,236
Loan to a subsidiary	-	-	90,176	92,542
Fixed assets	59	65	59	65
Deferred tax asset	346	355	-	-
Derivative financial instruments [3]	276	-	276	-
	2,071,061	**2,071,277**	**1,635,924**	**1,617,843**
Current assets				
Trade and other receivables [4]	22,991	13,056	84,665	74,097
Cash and bank balances	44,884	74,609	36,303	69,654
	67,875	**87,665**	**120,968**	**143,751**
Total assets	**2,138,936**	**2,158,942**	**1,756,892**	**1,761,594**
Current liabilities				
Borrowings (net of transaction costs)	(179,632)	(183,194)	(39,954)	(39,934)
Trade and other payables	(27,091)	(29,386)	(14,570)	(16,498)
Current portion of security deposits [5]	(9,850)	(5,670)	(9,850)	(5,670)
Derivative financial instruments [3]	(2,052)	(2,845)	(966)	(1,503)
Provision for taxation [6]	(4,345)	(3,456)	-	-
	(222,970)	**(224,551)**	**(65,340)**	**(63,605)**
Net current (liabilities)/ assets [7]	**(155,095)**	**(136,886)**	**55,628**	**80,146**
Non-current liabilities				
Borrowings (net of transaction costs)	(562,831)	(564,756)	(485,337)	(485,251)
Derivative financial instruments [3]	-	(50)	-	(50)
Non-current portion of security deposits	(7,244)	(7,423)	(7,244)	(7,423)
Deferred tax liabilities [8]	(70,997)	(72,813)	-	-
	(641,072)	**(645,042)**	**(492,581)**	**(492,724)**
Total liabilities	**(864,042)**	**(869,593)**	**(557,921)**	**(556,329)**
Net assets attributable to Unitholders	**1,274,894**	**1,289,349**	**1,198,971**	**1,205,265**
Represented by:				
Unitholders' funds [9]	**1,274,894**	**1,289,349**	**1,198,971**	**1,205,265**

Footnotes:

(1) The investment properties were valued at their fair values based on independent valuations as at 30 September 2017 and subsequently adjusted for capital expenditure. As at 31 December 2017, the carrying amounts of the investment properties approximated their fair values. The decrease in investment properties was mainly due to effects of weaker Australia Dollars as at 31 December 2017 as compared to 30 September 2017 on the Australian properties which was partially offset by capital expenditure incurred during the quarter.

(2) Deposit relates to FCOT's share of deposit payment to the vendor for the acquisition of HEREF Farnborough Limited which holds Farnborough Business Park, United Kingdom.

(3) 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.

(4) The increase in trade and other receivables is mainly due to the increase in prepayments for Central Park.

(5) The increase in security deposits is mainly due to the replacement of bankers' guarantee with security deposits upon the renewal of certain leases.

(6) The increase in provision for tax was mainly attributable to tax provision for the current quarter.

(7) The net current liability position as at 31 December 2017 and 30 September 2017 was due to loan facilities of S$40 million and A$135 million due on 13 August 2018 and 19 September 2018 respectively.

(8) Deferred tax is provided for in respect of the potential capital gains arising from the changes in fair value of the Australian properties.

(9) The decrease in Unitholders' funds was mainly due to:
- Effects of weaker Australian Dollars as at 31 December 2017 as compared to 30 September 2017 on the net assets attributable to the Australia operations; and
- Distribution for 4Q2017 paid during the quarter ended 31 December 2017.

This is offset by the:
- total returns generated for the Group for the quarter ended 31 December 2017;
- issuance of Units pursuant to distribution reinvestment plan and payment of management fees; and
- fair value gain on derivative financial instruments recognised directly in Unitholders' funds under hedge accounting.

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

Amount repayable in one year or less, or on demand

Group			
As at 31/12/2017		As at 30/9/2017	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
-	179,914	-	183,586

Amount repayable after one year

Group			
As at 31/12/2017		As at 30/9/2017	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
-	564,330	-	566,370

Details of any collateral

All term loan facilities as at 31 December 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	
	1/10/2017 to 31/12/2017	1/10/2016 to 31/12/2016
	S$'000	S$'000
Operating activities:		
Total return before tax	14,226	19,959
Adjustments for:-		
Finance costs	5,960	5,993
Effect of recognising accounting income on a straight-line basis over the lease term	240	132
Depreciation	6	7
Amortisation of leasing commission	207	244
Interest income	(93)	(134)
Management fees payable in Units [1]	3,369	-
Net change in fair value of derivative financial instruments	(327)	(87)
Net change in fair value of investment properties	(48)	(281)
Realised loss on derivative financial instruments	-	185
Operating income before working capital changes	**23,540**	**26,018**
Changes in working capital:-		
Trade and other receivables	(9,981)	1,080
Trade and other payables	(2,160)	(5,030)
Cash generated from operations	**11,399**	**22,068**
Tax paid	(1)	(1)
Net cash generated from operating activities	**11,398**	**22,067**
Investing activities:		
Capital expenditure on investment properties	(5,651)	(669)
Payment for leasing costs capitalised	(399)	(95)
Deposit paid for acquisition of a joint venture	(15,836)	-
Interest received	138	83
Net cash used in investing activities	**(21,748)**	**(681)**
Financing activities:		
Realisation of derivative financial instruments	-	(185)
Finance costs paid	(3,899)	(4,434)
Issue costs paid	(80)	(84)
Distributions paid [2]	(15,218)	(17,470)
Transaction costs on borrowings	(52)	-
Net cash used in financing activities	**(19,249)**	**(22,173)**
Net decrease in cash and cash equivalents	**(29,599)**	**(787)**
Cash and cash equivalents at beginning of period	74,609	71,487
Effect of exchange rate changes	(126)	2
Cash and cash equivalents at end of period [3]	**44,884**	**70,702**

Footnotes

(1) These amounts represent Units issuable in satisfaction of management fees payable in Units amounting to S$3.4 million for 1Q2018 (1Q2017: Nil).

(2) 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$4.2 million during 1Q2018 (1Q2017: S$2.0 million).

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

	Group	
	31/12/2017	31/12/2016
	S$'000	S$'000
Bank and cash balances	41,766	37,817
Fixed deposits	3,118	32,885
Cash and cash equivalents	44,884	70,702

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

	Group		Trust	
	1/10/2017 to 31/12/2017	1/10/2016 to 31/12/2016	1/10/2017 to 31/12/2017	1/10/2016 to 31/12/2016
	S$'000	S$'000	S$'000	S$'000
Balance at beginning of period	**1,289,349**	**1,228,416**	**1,205,265**	**1,200,043**
Operations				
Change in net assets attributable to Unitholders resulting from operations	**13,202**	**18,736**	**7,845**	**17,126**
Unitholders' transactions				
Issue of Units	4,800	2,015	4,800	2,015
Issue expenses	(80)	(84)	(80)	(84)
Distributions to Unitholders	(19,396)	(19,485)	(19,396)	(19,485)
Change in Unitholders' funds resulting from Unitholders' transactions	**(14,676)**	**(17,554)**	**(14,676)**	**(17,554)**
Foreign currency translation reserve				
Movement for the period	**(13,773)**	**(514)**	**-**	**-**
Hedging reserve				
Net fair value changes on derivative financial instruments	**792**	**5,349**	**537**	**3,377**
Balance at end of period	**1,274,894**	**1,234,433**	**1,198,971**	**1,202,992**

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

	1/10/2017 to 31/12/2017	1/10/2016 to 31/12/2016
	Units	Units
Issued Units		
Balance at beginning of period	805,363,832	794,298,124
Issue of Units - management fees	451,535	-
Issue of Units - Distribution Reinvestment Plan	3,047,084	1,520,539
Balance at end of period	808,862,451	795,818,663
Issued and issuable Units		
Issued Units at end of period	808,862,451	795,818,663
- Base Management fees payable in Units (1)	1,792,391	-
- Performance Management fees payable in Units (2)	539,526	-
Issued and issuable Units at end of period	811,194,368	795,818,663

Footnote:

(1) 1,792,391 Units will be issued to the Manager as payment for management fees for the financial quarter ended 31 December 2017. This accounts for 100% (1Q2017: Nil) of the Manager's base management fees for the quarter. The price of Units issued is determined based on the volume weighted average price of the Units for last ten business days of the relevant financial period in which the base management fees accrue for.

(2) Pursuant to the Trust Deed, the performance fee is to be paid only once in each financial year, and if paid in Units, at an issue price determined based on the volume weighted average price of the Units for last ten business days ("10-day VWAP") of the relevant financial year. The number of issuable performance fee Units presented is an estimate computed using an issue price based on the 10-day VWAP for the period ended 31 December 2017. There is no certainty that the performance fee Units to be issued at the end of the financial year will be issued at this estimated issue price given that the trading price of the Units may vary.

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 2017.

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

	1/10/2017 to 31/12/2017	1/10/2016 to 31/12/2016
	S$'000	S$'000
Total return for the period	13,202	18,736
EPU		
Weighted average number of Units in issue	806,795,459	794,843,535
Basic earnings per Unit (cents)[1]	1.64	2.36
DPU		
Number of issued and issuable Units entitled to distribution [2]	810,654,842	795,818,663
Distribution per Unit based on the total number of issued and issuable Units entitled to distribution (cents)	2.40	2.51

Footnotes:

(1) Basic earnings per Unit ("EPU") is computed using the total return for the period and the weighted average number of Units during the period. There is no dilutive potential Units in 1Q2018 and 1Q2017.

(2) The computation of DPU for the period is based on the number of Units entitled to distribution, being:
   a. The number of Units in issue as at 31 December 2017 of 808,862,451; and
   b. 1,792,391 Units to be issued to the Manager, in consideration of 100% of the Base fee payable for the quarter ended 31 December 2017.

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

	Group		Trust	
	31/12/2017	30/9/2017	31/12/2017	30/9/2017
Unitholders' funds at end of period (S$'000)	1,274,894	1,289,349	1,198,971	1,205,265
Number of Units issued at the end of the period ('000)	808,862	805,364	808,862	805,364
Unitholders' funds per Unit (S$)	1.58	1.60	1.48	1.50
Adjusted Unitholders' funds per Unit (excluding distributable income) (S$)	1.55	1.58	1.46	1.47

8. Review of performance

Portfolio net property income for 1Q2018 was S$24.9 million which is 15% lower than the portfolio net property income for 1Q2017. The decrease was mainly due to lower income contribution from:-

- lower occupancy rates for Alexandra Technopark, China Square Central, Central Park and 55 Market Street; and
- effects of the average weaker Australian dollar during 1Q2018 as compared to 1Q2017 on the income from Australian properties.

The higher foreign exchange loss as compared to the foreign exchange gain in 1Q2017 mainly relates to the unrealised exchange loss which was due to the depreciation of Australian dollars as at 31 December 2017 as compared to 30 September 2017.

The net change in fair value of investment properties in 1Q2018 and 1Q2017 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.

The net gain and loss arising from fair value changes of derivative financial instruments in 1Q2018 and 1Q2017 respectively were related to fair value change on interest rate swaps and forward foreign currency contracts. Taxation in 1Q2018 comprised taxation expenses for income in Australia and deferred tax provided on potential capital gains arising from the changes in fair value of Australian properties.

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

The Ministry of Trade and Industry ("MTI") announced on 2 January 2018 that based on advance estimates, the Singapore economy grew by 3.1% on a year-on-year basis in the fourth quarter of 2017, easing from the 5.4% growth in the preceding quarter. On a quarter-on-quarter ("qoq") seasonally-adjusted annualised basis, the economy expanded at a slower pace of 2.8%, compared to the 9.4% growth in the preceding quarter. For the whole of 2017, the economy grew by 3.5%. MTI had also announced on 23 November 2017 that it is of the view that global growth is expected to pick up marginally in 2018, although downside risks remain. The pace of growth of the Singapore economy is expected to moderate in 2018 as compared to 2017, but remain firm. The manufacturing sector is likely to continue to expand and provide support to overall gross domestic product growth, and in particular the electronics and precision engineering clusters are expected to see sustained expansions. Externally-oriented services sectors such as wholesale trade, transportation and storage and finance and insurance are expected to benefit from the global economic recovery. The information and communications and education, health and social services sectors are likely to remain resilient. Overall, MTI expects the Singapore economy to grow by 1.5% to 3.5% in 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)

Singapore (cont'd)

For the office market, CBRE[1] reported that 2017 ended on a high note with a total net absorption of 2.1 million square feet, resulting in a decrease in island-wide vacancy to 6.1% in Q4 2017 from 7.4% in the previous quarter. As at the end of 4Q 2017, average rents increased 3.3% qoq to S$9.40 per square feet ("psf") per month for Grade A CBD Core, 2.1% qoq to S$7.45 psf per month for Grade B CBD Core and 2.2% qoq to S$7.00 psf per month for island-wide Grade B. The general outlook for the office market is positive in light of stronger economic fundamentals and lower quantum of new supply expected over the medium term. Most of the leasing transactions in 4Q 2017 were from co-working and technology firms. CBRE noted that co-working operators are considering Fringe CBD locations given that most of the quality Core CBD buildings already have co-working set-ups. CBRE is of the opinion that the expansion of traditional industries such as banking, maritime and energy will be needed to fuel future growth in the office market.

For the business park market, CBRE[1] reported that island-wide net absorption recorded a positive 64,098 sf as at end Q4 2017, after two consecutive quarters of negative net absorption. This led to a decline in vacancy to 11.8% in Q4 2017, from 12.1% in the previous quarter. City fringe business parks of higher quality and better locations have seen healthier occupier demand and interest. As at the end of Q4 2017, average rents for city fringe business parks increased 0.9% qoq to S$5.60 psf per month, but remained flat overall for the rest of the island. On the back of improving economic fundamentals and emergence of higher-tech industries, demand for business park space is expected to remain steady albeit highly selective due to limited stock and quality options available.

Further to the announcement dated 22 September 2017, Hewlett-Packard Enterprise Singapore Pte Ltd had vacated an aggregate of 178,843 sf of space at Alexandra Technopark ("ATP"), constituting 17.2% of the net lettable area ("NLA") of the property, upon the expiration of relevant leases on 30 September 2017 and 30 November 2017. Further to the announcement dated 3 November 2017, Hewlett-Packard Singapore Pte Ltd has vacated an aggregate of 38,015 sf of space at ATP as at 31 December 2017, constituting 3.7% of the NLA of the property. As at 31 December 2017, the occupancy rate at ATP including pre-committed leases was 79.9% and the Manager will continue to carry out proactive leasing and asset management strategies to normalise occupancy at ATP as soon as possible.

Australia

In the Reserve Bank of Australia's ("RBA") Statement on Monetary Policy Decision released in December 2017, the cash rate remained unchanged at 1.50%. The Australian economy grew by 1.8% in the 12 months to June 2017. The outlook for non-mining business investment has improved further as growth in non-mining activity is projected to pick up as a result of continued growth in household consumption. The low level of interest rates and increased public infrastructure investment are continuing to support the Australian economy. In RBA's Statement on Monetary Policy Decision released in November 2017, gross domestic product is expected to grow by 3.0% in 2018 and by 3.25% in 2019.

For the Perth CBD office market, Knight Frank Research[2] reported that the total vacancy rate of 21.1% as at July 2017 marked the first monthly decline since January 2012, which may indicate that the market has bottomed. Net absorption of 25,130 square metre ("sqm") for the six months to July 2017 was the second positive half-yearly net absorption recorded in the past two years, mainly driven by take-up of Prime Grade office space. Confirmed new supply is limited to the 48,484 sqm Capital Square development, anticipated to be ready for occupation in mid-2018 and which has been 100% pre-committed to Woodside. Prime Grade office buildings in general are benefitting from tenants taking advantage of favorable conditions to switch out from non-CBD or non-Prime Grade locations. Perth CBD Prime Grade average net face rent was A$500 to A$700 per sqm per annum as at July 2017, while average lease incentives were between 45% and 50%. According to Knight Frank Research, lease incentives appear to be tightening at the top end of the market.

[1] CBRE, Singapore Market View, Q4 2017.
[2] Knight Frank Research, Perth CBD Office Market Overview, September 2017.

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 total vacancy rate decreased from 7.1% to 6.5% over the 12 months to July 2017, while Prime Grade vacancy of 6.1% as at July 2017 was the lowest level recorded in the past four years. Net absorption of 128,400 sqm for the year to July 2017 was the highest achieved in Melbourne CBD since 2008, supported by, among other factors, employment growth across Victoria. Melbourne CBD Prime Grade office average net face rents were between A$510 to A$600 per sqm per annum as at July 2017, while average lease incentives were around 25% to 27%. Tenant demand is expected to remain strong over the next three years, underpinned by growth in the accommodation and food, public administration and professional services sectors. New supply in the Melbourne CBD office market will be limited over the next 12 months, and Knight Frank Research expects the market vacancy rate to fall to a 10-year low of 4.1% by mid-2018. Prime Grade office net face rent is forecast to grow by 6.5% per annum over the next two years.

Expansion of investment mandate to Europe and acquisition of 50% interest in Farnborough Business Park in the United Kingdom

On 14 December 2017, the Manager announced the expansion of FCOT's investment mandate to Europe (with an initial focus on the United Kingdom) and a 50:50 joint venture with FCOT's sponsor, Frasers Centrepoint Limited, to acquire Farnborough Business Park in the United Kingdom at a property value of £175 million[4]. The acquisition is expected to complete by end-January 2018.

[3] Knight Frank Research Melbourne CBD Office Market Overview, September 2017.
[4] See announcement dated 14 December 2017 for details.

11. Distributions

(a) Current financial period

Name of distribution
Distribution to Unitholders ("Unitholders' Distribution") for the period from 1 October 2017 to 31 December 2017.

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

(b)(i) Distribution rate

	Unitholders' Distribution
	cents
Taxable income component	1.5983
Tax-exempt income component	0.3831
Capital component	0.4186
Total	**2.4000**

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 October 2016 to 31 December 2016

	Unitholders' Distribution
	cents
Taxable income component	1.6573
Tax-exempt income component	0.5731
Capital component	0.2751
Total	**2.5055**

(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 1 March 2018

(e) Books closure date: 31 January 2018

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 Frasers Centrepoint Asset Management (Commercial) Ltd. ("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.

Bobby Chin Yoke Choong
Director

Christopher Tang Kok Kai
Director

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

Catherine Yeo
Company Secretary
22 January 2018

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.