# GROWING TO NEW HEIGHTS

ANNUAL REPORT 2015









FRASERS COMMERCIAL TRUST




# GROWING TO NEW HEIGHTS

This year's design for the Frasers Centrepoint group of companies' annual reports comprises a series that prominently features the Frasers Centrepoint logo.

All four annual reports (Frasers Centrepoint Limited, Frasers Centrepoint Trust, Frasers Commercial Trust and Frasers Hospitality Trust) can be positioned together to form the complete corporate logo.

The Frasers Centrepoint logo symbolically personifies its brand essence of being a property group that builds upon trust and care.

In the form of a structured yet dynamic diamond shape, the logo reflects Frasers Centrepoint's strength, stability and trustworthiness as an integrated real estate group. The eight contoured strokes represent progression and continuity in its business activities.

The red strokes represent a strong business foundation, while the warm grey strokes represent its business partners, investors and customers. Together, they form a complete diamond which represents success.

The colour red symbolises warmth, vibrancy and passion while grey reflects dignity, trustworthiness and professionalism.

Integration, progression and continuity are exemplified by the coming together of the four entities.

In a year where the global economy faced headwinds, Frasers Commercial Trust managed to rise above challenges and secured continuous growth. We augmented our portfolio with a new property, unlocked value of our existing property, achieved healthy occupancy and rental reversion rates and reached new highs in distributable income and distribution per Unit. Our three-prong strategy coupled with quality and balanced portfolio in Singapore and Australia will grow the Trust to new heights and deliver long-term growth to our Unitholders.

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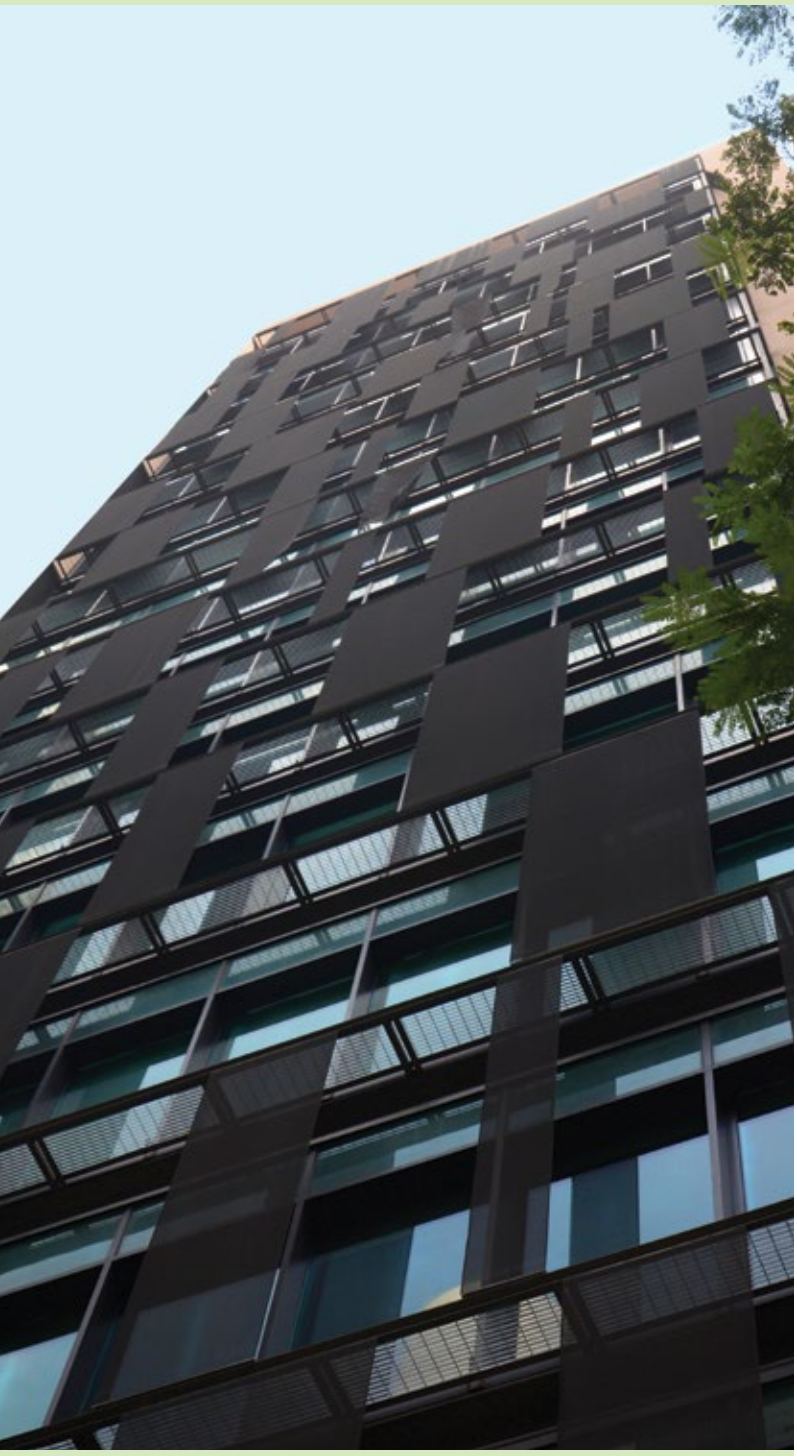
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All values in the tables, graphs and charts are expressed in Singapore currency unless otherwise stated. Any discrepancies in the tables, graphs and charts included in this report between the listed amounts and total thereof are due to mathematical rounding. Where applicable, measurements in square metres (sq m) are converted to square feet (sq ft) and vice versa based on the conversion rate of 1 sq m = 10.7639 sq ft.



55 Market Street, Singapore

## STRENGTHENING INCOME GROWTH

—

## CHARTING STRATEGIC GROWTH

—

## DELIVERING SUSTAINABLE GROWTH

# ABOUT FRASERS COMMERCIAL TRUST

Frasers Commercial Trust (FCOT or the Trust) is a real estate investment trust sponsored by Frasers Centrepoint Limited (FCL). As at 30 September 2015, its portfolio consists of six quality office and business space buildings located in Singapore and Australia with a combined appraised value of approximately S$2.0 billion.

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 (the Manager), a subsidiary of FCL.

FCL is a full-fledged international real estate company and one of Singapore's top property companies with total assets above S$23 billion as at 30 September 2015. FCL has four core businesses focused on residential, commercial and industrial properties in the key markets of Singapore, Australia and China, and in the hospitality business spanning more than 70 cities across North Asia, Southeast Asia, Australia, Europe and the Middle-East.



China Square Central, Singapore

# OUR VISION

To become a leading owner of quality commercial real estate properties in selected countries in the Asia-Pacific region, a landlord-of-choice for businesses and a preferred investment choice among investors.

# OUR MISSION

To build a strong and balanced portfolio of quality commercial properties

To deliver a stable and sustainable distribution to our Unitholders

To create value by enhancing and unlocking values of our existing properties through refurbishment and redevelopment

To be a fair and responsible landlord adopting best practices in governance, social responsibility and sustainability

# OUR STRATEGIES

Deliver a stable and sustainable distribution to Unitholders to achieve long-term growth

## PROACTIVE ASSET MANAGEMENT

**Pursue organic growth by proactively managing properties, developing strong relationships with tenants and increasing yields through the following:**

- upgrading the property through asset enhancements
- proactively managing the leases to achieve healthy occupancy and rental reversions
- improving operational efficiency and adopting sustainable practices

## YIELD ACCRETIVE ACQUISITIONS

**Pursue acquisitions in a disciplined manner that will provide attractive cash flows and yields with opportunities for income and capital growth through the following:**

- acquiring yield-accretive properties
- acquiring value creating properties with opportunities to increase occupancy rates and enhancements through asset enhancement initiatives

## PRUDENT CAPITAL AND RISK MANAGEMENT

**Adopt an optimal capital structure, minimise cost of capital and manage risks through the following:**

- maintaining a healthy balance sheet by adopting and maintaining an optimal gearing ratio
- pursuing stable funding costs by hedging borrowings from floating to fixed interest rates
- managing foreign exchange risks through forward hedges
- maintaining a well-spread debt maturity profile

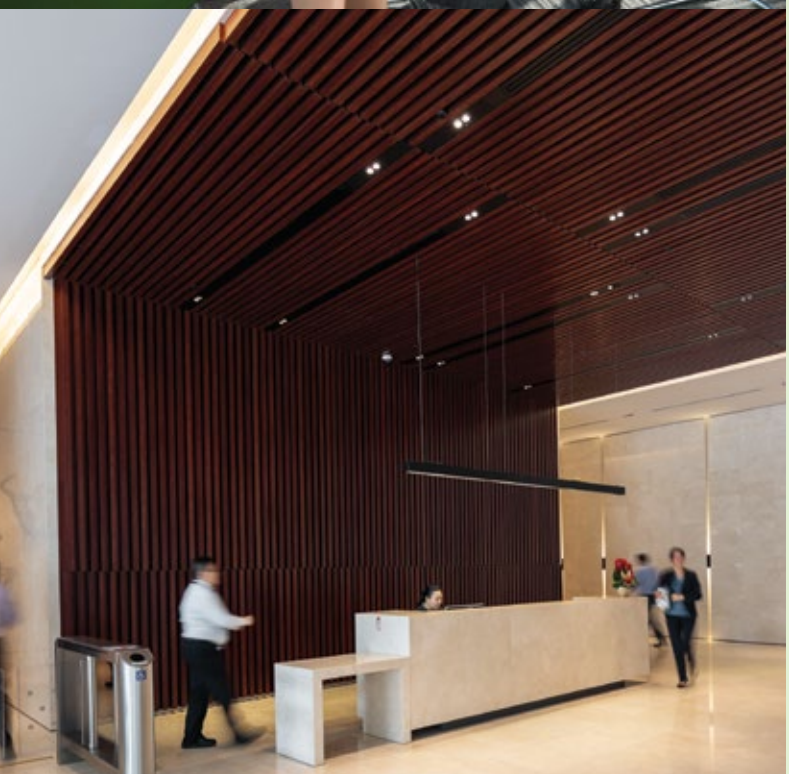
# STRENGTHENING INCOME GROWTH

We constantly look at strategies to improve the performance of the portfolio either through asset enhancement initiatives or unlocking value of our properties. This is part of our mission to create value for our Unitholders. China Square Central is an excellent example where we have extracted greater value from the asset and will continue to do so with our on-going proactive asset management initiatives.

China Square Central, Singapore







China Square Central, Singapore

**2013**

## COMPLETED THE PRECINCT MASTER PLAN

REVITALISED THE AREA ALONG NANKIN MALL

## COMPLETED THE ASSET ENHANCEMENT AT 18 CROSS STREET

REVITALISED THE OFFICE TOWER AND INCREASED THE COMPETITIVE POSITION OF CHINA SQUARE CENTRAL

**2015**

## REALISED S$44.8 MILLION

UNLOCKED THE VALUE OF THE ADDITIONAL GROSS FLOOR AREA FOR HOTEL USE

**2016**

## DEVELOPMENT OF A 16 STOREY HOTEL AT CHINA SQUARE CENTRAL[1]

RAISE THE PROFILE OF CHINA SQUARE CENTRAL AS AN INTEGRATED DEVELOPMENT AND BOOST ITS VALUE IN THE LONG RUN

## CREATION OF 1,081 SQ M OF NEW LETTABLE SPACES[2]

NEW RETAIL AND COMMERCIAL SPACE WILL HAVE BETTER FRONTAGE AND VISIBILITY

**FUTURE**

## ASSET ENHANCEMENT OF THE RETAIL PODIUM OF 18 CROSS STREET[3]

ENHANCE COMPETITIVE POSITION AND FUTURE GROWTH POTENTIAL

1 Construction to commence in early 2016 and undertaken by an entity of FCL.

2 New spaces to be created from relocated spaces from part of the existing basement at 18 Cross Street and a section of 22 Cross Street. This is to be undertaken by an entity of FCL as part of the proposed additions and alterations at China Square Central.

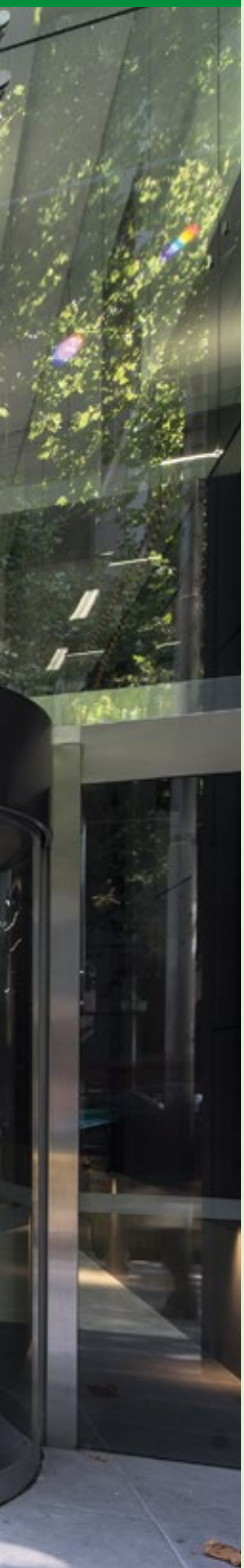
3 Details to be revealed in due course when it is finalised.

# CHARTING STRATEGIC GROWTH

In FY2015, we acquired 357 Collins Street, an office building with Grade A specifications located in the heart of the Melbourne Central Business District. This yield accretive acquisition is poised to strengthen the portfolio and provide longer term growth to distributable income of the Trust.

357 Collins Street, Melbourne, Australia





# A$240.0 MILLION

VALUATION OF
357 COLLINS STREET

▲ 7.9%

IN PROPERTY VALUE
SINCE ACQUISITION[1]

## GOOD FUNDAMENTALS

HIGH OCCUPANCY OF
98.4%

97.2%

OF LEASES HAVE FIXED STEP UP RENTS OF BETWEEN 3.75% TO 4.00% PER ANNUM, PROVIDING GOOD ORGANIC GROWTH

## STABLE PROFILE

LONG WEIGHTED AVERAGE LEASE EXPIRY OF 5.6 YEARS

NO LEASES EXPIRING UNTIL FY2018

All data as at 30 September 2015.

[1] Based on the purchase price of A$222.5 million.



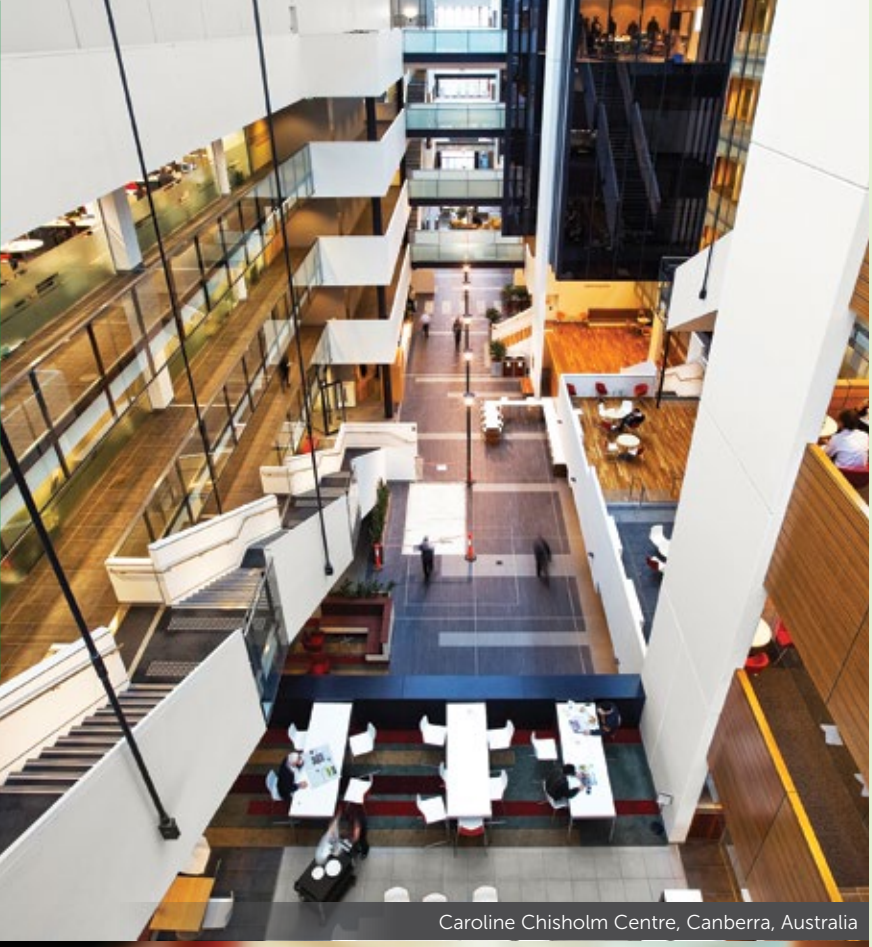
357 Collins Street, Melbourne, Australia



# DELIVERING SUSTAINABLE GROWTH

Alexandra Technopark, Singapore





Caroline Chisholm Centre, Canberra, Australia



**S$67.8**
**MILLION**
**HIGHEST DISTRIBUTABLE INCOME TO UNITHOLDERS SINCE INITIAL PUBLIC OFFERING (IPO)[1]**

**SIXTH CONSECUTIVE YEAR OF GROWTH IN DISTRIBUTABLE INCOME TO UNITHOLDERS[2]**

**9.71**
**CENTS**
**HIGHEST DISTRIBUTION PER UNIT (DPU) SINCE IPO[1]**

**SIXTH CONSECUTIVE YEAR OF GROWTH IN DPU[2]**

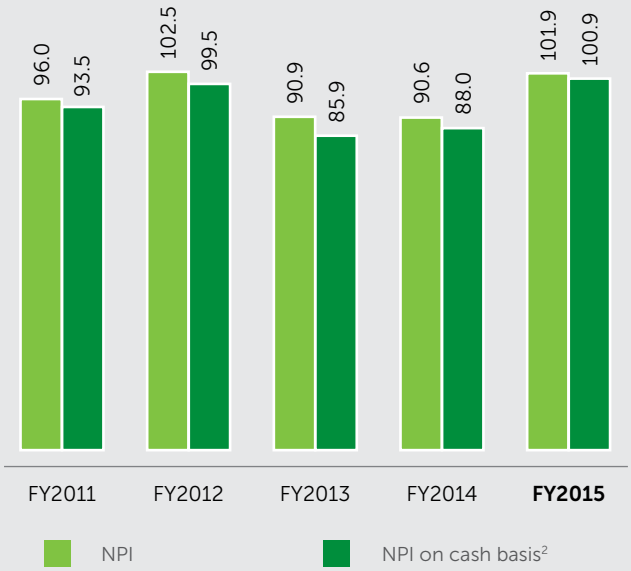
**11.6%**
**DPU CAGR[3]**
**EFFECTIVE STRATEGIES HAVE DELIVERED LONG TERM GROWTH**

1 FCOT was listed on the main board of the SGX-ST on 30 March 2006.
2 Since the completion of recapitalisation exercise in 2009.
3 Compounded annual growth rate for the last six financial years up to FY2015.

# FINANCIAL HIGHLIGHTS

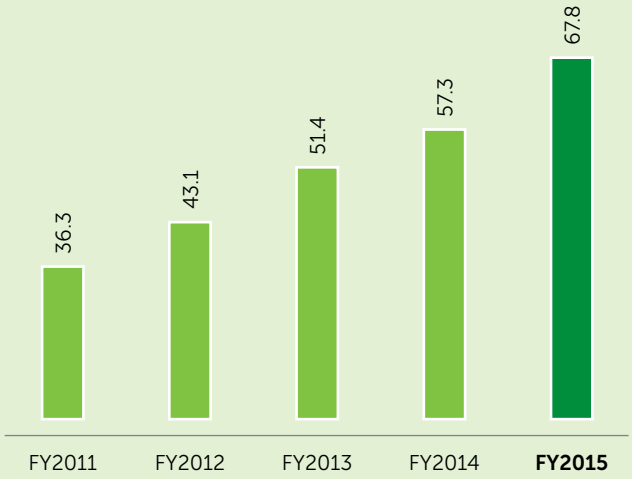
## NET PROPERTY INCOME (NPI)[1]
(S$ MILLION)

- 12.5% increase in NPI in FY2015
- 14.7% increase in NPI on cash basis in FY2015



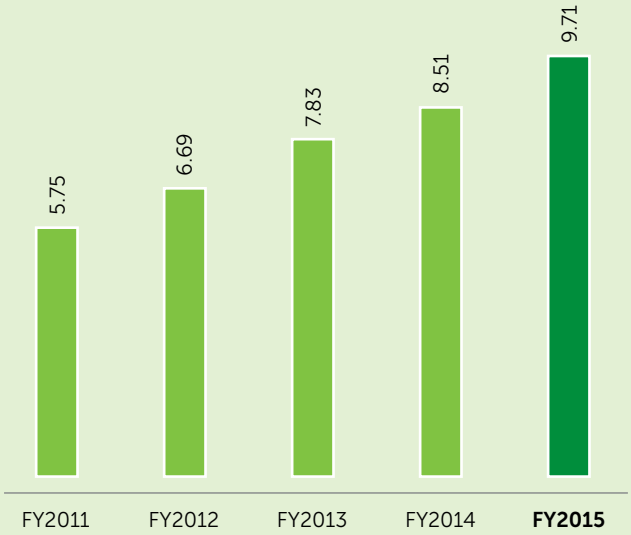

## DISTRIBUTABLE INCOME TO UNITHOLDERS[1]
(S$ MILLION)

Achieved highest distribution income to Unitholders since the Trust was listed in 2006 and the sixth consecutive year of DPU growth since the completion of the recapitalisation exercise in 2009

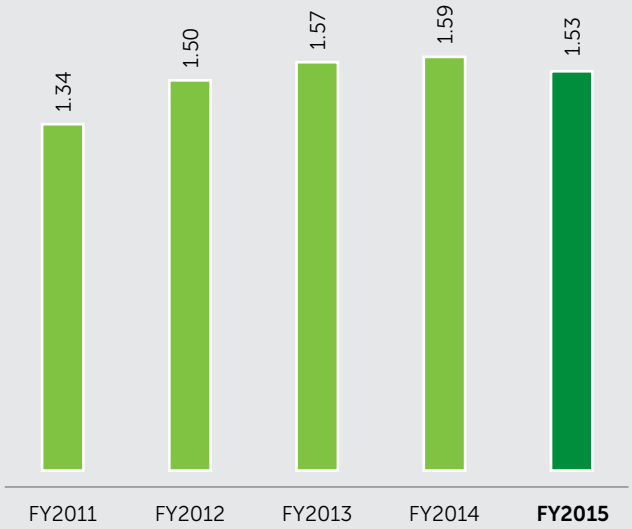



## DISTRIBUTION PER UNIT (DPU)[1]
(CENTS)

Achieved highest DPU since the Trust was listed and sixth consecutive year of DPU growth since the completion of the recapitalisation exercise




## NET ASSET VALUE (NAV) PER UNIT[1,3]
(S$)






1 FCOT divested Cosmo Plaza on 18 January 2011, KeyPoint on 28 September 2012 and the remaining Japanese properties namely Azabu Aco Building, Galleria Otemae Building and Ebara Techno-Serve Headquarters Building on 25 October 2012.

2 NPI excluding the effects of recognising accounting income on a straight line basis over the lease term.

3 Excludes distributable income.

# FINANCIAL HIGHLIGHTS

## QUARTERLY DPU




| Statement of total return highlights (S$ million) | FY2011[1] | FY2012[1] | FY2013 | FY2014 | **FY2015** |
|---|---|---|---|---|---|
| Gross revenue | 119.6 | 132.9 | 118.2 | 118.8 | 142.2 |
| NPI | 96.0 | 102.5 | 90.9 | 90.6 | 101.9 |
| NPI on cash basis[2] | 93.5 | 99.5 | 85.9 | 88.0 | 100.9 |
| Distributable income to Unitholders | 36.3 | 43.1 | 51.4 | 57.3 | 67.8 |
| **Balance Sheet highlights (as at 30 September) (S$ million)** | | | | | |
| Total assets | 2,041.7 | 2,339.9 | 1,862.5 | 1,881.8 | 2,034.4 |
| Portfolio property valuation | 1,942.0 | 1,757.5 | 1,811.4 | 1,824.9 | 1,954.8 |
| Total liabilities | 821.6 | 1,007.6 | 801.2 | 790.4 | 827.6 |
| Total borrowings | 748.0 | 860.2 | 701.2 | 698.6 | 736.8 |
| Net assets | 1,220.1 | 1,332.2 | 1,061.4 | 1,091.4 | 1,206.9 |
| **Key Financial Indicators** | | | | | |
| DPU (cents) | 5.75 | 6.69 | 7.83 | 8.51 | 9.71 |
| NAV per Unit[3] (S$) | 1.34 | 1.50 | 1.57 | 1.59 | 1.53 |
| Gearing (%) | 36.6 | 36.8 | 37.7 | 37.1 | 36.2 |
| Interest cover (times) | 2.8 | 3.1 | 4.3 | 4.3 | 4.5 |
| Average cost of debt (%) | 4.5 | 3.5 | 3.0 | 2.7 | 2.9 |
| Fixed debt as a % of total debt (%) | 82.0 | 72.0 | 51.0 | 46.0 | 81.0 |
| Unencumbered assets as a % of property portfolio (%) | – | – | 20.2 | 100.0 | 100.0 |

1 FCOT divested Cosmo Plaza on 18 January 2011, KeyPoint on 28 September 2012 and the remaining Japanese properties namely Azabu Aco Building, Galleria Otemae Building and Ebara Techno-Serve Headquarters Building on 25 October 2012.

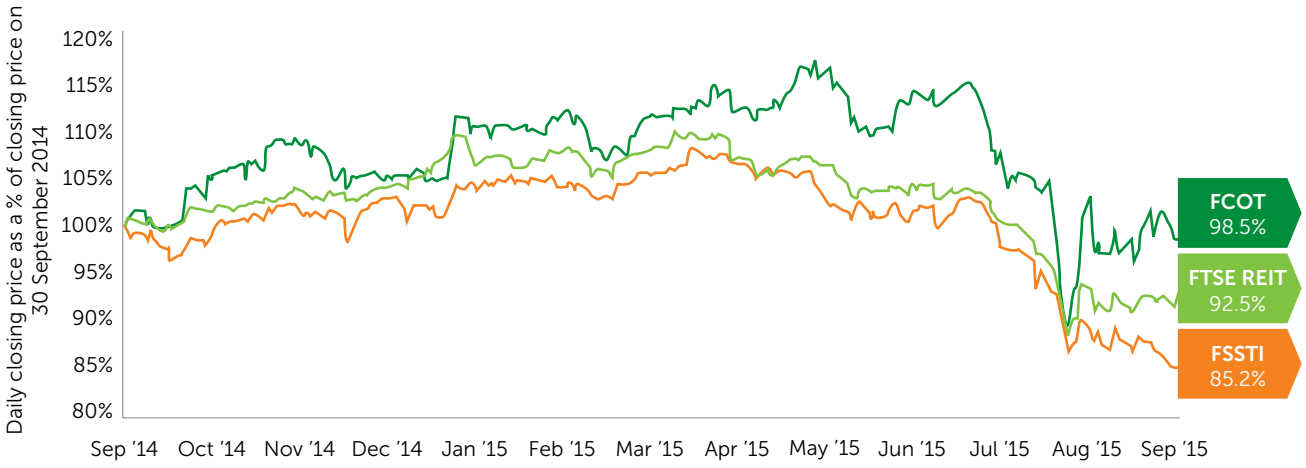
2 NPI excluding the effects of recognising accounting income on a straight line basis over the lease term.

3 Excludes distributable income.

# FINANCIAL HIGHLIGHTS

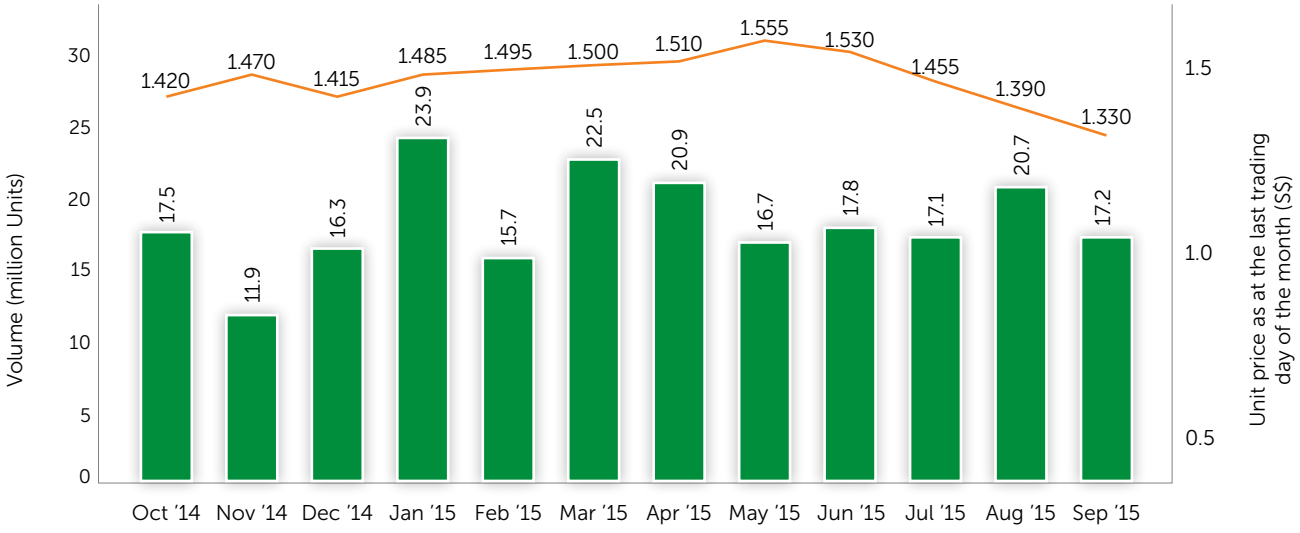
## COMPARATIVE TRADING PERFORMANCE IN FY2015

FCOT Unit price closed 1.5% lower at S$1.330 as at 30 September 2015 compared to a year ago. In FY2015, the market continued to be plagued by volatilities in the global financial markets and uneven economic growth. The United States Federal Reserve had been holding back decisions to increase the federal funds rate, resulting in uncertainties across financial markets. Amidst such backdrop, FCOT has outperformed the FTSE REIT and FSSTI Indices, which closed 7.5% and 14.8% lower, respectively.




Source: Bloomberg — FCOT — FTSE Straits Times Index (FSSTI) — FTSE REIT Index

## MONTHLY TRADING PERFORMANCE IN FY2015




Source: Bloomberg

# FINANCIAL HIGHLIGHTS

## 5 YEAR TRADING PERFORMANCE

| | FY2011 | FY2012 | FY2013 | FY2014 | **FY2015** |
|---|---|---|---|---|---|
| Opening price (S$) | 0.775 | 0.785 | 1.165 | 1.250 | 1.360 |
| Closing price (S$) | 0.800 | 1.175 | 1.260 | 1.350 | 1.330 |
| High price (S$) | 0.880 | 1.180 | 1.595 | 1.440 | 1.580 |
| Low price (S$) | 0.740 | 0.730 | 1.135 | 1.215 | 1.180 |
| Trading volume (million Units) | 284.3 | 197.3 | 320.4 | 189.9 | 218.0 |
| Average daily trading volume (million Units) | 1.1 | 0.8 | 1.3 | 0.8 | 0.9 |
| Market capitalisation (S$ million)[1] | 504.8 | 756.4 | 828.5 | 913.5 | 1,041.0 |

Source: Bloomberg

1 Based on the closing price and issued Units as at 30 September.

## FCOT HAS CONSISTENTLY OUTPERFORMED THE FTSE REIT INDEX

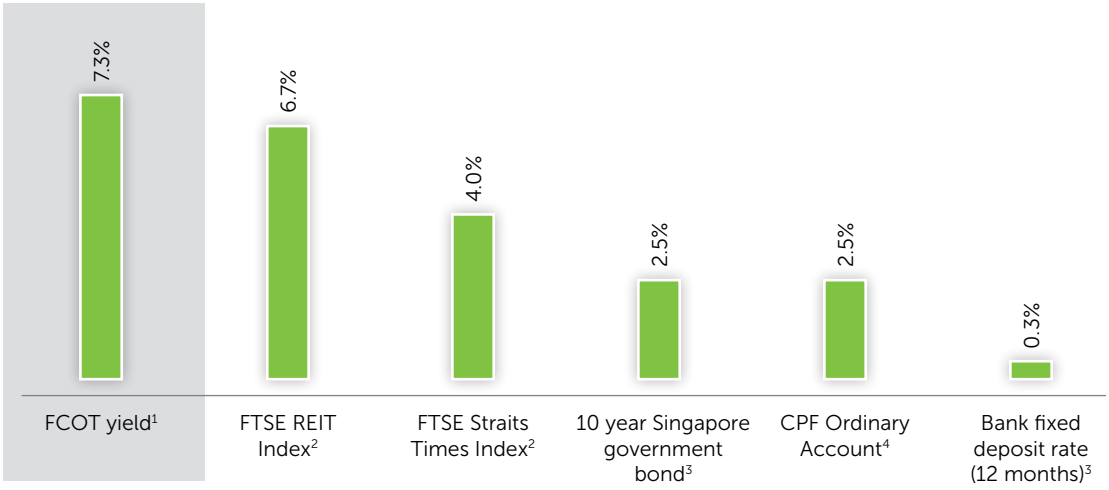
| | 1 Year[1] | | 3 Years[1] | | 5 Years[1] | |
|---|---|---|---|---|---|---|
| | Price change (%) | Total return[2] (%) | Price change (%) | Total return[2] (%) | Price change (%) | Total return[2] (%) |
| FCOT | 1.5 | 5.7 | 13.2 | 38.6 | 71.6 | 141.9 |
| FTSE REIT Index | -7.5 | -1.8 | -7.3 | 10.7 | -0.1 | 35.4 |

Source: Bloomberg

1 Up to 30 September 2015.

2 Assumes dividends are reinvested.

## FCOT OFFERS ATTRACTIVE YIELD COMPARED TO OTHER INVESTMENTS




1 Based on FCOT's closing price of S$1.33 per Unit as at 30 September 2015 and the DPU of 9.71 cents for FY2015.

2 As at 30 September 2015. Source: Bloomberg

3 As at 30 September 2015. Source: www.mas.gov.sg

4 Based on interest rate paid on the Central Provident Fund (CPF) Ordinary Account from July to September 2015 on the CPF website.

# LETTER TO UNITHOLDERS



From left to right: Dr Chua Yong Hai and Mr Low Chee Wah

# LETTER TO UNITHOLDERS

**S$67.8**
MILLION
▲ 18.3%
DISTRIBUTABLE INCOME TO UNITHOLDERS

**9.71**
CENTS
▲ 14.1%
DISTRIBUTION PER UNIT

**S$2.0**
BILLION
▲ 7.1%
PORTFOLIO VALUE

**36.2%**
▼ 0.9% points
GEARING

**16.8%**
▲ 0.4% points
WEIGHTED AVERAGE RENTAL REVERSIONS FOR SINGAPORE PROPERTIES IN FY2015

"FY2015 was a significant year for FCOT that was marked by strong results, addition of 357 Collins Street in Melbourne to the portfolio and unlocking value at China Square Central. The year concluded with the highest distributable income and DPU for FCOT since it was listed in March 2006, surpassing the prior year. FY2015 also marked the sixth consecutive year of growth in distributable income and DPU since the completion of the recapitalisation exercise in 2009"

DEAR UNITHOLDERS,

On behalf of the Board of Directors of Frasers Centrepoint Asset Management (Commercial) Ltd, the Manager of FCOT, we are pleased to present the Annual Report for FY2015.

## ACHIEVED NEW HIGHS IN FY2015

FY2015 was a significant year for FCOT riding on the core strategies of undertaking a yield accretive acquisition and proactive asset management coupled with prudent capital and risk management. The Trust ended FY2015 with another year of highest distributable income to Unitholders of S$67.8 million and DPU of 9.71 cents since the Trust was listed in 2006. FY2015 also marked the sixth consecutive year of growth in distributable income and DPU since the completion of the Trust's recapitalisation exercise in 2009.

FY2015 was also an exciting year with the strategic addition of 357 Collins Street in Melbourne, Australia to the portfolio. The Manager had also unlocked the value of 16,000 sq m of additional gross floor area for hotel use at China Square Central as part of its proactive asset management initiatives.

Gross revenue of S$142.2 million for FY2015 increased by 19.7% over that of FY2014, bolstered by the higher full year contribution from the underlying leases following the expiry of the master lease at Alexandra Technopark. China Square Central and 55 Market Street also contributed positively with the achievement of higher occupancy and rental rates. 357 Collins Street made its maiden contribution to the results in the fourth quarter of FY2015 following the completion of the acquisition on 18 August 2015.

Accordingly, the NPI of S$101.9 million for FY2015 was 12.5% above that of FY2014. Excluding the effects of recognising accounting income on a straight line basis over the lease term, the NPI (cash basis) for FY2015 was 14.7% higher year-on-year.

To manage the exposure to the weaker Australian dollar, the anticipated net cash flows from the Australian properties have been hedged and a portion of the investment in the Australian assets is hedged normally through Australian dollar denominated borrowings. As such, the impact of the weaker Australian dollar was slightly mitigated by a realised gain on forward currency contracts of S$0.8 million. In FY2015, the Trust also enjoyed lower interest expense on the Australian dollar denominated loans in Singapore dollar terms as a result of translation.

Finance cost was 6.3% higher in FY2015 mainly due to higher borrowing cost for the Singapore Dollar denominated borrowings and the S$40.0 million and A$75.0 million loan facilities drawn down in August 2015 to part finance the acquisition of 357 Collins Street. The increase was partially offset by lower borrowing cost for the Australian Dollar denominated borrowings, interest savings from the S$58.4 million partial loan prepayment of the transferable term loan facility maturing in FY2019 and the effects of the weakening Australian Dollar on the Australian Dollar denominated interest expense.

The actual performance of the whole portfolio and that of 357 Collins Street also surpassed their respective forecasts[1].

## YIELD ACCRETIVE ACQUISITION POSITIONS THE TRUST FOR STRONGER GROWTH

On 18 August 2015, FCOT completed the acquisition of 357 Collins Street, a freehold office building with Grade A specifications strategically located in the heart of the Melbourne Central Business District (CBD). The acquisition marks FCOT's maiden entry into the Melbourne CBD office market, the second largest office market in Australia. This is in line with FCOT's strategy to diversify and complement its existing properties in Perth and Canberra, Australia. The acquisition was funded by a mix of equity and debt financing.

With no leases expiring until FY2018, a long weighted average lease expiry of 5.6 years and high occupancy of 98.4% as at 30 September 2015, 357 Collins Street has strengthened and provided more stability to the portfolio. 357 Collins Street, with its good location, coupled with good connectivity and accessibility, is expected to generate stable and sustainable cash flows for the Trust. This yield accretive acquisition is poised to position the Trust for stronger growth in the longer term.

## UNLOCKING VALUE AT CHINA SQUARE CENTRAL

On 18 August 2015, FCOT realised net proceeds (Net Proceeds) of approximately S$44.1 million as the Manager unlocked the value of 16,000 sq m of additional gross floor area for hotel use at China Square Central. This is in line with the Manager's mission to create value for Unitholders by enhancing and unlocking values of our existing properties through refurbishment and redevelopment.

A 16 storey hotel (Hotel) will be developed by an entity of FCL and operated by Frasers Hospitality under the 'Capri by Fraser' brand. New retail and commercial spaces (Commercial Project) with better frontage and visibility will also be created. All these will raise the profile of China Square Central and can be expected to further rejuvenate and boost the value of China Square Central in the long run. These are in line with FCOT's objective of achieving long term growth in distributions and net asset value.

## OVERSUBSCRIBED PRIVATE PLACEMENT A TESTAMENT OF INVESTORS' CONFIDENCE IN FCOT

In August 2015, the Trust raised S$142.1 million gross proceeds from an upsized private placement (Private Placement) of 96.0 million new Units, which was mainly used to part finance the acquisition of 357 Collins Street. The Private Placement was priced at the top end of the price range and was oversubscribed by more than two times. The strong demand was a testament of the investors' confidence in FCOT.

## ADDITION OF 357 COLLINS STREET BOOSTED PORTFOLIO VALUE TO S$2.0 BILLION

As at 30 September 2015, FCOT's overall property portfolio value increased by S$129.9 million or 7.1% year-on-year, to S$2.0 billion. The higher portfolio value was mainly due to the addition of 357 Collins Street to the portfolio, and the higher valuation for 55 Market Street of 1.3% and Caroline Chisholm Centre of 4.9% denominated in Australian dollar. This was offset by

[1] Adjusted profit forecasts included in Appendices D and E of the Circular to Unitholders dated 3 June 2015. Both forecasts were adjusted for the period from 18 August 2015 (date of completion of the acquisition of 357 Collins Street) to 30 September 2015.




China Square Central, Singapore




357 Collins Street, Melbourne, Australia

the lower valuation for China Square Central of 1.6% mainly due to the expected loss of income during the construction period for the Hotel and Commercial Project, lower valuation for Central Park and the effects of the weaker Australian dollar on the Australian properties. However, as the Net Proceeds has been determined to be capital in nature, a portion of it may be distributed to Unitholders as capital distributions to supplement and mitigate the temporary loss of income from China Square Central during the Hotel construction period at the discretion of the Manager.

The valuation of Central Park denominated in Australian dollar was 12.1% lower mainly due to higher incentives and lower market rents assumed.

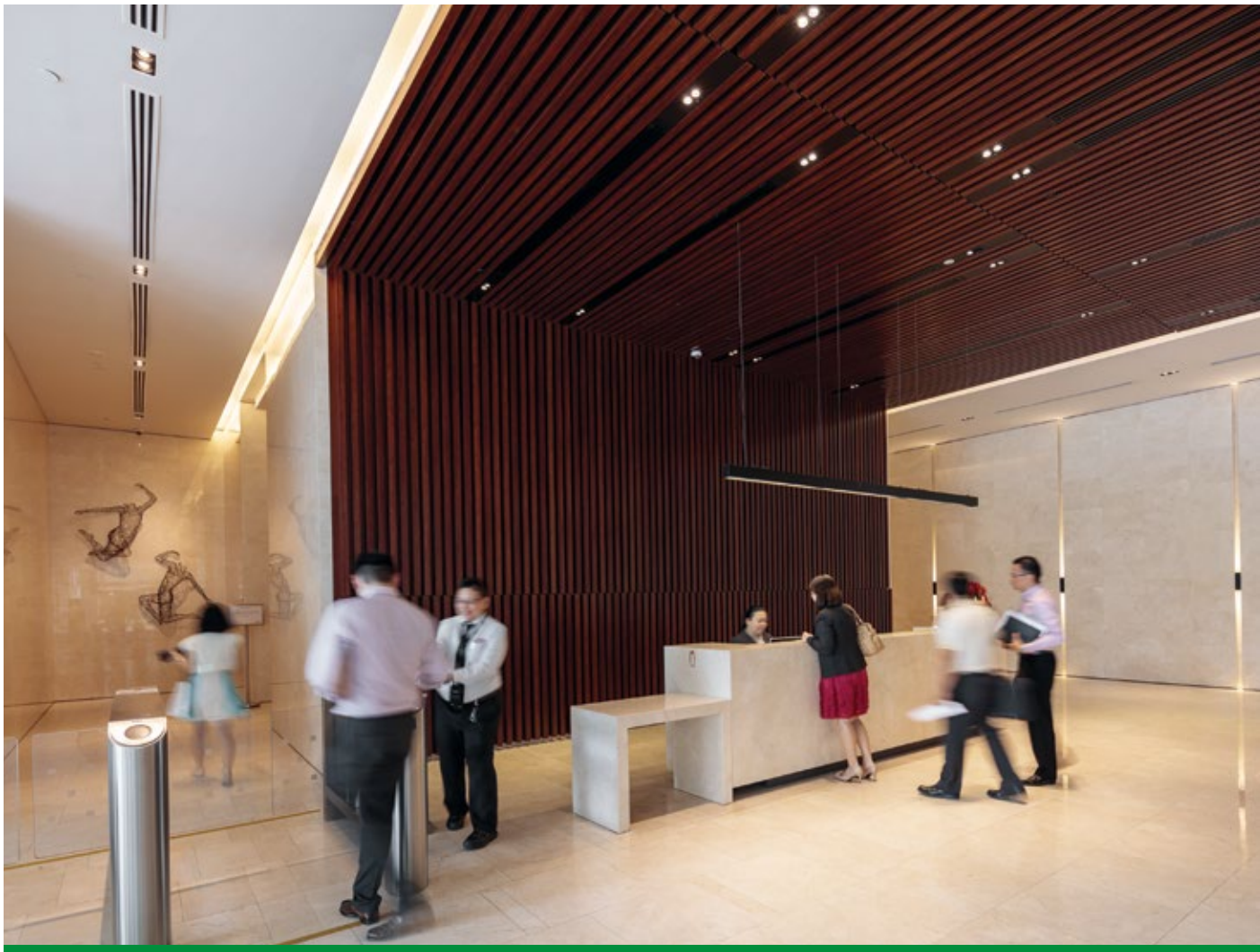
As at 30 September 2015, the net asset value per Unit (excluding distributable income) was S$1.53.

## HEALTHY OCCUPANCY AND RENTAL REVERSIONS AND ROBUST LEASING ACTIVITY

The Trust achieved a healthy average portfolio occupancy rate of 95.4% as at 30 September 2015. The average occupancy rates in Singapore and Australia were 95.0% and 95.9%, respectively.

In FY2015, the Manager saw robust leasing activity as it completed 58 new leases and renewals across 647,930 sq ft of space, representing 24.7% of portfolio net lettable area. In FY2015, the properties in Singapore continued to enjoy positive weighted average rental reversions of between 5.7% to 17.9%[2] or an overall positive weighted average rental reversion of 16.8%. As at 30 September 2015, the Trust has a well-spread lease expiry profile in which not more than 31.0% of the portfolio leases by gross rental income will expire in a single financial year. The tenant retention rate was healthy at 86.4% in FY2015.

[2] The weighted average rental reversions based on the area for new and renewed leases which commenced in FY2015 for the Singapore properties.



China Square Central, Singapore



Central Park, Perth, Australia

The Trust signed a Heads of Agreement with an entity of Rio Tinto Limited for a new 12-year lease in Central Park from FY2018 to FY2030. Hamersley Iron Pty Limited, a wholly-owned subsidiary of Rio Tinto Limited, is a major tenant in Central Park. Following the new lease, FCOT's lease expiry profile will be further strengthened and the WALE of Central Park will increase from 2.9 years to 7.1 years[3] as at 30 September 2015.

## PRUDENT AND PROACTIVE CAPITAL MANAGEMENT

The Manager adopts a prudent and proactive approach towards capital management. In August 2015, the Manager partially prepaid S$58.4 million of the transferable term loan facility maturing in FY2019. The prepayment was funded from the proceeds of the Private Placement of approximately S$17.5 million, the Net Proceeds from granting a lease of the Hotel at China Square Central and internal resources. The Manager also obtained new unsecured term loan facilities of S$40.0 million and A$75.0 million to part finance the acquisition of 357 Collins Street. The borrowings in Australian dollar provide a natural hedge for the Trust.

The Trust would not have any debt maturing until FY2017. All debts are unsecured and this provides financial flexibility to the Trust. As at 30 September 2015, the weighted average debt maturity was 3.3 years and gearing was healthy at 36.2%, which is well below the 45.0% cap on gearing set by the Monetary Authority of Singapore for Singapore Real Estate Investment Trusts which will take effect on 1 January 2016. Interest coverage ratio remained healthy at 4.5 times and the average interest rate was 2.9% per annum in FY2015. Approximately 81.0% of borrowings have been hedged, providing certainty in interest costs and limiting the Trust's exposure to rising interest rates.

To manage its foreign currency exposure, the Trust hedges anticipated net cash flow from the Australian properties at least six to nine months forward.

FCOT has a Baa3 issuer rating with a stable outlook by Moody's.

## ENHANCED STAKEHOLDER ENGAGEMENT THROUGH SUSTAINABILITY REPORTING

As the Manager of FCOT, we recognise that our business and operations have an impact on the environment and the community. We are in a position to create a better future by being responsible stewards of the environment and making positive contributions to the community. We also strive to be a responsible corporate citizen. Throughout the years, FCOT had taken progressive steps to implement and integrate various sustainability measures to reduce its environmental footprint, engage stakeholders, contribute to the community and uphold good corporate governance practices.

[3] New lease is assumed based on the existing space currently occupied by Hamersley Iron Pty Limited as the exact space requirement will only be determined later.

# LETTER TO UNITHOLDERS

We are pleased to present the inaugural Sustainability Report that meets the international standard for sustainability reporting, the Global Reporting Initiative (GRI). The Sustainability Report marks the commencement of our structured approach on the environment, economic, social and corporate governance aspects of our business.

We will provide the Sustainability Report annually as part of our disclosure as a responsible business and increase transparency through engagement with our stakeholders.

## FCOT WINS PRESTIGIOUS AWARD IN CORPORATE GOVERNANCE FOR THE THIRD CONSECUTIVE YEAR AT THE 16TH SIAS INVESTORS' CHOICE AWARDS 2015

In recognition of its good corporate governance practice, FCOT was awarded the runner-up in the Singapore Corporate Governance Award under the REITs and Business Trusts category by the Securities Investors Association Singapore (SIAS) at the 16th SIAS Investors' Choice Awards 2015. This is the third consecutive year that FCOT has won this award. The Manager and the Board of Directors believe good corporate governance practice is one of the key pillars to a sustainable business and strengthening the market's and investors' confidence in FCOT and are committed to continue to uphold high standards of corporate governance practices to enhance and create long-term value for our stakeholders.

The Trust is also a signatory to the 2015 Corporate Governance Statement of Support organised by SIAS where the Trust has pledged its commitment to uphold high standards in corporate governance.

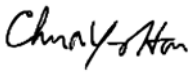
## OUTLOOK

The Ministry of Trade and Industry expects the Singapore economy to grow by close to 2.0% in 2015, and by 1.0% to 3.0% in 2016. In Australia, the Reserve Bank of Australia expects the economy to grow between 2.0% to 3.0% to June 2016 and to pick up to 2.75% to 3.75% by June 2017. Amidst the expected significant supply of new offices primarily in the Grade A office space in Singapore in 2016, the Manager will continue its proactive approach on its asset management and leasing initiatives. The properties in Singapore can expect to see positive rental reversions as the average passing rents for the expiring leases are lower than market rents. 357 Collins Street will make its full year contribution from FY2016 onwards and this yield accretive acquisition is poised to strengthen the portfolio and FCOT's distribution in the longer term. The Manager will also review opportunities for asset enhancement initiatives to improve the performance and extract greater value from the properties.

The Manager will continue to focus on growing the Trust to new heights and delivering long term growth to the Unitholders on the back of our core strategies of undertaking yield accretive acquisitions, proactive asset management and adopting a prudent capital and risk management approach.

## ACKNOWLEDGEMENTS

On behalf of the Board, we would like to thank our staff, Unitholders, Trustee, bankers, tenants and partners for their continued support and confidence. We would also like to take this opportunity to express our gratitude to the retiring auditors, Ernst & Young LLP, for their assistance. Lastly, we would like to express our appreciation to our Board colleagues and the Manager for their continuous efforts in upholding good corporate governance practices. We look forward to receiving and meeting our Unitholders at the upcoming Annual General Meeting to be held on 20 January 2016.

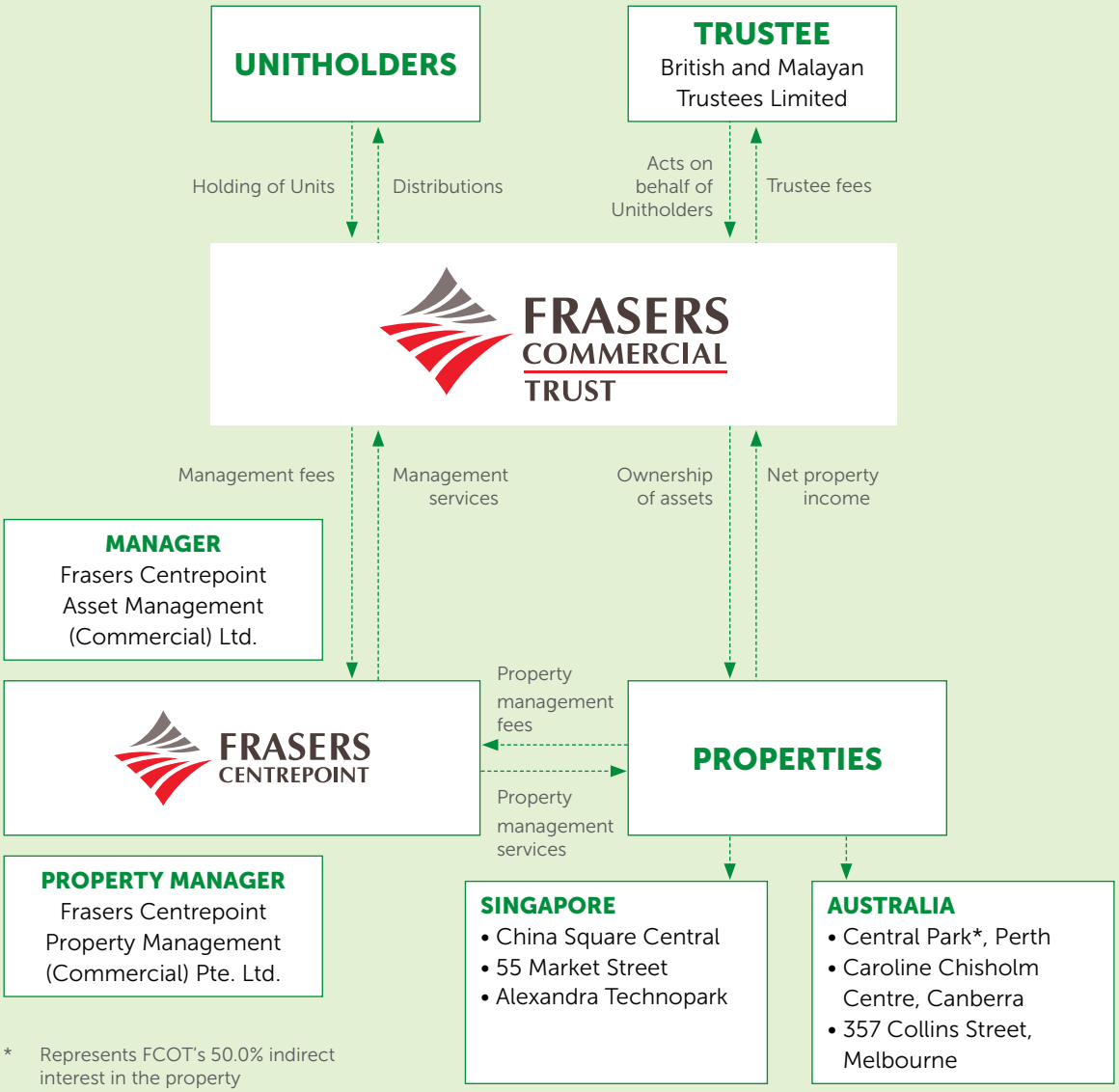


**DR CHUA YONG HAI**
Chairman and Independent
Non-Executive Director



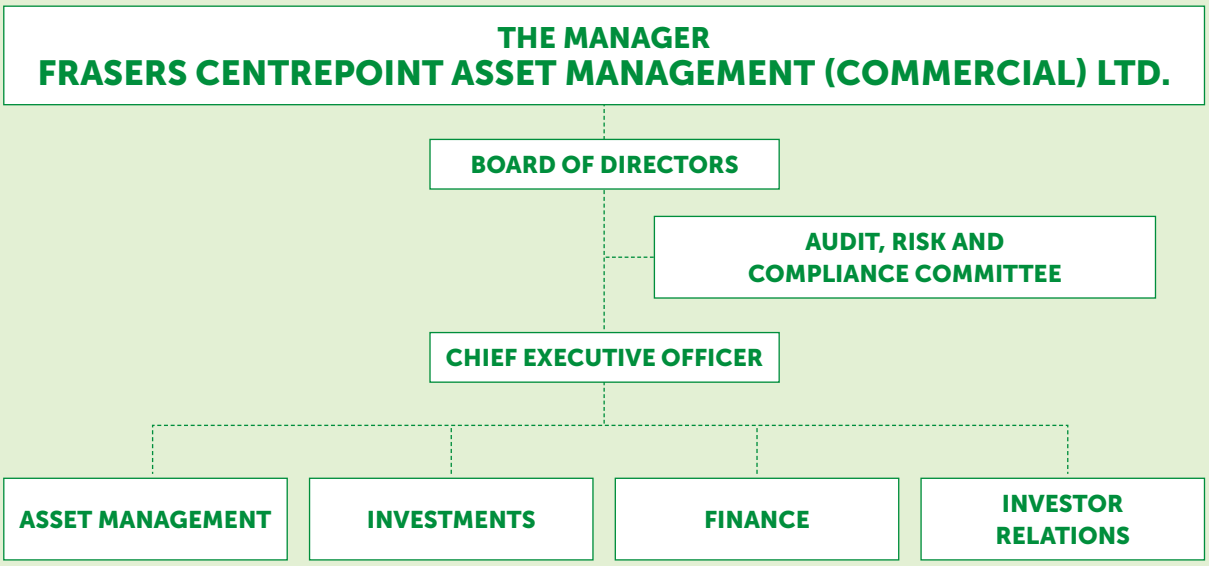
**LOW CHEE WAH**
Chief Executive Officer and
Executive Director

# CORPORATE STRUCTURE




* Represents FCOT's 50.0% indirect interest in the property

# ORGANISATION STRUCTURE



# KEY EVENTS

## OCTOBER 2014

**68,170 new Units were issued** pursuant to the successful conversion of the remaining 80,750 Series A Convertible Perpetual Preferred Units (Series A CPPU) by the relevant Series A CPPU holders in September 2014 and the Series A CPPU counter was delisted.

**Distribution of 2.2145 cents per Unit was declared** for the financial period from 1 July 2014 to 30 September 2014, up 6.6% year-on-year and the Distribution Reinvestment Plan (DRP) was applied.

**FCOT was named the runner-up for the second consecutive year in the Singapore Corporate Governance Award** under the REITs and Business Trusts category at the 15th Securities Investors Association (Singapore) Investors' Choice Award 2014.

## NOVEMBER 2014

**Moody's Investors Service assigned a Baa3 issuer rating to FCOT** with a stable outlook, to replace the previous Baa3 corporate family rating.

**2,383,970 new Units were allotted and issued** pursuant to the DRP for the distribution declared for the financial period from 1 July 2014 to 30 September 2014.

## JANUARY 2015

**Sixth Annual General Meeting held on 22 January 2015** and all resolutions proposed were duly passed.

**Distribution of 2.4608 cents per Unit was declared** for the financial period from 1 October 2014 to 31 December 2014, up 20.1% year-on-year and the DRP was applied.



357 Collins Street, Melbourne, Australia

## FEBRUARY 2015

**1,800,214 new Units were allotted and issued** pursuant to the DRP for the distribution declared for the financial period from 1 October 2014 to 31 December 2014.

## APRIL 2015

**Distribution of 2.3754 cents per Unit was declared** for the financial period from 1 January 2015 to 31 March 2015, up 15.7% year-on-year and the DRP was applied.

**Announced the proposed acquisition of 357 Collins Street** in Melbourne, Australia (357 Collins Street Acquisition).

**Announced the entry into a conditional agreement with Frasers Hospitality China Square Trustee Pte Ltd** (FHCS Trustee) in relation to the entry into a building agreement to facilitate FHCS Trustee in carrying out the development of a 16 storey hotel (Hotel) utilising the 16,000 sq m additional gross floor area (Additional GFA) at China Square Central and the grant of a long lease in respect of the Hotel to FHCS Trustee (China Square Central Hotel Transaction).

## MAY 2015

**1,891,055 new Units were allotted and issued** pursuant to the DRP for the distribution declared for the financial period from 1 January 2015 to 31 March 2015.

# KEY EVENTS

## JUNE 2015

**An extraordinary general meeting (EGM) was held on 22 June 2015** in relation to the 357 Collins Street Acquisition, China Square Central Hotel Transaction, proposed issue of up to 95.0 million new Units under the private placement and proposed placement of new units to the Frasers Centrepoint Limited group under the private placement. All resolutions proposed were duly passed.

## JULY 2015

**Distribution of 2.3510 cents per Unit was declared** for the period from 1 April 2015 to 30 June 2015, up 7.3% year-on-year and the DRP was applied.

**Raised gross proceeds of S$142.1 million** from an upsized private placement (Private Placement) of 96.0 million new Units, comprising 84.0 million new Units under the private placement mandate granted at the EGM on 22 June 2015 and 12.0 million new Units under the general mandate granted at the Sixth Annual General Meeting, at an issue price of S$1.48 per Unit. Advanced distribution for the financial period from 1 July 2015 to 2 August 2015 was declared for the existing Units (Advanced Distribution).

## AUGUST 2015

**96.0 million new Units were issued** pursuant to the Private Placement.

**Entered into new S$40.0 million and A$75.0 million transferable term loan facility agreements** which were primarily used to part finance the acquisition of 357 Collins Street.

**Completed the acquisition of 357 Collins Street** for a purchase consideration of A$222.5 million which was funded by a combination of debt and equity financing.

**Realised net proceeds of approximately S$44.1 million** from the China Square Central Hotel Transaction.

**Partially prepaid S$58.4 million of the S$365.0 million transferable term loan facility** maturing in FY2019 which was funded from the net proceeds from the Private Placement of approximately S$17.5 million, net proceeds from the China Square Central Hotel Transaction and internal resources.

**895,923 new Units were allotted and issued** pursuant to the DRP for the distribution declared for the financial period from 1 April 2015 to 30 June 2015.

## SEPTEMBER 2015

**Distribution of 0.9112 cents per Unit was announced** for the Advanced Distribution declared in July 2015 which was paid in cash on 1 October 2015.




China Square Central, Singapore

# BOARD OF DIRECTORS



## DR CHUA YONG HAI, 71

Chairman, Non-Executive and Independent Director

Date of appointment as Director : 27 February 2006
Length of service as a Director (as at 30 September 2015) : 9 years 08 months

### Board committee served on
- Audit, Risk and Compliance Committee

### Academic & Professional Qualifications
- Bachelor of Science (Honours), University of Singapore
- Graduate Diploma in Business Administration, University of Singapore
- PhD in Chemical Engineering from the University of New South Wales
- Qualified Chemical Engineer

### Present Directorships as at 30 September 2015
**Listed companies**
Nil

**Listed REITs**
- Cambridge Industrial Trust Management Limited, the Manager of Cambridge Industrial Trust (Chairman)

**Others**
- Lend Lease Asian Retail Investment Funds (No 1-5) Limited
- Singapore Cooperation Enterprise

### Major appointments (other than Directorships)
Nil

### Past Directorships in listed companies held over the preceding 3 years (from 01 October 2012 to 30 September 2015)
- Sakari Resources Limited
- Chiwayland International Limited

### Others
- Previously Board Director of Lend Lease Corporation Limited
- Previously General Manager of Temasek Holdings Pte Limited
- Previously Managing Director and Chief Executive of United Engineers Limited
- Previously Group General Manager of Suntec City Development Private Limited
- Singapore Government Scholar and Australian Commonwealth Fellowship
- Public Service Medal (PBM), Public Service Star (BBM) and Justice of Peace
- Previously Singapore's Non-resident High Commissioner to Namibia, Swaziland and the Maldives



## MR LOW CHEE WAH, 50

Executive and Non-Independent Director

Date of appointment as Director : 14 August 2008
Length of service as a Director (as at 30 September 2015) : 7 years 02 months

### Board committee served on
Nil

### Academic & Professional Qualifications
- Bachelor of Economics, Monash University
- Bachelor of Laws, Monash University
- Fellow of CPA Australia
- Fellow Chartered Accountant of Singapore

### Present Directorships as at 30 September 2015
**Listed companies or REITS**
Nil

**Others**
- Dover Park Hospice (Council Member)

### Major appointments (other than Directorships)
- Chief Executive Officer, Frasers Centrepoint Asset Management (Commercial) Ltd

### Past Directorships in listed companies held over the preceding 3 years (from 01 October 2012 to 30 September 2015)
Nil

### Others
- Previously Chief Executive Officer of BNP Paribas Peregrine (Singapore) Ltd, investment banking arm of BNP Paribas Singapore

# BOARD OF DIRECTORS



## MR CHAY WAI CHUEN, 65

Non-Executive and Independent Director

Date of appointment as Director : 29 July 2010
Length of service as a Director (as at 30 September 2015) : 5 years 03 months

### Board committee served on

- Audit, Risk and Compliance Committee (Chairman)

### Academic & Professional Qualifications

- Bachelor of Arts, University of Singapore
- Bachelor of Social Science (Honours), University of Singapore
- Master of Social Science, University of Singapore
- Master of Arts, University of Sussex
- Graduate of the Singapore Command and Staff College
- Advanced Management Program, Harvard Business School

### Present Directorships as at 30 September 2015

**Listed companies or REITS**

Nil

**Others**

- Singapore Corporation of Rehabilitative Enterprises (SCORE)
- Chairman of Investment and Finance Committee (SCORE)

### Major appointments (other than Directorships)

- Singapore's Ambassador to the Slovak Republic

### Past Directorships in listed companies held over the preceding 3 years (from 01 October 2012 to 30 September 2015)

Nil

### Others

- Previously Member of Parliament in Singapore
- Previously Member of the Public Accounts Committee of Parliament
- Previously Chairman of the Government Parliamentary Committee in Transport
- Previously Chairman of the Tanjong Pagar Town Council
- Previously Chief Financial Officer and Director for Supply Chain, NTUC Fairprice Cooperative Ltd.
- Previously Singapore's Non-resident High Commissioner to Sri Lanka



## MR CHIA KHONG SHOONG, 44

Non-Executive and Non-Independent Director

Date of appointment as Director : 1 September 2009
Length of service as a Director (as at 30 September 2015) : 6 years 01 month

### Board committee served on

Nil

### Academic & Professional Qualifications

- Bachelor of Commerce (Accounting and Finance) (First Class Honours), University of Western Australia
- Master of Philosophy (Management Studies), Cambridge University

### Present Directorships as at 30 September 2015

**Listed companies**

Nil

**Listed REITs**

- Frasers Centrepoint Asset Management Ltd, Manager of Frasers Centrepoint Trust

### Major appointments (other than Directorships)

- Frasers Centrepoint Limited (Chief Financial Officer)

### Past Directorships in listed companies held over the preceding 3 years (from 01 October 2012 to 30 September 2015)

Nil

### Others

- Previously, Director, Investment Banking, The Hongkong & Shanghai Banking Corpn Ltd

# BOARD OF DIRECTORS



## MR LIM EE SENG, BBM, 64

Non-Executive and Non-Independent Director

Date of appointment as Director : 14 August 2008
Length of service as a Director (as at 30 September 2015) : 7 years 02 months

### Board committee served on

Nil

### Academic & Professional Qualifications

- Bachelor of Engineering (Civil Engineering), University of Singapore
- Master of Science (Project Management), National University of Singapore
- Fellow, Singapore Institute of Directors
- Member, The Institution of Engineers Singapore

### Present Directorships as at 30 September 2015

**Listed companies**

Nil

**Listed REITs/ Trusts**

- Frasers Centrepoint Asset Management Ltd, Manager of Frasers Centrepoint Trust
- Frasers Hospitality Asset Management Pte Ltd, Manager of Frasers Hospitality Real Estate Investment Trust
- Frasers Hospitality Trust Management Pte Ltd, Trustee-Manager of Frasers Hospitality Business Trust

**Others**

- Frasers Property Australia Pty Limited
- Vacaron Company Sdn Bhd

### Major appointments (other than Directorships)

- Frasers Centrepoint Limited (Group Chief Executive Officer)
- Real Estate Development Association of Singapore (2nd Vice-President)

### Past Directorships in listed companies held over the preceding 3 years (from 01 October 2012 to 30 September 2015)

- Gemdale Properties and Investment Corporation Limited

### Others

- Awarded Public Service Star (BBM)
- Former Board member of the Building and Construction Authority of Singapore
- Former Council member of the Singapore Chinese Chamber of Commerce and Industry
- Previously Managing Director, MCL Land Limited
- Previously General Manager (Property Division), First Capital Corporation Ltd
- Previously Project Manager, Singapore Land Ltd



## MR TAN GUONG CHING, 69

Non-Executive and Independent Director

Date of appointment as Director : 27 February 2006
Length of service as a Director (as at 30 September 2015) : 9 years 08 months

### Board committee served on

- Audit, Risk and Compliance Committee

### Academic & Professional Qualifications

- Bachelor of Engineering (Dean's Honours), McMaster University, Canada
- Master of Engineering, McMaster University, Canada
- Advanced Management Programme, Wharton University

### Present Directorships as at 30 September 2015

**Listed companies**

- Singapore Shipping Corporation Limited

**Listed REITs**

- Cambridge Industrial Trust Management Limited, Manager of Cambridge Industrial Trust

**Others**

- Singapore Technologies Telemedia Pte Ltd (Chairman)
- STT Communications Ltd (Chairman)
- Asia Mobile Holdings Pte Ltd (Chairman)
- Singapore Technologies Aerospace Ltd (Chairman)
- Singapore Millennium Foundation Ltd

### Major appointments (other than Directorships)

Nil

### Past Directorships in listed companies held over the preceding 3 years (from 01 October 2012 to 30 September 2015)

- StarHub Limited (Chairman)

### Others

- Previously Chief Executive Officer of the Housing & Development Board
- Previously the Principal Private Secretary to the Prime Minister
- Previously the Permanent Secretary of the Ministry of Home Affairs, Ministry of the Environment and the then Ministry of Communications & Information
- Previously Director of Singapore Pools Pte. Ltd.



## MR CHRISTOPHER TANG KOK KAI, 54

Non-Executive and Non-Independent Director

| | | |
|---|---|---|
| Date of appointment as Director | : | 14 August 2008 |
| Length of service as a Director (as at 30 September 2015) | : | 7 years 02 months |

### Board committee served on

- Audit, Risk and Compliance Committee[1]

### Academic & Professional Qualifications

- Bachelor of Science, National University of Singapore
- Master of Business Administration, National University of Singapore

### Present Directorships as at 30 September 2015

**Listed companies**

Nil

**Listed REITs**

- Frasers Centrepoint Asset Management Ltd, Manager of Frasers Centrepoint Trust
- Hektar Asset Management Sdn Bhd, Manager of Hektar REIT

**Others**

- Republic Polytechnic (Member of Board of Governors)
- Real Estate Investment Trust Association of Singapore (Member of Executive Committee)

### Major appointments (other than Directorships)

- Frasers Centrepoint Commercial, Frasers Centrepoint Limited (Chief Executive Officer)
- Frasers Centrepoint Limited — Greater China (Chief Executive Officer)

### Past Directorships in listed companies held over the preceding 3 years (from 01 October 2012 to 30 September 2015)

- Gemdale Properties and Investment Corporation Limited

### Others

- Previously Chief Executive Officer of Frasers Centrepoint Asset Management Ltd, the Manager of Frasers Centrepoint Trust. He had previously worked with DBS Bank, DBS Land and British Petroleum

[1] Mr Christopher Tang Kok Kai resigned as a Member of the Audit, Risk and Compliance Committee on 15 December 2015, in compliance with the new regulatory requirements relating to the composition of audit committees of REIT managers which are to take effect on 1 January 2016.

# MANAGEMENT TEAM



From left to right: Mr Wong Soon Yean, Ms Cheah Yoke Lan, Ms Wang Mei Ling, Mr Low Chee Wah, Ms Chew Chiu Shan and Ms Chiah Soo Ling

## MR LOW CHEE WAH

Chief Executive Officer

Mr Low Chee Wah works with the Board to determine the overall business and investment strategies of FCOT and is responsible for the day-to-day management of FCOT. Mr Low also works closely with the management team to ensure that FCOT's finance, investment and asset management strategies are executed integrally and successfully.

Please refer to the Board of Directors section for details of Mr Low's profile.

## MR WONG SOON YEAN

Assistant General Manager, Investments

Mr Wong Soon Yean leads the investment team and is responsible for evaluating and recommending potential acquisitions and divestments, including the execution of the transactions.

Mr Wong has more than 24 years of experience in investment, development, property management, leasing and sales spanning across different real estate asset classes, including retail, industrial, office and residential developments. Prior to joining the Manager, he was with a listed company covering property investments, asset management and business development in Singapore and Malaysia.

He holds a Bachelor of Science (Honours) in Estate Management from the National University of Singapore and an Executive Master of Science in Finance from the Zicklin School of Business, Baruch College, City University of New York.

## MS CHEW CHIU SHAN

Financial Controller

Ms Chew Chiu Shan leads the finance team and is responsible for overseeing all aspects of finance, taxation and treasury functions and provides support for compliance matters of FCOT.

Ms Chew, who graduated from the Nanyang Technological University of Singapore with a Bachelor of Accountancy degree, has over 16 years of experience. She is a Singapore Chartered Accountant with the Institute of Singapore Chartered Accountants. Prior to joining the Manager, she was a Senior Audit Manager with a Big Four accounting firm.

# MANAGEMENT TEAM

### MS CHEAH YOKE LAN
Assistant General Manager, Asset Management

Ms Cheah Yoke Lan is responsible for the active asset management of the properties in Australia and the implementation of the business plans. She works closely with the respective property managers to enhance the performance of these assets.

She has more than 23 years of valuation and asset management experience. Ms Cheah holds a Bachelor of Property Management (Honours) from University Technology, Malaysia and a Masters in Business Administration from Heriot Watt University, United Kingdom.

She is a British Council Scholar and holds both a property management, valuation and estate agent's licence issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

### MS CHIAH SOO LING
Senior Manager, Asset Management

Ms Chiah Soo Ling is responsible for the active asset management of the properties in Singapore, including the asset management strategies and plans for the Singapore properties.

She has more than 20 years of valuation, tenant representation, centre management and asset management experience. Ms Chiah graduated on the Dean's List from the National University of Singapore with a Bachelor of Science (Estate Management), Second Upper Class Honours.

### MS WANG MEI LING
Senior Manager, Investor Relations

Ms Wang Mei Ling is responsible for investor relations activities of FCOT. She focuses on maintaining communication and relationship with Unitholders, investors and media.

Ms Wang graduated from the University of Manchester, United Kingdom with a Bachelor of Arts in Economic and Social Studies (Accounting & Finance). She is a Fellow of the Institute of Chartered Accountants in England and Wales. She has more than 13 years of banking, asset management and auditing experience. Prior to joining the Manager, she was a fund manager and in alternative asset management. She was also previously an investment banker and an auditor with a Big Four accounting firm.

## HEALTHY PORTFOLIO OCCUPANCY RATE

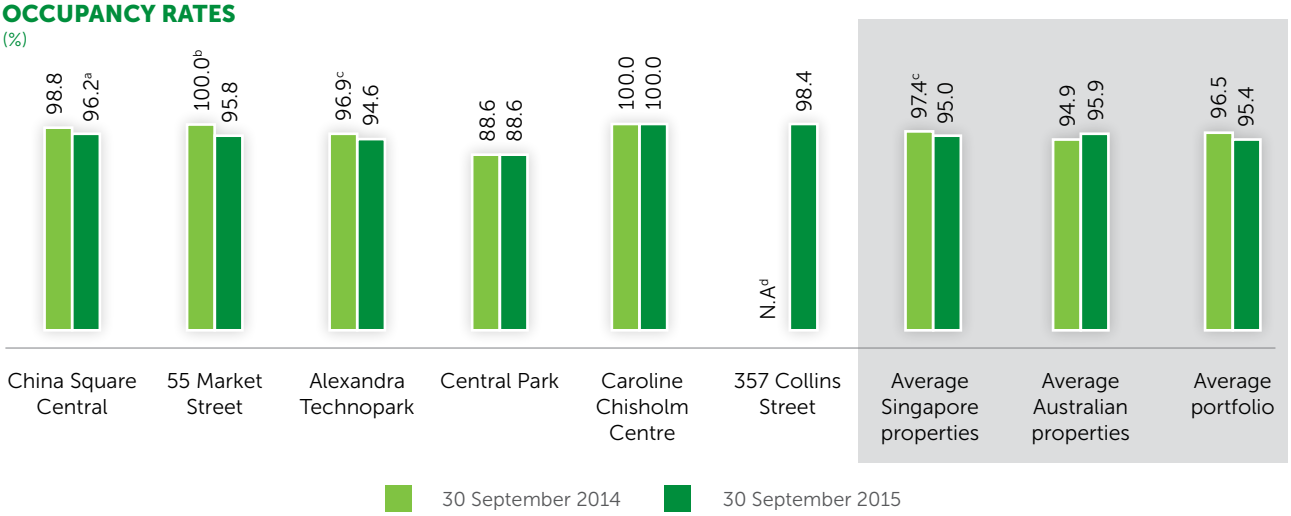
As at 30 September 2015, FCOT achieved a healthy average portfolio occupancy rate of 95.4%, a 1.1 percentage point decline compared to a year ago. The average portfolio occupancy rate for the Singapore properties was 95.0%, 2.4 percentage points lower, whereas the average portfolio occupancy rate for the Australian properties increased 1.0 percentage points to 95.9%. The Manager will continue its proactive leasing initiatives to improve the occupancy and achieve organic growth for the Trust.



Osteria Art, retail tenant at 55 Market Street, Singapore

## OCCUPANCY RATES

(%)




[a] Committed occupancy as at 30 September 2015.

[b] Committed occupancy as at 30 September 2014.

[c] Based on the underlying leases at Alexandra Technopark. The master lease at Alexandra Technopark expired on 25 August 2014.

[d] Not applicable. Completed acquisition on 18 August 2015.

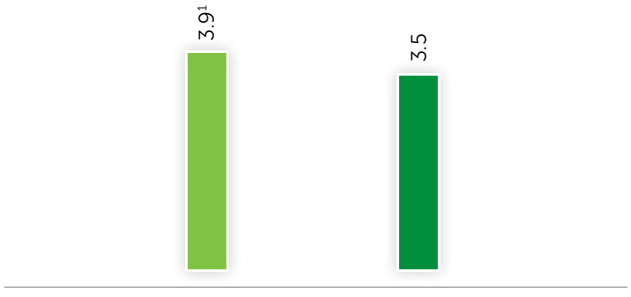
## WEIGHTED AVERAGE LEASE EXPIRY

As at 30 September 2015, the portfolio weighted average lease expiry (WALE) by gross rental income (GRI) was 3.5 years.

As part of the Manager's continuous proactive asset management, FCOT has signed a Heads of Agreement with an entity of Rio Tinto Limited for a new 12-year lease from FY2018 to FY2030 (Rio Tinto Lease) at Central Park. Hamersley Iron Pty Limited, a wholly-owned subsidiary of Rio Tinto Limited, is a major tenant at Central Park. Following the Rio Tinto Lease, FCOT's WALE will be further lengthened.

## PORTFOLIO WALE BY GRI

(YEARS)




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

## WELL-SPREAD LEASE EXPIRY PROFILE

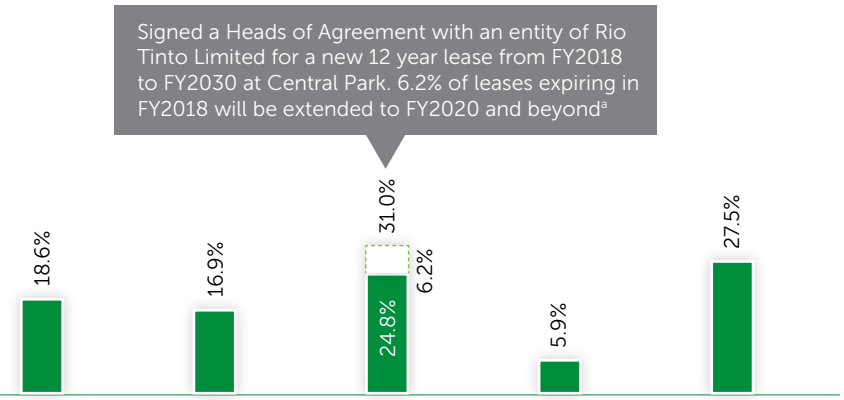
FCOT has a well-spread lease expiry profile where not more than 31.0% of the portfolio leases by GRI will expire in a single financial year. FCOT has a large tenant base of 229 tenants as at 30 September 2015. In FY2016, 18.6% of leases by GRI will be up for renewal. Amidst the expected significant supply of new offices primarily in the Grade A space in Singapore in 2016, the Manager is proactively working on renewing these leases.

Following the execution of the Rio Tinto Lease, 6.2% of leases expiring in FY2018 will be extended to FY2030, further strengthening the lease expiry profile of the portfolio.

"FCOT's WALE and lease expiry profile will be further strengthened following the execution of the Rio Tinto Lease"

## PORTFOLIO LEASE EXPIRY BY GRI

(AS AT 30 SEPTEMBER 2015)




| | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 & beyond |
|---|---|---|---|---|---|
| Number of leases expiring | 82 | 81 | 58 | 10 | 33 |
| NLA (sq ft) expiring | 468,945 | 365,391 | 787,742 | 118,491 | 759,998 |
| Expiries as % of total NLA | 17.9 | 13.9 | 31.5 | 4.5 | 30.4 |
| Expiries as % of total GRI | 18.6 | 16.9 | 31.0 | 5.9 | 27.5 |

As at 30 September 2015. Excludes retail turnover rent.

[a] New lease is assumed based on the existing space currently occupied by Hamersley Iron Pty Limited, a wholly-owned subsidiary of Rio Tinto Limited at Central Park as the exact space requirement will only be determined later.



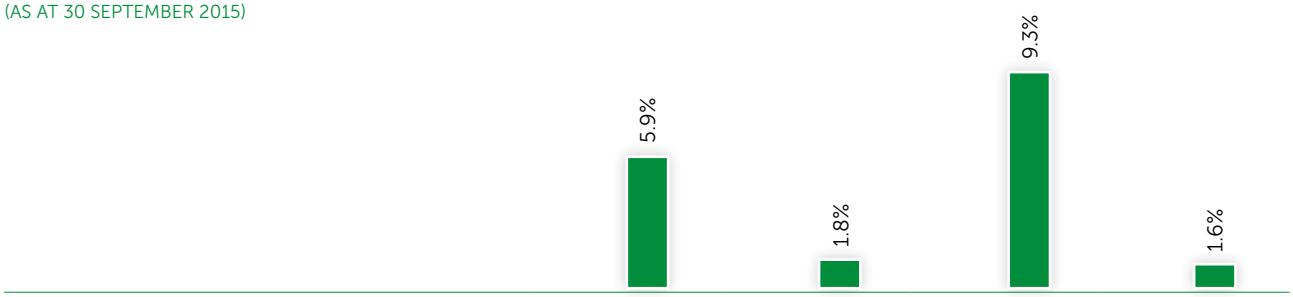
Alexandra Technopark, Singapore

## LEASES EXPIRING IN FY2016

In FY2016, the majority of the leases expiring are in the Singapore properties, where 17.0% of the portfolio leases by GRI in Singapore will expire. This consist of expiring leases in China Square Central, 55 Market Street and Alexandra Technopark. As the average passing rents of these leases are lower than current market rents, positive rental reversions can be expected when the leases are renewed.

## PROPERTY LEASE EXPIRY IN FY2016 AS A PROPORTION OF PORTFOLIO GRI

(AS AT 30 SEPTEMBER 2015)




| | China Square Central | 55 Market Street | Alexandra Technopark | Central Park |
|---|---|---|---|---|
| Number of leases expiring | 26 (office)<br>30 (retail) | 8 | 15 | 3 |
| Average passing rent for expiring leases (per sq ft per month/per sq m per annum)[1] | S$6.4 (office)<br>S$5.9 (retail) | S$6.8 | S$3.9 | A$512.1 |

As at 30 September 2015. Excludes retail turnover rent.

[1] Stated as per sq ft per month for the properties in Singapore and per sq m annum for Central Park.



Club House, tenant at China Square Central, Singapore

## DIVERSIFIED TRADE SECTOR MIX

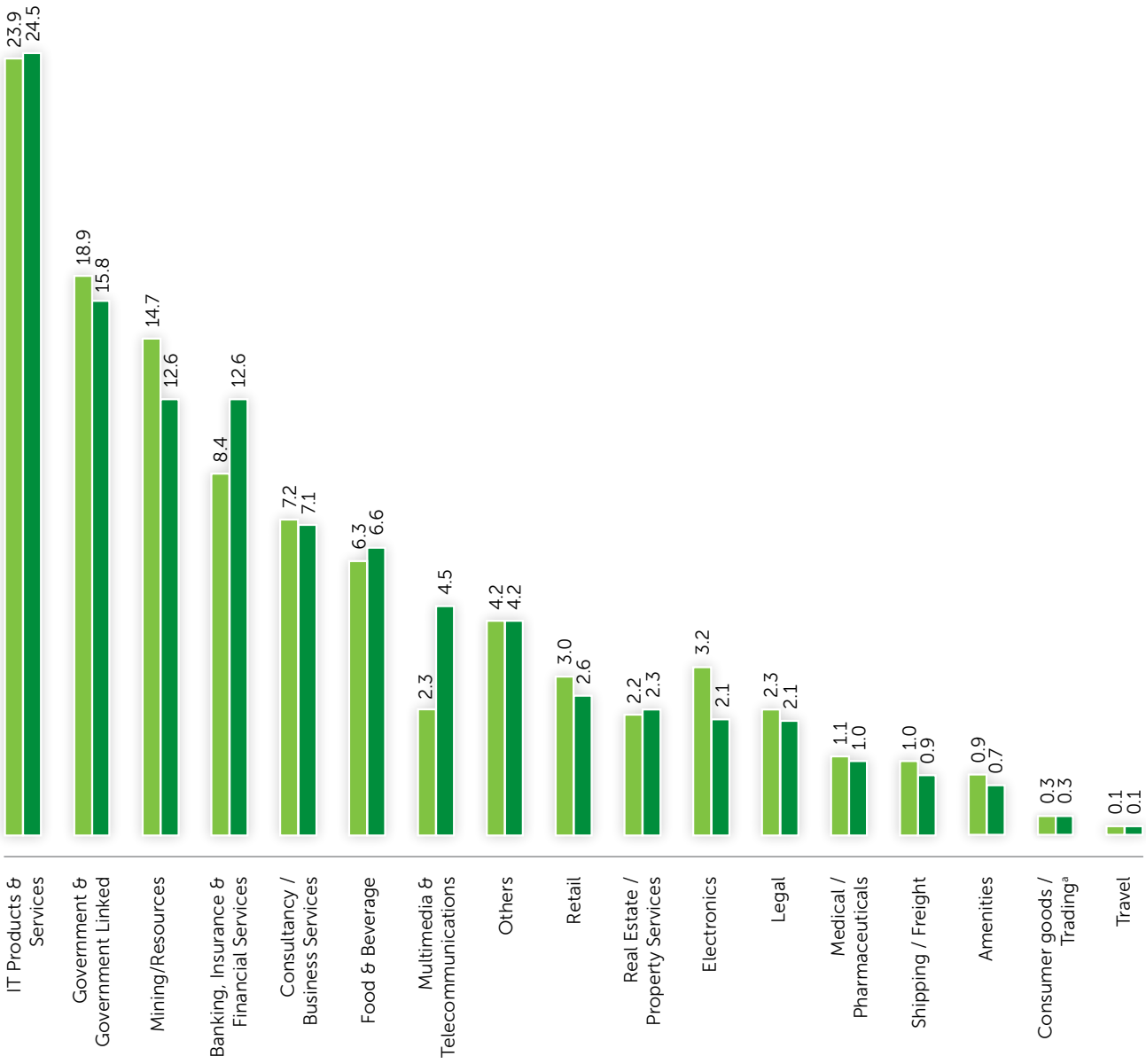
FCOT's portfolio is well diversified across various industries. As at 30 September 2015, no single industry accounted for more than 25.0% of portfolio GRI. IT Products & Services was the largest contributor at 24.5% of the portfolio GRI.




Thomas Pink, retail tenant at 357 Collins Street, Melbourne, Australia

## TRADE SECTOR MIX BY GRI

(%)




[a] Classified under Others as at 30 September 2014.

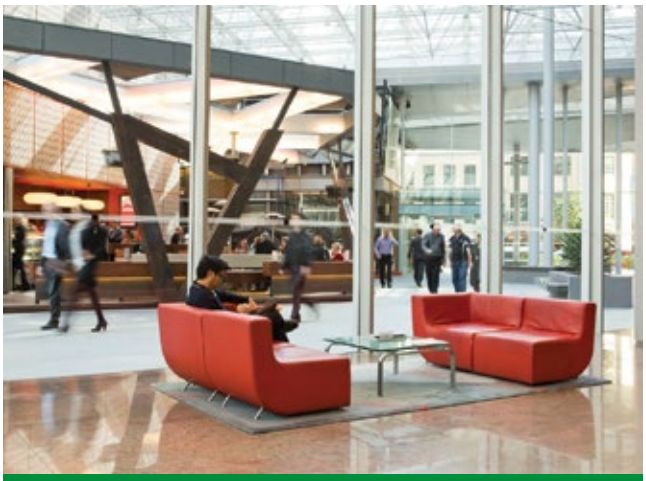
30 September 2014 30 September 2015

## PORTFOLIO NLA MIX AS AT 30 SEPTEMBER 2015

As at 30 September 2015, 54.9% of the portfolio NLA comprise office space.



| | |
|---|---|
| Office | 54.9% |
| Business space | 39.9% |
| Retail | 5.2% |



Central Park, Perth, Australia

## TOP TEN TENANTS BY GRI

Top ten tenants which accounted for 56.8% of FCOT's portfolio GRI are established and well-diversified across industries, comprising multinational companies, government bodies and public listed companies. This provides income stability. The portfolio is anchored by the lease with the Commonwealth Government of Australia at Caroline Chisholm Centre. As at 30 September 2015, the top ten tenants have a healthy WALE of 5.8 years.

"The top ten tenants have a healthy WALE of 5.8 years"

| Top ten tenants | Property | Sector | Lease expiry | % of portfolio GRI |
|---|---|---|---|---|
| Commonwealth of Australia | Caroline Chisholm Centre | Government | July 2025 | 13.8 |
| Hewlett-Packard Singapore Pte Ltd | Alexandra Technopark | IT Products & Services | November 2017 | 10.1 |
| Hewlett-Packard Enterprise Singapore Pte Ltd | Alexandra Technopark | IT Products & Services | March 2016/ November 2017 | 6.3 |
| Hamersley Iron Pty Limited[a] | Central Park | Mining/Resources | June 2030 | 6.2 |
| Commonwealth Bank of Australia | 357 Collins Street | Banking, Insurance & Financial Services | December 2022 | 5.4 |
| BHP Billiton Iron Ore Pty Ltd | Central Park | Mining/Resources | Between November 2015 to October 2017 | 4.1 |
| GroupM Singapore Pte Ltd | China Square Central | Consultancy/Business Services | March 2019 | 3.1 |
| Service Stream Ltd | 357 Collins Street | Multimedia & Telecommunications | December 2019 | 2.7 |
| Microsoft Operations Pte Ltd | Alexandra Technopark | IT Products & Services | January 2017 | 2.6 |
| Cerebos Pacific Ltd | China Square Central | Food & Beverage | May 2017 | 2.5 |
| **Total** | | | | **56.8** |

As at 30 September 2015. Excludes retail turnover rent

[a] FCOT signed a Heads of Agreement with an entity of Rio Tinto Limited for a new 12 year lease from FY2018 to FY2030 at Central Park. New lease is assumed based on the existing space currently occupied by Hamersley Iron Pty Limited as the exact space requirement will only be determined later.

## SINGAPORE PROPERTIES CONTINUE TO ENJOY HEALTHY RENTAL REVERSIONS

"The properties in Singapore achieved 16.8% positive rental reversion in FY2015"

The properties saw robust leasing activity in FY2015 and the properties in Singapore consistently achieved positive weighted average rental reversions every quarter. For new and renewed leases entered into in FY2015, the properties in Singapore achieved positive weighted average rental reversions of between 5.7% to 17.9%[1] or an overall positive weighted average rental reversion of 16.8%.

1 The weighted average rental reversions based on the area for new and renewed leases which commenced in FY2015 for the Singapore properties.



Folks Collective Restaurant, retail tenant at China Square Central, Singapore

| | Weighted average rental reversions[1] | | | | |
|---|---|---|---|---|---|
| Property | 1QFY2015 | 2QFY2015 | 3QFY2015 | 4QFY2015 | FY2015 |
| China Square Central | +1.2% | +15.6% | +17.0% | +8.1% | +12.5% |
| 55 Market Street | +7.1% | +4.6% | +14.3% | +2.8% | +5.7% |
| Alexandra Technopark | +16.9% | +6.7% | +20.0% | +17.6% | +17.9% |
| Central Park | Nil[2] | Nil[2] | -25.5%[3] | Nil[2] | -25.5%[3] |
| 357 Collins Street[4] | – | – | – | NA[5] | NA[5] |

16.8%
Weighted average rental reversion for Singapore properties in FY2015

As at 30 September 2015. Excludes retail turnover rent.

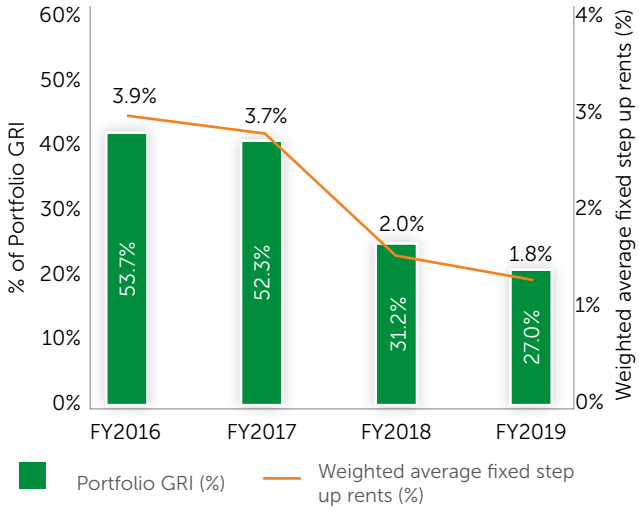
1 Weighted average rental reversions based on the area for the new and renewed leases for each quarter or financial year.
2 No new or renewed leases for the quarter.
3 Retail leases only which occupy less than 1.0% of the net lettable area.
4 The acquisition of 357 Collins Street was completed on 18 August 2015.
5 A new lease was signed for a space that was previously unoccupied.

## STEP UP RENTS AND RENT REVIEWS PROVIDE GOOD ORGANIC GROWTH FOR THE TRUST

In FY2016, 53.7% of the portfolio GRI have a weighted average fixed step up rent of 3.9% per annum. The fixed step up rents provide good organic growth for the Trust. In addition to fixed step up rents, certain leases in Central Park also have market rent reviews or rent reviews based on consumer price index (CPI). In FY2016, 1,467,529 sq ft of space will be subjected to fixed step up rents, market rent or CPI rent reviews.

## PORTFOLIO GRI WITH FIXED PERCENTAGE STEP UP RENTS IN FY2016–FY2019

(AS AT 30 SEPTEMBER 2015)



## LEASES WITH FIXED PERCENTAGE STEP UP RENTS IN FY2016

(AS AT 30 SEPTEMBER 2015)

| Property | Number of leases | Average fixed step up rent (%) | % of property GRI | % of portfolio GRI |
|---|---|---|---|---|
| China Square Central | 3 | 2.5 | 4.0 | 0.8 |
| 55 Market Street | 1 | 2.9 | 3.5 | 0.1 |
| Alexandra Technopark | 8 | 5.2 | 42.5 | 13.5 |
| Caroline Chisholm Centre | 1 | 3.0 | 100.0 | 13.8 |
| Central Park | 16 | 4.6 | 72.2 | 12.6 |
| 357 Collins Street | 35 | 3.9 | 97.3 | 12.9 |
| **Total in FY2016** | **64** | **3.9** | | **53.7** |

Note: Excludes retail turnover rent.

## LEASES WITH OTHER MID-TERM LEASE RENT REVIEWS IN FY2016

(AS AT 30 SEPTEMBER 2015)

| Property | Number of leases | Review mechanism | % of property GRI | % of portfolio GRI |
|---|---|---|---|---|
| Central Park | 1 | Market | 3.5 | 0.6 |
| Central Park | 5 | CPI | 10.8 | 1.9 |

Note: Excludes retail turnover rent.

## WALE OF NEW AND RENEWED LEASES ENTERED INTO IN FY2015 AND THE PROPORTION OF REVENUE ATTRIBUTED TO THOSE LEASES

In FY2015, FCOT signed 58 new and renewed leases across 647,930 sq ft of space, representing 24.7% of the portfolio NLA. These leases have a WALE of 2.3 years as at 30 September 2015, and generate a rental of S$34.7 million per annum.



Kiraku Japanese Restaurant, retail tenant at 55 Market Street, Singapore

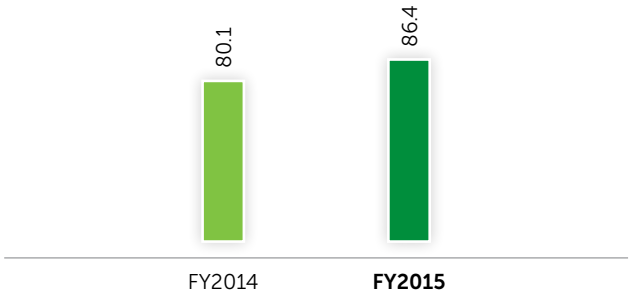
| New and renewed leases entered into in FY2015 | Number of leases | NLA (sq ft) | % of portfolio NLA (%) | WALE as at 30 September 2015 (years) | Rental per annum (S$ million) |
|---|---|---|---|---|---|
| Renewals | 42 | 568,935 | 21.7 | 2.2 | 29.4 |
| New leases | 16 | 78,995 | 3.0 | 2.7 | 5.3 |
| **Total** | **58** | **647,930** | **24.7** | **2.3** | **34.7** |

## HEALTHY RETENTION RATE

In FY2015, the average portfolio retention rate was 86.4%, a 6.3 percentage point increase compared to FY2014.

## AVERAGE PORTFOLIO RETENTION RATE

(%)



"Our strategies have continued to deliver good results in FY2015. The Trust achieved new highs in distributable income to Unitholders and DPU since the Trust was listed in 2006. The distributable income of S$67.8 million and DPU of 9.71 cents surpassed the previous financial year and marked the sixth consecutive year of growth since the completion of the recapitalisation exercise in 2009"

The Trust ended FY2015 on a high note with new highs in distributable income to Unitholders and DPU since listing in 2006. The good performance was driven by the properties in Singapore which continued to enjoy positive rental reversions and the higher full year contribution from the underlying leases of Alexandra Technopark following the expiry of the master lease in August 2014. 357 Collins Street also made its maiden contribution following the completion of the acquisition on 18 August 2015.

| Financial Highlights (S$ million) | FY2014 | FY2015 | Increase (%) |
|---|---|---|---|
| Gross revenue | 118.8 | 142.2 | 19.7 |
| Property operating expenses | (28.2) | (40.3) | 42.9 |
| NPI | 90.6 | 101.9 | 12.5 |
| NPI on a cash basis[1] | 88.0 | 100.9 | 14.7 |
| Distributable income to Unitholders | 57.3 | 67.8 | 18.3 |
| DPU (cents) | 8.51 | 9.71 | 14.1 |

## GROSS REVENUE AND NPI

Gross revenue of S$142.2 million for FY2015 increased 19.7% compared to FY2014, mainly driven by the higher contribution from the Singapore properties and acquisition of 357 Collins Street on 18 August 2015, which was offset by the weaker performances of the Australian properties. In FY2015, the gross revenue of the Singapore properties increased by 45.5%, bolstered by Alexandra Technopark due to the higher full year contribution from the underlying leases following the expiry of the master lease on 25 August 2014 and higher occupancy and rental rates achieved for China Square Central and 55 Market Street. 357 Collins Street also made its maiden contribution to the results following the completion of the acquisition on 18 August 2015. The lower revenue recorded by Australian properties was mainly due to the weaker Australian dollar and lower occupancy rate of Central Park.

NPI of S$101.9 million for FY2015 was up 12.5% compared to FY2014. Excluding the effects of recognising accounting income on a straight line basis over the lease term, NPI (cash basis) for FY2015 was 14.7% higher year-on-year. The higher NPI was mainly bolstered by the strong performance from the underlying leases of Alexandra Technopark which saw its NPI surging by 61.1% in FY2015 and better performances of China Square Central and 55 Market Street. This is slightly offset by the effects of the weaker Australian dollar on the Australian properties and lower occupancy rate of Central Park.

## EXCHANGE DIFFERENCES AND FINANCE COSTS

To manage the exposure to the weaker Australian dollar, the net anticipated cash flows from the Australian properties have been hedged and a portion of the investment in the Australian assets is hedged naturally through Australian dollar denominated borrowings. As such, the impact of the weaker Australian dollar was slightly mitigated by a realised gain on forward currency contracts of S$0.8 million. In FY2015, the Trust also enjoyed lower interest expense on the Australian dollar denominated loans in Singapore dollar terms as a result of translation.

Finance cost was 6.3% higher in FY2015 mainly due to higher borrowing cost for the Singapore Dollar denominated borrowings and the S$40.0 million and A$75.0 million loan facilities drawn down in August 2015 to part finance the acquisition of 357 Collins Street. The increase was partially offset by lower borrowing cost for the Australian Dollar denominated borrowings, interest savings from the S$58.4 million partial prepayment of the S$365.0 million transferable term loan facility maturing in FY2019 and the effects of the weakening Australian Dollar on the Australian Dollar denominated interest expense.

## DISTRIBUTABLE INCOME AND DPU

Distributable income to Unitholders of S$67.8 million was 18.3% higher in FY2015. This translates to a DPU of 9.71 cents per Unit in FY2015, a 14.1% increase compared to FY2014.

[1] NPI excluding the effects of recognising accounting income on a straight line basis over the lease term.

## ACTUAL RESULTS OUTPERFORMED FORECAST

In conjunction with the corporate exercises announced on 27 April 2015, profit forecasts for the portfolio and 357 Collins Street were prepared and included in the Circular to Unitholders dated 3 June 2015. All resolutions in relation to the corporate exercises were approved by Unitholders at the EGM held on 22 June 2015.

## GROWING THE PORTFOLIO THROUGH ACQUISITION

On 18 August 2015, FCOT acquired 357 Collins Street in Melbourne, Australia from Australand Property Holdings (Collins St No.1) Pty Limited, in its capacity as trustee of APT (Collins St No.1) Trust for a total cost of A$237.5 million, comprising the purchase consideration of A$222.5 million and transaction costs of A$15.0 million. The acquisition was mainly funded by net proceeds from the Private Placement of S$122.7 million, drawdown of new S$40.0 million and A$75.0 million term loan facilities and internal resources. The acquisition marks FCOT's maiden entry into the Melbourne CBD office market, the second largest office market in Australia. This yield accretive acquisition will complement and diversify FCOT's properties in Perth and Canberra in Australia.

| | For the period from 18 August 2015 to 30 September 2015 | | |
|---|---|---|---|
| Portfolio financial highlights | Actual (S$ million) | Adjusted Forecast[a] (S$ million) | Increase/ (decrease) (%) |
| Gross revenue | 18.7 | 18.7 | – |
| Property operating expenses | (4.9) | (5.5) | (10.9) |
| NPI | 13.8 | 13.2 | 4.5 |
| Distributable income to Unitholders | 9.4 | 8.4 | 11.9 |
| DPU (cents) | 1.20 | 1.08 | 11.1 |
| 357 Collins Street financial highlights | Actual (A$ million) | Adjusted Forecast[b] (A$ million) | Increase/ (decrease) (%) |
| Gross revenue | 2.2[c] | 2.1[c] | – |
| Property operating expenses | (0.4) | (0.5) | – |
| NPI | 1.8 | 1.6 | 9.3 |

[a] Refers to the profit forecast of the Existing and Enlarged Portfolio for 4Q2015 included in Appendix D of the Circular to Unitholders dated 3 June 2015, adjusted for the period from 18 August 2015 (date of completion of the acquisition of 357 Collins Street) to 30 September 2015.

[b] Refers to the Profit Forecast of 357 Collins Street for 4Q2015 included in Appendix E of the Circular to Unitholders dated 3 June 2015, adjusted for the period from 18 August 2015 (date of completion of the acquisition of 357 Collins Street) to 30 September 2015.

[c] Includes the reimbursement of rent-free periods. The actual reimbursement of rent-free periods was S$0.2 million.

The actual performance of the portfolio surpassed the Adjusted Forecast for the period from 18 August 2015 being the date of the completion of the acquisition of 357 Collins Street to 30 September 2015. Actual NPI of S$13.8 million was 4.5% higher compared to the Adjusted Forecast, mainly attributable to overall lower expenses incurred which was slightly offset by the effects of the weaker Australian dollar on the NPI for the Australian properties. Actual distributable income of S$9.4 million outperformed the Adjusted Forecast by 11.9% as a result of the higher NPI achieved coupled with interest savings arising from the S$58.4 million partial prepayment of the transferable term loan facility, interest income and a realised gain on forward currency contract. As a result, actual DPU of 1.20 cents was 11.1% higher compared to the Adjusted Forecast.

The actual net property income of 357 Collins Street of A$1.8 million also outperformed the Property Forecast by 9.3%, on the back of higher occupancy achieved and lower expenses incurred.

## CREATING VALUE FOR UNITHOLDERS BY UNLOCKING VALUE AT CHINA SQUARE CENTRAL

On 18 August 2015, FCOT unlocked the value of the 16,000 sq m Additional GFA granted for hotel use at China Square Central upon entering into a Building Agreement with Frasers Hospitality China Square Trustee Pte Ltd (in its capacity as trustee-manager of Frasers Hospitality China Square Trust) (FHCS Trustee) for, amongst others, the grant of a long lease with hotel development rights (China Square Central Hotel Transaction). Under the Building Agreement, FCHS Trustee will undertake the development of a 16-storey hotel under the 'Capri by Fraser' brand and certain proposed additions and alterations to China Square Central.

Following the entering into the Building Agreement, FCOT realised net proceeds (Net Proceeds) of approximately S$44.1 million. This represents the hotel consideration for the China Square Central Hotel Transaction of S$44.8 million and net of transaction costs. The net proceeds of approximately S$44.1 million represents 7.7% of the value of China Square Central as at 30 September 2015.

## ACQUISITION AND DIVESTMENT FEES RECEIVED BY THE MANAGER

The Manager received 1.8 million Units as payment for the acquisition and divestment fees of S$2.3 million[2] and S$0.2 million[3], respectively for the acquisition of 357 Collins Street and the China Square Central Hotel Transaction. The payment of acquisition and divestment fees in Units is provided for in the trust deed constituting FCOT dated 12 September 2005 (as amended and restated), and the payment in Units is in accordance with the Property Funds Appendix in the Code of Collective Investment Schemes.

## PORTFOLIO VALUE INCREASED TO S$2.0 BILLION WITH THE ADDITION OF 357 COLLINS STREET

Following an independent portfolio valuation as at 30 September 2015 commissioned by the Trust, FCOT's overall property portfolio value increased by S$129.9 million or 7.1% year-on-year, to S$2.0 billion.

The increased portfolio value was mainly due to the addition of 357 Collins Street to the portfolio, and the higher valuation for 55 Market Street of 1.3% and Caroline Chisholm Centre of 4.9% denominated in Australian dollar. This was offset by the lower valuation for China Square Central of 1.6% mainly due to the expected loss of income during the construction period for the Hotel and commercial project (Construction Period), lower valuation for Central Park and effects of the weaker Australian dollar on the Australian properties. The valuation of Central Park denominated in Australian dollar was 12.1% lower mainly due to higher incentives and lower market rents assumed.

[2] 1.0% of purchase consideration of A$222.5 million.
[3] 0.5% of consideration of S$44.8 million.

## PORTFOLIO VALUE

| Property | Local currency valuation as at 30 September 2015 (million) | Local currency valuation per NLA[a] | Valuation capitalisation rate (%) | Translated as at 30 September 2015 (S$million)[b] | Variance from 30 September 2014 (local currency valuation) (million) | Variance from 30 September 2014 (local currency valuation) (%) | Variance from 30 September 2014 (translated valuation) (S$ million) | Variance from 30 September 2014 (translated valuation) (%) |
|---|---|---|---|---|---|---|---|---|
| China Square Central | S$570.0 | S$1,532 | | 570.0 | (S$9.0) | (1.6) | (9.0) | (1.6) |
| 55 Market Street | S$136.0 | S$1,894 | | 136.0 | S$1.8 | 1.3 | 1.8 | 1.3 |
| Alexandra Technopark | S$503.0 | S$481 | | 503.0 | – | – | – | – |
| **Singapore properties** | **S$1,209.0** | | **3.75% – 6.50%** | **1,209.0** | **($7.2)** | **(0.6)** | **(7.2)** | **(0.6)** |
| Central Park | A$290.0[c] | A$8,748 | | 290.3 | (A$40.0) | (12.1) | (85.1) | (22.7) |
| Caroline Chisholm Centre | A$215.0 | A$5,342 | | 215.2 | A$10.0 | 4.9 | (18.0) | (7.7) |
| 357 Collins Street | A$240.0 | A$7,518 | | 240.3 | NA[d] | NA[d] | NA[d] | NA[d] |
| **Australian properties** | **A$745.0** | | **6.25%–7.25%** | **745.8** | **(A$30.0)** | **(5.6)** | **(103.1)** | **(16.9)** |
| **Total portfolio** | | | | **1,954.8** | | | | |

[a] Expressed as per sq ft for Singapore properties and per sq m for Australian properties.
[b] Translated at A$1.00 = S$1.0011 being the exchange rate as at 30 September 2015.
[c] Represents Frasers Commercial Trust's 50.0% indirect interest in the property.
[d] Not applicable. The property was acquired on 18 August 2015.

## NAV PER UNIT

As at 30 September 2015, NAV per Unit (excluding distributable income) was S$1.53.

## PRUDENT AND PROACTIVE CAPITAL MANAGEMENT

| | FY2014 | FY2015 | Increase/ (decrease) |
|---|---|---|---|
| Gross borrowings (bank borrowings) | S$698.6 million | S$736.8 million | 5.5% |
| Gearing | 37.1% | 36.2% | 0.9 percentage points |
| Unencumbered assets as a percentage of property portfolio | 100.0% | 100.0% | – |
| Fixed debt as a % of total debt | 46.0%[a] | 81.0% | 35.0 percentage points |
| Weighted average tenure of debt to maturity | 4.3 years | 3.3 years | NM |
| Average cost of debt | 2.7% | 2.9% | 0.2 percentage points |
| Interest cover | 4.3 times | 4.5 times | NM |
| Issuer rating by Moody's Investors Service | Baa3 | Baa3 | NM |

NM–Not meaningful

[a] The fixed debt as a percentage of total debt was lower in FY2014 as the Manager completed the early refinancing of all the existing term loan facilities in September 2014 and was in the midst of hedging the interest rates.

## BORROWINGS

Gross borrowings of S$736.8 million was 5.5% higher as compared to FY2014, as the Manager obtained new unsecured term loan facilities of S$40.0 million and A$75.0 million to part finance the acquisition of 357 Collins Street. This was partially offset by the S$58.4 million partial prepayment of the S$365.0 million transferable term loan facility maturing in FY2019 and the effects of the weakening Australian Dollar on the Australian Dollar denominated borrowings. The partial prepayment was funded from the proceeds of the Private Placement of approximately S$17.5 million, net proceeds from the China Square Central Hotel Transaction and internal resources.

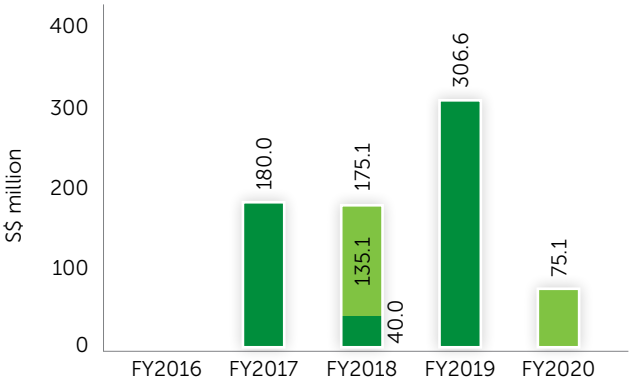
All debts are unsecured and this provides financial flexibility for the Trust. In FY2015, the weighted average debt maturity was 3.3 years and gearing was healthy at 36.2%. The interest coverage ratio was healthy at 4.5 times and the average cost of debt was 2.9% per annum in FY2015.

The Trust has a S$1.0 billion multicurrency medium term note programme which may be used for future financial requirements and has an issuer rating of Baa3, an investment grade rating, with stable outlook by Moody's Investors Service.

The Manager will continue to adopt a prudent and proactive approach to capital management.

## WELL-SPREAD DEBT MATURITY PROFILE

### DEBT MATURITY PROFILE AS AT 30 SEPTEMBER 2015

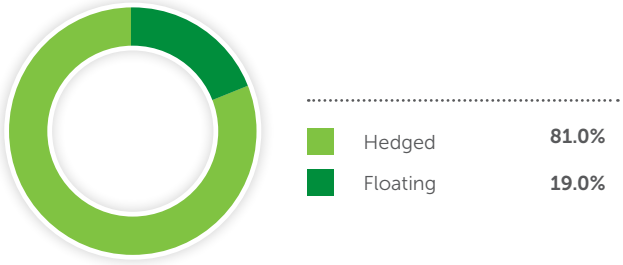



| | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
|---|---|---|---|---|---|
| % of total debt maturing (%) | | 24.4 | 23.8 | 41.6 | 10.2 |

As at 30 September 2015, the borrowings of FCOT were as follows:

| Borrowings (all unsecured) | Amount (million) | Maturity |
|---|---|---|
| SGD term loan facility | S$180.0 | 19 September 2017 |
| SGD term loan facility | S$40.0 | 13 August 2018 |
| AUD term loan facility | A$135.0 | 19 September 2018 |
| SGD term loan facility | S$306.6 | 19 September 2019 |
| AUD term loan facility | A$75.0 | 14 August 2020 |

## DEBT COMPOSITION – FLOATING VS HEDGED INTEREST RATES




The loan maturities are well-spread out, reducing concentration of borrowings due in one particular year. This minimises refinancing risks and there will be no debt maturing until FY2017. The borrowings denominated in Australian dollar provide a natural hedge for the Australia properties. More details on interest-bearing borrowings can be found in Note 12 of the financial statements. Approximately 81.0% of the borrowings have been hedged from floating to fixed interest rates, providing certainty in interest costs and limiting the Trust's exposure to rising interest rates.

The Manager will continue to keep a well spread debt maturity profile to reduce refinancing risk and will hedge interest rates to limit exposure to interest rate fluctuations.

## FOREIGN EXCHANGE RISK MANAGEMENT

Besides borrowings denominated in Australian dollar, the Trust uses derivative financial instruments to manage its foreign currency exposure. The Manager hedges anticipated net cash flow from the Australian properties at least six to nine months forward. The Manager will continue to monitor the market and limit the Trust's exposure to adverse movements in foreign exchange rates through derivative financial instruments or other suitable financial products.

## PRIVATE PLACEMENT AND USE OF PROCEEDS

In August 2015, the Manager raised gross proceeds of S$142.1 million from the completion of the Private Placement which was over two times subscribed. Due to good demand from investors, the Private Placement was upsized by 12.0 million Units (issued under the general mandate granted to the Manager at the Sixth Annual General Meeting on 22 January 2015) to 96.0 million Units. The proceeds have been fully deployed to part finance the acquisition of 357 Collins Street of S$122.7 million, fees and expenses incurred in connection with the Private Placement of S$1.9 million and partial prepayment of the transferable term loan facility maturing in FY2019. The use of proceeds is in line with the stated use of the private placement proceeds as set out in the Circular to Unitholders dated 3 June 2015.

## NET PROCEEDS FROM THE CHINA SQUARE CENTRAL HOTEL TRANSACTION

A portion of the Net Proceeds from the China Square Central Hotel Transaction of approximately S$44.1 million was used to prepay S$58.4 million of the transferable term facility maturing in FY2019. As the Net Proceeds has been determined to be capital in nature, a portion of it may be distributed to Unitholders as capital distributions to supplement the temporary loss of income at China Square Central during the Construction Period at the discretion of the Manager.

## DRP FOR DISTRIBUTIONS DECLARED FOR FY2015

The DRP was applied for the distributions declared in FY2015, except for the Advanced Distribution for the period from 1 July 2015 to 2 August 2015 which was paid out in cash. The DRP provides Unitholders with the option to receive their distributions declared, either in the form of Units or cash or a combination of both. Participation in the DRP is voluntary and Unitholders may elect to participate in respect of all or part of their unitholdings. The DRP enables Unitholders to acquire new Units without incurring transaction or other related costs. Cash retained and Units issued in lieu of cash distributions under the DRP will enlarge the Trust's capital base, strengthen its working capital reserves and improve the liquidity of the Units.

## SENSITIVITY ANALYSIS

As at 30 September 2015, 39.6% of the total portfolio net property income of the Trust is derived from the properties in Australia. As such, the Trust is subject to foreign exchange rate fluctuations, which affects the income generated from Australian assets. A further 5% strengthening of the Singapore dollar against the Australian dollar would result in a corresponding decrease of approximately S$1.5 million or 2.4% on the distributable income for FY2015 for the Trust. This excludes the effects of any further gain on foreign currency forward contracts for FY2015 as a result of the strengthening. The realised gain for FY2015 was S$0.8 million.

The Trust is also subject to interest rate fluctuations, mainly arising from its interest-earning financial assets and interest-bearing borrowings. A 1% increase in interest rates on the portion of the Group's borrowings that is not hedged, with all other variables held constant, would correspondingly decrease the Group's distributable income for FY2015 by S$1.4 million or 2.1%.

# MARKET OVERVIEW
# SINGAPORE

## 1 THE SINGAPORE ECONOMY

Singapore narrowly avoided a technical recession in 3Q 2015 with advanced estimates showing the economy expanded by only 1.4% year-on-year (Y-o-Y), a significant decline from the 2.8% Y-o-Y expansion in 3Q 2014.

The services sector led gross domestic product (GDP) growth in 3Q 2015 supported mainly by the finance and insurance and wholesale and retail trade sectors. Headline inflation was reported at -0.6% in September 2015. Core inflation is forecasted to approximate 0.5% for the whole of 2015, and is expected to increase marginally to between 0.5% and 1.5% in 2016.

For the rest of 2015, GDP growth is expected to be supported by services sectors such as the finance and insurance industry and the wholesale and retail trade industry. Economic growth in 2015 will mostly be supported by increase in government spending, relatively stable household consumption, and the services sector.

As a result, the Ministry of Trade & Industry (MTI) has forecasted the Singapore economy to grow by close to 2.0% in 2015, and by 1.0% to 3.0% in 2016, barring any economic shocks.

## 2 THE OFFICE MARKET

### 2.1 Existing Office Supply

CBRE basket of island-wide office stock stands at 55.6 million sq ft, consisting of 11.8 million sq ft of Grade A and 32.9 million sq ft of Grade B office stock as at Q3 2015. 77.0% of the total office space in CBRE basket is located in the Core CBD market, consisting of Raffles Place, Marina Bay, Marina Centre and Shenton Way.

Within the Core CBD market, the Raffles Place micro-market consists of 11.3 million sq ft and makes up 26.5% of the Core CBD office market in 3Q 2015, with 31.8% consisting of Grade A space and 65.0% comprising of Grade B office space. This represents a decrease of 2.2% Y-o-Y in the Raffles Place micro-market as Equity Plaza was removed from the existing office stock. Both 55 Market Street and China Square Central are located in the Raffles Place micro-market.

### 2.2 Future Office Supply

CBRE estimates approximately 6.8 million sq ft of potential office supply over the next four years (4Q 2015 – 4Q 2019 inclusive), with 22.2% (1.5 million sq ft) classified as strata-titled space. Excluding strata-titled space, the potential office supply is 5.3 million sq ft, or an average annual supply of 1.3 million sq ft over the next four years.

The Core CBD sub-market makes up the majority of the future supply (56.3%), out of which 14.7% of new supply in the Core CBD is based in the Raffles Place micro market. The remaining 23.3% and 20.4% will be located in the Fringe CBD and Decentralised sub-markets respectively. Excluding strata-titled space, only 5.6% of the new supply in the Core CBD is based in the Raffles Place micro-market.

Excluding strata-titled space, CBRE estimates 2015 net new office annual supply at approximately 148,000 sq ft, which is significantly below the 5 years historical average annual supply of 1.4 million sq ft.

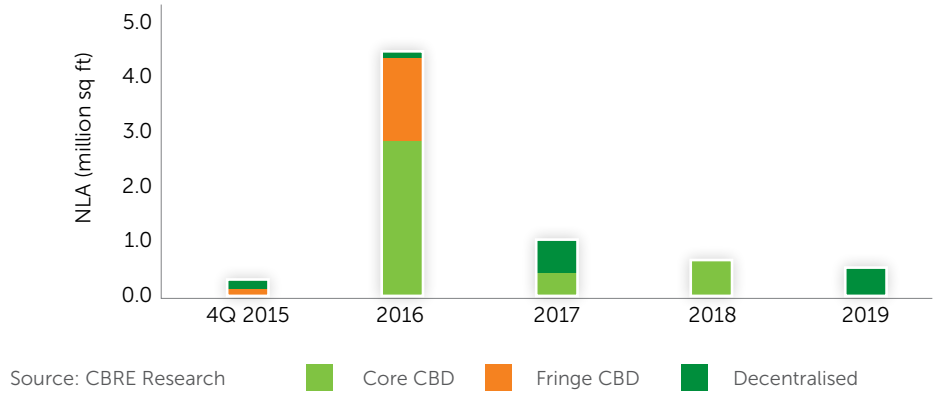
There will be a sizable amount of office supply coming on stream in 2016, with 4.4 million sq ft expected to be completed by end 2016. The new supply will include mostly Grade A developments such as Marina One (1.9 million sq ft), Guoco Tower (850,000 sq ft), Duo (570,000 sq ft) and 5 Shenton Way (280,000 sq ft).

In 2017, five office developments are expected to be completed, totalling 1.0 million sq ft of office space. The redevelopment of the Robinson Towers site 220,000 sq ft will be held for lease as an investment property while Vision Exchange (500,000 sq ft), Oxley Tower (110,000 sq ft) , Arc 380 (100,000 sq ft) and Crown @ Robinson (70,000 sq ft) will be sold on a strata-titled basis. 60.3% of the new supply in 2017 is located in the decentralised market.

Frasers Tower (664,000 sq ft) is scheduled to be completed in 2018. In 2019, Woods Square in Woodlands is expected to inject approximately 534,000 sq ft into the existing office market stock.

The amount of potential secondary space has also dropped 29.8% from approximately 986,000 sq ft in 2Q 2015 to 692,000 sq ft in 3Q 2015 due to more reasonable expectations by landlords when leasing out such space. This also implies that demand for office space is still healthy at the right rent level (See chart: Future Office Supply).

**FUTURE OFFICE SUPPLY**




## 2.3 Demand and Occupancy

The total island-wide office net absorption for 2015 year to date was -2,000 sq ft. This was largely due to the removal of Keypoint office building (288,000 sq ft) from CBRE stock. The average annual island-wide office net absorption over the last five years is 2.1 million sq ft. This is nearly double the future average annual supply (excluding strata-titled space) over the next four years.

Leasing demand is mostly driven by a diverse range of sectors from the Asian financial institutions, e-commerce, insurance and pharmaceuticals sectors. Notably, large space occupiers are mostly absent in the market.

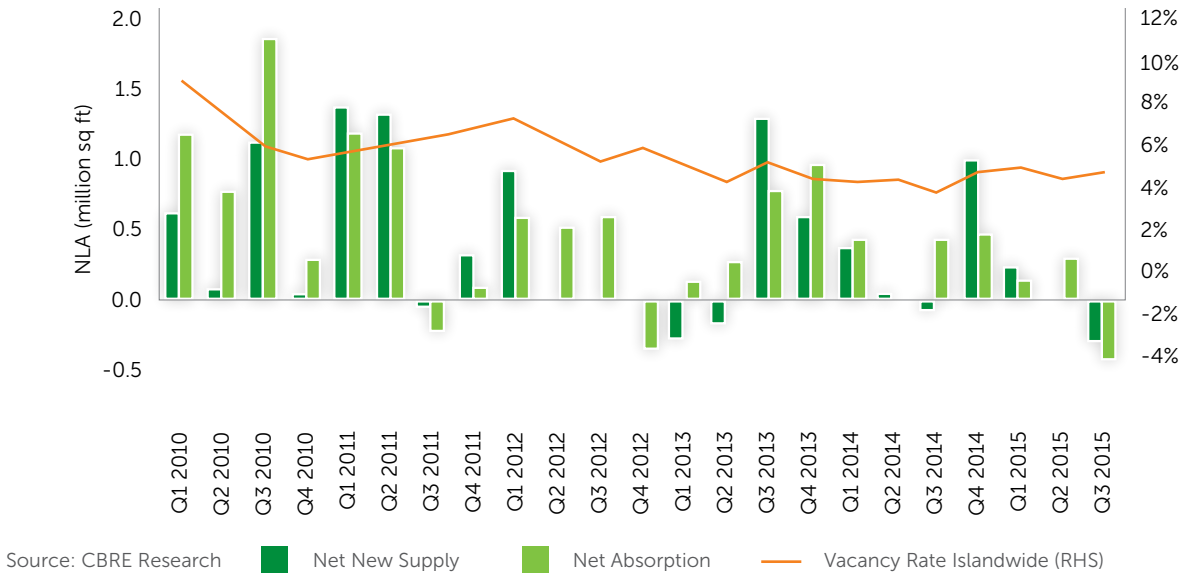
Some of the key leasing activities in 3Q 2015 include an insurance and technology firm taking up space at Mapletree Anson, and an Asian financial institution committing to space at One Raffles Quay North Tower. Most of these occupiers have taken up secondary stock released by existing tenants.

It has been observed that tenant profiles for Grade A and Grade B offices are quite distinct.

The Grade A office market continue to attract tenants looking for prestige and the efficiency of large floor plates such as the global financial institutions, infocomm media firms, as well as the larger fund management and insurance sectors.

In contrast, Grade B offices typically attract tenants who are usually more cost conscious and do not require large floor plate requirements. These are usually tenants from the business services, information technology, professional services firms, and fund management sectors (See chart: Island-Wide Office: Net Supply, Net Absorption and Vacancy Rates).

**ISLAND-WIDE OFFICE: NET SUPPLY, NET ABSORPTION AND VACANCY RATES**



## 2.4 Office Vacancy Rates

The Raffles Place micro-market generally enjoys relatively healthy vacancy rates at 3.4% in Q3 2015. Vacancy rates for Grade A offices in the Raffles Place micro-market are at 4.3% while Grade B offices enjoys a lower vacancy rate of 3.0%. As at 30 September 2015, China Square Central and 55 Market Street achieved occupancy rates of 96.2%[1] and 95.8% respectively.

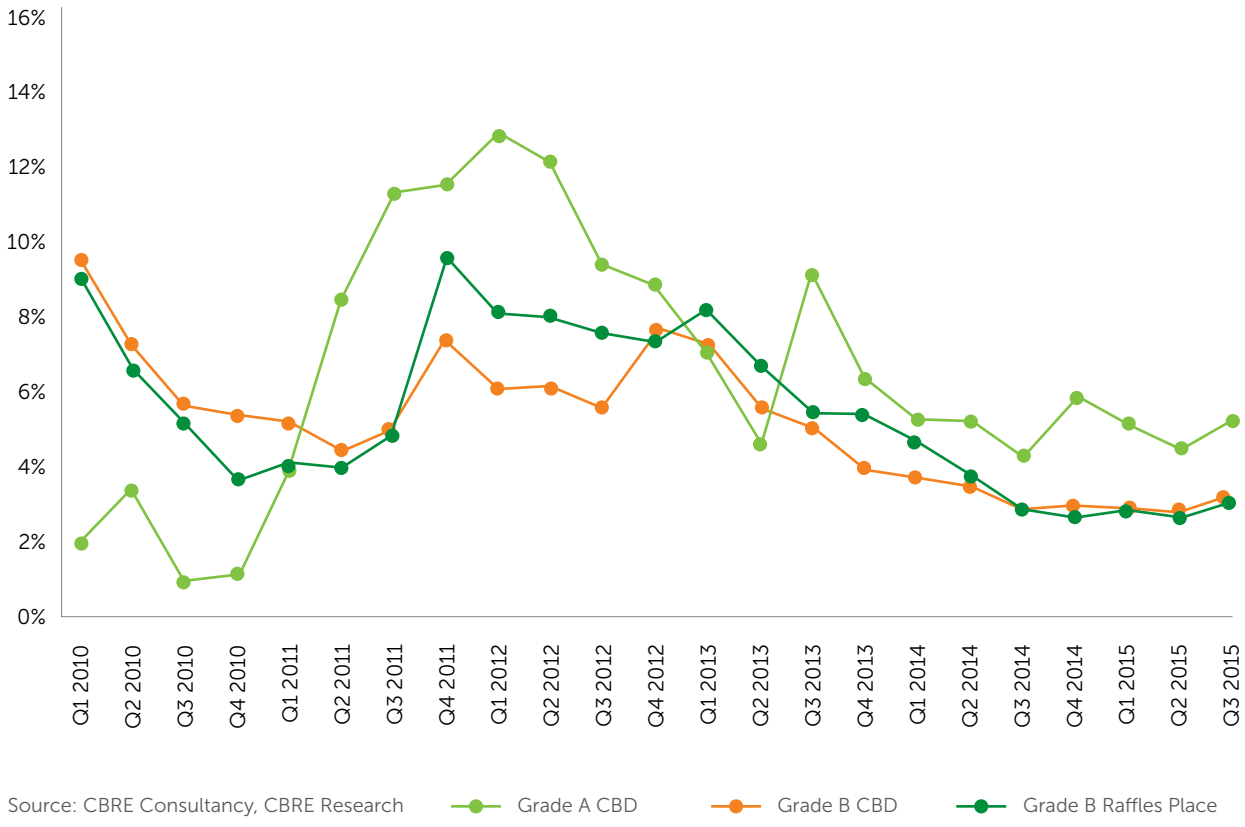
Most landlords with higher exposure to tenants from the financial institutions and commodity sector will continue to face headwind in the current market.

In general, there is a diversity of Grade B buildings within the grade in the Raffles Place micro market. While most Grade B offices tend to fall short on location and sometimes quality, Grade B buildings with favourable quality and location will continue to lead the Grade B market and enjoy healthy vacancy rates. It should be noted that the office tower of China Square Central was revitalised following the completion of an asset enhancement and the area along Nankin Mall was rejuvenated under the Precinct Master Plan in 2013. China Square Central will be further rejuvenated with the construction of a 16 storey hotel by an entity of Frasers Centrepoint Limited. 55 Market Street is located in the heart of Raffles Place.

In addition, the vacancy rates of Grade B offices are also relatively more stable than Grade A offices due to their limited exposure to global financial institutions and relatively competitive rents.

While Grade A offices generally feature large floor plates and attract a different segment of tenants, better quality Grade B projects will put pressure on poorer quality Grade A offices should Grade A rent continue to command significant rental premium above Grade B rents. In 3Q 2015, Grade A rents in the Raffles Place micro market is 22.9% above Grade B rents in the Raffles Place micro market (See chart: Office Vacancy Rates).

### OFFICE VACANCY RATES




Source: CBRE Consultancy, CBRE Research

[1] Committed occupancy as at 30 September 2015.

## 2.5 Office Rents

The Singapore office market reached a turning point in 2015, with rents reaching a peak in 1Q 2015. A wave of upcoming Grade A office supply in the 2H 2016 have shifted tenants expectations. CBD Core Grade A rents have started to reflect market expectations, falling by 4.4% year to date (YTD) (-3.5% q-o-q) to S$10.90 per sq ft in 3Q 2015.

Grade B rents are historically less volatile relative to Grade A rents and are therefore unlikely to experience similar level of declines observed in the Grade A market. This is largely due to the relatively defensive nature of the Grade B tenant market.

For instance, while CBD Core Grade B office rents have fallen 2.9% YTD to S$8.35 per sq ft (-2.3% q-o-q) in 3Q 2015 in line with falling CBD Core Grade A rents, Grade B office rents in the Raffles Place micro-market fell by only 2.2% YTD (-1.7% q-o-q) in 3Q 2015 to S$8.61 per sq ft, reflecting the lower volatility of Grade B office rents in the Raffles Place micro-market. Grade B office rents in the Raffles Place micro-market peaked in 1Q 2015 at S$8.80 per sq ft. In general, rents in the Raffles Place micro-market is supported by relatively healthy vacancy rates and limited new supply.

Though the decline in overall market rent is expected to accelerate in 2016 given the wave of new supply and pessimistic economic outlook, the defensive nature of the tenant profiles in the Raffles Place micro-market is expected to provide rent stability in the short term.

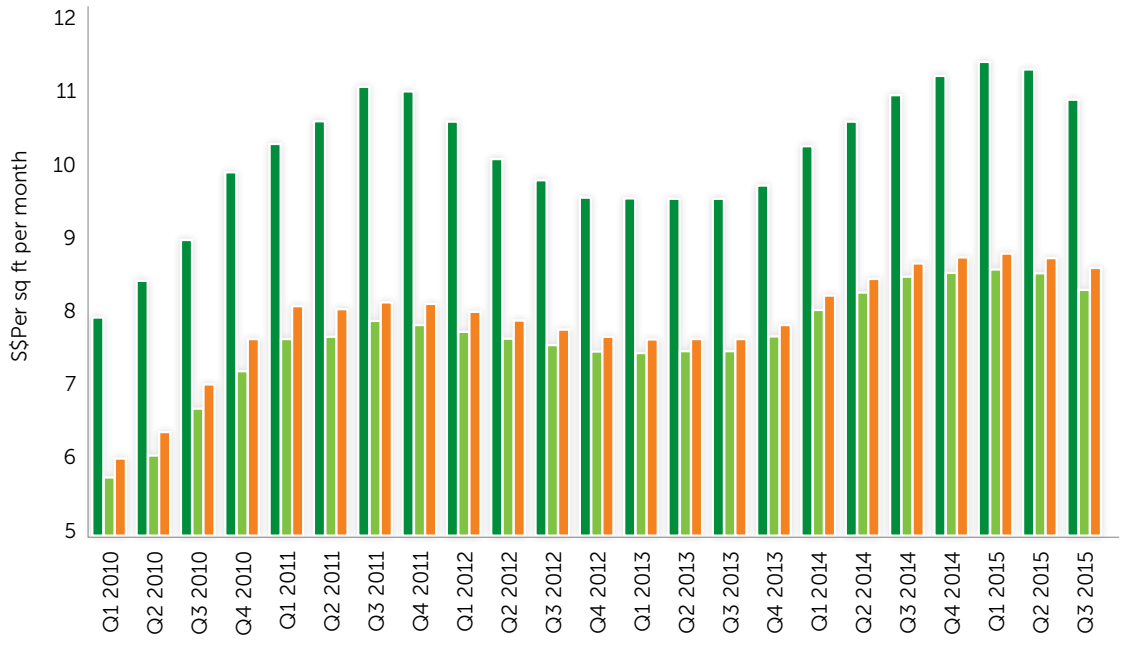
In the Grade A market, landlords are expected to focus on tenant retention for the rest of 2015 given the spectre of future competition from new developments in 2016.

In general, Grade B rents are expected to decline marginally on the back of falling Grade A rents. However, given the diversity of Grade B buildings within the grade, well managed, quality Grade B office buildings in good locations served by a variety of public transport networks will continue to enjoy healthy demand by value conscious tenants. As such, rents for such quality Grade B buildings are expected to remain stable in the short term (See charts: Office Rents in the Raffles Place Micro Market and Q-o-Q Office Rents in the Raffles Place Micro Market).

| | Q3 2015 (Per sq ft/Month) | YTD 2015 | Q-o-Q |
|---|---|---|---|
| CBD Core Grade A[2] | S$10.90 | -4.4% | -3.5% |
| CBD Core Grade B | S$8.35 | -2.9% | -2.3% |
| Raffles Place Grade B | S$8.61 | -2.2% | -1.7% |

Source: CBRE Consultancy, CBRE Research

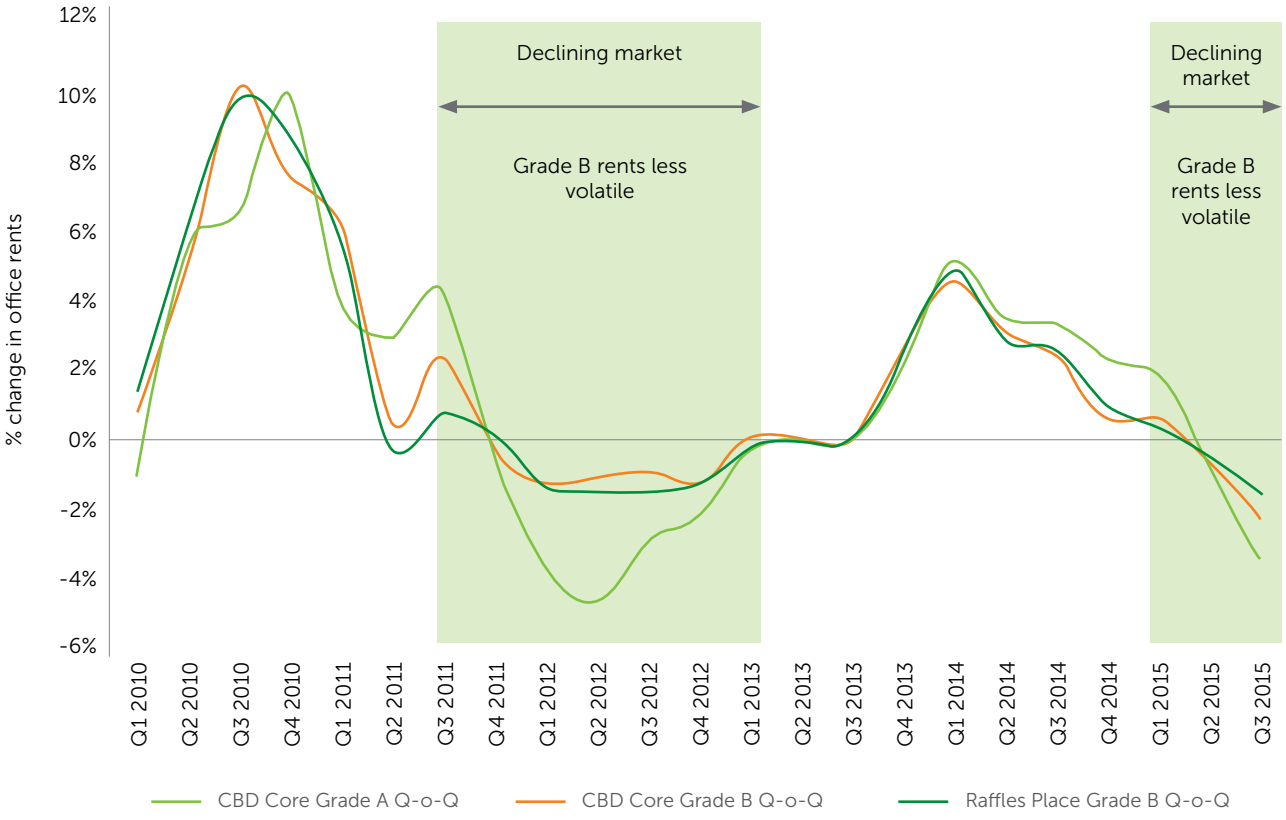
**OFFICE RENTS IN THE RAFFLES PLACE MICRO MARKET**
(S$ PER SQ FT/ MONTH)




Source: CBRE Consultancy, CBRE Research  CBD Core Grade A  CBD Core Grade B  Grade B Raffles Place

[2] CBRE defines CBD Core Grade A office as new or redeveloped offices located in Raffles Place, Marina Centre and Marina Bay with high specifications, commanding top rents. CBRE does not publish micro-market data for Grade A offices.

**Q-O-Q OFFICE RENTS IN THE RAFFLES PLACE MICRO MARKET**
(S$PER SQ FT/ MONTH)




Source: CBRE Consultancy, CBRE Research

**2.6 Office Investment Market and Capital Values**

The top five enbloc office transactions in 2015 YTD consist of 67.9% stake in One Raffles Place (S$1.7 billion), AXA Tower (S$1.2 billion) and a 30.0% stake in PWC Building (S$500.0 million). One Raffles Place was sold to OUE Commercial REIT, AXA Tower was bought by a joint venture between private investors and Perennial Real Estate, and PWC Building was bought by DBS Bank.

In general, cap rates for enbloc office transactions in 2015 range between 3.0% and 4.0%. This is an increase from 2014, where cap rates range between 2.8% and 3.7%.

The overall investment market has remained relatively quiet in 2015 as a result of differing expectations between buyers and sellers. However, CBRE expects demand for reasonably priced good quality office buildings to remain healthy as investors with longer investment horizons seek investment opportunities in the long term fundamentals of the Singapore market as these asset classes have proven to be more stable in the long term.

**2.7 Office Outlook**

CBD Core Grade A rents are expected to decline to S$10.40 per sq ft in 4Q 2015. The overall CBD Core Grade B market rents are forecasted to decline to S$8.10 per sq ft in 4Q 2015 while Grade B Raffles Place market rents are expected to decline the least to S$8.40 per sq ft in 4Q 2015.

Declines in Grade A office rents are expected to accelerate in 2016 due to weak economic sentiments and a wave of new Grade A supply. E-commerce, insurance, fund management, and pharmaceuticals are expected to dominate the leasing market. As the market rents for Grade B offices tend to be less volatile than the Grade A market, Grade B rents are expected to decline at a slower pace.

Vacancy level for Grade A offices are expected to increase in 2H 2016 due to a pipeline of new Grade A office supply. While Grade B vacancy rates are also expected to increase marginally, quality and newer Grade B developments are expected to put pressure on poorer quality Grade A offices.

Landlords will continue to focus on tenant retention and review incentives and rents to remain competitive in 2016.

## 3 THE HIGH-SPECS AND BUSINESS PARK MARKETS

The High-Specs Business space market typically refer to light industrial premises that are equipped with better building specifications compared to conventional industrial premises. Such specifications usually consist of central air-conditioning, smart building automation system, security, high ceiling height clearance, wide column span, as well as higher grade electrical power loading and the provision of basic fittings including suspended ceilings and lightings.

High-Specs Business space developments typically attract value conscious industrialists in the high technology, information technology, infocomm, electronics sector as well as cost conscious back ended functions of financial institutions. While the occupier profile for a High-Specs Business space tenant may resemble that of Business Parks, they tend to be more cost conscious industrialists who conform to the permissible planning perimeters as written in the master plans for Business 1 and Business 2 space[3].

In contrast, Business Parks tend to be larger campus-style high-specs developments occupying at least five hectares of land with modern office like specifications. As such, tenants occupying Business Park space tend to be more image conscious industrialists who meet the permissible usage requirement to occupy Business Park space. Business Park tenants are typically less cost sensitive as compared to High-Specs Business Space tenants.

### 3.1 Existing Supply

CBRE estimates Singapore existing supply of island-wide high-specs business space at 12.9 million sq ft as of 3Q 2015. This is an increase of approximately 5.2%, or 635,795 sq ft Y-o-Y. The increase in high-specs business space can be attributed to Mapletree Industrial Trust's Toa Payoh North development (478,944 sq ft), and Sabana REIT's 8 Commonwealth Lane (141,179 sq ft).

The high-specs business spaces are mostly located in Central Singapore (32.6%), followed by North East Singapore (28.3%) and Western Singapore (14.1%). The Alexandra micro-market located in the CBD Fringe has a limited supply of high-specs space at 1.1 million sq ft. Alexandra Technopark is located in the Alexandra micro-market.

The Business Park market has also grown with the introduction of new Business Park space such as Fusionopolis Phase 2A (768,542 sq ft) and DBS Asia Hub Phase II (65,380 sq ft) in 2015. As of 3Q 2015, the total Business Park space in CBRE basket is 18.3 million sq ft, increasing by 8.4% Y-o-Y.

Most of the Business Park space is located at One North (29.7%) in Central Singapore, followed by Changi Business Park (23.1%) in Eastern Singapore. In contrast, the Alexandra micro-market only has 1.3 million sq ft of Business Park space.

### 3.2 Future Supply

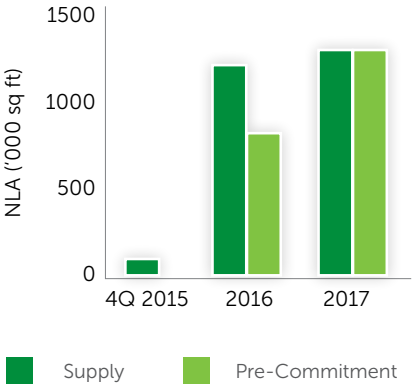
CBRE estimates the total projected island-wide high-specs business space for the next two years (4Q 2015 to 4Q 2017 inclusive) to increase by approximately 2.6 million sq ft. The majority of future supply will be located in the West (45.3%). There will be no new high-specs development located in the Alexandra micro-market.

In terms of new Business Park developments, CBRE estimates a total of 2.8 million sq ft to be completed from 4Q 2015 to 4Q2016 inclusive. Mapletree Business City Phase II located in the Alexandra micro-market contributes to 40.1% of the total Business Park pipeline with 1.1 million sq ft. This is closely followed by One-North with 32.0% of the future Business Park supply.

With the new additions, CBRE estimate Singapore's total stock of high-specs and Business Park space to grow by 13.0% and 17.2% to reach 35.2 million sq ft in 2016 and 36.6 million sq ft in 2017 respectively (See charts: Future Supply of High-Specs Business Space and Future Business Park Supply).

[3] Permissible use requirements can be found on http://www.ura.gov.sg/uol/guidelines/development-control/change-use-premises/sections/Permissible-Uses.aspx

## FUTURE SUPPLY OF HIGH-SPECS BUSINESS SPACE




Source: CBRE Consultancy, CBRE Research

## 4Q15–2016



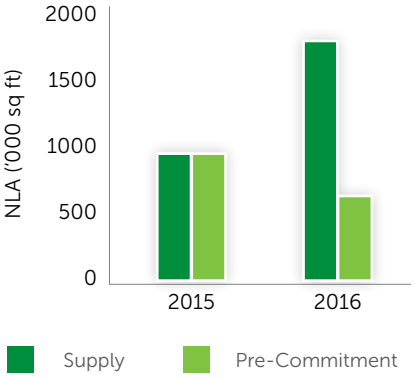
| | |
|---|---|
| West | 53% |
| North East | 30% |
| East | 10% |
| North | 7% |

## 2017



| | |
|---|---|
| Central | 62% |
| West | 38% |

## FUTURE BUSINESS PARK SUPPLY




Source: CBRE Consultancy, CBRE Research

## 2015



| | |
|---|---|
| One North | 60% |
| Science Park | 40% |

## 2016



| | |
|---|---|
| Alexandra | 62% |
| Science Park | 21% |
| One North | 17% |

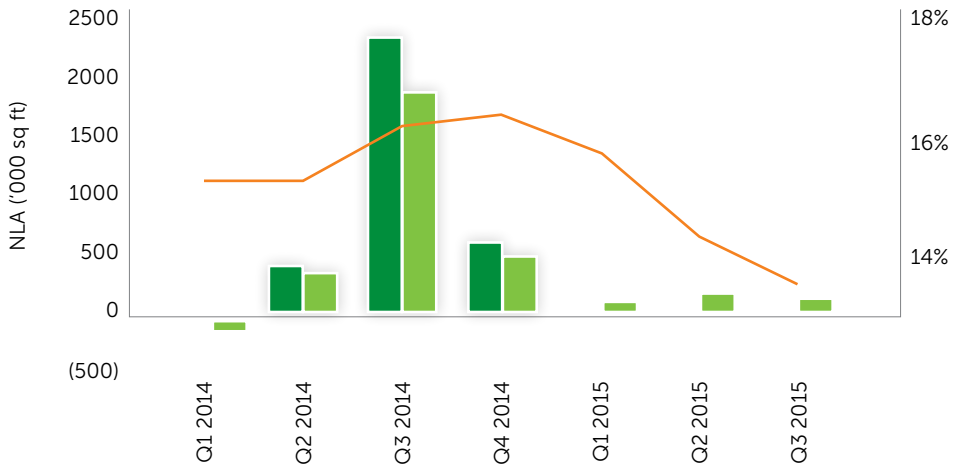
### 3.3 Demand and Occupancy

The island-wide net absorption for high-specs business space in 2015 YTD was 359,159 sq ft in 3Q 2015. On a quarterly basis, island-wide net absorption was 109,884 sq ft.

The change of focus in the pillars of growth for the industrial sector have resulted in a shift in the industrial scene in Singapore towards high value, high productivity activities. This has resulted in demand for more high-specs space. The shift in focus towards clean technology, pharmaceutical, information technology and aeronautical sector have resulted in a growing number of small and medium enterprises serving the multinational companies in these sectors that will increasingly require more high-specs space. As a result, island-wide occupancy rate for high-specs business space increased from 83.7% in 3Q 2014 to 86.5% in 3Q 2015.

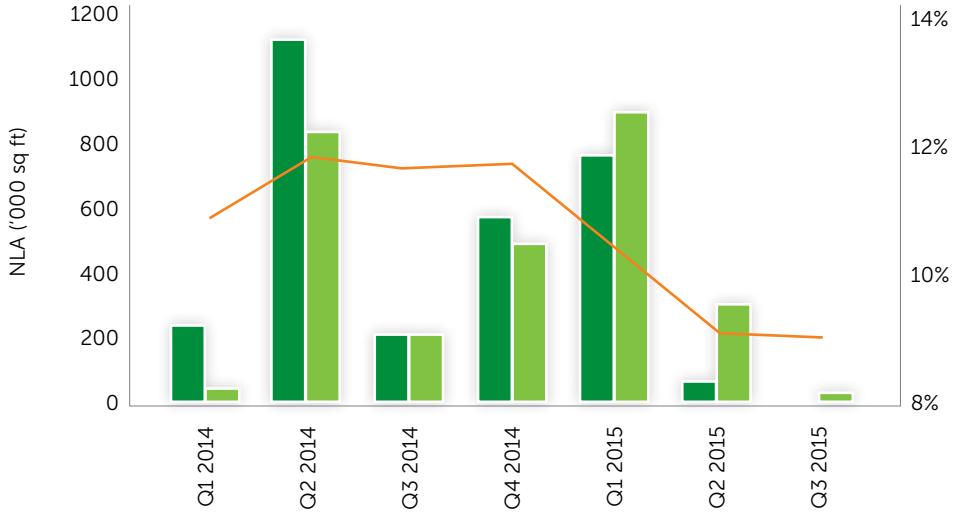
Given that upcoming supply of new high-specs business space enjoy high pre-commitment rates averaging 89.0% due to healthy demand, island-wide occupancy rate is likely to remain stable over the short term. Furthermore, as most of the new supply is located in the West of Singapore, it is likely that demand for city fringe high-specs business space in the Alexandra micro-market will remain strong in the short to medium term (See chart: Island-Wide High-Specs Net Supply, Net Absorption and Vacancy Rates).

## ISLAND-WIDE HIGH-SPECS NET SUPPLY, NET ABSORPTION AND VACANCY RATES




Source: CBRE Research — Net New Supply — Net Absorption — Vacancy Rate (RHS)

## ISLAND-WIDE BUSINESS PARK NET SUPPLY, NET ABSORPTION AND VACANCY RATES




Source: CBRE Research — Net New Supply — Net Absorption — Vacancy Rate (RHS)

Business Park space enjoyed equally healthy demand in 2015 backed by expansion of firms in the pharmaceutical and technology sectors. Island-wide 2015 YTD net absorption recorded approximately 1.2 million sq ft. This is an increase of 11.4 % over the same period in 2014.

Most demand for Business Park space in 2015 came mainly from the pharmaceuticals and healthcare, food and beverage, and information technology sectors. Island-wide occupancy rate increased 0.1% to 91.0% in 3Q 2015.

Furthermore, pre-commitment rates for future Business Park space remains healthy, averaging 57.7% island-wide. As such, vacancy rates for Business Park space are expected to remain low in the short to medium term (See chart: Island-wide Business Park Net Supply, Net Absorption and Vacancy Rates).

As at 30 September 2015, the occupancy rate for Alexandra Technopark was healthy at 94.6%.

### 3.4 Rents

Island-wide average rents in the high-specs market rose by 5.0% Y-o-Y to S$3.02 per sq ft (3.2% Q-o-Q) in 3Q 2015 as healthy demand supported rental growth. Rents in the fringe CBD high-specs area such as the Alexandra micro-market continue to command premiums of up to 22.6% above island-wide market rent due to its prime location and limited future supply.

Island-wide Business Park rents declined 1.5% Y-o-Y to S$4.36 per sq ft in 3Q 2015 (-0.6% Q-o-Q) as landlords choose to keep rents competitive to increase occupancy rates. In the Alexandra micro-market, Business Park rents dropped 6.1% Y-o-Y to S$6.20 per sq ft (-1.6% Q-o-Q) due to significant pipeline supply from the upcoming completion of Mapletree Business City Phase II and falling office rents. However, the Alexandra micro-market prime location continues to attract healthy demand and landlords are able to command premiums of up to 42.3% above the island-wide Business Park market rent. Within the Alexandra micro-market, Business Parks command a rental premium of 67.6% over high-specs rent (See chart: High-Specs and Business Park Rents).

### 3.5 Outlook

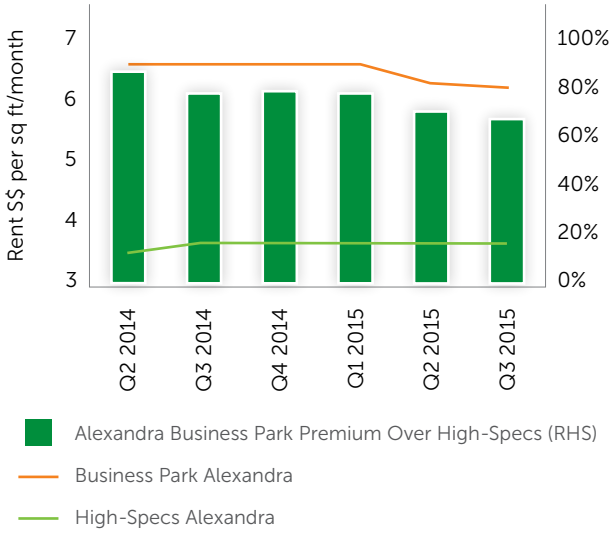
CBRE observes landlords focusing on remaining competitive against a backdrop of uncertain macroeconomic condition and a slowing economy. Occupancy rates are expected to inch marginally upwards as landlords continue to focus on increasing their occupancy rates.

However, in the short to medium term, High-Specs and Business Park tenants are likely to be spoilt for choices with the softening office market. Given the positive correlation between office rents, High-Specs and Business Park rents, both High-Specs and Business Park rents are likely to follow the general decline in office rents in the short to medium term.

Nonetheless, High-Specs and Business Park space in the fringe CBD micro-markets such as the Alexandra micro-market will continue to offer unique value propositions that will appeal to value conscious tenants.

In the long term, as businesses in Singapore continue to move up the value chain in search of higher productivity, demand for High-Specs and Business Park space is expected to remain relevant.

**HIGH-SPECS AND BUSINESS PARK RENTS**




Source: CBRE Consultancy, CBRE Research

**Qualifying Clause**

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# MARKET OVERVIEW
# MELBOURNE, AUSTRALIA

## MARKET OVERVIEW –MELBOURNE CBD OFFICE MARKET

As of July 2015, Victoria's economy continues to gather momentum, aided by the falling Australian dollar, low interest rates and strong population growth. In the year to March 2015, Victoria's population grew by 97,500 people, at a growth rate of 1.7% per annum, Australia's fastest growing state. Victoria's population growth has boosted the State's employment levels. In the year to August 2015, the Victorian employment growth was 1.2% and the current economic growth of Victoria in 2014/15 was 1.9%. The Victorian economy is forecast to grow by 1.9% in 2015/16 and an average of 2.5% per annum over the next 5 years.

## MELBOURNE CBD OFFICE MARKET VACANCY RATES AND NET ABSORPTION

Generally the CBD office market reflects equilibrium at present and the vacancy rates have been slowly falling over the last 2 years as improving demand has run past supply and back fill.

As at July 2015, the A grade vacancy rate was 7.6%, compared to the total CBD office vacancy rate of 8.1%; falling from 7.7% and 9.1% respectively in January 2015. This is the second lowest vacancy rate amongst all of Australia's CBD, with only Sydney lower at 6.1%.

Melbourne's CBD office market is heading for a record year for attracting new office tenants with almost 90,000 sq m of space taken up as of October 2015, 50.0% higher than the long term annual average from 1990 to 2015. In the six months to July 2015 net absorption totalled 60,906 sq m (forming part of the 90,000 sq m estimated to October 2015) which was a 5 year high.

The Melbourne CBD office market is also experiencing a structural change in demand, meaning this office market could experience rental growth in spite of the prevailing low economic growth conditions. Three key aspects to this are:

a. There is pronounced trend in the market generally of large tenants moving from the suburbs into the CBD which has been underway for over 5 years and gathering pace more recently. Over 2015 our analysis reveals that migrating tenants alone will absorb 84,000 sq m of CBD office space, 40.0% higher than the long term annual average net absorption of the total market.

b. At the same time residential development pressure is removing office sites and low grade office stock, and this in turn will bring upward pressure into the A grade office market.

c. There is also a long term flight to quality trend, encouraged by the incentives of generally between of 25.0% and 30.0% as at July 2015. This has spurred rental growth for prime CBD office stock of around 10.0% in the last 12 months in the preferred Eastern sector of the CBD and sets a platform for future growth in other CBD sectors as supply in the preferred East is now significantly reduced.

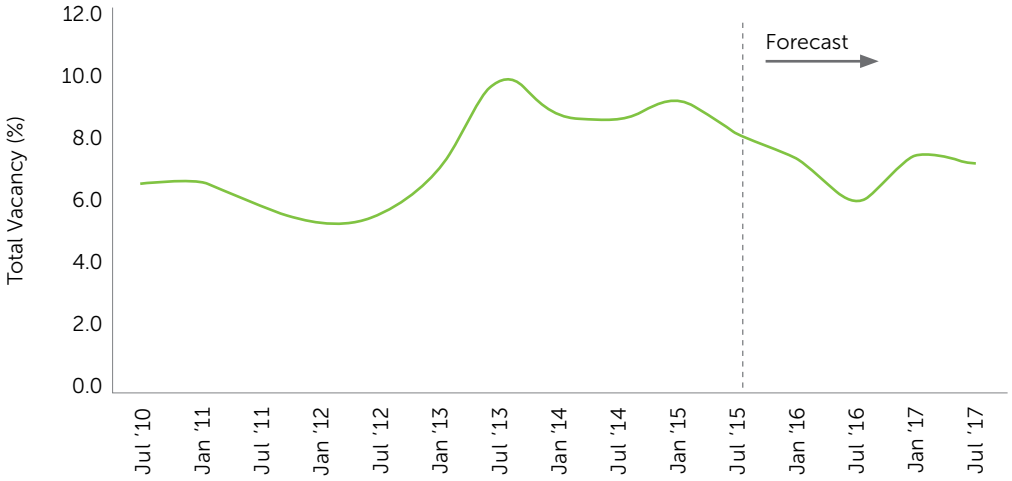
Overall vacancy rates in the CBD are projected to firm in the next few years from 8.1% as at July 2015 to 6.0% as at July 2016, and between 6.0% and 7.0% in the next few years depending on supply (See charts: Melbourne CBD Vacancy and Melbourne CBD Vacancy Forecast).

### MELBOURNE CBD VACANCY




Source: PCA / Knight Frank Research

## MELBOURNE CBD VACANCY FORECAST




Source: PCA / Knight Frank Research

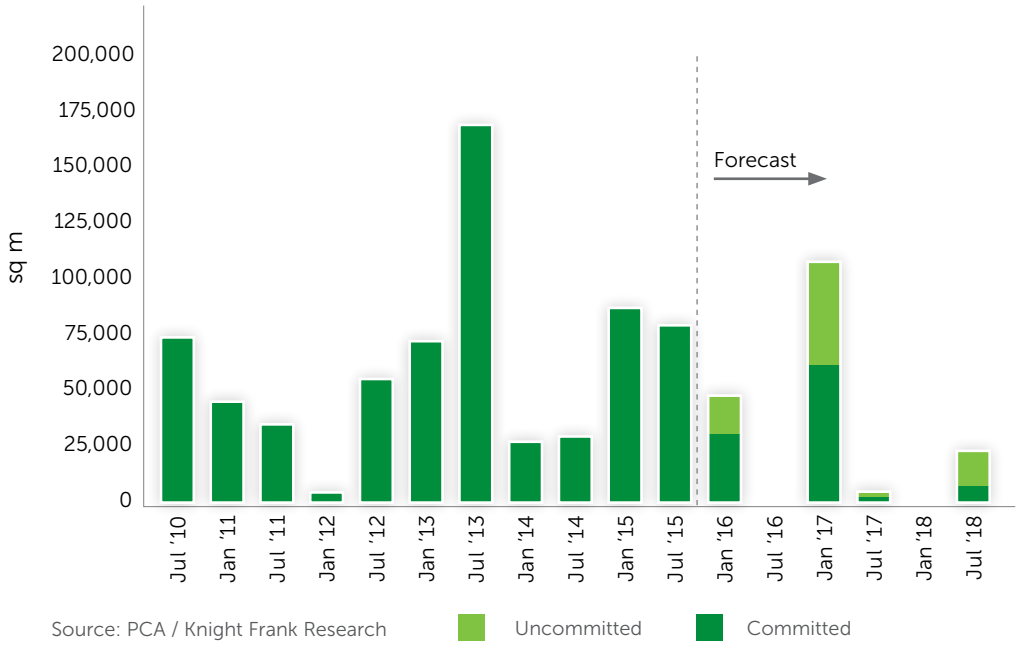
## MELBOURNE CBD OFFICE SUPPLY, FACE RENTAL GROWTH AND INCENTIVES OUTLOOK

The completion of 567 Collins Street marks the end of the current construction phase. Over the next 3 years, gross new supply will average 1.6% of total stock per annum, well below the historical average of 3.6% of stock. There is approximately 139,000 sq m of new office development under construction over the next 3 years, of which roughly 76,500 sq m is pre-committed (55%), leaving just 62,500 sq m of uncommitted new stock during this next phase.

With a firming vacancy rate and healthy demand incentives have generally firmed over the last 12 months from 30.0% to 35.0% down to 25.0% to 30.0% as at July 2015. Incentives are considered likely to remain a prominent part of the market with a number of major institutional developers holding significant sites which should convert to additional new supply and back fill from exiting tenants over the same period.

This being said, with Docklands now nearly fully developed, the market place is now free of the cheap land prices offered by this once in a generation urban

## GROSS SUPPLY AND COMMITMENT MELBOURNE CBD OFFICE MARKET




Source: PCA / Knight Frank Research

Uncommitted

Committed

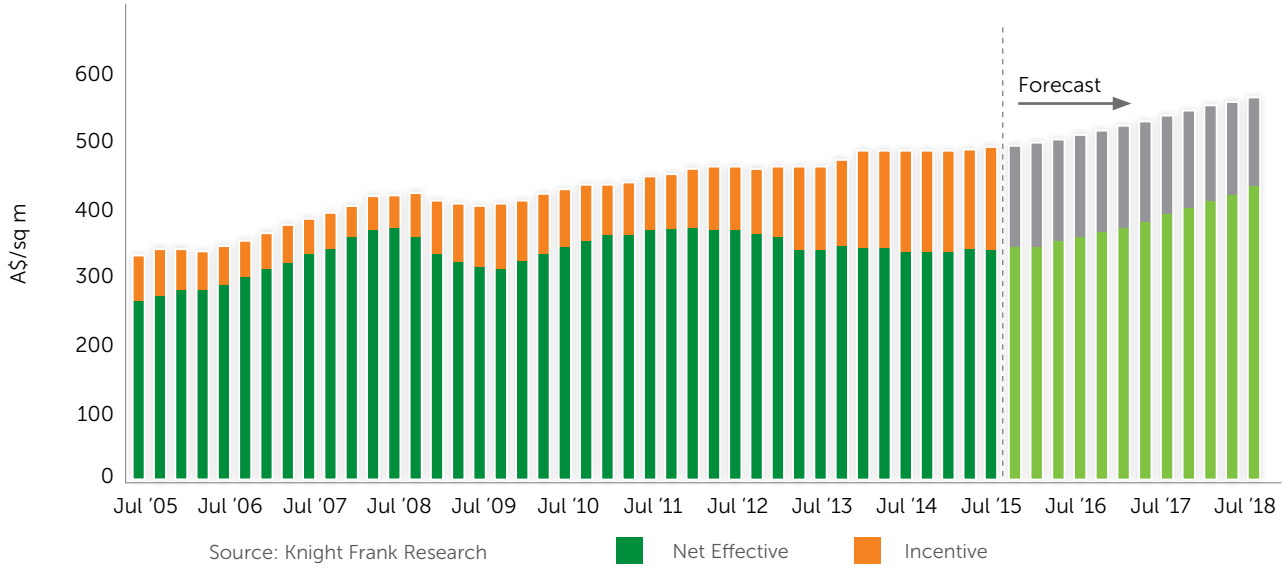
renewal project (that curtailed rental growth in the last cycle), and the next cycle should see construction rents as one of the future drivers of rental growth.

The majority of rental growth over the past 12 months occurred in A grade assets. Reflecting the tightening prime vacancy rate, average prime rents grew at their strongest rate in three years. As at July 2015, A grade net face rents was A$495 per square metre per annum, reflecting an annual growth of 1.9%. With the improving tenant demand for CBD office generally and forecast white collar employment growth driven by the finance, professional services and government sectors, the conditions are in place for steady face rental growth, particularly with Docklands now nearly fully developed. A grade CBD office rents are currently forecast to increase between 3.0% and 5.0% to July 2016 if the current conditions continue (See charts: Gross Supply and Commitment Melbourne CBD Office Market and Melbourne CBD Prime Rents 2005–2018).

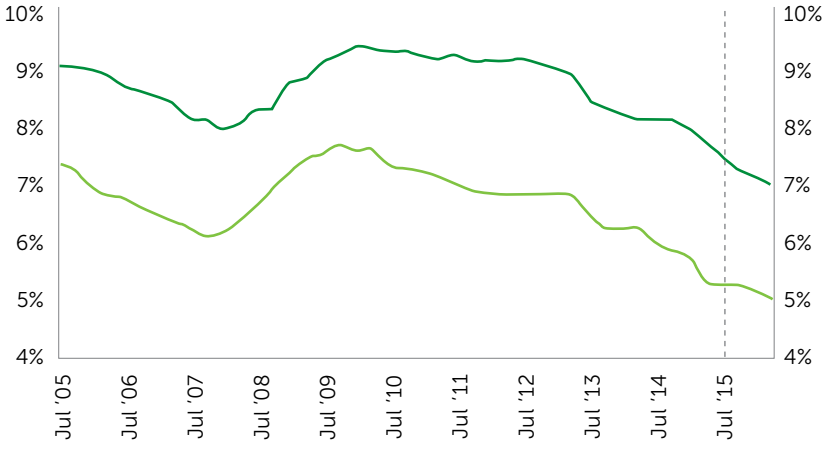
## MELBOURNE CBD OFFICE YIELDS

Capitalisation rates have followed the national downward trend, with the more dramatic falls in Victoria and New South Wales reflecting the superior underlying economic fundamentals in those states. The yield fall was led in prime, however this is now evident in the secondary office market. The market remains very buoyant with each transaction setting yet another new bench mark and the buoyancy of the market suggests there is potential for further compression if interest rates or the broader economy do not soften in any material way (See chart: Melbourne CBD Prime Office Yields).

## MELBOURNE CBD PRIME RENTS 2005–2018




## MELBOURNE CBD PRIME OFFICE YIELDS



# MARKET OVERVIEW
# PERTH, AUSTRALIA

## 1 ECONOMIC OVERVIEW

The Western Australia (WA) economy is transitioning from the construction phase to the production phase of the resources cycle. The mid-term outlook for WA will be determined by the shift in phases and the development of industries outside of the resources sector.

According to the Australia Bureau of Statistics, the country's Gross Domestic Product grew by 0.2% in the three months to June 2015 and 2.0% since June 2014. Decade low commodity prices and the oversupply of iron ore have brought about a new set of challenges for the state. The low iron ore price has led to a number of high-cost miners scaling back and undertaking cost saving schemes.

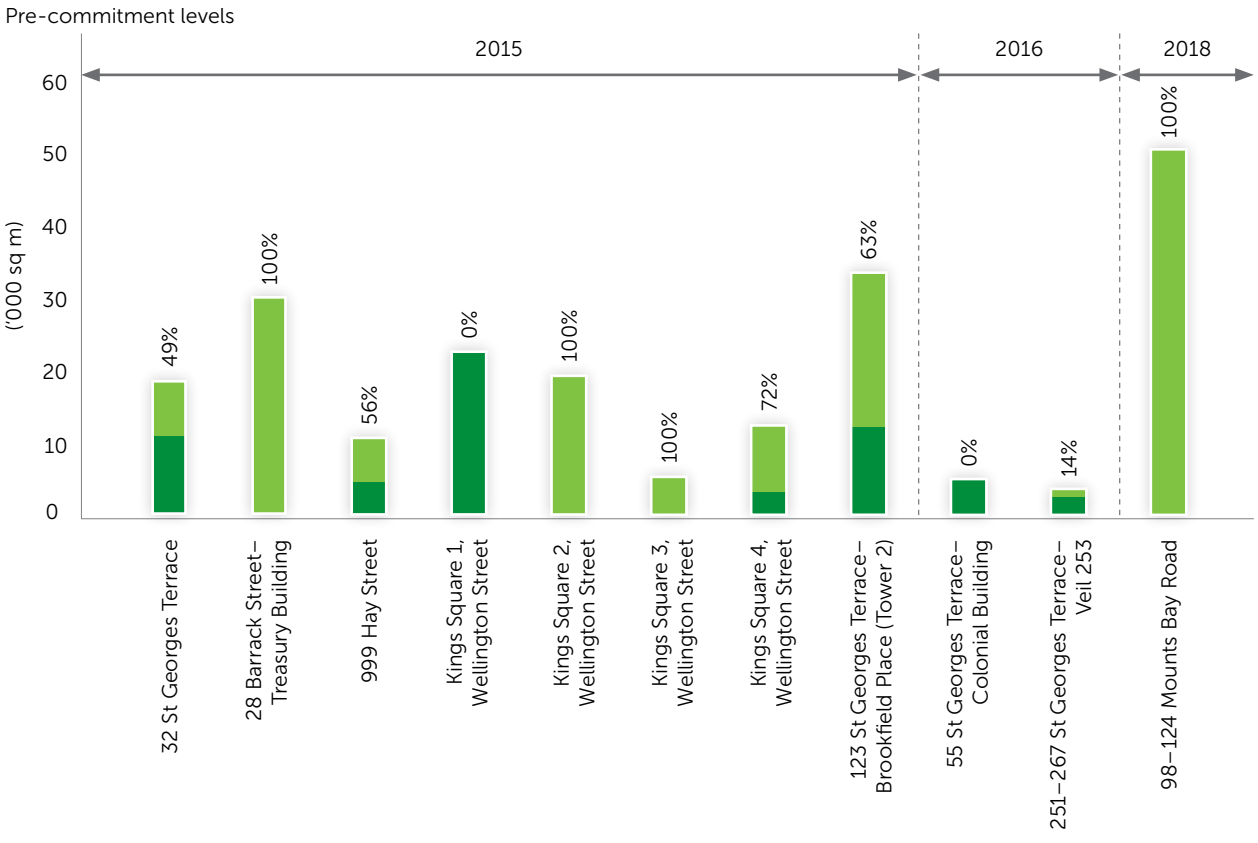
Consumer sentiment has fallen to its lowest since December 2014. Consumer sentiment rose following the Federal Budget and a further 25 basis point cut to the cash rate (2.00%). The volatility in sentiment shows that consumers remain sensitive to wider economic factors and external events.

## 2 PERTH CBD OFFICE SUPPLY ADDITIONS

There was only 15,045 sq m of new supply added to Perth CBD stock in the six months to July 2015 which, given the lack of demand has limited the upward pressure on vacancy. A significant level of supply is due for completion in the second half of 2015 totalling 134,556 sq m and of this stock 67.7% has been pre-committed. The level of commitment varies–the Old Treasury redevelopment and Kings Square (KS) 2 & 3 are fully pre-committed, while KS4 is 72.0% pre-committed to HBF. Brookfield Place Stage 2 is 62.5% pre-committed and will soon be home to Ashurst, Brookfield Multiplex, Corrs, Deloitte and Wesfarmers.

The only addition to stock in 2016 is a new development for Channel Nine Perth at 251-267 St Georges Terrace. A partial refurbishment at 55 St Georges Terrace is due for completion in early 2016 consisting of new paint, carpets and office partitioning. A mixed use development has begun construction at 480 Hay Street on the hotel component by Westin Perth, the office component of 33,280 sq m will only commence once pre-committed.

### PERTH CBD OFFICE SUPPLY




* Construction at 480 Hay Street will commence once pre-commitment is been achieved

The only other office building already under construction in 2015 is Woodside Petroleum's new headquarters at Capital Square, 98-124 Mounts Bay Rd (the Emu Brewery site) of 50,500 sq m. Works have commenced on the site with completion due in 2018.

Beyond these projects under construction, office development over the next two years will be limited, which will cushion the market somewhat. With much of the current development completed by late 2015, new stock entering the cycle has developers adopting a more cautious approach as construction works will only commence when a robust level of pre-lease commitment has been secured.

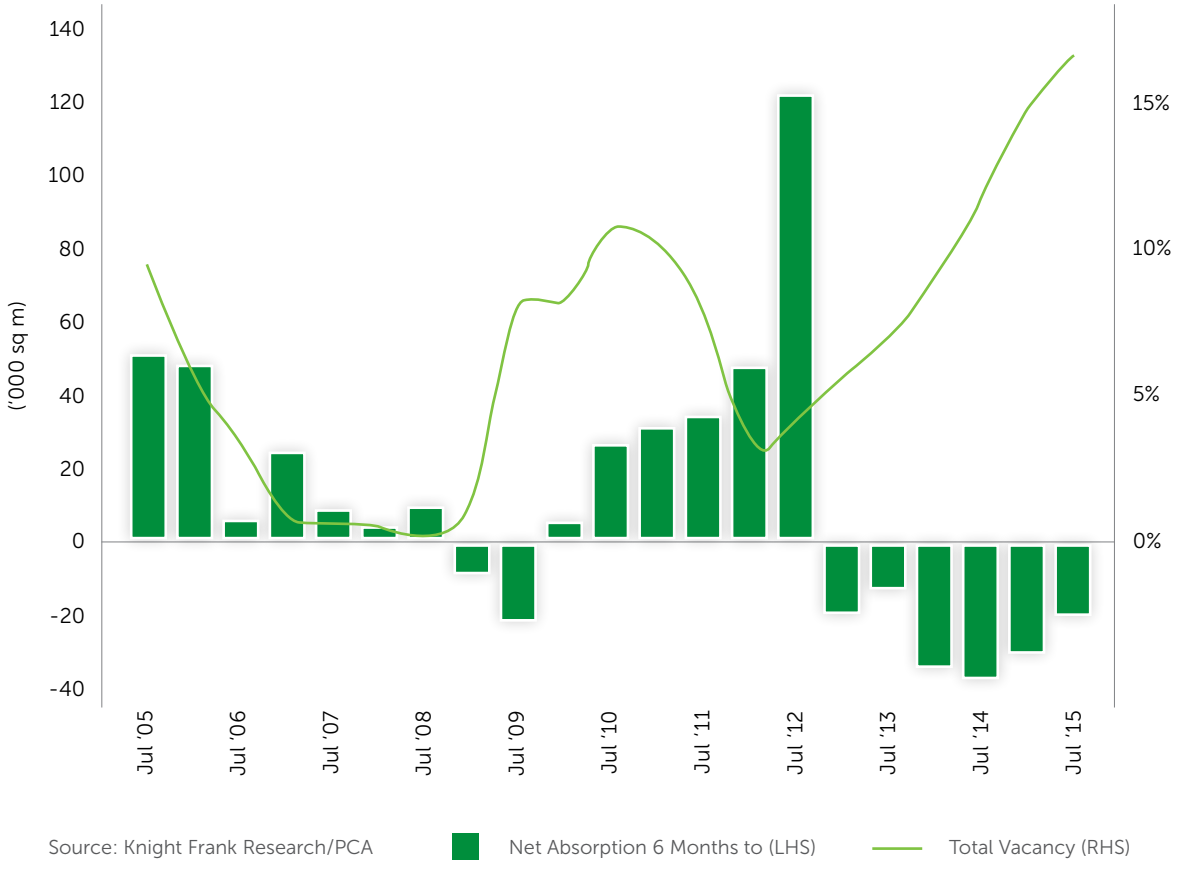
A significant increase in backfill space in the Perth CBD is likely to make an impact over the next year as new developments reach completion (See chart: Perth CBD Office Supply).

## 3 NET ABSORPTION AND VACANCY

Net absorption in the 12 months to July 2015 was negative 50,457 sq m. The Perth CBD market has continued to experience negative net absorption with July 2015 being the sixth consecutive negative result in net absorption since the six months to July 2012. Negative net absorption is also attributed to the increase in sublease space available in the Perth CBD, as companies are continuing to downsize.

The Perth CBD recorded a negative net absorption of 19,875 sq m over the six months to July 2015 as company contractions and tenant relocations made their impact. Prime assets recorded negative net absorption of 6,256 sq m, accounting for 31.5% of the total. Of that, Premium grade assets recorded negative absorption of 3,233 sq m following two consecutive half year periods of negative results. The trend in the market is that net absorption will remain negative moving into 2016.

**PERTH CBD HISTORICAL VACANCY AND NET ABSORPTION**
(PER SIX MONTH PERIOD)




Source: Knight Frank Research/PCA

Net Absorption 6 Months to (LHS)

Total Vacancy (RHS)

The CBD office vacancy was 16.6% as at July 2015, an increase of 4.8 percentage points from the July 2014 figure of 11.8%. The high vacancy rate is being caused by negative demand for new office space and some new office stock coming into the market. A total of 270,793 sq m of vacant space is available across the Perth CBD. This is an additional 30,861 sq m since January 2015.

On a grade by grade basis, vacancies increased across the board. The largest volume of space vacant is in A and B grade buildings with 98,045 sq m (36.2%) and 102,974 sq m (38.0%) respectively. The Premium grade vacancy was only 30,802 sq m recording a vacancy of 9.5% as at July 2015, up from 3.9% in July 2014.

| Vacancy (%) | Premium | A Grade | B Grade |
|---|---|---|---|
| July 2015 | 9.5 | 15.6 | 21.5 |
| July 2014 | 3.9 | 12.7 | 13.1 |

Sublease space continues to be a major factor within the Perth CBD office market. The sublease vacancy is sitting at 3.5%, up 10,901 sq m from 2.8% in January 2015.

A significant volume of supply is due for completion in the second half of 2015 which will have an impact on the vacancy rate moving into 2016 although 68.5% of new supply is pre-committed. The total vacancy will continue to rise into 2016 when we expect a vacancy rate of around 22% by mid-2016.

## 4 PERTH CBD OFFICE MARKET RENTALS

The current Perth CBD office market is allowing tenants the opportunity to seek better quality space and obtain greater incentives and in turn reset their passing rentals. Tenants upgrading from secondary to prime grade properties are ideally looking for small to mid-sized space at competitive rents with a longer lease term and increased incentives. The incentives that tenants are seeking include rent free periods/rebates as well as capital contributions for office fit-outs which in turn minimises the cost for the tenant going forward with the move.

After speculation of anchoring a new tower at Elizabeth Quay, an entity of Rio Tinto Limited has signed a Heads of Agreement for the new lease at Central Park, 152-158 St Georges Terrace for 12 years from 2018 to 2030. Hamersley Iron Pty Ltd, a wholly owned subsidiary of Rio Tinto Group, is currently a tenant at Central Park.

Perth office rents continued to moderate over the first half of the year and have fallen steadily since the peak in July 2012. Net effective rents are being significantly impacted as rising incentives flow through. Average Perth CBD prime net face rents are at A$612/ sq m per annum as at July 2015. Premium grade net face rents as at July 2015 totalled A$670/ sq m per annum. Furthermore, current rents and the cost of incentives are working against the viability of new developments. Demand is soft, but many tenants are taking advantage of incentives to relocate to higher quality office space.

Incentives have now risen to average circa 45.0%, up from 35.0% in January 2015. Incentive levels are expected to remain high as vacancy levels rise further into 2016.

## 5 INVESTMENT OVERVIEW

Investment activity for the 2014 calendar year saw a total of A$640.4 million worth of transactions for the Perth CBD. The majority of activity happened in the first six months of the year with four of the six transactions occurring before July 2014. The first six months of 2015 has seen very little activity in the office sector. The first major office building sale occurred in August 2015 for A$101 million at 45 Francis Street, known as the Australian Tax Office Headquarters in Northbridge.

Average prime core market yields are estimated to range between 7.0% and 8.0%, with minimal firming occurring over the past year.

# INVESTOR RELATIONS

"Proactive communication and transparency through timely information are an essential part of our engagement with the investment community"

## PROACTIVE AND REGULAR ENGAGEMENT

The Manager is proactive in engaging stakeholders on a regular basis as it believes active interaction and engagement would provide stakeholders with timely information required to make informed investment decisions. The Manager regularly engages the investment community such as analysts, fund managers and investors via various platforms such as briefings, conference calls, conferences, non-deal roadshows and one-to-one meetings. Such interactions provide the investment community regular access to senior management. Concerns and queries raised also provide the Manager with a better understanding of the expectations and perceptions of FCOT. Property visits were also conducted to provide investors with a better understanding of the properties of FCOT.

In FY2015, the Manager met with more than 200 investors and analysts globally and participated in 46 conferences, conference calls, meetings and non-deal roadshows in Hong Kong, New York, Philadelphia, San Francisco, Singapore and Tokyo. Besides raising the profile of FCOT, these are good avenues for the Manager to share the latest performances, developments, strategies and outlook of the Trust. The Manager also participated in events targeting retail investors such as the SIAS Corporate Profile Seminar and Lim & Tan Securities Clients and Trade Representatives Evening in Singapore, as part of its initiatives to provide investor education and raising awareness about the Trust. The Manager also conducted analysts' briefings and investors' luncheon regularly after the announcements of half year and full year results to provide updates on the latest performances of FCOT.

The sixth AGM was held on 22 January 2015 and Unitholders were provided updates on the performances, outlook and strategies of FCOT. On 22 June 2015, an EGM was held and Unitholders were provided details on the corporate transactions announced in April 2015. The AGM and EGM were attended by the Board of Directors and the senior management of the Manager. The meetings were well attended and are also another good avenue for Unitholders to raise queries, interact and engage directly with the Board of Directors and senior management. In line with good corporate governance practice, external auditors, valuers and external lawyers were also present at the AGM and EGM to address any queries from Unitholders. Voting for all the AGM and EGM resolutions were conducted via polls. The results of such meetings showing the number of votes cast for and against each resolution were also announced after the completion of the meetings.

The Manager will continue to maintain its proactive and regular engagement with the investment community.

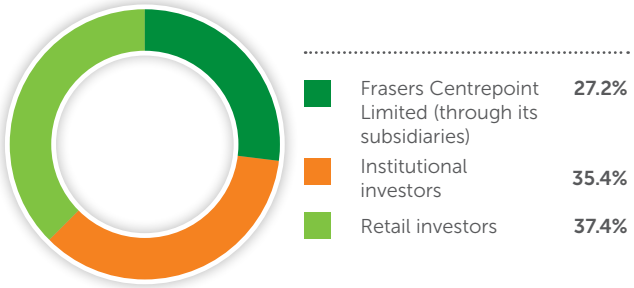
## EFFECTIVE COMMUNICATION

Materials such as annual reports, investor presentations and press releases, asset details, distribution history, financial information, information on the Board of Directors and management are also set out on the FCOT website at www.fraserscommercialtrust.com. The website enables stakeholders to have equal and easy access to information. Material, market sensitive information and corporate actions which are filed with the Singapore Exchange are also posted on the FCOT website. Supplemental financial and operational information are provided in Excel on a quarterly basis which could be downloaded directly from the website.

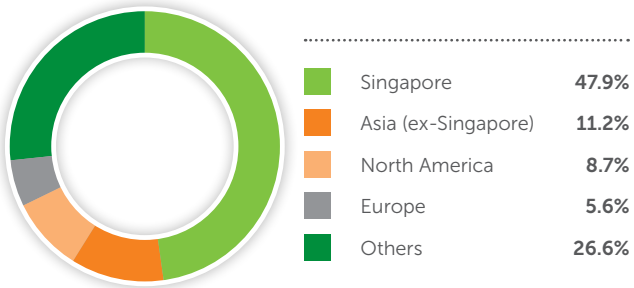
## FCOT UNITHOLDERS

As at 30 September 2015, Frasers Centrepoint Limited, through its subsidiaries, held 27.2% Units in FCOT. Another 35.4% of the Units were held by institutional investors and the remaining Units were held by retail investors. By geographical location, 47.9% of the Units were held by investors from Singapore, followed by 11.2% from Asia (excluding Singapore). The rest of the investors were mainly from North America and Europe.

### UNITHOLDERS BY TYPE




### UNITHOLDERS BY GEOGRAPHY



## FCOT WINS PRESTIGIOUS AWARD IN CORPORATE GOVERNANCE FOR THE THIRD CONSECUTIVE YEAR

For the third consecutive year, FCOT was the runner-up in the Singapore Corporate Governance Award under the REITs and Business Trusts category at the 16th SIAS Investors' Choice Award 2015. The Manager and the Board of Directors believe good corporate governance practice is one of the key pillars to a sustainable business and strengthening the market's and investors' confidence in FCOT. We are committed in our efforts to continue upholding high standards of corporate governance practices to enhance and create long-term value for our stakeholders.



From left to right: Mr Gautam Banerjee, Chairman, Singapore Corporate Governance Award Selection Committee; Mrs Lim Hwee Hua, Chairman, SIAS; Mr Chan Chun Sing, Secretary-General, National Trades Union Congress and Minister, Prime Minister's Office; and Mr Low Chee Wah

## INVESTOR RELATIONS CALENDAR IN FY2015

| Activities | Month |
|---|---|
| **First Quarter FY2015 (1 October 2014 – 31 December 2014)** | |
| Alliance and DBS Corporate Access Day in Kuala Lumpur | October |
| Analysts' Briefing on FY2014 results | October |
| Post-results investors luncheon | October |
| SIAS Corporate Profile Seminar in Singapore | November |
| **Second Quarter FY2015 (1 January 2015 – 31 March 2015)** | |
| DBS The Pulse of Asia Conference in Singapore | January |
| Post-results investors luncheon | January |
| Bank of America Merrill Lynch 2015 ASEAN Conference in Singapore | March |
| **Third Quarter FY2015 (1 April 2015 – 30 June 2015)** | |
| Deutsche Bank DBAccess Conference in Hong Kong | April |
| JP Morgan Asia Pacific Real Estate Conference in Singapore | April |
| Lim & Tan Securities Clients and Trade Representatives Evening in Singapore | April |
| Analysts' Briefing on FY2015 first half results | April |
| Post-results investors luncheon | April |
| Bank of Singapore Singapore Equities Forum in Singapore | May |
| Barclays Select Series: SGX Corporate Day in Singapore | May |
| Non-deal roadshow in the United States of America | May |
| Non-deal roadshows in Singapore, Hong Kong and Japan | June |
| **Fourth Quarter FY2015 (1 July 2015 – 30 September 2015)** | |
| Macquarie ASEAN Conference 2015 in Singapore | August |
| Citi REITAS Singapore REITs & Sponsors Forum 2015 in Singapore | September |

## ANALYSTS COVERAGE

FCOT is covered by the following brokerage houses. BNP Paribas Securities initiated coverage on FCOT whilst RHB Research reinitiated coverage on FCOT in FY2015. In November 2015, Barclays Equity Research initiated coverage on FCOT.

1. Barclays Equity Research
2. BNP Paribas Securities
3. CIMB Research
4. DBS Vickers Research
5. OCBC Investment Research
6. Religare Capital Markets Research
7. RHB Research

## FEEDBACK

To promote open and transparent communication, the Manager values and welcomes market feedback, which may be made via the following channels:

Telephone: +65 6276 4882
Facsimile: +65 6276 8942
Email: fcot@fraserscentrepoint.com

## DISTRIBUTIONS

FCOT applied the DRP for the distributions in FY2015, save for the Advanced Distribution for the period from 1 July 2015 to 2 August 2015 which was paid out in cash. The DRP provides Unitholders with an option to receive their distributions either in cash, Units or a combination of both. A summary of FY2015 distributions are as follows:

| Financial Quarter | Financial Period | Distribution | Distribution Per Unit (cents) |
|---|---|---|---|
| First Quarter FY2015 | 1 October 2014 to 31 December 2014 | Taxable[1] | 1.8460 |
| | | Tax-exempt[2] | 0.5780 |
| | | Capital[3] | 0.0368 |
| | | **Total** | **2.4608** |
| | | **Payment date** | **27 February 2015** |
| Second Quarter FY2015 | 1 January 2015 to 31 March 2015 | Taxable[1] | 1.9300 |
| | | Tax-exempt[2] | 0.4205 |
| | | Capital[3] | 0.0249 |
| | | **Total** | **2.3754** |
| | | **Payment date** | **29 May 2015** |
| Third Quarter FY2015 | 1 April 2015 to 30 June 2015 | Taxable[1] | 1.9307 |
| | | Tax-exempt[2] | 0.3925 |
| | | Capital[3] | 0.0278 |
| | | **Total** | **2.3510** |
| | | **Payment date** | **28 August 2015** |
| Fourth Quarter[5] FY2015 | 1 July 2015 to 2 August 2015 (Advanced Distribution)[6] | Taxable[1] | 0.7470 |
| | | Tax-exempt[2] | 0.1642 |
| | | **Advanced Distribution** | **0.9112** |
| | | **Payment date** | **1 October 2015** |
| | 3 August 2015 to 30 September 2015 (Unitholders' Distribution) | Taxable[1] | 1.1895 |
| | | Tax-exempt[2] | 0.3838 |
| | | Capital[3] | 0.0336 |
| | | **Unitholders' Distribution[4]** | **1.6069** |
| | | **Payment date** | **27 November 2015** |
| | | Taxable[1] | 1.9365 |
| | | Tax-exempt[2] | 0.5480 |
| | | Capital[3] | 0.0336 |
| | | **Total for Fourth Quarter** | **2.5181** |

Notes:

1. Taxable income distribution - qualifying investors and individuals (other than those who hold their Units through a partnership) will generally receive pre-tax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession. Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10.0%. All other investors will receive their distributions after deduction of tax at the rate of 17.0%.
2. Tax-exempt income distribution is exempt from tax in the hands of all Unitholders.
3. Capital distribution represents a return of capital to Unitholders for tax purposes and is therefore not subject to income tax. For Unitholders who hold the Units as trading assets, the amount of capital distribution will be applied to reduce the cost base of their Units for the purpose of calculating the amount of taxable trading gains arising from the disposal of the Units. No tax will be deducted at source from this component.
4. The tax treatment as described above will apply to Unitholders electing to receive distributions in Units under the DRP.
5. Comprise (a) Advanced Distribution of 0.9112 cents per Unit declared for the period from 1 July 2015 to 2 August 2015; and (b)Unitholders' Distribution of 1.6069 cents per Unit for the period from 3 August 2015 to 30 September 2015.
6. Advanced Distribution declared in relation to the Private Placement. The 96.0 million new Units issued under the Private Placement were not entitled to the Advanced Distribution.

## CALENDAR OF FINANCIAL EVENTS FY2016

(SUBJECT TO CHANGES BY THE MANAGER WITHOUT PRIOR NOTICE)

**January 2016**
- Seventh AGM
- Release of FY2016 First Quarter Results

**February 2016**
- Payment of distribution for FY2016 First Quarter

**April 2016**
- Release of FY2016 Second Quarter Results

**May 2016**
- Payment of distribution for FY2016 Second Quarter

**July 2016**
- Release of FY2016 Third Quarter Results

**August 2016**
- Payment of distribution for FY2015 Third Quarter

**October 2016**
- Release of FY2016 Full Year Results

**November 2016**
- Payment of distribution for FY2016 Fourth Quarter

# OVERVIEW OF PROPERTIES

## "S$2.0 billion assets focused in Singapore and Australia"

FCOT's portfolio expanded following the acquisition of 357 Collins Street. The portfolio comprises six quality commercial properties located in the core markets of Singapore and Australia. As at 30 September 2015, the total value of the five office buildings and a business space building was S$2.0 billion. The properties are strategically located, well-connected, have ample amenities and have various sustainability features to reduce its environmental footprint.



# OVERVIEW OF PROPERTIES








## 1 SINGAPORE

**Properties**
2 office buildings
1 business space building

**Asset Values as at 30 September 2015**
S$1,209.0 million (61.8%)

**Portfolio Net Property Income for FY2015**
S$61.5 million (60.4%)

**Net Lettable Area as at 30 September 2015**
1.5 million (56.8%)

## 2 AUSTRALIA

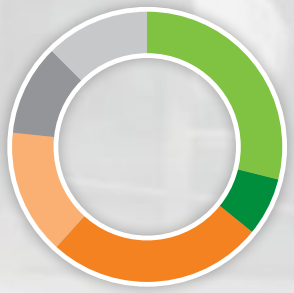
**Properties**
3 office buildings

**Asset Values as at 30 September 2015**
S$745.8 million[1] (38.2%)

**Portfolio Net Property Income for FY2015**
S$40.4 million (39.6%)

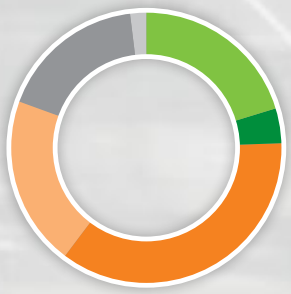
**Net Lettable Area as at 30 September 2015**
1.1 million (43.2%)

### ASSET VALUES AS AT 30 SEPTEMBER 2015



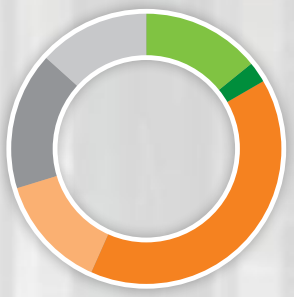
| | |
|---|---|
| China Square Central | 29.1% |
| 55 Market Street | 7.0% |
| Alexandra Technopark | 25.7% |
| Central Park | 14.9% |
| Caroline Chisholm Centre | 11.0% |
| 357 Collins Street | 12.3% |

### NET PROPERTY INCOME FOR FY2015



| | |
|---|---|
| China Square Central | 20.5% |
| 55 Market Street | 4.2% |
| Alexandra Technopark | 35.7% |
| Central Park | 20.2% |
| Caroline Chisholm Centre | 17.6% |
| 357 Collins Street | 1.8%[2] |

### NET LETTABLE AREA AS AT 30 SEPTEMBER 2015



| | |
|---|---|
| China Square Central | 14.2% |
| 55 Market Street | 2.7% |
| Alexandra Technopark | 39.9% |
| Central Park | 13.6% |
| Caroline Chisholm Centre | 16.5% |
| 357 Collins Street | 13.1% |

[1] Based on the exchange rate of A$1.00 = S$1.0011 as at 30 September 2015.
[2] For the period from 18 August 2015 being the date of acquisition of 357 Collins Street to 30 September 2015.

# PORTFOLIO DETAILS

## CHINA SQUARE CENTRAL



**Address**
18, 20 & 22 Cross Street,
China Square Central
Singapore 048423/2/1

**Tenure**
Leasehold 99 years
commencing February 1997

**Net lettable area**
372,182 sq ft (34,577 sqm)

**Carpark spaces**
394

**Purchase price**
S$390.0 million

**Acquisition date**
30 March 2006

**Valuation as at 30 September 2015**
S$570.0 million

**Increase in valuation since purchase**
46.2%

**Occupancy rate as at 30 September 2015**
96.2%[1]

**FY2015 gross revenue**
S$31.4 million

**FY2015 net property income**
S$20.9 million

## 55 MARKET STREET



**Address**
55 Market Street,
Singapore 048941

**Tenure**
Leasehold 999 years
commencing April 1826

**Net lettable area**
71,796 sq ft (6,670 sqm)

**Carpark spaces**
Nil

**Purchase price**
S$72.5 million

**Acquisition date**
22 November 2006

**Valuation as at 30 September 2015**
S$136.0 million

**Increase in valuation since purchase**
87.6%

**Occupancy rate as at 30 September 2015**
95.8%

**FY2015 gross revenue**
S$6.0 million

**FY2015 net property income**
S$4.3 million

## ALEXANDRA TECHNOPARK



**Address**
438A & 438B Alexandra Road
Singapore 119967/8

**Tenure**
Leasehold 99 years
commencing August 2009

**Net lettable area**
1,045,227 sq ft (97,105 sqm)

**Carpark spaces**
905

**Purchase price**
S$342.5 million

**Acquisition date**
26 August 2009

**Valuation as at 30 September 2015**
S$503.0 million

**Increase in valuation since purchase**
46.9%

**Occupancy rate as at 30 September 2015**
94.6%

**FY2015 gross revenue**
S$50.5 million

**FY2015 net property income**
S$36.4 million

1 Committed occupancy as at 30 September 2015.
2 Represents Frasers Commercial Trust's 50.0% indirect interest in the asset.
3 Based on the exchange rate of A$1.00 = S$1.2347 being the rate at the time of acquisition.
4 Based on the exchange rate of A$1.00 = S$1.0011 as at 30 September 2015.
5 Based on the valuation denominated in Australian dollar.

# PORTFOLIO DETAILS

## CENTRAL PARK



**Address**
152-158 St Georges Terrace
Perth WA 6000, Australia

**Tenure**
Freehold

**Net lettable area**
356,845 sq ft (33,152 sqm)[2]

**Carpark spaces**
421

**Purchase price**
A$190.0 million (S$234.6 million)[3]

**Acquisition date**
30 March 2006

**Valuation as at 30 September 2015**
AS$290.0 million (S$290.3 million)[4]

**Increase in valuation since purchase**
52.6%[5]

**Occupancy rate as at 30 September 2015**
88.6%

**FY2015 gross revenue**
S$29.8 million

**FY2015 net property income**
S$20.6 million

## CAROLINE CHISHOLM CENTRE



**Address**
Block 4 Section 13, Tuggeranong
ACT 2900, Australia

**Tenure**
Leasehold 99 years
commencing June 2002

**Net lettable area**
433,182 sq ft (40,244 sqm)

**Carpark spaces**
1,093

**Purchase price**
A$191.8 million (S$244.4 million)[6]

**Acquisition dates**
18 June 2007 and 13 April 2012[7]

**Valuation as at 30 September 2015**
A$215.0 million (S$215.2 million)[4]

**Increase in valuation since purchase**
12.1%[5]

**Occupancy rate as at 30 September 2015**
100.0%

**FY2015 gross revenue**
S$22.0 million

**FY2015 net property income**
S$17.9 million

## 357 COLLINS STREET




**Address**
357 Collins Street, Melbourne
Victoria 3000, Australia

**Tenure**
Freehold

**Net lettable area**
343,616 sq ft (31,923 sqm)

**Carpark spaces**
41

**Purchase price**
A$222.5 million (S$226.6 million)[8]

**Acquisition date**
18 August 2015

**Valuation as at 30 September 2015**
A$240.0 million (S$240.3 million)[4]

**Increase in valuation since purchase**
7.9%[5]

**Occupancy rate as at 30 September 2015**
98.4%

**FY2015 gross revenue**
S$2.4 million[9]

**FY2015 net property income**
S$1.9 million[9]

[6] Based on the exchange rates of A$1.00 = S$1.2533 and A$1.00 = S$1.3028, being the exchange rates at the time of acquisitions as at 18 June 2007 and 13 April 2012, respectively.

[7] On 13 April 2012, Frasers Commercial Trust acquired the remaining 50.0% interest in Caroline Chisholm Centre.

[8] Based on the exchange rate of A$1.00 = S$1.0186 being the rate at the time of acquisition.

[9] From 18 August 2015, being the date of the completion of the acquisition to 30 September 2015.

## CHINA SQUARE CENTRAL, SINGAPORE



China Square Central is an office and retail development comprising a 15-storey commercial office tower with two storeys of retail podium, two basement levels and two clusters of heritage shophouses. The shophouses with modernised Chinese architecture features house offices, shops and restaurants. Located in the Central Business District, the commercial office tower was refreshed following the completion of the asset enhancement initiative and the area along Nankin Mall was revitalised with the construction of a covered linkway following the completion of the Precinct Master Plan in FY2013. Going forward, China Square Central will be further rejuvenated with the construction of a 16 storey hotel, 'Capri by Fraser', by an entity of FCL. New retail and commercial spaces to be created with better frontage and visibility will also benefit China Square Central in the long run.

China Square Central is within walking distance to three mass rapid transit (MRT) stations. It is approximately a three minute walk from Telok Ayer MRT station (Downtown Line), six minute walk from Chinatown MRT station (North East Line) and an eight minute walk from Raffles Place MRT station (North South Line). These MRT stations are well connected to other MRT lines such as the Circle and East West MRT Lines.

China Square Central has a diverse tenant mix of 114 office and retail tenants from various trade sectors. Major office tenants include GroupM Singapore Pte Ltd, Cerebos Pacific Ltd and Equinix Asia Pacific Pte Ltd. Retail tenants such as Sushi Tei, &SONS Bacaro, Folks Collective Restaurant, Club Meatballs and Wang Dae Bak Korean BBQ Restaurant serve tenants and the public in the vicinity.

China Square Central has attained several green accolades including the Green Mark Gold Award by the Building & Construction Authority of Singapore (BCA) and the Water Efficient Building Award by the Public Utilities Board (PUB). The sustainable practices implemented by the management office has been accredited by the Singapore Environment Council (SEC) under Project: Eco-Office. China Square Central is part of the Friends of Water programme organised by the PUB. China Square Central also won silver in the Excellent Service Award 2015 (EXSA)[1].

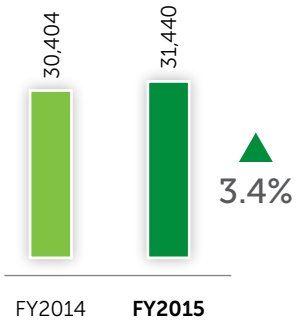
Please visit China Square Central at www.chinasquarecentral.com for more information.

| | |
|---|---|
| **Address** | 18, 20 & 22 Cross Street, China Square Central, Singapore 048423/2/1 |
| **Tenure** | Leasehold 99 years commencing February 1997 |
| **Total NLA** | 372,182 sq ft |
| **Office NLA** | 272,921 sq ft |
| **Retail NLA** | 99,261 sq ft |
| **Number of Tenants** | 114 |
| **Car Park Lots** | 394 |
| **Acquisition Price (30 March 2006)** | S$390.0 million |
| **Market Valuation (30 September 2015)** | S$570.0 million |

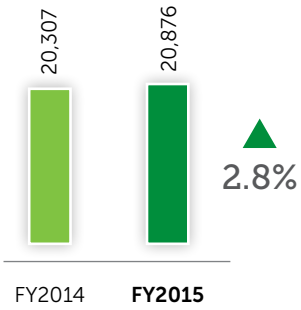
[1] EXSA is managed by seven industry leading bodies and supported by SPRING Singapore.

## OPERATIONAL HIGHLIGHTS

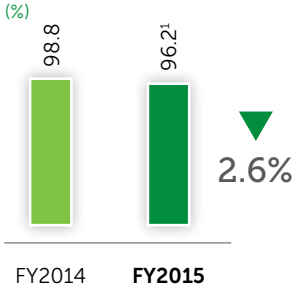
**Gross Revenue**
(S$'000)



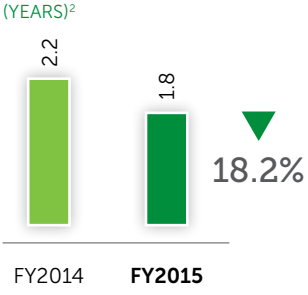

**Net property income**
(S$'000)



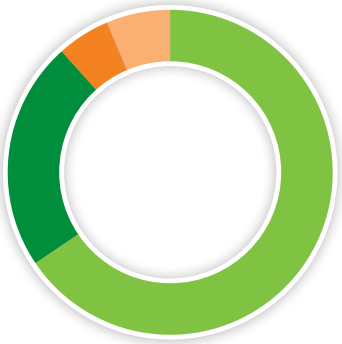

**Occupancy**
(%)




**WALE**
(YEARS)[2]




## GROSS REVENUE MIX



| | |
|---|---|
| Office rental | 65.8% |
| Retail rental | 22.6% |
| Miscellaneous income | 6.3% |
| Carpark income | 5.3% |

[1] Committed occupancy as at 30 September 2015.
[2] The WALE is calculated on a gross rental income basis with respect to the unexpired lease terms of the existing tenants and is stated as at 30 September.

## TOP 10 TENANTS

| As at 30 September 2015 | NLA (sq ft) | % of total NLA |
|---|---|---|
| GroupM Singapore Pte Ltd | 56,285 | 15.1 |
| Cerebos Pacific Ltd | 43,074 | 11.6 |
| Equinix Asia Pacific Pte Ltd | 18,108 | 4.9 |
| The 3rd Space Management Pte Ltd | 10,943 | 2.9 |
| Federal Insurance Company | 10,197 | 2.7 |
| True Fitness Pte Ltd | 10,056 | 2.7 |
| OCBC Properties Services Pte Ltd | 9,066 | 2.4 |
| Cold Storage Singapore (1983) Pte Ltd | 8,541 | 2.3 |
| Attilan Group Limited | 8,405 | 2.3 |
| WT Partnership (S) Pte Ltd | 7,739 | 2.1 |
| **Total** | **182,414** | **49.0** |

## LEASE EXPIRY PROFILE

| As at 30 September 2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 & beyond |
|---|---|---|---|---|---|
| Number of leases expiring | 56 | 46 | 21 | 2 | – |
| NLA (sq ft) | 115,113 | 114,606 | 68,974 | 56,285 | – |
| % of total NLA (office) | 19.2 | 22.6 | 13.3 | 15.1 | – |
| % of total NLA (retail) | 11.7 | 8.2 | 5.3 | – | – |
| % of total gross rental income (office) | 19.2 | 24.6 | 16.1 | 15.4 | – |
| % of total gross rental income (retail) | 10.8 | 8.7 | 4.7 | – | – |

## TRADE SECTOR MIX

| | % of total gross rental income | |
|---|---|---|
| Category | 30 September 2014 | 30 September 2015 |
| Banking, Insurance & Financial Services | 19.1 | 13.4 |
| Consultancy / Business Services | 19.8 | 21.4 |
| Food and Beverage | 24.8 | 25.0 |
| IT Products & Services | 1.5 | 7.0 |
| Legal | 2.3 | 2.3 |
| Medical / Pharmaceuticals | 1.1 | 0.7 |
| Multimedia & Telecommunications | 5.2 | 3.5 |
| Others | 9.0 | 9.0 |
| Real Estate / Property Services | 4.7 | 5.8 |
| Retail | 12.2 | 11.6 |
| Travel | 0.3 | 0.3 |
| **Total** | **100.0** | **100.0** |

## 55 MARKET STREET, SINGAPORE




Located in the heart of Raffles Place, 55 Market Street is a 16-storey commercial property with 15 floors of office space and two floors of retail space (including the basement). 55 Market Street is approximately a two minute walk from Raffles Place MRT station and six minute walk from the Telok Ayer MRT station, and close to several bus stops with services that ply most parts of Singapore.

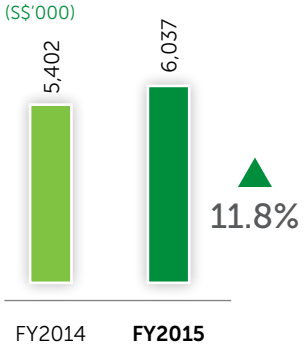
55 Market Street has a diverse tenant mix of 17 office and retail tenants from various trade sectors. Major office tenants include Corporate Serviced Offices Pte Ltd, TKP Singapore In Pte Ltd and Jones Lang LaSalle Property Consultants Pte Ltd. Retail tenants include Italian restaurant Osteria Art and Kiraku Japanese Restaurant.

55 Market Street has obtained the Green Mark Gold Award by the BCA and Water Efficient Building Award by the PUB.

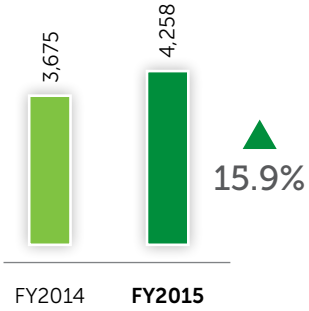
| | |
|---|---|
| **Address** | 55 Market Street, Singapore 048941 |
| **Tenure** | Leasehold 999 years commencing April 1826 |
| **Total NLA** | 71,796 sq ft |
| **Office NLA** | 65,607 sq ft |
| **Retail NLA** | 6,189 sq ft |
| **Number of Tenants** | 17 |
| **Car Park Lots** | Nil |
| **Acquisition Price (22 November 2006)** | S$72.5 million |
| **Market Valuation (30 September 2015)** | S$136.0 million |

## OPERATIONAL HIGHLIGHTS

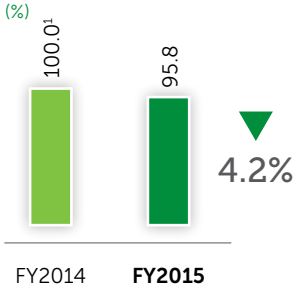
**Gross Revenue**
(S$'000)



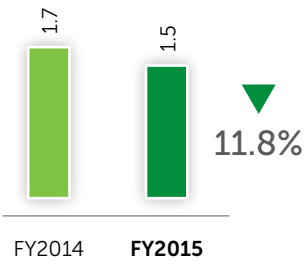

**Net property income**
(S$'000)



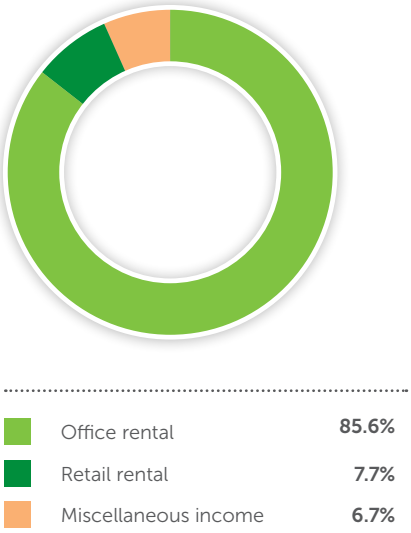

**Occupancy**
(%)




**WALE**
(YEARS)[2]




## GROSS REVENUE MIX




[1] Committed occupancy as at 30 September 2014.

[2] The WALE is calculated on a gross rental income basis with respect to the unexpired lease terms of the existing tenants and is stated as at 30 September.

## TOP 10 TENANTS

| As at 30 September 2015 | NLA (sq ft) | % of total NLA |
|---|---|---|
| Corporate Serviced Offices Pte Ltd | 11,894 | 16.6 |
| TKP Singapore In Pte Ltd | 7,578 | 10.6 |
| Jones Lang LaSalle Property Consultants Pte Ltd | 4,844 | 6.7 |
| Manchester Business School Pte Ltd | 4,844 | 6.7 |
| QAP Capital Pte Ltd | 4,844 | 6.7 |
| Citigate Dewe Rogerson, i.Mage Pte Ltd | 4,768 | 6.6 |
| Best World Lifestyle Pte Ltd | 4,715 | 6.6 |
| Itron Metering Systems Singapore Pte Ltd | 4,715 | 6.6 |
| Curry San Pte Ltd | 3,337 | 4.6 |
| Il Lido Pte Ltd | 2,852 | 4.0 |
| **Total** | **54,391** | **75.7** |

## LEASE EXPIRY PROFILE

| As at 30 September 2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 & beyond |
|---|---|---|---|---|---|
| Number of leases expiring | 8 | 7 | 6 | – | – |
| NLA (sq ft) | 31,012 | 21,463 | 16,307 | – | – |
| % of total NLA | 43.2 | 29.9 | 22.7 | – | – |
| % of total gross rental income | 44.0 | 32.0 | 24.0 | – | – |

## TRADE SECTOR MIX

| | % of total gross rental income | |
|---|---|---|
| Category | 30 September 2014 | 30 September 2015 |
| Banking, Insurance & Financial Services | 2.7 | - |
| Consultancy / Business Services | 43.4 | 46.6 |
| Consumer goods trading* | 7.0 | 6.8 |
| Food and Beverage | 8.2 | 8.7 |
| IT Products & Services | 4.2 | – |
| Legal | 13.4 | 6.6 |
| Medical / Pharmaceuticals | – | 3.7 |
| Mining / Resources | 6.8 | 6.7 |
| Others | 7.3 | 14.1 |
| Real Estate / Property Services | 7.0 | 6.8 |
| **Total** | **100.0** | **100.0** |

* Classified as Others as at 30 September 2014.

## ALEXANDRA TECHNOPARK, SINGAPORE



| | |
|---|---|
| **Address** | 438A & 438B Alexandra Road, Singapore 119967/8 |
| **Tenure** | Leasehold 99 years commencing August 2009 |
| **Total NLA** | 1,045,227 sq ft |
| **Business Space NLA** | 1,045,227 sq ft |
| **Retail NLA** | Nil |
| **Number of Tenants** | 43 |
| **Car Park Lots** | 905 |
| **Acquisition Price (26 August 2009)** | S$342.5 million |
| **Market Valuation (30 September 2015)** | S$503.0 million |

Alexandra Technopark is located within the prominent Alexandra business corridor, a dynamic business hub where office and industrial uses are integrated. Alexandra Technopark is within walking distance to the Labrador Park MRT station on the Circle Line, a 15-minute drive away from the Central Business District, and well-serviced by public buses linking it to Queenstown and HarbourFront MRT stations. It is also close to the Science Park, Biopolis and major expressways.

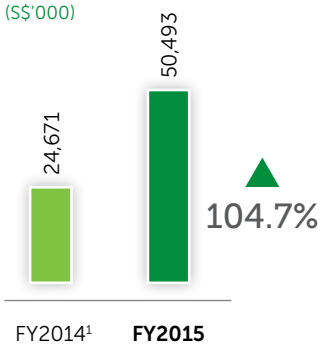
Alexandra Technopark is a high-tech business space comprising two blocks of high-specification buildings with 905 covered and surface car park lots. The buildings have large floor plates of up to 76,000 square feet, high floor-to-floor ceilings and high floor loadings. It is also efficiently designed with six lift cores in each block that allow sub-division into smaller units for flexible space configurations, or for each floor to be combined as one, allowing tenants to locate their entire operations on one floor. Alexandra Technopark houses a range of amenities such as F&B outlets, a medical clinic and other support services for the convenience of both tenants and visitors alike.

Alexandra Technopark has diverse tenant mix comprising mainly of IT Products & Services, electronics, banking, insurance & financial services and multimedia and telecommunications sectors. Major tenants include Hewlett-Packard, Microsoft Operations Pte Ltd and SAP Asia Pte Ltd.

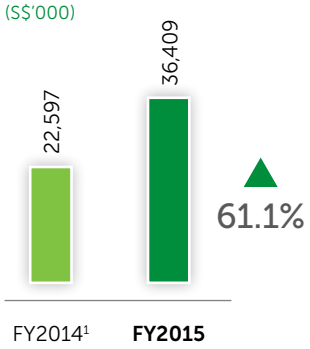
Alexandra Technopark's green accolades include the Green Mark Gold Award by the BCA, Water Efficient Building Award by the PUB and the management office has been accredited by the SEC under Project: Eco-Office.

## OPERATIONAL HIGHLIGHTS

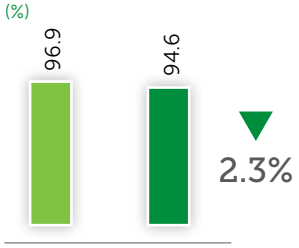
**Gross Revenue**
(S$'000)



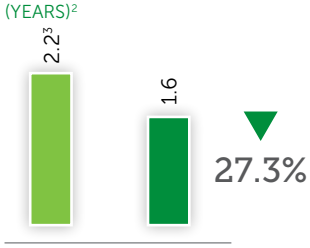

**Net property income**
(S$'000)




**Occupancy**
(%)




**WALE**
(YEARS)[2]




## GROSS REVENUE MIX



| | |
|---|---|
| Office rental | 86.0% |
| Miscellaneous income | 7.7% |
| Carpark income | 4.3% |
| Amenities rental | 2.0% |

1 On 25 August 2014, the master lease with Orrick Investments Pte Ltd expired and was not renewed. Following the expiry, the underlying multi-tenant leases continue to subsist directly with the Trust.

2 The WALE is calculated on a gross rental income basis with respect to the unexpired lease terms of the existing tenants and is stated as at 30 September.

3 Inclusive of the early renewal of the underlying leases.

## TOP 10 TENANTS

| As at 30 September 2015 | NLA (sq ft) | % of total NLA |
|---|---|---|
| Hewlett-Packard Singapore Pte Ltd | 318,978 | 30.5 |
| Hewlett-Packard Enterprise Singapore Pte Ltd | 191,847 | 18.4 |
| Microsoft Operations Pte Ltd | 77,761 | 7.4 |
| SAP Asia Pte Ltd | 37,696 | 3.6 |
| Nokia Solutions and Networks (S) Pte Ltd | 30,969 | 3.0 |
| Dyson Operations Pte Ltd | 29,224 | 2.8 |
| Singapore Oxygen Air Liquide Private Limited | 25,640 | 2.5 |
| The Great Eastern Life Assurance Co Ltd | 25,016 | 2.4 |
| Omron Asia Pacific Pte Ltd | 24,101 | 2.3 |
| Sennheiser Electronics Asia Pte Ltd | 18,310 | 1.8 |
| **Total** | **779,542** | **74.7** |

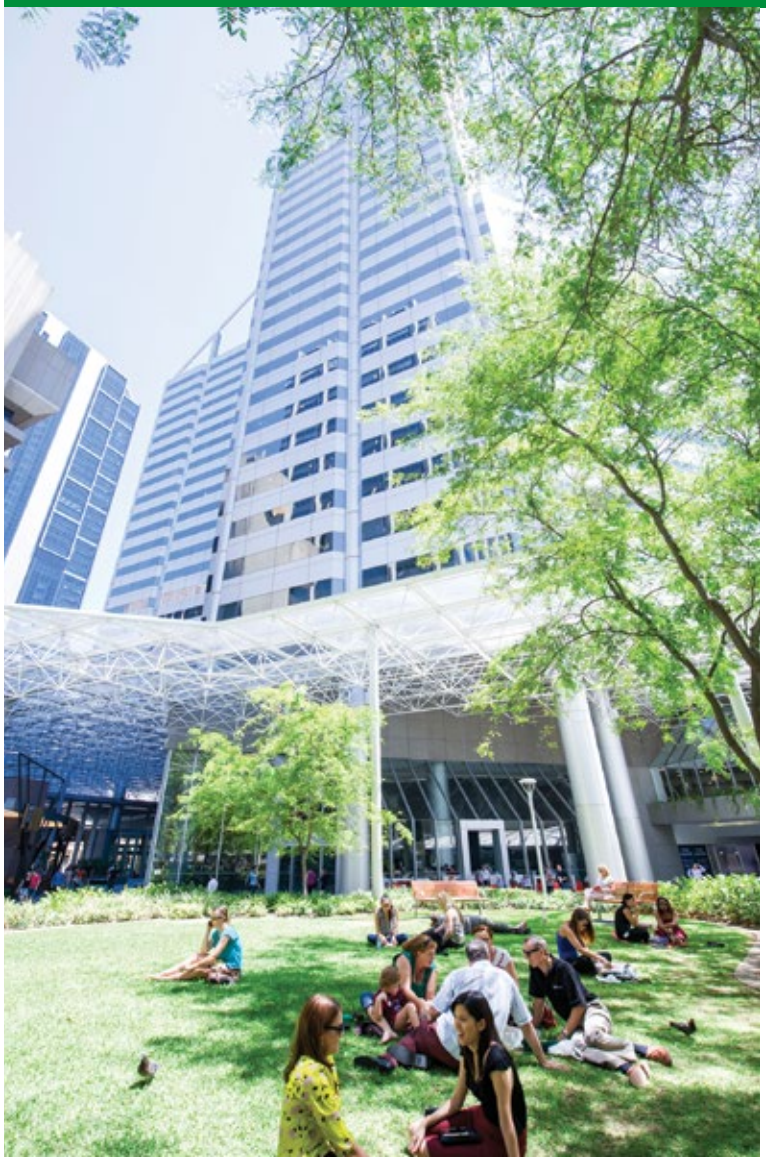
## LEASE EXPIRY PROFILE

| As at 30 September 2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 & beyond |
|---|---|---|---|---|---|
| Number of leases expiring | 15 | 24 | 13 | 1 | - |
| NLA (sq ft) | 287,819 | 189,684 | 486,682 | 25,016 | - |
| % of total NLA | 27.5 | 18.1 | 46.6 | 2.4 | - |
| % of total gross rental income | 29.3 | 20.0 | 48.0 | 2.7 | - |

## TRADE SECTOR MIX

| | % of total gross rental income | |
|---|---|---|
| Category | 30 September 2014 | 30 September 2015 |
| Amenities | 2.6 | 2.3 |
| Banking, Insurance & Financial Services | 3.5 | 3.4 |
| Consultancy / Business Services | 1.0 | 0.7 |
| Electronics | 9.2 | 6.6 |
| Government and Government Linked | – | 0.8 |
| IT Products & Services | 67.4 | 70.4 |
| Medical / Pharmaceuticals | 2.3 | 2.2 |
| Mining/Resources | 2.8 | 2.6 |
| Multimedia & Telecommunications | 3.1 | 3.3 |
| Others | 4.4 | 4.1 |
| Real Estate / Property Services | 0.8 | 0.8 |
| Shipping / Freight | 2.9 | 2.8 |
| **Total** | **100.0** | **100.0** |

## CENTRAL PARK, PERTH, AUSTRALIA



Central Park is the tallest office tower in Perth and is strategically located in the heart of the Central Business District. It has a prominent frontage onto St Georges Terrace – Perth's premier business address. The 47-storey Premium Grade office tower was constructed to high specifications and is an iconic Perth landmark. Central Park has panoramic river and cityscape views, surrounded by 5,000 square metres of landscaped parkland and is equipped with excellent facilities such as a 130 seat theatrette, seminar/meeting rooms, full audiovisual conferencing facilities, 24 hours security service, centralised mail facility, concierge services, on site gymnasium and a comprehensive end-of-trip bicycle facility. Central Park has unparalleled road, rail and bus access including convenient access to a range of cafes, restaurants and a secure underground car park for its visitors and tenants.

Central Park has a diverse tenant mix of 22 office and retail tenants from various trade sectors. Major tenants include Hamersley Iron Pty Limited (a wholly-owned subsidiary of Rio Tinto Limited), BHP Billiton Iron Ore Pty Ltd and Government Employees Superannuation Board.

Central Park was the first commercial building in Australia to achieve a 4.5 star NABERS Energy rating and the first premium office building in Perth to attain a 5 star NABERS Energy base building rating. Central Park has a 5.5 star NABERS Energy base Building rating (with green power), 4 star NABERS Indoor Environment rating and 3.5 star NABERS Water rating.

Please visit Central Park at www.central-park.com.au for more information.

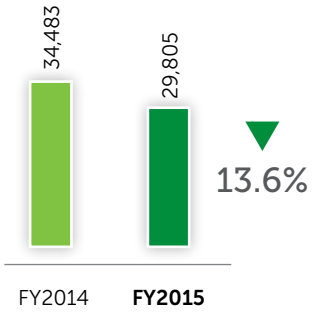
| | |
|---|---|
| **Address** | 152-158 St Georges Terrace Perth WA 6000, Australia |
| **Tenure** | Freehold |
| **Total NLA (50.0% interest)** | 356,845 sq ft |
| **Office NLA** | 347,065 sq ft |
| **Retail NLA** | 9,780 sq ft |
| **Number of Tenants** | 22 |
| **Car Park Lots** | 421 |
| **Acquisition Price (30 March 2006)** | A$190.0 million (S$234.6 million)[1] |
| **Market Valuation (30 September 2015)** | A$290.0 million (S$290.3 million)[2] |

[1] Based on an exchange rate of A$1.00 = S$1.2347 being the exchange rate at the time of acquisition.

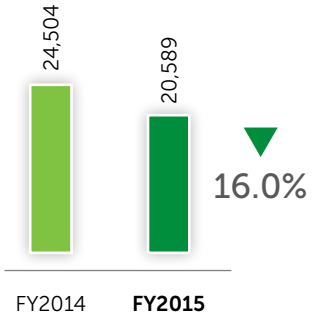
[2] Based on an exchange rate of A$1.00 = S$1.0011 as at 30 September 2015.

## OPERATIONAL HIGHLIGHTS

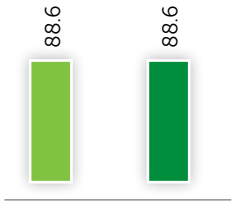
**Gross Revenue**
(S$'000)



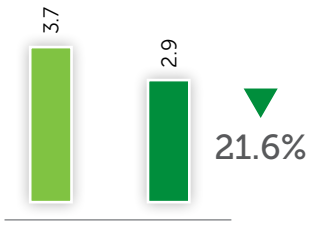

**Net property income**
(S$'000)



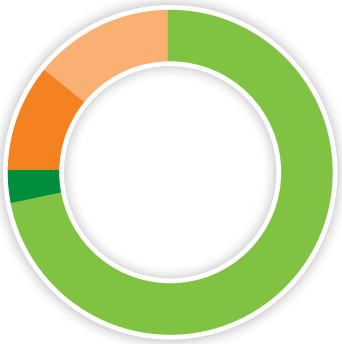

**Occupancy**
(%)




**WALE**
(YEARS)[1]




## GROSS REVENUE MIX



| | |
|---|---|
| Office rental | 71.8% |
| Miscellaneous income | 14.0% |
| Carpark income | 10.8% |
| Retail rental | 3.4% |

[1] The WALE is calculated on a gross rental income basis with respect to the unexpired lease terms of the existing tenants and is stated as at 30 September.

## TOP 10 TENANTS

| As at 30 September 2015 | NLA (sq ft) | % of total NLA |
|---|---|---|
| Hamersley Iron Pty Ltd (Rio Tinto) | 126,996 | 35.6 |
| BHP Billiton Iron Ore Pty Ltd | 76,734 | 21.5 |
| Government Employees Superannuation Board (WA) | 19,752 | 5.5 |
| Westpac Banking Corporation | 18,161 | 5.1 |
| PF Lawyers Pty Ltd (DLA Piper) | 14,210 | 4.0 |
| IOOF Service Co Pty Ltd | 11,434 | 3.2 |
| Japan Australia LNG (MIMI) Pty Ltd | 8,755 | 2.5 |
| Servcorp (WA) Pty Ltd | 8,454 | 2.4 |
| Department of FACSIA | 7,539 | 2.1 |
| Jones Lang LaSalle (WA) Pty Ltd | 7,110 | 2.0 |
| **Total** | **299,145** | **83.9** |

## LEASE EXPIRY PROFILE

| As at 30 September 2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 & beyond |
|---|---|---|---|---|---|
| Number of leases expiring | 3 | 4 | 7 | 4 | 10 |
| NLA (sq ft) | 35,002 | 39,638 | 180,301 | 25,189 | 36,158 |
| % of total NLA | 9.8 | 11.1 | 50.5 | 7.1 | 10.1 |
| % of total gross rental income | 9.3 | 15.4 | 51.4 | 8.5 | 15.4 |

## TRADE SECTOR MIX

| | % of total gross rental income | |
|---|---|---|
| Category | 30 September 2014 | 30 September 2015 |
| Banking, Insurance & Financial Services | 12.8 | 12.7 |
| Consultancy / Business Services | 2.0 | 2.0 |
| Food and Beverage | 1.6 | 1.6 |
| Government and Government Linked | 10.1 | 10.1 |
| Legal | 5.8 | 5.6 |
| Mining / Resources | 62.7 | 63.0 |
| Others | 1.0 | 1.3 |
| Real Estate / Property Services | 2.7 | 2.7 |
| Retail | 1.3 | 1.0 |
| **Total** | **100.0** | **100.0** |

## CAROLINE CHISHOLM CENTRE, CANBERRA, AUSTRALIA



Caroline Chisholm Centre is a five-storey Grade A contemporary office complex located within the core of the Tuggeranong Town Centre, one of the town centres within Canberra, Australia's capital city and the location of the Federal Parliament House.

The property is purpose designed as a cutting-edge energy efficient new generation building, with eco-friendly features such as grey and rainwater collection, solar panels and double glazed windows. It is also equipped with various amenities such as conference facilities, auditorium, amphitheatre, gymnasium and café.

It is fully leased to the Commonwealth Government of Australia. The initial lease term is 18 years commencing 5 July 2007 with 3.0% annual rental increment. The lease structure and long WALE of approximately 9.8 years as at 30 September 2015 provides organic growth and stable income stream to the portfolio.

Caroline Chisholm Centre has a 5 star NABERS Energy base building rating.

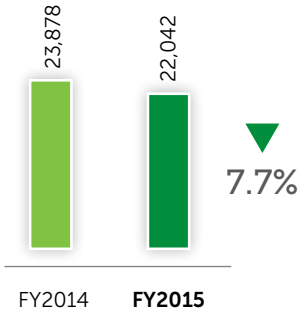
| | |
|---|---|
| **Address** | Block 4 Section 13, Tuggeranong ACT 2900 Australia |
| **Tenure** | Leasehold 99 years commencing June 2002 |
| **Total NLA** | 433,182 sq ft |
| **Office NLA** | 433,182 sq ft |
| **Retail NLA** | Nil |
| **Number of Tenants** | 1 |
| **Car Park Lots** | 1,093 |
| **Acquisition Price** | A$191.8 million (S$244.4 million)[1] |
| **Market Valuation (30 September 2015)** | A$215.0 million (S$215.2 million)[2] |

[1] Based on the exchange rates of A$1.00 = S$1.2533 and A$1.00 = S$1.3028, being the exchange rates at the time of acquisitions as at 18 June 2007 and 13 April 2012, respectively.

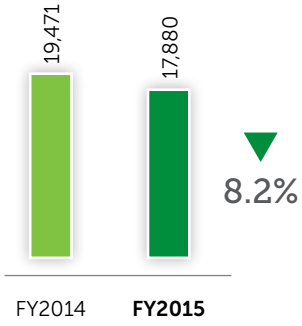
[2] Based on an exchange rate of A$1.00 = S$1.0011 as at 30 September 2015.

## OPERATIONAL HIGHLIGHTS

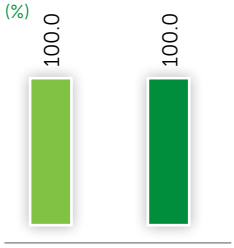
### Gross Revenue
(S$'000)



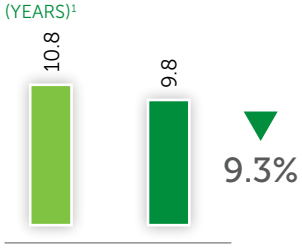

### Net property income
(S$'000)




### Occupancy
(%)




### WALE
(YEARS)[1]




## GROSS REVENUE MIX



| | |
|---|---|
| Office rental | 97.8% |
| Miscellaneous income | 2.2% |

[1] The WALE is calculated on a gross rental income basis with respect to the unexpired lease terms of the existing tenants and is stated as at 30 September.

## TENANT PROFILE

| As at 30 September 2015 | NLA (sq ft) | % of total NLA |
|---|---|---|
| Commonwealth of Australia | 433,182 | 100.0 |
| **Total** | **433,182** | **100.0** |

## LEASE EXPIRY PROFILE

| As at 30 September 2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 & beyond |
|---|---|---|---|---|---|
| Number of leases expiring | – | – | – | – | 1 |
| NLA (sq ft) | – | – | – | – | 433,182 |
| % of total NLA | – | – | – | – | 100.0 |
| % of total gross rental income | – | – | – | – | 100.0 |

## TRADE SECTOR MIX

| | % of total gross rental income | |
|---|---|---|
| Category | 30 September 2014 | 30 September 2015 |
| Government and Government Linked | 100.0 | 100.0 |
| **Total** | **100.0** | **100.0** |

## 357 COLLINS STREET, MELBOURNE, AUSTRALIA



357 Collins Street is a 25 storey freehold office building with Grade A specifications strategically located in the heart of the Melbourne CBD. Collins Street is regarded as a prime office location in the Melbourne CBD. The property occupies a central position in the financial precinct of the Melbourne CBD. 357 Collins Street is also close to Bourke Street Mall, Melbourne's retail heart.

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.

Major office tenants include the Commonwealth Bank of Australia, Service Stream Limited and Meridian Lawyers Limited. Retail tenants include Thomas Pink, Huxtaburger and O-Bento Japanese restaurant.

357 Collins Street has a 5.5 star NABERS Energy base building rating (with green power) and 4.5 star NABERS Water rating.

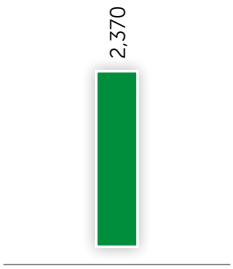
| | |
|---|---|
| **Address** | 357 Collins Street, Melbourne Victoria 3000, Australia |
| **Tenure** | Freehold |
| **Total NLA** | 343,616 sq ft |
| **Office NLA** | 323,972 sq ft |
| **Retail NLA** | 19,644 sq ft |
| **Number of Tenants** | 32 |
| **Car Park Lots** | 41 |
| **Acquisition Price (18 August 2015)** | A$222.5 million (S$226.6 million)[1] |
| **Market Valuation (30 September 2015)** | A$240.0 million (S$240.3 million)[2] |

[1] Based on an exchange rate of A$1.00 = S$1.0186 being the exchange rate at the time of acquisition. 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. As disclosed in the Circular to Unitholders dated 3 June 2015, the two independent valuations of 357 Collins Street as at 15 April 2015 by Jones Lang LaSalle Advisory Services Pty Limited and Knight Frank (Valuations Services (Vic) Pty Ltd) were A$227.0 million and A$224.0 million respectively. The valuations were derived using the income capitalisation and discounted cash flow methods.

[2] Based on an exchange rate of A$1.00 = S$1.0011 as at 30 September 2015.

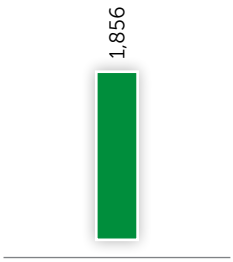
## OPERATIONAL HIGHLIGHTS

**Gross Revenue**
(S$'000)



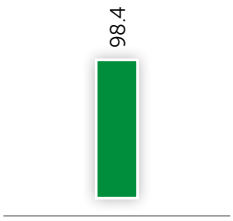

FY2015[1,2]

**Net property income**
(S$'000)



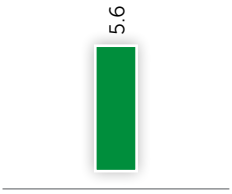

FY2015[1]

**Occupancy**
(%)



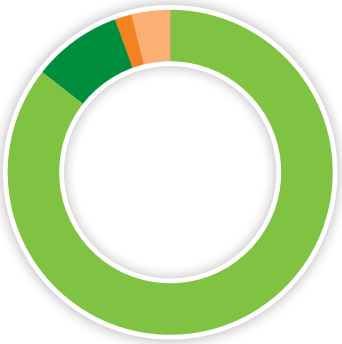

FY2015[1]

**WALE**
(YEARS)[3]




FY2015[1]

## GROSS REVENUE MIX



FY2015

| | |
|---|---|
| Office rental | 85.8% |
| Retail rental | 8.8% |
| Miscellaneous income | 3.8% |
| Carpark income | 1.6% |

1 No comparable data available for FY2014 as the acquisition of 357 Collins Street was completed on 18 August 2015. Gross revenue and net property income for the period from 18 August 2015 to 30 September 2015.

2 Included in gross revenue is non-reimbursement of rent-free periods of S$0.2 million.

3 The WALE is calculated on a gross rental income basis with respect to the unexpired lease terms of the existing tenants and is stated as at 30 September.

## TOP 10 TENANTS

| As at 30 September 2015 | NLA (sq ft) | % of total NLA |
|---|---|---|
| Commonwealth Bank of Australia | 145,775 | 42.4 |
| Service Stream Limited | 81,354 | 23.7 |
| Orange Business Services Australia Pty Ltd | 11,528 | 3.4 |
| Meridian Lawyers Limited | 9,418 | 2.7 |
| VAP Victoria Pty Ltd | 9,354 | 2.7 |
| Wilson HTM Services Pty Ltd | 8,288 | 2.4 |
| Infor Global Solutions (ANZ) Pty Limited | 8,277 | 2.4 |
| Meridian Energy Australia Pty Ltd | 8,277 | 2.4 |
| Oceana Gold Limited | 7,406 | 2.2 |
| Eureka International Trading Limited | 6,093 | 1.8 |
| **Total** | **295,770** | **86.1** |

## LEASE EXPIRY PROFILE

| As at 30 September 2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 & beyond |
|---|---|---|---|---|---|
| Number of leases expiring | – | – | 11 | 3 | 22 |
| NLA (sq ft) | – | – | 35,478 | 12,002 | 290,658 |
| % of total NLA | – | – | 10.3 | 3.5 | 84.6 |
| % of total gross rental income | – | – | 13.0 | 4.0 | 83.0 |

## TRADE SECTOR MIX

| Category | % of total gross rental income 30 September 2015 |
|---|---|
| Banking, Insurance & Financial Services | 50.1 |
| Consultancy / Business Services | 3.1 |
| Food and Beverage | 8.0 |
| IT Products & Services | 5.9 |
| Legal | 2.9 |
| Mining/Resources | 3.9 |
| Multimedia & Telecommunications | 20.7 |
| Others | 2.5 |
| Real Estate / Property Services | 1.6 |
| Retail | 1.3 |
| **Total** | **100.0** |

Note: No comparable data available for FY2014 as the acquisition of 357 Collins Street was completed on 18 August 2015.



# RISK MANAGEMENT, SUSTAINABILITY REPORT & CORPORATE GOVERNANCE

# RISK MANAGEMENT

## ENTERPRISE-WIDE RISK MANAGEMENT

The objective of enterprise-wide risk management ("ERM") is to identify key risks and put in place controls, and to allocate appropriate resources to proactively manage the identified risks. Enterprise-wide risk reporting is facilitated through a web-based Corporate Risk Scorecard system which enables the reporting of risks and risk status on a common platform in a consistent and cohesive manner. The ERM framework covers key areas such as investment, financial management and operating activities. Risks are reported and monitored using a Risk Scorecard which captures risks, mitigating measures, timeline for action items and risk ratings. Where applicable, Key Risk Indicators ("KRIs") are established to monitor risks. The Risk Scorecard and KRIs are presented in the form of a Key Risk Dashboard and reviewed by the Management and Audit, Risk and Compliance Committee ("ARC Committee") on a regular basis.

Risk tolerance statements setting out the nature and extent of significant risks which the Manager is willing to take in achieving its strategic objectives in respect of FCOT are formalised and adopted. The risk tolerance statements are reviewed periodically.

At the end of the financial year, an annual ERM validation exercise is held where Management provide assurance to the ARC Committee that the system of risk management is adequate and effective as at the end of the financial year to address risks in certain key areas which are considered relevant and material to the operations.

## KEY RISKS IN FY2015

**Investment Risk**
All investment proposals are evaluated against a comprehensive set of investment criteria and due diligence is carried out to mitigate potential investment risks. The evaluation process for all investment activities includes consideration of the location, quality of tenants, building condition, environmental impact, competitive landscape, investment return, long-term sustainability and growth potential.

**Regulatory Risks**
To mitigate the risk of non-compliance with applicable laws and regulations and any changes thereof, processes are in place to monitor compliance with relevant policies and procedures, and staff are updated regularly on latest developments in relevant laws and regulations through training and attending talks and briefings.

**Interest Rate Risk**
The Manager proactively manages interest rate risk by adopting a policy of fixing interest rates for a portion of its outstanding borrowings via the use of derivative financial instruments or other suitable financial products. Interest rate derivative instruments are used for the purpose of hedging interest rate risk and managing the portfolio of fixed and floating rate.

**Funding and Liquidity Risks**
The Manager actively manages the Trust's capital structure. It ensures that the gearing of the Trust is at a prudent level and adheres to the gearing ratio requirements under the relevant loan facility agreements and property fund guidelines in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore. The debt maturities of the loan facilities are spread out to mitigate financing risks. In addition, a sufficient level of working capital is maintained to meet the requirements of the Trust's operations.

**Foreign Currency Risk**
The Trust is exposed to foreign exchange risk as a result of its investments in Australia. It is the Trust's policy to hedge anticipated foreign currency income net of anticipated payments required in the same currency, from its overseas investments at least six months forward by using appropriate foreign currency financial instruments. FCOT uses these instruments solely for hedging actual underlying foreign exchange requirements in accordance with hedging limits set by the ARC Committee and Board and does not engage in trading of foreign exchange derivatives. A portion of the investment in overseas assets is hedged naturally to the extent that related borrowings are taken up in the relevant foreign currency. The net positions of the foreign exchange risk of investments in overseas assets are not hedged as such investments are long term in nature.

**Operational Risks**
FCOT has established and strictly adheres to a set of standard operating procedures designed to identify, monitor, manage and report operational risks associated with the day-to-day management and maintenance of the Trust's properties. These include actively managing lease renewals and new leases to minimise rental void, as well as monitoring rental arrears and property expenses. The Manager practises prudent lease management to prevent disproportionate levels of vacancy in any one year by staggering the lease terms of properties within its portfolio.

# RISK MANAGEMENT

Insurances are in place to mitigate losses to assets and business due to unforeseen events. The operating procedures are also reviewed regularly and business continuity plans tested to ensure their continued relevance and effectiveness.

**Credit Risk**
Credit risk is the potential financial loss resulting from failure of tenants to fulfill their payment obligations. In order to mitigate credit risk, credit evaluations are performed before the lease agreements are entered into and security deposits are collected from tenants. Arrears from tenants are monitored on an ongoing basis.

**Fraud Risk**
Whistle blowing policy and purchasing/procurement approval process and procedures are in place to mitigate fraud risk. These are subject to regular internal audit reviews scheduled based on the internal audit work plans approved by the ARC Committee.

**Human Capital Risk**
The Manager has in place a career planning and development system and conducts regular remuneration and benefits benchmarking to attract and retain appropriate talent for the business. Regular training is also provided to upgrade the skills of the staff.



Folks Collective Restaurant, retail tenant at China Square Central, Singapore

## SUSTAINABILITY REPORTING

We are pleased to present our inaugural Sustainability Report. Sustainability has always been part of FCOT's mission as a fair and responsible landlord. We understand that the environmental, social and governance (ESG) aspects of our business and operations are important to our stakeholders. We strive to incorporate ESG in our business and operations to create long-term value for our stakeholders and improve our business and operations. We trust that our sustainable practices would be of interest to our stakeholders. Reporting on our sustainability practices is part of our aim to increase transparency, engage our stakeholders and keep track on our sustainability performance.

## SCOPE OF THIS REPORT

This report covers the performance of FCOT's properties in Singapore and Australia from 1 October 2014 to 30 September 2015, except for 357 Collins Street as the acquisition of the property was completed only on 18 August 2015 (Reporting Properties). [G4-17]

The Reporting Properties are externally managed by property managers which perform the day-to-day property management functions. The Manager has general powers of management over the assets of FCOT. As at the date of this report, the property manager for the properties in Singapore is Frasers Centrepoint Property Management (Commercial) Pte Ltd. The property manager and facilities manager for Central Park and Caroline Chisholm Centre are Jones Lang LaSalle (WA) Pty Ltd and Brookfield Global Integrated Solutions Australia Pty Ltd, respectively.

This report is prepared in accordance to the international standard for sustainability reporting, the Global Reporting Initiative (GRI). It meets GRI's G4 Core requirements and includes the Construction and Real Estate Sector Disclosures. This report will be prepared annually and form part of our disclosure as a responsible business. We intend to seek external assurance on our sustainability report in the future.

### We would like to hear from you

We welcome your feedback as we seek to continuously improve our sustainability performance. Feedback on this report can be directed to fcot@fraserscentrepoint.com.

## KEY HIGHLIGHTS FOR FY2015

### Governance

Runner up, Singapore Corporate Governance Award under the REITs and Business Trusts category at the 16th SIAS Investors' Choice Award 2015

### People

- Employees of the Manager received an average 33.5 hours of training per employee
- 68.8% of the employees are in the 30-49 years age group
- Growing workforce with 12.5% hiring rate exceeding the turnover rate of 6.3%

### Community

- Majority of tenants were "Satisfied to Very Satisfied" in a tenant survey conducted at the Singapore properties

### Environment

- 5.6% reduction in building energy consumption
- 1.3% reduction in building water consumption
- All Singapore properties have achieved BCA Green Mark Gold and are certified Water Efficient Building by PUB
- Central Park and Caroline Chisholm Centre have achieved NABERS Energy base building rating of at least 5 star and above

### Health & Safety

- Zero lost time injuries and workplace fatality
- The management of all Singapore properties have been accredited with OHSAS 18001 and SS506 Part 1: 2009 certifications and awarded BizSafe Star
- No incidents of safety-related non-compliance







Central Park, Perth, Australia

## OUR APPROACH TO SUSTAINABILITY

As a REIT sponsored by FCL, our approach to sustainability is guided by the FCL Group's core values of responsiveness, reliability, ownership, commitment, innovativeness, integrity, teamwork and trust. We aim to contribute to an environment that uses resources efficiently, contribute to thriving local economies and provide workplaces that encourage staff to perform at their best.

Sustainability is managed across the business through relevant policies, programmes and standard operating procedures (SOPs). These are supported with training and specific roles and responsibilities to ensure that we deliver on our business principles across our operations.

We aim to reduce waste, energy and water use where possible. This is reflected in our mission to be a fair and responsible landlord adopting best practices in governance, social responsibility and sustainability. Our sustainability approach is also reflective of our vision to be a landlord-of-choice for businesses and a preferred investment choice among investors. Our approach is to build a sustainable business for tomorrow to deliver long-term value to our stakeholders.

Policies and procedures are kept up to date, compliance with policies, procedures and relevant rules and regulations are monitored on an on-going basis and we adapt accordingly to the changing operating and business environment.

The results of our approach to sustainability is evident: FCOT recorded the sixth consecutive year of growth in DPU and distributable income since the completion of the recapitalisation exercise in 2009; operationally the Singapore properties are all certified Green Mark Gold by the Building and Construction Authority of Singapore (BCA) whereas Central Park and Caroline Chisholm Centre have National Australian Built Environment Rating System (NABERS) Energy base building rating of at least 5 star; we have been recognised for upholding good corporate governance practices; and we continue to focus on the people aspect of our business, including the employees, tenants and the community.

### SENIOR MANAGEMENT ENGAGEMENT

FCOT's sustainability is guided by the FCL Group's Sustainability Steering Committee (SSC). Mr Low Chee Wah, CEO of the Manager is part of the SSC which is chaired by the FCL Group CEO. The SSC is made up of members from the senior management and CEOs of all the business units of FCL, including FCOT. The role of the SSC is to guide strategic matters and approve action plans to improve the group sustainability practices.

The SSC meets quarterly to review performance against each of the key material issues. The day-to-day tasks of sustainability governance are coordinated by a Sustainability Working Committee (SWC), which reports to the SSC. The SWC is made up of members of the middle management and focuses on sustainability implementation plan, data management and performance review.

### Deciding on what matters most

We undertook a materiality assessment to identify issues which are key to FCOT and its stakeholders. This enables us to address these material issues and report them effectively. Led by the CEO of the Manager and guided by an external sustainability consultant, the materiality assessment was based on international standards for materiality, namely GRI and AA1000 Stakeholder Engagement Standard, and sector specific guidance from the Global Real Estate Sustainability Benchmark (GRESB) and the GRI G4 Construction and Real Estate Sector Disclosures. We identified the top ten material issues which are grouped under 4 key areas: [G4-18]

### FCOT'S TOP TEN MATERIAL ISSUES [G4-19]

| Economic Performance | Governance | Environment | People and Community |
|---|---|---|---|
| Economic and financial contribution to the business and its stakeholders (refer to Financial Highlights (pages 10 – 13) and Financial Statements (pages 118 – 166) | Anti-corruption<br>Ethical marketing | Energy use/climate change<br>Environmental compliance<br>Water use/conservation | Health and Safety<br>Labour/management relations<br>Staff retention and development<br>Local communities |

Except for labour/management relations and staff retention and development which are internally focused, the other key material issues impact the organisation internally and externally. [G4-20, G4-21]

## Being accountable to our stakeholders

As a responsible REIT, we have active and regular dialogues with our stakeholders to understand the impact of the business and operations on these stakeholders. Stakeholders are those which have a significant impact on or experience a significant impact from the business and operations of FCOT. The stakeholder engagement has provided valuable information on our approach to sustainability. We engage our stakeholders as follows: [G4-25]

| Our key stakeholders | Issues/ interests (examples) | Forms of engagement (examples) | Frequency of engagement |
|---|---|---|---|
| Investment community (Investors, Unitholders, analysts, media) | • Stable and sustainable distribution<br>• Operational and financial performance<br>• Business strategy and outlook<br>• Timely and transparent reporting<br>• Good corporate governance | • One-on-one meetings and site visits | • As and when requested |
| | | • Local and overseas investor conferences and roadshows | • Refer to Investor Relations on pages 57 to 59 |
| | | • Post results briefings for analysts and investor luncheons | • At least twice a year |
| | | • Annual General Meetings | • Once a year |
| | | • Website, SGX announcements, presentations, press releases | • Throughout the year |
| Tenants | • Clean, safe and pleasant environment<br>• Reliable and efficient buildings<br>• Tenant engagement activities | • Tenant engagement programmes and festive gifts | • Throughout the year |
| | | • Joint community programmes with tenants | • Throughout the year |
| | | • Tenant surveys | • Once a year in Singapore |
| | | • Tenant meetings | • Throughout the year |
| Regulators and industry associations | • Compliance with rules and regulations, regulatory and industry trends<br>• Government policies on SREITs or real estate sector | • Meetings, briefings and consultations | • Throughout the year |
| | | • Joining trade associations such as REITAS | • Throughout the year |
| Property Managers | • Key performance indicators for the property managers<br>• Operational performance of the properties | • Regular meetings and discussions | • Throughout the year |
| | | • Emails and phone calls | • Throughout the year |
| Employees (See also People, pages 89 – 94) | • Friendly and safe working environment<br>• Fair and competitive employment policies<br>• Staff development | • Performance appraisals | • Once a year |
| | | • Team bonding sessions | • Throughout the year |
| | | • Orientation program for new staff | • Upon joining the Manager |
| | | • Communication via the FCL intranet | • Throughout the year |
| | | • Training | • Throughout the year |
| | | • Employee activities such as Annual Dinner & Dance, Family Day, sports events and fitness programmes | • Throughout the year |
| Community (See also Community, pages 91 – 94) | Nurturing and building relationships with the community | • Social and community events | • Throughout the year |
| | | • Sustainability report | • Once a year |

[G4-24, G4-26, G4-27]

The Manager is one of the pioneer members of the REIT Association of Singapore (REITAS). REITAS aims to promote and develop the Singapore REIT (SREIT) industry. Mr Low Chee Wah, the CEO of the Manager, is a member of the regulatory sub-committee which is responsible for engaging various authorities to improve the legal, commercial and regulatory environment for SREITs.

### Sustainability across our supply chain

Our business is to manage the assets for the benefit of Unitholders with a focus to deliver stable and sustainable distributions to Unitholders. We recognise that as an asset manager, we have the ability to influence our supply chain on sustainability matters where feasible and practical. Where feasible, we identify any sustainability opportunities that may arise. For example, we implement performance based programmes with the air-conditioning vendor to optimise chiller efficiency at China Square Central.

Our aim is to own and manage a balanced portfolio of quality commercial properties, and taking into account the environmental, governance and social aspects of our business and operations. This includes contributing to the local economies where we have presence and creating a conducive workplace for our employees.

## GOVERNANCE

The Manager believes that good corporate governance is important to the sustainability of the business of FCOT and the performance of the Manager. The Manager is committed to upholding high standards of corporate governance to protect the interests and enhance the value of Unitholders, adhering to the principles and guidelines of the Code of Corporate Governance 2012, and other applicable laws and regulations, including those prescribed by SGX and the Monetary Authority of Singapore (MAS).

As a signatory to the 2015 Corporate Governance Statement of Support organised by SIAS, FCOT has pledged its commitment to uphold high standards in corporate governance. Further details on the corporate governance can be found on pages 101 to 111 of the Annual Report.

In recognition of the good corporate governance practices, FCOT was named the runner-up in the Singapore Corporate Governance Award under the REITs and Business Trusts category by SIAS at the 16th SIAS Investors' Choice Awards 2015. This is the third consecutive year that FCOT has won this award.



China Square Central, Singapore

### Preventing Corruption and Fraud

The Manager takes a zero tolerance approach towards corruption and fraud.

### POLICIES AND PROCEDURES

- Code of Business Conduct
- Personal Data Protection (PDP) Policy
- Competition Act Compliance Manual
- Legal and Regulatory Compliance Manual
- Policy on Dealings in Units of FCOT and Reporting Procedures
- Policy for Prevention of Money Laundering and Countering the Financing of Terrorism
- Policy on Outsourcing
- Whistle-Blowing Policy

In addition to corporate policies and SOPs, as a REIT, FCOT also has various policies and procedures in place such as the Legal and Regulatory Compliance Manual, Policy on Dealings in Units of FCOT and Reporting Procedures, Policy for Prevention of Money Laundering and Countering the Financing of Terrorism and Policy on Outsourcing. Employees are kept informed of any updates that are made and provided training on key new policies. During the orientation programme, new employees are briefed on key policies, which are also made available on the intranet. For example, in FY2015, the executive staff of the Manager received compliance training on Singapore's competition laws.

## CODE OF BUSINESS CONDUCT

The Code of Business Conduct describes the company values and provides clear guidelines on ethics and conduct, and thereby safeguards the reputation and interests of the company and its stakeholders.

It covers a range of practices, from compliance monitoring, record keeping, confidentiality of information, conflicts of interest, insider trading, and relations with key stakeholders. The Code of Business Conduct governs the conduct of every employee. Where applicable and appropriate, the Code of Business Conduct is also made available to agents, suppliers, contractors, business affiliates/ associates/ alliances.

## ANTI-BRIBERY AND ANTI-CORRUPTION

We have assessed the risk of corruption and bribery. The anti-bribery and anti-corruption statements in the Code of Business Conduct provide guidance to employees on how to recognise and deal with bribery and corruption, and guide them in the conduct of their dealings with third parties. It provides guidelines on the acceptance of permissible social amenities, entertainment or courtesies which are appropriate and reasonable under applicable laws and customs, and only for legitimate business purposes. It also provides guidelines on prohibited activities, such as lavish gifts and entertainment. There was no incident of corruption reported in FY2015.

## WHISTLE-BLOWING POLICY

The Whistle-Blowing Policy encourages and provides a channel to employees and others to report in good faith and confidence on concerns in financial and other matters and for independent investigation of such matters and appropriate follow-up action. The Whistle-Blowing Policy is publicly available on the FCOT website and concerns, if any, could be raised via email or the whistle blowing hotline. All whistle-blower complaints will be reviewed by the Audit, Risk and Compliance Committee to ensure that investigations and follow up actions are carried out, if needed. In FY2015, there were no such reported concerns.

## INTERNAL AUDIT

The Manager's internal audit function is supported by the Internal Audit Department of FCL (FCL IA). The FCL IA is independent of the activities that it audits. The Head of FCL IA reports directly to the Chairman of the Audit, Risk and Compliance Committee. The internal audit is aligned to key risks of FCOT and includes review of compliance with the policies, procedures and regulatory responsibilities of FCOT and the Manager. Audit findings and recommendations are provided to management for appropriate follow-up actions to be taken. For further details, please refer to page 109 of the Corporate Governance report.

### Managing Fair Competition and Data Confidentiality

#### PERSONAL DATA PROTECTION POLICY

To comply with the Personal Data Protection (PDP) Act 2012, the PDP Policy was established to guide employees on handling and processing personal data. It also sets out the complaint handling procedure and the channel for employees, customers, suppliers or others to report concerns or breach.

#### COMPETITION ACT COMPLIANCE MANUAL

The Competition Act Compliance Manual ensures that our employees comply with the Competition Act. We are supportive of initiatives to protect and promote healthy competitive markets in Singapore.

### Ethical Marketing

We support ethical marketing in our business practice. We adhere to the relevant rules and regulations such as the Singapore Code of Advertising Practice. We ensure that we provide timely and accurate information in our communication. In FY2015, there were no incidents of non-compliance with regulations and voluntary codes concerning marketing communications.

### Enterprise-Wide Risk Management (ERM)

As part of good corporate governance, the Manager has in place an ERM framework to ensure robust risk management and mitigating controls are in place. Key risks, control measures and management actions are continually identified, reviewed and monitored as part of the ERM process. Apart from the ERM process, key business risks are thoroughly assessed by Management and each significant transaction is comprehensively analysed so that Management understands the risks involved before it is embarked on. Further details on ERM can be found on pages 77 to 78 of the Annual Report.

## ENVIRONMENT

We continuously seek to improve the sustainable performance of our properties. This is an on-going commitment as the Manager believes that environmental sustainability is integral towards a sustainable business. We aim to reduce energy and water use and wastage, where possible. For example, we replace older equipment with ones that have better energy efficient features.

All these will result in economic benefits and create long-term value for stakeholders. The property manager managing the Singapore properties is also guided by the Green Sustainable Business Guidance which provides guidance to drive continuous improvements in the sustainable performance of the assets. They are also trained and certified Green Mark Facilities Manager.

All our properties have various environmental accolades and accreditations. In Singapore, all properties are certified Green Mark Gold by the Building & Construction Authority of Singapore (BCA). In Australia, Central Park and Caroline Chisholm Centre have National Australian Built Environment Rating System (NABERS) Energy base building rating of at least 5 star out of a maximum 6 star.

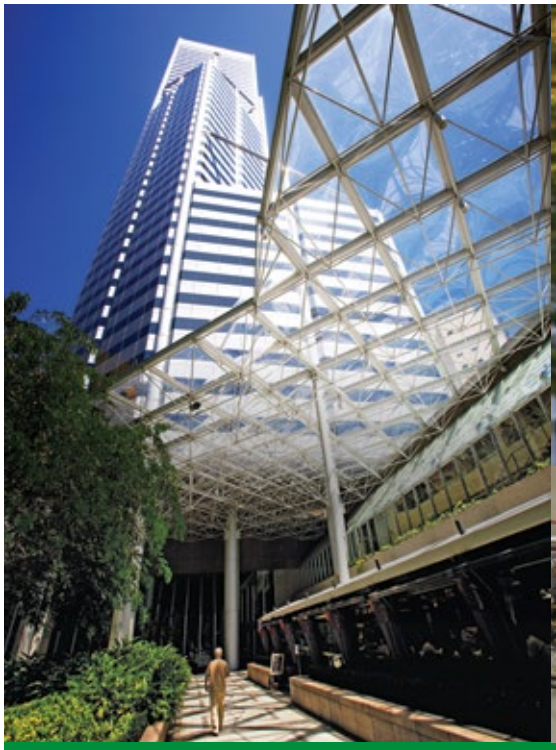
**Green Sustainable Business Guidance guides operational teams on eight sustainability goals:**

- Improve resource efficiency (electricity and water)
- Improve environment quality (waste minimisation, recycling and waste management, use sustainable materials, clean public toilets, use of alternative water source)
- Maximise the useful service life cycle of building systems
- Encourage stakeholders on community ownership and participation in sustainability activities
- Build knowledge through education and training
- Improve indoor environmental quality
- Enhance exterior site management
- Explore various green measures

| Property | Environmental accolades and accreditations |
|---|---|
| China Square Central | • Green Mark Gold Award, BCA<br>• Water Efficient Building, Public Utilities Board (PUB)<br>• Sustainable practices implemented by China Square Central's management office have been accredited by the Singapore Environment Council (SEC) under Project: Eco Office |
| 55 Market Street | • Green Mark Gold Award, BCA<br>• Water Efficient Building, PUB |
| Alexandra Technopark | • Green Mark Gold Award, BCA<br>• Water Efficient Building, PUB<br>• Sustainable practices implemented by Alexandra Technopark's management office have been accredited by the SEC under Project: Eco Office |
| Central Park | • First commercial building in Australia to achieve 4.5 star NABERS Energy rating<br>• First premium office building in Perth to attain a 5 star NABERS Energy base building rating<br>• 5.5 star NABERS Energy base building rating (with green power)<br>• 4.0 star NABERS Indoor Environment rating<br>• 3.5 star NABERS Water rating |
| Caroline Chisholm Centre | • 5 star NABERS Energy base building rating |

FCOT aims to incorporate green practices in its operations and cultivate good practices in its stakeholders. The sustainable green practices implemented by the management offices of China Square Central and Alexandra Technopark have been accredited by the Singapore Environment Council under Project: Eco-Office. To encourage recycling, recycling bins for can, plastic and paper have been placed at various locations across all the properties.

At Central Park, the state-of-the-art Ride & Park "end of trip" bicycle facility aims to minimise the tenants' environmental footprint, besides promoting a healthier lifestyle. Similarly, at China Square Central, shower facilities on each floor of the office tower and bicycle bays provide convenience and encourage green means of travelling. Posters on green practices are also placed in common areas to encourage and educate the community on green practices.



Central Park, Perth, Australia



Bicycle bays at Central Park, Perth, Australia

## Making a difference: Integrating sustainability practices in our properties



### GREEN MARK GOLD PROPERTY: GREEN FEATURES AT ALEXANDRA TECHNOPARK

Alexandra Technopark is a high-tech business space comprising two blocks of high-specification buildings with 905 covered and surface car park lots. Alexandra Technopark is located within the prominent Alexandra business corridor, a dynamic business hub where office and industrial uses are integrated. The Green Mark Gold property has adopted various green initiatives which contributed to the green accolades garnered, such as:

- Installed motion sensors at car parks and staircase
- Air-conditioning system has been retrofitted which resulted in savings in energy consumption
- NEWater (treated used water) used for non-potable purposes such as water for air-conditioning cooling towers, irrigation and fire-fighting facilities (hydrant and sprinkler system)
- Adopting water efficient flush/flow rates
- Waterless urinals for all toilets
- Use cleaning chemicals, hand towels and jumbo rolls that are green label compliant
- Use mechanical ventilation to improve thermal comfort

## Energy use and greenhouse gas emissions[1]

All the Reporting Properties have implemented various initiatives to monitor and reduce utilities consumption, and increase energy efficiency.

We have been a strong supporter of Earth Hour organised by the World Wide Fund for Nature (WWF). In FY2015, the Reporting Properties participated in Earth Hour 2015 where all non-essential lightings were turned off as part of our continuous initiative to promote awareness towards a sustainable environment and conserve energy. As mandated by BCA, the properties in Singapore go through energy audits every 3 years to ensure that the buildings continue to operate efficiently.

Some examples of our efforts to conserve energy and reduce carbon emissions at our properties are as follows:

- Installing motion sensors and energy saving lighting systems such as light-emitting diode (LED) lightings and T5 lights
- Vendors of the air conditioning and mechanical ventilation system (ACMV) are contractually obliged to achieve a good level of performance for the chillers and cooling tower for better management of energy consumption
- Escalators are operated at pre-determined hours to conserve energy
- Air-conditioning units are automatically programmed to be turned off during non-peak hours
- Retrofitting air-conditioning systems
- Lifts upgraded to incorporate destination control and state-of-the art permanent magnet motors
- Incorporating solar photovoltaics system to provide renewable energy
- Purchased carbon credits to offset emissions generated by base building operations

[1] For energy and greenhouse gas emission data:

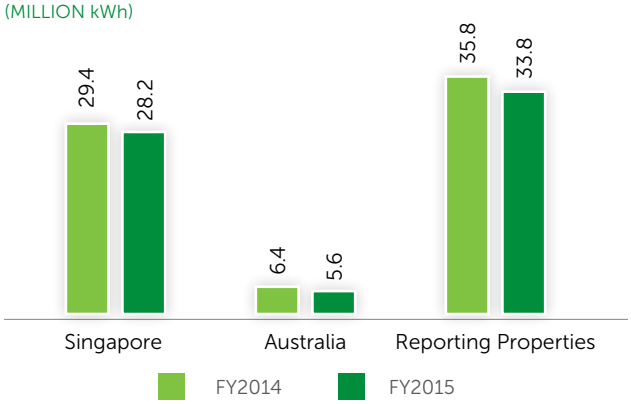
- Energy consumption excludes tenants' consumption. Building intensity figures are normalised by Gross Floor Area (GFA).
- Grid GHG emission factors are from the Singapore Energy Statistics 2015, Australia National Greenhouse Gas Accounts, and Food and Rural Affairs (DEFRA) for Singapore and Australia. Singapore grid emission factors are published annually; at time of publication, grid emission factors for 2015 were not available and 2014 figures were applied. GHG emissions are reported in $CO_2e$ for Singapore and $CO_2$ in Australia.

In FY2015, building energy consumption for the Reporting Properties was 33.8 million kWh, a 5.6% reduction compared to FY2014 due to increased energy efficiency. Accordingly, average building energy intensity decreased from 111.4 kWh/m² in FY2014 to 105.1 kWh/m² in FY2015.

With the lower energy consumption, building greenhouse gas (GHG) emission also decreased in tandem. In FY2015, the total GHG emissions and intensity were lower at 16.6 million tonnes of $CO_2e$ and 51.5 tonnes of $CO_2e/m^2$, respectively.

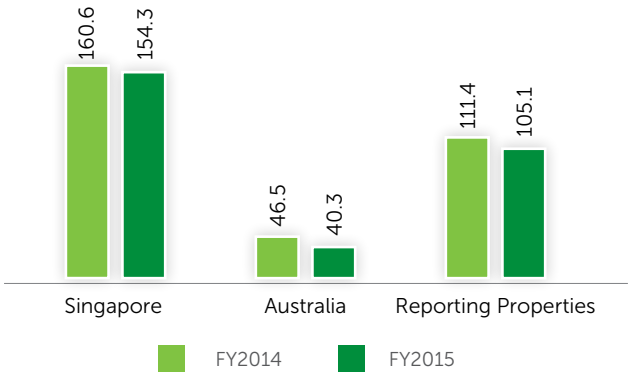
## BUILDING ENERGY CONSUMPTION[1]

(MILLION kWh)



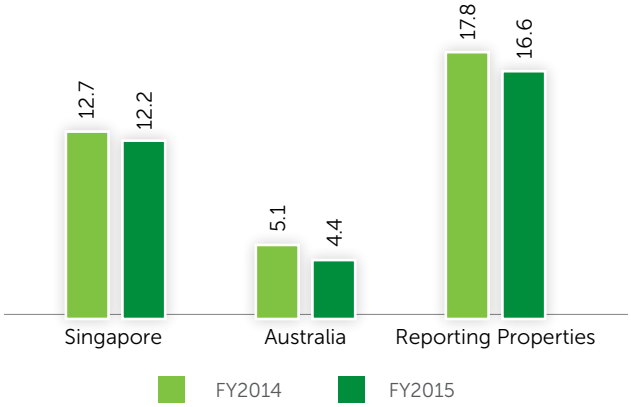

## AVERAGE BUILDING ENERGY INTENSITY[1]

(kWh/m²)



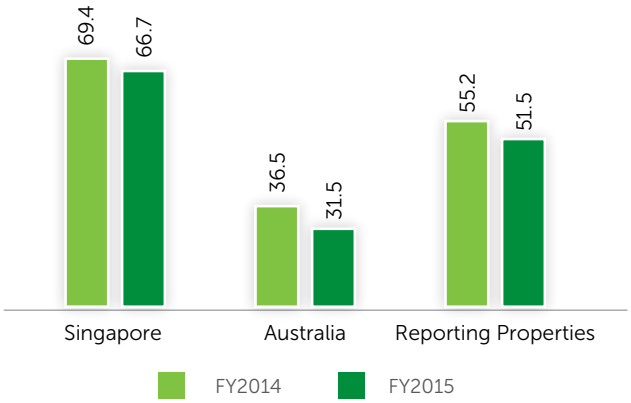

## BUILDING GHG EMISSIONS[1]

(MILLION TONNES OF $CO_2e$)




## BUILDING GHG INTENSITY[1]

(TONNES OF $CO_2e/m^2$)




[1] Energy consumption and GHG emissions are based on landlord's area and exclude tenants' area.

## Water savings

We encourage water conservation through various methods, such as:

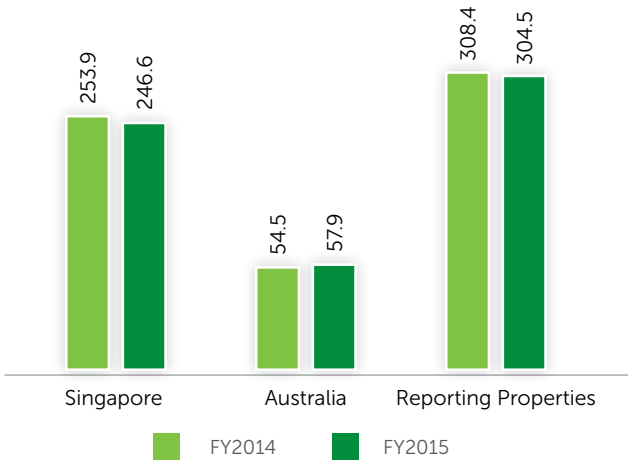
- Installing water-efficient fittings and adopting water-efficient flow flush/rates
- Using PUB's Water Efficiency Labelling Scheme (WELS) approved fittings
- Using NEWater (treated used water) for non-potable purposes such as water for air-conditioning cooling towers, irrigation and firefighting (hydrants and sprinklers)
- Installing tap flow restrictors, low flow shower heads, low flush water closets and a park reticulation weather station
- Using water efficient tap-ware such as the 'Rada Sensor' shower controls, rain water recycling and Greywater

All our properties in Singapore have been certified Water Efficient Building by PUB. China Square Central also participates in the Friends of Water programme by PUB which aims to nurture a sense of ownership and guardianship of water. Most of our water comes from public utilities.

The building water consumption for the Reporting Properties in FY2015 was 304.5 thousand $m^3$, a 1.3% reduction compared to FY2014, mainly due to the 2.9% lower building water consumption for the Singapore properties. This was slightly offset by the 6.3% increase in water consumption in Australia, mainly due to a warmer summer, increase in the number of occupants and building cleaning undertaken following the completion of painting works. Accordingly, average building water intensity was lower at 0.95 $m^3/m^2$ in FY2015.

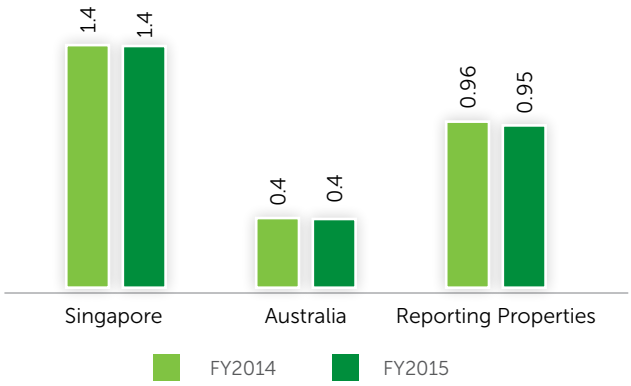
## BUILDING WATER CONSUMPTION[1]

('000 $m^3$)




## AVERAGE BUILDING WATER INTENSITY

($m^3/m^2$)




[1] Water consumption is based on landlord's area only.

## PEOPLE

### Safety is a key priority

The Manager is committed to providing a safe environment for its stakeholders. For example, the Singapore properties have procedures in place for incident management. Standard operating procedures are in place to respond to emergencies. We instill best practices at workplace and practice a culture of safety awareness.

The management of all our properties in Singapore have been accredited with Occupational Health and Safety Management System (OHSAS) 18001 and SS506 Part 1: 2009 certifications which are audited annually. They have also been awarded BizSafe Star by the Workplace Safety & Health (WSH) Council and Ministry of Manpower in recognition of the commitment to BizSAFE programme and achievements in WSH performances.

Safety data is tracked on an on-going basis. There were no incidents of safety-related non-compliance for the Reporting Properties and there were no lost time injuries[2] and no fatalities reported in FY2015.

### Our employees, our capital

Our employees are our important asset. As an externally managed REIT, FCOT does not have any employees and is managed by the Manager, a wholly-owned subsidiary of FCL. The data on employees is in relation to the employees of the Manager.

Attracting and retaining talents, nurturing future leaders and ensuring their well-being are fundamental to the sustainability of our business. This is why good labour/management relations are important to us. As set out in the stakeholder engagement, the management engages the employees throughout the year through various methods and events. For example, orientation programmes are conducted for new employees upon joining the Manager to familiarise the employees with the business and culture of the FCL group. Various activities, such as social events and sports events, are held to encourage team building and cohesiveness. Employees are also kept updated on news and developments of the FCL group via the intranet. We promote an open door policy which encourages open communication and employees are encouraged to provide suggestions, feedback or address concerns with the management.

The employment policies of the Manager are aligned with those of the FCL Group which adopts fair employment practices, and put significant efforts into the development and holistic wellness of its employees. FCL is a signatory to the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP) which promotes the adoption of fair, responsible and progressive employment practices.

### Developing our staff, fostering their loyalty

Holders of the Capital Market Services (CMS) license are required to comply with the Manager's Policy for Continuing Education of Capital Markets Services Representatives to keep abreast of developments in the industry and update their skills and knowledge. Beyond legal compliance, the Manager is committed to grow the skills and knowledge of the employees through various training and learning and development programmes which are co-ordinated by the human resource (HR) department of FCL. As part of the annual staff performance appraisal and career development, supervisors identify learning requirements to address

[2] Health and safety data reported is in line with Singapore's Ministry of Manpower requirements, the definition of lost time injury being more than 3 consecutive days of medical leave due to injury.

the employees' development requirements. The HR department provides a learning directory and monthly learning highlights are also sent to employees for training courses ranging from general skills (such as communication, computer skills, leadership, personal effectiveness) and stress management, to job specific skills (such as customer care, safety and security). Employees may also raise a request for training to the HR department or their supervisor.

2.0% of the Manager's annual payroll is allocated for training and learning and development. In FY2015, the employees of the Manager received an average 33.5 hours of training per employee. The male and female employees received an average training of 21.8 hours and 37.4 hours per employee, respectively. Executive and non-executive employees received an average training of 38.1 hours and 13.4 hours per employee, respectively. Moving forward, we target 40.0 hours of training per employee.

### Developing a healthy workforce

The FCL Group has various wellness programme and activities throughout the year to promote employee wellness and health. The programmes are planned around team bonding, personal development and health themes according to the FCL Group's motto "Make Wellness Part of Your Life; Regular Exercise. Eating Right. Staying Positive". For example, as part of the Eat With Your Family Day initiative, employees of the Manager were released earlier from work to enable them to eat and spend quality time with their families. The employees also participated in other activities such as the FCL Family Day, where staff and their families had a day of good fun and bonding at the Singapore Zoo and River Safari, and the Annual Dinner & Dance.

### Employee profile

As of 30 September 2015, the Manager[3] has 16 employees, all located in Singapore. We have a growing workforce, with a hiring rate of 12.5% exceeding the turnover rate of 6.3%. Temporary or part-time employees are not a significant proportion of the Manager's workforce.

The majority of our employees are in the 30-49 years age group. More than 80.0% of the employees are executives and 75.0% of the employees are females.

### EMPLOYEE MIX BY AGE
(AS AT 30 SEPTEMBER 2015)



| | |
|---|---|
| <30 years old | 18.8% |
| 30-49 years old | 68.8% |
| ≥50 years old | 12.4% |

### EMPLOYEE MIX BY GENDER
(AS AT 30 SEPTEMBER 2015)



| | |
|---|---|
| Male | 25.0% |
| Female | 75.0% |

### EMPLOYEE MIX BY TYPE
(AS AT 30 SEPTEMBER 2015)



| | |
|---|---|
| Executive | 81.3% |
| Non-executive | 18.7% |

[3] FCOT does not have any employee and is managed by the Manager, Frasers Centrepoint Asset Management (Commercial) Ltd. The data reported here is in relation to the Manager.

### Providing a fair and equal workplace

The Manager adopts FCL's policies on fair and equal employment, which is incorporated in the Code of Business Conduct. It states FCL's commitment to equal employment opportunities based on meritocracy. FCL is also a member of the Singapore National Employer Federation (SNEF), which provides guidance on fair employment practices.

In addition to fair employment practices, basic salaries and CPF contributions, employees also enjoy benefits such as parental leave and medical insurance. To maintain competitiveness, the HR department of FCL also benchmarks the remuneration of the Manager's employees to the market by engaging an external consultant.

FCL also offers post retirement employment. For example, FCL supports older employees in Singapore in accordance with the Tripartite Guidelines on the re-employment of older employees.

### Tenant centric approach

The Manager aims to provide a clean, safe and pleasant environment for its tenants and be a reliable and engaging landlord as the Manager believes these will contribute towards tenant satisfaction and retention. We undertake annual tenant surveys at our properties in Singapore to get a better understanding of their level of satisfaction in various aspects ranging from leasing management, operational/maintenance response to the building environment such as amenities, carpark facilities, security and safety and public transportation. Their valuable feedback helps us in understanding their needs, expectations and identify areas for improvements. In FY2015, the Reporting Properties have a healthy tenant retention rate of 86.4%.

We undertake asset enhancements to refresh our properties and seek improvements to better serve the needs of our tenants. For example, in FY2013, the office tower at China Square Central was refreshed from asset enhancement works and the area along Nankin Mall was revitalised following the completion of the Precinct Master Plan. In FY2015, lift upgrading works were completed at Central Park. Caroline Chisholm Centre was also given a fresh coat of paint in FY2015. The Manager will review opportunities for asset enhancement initiatives to improve the performance of the properties.

In the tenant survey that was conducted in FY2015 at our Singapore properties, the majority of the response was in the "Satisfied to Very Satisfied" range.



Caroline Chisholm Centre, Canberra, Australia

## COMMUNITY

### Adding Value to our Communities

"Engaging our communities through different programmes, be it arts, cultural, educational or environmental activities is an integral part of the Trust's social commitment to nurture good relationships"

We add value to the local communities through involvement and investment, either in terms of time or resources. We organise community engagement and events together with tenants and charities at most of the properties. These events capitalise on our community ties by involving local charities, communities or special target groups such as senior citizens.



Australia's Biggest Morning Tea, Central Park, Perth, Australia



Step Up for MS, Central Park, Perth, Australia



Central Park Plunge, Central Park, Perth, Australia

| Charity events | Impact |
|---|---|
| Australia's Biggest Morning Tea | The Central Park management team were honoured to host and be part of Australia's Biggest Morning Tea, one of Cancer Council Western Australia's leading fundraising events in Australia. Both the tenants and the Central Park management team came in full support of this worthy cause, and cakes and coffee were donated and sales proceeds of A$1,920 raised. This event also was a good opportunity to foster closer ties between the tenants and the Central Park management team. |
| Step Up for MS | For the ninth consecutive year, Step Up for MS, one of the iconic events for the Multiple Sclerosis Society (MS Society) of Western Australia, was held at Central Park. This unique vertical challenge to the top of Central Park raised funds and awareness of the MS Society, a non-profit organisation providing support and services to those affected with multiple sclerosis. This year, a total of A$154,592 was raised from donors and participants, whilst the Central Park management team donated A$10,000 in support of the MS Society. |
| Central Park Plunge | Central Park Plunge is one of Perth's newest event which provided an opportunity for 300 participants to abseil 220 metres from Central Park, denoted as Australia's tallest urban abseil event. Organised by Zenith Events and held over a three-day period, this event was held in support of the Ronald McDonald House, The Fiona Wood Foundation, Kids' Camp and Anglicare Western Australia. The event was a resounding success where A$425,000 was raised, significantly higher than the initial A$350,000 target set as a result of the tremendous support received. |
| Brand's Charity Sales | The annual Brand's Charity Sales by Cerebos Pacific Limited was held at China Square Central over the course of two days to raise funds for The Straits Times School Pocket Money Fund, established to help children from low-income families pay for their meals in school and their education needs. S$22,000 was raised and these funds will go a long way to help ease the burden of needy families and ensure the smooth continuation of their children's education. China Square Central supported this event by providing assistance for on-site displays and point of distribution for flyers to create awareness among the shoppers, retail and office tenants. |



Colours Of Our Country, Central Park, Perth, Australia

| Community events | Impact |
|---|---|
| Colours of Our Country | The annual Colours of Our Country art exhibition was held at the lobby of Central Park, showcasing more than 250 paintings and artefacts from 40 Western Australia's Pilbara-based Aboriginal artists. Presented by Rio Tinto, the art exhibition also featured independent artists from Karratha, Roebourne, Pannawonica and Tom Price from the Pilbara region. This exhibition provided the community with a better understanding of the rich history, culture and customs of the Pilbara region, whilst creating economic opportunities for these artists. More than 219 artworks were sold and A$218,265 was raised, exceeding the A$204,000 raised last year. |
| As We Are | For the third consecutive year, Central Park hosted the As We Are art exhibition featuring the works of disabled artists from Perth. This inspiring exhibition provided a good exposure to the artists and the sale of their artwork validated their talent and efforts. The event successfully raised A$11,980 from artworks sold. |
| Seniors Week – Opera in the Park | Seniors Week is a national week sponsored by the Department of Health and Ageing celebrating and recognising the seniors for their contributions to the community, challenging negative stereotypes of seniors and presenting a positive image of ageing. It also encourages younger Western Australians to improve their health and wellbeing in later life and promotes inter-generational celebration of seniors. During the week, the Western Australia State Opera performed at the lawn of Central Park much to the delight of the tenants and public. |
| Brian McKay Exhibition | An art exhibition featuring the works of the late artist, Brian McKay, was held at the lobby of Central Park to pay tribute and to commemorate his works. Celebrated as one of Western Australia's leading modernists, Brian McKay designed the artwork in Central Park's lobby during its construction 20 years ago and most recently, designed the lift interiors for the upgrading of Central Park's lifts. The art exhibition showcased the photographs depicting the unique, individual artworks created for the 18 lifts in Central Park in 2015. |



Visit to Geylang East Home for the Aged, Singapore

### Visit to Geylang East Home for the Aged

The China Square Central building management team organised a visit to the Geylang East Home for the Aged to bring some cheer to the senior citizens. 60 senior citizens, with ages ranging from 60 to 93 years, were treated to goodies such as snacks and beverages by the team. The team also joined the senior citizens in their daily activities such as karaoke and pictorial colouring, forging a great camaraderie with the elderly folks. As a parting gift, the elderly folks were presented with goodie bags comprising various products sponsored by Cerebos Pacific Limited.

### Tenant Events

As part of the initiatives to engage and foster closer relationship with the tenants, various tenant events were held during the year. At Central Park, wine tasting events are held on the last Thursday of every month, where different wines and beers were made available for the enjoyment of the tenants. The team at Central Park also hosted a lunch for the tenants of Central Park for the Melbourne Cup event. In Singapore, tenants were given oranges and mooncakes as part of the Chinese New Year and the Mid-Autumn celebrations.



Wine Tasting, Central Park, Perth, Australia

## GRI CONTENT INDEX (G4 CORE)

### GENERAL STANDARD DISCLOSURES

Fully met
Partially met
Not met

| | Standard disclosure title | Reference | |
|---|---|---|---|
| | **Strategy and analysis** | | |
| G4-1 | Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability. | Letter to Unitholders, p. 19 – 20 | ● |
| | **Organisational profile** | | |
| G4-3 | Name of the organisation. | About Frasers Commercial Trust, p. 2 | ● |
| G4-4 | Primary brands, products, and services. | About Frasers Commercial Trust, p. 2 | ● |
| G4-5 | Location of the organisation's headquarters. | Corporate information (inside back cover) | ● |
| G4-6 | Number of countries where the organisation operates, and names of countries where either the organisation has significant operations or that are specifically relevant to the sustainability topics covered in the report. | About Frasers Commercial Trust, p. 2 | ● |
| G4-7 | Nature of ownership and legal form. | About Frasers Commercial Trust, p. 2, Corporate Structure, p. 21 | ● |
| G4-8 | Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries). | About Frasers Commercial Trust, p. 2<br>Overview of Properties, p. 60 – 61<br>Asset Profiles, p. 64 – 75 | ● |
| G4-9 | Scale of the organisation | About Frasers Commercial Trust, p. 2 | ● |
| G4-10 | a. total number of employees by employment contract and gender.<br>b. total number of permanent employees by employment type and gender.<br>c. total workforce by employees and supervised workers and by gender.<br>d. total workforce by region and gender.<br>e. Report whether a substantial portion of the organisation's work is performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors.<br>f. any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries). | Employee Profile, p. 90<br><br><br><br><br>No substantial work is performed by workers who are legally recognised as self-employed.<br><br>There is no significant variation in employment numbers. | ● |

| | | | |
|---|---|---|---|
| G4-11 | Employees covered by collective bargaining agreements. | There are no collective bargaining agreements in place. | ● |
| G4-12 | The organisation's supply chain. | Sustainability Across our Supply Chain, p. 83 | ● |
| G4-13 | Significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain | Not applicable – first sustainability report | N.A. |
| G4-14 | Whether and how the precautionary approach or principle is addressed by the organisation. | Our Approach to Sustainability, p. 81 | ● |
| G4-15 | Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses. | Our Approach to Sustainability, p. 81<br>Governance, p. 83 – 85<br>Environment, p. 85 – 89<br>People, p. 89 – 94 | ● |
| G4-16 | Memberships of associations (such as industry associations) and national or international advocacy organisations | Being accountable to our stakeholders, p. 82 – 83 | ● |
| | **Identified material aspects and boundaries** | | |
| G4-17 | All entities included or not included in organisation's financial statements | Overview of properties, p. 60 – 61<br>Scope of this Report, p. 79 | ● |
| G4-18 | Process for defining Report Content | Deciding on what matters most, p. 81 | ● |
| G4-19 | The material Aspects identified in the process for defining report content | Deciding on what matters most, p. 81 | ● |
| G4-20 | For each material Aspect, Aspect Boundary within the organisation | All material issues are relevant internally. | ● |
| G4-21 | Aspect Boundary outside the organisation | All material issues are relevant externally except for Labour/Management Relations and Staff Retention and Development | ● |
| G4-22 | Effect of any restatements of information provided in previous reports, and the reasons for such restatements. | Not applicable – first sustainability report | N.A. |
| G4-23 | Significant changes from previous reporting periods in the Scope and Aspect Boundaries. | Not applicable – first sustainability report | N.A. |
| | **Stakeholder engagement** | | |
| G4-24 | Stakeholder groups engaged by the organisation | Being accountable to our stakeholders, p. 82 | ● |
| G4-25 | Basis for identification and selection of stakeholders with whom to engage | Being accountable to our stakeholders, p. 82 | ● |
| G4-26 | Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group | Being accountable to our stakeholders, p. 82 | ● |

| | | | |
|---|---|---|---|
| G4-27 | Key topics and concerns raised through stakeholder engagement, and how the organisation has responded | Being accountable to our stakeholders, p. 82 | ● |
| | **Report profile** | | |
| G4-28 | Reporting period for information provided | Scope of this report, p. 79 | ● |
| G4-29 | Date of most recent previous report | Not applicable – first sustainability report | N.A. |
| G4-30 | Reporting cycle | Scope of this report, p. 79 | ● |
| G4-31 | Contact point for questions regarding the report or its contents | Scope of this report, p. 79 | ● |
| G4-32 | Report on 'In accordance' option, GRI Content Index, reference to External Assurance | Scope of this report, p. 79 | ● |
| G4-33 | Policy and current practice with regard to seeking external assurance for the report | Scope of this report, p. 79 | ● |
| | **Governance** | | |
| G4-34 | Governance structure of the organisation | Corporate and Organisational Structure, p. 21<br>Board of Directors, p. 24 – 27<br>Management Team, p. 28 – 29<br>Governance, p. 83 – 85<br>Corporate Governance, p. 101 – 111 | ● |
| G4-58 | Internal and external mechanisms for reporting concerns about ethical and lawful behavior, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines | Preventing Corruption and Fraud, p. 83 – 85 | ● |
| **SPECIFIC STANDARD DISCLOSURES** | | | |
| | **CATEGORY: ECONOMIC** | | |
| | **Aspect: Economic Performance** | | |
| G4-DMA | Generic Disclosures on Management Approach | Financial Review, p. 37 – 41 | ● |
| G4-EC1 | Direct economic value generated and distributed | Financial Highlights, p. 10 – 13<br>Financial Review, p. 37 – 41<br>Financial Statements, p. 118 – 166 | ● |
| G4-EC3 | Coverage of the organisation's defined benefit plan obligations | Providing a fair and equal workplace, p. 91<br>Employees are covered by Singapore's mandatory social security savings plan, the Central Provident Fund (CPF). | ● |

| | | | |
|---|---|---|---|
| | **CATEGORY: ENVIRONMENTAL** | | |
| | **Aspect: Energy** | | |
| G4-DMA | Generic Disclosures on Management Approach | Environment, p. 85 – 89 | ● |
| G4-EN3 | Energy consumption within the organisation | Energy use and greenhouse gas emissions, p. 87 –88 | ● |
| G4-EN5 | Energy intensity | Energy use and greenhouse gas emissions, p. 87 –88 | ● |
| G4-EN6 | Reduction of energy consumption | Energy use and greenhouse gas emissions, p. 87 –88 | ● |
| G4-CRE1 | Building energy intensity | Energy use and greenhouse gas emissions, p. 87 –88 | ● |
| | **Aspect: Water** | | |
| G4-DMA | Generic Disclosures on Management Approach | Environment, p. 85 – 89 | ● |
| G4-EN8 | Total water withdrawal by source | Water savings, p. 88 – 89 | ● |
| G4-CRE2 | Building water intensity | Water savings, p. 88 – 89 | ● |
| | **Aspect: Emissions** | | |
| G4-DMA | Generic Disclosures on Management Approach | Environment, p. 85 – 89 | ● |
| G4-EN16 | Energy indirect greenhouse gas (GHG) emissions (Scope 2) | Energy use and greenhouse gas emissions, p. 87 –88 | ● |
| G4-EN18 | Greenhouse gas (GHG) emissions intensity | Energy use and greenhouse gas emissions, p. 87 –88 | ● |
| G4-EN19 | Reduction of greenhouse gas (GHG) emissions | Energy use and greenhouse gas emissions, p. 87 –88 | ● |
| G4-CRE3 | Greenhouse gas (GHG) emissions intensity from buildings | Energy use and greenhouse gas emissions, p. 87 –88 | ● |
| | **Aspect: Compliance** | | |
| G4-DMA | Generic Disclosures on Management Approach | Enterprise-wide Risk Management (ERM), p. 85<br>Governance, p. 83 – 85<br>Environment, p. 85 – 89 | ● |
| G4-EN29 | Non-monetary sanctions for non-compliance with environmental laws and regulations | There were no fines for non-compliance with environmental laws and regulations at our properties in FY2015. | ● |

| | | | |
|---|---|---|---|
| | **CATEGORY: SOCIAL** | | |
| | **Sub-Category: Labour Practices And Decent Work** | | |
| | **Aspect: Employment** | | |
| G4-DMA | Generic Disclosures on Management Approach | People, p. 89 – 94 | ● |
| G4-LA1 | Total number and rates of new employee hires and employee turnover by age group, gender and region | Employee Profile, p. 90<br>Given the small workforce size, no breakdown by age group and gender. | ● |
| G4-LA2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation | Not applicable. Temporary or part-time employees are not a significant part of FCOT's workforce. | N.A. |
| | **Aspect: Labour/Management Relations** | | |
| G4-DMA | Generic Disclosures on Management Approach | People, p. 89 – 94 | ● |
| G4-LA4 | Minimum notice periods regarding operational changes, including whether these are specified in collective agreements | This is currently not covered in group-wide collective agreements. Staff are given sufficient notice to adjust to any operational changes. The notice period varies. | |
| | **Aspect: Occupational Health And Safety** | | |
| G4-DMA | Generic Disclosures on Management Approach | Safety is a key priority, p. 89 | ● |
| G4-LA5 | Workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs | There are no health-safety committees at group level. | ● |
| G4-LA6 | Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender | Safety is a key priority, p. 89 | ● |
| G4-CRE6 | Percentage of the organisation operating in verified compliance with an internationally recognized health and safety management system. | Safety is a key priority, p. 89<br>There is no data tracking about the percentage of employees working in verified compliance with an Internationally Recognised Health & Safety Management System. | ● |
| | **Aspect: Training And Education** | | |
| G4-DMA | Generic Disclosures on Management Approach | Developing our staff, fostering their loyalty, p. 89 – 90 | ● |
| G4-LA9 | Training per year per employee by gender, and by employee category | Developing our staff, fostering their loyalty, p. 89 – 90 | ● |

| | | | |
|---|---|---|---|
| G4-LA10 | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings | Developing our staff, fostering their loyalty, p. 89 – 90 | ● |
| G4-LA11 | Employees receiving regular performance and career development reviews, by gender and by employee category | Developing our staff, fostering their loyalty, p. 89 – 90 | ● |
| | **Sub-Category: Society** | | |
| | **Aspect: Local Communities** | | |
| G4-DMA | Generic Disclosures on Management Approach | Community, p. 91 – 94 | ● |
| G4-SO1 | Operations with implemented local community engagement, impact assessments, and development programs | Community, p. 91 – 94 | ● |
| G4-CRE7 | Persons voluntarily and involuntarily displaced and/or resettled by development, broken down by project | FCOT has only invested in completed properties. It has not been involved in the development phase of these properties. | ● |
| | **Aspect: Anti-Corruption** | | |
| G4-DMA | Generic Disclosures on Management Approach | Governance, p. 83 – 85 | ● |
| G4-SO3 | Operations assessed for risks related to corruption and the significant risks identified | Enterprise-Wide Risk Management (ERM), p. 85<br>Preventing corruption and fraud, p. 83 – 85 | ● |
| G4-SO5 | Confirmed incidents of corruption and actions taken | No confirmed incidents. | ● |
| | **Sub-Category: Product Responsibility** | | |
| | **Aspect: Customer Health And Safety** | | |
| G4-DMA | Generic Disclosures on Management Approach | Safety is a key priority, p. 89 | ● |
| G4-PR2 | Incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle | Safety is a key priority, p. 89 | ● |
| | **Aspect: Marketing Communication** | | |
| G4-DMA | Generic Disclosures on Management Approach | Ethical Marketing, p. 85 | ● |
| G4-PR7 | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion and sponsorship, by type of outcomes | Ethical Marketing, p. 85 | ● |

# CORPORATE GOVERNANCE

## INTRODUCTION

Frasers Centrepoint Asset Management (Commercial) Ltd. (the "**Manager**"), as manager of Frasers Commercial Trust ("**FCOT**"), is committed to high standards of corporate governance in the business and operations of the Manager, FCOT and their respective subsidiaries so as to protect the interest of, and enhance the value of Unitholders' investments in, FCOT.

FCOT is a real estate investment trust ("**REIT**") listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the Manager is a wholly-owned subsidiary of Frasers Centrepoint Limited ("**FCL**").

The Manager's commitment to high standards of corporate governance is spearheaded by a highly-qualified Board of Directors of the Manager (the "**Board**"), and supported by experienced and a qualified Management team (the "**Management**").

The Manager has general powers of management over the assets of FCOT. The Manager's key responsibility is to manage FCOT's assets and liabilities for the benefit of Unitholders with a focus to deliver a stable and sustainable distribution to Unitholders and where appropriate, enhance the values of existing properties and increase the property portfolio over time.

The other functions and responsibilities of the Manager include preparing annual asset plans and undertaking regular individual asset performance analysis and market research analysis, managing finance functions relating to FCOT (which includes capital management, treasury, co-ordination and preparation of consolidated budgets) and supervising property managers who perform the day-today property management functions for FCOT's properties, namely (i) China Square Central, 55 Market Street and Alexandra Technopark in Singapore and (ii) Central Park, Caroline Chisholm Centre and 357 Collins Street in Australia.

The Manager holds a Capital Markets Services Licence ("**CMS Licence**") issued by the Monetary Authority of Singapore ("**MAS**") to carry out REIT management activities as required under the licensing regime for REIT managers that came into effect on 1 August 2008.

The Manager ensures that the business of FCOT is carried on and conducted in a proper and efficient manner adhering to the principles and guidelines of the Code of Corporate Governance 2012 (the "**CG Code**") and other applicable laws and regulations, including the listing rules of SGX-ST, the Code on Collective Investment Schemes (the "**Code on CIS**") and the Securities and Futures Act (the "**SFA**").

This corporate governance report ("**CG Report**") provides an insight on the Manager's corporate governance framework and practices in compliance with the principles and guidelines of the CG Code. As FCOT is a listed REIT, not all principles of the CG Code may be applicable to FCOT and the Manager. Any deviations from the CG Code are explained.

## BOARD MATTERS

### Principle 1: The Board's Conduct of Affairs

The composition of the Board as at 30 September 2015 is as follows:

| | | |
|---|---|---|
| Dr Chua Yong Hai | Chairman, Non-Executive | Independent |
| Low Chee Wah | Chief Executive Officer | Non-Independent |
| Chay Wai Chuen | Non-Executive | Independent |
| Chia Khong Shoong | Non-Executive | Non-Independent |
| Lim Ee Seng | Non-Executive | Non-Independent |
| Tan Guong Ching | Non-Executive | Independent |
| Christopher Tang Kok Kai | Non-Executive | Non-Independent |

The Board oversees the business affairs of FCOT and the Manager, and assumes responsibility for their strategic direction and plans. In carrying out its responsibilities, the Board is involved strategically in the establishment of performance objectives for both FCOT and the Manager, financial planning, budget creation and monitoring, material operational initiatives, investment and asset enhancement initiatives, financial and operational performance reviews, the establishment of risk management practices and risk monitoring, and establishment and monitoring of corporate governance and compliance practices.

The Board meets at least once every quarter and on such other occasions that necessitate their involvement. If a Director is unable to attend a meeting, he will still receive all the papers and materials for discussion at that meeting for review. He will advise the Chairman or Audit, Risk and Compliance Committee ("**ARC Committee**") Chairman or CEO on his views and comments on the matters to be discussed to be conveyed to other members at the meeting. If required, time is set aside after scheduled Board meetings for discussions amongst the members of the Board without the presence of Management, in line with the guidelines of the CG Code. In addition to the meetings, the members of the Board have access to the Management throughout the financial year, thereby allowing the Board continuous strategic oversight over the activities of FCOT.

The Board is assisted in its corporate governance and risk management responsibilities by the ARC Committee. Separate committees will be considered if required to assist the Board in carrying out its role more effectively.

Newly-appointed members of the Board are required to undergo orientation to familiarise themselves with FCOT's business, strategic plans and objectives, the regulatory environment in which FCOT operates and the Manager's corporate governance practices. No new members were appointed to the Board during FY2015.

The Board is regularly updated on new laws affecting FCOT's business, as well as changes in applicable regulations. The Company Secretary facilitates such orientation and assists with the professional development of the Board and its members. During the year, the Board was briefed and/or updated on MAS' response to feedback received on the consultation paper on enhancements to the regulatory regime governing REITs and REIT managers.

In addition to talks conducted by relevant professionals, members of the Board are encouraged to attend relevant courses and seminars so as to keep themselves updated on developments and changes in FCOT's operating environment, and to be members of the Singapore Institute of Directors ("**SID**") and for them to receive journal updates and training from SID to stay abreast of relevant developments in financial, legal and regulatory requirements, and the business environment and outlook.

The number of Board and ARC Committee meetings held for the financial year from 1 October 2014 to 30 September 2015, as well as the attendance of each Board member at these meetings, are set out below:

| | Board Meetings* | ARC Committee Meetings |
|---|---|---|
| Meetings held during the financial year ended 30 September 2015 | 7 | 4 |
| Attendees | | |
| Dr Chua Yong Hai | 7 | 4 |
| Low Chee Wah | 7 | NA |
| Chay Wai Chuen | 7 | 4 |
| Chia Khong Shoong | 7 | NA |
| Lim Ee Seng | 7 | NA |
| Tan Guong Ching | 7 | 4 |
| Christopher Tang Kok Kai | 7 | 4 |

* Excludes other meetings attended by Directors with Management and a special meeting of Independent Directors which was held to discuss an interested person transaction carried out during the financial year.

To ensure that business and operational efficacy is maintained without compromising the standard of corporate governance, a Manual of Authority (the "MOA") approved by the Board is implemented. The MOA sets out the levels of authorisation and their respective approval limits for a range of transactions, including but not limited to investments, asset enhancement initiatives, and operating and capital expenditures. Transactions and matters which require the Board's approval are clearly set out in the MOA.

### Principle 2: Board Composition and Guidance

The Board comprises seven members, of whom three are Independent Non-Executive Directors. The CEO is the only Executive Director on the Board. The rest of the Board members are non-executive Directors.

The Board is of the view that the current size and composition of the Board is appropriate for the scope and nature of the operations of the Manager and FCOT and facilitates effective decision-making. In line with the CG Code, the Board is also of the view that the current size of the Board is not so large as to be unwieldy. In this regard, the Board has taken into account the requirements of the business of the Manager and FCOT and the need to avoid undue disruptions from changes to the composition of the Board and the ARC Committee. The Board considers that its present size, composition and balance between Executive, Non-Executive and Independent Directors, is appropriate and allows for a balanced exchange of views, robust deliberations and debates among members, and effective oversight over Management. The current composition gives the Board the ability to consider and make decisions objectively and independently on issues relating to FCOT and the Manager. Under the current composition, no one individual or group dominates the Board's decisions or its process. The composition of the Board is reviewed regularly to ensure that the Board has the appropriate size and mix of expertise and experience. There is a strong and independent element on the Board.

Directors exercise their judgment independently and objectively in the interest of FCOT and the Manager. The Board reviews and assesses annually the independence of its directors based on the definitions and guidelines of independence set out in the CG Code. In its review for the financial year ended 30 September 2015, the Board determined the following with respect to the independence of directors:

| | |
|---|---|
| Dr Chua Yong Hai | Independent |
| Low Chee Wah | Non-Independent |
| Chay Wai Chuen | Independent |
| Chia Khong Shoong | Non-Independent |
| Lim Ee Seng | Non-Independent |
| Tan Guong Ching | Independent |
| Christopher Tang Kok Kai | Non-Independent |

The Board had noted that:

(i) each Independent Director had declared that there were no relationships or instances, as stated in Guideline 2.3 of the CG Code, that would otherwise deem him not to be independent; and

(ii) Dr Chua Yong Hai and Mr Tan Guong Ching had served on the Board for more than 9 years.

The Board was of the view that Dr Chua Yong Hai and Mr Tan Guong Ching, despite their length of service, had continued to demonstrate their ability to exercise strong objective judgement and act in the best interests of the Manager and FCOT. They remained independent in expressing their views and in participating in the deliberations and decision making of the Board and the ARC Committee.

Having considered the above factors and weighing the need to refresh board membership, the Board (with Dr Chua Yong Hai and Mr Tan Guong Ching abstaining with respect to the assessment of their own independence) determined that Dr Chua Yong Hai and Mr Tan Guong Ching were independent, notwithstanding that each of them has served on the Board for more than 9 years.

With the background, skills, experience and core competencies of its members, the Board collectively has the critical skills and expertise needed in the strategic direction and planning of the business of FCOT. The diversity of skills, expertise and experience of its members bring to the Board independent and objective perspective thereby enabling balanced and well-considered decisions to be made. Particulars of Directors are set out on pages 24 to 27.

### Principle 3: Chairman and Chief Executive Officer

The roles of the Chairman and the CEO are separate to ensure an appropriate balance of power and authority and the levels of authority and the approval limits under the MOA reflects such a separation. This separation of roles promotes greater accountability of Management and allows the Board to exercise its independence in its oversight

of and deliberations with Management. The Chairman, who is an independent and a non-executive director, is not related to the CEO. There is no business relationship between him and the CEO.

The Chairman leads the Board and ensures its effectiveness by, among other things, steering effective, productive and comprehensive discussions amongst Board members and the Management team on strategic, business and other key issues pertinent to the business and operations of FCOT and the Manager. With the full support of the Board, the Company Secretary and Management, the Chairman spearheads the Manager's drive to promote, attain and maintain high standards of corporate governance and transparency.

The CEO has full executive responsibilities over the business direction and operations of the Manager, and is responsible for the execution of the Board's adopted strategies and policies. The CEO leads the Management team in the management of FCOT and is accountable to the Board for the conduct and performance of the Management team.

### Principle 4: Board Membership

The Board does not consider it necessary to establish a nominating committee. The Board retains the responsibility for the identification, review and appointment of suitable candidates to join the Board as its members, taking into consideration (a) such candidate's skill, experience and ability to perform, (b) the needs of the Board, (c) such candidate's other commitments and (d) the independence of the candidate from FCOT and the Manager. Directors of the Manager are not subject to periodic retirement by rotation.

The Board proactively seeks to maintain an appropriate balance of expertise, skills and attributes among the Directors, and this is reflected in the diversity of backgrounds and competencies of the current Directors. Such competencies include banking, finance, accounting and other relevant industry knowledge, entrepreneurial and management experience, and familiarity with regulatory requirements and risk management. This benefits Management as it allows them to tap on the broad range of views and perspectives and the breadth of experience of the Directors.

The CG Code requires listed companies to fix the maximum number of Board representations on other listed companies that their directors may hold and to disclose this in their annual report. In determining whether each Director is able to devote sufficient time to discharge his duties, the Board has taken cognizance of the CG Code requirement, but is of the view that its assessment should not be restricted to the number of board representations of each Director – and their respective principal commitments – per se. Holistically, the contributions by the Directors to and during meetings of the Board and the ARC Committee as well as their attendance at such meetings should also be taken into account. Details of such directorships and other principal commitments of the Directors are disclosed on pages 24 to 27.

### Principle 5: Board Performance

The Board has implemented a process to assess the performance of the Board and its decision-making processes. Members of the Board are required to assess the Board's performance, which includes areas such as the Board's composition and processes, effectiveness in its management of FCOT's performance, and such other areas which the Board is of the view that improvements are required.

The findings of the assessment are reviewed by the Board with a view to improving its overall effectiveness in carrying out its role. Based on such periodic reviews, the Board is of the view that it is operating effectively and each of its members is contributing to its overall effectiveness and commits to maintain such effectiveness.

### Principle 6: Access to Information

It is the Management's commitment that the Board and the ARC Committee are provided with complete, timely and adequate information, both prior to Board meetings and ARC Committee meetings and on an ongoing basis so as to allow the Board and the ARC Committee to discharge their duties. Prior to each Board meeting and ARC Committee meeting, papers on matters to be discussed are sent to Board members and ARC Committee members ahead of such meetings, so that such matters may be considered and discussed thoroughly and fully, prior to the making of any decision. Management may be requested to attend Board meetings so as to be at hand to answer any questions or contribute to any discussions. Presentations are made by Management at the Board meetings to facilitate deliberations and discussions.

For matters which require the Board's decision outside such meetings, board papers will be circulated through the Company Secretary for the Board's consideration, with discussions and clarifications taking place between members of the Board and Management, before approval is granted.

Directors at their discretion may seek and obtain independent professional advice, where necessary, in the furtherance of their duties.

Directors have separate and independent access to the Company Secretary, who attends all Board meetings and advises the Board on relevant corporate governance issues. The Company Secretary ensures compliance with Board procedures and relevant rules and regulations. Under the direction of the Chairman, the Company Secretary is responsible for ensuring good information flow between the Board and Management. Direct communication between the CEO, the Chairman and members of the Board is encouraged by the Board, and the Board may at its discretion communicate with Management if they so wish.

## REMUNERATION MATTERS

### Principle 7: Procedures for Developing Remuneration Policies
### Principle 8: Level and Mix of Remuneration
### Principle 9: Disclosure on Remuneration

The remuneration of Directors, the CEO and employees of the Manager are paid by the Manager and not by FCOT.

For the financial year ended 30 September 2015, the Manager adopted the remuneration policies and practices of FCL, which has a remuneration committee (the "**FCL RC**") that oversees, inter alia, the framework of remuneration, compensation and benefits for key executives of the Manager, including the CEO. The level and mix of remuneration and benefits, policies and practices of the FCL group, which includes the Manager, are reviewed by the FCL RC on an annual basis. In undertaking such reviews, the FCL RC takes into consideration the performance of the Manager as part of the FCL group, and that of individual employees. It also reviews and approves the framework for salary reviews, performance bonuses and incentives for senior managers of the Manager as part of the FCL group-wide review.

The Manager's compensation framework comprises fixed pay and short-term and long-term incentives. Executive remuneration is linked to, *inter alia*, individual performance based on an annual appraisal of each individual employee of the Manager. The remuneration of non-executive Directors takes into account their level and quality of contribution and their respective responsibilities, including attendance and time spent at Board meetings and Board Committee meetings. Save for the CEO, Directors are paid a basic fee and attendance fees for attending Board meetings. The CEO does not receive Directors' fees. Non-Executive Directors who perform services through Board Committees are paid additional basic and attendance fees for such services. No Director decides his own fees. Directors' fees are reviewed periodically to benchmark such fees against the amounts paid by other major listed companies.

The Directors' fees for the financial year ended 30 September 2015 are shown in the table below.

| Director | FY 2015 |
|---|---|
| Dr Chua Yong Hai (Chairman and member of ARC Committee) | SGD 122,000 |
| Chay Wai Chuen (Chairman, ARC Committee) | SGD 87,000 |
| Chia Khong Shoong | SGD 50,500[1] |
| Lim Ee Seng | SGD 50,500[1] |
| Tan Guong Ching (Member, ARC Committee) | SGD 80,750 |
| Christopher Tang Kok Kai (Member, ARC Committee) | SGD 71,500[1] |

[1] Directors' fees are paid to FCL Management Services Pte. Ltd.

## ACCOUNTABILITY AND AUDIT

### Principle 10: Accountability

The Manager prepares the financial statements of FCOT in accordance with the recommendations of the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on CIS issued by the MAS and the provisions of the Trust Deed. RAP 7 requires the accounting principles to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards prescribed by the Accounting Standards Council. Financial reports containing management accounts, explanation and other information are provided to the Board on a monthly basis to enable the Board to make a balanced and understandable assessment of FCOT's performance, position and prospects. Quarterly and annual financial reports and other material information are disseminated to Unitholders through announcements released via SGXNET, and where applicable, media releases and analysts' briefings. Such financial reports are reviewed by the Board before dissemination.

### Principle 11: Risk Management and Internal Controls

The Manager has established a sound system of risk management and internal controls comprising procedures and processes to safeguard FCOT's assets and Unitholders' interests. The ARC Committee reviews and reports to the Board on the adequacy and effectiveness of such controls, including financial, compliance, operational and information technology controls, and risk management procedures and systems, taking into consideration the recommendations of both internal and external auditors.

### Internal Controls

The ARC Committee, through the assistance of internal and external auditors, reviews and reports to the Board on the adequacy and effectiveness of the Manager's system of controls, including financial, compliance, operational and information technology controls. In assessing the effectiveness of internal controls, the ARC Committee ensures primarily that key objectives are met, material assets are properly safeguarded, fraud or errors in the accounting records are prevented or detected, accounting records are accurate and complete, and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.

### Risk Management

The Board, through the ARC Committee, reviews the adequacy and effectiveness of the Manager's risk management framework to ensure that robust risk management and mitigating controls are in place. The Manager has adopted an enterprise-wide risk management (ERM) framework to enhance its risk management capabilities. Key risks, control measures and management actions are continually identified, reviewed and monitored as part of the ERM process. Financial and operational key risk indicators are in place to track key risk exposures. Apart from the ERM process, key business risks are thoroughly assessed by Management and each significant transaction is comprehensively analysed so that Management understands the risks involved before it is embarked upon. An outline of the Manager's ERM framework and progress report is set out on pages 77 to 78.

Periodic updates are provided to the ARC Committee on FCOT's and the Manager's risk profile. These updates would involve an assessment of FCOT's and the Manager's key risks by risk categories, its current status, the effectiveness of any mitigating measures taken, and the action plans undertaken by Management to manage such risks.

In addition to the ERM framework, a comfort matrix of key risks, by which relevant material financial, compliance and operational (including information technology) risks of FCOT and the Manager have been documented to assist the Board to assess the adequacy and effectiveness of the existing internal controls. The comfort matrix is prepared with reference to the strategies, policies, processes, systems and reporting processes connected with the management of such key risks and presented to the Board and the ARC Committee. Risk tolerance statements setting out the nature and extent of significant risks which the Manager is willing to take in achieving its strategic objectives have been formalised and adopted.

The Board has received assurance from the CEO and the Financial Controller of the Manager that as at 30 September 2015:

(a) the financial records of FCOT have been properly maintained and the financial statements for the year ended 30 September 2015 give a true and fair view of FCOT's operations and finances;

(b) the system of internal controls in place for FCOT is adequate and effective as at 30 September 2015 to address financial, operational, compliance and information technology risks which the Manager considers relevant and material to FCOT's operations; and

(c) the risk management system in place for FCOT is adequate and effective as at 30 September 2015 to address risks which the Manager considers relevant and material to FCOT's operations.

### Opinion of the Board on Internal Controls and Risk Management Framework

Based on the internal controls established and maintained by the Manager, work performed by internal and external auditors, reviews performed by Management and the ARC Committee and assurance from the CEO and the Financial Controller of the Manager, the Board, with the concurrence of the ARC Committee, is of the opinion that the internal controls in place for FCOT, were adequate and effective as at 30 September 2015 to address financial, operational, compliance and information technology risks, which the Manager considers relevant and material to FCOT's operations.

Based on the risk management framework established and assurance from the CEO and the Financial Controller of the Manager, the Board is of the view that the risk management system in place for FCOT was adequate and effective as at 30 September 2015 to address risks which the Manager considers relevant and material to FCOT's operations.

The Board notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that the Manager will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives.

In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

### Principle 12: Audit Committee

The ARC Committee is governed by written terms of reference defining its scope of authority and in accordance with such terms, is authorised to investigate any matter in connection with FCOT and the Manager. The ARC Committee has full access to, and has the full cooperation of, Management, with full authority and discretion to invite any Director or employee of the Manager to attend its meetings. The ARC Committee is able to call upon the Manager's resources to enable it to discharge its functions effectively.

The ARC Committee's responsibilities include:

- reviewing and monitoring the effectiveness of the Manager's internal controls, including financial, compliance and risk management controls and procedures;
- monitoring the integrity of financial information, including all quarterly and full year financial reports and audit reports;
- ensuring that procedures are in place for compliance with applicable rules and legislation, such as the Listing Manual, the Code on CIS including the Property Funds Appendix, and the SFA;
- reviewing the adequacy, independence, effectiveness, objectivity and fees of external auditors and recommending to the Board any replacement, appointment or reappointment of such external auditors;
- reviewing the adequacy and effectiveness of the internal audit function, including its resources, audit plans and the scope and effectiveness of the internal audit procedures; and
- reviewing interested person transactions to ascertain compliance with internal procedures and provisions of applicable laws and regulations.

In performing its functions, the ARC Committee meets with the internal and external auditors and reviews the internal and external audit plans for FCOT and the Manager and the assistance given by Management to the auditors. All audit findings and recommendations are presented to the ARC Committee for discussion. In addition, updates on changes in accounting standards and treatment are prepared by external auditors and circulated to members of the ARC Committee periodically.

The ARC Committee comprises all Non-Executive Directors, the majority of whom, including the Chairman, are independent:

| | |
|---|---|
| Chay Wai Chuen | Chairman |
| Dr Chua Yong Hai | Member |
| Tan Guong Ching | Member |
| Christopher Tang Kok Kai | Member[1] |

The separation of the roles of the Chairman of the Board and the Chairman of the ARC Committee ensures greater independence of the ARC Committee in the discharge of its duties. This is also with a view to increasing its effectiveness in assisting the Board in the discharge of its statutory and other responsibilities in the areas of internal controls, financial and accounting matters, compliance and risk management.

Members of the ARC Committee collectively possess the accounting and related financial management, expertise and experience required for the ARC Committee to discharge its responsibilities and assist the Board in its oversight over Management in the design, implementation and monitoring of risk management and internal control systems.

### External Auditors

Ernst and Young LLP ("**EY**") was re-appointed pursuant to the approval of the Unitholders on 22 January 2015 as external auditors of FCOT. The Manager confirms that FCOT complies with Rules 712 and 715 of the Listing Manual in relation to the re-appointment of EY as the external auditors of FCOT. The ARC Committee has conducted a review of all non-audit services provided by EY during the financial period. A substantial portion of such services was in respect of EY's appointment as the independent accountants in relation to FCOT's Circular to Unitholders dated 3 June 2015. The ARC Committee is satisfied that given the nature and extent of non-audit services provided and the fees for such services, neither the independence nor the objectivity of EY is put at risk. For details of the fees paid to EY, please refer to Note 19 to the Financial Statements. EY has attended the ARC Committee meetings held every quarter for the financial year ended 30 September 2015, and where appropriate, has met with the ARC Committee without the presence of Management to discuss their findings, if any.

It is proposed that at the forthcoming FCOT Annual General Meeting, KPMG LLP ("**KPMG**") be appointed as the external auditors of FCOT in place of EY and that the Manager be authorised to fix their remuneration. Accordingly, EY will not be seeking re-appointment at the forthcoming Annual General Meeting.

The ARC Committee has reviewed and deliberated on the proposed change of external auditors commencing from the financial year ending 30 September 2016 and is of the view that the proposed change is in line with the proposed change of external auditors to KPMG by FCL, FCOT's sponsor and indirect controlling unitholder. The appointment of the same external auditors by FCOT would be more efficient from a reporting perspective.

Taking into consideration (i) the resources and experience of KPMG, (ii) the terms of KPMG's engagement, (iii) the size and complexity of FCOT and its subsidiaries and (iv) the number and the experience of KPMG's supervisory and professional staff assigned to the audit of FCOT, the ARC Committee is of the view that KPMG will be able to meet the audit requirements and statutory obligations of FCOT.

The ARC Committee has therefore recommended the appointment of KPMG as new auditors for the financial year ending 30 September 2016.

### Whistle Blowing Policy

A Whistle-Blowing Policy is in place to provide an avenue through which employees and any other persons may report in good faith and in confidence any concerns in financial and other matters, and for independent investigation of such matters and appropriate follow-up action. All whistle-blower complaints will be reviewed by the ARC Committee to ensure that investigations and follow-up actions are carried out, if needed.

[1] Mr Christopher Tang Kok Kai resigned as a Member of the Audit, Risk and Compliance Committee on 15 December 2015, in compliance with the new regulatory requirements relating to the composition of audit committees of REIT managers which are to take effect on 1 January 2016.

### Principle 13: Internal Audit

With effect from 1 October 2014, the Manager's internal audit function is supported by the Internal Audit Department of FCL ("**FCL IA**"). Prior to that, the function was supported by the internal audit department of Fraser and Neave, Limited ("**F&N**"), FCL's parent company prior to its listing, as part of a transitional arrangement between FCL and F&N for shared corporate services. Following the cessation of the transitional arrangement, on 1 October 2014, FCL IA was formally established.

The FCL IA is independent of the activities that it audits. The Head of FCL IA, who is a Certified Fraud Examiner and a Fellow of The Institute of Singapore Certified Accountants, CPA Australia and ACCA, reports directly to the Chairman of the ARC Committee. The Head and staff of FCL IA are members of the Institute of Internal Auditors, Singapore and FCL IA has adopted and complied with the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors, Inc. To ensure that the internal audits are effectively performed, it recruits and employs suitably qualified staff with the requisite skills and experience. Such staff are also given relevant training and development opportunities to update their technical knowledge and auditing skills. All FCL IA staff received relevant technical training and attended seminars organised by the Institute of Internal Auditors, Singapore or other professional bodies.

The FCL IA operates within the framework stated in the Terms of Reference as contained in the Internal Audit Charter approved by the ARC Committee. It adopts a risk-based audit methodology to develop its audit plans, and its activities are aligned to key risks of FCOT. Based on risk assessments performed, greater focus and appropriate review intervals are set for higher risk activities and material internal controls. The audit scope also included review of compliance with the policies, procedures and regulatory responsibilities of FCOT and the Manager.

During the year, the FCL IA conducted its audit reviews based on the approved internal audit plans. All audit reports detailing audit findings and recommendations are provided to Management who would respond on the actions to be taken. Each quarter, the FCL IA would submit to the ARC Committee a report on the status of the audit plan and on audit findings and actions taken by Management on such findings. Key findings are highlighted at the ARC Committee meetings for discussion and follow-up action. The ARC Committee monitors the timely and proper implementation of appropriate follow-up measures to be undertaken by Management.

The ARC Committee is satisfied that for the financial year ended 30 September 2015, the internal audit function is adequately resourced and has appropriate standing within FCOT and the Manager to perform its functions effectively.

## UNITHOLDER RIGHTS AND RESPONSIBILITIES

### Principle 14: Unitholder Rights

The Manager believes in treating all Unitholders fairly and equitably. It aspires to keep all Unitholders and other stakeholders and analysts in Singapore and beyond informed of FCOT's activities, including changes (if any) in FCOT's business which are likely to materially affect the price or value of its Units, in a timely and consistent manner.

Unitholders are also given the opportunity to participate effectively and vote at general meetings of FCOT, where relevant rules and procedures governing such meetings (for instance, how to vote) are clearly communicated.

### Principle 15: Communication with Unitholders

The Manager is committed to regular, effective and fair communication with its Unitholders. It has a dedicated investor relations team which handles communications with investors, the investment community, analysts and the media.

In FY2015, the Manager met with more than 200 investors and analysts globally and participated in 46 conferences, conference calls, meetings and non-deal roadshows in Hong Kong, New York, Philadelphia, San Francisco, Singapore and Tokyo. Besides raising the profile of FCOT, these are good avenues for the Manager to share the latest performances, developments, strategies and outlook of FCOT. The Manager also participated in events targeting retail investors such as the SIAS Corporate Profile Seminar and Lim & Tan Securities Clients and Trade Representatives Evening in Singapore, as part of its initiatives to provide investor education and raising awareness about FCOT. Such interactions provide the investment community regular access to senior management. Concerns and queries raised also provide the Manager with a better understanding of the expectations and perceptions of FCOT.

Briefings for analysts and luncheon for investors are generally held in conjunction with the release of FCOT's half-year and full-year financial results. To ensure transparency, press releases and presentation slides are released to SGX-ST via SGXNET, and posted on FCOT's website at www.fraserscommercialtrust.com. Both announcements through FCOT's website and the SGXNET are the principal media of communication with Unitholders.

For the third consecutive year, FCOT was conferred the runner-up in the Singapore Corporate Governance Award under the REITs and Business Trusts category at the 16th SIAS Investors' Choice Awards 2015.

FCOT is also a signatory to the 2015 Corporate Governance Statement of Support organised by SIAS where FCOT has pledged its commitment to uphold high standards in corporate governance.

### Principle 16: Conduct of Unitholder Meetings

A copy of the FCOT Annual Report is sent to all Unitholders. In compliance with the Code on CIS, an AGM is held after the close of each financial year allowing the Manager to present its report and interact with investors. At the AGM held during the year, Unitholders were invited to vote on each of the resolutions by poll, using an electronic voting system. This allowed all Unitholders present or represented at the meeting to vote on a per Unit, one vote basis. The voting result was screened at the meeting and announced to the SGX-ST after the meeting. As and when an EGM is convened, a circular will be sent to each Unitholder. The circular contains details of the matters proposed for Unitholders' consideration and approval.

Board members and Management are in attendance at Unitholders' meetings where Unitholders are given the opportunity to raise questions and clarify any issues they may have relating to the resolutions to be passed. The external auditors are also present to address queries about the conduct of audit and the preparation and content of the auditors' report.

### Dealings in Units

The Manager has adopted a Dealing Policy on securities trading which provides guidance with regard to dealings in the FCOT units by its Directors, officers and employees. Directors, officers and employees are prohibited from dealing in FCOT units:

- in line with the Listing Rule 1207(19)(c) on Dealings in Securities, two weeks before the date of announcement of quarterly financial statements and one month before the date of announcement of full-year results ("**Prohibition Period**"); and
- at any time while in possession of unpublished material or price sensitive information.

Directors, officers and employees are also directed to refrain from dealing in FCOT units on short-term considerations.

Prior to the commencement of the Prohibition Period, Directors, officers and employees will be reminded not to trade during this period or whenever they are in possession of unpublished price sensitive information. Outside of the Prohibition Period, any trades must be reported to the Board within 48 hours. Every quarter, each Director, officer or employee is required to complete and submit a declaration form to the Compliance Officer to report any trades he/she has made in FCOT units in the previous quarter and confirm that no trades were made during the Prohibition Period. A quarterly report will be provided to the ARC Committee. Any non-compliance with the Dealing Policy such as trading within the Prohibition Period will be reported to the ARC Committee for its review and instructions.

In compliance with the Dealing Policy in relation to the Manager, prior Board approval is required before the Manager deals or trades in any FCOT units. The Manager has undertaken that it will not deal in FCOT units:

a) during the period commencing one month before the public announcement of FCOT's annual results and (where applicable) property valuations and two weeks before the public announcement of FCOT's quarterly results, or

b whenever it is in possession of unpublished material price sensitive information.

The Manager has also given an undertaking to the MAS that it will announce to the SGX-ST the particulars of its holdings in FCOT units and any changes thereto within two business days after the date on which it acquires or disposes of any FCOT units, as the case may be.

### Conflicts of Interest

Procedures put in place to address potential conflicts of interest (including in relation to Directors, officers and employees) which may arise in managing FCOT include:

- The Manager is to be dedicated to managing FCOT and will not directly or indirectly manage other Reits, without first obtaining approval from MAS.
- All executive officers are to be employed by the Manager.
- All resolutions in writing of Directors in relation to matters concerning FCOT must be approved by a majority of the Directors, including at least one Independent Director.
- At least one-third of the Board shall comprise Independent Directors.
- On matters where FCL, its subsidiaries or shareholders have an interest (directly or indirectly), directors nominated by them shall abstain from voting. In such matters, the quorum must comprise a majority of Independent Directors and exclude nominee Directors of FCL and/or its subsidiaries.
- An interested Director is required to disclose his interest in any proposed transaction with FCOT and is required to abstain from voting on resolutions approving the transaction.

In addition, FCOT has been granted a right of first refusal by FCL over completed income producing properties located in the Asia Pacific region used for commercial purposes (comprising primarily office and/or business space).

### Interested Person Transactions

There is no general mandate obtained for interested person transactions ("**IPTs**" and each an "**IPT**"). All IPTs are undertaken on normal commercial terms and the Board, with the assistance of the ARC Committee, ensures that such IPTs are not prejudicial to the interests of FCOT and the minority Unitholders. This may entail obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining one or more valuations from independent professional valuers (in accordance with the Code on CIS).

All IPTs are entered in a register maintained by the Manager, including any quotations from unrelated parties and independent valuations forming the bases on which such IPTs are entered into. The internal audit plan includes a half-yearly review of all IPTs recorded in the register. The review includes the examination of the nature of the IPTs and its supporting documents or such other data deemed necessary by the ARC Committee. The ARC Committee reviews the internal audit reports to ascertain that internal procedures and the relevant provisions of the Listing Manual and the Code on CIS are complied with by Management in its dealings on IPTs. British and Malayan Trustees Limited, in its capacity as trustee of FCOT (the "**Trustee**"), has the right to review any such relevant internal audit reports to ascertain that the requirements under the Code on CIS have been complied with.

Directors interested in a proposed IPT to be entered into by FCOT are required to abstain from any deliberations or decisions in relation to that IPT.

Any IPT proposed to be entered into between FCOT and an interested person, would require the Trustee to satisfy itself that such IPT is conducted on normal commercial terms, is not prejudicial to the interests of FCOT and its Unitholders, and is in accordance with all applicable requirements of the Code on CIS and the Listing Manual.

## GUIDELINES FOR DISCLOSURE

| | Guideline | Questions | How has the Company complied |
|---|---|---|---|
| 1. | General | (a) Has the Company compiled with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code. | Please refer to the disclosures and references in this table for the specific deviations from the Code. |
| 2. | | (b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code? | The Manager has adopted alternative corporate governance practices which reflect the fact that the Manager itself is not a listed entity but that the entity which it manages, Frasers Commercial Trust ("FCOT"), is listed and managed externally by the Manager. |
| Board Responsibility | | | |
| 3. | Guideline 1.5 | What are the types of material transactions which require approval from the Board? | Please refer to page 102 of this Annual Report. |
| Members of the Board | | | |
| 4. | Guideline 2.6 | (a) What is the Board's policy with regard to diversity in identifying director nominees? | Please refer to pages 101 – 104 of this Annual Report. |
| 5. | | (b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate. | Please refer to pages 101 – 104 of this Annual Report. |
| 6. | | (c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness? | Please refer to pages 101 – 104 of this Annual Report. |
| 7. | Guideline 4.6 | Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors | No new directors were appointed or re-elected in the financial period. Directors of the Manager are not subject to periodic retirement by rotation. |
| 8. | Guideline 1.6 | (a) Are new directors given formal training? If not, please explain why | Yes. Please refer to page 102 of this Annual Report. |
| 9. | | (b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date? | Please refer to page 102 of this Annual Report. |

| | | | |
|---|---|---|---|
| 10. | Guideline 4.4 | (c) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number? | No maximum number has been prescribed. |
| 11. | | (b) If a maximum number has not been determined, what are the reasons? | Please refer to page 104 of this Annual Report. |
| 12. | | (c) What are the specific considerations in deciding on the capacity of directors? | Please refer to page 104 of this Annual Report. |
| Board Evaluation | | | |
| 13. | Guideline 5.1 | (a) What was the process upon which the Board reached the conclusion on its performance for the financial year? | Please refer to page 104 of this Annual Report. |
| 14. | | (b) Has the Board met its performance objectives? | Please refer to page 104 of this Annual Report. |
| Independence of Directors | | | |
| 15. | Guideline 2.1 | Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company | Yes. Please refer to pages 103 – 104 of this Annual Report. |
| 16. | Guideline 2.3 | (a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship as stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship. | None. |
| 17. | | (b) What are the Board's reasons for considering him independent? Please provide a detailed explanation. | Not applicable. |
| 18. | Guideline 2.4 | (a) Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent. | Yes. Dr Chua Yong Hai and Mr Tan Guong Ching have served on the Board for more than nine years from the respective dates of their first appointment. Please refer to page 103 of this Annual Report for the Board's reasons for considering them independent. |

| | | | |
|---|---|---|---|
| **Disclosure on Remuneration** | | | |
| 19. | Guideline 9.2 | Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance related income/ bonuses, benefits –in-kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? | This is not applicable to FCOT as all fees and remuneration payable to the Directors, the CEO and employees of the Manager are paid by the Manager and not by FCOT. Nonetheless, the Manager has voluntarily disclosed the Directors' fees paid to each Director (save for Mr Low Chee Wah who does not receive Directors' fees). Please refer to page 105 of this Annual Report. |
| 20. | Guideline 9.3 | (a) Has the Company disclosed each key management personnel's remuneration, in bands of S$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits in kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so? | Not applicable. Please see the response to Guideline 9.2 above. |
| 21. | | (b) Please disclose the aggregate remuneration paid to the top key management personnel (who are not directors or the CEO). | Not applicable. Please see the response to Guideline 9.2 above. |
| 22. | Guideline 9.4 | Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO. | No. |
| 23. | Guideline 9.6 | (a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria. | Not applicable. Please see the response to Guideline 9.2 above and page 105 of this Annual Report. |
| 24. | | (b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes? | Not applicable. Please see the response to Guideline 9.2 above and page 105 of this Annual Report. |
| 25. | | (c) Were all of these performance conditions met? If not, what were the reasons? | Not applicable. Please see the response to Guideline 9.2 above. |

| | | | |
|---|---|---|---|
| **Risk Management and Internal Controls** | | | |
| 26. | Guideline 6.1 | What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided? | Please refer to pages 104 – 106 of this Annual Report. |
| 27. | Guideline 13.1 | Does the Company have an internal audit function? If not, please explain why | Yes. Please refer to page 109 of this Annual Report. |
| 28. | Guideline 11.3 | (a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems. | Please refer to pages 106 – 107 of this Annual Report. |
| 29. | | (b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above? | Please refer to pages 106 – 107 of this Annual Report. |
| 30. | Guideline 12.6 | (a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year | Please refer to page 152 of this Annual Report. |
| 31. | | (b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the Audit Committee's view on the independence of the external auditors | Please refer to page 108 of this Annual Report. |

| | | | |
|---|---|---|---|
| Communication with Shareholders | | | |
| 32. | Guideline 15.4 | (a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors? | Yes. Please refer to pages 109 – 110 of this Annual Report. |
| 33. | | Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role? | Yes. Please refer to pages 109 – 110 of this Annual Report. |
| 34. | Guideline 15.5 | If the Company is not paying any dividends for the financial year, please explain why. | Not applicable. |



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PROXY FORM

# REPORT OF THE TRUSTEE

British and Malayan Trustees Limited (the "Trustee") is under a duty to take into custody and hold the assets of Frasers Commercial Trust (the "Trust") and its subsidiaries (collectively, the "Group") in trust for the holders of the Ordinary Units ("Unitholders") in the Trust (the "Units"). In accordance with, among other things, the Securities and Futures Act (Cap. 289), its subsidiary legislation, the Code on Collective Investment Schemes and the Listing Manual (collectively referred to as the "laws and regulations"), the Trustee shall monitor the activities of Frasers Centrepoint Asset Management (Commercial) Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 12 September 2005 (as amended by the amending and restating deeds on 23 February 2006, 20 March 2006 and 27 July 2010, and supplemental deeds of amendments dated 30 April 2007, 31 March 2009, 29 July 2009, 26 August 2009, 25 November 2009, 28 January 2010, 20 January 2011 and 22 August 2012) between the Trustee and the Manager (the "Trust Deed") in each annual accounting period and report thereon to Unitholders in an annual report which shall contain the matters prescribed by the laws and regulations as well as the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Group during the financial year covered by these financial statements, set out on pages 121 to 166, comprising the Balance Sheets and Portfolio Statements of the Group and Trust as at 30 September 2015, the Statements of Total Return, Distribution Statements and Statements of Movements in Unitholders' Funds of the Group and the Trust, and the Consolidated Cash Flow Statement of the Group for the financial year then ended, and a summary of the significant accounting policies and other explanatory notes, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed, laws and regulations and otherwise in accordance with the provisions of the Trust Deed.

For and on behalf of the Trustee,
**British and Malayan Trustees Limited**

**James William Cox**
Chief Executive Officer and Director

**Nigel David Stead**
Director

**Singapore**

30 November 2015

# STATEMENT BY THE MANAGER

In the opinion of the directors of Frasers Centrepoint Asset Management (Commercial) Ltd., the accompanying financial statements, set out on pages 121 to 166, comprising the Balance Sheets and Portfolio Statements of Frasers Commercial Trust (the "Trust") and its subsidiaries (collectively, the "Group") as at 30 September 2015, the Statements of Total Return, Distribution Statements and Statements of Movements in Unitholders' Funds of the Group and the Trust, and the Consolidated Cash Flow Statement of the Group for the financial year then ended, and a summary of the significant accounting policies and other explanatory notes are drawn up so as to present fairly, in all material respects, the financial positions of the Group and of the Trust as at 30 September 2015, the total return, movements in Unitholders' funds of the Group and of the Trust and cash flows of the Group for the financial year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed.

At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
**Frasers Centrepoint Asset Management (Commercial) Ltd.**

**Dr Chua Yong Hai**
Chairman and Director

**Low Chee Wah**
Chief Executive Officer and Director

**Singapore**

30 November 2015

# INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF FRASERS COMMERCIAL TRUST

(CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT TO A TRUST DEED DATED 12 SEPTEMBER 2005)

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Frasers Commercial Trust (the "Trust") and its subsidiaries (collectively, the "Group") as set out on pages 121 to 166 which comprise the Balance Sheets and Portfolio Statements of the Group and of the Trust as at 30 September 2015, the Statements of Total Return, Distribution Statements and Statements of Movements in Unitholders' Funds of the Group and the Trust, and the Consolidated Cash Flow Statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

## MANAGER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Manager of the Trust is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

## AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Trust's preparation and fair presentation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Manager, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## OPINION

In our opinion, the consolidated financial statements of the Group, and the balance sheet, portfolio statement, distribution statement, statement of movements in Unitholders' funds and statement of total return of the Trust present fairly, in all material respects, the financial position of the Group and of the Trust as at 30 September 2015, and the total return, distributable income and movements in Unitholders' funds of the Group and the Trust and cash flows of the Group for the financial year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants.

**ERNST & YOUNG LLP**
Public Accountants and
Chartered Accountants
Singapore

30 November 2015

# BALANCE SHEETS
AS AT 30 SEPTEMBER 2015

| | Note | Group 2015 S$'000 | Group 2014 S$'000 | Trust 2015 S$'000 | Trust 2014 S$'000 |
|---|---|---|---|---|---|
| **Non-current assets** | | | | | |
| Investment properties | 3 | 1,954,820 | 1,824,870 | 1,209,000 | 1,216,200 |
| Subsidiaries | 4 | – | – | 324,391 | 165,745 |
| Loan to a subsidiary | 6 | – | – | 87,104 | 98,990 |
| Fixed assets | 7 | 61 | 71 | 61 | 71 |
| Deferred taxation | 8 | 330 | – | – | – |
| **Total non-current assets** | | 1,955,211 | 1,824,941 | 1,620,556 | 1,481,006 |
| **Current assets** | | | | | |
| Trade and other receivables | 9 | 4,233 | 2,991 | 72,394 | 114,485 |
| Prepayments | | 4,585 | 5,893 | 72 | 402 |
| Derivative financial instruments | 10 | 8,179 | 631 | 8,179 | 631 |
| Cash and cash equivalents | 11 | 62,233 | 47,372 | 57,685 | 41,929 |
| **Total current assets** | | 79,230 | 56,887 | 138,330 | 157,447 |
| **Total assets** | | 2,034,441 | 1,881,828 | 1,758,886 | 1,638,453 |
| Less: | | | | | |
| **Non-current liabilities** | | | | | |
| Interest-bearing borrowings | 12 | 731,867 | 692,105 | 523,002 | 539,948 |
| Security deposits | | 9,007 | 9,921 | 9,007 | 9,921 |
| Deferred taxation | 8 | 47,290 | 62,277 | – | – |
| **Total non-current liabilities** | | 788,164 | 764,303 | 532,009 | 549,869 |
| **Current liabilities** | | | | | |
| Trade and other payables | 13 | 29,739 | 21,702 | 25,524 | 46,957 |
| Derivative financial instruments | 10 | 2,476 | 1,167 | – | 479 |
| Security deposits | | 3,967 | 2,668 | 3,967 | 2,668 |
| Provision for taxation | | 3,224 | 592 | – | – |
| **Total current liabilities** | | 39,406 | 26,129 | 29,491 | 50,104 |
| **Total liabilities** | | 827,570 | 790,432 | 561,500 | 599,973 |
| **Net assets** | | 1,206,871 | 1,091,396 | 1,197,386 | 1,038,480 |
| **Represented by:** | | | | | |
| Unitholders' funds | | 1,206,871 | 1,091,315 | 1,197,386 | 1,038,399 |
| Series A Convertible Perpetual Preferred Unitholders' funds | 15 | – | 81 | – | 81 |
| | | 1,206,871 | 1,091,396 | 1,197,386 | 1,038,480 |
| Units issued at end of financial year ('000) | 14 | 782,704 | 676,685 | 782,704 | 676,685 |
| Unitholders' funds per Unit (S$) | | 1.54 | 1.61 | 1.53 | 1.53 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# STATEMENTS OF TOTAL RETURN

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

| | Note | Group 2015 S$'000 | Group 2014 S$'000 | Trust 2015 S$'000 | Trust 2014 S$'000 |
|---|---|---|---|---|---|
| Gross revenue | 16 | 142,187 | 118,838 | 108,095 | 81,836 |
| Property operating expenses | 17 | (40,319) | (28,284) | (26,425) | (13,898) |
| **Net property income** | | 101,868 | 90,554 | 81,670 | 67,938 |
| Interest income | 18 | 406 | 238 | 7,420 | 7,863 |
| Trust expenses | 19 | (14,775) | (13,847) | (14,504) | (13,544) |
| Provision of impairment losses on receivables | 9(b) | – | – | – | (137) |
| Finance expenses | 20 | (22,068) | (20,762) | (14,565) | (11,579) |
| **Net income** | | 65,431 | 56,183 | 60,021 | 50,541 |
| Exchange differences | | (2,546) | (622) | (28,149) | (6,265) |
| Net change in fair value of investment properties | 3 | 5,387 | 27,420 | 37,153 | 45,173 |
| Net change in fair value of derivative financial instruments | | 1,029 | 2,274 | 386 | 278 |
| Other (expenses)/income | 21 | – | – | (2,880) | 36,312 |
| Realised gain on derivative financial instruments | | 695 | 117 | 766 | 117 |
| **Total return before income tax** | | 69,996 | 85,372 | 67,297 | 126,156 |
| Taxation | 22 | 5,202 | 1,853 | – | – |
| **Total return for the financial year** | | 75,198 | 87,225 | 67,297 | 126,156 |
| **Earnings per Unit (cents)** | | | | | |
| Basic | 23 | 10.79 | 12.99 | | |
| Diluted | 23 | 10.79 | 12.99 | | |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# DISTRIBUTION STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

| | Group | | Trust | |
|---|---|---|---|---|
| | 2015 S$'000 | 2014 S$'000 | 2015 S$'000 | 2014 S$'000 |
| Income available for distribution at beginning of the financial year | 14,986 | 13,686 | 14,986 | 13,686 |
| Total return for the financial year | 75,198 | 87,225 | 67,297 | 126,156 |
| Net effect of non-tax deductible/(taxable) items and other adjustments (Note A) | (7,393) | (29,944) | 508 | (68,875) |
| Distributable income for the financial year (Note B) | 67,805 | 57,281 | 67,805 | 57,281 |
| **Income available for distribution** | 82,791 | 70,967 | 82,791 | 70,967 |
| **Distributions declared during the financial year to:** | | | | |
| Series A Convertible Perpetual Preferred Unit ("Series A CPPU") holders (Note C) | – | (21) | – | (21) |
| Unitholders (Note D) | (70,202) | (55,960) | (70,202) | (55,960) |
| **Income available for distribution at end of the financial year** | 12,589 | 14,986 | 12,589 | 14,986 |
| Number of Units entitled to distribution ('000) | 783,416 | 676,685 | 783,416 | 676,685 |
| Distribution per Unit (cents) (Note 33(a)) | 1.61 | 2.21 | 1.61 | 2.21 |

**Note A - Net effect of non-tax deductible/(taxable) items and other adjustments**

| | Group | | Trust | |
|---|---|---|---|---|
| | 2015 S$'000 | 2014 S$'000 | 2015 S$'000 | 2014 S$'000 |
| Amortisation and expensing of borrowing costs | 2,041 | 1,894 | 1,693 | 1,358 |
| Deferred tax credit | (8,306) | (3,370) | – | – |
| Effects of recognising accounting income on a straight-line basis over the lease term | (1,002) | (2,577) | (121) | (29) |
| Reversal of impairment loss on investment in a subsidiary | – | – | – | (35,000) |
| Provision of impairment losses on receivables | – | – | – | 137 |
| Management fees paid/payable in Units | 2,748 | 2,799 | 2,748 | 2,799 |
| Net change in fair value of investment properties | (5,387) | (27,420) | (37,153) | (45,173) |
| Net change in fair value of derivative financial instruments | (1,029) | (2,274) | (386) | (278) |
| Realised loss on derivative financial instruments | – | 60 | – | 60 |
| Trustee fees | 570 | 554 | 570 | 554 |
| Unrealised exchange loss | 2,540 | 868 | 25,197 | 6,528 |
| Other adjustments | 432 | (478) | 7,960 | 169 |
| | (7,393) | (29,944) | 508 | (68,875) |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# DISTRIBUTION STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

**Note B – Distributable income for the financial year**

| | Group and Trust | |
|---|---|---|
| | 2015 S$'000 | 2014 S$'000 |
| Attributable to: | | |
| Series A CPPU holders | – | 21 |
| Unitholders | | |
| – from operations | 66,932 | 56,760 |
| – from capital returns | 873 | 500 |
| | 67,805 | 57,260 |
| | 67,805 | 57,281 |

**Note C – Distribution declared to Series A CPPU holders during the financial year**

| | Group and Trust | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| | Distribution rate cents | Amount S$'000 | Distribution rate cents | Amount S$'000 |
| – 1 October 2013 to 31 December 2013 | – | – | 1.3863 | 15 |
| – 1 January 2014 to 31 March 2014 | – | – | 1.3562 | 3 |
| – 1 April 2014 to 30 June 2014 | – | – | 1.3712 | 2 |
| – 1 July 2014 to 30 September 2014 | – | – | 1.3863 | 1 |
| | | – | | 21 |

**Note D – Distribution declared to Unitholders during the financial year**

| | Group and Trust | | | |
|---|---|---|---|---|
| | 2015 | | 2014 | |
| | Distribution rate cents | Amount S$'000 | Distribution rate cents | Amount S$'000 |
| – 1 July 2013 to 30 September 2013 | – | – | 2.0766 | 13,686 |
| – 1 October 2013 to 31 December 2013 | – | – | 2.0483 | 13,703 |
| – 1 January 2014 to 31 March 2014 | – | – | 2.0524 | 13,789 |
| – 1 April 2014 to 30 June 2014 | – | – | 2.1911 | 14,782 |
| – 1 July 2014 to 30 September 2014 | 2.2145 | 14,986 | – | – |
| – 1 October 2014 to 31 December 2014 | 2.4608 | 16,712 | – | – |
| – 1 January 2015 to 31 March 2015 | 2.3754 | 16,189 | – | – |
| – 1 April 2015 to 30 June 2015 | 2.3510 | 16,082 | – | – |
| – 1 July 2015 to 2 August 2015 | 0.9112 | 6,233 | | |
| | | 70,202 | | 55,960 |



*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

| | Group | | Trust | |
|---|---|---|---|---|
| | 2015 S$'000 | 2014 S$'000 | 2015 S$'000 | 2014 S$'000 |
| **Balance at beginning of the financial year** | 1,091,315 | 1,049,236 | 1,038,399 | 944,829 |
| **Operations** | | | | |
| Changes in net assets attributable to Unitholders' funds resulting from operations | 75,198 | 87,225 | 67,297 | 126,156 |
| **Foreign currency translation reserve** | | | | |
| Movement for the financial year | (48,855) | (12,560) | – | – |
| **Hedging reserve** | | | | |
| Net fair value changes on derivative financial instruments | 5,164 | – | 7,641 | – |
| **Unitholders' transactions** | | | | |
| Issuance of Units | 156,436 | 11,640 | 156,436 | 11,640 |
| Issue expenses | (2,265) | (223) | (2,265) | (223) |
| Conversion of Series A CPPUs to Units | 80 | 11,978 | 80 | 11,978 |
| | 154,251 | 23,395 | 154,251 | 23,395 |
| Distributions to Series A CPPU holders | – | (21) | – | (21) |
| Distributions to Unitholders | (70,202) | (55,960) | (70,202) | (55,960) |
| Change in Unitholders' funds resulting from Unitholders' transactions | 84,049 | (32,586) | 84,049 | (32,586) |
| **Balance at end of the financial year** | 1,206,871 | 1,091,315 | 1,197,386 | 1,038,399 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

By Geography
Group

| Location | Description of property | Acquisition date | Term of lease | Remaining term of lease (years) | Existing use | Carrying amount as at 2015 S$'000 | Carrying amount as at 2014 S$'000 | Percentage of net assets as at 2015 % | Percentage of net assets as at 2014 % |
|---|---|---|---|---|---|---|---|---|---|
| ***Singapore*** | | | | | | | | | |
| 18, 20 & 22 Cross Street, China Square Central, Singapore 048423/2/1 ("China Square Central") | 15-storey office tower and retail podium tower with basement carpark and heritage shophouses | 30/3/2006 | Leasehold | 80 | Commercial | 570,000 | 579,000 | 47.2 | 53.1 |
| Alexandra Technopark 438A & 438B Alexandra Road, Singapore 119967/8 ("Alexandra Technopark") | High-tech business space development comprising an 8-storey and a 9-storey air-conditioned buildings with basement carpark | 26/8/2009 | Leasehold | 92 | Business space | 503,000 | 503,000 | 41.7 | 46.1 |
| 55 Market Street, Singapore 048941 ("55 Market Street") | 16-storey office and retail building | 22/11/2006 | Leasehold | 809 | Commercial | 136,000 | 134,200 | 11.3 | 12.3 |
| ***Australia*** | | | | | | | | | |
| Central Park 152-158 St Georges Terrace, Perth, Western Australia, 6000 ("Central Park")[1] | 47-storey office tower with retail and basement carpark | 30/3/2006 | Freehold | NA | Commercial | 290,319 | 375,441 | 24.1 | 34.4 |
| Caroline Chisholm Centre Block 4 Section 13, Tuggeranong, ACT 2900 Australia ("Caroline Chisholm Centre") | 5-storey office complex with carpark | 18/6/2007 and 13/4/2012 | Leasehold | 86 | Commercial | 215,237 | 233,229 | 17.8 | 21.4 |
| 357 Collins Street, Melbourne, Victoria 3000 Australia ("357 Collins Street") | 25-storey office and retail building with a basement carpark | 18/8/2015 | Freehold | NA | Commercial | 240,264 | – | 19.9 | – |
| **Portfolio of investment properties, at valuation** | | | | | | 1,954,820 | 1,824,870 | 162.0 | 167.3 |
| Other assets and liabilities (net) | | | | | | (747,949) | (733,474) | (62.0) | (67.3) |
| **Net assets** | | | | | | 1,206,871 | 1,091,396 | 100.0 | 100.0 |

[1] The Group has a 50% effective interest in Central Park.

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

By Geography
Trust

| Location | Description of property | Acquisition date | Term of lease | Remaining term of lease (years) | Existing use | Carrying amount as at 2015 S$'000 | Carrying amount as at 2014 S$'000 | Percentage of net assets as at 2015 % | Percentage of net assets as at 2014 % |
|---|---|---|---|---|---|---|---|---|---|
| ***Singapore*** | | | | | | | | | |
| China Square Central | 15-storey office tower and retail podium with basement carpark and heritage shophouses | 30/3/2006 | Leasehold | 80 | Commercial | 570,000 | 579,000 | 47.6 | 55.8 |
| Alexandra Technopark | High-tech business space development comprising an 8-storey and a 9-storey air-conditioned buildings with basement carpark | 26/8/2009 | Leasehold | 92 | Business space | 503,000 | 503,000 | 42.0 | 48.4 |
| 55 Market Street | 16-storey office and retail building | 22/11/2006 | Leasehold | 809 | Commercial | 136,000 | 134,200 | 11.4 | 12.9 |
| **Portfolio of investment properties, at valuation** | | | | | | 1,209,000 | 1,216,200 | 101.0 | 117.1 |
| Other assets and liabilities (net) | | | | | | (11,614) | (177,720) | (1.0) | (17.1) |
| **Net assets** | | | | | | 1,197,386 | 1,038,480 | 100.0 | 100.0 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

| | Group | |
|---|---|---|
| | 2015 S$'000 | 2014 S$'000 |
| **Cash flow from operating activities** | | |
| Total return before income tax | 69,996 | 85,372 |
| | | |
| Adjustments for: | | |
| Amortisation of leasing fees capitalised | 745 | 611 |
| Depreciation of fixed assets | 24 | 20 |
| Effects of recognising accounting income on a straight-line basis over the lease term | (1,002) | (2,577) |
| Finance expenses | 22,068 | 20,762 |
| Interest income | (406) | (238) |
| Management fees paid/payable in Units | 2,748 | 2,799 |
| Divestment fee paid in Units | 224 | – |
| Net change in fair value of investment properties | (5,387) | (27,420) |
| Net change in fair value of derivative financial instruments | (1,029) | (2,274) |
| Realised gain on derivative financial instruments | (695) | (117) |
| Operating cash flow before working capital changes | 87,286 | 76,938 |
| Changes in working capital: | | |
| Trade and other receivables | (221) | 34 |
| Trade and other payables | 1,755 | 9,767 |
| Cash generated from operations | 88,820 | 86,739 |
| Income tax paid | (246) | (4,729) |
| **Net cash generated from operating activities** | 88,574 | 82,010 |
| | | |
| **Cash flow from investing activities** | | |
| Acquisition of an investment property | (239,652) | – |
| Proceeds from China Square Central hotel transaction (Note 3(b)) | 44,800 | – |
| Capital expenditure on investment properties | (1,986) | (3,167) |
| Payment for leasing costs capitalised during the year | (803) | (509) |
| Purchase of fixed assets | (14) | (22) |
| Interest received | 369 | 244 |
| **Net cash used in investing activities** | (197,286) | (3,454) |
| | | |
| **Cash flow from financing activities** | | |
| Distributions paid | (53,897) | (49,238) |
| Interest expenses paid | (19,722) | (20,063) |
| Issue expenses paid | (2,266) | (213) |
| Proceeds from private placement of Units | 142,080 | – |
| Proceeds from borrowings | 116,395 | 698,590 |
| Payment of transaction costs on borrowings | (700) | (6,356) |
| Repayment of borrowings | (58,400) | (696,317) |
| Redemption of Series A CPPUs | – | (98) |
| Realisation of derivative financial instruments | 695 | 117 |
| **Net cash generated from/(used in) financing activities** | 124,185 | (73,578) |
| | | |
| **Net increase in cash and cash equivalents** | 15,473 | 4,978 |
| Cash and cash equivalents at beginning of the financial year | 47,372 | 42,539 |
| Effects of changes in exchange rates on opening cash and cash equivalents | (612) | (145) |
| **Cash and cash equivalents at end of the financial year (Note 11)** | 62,233 | 47,372 |

*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2015

**Note A – Significant non-cash transactions**

The following were the significant non-cash transactions:

**(i) Divestment fee paid in Units**

159,181 (2014: Nil) Units were issued as payment of divestment fee payable to the Manager in relation to the China Square Central hotel transaction (Note 3(b)), amounting to S$224,000 (2014: Nil).

**(ii) Acquisition fee paid in Units**

1,610,563 (2014: Nil) Units were issued as payment of acquisition fee payable to the Manager in relation to the acquisition of 357 Collins Street, amounting to S$2,266,000 (2014: Nil).

**(iii) Management fees paid/payable in Units**

1,921,830 (2014: 2,165,156) Units were issued and issuable in satisfaction of management fees payable in Units during the financial year, amounting to S$2,748,000 (2014: S$2,799,000).

**(iv) Distributions paid in Units**

Pursuant to the Distribution Reinvestment Plan implemented during the financial year, 6,971,162 (2014: 5,327,990) Units were issued, amounting to S$10,072,000 (2014: S$6,911,000).



*The accompanying accounting policies and explanatory notes form an integral part of the financial statements.*

The following Notes form an integral part of the Financial Statements:

## 1. GENERAL

Frasers Commercial Trust (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to a trust deed dated 12 September 2005 between Frasers Centrepoint Asset Management (Commercial) Ltd. (the "Manager") and British and Malayan Trustees Limited (the "Trustee"), subsequently amended by amending and restating deeds dated 23 February 2006, 20 March 2006 and 27 July 2010, and further amended by supplemental deed of amendments dated 30 April 2007, 31 March 2009, 29 July 2009, 26 August 2009, 25 November 2009, 28 January 2010, 20 January 2011 and 22 August 2012 (collectively, the "Trust Deed") and sponsored by Frasers Centrepoint Limited. The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiaries (the "Group") in trust for the holders of Units in the Trust ("Unitholders").

The Trust was formally admitted to the official list of the Singapore Exchange Securities Trading Limited on 30 March 2006 and was included under the Central Provident Fund Investment Scheme on 30 March 2006.

The principal activities of the Group and the Trust are those relating to investment in a portfolio of commercial real estate and real estate related assets with the primary objective of delivering regular and stable distributions to Unitholders, and to achieve long-term growth in such distributions and Unitholders' funds per Unit.

The financial statements were authorised for issue by the Manager and the Trustee on 30 November 2015.

The Group has entered into several service agreements in relation to the management of the Group and its property operations. The fee structures in respect of the services are as follows:

### (a) Trustee fees

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, excluding out-of-pocket expenses and Goods and Services Tax ("GST"). The fee is paid quarterly in arrears in accordance with the Trust Deed.

### (b) Management and property management fees

#### (i) Management fees

The Manager is entitled to management fees comprising a base fee and performance fee as follows:

– Base fees

The Manager is entitled to receive a base fee of 0.5% per annum of the value of the real estate assets of the Group; and

– Performance fees

The Manager is entitled to receive a 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).

#### (ii) Acquisition and divestment fees

The Manager is entitled to receive an acquisition fee of not more than 1.0% of the acquisition price of acquisition of properties and a divestment fee of not more than 0.5% of the sale price on disposals of properties.

## 1. GENERAL (CONT'D)

### (b) Management and property management fees (cont'd)

#### (iii) Property management fees

Under the property management agreement, for property management services rendered by Frasers Centrepoint Property Management (Commercial) Pte Ltd (the "Property Manager"), the Property Manager is entitled to receive a property management fee equal to 3.0% per annum of all revenue of the real estate assets excluding GST.

The Manager and Property Manager may, at their election, in the years subsequent to 2009, be paid base fees, performance fees, property management fees, and acquisition and divestment fees in cash, in Units or a combination of both. The Manager and Property Manager are entitled to all the rights attached to any Units issued to them as payment for the base fees, performance fees, property management fees or acquisition and divestment fees. The fees, whether payable in any combination of cash and Units or solely in cash or Units, will be payable quarterly in arrears. The price of Units issued is determined based on the volume weighted average price of Units for the ten business days preceding the end of the respective quarters.

During the financial year, the Manager opted to receive 22.5% (2014: 23.6%) of the base fees and performance fees in the form of Units in the Trust. The remaining 77.5% (2014: 76.4%) was paid/payable in cash. The Manager had also received 100.0% of the acquisition fees and 100.0% of the divestment fees in the form of Units in the Trust during the financial year. There were no acquisition and divestment fees in 2014.

During the financial year, the Property Manager has received 100.0% (2014: 100.0%) of the property management fees in cash.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *2.1 Basis of preparation*

The financial statements have been prepared in accordance with the recommendations of the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the recognition and measurement principles of Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars ("S$"), which is the functional currency of the Trust. All financial information has been rounded to the nearest thousand ("S$'000"), unless otherwise stated.

### (a) Significant accounting judgements and estimates

The preparation of financial information in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

(i) Note 3 – Valuation of investment properties

(ii) Note 10 – Valuation of derivative financial instruments

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.2 Changes in accounting policies*

The accounting policies adopted are consistent with those used in the previous financial year, except as disclosed in the accounting policies below.

**(a) Adoption of New and Revised Standards**

In the current year, the Group and Trust have adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant and effective for annual periods beginning on or after 1 October 2014, as follows:

| | |
|---|---|
| Revised FRS 27 | Separate Financial Statements |
| Amendments to FRS 32 | Offsetting of Financial Assets and Financial Liabilities |
| Amendments to FRS 36 | Recoverable Amount Disclosures for Non-Financial Assets |
| Amendments to FRS 39 | Novation of Derivatives and Continuation of Hedge Accounting |
| Amendments to FRS 110, FRS 111 and FRS 112 | Transition Guidance |
| FRS 110 | Consolidated Financial Statements |
| FRS 111 | Joint Arrangements |
| FRS 112 | Disclosure of Interests in Other Entities |
| Improvements to FRSs (January 2014) | |
| Amendments to FRS 103 | Business Combinations |
| Amendments to FRS 108 | Operating Segments |
| Amendments to FRS 16 | Property, Plant and Equipment |
| Amendments to FRS 24 | Related Party Disclosures |
| Improvements to FRSs (February 2014) | |
| Amendments to FRS 103 | Business Combinations |
| Amendments to FRS 113 | Fair Value Measurement |
| Amendments to FRS 40 | Investment Property |

The adoption of the above standards did not result in any substantial change to the accounting policies nor any significant impact on the financial statements of the Group or the Trust, except for the following:

(i) FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 sets out the disclosures required to be made in respect of all forms of an entity's interests in other entities, including subsidiaries, joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The adoption of this standard resulted in more disclosures being made in the Group's financial statements as set out in Note 5.

### *2.3 Subsidiaries and basis of consolidation*

**(a) Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements of the Group from the date that control commences until the date that control ceases.

The financial statements of subsidiaries are prepared using consistent accounting policies. Adjustments are made to any dissimilar material accounting policies to align them with the significant accounting policies adopted by the Group.

Investment in subsidiaries are stated in the Trust's balance sheet at cost less accumulated impairment losses.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.3 Subsidiaries and basis of consolidation (cont'd)*

**(b) Loss of control**

If the Group loses control over a subsidiary, it:

(i) de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when the control is lost;

(ii) de-recognises the cumulative translation differences recorded in equity;

(iii) recognises the fair value of the consideration received;

(iv) recognises the fair value of any investment retained;

(v) recognises any surplus or deficit in the statement of total return;

(vi) re-classifies the Group's share of components previously recognised in equity to the statement of total return or revenue reserves, as appropriate.

**(c) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### *2.4 Joint arrangements*

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement. To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation.

The Group recognises in relation to its interest in a joint operation,

(i) its assets, including its share of any assets held jointly;

(ii) its liabilities, including its share of any liabilities incurred jointly;

(iii) its revenue from the sale of its share of the output arising from the joint operation;

(iv) its share of the revenue from the sale of the output by the joint operation; and

(v) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interests in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.5 Foreign currencies*

#### (a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Trust and subsidiaries at exchange rates approximating those ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate approximating those ruling at the dates of the transactions. Foreign currency differences arising from the translation of monetary items at the reporting date or on settlement are recognised in the statement of total return.

#### (b) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments, if any, arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Foreign currency differences are recognised in Unitholders' funds. When a foreign operation is disposed of such that control or joint control is lost, the cumulative amount of foreign currency differences relating to that foreign operation is reclassified to statement of total return as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in a joint venture that includes a foreign operation while retaining joint control, the relevant proportion of the cumulative amount is reclassified to the statement of total return.

#### (c) Net investment in a foreign operation

Exchange differences arising from monetary items that in substance form part of the Trust's net investment in a foreign operation are recognised in the Trust's statement of total return. Such exchange differences are reclassified to Unitholders' funds in the consolidated financial statements. When the net investment is disposed of, the cumulative amount in Unitholders' funds is transferred to the statement of total return as an adjustment to total return arising on disposal.

### *2.6 Investment properties*

Investment properties are properties held either to earn rental income or for capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost, including transaction costs, on initial recognition and subsequently at fair value with any change therein recognised in the statement of total return.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties. Fair value is determined at each balance sheet date in accordance with the Trust Deed. In addition, the investment properties are valued by independent professional valuers at least once a year, in accordance with the CIS Code issued by the MAS.

Subsequent expenditure relating to investment properties that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Investment properties are derecognised when either they have been disposed of or when no future economic benefit is expected from their disposal. Any gains or losses on the disposal are recognised in the statement of total return.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.7 Fixed assets*

Fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses. The cost includes directly attributable costs of bringing the asset to a working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for repair and maintenance are charged to the statement of total return.

The gain or loss on disposal of an item of fixed asset is determined by comparing the proceeds from disposal with the carrying amount of the fixed asset, and is recognised in the statement of total return.

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in the statement of total return on a straight-line basis over the estimated useful lives of the fixed assets. The principal annual rates of depreciation are as follows:

| | | |
|---|---|---|
| – | Furniture and fittings | 20% |
| – | Equipment | 20% |
| – | Computers | 20% |

The depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

### *2.8 Financial instruments*

#### (a) Non-derivative financial assets

The Group initially recognises loans and receivables on the date the Group becomes a party to the contractual provisions of the financial instrument.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

#### (b) Non-derivative financial liabilities

All financial liabilities are recognised initially on the date that the Group becomes a party to the contractual provisions of the instrument. All financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.8 Financial instruments (cont'd)*

#### (c) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivative financial instruments are recognised initially at fair value and are subsequently re-measured at their fair value. The changes in fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the statement of total return.

The Group applies hedge accounting for certain hedging relationships, which qualifies for hedge accounting. For the purpose of hedge accounting, these hedges are classified as cash flow hedges. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Such hedges are expected to be highly effective in achieving offsetting changes in cash flow and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the hedging instrument is recognised directly in the hedging reserve, while any ineffective portion is recognised immediately in the statement of total return. Amounts recognised in the hedging reserve are transferred to the statement of total return when the hedged transaction affects the statement of total return, such as when the hedged financial income or financial expense is recognised. If the firm commitment is no longer expected to occur, amounts previously recognised in hedging reserve are transferred to the statement of total return. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in hedging reserve remain in hedging reserve until the firm commitment occurs.

#### (d) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### *2.9 Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and bank deposits with original maturities of twelve months or less.

### *2.10 Impairment*

#### (a) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash generating unit exceeds its estimated recoverable amount.

The recoverable amount of an asset or cash generating unit is the greater of its fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating unit.

Impairment losses are recognised in the statement of total return. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.10 Impairment (cont'd)*

**(b) Non-derivative financial assets**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be measured reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

***Loans and receivables***

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for the Manager's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in the statement of total return and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of total return.

### *2.11 Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### *2.12 Unitholders' funds*

Unitholders' funds represent the residual interest in the Group's net assets upon termination and are classified as equity.

Expenses incurred in the issuance and placement of Units are deducted directly against Unitholders' funds.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.13 Revenue recognition*

**(a) Rental income from operating leases**

Rental income from investment properties is recognised in the statement of total return on a straight-line basis over the term of the lease. Lease incentives granted are recognised on a straight-line basis over the term of the lease.

**(b) Interest income**

Interest income is recognised as it accrues in the statement of total return, using the effective interest method.

**(c) Dividend income**

Dividend income is recognised in the statement of total return on the date when the right to receive payment is established.

**(d) Other property income**

Other property income comprises mainly outgoing recoverables and is recognised when the services are rendered.

### *2.14 Finance costs*

Finance costs comprise interest expenses on borrowings and expenses incurred in connection with the arrangement of debt facilities.

Interest expenses on borrowings are recognised in the statement of total return using the effective interest method. Expenses incurred in connection with the arrangement of debt facilities are recognised in the statement of total return on an effective interest basis over the period for which the debt facilities are granted.

### *2.15 Income taxes*

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the statement of total return except to the extent that it relates to items recognised directly in Unitholders' funds.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payables in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- temporary differences related to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax on temporary differences arising from investment properties measured at fair value is measured at the tax rates that are expected to be applied, based on a rebuttable presumption that the carrying amount of the investment properties will be recovered entirely through sale.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.15 Income taxes (cont'd)*

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The following set out the Tax Rulings currently applicable to the Group:

(1) Tax Ruling from the Inland Revenue Authority of Singapore ("IRAS") dated 13 October 2005 which confirms the Singapore tax consequences for the Trust and Unitholders in relation to the income arising from the Trust's properties ("Tax Ruling 1").

(2) Tax Ruling from the Ministry of Finance ("MOF") dated 9 December 2005 and 2 February 2006 which confirms the Singapore tax consequences for certain foreign income derived from Central Park in Australia ("Tax Ruling 2").

(3) Tax Ruling obtained from IRAS dated 16 February 2007, and further updated on 3 April 2007, 7 January 2011 and 16 February 2012, which confirms the Singapore tax consequences of certain foreign income derived from Caroline Chisholm Centre in Australia ("Tax Ruling 3").

(4) Tax Ruling obtained from IRAS dated 26 June 2015 which confirms the Singapore tax consequences of certain foreign income derived from 357 Collins Street in Australia ("Tax Ruling 4").

Subject to full compliance with the terms and conditions of the above Tax Rulings, the taxation of the Trust and that of the Unitholders is described below.

**(a) Tax Ruling 1**

Tax Ruling 1 grants tax transparency treatment on the Trust's taxable income from properties ("Taxable Income") that is distributed to the Unitholders. Subject to meeting the terms and conditions of Tax Ruling 1, the Trust will not be assessed tax on the Taxable Income. Instead, the Trust will deduct income tax at the prevailing corporate tax rate, currently at 17.0% (2014: 17.0%), from the distributions made to Unitholders that are made out of the Taxable Income of the Trust, except:

(i) where the beneficial owners are individuals and the Units are not held through a partnership in Singapore or qualifying Unitholders, the Trust will make the distributions to such Unitholders without deducting any income tax; and

(ii) where the beneficial owners are foreign non-individual investors or where the Units are held by nominee Unitholders who can demonstrate that the Units are held for beneficial owners who are foreign non-individual investors, the Trust will deduct/withhold tax at the reduced rate of 10.0% from the distribution made during the period from 18 February 2005 to 31 March 2015. Meanwhile, the Budget Statement 2015 proposed that the reduced rate of 10% will be renewed for the period from 1 April 2015 to 31 March 2020 (both dates inclusive). Subject to the proposal being promulgated as law, qualifying foreign non-individual investors will continue to receive distributions after deduction of tax at the rate of 10% from distributions made by the Trust from 1 April 2015 to 31 March 2020.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.15 Income taxes (cont'd)*

**(a) Tax Ruling 1 (cont'd)**

A qualifying Unitholder is an Unitholder who is:

(i) a Singapore-incorporated company which is a tax resident in Singapore;

(ii) a body of persons, other than a company or a partnership or persons acting in the capacity of a trustee, registered or constituted in Singapore (for example, a town council, a statutory board, a registered charity, a registered co-operative society, a registered trade union, a management corporation, a club and a trade and industry association); or

(iii) a Singapore branch of a foreign company which has presented a letter of approval from the IRAS granting a waiver from tax deduction at source in respect of distributions from the Trust for distributions received by the branch before 1 January 2015. For distributions received on or after 1 January 2015, a Singapore branch of a foreign company will receive such distributions without deduction of tax. There is no need for the branch to obtain prior approval from the IRAS.

A foreign non-individual Unitholder is one who is not a resident of Singapore for income tax purposes and:

(i) who does not have a permanent establishment in Singapore; or

(ii) who carries on any operation in Singapore through a permanent establishment in Singapore where the funds used to acquire the Units are not obtained from that operation in Singapore.

Under Tax Ruling 1, the Trust will distribute at least 90.0% of its Taxable Income, comprising substantially income from the letting of real estate properties in Singapore and incidental property related service income and income from management or holding of real estate properties. For the remaining amount of Taxable Income of the Trust not distributed, tax will be assessed on and collected from the Trust on such remaining amount (referred to as "Retained Taxable Income").

In the event where a distribution is subsequently made out of such Retained Taxable Income, the Trust will not have to make a further deduction of income tax from the distribution.

In the event that there are subsequent adjustments to the Taxable Income when the actual Taxable Income of the Trust is finally agreed with IRAS, such adjustments are taken up as an adjustment to the Taxable Income for the next distribution following the agreement with IRAS.

The above tax transparency ruling does not apply to gains from the sale of real estate properties in Singapore and other income not constituting Taxable Income. Tax on such gains or profits will be assessed, in accordance with Section 10(1)(a) of the Income Tax Act, and collected from the Trust. Consequently, if such after-tax gains or profits are distributed, the Trust will not have to make a further deduction of income tax from the distribution. Where the gains are agreed with IRAS to be capital gains, it will not be assessed to tax and the Trust may distribute the capital gains without tax being deducted at source.

**(b) Tax Ruling 2**

Tax Ruling 2 grants tax exemption in Singapore, subject to satisfying certain conditions, under Section 13(12) of the Income Tax Act in respect of foreign sourced dividends which are paid out of income derived from Central Park in Australia. As the income is exempt from Singapore income tax, the Trust may distribute such income, after deduction of its tax-deductible expenses, to Unitholders without tax deduction at source.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### *2.15 Income taxes (cont'd)*

**(c) Tax Ruling 3**

Tax Ruling 3 grants income tax exemption in Singapore, subject to satisfying certain conditions, under Section 13(12) of the Income Tax Act on certain foreign income receivable from Caroline Chisholm Centre in Australia. The foreign income to which income tax exemption is granted under Tax Ruling 3 includes foreign sourced dividends and foreign sourced interest income which are paid out of income derived from Caroline Chisholm Centre in Australia. As the income is exempt from Singapore income tax, the Trust may distribute such income, after deduction of its tax-deductible expenses, to Unitholders without tax deduction at source.

**(d) Tax Ruling 4**

Tax Ruling 4 grants income tax exemption in Singapore, subject to satisfying certain conditions, under Section 13(12) of the Income Tax Act on certain foreign income receivable from 357 Collins Street in Australia. The foreign income to which income tax exemption is granted under Tax Ruling 4 includes foreign sourced dividends and foreign sourced interest income which are paid out of income derived from 357 Collins Street in Australia. As the income is exempt from Singapore income tax, the Trust may distribute such income, after deduction of its tax-deductible expenses, to Unitholders without tax deduction at source.

### *2.16 Earnings per Unit ("EPU")*

The Group presents basic and diluted EPU data for its Units. Basic EPU is calculated by dividing the total return attributable to Unitholders of the Group by the weighted average number of Units outstanding during the year. Diluted EPU is determined by adjusting the total return attributable to Unitholders and the weighted average number of Units outstanding for the effects of all dilutive potential Units, which comprise Series A CPPUs.

### *2.17 Segment reporting*

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

Management has determined the operating segments based on the reports reviewed by Chief Operating Decision Makers ("CODMs") that are used to make strategic decisions.

CODMs include Chief Executive Officer, Financial Controller, Assets Managers and Investment Manager. CODMs review the Group's internal reporting in order to assess performance and operations of the Group. Management has determined the operating segments based on these assessments. The CODMs consider the business segment from a geographic perspective as it is based on the Group's management and internal reporting structure.

Segment results and assets include items directly attributable to a segment as well as those that are allocated on a reasonable basis. Unallocated items mainly comprise interest income, trust expenses, finance expenses and assets that are not attributable to any segment.

Segment capital expenditure is the total costs incurred on investment properties during the financial year.

### *2.18 Distribution policy*

The Trust has a policy to distribute at least 90.0% of its taxable income (other than gains from the sale of real estate properties that are determined by IRAS to be trading gains) and tax-exempt income, with the actual level of distribution to be determined at the discretion of the Manager.

Distributions are made on a quarterly basis, with the amount calculated as at 31 December, 31 March, 30 June and 30 September each year for the three-month financial period ending on each of the said dates. In accordance with the provisions of the Trust Deed, the Manager is required to pay distributions within 60 days of the end of each distribution period. Distributions, when paid, will be in Singapore dollars.

## 3. INVESTMENT PROPERTIES

| | Group | | Trust | |
|---|---|---|---|---|
| | 2015 S$'000 | 2014 S$'000 | 2015 S$'000 | 2014 S$'000 |
| At beginning of the financial year | 1,824,870 | 1,811,417 | 1,216,200 | 1,171,000 |
| Acquisition of an investment property (Note 3(a)) | 241,918 | – | – | – |
| Capital expenditure (Note 3(b)) | 108,343 | 3,167 | 106,500 | 41 |
| Leasing fees capitalised – net (Note 3(c)) | 58 | (102) | 183 | (43) |
| Effects of recognising accounting income on a straight-line basis over the lease term | 1,002 | 2,577 | 121 | 29 |
| China Square Central hotel transaction (Note 3(b)) | 44,800 | – | 44,800 | – |
| Revaluation of investment properties | (39,413) | 27,420 | (7,647) | 45,173 |
| Net change in fair value | 5,387 | 27,420 | 37,153 | 45,173 |
| Grant of leasehold interest with hotel development rights (Note 3(b)) | (151,157) | – | (151,157) | – |
| Foreign currency translation differences | (75,601) | (19,609) | – | – |
| At end of the financial year | 1,954,820 | 1,824,870 | 1,209,000 | 1,216,200 |

(a) On 18 August 2015, the Group completed the acquisition of 357 Collins Street, Melbourne, Australia from Australand Property Holdings (Collins St No. 1) Pty Limited (in its capacity as trustee of APT (Collins St No. 1) Trust) for a total cost of S$241,918,000 (including transaction costs).

(b) The fair value gain of S$44,800,000 for the China Square Central hotel transaction was recognised in respect of the additional 16,000 square metres of gross floor area (for hotel use only) granted by Urban Redevelopment Authority of Singapore in respect of China Square Central upon the fulfilment of certain terms and conditions, including the payment of differential premium and stamp duty (the "Differential Premium Payment Amounts").

Included in capital expenditure in 2015 was the Differential Premium Payment Amounts of S$106,357,000 paid by Frasers Hospitality China Square Trustee Pte. Ltd. (in its capacity as trustee-manager of Frasers Hospitality China Square Trust) ("FHCS Trustee") in July 2015, pursuant to the terms of a Conditional Agreement entered into by the Trust and FHCS Trustee on 27 April 2015, concerning the entry, subject to the fulfilment of certain terms and conditions, into a Building Agreement for, among others, the grant of a long lease with hotel development rights at China Square Central.

On 18 August 2015, upon fulfilment of the terms and conditions of the Conditional Agreement, the Trust entered into the Building Agreement with FHCS Trustee and received the cash consideration of S$44,800,000. Consequently, the Differential Premium Payment Amounts and fair value gain attributable to the hotel development rights of S$151,157,000 was derecognised.

(c) The movement for leasing fees capitalised are as follows:

| | Group | | Trust | |
|---|---|---|---|---|
| | 2015 S$'000 | 2014 S$'000 | 2015 S$'000 | 2014 S$'000 |
| At beginning of the financial year | 1,684 | 1,807 | 1,084 | 1,127 |
| Additions | 803 | 509 | 803 | 431 |
| Amortisation | (745) | (611) | (620) | (474) |
| Leasing fees capitalised – net | 58 | (102) | 183 | (43) |
| Foreign currency translation differences | (65) | (21) | – | – |
| At end of the financial year | 1,677 | 1,684 | 1,267 | 1,084 |

## 3. INVESTMENT PROPERTIES (CONT'D)

(d) The fair values of investment properties are determined by the following independent property valuers as at 30 September 2015:

| | |
|---|---|
| China Square Central | : Colliers International Consultancy & Valuation Singapore Pte Ltd |
| 55 Market Street | : Savills Valuation and Professional Services (S) Pte Ltd |
| Alexandra Technopark | : Savills Valuation and Professional Services (S) Pte Ltd |
| Central Park | : Knight Frank Australia Pty Ltd |
| Caroline Chisholm Centre | : Colliers International, Australia |
| 357 Collins Street | : Jones Lang LaSalle Advisory Services Pty Limited |

In accordance with the CIS Code, the Group rotates the valuers at least every two years. In relying on the valuation reports, the Manager had exercised its judgement and was satisfied that the independent valuers had appropriate professional qualifications and recent experience in the location and category of the properties being valued, and the valuation estimates were reflective of the current market conditions. Key valuation inputs were reported to the Board of the Manager.

(e) In determining the fair values, the valuers have considered valuation techniques including direct comparison method, income capitalisation approach and discounted cash flow analysis. Details of valuation techniques and inputs used are disclosed in Note 28(c).

(f) As at 30 September 2014 and 30 September 2015, the investment properties of the Group, with the exception of 357 Collins Street, are subject to negative pledge and no investment properties of the Group was pledged as security for the Group's borrowings.

## 4. SUBSIDIARIES

| | Trust | |
|---|---|---|
| | 2015 S$'000 | 2014 S$'000 |
| Unquoted equity shares, at cost | 121,933 | 121,933 |
| Redeemable preference shares, at cost | 216,222 | 64,778 |
| | 338,155 | 186,711 |
| Less: Allowance for impairment losses of: | | |
| – unquoted equity shares | (13,764) | (13,764) |
| – redeemable preference shares | – | (7,202) |
| | (13,764) | (20,966) |
| | 324,391 | 165,745 |

### (a) Allowance for impairment losses

The movement in allowance for impairment losses on investment in subsidiaries during the financial year is as follows:

| | Trust | |
|---|---|---|
| | 2015 S$'000 | 2014 S$'000 |
| At beginning of the financial year | 20,966 | 171,235 |
| Reversal during the financial year | – | (35,000) |
| Written off | (7,202) | (115,269) |
| At end of the financial year | 13,764 | 20,966 |

The allowance for impairment losses represent the write down of the carrying values of investments in certain subsidiaries to their recoverable amounts. The recoverable amounts were estimated based on the fair values of the underlying net assets held by these subsidiaries.

During the year ended 30 September 2014, based on the fair values of the underlying assets, an impairment loss of S$35,000,000 recognised in prior years in respect of Frasers Commercial Investments No. 3 Pty Ltd was reversed.

## 4. SUBSIDIARIES (CONT'D)

### (b) Details of subsidiaries

| | Effective equity held by the Group | |
|---|---|---|
| | 2015 % | 2014 % |
| ***Direct subsidiaries*** | | |
| *Incorporated in Singapore* | | |
| Frasers Commercial Sub No. 1 Pte. Ltd.[1] | 100 | 100 |
| Frasers Commercial Sub No. 2 Pte. Ltd.[1] | 100 | 100 |
| Frasers Commercial Sub No. 3 Pte. Ltd.[1] | 100 | 100 |
| Frasers Commercial Sub No. 4 Pte. Ltd.[1] | 100 | – |
| FCOT Treasury Pte. Ltd.[1] | 100 | 100 |
| Frasers Commercial Investments No. 2 Pte. Ltd.[2] | 100 | 100 |
| Frasers Commercial Osaka SPC No. 1 Pte. Ltd.[4], [5] | – | – |
| Frasers Commercial Osaka SPC No. 2 Pte. Ltd.[5] | – | 100 |
| Frasers Commercial Osaka SPC No. 3 Pte. Ltd.[5] | – | 100 |
| Frasers Commercial Tozai SPC No. 1 Pte. Ltd.[4], [5] | – | – |
| Frasers Commercial Tozai SPC No. 2 Pte. Ltd.[5] | – | 100 |
| Frasers Commercial Tozai SPC No. 3 Pte. Ltd.[5] | – | 100 |
| *Incorporated in Cayman Islands* | | |
| Frasers Commercial Investments No. 3 Pty Ltd[3] | 100 | 100 |
| Frasers Commercial Investments No. 4 Pty Ltd[3] | 100 | – |
| ***Indirect subsidiaries*** | | |
| *Incorporated in Singapore* | | |
| Frasers Commercial Investments No. 1 Pte. Ltd.[1] | 100 | 100 |
| *Incorporated in Australia* | | |
| Central Park Landholding Trust[3] | 100 | 100 |
| Collins Street Landholding Trust[3] | 100 | – |
| APF Management Pty Ltd[1] | 100 | 100 |
| ARC Trust[3] | 100 | 100 |
| ARCOT Pty Limited[1] | 100 | 100 |
| Athllon Drive Landholding Trust[3] | 100 | 100 |
| Athllon Trustee Pty Ltd[1] | 100 | 100 |
| TFS Collins Pty Ltd[1] | 100 | – |

**Notes:**

(1) Audited by members firm of EY Global in respective countries.

(2) There is no audit requirement as the company is in the process of striking off.

(3) Not required to be audited.

(4) Although the Group does not have voting rights in respect of Frasers Commercial Osaka SPC No. 1 Pte. Ltd. and Frasers Commercial Tozai SPC No. 1 Pte. Ltd., these companies are treated as subsidiaries by virtue of management control over the financial and operating policies of companies.

(5) These companies were struck off during the financial year.

### (c) Incorporation of subsidiaries

On 24 April 2015, Frasers Commercial Sub No. 4 Pte. Ltd., Frasers Commercial Investments No. 4 Pty Limited and TFS Collins Pty Ltd were incorporated and Collins Street Landholding Trust was constituted.

## 5. INTERESTS IN JOINT OPERATION

The Group has a 50% interest in Central Park, an investment property located in Perth, Australia. Pursuant to the joint ownership agreement signed between the Group and the joint owner, the management of Central Park is jointly undertaken by both owners.

## 6. LOAN TO A SUBSIDIARY

The loan to a subsidiary is unsecured, bears interest at a fixed interest rate of 7.65% per annum (2014: 7.65%) and is repayable in cash on 19 September 2022 or such dates that may be agreed.

## 7. FIXED ASSETS

| | Furniture and Fittings S$'000 | Equipment S$'000 | Computers S$'000 | Total S$'000 |
|---|---|---|---|---|
| **Group and Trust** | | | | |
| **Cost** | | | | |
| At 1 October 2013 | 39 | 45 | 22 | 106 |
| Additions | 6 | 11 | 5 | 22 |
| At 30 September 2014 and 1 October 2014 | 45 | 56 | 27 | 128 |
| Additions | 2 | 2 | 10 | 14 |
| At 30 September 2015 | 47 | 58 | 37 | 142 |
| **Accumulated depreciation** | | | | |
| At 1 October 2013 | 9 | 14 | 14 | 37 |
| Depreciation for the financial year | 8 | 10 | 2 | 20 |
| At 30 September 2014 and 1 October 2014 | 17 | 24 | 16 | 57 |
| Depreciation for the financial year | 10 | 9 | 5 | 24 |
| At 30 September 2015 | 27 | 33 | 21 | 81 |
| **Net carrying amount** | | | | |
| At 30 September 2015 | 20 | 25 | 16 | 61 |
| At 30 September 2014 | 28 | 32 | 11 | 71 |

## 8. DEFERRED TAXATION

| | Group | |
|---|---|---|
| | 2015 S$'000 | 2014 S$'000 |
| **Deferred tax assets** | | |
| *Provisions and other items:* | | |
| At beginning of the financial year | – | – |
| Recognised in statement of total return | 354 | – |
| Foreign currency translation differences | (24) | – |
| At end of the financial year | 330 | – |
| **Deferred tax liabilities** | | |
| *Investment properties:* | | |
| At beginning of the financial year | 62,277 | 67,686 |
| Recognised in statement of total return | (7,952) | (3,370) |
| Foreign currency translation differences | (7,035) | (2,039) |
| At end of the financial year | 47,290 | 62,277 |

## 9. TRADE AND OTHER RECEIVABLES

| | Group | | Trust | |
|---|---|---|---|---|
| | 2015 S$'000 | 2014 S$'000 | 2015 S$'000 | 2014 S$'000 |
| Trade receivables | 1,326 | 1,026 | 970 | 664 |
| Deposits | 1,385 | 1,245 | 1,386 | 1,245 |
| Interest receivable | 41 | 4 | 41 | 4 |
| Other receivables from: | | | | |
| – subsidiaries | – | – | 69,035 | 112,551 |
| – related party | 896 | – | 896 | – |
| – others | 585 | 716 | 66 | 21 |
| | 4,233 | 2,991 | 72,394 | 114,485 |

Trade receivables are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Amounts due from subsidiaries and a related party are non-trade related, unsecured, interest-free and repayable upon demand in cash.

### (a) Trade receivables that are past due but not impaired

The ageing analysis of trade receivables that are past due at balance sheet date but not impaired is as follows:

| | Group | | Trust | |
|---|---|---|---|---|
| | 2015 S$'000 | 2014 S$'000 | 2015 S$'000 | 2014 S$'000 |
| Less than 30 days | 1,028 | 905 | 677 | 607 |
| 30 to 60 days | 203 | 101 | 201 | 37 |
| 61 to 90 days | 84 | 14 | 84 | 14 |
| 91 to 120 days | 7 | 1 | 4 | 1 |
| More than 120 days | 4 | 5 | 4 | 5 |
| | 1,326 | 1,026 | 970 | 664 |

### (b) Allowance for impairment losses on trade and other receivables

The movements in allowance for impairment losses on trade and other receivables during the financial year are as follows:

| | Group | | Trust | |
|---|---|---|---|---|
| | 2015 S$'000 | 2014 S$'000 | 2015 S$'000 | 2014 S$'000 |
| At beginning of the financial year | – | – | – | – |
| Impairment losses | – | – | – | 137 |
| Write-off of allowance against gross receivables | – | – | – | (137) |
| At end of the financial year | – | – | – | – |

The allowance for impairment losses of receivables is made based on management's assessment of the amount that is expected to be recoverable.

Based on historical default rates, the Group believes that no other allowance for impairment losses is necessary in respect of trade and other receivables. These receivables relate mainly to customers that have a good payment record or sufficient rental deposits with the Group.

## 10. DERIVATIVE FINANCIAL INSTRUMENTS

| | Group | | | Trust | | |
|---|---|---|---|---|---|---|
| | Contract/ Notional amount S$'000 | Fair value Assets S$'000 | Fair value Liabilities S$'000 | Contract/ Notional amount S$'000 | Fair value Assets S$'000 | Fair value Liabilities S$'000 |
| **2015** | | | | | | |
| Forward currency contracts | 23,000 | 539 | – | 23,000 | 539 | – |
| Interest rate derivative financial instruments | 566,674 | 7,640 | (2,476) | 408,000 | 7,640 | – |
| | 589,674 | 8,179 | (2,476) | 431,000 | 8,179 | – |
| **2014** | | | | | | |
| Forward currency contracts | 5,689 | 247 | – | 5,689 | 247 | – |
| Interest rate derivative financial instruments | 320,596 | 384 | (1,167) | 200,000 | 384 | (479) |
| | 326,285 | 631 | (1,167) | 205,689 | 631 | (479) |

As at 30 September 2015, the fixed interest rates of the outstanding interest rate derivative financial instruments is between 1.05% to 3.02% (2014: 0.64% to 4.60%) while the floating interest rates are linked to the Singapore dollar swap-offer rate ("SOR") or Australian dollar bank bill swap bid rate ("BBSY") rate as applicable to the Group's borrowings.

Forward currency contracts are used to hedge foreign currency risk arising from the receipts of distributions from the Australian properties denominated in Australian dollars for which firm commitments existed at the end of the reporting period.

## 11. CASH AND CASH EQUIVALENTS

| | Group | | Trust | |
|---|---|---|---|---|
| | 2015 S$'000 | 2014 S$'000 | 2015 S$'000 | 2014 S$'000 |
| Cash and bank balances | 26,222 | 31,538 | 21,674 | 26,095 |
| Fixed deposits | 36,011 | 15,834 | 36,011 | 15,834 |
| | 62,233 | 47,372 | 57,685 | 41,929 |

As at 30 September 2015, the weighted average effective interest rates of cash and cash equivalents for the Group and the Trust are 0.70% (2014: 0.52%) and 0.75% (2014: 0.59%) per annum respectively.

## 12. INTEREST-BEARING BORROWINGS

| | Group | | Trust | |
|---|---|---|---|---|
| | 2015 S$'000 | 2014 S$'000 | 2015 S$'000 | 2014 S$'000 |
| Term loans | 736,831 | 698,590 | 526,600 | 545,000 |
| Unamortised borrowing costs | (4,964) | (6,485) | (3,598) | (5,052) |
| | 731,867 | 692,105 | 523,002 | 539,948 |
| Maturity of borrowings – between one and five years | 731,867 | 692,105 | 523,002 | 539,948 |

All term loans of the Group and Trust are unsecured.

### (a) Terms and debt repayment schedule

Terms and conditions of outstanding borrowings as at balance sheet date are as follows:

| | Interest rate range % | Financial year of maturity | Face value S$'000 | Carrying amount S$'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **2015** | | | | |
| Term loans | 1.24 – 4.56 | 2017 – 2020 | 736,831 | 731,867 |
| **2014** | | | | |
| Term loans | 1.24 – 4.43 | 2017 – 2019 | 698,590 | 692,105 |
| **Trust** | | | | |
| **2015** | | | | |
| Term loans | 1.24 – 2.66 | 2017 – 2019 | 526,600 | 523,002 |
| **2014** | | | | |
| Term loans | 1.24 – 1.56 | 2017 – 2019 | 545,000 | 539,948 |

The Group's borrowings bear floating interest rates at SOR plus margin for the Singapore dollars denominated borrowings and at BBSY plus margin for the Australian dollars denominated borrowings. The interest rate range disclosed above excludes the effects of the related interest rate derivative financial instruments and amortisation of borrowing costs.

## 13. TRADE AND OTHER PAYABLES

| | Group | | Trust | |
|---|---|---|---|---|
| | 2015 S$'000 | 2014 S$'000 | 2015 S$'000 | 2014 S$'000 |
| Trade payables | | | | |
| – related parties | 383 | 208 | 383 | 208 |
| – others | 1,415 | 82 | 888 | 82 |
| Net GST payable | 4,242 | 1,370 | 3,686 | 703 |
| Accrued operating expenses | 5,894 | 6,089 | 3,372 | 4,164 |
| Distribution payable | 6,233 | 1 | 6,233 | 1 |
| Income received in advance | 3,845 | 7,505 | 381 | 872 |
| Fees payable to the Manager | 3,180 | 3,053 | 3,180 | 3,053 |
| Fees payable to the Property Manager | 673 | 525 | 673 | 525 |
| Fees payable to the Trustee | 154 | 140 | 154 | 140 |
| Interest payable | 1,006 | 762 | 496 | 313 |
| Withholding tax payable | 564 | 396 | 476 | 296 |
| Other payables to: | | | | |
| – subsidiaries | – | – | 4,201 | 35,029 |
| – related parties | 710 | 571 | 710 | 571 |
| – others | 1,440 | 1,000 | 691 | 1,000 |
| | 29,739 | 21,702 | 25,524 | 46,957 |

Trade payables are non-interest bearing and are normally settled on 30-day terms.

The distribution payable as at 30 September 2015 is related to the advanced distribution for the period from 1 July 2015 to 2 August 2015 which was paid to Unitholders on 1 October 2015. The distribution payable as at 30 September 2014 is related to the Series A CPPU distribution for the period from 1 July 2014 to 30 September 2014.

Amounts due to subsidiaries and related parties are non-trade related, unsecured, interest-free and are repayable upon demand in cash.

## 14. UNITHOLDERS' FUNDS

| | Group and Trust Number of Units | |
|---|---|---|
| | 2015 '000 | 2014 '000 |
| **Units issued:** | | |
| At beginning of the financial year | 676,685 | 657,539 |
| Issuance of Units: | | |
| Units issued pursuant to Private Placement | 96,000 | – |
| Acquisition and divestment fee paid in Units | 1,770 | – |
| Management fees paid in Units | 1,210 | 3,705 |
| Distribution paid in Units | 6,971 | 5,328 |
| Conversion of Series A CPPUs to Units (Note 15(a)) | 68 | 10,113 |
| **At end of the financial year** | 782,704 | 676,685 |
| **Units to be issued:** | | |
| Management fees payable in Units | 712 | – |
| | 783,416 | 676,685 |
| Conversion of Series A CPPUs to Units | – | 68 |
| **Issued and issuable Units at end of the financial year** | 783,416 | 676,753 |

The rights and interests of Unitholders are contained in the Trust Deed and include the rights to:

- receive distribution entitlement determined in accordance with the Trust Deed;
- participate in the termination of the Trust by receiving a share of the net proceeds of realisation among the Unitholders pro rata in accordance with the number of Units held by the Unitholders and in accordance with the winding up procedures under the Trust Deed;
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or Unitholders representing not less than 10.0% of the Units in issue) convene a meeting of Unitholders in accordance with the provisions of the Trust Deed; and
- one vote per Unit.

The restrictions on an Unitholder include the following:

- An Unitholder has no equitable or proprietary interest in the assets of the Trust and is not entitled to the transfer to it of any assets of the Trust or of any estate and interest in any assets of the Trust;
- An Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- An Unitholder has no right to request for redemption of their Units while the Units are listed on SGX-ST.

An Unitholder's liability is limited to the amount paid or payable for any Units in the Trust. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or the Manager or a creditor of either or both of them against any liability of the Trustee or the Manager in respect of the Trust.

## 15. SERIES A CONVERTIBLE PERPETUAL PREFERRED UNITHOLDERS' FUNDS

| | Group and Trust<br>Number of Series A CPPUs<br>2015<br>'000 | <br><br>2014<br>'000 |
|---|---|---|
| **Series A CPPUs issued:** | | |
| At beginning of the financial year | 81 | 12,157 |
| Conversion of Series A CPPUs to Units | (81) | (11,979) |
| Redemption of Series A CPPUs | – | (97) |
| **At end of the financial year** | – | 81 |

### (a) Conversion of Series A CPPUs

During the financial year, 80,750 (2014: 11,978,796) Series A CPPUs were converted into 68,170 (2014: 10,112,783) Conversion Units (Note 14). There are no Series A CPPUs outstanding subsequent to the conversion of the remaining 80,750 Series A CPPUs on 1 October 2014.

### (b) Redemption of Series A CPPUs

During the financial year, Nil (2014: 97,729) Series A CPPUs were redeemed by the Trust at S$1.00 per Series A CPPU.

## 16. GROSS REVENUE

| | Group | | Trust | |
|---|---|---|---|---|
| | 2015<br>S$'000 | 2014<br>S$'000 | 2015<br>S$'000 | 2014<br>S$'000 |
| Property rental income | 124,940 | 104,243 | 82,010 | 57,990 |
| Dividend income from subsidiaries | – | – | 17,560 | 18,790 |
| Management fee income from subsidiaries | – | – | 2,565 | 2,569 |
| Other property income | 17,247 | 14,595 | 5,960 | 2,487 |
| | 142,187 | 118,838 | 108,095 | 81,836 |
| Contingent rent, included in gross revenue: | | | | |
| – based on tenants' turnover | 285 | 209 | 285 | 209 |

The property rental income of the Group for 2015 includes reimbursement of rent-free periods in respect of 357 Collins Street of S$169,000.

## 17. PROPERTY OPERATING EXPENSES

| | Group | | Trust | |
|---|---|---|---|---|
| | 2015<br>S$'000 | 2014<br>S$'000 | 2015<br>S$'000 | 2014<br>S$'000 |
| Amortisation of leasing fees capitalised | 745 | 611 | 620 | 474 |
| Council rates | 1,439 | 1,559 | – | – |
| Insurance | 483 | 376 | 247 | 124 |
| Property management and other related fees | 5,652 | 4,915 | 2,639 | 1,814 |
| Property maintenance expenses | 12,261 | 8,987 | 6,941 | 3,903 |
| Property tax | 7,774 | 3,420 | 7,173 | 2,870 |
| Utilities | 9,291 | 5,984 | 8,075 | 4,081 |
| Valuation fees | 81 | 72 | 42 | 39 |
| Other operating expenses | 2,593 | 2,360 | 688 | 593 |
| | 40,319 | 28,284 | 26,425 | 13,898 |

## 18. INTEREST INCOME

| | Group | | Trust | |
|---|---|---|---|---|
| | 2015 S$'000 | 2014 S$'000 | 2015 S$'000 | 2014 S$'000 |
| Interest income on: | | | | |
| – bank deposits | 406 | 238 | 359 | 168 |
| – loan to a subsidiary | – | – | 7,061 | 7,695 |
| | 406 | 238 | 7,420 | 7,863 |

## 19. TRUST EXPENSES

| | Group | | Trust | |
|---|---|---|---|---|
| | 2015 S$'000 | 2014 S$'000 | 2015 S$'000 | 2014 S$'000 |
| Management fees | 12,235 | 11,880 | 12,235 | 11,880 |
| Divestment fee | 224 | – | 224 | – |
| Trustee's fees | 570 | 554 | 570 | 554 |
| Audit fees | 140 | 129 | 96 | 96 |
| Non-audit fees paid to auditors of the Trust | 195 | 46 | 5 | 46 |
| Professional and legal fees | 1,347 | 1,069 | 1,145 | 553 |
| Other expenses | 64 | 169 | 229 | 415 |
| | 14,775 | 13,847 | 14,504 | 13,544 |

## 20. FINANCE EXPENSES

| | Group | | Trust | |
|---|---|---|---|---|
| | 2015 S$'000 | 2014 S$'000 | 2015 S$'000 | 2014 S$'000 |
| Interest expenses | 20,027 | 18,868 | 12,872 | 10,221 |
| Capitalised borrowing costs expensed off | 447 | 852 | 447 | 700 |
| Amortisation of borrowing costs | 1,594 | 1,042 | 1,246 | 658 |
| | 22,068 | 20,762 | 14,565 | 11,579 |

The capitalised borrowing costs expensed off in 2015 was attributable to the partial prepayment of a loan facility in August 2015. The capitalised borrowing costs expensed off in 2014 was due to early refinancing of all loan facilities in September 2014.

## 21. OTHER (EXPENSES)/INCOME

| | Group | | Trust | |
|---|---|---|---|---|
| | 2015 S$'000 | 2014 S$'000 | 2015 S$'000 | 2014 S$'000 |
| Write off of investment in a subsidiary | – | – | (35,525) | – |
| Waiver of amounts due to subsidiaries | – | – | 32,645 | 1,312 |
| Reversal of impairment loss of investment in a subsidiary (Note 4(a)) | – | – | – | 35,000 |
| | – | – | (2,880) | 36,312 |

As at 30 September 2015, Frasers Commercial Investments No. 2 Pte. Ltd. is in the process of striking off. The amounts due to Frasers Commercial Investments No. 2 Pte. Ltd. of S$32,645,000 was waived and the carrying value of the investment in redeemable preference shares was written off during the financial year.

## 22. TAXATION

| | Group | | Trust | |
|---|---|---|---|---|
| | 2015 S$'000 | 2014 S$'000 | 2015 S$'000 | 2014 S$'000 |
| **Current tax expense** | | | | |
| – Overseas income tax | (3,085) | (1,442) | – | – |
| – Under-provision in respect of prior financial years | (19) | (75) | – | – |
| | (3,104) | (1,517) | – | – |
| **Deferred tax credit** | | | | |
| – Origination and reversal of temporary differences | 8,306 | 3,370 | – | – |
| | 5,202 | 1,853 | – | – |

The relationship between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 30 September 2015 and 30 September 2014 are as follows:

| | Group | | Trust | |
|---|---|---|---|---|
| | 2015 S$'000 | 2014 S$'000 | 2015 S$'000 | 2014 S$'000 |
| Total return before income tax | 69,996 | 85,372 | 67,297 | 126,156 |
| Tax at the domestic rates applicable to profits in the countries where the Group and Trust operate | (17,962) | (21,245) | (11,440) | (21,446) |
| Income not subject to tax | 7,995 | 13,091 | 7,582 | 13,857 |
| Expenses not deductible for tax purposes | (4,497) | (4,265) | (7,521) | (2,022) |
| Tax transparency | 9,065 | 5,845 | 9,065 | 5,845 |
| Tax exempt income | 2,314 | 3,766 | 2,314 | 3,766 |
| Deferred tax credit | 8,306 | 3,370 | – | – |
| Utilisation of unrecognised tax losses | – | 1,366 | – | – |
| Under-provision in respect of prior financial years | (19) | (75) | – | – |
| | 5,202 | 1,853 | – | – |

The corporate income tax rate applicable to the Trust and Singapore entities of the Group was 17% (2014: 17%). The corporate income tax rate applicable to the Australian entities of the Group were 30% (2014: 30%).

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

## 23. EARNINGS PER UNIT

Basic earnings per Unit is calculated by dividing the total return for the financial year after income tax, before distribution, by the weighted average number of Units during the financial year.

| | Group | |
|---|---|---|
| | 2015 S$'000 | 2014 S$'000 |
| Total return for the financial year | 75,198 | 87,225 |
| Distribution payable to Series A CPPU holders | – | (21) |
| Earnings attributable to Unitholders | 75,198 | 87,204 |
| **Basic earnings per Unit** | | |
| Weighted average number of Units during the financial year ('000) | 696,631 | 671,404 |
| Basic earnings per Unit (cents) | 10.79 | 12.99 |
| **Diluted earnings per Unit** | | |
| Weighted average number of Units during the financial year ('000) | 696,631 | 671,472 |
| Diluted earnings per Unit (cents) | 10.79 | 12.99 |

In computing the fully diluted earnings per Unit for 2014, the total return for the financial year after tax, before distribution, and the weighted average number of Units during the financial year are adjusted for the effects of all dilutive potential Units arising from the assumed conversion of the Series A CPPUs at the conversion price of S$1.1845 to Units. There is no dilutive potential Units for 2015.

## 24. COMMITMENTS AND CONTINGENCIES

### (a) Operating lease commitments – lessor

The Group leases out its investment properties. Non-cancellable operating lease rental receivables are as follows:

| | Group | | Trust | |
|---|---|---|---|---|
| | 2015 S$'000 | 2014 S$'000 | 2015 S$'000 | 2014 S$'000 |
| Within one year | 116,791 | 110,244 | 69,334 | 73,082 |
| Between one and five years | 236,559 | 235,118 | 71,839 | 103,911 |
| After five years | 138,525 | 159,569 | – | – |
| | 491,875 | 504,931 | 141,173 | 176,993 |

### (b) Guarantee

The Trust has provided corporate guarantee amounting to S$210,231,000 (2014: S$153,590,000) to banks for loans taken by certain subsidiaries.

## 25. SIGNIFICANT RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the direct and indirect ability to control the party, jointly control or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and party are subject to common control or common significant influence. Related parties may be individuals or other entities.

In the normal course of the operations of the Group, management fees, property management fees and trustee's fees have been paid or are payable to the Manager, Property Manager and the Trustee respectively.

During the financial year, other than as disclosed elsewhere in the financial statements, significant related party transactions, which were carried out in the normal course of business on terms agreed between the parties, are as follows:

| | Group | |
|---|---|---|
| | 2015 S$'000 | 2014 S$'000 |
| **With related companies of the Manager** | | |
| – Property rental and other income received/receivable | 749 | 19,882 |
| – Recovery of expenses paid/payable by the Trust | 838 | 124 |
| – Reimbursement of expenses paid/payable by related parties | (345) | (228) |
| – Reimbursement of rent–free periods received | 169 | – |
| – Property management fees paid/payable | (75) | – |
| – Consideration paid for acquisition of investment property (Note 3 (a)) | (226,639) | – |
| – Consideration received in respect of the China Square Central hotel transaction (Note 3(b)) | 44,800 | – |
| – Differential Premium Payment Amounts in respect of the China Square Central hotel transaction paid on behalf by a related party (Note 3(b)) | 106,357 | – |
| **With the Manager** | | |
| – Base management fees paid/payable | (8,984) | (9,026) |
| – Performance management fees paid/payable | (3,251) | (2,854) |
| – Acquisition fee paid | (2,266) | – |
| – Divestment fee paid | (224) | – |
| – Reimbursement of expenses paid by Manager | (76) | (62) |
| **With the Property Manager** | | |
| – Property management fees paid/payable | (2,639) | (1,814) |
| – Leasing commission and other expenses paid/payable | (3,272) | (1,152) |
| **With the Trustee** | | |
| – Trustee's fees paid/payable | (570) | (554) |

## 26. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The table below summarises the accounting classification of the Group's and Trust's financial assets and financial liabilities at the balance sheet date:

| | Group | | Trust | |
|---|---|---|---|---|
| | 2015 S$'000 | 2014 S$'000 | 2015 S$'000 | 2014 S$'000 |
| ***Loans and receivables*** | | | | |
| Loan to a subsidiary | – | – | 87,104 | 98,990 |
| Trade and other receivables | 4,233 | 2,991 | 72,394 | 114,485 |
| Cash and bank balances | 62,233 | 47,372 | 57,685 | 41,929 |
| | 66,466 | 50,363 | 217,183 | 255,404 |
| ***Financial assets at fair value through profit or loss*** | | | | |
| Derivative financial instruments | 539 | 631 | 539 | 631 |
| ***Financial assets at fair value through hedging reserves*** | | | | |
| Derivative financial instruments | 7,640 | – | 7,640 | – |
| ***Financial liabilities at amortised cost*** | | | | |
| Interest-bearing borrowings | 731,867 | 692,105 | 523,002 | 539,948 |
| Security deposits | 12,974 | 12,589 | 12,974 | 12,589 |
| Trade and other payables | 25,330 | 13,801 | 24,667 | 45,789 |
| | 770,171 | 718,495 | 560,643 | 598,326 |
| ***Financial liabilities at fair value through profit or loss*** | | | | |
| Derivative financial instruments | – | 1,167 | – | 479 |
| ***Financial liabilities at fair value through hedging reserves*** | | | | |
| Derivative financial instruments | 2,476 | – | – | – |

## 27. FINANCIAL RISK MANAGEMENT

Risk management is integral to the business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

### (a) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Manager has established credit limits for tenants and monitors their balances on an ongoing basis. Credit evaluations are performed by the Manager before lease agreements are entered into with tenants. Credit risk is also mitigated by the rental deposits held for each of the tenants. Information regarding financial assets that are either past due or impaired is disclosed in Note 9.

Cash and bank deposits are placed with financial institutions which are regulated. The credit risk related to derivative financial instruments arises from the potential failure of counterparties to meet their obligations under the contracts. It is the Group's policy to enter into derivative financial instruments transactions with credit worthy counterparties.

The Group and Trust have no significant concentration of credit risk at the balance sheet date. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

## 27. FINANCIAL RISK MANAGEMENT (CONT'D)

### (b) Foreign currency risk

The Group has transactional currency exposures arising from transactions that are denominated in a currency other than the respective functional currencies of the entities within the Group. The entities within the Group customarily conduct their business in their respective functional currencies.

The Trust's foreign currency risk mainly relates to its Australian Dollar denominated investments and distribution income from its foreign subsidiaries. The Manager monitors the Trust's foreign currency exposure on an on-going basis and limits its exposure to adverse movements in foreign currency exchange rates by using derivative financial instruments or other suitable financial products.

It is the Manager's policy to fix the Trust's anticipated foreign currency exposure in respect of distribution income, net of anticipated payments required in the same currency, from its foreign subsidiaries at least six months forward by using foreign currency forward exchange contracts and certain currency derivatives.

Investment in overseas assets are hedged naturally to the extent that borrowings are taken up in their respective foreign currency. The net position of the foreign exchange risk of these investments in overseas assets are not hedged as such investments are long term in nature.

The Group's and Trust's exposures to foreign currencies are as follows:

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | Australian Dollar S$'000 | Japanese Yen S$'000 | Australian Dollar S$'000 | Japanese Yen S$'000 |
| **Group** | | | | |
| Cash and bank balances | 15,248 | 159 | 14,236 | 166 |
| **Trust** | | | | |
| Loan to a subsidiary | 87,104 | – | 98,990 | – |
| Amount due from subsidiaries | 75,350 | – | 118,989 | – |
| Cash and bank balances | 15,248 | 159 | 14,236 | 166 |
| Amount due to subsidiaries | (4,206) | – | (29,163) | – |
| | 173,496 | 159 | 203,052 | 166 |

As at 30 September 2015, the Group had outstanding foreign currency contracts with notional amount of approximately S$23,000,000 (2014: S$5,689,000).

*Sensitivity analysis*

A 10% strengthening of the Singapore dollar against the following foreign currencies at the reporting date would have increased/(decreased) the total return by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | Australian Dollar S$'000 | Japanese Yen S$'000 | Australian Dollar S$'000 | Japanese Yen S$'000 |
| **Group** | | | | |
| Decrease in total return for the financial year – 10% strengthening on the Singapore dollar | (1,525) | (16) | (1,424) | (17) |
| **Trust** | | | | |
| Decrease in total return for the financial year – 10% strengthening on the Singapore dollar | (17,350) | (16) | (20,305) | (17) |

A weakening of the Singapore dollar against the above currencies at the reporting date would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

## 27. FINANCIAL RISK MANAGEMENT (CONT'D)

### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to changes in interest rates relate primarily to its interest-earning financial assets and interest-bearing borrowings. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. The Manager adopts a policy of fixing the interest rates for a portion of its outstanding borrowings via the use of derivative financial instruments or other suitable financial products.

Interest rate derivatives in respect of the Group's borrowings have been entered into to achieve an appropriate mix of fixed and floating rate exposures within the Group's policy. Generally, the maturities of these interest rate derivatives follow the maturities of the related borrowings.

As at 30 September 2015, the Group and Trust had interest rate derivatives with notional contract amounts of S$566.7 million (2014: S$320.6 million) and S$408 million (2014: S$200.0 million).

*Sensitivity analysis*

A 1.0% increase/(decrease) in interest rates on the portion of the Group's borrowings that is not hedged, with all other variables held constant, would (decrease)/increase the Group's total return for the financial year by S$1.4 million (2014: S$3.8 million).

### (d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations due to shortage of funds. The Manager monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations for a reasonable period, including the servicing of financial obligations, and to mitigate the effects of fluctuations in cash flows. In addition, the Manager also monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

## 27. FINANCIAL RISK MANAGEMENT (CONT'D)

### (d) Liquidity risk (cont'd)

The table below summarises the maturity profile of the Group's and Trust's financial assets and financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations:

| | Group | | | | Trust | | | |
|---|---|---|---|---|---|---|---|---|
| | Within one year S$'000 | Between one and five years S$'000 | More than five years S$'000 | Total S$'000 | Within one year S$'000 | Between one and five years S$'000 | More than five years S$'000 | Total S$'000 |
| **2015** | | | | | | | | |
| ***Financial assets*** | | | | | | | | |
| Loan to a subsidiary | – | – | – | – | – | – | 87,104 | 87,104 |
| Interest receivable on loan to a subsidiary | – | – | – | – | 6,682 | 26,727 | 13,144 | 46,553 |
| Trade and other receivables | 4,233 | – | – | 4,233 | 72,394 | – | – | 72,394 |
| Derivative financial instruments | 8,179 | – | – | 8,179 | 8,179 | – | – | 8,179 |
| Cash and bank balances | 62,233 | – | – | 62,233 | 57,685 | – | – | 57,685 |
| | 74,645 | – | – | 74,645 | 144,940 | 26,727 | 100,248 | 271,915 |
| ***Financial liabilities*** | | | | | | | | |
| Derivative financial instruments | (2,476) | – | – | (2,476) | – | – | – | – |
| Interest-bearing borrowings | – | (736,831) | – | (736,831) | – | (526,600) | – | (526,600) |
| Interest payable on borrowings | (22,322) | (53,953) | – | (76,275) | (13,675) | (31,958) | – | (45,633) |
| Security deposits | (3,967) | (9,007) | – | (12,974) | (3,967) | (9,007) | – | (12,974) |
| Trade and other payables | (25,330) | – | – | (25,330) | (24,667) | – | – | (24,667) |
| | (54,095) | (799,791) | – | (853,886) | (42,309) | (567,565) | – | (609,874) |
| Net undiscounted financial assets/(liabilities) | 20,550 | (799,791) | – | (779,241) | 102,631 | (540,838) | 100,248 | (337,959) |

## 27. FINANCIAL RISK MANAGEMENT (CONT'D)

### (d) Liquidity risk (cont'd)

| | Group | | | | Trust | | | |
|---|---|---|---|---|---|---|---|---|
| | Within one year S$'000 | Between one and five years S$'000 | More than five years S$'000 | Total S$'000 | Within one year S$'000 | Between one and five years S$'000 | More than five years S$'000 | Total S$'000 |
| **2014** | | | | | | | | |
| ***Financial assets*** | | | | | | | | |
| Loan to a subsidiary | – | – | – | – | – | – | 98,990 | 98,990 |
| Interest receivable on loan to a subsidiary | – | – | – | – | 7,573 | 30,291 | 22,469 | 60,333 |
| Trade and other receivables | 2,991 | – | – | 2,991 | 114,485 | – | – | 114,485 |
| Derivative financial instruments | 631 | – | – | 631 | 631 | – | – | 631 |
| Cash and bank balances | 47,372 | – | – | 47,372 | 41,929 | – | – | 41,929 |
| | 50,994 | – | – | 50,994 | 164,618 | 30,291 | 121,459 | 316,368 |
| ***Financial liabilities*** | | | | | | | | |
| Derivative financial instruments | (1,167) | – | – | (1,167) | (479) | – | – | (479) |
| Interest-bearing borrowings | – | (698,590) | – | (698,590) | – | (545,000) | – | (545,000) |
| Interest payable on borrowings | (16,004) | (47,810) | – | (63,814) | (8,738) | (27,607) | – | (36,345) |
| Security deposits | (2,668) | (9,921) | – | (12,589) | (2,668) | (9,921) | – | (12,589) |
| Trade and other payables | (13,801) | – | – | (13,801) | (45,789) | – | – | (45,789) |
| | (33,640) | (756,321) | – | (789,961) | (57,674) | (582,528) | – | (640,202) |
| Net undiscounted financial assets/(liabilities) | 17,354 | (756,321) | – | (738,967) | 106,944 | (552,237) | 121,459 | (323,834) |

## 28. FAIR VALUE OF ASSETS AND LIABILITIES

### (a) Fair value hierarchy

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable from the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – Inputs from the asset or liability that are not based on observable market data (unobservable inputs)

There have been no transfers between levels during the financial years ended 30 September 2015 and 30 September 2014.

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

| | Level 2 S$'000 | Level 3 S$'000 | Total S$'000 |
|---|---|---|---|
| **2015** | | | |
| **Group** | | | |
| ***Financial assets*** | | | |
| Forward currency contracts | 539 | – | 539 |
| Interest rate derivative financial instruments | 7,640 | – | 7,640 |
| | 8,179 | – | 8,179 |
| ***Non-financial assets*** | | | |
| Investment properties | – | 1,954,820 | 1,954,820 |
| ***Financial liabilities*** | | | |
| Interest rate derivative financial instruments | (2,476) | – | (2,476) |
| **2014** | | | |
| ***Financial assets*** | | | |
| Forward currency contracts | 247 | – | 247 |
| Interest rate derivative financial instruments | 384 | – | 384 |
| | 631 | – | 631 |
| ***Non-financial assets*** | | | |
| Investment properties | – | 1,824,870 | 1,824,870 |
| ***Financial liabilities*** | | | |
| Interest rate derivative financial instruments | (1,167) | – | (1,167) |

## 28. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

### (a) Fair value hierarchy (cont'd)

| | Level 2 S$'000 | Level 3 S$'000 | Total S$'000 |
|---|---|---|---|
| **2015** | | | |
| **Trust** | | | |
| ***Financial assets*** | | | |
| Forward currency contracts | 539 | – | 539 |
| Interest rate derivative financial instruments | 7,640 | – | 7,640 |
| | 8,179 | – | 8,179 |
| ***Non-financial assets*** | | | |
| Investment properties | – | 1,209,000 | 1,209,000 |
| ***Financial liabilities*** | | | |
| Interest rate derivative financial instruments | – | – | – |
| **2014** | | | |
| ***Financial assets*** | | | |
| Forward currency contracts | 247 | – | 247 |
| Interest rate derivative financial instruments | 384 | – | 384 |
| | 631 | – | 631 |
| ***Non-financial assets*** | | | |
| Investment properties | – | 1,216,200 | 1,216,200 |
| ***Financial liabilities*** | | | |
| Interest rate derivative financial instruments | (479) | – | (479) |

### (b) Level 2 fair value measurements

Forward currency contracts and interest rate derivative financial instruments are valued using present value calculations by applying market observable inputs existing at each balance sheet date into forward pricing and swap models. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

## 28. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

### (c) Level 3 fair value measurements

#### (i) Information about significant unobservable inputs

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy.

| Valuation techniques | Key unobservable inputs | Range of unobservable inputs | | Relationship of unobservable inputs to fair value |
|---|---|---|---|---|
| | | Group | Trust | |
| Income capitalisation approach | Capitalisation rate | 3.75 - 7.25% | 3.75 - 6.50% | The estimated fair values varies inversely against the capitalisation rate. |
| Discounted cash flow analysis | Discount rate | 6.50 - 9.00% | 6.50 - 8.00% | The estimated fair values varies inversely against the discount rate. |

### (d) Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, security deposits and trade and other payables) are assumed to approximate their fair values due to their short term nature.

The carrying values of non-current variable-rate interest-bearing borrowings approximate their fair values as they are floating rate instruments that are re-priced to market interest rate on or near balance sheet date.

The carrying amounts and fair value of non-current security deposits and loan to a subsidiary that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | Carrying amount S$'000 | Fair value S$'000 | Carrying amount S$'000 | Fair value S$'000 |
| **Group** | | | | |
| Security deposits (Non-current) | 9,007 | 8,599 | 9,921 | 9,443 |
| **Trust** | | | | |
| Security deposits (Non-current) | 9,007 | 8,599 | 9,921 | 9,443 |
| Loan to a subsidiary | 87,104 | 103,672 | 98,990 | 110,061 |

The above fair values, which are determined for disclosure purposes, are estimated by discounting expected cash flows at market incremental lending rates for similar types of lending or borrowing arrangements at the balance sheet date.

## 29. CAPITAL MANAGEMENT

The primary objective of the Group's and Trust's capital management is to ensure that it maintains an optimal capital structure to support the business and maximise Unitholders' value.

Under the Property Fund Guidelines of the CIS Code, the aggregate leverage should not exceed 35.0% of the deposited property. The aggregate leverage may exceed 35.0% (up to a maximum of 60.0%) only if a credit rating is obtained and disclosed to the public. The Group has been assigned an issuer rating of "Baa3" from Moody's Investor Services on 27 November 2014.

The gearing ratio is calculated as gross borrowings divided by total assets, based on the latest valuations.

| | Group | |
|---|---|---|
| | 2015 S$'000 | 2014 S$'000 |
| Gross borrowings (Note 12) | 736,831 | 698,590 |
| Total assets | 2,034,441 | 1,881,828 |
| Gearing ratio | 36.2% | 37.1% |

The Group is in compliance with all externally imposed capital requirements for the financial years ended 30 September 2014 and 2015.

## 30. OPERATING SEGMENTS

Segment information is presented in respect of the Group's geographical segments. For the purpose of the assessment of segment performance, the Group's CODMs have focused on its investment properties which in turn, are segregated based on geographical areas. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

The accounting policies of the reportable segments are as described in Note 2.17. Segment property income represents income generated from its tenants/sub-lessees and income earned by each segment after allocating property operating expenses. This is the measure reported to the CODMs for the purpose of assessment of segment performance.

For the purpose of monitoring segment performance, the CODMs monitor the non-financial assets as well as financial assets attributable to each segment.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly cash and cash equivalents and related revenue, interest-bearing borrowings and expenses and trust assets and expenses. Information regarding the Group's reportable segments is presented in the tables below.

### (a) Business segments

Segment information in respect of the Group's business segments is not presented, as the Group's activities for the financial years ended 30 September 2015 and 30 September 2014 relate wholly to investing in real estate and real estate-related assets in the commercial sector in Singapore and Australia.

## 30. OPERATING SEGMENTS (CONT'D)

### (b) Information about reportable segments

| | Singapore S$'000 | Australia S$'000 | Total S$'000 |
|---|---|---|---|
| **2015** | | | |
| Gross revenue | 87,970 | 54,217 | 142,187 |
| Property operating expenses | (26,425) | (13,894) | (40,319) |
| Segment net property income | 61,545 | 40,323 | 101,868 |
| Net change in fair value of investment properties | 37,153 | (31,766) | 5,387 |
| | | | 107,255 |
| Unallocated items: | | | |
| – Interest income | | | 406 |
| – Trust expenses | | | (14,775) |
| – Finance expenses | | | (22,068) |
| – Exchange differences | | | (2,546) |
| – Net change in fair value of derivative financial instruments | | | 1,029 |
| – Realised gain on derivative financial instruments | | | 695 |
| **Total return before income tax** | | | 69,996 |
| Taxation | | | 5,202 |
| **Total return for the financial year** | | | 75,198 |
| Reportable segmental non-current assets | 1,209,061 | 745,820 | 1,954,881 |
| Reportable segmental current assets | 2,394 | 5,369 | 7,763 |
| Total assets for reportable segments | 1,211,455 | 751,189 | 1,962,644 |
| Capital expenditure | 143 | 1,843 | 1,986 |
| **2014** | | | |
| Gross revenue | 60,477 | 58,361 | 118,838 |
| Property operating expenses | (13,898) | (14,386) | (28,284) |
| Segment net property income | 46,579 | 43,975 | 90,554 |
| Net change in fair value of investment properties | 45,173 | (17,753) | 27,420 |
| | | | 117,974 |
| Unallocated items: | | | |
| – Interest income | | | 238 |
| – Trust expenses | | | (13,847) |
| – Finance expenses | | | (20,762) |
| – Exchange differences | | | (622) |
| – Net change in fair value of derivative financial instruments | | | 2,274 |
| – Realised gain on derivative financial instruments | | | 117 |
| **Total return before income tax** | | | 85,372 |
| Taxation | | | 1,853 |
| **Total return for the financial year** | | | 87,225 |
| Reportable segmental non–current assets | 1,216,271 | 608,670 | 1,824,941 |
| Reportable segmental current assets | 2,235 | 6,532 | 8,767 |
| Total assets for reportable segments | 1,218,506 | 615,202 | 1,833,708 |
| Capital expenditure | 41 | 3,126 | 3,167 |

## 30. OPERATING SEGMENTS (CONT'D)

### (c) Reconciliations of reportable segment revenues, total return, assets and other material items

| | Group | |
|---|---|---|
| | 2015 S$'000 | 2014 S$'000 |
| **Revenue** | | |
| Total revenue for reportable segments | 142,187 | 118,838 |
| **Total return** | | |
| Total return for reportable segments | 107,255 | 117,974 |
| Unallocated items | (32,057) | (30,749) |
| Consolidated total return | 75,198 | 87,225 |
| **Assets** | | |
| Total assets for reportable segments | 1,962,644 | 1,833,708 |
| Unallocated assets | 71,797 | 48,120 |
| Consolidated assets | 2,034,441 | 1,881,828 |

### (d) Major customers

In 2015, an investment property was leased to a single lessee and the gross revenue contribution to the Group was S$22,042,000, which was attributable to the Australia segment.

In 2014, certain investment properties was leased individually to single lessees. The contribution of these single lessees to the gross revenue of the Group was S$43,690,000. Such revenue was attributable to the Singapore and Australia segment.

## 31. FINANCIAL RATIOS

| | Group | | Trust | |
|---|---|---|---|---|
| | 2015 % | 2014 % | 2015 % | 2014 % |
| Expenses to weighted average net assets[1] | | | | |
| – with performance fee | 1.27 | 1.30 | 1.30 | 1.41 |
| – without performance fee | 0.98 | 1.04 | 0.99 | 1.11 |
| Portfolio turnover ratio[2] | – | – | – | – |

[1] The annualised ratios are computed in accordance with the guidelines of the Investment Management Association of Singapore. The expenses used in the computation relate to expenses at the Group and Trust level, excluding property operating expenses, interest expenses, exchange differences, tax deducted at source and costs associated with the purchase and sales of investments.

[2] The annualised ratios are computed based on the lesser of purchases or sales of underlying investments of the Group and Trust expressed as a percentage of daily average net asset value.

## 32. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The Group and Trust have not adopted the following standards and interpretations that have been issued but not yet effective:

| | Description | Effective for annual periods beginning on or after |
|---|---|---|
| FRS 114 | Regulatory Deferral Accounts | 1 January 2016 |
| Amendments to FRS 27 | Equity Method in Separate Financial Statements | 1 January 2016 |
| Amendments to FRS 16 and FRS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation | 1 January 2016 |
| Amendments to FRS 111 | Accounting for Acquisition of Interests in Joint Operations | 1 January 2016 |
| Amendments to FRS 110 and FRS 28 | Sale for Contribution of Assets between an Investor and its Associate or Joint Venture | 1 January 2016 |
| Improvements to FRSs (November 2014) | | |
| Amendments to FRS 105 | Non-current Assets Held for Sale and Discontinued Operations | 1 January 2016 |
| Amendments to FRS 107 | Financial Instruments: Disclosures | 1 January 2016 |
| Amendments to FRS 19 | Employee Benefits | 1 January 2016 |
| Amendments to FRS 34 | Interim Financial Reporting | 1 January 2016 |
| Amendments to FRS 1 | Disclosure Initiative | 1 January 2016 |
| Amendments to FRS 110, FRS 112 and FRS 28 | Investment Entity: Applying the Consolidation Exception | 1 January 2016 |
| FRS 115 | Revenue from Contracts with Customers | 1 January 2018 |
| FRS 109 | Financial Instruments | 1 January 2018 |

The Manager expects that the adoption of the above standards and interpretations will have no material impact to the financial statements in the period of initial application, except for the following revised and new FRS as described below :

### (a) FRS 109 Financial Instruments

FRS 109 is effective for financial periods beginning on or after 1 January 2018. FRS 109 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in FRS 39. The approach in FRS 109 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets, and enables companies to reflect their risk management activities better in their financial statements, and, in turn, help investors to understand the effect of those activities on future cash flows. FRS 109 is principle-based, and will more closely align hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

## 33. SUBSEQUENT EVENTS

### (a) Distribution for Unitholders and Issuance of Units

On 23 October 2015, the Trust declared a distribution of 1.6069 cents per Unit in respect of the period from 3 August 2015 to 30 September 2015. Pursuant to the Distribution Reinvestment Plan ("DRP") implemented, 923,129 new Units were allotted and issued on 27 November 2015 at an issue price of S$1.3581 per Unit to eligible Unitholders who had elected to participate in the DRP. The remaining distribution was paid in cash on 27 November 2015.

### (b) Issuance of Units

On 27 October 2015, the Trust issued 711,903 new Units at an issue price of S$1.3402 per Unit as payment to the Manager for management fees for the period from 1 July 2015 to 30 September 2015.

# USE OF PROCEEDS

AS AT 30 SEPTEMBER 2015

The following sets out the status report on the specific use of proceeds from the private placement of 96.0 million Units in FCOT at an issue price of S$1.48 per Unit (Private Placement):

| | S$ million |
|---|---|
| Gross proceeds from the Private Placement | 142.1 |
| Acquisition of 357 Collins Street | (122.7) |
| Fees and expenses incurred in connection with the Private Placement | (1.9) |
| Partial prepayment of the S$365.0 million transferable term loan facility maturing in FY2019 | (17.5) |
| **Balance proceeds as at 30 September 2015** | – |

The above utilisation is in accordance with the stated use of gross proceeds of the Private Placement as set out in the Circular to Unitholders dated 3 June 2015.

# UNITHOLDERS' STATISTICS

AS AT 30 NOVEMBER 2015

**ISSUED AND FULLY PAID-UP UNITS**
As at 30 November 2015

784,338,683 Units (voting rights: one vote per Unit)
Market Capitalisation S$1,007,875,208 (based on closing price of S$1.285 per Unit on 30 November 2015)

**TOP 20 UNITHOLDERS**
As at 30 November 2015
As shown in the Register of Unitholders

| Ranking | Unitholder | No. of Units | % of Units in Issue |
|---|---|---|---|
| 1 | FCL Trust Holdings (Commercial) Pte Ltd | 123,621,055 | 15.8 |
| 2 | Citibank Nominees Singapore Pte Ltd | 112,905,894 | 14.4 |
| 3 | DBS Nominees (Private) Limited | 103,331,488 | 13.2 |
| 4 | Frasers Centrepoint Asset Management (Commercial) Ltd | 89,235,276 | 11.4 |
| 5 | HSBC (Singapore) Nominees Pte Ltd | 57,596,726 | 7.3 |
| 6 | Raffles Nominees (Pte) Limited | 33,691,129 | 4.3 |
| 7 | DBSN Services Pte Ltd | 21,031,016 | 2.7 |
| 8 | DB Nominees (Singapore) Pte Ltd | 15,780,526 | 2.0 |
| 9 | Bank Of Singapore Nominees Pte Ltd | 14,338,140 | 1.8 |
| 10 | United Overseas Bank Nominees (Private) Limited | 8,805,025 | 1.1 |
| 11 | OCBC Securities Private Limited | 4,081,885 | 0.5 |
| 12 | DBS Vickers Securities (Singapore) Pte Ltd | 3,660,044 | 0.5 |
| 13 | CIMB Securities (Singapore) Pte Ltd | 3,435,125 | 0.4 |
| 14 | Morgan Stanley Asia (Singapore) Securities Pte Ltd | 3,002,999 | 0.4 |
| 15 | Sunshine Bay Limited | 2,863,603 | 0.4 |
| 16 | Lim Chap Huat | 2,600,000 | 0.3 |
| 17 | UOB Kay Hian Pte Ltd | 2,429,394 | 0.3 |
| 18 | OCBC Nominees Singapore Private Limited | 2,315,294 | 0.3 |
| 19 | BNP Paribas Securities Services Singapore Branch | 2,306,398 | 0.3 |
| 20 | Lim & Tan Securities Pte Ltd | 2,268,563 | 0.3 |
| | **Total** | 609,299,580 | 77.7 |

**DISTRIBUTION OF UNITHOLDERS**
As at 30 November 2015

| Size of Holdings | No. of Unitholders | % of Unitholders | No. of Units | % of Units in Issue |
|---|---|---|---|---|
| 1 – 99 | 103 | 1.2 | 3,477 | 0.0 |
| 100 – 1,000 | 1,141 | 13.3 | 657,038 | 0.1 |
| 1,001 – 10,000 | 4,428 | 51.7 | 22,862,029 | 2.9 |
| 10,001-1,000,000 | 2,862 | 33.4 | 134,297,094 | 17.1 |
| 1,000,001 and above | 33 | 0.4 | 626,519,045 | 79.9 |
| Total | 8,567 | 100.0 | 784,338,683 | 100.0 |

# UNITHOLDERS' STATISTICS

AS AT 30 NOVEMBER 2015

**SUBSTANTIAL UNITHOLDERS**

As at 30 November 2015

| Name of Unitholder | Direct interest No. of Units | Deemed interest No. of Units | % of Units in Issue |
|---|---|---|---|
| Frasers Centrepoint Asset Management (Commercial) Ltd. | 89,235,276 | 863,924[1] | 11.4 |
| FCL Trust Holdings (Commercial) Pte. Ltd. | 123,621,055 | – | 15.8 |
| Frasers Centrepoint Limited[2] | – | 213,720,255 | 27.2 |
| Thai Beverage Public Company Limited[3] | – | 213,720,255 | 27.2 |
| International Beverage Holdings Limited[4] | – | 213,720,255 | 27.2 |
| InterBev Investment Limited[5] | – | 213,720,255 | 27.2 |
| TCC Assets Limited[6] | – | 213,720,255 | 27.2 |
| Charoen Sirivadhanabhakdi[7] | – | 213,720,255 | 27.2 |
| Khunying Wanna Sirivadhanabhakdi[8] | – | 213,720,255 | 27.2 |

**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) Frasers Centrepoint Limited ("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").

(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 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.

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.

(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.

## UNITHOLDINGS OF DIRECTORS OF THE MANAGER

As at 21 October 2015

| | Directors | No. of Units Direct Interest | Deemed interest | % of Units in Issue |
|---|---|---|---|---|
| 1 | Dr Chua Yong Hai | 149,389 | 149,389 | 0.0[1] |
| 2 | Tan Guong Ching | 216,937 | – | 0.0[1] |
| 3 | Christopher Tang Kok Kai | – | 200,000 | 0.0[1] |
| 4 | Low Chee Wah | – | 60,000 | 0.0[1] |

**Note:**

(1) Less than 0.05%

## FREE FLOAT

Based on information available to the Manager as at 30 November 2015, approximately 72.8% of the Units are held in the hands of the public. Rule 723 of the Listing Manual of the SGX-ST has accordingly been complied with.

# INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons during the financial year which fall within the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST) and the Property Funds Appendix of the Code on Collective Investment Schemes (excluding transactions of less than $100,000) are as follows.

| Name of Interested Persons | Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) $'000 | Aggregate value of all Interested Person Transactions during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) $'000 |
|---|---|---|
| **Frasers Centrepoint Asset Management (Commercial) Ltd** | | |
| – Management fees paid and payable[1] | (12,235) | – |
| – Acquisition fees paid[2] | (2,266) | – |
| – Divestment fees paid[2] | (224) | – |
| **Frasers Centrepoint Property Management (Commercial) Pte Ltd** | | |
| – Property management fees paid and payable[3] | (2,639) | – |
| – Leasing commission and other expenses paid and payable | (3,272) | – |
| **Frasers Hospitality China Square Trustee Pte Ltd as trustee-manager of Frasers Hospitality China Square Trust ("FHCST")** | | |
| – Consideration for grant of long lease with hotel development rights at China Square Central received[4] | 44,800 | – |
| – Recovery of expenses paid by the Trust | 838 | – |
| **Australand Property Holdings (Collins St No. 1) Pty Limited as trustee of APT (Collins St No. 1) Trust** | | |
| – Acquisition of investment property[4] | (226,639) | – |
| **Australand Management Services Pty Ltd** | | |
| – Property management fees contracted[5] | (1,282) | – |
| **Australand Holdings Limited ("AHL")** | | |
| – Reimbursement of rent-free periods received[6] | 169 | – |
| **FCL Management Services Pte Ltd** | | |
| – Rental and other property income received and contracted | 1,264 | – |
| **Fraser and Neave (Singapore) Pte Ltd** | | |
| – Rental and other property income received | 278 | – |
| **Orrick Investments Pte Ltd** | | |
| – Reimbursement of expenses paid on behalf of the Trust | (200) | – |
| **British and Malayan Trustees Limited** | | |
| – Trustee fees paid | (570) | – |

# INTERESTED PERSON TRANSACTIONS

Management fees, acquisition fees and divestment fees payable to Frasers Centrepoint Asset Management (Commercial) Ltd, management fees payable to 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 dated 12 September 2005 (as amended) and/or prospectus dated 23 March 2006 are not subject to Rules 905 and 906 of the SGX-ST's Listing Manual. Accordingly, such fees are not subject to aggregation and other requirements under Rules 905 and 906 of the SGX-ST's Listing Manual.

Except as disclosed above, there were no other interested person transactions (excluding transactions of less than S$100,000 each) entered into during the financial year under review nor any material contracts entered into by the Trust that involved the interest of the Chief Executive Officer, any Director or any controlling Unitholder of the Trust.

**Notes**

1 A summary of Units issued for part payment of the management fees to Frasers Centrepoint Asset Management (Commercial) Ltd in respect of the financial year is as follows:

| Relevant Period | Issue date | Ordinary Units issued | Value $'000 |
|---|---|---|---|
| 1 January 2015 to 31 March 2015 | 27 April 2015 | 611,749 | 897 |
| 1 April 2015 to 30 June 2015 | 22 July 2015 | 598,178 | 897 |
| 1 July 2015 to 30 September 2015 | 27 October 2015 | 711,903 | 954 |

The issue prices of the Units issued were determined based on the volume weighted average price of the Unit for the last ten business days preceding the end of the relevant periods.

2 On 25 August 2015, 1,769,744 Units were issued to Frasers Centrepoint Asset Management (Commercial) Ltd for payment of acquisition fees and divestment fees amounting to approximately S$2,266,000 and S$224,000 respectively.

3 During the financial year ended 30 September 2015, property management fees were paid and payable in cash to the Property Manager, Frasers Centrepoint Property Management (Commercial) Pte Ltd which amounted to approximately S$2,639,000.

4 On 22 June 2015, Unitholders' approval was obtained for, among others, the entry into the building agreement (the "Building Agreement") with FHCST for the development of the hotel and grant of a long lease at the China Square Central Property and the acquisition of 357 Collins Street, Melbourne, Victoria, Australia ("357 Collins Street") from Australand Property Holdings (Collins St No. 1) Pty Limited as trustee of APT (Collins St No. 1) Trust (the "357 Collins Street Acquisition") as contained in the Circular to Unitholders dated 3 June 2015.

On 18 August 2015, FCOT entered into the Building Agreement with FHCST and received the consideration of S$44,800,000 for the grant of the long lease at the China Square Central Property in respect of the hotel. The 357 Collins Street Acquisition was also completed on 18 August 2015.

5 Australand Management Services Pty Ltd was appointed as property manager for 357 Collins Street for a period of 2 years. The fees payable and expenses reimbursable to Australand Management Services Pty Ltd pursuant to the property management agreement amounted to approximately S$1,282,000.

6 Pursuant to the deed of undertaking entered into between AHL and TFS Collins Pty Ltd as trustee of Collins Street Landholding Trust ("TFS"), AHL will reimburse TFS in cash up to an aggregate of A$1.5 million in respect of outstanding incentives granted by Australand Property Holdings (Collins St No. 1) Pty Limited as trustee of APT (Collins St No. 1) Trust prior to acquisition under the leases of 357 Collins Street. During the financial year, the reimbursement of rent-free periods received amounted to approximately S$169,000.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 7th Annual General Meeting of FRASERS COMMERCIAL TRUST ("FCOT", and an annual general meeting of FCOT, "AGM") will be held at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958 on Wednesday, 20 January 2016 at 10.00 a.m. for the following purposes:

**(A) ROUTINE BUSINESS**

**Resolution (1)**

1. To receive and adopt the Report of the Trustee of FCOT issued by British and Malayan Trustees Limited, the trustee of FCOT (the "Trustee"), the Statement by the Manager issued by Frasers Centrepoint Asset Management (Commercial) Ltd., the manager of FCOT (the "Manager") and the Audited Financial Statements of FCOT for the financial year ended 30 September 2015.

**Resolution (2)**

2. To appoint KPMG LLP ("KPMG") as Auditors of FCOT to hold office until the conclusion of the next AGM in place of the retiring Auditors, Ernst & Young LLP ("EY"), and to authorise the Manager to fix their remuneration.

**(B) SPECIAL BUSINESS**

To consider and, if thought fit, to pass the following Ordinary Resolutions, with or without any modifications:

**Resolution (3)**

3. That authority be and is hereby given to the Manager, to:

   (a) (i) issue units in FCOT ("Units") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and

   (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force),

   provided that:

   (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders of FCOT ("Unitholders") does not exceed twenty per cent (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);

(2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the "SGX-ST") for the purpose of determining the aggregate number of Units that may be issued under subparagraph (1) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:

(a) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and

(b) any subsequent bonus issue, consolidation or subdivision of Units;

(3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the trust deed constituting FCOT (as amended and restated) (the "Trust Deed") for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);

(4) unless revoked or varied by Unitholders in a general meeting, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next AGM or (ii) the date by which the next AGM is required by the applicable law or regulations to be held, whichever is earlier;

(5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager may issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and

(6) 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 interest of FCOT to give effect to the authority conferred by this Resolution.

*(Please see the Explanatory Note)*

Frasers Centrepoint Asset Management (Commercial) Ltd.
(Company Registration No: 200503404G)
as manager of Frasers Commercial Trust

**Piya Treruangrachada**
**Company Secretary**
Singapore
16 December 2015

**Notes:**

(1) A Unitholder who is not a relevant intermediary entitled to attend the meeting and vote is entitled to appoint not more than two proxies to attend and vote instead of the Unitholder. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the proportion of the Unitolder's holdings (expressed as a percentage of the whole) to be represented by each proxy.

(2) A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than two proxies, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

"Relevant intermediary" means:

(a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

(b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or

(c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

(3) The instrument appointing a proxy or proxies (a form is enclosed) must be deposited with the company secretary of the Manager at the registered office of the Manager at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958, not less than 72 hours before the time appointed for holding the meeting.

**EXPLANATORY NOTE:**

**Resolution 2**

The Ordinary Resolution 2 above is to approve the appointment of KPMG as Auditors of FCOT in place of the retiring Auditors, EY, and to authorise the Manager to fix their remuneration.

EY, the retiring Auditors, have served as external Auditors of FCOT since their appointment on 28 January 2011. FCOT's proposed change in Auditor is in line with the proposed change of auditors to KPMG by Frasers Centrepoint Limited, FCOT's Sponsor and indirect controlling Unitholder. The appointment by FCOT of the same external Auditor would also be more efficient for FCOT from a reporting perspective. The Manager is therefore of the view that it would be timely to effect a change of external Auditor from the financial year ending 30 September 2016.

The Audit, Risk and Compliance Committee (the "ARC Committee") has reviewed and deliberated on the proposed change of Auditors and has recommended that KPMG be appointed in place of the retiring Auditors, after taking into consideration the suitability of KPMG and the requirements of Rule 712(1), Rule 712(2) and Rule 715 of the Listing Manual of the SGX-ST.

The Directors have taken into account the ARC Committee's recommendation, and considered factors such as the adequacy of the resources and experience of KPMG and the persons to be assigned to the audit, KPMG's audit engagements, the size and complexity of FCOT and its subsidiaries, and the number and experience of KPMG's supervisory and professional staff to be assigned to the audit, and is satisfied that KPMG will be able to meet the audit requirements of FCOT. Accordingly, the Directors recommend the appointment of KPMG as the Auditors of FCOT in place of the retiring Auditors, EY.

In accordance with the requirements of Rule 1203(5) of the Listing Manual of the SGX-ST:

i. the outgoing Auditors, EY, have confirmed that they are not aware of any professional reasons why the new Auditors, KPMG, should not accept appointment as Auditors of FCOT;

ii. the Trustee and the Manager confirm that there were no disagreements with the outgoing Auditors, EY, on accounting treatments within the last 12 months;

iii. the Trustee and the Manager confirm that, other than as set out above, it is not aware of any circumstances connected with the proposed change of Auditors that should be brought to the attention of Unitholders; and

iv. the Manager confirms that Rule 712 and Rule 715 of the Listing Manual of the SGX-ST are complied with in relation to the appointment of KPMG.

**Resolution 3**

Resolution 3 above, if passed, will empower the Manager from the date of this AGM until the date of the next AGM, to issue Units and to make or grant instruments (such as securities, warrants or debentures) convertible into Units and issue Units pursuant to such instruments, up to a number not exceeding 50% of the total number of issued Units (excluding treasury Units, if any), of which up to 20% may be issued other than on a pro rata basis to Unitholders.

For determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the issued Units at the time Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time Resolution 3 above is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

**PERSONAL DATA PRIVACY:**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (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 (or their agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

**IMPORTANT NOTICE**

**The value of Units and the income derived from them, if any, may fall or 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 should note that they have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. The 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.**

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## FRASERS COMMERCIAL TRUST

(CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT TO A TRUST DEED DATED 12 SEPTEMBER 2005 (AS AMENDED AND RESTATED))

IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 2 for the definition of "relevant intermediary").
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. **PLEASE READ THE NOTES TO THE PROXY FORM.**

**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 Annual General Meeting dated 16 December 2015.

# PROXY FORM
## ANNUAL GENERAL MEETING

I/We _____ (Name) _____ (NRIC/Passport Number)

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 | % |
| | | | | |

Apply glue here

Apply glue here

or both of whom failing, the Chairman of the Annual 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 Annual General Meeting of FCOT to be held at 10.00 a.m. on Wednesday, 20 January 2016, 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 Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the Annual General Meeting.

| NO. | RESOLUTIONS RELATING TO: | No. of Votes For* | No. of Votes Against* |
|---|---|---|---|
| | **ROUTINE BUSINESS** | | |
| 1. | To receive and adopt the Trustee's Report, the Statement by the Manager and the Audited Financial Statements of FCOT for the financial year ended 30 September 2015 | | |
| 2. | To appoint KPMG LLP as Auditors of FCOT to hold office until the conclusion of the next Annual General Meeting in place of the retiring Auditors, Ernst & Young LLP, and to authorise the Manager to fix their remuneration | | |
| | **SPECIAL BUSINESS** | | |
| 3. | To authorise the Manager to issue Units and to make or grant convertible instruments | | |

* Voting will be conducted by poll. 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 _____ 2015/2016

| Total number of Units held (Note 4) |
|---|
| |

_____

Signature(s) of Unitholder(s)/Common Seal

**IMPORTANT: PLEASE READ NOTES TO THE PROXY FORM**

*fold here Do not staple. Glue all sides firmly.*

**IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW**

**Notes To Proxy Form**

1. A Unitholder who is not a relevant intermediary entitled to attend the meeting and vote is entitled to appoint not more than two proxies to attend and vote instead of the Unitholder. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the proportion of the Unitolder's holdings (expressed as a percentage of the whole) to be represented by each proxy.
2. A Unitholder who is a relevant intermediary entitled to attend the meeting and vote is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than two proxies, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.

   "Relevant intermediary" means:

   (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or

   (c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. The instrument appointing a proxy or proxies (a form is enclosed) must be deposited with the company secretary of the Manager at the registered office of the Manager at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958, not less than 72 hours before the time appointed for holding the meeting.
4. 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.
5. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against the Unitholder's name in the Depository Register maintained by the Central Depository (Pte) Limited ("CDP"), the Unitholder should insert that number of Units. If the Unitholder has Units registered in the Unitholder's name in the Register of Unitholders of FCOT, the Unitholder should insert that number of Units. If the Unitholder has Units entered against the Unitholder's name in the said Depository Register and registered in the Unitholder's name in the Register of Unitholders, the Unitholder 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.
6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies 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.
7. Where an instrument appointing a proxy or proxies 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 instrument of proxy, failing which the instrument may be treated as invalid.
8. 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 to 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 the Unitholder's name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by CDP to the Manager.

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FRASERS COMMERCIAL TRUST

Postage will be paid by addressee. For posting in Singapore only.

**BUSINESS REPLY SERVICE**
**PERMIT NO. 09047**

**The Company Secretary**
**Frasers Centrepoint Asset Management (Commercial) Ltd.**
(as manager of Frasers Commercial Trust)
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

# CORPORATE INFORMATION

## MANAGER

**Frasers Centrepoint Asset Management (Commercial) Ltd.**
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958
Phone: +65 6276 4882
Fax: +65 6276 8942
Email: fcot@fraserscentrepoint.com
Website: www.fraserscommercialtrust.com

## DIRECTORS OF THE MANAGER

**Dr Chua Yong Hai**
Chairman & Independent
Non-Executive Director

**Mr Low Chee Wah**
Chief Executive Officer &
Executive Director

**Mr Chay Wai Chuen**
Independent Non-Executive Director

**Mr Chia Khong Shoong**
Non-Executive Director

**Mr Lim Ee Seng**
Non-Executive Director

**Mr Tan Guong Ching**
Independent Non-Executive Director

**Mr Christopher Tang Kok Kai**
Non-Executive Director

## AUDIT, RISK AND COMPLIANCE COMMITTEE

**Mr Chay Wai Chuen (Chairman)**
**Dr Chua Yong Hai**
**Mr Tan Guong Ching**
**Mr Christopher Tang Kok Kai[1]**

## COMPANY SECRETARY OF THE MANAGER

**Mr Piya Treruangrachada**

## SGX SHORT TRADING NAME

**Frasers Com Tr**

## BANKERS

**Australia and New Zealand Banking Group Limited**
10 Collyer Quay #30-00
Ocean Financial Centre
Singapore 049315
Phone: +65 6681 8033
Website: www.anz.com

**Barclays Bank PLC**
10 Marina Boulevard #23-01
Marina Bay Financial Centre Tower 2
Singapore 018983
Phote: +65 6308 3000
Website: www.barclays.com

**BNP Paribas Singapore Branch**
10 Collyer Quay #34-01
Ocean Financial Centre
Singapore 049315
Phone: +65 6210 1288
Website: www.bnpparibas.com

**Commonwealth Bank of Australia, Singapore Branch**
1 Temasek Avenue,
#17-01 Millenia Tower
Singapore 039192
Phone: +65 6349 7000
Website: www.commbank.com.au

**DBS Bank Limited**
12 Marina Boulevard,
Marina Bay Financial Centre
Tower 3 Level 46
Singapore 018982
Phone: +65 6222 2200
Website: www.dbs.com

**Malayan Banking Berhad**
2 Battery Road
21st Floor, Maybank Tower
Singapore 049907
Phone: 6535 2266
Website: www.maybank.com

**Oversea-Chinese Banking Corporation Limited**
63 Chulia Street #03-05
OCBC Centre East
Singapore 049514
Phone: +65 6538 1111
Website: www.ocbc.com

## TRUSTEE

**British and Malayan Trustees Limited**
1 Coleman Street #08-01
The Adelphi
Singapore 179803
Phone: +65 6535 4922
Fax: +65 6535 1258

## UNIT REGISTRAR AND UNIT TRANSFER OFFICE

**Boardroom Corporate & Advisory Services Pte Ltd**
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Phone: +65 6536 5355
Fax: +65 6536 1360

## AUDITOR

**Ernst & Young LLP**
One Raffles Quay
North Tower, Level 18
Singapore 048583
Phone: +65 6535 7777
Fax: +65 6532 7662
Partner-in-charge: Simon Yeo
Appointed: Financial year 2015

[1] Mr Christopher Tang Kok Kai resigned as a Member of the Audit, Risk and Compliance Committee on 15 December 2015.




Managed by:

**FRASERS CENTREPOINT ASSET MANAGEMENT (COMMERCIAL) LTD.**
Company Registration Number: 200503404G

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#21-00 Alexandra Point
Singapore 119958

Phone: +65 6276 4882
Fax: +65 6276 8942

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