

**FRASERS COMMERCIAL TRUST  
FINANCIAL STATEMENTS ANNOUNCEMENT  
FOR THE QUARTER ENDED 31 DECEMBER 2019**

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 Commercial Asset Management Ltd. (as manager of FCOT) ("FCOAM" or 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 portfolio of FCOT as at 31 December 2019 consists of direct and indirect interests in six properties as follows:-

**Singapore**

1. China Square Central comprising 18, 20 & 22 Cross Street<sup>(a)</sup> and 4 retail units at 181 South Bridge Road ("China Square Central").
2. Alexandra Technopark located at 438A/438B/438C Alexandra Road ("Alexandra Technopark")

**Australia**

1. 50.0% indirect interest in Central Park located in Perth ("Central Park")
2. 100% indirect interest in Caroline Chisholm Centre located in Canberra ("Caroline Chisholm Centre")
3. 100% indirect interest in 357 Collins Street located in Melbourne ("357 Collins Street")

**United Kingdom**

1. 50.0% indirect interest in Farnborough Business Park located in Farnborough, Thames Valley ("Farnborough Business Park")

**Footnote:**

(a) 18, 20 & 22 Cross Street have been renamed as "Cross Street Exchange" on 1 January 2020.

**SUMMARY OF CONSOLIDATED RESULTS OF FCOT AND ITS SUBSIDIARIES**  
 - 1 October 2019 to 31 December 2019 ("1Q FY2020") vs 1 October 2018 to 31 December 2018 ("1Q FY2019")

	Group		
	1/10/2019 to 31/12/2019	1/10/2018 to 31/12/2018	Change
	S\$'000	S\$'000	%
Gross revenue	37,779	31,546	20%
Net property income	26,714	21,122	26%
Total return for the period	14,874	14,054	6%
Income available for distribution	21,998	21,550	2%
Distribution income to Unitholders	21,998	21,550	2%
<b>Distribution per Unit (cents)</b>			
<b><u>Unitholders</u></b>			
For the period	2.40 <sup>(1)</sup>	2.40 <sup>(2)</sup>	-
Annualised	9.55	9.52	-

**Footnotes:**

- (1) The number of Units used to calculate the amount available for distribution per Unit ("DPU") is 916,622,020. 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 897,928,873.

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

	Group		
	1/10/2019 to 31/12/2019	1/10/2018 to 31/12/2018	Change
	S\$'000	S\$'000	%
Gross revenue <sup>(1)</sup>	37,779	31,546	20%
Property operating expenses <sup>(2)</sup>	(11,065)	(10,424)	6%
<b>Net property income <sup>(3)</sup></b>	<b>26,714</b>	<b>21,122</b>	<b>26%</b>
Share of results of joint venture <sup>(4)</sup>	1,940	1,576	23%
Interest income	7	37	(81%)
Manager's management fees	(3,752)	(3,418)	10%
Trust expenses	(1,166)	(512)	NM
Finance costs <sup>(5)</sup>	(4,913)	(4,700)	5%
<b>Net income before foreign exchange differences, fair value changes and taxation</b>	<b>18,830</b>	<b>14,105</b>	<b>33%</b>
Foreign exchange loss	(29)	(1,612)	(98%)
Net change in fair value of investment properties <sup>(6)</sup>	(5,891)	598	NM
Net change in fair value of derivative financial instruments <sup>(7)</sup>	-	186	NM
Realised gain on derivative financial instruments <sup>(8)</sup>	8	35	(77%)
<b>Total return before tax</b>	<b>12,918</b>	<b>13,312</b>	<b>(3%)</b>
Taxation <sup>(9)</sup>	1,956	742	NM
<b>Total return for the period</b>	<b>14,874</b>	<b>14,054</b>	<b>6%</b>

NM - Not meaningful

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

	Group		
	1/10/2019 to 31/12/2019	1/10/2018 to 31/12/2018	Change
	S\$'000	S\$'000	%
<b>Total return for the period</b>	<b>14,874</b>	<b>14,054</b>	6%
Non-tax deductible / (non-taxable) items and other adjustments:			
Management fees payable in Units	3,752	3,418	10%
Trustees' fees	179	153	17%
Amortisation of borrowing costs	128	124	3%
Unamortised borrowing costs expensed off	-	24	NM
Net change in fair value of investment properties	5,891	(598)	NM
Net change in fair value of derivative financial instruments	-	(186)	NM
Deferred taxation <sup>(9)</sup>	(2,299)	(1,065)	NM
Unrealised exchange (gain)/ loss	(106)	1,668	NM
Effects of recognising accounting income on a straight line basis over the lease term	(6,695)	(247)	NM
Distribution from gain on disposal of hotel development rights and property <sup>(11)</sup>	5,758	3,785	52%
Other non-tax deductible items and temporary differences	516	420	23%
<b>Net effect of non-tax deductible / (non-taxable) items and other adjustments</b>	<b>7,124</b>	<b>7,496</b>	(5%)
<b>Income available for distribution to Unitholders <sup>(10)</sup></b>	<b>21,998</b>	<b>21,550</b>	2%
Unitholders' distribution comprise:			
- from operations	16,240	16,926	(4%)
- from capital returns <sup>(11)</sup>	5,758	4,624	25%
	<b>21,998</b>	<b>21,550</b>	2%

NM - Not meaningful

**FRASERS COMMERCIAL TRUST  
FINANCIAL STATEMENTS ANNOUNCEMENT  
FOR THE QUARTER ENDED 31 DECEMBER 2019**
**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:

	<b>Group</b>		
	<b>1/10/2019 to 31/12/2019</b>	<b>1/10/2018 to 31/12/2018</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
China Square Central	8,053	6,044	33%
Alexandra Technopark	12,304	8,761	40%
Central Park	6,458	6,093	6%
Caroline Chisholm Centre	4,881	5,119	(5%)
357 Collins Street	6,083	5,529	10%
	<b>37,779</b>	<b>31,546</b>	<b>20%</b>

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

	<b>Group</b>		
	<b>1/10/2019 to 31/12/2019</b>	<b>1/10/2018 to 31/12/2018</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Property maintenance expenses	3,112	2,875	8%
Property management fees	772	604	28%
Property tax	2,005	2,014	-
Utilities	1,431	1,480	(3%)
Professional fees	770	840	(8%)
Insurance	280	240	17%
Council rates	535	555	(4%)
Amortisation of leasing commission	296	243	22%
Amortisation of leasing incentives	1,225	1,029	19%
Other operating expenses	639	544	17%
	<b>11,065</b>	<b>10,424</b>	<b>6%</b>

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

	<b>Group</b>		
	<b>1/10/2019 to 31/12/2019</b>	<b>1/10/2018 to 31/12/2018</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
China Square Central	5,491	3,807	44%
Alexandra Technopark	9,072	5,755	58%
Central Park	3,573	3,318	8%
Caroline Chisholm Centre	4,029	4,211	(4%)
357 Collins Street	4,549	4,031	13%
	<b>26,714</b>	<b>21,122</b>	<b>26%</b>

**Footnotes:**

- (4) The share of results of joint venture relates to FCOT's 50.0% interest in the profits from Farnborough Business Park Limited ("FBPL") which holds Farnborough Business Park. The acquisition of 50.0% of FBPL was completed on 29 January 2018. A summary of the share of results of joint venture, based on FCOT's 50.0% interest in the joint venture is as follows:

	<b>Group</b>		
	<b>1/10/2019 to 31/12/2019</b>	<b>1/10/2018 to 31/12/2018</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Net property income <sup>(i)</sup>	2,299	2,745	(16%)
Other expenses, net <sup>(ii)</sup>	(359)	(1,169)	(69%)
Share of results of joint venture, net of tax	<b>1,940</b>	<b>1,576</b>	23%

**Note:**

- (i) Net property income includes rental income recognised on a straight-line basis over the term of the respective leases, service charge income and car park income from Farnborough Business Park. In 1Q FY2019, it also included rent guarantee and void costs reimbursement by the vendor in relation to certain leases pursuant to the terms of the transaction as disclosed in FCOT's SGX-ST announcement dated 14 December 2017. Net property income on cash basis (without recognising accounting income on a straight-line basis over the terms of the respective leases) for FCOT's 50% interest was S\$2,381,000 (1Q FY2019 :S\$1,849,000).
- (ii) The figure for the current period was mainly due to the current and deferred tax expenses provided for the period.
- (5) The composition of finance costs is as follows:-

	<b>Group</b>		
	<b>1/10/2019 to 31/12/2019</b>	<b>1/10/2018 to 31/12/2018</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Interest expense	4,785	4,552	5%
Unamortised borrowing costs expensed off	-	24	NM
Amortisation of borrowing costs	128	124	3%
	<b>4,913</b>	<b>4,700</b>	5%

NM - Not meaningful

The unamortised borrowing costs expensed off in the prior period was related to the partial repayment of a loan facility.

- (6) The net changes in fair value of investment properties in 1Q FY2020 and 1Q FY2019 related to the adjustments 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 amortization of leasing costs.
- (7) The net gain arising from fair value changes of derivative financial instruments in 1Q FY2019 were related to fair value changes on interest rate swaps and foreign currency forward contract.

**Footnotes:**

- (8) The realised gains on derivative financial instruments in 1Q FY2020 and 1Q FY2019 arose from realisation of foreign currency forward contracts.
- (9) Taxation 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, net of tax losses.
- (10) FCOT's distribution policy is to distribute at least 90% of its taxable income to the Unitholders.
- (11) Unitholders' distribution from capital returns comprised:-

	<b>Group</b>		
	<b>1/10/2019 to 31/12/2019</b>	<b>1/10/2018 to 31/12/2018</b>	<b>Change</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>%</b>
Distribution from gain on disposal of hotel development rights (a)	3,888	3,785	3%
Distribution from gain on disposal of property (b)	1,870	-	NM
Return of capital from a joint venture (c)	-	839	NM
	<b>5,758</b>	<b>4,624</b>	<b>25%</b>

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 was classified as capital available for distribution from tax perspective.
- (b) This relates to the net gain on disposal of 55 Market Street in August 2018, which was classified as capital available for distribution from tax perspective.
- (c) This relates to distribution available to Unitholders arising from the return of capital attributable to reimbursement of lease incentives, monthly contracted rents and service charges in relation to a car showroom under construction and top-up of rents and void costs for specified unit units pursuant to the terms for the purchase of Farnborough Business Park, as disclosed in the SGX-ST announcement dated 14 December 2017.

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

	Group		Trust	
	31/12/2019	30/9/2019	31/12/2019	30/9/2019
	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>Non-current assets</u></b>				
Investment properties <sup>(1)</sup>	2,103,108	2,076,273	1,256,723	1,254,000
Subsidiaries	-	-	527,213	527,213
Investment in joint venture <sup>(2)</sup>	158,903	151,219	-	-
Fixed assets	44	33	44	33
Deferred tax asset	312	307	-	-
Derivative financial instruments <sup>(3)</sup>	2,260	4,495	2,260	4,495
	<b>2,264,627</b>	<b>2,232,327</b>	<b>1,786,240</b>	<b>1,785,741</b>
<b><u>Current assets</u></b>				
Trade and other receivables	7,394	5,791	189,597	166,277
Cash and bank balances	16,258	21,527	6,212	17,926
	<b>23,652</b>	<b>27,318</b>	<b>195,809</b>	<b>184,203</b>
<b>Total assets</b>	<b>2,288,279</b>	<b>2,259,645</b>	<b>1,982,049</b>	<b>1,969,944</b>
<b><u>Current liabilities</u></b>				
Borrowings (net of transaction costs) <sup>(4)</sup>	(195,935)	(180,924)	(136,487)	(122,349)
Trade and other payables <sup>(5)</sup>	(24,584)	(27,086)	(20,111)	(20,515)
Current portion of security deposits	(4,316)	(3,932)	(4,316)	(3,915)
Derivative financial instruments <sup>(3)</sup>	(452)	(609)	-	-
Provision for taxation <sup>(6)</sup>	(4,158)	(3,757)	-	-
	<b>(229,445)</b>	<b>(216,308)</b>	<b>(160,914)</b>	<b>(146,779)</b>
<b>Net current (liabilities)/ assets <sup>(7)</sup></b>	<b>(205,793)</b>	<b>(188,990)</b>	<b>34,895</b>	<b>37,424</b>
<b><u>Non-current liabilities</u></b>				
Borrowings (net of transaction costs) <sup>(4)</sup>	(466,567)	(464,642)	(339,430)	(339,370)
Derivative financial instruments <sup>(3)</sup>	(5,101)	(5,675)	(993)	(729)
Non-current portion of security deposits	(11,694)	(12,846)	(11,694)	(12,846)
Deferred tax liabilities <sup>(8)</sup>	(77,504)	(78,681)	-	-
	<b>(560,866)</b>	<b>(561,844)</b>	<b>(352,117)</b>	<b>(352,945)</b>
<b>Total liabilities</b>	<b>(790,311)</b>	<b>(778,152)</b>	<b>(513,031)</b>	<b>(499,724)</b>
<b>Net assets attributable to Unitholders</b>	<b>1,497,968</b>	<b>1,481,493</b>	<b>1,469,018</b>	<b>1,470,220</b>
<b><u>Represented by:</u></b>				
Unitholders' funds <sup>(9)</sup>	<b>1,497,968</b>	<b>1,481,493</b>	<b>1,469,018</b>	<b>1,470,220</b>



**FRASERS COMMERCIAL TRUST  
FINANCIAL STATEMENTS ANNOUNCEMENT  
FOR THE QUARTER ENDED 31 DECEMBER 2019**
**Footnotes:**

- (1) The investment properties were valued at their fair values based on independent valuations as at 30 September 2019 and subsequently adjusted for capital expenditure and capitalised leasing incentives. As at 31 December 2019, the carrying amounts of the investment properties approximated their fair values. The increase in investment properties was mainly due to the effects of the stronger Australia Dollar as at 31 December 2019 as compared to 30 September 2019 on the Australian properties and capital expenditures incurred during the quarter.
- (2) Investment in joint venture relates to the Group's 50% interest in Farnborough Business Park.
- (3) Derivative financial instruments relate to fair values of interest rate derivative financial instruments entered into in respect of the Group's borrowings.
- (4) The overall increase in borrowings was due to the additional borrowings used to finance asset enhancement initiatives ("AEI") and lease incentives granted to certain tenants and the effects of the stronger Australia Dollar as at 31 December 2019 as compared to 30 September 2019.
- (5) The decrease in trade and other payables was mainly due to the payment of the performance component of the management fees for FY2019 in October 2019 as well as payments to vendors.
- (6) The increase in provision for tax was mainly attributable to additional tax provision during the current quarter.
- (7) The net current liabilities position as at 31 December 2019 and 30 September 2019 were mainly due to the S\$100 million medium term notes that would be due in February 2020 and the A\$63 million term loan that would be due in August 2020. The short term revolving credit facilities drawn down and the outstanding invoices relating to AEI works also contributed to the net current liabilities position. The Group would seek to refinance these borrowings at appropriate times and the Manager believes that the Group would be able to refinance the borrowings and meet its current obligations as and when they fall due.
- (8) Deferred tax is provided for in respect of the potential capital gains arising from the changes in fair value of the Australian properties, net of tax losses.
- (9) The increase in Unitholders' funds was mainly due to:
  - effects of the stronger Australia Dollar and Pound Sterling as at 31 December 2019 as compared to 30 September 2019 on the net assets attributable to the Australia operations and the investment in the joint venture, FBPL respectively;
  - total returns generated for the Group for the quarter ended 31 December 2019;
  - fair value gains arising from derivative financial instruments; and
  - issuance of Units pursuant to Distribution Reinvestment Plan and payment of management fees.
 The increase was partially offset by the distribution for 4Q FY2019 paid during the quarter ended 31 December 2019.

**1(b)(ii) Aggregate amount of borrowings and debt securities  
Amount repayable in one year or less, or on demand**

Group			
As at 31/12/2019		As at 30/9/2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	195,989	-	181,012

**Amount repayable after one year**

Group			
As at 31/12/2019		As at 30/9/2019	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	467,480	-	465,645

**Details of any collateral**

All borrowings as at 31 December 2019 are unsecured.

FRASERS COMMERCIAL TRUST  
 FINANCIAL STATEMENTS ANNOUNCEMENT  
 FOR THE QUARTER ENDED 31 DECEMBER 2019



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	
	1/10/2019 to 31/12/2019	1/10/2018 to 31/12/2018
	S\$'000	S\$'000
<b>Operating activities:</b>		
Total return before tax	12,918	13,312
Adjustments for:-		
Finance costs	4,913	4,700
Effect of recognising accounting income on a straight-line basis over the lease term	(6,695)	(247)
Depreciation	5	5
Amortisation of leasing commission	296	243
Amortisation of leasing incentives	1,225	1,029
Interest income	(7)	(37)
Management fees payable in Units <sup>(1)</sup>	3,752	3,418
Share of results of joint venture	(1,940)	(1,576)
Net change in fair value of derivative financial instruments	-	(186)
Net change in fair value of investment properties	5,891	(598)
Realised gain on derivative financial instruments	(8)	(35)
<b>Operating income before working capital changes</b>	<b>20,350</b>	<b>20,028</b>
Changes in working capital:-		
Trade and other receivables	(1,101)	579
Trade and other payables	(6,682)	(9,930)
<b>Cash generated from operations</b>	<b>12,567</b>	<b>10,677</b>
Tax paid	-	(1)
<b>Net cash generated from operating activities</b>	<b>12,567</b>	<b>10,676</b>
<b>Investing activities:</b>		
Capital expenditure and leasing incentives on investment properties	(11,226)	(3,215)
Payment for leasing costs capitalised	(712)	(484)
Net income and capital returns received from joint venture	1,616	1,415
Purchase of fixed assets	(16)	(6)
Interest received	10	(67)
<b>Net cash used in investing activities</b>	<b>(10,328)</b>	<b>(2,357)</b>
<b>Financing activities:</b>		
Proceeds from borrowings	14,000	12,000
Repayment of borrowings	-	(11,935)
Realisation of derivative financial instruments	8	35
Finance costs paid	(3,206)	(2,304)
Issue costs paid	(91)	(70)
Distributions paid <sup>(2)</sup>	(18,407)	(16,829)
<b>Net cash used in financing activities</b>	<b>(7,696)</b>	<b>(19,103)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(5,457)</b>	<b>(10,784)</b>
Cash and cash equivalents at beginning of period	21,527	31,589
Effect of exchange rate changes	188	(144)
<b>Cash and cash equivalents at end of period <sup>(3)</sup></b>	<b>16,258</b>	<b>20,661</b>

**Footnotes**

- (1) These amounts represent Units issuable in satisfaction of management fee payable in Units amounting to S\$3.8 million for 1Q FY2020 (1Q FY2019: S\$3.4 million).
- (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\$3.5 million during 1Q FY2020 (1Q FY2019: S\$4.6 million).
- (3) For purposes of the consolidated Cash Flow Statement, the consolidated cash and cash equivalents comprised the following:

Bank and cash balances

Group	
31/12/2019	31/12/2018
S\$'000	S\$'000
16,258	20,661

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

	Group		Trust	
	1/10/2019 to 31/12/2019	1/10/2018 to 31/12/2018	1/10/2019 to 31/12/2019	1/10/2018 to 31/12/2018
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at beginning of period</b>	<b>1,481,493</b>	<b>1,430,831</b>	<b>1,470,220</b>	<b>1,376,374</b>
<b>Operations</b>				
Change in net assets attributable to Unitholders resulting from operations	14,874	14,054	11,943	10,292
<b>Unitholders' transactions</b>				
Issue of Units	9,116	10,318	9,116	10,318
Issue expenses	(91)	(70)	(91)	(70)
Distributions to Unitholders	(21,905)	(21,422)	(21,905)	(21,422)
<b>Change in Unitholders' funds resulting from Unitholders' transactions</b>	<b>(12,880)</b>	<b>(11,174)</b>	<b>(12,880)</b>	<b>(11,174)</b>
<b>Foreign currency translation reserve</b>				
Movement for the period	13,750	(13,618)	-	-
<b>Hedging reserve</b>				
Net fair value changes on derivative financial instruments	731	(1,424)	(265)	(325)
<b>Balance at end of period</b>	<b>1,497,968</b>	<b>1,418,669</b>	<b>1,469,018</b>	<b>1,375,167</b>

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

	1/10/2019 to 31/12/2019	1/10/2018 to 31/12/2018
<u>Issued Units</u>	Units	Units
Balance at beginning of period	909,235,918	888,600,618
Issue of Units - management fees	3,479,511	3,983,270
Issue of Units - Distribution Reinvestment Plan	2,180,704	3,381,980
Balance at end of period	914,896,133	895,965,868
<u>Issued and issuable Units</u>		
Issued Units at end of period	914,896,133	895,965,868
- Base component of management fee payable in Units <sup>(1)</sup>	1,725,887	1,963,005
- Performance component of management fee payable in Units <sup>(2)</sup>	556,442	544,580
Issued and issuable Units at end of period	917,178,462	898,473,453

**Footnote:**

- (1) 1,725,887 Units (1Q FY2019: 1,963,005 Units) will be issued to the Manager as payment for management fee for the financial quarter ended 31 December 2019. This accounts for 100% (1Q FY2019: 100%) of the base component of the management fee for the quarter. The price of Units issued is determined based on the volume weighted average price of the Units for the last ten business days ("10-day VWAP") of the relevant financial period.
- (2) Pursuant to the Trust Deed, the performance component of the management fee is to be paid only once in each financial year, and if paid in Units, at an issue price determined based on the 10-day VWAP of the relevant financial year. The number of issuable Units presented is an estimate computed using an issue price based on the 10-day VWAP for the period ended 31 December 2019. There is no certainty that the performance component of the management 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)**

The financial information as set out in paragraphs 1(a), 1(b)(i), 1(b)(ii), 1(c), 1(d)(i), 1(d)(ii), (4), (5), (6) and (7) of this announcement has been extracted from the interim financial report, which has been reviewed in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, performed by the independent auditors of the Group.

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

The auditors' review report dated 15 January 2020 on the interim financial report of the Group for the period ended 31 December 2019 is enclosed in the Appendix.

In addition, the independent financial advisor's letter on the interim financial report of the Group for the period ended 31 December 2019 is also enclosed in the Appendix.

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

Except as disclosed in item 5 below, there has been no change in the accounting policies and methods of computation adopted by the Trust and the Group for the current reporting period compared with the audited financial statements for the financial year ended 30 September 2019.

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.

The Trust and the Group have adopted the new Singapore Financial Reporting Standards ("FRS") that are mandatory for the financial year beginning on 1 October 2019. The adoption of these FRS has no significant impact on the financial position of the Trust and the Group as at 31 December 2019 or performance of the Group for the quarter ended on that day.

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

	1/10/2019 to 31/12/2019	1/10/2018 to 31/12/2018
	S\$'000	S\$'000
Total return for the period	14,874	14,054
<b>EPU</b>		
Weighted average number of Units in issue	912,589,940	892,801,172
Basic earnings per Unit (cents) <sup>(1)</sup>	1.63	1.57
<b>DPU</b>		
Number of issued and issuable Units entitled to distribution <sup>(2)</sup>	916,622,020	897,928,873
Distribution per Unit based on the total number of issued and issuable Units entitled to distribution (cents)	2.40	2.40

**Footnotes:**

- (1) Basic EPU is computed using the total return for the period and the weighted average number of Units during the period. There were no dilutive potential Units in 1Q FY2020 and 1Q FY2019.
- (2) The computation of DPU for 1Q FY2020 is based on the number of Units entitled to distribution, being:
- the number of Units in issue as at 31 December 2019 of 914,896,133; and
  - 1,725,887 Units to be issued to the Manager, in consideration of 100% of the base component of the management fee payable for the quarter ended 31 December 2019.

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

	Group		Trust	
	31/12/2019	30/9/2019	31/12/2019	30/9/2019
Unitholders' funds at end of period (S\$'000)	1,497,968	1,481,493	1,469,018	1,470,220
Number of Units issued at the end of the period ('000)	914,896	909,236	914,896	909,236
Unitholders' funds per Unit (S\$)	1.64	1.63	1.61	1.62
Adjusted Unitholders' funds per Unit (excluding distributable income) (S\$)	1.61	1.61	1.58	1.59

**8. Review of performance**

Net property income for 1Q FY2020 was S\$26.7 million, 26% higher than that of 1Q FY2019. The increase was mainly due to higher rental incomes (including effects of recognising accounting income on a straight-line basis) for China Square Central, Alexandra Technopark, Central Park and 357 Collins Street and lower utilities expenses for Alexandra Technopark.

The increase was partially offset by :

- higher amortisation of leasing incentives for Central Park and 357 Collins Street;
- effects of the weaker average Australia Dollar during 1Q FY2020 as compared to 1Q FY2019 on the income from Australian properties; and
- higher property maintenance expenses and property management fees for the Singapore properties.

Portfolio net property income excluded the results of Farnborough Business Park which was equity accounted for as share of results of joint venture.

The increase in finance costs by S\$0.2 million in 1Q FY2020 as compared to that of 1Q FY2019 was mainly due to additional borrowings to finance ongoing AEI works and lease incentives granted to certain tenants.

The increase in trust expenses was mainly due to higher professional fees incurred in 1Q FY2020.

Taxation for 1Q FY2020 included the provision for current tax for the Australian properties. Deferred tax was provided for in respect of the potential capital gains arising from the changes in fair value of the Australian properties, net of deferred tax adjustment for available tax losses, arising mainly from leasing incentives disbursed.

**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 2020 that based on advance estimates, the Singapore economy grew by 0.8% on a year-on-year basis in 4Q 2019, in line with the 0.7% growth recorded in 3Q 2019. On a quarter-on-quarter (“qoq”) seasonally-adjusted annualised basis, the economy expanded at a slower pace of 0.1% in 4Q 2019, compared to a 2.4% growth recorded in 3Q 2019. For the whole of 2019, the Singapore economy grew by 0.7%. MTI had also announced on 21 November 2019 that it currently expects full year economic growth to be in the ranges of 0.5% to 1.0% for 2019 and 0.5% to 2.5% for 2020.

For the office market, CBRE<sup>1</sup> reported that island-wide office vacancy rate continued to tighten from 4.8% in 2Q 2019 to 4.5% in 3Q 2019. Tenant demand was mainly driven by the technology sector and co-working space operators. As at the end of 3Q 2019, average rents increased 1.3% qoq to S\$11.45 per square feet (“psf”) per month for Grade A CBD Core, 1.2% qoq to S\$8.70 psf per month for Grade B CBD Core and 0.6% qoq to S\$8.00 psf per month for island-wide Grade B. CBRE has observed that lingering economic uncertainties have led to a more subdued outlook for the office market and it expects rental growth to be capped over the next six to 12 months.

For the business park market<sup>2</sup>, CBRE<sup>1</sup> reported that island-wide vacancy tightened marginally by 0.4%-points qoq to 12.7% in 3Q 2019 and the market continued to be resilient. Leasing activities were mainly focussed on city fringe developments. As at the end 3Q 2019, average rents remained stable qoq at S\$5.80 psf per month for city fringe locations and S\$3.80 psf per month for the rest of the island. According to CBRE, the outlook for city fringe business park space is expected to remain healthy.

The retail podium at 18 Cross Street, Cross Street Exchange, commenced business operations in phases beginning from November 2019. The net lettable area of the retail podium has increased to around 80,000 sf from around 64,000 sf prior to the commencement of the asset enhancement works.

As disclosed on 23 April 2019, Microsoft Operations Pte. Ltd. (“Microsoft”) had exercised its right to shorten its lease tenure in respect of 77,761 sf of space at Alexandra Technopark by two years to end in January 2020. As at 31 December 2019, the space has been fully backfilled with new forward lease commitments.

**Australia**

In the Reserve Bank of Australia’s (“RBA”) Statement on Monetary Policy Decision released on 3 December 2019, the cash rate remained unchanged at 0.75% per annum. According to RBA, growth is expected to be supported by the low level of interest rates, recent tax cuts, on-going spending on infrastructure, upswing in housing prices and brighter outlook for the resources sector. In RBA’s Statement on Monetary Policy Decision released in November 2019, gross domestic product (“GDP”) was expected to grow by 2.75% in 2020.

For the Perth CBD office market, Colliers International Research<sup>3</sup> reported that the overall vacancy rate has continued to decline due to strong demand for Premium and A Grade office space. Overall vacancy rate was 18.4% as at end-July 2019 versus 18.5% as at end-January 2019. Premium Grade average net face rent was A\$710 per sqm per annum as at July 2019, with average lease incentives around 41%. Colliers International Research expects Premium Grade average net face rent to increase to A\$715 per sqm per annum and incentives to reduce to 36% in the next 12 months. The absorption rate, although showing encouraging signs, has been slow and Colliers International Research expects this situation to continue over the next six months. The trend of tenants migrating between buildings is expected to continue.

For the Melbourne CBD office market, Colliers International Research<sup>3</sup> reported that the overall vacancy rate of 3.3% as at end-July 2019 was the tightest among all Australian CBDs. As a result of the competition for space, Grade A office face rents have grown by 5.9% over the 12 months to June 2019. Approximately 457,000 sqm of space is currently under construction, of which 83% has been pre-committed. Melbourne CBD Grade A office average net face rent was A\$601 per sqm per annum as at July 2019, with lease incentives at 28%. Colliers International Research expects Grade A average net face rent to increase to A\$650 per sqm per annum and incentives to be at 29% in the next 12 months. Over the next three years, Colliers International Research expects Premium and A Grade face rents to grow by 6.4% annually.

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)**

An asset enhancement initiative to the office lobby and forecourt areas of Central Park is currently underway. Estimated to cost S\$23 million (FCOT's 50.0% share: S\$11.5 million), the works are currently expected to complete in 3Q 2020. The foregoing initiative aims to create a contemporary, dynamic and community-friendly business environment with a higher quantum of amenities and flexible spaces, which will help to consolidate the property's position as a premium grade office in Perth CBD. In addition, the Manager is currently also evaluating other potential enhancement or upgrading options for Central Park, so as to better meet industry trends and requirements and to ensure the long-term competitiveness of the property. Appropriate announcements will be made in the event that there are material developments in this regard.

**United Kingdom**

In the Bank of England's Monetary Policy Committee ("MPC") meeting held on 18 December 2019, the bank rate remained unchanged at 0.75% per annum. Monetary policy is set to meet the inflation target of around 2% per annum and to sustain growth and employment. The MPC was of the view that the United Kingdom's ("UK") GDP is expected to grow by around 1.3% in 2020.

The Withdrawal Agreement Bill in relation to the UK's departure from the European Union ("EU") was approved by the UK's House of Commons on 9 January 2020. Subject to the Bill's passage through the House of Lords, the UK is expected to leave the EU on 31 January 2020. Uncertainties remain in terms of, among other things, future trade, labour and security arrangements between the UK and EU, which are to be negotiated during the post-Brexit transition period currently scheduled to end by end-2020. Notwithstanding the above developments, the Manager remains confident about the long-term prospects of the UK market.

For the Thames Valley office market, JLL Research<sup>4</sup> reported that absorption in the Farnborough area<sup>5</sup> from 1Q to 3Q 2019 was strong at 107,830 sf, 34.0% higher than the annual absorption achieved in 2018 and 20.0% ahead of the five-year annual average. As at end-3Q 2019, total vacancy rate in the area was 8.5%, which was below the five-year average of 10.3%. Average prime office rent for the area was £22.50 psf per annum as at end-3Q 2019, with lease incentives around 17.5% (based on a typical 10-year lease term).

**Proposed Merger with Frasers Logistics & Industrial Trust ("FLT")**

On 2 December 2019, the respective managers of FCOT and FLT jointly announced the proposed merger of FCOT and FLT. The proposed merger will be by way of a trust scheme of arrangement, with FLT acquiring all FCOT units held by FCOT unitholders in exchange for a combination of cash and new units in FLT. Subject to, among other things, approvals by FCOT and FLT unitholders and the Singapore Court, the proposed merger (including the delisting of FCOT) is currently expected to complete in end-March 2020/April 2020. Further information on the proposed merger can be found in the joint announcement dated 2 December 2019.

<sup>1</sup> CBRE, Singapore Market View, Q3 2019.

<sup>2</sup> Alexandra Technopark is a high-specification B1 industrial development located at the city-fringe, with certain physical attributes similar to business parks. Due to limited availability of market research information directly relevant to the asset class of Alexandra Technopark, market research information for business parks is provided for indicative reference.

<sup>3</sup> Colliers International Research, CBD Office, Second Half 2019.

<sup>4</sup> Market Overview Thames Valley and Farnborough Area, UK, JLL Research, FCOT 2019 Annual Report.

<sup>5</sup> JLL Research's definition of the area includes both Farnborough and Camberly.



**11. Distributions**

**(a) Current financial period**

Name of distribution

Distribution to Unitholders (“Unitholders’ Distribution”) for the period from 1 October 2019 to 31 December 2019.

In connection with the joint announcement on the “Proposed Merger of Frasers Logistics & Industrial Trust and Frasers Commercial Trust by way of a Trust Scheme of Arrangement” dated 2 December 2019, the Distribution Reinvestment Plan has been suspended from and including the distribution period from 1 October 2019 to 31 December 2019. All Unitholders will receive the Unitholders’ Distribution in cash.

**(b)(i) Distribution rate**

	<b>Unitholders’ Distribution</b>
	cents
Taxable income component	1.0244
Tax-exempt income component	0.7474
Capital component	0.6282
<b>Total</b>	<b>2.4000</b>

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 2018 to 31 December 2018.

	<b>Unitholders’ Distribution</b>
	cents
Taxable income component	1.3344
Tax-exempt income component	0.5505
Capital component	0.5151
<b>Total</b>	<b>2.4000</b>

**(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** 28 February 2020

**(e) Books closure date:** 31 January 2020

**FRASERS COMMERCIAL TRUST  
FINANCIAL STATEMENTS ANNOUNCEMENT  
FOR THE QUARTER ENDED 31 DECEMBER 2019**

---

- 12. If no distribution has been declared (recommended), a statement to that effect.**

Not applicable.

- 13. 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.

- 14. 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 the Manager which may render these interim financial results to be false or misleading, in any material aspect.

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

The Manager 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 the Manager

Bobby Chin Yoke Choong  
Director

Christopher Tang Kok Kai  
Director

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

Catherine Yeo  
Company Secretary  
15 January 2020

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.

Appendix

KPMG LLP  
16 Raffles Quay #22-00  
Hong Leong Building  
Singapore 048581

Telephone +65 6213 3388  
Fax +65 6225 0984  
Internet [www.kpmg.com.sg](http://www.kpmg.com.sg)

The Board of Directors  
Fraser's Commercial Asset Management Ltd.  
(in its capacity as Manager of Fraser's Commercial Trust)  
438 Alexandra Road  
#21-00 Alexandra Point  
Singapore 119958

15 January 2020

Dear Sirs

**Fraser's Commercial Trust and its subsidiaries  
Report on review of Interim Financial Information**

*Introduction*

We have reviewed the accompanying interim financial information (the "Interim Financial Information") of Fraser's Commercial Trust (the "Trust" or "FCOT") and its subsidiaries (the "Group") as at and for the three-month period ended 31 December 2019. The Interim Financial Information comprise the following:

- Consolidated balance sheet of the Group and balance sheet of the Trust as at 31 December 2019;
- Consolidated portfolio statement of the Group and portfolio statement of the Trust as at 31 December 2019;
- Consolidated statement of total return of the Group for the three-month period ended 31 December 2019;
- Consolidated distribution statement of the Group for the three-month period ended 31 December 2019;
- Consolidated statement of movements in Unitholders' Funds of the Group and statement of movements in Unitholders' Funds of the Trust for the three-month period ended 31 December 2019;
- Consolidated cash flow statement of the Group for the three-month period ended 31 December 2019; and
- Certain explanatory notes to the above Interim Financial Information.

The management of Fraser's Commercial Asset Management Ltd. (the "Manager" of the Trust) is responsible for the preparation and presentation of the Interim Financial Information in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* relevant to interim financial information, issued by the Institute of Singapore Chartered Accountants ("ISCA"). Our responsibility is to express a conclusion on the Interim Financial Information based on our review.

Appendix (cont'd)

*Frasers Commercial Trust and its subsidiaries*  
*Review of interim financial information*  
*Three-month period ended 31 December 2019*

*Scope of review*

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*Other matter*

The Interim Financial Information for the comparative three-month period ended 31 December 2018 has not been audited or reviewed.

*Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Interim Financial Information is not prepared, in all material respects, in accordance with the recommendations of RAP 7 *Reporting Framework for Unit Trusts* relevant to the interim financial information, issued by the ISCA.

*Restriction on use*

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Interim Financial Information for the purpose of assisting FCOT in complying with the requirement of Rule 25 of Singapore Code of Take-Overs and Mergers and for no other purpose. Our report is included in the unaudited financial statements announcement of FCOT for the quarter ended 31 December 2019 for the information of its unitholders and the scheme document issued by FCOT in relation to the proposed merger with Frasers Logistics & Industrial Trust by way of a trust scheme of arrangement. We do not assume responsibility to anyone other than FCOT for our work, for our report, or for the conclusions we have reached in our report.

KPMG LLP  
*Public Accountants and*  
*Chartered Accountants*

Singapore  
15 January 2020

Appendix (cont'd)

## EVERCORE

**LETTER FROM IFA ON THE UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
OF FRASERS COMMERCIAL TRUST FOR THE THREE MONTHS ENDED 31 DECEMBER 2019**

15 January 2020

The Board of Directors of  
Fraser Commercial Asset Management Ltd  
(in its capacity as Manager of Fraser Commercial Trust)  
#21-00, Alexandra Point, 438 Alexandra Road  
Singapore 119958

British and Malayan Trustees Limited  
(in its capacity as Trustee of Fraser Commercial Trust)  
#08-01, The Adelphi, 1 Coleman St  
Singapore 179803

Dear Sir/Madam:

**THE MERGER OF FRASERS COMMERCIAL TRUST AND FRASERS LOGISTICS & INDUSTRIAL  
TRUST BY WAY OF A TRUST SCHEME OF ARRANGEMENT**

On 15 January 2020, the Board of Directors of Fraser Commercial Asset Management Ltd (the "FCOT Manager") (the "Board of Directors") announced the unaudited consolidated interim financial statements of Fraser Commercial Trust and its subsidiaries (collectively, "FCOT Group") for the three-month period ending 31 December 2019 (the "Unaudited Interim Financial Statements") on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

We have examined the Unaudited Interim Financial Statements and have discussed the same with the FCOT Manager. We have also had discussions with KPMG LLP in its capacity as the independent auditor of FCOT Group with respect to its review of the Unaudited Interim Financial Statements and considered its report dated 15 January 2020.

For the purpose of this letter, we have relied on and assumed the accuracy and completeness of all information provided to, or discussed with, us by the management of the FCOT Manager. Save as provided in this letter, we do not express any opinion on the Unaudited Interim Financial Statements. The Board of Directors remain solely responsible for the Unaudited Interim Financial Statements.

Based on the procedures performed and on the basis described above, we are of the opinion that the Unaudited Interim Financial Statements have been prepared by the FCOT Manager after due and careful enquiry.

This letter is provided to the Board of Directors solely for the purpose of complying with Rule 25 of the Singapore Code on Take-overs and Mergers and not for any other purpose.

We do not accept responsibility for any person(s), other than the Board of Directors, in respect of, arising out of, or in connection with this letter.

**Appendix (cont'd)**

Yours faithfully,

For and on behalf of  
EVERCORE ASIA (SINGAPORE) PTE. LTD.



**Keith Magnus**

Chief Executive Officer and  
Senior Managing Director  
Evercore Asia (Singapore) Pte. Ltd.

EVERCORE