



**FRASERS COMMERCIAL TRUST
FINANCIAL STATEMENTS ANNOUNCEMENT
for the period ended 30 June 2009**

FRASERS COMMERCIAL TRUST ("FCOT" or the "Trust") is a real estate investment trust established under a Trust Deed dated 12 September 2005 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"), as amended by:

- a First Amending and Restating Deed dated 23 February 2006;
- a Second Amending and Restating Deed dated 20 March 2006;
- a Supplemental Deed of Amendment dated 30 April 2007; and
- a Second Supplemental Deed of Amendment dated 31 March 2009
- a Third Supplemental Deed dated 29 July 2009 (the "Trust Deed").

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

The property portfolio of FCOT as at 30 June 2009 consists of nine properties as follows:-

- 100.0% direct interests in the China Square Central property ("China Square Central") and the 55 Market Street property ("55 Market Street"), both located in the Singapore central business district ("CBD"), and in the KeyPoint property ("KeyPoint") located at 371 Beach Road, Singapore;
- 100.0% indirect interests in Cosmo Plaza located in Osaka, Japan ("Cosmo Plaza"), the Galleria Otemae Building located in Osaka, Japan ("Galleria Otemae"), the Azabu Aco Building located in Tokyo, Japan ("Azabu Aco") and the Ebara Techno-Serve Headquarters Building located in Tokyo, Japan ("Ebara Techno-Serve"); and
- 50.0% indirect interests in Central Park located in Perth, Australia ("Central Park") and the Caroline Chisholm Centre located in Canberra, Australia ("Caroline Chisholm Centre").

FCOT also has a 20.6% indirect investment in the Australian Wholesale Property Fund ("AWPF"), an Australian registered managed investment scheme. AWPF is managed by a third party fund manager, and holds a 50.0% interest in the Ernst & Young Centre, a 50.0% interest in the World Square Retail Complex and Public Car Park, and a 100.0% interest in Neeta City Shopping Centre, each located in Sydney, Australia.

SUMMARY OF CONSOLIDATED RESULTS OF FCOT AND ITS SUBSIDIARIES
– 2Q2009 vs 2Q2008 and 1H2009 vs 1H2008

	2Q2009 S\$'000	2Q2008 S\$'000	Inc / (Dec) %	1H2009 S\$'000	1H2008 S\$'000	Inc / (Dec) %
Gross Revenue	22,673	27,624	(17.9%)	46,635	56,063	(16.8%)
Net Property Income	17,073	20,809	(18.0%)	35,741	42,892	(16.7%)
Total return for the period after income tax and before distribution ⁽¹⁾	1,101	(10,449)	NM	(137,425)	(24,901)	NM
Available for distribution to Unitholders	5,570	17,172	(67.6%)	10,987	28,496	(61.4%)
Available for distribution per Unit (cents) ⁽²⁾						
For Period	0.73	2.40	(69.6%)	1.44	3.99	(63.9%)
Annualised ⁽³⁾	2.93	7.45	(60.7%)	2.90	6.91	(58.0%)

NM – not meaningful

Footnotes

- (1) Refer to sections 1(a) and 8 for further details on the total return for the period after income tax and before distribution.
- (2) The number of Units used to calculate the amount available for distribution per Unit ("DPU") is 763.475 million Units. Please see section 1(d)(ii) for the details of changes in the Units.
- (3) The actual annualised distribution per Unit of 7.45 cents and 6.91 cents for 2Q2008 and 1H2008 respectively have been computed based on the amount available for distribution less the one-off gains on derivative financial instruments of S\$3.9 million realised in 2Q2008.

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

	2Q2009 S\$'000	2Q2008 S\$'000	Inc / (Dec) %	1H2009 S\$'000	1H2008 S\$'000	Inc / (Dec) %
Gross revenue ⁽¹⁾	22,673	27,624	(17.9%)	46,635	56,063	(16.8%)
Property operating expenses ⁽²⁾	(5,600)	(6,815)	(17.8%)	(10,894)	(13,171)	(17.3%)
Net property income ⁽³⁾	17,073	20,809	(18.0%)	35,741	42,892	(16.7%)
Interest income	82	519	(84.2%)	283	1,144	(75.3%)
Other (expenses) / income	66	(235)	NM	654	(315)	NM
Trust expenses ⁽⁴⁾	(3,135)	(4,769)	(34.3%)	(6,393)	(8,384)	(23.7%)
(Allowance for) / Reversal of impairment of receivables ⁽⁵⁾	(101)	-	NM	(4,153)	2,009	NM
Finance costs	(13,373)	(8,919)	49.9%	(26,618)	(18,661)	42.6%
Net income before net changes in unrealised foreign exchange (loss)/gain, fair values of investment properties, other investment and derivative financial instruments, income tax and distribution	612	7,405	(91.7%)	(486)	18,685	(102.6%)
Unrealised foreign exchange gain / (loss)	4,037	10,696	(62.3%)	9,145	861	962.1%
Net change in fair value of investment properties ⁽⁶⁾	(1,208)	(29,704)	(95.9%)	(144,893)	(29,704)	387.8%
Net change in fair value of other investment and derivative financial instruments ⁽⁷⁾	(1,379)	(2,891)	(52.3%)	113	(18,257)	NM
Realised (loss) / gain on derivative financial instruments	(1,283)	3,936	NM	(1,774)	3,830	NM
Net (loss) / gain in unrealised foreign exchange (loss)/gain, fair values of investment properties, other investment and derivative financial instruments	167	(17,963)	NM	(137,409)	(43,270)	NM
Total return before income tax and distribution	779	(10,558)	NM	(137,895)	(24,585)	NM
Income tax credit / (expense)	322	109	195.4%	470	(316)	NM
Total return for the period	1,101	(10,449)	NM	(137,425)	(24,901)	NM

NM – not meaningful

Reconciliation of Total Return for the Period After Income Tax, Before Distribution to the Total Amount Distributable to Unitholders:

	2Q2009 S\$'000	2Q2008 S\$'000	Inc / (Dec) %	1H2009 S\$'000	1H2008 S\$'000	Inc / (Dec) %
Total return for the period	1,101	(10,449)	NM	(137,425)	(24,901)	NM
Non-tax deductible / (non-taxable) items and other adjustments:						
Property management fees paid / payable in Units	-	831	NM	-	831	NM
Management fees paid / payable in Units	2,450	2,947	(16.9%)	4,912	5,974	(17.8%)
Trustee's fees	196	232	(15.5%)	407	519	(21.6%)
Amortisation of borrowing costs	2,956	1,832	61.4%	5,880	4,628	27.1%
Net change in fair value of investment properties	1,208	29,704	(95.9%)	144,893	29,704	387.8%
Amortisation of leasing costs	126	131	(3.8%)	219	222	(1.4%)
Net change in fair value of other investment and derivative financial investments	1,379	2,891	(52.3%)	(113)	18,257	(100.6%)
Deferred income tax (written back)/expense	(397)	-	NM	(737)	-	NM
Effect of recognising accounting income on a straightline basis over the lease terms	(668)	(1,038)	(35.6%)	(1,271)	(2,050)	(38.0%)
Unrealised foreign exchange loss/(gain) (Allowance for) / Reversal of impairment of receivables	(4,037)	(10,696)	(62.3%)	(9,145)	(861)	962.1%
Other adjustments ⁽⁸⁾	101	-	NM	4,153	(2,009)	(306.7%)
Other adjustments ⁽⁸⁾	1,155	787	46.8%	(786)	(1,818)	(56.8%)
Net effect of non-tax deductible / (non-taxable) items and other adjustments	4,469	27,621	(83.8%)	148,412	53,397	177.9%
Available for distribution to Unitholders⁽⁹⁾	5,570	17,172	(67.6%)	10,987	28,496	(61.4%)

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, turnover rent, income support and distributions from AWPf. The composition of gross revenue by property is as follows:

Gross revenue

	2Q2009	2Q2008	Inc / (Dec)	1H2009	1H2008	Inc / (Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
China Square Central	4,387	4,388	(0.0%)	8,775	8,776	(0.0%)
55 Market Street	1,766	1,760	0.3%	3,581	3,511	2.0%
KeyPoint	3,554	5,407	(34.3%)	7,927	11,079	(28.5%)
Central Park	6,520	8,145	(20.0%)	13,356	16,808	(20.5%)
Caroline Chisholm Centre	2,681	3,098	(13.5%)	5,111	6,163	(17.1%)
Cosmo Plaza	1,046	1,910	(45.2%)	2,173	3,868	(43.8%)
Azabu Aco	396	365	8.5%	859	736	16.7%
Galleria Otemae	1,699	1,445	17.6%	3,570	2,968	20.3%
Ebara Techno-Serve	624	533	17.1%	1,283	1,086	18.1%
AWPF (Distribution)	-	573	NM	-	1,068	NM
Total gross revenue	22,673	27,624	(17.9%)	46,635	56,063	(16.8%)

NM – not meaningful

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

Property operating expenses (By major items)

	2Q2009	2Q2008	Inc / (Dec)	1H2009	1H2008	Inc / (Dec)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Property maintenance expenses	1,937	1,987	(2.5%)	3,452	3,741	(7.7%)
Property management fees	291	831	(65.0%)	608	1,648	(63.1%)
Property tax	975	1,107	(11.9%)	1,963	2,227	(11.9%)
Utilities	1,094	1,307	(16.3%)	2,316	2,581	(10.3%)
Professional fees	754	1,003	(24.8%)	1,525	1,890	(19.3%)
Insurance	97	104	(6.7%)	190	208	(8.7%)
Council rates	202	227	(11.0%)	387	451	(14.2%)
Amortisation of leasing commission	126	131	(3.8%)	219	222	(1.4%)
Other operating expenses	124	118	5.1%	234	203	15.3%
Total	5,600	6,815	(17.8%)	10,894	13,171	(17.3%)

NM – not meaningful

Property operating expenses (By property)

	2Q2009 S\$'000	2Q2008 S\$'000	Inc / (Dec) %	1H2009 S\$'000	1H2008 S\$'000	Inc / (Dec) %
China Square Central	141	141	0.0%	282	282	0.0%
55 Market Street	401	528	(24.1%)	818	1,028	(20.4%)
KeyPoint	978	1,314	(25.6%)	2,130	2,644	(19.4%)
Central Park	2,058	2,558	(19.5%)	3,676	4,623	(20.5%)
Caroline Chisholm Centre	337	526	(35.9%)	647	993	(34.8%)
Cosmo Plaza	848	895	(5.3%)	1,613	1,856	(13.1%)
Azabu Aco	136	152	(10.5%)	292	302	(3.3%)
Galleria Otemae	611	584	4.6%	1,254	1,204	4.2%
Ebara Techno-Serve	90	117	(23.1%)	182	239	(23.8%)
Total	5,600	6,815	(17.8%)	10,894	13,171	(17.3%)

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

	2Q2009 S\$'000	2Q2008 S\$'000	Inc / (Dec) %	1H2009 S\$'000	1H2008 S\$'000	Inc / (Dec) %
China Square Central	4,246	4,247	(0.0%)	8,493	8,494	(0.0%)
55 Market Street	1,365	1,232	10.8%	2,763	2,483	11.3%
KeyPoint	2,576	4,093	(37.1%)	5,797	8,435	(31.3%)
Central Park	4,462	5,587	(20.1%)	9,680	12,185	(20.6%)
Caroline Chisholm Centre	2,344	2,572	(8.9%)	4,464	5,170	(13.7%)
Cosmo Plaza	198	1,015	(80.5%)	560	2,012	(72.2%)
Azabu Aco	260	213	22.1%	567	434	30.6%
Galleria Otemae	1,088	861	26.4%	2,316	1,764	31.3%
Ebara Techno-Serve	534	416	28.4%	1,101	847	30.0%
AWPF (Distribution)	-	573	NM	-	1,068	NM
Total net property Income	17,073	20,809	(18.0%)	35,741	42,892	(16.7%)

NM – not meaningful

(4) The composition of Trust Expenses is as follows:-

	Group 2Q2009 S\$'000	Group 2Q2008 S\$'000	Group 1H2009 S\$'000	Group 1H2008 S\$'000
Management fees	2,450	2,947	4,912	5,974
Trustee's fees	196	232	407	519
Audit fees	93	216	164	263
Professional and legal fees	358	462	795	656
Other expenses	38	912	115	972
Total	3,135	4,769	6,393	8,384

- (5) Allowance for impairment of receivables in 2Q2009 pertained to the amounts receivable from a tenant of Cosmo Plaza. Please refer to section 8 page 17 for further details.
- (6) Revaluations all the investment properties were completed as at 31 March 2009, giving rise to a decrease in the fair values of these properties amounting to S\$143.7 million. The downward revaluation in 2Q2009 of S\$1.2 million arose from the adjustment of the carrying values of the properties.
- (7) This represents the changes in fair values of the Group's investment in AWPf and in derivative financial instruments. The derivative financial instruments comprise foreign currency forward contracts and interest rate swaps entered into by the Trust to manage its foreign currency and interest rate risks.

	2Q2009	2Q2008	1H2009	1H2008
	S\$'000	S\$'000	S\$'000	S\$'000
Change in fair value of interest in AWPf	-	(16,059)	-	(16,198)
Change in fair value of derivative financial instruments	(1,379)	13,168	113	(2,059)
Fair value movements	(1,379)	(2,891)	113	(18,257)

- (8) Other adjustments comprise primarily the differences between the cash available to be distributed and the accounting profit available for distribution in foreign jurisdictions and other non-tax deductible/ non-taxable items.
- (9) FCOT's distribution policy is to distribute at least 90.0% of its taxable income and tax-exempt income.

1(b)(i) Balance Sheets, together with a comparative statement as at the end of the immediately preceding financial year

	Group 30/6/09 S\$'000	Group 31/12/08 S\$'000	Trust 30/6/09 S\$'000	Trust 31/12/08 S\$'000
Non-current assets				
Investment properties ⁽¹⁾	1,572,085	1,659,137	934,200	1,033,000
Subsidiaries ⁽²⁾	-	-	549,848	570,293
Other investments ⁽³⁾	26,311	26,312	-	-
Other receivables ⁽⁴⁾	5,281	8,726	5,281	8,726
Deferred tax assets ⁽⁵⁾	-	1,156	-	-
	1,603,677	1,695,331	1,489,329	1,612,019
Current assets				
Trade and other receivables	7,389	8,308	27,988	19,031
Current tax recoverable	-	3,911	-	-
Cash and cash equivalents	50,219	55,265	18,527	16,078
	57,608	67,484	46,515	35,109
Total assets	1,661,285	1,762,815	1,535,844	1,647,128
Non-current liabilities				
Interest-bearing borrowings (net of transaction costs)	311,193	330,033	147,520	156,522
Deferred tax liability ⁽⁵⁾	41,551	36,693	-	-
	352,744	366,726	147,520	156,522
Current liabilities				
Trade and other payables	35,858	35,866	47,864	29,523
Derivative financial instruments ⁽⁶⁾	11,466	11,579	11,466	11,579
Interest-bearing borrowings (net of transaction costs)	622,241	616,426	622,241	616,426
Provision for taxation	1,425	916	891	891
	670,990	664,787	682,462	658,419
Total liabilities	1,023,734	1,031,513	829,982	814,941
Unitholders' funds	637,551	731,302	705,862	832,187

Footnotes

- (1) The investment properties were valued at their fair values based on independent valuations as at 31 March 2009. Both China Square Central and 55 Market Street were valued by Savills (Singapore) Pte Ltd, whilst KeyPoint was valued by Colliers International Consultancy & Valuation (Singapore) Pte Ltd. Central Park and Caroline Chisholm Centre were valued by Jones Lang LaSalle WA Pty Ltd and Knight Frank (Canberra) Pty Ltd respectively. Galleria Otemae, Azabu Aco, Ebara Techno-Serve and Cosmo Plaza were valued by DTZ Debenham Tie Leung K.K. The independent valuers are licenced and experienced valuers, and the valuations were carried out using the capitalisation approach and discounted cash flow analysis. As at 30 June 2009, the carrying amounts of these properties approximate their fair values.
- (2) Reduction in subsidiaries is due to a provision for impairment made for the subsidiary that holds the investment in AWPf.

- (3) Other investments of the Group represent the investment in AWPf. As at 30 June 2009, FCOT held 39,758,513 units (2008:39,758,513 units) in AWPf. The unit price as at 30 June 2009 stands at A\$0.7432. Based on the exchange rate of A\$1.00: S\$1.1665, the carrying value is at A\$0.5673 as at 30 June 2009. In view of AWPf's current financial situation and its ongoing recapitalisation program, the Management has taken the prudent view to maintain current carrying value.
- (4) Other receivables relate to amounts due from Unicorn Square Limited, the master lessee of China Square Central, for future capital, advertising and promotion expenditure in relation to the property. The reduction is due to an allowance of S\$3.28 million provided in 1Q2009 in respect of the non-current amount receivable from Unicorn Square Limited ("Unicorn") relating to China Square Central. Under the terms of the master lease for China Square Central, Unicorn must make contributions for upgrading works to the property within a number of years from acquisition. As the upgrading works at China Square Central has been deferred, the Manager is in discussions with Unicorn regarding the utilisation of the amount receivable. The allowance for impairment is made based on Management's assessment of the amount that is expected to be recoverable.
- (5) Deferred tax is provided for in respect of the potential capital gains or losses arising from the changes in fair value of the overseas properties.
- (6) Derivative financial instruments relate to the fair values of interest rate swaps transacted to manage interest rate risk, and the fair values of foreign currency forward contracts transacted to manage fluctuations on the foreign currency denominated income of the Group. The details of the "derivative financial instruments" are as follows:-

	Group and Trust	
	Contract / Notional amount S\$'000	Fair values
		Assets S\$'000
<u>30/6/09</u>		
Foreign currency forward contracts	13,765	2,526
Interest rates swaps	426,634	8,940
Total	440,399	11,466
<u>31/12/08</u>		
Foreign currency forward contracts	22,588	795
Interest rates swaps	435,733	10,784
Total	458,321	11,579

As at 30 June 2009, FCOT has interest rate swaps to hedge its interest rate risks over 61.2% of its Singapore Dollar and Japanese Yen floating rate debt facilities.

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

Details of borrowings and collateral

	Group 30/6/09 S\$'000	Group 31/12/08 S\$'000
Secured borrowings (excluding transaction costs)		
Amount repayable in one year or less	554,500	554,520
Amount repayable after one year	312,757	332,032
Unsecured borrowings		
Amount repayable in one year or less, or on demand	71,294	70,000
	938,551	956,552

Secured borrowings

The secured borrowings comprise the following:

1) Loan note facility arranged by CBA Asia Limited ("Loan Note Facility")

As at 30 June 2009, the outstanding Loan Note Facility amounted to S\$550 million (2008 : S\$550.0 million). The Loan Note Facility bears interest at the swap-offer rate plus a margin.

As security for the Loan Note Facility, the Trustee and its relevant subsidiaries have granted certain collateral in favour of a security trustee on behalf of certain financiers including:

1. a first registered mortgage over its interests in China Square Central, 55 Market Street, Central Park and KeyPoint
2. equitable mortgages over all units and shares (as applicable) issued in each of the following FCOT subsidiaries:
 - a. ARC Trust;
 - b. Frasers Commercial Investments No.3 Pty Limited;
 - c. Frasers Commercial Sub No.1 Pte. Ltd.;
 - d. Frasers Commercial Investments No.1 Pte. Ltd.;
 - e. Frasers Commercial Investments No.2 Pte. Ltd.; and
 - f. Central Park Landholding Trust.
3. an equitable mortgage over the units issued to Frasers Commercial Investments No.2 Pte. Ltd. in AWPf;
4. registered fixed and floating charges over all the assets of Central Park Landholding Trust and ARC Trust;
5. security assignments over the relevant leases, lease guarantees, insurance contracts, income support deeds and sale and purchase agreements in respect of China Square Central, 55 Market Street, Central Park and KeyPoint;
6. registered charges over the rental proceeds accounts into which the rent in respect of China Square Central, 55 Market Street, Central Park, and KeyPoint will be paid; and
7. registered charges over the accounts into which distributions and dividends from FCOT subsidiaries will be paid.

(together "Loan Note Collateral").

The requirement for partial redemption of loan notes amounting to S\$400 million under the Loan Note Facility by 31 July 2009 was removed on 12 June 2009 (ie. no repayment is required on 31 July 2009) and the maturity date of the Loan Note together with the Revolving Loan Facility of S\$12 million was extended to 31 December 2009.

2) Japanese Yen Bi-Lateral Cash Advance Facility arranged with Commonwealth Bank of Australia, Singapore Branch ("Japanese Yen Loan")

As at 30 June 2009, the amount outstanding under this facility amounted to ¥9,783,567,805 (S\$147.6 million) (2008: ¥9,783,567,805 (S\$125.7 million)). The loan bears interest at the JPY LIBOR BBA rate plus margin, and will mature on 9 September 2012. This facility is secured against the Loan Note Collateral described above.

3) A S\$12,000,000 Revolving Loan Facility arranged with Commonwealth Bank of Australia, Singapore Branch

As at 30 June 2009, the amount outstanding under this facility was S\$4.5 million (2008: S\$4.5 million). The loan bears interest at the swap offer rate plus a margin and is secured against the Loan Note Collateral described above. This facility will mature on 31 December 2009.

4) Japanese Yen Fixed Rate Term Specified Bond Facilities

This comprises two facilities of ¥3,802,500,000 ("**Cosmo Bonds**") and ¥7,140,000,000 ("**Tozai Bonds**"), arranged with Credit Suisse Securities (Japan) Limited ("**Credit Suisse**") with fixed interest rates of 3.01% and 2.45% respectively. On 30 September 2008, Credit Suisse transferred the Tozai Bonds to Shinsei Trust & Bank Co., Ltd, on the same terms and conditions. The bonds will mature on 1 August 2012 and 1 November 2012 respectively. The bondholders have recourse to the issuer of the bonds, a tokutei mokuteki kaisha (an entity established under the Japan Law Regarding Securitisation of Assets (No.105 of 1998, as amended)), which is an indirect wholly owned subsidiary of FCOT, and which holds a beneficial interest in the relevant trust that holds legal title to each of Cosmo Plaza, Galleria Otemae, Azabu Aco and Ebara Techno-Serve.

5) Unsecured borrowings

The unsecured borrowings represent a S\$71.3 million term loan extended by F&N Treasury Pte. Ltd., to the Trustee on 21 May 2009 ("**F&N Loan**"). The F&N Loan bears interest at 4.55% per annum for the period from 21 May 2009 to 21 August 2009 and is repayable when the debts owed to the Commonwealth Bank of Australia are refinanced.

6) Secured new financing arrangements

On 30 June 2009, British and Malayan Trustees Limited, as trustee of FCOT, has accepted two separate commitment letters by which Commonwealth Bank of Australia, Singapore Branch ("**CBA Singapore**"), DBS Bank, OCBC Bank, and Standard Chartered Bank have committed to provide FCOT with a new S\$500.0 million 3-year transferable term loan facility ("**SGD Facility**") and CBA Singapore has committed to provide a new A\$150.0 million 3-year transferable term loan facility ("**AUD Facility**") (collectively, the "**Facilities**"). The SGD Facility will be secured by FCOT's Singapore properties, and the AUD Facility will be secured by FCOT's Australian properties.

The SGD Facility shall be used to repay the balance amount outstanding under the existing S\$550.0 million Loan Note Facility granted by CBA Asia Limited, CommCapital S.ar.l, CBA Singapore, CommBank Europe Limited, Commonwealth Bank of Australia acting through its Offshore Banking Unit ("**CBA Offshore**") and to pay all associated transaction and debt related costs and expenses pertaining to the SGD Facility.

The purpose of the AUD Facility is to (i) repay the balance amount outstanding under the existing JPY9,783,567,805 Yen bi-lateral cash advance facility granted by CBA Singapore, CBA Offshore, (ii) repay the balance amount outstanding under the existing S\$12 million revolving loan facility granted by CBA Singapore, (iii) pay all associated transaction and debt related costs and expenses pertaining to the AUD Facility, and (iv) for general working capital purposes.

With this refinancing, FCOT will have no debt facilities expiring until 2012.

1(c) Consolidated Cash Flow Statement

	2Q2009 S\$'000	2Q2008 S\$'000	1H2009 S\$'000	1H2008 S\$'000
Operating activities:				
Total return before income tax	779	(10,558)	(137,895)	(24,585)
Adjustments for:				
Finance costs	10,417	7,087	20,738	14,033
Distribution income from other investment	-	(573)	-	(1,068)
Effect of recognising accounting income on a straight-line basis over the lease term	(668)	(1,038)	(1,271)	(2,050)
Allowance for / (Reversal of) impairment of receivables	101	-	4,153	(2,009)
Foreign exchange differences	(4,100)	(10,351)	(9,798)	(547)
Amortisation of leasing costs	126	131	219	222
Interest income	(82)	(519)	(283)	(1,144)
Management fees paid / payable in Units	2,450	2,947	4,912	5,974
Net change in fair value of other investment and derivative financial instruments	1,379	2,891	(113)	18,257
Net change in fair value of investment properties	1,208	29,704	144,893	29,704
Amortisation of borrowing costs	2,956	1,832	5,880	4,628
Realised loss on derivative financial instruments	1,283	(3,936)	1,774	(3,830)
Property management fee paid / payable in Units	-	831	-	831
Operating income before working capital changes	15,849	18,448	33,209	38,416
Changes in working capital:				
Trade and other receivables	1,325	6,743	875	7,718
Trade and other payables	(12,175)	(3,341)	(11,346)	(11,750)
Cash generated from operating activities	4,999	21,850	22,738	34,384
Tax (paid)/refunded	(159)	(2,232)	3,421	(2,248)
Net cash provided by operating activities	4,840	19,618	26,159	32,136

1(c) Consolidated Cash Flow Statement (cont.)

	2Q2009 S\$'000	2Q2008 S\$'000	1H2009 S\$'000	1H2008 S\$'000
Investing activities:				
Capital expenditure on investment properties	(522)	(387)	(937)	(1,057)
Interest received	81	519	135	1,144
Proceeds from disposal of investment	-	-	-	11,408
Distribution received	-	573	-	1,068
Cash generated from/(utilised in) investing activities	(441)	705	(802)	12,563
Financing activities:				
Proceeds from borrowings	1,294	(6,875)	1,294	-
Repayment of loan	-	-	(20)	-
Amount (paid) / proceeds from realisation of derivative financial instruments	(1,283)	3,936	(1,774)	3,830
Finance costs paid	(4,458)	(6,293)	(10,839)	(10,453)
Distribution paid	-	-	(17,371)	(26,402)
Decrease in restricted cash	(2,212)	2,005	(1,132)	22,841
Issue cost paid	-	-	-	-
Transaction costs on borrowings	(1,000)	(5,721)	(1,000)	(12,864)
Cash utilised in financing activities	(7,659)	(12,948)	(30,842)	(23,048)
Net increase in cash and cash equivalents	(3,260)	7,375	(5,485)	21,651
Cash and cash equivalents at beginning of period	43,750	45,002	46,685	26,485
Effect of exchange rate changes	17	(4,056)	(693)	185
Cash and cash equivalents at end of period ⁽¹⁾	40,507	48,321	40,507	48,321

Footnotes

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

	30/6/2009 S\$'000	30/6/2008 S\$'000
Bank and cash balances	50,219	60,833
Fixed deposits	-	-
Cash and cash equivalents at end of the period	50,219	60,833
Less: Restricted cash - reserves *	(9,712)	(12,512)
Cash and cash equivalents in the consolidated cash flow statements	40,507	48,321

* Restricted cash represent bank deposits that are not freely available for use by the Group. They comprise bank deposits in Japan required to be maintained to comply with the requirements of the Japanese Yen Fixed Rate Term Specified Bond Facilities (Please refer to section 1(b)(ii) on the specified bond facilities).

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

	Group 1/1/09 to 30/6/09 S\$'000	Group 1/1/08 to 30/6/08 S\$'000	Trust 1/1/09 to 30/6/09 S\$'000	Trust 1/1/08 to 30/6/08 S\$'000
<u>Movement from 1/1/09 to 31/3/09</u>				
Balance at beginning of period	731,302	1,049,673	832,187	952,035
Operations				
Change in unitholders' funds resulting from operations	(138,526)	(14,452)	(116,125)	(20,198)
Distributions to Unitholders	(11,850)	(25,555)	(11,850)	(25,555)
Change in unitholders' funds resulting from operations	(150,376)	(40,007)	(127,975)	(45,753)
Unitholders contributions				
Issue of Units				
- Management and property management fees	1,721	3,027	1,721	3,027
Distribution to Unitholders	(5,520)	(847)	(5,520)	(847)
Change in unitholders' funds resulting from operations	(3,799)	2,180	(3,799)	2,180
Foreign currency translation reserve				
Movement for the period	15,318	9,606	-	-
	15,318	9,606	-	-
Balance as at 31 March	592,445	1,021,452	700,413	908,462
<u>Movement from 1/4/09 to 30/6/09</u>				
Operations				
Change in unitholders' funds resulting from operations	1,101	(10,449)	2,999	36,079
Distributions to Unitholders	-	-	-	-
Change in unitholders' funds resulting from operations	1,101	(10,449)	2,999	36,079
Unitholders contributions				
Issue of Units				
- Management and property management fees	2,450	3,778	2,450	3,778
Distribution to Unitholders	-	-	-	-
Change in unitholders' funds resulting from operations	2,450	3,778	2,450	3,778
Foreign currency translation reserve				
Movement for the period	41,555	8,354	-	-
	41,555	8,354	-	-
Balance of unitholders' funds at end of period	637,551	1,023,135	705,862	948,319

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

	2Q2009 Units	2Q2008 Units	1H2009 Units	1H2008 Units
Issued Units as at beginning of period	736,046,964	705,933,503	725,434,620	700,731,701
Management / property management fees paid in Units ⁽¹⁾	14,616,329	3,664,817	25,228,673	8,866,619
Issued Units as at end of period	750,663,293	709,598,320	750,663,293	709,598,320
Management / property management fees payable in Units ⁽²⁾	12,811,398	5,043,638	12,811,398	5,043,638
Issued and issuable Units as at end of period	763,474,691	714,641,958	763,474,691	714,641,958

Footnotes

- (1) Management and property management fees paid/payable in Units comprise the following:-

Period ended	Management Fee	Property Management Fee
31 December 2006	-	277,417
31 March 2007	1,018,491	266,464
30 June 2007	1,312,076	311,944
30 September 2007	1,786,862	471,990
31 December 2007	4,102,141	1,099,661
31 March 2008 *	3,664,817	-
30 June 2008	3,828,748	1,079,905
30 September 2008 *	10,927,647	-
31 December 2008 *	10,612,344	-
31 March 2009 *	14,616,329	-
30 June 2009 *	12,811,398	-
	64,680,853	3,507,381

* Property management fees paid in cash.

- (2) 12.8 million Units will be issued on 30 July 2009 to the Manager as payment for management fees for the quarter ended 30 June 2009. The price of Units issued is determined based on the Volume Weighted Average Price of the Units for the ten business days preceding the date of issue pursuant to the Trust Deed.

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 figures have not been audited nor reviewed by the Trust's auditors.

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

Not applicable.

4. **Whether the same accounting principles and methods of computation as in the issuer's most recent audited financial statements have been applied**

FCOT has adopted the same accounting principles and methods of computation as set out in the audited financial statements for the financial year ended 31 December 2008.

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 nature of, the change**

Not applicable.

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

	Actual 2Q2009 Units	Actual 2Q2008 Units	Actual 1H2009 Units	Actual 1H2008 Units
Weighted average number of Units	739,499,383	704,161,461	739,499,383	704,161,461
Earnings per Unit (cents) - basic and diluted on the weighted average number of Units on issue				
number of Units on issue				
-Basic (cents)	0.15	(1.48)	(18.58)	(3.54)
-Fully diluted (cents)	0.15	(1.48)	(18.58)	(3.54)
Earnings per Unit - basic and diluted on the weighted average number of Units on issue restated for Rights issue				
Number of units issued and issuable at end of period	763,474,691	714,641,958	763,474,691	714,641,958
Available for distribution per Unit - basic and diluted based on the total number of Units on issue (cents)	0.73	2.40	1.44	3.99

The diluted EPU and DPU are the same as the basic EPU and DPU as there are no dilutive instruments on issue during the period.

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

	Group 30/6/2009	Group 31/12/2008	Trust 30/6/2009	Trust 31/12/2008
Number of units issued and issuable at end of period	763,474,691	736,046,964	763,474,691	736,046,964
Unitholders' funds at end of period (S\$'000)	637,551	731,302	705,862	832,187
Unitholders' funds per Unit (S\$)	0.84	0.99	0.92	1.13
Adjusted Unitholders' funds per Unit (excluding distributable income) (S\$)	0.82	0.97	0.91	1.11

8. Review of performance – Variance between actual results for the period 1 April 2009 to 30 June 2009 (“2Q2009”) and 1 April 2008 to 30 June 2008 (“2Q2008”)

Gross revenue for 2Q2009 was S\$4.9 million or 17.9% lower than that of the corresponding period in the prior year mainly due to the following:

- a decrease of S\$1.6 million and S\$0.4 million from Central Park and the Caroline Chisholm Centre respectively. This arose primarily from the weakening of the Australian Dollar from A\$1.00:S\$1.296 in 2Q2008 to A\$1.00:S\$1.1177 for 2Q2009 and there was no income support for Central Park in 2Q2009 (2Q2008 : S\$0.6 million). The income support for Central Park was terminated on 14 August 2008 following the completion of the acquisition of the Manager by Frasers Centrepoint Limited.
- lower contribution from KeyPoint by S\$1.9 million, primarily arising from the reduction in the income support from S\$2.2 million in 2Q2008 to S\$0.04 million in 2Q2009.
- lower contribution by S\$0.8 million from Cosmo Plaza due to the loss of a significant tenant in 4Q2008.
- No contribution from AWPf for 2Q2009 as compared to S\$0.5 million for 2Q2008. Under its existing debt facilities, AWPf has been restricted from paying any distributions since March 2008

This was partially offset by:

- higher revenue from the Japanese properties of S\$0.4 million due to the stronger Japanese Yen against Singapore Dollar in 2Q2009 of JPY1:S\$0.015192 as compared to JPY1:S\$0.012957 in 2Q2008.

Property operating expenses were lower in 2Q2009 vis-a-vis 2Q2008 mainly due to a waiver of property management fees for overseas properties with effect from 1 January 2009 which resulted in a decrease of S\$0.5 million. Lower property taxes, professional fees and maintenance expenses resulted in a further decrease of S\$0.7 million in 2Q2009 from 2Q2008, attributable largely to a weaker Australian dollar against the Singapore dollar. Please refer to pages 5 and 6 for the composition of the property operating expenses.

Trust expenses for 2Q2009 were S\$1.6 million lower than that for 2Q2008 mainly due to lower management fees and other trust expenses in 2Q2009. Management fees are computed based on a percentage of the property values and performance, and due to the lower valuations and revenue in 2Q2009, the resulting management fees were lower. Please refer to page 6 for the composition of the trust expenses

Allowance for impairment of receivables in 2Q2009 related to the following:

- rental receivable from a significant tenant of Cosmo Plaza who is in financial difficulty. As set out in the 4Q2008 financial statements announcement, the tenancy deposit placed by the tenant has been fully offset against its rental arrears up to January 2009. Accordingly, the allowance of S\$0.6 million represents the rental that is in arrears from April 2009 to June 2009. The Manager has determined that Cosmo Plaza does not meet the long term investment strategy of FCOT and continues to explore a potential divestment. The divestment of this asset will be conditional upon a number of factors and appropriate updates to Unitholders will be made in due course.
- this was partially offset by a write back of S\$0.5 million allowance for impairment of receivables pertained to China Square Central. The impairment recognised in 4Q2008 was reversed in 2Q2009 after the amount was subsequently recovered.

Finance costs were S\$4.4 million higher in 2Q2009 as compared to 2Q2008 due mainly to the higher margins on the Loan Note Facility, Japanese Yen Loan and F&N Loan. Under the terms of the debt facilities extension negotiated in 2008, the interest margin of these facilities increased with effect from 1 January 2009.

Unrealised foreign exchange gains in 2Q2009 and 2Q2008 were mainly from the Japanese Yen Loan as a result of the Japanese Yen weakening against the Singapore dollar. There is a corresponding decrease in the carrying values of the investment properties in Japan as a result; however the effect of this foreign exchange movement is taken to the foreign currency translation reserve.

Net change in fair value of other investment and derivative financial instruments for 2Q2009 was due to unrealised fair value loss on the derivative financial instruments entered into by FCOT. FCOT had entered into interest rate swaps to fix the base interest rates on its bank loans when it acquired each of its properties and at other times in accordance with its interest rate risk management policy. These derivative financial instruments are carried at fair value, and resulted in an unrealised loss of S\$1.4 million in 2Q2009 due to a decrease in the underlying market interest rates. The unrealised gain in 2Q2008 was due to the reversal of mark-to-market on termination of three interest rate swaps on 13 June 2008.

Realised loss on derivative financial instruments arose from the realisation of an Australian dollar forward contract undertaken to manage the foreign currency exposure on the net income from the Australian properties for the current quarter.

Review of performance – Variance between actual results for the period 1 January 2009 to 30 June 2009 (“1H2009”) and 1 January 2008 to 30 June 2008 (“1H2008”)

Gross revenue for 1H2009 was S\$9.4 million or 16.8% lower than that of the corresponding period in the prior year mainly due to the following:

- lower contribution from KeyPoint by S\$3.2 million, primarily arising from the reduction in the income support from S\$4.6 million in 1H2008 to S\$0.9 million in 1H2009 and was partly offset by higher revenue of S\$0.5 million in 1H2009.
- a decrease of S\$3.4 million and S\$1.1 million from Central Park and the Caroline Chisholm Centre respectively. This arose primarily from the weakening of the Australian Dollar from A\$1.00:S\$1.2891 in 1H2008 to A\$1.00:S\$1.06535 for 1H2009 and there was no income support for Central Park (1H2008 : S\$1.3 million). The income support for Central Park was terminated on 14 August 2008 following the completion of the acquisition of the Manager by Frasers Centrepoint Limited.
- lower contribution by S\$1.7 million from Cosmo Plaza due to the loss of a significant tenant in 4Q2008.
- No contribution from AWPf for 1H2009 as compared to S\$1.1 million for 1H2008.

This was partially offset by:

- higher revenue from the Japanese properties of S\$0.9 million due to the stronger Japanese Yen against Singapore Dollar in 1H2009 of JPY1:S\$0.015614 as compared to JPY1:S\$0.013205 in 1H2008.

Property operating expenses were lower in 1H2009 vis-a-vis 1H2008 mainly due to a waiver of property management fees for overseas properties with effect from 1 January 2009 which resulted in a decrease of S\$0.8 million. Lower property taxes, professional fees and maintenance expenses resulted in a further decrease of S\$1.5 million in 1H2009 from 1H2008, attributable largely to a weaker Australian dollar against the Singapore dollar. Please refer to pages 5 and 6 for the composition of the property operating expenses.

Trust expenses for 1H2009 were S\$2.1 million lower than that for 1H2008 mainly due to lower management fees, audit fees, professional and legal fees and other trust expenses in 1H2009. Management fees are computed based on a percentage of the property values and performance, and due to the lower valuations and revenue in 1H2009, the resulting management fees were lower. Please refer to page 6 for the composition of the trust expenses

Allowance for impairment of receivables in 1H2009 related to the following:

- rental receivable from a significant tenant of Cosmo Plaza who is in financial difficulty. As set out in the 4Q2008 financial statements announcement, the tenancy deposit placed by the tenant has been fully offset against its rental arrears up to January 2009. Accordingly, the allowance of S\$1.4 million represents the rental that is in arrears from January 2009 to June 2009. The Manager has determined that Cosmo Plaza does not meet the long term investment strategy of FCOT and continues to explore a potential divestment. The divestment of this asset will be conditional upon a number of factors and appropriate updates to Unitholders will be made in due course.
- an allowance of S\$3.25 million in respect of the non-current amount receivable from Unicorn Square Limited (“Unicorn”) relating to China Square Central. Under the terms of the master lease for China Square Central, Unicorn must make contributions for upgrading works to the property within a number of years from acquisition. As the upgrading works at China Square Central has been deferred, the Manager is in discussions with Unicorn regarding the utilisation of the amount receivable. The allowance for impairment is made based on management’s assessment of the amount that is expected to be recoverable.
- this was partially offset by a write back of S\$0.5 million allowance for impairment of receivables pertained to China Square Central. The impairment recognised in 4Q2008 was reversed in 2Q2009 after the amount was subsequently recovered.

Finance costs were S\$8.0 million higher in 1H2009 as compared to 1H2008 due mainly to the higher margins on the Loan Note Facility, Japanese Yen Loan and F&N Loan in 1H2009. Under the terms of the debt facilities extension negotiated in 2008, the interest margin of these facilities increased.

Unrealised foreign exchange gains in 1H2009 and 1H2008 were mainly from the Japanese Yen Loan as a result of the Japanese Yen weakening against the Singapore dollar. However, the decrease in the carrying values of the investment properties in Japan as a result of the weakening of Japanese Yen was taken to the foreign currency translation reserve.

The net change in the fair value of the investment properties in 1H2009 was a loss of S\$144.9 million, as compared to a loss of S\$29.7 million for 1H2008. The valuations of the investment properties for 1H2009 and 1H2008 were completed by independent professional valuers.

Net change in fair value of other investment and derivative financial instruments for 1H2009 was due to unrealised fair value gain on the derivative financial instruments entered into by FCOT. FCOT had entered into interest rate swaps to fix the base interest rates on its bank loans when it acquired each of its properties and at other times in accordance with its interest rate risk management policy. These derivative financial instruments are carried at fair value, and resulted in an unrealised gain of S\$0.1 million in 1H2009.

Realised losses on derivative financial instruments arose from the realisation of an Australian dollar forward contract undertaken to manage the foreign currency exposure on the net income from the Australian properties for the 1H2009.

9. **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**

Recapitalisation exercise

The Manager has obtained the approval of Unitholders at an extraordinary general meeting of Unitholders held on 22 July 2009 (the "EGM") in respect of, among others, the following transactions:

- (i) the acquisition (the "**Acquisition**") of a 99-year leasehold interest in the property known as Alexandra Technopark which is located at 438A/438B Alexandra Road, Singapore 119967/119968 ("**Alexandra Technopark**") from Orrick Investments Pte Limited ("**Orrick**"), a wholly-owned subsidiary of FCL, for a purchase consideration of S\$342.5 million (the "**Purchase Consideration**") (the "**Acquisition**");
- (ii) the issue of 342.5 million Series A convertible perpetual preferred units (the "**Series A CPPUs**") to Orrick (or its nominees) to satisfy the Purchase Consideration in full (the "**Series A CPPU Issue**");
- (iii) the Master Lease (as defined herein) to be granted to Orrick by the Trustee for a period of five years and the Master Lease Undertaking (as defined herein) to be provided by FCL; and
- (iv) the issue of 2,251,989,879 rights units on a fully underwritten and renounceable basis to eligible unitholders based on the rights ratio of three (3) rights units for every one (1) existing held by the unitholders at the rights issue price of S\$0.095 per right units to raise gross proceeds of S\$213.9 million ("the Rights Issue"),

(the Acquisition, the Series A CPPU Issue, the Master Lease, the Master Lease Undertaking and the Rights Issue collectively, the "**Transactions**").

It is expected that the Offer Information Statement ("OIS") will be lodged by the Manager with the Monetary Authority of Singapore on or about 29 July 2009 in connection with the proposed rights issue. The Manager will make a separate announcement on the SGXNET following the lodgment of the OIS. Details of the pro forma financial statements and capital structure of the Group following from the recapitalisation exercise will be set out in the OIS.

Singapore

The Ministry of Trade and Industry (MTI) recently announced its growth forecast for the Singapore economy to be -4.0 to -6.0 per cent in 2009, an upward revision from the initial mid-April forecast of -6.0 to -9.0 per cent. Notwithstanding the revision in the growth forecast, the MTI warned that the outlook for the rest of the year remained weak and is susceptible to downside risks as there is no clear evidence that advanced economies such as the US and Euro zone have recovered.

Colliers International ("Colliers")¹ reports that the rates of Singapore's economic contraction moderated in 2Q2009. This is supported by MTI estimates that Singapore's gross domestic product ("GDP") shrank 3.7% on a year-on-year basis, compared to a 9.6% contraction in 1Q2009.

Colliers noted that weak economic conditions continued to weigh on rents which experienced another quarter of free-fall. Grade A office space in the CBD fell by an average of 26.1% in 2Q2009 compared to 21.8% in the preceding quarter. Within the short span of three quarters, average rents in Grade A office space in the CBD have fallen some 52.7%, bringing rents back to mid-2006 levels. Rental declines in the June quarter were again led by those for Grade A office in the Raffles Place. New Downtown micro-market where a slide of 29.0% was recorded following last quarter's fall of 28.5%.

Colliers highlighted that in tandem with the slide in rentals, the average capital values of office space trended down too in 2Q209. The average capital value for Grade A office in the Raffles Place/ New Downtown micro-market is estimated to have eased by almost 10.0% from S\$2,100 psf in March 2009 to S\$1,893 psf in June 2009.

On a brighter note, the deep cuts in office rents by landlord since 3Q2008 to retain tenants appear to be coming to fruition as office occupancy rates showed some stabilisation in 2Q2009. The decline in occupancy rates of island-wide Grade A office space eased from the 1.7% drop recorded in 1Q2009 to a nominal 0.4% fall in 2Q2009.

¹ Colliers International Singapore, The Knowledge Report, Market Overview, July 2009

Australia

In its July Statement on Monetary Policy, the Reserve Bank of Australia (RBA) forecast growth for the second quarter to -1.25%, making that Australia's first recession in 20 years. With the global economy stabilising after a sharp contraction during December and March quarters, growth in China has strengthened considerably, this is having an impact on other economies in the region, including Australia. Nonetheless, credit conditions remain tight and the effects of economic weakness on asset quality present a challenge. The RBA did say, however, that it expects GDP to return to positive by June 2010, and to grow to 3.75% by December 2011.

According to Savills², leasing demand levels in the Perth CBD have declined from their peak in mid-2008 as a direct result of the current economic climate and its influence on the resource sector, clearly evidenced by the limited number of larger leasing deals concluded in the first half of 2009. Despite this, enquiry levels appear to be improving and there is increased activity in the sub-500 sqm sector. Savills believes there is a strong possibility that leasing activity levels will increase in the later part of 2009 and into 2010 as a number of significant resource projects secure approval. As a result of the increasing supply (including the significant increase in the sub-lease availability) and the distinct downturn in demand, landlords have re-assessed asking rates.

CB Richard Ellis ("CBRE")³ cited that Perth CBD prime gross face rentals fell by 7.0% in the June 2009 quarter, with an indicative rental of A\$892 psm per annum. Incentives have also begun to increase and sit at 10.0% for most prime properties.

Jones Lang LaSalle⁴ cited the 2Q2009 increase in average vacancy rates across all capital cities in Australia (excluding Melbourne) was due more to the completion of new buildings, and backfill space or sub-lease space rather than a fall in demand from tenants, as was the case in 1Q2009. They note that while demand for office space is expected to decline in all CBD markets over the next few quarters, the analysis of quarterly data suggests that from a national perspective the pace of decline has slowed.

JLL also stated that rising sub-lease availability continued to cast a shadow over all CBD office markets with corporate profitability being challenged in most industry sectors. As real estate is typically a top 3 expense, organisations are looking to consolidate their cost base and are releasing excess space to the market and competing with direct vacancy. The volume of sub-lease availability has increased sharply outside of the financial centres and reached 46,800 sqm in the Perth CBD with the average vacancy rate of 6.6%.

In Canberra, CBRE notes the market is still feeling the effects of indecision on government employment from the Rudd Government and this has been hindering the market for almost two year now, and in concert with the global financial crisis, has led to the fall in rents. FCOT's Canberra property, Caroline Chisholm Centre is not subject to any leasing risk until 2025, when its Commonwealth Government lease expires.

JLL notes that rising vacancy and competition from sub-lease vacancy has put pressure on effective rents in the majority of markets and over the quarter, prime gross effective rents declined in Canberra by -0.9%, far less than other Australian capital cities and vacancy stood at 9.6%.

Japan

In its recent monetary policy meeting, the policy board of the Bank of Japan ("BOJ") has observed that: (1) public investment, exports and production have picked up after falling substantially, and business sentiment has stopped deteriorating; however, (2) businesses' fixed investments have declined substantially due to weak corporate profits, and that private consumption has remained weak amid the worsening unemployment. Nonetheless, BOJ predicts that Japan's economic conditions will improve over time.

Across all markets in Japan, tenants are now placing more emphasis on cost over the location of buildings, standard of specifications and facilities. CB Richard Ellis K.K. ("CBRE KK")⁵ notes that in Tokyo and Osaka activity is being seen in less expensive assets and submarkets with lower average rental levels. Consequently, CBRE KK anticipates that some central areas with higher average rental levels will see softening in vacancy and downward pressure on rents, hence occupancy rates in both Tokyo and Osaka decreased over the period. In Tokyo's 23 wards, the vacancy rate increased 0.2 points to 4.4% whilst in Osaka; the vacancy rate increased 0.3 points to 8.2%.

Asking rents in both markets also decline over the period by approximately 2.0%.

² Savills, Press Release – Savills Prime Full Floor Availability Report, 23 July 2009

³ CB Richard Ellis, Marketview, Pacific Region CBD Office, Second Quarter 2009

⁴ Jones Lang LaSalle, Press Release - Pace of decline in national office markets slows in Q209, 22 July 2009

⁵ CB Richard Ellis KK, Press Release - CBRE releases preliminary data on the vacancy rate and the average rent in the three major cities for May 2009, 3 June 2009

Outlook for 2009

While the Asian office market has softened in 2009, the extent of decline in the second quarter was less than that in the first quarter. Jones Lang LaSalle⁶ ("JLL") notes that the remainder of 2009 will undoubtedly see improvement in general economic indicators as increasingly more of the prerequisites for recovery are met. In the following months, JLL expects to see stabilisation or improvement of economic indicators, despite overall level of economic activity remaining recessionary and continued downward pressure on rents on the back of declining in employment rates.

With the completion of the recapitalisation exercise, FCOT will be in a stronger position to withstand any further deterioration in the property market. The acquisition of Alexandra Technopark together with the master lease will provide a more stable cash flow and enhance the income profile of the portfolio. The completion of the refinancing of the debt facilities maturing end 2009 will remove any debt refinancing pressures and there will not be any debt due until 2012.

⁶ JLL Global Market Perspective, Volume 2, Issue 7, July 14, 2009.

10. Distributions

10(a) Current financial period

Name of distribution: Distribution for the period from 1 January 2009 to 30 June 2009

10(b)(i) Distribution rate 1.44 cents per Unit.

Distribution type	Distribution for period from 1/1/09 to 30/06/09 (cents)
Taxable income component	0.91
Tax-exempt income component	0.27
Capital ⁽¹⁾	0.26
Total	1.44

⁽¹⁾ Capital distribution of 0.26 cents per Unit has been declared for the period from 1 January 2009 to 30 June 2009. Under the interpretation of the law relating to recognition of dividend income for income tax purposes, dividends and distributions declared by subsidiaries are only distributable when the monies are physically received by the Trust in Singapore at the balance sheet date. As certain amounts of these dividends and distributions from overseas subsidiaries were received subsequent to the respective period ends, capital distributions are declared.

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

An interim distribution of 3.99 cents per Unit was declared on 29 July 2008 for the period from 1 January 2008 to 30 June 2008. The distribution was paid on 29 August 2008 and comprised a tax exempt income component of 0.76 cents per Unit, a taxable income component of 2.07 cents per Unit and a capital component of 1.16 cents per Unit.

10(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 the carrying on of a trade, business or profession.

Qualifying foreign non-individual investors will receive their distributions after deduction 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 to Unitholders for tax purposes and is therefore not subject to income tax. For Unitholders who hold the Units as trading assets, the amount of capital distribution will be applied to reduce the cost base of their Units for the purpose of calculating the amount of taxable trading gains arising from the disposal of the Units. No tax will be deducted at source from this component.

10(d) Date payable : 28 August 2009

10(e) Books closure date : 6 August 2009

11. If no distribution has been declared/recommended, a statement to that effect

Not applicable.

12. Directors' Confirmation

Confirmation by Directors pursuant to clause 705(5) of the Listing Manual of SGX-ST

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 (as Manager of FCOT) which may render these interim financial results to be false or misleading.

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

Dr. Chua Yong Hai
Director

Low Chee Wah
Director

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.

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

Anthony Cheong Fook Seng
Company Secretary
29 July 2009