FRASERS COMMERCIAL TRUST

Enhancing **Resilience**

Annual Report 2019

A member of Frasers Property Group

FRASERS PROPERTY

Alexandra Technopark • Singapore

Contents

Alexandra Technopark | Singapore

About
Frasers Commercial Trust

Frasers Commercial Trust (FCOT or the Trust) is a real estate investment trust sponsored by Frasers Property Limited (Frasers Property). As at 30 September 2019, its portfolio consists of four office buildings, one business space property and a business park located in Singapore, Australia and the United Kingdom (UK) with a combined appraised value of approximately S$2.2 billion.

Listed on the Main board of the Singapore Exchange Securities Trading Limited (SGX-ST) since 30 March 2006, FCOT is managed by Frasers Commercial Asset Management Ltd (the Manager), a subsidiary of Frasers Property.

Frasers Property (together with its subsidiaries, the Frasers Property Group), is a multi-national company that develops, owns and manages a diverse, integrated portfolio of properties. Listed on the Main Board of the SGX-ST and headquartered in Singapore, the Frasers Property Group has total assets of approximately S$37.6 billion as at 30 September 2019. Frasers Property's assets range from residential, retail, commercial & business parks, to logistics & industrial in Southeast Asia, Australia, Europe and China. Its well-established hospitality business owns and/or operates serviced apartments and hotels in over 70 cities across Asia, Australia, Europe, the Middle East and Africa. The Frasers Property Group is unified by its commitment to deliver enriching and memorable experiences to customers and stakeholders, leveraging its knowledge and capabilities from across markets and property sectors, to deliver value in its multiple asset classes.

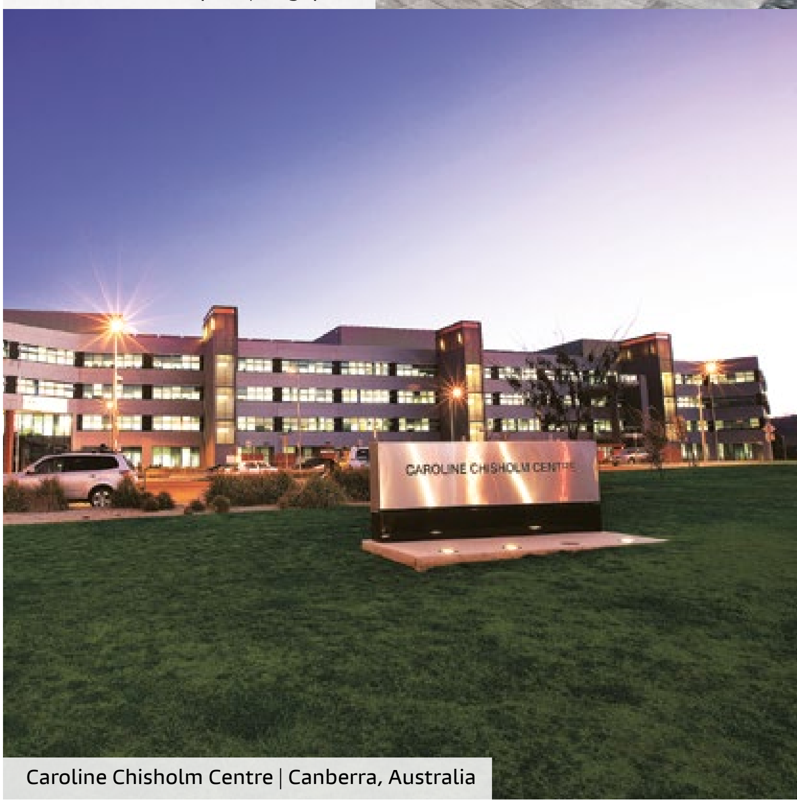
FCOT strives to become a leading owner of quality commercial real estate properties, a landlord of choice for businesses and a preferred investment choice among investors. This ambition is enabled by our unifying idea, which we share with our sponsor, Frasers Property.

Experience matters.

We believe our *customers'* experience matters.
When we focus on our customers' needs we gain valuable insights which guide our products and services. We create memorable and enriching experiences for our customers.

We believe *our* experience matters.
Our legacy is valuable and inspires our future successes. As a member of the Group, a multi-national business of scale and diversity, we can bring the right expertise to create value for our customers. We celebrate the diversity of our people and the expertise they bring, and we commit ourselves to enabling their professional and personal development.

Alexandra Technopark | Singapore



Caroline Chisholm Centre | Canberra, Australia

Farnborough Business Park | Farnborough, UK

357 Collins Street | Melbourne, Australia

Central Park | Perth, Australia

China Square Central | Singapore

Overview of **Property Portfolio**

Singapore

Australia

United Kingdom

Six high quality and well-located properties in Singapore, Australia and the UK

FCOT has a diversified portfolio of six properties located in Singapore, Australia and the UK, with an aggregate portfolio value of S$2.2 billion as at 30 September 2019. The portfolio, which comprises four office developments, one business space property and a business park, has a diverse tenant base of 185 tenants across a wide spectrum of business sectors.

	Properties	Asset values as at 30 September 2019[2]	Net property income for FY2019[2]	Net lettable area (sq ft) as at 30 September 2019
Singapore	1 office building 1 business space property	S$1,254.0 million (56.3%)	S$37.8 million (40.7%)	1.42 million[6] (41.1%)
Australia	3 office buildings	S$822.3 million[2,3] (36.9%)	S$44.9 million[2,4] (48.3%)	1.49 million[7] (43.1%)
UK	1 business park[1]	S$150.6 million[2,3] (6.8%)	S$10.2 million[2,4,5] (11.0%)	0.55 million[7] (15.8%)
Total	**4 office buildings 1 business space property 1 business park[1]**	**S$2,226.9 million**	**S$92.9 million**	**3.46 million**

1 Refers to FCOT's 50.0% indirect interest in Farnborough Business Park (which is held as a joint venture and is equity-accounted in the financial statements). The main component of the business park is a portfolio of 14 commercial buildings.
2 On the basis of FCOT's 50.0% interest in Central Park (Australia) and 50.0% interest in Farnborough Business Park (UK) (which is held as a joint venture and equity-accounted in the financial statements), as the case may be.
3 Based on the 30 September 2019 exchange rate of A$1.00 = S$0.9307 or £1.00 = S$1.6984, as the case may be.
4 Based on the average FY2019 exchange rate of A$1.00 = S$0.9574 or £1.00 = S$1.7387, as the case may be.
5 The net property income (NPI) for Farnborough Business Park included reimbursements of lease incentives, rent guarantees for certain unlet units and other commercial arrangements performed by the vendor in accordance with the terms of the acquisition (refer to announcement dated 14 December 2017 for details).
6 Including 18 Cross Street retail podium (net lettable area (NLA) c. 80,000 sq ft) at China Square Central as at 30 September 2019. Asset enhancement works for the retail podium obtained Temporary Occupation Permit in the fourth quarter of FY2019.
7 The NLAs of Central Park (Australia) and Farnborough Business Park (UK), as the case may be, have been included on 100.0% basis in deriving this figure.

China Square Central | Singapore

Alexandra Technopark | Singapore

Central Park | Perth, Australia

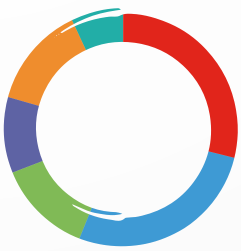
Caroline Chisholm Centre | Canberra, Australia

357 Collins Street | Melbourne, Australia

Farnborough Business Park | Farnborough, UK

Asset values as at 30 September 2019

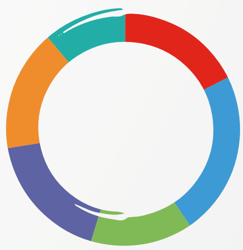
(%)



China Square Central	29.1
Alexandra Technopark	27.2
Central Park	13.0[1]
Caroline Chisholm Centre	10.2
357 Collins Street	13.7
Farnborough Business Park	6.8[1]

Net property income for FY2019

(%)



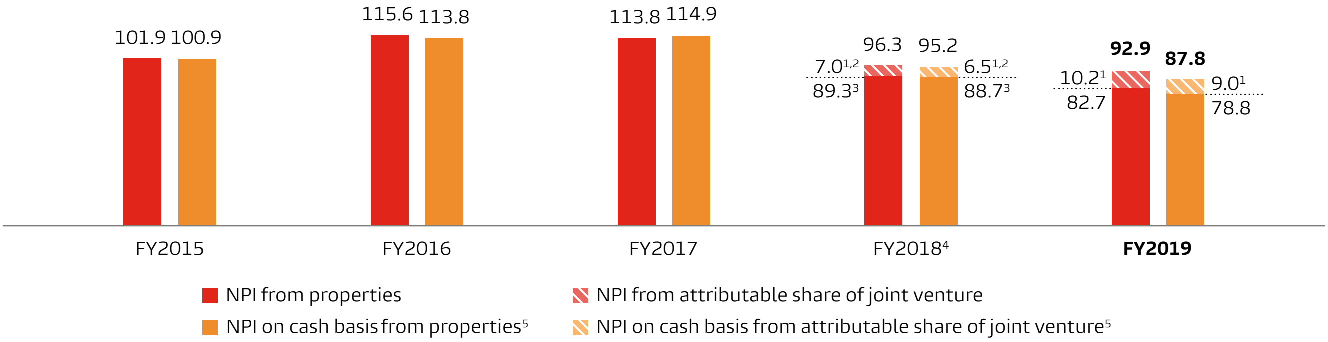
China Square Central	17.5
Alexandra Technopark	23.2
Central Park	14.2[1]
Caroline Chisholm Centre	17.7
357 Collins Street	16.4
Farnborough Business Park	11.0[1,2]

1 On the basis of FCOT's 50.0% interest in Central Park or 50.0% interest in Farnborough Business Park (which is held as a joint venture and equity-accounted in the financial statements), as the case may be.

2 The NPI for Farnborough Business Park included reimbursements of lease incentives, rent guarantees for certain unlet units and other commercial arrangements performed by the vendor in accordance with the terms of the acquisition (refer to announcement dated 14 December 2017 for details).

Financial Highlights

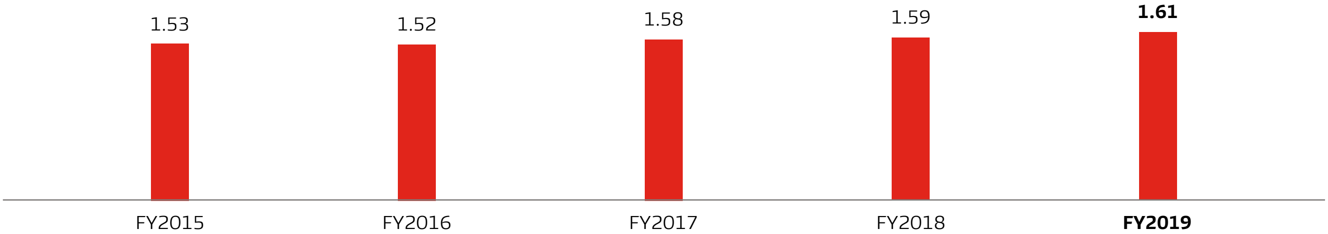
Net Property Income (NPI)
(S$ million)



Distribution to Unitholders
(S$ million)

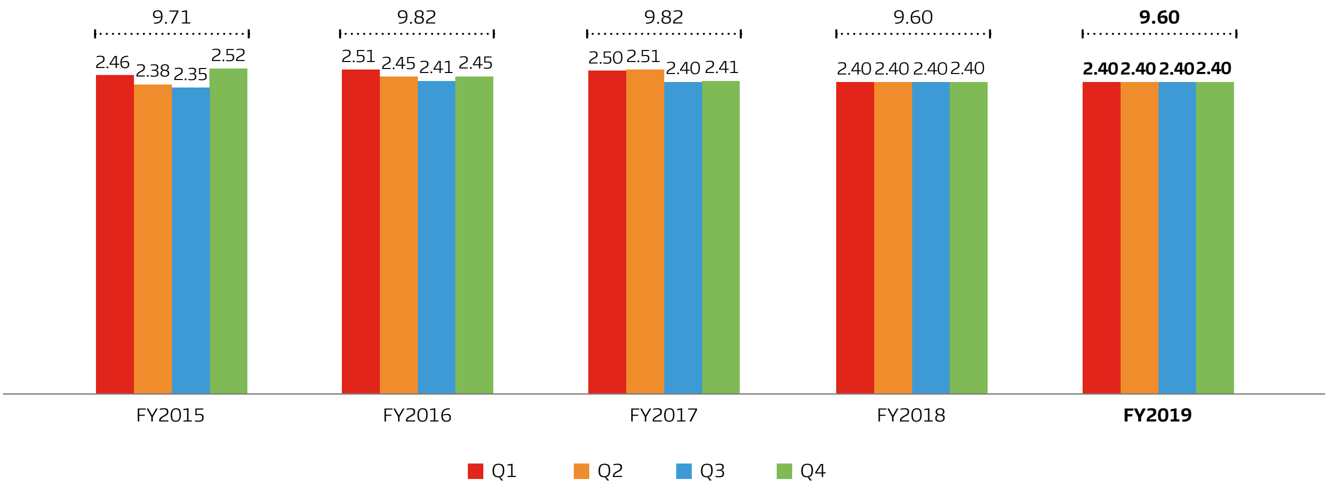
Distribution Per Unit (DPU)
(cents)

Net Asset Value (NAV) Per Unit[6]
(S$)



1 In respect of FCOT's 50.0% interest in Farnborough Business Park. The amount included reimbursements of lease incentives, rent guarantees for certain unlet units and other commercial arrangements performed by the vendor, in accordance with the terms of the acquisition (refer to announcement dated 14 December 2017 for details).
2 In respect of FCOT's 50.0% interest in Farnborough Business Park, for the period from 29 January 2018 (completion of acquisition) to 30 September 2018.
3 Inclusive of 55 Market Street for the period from 1 October 2017 until its divestment on 31 August 2018.
4 Acquired 50.0% interest in Farnborough Business Park (which is held as a joint venture and equity-accounted in the financial statements) on 29 January 2018 and divested 55 Market Street on 31 August 2018.
5 NPI excluding the effects of recognising accounting income on a straight line basis over the terms of leases.
6 Net of distributable income (assuming distribution for the fourth quarter of each financial year was fully paid in cash).

Quarterly DPU
(cents)



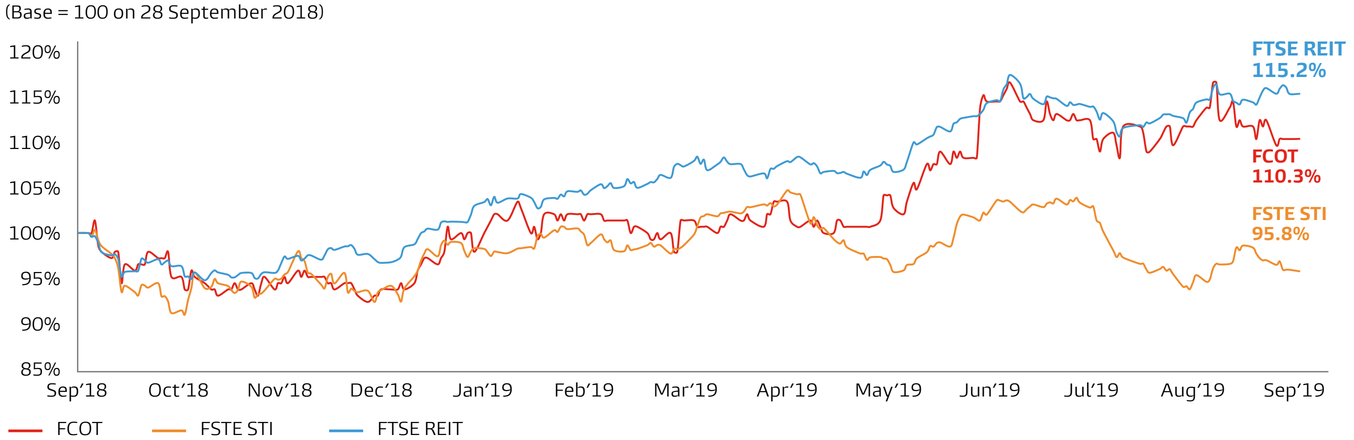
Statement of Total Return Highlights (S$ million)		FY2015	FY2016	FY2017	FY2018[1]	FY2019
Gross revenue		142.2	156.5	156.6	143.1[2,3]	138.7[2]
NPI		101.9	115.6	113.8	96.3[2,3]	92.9[2]
NPI on cash basis[4]		100.9	113.8	114.9	95.2[2,3]	87.8[2]
Distribution to Unitholders		67.8	77.6	78.6	82.7	86.9
Balance Sheet Highlights (as at 30 September) (S$ million)						
Total assets		2,034.4	2,069.4	2,158.9	2,173.1	2,259.6
Portfolio value[5]		1,954.8	1,989.3	2,070.9	2,133.5	2,226.9
Total liabilities		827.6	840.9	869.6	742.2	778.2
Total gross borrowings		736.8	745.4	750.0	615.0	646.7
Net assets		1,206.9	1,228.4	1,289.3	1,430.8	1,481.5
Key Financial Indicators						
DPU	cents	9.71	9.82	9.82	9.60	9.60
NAV per Unit[6]	S$	1.53	1.52	1.58	1.59	1.61
Gearing[7]	%	36.2	36.0	34.7	28.3	28.6
Interest cover[8]	times	4.5	4.6	4.4	4.0[9]	4.8
Average cost of debt	% per annum	2.9	3.0	3.0	3.0	3.0
Fixed borrowings as a % of total borrowings	%	81.0	85.0	80.7	81.2	87.8
Unencumbered assets as a % of property portfolio	%	100.0	100.0	100.0	100.0	100.0

1 Acquired 50.0% interest in Farnborough Business Park (which is held as a joint venture and equity-accounted in the financial statements) on 29 January 2018 and divested 55 Market Street on 31 August 2018.
2 Inclusive of FCOT's 50.0% interest in Farnborough Business Park. The amount included reimbursements of lease incentives, rent guarantees for certain unlet units and other commercial arrangements performed by the vendor, in accordance with the terms of the acquisition (refer to announcement dated 14 December 2017 for details).
3 Inclusive of FCOT's 50.0% interest in Farnborough Business Park for the period from 29 January 2018 (completion of acquisition) to 30 September 2018 and 55 Market Street for the period from 1 October 2017 until its divestment on 31 August 2018.
4 NPI excluding the effects of recognising accounting income on a straight line basis over the terms of leases.
5 Includes FCOT's 50.0% interest in Farnborough Business Park (held as a joint venture and equity-accounted in the financial statements) and excludes 55 Market Street (divested on 31 August 2018), from FY2018 onwards.
6 Net of distributable income (assuming distribution for the fourth quarter of each financial year were fully paid in cash).
7 Gross borrowings as a percentage of total assets.
8 Calculated based on net income before changes in fair values of investment properties, interest expense and income, other investments and derivative instruments, income tax and distribution, and adding back certain non-recurring items and cash finance costs.
9 Excluding the gain on divestment of 55 Market Street of approximately S$75.7 million. Including the gain on divestment, the interest coverage ratio would be 7.3 times.

Trading Performance in FY2019

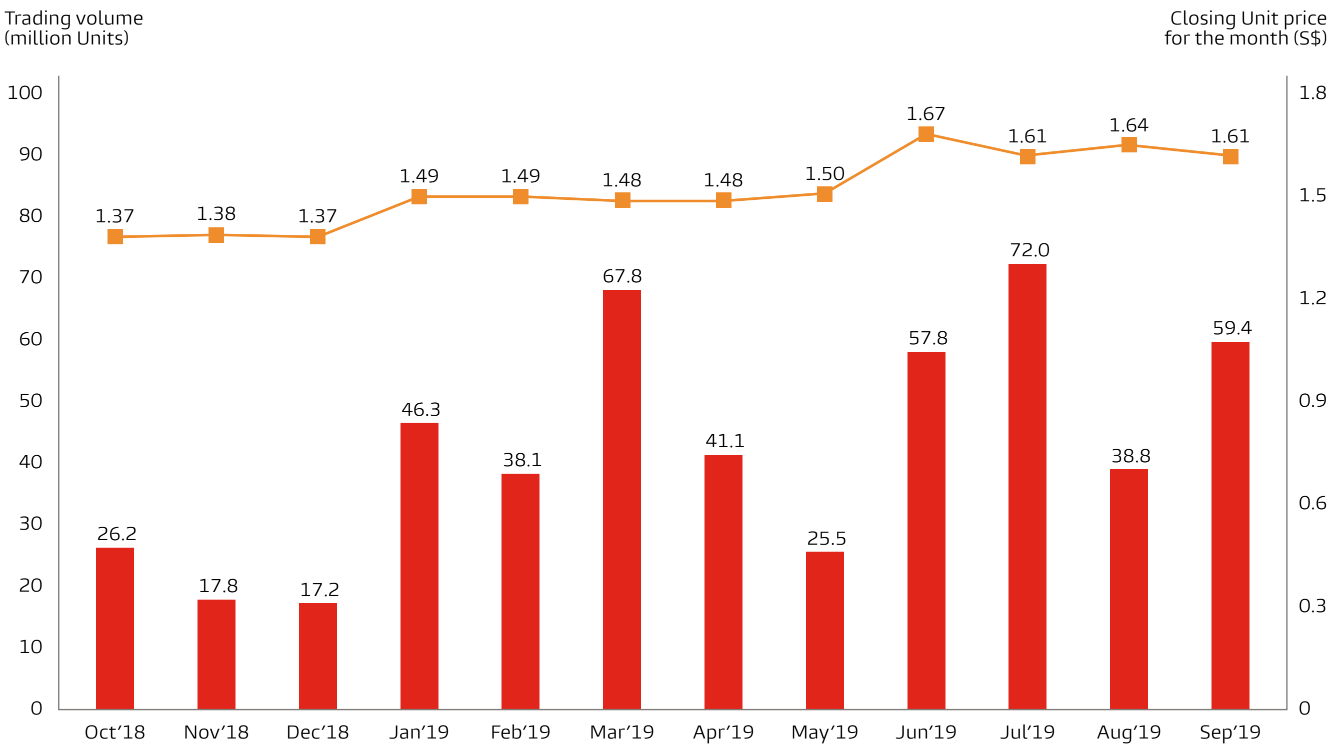
Global financial markets continued to be volatile in FY2019 due to impacts of geopolitical events, slowing global growth and escalating trade tensions. The US Federal Reserve's shift to a more dovish stance on its monetary policy in January 2019, however, led to a rebound in stock markets in the first half of 2019. With general expectations of a persistent low-interest rate environment, market appetite for dividend stocks like SREITs continued to scale up. This trend was evidenced by the FTSE REIT Index outperforming the FTSE STI Index by around 19 percentage-points in the 12 months to September 2019.

FCOT's unit price closed at S$1.61 on 30 September 2019 (10.3% higher than the closing price of S$1.46 on 28 September 2018) and achieved a historical high of S$1.70 on 5 July 2019. FCOT's unit price outperformed the FTSE STI Index over the same period.



Source: Bloomberg

FCOT Monthly Trading Performance in FY2019



Source: Bloomberg

FCOT Unit Price Performance

		FY2015	FY2016	FY2017	FY2018	FY2019
Opening price	S$	1.360	1.330	1.405	1.380	1.460
Closing price	S$	1.330	1.405	1.380	1.460	1.610
High price	S$	1.580	1.430	1.450	1.550	1.700
Low price	S$	1.180	1.145	1.235	1.340	1.350
Trading volume	million Units	218.0	187.7	266.7	409.7	508.0
Average daily trading volume	million Units	0.9	0.7	1.1	1.6	2.0
Market capitalisation[1]	S$ million	1,041.0	1,116.0	1,111.4	1,297.4	1,463.9

Source: Bloomberg
1 Based on the closing price and number of issued Units as at the last trading day of the respective financial year.

Total Returns

	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	10.3	17.6	14.6	40.5	19.3	68.2
FTSE REIT Index	15.2	21.8	20.0	43.3	23.4	67.6
FTSE Straits Times Index	-4.2	-0.5	8.7	21.1	-4.8	14.0

Source: Bloomberg
1 Up to 30 September 2019.
2 Assumes dividends are reinvested.

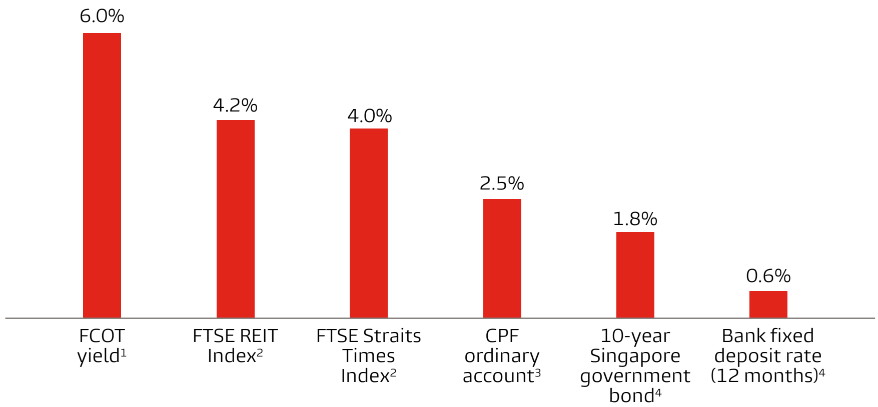
FCOT total return for FY2015-FY2019

68.2%

FCOT's 5-year total return of 68.2% exceeded FTSE REIT Index's and and FTSE Straits Times Index's 5-year total returns of 67.6% and 14.0%, respectively.

FCOT Offers Attractive Yield Compared to Other Investments

FCOT offers an attractive distribution yield of 6.0% (before tax, if any) as at 30 September 2019, higher than those of the FTSE REIT and Straits Times indices.



1 Based on FCOT's closing price of S$1.610 per Unit as at 30 September 2019 and total DPU of 9.60 cents for FY2019.
2 As at 30 September 2019. Source: Bloomberg.
3 Based on interest rate paid on the Central Provident Fund ordinary account from 1 July 2019 to 30 September 2019. Source: CPF website.
4 As at 30 September 2019. Source: www.mas.gov.sg.

Letter to **Unitholders**

From left to right:
Mr Bobby Chin Yoke Choong and Mr Jack Lam

> "We continued our efforts in strengthening and reshaping the portfolio for long-term growth, resulting in tangible outcomes from some of these initiatives."

Dear Unitholders,

FY2019 was another fruitful year overall as we continued our efforts in strengthening and reshaping the portfolio for long-term growth, resulting in tangible outcomes from some of these initiatives. Key highlights include the completion of two major asset enhancement projects at Alexandra Technopark and the retail podium of China Square Central. We also concluded more than 800,000 sq ft of leasing transactions across the portfolio to significantly raise the committed occupancy rate to 95.0% from 83.4% the year before.

On behalf of Frasers Commercial Asset Management Ltd., we are pleased to present this Annual Report for FY2019.

Financial and Portfolio Performance

A total distribution to Unitholders of S$86.9 million was declared for FY2019, which was 5.0% higher than for FY2018. This translated to distribution per Unit of 9.60 cents, which was unchanged from FY2018.

FY2019 portfolio gross revenue was 6.2% lower year-on-year at S$125.1 million, mainly due to comparatively lower occupancy at Alexandra Technopark, divestment of 55 Market Street on 31 August 2018 and the effects of the average weaker Australia Dollar. FY2019 portfolio NPI was 7.4% lower year-on-year at S$82.7 million, mainly due to the lower gross revenue as explained earlier, higher property tax expense for Alexandra Technopark and higher quantum of lease incentives amortisation attributable to new leases at Central Park and 357 Collins Street.

The foregoing FY2019 portfolio gross revenue and NPI were before contributions from FCOT's 50.0% interest in Farnborough Business Park, which is held as a joint venture and equity-accounted. The 50.0% interest in Farnborough Business Park was acquired on 29 January 2018 and the attributable NPI for FY2019 was S$10.2 million. Including the attributable NPI of Farnborough Business Park, portfolio NPI for FY2019 would be S$92.9 million or 3.6% lower than the corresponding figure for FY2018.

During FY2019 some 800,000 sq ft of leasing transactions, including more than 600,000 sq ft of new leases, were concluded across the portfolio. This brought the committed occupancy of the portfolio up to 95.0% as at 30 September 2019, a significant improvement from 83.4% a year ago. Portfolio performance going forward will benefit from this and other improved metrics.

Alexandra Technopark | Singapore

Strengthening and Reshaping The Portfolio for Long-term Growth

Upgrading and future-proofing our property assets is a key focus of ours in ensuring sustainable long-term growth. In FY2019, we successfully completed two value-adding asset enhancement projects at Alexandra Technopark and China Square Central and also embarked on one for Central Park.

At Alexandra Technopark, the upgrading and repositioning of the 1.0 million sq ft property to a contemporary business campus, which commenced work in January 2017, was fully completed in January 2019. The property now boasts a greener and more pleasant environment with generous offerings of health and wellness, lifestyle and social amenities that were positively received by tenants and other stakeholders.

The rejuvenated Alexandra Technopark has attracted a wide spectrum of new local and international tenants who have overall enhanced the quality and diversity of the tenant profile. With more than 460,000 sq ft of new leases signed in FY2019, the committed occupancy stood at a high 96.8% as at 30 September 2019, compared to 70.2% a year ago. We have also witnessed a general uplift in signing rents over the past 12 months or so, in many cases by as much as 10-15% or more above the average passing rent of the property as at the end of December 2018.

It is also worth noting that the valuation of the property has risen significantly by almost S$100 million to S$606.0 million now, from S$508.0 million as at 30 September 2016 (just prior to the commencement of the upgrading works in January 2017).

At China Square Central, refurbishment and upgrading works for the retail podium at 18 Cross Street received Temporary Occupation Permit in 4Q FY2019 and commenced business operation in phases from November 2019. When the retail podium is fully operational, visitors will enjoy a refreshed mix of food and beverage, health and wellness and lifestyle offerings in a spruced-up and welcoming environment.

As part of the upgrading works, the lettable area of the retail podium has also increased by about 25% to around 80,000 sq ft due to higher layout efficiency. The increased lettable area coupled with the higher projected average rental rate are expected to significantly improve the revenue potential of the retail podium on a stabilised basis.

At Central Park, an upgrading project for the lobby and forecourt areas commenced in April 2019. The upgrading is expected to complete in 3Q 2020 at an estimated cost of S$23 million (FCOT's 50% share: S$11.5 million). The project aims to improve tenants' and visitors' experiences by creating a more contemporary, vibrant and community-friendly environment through the provision of new public amenities, multi-purpose spaces and better connectivity with the public park adjacent to the property.

In addition to the above, there could potentially be other enhancement opportunities for Central Park in the future as we look to further strengthen the property's competitive advantage as one of Perth's premium grade business locations, in order to benefit even more from the improving outlook of the Perth office market.

Higher Portfolio Value

Total portfolio value based on independent valuations as at 30 September 2019 was S$2.2 billion[1], an increase of some S$93 million or 4.4% year-on-year, notwithstanding the effects of softer Australia Dollar and Pound Sterling against the Singapore Dollar compared to a year ago. In the respective local currency, the Singapore properties, the Australia properties and Farnborough Business Park reported year-on-year valuation gains of 10.0%, 4.6% and 1.1%, respectively.

As a result of the increase in portfolio value, net asset value per Unit as at 30 September 2019 improved to 1.61 cents[2], compared to 1.59 cents a year ago.

Proactive and Prudent Capital Management

We continue to take a prudent and proactive approach towards capital management.

FCOT's gearing as at 30 September 2019 was 28.6%, one of the lowest among SREITS currently. This healthy level of gearing, which is well below the regulatory limit of 45%, provides a high degree of financial flexibility to pursue growth initiatives and capitalise on market opportunities, as well as buffer against unforeseen market risks.

FY2019 average interest coverage continued to be healthy at 4.8 times. Interest rates for approximately 87.8% of borrowings as at 30 September 2019 have either been fixed or hedged, providing certainty in interest cost and protection from interest rate volatility. In addition, all borrowings are on unsecured basis, which affords further financial flexibility.

Upholding Good Corporate Governance Practices and Sustainability

We strive to continuously maintain high standards of corporate governance and transparency to enhance the value of FCOT for the long-term. In connection with this, we are pleased to note that FCOT was ranked 5th out of 46 entries in the Singapore Governance and Transparency Index 2019 (REIT and Business Trust category) for good corporate governance and disclosure practices.

In 2019, FCOT also participated in the Global Real Estate Sustainability Board (GRESB) Real Estate assessment, which is a global environmental, social and governance (ESG) performance benchmark for listed and unlisted real estate companies and funds. We are pleased to report that FCOT achieved a rating of 4 stars out of the maximum 5 stars in the assessment with a score that outperformed the global average. In addition, FCOT was ranked 3rd among the peer group in Asia Pacific[3]. FCOT also scored an 'A' for GRESB Public Disclosure, which measures material sustainability disclosures by listed real estate companies and REITs. These results and accolades attest to our ongoing commitment to integrate sustainability consciousness into the business and operations of FCOT.

Outlook

Singapore's Ministry of Trade and Industry expects the economy to experience flattish growth of between 0.5% to 1.0% in 2019[4]. For the Singapore office market, CBRE expects rental growth to be capped over the next six to 12 months amidst global trade tensions and a general slowdown in global economies. Nonetheless, leasing demand for good quality Grade B office space is expected to remain healthy given the lack of quality supply and overall tight supply in the near term[5], which will overall benefit China Square Central. CBRE[5] similarly expects the market for city fringe business parks[6] to remain healthy due to limited supply, which bodes well for Alexandra Technopark.

For Australia, the Reserve Bank of Australia expects the economy to grow by 1.75% and 2.75% in 2019 and 2020[7], respectively. Caroline Chisholm Centre in Canberra, which is wholly leased to the Commonwealth of Australia on a long-term lease with yearly rent escalation, will continue to provide stable income to the portfolio. 357 Collins Street in Melbourne is almost fully leased[8] with minimal

1 Inclusive of 50.0% interest in Farnborough Business Park which is held as a joint venture and equity-accounted.
2 Net of distribution income and assuming distribution income for 4Q FY2019 was fully paid in cash.
3 Peer group as defined by GRESB.
4 Source: Ministry of Trade and Industry Singapore, 21 November 2019.
5 Refer to Market Overview, Singapore by CBRE dated 2 December 2019 which is included in this Annual Report.
6 Alexandra Technopark is a high-specification B1 industrial development located at the city-fringe, with certain physical attributes similar to business parks. Due to limited availability of market research information directly relating to the asset class of Alexandra Technopark, market research information for business parks is provided for indicative reference.
7 Source: Reserve Bank of Australia's Statement on Monetary Policy Decision, November 2019.
8 Committed occupancy of 99.7% as at 30 September 2019.

outstanding lease expiries in FY2020, and is therefore expected to be perform stably as well. As for Central Park, it is expected to benefit from the recent rebound in the Perth office leasing market and expectations of further rental growth in the next few years.

For the UK, the Bank of England's Monetary Policy Committee expects the economy to grow by around 1.3% in 2019[9]. While there are currently uncertainties with regards to the eventual outcome and impact of Brexit, we remain confident on the long-term prospects of the UK market. The performance of Farnborough Business Park is expected to remain stable given the property's solid fundamentals and the continued attractiveness of Thames Valley as a well-established and cost-efficient location for businesses[10].

Acknowledgements

Mr Chay Wai Chuen retired from the Board on 28 July 2019. Mr Chay had served as Non-Executive and Independent Director from July 2010 and was also the Chairman of the Audit, Risk and Compliance Committee from March 2011 and a member of the Nominating and Remuneration Committee from its establishment in September 2016. We would like to express our sincere appreciation for his significant and valuable contributions to the Board and wise counsel to the management team during his tenure of service.

The Board is pleased to welcome Ms Soh Onn Cheng Margaret Jane who joined the Board as Non-Executive and Independent Director on 1 July 2019. Ms Soh has also been appointed as Chairperson of the Nominating and Remuneration Committee with effect from 28 July 2019. With her extensive industry experience and knowledge, especially as a lawyer specialising in corporate real estate, we are confident that Ms Soh will add to the strength and diversity of the Board in setting and guiding the strategic directions of FCOT going forward.

Last but not least, the Board would like to extend our appreciation to all Unitholders and other stakeholders, including the Trustee, tenants and service partners, for their strong and unwavering support. Our appreciation also goes out to the management team for their continued dedication in managing the Trust. We look forward to meeting with our Unitholders at the upcoming Annual General Meeting to be held on 15 January 2020.

Bobby Chin Yoke Choong
Chairman and Independent Non-Executive Director

Jack Lam
Chief Executive Officer

21 November 2019

9 Source: Bank of England's Monetary Policy Committee meeting held on 6 November 2019.
10 For more information, please refer to Market Overview, Thames Valley and Farnborough Area, UK, by Jones Lang LaSalle dated 2 December 2019 which is included in this Annual Report.

Corporate Structure

Unitholders

Holding of Units

Distributions

Manager
Frasers Commercial Asset Management Ltd.

Management services

Management fees

FRASERS COMMERCIAL TRUST

Acts on behalf of Unitholders

Trustee fees

Trustee
British and Malayan Trustees Limited

FRASERS PROPERTY

Ownership of assets

Net property income

Properties

Property Manager[a] (Singapore)
Frasers Property Commercial Management Pte. Ltd.

Property management services

Property management fees

Singapore
- China Square Central
- Alexandra Technopark

Australia
- Central Park, Perth (50.0% interest)
- Caroline Chisholm Centre, Canberra
- 357 Collins Street, Melbourne

United Kingdom
- Farnborough Business Park, Farnborough (50.0% interest)[b]

a The property manager of 357 Collins Street is Frasers Property Management Services Pty Ltd., a related company of the Manager. The property managers of Central Park, Caroline Chisholm Centre and Farnborough Business Park are not related parties of the Manager.

b Farnborough Business Park is held as a joint venture and equity-accounted in the financial statements.

Organisation Structure

The Manager

Frasers Commercial Asset Management Ltd.

Board of Directors

Nominating and Remuneration Committee

Audit, Risk and Compliance Committee

Chief Executive Officer

Asset Management

Finance

Investments

Investor Relations

Key Events

October 2018

Distribution of 2.4000 cents per Unit was declared for the financial period from 1 July 2018 to 30 September 2018 and the Distribution Reinvestment Plan (DRP) was applied.

November 2018

3,381,980 new Units were allotted and issued pursuant to the DRP for the distribution declared for the financial period from 1 July 2018 to 30 September 2018.

January 2019

The 10th Annual General Meeting (AGM) of FCOT was held on 18 January 2019 and all resolutions proposed were duly passed.

Distribution of 2.4000 cents per Unit was declared for the financial period from 1 October 2018 to 31 December 2018 and the DRP was applied.

Asset enhancement works to transform Alexandra Technopark into a contemporary business campus was fully completed.

February 2019
The facility agreement for an unsecured transferable five-year term loan facility of S$50.0 million was entered into.

March 2019
3,164,900 new Units were allotted and issued pursuant to the DRP for the distribution declared for the financial period from 1 October 2018 to 31 December 2018.

April 2019
Distribution of 2.4000 cents per Unit was declared for the financial period from 1 January 2019 to 31 March 2019 and the DRP was applied.

Commencement of upgrading works at the lobby and forecourt areas of Central Park to create a contemporary business environment with a higher quantum of amenities and flexible spaces, at an estimated cost of S$23.0 million (FCOT's share: S$11.5 million).

May 2019
2,958,109 new Units were allotted and issued pursuant to the DRP for the distribution declared for the financial period from 1 January 2019 to 31 March 2019.

June 2019
Google Asia Pacific Pte Ltd (Google) entered into a lease for around 344,100 sq ft of space at Alexandra Technopark, representing approximately 33.3% of the total net lettable area of the property, for a term of five years commencing in the first quarter of 2020.

Appointment of Ms Soh Onn Cheng Margaret Jane as Non-Executive and Independent Director of the Manager and members of the Audit, Risk and Compliance Committee (ARC Committee) and the Nominating and Remuneration Committee (NR Committee), with effect from 1 July 2019.

July 2019
Distribution of 2.4000 cents per Unit was declared for the financial period from 1 April 2019 to 30 June 2019 and the DRP was applied.

Retirement of Mr Chay Wai Chuen as Non-Executive and Independent Director of the Manager, Chairman of the ARC Committee and a member of the NR Committee, with effect from 28 July 2019.

Cessation of Mr Chang Tou Chen, a Non-Executive and Independent Director, as Chairman of the NR Committee and appointment as Chairman of the ARC Committee, with effect from 28 July 2019.

Appointment of Ms Soh Onn Cheng Margaret Jane, a Non-Executive and Independent Director, as Chairperson of the NR Committee, with effect from 28 July 2019.

August 2019
1,727,317 new Units were allotted and issued pursuant to the DRP for the distribution declared for the financial period from 1 April 2019 to 30 June 2019.

FCOT ranked 5th out of 46 in the Singapore Governance and Transparency Index (REIT and Business Trust category).

Alexandra Technopark | Singapore

Board of **Directors**

Mr Bobby Chin Yoke Choong

Chairman, Non-Executive and Independent Director

Mr Chang Tou Chen

Non-Executive and Independent Director

Ms Soh Onn Cheng Margaret Jane

Non-Executive and Independent Director

1 Mr Bobby Chin Yoke Choong, 67
Chairman, Non-Executive and Independent Director

Date of appointment as Director
01 August 2017

Length of service as Director (as at 30 September 2019)
2 years 02 months

Board committees served on
- Audit, Risk and Compliance Committee
- Nominating and Remuneration Committee

Academic & Professional Qualifications
- Bachelor of Accountancy, University of Singapore
- Associate Member, Institute of Chartered Accountants in England and Wales

Present Directorships in other companies (as at 30 September 2019)

Listed companies
- AVJennings Limited
- Ho Bee Land Limited
- Yeo Hiap Seng Limited

Listed REITs
- Nil

Others
- Housing and Development Board (Chairman)
- NTUC Fairprice Co-operative Ltd (Chairman)
- NTUC Fairprice Foundation Ltd (Chairman)
- NTUC Enterprise Co-operative Limited (Deputy Chairman)
- Singapore Labour Foundation
- Temasek Holdings (Private) Limited

Major appointments (other than Directorships)
- Council of Presidential Advisers (Member)
- Corporate Governance Advisory Committee (Chairman)

Past Directorships in listed companies held over the preceding 3 years (from 01 October 2016 to 30 September 2019)
- Frasers Centrepoint Asset Management Ltd, manager of Frasers Centrepoint Trust
- Sembcorp Industries Limited
- Singapore Telecommunications Limited

Past major appointments
- Managing Partner of KPMG Singapore
- Chairman of Urban Redevelopment Authority
- Chairman of Singapore Totalisator Board
- Chairman of MediShield Life Review Committee

Others
- Nil

2 Mr Chang Tou Chen, 50
Non-Executive and Independent Director

Date of appointment as Director
01 March 2017

Length of service as Director (as at 30 September 2019)
2 years 07 months

Board committees served on
- Audit, Risk and Compliance Committee (Chairman)[1]
- Nominating and Remuneration Committee[2]

Academic & Professional Qualifications
- History of Medicine and Basic Medical Sciences (First Class Honours), University College London

Present Directorships in other companies (as at 30 September 2019)

Listed companies or REITs
- Nil

Major appointments (other than Directorships)
- Rhema Bible Training Center Singapore, Ordinary Executive Board Member and Treasurer

Past Directorships in listed companies held over the preceding 3 years (from 01 October 2016 to 30 September 2019)
- Nil

Past major appointments
- Managing Director, Head of Banking South East Asia, The Hongkong & Shanghai Banking Corporation Ltd

Others
- Nil

3 Ms Soh Onn Cheng Margaret Jane, 63
Non-Executive and Independent Director

Date of appointment as Director
1 July 2019

Length of service as Director (as at 30 September 2019)
03 Months

Board committees served on
- Nominating and Remuneration Committee (Chairperson)[3]
- Audit, Risk and Compliance Committee[4]

Academic & Professional Qualifications
- Bachelor of Laws (Honours), National University of Singapore
- Advocate and Solicitor, Supreme Court of Singapore

Present Directorships in other companies (as at 30 September 2019)

Listed companies or REITs
- Nil

Major appointments (other than Directorships)
- Nil

Past Directorships in listed companies held over the preceding 3 years (from 01 October 2016 to 30 September 2019)
- Nil

Past major appointments
- Partner, Corporate Real Estate department of Allen & Gledhill LLP

Others
- Nil

1 Appointed as Chairman of the Audit, Risk and Compliance Committee on 28 July 2019.
2 Ceased as Chairman of the Nominating and Remuneration Committee on 28 July 2019 and remains as a member of the Nominating and Remuneration Committee.
3 Appointed as a member of the Nominating and Remuneration Committee on 1 July 2019 and as Chairperson of the Nominating and Remuneration Committee on 28 July 2019.
4 Appointed as a member of the Audit, Risk and Compliance Committee on 1 July 2019.

Mr Chia Khong Shoong

Non-Executive and Non-Independent Director

Mr Low Chee Wah

Non-Executive and Non-Independent Director

Mr Christopher Tang Kok Kai

Non-Executive and Non-Independent Director

4 Mr Chia Khong Shoong, 48
Non-Executive and Non-Independent Director

Date of appointment as Director
01 September 2009

Length of service as Director (as at 30 September 2019)
10 years 01 month

Board committees 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 in other companies (as at 30 September 2019)
Listed companies
- Nil

Listed REITs
- Frasers Logistics & Industrial Asset Management Pte Ltd, manager of Frasers Logistics & Industrial Trust

Major appointments (other than Directorships)
- Group Chief Corporate Officer, Frasers Property Limited

Past Directorships in listed companies held over the preceding 3 years (from 01 October 2016 to 30 September 2019)
Listed companies
- Nil

Listed REITs
- Frasers Centrepoint Asset Management Ltd, manager of Frasers Centrepoint Trust

Past major appointments
- Group Chief Financial Officer, Frasers Property Limited
- Chief Executive Officer, Australia, New Zealand and United Kingdom, Frasers Property Limited
- Director, Investment Banking, The Hongkong & Shanghai Banking Corporation Ltd

Others
- Nil

5 Mr Low Chee Wah, 54
Non-Executive and Non-Independent Director

Date of appointment as Director
14 August 2008

Length of service as Director (as at 30 September 2019)
11 years 02 months

Board committees served on
- Nil

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

Present Directorships in other companies (as at 30 September 2019)
Listed companies or REITs
- Nil

Others
- Dover Park Hospice (Vice Chairman, Audit and Governance Committee)
- Real Estate Investment Trust Association of Singapore (Vice President)
- Singapore River One Limited (Board Member)

Major appointments (other than Directorships)
- Head of Retail and Commercial Division, Frasers Property Limited[1]

Past Directorships in listed companies held over the preceding 3 years (from 01 October 2016 to 30 September 2019)
- Nil

Past major appointments
- Chief Executive Officer of Frasers Commercial Asset Management Ltd, manager of Frasers Commercial Trust
- Chief Executive Officer of BNP Paribas Peregrine (Singapore) Ltd, investment banking arm of BNP Paribas Singapore

Others
- Nil

6 Mr Christopher Tang Kok Kai, 58
Non-Executive and Non-Independent Director

Date of appointment as Director
14 August 2008

Length of service as Director (as at 30 September 2019)
11 years 02 months

Board committees served on
- Nominating and Remuneration Committee

Academic & Professional Qualifications
- Bachelor of Science, National University of Singapore
- Master of Business Administration, National University of Singapore

Present Directorships in other companies (as at 30 September 2019)
Listed companies
- Nil

Listed REITs
- Frasers Centrepoint Asset Management Ltd, manager of Frasers Centrepoint Trust

Others
- Ren Ci Hospital

Major appointments (other than Directorships)
- Chief Executive Officer, Frasers Property Singapore[2]

Past Directorships in listed companies held over the preceding 3 years (from 01 October 2016 to 30 September 2019)
Listed companies
- Nil

Listed REITs
- Hektar Asset Management Sdn Bhd, manager of Hektar REIT

Past major appointments
- Chief Executive Officer, Frasers Centrepoint Commercial, Frasers Property Limited
- Chief Executive Officer, China, Frasers Property Limited
- Chief Executive Officer, Frasers Centrepoint Asset Management Ltd, manager of Frasers Centrepoint Trust

Others
- Previously worked with DBS Bank, DBS Land and British Petroleum

1 Appointed as Chief Executive Officer, Frasers Property Retail with effect from 15 October 2019.
2 Retiring as Chief Executive Officer, Frasers Property Singapore with effect from 1 January 2020.

Management
Team

Seated (from left to right): Ms Cheah Yoke Lan, Mr Jack Lam and Ms Tricia Yeo
Standing (from left to right): Ms Wang Mei Ling, Mr Vincent Lee, Mr Wong Soon Yean and Ms Janet Soh

Mr Jack Lam
Chief Executive Officer

Jack works with the Board to determine the overall business and investment strategies of FCOT. He is also responsible for the day-to-day management of FCOT and provides leadership to the management team to ensure that processes, plans and initiatives in relation to the finance, compliance, investment, asset management, investor relations and other aspects of FCOT are executed integrally and successfully.

He has approximately 26 years of experience in the real estate industry, spanning the areas of investment, business development, asset management, advisory and research, among others. He has also been involved in REIT management since 2002. Before joining the Manager in January 2017, Jack had held several senior positions in the Group over a 10-year period, including Deputy CEO and Head, Investment of Frasers Centrepoint Asset Management Ltd (the manager of Frasers Centrepoint Trust).

Jack holds an MBA in Finance (with Distinction) from the University of Leeds, United Kingdom, and a Bachelor of Civil Engineering degree from the National University of Singapore.

Ms Tricia Yeo
Chief Financial Officer

Tricia leads the finance team and is responsible for overseeing all aspects of finance, taxation, capital management and treasury function for FCOT. Her team works closely with the investment team and asset management team to ensure that the financial management functions are aligned with FCOT's strategies and initiatives. The finance team also provides support for compliance matters for FCOT.

She has more than 18 years of experience in the finance industry including audit, advisory and banking. She started her career as an auditor with a Big Four accounting firm, and subsequently moved into real estate investment banking with various international banks. Prior to joining the Manager in August 2017, she had headed the real estate sector coverage at the investment banking arm of an Asian regional bank.

Tricia graduated from the Nanyang Technological University of Singapore with a Bachelor of Accountancy degree and holds an MBA from INSEAD. She is a Singapore Chartered Accountant with the Institute of Singapore Chartered Accountants and a Chartered Financial Analyst.

Mr Wong Soon Yean
Senior Vice President and Head, Investment

Soon Yean leads the investment team and is responsible for sourcing, evaluating and executing acquisition and divestment transactions for FCOT.

Soon Yean has more than 28 years of experience in investment, development, property management, leasing and sales, spanning different real estate asset classes, including retail, industrial, office and residential developments. Prior to joining the Manager, he was with a Singapore-listed property company where he undertook investment, asset management and business development work 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.

Mr Vincent Lee
Senior Vice President, Asset Management

Vincent is responsible for the asset management of FCOT's UK properties. He works closely with the property managers and other service providers to drive business plans and strategic initiatives to enhance the performances of the properties.

Vincent has more than 23 years of experience in the real estate industry spanning across various functions including asset management, investment analysis, research and consulting, principal and agency leasing and project marketing and sales, covering a wide spectrum of asset classes. He holds a Bachelor of Commerce in Urban Land Economics from the University of British Columbia, Canada, a Master of Real Estate from the University of New South Wales, Australia, and a Master of Applied Finance from the University of Adelaide, Australia.

Ms Cheah Yoke Lan
Vice President, Asset Management

Yoke Lan is responsible for the asset management of FCOT's Australia portfolio. She works closely with the property managers and other service providers to drive business plans and strategic initiatives to enhance the performances of the properties.

Yoke Lan has more than 27 years of valuation and asset management experience for commercial and retail properties in Australia, Malaysia and Singapore. She holds a Bachelor of Property Management (Honours) from University Technology, Malaysia and an MBA from Heriot Watt University, United Kingdom. She is a British Council Scholar and holds property management, valuation and estate agent's licences issued by the Board of Valuers, Appraisers and Estate Agents, Malaysia.

Ms Janet Soh
Vice President, Asset Management

Janet is responsible for the asset management of FCOT's Singapore portfolio. She works closely with the property managers and other service providers to drive business plans and strategic initiatives to enhance the performances of the properties.

Janet has more than 23 years of asset management, leasing and marketing experience in office and other commercial properties in Singapore. Prior to joining the Manager, she had worked for major commercial landlords and occupiers in Singapore. She graduated from the Royal Melbourne Institute of Technology, Australia with a Bachelor of Applied Science in Construction Management.

Ms Wang Mei Ling
Vice President and Head, Investor Relations

Mei Ling is responsible for managing investor relations activities and initiatives for FCOT, including communications with Unitholders, analysts and the media.

Prior to joining the Manager, Mei Ling had more than 12 years of experience in the finance industry. Her previous roles include fund management in alternative assets, investment banking and auditing with a Big Four accounting firm. Mei Ling 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.

Operational Overview

The Manager's efforts to reshape and strengthen the portfolio have led to positive outcomes in FY2019.

95.0%

Average portfolio committed occupancy rate as at 30 September 2019

>800,000 sq ft

New and renewal leases secured in FY2019

Alexandra Technopark | Singapore

The Manager's efforts to reshape and strengthen the portfolio for long-term growth continued in FY2019.

At Alexandra Technopark, asset enhancement works to reposition the property to a contemporary business campus were fully completed in January 2019 at a total cost of just over S$40 million. The property now boasts a greener and more pleasant environment with generous offerings of health and wellness, lifestyle and social amenities that have drawn praises from tenants and other stakeholders.

The enhancement and repositioning of Alexandra Technopark have significantly improved its market positioning and long-term income potential in tangible ways. From January 2019 to September 2019, around 490,000 sq ft of lease commitments were secured at the property, including more than 460,000 sq ft of new leases. The committed occupancy stood at a high 96.8% as at 30 September 2019, significantly above the figure of 70.2% 12 months before. New tenants that have been brought in include well-established local and international firms from a wide array of sectors, which have further strengthened and diversified the tenant profile. Signing rents have steadily increased since the completion of the enhancement works. Signing rents in 4Q FY2019 were generally between S$4.30 and S$4.60 per sq ft per month, markedly above the average passing rent of slightly below S$4.00 per sq ft per month as at the end of December 2018.

It is also worth noting that the valuation of Alexandra Technopark has risen significantly by almost S$100 million to S$606.0 million now, from S$508.0 million as at 30 September 2016 (just prior to the commencement of the upgrading works in January 2017).

At China Square Central, the S$38 million asset enhancement initiative (AEI) to rejuvenate and reposition the retail podium at 18 Cross Street obtained Temporary Occupation Permit in 4Q FY2019. The newly upgraded retail podium commenced business operation in phases from November 2019.

When fully stabilised, the retail podium will feature a refreshed tenant mix focusing on food and beverage (F&B), health and wellness, lifestyle and services offerings as well as new shopper amenities including a shopper lounge.

The AEI has enhanced the asset quality and improved the overall shopper experience. As part of the revamp, the architectural and technical specifications of the retail podium have been upgraded while integration and connectivity with other parts of China Square Central have also been improved. Tangible value has also been created from expanding the NLA of the retail podium by approximately 25% to around 80,000 sq ft[1] from around 64,000 sq ft prior to the commencement of the AEI. The increased NLA coupled with the higher projected average rental rate, are expected to significantly improve the revenue potential of the retail podium on a stabilised basis.

Lastly, the retail component of China Square Central, including the retail podium, will also benefit from an increase in customer base and footfall from the 304-room Capri by Fraser, China Square hotel[2] within the development which opened in May 2019.

At Central Park, upgrading works at the lobby and forecourt areas commenced in April 2019 and are currently expected to complete in 3Q 2020. Estimated to cost S$23.0 million (FCOT's 50% share: S$11.5 million), the AEI will enhance experience for tenants and visitors and consolidate Central Park's position as one of Perth's premium grade business locations. The AEI will create a more contemporary, vibrant and community-friendly environment through the introduction of new amenities, multi-purpose spaces and enhanced connection with the park adjacent to the property, among other things.

1 To be finalised and subject to change.
2 The hotel is owned by an entity of Frasers Property (refer to Circular to Unitholders dated 3 June 2015 for details).

Creating Value Through AEI

Creating a Contemporary Business Campus at Alexandra Technopark

Details
- Just over S$40 million AEI to upgrade and reposition the development into a contemporary business campus
- Works commenced in January 2017 and were fully completed in January 2019

Benefits
1. Greener and more pleasant environment with generous offerings of health and wellness, lifestyle and social amenities
2. Improved market positioning and potential
   - More than 490,000 sq ft of leasing transactions from January to September 2019
   - Marked improvement in signing rents
   - Attracting well-established local and international firms from a wide array of trade sectors
   - Higher quality and more diversified tenant profile
3. Almost S$100 million enhancement in property value from September 2016 to September 2019

The Hub

Reception area

F&B outlets


Community farming plots

Creating Value Through AEI

Upgraded retail podium of 18 Cross Street, China Square Central | Singapore

Repositioning the Retail Podium of 18 Cross Street, China Square Central

Details

- S$38 million AEI to create a refreshed retail destination focusing on F&B, health and wellness, lifestyle and services offerings
- Commenced business operations in phases from November 2019

Benefits

1. Increased NLA by approximately 25% to around 80,000[a] sq ft from 64,000 sq ft pre-AEI
    - Improved layout and efficiency
    - Enhanced income potential
2. Enhanced building quality
    - Upgraded architectural and technical specifications
    - Better integration and connectivity between buildings
3. Improved shopper experience
    - Refreshed shopping environment
    - Improved tenant mix
    - New public amenities

a To be finalised and subject to change.

Creating Value Through AEI

Enhancing Experience and Functionality at Central Park

Details
S$23.0 million AEI (FCOT's share: S$11.5 million) to upgrade the lobby and forecourt areas to create a contemporary, vibrant and community-friendly business environment with a higher quantum of amenities and multi-purpose spaces

Community-friendly features
1. Contemporary lobby with modern finishes and more natural lighting
2. Flexible workspaces and meeting facilities supported by F&B amenities to cater to contemporary work culture
3. Public spaces to host art, community and wellness events
4. Lush landscaping and greenery
5. Enhanced openness and connectivity to the 54,000 sq ft landscaped park adjacent to the property

Timeline
Commenced in April 2019 and currently expected to complete in 3Q 2020

Artist's impression of the upgraded lobby and forecourt areas of Central Park | Perth, Australia

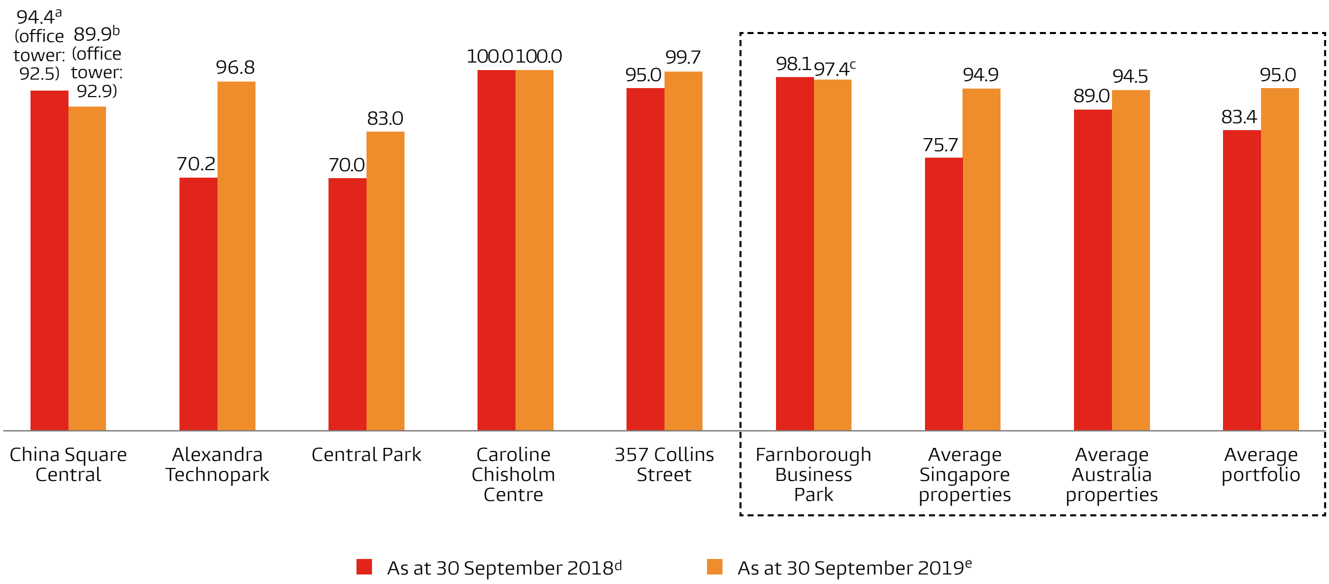
Portfolio Occupancy

Average portfolio committed occupancy rate as at 30 September 2019 was 95.0%, compared to 83.4% a year ago. The committed occupancy rates as at 30 September 2019 for the Singapore portfolio, the Australia portfolio and Farnborough Business Park were 94.9%[3], 94.5%[3] and 97.4%[4], respectively.

The Singapore portfolio saw a significant uplift in committed occupancy by 19.2 percentage-points from 30 September 2018. This was mainly attributed to the higher committed occupancy at Alexandra Technopark which rose to 96.8% from 70.2%, on the back of lease commitments secured from Google (for around 344,100 sq ft of space[5]) and several other tenants during FY2019. The Australia portfolio also recorded an increase in committed occupancy by 5.5 percentage-points from a year ago, mainly due to new lease commitments secured at Central Park and 357 Collins Street.

Occupancy Rates

(%)



a Excluding 18 Cross Street retail podium (NLA of approximately 64,000 sq ft) which was closed for asset enhancement works. Including 18 Cross Street retail podium, the committed occupancy would be 76.8%.
b Including 18 Cross Street retail podium (NLA c 80,000 sq ft). Asset enhancement works for the retail podium at 18 Cross Street obtained Temporary Occupation Permit in 4Q FY2019.
c Inclusive of a new lease concluded in October 2019, the committed occupancy would be 99.1%.
d Committed occupancies as at 30 September 2018 for China Square Central and Alexandra Technopark, and actual occupancies for the rest of the properties. The actual occupancies for China Square Central (excluding the retail podium at 18 Cross Street that was closed for asset enhancement works) and Alexandra Technopark were 90.7% and 60.8%, respectively.
e Committed occupancies as at 30 September 2019 for all properties except Caroline Chisholm Centre and Farnborough Business Park.

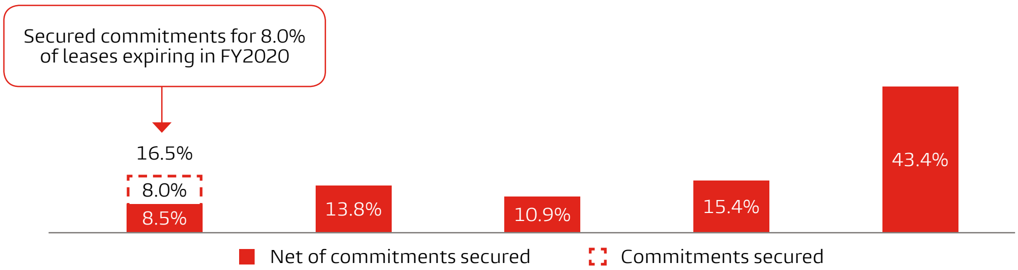
Well-Spread Lease Expiry Profile and Proactive Management of Leases

The portfolio had a large and diversified tenant base of 185 tenants under 232 leases as at 30 September 2019, and leasing activities were overall healthy during the financial year.

The portfolio has a lease expiry profile that is well-spread. As at 30 September 2019, 43.4% of leases weighted by gross rental income (GRI)[6] had expiry dates beyond FY2023, providing a high degree of long-term income certainty to the portfolio. The Manager markets the properties proactively, including actively engaging with existing tenants for forward renewals. As at 30 September 2019, forward renewals and commitments had been secured for close to half of the leases which are due to expire in FY2020, thus reducing potential income risks and enhancing income certainty.

3 Committed occupancy as at 30 September 2019.
4 Inclusive of a new lease concluded in October 2019, the committed occupancy would be 99.1%.
5 Refer to the announcement dated 25 June 2019 for further information.
6 All references to portfolio GRI as at 30 September 2019 are inclusive of FCOT's attributable share of 50.0% GRI for Farnborough Business Park.

Portfolio Lease Expiry by GRI
(as at 30 September 2019)

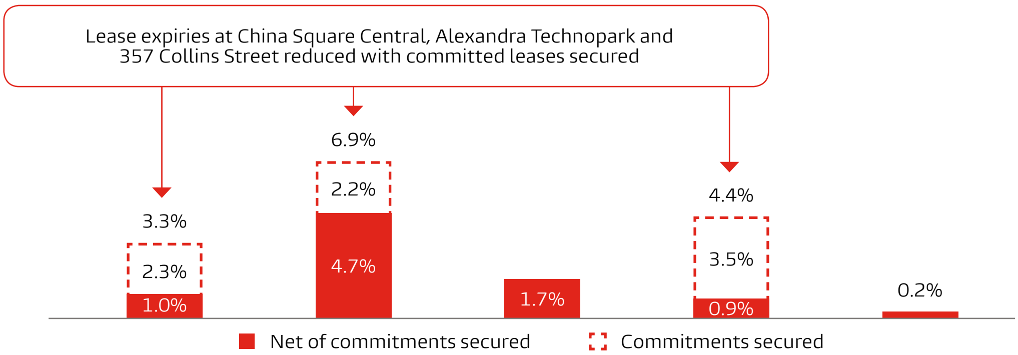


Portfolio lease expiry by GRI	FY2020	FY2021	FY2022	FY2023	FY2024 and beyond
Number of leases expiring	37	51	44	32	68
NLA (sq ft) expiring	353,809	280,923	221,239	290,437	1,044,571
Expiries as % total NLA[a]	12.5	9.9	7.8	10.3	36.9
Expiries as % total GRI	16.5	13.8	10.9	15.4	43.4

Data as at 30 September 2019. Excluded lease incentives and retail turnover rents, if any.

a The total NLA of the portfolio used in the computation above was based on 50.0% weightages for the NLAs of each of Central Park and Farnborough Business Park, to reflect FCOT's proportionate interests in these two properties.

Property Lease Expiries in FY2020 as a Proportion of Portfolio GRI



	China Square Central	Alexandra Technopark	Central Park	357 Collins Street	Farnborough Business Park
Number of leases expiring[a]	5 (office)[b] 1 (retail)	14	1 (office) 3 (retail)	5 (office)	3
Average passing rents for expiring leases (net of those with commitments secured)[c]	S$7.33 (18 Cross Street office tower) S$6.71 (all office units) S$5.40 (retail)	S$4.06	A$973.3 (office)[d] A$1,337.6 (retail)	A$538.0	£21.2

a Adjusted for pre-committed leases secured.
b Includes four leases at 18 Cross Street office tower.
c Excluded lease incentives and retail turnover rents, if any. Figures for Singapore properties are on a gross rent per sq ft per month basis, figures for Australia properties are on net face rent per sq m per annum basis, and figure for Farnborough Business Park is on net rent per sq ft per annum basis.
d Data is in respect of a single lease, which may not be reflective of leases generally in the property.

As at 30 September 2019, 8.5%[7] of leases by portfolio GRI would be expiring in FY2020, after taking into account forward lease renewals and pre-commitments already secured at China Square Central, Alexandra Technopark and 357 Collins Street. For Alexandra Technopark, of the 4.7% of leases by portfolio GRI that would be expiring in FY2020, 0.9% was in relation to a lease to Microsoft Operations Pte Ltd (Microsoft) which had exercised its right to shorten the lease tenure by two years to end in January 2020. As at 30 September 2019, forward lease commitments had been secured for approximately 72% of Microsoft's space, with the balance under advanced discussions with prospective tenants.

Healthy Weighted Average Lease Expiry

The portfolio weighted average lease expiry (WALE) by GRI based on committed occupancy as at 30 September 2019 was 4.9 years[8]. The portfolio WALE was anchored by the long WALEs of Central Park (8.2 years), Farnborough Business Park (6.8 years) and Caroline Chisholm Centre (5.8 years) as at 30 September 2019. The long portfolio WALE provides income stability.

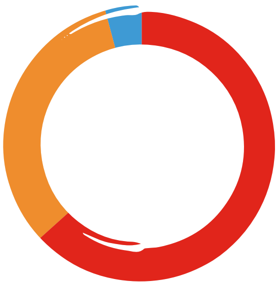
WALE of New and Renewed Leases Entered into in FY2019 and the Proportion of Revenue Attributed to those leases

The Manager markets the properties proactively, including actively engaging with existing tenants for forward renewals. In FY2019, 86 new and renewal leases across 824,219 sq ft of space were signed, representing 29.2% of portfolio NLA. These leases had an average WALE of 5.0 years as at 30 September 2019 and aggregate rental revenue of approximately S$50.8 million per annum.

New and renewal leases entered into in FY2019	Number of leases	NLA (sq ft) (based on FCOT's proportionate interests in the respective properties)	% of portfolio NLA (based on FCOT's proportionate interests in the respective properties)	WALE as at 30 September 2019 (years)	Rental per annum (S$ million)
Renewals	29	162,942	5.8	2.8	11.6
New leases	57	661,277	23.4	5.7	39.2
Total	**86**	**824,219**	**29.2**	**5.0**	**50.8**

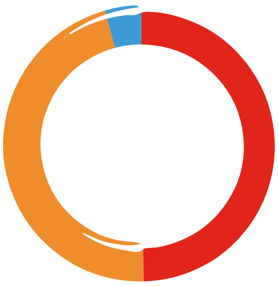
Portfolio Income Contribution and NLA Mix as at 30 September 2019

Portfolio GRI Contribution
(%)



- Office 63.6
- Business space / park 32.5
- Retail / amenities 3.9

NLA
(%)
(based on FCOT's proportionate interests in the respective properties)



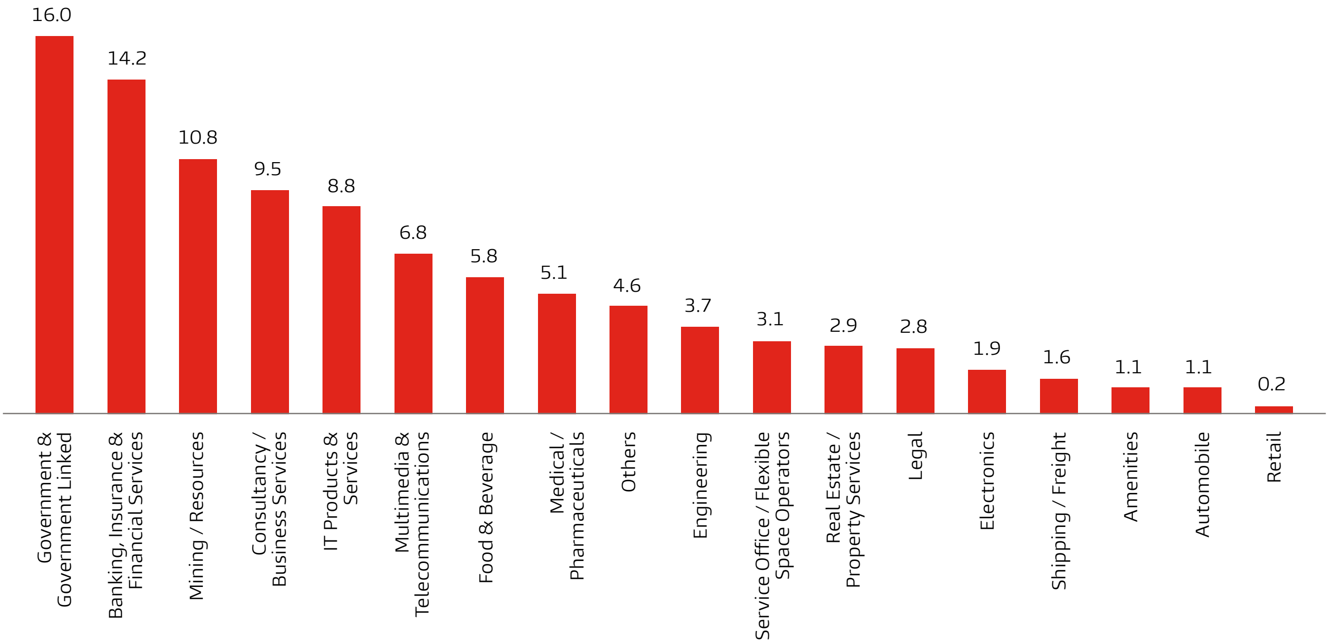
- Office 49.8
- Business space / park 46.2
- Retail / amenities 4.0

7 Adjusted for forward lease renewals and commitments already secured.
8 The corresponding portfolio weighted average lease to break (WALB), calculated on GRI basis and reflecting contracted rights for tenants to pre-terminate leases, if any, was 4.7 years as at 30 September 2019.

Diverse Trade Sector Mix

As at 30 September 2019, the portfolio was well-diversified with a large tenant base of 185 tenants across various industry sectors. No single industry sector accounted for more than 16.0% of portfolio GRI, thereby limiting concentration risk.

Trade Sector Mix by GRI
(as at 30 September 2019)
(%)



Top Ten Tenants by GRI

As at 30 September 2019, the top ten tenants by GRI accounted for 51.6% of portfolio GRI and occupied 41.3% of portfolio NLA[9].

The WALE of the top ten tenants as at 30 September 2019 was 5.7 years[10].

Top 10 tenants	Property	Sector	Lease Expiry	% of portfolio GRI[a]
Commonwealth of Australia	Caroline Chisholm Centre	Government	July 2025	16.0
Rio Tinto Shared Services Pty Ltd	Central Park	Mining / Resources	June 2030	8.8
Commonwealth Bank of Australia	357 Collins Street	Banking, Insurance & Financial Services	December 2022	6.7
GroupM Singapore Pte Ltd	China Square Central	Consultancy / Business Services	July 2023	3.6
Service Stream Ltd	357 Collins Street	Multimedia & Telecommunications	December 2019[b] /December 2024	3.4
Microsoft Operations Pte Ltd	Alexandra Technopark	IT Products / Services	January 2020[c]	3.0
Fluor Limited	Farnborough Business Park	Engineering	August 2020[d]/ July 2021 and March/June 2025	2.9
WeWork[e]	China Square Central and Central Park	Service Office/Flexible Space Operators	July 2028/ August 2031	2.7
Suntory Beverage & Food Asia Pte Ltd	China Square Central	Food & Beverage	May 2023	2.4
Nokia Solutions and Networks (S) Pte Ltd	Alexandra Technopark	Multimedia & Telecommunications	February 2021/ June 2021	2.1
Total				**51.6**

a Data as at 30 September 2019 and excluded lease incentives and retail turnover rents, if any.
b 0.3% of portfolio GRI.
c The tenant had exercised its rights to shorten the lease tenure by two years to end in January 2020. As at 30 September 2019, forward lease commitments had been secured for approximately 72% of the space with the balance under advanced negotiations with prospective tenants.
d 0.02% of portfolio GRI.
e Aggregate of WeWork group's leases at China Square Central and Central Park signed under separate legal entities.

9 For this purpose, portfolio NLA comprises NLAs of individual properties adjusted by FCOT's proportionate interest in each property.
10 The corresponding WALB calculated on GRI basis and reflecting contracted rights for tenants to pre-terminate leases, if any, was 5.6 years as at 30 September 2019.

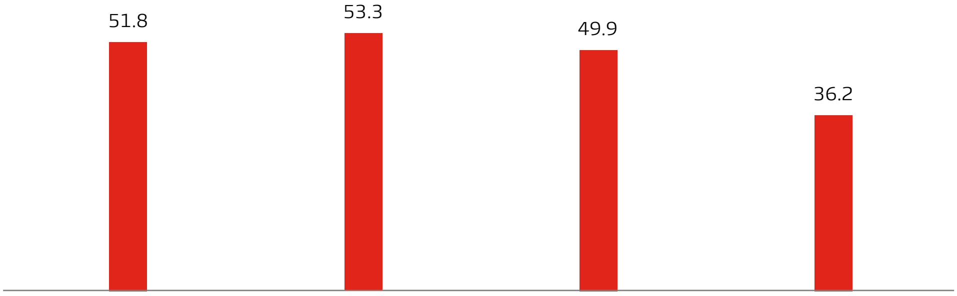
Step-Up Rents and Rent Reviews for Organic Growth

Rents during a lease term may be subject to periodic fixed escalations, market reviews or inflation adjustments. This is particularly the case for the Australia properties due to local market practices. These rent adjustments provide organic rental growth potential.

In FY2020, 51.8% of portfolio GRI as at 30 September 2019 will enjoy a weighted average fixed rent step-up of 2.8% per annum. In addition to this, certain leases in Farnborough Business Park, constituting 3.3% of portfolio GRI, will be subject to rent reviews based on prevailing market rent. All in, rents in respect of 1,161,826 sq ft[11] of space in the portfolio will be subject to fixed step-ups or the abovementioned reviews in FY2020.

Portfolio GRI with Fixed Percentage Rent Step-Ups in FY2020-FY2023

(as at 30 September 2019)
(%)



	FY2020	FY2021	FY2022	FY2023
Weighted average fixed step-ups (%)	2.8	2.9	3.0	2.1

Leases with Rent Step-Ups and Other Periodic Rent Reviews

(as at 30 September 2019)

Property	Leases	Average step-up rent/ other reviews (%)	% of property GRI	% of portfolio GRI
China Square Central	11	3.0	40.2	7.4
Alexandra Technopark	3	4.0	6.3	1.4
Caroline Chisholm Centre	1	3.0	100.0	16.0
Central Park	32	3.1	90.3	15.5
357 Collins Street	25	3.8	72.7	11.5
Farnborough Business Park	1	54.1[a]	0.2	Negligible
Farnborough Business Park	9	Market rent	32.7	3.3
Total	**82**			**55.1**

a Based on specific commercial terms associated with the subject lease, which may not be reflective of market norms.

11 Based on the aggregate of NLA of relevant leases adjusted by FCOT's proportionate interest in the respective property.

Financial Overview

FCOT declared full-year distribution of S$86.9 million and stable DPU of 9.60 cents for FY2019. Gearing was at a healthy level of 28.6% as at 30 September 2019 and one of the lowest among SREITs currently.

Gross revenue

S$125.1 million

DPU

9.60 cents

China Square Central | Singapore

Financial Highlights	FY2018 (S$ million)	FY2019 (S$ million)	Increase/ (decrease) (%)
Gross revenue	133.3	125.1	(6.2)
Property operating expenses	(44.0)	(42.4)	(3.8)
NPI	89.3	82.7	(7.4)
NPI on cash basis[a]	88.7	78.8	(11.2)
Share of results of joint venture[b]	5.5[c]	7.9	43.3
Distribution to Unitholders	82.7	86.9	5.0
DPU (cents)	9.60	9.60	–

a Excluding the effects of recognising accounting income on a straight-line basis over the terms of leases.
b In respect of FCOT's 50.0% interest in Farnborough Business Park.
c For the period from 29 January 2018 (date of acquisition) to 30 September 2018.

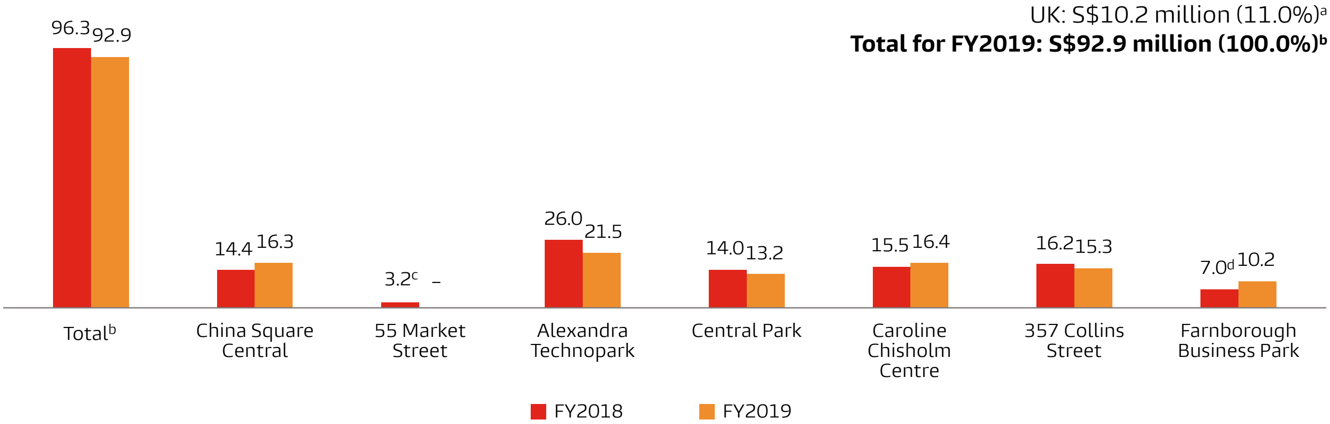
Gross Revenue and NPI

FY2019 portfolio gross revenue was 6.2% lower year-on-year at S$125.1 million, mainly due to lower occupancy for Alexandra Technopark, divestment of 55 Market Street on 31 August 2018 and the effects of the average weaker Australia Dollar, partially offset by higher rental revenue for China Square Central. FY2019 portfolio NPI was 7.4% lower year-on-year at S$82.7 million, mainly due to the lower gross revenue for the portfolio, higher property tax expense for Alexandra Technopark and higher amortisation of lease incentives for Central Park and 357 Collins Street, partially offset by lower property maintenance expenses for the Singapore properties and Caroline Chisholm Centre.

The foregoing FY2019 portfolio gross revenue and NPI were before contributions from FCOT's 50.0% interest in Farnborough Business Park which is held as a joint venture and equity-accounted. The 50.0% interest in Farnborough Business Park was acquired on 29 January 2018 and the attributable NPI for FY2019 was S$10.2 million. Including the attributable NPI of Farnborough Business Park, portfolio NPI for FY2019 would be S$92.9 million.

Net Property Income
(S$ million)

Singapore: S$37.8 million (40.7%)
Australia: S$44.9 million (48.3%)
UK: S$10.2 million (11.0%)[a]
Total for FY2019: S$92.9 million (100.0%)[b]



a Refers to the attributable 50.0% share of Farnborough Business Park's NPI (held as a joint venture and equity-accounted in the financial statements). Amount included reimbursements of lease incentives, rent guarantees for certain unlet units and other commercial arrangements performed by the vendor in accordance with the terms of the acquisition (refer to announcement dated 14 December 2017 for details).
b Total portfolio NPI including attributable 50.0% share of NPI of Farnborough Business Park.
c For the period from 1 October 2017 until its divestment on 31 August 2018.
d NPI for FY2018 was for the period from 29 January 2018 (date of acquisition) to 30 September 2018.

Finance Costs and Exchange Differences

In FY2019, finance cost decreased by 23.4% year-on-year mainly due to lower interest expense arising from the repayment of loan facilities in September 2018 (with the divestment proceeds from 55 Market Street), partially offset by interest expense incurred on new borrowings taken to part finance the acquisition of 50.0% interest in Farnborough Business Park in FY2018 and to fund payments for AEI works and lease incentives granted to certain tenants.

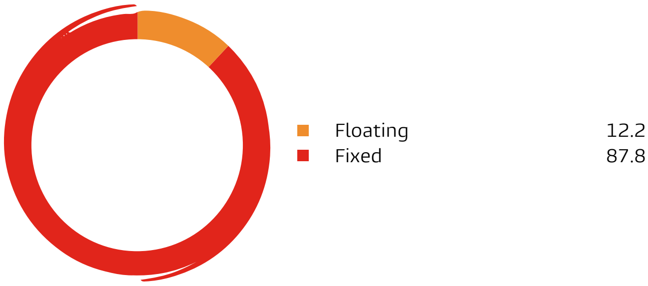
As at 30 September 2019, interest rates for approximately 87.8% of borrowings have either been fixed or hedged, providing certainty in interest cost and protecting FCOT from interest rate volatility.

To manage the exposure to the Australia Dollar and Sterling Pound, net anticipated cash flows from the overseas properties are regularly hedged, and a portion of the investment in the overseas properties are 'naturally hedged' with borrowings denominated in the respective local currency.

Share of Results of Joint Venture

Share of results of joint venture for FY2019 of S$7.9 million relates to the 50.0% interest in Farnborough Business Park. The share of results of joint venture for FY2019 rose 43.3% year-on-year mainly due to the full-year contribution in FY2019 as compared to eight months' contribution in FY2018 (the property was acquired on 29 January 2018).

Debt Composition – Floating versus Fixed Interest Rates
(%)



Distribution to Unitholders and DPU

Distribution to Unitholders increased 5.0% year-on-year to S$86.9 million in FY2019. The distribution amount included distribution from capital returns, distribution derived after tax adjustment for management fee paid/payable to the Manager in Units[1] and contribution from FCOT's 50.0% interest in Farnborough Business Park. FY2019 aggregate DPU of 9.60 cents was stable compared to FY2018.

Distribution to Unitholders for FY2019 included capital returns as shown below:

Distribution from capital returns	FY2018 (S$ million)	FY2019 (S$ million)
Gain on disposal of hotel development rights in respect of China Square Central in August 2015[a]	12.8	21.7
Reimbursement of lease incentives, rent guarantees for certain unlet units and other commercial arrangements performed by the vendor in accordance with the terms of the acquisition of 50.0% interest in Farnborough Business Park[b]	2.1	1.5
Total	**14.9**	**23.2**
DPU equivalent (cents)	1.7048	2.5560

a Relates to a portion of the net consideration received from the disposal of the hotel development rights in respect of China Square Central in August 2015, which is classified as capital distribution from tax perspective. Refer to the Circular to Unitholders dated 3 June 2015 for details.
b Relates to distribution available to Unitholders arising from the return of capital. Refer to the announcement dated 14 December 2017 for details.

The Manager continued to pay out 100.0% of the income available for distribution to Unitholders in FY2019.

1 In FY2018 and FY2019, 100.0% of the Manager's management fee were paid in Units in lieu of cash.

Portfolio value increased 4.4%

Asset	Local currency valuation as at 30 September 2019 (million)	Translated as at 30 September 2019 (S$ million)[a]	Local currency valuation per NLA[b]	Variance from 30 September 2018 (local currency value) (million)	(%)	Variance from 30 September 2018 (translated value) (S$ million)	(%)	Valuation capitalisation rate[c]
China Square Central	S$648.0	648.0	S$1,662	S$65.6	11.3	65.6	11.3	
Alexandra Technopark	S$606.0	606.0	S$587	S$48.0	8.6	48.0	8.6	
Singapore Properties	**S$1,254.0**	**1,254.0**		**S$113.6**	**10.0**	**113.6**	**10.0**	**Office: 3.5% Retail: 4.0% Business space: 6.0%**
Central Park (50.0% interest)	A$310.5	289.0	A$9,381	A$19.5	6.7	0.8	0.3	
Caroline Chisholm Centre	A$245.0	228.0	A$6,088	(A$7.0)	(2.8)	(21.6)	(8.7)	
357 Collins Street	A$328.0	305.3	A$10,256	A$26.0	8.6	6.2	2.1	
Australia Properties	**A$883.5**	**822.3**		**A$38.5**	**4.6**	**(14.6)**	**(1.7)**	**Office: 4.9% - 7.0%**
Total Singapore and Australia		**2,076.3**						
Farnborough Business Park, UK (50.0% interest)[d]	£88.7	150.6	£324	£1.0	1.1	(5.6)	(3.6)	**6.4%**
Total Portfolio		**2,226.9**				**93.4**	**4.4**	

a Translated at A$1.00 = S$0.9307 or £1.00 = S$1.6984, as the case may be, being the exchange rates as at 30 September 2019.
b Expressed as per sq ft for Singapore and UK properties and per sq m for Australia properties.
c Based on cash rental income, less non-recoverable property operating expenses.
d Farnborough Business Park is held as a joint venture and equity-accounted in the financial statements.

Portfolio value increased to S$2.2 billion based on independent valuations as at 30 September 2019, up 4.4% compared to a year ago. The increase in portfolio value was due to higher valuations for the Singapore properties, Central Park, 357 Collins Street and Farnborough Business Park, partially offset by the lower valuation for Caroline Chisholm Centre and lower translated values of the Australia properties and Farnborough Business Park due to the effects of the weaker Australia Dollar and Sterling Pound compared to a year ago.

In the respective local currency, the Singapore properties, the Australia properties and Farnborough Business Park reported year-on-year valuation gains of 10.0%, 4.6% and 1.1%, respectively.

NAV and NAV per Unit

As at 30 September 2019, FCOT's NAV grew 3.5% year-on-year to S$1.5 billion. NAV per Unit (excluding distribution) of S$1.61 as at 30 September 2019 was 1.2% higher year-on-year.

Debt and Debt-Related Information

	30 September 2018	30 September 2019	Increase/ (decrease)
Debt	S$615.0 million	S$646.7 million	5.2%
Gearing[a]	28.3%	28.6%	0.3%-points
Unencumbered assets as a % of total assets	100.0%	100.0%	–
Borrowings on fixed rates as a % of total borrowings	81.2%	87.8%	6.6%-points
Weighted average tenure of debt to maturity	2.8 years	2.1 years	(0.7 years)
Average cost of debt	3.0%	3.0%	–
Interest cover[b]	4.0 times	4.8 times	Not meaningful
Issuer rating by Moody's Investors Service	Baa2	Baa2[c]	–

a Gross borrowings as a percentage of total assets.
b Figures are averages for the respective financial year. Calculated based on net income before changes in fair values of investment properties, interest expense and income, other investments and derivative instruments, income tax and distribution; and adding back certain non-recurring items/cash finance costs. The FY2018 interest cover calculation excluded the gain on divestment of 55 Market Street of S$75.7 million. Including the gain on divestment, the interest coverage ratio would be 7.3 times.
c Refer to details in the main discussion in the next page.

FCOT's total debt is well-diversified across bank borrowings and fixed/floating rate notes. As at 30 September 2019, total debt of S$646.7 million comprised S$256.7 million in bank borrowings and S$390.0 million in notes. All debts are on unsecured basis, which provides a high degree of financial flexibility.

As at 30 September 2019, the weighted average debt maturity was 2.1 years and gearing was 28.6%, well below the 45% limit for Singapore REITs set by the Monetary Authority of Singapore. For FY2019, average interest coverage ratio continued to be healthy at 4.8 times and the average cost of debt was 3.0% per annum.

Moody's Investors Service (Moody's) affirmed FCOT's issuer rating of Baa2 and changed the outlook from negative to stable in its credit opinion issued in June 2019. The change in the outlook reflected Moody's expectation on FCOT's improved credit metrics on the back of the new lease with Google which would take up around 344,100 sq ft of space at Alexandra Technopark, among other things.

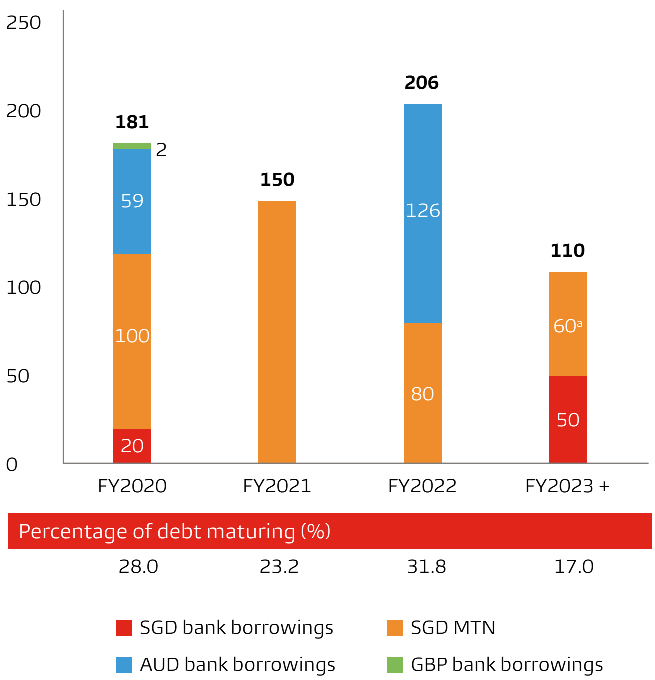
Prudent and Proactive Capital Management

The Manager continues to take a prudent and proactive approach towards capital management.

In February 2019, a S$50.0 million five-year term loan facility was entered into to part finance asset enhancement works.

Well-spread Debt Maturity Profile

Debt maturity profile as at 30 September 2019
(S$ million)



a S$60.0 million senior unsecured notes issued in February 2018 and swapped into Sterling Pound.

As at 30 September 2019, FCOT's debt portfolio comprised the following facilities and notes:

Debt	Amount (million)	Maturity
Borrowings (all unsecured)		
GBP revolving credit facility	£1.4	16 October 2019
SGD revolving credit facility	S$20.0	26 December 2019
AUD term loan facility	A$63.0	14 August 2020
AUD term loan facility	A$135.0	20 June 2022
SGD term loan facility	S$50.0	15 March 2024
Notes		
S$100.0 million five-year senior unsecured notes due in 2021 with a fixed interest rate of 2.835% per annum (Series 001 Notes)	S$100.0	11 August 2021
S$100.0 million three-year senior unsecured notes due in 2020 with a fixed interest rate of 2.625% per annum (Series 002 Notes)	S$100.0	28 February 2020
S$50.0 million four-year senior unsecured notes due in 2021 with a fixed interest rate of 2.783% per annum (Series 003 Notes)	S$50.0	15 March 2021
S$80.0 million five-year senior unsecured notes due in 2022 with a floating interest rate of the prevailing 6-month Singapore Dollar swap offer rate plus a spread of 0.88% per annum (Series 004 Notes)	S$80.0	3 May 2022
S$60.0 million five-year senior unsecured notes due in 2023 with a fixed interest rate of 3.185% per annum (Series 005 Notes)[a]	S$60.0	28 February 2023

a Subsequently swapped into Sterling Pound.

The debt maturities are well-spread out and the Manager intends to continue to maintain a well-spread debt maturity profile for FCOT. The Manager believes that FCOT would be able to refinance borrowings and meet its obligations as and when they fall due.

Foreign Exchange Risk Management

Besides borrowings denominated in Australia Dollar and borrowings swapped into Sterling Pound to provide 'natural hedges' for FCOT's investments in Australia and the UK, respectively, derivative financial instruments are used to manage FCOT's foreign currency exposure. The Manager hedges anticipated net cash flows from the overseas properties generally around six to nine months forward to help provide certainty on the Singapore Dollar values of the anticipated net cash flows. The Manager continuously monitors the market and may, where appropriate, use derivative financial instruments or other financial products to limit FCOT's exposure to adverse movements in foreign exchange rates.

DRP for Distributions Declared for FY2019

The DRP was applied for the distributions declared in FY2019. The DRP provided 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 the Units that they hold. The DRP enables Unitholders to acquire new Units without incurring transaction costs. Cash retained and Units issued under the DRP will enlarge FCOT's capital base, strengthen its working capital reserves and improve the liquidity of the Units. In FY2019, 11.2 million new Units for an aggregate value of S$16.3 million were issued pursuant to the DRP.

Sensitivity Analysis – Exchange Rate and Interest Rate

For FY2019, 48.3% and 11.0% of the portfolio NPI[2] were derived from properties in Australia and the UK, respectively. As such, the distributable income of FCOT is subject to fluctuations in the exchange rates between the Singapore Dollar and the Australia Dollar/ Sterling Pound. In this respect, a 5% strengthening of the Singapore Dollar against the Australia Dollar would result in a pro-forma decrease of approximately S$2.2 million or 2.6% in the FY2019 distributable income. A 5% strengthening of the Singapore Dollar against the Sterling Pound would result in a pro-forma decrease of approximately S$0.5 million or 0.6% in the FY2019 distributable income.

FCOT is also subject to interest rate fluctuations, mainly in respect of its interest-earning financial assets and interest-bearing borrowings which are not on fixed or hedged rates. A 1.0 percentage point increase in interest cost on the portion of the borrowings that are not on fixed or hedged rates, with all other variables held constant, would correspondingly decrease FY2019 distributable income by S$0.8 million or 0.9%.

2 Inclusive of attributable 50.0% share of NPI for Farnborough Business Park which is held as a joint venture and equity-accounted in the financial statements. The amount included reimbursements of lease incentives, rent guarantees for certain unlet units and other commercial arrangements performed by the vendor, in accordance with the terms of the acquisition (refer to announcement dated 14 December 2017 for details).

Investor Relations Overview

Proactive Engagement and Timely Communication

The Manager is committed to providing timely, accurate and objective information and maintaining open, proactive and continuous communications with the investment community. The Manager regularly engages with the investment community through various channels including the FCOT website (www.fraserscommercialtrust.com), announcements, press releases, analyst briefings, conferences, roadshows and other investor meetings and property tours. An investor relations policy is in place to promote regular, timely, accurate and fair communications.

In FY2019, the Manager engaged with more than 150 investors and analysts locally and regionally and participated in more than 30 conferences, roadshows and other investor meetings in Bangkok, Kuala Lumpur, Singapore and Tokyo. To support investor education, the Manager also participated in the DBS-REITAS Private Banking Event, SGX-REITAS Education Series and the Singapore REITs Symposium (all held in Singapore) to reach out to and engage with retail investors. Analysts' briefings and investors' luncheons were conducted after the announcements of FY2019 half year and full year results in April 2019 and October 2019, respectively.

The Manager provides material information regarding the performance, outlook, plans and strategies of FCOT to the investment community beyond mandatory compliance requirements, to keep investors updated and help them make informed decisions. Various information and materials regarding FCOT, including annual reports, circular to Unitholders, quarterly results, investor presentations, announcements, press releases, asset details and profiles of the Board and senior management team of the Manager, are publicly available on the FCOT website. The deed of trust constituting FCOT is also available for inspection upon request at the Manager's office[1].

FCOT's quarterly results are released within one month after the end of each financial quarter and posted on the FCOT website and SGX-ST. Webcasts of the Manager's presentations of FCOT's half year and full year results are also made available on the FCOT website on the day of release of the respective results.

FCOT is recognised for good corporate governance and disclosure practices. FCOT was ranked 5th out of 46 in the Singapore Governance and Transparency Index 2019 (REIT and Business Trust category).

AGM

The AGM is a good avenue for Unitholders to raise queries and convey their views on FCOT to the Board and senior management team of the Manager. Unitholders are encouraged to participate and cast their votes for resolutions at the AGM. Unitholders investing through nominee companies and other custodial services for securities are not constrained by the "two proxy" limitation, and are able to appoint more than two proxies to attend, speak and vote at the AGM[2].

The Manager strives to dispatch the Notice of AGM and Proxy Form early, to provide in excess of the minimum notice period to Unitholders. For the 10th AGM, the notice of AGM and proxy form were sent to Unitholders on 20 December 2018 (close to a month before the AGM was held) and the Notice of the AGM was also advertised in major newspapers and on SGX-ST.

All the Board members (including the Chairman), the CEO and other senior management of the Manager, as well as the Trustee and certain professional consultants (including auditors, valuers and legal advisors), were present at the AGM to address feedback and queries from Unitholders. The senior management team of the Manager also made a presentation to brief Unitholders on the performance and key developments of FCOT. Finally, the Board members and senior management team also mingled and interacted with Unitholders after the conclusion of the AGM.

Voting for all the AGM resolutions were conducted via polls and tabulated based on procedures disclosed to Unitholders at the beginning of the AGM. The results of the polls, including the number of votes casted for and against each resolution, were counted and validated by an independent scrutineer and announced during the AGM, as well as released on SGX-ST on the same day.

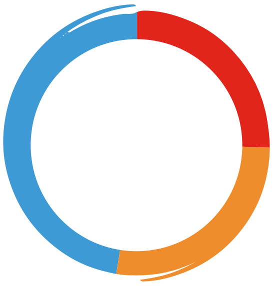
Finally, the minutes of the AGM recording details of Unitholders' queries and responses is available on the FCOT website.

1 Prior appointment with the Manager is appreciated.
2 Refer to the Proxy Form for further details.

FCOT Unitholders

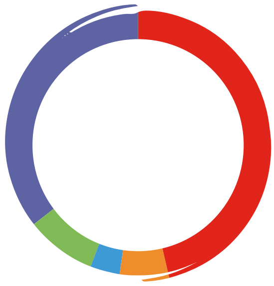
The profile of Unitholders by unitholder type and geographical location as at 30 September 2019 are as follows:

Unitholders by type (%)



Frasers Property Limited (through its subsidiaries)	25.7
Institutional investors	27.0
Retail investors	47.3

Unitholders by geography (%)



Singapore	46.4
North America	5.9
Europe	3.6
Asia (ex-Singapore)	8.5
Others/unallocated	35.6

Investor Relations Calendar in FY2019

Activities	Month
FY2019 First Quarter (1 October 2018 – 31 December 2018)	
Analysts' Briefing on FY2018 full year results	October
Post-results investors' luncheon	October
FY2019 Second Quarter (1 January 2019 – 31 March 2019)	
DBS The Pulse of Asia Conference in Singapore	January
10th AGM in Singapore	January
Non-deal roadshow in Singapore	March
FY2019 Third Quarter (1 April 2019 – 30 June 2019)	
Non-deal roadshow in Bangkok	April
Analysts' Briefing on FY2019 first half results	April
Post-results investors' luncheon	April
DBS-REITAS Private Banking Event in Singapore	May
SGX-REITAS Education Series in Singapore	May
SREITs Symposium in Singapore	May
dbAccess Asia Conference in Singapore	May
FY2019 Fourth Quarter (1 July 2019 – 30 September 2019)	
Citi-REITAS-SGX C-Suite Singapore REITs and Sponsors Forum in Singapore	August
Non-deal roadshow in Tokyo	August
Non-deal roadshow in Kuala Lumpur	September

Analyst Coverage

FCOT is currently covered by the following research houses.

1. Bank of Singapore
2. CIMB Research
3. Daiwa Institute of Research
4. DBS Vickers Research
5. Morningstar Equity Research[3]
6. RHB Research
7. Soochow CSSD Capital Markets Research

3 Initiated coverage in September 2019.

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

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

Distributions

FCOT applied the DRP for the distributions in FY2019. For FY2019, 100.0% of the distributable income was distributed to Unitholders. A summary of FY2019 distributions is as follows:

Financial Quarter	Financial Period	Distribution	Distribution Per Unit (cents)
FY2019 First Quarter	1 October 2018 to 31 December 2018	Taxable[1]	1.3344
		Tax-exempt[2]	0.5505
		Capital[3]	0.5151
		Total[4]	**2.4000**
		Payment date	**1 March 2019**
FY2019 Second Quarter	1 January 2019 to 31 March 2019	Taxable[1]	1.1917
		Tax-exempt[2]	0.6095
		Capital[3]	0.5988
		Total[4]	**2.4000**
		Payment date	**30 May 2019**
FY2019 Third Quarter	1 April 2019 to 30 June 2019	Taxable[1]	1.2300
		Tax-exempt[2]	0.6705
		Capital[3]	0.4995
		Total[4]	**2.4000**
		Payment date	**29 August 2019**
FY2019 Fourth Quarter	1 July 2019 to 30 September 2019	Taxable[1]	1.1518
		Tax-exempt[2]	0.5193
		Capital[3]	0.7289
		Total[4]	**2.4000**
		Payment date	**29 November 2019**

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.

Calendar of Financial Events FY2020

(subject to changes by the Manager without prior notice)

January 2020
- 11th AGM
- Release of FY2020 First Quarter Results

February 2020
- Payment of distribution for FY2020 First Quarter

April 2020
- Release of FY2020 Second Quarter Results

May 2020
- Payment of distribution for FY2020 Second Quarter

July 2020
- Release of FY2020 Third Quarter Results

August 2020
- Payment of distribution for FY2020 Third Quarter

October 2020
- Release of FY2020 Full Year Results

November 2020
- Payment of distribution for FY2020 Fourth Quarter

Market Overview
Singapore

1 The Singapore Economy

According to the Ministry of Trade and Industry (MTI)[1], the Singapore economy expanded by 0.5% year-on-year (Y-o-Y) in 3Q 2019, higher than the growth rate of 0.2% recorded in the last quarter. The construction sector expanded by 2.9% Y-o-Y, extending the 2.8% growth in the second quarter. Underpinned by growth in the finance and insurance, other services industries and information and communications sectors, the services-producing industries expanded by 0.9% Y-o-Y in 3Q 2019.

The global economy is showing signs of stabilisation even though global growth remains tepid. While performance of manufacturing sector and trade-related services sectors are forecasted to stay subdued, growth in the remaining quarter of 2019 is projected to be led by information and communications, finance and insurance, and education, health and social services sectors. MTI expects Singapore to register economic growth of 0.5% to 1.0% for the whole of 2019.

2 The Office Market

2.1 Existing Office Supply

Singapore office market stock stood at 61.0 million sq ft as at 3Q 2019. According to CBRE's classification, 13.6 million sq ft are Grade A office space while 34.4 million sq ft are classified as Grade B office stock. Approximately 49.6% of the total office space in the CBRE basket is located in the Core CBD sub-market which consists of Raffles Place, Marina Bay, Marina Centre and Shenton Way.

The Raffles Place micro-market accounted for around 37.3% of the Core CBD office stock as at end-3Q 2019. With 55 Market Street undergoing enhancement works, the Raffles Place micro-market office stock stood at approximately 11.3 million sq ft. Around 70.0% of the Raffles Place micro-market stock are classified as Grade B office space. While China Square Central is part of the Grade B stock in the Raffles Place micro-market, it has finishes and amenities comparable with some Grade A office buildings.

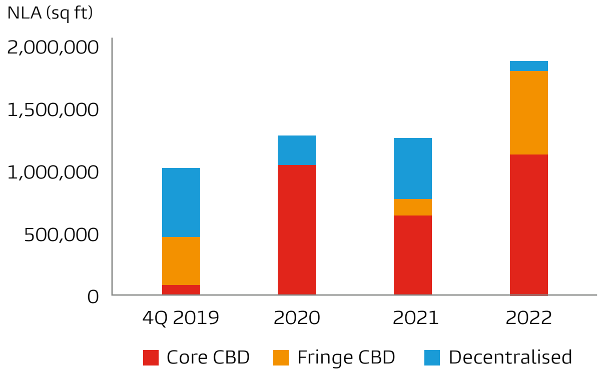
Major office developments and refurbishments completed in 2019 included 18 Robinson (0.1 million sq ft) and the office component of Funan (0.2 million sq ft) in the CBD Core and CBD Fringe sub-markets, respectively.

2.2 Future Office Supply

Based on CBRE estimates, around 5.4 million sq ft of office space will be completed over the next three years (4Q 2019 – 4Q 2022 inclusive). The Core CBD sub-market will make up the largest pipeline supply at 54.0%. The remaining 24.4% and 21.6% of new office space will be located in the Decentralised and Fringe CBD sub-markets, respectively. The bulk (34.6%) of the future office supply are expected to be completed in 2022.

Within the Core CBD sub-market, approximately 84,000 sq ft of new supply will be completed in 4Q 2019, with HD 139 being the only expected completion for the year. New supply in 2020 will come from 79 Robinson Road (514,000 sq ft), 30 Raffles Place (312,900 sq ft), Afro-Asia i-Mark (140,000 sq ft) and 55 Market Street (76,200 sq ft). CapitaSpring (the redevelopment of the former Golden Shoe Car Park) will inject 635,000 sq ft of office space to the Core CBD sub-market in 2021 while Central Boulevard Towers will add another 1.1 million sq ft of office space to the sub-market in the following year.

Chart 2.1: Future Office Supply



(Source: CBRE)

2.3 Office Demand and Occupancy

Total island-wide office net absorption was 74,590 sq ft in 3Q 2019. Leasing transactions in the first three quarters of 2019 were driven by a relatively diverse range of industries including consumer products and co-working space operators.

With the ongoing United States-China trade tensions and tepid global growth, occupiers are generally more cautious and are opting for renewals instead of committing capital expenditure to expand or relocate.

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

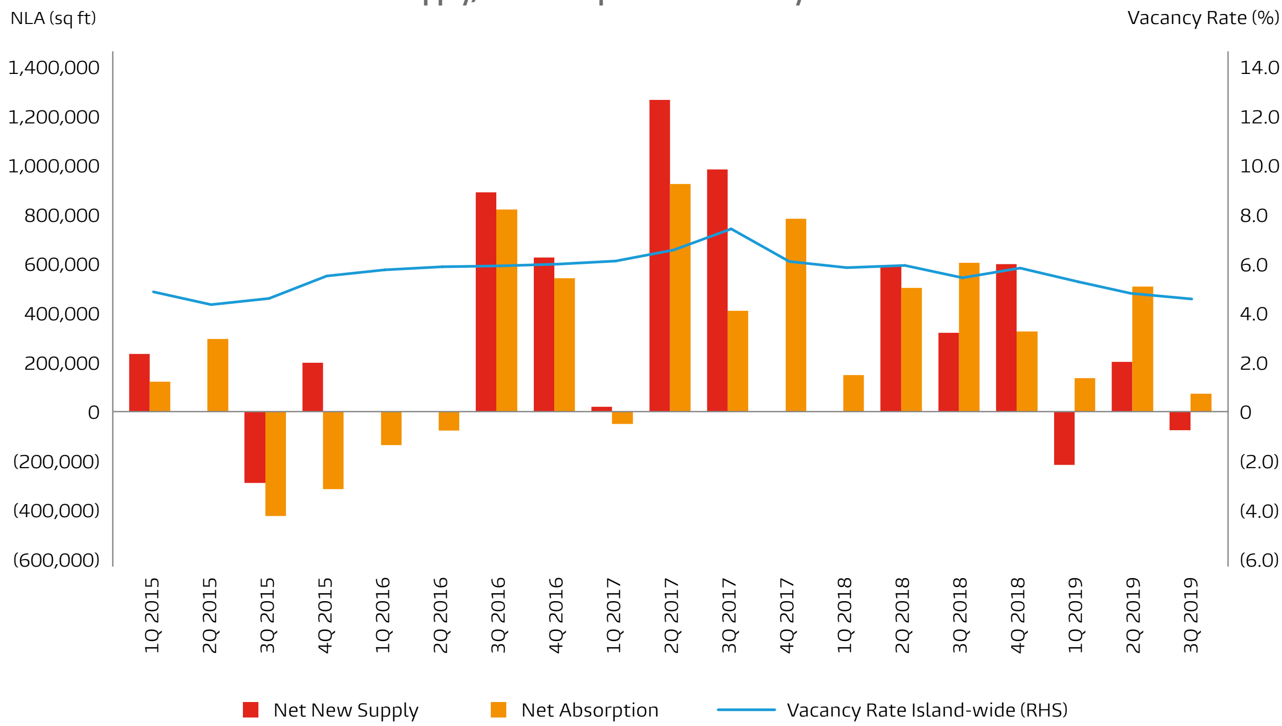
1 Source: Ministry of Trade and Industry Singapore, 21 November 2019.

Grade A office market continues 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 firms.

In contrast, Grade B offices tend to attract tenants who are usually more cost-conscious and do not have large floor plate requirements. These are usually tenants from business services, information technology, professional services and smaller fund management firms.

Offices well-served by amenities, such as having a good variety of food and beverage options nearby, will create a more compelling offer for prospective tenants. Following a S$38 million AEI, the retail podium of China Square Central has been repositioned as an exciting destination focusing on food and beverage, health and wellness, lifestyle and services offerings in a spruced-up and enjoyable environment. The AEI has enhanced the asset quality and improved the overall shopper experience. The newly upgraded retail podium commenced business operations in phases from November 2019. The retail component of China Square Central, including the retail podium, will also benefit from an increase in customer base and footfall from the 304-room Capri by Fraser, China Square hotel[2] within the development which opened in May 2019.

Chart 2.2: Island-wide Office: Net Supply, Net Absorption and Vacancy Rates



(Source: CBRE)

2.4 Office Vacancy Rates

Island-wide office vacancy tightened marginally by around 0.2 percentage-points over the quarter to 4.5% in 3Q 2019 with no new completions in the quarter. Compared with the same period last year (3Q 2018), the island-wide office vacancy rate has reduced by around 0.9 percentage-points. Vacancy rate for the Raffles Place micro-market tightened from 5.6% in 3Q 2018 to 4.3% in 3Q 2019.

Generally, there is a diversity of buildings within the Grade B spectrum in the Raffles Place micro-market. While most Grade B offices tend to fall short on location and sometimes quality, Grade B buildings in more favourable locations and of better quality will continue to lead the Grade B market with healthier occupancy rates.

The occupancy rates of Grade B offices are also relatively more stable than Grade A offices due to a limited exposure to global financial institutions and relatively competitive rents.

2 The hotel is owned by an entity of Frasers Property (refer to Circular to Unitholders dated 3 June 2015 for details).

2.5 Office Rents

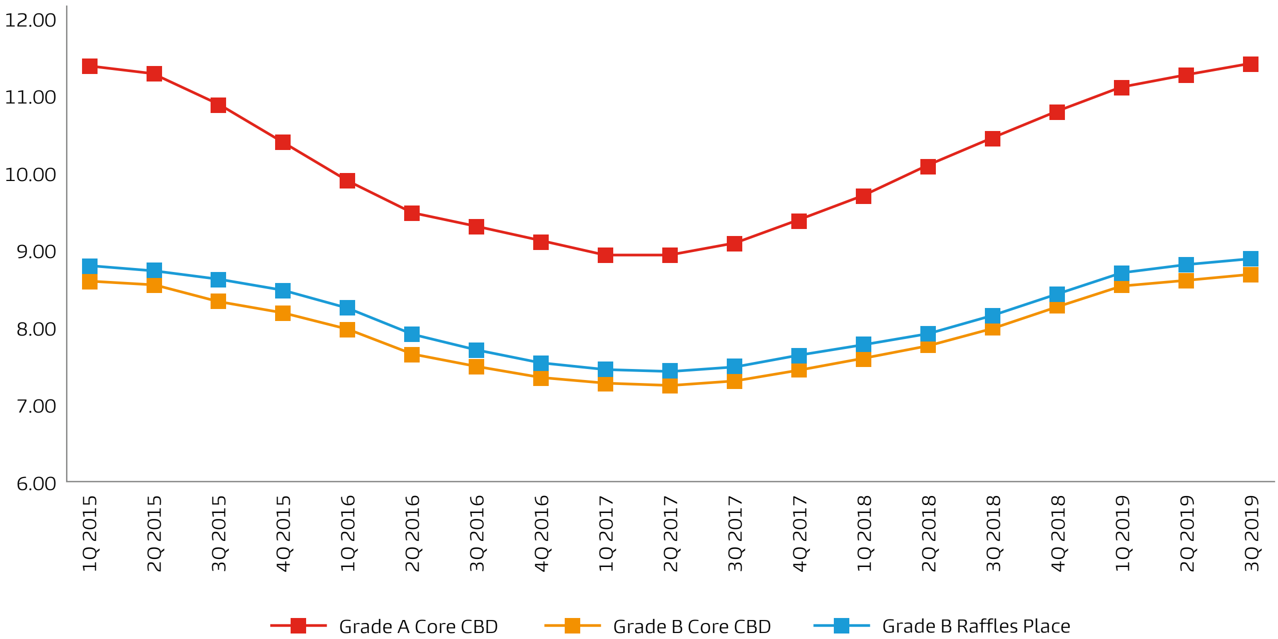
Office monthly rents trended upwards in 3Q 2019 as landlords set higher rental expectations amid a fairly tight vacancy environment. Grade A Core CBD average rent increased the most, rising by 9.6% Y-o-Y or 1.3% quarter-on-quarter (Q-o-Q) to S$11.45 per sq ft per month in 3Q 2019. Over the same period, the pace of increase for Grade B Core CBD office was slower at 8.7% Y-o-Y (1.2% Q-o-Q), to average S$8.70 per sq ft per month. The Grade B average office rent in Raffles Place grew 9.7% Y-o-Y (1.1% Q-o-Q).

In general, rents in the Raffles Place micro-market are supported by relatively healthy vacancy rates and limited new supply.

Leasing enquiries for good quality Grade B office space are expected to increase given the considerable tightening of Grade A space availability and an easing pipeline of quality office supply in the near term. However, increasing external economic headwinds could impact office rental growth going forward.

Chart 2.3: Office Rents in Raffles Place Micro-Market

Rents (S$ per sq ft per month)



(Source: CBRE)

Table 2.1: Average Office Rents as of 3Q 2019

	3Q 2019 (S$ per sq ft per month)	Y-o-Y (%)	Q-o-Q (%)
Grade A Core CBD[3]	11.45	9.6	1.3
Grade B Core CBD	8.70	8.7	1.2
Grade B Raffles Place	8.90	9.7	1.1

(Source: CBRE)

2.6 Office Investment Market and Capital Values

Investment volume for the office sector increased by 8.8% over the quarter to S$3.0 billion in 3Q 2019. The total investment value amounted to S$6.1 billion for the first three quarters of 2019; more than twice the investment value recorded when compared with the same period last year. The largest office transaction year-to-date was the sale of DUO to Allianz Real Estate and Gaw Capital Partners for S$1.6 billion. Another significant office deal transacted this year was the sale of Chevron House to AEW Asia for S$1.0 billion.

The capitalisation rate for CBD office transactions in the first three quarters of 2019 was generally between 3.0% and 3.5%. Investor interest remains favourable for this sector due to the stability of Singapore's long-term economic fundamentals, which is especially attractive given the uncertainty surrounding the global economy. Quality office buildings in prime locations are key beneficiaries as they are highly desired by both local and foreign investors looking for a safe haven.

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

Over the past year, a number of office deals have been concluded against a backdrop of limited existing supply, pushing capital values upwards. The average Grade A Core CBD office capital value rose 3.4% Y-o-Y from S$2,900 per sq ft in 3Q 2018 to S$3,000 in 3Q 2019.

2.7 Office Market Outlook

The office market outlook is increasingly clouded amidst heightened economic headwinds with key downside risks being the ongoing trade tensions between United States and China, slowdown in China's economy and a weakening in Singapore's trade-related and services sector. At present, vacancy levels remain healthy with the supply situation looking relatively tight in the short to medium term.

Occupiers are likely to hold off premises planning as economic uncertainty persists. To see greater leasing interest and activities, a narrowing of gap in rental expectations between landlords and occupiers will be required. Overall, the confluence of these factors is expected to cap the extent of further rental advancement over the next six to 12 months.

3 The Hi-Specs and Business Park Markets

The Hi-Specs business space market typically refers to light and clean industrial premises that are equipped with higher-grade and more comprehensive building specifications compared to conventional industrial premises. Such specifications usually consist of central air-conditioning, smart building automation system, security features, high ceiling height clearance, wide column span, higher grade electrical power loading and the provision of premises fittings including suspended ceilings and lightings.

Hi-Specs business space developments typically attract value-conscious industrialists in the high technology, information technology, infocomm and electronics sectors, as well as back-end functions of financial institutions and other corporates. While the occupier profiles of Hi-Specs Business Space developments may resemble that of Business Parks, they tend to gravitate towards more cost-conscious companies who are able to conform to usage requirements and restrictions stipulated by the Government for properties under its "Business 1" and "Business 2" land use zonings.

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

Alexandra Technopark is a Hi-Specs business space development with a land area of 4.8 hectares. Following an asset enhancement which was completed in January 2019, Alexandra Technopark has been transformed to a business campus with spacious campus-like environment with communal spaces for collaborative activities and a multitude of lifestyle, wellness, sports and social amenities for work-life balance. These attributes, including large floor plates and flexible space configuration, are commonly found in a Business Park environment.

3.1 Hi-Specs and Business Park Existing Supply

As at 3Q 2019, there was approximately 14.7 million sq ft of Hi-Specs business space island-wide. Most Hi-Specs business spaces are located in Central Singapore (42.6%), followed by North-Eastern Singapore (25.0%), and Western Singapore (16.9%). A notable completion in 2019 would be Solaris@ Kallang by SB (Waterview) Investment Pte Ltd with an estimated NLA of 522,000 sq ft.

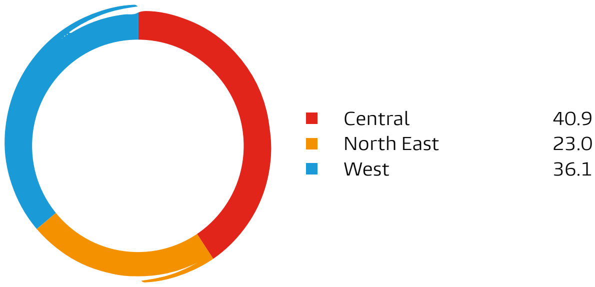
Alexandra Technopark is located in the Alexandra micro-market, which is part of the City Fringe region. This micro-market has a limited supply of Hi-Specs space at 1.9 million sq ft.

The only new Business Park completion in 2019 to-date was 5 Science Park Drive. As of 3Q 2019, the total stock of Business Park space monitored by CBRE stood at 19.5 million sq ft. According to JTC Corporation, the majority of Business Park space are located in the Central Region (58.5%) of Singapore, which comprises of one-north, Singapore Science Park and Mapletree Business City (MBC). This is followed by the Eastern Region (24.2%) with the key anchor being Changi Business Park. The West Region is the smallest sub-market (17.3%) with International Business Park.

3.2 Hi-Specs and Business Park Future Supply

CBRE estimates that total island-wide Hi-Specs business space and Business Park space stock will increase by 3.9 million sq ft over the next three years (4Q 2019 – 4Q 2022 inclusive). This consists of 1.8 million sq ft and 2.1 million sq ft of Hi-Specs business space and Business Park space, respectively. Over three-quarter (77.0%) of the pipeline supply is in the West and Central Regions while the remaining (23.0%) is in the North East Region.

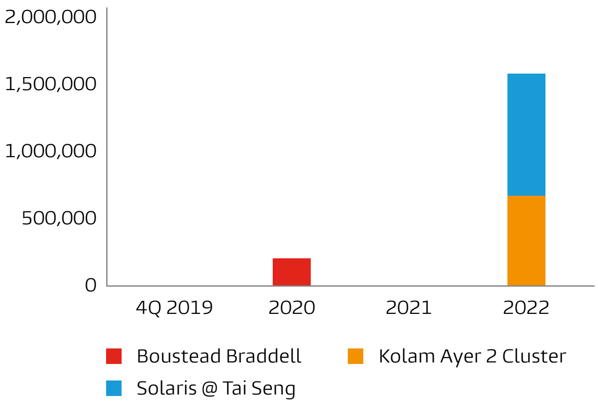
Chart 3.1: Future Supply of Hi-Specs and Business Park Space by Area
Proportion (%)



(Source: CBRE)
Note: Based on CBRE estimates.

Only around 208,000 sq ft of Hi-Specs space from Boustead Braddell (in the Central Region) will be completed in 2020. In 2022, Kolam Ayer 2 Cluster (Central Region) and Solaris @ Tai Seng (North East Region) are expected to inject a combined 1.6 million sq ft of Hi-Specs space to the market. There is currently no known new Hi-Specs business space development located in the Alexandra micro-market.

Chart 3.2: Future Supply of Hi-Specs Business Space
Estimated NLA (sq ft)

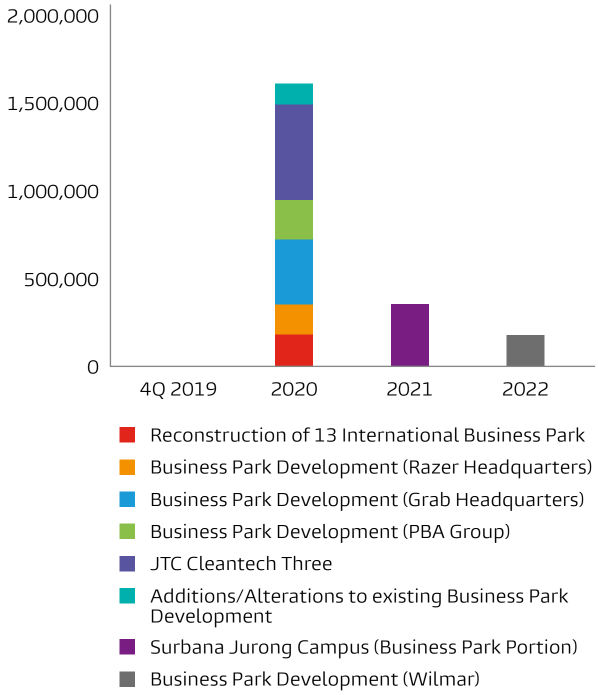


(Source: CBRE, Mapletree Logistics Trust and Boustead)
Note: Based on CBRE estimates.

The Business Park pipeline supply over the next three years (4Q 2019 – 4Q 2022 inclusive) totalled 2.1 million sq ft as at 3Q 2019 with approximately 74.9% of the supply coming on-stream in 2020. Around two-thirds (66.7%) of the Business Park future supply will be located in the Western Region while the remaining are in the Central Region.

The largest new Business Park development would be JTC's Cleantech Three in the Western Region. It is a multi-tenanted facility that will cater to firms engaging in clean technology-related research and development activities. Cleantech Three will also be the biggest project in Cleantech Park to date, with a net floor area of approximately 538,500 sq ft, amounting to the combined size for both Cleantech One and Cleantech Two.

Chart 3.3: Future Business Park Supply
Estimated NLA (sq ft)



(Source: CBRE)

3.3 Hi-Specs and Business Park Demand and Vacancy

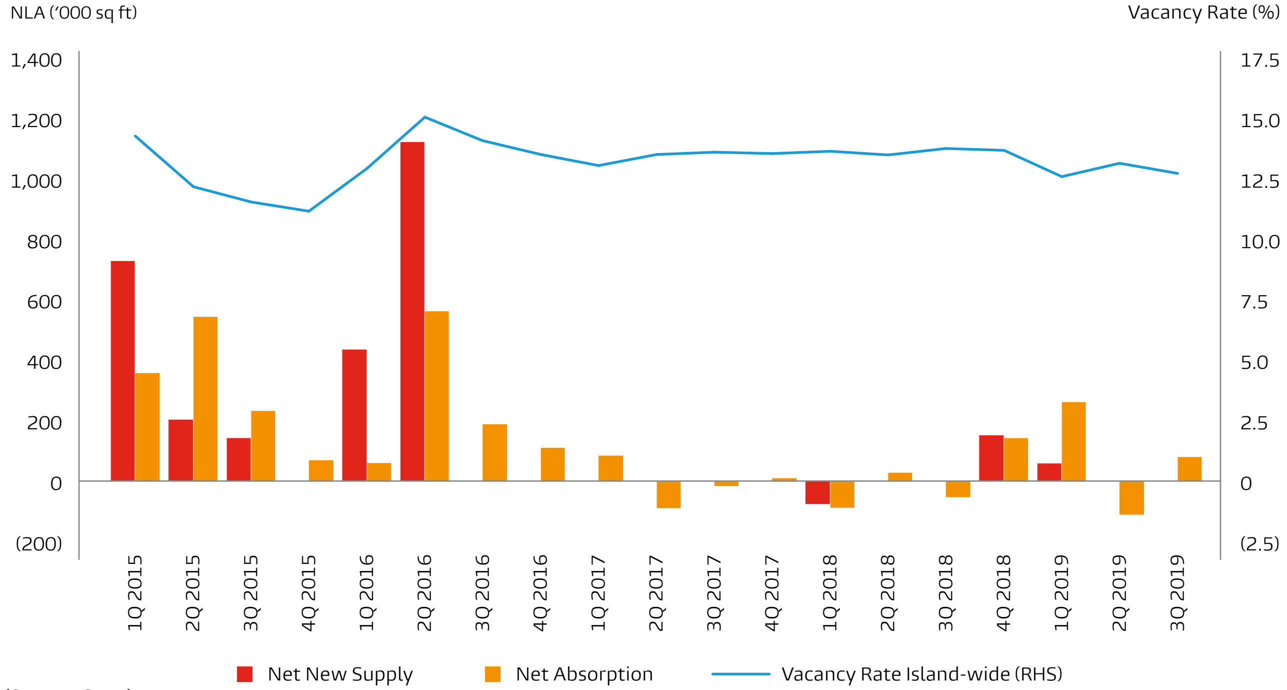
The total island-wide net absorption for Hi-Specs business space was around 972,800 sq ft for 2019 to-date. The ongoing restructuring of Singapore's economy had led to increased emphasis on higher value-add and productivity activities which will fundamentally increase demand for Hi-Specs space in the medium to long term in place of more traditional, basic and lower-grade industrial facilities. Island-wide vacancy rate for Hi-Specs business space in 3Q 2019 stood at 12.9%. Given the limited pipeline supply of Hi-Specs space between 4Q 2019 and 2021, occupancy rate is projected to trend upwards progressively.

The Business Park market displayed resilience in 3Q 2019. Net absorption reversed from negative 109,100 sq ft in 2Q 2019 to 80,400 sq ft in 3Q 2019. With no new Business Park completion in the quarter, the island-wide vacancy rate tightened from 13.2% in 2Q 2019 to 12.7% in 3Q 2019.

Hi-Specs and Business Park developments with good accessibility and amenities will continue to appeal to tenants. Alexandra Technopark's repositioning to a business campus following the completed asset enhancement is expected to enhance the property's long-term market positioning and competitiveness.

In the longer term, Alexandra Technopark is expected to benefit from the revitalisation of the Greater Southern Waterfront[4] area given its proximity to the area.

Chart 3.4: Island-wide Business Park Net Supply, Net Absorption and Vacancy Rates

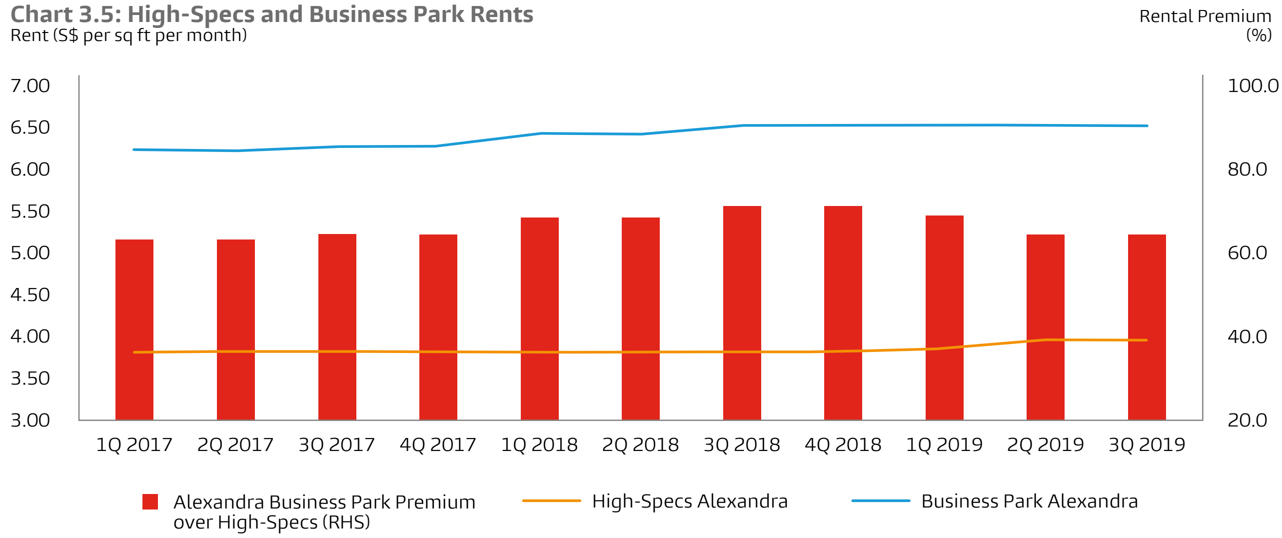


(Source: CBRE)

3.4 Hi-Specs and Business Park Rents

The average Alexandra micro-market rent for Hi-Specs business space stood at S$3.95 per sq ft per month in 3Q 2019. For Business Parks, rents have generally been very resilient. Rents for City Fringe Business Parks remained stable at S$5.80 per sq ft per month in 3Q 2019. Similarly, rents in the Rest of Island submarket also remained stable on a Q-o-Q basis at S$3.80 per sq ft per month in the same quarter. Business Park rents in the Alexandra micro-market stood at S$6.50 per sq ft per month in 3Q 2019, commanding a rental premium of 65.0% over Hi-Specs spaces in the micro-market. In general, the Alexandra micro-market enjoys good locational attributes which is expected to keep demand healthy, resulting in rental premiums of more than 50.0% over the island-wide Business Park market rent.

Chart 3.5: High-Specs and Business Park Rents



(Source: CBRE)

4 Announced during the Singapore National Day Rally 2019.

3.5 **Hi-Specs and Business Park Outlook**

Hi-Specs and Business Park space remain favourable options for qualified tenants seeking longer term rental stability. Tenants in this space include incubators, infocomm technology and fintech firms. Leasing transactions in 2019 so far are mainly pockets of expansion by technology firms in the City Fringe market. Limited new supply will support the Hi-Specs and Business Park markets over the short term as only a handful of projects are able to offer meaningful leasable space.

The disparity in performances between the City Fringe and Rest of Island submarkets reflect clear locational advantages of the former. Hi-Specs and Business Park space in City Fringe remain the de-facto choice for most tenants due to their higher quality and better location. The enhancement and repositioning of Alexandra Technopark have significantly improved its market positioning and leasing appeal as evidenced by its high committed occupancy of 96.8% as at 30 September 2019.

Prospects for the Business Park sector currently look stable. The Government has adopted a targeted approach towards the introduction of new Business Park space with the majority being built-to-suit projects for single-owner occupier use. Business Park space in City Fringe continue to remain as the preferred option, with interest potentially spilling to Business Parks in the Rest of Island market.

While the Hi-Specs market could face headwinds amid the slowdown to the manufacturing sector, the shift towards high-tech industries in Singapore will provide support to the demand for Hi-Specs space over the long run.

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6.

This report is dated 2 December 2019.

CBRE

Market Overview
Melbourne, Australia

Overview

The state of Victoria has remained in a period of healthy economic growth with state final demand[1] up 1.9% in the 12 months ended June 2019, although this is below the 5.3% growth recorded for the 12 months ended June 2018. Economic growth in Victoria remains above those of all other states (excluding ACT and Tasmania), with gross state product forecast growth of 2.8% exceeding the Australian average of 2.5% over the next five years.

The low Victorian unemployment rate of 4.7%[2] as at September 2019 as compared to the national rate continues to influence Victoria's comparatively stronger economy. Victorian white-collar employment rate grew 4.7%[3] year-on-year as at June 2019, driven primarily by the professional, science and technical services sector. The health care and social assistance and public administration and safety sectors are set to be the largest contributor of white-collar jobs growth both in the short term (next 12 months) and long term (next five years). Victorian white-collar employment is forecast to grow by 1.4% from June 2019 to June 2020 due to the transition of the economy into a lower growth environment.

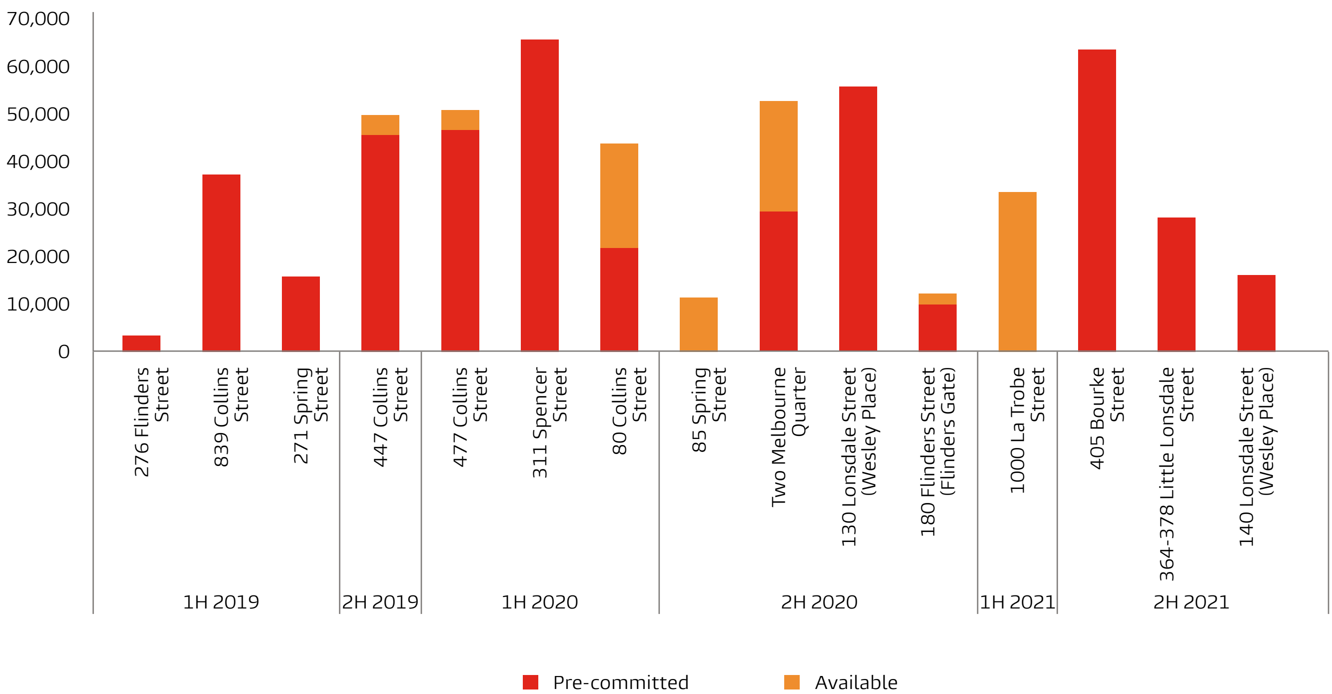
Notwithstanding the above, increasing economic headwinds alongside diminishing consumer and business confidence has underpinned a slowing performance of the economy, as the Australian and global economies move into a 'low-growth' environment, characterised by low inflation and wage growth, and reduced productivity across many developed economies.

Melbourne CBD Office Supply and Additions

The 2019 development pipeline will see an additional 106,000 sq m of office accommodation contributed to the Melbourne CBD market by the end of the year. Of this approximately 94% was pre-committed as at October 2019.

The supply pipeline for 2019 and beyond is set out below. Supply will remain above average levels over 2020 to 2021, with around 428,000 sq m of new commercial office accommodation expected to reach completion over the period, 78% of which was already pre-committed as at October 2019.

Melbourne CBD New Known Supply
(sq m)



(Source: CBRE – October 2019)

1 Estimate obtained by summing government final consumption expenditure, household final consumption expenditure, private gross fixed capital formation and the gross fixed capital formation of public corporations and general government. Source: Australian Bureau of Statistics.
2 Source: Australian Bureau of Statistics.
3 Source: Deloitte Access Economics (DAE) Business Outlook.

There will be a wave of backfill space entering the market arising from spaces vacated by tenants relocating to new office stock, which is estimated to be in the region of 250,000 sq m. This is expected to increase the vacancy rate and may impact on leasing market conditions depending on the timing when the backfill space re-enters the market, and whether tenant demand continues to be strong.

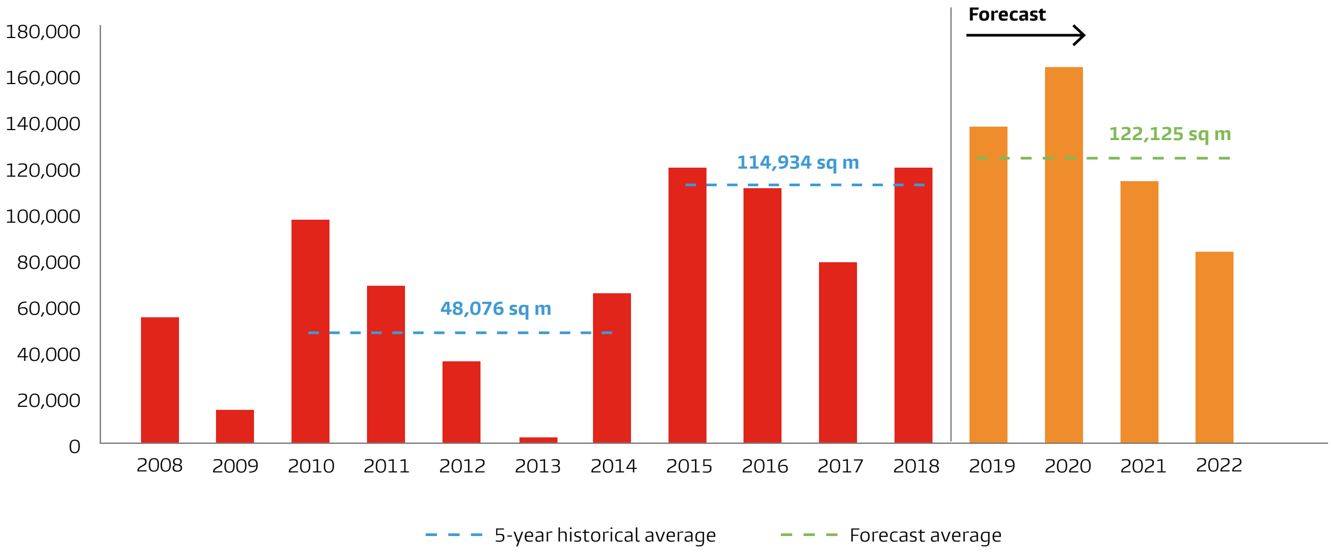
Net Absorption Outlook

Approximately 83,312 sq m of net absorption was recorded for the 12 months to July 2019 according to the Property Council of Australia. Prime stock net absorption (Premium and A Grade) accounted for 108,422 sq m, with secondary net absorption accounting for the remaining negative 25,110 sq m. Net absorption is forecast to remain positive in the short term given current white-collar employment growth and low unemployment in the CBD.

In the 12 months to July 2019, CBRE have witnessed strongest enquiry for office space from the professional services and information technology sectors, although overall tenant demand (the aggregate of individual tenant's variation in lettable area between lease terms) has fallen across all areas of the Melbourne CBD market compared to the corresponding period in 2018. This was driven by less business expansion and an increase in sub-leasing activity. There is also a trend of tenants relocating to other markets within Greater Melbourne. This is inclusive of the movement of tenants toward the Inner East market, displayed by the growing presence of entrepreneurial and creative sector tenants in this sub-market.

Take up of office space by co-working groups has increased rapidly over the last 24 months, with Melbourne leading co-working absorption across the country. Approximately 15,000 sq m and 13,000 sq m of absorption was recorded in the first half of 2019 and second half of 2018 respectively, a significant increase as compared to the absorption of only 3,000 sq m recorded in the first half of 2018. As at 30 September 2019, there were no co-working operators at 357 Collins Street.

Melbourne CBD Net Absorption
(sq m)



(Source: Property Council of Australia and CBRE – October 2019)

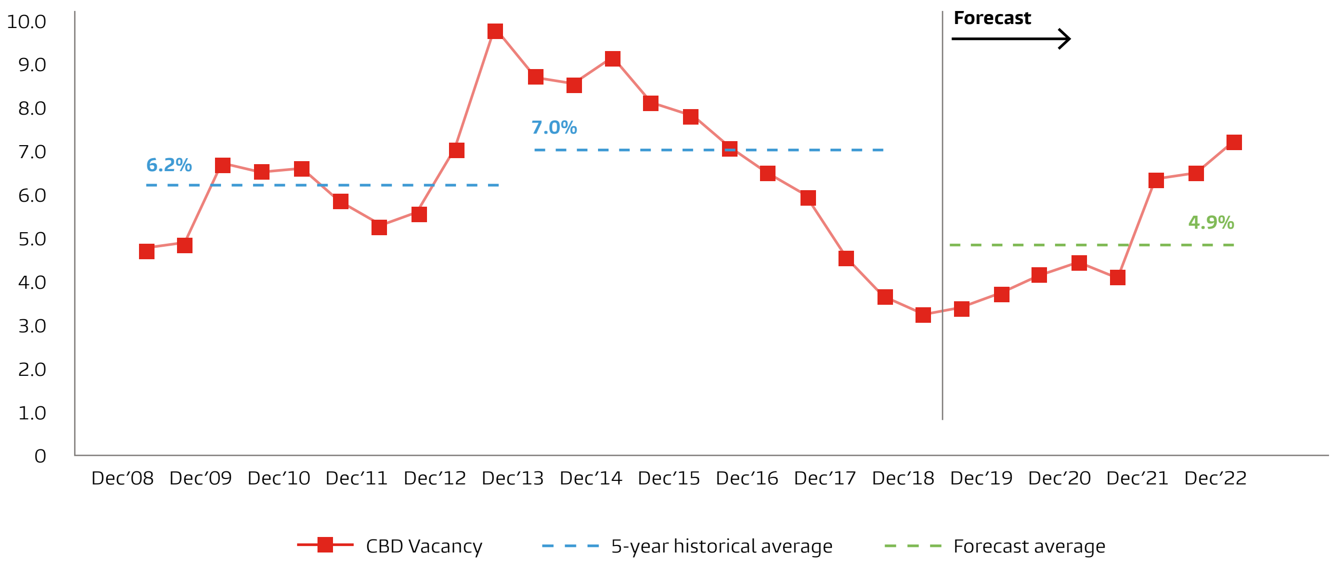
CBRE

Melbourne CBD Office Vacancy

According to the Property Council of Australia, the Melbourne CBD office total vacancy as at July 2019 was 3.3%, an improvement from 3.6% as at July 2018, and near historical lows.

The vacancy rate is expected to reduce further before increasing due to the amount of supply forecast to be delivered in late-2019 and beyond. CBRE Research forecast the total CBD vacancy rate to increase to above 4% in mid-2020 as new supply and backfill spaces enter the market.

Melbourne CBD Office Vacancy
(%)



(Source: Property Council of Australia and CBRE – October 2019)

Office Market Rental and Incentive Projections

Low vacancy drove growth in effective rents over previous quarters, with A Grade effective rents for 3Q 2019 up 3.9% quarter-on-quarter and up 10.3% year-on-year. As at 3Q 2019, A Grade net face rents average A$585 per sq m per annum, with incentives around 27%.

Effective rents are forecast to continue to grow over the next 12 months, but growth may be slowed as new office stock continues to enter the market providing a reprieve from the current low vacancy environment.

Melbourne CBD Yields

A competitive investment market is still active across the Melbourne CBD for office assets. Whilst number of sales are down year-on-year, sales volumes have increased over the previous year, with high value transactions such as the purchase of the remaining 50.0% interest in 2 Southbank Boulevard in February 2019 by GPT Wholesale Office Fund for A$326.2 million, the off market purchases of 31 Queen Street by AEW for A$200.5 million and 242 Exhibition Street by a partnership including Charter Hall and PSP Investments for A$830.0 million. 80 Collins Street was purchased by Dexus for a total of A$1.476 billion (inclusive of the hotel, office and retail components) contributing to a total sales volume of A$3.3 billion as at October 2019, surpassing the total sales volume of A$2.1 billion recorded for 2018.

With yields at record lows, CBRE is witnessing a tapering off of investment demand as the Melbourne CBD market is thought to be at peak values and a trend of yield spread narrowing between prime and secondary stock. Prime CBD office yields have compressed 15 basis points year-on-year. As at September 2019, prime CBD office yields averaged 4.8%.

This report is dated 2 December 2019.

CBRE

Market Overview
Perth, Australia

Overview

Overall business confidence and the outlook in the Western Australia (WA) economy is considered to be improving, following several years of weak market conditions. General positivity has begun to emerge in WA, with renewed activity in the resource sector, growth in labour markets, new project announcements and forecast population growth increases.

Over the five years from 2020 to 2024, WA population growth is forecast to be around 1.0% to 1.4% per annum, while gross state product and state final demand are forecast to grow between 2.5% to 3.2% and 2.7% to 4.4% respectively. State final demand is notable as this comprises the final consumption of goods and services, and excludes exports which are accounted for in the gross state product. Forecast growth will have a positive impact on the general sentiment in the Perth office market.

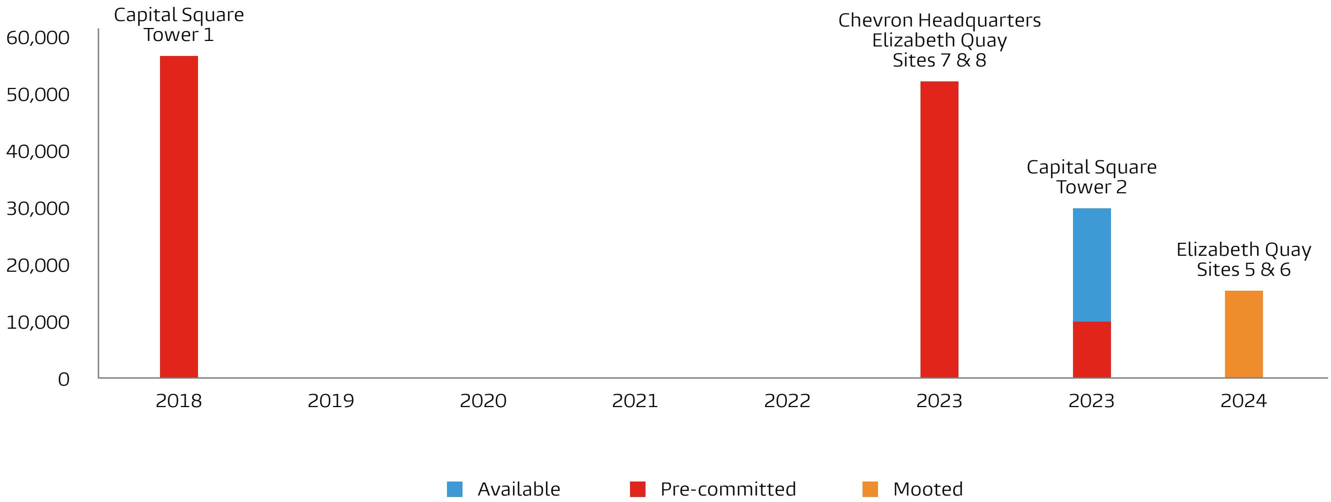
The historical low interest rate environment has helped reduce some of the risk surrounding the transitioning economy and the lower Australia Dollar is also having positive effects for the WA economy in aiding long-term growth and stability in Perth's property market and increasing the attractiveness of the state's assets to foreign investors.

Perth CBD Office Supply and Additions

CBRE considers the recovery of the Perth CBD office market will largely result from a lack of new supply entering the market over the coming years.

There have been three major new developments post-2016 comprising Capital Square which opened in December 2018 and is fully leased to Woodside; Chevron's new headquarters in Elizabeth Quay which is forecast to be completed in 2023; and the second stage of Capital Square which is partially pre-committed to Conoco Phillips and forecast to be completed in 2023.

Perth CBD Forecast New Supply
(sq m)

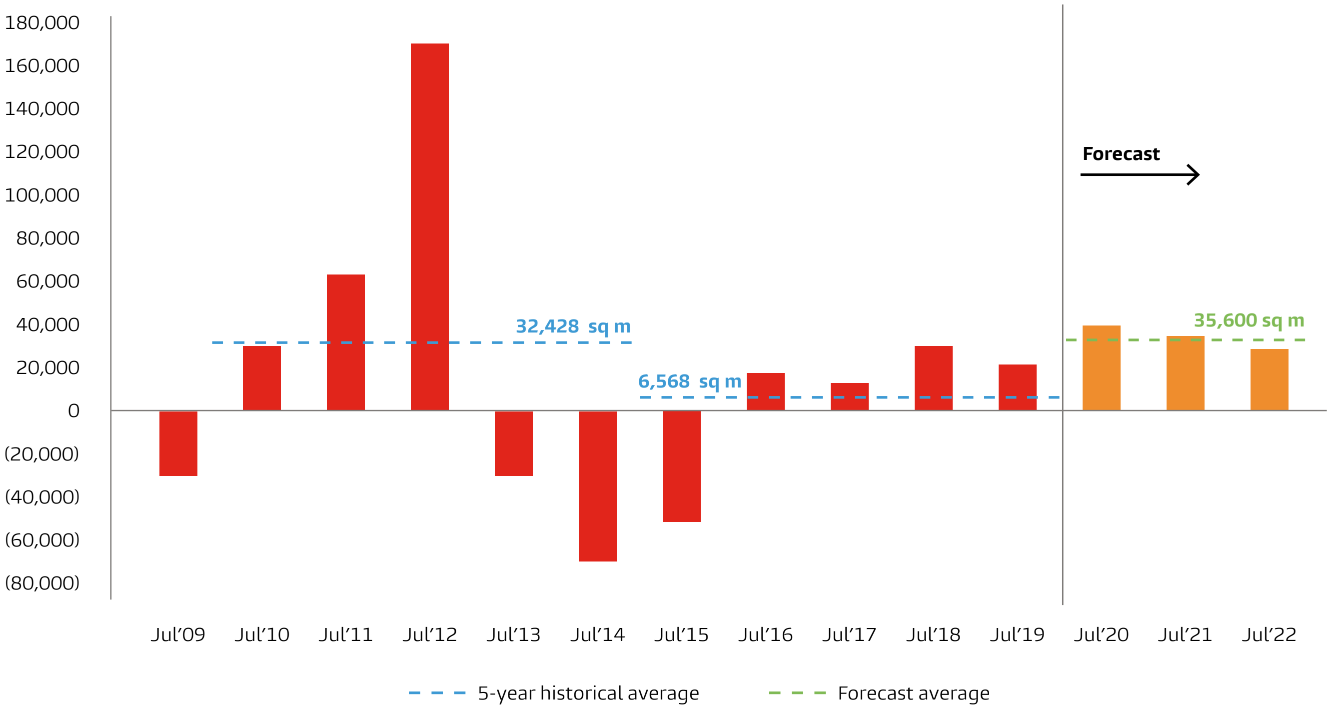


Net Absorption Outlook

Total net absorption in the Perth CBD office market over the 12 months to July 2019 was positive 22,675 sq m. Premium and Grade A absorption over this period was positive 14,279 sq m in total.

Looking forward CBRE anticipate positive absorption in the core CBD over the short to medium term, with forecast absorption ranging from 30,000 sq m to 40,000 sq m per annum.

Perth CBD Net Absorption
(sq m)



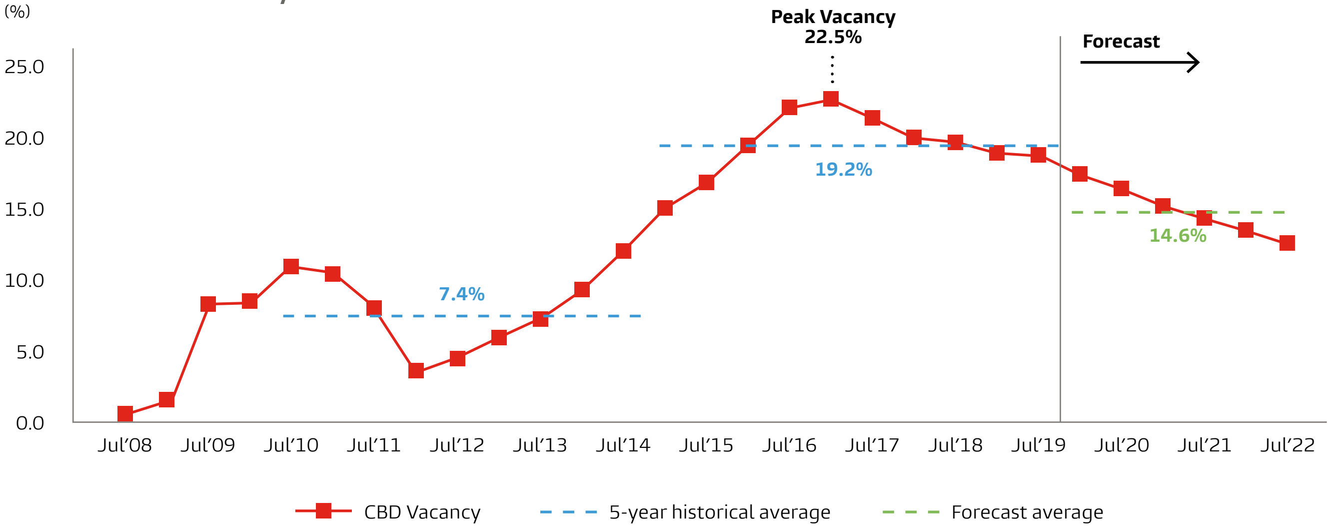
Perth CBD Office Vacancy

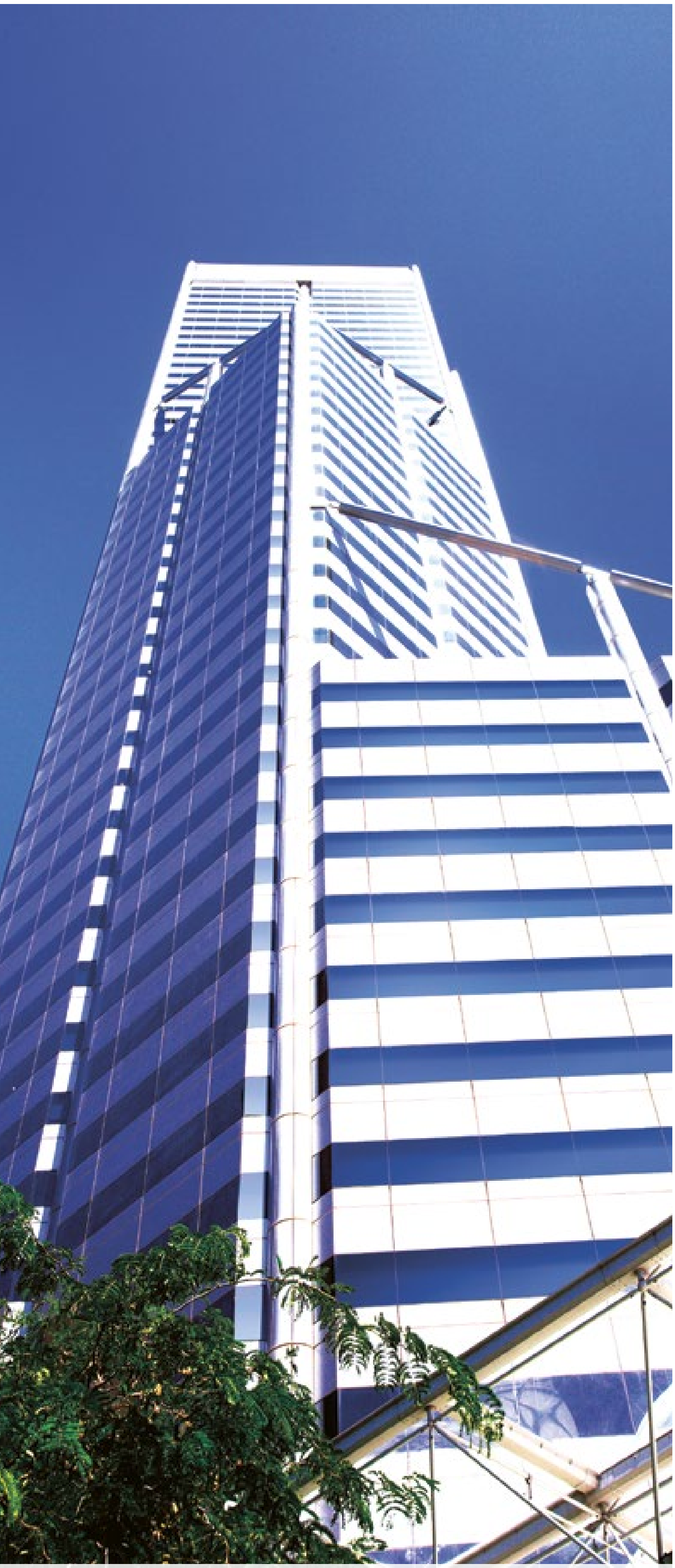
The overall Perth CBD office vacancy for the six months ended July 2019 was 18.4%, a significant improvement from the peak of 22.5% recorded in the six months to January 2017. Total vacancy has reduced over five consecutive six monthly reporting periods up to July 2019.

Premium vacancy increased slightly to 31,914 sq m for the six months ended July 2019, from 13,513 sq m for the six months ended January 2019, mainly due to the vacancy in 240 St Georges Terrace following the relocation of Woodside to Capital Square. CBRE understands that Woodside's former space at 240 St Georges Terrace is now largely backfilled, and anticipates Premium vacancy to fall in the January 2020 Property Council of Australia statistics.

Looking forward, total CBD vacancy is now believed to be in modest but sustained decline. CBRE expects this vacancy to trend downwards off the back of moderately positive forecast absorption as the market adjusts.

Perth CBD Office Vacancy
(%)




Central Park | Perth, Australia

Perth CBD Office Market Rental and Incentive Projections

Prolonged high levels of vacancy and generally muted absorption in the past few years have resulted in a very competitive leasing environment, and as a result many owners have progressed significant capital refurbishment programs.

Central Park is currently undergoing a A$23 million refurbishment to upgrade the lobby and forecourt areas and works are expected to complete in 3Q 2020. CBRE expects that the enhancements will boost the leasing appeal and long-term competitiveness of the building.

The increasing quality and availability of office space in the CBD has seen the relocation of many major suburban office occupiers, exhibiting 'flight to quality' and 'flight to centre' trends. The take up of space in Grade A and Premium Grade buildings has been overall positive over the last few quarters, and the availability of large contiguous office spaces in these grades have generally become more limited. As a result, lease packages for well-leased Grade A and Premium Grade buildings have elevated slightly over the first half of 2019 with some owners seeking increases in face rent and/or decreases in incentive offered.

As at December 2019, Premium Grade office net face rent in the Perth CBD is estimated to be circa A$670 per sq m per annum, and the corresponding market incentive is estimated to range between 45% and 50%. Across the various premium offerings, the net face rental range, from low-rise to high-rise, is considered to be circa A$550 per sq m to A$800 per sq m per annum. CBRE's forecast for 2020 is for small increases in net face rents and minor reductions in incentives.

Perth CBD Yields

Moderate to strong yield compression in the office market continued from 2018 to 2019. Tightening yields were evidenced in several Grade A and Grade B transactions and two Premium Grade transactions in 2018 and 2019. Sales of long-leased assets with strong lease covenants have received the strongest interest. The reported sale of a 50.0% interest in Chevron Elizabeth Quay was the only Premium Grade transaction in the WA market in 2019. CBRE considers the prevailing Premium Grade yield range to be circa 5.00% to 6.25%. Investment activity for Premium Grade and Grade A offices continues to be very strong with a weight of capital, limited investment options and low interest rate environment driving demand. There is currently significant interest from both international buyers (predominantly out of South-East Asia and Hong Kong/China) as well as from local and national property groups.

This report is dated 2 December 2019.

Market Overview
Thames Valley and Farnborough Area, UK

Economic Overview of the UK

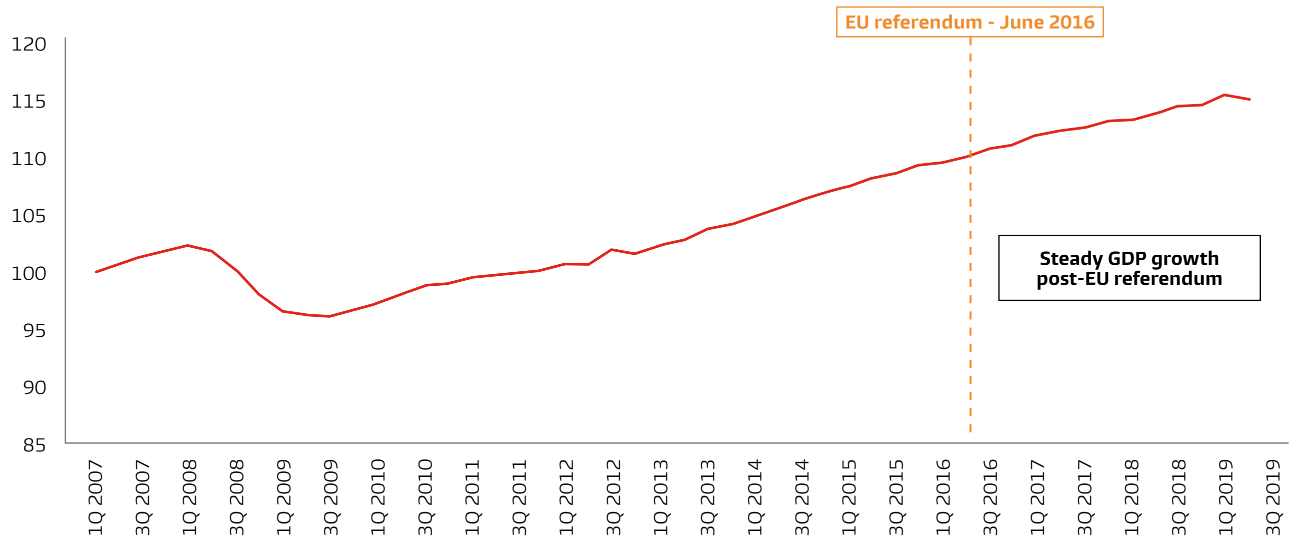
The UK is the world's fifth largest economy in terms of GDP. In the five years to 2019, the UK's GDP growth of circa 2.0% annually was ahead of other large developed economies[1], except for the USA. Economic growth in 2019 and 2020 is forecast to slightly underperform recent trends with growth of 1.3% and 1.1% expected respectively, due to the uncertain environment around the UK's exit from the European Union (EU), before recovering as Brexit-related uncertainty is expected to dissipate in the aftermath of an agreement. Despite this, over the next five years (2019 to 2023) the UK's forecast economic growth of around 1.6% per annum[2] is expected to be one of the strongest performing global economies, albeit marginally behind the USA, driven by the UK's robust economic fundamentals. Growth is expected to be supported by a strong labour market, a rebound in business investment and the UK's leading position in key service industries such as finance, media and technology.

Conditions in the UK labour market are tight but have moderated in the last quarter. Employment stood at 32.7 million at the end of August 2019, while the proportion of the workforce employed was 76%, both nearing record highs. The unemployment rate stood at 3.9% for the three months between June and August 2019, marginally up (0.1%) from the previous quarter which was the lowest rate since the early 1970s.

The Impact of Brexit[3]

Following the UK's decision to hold the EU referendum in June 2016, uncertainty led to a slowdown in the economy in the run up to the vote, notably in the first six months of 2016. However, the overall economic performance has since recovered and has been one of steady growth (see Figure 1). From the period immediately post the EU referendum to September 2019, the economy has expanded by 5.0%. 2019 has seen volatile quarterly trends with growth of 0.6% in 1Q, a contraction of 0.2% in 2Q and growth of 0.3% in 3Q, as the date to leave the EU was extended to 31 October 2019 and subsequently to 31 January 2020. Currency depreciation over the same period has been supportive of inward investment, although there has been some recent volatility around the risks to the UK leaving the EU without a deal.

Figure 1: UK GDP (Seasonally Adjusted)
Index 1Q 2007 = 100



(Source: Office for National Statistics)

1 Developed economies including United States of America (USA), Canada, Italy, Japan, France and Germany. Economic forecasts provided by Oxford Economics.
2 Source: Oxford Economics
3 As of November 2019.

The EU's decision to agree a further extension to 31 January 2020 has paved the way for a general election, which will take place on 12 December 2019. If the Conservative party gains a majority, the recently agreed withdrawal agreement[4] will be approved and the UK will leave the EU on or before 31 January 2020.

The possibility of a "no deal" Brexit has reduced for now but technically remains a potential outcome. If the UK leaves the EU without reaching formal agreement for future relationships, the UK would have to quickly put in place World Trade Organization terms and tariffs for its trading arrangements, and economic growth would be expected to slow down in the short term.

Sectors which are expected to be negatively impacted by the post-Brexit environment are mainly traditional manufacturing and financial services. The Thames Valley, with limited exposure to both these sectors, looks less vulnerable to a 'cliff edge'[5] Brexit than many other locations. Farnborough Business Park is in the Thames Valley. It is noted that Farnborough Business Park has strong fundamentals including a high-quality tenant base, long weighted average lease expiry of 6.8 years and 82% of leases by income expiring around four years after the UK's planned withdrawal from the EU on 31 January 2020[6].

Should the UK leave the EU with a formal agreement and the planned withdrawal from the EU materialises , there will be a transition period which applies until the end of December 2020, where the final details of Brexit are likely to become more evident. In the longer term, Brexit could offer significant opportunities for the UK to develop a more competitive regulatory system and to advance trade relationships independently with fast-growing economies globally.

Overview of the Thames Valley and Farnborough Area[7]

Outside Central London, the major office market is the South East region, which includes both suburban West London markets and the Thames Valley. The South East office market includes offices located in both town centres and business parks[8]. Situated to the west of Greater London and bounded by the M3 motorway to the south and M4 to the north, the Thames Valley grew into a substantial office market because of decentralisation from London in the 1960's and 1970's. Today, it is home to a significant number of information technology (IT) firms and is regarded as the principal high-tech region in the UK.

The Thames Valley has become a location of choice for many businesses, mainly due to its good connectivity; presence of key business clusters, such as manufacturing, IT, high-tech, telecommunication and multimedia (TMT) and aerospace; access to quality workforce and talent pool, as well as being a cost-efficient alternative compared to regional CBD or Central London locations. As such, the Thames Valley has become home to high quality business clusters, boasting over 200 of the UK's top 300 companies[9].

The population of the Thames Valley is around 2 million and is forecast to grow steadily by 0.5% per annum over the next five years. The region has a highly educated workforce, especially in research and development (R&D) and has been at the forefront of IT sector locations in the UK for both traditional IT companies such as Microsoft, Oracle and Samsung and emerging technology sectors such as battery and vehicle technology. The IT sector employs around 270,000 people. The highly skilled workforce in the Thames Valley continues to attract major companies to the region, owing to the proximity to talent and the agglomeration of knowledge intensive sectors. As a result of the strong demand for labour, unemployment is currently at a low level and stood at just 3.1% as at August 2019 for the wider South East region. Coupled with the Thames Valley's close proximity to several top universities including Oxford University[10], businesses are provided with good access to a quality workforce and talent pool.

The Farnborough area is one of the main office centres in the Thames Valley, in close proximity to the M3 motorway and north of the A31 which provide excellent road connections to London and the rest of the South East region. Besides easy access to Central London, London Heathrow airport, which is situated on the eastern fringe of the Thames Valley, provides a global connectivity advantage for the area.

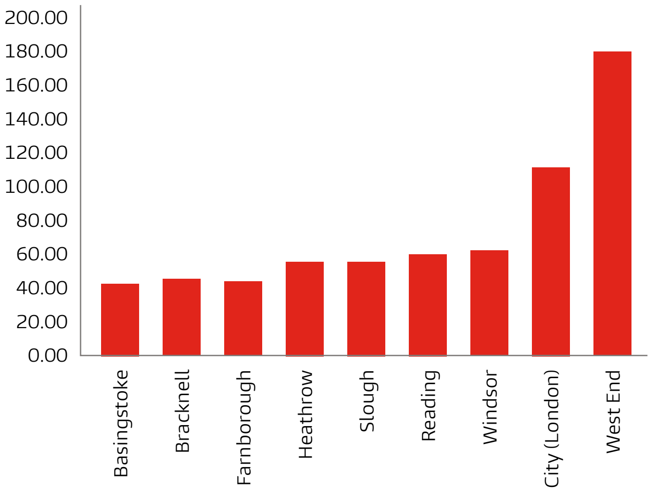
The employment profile in the Farnborough area is similar to the wider Thames Valley profile, with a number of high-tech firms present. The office stock tends to be located out of town, with Farnborough Business Park being the flagship commercial centre in the area. With a low vacancy rate of below 5%, Farnborough Business Park is expected to be the driving force for rental growth in the area in the short-to-medium term.

The Thames Valley is a cost-efficient alternative to CBD or Central London locations. In the Farnborough area, for example, total occupancy costs[11] for office space are approximately £44.10 per sq ft per annum as at end-3Q 2019 which is considerably lower when compared to London City (£108.42 per sq ft per annum) and London West End (£177.49 per sq ft per annum) (see Figure 2).

4 Revised terms on which the UK will leave the EU were agreed between the Conservative government and the EU in October 2019. This Withdrawal Agreement did not gain parliamentary approval before the general election was called.
5 UK to be removed from the single market of the EU, losing privileges for free movement of goods, services, capital and people with the other member states of the EU.
6 As at 30 September 2019. Source: Frasers Commercial Trust's financial results announcement dated 22 October 2019.
7 Includes both Farnborough and Camberley.
8 In the UK, business parks often comprise office space. For the purpose of this report, the phrase business park refers generally to office space.
9 Source: MHA McIntyre Hudson.
10 Ranked first in the Times Higher Education World University Rankings 2020.
11 Including rents, property taxes and service charges.

Market Overview Thames Valley and Farnborough Area, UK

Figure 2: Total Occupancy Costs in Key Thames Valley Locations Compared to Central London
(As at end-3Q 2019)
Total Occupancy Cost (£ per sq ft per annum)



Economic Overview of the Thames Valley

The South East and Greater London regions account for 27% of the UK population but generate 39% of the gross value added (GVA[12]). The South East is predominantly a service sector-based economy.

Within the Thames Valley, economic performance has been healthy with annual GVA growth over the past five years (2014-2018) of 2.2%, ahead of the wider UK figure of 2.0%. Looking forward over the next five years (2019-2023), the Thames Valley is set to see continued GVA growth, in line with the UK growth of 1.6% per annum.

The Thames Valley Business Park Market

The Thames Valley is home to several "best in class" business parks in the UK because of decentralisation from London and an influx of US-based IT firms into the UK. As at end-September 2019, the Thames Valley market comprised 39 million sq ft of office space in both town centres and business parks.

Figure 3: Key Thames Valley Business Park Locations and Infrastructure
(Map includes the other business parks owned by Frasers Property Group)

1 Winnersh Triangle, Winnersh
2 Maxis, Bracknell
3 Watchmoor Park, Camberley
4 Farnborough Business Park, Farnborough
5 Chineham Park, Basingstoke

12 GVA measures of the value of goods and services produced in a locality. It is often used as a proxy for local GDP which is a measure that is not available.

Figure 4: Top Ten Largest Thames Valley Business Parks by Area

City	Business Park	Estimated built area (sq ft)	Ownership
Reading	Winnersh Triangle	1,500,000	Frasers Property
Reading	Green Park	1,300,000	Mapletree Investments
Slough	Slough Trading Estate/Bath Road Frontage	1,000,000	SEGRO/AEW
Basingstoke	Chineham Park	814,000	Frasers Property
Farnborough	Farnborough Business Park	547,684[a]	Frasers Property (50.0%) and FCOT (50.0%)
Theale	Arlington Business Park	435,000	Various - majority Patron Capital / APAM
Reading	Thames Valley Park	400,000	Various - No clear majority
Reading	Reading International Business Park	400,000	Deutsche Bank - DAWM / EPF
Weybridge	The Heights	350,000	Kennedy Wilson (purchased in October 2019)
Bracknell	Arlington Square	340,000	Various – No clear majority

(Source: JLL)
a Based on FCOT's announcement dated 22 October 2019.

Farnborough Business Park is the fifth largest business park in the Thames Valley by area as shown in Figure 4.

Besides the strong economic and demographic fundamentals of the Thames Valley as set out above, the key differentiators and success factors behind successful business parks, specifically in context of Farnborough Business Park, include the following factors:

(i) single ownership under the Frasers Property Group enable strategic decision making on park planning, marketing and lease management;
(ii) campus style environment creates opportunities for clustering of similar businesses, innovation and collaboration and a self-sufficient environment;
(iii) wide range of on-site amenities such as cafés, restaurants, a nursery and a hotel and successful placemaking;
(iv) good overall accessibility and proximity to other important developments such as the Farnborough TAG Airport and Farnborough International Exhibition & Convention Centre;
(v) high-quality buildings and built environment; and
(vi) other attractive attributes such as having a wide range of unit and floor plate sizes and ample car parking space.

We also expect that Farnborough Business Park will benefit from synergistic network effects with the other business parks in the Thames Valley, namely Chineham Park, Maxis Park, Watchmoor Park and Winnersh Triangle owned by Frasers Property.

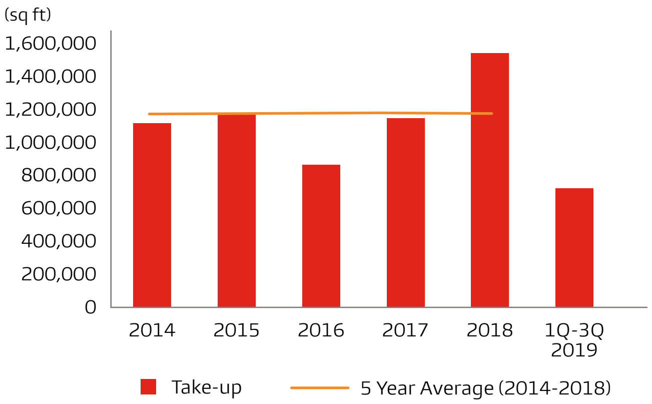
Take Up and Demand

Thames Valley leasing momentum eased slightly in 2019, with take up exceeding 740,000 sq ft in the first nine months of the year, which is a 25.0% decrease on the same period in 2018. Grade A space accounted for 62.0% of all leasing transactions across the market during 1Q-3Q 2019, highlighting occupier preference for good quality stock. Demand stemmed mainly from the services sector (including flexible workspace providers) followed by manufacturing (including utilities and life science/ pharmaceutical companies). In contrast, the Farnborough area[13] had a strong start to 2019 with 1Q-3Q take up totalling 107,830 sq ft, already 34.0% higher than the annual take-up achieved in 2018 and 20.0% ahead of the five-year annual average[14].

Office employment growth has been positive in the Thames Valley, which has helped to drive occupier demand via expansionary tenant activity. Oxford Economics expect future office-based employment growth[15] to continue to expand at 1.5% per annum, over the next five years (2019-2023) across the Thames Valley.

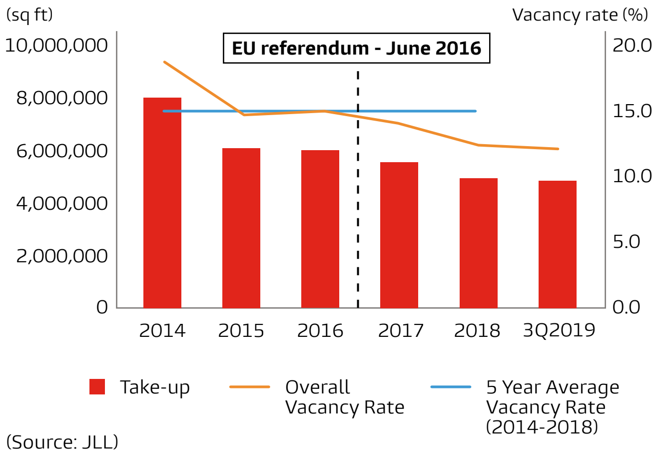
13 Includes both Farnborough and Camberley.
14 Key 2019 deals include Discover Financial leasing Ascent 3 (45,788 sq ft), Farnborough; Boeing taking 26,736 sq ft at Stephenson House, Frimley and Alcon Eye Care UK Ltd taking 22,811 sq ft at Building 10 Watchmoor Park, Camberley.
15 Business sectors used as a proxy for office employment: information and communication, financial and insurance, real estate activities and professional, scientific and technology.

Figure 5: Thames Valley Take Up 2014-3Q 2019 and 5-year Average (2014-2018)



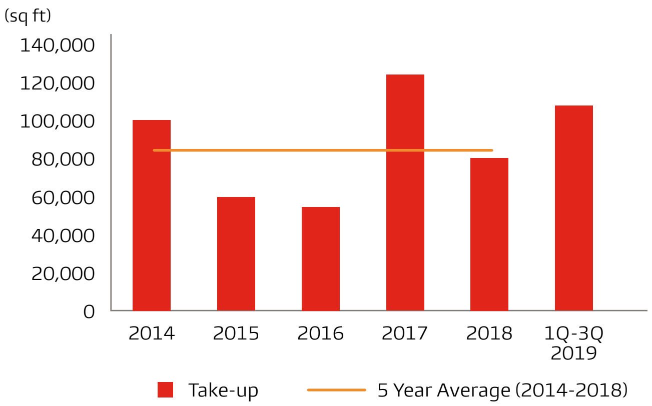
(Source: JLL)

Figure 7: Thames Valley Supply and Vacancy rate



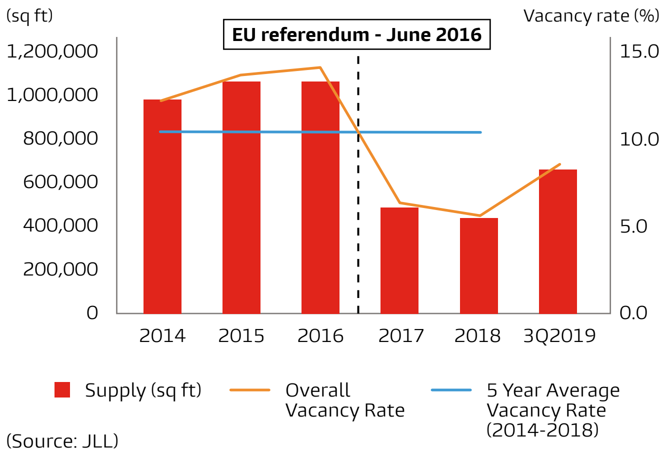
(Source: JLL)

Figure 6: Farnborough Area Take Up 2014-3Q 2019 and 5-year Average (2014-2018)



(Source: JLL)

Figure 8: Farnborough Area Supply and Vacancy Rate



(Source: JLL)

Supply and Vacancy Rates

Steady leasing activity has caused vacancy rates to decline across the Thames Valley[16]. As at end-3Q 2019, the vacancy rate stood at 12.3% which was the lowest since 2002, creating an increasingly competitive marketplace. Overall supply totalled approximately 4.8 million sq ft as at end-3Q 2019, a 39.0% decrease since 2014, when the total office stock was at its peak. Total office stock has since contracted due to the conversion of older and obsolete offices to residential use.

Supply and vacancy rates are relatively low in the Farnborough area, at 638,000 sq ft and 8.5% respectively, as at the end-3Q 2019, which was below the five-year average of 10.3%. It is noted that Farnborough Business Park has a high occupancy rate of 97.4%[17] as at 30 September 2019. The completion of Ascent 1 and 3 at Farnborough Aerospace Centre in the first half of 2019 delivered 121,000 sq ft of space to the Farnborough market, although Ascent 3 has already been let in its entirety.

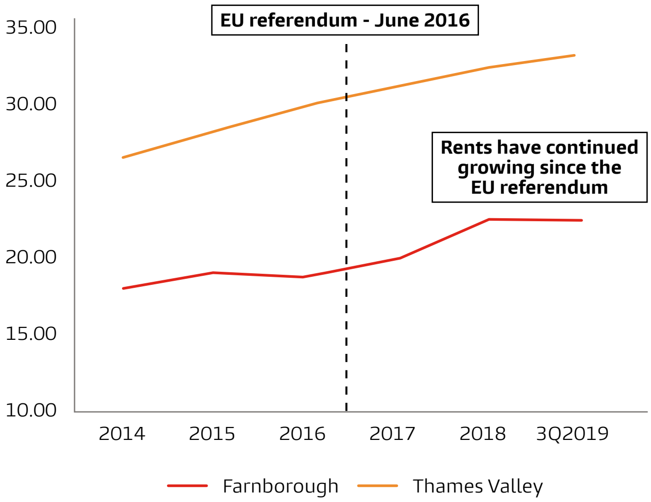
Rents and Outlook

Steady take up and diminishing supply have generally placed rents under upward pressure in the Thames Valley. Rents have continued growing since the EU referendum, implying the continued attractiveness of business parks in the Thames Valley and Farnborough area. As at end-3Q 2019, average prime rents[18] in the Thames Valley market stood at £33.00 per sq ft per annum, an uplift of 25.0% over the last five years since 3Q 2014, with incentives round 25% on a typical 10-year lease term, although the exact package will also depend on the location and quality of building. In the Farnborough area, prime rents have grown around 18% over the last five years and stood at £22.50 per sq ft per annum as at end-3Q 2019, with incentives around 17.5% for a typical 10-year lease term. Prime rents have been stable at this level during 2019.

The outlook for prime rents is positive with average rental growth of 1.9 % per annum forecast over the next five years in the Thames Valley. Occupier demand is expected to continue to focus on good quality space, while the level of current and future supply remains subdued.

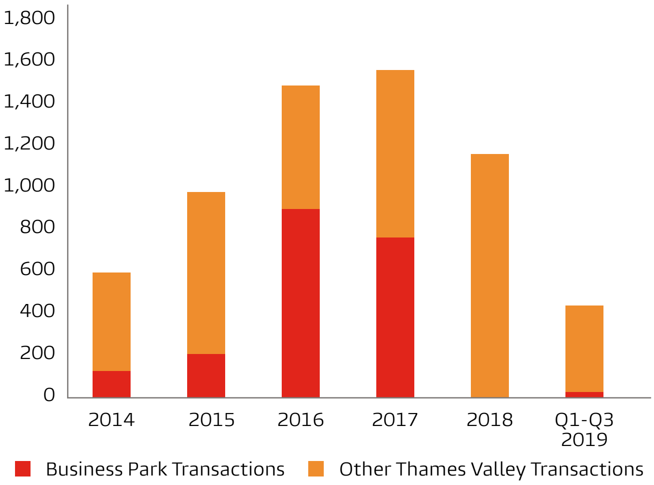
16 Refers to the Thames Valley office market in town centre and business parks.
17 Inclusive of a new lease concluded in October 2019, the committed occupancy would be 99.1%.
18 Prime Rent is defined as the top open-market rent that could be expected for a notional office unit of the highest quality and specification in the best location in a market. It represents JLL's market view and is based on an analysis/review of actual transactions for prime office space, excluding any unrepresentative deals in a given time period.

Figure 9: Thames Valley and Farnborough Area Prime rents
(£ per sq ft per annum)



(Source: JLL)

Figure 10: Thames Valley Office Investment and Single Ownership Business Park Transactions
(£ 000 s)



(Source: JLL)

Investment Volumes and Yields

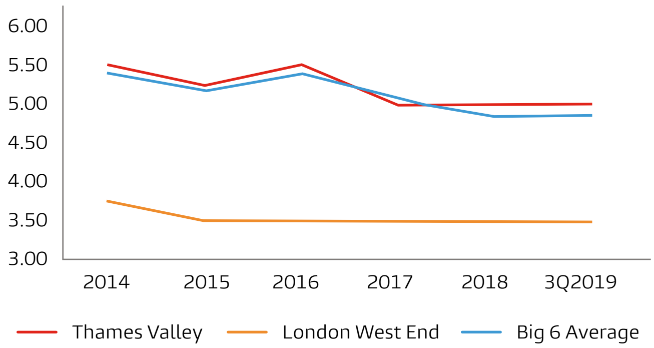
The UK is the second largest commercial real estate market globally. In 2018 alone, £28.7 billion of UK commercial real estate assets were purchased by overseas buyers, accounting for 45% of all transactions. The Thames Valley investment market continued to perform strongly from 2017 to 2018 with £1.1 billion of sales but with a notable lack of large business park transactions. The market has slowed in 2019 with £384 million of transactions in the first nine months of the year[19].

There is a significant weight of money waiting to enter the market but, especially with larger transactions, activity is being restricted by the political and Brexit uncertainty and a shortage of willing vendors. Investors are generally waiting for improved clarity and certainty on the Brexit negotiations before they commit.

There was some yield compression in 2H 2017, but prime yields have held firm since at 5.0%. Further yield movement is not expected over the remainder of 2019.

There is a notable spread of 150 basis points between yields in the Thames Valley from those in London West End as at 3Q 2019. However, with the lack of motivated sellers, competition for well-located and sought-after business parks may attract tighter yields going forward.

Figure 11: Thames Valley Net Initial Prime Yields
(%)



(Source: JLL (Big 6 cities are: Birmingham, Bristol, Edinburgh, Glasgow, Leeds and Manchester))

Conclusion

Office space in the Thames Valley has proved very attractive to investors over recent years – often the first location of choice after Central London. There has been renewed investment activity for best-in-class business parks over the last few years although, in line with wider UK investment trends, limited available stock has curbed recent activity. Overseas buyers have been attracted to the sector because of the robust long-term occupier fundamentals as well as the potential for positive investment returns. Thames Valley business parks are expected to see strong returns (rental and capital growth) over the next five years (2019 to 2023) with average annual returns for the South East (5.3% to 5.9% per annum) forecast to outperform both Central and Inner London (3.7% per annum) and the UK average (4.0% annum).

This report is dated 2 December 2019.

19 It is worth noting that the purchase of The Heights, Weybridge by an overseas investor was completed in October 2019, for £136 million. This 25-acre business park comprises 350,000 sq ft across five office buildings.

Portfolio Details

China Square Central

Address
18, 20 & 22 Cross Street and 4 retail units at 181 South Bridge Road, Singapore 048423/2/1 and 058743

Tenure
Leasehold 99 years commencing February 1997

Ownership interest
100.0%

Net lettable area as at 30 September 2019
389,903 sq ft (36,223 sq m)

Carpark spaces as at 30 September 2019
357

Purchase price
S$390.0 million

Acquisition date
30 March 2006

Valuation as at 30 September 2019
S$648.0 million

Valuation premium over purchase price based on local currency valuation
66.2%

Number of tenants as at 30 September 2019, excluding pre-committed leases
50

Occupancy rate as at 30 September 2019
89.9%[1]

FY2019 gross revenue
S$25.7 million

FY2019 net property income
S$16.3 million

Alexandra Technopark

Address
438A/B/C, Alexandra Road, Singapore 119967/68/76

Tenure
Leasehold 99 years commencing August 2009

Ownership interest
100.0%

Net lettable area as at 30 September 2019
1,032,765 sq ft (95,947 sq m)

Carpark spaces as at 30 September 2019
905

Purchase price
S$342.5 million

Acquisition date
26 August 2009

Valuation as at 30 September 2019
S$606.0 million

Valuation premium over purchase price based on local currency valuation
76.9%

Number of tenants as at 30 September 2019, excluding pre-committed leases
51

Occupancy rate as at 30 September 2019
96.8%[1]

FY2019 gross revenue
S$33.9 million

FY2019 net property income
S$21.6 million

Central Park[2]

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

Tenure
Freehold

Ownership interest
50.0%

Net lettable area as at 30 September 2019
712,536 sq ft (66,197 sq m)[3]

Carpark spaces as at 30 September 2019
421[3]

Purchase price
A$190.0 million (S$234.6 million)[4]

Acquisition date
30 March 2006

Valuation as at 30 September 2019
A$310.5 million (S$289.0 million)[5]

Valuation premium over purchase price based on local currency valuation
63.4%

Number of tenants as at 30 September 2019, excluding pre-committed leases
22

Occupancy rate as at 30 September 2019
83.0%[1]

FY2019 gross revenue
S$24.2 million[6]

FY2019 net property income
S$13.2 million[6]

1 Committed occupancy as at 30 September 2019.
2 All figures are in respect of FCOT's 50.0% indirect interest in the property unless otherwise stated. FCOT's 50.0% interest in Farnborough Business Park is held as a joint venture and equity-accounted in the financial statements.
3 Figure is on 100.0% basis. FCOT holds 50.0% indirect interest in the property.
4 Based on the exchange rate of A$1.00 = S$1.2347, being the rate at the time of acquisition.
5 Based on the exchange rate of A$1.00 = S$0.9307 as at 30 September 2019.
6 Based on the average FY2019 exchange rate of A$1.00 = S$0.9574.
7 Aggregate purchase price comprising A$108.8 million for 50.0% interest on 18 June 2007 and A$83.0 million for the remaining 50.0% interest on 13 April 2012.
8 Based on the exchange rates of A$1.00 = S$1.2533 and A$1.00 = S$1.3028, respectively, on 18 June 2007 and 13 April 2012.
9 50.0% interest was acquired on 18 June 2007 and the remaining 50.0% interest was acquired on 13 April 2012.

Caroline Chisholm Centre

Address
Block 4 Section 13, Tuggeranong ACT 2900, Australia

Tenure
Leasehold 99 years commencing June 2002

Ownership interest
100.0%

Net lettable area as at 30 September 2019
433,182 sq ft (40,244 sq m)

Carpark spaces as at 30 September 2019
1,098

Purchase price
A$191.8 million[7]
(S$244.4 million)[8]

Acquisition date
18 June 2007
and 13 April 2012[9]

Valuation as at 30 September 2019
A$245.0 million
(S$228.0 million)[5]

Valuation premium over purchase price based on local currency valuation
27.7%

Number of tenants as at 30 September 2019, excluding pre-committed leases
1

Occupancy rate as at 30 September 2019
100.0%

FY2019 gross revenue
S$20.0 million[6]

FY2019 net property income
S$16.4 million[6]

357 Collins Street

Address
357 Collins Street, Melbourne Victoria 3000, Australia

Tenure
Freehold

Ownership interest
100.0%

Net lettable area as at 30 September 2019
344,240 sq ft (31,981 sq m)

Carpark spaces as at 30 September 2019
41

Purchase price
A$222.5 million
(S$226.6 million)[10]

Acquisition date
18 August 2015

Valuation as at 30 September 2019
A$328.0 million
(S$305.3 million)[5]

Valuation premium over purchase price based on local currency valuation
47.4%

Number of tenants as at 30 September 2019, excluding pre-committed leases
27

Occupancy rate as at 30 September 2019
99.7%[1]

FY2019 gross revenue
S$21.2 million[6]

FY2019 net property income
S$15.2 million[6]

Farnborough Business Park[2]

Address
Farnborough Business Park, Farnborough, Hampshire GU14 7JP, United Kingdom

Tenure
Freehold

Ownership interest
50.0%

Net lettable area as at 30 September 2019
547,684 sq ft (50,882 sq m)[3]

Carpark spaces as at 30 September 2019
Approximately 2,100[3,11]

Purchase price
£87.5 million
(S$161.5 million)[12]

Acquisition date
29 January 2018

Valuation as at 30 September 2019
£88.7 million
(S$150.6 million)[13]

Valuation premium over purchase price based on local currency valuation
1.4%

Number of tenants as at 30 September 2019, excluding pre-committed leases
34

Occupancy rate as at 30 September 2019
97.4%[14]

FY2019 gross revenue
S$13.7 million[15]

FY2019 net property income
S$10.2 million[15]

10 Based on the exchange rate of A$1.00 = S$1.0186, being the rate at the time of acquisition.
11 Excluding approximately 1,900 car parking spaces within tenant-operated car showroom facilities and car parking spaces belonging to buildings subject to long leaseholds.
12 Based on FCOT's 50.0% share of the agreed property value of £175.0 million and the exchange rate of £1.00 = S$1.8453, being the rate at the time of acquisition.
13 Based on the exchange rate of £1.00 = S$1.6984 as at 30 September 2019.
14 Inclusive of a new lease concluded in October 2019, the committed occupancy would be 99.1%.
15 Based on the average FY2019 exchange rate of £1.00 = S$1.7387. The property is held as a joint venture and equity-accounted in the financial statements. The amount included reimbursements of lease incentives, rent guarantees for certain unlet units and other commercial arrangements performed by the vendor, in accordance with the terms of the acquisition (refer to announcement dated 14 December 2017 for details).

Asset Profiles

China Square Central

Singapore

Address
18, 20 & 22 Cross Street and 4 retail units at 181 South Bridge Road, Singapore 048423/2/1 and 058743

Tenure
Leasehold 99 years commencing February 1997

Total NLA
389,903 sq ft

Office NLA
305,427 sq ft

Retail NLA
84,476 sq ft

Number of tenants
50

Carpark lots
357

Acquisition price (30 March 2006)
S$390.0 million

Market valuation (30 September 2019)
S$648.0 million

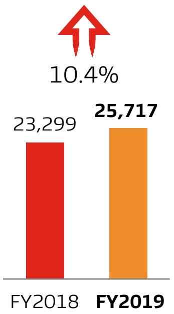
China Square Central is an office-cum-retail development located in the Central Business District. Its main components include a 15-storey commercial office tower with a retail podium and two blocks of heritage shophouses. The heritage shophouses built during the Straits Settlements era accommodate a mix of offices, shops and restaurants.

The property is well connected to public transportation, including being located within 500 metres of the Mass Rapid Transit (MRT) stations at Raffles Place, Telok Ayer and Chinatown.

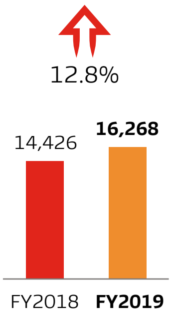
A major AEI was carried out recently to rejuvenate and reposition the retail podium of 18 Cross Street as an exciting destination for F&B, health and wellness, lifestyle and services offerings. Business operations at the retail podium has progressively recommenced since November 2019.

Operational Highlights

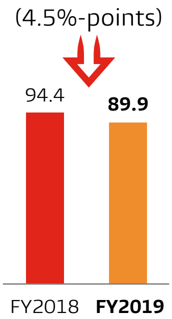
Gross Revenue
(S$'000)



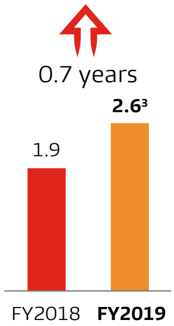
Net Property Income
(S$'000)



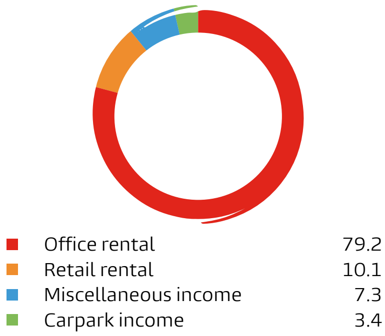
Occupancy[1]
(%)



WALE by GRI[2]
(years)



Gross Revenue Mix
(%)



1 Committed occupancy as at the end of the respective financial year. Including 18 Cross Street retail podium (NLA c. 80,000 sq ft) as at 30 September 2019. The NLA for 18 Cross Street retail podium had been excluded as at 30 September 2018 as it was closed for asset enhancement works then (if the NLA of c. 64,000 sq ft at that time was included, the committed occupancy would be 76.8%).
2 WALE was calculated on a GRI basis with respect to the unexpired lease terms of the existing tenants and is stated as at the end of the respective financial year.
3 WALB calculated on a GRI basis reflecting contracted rights for tenants to pre-terminate leases, if any, was 2.6 years as at the end of the financial year. WALE and WALB were 3.9 years if pre-committed leases were included.

Top 10 Tenants[4]

As at 30 September 2019	NLA (sq ft)	% of total NLA
GroupM Singapore Pte Ltd	54,574	14.0
Suntory Beverage & Food Asia Pte Ltd	35,541	9.1
WeWork Singapore Pte Ltd	23,852	6.1
Equinix Asia Pacific Pte Ltd	18,108	4.6
OCBC Properties Services Pte Ltd	9,698	2.5
WT Partnership (S) Pte Ltd	7,739	2.0
Thoughtworks Pte Ltd	7,721	2.0
Grasshopper Pte Ltd	6,902	1.8
SThree Pte Ltd	5,931	1.5
Xero (Singapore) Pte Ltd	5,705	1.5
Total	**175,771**	**45.1**

Lease Expiry Profile[4]

As at 30 September 2019	FY2020	FY2021	FY2022	FY2023	FY2024 & beyond
Number of leases expiring	7	24	22	2	2
NLA (sq ft)	51,113	70,754	66,398	56,520	27,672
% of total NLA (office)	16.4	19.2	18.6	18.5	9.1
% of total NLA (retail)	1.3	14.4	11.3	–	–
% of total GRI (office)	19.8	25.1	24.0	22.5	8.6
% of total GRI (retail)	3.0	54.2	42.8	–	–

Trade Sector Mix by GRI[4]

As at 30 September 2019 Category	% GRI
Consultancy / Business Services	35.0
Food & Beverage	22.9
IT Products & Services	8.9
Banking, Insurance & Financial Services	8.5
Real Estate / Property Services	7.0
Service Office / Flexible Space Operators	6.7
Legal	4.3
Multimedia & Telecommunications	3.7
Others	2.4
Medical / Pharmaceuticals	0.6
Total	**100.0**

4 Excluding pre-committed leases with commencement dates after 30 September 2019.

Asset Profiles

Alexandra Technopark
Singapore

Address
438A/B/C, Alexandra Road, Singapore 119967/68/76

Tenure
Leasehold 99 years commencing August 2009

Total NLA
1,032,765 sq ft[1]

Business Space NLA
1,032,765 sq ft[1]

Number of tenants
51

Carpark lots
905

Acquisition price (26 August 2009)
S$342.5 million

Market valuation (30 September 2019)
S$606.0 million

Alexandra Technopark, a business campus comprising two high-specification business space blocks and an amenity hub, is located in the prominent Alexandra business corridor. The air-conditioned business space blocks are efficiently designed with large floor plates of up to 76,000 sq ft served by three lift cores, allowing space to be easily configured to accommodate tenants' requirements.

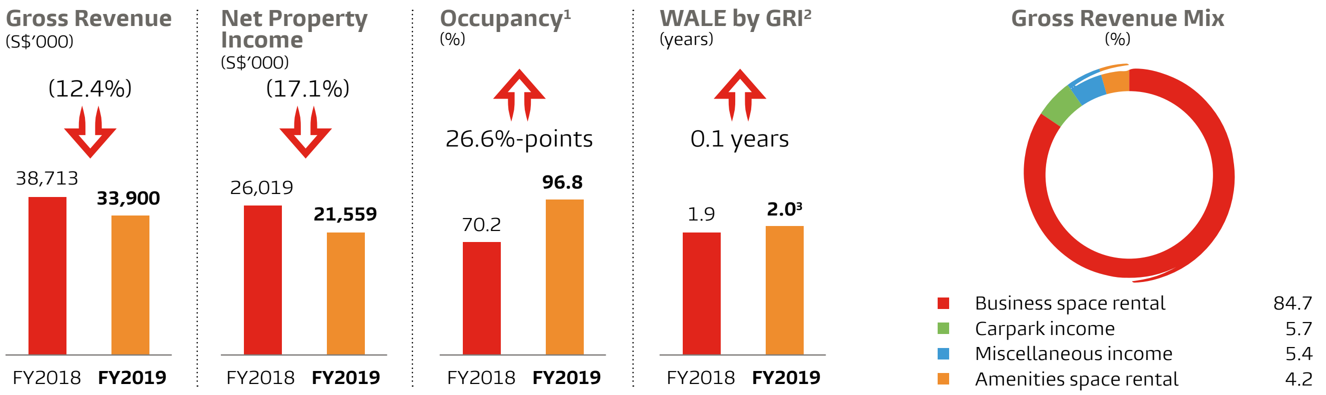
The 13,300 sq ft amenity hub, which was part of a major AEI that was completed in January 2019, houses a variety of F&B offerings, services and many social and communal facilities including a landscaped roof garden, barbeque pits and a function room. Other amenities in Alexandra Technopark include an end-of-trip facility, shower rooms, futsal courts, fitness facilities, nursing rooms and a childcare centre.

Located within a 15-minute drive away from the Central Business District, Alexandra Technopark is within walking distance to the Labrador Park MRT station on the Circle Line and is well-served by public buses linking the location to Queenstown, Redhill and HarbourFront MRT stations. The development is also adjacent to HortPark that further connects to Alexandra Green and the Southern Ridges Loop of the island's Park Connector Network.

Alexandra Technopark is expected to benefit from the urban transformation brought about from the rejuvenation of the Greater Southern Waterfront[2] in the longer term, as the Singapore Government announced plans to revitalise this precinct into a place integrating 'work, live and play'.

1 Includes amenity spaces that are leased out or are available for lease.
2 Announced during the Singapore National Day Rally 2019.

Operational Highlights



1 Committed occupancy as at the end of the respective financial year.
2 WALE was calculated on a GRI basis with respect to the unexpired lease terms of the existing tenants and is stated as at the end of the respective financial year.
3 WALE was 3.4 years if pre-committed leases were included. The WALB calculated on a GRI basis reflecting contracted rights for tenants to pre-terminate leases, if any, was 1.9 years as at the end of the financial year (3.1 years if pre-committed leases were included).

Top 10 Tenants[4]

As at 30 September 2019	NLA (sq ft)	% of total NLA
Microsoft Operations Pte Ltd	77,761	7.5
Nokia Solutions & Networks Singapore Pte Ltd	59,180	5.7
Olympus Singapore Pte Ltd	55,919	5.4
JT International Tobacco Services (Singapore) Pte Ltd	34,305	3.3
Omron Asia Pacific Pte Ltd	32,507	3.1
Power Automation Pte Ltd	25,016	2.4
SAP Asia Pte Ltd	25,016	2.4
The Great Eastern Life Assurance Co Ltd	25,016	2.4
BT Singapore Pte Ltd	17,696	1.7
American Bureau of Shipping	16,921	1.6
Total	**369,337**	**35.5**

Lease Expiry Profile[4]

As at 30 September 2019	FY2020	FY2021	FY2022	FY2023	FY2024 and beyond
Number of leases expiring	17	21	13	3	6
NLA (sq ft)	177,533	174,204	133,054	12,551	108,652
% of total NLA	17.2	16.9	12.9	1.2	10.5
% of total GRI	30.6	29.1	22.0	2.2	16.1

Trade Sector Mix by GRI[4]

As at 30 September 2019 Category	% GRI
IT Products & Services	22.3
Medical / Pharmaceuticals	15.4
Others	14.3
Multimedia & Telecommunications	12.0
Electronics	8.5
Shipping / Freight	7.2
Consultancy / Business Services	7.1
Amenities	5.0
Banking, Insurance & Financial Services	4.0
Engineering	2.5
Real Estate / Property Services	1.7
Total	**100.0**

4 Excluding pre-committed leases with commencement dates after 30 September 2019.

Asset Profiles

Central Park[1]

Perth, Australia

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

Tenure
Freehold

Total NLA
712,536 sq ft

Office NLA
693,164 sq ft

Retail NLA
19,372 sq ft

Number of tenants
22

Carpark lots
421

Acquisition price (30 March 2006) (50.0% interest)
A$190.0 million
(S$234.6 million)[2]

Market valuation (30 September 2019) (50.0% interest)
A$310.5 million
(S$289.0 million)[3]

Central Park is an iconic landmark strategically located at the heart of Perth's Central Business District. This premium building which comprises 51 storeys and is the tallest office tower in the city, was constructed to high specifications and has a prominent frontage along St Georges Terrace, Perth's premier business address. Surrounded by 5,000 sq m of landscaped parkland, the higher levels of Central Park afford stunning panoramic views of the Swan River and the Perth cityscape.

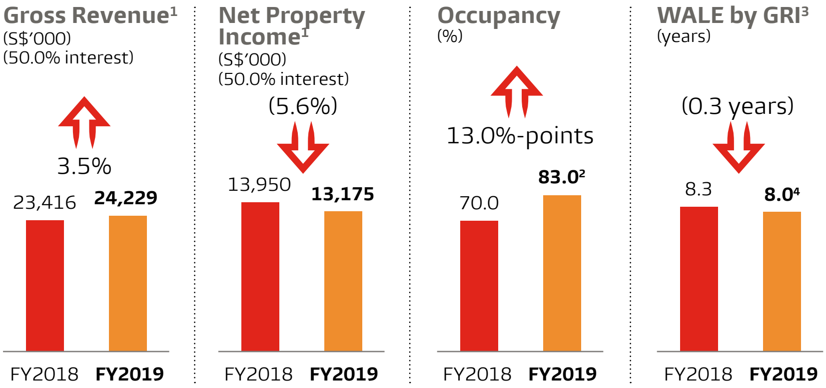
Central Park is equipped with a wide range of facilities, including a 130-seat auditorium, seminar/meeting rooms, full audio-visual conferencing facilities, 24-hour security service, centralised mail facility, concierge services, on-site gymnasium and an end-of-trip facility for cyclists.

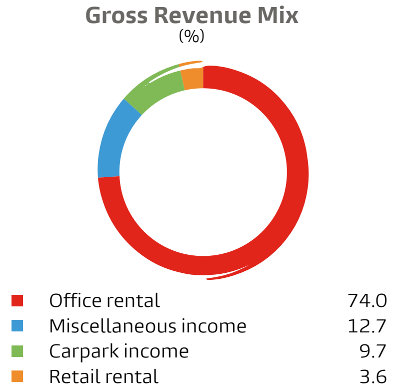
Central Park is easily accessed by road, rail and buses, with secure underground car parks.

The office lobby and forecourt areas are currently undergoing a S$23.0 million (FCOT's 50.0% share: S$11.5 million) AEI to create a contemporary business environment with a higher quantum of amenities and flexible spaces. The AEI works commenced in April 2019 and are expected to complete in 3Q 2020.

1 FCOT holds 50.0% indirect interest in the property.
2 Based on the exchange rate of A$1.00 = S$1.2347 being the exchange rate at the time of acquisition.
3 Based on the exchange rate of A$1.00 = S$0.9307 as at 30 September 2019.

Operational Highlights





1 Based on the average FY2019 exchange rate of A$1.00 = S$0.9574 (FY2018: A$1.00 = S$1.0183).
2 Committed occupancy as at 30 September 2019.
3 WALE was calculated on a GRI basis with respect to the unexpired lease terms of the existing tenants and is stated as at the end of the respective financial year.
4 WALE was 8.2 years if pre-committed leases were included. WALB calculated on a GRI basis reflecting contracted rights for tenants to pre-terminate leases, if any, was 7.9 years as at the end of the financial year (8.1 years if pre-committed leases were included).

Top 10 Tenants[5]

As at 30 September 2019	NLA (sq ft)	% of total NLA
Rio Tinto Shared Services Pty Ltd	314,804	44.2
152 St Georges Terrace Pty Ltd (WeWork)	49,745	7.0
PF Lawyers Pty Ltd (DLA Piper)	28,421	4.0
IOOF Service Co Pty Ltd	22,868	3.2
Australia Energy Market Operator Limited	21,849	3.0
Grant Thornton Australia Limited	19,258	2.7
Japan Australia LNG (MIMI) Pty Ltd	17,511	2.4
Jones Lang LaSalle (WA) Pty Ltd	14,218	2.0
Westpac Banking Corporation	12,021	1.7
St George Bank Limited	7,637	1.1
Total	**508,332**	**71.3**

Lease Expiry Profile[5]

As at 30 September 2019	FY2020	FY2021	FY2022	FY2023	FY2024 & beyond
Number of leases expiring	4	2	3	4	23
NLA (sq ft)	37,930	26,240	14,352	37,958	438,490
% of total NLA	5.3	3.7	2.0	5.3	61.5
% of total GRI	9.7	5.5	2.5	8.9	73.4

Trade Sector Mix by GRI[5]

As at 30 September 2019 Category	% GRI
Mining / Resources	60.8
Banking, Insurance & Financial Services	15.1
Legal	8.8
Service Office / Flexible Space Operators	8.2
Real Estate / Property Services	4.8
Food & Beverage	2.3
Total	**100.0**

5 Excluding pre-committed leases with commencement dates after 30 September 2019.

Asset Profiles

Caroline Chisholm Centre

Canberra, Australia

Address
Block 4 Section 13, Tuggeranong ACT 2900, Australia

Tenure
Leasehold 99 years commencing June 2002

Total NLA
433,182 sq ft

Number of tenants
1

Carpark lots
1,098

Acquisition price
A$191.8 million (S$244.4 million)[1]

Market valuation (30 September 2019)
A$245.0 million (S$228.0 million)[2]

Caroline Chisholm Centre is a 5-storey Grade A contemporary office complex located within the core of the Tuggeranong Town Centre in Canberra, Australia's capital city and the location of the Federal Parliament House. This property was 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.

The property is equipped with a range of amenities such as conference facilities, an auditorium, an amphitheatre, a gymnasium and a café.

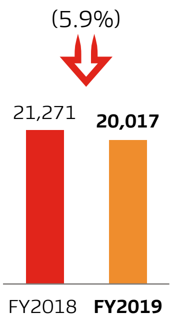
Caroline Chisholm Centre is fully-let to the Commonwealth Government of Australia for a lease term of 18 years that commenced on 5 July 2007, with 3% annual rent increment which provide a stable income stream and organic growth to FCOT.

1 Aggregate purchase price comprising A$108.8 million for the initial 50.0% interest acquired on 18 June 2007 and A$83.0 million for the remaining 50.0% interest acquired on 13 April 2012, translated based on the then prevailing exchange rates of A$1.00 = S$1.2533 and A$1.00 = S$1.3028, respectively.

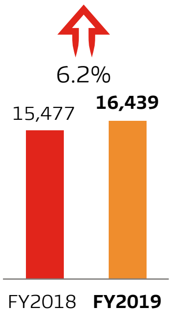
2 Based on the exchange rate of A$1.00 = S$0.9307 as at 30 September 2019.

Operational Highlights

Gross Revenue[1]
(S$'000)

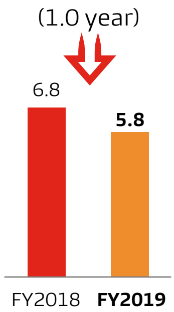


Net Property Income[1]
(S$'000)

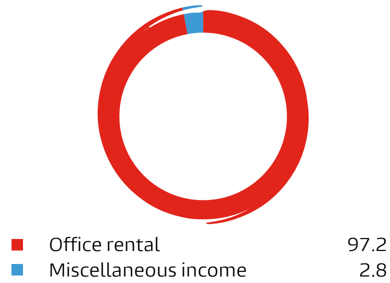


Occupancy
(%)

WALE by GRI[2]
(years)



Gross Revenue Mix
(%)



1 Based on the average FY2019 exchange rate of A$1.00 = S$0.9574 (FY2018: A$1.00 = S$1.0183).
2 WALE was calculated on a GRI basis with respect to the unexpired lease terms of existing tenant and stated as at the end of the respective financial year.

Top 10 Tenants

As at 30 September 2019	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 2019	FY2020	FY2021	FY2022	FY2023	FY2024 & beyond
Number of leases expiring	–	–	–	–	1
NLA (sq ft)	–	–	–	–	433,182
% of total NLA	–	–	–	–	100.0
% of total GRI	–	–	–	–	100.0

Trade Sector Mix by GRI

As at 30 September 2019 Category	% GRI
Government and Government-linked	100.0
Total	**100.0**

Asset Profiles

357 Collins Street

Melbourne, Australia

Address
357 Collins Street, Melbourne Victoria 3000, Australia

Tenure
Freehold

Total NLA
344,240 sq ft

Office NLA
324,811 sq ft

Retail NLA
19,429 sq ft

Number of tenants
27

Carpark lots
41

Acquisition price (18 August 2015)
A$222.5 million (S$226.6 million)[1]

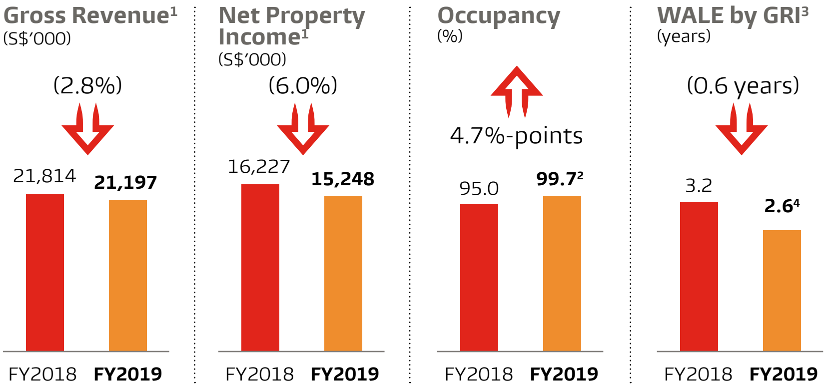
Market valuation (30 September 2019)
A$328.0 million (S$305.3 million)[2]

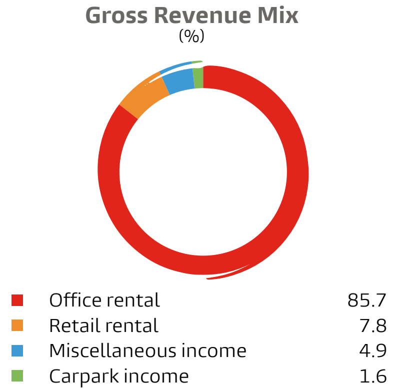
357 Collins Street is a 25-storey office building with Grade A specifications, strategically located in the heart of the Melbourne Central Business District. Collins Street is regarded as a prime office location in the city, occupying a central position within the financial precinct. The property is also close to Bourke Street Mall, Melbourne's retail hot spot.

357 Collins Street has good connectivity to pedestrian, vehicular and public transport linkages such as trams and railway stations. The property is within walking distances to Flinders Street Station, which serves the entire Melbourne metropolitan rail network, and the Southern Cross Station, which is the terminus of the Victoria State's regional railway network, suburban rail services and inter/intra-state coach services.

1 Based on the exchange rate of A$1.00 = S$1.0186, being the exchange rate at the time of acquisition.
2 Based on the exchange rate of A$1.00 = S$0.9307 as at 30 September 2019.

Operational Highlights





1 Based on the average FY2019 exchange rate of A$1.00 = S$0.9574 (FY2018: A$1.00 = S$1.0183).
2 Committed occupancy as at 30 September 2019.
3 WALE was calculated on a GRI basis with respect to the unexpired lease terms of the existing tenants and is stated as at the end of the respective financial year.
4 WALB calculated on a GRI basis reflecting contracted rights for tenants to pre-terminate leases, if any, was 2.6 years as at the end of the financial year. WALE and WALB were 3.6 years if pre-committed leases were included.

Top 10 Tenants[4]

As at 30 September 2019	NLA (sq ft)	% of total NLA
Commonwealth Bank of Australia	145,775	42.4
Service Stream Limited	81,354	23.6
Orange Business Services Australia Pty Ltd	11,528	3.4
Meridian Lawyers Limited	9,418	2.7
VAP Victory Pty Ltd	9,354	2.7
Analytical Systems Pty Ltd	8,288	2.4
Eureka International Trading Pty Limited	8,288	2.4
Metlife Insurance Limited	8,288	2.4
Meridian Energy Australia Pty Ltd	8,277	2.4
Infor Global Solutions (ANZ) Pty Limited	8,277	2.4
Total	**298,847**	**86.8**

Lease Expiry Profile[4]

As at 30 September 2019	FY2020	FY2021	FY2022	FY2023	FY2024 & beyond
Number of leases expiring	6	2	2	15	5
NLA (sq ft)	100,546	13,132	11,786	178,541	31,205
% of total NLA	29.2	3.8	3.4	51.9	9.1
% of total GRI	27.5	4.1	3.6	54.4	10.4

Trade Sector Mix by GRI[4]

As at 30 Setptember 2019 Category	% GRI
Banking, Insurance & Financial Services	48.9
Multimedia & Telecommunications	21.4
IT Products & Services	8.4
Food & Beverage	7.0
Consultancy / Business Services	3.8
Legal	2.9
Others	2.8
Mining / Resources	2.2
Real Estate / Property Services	1.3
Retail	1.3
Total	**100.0**

4 Excluding pre-committed leases with commencement dates after 30 September 2019.

Asset Profiles

Farnborough Business Park[1]

Farnborough, UK

Address
Farnborough Business Park,
Farnborough, Hampshire
GU14 7JP, United Kingdom

Tenure
Freehold

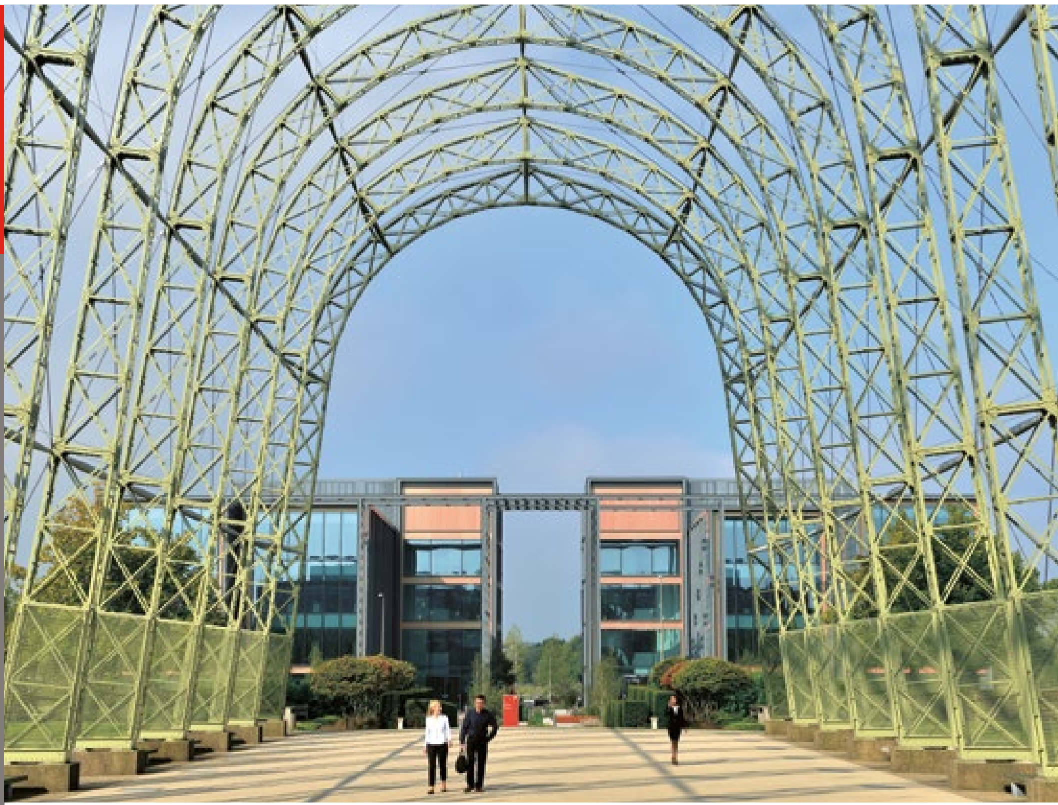
Total NLA
547,684 sq ft

Number of tenants
34

Carpark lots
Approximately 2,100[2]

Acquisition price (29 January 2018) (50.0% interest)
£87.5 million
(S$161.5 million)[3]

Market valuation (30 September 2019) (50.0% interest)
£88.7 million
(S$150.6 million)[4]



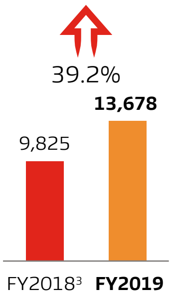
Farnborough Business Park is a high-quality and award-winning business park located in Farnborough in the Thames Valley, west of London. Spanning 46.5 hectares, the freehold business park comprises 14 commercial buildings, including nine office buildings, two car showrooms, an office-cum-industrial building and two cafés[5]. The business park is served by a nursery, a museum, a hotel with fitness facilities, food and beverage outlets and a wide array of other amenities.

Farnborough Business Park has excellent connectivity, including direct connections to key motorways and a 34-minute direct train service from the nearby Farnborough town centre to Waterloo Station, London. The property is also adjacent to the TAG Farnborough Airport and the Farnborough International Exhibition & Convention Centre.

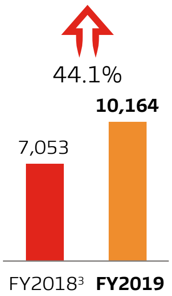
1 FCOT holds 50.0% indirect interest in the property (held as a joint venture and equity-accounted in the financial statements).
2 Excluding approximately 1,900 car park spaces within car showroom facilities operated by tenants and car park spaces belonging to five freehold reversions subject to long leaseholds.
3 Based on FCOT's 50.0% share of the agreed property value of £175.0 million and the exchange rate of £1.00 = S$1.8453 being the rate at the time of acquisition.
4 Based on the exchange rate of £1.00 = S$1.6984 as at 30 September 2019.
5 The property also includes five freehold reversions subject to long leaseholds and four listed buildings relating to British aviation history.

Operational Highlights

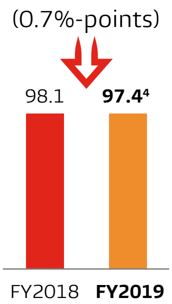
Gross Revenue[1,2]
(S$'000)
(50.0% interest)



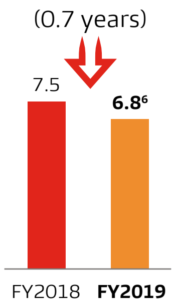
Net Property Income[1,2]
(S$'000)
(50.0% interest)



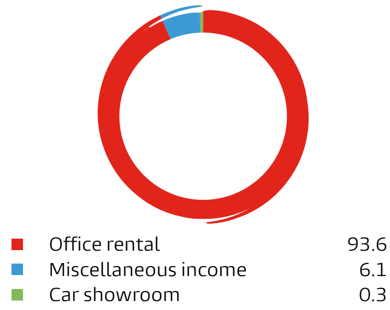
Occupancy
(%)



WALE by GRI[5]
(years)



Gross Revenue Mix
(%)



1 Includes reimbursements of lease incentives and rent guarantee for certain unlet units and other commercial arrangements performed by the vendor in accordance with the terms of the acquisition (refer to announcement dated 14 December 2017 for details).
2 Based on the average FY2019 exchange rate of £1.00 = S$1.7387 (FY2018: £1.00 = S$1.8072).
3 For the period from 29 January 2018 (completion of acquisition) up to 30 September 2018.
4 Inclusive of a new lease concluded in October 2019, the committed occupancy would be 99.1%.
5 WALE was calculated on a GRI basis with respect to the unexpired lease terms of the existing tenants and is stated as at the end of the financial year.
6 WALB calculated on a GRI basis reflecting contracted rights for tenants to pre-terminate leases, if any, was 5.3 years as at the end of the financial year.

Top 10 Tenants[7]

As at 30 September 2019	NLA (sq ft)	% of total NLA
Fluor Limited	151,447	27.7
Syneos Health UK Limited	63,830	11.7
Bolling Investments Limited	63,615	11.5
Elms Automotive Limited	31,422	5.7
Aetna Global Benefits (UK) Ltd	30,257	5.5
TI Media Limited	29,873	5.5
Red Hat UK Limited	25,700	4.7
CapQuest Debt Recovery Ltd	20,027	3.7
Farnborough Business Park Centre Limited (a unit of Regus)	17,835	3.3
Fiscal Reps Limited	10,064	1.8
Total	**444,070**	**81.1**

Lease Expiry Profile[7]

As at 30 September 2019	FY2020	FY2021	FY2022	FY2023	FY2024 & beyond
Number of leases expiring	3	2	4	8	31
NLA (sq ft)	11,305	19,425	5,648	47,691	449,230
% of total NLA	2.1	3.5	1.0	8.7	82.0
% of total GRI	2.0	4.3	1.2	8.7	83.8

Trade Sector Mix by GRI[7]

As at 30 September 2019 Category	% GRI
Engineering	31.0
Medical / Pharmaceuticals	15.1
Banking, Insurance & Financial Services	13.5[a]
Automobile	10.6
Consultancy / Business Services	8.1
Others	7.7
IT Products & Services	7.6
Service Office / Flexible Space Operators	4.0
Real Estate / Property Services	1.6
Food & Beverage	0.5
Mining / Resources	0.3
Total	**100.0**

a Comprised mainly of Insurance & Financial Services (12.5% of GRI).

7 Excluding pre-committed leases with commencement dates after 30 September 2019.

Risk Management

Enterprise-wide Risk Management

Enterprise-wide risk management (ERM) is an integral part of the business activities of FCOT. The objectives of ERM are to identify key risks, put in place appropriate controls and allocate appropriate resources to proactively manage the identified risks. The Board is responsible for determining the overall risk strategy of FCOT and ensuring that the Manager implements sound risk management and internal control practices. The Board is supported by the Audit, Risk and Compliance Committee (ARC Committee) in this respect. The Manager maintains a risk management system to proactively manage risks to support the achievement of FCOT's business objectives.

Enterprise-wide risk reporting is facilitated through Frasers Property Group's 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 including investment management, financial management and operating activities. Risks are reported and monitored using a Risk Scorecard which captures key risks, assessment of likelihood of occurrence, impact 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 which is reviewed by the ARC Committee and the management team of the Manager on a regular basis.

The Board approves risk tolerance statements for FCOT which set out the nature and extent of significant risks which the Manager is prepared to take in achieving the strategic objectives of FCOT. The risk tolerance statements set out geographical balance and diversity for FCOT's property portfolio, limit for single-asset exposure, DPU-accretion criteria for new acquisitions, limit for debt exposure and guidelines for maintaining financial stability and flexibility, among other things. The risk tolerance statements are reviewed periodically to ensure they remain relevant and appropriate.

At the end of each financial year, an annual ERM validation exercise is held where the management team provides 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 and Mitigation

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 considers country risks, locational attributes, quality of tenants, building condition, environmental condition, competitive landscape, investment return, long-term sustainability and growth potential, among others.

Regulatory Risks

Processes are in place to monitor compliance with, and to mitigate non-compliance risks with, applicable laws and regulations and any changes thereof. The management team of the Manager is updated regularly on latest developments in relevant laws and regulations through training, courses, regular engagements with professional advisors and Frasers Property Group's offices in Australia and the UK, and industry talks and briefings.

Interest Rate Risk

The Manager proactively manages interest rate risk by fixing interest rates, where appropriate, for a portion of FCOT's outstanding borrowings via the use of derivative financial instruments or other suitable financial products. Interest rate derivative instruments are used for the purposes of hedging interest rate risk and managing the portfolio of fixed and floating rates.

Funding and Liquidity Risks

The Manager actively manages FCOT's capital structure. The Manager ensures that the gearing of FCOT is maintained at a prudent level and adheres to the applicable aggregate leverage limit under the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore and loan facility agreements (where applicable). Refinancing risk is also monitored, taking into account the concentration of maturity profile of debt facilities and available sources of funding. As far as possible, the maturities of debt facilities are spread out to mitigate re-financing risks in any single financial year. In addition, a suitable level of working capital is maintained to meet the requirements of the Group's operations.

Foreign Currency Risk

FCOT is subject to foreign exchange risk as a result of its investments in Australia and the UK. It is the Manager's policy to hedge FCOT's anticipated foreign currency income net of anticipated payments required in the same currency six to nine months forward in general, by using appropriate foreign currency financial instruments. The Manager uses these instruments solely for hedging actual underlying foreign exchange requirements in accordance with hedging limits set by the Board, and does not engage in the trading of foreign exchange derivatives. A portion of the investment in overseas assets is hedged naturally to the extent that borrowings taken up to finance the investments are denoted in or swapped to the relevant foreign currency.

Operational Risks

The Manager has in place well-established standard operating procedures designed to identify, monitor, report and manage operational risks associated with the day-to-day management and operation of FCOT's properties. These include actively managing lease renewals and marketing of space to minimise rental voids, as well as actively monitoring and managing property expenses and rental arrears. The Manager practices prudent lease management to minimise disproportionate levels of lease expiration in any one financial year as far as possible, by staggering the terms of leases within FCOT's portfolio.

Insurances are in place to mitigate the impacts of property damage and business disruption resulting from unforeseen events. Property operating procedures and business continuity plans are also reviewed and tested regularly to ensure their continued relevance and effectiveness.

Credit Risk

Credit risk is the potential financial loss resulting from failure of tenants to fulfill their rent payment obligations. In order to mitigate credit risk, credit evaluations are performed on prospective tenants before the lease agreements are entered into. Credit risk is also mitigated by security deposits collected or bankers' guarantees or corporate guarantees received from tenants prior to the commencement of leases. Quarterly billing in advance for certain properties also reduces credit risk. Payment in arrears by tenants are actively monitored and acted upon on an ongoing basis.

Fraud Risk

Robust approval processes for purchasing and procurement and a whistle-blowing policy 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.

Technology Risk

Digital disruption and the future of work that are enabled by digital technology offer new opportunities and challenges. Frasers Property Group, of which the Manager is part of, continues to build digital capabilities and invests in new technologies to ensure its business is future-ready. To safeguard the Frasers Property Group, a management sub-committee, being the Information Technology & Cybersecurity Committee, has been formed by Frasers Property to oversee the management of technology risks including cyber risks such as unauthorised access, data leakages, and cyber-attacks. Group-wide policies and procedures have been put in place which set out the governance and controls to ensure the confidentiality, availability and integrity of the IT systems, as well as ensuring that cybersecurity threats are managed. Disaster recovery plans and incident management procedures have been developed and tested regularly. Periodic trainings are also conducted for new and existing employees to raise IT security awareness. External professional services are engaged to conduct independent vulnerability assessment and penetration tests to further strengthen the Frasers Property Group's IT systems.

Human Capital Risk

The Manager has in place a career planning and development system for its staff, and conducts regular remuneration and benefits benchmarking to attract and retain appropriate talent for the business. Regular training and development opportunities are also provided to upgrade the skills and knowledge of the staff.

Sustainability Report

Contents

Alexandra Technopark | Singapore

About This **Report**

This is FCOT's fifth consecutive Sustainability Report and it presents the Environmental, Social and Governance (ESG) practices, performances and initiatives in relation to FCOT and its properties for the period from 1 October 2018 to 30 September 2019[1].

This report has been prepared in accordance with the standards prescribed by the Global Reporting Initiative (GRI) Standards: Core option and the sustainability reporting requirements of the SGX-ST Listing Manual (Rules 711A and 711B). All references to GRI in this Sustainability Report refer to the Global Reporting Initiative Standards: Core option.

Report Scope

This Sustainability Report discloses the activities and performances of the six properties (the Properties) owned by FCOT. The Properties are located in Singapore, Australia and the UK.

Employee-related information in this report refers solely to the employees of Frasers Commercial Asset Management Ltd (the Manager), the manager of FCOT[2]. The Manager has general powers of management over the Properties, although the day-to-day management functions are generally undertaken by the property managers. The Manager works closely with the property managers to improve and enhance the operational efficiencies and environmental performances of the Properties and adopt good sustainability practices where possible.

The current property manager for Alexandra Technopark and China Square Central is Frasers Property Management Services Pte Ltd, while the current property managers for Central Park, 357 Collins Street and Farnborough Business Park are Jones Lang LaSalle (WA) Pty Ltd, Frasers Property Management Services Pty Ltd and Ashdown Phillips & Partners Limited, respectively. The current facilities manager for Caroline Chisholm Centre is BGIS Australia Pty Ltd.

We are committed to maintaining open and proactive communications with our stakeholders. All information in this Sustainability Report has been prepared in good faith and to the best of our knowledge.

Feedback

We are committed to listening to our stakeholders and warmly welcome any feedback that would help improve our sustainability efforts. Please direct your feedback to **fcot@fraserproperty.com.**

1 Unless otherwise stated.
2 FCOT does not have any employees and is managed by the Manager.

Board **Statement**

We strive to create a sustainable and responsible business by adopting business practices that are beneficial to our stakeholders and will positively impact the environment and community around us.

For the first time, in 2019, we participated in the GRESB Real Estate Assessment, which is a global ESG performance benchmark for listed and unlisted real estate companies and funds. We are pleased that FCOT achieved a rating of 4 stars out of the maximum 5 stars in the assessment and scored 82 points out of the maximum 100 points, outperforming the global average score of 72 points. In addition, FCOT was ranked 3rd among its peer group in Asia Pacific[3]. FCOT also scored an 'A' for GRESB Public Disclosure, which measures material sustainability disclosures by listed real estate companies and REITs. These results and accolades attest to our ongoing commitment to integrate sustainability consciousness in the business and operations of FCOT.

The Properties have various green certifications and accolades[4], and we continued to make progress in our sustainability performance in FY2019. Average greenhouse gas emissions intensity improved by 11.0% year-on-year compared to FY2018. Employees of the Manager went through 929.1 hours of training in FY2019, which translated to an average of 46.5 hours per employee and exceeded the target of 40.0 hours per employee. During the financial year we also conducted a survey with internal and external stakeholders including employees, tenants and the investment community, to garner their views on ESG factors which are material to our business, operations and stakeholders.

The Board considers sustainability as an important part of FCOT's long-term business strategies, and this includes, among other things, the management of the relevant ESG aspects in relation to FCOT and the Properties. Our approach is aligned with that of our sponsor, Frasers Property, where sustainability is anchored on the unifying idea of 'Experience Matters' which focuses on the 'experience' of customers and employees of the Frasers Property Group. Demonstrating our commitment towards sustainability, we have set targets to be achieved over the next 12 months for 10 material ESG factors.

FCOT's sustainability efforts are supported by the Fraser Property's Sustainability Steering Committee (SSC) and the Sustainability Working Committee (SWC). The SSC oversees the initiatives and strategies that drive sustainability and the SWC monitors sustainability performance, implements sustainability plans and maintains communications with various stakeholders.

FCOT is a constituent of two indices relating to sustainability, namely the iEdge Singapore ESG Leader and iEdge Singapore ESG Transparency indices[5].

Sustainability will continue to be one of the key pillars in achieving our business aspirations and to deliver long-term growth to our Unitholders. We strive to achieve sustainable growth while managing our impacts on the environment and the communities that we operate in.

Board of Directors
Frasers Commercial Asset Management Ltd.
(manager of Frasers Commercial Trust)

3 Peer group as defined by GRESB.
4 See page 88 for details.
5 Source: SGX sustainability indices as at 30 September 2019.

Our Sustainability **Framework**

We continue to adopt and align our sustainability approach with that of Frasers Property. The Sustainability Framework sets out Frasers Property Group's sustainability priorities up to the year 2030. The Sustainability Framework is anchored by three pillars, namely Acting Progressively, Consuming Responsibly and Focusing on People. These three pillars provide a multi-disciplinary approach and guidance for 13 key ESG aspects for the business and operations of FCOT.

Pillars

Acting Progressively

Focus Areas

Innovation
Fostering an innovation culture that creates value and strengthens our competitive edge

Resilient Properties
Strengthening the resilience and climate adaptive capacity

Risk-Based Management
Comprehensive assessment to address environmental, health and safety risks

Responsible Investment
Incorporating social, environment and governance criteria in the evaluation process

Consuming Responsibly

Focus Areas

Materials & Supply Chain
Achieving the sustainable management and efficient use of material along the supply chain

Biodiversity
Enhancing the environment and ecosystem through our developments

Energy & Carbon
Increasing substantially energy efficiency and renewable energy used

Waste
Reducing substantially waste generation through prevention, reduction, recycling and reuse

Water
Increasing substantially water efficiency and the recycling and safe reuse of water discharged

Focusing on People

Focus Areas

Community Connectedness
Considering social value principles for communities

Health & Well-Being
Ensuring healthy and balanced work and community environments

Diversity & Inclusion
Empowering and promoting the social inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

Skills & Leadership
Developing skills and leadership programmes that support productive activities, creativity and innovation to deliver high-value products and services

Managing **Sustainability**

Sustainability Governance

Our sustainability approach is aligned to that of Frasers Property's. The SSC guides and drives the direction of the corporate sustainability agenda for the entire Frasers Property Group, including reviewing the sustainability priorities and performance of the Frasers Property Group. The SSC is chaired by the Group CEO, Mr. Panote Sirivadhanabhakdi, and comprises senior management staff of Frasers Property. The SWC consists of members from the senior and middle management of various business units, including employees of the Manager, and corporate functions across the Frasers Property Group. The SWC implements action plans approved by the SSC and monitors sustainability performance against key performance indicators. In addition, there is a Global Sustainability Taskforce assembled by the Frasers Property Group in FY2019 which is represented by all business units with an aim of establishing their sustainability action plans by leveraging on the sustainability knowledge of more experienced business units.

We engage our stakeholders through various modes of engagement shown below.

Key Stakeholders	Key Topics of Concern
Tenants	• Clean, safe and pleasant environment • Reliable and efficient buildings • Tenant engagement activities
Employees	• Friendly and safe working environment • Fair and competitive employment policies • Staff development
Property managers	• Key performance indicators for the property managers • Operational performance of the properties
Unitholders and investor community	• Sustainable distribution • Operational and financial performances • Business strategies and outlook • Timely and transparent reporting • Good corporate governance
Local community	• Build and nurture relationships with the wider community
Regulators and industry bodies	• Government policies on SREITs or real estate sectors • Compliance with rules and regulations • Engagements with industry forums and trade associations

Stakeholder Engagement

We are committed to engaging our stakeholders regularly to, among other things, gain better understanding of their concerns and expectations. We engage the various stakeholders on a regular basis and these interactions facilitate continuous improvements in all areas of our operations.

Mode of Engagement	Frequency of Engagement and FY2019 Highlights
• Tenant engagement programs • Joint community programs with tenants • Tenant surveys • Tenant meetings	• Throughout the year • Throughout the year • Annual surveys in Singapore • Throughout the year
• Performance appraisals • Team bonding activities • Orientation program for new staff • Communication via the Frasers Property intranet and Workplace • Training • Company and employee activities such as Annual Dinner & Dance, Family Day, sports events and fitness programmes	• Once a year • Throughout the year • Upon joining • Throughout the year • Throughout the year • Throughout the year
• Regular meetings and discussions • Emails and phone calls	• Throughout the year • Throughout the year
• Local and overseas investor meetings, conferences, roadshows and property tours • Post-results briefings for analysts and investors • Annual General Meetings • Website, announcements, management presentations, press releases, webcasts of half-year and full-year results briefings	• Refer to Investor Relations on pages 40 to 42 • At least twice a year • Once a year • Throughout the year
• Social and community events and activities • Sustainability report	• Throughout the year • Once a year
• Meetings, briefings and consultations • Industry conferences and seminars and memberships in industry bodies such as REITAS (FCOT is one of the pioneer members)	• Throughout the year • Throughout the year

Materiality Assessment

The Manager conducted a materiality assessment to determine the ESG factors which had material impact to our business, operations and stakeholders when the inaugural GRI-compliant Sustainability Report was produced in FY2015. The first materiality assessment was conducted in FY2015 guided by GRI Reporting Principles and AA1000 Principles. We have since then continuously reviewed these material factors to ensure that they remain relevant. In FY2019, we conducted a survey with internal and external stakeholders to seek their views on these material ESG factors. Having reviewed the materiality assessment and taking into consideration the views obtained, we have concluded that these factors remain relevant to our business, operations and stakeholders.

As set out in our Sustainability Report for FY2018, we had planned to develop strategies and action plans in relation to the 10 material factors by FY2019. In fulfilment of this, the targets and actions plans that we have set in respect of each of the material factors are as follows:

Sustainability Pillars	Focus Area	What it means to FCOT	Material Topics
Acting Progressively	Responsible Investment	To deliver sustainable returns to Unitholders.	Economic performance (GRI 201)
	Innovation	Foster an innovation culture that creates value and strengthens our competitive edge. Deliver added value to our tenants through innovative solutions.	
	Risk-Based Management	To uphold high standards of integrity, accountability and governance to enhance sustainability of business and operations that will increase trust with stakeholders.	Environmental compliance (GRI 307)
			Anti-corruption (GRI 205)
			Marketing and labelling (GRI 417)
Consuming Responsibly	Energy & Carbon	To reduce environment footprint and improve overall energy performance of the Properties.	Energy and emissions (GRI 302 and 305)
	Water	Water is a scarce resource. The Manage strives to optimise water usage at the Properties and to work with tenants to conserve water where possible.	Water (GRI 303)
Focusing on People	Skills & Leadership	To attract, develop and retain a workforce with diverse skills and knowledge.	Employment, training and education (GRI 401 and 404)
	Diversity & Inclusion	To embrace diversity and inclusiveness to build a workforce with varied experience and expertise.	Labour/ management relations (GRI 402)
	Health & Well Being	A healthy and safe environment not only boosts employees' and tenants' well-being, workplace morales and prevents injuries, but also aids in lowering injury costs, increasing productivity and reducing turnover.	Occupational Health & safety (GRI 403)
	Community Connectedness	We have the potential to create positive impacts in the communities where our properties are located. We endeavour to contribute and support the local communities.	Local communities (GRI 413)

6 The UNSDGs is a set of global goals which aims to reduce global inequalities and eradicate poverty, protect the planet and ensure prosperity for all, as part of the 2030 Agenda for Sustainable Development. Source: www.un.org.

This year, we have aligned our 10 material factors to the 13 focus areas under the three pillars within the Sustainability Framework, where relevant. We have also mapped our ESG performance to the United Nation's (UN) Sustainable Development Goals[6] (SDGs) to reflect our contributions to the UN's global goals. For each focus area, we identified where significant impacts may occur and where we have caused or contributed to the impacts through our business operations.

Targets for FY2020	Material Factor Boundaries	SDGs
Continue to deliver sustainable returns to Unitholders.	FCOT • FCOT • Customers and tenants	8 Decent Work and Economic Growth 9 Industry, Innovation and Infrastructure 17 Partnerships for the Goals
No incident of major breach in relevant environmental laws and regulations at the Properties.	• FCOT • Suppliers and contractors • Customers and tenants	
Zero incident relating to bribery and corruption.		
No incident of major non-compliance with regulations and voluntary codes in relation to marketing communications.		
Conserve energy through various initiatives including progressively replacing old fluorescent lights with energy efficient fittings such as LED lights for the car parks of China Square Central and Alexandra Technopark, installing LED lights at Central Park, installing LED lights when units are vacated/ in between leases at Farnborough Business Park and to upgrade the chiller system of Alexandra Technopark Block A to achieve higher energy efficiency. Reduce GHG emissions intensity by 1.5% across the portfolio.	• FCOT • Customers and tenants	7 Affordable and Clean Energy 9 Industry, Innovation and Infrastructure 11 Sustainable Cities and Communities
Continue using greywater and harvesting rainwater at Caroline Chisholm Centre, and using non-potable water at Alexandra Technopark, for irrigation purposes and to progressively install water efficient fittings at Farnborough Business Park.	• FCOT • Customers and tenants	
Achieve at least an average of 40 hours of training per employee for the year.	FCOT	3 Good Health and Well-Being 8 Decent Work and Economic Growth 10 Reduced Inequalities 11 Sustainable Cities and Communities 17 Partnerships for the Goals
Maintain open communications with our employees to foster trust and a collaborative and progressive culture, and to engage with employees regularly through team bonding and other group activities.	FCOT	
Zero incident of major breach of health and safety regulations at our properties.	• FCOT • Suppliers and contractors	
Continue to foster close relations and engagements with local communities through collaborations with charities, government bodies and other organisations.	• FCOT • Government and non-governmental organisations and local communities	

Acting **Progressively**

Acting Progressively

Why is this important to FCOT?

To create value for our Unitholders and ensure sustainability of business and operations, FCOT incorporates ESG considerations into business decisions to be adaptive and flexible in a rapidly evolving real estate industry. Enhancing our competitive edge and building business resilience are key to the long-term viability of the business.

How does FCOT manage this?

- Established policies for FCOT to build a resilient business and remain relevant to stakeholder expectations
- Adopt practices that enhance the Properties and deliver value to stakeholders

Highlights in FY2019

Ranked 5th out of 46 entries in the Singapore Governance and Transparency Index 2019 (REIT and Business Trust category) for good corporate governance and disclosure practices

100% of FCOT's properties

- in Singapore are BCA Green Mark certified
- in Australia have National Australian Built Environment Rating System (NABERS) Energy base building rating of at least 5.0 star

Participated in GRESB Real Estate Assessment for the first time and achieved 4 stars out of 5 stars

- No known incident of breaches of environmental laws and regulations
- No confirmed incident with regards to bribery and corruption reported
- No known incidents of non-compliance with regulations and voluntary codes in relation to marketing communications

Newly constructed buildings at Farnborough Business Park[a] obtained "Very Good" ratings under the Building Research Establishment Environmental Assessment Method (BREEAM) New Construction: Office (Fully Fitted) category

Contribution to SDGs

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

17 PARTNERSHIPS FOR THE GOALS

a Awarded to Pinehurst 1, Pinehurst 2 and Audi Farnborough.

Risk-Based Management

FCOT strives to maintain the highest standards of integrity, accountability and corporate governance by adhering to relevant laws and regulations. As a signatory to the 2019 Corporate Governance Statement of Support initiated by the Securities Investors Association (Singapore) (SIAS), the Manager has pledged its commitment to uphold high standards of corporate governance.

The Manager recognises the benefits of good corporate governance, as this increases the trust and confidence of stakeholders in the business and operations of the Manager and enhances the value of FCOT in the long-term. FCOT was ranked 5th out of 46 entries in the Singapore Governance and Transparency Index 2019 (REIT and Business Trust category) for good corporate governance and disclosure practices.

The Manager adheres to the relevant laws and regulations including the Code of Corporate Governance 2018, the Code of Advertising Practice, the listing rules of the SGX and the Securities and Futures Act of Singapore.

The Manager adopts a zero-tolerance approach towards corruption and fraud and ensures compliance with the relevant anti-corruption, bribery and environmental laws and regulations.

Various corporate policies and manuals are in place to guide the Manager in maintaining high standards of corporate governance:

- Code of Business Conduct
- Whistle-Blowing Policy
- Anti-Bribery Policy
- Board Diversity Policy
- Competition Act Compliance Manual
- Personal Data Protection Act Policy
- Environment, Health and Safety Policy
- Legal and Regulatory Compliance Manual
- Policy on Dealing in Units of FCOT and Reporting Procedures
- Policy for Prevention of Money Laundering and Countering the Financing of Terrorism
- Policy on Outsourcing
- Treasury Policy
- Investor Relations Policy
- Manual of Authority

On top of policies and manuals, Fraser Property Group's internal audit (Group IA) independently examines and evaluates the Manager's activities, focusing on the adequacy of internal controls, risk management and corporate governance processes. The Group IA department functions independently from the activities that it audits. Audit findings and recommendations are provided to the Manager for appropriate follow-up actions. The Head of Group IA reports directly to the Chairman of the ARC Committee. For further details on the internal audit function, please refer to pages 130 to 131 herein for the report on Corporate Governance.

Responsible Investment

We invest in and manage our properties to create value and ensure sustainable long-term growth for FCOT and its Unitholders. The Properties have various globally recognised green building certifications and accolades such as the Building and Construction Authority's (BCA) Green Mark and Public Utilities Board's (PUB) Water Efficient Building in Singapore, NABERS in Australia and BREEAM and Green Flag Award in the UK.

In Singapore, all properties are certified Green Mark Gold and in Australia, all properties have at least a 5.0-star rating for NABERS Energy base building rating. In the UK, Farnborough Business Park received the prestigious Green Flag Award for the fourth consecutive year and the buildings that were newly constructed have achieved "Very Good" ratings under the BREEAM New Construction: Office (Fully Fitted)[7] category.

We continue to support the BCA's second Green Building Master Plan for at least 80% of the properties in Singapore to obtain BCA Green Mark Certified rating by 2030.

Our properties have achieved the following certifications and accolades:

Property	Green certifications and accolades
Singapore	
China Square Central	• Green Mark Gold Award, BCA • Water Efficient Building, PUB • Sustainable practices implemented by China Square Central's management office have been accredited by the Singapore Environment Council (SEC) under Project: Eco Office
Alexandra Technopark	• Green Mark Gold Award, BCA • Water Efficient Building, PUB • Sustainable practices implemented by Alexandra Technopark's management office have been accredited by SEC under Project: Eco Office
Australia	
Central Park	• First commercial building in Australia to achieve 4.5 star NABERS Energy rating • First premium office building in Perth to attain a 5.0 star NABERS Energy base building rating • 3.5-star NABERS Water rating • 4.5-star NABERS Indoor Environment rating
Caroline Chisholm Centre	• 5.0-star NABERS Energy base building rating
357 Collins Street	• 5.5-star NABERS Energy base building rating (with green power) • 5.0-star NABERS Water rating • 5.0-star NABERS Indoor Environment rating
United Kingdom	
Farnborough Business Park	• BREEAM New Construction: Office (Fully Fitted) – "Very Good" rating[a] • Green Flag Award®, Ministry of Housing, Communities & Local Government

a Awarded to buildings that were newly constructed namely Pinehurst 1, Pinehurst 2 and Audi Farnborough.

7 Awarded to Pinehurst 1, Pinehurst 2 and Audi Farnborough.

FCOT emerged top three among Asia Pacific peers in its inaugural GRESB Real Estate Assessment

In FY2019, FCOT participated in the GRESB Real Estate Assessment for the first time. We are pleased that FCOT achieved a rating of 4 stars out of the maximum 5 stars in the assessment and outperfomed the global average and peer group in Asia Pacific[a] in various segments, as presented below.

GRESB Real Estate Assessment rating

4 ☆

GRESB ★ ★ ★ ★ ★ 2019

FCOT achieved 4 out of a maximum 5 stars in its inaugural GRESB Real Estate Assessment

GRESB score

82 out of 100 points overall
Green Star rating

- FCOT scored 82 out of a maximum 100 points, outperforming the global average score of 72 points and peer average score of 73 points
- FCOT was accorded 'Green Star' status for its integrated approach to ESG

82 / 100

Versus peers

Ranked 3rd among the peer group in Asia Pacific[a]

3rd
Asia-Pacific Diversified - Office/Industrial

FCOT's ESG performance

Outperformed peers in the environment aspect

- FCOT fared well in the environment aspect of the assessment, outperforming the GRESB and peer average score
- The Manager will strive to continue to improve on all the ESG aspects on the assessment

Environment	Social	Governance
83 / 100	76 / 100	84 / 100
GRESB Average: 65	GRESB Average: 79	GRESB Average: 84
Peer Average: 68	Peer Average: 71	Peer Average: 87

GRESB Public Disclosure

Scored 'A' for sustainability disclosures

FCOT

E D C B A

Global Average: C   Comparison Group Average:B

FCOT was awarded an 'A' for GRESB Public Disclosure, which measures material sustainability disclosures by listed real estate companies and REITs

a Peer group as defined by GRESB.

Green Flag Award® 2019
Farnborough Business Park | Farnborough, UK

Green Flag Award® 2019 for Farnborough Business Park
For the fourth consecutive year, Farnborough Business Park was bestowed the prestigious Green Flag Award®, which recognises and rewards well-managed parks and green spaces, setting benchmark standards for the management of recreational outdoor spaces throughout the UK and the rest of the world. Farnborough Business Park delivered impressive performance in every category including: a welcoming place; healthy, safe and secure environment; well-maintained and clean park; good environmental management; presence of biodiversity, extensive landscaping and heritage; and community involvement, among other things.

Innovation

Traditional business-as-usual models within the real estate industry are being disrupted at exponential rates with the rise of technological advancements and tech-savvy consumers. To stay relevant in the competitive market, it is important for us to innovate and create value for our customers and tenants.

Driving innovation solutions at Alexandra Technopark
Fostering innovation and adopting technology are continuous journeys that will increase operational efficiency and benefit the overall business community in the long-term. Alexandra Technopark was identified as one of the trial sites of the second phase of the Call for Innovative Solutions for Smart Estates, a three-year, S$14 million initiative by the Infocomm Media Development Authority to develop solutions for smart environment and estate management. This is an opportunity for stakeholders to build capabilities, implement innovative solutions, enhance efficiencies and deliver unique experiences to customers.

Consuming **Responsibly**

Consuming Responsibly

Why is this important to FCOT?

The Manager strives to reduce the environmental footprint and resources consumption of the Properties where possible. We leverage on technologies and adopt energy and water efficient practices, reduce waste and conserve resources where possible.

Contribution to SDGs

7 AFFORDABLE AND CLEAN ENERGY

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

How does FCOT manage this?

Established policies that promote responsible consumption of resources across all the Properties

Adopt practices that enable and encourage our employees, service providers, tenants and customers to minimise their environmental footprint

Highlights in FY2019 across the portfolios

1.9% year-on-year improvement in average building energy intensity

11.0% year-on-year improvement in average greenhouse gas (GHG) emissions intensity

1.7% year-on-year increase in average building water intensity

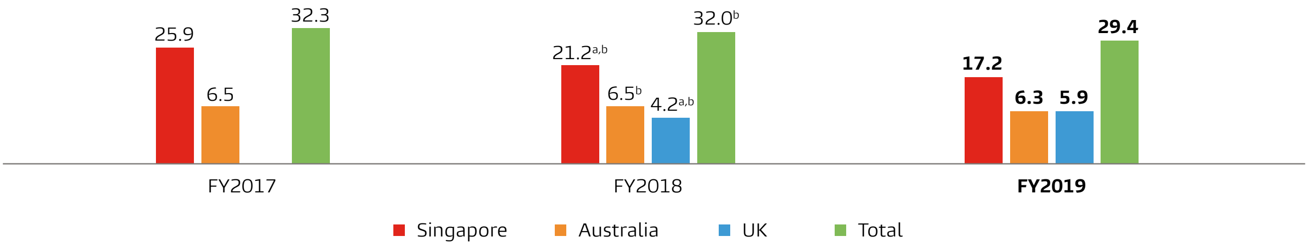
Energy & Carbon

We seek to minimise energy consumption and GHG emissions at our Properties in contribution to global efforts towards mitigating climate change. As properties rely heavily on electricity to operate, enhancing energy efficiency helps to reduce resources consumption and operating costs. Renewable energy is used where possible.

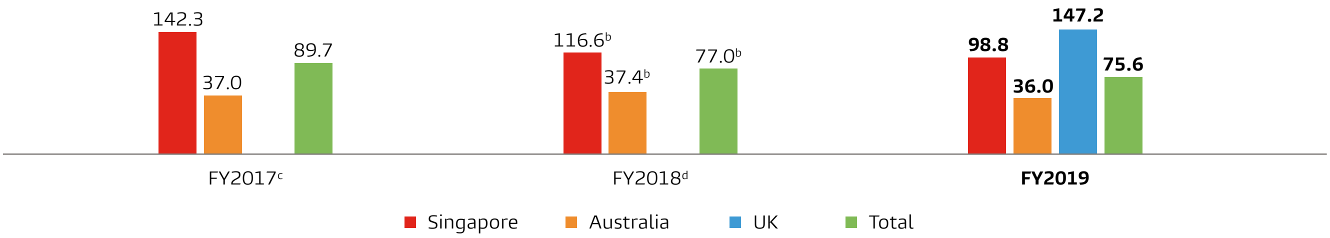
In FY2019, total building energy consumption decreased by 8.1% year-on-year mainly due to lower occupancy and completion of asset enhancement works at Alexandra Technopark, partially offset by higher energy consumption at Farnborough Business Park mainly due to the commencement of a new lease following the completion of a new building. These led to an overall improvement in average building energy intensity by 1.9% year-on-year. As the energy intensity improved, GHG emissions intensity improved by 11.0%.

FY2019 Performance

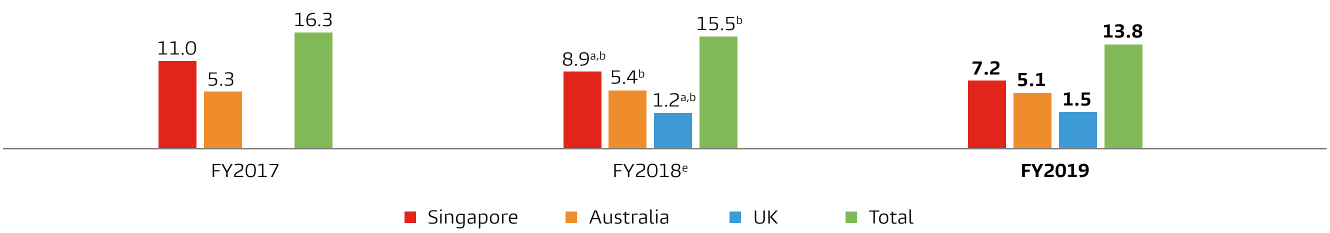
Building Energy Consumption
(GWh)



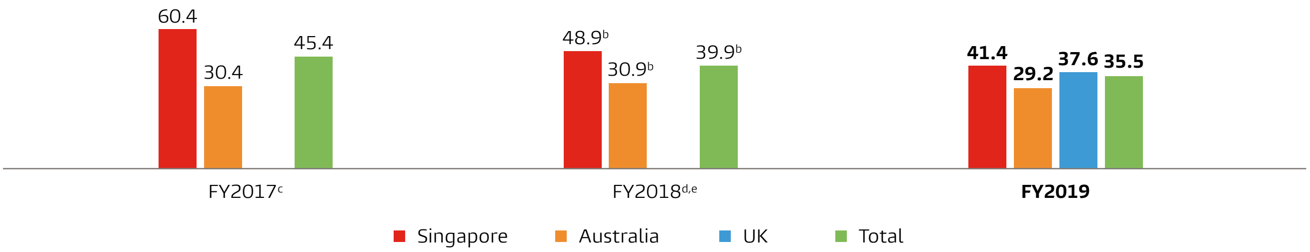
Average Building Energy Intensity
(kWh/m²)



Building GHG Emissions
('000 tonnes of CO_2e)



Average GHG Emissions Intensity
($kgCO_2e/m^2$)



Energy consumption and GHG emissions are based on landlord's areas and exclude tenants' areas. Energy intensity was calculated by dividing energy consumption by building gross floor area. GHG emissions intensity was calculated by dividing GHG emissions by building gross floor area. All energy consumptions were from purchased electricity only. All properties have been included on 100.0% basis regardless of FCOT's effective interest.

a Inclusive of the energy consumption of Farnborough Business Park for the period from 29 January 2018 (completion of acquisition) to 30 September 2018 and 55 Market Street for the period from 1 October 2017 until its divestment on 31 August 2018.

b Data for FY2018 has been restated to reflect updated data.

c For comparison purpose, 55 Market Street (which was divested on 31 August 2018) has been excluded.

d Excluded properties without full-year energy consumption data, namely Farnborough Business Park which was acquired on 29 January 2018 and 55 Market Street which was divested on 31 August 2018.

e The GHG emissions factors used for FY2019 were as follows: Singapore (0.42 $kgCO_2$/kWh), Australian Capital Territory (0.82 $kgCO_2$/kWh), Victoria (1.07 $kgCO_2$/kWh), Western Australia (0.70 $kgCO_2$/kWh) and UK (0.26 $kgCO_2$/kWh). Sources of grid emission factors: Singapore - Singapore Energy Statistics 2019; Australia - National Greenhouse Accounts Factors 2019 and Australian Government Department of Environment; and UK - UK Government GHG conversion factors for company reporting.

To better serve our tenants and customers, we continuously look for opportunities to improve our Properties. In Singapore, for example, the properties go through energy audits every three years as mandated by BCA, while in Australia, the sustainability performances of the properties are assessed by sustainability consultants for NABERS certifications.

Recommissioning and upgraded lightings at Central Park

Approximately 70% of the building's mechanical controls have been recommissioned in the past four years, which has resulted in energy savings and a more comfortable environment for tenants. Recommissioning is one of the most efficient ways to improve the building's energy performance as it optimises energy efficiency, building operations and peak building energy demand management.

Over the past four years, the lighting system on the tower floors have been upgraded to T5 fluorescent lights or light-emitting diode (LED) lights, which has reduced lighting energy use from 13.2 watts/ sq m to 5 watts/ sq m (a savings of 62.1%). An automatic lighting control system utilising motion sensor have also been installed.

Sustainable management at China Square Central

At China Square Central, the usage of water-cooled chiller plant system designed with energy efficient chillers, variable speed drives (VSD) driven chilled water pumps and tower fans has resulted in energy savings of around 503,000 kWh per annum. The savings are a significant 23% over and above the baseline stated in BCA Green Mark requirements[8]. In addition, LED and T5 lights and motion sensors installed at common areas have resulted in substantial energy savings of approximately 165,000 kWh per annum and achieved a 62.9% improvement over the benchmarked lighting power budget of the BCA Green Mark requirements[9].

China Square Central uses sustainable materials and products certified under Singapore Green Labelled Scheme (SGLS) or Singapore Green Building Council (SGBC) extensively to provide a healthier environment for occupants. Sustainable materials and products used include ceiling boards, drywall partitions, wooden door panels, concrete walls, floor screeds, eco-friendly cleaning products, sustainable toilet rolls and paper hand towels.

10.2% reduction in energy consumption at 357 Collins Street through improvements in the mechanical plant

Close monitoring and proactive improvements to the mechanical chiller plant has resulted in a year-on-year reduction in consumption of around 111 mWh or 10.2% in FY2019. The water chiller temperature was also fine-tuned to approximately 1°C. The plant is one of the biggest consumers of electricity in the building. Adjusting the control valves ensures correct staging of the chiller system to maintain high efficiencies.

Renewable energy across our properties

Central Park

The installation of a solar photovoltaic system generated around 10,000 kWh from solar power in FY2019, providing sufficient renewable energy to power the management office of Central Park.

357 Collins Street

About 20% of the power used in FY2019 were from green power sources which were predominantly generated by wind farms.

Farnborough Business Park

- Renewable energy
  The multi-let buildings in the business park purchased 100% of their energy requirements from renewable sources in FY2019.

- Promoting green travels
  The business park provides comprehensive end-of-trip facilities, bicycle paths throughout the business park and electric vehicle charging stations for both tenants and visitors. In FY2019, two more electric vehicle charging stations were added. The business park's shuttle busses have low-emission Euro 5 engines which are more environmentally friendly.

ISO 50001:2011 and ISO 14001:2015 certifications to boost energy performance

In FY2019, the environment management systems (EMS) of both properties in Singapore attained ISO 50001:2011 certifications (Energy Management System), in addition to their existing ISO 14001:2015 certifications (Environmental Management System). These certifications are internationally recognised standards for strategic and systematic EMS implementation with proven energy and cost savings. These standards enable and empower the property managers to identify and harness energy-saving opportunities as they materialise. By continuously monitoring and improving energy efficiency, the properties are able to achieve continuous energy savings.

8 BCA Green Mark requirements for Existing Non-Residential Buildings Version 3.0.
9 Benchmarked lighting power budget stated in Annex 1 of BCA Green Mark for Existing Non-Residential Buildings Version 3.0.

Water

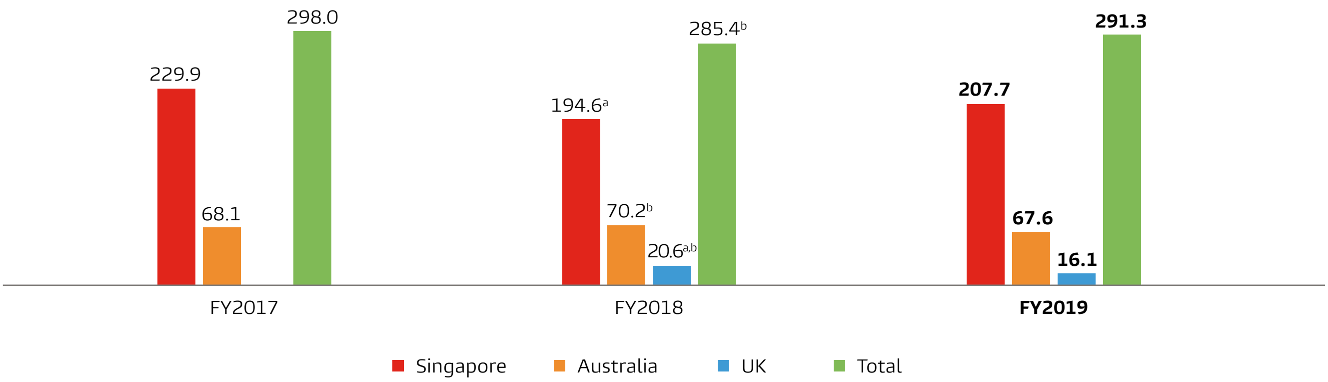
We recognise that water is a scarce resource and are committed to improving water management and reducing water consumption at the Properties. Recycled water is used where possible. Currently, greywater and rainwater harvested at Caroline Chisholm Centre and non-potable water at Alexandra Technopark are used for irrigation purposes.

In FY2019, total building water consumption in the portfolio increased by 2.1% and average building water intensity increased by 1.7% year-on-year. These were mainly due to the asset enhancement works for the retail podium at 18 Cross Street, China Square Central, partially offset by the lower consumption at Farnborough Business Park as faulty water features which resulted in higher consumption in FY2018 were fixed in FY2019.

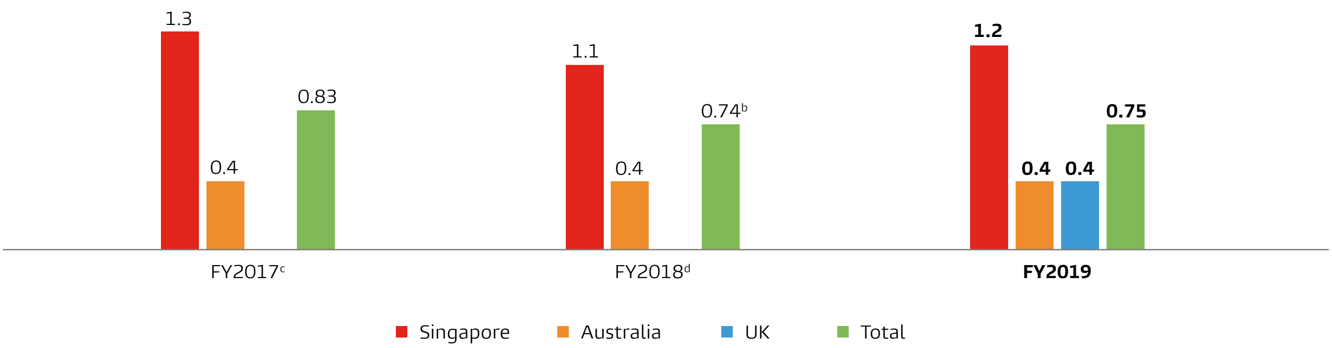
All properties in Singapore are certified Water Efficient Building by PUB. Central Park has a 3.5-star NABERS Water rating, while 357 Collins Street has a 5.0-star NABERS Water rating.

FY2019 Performance

Building Water Consumption
('000 m³)



Average Building Water Intensity
(m³/m²)



Water consumptions at the Properties are all metered. Water intensity was calculated by dividing water consumption by building gross floor area. All properties have been included on 100.0% basis regardless of FCOT's effective interest.

a Inclusive of the water consumption of Farnborough Business Park for the period from 29 January 2018 (completion of acquisition) to 30 September 2018 and 55 Market Street for the period from 1 October 2017 until its divestment on 31 August 2018.
b Data for FY2018 has been restated to reflect updated data.
c For comparison purpose, 55 Market Street (which was divested on 31 August 2018) has been excluded.
d Excluded properties without full-year water consumption data, namely Farnborough Business Park which was acquired on 29 January 2018 and 55 Market Street which was divested on 31 August 2018.

Improving water efficiency at Central Park
Water-efficient low flow shower heads with Water Efficiency Labelling and Standards (WELS) rating of 4 are progressively being installed in the washrooms to reduce water flow and wastage. In addition, a cooling tower risk assessment was undertaken which led to the adoption of an improved management plan and reduction in water usage during cleaning and decontamination of the cooling towers.

Conserving water at 357 Collins Street
All new washroom fittings installed in the building have a 4 star+ WELS rating while the property manager is also reviewing possible locations to harvest rainwater. New dosing pumps have been installed in the cooling tower to provide better chemical analysis.

Water Efficient Building certifications
In Singapore, China Square Central and Alexandra Technopark are certified Water Efficient Buildings by PUB.

China Square Central uses dedicated water meters to closely monitor the water usage of its cooling towers.

At Alexandra Technopark, NEWater (treated used water) is used for non-potable purposes such as water for air-conditioning cooling towers, irrigation and firefighting (hydrants and sprinklers). In FY2019, around 56,200 m^3 of NEWater was used, constituting around 27% of total water consumed at the common areas for non-potable purposes.

Waste

Effective and responsible waste management will positively impact the environment by reducing impact on landfills and conserving precious natural resources. We manage waste at the Properties proactively and continue to place an emphasis on the importance of recycling. We will continue to work closely with our tenants and other stakeholders to collectively reduce the amount of waste generated while increasing recycling rates.

In FY2019, the Properties generated a total of 1,333.8 tonnes of waste, a 0.4% reduction compared to FY2018[10]. 184.1 tonnes of waste were recycled, which was a 5.5% reduction year-on-year. To improve on our waste management, we will continue to implement measures and raise tenants' awareness with regard to waste reduction and recycling.


357 Collins Street | Melbourne, Australia

Recycling oil for bio-fuel at 357 Collins Street
Used cooking oil collected from the retail tenants at 357 Collins Street was sent to an agricultural recycling plant in northern Victoria to be converted to either bio-fuel or food for livestock, providing good waste recycling alternatives for the used oil.

10 Data for FY2018 has been restated to reflect updated data.

Focusing on **People**

Consuming Responsibly

Why is this important to FCOT?

The success of our business is anchored on our ability to address the needs and expectations of our stakeholders. We continue to strive on developing our employees and to drive positive impacts for our tenants and the communities through our sustainable business practices and community investment initiatives.

How does FCOT manage this?

- Establish policies to build the resilience of our people and the communties that we operate in
- Adopt practices that drive growth and positive impacts to our stakeholders

Highlights in FY2019

- 46.5 hours of training per employee
- No major safety incidents across our portfolio
- More than S$700,000 community investments raised/donated

Contribution to SDGs

- 3 GOOD HEALTH AND WELL-BEING
- 8 DECENT WORK AND ECONOMIC GROWTH
- 10 REDUCED INEQUALITIES
- 17 PARTNERSHIPS FOR THE GOALS

Diversity & Inclusion

Our employees are our greatest asset and the contributions of our employees are critical to the success of the business and operations of FCOT. We believe in creating an inclusive and sustainable work environment and having a diverse workforce.

An inclusive and sustainable work environment contribute towards improving the workplace happiness and motivation of employees, leading towards greater productivity. A diverse workforce brings together a wealth of knowledge and different perspectives, skills and experiences which enable the workforce to be more productive and innovative. An environment where employees feel encouraged to express their ideas will also boost staff morale.

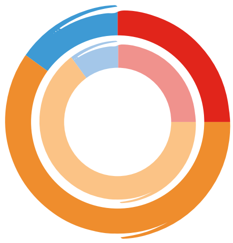
All employee information disclosed in this report is in relation to the Manager, as FCOT is managed by the Manager. The Manager is committed to maintaining a diverse workforce through fair employment practices in line with the Frasers Property Group, which is a signatory of the Tripartite Alliance for Fair & Progressive Employment Practices (TAFEP) in Singapore and a member of the Singapore National Employer Federation. Along with the Frasers Property Group, an open performance appraisal system is also applied to all employees of the Manager, providing employees with opportunities based on merit.

The Manager's Employee Profile[11]

Gender Diversity
(as at 30 September)

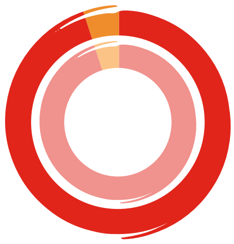
	2018	2019
Female	80.0%	**80.0%**
Male	20.0%	**20.0%**

Age Diversity
(as at 30 September)



	2018	2019
< 30 years old	25.0%	**25.0%**
30-49 years old	65.0%	**60.0%**
≥ 50 years old	10.0%	**15.0%**

Employee Diversity by Category
(as at 30 September)

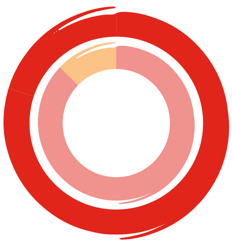


	2018	2019
Executive	95.0%	**95.0%**
Non-Executive	5.0%	**5.0%**

New Hires by Age Group[a]

	FY2018	FY2019
< 30 years old	62.5%	**100.0%**
30-49 years old	37.5%	**–**
≥ 50 years old	–	**–**

New Hires by Gender[b]



	FY2018	FY2019
Male	87.5%	**–**
Female	12.5%	**100.0%**

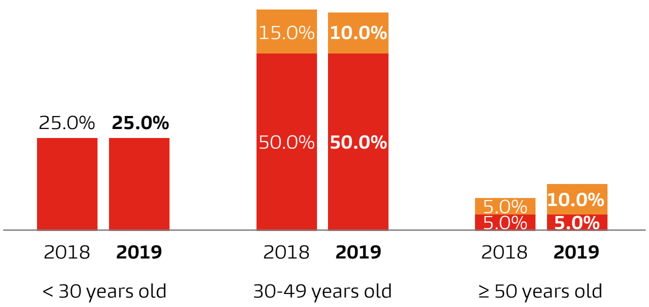
Employee Turnover by Age Group[c]

	FY2018	FY2019
< 30 years old	–	**–**
30-49 years old	100.0%	**100.0%**
≥ 50 years old	–	**–**

Employee Turnover by Gender[d]

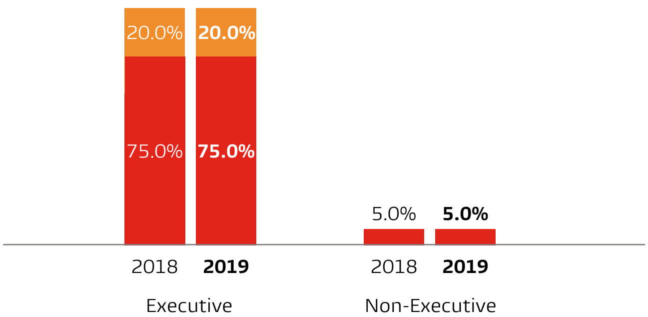
	FY2018	FY2019
Male	–	**–**
Female	100.0%	**100.0%**

Age Diversity by Gender
(as at 30 September)



Female Male

Employee Category by Gender
(as at 30 September)



Female Male

a New hires by age group divided by total number of new hires for each financial year.
b New hires by gender divided by total number of new hires for each financial year.
c Employee turnover by age group divided by total number of employee turnover for each financial year.
d Employee turnover by gender divided by total number of employee turnover for each financial year.

11 All data presented are in relation to full-time permanent employees.

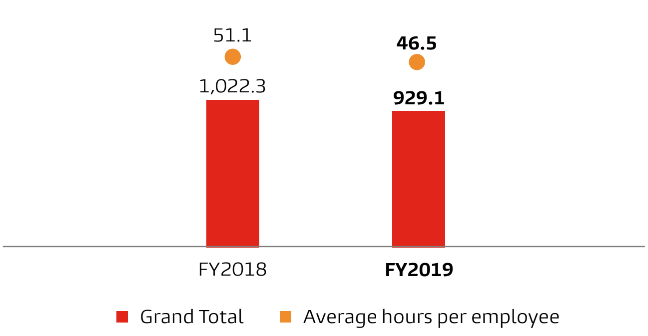
As at 30 September 2019, the Manager had a total of 20 full time permanent employees, all located in Singapore. The number of full time and permanent employees was the same as at a year ago. The workforce is primarily made up of employees who are in the 30 to 49 years-old age group, constituting 60.0% of the Manager's workforce. Female employees constituted 80.0% of total workforce. The hiring rate in FY2019 was 5.0%[12] which was the same as the turnover rate of 5.0%[13].

Skills & Leadership

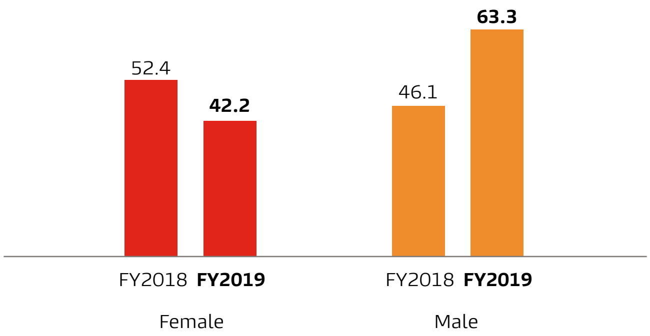
Career development and progression are important for employees and support succession planning, which is important for the future growth of FCOT. The training and development initiatives by the Manager are supported by Frasers Property Group's Human Resource (HR) Department. A wide array of internal and external trainings are provided to employees to equip them with the latest industry knowledge and skills to thrive in the ever-changing business environment and contribute effectively to the performance of FCOT. Continuous training and skills upgrading will enhance employee morale and job satisfaction, resulting in healthier employee retention rates.

The Manager continued to allocate 2.5% of its payroll costs in FY2019 towards learning and development programmes for employees. In FY2019, the average training hours per employee was 46.5 hours, exceeding the target of 40.0 hours. Employees attended a wide array of industry seminars and conferences, personal development courses and skills training programmes in FY2019. During the year, there was a new hire and an employee who went on maternity leave. Adjusting for their periods of absence during the financial year, the average training hours per employee would be 50.1 hours, 25.3% above the target.

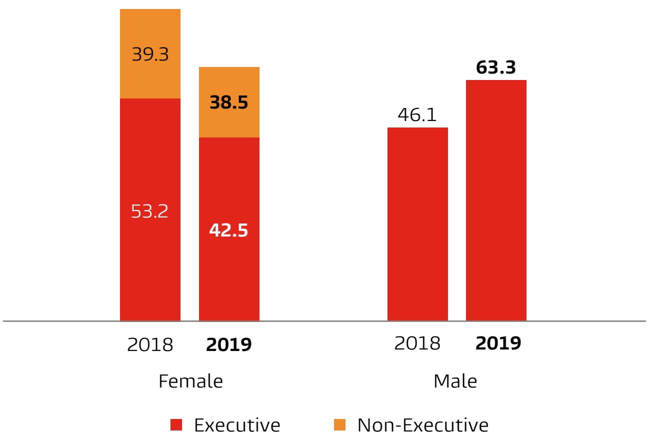
Training and Average Training Hours
(hours)



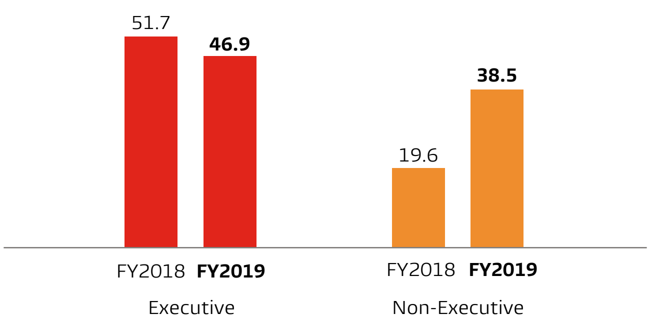
Average Training Hours by Gender
(hours)



Average Training Hours by Gender and Employee Type
(hours)



Average Training Hours by Employee Type
(hours)



12 Total number of new hires in FY2019 divided by total number of employees as at 30 September 2019.
13 Total number of employee turnover in FY2019 divided by total number of employees as at 30 September 2019.

Senior Leadership Programme

Selected senior staff of the Manager attended the Frasers Property Senior Leadership Programme (SLP), a comprehensive three-month learning journey that featured a blend of learning interventions, including a multi-rator assessment, self-reflection stimulus and two interactive workshops, to equip these senior leaders with the following:

- essential mindset and skills to engage with and lead their respective teams and business units more effectively;
- alignment with and the ability to lead and model Frasers Property's core values;
- self-awareness and personal mastery to address a volatile, uncertain, complex and ambigous (VUCA) environment;
- ability to inspire and discuss challenging conversations; and
- knowledge and skills to engage workforce in the new economy with strategic insights to address enterprise-wide issues and challenges.

Health & Well-Being

Health and safety are key factors in promoting wellness. We strive to create a safe environment at the Properties for all stakeholders. A healthy and safe environment is essential in preventing workplace injuries and will boost employees' and tenants' morale. Various health, wellness and safety related programmes and training were conducted throughout the year to equip employees and tenants with the relevant skills and knowledge to improve their overall health and wellness and safety consciousness at work.

For FY2019, we are pleased to report that there were no incident of safety-related non-compliance, fatalities, lost-time injury, lost days or occupational diseases reported at the Properties.

Key operational and technical employees of the property manager in Singapore regularly attend safety-related training courses to ensure that they are equipped to effectively handle security and emergency situations. Evacuation drills are also regularly conducted at the Properties to familiarise tenants with emergency response protocols.

Frasers Health and Safety Month 2019

In conjunction with this year's Health and Safety Month's theme 'LIVE, WORK, PLAY, SAFE', Frasers Property's Corporate Wellness Committee organised a wide variety of wellness programmes to increase staff awareness on various health related topics such as the importance of healthy eating and emotional well-being.

Healthy Workplace Ecosystem Award 2019

Alexandra Technopark was presented the Healthy Workplace Ecosystem Award by the Health Promotion Board at the Singapore HEALTH Award 2019 in October 2019. Alexandra Technopark was recognised for its effort in creating conducive workplace environments and implementing specially designed programmes that integrate healthy living into tenants' daily work lives.

Singapore HEALTH Award 2019

Dialogue session with NFEC

Fire safety dialogue with the National Fire and Civil Emergency Preparedness Council (NFEC)
The property management staff in Singapore attended a dialogue session with the NFEC, which is supported by the Singapore Civil Defence Force, in August 2019.

Topics discussed at the dialogue included fire prevention and safety measures in commercial buildings, common fire safety non-compliances, Singapore's fire statistics and case studies of fire incidences.

Workplace Safety & Health (WSH) management walkabout
WSH walkabouts take place every quarter for the Singapore properties, during which Frasers Property's senior managers would visit the properties and hold discussions with the property management teams on WSH initiatives and awareness. During these walkabouts, potential WSH risks and concerns are also identified for safety enhancements.

WSH management walkabout

Breast cancer awareness talk
In collaboration with Breast Cancer Foundation, China Square Central hosted a breast cancer awareness talk for tenants in August 2019. The talk included a sharing session by a breast cancer survivor to provide attendees with greater understanding and awareness of breast cancer.

100.0% OHSAS 18001 Certification
The occupational health and safety management systems of the properties in Singapore have been accredited with Occupational Health and Safety Management System (OHSAS) 18001[a] and SS506 Part 1: 2009. These international standards provide a framework to identify, control and decrease health and safety risks within the workplace and provide guidance to the property managers in their pursuit of 'zero incidents'.

bizSAFE Star and bizSAFE Partner Award
The property management teams of China Square Central and Alexandra Technopark garnered the bizSAFE Star and bizSAFE Partner awards by the Workplace Safety & Health Council and Ministry of Manpower for being proactive and committed in bringing tenants on board the bizSAFE programme[b].

a OHSAS 18001 is a framework for occupational health and safety management systems that allows organisations to consistently identify and control its health and safety risks, reduce the potential for accidents, aid legislative compliance and improve overall health and safety performance.
b bizSAFE is a programme tailored to assist companies to build up their workplace safety and health capabilities.

Connecting **Communities**

We strive to contribute positively towards the communites in which we operate in. We will continue to align our principles of community engagement and investments with the Frasers Property Group's initiatives which focus on 'Wellness' - caring for the wellness of the minds, hearts, spirits and bodies of our communities and to strengthen the capabilities of our selected charitable causes.

In FY2019, more than S$700,000 were raised in charitable fundraising events held at the Properties.

Charity Events

Central Park Plunge
Central Park | Perth, Australia

Central Park Plunge 2019
Regarded as the biggest and tallest urban abseil event in Australia, Central Park Plunge offered participants a unique and memorable experience abseiling 220 metres from the top of Central Park. Now in its fifth year, the three-day event was held in support of more charities this year including Ronald McDonald House Charities Western Australia, Camp Quality, Global Roaming Pilbara Foundation, Guide Dogs WA, Cahoots, MSWA (formerly known as The Multiple Sclerosis Society of Western Australia) and Prostate Cancer Foundation of Australia. This year, over 300 participants took part and the event raised over A$434,000.

Step Up for MSWA
For the 13th consecutive year, Step Up for MSWA, one of the iconic events for MSWA, was held at Central Park. MSWA is a non-profit organisation that offers support and services to people with neurological conditions in Western Australia, including multiple sclerosis. This unique vertical challenge of climbing more than 1,100 steps up to the top of Central Park attracted more than 1,000 participants. The event was a great success and thanks to the generosity of participants, close to A$320,000 was raised, 59% higher compared to last year. Central Park contributed by sponsoring A$10,000 towards this event.

Step Up for MSWA
Central Park | Perth, Australia

Daffodil Day Appeal
The property management team of 357 Collins Street participated in the Daffodil Day Appeal, Cancer Council's most iconic fundraising campaign in Australia. The team set up a stall at the foyer of 357 Collins Street to raise funds to support Cancer Council in their life-saving cancer research activities. Besides the sale of daffodils, there were also baked treats on offer for donors.

Daffodil Day Appeal
357 Collins Street | Melbourne, Australia

Christmas Gift Drive
Farnborough Business Park | Farnborough, UK

Farnborough Business Park Christmas Gift Drive
Farnborough Business Park held its annual Christmas Gift Drive for the much deserving and underprivileged young people in the local charities. Tenants donated or purchased gifts which were distributed to charities such as Step by Step, Frimley Park Hospital, The Vine Centre, Sandhill Community Group and Creating Futures. These gifts go to homeless teenagers, children from areas of extreme deprivation and children warded in hospitals during the festive period. There was a record-breaking number of gifts donated by generous tenants and the charities were absolutely delighted and made sure that each gift found its way to a young person in need of Christmas cheer.

Farnborough Food Festival
The first ever Farnborough Food Festival was held in July 2019 for tenants of Farnborough Business Park to raise funds for Phyllis Tuckwell Hospice, the only hospice care service for adults across the whole of West Surrey and parts of North East Hampshire. In addition to this worthwhile cause, the food festival was a great platform to increase tenant engagement and interaction, as tenants indulged in some delicious food, played lawn games, relaxed and tucked into their lunches. More than £4,000 that was raised went towards funding vital care and supporting the Phyllis Tuckwell Hospice that provides services at no charge to patients and their families, in celebration of their 40th anniversary.

Farnborough Food Festival
Farnborough Business Park | Farnborough, UK

Community Events

Staff of the Manager with Seniors from Fei Yue Senior Activity Centre
Alexandra Technopark | Singapore

Celebrating Chinese New Year with Seniors from the Fei Yue Senior Activity Centre
The staff of the Manager celebrated Chinese New Year with a group of senior citizens from the Fei Yue Senior Activity Centre at The Hub at Alexandra Technopark. Fei Yue is a non-profit organisation focusing on improving the quality of life and preventing social isolation of seniors.

The fun-filled day included a Shrink Art workshop where the seniors made small keepsakes such as keychains and fridge magnets, live lion dance and Chinese orchestra performances and a traditional 'Loh Hei' lunch.

Revisiting history and heritage through 'Our Alexandra Stories'
In celebration of Singapore Bicentennial year as well as to usher in National Day, Alexandra Technopark hosted a month-long event entitled 'Our Alexandra Stories' which reimagined the Alexandra precinct's history and heritage through various experiential activities.

The event was held in collaboration with media publisher Our Grandfather Story. Visitors enjoyed an array of interesting activities such as guided tours of the different installations on site, learning about the Alexandra precinct's history from volunteers from My Community (a charity which celebrates and champions community heritage), taking part in 'chapteh' (a traditional local game) workshops and sampling of traditional snacks.

Our Alexandra Stories
Alexandra Technopark | Singapore

Packing food rations at Shan You Wellness Community

Packing food rations at Shan You Wellness Community
In July 2019, the staff of the Manager volunteered at Shan You Wellness Community by packing food rations for distribution to the disadvantaged community. Shan You is a non-profit social service organisation that provides counselling and social care services for the well-being of the community. The team formed a human chain to pack close to 200 bags of food items.

Girt by Sea Exhibition
Girt by Sea is the creation of a unique, aerial photography adventure by two Australian photographers, Denis Glennon and Tony Hewitt, who sought to capture bird's eye views of Australia's vast coastline by plane. They circumnavigated the island continent in a light aircraft for close to a month, and this expedition culminated in a very successful exhibition at Central Park with many people coming in every day over three weeks to view around 100 stunning aerial images of the Australian coastline on display.

Girt by Sea Exhibition
Central Park | Perth, Australia

Experience of the Workplace Day
Farnborough Business Park | Farnborough, UK

Experience of the Workplace Day
Farnborough Business Park was delighted to host an 'Experience of the Workplace Day' for five local secondary schools in June 2019, together with The Community Matters Partnership Project and Zurich Community Trust. The students were introduced to the wide range of businesses operating in Farnborough Business Park as well as the various kinds of job offerings within these organisations. The day was a great success with students getting some inspiration for their career aspirations ahead of their General Certificate of Secondary Education examinations the following year.

Tenant Events

Lunctime yoga sessions
Alexandra Technopark | Singapore

Promoting wellness at Alexandra Technopark
In collaboration with the Health Promotion Board, Alexandra Technopark hosted various fitness and wellness activities throughout the year. Weekly activities included High Intensity Interval Training workouts and lunchtime yoga sessions. On top of physical activities, there were also complimentary health screenings and a series of health education sessions which included 'Weight A Minute' which educated attendees on healthier lifestyle choices and debunked some of the myths on dieting. All these activities were held with the aim of encouraging healthier lifestyles for all.

Gardening workshop
Working in collaboration with Singapore's urban farming social enterprise, Edible Garden City, Alexandra Technopark hosted two gardening workshops this year, providing tenants with insights on the different kinds of edible plants in Singapore as well as the basics of starting one's own edible gardens.

In addition, participants tried their hands at propagating plant cuttings that they could bring home to nurture a pot of their own creation.

Gardening workshop
Alexandra Technopark | Singapore

Breakfast sponsored by Soul Origin on Ride2Work Day
Central Park | Perth, Australia

Ride2Work Day
Ride2Work Day is regarded as Australia's largest celebration of commuter riding. Held annually in October, the day celebrates the benefits of riding to work and brings together the communities that support this practice. Central Park hosted an event in our Ride and Park facility that featured an array of activities such as a lucky dip of free bike accessories, competition for gift vouchers for premium bike services and breakfast sponsored by retail tenant Soul Origin.

Melbourne Cup Competition
Central Park | Perth, Australia

Celebrating Melbourne Cup Competition 2019
The Melbourne Cup is Australia's most celebrated horse racing event at Flemington Racecourse in Melbourne. A celebration was held at the lawn of Central Park, where more than 300 tenants came decked out in their best to watch the race on a large television screen over lunch. Tenants enjoyed the thrills and fun of this year's carnival theme while being entertained by roving entertainers including stilt walkers, magician and jugglers.

Family Christmas Market at Farnborough Business Park
Farnborough Business Park kicked off the festive season in end-2018 with an outdoor Christmas Market which took place under the iconic balloon hangar frame in the park. Tenants and their family and friends, as well as local residents, got into the yuletide spirit browsing through the festive stalls that sold various Christmas gifts and food. One of the park's tenants, Hudson Shibman, generously set up free face painting and crafting stations for the younger visitors. The festive atmosphere was further livened with Christmas Carols performed by The Male Hart Choir and Towerhill Primary School.


Family Christmas Market
Farnborough Business Park | Farnborough, UK

GRI Content Index

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Universal Standards			
Organisational Profile			
GRI 102: General Disclosures	102-1	Name of the organisation	About Frasers Commercial Trust (pgs 2-3)
	102-2	Activities, brands, products, and services	About Frasers Commercial Trust (pgs 2-3)
	102-3	Location of headquarters	About Frasers Commercial Trust (pgs 2-3) Corporate Information (inside back cover)
	102-4	Location of operations	About Frasers Commercial Trust (pgs 2-3) About This Report – Report Scope (pg 79)
	102-5	Ownership and legal form	About Frasers Commercial Trust (pgs 2-3) Corporate Structure (pg 15)
	102-6	Markets served	About Frasers Commercial Trust (pgs 2-3) Overview of Property Portfolio (pgs 4-5) Asset Profiles (pgs 64-75) About This Report – Report Scope (pg 79)
	102-7	Scale of the organisation	About Frasers Commercial Trust (pgs 2-3) Financial Highlights (pgs 6-9) Focusing on People – Diversity & Inclusion (pgs 96-98)
	102-8	Information on employees and other workers	Focusing on People – Diversity & Inclusion (pgs 96-98) All activities described in this section are in relation to the employees of the Manager.
	102-9	Supply chain	Managing Sustainability – Stakeholder Engagement (pgs 82-83) Consuming Responsibly (pgs 91-95)
	102-10	Significant changes to organisation and its supply chain	There were no significant changes to FCOT and its supply chain during year. Overview of Property Portfolio (pgs 4-5) Asset Profiles (pgs 64-75)
	102-11	Precautionary principle or approach	FCOT does not specifically refer to the precautionary approach when managing risk; however, our management approach is risk-based, and underpinned by our internal audit framework.
	102-12	External initiatives	Managing Sustainability – Stakeholder Engagement (pgs 82-83) Acting Progressively – Risked-based Management (pg 87) Resposible Investment (GRESB Real Estate Assessment) (pg 89)
	102-13	Membership of associations	Managing Sustainability - Stakeholder Engagement (pgs 82-83) Acting Progressively - Risked-based Management (pg 87)
Strategy			
GRI 102: General Disclosures	102-14	Statement from senior decision-maker	Board Statement (pg 80)

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Universal Standards			
Ethics and Integrity			
GRI 102: General Disclosures	102-16	Values, principles, standards, and norms of behaviour	About Frasers Commercial Trust (pgs 2-3) Acting Progressively - Risked-Based Management (pg 87)
Governance			
GRI 102: General Disclosures	102-18	Governance structure	Corporate and Organisation Structure (pg 15) Board of Directors (pgs 18-21) Management Team (pgs 22-23) Managing Sustainability –Sustainability Governance (pg 82) Corporate Governance (pgs 111-136)
Stakeholder Engagement			
GRI 102: General Disclosures	102-40	List of stakeholder groups	Managing Sustainability – Stakeholder Engagement (pgs 82-83)
	102-41	Collective bargaining agreements	There are no collective bargaining agreements in place.
	102-42	Identifying and selecting stakeholders	Managing Sustainability – Stakeholder Engagement (pgs 82-83)
	102-43	Approach to stakeholder engagement	Managing Sustainability – Stakeholder Engagement (pgs 82-83)
	102-44	Key topics and concerns raised	Managing Sustainability – Stakeholder Engagement (pgs 82-83)
Reporting Practice			
GRI 102: General Disclosures	102-45	Entities included in the consolidated financial statements	Corporate Structure (pg 15) Financial Statements (pgs 138-205)
	102-46	Defining report content and topic Boundaries	About This Report – Report Scope (pg 79) Our Sustainability Framework (pg 81) Managing Sustainability - Stakeholder Engagement (pgs 82-83), Materiality Assessment (pgs 84-85)
	102-47	List of material topics	Managing Sustainability - Materiality Assessment (pgs 84-85)
	102-48	Restatements of information	Building energy, GHG emissions and Water data for FY2018 were restated to reflect updated data.
	102-49	Changes in reporting	Nil in FY2019
	102-50	Reporting period	About This Report (pg 79)
	102-51	Date of most recent report	The previous sustainability report was included in the 2018 Annual Report of FCOT.
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	About This Report – Feedback (pg 79)
	102-54	Claims of reporting in accordance with GRI Standards	About This Report (pg 79)
	102-55	GRI content index	GRI Content Index (pgs 107-110)
	102-56	External assurance	We have not sought external assurance on this data, however, we intend to review this stance in the future.

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Management Approach			
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	Managing Sustainability - Materiality Assessment (pgs 84-85)
Topic-specific Standards			
Economic Performance			
GRI 103: Management Approach	103-2	The management approach and its components	Financial Overview (pgs 34-39) Financial Statements (pgs 138-205)
	103-3	Evaluation of the management approach	
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	
Anti-corruption			
GRI 103: Management Approach	103-2	The management approach and its components	Acting Progressively – Risk-Based Management (pg 87)
	103-3	Evaluation of the management approach	
GRI 205: Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	
Environmental Compliance			
GRI 103: Management Approach	103-2	The management approach and its components	Acting Progressively – Risk-Based Management (pg 87)
	103-3	Evaluation of the management approach	
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	
Ethical Marketing			
GRI 103: Management Approach	103-2	The management approach and its components	Acting Progressively – Risk-Based Management (pg 87)
	103-3	Evaluation of the management approach	
GRI 417: Marketing and Labelling	417-3	Incidents of non-compliance concerning marketing communications	
Energy Management			
GRI 103: Management Approach	103-2	The management approach and its components	Consuming Responsibly – Energy & Carbon (pgs 91-93)
	103-3	Evaluation of the management approach	
GRI 302: Energy	302-1	Energy consumption within the organization	
GRI 305: Emissions	302-3	Energy Intensity	
	305-2	Energy indirect (Scope 2) GHG emissions	
	305-4	GHG emissions intensity	

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Topic-specific Standards			
Water Management			
GRI 103: Management Approach	103-2	The management approach and its components	Consuming Responsibly – Water (pgs 94-95)
	103-3	Evaluation of the management approach	Currently, greywater and rainwater harvested at Caroline Chisholm Centre and non-potable water at Alexandra Technopark are used for irrigation purposes.
GRI 303: Water	303-1	Water withdrawal by source	
Staff Retention and Development			
GRI 103: Management Approach	103-2	The management approach and its components	Focusing on People – Diversity & Inclusion (pgs 96-98), Skills & Leadership (pgs 98-99)
	103-3	Evaluation of the management approach	
GRI 401: Employment	401-1	New employee hires and employee turnover	Focusing on People – Diversity & Inclusion (pgs 96-98)
GRI 404: Training and Education	404-1	Average hours of training per year per employee	Focusing on People – Skills & Leadership (pgs 98-99)
	404-2	Programmes for upgrading employee skills and transition assistance programmes	
	404-3	Percentage of employees receiving regular performance and career development reviews	Focusing on People – Diversity & Inclusion (pg 96)
Labour/Management Relations			
GRI 103: Management Approach	103-2	The management approach and its components	Focusing on People – Diversity & Inclusion (pgs 96-98)
	103-3	Evaluation of the management approach	
GRI 402: Labour/ Management Relations	402-1	Minimum notice periods regarding operational changes	This is currently not covered in Group-wide collective agreements. The notice period varies.
Health and Safety			
GRI 103: Management Approach	103-2	The management approach and its components	Focusing on People –Health & Well-being (pgs 99-100)
	103-3	Evaluation of the management approach	
GRI 403: Occupational Health and Safety	403-1	Workers representation in formal joint management–worker health and safety committees	FCOT is represented in the sponsor's Health and Safety senior management committee.
Local Communities			
GRI 103: Management Approach	103-2	The management approach and its components	Focusing on People – Community Connectedness (pgs 101-106)
	103-3	Evaluation of the management approach	
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	

Corporate **Governance**

Introduction

Frasers Commercial Trust ("**FCOT**") is a real estate investment trust ("**REIT**") listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). FCOT is managed by Frasers Commercial Asset Management Ltd. (the "**Manager**"), a wholly-owned subsidiary of Frasers Property Limited ("**FPL**" or the "**Sponsor**").

In line with the listing rules of the SGX-ST (the "**Listing Rules**") and its obligations under the Guidelines to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management (Guideline No: SFA04-G07) issued by the Monetary Authority of Singapore ("**MAS**"), the Manager complies with the principles of the Code of Corporate Governance 2018 (the "**CG Code**"). Even though the CG Code applies to annual reports covering financial years commencing from 1 January 2019, the Manager has elected to adopt and comply with Rule 710 of the listing manual of the SGX-ST (the "**SGX-ST Listing Manual**") to describe its corporate governance practices with specific reference to the principles and the provisions of the CG Code (and not the Code of Corporate Governance 2012).

The practices and activities of the Board of Directors (the "**Board**") and the management of the Manager (the "**Management**") adhere closely to the provisions under the CG Code.

To the extent the practices may vary from any provision of the CG Code, the Manager will explain the reason for the variation and how the practices nevertheless are consistent with the intent of the relevant principle of the CG Code. The Manager is also guided by the voluntary Practice Guidance which was issued to complement the CG Code and which sets out best practices for issuers; as this will build investor and stakeholder confidence in FCOT and the Manager. A summary of compliance with the express disclosure requirements in the principles and provisions of the CG Code is set out on pages 135 to 136.

The Manager

The Manager has general powers of management over the assets of FCOT. As a manager of a REIT, the Manager holds a Capital Markets Services Licence issued by the MAS to carry out REIT management activities.

The Manager's main responsibility is to manage FCOT's assets and liabilities for the benefit of unitholders of FCOT ("**Unitholders**"). To this end, the Manager is able to set the strategic direction of FCOT and make recommendations to British and Malayan Trustees Limited, in its capacity as trustee of FCOT (the "**Trustee**"), on acquisitions, divestments and enhancement of the assets of FCOT. It also supervises the property managers who perform the day-to-day management of FCOT's properties, namely, China Square Central and Alexandra Technopark in Singapore, Central Park, Caroline Chisholm Centre and 357 Collins Street in Australia and Farnborough Business Park in the United Kingdom. The role of the Manager includes the pursuit of a business model that sustains the growth and enhances the value of FCOT and is focussed on delivering regular and stable distributions to Unitholders. Other functions and responsibilities of the Manager include preparing annual asset plans, undertaking regular individual asset performance analysis and market research analysis, and managing finance functions relating to FCOT (which includes financial and tax reporting, capital management, treasury and preparation of consolidated budgets).

The Values of the Manager

1. The Manager is committed to upholding and maintaining high standards of corporate governance, corporate transparency and sustainability, and instituting sound corporate practices and controls to facilitate the Manager's role in safeguarding and enhancing FCOT's asset value so as to maximise returns from investments, and ultimately the total return to Unitholders. The Manager believes that a robust and sound governance framework is an essential foundation on which to build, evolve and innovate a business which is sustainable over the long term and one which is resilient in the face of the demands of a dynamic, fast-changing environment.

2. The Manager adheres to corporate policies, business practices and systems of risk management and internal controls, which are designed to ensure that it maintains consistently high standards of integrity, accountability and governance in FCOT and its own daily operations.

3. The Manager ensures that the business and practices of FCOT are carried out in a manner that complies with applicable laws, rules and regulations, including the Securities and Futures Act (Chapter 289 of Singapore) ("**SFA**"), the SGX-ST Listing Manual, the CG Code, the Code on Collective Investment Schemes (the "**CIS Code**") issued by the MAS (including Appendix 6 of the CIS Code, the "**Property Funds Appendix**"), the trust deed constituting FCOT between the Manager and the Trustee dated 12 September 2005 (as amended and restated) ("**Trust Deed**"), as well as the written directions, notices, codes and other guidelines that the MAS and other regulators may issue from time to time.

The Board works with Management to ensure that these values underpin its leadership of the Manager.

The Manager is staffed by an experienced and well-qualified team who manages the operational matters of FCOT and the Manager. The Manager is appointed in accordance with the terms of the Trust Deed. The Manager can be removed by notice in writing given by the Trustee in favour of a corporation appointed by the Trustee under certain circumstances outlined in the Trust Deed, including where Unitholders, by a resolution duly passed by a simple majority of Unitholders present and voting (with no Unitholder being disenfranchised) at a Unitholders' meeting, decide that the Manager is to be removed.

Board Matters

The Board

The Board is responsible for the overall leadership and oversight of both FCOT's and the Manager's business, financial, investment and material operational affairs and performance objectives, and its long-term success. The Board sets the strategic direction of FCOT and the Manager and the Manager's approach to corporate governance, including the organisational culture, values and ethical standards of conduct, and works with Management on its implementation across all levels of the organisation, as well as focus on value creation, innovation and sustainability. The Board, supported by Management, ensures necessary resources are in place for FCOT and the Manager to meet its strategic objectives. Through the enterprise-wide risk management framework of FCOT and its subsidiaries' (the "**Group**"), the Board establishes and maintains a sound risk management framework to effectively monitor and manage risks. It also oversees Management to ensure transparency and accountability to key stakeholder groups.

The Chairman

The chairman of the Board (the "**Chairman**") leads the Board. The Chairman sets the right ethical and behavioural tone and ensures the Board's effectiveness by, among other things, encouraging active and effective engagement, participation by and contribution from all directors of the Manager (the "**Directors**") and facilitating positive relations among and between them and Management. The Chairman promotes a culture of openness at Board meetings and encourages Directors to engage in productive and thorough discussions and constructive debate on strategic, business and other key issues pertinent to the business and operations of the Group and the Manager, leading to better decision-making and enhanced business performance. With the support of the Board, the Company Secretary of the Manager ("**Company Secretary**") and Management, the Chairman spearheads the Manager's drive to promote, attain and maintain high standards of corporate governance and transparency.

Role of Management

The Management is led by the Chief Executive Officer (the "**CEO**") of the Manager. The CEO is responsible for the execution of the Board's adopted strategies and policies and is accountable to the Board for the conduct and performance of Management. Senior Management, comprising the CEO and the Chief Financial Officer ("**CFO**") of the Manager (collectively, the "**Key Management Personnel**") are responsible for executing the Manager's strategies and policies, and are accountable to the Board for the planning, direction, control, conduct and performance of the business operations of the Manager.

Division of Responsibilities between the Chairman and CEO

The Chairman and the CEO are separate persons and the division of responsibilities between the Chairman and the CEO is clearly demarcated. This avoids concentration of power and ensures a degree of checks and balances, an increased accountability, and greater capacity of the Board for independent decision-making. Such separation of roles between the Chairman and CEO promotes robust deliberations by the Board and Management on the business activities of FCOT.

Relationships between the Board and the CEO

None of the members of the Board and the CEO are related to one another, and none of them has any business relationships among them.

Board Committees

The Board has formed committees of the Board (the "**Board Committees**") to oversee specific areas, for greater efficiency. There are two Board Committees, namely, the Audit, Risk and Compliance Committee ("**ARCC**"), and the Nominating and Remuneration Committee ("**NRC**").

Minutes of all Board Committee meetings are circulated to the Board so that Directors are aware of and kept updated as to the proceedings, matters discussed and decisions made during such meetings, and to enable the Directors to weigh in on any key points under consideration.

Audit, Risk and Compliance Committee

Membership	Key objectives
Mr Chang Tou Chen, *Chairman*(1) Mr Bobby Chin Yoke Choong, *Member* Ms Soh Onn Cheng Margaret Jane, *Member*(2)	• Assist Board in fulfilling responsibility for overseeing the quality and integrity of the accounting, auditing, internal controls, risk management and financial practices of the Manager

Notes:
(1) Mr Chang Tou Chen was appointed as the Chairman of the ARCC with effect from 28 July 2019, following the retirement of Mr Chay Wai Chuen as the Chairman of the ARCC on the same date.
(2) Ms Soh Onn Cheng Margaret Jane was appointed as a member of the ARCC with effect from 1 July 2019.

As at 30 September 2019, the ARCC is made up of non-executive Directors, all of whom, including the chairman of the ARCC, are independent Directors. The members of the ARCC, including the chairman of the ARCC, are appropriately qualified and have recent and/or relevant accounting and related financial management expertise or experience. Their collective wealth of experience and expertise enables them to discharge their responsibilities competently.

Under the Terms of Reference of the ARCC, a former partner or director of FCOT's existing auditing firm or auditing corporation should not act as a member of the ARCC: (a) within a period of two years commencing on the date of his ceasing to be a partner of the auditing firm or a director of the auditing corporation; and in any case, (b) for as long as he has any financial interest in the auditing firm or auditing corporation. Save for Mr Bobby Chin Yoke Choong (who had retired as the Managing Partner of KPMG Singapore in 2005), (a) none of the members of the ARCC is a former partner of FCOT's external auditors, KPMG LLP, and (b) none of the members of the ARCC has any financial interest in FCOT's external auditors, KPMG LLP.

Audit Functions

The Terms of Reference of the ARCC provide that some of the key responsibilities of the ARCC include:

- External Audit Process: reviewing and reporting to the Board, the scope, quality, results and performance of the external audit(s), its cost effectiveness and the independence and objectivity of the external auditors. It shall also review the nature and extent of non-audit services performed by external auditors;

- Internal Audit: establishing an effective internal audit function which shall be adequately qualified to perform an effective role, adequately resourced, independent of the activities which it audits and able to discharge its duties objectively, and to approve the hiring, removal, evaluation and compensation of the head of the internal audit function, or the accounting/auditing firm or corporation to which the internal audit function is outsourced;

- Financial Reporting: reviewing and reporting to the Board, the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of FCOT and the Manager and any announcements relating to FCOT's and the Manager's financial performance, and to review the assurance provided by the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of FCOT's and/or the Manager's operations and finances;

- Internal Controls and Risk Management: reviewing and reporting to the Board at least annually, its assessment of the adequacy and effectiveness of the Manager's internal controls for FCOT and the Manager, including financial, operational, compliance and information technology controls (including those relating to compliance with existing legislation and regulations), and risk management policies and systems established by Management;

- Interested Person Transactions: reviewing interested person transactions (as defined in the SGX-ST Listing Manual) and interested party transactions (as defined in the Property Funds Appendix) (both such types of transactions constituting "**Related/Interested Person Transactions**") entered into from time to time and the internal audit reports to ensure compliance with applicable legislation, the SGX-ST Listing Manual and the Property Funds Appendix;

- Conflicts of Interests: deliberating on resolutions relating to conflicts of interest situations involving FCOT;

- Whistle-blowing: reviewing the policy and arrangements by which staff of the Manager, FCOT and any other persons may, in confidence, safely raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for such concerns to be raised and independently investigated and for appropriate follow-up action to be taken; and

- Investigations: reviewing the findings of internal investigations into any suspected fraud or irregularity, or suspected infringement of any Singapore laws or regulations or rules of the SGX-ST or any other regulatory authority in Singapore, which the ARCC becomes aware of, and which has or is likely to have a material impact on FCOT's operating results or financial position.

In carrying out its role, the ARCC is empowered to investigate any matter within its Terms of Reference, with full access to, and cooperation by, Management, to seek information it may require from any Director and/or employee of the Manager. The ARCC also has full discretion to request the attendance of any Director or employees of the Manager at its meetings, and reasonable resources to enable it to discharge its functions properly. The Chairman of the Board, non-executive Directors, the CEO, the CFO, the head of the internal audit function, representatives of the external auditor(s), or other person with relevant experience and expertise may attend the meetings of the ARCC at the invitation of the ARCC. The meetings serve as a forum to review and discuss material risks and exposures of the Manager's businesses and strategies to mitigate risks. The ARCC meets with internal auditors and external auditors without the presence of Management at least once a year to review various audit matters, including reviewing the audit plans, and evaluating the internal accounting controls, the audit reports and the assistance given by Management to the internal and external auditors. In carrying out its function, the ARCC may also obtain independent or external legal or other professional advice or appoint external consultants as it considers necessary at the Manager's cost.

Periodic updates on changes in accounting standards and treatment are prepared by external auditors and circulated to members of the ARCC so that they are kept abreast of such changes and its corresponding impact on the financial statements, if any.

Risk Management

The ARCC shall review the framework and processes established by Management to achieve compliance with applicable laws, regulations, standards, best practice guidelines and the Manager's policies and procedures. The ARCC shall assist the Board in ensuring that Management maintains a sound system of risk management and internal controls to safeguard the interests of the Manager or the interests of Unitholders (as the case may be) and the assets of the Manager and the assets of FCOT. The ARCC also assists the Board in its determination of the nature and extent of significant risks which the Board is willing to take in achieving the Manager's strategic objectives and the overall levels of risk tolerance and risk policies. Further information on the key activities conducted by the ARCC can be found in the sections titled "Financial Performance, Reporting and Audit" on pages 128 to 129 and "Governance of Risk and Internal Controls" on pages 129 to 131.

Nominating and Remuneration Committee

Membership	Key objectives
Ms Soh Onn Cheng Margaret Jane, *Chairperson*[1] Mr Chang Tou Chen, *Member* [2] Mr Bobby Chin Yoke Choong, *Member* Mr Christopher Tang Kok Kai, *Member*	• Establish a formal and transparent process for appointment and re-appointment of Directors • Develop a process for evaluation of the performance and annual assessment of the effectiveness of the Board as a whole and each of its board committees and individual Directors • Review succession plans • Assist the Board in establishing a formal and transparent process for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and Key Management Personnel • Review and recommend to the Board, for endorsement of the Board, a general framework of remuneration for the Board and Key Management Personnel and specific remuneration packages for each Director and Key Management Personnel

Notes:
(1) Ms Soh Onn Cheng Margaret Jane was appointed as a member of the NRC with effect from 1 July 2019. She was appointed as the Chairperson of the NRC with effect from 28 July 2019.
(2) Mr Chang Tou Chen relinquished his role as the Chairman of the NRC with effect from 28 July 2019.
(3) Mr Chay Wai Chuen ceased to be a member of the NRC with effect from 28 July 2019.

As at 30 September 2019, all the members of the NRC are non-executive and the majority of whom, including the chairperson of the NRC, are independent.

The NRC is guided by written Terms of Reference approved by the Board which set out the duties and responsibilities of the NRC. The NRC's responsibilities, in relation to its functions as a nominating committee, include reviewing the structure, size and composition and independence of the Board and its Board Committees, reviewing and making recommendations to the Board on the succession plans for Directors, the Chairman and Key Management Personnel, making recommendations to the Board on all Board appointments and re-appointments, and determining the independence of Directors. The NRC also proposes for the Board's approval, the objective performance criteria and process for the evaluation of the effectiveness of the Board, the Board Committees and individual Directors, and ensures that proper disclosures of such process is made. The NRC is also responsible for making recommendations to the Board on training and professional development programmes for the Board and the Directors.

Further information on the main activities of the NRC, in relation to its functions as a nominating committee, are outlined in the following sections:

- "Training and development of Directors" on page 118
- "Board Composition" on page 118
- "Directors' Independence" on pages 120 to 122
- "Board Performance Evaluation" on page 122

The NRC's responsibilities, in reviewing remuneration matters, include: (i) reviewing and recommending to the Board, a framework of remuneration for the Board and Key Management Personnel, and (ii) ensuring that the remuneration of executive Directors shall not be linked in any way to FCOT's gross revenue.

On an annual basis, the NRC also reviews and recommends, for the Board's approval, the Manager's remuneration and benefits policies and practices (including long-term incentive schemes), and the performance and specific remuneration packages for each Director and Key Management Personnel, in accordance with the approved remuneration policies and processes. The NRC also proposes, for the Board's approval, criteria to assist in the evaluation of the performance of Key Management Personnel, and (where applicable) reviews the obligations of the Manager arising in the event of the termination of the service agreements of Key Management Personnel to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The NRC also administers and approves awards under the Restricted Unit Plan ("**RUP**") and/or other long-term incentive schemes to senior executives of the Manager.

In carrying out its review on remuneration matters, the Terms of Reference of the NRC provide that the NRC shall consider all aspects of remuneration, including Directors' fees, special remuneration to Directors who render special or extra services to the Manager, salaries, allowances, bonuses, options, Unit-based incentives and awards, benefits-in-kind and termination payments, and shall aim to be fair and to avoid rewarding poor performance.

If necessary, the NRC can seek expert advice on remuneration within the FPL Group's Human Resources Department or from external sources. Where such advice is obtained from external sources, the NRC ensures that existing relationships, if any, between the Manager and the appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants.

Delegation of Authority Framework

As part of the Manager's internal controls, the Board has adopted a framework of delegated authorisations in its Manual of Authority (the "**MOA**"). The MOA sets out the levels of authorisation required for particular types of transactions to be carried out, and specifies whether Board approval needs to be sought. It also sets out approval limits for operating and capital expenditure as well as investments and asset enhancement initiatives.

While day-to-day operations of the business are delegated to Management, in the Board's exercise of its leadership and oversight of FCOT, the MOA contains a schedule of matters specifically reserved for approval by the Board. These include approval of annual budgets, financial plans and material transactions, namely, major acquisitions, divestments, funding and investment proposals.

Meetings of the Board and Board Committees

The Board meets regularly, at least once every quarter, and also as required by business needs or if their members deem it necessary or appropriate to do so.

The following table summarises the number of meetings of the Board and Board Committees and general meetings held and attended by the Directors in the financial year ended 30 September 2019 ("**FY2019**"):

	Board Meetings	Audit, Risk and Compliance Committee Meetings	Nominating and Remuneration Committee Meetings	Annual General Meeting[5]
Meetings held for FY2019	**5**	**4**	**1**	**1**
Mr Bobby Chin Yoke Choong	5 (C)[1]	4	1	1 (C)[1]
Mr Chang Tou Chen[2]	5	4 (C)[1]	1	1
Mr Chay Wai Chuen[3]	5	4	1	1
Ms Soh Onn Cheng Margaret Jane[4]	1	1	(C)[1]	-
Mr Chia Khong Shoong	5	-	-	1
Mr Low Chee Wah	5	-	-	1
Mr Christopher Tang Kok Kai	5	-	1	1

Notes:
(1) (C) refers to Chairman/Chairperson.
(2) Mr Chang Tou Chen was appointed as the Chairman of the ARCC with effect from 28 July 2019. He relinquished his role as the Chairman of the NRC with effect from 28 July 2019.
(3) Mr Chay Wai Chuen retired as a Director on 28 July 2019. Prior to his retirement, he was the Chairman of the ARCC and a member of the NRC.
(4) Ms Soh Onn Cheng Margaret Jane was appointed as a Director and as a member of the ARCC and the NRC with effect from 1 July 2019. She was appointed as the Chairperson of the NRC with effect from 28 July 2019.
(5) There were no Extraordinary General Meetings held in FY2019.

A calendar of activities is scheduled for the Board a year in advance.

Directors are provided with Board papers setting out relevant information on the agenda items to be discussed at Board and Board Committee meetings around a week in advance of the meeting (save in cases of urgency), to give Directors sufficient time to prepare for the meeting and review and consider the matters being tabled so that discussions can be more meaningful and productive and Directors have the necessary information to make sound and informed decisions.

Senior members of the Management team attend Board meetings, and where necessary, Board Committee meetings, to brief and make presentations to the Directors, provide input and insight into matters being discussed, and respond to queries and take any follow up instructions from the Directors. At least once a year and if required, time is set aside after scheduled Board meetings for discussions amongst the Board without the presence of Management.

Where required by the Directors, external advisers may also be present or available whether at Board and Board Committee meetings or otherwise, and (if necessary), at the Manager's expense where applicable, to brief the Directors and provide their advice.

Matters discussed by Board and Board Committees in FY2019		
Board		
• Strategy • Business and Operations Update	• Financial Performance • Governance	• Feedback from Board Committees • Networking
Audit, Risk and Compliance Committee	Nominating and Remuneration Committee	
• External and Internal Audit • Financial Reporting • Internal Controls and Risk Management • Related/Interested Person Transactions • Conflicts of Interests	• Board Composition and Renewal • Board, Board Committees and Director Evaluations • Training and Development • Remuneration Policies and Framework • Succession Planning	

Board Oversight
Outside of Board and Board Committee meetings, Management also provides Directors with reports on major operational matters, business development activities, financial performance, potential investment opportunities and budgets periodically, as well as such other relevant information on an on-going and timely basis to enable them to discharge their duties and responsibilities properly. Where required or requested by Directors, site visits are also arranged for Directors to have an intimate understanding of the key business operations of each division and to promote active engagement with Management.

Directors are provided with sufficient information to enable them to ensure that they prepare adequately for Board and Board Committee meetings, and devote sufficient time and attention to the affairs of FCOT and the Manager. At Board and Board Committee meetings, the Directors actively participate, discuss, deliberate and appraise matters requiring their attention and decision. Where necessary for the proper discharge of their duties, the Directors may seek and obtain independent professional advice at the Manager's expense.

The Company Secretary
The Company Secretary, who is legally trained and familiar with company secretarial practices, is responsible for overseeing compliance with Board and Board Committee procedures, and the relevant guidelines, notices, rules and regulations, including disclosure requirements under the SFA, applicable MAS guidelines and notices, the CIS Code, the SGX-ST Listing Manual and the Trust Deed, and provides advice and guidance on corporate governance practices and processes.

The Company Secretary attends Board and Board Committee meetings and drafts and reviews the minutes of proceedings thereof, and facilitates and acts as a channel of communication for the smooth flow of information to and within the Board and its various Board Committees, as well as between and with senior Management.

The Company Secretary solicits and consolidates Directors' feedback and evaluation, facilitates induction and orientation programmes for new Directors, and assists with Directors' professional development matters. The Company Secretary also acts as the Manager's primary channel of communication with the SGX-ST.

The appointment and removal of the Company Secretary is subject to the approval of the Board.

Training and development of Directors

The NRC is tasked with identifying and developing training programmes for the Board and Board Committees for the Board's approval and ensuring that Directors have the opportunity to develop their skills and knowledge.

Upon appointment, each new Director is issued a formal letter of appointment setting out his or her duties and obligations, including his or her responsibilities as fiduciaries and on the policies relating to conflicts of interest. An induction and orientation programme is also conducted to provide new appointees with information on the business activities, strategic direction, policies and corporate governance practices of the Manager, as well as their statutory and other duties and responsibilities as Directors.

The Directors are kept continually and regularly updated on FCOT's business and the regulatory and industry specific environments in which the entities of the Group operate. The Manager sees to it that the Board is regularly updated on new developments in laws and regulations or changes in regulatory requirements and financial reporting standards which are relevant to or may affect the Manager or FCOT and such updates may be in writing, by way of briefings held by the Manager's lawyers and external auditors or disseminated by way of presentations and/or handouts. During FY2019, the Directors were updated on (a) changes in Financial Reporting Standards, (b) directors' independence, and (c) recent changes to the CG Code and Listing Rules.

To ensure the Directors can fulfil their obligations and to continually improve the performance of the Board, all Directors are encouraged to undergo continual professional development during the term of their appointment, and provided with opportunities to develop and maintain their skills and knowledge at the Manager's expense. The Manager maintains a training record to track Directors' attendance at training and professional development courses.

Directors are encouraged to be members of the Singapore Institute of Directors ("**SID**") and for them to receive updates and training from SID to stay abreast of relevant developments in financial, legal and regulatory requirements, and business trends.

Board Composition

The following table shows the composition of the Board and the various Board Committees as at 30 September 2019:

		Audit, Risk and Compliance Committee	Nominating and Remuneration Committee
Mr Bobby Chin Yoke Choong	Chairman, Non-Executive and Independent Director	●	●
Mr Chang Tou Chen[1]	Non-Executive and Independent Director	● (Chairman)	●
Ms Soh Onn Cheng Margaret Jane[2]	Non-Executive and Independent Director	●	● (Chairperson)
Mr Chia Khong Shoong	Non-Executive and Non-Independent Director		
Mr Low Chee Wah	Non-Executive and Non-Independent Director		
Mr Christopher Tang Kok Kai	Non-Executive and Non-Independent Director		●

Notes:
(1) Mr Chang Tou Chen was appointed as the Chairman of the ARCC with effect from 28 July 2019. He relinquished his role as the Chairman of the NRC with effect from 28 July 2019.
(2) Ms Soh Onn Cheng Margaret Jane was appointed as a Director and as a member of the ARCC and the NRC with effect from 1 July 2019. She was appointed as the Chairperson of the NRC with effect from 28 July 2019.

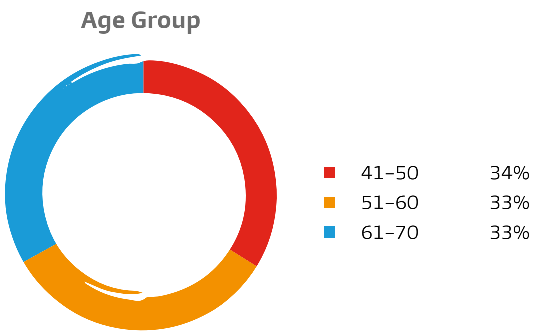
Profiles of each of the Directors can be found at pages 18 to 21.

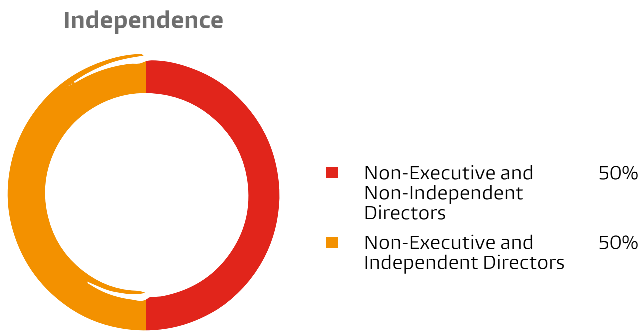
As can be seen from the table on page 118, as at 30 September 2019, all of the Directors are non-executive and the Board comprises an equal number of independent and non-independent Directors.

The NRC has assessed that the current structure, size and composition of the Board are appropriate for the scope and nature of FCOT's and the Manager's operations. No individual or group dominates the Board's decision-making process or has unfettered powers of decision-making. The NRC is of the opinion that the Directors with their diverse backgrounds and experience (including banking, accounting and finance, legal and property, coupled with relevant industry knowledge) provide the appropriate balance and mix of skills, knowledge, experience, competencies and other aspects of diversity that fosters constructive debate and ensures the effectiveness of the Board and its Board Committees. The Board concurs with the views of the NRC.

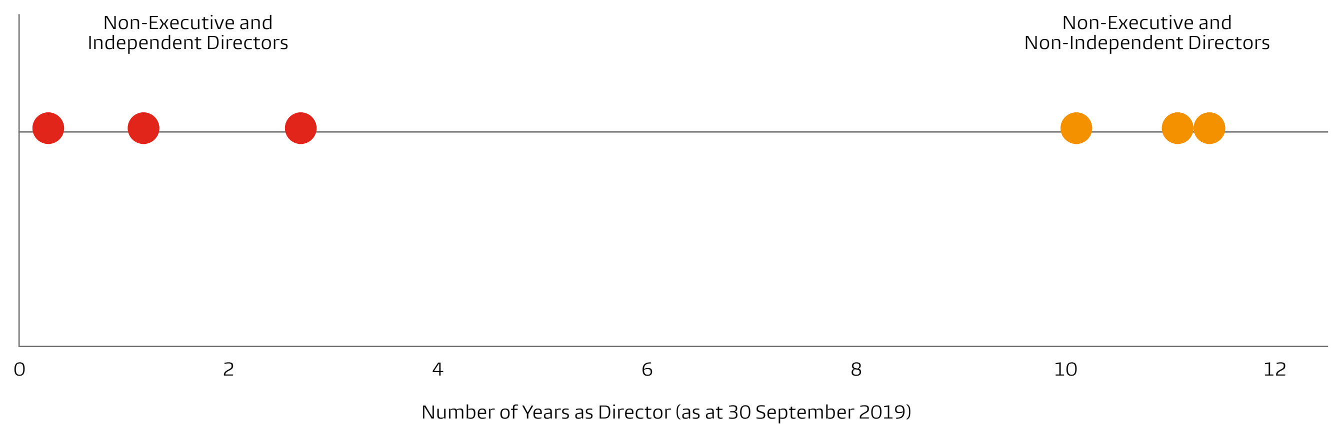
Board Composition in terms of Age Group, Independence and Tenure

(as at 30 September 2019)





Tenure



Directors are not subject to periodic retirement by rotation. Under its Terms of Reference, the NRC is tasked with reviewing the succession plans for Directors, the Chairman and Key Management Personnel.

Under the NRC Terms of Reference, the NRC is tasked with making recommendations to the Board on all Board appointments and re-appointments, taking into account, among other things, the scope and nature of the operations of the Group, the requirements of the business, whether Directors who have multiple board representations are able to carry out and have been carrying out their duties as Directors and whether the Directors have given sufficient time and attention to the affairs of FCOT and the Manager. The process for the selection, appointment and re-appointment of Directors also takes into account the composition and progressive renewal of the Board and Board Committees, each Director's experience, education, expertise, judgment, personal qualities and general and sector specific knowledge in relation to the needs of the Board as well as whether the candidates will add diversity to the Board and whether they are likely to have adequate time to discharge their duties. The NRC considers a range of different channels to source and screen candidates for Board appointments, depending on the requirements, including tapping on existing networks of contacts and recommendations. Suitable candidates are carefully evaluated by the NRC so that recommendations made on proposed candidates are objective and well supported. Instead of prescribing a maximum number of directorships and/or other principal commitments that each Director may have, the NRC adopts a holistic assessment of each Director's individual capacity and circumstances to carry out his or her duties, taking into consideration not only the number of other board and other principal commitments held by each Director, but also the nature and complexity of such commitments. One new Director, namely Ms Soh Onn Cheng Margaret Jane, was appointed to the Board during FY2019.

Board Diversity Policy

The Board has adopted, with the recommendation of the NRC, a board diversity policy. The NRC will monitor and implement this policy, and will take the principles of the policy into consideration when determining the optimal composition of the Board, the appointment and re-appointment of Directors and when recommending any proposed changes to the Board. On the recommendation of the NRC, the Board may set certain measurable objectives / specific diversity targets, with a view to achieving an optimal Board composition, and these objectives / specific diversity targets may be reviewed by the NRC from time to time to ensure their appropriateness.

The Board views diversity at the Board level as an essential element for driving value in decision-making and proactively seeks as part of its board diversity policy to maintain an appropriate balance of expertise, skills and attributes among the Directors. This is reflected in the diversity of backgrounds and competencies of the Directors, whose competencies range from banking, accounting and finance, legal and property, coupled with relevant industry knowledge, entrepreneurial and management experience, and familiarity with regulatory requirements and risk management. This is beneficial to FCOT, the Manager and Management as decisions by, and discussions with, the Board would be enriched by the broad range of views and perspectives and the breadth of experience of the Directors.

Directors' Independence

The Directors exercise their judgment independently and objectively in the interests of FCOT and the Manager. The Directors complete a declaration of independence annually which is reviewed by the NRC. The NRC determines annually, and as and when circumstances require, if a Director is independent. Based on the declarations of independence of the Directors, and having regard to the circumstances set forth in Provision 2.1 of the CG Code, Rule 210(5)(d) of the SGX-ST Listing Manual, the MAS Guidelines No. SFA04-G07 "Guidelines to all Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management" dated 1 January 2016 and Regulations 13D to 13H of the Securities and Futures (Licensing and Conduct of Business) Regulations ("**SFLCB Regulations**"), the NRC and the Board have determined that there are three independent Directors on the Board, namely: Mr Bobby Chin Yoke Choong, Mr Chang Tou Chen and Ms Soh Onn Cheng Margaret Jane.

Based on each independent Director's declaration of independence, which includes questions relating to his or her relationship with FCOT, the Manager, the Trustee and the Sponsor, all independent Directors have declared that there were no relationships or instances that would otherwise deem them not to be independent.

The Board has considered the relevant requirements under the SFLCB Regulations and its views in respect of the independence of each Director are as follows:

The Director:	Mr Bobby Chin Yoke Choong	Mr Chang Tou Chen	Ms Soh Onn Cheng Margaret Jane	Mr Chia Khong Shoong[1]	Mr Low Chee Wah[1]	Mr Christopher Tang Kok Kai[1]
(i) had been independent from the management of the Manager and FCOT during FY2019	√	√	√			
(ii) had been independent from any business relationship with the Manager and FCOT during FY2019	√	√	√	√	√	√
(iii) had been independent from every substantial shareholder of the Manager and every substantial Unitholder during FY2019	√	√	√			
(iv) had not been a substantial shareholder of the Manager or a substantial Unitholder during FY2019	√	√	√	√	√	√
(v) has not served as a director of the Manager for a continuous period of 9 years or longer as at the last day of FY2019	√	√	√			

Note:
(1) Each of Mr Chia Khong Shoong, Mr Low Chee Wah and Mr Christopher Tang Kok Kai is currently employed by a related corporation of the Manager and each of them is a director of various subsidiaries or associated companies of FPL which wholly-owns the Manager and is a substantial Unitholder. As such, during FY2019, each of them is deemed (a) to have a management relationship with the Manager and FCOT; and (b) connected to a substantial shareholder of the Manager and substantial Unitholder. The Board of the Manager is satisfied that, as at the last day of FY2019, each of Mr Chia Khong Shoong, Mr Low Chee Wah and Mr Christopher Tang Kok Kai was able to act in the best interests of all Unitholders as a whole. As at the last day of FY2019, each of Mr Chia Khong Shoong, Mr Low Chee Wah and Mr Christopher Tang Kok Kai was able to act in the best interests of all Unitholders as a whole.

The independent Directors lead the way in upholding good corporate governance at the Board level and their presence facilitates the exercise of objective independent judgement on corporate affairs. Their participation and input also ensure that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, taking into account the long-term interests of FCOT and its Unitholders. As of 30 September 2019, none of the independent Directors have been on the Board for more than nine years.

As at least half of the Board comprises independent Directors, the Manager will not be subjecting any appointment or re-appointment of Directors to voting by Unitholders under Regulation 13D of the SFLCB Regulations. The Chairman is presently an independent Director.

No alternate directors have been appointed on the Board for FY2019.

Conflict Policy

To address and manage possible conflicts of interest (including in relation to Directors, officers and employees) that may arise in managing FCOT, the Manager has put in place procedures which, among other things, specify that: (a) the Manager is to be dedicated to managing FCOT and will not directly or indirectly manage other REITs, without first obtaining approval from the MAS; (b) all executive officers of the Manager will be employed by the Manager; (c) all resolutions in writing of the Directors in relation to matters concerning FCOT must be approved by a majority of the Directors, including at least one independent Director; (d) at least one-third of the Board shall comprise independent Directors; (e) on matters where FPL, its subsidiaries and/or its shareholders have an interest (directly or indirectly), Directors nominated by FPL, its subsidiaries and/or its shareholders shall abstain from voting. On such matters, the quorum must comprise a majority of independent Directors and must exclude nominee Directors of FPL and/or its subsidiaries; and (f) 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.

The Manager does not have a practice of extending loans to Directors, and as at 30 September 2019, there were no loans granted by the Manager to Directors. The Manager is fully compliant with its obligations under the Companies Act (Chapter 50 of Singapore) in relation to loans, quasi-loans, credit transactions and related arrangements to Directors.

Board Performance Evaluation

The NRC is tasked with developing a process for evaluation of the performance and annual assessment of the Board as a whole, each of the Board Committees and individual Directors.

For FY2019, the NRC recommended and the Board approved the process of conducting a Board evaluation survey facilitated by an independent external consultant, Ernst & Young LLP. The external consultant has no connection with FCOT, the Manager or any of the Directors, apart from being the consultant in previous financial year(s).

The survey was designed to provide an evaluation of current effectiveness of the Board and to support the Chairman and the Board to proactively consider what can enhance the readiness of the Board to address emerging strategic priorities for FCOT as a whole. As part of the survey, questionnaires were sent by the external consultant to the Directors to obtain feedback, and interviews would be conducted to clarify the responses where required. The objective performance criteria covered in the Board evaluation exercise translated into the following key segments in the questionnaire: (a) the Board's contribution to the overall development of the Manager's strategic and performance orientation; (b) Board composition and skills; (c) Governance of the Board and organisation focus; (d) Board functioning and dynamics, including the Board's internal operations, as well as engagement with key investors, Unitholders and strategic stakeholders; (e) the Board's relations with Management; (f) Board's role in respect of Director development and succession planning for the Board and Management; (g) Director performance; (h) the Board's governance in the management of a REIT; and (i) the effectiveness of the Board Committees. The responses would be summarised by the external consultant and a report would be submitted to the NRC. Findings and recommendations of the external consultant which include feedback from Directors would be taken into consideration and any necessary follow-up actions would be undertaken with a view to improving the overall effectiveness of the Board in fulfilling its role and meeting its responsibilities to Unitholders.

In addition to the survey, the contributions and performance of each Director would be assessed by the NRC as part of its periodic reviews of the composition of the Board and the various Board Committees. Based on the NRC's review, the Board and the various Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

Remuneration Matters

The remuneration of the staff of the Manager and Directors' fees are paid by the Manager from the management fees it receives from FCOT, and not by FCOT. With the recommendations of the NRC, the Board has put in place a formal and transparent process for developing policies on remuneration of Directors and Key Management Personnel and for fixing the remuneration packages of individual Directors and Key Management Personnel.

Compensation Philosophy

The Manager seeks to incentivise and reward consistent and sustained performance through market competitive, internally equitable, performance-orientated and Unitholder-aligned compensation programmes. This compensation philosophy serves as the foundation for the Manager's remuneration framework, and guides the Manager's remuneration framework and strategies. In addition, the Manager's compensation philosophy seeks to align the aspirations and interests of its employees with the interests of FCOT and its Unitholders, resulting in the sharing of rewards for both employees and Unitholders on a sustained basis. The Manager's comprehensive human capital strategy serves to attract, retain and motivate employees. The Manager aims to connect employees' desire to develop and fulfil their aspirations with the growth opportunities afforded by the Manager's strategic vision and corporate initiatives.

Compensation Principles

All compensation programme design, determination and administration are guided by the following principles:

(a) Pay-for-Performance

The Manager's Pay-for-Performance principle encourages excellence, in a manner consistent with the Manager's core values. The Manager takes a total compensation approach, which recognises the value and responsibility of each role, and differentiates and rewards performance through its incentive plans.

(b) Unitholder Returns

Performance measures for incentives are established to drive initiatives and activities that are aligned with both short-term value creation and long-term Unitholder wealth creation, thus ensuring a focus on delivering Unitholder returns.

(c) Sustainable Performance

The Manager believes sustained success depends on the balanced pursuit and consistent achievement of short-term and long-term goals. Hence, variable incentives incorporate a significant pay-at-risk element to align employees with sustainable performance for the Manager.

(d) Market Competitiveness

The Manager aims to be market competitive by benchmarking its compensation levels with relevant comparators accordingly. However, the Manager embraces a holistic view of employee engagement that extends beyond monetary rewards. Recognising each individual as unique, the Manager seeks to motivate and develop employees through all the levers available to the Manager through its comprehensive human capital platform.

Engagement of External Consultants
The NRC may from time to time, and where necessary or required, engage external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management. Among other things, this helps the Manager to stay competitive in its remuneration packages. During FY2019, Korn Ferry was appointed as the Manager's remuneration consultant. The remuneration consultant does not have any relationship with FCOT, the Manager, its controlling shareholders, its related entities and/or its Directors which would affect its independence and objectivity.

Remuneration Framework
The NRC reviews and makes recommendations to the Board on the remuneration framework for the independent Directors and other non-executive Directors and the Key Management Personnel. The remuneration framework is endorsed by the Board.

The remuneration framework covers all aspects of remuneration including salaries, allowances, performance bonuses, grant of awards of units of FCOT ("**Units**") and incentives for the Key Management Personnel and fees for the independent Directors and other non-executive Directors.

Remuneration Policy in respect of Management and other employees
The NRC reviews the level, structure and mix of remuneration and benefits policies and practices (where appropriate) of the Manager, to ensure that they are appropriate and proportionate to the sustained performance and value creation of FCOT and the Manager, taking into account the strategic objectives of FCOT and the Manager, and are designed to attract, retain and motivate the Key Management Personnel to successfully manage FCOT and the Manager for the long-term. The NRC takes into account all aspects of remuneration, including termination terms, to ensure that they are fair.

The remuneration framework comprises fixed and variable components, which include short-term and long-term incentives. When conducting its review of the remuneration, the NRC takes into account the performance of FCOT and individual performance. The performance of FCOT is measured based on pre-set financial and non-financial indicators. Individual performance is measured via the employee's annual appraisal based on indicators such as core values, competencies and key performance indicators.

Fixed Component
The fixed component in the Manager's remuneration framework is structured to remunerate employees for the roles they perform, and is benchmarked against relevant industry market data. It comprises base salary, fixed allowances and any statutory contribution. The base salary and fixed allowances for Key Management Personnel are reviewed annually by the NRC and approved by the Board.

Variable Component
An appropriate proportion of the remuneration of Key Executives comprises a variable component which is structured so as to link rewards to corporate and individual performance and incentivise sustained performance in both the short and long-term. The variable incentives are measured based on quantitative and qualitative targets, and overall performance will be determined at the end of the year and approved by the NRC.

1. Short-Term Incentive Plans
   The short-term incentive plans ("**STI Plans**") aim to incentivise excellence in performance in the short-term. All Key Management Personnel are assessed using a balanced scorecard with pre-agreed financial and non-financial key performance indicators ("**KPIs**"). The financial KPIs are based on the performance of FCOT. Non-financial KPIs may include measures on People, Corporate Governance, Sustainability or specified projects. These targets are established at the beginning of each financial year. At the end of the financial year, the achievements are measured against the pre-agreed targets and the short-term incentives of each Key Management Personnel are determined.

   The NRC recommends the final short-term incentives that are awarded to Key Management Personnel for the Board's approval, taking into consideration any other relevant circumstances.

2. Long-Term Incentive Plans
   The NRC administers the Manager's long-term incentive plan, namely, the RUP. The RUP was approved by the Board and adopted on 8 December 2017. Through the RUP, the Manager seeks to foster a greater ownership culture within the Manager by aligning more directly the interests of senior executives (including the CEO) with the interests of the Unitholders and other stakeholders, and for such employees to participate and share in FCOT's growth and success, thereby ensuring alignment with sustainable value creation for Unitholders over the long-term.

   The RUP is available to selected senior executives of the Manager. Its objectives are to increase the Manager's flexibility and effectiveness in its continuing efforts to attract, retain and motivate talented senior executives and to reward these executives for the future performance of FCOT and the Manager. The RUP applies to senior executives who shoulder the responsibility of FCOT's future performance and who are able to drive the growth of FCOT and the Manager through superior performance. It serves as further motivation to the participants in striving for excellence, promoting FCOT's and the Manager's long-term success and delivering long-term Unitholder value.

   Under the RUP, the Manager grants Unit-based awards ("**Initial Awards**") with pre-determined performance targets being set at the beginning of the performance period. The NRC recommends the Initial Awards granted to Key Management Personnel to the Board for approval, taking into consideration the Key Management Personnel's individual performance. The performance period for the RUP is two years. The pre-set targets are net property income and distribution per Unit. Such performance conditions are generally performance indicators that are key drivers of Unitholder value creation and aligned to FCOT's business objectives. The RUP awards represent the right to receive fully paid Units, their equivalent cash value or a combination thereof, free of charge, provided certain prescribed performance conditions are met. The final number of Units to be released ("**Final Awards**") will depend on the achievement of the pre-determined targets at the end of the performance period. If such targets are exceeded, more Units than the Initial Awards can be delivered, subject to a maximum multiplier of the Initial Awards. The Final Awards will vest to the participants in three tranches over two years after a two-year performance period. The obligation to deliver the Units is expected to be satisfied out of the Units held by the Manager.

   The NRC has absolute discretion to decide on the Final Awards, taking into consideration of any other relevant circumstances.

Approach to Remuneration of Key Management Personnel
The Manager advocates a performance-based remuneration system that is highly flexible and responsive to the market, which also takes into account FCOT's performance and that of its employees.

In designing the compensation structure, the NRC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current versus long-term compensation and between cash versus equity incentive compensation.

Executives who have a greater ability to influence outcomes within the Manager have a greater proportion of overall reward at risk. The NRC exercises broad discretion and independent judgement in ensuring that the amount and mix of compensation are aligned with the interests of Unitholders and other stakeholders and promote the long-term success of FCOT.

Performance Indicators for Key Management Personnel
As set out above, the Manager's variable remuneration comprises short-term and long-term incentives, taking into account both FCOT's and individual performance. This is to ensure employee remuneration is linked to performance. In determining the short-term incentives, both FCOT's financial and non-financial performance as per the balanced scorecard are taken into consideration. The performance targets align the interests of the Key Management Personnel with the long-term growth and performance of FCOT and the Manager. The financial performance indicators on which the Key Management Personnel are evaluated comprise (a) FCOT's net portfolio property income, (b) distribution per Unit, and (c) FCOT's Total Return (against a peer group). These performance indicators are quantitative and are objective measures of FCOT's performance. The non-financial performance indicators on which the Key Management Personnel are evaluated include (i) people development, (ii) corporate governance and compliance, (iii) branding and sustainability, (iv) business process productivity, (v) growth of the assets under management, (vi) sustainability of earnings and risk profile, and (vii) strategic and areas of emphasis. These qualitative performance indicators will align the Key Management Personnel's performance with FCOT's strategic objectives.

In relation to long-term incentives, the Manager has implemented the RUP with effect from the financial year ended 30 September 2018 as set out above. The release of long-term incentive awards to Key Management Personnel are conditional upon the performance targets being met. The performance targets of the KPIs align the interests of the Key Management Personnel with the long-term growth and performance of FCOT. In FY2019, the pre-determined target performance levels for the RUP grants were met.

Currently, the Manager does not have claw-back provisions which allow it to reclaim incentive components of remuneration from its Key Management Personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss.

Remuneration Packages of Key Management Personnel
The NRC reviews and makes recommendations on the specific packages and service terms for the Key Management Personnel for endorsement by the Board. The NRC will review the short-term and long-term incentives in the Key Management Personnel's remuneration package to ensure its compliance with the substance and spirit of the directions and guidelines from the MAS.

No Director or Key Management Personnel is involved in deciding his or her remuneration.

The NRC aligns the CEO's leadership, through appropriate remuneration and benefit policies, with FCOT's and the Manager's strategic objectives and key challenges. Performance targets are also set for the CEO and his performance is evaluated yearly.

Remuneration Policy in respect of Non-Executive Directors
The remuneration of non-executive Directors has been designed to be appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities, on the Board and Board Committees, and to attract, retain and motivate the Directors to provide good stewardship of FCOT.

Non-executive Directors do not receive bonuses, options or Unit-based incentives and awards.

The Manager engages consultants to review Directors' fees by benchmarking such fees against the amounts paid by listed industry peers. Each non-executive Director's remuneration comprises a basic fee and attendance fees for attending Board and Board Committee meetings. In addition, non-executive Directors who perform additional services in Board Committees are paid an additional fee for such services. The chairman of each Board Committee is also paid a higher fee compared with the members of the respective Board Committees in view of the greater responsibility carried by that office.

Disclosure of Remuneration of Directors and Top Key Executives

Information on the remuneration of Directors and Key Executives of the Manager for FY2019 is set out below.

Directors of the Manager	Remuneration (S$)
Mr Bobby Chin Yoke Choong	138,500
Mr Chang Tou Chen(1)	95,984
Mr Chay Wai Chuen(2)	95,855
Ms Soh Onn Cheng Margaret Jane(3)	21,815
Mr Chia Khong Shoong(4)	52,500
Mr Low Chee Wah(4)	52,500
Mr Christopher Tang Kok Kai(4)	60,000

Note:
(1) Mr Chang Tou Chen was appointed as the Chairman of the ARCC with effect from 28 July 2019. He relinquished his role as the Chairman of the NRC with effect from 28 July 2019.
(2) Mr Chay Wai Chen retired as a Director on 28 July 2019. Prior to his retirement, he was the Chairman of the ARCC and a member of the NRC.
(3) Ms Soh Onn Cheng Margaret Jane was appointed as a Director and as a member of the ARCC and the NRC with effect from 1 July 2019. She was appointed as the Chairperson of the NRC with effect from 28 July 2019.
(4) Director's fees are paid to Frasers Property Corporate Services Pte. Ltd.

Remuneration of CEO for FY2019	Salary %	Bonus %	Allowances & Benefits %	Long-term Incentives %	Total %
Between S$500,001 to S$750,000					
Mr Jack Lam	44	22	6	28	100

Remuneration of Key Executives (excluding CEO) for FY2019					
Ms Tricia Yeo Mr Wong Soon Yean Mr Vincent Lee Ms Cheah Yoke Lan Ms Janet Soh Ms Wang Mei Ling	53[1]	15[1]	4[1]	28[1]	100
Aggregate Total Remuneration (including CEO)					**2,753,846**

1 Derived based on the aggregation of the respective remuneration components of each of the Key Executives (excluding the CEO) and represented as percentages against the total remuneration for these Key Executives.

There are no existing or proposed service agreements entered into or to be entered into by the Manager or any of its subsidiaries with Directors, the CEO or other Key Executives which provide for compensation in the form of stock options, or pension, retirement or other similar benefits, or other benefits, upon termination of employment.

Pursuant to MAS' "Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management" (Notice No: SFA4-N14), REIT managers are required to disclose the remuneration of the CEO and each individual director on a named basis, and the remuneration of at least the top five executive officers (which shall not include the CEO and executive officers who are directors), on a named basis, in bands of S$250,000. The REIT manager may provide an explanation if it does not wish to or is unable to comply with such requirement. The Manager has decided (a) to disclose the CEO's remuneration in bands of S$250,000 (instead of on a quantum basis), (b) not to disclose the remuneration of the other key executives of the Manager in bands of S$250,000, and (c) to disclose the aggregate remuneration of all key executives of the Manager (including the CEO) for the following reasons:

(i) competition for talent in the REIT management industry is very keen and the Manager has, in the interests of Unitholders, opted not to disclose the exact remuneration of its CEO and Key Executives as this may give rise to recruitment and talent retention issues as well as the risk of unnecessary key management turnover;
(ii) the composition of the current management team has been stable and to ensure the continuity of business and operations of FCOT, it is important that the Manager continues to retain its team of competent and committed staff;
(iii) due to the confidentiality and sensitivity of staff remuneration matters, the Manager is of the view that such disclosure could be prejudicial to the interests of Unitholders; and
(iv) the remuneration of the CEO and Key Executives are paid by the Manager and there is full disclosure of the total amount of fees paid to the Manager set out at page 187 of this Annual Report.

As at 30 September 2019, there are no employees within the Manager who is a substantial Unitholder or who is an immediate family member of a Director, the CEO or a substantial Unitholder.

Financial Performance, Reporting and Audit

The Board, with the support of Management, is responsible for providing a balanced and understandable assessment of FCOT's performance, position and prospects. Financial reports are provided to the Board on a quarterly basis and monthly accounts are made available to the Directors on request.

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*" issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the CIS Code and the provisions of the Trust Deed.

The Board releases FCOT's quarterly and full year financial results, other price sensitive information and material corporate developments through announcements to the SGX-ST and, where appropriate, press releases, FCOT's website, and/or media and analysts' briefings.

In communicating and disseminating its results, the Manager aims to present a balanced and clear assessment of FCOT's performance, position and prospects.

In order to enable the Board to obtain a timely and informed assessment of FCOT's position, Management furnishes an overview of financial performance and capital management on a monthly basis. Such reports keep the Board members informed of FCOT's performance, position and prospects

External Audit

The ARCC conducts an assessment of the external auditors, and recommends its appointment, re-appointment and removal to the Board. The assessment is based on factors such as the performance and quality of its audit, the cost effectiveness and the independence and objectivity of the external auditors.

At the annual general meeting ("**AGM**") held on 18 January 2019, KPMG LLP was re-appointed by Unitholders as the external auditors of FCOT for FY2019. Pursuant to the requirements of the SGX-ST, an audit partner may only be in charge of a maximum of five consecutive annual audits and may then return after two years. The current KPMG LLP audit partner for the Group was appointed at the AGM held on 20 January 2016 and has held this appointment for less than five consecutive audits, thereby meeting the requirement.

During FY2019, the ARCC conducted a review of the scope, quality, results and performance of audit by the external auditors and its cost effectiveness, as well as the independence and objectivity of the external auditors. It also reviewed all non-audit services provided by the external auditors during the financial period, and the aggregate amount of fees paid to them for such services. Details of fees payable to the external auditors in respect of audit and non-audit services for FY2019 are set out in the table below:

Fees relating to external auditors for FY2019	S$ (Million)
For audit and audit-related services	0.160
For non-audit services	0.148
Total	0.308

The ARCC has conducted a review of all non-audit services provided by KPMG LLP during the financial period. The ARCC 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 KPMG LLP is put at risk. For details of the fees paid to KPMG LLP, please refer to the Financial Statements at pages 187 to 188 of this Annual Report. KPMG LLP attended the ARCC meetings every quarter for FY2019, and where appropriate, has met with the ARCC without the presence of Management to discuss their findings, if any.

The Manager, on behalf of FCOT, confirms that FCOT has complied with Rule 712 of the SGX-ST Listing Manual which requires, amongst others, that a suitable auditing firm should be appointed by FCOT having regard to certain factors. FCOT has also complied with Rule 715 of the SGX-ST Listing Manual which requires that the same auditing firm of FCOT based in Singapore audits its Singapore-incorporated subsidiaries and significant associated companies, and that a suitable auditing firm be engaged for its significant foreign-incorporated subsidiaries and associated companies.

In the review of the financial statements for FY2019, the ARCC discussed the following key audit matter identified by the external auditors with Management:

Key Audit Matter	How this issue was addressed by the ARCC
Valuation of investment properties	The ARCC considered the methodologies and key assumptions applied by the external valuers in arriving at the valuation of the properties. The ARCC reviewed the outputs from the financial year-end valuation process of the Group's investment properties and discussed the details of the valuation with the valuer and Management, focusing on significant changes in fair value measurement and key drivers of the changes. The ARCC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of investment properties. The ARCC was satisfied with the valuation process, the methodologies used and the valuation for investment properties as adopted as at 30 September 2019.

Governance of Risk and Internal Controls

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls.

Enterprise Risk Management and Risk Tolerance

The Manager has established a sound system of risk management and internal controls comprising procedures and processes to safeguard FCOT's assets and the interests of FCOT and its Unitholders. The ARCC 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 ARCC, 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 ARCC ensures primarily that key objectives are met, material assets are properly safeguarded, fraud or errors (if any) 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 ARCC, 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 76 to 77.

Periodic updates are provided to the ARCC on FCOT's and the Manager's risk profiles. These updates would involve an assessment of FCOT's and the Manager's key risks by risk categories, 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 ARCC. 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 CFO that as at 30 September 2019:

(a) the financial records of FCOT have been properly maintained and the financial statements for FY2019 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 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 to address risks which the Manager considers relevant and material to FCOT's operations.

Board's Comment 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 ARCC, and assurance from the CEO and the CFO, the Board is of the view that the internal controls in place for FCOT were adequate and effective as at 30 September 2019 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 adopted by the Manager, review performed by Management and assurance from the CEO and the CFO, the Board is of the view that the risk management system in place for FCOT was adequate and effective as at 30 September 2019 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.

The ARCC concurs with the Board's view that as at 30 September 2019, the internal controls of FCOT (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective to address risks which the Manager considers relevant and material to FCOT's operations.

Internal Audit

The internal audit function of the Manager is performed by FPL Group's internal audit department ("**FPL Group IA**"). FPL Group IA is responsible for conducting objective and independent assessments on the adequacy and effectiveness of the Manager's system of internal controls, risk management and governance practices. The Head of the FPL Group 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 ARCC, and administratively to the Group Chief Executive Officer of the Sponsor or such other officer as may be charged with this responsibility from time to time. The appointment and removal of the FPL Group's internal audit department as the service provider of the Manager's internal audit function requires the approval of the ARCC. In performing internal audit services, FPL Group IA has adopted and complies with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

FPL Group IA comprises 23 professional staff. The Head of the FPL Group IA and the Singapore-based FPL Group IA staff are members of The Institute of Internal Auditors, Singapore. To ensure that the internal audit activities are effectively performed, FPL Group IA recruits and employs suitably qualified staff with the requisite skills and experience. Such staff are given relevant training and development opportunities to update their technical knowledge and auditing skills. All staff members of FPL Group IA also receive relevant technical training and attend seminars organised by The Institute of Internal Auditors, Singapore and other professional bodies. FPL Group IA operates within the framework of a set of terms of reference as contained in the Internal Audit Charter approved by the ARCC. It adopts a risk-based audit methodology to develop its audit plans, and its activities are aligned to key risks of FCOT. The results of the risk assessments determine the level of focus and the review intervals for the various activities audited (i.e. greater focus and appropriate review intervals are set for higher risk activities and material internal controls). FPL Group IA conducts its audit reviews based on internal audit plans approved by the ARCC. FPL Group IA has unfettered access to all of FCOT's and the Manager's documents, records, properties and personnel, including access to the ARCC members. All audit reports detailing audit findings and recommendations are provided to Management who would respond with the actions to be taken.

Each quarter, FPL Group IA will submit reports to the ARCC on the status of the audit plans and on audit findings and actions taken by Management on such findings. Key findings are highlighted at ARCC meetings for discussion. The ARCC monitors the timely and proper implementation of the required follow-up measures undertaken by Management. The ARCC is satisfied that for FY2019, the internal audit function is independent, effective and adequately resourced and has appropriate standing within FCOT and the Manager to perform its functions effectively. Quality assurance reviews on FPL Group's internal audit function are periodically carried out by qualified professionals from an external organisation. The last review was performed in FY2018.

Related/Interested Person Transactions

The Manager has established internal processes such that the Board, with the assistance of the ARCC, is required to be satisfied that all Related/Interested Party Transactions are undertaken on normal commercial terms, and are not prejudicial to the interests of FCOT and the 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 Property Funds Appendix). Directors who are interested in any proposed Related/Interested Party Transaction to be entered into by FCOT are required to abstain from any deliberations or decisions in relation to that Related/Interested Party Transaction.

All Related/Interested Party Transactions are entered in a register maintained by the Manager. The Manager incorporates into its internal audit plan a review of the Related/Interested Party Transactions recorded in the register to ascertain that internal procedures and requirements of the SGX-ST Listing Manual and Property Funds Appendix have been complied with. The ARCC reviews the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related/Interested Party Transactions have been complied with. The review includes the examination of the nature of the Related/Interested Party Transactions and its supporting documents or such other data deemed necessary by the ARCC. In addition, the Trustee also has the right to review any such relevant internal audit reports to ascertain that the Property Funds Appendix has been complied with.

Any Related/Interested Party Transaction proposed to be entered into between FCOT and an interested person, would require the Trustee to satisfy itself that such Related/Interested Party Transaction 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 CIS Code and the SGX-ST Listing Manual.

Whistle-Blowing Policy

The Manager has put in place a whistle-blowing policy (the "**Whistle-Blowing Policy**"). The Whistle-Blowing Policy provides an independent feedback channel through which matters of concern about possible improprieties in matters of financial reporting, suspected fraud and corruption or other matters may be raised by employees and any other persons in confidence and in good faith, without fear of reprisal. Whistle-Blowers may report any matters of concern by mail, email, or calling a hotline, details of which are provided in the Whistle-Blowing Policy, which is available on FCOT's website. Any report submitted through this channel would be received by the Head of FPL Group IA. For employees, the Whistle-Blowing Policy provides assurance that employees will be treated fairly, and protected from reprisals or victimisation for whistle-blowing in good faith.

The improprieties that are reportable under the Whistle-Blowing Policy include: (a) financial or professional misconduct; (b) improper conduct, dishonest, fraudulent or unethical behaviour; (c) any irregularity or non-compliance with laws/ regulations or the Manager's policies and procedures, and/or internal controls; (d) violence at the workplace, or any conduct that may threaten health and safety; (e) corruption or bribery; (f) conflicts of interest; and (g) any other improprieties or matters that may adversely affect Unitholders'/shareholders' interests in, and assets of, FCOT/the Manager as well as FCOT's/the Manager's reputation. The Whistle-Blowing Policy is covered during staff training. All whistle-blowing complaints are safely raised and are independently investigated and if appropriate, an independent investigation committee will be constituted. Following the investigations, appropriate action will be taken. The outcome of each investigation and any action taken is reported to the ARCC. The ARCC reviews and ensures that independent investigations and any appropriate follow-up actions are carried out.

Unitholder Matters

The Manager treats all Unitholders fairly and equitably in order to enable them to exercise their Unitholders' rights and have the opportunity to communicate their views on matters affecting FCOT.

Investor Relations

The Manager prides itself on its high standards of disclosure and corporate transparency. The Manager aims to provide accurate, objective and timely information regarding FCOT's performance and progress and matters concerning FCOT and its business which are likely to materially affect the price or value of the Units, to Unitholders and the investment community, to enable them to make informed investment decisions.

The Manager's dedicated Investor Relations ("**IR**") team is tasked with, and focuses on, facilitating communications between FCOT and its Unitholders, as well as with the investment community, analysts and the media. An IR policy is in place to promote regular, timely, accurate and fair communications. Contact details of the IR manager are available on FCOT's website at www.fraserscommercialtrust.com for Unitholders, investors and other stakeholders to channel their comments and queries.

Continuous and informed dialogue between the Manager and Unitholders is a central tenet of good corporate governance. Regular engagement between these parties will promote greater transparency. Material and other pertinent information such as press releases and presentation slides are released to the SGX-ST via SGXNET and the FCOT website. Both announcements through FCOT's website and the SGXNET are the principal media of communication with Unitholders. The IR manager, together with senior Management, also participated in conferences, roadshows and other investor meetings to keep the investment community informed of FCOT's corporate developments, financial and operational performance and strategies. Analysts' briefings and investors' luncheons were conducted after the announcements of FY2019 half year and full year results in April 2019 and October 2019, respectively. Webcasts of the Manager's presentations of FCOT's half year and full year results are also made available on the FCOT website on the day of release of the respective results.

Further details on the various activities organised by IR during the year can be found in the Investor Relations section of the FY2019 Annual Report on pages 40 to 42.

An electronic copy of the FY2019 Annual Report has been uploaded on FCOT's website. Unitholders can access the FY2019 Annual Report (printed copies are available upon request) at https://fcot.frasersproperty.com/publications.html.

The Trust Deed constituting FCOT is also available for inspection upon request at the Manager's office[1].

FCOT is a signatory to the 2019 Corporate Governance Statement of Support organised by the Securities Investors Association (Singapore) where FCOT has pledged its commitment to uphold high standards of corporate governance. FCOT is recognised for good corporate governance and disclosure practices. FCOT was ranked 5th out of 46 in the Singapore Governance and Transparency Index 2019 (REIT and Business Trust category).

Conduct of general meetings

The Board supports and encourages active Unitholder participation at AGMs as it believes that general meetings serve as an opportune forum for Unitholders to meet the Board and senior Management, and to interact with them. To encourage participation, FCOT's general meetings are held at convenient locations. Unitholders are given the opportunity to participate effectively and vote at FCOT's general meetings, where relevant rules and procedures governing such meetings (for instance, how to vote) are clearly communicated prior to the start of the meeting. At FCOT's general meetings, Unitholders are also given opportunities to ask questions or give feedback to the Manager.

At general meetings, the Manager sets out separate resolutions on each substantially separate issue. Unitholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions sought to be passed.

For greater transparency, the Manager has implemented electronic poll voting at general meetings. This entails Unitholders being invited to vote on each of the resolutions by poll, using an electronic voting system (instead of voting by hands), thereby allowing all Unitholders present or represented at the meeting to vote on a one Unit, one vote basis. The voting results of all votes cast for, against, or abstaining from each resolution is then screened at the meeting and announced to the SGX-ST after the meeting. An independent external party is appointed as scrutineer for the electronic voting process to count and validate the votes at general meetings. The Manager will continue to use the electronic poll voting system at the forthcoming AGM. As the authentication of Unitholder identity and other related security and integrity issues still remain a concern, the Manager has decided for the time being, not to implement absentia voting methods such as voting via mail, e-mail or fax.

1 Prior appointment with the Manager is appreciated.

At the AGM, a presentation is made to Unitholders to update on FCOT's financial and operational performance and prospects. The presentation materials are made available on SGXNET and the FCOT website before the commencement of the AGM for the benefit of Unitholders.

Board members and senior Management are present at each Unitholders' meeting to respond to any questions from Unitholders, unless they are unable to attend due to exigencies. Certain external consultants including FCOT's external auditors are also present to address queries about the conduct of audit and the preparation and content of the auditors' report.

The minutes of Unitholders' meetings which capture the attendance of Board members at the meetings, matters approved by Unitholders, voting results and substantial and relevant comments or queries from Unitholders relating to the agenda of the general meeting together with responses from the Board and Management, are prepared by the Manager. These minutes are available on the FCOT website.

Distributions

FCOT's distribution policy is to distribute at least 90.0% of its taxable income (other than gains from the sale of real estate properties that are determined by the Inland Revenue Authority of Singapore to be trading gains) and tax-exempt income, and such distributions are typically paid on a quarterly basis. For FY2019, FCOT made four distributions to Unitholders and distributed 100.0% of the distributable income to Unitholders.

Stakeholder Engagement

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of FCOT are served.

The conduct of employees of the Manager is governed by the FPL Code of Business Conduct, which has as its key objectives of providing clear guidelines on ethics and relationships, in order to safeguard the reputation and interests of FPL and its subsidiaries. The Code of Business Conduct sets out the policies and procedures dealing with various issues such as conflicts of interests, the maintenance of records and reports, equal employment opportunities and sexual harassment. Where applicable/appropriate, the Code of Business Conduct is also made available to other stakeholders such as the Manager's agents, suppliers, business associates and customers.

In order to review and assess the material factors relevant to FCOT's business activities, the Manager from time to time proactively engages with various stakeholders, including employees, vendors, tenants, and the investment community, to gather feedback on the sustainability matters which have significant impact to the business and operations of FCOT and its stakeholders. Please refer to the Sustainability Report on pages 78 to 110 of the FY2019 Annual Report, which sets out information on the Manager's arrangements to identify and engage with its material stakeholder groups and to manage its relationships with such groups, and the Manager's strategy and key areas of focus in relation to the management of stakeholder relationships during FY2019.

Policy on Dealings in Securities

The Manager has adopted a dealing policy on securities trading ("**Dealing Policy**") setting out the procedure for dealings in FCOT's securities by its Directors, officers and employees, which sets out the implications of insider trading and guidance on such dealings, including the prohibition on dealings with FCOT's securities on short-term considerations. In compliance with Rule 1207(19) of the SGX-ST Listing Manual on best practices on dealing in securities, the Group issues quarterly reminders to its Directors, officers and employees on the restrictions in dealings in listed securities of the Group during the period commencing (a) two weeks prior to the announcement of financial results of each of the first three quarters of the financial year, and (b) one month before the announcement of full year results, and ending on the date of such announcements ("**Prohibition Period**"). Directors, officers and employees are also reminded not to trade in listed securities of FCOT at any time while in possession of unpublished price sensitive information and to refrain from dealing in FCOT's securities on short-term considerations. Outside of the Prohibition Period, Directors and the CEO are also required to report their dealings in FCOT's securities within two business days.

Every quarter, each Director, officer and employee is required to complete and submit a declaration form to the designated compliance officer to report any trades he/she made in Units in the previous quarter and confirm that no trades were made during the Prohibition Period. A quarterly report will be provided to the ARCC. Any non-compliance with the Dealing Policy will be reported to ARCC for its review and instructions.

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

(i) during the period commencing (A) two weeks prior to the announcement of financial results of each of the first three quarters of the financial year, and (B) one month before the announcement of full year results and (where applicable) property valuations, and ending on the date of such announcements; or

(ii) whenever it is in possession of unpublished material price sensitive information.

Additional Disclosure On Fees Payable To The Manager

Pursuant to the Trust Deed, the Manager is entitled to receive the following fees:

<table>
<tr><th>Type of Fee</th><th>Computation and Form of Payment</th><th>Rationale and Purpose</th></tr>
<tr><td>Base Fee</td><td>Pursuant to Clauses 15.2(a)(1) and 15.3 of the Trust Deed, the Manager is entitled to receive a Base Fee at the rate of not more than 0.5% per annum of the Value of FCOT's Assets which comprise Real Estate.

The Base Fee is payable quarterly in arrears, in the form of cash and/or Units as the Manager may elect.</td><td>The Base Fee is payable to the Manager for managing FCOT's business in accordance with the Trust Deed for the benefit of Unitholders, which includes setting the strategic direction of FCOT in accordance with its stated investment strategies, as well as for related costs and expenses of the Manager including operational and administrative overheads.

The Base Fee is calculated at a fixed percentage of real estate asset value as the scope of the Manager's duties is commensurate with the size of FCOT's asset portfolio.</td></tr>
<tr><td>Performance Fee</td><td>Pursuant to Clauses 15.2(a)(2) and 15.4 of the Trust Deed, the Manager is entitled to receive a Performance Fee equal to a rate of 3.5% per annum of the Net Real Estate Income less the Base Fee for the relevant financial year.

The Performance Fee is payable in the form of cash and/or Units as the Manager may elect.

With effect from 1 October 2016, the Performance Fee shall be paid annually, in compliance with the Property Funds Appendix.</td><td>The Performance Fee, which is based on Net Real Estate Income, aligns the interests of the Manager with Unitholders as the Manager is incentivised to proactively focus on improving rentals and optimising the operating costs and expenses of FCOT's properties. Linking the Performance Fee to Net Real Estate Income will also motivate the Manager to ensure the long-term sustainability of the assets instead of taking on excessive short-term risks to the detriment of Unitholders.</td></tr>
<tr><td>Acquisition Fee</td><td>Pursuant to Clauses 15.2(a)(3) and 15.5 of the Trust Deed, the Manager is entitled to receive an Acquisition Fee of not more than 1.0% of the acquisition price of any Real Estate purchased by the Trustee for FCOT (pro-rated if applicable to the proportion of the interest of FCOT in the asset acquired).

Subject to the Property Funds Appendix, the Acquisition Fee is payable as soon as practicable after completion of the acquisition in the form of cash and/or Units as the Manager may elect.</td><td rowspan="2">The Acquisition Fee and Divestment Fee seek to motivate and compensate the Manager for the time, cost and effort spent (in the case of an acquisition) in sourcing, evaluating and executing potential opportunities to acquire new properties to further grow FCOT's asset portfolio or, (in the case of a divestment) in rebalancing and unlocking the underlying value of the existing properties.

The Manager provides these services over and above the provision of ongoing management services with the aim of enhancing long-term returns, income sustainability and achieving the investment objectives of FCOT.

The Acquisition Fee is higher than the Divestment Fee because there is additional work required to be undertaken in terms of sourcing, evaluating and conducting due diligence for an acquisition, as compared to a divestment.</td></tr>
<tr><td>Divestment Fee</td><td>Pursuant to Clauses 15.2(a)(4) and 15.5 of the Trust Deed, the Manager is entitled to receive a Divestment Fee of not more than 0.5% of the sale price of any Real Estate sold or divested by the Trustee (pro-rated if applicable to the proportion of the interest of FCOT in the asset sold).

Subject to the Property Funds Appendix, the Divestment Fee is payable as soon as practicable after completion of the sale or disposal in the form of cash and/or Units as the Manager may elect.</td></tr>
</table>

Note:
Capitalised terms used in this section shall have the same meanings ascribed to them in the Trust Deed.

Summary of Compliance with Express Disclosure Requirements in Principles and Provisions of 2018 Code

Principles and Provisions of the 2018 Code of Corporate Governance		Page Reference of FY2019 Annual Report
Board's Conduct of Affairs		
Provision 1.2	Induction, training and development provided to new and existing Directors	Page 118
Provision 1.3	Matters requiring Board approval	Page 116
Provision 1.4	Names of Board Committee members, terms of reference of Board Committees, any delegation of Board's authority to make decisions and a summary of each Board Committee's activities	Pages 113 to 117
Provision 1.5	Number of Board and Board Committee meetings and each individual Directors' attendances at such meeting	Page 116
Board Composition and Guidance		
Provision 2.2	The Board diversity policy and progress made towards implementation of the policy, including objectives	Page 120
Board Membership		
Provision 4.3	Process for the selection, appointment and re-appointment of Directors to the Board, including the criteria used to identify and evaluate potential new Directors and channels used in searching for appropriate Candidates	Pages 115, 119 to 120
Provision 4.4	Relationships that independent Directors have with FCOT, its related corporations, its substantial Unitholders or its officers, if any, which may affect their independence, and the reasons why the Board, having taken into account the views of the NRC, has determined that such Directors are still independent	Pages 120 to 122
Provision 4.5	Listed company directorships and principal commitments of each Director, and where a Director holds a significant number of such directorships and commitments, the NRC's and Board's reasoned assessment of the ability of the Director to diligently discharge his or her duties	Pages 18 to 21, 120
Board Performance		
Provision 5.2	How the assessments of the Board, its Board Committees and each Director have been conducted, including the identity of any external facilitator and its connection, if any, with the Manager or any of its Directors	Pages 115, 122
Procedures for Developing Remuneration Policies		
Provision 6.4	Engagement of any remuneration consultants and their independence	Pages 124 and 126
Disclosure on Remuneration		
Provision 8.1	Policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) each individual Director and the CEO; and (b) at least the top five key management personnel (who are not Directors or the CEO) in bands no wider than S$250,000 and in aggregate the total remuneration paid to these key management personnel	Pages 123 to 127
Provision 8.2	Names and remuneration of employees who are substantial shareholders of the Manager or substantial Unitholders, or are immediate family members of a Director, the CEO or such a substantial shareholder or substantial Unitholder, and whose remuneration exceeds S$100,000 during the year, in bands no wider than S$100,000. The employee's relationship with the relevant director or the CEO or substantial shareholder or substantial Unitholder should also be stated.	Page 127
Provision 8.3	All forms of remuneration and other payments and benefits, paid by the Manager and its subsidiaries to directors and key management personnel of the Manager	Pages 123 to 127

Principles and Provisions of the 2018 Code of Corporate Governance		Page Reference of FY2019 Annual Report
Risk Management and Internal Controls		
Provision 9.2	Board's assurance from: (a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the REIT's operations and finances; and (b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the REIT's risk management and internal control systems.	Page 130
Unitholder Rights and Engagement		
Unitholder Rights and Conduct of General Meetings		
Provision 11.3	Directors' attendance at general meetings of Unitholders held during the financial year	Pages 116 and 133
Engagement with Unitholders		
Provision 12.1	Steps taken by the Manager to solicit and understand the views of Unitholders	Pages 132 to 133
Engagement with Stakeholders		
Provision 13.2	The Manager's strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period	Page 133

Financial Statements
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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 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 Commercial Asset Management 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, 22 August 2012, 16 December 2015, 20 January 2017 and 22 January 2018) 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 144 to 205, comprising the Consolidated Balance Sheet and Consolidated Portfolio Statement of the Group and the Balance Sheet and Portfolio Statement of the Trust as at 30 September 2019, the Consolidated Statement of Total Return, Consolidated Distribution Statement, Consolidated Statement of Movements in Unitholders' Funds and Consolidated Cash Flow Statement of the Group and the Statement of Movements in Unitholders' Funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, 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

Paul Martin Pavey
Director

Colin Lee Yung Shih
Director

Singapore
21 November 2019

Statement by **the Manager**

In the opinion of the directors of Frasers Commercial Asset Management Ltd., the accompanying financial statements, set out on pages 144 to 205, comprising the Consolidated Balance Sheet and Consolidated Portfolio Statement of the Group and the Balance Sheet and Portfolio Statement of the Trust as at 30 September 2019, the Consolidated Statement of Total Return, Consolidated Distribution Statement, Consolidated Statement of Movements in Unitholders' Funds and Consolidated Cash Flow Statement of the Group and the Statement of Movements in Unitholders' Funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies are drawn up so as to present fairly, in all material respects, the consolidated financial position and the portfolio statement of the Group and the financial position and the portfolio statement of the Trust as at 30 September 2019 and the consolidated total return, consolidated distributable income, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the movements in unitholders' funds of the Trust for the 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 Commercial Asset Management Ltd.

Bobby Chin Yoke Choong
Chairman and Director

Christopher Tang Kok Kai
Director

Singapore
21 November 2019

Independent **Auditors' Report**

TO THE UNITHOLDERS
FRASERS COMMERCIAL TRUST
(CONSTITUTED UNDER A TRUST DEED IN THE REPUBLIC OF SINGAPORE)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Frasers Commercial Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the Consolidated Balance Sheet and Consolidated Portfolio Statement of the Group and the Balance Sheet and Portfolio Statement of the Trust as at 30 September 2019, the Consolidated Statement of Total Return, Consolidated Distribution Statement, Consolidated Statement of Movements in Unitholders' Funds and Consolidated Cash Flow Statement of the Group and the Statement of Movements in Unitholders' Funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 144 to 205.

In our opinion, the accompanying consolidated financial statements of the Group and the Balance Sheet and Statement of Movements in Unitholders' Funds of the Trust present fairly, in all material respects, the consolidated financial position and the portfolio statement of the Group and the financial position and the portfolio statement of the Trust as at 30 September 2019 and the consolidated total return, consolidated distributable income, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the movements in unitholders' funds of the Trust for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 ("RAP 7") *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants (the "ISCA").

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties
(Refer to Portfolio Statement and Note 4 to the financial statements)

Risk

The Group owns investment properties in Singapore and in Australia, which comprise primarily office and business space buildings with retail and car parks. As at 30 September 2019, the investment properties represent the single largest asset category on the Consolidated Balance Sheet, at a carrying amount of S$2.08 billion.

The investment properties are stated at their fair values based on independent external valuations. The valuation process is considered a key audit matter because it involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. Any changes in the assumptions will have an impact on the valuation.

Independent **Auditors' Report** (cont'd)

Our response

We assessed the Group's processes for the selection of the external valuers, the determination of the scope of work of the valuers, and the review and acceptance of the valuation reports issued by the external valuers.

We evaluated the qualifications and competence of the external valuers and held discussions with the valuers to understand their valuation methods and assumptions used.

We considered the valuation methodologies used against those applied by other valuers for similar property types. We tested the integrity of inputs of the projected cash flows used in the valuation to supporting leases and other documents. We challenged the capitalisation, discount and terminal capitalisation rates used in the valuations by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. Where the rates were outside the expected range, we undertook further procedures to understand the effect of additional factors and, when necessary, held further discussions with the valuers.

Our findings

The Group has a structured process in appointing and instructing external valuers, and in reviewing and accepting their valuations. The external valuers are members of recognised professional bodies for valuers and have considered their own independence in carrying out their work.

The approach to the methodologies and in deriving the key assumptions in the valuation is supported by market practices and data.

Other Information

The management of Frasers Commercial Asset Management Ltd., the manager of the Trust (the "Manager"), is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent **Auditors' Report** (cont'd)

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the ISCA, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit 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 Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.

- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent
Auditors' Report (cont'd)

Auditors' responsibilities for the audit of the financial statements *(cont'd)*

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Karen Lee Shu Pei.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
21 November 2019

Balance **Sheets**

AS AT 30 SEPTEMBER 2019

		Group		Trust	
	Note	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Non-current assets					
Investment properties	4	2,076,273	1,977,288	1,254,000	1,140,400
Subsidiaries	5	–	–	527,213	472,422
Investment in joint venture	6	151,219	156,999	–	–
Loan to a subsidiary	8	–	–	–	86,173
Fixed assets	9	33	40	33	40
Deferred tax assets	10	307	330	–	–
Derivative financial instruments	11	4,495	1,734	4,495	1,734
Total non-current assets		2,232,327	2,136,391	1,785,741	1,700,769
Current assets					
Trade and other receivables	12	3,222	3,370	165,785	99,435
Prepayments		2,569	1,730	492	30
Cash and cash equivalents	13	21,527	31,589	17,926	25,738
Total current assets		27,318	36,689	184,203	125,203
Total assets		2,259,645	2,173,080	1,969,944	1,825,972
Less:					
Non-current liabilities					
Interest-bearing borrowings	14	464,642	596,490	339,370	389,209
Derivative financial instruments	11	5,675	454	729	112
Security deposits		12,846	7,621	12,846	7,621
Deferred tax liabilities	10	78,681	72,994	–	–
Total non-current liabilities		561,844	677,559	352,945	396,942
Current liabilities					
Interest-bearing borrowings	14	180,924	17,000	122,349	17,000
Trade and other payables	15	27,086	37,781	20,515	29,094
Derivative financial instruments	11	609	237	–	–
Security deposits		3,932	6,562	3,915	6,562
Provision for taxation		3,757	3,110	–	–
Total current liabilities		216,308	64,690	146,779	52,656
Total liabilities		778,152	742,249	499,724	449,598
Net assets		1,481,493	1,430,831	1,470,220	1,376,374
Represented by:					
Unitholders' funds		1,481,493	1,430,831	1,470,220	1,376,374
Units issued at end of financial year ('000)	16	909,236	888,601	909,236	888,601
Unitholders' funds per Unit (S$)		1.63	1.61	1.62	1.55

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of **Total Return**

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

	Note	Group 2019 S$'000	Group 2018 S$'000
Gross revenue	17	125,060	133,306
Property operating expenses	18	(42,371)	(44,034)
Net property income		82,689	89,272
Share of results of joint venture	6	7,878	5,497
Interest income		127	316
Trust expenses	19	(15,943)	(15,849)
Finance expenses	20	(18,902)	(24,683)
Net income		55,849	54,553
Exchange differences		(4,631)	(2,759)
Gain on disposal of investment property	4	–	75,724
Net change in fair value of investment properties	4	108,404	20,900
Net change in fair value of derivative financial instruments		113	(62)
Realised gain on derivative financial instruments		238	57
Total return before tax		159,973	148,413
Taxation	21	(11,726)	(6,695)
Total return for the financial year		148,247	141,718
Earnings per Unit (cents)			
Basic	22	16.46	16.53
Diluted	22	16.46	16.53

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated **Distribution Statement**

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

	Group 2019 S$'000	Group 2018 S$'000
Income available for distribution at beginning of the financial year	21,421	19,397
Total return for the financial year	148,247	141,718
Net effect of (non-taxable)/ non-tax deductible items and other adjustments (Note A)	(61,341)	(58,992)
Distributable income for the financial year (Note B)	86,906	82,726
Income available for distribution	108,327	102,123
Distributions declared during the financial year to Unitholders (Note C)	(86,422)	(80,702)
Income available for distribution at end of the financial year	21,905	21,421
Number of Units entitled to distribution ('000)	912,715	892,584
Distribution per Unit (cents) (Note 31)	2.40	2.40

Note A – Net effect of (non-taxable)/ non-tax deductible items and other adjustments

	Group 2019 S$'000	Group 2018 S$'000
Amortisation of borrowing costs	499	1,077
Unamortised borrowing cost expensed off	24	388
Deferred taxation	10,378	5,414
Effects of recognising accounting income on a straight-line basis over the lease term	(3,881)	(566)
Management fees paid/payable in Units	13,572	13,785
Gain on disposal of investment property	–	(75,724)
Net change in fair value of investment properties	(108,404)	(20,900)
Net change in fair value of derivative financial instruments	(113)	62
Trustee's fees	635	681
Unrealised exchange loss	4,827	2,676
Return of capital from gain on disposal of hotel development rights (Note B)	21,637	12,775
Other adjustments	(515)	1,340
	(61,341)	(58,992)

Consolidated
Distribution Statement (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

Note B – Distributable income for the financial year

	Group 2019 S$'000	Group 2018 S$'000
Attributable to:		
Unitholders		
– from operations	63,749	61,553
– from capital returns	23,157	21,173
	86,906	82,726

Unitholders' distribution from capital returns comprised:–

	Group 2019 S$'000	Group 2018 S$'000
Return of capital from gain on disposal of hotel development rights (a)	21,637	12,775
Return of capital from a subsidiary (b)	–	6,302
Return of capital from a joint venture (c)	1,520	2,096
	23,157	21,173

(a) This relates to a portion of the net consideration received from the disposal of the hotel development rights in respect of China Square Central in August 2015, which was classified as capital distribution from tax perspective.

(b) This relates to the distribution available to Unitholders arising from the return of capital of an Australian subsidiary.

(c) This relates to distribution available to Unitholders arising from the return of capital attributable to reimbursement of lease incentives, monthly contracted rents and service charges in relation to a car showroom under construction and top-up of rents and void costs for specified unlet units pursuant to the terms for the purchase of Farnborough Business Park, as disclosed in FCOT's SGX-ST Announcement dated 14 December 2017.

Note C – Distributions declared to Unitholders during the financial year

	Group 2019 Distribution rate cents	Group 2019 Amount S$'000	Group 2018 Distribution rate cents	Group 2018 Amount S$'000
– 1 July 2017 to 30 September 2017	–	–	2.4070	19,397
– 1 October 2017 to 31 December 2017	–	–	2.4000	19,456
– 1 January 2018 to 31 January 2018	–	–	0.8000	6,486
– 1 February 2018 to 31 March 2018	–	–	1.6000	14,115
– 1 April 2018 to 30 June 2018	–	–	2.4000	21,248
– 1 July 2018 to 30 September 2018	2.4000	21,422	–	–
– 1 October 2018 to 31 December 2018	2.4000	21,550	–	–
– 1 January 2019 to 31 March 2019	2.4000	21,670	–	–
– 1 April 2019 to 30 June 2019	2.4000	21,780	–	–
		86,422		80,702

Statements of
Movements in Unitholders' Funds

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

	Group		Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Balance at beginning of the financial year	1,430,831	1,289,349	1,376,374	1,205,265
Operations				
Changes in net assets attributable to Unitholders' funds resulting from operations	148,247	141,718	151,396	129,882
Foreign currency translation reserve				
Movement for the financial year	(35,060)	(42,227)	–	–
Hedging reserve				
Net fair value changes on derivative financial instruments	(5,705)	2,267	(730)	1,503
Unitholders' transactions				
Issuance of Units	29,943	122,009	29,943	122,009
Issue expenses	(341)	(1,583)	(341)	(1,583)
	29,602	120,426	29,602	120,426
Distributions to Unitholders	(86,422)	(80,702)	(86,422)	(80,702)
Change in Unitholders' funds resulting from Unitholders' transactions	(56,820)	39,724	(56,820)	39,724
Balance at end of the financial year	1,481,493	1,430,831	1,470,220	1,376,374

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Portfolio Statements

AS AT 30 SEPTEMBER 2019

By Geography
Group

Location	Description of property	Acquisition date	Term of lease	Remaining term of lease (years)	Existing use	Carrying amount as at 2019 S$'000	Carrying amount as at 2018 S$'000	Percentage of net assets as at 2019 %	Percentage of net assets as at 2018 %
Singapore									
18, 20 & 22 Cross Street and 4 retail units at 181 South Bridge Road, Singapore 048423/2/1 and 058743 ("China Square Central")	15-storey office tower, 4 retail units and retail podium with basement carpark and heritage shophouses	30/3/2006	Leasehold	76	Commercial	648,000	582,400	43.7	40.7
Alexandra Technopark 438A, 438B & 438C Alexandra Road, Singapore 119967/8/76 ("Alexandra Technopark")	High-tech business space development comprising an 8-storey and a 9-storey air-conditioned buildings with basement carpark and a 3-storey amenity hub	26/8/2009	Leasehold	88	Business space	606,000	558,000	40.9	39.0
Australia									
Central Park 152-158 St Georges Terrace, Perth, Western Australia, 6000 ("Central Park")[(1)]	51-storey office tower with retail and basement carpark	30/3/2006	Freehold	NA	Commercial	288,982	288,206	19.5	20.1
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	82	Commercial	228,021	249,581	15.4	17.4
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	305,270	299,101	20.6	20.9
Total investment properties, at valuation						2,076,273	1,977,288	140.1	138.1

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Portfolio **Statements** (cont'd)

AS AT 30 SEPTEMBER 2019

By Geography
Group (cont'd)

Location	Description of property	Acquisition date	Term of lease	Remaining term of lease (years)	Existing use	Carrying amount as at 2019 S$'000	Carrying amount as at 2018 S$'000	Percentage of net assets as at 2019 %	Percentage of net assets as at 2018 %
United Kingdom									
Farnborough Business Park, Farnborough, Thames Valley, United Kingdom ("Farnborough Business Park")[2]	Business park comprises 14 commercial buildings and carpark	29/1/2018	Freehold	NA	Commercial	150,648	156,185	10.2	10.9
Portfolio of investment properties including those accounted for as joint venture, at valuation						2,226,921	2,133,473	150.3	149.0
Other assets and liabilities (net)						(745,428)	(702,642)	(50.3)	(49.0)
Net assets						1,481,493	1,430,831	100.0	100.0

(1) The Group has a 50% effective interest in Central Park.
(2) The carrying amount disclosed represents the Group's 50% effective interest in Farnborough Business Park (where its interest is accounted for as a joint venture).

NA denotes not applicable.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Portfolio **Statements** (cont'd)

AS AT 30 SEPTEMBER 2019

By Geography
Trust

Location	Description of property	Acquisition date	Term of lease	Remaining term of lease (years)	Existing use	Carrying amount as at 2019 S$'000	Carrying amount as at 2018 S$'000	Percentage of net assets as at 2019 %	Percentage of net assets as at 2018 %
Singapore									
China Square Central	15-storey office tower, 4 retail units and retail podium with basement carpark and heritage shophouses	30/3/2006	Leasehold	76	Commercial	648,000	582,400	44.1	42.3
Alexandra Technopark	High-tech business space development comprising an 8-storey and a 9-storey air-conditioned buildings with basement carpark and a 3-storey amenity hub	26/8/2009	Leasehold	88	Business space	606,000	558,000	41.2	40.5
Portfolio of investment properties, at valuation						1,254,000	1,140,400	85.3	82.8
Other assets and liabilities (net)						216,220	235,974	14.7	17.2
Net assets						1,470,220	1,376,374	100.0	100.0

Consolidated
Cash Flow Statement

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

	Group	
	2019 S$'000	2018 S$'000
Cash flow from operating activities		
Total return before tax	159,973	148,413
Adjustments for:		
Amortisation of leasing fees capitalised	1,041	881
Depreciation of fixed assets	21	29
Effects of recognising accounting income on a straight-line basis over the lease term	(3,881)	(566)
Finance expenses	18,902	24,683
Amortisation of leasing incentives capitalised	4,197	2,311
Interest income	(127)	(316)
Management fees paid/payable in Units	13,572	13,785
Gain on disposal of invesment property	–	(75,724)
Net change in fair value of investment properties	(108,404)	(20,900)
Net change in fair value of derivative financial instruments	(113)	62
Realised gain on derivative financial instruments	(238)	(57)
Share of results of joint venture	(7,878)	(5,497)
Operating cash flow before working capital changes	77,065	87,104
Changes in working capital:		
– Trade and other receivables	(697)	5,243
– Trade and other payables	(8,499)	(6,924)
Cash generated from operations	67,869	85,423
Tax paid	(532)	(1,411)
Net cash generated from operating activities	67,337	84,012
Cash flow from investing activities		
Proceeds from disposal of investment property	–	216,800
Capital expenditure and leasing incentives on investment properties	(36,543)	(74,419)
Payment for leasing costs capitalised during the year	(2,041)	(1,871)
Investment in joint venture	–	(155,746)
Net income and capital returns received from joint venture	6,039	3,603
Purchase of fixed assets	(14)	(4)
Interest received	139	306
Net cash used in investing activities	(32,420)	(11,331)
Cash flow from financing activities		
Distributions paid	(70,159)	(70,029)
Interest expenses paid	(17,790)	(23,213)
Issue expenses paid	(341)	(1,583)
Proceeds from private placement of Units	–	99,999
Proceeds from borrowings	120,650	382,183
Payment of transaction costs on borrowings	(155)	(994)
Repayment of borrowings	(77,071)	(501,783)
Realisation of derivative financial instruments	238	57
Net cash used in financing activities	(44,628)	(115,363)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated **Cash Flow Statement** (cont'd)

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

	Group 2019 S$'000	Group 2018 S$'000
Net decrease in cash and cash equivalents	(9,711)	(42,682)
Cash and cash equivalents at beginning of the financial year	31,589	74,609
Effects of changes in exchange rates on opening cash and cash equivalents	(351)	(338)
Cash and cash equivalents at end of the financial year (Note 13)	21,527	31,589

Reconciliation of liabilities arising from financing activities

	1 October 2018 S$'000	Financing cash flow S$'000	Non-cash movements: Finance expenses S$'000	Non-cash movements: Foreign exchange movement S$'000	30 September 2019 S$'000
Interest-bearing borrowings and interest payable	615,017	25,634	18,902	(11,884)	647,669

	1 October 2017 S$'000	Financing cash flow S$'000	Non-cash movements: Finance expenses S$'000	Non-cash movements: Foreign exchange movement S$'000	30 September 2018 S$'000
Interest-bearing borrowings and interest payable	749,494	(143,807)	24,683	(15,353)	615,017

Significant non-cash transactions

The following were the significant non-cash transactions:

(i) Management fees paid/payable in Units

8,899,235 (2018: 9,705,452) Units were issued and issuable in satisfaction of management fees payable in Units which amounted to S$13,572,000 (2018: S$13,785,000).

(ii) Divestment fee paid in Units

In 2018, 771,200 Units were issued as payment of divestment fee payable to the Manager in relation to the 55 Market Street, Singapore amounting to S$1,084,000. In 2019, no divestment fee was incurred.

(iii) Acquisition fee paid in Units

In 2018, 1,038,661 Units were issued as payment of acquisition fee payable to the Manager in relation to the acquisition of Farnborough Business Park Ltd, amounting to S$1,571,000. In 2019, no acquisition fee was incurred.

(iv) Distributions paid

Pursuant to the Distribution Reinvestment Plan implemented during the financial year, 11,232,306 (2018: 7,686,208) Units were issued, amounting to S$16,264,000 (2018: S$10,672,000).

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the **Financial Statements**

YEAR ENDED 30 SEPTEMBER 2019

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 Commercial Asset Management 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, 22 August 2012, 16 December 2015, 20 January 2017 and 22 January 2018 (collectively, the "Trust Deed") and sponsored by Frasers Property 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 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 consolidated financial statements of the Group as at and for the year ended 30 September 2019 comprise the Trust and its subsidiaries (together referred to as the "Group") and the Group's interest in its joint venture.

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.

Frasers Commercial Trust is regarded as a subsidiary of Frasers Property Limited for financial reporting purposes. The ultimate holding company of the Trust is TCC Assets Limited, a company incorporated in the British Virgin Islands.

The financial statements were authorised for issue by the Manager and the Trustee on 21 November 2019.

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 S$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) Manager's 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).

Notes to the **Financial Statements**

YEAR ENDED 30 SEPTEMBER 2019

1. GENERAL (CONT'D)

(b) Manager's fees (cont'd)

(i) Management fees (cont'd)

The base fees and performance fees are accrued daily. The base fees are payable quarterly in arrears while the performance fees are payable annually in arrears. The Manager may, at its election, be paid base fees and/or performance fees in cash, in Units or a combination of both. The price of Units issued is determined based on the volume weighted average traded price for a Unit for all trades on the SGX-ST for the last ten business days immediately preceding and including the end date of the relevant periods in which the fees are accrued. During the financial year ended 30 September 2019, the Manager opted to receive 100% (2018:100%) of the management fees in the form of Units in the Trust.

(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 properties acquired and a divestment fee of not more than 0.5% of the sale price on properties disposed.

Acquisition and divestment fees are payable as soon as practicable after the completion of the relevant acquisition or divestment.

The Manager may, at its election and subject to applicable requirements under the Code on Collective Investment Schemes ("CIS Code") issued by the Monetary Authority of Singapore ("MAS"), be paid acquisition and/or divestment fees in cash, in Units or a combination of both. The price of Units issued is determined based on the volume weighted average price of Units for last ten business days of the relevant financial periods in which the fees accrued for.

During the financial year ended 30 September 2018, the Manager opted to receive 100% of the acquisition fees and 100% of the divestments fees in the form of Units in the Trust. There was no acquisition fees or divestments fees paid during the current financial year.

(c) Property management fees

A property management agreement ("PMA") was entered into with Frasers Property Management Services Pte Ltd ("FPM Services"), a related company of the Manager for a period of 5 years commencing from 23 February 2016 in respect of China Square Central, Alexandra Technopark and 55 Market Street (the "Singapore Properties"). Under this property management agreement, FPM Services is entitled to receive a property management fee of 3.0% per annum of the gross revenue of the Singapore Properties, leasing commissions and employee costs reimbursement.

The PMA was novated from FPM Services to Frasers Property Commercial Management Pte. Ltd. ("FPCM"), a related company of the Manager, with effect from 1 March 2019, following an internal restructuring exercise.

FPM Services or FPCM may, at their election, be paid property management fees in cash, in Units or a combination of both. 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 relevant periods in which the fees are accrued for. During the financial year, FPM Services and FPCM had elected for 100% (2018: 100%) of the fees payable under the respective property management agreements to be settled in cash.

Notes to the **Financial Statements**

YEAR ENDED 30 SEPTEMBER 2019

1. GENERAL (CONT'D)

(c) Property management fees (cont'd)

In Australia, the property managers of Central Park and 357 Collins Street are entitled to fixed property management fees with annual increases, leasing commissions and employee costs reimbursement. The property manager of Caroline Chisholm Centre is entitled to fixed property management fees with annual increases. The property manager of 357 Collins Street is Frasers Property Management Services Pty Limited, a related company of the Manager. The property managers of Central Park and Caroline Chisholm Centre are not related parties of the Manager.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice 7 ("RAP 7") *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the CIS Code issued by the 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").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except as disclosed in the notes below.

2.3 Functional and presentation currency

These 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, unless otherwise stated.

2.4 Significant accounting judgements and estimates

The preparation of the 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.

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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

(i) Note 4 – Valuation of investment properties
(ii) Note 11 – Valuation of derivative financial instruments

Notes to the **Financial Statements**

YEAR ENDED 30 SEPTEMBER 2019

2. BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies

The Group has applied the following FRSs, amendments to and interpretations of FRSs for the first time for the annual period beginning on 1 October 2018:

- FRS 115 *Revenue from Contracts with Customers;*
- *Clarifications to FRS 115 Revenue from Contracts with Customers* (Amendments to FRS 115);
- FRS 109 *Financial instruments;*
- *Transfers of Investment Property* (Amendments to FRS 40);
- *Deletion of short-term exemptions for first-time adopters* (Amendments to FRS 101);
- *Measuring an Associate or Joint Venture at Fair Value* (Amendments to FRS 28); and
- INT FRS 122 *Foreign Currency Transactions and Advance Consideration*.

Other than FRS 109, the adoption of these FRSs, amendments to standards and interpretations did not have a material impact on the Group's and the Trust's financial statements.

FRS 109 *Financial instruments*

FRS 109 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new expected credit loss ("ECL") model and a general hedge accounting model.

As a result of the adoption of FRS 109, the Group has adopted consequential amendments to FRS 107 *Financial Instruments: Disclosures* that are applied to disclosures about 2019 but have not been generally applied to comparative information.

Changes in accounting policies resulting from the adoption of FRS 109 have been applied by the Group retrospectively, except as described below.

- The Group has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Accordingly, the information presented for 2018 does not generally reflect the requirement of FRS 109, but rather those of FRS 39.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

  - The determination of the business model within which a financial asset is held.
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- Changes to hedge accounting policies have been applied prospectively.

- All hedging relationships designated under FRS 39 at 30 September 2018 met the criteria for hedge accounting under FRS 109 at 1 October 2018 and are therefore regarded as continuing hedging relationships.

(i) Classification and measurement of financial assets and financial liabilities

FRS 109 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification of financial assets under FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. FRS 109 eliminates the previous FRS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

Notes to the **Financial Statements**

YEAR ENDED 30 SEPTEMBER 2019

2. BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies (cont'd)

FRS 109 *Financial instruments (cont'd)*

(i) *Classification and measurement of financial assets and financial liabilities (cont'd)*

FRS 109 largely retains the existing requirements in FRS 39 for the classification and measurement of financial liabilities.

The adoption of FRS 109 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments.

For an explanation of how the Group classifies and measures financial assets and financial liabilities and related gains and losses under the FRS 109, see Note 3.7.

The following table and accompanying notes explain the original measurement categories under the principles of FRS 39 and the new measurement categories under the principles of FRS 109 for each class of the Group's and the Trust's financial assets as at 1 October 2018:

	Original classification under FRS 39	New classification under FRS 109
Group		
Financial assets		
Derivative financial instruments – Cross currency interest rate swap	Fair value – hedging instruments	Fair value – hedging instruments
Trade and other receivables	Loans and receivables	Amortised cost
Cash and cash equivalents	Loans and receivables	Amortised cost
Trust		
Financial assets		
Loan to a subsidiary	Loans and receivables	Amortised cost
Derivative financial instruments		
– Cross currency interest rate swap	FVTPL	FVTPL
Trade and other receivables	Loans and receivables	Amortised cost
Cash and cash equivalents	Loans and receivables	Amortised cost

There is no changes to the carrying amounts of the financial assets as at 1 October 2018 under FRS 39 and FRS 109.

(ii) *Impairment of financial assets*

FRS 109 replaces the 'incurred loss' model in FRS 39 with an ECL model. The new impairment model applies to financial assets measured at amortised cost but not to equity instruments. The Group and the Trust have determined that the application of FRS 109 impairment requirements at 1 October 2018 is immaterial.

Notes to the **Financial Statements**

YEAR ENDED 30 SEPTEMBER 2019

2. **BASIS OF PREPARATION** (CONT'D)

2.5 Changes in accounting policies *(cont'd)*

FRS 109 *Financial instruments (cont'd)*

(iii) Hedge accounting

The Group has elected to adopt the new general hedge accounting model in FRS 109. This requires the Group to ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

The Group uses interest rate derivative financial instruments to hedge the variability in cash flows arising from changes in interest rates relating to interest-bearing borrowings. In addition, cross currency interest rate swap is used as net investment hedge to hedge foreign exchange risks arising from the Group's net investment in a foreign operation. The effective portion of changes in fair value of hedging instruments is accumulated in a hedging reserve (for cash flow hedge) and foreign currency translation reserve (for net investment hedge), as separate components of Unitholders' funds.

For an explanation of how the Group applies hedge accounting under FRS 109, see Note 3.7.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

The financial year of the Group ends on 30 September unless otherwise stated. The consolidated financial statements incorporate the financial statements of the Trust and all its subsidiaries made up to 30 September. The financial statements of subsidiaries are prepared using consistent accounting policies. Adjustments are made to any dissimilar material accounting policies to conform to the Group's significant accounting policies.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the statement of total return. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date the control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset at FVOCI depending on the level of influence retained.

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.

Notes to the **Financial Statements**

YEAR ENDED 30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Investments in 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.

In the Trust's separate financial statements, investments in subsidiaries are carried at cost less impairment losses.

3.3 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, its:

(i) assets, including its share of any assets held jointly;
(ii) liabilities, including its share of any liabilities incurred jointly;
(iii) revenue from the sale of its share of the output arising from the joint operation;
(iv) share of the revenue from the sale of the output by the joint operation; and
(v) 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.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investment in joint venture is accounted for using the equity method. It is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the joint ventures, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in the joint venture, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has obligation to fund the joint venture's operations or has made payments on behalf of the joint venture.

Notes to the **Financial Statements**

YEAR ENDED 30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 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 at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

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 at the dates of the transactions. Foreign currency differences arising on translation are recognised in the statement of total return. However, foreign currency differences arising from the translation of the following items are recognised in Unitholders' funds and presented in the foreign currency translation reserve:

- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- Qualifying cash flow hedges to the extent that the hedge is effective.

(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.

3.5 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.

Notes to the **Financial Statements**

YEAR ENDED 30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Investment properties (cont'd)

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.

3.6 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 (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) 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. Depreciation is recognised from the date that the fixed assets are installed and are ready for use. The estimated useful lives of the fixed assets are as follows:

(i)	Furniture and fittings	5 years
(ii)	Equipment	5 years
(iii)	Computers	3 years

The depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.7 Financial instruments

(a) Initial recognition

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Notes to the **Financial Statements**

YEAR ENDED 30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

(b) Classification and measurement

Non-derivative financial assets – Policy applicable from 1 October 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Notes to the **Financial Statements**

YEAR ENDED 30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 *Financial instruments (cont'd)*

(b) Classification and measurement (cont'd)

Non-derivative financial assets – Policy applicable from 1 October 2018 (cont'd)

Financial assets at amortised cost *(cont'd)*

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Measurement and gains and losses

Financial asset at amortised cost (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of total return. Any gain or loss on derecognition is recognised in the statement of total return.

Notes to the
Financial Statements

YEAR ENDED 30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

(b) Classification and measurement (cont'd)

Non-derivative financial assets – Policy applicable before 1 October 2018

Loans and receivables

The Group classifies its non-derivative financial assets as loans and receivables. Non-derivative financial assets with fixed or determinable payments that were not quoted in an active market were classified as loans and receivables. Such assets were initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables were measured at amortised cost using the effective interest method, less impairment. Gains and losses were recognised in the statement of total return when the loans and receivables were derecognised or impaired, and through the amortisation process. Loans and receivables comprised loan to a subsidiary, trade and other receivables, and cash and cash equivalents.

Non-derivative financial liabilities: Classification, measurement and gains and losses

The Group classifies non-derivative financial liabilities as other financial liabilities. Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of total return. These financial liabilities comprised interest-bearing borrowings, security deposits and trade and other payables.

(c) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its balance sheets, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in statement of total return.

Notes to the **Financial Statements**

YEAR ENDED 30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

(d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheets when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(e) Derivative financial instruments and hedge accounting

Policy applicable from 1 October 2018

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are initially measured at fair value and any directly attributable transaction costs are recognised in the statement of total return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the statement of total return.

The Group designates certain derivatives and non-derivative financial instruments as hedging instruments in qualifying hedging relationships. At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Hedging relationships designated under FRS 39 that were still existing as at 30 September 2018 are treated as continuing hedges and hedge documentations were aligned accordingly to the requirements of FRS 109.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probable forecast transactions arising from changes in interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Unitholders' funds and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in Unitholders' funds is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the statement of total return.

For all hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to the statement of total return in the same period or periods during which the hedged expected future cash flows affect statement of total return.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in Unitholders' funds until it is reclassified to the statement of total return in the same period or periods as the hedged expected future cash flows affect the statement of total return.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to the statement of total return.

Notes to the
Financial Statements

YEAR ENDED 30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (cont'd)

(e) Derivative financial instruments and hedge accounting (cont'd)

Policy applicable from 1 October 2018 (cont'd)

Net investment hedges

The Group designates certain derivatives and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of, for a derivative, changes in the fair value of the hedging instrument or, for a non-derivative, foreign exchange gains and losses is recognised in Unitholders' funds and presented in the foreign currency translation reserve within Unitholders' funds. Any ineffective portion of the changes in the fair value of the derivative or foreign exchange gains and losses on the non-derivative is recognised immediately in the statement of total return. The amount recognised in Unitholders' funds is reclassified to the statement of total return as a reclassification adjustment on disposal of the foreign operation.

Policy applicable before 1 October 2018

The policy applied in the comparative information presented for 2018 is similar to that applied for 2019. For all cash flow hedges, the amounts accumulated in the hedging reserve were reclassified to the statement of total return in the same period or periods during which the hedged expected future cash flows affected total return.

3.8 Impairment

(a) Non-derivative financial assets

Policy applicable from 1 October 2018

The Group recognises loss allowances for ECLs on its financial assets measured at amortised cost.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

Notes to the **Financial Statements**

YEAR ENDED 30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment (cont'd)

(a) Non-derivative financial assets (cont'd)

Policy applicable from 1 October 2018 (cont'd)

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Notes to the **Financial Statements**

YEAR ENDED 30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment (cont'd)

(a) Non-derivative financial assets (cont'd)

Policy applicable from 1 October 2018 (cont'd)

Presentation of allowance for ECLs in the balance sheets

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 October 2018

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

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 that suggested by historical trends.

If there is objective evidence that an impairment loss on loans and receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flow discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the statement of total return.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Notes to the **Financial Statements**

YEAR ENDED 30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Impairment (cont'd)

(a) Non-derivative financial assets (cont'd)

Policy applicable before 1 October 2018 (cont'd)

Financial assets carried at amortised cost *(cont'd)*

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the statement of total return, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(b) Joint ventures

An impairment loss in respect of a joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in statement of total return. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

(c) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties and deferred tax assets, 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 ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in the statement of total return. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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.

3.9 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.

Notes to the **Financial Statements**

YEAR ENDED 30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 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.

3.11 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 3.12(a).

3.12 Revenue recognition

(a) Rental income from operating leases

Rental and related 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 in the form of rent free and rent abatements are recognised as an integral part of the total rental income, over the term of the lease. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period in which it is earned and the amount can be reliably measured.

(b) Car park income

Car park income is recognised in the statement of total return on a time apportioned basis.

(c) Interest income

Interest income is recognised as it accrues in the statement of total return, using the effective interest method.

(d) Dividend and distribution income

Dividend and distribution income is recognised in the statement of total return on the date when the right to receive payment is established.

(e) Other property income

Other property income comprises mainly outgoing recoverables and is recognised when the services are rendered.

Notes to the **Financial Statements**

YEAR ENDED 30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 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.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the amortised cost of the financial liability.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in statement of total return using the effective interest method.

3.14 Income taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the statement of total return except to the extent that they relate to items recognised directly in Unitholders' funds.

Current tax is the expected tax payable or receivable on the taxable income or loss 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. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

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 arrangements to the extent that the Group is able to control the timing of reversal of the temporary difference and 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.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. 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.

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 unused tax losses, unused tax credits and 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.

Notes to the **Financial Statements**

YEAR ENDED 30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Income taxes (cont'd)

(a) Tax Transparency Ruling

Pursuant to the Tax Transparency Ruling issued by IRAS, tax transparency treatment has been granted on the Trust's taxable income from properties ("Taxable Income") that is distributed to the Unitholders. Subject to meeting the terms and conditions of the Tax Transparency Ruling, 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% (2018: 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 or qualifying Unitholders, who are not acting in the capacity of a trustee, the Trust will make the distributions to such Unitholders without deducting any income tax; and

(ii) where the beneficial owners are qualifying foreign non-individual investors or foreign funds, or where the Units are held by nominee Unitholders who can demonstrate that the Units are held for beneficial owners who are qualifying foreign non-individual investors or foreign funds, 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 2020 (both dates inclusive).

A qualifying Unitholder is a Unitholder who is:

(i) a tax resident Singapore-incorporated company;

(ii) a body of persons (excluding companies or partnerships) incorporated or registered in Singapore, including charities registered under Charities Act (Cap. 37) or established by any written law, town councils, statutory boards, co-operative societies registered under the Co-operatives Societies Act (Cap. 62) or trade unions registered under the Trade Unions Act (Cap. 333);

(iii) a Singapore branch of a foreign company;

(iv) an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145);

(v) real estate investment trust exchange-traded funds ("REIT ETFs") which have been accorded the tax transparency treatment;

(vi) an individual (including those who purchased units in the Trust through agent banks or Supplementary Retirement Scheme ("SRS") operators which act as a nominee under the CPF Investment Scheme or the SRS respectively); or

(vii) a nominee who can demonstrate that the Units are held for beneficial owners who are individuals or who fall within the classes of Unitholders listed in (i) to (iv) above.

A qualifying foreign non-individual Unitholder or foreign fund is one who is not a resident of Singapore for income tax purposes and:

(i) who does not have a permanent establishment in Singapore (other than a fund manager in Singapore); or

(ii) who carries on any operation in Singapore through a permanent establishment in Singapore (other than a fund manager in Singapore), where the funds used to acquire the Units are not obtained from that operation in Singapore.

Notes to the **Financial Statements**

YEAR ENDED 30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Income taxes (cont'd)

(a) Tax Transparency Ruling (cont'd)

Under Tax Transparency Ruling, 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. Such gains, when determined by the IRAS to be trading gains, are assessable to tax on the Trustee. Where the gains are capital gains, the Trustee will not be assessed to tax and may distribute the capital gains without tax being deducted at source.

(b) Tax Exemption Rulings on Foreign Sourced Income

Pursuant to Income Tax Exemption under Section 13(12) of the Singapore Income Tax Act, FCOT has obtained tax rulings from the IRAS in respect certain foreign sourced income (including foreign-sourced dividends and foreign-sourced interest income) derived from its properties located overseas. Subject to satisfying certain conditions, such income is exempt from Singapore income tax and the Trust can distribute such income after deduction of its tax-deductible expenses, to Unitholders without tax deduction at source.

(c) Sales Tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheets.

3.15 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, if any.

Notes to the **Financial Statements**

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 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.

The Manager's management ('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, Chief Financial Officer, Asset 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.

3.17 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.

3.18 New standards and interpretations not yet effective

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 October 2018 and earlier application is permitted; however, the Group has not early applied the following new or amended standards and interpretations in preparing these statements.

The following new FRSs, interpretations and amendments to FRSs are effective for annual periods beginning after 1 October 2018:

Applicable to financial statements for financial year beginning on 1 October 2019

- FRS 116 *Leases*;
- INT FRS 123 *Uncertainty over Income Tax Treatments*;
- *Long-term Interests in Associates and Joint Ventures* (Amendments to FRS 28);
- *Prepayment Features with Negative Compensation* (Amendments to FRS 109);
- *Previously Held Interest in a Joint Operation* (Amendments to FRS 103 and FRS 111); and
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to FRS 12).

Notes to the **Financial Statements**

YEAR ENDED 30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 *New standards and interpretations not yet effective (cont'd)*

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to FRS 110 and FRS 28)

The Group has assessed the estimated impact that initial application of FRS 116 will have on the financial statements and the Group does not expect the impact on the financial statements to be significant as described below.

The Group as lessor

FRS 116 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using existing operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

The Group does not expect the application of the above new standards and amendments to the standards to have a significant impact on the financial statements.

4. INVESTMENT PROPERTIES

	Group		Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
At beginning of the financial year	1,977,288	2,070,857	1,140,400	1,212,000
Capital expenditure (Note 4(a))	31,773	53,958	24,605	48,049
Capitalised leasing incentives, net (Note 4(a))	4,892	29,075	–	–
Capitalised leasing fees, net	1,021	990	590	481
Effects of recognising accounting income on a straight-line basis over the lease term	3,881	566	3,102	1,046
Disposal of investment property (Note 4(b))	–	(139,907)	–	(139,907)
Revaluation of investment properties	108,404	20,900	85,303	18,731
Foreign currency translation differences	(50,986)	(59,151)	–	–
At end of the financial year	2,076,273	1,977,288	1,254,000	1,140,400

(a) For the year ended 30 September 2019, the Group incurred capital expenditure and net capitalised leasing incentives with an aggregate cost of S$36,665,000 (2018: S$83,033,000). The cash outflow on the capital expenditure and leasing incentives amounted to S$36,543,000 (2018: S$74,419,000). The remaining amount was unpaid as at 30 September 2019 and 30 September 2018.

(b) The divestment of 55 Market Street, Singapore was completed on 31 August 2018. The gross sales proceeds was S$216,800,000 and gain on disposal of investment property was S$75,724,000, which was net of transaction expenses.

Notes to the Financial Statements

YEAR ENDED 30 SEPTEMBER 2019

4. INVESTMENT PROPERTIES (CONT'D)

(c) The fair values of investment properties are determined by the following independent property valuers as at 30 September 2019:

China Square Central	:	Jones Lang LaSalle Property Consultants Pte Ltd (2018: Knight Frank Pte Ltd)
Alexandra Technopark	:	Savills Valuation and Professional Services (S) Pte Ltd (2018: Jones Lang LaSalle Property Consultants Pte Ltd)
Central Park	:	Colliers International (WA) Pty Ltd (2018: Knight Frank Australia Pty Ltd)
Caroline Chisholm Centre	:	Colliers International Valuation & Advisory Services (ACT) Pty Limited (2018: Jones Lang LaSalle Advisory Services Pty Ltd)
357 Collins Street	:	Jones Lang LaSalle Advisory Services Pty Ltd (2018: Knight Frank Valuation & Advisory Victoria)

(d) In accordance with the CIS Code, the Group rotates the valuers at least every two years. In relying on the valuation reports, the Manager exercised its judgement and was satisfied that the independent property 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 considered valuation techniques including, income capitalisation method, discounted cash flow analysis and direct comparison method. Details of valuation techniques and inputs used are disclosed in Note 27(c).

(f) As at 30 September 2019 and 30 September 2018, the investment properties of the Group are subject to negative pledge and no investment properties of the Group was pledged as security for the Group's borrowings.

5. SUBSIDIARIES

	Trust	
	2019 S$'000	**2018 S$'000**
Unquoted equity shares, at cost	527,213	421,926
Redeemable preference shares, at cost	–	50,496
	527,213	472,422

As at 30 September 2019, the Trust assessed whether there is an indication of impairment on its investments in subsidiaries. If any indication of impairment exist, the Trust makes an estimate of the subsidiary's recoverable amount, based on the fair values of the underlying net assets held by the subsidiary. There were no indicators of impairment identified as at 30 September 2019 and 30 September 2018.

Notes to the **Financial Statements**

YEAR ENDED 30 SEPTEMBER 2019

5. SUBSIDIARIES (CONT'D)

Details of subsidiaries

	Principal Activities	Effective equity held by the Group 2019 %	Effective equity held by the Group 2018 %
Direct subsidiaries			
Incorporated in Singapore			
Frasers Commercial Sub No. 1 Pte. Ltd. (1)	Investment holding	100	100
Frasers Commercial Sub No. 2 Pte. Ltd. (1)	Investment holding	100	100
Frasers Commercial Sub No. 3 Pte. Ltd. (1)	Investment holding	100	100
Frasers Commercial Sub No. 4 Pte. Ltd. (1)	Investment holding	100	100
FCOT Treasury Pte. Ltd. (1)	Treasury services	100	100
Frasers Commercial (UK) Sub. 1 Pte. Ltd. (1)	Investment holding	100	100
Indirect subsidiaries			
Incorporated in Singapore			
Frasers Commercial Investments No. 1 Pte. Ltd.(1)	Investment holding	100	100
Incorporated in Cayman Islands			
Frasers Commercial Investments No. 3 Pty Ltd (2)	Investment holding	100	100
Frasers Commercial Investments No. 4 Pty Ltd (2)	Investment holding	100	100
Incorporated/constituted in Australia			
Central Park Landholding Trust (2)	Property investment	100	100
Collins Street Landholding Trust (2)	Property investment	100	100
Athllon Drive Landholding Trust (2)	Property investment	100	100
ARC Trust (2)	Investment holding	100	100
APF Management Pty Ltd (1)	Trustee	100	100
ARCOT Pty Limited (1)	Trustee	100	100
Athllon Trustee Pty Ltd (1)	Trustee	100	100
TFS Collins Pty Ltd (1)	Trustee	100	100

Notes:
(1) Audited by KPMG in the respective countries.
(2) Not required to be audited.

6. INVESTMENT IN JOINT VENTURE

The Group has a 50% (2018: 50%) interest in the ownership and voting rights in a joint venture, Farnborough Business Park Ltd, that is held through a subsidiary. The joint venture was incorporated in Jersey and owns 100% interest in Farnborough Business Park, an investment property located in the United Kingdom. The Group jointly controls Farnborough Business Park Ltd with an indirect subsidiary of Frasers Property Limited under contractual agreement and unanimous consent is required for all major decisions over the relevant activities.

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6. INVESTMENT IN JOINT VENTURE (CONT'D)

Summarised financial information in respect of Farnborough Business Park Ltd based on its FRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

Summarised balance sheet

	2019 S$'000	2018 S$'000
Investment property [1]	301,296	312,370
Cash and cash equivalents	5,382	4,848
Trade and other receivables	2,845	3,446
Current assets	8,227	8,294
Total assets	309,523	320,664
Current liabilities representing the total liabilities	7,085	6,667
Net assets	302,438	313,997
Proportion of the Group's ownership	50%	50%
Group's share of net assets representing the carrying amount of the investment	151,219	156,999

Summarised statement of comprehensive income

	2019 S$'000	2018 S$'000
Gross revenue	24,316	15,265
Property operating expenses	(7,028)	(5,351)
Net property income	17,288	9,914
Other (expense)/income, net	(305)	1,471
Income tax expense	(1,228)	(391)
Profit after tax	15,755	10,994
Other comprehensive income	–	–
Total comprehensive income	15,755	10,994
Proportion of the Group's ownership	50%	50%
Share of results of joint venture	7,878	5,497

(1) The fair value of the investment property was determined by CBRE Limited (2018: CBRE Limited) as at 30 September 2019. The Group's 50% share of the investment property is S$150,648,000 (2018: S$156,185,000).

Dividends and capital returns of S$6,039,000 (2018: S$3,603,000) were received by the Group from Farnborough Business Park Ltd.

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7. INTERESTS IN JOINT OPERATION

The Group has a 50% (2018: 50%) interest in Central Park, an investment property located in Perth, Australia. Pursuant to the joint ownership agreement signed between the Group and the party holding the balance 50% interest in Central Park, the management of Central Park is jointly undertaken by both joint owners.

8. LOAN TO A SUBSIDIARY

The loan to a subsidiary was unsecured, bore interest at a fixed interest rate of 7.65% (2018: 7.65%) per annum and was fully settled during the year.

9. FIXED ASSETS

	Furniture and Fittings S$'000	Equipment S$'000	Computers S$'000	Total S$'000
Group and Trust				
Cost				
At 1 October 2017	67	60	36	163
Additions	–	–	4	4
Write-offs	–	(16)	(12)	(28)
At 30 September 2018 and 1 October 2018	67	44	28	139
Additions	–	–	14	14
Write-offs	–	–	(9)	(9)
At 30 September 2019	67	44	33	144
Accumulated depreciation				
At 1 October 2017	26	51	21	98
Depreciation for the financial year	13	6	10	29
Write-offs	–	(16)	(12)	(28)
At 30 September 2018 and 1 October 2018	39	41	19	99
Depreciation for the financial year	12	2	7	21
Write-offs	–	–	(9)	(9)
At 30 September 2019	51	43	17	111
Net carrying amounts				
At 30 September 2019	16	1	16	33
At 30 September 2018	28	3	9	40

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10. DEFERRED TAXATION

	Group 2019 S$'000	Group 2018 S$'000
Deferred tax assets		
Provisions and other items:		
At beginning of the financial year	330	355
Foreign currency translation differences	(23)	(25)
At end of the financial year	307	330
Deferred tax liabilities		
Investment properties:		
At beginning of the financial year	72,994	72,813
Recognised in statement of total return	10,378	5,414
Foreign currency translation differences	(4,691)	(5,233)
At end of the financial year	78,681	72,994

11. 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
2019						
Cross currency interest rate swap	60,000	4,495	–	60,000	4,495	–
Interest rate derivative financial instruments	257,764	–	(6,284)	80,000	–	(729)
	317,764	4,495	(6,284)	140,000	4,495	(729)
2018						
Cross currency interest rate swap	60,000	1,734	–	60,000	1,734	–
Interest rate derivative financial instruments	269,166	–	(691)	80,000	–	(112)
	329,166	1,734	(691)	140,000	1,734	(112)

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11. DERIVATIVE FINANCIAL INSTRUMENTS (CONT'D)

	Group		Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Classified as				
– Non-current assets	4,495	1,734	4,495	1,734
– Non-current liabilities	(5,675)	(454)	(729)	(112)
– Current liabilities	(609)	(237)	–	–
	(1,789)	1,043	3,766	1,622
Financial derivatives as a percentage of net assets	-0.1%	0.1%	0.3%	0.1%

As at 30 September 2019, the fixed interest rates of the outstanding interest rate derivative financial instruments are between 1.815% to 2.225% (2018: 2.2% to 2.225%) while the floating interest rates are linked to the Singapore dollar swap-offer rate ("SOR") and Australia dollar bank bill swap bid rate ("BBSY") rate as applicable to the Group's borrowings.

Cross currency interest rate swap was designated as a hedge instrument for net investment hedge to hedge foreign exchange risks arising from the Group's net investments. There was no ineffectiveness recognised from these hedges.

12. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Trade receivables	1,298	1,513	469	600
Deposits	587	729	587	729
Interest receivable	49	55	49	55
Other receivables from:				
– subsidiaries	–	–	164,397	97,503
– related party	78	33	78	33
– others	1,210	1,040	205	515
	3,222	3,370	165,785	99,435

Trade receivables

Trade receivables are recognised at their original invoiced amounts which represent their fair values on initial recognition.

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual tenants.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off based on actual credit loss experience over the past three years.

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12. TRADE AND OTHER RECEIVABLES (CONT'D)

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	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Less than 30 days	408	524	407	514
30 to 60 days	34	23	32	21
61 to 90 days	2	11	2	7
91 to 120 days	15	1	11	1
More than 120 days	5	25	5	25
	464	584	457	568

No allowance for impairment losses is necessary as these receivables relate mainly to tenants who have provided bankers' guarantee or sufficient security deposits with the Group.

Deposits, interest and other receivables

Impairment on these balances has been measured on the 12-month ECL basis which reflect the short maturities and low credit risks of the exposures. The amount of the allowance on these balances is insignificant.

Other receivables from subsidiaries and a related party

Outstanding balances with subsidiaries and a related party are non-trade related, unsecured, interest-free and repayable upon demand in cash. ECL is assessed from estimated cash flows recoverable from the subsidiaries and related party based on the review of their financial strengths as at the reporting date. There is no allowance for impairment losses arising from these outstanding balances as the ECL is not material.

13. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Cash and bank balances	12,215	18,641	8,614	12,790
Fixed deposits	9,312	12,948	9,312	12,948
	21,527	31,589	17,926	25,738

Impairment on cash and cash equivalents has been measured on the 12-month ECL basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

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14. INTEREST-BEARING BORROWINGS

	Group		Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Revolving credit facilities	22,378	17,000	22,378	17,000
Term loans	234,279	207,984	50,000	–
Fixed rate notes	310,000	310,000	–	–
Floating rate notes	80,000	80,000	–	–
Loans from subsidiary	–	–	390,000	390,000
Unamortised borrowing costs	(1,091)	(1,494)	(659)	(791)
	645,566	613,490	461,719	406,209
Maturity of borrowings				
– within one year	180,924	17,000	122,349	17,000
– between one and five years	464,642	596,490	339,370	389,209
	645,566	613,490	461,719	406,209

The revolving credit facilities, term loans, fixed rate notes and floating rate notes of the Group 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				
2019				
Revolving credit facilities	1.330 – 2.310	2020	22,378	22,378
Term loans	2.282 – 3.525	2020 – 2024	234,279	233,708
Fixed rate notes	2.625 – 3.185	2020 – 2023	310,000	309,673
Floating rate notes	2.533 – 2.852	2022	80,000	79,807
			646,657	645,566
2018				
Revolving credit facilities	2.260	2019	17,000	17,000
Term loans	2.850 – 3.440	2020 – 2022	207,984	207,280
Fixed rate notes	2.625 – 3.185	2020 – 2023	310,000	309,476
Floating rate notes	1.965 – 2.533	2022	80,000	79,734
			614,984	613,490
Trust				
2019				
Revolving credit facilities	1.330 – 2.310	2020	22,378	22,378
Term loans	2.432 – 2.727	2024	50,000	49,861
Loans from subsidiary	2.533 – 3.185	2020 – 2023	390,000	389,480
			462,378	461,719
2018				
Revolving credit facilities	2.260	2019	17,000	17,000
Loans from subsidiary	1.965 – 3.185	2020 – 2023	390,000	389,209
			407,000	406,209

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14. INTEREST-BEARING BORROWINGS (CONT'D)

(a) Terms and debt repayment schedule (cont'd)

The Group's and Trust's revolving credit facilities, term loans and floating rate notes bear floating interest rates at SOR plus margin for the Singapore dollars denominated borrowings and at BBSY plus margin for the Australia 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. The fixed rate notes and loans from subsidiary (except for one tranche) bear fixed interest rates.

15. TRADE AND OTHER PAYABLES

	Group		Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Trade payables				
– related parties	289	266	289	266
– others	1,721	2,103	1,386	746
Accruals	9,867	15,862	5,903	11,936
Fees payable to the Manager	5,618	5,724	5,618	5,724
Fees payable to property managers				
– related parties	597	485	497	445
– others	–	240	–	–
Fees payable to the Trustee	163	175	163	175
Interest payable	2,103	1,527	48	36
Other payables				
– subsidiaries	–	–	1,824	1,265
– related parties	642	894	642	894
– others	1,469	6,545	1,426	6,458
	22,469	33,821	17,796	27,945
Add:				
Net GST payable	618	606	–	–
Income received in advance	3,600	2,998	2,410	880
Withholding tax payable	399	356	309	269
	27,086	37,781	20,515	29,094

Trade payables are non-interest bearing and are normally settled on 30-day terms.

Amount due to subsidiaries and related parties are non-trade related, unsecured, interest-free and are repayable upon demand in cash.

Accruals and other payables include unpaid capital expenditures as at year end.

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16. UNITHOLDERS' FUNDS

	Group and Trust Number of Units	
	2019 '000	2018 '000
Units issued:		
At beginning of the financial year	888,601	805,364
Issuance of Units:		
Units issued pursuant to private placement	–	67,567
Acquisition fees paid in Units	–	1,039
Divestment fees paid in Units	–	771
Management fees paid in Units	9,403	6,174
Distribution paid in Units	11,232	7,686
At end of the financial year	909,236	888,601
Units to be issued:		
Management fees payable in Units	3,479	3,983
Issued and issuable Units at end of the financial year	912,715	892,584

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 a Unitholder include the following:

- A 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;
- A 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
- A Unitholder has no right to request for redemption of their Units while the Units are listed on SGX-ST.

A 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.

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17. GROSS REVENUE

	Group 2019 S$'000	Group 2018 S$'000
Property rental income	108,212	115,801
Other property income	16,848	17,505
	125,060	133,306
Contingent rent, included in gross revenue:		
– based on tenants' turnover	155	191

18. PROPERTY OPERATING EXPENSES

	Group 2019 S$'000	Group 2018 S$'000
Amortisation of leasing fees capitalised	1,041	881
Council rates	2,157	2,203
Insurance	957	456
Property management and other related fees	5,425	5,742
Property maintenance expenses	12,417	15,896
Property tax	8,049	8,164
Utilities	5,807	6,565
Valuation fees	62	66
Amortisation of leasing incentives capitalised	4,197	2,311
Other operating expenses	2,259	1,750
	42,371	44,034

19. TRUST EXPENSES

	Group 2019 S$'000	Group 2018 S$'000
Management fees		
– Base fee	10,750	10,867
– Performance fee	2,822	2,918
Trustee's fees	635	681
Audit fees paid/ payable to auditors of the Trust	160	149
Tax compliance fees paid/ payable to auditors of the Trust	112	173
Other non-audit fees paid/ payable to auditors of the Trust	36	43
Professional and legal fees	895	411
Other expenses	533	607
	15,943	15,849

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19. TRUST EXPENSES (CONT'D)

Fees paid/ payable to auditors of the Trust comprised the following:–

	Group	
	2019 S$'000	2018 S$'000
Audit fees paid/ payable to auditors of the Trust	160	149
Tax compliance fees paid/ payable to auditors of the Trust	112	173
Other non-audit fees paid/ payable to auditors of the Trust		
– Tax advisory fees	24	31
– Sustainability reporting	12	12
	36	43
Total fees paid/ payable to auditors of the Trust	308	365

20. FINANCE EXPENSES

	Group	
	2019 S$'000	2018 S$'000
Interest expenses	18,379	23,218
Unamortised borrowing costs expensed off	24	388
Amortisation of borrowing costs	499	1,077
	18,902	24,683

The unamortised borrowing costs expensed off in the years ended 30 September 2019 and 2018 were due to early partial prepayment of loan facilities.

21. TAXATION

	Group	
	2019 S$'000	2018 S$'000
Current tax expense		
– Overseas income tax	1,754	1,282
– Over provision in respect of prior years	(406)	(1)
	1,348	1,281
Deferred tax		
– Origination and reversal of temporary differences	10,378	5,414
	11,726	6,695

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21. TAXATION (CONT'D)

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 2019 and 30 September 2018 are as follows:

	Group	
	2019 S$'000	2018 S$'000
Tax at the domestic rates applicable to profits in the countries where the Group and Trust operate	46,343	23,831
Income not subject to tax	(24,538)	(17,025)
Expenses not deductible for tax purposes	3,970	17,116
Tax transparency	(6,335)	(7,755)
Tax exempt income	(6,316)	(4,779)
Utilisation of unrecognised tax losses	(740)	(4,522)
Over provision in respect of prior years	(406)	(1)
Others	(252)	(170)
	11,726	6,695

The corporate income tax rate applicable to the Trust and Singapore entities of the Group was 17% (2018: 17%). The corporate income tax rate applicable to the Australian entities of the Group was 30% (2018: 30%).

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

22. 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	
	2019 S$'000	2018 S$'000
Total return for the financial year and earnings attributable to Unitholders	148,247	141,718
Basic and diluted earnings per Unit		
Weighted average number of Units during the financial year ('000)	900,625	857,499
Basic earnings per Unit (cents)	16.46	16.53

Diluted earnings per Unit is the same as basic earnings per Unit as there is no potential dilutive units during the year.

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23. COMMITMENTS AND CONTINGENCIES

(a) Capital commitments

Capital expenditure contracted as at balance sheet date but not recognised in the financial statements are as follows:

	Group		Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Capital commitments in respect of investment properties	52,807	60,589	25,038	48,744

(b) Operating lease commitments – lessor

The Group leases out its investment properties. Non-cancellable operating lease rental receivables are as follows:

	Group		Trust	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Within one year	113,531	93,891	64,168	43,603
Between one and five years	353,314	260,705	168,048	78,600
After five years	130,346	134,749	32,833	14,006
	597,191	489,345	265,049	136,209

(c) Guarantee

The Trust has provided unsecured corporate guarantee amounting to S$574,279,000 (2018: S$597,984,000) to banks for loans taken by certain subsidiaries and for bonds issued by a subsidiary.

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24. SIGNIFICANT RELATED PARTY TRANSACTIONS

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	
	2019 S$'000	2018 S$'000
With related companies of the Manager		
– Property rental and other income received/receivable	949	999
– Reimbursement of capital expenditure paid/payable by the Trust	(1,844)	(2,074)
– Expenses paid/payable by related parties	(75)	(13)
– Reimbursement of rent-free periods received	249	301
– Property management fees paid/payable	(1,894)	(2,112)
– Leasing commission and other expenses paid/payable	(3,663)	(3,771)
With the Manager		
– Base management fees paid/payable	(10,750)	(10,867)
– Performance management fees paid/payable	(2,822)	(2,918)
– Acquisition fees paid	–	(1,571)
– Divestment fees paid	–	(1,084)
– Reimbursement of expenses paid by Manager	(55)	(91)
With the Trustee		
– Trustee's fees paid/payable	(635)	(681)

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25. 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	
	2019 S$'000	2018 S$'000	2019 S$'000	2018 S$'000
Financial assets at amortised cost				
Trade and other receivables	3,222	–	165,785	–
Cash and cash equivalents	21,527	–	17,926	–
	24,749	–	183,711	–
Loans and receivables				
Loan to a subsidiary	–	–	–	86,173
Trade and other receivables	–	3,370	–	99,435
Cash and cash equivalents	–	31,589	–	25,738
	–	34,959	–	211,346
Financial assets at fair value through profit or loss				
Derivative financial instruments	–	–	4,495	1,734
Fair value – hedging instruments				
Derivative financial instruments	4,495	1,734	–	–
Derivative financial instruments	(6,284)	(579)	(729)	–
Financial liabilities at amortised cost				
Interest-bearing borrowings	(645,566)	(613,490)	(461,719)	(406,209)
Security deposits	(16,778)	(14,183)	(16,761)	(14,183)
Trade and other payables	(22,469)	(33,821)	(17,796)	(27,945)
	(684,813)	(661,494)	(496,276)	(448,337)
Financial liabilities at fair value through profit or loss				
Derivative financial instruments	–	(112)	–	(112)

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26. 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 Manager 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 security deposits held, bankers' and corporate guarantees received from tenants and advanced quarterly rental collected. Information regarding financial assets that are either past due or impaired and impairment on non-derivative financial assets at amortised cost are disclosed in Note 12.

Cash and bank deposits are placed with financial institutions which are regulated. Information regarding impairment on cash and cash equivalents is disclosed in Note 13. 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 sheets.

(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 Australia Dollar and Sterling Pound 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 approximately six to nine 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.

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26. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Foreign currency risk (cont'd)

The Group's and Trust's significant exposures to foreign currencies are as follows:

	2019		2018	
	Australia Dollar S$'000	Sterling Pound S$'000	Australia Dollar S$'000	Sterling Pound S$'000
Group				
Derivative financial instruments	–	4,495	–	1,734
Cash and cash equivalents	11,187	227	18,983	1,929
Interest-bearing borrowings	–	(2,378)	–	–
Trade and other payables	(2)	(265)	(94)	(3,855)
	11,185	2,079	18,889	(192)
Trust				
Loan to a subsidiary	–	–	86,173	–
Derivative financial instruments	–	4,495	–	1,734
Amount due from subsidiaries	166,140	1,804	84,404	–
Cash and cash equivalents	11,187	227	18,983	1,929
Interest-bearing borrowings	–	(2,378)	–	–
Trade and other payables	(2)	(265)	(94)	(5,875)
	177,325	3,883	189,466	(2,212)

Sensitivity analysis

A 1% strengthening of the Singapore dollar against the following foreign currencies at the reporting date would have increased/(decreased) the total return and Unitholders' funds by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	2019		2018	
	Australia Dollar S$'000	Sterling Pound S$'000	Australia Dollar S$'000	Sterling Pound S$'000
Group				
(Decrease)/Increase in total return for the financial year				
– 1% strengthening on the Singapore dollar	(112)	24	(189)	19
Increase in Unitholders' funds				
– 1% strengthening on the Singapore dollar	–	590	–	610
Trust				
(Decrease)/Increase in total return for the financial year				
– 1% strengthening on the Singapore dollar	(1,773)	596	(1,895)	649

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.

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YEAR ENDED 30 SEPTEMBER 2019

26. 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 relates 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 derivative financial instruments 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 derivative financial instruments follow the maturities of the related borrowings.

As at 30 September 2019, the Group and Trust had interest rate derivative financial instruments with notional contract amounts of S$257.8 million (2018: S$269.2 million) and S$80 million (2018: S$80 million).

Sensitivity analysis

A 1.0% increase/(decrease) in interest rates, with all other variables held constant, would (decrease)/increase the Group's total return for the financial year by S$0.8 million (2018: S$1.2 million).

A 1.0% increase in interest rates at the end of the reporting period, with all other variables held constant, would increase the Group's Unitholders' funds by S$5.6 million (2018: S$5.5 million) while the corresponding 1.0% decrease in interest rates at the end of the reporting period would decrease the Group's Unitholders' funds by S$5.8 million (2018: S$5.7 million), arising mainly as a result of change in the fair value of interest rate derivative financial instruments.

(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 monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

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:

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26. 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
2019								
Financial assets								
Cross currency interest rate swap (Gross-settled)								
– Outflow	(1,302)	(60,540)	–	(61,842)	(1,302)	(60,540)	–	(61,842)
– Inflow	1,743	64,785	–	66,528	1,743	64,785	–	66,528
Trade and other receivables	3,222	–	–	3,222	165,785	–	–	165,785
Cash and cash equivalents	21,527	–	–	21,527	17,926	–	–	17,926
	25,190	4,245	–	29,435	184,152	4,245	–	188,397
Financial liabilities								
Interest rate derivatives (Net-settled)	(2,441)	(3,921)	–	(6,362)	(110)	(639)	–	(749)
Interest-bearing borrowings	(181,012)	(465,645)	–	(646,657)	(122,378)	(340,000)	–	(462,378)
Interest payable on borrowings	(13,918)	(21,495)	–	(35,413)	(9,913)	(16,697)	–	(26,610)
Security deposits	(3,932)	(9,705)	(3,141)	(16,778)	(3,915)	(9,705)	(3,141)	(16,761)
Trade and other payables	(22,469)	–	–	(22,469)	(17,796)	–	–	(17,796)
	(223,772)	(500,766)	(3,141)	(727,679)	(154,112)	(367,041)	(3,141)	(524,294)
Net undiscounted financial (liabilities) / assets	(198,582)	(496,521)	(3,141)	(698,244)	30,040	(362,796)	(3,141)	(335,897)

26. 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
2018								
Financial assets								
Loan to a subsidiary	–	–	–	–	–	86,173	–	86,173
Interest receivable on loan to a subsidiary	–	–	–	–	6,592	19,560	–	26,152
Cross currency interest rate swap (Gross-settled)								
– Outflow	(1,333)	(65,253)	–	(66,586)	(1,333)	(65,253)	–	(66,586)
– Inflow	1,700	66,702	–	68,402	1,700	66,702	–	68,402
Trade and other receivables	3,370	–	–	3,370	99,435	–	–	99,435
Cash and cash equivalents	31,589	–	–	31,589	25,738	–	–	25,738
	35,326	1,449	–	36,775	132,132	107,182	–	239,314
Financial liabilities								
Interest rate derivatives (Net-settled)	(1,324)	662	–	(662)	(594)	501	–	(93)
Interest-bearing borrowings	(17,000)	(597,984)	–	(614,984)	(17,000)	(390,000)	–	(407,000)
Interest payable on borrowings	(17,598)	(39,508)	–	(57,106)	(10,956)	(23,490)	–	(34,446)
Security deposits	(6,562)	(6,629)	(992)	(14,183)	(6,562)	(6,629)	(992)	(14,183)
Trade and other payables	(33,821)	–	–	(33,821)	(27,945)	–	–	(27,945)
	(76,305)	(643,459)	(992)	(720,756)	(63,057)	(419,618)	(992)	(483,667)
Net undiscounted financial (liabilities)/assets	(40,979)	(642,010)	(992)	(683,981)	69,075	(312,436)	(992)	(244,353)

Notes to the **Financial Statements**

YEAR ENDED 30 SEPTEMBER 2019

27. 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 2019 and 30 September 2018.

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Group	Level 2 S$'000	Level 3 S$'000	Total S$'000
2019			
Non-financial assets			
Investment properties	–	2,076,273	2,076,273
Investment in joint venture – Investment property	–	150,648	150,648
	–	2,226,921	2,226,921
Financial assets			
Derivative financial instruments	4,495	–	4,495
Financial liabilities			
Derivative financial instruments	(6,284)	–	(6,284)
2018			
Non-financial assets			
Investment properties	–	1,977,288	1,977,288
Investment in joint venture – Investment property	–	156,185	156,185
	–	2,133,473	2,133,473
Financial assets			
Derivative financial instruments	1,734	–	1,734
Financial liabilities			
Derivative financial instruments	(691)	–	(691)

Notes to the **Financial Statements**

YEAR ENDED 30 SEPTEMBER 2019

27. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(a) Fair value hierarchy (cont'd)

Trust	Level 2 S$'000	Level 3 S$'000	Total S$'000
2019			
Non-financial assets			
Investment properties	–	1,254,000	1,254,000
Financial assets			
Derivative financial instruments	4,495	–	4,495
Financial liabilities			
Derivative financial instruments	(729)	–	(729)
2018			
Non-financial assets			
Investment properties	–	1,140,400	1,140,400
Financial assets			
Derivative financial instruments	1,734	–	1,734
Financial liabilities			
Derivative financial instruments	(112)	–	(112)

(b) Level 2 fair value measurements

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 foreign exchange forward rates, interest rate curves and forward rate curves.

Notes to the **Financial Statements**

YEAR ENDED 30 SEPTEMBER 2019

27. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) Level 3 fair value measurements

Information about significant unobservable inputs

The following table presents the key inputs under the income capitalisation method and discounted cash flow analysis method that were used to determine the fair values of investment properties categorised under Level 3 of the fair value hierarchy.

Valuation techniques	Key unobservable inputs	Range of unobservable inputs 2019	Range of unobservable inputs 2018	Relationship of unobservable inputs to fair value
Singapore properties				
Income capitalisation method	– Capitalisation rate	3.50% – 6.00%	3.75% – 6.00%	The higher the rate, the lower the fair value
Discounted cash flow analysis	– Discount rate	6.75% – 8.00%	6.75% – 7.50%	The higher the rate, the lower the fair value
	– Terminal capitalisation rate	3.75% – 6.25%	4.00% – 6.25%	The higher the rate, the lower the fair value
Australia properties				
Income capitalisation method	– Capitalisation rate	4.88% – 7.00%	5.00% – 7.00%	The higher the rate, the lower the fair value
Discounted cash flow analysis	– Discount rate	6.50% – 7.00%	7.00% – 7.50%	The higher the rate, the lower the fair value
	– Terminal capitalisation rate	5.25% – 7.50%	5.25% – 7.29%	The higher the rate, the lower the fair value
United Kingdom property (accounted for as joint venture (Note 6))				
Income capitalisation method	– Capitalisation rate	6.42%	6.36%	The higher the rate, the lower the fair value
Discounted cash flow analysis	– Discount rate	5.45%	6.04%	The higher the rate, the lower the fair value
	– Terminal capitalisation rate	5.61%	5.33%	The higher the rate, the lower the fair value

The direct comparison method considered transacted prices of comparable properties. Under this method, when transacted prices of comparable properties are higher, the fair value determined will be higher.

Notes to the Financial Statements

YEAR ENDED 30 SEPTEMBER 2019

27. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

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:

	2019		2018	
	Carrying amount S$'000	Fair value S$'000	Carrying amount S$'000	Fair value S$'000
Group				
Security deposits (Non-current)	12,846	11,651	7,621	7,444
Trust				
Security deposits (Non-current)	12,846	11,651	7,621	7,444
Loan to a subsidiary	–	–	86,173	99,626

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. The fair values are categorised under Level 3 of the fair value hierarchy.

28. 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.

The Group is subject to the aggregate leverage limit as defined in the Property Fund Guidelines of the CIS Code. The CIS Code stipulates that borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45.0% of the fund's deposited property.

The gearing ratio is calculated as gross borrowings divided by total assets, based on the consolidated balance sheet.

Notes to the Financial Statements

YEAR ENDED 30 SEPTEMBER 2019

28. CAPITAL MANAGEMENT (CONT'D)

	Group	
	2019 S$'000	2018 S$'000
Gross borrowings (Note 14)	646,657	614,984
Total assets	2,259,645	2,173,080
Gearing ratio	28.6%	28.3%

The Group is in compliance with all externally imposed capital requirements for the financial years ended 30 September 2019 and 2018.

The Trust has maintained its corporate ratings of "Baa2" from Moody's Investors Service.

29. 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 3.16. Segment property income represents income generated from its tenants 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 2019 and 2018 relates wholly to investing in real estate and real estate-related assets in the commercial sector in Singapore, Australia and the United Kingdom.

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Financial Statements

YEAR ENDED 30 SEPTEMBER 2019

29. OPERATING SEGMENTS (CONT'D)

(b) Information about reportable segments

	Singapore S$'000	Australia S$'000	United Kingdom S$'000	Total S$'000
2019				
Gross revenue	59,617	65,443	–	125,060
Property operating expenses	(21,790)	(20,581)	–	(42,371)
Segment net property income	37,827	44,862	–	82,689
Share of results of joint venture	–	–	7,878	7,878
Net change in fair value of investment properties	85,303	23,101	–	108,404
				198,971
Unallocated items:				
– Interest income				127
– Trust expenses				(15,943)
– Finance expenses				(18,902)
– Exchange differences				(4,631)
– Net change in fair value of derivative financial instruments				113
– Realised gain on derivative financial instruments				238
Total return before tax				159,973
Taxation				(11,726)
Total return for the financial year				148,247
Reportable segmental non-current assets	1,254,033	822,273	151,219	2,227,525
Reportable segmental current assets	6,405	7,463	–	13,868
Total assets for reportable segments	1,260,438	829,736	151,219	2,241,393
Capital expenditure	24,605	7,168	–	31,773

Notes to the Financial Statements

YEAR ENDED 30 SEPTEMBER 2019

29. OPERATING SEGMENTS (CONT'D)

(b) Information about reportable segments (cont'd)

	Singapore S$'000	Australia S$'000	United Kingdom S$'000	Total S$'000
2018				
Gross revenue	66,805	66,501	–	133,306
Property operating expenses	(23,187)	(20,847)	–	(44,034)
Segment net property income	43,618	45,654	–	89,272
Share of results of joint venture	–	–	5,497	5,497
Gain on disposal of investment property	75,724	–	–	75,724
Net change in fair value of investment properties	18,731	2,169	–	20,900
				191,393
Unallocated items:				
– Interest income				316
– Trust expenses				(15,849)
– Finance expenses				(24,683)
– Exchange differences				(2,759)
– Net change in fair value of derivative financial instruments				(62)
– Realised gain on derivative financial instruments				57
Total return before tax				148,413
Taxation				(6,695)
Total return for the financial year				141,718
Reportable segmental non-current assets	1,140,440	836,888	156,999	2,134,327
Reportable segmental current assets	6,078	8,921	–	14,999
Total assets for reportable segments	1,146,518	845,809	156,999	2,149,326
Capital expenditure	48,049	5,909	–	53,958

(c) Reconciliations of reportable segment assets and other material items

	Group 2019 S$'000	Group 2018 S$'000
Assets		
Total assets for reportable segments	2,241,393	2,149,326
Unallocated assets	18,252	23,754
Consolidated total assets	2,259,645	2,173,080

Notes to the Financial Statements

YEAR ENDED 30 SEPTEMBER 2019

29. OPERATING SEGMENTS (CONT'D)

(d) Major customers

An investment property, which was attributable to the Australian segment, was leased to a single lessee and the gross revenue contribution to the Group was S$20,017,000 (2018: S$21,271,000).

30. FINANCIAL RATIOS

	Group	
	2019 %	2018 %
Expenses to weighted average net assets(1)		
– with performance fee	1.12	1.18
– without performance fee	0.92	0.96
Portfolio turnover ratio(2)	–	10.35
Total operating expenses to net asset value (3)	3.94	4.19

(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 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 expressed as a percentage of daily average net asset value.

(3) Total operating expenses of the Group include general and administrative expenses, all fees paid/payable to the Manager and interested parties for the financial year. The operating expenses to net asset value ratio is based on total operating expenses as a percentage of net asset value as at the end of financial year.

31. SUBSEQUENT EVENTS

On 22 October 2019, the Trust declared a distribution of 2.40 cents per Unit in respect of the period from 1 July 2019 to 30 September 2019.

Unitholders' **Statistics**

AS AT 15 NOVEMBER 2019

ISSUED AND FULLY PAID-UP UNITS

As at 15 November 2019

912,715,429 Units (voting rights: one vote per Unit)
Market Capitalisation S$1,478,598,995 (based on closing price of S$1.62 per Unit on 15 November 2019)

TOP 20 UNITHOLDERS

As at 15 November 2019
As shown in the Register of Unitholders

No.	Name	No. of Units	%
1	Frasers Property Commercial Trust Holdings Pte Ltd	123,621,055	13.5
2	Citibank Nominees Singapore Pte Ltd	118,966,771	13.0
3	DBS Nominees (Private) Limited	113,657,166	12.5
4	Frasers Commercial Asset Management Ltd	112,311,923	12.3
5	Raffles Nominees (Pte) Limited	59,082,397	6.5
6	DBSN Services Pte Ltd	56,689,687	6.2
7	HSBC (Singapore) Nominees Pte Ltd	41,095,743	4.5
8	CGS-CIMB Securities (Singapore) Pte Ltd	8,524,712	0.9
9	BPSS Nominees Singapore (Pte) Ltd	7,387,312	0.8
10	DB Nominees (Singapore) Pte Ltd	7,109,116	0.8
11	United Overseas Bank Nominees (Private) Limited	6,546,002	0.7
12	OCBC Securities Private Limited	6,488,906	0.7
13	DBS Vickers Securities (Singapore) Pte Ltd	6,378,240	0.7
14	Phillip Securities Pte Ltd	5,517,459	0.6
15	ABN Amro Clearing Bank NV	4,595,198	0.5
16	OCBC Nominess Singapore Private Limited	4,288,688	0.5
17	UOB Kay Hian Private Limited	4,185,316	0.5
18	Sunshine Ventures Pte Ltd	4,086,713	0.4
19	Maybank Kim Eng Securities Pte Ltd	3,291,484	0.4
20	BNP Paribas Nominees Singapore Pte Ltd	2,401,568	0.3
	Total	**696,225,456**	**76.3**

DISTRIBUTION OF UNITHOLDERS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 – 99	325	3.0	13,514	0.0
100 – 1,000	1,344	12.3	769,463	0.1
1,001 – 10,000	5,575	51.2	28,847,986	3.2
10,001-1,000,000	3,608	33.2	172,836,760	18.9
1,000,001 and above	30	0.3	710,247,706	77.8
Total	**10,882**	**100.0**	**912,715,429**	**100.0**

Unitholders' **Statistics**

AS AT 15 NOVEMBER 2019

Substantial Unitholders

As at 15 November 2019

Name of Unitholder	Direct interest No. of Units	Deemed interest No. of Units	% of Units in Issue
Frasers Commercial Asset Management Ltd.	112,311,923	863,924[1]	12.4
Frasers Property Commercial Trust Holdings Pte. Ltd.	123,621,055	–	13.5
Frasers Property Limited[2]	–	236,796,902	25.9
Thai Beverage Public Company Limited[3]	–	236,796,902	25.9
International Beverage Holdings Limited[4]	–	236,796,902	25.9
InterBev Investment Limited[5]	–	236,796,902	25.9
Siriwana Company Limited[6]	–	236,796,902	25.9
Maxtop Management Corp.[7]	–	236,796,902	25.9
Risen Mark Enterprise Ltd.[8]	–	236,796,902	25.9
Golden Capital (Singapore) Limited[9]	–	236,796,902	25.9
MM Group Limited[10]	–	236,796,902	25.9
TCC Assets Limited[11]	–	236,796,902	25.9
Charoen Sirivadhanabhakdi[12]	–	236,796,902	25.9
Khunying Wanna Sirivadhanabhakdi[13]	–	236,796,902	25.9

Notes:

(1) Frasers Commercial Asset Management Ltd. ("**FCOAM**") 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 Property Limited ("**FPL**") holds a 100% direct interest in each of FCOAM and Frasers Property Commercial Trust Holdings Pte. Ltd. ("**FPCTH**"). FCOAM and FPCTH hold units in FCOT and FCOAM is deemed interested in the units in FCOT held by FCPMC. FPL therefore has a deemed interest in the units in FCOT in which each of FCOAM and FPCTH 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 FPL;
- FPL holds a 100% direct interest in each of FCOAM and FPCTH;
- FCOAM holds a 100% direct interest in FCPMC; and
- FCOAM, FPCTH and FCPMC hold units in FCOT.

ThaiBev therefore has a deemed interest in the units in FCOT in which FPL 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 FPL;
- FPL holds a 100% direct interest in each of FCOAM and FPCTH;
- FCOAM holds a 100% direct interest in FCPMC; and
- FCOAM, FPCTH and FCPMC hold units in FCOT.

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

Unitholders' **Statistics**

AS AT 15 NOVEMBER 2019

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

- FPL holds a 100% direct interest in each of FCOAM and FPCTH;
- FCOAM holds a 100% direct interest in FCPMC; and
- FCOAM, FPCTH and FCPMC hold units in FCOT.

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

(6) Siriwana Company Limited ("**SCL**") holds a greater than 20% interest in ThaiBev;

- ThaiBev holds a 100% direct interest in IBHL;
- IBHL holds a 100% direct interest in IBIL;
- IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FCOAM and FPCTH;
- FCOAM holds a 100% direct interest in FCPMC; and
- FCOAM, FPCTH and FCPMC hold units in FCOT.

SCL therefore has a deemed interest in the units in FCOT in which FPL has an interest, by virtue of Section 4 of the SFA.

(7) Maxtop Management Corp. ("**MMC**") together with Risen Mark Enterprise Ltd. ("**RM**") and Golden Capital (Singapore) Limited ("**GC**") collectively holds a greater than 20% interest in ThaiBev;

- ThaiBev holds a 100% direct interest in IBHL;
- IBHL holds a 100% direct interest in IBIL;
- IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FCOAM and FPCTH;
- FCOAM holds a 100% direct interest in FCPMC; and
- FCOAM, FPCTH and FCPMC hold units in FCOT.

MMC therefore has a deemed interest in the units in FCOT in which FPL has an interest, by virtue of Section 4 of the SFA.

(8) RM together with MMC and GC collectively holds a greater than 20% interest in ThaiBev;

- ThaiBev holds a 100% direct interest in IBHL;
- IBHL holds a 100% direct interest in IBIL;
- IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FCOAM and FPCTH;
- FCOAM holds a 100% direct interest in FCPMC; and
- FCOAM, FPCTH and FCPMC hold units in FCOT.

RM therefore has a deemed interest in the units in FCOT in which FPL has an interest, by virtue of Section 4 of the SFA.

Unitholders' **Statistics**

AS AT 15 NOVEMBER 2019

(9) GC together with MMC and RM collectively holds a greater than 20% interest in ThaiBev;

- ThaiBev holds a 100% direct interest in IBHL;
- IBHL holds a 100% direct interest in IBIL;
- IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FCOAM and FPCTH;
- FCOAM holds a 100% direct interest in FCPMC; and
- FCOAM, FPCTH and FCPMC hold units in FCOT.

GC therefore has a deemed interest in the units in FCOT in which FPL has an interest, by virtue of Section 4 of the SFA.

(10) MM Group Limited ("**MM**") holds a 100% direct interest in each of MMC, RM and GC;

- MMC, RM and GC collectively holds a greater than 20% interest in ThaiBev;
- ThaiBev holds a 100% direct interest in IBHL;
- IBHL holds a 100% direct interest in IBIL;
- IBIL holds a greater than 20% interest in FPL;
- FPL holds a 100% direct interest in each of FCOAM and FPCTH;
- FCOAM holds a 100% direct interest in FCPMC; and
- FCOAM, FPCTH and FCPMC hold units in FCOT.

MM therefore has a deemed interest in the units in FCOT in which FPL has an interest, by virtue of Section 4 of the SFA.

(11) TCC Assets Limited ("**TCCA**") holds a majority interest in FPL;

- FPL holds a 100% direct interest in each of FCOAM and FPCTH;
- FCOAM holds a 100% direct interest in FCPMC; and
- FCOAM, FPCTH and FCPMC hold units in FCOT.

TCCA therefore has a deemed interest in the units in FCOT in which FPL has an interest, by virtue of Section 4 of the SFA.

(12) 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 FPL;
- FPL holds a 100% direct interest in each of FCOAM and FPCTH;
- FCOAM holds a 100% direct interest in FCPMC; and
- FCOAM, FPCTH and FCPMC hold units in FCOT.

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

Unitholders' **Statistics**

AS AT 15 NOVEMBER 2019

(13) 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 FPL;
- FPL holds a 100% direct interest in each of FCOAM and FPCTH;
- FCOAM holds a 100% direct interest in FCPMC; and
- FCOAM, FPCTH and FCPMC hold units in FCOT.

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

Unitholdings of Directors of the Manager

As at 21 October 2019

	Directors	No. of Units Direct Interest	Deemed interest	% of Units in Issue
1	Bobby Chin Yoke Choong	110,367	–	0.0[1]
2	Christopher Tang Kok Kai	–	200,000	0.0[1]
3	Low Chee Wah	–	60,000	0.0[1]
4	Soh Onn Cheng Margaret Jane	–	15,000	0.0[1]

Note:

(1) Less than 0.05%

FREE FLOAT

Based on information available to the Manager as at 15 November 2019, approximately 74% 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 under review 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 Commercial Asset Management Ltd.		
– Management fees paid and payable[1]	(13,572)	–
Frasers Property Management Services Pte Ltd		
– Property management fees paid and payable[2]	(2,047)	–
Frasers Property Commercial Management Pte Ltd		
– Property management fees paid and payable[2]	(2,871)	–
Frasers Property Management Services Pty Ltd (formerly known as Australand Management Services Pty Ltd)		
– Reimbursement of rent-free periods received[3]	249	–
– Property management fees paid and payable	(682)	–
Frasers Property Corporate Services Pte Ltd		
– Rental and other property income received	585	–
British and Malayan Trustees Limited		
– Trustee fees paid and payable	(635)	–

Notes

1 A summary of Units issued for payment of the management fees to Frasers Commercial Asset Management Ltd. in respect of the financial year ended 30 September 2019 is as follows:

Relevant Period	Issue date	Ordinary Units issued	Value $'000
1 October 2018 to 31 December 2018	24 January 2019	1,963,005	2,676
1 January 2019 to 31 March 2019	26 April 2019	1,817,878	2,620
1 April 2019 to 30 June 2019	26 July 2019	1,638,841	2,658
1 July 2019 to 30 September 2019	25 October 2019	3,479,511	5,618

The issue prices of the Units issued were determined based on the volume weighted average price of the Units traded on SGX-ST for the last 10 business days of the relevant period.

Interested **Person Transactions** (cont'd)

Notes (cont'd)

2 A property management agreement ("PMA") was entered into with Frasers Property Management Services Pte Ltd ("FPM Services") for a period of five years commencing from 23 February 2016 in respect of China Square Central, Alexandra Technopark and 55 Market Street (the "Singapore Properties"). Under this property management agreement, FPM Services is entitled to receive a property management fee of 3.0% per annum of the gross revenue of the Singapore Properties, leasing commissions and employee costs reimbursement.

The PMA was novated from FPM Services to Frasers Property Commercial Management Pte. Ltd. ("FPCM") with effect from 1 March 2019, following an internal restructuring exercise.

3 Pursuant to the deed of undertaking entered into on 27 April 2015 between Australand Holdings Limited (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 rent-free periods granted to tenants in 357 Collins Street by Australand Property Holdings (Collins St No. 1) Pty Limited as trustee of APT (Collins St No. 1) Trust, at the time of the acquisition of 357 Collins Street by TFS. During the financial year under review, the reimbursements received pursuant to the foregoing amounted to approximately S$249,000.

Notice of
Annual General Meeting

NOTICE IS HEREBY GIVEN that the 11th Annual General Meeting ("**AGM**") of the unitholders of FRASERS COMMERCIAL TRUST ("**FCOT**", and the unitholders of FCOT, "**Unitholders**") will be held at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958 on Wednesday, 15 January 2020 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 Commercial Asset Management Ltd., the manager of FCOT (the "**Manager**"), the Audited Financial Statements of FCOT for the financial year ended 30 September 2019 and the Auditors' Report thereon.

Resolution (2)

2. To re-appoint KPMG LLP ("**KPMG**") as Auditors of FCOT to hold office until the conclusion of the next AGM of FCOT, and to authorise the Manager to fix their remuneration.

(B) SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolution, 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 at the time such Units are issued),

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 subparagraph (2) below), of which the aggregate number of Units to be issued other than on a *pro rata* basis to Unitholders shall not exceed twenty per cent (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with subparagraph (2) below);

Notice of
Annual General Meeting

(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 is authorised to 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 Commercial Asset Management Ltd.
(Company Registration No: 200503404G)
as manager of Frasers Commercial Trust

Catherine Yeo
Company Secretary
Singapore
2 December 2019

Notice of
Annual General Meeting

NOTES:

(1) A Unitholder who is not a Relevant Intermediary entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in the Unitholder's stead. 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 Unitholder'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 and vote at the meeting 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 in the proxy form 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 office of FCOT's Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not less than 72 hours before the time appointed for holding the meeting.

EXPLANATORY NOTE:

Resolution 3

Resolution 3 above, if passed, will empower the Manager from the date of this AGM until the earliest of (i) the conclusion of the next AGM of FCOT or (ii) the date by which the next AGM of FCOT is required by the applicable laws and regulations or the Trust Deed to be held, whichever is earlier, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, 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), with a sub-limit of 20% for issues other than on a *pro rata* basis to Unitholders.

For the purpose of determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of 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.

Notice of
Annual General Meeting

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))

Proxy Form

ANNUAL GENERAL MEETING

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 2 December 2019.

I/We ____ (Name) ____ (NRIC/ Passport No.)

of ____ (Address)

being a unitholder/unitholders of Frasers Commercial Trust ("**FCOT**"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholdings (Note 2)	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholdings (Note 2)	
			No. of Units	%

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of FCOT to be held on Wednesday, 15 January 2020 at 10.00 a.m., at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958, and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the 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, the Audited Financial Statements of FCOT for the financial year ended 30 September 2019 and the Auditors' Report thereon		
2.	To re-appoint KPMG LLP as Auditors of FCOT to hold office until the conclusion of the next Annual General Meeting, 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 ________________ 2019/2020

Total number of Units held (Note 5)

____

Signature(s) of Unitholder(s)/Common Seal

Email Address of Unitholder(s) (optional): ____

IMPORTANT: PLEASE READ NOTES TO THE PROXY FORM

Apply glue here

Apply glue here

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 and vote at the meeting 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 Unitholder'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 and vote at the meeting 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 (as the case may be) (the "**Proxy Form**") must be deposited with the company secretary of the Manager at the office of FCOT's Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not less than 72 hours before the time appointed for holding the meeting.
4. Completion and return of this Proxy Form 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 Proxy Form, 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, he should insert that number of Units. If the Unitholder has Units entered against his 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 Proxy Form 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. A corporation which is a Unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
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.

Fold here

FRASERS COMMERCIAL TRUST

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BUSINESS REPLY SERVICE
PERMIT NO. 09061

The Company Secretary
Frasers Commercial Asset Management Ltd.
(as manager of Frasers Commercial Trust)
c/o Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

Corporate Information

Manager
Frasers Commercial Asset Management Ltd.
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958
Phone: +65 6276 4882
Fax: +65 6276 8942
Email: fcot@frasersproperty.com
Website: www.fraserscommercialtrust.com

Directors of the Manager
Mr Bobby Chin Yoke Choong
Chairman & Independent
Non-Executive Director

Mr Chang Tou Chen
Independent Non-Executive Director

Mr Chia Khong Shoong
Non-Executive Director

Mr Low Chee Wah
Non-Executive Director

Ms Soh Onn Cheng Margaret Jane
Independent Non-Executive Director

Mr Christopher Tang Kok Kai
Non-Executive Director

Audit, Risk and Compliance Committee
Mr Chang Tou Chen (Chairman)[1]
Mr Bobby Chin Yoke Choong
Ms Soh Onn Cheng Margaret Jane[2]

Nominating and Remuneration Committee
Ms Soh Onn Cheng Margaret Jane (Chairperson)[3]
Mr Chang Tou Chen[4]
Mr Bobby Chin Yoke Choong
Mr Christopher Tang Kok Kai

Company Secretary of the Manager
Ms Catherine Yeo

SGX Short Trading Name
Frasers Com Tr

Bankers
Barclays Bank Plc (Singapore Branch)
BNP Paribas Singapore Branch
Cathay United Bank
Citibank N.A., Singapore Branch
Commonwealth Bank of Australia, Singapore Branch
DBS Bank Limited
Oversea-Chinese Banking Corporation Limited
The Bank of East Asia, Singapore Branch

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
KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Phone: +65 6213 3388
Fax: +65 6225 0984
Partner-in-charge: Ms Karen Lee Shu Pei
Appointed: 20 January 2016

1 Appointed as Chairman of the Audit, Risk and Compliance Committee with effect from 28 July 2019, following the retirement of Mr Chay Wai Chuen from the Board of the Manager, as Chairman of the Audit, Risk and Compliance Committee and as member of the Nominating and Remuneration Committee with effect from 28 July 2019.
2 Appointed as a member of the Audit, Risk and Compliance Committee with effect from 1 July 2019.
3 Appointed as a member of the Nominating and Remuneration Committee with effect from 1 July 2019 and, following the cessation of Mr Chang Tou Chen's appointment as Chairman of the Nominating and Remuneration Committee with effect from 28 July 2019, as Chairperson of the Nominating and Remuneration Committee with effect from 28 July 2019.
4 Ceased as Chairman of the Nominating and Remuneration Committee with effect from 28 July 2019 and remains as a member of the Nominating and Remuneration Committee.

Managed by:

FRASERS COMMERCIAL ASSET MANAGEMENT LTD.

Company Registration Number: 200503404G

438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

Phone: +65 6276 4882
Fax: +65 6276 8942

fraserscommercialtrust.com