

357 Collins Street



Artist's impression of the Hotel

Note: Artist's impression of the Hotel is subject to changes.

CIRCULAR DATED 3 JUNE 2015

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

FRASERS COMMERCIAL TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 12 September 2005 (as amended or restated))

MANAGED BY

FRASERS CENTREPOINT ASSET MANAGEMENT (COMMERCIAL) LTD.

Singapore Exchange Securities Trading Limited (the "**SGX-ST**") takes no responsibility for the accuracy of any statements or opinions made, or reports contained, in this circular dated 3 June 2015 ("**Circular**"). If you are in any doubt as to the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all your units in Frasers Commercial Trust ("**FCOT**", and units in FCOT, "**Units**"), you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form in this Circular, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular is not for distribution, directly or indirectly, in or into the United States. It is not an offer of securities for sale into the United States. The New Units have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or the securities laws of any state of the United States or other jurisdiction, and the New Units may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. Any public offering of securities of FCOT in the United States would be made by means of a prospectus that would contain detailed information about FCOT and Frasers Centrepoint Asset Management (Commercial) Ltd., in its capacity as manager of FCOT (the "**Manager**"), as well as financial statements. The Manager does not intend to register any portion of the offering in the United States or to conduct a public offering of securities in the United States.

CIRCULAR TO UNITHOLDERS IN RELATION TO:

(1) THE PROPOSED ENTRY INTO THE BUILDING AGREEMENT FOR THE DEVELOPMENT OF THE HOTEL AND THE GRANT OF A LONG LEASE AT THE CHINA SQUARE CENTRAL PROPERTY;

(2) THE PROPOSED ACQUISITION OF 357 COLLINS STREET, MELBOURNE, VICTORIA, AUSTRALIA;

(3) THE PROPOSED ISSUE OF UP TO 95.0 MILLION NEW UNITS UNDER THE PRIVATE PLACEMENT; AND

(4) THE PROPOSED PLACEMENT OF NEW UNITS TO THE FCL GROUP UNDER THE PRIVATE PLACEMENT.

Independent Financial Adviser to the Independent Directors of the Manager and the Trustee

PricewaterhouseCoopers Corporate Finance Pte Ltd

IMPORTANT DATES AND TIMES FOR UNITHOLDERS

Last date and time for lodgement of Proxy Forms	Saturday, 20 June 2015 at 10.00 a.m.
Date and time of Extraordinary General Meeting	Monday, 22 June 2015 at 10.00 a.m.
Place of Extraordinary General Meeting	Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958

This section is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. The meaning of each capitalised term is found in the Glossary of this Circular.

OVERVIEW OF FRASERS COMMERCIAL TRUST

Frasers Commercial Trust ("**FCOT**") is a real estate investment trust sponsored by Frasers Centrepoint Limited ("**FCL**"). FCOT seeks to build a strong and balanced portfolio of quality commercial properties and is focused on delivering a stable and sustainable distribution to Unitholders through organic and inorganic growth strategies. As at 31 March 2015, FCOT has a balanced portfolio of five quality office and business space buildings in Singapore and Australia with a combined value of S$1.8 billion. The current portfolio comprises China Square Central, 55 Market Street and Alexandra Technopark in Singapore; and Caroline Chisholm Centre and a 50.0% indirect interest in Central Park in Australia.

The properties are well-connected, strategically located and have good quality and diversified tenant base across various industries.

The healthy occupancy rates and long weighted average lease expiries ("**WALE**") ensure stability of income. The built-in step-up rents in the portfolio also provide for organic growth. These underpin the stable and sustainable distribution to Unitholders.

Listed on the main board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") since 30 March 2006, FCOT is managed by Frasers Centrepoint Asset Management (Commercial) Ltd., a subsidiary of FCL. FCL is a full-fledged international real estate company with multi-segment capabilities across residential, commercial, industrial and hospitality properties spanning more than 50 cities across Asia, Australasia, Europe, and the Middle-East. Listed on the main board of the SGX-ST, FCL's total asset size is approximately S$22 billion as at 31 March 2015.

Singapore



China Square Central



55 Market Street



Alexandra Technopark

Australia



Central Park



Caroline Chisholm Centre

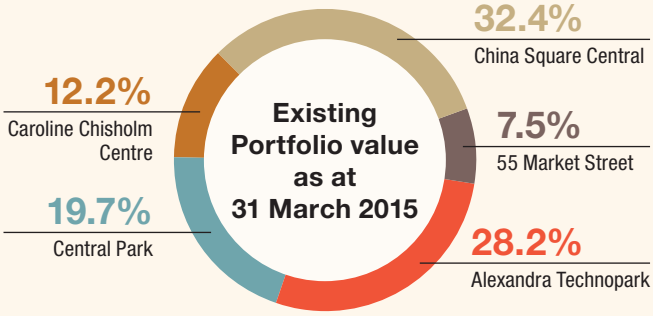
Australia



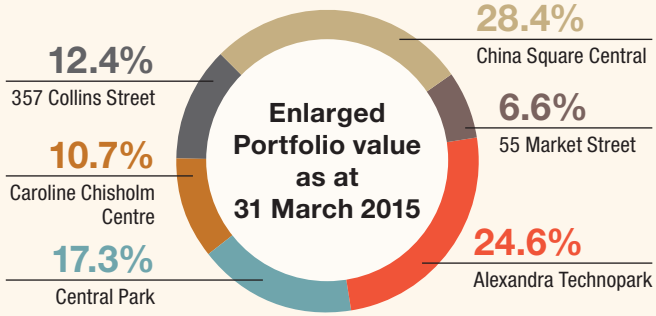
357 Collins Street

Existing Portfolio

357 Collins Street Acquisition



	S$'Million	%
Singapore	1,216.2	68.1
Australia	570.9	31.9
Total	**1,787.1**	**100.0**



	S$'Million	%
Singapore	1,216.2	59.6
Australia	823.9	40.4
Total	**2,040.1**	**100.0**

357 COLLINS STREET ACQUISITION



357 Collins Street



Source: Melbourne CBD Office Market Report, Appendix J of the Circular to Unitholders

Located in the heart of the Melbourne Central Business District ("**CBD**"), 357 Collins Street is a 25 storey freehold office building with Grade A specifications with a total net lettable area of 31,920 sq m. 357 Collins Street occupies a central position in the financial precinct of the Melbourne CBD with Collins Street regarded as a prime office location in the Melbourne CBD. 357 Collins Street is also close to Bourke Street Mall, Melbourne's retail heart. The retail component of 357 Collins Street has direct access from Flinders Lane, and forms part of the broader Flinders Lane food and beverage precinct.

357 Collins Street has good environmental credentials with a 5 star NABERS[1] Energy rating for its environmentally sustainable features and has well-established and quality tenants including the Commonwealth Bank of Australia, Meridian Energy Australia Pty Ltd and Wilson HTM Services Pty Ltd. The property has a high committed occupancy rate of 95.0%[2] and long WALE (by gross rental income) of 6.0 years as at 31 March 2015.

357 Collins Street boasts good connectivity and accessibility with well-established pedestrian, vehicle and public transport access. It is well served by public transport infrastructure such as trams, and railway stations such as the Flinders Street Station, which serves the entire Melbourne metropolitan rail network and the Southern Cross Station, which is the terminus of the State's regional railway network, suburban rail services and coach terminal.

Highlights of 357 Collins Street (as at 31 March 2015)

Address/Location	357 Collins Street, Melbourne, Victoria, Australia
Description	25 storey office building with Grade A specifications
Net lettable area (sq m)	31,920 sq m (30,095 sq m office; 1,825 sq m retail)
Net property income yield (%)	6.3[3]
Committed occupancy (%)	95.0[2]
WALE (by gross rental income)	6.0 years
Purchase Consideration (A$ million)	222.5
Well-established and quality tenants	Commonwealth Bank of Australia, Meridian Energy Australia Pty Ltd and Wilson HTM Services Pty Ltd
Car parking lots	41 (basement level)
NABERS rating	5 star NABERS Energy rating
Amenities	Car park, bicycle bays, end of trip facilities and retail and food and beverage offerings

Notes:
1 National Australian Built Environment Rating System.
2 As at 29 May 2015, being the latest practicable date prior to the printing of the Circular (the "**Latest Practicable Date**").
3 Calculated by dividing the forecast net property income of 357 Collins Street for the 12 months from 1 July 2015 to 30 June 2016 with the Purchase Consideration.

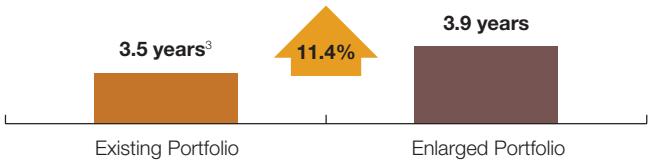
RATIONALE AND BENEFITS OF THE 357 COLLINS STREET ACQUISITION


Food hall at 357 Collins Street

(a) Strategic addition of a Grade A office in the heart of the Melbourne CBD

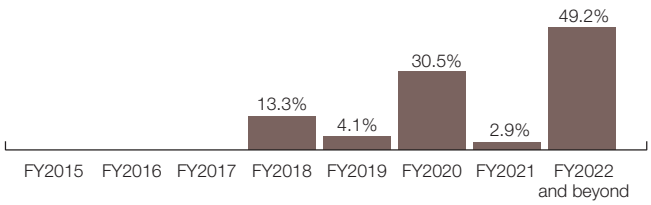
Being strategically located in the heart of the Melbourne CBD and with Collins Street being regarded as a prime office location in the Melbourne CBD, 357 Collins Street boasts good connectivity and accessibility and is expected to enhance FCOT's existing portfolio with the following strengths:

- Building with Grade A specifications
- Strategic location with good connectivity
- Well-established and quality tenants with high committed occupancy rate of 95.0%[1]
- Long WALE (by gross rental income) of 6.0 years[2] provides stability of income
- 5 star NABERS Energy rating
- Enlarged portfolio WALE lengthened to 3.9 years



WALE by gross rental income as at 31 March 2015

- No leases expiring until FYE2018

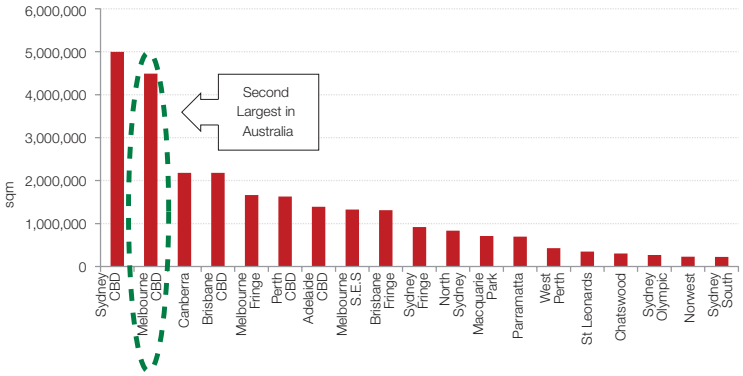


Lease expiries by gross rental income of 357 Collins Street

(b) Enhance FCOT's overall portfolio

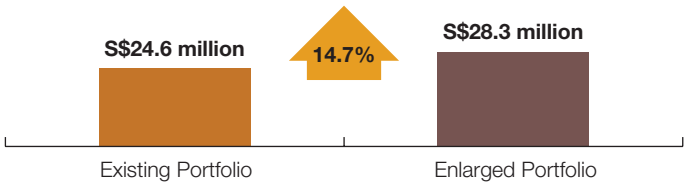
- Maiden entry into the Melbourne CBD office market. The Melbourne CBD office is the second largest office market in Australia

Australian office market comparison – total net lettable area as at December 2014[4]



- Capitalise and benefit from the future growth of Melbourne. Under 'Plan Melbourne'[5], from 2013 to 2051, the population in Melbourne is expected to grow from 4.3 million to 7.7 million. Melbourne is expected to create 1.7 million new jobs by 2051, adding to its current 2.0 million jobs. These are expected to have a long-term benefit for the office sector in Melbourne
- Enlarge FCOT's existing portfolio size and net property income

FORECAST NET PROPERTY INCOME FOR 4Q2015[6]



- Enlarge and further diversify FCOT's tenant base with the addition of well-established tenants from various industries, both from the financial and non-financial sectors
- As at 31 March 2015, 97.1% of the leases of 357 Collins Street have fixed annual increments of between 3.75% to 4.00% per annum and the average fixed annual increment for FY2016 is 3.9%. Leases with fixed annual increments provide good organic growth and income stability

(c) Accretive transaction

Unitholders can expect to see a 0.8% increase in forecast distribution per Unit ("**DPU**") from 2.3013 cents to 2.3206 cents for 4Q2015 after the 357 Collins Street Acquisition[6]. Leases with fixed annual increments will provide further growth in DPU

FORECAST DPU FOR 4Q2015



(d) Consistent with the Manager's strategy

The 357 Collins Street Acquisition is consistent with the Manager's strategy to build a strong and balanced portfolio of quality commercial properties so as to deliver a stable and sustainable distribution to Unitholders

(e) Increased trading liquidity and investor interest

Following the Private Placement, the market capitalisation of FCOT is expected to increase. With a larger market capitalisation, FCOT is likely to garner a wider interest from existing and potential investors. The New Units, when issued, is expected to increase FCOT's number of Units on the SGX-ST which in turn is expected to result in improved trading liquidity, thus potentially benefiting Unitholders

Notes:
1 As at the Latest Practicable Date.
2 As at 31 March 2015.
3 Inclusive of the early renewal of the underlying leases at Alexandra Technopark.
4 Source: Melbourne CBD Office Market Report, Appendix J of Circular to Unitholders.
5 Source: Victorian State Government (www.planmelbourne.vic.gov.au). See paragraph 6.1 of the Letter to Unitholders for further details.
6 Based on the profit forecast for 4Q2015. See paragraph 9 of the Letter to Unitholders and Appendix D of the Circular to Unitholders for further details and assumptions made in preparing the profit forecast.

CHINA SQUARE CENTRAL HOTEL TRANSACTION

BACKGROUND

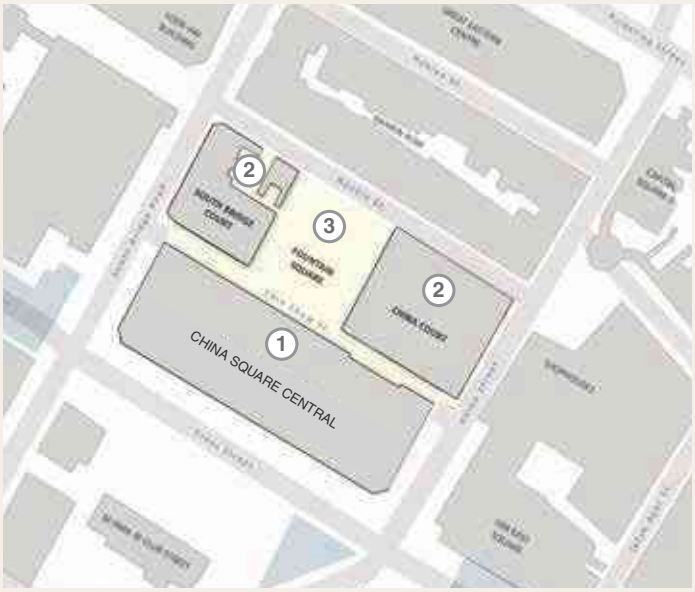
- FCOT[1] proposes to enter into a building agreement with Frasers Hospitality China Square Trustee Pte. Ltd. ("**FHCS Trustee**")[2] to enable FHCS Trustee to undertake the development of a 16 storey hotel with 16,000 sq m of Additional GFA ("**Hotel**") and Commercial Project[3] at the China Square Central Property.
- Upon issuance of the Temporary Occupancy Permit ("**TOP**") for the Hotel and Commercial Project, FCOT will grant a long lease of the Hotel to FHCS Trustee from the date of the issue of the TOP to 1 February 2096[4] for a consideration of S$44.8 million ("**Hotel Consideration**").
- FHCS Trustee is to pay the Hotel Consideration to FCOT upon entering into the Building Agreement on or before 1 October 2015.
- FHCS Trustee will bear the costs and expenses for the construction of the Hotel and Retail Units, and the payment of the differential premium (including GST and stamp duty).[5]



- FHCS Trustee to undertake the development of the Hotel and Commercial Project
- FHCS Trustee to bear the costs and expenses for the construction of the Hotel and Retail Units, and pay the differential premium (including GST and stamp duty)[5]

LOCATION OF THE HOTEL

The Hotel will be constructed over the existing open square between 20 and 22 Cross Street and in front of 18 Cross Street at the China Square Central Property. Upon completion, the Hotel would be assigned its own separate strata lot for the Leasehold Term[4]. The Hotel will be operated by Frasers Hospitality under the 'Capri by Fraser' brand.



(1) 18 Cross Street (2) 20 and 22 Cross Street (3) Hotel

Source: Valuation report on the proposed leasehold interest with hotel development rights in respect of the Additional GFA by Savills dated 21 April 2015

COMMERCIAL PROJECT

As part of the Commercial Project, an estimated 1,081 sq m of new lettable spaces comprising new retail and commercial spaces, will be created from relocated spaces. The new lettable spaces will have better frontage and visibility to provide a more efficient use of space. This is expected to benefit the China Square Central Property in the long run.

Notes:

1 Through British and Malayan Trustees Limited, trustee of FCOT.
2 Frasers Hospitality China Square Trustee Pte. Ltd., trustee-manager of Frasers Hospitality China Square Trust, an indirect wholly-owned special purpose trust of FCL.
3 The Commercial Project refers to certain proposed additions and alterations to the China Square Central Property. See paragraph 2.2 of the Letter to Unitholders for further details.
4 Commencing from the date of issue of the TOP for the Hotel and Commercial Project and ending 1 February 2096, which is one day prior to the expiry of the Head Lease of the China Square Central Property.
5 FHCS Trustee will pay the differential premium (including GST and stamp duty) and bear the costs and expenses of the construction works for the Hotel and Retail Units (comprising part of the Commercial Project). See paragraphs 2.1 and 2.2 of the Letter to Unitholders for further details.



Artist's impression of the Hotel

Note: Artist's impression of the Hotel is subject to changes.

RATIONALE OF THE CHINA SQUARE CENTRAL HOTEL TRANSACTION

(a) Enhance and create a more vibrant retail, entertainment and hospitality destination

- The Hotel is expected to further rejuvenate and enhance the vibrancy and liveliness of China Place
- The Hotel will raise the profile of the China Square Central Property as an integrated development with exciting office accommodation, retail enclave and hospitality destination, all located within the heritage area in the CBD

(b) Crystallise the value of the Additional GFA

- Enables FCOT to crystallise the value of the Additional GFA and minimise FCOT's exposure to development risks

(c) Consistent with the proactive asset management strategies of FCOT

- Repositioning the China Square Central Property as an integrated development is expected to boost the value of the China Square Central Property in the long term
- In line with FCOT's objective to achieve long term growth in distributions and NAV per Unit

(d) FCL is a full-fledged international real estate company with an established track record

- FCL has multi-segment capabilities across residential, commercial, industrial and hospitality properties. It also has management expertise and proven track record as an owner and developer of hospitality assets
- With its expertise, development track record and in-depth knowledge of the China Square Central Property, FCL would be well suited to be the developer for the Hotel

(e) Frasers Hospitality has a proven track record as an operator of hospitality assets globally

- Award-winning Frasers Hospitality is a leading hotel and serviced residence operator with Gold-Standard residences across Europe, Middle East, North Asia and the Asia-Pacific, including Southeast Asia. With its award-winning and proven track record of operating hospitality assets globally, Frasers Hospitality would be a reputable operator of the Hotel

BENEFITS OF THE CHINA SQUARE CENTRAL HOTEL TRANSACTION

(a) Realise the value of the Additional GFA

- S$44.8 million Hotel Consideration to be paid in cash to FCOT would enable FCOT to realise the value of the Additional GFA and this represents approximately 7.7% of the value of the China Square Central Property[1]

(b) Further rejuvenate the China Square Central Property

- In line with the strategy of further rejuvenating the precinct to create a vibrant retail and hospitality destination
- Proposed asset enhancement initiative at the retail podium of 18 Cross Street to enhance the competitive position and future growth potential of the China Square Central Property[2]

(c) Potential higher rental income from enhanced footfall

- Increased footfall from Hotel guests is expected to generate additional patronage for the retail and food and beverage outlets at the China Square Central Property, particularly on weekends
- This may lead to potential higher rental income and increase in value of the China Square Central Property

(d) More efficient use of retail and commercial space

- An estimated 1,081 sq m of new retail and commercial spaces will be created from relocated spaces
- More efficient use of space with the creation of new spaces with better frontage and visibility

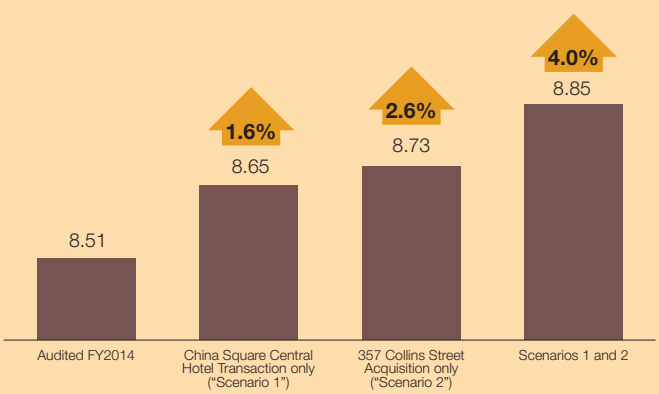
Notes:

1 Based on the valuation of the China Square Central Property as at 30 September 2014 of S$579.0 million.

2 In conjunction with the Hotel Project, the Manager intends to undertake an asset enhancement initiative for the retail podium of 18 Cross Street. Details of the proposed asset enhancement initiative will be revealed in due course when it is finalised.

Illustrative pro forma financial effects of the transactions

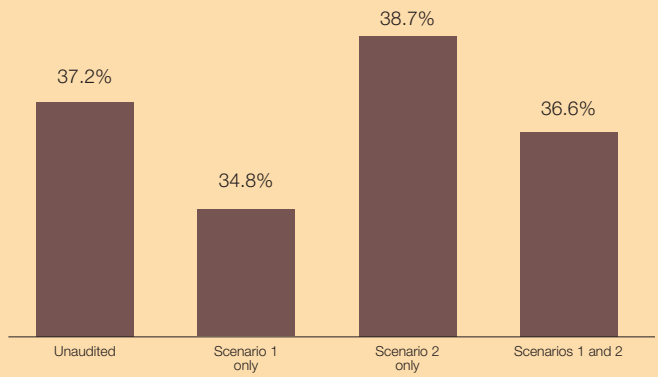
FY2014 pro forma DPU (cents)[1]



Note:

1 Pro forma DPU for FY2014 as if the proposed transaction(s) was/were entered into on 1 October 2013. See paragraph 8 of the Letter to Unitholders for further details and assumptions made in preparing the illustrative pro forma financial effects.

Pro forma aggregate leverage as at 31 March 2015[1]



Note:

1 Pro forma aggregate leverage as at 31 March 2015 as if the proposed transaction(s) was/were entered into on 31 March 2015. See paragraph 8 of the Letter to Unitholders for further details and assumptions made in preparing the illustrative pro forma financial effects.

TABLE OF CONTENTS

		Page
CORPORATE INFORMATION		iii
INDICATIVE TIMETABLE		v
IMPORTANT NOTICE		vi
SUMMARY		1
LETTER TO UNITHOLDERS		
1.	Summary of Approvals Sought	15
2.	Resolution 1: The Proposed Entry into the Building Agreement for the Development of the Hotel and the Grant of a Long Lease at the China Square Central Property	16
3.	Rationale and Benefits of the China Square Central Hotel Transaction	26
4.	Details of the China Square Central Hotel Transaction	29
5.	Resolution 2: The Proposed Acquisition of 357 Collins Street, Melbourne, Victoria, Australia	30
6.	Rationale and Benefits of the 357 Collins Street Acquisition	35
7.	Details of the 357 Collins Street Acquisition	39
8.	Pro Forma Financial Effects	43
9.	Profit Forecast	46
10.	Resolution 3: The Proposed Issue of up to 95.0 million New Units under the Private Placement	48
11.	Resolution 4: The Proposed Placement of New Units to the FCL Group under the Private Placement	50
12.	Interests of Directors and Substantial Unitholders	52
13.	Advice of the Independent Financial Adviser	55
14.	Recommendations	56
15.	Extraordinary General Meeting	57
16.	Abstentions from Voting	58
17.	Action to be Taken by Unitholders	59

18. Directors' Responsibility Statement 59

19. Responsibility Statement of the Financial Adviser in relation to the Private Placement 59

20. Consents 60

21. Documents on Display 60

GLOSSARY 61

APPENDICES

Appendix A Valuation Certificates in relation to the proposed leasehold interest with hotel development rights in respect of the Additional GFA A-1

Appendix B Location of the Hotel B-1

Appendix C 357 Collins Street, the Existing Portfolio and the Enlarged Portfolio C-1

Appendix D Profit Forecast of the Existing and Enlarged Portfolio for 4Q2015 . . . . . D-1

Appendix E Profit Forecast of 357 Collins Street for the 12 Months Ending 30 June 2016 . . . . . E-1

Appendix F Independent Accountants' Reports on the Profit Forecasts F-1

Appendix G Valuation Certificates in relation to 357 Collins Street. G-1

Appendix H Existing Interested Person Transactions H-1

Appendix I Letter from PricewaterhouseCoopers Corporate Finance Pte Ltd to the Independent Directors of the Manager and the Trustee I-1

Appendix J Melbourne CBD Office Market Report J-1

Appendix K Shareholding Structure between TCCA, FCL and FCOT K-1

NOTICE OF EXTRAORDINARY GENERAL MEETING L-1

NOTES TO PROXY FORM

PROXY FORM

CORPORATE INFORMATION

Directors of Frasers Centrepoint Asset Management (Commercial) Ltd. (the manager of FCOT)	:	Dr Chua Yong Hai (Chairman & Independent Non-Executive Director and member of the Audit, Risk and Compliance Committee) Mr Low Chee Wah (Chief Executive Officer & Executive Director) Mr Chay Wai Chuen (Independent Non-Executive Director and Chairman of the Audit, Risk and Compliance Committee) Mr Chia Khong Shoong (Non-Executive Director) Mr Lim Ee Seng (Non-Executive Director) Mr Tan Guong Ching (Independent Non-Executive Director and member of the Audit, Risk and Compliance Committee) Mr Christopher Tang Kok Kai (Non-Executive Director and member of the Audit, Risk and Compliance Committee)
Registered Office of the Manager	:	438 Alexandra Road #21-00 Alexandra Point Singapore 119958
Trustee of FCOT	:	British and Malayan Trustees Limited 1 Coleman Street #08-01 The Adelphi Singapore 179803
Financial Adviser in relation to the Private Placement	:	DBS Bank Ltd. 12 Marina Boulevard Level 46 DBS Asia Central @ Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Adviser to the Manager for the China Square Central Hotel Transaction, the Private Placement and the 357 Collins Street Acquisition as to Singapore Law	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Adviser to the Trustee for the China Square Central Hotel Transaction and the 357 Collins Street Acquisition as to Singapore Law	:	Rodyk & Davidson LLP 80 Raffles Place #33-00, UOB Plaza 1 Singapore 048624
Legal Adviser to the Manager and the Trustee for the 357 Collins Street Acquisition as to Australia Law	:	Minter Ellison LLP Level 23, Rialto Towers, 525 Collins Street Melbourne, VIC 3000, Australia

Unit Registrar and Unit Transfer Office	:	Boardroom Corporate & Advisory Services Pte. Ltd. 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Independent Valuers in relation to the proposed leasehold interest with Hotel development rights in respect of the Additional GFA	:	Colliers International Consultancy & Valuation (Singapore) Pte Ltd (appointed by the Trustee) 1 Raffles Place #45-00 One Raffles Place Singapore 048616 Savills Valuation and Professional Services (S) Pte. Ltd. (appointed by the Manager) 30 Cecil Street #20-03 Prudential Tower Singapore 049712
Independent Valuers in relation to the 357 Collins Street Acquisition	:	Jones Lang LaSalle Advisory Services Pty Limited (appointed by the Trustee) Level 21 Bourke Place, 600 Bourke Street Melbourne VIC 3000, Australia Knight Frank (Valuations Services (Vic) Pty Ltd) (appointed by the Manager) Level 31 360 Collins Street Melbourne VIC 3000, Australia
Independent Financial Adviser to the Independent Directors of the Manager and the Trustee in relation to the China Square Central Hotel Transaction, the 357 Collins Street Acquisition and the FCL Group Placement	:	PricewaterhouseCoopers Corporate Finance Pte Ltd 8 Cross Street #17-00 PwC Building Singapore 048424
Independent Market Consultant for the 357 Collins Street Acquisition	:	Jones Lang LaSalle (VIC) Pty Ltd Level 21 Bourke Place 600 Bourke Street Melbourne VIC 3000, Australia
Independent Accountants	:	Ernst & Young LLP One Raffles Quay North Tower Level 18 Singapore 048583

INDICATIVE TIMETABLE

The timetable for the events which are scheduled to take place after the Extraordinary General Meeting is indicative only and is subject to change at the Manager's absolute discretion.

Event		Date and Time
Last date and time for lodgement of Proxy Forms	:	Saturday, 20 June 2015 at 10.00 a.m.
Date and time of the Extraordinary General Meeting	:	Monday, 22 June 2015 at 10.00 a.m.
If the approval for the China Square Central Hotel Transaction is obtained at the Extraordinary General Meeting:		
Expected date for the entry into the Building Agreement	:	On or before 1 October 2015 (if not earlier under the terms of the Conditional Agreement)
If the approval for the 357 Collins Street Acquisition is obtained at the Extraordinary General Meeting:		
Completion of the 357 Collins Street Acquisition	:	On or before 1 September 2015 (if not earlier under the terms of the Sale and Purchase Agreement)

IMPORTANT NOTICE

Meanings of defined terms may be found in the Glossary on pages 61 to 69 of this Circular.

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors have no right to request the Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of FCOT is not necessarily indicative of the future performance of FCOT.

This Circular 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 similar developments, shifts in expected levels of property rental income, changes in operating expenses (including employee wages and benefits), property expenses, and governmental and public policy changes. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Manager's current view of future events. All forecasts are based on the Illustrative Issue Price and on the Manager's assumptions as explained in this Circular including, but not limited to, **Appendices D** and **E** of this Circular. The Units' DPU yield will vary accordingly for investors who purchase Units in the secondary market at a market price different from the Illustrative Issue Price used in the computing of DPU information in this Circular. The major assumptions are certain expected levels of property rental income and property expenses over the relevant periods, which are considered by the Manager to be appropriate and reasonable as at the date of this Circular. The forecast financial performance of FCOT is not guaranteed and there is no certainty that it can be achieved. Investors should read the whole of this Circular for details of the forecasts and consider the assumptions used and make their own assessment of the future performance of FCOT.

If you have sold or transferred all your Units, you should immediately forward this Circular, together with the Notice of Extraordinary General Meeting and the accompanying Proxy Form, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular is not for distribution, directly or indirectly, in or into the United States. It is not an offer of securities for sale into the United States. The New Units have not been, and will not be, registered under the Securities Act, or the securities laws of any state of the United States or other jurisdiction, and the New Units may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. Any public offering of securities of FCOT in the United States would be made by means of a prospectus that would contain detailed information about FCOT and the Manager, as well as financial statements. The Manager does not intend to register any portion of the offering in the United States or to conduct a public offering of securities in the United States.

SUMMARY

*The following summary is qualified in its entirety by, and should be read in conjunction with, the full text of this Circular. Unless otherwise stated, all information in this Circular is as at 29 May 2015, being the latest practicable date prior to the printing of this Circular (the "**Latest Practicable Date**").*

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

The Manager is convening the Extraordinary General Meeting to seek approval from unitholders of FCOT ("**Unitholders**") by way of Ordinary Resolutions[1] for:

(1) Resolution 1: The Proposed Entry into the Building Agreement for the Development of the Hotel and the Grant of a Long Lease at the China Square Central Property

The Manager is seeking Unitholders' approval for the proposed:

(a) entry into the building agreement (the "**Building Agreement**") by the Trustee with Frasers Hospitality China Square Trustee Pte. Ltd. (in its capacity as trustee-manager of Frasers Hospitality China Square Trust ("**FHCST**"), an indirect wholly-owned special purpose trust of Frasers Centrepoint Limited ("**FCL**")) (the "**FHCS Trustee**") to facilitate the carrying out by the FHCS Trustee of the new erection of a 16 storey hotel block (the "**Hotel**") with an additional gross floor area ("**GFA**") of approximately 16,000 square metres ("**sq m**") derived from the lifting of certain title restrictions in respect of the Head Lease of the China Square Central Property[2] (the "**Additional GFA**") (the "**Hotel Project**") and certain proposed additions and alterations to the China Square Central Property[3]; and

(b) grant of a long lease by the Trustee to the FHCS Trustee in respect of the Hotel (the "**Lease**") under an instrument of lease (the "**Lease Instrument**") for the period commencing from the date of issue of the Temporary Occupation Permit for the Combined Project and ending 1 February 2096, which is one day prior to the expiry of the Head Lease of the China Square Central Property (the "**Leasehold Term**"),

the "**China Square Central Hotel Transaction**".

(2) Resolution 2: The Proposed Acquisition of 357 Collins Street, Melbourne, Victoria, Australia

The Manager is seeking Unitholders' approval for the proposed acquisition of 357 Collins Street, Melbourne, Victoria, Australia ("**357 Collins Street**") from Australand Property Holdings (Collins St No. 1) Pty Limited (in its capacity as trustee of APT (Collins St No. 1)

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1 "**Ordinary Resolution**" means a resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the trust deed constituting FCOT dated 12 September 2005 (as amended or restated) (the "**Trust Deed**").

2 The China Square Central Property comprises a 15 storey office tower with a two storey retail podium, two basement levels and two clusters of heritage shophouses located at 18, 20 & 22 Cross Street, China Square Central, Singapore 048423/2/1.

3 Please refer to paragraph 2.2(ii) of the Letter to Unitholders below for further details on the proposed additions and alterations to the China Square Central Property.

Trust (the "**Vendor**"), an indirect wholly-owned special purpose trust of Frasers Australand Pty Ltd[1]). The proposed acquisition of 357 Collins Street will hereafter be known as the "**357 Collins Street Acquisition**".

(3) Resolution 3: The Proposed Issue of up to 95.0 million New Units under the Private Placement

The Manager is seeking Unitholders' approval for the proposed issue of up to 95.0 million new units in FCOT ("**New Units**") (which is equivalent to approximately S$142.5 million or 13.9% of the 683,439,806 Units in issue as at the Latest Practicable Date based on the Illustrative Issue Price of S$1.50 per New Unit) pursuant to a private placement of New Units to institutional and other investors (the "**Private Placement**") to part finance the 357 Collins Street Acquisition[2]. The balance thereof is intended to be funded by new loan facilities which the Manager will put in place for the 357 Collins Street Acquisition. The Manager intends to allocate the entire net proceeds from the Private Placement for the purposes of the 357 Collins Street Acquisition. The final decision regarding the proportion of equity and debt financing to be employed for the purposes of financing the 357 Collins Street Acquisition will be made by the Manager at the appropriate time taking into account the then prevailing market conditions.

(4) Resolution 4: The Proposed Placement of New Units to the FCL Group under the Private Placement

To demonstrate the alignment of interest and support of FCL and/or any of its subsidiaries (collectively, the "**FCL Group**") for FCOT, the Manager is seeking Unitholders' approval for the proposed issue of New Units to the FCL Group, as part of the Private Placement (the "**FCL Group Placement**"). The FCL Group may subscribe for such number of New Units under the Private Placement up to its proportionate pre-placement unitholding in FCOT, in percentage terms[2]. The New Units placed to the FCL Group under the FCL Group Placement will be issued at the same price as the New Units issued to other investors under the Private Placement.

Unitholders should note that:

(I) Resolution 3 (The Private Placement) and Resolution 4 (The FCL Group Placement) are each conditional upon Resolution 2 (The 357 Collins Street Acquisition) being passed; and

(II) Resolution 4 (The FCL Group Placement) is conditional upon Resolution 3 (The Private Placement) being passed.

In the event that Unitholders do not approve Resolution 2 (The 357 Collins Street Acquisition), the Manager will not proceed with Resolution 3 (The Private Placement) and Resolution 4 (The FCL Group Placement).

In the event that Unitholders do not approve Resolution 3 (The Private Placement), the Manager will not proceed with Resolution 4 (The FCL Group Placement).

For the avoidance of doubt, Resolution 1 (The China Square Central Hotel Transaction) and Resolution 2 (The 357 Collins Street Acquisition) are not inter-conditional, and in the event Unitholders do not approve any one of the Resolutions, the Manager will still proceed with the other Resolution.

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1 Frasers Australand Pty Ltd ("**Frasers Australand**") is a wholly-owned subsidiary of Frasers Amethyst Pte. Ltd., which is a wholly-owned subsidiary of FCL.

2 This excludes the Acquisition Fee Units and the Divestment Fee Units (both as defined herein).

(1) THE PROPOSED ENTRY INTO THE BUILDING AGREEMENT FOR THE DEVELOPMENT OF THE HOTEL AND THE GRANT OF A LONG LEASE AT THE CHINA SQUARE CENTRAL PROPERTY

Background of the China Square Central Hotel Transaction

FCOT had acquired the China Square Central Property, an office and retail development located in the Central Business District comprising a 15 storey commercial office tower with two storeys of retail podium, two basement levels and two clusters of heritage shophouses in 2006 as part of its initial public offering portfolio.

In May 2012, the owners of Far East Square, Great Eastern Centre and China Square Central unveiled the China Square Precinct Master Plan (the "**PMP**") as a collaborative effort to revitalise the downtown heritage area and create a vibrant retail, entertainment and hospitality destination. The developments of the respective owners were integrated into a precinct known as "China Place". The PMP was completed in June 2013. In conjunction with the PMP, the URA indicated that it was prepared to consider the grant of 16,000 sq m of additional GFA (for hotel use only) when the PMP was substantially completed. An application was made by the Trustee for the provisional permission ("**PP**") with the URA for the Hotel Project and the PP was granted on 28 May 2013 subject to terms and conditions which include, *inter alia*, the following:

(i) 16,000 sq m additional GFA for hotel guest rooms and hotel-related uses;

(ii) approval of the rezoning of the site from white at gross plot ratio 4.2 to white without gross plot ratio; and

(iii) payment of development charges or differential premiums if any.

The Hotel will be constructed over the existing open square between 20 and 22 Cross Street and in front of 18 Cross Street at the China Square Central Property. See **Appendix B** for the location of the Hotel.

(See paragraph 2.1 of the Letter to Unitholders for further details)

Proposed Entry into Building Agreement for the Development of the Hotel and the Grant of a Long Lease at the China Square Central Property

On 27 April 2015, the Trustee entered into a conditional agreement with the FHCS Trustee (the "**Conditional Agreement**") concerning the entry into by the parties of the Building Agreement after the fulfilment of the Conditions Precedent (as defined herein) set out in the Conditional Agreement, to facilitate the carrying out by the FHCS Trustee of:

(i) construction works at the China Square Central Property in respect of the Hotel Project; and

(ii) as part of the transaction, certain proposed additions and alterations to the China Square Central Property including, *inter alia*:

  (a) the construction of retail units with an estimated total net lettable area ("**NLA**") of 676 sq m at the ground level of the China Square Central Property, including works to facilitate these units for food and beverage usage (the "**Retail Units**");

(b) the construction of an elevated retail link way with an estimated total NLA of 211 sq m of commercial space between the Hotel and the existing retail podium at 18 Cross Street (the "**Link Bridge**");

(c) the construction of vertical access from the ground level to levels 2 and 3 at 22 Cross Street, including mechanical, electrical and other services and works (the "**Vertical Access**");

(d) the construction of office units at levels 2 and 3 at 22 Cross Street with an estimated total NLA of 194 sq m;

(e) the provision of temporary mechanical, electrical and other services to 22 Cross Street during the Construction Licence Term;

(f) the construction of a pair of escalators serving the ground level and basement 1 at 18 Cross Street; and

(g) the removal of three pairs of escalators which serve the basements of 18 Cross Street and the ground levels of 18 and 20 Cross Street,

collectively, the "**Commercial Project**" (together with the Hotel Project, the "**Combined Project**"). For the avoidance of doubt, the specific areas mentioned above are subject to the approval of the relevant authorities of the plans relating to the Commercial Project.

The Hotel Project will result in the relocation of certain spaces at the China Square Central Property. As part of the Commercial Project, an estimated 1,081 sq m of new lettable spaces, which approximate the NLA in respect of the spaces which will be relocated, will be created with better frontage and visibility to provide a more efficient use of space. This is expected to benefit the China Square Central Property in the long run.

For the avoidance of doubt, (a) the FHCS Trustee will bear all the costs and expenses of the construction works in respect of the Hotel Project and all the costs and expenses of the construction works in respect of the Retail Units, and (b) FCOT will bear all the costs and expenses of the construction works in respect of the Commercial Project (save for the costs and expenses of the construction works in respect of the Retail Units).

The development cost of the Commercial Project (save for the development cost of the Retail Units which will be borne by the FHCS Trustee) to be borne by FCOT is estimated to be approximately S$7.0 million which will be funded through internal resources.

(See paragraph 2.2 of the Letter to Unitholders for further details)

Subject to, *inter alia*, the issuance of the Temporary Occupation Permit in respect of the Combined Project, the Trustee would grant and the FHCS Trustee would accept a long lease of the Hotel (which after completion would be assigned its own separate strata lot) for the Leasehold Term.

(See paragraph 2.3 of the Letter to Unitholders for further details)

The Hotel Consideration and the Estimated Net Proceeds

The consideration for the Trustee's grant of the Lease for the Leasehold Term in respect of the Hotel is S$44.8 million (the "**Hotel Consideration**") and was arrived at on a willing-buyer and willing-seller basis, after taking into account:

(i) the appraised values of the proposed leasehold interest with hotel development rights in respect of the Additional GFA as at 20 April 2015 of S$44.6 million by Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("**Colliers**") and S$45.0 million by Savills Valuation and Professional Services (S) Pte. Ltd. ("**Savills**");

(ii) the FHCS Trustee's undertaking in the Building Agreement to be responsible for all costs and expenses (including GST) for the purpose of executing and completing the Hotel Project and the Retail Units, in accordance with the terms and conditions of the Building Agreement; and

(iii) the FHCS Trustee's full contribution towards the payment of the differential premium levied by the Head Lessor for the lifting of certain title restrictions (including the stamp duty and GST payable thereon) pursuant to the provisions of the Conditional Agreement and the Building Agreement.

The estimated net proceeds from the grant of the Lease for the Leasehold Term is approximately S$44.3 million (the "**Net Proceeds**").

(See paragraphs 2.3, 2.4 and 2.5 of the Letter to Unitholders for further details)

Rationale and Benefits of the China Square Central Hotel Transaction

The rationale for the China Square Central Hotel Transaction are as follows:

(i) Enhance and create a more vibrant retail, entertainment and hospitality destination

The PMP had successfully revitalised the downtown heritage area and created a vibrant retail enclave in China Place. Upon completion, the Hotel is expected to further rejuvenate and enhance the vibrancy and liveliness of China Place, complementing the China Square Central Property and increasing the footfall in the area. This is expected to benefit the China Square Central Property, especially the retail and food and beverage outlets which would be able to capture the footfall from the guests of the Hotel, particularly on weekends.

The Hotel will further raise the profile of the China Square Central Property as an integrated development, comprising an exciting office accommodation, retail enclave and hospitality destination, all located within the heritage area in the central business district. This is expected to boost the value of the China Square Central Property in the long term. In addition, with the development of the Hotel Project, the Manager intends to undertake an asset enhancement initiative of the retail podium of 18 Cross Street in line with the overall objective of rejuvenating and creating a vibrant retail destination.

(ii) Crystallise the value of the Additional GFA

The principal investment policy of FCOT is to invest in a diversified portfolio of real estate assets located in the Asia-Pacific region used for commercial purposes (comprising primarily office and/or business space purposes), and real estate-related assets in relation to the foregoing. The development activities that can be undertaken by FCOT is governed by Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "**Property Funds Appendix**"), where the total value of property development activities undertaken and investments in uncompleted property developments by a REIT should not exceed 10.0% of the total deposited property of the REIT. Based on the total deposited property of up to S$1,849.6 million as at 31 March 2015, FCOT would only be able to undertake development activities of up to S$185.0 million. As the investment policy for FCOT is to invest in real estate assets for commercial and not hospitality purposes, and FCOT is unable to develop any property other than a hotel at the site, the China Square Central Hotel Transaction would enable FCOT to crystallise the value of the Additional GFA and minimise the exposure of FCOT to development risks.

(iii) Consistent with the proactive asset management strategies of FCOT

The Manager constantly reviews the market position of the properties of FCOT for re-positioning, explores and identifies areas of improvement that will increase the income and value of the properties and unlock potential value from the properties. The China Square Central Hotel Transaction is in line with the proactive asset management strategy of the Manager as the Hotel is expected to reposition the China Square Central Property as an integrated development, and further rejuvenate and enhance the vibrancy and liveliness of China Place which will boost the value of the China Square Central Property in the long term. This is also in line with FCOT's objective to achieve long term growth in distributions and NAV per unit.

(iv) FCL is a full-fledged international real estate company with an established track record

The Hotel Project will be undertaken within the premise of the China Square Central Property, a completed development currently in operation. Upon completion, the Hotel will be closely integrated with the China Square Central Property. It is imperative for the Hotel Project to be undertaken by a developer with expertise and proven track record. In this regard, FCL is a full-fledged international real estate company with multi-segment capabilities across residential, commercial, industrial and hospitality properties. Listed on the Main Board of the SGX-ST and with a total asset size of approximately S$22 billion as at 31 March 2015, the FCL property portfolio spans 50 cities across Asia, Australasia, Europe and the Middle East. FCL has management expertise and proven track record as an owner and developer of hospitality assets.

With its expertise, development track record and in-depth knowledge of the China Square Central Property, FCL would be well suited to be the developer for the Hotel Project.

(v) Frasers Hospitality has a proven track record as an operator of hospitality assets globally

The Hotel will be operated by Frasers Hospitality Pte. Ltd. ("**Frasers Hospitality**") under the 'Capri by Fraser' brand. The hospitality arm of FCL, Frasers Hospitality, is a leading hotel and serviced residence operator with Gold-Standard residences across Europe, Middle East, North Asia, and the Asia-Pacific, including Southeast Asia. Consistently recognised for its service excellence across all its properties, Frasers Hospitality's current portfolio of 94 properties across 50 cities and more than 17,000 units worldwide, is supported by an elaborate and efficient operational and marketing network, and is home to numerous executives from top Fortune 500 companies. With its award-winning and proven track record of operating hospitality assets globally, Frasers Hospitality would be a reputable operator of the Hotel.

The Manager believes that the China Square Central Hotel Transaction will bring, *inter alia*, the following benefits:

(i) Realise the value of the Additional GFA

FCOT would be able to realise the value of the Additional GFA upon the completion of the China Square Central Hotel Transaction. The Hotel Consideration of S$44.8 million is to be paid in cash to FCOT and would enable FCOT to crystallise the value of the Additional GFA. The Hotel Consideration represents approximately 7.7% of the value of the China Square Central Property[1].

(ii) Further rejuvenation of the China Square Central Property

The Hotel Project is in line with the strategy of further rejuvenating the precinct to create a vibrant retail and hospitality destination. The Hotel Project is expected to benefit the China Square Central Property, and in conjunction with the Hotel Project, the Manager intends to undertake an asset enhancement initiative for the retail podium of 18 Cross Street to enhance the competitive position and future growth potential of the China Square Central Property. Details of the proposed asset enhancement initiative will be revealed in due course when it is finalised.

(iii) Enhanced footfall may lead to potential for higher rental income

The increase in footfall from the guests of the Hotel is expected to generate additional footfall and patronage for the retail and food and beverage outlets at the China Square Central Property, particularly on weekends. This may lead to higher rental income and ultimately increasing the value of the China Square Central Property.

(iv) More efficient use of retail and commercial space

The China Square Central Hotel Transaction would result in new retail and commercial space being created as a result of such space being relocated from part of the existing basement of 18 Cross Street and a section of 22 Cross Street. This will be a more efficient use of space as the new lettable spaces will have better frontage and visibility.

(See paragraphs 3.1 and 3.2 of the Letter to Unitholders for further details)

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[1] Based on the valuation of the China Square Central Property as at 30 September 2014 of S$579.0 million.

(2) THE PROPOSED ACQUISITION OF 357 COLLINS STREET, MELBOURNE, VICTORIA, AUSTRALIA

Overview of the 357 Collins Street Acquisition

Pursuant to the conditional sale and purchase agreement dated 27 April 2015 (the "**Sale and Purchase Agreement**") made between TFS Collins Pty Ltd (an indirect wholly-owned subsidiary of the Trustee incorporated in Australia, "**TFS**"), in its capacity as trustee of Collins Street Landholding Trust, and the Vendor, the Vendor shall sell 357 Collins Street to TFS and TFS shall purchase the property at a purchase consideration of A$222.5 million (the "**Purchase Consideration**") and upon the terms and subject to the conditions of the Sale and Purchase Agreement.

(See paragraph 5.2 of the Letter to Unitholders for further details)

Details of the 357 Collins Street Acquisition

Located in the heart of the Melbourne Central Business District (the "**CBD**"), 357 Collins Street is a 25 storey freehold office building with Grade A specifications with a total NLA of 31,920 sq m, comprising office space of 30,095 sq m and retail space of 1,825 sq m. 357 Collins Street occupies a central position in the financial precinct of the Melbourne CBD with Collins Street regarded as a prime office location in the Melbourne CBD. 357 Collins Street is also close to Bourke Street Mall, Melbourne's retail heart which offers numerous arcades and malls, speciality shopping and department stores.

Having gone through an extensive refurbishment which was completed in December 2012, 357 Collins Street features a modern lobby and contemporary façade. The upper floors have attractive views of the Yarra River and Southbank. The office floors have high efficiency side-core, and the majority of floor plates are greater than 1,000 sq m, providing flexibility for tenants to tailor fit-outs to suit their specific requirements. The building has lifts with Personal Occupant Requirement Terminal ("**PORT**") destination lift technology which optimises traffic flow while offering personalised service and access control. It also has various amenities such as car park and bicycle bays, end of trip facilities such as showers, changing rooms and lockers and retail and food and beverage offerings for the convenience of tenants and visitors.

Being strategically located in the heart of the Melbourne CBD, the property boasts good connectivity and accessibility. The property has well-established pedestrian, vehicle and public transport access. 357 Collins Street is well served by public transport infrastructure such as the Flinders Street Station, which serves the entire Melbourne metropolitan rail network, whilst the Southern Cross Station, the major railway station and transport hub for Melbourne, is the terminus of the State's regional railway network, suburban rail services and a coach terminal. Trams also run through Collins Street with tram stops located at several intersections on Collins Street.

357 Collins Street has good environmental credentials with a 5 star National Australian Built Environment Rating System ("**NABERS**") Energy rating for its environmentally sustainable features. 357 Collins Street has well-established and quality tenants including the Commonwealth Bank of Australia, Meridian Energy Australia Pty Ltd and Wilson HTM Services Pty Ltd.

(See paragraph 5.1 of the Letter to Unitholders for further details)

Purchase Consideration and Total Acquisition Cost

The Purchase Consideration was arrived at on a willing-buyer willing-seller basis after taking into account the location, occupancy and rental income generated by the property.

The two independent valuations as at 15 April 2015 of 357 Collins Street of A$227.0 million and A$224.0 million by Jones Lang LaSalle Advisory Services Pty Limited ("**JLL**") and Knight Frank (Valuations Services (Vic) Pty Ltd) ("**KF**") respectively, were separately commissioned by the Trustee and the Manager respectively. The valuations were derived using the income capitalisation and the discounted cash flow methods.

(See paragraph 5.5 of the Letter to Unitholders for further details)

The estimated total cost of the 357 Collins Street Acquisition (the "**Total Acquisition Cost**") is approximately A$237.7 million, comprising:

(i) the Purchase Consideration of A$222.5 million;

(ii) the acquisition fee payable to the Manager of A$2.2 million (which is equal to 1.0% of the Purchase Consideration) in connection with the 357 Collins Street Acquisition[1] (the "**Acquisition Fee**");

(iii) estimated stamp duty payable thereon of approximately A$12.2 million; and

(iv) estimated professional and other fees and expenses of approximately A$0.8 million in connection with the 357 Collins Street Acquisition.

(See paragraph 5.3 of the Letter to Unitholders for further details)

Rationale and Benefits of the 357 Collins Street Acquisition

The rationale and benefits for the 357 Collins Street Acquisition are as follows:

(i) Strategic addition of a Grade A office in the heart of the Melbourne CBD

(a) Building with Grade A specifications

With a total NLA of 31,920 sq m, 357 Collins Street is a 25 storey freehold Grade A office building comprising office space of 30,095 sq m and retail space of 1,825 sq m. Having gone through an extensive refurbishment which was completed in December 2012, 357 Collins Street features a modern lobby with a contemporary façade. The upper floors have attractive views of the Yarra River and Southbank. The office floors have high efficiency side-core, and the majority of the floor plates are more than 1,000 sq m, providing flexibility for tenants to tailor fit-outs to suit their specific requirements. The building has lifts with PORT destination lift technology which optimises traffic flow while offering personalised service and access control.

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[1] As the 357 Collins Street Acquisition is an "interested party transaction" under the Property Funds Appendix, the Manager is required under paragraph 5.6 of the Property Funds Appendix to receive the Acquisition Fee in Units, and the Units to be issued as payment of the Acquisition Fee (the "**Acquisition Fee Units**") are not to be sold within one year from their date of issuance.

It also has various amenities such as car park and bicycle bays, end of trip facilities such as showers, changing rooms and lockers and retail and food and beverage offerings for the convenience of tenants and visitors.

357 Collins Street has good environmental credentials with a 5 star NABERS Energy rating for its environmentally sustainable features, which are increasingly sought after by blue chip tenants and multi-national corporations when sourcing for office space.

(b) Strategic location with good connectivity

357 Collins Street occupies a central position in the financial precinct of the Melbourne CBD. Collins Street is regarded as a prime office location in the Melbourne CBD. 357 Collins Street is also close to Bourke Street Mall, Melbourne's retail heart which offers numerous arcades and malls, speciality shopping and department stores. The retail component of 357 Collins Street has direct access from Flinders Lane, and forms part of the broader Flinders Lane food and beverage precinct.

Being strategically located in the heart of the Melbourne CBD, the property boasts good connectivity and accessibility. The property has well-established pedestrian, vehicle and public transport access. It is situated within walking distance to the Flinders Street Station to the South and the Southern Cross Station to the West. The Flinders Street Station serves the entire Melbourne metropolitan rail network whilst the Southern Cross Station, the major railway station and transport hub for Melbourne, is the terminus of the State's regional railway network, suburban rail services and a coach terminal. Trams also run through Collins Street with tram stops located at several intersections on Collins Street. The property is also well-served by various roads connected to various parts of Melbourne.

(c) Well-established and quality tenants with high committed occupancy rate of 95.0%

The property has well-established and quality tenants such as the Australia Securities Exchange ("**ASX**") listed Commonwealth Bank of Australia, one of the 'Big Four' Australian banks; Meridian Energy Australia Pty Ltd, a wholly-owned subsidiary of the New Zealand Stock Exchange and ASX listed Meridian Energy Limited, a New Zealand majority state-owned electricity generator; and Wilson HTM Services Pty Ltd, part of the ASX listed Wilson HTM Investment Group Ltd, a financial services group.

The property has also recorded a high committed occupancy rate of 95.0% as at the Latest Practicable Date.

(d) Long weighted average lease expiry ("WALE")

As at 31 March 2015, 357 Collins Street has a WALE (by gross rental income) of 6.0 years. There will be no leases expiring until FY2018. The long WALE will provide stability of income and increase the WALE of the Existing Portfolio. Following the 357 Collins Street Acquisition, the WALE (by gross rental income) will increase from 3.5[1] years for the Existing Portfolio to 3.9 years for the Enlarged Portfolio, as at 31 March 2015.

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[1] Inclusive of the early renewal of the underlying leases at Alexandra Technopark.

(ii) Enhance FCOT's overall portfolio

(a) Maiden entry into and gain exposure to the Melbourne CBD office market

The existing portfolio of FCOT provides exposure to the Perth CBD and Canberra office markets in Australia. The 357 Collins Street Acquisition marks FCOT's maiden entry into the Melbourne CBD office market and expansion of FCOT's geographical exposure to Melbourne. The Melbourne CBD office is the second largest office market in Australia. This will complement and diversify the exposure of FCOT from its existing portfolio in Perth and Canberra. The 357 Collins Street Acquisition also marks a strategic investment in one of the core markets of FCOT with good potential for growth.

According to Jones Lang LaSalle (VIC) Pty Ltd (the "**Independent Market Consultant**"), the Melbourne CBD office market is attractive due to a range of services that provide a compelling locational advantage over suburban and near city markets. Melbourne is the centre of an extensive public transport network and high quality amenities and services offered are also contributing factors in attracting and retaining employees.

According to the Independent Market Consultant, the demand for office space in the Melbourne CBD has gained momentum with three consecutive quarters of growth, from the second quarter of 2014 to the fourth quarter of 2014. The outlook is for stronger growth in net absorption, driven by the value proposition of the CBD office market and a rebound in the white collar employment growth.

Prime gross effective rents are forecast to grow by 3.8% per annum over the five years to the fourth quarter of 2019. This is significantly higher than the average growth over the last five years of 1.1% per annum.

(See **Appendix J**, "Melbourne CBD Office Market Report" for further details)

(b) Capitalise and benefit from the future growth of Melbourne

The City of Melbourne will continue to experience revitalisation under 'Plan Melbourne'[1] a plan by the Victorian Government which outlines Melbourne's growth to the year 2050. 'Plan Melbourne' provides an integrated approach to planning and development which includes land use, transport, plus social and community infrastructure. It will also build confidence, investment and employment vital for Victoria's long term future. Already known as one of the world's most liveable cities, the vision under 'Plan Melbourne' is for Melbourne to be a global city of opportunity and choice. Under 'Plan Melbourne', from 2013 to 2051, the population in Melbourne is expected to grow from 4.3 million to 7.7 million. Melbourne is expected to create 1.7 million new jobs by 2051, adding to its current 2.0 million jobs. These are expected to have a long-term benefit for the office sector in Melbourne.

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[1] Source: Victorian State Government (www.planmelbourne.vic.gov.au). The Victorian State Government has not provided its consent to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information. While the Manager has taken reasonable actions to ensure that the information from the report published by the Victorian State Government is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, neither the Manager nor any other party has conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.

The 357 Collins Street Acquisition will enable FCOT to participate and benefit from the future and long-term growth of Melbourne.

(c) Enlarge FCOT's Existing Portfolio size

Following the completion of the 357 Collins Street Acquisition, FCOT's portfolio size is expected to increase by 14.2% from S$1.8 billion as at 31 March 2015 to S$2.0 billion, and 357 Collins Street will constitute 12.4% of the Enlarged Portfolio as at 31 March 2015. The total portfolio NLA is also expected to increase 15.1% from 211,748 sq m to 243,668 sq m as at 31 March 2015.

(d) Greater income diversification

The 357 Collins Street Acquisition is expected to result in greater income diversification with income contribution from a new geographical location and reduce the reliance of income contribution from any single property. The contribution from 357 Collins Street will also provide an additional income stream for FCOT. Following the acquisition, the maximum contribution to FCOT's net property income by any single property will decrease from 37.2% to 32.4% based on the forecast net property income for the financial quarter ending 30 September 2015 ("**4Q2015**").

(e) Enlarge and greater diversification of tenant base

The 357 Collins Street Acquisition is expected to enlarge and further diversify FCOT's tenant base with the addition of well-established tenants from various industries, both from the financial and non-financial sectors. The Enlarged Portfolio will feature new tenants such as the Commonwealth Bank of Australia, Meridian Lawyers Limited, Wilson HTM Services Pty Ltd, Infor Global Solutions (ANZ) Pty Limited, Meridian Energy Australia Pty Ltd and The Trust Company.

(f) Leases with fixed annual increments provide organic growth and income stability

Approximately 97.1% of the leases of 357 Collins Street as of 31 March 2015 have fixed annual increments of between 3.75% to 4.00% per annum, thus providing good organic growth and income stability. In addition, as at 31 March 2015, the average fixed annual increment for FY2016 is 3.9%.

(iii) Accretive transaction

Unitholders can expect to see an increase in forecast distribution per Unit ("**DPU**") from 2.3013 cents to 2.3206 cents for 4Q2015 after the 357 Collins Street Acquisition, which is an increase of 0.8%. Leases with fixed annual increments will provide further growth in DPU.

(See paragraph 9 of the Letter to Unitholders for further details)

(iv) Consistent with the Manager's strategy

The 357 Collins Street Acquisition is consistent with the Manager's strategy to build a strong and balanced portfolio of quality commercial properties so as to deliver a stable and sustainable distribution to Unitholders.

(v) Increased trading liquidity and investor interest

Following the Private Placement, the market capitalisation of FCOT is expected to increase. With a larger market capitalisation, FCOT is likely to garner a wider interest from existing and potential investors. The New Units, when issued, is expected to increase FCOT's number of Units on the SGX-ST which in turn is expected to result in improved trading liquidity, thus potentially benefiting Unitholders.

(See paragraph 6.1 of the Letter to Unitholders for further details)

(3) THE PROPOSED ISSUE OF UP TO 95.0 MILLION NEW UNITS UNDER THE PRIVATE PLACEMENT

Proposed Method of Financing the Acquisition

The Manager intends to finance the 357 Collins Street Acquisition with a combination of equity and debt financing, so as to ensure that the 357 Collins Street Acquisition will provide overall DPU accretion to Unitholders while maintaining an optimum level of gearing. The final decision regarding the proportion of equity and debt financing to be employed for the purposes of financing the 357 Collins Street Acquisition will be made by the Manager at the appropriate time taking into account the then prevailing market conditions and interest rate environment, availability of alternative funding options, the impact on FCOT's capital structure, DPU and debt expiry profile and the covenants and requirements associated with each financing option.

The Manager proposes to issue up to 95.0 million New Units (which is equivalent to approximately S$142.5 million or 13.9% of the 683,439,806 Units in issue as at the Latest Practicable Date based on the Illustrative Issue Price of S$1.50 per New Unit) pursuant to the Private Placement to part finance the 357 Collins Street Acquisition[1]. The balance thereof is intended to be funded by new loan facilities which the Manager will put in place for the 357 Collins Street Acquisition. The Manager intends to allocate the entire net proceeds from the Private Placement for the purposes of the 357 Collins Street Acquisition. The Manager will announce details of the Private Placement at the appropriate time.

(See paragraph 10 of the Letter to Unitholders for further details)

Consequential Adjustment to Distribution Period

FCOT's policy is to distribute its distributable income on a quarterly basis to Unitholders. When the Manager decides to carry out the Private Placement, the Manager may decide to make adjustments to the distribution period which may include, *inter alia*, a cumulative distribution or an advance distribution, or such other plans to ensure fairness to holders of the Units in issue on the day immediately prior to the date on which the New Units are issued under the Private Placement. Further details pertaining to any adjustments to the distribution period, if any, will be announced at the appropriate time.

(See paragraph 10.4 of the Letter to Unitholders for further details)

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[1] This excludes the Acquisition Fee Units and the Divestment Fee Units.

(4) THE PROPOSED PLACEMENT OF NEW UNITS TO THE FCL GROUP UNDER THE PRIVATE PLACEMENT

To demonstrate the support and alignment of interest of the FCL Group for FCOT, the Manager is seeking Unitholders' approval for the proposed issue of New Units to the FCL Group, as part of the Private Placement. The FCL Group may subscribe for such number of New Units under the Private Placement up to its proportionate pre-placement unitholding in FCOT, in percentage terms[1]. The New Units placed to the FCL Group under the FCL Group Placement will be issued at the same price as the New Units issued to other investors under the Private Placement.

The Manager believes that the size of the FCL Group's unitholdings in FCOT provides a degree of stability to FCOT as an investment vehicle. Allowing New Units to be placed to the FCL Group would help to maintain such stability.

The ability of the FCL Group to subscribe for New Units under the Private Placement would also enhance investors' confidence in FCOT and provide a higher degree of certainty for the successful completion of the Private Placement.

(See paragraph 11 of the Letter to Unitholders for further details)

[1] This excludes the Acquisition Fee Units and the Divestment Fee Units.

(Constituted in the Republic of Singapore pursuant to a trust deed dated 12 September 2005
(as amended or restated))

Directors of the Manager

Dr Chua Yong Hai (Chairman & Independent Non-Executive Director and member of the Audit, Risk and Compliance Committee)
Mr Low Chee Wah (Chief Executive Officer & Executive Director)
Mr Chay Wai Chuen (Independent Non-Executive Director and Chairman of the Audit, Risk and Compliance Committee)
Mr Chia Khong Shoong (Non-Executive Director)
Mr Lim Ee Seng (Non-Executive Director)
Mr Tan Guong Ching (Independent Non-Executive Director and member of the Audit, Risk and Compliance Committee)
Mr Christopher Tang Kok Kai (Non-Executive Director and member of the Audit, Risk and Compliance Committee)

Registered Office

438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

3 June 2015

To: Unitholders of Frasers Commercial Trust

Dear Sir/Madam

1. SUMMARY OF APPROVALS SOUGHT

The Manager is convening the Extraordinary General Meeting to seek approval from Unitholders by way of Ordinary Resolutions[1] for

(i) Resolution 1: the proposed:

(a) entry into the building agreement (the "**Building Agreement**") by the Trustee with Frasers Hospitality China Square Trustee Pte. Ltd. (in its capacity as trustee-manager of Frasers Hospitality China Square Trust ("**FHCST**"), an indirect wholly-owned special purpose trust of Frasers Centrepoint Limited ("**FCL**")) (the "**FHCS Trustee**") to facilitate the carrying out by the FHCS Trustee of the new erection of a 16 storey hotel block (the "**Hotel**") with an additional gross floor area ("**GFA**") of approximately 16,000 square metres ("**sq m**") derived from the lifting of certain title restrictions in respect of the Head Lease of the China Square Central Property[2] (the "**Additional GFA**") (the "**Hotel Project**") and certain proposed additions and alterations to the China Square Central Property[3]; and

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1 "**Ordinary Resolution**" means a resolution proposed and passed as such by a majority being greater than 50.0% or more of the total number of votes cast for and against such resolution at a meeting of Unitholders convened in accordance with the provisions of the trust deed constituting FCOT dated 12 September 2005 (as amended or restated) (the "**Trust Deed**").

2 The China Square Central Property comprises a 15 storey office tower with a two storey retail podium, two basement levels and two clusters of heritage shophouses located at 18, 20 & 22 Cross Street, China Square Central, Singapore 048423/2/1.

3 Please refer to paragraph 2.2(ii) below for further details on the proposed additions and alterations to the China Square Central Property.

(b) grant of a long lease by the Trustee to the FHCS Trustee in respect of the Hotel (the "**Lease**") under an instrument of lease (the "**Lease Instrument**") for the period commencing from the date of issue of the Temporary Occupation Permit for the Combined Project and ending 1 February 2096, which is one day prior to the expiry of the Head Lease of the China Square Central Property (the "**Leasehold Term**"),

the "**China Square Central Hotel Transaction**".

(ii) Resolution 2: the proposed acquisition of 357 Collins Street, Melbourne, Victoria, Australia ("**357 Collins Street**") from Australand Property Holdings (Collins St No. 1) Pty Limited (in its capacity as trustee of APT (Collins St No. 1) Trust (the "**Vendor**"), an indirect wholly-owned special purpose trust of Frasers Australand Pty Ltd[1]). The proposed acquisition of 357 Collins Street will hereafter be known as the "**357 Collins Street Acquisition**";

(iii) Resolution 3: the proposed issue of up to 95.0 million new units in FCOT ("**New Units**") under the private placement (the "**Private Placement**"); and

(iv) Resolution 4: the proposed placement of New Units to the FCL Group under the Private Placement (the "**FCL Group Placement**").

Unitholders should note that:

(I) Resolution 3 (The Private Placement) and Resolution 4 (The FCL Group Placement) are each conditional upon Resolution 2 (The 357 Collins Street Acquisition) being passed; and

(II) Resolution 4 (The FCL Group Placement) is conditional upon Resolution 3 (The Private Placement) being passed.

In the event that Unitholders do not approve Resolution 2 (The 357 Collins Street Acquisition), the Manager will not proceed with Resolution 3 (The Private Placement) and Resolution 4 (The FCL Group Placement).

In the event that Unitholders do not approve Resolution 3 (The Private Placement), the Manager will not proceed with Resolution 4 (The FCL Group Placement).

For the avoidance of doubt, Resolution 1 (The China Square Central Hotel Transaction) and Resolution 2 (The 357 Collins Street Acquisition) are not inter-conditional, and in the event Unitholders do not approve any one of the Resolutions, the Manager will still proceed with the other Resolution.

2. RESOLUTION 1: THE PROPOSED ENTRY INTO THE BUILDING AGREEMENT FOR THE DEVELOPMENT OF THE HOTEL AND THE GRANT OF A LONG LEASE AT THE CHINA SQUARE CENTRAL PROPERTY

2.1 Background of the China Square Central Hotel Transaction

FCOT had acquired the China Square Central Property, an office and retail development located in the Central Business District comprising a 15 storey commercial office tower with two storeys of retail podium, two basement levels and two clusters of heritage shophouses in 2006 as part of its initial public offering portfolio.

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[1] Frasers Australand Pty Ltd ("**Frasers Australand**") is a wholly-owned subsidiary of Frasers Amethyst Pte. Ltd., which is a wholly-owned subsidiary of FCL.

In May 2012, the owners of Far East Square, Great Eastern Centre and China Square Central unveiled the China Square Precinct Master Plan (the "**PMP**") as a collaborative effort to revitalise the downtown heritage area and create a vibrant retail, entertainment and hospitality destination. The developments of the respective owners were integrated into a precinct known as "China Place". The PMP was completed in June 2013. In conjunction with the PMP, the URA indicated that it was prepared to consider the grant of 16,000 sq m of additional GFA (for hotel use only) when the PMP was substantially completed. An application was made by the Trustee for the provisional permission ("**PP**") with the URA for the Hotel Project and the PP was granted on 28 May 2013 subject to terms and conditions which include, *inter alia*, the following:

(i) 16,000 sq m additional GFA for hotel guest rooms and hotel-related uses;

(ii) approval of the rezoning of the site from white at gross plot ratio 4.2 to white without gross plot ratio; and

(iii) payment of development charges or differential premiums if any.

The Hotel will be constructed over the existing open square between 20 and 22 Cross Street and in front of 18 Cross Street at the China Square Central Property. See **Appendix B** for the location of the Hotel.

A differential premium of approximately S$103.3 million, together with the applicable GST and processing fees of approximately S$7.2 million is payable to the Singapore Land Authority (the "**SLA**", or the "**Head Lessor's Agent**") (for and on behalf of the President of the Republic of Singapore (the "**Head Lessor**")) for the lifting of certain title restrictions under the Head Lease in order to permit the approved use under the Head Lease to include the use of the additional GFA of 16,000 sq m of the China Square Central Property for hotel guest rooms and hotel-related uses, and stamp duty payable thereon of approximately S$3.1 million is payable to the Commissioner of Stamp Duties (the amounts payable to the Head Lessor's Agent and Commissioner of Stamp Duties collectively, the "**Differential Premium Payment Amounts**").

The FHCS Trustee will be responsible for the payment of the above-mentioned Differential Premium Payment Amounts pursuant to the terms of the Conditional Agreement.

2.2 The Combined Project

On 27 April 2015, the Trustee entered into a conditional agreement with the FHCS Trustee (the "**Conditional Agreement**") concerning the entry into by the parties of the Building Agreement after the fulfilment of the Conditions Precedent (as defined herein) set out in the Conditional Agreement, to facilitate the carrying out by the FHCS Trustee of:

(i) construction works at the China Square Central Property in respect of the Hotel Project; and

(ii) as part of the transaction, certain proposed additions and alterations to the China Square Central Property including, *inter alia*:

  (a) the construction of retail units with an estimated total net lettable area ("**NLA**") of 676 sq m at the ground level of the China Square Central Property, including works to facilitate these units for food and beverage usage (the "**Retail Units**");

  (b) the construction of an elevated retail link way with an estimated total NLA of 211 sq m of commercial space between the Hotel and the existing retail podium at 18 Cross Street (the "**Link Bridge**");

(c) the construction of vertical access from the ground level to levels 2 and 3 at 22 Cross Street, including mechanical, electrical and other services and works (the "**Vertical Access**");

(d) the construction of office units at levels 2 and 3 at 22 Cross Street with an estimated total NLA of 194 sq m;

(e) the provision of temporary mechanical, electrical and other services to 22 Cross Street during the Construction Licence Term;

(f) the construction of a pair of escalators serving the ground level and basement 1 at 18 Cross Street; and

(g) the removal of three pairs of escalators which serve the basements of 18 Cross Street and the ground levels of 18 and 20 Cross Street,

collectively, the "**Commercial Project**" (together with the Hotel Project, the "**Combined Project**"). For the avoidance of doubt, the specific areas mentioned above are subject to the approval of the relevant authorities of the plans relating to the Commercial Project.

The Hotel Project will result in the relocation of certain spaces at the China Square Central Property. As part of the Commercial Project, an estimated 1,081 sq m of new lettable spaces, which approximate the NLA in respect of the spaces which will be relocated, will be created with better frontage and visibility to provide a more efficient use of space. This is expected to benefit the China Square Central Property in the long run.

For the avoidance of doubt, (a) the FHCS Trustee will bear all the costs and expenses of the construction works in respect of the Hotel Project and all the costs and expenses of the construction works in respect of the Retail Units, and (b) FCOT will bear all the costs and expenses of the construction works in respect of the Commercial Project (save for the costs and expenses of the construction works in respect of the Retail Units).

The development cost of the Commercial Project (save for the development cost of the Retail Units which will be borne by the FHCS Trustee) to be borne by FCOT is estimated to be approximately S$7.0 million which will be funded through internal resources.

The development cost of the Commercial Project (save for the development cost of the Retail Units which will be borne by the FHCS Trustee) includes a project management fee of up to 2.0% of construction costs payable in respect of the project management services provided by FCL Management Services Pte. Ltd. (the "**Project Manager**")[1] in relation to the Commercial Project (but excluding the construction costs relating to the Retail Units), such payment to be made in the form of reimbursements by the Trustee to the FHCS Trustee of the costs and expenses incurred by the FHCS Trustee in respect of project management fees and expenses in relation to the Commercial Project (but excluding the costs and expenses relating to the Retail Units). The project management fee will be determined and finalised upon the awarding of the construction contract in respect of the Combined Project and will be subject to the review and prior approval of the Audit, Risk and Compliance Committee.

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[1] FCL Management Services Pte. Ltd. is an indirect wholly-owned subsidiary of FCL. The role of project manager is to plan, execute, monitor, control and conclude a construction project. The project manager's work scope would include preliminary services to develop the master programme, design management services, contract documentation services, contract management services and post-construction management services.

For the avoidance of doubt, payments made by the Trustee relating to the project management fee would be subject to Rules 905 and 906 of the Listing Manual.

2.3 The Hotel Consideration

Subject to, *inter alia*, the issuance of the Temporary Occupation Permit in respect of the Combined Project, the Trustee would grant and the FHCS Trustee would accept a long lease of the Hotel (which after completion would be assigned its own separate strata lot) for the Leasehold Term, on the terms and conditions set forth in, or incorporated into, the Lease Instrument.

The consideration for the Trustee's grant of the Lease for the Leasehold Term in respect of the Hotel is S$44.8 million (the "**Hotel Consideration**") and was arrived at on a willing-buyer and willing-seller basis, after taking into account:

(i) the appraised values of the proposed leasehold interest with hotel development rights in respect of the Additional GFA as at 20 April 2015;

(ii) the FHCS Trustee's undertaking in the Building Agreement to be responsible for all costs and expenses (including GST) for the purpose of executing and completing the Hotel Project and the Retail Units, in accordance with the terms and conditions of the Building Agreement; and

(iii) the FHCS Trustee's full contribution towards the payment of the differential premium levied by the Head Lessor for the lifting of certain title restrictions (including the stamp duty and GST payable thereon) pursuant to the provisions of the Conditional Agreement and the Building Agreement.

The Hotel Consideration (and the GST thereon) shall be paid by the FHCS Trustee to the Trustee, on or before the execution of the Building Agreement.

2.4 Valuation

In connection with the China Square Central Hotel Transaction, the Trustee had commissioned Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("**Colliers**"), an independent property valuer, to carry out the valuation of the proposed leasehold interest with hotel development rights in respect of the Additional GFA.

Colliers has valued as at 20 April 2015 that the current market value of the proposed leasehold interest with hotel development rights in respect of the Additional GFA is S$44.6 million, as set out in their valuation report dated 20 April 2015. The valuation was carried out using the residual value method[1] and the direct comparison method[2].

In addition and in connection with the proposed China Square Central Hotel Transaction, the Manager had commissioned Savills Valuation and Professional Services (S) Pte. Ltd. ("**Savills**"), an independent property valuer, to carry out the valuation of the proposed leasehold interest with hotel development rights in respect of the Additional GFA.

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[1] The residual method entails an estimate of the gross development value ("**GDV**") of the Hotel Project. From the GDV, various estimated cost of development such as construction cost, professional fees, holding costs, developer's profit, stamp duty, legal fees and other expenses, and the differential premium are deducted to give a residual value which would represent the amount for the hotel development rights.

[2] The direct comparison method is a method of valuation whereby comparable sales transactions around the valuation date are collected and analysed in terms of price per sq m. The collected comparables are then adjusted to take into account the differences in location, size, accessibility, tenure/age, building quality, condition, facilities, and prevailing market conditions before arriving at the market value of the property.

Savills has valued as at 20 April 2015 that the current market value of the proposed leasehold interest with hotel development rights in respect of the Additional GFA is S$45.0 million, as set out in their valuation report dated 21 April 2015. The valuation was carried out using the residual valuation method, supplemented by the income capitalisation approach and the market comparison method.

(For further details on the valuations, please refer to the Valuation Certificates enclosed as **Appendix A** of this Circular.)

2.5 Estimated Net Proceeds

The estimated net proceeds from the grant of the Lease for the Leasehold Term is approximately S$44.3 million (the "**Net Proceeds**") after taking into consideration the estimated professional and other fees and expenses incurred or to be incurred by FCOT in connection with the proposed China Square Central Hotel Transaction, which amounts to approximately S$0.5 million in aggregate.

In addition to the professional and other fees and expenses incurred by FCOT in connection with the grant of the Lease for the Leasehold Term, FCOT is expected to incur a divestment fee of approximately S$0.2 million (the "**Divestment Fee**"), which is payable in Units to the Manager pursuant to the Trust Deed and paragraph 5.6 of Appendix 6 of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore (the "**Property Funds Appendix**"). As the grant of the Lease is an Interested Party Transaction, the Manager is required under paragraph 5.6 of the Property Funds Appendix to receive the Divestment Fee in Units. In accordance with paragraph 5.6 of the Property Funds Appendix which applies to Interested Party Transactions, the Units to be issued as payment of the Divestment Fee (the "**Divestment Fee Units**") are not to be sold within one year from their date of issuance.

2.6 Use of the Estimated Net Proceeds

It is the intention of the Manager that the estimated Net Proceeds from the grant of the Lease for the Leasehold Term be applied towards one or more of the following:

(i) to repay existing bank borrowings;

(ii) for any asset enhancement initiatives; and

(iii) general corporate and working capital purposes.

2.7 Principal Terms of the Conditional Agreement

The Conditional Agreement sets out the conditional agreement between the Trustee and the FHCS Trustee concerning the entry into by the parties of the Building Agreement, which is subject to and conditional upon:

(i) Building Plan Approval being obtained;

(ii) approval of Unitholders being obtained for the proposed China Square Central Hotel Transaction; and

(iii) issuance of a provisional strata lot number for the Hotel,

(collectively, the "**Conditions Precedent**").

The FHCS Trustee shall, under the terms of the Conditional Agreement:

(a) reimburse the Trustee, in the manner more particularly provided in the Building Agreement, for all expenses incurred by the Trustee with respect to the application for, and issuance of, the PP, WP (and any amendments to the WP) and Building Plan Approval and all fees and expenses to consultants, incurred by the Trustee for obtaining the foregoing but only to the extent they relate to the Hotel Project and the Retail Units, unless any of the Conditions Precedent is refused or not obtained by 1 October 2015 or such other date as may be mutually agreed, subsequent to which the Conditional Agreement will be terminated and the termination of the Conditional Agreement is not due to the fault of the FHCS Trustee, in which case the FHCS Trustee will not be required to reimburse the foregoing expenses and fees to the Trustee[1]; and

(b) subject to Unitholders' approval for the China Square Central Hotel Transaction and the issuance of the Fulfilment Notice[2], be the party responsible for the payment of the Differential Premium Payment Amounts, such payments to be made in the following manner:

    (1) pay to the Trustee the differential premium together with the applicable GST and processing fee amounting to approximately S$110.5 million by no later than 24 July 2015, such payment to be made in such manner as may be required by the Head Lessor's Agent; and

    (2) pay to the Trustee the stamp duty amounting to approximately S$3.1 million, such payment to be made in such manner as may be required by and in favour of the Commissioner of Stamp Duties.

For the avoidance of doubt, the Trustee is not required to pay any part of the Differential Premium Payment Amounts to the Head Lessor's Agent or, as the case may be, the Commissioner of Stamp Duties unless it receives the relevant part of the Differential Premium Payment Amounts from the FHCS Trustee by the relevant deadlines. Subject to the Conditions Precedents being fulfilled, the Building Agreement is scheduled to be entered into on or before 1 October 2015 and concurrently upon the execution of the Building Agreement, the Trustee and the FHCS Trustee will enter into a novation agreement in respect of each of the contracts entered into by the Trustee with the consultants or any contractor or other service provider in connection with the Combined Project with each novation agreement to be substantially in the form of which is annexed to the Conditional Agreement and all stamp duty (if any) payable thereon being borne by the FHCS Trustee.

In the event the Building Plan Approval is not obtained by 1 October 2015 or such other date as may be mutually agreed:

(I) the Trustee will not be obliged to refund the Differential Premium Payment Amounts to the FHCS Trustee save as otherwise provided in paragraph 2.7(II); and

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1 The fees and expenses incurred up to the Latest Practicable Date amount to approximately S$2.0 million.

2 "**Fulfilment Notice**" means the written notice to be issued by the Trustee to the FHCS Trustee not later than seven (7) days after the fulfilment of the Conditions Precedents relating to the obtaining of Unitholders' approval for the proposed China Square Central Hotel Transaction and the issuance of a provisional strata lot number for the Hotel.

(II) if the Building Plan Approval is refused or not obtained by 1 October 2015 or such other date as may be mutually agreed due to no fault of the FHCS Trustee, in the event the Trustee eventually enters into an arrangement with another third party for (a) the development by such third party of a hotel at the China Square Central Property, and (b) (subject to the fulfilment of the relevant conditions precedent including the requirements of any applicable law) the grant of a lease in respect of the said hotel, any upfront consideration paid by such third party to the Trustee in relation thereto shall be applied by the Trustee towards refunding the FHCS Trustee for the Differential Premium Payment Amounts previously paid by the FHCS Trustee pursuant to the above paragraph 2.7(b). For the avoidance of doubt, the obligation of the Trustee under this paragraph is limited to refunding to the FHCS Trustee an amount equivalent to the Differential Premium Payment Amounts previously paid by the FHCS Trustee and on the basis that:

(i) where the upfront consideration paid by such third party to the Trustee is less than an amount equivalent to the Differential Premium Payment Amounts, the Trustee shall concurrently upon paying over such upfront consideration to the FHCS Trustee, also pay to the FHCS Trustee an amount equivalent to the difference between (aa) the Differential Premium Payment Amounts paid by the FHCS Trustee and (bb) the upfront consideration paid by such third party to the Trustee; and

(ii) where the upfront consideration paid by such third party to the Trustee is more than an amount equivalent to the Differential Premium Payment Amount, the Trustee shall not be obliged to pay to the FHCS Trustee an amount equivalent to the difference between (aa) the upfront consideration paid by such third party to the Trustee and (bb) the Differential Premium Payment Amounts paid by the FHCS Trustee.

2.8 Principal Terms of the Building Agreement

The Building Agreement to be entered into between the Trustee and FHCS Trustee provides that the FHCS Trustee is to carry out the construction and completion of the Hotel Project and the Commercial Project in accordance with the terms and conditions set forth in the Building Agreement. Under the Building Agreement, a licence will be granted by the Trustee to the FHCS Trustee over certain agreed areas of the China Square Central Property for the purpose of the FHCS Trustee and its contractors to undertake the construction of the Hotel Project and the Commercial Project, subject to permitted hours and other requirements (the "**Construction Licensed Areas**").

Certain obligations of the FHCS Trustee under the Building Agreement

Pursuant to the Building Agreement, the FHCS Trustee:

(i) shall be solely responsible for and shall comply fully with the law and the requirements of the relevant authorities which are applicable for the construction and completion of the Combined Project;

(ii) shall bear the costs and expenses in relation to paragraph 2.8(i) above to the extent they relate to the Hotel Project and the Retail Units;

(iii) in the carrying out of the construction and completion of the Hotel Project and the Retail Units, the FHCS Trustee shall be liable for and shall pay for all costs, fees, expenses, charges and other payments whatsoever:

(a) which may become payable in the course of the construction and completion of the Hotel Project and the Retail Units and/or in respect of any actions which the FHCS Trustee is required to undertake pursuant to any of the provisions of the Building Agreement or of anything done under any authority herein contained in relation to the carrying out and completion of Hotel Project and the Retail Units; and

(b) which may be chargeable against the Trustee under any law or otherwise with regard to the carrying out and completion of the Hotel Project and the Retail Units;

(iv) shall procure the delivery to the Trustee on or before the execution of the Building Agreement, the Corporate Guarantee and Undertaking duly executed by FCL;

(v) shall indemnify the Trustee, and keep the Trustee fully indemnified, from and against any and all claims, demands, actions, proceedings, judgements, orders, decrees, damages, losses, costs and expenses of any nature whatsoever which the Trustee may suffer or incur for death, injury, loss and/or damage caused, directly or indirectly, by:

(a) the carrying out of construction works for the Hotel Project and/or the Commercial Project;

(b) any occurrences in, upon or at the Construction Licensed Areas or the use or occupation of the Construction Licensed Areas by the FHCS Trustee or by any of its authorised persons; and

(c) any default by the FHCS Trustee in complying with the provisions of the Building Agreement,

provided that the FHCS Trustee's indemnity herein shall only be to the extent that the aforementioned claims, demands, actions, proceedings, judgements, orders, decrees, damages, losses, costs and/or expenses are not caused by the gross negligence or wilful default of the Trustee or its officers, employees or agents; and

(vi) in the event it does not, at any time prior to the expiry of the term of the licence over the Construction Licensed Areas, require any part of the Construction Licensed Areas for the purpose of executing or completing the Hotel Project or the Commercial Project and the FHCS Trustee is desirous of returning such part of the Construction Licensed Areas to the Trustee, the Trustee agrees that it will consider in good faith the FHCS Trustee's request and the return of such part of the Construction Licensed Areas to the Trustee shall be on such terms and conditions as may be agreed by the parties, such terms and conditions to be in addition, and without prejudice, to the FHCS Trustee's obligations to reinstate the Construction Licensed Areas under the Building Agreement to the extent that the reinstatement requirements apply to such part of the Construction Licensed Areas that are to be returned to the Trustee.

Certain obligations of the Trustee under the Building Agreement

Pursuant to the Building Agreement:

(a) in the carrying out of the construction and completion of the Commercial Project, the Trustee shall be liable for and shall pay for all costs, fees, expenses, charges and other payments whatsoever which may become payable in the course of the construction and completion of the Commercial Project (but excluding the costs, fees, expenses, charges and other payments whatsoever relating to the Retail Units) and/or in respect of any actions which the FHCS Trustee is required to undertake pursuant to any of the provisions of the Building Agreement or of anything done under any authority herein contained in relation to the carrying out and completion of the Commercial Project (but excluding in this respect, the Retail Units);

(b) the Trustee shall reimburse to the FHCS Trustee, the costs and expenses incurred by the FHCS Trustee in relation to paragraph 2.8(i) above to the extent they relate to the Commercial Project (but excluding the costs and expenses relating to the Retail Units) and the provisions of the Building Agreement shall apply in respect of the manner in which such costs and expenses are to be determined (including the required certification of the costs and expenses attributable to FCOT by the quantity surveyor appointed by the FHCS Trustee for the Combined Project) and to be reimbursed by the Trustee; and

(c) subject to the issue of the Temporary Occupation Permit for the Combined Project, and there being no material breach by the FHCS Trustee of any terms and conditions of the Building Agreement which is on its part to be observed or performed (except as waived by the Trustee), it is intended that the Lease and a licence over certain areas of the China Square Central Property (including access to the water tanks, part of the high tension switchroom area and bulk water meter chamber which the FHCS Trustee will require for the purposes of the operation of the Hotel) (the "**Hotel-related Licensed Areas**") will be granted by the Trustee to the FHCS Trustee after the approvals of the relevant authorities for (I) the allocation/issuance of a strata lot number for the Hotel, and (II) the registration of the Lease at the SLA, have been received (see paragraph 2.10 for further details on the Lease and paragraph 2.11 for further details on the licence agreement).

The Hotel is expected to be completed by December 2019.

2.9 Principal Terms of the Corporate Guarantee and Undertaking

It is intended that on or before the execution of the Building Agreement, FCL will furnish a guarantee, the form of which is annexed to the Building Agreement, duly executed by FCL as guarantor to, *inter alia*:

(i) guarantee the FHCS Trustee's performance of its obligations under the Building Agreement, such guarantee to include (subject to the Trustee's due compliance with its payment obligations under the Building Agreement in respect of the costs and expenses for the Commercial Project (save for the costs and expenses of the construction works in respect of the Retail Units)) the completion of the Combined Project and payment of the consideration for the Hotel Consideration and all other sums payable under the Building Agreement; and

(ii) indemnify FCOT against all losses, damages, costs and expenses arising out of or in connection with any non-payment, non-performance or non-observance of the provisions of the Building Agreement.

The obligations of FCL under the Corporate Guarantee and Undertaking will remain until the due and proper and complete performance of all the obligations of the FHCS Trustee under the Building Agreement.

2.10 Principal Terms of the Lease Instrument

The Building Agreement to be entered into between the Trustee and the FHCS Trustee also provides that the Trustee, as lessor, will grant to the FHCS Trustee, as lessee, and the FHCS Trustee will, as lessee, enter into a lease of the Hotel for the Leasehold Term upon issue of the Temporary Occupation Permit for the Combined Project substantially in accordance with the terms in the form of the Lease Instrument annexed to the Building Agreement.

The principal terms of the Lease Instrument include, *inter alia*, the following:

(i) the FHCS Trustee shall pay to the Trustee an annual rent of S$12.00 on 1 January of each year, without any deductions (such annual rent is waived with effect from the date of commencement of the Leasehold Term until such time as the Trustee may decide to commence collection by notice in writing to the FHCS Trustee);

(ii) the FHCS Trustee shall ensure that the Hotel shall be used as a hotel and other supporting facilities which are ancillary to the use of the Hotel as a hotel and for no other purpose;

(iii) the FHCS Trustee undertaking the following:

(a) to appoint Frasers Hospitality Pte. Ltd. (the "**Hotel Operator**") to operate the Hotel under the 'Capri by Fraser' brand or an equivalent hospitality brand of the FCL Group; and

(b) save for the appointment of the said Hotel Operator, the FHCS Trustee shall not appoint any other operator to manage or operate the Hotel except with the Trustee's prior written consent; and

(iv) in the event the FHCS Trustee is desirous of carrying out, *inter alia*, the demise, assignment, transfer, declaration of trust or parting with possession of the Hotel or in connection with any of the foregoing, assigning or transferring the benefit of the Lease, the FHCS Trustee shall seek the prior written consent of the Trustee (such consent not to be unreasonably withheld), provided, *inter alia*, that such consent shall not be required in the event of any sale or transfer of the Hotel to an Approved Acquisition Party[1].

2.11 Principal Terms of the Licence Agreement

It is intended that the Trustee will enter into a licence agreement with the FHCS Trustee to grant the FHCS Trustee the right (in common with the Trustee and all others authorised by the Trustee so far as not inconsistent with the rights granted) to use the Hotel-related Licensed Areas for the purposes of the operation of the Hotel for the duration of the term of the Lease, with the FHCS Trustee paying a nominal fee (such licence fee being waived with effect from the date of commencement of the term of such licence agreement until such

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[1] Means any of the following: (i) the trustee for the time being of Frasers Hospitality Real Estate Investment Trust; (ii) the trustee-manager for the time being of Frasers Hospitality Business Trust; or (iii) any other property investment vehicle or property trust or fund sponsored and/or managed by FCL or any other company or corporation (as defined in the Companies Act) in the FCL Group.

time as the Trustee may decide to commence collection by notice in writing to the FHCS Trustee), the form of which is annexed to the Building Agreement (the "**Licence Agreement**").

3. RATIONALE AND BENEFITS OF THE CHINA SQUARE CENTRAL HOTEL TRANSACTION

3.1 Rationale

The rationale for the China Square Central Hotel Transaction are as follows:

(i) Enhance and create a more vibrant retail, entertainment and hospitality destination

The PMP had successfully revitalised the downtown heritage area and created a vibrant retail enclave in China Place. Upon completion, the Hotel is expected to further rejuvenate and enhance the vibrancy and liveliness of China Place, complementing the China Square Central Property and increasing the footfall in the area. This is expected to benefit the China Square Central Property, especially the retail and food and beverage outlets which would be able to capture the footfall from the guests of the Hotel, particularly on weekends.

The Hotel will further raise the profile of the China Square Central Property as an integrated development, comprising an exciting office accommodation, retail enclave and hospitality destination, all located within the heritage area in the central business district. This is expected to boost the value of the China Square Central Property in the long term. In addition, with the development of the Hotel Project, the Manager intends to undertake an asset enhancement initiative of the retail podium of 18 Cross Street in line with the overall objective of rejuvenating and creating a vibrant retail destination. Further details of the asset enhancement initiative will be revealed in due course when finalised.

(ii) Crystallise the value of the Additional GFA

The principal investment policy of FCOT is to invest in a diversified portfolio of real estate assets located in the Asia-Pacific region used for commercial purposes (comprising primarily office and/or business space purposes), and real estate-related assets in relation to the foregoing. The development activities that can be undertaken by FCOT is governed by the Property Funds Appendix, where the total value of property development activities undertaken and investments in uncompleted property developments by a REIT should not exceed 10.0% of the total deposited property of the REIT. Based on the total deposited property of up to S$1,849.6 million as at 31 March 2015, FCOT would only be able to undertake development activities of up to S$185.0 million. As the investment policy for FCOT is to invest in real estate assets for commercial and not hospitality purposes, and FCOT is unable to develop any property other than a hotel at the site, the China Square Central Hotel Transaction would enable FCOT to crystallise the value of the Additional GFA and minimise the exposure of FCOT to development risks.

(iii) Consistent with the proactive asset management strategies of FCOT

The Manager constantly reviews the market position of the properties of FCOT for re-positioning, explores and identifies areas of improvement that will increase the income and value of the properties and unlock potential value from the properties. The China Square Central Hotel Transaction is in line with the proactive asset

management strategy of the Manager as the Hotel is expected to reposition the China Square Central Property as an integrated development, and further rejuvenate and enhance the vibrancy and liveliness of China Place which will boost the value of the China Square Central Property in the long term. This is also in line with FCOT's objective to achieve long term growth in distributions and NAV per unit.

(iv) FCL is a full-fledged international real estate company with an established track record

The Hotel Project will be undertaken within the premise of the China Square Central Property, a completed development currently in operation. Upon completion, the Hotel will be closely integrated with the China Square Central Property. It is imperative for the Hotel Project to be undertaken by a developer with expertise and proven track record. In this regard, FCL is a full-fledged international real estate company with multi-segment capabilities across residential, commercial, industrial and hospitality properties. Listed on the Main Board of the SGX-ST and with a total asset size of approximately S$22 billion as at 31 March 2015, the FCL property portfolio spans 50 cities across Asia, Australasia, Europe and the Middle East. FCL has management expertise and proven track record as an owner and developer of hospitality assets.

With its expertise, development track record and in-depth knowledge of the China Square Central Property, FCL would be well suited to be the developer for the Hotel Project.

(v) Frasers Hospitality has a proven track record as an operator of hospitality assets globally

The Hotel will be operated by Frasers Hospitality Pte. Ltd. ("**Frasers Hospitality**") under the 'Capri by Fraser' brand. The hospitality arm of FCL, Frasers Hospitality, is a leading hotel and serviced residence operator with Gold-Standard residences across Europe, Middle East, North Asia, and the Asia-Pacific, including Southeast Asia.

Consistently recognised for its service excellence across all its properties, Frasers Hospitality's current portfolio of 94 properties across 50 cities and more than 17,000 units worldwide, is supported by an elaborate and efficient operational and marketing network, and is home to numerous executives from top Fortune 500 companies. With its award-winning and proven track record of operating hospitality assets globally, Frasers Hospitality would be a reputable operator of the Hotel.

Urban-inspired and design-led, the 'Capri by Fraser' brand combines the facilities and services of a smart hotel with the comfort and space of a serviced residence. 'Capri by Fraser' was first launched in Singapore in September 2010, to cater to the needs of the technology-savvy and digitally driven generation. Since its inception, the flagship 'Capri by Fraser' in Singapore has won numerous accolades including Asia's Best Hotel Residence by the World Travel and Awards and Certificate of Excellence by TripAdvisor. In 2014, Capri expanded its footprint to Ho Chi Minh City, Vietnam and Kuala Lumpur, Malaysia.

3.2 Benefits

The Manager believes that the China Square Central Hotel Transaction will bring, *inter alia*, the following benefits:

(i) Realise the value of the Additional GFA

FCOT would be able to realise the value of the Additional GFA upon the completion of the China Square Central Hotel Transaction. The Hotel Consideration of S$44.8 million is to be paid in cash to FCOT and would enable FCOT to crystallise the value of the Additional GFA. The Hotel Consideration represents approximately 7.7% of the value of the China Square Central Property[1].

(ii) Further rejuvenation of the China Square Central Property

The Hotel Project is in line with the strategy of further rejuvenating the precinct to create a vibrant retail and hospitality destination. The Hotel Project is expected to benefit the China Square Central Property, and in conjunction with the Hotel Project, the Manager intends to undertake an asset enhancement initiative for the retail podium of 18 Cross Street to enhance the competitive position and future growth potential of the China Square Central Property. Details of the proposed asset enhancement initiative will be revealed in due course when it is finalised.

(iii) Enhanced footfall may lead to potential for higher rental income

The increase in footfall from the guests of the Hotel is expected to generate additional footfall and patronage for the retail and food and beverage outlets at the China Square Central Property, particularly on weekends. This may lead to higher rental income and ultimately increasing the value of the China Square Central Property.

(iv) More efficient use of retail and commercial space

The China Square Central Hotel Transaction would result in new retail and commercial space being created as a result of such space being relocated from part of the existing basement of 18 Cross Street and a section of 22 Cross Street. This will be a more efficient use of space as the new lettable spaces will have better frontage and visibility.

3.3 Impact of the Hotel Project, Costs and Expenses

The development of the Hotel Project will involve the following works:

(i) demolition of a section of 22 Cross Street which is not under conservation regulations for the hotel drop off and a new ramp into the basement car park;

(ii) demolition of the sections of the commercial basement 1 and 2 at 18 Cross Street to house the Hotel back of house operations;

(iii) construction of the Hotel over the existing open square between 20 and 22 Cross Street and in front of 18 Cross Street;

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[1] Based on the valuation of the China Square Central Property as at 30 September 2014 of S$579.0 million.

(iv) elevation of the current open plaza with installation of flood gates according to the Public Utilities Board requirements for anti-flood measures; and

(v) reduction of 31 car park lots in the China Square Central Property from 394 lots to 363 lots.

The cost of the construction works above will be borne by the FHCS Trustee.

As a result of the construction works, certain affected units in the China Square Central Property will not be leased out, which is expected to result in an estimated loss of income of approximately S$3.6 million per year during the construction period (and up to a maximum potential loss of income of approximately S$14.4 million based on an expected construction period of four years). As certain spaces will be relocated as part of the Commercial Project, an estimated 1,081 sq m of new lettable spaces, which approximate the NLA in respect of the spaces which will be relocated, will be created with better frontage and visibility to provide a more efficient use of space.

As mentioned earlier, the Manager intends to undertake an asset enhancement initiative for the retail podium of 18 Cross Street of the China Square Central Property. The Manager expects the asset enhancement initiative to enhance the competitive position and future growth potential of the China Square Central Property and have a positive impact on rentals in the long term. The Commercial Project and the asset enhancement initiative are expected to benefit the China Square Central Property in the long run.

4. DETAILS OF THE CHINA SQUARE CENTRAL HOTEL TRANSACTION

4.1 Relevant Thresholds under the Listing Manual and the Property Funds Appendix

4.1.1 Relative figures computed on the bases set out in Rule 1006 of the Listing Manual

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual of the SGX-ST (the "**Listing Manual**") for the grant of the Lease for the Leasehold Term using the applicable bases of comparison described in Rules 1006(a) and 1006(c) of the Listing Manual are set out in the table below. The relative figures for Rules 1006(b)[1] and 1006(d) of the Listing Manual are not applicable.

Comparison of:	The China Square Central Hotel Transaction	FCOT	Relative figure
Net asset value	S$44.8 million	S$1,091.4 million(1)	4.1%
Consideration against market capitalisation	S$44.8 million	S$1,041.8 million(2)	4.3%

Notes:

(1) Based on FCOT's audited financial statements for the financial year ended 30 September 2014.

(2) Based on FCOT's market capitalisation on 24 April 2015, being the market day preceding the date the Conditional Agreement was signed.

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[1] The relative figure for Rule 1006(b) of the Listing Manual is not applicable as the grant of the Lease is in respect of the Hotel which is to be built.

The Manager is of the view that the China Square Central Hotel Transaction is in the ordinary course of FCOT's business and is therefore not subject to Chapter 10 of the Listing Manual.

4.1.2 Interested Person Transaction and Interested Party Transaction

As at the Latest Practicable Date, FCL holds, through FCL Trust Holdings (Commercial) Pte. Ltd. and Frasers Centrepoint Asset Management (Commercial) Ltd., an aggregate interest in 187,540,430 Units, which is equivalent to approximately 27.4% of the total number of Units in issue, and is therefore regarded as a "controlling Unitholder" of FCOT under both the Listing Manual and the Property Funds Appendix. In addition, as the Manager is a wholly-owned subsidiary of FCL, FCL is therefore regarded as a "controlling shareholder" of the Manager under both the Listing Manual and the Property Funds Appendix.

As the FHCS Trustee is the trustee of FHCST, an indirect wholly-owned special purpose trust of FCL, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the FHCS Trustee (being wholly-owned by a "controlling Unitholder" of FCOT and a "controlling shareholder" of the Manager) is (for the purposes of the Listing Manual) an "interested person" and (for the purposes of the Property Funds Appendix) an "interested party" of FCOT.

As the Project Manager is an indirect wholly-owned subsidiary of FCL, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Project Manager (being wholly-owned by a "controlling Unitholder" of FCOT and a "controlling shareholder" of the Manager) is (for the purposes of the Listing Manual) an "interested person" and (for the purposes of the Property Funds Appendix) an "interested party" of FCOT.

Therefore, the China Square Central Hotel Transaction will constitute an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under the Property Funds Appendix.

Details of the interested person transactions entered into between (1) FCOT, and (2) FCL and their subsidiaries and associates, during the course of the current financial year up to the Latest Practicable Date ("**Existing Interested Person Transactions**") may be found in **Appendix H** of this Circular.

4.2 Directors' Service Contracts

No person is proposed to be appointed as a director of the Manager ("**Director**") in connection with the China Square Central Hotel Transaction or any other transactions contemplated in relation to the China Square Central Hotel Transaction.

5. RESOLUTION 2: THE PROPOSED ACQUISITION OF 357 COLLINS STREET, MELBOURNE, VICTORIA, AUSTRALIA

5.1 Description of 357 Collins Street

Located in the heart of the Melbourne Central Business District (the "**CBD**"), 357 Collins Street is a 25 storey freehold office building with Grade A specifications with a total NLA of 31,920 sq m, comprising office space of 30,095 sq m and retail space of 1,825 sq m. 357 Collins Street occupies a central position in the financial precinct of the Melbourne CBD

with Collins Street regarded as a prime office location in the Melbourne CBD. 357 Collins Street is also close to Bourke Street Mall, Melbourne's retail heart which offers numerous arcades and malls, speciality shopping and department stores.

Having gone through an extensive refurbishment which was completed in December 2012, 357 Collins Street features a modern lobby and contemporary façade. The upper floors have attractive views of the Yarra River and Southbank. The office floors have high efficiency side-core, and the majority of floor plates are greater than 1,000 sq m, providing flexibility for tenants to tailor fit-outs to suit their specific requirements. The building has lifts with Personal Occupant Requirement Terminal ("**PORT**") destination lift technology which optimises traffic flow while offering personalised service and access control. It also has various amenities such as car park and bicycle bays, end of trip facilities such as showers, changing rooms and lockers and retail and food and beverage offerings for the convenience of tenants and visitors.

Being strategically located in the heart of the Melbourne CBD, the property boasts good connectivity and accessibility. The property has well-established pedestrian, vehicle and public transport access. 357 Collins Street is well served by public transport infrastructure such as the Flinders Street Station, which serves the entire Melbourne metropolitan rail network, whilst the Southern Cross Station, the major railway station and transport hub for Melbourne, is the terminus of the State's regional railway network, suburban rail services and a coach terminal. Trams also run through Collins Street with tram stops located at several intersections on Collins Street.

357 Collins Street has good environmental credentials with a 5 star National Australian Built Environment Rating System ("**NABERS**") Energy rating for its environmentally sustainable features. 357 Collins Street has well-established and quality tenants including the Commonwealth Bank of Australia, Meridian Energy Australia Pty Ltd and Wilson HTM Services Pty Ltd.

(See **Appendix C**, "357 Collins Street, the Existing Portfolio[1] and the Enlarged Portfolio[2] " for details in relation to 357 Collins Street)

5.2 Conditional Sale and Purchase Agreement

5.2.1 Conditional Sale and Purchase

Pursuant to the conditional sale and purchase agreement dated 27 April 2015 (the "**Sale and Purchase Agreement**") made between TFS Collins Pty Ltd (an indirect wholly-owned subsidiary of the Trustee incorporated in Australia, "**TFS**"), in its capacity as trustee of Collins Street Landholding Trust, and the Vendor, the Vendor shall sell 357 Collins Street to TFS and TFS shall purchase the property at the Purchase Consideration of A$222.5 million) and upon the terms and subject to the conditions of the Sale and Purchase Agreement.

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1 "**Existing Portfolio**" means the portfolio of properties currently held by FCOT, consisting of three properties located in Singapore, namely 55 Market Street, China Square Central and Alexandra Technopark, and two properties located in Australia, namely Caroline Chisholm Centre and Central Park.

2 "**Enlarged Portfolio**" means 357 Collins Street and the Existing Portfolio.

5.2.2 Conditions Precedent for Completion

Completion of the 357 Collins Street Acquisition is conditional upon the fulfilment or waiver (as the case may be) of, *inter alia*, the following:

(i) approval being obtained from Unitholders for the purchase of 357 Collins Street on the terms and conditions of the Sale and Purchase Agreement;

(ii) FIRB Clearance being obtained by TFS;

(iii) TFS being satisfied that it has:

  (a) secured sufficient financing to undertake the 357 Collins Street Acquisition; and

  (b) the agreements for such financing being current and unconditional in all respects; and

(iv) TFS being satisfied with the results of the due diligence in respect of 357 Collins Street.

5.2.3 Completion

Completion of the 357 Collins Street Acquisition under the Sale and Purchase Agreement is expected to take place no later than 1 September 2015 (or such other date as may be mutually agreed) after the conditions precedent set out in the Sale and Purchase Agreement have been fulfilled. In any event, the long-stop date for completion of the 357 Collins Street Acquisition is 18 December 2015.

5.3 Estimated Total Acquisition Cost

The estimated total cost of the 357 Collins Street Acquisition is expected to be approximately A$237.7 million (the "**Total Acquisition Cost**"), comprising:

(i) the Purchase Consideration of A$222.5 million;

(ii) the acquisition fee payable to the Manager of A$2.2 million (which is equal to 1.0% of the Purchase Consideration) in connection with the 357 Collins Street Acquisition (the "**Acquisition Fee**");

(iii) estimated stamp duty payable thereon of approximately A$12.2 million; and

(iv) estimated professional and other fees and expenses of approximately A$0.8 million in connection with the 357 Collins Street Acquisition.

As the 357 Collins Street Acquisition is an "interested party transaction" under the Property Funds Appendix, the Manager is required under paragraph 5.6 of the Property Funds Appendix to receive the Acquisition Fee in Units, and the Units to be issued as payment of the Acquisition Fee (the "**Acquisition Fee Units**") are not to be sold within one year from their date of issuance.

5.4 Method of Financing the Acquisition

The Manager intends to finance the 357 Collins Street Acquisition with a combination of equity and debt financing, so as to ensure that the 357 Collins Street Acquisition will provide overall distribution per Unit ("**DPU**") accretion to Unitholders while maintaining an optimum level of gearing. The final decision regarding the proportion of equity and debt financing to be employed for the purposes of financing the 357 Collins Street Acquisition will be made by the Manager at the appropriate time taking into account the then prevailing market conditions and interest rate environment, availability of alternative funding options, the impact on FCOT's capital structure, DPU and debt expiry profile and the covenants and requirements associated with each financing option.

The Manager proposes to issue up to 95.0 million New Units (which is equivalent to approximately S$142.5 million or 13.9% of the 683,439,806 Units in issue as at the Latest Practicable Date based on the Illustrative Issue Price of S$1.50 per New Unit) pursuant to the Private Placement to part finance the 357 Collins Street Acquisition. The balance thereof is intended to be funded by new loan facilities which the Manager will put in place for the 357 Collins Street Acquisition. The Manager intends to allocate the entire net proceeds from the Private Placement for the purposes of the 357 Collins Street Acquisition. The Manager will announce details of the Private Placement at the appropriate time.

The illustrative debt and equity funding plan adopted for the purposes of the pro forma financial impact and Profit Forecast of the Existing and Enlarged Portfolio for 4Q2015 contained in this Circular is based on an illustrative debt funding level of 50% of the Total Acquisition Cost (excluding the Acquisition Fee to be paid in Units). The illustrative debt funding is based on 50% of the debt to be denominated in Australian dollars and the remainder denominated in Singapore dollars. However, the actual debt and equity funding plan to be adopted by the Manager will depend on, *inter alia*, prevailing market conditions, the demand for New Units, the Issue Price and the terms and interest rates of available debt and loan facilities.

5.5 Valuation and Purchase Consideration

The purchase consideration of A$222.5 million (the "**Purchase Consideration**") was arrived at on a willing-buyer willing-seller basis after taking into account the location, occupancy and rental income generated by the property. The two independent valuations as at 15 April 2015 of 357 Collins Street by Jones Lang LaSalle Advisory Services Pty Limited ("**JLL**") and Knight Frank (Valuations Services (Vic) Pty Ltd) ("**KF**"), were respectively commissioned by the Trustee and the Manager. The valuations were derived using the income capitalisation and the discounted cash flow methods.

(See **Appendix G**, for the valuation certificates of JLL and KF)

Appraised Value		Purchase Consideration (A$'million)
By JLL as at 15 April 2015 (A$'million)	By KF as at 15 April 2015 (A$'million)	
227.0	224.0	222.5

5.6 Incentives Reimbursements

Australand Holdings Limited ("**AHL**"), a wholly-owned subsidiary of Frasers Australand, has agreed to bear all outstanding incentives granted by the Vendor prior to settlement under the leases of 357 Collins Street (the "**Incentives**"), and accordingly, pursuant to the entry of a deed of undertaking entered into on 27 April 2015 between AHL and TFS (the "**Incentive Deed**"), AHL will reimburse TFS in cash up to an aggregate of A$1.5 million so that TFS would receive rental from such leases during the course of rent-free periods as if the Incentives were not in place. As at the Latest Practicable Date, the amounts of such Incentives for the next five years are estimated to be as follows:

Total Outstanding Incentives per FCOT Financial Period	**4Q2015**	**FY2016**	**FY2017**	**FY2018**	**FY2019**	**FY2020**
A$'000	309	418	188	153	120	75

5.7 Property Management Agreement

Upon the completion of the 357 Collins Street Acquisition, Australand Management Services Pty Ltd[1] (the "**Property Manager**") will be appointed to provide property management and leasing services for 357 Collins Street for an initial period of two years. The fees payable and the expenses reimbursable to the Property Manager pursuant to the property management agreement to be entered into between TFS and the Property Manager (the "**357 Collins Street PMA**") are as follows[2]:

(i) the property management fees for the first year will be A$100,000 with 3% annual increases thereafter, which is in line with the average consumer price index increase in Australia;

(ii) the management office costs of approximately A$36,000 annually[3] paid by the Property Manager will be reimbursed by TFS to the Property Manager and the Property Manager will also be reimbursed 130% of staff salaries to cover staff salaries and related costs, which include workers compensation, leave and medical costs, insurance, employment and recruiting costs, staff administration, training and professional development;

(iii) the leasing fees for securing new tenants introduced by the Property Manager will be based on the following computation:

(a) for leases with a term of up to five years, 10% of the average annual gross rental over the initial term of the lease; or

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1 Australand Management Services Pty Ltd is a wholly-owned subsidiary of Frasers Australand, which is a wholly-owned subsidiary of Frasers Amethyst Pte. Ltd., a wholly-owned subsidiary of FCL.

2 The property management fees payable to the Property Manager pursuant to the Property Management Agreement are in line with market practice in Australia.

3 TFS, as part of the landlord's operational costs in the running of the property, shall reimburse the Property Manager for rental incurred by the Property Manager in respect of the management office with an area of approximately 60 square metres required to house the operational team to provide the property management services, which is located at level 12 of 357 Collins Street. The provision of office space for property management staff by the landlord is in line with market practice in Australia. Such reimbursement will be calculated at the rate of approximately A$476 per square metre per annum (with an increase of 4% per annum) plus outgoings payable for that period.

(b) for leases with a term of more than five years, χ% of the average annual gross rental over the initial term of the lease,

with χ% being 10% plus an additional 1% for each additional year of the term of the initial lease exceeding five years and capped at 15%; and

(iv) the leasing fees for renewals of existing leases will be based on 30% of the fees computed under (iii) above.

The rationale for the appointment of Australand Management Services Pty Ltd to provide property management services for 357 Collins Street is to leverage on Frasers Australand's on-the-ground real estate expertise and strong network in Australia.

For the avoidance of doubt, payments made by TFS pursuant to the Property Management Agreement would be subject to Rules 905 and 906 of the Listing Manual.

5.8 Use of Unit Trust to hold 357 Collins Street

FCOT has established an Australian unit trust named Collins Street Landholding Trust in Australia pursuant to a trust deed with TFS Collins Pty Ltd (an indirect wholly-owned subsidiary of the Trustee incorporated in Australia) being appointed as the trustee of Collins Street Landholding Trust, to acquire and hold the legal title to 357 Collins Street.

Collins Street Landholding Trust will be wholly indirectly owned by the Trustee. FCOT will hold a 100% legal and beneficial interest in 357 Collins Street. 357 Collins Street will be the sole property asset of Collins Street Landholding Trust.

6. RATIONALE AND BENEFITS OF THE 357 COLLINS STREET ACQUISITION

6.1 Rationale and benefits for the 357 Collins Street Acquisition

The rationale and benefits for the 357 Collins Street Acquisition are as follows:

6.1.1 Strategic addition of a Grade A office in the heart of the Melbourne CBD

(i) Building with Grade A specifications

With a total NLA of 31,920 sq m, 357 Collins Street is a 25 storey freehold Grade A office building comprising office space of 30,095 sq m and retail space of 1,825 sq m. Having gone through an extensive refurbishment which was completed in December 2012, 357 Collins Street features a modern lobby with a contemporary façade. The upper floors have attractive views of the Yarra River and Southbank. The office floors have high efficiency side-core, and the majority of the floor plates are more than 1,000 sq m, providing flexibility for tenants to tailor fit-outs to suit their specific requirements. The building has lifts with PORT destination lift technology which optimises traffic flow while offering personalised service and access control.

It also has various amenities such as car park and bicycle bays, end of trip facilities such as showers, changing rooms and lockers and retail and food and beverage offerings for the convenience of tenants and visitors.

357 Collins Street has good environmental credentials with a 5 star NABERS Energy rating for its environmentally sustainable features, which are increasingly sought after by blue chip tenants and multi-national corporations when sourcing for office space.

(ii) Strategic location with good connectivity

357 Collins Street occupies a central position in the financial precinct of the Melbourne CBD. Collins Street is regarded as a prime office location in the Melbourne CBD. 357 Collins Street is also close to Bourke Street Mall, Melbourne's retail heart which offers numerous arcades and malls, speciality shopping and department stores. The retail component of 357 Collins Street has direct access from Flinders Lane, and forms part of the broader Flinders Lane food and beverage precinct.

Being strategically located in the heart of the Melbourne CBD, the property boasts good connectivity and accessibility. The property has well-established pedestrian, vehicle and public transport access. It is situated within walking distance to the Flinders Street Station to the South and the Southern Cross Station to the West. The Flinders Street Station serves the entire Melbourne metropolitan rail network whilst the Southern Cross Station, the major railway station and transport hub for Melbourne, is the terminus of the State's regional railway network, suburban rail services and a coach terminal. Trams also run through Collins Street with tram stops located at several intersections on Collins Street. The property is also well-served by various roads connected to various parts of Melbourne.

(iii) Well-established and quality tenants with high committed occupancy rate of 95.0%

The property has well-established and quality tenants such as the Australia Securities Exchange ("**ASX**") listed Commonwealth Bank of Australia, one of the 'Big Four' Australian banks; Meridian Energy Australia Pty Ltd, a wholly-owned subsidiary of the New Zealand Stock Exchange and ASX listed Meridian Energy Limited, a New Zealand majority state-owned electricity generator; and Wilson HTM Services Pty Ltd, part of the ASX listed Wilson HTM Investment Group Ltd, a financial services group.

The property has also recorded a high committed occupancy rate of 95.0% as at the Latest Practicable Date.

(iv) Long WALE

As at 31 March 2015, 357 Collins Street has a WALE (by gross rental income) of 6.0 years. There will be no leases expiring until FY2018. The long WALE will provide stability of income and increase the WALE of the Existing Portfolio. Following the 357 Collins Street Acquisition, the WALE (by gross rental income) will increase from 3.5[1] years for the Existing Portfolio to 3.9 years for the Enlarged Portfolio, as at 31 March 2015.

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[1] Inclusive of the early renewal of the underlying leases at Alexandra Technopark.

6.1.2 Enhance FCOT's overall portfolio

(i) Maiden entry into and gain exposure to the Melbourne CBD office market

The existing portfolio of FCOT provides exposure to the Perth CBD and Canberra office markets in Australia. The 357 Collins Street Acquisition marks FCOT's maiden entry into the Melbourne CBD office market and expansion of FCOT's geographical exposure to Melbourne. The Melbourne CBD office is the second largest office market in Australia. This will complement and diversify the exposure of FCOT from its existing portfolio in Perth and Canberra. The 357 Collins Street Acquisition also marks a strategic investment in one of the core markets of FCOT with good potential for growth.

According to Jones Lang LaSalle (VIC) Pty Ltd (the "**Independent Market Consultant**"), the Melbourne CBD office market is attractive due to a range of services that provide a compelling locational advantage over suburban and near city markets. Melbourne is the centre of an extensive public transport network and high quality amenities and services offered are also contributing factors in attracting and retaining employees.

According to the Independent Market Consultant, the demand for office space in the Melbourne CBD has gained momentum with three consecutive quarters of growth, from the second quarter of 2014 to the fourth quarter of 2014. The outlook is for stronger growth in net absorption, driven by the value proposition of the CBD office market and a rebound in the white collar employment growth.

Prime gross effective rents are forecast to grow by 3.8% per annum over the five years to the fourth quarter of 2019. This is significantly higher than the average growth over the last five years of 1.1% per annum.

(See **Appendix J**, "Melbourne CBD Office Market Report" for further details)

(ii) Capitalise and benefit from the future growth of Melbourne

The City of Melbourne will continue to experience revitalisation under 'Plan Melbourne'[1], a plan by the Victorian Government which outlines Melbourne's growth to the year 2050. 'Plan Melbourne' provides an integrated approach to planning and development which includes land use, transport, plus social and community infrastructure. It will also build confidence, investment and employment vital for Victoria's long term future. Already known as one of the world's most liveable cities, the vision under 'Plan Melbourne' is for Melbourne to be a global city of opportunity and choice. Under 'Plan Melbourne', from 2013 to 2051, the population in Melbourne is expected to grow from 4.3 million to 7.7 million. Melbourne is expected to create 1.7 million new jobs by 2051, adding to its current 2.0 million jobs. These are expected to have a long-term benefit for the office sector in Melbourne.

The 357 Collins Street Acquisition will enable FCOT to participate and benefit from the future and long-term growth of Melbourne.

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[1] Source: Victorian State Government (www.planmelbourne.vic.gov.au). The Victorian State Government has not provided its consent to the inclusion of the information extracted from the relevant report published by it and therefore is not liable for such information. While the Manager has taken reasonable actions to ensure that the information from the report published by the Victorian State Government is reproduced in its proper form and context, and that the information is extracted accurately and fairly from such report, neither the Manager nor any other party has conducted an independent review of the information contained in such report nor verified the accuracy of the contents of the relevant information.

(iii) Enlarge FCOT's Existing Portfolio size

Following the completion of the 357 Collins Street Acquisition, FCOT's portfolio size is expected to increase by 14.2% from S$1.8 billion as at 31 March 2015 to S$2.0 billion, and 357 Collins Street will constitute 12.4% of the Enlarged Portfolio as at 31 March 2015. The total portfolio NLA is also expected to increase 15.1% from 211,748 sq m to 243,668 sq m as at 31 March 2015.

(iv) Greater income diversification

The 357 Collins Street Acquisition is expected to result in greater income diversification with income contribution from a new geographical location and reduce the reliance of income contribution from any single property. The contribution from 357 Collins Street will also provide an additional income stream for FCOT. Following the acquisition, the maximum contribution to FCOT's net property income by any single property will decrease from 37.2% to 32.4% based on the forecast net property income for the financial quarter ending 30 September 2015 ("**4Q2015**").

(v) Enlarge and greater diversification of tenant base

The 357 Collins Street Acquisition is expected to enlarge and further diversify FCOT's tenant base with the addition of well-established tenants from various industries, both from the financial and non-financial sectors. The Enlarged Portfolio will feature new tenants such as the Commonwealth Bank of Australia, Meridian Lawyers Limited, Wilson HTM Services Pty Ltd, Infor Global Solutions (ANZ) Pty Limited, Meridian Energy Australia Pty Ltd and The Trust Company.

(vi) Leases with fixed annual increments provide organic growth and income stability

Approximately 97.1% of the leases of 357 Collins Street as of 31 March 2015 have fixed annual increments of between 3.75% to 4.00% per annum, thus providing good organic growth and income stability. In addition, as at 31 March 2015, the average fixed annual increment for FY2016 is 3.9%.

6.1.3 Accretive Transaction

Unitholders can expect to see a higher DPU as a result of the 357 Collins Street Acquisition being made at a price which is reflective of the cash flows which the property is expected to generate, combined with a debt and equity financing plan to be determined by the Manager.

Unitholders can expect to see an increase in forecast DPU from 2.3013 cents to 2.3206 cents for 4Q2015 after the 357 Collins Street Acquisition, which is an increase of 0.8%. Leases with fixed annual increments will provide further growth in DPU. The illustrative number of new Units to be issued in connection with the 357 Collins Street Acquisition in the Profit Forecast of the Existing and Enlarged Portfolio for 4Q2015 is approximately 85.5 million, which is the sum of 84.0 million new Units issued in connection with the Private Placement and 1.5 million Acquisition Fee Units.

(See paragraph 9 of the Letter to Unitholders for further details)

6.1.4 Consistent with the Manager's strategy

The 357 Collins Street Acquisition is consistent with the Manager's strategy to build a strong and balanced portfolio of quality commercial properties so as to deliver a stable and sustainable distribution to Unitholders.

6.1.5 Increased trading liquidity and investor interest

Following the Private Placement, the market capitalisation of FCOT is expected to increase. With a larger market capitalisation, FCOT is likely to garner a wider interest from existing and potential investors. The New Units, when issued, is expected to increase FCOT's number of Units on the SGX-ST which in turn is expected to result in improved trading liquidity, thus potentially benefiting Unitholders.

For illustrative purposes, based on the forecast for 4Q2015, assuming that approximately 85.5 million new Units are issued in connection with the 357 Collins Street Acquisition (comprising approximately 84.0 million new Units to be issued based on illustrative issue price of S$1.50 per New Unit under the Private Placement and 1.5 million new Units to be issued as Acquisition Fee Units based on illustrative issue price of $1.54 per Unit). The 85.5 million new Units to be issued represent 12.5% of the total outstanding Units in issue as at the Latest Practicable Date.

7. DETAILS OF THE 357 COLLINS STREET ACQUISITION

7.1 Method of Proposed Financing

The Manager intends to finance the 357 Collins Street Acquisition with a combination of equity and debt financing, so as to ensure that the 357 Collins Street Acquisition will provide overall DPU accretion to Unitholders while maintaining an optimum level of gearing. The final decision regarding the proportion of equity and debt financing to be employed for the purposes of financing the 357 Collins Street Acquisition will be made by the Manager at the appropriate time taking into account the then prevailing market conditions and interest rate environment, availability of alternative funding options, the impact on FCOT's capital structure, DPU and debt expiry profile and the covenants and requirements associated with each financing option.

The Manager proposes to issue up to 95.0 million New Units (which is equivalent to approximately S$142.5 million or 13.9% of the 683,439,806 Units in issue as at the Latest Practicable Date based on the Illustrative Issue Price of S$1.50 per New Unit) pursuant to the Private Placement to part finance the 357 Collins Street Acquisition. The balance thereof is intended to be funded by new loan facilities which the Manager will put in place for the 357 Collins Street Acquisition. The Manager intends to allocate the entire net proceeds from the Private Placement for the purposes of the 357 Collins Street Acquisition. The Manager will announce details of the Private Placement at the appropriate time.

The illustrative debt and equity funding plan adopted for the purposes of the pro forma financial impact and forecast contained in this Circular is based on an illustrative debt funding level of 50% of the Total Acquisition Cost (excluding the Acquisition Fee to be paid in Units). The illustrative debt funding is based on 50% of the debt to be denominated in Australian dollars and the remainder denominated in Singapore dollars. However, the actual debt and equity funding plan to be adopted by the Manager will depend on, *inter alia*, prevailing market conditions, the demand for New Units, the Issue Price and the terms and interest rates of available debt and loan facilities.

FOR ILLUSTRATIVE PURPOSES ONLY: To illustrate the DPU accretion arising from the Acquisition, based on the illustrative debt funding level of 50% for the Total Acquisition Cost (excluding the Acquisition Fee to be paid in Units), the table below sets out the Forecast DPU for 4Q2015 in relation to (i) the Existing Portfolio, and (ii) the Enlarged Portfolio based on the Issue Price of the New Units.

Assumed issue price of New Units issued under the Private Placement (S$)	No. of New Units ('000)	Forecast DPU for 4Q2015		
		Existing Portfolio (cents)	Enlarged Portfolio (cents)	DPU Accretion (%)
1.45	86,938	2.3013	2.3120	0.5
1.46	86,343	2.3013	2.3137	0.5
1.47	85,755	2.3013	2.3155	0.6
1.48	85,176	2.3013	2.3172	0.7
1.49	84,604	2.3013	2.3190	0.8
1.50	84,040	2.3013	2.3206	0.8
1.51	83,484	2.3013	2.3223	0.9
1.52	82,934	2.3013	2.3240	1.0
1.53	82,392	2.3013	2.3256	1.1
1.54	81,857	2.3013	2.3272	1.1
1.55	81,329	2.3013	2.3288	1.2

FOR ILLUSTRATIVE PURPOSES ONLY: To illustrate the DPU accretion arising from the Acquisition, based on the Total Acquisition Cost (excluding the Acquisition Fee to be paid in Units), the table below sets out the Forecast DPU for 4Q2015 in relation to (i) the Existing Portfolio, and (ii) the Enlarged Portfolio based on the combination of debt and equity funding.

Debt Proceeds (S$'million)	Equity Proceeds[(1)] (S$'million)	Net debt proceeds to Total Acquisition Cost (excluding Acquisition Fee)[(2)] (%)	Forecast DPU for 4Q2015		
			Existing Portfolio (cents)	Enlarged Portfolio (cents)	DPU Accretion (%)
99.4	149.0	40	2.3013	2.2970	(0.2)
111.8	136.6	45	2.3013	2.3087	0.3
124.2	124.2	50	2.3013	2.3206	0.8
136.6	111.8	55	2.3013	2.3327	1.4
149.0	99.4	60	2.3013	2.3451	1.9

Notes:

(1) Calculated based on the corresponding number of New Units issued in connection with the Private Placement multiplied by the Illustrative Issue Price.

(2) Calculated by using the debt funding divided by the Total Acquisition Cost (excluding the Acquisition Fee to be paid in Units).

The Forecast DPU tables must be read together with FCOT's forecast consolidated statement of total return and distributable income for 4Q2015 which has been prepared in accordance with the accounting policies adopted by FCOT for FY2014. The Profit Forecast of the Existing and Enlarged Portfolio for 4Q2015 is set out in **Appendix D** of this Circular. The Profit Forecast of the Existing and Enlarged Portfolio for 4Q2015 set out in **Appendix D** of this Circular must be read together with the report of the Independent Accountants (who have examined the Profit Forecast of the Existing and Enlarged Portfolio for 4Q2015) in **Appendix F** of this Circular.

There is no assurance that the actual issue price of the New Units will be within the assumed issue price or any of the assumed parameters set out for illustration purposes above.

7.2 Certain Financial Information Relating to the 357 Collins Street Acquisition

Based on assumptions set out in this Circular, the following table sets out certain selected financial information in relation to the 357 Collins Street Acquisition:

	Forecast for 3 months period from 1 July 2015 to 30 September 2015[1]		Forecast for 12 months period from 1 July 2015 to 30 June 2016[2]	
	A$'000	**S$'000[3]**	**A$'000**	**S$'000[3]**
Gross Revenue	4,525	4,774	18,427	19,440
Property Expenses	1,100	1,161	4,483	4,730
Net Property Income	3,425	3,613	13,944	14,710
Net Property Income Yield			6.3%[4]	

Notes:

(1) This relates to the forecast of the gross revenue, property expenses and net property income of 357 Collins Street which was included in the Profit Forecast of the Existing and Enlarged Portfolio for 4Q2015 contained in **Appendix D** of this Circular.

(2) This relates to the forecast of the gross revenue, property expenses and net property income of 357 Collins Street for the 12 months from 1 July 2015 to 30 June 2016 contained in **Appendix E** of this Circular.

(3) The S$ equivalent figures are derived based on the exchange rate of A$1 = S$1.055.

(4) Calculated by dividing the forecast net property income of 357 Collins Street for the 12 months from 1 July 2015 to 30 June 2016 with the Purchase Consideration.

The detailed forecast of net property income in relation to the 357 Collins Street Acquisition for the 12 months ending 30 June 2016, and the assumptions for the forecast information included in the table above, are set out in **Appendix E** of this Circular (the "**Profit Forecast of 357 Collins Street for the 12 Months Ending 30 June 2016**"), and the report of Ernst & Young LLP, who have been appointed as the independent accountants (the "**Independent Accountants**") and have examined the Profit Forecast of 357 Collins Street for the 12 Months Ending 30 June 2016, set out in **Appendix F** of this Circular.

7.3 Requirement of Unitholders' Approval

7.3.1 Relative figures computed on the bases set out in Rule 1006 of the Listing Manual

The relative figures computed on the bases set out in Rule 1006 of the Listing Manual for the 357 Collins Street Acquisition using the applicable bases of comparison described in Rules 1006(b) and 1006(c) of the Listing Manual are set out in the table below. The relative figures for sub-paragraphs Rules 1006(a) and 1006(d) of the Listing Manual are not applicable.

Comparison of:	The 357 Collins Street Acquisition	FCOT	Relative figure
Net profits	S$14.7 million(1)	S$87.2 million(2)	16.9%
Consideration against market capitalisation	S$234.7 million(3)	S$1,041.8 million(4)	22.5%

Notes:

(1) Based on forecast net property income of 357 Collins Street for the 12 months ending 30 June 2016 and the exchange rate of A$1.00 = S$1.055.

(2) Based on FCOT's audited financial statements for the financial year ended 30 September 2014.

(3) Based on Purchase Consideration and the exchange rate of A$1.00 = S$1.055.

(4) Based on FCOT's market capitalisation on 24 April 2015, being the market day preceding the date the Sale and Purchase Agreement was signed.

The Manager is of the view that the 357 Collins Street Acquisition is in the ordinary course of FCOT's business and is therefore not subject to Chapter 10 of the Listing Manual.

7.3.2 Interested Person Transaction and Interested Party Transaction

Under Chapter 9 of the Listing Manual, where FCOT proposes to enter into a transaction with an interested person and the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of FCOT's latest audited NTA, Unitholders' approval is required in respect of the transaction. Paragraph 5 of the Property Funds Appendix also imposes a requirement for Unitholders' approval for an interested party transaction by FCOT whose value exceeds 5.0% of FCOT's latest audited NAV.

Based on the FY2014 Audited Financial Statements, the NTA and NAV of FCOT was S$1,091.4 million as at 30 September 2014. Accordingly, if the value of a transaction which is proposed to be entered into by FCOT with an interested person or party is equal to or greater than S$54.6 million, such a transaction would be subject to Unitholders' approval pursuant to Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix. Given the Purchase Consideration of A$222.5 million (approximately S$234.7 million) (which is 21.5% of the NTA and NAV of FCOT as at 30 September 2014), the value of the 357 Collins Street Acquisition exceeds the said thresholds.

As at the Latest Practicable Date, FCL holds, through FCL Trust Holdings (Commercial) Pte. Ltd. and Frasers Centrepoint Asset Management (Commercial) Ltd., an aggregate interest in 187,540,430 Units, which is equivalent to approximately 27.4% of the total number of Units in issue, and is therefore regarded

as a "controlling Unitholder" of FCOT under both the Listing Manual and the Property Funds Appendix. In addition, as the Manager is a wholly-owned subsidiary of FCL, FCL is therefore regarded as a "controlling shareholder" of the Manager under both the Listing Manual and the Property Funds Appendix.

As the Vendor is the trustee of APT (Collins St No. 1) Trust, an indirect wholly-owned special purpose trust of Frasers Australand[1], for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Vendor (being the trustee of a special purpose trust wholly-owned by a "controlling Unitholder" of FCOT and a "controlling shareholder" of the Manager) is (for the purposes of the Listing Manual) an "interested person" and (for the purposes of the Property Funds Appendix) an "interested party" of FCOT.

As the Property Manager is an indirect wholly-owned subsidiary of FCL, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Property Manager (being wholly-owned by a "controlling Unitholder" of FCOT and a "controlling shareholder" of the Manager) is (for the purposes of the Listing Manual) an "interested person" and (for the purposes of the Property Funds Appendix) an "interested party" of FCOT.

Therefore, the 357 Collins Street Acquisition will constitute an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

Details of the interested person transactions entered into between (1) FCOT and (2) FCL and their subsidiaries and associates, during the course of the current financial year up to the Latest Practicable Date (i.e. the Existing Interested Person Transactions) may be found in **Appendix H** of this Circular.

7.4 Directors' Service Contracts

No person is proposed to be appointed as a Director in connection with the 357 Collins Street Acquisition or any other transactions contemplated in relation to the 357 Collins Street Acquisition.

8. PRO FORMA FINANCIAL EFFECTS

8.1 Assumptions

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects of the China Square Central Hotel Transaction and the 357 Collins Street Acquisition on the Unitholders' funds per Unit, the DPU and capitalisation presented below are strictly for illustrative purposes only and were prepared based on the audited financial statements of FCOT for the financial year ended 30 September 2014 (the "**FY2014**", and the audited financial statements of FCOT for FY2014, the "**FY2014 Audited Financial Statements**"), and assuming the following for the respective proposed transactions:

8.1.1 The China Central Square Hotel Transaction

(i) Hotel Consideration of S$44.8 million;

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[1] Frasers Australand is a wholly-owned subsidiary of Frasers Amethyst Pte. Ltd., which is a wholly-owned subsidiary of FCL.

(ii) all of the Hotel Consideration, net of expenses, will be used to pay down existing debt of FCOT;

(iii) Divestment Fee payable to the Manager are paid in the form of Divestment Fee Units issued at an assumed price of S$1.54 per Unit; and

(iv) excluding the financial effects of the estimated loss of income during the construction period as disclosed in paragraph 3.3 as such estimated loss of income is temporary.

8.1.2 The 357 Collins Street Acquisition

(i) 12 months forecast of the net property income of 357 Collins Street for the period from 1 July 2015 to 30 June 2016 set out in **Appendix E** of the Circular (The occupancy rate of 357 Collins Street increased from 87% to 93% over the last 12 months ended 31 March 2015. Consequently, the 12 months forecast of the net property income of 357 Collins Street for the period from 1 July 2015 to 30 June 2016 set out in **Appendix E**[1] of the Circular has been used in the preparation of the pro forma financial effects of the 357 Collins Street Acquisition as it is more reflective of the performance of the property);

(ii) estimated Total Acquisition Cost of A$237.7 million;

(iii) illustrative debt funding level of 50% of the Total Acquisition Cost (excluding the Acquisition Fee to be paid in Units), 50% of which to be denominated in Australian dollars and the remainder denominated in Singapore dollars, and the balance to be funded by the Private Placement at the Illustrative Issue Price of S$1.50 per New Unit; and

(iv) Acquisition Fee payable to the Manager are paid in the form of Acquisition Fee Units issued at an assumed price of S$1.54 per Unit,

and where applicable, Australian dollar denominated transactions related to the 357 Collins Street Acquisition are based on the exchange rate of A$1.00 = S$1.156, being the applicable average exchange rate for FY2014.

As Resolution 1 (The China Square Central Hotel Transaction) and Resolution 2 (The 357 Collins Street Acquisition) are not inter-conditional, and in the event Unitholders do not approve any one of the Resolutions, the Manager will still proceed with the other Resolution, the pro forma financial effects in the following sections are prepared based on the following scenarios:

(I) **Scenario 1**: Approval of the China Square Central Hotel Transaction only

(II) **Scenario 2**: Approval of the 357 Collins Street Acquisition only

(III) **Scenarios 1 and 2**: Approval of both the China Square Central Hotel Transaction and the 357 Collins Street Acquisition

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[1] The Profit Forecast of 357 Collins Street for the 12 Months Ending 30 June 2016 set out in **Appendix E** of this Circular must be read together with the report of the Independent Accountants (who have examined the Profit Forecast of 357 Collins Street for the 12 Months Ending 30 June 2016) in **Appendix F** of this Circular.

8.2 Pro Forma Unitholders' Funds per Unit

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects on the Unitholders' funds per Unit as at 30 September 2014, as if the proposed transaction(s) was/were entered into on 30 September 2014 are as follows:

	30 September 2014			
	Audited	Pro forma		
		Scenario 1 only	Scenario 2 only[1]	Scenarios 1 and 2[1]
Unitholders' funds (S$'000)	1,091,315	1,135,879	1,227,933	1,272,497
Unitholders' funds (excluding distributable income) (S$'000)	1,076,329	1,120,893	1,212,947	1,257,511
Issued Units ('000)	676,685	676,830	771,660	771,805
Unitholders' funds per Unit (excluding distributable income) (S$)	1.59	1.66	1.57	1.63

Note:

(1) As disclosed in paragraph 8.1.2, Australian dollar denominated transactions related to the 357 Collins Street Acquisition are based on the exchange rate of A$1.00 = S$1.156, being the applicable exchange rate for FY2014.

8.3 Pro Forma DPU

FOR ILLUSTRATIVE PURPOSES ONLY: The pro forma financial effects on FCOT's DPU for FY2014, as if the proposed transaction(s) was/were entered into on 1 October 2013 are as follows:

	FY2014			
	Audited	Pro forma		
		Scenario 1 only	Scenario 2 only[1]	Scenarios 1 and 2[1]
Distributable Income attributable to Unitholders (S$'000)	57,281	58,238	67,080	68,037
DPU (cents)	8.51	8.65	8.73[2]	8.85[2]

Notes:

(1) As disclosed in paragraph 8.1.2(i), the forecast net property income of 357 Collins Street for the 12 months from 1 July 2015 to 30 June 2016 (which is based on the exchange rate of A$1.00 = S$1.156, being the applicable exchange rate for FY2014) is used for the purpose of computing the pro forma financial effects of Scenario 2 as it is more reflective of the performance of the property.

(2) If the Incentive Deed is not in place and TFS does not receive reimbursement for the rent-free periods granted by the Vendor during the 12 months period from 1 July 2015 to 30 June 2016, the pro forma DPU for Scenario 2 only and Scenario 1 and 2 would be 8.64 cents and 8.76 cents respectively.

8.4 Pro Forma Capitalisation

FOR ILLUSTRATIVE PURPOSES ONLY: The following table sets forth the pro forma capitalisation of FCOT as at 30 September 2014, as if the proposed transaction(s) was/were entered into on 30 September 2014.

(S$'000)	30 September 2014			
	Audited	Pro forma		
		Scenario 1 only	Scenario 2 only	Scenarios 1 and 2
Long term debt:				
Unsecured debt	698,590	654,250	834,677	790,337
Unitholders' funds	1,091,315	1,135,879	1,227,933	1,272,497
Total Capitalisation	1,789,905	1,790,129	2,062,610	2,062,834

FOR ILLUSTRATIVE PURPOSES ONLY: The following table sets forth the pro forma financial effects on FCOT's aggregate leverage as at 31 March 2015 as if the proposed transaction(s) was/were entered into on 31 March 2015.

	31 March 2015			
	Unaudited	Pro forma		
		Scenario 1 only	Scenario 2 only	Scenarios 1 and 2
Aggregate Leverage	37.2%	34.8%	38.7%	36.6%

The Property Funds Appendix provides that the aggregate leverage of a REIT may exceed 35.0% of its deposited property, subject to a limit of 60.0% of its deposited property, so long as it obtains and discloses a credit rating from Standard & Poor's Rating Services, Moody's or Fitch, Inc. As at the Latest Practicable Date, FCOT has a "Baa3" issuer rating (with a stable outlook) from Moody's Investors Service, Inc. ("**Moody's**"). This stable outlook reflects Moody's expectation that FCOT's properties will continue to generate stable income, driven by steady occupancy levels and organic growth from positive rental reversions. Accordingly, the level of aggregate leverage set out above is within the limits allowed under the Property Funds Appendix.

9. PROFIT FORECAST

The following table sets out FCOT's forecast consolidated statement of total return and distributable income for 4Q2015 which has been prepared in accordance with the accounting policies adopted by FCOT for FY2014. The Profit Forecast of the Existing and Enlarged Portfolio for 4Q2015 is set out in **Appendix D** of this Circular. The Profit Forecast of the Existing and Enlarged Portfolio for 4Q2015 set out in **Appendix D** of this Circular must be read together with the report of the Independent Accountants (who have examined the Profit Forecast of the Existing and Enlarged Portfolio for 4Q2015) in **Appendix F** of this Circular.

Forecast for 4Q2015[1] [2] [3]

	Existing Portfolio S$'000	357 Collins Street S$'000	Enlarged Portfolio S$'000
Gross revenue	35,249	4,774	40,023
Property operating expenses	(10,611)	(1,161)	(11,772)
Net property income	**24,638**	**3,613**	**28,251**
Manager's management fees	(3,028)		(3,457)
Trust expenses	(466)		(591)
Finance costs	(5,500)		(6,521)
Total return before tax	15,644		17,682
Taxation	(1,159)		(1,520)
Total return for the period	14,485		16,162
Non-tax deductible/(non-taxable) items and other adjustments:			
Management fees payable in Units	908		1,337
Trustees' fees	138		157
Amortisation of borrowing costs	312		312
Other non-tax deductible items and temporary differences	(41)		(41)
	1,317		1,765
Income available for distribution to Unitholders	**15,802**		**17,927**
Units in Issue ('000)	686,651[4]		772,489[5]
Distribution Per Unit[6] (cents)	**2.3013**		**2.3206[7]**

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1 The forecast DPU will vary to the extent that the completion of the 357 Collins Street Acquisition and Private Placement are on a date other than 1 July 2015.

2 Where applicable, Australian dollar denominated transactions are based on the exchange rate of A$1.00 = S$1.055.

3 The Profit Forecast of the Existing and Enlarged Portfolio for 4Q2015 excludes the China Square Central Hotel Transaction.

4 The forecast number of Units in issue which will be entitled to distributable income for the existing portfolio include the forecast number of Units to be issued at an assumed price of S$1.54 per Unit (i) as part payment of management fee for the financial quarters ending 30 June 2015 and 30 September 2015, and (ii) pursuant to implementation of Distribution Reinvestment Plan for the financial quarter ending 30 June 2015.

5 The forecast number of Units in issue which will be entitled to distributable income for the existing portfolio include the forecast number of Units to be issued as set out in footnote 4 above and forecast Units to be issued pursuant to (i) the Private Placement at an assumed price of S$1.50 per Unit, (ii) payment of Acquisition Fee in respect of 357 Collins Street at an assumed price of S$1.54 per Unit, and (iii) payment of management fee attributable to 357 Collins Street for the financial quarter ending 30 September 2015 at an assumed price of S$1.54 per Unit.

6 Distribution for forecast 4Q2015 is based on 100% of distributable income available.

7 If the Incentive Deed is not in place and TFS does not receive reimbursement for the rent-free periods granted by the Vendor during 4Q2015, the forecast DPU for 4Q2015 would be 2.2827 cents.

10. RESOLUTION 3: THE PROPOSED ISSUE OF UP TO 95.0 MILLION NEW UNITS UNDER THE PRIVATE PLACEMENT

10.1 Overview of the Private Placement and Use of Proceeds

The Manager is seeking Unitholders' approval for the issue of up to 95.0 million New Units pursuant to the Private Placement to part finance the 357 Collins Street Acquisition. The balance thereof is intended to be funded by new loan facilities which the Manager will put in place for the 357 Collins Street Acquisition.

The Manager intends to finance the 357 Collins Street Acquisition with a combination of equity and debt financing, so as to ensure that the 357 Collins Street Acquisition will provide overall DPU accretion to Unitholders while maintaining an optimum level of gearing. The final decision regarding the proportion of equity and debt financing to be employed for the purposes of financing the 357 Collins Street Acquisition will be made by the Manager at the appropriate time taking into account the then prevailing market conditions and interest rate environment, availability of alternative funding options, the impact on FCOT's capital structure, DPU and debt expiry profile and the covenants and requirements associated with each financing option.

The illustrative debt and equity funding plan adopted for the purposes of the pro forma financial impact and forecast contained in this Circular is based on an illustrative debt funding level of 50% of the Total Acquisition Cost (excluding the Acquisition Fee to be paid in Units). The illustrative debt funding is based on 50% of the debt to be denominated in Australian dollars and the remainder denominated in Singapore dollars. However, the actual debt and equity funding plan to be adopted by the Manager will depend on, *inter alia*, prevailing market conditions, the demand for New Units, the Issue Price and the terms and interest rates of available debt and loan facilities.

The structure and timing of the Private Placement have not been determined. If and when the Manager decides to carry out the Private Placement, the Private Placement will comprise a private placement of New Units to institutional and other investors when the Manager deems appropriate in the circumstances and after having considered the then prevailing market conditions.

The actual number of New Units to be issued pursuant to the Private Placement will depend on the aggregate amount of proceeds to be raised from the Private Placement and the Issue Price. The Issue Price will be subject to Rules 811(1) and 811(5) of the Listing Manual, and will not be at more than 10.0% discount to the volume weighted average price for trades done on the SGX-ST for the full market day on which the placement agreement is signed or, if trading in the Units is not available for a full market day, for the preceding market day up to the time the placement agreement is signed, excluding (where applicable) declared distributions provided that the placees under the Private Placement are not entitled to the declared distributions.

In the event that the Private Placement is carried out:

(i) the Private Placement will comply with Rule 803 of the Listing Manual, such that the New Units will not be issued under the Private Placement to transfer a controlling interest without the prior approval of Unitholders in a general meeting;

(ii) the Private Placement will also comply with Rule 812 of the Listing Manual, such that the New Units will not be placed to any of the connected persons listed under Rule 812(1) of the Listing Manual (other than one that fulfils the criteria set out in Rule 812(3) of the Listing Manual), save for the placement of New Units under the FCL Group Placement, which is subject to the prior approval of Unitholders under Resolution 4 (the FCL Group Placement) at the Extraordinary General Meeting; and

(iii) an application will be made to the SGX-ST for the listing of and quotation for the New Units to be issued under the Private Placement.

The unitholding interest of existing Unitholders may be diluted by the issue of New Units in the event that the Manager issues New Units under the Private Placement and such existing Unitholders do not have the opportunity to participate in the Private Placement.

The information contained in this paragraph 10.1 is subject to change. When the Manager finalises its plans in relation to the Private Placement, it will make an announcement in relation to such details at the appropriate time.

The Private Placement is subject to, *inter alia*, the then prevailing market conditions and agreement to the terms of and execution of the placement agreement to be entered into between the Manager and the relevant underwriter(s) in relation to the Private Placement.

In the event market conditions are feasible and there is demand for the New Units, the Manager may elect to issue additional Units under the general mandate granted to the Manager at the annual general meeting of FCOT held on 22 January 2015 in order to raise additional funds to pay down existing debt and/or for general working capital purposes. For the avoidance of doubt, the FCL Group will not be subscribing for such additional Units to maintain their proportionate pre-placement unitholding in FCOT in the event such additional issuance of Units occurs.

10.2 Rationale for the Private Placement

Given the current market conditions and the borrowing limit imposed by MAS on property funds such as FCOT, the Manager believes that the Private Placement is an efficient and beneficial method of raising funds to finance the 357 Collins Street Acquisition, and provides FCOT with the flexibility to tap the equity markets for funds.

10.3 Costs of the Private Placement

Costs and expenses in connection with the Private Placement which are to be borne by FCOT comprise the following:

(i) the underwriting and selling commission and related expenses payable in relation to the Private Placement; and

(ii) professional and other fees and expenses to be incurred by FCOT in connection with the Private Placement.

The costs and expenses in connection with the Private Placement will vary according to the amount of gross proceeds to be raised. Based on the Illustrative Issue Price and assuming that 95.0 million New Units are issued under the Private Placement to raise gross proceeds of up to S$142.5 million, the Manager estimates that the costs and expenses to be incurred by FCOT in connection with the Private Placement will be approximately S$2.5 million.

10.4 Consequential Adjustment to Distribution Period

FCOT's policy is to distribute its distributable income on a quarterly basis to Unitholders. When the Manager decides to carry out the Private Placement, the Manager may decide to make adjustments to the distribution period which may include, *inter alia*, a cumulative distribution or an advance distribution, or such other plans to ensure fairness to holders of the Units in issue on the day immediately prior to the date on which the New Units are issued under the Private Placement (the "**Existing Units**").

Further details pertaining to any adjustments to the distribution period, if any, will be announced at the appropriate time.

10.5 Status of the New Units

The New Units will, upon issue, rank *pari passu* in all respects with the Existing Units, including the right to any distributable income from the day the New Units are issued as well as all distributions thereafter.

For the avoidance of doubt, New Units will not be entitled to participate in the distribution of any distributable income accrued by FCOT prior to the date of issue of the New Units.

10.6 Requirement for Unitholders' Approval

The Manager is seeking the approval of Unitholders for the issue of New Units pursuant to the Private Placement pursuant to Rule 805(1) of the Listing Manual.

11. RESOLUTION 4: THE PROPOSED PLACEMENT OF NEW UNITS TO THE FCL GROUP UNDER THE PRIVATE PLACEMENT

11.1 Overview of the FCL Group Placement

To demonstrate the alignment of interest and support of the FCL Group for FCOT, the Manager is seeking Unitholders' approval for the proposed issue of New Units to the FCL Group, as part of the Private Placement. The FCL Group may subscribe for such number of New Units under the Private Placement up to the FCL Group's proportionate pre-placement unitholding in FCOT, in percentage terms[1]. The New Units placed to the FCL Group under the FCL Group Placement will be issued at the same price as the New Units issued to other investors under the Private Placement.

11.2 Rationale for the FCL Group Placement

The Manager believes that the size of the FCL Group's unitholdings in FCOT provides a degree of stability to FCOT as an investment vehicle. Allowing New Units to be placed to the FCL Group would help to maintain such stability. The ability of the FCL Group to subscribe for New Units under the Private Placement would also enhance investors' confidence in FCOT by providing a higher degree of certainty for the successful completion of the Private Placement.

The Manager is thus of the view that the FCL Group should be given the opportunity to apply for such New Units under the Private Placement.

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[1] This excludes the Acquisition Fee Units and the Divestment Fee Units.

The table below sets out the interests of the FCL Group in the Units as at the Latest Practicable Date:

Name	No. of Units Direct Interest	No. of Units Deemed Interest	% of Units in Issue[1]
Frasers Centrepoint Asset Management (Commercial) Ltd.	86,155,451	863,924[2]	12.7
FCL Trust Holdings (Commercial) Pte. Ltd.	100,521,055	–	14.7
FCL	–	187,540,430[3]	27.4

Notes:

(1) Based on the 683,439,806 Units in issue as at the Latest Practicable Date.

(2) Frasers Centrepoint Asset Management (Commercial) Ltd. ("**FCAMC**") is deemed to be interested in the 863,924 Units in FCOT which are held directly by its wholly-owned subsidiary, Frasers Centrepoint Property Management (Commercial) Pte. Ltd. ("**FCPMC**").

(3) FCL holds a 100% direct interest in each of FCAMC and FCL Trust Holdings (Commercial) Pte. Ltd. ("**FCLTC**"). FCAMC and FCLTC hold Units in FCOT and FCAMC is deemed interested in the Units in FCOT held by FCPMC. FCL therefore has a deemed interest in the Units in FCOT in which each of FCAMC and FCLTC has an interest, by virtue of Section 4 of the Securities and Futures Act (Chapter 289) of Singapore ("**SFA**").

The Issue Price will be subject to Rules 811(1) and 811(5) of the Listing Manual, and will not be issued at more than 10.0% discount to the volume weighted average price for trades done on the SGX-ST for the full market day on which the placement agreement is signed or, if trading in the Units is not available for a full market day, for the preceding market day up to the time the placement agreement is signed, excluding (where applicable) declared distributions provided that the placees under the Private Placement are not entitled to the declared distributions.

11.3 Requirement for Unitholders' Approval

11.3.1 Placement to Substantial Shareholders of the Manager and Related Parties of the Substantial Shareholders

Rule 812(1) of the Listing Manual prohibits a placement of New Units to substantial shareholders of the Manager as well as related companies of the Manager's substantial shareholders pursuant to the Private Placement, except where the approval of Unitholders by way of an Ordinary Resolution is obtained pursuant to Rule 812(2) of the Listing Manual.

As FCL wholly-owns the Manager, Rule 812(1) of the Listing Manual therefore applies to the placement of New Units to the FCL Group pursuant to the Private Placement.

Accordingly, the Manager is seeking Unitholders' approval for the FCL Group Placement.

11.3.2 Interested Person Transaction

FCL, being a controlling Unitholder, and its subsidiaries, being associates of a controlling Unitholder, are each deemed to be an "interested person" of FCOT for the purposes of Chapter 9 of the Listing Manual. The FCL Group Placement therefore constitutes an "interested person transaction" under Chapter 9 of the

Listing Manual. If such number of New Units are placed to the FCL Group pursuant to the Private Placement in order for the FCL Group to maintain its proportionate pre-placement unitholding, in percentage terms[1], there is a possibility (depending on the actual Issue Price and the number of New Units placed under the FCL Group Placement) that the value of New Units placed to the FCL Group may exceed 5.0% of the value of FCOT's latest audited NTA. In such circumstances, under Rule 906 of the Listing Manual, the Manager is required to seek Unitholders' approval for the placement of New Units to the FCL Group.

11.4 Interests of the Directors

Please see paragraph 12 below for the interests of the Directors in the FCL Group Placement as at the Latest Practicable Date.

Based on information available to the Manager as at the Latest Practicable Date, save as disclosed above, none of the Directors has an interest, direct or indirect, in the FCL Group Placement.

11.5 Interests of Substantial and Controlling Unitholders

Please see paragraph 12 below for the interests of the Substantial Unitholders in the FCL Group Placement as at the Latest Practicable Date.

While FCOT has other Substantial Unitholders (details of which have been announced on SGXNET), based on information available to the Manager as at the Latest Practicable Date, none of these Substantial Unitholders has an interest, direct or indirect, in the FCL Group Placement, and therefore their details have not been disclosed in this Circular as such details are not relevant.

12. INTERESTS OF DIRECTORS AND SUBSTANTIAL UNITHOLDERS

Based on the Register of Director's unitholdings and the Register of Substantial Unitholders, as at the Latest Practicable Date, the direct and deemed interests and voting rights of the Directors and the Substantial Unitholders are as follows:

Name of Directors	No. of Units Direct Interest	No. of Units Deemed Interest	% of Units in Issue
Dr Chua Yong Hai	149,389	149,389	0.0(1)
Tan Guong Ching	213,415	–	0.0(1)
Christopher Tang Kok Kai	–	200,000	0.0(1)
Low Chee Wah	–	60,000	0.0(1)

Note:

(1) Less than 0.05%

[1] This excludes the Acquisition Fee Units and the Divestment Fee Units.

Name of Substantial Unitholders	No. of Units Direct Interest	No. of Units Deemed Interest	% of Units in Issue
Frasers Centrepoint Asset Management (Commercial) Ltd.	86,155,451	863,924[1]	12.7
FCL Trust Holdings (Commercial) Pte. Ltd.	100,521,055	–	14.7
FCL[2]	–	187,540,430	27.4
Thai Beverage Public Company Limited[3]	–	187,540,430	27.4
International Beverage Holdings Limited[4]	–	187,540,430	27.4
InterBev Investment Limited[5]	–	187,540,430	27.4
TCC Assets Limited[6]	–	187,540,430	27.4
Charoen Sirivadhanabhakdi[7]	–	187,540,430	27.4
Khunying Wanna Sirivadhanabhakdi[8]	–	187,540,430	27.4

Notes:

(1) Frasers Centrepoint Asset Management (Commercial) Ltd. ("**FCAMC**") is deemed to be interested in the 863,924 Units in FCOT which are held directly by its wholly-owned subsidiary, Frasers Centrepoint Property Management (Commercial) Pte. Ltd. ("**FCPMC**").

(2) FCL holds a 100% direct interest in each of FCAMC and FCL Trust Holdings (Commercial) Pte. Ltd. ("**FCLTC**"). FCAMC and FCLTC hold Units in FCOT and FCAMC is deemed interested in the Units in FCOT held by FCPMC. FCL therefore has a deemed interest in the Units in FCOT in which each of FCAMC and FCLTC has an interest, by virtue of Section 4 of the SFA.

(3) Thai Beverage Public Company Limited ("**ThaiBev**") holds a 100% interest in International Beverage Holdings Limited ("**IBHL**");

- IBHL holds a 100% direct interest in InterBev Investment Limited ("**IBIL**");
- IBIL holds a greater than 20% interest in FCL;
- FCL holds a 100% direct interest in each of FCAMC and FCLTC;
- FCAMC holds a 100% direct interest in FCPMC; and
- FCAMC, FCLTC and FCPMC hold Units in FCOT.

ThaiBev therefore has a deemed interest in the Units in FCOT in which FCL has an interest, by virtue of Section 4 of the SFA.

(4) IBHL holds a 100% direct interest in IBIL;

- IBIL holds a greater than 20% interest in FCL;
- FCL holds a 100% direct interest in each of FCAMC and FCLTC;
- FCAMC holds a 100% direct interest in FCPMC; and
- FCAMC, FCLTC and FCPMC hold Units in FCOT.

IBHL therefore has a deemed interest in the Units in FCOT in which FCL has an interest, by virtue of Section 4 of the SFA.

(5) IBIL holds a greater than 20% interest in FCL;

- FCL holds a 100% direct interest in each of FCAMC and FCLTC;
- FCAMC holds a 100% direct interest in FCPMC; and
- FCAMC, FCLTC and FCPMC hold Units in FCOT.

IBIL therefore has a deemed interest in the Units in FCOT in which FCL has an interest, by virtue of Section 4 of the SFA.

(6) TCC Assets Limited ("**TCCA**") holds a majority interest in FCL;

- FCL holds a 100% direct interest in each of FCAMC and FCLTC;
- FCAMC holds a 100% direct interest in FCPMC; and
- FCAMC, FCLTC and FCPMC hold Units in FCOT.

TCCA therefore has a deemed interest in the Units in FCOT in which FCL has an interest, by virtue of Section 4 of the SFA. See **Appendix K** for the shareholding structure between TCCA, FCL and FCOT.

(7) Charoen Sirivadhanabhakdi and his spouse, Khunying Wanna Sirivadhanabhakdi, each owns 50% of the issued and paid-up share capital of TCCA;

- TCCA holds a majority interest in FCL;
- FCL holds a 100% direct interest in each of FCAMC and FCLTC;
- FCAMC holds a 100% direct interest in FCPMC; and
- FCAMC, FCLTC and FCPMC hold Units in FCOT.

Charoen Sirivadhanabhakdi therefore has a deemed interest in the Units in FCOT in which FCL has an interest, by virtue of Section 4 of the SFA.

(8) Khunying Wanna Sirivadhanabhakdi and her spouse, Charoen Sirivadhanabhakdi, each owns 50% of the issued and paid-up share capital of TCCA;

- TCCA holds a majority interest in FCL;
- FCL holds a 100% direct interest in each of FCAMC and FCLTC;
- FCAMC holds a 100% direct interest in FCPMC; and
- FCAMC, FCLTC and FCPMC hold Units in FCOT.

Khunying Wanna Sirivadhanabhakdi therefore has a deemed interest in the Units in FCOT in which FCL has an interest, by virtue of Section 4 of the SFA.

Further, as at the Latest Practicable Date, the interests of the Directors and the Substantial Unitholders in the China Square Central Hotel Transaction and the 357 Collins Street Acquisition are as follows:

(i) Mr Low Chee Wah is the Chief Executive Officer and Executive Director of the Manager and a director of other entities within the FCL Group other than the Manager. He has a direct interest in 204,928 shares in FCL;

(ii) Mr Chia Khong Shoong is a Non-Executive Director of the Manager, the chief financial officer of FCL, and a director of FHCS Trustee and other entities within the FCL Group other than the Manager. He has a direct interest in 446,163 shares in FCL;

(iii) Mr Lim Ee Seng is a Non-Executive Director of the Manager, the group chief executive officer of FCL and a director of other entities within the FCL Group other than the Manager. He has a direct interest in 1,879,300 shares in FCL;

(iv) Mr Christopher Tang Kok Kai is a Non-Executive Director of the Manager, the (a) chief executive officer, Greater China, and (b) chief executive officer, Frasers Centrepoint Commercial of FCL and a director of other entities within the FCL Group other than the Manager. He has a direct interest in 443,678 shares in FCL; and

(v) FCL has a direct 100% interest in the Vendor and each of Thai Beverage Public Company Limited, International Beverage Holdings Limited, InterBev Investment Limited, TCC Assets Limited, Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi has an indirect 100% interest in the Vendor.

Save as disclosed above and based on information available to the Manager as at the Latest Practicable Date, none of the Directors or the Substantial Unitholders has an interest, direct or indirect, in the China Square Central Hotel Transaction or the 357 Collins Street Acquisition.

13. ADVICE OF THE INDEPENDENT FINANCIAL ADVISER

13.1 On the Proposed China Square Central Hotel Transaction

Under Rule 921(4)(b) of the Listing Manual, an opinion from an independent financial adviser is not required for an "interested person transaction" if the transaction involves the purchase or sale of real property where (i) the consideration for the purchase or sale is in cash, (ii) an independent professional valuation has been obtained for the purpose of the purchase or sale of such property, and (iii) the valuation of such property is disclosed in the circular to unitholders.

Accordingly, as the China Square Central Hotel Transaction involves, *inter alia*, the grant of the Lease for the Leasehold Term where (i) the Hotel Consideration will be payable in cash, (ii) independent valuations have been obtained from Colliers and Savills for the proposed leasehold interest with hotel development rights in respect of the Additional GFA, and (iii) the valuations by Colliers and Savills are disclosed in this Circular, a letter from an independent financial adviser is not strictly required, notwithstanding that the transaction is an "interested person transaction".

However, for the purpose of good corporate governance and to ensure that there is an independent analysis of the China Square Central Hotel Transaction, the Manager has appointed an independent financial adviser to review the China Square Central Hotel Transaction. The Manager has appointed PricewaterhouseCoopers Corporate Finance Pte Ltd (the "**IFA**") to advise the independent directors of the Manager (the "**Independent Directors**") and the Trustee in relation to the China Square Central Hotel Transaction.

A copy of the letter from the IFA to the Independent Directors and the Trustee (the "**IFA Letter**"), containing its advice in full, is set out in **Appendix I** of this Circular.

Unitholders are advised to read the IFA Letter carefully. In addition, the IFA recommends that Unitholders read paragraphs 2 to 4 and 8 of this Letter to Unitholders carefully.

Having considered the factors and made the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the China Square Central Hotel Transaction is based on normal commercial terms and is not prejudicial to the interests of FCOT and its minority Unitholders.

The IFA advise the Independent Directors to recommend that Unitholders vote in favour of the resolution relating to the China Square Central Hotel Transaction to be proposed at the Extraordinary General Meeting.

13.2 On the Proposed 357 Collins Street Acquisition

Similarly, although an opinion from an independent financial adviser is not strictly required under Rule 921(4)(b) of the Listing Manual for the reasons set out in paragraph 13.1 above, for the purpose of good corporate governance and to ensure that there is an independent analysis of the 357 Collins Street Acquisition, the Manager has appointed the IFA to advise the Independent Directors and the Trustee in relation to the 357 Collins Street Acquisition.

A copy of the IFA Letter, containing its advice in full, is set out in **Appendix I** of this Circular.

Unitholders are advised to read the IFA Letter carefully. In addition, the IFA recommends that Unitholders read paragraphs 5 to 9 of this Letter to Unitholders carefully.

Having considered the factors and made the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the 357 Collins Street Acquisition is based on normal commercial terms and is not prejudicial to the interests of FCOT and its minority Unitholders.

The IFA advise the Independent Directors to recommend that Unitholders vote in favour of the resolution relating to the 357 Collins Street Acquisition to be proposed at the Extraordinary General Meeting.

13.3 On the Proposed FCL Group Placement

Under Rule 921(4)(b) of the Listing Manual, an opinion from an independent financial adviser is not required for Units issued pursuant to Part IV of Chapter 8 of the Listing Manual for cash. Accordingly, as the FCL Group Placement involves the issue of Units in accordance with the requirements under Part IV of Chapter 8 of the Listing Manual, a letter from an independent financial adviser is not strictly required, notwithstanding that the transaction is an "interested person transaction".

However, for the purpose of good corporate governance and to ensure that there is an independent analysis of the FCL Group Placement, the Manager has appointed the IFA to advise the Independent Directors and the Trustee in relation to the FCL Group Placement.

A copy of the IFA Letter, containing its advice in full, is set out in **Appendix I** of this Circular.

Unitholders are advised to read the IFA Letter carefully. In addition, the IFA recommends that Unitholders read paragraph 11 of this Letter to Unitholders carefully.

Having considered the factors and made the assumptions set out in the IFA Letter, and subject to the qualifications set out therein, the IFA is of the opinion that the FCL Group Placement is based on normal commercial terms and is not prejudicial to the interests of FCOT and its minority Unitholders.

The IFA advise the Independent Directors to recommend that Unitholders vote in favour of Resolution 4 (the FCL Group Placement) to be proposed at the Extraordinary General Meeting.

14. RECOMMENDATIONS

14.1 On the Proposed China Square Central Hotel Transaction

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix I** of this Circular), and having regard to the rationale for and the key benefits of the China Square Central Hotel Transaction as set out in paragraphs 3.1 and 3.2 above, the Independent Directors and the Audit, Risk and Compliance Committee, having reviewed the China Square Central Hotel Transaction, are of the opinion that the China Square Central Hotel Transaction is based on normal commercial terms and would not be prejudicial to the interests of FCOT and its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the Extraordinary General Meeting in favour of the China Square Central Hotel Transaction.

14.2 On the Proposed 357 Collins Street Acquisition

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix I** of this Circular) and having regard to the rationale for and key benefits of the 357 Collins Street Acquisition as set out in paragraph 6.1 above, the Independent Directors and the Audit, Risk and Compliance Committee, having reviewed the 357 Collins Street Acquisition, are of the opinion that the 357 Collins Street Acquisition is based on normal commercial terms and would not be prejudicial to the interests of FCOT and its minority Unitholders.

Accordingly, the Independent Directors recommend that Unitholders vote at the Extraordinary General Meeting in favour of the 357 Collins Street Acquisition.

14.3 On the Proposed Private Placement

Having regard to the rationale for the Private Placement set out in paragraph 10.2 above, the Manager believes that the Private Placement would be beneficial to, and is in the interests of, FCOT and its Unitholders.

Accordingly, the Manager recommends that Unitholders vote at the Extraordinary General Meeting in favour of the Private Placement.

14.4 On the Proposed FCL Group Placement

Based on the opinion of the IFA (as set out in the IFA Letter in **Appendix I** of this Circular) and having regard to the rationale for the FCL Group Placement set out in paragraph 11.2 above, the Independent Directors, having reviewed the FCL Group Placement, are of the opinion that the FCL Group Placement is based on normal commercial terms and would not be prejudicial to the interests of FCOT and its minority Unitholders on the basis that:

(a) the New Units will be placed to the FCL Group at the same price as the New Units issued to other investors under the Private Placement; and

(b) the Issue Price under the Private Placement will be subject to Rules 811(1) and 811(5) of the Listing Manual, and will not be at more than 10.0% discount to the volume weighted average price for trades done on the SGX-ST for the full market day on which the placement agreement is signed or, if trading in the Units is not available for a full market day, for the preceding market day up to the time the placement agreement is signed, excluding (where applicable) declared distributions provided that the placees under the FCL Group Placement are not entitled to the declared distributions.

Accordingly, the Independent Directors recommend that Unitholders vote at the Extraordinary General Meeting in favour of the FCL Group Placement.

15. EXTRAORDINARY GENERAL MEETING

The Extraordinary General Meeting will be held on Monday, 22 June 2015 at 10.00 a.m. at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958, for the purpose of considering and, if thought fit, passing with or without modification, the resolutions set out in the Notice of Extraordinary General Meeting, which is set out on pages L-1 to L-3 of this Circular. The purpose of this Circular is to provide Unitholders with relevant information about each of these resolutions.

Approval by way of an Ordinary Resolution is required in respect of each of Resolution 1 (The China Square Central Hotel Transaction), Resolution 2 (The 357 Collins Street Acquisition), Resolution 3 (The Private Placement) and Resolution 4 (The FCL Group Placement).

A Depositor shall not be regarded as a Unitholder entitled to attend the Extraordinary General Meeting and to speak and vote thereat unless he is shown to have Units entered against his name in the Depository Register, as certified by The Central Depository (Pte) Limited ("**CDP**") as at 48 hours before the time fixed for the Extraordinary General Meeting.

16. ABSTENTIONS FROM VOTING

16.1 Relationship between FCL, FCL Trust Holdings (Commercial) Pte. Ltd. and the Manager

As at the Latest Practicable Date, FCL Trust Holdings (Commercial) Pte. Ltd. and the Manager are direct wholly-owned subsidiaries of FCL. Through FCL Trust Holdings (Commercial) Pte. Ltd. and the Manager, FCL has a deemed interest in 187,540,430 Units, comprising approximately 27.4% of the 683,439,806 Units in issue as at the Latest Practicable Date.

16.2 Abstention from Voting

Resolution 1 (The China Square Central Hotel Transaction) and Resolution 2 (The 357 Collins Street Acquisition)

Rule 919 of the Listing Manual prohibits interested persons and their associates (as defined in the Listing Manual) from voting on a resolution in relation to a matter in respect of which such persons are interested in at a meeting of Unitholders.

Given that the Building Agreement is proposed to be entered into with FHCST and the Lease is proposed to be granted to FHCST (which is wholly-owned by FCL) and 357 Collins Street will be acquired from Australand Property Holdings (Collins St No. 1) Pty Limited (in its capacity as trustee of APT (Collins St No. 1) Trust, an indirect wholly-owned special purpose trust of Frasers Australand[1]), each of FCL, FCL Trust Holdings (Commercial) Pte. Ltd. and the Manager (i) will abstain and will procure that their associates abstain, from voting at the Extraordinary General Meeting on Resolution 1 (The China Square Central Hotel Transaction) and Resolution 2 (The 357 Collins Street Acquisition), and (ii) will not, and will procure that their associates do not, accept appointments as proxies in relation to Resolution 1 (The China Square Central Hotel Transaction) and Resolution 2 (The 357 Collins Street Acquisition), unless specific instructions as to voting are given.

Resolution 4 (The FCL Group Placement)

Rule 812(2) of the Listing Manual prohibits the restricted placee under Rule 812(1) and each of its associates (as defined in the Listing Manual), from voting on the resolution to approve the placement to the restricted placee.

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[1] Frasers Australand is a wholly-owned subsidiary of Frasers Amethyst Pte. Ltd., which is a wholly-owned subsidiary of FCL.

Each of FCL, FCL Trust Holdings (Commercial) Pte. Ltd. and the Manager (i) will abstain and will procure that their associates abstain, from voting at the Extraordinary General Meeting on Resolution 4 (The FCL Group Placement), and (ii) will not, and will procure that their associates do not, accept appointments as proxies in relation to Resolution 4 (The FCL Group Placement), unless specific instructions as to voting are given.

17. ACTION TO BE TAKEN BY UNITHOLDERS

Unitholders will find enclosed in this Circular the Notice of Extraordinary General Meeting and a Proxy Form.

If a Unitholder is unable to attend the Extraordinary General Meeting and wishes to appoint a proxy to attend and vote on his behalf, he should complete, sign and return the enclosed Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to reach the Manager's registered office at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958 not later than Saturday, 20 June 2015 at 10.00 a.m., being 48 hours before the time fixed for the Extraordinary General Meeting. The completion and return of the Proxy Form by a Unitholder will not prevent him from attending and voting in person at the Extraordinary General Meeting if he so wishes.

Persons who have an interest in the approval of one or more of the resolutions must decline to accept appointment as proxies unless the Unitholder concerned has specific instructions in his Proxy Form as to the manner in which his votes are to be cast in respect of such resolutions.

18. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the China Square Central Hotel Transaction, the 357 Collins Street Acquisition, the Private Placement, the FCL Group Placement, FCOT and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. The Directors are satisfied that the Profit Forecast of the Existing and Enlarged Portfolio for 4Q2015 and the Profit Forecast of 357 Collins Street for the 12 Months Ending 30 June 2016 set out in **Appendices D** and **E** of this Circular respectively have been stated after due and careful enquiry.

Where information in the Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

19. RESPONSIBILITY STATEMENT OF THE FINANCIAL ADVISER IN RELATION TO THE PRIVATE PLACEMENT

To the best of the Financial Adviser's knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Private Placement, FCOT and its subsidiaries (in relation to the Private Placement), and the Financial Adviser is not aware of any facts the omission of which would make any statement about the Private Placement in this Circular misleading.

20. CONSENTS

The Independent Valuers, the Independent Market Consultant, the Independent Accountants and the Independent Financial Adviser, have given and have not withdrawn their written consent to the issue of this Circular with the inclusion of their names and their valuation certificates, the Melbourne CBD Office Market Report, the Independent Accountants' Report on the Profit Forecasts or IFA Letter (as the case may be) and all references thereto, in the form and context in which they are included in this Circular.

21. DOCUMENTS ON DISPLAY

Copies of the following documents are available for inspection during normal business hours at the registered office of the Manager[1] at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958 from the date of this Circular up to and including the date falling three months after the date of this Circular:

(i) the Conditional Agreement (which contains the forms of, *inter alia*, the Building Agreement, the Lease Instrument, the Memorandum of Lease, the Corporate Guarantee and the Licence Agreement);

(ii) the valuation report dated 21 April 2015 issued by Savills;

(iii) the valuation report dated 20 April 2015 issued by Colliers;

(iv) the Melbourne CBD Office Market Report;

(v) the Sale and Purchase Agreement;

(vi) the Incentive Deed;

(vii) the Independent Accountants' Report on the Profit Forecasts;

(viii) the valuation report dated 15 April 2015 issued by JLL;

(ix) the valuation report dated 15 April 2015 issued by KF;

(x) the IFA Letter; and

(xi) the FY2014 Audited Financial Statements.

The Trust Deed will also be available for inspection at the registered office of the Manager.

Yours faithfully

FRASERS CENTREPOINT ASSET MANAGEMENT (COMMERCIAL) LTD.
(Company Registration No. 200503404G)
as manager of Frasers Commercial Trust

Dr Chua Yong Hai
Chairman & Independent Non-Executive Director

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[1] Prior appointment with the Manager will be appreciated.

GLOSSARY

In this Circular, the following definitions apply throughout unless otherwise stated:

357 Collins Street	:	357 Collins Street, Melbourne, Victoria, Australia
357 Collins Street Acquisition	:	The proposed acquisition of 357 Collins Street
357 Collins Street PMA	:	The property management agreement to be entered into between the TFS and the Property Manager
4Q2015	:	The financial quarter ending 30 September 2015
Acquisition Fee	:	The acquisition fee of A$2.2 million payable to the Manager pursuant to Clause 15.2(a)(3) of the Trust Deed
Acquisition Fee Units	:	Units to be issued to the Manager as payment of the Acquisition Fee
Additional GFA	:	The additional GFA of approximately 16,000 sq m for hotel guest rooms and hotel-related uses
Agent Banks	:	Banks appointed to maintain members' CPF Investment Accounts under the CPF Investment Scheme-Ordinary Account
AHL	:	Australand Holdings Limited
Approved Acquisition Party	:	Means any of the following: (i) the trustee for the time being of Frasers Hospitality Real Estate Investment Trust; (ii) the trustee-manager for the time being of Frasers Hospitality Business Trust; or (iii) any other property investment vehicle or property trust or fund sponsored and/or managed by FCL or any other company or corporation (as defined in the Companies Act) in the FCL Group
ASX	:	Australia Securities Exchange
BCA	:	Building Control Act (Chapter 29) of Singapore
Building Agreement	:	The building agreement to be entered into by the Trustee with the FHCS Trustee
Building Authority	:	Building and Construction Authority (as defined under the BCA)
Building Plan Approval	:	The approval for the building plans in respect of the Hotel Project and the Commercial Project to be issued by the Building Authority under Section 6(2) of the BCA
CBD	:	Central Business District

CDP	:	The Central Depository (Pte) Limited
CPF	:	Central Provident Fund
China Square Central Property	:	The China Square Central Property comprises a 15 storey office tower with a two storey retail podium, two basement levels and two clusters of heritage shophouses located at 18, 20 & 22 Cross Street, China Square Central, Singapore 048423/2/1
China Square Central Hotel Transaction	:	The proposed entry into the Building Agreement and the grant of the Lease for the Leasehold Term
Circular	:	This circular dated 3 June 2015
Colliers	:	Colliers International Consultancy & Valuation (Singapore) Pte Ltd
Combined Project	:	The Hotel Project and the Commercial Project
Commercial Project	:	Certain proposed additions and alterations to the China Square Central Property including: (a) the construction of the Retail Units; (b) the construction of the Link Bridge; (c) the construction of the Vertical Access; (d) the construction of office units at levels 2 and 3 at 22 Cross Street with an estimated total NLA of 194 sq m; (e) the provision of temporary mechanical and electrical services to 22 Cross Street during the Construction Licence Term; (f) the construction of a pair of escalators serving the ground level and basement 1 at 18 Cross Street; and (g) the removal of three pairs of escalators which serve the basements of 18 Cross Street and the ground levels of 18 and 20 Cross Street
Committed Leases	:	Leases in respect of which definitive agreement have been entered into between the lessor and lessee (including legally binding letters of offers which have been accepted for vacant units)
Companies Act	:	Companies Act (Chapter 50) of Singapore
Conditional Agreement	:	The conditional agreement entered into between the Trustee and the FHCS Trustee on 27 April 2015

Conditions Precedent	:	Has the meaning ascribed to it in paragraph 2.7 of this Circular
Construction Licence Term	:	The period commencing from the date of handover of the Construction Licensed Areas by the Trustee to the FHCS Trustee and ending on (i) the date of issue of the Temporary Occupation Permit for the Combined Project; or (ii) the date of termination of the Building Agreement, whichever is the earlier date
Construction Licensed Areas	:	The licence granted under the Building Agreement by the Trustee to the FHCS Trustee over certain agreed areas of the China Square Central Property for the purpose of the FHCS Trustee and its contractors to undertake the construction of the Hotel Project and the Commercial Project, subject to permitted hours and other requirements
Corporate Guarantee and Undertaking	:	The guarantee and undertaking to be executed by FCL on the terms and conditions set forth in the form annexed to the Building Agreement
Differential Premium Payment Amounts	:	The differential premium of approximately S$103.3 million, together with the applicable GST and processing fees of approximately S$7.2 million and stamp duty payable thereon of approximately S$3.1 million
Director	:	A director of the Manager
Divestment Fee	:	The divestment fee of S$0.2 million payable to the Manager pursuant to Clause 15.2(a)(4) of the Trust Deed
Divestment Fee Units	:	Units to be issued to the Manager as payment of the Divestment Fee
DPU	:	Distribution per Unit
Enlarged Portfolio	:	357 Collins Street and the Existing Portfolio
Existing Interested Person Transactions	:	Has the meaning ascribed to it in paragraph 4.1.2 of this Circular
Existing Portfolio	:	The portfolio of properties currently held by FCOT, consisting of three properties located in Singapore, namely 55 Market Street, China Square Central and Alexandra Technopark, and two properties located in Australia, namely Caroline Chisholm Centre and Central Park
Existing Units	:	The Units in issue on the day immediately prior to the date on which the New Units are issued under the Private Placement
FATA	:	Foreign Acquisitions and Takeovers Act 1975 (Cth)

FCAMC	:	Frasers Centrepoint Asset Management (Commercial) Ltd.
FCL	:	Frasers Centrepoint Limited
FCL Group	:	FCL and/or any of its subsidiaries
FCL Group Placement	:	The proposed placement of such number of New Units to the FCL Group under the Private Placement up to the FCL Group's proportionate pre-placement unitholding in FCOT, in percentage terms[1]
FCLTC	:	FCL Trust Holdings (Commercial) Pte. Ltd.
FCOT	:	Frasers Commercial Trust
FCPMC	:	Frasers Centrepoint Property Management (Commercial) Pte. Ltd.
FHCST	:	Frasers Hospitality China Square Trust, an indirect wholly-owned special purpose trust of FCL
FHCS Trustee	:	Frasers Hospitality China Square Trustee Pte. Ltd. in its capacity as trustee-manager of FHCST
Financial Adviser (in relation to the Private Placement)	:	DBS Bank Ltd.
FIRB	:	Means the Treasurer acting through the Foreign Investment Review Board
FIRB Clearance	:	Means: (a) receipt of a No Objection Letter by the Purchaser; or (b) the Treasurer being precluded from objecting to the 357 Collins Street Acquisition under section 25(2) or section 25(3) of the FATA
Frasers Australand	:	Frasers Australand Pty Ltd
Frasers Hospitality	:	Frasers Hospitality Pte. Ltd.
FY2014	:	Financial year ended 30 September 2014
FY2014 Audited Financial Statements	:	Audited financial statements of FCOT for FY2014
GDV	:	Gross development value

[1] This excludes the Acquisition Fee Units and the Divestment Fee Units.

GFA	:	Gross floor area
Head Lease	:	Head Lease No. 23092 dated 9 September 1998 made between the Head Lessor (as lessor) of the one part and Unicorn Square Private Limited (as lessee) of the other part (and any reference to the Head Lease includes the Head Lease as from time to time amended, modified or supplemented and any document which amends, modifies or supplements the Head Lease)
Head Lessor	:	President of the Republic of Singapore
Hotel	:	The 16 storey hotel block proposed to be erected at the China Square Central Property
Hotel Consideration	:	The consideration for the Trustee's grant of the Lease for the Leasehold Term in respect of the Hotel of S$44.8 million
Hotel Operator	:	Frasers Hospitality
Hotel Project	:	The project for the construction and completion of the Hotel
Hotel-related Licensed Areas	:	Certain areas of the China Square Central Property (including access to the water tanks, part of the high tension switchroom area and bulk water meter chamber which the FHCS Trustee will require for the purposes of the operation of the Hotel) the right of which is granted by the Trustee to the FHCS Trustee (in common with the Trustee and all others authorised by the Trustee so far as not inconsistent with the rights granted)
IBHL	:	International Beverage Holdings Limited
IBIL	:	InterBev Investment Limited
IFA or Independent Financial Adviser	:	PricewaterhouseCoopers Corporate Finance Pte Ltd
IFA Letter	:	The IFA Letter in relation to the China Square Central Hotel Transaction, the 357 Collins Street Acquisition and the FCL Group Placement
Illustrative Issue Price	:	The illustrative issue price of S$1.50 per New Unit
Incentive Deed	:	The deed of undertaking entered into on 27 April 2015 between AHL and TFS
Incentives	:	The outstanding incentives granted by the Vendor prior to settlement under the leases of 357 Collins Street
Independent Accountants	:	Ernst & Young LLP
Independent Directors	:	Independent Directors of the Manager

Independent Market Consultant	:	Jones Lang LaSalle (VIC) Pty Ltd
Independent Valuers	:	Savills, Colliers, JLL and KF
Issue Price	:	The issue price of the New Units
JLL	:	Jones Lang LaSalle Advisory Services Pty Limited
KF	:	Knight Frank (Valuations Services (Vic) Pty Ltd)
Latest Practicable Date	:	29 May 2015
Lease	:	The long lease proposed to be granted by the Trustee to the FHCS Trustee in respect of the Hotel
Leasehold Term	:	The leasehold term in respect of the Hotel granted, or to be granted, by the Trustee to the FHCS Trustee under the Lease Instrument for the period commencing from the date of issue of the Temporary Occupation Permit for the Combined Project and ending 1 February 2096, which is one day prior to the expiry of the Head Lease
Lease Instrument	:	The lease instrument to be entered into between the Trustee and the FHCS Trustee for the Lease in respect of the Hotel at the Hotel Consideration for the Leasehold Term (with such additions and amendments thereto as may be agreed by the parties in writing)
Licence Agreement	:	The licence agreement to be entered into by the Trustee with the FHCS Trustee over the Hotel-related Licensed Areas for the purposes of the FHCS Trustee's operation of the Hotel for the duration of the term of the Lease
Link Bridge	:	The elevated retail link way with an estimated total NLA of 211 sq m of commercial space between the Hotel and the existing retail podium at 18 Cross Street
Listing Manual	:	The Listing Manual of the SGX-ST
Manager	:	Frasers Centrepoint Asset Management (Commercial) Ltd. in its capacity as manager of FCOT
MAS	:	Monetary Authority of Singapore
Moody's	:	Moody's Investors Service, Inc.
NABERS	:	National Australian Built Environment Rating System
NAV	:	Net asset value
NLA	:	Net lettable area

Net Proceeds	:	The estimated net proceeds from the grant of the Lease for the Leasehold Term of approximately S$44.3 million
New Units	:	The new Units proposed to be issued under the Private Placement
No Objection Letter	:	Means a letter from the Treasurer advising that he or she has no objection to the 357 Collins Street Acquisition either: (a) unconditionally; or (b) subject to conditions that are acceptable to the Trustee
NTA	:	Net tangible asset
PA	:	Planning Act (Chapter 232) of Singapore
Private Placement	:	The proposed issue of up to 95.0 million New Units (which is equivalent to approximately S$142.5 million or 13.9% of the 683,439,806 Units in issue as at the Latest Practicable Date, which is based on the Illustrative Issue Price) pursuant to a private placement to institutional and other investors
PMP	:	The China Square Precinct Master Plan
PORT	:	Personal Occupant Requirement Terminal
PP	:	The provisional permission for the Hotel granted by the competent authority under Section 17(1) of the PA
Profit Forecast of 357 Collins Street for the 12 Months Ending 30 June 2016	:	The detailed forecast of net property income and distribution in relation to the 357 Collins Street Acquisition for the 12 months ending 30 June 2016
Profit Forecast of the Existing and Enlarged Portfolio for 4Q2015	:	FCOT's forecast consolidated statement of total return and distributable income for 4Q2015
Project Manager	:	FCL Management Services Pte. Ltd.
Property Funds Appendix	:	Appendix 6 of the Code on Collective Investment Schemes issued by the MAS
Property Manager	:	Australand Management Services Pty Ltd
Proxy Form	:	The instrument appointing a proxy or proxies
Purchase Consideration	:	A$222.5 million, being the purchase consideration for 357 Collins Street
REIT	:	Real estate investment trust

Retail Units	:	The retail units to be constructed with an estimated total NLA of 676 sq m at the ground level of the China Square Central Property, including works to facilitate these units for food and beverage usage
Sale and Purchase Agreement	:	The conditional sale and purchase agreement entered into between the Trustee and the Vendor on 27 April 2015 for the sale of 357 Collins Street to the Trustee
Savills	:	Savills Valuation and Professional Services (S) Pte. Ltd.
Securities Act	:	U.S. Securities Act of 1933, as amended
SFA	:	Securities and Futures Act (Chapter 289) of Singapore
SGX-ST	:	Singapore Exchange Securities Trading Limited
SLA or the Head Lessor's Agent	:	The Singapore Land Authority
sq m	:	Square metres
TCCA	:	TCC Assets Limited
Temporary Occupation Permit	:	The temporary occupation permit issued by the Commissioner of Building Control under the BCA
TFS	:	TFS Collins Pty Ltd
ThaiBev	:	Thai Beverage Public Company Limited
Total Acquisition Cost	:	The estimated total cost of the 357 Collins Street Acquisition of approximately A$237.7 million
Treasurer	:	Treasurer of the Commonwealth of Australia
Trust Deed	:	The trust deed constituting FCOT dated 12 September 2005 (as amended or restated)
Trustee	:	British and Malayan Trustees Limited in its capacity as trustee of FCOT
United States	:	United States of America
Units	:	Units in FCOT
Unitholder	:	A Unitholder of FCOT
URA	:	Urban Redevelopment Authority of Singapore
Vendor	:	Australand Property Holdings (Collins St No. 1) Pty Limited (in its capacity as trustee of APT (Collins St No. 1) Trust

Vertical Access	:	The vertical access from the ground level to levels 2 and 3 at 22 Cross Street, including mechanical, electrical and other services and works
WALE	:	Weighted average lease expiry
WP	:	The written permission for the Hotel Project and the Commercial Project granted by the URA under Section 14(4) of the PA
%	:	Per centum or percentage

The terms "Depositor" and "Depository Register" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted.

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables, graphs and charts between the listed amounts and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

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VALUATION CERTIFICATES IN RELATION TO THE PROPOSED LEASEHOLD INTEREST WITH HOTEL DEVELOPMENT RIGHTS IN RESPECT OF THE ADDITIONAL GFA

VALUATION CERTIFICATE

Our Reference	:	2015/44
Address of Property	:	18, 20 & 22 Cross Street CHINA SQUARE CENTRAL Singapore
Valuation Prepared for	:	British and Malayan Trustees Limited as trustee of Frasers Commercial Trust (FCOT)
Legal Description	:	Part of Lot 617A Town Subdivision 4
Tenure of Head Lease	:	99-year leasehold commencing from 3 February 1997
Registered Proprietor	:	British and Malayan Trustees Limited as trustee of Frasers Commercial Trust
Interest Valued	:	Proposed leasehold interest with hotel development rights at China Square Central, an existing commercial development which was completed in 2002
Tenure of Interest Valued	:	From date of issue of Temporary Occupation Permit for the hotel and ending one day prior to the expiry of the Head Lease.
Gross Floor Area (GFA)	:	The maximum allowable gross floor area for the proposed hotel is 16,000 sm
Site Area	:	The site where the existing development China Square Central is currently erected has a land area of 14,006.1 sm or thereabouts
Master Plan Zoning (2014 Edition)	:	"White" with a plot ratio of 4.2 and building height of 16-storey and within "China Square Conservation Area" *Note : The official Master Plan Zoning, Road/Drainage/MRT Interpretation Plans and other legal requisitions have not been applied for and/or made available to us.*
Brief Description of Proposed Development	:	The new hotel development will be integrated with the existing development known as China Square Central, which is a commercial development comprising a 15-storey office-cum-retail building (18 Cross Street) and two rows of 2-/ 3-storey shophouses (20 and 22 Cross Street), sited atop 2 basement levels which comprise retail and carpark space.

Brief Description of Proposed Development	:	Grant of Written Permission was issued on 3 June 2014 by Urban Redevelopment Authority for proposed addition and alteration works to the existing commercial development and new erection of a 16-storey hotel with 306 rooms, subject to various terms and conditions and planning parameters, namely: Some of the salient terms and conditions and planning parameters, amongst others, are as follows:- (1) Total GFA of the hotel building shall not exceed 16,000 sm whilst total GFA of the development shall not exceed 66,180.01 sm or gross plot ratio 4.7228. We were also given to understand that the GFA for 18 Cross Street and any additional attic space within the conservation shophouses and reconstructed buildings forming part of 20 and 22 Cross Street shall not exceed 40,110 sm. (2) In the event of the redevelopment of the land, the additional 16,000 sm of Hotel GFA shall not be taken into account in determining the maximum permissible GFA that may be allowed under the Master Plan for the redevelopment of the land; (3) Payment of Differential Premium For the purpose of this valuation, our instructions are to value the hotel development as a stand-alone development project based on the brief information provided.
Differential Premium	:	We were advised that a differential premium of about S$103,264,000/- is payable to Singapore Land Authority for the lifting the title restriction for the additional hotel GFA of 16,000 sm. The differential premium will be borne by the purchaser.
Basis of Valuation		Market Value of the proposed leasehold interest with hotel development rights of the GFA of 16,000 sm
Methods of Valuation	:	Residual Value Method, Direct Comparison Method and Income Capitalisation Method

Date of Valuation	:	20 April 2015
Value Of Leasehold Interest Of Hotel Development Rights	:	**S$44,600,000/-** (Singapore Dollars Forty-Four Million And Six Hundred Thousand Only)

Colliers International Consultancy & Valuation (Singapore) Pte Ltd

CYC/CN/k

This valuation certificate is subject to the attached Limiting Conditions in the valuation report.

Savills Valuation and
Professional Services (S) Pte Ltd
Reg No.: 200402411G

30 Cecil Street
#20-03 Prudential Tower
Singapore 049712

T: (65) 6836 6888
F: (65) 6536 8611

savills.com

Our Ref : MKT/2015/C-FCOT/JY/0249

21 April 2015

Frasers Centrepoint Asset Management (Commercial) Ltd
as Manager of Frasers Commercial Trust
438 Alexandra Road #21-00
Alexandra Point
Singapore 119958

Dear Sirs

Valuation - Part of Lot 617A of Town Subdivision 4 at 18, 20 & 22 Cross Street China Square Central Singapore

In accordance with your instructions for us to value the "Interest" (as defined below), we have obtained such information from you as we consider necessary for the purpose of providing you with our opinion of the current market value of the Interest, for the purpose of an interested party transaction.

Lot 617A of Town Subdivision ("TS") 4 at 18, 20 & 22 Cross Street, is held on a 99-year lease commencing from 3 February 1997 (the "Head Lease"). On 3 June 2014 Written Permission was granted by the Urban Redevelopment Authority ("URA") for a proposed hotel development with a maximum gross floor area ("GFA") of 16,000 sq metres on part of Lot 617A of TS 4.

We are to advise the current market value of the proposed leasehold interest with development rights arising from the planning permission for the proposed hotel with a maximum GFA of 16,000 sq metres, for a term commencing on the date of issue of the Temporary Occupation Permit ("TOP") for the hotel and ending one day prior to the expiry of the Head Lease (the "Interest").

Our valuation is our opinion of the market value of the Interest which we would define as intended to mean "the estimated amount for which a property[1] should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

[1] ~ *For the purpose of this report, "property" shall refer to the Interest being valued herein.*

In arriving at our opinion of the market value of the Interest, we have adopted the Residual Valuation Method, the Income Capitalisation Approach and the Market Comparison Method, having considered the relevant general and economic factors as well as investigated recent transactions of comparable properties.

We have relied to a very considerable extent on information given by you and have accepted advice given to us on such matters as planning approvals or statutory notices, tenure and title restrictions, preliminary proposed plans and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us and are therefore only approximations.

No allowance has been made in our valuation for any charges, mortgages or amounts owing, on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions, and outgoings of an onerous nature which could affect its value.

We are pleased to enclose herewith our valuation certificate for your attention.

Yours faithfully
For and on behalf of
Savills Valuation and Professional Service (S) Pte Ltd



Jessie Yeo MSISV
Appraiser's Licence No : AD041-2002061K
Executive Director

encl

VALUATION CERTIFICATE

The Interest	Brief Description	Market Value
Part of Lot 617A of TS 4 at 18, 20 & 22 Cross Street CHINA SQUARE CENTRAL Singapore Registered Proprietor: British And Malayan Trustees Limited, as Trustee of Frasers Commercial Trust Tenure: Head Lease - 99 years with effect from 3 February 1997. Proposed hotel lease to commence from the date of its TOP and end one day prior to the expiry of the Head Lease.	Completed in 2002, China Square Central ("CSC") comprises a 15-storey commercial block (18 Cross Street) and 2 parcels of part 2-/part 3-storey conservation shophouses (20 and 22 Cross Street) atop a 2-level basement of retail space and car park. CSC occupies Lot 617A of TS 4, within China Square, a historical area where many of the prewar shophouses have been conserved and put to adaptive use, such as food & beverage, fashion and personal services outlets. It is strategically located at the junction of Cross Street and South Bridge Road, on the fringe of Raffles Place, the traditional financial hub of Singapore. Planning approval was granted on 3 June 2014, for a proposed 16-storey hotel (GFA of 16,000 sq metres and 306 rooms) to be erected on part of Lot 617A of TS 4 and integrated within the existing CSC. The proposed hotel GFA of 16,000 sq metres is in excess of the maximum GFA allowed under the State Lease. The State has agreed to lift the title restriction to allow the proposed hotel development to proceed, subject to payment of a differential premium of S$103,264,000 (excluding GST and processing fee). We have valued the proposed leasehold interest with hotel development rights arising from the planning approval granted on 3 June 2014 for a term commencing from the date of TOP of the proposed hotel and ending one day prior to the expiry of the Head Lease.	**S$45,000,000/-** (Singapore Dollars Forty-Five Million Only) as at 20 April 2015

LOCATION OF THE HOTEL

The Hotel will be constructed over the existing open square between 20 and 22 Cross Street and in front of 18 Cross Street at the China Square Central Property. The photo below illustrates the location of the Hotel.



Artist's impression of the Hotel

The China Square Central Property

Hotel

Note: Artist's impression of the Hotel is subject to changes.

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357 COLLINS STREET, THE EXISTING PORTFOLIO AND THE ENLARGED PORTFOLIO

The following sections set out selected information in respect of 357 Collins Street, the Existing Portfolio and the Enlarged Portfolio (comprising the Existing Portfolio and 357 Collins Street). Any discrepancies in the tables, charts or diagrams between the listed figures and totals thereof are due to rounding.

This Circular contains certain information with respect to the trade sectors of the tenants of 357 Collins Street, the Existing Portfolio and the Enlarged Portfolio. The Manager has determined the trade sectors in which these tenants are primarily involved based upon the Manager's general understanding of the business activities conducted by these tenants in the premises occupied by them. The Manager's knowledge of the business activities of these tenants is necessarily limited and these tenants may conduct business activities that are in addition to, or different from, those shown herein.

1. DESCRIPTION OF 357 COLLINS STREET

Located in the heart of the Melbourne CBD, 357 Collins Street is a 25 storey freehold office building Grade A specifications with a total NLA of 31,920 sq m, comprising office space of 30,095 sq m and retail space of 1,825 sq m. 357 Collins Street occupies a central position in the financial precinct of the Melbourne CBD with Collins Street regarded as a prime office location in the Melbourne CBD. 357 Collins Street is also close to Bourke Street Mall, Melbourne's retail heart which offers numerous arcades and malls, speciality shopping and department stores.

Having gone through an extensive refurbishment which was completed in December 2012, 357 Collins Street features a modern lobby and contemporary façade. The upper floors have attractive views of the Yarra River and Southbank. The office floors have high efficiency side-core, and the majority of floor plates are greater than 1,000 sq m, providing flexibility for tenants to tailor fit-outs to suit their specific requirements. The building has lifts with PORT destination lift technology which optimises traffic flow while offering personalised service and access control. It also has various amenities such as car park and bicycle bays, end of trip facilities such as showers, changing rooms and lockers and retail and food and beverage offerings for the convenience of tenants and visitors.

Being strategically located in the heart of the Melbourne CBD, the property boasts good connectivity and accessibility. The property has well-established pedestrian, vehicle and public transport access. 357 Collins Street is well served by public transport infrastructure such as the Flinders Street Station, which serves the entire Melbourne metropolitan rail network, whilst the Southern Cross Station, the major railway station and transport hub for Melbourne, is the terminus of the State's regional railway network, suburban rail services and a coach terminal. Trams also run through Collins Street with tram stops located at several intersections on Collins Street.

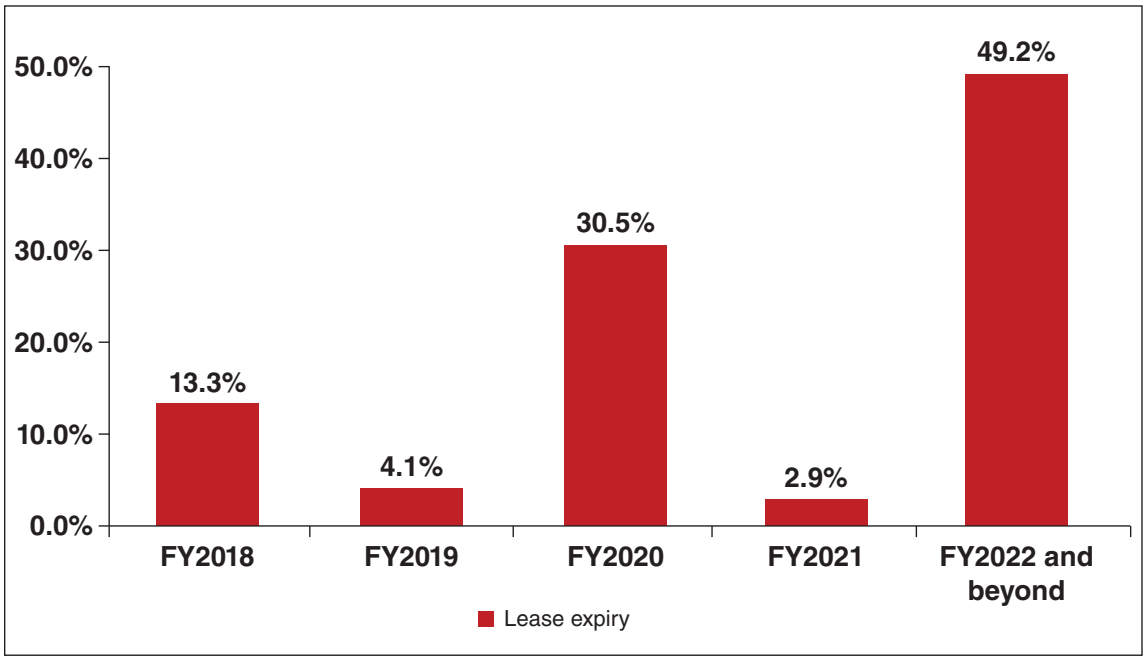
357 Collins Street has good environmental credentials with a 5 star NABERS Energy rating for its environmentally sustainable features. 357 Collins Street has well-established and quality tenants including the Commonwealth Bank of Australia, Meridian Energy Australia Pty Ltd and Wilson HTM Services Pty Ltd.

The table below sets out a summary of selected information on 357 Collins Street as at 31 March 2015 unless otherwise stated.

Address/Location	357 Collins Street, Melbourne, Victoria, Australia
Grade	A
Tenure	Freehold
Floors	25
NLA (sq m)	31,920 (Total) 30,095 (Office) 1,825 (Retail)
Car parking lots	41 (basement level)
WALE (by gross rental income)	6.0 years
Committed occupancy as at the Latest Practicable Date (%)	95.0
Well-established and quality tenants	Commonwealth Bank of Australia, Meridian Energy Australia Pty Ltd and Wilson HTM Services Pty Ltd
Purchase Consideration (A$ million)	222.5

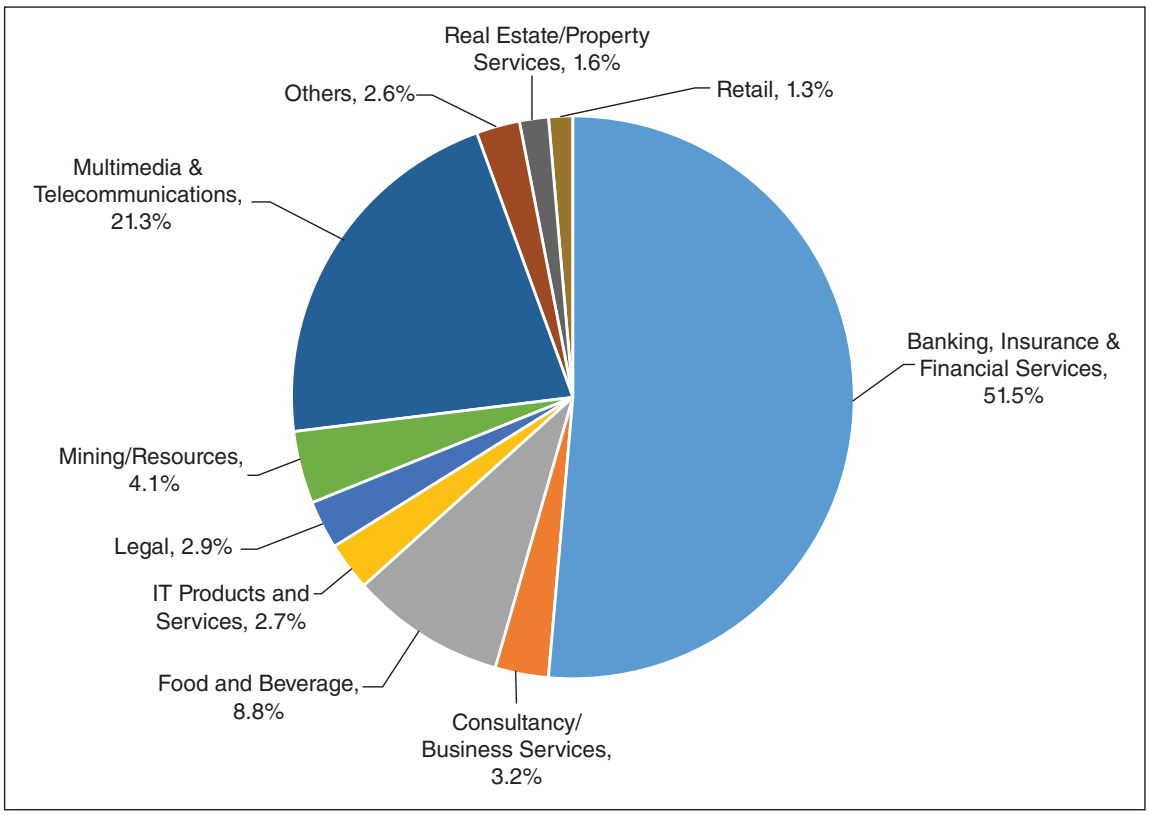
1.1 Lease Expiry Profile for 357 Collins Street as at 31 March 2015

The graph below illustrates the lease expiry profile (by gross rental income) of 357 Collins Street for the five financial years (each comprising a 12-month period ending on 30 September) beginning from FY2018, based on committed leases as at the Latest Practicable Date. There are no leases expiring prior to FY2018.



1.2 Trade Sector Analysis for 357 Collins Street as at 31 March 2015

The chart below illustrates the breakdown by gross rental income of the trade sectors in 357 Collins Street.



1.3 Top 10 Tenants of 357 Collins Street as at 31 March 2015

Top 10 Tenants	Percentage contribution to gross rental income (%)
Commonwealth Bank of Australia	**83.1**
Service Stream Limited	
Meridian Lawyers Limited	
VAP Victoria Pty Ltd	
Wilson HTM Services Pty Ltd	
Infor Global Solutions (ANZ) Pty Limited	
Meridian Energy Australia Pty Ltd	
Oceana Gold Limited	
Eureka International Trading Limited	
Cue Energy Resources Ltd	
Other tenants	**16.9**
Total	**100.0**

2. THE EXISTING PORTFOLIO

The table below sets out the selected information about the Existing Portfolio as at 31 March 2015.

	China Square Central	55 Market Street	Alexandra Technopark	Central Park	Caroline Chisholm Centre
Address	18, 20 & 22 Cross Street, China Square Central, Singapore 048423/2/1	55 Market Street, Singapore 048941	438A & 438B Alexandra Road, Singapore 119967/8	152-158 St Georges Terrace Perth, WA 6000, Australia	Centrelink National Support Office Block 4 Section 13, Tuggeranong ACT 2900, Australia
Tenure	Leasehold 99 years commencing February 1997	Leasehold 999 years commencing April 1826	Leasehold 99 years commencing August 2009	Freehold	Leasehold 99 years commencing June 2002
NLA (sq m)	34,577	6,670	97,105	33,152	40,244
Car park lots	394	Nil	905	421	1,093
Valuation (S$'million)(1)	579.0	134.2	503.0	375.5(2)	233.2(2)
Percentage of total value of Existing Portfolio	31.7	7.4	27.6	20.5	12.8
Occupancy (%)	97.1(3)	100.0	97.4	88.6	100.0
Forecast net property income for 4Q2015 (S$'000)	4,839	932	9,157	5,191(4)	4,519(4)

Notes:

(1) Valuation as at 30 September 2014.

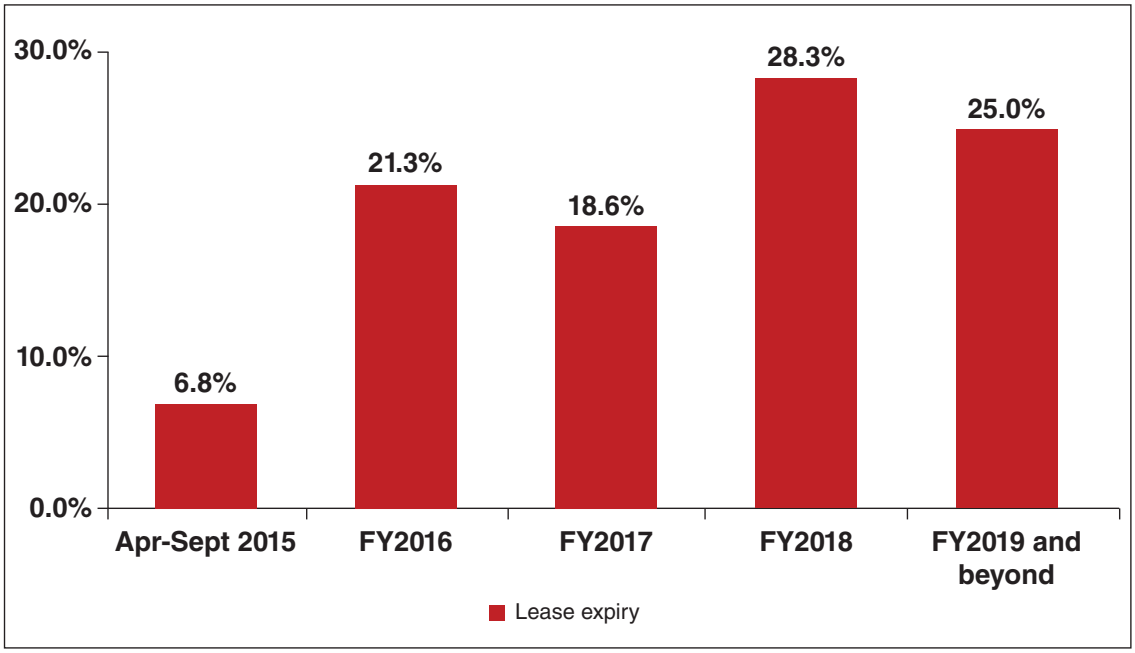
(2) Based on the applicable exchange rate of A$1.00 = S$1.1377 as at 30 September 2014.

(3) Committed as at 31 March 2015.

(4) Based on the exchange rate of A$1.00 = S$1.055.

2.1 Lease Expiry Profile for the Existing Portfolio as at 31 March 2015

The graph below illustrates the lease expiry profile (by gross rental income) of the Existing Portfolio for the period from April 2015 to September 2015 and the next four financial years (each comprising a 12-month period ending on 30 September) thereafter.

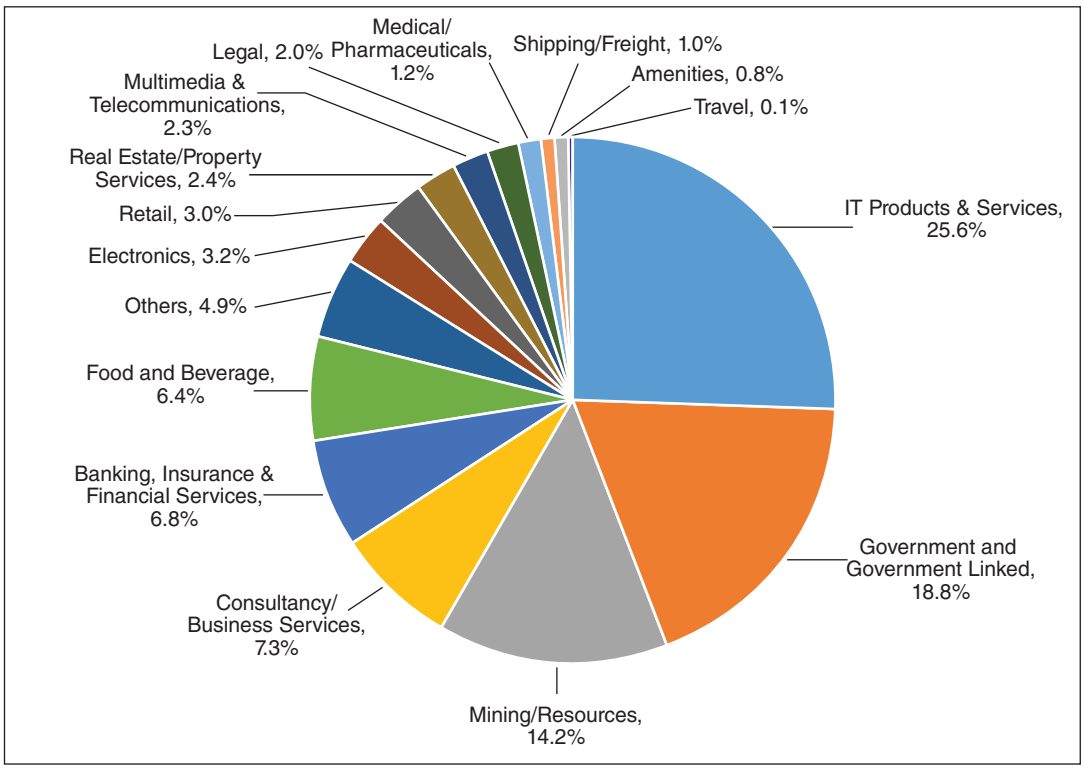


Note:

The lease expiry profile for the Existing Portfolio as at 31 March 2015 above includes the early renewal of the underlying leases at Alexandra Technopark.

2.2 Trade Sector Analysis for the Existing Portfolio as at 31 March 2015

The chart below illustrates the breakdown by gross rental income of the trade sectors in the Existing Portfolio.



2.3 Top 10 Tenants of the Existing Portfolio as at 31 March 2015

The chart below sets out the top 10 tenants of the Existing Portfolio by gross rental income.

Top 10 Tenants	Percentage contribution to gross rental income (%)
Hewlett-Packard Singapore Pte Ltd	**59.5**
Commonwealth of Australia (Centrelink)	
Hamersley Iron Pty Ltd	
BHP Billiton Iron Ore Pty Ltd	
GroupM Singapore Pte Ltd	
Microsoft Operations Pte Ltd	
Cerebos Pacific Ltd	
Government Employees Superannuation Board (WA)	
Equinix Asia Pacific Pte Ltd	
PF Lawyers Pty Ltd (DLA Piper)	
Other tenants	**40.5**
Total	**100.0**

3. THE ENLARGED PORTFOLIO

The table below sets out the selected information about the Enlarged Portfolio as at 31 March 2015.

	Existing Portfolio	357 Collins Street	Enlarged Portfolio
NLA (sq m)	211,748	31,920	243,668
Car park lots	2,813	41	2,854
Valuation (S$'million)	1,824.9[(1)]	250.7[(2)]	2,075.6
Occupancy (%)	96.5	95.0[(3)]	96.3
Forecast net property income for 4Q2015 (S$'000)	24,638	3,613	28,251

Notes:

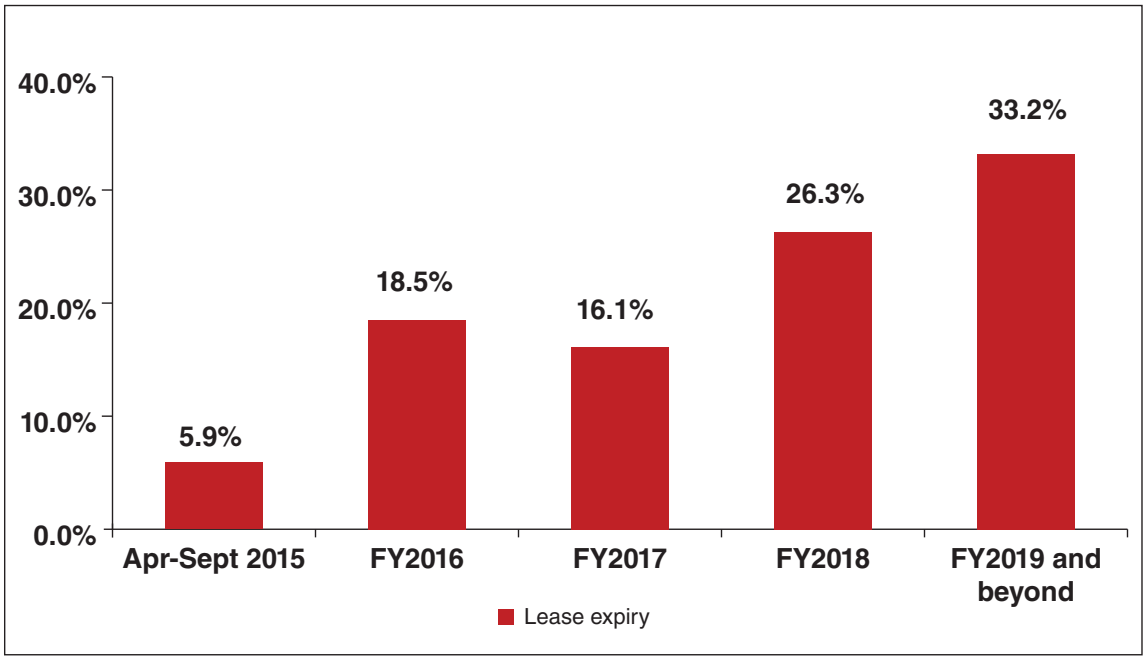
(1) Valuation as at 30 September 2014.

(2) Total Acquisition Cost of 357 Collins Street, based on the exchange rate of A$1.00=S$1.055.

(3) Committed occupancy as at the Latest Practicable Date.

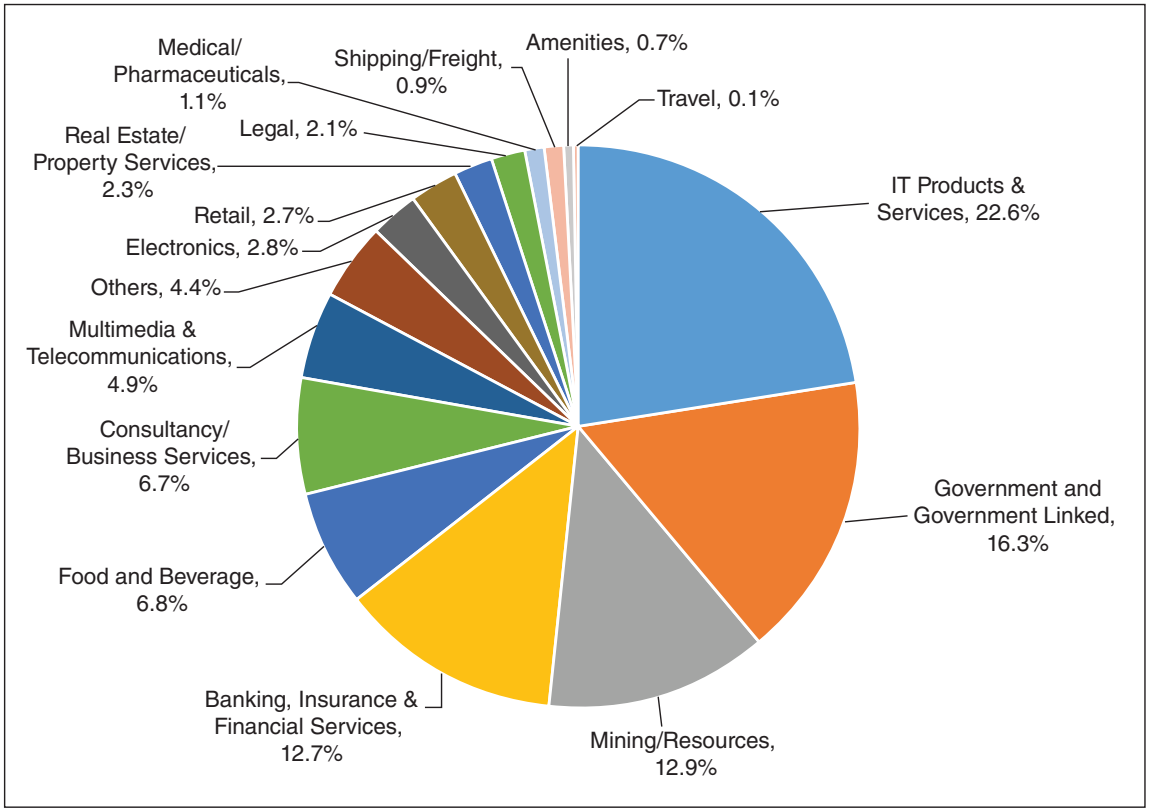
3.1 Lease Expiry Profile for the Enlarged Portfolio as at 31 March 2015

The graph below illustrates the lease expiry profile (by gross rental income) of the Enlarged Portfolio for the period from April 2015 to September 2015 and the next four financial years (each comprising a 12-month period ending on 30 September) thereafter.



3.2 Trade Sector Analysis for the Enlarged Portfolio as at 31 March 2015

The chart below illustrates the breakdown by gross rental income of the trade sectors in the Enlarged Portfolio.



3.3 Top 10 Tenants of the Enlarged Portfolio as at 31 March 2015

The chart below sets out the top 10 tenants of the Enlarged Portfolio by gross rental income.

Top 10 Tenants	Percentage contribution to gross rental income (%)
Hewlett-Packard Singapore Pte Ltd	**57.8**
Commonwealth of Australia (Centrelink)	
Hamersley Iron Pty Ltd	
Commonwealth Bank of Australia	
BHP Billiton Iron Ore Pty Ltd	
GroupM Singapore Pte Ltd	
Service Stream Limited	
Microsoft Operations Pte Ltd	
Cerebos Pacific Ltd	
Government Employees Superannuation Board (WA)	
Other tenants	**42.2**
Total	**100.0**

PROFIT FORECAST OF THE EXISTING AND ENLARGED PORTFOLIO FOR 4Q2015

	Existing Portfolio S$'000	357 Collins Street S$'000	Enlarged Portfolio S$'000
Gross revenue	35,249	4,774	40,023
Property operating expenses	(10,611)	(1,161)	(11,772)
Net property income	**24,638**	**3,613**	**28,251**
Manager's management fees	(3,028)		(3,457)
Trust expenses	(466)		(591)
Finance costs	(5,500)		(6,521)
Total return before tax	15,644		17,682
Taxation	(1,159)		(1,520)
Total return for the period	14,485		16,162
Non-tax deductible/(non-taxable) items and other adjustments:			
Management fees payable in Units	908		1,337
Trustees' fees	138		157
Amortisation of borrowing costs	312		312
Other non-tax deductible items and temporary differences	(41)		(41)
	1,317		1,765
Income available for distribution to Unitholders	**15,802**		**17,927**
Units in Issue ('000)	686,651[1]		772,489[2]
Distribution Per Unit[3] (cents)	**2.3013**		**2.3206**

1. Assumptions

The major assumptions made in preparing the Profit Forecast of the Existing and Enlarged Portfolio for 4Q2015 are set out below. The Manager considers these assumptions to be appropriate and reasonable at the date of the Circular.

---

1 The forecast number of Units in issue which will be entitled to distributable income for the existing portfolio include the forecast number of Units to be issued at an assumed price of S$1.54 per Unit (i) as part payment of management fee for the financial quarters ending 30 June 2015 and 30 September 2015, and (ii) pursuant to implementation of Distribution Reinvestment Plan for the financial quarter ending 30 June 2015.

2 The forecast number of Units in issue which will be entitled to distributable income for the existing portfolio include the forecast number of Units to be issued as set out in footnote 1 above and forecast Units to be issued pursuant to (i) the Private Placement at an assumed price of S$1.50 per Unit, (ii) payment of Acquisition Fee in respect of 357 Collins Street at an assumed price of S$1.54 per Unit, and (iii) payment of management fee attributable to 357 Collins Street for the financial quarter ending 30 September 2015 at an assumed price of S$1.54 per Unit.

3 Distribution for forecast 4Q2015 is based on 100.0% of distributable income available.

1.1 Gross Revenue

Gross revenue consists of base rental income, service charge and outgoings, car park income and turnover rent.

The existing portfolio and the leases of 357 Collins Street has built-in rent reviews which provide organic growth for FCOT. The rent reviews include fixed rent increases during the lease period, or rent adjustments for inflation or market reviews. These mechanisms for rent adjustments for inflation or market reviews provide a hedge against costs increases and inflation.

1.1.1 Base rental income

The forecast base rental income of the Existing Portfolio, 357 Collins Street and the Enlarged Portfolio and the proportion of the forecast base rental income attributable to leases in respect of which definitive agreement have been entered into between the lessor and lessee (including legally binding letters of offers which have been accepted for vacant units) ("**Committed Leases**") are as follows:

	Base rental income S$'000	**Proportion of base rental income attributable to Committed Leases**
Existing Portfolio	25,912	97%
357 Collins Street	3,603	100%
Enlarged Portfolio	29,515	97%

The forecast base rental income constitutes 74% of both the forecast gross revenue of the Existing Portfolio and Enlarged Portfolio.

In the determination of base rental income for 4Q2015, the Manager has:

(i) computed rental receivable for Committed Leases;

(ii) assessed the market rents for each property as at 31 March 2015 with reference to base rents for comparable leases that have been recently negotiated, base rents for competitive properties and prevailing market conditions; and

(iii) applied the assessed market rents to applicable Committed Leases expiring and assumed to be renewed during 4Q2015.

1.1.2 Service charge and outgoings

The service charge and outgoings are contributions paid by tenants towards property expenses of the properties such as air-conditioning, utility charges and cleaning charges. The forecast service charge and outgoings of the Existing Portfolio, 357 Collins Street and the Enlarged Portfolio and the proportion of the forecast service charge and outgoings attributable to Committed Leases are as follows:

	Service charge and outgoings S$'000	Proportion of service charge and outgoings attributable to Committed Leases
Existing Portfolio	4,672	97%
357 Collins Street	910	100%
Enlarged Portfolio	5,582	97%

The forecast service charge and outgoings constitute 13% and 14% of the forecast gross revenue of the Existing Portfolio and Enlarged Portfolio respectively.

1.1.3 Lease renewal rate and vacancy allowance

For Committed Leases of the Singapore properties in the Existing Portfolio expiring during 4Q2015, the Manager has reviewed the relevant leases with regards to the likelihood that these leases will be renewed. There are no Committed Leases of the Australian properties expiring during 4Q2015.

There are also no Committed Leases of 357 Collins Street expiring during 4Q2015.

Based on the Manager's assessment, 2.7% of the base rental income and service charge of the Existing Portfolio for 4Q2015 is attributable to renewal of Committed Leases expiring in 4Q2015.

1.1.4 Occupancy rates

The forecast average occupancy rates (weighted by NLA) for the Existing Portfolio, 357 Collins Street and the Enlarged Portfolio for 4Q2015 are set out in the table below:

Existing Portfolio	96.4%
357 Collins Street	95.0%
Enlarged Portfolio	96.2%

1.2 Property Expenses

Property expenses consist of property management and related expenses, property tax, operational and maintenance expenses and other miscellaneous property expenses.

1.2.1 Property management and related expenses

Pursuant to the Property Management Agreement, property management fees of 3.0% per annum of the gross revenue of the properties in the Existing Portfolio are payable to Frasers Centrepoint Property Management (Commercial) Pte. Ltd..

The property management and related expenses in respect of the Australian Properties of the Existing Portfolio is payable based on the contracted property management agreement with external parties. No further property management fees is charged by Frasers Centrepoint Property Management (Commercial) Pte. Ltd..

The property management and related expenses in respect of 357 Collins Street is based on the proposed property management agreement to be entered into with Australand Management Services Pty Ltd as disclosed in this Circular.

1.2.2 Property tax

The property tax for the Existing Portfolio for 4Q2015 is computed based on the proportion of the property tax assessed for the respective properties for the period from 1 January 2015 to 31 December 2015.

1.2.3 Operational and maintenance expenses

Operational expenses relates to the day-to-day running of the properties and maintenance expenses include general and maintenance costs as well as non-capital expenditure to improve the properties. These expenses are expensed as incurred.

The estimated operational and maintenance expenses of the Existing Portfolio and 357 Collins Street, expressed as a percentage of gross revenue for 4Q2015 are set out in the table below.

Existing Portfolio	20%
357 Collins Street	15%
Enlarged Portfolio	19%

The forecast expenses for 4Q2015 is estimated based on:

(i) rates under existing service and maintenance contracts with service providers;

(ii) historical repair and maintenance expenses, where applicable; and

(iii) general state of condition of the properties.

1.3 Manager's Management Fee

The Manager's management fee comprises base fee of 0.5% per annum of the value of the real estate assets of the Group and performance fee calculated at the rate of 3.5% per annum of the performance fee amount (being the net real estate asset income less the base fee), which is payable quarterly in arrears.

The management fee is computed based on the hypothetical assumption that the carrying value of the investment properties of the Existing Portfolio is S$1.8 billion (based on the aggregate valuation of the properties as at 30 September 2014). The carrying value of 357 Collins Street is hypothetically assumed to be S$250.7 million, which is the Total Acquisition Cost based on an assumed exchange rate of A$1.00 = S$1.055.

In 4Q2015, 30.0% of the Manager's aggregate management fee in respect of the Existing Portfolio is assumed to be paid in the form of Units and the balance in cash. 100% of the Manager's management fee attributable to 357 Collins Street is assumed to be paid in the form of Units.

1.4 Trust Expenses

Trust expenses comprise the recurring expenses to be incurred by FCOT and its subsidiaries and they include Trustee's fees, annual listing fees, registry fees, audit and tax fees, valuation fees and costs associated with preparation and distribution of reports to Unitholders, investor communication costs and other miscellaneous expenses.

The Trustee is entitled to receive a fee at the rate of 0.03% per annum of the gross asset value of the Group, subject to a minimum of $36,000 per annum, paid quarterly in arrears.

1.5 Finance Costs

The borrowings of the Existing Portfolio are 75% hedged by way of interest rate derivatives. Based on the assumption of 3-month Singapore dollar swap offer rate at 1.0% and 3-month Australian dollar bank bill swap bid rate at 2.2% and the contracted rates in the existing interest rate derivatives, the weighted average borrowing costs under the Existing Portfolio is 2.9%.

The Manager has assumed an all-in average borrowing costs of 3.3% for new borrowings (assuming that 50.0% of the debt funding will be denominated in Australian dollars and the remainder denominated in Singapore dollars) which will be taken to part finance the 357 Collins Street Acquisition.

1.6 Accounting Standards

The Manager has assumed that there is no significant change in applicable accounting standards or other financial reporting requirements during 4Q2015 that may have a material bearing on the forecast distributable income of FCOT for 4Q2015.

1.7 Number of Issued Units

The forecast number of Units in issue under the Existing Portfolio is arrived at assuming using actual issued units as at Latest Practicable Date and including forecast number of Units to be issued at an assumed price of S$1.54 per Unit (i) as part payment of management fee for the financial quarters ending 30 June 2015 and 30 September 2015, and (ii) pursuant to implementation of Distribution Reinvestment Plan for the financial quarter ending 30 June 2015.

The forecast number of Units in issue for the Enlarged Portfolio also includes forecast Units to be issued pursuant to (i) the Private Placement at an assumed price of S$1.50 per Unit, (ii) payment of Acquisition Fee in respect of 357 Collins Street at an assumed price of S$1.54 per Unit, and (iii) payment of management fee attributable to 357 Collins Street for the financial quarter ending 30 September 2015 at an assumed price of S$1.54 per Unit.

1.8 Other Assumptions

The Manager has made the following additional assumptions in preparing the Profit Forecast of the Existing and Enlarged Portfolio for 4Q2015:

(i) other than the 357 Collins Street Acquisition, the property portfolio remains unchanged;

(ii) the Profit Forecast of the Existing and Enlarged Portfolio for 4Q2015 excludes the China Square Central Hotel Transaction;

(iii) there will be no material change to the carrying value of the respective property held by FCOT;

(iv) there will be no change in fair value of any derivative financial instruments entered into;

(v) other than for the purposes mentioned in this Circular, there will be no further capital raised during 4Q2015;

(vi) there will be no material change to the taxation legislation or other legislation;

(vii) there will be no material change to the existing and expected tax rulings applicable to FCOT on the taxation of FCOT and its Unitholders;

(viii) all leases and licences are enforceable and will be performed in accordance with their terms; and

(ix) 100% of FCOT's taxable income in respect of 4Q2015 will be distributed.

2. Sensitivity Analysis

The Profit Forecast of the Existing and Enlarged Portfolio for 4Q2015 is based on a number of key assumptions that have been outlined earlier in this appendix.

Unitholders should be aware that future events cannot be predicted with any certainty and deviations from the forecast contained in this Circular are to be expected. To assist with Unitholders in assessing the impact of these assumptions on the Profit Forecast of the Existing and Enlarged Portfolio for 4Q2015, the sensitivity of DPU to changes in key assumptions is set out below.

The sensitivity analysis below is intended as a guide only and variations in actual performance could exceed the ranges shown. Movements in other variables may offset or compound the effect of a change in any variable beyond the extent shown.

Unless otherwise stated, the sensitivity analysis has been prepared using the same assumptions as those set out earlier in this appendix.

2.1 Gross Revenue

Changes in gross revenue will impact the net property income and DPU of FCOT. The impact of variations in gross revenue, assuming all other variable remains constant, is set out in the table below.

	Enlarged Portfolio
	Distribution per Unit (cents)
Gross revenue is 1.0% higher than base case	2.37
Base case	2.32
Gross revenue is 1.0% lower than base case	2.27

2.2 Property Expenses

Changes in property expenses will impact the net property income and DPU of FCOT. The impact of variations in property expenses, assuming all other variable remains constant, is set out in the table below.

	Enlarged Portfolio
	Distribution per Unit (cents)
Property expenses is 2.5% higher than base case	2.28
Base case	2.32
Property expenses is 2.5% lower than base case	2.36

2.3 Borrowing Costs

Changes in interest rates in respect of existing borrowings and new borrowings undertaken to part finance the 357 Collins Street Acquisition will impact the financing costs and DPU of FCOT. The impact of variations in interest rates, assuming all other variable remains constant, is set out in the table below.

	Enlarged Portfolio
	Distribution per Unit (cents)
Overall borrowing cost is 2.5% higher than base case	2.30
Base case	2.32
Overall borrowing costs is 2.5% lower than base case	2.34

2.4 Exchange Rates

Changes in the Australian dollar exchange rates will impact gross revenue and property expenses of the properties in Australia and interest expenses on Australian dollar denominated borrowings and DPU of FCOT. The impact of variations in exchange rate, assuming all other variable remains constant, is set out in the table below.

	Enlarged Portfolio
	Distribution per Unit (cents)
5% strengthening of Australian dollar against Singapore dollar	2.38
Base case	2.32
5% weakening of Australian dollar against Singapore dollar	2.26

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PROFIT FORECAST OF 357 COLLINS STREET FOR THE 12 MONTHS ENDING 30 JUNE 2016

	3 months period from 1 July 2015 to 30 September 2015 A$'000	9 months period from 1 October 2015 to 30 June 2016 A$'000	Forecast 12 months from 1 July 2015 to 30 June 2016 A$'000
Rental income	3,416	10,498	13,914
Outgoings	863	2,654	3,517
Other income	246	750	996
Total income	4,525	13,902	18,427
Property tax	(278)	(841)	(1,119)
Security expenses	(112)	(341)	(453)
Management fees	(150)	(453)	(603)
Cleaning expenses	(183)	(535)	(718)
Other expenses	(377)	(1,213)	(1,590)
Total property expenses	(1,100)	(3,383)	(4,483)
Net property income	3,425	10,519	13,944

1. Assumptions

The major assumptions made in preparing the Profit Forecast of 357 Collins Street for the 12 Months Ending 30 June 2016 are set out below. The Manager considers these assumptions to be appropriate and reasonable at the date of the Circular.

1.1 Total Income

Total income consists of rental income, outgoings and other income.

The existing portfolio and the leases of 357 Collins Street has built-in rent reviews which provide organic growth for FCOT. The rent reviews include fixed rent increases during the lease period or market reviews.

1.1.1 Rental income

The forecast rental income of 357 Collins Street included in the Profit Forecast of 357 Collins Street for the 12 Months Ending 30 June 2016 is computed based on Committed Leases as follows:

	Rental income A$'000	Proportion of rental income attributable to Committed Leases
357 Collins Street	13,914	100%

In the determination of base rental income, the Manager has:

(i) computed rental receivable for Committed Leases during the 12 months ending 30 June 2016; and

(ii) assumed vacant units as at 31 March 2015 will not be leased out throughout the 12 months ending 30 June 2016.

The forecast base rental income constitute 75.5% of the forecast total income of 357 Collins Street.

1.1.2 Outgoings

The outgoings are contributions paid by tenants towards property expenses of the property such as air-conditioning, utility charges and cleaning charges. The forecast outgoings of 357 Collins Street included in the Profit Forecast of 357 Collins Street for the 12 Months Ending 30 June 2016 is computed based on Committed Leases as follows:

	Outgoings A$'000	**Proportion of outgoings attributable to Committed Leases**
357 Collins Street	3,517	100%

The forecast outgoings constitute 19.1% of the forecast total income of 357 Collins Street.

1.1.3 Lease renewal rate and vacancy allowance

There are no Committed Leases of 357 Collins Street expiring during the 12 months ending 30 June 2016. The vacant units as at the Latest Practicable Date are assumed to be not leased out throughout the 12 months ending 30 June 2016.

1.1.4 Occupancy rates

The forecast average occupancy rates (weighted by NLA) for 357 Collins Street during the 12 months ending 30 June 2016 is 95.0%.

1.2 Property Expenses

Property expenses consist of property management and related expenses, property tax, operational and maintenance expenses and other miscellaneous property expenses.

1.2.1 Property management and related expenses

The property management and related expenses in respect of 357 Collins Street is based on the proposed property management agreement to be entered into with Australand Management Services Pty Ltd as disclosed in this Circular.

1.2.2 Property tax

Property tax, which mainly comprise council rates and land tax are estimated based on the historical figures.

1.2.3 Operational and maintenance expenses

Operational expenses relates to the day-to-day running of the properties and maintenance expenses include general and maintenance costs as well as non-capital expenditure to improve the properties. These expenses are expensed as incurred.

The estimated operational and maintenance expenses of 357 Collins Street, expressed as a percentage of total income for the 12 months ending 30 June 2016 is approximately 15%.

The forecast expenses for 4Q2015 is estimated based on:

(i) rates under existing service and maintenance contracts with service providers;

(ii) historical repair and maintenance expenses, where applicable; and

(iii) general state of condition of the properties.

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INDEPENDENT ACCOUNTANTS' REPORTS ON THE PROFIT FORECASTS

3 June 2015

The Board of Directors
Frasers Centrepoint Asset Management (Commercial) Ltd.
(in its capacity as Manager of Frasers Commercial Trust) (the "**Manager**")
438 Alexandra Road #21-00 Alexandra Point
Singapore 119958

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

Dear Sirs,

Letter from the Independent Accountants on the Profit Forecast of the Existing Portfolio and the Enlarged Portfolio for the financial period from 1 July 2015 to 30 September 2015

This letter has been prepared for inclusion in the circular to unitholders dated 3 June 2015 (the "**Circular**") to be issued by Frasers Commercial Trust ("**FCOT**") in connection with the proposed acquisition of 357 Collins Street and the proposed issue of up to 95.0 million new units to part finance the acquisition of 357 Collins Street (the "**Acquisition**").

The directors of Frasers Centrepoint Asset Management (Commercial) Ltd. (the "**Directors**") are responsible for the preparation and presentation of the forecast consolidated statement of total return and distributable income of the existing assets of FCOT and 357 Collins Street for the financial period from 1 July 2015 to 30 September 2015 ("**Profit Forecast of the Existing Portfolio and the Enlarged Portfolio**"), as set out in Appendix D of the Circular, which have been prepared on the basis of the assumptions as set out on pages D-1 to D-7 of the Circular.

We have examined the Profit Forecast of the Existing Portfolio and the Enlarged Portfolio in accordance with Singapore Standards on Assurance Engagements (SSAE) 3400, The Examination of Prospective Financial Information, issued by the Institute of Singapore Chartered Accountants ("**ISCA**"). The Directors are solely responsible for the Profit Forecast of the Existing Portfolio and the Enlarged Portfolio including the assumptions set out on pages D-1 to D-7 of the Circular on which the Profit Forecast of the Existing Portfolio and the Enlarged Portfolio is based.

Based on our examination of the evidence supporting the relevant assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Forecast of the Existing Portfolio and the Enlarged Portfolio. Further, in our opinion, the Profit Forecast of the Existing Portfolio and the Enlarged Portfolio, so far as the accounting policies and calculations are concerned, is properly prepared on the basis of the assumptions and is presented in accordance with Statement of Recommended Accounting Practice (RAP) 7, Reporting Framework for Unit Trusts (but not all the required disclosures), issued by ISCA, which is the framework adopted by FCOT in the preparation of its financial statements.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the Profit Forecast of the Existing Portfolio and the Enlarged Portfolio since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those forecasted. For these reasons set out above, we do not express any opinion as to the possibility of achievement of the Profit Forecast of the Existing Portfolio and the Enlarged Portfolio.

Attention is drawn, in particular, to the sensitivity analysis of the Profit Forecast of the Existing Portfolio and the Enlarged Portfolio as set out in Section 2 of Appendix D of the Circular.

This letter has been prepared for inclusion in the Circular of FCOT to be issued in connection with the Acquisition and should not be used for any other purpose.

Yours faithfully,

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore

(Partner-in-charge: Simon Yeo)

3 June 2015

The Board of Directors
Frasers Centrepoint Asset Management (Commercial) Ltd.
(in its capacity as Manager of Frasers Commercial Trust) (the "Manager")
438 Alexandra Road #21-00 Alexandra Point
Singapore 119958

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

Dear Sirs,

Letter from the Independent Accountants on the Profit Forecast of 357 Collins Street for the 12 Months Ending 30 June 2016

This letter has been prepared for inclusion in the circular to unitholders dated 3 June 2015 (the "**Circular**") to be issued by Frasers Commercial Trust ("**FCOT**") in connection with the proposed acquisition of 357 Collins Street and the proposed issue of up to 95.0 million new units to part finance the acquisition of 357 Collins Street (the "**Acquisition**").

The directors of Frasers Centrepoint Asset Management (Commercial) Ltd. (the "**Directors**") are responsible for the preparation and presentation of the forecast statement of net property income of 357 Collins Street for the 12 months ending 30 June 2016 ("**Profit Forecast of 357 Collins Street**"), as set out in Appendix E of the Circular, which have been prepared on the basis of the assumptions as set out on pages E-1 to E-3 of the Circular.

We have examined the Profit Forecast of 357 Collins Street in accordance with Singapore Standards on Assurance Engagements (SSAE) 3400, The Examination of Prospective Financial Information, issued by the Institute of Singapore Chartered Accountants ("**ISCA**"). The Directors are solely responsible for the Profit Forecast of 357 Collins Street including the assumptions set out on pages E-1 to E-3 of the Circular on which the Profit Forecast of 357 Collins Street is based.

Based on our examination of the evidence supporting the relevant assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the Profit Forecast of 357 Collins Street. Further, in our opinion, the Profit Forecast of 357 Collins Street, so far as the accounting policies and calculations are concerned, is properly prepared on the basis of the assumptions and is presented in accordance with Statement of Recommended Accounting Practice (RAP) 7, Reporting Framework for Unit Trusts (but not all the required disclosures), issued by ISCA, which is the framework adopted by FCOT in the preparation of its financial statements.

Events and circumstances frequently do not occur as expected. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the Profit Forecast of 357 Collins Street since other anticipated events frequently do not occur as expected and the variation may be material. The actual results may therefore differ materially from those forecasted. For these reasons set out above, we do not express any opinion as to the possibility of achievement of the Profit Forecast of 357 Collins Street.

This letter has been prepared for inclusion in the Circular of FCOT to be issued in connection with the Acquisition and should not be used for any other purpose.

Yours faithfully,

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore

(Partner-in-charge: Simon Yeo)

VALUATION CERTIFICATES IN RELATION TO 357 COLLINS STREET

Jones Lang LaSalle

Valuation Certificate

357 Collins St, Melbourne

Description	The subject property comprises a commercial office building occupying a prime location on the southern side of Collins Street within the western core precinct of the Melbourne CBD. The building which was originally built in 1968 was fully refurbished from the base building structure (completed 2012/2013) and provides as new accommodation. Accommodation comprises a basement car park, lower ground retail including food court, ground floor retail and lobby and 22 upper levels of office accommodation totalling a lettable area of 31,920 square metres. As at the date of valuation the building was approximately 95% leased with a medium WALE of 5.73 years (by income 100% occupied) or 6.02 years (by income as occupied).
Prepared For	British and Malayan Trustees Limited as trustee of Frasers Commercial Trust
Date of Valuation	15 April 2015
Interest Valued	100% Freehold Interest
Outstanding Incentives	The valuation is premised on the assumption that all outstanding incentives are borne by the Vendor
Registered Proprietor	Australand Property Holdings (Collins St No. 1) Pty Ltd
Site Area	2,317 square metres
Town Planning	Capital City Zone 1
Tenancy Profile	As at the date of valuation the Property was approximately 95% leased to a range of commercial office and retail tenants. Major tenants include the Commonwealth Bank of Australia who occupy 42.4% of the buildings lettable areas and Service Stream, a listed provider of telecommunication network services.
Net Lettable Area	31,920 square metres
Car Parking (Ratio)	41 spaces (1 car park per 779 sqm)
General Comments	Demand for high yielding assets, such as property remains extremely high with the high levels of demand leading to a firming of yields across all asset classes in 2014. With interest rates expected to remain low for the foreseeable future and a large amount of equity remaining uncommitted we expect the pricing to remain firm during 2015 with the biggest potential hurdle for investors being a lack of investment opportunities. The Property has many of the attributes that endear it to investors including: • Sought after Collins Street address; • Low capital expenditure risk as a consequence of its recent completion; • Medium term WALE with limited short term expiry risk; • Scale and size; • Quality tenancy profile; and • Fixed rental indexation providing indexed income growth. If the property were offered to the market we believe that it would attract robust interest from a range of purchasers both domestic and offshore and at the level of pricing the Asset would be accretive to most of the listed sector
Valuation Approach	**Capitalisation of Net Income and Discounted Cash Flow Approach**
Adopted Value	**$227,000,000 (Two Hundred and Twenty Seven Million Dollars) Plus GST (if any)**

Jones Lang LaSalle

Critical Assumptions, Conditions and Limitations	This valuation report is provided subject to the assumptions, qualifications, limitations and disclaimers detailed throughout this report which are made in conjunction with those included within the Assumptions, Qualifications, Limitations & Disclaimers section located within this report. Reliance on this report and extension of our liability is conditional upon the reader's acknowledgement and understanding of these statements. This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or any part of the content of this valuation. This valuer has no pecuniary interest that would conflict with the proper valuation of the property. This certificate is a summary of the valuation only and has not been prepared for the purpose of assessing the property as an investment opportunity. Jones Lang LaSalle has not been involved in the preparation of the Circular to Unit Holders ("Circular") nor have we had regard to any material contained in the Circular. This letter does not take into account any matters concerning the investment opportunity contained in the Circular. The formal valuation and this letter are strictly limited to the matters contained within those documents, and are not to be read as extending, by implication or otherwise, to any other matter in the Circular. Without limitation to the above, no liability is accepted for any loss, harm, cost of damage (including special, consequential or economic harm or loss) suffered as a consequence of fluctuations in the real estate market subsequent to the date of valuation. Neither this letter nor the full valuation report may be reproduced in whole or in part without prior written approval of Jones Lang LaSalle. Jones Lang LaSalle has prepared this letter on the basis of, and limited to, the financial and other information (including market information and third party information) is accurate, reliable and complete and confirm that we have not tested the information in that respect. This valuation certificate letter is to be read in conjunction with our full valuation report dated 15 April 2015 and is subject to the assumptions, limitation and disclaimers contained therein. We refer the reader to Frasers Centrepoint Asset Management (Commercial) Ltd. as Manager of Frasers Commercial Trust to obtain a copy of the full report.
Prepared By	 **Martin Reynolds AAPI MRICS** Certified Practising Valuer National Director, Head of Valuations & Advisory – Victoria

Valuation Certificate

Property	: 357 Collins Street, Melbourne, Victoria 3000 Australia
Relying Parties	: Frasers Centrepoint Asset Management (Commercial) Ltd as Manager of Frasers Commercial Trust (FCOT) 438 Alexandra Road #21-00 Alexandra Point Singapore 119958
Legal Description	: Volume 10899 Folio 728
Tenure	: 100% freehold interest.
Basis of Valuation	: Market value subject to existing tenancies with the benefit of a rent free incentive reimbursement arrangement with the vendor of up to $1.5m, which covers all contracted outstanding incentives.
Land Area	: 2,317 m2
Brief Description	: 1968 constructed former Stock Exchange office tower which has had a full shell and core refurbishment incorporating new plant and building additions completed in 2012/13. The subject now comprises a basement car park, two levels of retail, and 22 levels of A grade office accommodation. Collins Street is regard as Melbourne's prime office location, and the building occupies a prime location in the heart of financial precinct.
Tenancy Profile	: WALE of 6 years. Diverse lease expiry incorporating generally high quality tenants.
Lettable Floor Area	: 31,920 plus 41 basement car spaces
Valuation Approaches	: Capitalisation and Discounted Cash Flow
Date of Valuation	: 15th April 2015
Open market Value	: $224,000,000 (Two Hundred and Twenty Four Million Dollars)

This valuation certificate is provided subject to the important notices, qualifications, limitations and disclaimers outlined in our full valuation report and this certificate should only be relied upon in conjunction with that report.
Use by, or reliance upon this document for any other purpose not outlined in that report and by any other party is not authorised, and Knight Frank Valuations Victoria is not liable for any loss arising from such any unauthorized use or reliance. This document should not be reproduced without our written authority. The valuer has no pecuniary interest that would conflict with the proper valuation of the property. Liability limited by a scheme approved under Australian Professional Standards Legislation.

Prepared by : Knight Frank Valuations Victoria Australia





Michael J Schuh AAPI MRICS CPV CPV (Bus)
Director
Knight Frank Valuations

Joseph A. Perillo FAPI MRICS CPV CPV (Bus)
Joint Managing Director
Knight Frank Valuations

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EXISTING INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons during the financial period from 1 October 2014 to 31 March 2015 which fall within the Listing Manual and the Property Funds Appendix (excluding transactions of less than $100,000) are as follows.

Name of Interested Persons	$'000
FCL Management Services Pte. Ltd.	
– Rental and carpark income	1,190
Fraser & Neave (Singapore) Pte. Limited.	
– Rental and carpark income	142

Management fees payable to Frasers Centrepoint Asset Management (Commercial) Ltd. and Frasers Centrepoint Property Management (Commercial) Pte. Ltd. and trustee fees payable to British and Malayan Trustees Limited on the basis of, and in accordance with the terms and conditions set out in the Trust Deed and/or prospectus dated 23 March 2006 are not subject to Rules 905 and 906 of the Listing Manual. Accordingly, such fees are not subject to aggregation and other requirements under Rules 905 and 906 of the Listing Manual.

Except as disclosed above, there were no other interested person transactions (excluding transactions of less than $100,000 each) entered into during the financial year under review nor any material contracts entered into by FCOT that involved the interest of the Chief Executive Officer, any Director or any controlling Unitholder of FCOT.

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LETTER FROM PRICEWATERHOUSECOOPERS CORPORATE FINANCE PTE LTD TO THE INDEPENDENT DIRECTORS OF THE MANAGER AND THE TRUSTEE

3 June 2015

The Independent Directors and the Audit, Risk and Compliance Committee
Frasers Centrepoint Asset Management (Commercial) Ltd.
(In its capacity as manager of Frasers Commercial Trust)
438 Alexandra Road #21-00 Alexandra Point
Singapore 119958

British and Malayan Trustees Limited
(In its capacity as trustee of Frasers Commercial Trust)
1 Coleman Street, #08-01 The Adelphi
Singapore 179803

Dear Sirs

(1) THE PROPOSED ENTRY INTO THE BUILDING AGREEMENT FOR THE DEVELOPMENT OF THE HOTEL AND THE GRANT OF A LONG LEASE AT THE CHINA SQUARE CENTRAL PROPERTY (THE "CHINA SQUARE CENTRAL HOTEL TRANSACTION");

(2) THE PROPOSED ACQUISITION OF 357 COLLINS STREET, MELBOURNE, VICTORIA, AUSTRALIA (THE "357 COLLINS STREET ACQUISITION"); AND

(3) THE PROPOSED PLACEMENT OF NEW UNITS TO THE FCL GROUP UNDER THE PRIVATE PLACEMENT (THE "FCL GROUP PLACEMENT")

(TOGETHER, THE "PROPOSED TRANSACTIONS").

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*Unless otherwise defined in this IFA Letter or the context otherwise requires, all terms defined in the Circular dated 3 June 2015 to unitholders of Frasers Commercial Trust ("**Circular**") shall have the same meaning herein.*

1. INTRODUCTION

This IFA letter ("**Letter**") has been prepared for inclusion in the Circular issued by Frasers Centrepoint Asset Management (Commercial) Ltd. (the "**Manager**"), in its capacity as Manager of Frasers Commercial Trust ("**FCOT**"), in connection with, *inter alia*,

(i) Entry into the China Square Central Hotel Transaction by British and Malayan Trustees Limited (in its capacity as the Trustee of FCOT) (the "**Trustee**") with Frasers Hospitality China Square Trustee Pte. Ltd. (in its capacity as trustee-manager of Frasers Hospitality China Square Trust ("**FHCST**"), and as trustee-manager of FHCST, the "**FHCS Trustee**"), an indirect wholly-owned special purpose trust of Frasers Centrepoint Limited (the "**Sponsor**" or "**FCL**");

(ii) Entry into the 357 Collins Street Acquisition by FCOT from Australand Property Holdings (Collins St No. 1) Pty Limited (in its capacity as trustee of APT (Collins St No. 1) Trust (the "**Vendor**"), an indirect wholly-owned special purpose trust of Frasers Australand Pty Ltd[1]); and

[1] Frasers Australand Pty Ltd ("**Frasers Australand**") is a wholly-owned subsidiary of Frasers Amethyst Pte. Ltd., which is a wholly-owned subsidiary of FCL.

(iii) Issue of new units to FCL and/or any of its subsidiaries (collectively the "**FCL Group**"), as part of the proposed issue of up to 95.0 million new units in FCOT ("**New Units**") (which is equivalent to approximately S$142.5 or 13.9% of the 683,439,806 Units in issue as at the latest practicable date prior to the printing of the Circular (the "**Latest Practicable Date**") based on the Illustrative Issue Price of S$1.50 per New Unit), which is a private placement to institutional and other investors (the "**Private Placement**") to part finance the 357 Collins Street Acquisition (the "**FCL Group Placement**").

This Letter sets out the factors considered by PricewaterhouseCoopers Corporate Finance Pte Ltd ("**PwCCF**") in relation to the Proposed Transactions, our recommendations to the Independent Directors of the Manager (the "**Independent Directors**"), the Audit, Risk and Compliance Committee of the Manager (the "**Audit and Risk Committee**"), and British and Malayan Trustees Limited (in its capacity as the Trustee of FCOT) (the "**Trustee**"), and our opinion thereon, which shall form part of the Circular. The Circular and the Letter from the Directors of the Manager (the "**Directors**") to the FCOT's Unitholders (the "**Letter to Unitholders**") included therein will provide, *inter alia*, details of the Proposed Transactions and the recommendation(s) of the Independent Directors in relation to the Proposed Transactions, after having considered PwCCF's advice in this Letter.

1.1. Background

We understand that the Manager is seeking the approval of Unitholders in relation to the following transactions:

1.1.1. The China Square Central Hotel Transaction

(i) The proposed entry into the building agreement (the "**Building Agreement**") by the Trustee with the FHCS Trustee to facilitate the carrying out by the FHCS Trustee of the new erection of a 16 storey hotel block (the "**Hotel**") with an additional GFA of approximately 16,000 sq m derived from the lifting of certain title restrictions to the existing lease of the China Square Central Property[1] (the "**Additional GFA**") (the "**Hotel Project**") and certain proposed additions and alterations to the China Square Central Property, and the grant of a long lease by the Trustee to the FHCS Trustee in respect of the Hotel (the "**Lease**") under an instrument of lease for the period commencing from the date of issue of the Temporary Occupation Permit for the whole of the Hotel Project and ending 1 February 2096 (the "**Leasehold Term**") (together, the "**China Square Central Hotel Transaction**").

For the lifting of certain title restrictions to include the use of the additional GFA of 16,000 sq m of the China Square Central Property for hotel guest rooms and hotel-related uses as mentioned above, a differential premium of S$103.3 million, together with the applicable GST and processing fees of S$7.2 million shall be payable to the Singapore Land Authority (the "**SLA**"). The FHCS Trustee will be responsible for the payment of the above-mentioned and the payment of the stamp duty payable of S$3.1 million to the Commissioner of Stamp Duties (the amounts payable to SLA and Commissioner of Stamp Duties collectively, the "**Differential Premium Amount**"). In order for the Trustee to grant the Lease for the Leasehold Term in respect of the Hotel, the FHCS Trustee shall pay the Trustee a consideration of S$44.8 million (the "**Consideration**").

[1] The China Square Central Property comprises a 15-storey office tower with a two-storey retail podium, two basement levels and two clusters of heritage shophouses located at 18, 20 & 22 Cross Street, China Square Central, Singapore 048423/2/1.

(ii) The proposed entry into a licence agreement by the Trustee with the FHCS Trustee to grant the FHCS Trustee the licence to use the Hotel-related Licensed Areas[1] for the purposes of the operation of the Hotel for duration of the term of the Lease, with the FHCS Trustee paying a nominal fee (the "**Licence Fee**").

1.1.2. The 357 Collins Street Acquisition

The proposed entry into a sale and purchase agreement by TFS Collins Pty Ltd (an indirect wholly-owned subsidiary of the Trustee incorporated in Australia, "**TFS**") in its capacity as trustee of Collins Street Landholding Trust[2] in relation to the acquisition of 357 Collins Street, Melbourne, Victoria, Australia ("**357 Collins Street**") from the Vendor (the "**357 Collins Street Acquisition**") for a purchase consideration of A$222.5 million (the "**Purchase Consideration**").

1.1.3. The FCL Group Placement

The proposed issue of New Units under the Private Placement to FCL Group to part finance the 357 Collins Street Acquisition in proportion to its pre-placement unitholding in FCOT, in percentage terms[3] (the "**FCL Group Placement**").

1.2. Interested Person Transaction and Interested Party Transaction

1.2.1. The China Square Central Hotel Transaction

As at the Latest Practicable Date, FCL holds, through FCL Trust Holdings (Commercial) Pte. Ltd. and Frasers Centrepoint Asset Management (Commercial) Ltd., an aggregate interest in 187,540,430 Units, which is equivalent to approximately 27.4% of the total number of Units in issue, and is therefore regarded as a "controlling Unitholder" of FCOT under both Chapter 9 of the Listing Manual of Singapore Exchange Securities Trading Limited ("**SGX-ST**") (the "**Listing Manual**") and Paragraph 5 of the Property Funds Appendix of the Collective Investment Scheme issued by the Monetary Authority of Singapore (the "**Property Funds Appendix**"). In addition, as the Manager is a wholly-owned subsidiary of FCL, FCL is therefore regarded as a "controlling shareholder" of the Manager under both the Listing Manual and the Property Funds Appendix.

As the FHCS Trustee is the trustee of FHCST, an indirect wholly-owned special purpose trust of FCL, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the FHCS Trustee (being wholly-owned by a "controlling Unitholder" of FCOT and a "controlling shareholder" of the Manager) is (for the purposes of the Listing Manual) an "interested person" and (for the purposes of the Property Funds Appendix) an "interested party" of FCOT.

As the Project Manager is an indirect wholly-owned subsidiary of FCL, for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Project Manager (being wholly-owned by a "controlling Unitholder" of FCOT and a "controlling shareholder" of the Manager) is (for the purposes of the Listing Manual) an "interested person" and (for the purposes of the Property Funds Appendix) an "interested party" of FCOT.

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[1] Hotel-related Licensed Areas are certain areas at the China Square Central Property, including access to the water tanks and part of the high tension switch room area which the FHCS Trustee will require access to, for the purposes of the operation of the Hotel.

[2] Collins Street Landholding Trust has been established by FCOT for the purpose of acquisition and holding the legal title to 357 Collins Street. Collins Street Landholding Trust will be an indirect wholly-owned subsidiary of the Trustee.

[3] This excludes the Acquisition Fee Units and the Divestment Fee Units (both as defined herein).

Therefore, the China Square Central Hotel Transaction will constitute an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under the Property Funds Appendix, and as such, the Manager is proposing to seek the approval of Unitholders for the China Square Central Hotel Transaction.

Details of the interested person transactions entered into between (1) FCOT and (2) FCL and their subsidiaries and associates, during the course of the current financial year up to the Latest Practicable Date ("**Existing Interested Person Transactions**"), which are the subject of aggregation pursuant to Rule 906 of the Listing Manual, may be found in **Appendix H** of the Circular.

1.2.2. The 357 Collins Street Acquisition

Rule 906, Chapter 9 of the Listing Manual requires, *inter alia*, the approval of the Unitholders of the real estate investment trust ("**REIT**") for an interested person transaction if the value of the transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S$100,000, with the same interested person during the same financial year) is equal to or exceeds 5.0% of the REIT's latest audited net tangible assets (the "**NTA**"). Paragraph 5 of the Property Funds Appendix also imposes a similar requirement for an interested party transaction whose value exceeds 5.0% of REIT's latest net asset value (the "**NAV**").

Based on the FY2014 Audited Financial Statements, the NTA of FCOT was S$1,091.4 million as at 30 September 2014. Accordingly, if the value of a transaction which is proposed to be entered into in the current financial year by FCOT with an interested person is, either in itself or in aggregation with all other earlier transactions (each of a value equal to or greater than S$100,000) entered into with the same interested person during the current financial year, equal to or in excess of S$54.6 million, such a transaction would be subject to Unitholders' approval. Given the Purchase Consideration of A$222.5 million (approximately S$234.7 million) (which is 21.5% of the NTA of FCOT as at 30 September 2014), the value of the 357 Collins Street Acquisition exceeds the said threshold of the Listing Manual.

Based on the FY2014 Audited Financial Statements, the NAV of FCOT was S$1,091.4 million as at 30 September 2014. Accordingly, if the value of a transaction which is proposed to be entered into by FCOT with an interested party is equal to or greater than S$54.6 million, such a transaction would be subject to Unitholders' approval. Given the Purchase Consideration of A$222.5 million (approximately S$234.7 million) (which is 21.5% of the NAV of FCOT as at 30 September 2014), the value of the 357 Collins Street Acquisition exceeds the said threshold of the Property Funds Appendix.

As at the Latest Practicable Date, FCL holds, through FCL Trust Holdings (Commercial) Pte. Ltd. and Frasers Centrepoint Asset Management (Commercial) Ltd., an aggregate interest in 187,540,430 Units, which is equivalent to approximately 27.4% of the total number of Units in issue, and is therefore regarded as a "controlling Unitholder" of FCOT under both the Listing Manual and the Property Funds Appendix. In addition, as the Manager is a wholly-owned subsidiary of FCL, FCL is therefore regarded as a "controlling shareholder" of the Manager under both the Listing Manual and the Property Funds Appendix. As FCL is considered to be a "controlling Unitholder" of FCOT and a "controlling shareholder" of the Manager, it is therefore considered as an "interested person" (for the purposes of the Listing Manual) and an "interested party" (for the purposes of the Property Funds Appendix) of FCOT.

As the Vendor is the trustee of APT (Collins St No. 1) Trust, an indirect wholly-owned special purpose trust of Frasers Australand[1], for the purposes of Chapter 9 of the Listing Manual and Paragraph 5 of the Property Funds Appendix, the Vendor (being the trustee of a special purpose trust wholly-owned by a "controlling Unitholder" of FCOT and a "controlling shareholder" of the Manager) is (for the purposes of the Listing Manual) an "interested person" and (for the purposes of the Property Funds Appendix) an "interested party" of FCOT.

Therefore, the 357 Collins Street Acquisition will constitute an "interested person transaction" under Chapter 9 of the Listing Manual as well as an "interested party transaction" under the Property Funds Appendix, in respect of which the approval of Unitholders is required.

Details of the interested person transactions entered into between (1) FCOT and (2) FCL and their subsidiaries and associates, during the course of the current financial year up to the Latest Practicable Date (i.e. the Existing Interested Person Transactions), which are the subject of aggregation pursuant to Rule 906 of the Listing Manual, may be found in **Appendix H** of this Circular.

1.2.3. The FCL Group Placement

FCL, being a controlling Unitholder, and its subsidiaries, being associates of a controlling Unitholder, are deemed to be an "interested person" of FCOT for the purposes of Chapter 9 of the Listing Manual. The FCL Group Placement therefore constitutes an "interested person transaction" under Chapter 9 of the Listing Manual. If such number of New Units are placed to the FCL Group pursuant to the Private Placement in order for the FCL Group to maintain its proportionate pre-placement unitholding, in percentage terms[2], there is a possibility (depending on the actual Issue Price and the number of New Units placed under the FCL Group Placement) that the value of New Units placed to the FCL Group may exceed 5.0% of the value of FCOT's latest audited NTA. In such circumstances, under Rule 906 of the Listing Manual, the Manager is required to seek Unitholders' approval for the placement of New Units to the FCL Group.

It is in this context that PwCCF has been appointed to advise the Independent Directors, the Audit and Risk Committee and the Trustee as to whether the Proposed Transactions are based on normal commercial terms and are not prejudicial to the interests of FCOT and its minority Unitholders.

Detailed information on the Proposed Transactions is set out in Sections 2 to 11 of the Letter to Unitholders.

We recommend that Unitholders read the aforementioned sections carefully.

2. TERMS OF REFERENCE

PwCCF has been appointed to advise the Independent Directors, the Audit and Risk Committee and the Trustee as to whether the Proposed Transactions are based on normal commercial terms and are not prejudicial to the interests of FCOT and its minority Unitholders. We do not, by this Letter, make any representation or warranty in relation to the merits of the Proposed Transactions.

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1 Frasers Australand Pty Ltd is a wholly-owned subsidiary of Frasers Amethyst Pte. Ltd., which is a wholly-owned subsidiary of FCL.

2 This excludes the Acquisition Fee Units and the Divestment Fee Units.

Our terms of reference do not require us to evaluate the strategic or long-term commercial merits of the Proposed Transactions or the future financial performance or prospects of FCOT. However, we may draw upon the views of the Directors of the Manager and their other professional advisers in arriving at our opinion. Such evaluations or comments remain the responsibility of the Directors of the Manager.

Our opinion as set out in this Letter is based upon the following key considerations:

2.1. The China Square Central Hotel Transaction

- the rationale and benefits of the China Square Central Hotel Transaction;
- the valuation approaches and assumptions adopted by the appointed independent property valuers in appraising the market value of the proposed leasehold interest with hotel development rights in respect of the Additional GFA (the "**Leasehold Interest**");
- the valuation results as appraised by the appointed independent property valuers;
- the price per key of the China Square Central Hotel Transaction, based on GDV, as compared to the price per key of comparable properties held by other REITs listed on SGX-ST, if any;
- the price per key of the China Square Central Hotel Transaction, based on GDV, as compared with the price per key observed in comparable transactions involving other similar properties in Singapore, if any;
- the price per sq ft of the land parcel as compared to the price per sq ft observed in comparable transactions involving the sale of land with hotel development rights in Singapore, if any;
- the Licence Fee for the use of the Hotel-related Licensed Areas at the China Square Central Property as compared with the licence fees charged for the use of areas of commercial properties by other REITs listed on SGX-ST, if any;
- the financial effects of the China Square Central Hotel Transaction; and
- the prevailing market, economic, industry, monetary and other relevant conditions, together with any information made available to us as of the Latest Practicable Date as defined in the Circular.

2.2. The 357 Collins Street Acquisition

- the rationale and benefits for the 357 Collins Street Acquisition;
- the valuation approaches and assumptions adopted by the appointed independent property valuers in appraising the value of 357 Collins Street (taking into account the incentives reimbursement);
- the valuation results as appraised by the appointed independent property valuers;
- the price per sq m of 357 Collins Street as compared to the price per sq m of comparable office buildings held by other REITs listed on ASX, if any;
- the price per sq m of 357 Collins Street as compared to the price per sq m observed in comparable office building transactions in Melbourne, if any;

- the financial effects of the 357 Collins Street Acquisition; and

- the prevailing market, economic, industry, monetary and other relevant conditions, together with any information made available to us as of the Latest Practicable Date as defined in the Circular.

2.3. The FCL Group Placement

- the rationale for the issue of the FCL Group Placement;

- the evaluation of the issue price of the FCL Group Placement; and

- the precedent placements by REITs listed on SGX-ST to interested persons, if any.

We have held discussions with the Directors of the Manager and have examined information provided by the Manager and other publicly available information collated by us, upon which our opinion as set out in this Letter is based. We have not independently verified the information provided by the Manager, whether written or verbally, and accordingly do not make any representation or warranty in respect of, and do not accept any responsibility for, the accuracy, completeness or adequacy of such information. We have nevertheless made reasonable enquiries and used our judgement as we deemed necessary or appropriate when reviewing such information, and are not aware of any reason to doubt the accuracy or reliability of the information.

We have been furnished with the valuation reports for the China Square Central Hotel Transaction and the 357 Collins Street Acquisition issued by the independent property valuers. However, we have not made an independent evaluation of the China Square Central Hotel Transaction and have relied solely upon the valuation reports prepared by Savills Valuation and Professional Services (S) Pte. Ltd. ("**Savills**") and Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("**Colliers**"). Similarly, we have not made an independent valuation of the 357 Collins Street Acquisition and have relied solely upon the valuation reports prepared by Knight Frank Valuation Services (Vic) Pty Ltd ("**Knight Frank**") and Jones Lang LaSalle Advisory Services Pty Limited ("**JLL**"). The respective valuation certificates and summaries prepared by Savills and Colliers for the China Square Central Hotel Transaction are set out in **Appendix A** of the Circular, whilst valuation certificates and summaries prepared by Knight Frank and JLL in relation to the 357 Collins Street Acquisition are set out in **Appendix G** of the Circular.

We have relied upon the assurance of the Directors that the Circular has been approved by the Directors, who have made all reasonable enquiries that, to the best of their knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed Transactions. FCOT and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Accordingly, the Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular. The foregoing is as set out in the "Directors' Responsibility Statement" in Section 18 of the Letter to Unitholders.

In addition, we have assumed that the Proposed Transactions will be completed in accordance with the terms set out in the Circular without any waiver, amendment or delay of any terms or conditions and that no conditions or restrictions will be imposed that would have a material adverse effect on the Proposed Transactions. Further, we have assumed, *inter alia*, that all material governmental, regulatory, or other consents and approvals necessary for the completion of the Proposed Transactions will be obtained, and that no delays, limitations, conditions or restrictions will be imposed that will have any material adverse effect on FCOT or on the contemplated benefits of the Proposed Transactions.

Accordingly, no representation or warranty, expressed or implied, is made by us, and no responsibility is accepted by us, concerning the accuracy, completeness or adequacy of all such information, provided or otherwise made available to us or relied upon by us as described above.

Conditions may change significantly over a short period of time and accordingly we assume no responsibility to update, revise or reaffirm our view in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Unitholders should take note of any announcements relevant to their consideration of the Proposed Transactions which may be released by the Manager and other sources after the Latest Practicable Date.

In preparing this Letter, we have not had regard to the specific investment objectives, financial situations, tax positions and/or unique needs and constraints of any individual Unitholder. As each Unitholder may have different investment objectives and considerations, we advise the Independent Directors to recommend that any individual Unitholder who may require specific advice in relation to his Unit(s) should consult his own professional adviser.

Our opinion is addressed to and for the use and benefit of the Independent Directors, the Audit and Risk Committee, and the Trustee in their deliberation of whether the Proposed Transactions are based on normal commercial terms and are not prejudicial to the interests of FCOT and its minority Unitholders. The statements and/or recommendations made by the Independent Directors shall remain the responsibility of the Independent Directors.

Our opinion in relation to the Proposed Transactions should be considered in the context of the entirety of this Letter and the Circular.

3. DETAILS OF THE PROPOSED TRANSACTIONS

Details of the Proposed Transactions are set out in Sections 2 to 11 of the Letter to Unitholders, which Unitholders are advised to read carefully. A summary of the key terms of the Proposed Transactions, as extracted from Sections 2 to 11, is set out below.

3.1. The China Square Central Hotel Transaction

3.1.1. The Background

The Hotel will be constructed over the existing open square between 20 and 22 Cross Street and in front of 18 Cross Street at the China Square Central Property. Information on the Hotel Project is set out in Paragraph 2.1 of the Letter to Unitholders in the Circular and detailed information on the location of the Hotel project is set out in **Appendix B** of the Circular. The table below sets out a summary of selected information on the intended Hotel Project.

Property	Total GFA (sq m)	Total GFA (sq ft)
China Square Central Hotel	16,000	172,222

Source: Circular

We recommend that Unitholders read the aforementioned sections carefully.

3.1.2. Estimated Net Proceeds

The estimated net proceeds from the grant of the Leasehold Interest are set out in the table below. Details in relation to the estimated net proceeds and use of the net proceeds are set out in Section 2.5 and Section 2.6 of the Circular.

	Value (S$ million)
Consideration receivable by FCOT	44.8
Transactional Costs[(1)]	(0.5)
Net Proceeds	44.3

Source: Circular

Note:

(1) "Transactional Costs" comprise professional and other fees and expenses incurred or to be incurred by FCOT in connection with the China Square Central Hotel Transaction.

In addition to the professional and other fees and expenses incurred by FCOT in connection with the China Square Central Hotel Transaction, FCOT is expected to incur a divestment fee of approximately S$0.2 million (the "**Divestment Fee**"), which is payable in Units to the Manager pursuant to the Trust Deed and Paragraph 5.6 of the Property Funds Appendix. As the grant of the Lease is an Interested Party Transaction, the Manager is required under Paragraph 5.6 of the Property Funds Appendix to receive the Divestment Fee in Units. In accordance with paragraph 5.6 of the Property Funds Appendix which applies to Interested Party Transactions, the Units to be issued as payment of the Divestment Fee (the "**Divestment Fee Units**") are not to be sold within one year from their date of issuance.

The Manager intends to use the estimated net proceeds from the grant of the Leasehold Interest towards one or more of the following:

(i) to repay existing bank borrowings;

(ii) for any asset enhancement initiatives; and

(iii) general corporate and working capital purposes.

3.1.3. The appraised Market Value for the Leasehold Interest

We set out below the appraised market value of the Leasehold Interest, as appraised by the Independent Property Valuers:

	Market value (S$'000)		
	By Savills as at 20 April 2015	By Colliers as at 20 April 2015	Consideration (S$'000)
Valuation	45,000	44,600	44,800

Source: Valuation reports of Savills and Colliers, Circular.

Detailed information on the valuations by Savills and Colliers is set out in Section 2.4 of the Letter to Unitholders.

We recommend that Unitholders read the aforementioned section carefully.

3.1.4. The Licence Agreement

The Trustee will enter into a licence agreement with the FHCS Trustee for the use of the Hotel-related Licensed Areas for the purposes of the FHCS Trustee's operation of the Hotel for the duration of the term of the Lease, with FHCS Trustee paying the Licence Fee.

The Licence Fee for the use of the Hotel-related Licensed Areas has been appraised by Savills and Colliers.

Details in relation to the Licence Agreement are set out in Section 2.11 of the Circular.

We recommend that Unitholders read the aforementioned section carefully.

3.2. The 357 Collins Street Acquisition

3.2.1. The Property

Located in the heart of the Melbourne Central Business District (the "**CBD**"), 357 Collins Street is a 25 storey freehold Grade A office with a total net lettable area (the "**NLA**") of 31,920 sq m, comprising office space of 30,095 sq m and retail space of 1,825 sq m. 357 Collins Street occupies a central position in the financial precinct of Melbourne CBD with Collins Street regarded as a prime office location in the Melbourne CBD. 357 Collins Street is also close to Bourke Street Mall, Melbourne's retail heart which offers numerous arcades and malls, speciality shopping and department stores.

Having gone through an extensive refurbishment which was completed in December 2012, 357 Collins Street features a modern lobby and contemporary façade. The office floors have high efficiency side-core, and the majority of floor plates are greater than 1,000 sq m, providing flexibility for tenants to tailor fit-outs to suit their specific requirements. It also has various amenities such as car park and bicycle bays, end of trip facilities such as showers, changing rooms and lockers and retail and food and beverage offerings for the convenience of tenants and visitors.

Being strategically located in the heart of Melbourne's CBD, the property boasts good connectivity and accessibility. The property has well established pedestrian, vehicle and public transport access. 357 Collins Street is well served by public transport infrastructure such as the Flinders Street Station, which serves the entire Melbourne metropolitan rail network, whilst the Southern Cross Station, the major railway station and transport hub for Melbourne, is the terminus of the State's regional railway network, suburban rail services and a coach terminal. Trams also run through Collins Street with tram stops located at several intersections on Collins Street.

357 Collins Street has good environmental credentials with a 5 star National Australian Built Environment Rating System ("**NABERS**") Energy rating for its environmentally sustainable features. Key office tenants of 357 Collins Street include the Commonwealth Bank of Australia, Meridian Energy Australia Pty Ltd and Wilson HTM Services Pty Ltd.

A detailed description of the Collins Street property is set out in **Appendix C** of the Circular. The table below sets out a summary of selected information on the property as of 31 March 2015 unless otherwise stated.

Address/Location	357 Collins Street, Melbourne, Victoria, Australia
Grade	A
Tenure	Freehold
Floors	25
NLA (sq m)	31,920 (Total) 30,095 (Office) 1,825 (Retail)
Car parking lots	41 (basement level)
WALE (by gross rental income)	6.0 years
Committed occupancy as at the Latest Practicable Date (%)	95.0
Well-established and quality tenants	Commonwealth Bank of Australia, Meridian Energy Australia Pty Ltd and Wilson HTM Services Pty Ltd

Source: Circular

3.2.2. The Estimated Total Acquisition Cost

The estimated Total Acquisition Cost is expected to be approximately A$237.7 million (the "**Total Acquisition Cost**"), a breakdown of which is set out below:

	Value (A$ million)
Purchase Consideration payable by FCOT	222.5
The Acquisition Fee payable to the Manager (which is equal to 1.0% of the Purchase Consideration)	2.2
Estimated stamp duty	12.2
Estimated professional and other fees and expenses	0.8
Total Acquisition Costs	237.7

Source: Circular

Details of the Estimated Total Acquisition Cost and method of financing the 357 Collins Street Acquisition are set out in Section 5.3 and Section 5.4 of the Circular.

As the 357 Collins Street Acquisition is an "interested party transaction" under the Property Funds Appendix, the Manager is required under paragraph 5.6 of the Property Funds Appendix to receive the Acquisition Fee in Units, and the Units to be issued as payment of the Acquisition Fee (the "**Acquisition Fee Units**") are not to be sold within one year from their date of issuance.

The Manager intends to finance the 357 Collins Street Acquisition with a combination of debt and equity financing. The Manager proposes to issue up to 95.0 million New Units (which is equivalent to approximately S$142.5 million or 13.9% of the 683,439,806 Units in issue as at the Latest Practicable Date based on the Illustrative Issue Price of S$1.50 per New Unit) pursuant to the Private Placement to part finance the 357 Collins Street Acquisition. The balance thereof is intended to be funded by new loan facilities which the Manager will put in place for the 357 Collins Street Acquisition. The Manager intends to allocate the entire net proceeds from the Private Placement for the purposes of the 357 Collins Street Acquisition.

3.2.3. The appraised Market Value

We set out below the appraised market value of 357 Collins Street, as appraised by the Independent Property Valuers:

	Income Capitalisation Approach (A$'000)	DCF (A$'000)	Appraised Value (A$'000)	Purchase Consideration (A$'000)
By JLL as at 15 April 2015	223,430	227,122	227,000	222,500
By Knight Frank as at 15 April 2015	224,923	223,088	224,000	

Source: Valuation Reports of JLL and Knight Frank, Circular

Detailed information on the valuations by JLL and Knight Frank is set out in Section 5.5 of the Letter to Unitholders.

We recommend that Unitholders read the aforementioned section carefully.

3.3. The FCL Group Placement

To demonstrate the alignment of interest and support of the FCL Group for FCOT, the Manager is seeking Unitholders' approval for the proposed issue of New Units to the FCL Group, as part of the Private Placement. The FCL Group may subscribe for such number of New Units under the Private Placement up to the FCL Group's proportionate pre-placement unitholding in FCOT, in percentage terms[1]. The New Units placed to the FCL Group under the FCL Group Placement will be issued at the same price as the New Units issued to other investors under the Private Placement.

Details in relation to the FCL Group Placement are set out in Section 11 of the Circular.

We recommend that Unitholders read the abovementioned section carefully.

4. EVALUATION OF THE PROPOSED TRANSACTIONS

In our evaluation of whether the Proposed Transactions are based on normal commercial terms and are not prejudicial to the interests of FCOT and its minority Unitholders, we have given consideration to the following key factors:

The China Square Central Hotel Transaction

- the rationale and expected benefits for the China Square Central Hotel Transaction;
- the valuation approaches and assumptions adopted by the appointed independent property valuers in appraising the market value of the proposed leasehold interest with hotel development rights in respect of the Additional GFA (the "**Leasehold Interest**");
- the valuation results as appraised by the appointed independent property valuers;

[1] This excludes the Acquisition Fee Units and the Divestment Fee Units.

- the price per key of the China Square Central Hotel Transaction, based on GDV, as compared to the price per key of comparable properties held by other REITs listed on SGX-ST, if any;

- the price per key of the China Square Central Hotel Transaction, based on GDV, as compared with the price per key observed in comparable transactions involving other similar properties in Singapore, if any;

- the price per sq ft of the land parcel as compared to the price per sq ft observed in comparable transactions involving the sale of land with hotel development rights in Singapore, if any;

- the Licence Fee for the use of the Hotel-related Licensed Areas at the China Square Central Property as compared with the licence fees charged for the use of areas of commercial properties by other REITs listed on SGX-ST, if any;

- the financial effects of the China Square Central Hotel Transaction; and

- the prevailing market, economic, industry, monetary and other relevant conditions, together with any information made available to us as of the Latest Practicable Date as defined in the Circular.

The 357 Collins Street Acquisition

- the rationale and expected benefits for the 357 Collins Street Acquisition;

- the valuation approaches and assumptions adopted by the appointed independent property valuers in appraising the value of 357 Collins Street (taking into account the incentives reimbursement);

- the valuation results as appraised by the appointed independent property valuers;

- the price per sq m of 357 Collins Street as compared to the price per sq m of comparable office buildings held by other REITs listed on ASX, if any;

- the price per sq m of 357 Collins Street as compared to the price per sq m observed in comparable office building transactions in Melbourne, Australia, if any;

- the financial effects of the 357 Collins Street Acquisition; and

- the prevailing market, economic, industry, monetary and other relevant conditions, together with any information made available to us as of the Latest Practicable Date as defined in the Circular.

The FCL Group Placement

- the rationale for the issue of FCL Group Placement;
- the evaluation of the issue price of the FCL Group Placement; and
- the precedent placements by REITs listed on SGX-ST to interested persons, if any.

4.1. The China Square Central Hotel Transaction

4.1.1. Rationale and Benefits

The full text of the Manager's rationale and the expected benefits of the China Square Central Hotel Transaction are set out in Section 3 of the Letter to Unitholders.

We recommend that Unitholders read the aforementioned section of the Circular carefully.

We have highlighted some of the salient points of the Manager's rationale below:

(i) Enhance and create a more vibrant retail, entertainment and hospitality destination;

(ii) Crystallise the value of the Additional GFA;

(iii) Consistent with the proactive asset management strategies of FCOT;

(iv) FCL is a full-fledged international real estate company with an established track record; and

(v) Frasers Hospitality has a proven track record as an operator of hospitality assets globally.

We have highlighted below some of the salient points in relation to the expected benefits to FCOT:

(i) Realise the value of the Additional GFA;

(ii) Further rejuvenation of the China Square Central Property;

(iii) Enhanced footfall may lead to potential for higher rental income; and

(iv) More efficient use of retail and commercial space.

4.1.2. The Valuation Approaches and Assumptions Adopted by the Independent Property Valuers for the Leasehold Interest

The Manager and the Trustee have commissioned Savills and Colliers respectively as the Independent Property Valuers to ascertain the current market value of the Leasehold Interest. We set out below a brief summary of the valuation approaches adopted by the Independent Property Valuers in relation to the China Square Central Hotel Transaction.

Valuation Approaches	Description
Residual Market Value	• The Residual Method entails estimating the gross development value ("**GDV**") of the Hotel Project once complete and fully operational. The GDV will then have deducted from it the various estimated costs of development and the differential premium payable to the SLA to give a residual value, which represents the amount a buyer would pay for the hotel development rights in a willing buyer, willing seller transaction on the open market. This value is cross-checked against hotel land sale transactions derived using the Direct Comparison Method[1]. • GDV is derived using the Income Capitalisation Approach, and cross-checked with market comparables using the Direct Comparison Method.
Income Capitalisation Approach	• Gross revenue generated from lodging and non-lodging activities is estimated based on average room rates, predicted occupancy, room numbers, and other factors. This number is then adjusted for deductions for direct operating costs and expenses, and undistributed operating expenses, to produce a net income figure. • Net income is then capitalised at an appropriate rate of return that reflects the current market investment criteria over the remaining lease term to derive the GDV.
Direct Comparison Method	• Reference is made to sales of similar properties with adjustments made, where appropriate, for differences in location, floor area, age, tenure, type of development, date of sale etc.

[1] The Direct Comparison Method is a method of valuation whereby comparable sales transactions around the valuation date are collected and analysed in terms of price per sq m. The collected comparables are then adjusted to take into account the differences in location, size, accessibility, tenure/age, building quality, condition, facilities, and prevailing market conditions before arriving at the market value of the property.

	Savills	Colliers
Approaches	• Residual Valuation Method is the primary method of valuation. • GDV is derived from the Income Capitalisation Approach and cross-checked with the Direct Comparison Method. • Both valuers noted a lack of directly comparable land parcels, given the location, access rights, conservation stipulations and usage restrictions surrounding the subject property.	• Adopted the Residual Value Method and the Direct Comparison Method to determine market value of the development rights. • GDV was derived by using the Income Capitalisation Approach and the Direct Comparison Method. • Both valuers noted a lack of directly comparable land parcels, given the location, access rights, conservation stipulations and usage restrictions surrounding the subject property.
Capitalisation rate	4.5% based on comparable yields observed in the market.	5.0% based on comparable yields observed in the market.

We have made enquiries and have exercised our professional judgement in reviewing the information contained in the respective valuation reports. In our review, we found the information contained therein to be reasonable.

4.1.3. Valuation Results as Appraised by Independent Property Valuers

The market values of the Leasehold Interest, according to the two approaches adopted by Savills and Colliers, and the Consideration, are set below:

	Market value (S$'000)		Consideration (S$'000)
	By Savills as at 20 April 2015	By Colliers as at 20 April 2015	
GDV by Income Capitalisation Approach	296,943	306,500	44,800
GDV by Direct Comparison Approach	n/a	314,700	
Adopted GDV	**296,820**	**310,600**	
Less Development Costs	149,010	166,141	
Less Differential Premium	103,264	103,264	
Residual Value	44,546	41,200*	
Value by Direct Comparison	n/a	48,800	
Appraised Value	**45,000**	**44,600**	

Source: Valuation reports prepared by Savills and Colliers. *Rounded

We note that based on the above, the Consideration sits in between the two values as appraised by the Independent Property Valuers for the Leasehold Interest.

Having considered the above, the Consideration for the Leasehold Interest appears to be on normal commercial terms and not prejudicial to the interests of FCOT and its minority Unitholders.

Assumptions required to compare price per key

In order to compare the implied GDV of the Hotel Project with the price per key of comparable owned or transacted properties, we take the agreed value of the leasehold interest with the hotel development rights and:

- Add the differential premium, which is dictated by the SLA based on published rates at the time planning permission is granted and the GFA of the plot; and

- Add an estimated construction cost, which is based on the assumptions used by the independent valuers.

This results in both a 'high' and a 'low' implied GDV, both of which are compared with comparable trading and transacted properties.

We also note any reference to any of the number of 306 rooms for the Hotel that is used in this IFA Letter, is under the assumption adopted by Savills and Colliers in their respective valuation reports pursuant to the Written Permission issued by the Urban Redevelopment Authority on 3 June 2014.

	Market value (S$'000)	
	Low[3]	High[4]
Land price[1]	44,800	44,800
Add Differential Premium[2]	103,264	103,264
Add Estimated Development Costs	149,010	166,141
Implied GDV	297,074	314,205
GDV (High)	**314,205**	
GDV (Low)	**297,074**	

Source: Valuation reports prepared by Savills and Colliers.

(1) The assumed 'Land value' is equal to the Consideration

(2) The Differential Premium is as set by the SLA

(3) The 'Low' estimated development cost is as estimated by Savills

(4) The 'High' estimated development cost is as estimated by Colliers

4.1.4. Price per key of The China Square Central Hotel Transaction, based on GDV, as Compared to the Price per key of Comparable Properties held by other REITs Listed on SGX-ST

We have considered publicly available information in respect of the recent valuations of comparable properties held by REITs listed on the Main Board of SGX-ST, which we consider to be broadly comparable to the Hotel Project ("**Comparable Properties**

in Singapore") and extracted the relevant information in order to compare the price per key implied by the GDV of the target Hotel Project with those observed for Comparable Properties in Singapore.

In selecting Comparable Properties in Singapore, we have taken note of the style of property which is expected to be built, which we understand will be an upscale business hotel. We have therefore selected properties which are upscale in nature, have between 100 and 750 rooms, and are located on the main Singapore Island.

We recognise that the Comparable Properties in Singapore listed herein are not exhaustive, and to the best of our knowledge and belief and after discussion with Savills and Colliers, there are no properties which may be considered directly comparable to the target Property in terms of in terms of size, development opportunity, location, accessibility, leasehold period, market risks, future prospects, and other relevant criteria.

For the above reasons, while the Comparable Properties in Singapore taken as a whole may provide a broad and indicative benchmark for assessing the China Square Central Hotel Transaction, care has to be taken in the selection and use of any individual data point for the same purpose.

Accordingly, the Independent Directors should note that any comparison made with respect to the China Square Central Hotel Transaction serves as an illustrative guide only.

Property	Location	Tenure	Owner	No. of rooms	Market value (S$ million)	Valuation Date	Market value/key (S$'000)
Park Hotel Clarke Quay	1 Unity Street	Leasehold (92 years remaining)	Ascendas H-Trust	336	312.0	31-Mar-14	929
Rendezvous Hotel	9 Bras Basah Road	Leasehold (69 years remaining)	Far East H-Trust	298	282.3	31-Dec-14	947
Crowne Plaza Changi Airport	75 Airport Boulevard	Leasehold (69 years remaining)	OUE H-Trust	320	290.0	30-Sep-14	906
Minimum				**298**	**282.3**		**909**
Median				**320**	**291.0**		**929**
Average				**318**	**295.1**		**928**
Maximum				**336**	**312.0**		**947**
China Square Central Hotel (High)				**306**	**314.2**		**1,027**
China Square Central Hotel (Low)				**306**	**297.1**		**971**

Source: Annual reports, company announcements. Hotel's number of rooms is under assumption by Colliers and Savills in their respective valuation reports.

(i) We note that the price per key, both at low end and high end based on GDV, is higher than the median, average and maximum market value per key of the Comparable Properties in Singapore.

Based on the above, the Consideration appears to be on normal commercial terms and not prejudicial to the interests of FCOT and its minority Unitholders.

4.1.5. Price per key of The China Square Central Hotel Transaction, based on GDV, as Compared with the Price per key Observed in Comparable Transactions Involving Other Similar Properties

We have also considered recent transactions involving the sale of comparable hotels in Singapore for the period of 24 months to the Latest Practicable Date ("**Comparable Hotel Transactions in Singapore**") and extracted the relevant information in order to compare the price per key implied by the GDV for the target Hotel Project with those observed for Comparable Hotel Transactions in Singapore.

In selecting Comparable Hotel Transactions in Singapore, we have taken note of the style of property which is expected to be built, which we understand will be an upscale business hotel. We have therefore selected properties which are upscale in nature, have between 100 and 750 rooms, and are located on the main Singapore Island.

However, we recognise that the Comparable Hotel Transactions in Singapore listed herein are not exhaustive and to the best of our knowledge and belief and after discussion with Savills and Colliers, there are no transactions which may be considered directly comparable to the China Square Central Hotel Transaction in terms of size, development opportunity, location, accessibility, leasehold period, market risks, future prospects, operating nature, and other relevant criteria.

For the above reasons, while the Comparable Hotel Transactions in Singapore taken as a whole may provide a broad and indicative benchmark for assessing the China Square Central Hotel Transaction, care has to be taken in the selection and use of any individual data point for the same purpose.

Accordingly, the Independent Directors should note that any comparison made with respect to the Comparable Hotel Transactions in Singapore serves as an illustrative guide only.

Property	Location	Planning Area	Type	Tenure	Transaction Date	Price (S$ mn)	No. of Rooms	Price/Key (S$'000)
Crowne Plaza Changi Airport	75 Airport Boulevard	Other	International brand name with direct access to airport	Leasehold (69 years remaining)	Nov-14	495.0	563	879
Park Regis Hotel & 7-storey office block	23 Merchant Road	Central	Upscale international brand	Leasehold (99 years)	Oct-13	250.0	203	~818-859
Park Hotel Clarke Quay	1 Unity Street	Central	Upscale regional brand	Leasehold (92 years remaining)	Apr-13	300.0	336	893
Rendezvous Hotel	9 Bras Basah Road	Central	Upscale regional brand	Leasehold (69 years remaining)	Mar-13	264.3	298	887
Minimum						**250.0**	**203**	**~818-859**
Median						**282.2**	**317**	**887**
Average						**327.3**	**350**	**886**
Maximum						**495.0**	**563**	**893**
China Square Central Hotel (High)						**314.2**	**306**	**1,027**
China Square Central Hotel (Low)						**297.1**	**306**	**971**

Source: Annual reports, company announcements. Hotel's number of rooms is under assumption by Colliers and Savills in their respective valuation reports.

We note that the price per key, both at low end and high end based on GDV, is higher than the median, average and maximum of the average market value per key of the Comparable Hotel Transactions in Singapore.

Based on the above, the Consideration appears to be on normal commercial terms and not prejudicial to the interests of FCOT and its minority Unitholders.

4.1.6. Price per sq ft of the land parcel as Compared to the price per sq ft observed in transactions involving the sale of land with Hotel Development Rights in Singapore

We have also considered recent transactions involving the sale of land with hotel development rights in Singapore for the period of 36 months to the Latest Practicable Date ("**Comparable Land Transactions in Singapore**").

We note that there have been very few transactions which have taken place, and that the land parcels differ from the subject property in many ways. Most notably, all of the Comparable Land Transactions in Singapore involve greenfield development sites as opposed to brownfield development sites, and all of the other Comparable Land Transactions in Singapore involve plots which are allowed up to 40.0% non hotel use, whereas the China Square Central Hotel Transaction involves a plot which is permitted to have hotel use only.

We recognise that the list of Comparable Land Transactions in Singapore which we have considered may not be exhaustive and to the best of our knowledge and belief and after discussion with Savills and Colliers, there are no transactions which may be considered directly comparable to the Hotel in terms of size, development opportunity, location, accessibility, leasehold period, market risks, future prospects, operating nature, and other relevant criteria.

For the above reasons, we have not performed detailed analysis of the price per sq ft of the land parcel compared to the price per sq ft observed in Comparable Land Transactions in Singapore, as we deem there to be insufficient levels of comparability.

4.1.7. Licence Agreement

In evaluating the fee to be charged in relation to the Licence Agreement, we have taken note of the valuation approaches and assumptions taken by Savills and Colliers. We note that both Independent Property Valuers for the Leasehold Interest opine that the Licence Fee should be nominal, based on the minimal income generating capability of the spaces covered by the Licence Agreement, and the need for the Licence Agreement to be in place for the Hotel Project to go ahead.

Based on the above, the Licence Agreement appears to be on normal commercial terms, and not prejudicial to the interests of FCOT and its minority Unitholders.

4.1.8. Financial Effects of the China Square Central Hotel Transaction

When looking at the impact of the China Square Central Hotel Transaction, we considered the audited financial statements of FCOT for the financial year ended 30 September 2014 (the "**FY2014 Audited Financial Statements**"). Set out below are the pro forma financial effects taking into account the following assumptions.

(i) Consideration of S$44.8 million;

(ii) all of the Consideration, net of expenses, will be used to pay down existing debt of FCOT;

(iii) Divestment Fee payable to the Manager are paid in the form of Units issued at an assumed price of S$1.54 per Unit;

(iv) exclusion of the financial effects in relation to the estimated loss of income during the construction period as disclosed in paragraph 3.3 of the Circular, as such estimated loss of income is temporary; and

(v) approval for the China Square Central Hotel Transaction only.

	Audited/ Unaudited	Post-China Square Central Hotel Transaction
DPU[(1)] (cents) (audited)	8.51	8.65
Unitholders' funds per Unit (excluding distributable income[(2)] (S$) (audited)	1.59	1.66
Aggregate gearing[(3)] (unaudited)	37.2%	34.8%

Source: Circular

Notes:

(1) Based on the pro forma financial effects of FCOT's DPU for FY2014, as if the proposed transaction(s) was/were entered into on 1 October 2013 as set out in Section 8.3 of the Circular.

(2) Based on the pro forma financial effects of the Unitholders' funds per Unit as at 30 September 2014, as if the proposed transaction(s) was/were entered into on 30 September 2014 as set out in Section 8.2 of the Circular.

(3) Based on the pro forma financial effects on FCOT's aggregate leverage as at 31 March 2015 as if the proposed transaction(s) was/were entered into on 31 March 2015 as set out in Section 8.4 of the Circular.

We note that the loss of income is deemed to be temporary and is expected to be offset by higher level of future income as a result of increased footfall at China Square Central.

We note that the China Square Central Hotel Transaction is expected to be DPU accretive, increasing DPU from 8.51 cents per Unit to 8.65 cents per Unit, and increasing funds per Unit from $1.59 to $1.66. Further, we note that gearing falls from 37.2% to 34.8%.

Based on the above, the China Square Central Hotel Transaction appears to be on normal commercial terms and not prejudicial to the interests of FCOT and its minority Unitholders.

4.1.9. Other Relevant Considerations

We have considered the principal terms and conditions of the building agreement as set out in Section 2.8 of the Circular.

We recommend that Unitholders read the aforementioned section of the Circular carefully.

4.2. The 357 Collins Street Acquisition

4.2.1. Rationale and Benefits

The full text in relation to the Manager's rationale and the expected benefits as a result of the 357 Collins Street Acquisition is set out in Section 6 of the Letter to Unitholders.

We recommend that Unitholders read the aforementioned section of the Circular carefully.

We have highlighted some of the salient points of the Manager's rationale below:

(i) Strategic addition of a Grade A office in the heart of the Melbourne CBD;

- Building with Grade A specifications;
- Strategic location with good connectivity;
- Well-established and quality tenants with high committed occupancy rate of 95.0% as at the Latest Practicable Date; and
- Long weighted average lease expiry.

(ii) Enhance FCOT's overall portfolio;

- Maiden entry into and gain exposure to the Melbourne CBD office market;
- Capitalise and benefit from the future growth of Melbourne;
- Enlarge FCOT's Existing Portfolio size;
- Greater income diversification;
- Enlarge and greater diversification of tenant base; and
- Leases with fixed annual increments provide organic growth and income stability.

(iii) Accretive transaction;

(iv) Consistent with the Manager's strategy; and

(v) Increased trading liquidity and investor interest.

4.2.2. The Valuation Approaches and Assumptions Adopted by the Independent Property Valuers for 357 Collins Street

The Trustee and the Manager have commissioned JLL and Knight Frank respectively as Independent Property Valuers to ascertain the current market value of 357 Collins Street. We set out below a brief summary of the valuation approaches adopted by the Independent Property Valuers in relation to the 357 Collins Street Acquisition.

	JLL	Knight Frank
Valuation approaches	• JLL adopted both the Capitalisation approach and discounted cash flow (DCF) approach. Both results have then been cross checked with the Direct Comparison Method by rate per sq m of NLA	• The Capitalisation approach is the primary method with the DCF approach used as a check
Capitalisation approach	• The valuer estimates the 'market' rental rates for the different types of space available in the property (using market comparables) and then deducts a 'market' level of outgoings based on comparables and taking into account building age and service levels. This produces a level of net market income, which is then capitalised at an adopted capitalisation rate (based on observed yields) to achieve a market value	• The valuer estimates the 'market' rental rates for the different types of space available in the property (using market comparables) and then deducts a 'market' level of outgoings based on comparables and taking into account building age and service levels. This produces a level of net market income, which is then capitalised at an adopted capitalisation rate (based on observed yields) to achieve a market value
Discounted cashflow approach ("**DCF**")	• The expected future cashflows from the property, estimated based on tenancy profiles, assuming tenant retention, and a forecast cost base, are discounted back to present value using a discount rate determined by both market comparables, and by the long term trend in margin above the risk free rate	• The expected future cashflows from the property, estimated based on tenancy profiles, assuming tenant retention, and a forecast cost base, are discounted back to present value using a discount rate determined by market comparables
Capitalisation rate	• 6.75%	• 6.5%
Discount rate	• 8.0%	• 8.15%

All the approaches are widely accepted methods for the purpose of valuing income producing properties. We have made reasonable enquiries and have exercised our professional judgement in reviewing the information contained in the respective valuation reports. In our review, we found the information contained therein to be reasonable.

4.2.3. The Valuation Results as Appraised by Independent Property Valuers for 357 Collins Street

The appraised values of 357 Collins Street, according to the two approaches adopted by JLL and Knight Frank, and the Purchase Consideration, are set below:

Valuer	Income Capitalisation Approach (A$'000)	DCF (A$'000)	Appraised Value (A$'000)	Purchase Consideration (A$'000)
By JLL as at 15 April 2015	223,430	227,122	227,000	222,500
By Knight Frank as at 15 April 2015	224,923	223,088	224,000	

Source: Valuation reports prepared by JLL and Knight Frank

As illustrated, the Purchase Consideration is below both of the Appraised Values.

Having considered the above, the Purchase Consideration for the 357 Collins Street Acquisition appears to be on normal commercial terms and not prejudicial to the interests of FCOT and its minority Unitholders.

4.2.4. Price per sq m as Compared to the Price per sq m of NLA of Comparable Office Buildings held by other REITs listed on ASX

We have also considered publicly available information in respect of recent valuations of office buildings held by REITs listed on the Official List of ASX which we consider to be broadly comparable to 357 Collins Street ("**Comparable Properties in Australia**") and extracted the relevant information in order to compare the price per NLA per sq m of the target property with those observed for Comparable Properties in Australia.

In determining Comparable Properties in Australia, we have given consideration to the location, age and tenancy profile of 357 Collins Street, and have selected other multi-tenant properties of less than 10 years in age which are located in the Melbourne CBD or on the North and South banks of the Yarra River in the areas directly adjacent to the CBD.

We recognise that the Comparable Properties in Australia listed herein are not exhaustive and to the best of our knowledge and belief and after discussion with JLL and Knight Frank, there are no transactions which may be considered directly comparable to the 357 Collins Street Acquisition in terms of location, age of building, tenancy profile, accessibility, leasehold period, market risks, future prospects, operating nature, and other relevant criteria.

For the above reasons, while the Comparable Properties in Australia taken as a whole may provide a broad and indicative benchmark for assessing the 357 Collins Street Acquisition, care has to be taken in the selection and use of any individual data point for the same purpose.

Accordingly, the Independent Directors should note that any comparison made with respect to the Comparable Properties in Australia serves as an illustrative guide only.

Property	Location	Owner	Ownership	Valuation Date	Market value (100%) (A$ million)	NLA (sq m)	Market value/NLA (A$ per sq m)	Cap rate
Ernst & Young Tower	8 Exhibition Street	Keppel Reit/The GPT Group	50.00%	31-Dec-14	388.6	44,890	8,657	N/A
567 Collins Street	567 Collins Street	Investa Office Fund	50.00%	30-Jun-14	501.6	54,271	9,243	N/A
180-222 Lonsdale Street	180-222 Lonsdale Street	Dexus Property Group	25.00%	31-Dec-14	179.3	26,500	6,766	6.61%
Twenty8 Freshwater Place	28 Freshwater Place,	The GPT Group	50.00%	31-Dec-14	247.0	33,900	7,286	6.75%
530 Collins Street	530 Collins Street	The GPT Group	100.00%	31-Dec-14	469.7	66,000	7,117	6.38%
150 Collins Street	150 Collins Street	The GPT Group	100.00%	31-Dec-14	167.2	19,000	8,800	6.50%
2 Southbank Boulevard	2 Southbank Boulevard	The GPT Group	50.00%	31-Dec-14	397.0	53,500	7,421	6.25%
CBW	Cnr Bourke and William Street	The GPT Group	50.00%	31-Dec-14	609.4	76,100	8,008	6.50%
Minimum							**6,766**	**6.25%**
Median							**7,714**	**6.50%**
Average							**7,912**	**6.50%**
Maximum							**9,243**	**6.75%**
357 Collins Street							**6,971**	**~6.5%-6.75%**

Source: Fund's annual reports and website, valuation reports of KF and JLL

Note: Market value and NLA are grossed up to 100.0%

We note the price per sq m of A$6,971 based on NLA is within the range of market value per sq m based on NLA of the Comparable Properties in Australia and below both the average and median market value per sq m of the Comparable Properties in Australia.

Furthermore, in relation to 357 Collins Street, we also compare the capitalisation rate of 6.50% (adopted by Knight Frank) and 6.75% (by JLL) to those reported for Comparable Properties in Australia. The capitalisation rate range of 357 Collins Street is within the range and equal to, or above the average and median, when compared to Comparable Office Transactions in Australia.

Based on the above, the Purchase Consideration appears to be on normal commercial terms and not prejudicial to the interests of FCOT and its minority Unitholders.

4.2.5. Price per sq m of NLA as Compared to the Price per sq m Observed in Comparable Office Buildings Transactions in Melbourne, Australia

We have also considered recent transactions involving the sale of office buildings in Melbourne, Australia for the period of 24 months to the Latest Practicable Date ("**Comparable Office Transactions in Australia**") and extracted the relevant information in order to compare the price per NLA per sq m for 357 Colliers Street with those observed for Comparable Office Transactions in Australia.

In determining Comparable Office Transactions in Australia, we have given consideration to the location, age and tenancy profile of 357 Collins Street, and have selected other multi-tenant properties of less than 10 years in age which are located in the Melbourne CBD or on the North and South banks of the Yarra River in the areas directly adjacent to the CBD.

We recognise that the Comparable Office Transactions in Australia listed herein are not exhaustive and to the best of our knowledge and belief and after discussion with JLL and Knight Frank, there are no transactions which may be considered directly comparable to the 357 Collins Street Acquisition Transaction in terms of location, age of building, tenancy profile, accessibility, leasehold period, market risks, future prospects, operating nature, and other relevant criteria.

For the above reasons, while the Comparable Office Transactions in Australia taken as a whole may provide a broad and indicative benchmark for assessing the 357 Collins Street Acquisition Transaction, care has to be taken in the selection and use of any individual data point for the same purpose.

Accordingly, the Independent Directors should note that any comparison made with respect to the Comparable Transactions serves as an illustrative guide only.

Property	Location	Transaction Date	Building age (years)	Price (A$ million)	NLA (sq m)	Price/ NLA (A$ per sq m)	Core Market Yield
Goods Shed North	710 Collins & 733 Bourke Street	Dec-14	5	76.2	10,746.0	7,091.0	6.25%
Ericsson Commercial Tower	818 Bourke Street	Oct-14	8	152.5	24,084.0	6,332.0	6.79%
321 Exhibition Street	321 Exhibition Street	Sep-14	4	208.0	30,200.0	6,887.4	6.75%
CBW	Cnr Bourke and William Street	Sep-14	7	608.1	76,100.0	7,990.8	6.54%
Freshwater Place	2 Southbank Boulevard	Jul-14	10	393.4	53,500.0	7,353.3	N/A
Ernst & Young Tower	8 Exhibition Street	Aug-13	10	320.4	44,890.0	7,137.4	N/A
Minimum						**6,332**	**6.25%**
Median						**7,114**	**6.65%**
Average						**7,132**	**6.58%**
Maximum						**7,991**	**6.79%**
357 Collins Street						**6,971**	**~6.5%-6.75%**

Source: Valuation report by Knight Frank and JLL, Company's announcement

Note: Market value and NLA are grossed up to 100.0%

We note the price per sq m of A$6,971 based on NLA is within the range of market value per sq m based on NLA of the Comparable Office Transactions in Australia and below both the median and average and median market value per sq m of the Comparable Office Transactions in Australia.

Furthermore, in relation to 357 Collins Street, we also compare the capitalisation rate of 6.50% (adopted by Knight Frank) and 6.75% (adopted by JLL) to those observed in Comparable Office Transactions in Australia. The capitalisation rate range of 357 Collins Street is within the range when compared to Comparable Office Transactions in Australia, and similar to both the average and the median.

Based on the above, the Purchase Consideration appears to be on normal commercial terms and not prejudicial to the interests of FCOT and its minority Unitholders.

4.2.6. Financial Effects of the 357 Collins Street Acquisition

When looking at the impact of the 357 Collins Street Acquisition, we considered the audited financial statements of FCOT for the financial year ended 30 September 2014 (the "**FY2014 Audited Financial Statements**"). Set out below are the pro forma financial effects taking into account the following assumptions:

(i) 12 months forecast of the net property income of 357 Collins Street for the period from 1 July 2015 to 30 June 2016 set out in **Appendix E** of the Circular (The occupancy rate of 357 Collins Street increased from 87% to 93% over the last 12 months ended 31 March 2015. Consequently, the 12 months forecast of the net property income of 357 Collins Street for the period from 1 July 2015 to 30 June 2016 set out in **Appendix E**[1] of the Circular has been used in the preparation of the pro forma financial effects of the 357 Collins Street Acquisition as it is more reflective of the performance of the property);

(ii) estimated Total Acquisition Cost of A$237.7 million;

(iii) illustrative debt funding level of 50% of the Total Acquisition Cost (excluding Acquisition Fee to be paid in Units), 50% of which to be denominated in Australian dollars and the remainder denominated in Singapore dollars, and the balance to be funded by the Private Placement at the Illustrative Issue Price of S$1.50 per New Unit;

(iv) Acquisition Fee payable to the Manager is paid in the form of Acquisition Fee Units issued at an assumed price of S$1.54 per Unit; and

(v) approval for the 357 Collins Street Acquisition only.

Where applicable, Australian dollar denominated transactions related to the 357 Collins Street Acquisition are based on the exchange rate of A$1.00 = S$1.156, being the applicable average exchange rate for FY2014.

[1] The Profit Forecast of 357 Collins Street for the 12 Months Ending 30 June 2016 set out in **Appendix E** of this Circular must be read together with the report of the Independent Accountants (who have examined the Profit Forecast of 357 Collins Street for the 12 Months Ending 30 June 2016) in **Appendix F** of this Circular).

The pro forma financial effects are as follows:

	Audited/ Unaudited	Post-357 Collins Street Acquisition[1]
DPU[3] (cents) (audited)	8.51	8.73[2]
Unitholders' funds per Unit (excluding distributable income[4] (S$) (audited)	1.59	1.57
Aggregate gearing[5] (unaudited)	37.2%	38.7%

Source: Circular

Notes:

(1) As disclosed in paragraph 8.1.2(i) of the Circular, the forecast net property income of 357 Collins Street for the 12 months from 1 July 2015 to 30 June 2016 is used for the purpose of computing the pro forma financial effects of 357 Collins Street Acquisition only as it is more reflective of the performance of the property.

(2) If the Incentive Deed is not in place and TFS does not receive reimbursement for the rent-free periods granted by the Vendor during the period of 12 months period from 1 July 2015 to 30 June 2016, the pro forma DPU for the 357 Collins Street Acquisition only would be 8.64 cents.

(3) Based on the pro forma financial effects of FCOT's DPU for FY2014, as if the proposed transaction(s) was/were entered into on 1 October 2013 as set out in Section 8.3 of the Circular.

(4) Based on the pro forma financial effects of the Unitholders' funds per Unit as at 30 September 2014, as if the proposed transaction(s) was/were entered into on 30 September 2014 as set out in Section 8.2 of the Circular.

(5) Based on the pro forma financial effects on FCOT's aggregate leverage as at 31 March 2015 as if the proposed transaction(s) was/were entered into on 31 March 2015 as set out in Section 8.4 of the Circular.

We note that whilst the 357 Collins Street Acquisition results in a fall in Unitholders funds per unit and an increase in gearing, the Acquisition is expected to be DPU accretive, with DPU increasing from 8.51 cents per Unit to 8.73 cents per Unit.

Based on the above, the 357 Collins Street Acquisition appears to be on normal commercial terms and not prejudicial to the interests of FCOT and its minority Unitholders.

4.3. The FCL Group Private Placement Transaction

4.3.1. Rationale

The Manager's rationale for the FCL Group Private Placement Transaction is set out in Paragraph 11.2 of the Letter to Unitholders in the Circular and is reproduced *in toto* below:

"*The Manager believes that the size of the FCL Group's unitholdings in FCOT provides a degree of stability to FCOT as an investment vehicle. Allowing New Units to be placed to the FCL Group would help to maintain such stability. The ability of the FCL Group to subscribe for New Units under the Private Placement would also enhance investors' confidence in FCOT by providing a higher degree of certainty for the successful completion of the Private Placement.*

The Manager is thus of the view that the FCL Group should be given the opportunity to apply for such New Units under the Private Placement."

4.3.2. Evaluation of the Issue Price for the FCL Group Placement

We note that the FCL Group may subscribe for such number of New Units under the Private Placement up to the FCL Group's proportionate pre-placement unitholding in FCOT, in percentage terms, and may do so at the same price as the New Units issued to other investors under the Private Placement.

We note further that under Rule 811(1) and 811(5) of the Listing Manual, the placement Units will not be issued at more than 10.0% discount to the volume weighted average price for trades done on the SGX-ST for the full market day on which the placement agreement is signed or, if trading in the Units is not available for a full market day, for the preceding market day up to the time the placement agreement is signed, excluding (where applicable) declared distributions provided that the placees under the Private Placement are not entitled to the declared distributions.

We further note that the interested persons of FCOT and each of its associates, including the Manager, are prohibited from voting on the said resolution to permit such a placement of New Units.

4.3.3. Precedent Placements to Interested Persons

We have considered the details of other completed placements undertaken by SGX-ST listed REITs wherein there was a placement of shares and/or Units to an interested person. Based on our review, we note that:

(i) There were a total of six transactions in the period from 1 January 2010 to the Latest Practicable Date wherein an interested person was granted the right to subscribe to a placement;

(ii) Of those six transactions, three involved entities (Ascott Residence Trust, CapitaRetail China Trust and Frasers Centrepoint Trust) that are comparable to FCOT in that they are REITs listed on the Main Board of the SGX-ST (the "**Comparable REITs**");

(iii) The rationale used in all of these transactions was similar, in that subscription by the interested person enhanced investors' confidence by giving a higher degree of certainty for the successful completion of the placement.

Details in relation to the Precedent Placements are set out below:

Comparable REITs	Date of announcement	Unitholding of interested person prior to placement	Total proceeds raised (S$m)	Unitholding of interested person after the placement	Issue price (S$)	Premium/ Discount to VWAP for trades done on the date of signing
Ascott Residence Trust	20-Aug-10	47.7%	560.6	47.7%	1.080	(4.7)
CapitaRetail China Trust	06-May-11	41.0%	70.0	39.5%	1.170	(6.5)
Frasers Centrepoint Trust	29-May-14	41.1%	161.5	41.1%	1.835	(2.5)

Source: Respective circulars of Ascott Residence Trust, CapitaRetail China Trust, Frasers Centrepoint Trust

We note the following:

(i) The unitholding percentage of the interested person in the Comparable REITs is significantly higher than the percentage unitholding of FCL in FCOT held through its wholly-owned subsidiary FCL Trust Holdings (Commercial) Pte. Ltd., and the Manager;

(ii) The discount of VWAP applied for Ascott Residence Trust, CapitaRetail China Trust and Frasers Centrepoint Trust were 4.7%, 6.5% and 2.5% respectively. This pricing was determined by joint lead managers and underwriters, working with the managers having regard to then then prevailing market conditions amongst other relevant factors; and

(iii) The process and pricing to be adopted in the case of the Private Placement is similar to that adopted by Comparable REITs.

4.3.4. Conclusion

Based on the above, the FCL Group Placement appears to be on normal commercial terms and not prejudicial to the interests of FCOT and its minority Unitholders.

4.4. Other Relevant Considerations

As the China Square Central Hotel Transaction and the 357 Collins Street Acquisition are not inter-conditional, and in the event Unitholders do not approve any one of the Resolutions, the Manager will still proceed with the other Resolution, we have presented the pro forma financial effects for each transaction independently in Sections 4.1.8 and 4.2.6 respectively.

Set out below are the proforma financial effects.

	Audited/ Unaudited	Post 2 Transactions[1]
DPU[3] (cents) (audited)	8.51	8.85[2]
Unitholders' funds per Unit (excluding distributable income[4] (S$) (audited)	1.59	1.63
Aggregate gearing[5] (unaudited)	37.2%	36.6%

Source: Circular

Notes:

(1) As disclosed in paragraph 8.1.2(i) of the Circular, the forecast net property income of 357 Collins Street for the 12 months from 1 July 2015 to 30 June 2016 is used for the purpose of computing the pro forma financial effects of 357 Collins Street Acquisition only as it is more reflective of the performance of the property.

(2) If the Incentive Deed is not in place and TFS does not receive reimbursement for the rent-free periods granted by the Vendor during the period of 12 months period from 1 July 2015 to 30 June 2016, the pro forma DPU for both the 2 Transactions would be 8.76 cents.

(3) Based on the pro forma financial effects of FCOT's DPU for FY2014, as if the proposed transaction(s) was/were entered into on 1 October 2013 as set out in Section 8.3 of the Circular.

(4) Based on the pro forma financial effects of the Unitholders' funds per Unit as at 30 September 2014, as if the proposed transaction(s) was/were entered into on 30 September 2014 as set out in Section 8.2 of the Circular.

(5) Based on the pro forma financial effects on FCOT's aggregate leverage as at 31 March 2015 as if the proposed transaction(s) was/were entered into on 31 March 2015 as set out in Section 8.4 of the Circular.

We note that in totality, the Proposed Transactions are expected to be DPU accretive, to result in an increase in Unitholders' funds per Unit, and to marginally decrease the overall gearing of the REIT.

5. OPINION

Having regard to our terms of reference, in arriving at our opinion, we have considered various factors deemed pertinent and to have significant bearing on our assessment of the Proposed Transactions. We have carefully considered the factors as deemed essential, and balanced them before reaching our opinion. Accordingly, it is important that this Letter, in particular, the considerations and information we have taken into account, be read in its entirety.

Our opinion is based solely on information made available to us as at the date of this Letter. The principal factors that we have taken into consideration in forming our opinion are summarised as below:

The China Square Central Hotel Transaction

- the rationale and benefits of the China Square Central Hotel Transaction;
- the valuation approaches and assumptions adopted by the appointed independent property valuers in appraising the market value of the Leasehold Interest;
- the Consideration is in between the two values as appraised by the Independent Property Valuers for the Leasehold Interest;
- the price per key of the China Square Central Hotel Transaction, based on GDV, is higher than the median, average and maximum market value per key of the Comparable Properties in Singapore;
- the price per key of the China Square Central Hotel Transaction, based on GDV, is higher than the median, average an maximum market value per key of the Comparable Hotel Transactions in Singapore;
- the Licence Fee for the use of the Hotel-related Licensed Areas at the China Square Central Property is in line with the fee as appraised by the Independent Property Valuers for the Leasehold Interest;
- the China Square Central Hotel Transaction is expected to be DPU accretive; and
- the prevailing market, economic, industry, monetary and other relevant conditions, together with any information made available to us as of the Latest Practicable Date as defined in the Circular.

The 357 Collins Street Acquisition

- the rationale and benefits of the 357 Collins Street Acquisition;
- the valuation approaches and assumptions adopted by the appointed independent valuers in appraising the value of the 357 Collins Street (taking into account the incentives reimbursement);
- the Purchase Consideration is below both two values as appraised by the Independent Property Valuers for the 357 Collins Street;
- the price per sq m based on NLA is within the range of market value per sq m based on NLA of the Comparable Properties in Australia and below both the median and average and median market value per sq m of the Comparable Properties in Australia, and the core market yield is within the range, and equal to or above the average and median;

- the price per sq m based on NLA is within the range of market value per sq m based on NLA of the Comparable Office Transactions in Australia and below both the median and average and median market value per sq m of the Comparable Office Transactions in Australia, and the core market yield is within the range, and similar to both the average and the median when compared with Comparable Office Transactions in Australia;

- the 357 Collins Street Acquisition is expected to be DPU accretive; and

- the prevailing market, economic, industry, monetary and other relevant conditions, together with any information made available to us as at the Latest Practice Date as defined in the Circular.

The FCL Group Placement

- the rationale for the issue of the FCL Group Placement;

- the evaluation of the issue of the FCL Group Placement is in line with market practice for such placements to interested parties; and

- the terms of the FCL Group Placement are in line with those observed in Precedent Placements to interested persons.

Having given due consideration to the rationale for the Proposed Transactions and taking into account our evaluation of the Proposed Transactions and subject to the qualifications set out in this Letter, we are of the opinion as of the date of this Letter that the Proposed Transactions are based on normal commercial terms and is not prejudicial to the interests of FCOT and its minority Unitholders.

We advise the Independent Directors to recommend that Unitholders vote in favour of the Proposed Transactions to be proposed at the EGM, the notice of which is set out in the Circular. However, we wish to highlight that each Unitholder may have different investment objectives and considerations and hence should seek their own professional advice.

The foregoing recommendation is addressed to the Independent Directors, the Audit and Risk Committee and the Trustee for the purpose of their consideration of the Proposed Transactions. The recommendation made by the Independent Directors to Unitholders shall remain the responsibility of the Independent Directors. Whilst a copy of this Letter may be reproduced in the Circular, none of the Trustee, the Manager, the Trust or the Directors may reproduce, disseminate or quote this Letter (or any part thereof) for any purpose other than for the Proposed Transactions and interested party transactions as described in the Circular without the prior written consent of PwCCF in each specific case. This opinion is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implications to any other matter.

Yours truly
for and on behalf of
PricewaterhouseCoopers Corporate Finance Pte Ltd

Ling Tok Hong
Managing Director

MELBOURNE CBD OFFICE MARKET REPORT

Melbourne CBD Office Market Report

Prepared for Frasers Centrepoint Asset Management (Commercial) Ltd.
as manager for Frasers Commercial Trust (FCOT)

April 2015



Table of Contents

1 Executive Summary 4

1.1 Investment case for Melbourne CBD Office market 5

2 Australian Economic Overview 6

2.1 Macro-economic drivers 6

2.2 Property market drivers 7

2.3 Victorian Economic Overview 9

3 Melbourne CBD Office market 11

3.1 Key Points 11

3.2 Introduction and Background 12

3.3 Supply Analysis 15

3.4 Demand Analysis 16

3.5 Vacancy / Market Balance 19

3.6 Rents 20

3.7 Investment Market 21

List of Tables

Table 1: Employment Growth by Key Office Sectors, Victoria 10

List of Figures

Figure 1: 357 Collins Street Location Map 3

Figure 2: White Collar Jobs Gains/Losses – Year to February 2015 8

Figure 3: Victorian Economic Growth versus National Economic Growth, 2004-2016 9

Figure 4: Australian Office Market Comparison – Total Net Lettable Area as at Dec-14 12

Figure 5: Melbourne CBD Office Precincts 13

Figure 6: Melbourne CBD Office Precincts – Total NLA (sqm) 14

Figure 7: Melbourne CBD Office Market Transactions and Percentage of "Institutional" Purchasers (+AUD50 million) 14

Figure 8: New Supply and Stock Withdrawals, Melbourne CBD Office Market 1994-2016 15

Figure 9: Net Absorption, Melbourne CBD Office Market 1994-2014 17

Figure 10: Net Absorption by Grade, Melbourne CBD Office Market 2004-2014 18

Figure 11: Vacancy as at 4Q14, Australian CBD Markets 19

Figure 12: Melbourne CBD Vacancy 1994-2019 20

Figure 13: Prime Grade Office Yields, Melbourne CBD Office Market, 2004- 2014 21

Figure 14: Global Prime Grade Office Yields 22

Introduction

JLL Strategic Consulting has been engaged by Frasers Centrepoint Asset Management (Commercial) Ltd. as manager for Frasers Commercial Trust to prepare an independent market report on the Melbourne CBD office market for inclusion in the circular to unit holders for the acquisition of 357 Collins Street in the Melbourne CBD.

This report provides a review of the Melbourne office market as at 4Q14, including historic trends, recent performance and outlook for key office market metrics such as supply, demand, vacancy, rents, incentives, yields and capital values.

357 Collins is an A-grade asset centrally located within the Melbourne CBD on one of Melbourne's major commercial addresses, between Queen and Elizabeth Street. Almost one third of Melbourne's total office stock (approximately 1.5 million square metres) has a Collins Street address, with over 1 million square metres of office space classified as prime grade stock (i.e. either premium or A-grade buildings). Five of Melbourne's premium grade office buildings have a Collins Street address. These buildings account for 85% of the total premium grade market in Melbourne CBD.

357 Collins is well serviced by public transport infrastructure, being within close proximity to Flinders Street Railway Station (300 metre walking distance) and two tram stops (circa 100 metres) on Collins Street that service four separate tram routes, connecting to Docklands and Melbourne's Northern, Eastern and Bayside suburbs.

Due to the central location of 357 Collins Street within the Melbourne CBD grid, there is a high provision of retail services within the immediate proximity with many popular eateries, bars and cafes, some of which are located in Melbourne's well renowned laneways.

Collins Street is considered a high-end premium retail destination, with many international and fashion brands occupying ground floor space. While the majority of this premium retail is located toward the eastern end of the CBD between (Spring Street and Elizabeth Street), there are also some premium retailers located between Elizabeth Street and Queen Street.

Hotels are also another prominent land use surrounding the site, with several well-known hotel operations within the immediate vicinity of 357 Collins, including the Sebel, Oaks, Grand Mercure and Rendezvous.

In terms of the immediate office market, the Collins Street precinct between Queen and Elizabeth Streets has a high provision of Financial Services tenants, including: ANZ, Westpac, Deutsche Bank, Invesco, IOOF, and Sunsuper, to name a few. Financial services, together with professional services are expected to be two of the key growth sectors in the Melbourne CBD office market in the next five years.

Figure 1: 357 Collins Street Location Map



Source: ESRI, JLL

1 Executive Summary

Accelerating economic growth to support white collar employment growth and underlying demand for office space

The Australian economy is forecast to continue to expand over the next three years. Current forecasts by Deloitte Access Economics (DAE) are for below trend growth in 2015, but accelerating in 2016 and 2017 to be in line with long-term trends.

Economic growth is a key driver of white collar employment, which in turn drives demand for office space. With the economy projected to accelerate in 2016 and 2017, white collar employment growth is forecast to increase over the next three years. Furthermore, a cashed up corporate sector should further support jobs growth through increased business investment.

This will see underlying demand for office space in Australia's major CBD markets improve over the next few years.

The Victorian economy is forecast to follow a similar growth path to Australia's, with accelerating economic growth from 2016 onwards.

Melbourne's value proposition and accelerating economic growth to support improved demand for office space

Demand for office space in the Melbourne CBD is improving with 2014 ending with three consecutive quarters of growth. Net absorption for 2014 reached 48,300 square metres following two years of contraction.

The Melbourne CBD market is expected to continue to be supported by centralisation activity with tenants capitalising on the high levels of incentives offered in the CBD. The demand outlook is for significantly greater net absorption over the five years to 4Q19 than over the previous five years to 4Q14. Key service sectors, including *Finance and Insurance Services* and *Professional, Scientific and Technical Services* are expected to be the main contributors to the growth.

Vacancy to remain elevated in short-term; stronger demand to lead to decline in 2017

New supply is forecast to be strong in 2015 and 2016, which will keep vacancy levels elevated at 10-11%. Stronger demand from 2017 onwards is expected to lead to a decline in vacancy levels.

Stock withdrawals (particularly for residential development and conversions) will reduce the potential impact of new supply onto the market. Furthermore the requirement for pre-commitments to secure funding reduces the likelihood of over-supply in the market.

High existing leasing incentives are expected to have peaked

JLL Research considers that leasing incentives have peaked (32% on a 10-year lease) and gross face rents have passed the trough and are now rising, albeit slowly. Although leasing conditions are showing tentative signs of recovery, the relatively high levels of vacant stock in the market together with new stock coming into market will continue to put pressure on landlords to keep incentives relatively high. However, JLL Research is forecasting a gradual decrease in incentive levels between 2015 and 2017, in line with a reduction in vacancy rates and improved demand for office space.

Prime gross effective rents are forecast to grow by 3.8% per annum over the five years to 4Q19. This is significantly higher than the average annual growth over the last five years (1.1%).

Investment yields to remain tight, with strong investor demand continuing

With the amount of unsatisfied capital still looking for real estate assets, investment yields are forecast to tighten further in the short-term. Prime equivalent yields are forecast to tighten by a further 25 basis points at the upper end of the range to sit in the range 5.50% - 7.50%. Modest capital value growth of between 4-5% is also forecast in 2015 and 2016.

1.1 Investment case for Melbourne CBD Office market

Key factors supporting investment in the Melbourne CBD market are:

Australian and Melbourne CBD prime-grade office yields are high relative to other mature markets. In a low-growth world, the security of cash flow provided by prime-grade assets, supported by strong lease covenants and relatively high occupancy, is attractive to passive offshore and domestic investors.

Supply-demand imbalance for "trophy" assets: The global portfolio shift to real estate is expected to drive values of the very best premium and A-grade assets. These assets are characterised as:

- Premium or modern A-grade assets;
- Strong lease covenants and long weighted average lease expiries;
- High representation in both Sydney and Melbourne CBD;
- Modern services; and
- Very high sustainability credentials.

Spreads to inflation-indexed bond rates are close to the widest on record: The Melbourne CBD prime office yield to bond rate spread is wide (around 570 basis points compared to the long-term average of 400 basis) and not sustainable over time. This is expected to support yield compression over the next few years.

Low cost of debt: Falling interest rates and a return to liquidity in the domestic and offshore corporate bond markets has enabled well-rated investors, such as major A-REITs, to lower their borrowing costs with extended tenure. A reduction in the cost of debt has made commercial property investment more attractive and boosted leveraged returns.

Highly transparent and sophisticated market: Offshore groups are drawn to Australian property assets due to Australia's highly sophisticated and transparent commercial real estate markets. Australia was rated 3rd in the 2014 Jones Lang LaSalle Real Estate Transparency Index survey, behind the US and the UK, out of 97 countries included in the survey.

Lower hurdle rates: The low interest rate / low growth global environment means investors are setting conservative hurdle rates and accepting lower returns on all assets, including property.

Growth in funds: Inflows into pension funds and sovereign wealth funds globally remain very strong and many are increasing their exposure to property.

High net worth (HNW) individuals: Adding to this pressure, HNW individuals are also a growing factor in asset demand. HNW investors typically have different investment criteria from institutional investors and are less bound by mandates that limit them to premium assets in large markets.

All these factors explain the downward pressure on yields that we are observing across most of Australia's office markets, including the Melbourne CBD office market, and suggest that the adjustment is a long-term structural, rather than a cyclical, trend.

2 Australian Economic Overview

The Australian economy is forecast to continue to expand over the next three years, with below trend growth in 2015, accelerating in 2016 and 2017 to be in line with long-term trends.

Economic growth is a key driver of white collar employment, which in turn drives demand for office space. With the economy projected to accelerate in 2016 and 2017, white collar employment growth is forecast to increase over the next three years. Furthermore, a cashed up corporate sector should further support jobs growth through increased business investment.

This will see underlying demand for office space in Australia's major CBD markets improve over the next few years.

2.1 Macro-economic drivers

Economic growth

The Australian economy has continued to expand, albeit at below trend levels. The Australian economy expanded by 0.5% in 4Q14 and 2.5% for the year ended (y-e) 4Q14. This represents an improvement from the 2.2% rate recorded y-e 4Q13. The slowing of the mining investment boom continues to weigh on growth. Encouragingly, there are also tentative signs that the consumer sector is starting to gain momentum.

The outlook is for moderate but expanding economic growth over the period 2015 to 2017, with DAE forecasting below trend economic growth of 2.4% in 2015, rising to 3.1% in 2016 and 3.2% in 2017, which is in line with long-term trends.

Net exports were a key driver of growth in 2014, although falling commodity prices is having a significant impact on Australia's terms of trade, which suggests that export growth may slow. Additionally, Australia's key trading partners, China and Japan, recorded relatively low growth of 1.5% and 0.6% respectively over the final quarter of 2014.

Dwelling investment was also a key driver of GDP growth in 2014. Dwelling investment improved in the final quarter of 2014 with growth of 2.5% in the quarter and 8.1% over the year. This reflects the increase in dwelling approvals and construction starts across Australia.

Business investment and public sector investment remain the key weaknesses for the Australian economy. However, there are signs that business investment is starting to improve. The rate of decline in non-dwelling construction slowed significantly to -0.8% in 4Q14 compared with -8.8% in 3Q14. The rate of decline in public sector investment also slowed in 4Q14.

Labour market

Australia's unemployment rate edged lower in February 2015 to 6.3% from 6.4% in January (seasonally adjusted). The improvement was attributable to solid jobs growth in February of 16,500, including 10,300 full-time jobs. Employment growth in Australia for the 12 months to February 2015 was 150,900, or 1.3%.

Inflation

Australian headline annual inflation declined to 1.7% in 4Q14, lower than the RBA's target band of 2% to 3% p.a. Headline inflation fell to 0.2% in 4Q14 following 0.5% in 3Q14. This is predominantly due to falling petrol prices. Inflation excluding volatile items is running at 2.1% p.a.

Over recent years a large divergence has persisted in inflationary pressures between the goods and services sectors. Goods price growth has been low due to the impact of a strong AUD on import prices and falls in global manufacturing prices while services price growth (health, education etc.) has been relatively high. This gap has narrowed in recent quarters and further declines in the trade-weighted AUD exchange rate as commodity prices moderate could well see further upward pressure on domestic prices.

Exchange rates

A persistently strong AUD over recent years has led to an imbalance of Australia's economic growth, with much of the growth attributed to the strong export prices for commodities such as coal and iron ore. Over the last two years, the AUD has fallen significantly against the USD from an early 2013 peak of USD 1.056c to USD 0.76c as at the end of March 2015, a fall of 33% in just over two years. On a trade weighted basis, the decline has been more modest but still significant (19.4%).

The strength of the AUD despite falling commodity prices has been a reflection of the relatively high interest rates prevailing in Australia and the fundamental attractions of a well-regulated, stable economy and robust banking system. Continued pressure on commodity prices and expectations of a further fall in the official cash rate are likely to maintain pressure on the AUD through 2015.

Interest rates / bond yields

At its meeting in February, the RBA lowered the cash rate by 25 basis points to 2.25%, the lowest level in history. In announcing the reduction in the cash rate, the RBA Governor indicated that "This action is expected to add some further support to demand, so as to foster sustainable growth and inflation outcomes." The sluggish GDP growth recorded in 4Q will increase the likelihood of another rate cut in 2015, although the cash rate was kept on hold at the RBA's April Board meeting.

As at 31 March 2015, Australian 10-year bond yields were 2.32% and inflation-indexed bonds 0.4%. This relatively low real bond rate supports investor interest and yield compression in commercial real estate assets.

2.2 Property market drivers

Business sentiment / investment

As highlighted earlier, business investment has been a key weakness in Australia's economy over the past 12 months, despite profitability of corporates being quite strong.

The NAB Business Survey (February) continued to highlight the uncertainty across corporate Australia and is well below long-term averages. The Business Confidence Index is now at its lowest level since July 2013 with a net balance of 0, indicating the number of "optimists" and "pessimists" are evenly balanced.

Following nine months of continuous growth in the ANZ Job Advertisement Series, job advertisements fell marginally by 1.4% in March. Despite the March decline, job advertisements remain elevated. While the general trend has been largely positive, the increase in positions advertised has been offset by job losses in the manufacturing and mining sectors.

Australia's corporate sector is cashed up and generally reporting positive growth in profits. This suggests that business investment is well-placed for growth despite the current uncertainty expressed by business in the economic and political climate.

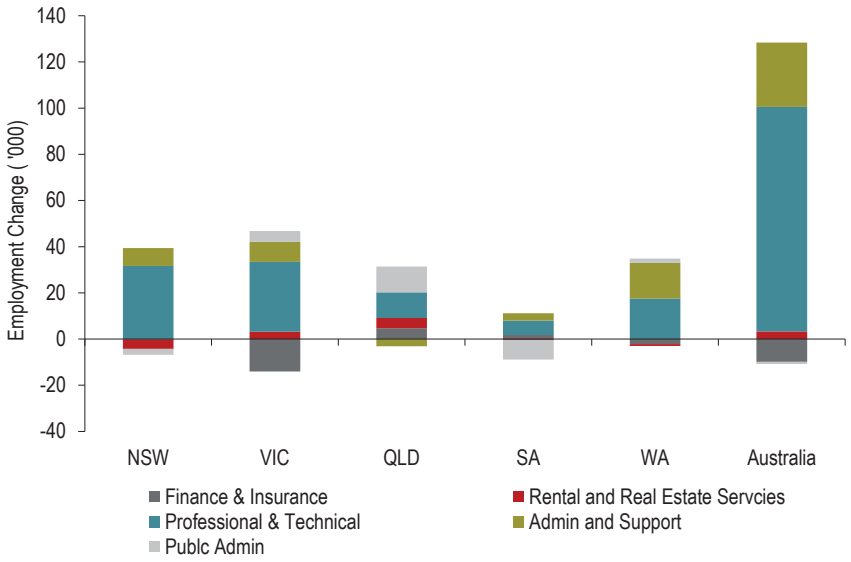
Employment growth

Employment growth is a key driver of Australia's property markets. Total employment in Australia reached 11.652 million (seasonally adjusted) in February 2015 its highest level ever. As highlighted earlier, employment growth for the 12 months to February 2015 was 150,900.

The key white collar employment sectors were major contributors to total employment growth. Figure 2 highlights white collar employment growth by state and employment sector for the year to February 2015. The main growth sector was *Professional and Technical Services,* which accounted for 83% of total white collar employment growth. There were marked differences between each state:

- Both NSW and SA recorded losses in *Public Administration*;
- Victoria shed a large number of jobs in the *Finance and Insurance* sector;
- Relatively strong *Public Administration* employment growth in QLD, following significant cuts the previous year;
- All states reported solid gains in *Professional and Technical Services.*

Figure 2: White Collar Jobs Gains/Losses – Year to February 2015



Source: Australian Bureau of Statistics, JLL Research

Economic growth drives white collar employment and the demand for office space. With the economy projected to accelerate in 2016 and 2017, white collar employment is forecast to accelerate over the next three years, which will drive underlying demand for office space.

Employment in the *Finance and Insurance* sector declined over the past two years. However, this sector is forecast to see a strong rebound between 2015 and 2017, which will drive much of the demand for CBD office space. Growth in Finance and Insurance employment is expected to continue to be concentrated in the Sydney and Melbourne CBDs. Australia's strong funds management sector, its location relative to the fast growing Asia Pacific region, and the potential for Australia to export its financial services expertise are also expected to drive expansion of the *Finance and Insurance* sector.

Housing sector

The residential sector has historically led economic recoveries in Australia. Most of the CBD office markets in Australia show some form of lagged relationship with housing investment cycles.

Increased residential activity flows through to improved household confidence and spending and increased demand for household credit and insurance-related financial services products. Accommodative monetary policy is supporting rising house and apartment prices and stimulating new residential construction activity. DAE projects private sector housing investment will increase by 9.2% in 2015 and by 6.0% in 2016.

2.3 Victorian Economic Overview

Outlook

Following state economic growth estimated at 2.1% in 2014, the Victorian economy is forecast to rebound in 2016 and 2017, with forecast economic growth, as measured by Gross State Product (GSP), of 2.4% in 2016 and 2.9% in 2017 (DAE). Economic growth is expected to average 2.4% per annum in the five years to December 2019, slightly above the previous five years.

Similarly Real State Final Demand[1] is expected to be marginally stronger over the five years to December 2019 compared with the previous five years.

	Economic growth (Gross State Product)	Real State Final Demand
Average % growth per annum, 2010-2014	2.1%	2.2%
Forecast % growth per annum, 2015-2019	2.4%	2.3%

Source: Deloitte Access Economics, Dec-14

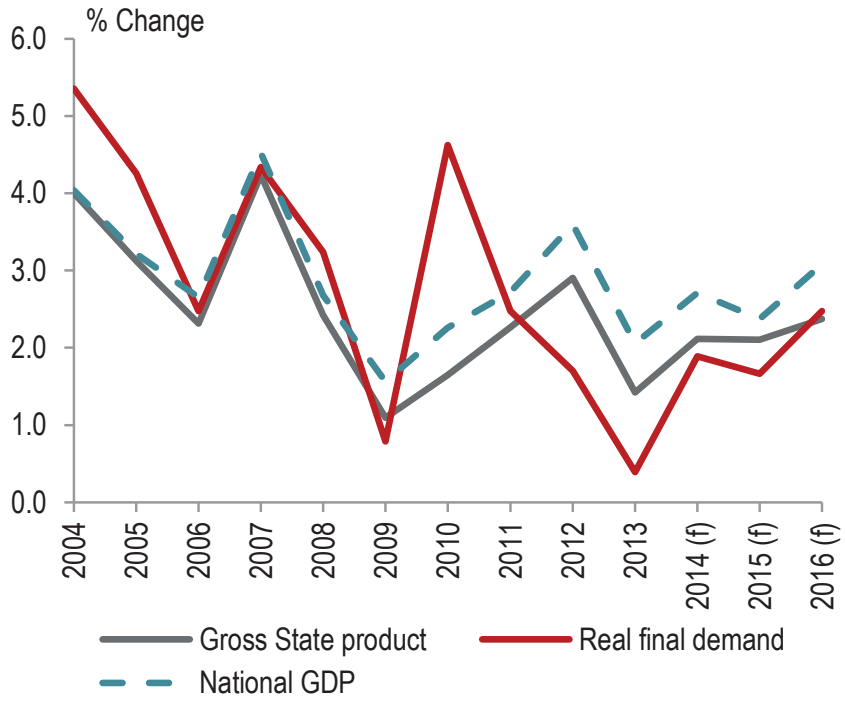
Economic Growth

The Victorian economy is strengthening following relatively weak growth of 1.4% in 2013, linked to slowing export growth and a cooling housing market. Victorian Gross State Product (GSP) is estimated to have grown by 2.1% in 2014 (DAE). The fall in value of the Australian dollar has provided a welcome boost to the Victorian economy, particularly manufacturers and farmers along with supporting the domestic and international tourism industry.

State Final Demand (a measure of the domestic economy) grew by 1.6% in 4Q14 and 2.1% annually in 2014.

Victorian economic growth is expected to be low to moderate in 2015 (2.1% annual growth) before accelerating in 2016 to 2.4% and 2017 to 2.9% (DAE).

Figure 3: Victorian Economic Growth versus National Economic Growth, 2004-2016



Source: Australian Bureau of Statistics, JLL Research

[1] Refer to Annexure 1 for definitions of State Final Demand and Gross State Product

Unemployment trends

Victoria's unemployment rate declined from 6.6% in January 2015 to 6.0% in February 2015, the equal lowest unemployment rate since October 2013. Total employment growth in Victoria over the 12 months to February 2015 has been strong, growing by 88,200 jobs, or 3.1%. Most of this increase has been in part-time employment, although full-time employment also grew by 28,700 persons.

Employment by sector

Growth in Victoria's key white collar employment sectors grew by 32,800 employees in the year to February 2015. This is the strongest growth since the year to February 2011 and well ahead of the five year average of 18,000 employees (to February 2015).

The growth was primarily in *Professional, Scientific and Technical Services* sector (30,200 employees). *Finance and Insurance* suffered a significant decline over the 12 months to February 2015, with a loss of 14,000 jobs, while other office employing sectors recorded modest growth.

Table 1: Employment Growth by Key Office Sectors, Victoria

	Finance & Insurance	Property & Business Services	Professional Scientific Technical	Administrative & support	Public admin. & safety	Total
Full-time and part-time employment growth ('000)						
12 months to Feb-11	4.1	9.0	13.7	4.9	6.4	38.2
12 months to Feb-12	-14.6	9.7	7.5	2.0	4.7	9.4
12 months to Feb-13	9.7	-8.5	10.8	-11.5	0.2	0.6
12 months to Feb-14	3.2	-0.2	-9.3	7.8	7.7	9.2
12 months to Feb-15	-14.0	3.2	30.2	8.7	4.7	32.8
Fiver year average	-2.3	2.6	10.6	2.4	4.7	18.0

Source: Australian Bureau of Statistics, JLL Research

Housing market

The low interest rate environment continues to provide significant support for both owner-occupier and investor demand for housing. The value of loan commitments to owner-occupiers increased by 12% to $54.5 billion in 2014. Investor led activity also grew significantly over the course of the year, with the value of loan commitments increasing by 26% to $34.4bn.

Approvals data provides evidence of a continuing improvement in the supply pipeline with a 19.5% increase in dwelling approvals (to 47,276) across Greater Melbourne over the course of the year to December 2014. Whilst approximately 60% of all dwelling approvals relate to the outer Melbourne regions, inner Melbourne local government areas (LGAs) have seen a considerable increase in the number of approvals, with their share increasing from 25% in 2004 to around 40% in 2014.

Strong support by State Government for high density housing within inner Melbourne has seen the share of apartment approvals increase steadily over the past decade. In the year to December 2014, approximately 14,000 units were approved, comprising 74% of all approvals across the inner Melbourne sub-regions.

3 Melbourne CBD Office market

3.1 Key Points

Market balance

Demand for office space is improving with three consecutive quarters of growth (2Q14 to 4Q14).

Net absorption for 2014 reached 48,300 square metres following two years of contraction.

The outlook is for stronger growth in net absorption, driven by the value proposition of the CBD office market and a rebound in white collar employment growth.

New supply will be strong in 2015 and 2016, which will keep vacancy levels elevated at 10-11%. Stronger demand from 2017 onwards is expected to lead to a decline in vacancy levels.

Stock withdrawals (particularly for residential development and conversions) will reduce the potential impact of new supply onto the market.

Rents and Leasing Incentives

JLL Research considers that leasing incentives have peaked (32% on a 10-year lease). With improved tenant demand in the short to medium-term, solid growth in prime gross effective rents is forecast over the next five years, averaging 3.8% per annum.

Investment market

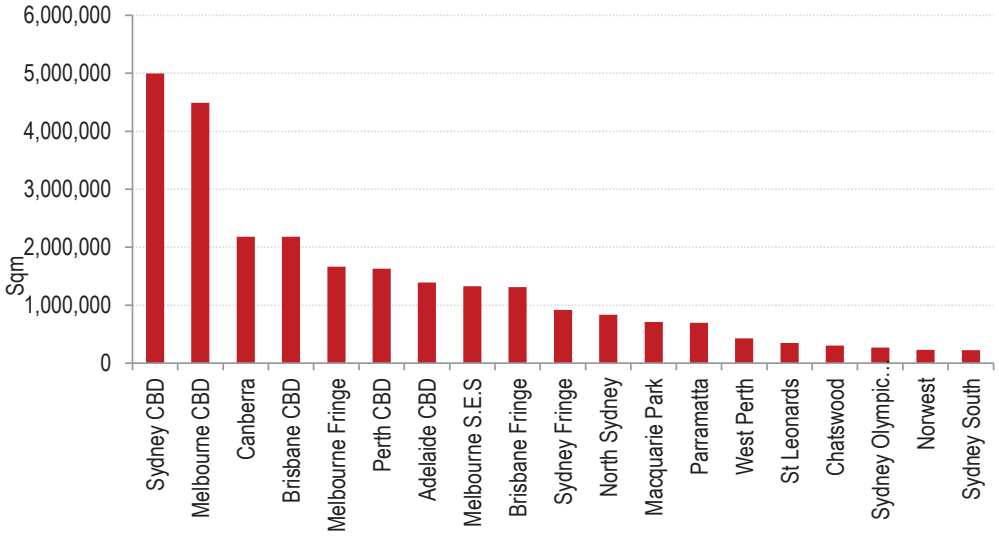
With the amount of unsatisfied capital still looking for real estate assets, investment yields could still tighten further in the short-term. Strong investment demand is expected to continue in 2015.

Prime equivalent yields are forecast to tighten by a further 25 basis points at the upper end of the range to sit at 5.50% - 7.50%. Modest capital value growth of between 4-5% is also forecast in 2015 and 2016.

3.2 Introduction and Background

Melbourne CBD is Australia's second largest office market, accounting for 15.0% of total national office stock measured by JLL, totalling 4.4 million sqm of net leasable area. Sydney CBD is the only other office market of such scale within Australia (with +506,000 sqm more office stock than Melbourne), whilst Canberra is a distant third with an office market less than half the size of Melbourne at 2.1 million sqm.

Figure 4: Australian Office Market Comparison – Total Net Lettable Area as at Dec-14



Source: JLL Research

Despite being Australia's two largest office markets, there are some notable differences between the Melbourne and Sydney office markets worth noting:

- Melbourne CBD accounts for 60% of total greater Melbourne office stock measured by JLL, highlighting the concentration of stock in the inner city location. When also including the Melbourne Fringe, this stock accounts for 82% of total Melbourne office stock. In comparison, Sydney is much more decentralised, with 52% of stock within the Sydney CBD and an only an additional 9.6% within Sydney Fringe;
- Melbourne has a higher provision and proportion of prime grade stock, with 2.73 million sqm of prime net leasable area (61% of Melbourne CBD NLA). Sydney has 2.7 million sqm of prime net leasable area accounting for 54% of Sydney CBD office NLA;
- Despite a higher provision of prime stock, the major weighting of Melbourne CBD's prime stock is A-grade office space. Melbourne is Australia's largest A-grade office market with 2.32 million sqm of A-grade NLA.

The Melbourne CBD market is made up of seven precincts as outlined in Figure 5. These precincts include Docklands and Southbank which are outside of the traditional CBD office market, and five precincts within the traditional core CBD of Melbourne.

- The **Western Core**, which is where 357 Collins is located, is the largest of Melbourne's office precincts, accounting for 37% of total stock, or 1.66 million square metres. This precinct is home to some of Melbourne's most iconic buildings, including the Rialto Towers at 525 Collins Street.
- **Flagstaff** precinct, which is located within the north western corner of the CBD grid, has the lowest provision of office space (0.4 million sqm) within the Melbourne CBD grid. The office stock typically houses professional and technical services, as well as public administration offices, which is mainly due to the close proximity of the Supreme, Magistrates and County courts. Residential apartments are increasingly becoming the other dominant land use within the precinct, as office buildings are redeveloped to residential stock.
- The **Civic p**recinct is the central precinct within the Melbourne CBD and is defined predominantly by Swanston Street, the key north-south arterial within the Melbourne CBD. The precinct has a diverse range of land uses, including education, retail (including the retail core), residential and office. The precinct has 0.47 million sqm of office floorspace, accounting for 10.5% of total Melbourne CBD stock.

- **Parliament** precinct is located within the north-eastern corner of the Melbourne CBD grid and predominantly consists of office and residential uses. The precinct has 0.49 million sqm of office space, with the area predominantly known as a major public administration precinct.
- **Eastern Core** is located within the south-eastern corner of the CBD grid. The eastern precinct has around 0.5 million sqm of office space, with financial services, professional and technical services being the dominant tenant profile, whilst there is also some public administration tenants within the precinct. This precinct includes some of Melbourne's most prestigious office buildings, including 101 Collins Street and 120 Collins Street.
- **Southbank/Riverside** is a relatively new office precinct, consisting of residential and office buildings. The area consists of 0.2 million sqm of office stock, making it the smallest precinct within Melbourne CBD.
- **Docklands** is a mixed-use precinct with residential, office and retail uses. Still in the process of being developed, Docklands has a unique office stock offering with campus style development for major corporates. As at 4Q14, the precinct has 0.7 million sqm of office space and will continue to grow in the future as the precinct is further developed.

Since 2004, the Melbourne CBD office market has seen substantial growth in office stock, most of which has been driven outside of the core CBD in Melbourne's Dockland's precinct. Despite accounting for 16.5% of total Melbourne CBD office stock, 58% of net growth in office space within Melbourne CBD office market has been within the Docklands precinct over this period.

Despite the growth in Docklands, the traditional CBD core (excluding Docklands and Southbank / Riverside) still accounts for nearly 80% of CBD office stock. The Western Core, which is where 357 Collins is located, is the largest of Melbourne's office precincts, accounting for 37% of total stock, or 1.66 million square metres.

Figure 5: Melbourne CBD Office Precincts

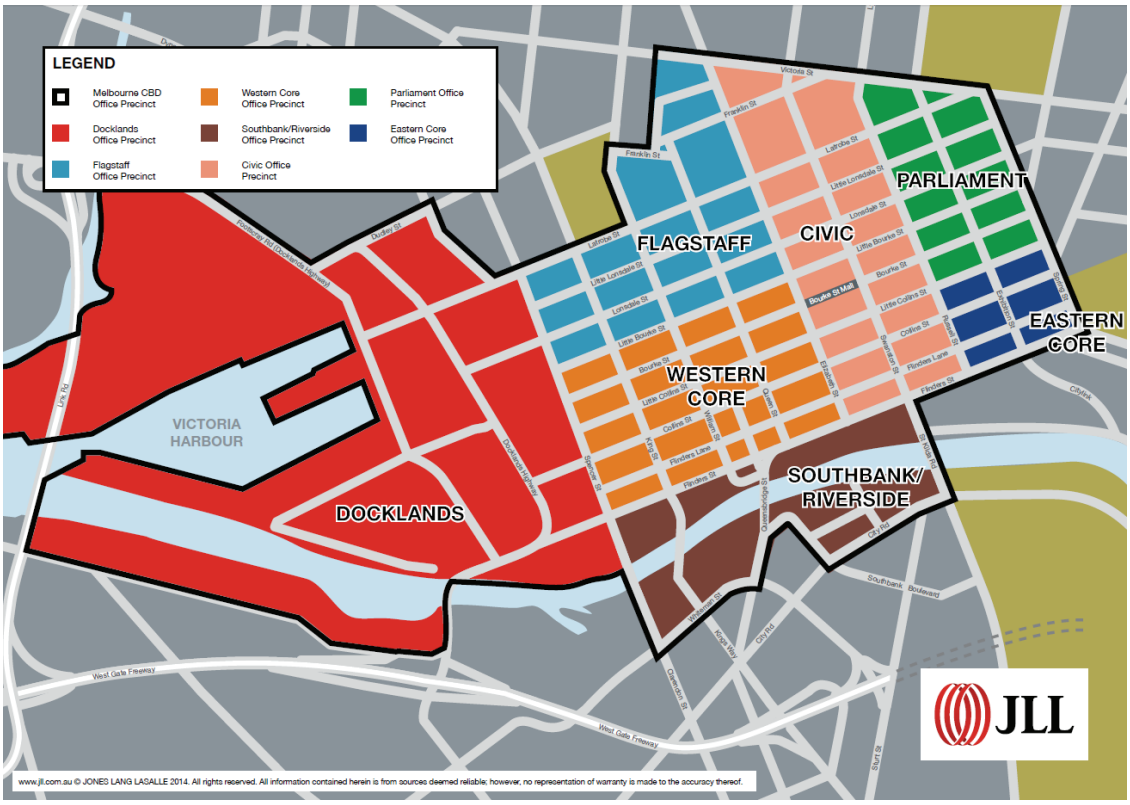
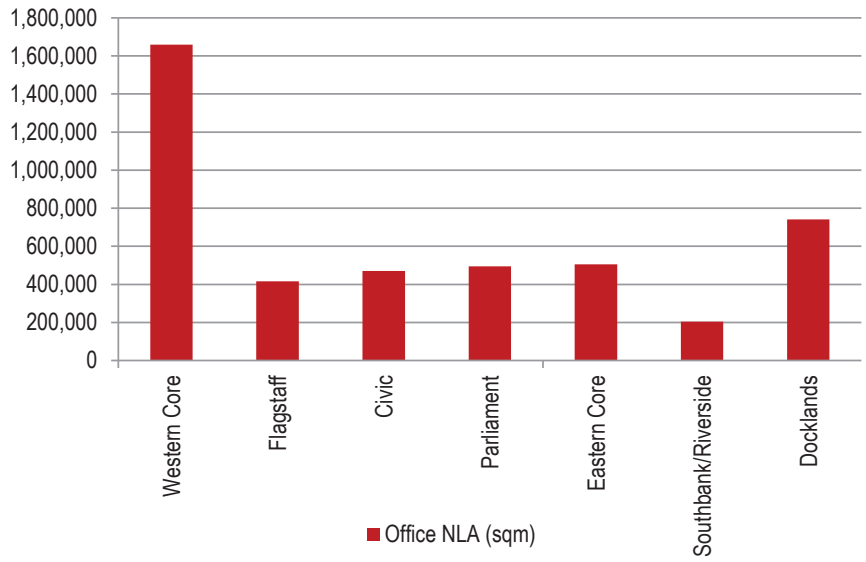


Figure 6: Melbourne CBD Office Precincts – Total NLA (sqm)



Source: JLL Research

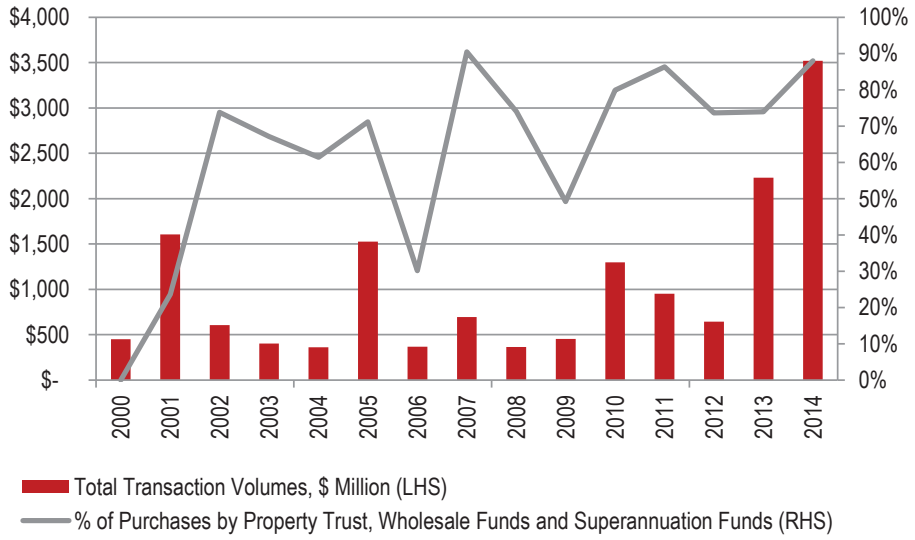
Ownership profile

Listed property trusts, wholesale funds and superannuation funds are the dominant owners of major office assets in Australia, and this is reflected in the investment of office assets in Melbourne CBD over the past 15 years. Since 2000, listed property trusts, wholesale funds and superannuation funds have accounted for 58% of total office transaction value, and accounted for 69% of office transactions in the AUD 50 million and over category.

Private investors and developers/property companies are dominant participants in the under AUD 20 million market, while assets in the AUD 20 to 50 million bracket have proved popular with a broad range of private and institutional investors.

Over the past 25 years, offshore investors have accumulated a significant portion of the major asset pool in Australia, accounting for over 20% of all transactions (>= AUD 5 million).

Figure 7: Melbourne CBD Office Market Transactions and Percentage of "Institutional" Purchasers (+AUD50 million)



Source: JLL Research

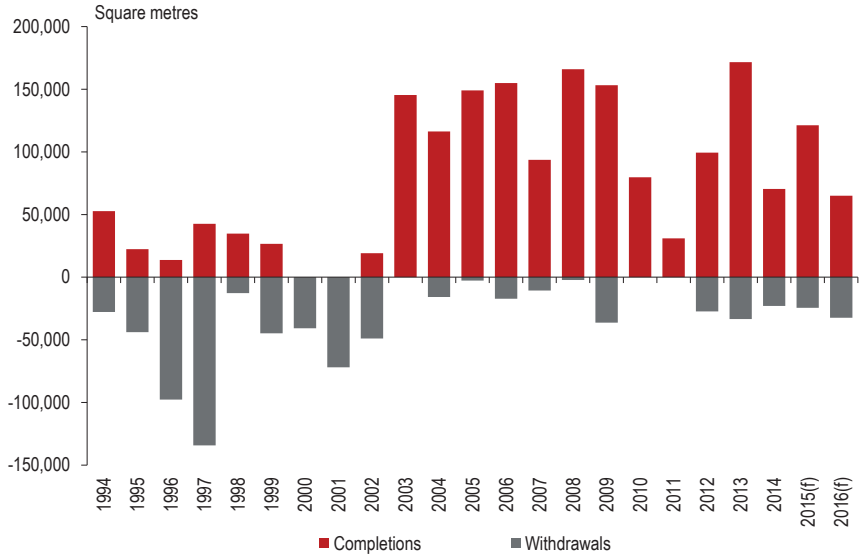
3.3 Supply Analysis

Over the last decade net supply additions in the Melbourne CBD office market have averaged 97,100 square metres per annum, with total stock increasing by 27.6% to 4.4 million square metres.

This relatively strong growth in new stock has largely been driven by the continued development of Docklands, which has accounted for 58% of stock additions over the past decade. Docklands has successfully attracted large corporate tenants looking to consolidate their accommodation to one central location as well as tenants from near city and suburban locations.

Net supply additions in 2014 were the lowest level in more than a decade at 20,200 square metres. New construction was partially offset by withdrawals of office space for planned residential projects. Not only do such stock withdrawals remove poor quality office space from the market, it effectively reduces the risk of over-supply in the market and has a positive impact on vacancies.

Figure 8: New Supply and Stock Withdrawals, Melbourne CBD Office Market 1994-2016



Source: JLL Research

Outlook

New completions are set to increase over 2015 and 2016 with 186,300 square metres of office space under construction as at the end of 2014. This comprises five projects, including:

- 567 Collins Street (49,000 sqm) scheduled to complete in the second half of 2015; and
- Tower 2 Collins Square, 735 Collins Street (65,000 sqm) anticipated to complete in 4Q16.

However, it is expected that stock withdrawals will reduce the potential impact of new supply onto the market. Stock withdrawals have averaged over 15,000 square metres per annum over the last decade, and with strong interest in residential apartment projects in the CBD, JLL Research is factoring in higher than average withdrawals over the next two years, averaging 28,000 square metres per annum.

There is a significant pipeline of approved and proposed office projects in the Melbourne CBD. As at December 2014, JLL Research had identified 22 projects totalling 778,000 square metres of office space. However, the vast majority of major office projects in Australia are “pre-commitment led”. This means projects typically require major pre-commitments in order to secure funding before proceeding. This is expected to reduce the likelihood of over-supply in the market. JLL Research forecasts net supply additions over the next decade to average 55,000-60,000 square metres per annum with the majority of new supply occurring in the five years to 4Q19 (86,400 sqm per annum). It is noted that the forecast new supply is significantly lower than the existing pipeline, with JLL Research making assumptions on the likelihood of projects achieving pre-commitments and proceeding to construction.

	Net Supply (sqm per annum)
Average 2010-2014	66,000
Forecast 2015-1019	86,400

3.4 Demand Analysis

JLL Research monitors the growth in occupied office space in the Melbourne CBD office market by grade and precinct. Over the last 20 years, the Melbourne CBD market has grown by an average 63,500 square metres per annum. However, the last four years have all been below the long-term average, with below average economic growth in 2012 and 2013 (as measured by State Final Demand) leading to a contraction in office space requirements.

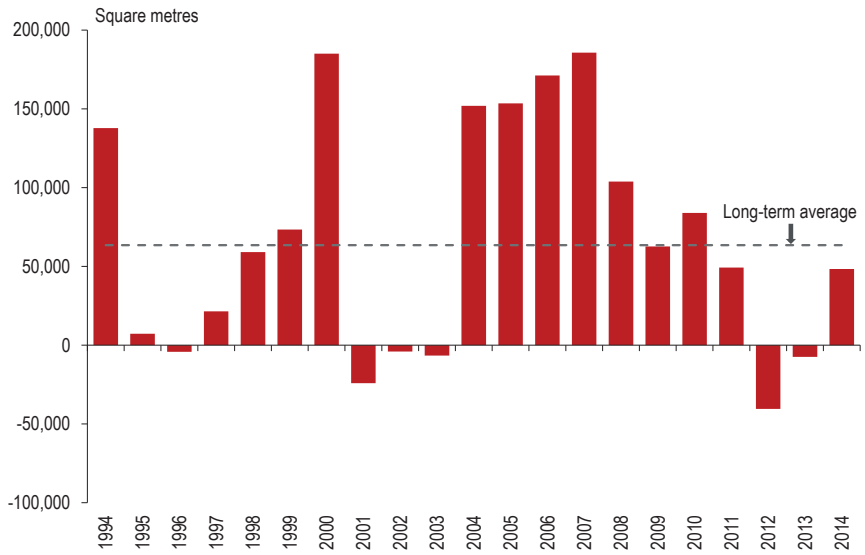
Leasing enquiry and activity in Melbourne has gathered momentum over the course of 2014, resulting in 48,300 square metres of net absorption being recorded. There has now been three quarters of positive net absorption in a row, a strong turn around given that eight of nine quarters between 1Q12 and 1Q14 recorded negative net absorption.

This demand recovery to date has been largely driven by the *Education* and *Health and Community Services* sectors. Furthermore, confidence within the business and professional service industry seems to be well into recovery mode, and these sectors should further drive demand over the remainder of 2015 and into 2016.

Furthermore, the Melbourne CBD competes for tenants with other locations across the metropolitan area, and there are a number of attractors in favour of the CBD:

- The CBD value proposition, driven by generous incentives being offered by landlords, continues to encourage centralisation activity from near city and suburban locations. Over 2014, 28,500 square metres of centralisation has been recorded with tenants such as Viva Energy, Jemena, Cardno and Australia Post all moving into the CBD from non-CBD locations;
- On a similar theme, the availability of prime grade space currently in the CBD provides a range of quality options for businesses to expand / consolidate into;
- Near city markets such as St Kilda Road have seen some contraction in office space due to secondary buildings being withdrawn in favour of residential / mixed use projects. The CBD provides a viable option for tenants whose needs are no longer met in these locations;
- Supporting amenity and services offered in the CBD continues to be a key driver attracting tenants.

Figure 9: Net Absorption, Melbourne CBD Office Market 1994-2014



Source: JLL Research

The attractiveness of the CBD is due to a range of services that provide a compelling locational advantage over suburban and near city markets. High quality amenity and services offered by a location and workplace can also be a contributing factor in attracting and retaining employees. These factors include the following:

- Melbourne is the centre of an extensive public transport network, which is a significant benefit for workers accessing the workplace as well as clients;
- Potential synergies between businesses through locating close to one another;
- Support services such as cafes, restaurants, dry-cleaning services, office support services etc.;
- Major destination for retailing.

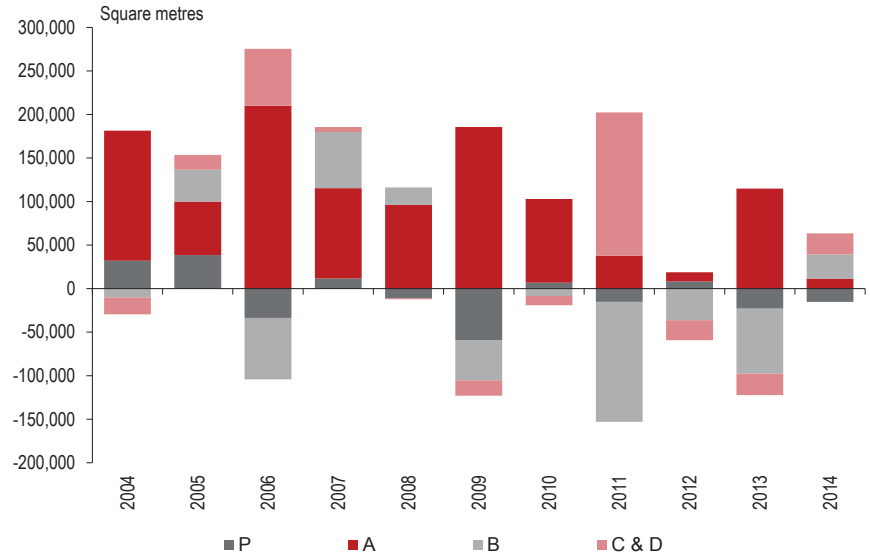
Net absorption by building grade

Figure 10 shows the relative strength of the A-grade[2] office market in the Melbourne CBD. In each year between 2004 and 2014, A-grade office accommodation has recorded positive net absorption. Interestingly, demand for premium grade stock has been more subdued, highlighting that the value proposition offered by good quality, modern A-grade stock is highly regarded by tenants in the Melbourne CBD.

In the last 10 years, net absorption for A-grade accommodation has averaged 92,800 square metres, higher than total market absorption (81,100 square metres).

[2] The classification of building quality by grade generally follows the classification system adopted by the Property Council of Australia. The system has five grades: premium, A-grade, B-grade, C-grade, and D-grade with premium grade being the highest quality space in each market. Further information is provided in Annexure 1: Definitions.

Figure 10: Net Absorption by Grade, Melbourne CBD Office Market 2004-2014



Source: JLL Research

Outlook

The Melbourne CBD market is expected to continue to be supported by centralisation activity with tenants capitalising on the high levels of incentives offered in the CBD. Net absorption is forecast to reach 60,000 sqm in 2015 and 50,000 sqm in 2016, which are still below the 20-year average growth of 63,500 sqm. Between 2017 and 2019, net absorption is forecast to grow to around 90,000 sqm per annum. Improved economic growth from 2016 onwards is expected to drive this increased demand. Key service sectors, including *Finance and Insurance Services* and *Professional, Scientific and Technical Services* are expected to be the main contributors to the growth.

Overall the demand outlook is for significantly greater net absorption over the five years to 4Q19 than over the previous five years to 4Q14. This is partly balanced by a higher level of net supply over the next five years compared with the previous five year. Nevertheless, the stronger demand profile should support growth in effective rents.

	Net Absorption (sqm per annum)
Average 2010-2014	26,800
Forecast 2015-1019	77,000

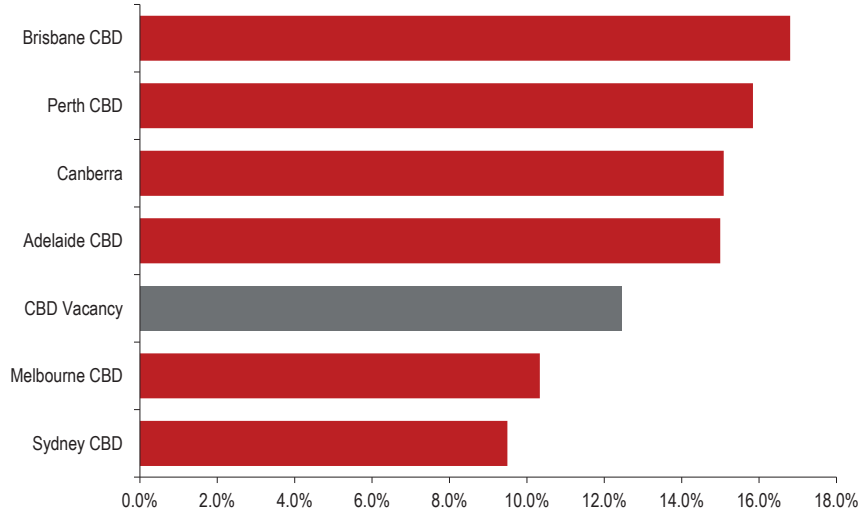
3.5 Vacancy / Market Balance

Vacancy in Melbourne CBD has improved markedly over the last six months from a market peak of 11.2% in 2Q14 to 10.3% in 4Q14. Prime grade vacancy (10.3%) is marginally lower than secondary grade vacancy (10.5%).

The 4Q14 vacancy rate is slightly above the long-term 20 year average of 9.8% but well above the average over the last 10 years of 7.2%. The vacancy rate has trended upwards since 2Q08, when it hit its lowest level in 25 years; 3.7% in 2Q08.

When compared with Australia's major CBD office markets, the Melbourne CBD vacancy rate as at 4Q14 is the second lowest of all CBD markets, with only Sydney CBD reporting a lower vacancy rate (9.5%).

Figure 11: Vacancy as at 4Q14, Australian CBD Markets



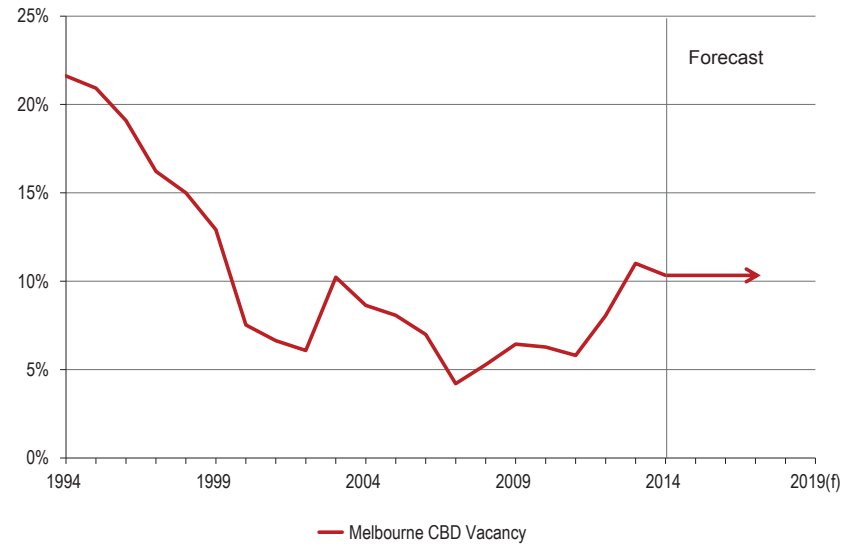
Source: JLL Research

While vacancy of over 10% is considered relatively high in Australia, Melbourne's current vacancy rate is tighter than most major North American markets and is comparable with major office markets in Asia Pacific and Europe.

Outlook

Melbourne CBD vacancy is expected to remain in the range 10-11% until the end of 2016. While the market is expected to see improved demand conditions with stronger net absorption, this is expected to be balanced by relatively high levels of new supply entering the market. It is not until the beginning of 2017 that the vacancy rate is forecast to tighten back to single-digit territory, as demand conditions improve and fewer developments complete over that time period. Over the five year period to 4Q19, vacancy is forecast to average 10.4%.

Figure 12: Melbourne CBD Vacancy 1994-2019



Source: JLL Research

3.6 Rents

The recovery in demand in the Melbourne CBD office market throughout 2014 has flowed through to rental performance, with gross face rents in the Melbourne CBD increasing by 4.1% over 2014 to AUD 566 per sqm p.a. Growth accelerated over the second half of the year, in line with the improvement in tenant demand.

However, the growth in face rents was tempered by a slight increase in incentive[3] levels over the year, which pushed out from 31% to 32% on a 10-year lease. As a result, gross effective rents increased by a smaller margin; 2.9% over the 12 months to 4Q14 to AUD 392 per sqm p.a.

Outlook

Gross face rents have passed the trough and moderate growth is forecast over the short to medium-term. Furthermore, JLL believes that incentives have peaked and will begin to pull back over the medium-term. Incentives are expected to drop slightly over 2015 from 38 to 36 months. Melbourne prime gross effective rents are forecast to rise by 4.5% over 2015, above the expected inflation rate and average 3.8% growth over the five years to 4Q19. This is significantly higher than the average growth over the last five years (1.1%).

Although leasing conditions are showing tentative signs of recovery, the relatively high levels of vacant stock on the market together with new stock coming to market will continue to put pressure on landlords to keep incentives elevated. However, JLL Research is forecasting a gradual decrease in incentive levels between 2015 and 2017, in line with a reduction in vacancy rates and improved demand for office space.

	Prime Gross Face Rent (growth per annum)	Prime Gross Effective Rent* (growth per annum)
Average 2010-2014	4.1%	1.1%
Forecast 2015-1019	2.5%	3.8%

* Effective rents adjust face rents for estimated rent-free incentive periods on a standard 10-year lease

[3] Incentives is typically stated as a rent free period but may include a mix of benefits, including rent free period, contribution to fit-out or other benefits. JLL Research base incentives on a 10 year lease term and are expressed as “months’ rent free” and percentage. It is noted that Australian office leases frequently have built in rental escalation clauses that to some extent offset the (negative) impact of incentives on the cash flow accruing to the landlord.

3.7 Investment Market

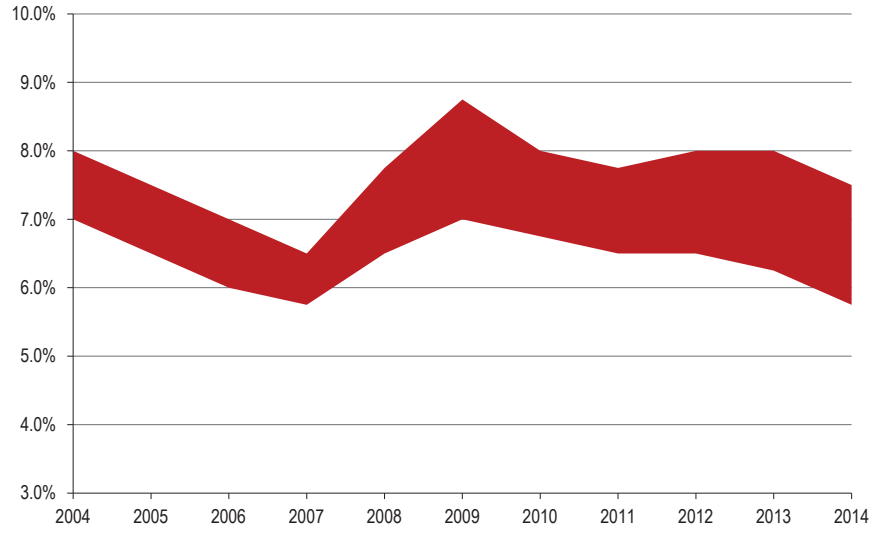
Yields

Investor demand for CBD office assets has been very strong with new pricing benchmarks being achieved in Sydney and Melbourne. As a result, the tighter end of the prime equivalent yield range moved below 6.00% for the first time in this cycle (first time since 2008). Prime yields in the Melbourne CBD tightened by 50 basis points in 2014 to now range between 5.75% and 7.50% in 4Q14.

The most notable transactions in 2014, which resulted in new pricing benchmarks for Melbourne CBD included:

- 700 Bourke Street in the Docklands precinct, acquired by AWOF for AUD 433.5 million, reflecting a fully leased initial yield of 5.74%. The asset is 100% occupied by NAB and has a WALE of 13.7 years.
- GPT and GWOF acquired 181 William Street and 550 Bourke Street for AUD 608.1 million. The sale price reflected a fully leased initial yield of 6.00% and a rate per sqm of AUD 7,470.

Figure 13: Prime Grade Office Yields, Melbourne CBD Office Market, 2004- 2014



Source: JLL Research

Global hunt for yield

The yield spread as at 4Q14 between global office markets; such as New York, London and Paris, and the major Australian CBD office markets of Sydney and Melbourne are wider than historical benchmarks. Passive offshore investors are attracted to prime-grade assets in mature office markets such as the Sydney and Melbourne CBDs, which offer comparatively high yielding secure cash flows supported by strong lease covenants and relatively high occupancy.

Figure 14 compares the midpoint yields for three global office markets with Sydney and Melbourne over the past 10 years. All markets recorded a further tightening in pricing in 2014, with New York tightening by over 100 basis points. As a result, the yield spread between Melbourne and New York widened to 313 basis points – 96 basis points wider than the 10-year average of 217 basis points recorded between 2004 and 2014.

Figure 14: Global Prime Grade Office Yields



Source: JLL Research

Transaction volumes

Transaction volumes in 2014 across Australia's major office markets surpassed AUD 17.0 billion. Likewise, transaction volumes in the Melbourne CBD reached a new record high in 2014, with JLL recording 35 major office transactions totalling AUD 3.96 billion. This compares to the previous record of AUD 2.7 billion of sales in 2013. Strong activity was seen from domestic buyers, accounting for 69% of total annual transaction volumes. This compares with 59% in 2013 and 46% in 2012.

Volumes were supported by a high proportion of large transactions, with 15 transactions recorded in excess of AUD 100 million. These sales provided the market with greater clarity around buyer depth and asset pricing, resulting in new pricing benchmarks in the Melbourne CBD as highlighted earlier. The strong sales volumes in 2014 largely reflect the continuing strong demand and buyer depth at the larger end of the investment market, both domestically and from offshore groups.

Capital values

The JLL capital value indicator (CVI), which tracks prime office values for the Melbourne CBD, increased by 4.3% in 4Q14 and by 12.4% over the 12 months to 4Q14. The CVI has now risen by 48.4% since the cyclical low in 4Q09 and is 17.6% higher than the previous cyclical peak in 4Q07.

The outlook for Melbourne CBD capital values in the medium-term (next three years) is positive, driven by a relatively stable yield outlook and strong growth in effective rents as incentives are paired back.

Outlook

With the amount of unsatisfied capital still looking for product, yields may tighten further in the short-term. Strong investment demand is expected to continue in 2015. Prime equivalent yields are forecast to tighten by a further 25 basis points at the upper end of the range to sit at 5.50% - 7.50%. The midpoint prime equivalent yield over the five years to 4Q19 is forecast to be 6.58% compared with 7.10% over the previous five years.

Modest capital value growth of between 4-5% is also forecast in 2015 and 2016.

	Prime Equivalent Yield (Midpoint)
Average 2010-2014	7.10%
Forecast 2015-1019	6.58%

Annexure 1: Definitions

Office Grades

The classification of building quality by grade generally follows the classification system adopted by the Property Council of Australia. The system has five grades: premium, A-grade, B-grade, C-grade, and D-grade. Premium grade space is the highest quality space in each market and will generally offer very high quality services, large floor-plates, modern amenities, and views. The classification system provides a general guide to the evaluation of space, taking into account the particular characteristics of each building in relation to the market.

- Prime refers to a combination of premium and A-grade buildings.
- Secondary refers to a combination of B-grade, C-grade, and D-grade buildings.

Net Absorption

Net absorption measures the change in occupied stock between two points in time.

Office Vacancy Estimates

Vacancy forecasts and estimates are based on total CBD stock levels. Stock estimates used for vacancy predictions are based on Jones Lang LaSalle Research surveys. Total stock vacancies are defined as vacant space, able to be occupied within a short period of time, as a percentage of total office floor space.

Sub-Lease Office Space

Is included in our definition of vacant space, when the space is either physically vacated or there is a legally binding commitment to move elsewhere and in both cases the space is being actively marketed. This may be to an owner occupied premises on practical completion or to other leased space where an unconditional lease has been signed.

Office Rents

All figures refer to market rents. This is the rent that could be assumed for a standard unit of vacant space in the market being monitored. Market rents will differ from passing rents, which are those being paid by existing tenants.

Prime CBD series represent a combination of premium and A-grade buildings.

Effective Rentals

Effective rentals allow for the value of concessions or incentives used in the leasing of office space. The effective rentals are estimated as follows:

1. Incentives are converted to a present value based on prevailing market investment yields.
2. The present value of incentives is amortised over the term of the lease which is assumed to be 10 years.
3. The amortised value of incentives is deducted from the face rent to establish the effective rental.

Incentives are assumed to apply to a 1 000 sqm plus letting in a prime building.

Yields

Yields quoted in this report are equivalent yields. The ‘equivalent yield’ is the percentage return on sale price or estimated value derived from the net passing income and increases or decreases to current market rents.

Capital Values

Capital values take into account passing income as well as the current market rents. The process of calculating capital values can be summarised as follows:

- Calculate the total market income (market rent plus other income)
- Calculate passing income (assuming buildings have a lease profile equally spread over 5 years)
- Calculate capital values

State final demand

State final demand is a measure of economic demand for products in the economy. It is an aggregate obtained by summing government final consumption expenditure, household final consumption expenditure, private gross fixed capital formation and the gross fixed capital formation of public corporations and general government. It is different from Gross State Product (GSP) as it excludes international and interstate trade as well as change in inventories.

Gross State Product

Gross State Product is equivalent to State Final Demand plus exports of goods and services minus imports of goods and services plus change in inventories.

Disclaimer

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No representation is made that any forecast will be achieved. Actual future events may vary significantly from forecasts. You should make and must rely on your own business judgment, enquiries and investigations regarding the assumptions, uncertainties and contingencies included in the Information.

By accepting the Information, you acknowledge, agree and represent that:

(a) you and your representatives and advisors have not and will not rely on the Information and will rely entirely upon your own assessment and independent advice and investigations in deciding whether to participate in the transaction; and

(b) you release and indemnify the Company from and against all claims, actions, damages, remedies or other matters, whether in tort, contract or under law or otherwise, arising from or which may arise from or in connection with the provision of the Information to or any purported reliance by you or your representatives and advisors on the Information, and you covenant that no claim or allegation will be made against the Company in relation to the Information.

For the avoidance of doubt, the Information is based on data reasonably available to the Company as at 31st March 2015. JLL Research data and forecasts is as at 4Q14.

The Company is not operating under an Australian Financial Services Licence in providing the Information.

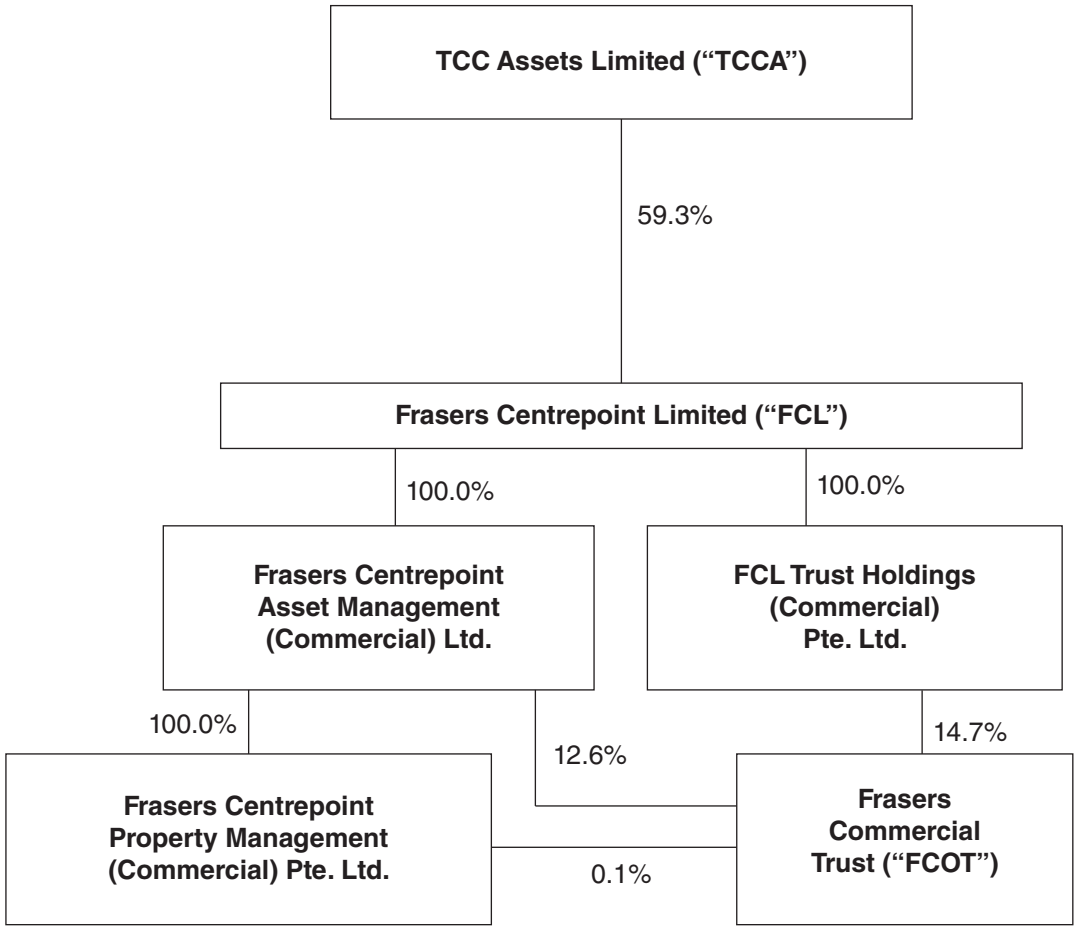
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SHAREHOLDING STRUCTURE BETWEEN TCCA, FCL AND FCOT



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NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an **EXTRAORDINARY GENERAL MEETING** of Frasers Commercial Trust ("**FCOT**") will be held on Monday, 22 June 2015 at 10.00 a.m. at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958, for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolutions:

ORDINARY RESOLUTION

1. THE PROPOSED ENTRY INTO THE BUILDING AGREEMENT FOR THE DEVELOPMENT OF THE HOTEL AND THE GRANT OF A LONG LEASE AT THE CHINA SQUARE CENTRAL PROPERTY

That:

(a) approval be and is hereby given for the:

(i) entry into the Building Agreement (as described in the circular dated 3 June 2015 (the "**Circular**")) by British and Malayan Trustees Limited (in its capacity as trustee of FCOT, the "**Trustee**") with Frasers Hospitality China Square Trustee Pte. Ltd. (in its capacity as trustee-manager of Frasers Hospitality China Square Trust ("**FHCST**"), an indirect wholly-owned special purpose trust of Frasers Centrepoint Limited ("**FCL**")) (the "**FHCS Trustee**") to facilitate the carrying out by the FHCS Trustee of the Hotel Project (as described in the Circular) and certain proposed additions and alterations to the China Square Central Property; and

(ii) grant of a long lease by the Trustee to the FHCS Trustee in respect of the Hotel (the "**Lease**") under an instrument of lease for the Leasehold Term (as described in the Circular),

the "**China Square Central Hotel Transaction**";

(b) approval be and is hereby given for the entry into the Licence Agreement (as described in the Circular) following the fulfilment of the applicable conditions in the Building Agreement relating to the grant of the Lease for the Leasehold Term;

(c) the entry into the Conditional Agreement (as described in the Circular) be and is hereby approved and ratified; and

(d) Frasers Centrepoint Asset Management (Commercial) Ltd., in its capacity as manager of FCOT (the "**Manager**"), any director of the Manager ("**Director**"), and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of FCOT to give effect to the China Square Central Hotel Transaction.

ORDINARY RESOLUTION

2. THE PROPOSED ACQUISITION OF 357 COLLINS STREET, MELBOURNE, VICTORIA, AUSTRALIA

That:

(a) approval be and is hereby given for the acquisition of 357 Collins Street, Melbourne, Victoria, Australia ("**357 Collins Street**", and the acquisition of the property, the "**357 Collins Street Acquisition**") from Australand Property Holdings (Collins St No. 1) Pty Limited (in its capacity as trustee of APT (Collins St No. 1) Trust (the "**Vendor**"), an indirect wholly-owned special purpose trust of Frasers Australand Pty Ltd), based on the terms and conditions described in the Circular; and

(b) the Manager, any Director, and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of FCOT to give effect to the 357 Collins Street Acquisition.

ORDINARY RESOLUTION

3. THE PROPOSED ISSUE OF UP TO 95.0 MILLION NEW UNITS UNDER THE PRIVATE PLACEMENT

That subject to and contingent upon the passing of Resolution 2:

(a) approval be and is hereby given for the issue of up to 95.0 million new units in FCOT ("**New Units**") under a private placement (the "**Private Placement**") in the manner described in the Circular; and

(b) the Manager, any Director and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of FCOT to give effect to the Private Placement.

ORDINARY RESOLUTION

4. THE PROPOSED PLACEMENT OF NEW UNITS TO THE FCL GROUP UNDER THE PRIVATE PLACEMENT

That subject to and contingent upon the passing of Resolution 2 and Resolution 3:

(a) approval be and is hereby given for the issue of up to such number of New Units, as part of the Private Placement, to FCL and/or any of its subsidiaries (collectively, the "**FCL Group**", and the placement of New Units to the FCL Group, the "**FCL Group Placement**") as described in the Circular; and

(b) the Manager, any Director and the Trustee be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director or, as the case may be, the Trustee may consider expedient or necessary or in the interests of FCOT to give effect to the FCL Group Placement.

BY ORDER OF THE BOARD
Frasers Centrepoint Asset Management (Commercial) Ltd.
(Company Registration No. 200503404G)
As manager of Frasers Commercial Trust

Piya Treruangrachada
Company Secretary

Singapore
3 June 2015

Important Notice:

(1) A Unitholder entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder.

(2) The instrument appointing a proxy must be lodged at the Manager's registered office at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958, not less than 48 hours before the time appointed for the Extraordinary General Meeting.

Personal Data Privacy

(3) By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Extraordinary General Meeting and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the Extraordinary General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Extraordinary General Meeting (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder's proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to Proxy Form

1. A unitholder of Frasers Commercial Trust ("**FCOT**", and a unitholder of FCOT, "**Unitholder**") entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Unitholder. The instrument appointing a proxy or proxies must be deposited with the Company Secretary of Frasers Centrepoint Asset Management (Commercial) Ltd., in its capacity as the manager of FCOT (the "**Manager**") at its registered office at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958, not less than 48 hours before the time appointed for holding the meeting.

2. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he/she specifies the proportion of his/her holding (expressed as a percentage of the whole) to be represented by each proxy.

3. Completion and return of this instrument appointing a proxy or proxies shall not preclude a Unitholder from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the meeting in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under this instrument of proxy, to the meeting.

4. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against his/her name in the Depository Register maintained by The Central Depository (Pte) Limited ("**CDP**"), he/she should insert that number of units of FCOT ("**Units**"). If the Unitholder has Units registered in his/her name in the Register of Unitholders of FCOT, he/she should insert that number of Units. If the Unitholder has Units entered against his/her name in the said Depository Register and registered in his/her name in the Register of Unitholders, he/she should insert the aggregate number of Units. If no number is inserted, this form of proxy will be deemed to relate to all the Units held by the Unitholder.

5. The instrument appointing a proxy or proxies (the "**Proxy Form**") must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

6. Where the Proxy Form is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Manager) be lodged with the Proxy Form; failing which the Proxy Form may be treated as invalid.

7. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his/her name in the Depository Register as at 48 hours before the time appointed for holding the Extraordinary General Meeting, as certified by CDP to the Manager.

8. Agent Banks[1] acting on the request of Central Provident Fund ("**CPF**") investors who wish to attend the meeting as observers are required to submit in writing, a list with details of the investors' name, NRIC/Passport numbers, addresses and numbers of Units held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company Secretary, at the registered office of the Manager not later than 48 hours before the time appointed for holding the meeting.

---

[1] "**Agent Banks**" are the banks appointed to maintain members' CPF Investment Accounts under the CPF Investment Scheme-Ordinary Account.

FRASERS COMMERCIAL TRUST

(Constituted in the Republic of Singapore pursuant to a trust deed dated 12 September 2005 (as amended or restated))

PROXY FORM

EXTRAORDINARY GENERAL MEETING

IMPORTANT

1. For investors who have used their Central Provident Fund ("CPF") money to buy units in Frasers Commercial Trust, this Circular is forwarded to them at the request of their nominees approved by the CPF and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. CPF Investors who wish to attend the Extraordinary General Meeting as observers have to submit their requests through their respective Agent Banks so that their Agent Banks may register, in the required format, with the Company Secretary, Frasers Centrepoint Asset Management (Commercial) Ltd. (Agent Banks: please see Note 8 on required format).

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Extraordinary General Meeting dated 3 June 2015.

I/We _____ (Name(s)), _____ (NRIC No./Passport No./Company Registration No., where applicable) of _____ (Address) being a unitholder/unitholders of Frasers Commercial Trust ("**FCOT**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholdings (Note 2)	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholdings (Note 2)	
			No. of Units	%

or, both of whom failing, the Chairman of the Extraordinary General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf and if necessary, to demand a poll, at the Extraordinary General Meeting of FCOT to be held on Monday, 22 June 2015 at 10.00 a.m. at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958, and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Extraordinary General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the Extraordinary General Meeting.

Note: The Chairman of the Extraordinary General Meeting will be exercising his right under Article 6(e) of Schedule 1 of the trust deed dated 12 September 2005 (as amended or restated) to demand a poll in respect of the resolutions to be put to the vote of members at the Extraordinary General Meeting and at any adjournment thereof. Accordingly, such resolutions at the Extraordinary General Meeting will be voted on by way of poll.

	RESOLUTION	No. of Votes For*	No. of Votes Against*
1.	The Proposed Entry into the Building Agreement for the Development of the Hotel and the Grant of a Long Lease at the China Square Central Property (Ordinary Resolution)		
2.	The Proposed Acquisition of 357 Collins Street, Melbourne, Victoria, Australia (Ordinary Resolution)		
3.	The Proposed Issue of up to 95.0 million New Units under the Private Placement (Ordinary Resolution)		
4.	The Proposed Placement of New Units to the FCL Group under the Private Placement (Ordinary Resolution)		

* If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick () within the relevant box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant resolution, please indicate the number of Units in the boxes provided.

Dated this _____ day of _____ 2015

Total number of Units held

_____

Signature(s) of unitholder(s)/Common Seal

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FRASERS COMMERCIAL TRUST

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The Company Secretary
Frasers Centrepoint Asset Management (Commercial) Ltd.
(as manager of Frasers Commercial Trust)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

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MANAGED BY
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Company Registration Number: 200503404G

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