

# Properties

## Maintaining financial prudence for sustainable results



**Mr Lim Ee Seng**  
CEO

### Business Overview

The financial crisis and credit crunch have crippled global economic health and undermined confidence. The property market was not spared the adverse effects, with prices of residential properties falling and rental easing globally.

Despite the tough operating environment, I am pleased to report that Properties division managed to achieve a modest growth in PBIT of 2% to S\$457 million, excluding S\$61 million fair value gain of investment properties.

Development Property remained the main contributor to Properties PBIT with S\$282 million, largely from pre-sold projects in Singapore and Australia. Earnings from China and the UK, however, dipped as residential projects were completed and launches planned for the year deferred. Profit contribution of investment properties, REIT and hospitality, collectively known as Commercial Property, recorded a significant jump of 22% from S\$144 million to S\$175 million on strong rental growth and higher occupancy rates.

Following the adoption of FRS40 – Investment Property in this financial year, the Group posted a S\$37 million in net gain from fair value adjustments of investment properties to the income statement. In addition, on prudence, we also provided a provision totaling S\$26 million to the Development Property due to the general worldwide economic slowdown and declining property values.

\* PBIT denotes profit before interest, taxation, impairment on investments, FRS40 fair value gain of investment properties, and exceptional items.



Revenue **S\$1,474M**

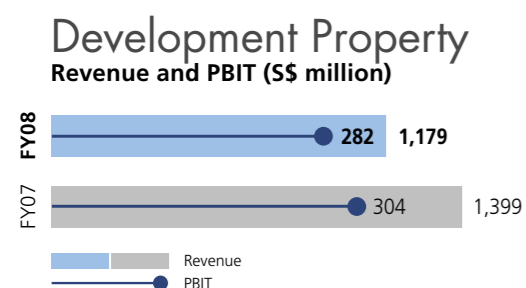
Decreased by 11%

PBIT\* **S\$457M**

Increased by 2%



F&N now has a land bank to build approximately 1,900 homes over the next two to three years, with the bulk of the land bank catering to the mass market segment.



## Development Property

*Unmatched quality homes around the world*

### Frasers Centrepoint Homes – Singapore

This year, temporary occupation permits for The Azure, Quintet, One Leicester and The RainTree were obtained. We also proceeded with the launch of the 405-unit Waterfront Waves near Bedok Reservoir, the luxurious 302-unit Martin Place Residences located at River Valley, and the leasehold 110-unit Woodsville 28 located at Potong Pasir. Waterfront Waves, the Group's joint venture project with Far East Organization, was launched in February 2008 and achieved a laudable 35% sales by the end of the financial year. Woodsville 28 too, turned in a commendable performance despite the sluggish market, selling 19% of its 110 units since its launch in July 2008.

Together with previously launched developments such as Soleil @ Sinaran and Holland Vale, some 313 units were sold in Singapore.

Through selective replenishment of our land bank, this year the Group added 1.1 million square feet of developable area, or over 900 condominium units to our Singapore pipeline – the 99-year leasehold Boon Lay Way/Lakeside Drive site at S\$205.6 million and 99-year leasehold Woodleigh Close at S\$88 million. Both sites are conveniently located near MRT stations and have direct access to major arterial roads and expressways.



In particular, the Boon Lay Way/Lakeside Drive site is expected to benefit from URA's 2008 masterplan to transform the Jurong Lake district into a unique lakeside destination for business and leisure. The new plans envision a vibrant commercial hub with a good mix of office, retail, residential, hotel, entertainment and food & beverage uses. It will boast the development of unique leisure attractions around Jurong Lake and become the largest commercial hub outside the city centre.

Following these acquisitions, F&N now has a land bank of approximately 2.5 million square feet of potential gross floor area to build approximately 1,900 homes over the next two to three years, with the bulk of the land bank catering to the mass market segment.

## Singapore residential

### Projects Currently Under Development

Projects	No. of units	Percentage sold	Percentage of completion	Est/Completion date
The Azure	116	100%	100%	Completed
One Leicester	194	100%	100%	Completed
The RainTree	317	100%	100%	Completed
The Infiniti	315	100%	92.0%	4Q 2008
One Jervois	275	100%	64.0%	Dec 2011
One St Michael's	131	100%	71.0%	2Q 2009
Clementi Woods	240	100%	44.0%	Dec 2010
St. Thomas Suites	176	100%	29.0%	Aug 2010
Soleil @ Sinaran	417	89%	21.0%	May 2011

Projects launched in FY2008	No. of units	Percentage sold	Percentage of completion	Est/Completion date
Martin Place Residences *	302	9%	10.0%	May 2011
Waterfront Waves	405	35%	5.0%	4Q 2011
Woodsville 28	110	19%	–	Nov 2011

\* Soft preview

### Singapore Land Bank

Singapore land bank	Location	Est no. of units	Est saleable area (mil sqf)	Tenure	Est launch date
Bedok Waterfront *	Bedok Reservoir	544	0.74	99 years	2010
(remaining phases)		320	0.49	Freehold	2010
Flamingo Valley	Siglap	712	0.86	99 years	1Q 2009
Lakeside Drive	Boon Lay	68	0.08	Freehold	2Q 2009
Sirat Road	Yio Chu Kang	300	0.33	99 years	2Q 2009
Woodleigh Close	Serangoon				
<b>TOTAL</b>		<b>1,944</b>	<b>2.50</b>		

\* 50:50 joint venture with Far East Organization; effective share



### Frasers Property – Overseas

A key highlight for the financial year in Australia was Frasers Centrepoint Limited's (FCL) proposal to create the first-of-its-kind, six-green-star urban quarter with world-class architecture and sustainability initiatives at the 2.5 million square feet mixed development site situated in the former Calton United Breweries (CUB) site in Broadway, Sydney. The main sustainability features for this project include tri-generation, design efficiency, green rooftops, smart metering and solar powered public spaces as well as a comprehensive water recycling scheme. Helming the project is an international architectural team featuring world-renowned Foster + Partners and Ateliers Jean Nouvel.



*Trio, City Quarter (Australia)*



*Lumiere Residences (Australia)*

In line with the sustainability theme, we are making creative use of three warehouses on the property for an exciting community arts initiative – ‘FraserStudios’, a temporary artists’ studio space. One of the warehouses is now a three-level visual arts studio, with adjoining performance spaces. From street art to sculpture to poetry and performance, artists at FraserStudios offer an eclectic mix of art practice, with regular ‘open studio’ days. FraserStudios was launched by the Lord Mayor of Sydney in mid-October 2008.

Also in Australia, we launched the 403-unit Trio at City Quarter and the 40-unit Lorne Killara boutique development in New South Wales. Response for Trio was encouraging with 65 units sold while three units were sold at Lorne Killara.

The first Foster + Partners designed residential project, Lumiere Residences at Regent Place, Sydney, was completed in the financial year and won numerous accolades, including the High Density Housing category in the Urban Design Institute of Australia NSW Awards 2008. Lumiere Residences has also been shortlisted for the World Architecture Awards 2008. A total of 99 units were sold this year, bringing the total number of units sold cumulatively to 342 out of 456 units.

In China, all Jingan Four Seasons’ residential units have already been handed over to the purchasers. Phase 1 of the scenic Songjiang Four Seasons development was successfully launched in late July 2008, comprising 136 units of terrace and semi-detached houses. With an average selling price of approximately RMB12,000 per square metre, the project was well received with 89 units sold as at 30 September 2008.

In the UK, the fully-sold 70-unit apartment Vincent Square development was completed in the financial year. Enhanced planning approval for Phase 3 of Wandsworth Riverside Quarter was obtained, increasing the number of residential apartment units to 395 units from 200 units. Phase 1 and 2 of Wandsworth Riverside Quarter have already been fully sold and completed.

In Thailand, works are progressing as planned at the luxurious The Pano high-rise condominium situated by the picturesque Chao Phraya River with completion slated in 2009. The project is a joint-venture with Krungthep Land and about 67% of the 397 apartment units have been sold at the end of the financial year.

Together with our overseas partners, we have a pipeline of an estimated 17,000 homes and 7.8 million square feet of commercial space for development over the next six years.

*Lumiere Residences (Australia)*



*Wandsworth Riverside Quarter (UK)*



*Songjiang Four Seasons (China)*



The Pano (Thailand)



### Properties Currently Under Development

Projects	Effective interest	No. of units	Percentage sold	Saleable area (mil sqf)	Percentage completion	Est/ Completion date
<b>Australia</b>						
Lorne Killara (NSW)	75.0%	40	8%	0.07	100%	Completed
Lumiere Residences (NSW)	80.5%	456	76%	0.67	100%	Completed
Trio, City Quarter (NSW)	87.5%	415	16%	0.43	38.7%	Sep 2009
<b>China</b>						
Songjiang Four Seasons (Ph 1A)	72.2%	136	65%	0.97	–	Jun 2009
<b>United Kingdom</b>						
Lumiere Leeds	23.0%	608	60%	0.29	–	Jun 2012
Ferry Village, Renfrew	25.6%	190	13%	0.17	–	Nov 2011
Granton Harbour	25.6%	120	1%	0.11	–	Jun 2011
Water Street, Edinburgh	25.6%	44	23%	0.05	–	Dec 2008
Collins Theatre, Islington	51.2%	72	–	0.08	100%	Completed
Shoppenhangers Road, Maidenhead	51.2%	28	–	0.03	–	Dec 2008
Wandsworth Riverside Quarter (Ph 3)	51.2%	395	2%	0.46	–	Sep 2012
<b>Thailand</b>						
The Pano	69.6%	397	67%	0.67	52.2%	Oct 2009

### Land Bank

Australia/New Zealand land bank	Effective interest	Type of development	Est no. of units	Est saleable area (mil sqf)
Broadview Rise (NZ)	75.0%	Residential	24	0.06
Coast at Papamoa (NZ)	67.5%	Residential	686	1.10
CUB site, Broadway (NSW)	75.0%	Mixed-use	1,300	2.53
Frasers Landing (WA)	56.3%	Mixed-use	1,350	1.61
Killara Pavilions (NSW)	75.0%	Residential	66	0.09
Parramatta River (NSW)	75.0%	Residential	550	0.50
Queens Riverside (WA)	87.5%	Mixed-use	288	0.53

China	Effective interest	Type of development	Est no. of units	Est saleable area (mil sqf)
Chengdu Logistics Park	80.0%	Commercial	NA	6.29
Haitang Bay, Hainan	100%	Residential	230	0.73
Shenyang site**	56.2%	Commercial	NA	2.02
Songjiang Four Seasons*	72.2%	Residential	7,500	8.87
Suzhou Baitang	100%	Residential	4,000	5.92

\* First phase of Songjiang Four Seasons comprising 136 units

\*\*Shenyang site is subject to the resettlement of its existing occupants and vacant possession is anticipated in Jan 2010

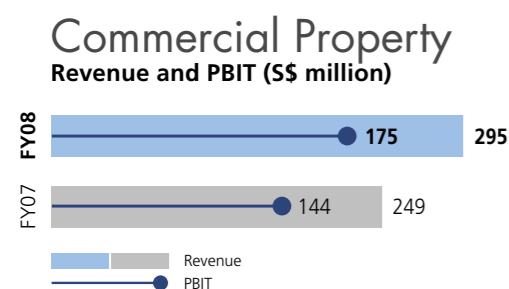
FPUK* projects under planning	Effective interest	Type of development	Est no. of units	Est saleable area (mil sqf)
Shrubhill, Edinburgh	25.6%	Residential	356	0.28
Brown Street, Glasgow	51.2%	Residential	288	0.24
Berry Works, Baildon	51.2%	Residential	120	0.08
Camberwell Green, London	51.2%	Residential	130	0.13
143 – 161 Wandsworth Road, London	51.2%	Residential	94	0.09

\* F&N has an effective interest of 51% in Frasers Property (UK) (FPUK)





This year, we embarked on several strategic asset enhancement initiatives to reinvigorate and maximise the potential of our existing assets.



## Commercial Property

*Building an integrated real estate model*

### Fund & Asset Management

Fraser's Centrepunkt Trust (FCT), our retail real estate investment trust (REIT), continued to deliver strong results, buttressed by its solid portfolio, strong balance sheet and a committed management team. FCT's gross revenue rose by 9% to S\$85 million while distributed income grew 12% to S\$45 million. Distribution per unit to unitholders was up by 11% over the previous year, totaling 7.3 cents in FY2008. These impressive results were achieved on the back of strong

rental renewals, rental uplift from a rejuvenated Anchorpoint, as well as higher distributions from its associate company, Hektar REIT.

This year, we embarked on several strategic asset enhancement initiatives to reinvigorate and maximise the potential of our existing assets. Following extensive enhancement works, Anchorpoint was successfully relaunched in May 2008 with rentals improving by 41% and shopper traffic increasing by 17%.

Enhancement works for Northpoint (NP) kicked off in January 2008 with expected completion by June 2009. To date, close to 90% of NP's post enhancement net lettable area has been committed with an average 20% increase in projected rentals. When completed, NP will be fully integrated with its new wing, Northpoint Extension (NPE) to create a seamless shopping mall with a net lettable area of approximately 232,000 square feet. NPE received its temporary occupancy permit in October 2008.

In August 2008, the Group acquired a 17.7% stake in Allco Commercial REIT (renamed Fraser's Commercial Trust (FCOT)) and 100% of the REIT's manager. The acquisition served as a platform to realise the value of our office and industrial assets, as well as to create critical mass for our commercial property business ambitions. FCOT has a commercial property portfolio worth S\$1.8 billion spanning Singapore, Australia and Japan. The portfolio includes prime Central Business District (CBD) offices in Singapore and quality assets such as Central Park, the tallest building in Perth. Our existing portfolio of commercial assets worth S\$700 million will form the pipeline to fuel FCOT's future growth.

Anchorpoint (Singapore)



### List of commercial properties

Properties	Effective interest	Location	Net lettable area (sqf)	Occupancy (%)	Total traffic count (million)	Book value (\$ million)
<b>Singapore</b>						
Anchorpoint	52.1%	Alexandra (suburban)	72,000	100%	2	S\$67.00
Causeway Point	52.1%	Woodlands (suburban)	418,543	100%	29	S\$710.00
Northpoint	52.1%	Yishun (suburban)	149,243	60%#	16	S\$286.00
Robertson Walk	100%	Mohammed Sultan	97,605	89%	-	S\$243.00
The Centrepunkt *	100%	Orchard Road	331,722	99%	15	S\$629.00
Valley Point (Retail)	100%	River Valley	39,817	100%	-	S\$423.70
Compass Point +	-	Seng Kang	266,586	100%	16	NA
<b>Overseas</b>						
Bridgepoint Shopping Centre	100%	Australia	73,130	99%	3	S\$50.29
Crosspoint	100%	China	309,720	70%	NM	NM
Inpoint	100%	China	105,345	94%	NM	NM
<b>Malls under development</b>						
Bedok Mall	100%	Bedok	83,000	NA	NA	NA
Northpoint Extension	100%	Yishun	83,000	NA	NA	NA
<b>Total retail</b>			<b>2,029,711</b>			
<b>Singapore</b>						
Alexandra Point	100%	Alexandra	198,142	100%	NA	S\$161.70
Alexandra Technopark	100%	Alexandra	1,048,157	98%	NA	S\$373.70
Valley Point (Office)	100%	River Valley	182,308	94%	NA	S\$169.00
<b>Overseas</b>						
Me Linh Point	100%	Vietnam	190,995	100%	NA	S\$64.59
Sohu.com Internet Plaza	56.2%	China	159,520	100%	NA	S\$46.08
Vision (Shenzhen) Business Park	56.2%	China	1,696,500	99%	NA	S\$148.55
<b>Total office and hi-tech business parks</b>			<b>3,475,622</b>			

+ Managed by Fraser's Centrepunkt Group

\* Floor space excludes new wing, comprising of 59,000 square feet which is owned by MCST

# Not meaningful as Northpoint was under asset enhancement

Valley Point (Singapore)



Bedok Mall (Singapore) (artist's impression)







The Centrepoint (Singapore)

Demand for our local offices and hi-tech business park remained strong with the properties achieving full or almost full occupancy. It was also another good year for our retail mall and office in Sydney and Ho Chi Minh City. Bridgepoint Shopping Centre registered very high occupancy levels, whilst Me Linh Point Tower was fully occupied.

Two retail malls in China, Inpoint in Shanghai and Crosspoint in Beijing, opened for business in May and June 2008 respectively. With their strategic locations, attractive tenant mix and strong centre management, the malls are enjoying healthy shopper traffic flow.

The construction of our 5.8 million square feet Chengdu logistics park remains on track despite the Chengdu earthquake.

Our overseas investment properties also include the Vision Shenzhen Business Park which is running close to full occupancy.

## Investment Property

In addition to REITs, the Group's portfolio of investment properties covers over 1.2 million square feet of retail space, close to 3.5 million square feet of office and hi-tech business space and about 246,000 square feet of retail space under development in Singapore and overseas. The portfolio comprises six local and three overseas retail malls, four office towers and two hi-tech business parks in Singapore, China and Vietnam.

PBIT from Investment Property improved 13% to S\$79 million due to increased revenue, driven by positive rental reversion and higher occupancy rates across the portfolio. The average occupancy rate as at 30 September remained healthy.

The local retail portfolio, comprising The Centrepoint, Compass Point, Robertson Walk, and Valley Point, enjoyed another strong year of almost 100% occupancy. Average rentals from shops, casual leasing and revenue from carparks continued to be on an upward trend.



Crosspoint (China)



Inpoint (China)

## Fraser's Hospitality

Our hospitality arm, Fraser's Hospitality Pte Ltd, has been a leading international Gold Standard serviced apartment owner and manager since its inception in Singapore in 1998. From a modest 412 apartments in two flagship properties locally, we have since expanded into major gateway cities of the world spanning Australia, North Asia, South-East Asia, Europe and the Middle East. It targets to have about 8,500 apartments in its fold by 2010.

This year, our hospitality operations continued to record healthy growth, with the number of properties managed increasing from 18 last year to 29. New sign-ups of management agreements in cities such as Vietnam, Indonesia, Japan, Hong Kong and India were added to our portfolio, bolstering the number of apartments managed and to be managed to over 8,000, a 48% increase over the previous year.

A slew of 11 properties was opened in quick succession – Fraser Residence Blackfriars London, Fraser Residence Monument London, Fraser Residence Beijing, Fraser Suites Hong Kong, Fraser Suites Nanjing, Fraser Place Tokyo – East

Tower, Fraser Place Tokyo – West Tower, Fraser Suites Hanoi, Fraser Residence Shanghai, Fraser Suites Shanghai and Fraser Suites Beijing.

Fraser's Hospitality's brand offerings of Fraser Suites, Fraser Place and Fraser Residence have consistently achieved occupancy of 80-90%. The Year-on-Year revenue increase was 20% with a Compounded Annual Growth Rate (CAGR) of 23.8% over the last five years. This was partly due to higher rates achieved for our two flagship operations, Fraser Suites and Fraser Place Singapore, increased occupancy at Fraser Suites Sydney, and better rentals from Fraser Place Manila, which we acquired in end June 2007.

Fraser's Hospitality signed nine Memorandums of Understanding with owners in New Delhi, Hyderabad, Bangalore, Pattaya and Ho Chi Minh City to manage a total of 1,088 serviced apartments. Nine management contracts were also secured to manage apartments in Edinburgh, Jakarta, Osaka, Pattaya, Shanghai, Beijing, Tianjin, Guangzhou and Kuala Lumpur. This will add approximately 1,424 apartments to our exiting portfolio (in operations and sign-ups) of over 8,000 apartments.

Fraser's Hospitality has been a leading international Gold Standard serviced apartment owner and manager since its inception.



Fraser Suites, Hanoi (Vietnam)



Fraser Suites, Sydney (Australia)



Fraser Suites, CBD Beijing (China) (artist's impression)



Fraser Place, Shinjuku (Japan)



Fraser Suites, Urbana Sathorn (Thailand)

## Hospitality

### Serviced Residences: Properties in Operations

Country	Property	Equity (%)	No. of units	Occupancy (%)
<b>Australia</b>	Fraser Suites, Sydney	81	202	71%
<b>China</b>	Fraser Suites, Beijing	100	357	NM
	Fraser Place, Shekou	0	232	92%
	Fraser Residence, Shanghai	0	278	NM
	Fraser Suites, Shanghai	0	317	NM
	Fraser Residence, CBD East, Beijing	0	228	NM
	Fraser Suites, Nanjing	0	210	NM
<b>France</b>	Fraser Suites, Paris	0	134	74%
	Fraser Suites, Le Claridge, Paris	0	110	68%
<b>Hong Kong</b>	Fraser Suites, Hong Kong	0	87	NM
<b>Japan</b>	Fraser Place, Shinjuku, East Tower, Tokyo	0	175	NM
	Fraser Place, Shinjuku, West Tower, Tokyo	0	209	NM
<b>London, UK</b>	Fraser Place, Canary Wharf	33	63	90%
	Fraser Place, Chelsea	26	30	86%
	Fraser Suites, Kensington	26	69	80%
	Prince of Wales	0	18	70%
	Fraser Place, Queens Gate	0	106	83%
<b>Philippines</b>	Fraser Place, Manila	0	77	96%
		100	69	96%
<b>Scotland</b>	Fraser Suites, Glasgow	33	99	65%
<b>Singapore</b>	Fraser Place, Singapore	100	161	90%
	Fraser Suites, Singapore	100	251	90%
<b>South Korea</b>	Fraser Suites, Seoul	0	213	88%
	Fraser Place, Central Seoul	0	233	83%
<b>Thailand</b>	Fraser Place, Langsuan, Bangkok	0	134	79%
	Fraser Suites, Urbana Sathorn, Bangkok	0	140	56%
	Fraser Suites, Sukhumvit, Bangkok	0	163	45%
<b>Vietnam</b>	Fraser Suites, Hanoi	0	170	NM
<b>Total no. of rooms in operations</b>			<b>4,535</b>	



## Looking Ahead to FY2009

While Singapore's fundamentals remain strong and well structured, its economy is dependent on the economic health of the US and its key trading partners. Many businesses in Singapore, including the property sector, have been affected and will need to brace themselves for a challenging year ahead.

On a more positive note, governments around the world recognise the need to get credit flowing again and have made quick and direct massive infusions of new equity into beleaguered banks, as well as commitments to other emergency measures. This should work to improve the credit availability situation heading into 2009. Despite the current turmoil, long term economic fundamentals of Singapore and Asia remain robust, with rapid urbanisation and new migration patterns driving housing demand.

Going forward, the economic climate in the coming year will certainly pose challenges for the Property business. With the astute strategic focus of our management and proven records to weather economic downturns, I am confident that, together, we can work together to ride out this storm and emerge even stronger.

### Residential Property

We will continue to focus on successful execution and timely completion of our fully-sold residential development projects, namely The Infiniti, One Jervois, One St Michael's and ClementiWoods in Singapore. Although sales of residential units have been slower in FY2008, we do not see significant earnings weakness in the coming year as revenue from pre-sold projects continue to be realised.

With a diversified portfolio of 25 million square feet of potential saleable area to build approximately 19,000 homes in Singapore, Australia, China and the UK over the next two to six years, we will continue to adopt a selective acquisition and investment strategy in key markets of Singapore, China, Vietnam and India.

Our land banks in Singapore are primarily in the mass-market segment, with land cost of less than S\$270 per square feet. Overseas, the land costs are also reasonably low. Moving forward, we will actively monitor the market conditions and selectively launch projects. With lower construction cost projected in the coming months, we are confident that these projects, when launched, will continue to deliver healthy margins.

For future growth over the medium term, our business development efforts will be channelled towards key growth markets in emerging Asia such as China, India and Vietnam.



Alexandra Point (Singapore)

of a lowly geared capital structure, FCT is well positioned to continue generating strong and sustainable income in the coming year.

FCOT's diversified portfolio of office properties located in Singapore, Australia and Japan features a long weighted average lease expiry with many leases contracted to strong MNCs and government tenants. The primary objective of FCOT management over the coming year is to consolidate operations; focusing on active asset management, capital management and stabilisation of the more recent property acquisitions.

### Hospitality

Our Hospitality business has also demonstrated resilience in previous economic downturns. While we expect a global decline in business travel, we will benefit from companies who are looking to pull their expats from long-term leases to serviced apartments with extended-stay packages.

Moving forward, Frasers Hospitality will continue with its management fee-based approach, which is non-capital intensive. Economies of scale would be realised through increased footprint and from managing multiple properties within the same city. It targets to have about 8,500 apartments in its fold by 2010. Emerging economies like India, China and Vietnam will continue to provide support for demand for serviced residences and be our key growth markets. Key gateway cities in Europe and the Middle East are also target locations.



Trio, City Quarter (Australia)

### Commercial Property

Given the current uncertain global business climate, we expect demand for office space outside the CBD to remain healthy, since businesses in Singapore, especially MNCs, have adopted a more cautious attitude and are exploring lower-cost solutions. Our commercial investment properties in Singapore have a stable mix of high quality tenants, with less than 10% of our gross rental income coming from tenants in the banking, insurance and financial sectors. Despite the economic uncertainties, we expect to see some positive rental reversion as our properties are located on the fringe of CBD while our current locked-in rates are significantly lower than prevailing market rates.

FCT's portfolio of suburban malls provide highly defensive cashflows as the assets are strategically located close to major transportation nodes, serve large catchment populations, and house tenants which cater mainly to non-discretionary spending in goods and services. Coupled with the stability

