Soleil @ Sinaran, Singapore

The Centrepoint, Singapore

Capri by Fraser Changi City, Singapore

The Mark, Sydney, Australia

Alexandra Technopark, Singapore

Introductory Document dated 28 October 2013

This Document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.

FRASERS CENTREPOINT

# FRASERS CENTREPOINT LIMITED

(Incorporated in the Republic of Singapore on 14 December 1963)
(Company Registration No. 196300440G)

## INTRODUCTION OF FRASERS CENTREPOINT LIMITED TO THE MAIN BOARD OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

This Document is issued in connection with the listing and quotation of all the issued ordinary shares ("**Shares**") in the capital of Frasers Centrepoint Limited ("**FCL**" or the "**Company**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") by way of an introduction ("**Introduction**"). This Document provides information on our Company and the Shares in compliance with the listing requirements of the SGX-ST.

An application has been made to the SGX-ST for permission to list on the Main Board of the SGX-ST all the Shares in issue immediately prior to the date of the commencement of dealing in the Shares on the SGX-ST (the "**Listing Date**") and the Plan Shares (as defined herein). Such permission will be granted when our Company has been admitted to the Official List of the SGX-ST.

Our Company has received a letter of eligibility to list from the SGX-ST for the listing and quotation on the Main Board of the SGX-ST of all the Shares in issue immediately prior to the Listing Date and the Plan Shares. The Shares will be traded on the Main Board of the SGX-ST in Singapore dollars. Our Company's eligibility to list on the Main Board of the SGX-ST and our admission to the Official List of the SGX-ST are not to be taken as an indication of the merits of the Introduction, the Shares (including the Plan Shares), our Company or our Group (as defined herein). The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Document.

This Document is issued for information purposes only. There is no offering of any of the Shares in connection with the Introduction in Singapore or elsewhere and recipients of this Document and all prospective investors in the Shares should not take the Introduction or this Document to be an offer of, or an invitation to purchase, any Shares. This Document is not a prospectus under Singapore law and has not been lodged with or registered by the Monetary Authority of Singapore. No Shares shall be allotted or allocated on the basis of this Document.

*The contents of this Document have not been reviewed by any regulatory authority in Hong Kong.*

References in this Document to "herein" or "this document" shall be construed as being references to this Document.

**Sole Issue Manager**

DBS

**Joint Financial Advisers**

DBS UOB 大華銀行 Morgan Stanley

# A FULL-FLEDGED INTERNATIONAL REAL ESTATE COMPANY

Frasers Centrepoint Limited ("FCL") is a full-fledged international real estate company with multi-segment capabilities that allow us to participate in, and extract value from the entire real estate value chain.

Our residential developments provide visible income streams, while our retail, commercial and hospitality assets present a good base of stable and recurring income.

FRASERS CENTREPOINT

## Residential
*(Projects under development as at 30 June 2013)*

**Singapore**

Boathouse Residences
eCO
Eight Courtyards
Flamingo Valley
Palm Isles
Q Bay Residences

Seastrand
Twin Fountains EC

Twin Waterfalls EC

Waterfront Gold
Waterfront Isle
Watertown

**Australia**

One Central Park, *Sydney*

Park Lane, *Sydney*
Putney Hill, *Sydney*

The Mark, *Sydney*

QIII, *Perth*

Frasers Landing, *Mandurah*

**China**

Baitang One, *Suzhou*

## Commercial
*(Managed properties as at 30 June 2013)*

### RETAIL MALLS

**Singapore**

REIT (FCT) [(1)]
Anchorpoint
Bedok Point

Causeway Point


Northpoint
YewTee Point

Non-REIT
Changi City Point

Compass Point
Eastpoint Mall
Robertson Walk [(3)]
The Centrepoint [(3)]

Valley Point [(3)]
Waterway Point

**China**

Crosspoint, *Beijing* [(3)]

### OFFICE & BUSINESS SPACE

**Singapore**

REIT (FCOT) [(2)]
55 Market Street
Alexandra Technopark

China Square Central

Non-REIT
51 Cuppage Road [(3)]
Alexandra Point [(3)]
One@Changi City
Valley Point [(3)]

**Overseas**

REIT (FCOT) [(2)]
Caroline Chisholm Centre, *Canberra*, *Australia*

Central Park, *Perth*, *Australia*

Non-REIT
Chengdu Logistics Hub, *Chengdu*, *China*
Me Linh Point, *Ho Chi Minh City*, *Vietnam*

[(1)] FCT is 41.0% owned by FCL as at the Latest Practicable Date
[(2)] FCOT is 27.5% owned by FCL as at the Latest Practicable Date
[(3)] Wholly-owned by FCL

## Hospitality
*(Owned and managed properties as at 30 June 2013)*

**Singapore**

Fraser Place Singapore

Fraser Suites Singapore

Capri by Fraser Changi City [(4)]

**Overseas**

Fraser Place Melbourne, *Australia*
Fraser Suites Perth, *Australia* [(4)]

Fraser Suites Sydney, *Australia* [(4)]
Fraser Suites Beijing, *China*
Fraser Residence Sudirman, *Jakarta*, *Indonesia*
Fraser Place Manila, *Philippines*
Fraser Place Canary Wharf, *UK*

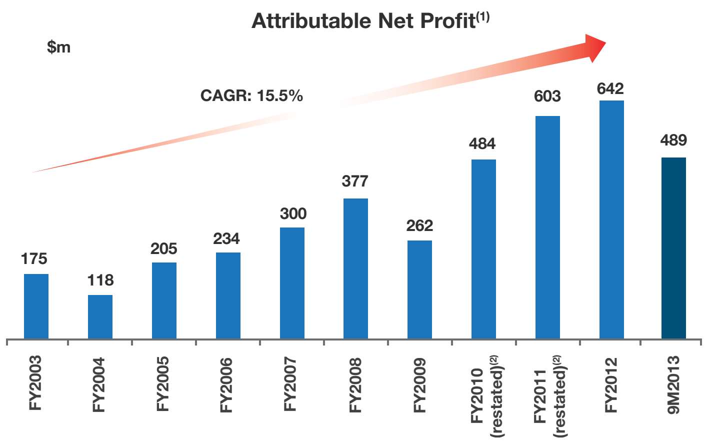
Fraser Suites Edinburgh, *UK*
Fraser Suites Glasgow, *UK*

Fraser Suites Kensington, *UK*
Fraser Suites Queens Gate, *UK*

[(4)] Properties held through joint ventures

# THE FCL STRATEGY

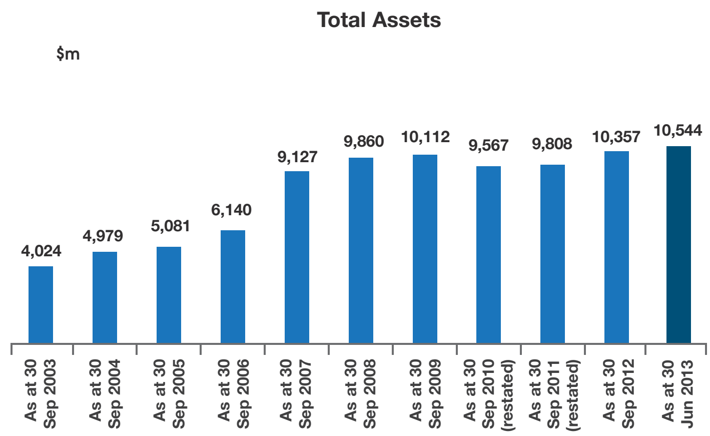
## Achieve sustainable earnings growth through significant development project pipeline, investment properties and fee income




(1) The Attributable Net Profit included changes in fair value of investment properties from FY2008 upon the adoption of FRS 40, Investment Property

(2) The Attributable Net Profit for FY2010 and FY2011 were restated upon the adoption of INT FRS 115 Agreements for the Construction of Real Estate, pursuant to which the Group applied the completion of construction method to account for executive condominium projects and residential development projects under the deferred payment scheme in Singapore, and overseas development projects

## Grow asset portfolio in a balanced manner across geographies and property segments to preserve stability of earnings




## Optimise capital productivity through REIT platforms and active asset management initiatives

Asset enhancement initiatives and asset recycling via FCT and FCOT

## Develop synergies with TCC Group

As at 30 June 2013, TCC Group owns 17 retail shopping centres, 7 commercial offices, 40 hotels with over 10,000 keys/rooms, as well as over 48,000 acres of land bank for development

St Thomas Suites, Singapore

China Square Central, Singapore

Fraser Place Canary Wharf, UK

Waterway Point, Singapore

# RESIDENTIAL

Among the top
**3**
residential developers in Singapore* with significant development projects in Australia and China

**~$3.3b**
pre-sales as of 30 June 2013 provide revenue visibility over the next 3 years

**10,800** (1)
residential units under development

**22.9m sqf** (2)
of land bank supports future growth

*In terms of new home sales in 2012. Source: The Straits Times news release dated 12 February 2013 and entitled "Far East sold most private homes this year". We, the Sole Issue Manager and the Joint Financial Advisers have not sought the consent of The Straits Times, nor has The Straits Times provided their consent to, and are accordingly not liable for the inclusion of the relevant information extracted from the information services provided by The Straits Times and disclaim any responsibility in relation to reliance on these statistics and information. While reasonable actions have been taken by us and the Sole Issue Manager to ensure that the relevant statements from the relevant information services provided by The Straits Times are reproduced in their proper form and context, and that the information is extracted accurately and fairly from such information services, we, the Sole Issue Manager and the Joint Financial Advisers have not conducted an independent review of the information contained in such information services and have not verified the accuracy of such information services

## Singapore

*Q Bay Residences, Singapore*

Under Development
**7,465 units** (1)

Land Bank
**0.75m sqf** (2)
**~746 units**

## China

*Baitang One, Suzhou, China*

Under Development
**1,061 units** (1)

Land Bank
**12.58m sqf** (2)
**~8,766 units**

## Australia

*The Mark, Sydney, Australia*

Under Development
**2,315 units** (1)

Land Bank
**3.95m sqf** (2)
**~3,285 units**

(1) Based on total units in the properties, including joint venture projects, as at 30 June 2013

(2) As at 30 June 2013. Estimated saleable area will be subject to relevant planning approvals

## Rest of the World

UK | New Zealand | Thailand | Malaysia

Land Bank
**5.65m sqf** (2)

*Twin Waterfalls EC, Singapore*

*The Pano, Bangkok, Thailand*

*Twin Fountains EC, Singapore*

# COMMERCIAL

One of the **LARGEST** Retail Mall Owners and/or Operators in Singapore

**2.5m sqf** of net lettable area across 13 Retail Malls

**>4m sqf** of net lettable area across 11 Offices and Business Space Properties

Able to leverage on our experience and capability as a multi-segment real estate developer to undertake large-scale and complex mixed-use projects

## Changi City, Singapore

Singapore's largest integrated business park development

## Central Park, Sydney

One of the largest urban land regeneration projects in Australia

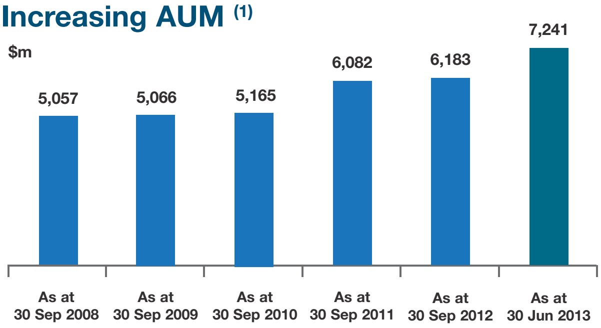
## 12* Retail Malls

### across multiple urban and suburban locations in Singapore

*FCL also owns Crosspoint, a shopping mall in Beijing, China


- FCT Malls
- Owned [(2)] and Managed Malls
- Managed and Third-Party owned Malls

## Increasing AUM [(1)]




[(1)] Assets Under Management, excluding hospitality assets

[(2)] Includes properties held through joint ventures

*Causeway Point, Singapore*

*Caroline Chisholm Centre, Canberra, Australia*

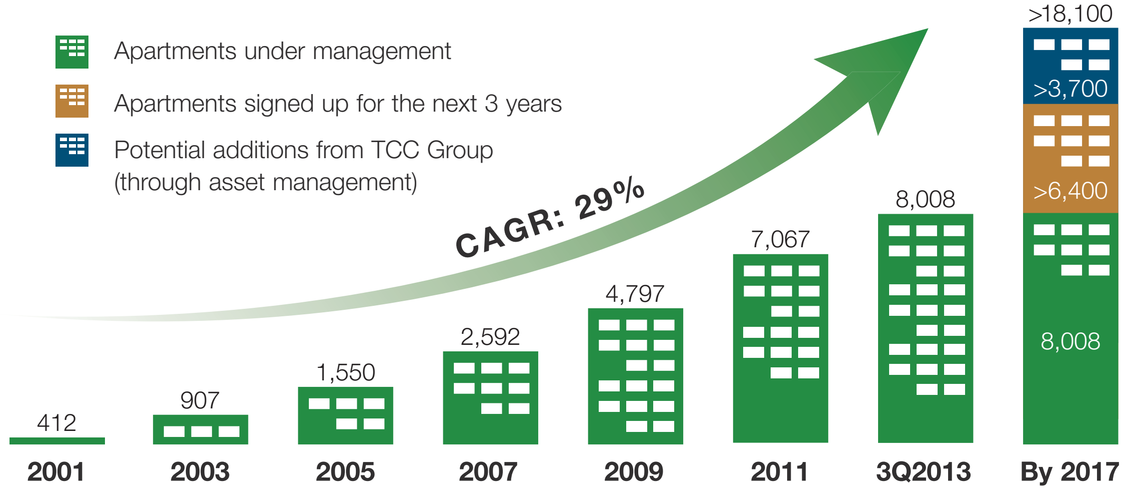
*Northpoint, Singapore*

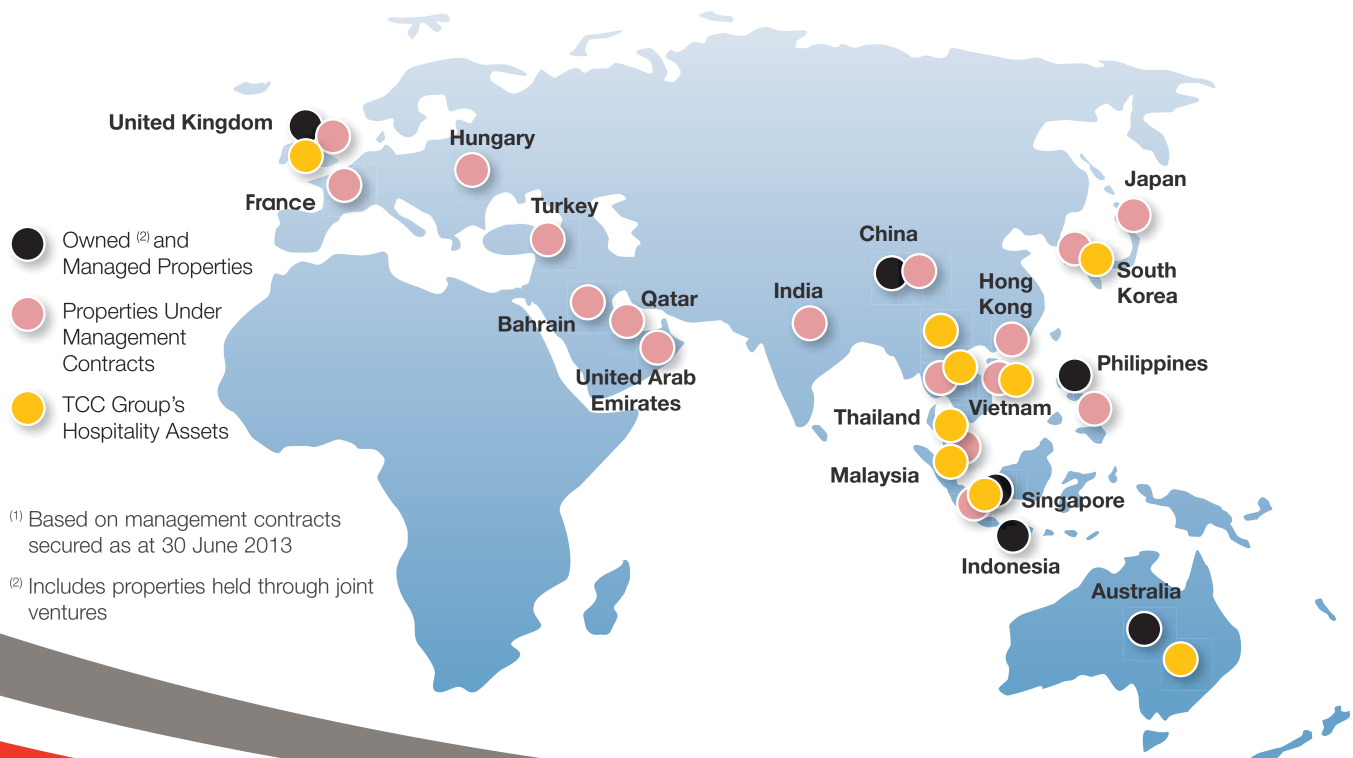
# HOSPITALITY

**>8,000** apartments in **49** serviced residences in **>30** cities

**>6,400** apartments to be added to Frasers Hospitality's portfolio of serviced residences over the next three years [(1)]

**Our international footprint cannot be easily replicated**

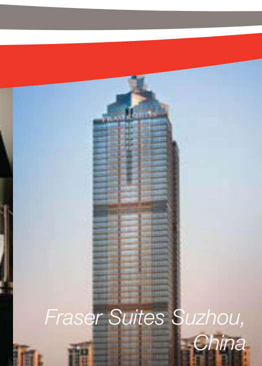



[(1)] Based on management contracts secured as at 30 June 2013

[(2)] Includes properties held through joint ventures

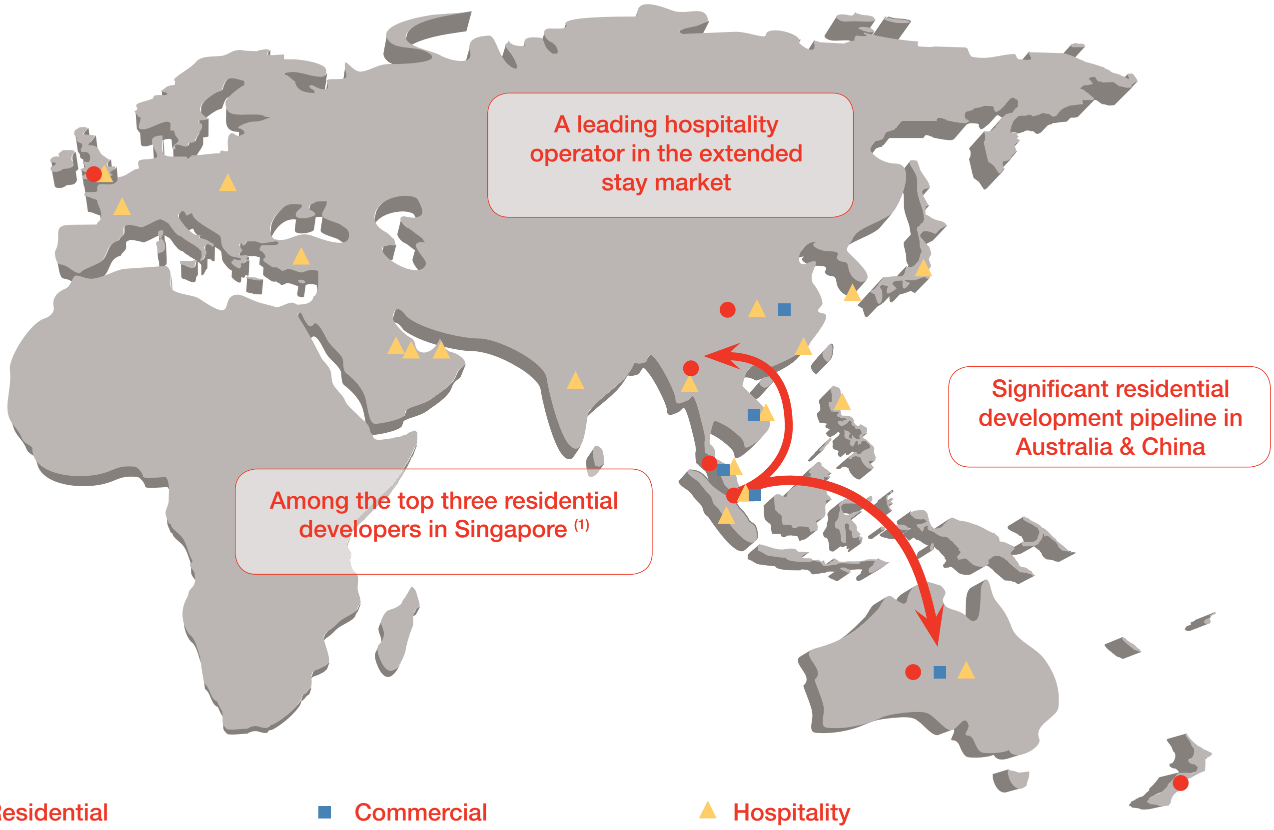
*Fraser Suites Perth, Australia*



*Fraser Suites Suzhou, China*


*Fraser Place Anthill, Istanbul, Turkey*

# GLOBAL FOOTPRINT




| Residential | Commercial | Hospitality | |
|---|---|---|---|
| Australia | Australia | Australia | Philippines |
| China | China | Bahrain | Qatar |
| Malaysia | Malaysia (2) | China | Singapore |
| New Zealand | Singapore | France | South Korea |
| Singapore | Vietnam | Hong Kong | Thailand |
| Thailand | | Hungary | Turkey |
| United Kingdom | | India | United Arab Emirates |
| | | Indonesia | United Kingdom |
| | | Japan | Vietnam |
| | | Malaysia | |

(1) In terms of new home sales in 2012. Source: The Straits Times news release dated 12 February 2013 and entitled "Far East sold most private homes this year". We, the Sole Issue Manager and the Joint Financial Advisers have not sought the consent of The Straits Times, nor has The Straits Times provided their consent to, and are accordingly not liable for the inclusion of the relevant information extracted from the information services provided by The Straits Times and disclaim any responsibility in relation to reliance on these statistics and information. While reasonable actions have been taken by us and the Sole Issue Manager to ensure that the relevant statements from the relevant information services provided by The Straits Times are reproduced in their proper form and context, and that the information is extracted accurately and fairly from such information services, we, the Sole Issue Manager and the Joint Financial Advisers have not conducted an independent review of the information contained in such information services and have not verified the accuracy of such information services

(2) FCT holds 31.17% of the units in Hektar REIT, a retail-focused REIT in Malaysia, as at the Latest Practicable Date


*Fraser Suites Glasgow, Scotland, UK*


*Putney Hill, Sydney, Australia*


*Fraser Suites, Doha, Qatar*

Baitang One, Suzhou, China

Q Bay Residences, Singapore

One Central Park, Sydney, Australia

Fraser Suites Suzhou, China

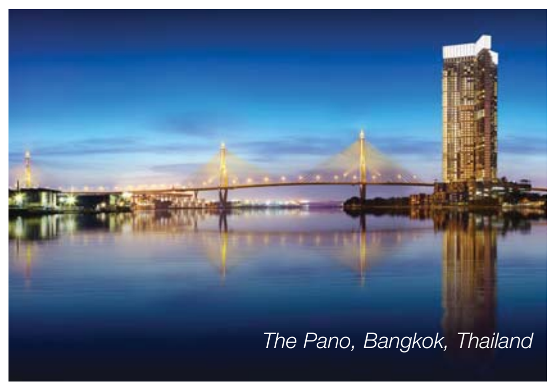
Central Park, Perth, Australia

Capri by Fraser Changi City, Singapore

Alexandra Technopark, Singapore

Bedok Point, Singapore

Soleil @ Sinaran, Singapore



The Pano, Bangkok, Thailand

Capri by Fraser Changi City, Singapore

Fraser Suites River Valley, Singapore

Northpoint, Singapore

QIII, Perth, Australia

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This Document contains conversions of USD, RMB, AUD, GBP, PHP and IDR amounts into SGD solely for the convenience of the reader. Unless otherwise indicated, USD, RMB, AUD, GBP, PHP and IDR amounts in this Document have been translated into SGD based on the exchange rates of SGD1.00 = USD0.8040, SGD1.00 = RMB4.914, SGD1.00 = AUD0.8474, SGD1.00 = GBP0.5030, SGD1.00 = PHP34.6377 and SGD1.00 = IDR8787.97, quoted by Bloomberg L.P. as at the Latest Practicable Date. However, these translations should not be construed as representations that USD, RMB, AUD, GBP, PHP and IDR amounts have been, would have been or could be converted into SGD or that SGD amounts have been, would have been or could be converted into USD, RMB, AUD, GBP, PHP and IDR amounts at those rates or any other rates or at all. We have included the exchange rates quoted above in their proper form and context in this Document. We, the Sole Issue Manager and the Joint Financial Advisers have not sought the consent of Bloomberg L.P., nor has Bloomberg L.P. provided their consent to, and are accordingly not liable for the inclusion of the exchange rates extracted from the information services provided by Bloomberg L.P. and disclaim any responsibility in relation to reliance on these exchange rates. While reasonable actions have been taken by us and the Sole Issue Manager to ensure that the relevant exchange rates from the relevant information services provided by Bloomberg L.P. are reproduced in their proper form and context, and that the information is extracted accurately and fairly from such information services, we, the Sole Issue Manager and the Joint Financial Advisers have not conducted an independent review of the exchange rates contained in such information services and have not verified the accuracy of such information services.

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**DBS Bank Ltd.**
12 Marina Boulevard
Marina Bay Financial Centre Tower 3
Singapore 018982

For the purposes of trading on the Main Board of the SGX-ST, each board lot of Shares will comprise 1,000 Shares. An application has been made and the approval of the SGX-ST obtained for the establishment of a temporary counter for the trading of Shares in board lots of 100 Shares for a period of one calendar month from the Listing Date ("**Concession Period**") for the convenience of Shareholders. After the Concession Period, Shareholders who hold odd lots of Shares can continue to trade in odd lots on the Unit Share Market of the SGX-ST which allows trading of securities in single units.

**NOTICE TO CPFIS INVESTORS**

No further action is required by investors who have subscribed for or purchased ordinary shares in the share capital of F&N using CPF Funds ("**CPFIS Investors**") in order to receive the Shares. In the case of F&N Shareholders (as defined below) who have purchased F&N Shares (as defined below) using their CPF account savings under the CPF Investment Scheme – Ordinary Account ("**CPF Funds**"), entitlements to the Shares will be determined based on the number of F&N Shares standing to the credit of their respective investment accounts with the CPFIS Agent Banks as at the books closure date to be determined by the board of F&N (the "**Books Closure Date**"). Following the Books Closure Date to be determined by the board of F&N, CDP will credit their CPFIS Agent Banks securities accounts with the relevant number of Shares. The respective CPFIS Agent Banks will notify the relevant F&N Shareholders of the credit and such F&N Shareholders are advised to consult their CPFIS Agent Banks as to the crediting status of their Shares in their respective securities accounts, as CDP will not be sending any notifications to such Shareholders.

If the Distribution is approved by F&N Shareholders, CPFIS Investors may, subject to applicable CPF rules and regulations, use their CPF Funds to purchase Shares traded on the Main Board of the SGX-ST.

**AUSTRALIAN FOREIGN INVESTMENT APPROVALS**

The acquisition of Shares following the Distribution may from time to time be subject to the requirement to obtain Australian foreign investment approvals under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**"FATA"**) or otherwise be subject to the FATA. Below is a general summary of the position under the FATA. Separate approval requirements apply to foreign government investors (being investors which are controlled or more than 15.0% owned by a non-Australian government) under Australia's foreign investment policy and these additional requirements are not covered below.

***(a) Acquisitions of shares in an Australian urban land corporation – mandatory approval requirement***

Under the FATA, the acquisition by any 'foreign person' (in general terms being a non-Australian person) of any number of shares in an 'Australian urban land corporation' requires prior approval from the Australian Treasurer. Our Company will be considered an 'Australian urban land corporation' if more than half of its total assets is in the form of interests in Australian urban land (based on our Company's last audited consolidated balance sheet).

Based on our Company's latest consolidated balance sheet, as at the date of this Document our Company does not consider itself to currently be an Australian urban land corporation.

If in the future our Company were to be considered an Australian urban land corporation then, unless an exemption applies, any foreign person can only acquire Shares in our Company with the prior approval of the Australian Treasurer. The Treasurer can block a proposed acquisition that he or she considers to be contrary to the Australian national interest. Our Company recommends that individual investors seek their own advice on this matter.

***(b) Acquisitions of shares in our Company having Australian subsidiaries, or substantial interests in Australian companies, with substantial assets – mandatory approval requirement***

Under the FATA, the acquisition by any foreign person of Shares in our Company such that following the acquisition they would hold 15.0% or more of the Shares in our Company (including any acquisition that results in an increase in a shareholding interest that is already above 15.0%) requires prior approval from the Australian Treasurer if any of our Company's Australian subsidiaries or any Australian company in which our Company has a 15.0% or greater shareholding interest has gross assets in excess of a specified threshold. As at the date of this Document, the threshold is AUD248 million.

Based on the latest balance sheets of the relevant entities, as at the date of this Document, certain of our Company's Australian subsidiaries have gross assets in excess of AUD248 million.

Approval from the Australian Treasurer is not required in respect of acquisition of Shares pursuant to the Distribution. However, our Company recommends that individual investors seek their own advice if they wish to acquire Shares post-Distribution. In circumstances where the Treasurer's approval is required for a proposed acquisition, the Treasurer can block the proposed acquisition if he or she considers it to be contrary to the Australian national interest.

***(c) Other acquisitions of shares in our Company – voluntary notification and approval regime***

There are circumstances in which a foreign person is not required to seek FATA approval before acquiring Shares, but where the Australian Treasurer has a discretion to unwind the share acquisition on national interest grounds. Our Company recommends that individual Shareholders and investors of our Company seek their own advice on this matter, including whether to seek approval from the Australian Treasurer under the voluntary notification and approval regime in the FATA prior to acquiring any Shares.

## NEW ZEALAND OVERSEAS INVESTMENT REGIME

New Zealand has overseas investment controls which require that overseas investors seek approval before acquiring directly or indirectly certain assets in New Zealand. The principal restrictions which regulate an overseas person acquiring significant business assets or sensitive land in New Zealand are contained in the Overseas Investment Act 2005 (the "**OIA**") and the Overseas Investment Regulations 2005 (the "**OIO Regulations**"). The New Zealand Overseas Investment Office (the "**OIO**") is responsible for administering and, in certain circumstances, approving applications by overseas persons acquiring directly or indirectly certain assets in New Zealand including, in particular, sensitive land.

We indirectly own shares in a New Zealand company which holds land in New Zealand that is classified as sensitive land under the OIA. As such, our investors may be deemed as making an overseas investment in sensitive land if such investor, being an overseas person, acquires rights or interests in our Shares and, as a result of the acquisition, (i) the overseas person or its associate (either alone or together with its associates) has a 25.0% or more ownership or controlling interest in our Company; or (ii) the overseas person or its associate (either alone or together with its associates) has an increase in an existing 25.0% or more ownership or controlling interest in our Company. Such overseas investments in sensitive land requires approval by the OIO and, where consent is required, it must be obtained before a transaction is implemented.

In general terms, an "overseas person" is a person who is not a New Zealand citizen nor ordinarily resident in New Zealand, or is a company that is incorporated outside of New Zealand where that company is 25.0% (or more) owned or controlled by an overseas person or persons.

The Distribution is subject to approval being given by the OIO in relation to the overseas investment (as a result of the Distribution) in certain land held by our Company in New Zealand that is classified as sensitive land under the OIA.

We recommend that individual Shareholders and investors of our Company seek their own legal or other professional advice on whether OIO approval is required for their acquisition or ownership of Shares in our Company and as to their compliance with the OIA and the OIO Regulations.

# DISTRIBUTION AND SELLING RESTRICTIONS

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No action has been or will be taken in any jurisdiction that would permit a public offering of the Shares or the possession, circulation or distribution of this Document or any other offering or publicity material relating to our Company, the Group or the Shares in any country or jurisdiction (other than Singapore, where action for the purpose is required). Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Document nor any other offering material, circular, form of application or advertisement in connection with the Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

# CORPORATE INFORMATION

| | | |
|---|---|---|
| **BOARD OF DIRECTORS** | : | Charoen Sirivadhanabhakdi (*Non-Executive and Non-Independent Chairman*)<br>Khunying Wanna Sirivadhanabhakdi (*Non-Executive and Non-Independent Vice Chairman*)<br>Charles Mak Ming Ying (*Non-Executive and Independent Director*)<br>Chan Heng Wing *(Non-Executive and Independent Director)*<br>Philip Eng Heng Nee (*Non-Executive and Independent Director*)<br>Weerawong Chittmittrapap (*Non-Executive and Independent Director*)<br>Siripen Sitasuwan (*Non-Executive and Independent Director*)<br>Chotiphat Bijananda (*Non-Executive and Non-Independent Director*)<br>Panote Sirivadhanabhakdi (*Non-Executive and Non-Independent Director*)<br>Sithichai Chaikriangkrai (*Non-Executive and Non-Independent Director*) |
| **COMPANY REGISTRATION NUMBER** | : | 196300440G |
| **COMPANY SECRETARY** | : | Anthony Cheong Fook Seng (ACA, CPA Singapore) |
| **REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS** | : | 438 Alexandra Road<br>#21-00 Alexandra Point<br>Singapore 119958 |
| **SHARE REGISTRAR** | : | Tricor Barbinder Share Registration Services<br>80 Robinson Road, #02-00<br>Singapore 068898 |
| **SOLE ISSUE MANAGER** | : | DBS Bank Ltd.<br>12 Marina Boulevard, Level 46<br>Marina Bay Financial Centre Tower 3<br>Singapore 018982 |
| **JOINT FINANCIAL ADVISERS** | : | DBS Bank Ltd.<br>12 Marina Boulevard, Level 46<br>Marina Bay Financial Centre Tower 3<br>Singapore 018982<br><br>United Overseas Bank Limited<br>80 Raffles Place<br>UOB Plaza<br>Singapore 048624<br><br>Morgan Stanley Asia (Singapore) Pte.<br>#16-01 Capital Square<br>23 Church Street<br>Singapore 049481 |

| | | |
|---|---|---|
| **INDEPENDENT AUDITOR** | : | Ernst & Young LLP<br>Public Accountants and Chartered Accountants<br>One Raffles Quay<br>North Tower, Level 18<br>Singapore 048583<br><br>Partner-in-charge: Nagaraj Sivaram<br>(a member of the Institute of Singapore Chartered Accountants) |
| **LEGAL ADVISER TO THE INTRODUCTION AND OUR COMPANY** | : | Allen & Gledhill LLP<br>One Marina Boulevard #28-00<br>Singapore 018989 |
| **INDEPENDENT FINANCIAL ADVISER** | : | PricewaterhouseCoopers Corporate Finance Pte Ltd<br>8 Cross Street #17-00<br>PWC Building<br>Singapore 048424 |
| **PRINCIPAL BANKERS** | : | DBS Bank Ltd.<br>12 Marina Boulevard, Level 46<br>Marina Bay Financial Centre Tower 3<br>Singapore 018982<br><br>Overseas-Chinese Banking Corporation Limited<br>65 Chulia Street<br>Level 10<br>OCBC Centre<br>Singapore 049513<br><br>United Overseas Bank Limited<br>80 Raffles Place<br>UOB Plaza<br>Singapore 048624<br><br>Standard Chartered Bank<br>Marina Bay Financial Centre<br>Level 24<br>Tower 1<br>8 Marina Boulevard<br>Singapore 018981<br><br>Sumitomo Mitsui Banking Corporation<br>Singapore Branch<br>3 Temasek Avenue #06-01<br>Centennial Tower<br>Singapore 039190<br><br>Bank of Tokyo-Mitsubishi UFJ<br>Singapore Branch<br>9 Raffles Place #01-01<br>Republic Plaza<br>Singapore 048619 |

**INDEPENDENT VALUERS** : Asian Appraisal Company, Inc.
23/F Chatham House
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CBRE Valuations Pty Limited
Level 2, 216 St George's Terrace
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CBRE Valuations Pty Limited
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CBRE Valuations Pty Limited
Level 21, 363 George Street
Sydney NSW 2000, Australia

CKS Property Consultants Pte Ltd
250 North Bridge Road #09-02
Raffles City Tower
Singapore 179101

Colliers International Consultancy and Valuation Pty Limited
Level 5 Airport Central Tower
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Ho Chi Minh City, Vietnam

DTZ Debenham Tie Leung International Property Advisers
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KJPP Rengganis, Hamid & Rekan
Menara Kuningan 8th Floor
JI HR Rasuna Said Blok X-7 Kav 5
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Knight Frank Pte Ltd
16 Raffles Quay, #30-01
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Singapore 048581

Savills Valuation and Professional Services Limited
23/F Two Exchange Square
Central, Hong Kong

Savills Advisory Services Limited
33 Margaret Street
London W1G 0JD

# DEFINITIONS

The following definitions when used in this Document shall bear the same meanings as set forth below unless otherwise defined herein or the content otherwise requires:

| | | |
|---|---|---|
| *"9M"* | : | Nine month period ended 30 June |
| *"Articles of Association" or "Articles"* | : | Articles of Association of our Company |
| *"Audit Committee"* | : | The audit committee of our Company as at the date of this Document, unless otherwise stated |
| *"AUD"* | : | Australian Dollars, the lawful currency of Australia |
| *"Australia"* | : | Commonwealth of Australia |
| *"Award"* | : | A contingent award of Shares granted under the FCL Restricted Share Plan and/or the FCL Performance Share Plan |
| *"Board" or "Board of Directors"* | : | The board of Directors of our Company as at the date of this Document, unless otherwise stated |
| *"CAGR"* | : | Compound Annual Growth Rate |
| *"China"* | : | People's Republic of China |
| *"China Legal Representative"* | : | A person appointed as a legal representative (法定代表人) of a company incorporated in China, as required under the laws and regulations of China |
| *"Code"* | : | The Code of Corporate Governance 2012 |
| *"Committee"* | : | A committee comprising Directors duly authorised and appointed by the Board of Directors to administer the Share Plans |
| *"Companies Act" or "Act"* | : | The Companies Act, Chapter 50 of Singapore |
| *"Company" or "FCL"* | : | Frasers Centrepoint Limited |
| *"CPF"* | : | Central Provident Fund of Singapore |
| *"Directors"* | : | The directors of our Company as at the date of this Document, unless otherwise stated |
| *"Distribution"* | : | The dividend *in specie* of up to 2,892,432,490 Shares to F&N Shareholders by F&N |
| *"Document"* | : | This document dated 28 October 2013 issued by our Company in respect of the Introduction |
| *"EPS"* | : | Earnings per Share |
| *"Executive Committee"* | : | The executive committee of our Company as at the date of this Document, unless otherwise stated |
| *"Executive Directors"* | : | The executive Directors of our Company as at the date of this Document, unless otherwise stated |
| *"Executive Officers"* | : | The key executive officers of our Group as at the date of this Document, unless otherwise stated |

| | | |
|---|---|---|
| *"F&N"* | : | Fraser and Neave, Limited |
| *"F&N Group"* | : | The group of companies comprising Fraser and Neave, Limited, its subsidiaries and its associated companies (excluding our Group) |
| *"F&N Shareholders"* | : | Shareholders of F&N |
| *"F&N Shares"* | : | Ordinary shares in the capital of F&N |
| *"FCOT"* | : | Frasers Commercial Trust |
| *"FCT"* | : | Frasers Centrepoint Trust |
| *"Fraser & Neave (Singapore)"* | : | Fraser & Neave (Singapore) Pte. Limited. |
| *"FY"* | : | Financial year ended or, as the case may be, ending 30 September |
| *"GBP"* | : | Pound Sterling, the lawful currency of the United Kingdom |
| *"Group Employees"* | : | Any employee of our Group |
| *"HKD"* | : | Hong Kong Dollars, the lawful currency of Hong Kong |
| *"Hong Kong"* | : | Hong Kong Special Administrative Region of the People's Republic of China |
| *"Independent Directors"* | : | The independent Directors of our Company as at the date of this Document, unless otherwise stated |
| *"Independent Financial Adviser"* | : | PricewaterhouseCoopers Corporate Finance Pte Ltd, the independent financial adviser to the Independent Directors |
| *"Introduction"* | : | The listing of the Shares on the SGX-ST by way of introduction without any offer being made of the Shares for subscription or sale |
| *"IDR"* | : | Rupiah, the lawful currency of the Republic of Indonesia |
| *"IT"* | : | Information Technology |
| *"Latest Practicable Date"* | : | 14 October 2013, being the latest practicable date for the purposes of the issue of this Document |
| *"Listing Date"* | : | The date on which our Shares commence trading on the SGX-ST |
| *"Listing"* | : | The listing of the Shares on the Main Board of the SGX-ST |
| *"Listing Manual"* | : | The Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time |
| *"Market Day"* | : | A day on which the SGX-ST is open for trading in securities |
| *"MAS"* | : | The Monetary Authority of Singapore |
| *"MTN Programme"* | : | Multicurrency Medium Term Note Programme |
| *"Nominating Committee"* | : | The nominating committee of our Company as at the date of this Document, unless otherwise stated |
| *"NTA"* | : | Net tangible asset |

| | | |
|---|---|---|
| *"PHP"* | : | Philippine peso, the lawful currency of the Philippines |
| *"PBIT"* | : | Profit before interest and tax |
| *"Plan Shares"* | : | The new Shares to be allotted and issued pursuant to the grant of Awards |
| *"POC"* | : | Percentage of completion |
| *"psf"* | : | Per square feet |
| *"psf/mth"* | : | Per square feet per month |
| *"REIT"* | : | Real estate investment trust |
| *"RMB"* | : | Renminbi, the lawful currency of the People's Republic of China |
| *"Remuneration Committee"* | : | The remuneration committee of our Company as at the date of this Document, unless otherwise stated |
| *"Risk Management Committee"* | : | The risk management committee of our Company as at the date of this Document, unless otherwise stated |
| *"SGX-ST"* | : | Singapore Exchange Securities Trading Limited |
| *"Share Plans"* | : | The FCL Restricted Share Plan and the FCL Performance Share Plan, both approved on 25 October 2013 |
| *"Share Registrar"* | : | Tricor Barbinder Share Registration Services |
| *"Securities Account"* | : | The securities account maintained by a Depositor with CDP but does not include a securities sub-account |
| *"Securities and Futures Act" or "SFA"* | : | The Securities and Futures Act, Chapter 289 of Singapore |
| *"SFR"* | : | The Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore |
| *"SGXNET"* | : | Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST |
| *"Shareholders"* | : | Registered holders of Shares, except where the registered holder is CDP, the term "Shareholders" of our Company shall, in relation to such Shares, mean the Depositors whose Securities Accounts are credited with Shares |
| *"sqf"* | : | Square feet |
| *"sqm"* | : | Square metres |
| *"Shares"* | : | Ordinary shares in the capital of our Company |
| *"$" or "SGD" and "cents"* | : | Singapore dollars and cents respectively, the lawful currency of Singapore |
| "*TCC Group*" | : | The companies and entities comprised in the Thai Charoen Corporation Group which are controlled by Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi |
| *"Thailand"* | : | Kingdom of Thailand |

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|---|---|---|
| *"THB"* | : | Thai Baht, the lawful currency of Thailand |
| *"United States" or "US"* | : | United States of America |
| *"United Kingdom"* | : | United Kingdom of Great Britain and Northern Ireland |
| "*Univentures Group*" | : | Univentures Public Company Limited and its subsidiaries |
| *"USD"* | : | United States Dollars, the lawful currency of the United States of America |
| *"URA"* | : | Urban Redevelopment Authority |
| *"Philippines"* | : | Republic of the Philippines |
| *"%" or "per cent"* | : | Per centum |

The expressions "depositor", "depository agent" and "depository register" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

The expressions "associate", "associated company", "associated entity", "controlling interest-holder", "related corporation", "related entity", "subsidiary", "subsidiary entity", "substantial shareholder" and "substantial interest-holder" shall have the meanings ascribed to them in the Fourth Schedule of the SFR, save that in the sections "Interested Person Transactions and Conflicts of Interests" and "Directors, Management and Staff", such terms, if used, shall have the meanings ascribed to them in the Listing Manual and/or the SFR as the context so requires.

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

Any reference in this Document to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted. Any word defined under the Companies Act, the SFA or any statutory modification thereof and used in this Document shall, where applicable, have the meaning assigned to it under the Companies Act, the SFA or any statutory modification thereof, as the case may be.

Any reference to a time and date in this Document shall be a reference to Singapore time and date unless otherwise stated.

Any reference to "we", "us", "our" and "our Group" or other grammatical variations thereof, unless the context otherwise requires, in this Document is a reference to Frasers Centrepoint Limited and its subsidiaries taken as a whole.

In this Document, unless otherwise stated, references to our properties, portfolio or projects or our ownership of, interests or investments in properties, portfolio or projects refer to properties or projects in which we directly or indirectly have an ownership interest, including through our investments in REITs or joint ventures, in which we may have a minority interest and which we may not control, and properties, portfolio or projects we manage but do not have an ownership interest.

Certain Chinese names and characters, such as those of China entities, properties, cities, governmental and regulatory departments, laws and regulations and notices, have been translated into English or from English names and characters, solely for your convenience, and such translations should not be construed as representations that the English names actually represent the Chinese names and characters or (as the case may be) that the Chinese names actually represent the English names and characters.

Any discrepancies in the tables included herein between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

## VALUATIONS, PROPERTY VALUES AND GROSS FLOOR AREA

We have included in this Document the valuations of our interests in certain properties. These valuations reflect the market value of the properties at the date of valuation, being generally the estimated amount at which an asset would be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. The methodologies used by each of the independent valuers (the "**Independent Valuers**") of our property interests may differ, and are based on assumptions by the Independent Valuers of facts particular to that property. These valuation reports generally provide that the Independent Valuers have relied on information provided by the entity owning the relevant property (which may not be our subsidiary or an entity over which we have control), and that they do not take responsibility for the accuracy of the information. The methodologies, assumptions and facts relied on by each Independent Valuer and the Independent Valuer's disclaimers are contained in the Independent Valuer's valuation reports and/or valuation certificates which are available for inspection at our office. See the section "General and Statutory Information — Documents Available for Inspection".

We cannot assure you that these valuations and property values reflect accurately the value of our property interests and that our property interests will be realised at such values. See the section "Risk Factors — Risks relating to our Group's Business — Declines in property values may lead to downward revaluations of the properties in which we hold interests".

We have included in this Document the gross floor area ("**GFA**") of our property interests. Such GFA is generally determined by reference to the built-up area of the property, excluding, *inter alia*, car park space. For properties under development, the GFA is based on our estimation by reference to, among other things, construction plans, which may change. The GFA of our properties under development, in certain cases, is subject to final verification by survey and regulatory approval. For more information about the GFA of properties held by our subsidiaries, subsidiary entities and jointly-held entities, see the section "Appendix G — Summary of the Valuation Reports Issued by the Independent Valuers".

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Document contains forward-looking statements, which are statements that are not historical facts, including statements about our beliefs and expectations. Forward-looking statements generally can be identified by the use of forward-looking terminology, such as "may", "will", "could", "expect", "anticipate", "intend", "plan", "believe", "seek", "estimate", "project" and similar terms and phrases. These statements include, among others, statements regarding our business strategy, future financial position and results, plans and objectives for future operations, our share of new and existing markets, general industry and economic trends, our performance relative thereto and our expectations as to requirements for capital expenditures and regulatory matters. Forward-looking statements are, by their nature, subject to substantial risks and uncertainties, and investors should not unduly rely on such statements.

Forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. These statements are based on our beliefs and assumptions, which in turn are based on currently available information. Our principal activities are property development, and investment and management of commercial property, serviced residences and property trusts and our outlook is predominantly based on our interpretation of what we consider to be the key economic factors affecting our business and the economies and markets in these countries. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors, many of which are beyond our control, including, in no particular order of priority:

- the property market in Singapore and the countries in which our Group operates;
- interest rates in the countries where we operate;
- costs associated with environmental, health and safety and security measures;
- terrorist attacks;
- actions of other governments and their respective regulatory agencies including a loss or downgrade of our Group's licences;
- fluctuations in currency exchange rates and interest rates, in particular between the Singapore dollar and each of the AUD, RMB, GBP and the USD;
- the outcome of legal and regulatory proceedings in which we may become involved;
- the general economic environment in Singapore and the other countries in which our businesses are located;
- occurrences of catastrophic events, natural disasters and acts of God that affect our business or property; and
- other factors beyond our control.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed under the sections "Risk Factors", "Management's Discussion and Analysis of Financial Position and Results of Operations", "Dividend Policy", "Business" and "Prospects, Business Strategies and Future Plans", and all of our forward-looking statements made herein and elsewhere are qualified in their entirety by these factors. These forward-looking statements and this information speak only as at the date of this Document. We do not intend to update forward-looking statements made herein to reflect actual results or changes in assumptions or other factors that could affect those statements, subject to compliance with all applicable laws, including the Securities and Futures Act, and/or rules of the SGX-ST. Although we believe that the assumptions upon which the forward-looking statements are based are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

# SUMMARY

*The following section summarises material information that appears later in this Document and is qualified in its entirety by, and is subject to, the more detailed information contained or referred to elsewhere in this Document. This summary may not contain all of the information that may be important to you. You should read this entire document, including our consolidated financial statements and related notes and the section "Risk Factors", before making an investment decision in our Shares. The meanings of terms not defined in this summary can be found elsewhere in this Document.*

**Overview of our Group**

We are headquartered in Singapore and our principal activities are property development, investment and management of commercial property, serviced residences and property trusts. Our Group's property portfolio comprises properties located in Singapore and overseas, ranging from residential and commercial developments to shopping malls, serviced residences and office and business space properties, as represented by the following four lead brands/divisions - Frasers Centrepoint Homes (for Singapore residential development properties), Frasers Property (for overseas development properties), Frasers Centrepoint Commercial (for shopping malls, office and business space properties) and Frasers Hospitality (for serviced residences).

Frasers Centrepoint Homes focuses on residential property development in Singapore. As at 30 June 2013, we had built over 11,000 homes in Singapore, with more than 7,000 homes under development (including properties under our joint venture projects).

Frasers Property is the international arm of our Group which develops residential and mixed-use property projects outside of Singapore, including in China, Australia, New Zealand, Thailand, and the United Kingdom. China and Australia are the two key overseas property markets for development properties for our Group.

Frasers Centrepoint Commercial manages our shopping malls in Singapore under the Frasers Centrepoint Malls brand. As at 30 June 2013, we manage five shopping malls in Singapore held by FCT, an entity which is listed on the SGX-ST with a market capitalisation of $1,529 million as at the Latest Practicable Date. In addition, we also have interests in and/or manage seven other shopping malls in Singapore and one shopping mall in China and currently have an interest in one shopping mall under development in Australia.

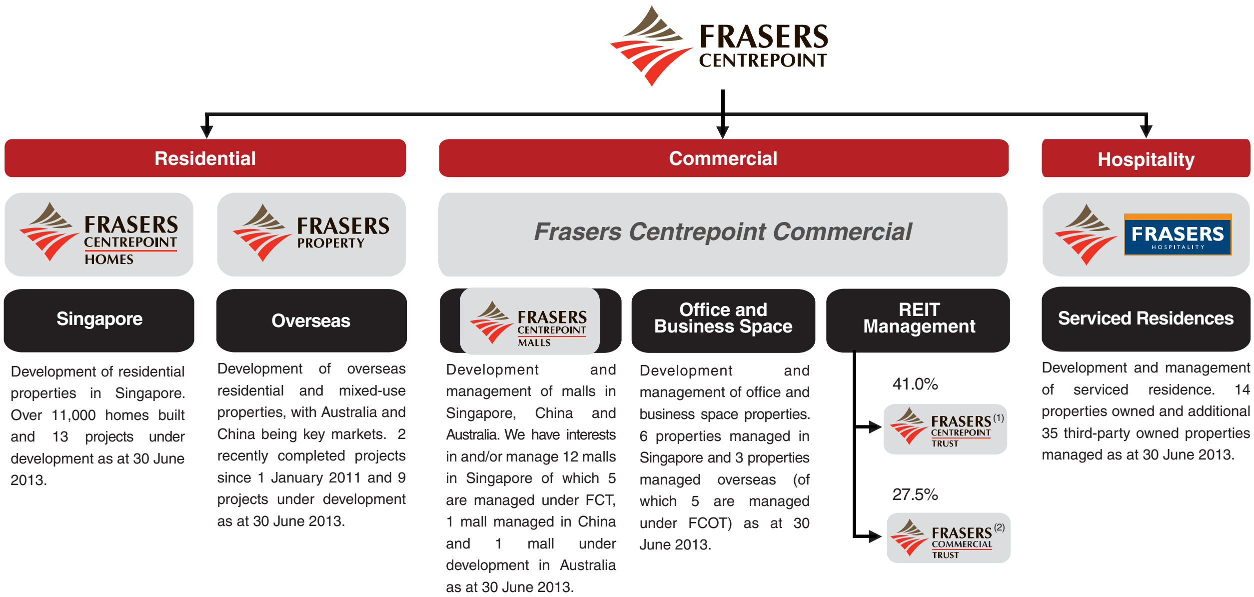
Frasers Centrepoint Commercial also manages office and business space properties. As at 30 June 2013, we manage five commercial and office properties in Singapore and Australia held by FCOT, an entity which is listed on the SGX-ST with a market capitalisation of $822 million as at the Latest Practicable Date. In addition, our Group also has interests in six office and business space properties located in Singapore, China and Vietnam. As at 30 June 2013, we have developed six commercial properties.

Frasers Hospitality has interests in and/or manages serviced residences under the branded lifestyle offerings of Fraser Suites, Fraser Place, Fraser Residence, Modena by Fraser and Capri by Fraser, offering, as at 30 June 2013, more than 8,000 apartments in over 30 cities. Based on management contracts secured as at 30 June 2013, more than 6,400 apartments will be added to Frasers Hospitality's portfolio of serviced residences over the next three years.

## The Group's Businesses

We conduct our operations and hold investments through our subsidiaries, joint venture companies and our two listed REITs, that is, FCT and FCOT.

Our property investment and development business comprises three businesses focussed on residential property, commercial property and hospitality, operating under four lead brands/divisions, namely, Frasers Centrepoint Homes (for Singapore residential development properties), Frasers Property (for overseas development properties), Frasers Centrepoint Commercial (for shopping malls, office and business space properties) and Frasers Hospitality (for serviced residences). The following chart shows a brief structure of our Group as at the date of this Document:




**Notes:**

(1) As at the Latest Practicable Date, we hold 41.0% unitholding interest in FCT and 100.0% shareholding interest in Frasers Centrepoint Asset Management Ltd, the REIT manager for FCT.

(2) As at the Latest Practicable Date, we hold 27.5% unitholding interest in FCOT and 100.0% shareholding interest in Frasers Centrepoint Asset Management (Commercial) Ltd, the REIT manager for FCOT.

## Competitive Strengths

### *We are a full-fledged international real estate company headquartered in Singapore*

We are a full-fledged international real estate company with three core businesses focused on residential property, commercial property (comprising office, business and retail space) and hospitality (comprising primarily extended-stay residences). In addition, we are a sponsor and manager of two REITs listed on the SGX-ST, FCT and FCOT, that are focused on retail properties and office and business space properties respectively. We have extensive experience and a long track record in property development (since 1980), property management (since 1983) and investment management (since 2006).

Our diversified portfolio includes residential projects in Singapore, Australia, China, New Zealand, Thailand and the United Kingdom, commercial assets comprising retail malls, offices and business space in Singapore, Malaysia, Vietnam, China and Australia, serviced residences in Asia, Europe, Australia and the Middle East, as well as equity interests in REITs listed in Singapore and Malaysia. Our capabilities enable us to participate in and extract value from the entire real estate value chain, encompassing asset origination, project development, leasing, operations and property management.

***We are among the three largest residential developers in Singapore in terms of new home sales, with significant developments overseas***

We are one of the top three residential developers in Singapore in terms of new home sales in 2012[1]. Our residential division in Singapore, Frasers Centrepoint Homes, started in 1993 and has since, as at 30 June 2013, built over 11,000 homes in over 40 projects, with more than 7,000 homes under development (including properties under our joint venture projects). In Singapore, our core strength is in the mid-tier and mass market segments which have proven to be relatively more resilient over recent economic cycles.

Through our international property division, Frasers Property, we have developed over 20 residential projects in Australia, China, New Zealand, Thailand and the United Kingdom. As of 30 June 2013, we have a significant development pipeline in China and Australia, comprising 8,100 homes in two residential projects in Shanghai and Suzhou in China, and 3,300 homes in five residential projects in Sydney and Perth in Australia.

**Note:**

(1) Source: The Straits Times news release dated 12 February 2013 and entitled "Far East sold most private homes this year". We, the Sole Issue Manager and the Joint Financial Advisers have not sought the consent of The Straits Times, nor has The Straits Times provided their consent to, and are accordingly not liable for the inclusion of the relevant information extracted from the information services provided by The Straits Times and disclaim any responsibility in relation to reliance on these statistics and information. While reasonable actions have been taken by us and the Sole Issue Manager to ensure that the relevant statements from the relevant information services provided by The Straits Times are reproduced in their proper form and context, and that the information is extracted accurately and fairly from such information services, we, the Sole Issue Manager and the Joint Financial Advisers have not conducted an independent review of the information contained in such information services and have not verified the accuracy of such information services.

***We are one of the largest retail mall owners and/or operators in Singapore***

We are one of the largest retail mall owners and/or operators in Singapore with a portfolio of 12 urban and suburban malls under management, having a total net lettable area of approximately 2.4 million sqf. We have direct interests in six of these malls and another five malls are held through FCT. In addition, we also manage one mall owned by a third party.

Our position as one of the largest retail mall owners and/or operators in Singapore provides us with certain competitive advantages:

(a) We are able to offer existing and prospective tenants tailored leasing solutions across multiple urban and/or suburban locations, depending on their business needs. Our extensive network of suburban malls allows our retail tenants to tap a large cross-section of the Singapore population in locations that are highly convenient to their homes.

(b) We enjoy economies of scale in property leasing and operations, and the ability to share best practices across a large portfolio of retail space.

In addition to the aforesaid competitive advantages, we have created value through asset enhancement initiatives undertaken at Anchorpoint, Northpoint and Causeway Point malls which have contributed to a net value creation of about $165 million in the respective initial year after such asset enhancement initiatives based on the increase in the respective mall's net property income.

***We own and manage a portfolio of office, business and logistics space in four countries***

We own and manage over 4 million sqf of net lettable office, business and logistics space in 11 offices and business parks in Singapore, Canberra, Chengdu, Ho Chi Minh City and Perth. We have direct interests in six of these commercial properties and the remaining five are held through FCOT.

***We are a leading hospitality operator in the extended stay market worldwide, excluding North America***

Frasers Hospitality is a scalable hospitality operation with presence in over 30 cities worldwide, managing more than 8,000 apartments under a family of five brands, as at 30 June 2013.

Based on management contracts secured as at 30 June 2013, over 6,400 apartments will be added to Frasers Hospitality's portfolio of serviced residences over the next three years. This will double our presence in China to 23 hospitality properties within the next three years, strengthening our presence in Beijing, Shanghai, Guangzhou and Shenzhen, as well as important second-tier Chinese cities such as Wuxi, Wuhan and Chengdu.

The value of Frasers Hospitality to our Company and our Shareholders is set out as follows:

(a) The international footprint of Frasers Hospitality was achieved through years of painstaking effort, and cannot be easily replicated by new entrants to this sector without significant investment in talent, time and branding. These factors provide us with a competitive advantage, having been one of the early movers in the serviced residences industry in Asia.

(b) Many of the properties managed by Frasers Hospitality are in prime locations which were secured after extensive negotiations with vendors and/or property owners, as the case may be. Because prime locations are difficult to secure once a desirable city precinct has matured, our incumbent position in a sought-after location strengthens our value proposition to guests and sustains the capital values of those properties that we own.

(c) Our family of brands is well-recognised by the market and the brands cater to important segments of business travellers in the long-stay and short-stay markets who have differing requirements for luxury, amenities and length of stay. Three of our brands, namely Fraser Suites, Fraser Place and Fraser Residence, have been established for over 10 years, and cater to the extended-stay hospitality market with a range of formats suitable for those staying with or without families. Our two newer brands, Modena by Fraser and Capri by Fraser, were launched to offer fresh formats for a new generation of travellers whose business and leisure hours have inter-mingled and/or who seek the facilities and services of a deluxe hotel combined with the convenience and extra space of a full serviced residence.

***We are well capitalised and have sufficient financial resources to fund expansion***

Based on the pro forma accounts of our Group as at 30 June 2013, we are well capitalised and have sufficient financial resources to fund expansion:

(a) Net debt to equity ratio of 0.37 times;

(b) More than $0.98 billion of cash and cash equivalents;

(c) Undrawn credit facilities and MTN Programme exceeding $1.77 billion; and

(d) Shareholders' equity of $5.85 billion.

The strength of our balance sheet is a competitive advantage given the capital intensive nature of the property business. Our financial resources give us flexibility to fund future growth and tap investment opportunities, which include tendering for raw land to develop residential projects, asset enhancement initiatives for existing retail and commercial properties and/or purchasing suitable retail, commercial or hospitality assets.

***Our REIT platforms facilitate efficient recycling of capital to pursue new opportunities***

Our two listed REITs, FCT and FCOT, have served as proven funding platforms for us to divest mature, stable yield retail and commercial assets, thereby facilitating the recycling of capital which can be redeployed to pursue new opportunities as they arise. As at 30 June 2013, we have received gross proceeds totalling $1.31 billion from the sale of five retail malls to FCT, and further capital can be recycled if and when we divest further retail malls to FCT. We directly own retail and commercial properties with an aggregate appraised value of $2,374 million as at 30 June 2013, which could potentially form a pipeline for injection into our REITs in the future. An example of this would be Changi City Point, a 50:50 joint venture development with Ascendas Land.

***Our asset portfolio provides visible streams of residential income supported by a good base of recurring income from our retail, commercial and hospitality businesses***

Our residential business is expected to provide visible income while recurring income from our retail, commercial and hospitality businesses is expected to contribute to fairly stable cash flows in the next few years:

(a) **Residential** – As at 30 June 2013, we have pre-sold apartments in Singapore and overseas which are expected to deliver approximately $3.3 billion of revenue over the next three to four financial years, of which $2.4 billion is attributable to Singapore residential pre-sales and $0.9 billion is attributable to overseas projects, principally from Australian residential pre-sales. Based on our historical residential pre-sales, we expect a low level of default from our pre-sales.

(b) **Retail Malls** – We will continue to receive recurring rental and property management income derived from the six retail malls that we have direct interests in, recurring REIT management fee from our management of FCT and distribution income through the 41.0% interest we have in FCT as at the Latest Practicable Date, which owns another five retail malls. FCT recorded growth in net property income in each of the past five financial years, from $56.6 million in FY2008 to $104.4 million in FY2012, while distributable income rose from $45.2 million to $82.3 million over the same period. Income from many of our suburban malls remained resilient during recent economic slowdowns owing to many of their tenants' focus on non-discretionary spending market and dominant presence in their respective catchment areas.

(c) **Office and Business Space** – We will continue to receive recurring rental and property management income derived from the six office properties that we have direct interests in, recurring REIT management fee from our management of FCOT and distribution income through the 27.5% interest we have in FCOT as at the Latest Practicable Date, which owns another five office properties. Revenue derived from our directly owned office properties has increased steadily over the past 5 years, from $17.5 million in 2008 to $35.2 million in 2012. Since we acquired an equity interest in and assumed management of FCOT in 2008, FCOT has recorded growth in net property income from $81.0 million in FY2008 to $102.5 million in FY2012, while aggregate income distributable to unitholders and convertible perpetual preferred unitholders rose from $45.8 million to $61.9 million over the same period.

(d) **Hospitality** – As at 30 June 2013, we received rental income derived from 14 serviced residences/ hotel residences which we have direct interest in and attributable net profits for 9 months amounting to $18.7 million. In order to expand our income-generating capacity while conserving capital, most of the serviced residences we manage are owned by third parties. We generate recurring fee income from the management of such serviced residences.

***Our asset portfolio value has further potential to grow through asset enhancement initiatives and redevelopment of our investment properties***

The numerous assets in our portfolio are at different stages of maturity.

Relatively mature retail and office properties may benefit from asset enhancement initiatives from time to time, subject to requisite approvals, and such initiatives may enhance their value through re-positioning to adapt to changing tenant demand and visitor traffic and/or through additional gross floor area available for lease.

For example, we have created additional value through asset enhancement initiatives undertaken at Anchorpoint, Northpoint and Causeway Point malls which have contributed to a net value creation of about $165 million in the respective initial year post such asset enhancement initiatives based on the increase in the respective mall's net property income.

The proposed asset enhancement initiative to rejuvenate China Square Central, if approved and implemented, would include the addition of 16,000 sqm of gross floor area for hotel use, subject to re-zoning of the site from white with stipulated gross plot ratio of 4.2 to white without a stipulated gross plot ratio, and this could contribute further distributable income in the years ahead.

In addition, some of our investment properties that we directly own such as The Centrepoint, Robertson Walk and Valley Point, are prime properties located around the Orchard Road, Robertson Quay and River Valley districts respectively, and have considerable potential for redevelopment and/or asset enhancement which will in turn unlock intrinsic value to our Shareholders.

We are one of the few international developers with residential, retail and commercial business exposure. Our project design, execution and delivery capabilities of our various businesses are attested to by the technically demanding large-scale projects that we have undertaken and by the awards and accolades we have garnered over the years. Consequently, we are able to leverage on our experience and capability as a multi-segment real estate developer to secure large-scale and complex mixed-use projects which would otherwise elude those without such expertise.

For example, Changi City which was jointly developed by us, is Singapore's largest integrated business park development to-date, spanning 4.7 hectares and offering 207,000 sqf of net lettable retail space on three floors, a nine-storey office tower with 650,000 square feet of net lettable floor area, and a 313-room hotel operated under the Capri by Frasers brand. We are also jointly developing Central Park, a AUD2.0 billion mixed-use development in Sydney, Australia. Central Park occupies a 5.8 hectare parcel of inner-city land and will offer approximately 2,100 apartments in seven residential towers, student accommodation, 50,000 sqm of office space, 20,000 sqm of retail facilities, restoration and adaptive re-use of heritage items, and a 6,400 sqm public park. Central Park will feature low-carbon environmentally sustainable central thermal energy plant and water recycling facilities, that puts it at the forefront of sustainable precinct and community developments in Sydney, Australia. Central Park constitutes one of the largest urban land regeneration projects in Australia.

***We have a well-established brand and reputation***

Since we developed our first shopping mall, The Centrepoint, in Singapore in 1983, we have built a strong reputation in cities such as Singapore, Sydney and Perth, and won numerous awards. Please see the section "Business — Awards and Accreditations" for a list of awards which we have recently won.

*Frasers Centrepoint Homes*

Frasers Centrepoint Homes has scored high values and received numerous awards for excellence in design and features. We have also been awarded Construction Excellence, an award developed by the Building and Construction Authority in co-operation with major public sector agencies and various leading industry professional bodies to measure workmanship quality in a completed building.

*Frasers Centrepoint Commercial*

Frasers Centrepoint Malls was a finalist in the Sales Promotion & Events category of the International Council of Shopping Centre Asia Pacific Shopping Centre Awards (2012) which recognises excellence within the region's shopping centre industry, whereby awards were given for outstanding achievement in marketing and design/development of retail properties.

Frasers Centrepoint Malls has also been recognised to have gone the extra mile to welcome families through family-friendly strategies, facilities and service touch points.

FCT is recognised for its strength in investor relations and corporate governance. FCT was awarded the "Grand Prix for best overall investor relations (mid/small cap)" at the IR Magazine Awards South East Asia 2012 and was voted "Singapore's Best Mid-Cap" in the 11$^{th}$ Finance Asia's "Asia's Best Companies Poll" in 2012. It was also ranked in the top quartile for corporate governance in Asia by CLSA in 2012.

*Frasers Hospitality*

Our hospitality operations have won numerous awards across the globe. We believe we have well-established brands for our hospitality business, under "The Fraser Collection", "Modena by Fraser" and "Capri by Fraser", and that we can leverage on this branding to open up new opportunities.

***We are backed by a strong sponsor which invests in and develops a wide range of real estate projects globally***

The TCC Group will be the majority shareholder of our Company at Listing.

The TCC Group is among the largest businesses in Southeast Asia and is engaged in a variety of businesses including real estate. The TCC Group invests in and develops a wide range of real estate projects globally, including hotels, office towers, retail centres, residences, serviced apartments, convention centres, golf courses and resorts. As at 30 June 2013, it owns, among others, 17 retail shopping centres with approximately 500,000 square metres of retail space, seven commercial offices with approximately 810,000 square metres of office space, 40 hotels with over 10,000 keys/rooms in Thailand and 10 countries worldwide and over 48,000 acres of land bank for development.

We currently enjoy access to the TCC Group's portfolio of assets and have begun to evaluate several opportunities for asset origination, strategic partnerships and collaboration. In addition, Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, the ultimate controlling shareholders of the TCC Group, have granted a right of first refusal (the "**ROFR**") over any opportunity whether by way of sale, investment or otherwise, in relation to the Restricted Businesses (as defined below) referred to and/ or made available to the TCC Group from or through any third party sources, and a right to participate ("**RTP**") in any bidding process in relation to any opportunity whether by way of sale, investment or otherwise, in respect of any Restricted Businesses, called by the TCC Group. Please see the section "Interested Person Transactions and Conflicts of Interest — Conflicts of Interest".

***Experienced board and management team with proven track record***

We have strong management bench strength in all segments of our property business. Our executive officers have proven track records in acquiring, developing, managing, operating and enhancing properties in the residential, retail, business space and hospitality segments.

Our offices in each of our principal geographies are staffed by experienced management teams familiar with local markets and regulations, thereby enabling us to compete and respond appropriately in the local business context.

Our employees benefit from a human resource programme and system that are designed to attract, retain and develop qualified individuals. Our training programmes encompass the development of both soft and hard skills backed by positive and constructive individual coaching, and feedback with comprehensive policies and procedures to encourage a learning environment.

**Where you can find us**

Our registered office is located at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958. Our telephone number is (65) 6276 4882 and our facsimile number is (65) 6276 6328. Information on our website or any website directly or indirectly linked to such websites or the websites of any of our related corporations or other entities in which we may have an interest is not incorporated by reference into this Document and should not be relied upon.

## RISK FACTORS

*The following describes some of the significant risks that could affect us and the value of our Shares. Additionally, some risks may be unknown to us and other risks, currently believed to be immaterial, could turn out to be material. All of these could materially and adversely affect our business, financial condition, results of operations and prospects. You should also consider the information provided below in connection with the forward-looking statements in this Document and the warning regarding forward-looking statements under the section "Cautionary Note Regarding Forward-Looking Statements" of this Document.*

*Save as disclosed in this section, our Directors are not aware of any relevant material information including factors or risks which have materially affected or could materially affect, directly or indirectly, our financial position and results and business operations, and investments by holders of Shares. In particular, you should pay attention to the fact that our Company, and to a large extent our activities, are governed by the legal and regulatory environment in Singapore, China and Australia, which differs from that which prevails in other countries.*

### Risks relating to our Group's Business

***Our Group is affected by government measures to cool the property market in the countries that we operate in***

The Singapore government has in recent years implemented a series of measures to cool the Singapore property market and ensure a stable and sustainable property market where prices move in line with economic fundamentals. For instance, in January 2013, the Singapore government raised the buyer's stamp duty and imposed buyer's stamp duty on permanent residents purchasing their first residential property and on Singaporeans purchasing their second residential property. The loan-to-value limits on housing loans granted by financial institutions were also tightened for individuals who already have at least one outstanding loan, as well as to non-individuals, and the minimum cash down payment for individuals applying for a second or subsequent housing loan was also raised. In June 2013, the MAS also introduced a total debt servicing ratio ("**TDSR**") framework for all property loans granted by financial institutions to individuals, which required financial institutions to take into consideration borrower's outstanding debt obligations when granting property loans. The MAS expects any property loan extended by financial institutions not to exceed a TDSR ratio of 60% and will monitor and review this 60% threshold over time, with a view to further encouraging financial prudence. The China government has also recently implemented measures to cool the China property market and ensure that property prices move in line with economic fundamentals.

Such measures may affect the purchasing power of potential buyers of residential properties and dampen the general sentiments of the residential property market, resulting in reduced demand for engineering and construction activities. There is no assurance that these measures introduced by the Singapore government and the China government will not adversely affect the sales of residential property units in Singapore and China respectively, or that the Singapore government or the China government will not introduce further measures to regulate the growth of the Singapore property market and the China property market. Such measures and the introduction of any new measures in the countries we operate in may have an adverse effect on the business, financial condition, results of operations and prospects of our Group.

***Our Group is dependent on the performance of the property industry in the countries we operate in***

Our business is subject to the performance of the property industry in the countries we operate in, where property prices are largely affected by supply and demand for properties. The demand for properties could be adversely affected by any of the following:

- weakness in the local and regional economies;
- competition from other property developers;
- surge in supply of properties for sale;

- adverse government regulation;
- absence of financing for purchase of properties; and/or
- higher interest rates.

To the extent that any of these factors occur, they are likely to impact the demand for our properties and pricing which will then affect the business, financial condition, results of operations and prospects of our Group and the value of our Group's properties. We may also incur losses in our property development business by retaining unsold properties or selling them below cost in a depressed market. In the event that we are unable to sell our unsold properties, we may incur holding costs, including interest costs and maintenance costs.

***Higher interest rates may adversely impact the demand for our residential properties***

An increase in interest rates in Singapore and/or any of the countries in which our Group operates may negatively impact the demand for our Group's residential units. Recently, the US Federal Reserve Chairman has announced plans to gradually phase out its "quantitative easing" policy in the short to medium term, subject to improving economic conditions in the United States. The primary goal of the "quantitative easing" policy was to maintain downward pressure on longer-term interest rates, support mortgage markets, and help to make broader financial conditions more accommodative in the United States. On that account, should the "quantitative easing" programme decelerate or conclude, longer-term interest rates may rise accordingly. Higher interest rates may impact demand for our Group's residential units by making it more expensive and difficult for potential purchasers to secure financing, which can lead to a decrease in the demand for residential units.

***Our Group is subject to revenue and profit volatility***

Our revenue from our property development business in any financial year may fluctuate as it is predominantly project-based and is dependent on the number, value and stage of completion of the property development projects we undertake. Accordingly, there is no assurance that the amount of revenue and profits from our sale of development properties will remain comparable each year. In the event that we undertake fewer or no new property development projects for any reason or if there is any delay in the progress of any of the property development projects, our revenue and profits recognised in that financial year, and accordingly our financial position, may be adversely affected. As such, potential investors should note that the historical financial performance and financial condition of our Group are not to be taken as an indication of the future financial performance and financial condition of our Group in any financial reporting period.

Further, in compliance with the SFRS, our accounting policy recognises revenue from the sale of development properties in Singapore using the POC method and the sale of development properties outside Singapore using the completion method. Under the POC method, revenue is recognised by reference to the stage of completion as certified by the independent architects or quantity surveyors for the individual units sold, whereas under the completion method, revenue is recognised where transfer of significant risks and rewards of ownership of the development properties coincides with the time when the property is completed. We have no intention of changing our accounting policy in the immediate future. However, in the event that the SFRS is amended and we are required to change our accounting policy in relation to revenue recognition from POC method to completion method or *vice versa*, our revenue on a year-to-year basis will be more volatile as a result of different numbers of completed projects in different financial years.

***Our Group's business and expansion plans are capital intensive and subject to our ability to raise capital***

Our Group's ability to develop and invest in properties depends on continued capital spending, including the construction of new facilities and the maintenance and upgrading of its existing facilities and the acquisition of land and buildings. There can be no assurance that financing, either on a short-term or a longer term basis, will be made available, or if available, that such financing will be obtained on terms favourable to our Group. If our Group is unable to secure necessary financing or secure such financing on terms which are favourable to it, whether through external debt financing, equity financing and/or internally generated cash flows, required to maintain or expand our Group's facilities and land bank, this could adversely affect the business, financial condition, results of operations and prospects of our Group.

Our Group's property development business pursues a strategy of pre-selling its development properties. This reduces the need for us to seek external financing as payments are received in advance from the purchasers of its development properties. Our Group's pre-selling strategy may not be sufficient to cover all of its anticipated financing needs.

If external debt financing is secured, our Group will be exposed to risks associated with debt financing. Our Group will also be subject to the risk that its existing borrowings may be terminated by the lenders upon occurrence of certain events (such as a failure to make interest payments, rectify any breach in the main construction agreement or to meet project completion timelines) and it may not be able to refinance its existing borrowings or that the terms of any refinancing will not be as favourable as the terms of its existing borrowings. In addition, we may be subject to certain covenants in connection with any future borrowings that may limit or otherwise adversely affect our operations and our ability to meet required payments of principal and interest on our indebtedness. Such covenants may also restrict our Group's ability to acquire properties or undertake other capital expenditure or may require it to set aside funds for maintenance or repayment of security deposits.

***Our financing cost may be adversely impacted by increase in interest costs***

We may be subject to risks normally associated with debt financing, including adverse changes in interest rates and the inability to meet payments of principal and interest. This is because a material increase in interest rates would increase borrowing and financing costs, which may in turn weaken our projects' and the Group's financial standing when seeking future financing to be secured on our projects or group financials. This may adversely affect the business, financial condition, results of operations and prospects of our Group.

***Our Group is subject to risks inherent in investing in entities which we do not control and the manner in which we hold our investments and property interests***

Our Group holds and expects, in the future, to hold a portion of our property interests through interests and investments in entities that are not our subsidiaries and over which we do not have majority control, such as REITs and joint venture entities. The performance of these entities and our share of their results, is subject to the same or similar risks that affect us as described in the section "Risk Factors" of this Document.

We cannot assure you that we will be able to influence the management, operation and performance of these entities, whether through our voting rights, contractually, or as manager of some of these entities, in a manner which would be favourable to us, or at all. Further, disputes may occur between our Group and our joint venture partners and/or other investors regarding the business and operations of such joint ventures, which may not be resolved amicably. In addition, our joint venture partners and/or other investors may (i) have economic or business interests or goals that are not aligned with our Group, (ii) take actions contrary to our instructions, requests, policies or objectives, (iii) be unable or unwilling to fulfil their contractual obligations (for example they may default in making payments during future capital calls or capital raising exercises), (iv) have financial difficulties, (v) experience a decline in creditworthiness, or (vi) have disputes with our Group as to the scope of its responsibilities and obligations.

The occurrence of any of these events may materially and adversely affect the performance of our Group's joint ventures, which in turn may materially and adversely affect the business, financial condition, results of operations and prospects of our Group.

Some of our investments are in entities that are structured to achieve tax efficiency or transparency, such as REITs and other special purpose vehicles that are located in jurisdictions that do not tax income or other gains or that provide tax incentives. In the event that the intended tax efficiency or transparency is not achieved by the vehicles through or in which our investments are made, whether as a result of a loss or revocation of a tax ruling by a competent tax authority, or a change in or in the interpretation of applicable tax laws or otherwise, this could reduce the return on our investments and increase our operating costs and expenses, and in turn could have a material adverse impact on our business, financial condition, results of operations and prospects. Some of our investments, such as those in FCT and FCOT, are investments in entities which are listed or traded on a securities exchange. We cannot assure you that the market price of the securities of the entity we have invested in reflects accurately to any degree the underlying value of the business, or the assets owned by it, or that we will be able to realise our investment in the entity at the then prevailing market price, or at all.

***We may not be able to successfully implement our business strategy***

In determining our strategies and future plans, we have made certain assumptions about the future economic performance of the countries in which we currently operate and that we have identified as our key investment regions.

The successful implementation of our strategies will entail actively managing our properties, identifying suitable acquisition opportunities and making such acquisitions, undertaking development or asset enhancement initiatives, securing tenants, raising funds in the capital or credit markets, and the co-operation of our partners who invest with us, our tenants, and other counterparties. Our ability to successfully implement our strategies is also dependent on various other factors, including but not limited to the competition we face in our business, which may affect our ability to acquire properties and secure tenants on terms acceptable to us, and our ability to retain our key employees.

Our ability to expand into new markets is dependent on our ability to adapt our experience and expertise and to understand and navigate the new environment. We cannot assure you that we will be able to implement all or some of our business strategies, and the failure to do so may materially adversely affect our business, financial condition, results of operations and prospects.

***Our Group may be involved in legal and other proceedings from time to time***

From time to time, our Group may be involved in disputes with various parties such as contractors, sub-contractors, consultants, suppliers, construction companies, purchasers and other partners involved in the development, production, operation, purchase and sale of the properties or products of our Group. These disputes may lead to legal and/or other proceedings, and may cause us to suffer additional costs and delays in the construction or completion of its properties or the delivery of our products. In addition, our Group may, from time to time, have to deal with issues or disputes in connection with regulatory bodies in the course of its operations, which may result in our Group being subject to administrative proceedings and unfavourable orders, directives or decrees that may result in financial losses and delay the construction or completion of our projects.

There is no assurance that these disputes will be settled or settled on terms which are favourable or reasonable to our Group. In the event such disputes are not settled or are not settled on terms which are favourable or reasonable to our Group, the business, financial condition, results of operations and prospects of our Group may be adversely affected.

***The loss of any key members of senior management may affect our Group's continuing ability to compete***

We believe that our continuing success is dependent to a certain extent upon the abilities and continuing efforts of our existing directors and senior management. If our Group were to lose the services of any of the key members of senior management, we may not be able to replace those members with persons of comparable expertise or experience, either on a timely basis or at all.

Accordingly, the loss of any key members of senior management may affect the Group's continuing ability to compete.

***Our Group's investments in foreign subsidiaries and jointly held entities are exposed to foreign exchange fluctuation risks***

Our Group's reporting currency is Singapore dollars and the functional and reporting currencies of our subsidiaries, joint venture companies and associated entities are in various foreign currencies such as RMB, GBP, THB, USD, AUD, New Zealand dollar and Malaysian Ringgit.

We do not hedge the foreign exchange exposures of our equity investments and earnings streams from our foreign subsidiaries and jointly held entities. Any fluctuations in currency exchange rates will impact the value of our equity investments and earnings from our overseas operations. A foreign exchange loss may have an adverse effect on the financial condition of our Group.

***Occurrence of any acts of God, war, adverse political developments and terrorist attacks and any events beyond our control may adversely and materially affect the business, financial condition, results of operations and prospects of our Group***

Acts of God such as natural disasters are beyond the control of our Group and may adversely affect the economy, infrastructure and livelihood of the local population in the communities in which we operate. Our Group's business and operations may be adversely affected should such acts of God occur. There can also be no assurance that any war, adverse political developments, terrorist attack or other hostilities in any part of the world (potential, threatened or otherwise) will not, directly or indirectly, have an adverse effect on the business, financial condition, results of operations and prospects of our Group.

***The outbreak of an infectious disease or any other serious public health concerns in Asia and elsewhere could adversely impact the business, financial condition, results of operations and prospects of our Group***

The outbreak of an infectious disease in Asia and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy and business activities in Asia. There can be no assurance that any precautionary measures taken against infectious diseases would be effective. A future outbreak of an infectious disease or any other serious public health concern in Asia could adversely affect the business, financial condition, results of operations and prospects of our Group.

***Our Group may suffer material losses in excess of insurance proceeds***

We maintain insurance policies covering our properties, in line with general market practice and legal requirements. Where practicable, our Group also maintains certain terrorism, property damage, business interruption and general liability insurance in the various countries in which we operate.

In addition, certain types of risks (such as risk of war, terrorist acts and losses caused by the outbreak of contagious diseases) may be uninsurable or the cost of insurance may be prohibitive. There are certain types of losses (such as from wars or acts of God) that generally are not insured because they are either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur, we could be required to pay compensation and/or lose the capital invested in the affected property as well as anticipated future revenue from that property. Our Group would also remain liable for any debt or other financial obligation related to that property. No assurance can be given that uninsured losses or losses in excess of insurance proceeds will not occur in the future.

Such an event would adversely affect the business, financial condition, results of operations and prospects of our Group.

***Our Group may not be able to secure new property development projects and new land sites***

Our Group competes with other property developers for the securing of land sites and is subject to the availability of suitable land sites. Failure to secure suitable land sites for property development in a timely and cost effective manner would affect the revenue of our Group. In addition, the failure to secure potential and profitable new property projects would have an adverse effect on our Group's revenue and profitability.

***Due diligence on our properties may not identify all material defects, breaches of laws and regulations and other deficiencies***

We cannot assure you that our reviews, surveys or inspections (or the relevant review, survey or inspection reports on which we have relied) would have revealed all defects or deficiencies affecting properties that we have interests in or manage, including to the title thereof. In particular, we cannot assure you as to the absence of latent or undiscovered defects, deficiencies or inaccuracies in such reviews, surveys or inspection reports, any of which may have a material adverse impact on our business, financial condition, results of operations and prospects.

***Our Group is exposed to general risks associated with the ownership and management of real estate***

Real estate investments are generally illiquid, limiting the ability of an owner or a developer to convert property assets into cash on short notice with the result that property assets may be required to be sold at a discount in order to ensure a quick sale. Such illiquidity also limits our ability to manage our portfolio in response to changes in economic or other conditions and may affect our ability to vary the size and mix of our portfolio. Moreover, we may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to their illiquidity or due to restrictions in our various debt obligations. These factors could affect our gains from realisation of our investments in retail real estate assets, including the value at which we may dispose of our holdings in entities that hold the retail real estate assets, the income or other distributions received by us from our holdings in REITs or other vehicles which we have invested in, which in turn would have a material adverse effect on our business, financial condition, results of operations and prospects.

Our Group's property investments are subject to risks incidental to the ownership and management of residential and commercial properties including, among other things, competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire and inability to dispose of major investment properties for the values at which they are recorded in our Group's financial statements. Our Group may also be subject to increased operating costs, the need to renovate and repair space periodically and may be liable to pay the associated costs of wars, terrorist attacks, riots, civil commotions, natural disasters and other events beyond our control. Our Group's activities may also be impacted by changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes and governmental charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights relating to the relevant properties may also be restricted by legislative action, such as revisions to the laws relating to building standards or town planning laws or the enactment of new laws relating to government appropriation and redevelopment.

***Our Group is subject to risks relating to the quality and extent of the title to or interests in the properties in our portfolio***

The quality, nature and extent of the title to the land and properties in our portfolio of property interests varies, depending on a number of factors, *inter alia*:

- the country and location of the property;
- the laws and regulations applicable to the property;
- the stage of development of the property;
- the extent to which the contract pursuant to which the property interest was acquired has been performed, the extent to which the terms and conditions thereunder have been complied with, and the amount of the purchase consideration which has been paid;
- the extent of compliance by us or any other relevant party (including previous owners, the vendor of the property and the entity in which we have invested that has acquired or is acquiring the property) with all relevant laws and regulations relating to the ownership, use, sale, development or construction of the property;
- the manner under which the interest in the property is held, whether through a joint venture, a development agreement, under a master lease, an option to purchase, a sale and purchase agreement, through asset-backed securities or otherwise;
- in the case where the property interests are leasehold interests, the extent of compliance by us or any other relevant party (including previous lessees or lessors, the vendor of the property and the entity in which we have invested that has acquired or is acquiring the property) with the terms and conditions of the state or head lease or any other document under which the title of the property is derived; and

- the capacity, power, authority and general creditworthiness of the counterparties to the contractual and other arrangements through which we have acquired our interest in the property.

The properties in our portfolio are held through different types of interests. As some of our property interests are derived through contractual arrangements, these property interests are subject to, and dependent on, the legality, validity, binding effect and enforceability of the contract, the performance and observance of the terms and conditions set out in the contract by the parties thereto and the capacity, power, authority and creditworthiness of such parties, the fulfilment of any conditions precedent to the parties' obligations under the contract, and compliance by the parties with all relevant laws and regulations relating to the sale, development and construction of the property. For instance, some of the contractual arrangements provide that title to the underlying land and/or buildings will only be issued when the necessary governmental and regulatory approvals, such as approvals for acquisition or development, the issue of title or strata title documentation, or change of land use certificates, among others, are obtained. In other cases, the contractual arrangements are subject to conditions precedent, such as full payment of the purchase price, completion of construction, environmental remediation and execution of other documents.

We cannot assure you that the legality, validity, binding effect and enforceability of the contractual arrangements from which we derive our property interests will not be challenged, that the conditions precedent stated in the contract will be fulfilled or that the parties to the contract (including the entities in which we have invested that may be parties to the contract) will perform and comply with the terms thereof and will not have disagreements among each other in respect of the interpretation and implementation of the contract. If any of these events occur, our interest in the property and the value thereof may be adversely affected.

The interests in some of the properties in our portfolio are derived from arrangements where a deposit has been paid by us or by an entity in which we have invested, in anticipation of executing a sale and purchase agreement to acquire the relevant land and/or buildings. The execution of a sale and purchase agreement may be subject to regulatory approvals and agreement among the parties to the terms of the sale and purchase agreement, and other conditions. In the event a sale and purchase agreement is not executed, the deposit may be returned or may be forfeited, which may have an adverse effect on our business, financial condition, results of operations and prospects. The number of properties in which we have an interest, the total property values and gross floor area of our property interests and our effective interests therein, as described in this Document, will also be correspondingly reduced.

The limitations described above on the quality, nature and extent of the title to the land and properties in our portfolio of property interests impact our ability to deal with and have control over our property interests, and the conditions under which we may own, develop, operate or manage the property. We cannot assure you that the quality, nature and extent of the title to our property interests will not be challenged or adversely impacted or will not adversely affect our ability to deal with our property interests and in turn the value of our investment in these properties.

The properties in which we have interests are currently located in various countries, and the extent and quality of title depends on the laws and regulations of the relevant jurisdiction. Certain of these jurisdictions may have an immature property law and lack a uniform title system. As such, there is potential for dispute over the quality of, existence and nature of the title purchased from previous landowners or property owners. In addition, we may be engaged in protracted negotiations each time we acquire land or property, which may result in purchases of property (and thereby the obtaining of title) being delayed or not proceeding in the event that negotiations are unsuccessful. In addition, title insurance is not generally available in the countries we have invested in, and our property interests are not covered by title insurance. In the event we are not able to obtain, or there is a delay in obtaining, clear title to the land and properties we have an interest in, or our claim to title is the subject of a dispute, our business, financial condition, results of operations and prospects may be adversely affected.

***Declines in property values may lead to downward revaluations of the properties in which we hold interests***

We hold interests in properties, shopping malls and serviced apartments in various countries and we cannot assure you that property prices in any of these countries will not decrease such that a downward revaluation of the properties is required.

Real estate assets are inherently difficult to value. As a result, valuations are subject to substantial uncertainty and subjective judgments and are made on the basis of assumptions which may not be correct. Additionally, the inspections of our properties and other work undertaken in connection with a valuation exercise, may not identify all material defects, breaches of contracts, laws and regulations, and other deficiencies and factors that could affect the valuation. We cannot assure you that our property interests will retain the price at which it may be valued or that our investment in such properties will be realised at the valuations or property values we have recorded or reflected in our financial statements or in this Document.

Our completed investment properties are initially recognised at cost, including transaction cost and subsequently carried at fair value determined annually by independent professional valuers. Our properties are and will be valued with an independent valuation carried out at least once every year. We assess the valuation of each interest to ensure that the carrying amount of each investment property reflects the market conditions as at the relevant financial reporting date. The value of our interest in properties may fluctuate from time to time due to market and other conditions. Such adjustments to our share of the fair value of the properties in our portfolio could have an adverse effect on our net asset value and our profitability. They may also affect our ability to incur more borrowings, or result in our having to reduce debt, if the financial covenants in our financing and other agreements require us to maintain a level of debt relative to our asset value, and such covenants are triggered as a result of adjustments made to the fair value of our properties in our portfolio.

For properties held by REITs, revaluation losses in respect of the properties so held may significantly decrease the management fees we may earn from managing these properties, and such reductions in our revenue may have a material adverse effect on our business, financial condition, results of operations and prospects.

***Our Group is subject to risks inherent in acquiring ownership interests in properties which are part of a larger development or which share or have common areas***

Some of the properties in which we have an interest may be part of a larger development which comprises other real estate components, such as retail, residential or commercial units, or are adjacent to or incorporate common or other areas which are shared with owners of neighbouring properties. Any development or asset enhancement works that we propose for our properties may require the consent of these owners, which may not be forthcoming in a timely manner or at all, or on terms acceptable to us. Our inability to obtain the requisite consent of these owners may affect our ability to deal with our interests in some of our properties in a manner which achieves our objectives and in turn could have a material adverse impact on our business, financial condition, results of operations and prospects. Our lack of control and rights to manage the shared or common areas at such properties means that we may not be able to ameliorate any shortcomings or deterioration of, or execute any enhancement works on, the shared or common areas. Further, we will also not be able to determine the service charges and sinking fund contributions towards maintenance and upkeep of the shared or common areas, any or all of which events, could have an adverse effect on our business, financial condition, results of operations and prospects.

***Our Group is subject to significant government regulation in the countries where we operate***

The laws and regulations in the countries where we operate are at times ambiguous and their interpretations and applications can be inconsistent or uncertain, making compliance with them challenging, and may be potentially detrimental to our Group. If we fail to obtain the relevant approvals or comply with applicable laws and regulations, we may be subject to penalties, have our licences or approvals revoked, or lose our right to own, develop or manage our properties and our businesses, among other things, any or all of which could have a material and adverse impact on our Group's business, financial condition, results of operations and prospects. For example, one of our serviced apartments completed a renovation project and commenced operations in 2008. It subsequently received a fire inspection certificate for the renovation project in 2010, two years after it commenced operations. The fire inspection certificate for the renovation project states that an inspection for fire safety and control shall be carried out before use or commencement of business operations of the serviced apartment. The Company did not obtain the pre-opening inspection for fire safety and control certificate. Such failure to obtain the pre-opening inspection for fire safety and control certificate prior to commencement of business operations may result in the relevant serviced apartment being ordered to suspend business operations and being imposed with a fine ranging from RMB30,000 to RMB300,000. See also the sections "General and Statutory Information – Statutory Matters" and "– Our Group relies on contractors to provide various services".

In addition, the real estate industry in the countries in which our Group operates is subject to significant government regulation. In particular, regulatory approvals may be required for, among other things, land and title acquisition or divestment, development planning and design, construction, renovation and asset enhancement, and mortgage financing and refinancing. Such approvals may stipulate, among other things, maximum periods for the commencement and/or completion of development of the land and restrictions on the usage of land. Some of these countries may also restrict the level, percentage and manner of foreign ownership and investment in real estate. For instance, we have only partially completed one of our projects in China although the corresponding land grant contract requires the project built on the said piece of land to be completed before December 2009. This project accounted for approximately 8.9% of the profit before interest and tax and 4.0% of the total asset value of our Group for FY2012. The Company's China counsels, Zhong Lun Law Firm ("**Zhong Lun**") has opined that since (i) construction has commenced in respect of some phases of the project, and (ii) some phases of the project have been completed and the real estate certificates have been obtained in respect of these completed phases and most units in these phases have been transferred to the relevant buyers, based on Zhong Lun's experience and the market practice in China, the relevant government authority will usually not forfeit the land in accordance with the land grant contract. Nevertheless, in the event that the relevant authorities decide to forfeit the land in accordance with the land grant contract, it may have an adverse effect on our business, financial condition, results of operations and prospects.

Certain units of one of our properties in China which is registered for warehouse usage have been sold and used for office purposes. As the registered usage of the property is different from the actual usage of the property, administrative penalties, such as fines (which range from RMB10 to RMB30 per square metre of land area and based on the land area of the affected property, amounts to approximately RMB2.9 million, or compulsory rectification) may be imposed. Zhong Lun has opined that the risk of the government imposing administrative penalties on us in relation to this issue is relatively low, given that (i) the strata title certificates of the completed parts of the property have been issued by the relevant authority to the buyers and the legal titles have been duly transferred to the buyers, and the completed parts of the property are currently being used by the buyers; (ii) the relevant sale and purchase agreements clearly stipulate that the usage of the sold properties is for warehouse and logistics purpose; and (iii) there are similar cases in China where property is used for purposes that are inconsistent with their registered usage and the relevant authorities do not usually inspect such misappropriation activities and enforce administrative penalties in practice. Nevertheless, in the event that the relevant authorities decide to impose the relevant administrative penalties, it may have an adverse effect on our business, financial condition, results of operations and prospects

In addition, in the countries where we operate, in order to develop and complete a property development, a property developer must obtain various permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of the property development process, including but not limited to, land use rights certificates, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance. Each approval is dependent on the satisfaction of certain conditions. In some circumstances, we may apply or may have applied for permits in parallel with preliminary construction activities. Problems may be encountered in obtaining such government approvals or in fulfilling the conditions required for obtaining the approvals, especially as new laws, regulations or policies may come into effect from time to time with respect to the real estate industry in general or the particular processes with respect to the granting of approvals. If we fail to obtain relevant approvals or permits or fulfil the conditions of those approvals for our property developments, these developments may not proceed as scheduled, and our business, financial condition, results of operations and prospects may be adversely affected.

For instance, in China, in accordance with the Regulations on Administration of Urban Real Estate Development, property developers are required to have a qualification certificate to undertake property development. The qualification certificate is subject to annual review and inspection. Newly established developers are permitted to obtain a temporary qualification certificate to undertake property development. Typically, the term of a temporary qualification certificate is one year, which is renewable for up to two years upon its expiry, beyond which a developer must meet certain conditions to upgrade its qualification certificate. The property developer's registered capital, property development investments, history of property development, quality of property construction, expertise of the management and/or any illegalities on the part of the developer may be taken into account by the local authorities in deciding whether to renew or upgrade a qualification certificate. If we fail to obtain or renew the requisite qualification certificates or pass the relevant annual examination, or rectify any default, our business operations will be adversely affected.

***Our Group is subject to the risk of expropriation of our properties in the countries where we operate***

The laws of the relevant countries in which our properties are currently located and regions into which we may, in the future, expand to, may allow their respective governments to various degrees, to compulsorily acquire land and buildings under certain circumstances, including if it is in the public interest to do so, and under circumstances where compensation may be less than the value of the relevant property or building.

In China, under the Land Administration Law of China (中华人民共和国土地管理法), Measures for the Disposal of Idle Land (闲置土地处置办法) and other applicable laws and regulations in China, the land authorities have oversight over land in China and are entitled to (i) collect charges for idle land at the rate of 20% of the land premium if the land has remained idle for more than one year from the construction commencement date; and (ii) repossess/ compulsorily acquire land if the land has been idle for more than two years from the construction commencement date. The construction commencement date for each project will be prescribed in the corresponding contract granting land use rights. Further, under the Circular on Financial Incentives to Encourage the Economic Use of Land (中国人民银行中国银行业监督管理委员会关于金融促进节约集约用地的通知), commercial banks are prohibited from granting or extending loans to property developers that hold land which has remained idle for more than two years from the construction commencement date and are not allowed to accept such idle land as mortgage for loans. In addition, under the Opinions on Adjusting the Housing Supply Structure and Stabilizing the Housing Prices (关于调整住房供应结构稳定住房价格的意见), commercial banks are not allowed to take commodity properties (properties that have been developed by real estate development enterprises to be sold or leased) which have been vacant for more than three years as security for mortgage loans and commercial banks are required to strictly control the provision of loan extension and the granting of revolving credit facilities to property developers holding a large amount of idle land and vacant commodity properties.

Some of our properties in China may be considered idle land. In 2008, we received a notice from the local authority with respect to the property held by one of our China subsidiaries, imposing an idle land fee due to a delay in the commencement of construction of the land. In response to the notice received from the local authority, our China subsidiary submitted an application requesting the local authority to reconsider the notice issued on the basis that the land should not be deemed as idle land as, among others, (i) this piece of land was granted by the local authority together with the two other pieces of land under one land grant contract and construction had commenced on the other pieces of land; and (ii) our China subsidiary had only acquired the land use right certificate of this piece of land from the original owner in August 2007, and it needed some time before commencing construction. Our China subsidiary has not, since 2008, heard from the local authority on this issue. We have also been advised by Zhong Lun, that under the laws of China, the relevant authority is required to apply to the relevant court for enforcement of this fee within a certain period of time after the administration decision in respect of the idle land. As this period has since lapsed, based on Zhong Lun's experience, the relevant authority is unlikely to be able to compulsorily enforce payment of the idle land fee.

In the event that all or any part of our land or property is compulsorily acquired, the compensation paid in respect of the acquired property could be less than its market value or the price we have paid for acquiring the property which could adversely affect our business, financial condition, results of operations and prospects. In aggregate, the properties which we have developed and/or are developing (either jointly or on our own) which may, in the worst-case scenario, be considered idle land by the relevant authorities account for approximately 13.1 million sqf of land area and 12.5% of the profit before interest and tax and 6.0% of the total asset value of our Group for FY2012.

**Our Group is subject to development and construction risks relating to the development and asset enhancement of our properties**

Our Group may, from time to time, undertake, or subject the properties in which we have an interest to development or asset enhancement initiatives. The implementation of a development project or an asset enhancement initiative, as well as the time and costs required to complete a development project or an asset enhancement initiative may be adversely affected by various factors, *inter alia*:

- delays or inability to obtain all necessary zoning, land use, building, development and other required governmental and regulatory licences, permits, approvals and authorisations;

- construction risks delaying the completion of development projects or resulting in additional costs to our Group;

- the failure to resolve squatter and related settlement issues or otherwise;

- the need to make significant capital expenditures without receiving revenue from these properties until future periods;

- possible shortage of available cash to fund construction and capital improvements and the related possibility that financing for these capital improvements may not be available on acceptable terms or at all; and

- uncertainties as to market demand or a loss of market demand after construction or asset enhancement work has begun.

We cannot assure you that any or all of the current or future development or asset enhancement projects affecting the properties in which we have an interest will be completed within the anticipated time frame or budget, if at all, whether as a result of the factors specified above or for any other reason. The inability to complete a major development or asset enhancement project within the anticipated time frame and budget could have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, significant pre-operating costs may be incurred and we cannot assure you that these costs can be recovered within a brief period or if at all, and there may be a substantial length of time before a development or asset enhancement project generates revenues and positive cash flows. The failure to adequately prepare for pre-operating costs could adversely affect our business, financial condition, results of operations and prospects.

***Our Group is subject to fluctuations in the costs of construction materials, labour and equipment***

The construction cost of our projects fluctuates with the prices of various construction materials, such as metal, stone, cement, sand, pipes, electric cables, sanitary fittings, window and door fittings, light fittings and other materials. The costs of leasing construction equipment, including excavators, cranes and lifting hoists, may also fluctuate over time due to changing market supply and demand conditions.

Besides, the construction of our projects requires a relatively large number of skilled and unskilled labour. In the event of any material increase in the costs of construction materials, labour and equipment, and we are unable to secure alternative supply at costs acceptable to us or pass such additional costs to our customers, the operating costs of our projects will increase. As a result, our profitability and financial performance will be adversely affected.

***Our Group relies on contractors to provide various services***

Our Group engages or will engage third-party contractors to provide various services in connection with any of our property developments and with the day-to-day operations of our properties and physical asset enhancement works, including construction, piling and foundation, building and property fitting-out and landscaping work, alterations and additions, interior decoration and installation of air-conditioning units and lifts. There is no assurance that the services rendered by third-party contractors will be satisfactory or match our Group's targeted quality levels. Our Group is also exposed to the risk that a contractor may require additional capital in excess of the price originally tendered to complete a project and we may have to bear such additional amounts in order for the contractor to complete the project. In addition, our Group is subject to the risk of our third-party contractors failing to obtain relevant permits and/or approvals required for the provision of their services.

For instance, we had purchased one of our serviced apartments from a developer and entered into a renovation contract with the developer. Under the renovation contract, the developer has the obligation to obtain the relevant permits. However, as we rely on the developer to meet its contractual obligations, it is uncertain whether all permits relating to the renovation undertaken by the developer was obtained. The developer has provided an indemnity in the renovation contract for any loss caused to our subsidiary which is attributable to the developer. In the event that the developer had not obtained the relevant permits, our subsidiary may be ordered to make rectifications or to stop using the premises prior to such premises being inspected and a fine (amounting to approximately RMB4.6 million) up to 4.0% of the amount for the renovation as specified in the renovation contract may be imposed.

Furthermore, there is a risk that such contractors may experience financial or other difficulties, which may affect their ability to carry out construction works, thus delaying the completion of development projects beyond the deadline for completion stipulated in the relevant tender conditions and resulting in additional costs to and/or penalties payable by our Group.

If any of these events were to occur, the business, financial condition, results of operations and prospects of our Group may be adversely affected.

***The property business is highly competitive***

Our Group's property development operations face competition from both international and local property developers with respect to factors such as location, facilities and supporting infrastructure, services and pricing. Competition between property developers may result in increased costs for land acquisition, oversupply of properties and a slowdown in the approval process for new property developments by the relevant government authorities, all of which may adversely affect our Group's development business. Our Group's strategies may not be effective, we may not be able to compete successfully in the future against our existing or potential competitors or we may face increased competition with respect to our activities. Any of these events may have an adverse effect on the business, financial condition, results of operations and prospects of our Group.

Some of the properties in which our Group has an interest compete for tenants with numerous developers, owners and operators of retail, residential and hospitality properties, many of which own properties similar to, or which compete with, our Group's properties. This competition may affect the occupancy rates and rental rates of our Group's properties. The competition may result in the Group having to lower its rental rates or incur additional capital expenditure to improve our properties.

***Our Group is subject to risks in relation to its pre-sold properties***

In the event our Group pre-sells any properties prior to completion of construction, our Group may be liable for potential losses that purchasers of such pre-sold properties may suffer if there is a failure or delay in the delivery of such pre-sold properties. Failure to complete a property development on time may be attributed to factors such as delays in obtaining requisite licences, permits or approvals from government agencies or authorities, shortages of labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents and changes in government priorities and policies. If the delay in delivery extends beyond the contractually specified period, purchasers may also be entitled to terminate the pre-sale agreements and claim refunds of monies paid, damages and compensation for late delivery. Our Group may also be subject to default by purchasers of such pre-sold properties in making payments for these properties. It is possible that our Group may experience failure or significant delays in completion or delivery and in such event, the business, financial conditions, results of operations and prospects of our Group may be adversely affected.

***Our Group's future cash flow may be affected by our Group's exposure to key tenants***

Part of our Group's retail and commercial space is leased to tenants considered key tenants because of their ability to attract customers and/or to attract other potential tenants. Our Group's ability to lease vacant units and the value of such units in our Group's retail and commercial properties could be adversely affected by the loss of a key tenant in the event such key tenant files for bankruptcy or insolvency or experiences a downturn in its business. Space that has been vacated by a key tenant can reduce the demand for and value of other retail and commercial units in our Group's retail and commercial properties, for example, in the case of retail units, because of the loss of the departed key tenant's customer-drawing power. In addition, our Group may face difficulties in finding suitable replacement tenants for space vacated by key tenants in a timely manner, if at all, and if found, the lease terms with such replacement tenants may be less favourable or satisfactory. Under certain market conditions, key tenants may receive more favourable terms, for example, lower rental rates or other incentives. Accordingly, our Group's ability to optimise its revenue and cash flow for such retail and commercial space that has been leased to such key tenants could be adversely affected. Any of these events could materially and adversely affect the business, financial condition, results of operations and prospects of our Group

***Our Group's hospitality business is subject to all of the risks common in the hospitality industry***

A number of factors, many of which are common to the hospitality industry and beyond our Group's control, could materially and adversely affect our hospitality business unit, including but not limited to the following:

- major events affecting either economic or political stability on a global and regional level represent an exposure to our Group. Economic events, such as a global financial crisis, could include recessionary pressures which would have an impact on occupancy rates, which would in turn impact our Group's revenue, operating costs and profitability. Political risk could include changes in the regulatory environment in which our Group's business activities operate, including revocation of hospitality licences, restrictions on the repatriation of funds or control over the ownership of assets;

- the hospitality industry operates in an inherently cyclical market place. A weakening of demand, or an increase in market room-supply, may lead to downward pressure on room rates which in turn would lead to a negative effect on operating performance;

- sustained levels of occupancy and room rates can be adversely affected by events that reduce domestic or international travel. Such events may include acts of terrorism, war or perceived increased risk of armed conflict, epidemics, natural disasters, increased cost of travel or industrial action. These events may be localised to a particular country, region or could have a wider international perspective. Reduced demand will impact on revenue and operational profitability;

- timing and costs associated with asset enhancement works;

- changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations, fiscal policies and ordinances;

- the nature and length of a typical guest's stay — some guests typically stay on a short-term basis and there is therefore no assurance of long-term occupancy for hotel rooms;

- increases in operating costs due to inflation, labour costs (including the impact of unionisation and increased competition for qualified personnel), workers' compensation and health-care related costs, utility costs, insurance and unanticipated costs such as acts of nature and their consequences; and

- changes in travel patterns resulting from increases in transportation or fuel costs, strikes among workers in the transportation industry and adverse weather patterns.

These factors could have adverse effects on the business, financial condition, results of operations and prospects of our Group.

***Our Group may not be able to successfully retain or compete for management agreements and as a result, it may not be able to achieve its planned growth***

Part of our Group's hospitality business is based on management contracts for properties which it does not own or in which we have a partial effective ownership interest. Termination of our management contracts prior to their expiration, or removal as manager in accordance with the terms of the management contracts, or applicable law, or inability to renew management contracts on terms that are commercially reasonable to us could have adverse effects on the business, financial condition, results of operations and prospects of our Group.

Further, our Group's hospitality growth strategy includes signing additional management agreements. The Group believes that its ability to compete for management agreements primarily depends on its brand recognition and reputation, the results of its overall operations and the success of the serviced residences that it currently manages. The terms of any new management agreements that the Group obtains also depend on the terms that its competitors offer for those agreements. If the serviced residences that the Group manages perform less successfully than those of its competitors, if it is unable to offer terms as favourable as those offered by its competitors or if the availability of suitable properties is limited, the Group may not be able to compete effectively for new management agreements. As a result, it may not be able to achieve its planned growth and the business, financial condition, results of operations and prospects of the Group may be adversely affected.

***Our Group's management business would be adversely affected if the performance of FCT or FCOT deteriorates***

We currently manage two REITs, FCT and FCOT. Our fees from the management of each of the REITs comprise (i) REIT management fees which comprise a base component based on a percentage of the deposited property of the REITs, and a variable performance component based on the REIT's net property income, (ii) property management fees which are generally based on the gross revenue and net property income of the property, and (iii) acquisition and divestment fees, which are based on the acquisition or sale price of any property purchased or sold by the REIT. A decrease in the values of the properties held by the REITs or the gross revenue and net property incomes of the REITs would result in a corresponding decrease in their fees. Any condition which might have a material adverse effect on the REITs' operating performance and financial condition, or termination of our management services by either or both REITs, could materially reduce our Group's revenues derived from managing the REITs.

Our Group's existing contracts for the provision of management services for the REITs are for an indefinite period of time unless we resign or are removed as manager. We may be removed by the trustee of the relevant REIT, typically in the event of a resolution passed by a majority of the votes cast by unitholders of the REIT, present and voting, or in the event we fail to perform any of our material obligations under the trust deed constituting the REIT. In the event that our management or project services are terminated prior to the expiry of the management contract, or we are removed as manager in accordance with the terms of the management contracts, or applicable law, or we are unable to renew contracts that have expired, and on terms that are commercially reasonable to us, this would adversely affect our Group's business, financial condition, results of operations and prospects.

***Our Group may be unable to adequately protect our intellectual property rights or may face intellectual property claims that may be costly to resolve***

Our Group relies on a combination of trade marks and servicemarks. Our corporate identity and branding has been developed and is associated with these marks. There can be no assurance that the steps our Group takes in this regard will adequately protect its intellectual property rights.

Third parties or persons may challenge our exclusive rights to use our brand names and logos and our Group could incur substantial costs in defending any claims relating our intellectual property rights. Issues relating to intellectual property rights can be complicated and there can be no assurance that disputes will not arise. Any disputes which are not resolved may adversely affect our Group's business, financial condition, results of operations and prospects.

### *Our Group is subject to third-party litigation risk*

In the course of our business, we may be involved, from time to time, in disputes with various parties including parties involved in the property development projects we undertake (such as contractors, sub-contractors, suppliers, construction companies, purchasers and other partners), visitors, contractors and tenants of our properties and serviced residences, and investors of the REITs we manage.

There is no assurance that we will be able to successfully defend such claims. We could incur costs, and our time and management resources may be diverted towards defending such claims. In the event that we are unable to successfully defend ourselves and sufficiently claim from our insurance proceeds and/ or indemnities, our Group's business, financial condition, results of operations and prospects may be adversely affected.

### *Our revenue earned from the rental of our retail and commercial properties may be adversely affected by a number of factors*

The revenue earned from the rental of our retail and commercial properties may be adversely affected by a number of factors, including:

- a general downturn of the economy affecting occupancy and rental rates;
- the local and international economic climate and real estate market conditions (such as oversupply of, or reduced demand for, changes in market rental rates and operating expenses for our properties);
- competition for occupants from other properties which may affect rental levels or occupancy levels at our properties;
- timing and costs associated with asset enhancement works;
- an increase in consumer purchases through catalogues or the internet and reduction in the demand to occupy our retail properties as a result;
- changes in laws and governmental regulations in relation to real estate, including those governing usage, zoning, taxes, government charges and environmental issues, which may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance;
- legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws related to condemnation and redevelopment, which may affect or restrict rights related to the relevant properties; and
- acts of God, wars, terrorist attacks, riots, civil commotions and other events beyond the control of our Company (such as the spread of severe acute respiratory syndrome or other communicable diseases).

### *Our Group is subject to the credit risk of non-payment by our tenants or the risk of non-renewal, non-replacement or early termination of leases*

We are subject to a potential volatility in our earnings if our tenants fail to fulfil their contract lease payment obligations as and when they fall due. Further, if a substantial number of tenants in our properties do not renew their leases at the end of a lease cycle or a significant number of early terminations occur, and replacement tenants cannot be found in a timely manner and on terms acceptable to us, there is likely to be a material adverse effect on our developments, which could materially and adversely affect the business, financial condition and results of operations of our Group.

**Risks relating to our Controlling Shareholders**

***Our Controlling Shareholders will be able to exercise substantial control over our Company and may have interests that are different from those of our other Shareholders***

After the Distribution, InterBev Investment Limited and TCC Assets Limited will hold directly an aggregate of approximately 88.0 per cent of our issued and outstanding Shares. By virtue of their shareholding in our Company, InterBev Investment Limited and TCC Assets Limited will have the ability to indirectly exercise control over our Company and our affairs and business, including the election of directors, the timing and payment of dividends, the adoption of amendments to our Articles of Association, the approval of a merger or sale of substantially all of our assets and the approval of most other actions requiring the approval of our Shareholders. Control of a majority of our Shares by InterBev Investment Limited and TCC Assets Limited could delay, defer or prevent a future take-over or a change in control of our Company and could make some transactions more difficult or impossible to complete without the support of InterBev Investment Limited and TCC Assets Limited. The interests of InterBev Investment Limited and TCC Assets Limited may differ from or conflict with the interests of other Shareholders.

**Risks relating to the Ownership of our Shares**

***Future issues or sales of our Shares, and the availability of a large number of our Shares for sale, could depress our Share price***

The sale of a significant number of our Shares in the public market after the Distribution, or the perception that such sales may occur, could materially and adversely affect the market price of our Shares. These factors could also affect our ability to sell additional equity securities. We anticipate that our Directors, controlling Shareholders and their associates will collectively hold an aggregate of approximately 88.0 per cent of our entire issued share capital after the completion of the Distribution.

Although our controlling Shareholders are subject to a moratorium, any substantial issuance or sale or perceived substantial issuance or sale of our Shares over a short period of time after the expiry of the applicable moratorium period (where applicable) by our Company or such controlling Shareholders could cause our Share price to fall. Except as otherwise described in the section "Moratorium", there are no restrictions on the ability of our controlling Shareholders to sell their Shares, either on the SGX-ST or otherwise.

***Our post-Listing Share price may not be reflective of our value and our Share price may be volatile in the future***

The Listing will be by way of an introduction. Unlike a listing undertaken together with an initial public offering, there will not be a price-discovery process such as bookbuilding undertaken prior to and in connection with the Listing. As such, the price of our Shares immediately post-Listing may not reflect an appropriate value for our Company.

The price of our Shares may fluctuate widely, depending on many factors, including:

- changes in market valuations and share prices of companies with similar businesses to our Group that may be listed in Singapore;
- announcements of significant acquisitions, strategic alliances or joint ventures;
- fluctuations in stock market prices and trading volume;
- involvement in material litigation;
- addition or departure of key personnel;
- success or failure of management in implementing business and growth strategies;
- variations in operating results;
- changes in securities analysts' recommendations, perceptions or estimates of our Group's financial performance;

- general changes in rules/regulations with regard to the industries that our Group operates in, including those that affect the demand for our Group's properties and services; and

- changes in conditions affecting the industries in which our Group operates, the general economic conditions or stock market sentiments or other events or factors.

***Your ability to participate in future rights offerings may be limited***

If we offer to our Shareholders rights to subscribe for additional Shares or any rights of any other nature, we will have discretion as to the procedure to be followed in making the rights available to our Shareholders or in disposing of the rights for the benefit of our Shareholders and making the net proceeds available to our Shareholders. We may choose not to offer the rights to our Shareholders who have a registered address outside Singapore. For example, we will not offer such rights to our Shareholders who are US persons (as defined in Regulation S under the US Securities Act) or who have a registered address in the United States unless:

- a registration statement is in effect, if such registration statement under the Securities Act is required in order for us to offer such rights to holders and sell the securities represented by such rights; or

- the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the US Securities Act.

We have no obligation to prepare or file any registration statement under the US Securities Act. Accordingly, Shareholders who are US persons or who have a registered address in the United States may be unable to participate in rights offerings and may experience a dilution in their holdings as a result.

***We may not be able to pay dividends***

Our ability to declare dividends in relation to our Shares will depend on our future financial performance, which, in turn, depends on the successful implementation of our strategy and on financial, competitive, regulatory and other factors, general economic conditions and other factors specific to our industry or specific projects, many of which are beyond our control. In view of the capital intensive nature of our industry, we anticipate that a substantial portion of our income will be retained to fund and grow our business, and will not be available for distribution to our shareholders.

In addition, our ability to pay dividends will be substantially affected by the ability of our subsidiaries, associated companies, REITs, joint ventures and other vehicles we may invest in, to declare and pay us dividends or other distributions. The ability of our subsidiaries and such entities to declare and pay dividends or other distributions to us will be dependent on the cash income of and cash available to such subsidiary or entity and may be restricted or subject to conditions under applicable laws, regulations or contractual agreements. For example, many of the entities in which we have interests are subject to statutory requirements to pay dividends or other distributions out of retained or accumulated earnings as determined according to the laws or accounting standards of the relevant jurisdictions or may be required to by law to set aside a portion of their earnings to a reserve or other fund which is not available for dividends or other distributions. These entities may also require approvals from tax and other regulatory authorities before payment or repatriation of dividends or other distributions can be made, which may not be forthcoming in a timely manner or at all. If any of our subsidiaries or other entities in which we have an interest are unable or are restricted in their ability to declare and pay dividends or other distributions to us, our ability to pay dividends on our Shares may be adversely affected.

Certain of our subsidiaries, associated companies, REITs, joint venture and other vehicles we may invest in may have preference shares in issue which provide for rights to dividends in priority over the ordinary shares held by our Company. Please see the section "Appendix I — List of Subsidiaries, Subsidiary Entities and Jointly-held Entities" for further details. In addition, covenants in some of our existing or future facility documents or those of our subsidiaries, associated companies, REITs, joint ventures and other vehicles we may invest in may restrict the ability of these entities to declare and/or pay dividends, which in turn could have an adverse impact on our ability to declare and pay dividends to our shareholders. Please see the section "Dividend Policy" for a discussion of our dividend policy.

***Singapore law contains provisions that could discourage a take-over of our Company***

The Singapore Code on Take-overs and Mergers and Sections 138, 139 and 140 of the Securities and Futures Act (collectively, the "**Singapore Take-over and Merger Provisions**") contain certain provisions that may delay, deter or prevent a future take-over or change in control of our Company for so long as our Shares are listed for quotation on the SGX-ST. Except with the consent of the Securities Industry Council of Singapore, any person acquiring an interest, whether by a series of transactions over a period of time or not, either on his own or together with parties acting in concert with him, in 30.0 per cent or more of our voting Shares is required to extend a take-over offer for our remaining voting Shares in accordance with the Singapore Take-over and Merger Provisions. Except with the consent of the Securities Industry Council of Singapore, such a take-over offer is also required to be made if a person holding between 30.0 per cent and 50.0 per cent (both inclusive) of our voting Shares (either on his own or together with parties acting in concert with him) acquires additional voting Shares representing more than 1.0 per cent of our voting Shares in any six-month period. While the Singapore Code on Take-overs and Mergers seeks to ensure an equality of treatment among shareholders, its provisions could substantially impede the ability of shareholders to benefit from a change of control and, as a result, may adversely affect the market price of our Shares and the ability to realise any benefit from a potential change of control.

***The listing by Introduction may not result in an active or liquid market for our Shares***

An active public market for our Shares may not develop or be sustained after the listing by Introduction. We have applied to the SGX-ST for permission to have our Shares listed and quoted on the SGX-ST. Listing and quotation does not, however, guarantee that a trading market for our Shares will develop or, if a market does develop, there is no guarantee of the liquidity of that market for our Shares. In addition, only approximately 12.0 per cent of the Shares outstanding post-Distribution will be held by the public (i.e. persons other than our Directors, Chief Executive Officers, substantial Shareholders, controlling Shareholders or their respective associates). There may be a limited number of Shares available for trading at any given time, resulting in reduced trading liquidity of the Shares.

Although it is currently intended that our Shares will remain listed on the SGX-ST, there is no guarantee of the continued listing of our Shares.

# SELECTED FINANCIAL INFORMATION

*You should read the following selected historical consolidated financial data for the periods and as at the dates indicated in conjunction with the section of this Document entitled "Management's Discussion and Analysis of Financial Position and Results of Operations" and our consolidated financial statements, the accompanying notes and the related auditor's reports included elsewhere in this Document. Our financial statements are reported in Singapore dollars and are prepared and presented in accordance with Singapore Financial Reporting Standards.*

*The selected consolidated financial data as at, and for the years ended, 30 September 2010, 2011 and 2012 have been derived from our audited historical consolidated financial statements included elsewhere in this Document and should be read together with those financial statements and the notes thereto. The unaudited selected consolidated financial data as at, and for the nine month period ended, 30 June 2012 and the audited selected consolidated financial data as at, and for the nine month period ended, 30 June 2013 have been derived from our Interim Consolidated Financial Statements for the nine months ended 30 June 2013 included in this Document and should be read together with those financial statements and the notes thereto.*

*Our historical results for any prior or interim periods are not necessarily indicative of results to be expected for a full fiscal year or for any future period.*

**Profit Statement**

| | Audited FY2010 $'000 | Audited FY2011 $'000 | Audited FY2012 $'000 | Unaudited 9M2012 $'000 | Audited 9M2013 $'000 |
|---|---|---|---|---|---|
| **REVENUE** | 1,708,289 | 2,234,361 | 1,411,770 | 906,443 | 1,083,178 |
| Cost of Sales | (1,037,777) | (1,442,443) | (785,398) | (456,919) | (590,668) |
| **GROSS PROFIT** | 670,512 | 791,918 | 626,372 | 449,524 | 492,510 |
| **Other Income/(Losses)** | 7,252 | (2,549) | 14,351 | 12,032 | (2,296) |
| **Other Items of Expenses** | | | | | |
| Operation Costs | (113,431) | (119,320) | (132,188) | (96,399) | (105,709) |
| Marketing Costs | (14,278) | (59,310) | (84,344) | (58,682) | (43,289) |
| Administrative Costs | (88,820) | (80,787) | (93,005) | (74,219) | (65,860) |
| **TOTAL COSTS AND EXPENSES** | (216,529) | (259,417) | (309,537) | (229,300) | (214,858) |
| **TRADING PROFIT** | 461,235 | 529,952 | 331,186 | 232,256 | 275,356 |
| Share of Results of Associates | 40,378 | 48,195 | 58,475 | 37,583 | 45,420 |
| Investment Income | 1,685 | 1,539 | 493 | 389 | – |
| **PROFIT BEFORE INTEREST, FAIR VALUE CHANGE, TAXATION AND EXCEPTIONAL ITEMS** | 503,298 | 579,686 | 390,154 | 270,228 | 320,776 |
| Interest Income | 16,334 | 19,297 | 20,242 | 15,874 | 13,069 |
| Interest Expense | (78,480) | (74,167) | (80,504) | (58,033) | (65,616) |
| Net Interest Costs | (62,146) | (54,870) | (60,262) | (42,159) | (52,547) |
| **PROFIT BEFORE FAIR VALUE CHANGE, TAXATION AND EXCEPTIONAL ITEMS** | 441,152 | 524,816 | 329,892 | 228,069 | 268,229 |
| Fair Value Change on Investment Properties | 116,784 | 82,702 | 265,228 | – | 146,429 |
| Share of Associates' Fair Value Change on Investment Properties | 12,228 | 54,491 | 71,695 | 11,365 | 90,394 |
| **PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS** | 570,164 | 662,009 | 666,815 | 239,434 | 505,052 |
| Exceptional Items | 50,705 | 121,812 | 54,087 | 11,021 | 39,239 |
| **PROFIT BEFORE TAXATION** | 620,869 | 783,821 | 720,902 | 250,455 | 544,291 |
| Taxation | (117,637) | (140,700) | (93,268) | (56,095) | (58,602) |
| **PROFIT FOR THE YEAR/PERIOD** | 503,232 | 643,121 | 627,634 | 194,360 | 485,689 |
| **ATTRIBUTABLE TO:-** | | | | | |
| Shareholders of the Company | | | | | |
| - before fair value change and exceptional items | 332,932 | 394,725 | 252,420 | 172,296 | 213,120 |
| - fair value change | 99,599 | 110,061 | 336,306 | 11,365 | 235,904 |
| - exceptional items | 51,622 | 98,200 | 53,193 | 10,041 | 39,793 |
| | 484,153 | 602,986 | 641,919 | 193,702 | 488,817 |
| Non-controlling interests | 19,079 | 40,135 | (14,285) | 658 | (3,128) |
| **PROFIT FOR THE YEAR/PERIOD** | 503,232 | 643,121 | 627,634 | 194,360 | 485,689 |
| **EARNINGS PER SHARE** | | | | | |
| Basic and Diluted | | | | | |
| - Before fair value change on investment properties and exceptional items | 42.9¢ | 51.7¢ | 33.5¢ | 22.9¢ | 28.3¢ |
| - After fair value change on investment properties and exceptional items | 63.0¢ | 79.4¢ | 85.2¢ | 25.7¢ | 64.9¢ |

**Statement of Comprehensive Income**

| | Audited FY2010 $'000 | Audited FY2011 $'000 | Audited FY2012 $'000 | Unaudited 9M2012 $'000 | Audited 9M2013 $'000 |
|---|---|---|---|---|---|
| **PROFIT FOR THE YEAR/PERIOD** | 503,232 | 643,121 | 627,634 | 194,360 | 485,689 |
| **OTHER COMPREHENSIVE INCOME, NET OF TAX** | | | | | |
| Fair value change of cash flow hedges | 4,311 | 4,754 | 5,256 | 7,728 | 5,387 |
| Share of fair value change of cash flow hedges | – | – | – | – | 735 |
| Fair value change of available-for-sale financial assets | – | – | 34,900 | 34,900 | (34,900) |
| Foreign currency translation reserve: | | | | | |
| - Exchange difference on consolidation | (27,792) | 42,570 | (27,752) | (18,473) | (17,099) |
| Share of other comprehensive income of associates | 1,965 | (1,961) | 158 | (651) | (11,266) |
| Realisation of reserves upon change in control: | | | | | |
| - Step-up acquisition of subsidiary | – | – | 12,833 | – | – |
| - Disposal of subsidiaries | – | (5,133) | 19,711 | – | |
| Other comprehensive income for the year/period, net of tax | (21,516) | 40,230 | 45,106 | 23,504 | (57,143) |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD** | 481,716 | 683,351 | 672,740 | 217,864 | 428,546 |
| **ATTRIBUTABLE TO:-** | | | | | |
| Shareholders of the Company | 473,813 | 638,140 | 689,389 | 216,316 | 438,680 |
| Non-controlling Interest | 7,903 | 45,211 | (16,649) | 1,548 | (10,134) |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD** | 481,716 | 683,351 | 672,740 | 217,864 | 428,546 |

## Balance Sheet

| | Audited as at 30 September 2010 $'000 | Audited as at 30 September 2011 $'000 | Audited as at 30 September 2012 $'000 | Audited as at 30 June 2013 $'000 |
|---|---|---|---|---|
| **NON-CURRENT ASSETS** | | | | |
| Investment Properties | 2,111,100 | 2,461,667 | 2,821,434 | 3,026,623 |
| Fixed Assets | 31,818 | 30,114 | 33,337 | 31,113 |
| Investment in Associates | 1,026,534 | 1,086,786 | 1,223,506 | 1,038,558 |
| Financial Assets | 29,777 | 29,804 | 2,166 | 2,163 |
| Other Assets | 106,229 | 106,332 | 107,234 | 106,902 |
| Other Receivables | 70,378 | 75,563 | 89,708 | 166,214 |
| Deferred Tax Assets | 5,775 | 500 | 2,937 | 2,937 |
| | 3,381,611 | 3,790,766 | 4,280,322 | 4,374,510 |
| **CURRENT ASSETS** | | | | |
| Inventory, at cost | 1,164 | 2,497 | 4,175 | 3,764 |
| Properties Held for Sale | 4,476,877 | 4,289,801 | 4,471,239 | 4,888,179 |
| Trade and Other Receivables | 653,563 | 678,110 | 327,697 | 263,285 |
| Prepayments | 100,996 | 66,745 | 7,127 | 26,205 |
| Financial Assets | – | – | 60,350 | – |
| Derivative Financial Instruments | 551 | 243 | – | 6,940 |
| Cash and Cash Equivalents | 951,969 | 979,911 | 1,206,314 | 981,152 |
| | 6,185,120 | 6,017,307 | 6,076,902 | 6,169,525 |
| **TOTAL ASSETS** | 9,566,731 | 9,808,073 | 10,357,224 | 10,544,035 |
| **CURRENT LIABILITES** | | | | |
| Trade and Other Payables | 2,129,754 | 2,270,618 | 1,659,544 | 1,854,329 |
| Provision for Taxation | 206,234 | 192,156 | 127,161 | 101,504 |
| Derivative Financial Instruments | 11,168 | 9,344 | 10,858 | 5,624 |
| Deferred Income | 2,884 | – | – | – |
| Loans and Borrowings | 1,163,276 | 218,821 | 167,798 | 265,709 |
| | 3,513,316 | 2,690,939 | 1,965,361 | 2,227,166 |
| **NET CURRENT ASSETS** | 2,671,804 | 3,326,368 | 4,111,541 | 3,942,359 |
| **NON-CURRENT LIABILITIES** | | | | |
| Loans and Borrowings | 506,345 | 1,085,531 | 1,424,727 | 1,586,669 |
| Other Payables | 1,305,476 | 1,298,584 | 1,914,751 | 1,383,465 |
| Derivative Financial instruments | 11,708 | 6,706 | 4,732 | 2,781 |
| Deferred Income | 613 | – | – | – |
| Deferred Tax Liabilities | 94,357 | 119,720 | 91,984 | 109,439 |
| | 1,918,499 | 2,510,541 | 3,436,194 | 3,082,354 |
| **TOTAL LIABILITIES** | 5,431,815 | 5,201,480 | 5,401,555 | 5,309,520 |
| **NET ASSETS** | 4,134,916 | 4,606,593 | 4,955,669 | 5,234,515 |
| **EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY** | | | | |
| Share Capital | 1,083,977 | 1,083,977 | 1,083,977 | 1,083,977 |
| Retained Earnings | 2,892,651 | 3,290,746 | 3,791,081 | 4,129,898 |
| Other Reserves | (17,275) | 9,554 | 57,169 | 7,032 |
| | 3,959,353 | 4,384,277 | 4,932,227 | 5,220,907 |
| Non-Controlling Interests | 175,563 | 222,316 | 23,442 | 13,608 |
| **TOTAL EQUITY** | 4,134,916 | 4,606,593 | 4,955,669 | 5,234,515 |
| **NET ASSETS VALUE PER ORDINARY SHARE** | $4.82 | $5.38 | $6.11 | $6.49 |

## SELECTED PRO FORMA FINANCIAL INFORMATION

*We have prepared and presented our selected pro forma financial data based on our historical consolidated financial statements as at, and for the year ended, 30 September 2012 and as at, and for the nine months ended 30 June 2013, to illustrate the effect of (i) the subscription by F&N for 330,000,000 new Shares (the "**Initial Capitalisation**") for a total subscription amount of $330.0 million; (ii) the redemption of all the redeemable preference shares held by F&N in the Company for an aggregate amount of $330.0 million; (iii) the subscription by F&N of up to 1,809,140,708 new Shares (the "**Additional Capitalisation**", and together with the Initial Capitalisation, the "**Capitalisation**") for a total subscription amount of $0.67 billion; (iv) the repayment to F&N Treasury Pte. Ltd. of $0.67 billion, consisting of part of the aggregated inter-company loans from F&N Treasury Pte. Ltd., a wholly-owned subsidiary of F&N, with equity injected by F&N pursuant to the Additional Capitalisation, with the remaining aggregated inter-company loans being transferred (for consideration) by F&N Treasury Pte Ltd (as lender) to FCL Treasury Pte. Ltd. by drawing down on bank loans; and (v) as part of the consideration for the transfer of the inter-company loans, FCL Treasury Pte. Ltd. will pay an estimated $40.7 million in excess of the carrying value of the inter-company loans to F&N Treasury Pte. Ltd. by drawing down on bank loans (collectively, the "**Pro Forma Adjustment Events**"), as if the Pro Forma Adjustment Events had occurred on 1 October 2011 for our selected pro forma profit and loss accounts data and selected pro forma statements of cash flows data, and as at 30 September 2012 and 30 June 2013 respectively for our selected pro forma statement of financial position data. This selected pro forma financial information data has been derived from, and should be read in conjunction with, our unaudited pro forma financial statements and the related notes thereto included elsewhere in this Document. In preparing our unaudited pro forma financial statements, we have made a number of assumptions and adjustments. Consequently, these financial statements are not necessarily indicative of the results of operations that we would have realised if the Pro Forma Adjustment Events had occurred prior to the relevant periods presented, or of the results of operations that we will realise in the future. Please see the section "Share Capital and Shareholders — The Corporate Restructuring".*

**Unaudited Pro Forma Profit Statement**

| | Unaudited 9M2013 $'000 | Unaudited FY2012 $'000 |
|---|---|---|
| **REVENUE** | 1,083,178 | 1,411,770 |
| Cost of Sales | (590,668) | (785,398) |
| **GROSS PROFIT** | 492,510 | 626,372 |
| **Other Income/(Losses)** | (2,296) | 14,351 |
| **Other Items of Expenses** | | |
| Operation Costs | (105,709) | (132,188) |
| Marketing Costs | (43,289) | (84,344) |
| Administrative Costs | (65,860) | (93,005) |
| **TOTAL COSTS AND EXPENSES** | (214,858) | (309,537) |
| **TRADING PROFIT** | 275,356 | 331,186 |
| Share of Results of Associates | 45,420 | 58,475 |
| Investment Income | – | 493 |
| **PROFIT BEFORE INTEREST, FAIR VALUE CHANGE, TAXATION AND EXCEPTIONAL ITEMS** | 320,776 | 390,154 |
| Interest Income | 13,069 | 20,242 |
| Interest Expense | (51,072) | (66,708) |
| Net Interest Costs | (38,003) | (46,466) |
| **PROFIT BEFORE FAIR VALUE CHANGE, TAXATION AND EXCEPTIONAL ITEMS** | 282,773 | 343,688 |
| Fair Value Change on Investment Properties | 146,429 | 265,228 |
| Share of Associates' Fair Value Change on Investment Properties | 90,394 | 71,695 |
| **PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS** | 519,596 | 680,611 |
| Exceptional Items | (1,466) | 13,382 |
| **PROFIT BEFORE TAXATION** | 518,130 | 693,993 |
| Taxation | (58,602) | (91,924) |
| **PROFIT FOR THE YEAR/PERIOD** | 459,528 | 602,069 |
| **ATTRIBUTABLE TO:-** | | |
| Shareholders of the Company | | |
| - before fair value change and exceptional items | 227,664 | 267,560 |
| - fair value change | 235,904 | 336,306 |
| - exceptional items | (912) | 12,488 |
| | 462,656 | 616,354 |
| Non-controlling interests | (3,128) | (14,285) |
| **PROFIT FOR THE YEAR/PERIOD** | 459,528 | 602,069 |
| **EARNINGS PER SHARE** | | |
| - Basic and Diluted | | |
| - Before fair value change on investment properties and exceptional items | 7.9¢ | 9.3¢ |
| - After fair value change on investment properties and exceptional items | 16.0¢ | 21.3¢ |

**Unaudited Pro Forma Statement of Comprehensive Income**

| | Unaudited 9M2013 $'000 | Unaudited FY2012 $'000 |
|---|---|---|
| **PROFIT FOR THE YEAR/PERIOD** | 459,528 | 602,069 |
| **OTHER COMPREHENSIVE INCOME, NET OF TAX** | | |
| Fair value change of cash flow hedges | 5,387 | 5,256 |
| Share of associates' fair value change of cash flow hedges | 735 | – |
| ***Items that will be reclassified to profit or loss:*** | 6,122 | 5,256 |
| (Realisation upon disposal)/fair value change of available-for-sale financial assets | (34,900) | 34,900 |
| Foreign currency translation reserve: | | |
| - Exchange difference on consolidation | (17,099) | (27,752) |
| Share of comprehensive income of associates | (11,266) | 158 |
| Realisation of reserves upon change in control: | | |
| - Step-up acquisition | – | 12,833 |
| - Disposal of subsidiaries | – | 19,711 |
| | (63,265) | 39,850 |
| Other comprehensive income for the year/period, net of tax | (57,143) | 45,106 |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD** | 402,385 | 647,175 |
| **ATTRIBUTABLE TO:-** | | |
| Shareholders of the Company | 412,519 | 663,824 |
| Non-controlling Interest | (10,134) | (16,649) |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD** | 402,385 | 647,175 |

**Unaudited Pro Forma Balance Sheet**

| | Unaudited as at 30 June 2013 $'000 | Unaudited as at 30 September 2012 $'000 |
|---|---|---|
| **NON-CURRENT ASSETS** | | |
| Investment Properties | 3,026,623 | 2,821,434 |
| Fixed Assets | 31,113 | 33,337 |
| Investment in Associates | 1,038,558 | 1,223,506 |
| Financial Assets | 2,163 | 2,166 |
| Other Assets | 106,902 | 107,234 |
| Other Receivables | 166,214 | 89,708 |
| Deferred Tax Assets | 2,937 | 2,937 |
| | 4,374,510 | 4,280,322 |
| **CURRENT ASSETS** | | |
| Inventory, at cost | 3,764 | 4,175 |
| Properties Held for Sale | 4,888,179 | 4,471,239 |
| Trade and Other Receivables | 263,285 | 327,697 |
| Prepayments | 26,205 | 7,127 |
| Financial Assets | – | 60,350 |
| Derivative Financial Instruments | 6,940 | – |
| Cash and Cash Equivalents | 981,152 | 1,206,314 |
| | 6,169,525 | 6,076,902 |
| **TOTAL ASSETS** | 10,544,035 | 10,357,224 |
| **CURRENT LIABILITES** | | |
| Trade and Other Payables | 1,290,403 | 1,022,457 |
| Provision for Taxation | 101,504 | 127,161 |
| Derivative Financial Instruments | 5,624 | 10,858 |
| Loans and Borrowings | 870,340 | 845,590 |
| | 2,267,871 | 2,006,066 |
| **NET CURRENT ASSETS** | 3,901,654 | 4,070,836 |
| **NON-CURRENT LIABILITIES** | | |
| Loans and Borrowings | 2,276,012 | 2,647,763 |
| Other Payables | 24,122 | 21,715 |
| Derivative Financial instruments | 2,781 | 4,732 |
| Deferred Tax Liabilities | 109,439 | 91,984 |
| | 2,412,354 | 2,766,194 |
| **TOTAL LIABILITIES** | 4,680,225 | 4,772,260 |
| **NET ASSETS** | 5,863,810 | 5,584,964 |
| **EQUITY ATTRIBUTABLE TO SHAREHOLDER OF THE COMPANY** | | |
| Share Capital | 1,753,977 | 1,753,977 |
| Retained Earnings | 4,089,193 | 3,750,376 |
| Other Reserves | 7,032 | 57,169 |
| | 5,850,202 | 5,561,522 |
| Non-Controlling Interests | 13,608 | 23,442 |
| **TOTAL EQUITY** | 5,863,810 | 5,584,964 |
| **NET ASSET VALUE PER ORDINARY SHARE** | $2.02 | $1.92 |

# MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

*The following discussion of our business, results of operations and financial position should be read in conjunction with the full text of this Document, including the section "Selected Financial Information" and "Appendix D — Audited Consolidated Financial Statements of Frasers Centrepoint Limited and its Subsidiaries for the Financial Years Ended 30 September 2010, 2011 and 2012 with the Independent Auditor's Report thereon" and "Appendix E — Audited Interim Consolidated Financial Statements of Frasers Centrepoint Limited and its Subsidiaries for the Nine Months Ended 30 June 2013 with the Independent Auditor's Report thereon", respectively. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause our actual future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Document, particularly in the sections "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements".*

The figures in this section are approximate figures and have been rounded to the nearest one decimal place for ease of reference.

**Overview**

We are headquartered in Singapore and our principal activities are property development, investment and management of commercial property, serviced residences and property trusts. Our Group's property portfolio comprises properties located in Singapore and overseas, ranging from residential and commercial developments to shopping malls, serviced residences and office and business space properties, as represented by the following four lead brands/ divisions - Frasers Centrepoint Homes (for Singapore residential development properties), Frasers Property (for overseas development properties), Frasers Centrepoint Commercial (for shopping malls, office and business space properties) and Frasers Hospitality (for serviced residences).

Frasers Centrepoint Homes focuses on residential property development in Singapore. As at 30 June 2013, we had built over 11,000 homes in Singapore, with more than 7,000 homes under development (including properties under our joint venture projects).

Frasers Property is the international arm of our Group which develops residential and mixed-use property projects outside of Singapore, including in China, Australia, New Zealand, Thailand, and the United Kingdom. China and Australia are the two key overseas property markets for development properties for our Group.

Frasers Centrepoint Commercial manages our shopping malls in Singapore under the Frasers Centrepoint Malls brand. As at 30 June 2013, we manage five shopping malls in Singapore through FCT, an entity which is listed on the SGX-ST with a market capitalisation of $1,529 million as at the Latest Practicable Date. In addition, we also have interests in and/or manage seven other shopping malls in Singapore and one shopping mall in China and currently have an interest in one shopping mall under development in Australia.

Frasers Centrepoint Commercial also manages office and business space properties. As at 30 June 2013, we manage five commercial and office properties in Singapore and Australia through FCOT, an entity which is listed on the SGX-ST with a market capitalisation of $822 million as at the Latest Practicable Date. In addition, our Group also has interests in six office and business space properties located in Singapore, China and Vietnam. As at 30 June 2013, we have developed six commercial properties.

Frasers Hospitality has interests in and/or manages serviced residences under the branded lifestyle offerings of Fraser Suites, Fraser Place, Fraser Residence, Modena by Fraser and Capri by Fraser, offering, as at 30 June 2013, more than 8,000 apartments in over 30 cities. Based on management contracts secured as at 30 June 2013, more than 6,400 apartments will be added to Frasers Hospitality's portfolio of serviced residences over the next three years.

**Principal Income Statement Components**

***Revenue***

We derive our revenue primarily from:

- the development and sale of residential properties;
- property and related income, comprising primarily rental income arising from investment properties; and
- fee-based income, comprising primarily fees from fund management, management of commercial properties and serviced apartments, and project management.

*Revenue from Development Properties*

Revenue from the sale of development properties is recognised when the significant risks and rewards of ownership have been transferred to the purchasers.

For residential development projects under the progressive payment scheme in Singapore, revenue is recognised based on the percentage of completion method. Under the percentage of completion method, profit is recognised on sales contracts based on progress achieved on construction work. The progress of construction work is measured based on the construction and related costs incurred to date as a percentage of estimated total construction and related costs for each project.

For executive condominium projects in Singapore, residential development projects under the deferred payment scheme in Singapore and overseas development projects, revenue is recognised when development units are delivered to the purchasers.

*Revenue from Completed Development Properties*

Revenue from completed development properties are recognised through the transfer of legal title or equitable interest in the properties, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

*Property and Related Income*

Property and related income from completed properties are recognised on a straight line basis over the lease term commencing on the date from which the lessee is entitled to exercise its right to use the leased asset.

*Fee-based Income*

Revenue from fee-based income is recognised on an accrual basis.

The following tables set forth certain information relating to our revenue for the periods indicated:

*Breakdown by Business Segment*

| | **FY** | | | | | | **9M** | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **($'000)** | **2010** | **%** | **2011** | **%** | **2012** | **%** | **2012** | **%** | **2013** | **%** |
| Investment properties | 192,609[1] | 11 | 149,405 | 7 | 149,673 | 11 | 111,494 | 12 | 100,601 | 9 |
| Development Properties | 1,373,310 | 80 | 1,934,208 | 87 | 1,068,983 | 76 | 655,968 | 73 | 813,916 | 75 |
| Hospitality | 98,215 | 6 | 116,259 | 5 | 130,857 | 9 | 93,275 | 10 | 129,233 | 12 |
| Corporate and others | 44,155 | 3 | 34,489 | 1 | 62,257 | 4 | 45,706 | 5 | 39,428 | 4 |
| **Total** | **1,708,289** | **100** | **2,234,361** | **100** | **1,411,770** | **100** | **906,443** | **100** | **1,083,178** | **100** |

**Note:**

(1) FCT was diluted from a subsidiary to an associate in February 2010. As such, revenue from FCT was not consolidated subsequent to February 2010.

*Breakdown by Geographical Segment*

| | FY | | | | | | 9M | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **($'000)** | **2010** | **%** | **2011** | **%** | **2012** | **%** | **2012** | **%** | **2013** | **%** |
| Singapore | 1,307,477 | 76 | 1,454,722 | 65 | 1,017,720 | 72 | 745,006 | 82 | 843,932 | 78 |
| China | 134,699 | 8 | 264,329 | 12 | 236,105 | 17 | 43,117 | 5 | 33,729 | 3 |
| Thailand | 127 | – | 69,114 | 3 | 6,832 | – | 1,463 | – | 13,737 | 1 |
| United Kingdom | 49,380 | 3 | 31,567 | 1 | 37,848 | 3 | 26,026 | 3 | 26,720 | 2 |
| Australia | 202,713 | 12 | 396,789 | 18 | 89,556 | 7 | 73,291 | 8 | 147,125 | 14 |
| Others | 13,893 | 1 | 17,840 | 1 | 23,709 | 1 | 17,540 | 2 | 17,935 | 2 |
| **Total** | **1,708,289** | **100** | **2,234,361** | **100** | **1,411,770** | **100** | **906,443** | **100** | **1,083,178** | **100** |

***Cost of Sales***

Cost of sales comprises the costs of development properties sold. It includes land costs, related stamp duties on land purchase, development charges levied by the URA and construction costs, as well as direct staff costs, direct financing costs, property maintenance, direct property taxes and other related overhead expenditure.

***Other Income/(Losses)***

Other income or losses comprises mainly exchange gain and loss, gain and loss on disposal of fixed assets and other non-recurrent income and losses.

The following table sets forth certain information relating to other income or losses for the periods indicated:

| | FY | | | 9M | |
|---|---|---|---|---|---|
| **($'000)** | **2010** | **2011** | **2012** | **2012** | **2013** |
| Compensation income from settlement of litigation | – | – | 6,749 | 6,766 | – |
| Provision for litigation claims | – | (4,760) | – | – | – |
| Provision written back on receipt of land premium rebate | 12,410 | – | – | – | – |
| Loss on disposal of fixed assets | (190) | (613) | (564) | (490) | (295) |
| Fair value (loss)/gain on foreign currency forward contracts | (5,553) | (481) | (224) | 196 | 3,085 |
| Exchange (loss)/gain | (216) | 1,883 | 8,132 | 5,496 | (5,175) |
| Others | 801 | 1,422 | 258 | 64 | 89 |
| **Total** | **7,252** | **(2,549)** | **14,351** | **12,032** | **(2,296)** |

***Other Items of Expenses***

Other items of expenses comprise operation costs, marketing costs and administrative costs that are not included in cost of sales.

Operation costs consist largely of non-development property related property tax, utilities, master lease payment, building upkeep and maintenance and operational staff costs.

Marketing costs consist largely of marketing and selling expenses of development properties, advertising and promotion expenses, commission to secure tenants and purchasers, doubtful debts and marketing staff costs.

Administrative costs consist largely of management fees, rental expenses, travelling expenses, professional fees, audit and legal fees, insurance, software maintenance and corporate staff costs.

The following table sets forth certain information relating to other items of expenses for the periods indicated:

| | FY | | | | | | 9M | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **($'000)** | **2010** | **%** | **2011** | **%** | **2012** | **%** | **2012** | **%** | **2013** | **%** |
| Operation costs | 113,431 | 52 | 119,320 | 46 | 132,188 | 43 | 96,399 | 42 | 105,709 | 49 |
| Marketing costs | 14,278 | 7 | 59,310 | 23 | 84,344 | 27 | 58,682 | 26 | 43,289 | 20 |
| Administrative costs | 88,820 | 41 | 80,787 | 31 | 93,005 | 30 | 74,219 | 32 | 65,860 | 31 |
| **Total** | **216,529** | **100** | **259,417** | **100** | **309,537** | **100** | **229,300** | **100** | **214,858** | **100** |

### *Investment Income*

Investment income comprises mainly dividends from available-for-sale financial assets, namely preference shares attached to junior bonds issued by Sengkang Mall Limited which have been redeemed upon maturity on 20 November 2012.

### *Share of Results of Associates*

Share of results of associates includes our share of the profits of entities in which we have significant influence, but no control, over financial and operating policies.

The following table sets forth certain information relating to the share of results of our associates for the periods indicated:

| | FY | | | 9M | |
|---|---|---|---|---|---|
| **($'000)** | **2010** | **2011** | **2012** | **2012** | **2013** |
| FCT | 17,294[1] | 24,724 | 32,197 | 23,146 | 28,375 |
| FCOT | 19,616[2] | 19,549[2] | 23,575[2] | 12,476[2] | 14,790[2] |
| Krungthep Land Public Company Limited | 312 | 2,488 | 1,655 | 1,112 | 1,798 |
| Fairbriar Residential Investment Partnership | 840 | 1,396 | 1,007 | 806 | –[3] |
| Hektar Asset Management Sdn Bhd | (11) | 38 | 41 | 43 | 350 |
| Hua Li Holdings Pte Ltd | 2,327 | –[4] | – | – | – |
| Gemshine Investments (S) Pte Ltd | – | – | – | – | 699[5] |
| Supreme Asia Investments Limited Group, including Shanghai Zhong Jun Property Real Estate Development Co, Ltd | – | – | – | – | (592)[6] |
| **Total** | **40,378** | **48,195** | **58,475** | **37,583** | **45,420** |

**Notes:**

(1) FCT was diluted from a subsidiary to an associate in February 2010.

(2) Including distributions from Series A Convertible Perpetual Preferred Units issued by FCOT.

(3) Fairbriar Residential Investment Partnership became a subsidiary in September 2012.

(4) Hua Li Holdings Pte Ltd was liquidated in FY2011.

(5) Gemshine Investments (S) Pte Ltd became an associate in November 2012.

(6) Supreme Asia Investments Limited Group, including Shanghai Zhong Jun Property Real Estate Development Co, Ltd, was diluted from a subsidiary to an associate in September 2012.

*__Profit before Interest, Fair Value Change, Taxation and Exceptional Items__*

Profit before interest, fair value change, taxation and exceptional items comprise operating profit, including share of operating results of our associates and investment income.

| | FY | | | | | | 9M | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **($'000)** | **2010** | **%** | **2011** | **%** | **2012** | **%** | **2012** | **%** | **2013** | **%** |
| Investment properties | 143,493 | 29 | 118,514 | 21 | 129,376 | 33 | 92,048 | 34 | 89,595 | 27 |
| Development Properties | 333,451 | 66 | 412,683 | 71 | 194,432 | 50 | 145,897 | 54 | 178,348 | 56 |
| Hospitality | 35,208 | 7 | 42,458 | 7 | 40,145 | 10 | 27,415 | 10 | 47,599 | 15 |
| Corporate and others | (8,854) | (2) | 6,031 | 1 | 26,201 | 7 | 4,868 | 2 | 5,234 | 2 |
| **Total** | **503,298** | **100** | **579,686** | **100** | **390,154** | **100** | **270,228** | **100** | **320,776** | **100** |

*__Interest Income__*

Interest income comprises primarily interest on fixed deposits and bank balances, the interest on junior bonds of Sengkang Mall Limited and interest charged to a shareholder with non-controlling interest.

*__Interest Expense__*

Interest expense comprises primarily interest on interest-bearing loans from related companies, notes and bank borrowings.

*__Fair Value Change on Investment Properties__*

Investment properties are measured at fair value. Gains or losses arising from changes in the fair value of investment properties (both completed and under construction) are included in the profit statement in the year in which they arise. The fair values of completed investment properties are determined annually based on independent professional valuations on the balance sheet date.

The fair value of investment properties under construction are determined annually and on completion based on independent professional valuations.

Our share of the fair value gain or loss on revaluation of investment properties held by our associates are classified under Share of Associates' Fair Value Change on Investment Properties.

*__Exceptional Items__*

Exceptional items are items of income and expense of such size, nature or incidence that their disclosure is relevant to explain the performance of the Group for the year.

*__Taxation__*

Our Group is subject to income tax at the applicable statutory rates in Singapore, China, Australia, United Kingdom and other overseas jurisdictions.

The following table sets out the statutory tax rates in Singapore and the effective tax rate applicable to our Group for the periods indicated:

| | FY | | | 9M | |
|---|---|---|---|---|---|
| | **2010** | **2011** | **2012** | **2012** | **2013** |
| Prevailing statutory tax rate in Singapore (%) | 17.0 | 17.0 | 17.0 | 17.0 | 17.0 |
| Effective tax rate (%) | 18.9 | 17.9 | 12.9 | 22.4 | 10.8 |

For FY2010, our Group's effective tax rate was 18.9% due to provisions made for foreseeable losses that were not tax deductible.

For FY2011, our Group's effective tax rate was 17.9%, which was a marginal increase over the statutory rate.

For FY2012, our Group's effective tax rate was 12.9%. This was lower than the statutory tax rate because no tax was provided on fair value gain on the freehold land of investment properties in Singapore.

For 9M2012, our Group's effective tax rate was 22.4% due to marketing expenses for residential projects and certain interest expenses that were not tax deductible.

For 9M2013, our Group's effective tax rate was 10.8%. This was lower than the statutory tax rate because no tax was provided on fair value gain on all investment properties in Singapore.

***Basic and diluted earnings per share***

Our basic and diluted earnings per share is computed by dividing the Group's attributable profit (net of preference dividends paid) by the weighted average number of ordinary shares in issue during the year.

| | FY | | | 9M | |
|---|---|---|---|---|---|
| **(Cents)** | **2010** | **2011** | **2012** | **2012** | **2013** |
| Basic and diluted earnings per share before fair value change on investment properties and exceptional items | 42.9 | 51.7 | 33.5 | 22.9 | 28.3 |
| Basic and diluted earnings per share after fair value change on investment properties and exceptional items | 63.0 | 79.4 | 85.2 | 25.7 | 64.9 |

**Review of Past Performance**

***FY2010 vs FY2011***

Group revenue increased by 30.8% to $2,234.4 million for FY2011 compared to $1,708.3 million in FY2010.

PBIT increased by 15.2% to $579.7 million for FY2011 compared to $503.3 million in FY2010.

Earnings per share (before fair value adjustment and exceptional items) increased to 51.7 cents for FY2011 compared to 42.9 cents in FY2010.

*Investment Properties ("**IP**")*

Revenue from IP decreased by 22.4% to $149.4 million for FY2011 compared to $192.6 million in FY2010. The drop in revenue was mainly due to Northpoint 2 and Yew Tee Point being sold to FCT in February 2010 following which our Group ceased to receive rental income from these two properties. In addition, Bridgepoint mall in Australia was sold in August 2011, leading to lower rental revenue in FY2011 compared to FY2010. Lower rental rates on renewal of certain tenancies and decrease in occupancy rates from The Centrepoint Shopping Centre and Alexandra Point in Singapore and Me Linh Point in Vietnam also contributed to the reduction. Revenue from FCT also ceased to be consolidated when it became an associate from 4 February 2010 onwards. In addition, there were pre-operating costs incurred by the office component of Changi Business Park project in FY2011.

PBIT from IP decreased by 17.4% to $118.5 million for FY2011 compared to $143.5 million in FY2010 mainly due to the reasons above.

Another contributing factor to the drop in PBIT is the lower share of FCT's profits recognised in FY2011 after the Group's dilution of its investment in FCT on 4 February 2010 from 52% to 43%. Addition and alteration works to enhance and re-position Causeway Point also contributed to the decrease in share of profits due to an increase in lease vacancy during the works.

Our Group's share of profits and Convertible Perpetual Preferred Units ("**CPPU**") distribution from FCOT in FY2011 was $2.7 million and $16.8 million respectively compared to $1.9 million and $17.7 million respectively in FY2010. The decrease in CPPU distribution was a result of a decrease in the Group's holdings of CPPUs when the Group sold a portion of its CPPUs in March 2010. The increase in the Group's share of FCOT profits was due to improved net property income of FCOT and the Group's acquisition of more units in FCOT in FY2011 as a result of FCOT's payment of management fees by way of units in FCOT.

*Development Properties ("**DP**")*

Revenue from DP increased by 40.8% to $1,934.2 million for FY2011 compared to $1,373.3 million in FY2010 mainly due to increase in revenue recognition based on percentage of completion method for Singapore projects and revenue recognised on completion for Suzhou Baitang Phase 1A in China and The Pano in Thailand. Included in FY2011 was a one-off revenue of $297.1 million for sale of 50% interest in One Central Park project in Australia to a joint venture partner, Sekisui House Limited. Our Group's share of revenue (56.8%) from the sale of Bedok Point to FCT in September 2011 was $72.1 million. In addition, Soleil@Sinaran sold 3 units at $6.2 million after obtaining its Temporary Occupancy Permit in August 2011.

The increase was partially offset by the cessation of sales from completed projects such as St. Thomas Suites, Clementiwoods and Martin Place Residences in Singapore and lower sales achieved from Trio@ City Quarter and Lumiere Residences in Australia, and Song Jiang project in China in FY2011 compared to FY2010.

PBIT from DP increased by 23.8% to $412.7 million for FY2011 compared to $333.5 million in FY2010. Due to the same reasons for increase in revenue above, the increase in PBIT is in alignment with the increase in revenue. Included in FY2011 was a one-off profit of $68.0 million for sale of 50% interest in One Central Park project to a joint venture partner, Sekisui House Limited.

*Hospitality*

Revenue increased by 18.4% to $116.3 million in FY2011 compared to $98.2 million in FY2010. The increase was mainly due to revenue contributions from the newly opened Frasers Residence Orchard in Singapore (opened in January 2011), Fraser Residence Sudirman, Jakarta, Indonesia (opened in February 2011) and Fraser Place Melbourne in Australia (soft opened in June 2011). There were higher rentals and occupancy rates achieved from Fraser Suites Singapore, Fraser Suites Sydney, Australia, Fraser Place Manila, Philippines and an improvement in fee-based income.

PBIT increased by 20.7% to $42.5 million in FY2011 compared to $35.2 million in FY2010 mainly due to improved performance from Fraser Suites and Fraser Place in Singapore and Fraser Suites Beijing in China and from higher management fee income.

*Corporate and others*

Revenue decreased by 21.9% to $34.5 million in FY2011 compared to $44.2 million in FY2010.

PBIT from corporate and others increased by 167.4% to $6.0 million compared to a loss of $8.9 million in FY2010 mainly due to asset management fee charged to non-REIT investment properties commencing from FY2011 and sales commission earned from the newly launched development project, Esparina Residences in Singapore.

*Share of associated companies' profit*

Share of associated companies' profits of $48.2 million in FY2011 comprised $24.7 million from FCT, $2.8 million from FCOT, $2.5 million from Krungthep Land Public Company Limited ("**Kland**") and $1.4 million from Fairbriar Residential Investment Partnership ("**FRIP**"). There was also distribution of $16.8 million from FCOT's CPPU.

In FY2010, share of associated companies' profits of $40.4 million comprised $17.3 million from FCT, $1.9 million from FCOT, $2.3 million from Hua Li Holdings Pte Ltd, $0.9 million from FRIP and $0.3 million from Kland. In FY2010, CPPU distribution from FCOT was $17.7 million.

*Fair value change on investment properties*

Fair value surplus in FY2011 was $82.7 million comprising revaluation gains of $52.9 million in China and Hong Kong, $28.6 million in Singapore, $3.4 million in Indonesia, $0.7 million in Philippines, $0.3 million in Australia and revaluation deficits of $2.9 million in Vietnam and $0.3 million in United Kingdom.

In FY2010, the fair value surplus of $116.8 million comprised revaluation gains of $69.5 million in Singapore, $36.6 million in China, $12.3 million in United Kingdom and revaluation deficit of $1.6 million in Philippines.

*Share of associates' fair value change on investment properties*

Our Group's share of associates' revaluation gains amounted to $54.5 million in FY2011, comprising $4.8 million from FCOT, $48.8 million from FCT and $0.9 million from FRIP.

In FY2010, the Group's share of associates' revaluation gains amounted to $12.2 million, comprising $7.0 million from FRIP's investment in United Kingdom and $5.2 million from FCOT's properties, mainly from China Square Central in Singapore.

*Exceptional items*

In FY2011, the net gain from exceptional items of $121.8 million comprised $102.9 million from the gain on waiver of United Kingdom bank debt arising from restructuring of the United Kingdom operations, $5.7 million from the negative goodwill on additional units issued by FCOT in payment for management fees, $4.1 million from the gain on disposal of Cosmo Plaza in Japan under FCOT, $1.2 million from the release of monies held in escrow at the time of acquisition of investment in FCOT in 2008 for potential tax liabilities which was no longer required, $1.0 million gain from dilution of interest in FCT upon injection of Bedok Point into FCT's portfolio and gain on disposal of subsidiary, Shenyang Frasers Real Estate Development Co. Ltd by Frasers Property China Ltd ("**FPCL**"), of $6.9 million.

In FY2010, net gain from exceptional items of $50.7 million comprised $40.1 million from gain on dilution of FCT to an associated company, $7.5 million from gain on disposal of investment in Saigon Apartment Joint Venture Company and $7.0 million from negative goodwill on additional units issued by FCOT in payment for management fees. The gain was partially offset by exchange loss realised on loans granted to joint ventures in the United Kingdom of $3.9 million.

*Taxation*

Our Group's effective tax rate for FY2011 was 17.9% compared to 18.9% in FY2010. In FY2011, gain on corporate and tax restructuring in United Kingdom was not taxable and there was overprovision of tax in prior years written back. The higher effective tax rate in FY2010 was mainly due to provisions made for foreseeable losses that were not tax deductible.

***FY2011 vs FY2012***

Group revenue decreased by 36.8% to $1,411.8 million for FY2012 compared to $2,234.4 million in FY2011.

PBIT decreased by 32.7% to $390.2 million for FY2012 compared to $579.7 million in FY2011.

Earnings per share (before fair value adjustment and exceptional item) decreased to 33.5 cents for FY2012 compared to 51.7 cents for FY2011.

*Investment Properties*

Revenue from IP increased slightly to $149.7 million for FY2012 compared to $149.4 million in FY2011.

The increase in revenue for IP was mainly due to higher rental revenue of $0.9 million in Singapore and $3.0 million in China.

The increase was partially offset by lower rental revenue of $0.1 million in Vietnam as well as the disposal of Bridgepoint mall in Australia in August 2011 which had delivered about $3.6 million in the previous year.

PBIT from IP was $129.4 million for FY2012 compared to $118.5 million for FY2011. This increase was mainly attributable to better performance by FCT.

*Development Properties*

Revenue from DP decreased by 44.7% to $1,069.0 million for FY2012 compared to $1,934.2 million for FY2011 mainly due to cessation of sales from completed projects namely, Soleil@Sinaran, Martin Place Residences, Waterfront Waves and Woodsville 28 in Singapore and lower sales achieved from completed properties namely Trio@City Quarter, Lumiere Residences and Lorne in Australia and Song Jiang project in China. The Caspian, 8@Woodleigh and Residences Botanique projects in Singapore also achieved lower percentage of completion margins for FY2012 as compared to FY2011, as these projects obtained TOP during the year. Included in FY2011 was one-off revenue of $297.1 million for sale of 50% interest in One Central Park project in Australia to a joint venture partner, Sekisui House Limited.

The decrease was partially offset by the increase in revenue recognition based on percentage of completion from existing projects like Flamingo Valley and Waterfront Gold in Singapore as well as new projects like Waterfront Isle, Eight Courtyards, Boathouse Residences and Seastrand in Singapore.

PBIT from DP decreased by 52.9% to $194.4 million for FY2012 compared to $412.7 million for FY2011. Apart from the reasons mentioned above for decrease in revenue, the decrease in PBIT was also attributed to higher marketing expenses of $25.6 million incurred for newly launched Singapore projects in June 2012 quarter namely Palm Isles, Watertown and Twin Waterfalls. Similarly, projects in Australia (Putney Hill, Frasers Queens, Frasers Broadway), New Zealand (Coast@Papamoa) and in the United Kingdom (Wandsworth Riverside Quarter) incurred a loss of $17.6 million due to higher sales and marketing expenses charged out as period cost. Included in FY2011 was a one-off profit of $68.0 million for sale of 50% interest in One Central Park project to a joint venture partner, Sekisui House Limited. Impairment losses of $36.9 million and $4.9 million were taken up in FY2012 in Australia for Mandurah and Lorne Killara respectively and $1.6 million for Broadview in New Zealand.

The decrease in PBIT was partially offset by the following factors: In FY2012, there was a write back of prior year provision for impairment of $13.8 million for Flamingo Valley in Singapore as the project had achieved sales at a much higher price per sqf than the breakeven costs. Due to a change in profit recognition for executive condominiums to the completion method, the profit for Esparina in the previous year was restated and a development loss of $9.1 million was recognised. There was no development loss for Esparina in FY2012. In addition, there were also impairment losses made for Collins Theatre in United Kingdom of $5.7 million in FY2011 where no such impairment loss was incurred for FY2012. Lastly for FY2011, there was a compensation amount payable to China Resources for FPCL's Beijing Ganglu project in China of $4.8 million due to failure to fulfil certain obligations under the land development construction compensation agreement. In contrast, for FY2012, our Group recorded a compensation income of $6.7 million receivable from China Resources for Beijing Ganglu project in China arising from a favourable judgment awarded to FPCL for 5% retention money.

*Hospitality*

Revenue increased by 12.6% to $130.9 million for FY2012 compared to $116.3 million for FY2011.

The increase was mainly due to revenue from new operations like the newly acquired Fraser Place Queens Gate in United Kingdom (in December 2011), a full financial year's contribution from Fraser Residence Sudirman, Jakarta in Indonesia (opened in February 2011), Fraser Residence Orchard in Singapore (opened in January 2011) and Fraser Place Melbourne in Australia (soft opened in June 2011). There is also an increase of revenue from existing operations such as Fraser Suites Glasgow and Fraser Place Canary Wharf in United Kingdom. Higher rentals and occupancy rates were achieved by our China operations and Fraser Place, Manila in Philippines and improvement in the fee-based income in Singapore.

The increase was partially offset by lower occupancy rates for Fraser Suites, Singapore due to closure of rooms for retrofitting works.

PBIT was $40.1 million for FY2012 compared to $42.5 million for FY2011. Despite the improved performances and newly opened properties as explained in revenue above, hospitality registered a marginal decrease in PBIT due mainly to reduction in profit in Fraser Suites, Singapore on closure of its rooms for retrofitting works.

*Corporate and others*

Revenue increased 80.5% to $62.3 million for FY2012 compared to $34.5 million for FY2011. The increase was mainly due to the Group's share of management fee earned from Central Park project in Australia and increase in property management fee income from managing new third party mall, Eastpoint Mall and fee from Causeway Point which saw an increase after completion of its asset enhancement scheme.

PBIT from Corporate and others increased 336.7% to $26.2 million for FY2012 compared to $6.0 million for FY2011 which is in alignment with the reasons stated under revenue above.

*Share of associated companies' profit*

Share of associated companies' profits of $58.5 million for FY2012 comprised $32.2 million from FCT, $6.7 million from FCOT, $16.9 million from FCOT's CPPU, $1.7 million from Kland and $1.0 million from FRIP.

For FY2011, share of associated companies' profits of $48.2 million comprised $24.7 million from FCT, $2.8 million from FCOT, $16.8 million from FCOT's CPPU, $2.5 million from Kland and $1.4 million from FRIP.

Our Group's share of profits in FCT increased by 30.4% to $32.2 million for FY2012 from $24.7 million for FY2011 due to rental contribution from Bedok Point for FY2012. Bedok Point was injected into FCT in September 2011. In addition, there was improvement in revenue from Causeway Point upon completion of the significant portion of its addition and alteration works.

*Fair value change on investment properties*

In FY2012, there was $265.2 million of fair value surplus. This comprised revaluation gains of $265.0 million in Singapore, $2.2 million in Indonesia, $1.6 million in Philippines and $0.6 million in United Kingdom, net of revaluation deficits of $3.0 million in Vietnam and $1.2 million in Australia.

Fair value surplus for FY2011 was $82.7 million comprising revaluation gains of $52.9 million in China and Hong Kong, $28.6 million in Singapore, $3.4 million in Indonesia, $0.7 million in Philippines, $0.3 million in Australia and revaluation deficit of $2.9 million in Vietnam and $0.3 million in the United Kingdom.

*Share of associates' fair value change on investment properties*

Our Group's share of our associates' revaluation gains amounted to $71.7 million in FY2012, comprising $14.3 million from FCOT, $41.2 million from FCT, $2.5 million from Hektar REIT and $13.7 million from FRIP.

Our Group's share of associates' revaluation gains amounted to $54.5 million in FY2011, comprising $4.8 million from FCOT, $48.8 million from FCT and $0.9 million from FRIP.

*Exceptional items*

For FY2012, the net gain from exceptional items of $54.1 million comprised $1.1 million from the gain on acquisition of Fraser Place Queens Gate, $0.7 million from share of FRIP's gain on disposal of Bolton Studios, Chelsea, $4.5 million from reversal of part of the United Kingdom's bank profit share provision as a result of partial repayment of the refinanced facility, $10.6 million from fair value adjustment for retained interest in Supreme Asia Investments Ltd Group, $25.0 million from the gain on disposal of investments upon repayment of bank loan in FPCL, $12.8 million from loss on acquisition of FRIP, $5.1 million from negative goodwill on additional units issued by FCOT in payment for management fees and $20.0 million from the gain on FCOT's disposal of Keypoint.

For FY2011, the net gain from exceptional items of $121.8 million comprised $102.9 million from the gain on waiver of United Kingdom bank debt arising from restructuring of the United Kingdom operations, $5.7 million from the negative goodwill on additional units issued by FCOT in payment for management fees, $4.1 million from the gain on disposal of Cosmo Plaza in Japan under FCOT, $1.2 million from the release of monies held in escrow at the time of acquisition of investment in FCOT in 2008 for potential tax liabilities which were no longer required, $1.0 million gain from dilution of interest in FCT upon injection of Bedok Point to FCT's portfolio and gain on disposal of subsidiary, Shenyang Frasers Real Estate Development Co. Ltd by FPCL of $6.9 million.

*Taxation*

Our Group's effective tax rate for FY2012 was 12.9% compared to 17.9% for FY2011. The effective tax rate for FY2012 was lower mainly because no tax was provided on fair value gain on freehold investment properties in Singapore.

***9M2012 vs 9M2013***

*Group Profit Statement*

Group revenue increased by 19.5% to $1,083.2 million for the 9M2013 compared to $906.4 million for the corresponding prior period.

PBIT increased by 18.7% to $320.8 million for the 9M2013 compared to $270.2 million for the corresponding prior period.

Earnings per share (before fair value change on investment properties and exceptional items) increased to 28.3 cents for the 9M2013 compared to 22.9 cents for the corresponding period last year.

*Investment Properties*

Revenue from IP decreased by 9.8% to $100.6 million for the 9M2013 compared to $111.5 million for the corresponding period last year.

The decrease is mainly due to cessation of rental income from Vision Shenzhen Business Park and Sohu.com Internet Plaza upon disposal of subsidiary, FPCL in September 2012.

PBIT from IP decreased by 2.6% to $89.6 million for the 9M2013 compared to $92.0 million for the corresponding period last year due to the same reasons as stated above. The decrease is partially offset by the improved profitability of $2.0 million from Valley Point Office, $2.4 million from Alexandra Technopark and $2.9 million from One@Changi City which commenced operations in November 2012.

*Development Properties*

Revenue from DP increased by 24.1% to $813.9 million for the 9M2013 compared to $656.0 million for the corresponding period last year. The increase was mainly due to the increase in revenue recognition based on percentage of completion method from existing projects like Flamingo Valley, Waterfront Gold, Waterfront Isle, Eight Courtyards, Seastrand, Boathouse Residences as well as commencement of revenue recognition based on percentage of completion method from new projects such as Watertown, eCo, Qbay Residences and Palm Isles in Singapore. Sales of completed units in Suzhou Baitang (Phase 1B) and The Pano in Thailand also contributed to the increase in revenue.

Maiden recognition of revenue on completion of One Central Park West in Sydney, Australia of $83.0 million for 9M2013 contributed significantly to the increase in revenue.

The increase was partially offset by cessation of revenue recognised from projects completed in the last financial year namely Soleil@Sinaran, Caspian, 8@Woodleigh, and Residences Botanique in Singapore. In addition, there were also lower sales achieved from properties namely Trio@City Quarter, Lorne, and Lumiere in Australia whilst the Song Jiang project in China ceased contribution from September 2012 onwards after it was reduced from subsidiary to an associate. As Waterfront Key was completed in October 2012, the residual percentage of completion was significantly lower compared to the corresponding period last year, hence a lower contribution for this period.

PBIT from Development Properties increased by 22.3% to $178.4 million for the 9M2013 compared to $145.9 million for the corresponding period last year.

The increase was mainly due to commencement in profit recognition of new projects such as Watertown, Palm Isle in Singapore and also higher percentage of completion for existing projects like Boathouse Residences, Seastrand, Eight Courtyards, Waterfront Gold and Waterfront Isle in Singapore. Maiden recognition of profit on completion of One Central Park West in Sydney, Australia of $5.6 million also contributed significantly to the increase in PBIT.

The increase is partially offset by cessation of profit from projects completed in last financial year namely Soleil@Sinaran, Caspian, 8@Woodleigh, and Residences Botanique in Singapore. As Waterfront Key was completed in October 2012, the residual percentage of completion was significantly lower compared to the corresponding period last year, hence a lower profit contribution for this period. An impairment loss of $8.8 million was taken up in the current quarter for Killara development site in Sydney, Australia.

*Hospitality*

Revenue increased by 38.5% to $129.2 million for the 9M2013 compared to $93.3 million for the corresponding period last year.

The increase was due to new sources of revenue from newly acquired Fraser Suites, Kensington in the United Kingdom (in September 2012) and commencement of operations of Fraser Suites Perth in Australia (opened in October 2012) and Capri@Changi City in Singapore (opened in November 2012). There were also higher daily rental rates and occupancy achieved from existing operations such as Fraser Suites Beijing and Fraser Suites Singapore due to higher room occupancy after completion of renovation works. The increase was partially offset by Fraser Suites Queensgate in the United Kingdom due to closure of rooms for renovation works.

PBIT increased by 73.7% to $47.6 million for the 9M2013 compared to $27.4 million for the corresponding last period. PBIT from the newly acquired Fraser Suites, Kensington in the United Kingdom (in September 2012) contributed $3.7 million. Capri@Changi City which commenced operations in November 2012 contributed $2.7 million, whilst Fraser Suites Perth which opened in October 2012 contributed $3.9 million. Improved performance from Frasers Suites Singapore and Fraser Suites Beijing also contributed towards the increase in PBIT. Fee based income also registered an increase as compared to the corresponding prior period. The increase was partially offset by a decrease in revenue from Fraser Suites Queensgate in the United Kingdom due to closure of rooms for renovation works.

*Corporate and others*

Revenue from Corporate and others decreased by 13.8% to $39.4 million for the 9M2013 compared to $45.7 million for the corresponding prior period. This was mainly attributed to the cessation of fee income from Keypoint which was disposed by FCOT in September 2012.

PBIT increased slightly by 6.1% to $5.2 million for the 9M2013 compared to $4.9 million for the corresponding prior period.

*Share of associated companies' profit*

Share of associated companies' profit of $45.4 million for the 9M2013 comprised $28.4 million from FCT, $8.5 million from FCOT, $6.3 million from FCOT's CPPU, $1.8 million from Kland and $1.0 million from Hektar Asset Management and Gemshine Investments and share of losses of $0.6 million from Supreme Asia Investment Ltd and Shanghai Zhong Jun Real Estate Development Co., Ltd.

Share of associated companies' profit of $37.6 million for the 9M2012 comprised $23.1 million from FCT, $4.1 million from FCOT, $8.4 million from accrued CPPU distribution from FCOT, $1.1 million from Kland and $0.9 million from FRIP and Hektar Asset Management.

*Fair value change on investment properties*

Fair value surplus for the 9M2013 was $146.4 million comprising revaluation gains of $130.7 million in Singapore, $5.9 million in Hong Kong, $2.6 million in Indonesia, $0.4 million in Philippines, $11.6 million in the United Kingdom and revaluation deficits of $0.8 million in Vietnam and $4.0 million in Australia.

*Share of associates' fair value change on investment properties*

Our Group's share of associates' revaluation gains amounted to $90.4 million in 9M2013, comprising $27.9 million from FCOT, $59.5 million from FCT, $0.9 million from Hektar REIT, and $2.1 million from share of Gemshine Investments' Compass Point fair value gain.

Share of associates' fair value change on investment properties for the 9M2012 was $11.4 million, comprising share of our associates' revaluation gain of $7.3 million from FRIP, $2.5 million from Hektar REIT and $1.6 million from FCOT.

*Exceptional items*

For the 9M2013, the net gain from exceptional items of $39.2 million comprised $35.3 million from the gain on redemption of junior bonds of Sengkang Mall Limited, $1.3 million from share of Gemshine Investments' negative goodwill on acquisition of North I to V, $2.8 million loss from the increase of bank profit share provision in the United Kingdom, $1.1 million from the negative goodwill on additional units issued by FCOT in payment for management fees, $0.7 million loss from dilution of shareholding in FCOT due to conversion of CPPU into ordinary units and $5.0 million from share of FCOT's gain on disposal of Japan properties.

For the corresponding prior period, the net gain from exceptional items of $11.0 million comprised $1.1 million from negative goodwill on acquisition of Queensgate, $0.7 million from share of FRIP's gain on disposal of Bolton Studios, Chelsea, $4.9 million from reversal of bank profit share provision in the United Kingdom and $4.3 million from the negative goodwill on additional units issued by FCOT in payment for management fees.

*Taxation*

The Group's effective tax rate for the 9M2013 was 10.8% compared to 22.4% for the corresponding prior period. The effective tax rate was lower compared to the corresponding prior period mainly due to higher non-taxable fair value gain on investment properties, lower deferred tax benefits on losses not recognised and lower expenses not deductible for tax purposes.

**Review of Financial Position as at 30 September 2012**

***Non-current assets***

Non-current assets comprise investment properties, investment properties under construction, fixed assets, investments in associated companies, financial assets, other assets, other receivables and deferred tax assets.

Our non-current assets of $4,280.3 million represented 41.3% of our total assets as at 30 September 2012.

As at 30 September 2012, investment properties including those under construction amounted to $2,821.4 million or 65.9% of our total non-current assets and comprise commercial and hospitality properties.

Investments in associates amounted to $1,223.5 million or 28.6% of total non-current assets. This comprised our investments in associated companies to jointly develop various development properties and invest in commercial properties and funds.

Other assets amounted to $107.2 million and represented 2.5% of total non-current assets which mainly comprised $64.8 million relating to management contracts held by us. Management contracts of $62.6 million were assessed to have an indefinite useful life and not amortised. The remaining management contracts of $2.2 million with finite useful life of 3 years were amortised accordingly. Other assets also included $42.4 million of unguaranteed residual value in relation to our freehold interest retained in Alexandra Technopark.

Non-current other receivables amounted to $89.7 million and represented 2.1% of total non-current assets of which mainly comprised $75.9 million loan to a joint venture partner relating to Australia's operations. The loan was repayable in cash and interest bearing.

***Current assets***

Current assets comprise inventory (at cost), properties held for sale, trade and other receivables, prepayment, financial assets, derivative financial instruments and cash and cash equivalents.

As at 30 September 2012, our current assets amounted to $6,076.9 million which represented 58.7% of total assets.

Properties held for sale were the largest component of our current assets, accounting for 73.6%. Development and completed properties held for sale were the cumulative aggregate amount of costs incurred in the purchase and development of properties net of progress payments received up to 30 September 2012. Certain development properties are mortgaged to financial institutions as securities for the external loans and borrowings extended to our Group.

Trade receivables amounted to $242.5 million or 4.0% of total current assets which mainly comprised (i) $217.7 million of sales proceeds and progress billing receivables and (ii) $24.8 million receivable from tenants.

Current other receivables amounted to $85.2 million or 1.4% of total current assets which mainly comprised (i) $15.5 million receivable from F&N, our holding company, which were non-trade related, unsecured, interest free and repayable in cash; (ii) $13.9 million receivable from related companies which were non-trade related, unsecured, interest free and repayable in cash; (iii) tax recoverable of $9.1 million; (iv) accrued interest income of $5.8 million and (v) sundry debtors of $29.4 million.

Financial assets amounted to $60.4 million or 1.0% of total current assets which mainly comprised junior bonds issued by Sengkang Mall Limited, which were redeemed on 20 November 2012.

Our cash and cash equivalents amounted to $1,206.3 million or 19.8% of total current assets. This comprised $364.5 million related to project accounts which were bank balances held under the Project Account Rules (the use of which is subject to restrictions) and $841.8 million bank deposits (not restricted in use).

***Current liabilities***

Current liabilities comprise trade and other payables, provision for taxation, derivative financial instruments and loans and borrowings.

As at 30 September 2012, our current liabilities were $1,965.4 million which represented 36.4% of our total liabilities.

Trade payables amounted to $345.4 million or 17.6% of total current liabilities and mainly comprised project trade payables of $248.0 million, amount owing to service providers of $25.2 million and accrual of project sales incentives of $21.8 million.

Other payables amounted to $1,314.1 million and represented 66.9% of total current liabilities which mainly comprised (i) $663.0 million payable to related companies which were non-trade related loans and advances, unsecured, repayable in cash and were extended to us for working capital purposes and to finance the continued expansion of our property development business; (ii) $8.4 million payable to F&N, our holding company, which were non-trade related advances, unsecured, repayable in cash and were extended to us for working capital purposes; (iii) rental deposits collected from tenants of $40.7 million; (iv) loans from joint venture partners of $133.2 million; (v) accrued expenses of $102.4 million and (vi) progress billing received for executive condominiums and overseas projects of $335.1 million.

Current portion of long-term bank loans of $167.8 million represented 8.5% of total current liabilities and are due for settlement within 12 months.

Income tax payable amounted to $127.2 million or 6.5% of total current liabilities.

***Non-current liabilities***

Non-current liabilities comprise loans and borrowings, other payables, derivative financial instruments and deferred tax liabilities.

As at 30 September 2012, our non-current liabilities were $3,436.2 million which represented 63.6% of our total liabilities.

Long-term bank loans amounted to $1,424.7 million or 41.5% of total non-current liabilities.

Other payables amounted to $1,914.8 million and represented 55.7% of total non-current liabilities which mainly comprised $1,893.0 million payable to related companies which were non-trade related, unsecured and repayable in cash. These loans and advances were extended to us for working capital purposes and to finance the continued expansion of our property development business.

Deferred tax liabilities amounted to $92.0 million or 2.7% of total non-current liabilities.

**Review of Financial Position as at 30 June 2013**

***Non-current assets***

Non-current assets comprise investment properties, investment properties under construction, fixed assets, investments in associated companies, financial assets, other assets, other receivables and deferred tax assets.

Our non-current assets of $4,374.5 million represented 41.5% of our total assets as at 30 June 2013.

As at 30 June 2013, investment properties including those under construction amounted to $3,026.6 million or 69.2% of our total non-current assets and comprise commercial and hospitality properties.

Investment in associates amounted to $1,038.6 million or 23.7% of total non-current assets. This comprised our investments in associated companies to jointly develop various development properties and invest in commercial properties and funds.

Other assets amounted to $106.9 million and represented 2.4% of total non-current assets which mainly comprised of $64.5 million relating to value of management contracts held by us. Management contracts of $62.6 million were assessed to have an indefinite useful life and not amortised. The remaining management contracts of $1.9 million with finite useful life of 3 years were amortised accordingly. Other assets also included $42.4 million of unguaranteed residual value in relation to our freehold interest retained in Alexandra Technopark.

Non-current other receivables amounted to $166.2 million and represented 3.8% of total non-current assets of which mainly comprised (i) $88.7 million loan to a joint venture partner relating to Australia's operations and (ii) $63.6 million loan to an associate. The loans were repayable in cash and interest bearing.

### *Current assets*

Current assets comprise inventory (at cost), properties held for sale, trade and other receivables, prepayment, derivative financial instruments and cash and cash equivalents.

As at 30 June 2013, our current assets amounted to $6,169.5 million which represented 58.5% of total assets.

Properties held for sale were the largest component of our current assets, accounting for 79.2%. Development and completed properties were the cumulative aggregate amount of costs incurred in the purchase and development of properties net of progress payments received up to 30 June 2013. Certain development properties are mortgaged to financial institutions as securities for the external loans and borrowings extended to our Group.

Trade receivables amounted to $177.2 million or 2.9% of total current assets which mainly comprised (i) $141.5 million of sales proceeds and progress billing receivables and (ii) $35.7 million receivable from tenants.

Other receivables amounted to $86.1 million or 1.4% of total current assets which mainly comprised (i) $15.5 million receivable from F&N, our holding company, which were non-trade related, unsecured, interest free and repayable in cash; (ii) $5.7 million receivable from related companies which were non-trade related, unsecured, interest free and repayable in cash; (iii) tax recoverable of $2.8 million; (iv) accrued interest income of $3.9 million; (v) sundry debtors of $38.9 million; and (vi) $8.0 million loan to an associate which was interest bearing, unsecured and repayable in cash.

Our cash and cash equivalents amounted to $981.2 million or 15.9% of total current assets. This comprised $202.3 million related to project accounts which were bank balances held under the Project Account Rules (the use of which is subject to restrictions) and $778.9 million bank deposits (not restricted in use).

### *Current liabilities*

Current liabilities comprise trade and other payables, provision for taxation, derivative financial instruments and loans and borrowings.

As at 30 June 2013, our current liabilities were $2,227.2 million which represented 41.9% of our total liabilities.

Trade payables amounted to $310.9 million or 14.0% of total current liabilities and mainly comprised project trade payables of $213.1 million, amount owing to service providers of $22.9 million and accrual of project sales incentives of $21.5 million.

Other payables amounted to $1,543.4 million and represented 69.3% of total current liabilities of which mainly comprised (i) $587.2 million payable to related companies which were non-trade related, unsecured and repayable in cash and were extended to us for working capital purposes and to finance the continued expansion of our property development business; (ii) $8.7 million payable to F&N, our holding company, which were non-trade related advances, unsecured, repayable in cash and were extended to us for working capital purposes; (iii) rental deposits collected from tenants of $40.5 million; (iv) loans from joint venture partners of $158.4 million; (v) accrued expenses of $166.4 million; and (vi) progress billing received for executive condominiums and overseas projects of $562.9 million.

Current portion of long-term bank loans of $265.7 million or 11.9% of total current liabilities are due for settlement within 12 months.

Income tax payable amounted to $101.5 million or 4.6% of total current liabilities.

### *Non-current liabilities*

Non-current liabilities comprise loans and borrowings, other payables, derivative financial instruments and deferred tax liabilities.

As at 30 June 2013, our non-current liabilities were $3,082.4 million which represented 58.1% of our total liabilities.

Long-term bank loans amounted to $1,586.7 million or 51.5% of total non-current liabilities.

Other payables amounted to $1,383.5 million and represented 44.9% of total non-current liabilities which mainly comprised $1,359.3 million payable to related companies which were non-trade related, unsecured and repayable in cash. These loans and advances were extended to us for working capital purposes and to finance the continued expansion of our property development business.

Deferred tax liabilities amounted to $109.4 million or 3.5% of total non-current liabilities.

## Liquidity and Capital Resources

Our principal uses of cash have mainly been for capital expenditure, working capital as well as repayment of bank borrowings and inter-company loans and advances.

Our operations have been funded through a combination of shareholders' equity, internal funds generated from operations, inter-company loans and advances, bank borrowings and other credit facilities.

As at 31 August 2013, and taking into account the Corporate Restructuring, our material unused sources of liquidity comprised cash and cash equivalents of approximately $693.6 million. These resources can be used for our working capital requirements. We also have a number of bank loans available for drawdown for our working capital purposes. We may also issue further series of Notes under our MTN Programme. Please see the section "— Borrowings".

### *Working Capital*

The working capital of our Group as at 30 September 2010, 2011, 2012 and 30 June 2013 was as follows:

| | **Audited As at 30 September 2010** | **Audited As at 30 September 2011** | **Audited As at 30 September 2012** | **Audited As at 30 June 2013** |
|---|---|---|---|---|
| | **$'000** | **$'000** | **$'000** | **$'000** |
| Current assets | 6,185,120 | 6,017,307 | 6,076,902 | 6,169,525 |
| Current liabilities | 3,513,316 | 2,690,939 | 1,965,361 | 2,227,166 |
| **Net current assets** | 2,671,804 | 3,326,368 | 4,111,541 | 3,942,359 |

The following table sets out a summary of our Group's consolidated statements of cash flows for FY2010, FY2011, FY2012 and 9M2013. The consolidated cash flow summary should be read in conjunction with the full text of this Document, including Appendices D and E of this Document respectively.

| | | FY | | 9M |
|---|---|---|---|---|
| **($'000)** | **2010** | **2011** | **2012** | **2013** |
| Net cash flows from/(used in) operating activities | 382,208 | 717,454 | (557,965) | (85,983) |
| Net cash flows from/(used in) investing activities | 285,774 | (240,184) | (141,952) | 266,397 |
| Net cash flows (used in)/from financing activities | (910,474) | (441,271) | 936,714 | (400,725) |
| Net increase/(decrease) in cash and cash equivalents | (242,492) | 35,999 | 236,797 | (220,311) |
| Cash and cash equivalents at the beginning of year/ period | 1,193,494 | 943,009 | 968,249 | 1,201,005 |
| Effect of exchange rate changes on cash and cash equivalents | (7,993) | (10,759) | (4,041) | – |
| Cash and cash equivalents at the end of year/period | 943,009 | 968,249 | 1,201,005 | 980,694 |

Cash flows from our property development business are project-based, and may experience significant fluctuations depending on the progressive payments received from the purchasers.

***FY2010***

*Net cash flows from operating activities*

In FY2010, we recorded a net cash inflow from operating activities of $382.2 million which comprised operating profit before working capital changes of $168.4 million, net working capital inflow of $367.4 million, net interest payment of $59.3 million and income tax payment of $94.3 million.

The net working capital inflow arose mainly from proceeds from progress billings of $1,358.5 million on the properties held for sale and an increase in amount due to related companies of $504.2 million for working capital purposes and to finance the continued expansion of our property development business.

The above working capital inflows were partially offset by cash outflows from (i) development expenditure of $763.4 million on the properties held for sale; (ii) payment for land premium of $688.0 million for Starhub Centre, Esparina and Eight Courtyards; and (iii) a decrease in trade and other payables of $32.6 million.

*Net cash flows from investing activities*

In FY2010, we recorded a net cash inflow from investing activities of $285.8 million mainly due to the disposal of Northpoint 2, Yew Tee Point and Nell Gwynn House with a consideration of $292.5 million; and the disposal of FCOT's Convertible Perpetual Preferred Units with a consideration of $36.3 million.

These cash inflows were partially offset by development expenditure for Bedok Point, One@Changi City, Yew Tee Point and Northpoint 2 of $50.2 million.

*Net cash flows used in financing activities*

In FY2010, we recorded a net cash outflow from financing activities of $910.5 million mainly due to (i) the repayment of loan to a related company of $622.4 million, which was for working capital purposes and to finance the continued expansion of our property development business; (ii) payment of dividends of $256.3 million to shareholders; and (iii) net repayment of bank loans of $32.1 million.

***FY2011***

*Net cash flows from operating activities*

In FY2011, we recorded a net cash inflow from operating activities of $717.5 million which comprised operating profit before working capital changes of $77.9 million, net working capital inflow of $813.0 million, net interest payment of $47.2 million and income tax payment of $126.2 million.

The net working capital inflow arose mainly from proceeds from progress billings of $2,440.5 million on the property held for sale.

The above working capital inflows were partially offset by cash outflows from the development expenditure of $1,189.4 million on the property held for sale and the payment for land premium of $462.2 million for Watertown, Palm Isles, Seastrand, Boathouse and Putney.

*Net cash flows from investing activities*

In FY2011, we recorded a net cash outflow from investing activities of $240.2 million mainly due to the payment for land premium of $216.0 million for Waterway Point and the acquisition of Frasers Place Melbourne and Fraser Suites Jakarta for a consideration of $72.3 million.

These cash outflows were partially offset by proceeds from sale of Bridgepoint for a consideration of $54.7 million.

*Net cash flows used in financing activities*

In FY2011, we recorded a net cash outflow from financing activities of $441.3 million mainly due to (i) repayment of loan to a related company of $32.6 million which is for working capital purposes and to finance the continued expansion of our property development business; (ii) payment of dividends of $208.0 million to shareholders; and (iii) net repayment of bank loans of $205.2 million.

***FY2012***

*Net cash flows from operating activities*

In FY2012, we recorded a net cash outflow from operating activities of $558.0 million which comprised operating profit before working capital changes of $100.4 million, net working capital outflow of $467.5 million, net interest payment of $50.0 million and income tax payment of $140.9 million.

The net working capital outflow arose mainly from (i) development expenditure of $947.7 million on the property held for sale; (ii) payment for land premium of $366.7 million for Twin Waterfalls, eCo and Qbay Residences; and (iii) decrease in amount due to related companies of $723.9 million for working capital purposes and to finance the continued expansion of our property development business.

The above working capital outflows were partially offset by cash inflows from (i) proceeds from progress billings of $1,467.1 million on the property held for sale; (ii) increase in trade and other payables of $74.6 million; and (iii) decrease in trade and other receivables of $25.5 million mainly due to improved debt collection from customers.

*Net cash flows from investing activities*

In FY2012, we recorded a net cash outflow from investing activities of $142.0 million mainly due to (i) development expenditure for One@Changi City and Waterway Point of $53.2 million; (ii) acquisition of interest in subsidiary companies namely Queensgate Gardens Limited and 39 QGG Management Limited amounting to $27.8 million; (iii) acquisition of interest in a joint venture company namely Vacaron Company Sdn Bhd amounting to $28.6 million; and (iv) buyout of remaining interest in an associate company namely Fairbriar Residential Investment Partnership amounting to $101.2 million.

These cash outflows were partially offset by cash inflows from (i) repayment of loan of $9.6 million from Fairbriar Residential Investment Partnership (formerly an associate company); (ii) dividends from FCT of $32.4 million; and (iii) dividends and income relating to Convertible Perpetual Preferred Units from FCOT of $27.3 million.

*Net cash flows used in financing activities*

In FY2012, we recorded a net cash inflow from financing activities of $936.7 million mainly due to additional loan from a related company of $628.9 million which is for working capital purposes and to finance the continued expansion of our property development business and additional bank loans of $448.7 million.

These cash inflows were partially offset by payment of dividends of $152.4 million to shareholders.

***9M2013***

*Net cash flows from operating activities*

In 9M2013, we recorded a net cash outflow from operating activities of $86.0 million which comprised operating profit before working capital changes of $110.8 million, net working capital outflow of $82.9 million, net interest payment of $46.1 million and income tax payment of $67.8 million.

The net working capital outflow arose mainly from (i) development expenditure of $761.0 million on the property held for sale; (ii) payment for land premium of $150.2 million for Twin Fountains; and (iii) decrease in amount due to related companies of $75.6 million for working capital purposes and to finance the continued expansion of our property development business.

The above working capital outflows were partially offset by cash inflows from proceeds from progress billings of $897.7 million on the property held for sale.

*Net cash flows from investing activities*

In 9M2013, we recorded a net cash inflow from investing activities of $266.4 million mainly due to redemption of FCOT's Convertible Perpetual Preferred Units of $306.2 million and redemption of Sengkang Mall Ltd's bonds of $60.7 million.

These cash inflows were partially offset by cash outflows arising from loan of $71.6 million to an associate in connection with its acquisition of Compass Point and loan to an associate, Shanghai Zhong Jun Real Estate Development Co., Ltd., and asset enhancement activities for Fraser Suites Singapore and Fraser Suites Queens Gate of $33.5 million.

*Net cash flows used in financing activities*

In 9M2013, we recorded a net cash outflow from financing activities of $400.7 million mainly due to the repayment of loan to a related company of $533.7 million. The loan is for working capital purposes and to finance the continued expansion of our property development business and the payment of dividends of $150.0 million to F&N, our holding company.

These cash outflows were partially offset by additional bank loans of $282.7 million drawn down.

**Borrowings**

Our total indebtedness as at 30 June 2013 was $3,775.6 million, consisting of $1,923.3 million in loans from related companies, and $1,727.4 million of bank borrowings and $125.0 million in Notes (as defined below). The table below sets forth certain information about our bank borrowings.

| | As at 30 June 2013 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Total $'000 | Within 1 year $'000 | Maturity within 2 years $'000 | Beyond 2 years $'000 | Fixed rate $'000 | Floating Rate $'000 | Utilised $'000 | Available $'000 |
| **Bank Borrowings** | 1,727,378 | 265,709 | 788,514 | 673,155 | 494,923 | 1,232,455 | 1,727,378 | 899,000 |
| **Notes** | 125,000 | – | – | 125,000 | 125,000 | – | 125,000 | 875,000 |
| **Total** | **1,852,378** | **265,709** | **788,514** | **798,155** | **619,923** | **1,232,455** | **1,852,378** | **1,774,000** |

We are also in the process of securing additional credit facilities for $1.5 billion which will primarily be used to pay the consideration payable under the Loan Transfer Agreement. See the section "Interested Person Transactions and Conflicts of Interests – Past Interested Person Transactions – (A) Loans from F&N Treasury Pte. Ltd."

***Series 001 Notes and Series 002 Notes***

FCL Treasury Pte. Ltd., our wholly-owned subsidiary, issued:

(i) $75 million 3.70 per cent. notes due 2019 at an issue price of 100 per cent (the "**Series 001 Notes**"). Interest on the Series 001 Notes accrues at the rate of 3.70 per cent per annum and is payable semi-annually in arrear on 5 April and 5 October in each year, commencing on 5 October 2012; and

(ii) $50 million 3.80 per cent notes due 2022 at an issue price of 100 per cent (the "**Series 002 Notes**"). Interest on the Series 002 Notes accrues at the rate of 3.80 per cent per annum and is payable semi-annually in arrear on 28 June and 28 December in each year, commencing on 28 December 2012

(collectively, the "**Notes**") under the $1,000,000,000 Multicurrency Medium Term Note Programme established by FCL Treasury Pte. Ltd. on 21 March 2012.

The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of FCL Treasury Pte. Ltd. and shall at all times rank *pari passu,* without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of FCL Treasury Pte. Ltd.

All sums payable in respect of the Notes are unconditionally and irrevocably guaranteed by our Company.

The trust deed dated 21 March 2012 (the "**Trust Deed**") entered into by FCL Treasury Pte. Ltd., our Company and DBS Trustee Limited (the "**Trustee**") governing the Notes contains covenants that restrict, among others:

(i) FCL Treasury Pte. Ltd.'s ability to create, or permit to subsist, security and pay dividends; and

(ii) our Company's and certain of our subsidiaries' ability to create, or permit to subsist, security and pay dividends.

Covenants in our Notes and certain of our existing or future facility documents or those of the subsidiaries, associated companies, REITs, joint ventures and other vehicles we may invest in may restrict the ability of these entities to transfer funds to our Company in the form of loans or advances. We do not expect that this will have an impact on our ability to meet our cash obligations.

As at the date of this Document, we have obtained a waiver of certain conditions in loan agreements entered into by our Group which make reference to the shareholding interests of our controlling shareholders or place restrictions on any change in control of our Company, subject to our listing on the SGX-ST and save for the foregoing, there is no loan agreement entered into by our Group with any financial institution or debt securities issued by our Group which contains a condition making reference to the shareholding interests of any controlling shareholders or places restrictions on any change in control of our Company, the breach thereof or restriction would cause a default and significantly affect the operations of our Company.

**Foreign Exchange Management**

Our operations are in Singapore, Vietnam, China, Thailand, Philippines, United Kingdom, Australia, New Zealand, Malaysia and Indonesia. Our revenue is denominated in SGD, RMB, GBP, THB, USD, AUD, New Zealand Dollar, PHP and Malaysian Ringgit. The Group has exposure to foreign exchange risk as a result of transactions denominated in a currency other than the respective functional currencies of Group entities, arising from normal trading activities.

To a certain extent, there is natural hedging in our foreign currency exposures as the revenues for our projects are generally denominated in the same currency as the associated costs and expenses, and are transacted in the various local currencies where our operations are located.

Our Group is exposed to currency translation risk given that our consolidated financial statements are prepared in SGD while the financial statements of our foreign subsidiaries and joint ventures are prepared in their respective functional currencies being, RMB, GBP, THB, USD, AUD, New Zealand Dollar, PHP and Malaysian Ringgit.

Whilst we hedge our foreign exchange risks on foreign currency loans to our foreign subsidiaries and joint ventures, we do not hedge the foreign exchange exposures of our equity investments and earnings streams from our foreign subsidiaries and joint ventures. Any fluctuations in currency exchange rates will impact the value of our equity investments and earnings from our overseas operations.

### Capital Expenditure

#### *Historical Capital Expenditure*

In FY2010, FY2011 and FY2012 and for the 9M2013, respectively, our capital expenditure was primarily incurred for the development of commercial properties, asset enhancement activities, purchase of hospitality properties and fixed assets and acquisition of interest in subsidiaries, joint ventures and associates.

Our capital expenditure was $87.7 million, $352.9 million, $280.6 million and $76.2 million in FY2010, FY2011 and FY2012 and for 9M2013, respectively.

In FY2010, FY2011 and FY2012 and for the 9M2013, respectively, our divestitures were primarily incurred for disposal and redemption of quoted investments and disposal of commercial properties, fixed assets and interest in subsidiaries and associates.

Our divestitures were $339.4 million, $211.7 million, $262.6 million and $366.9 million in FY2010, FY2011 and FY2012 and for the 9M2013, respectively.

From 1 July 2013 to the Latest Practicable Date, we made partial payment of $258.7 million relating to the purchase of the Cecil Street/Telok Ayer Street site. The site is a leasehold land with a site area of approximately 81,840 sqf and maximum GFA of approximately 830,572 sqf. The plan is to build a high rise premium Grade A office building at the site. The remaining 75% of the acquisition price will be paid in November 2013 and will be funded out of internal resources and bank borrowings.

We also made partial payment for the purchase of the Yishun Central mixed development site, of which $259.5 million related to the retail component. The mixed development site is a leasehold land with a site area of approximately 442,239 sqf and maximum GFA of approximately 1,326,714 sqf. The plan is to build a mixed commercial and residential development integrated with bus interchange and a community club. The outstanding balance of the acquisition price is expected to be paid in the first quarter of FY2015 and will be funded out of internal resources and bank borrowings. The residential component is classified as property held for sale and is expected to yield approximately 890 units.

We also made full payment of $47.0 million for the acquisition of an office building at Brisbane which will be reconfigured into serviced apartments.

Capital expenditure contracted but not provided for in the financial statements was $42.9 million, $48.0 million, $116.9 million and $153.2 million in FY2010, FY2011 and FY2012 and for the 9M2013, respectively.

### Planned and Committed Capital Expenditure

We currently expect capital expenditure for FY2014 and FY2015 as set out in the table below:

| | FY2014<br>$'000 | FY2015<br>$'000 |
|---|---|---|
| Planned and committed capital expenditure | 989,110 | 1,008,162 |

We expect to fund the above planned and committed capital expenditure, which primarily relates to the development cost of commercial properties in Singapore and purchase of hospitality properties in Australia and Germany through our internal cash flow and external loans.

Our actual capital expenditure may differ from the amounts set out above due to various factors, including our future cash flows, results of operations and financial condition, changes in the Singapore economy and the local economy in which we have a business presence, the availability of financing on terms acceptable to us, problems in relation to possible construction/development delays, defects or cost overrun, delays in obtaining or receipt of governmental approval, changes in the legislative and regulatory environment and other factors that are beyond our control.

### Capital commitments, operating lease payments and contractual repayments on borrowings

The following tables summarise our capital commitments, operating lease payments and contractual repayments on borrowings as at 30 June 2013:

| | As at 30 June 2013 $'000 |
|---|---|
| Capital commitments | 153,203 |

| | Payments Due by Period | | | |
|---|---|---|---|---|
| | Within one year $'000 | After one year but within five years $'000 | After five years $'000 | Total $'000 |
| Operating lease payments | 25,200 | 11,445 | – | 36,645 |
| Contractual repayments on borrowings | 308,970 | 1,524,095 | 135,882 | 1,968,947 |
| **Total** | **334,170** | **1,535,540** | **135,882** | **2,005,592** |

We plan to fund the above contractual commitments from internal cash generated from our operations as well as external funding.

### Subsequent Events

On 19 August 2013, we were awarded a land parcel at Cecil Street/Telok Ayer Street at a cost of $924 million. The land acquisition is expected to be completed in November 2013. Subsequently on 9 September 2013, we were awarded another land parcel at Yishun Central at a cost of $1,429 million. The land acquisition is expected to be completed in the first quarter of FY2015.

In September 2013, we completed the Esparina Residences executive condominium in Singapore and Suzhou Baitang Phase 2A in China. As revenue for these projects is recognised upon completion, the completion of such projects is expected to contribute to our 4Q2013 results.

### Changes to Accounting Policies

Save as disclosed in "Appendix D — Audited Consolidated Financial Statements of Frasers Centrepoint Limited and its Subsidiaries for the Financial Years Ended 30 September 2010, 2011 and 2012 with the Independent Auditor's Report thereon" and the "Appendix E — Audited Consolidated Interim Financial Statements of Frasers Centrepoint Limited and its Subsidiaries for the Nine Months Ended 30 June 2013 with the Independent Auditor's Report thereon", we have not made any significant changes in our accounting policies during FY2010, FY2011 and FY2012 and for the 9M2013.

# DIVIDEND POLICY

*Statements contained in this section that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially from those which may be forecast and projected. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us, the Sole Issue Manager, the Joint Financial Advisers or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as at the date hereof. Please see the section "Cautionary Note Regarding Forward-Looking Statements".*

In FY2010, FY2011, FY2012 and 9M2013, we declared and paid dividends to F&N, our sole shareholder in each of those years of \$230 million, \$200 million, \$150 million and \$150 million, respectively, or \$0.080 per Share, \$0.069 per Share, \$0.052 per Share and \$0.052 per Share, respectively, in each case based on a maximum 2,892,432,490 Shares, the number of Shares issued and outstanding immediately after the Listing.

In FY2010 and FY2011, we declared and paid dividends to DBS Bank Ltd., as holders of Class A Redeemable Preference Shares, in each of those years of \$9.9 million and \$4.963 million, respectively, or \$60.00 and \$30.08 per Class A Redeemable Preference Share then in issue, respectively. All the Class A Redeemable Preference Shares held by DBS Bank Ltd. were redeemed in FY2011.

Subject to the factors described below, our Board of Directors intends to recommend dividends of up to 75% of our net profit after tax after considering a number of factors, including our level of cash and reserves, results of operations, business prospects, capital requirements and surplus, general financial condition, contractual restrictions, the absence of any circumstances which might reduce the amount of reserves available to pay dividends, and other factors considered relevant by our Board of Directors, including our expected financial performance.

No inference should or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends.

We cannot assure you that we will pay dividends in the future or, if we pay dividends in the future, when we will pay them. The declaration and payment of future dividends will depend upon our operating results and cash flow, financial condition, other cash requirements including capital expenditures, the terms of borrowing arrangements (if any), and other factors deemed relevant by our Directors. In addition, our ability to pay dividends will be substantially affected by the ability of our subsidiaries, joint ventures and other vehicles we may invest in, to declare and pay us dividends or other distributions.

Any final dividends we declare must be approved by an ordinary resolution of our Shareholders at a general meeting. All dividends must be paid out of our profits available for distribution. We are not permitted to pay dividends in excess of the amount recommended by our Board of Directors. Our Board of Directors may, without the approval of our Shareholders, also declare interim dividends. In addition, our Company is a holding company and we depend upon the receipt of dividends and other distributions from our subsidiaries, associates and jointly-controlled entities to pay the dividends on the Shares. Please see the section "Risk Factors – Risks Relating to the Ownership of the Shares – We may not be able to pay dividends."

## Exchange Controls

### *Singapore*

There are currently no exchange control restrictions in Singapore.

### *Australia*

There are currently no exchange control restrictions in Australia.

### *China*

For exchange control restrictions in China, please see "Appendix L — Government Regulations — China" of this Document for further details.

# CAPITALISATION AND INDEBTEDNESS

The following table sets forth our capitalisation and indebtedness as at 31 August 2013 on an actual basis and as adjusted to reflect the corporate restructuring described in the section "Share Capital and Shareholders — The Corporate Restructuring".

The information in this table should be read in conjunction with the sections "Selected Financial Information", "Selected Pro Forma Financial Information", "Management's Discussion and Analysis of Financial Position and Results of Operations" and our consolidated historical financial statements and the notes thereto included elsewhere in this Document.

| | As at 31 August 2013 | |
|---|---|---|
| | **Unaudited** | **Unaudited** |
| | **Actual** | **As adjusted for the Corporate Restructuring** |
| | **$'000** | **$'000** |
| **Cash and cash equivalents** | **693,621** | **693,621** |
| Short term debt: | | |
| Secured and non-guaranteed | **159,944** | **159,944** |
| Unsecured and guaranteed | **126,944** | **126,944** |
| Unsecured and non-guaranteed | **–** | **456,441** |
| Related Parties | **415,736** | **–** |
| | **702,624** | **743,329** |
| Long-term debt: | | |
| Secured and guaranteed | **451,142** | **451,142** |
| Secured and non-guaranteed | **940,562** | **940,562** |
| Unsecured and guaranteed | **148,305** | **148,305** |
| Unsecured and non-guaranteed | **8,942** | **698,285** |
| Related Parties | **1,359,343** | **–** |
| | **2,908,294** | **2,238,294** |
| **Total indebtedness** | **3,610,918** | **2,981,623** |
| **Total equity** | **5,277,726** | **5,907,021** |
| **Total capitalisation and indebtedness** | **8,888,644** | **8,888,644** |

# SHARE CAPITAL AND SHAREHOLDERS

**Share Capital of our Company**

Our Company (Registration Number 196300440G) was incorporated with limited liability under the laws of the Republic of Singapore on 14 December 1963.

As at the date of incorporation, our issued and paid-up share capital was $6.00 comprising six Shares. As at the date of this Document, our issued and paid-up share capital is $1,083,976,920.36 comprising 1,083,291,782 Shares. Following the Additional Capitalisation (as defined below), our issued and paid-up ordinary share capital will be $1,753,976,920.36 comprising a maximum of 2,892,432,490 Shares. See "— The Corporate Restructuring".

Pursuant to written resolutions dated 25 October 2013, our sole shareholder, F&N, approved, among other things, the following:

(a) the adoption of the Articles of Association of our Company;

(b) that authority be given to our Directors to issue Shares in connection with the Capitalisation;

(c) the adoption of the Shareholders' Mandate for Interested Person Transactions, details of which are set out in the section entitled "Interested Person Transactions and Conflicts of Interests — General Mandate for Interested Person Transactions" of this Document; and

(d) the adoption of the FCL Performance Share Plan and the FCL Restricted Share Plan and that authority be given to our Directors to allot and issue new Shares as may be required to be issued pursuant to the Awards granted under the FCL Performance Share Plan and FCL Restricted Share Plan, provided that the total number of Shares which may be allotted and issued shall not exceed 10.0% of the total number of issued shares on the date preceding the date of the relevant award.

Details of the changes in our issued and paid-up share capital for the period of three years preceding the Latest Practicable Date and up to the date of this Document are as follows:

| Date | No. of Shares Issued/ Cancelled | Price per Share | Purpose of Issue / Redemption | Resultant Issued Share Capital |
|---|---|---|---|---|
| 9 December 2010 | 165,000 Class B redeemable preference shares | $1,000 | To replace the Class A redeemable preference shares that were due for redemption by DBS Bank Ltd. on 30 December 2010 | $1,083,976,920.36 |
| 25 October 2013 | 330,000,000 Shares | $1 | Additional issuance and allotment | $1,413,976,920.36 |
| 25 October 2013 | Redemption of 330,000 Class B redeemable preference shares | ($1,000) | Restructuring | $1,083,976,920.36 |

In addition, immediately prior to Listing, F&N will subscribe for a maximum of 1,809,140,708 new Shares for a total subscription amount of $670.0 million.

### The Corporate Restructuring

Immediately prior to the issue of this Document, F&N has subscribed for 330,000,000 new Shares (the "**Initial Capitalisation**") for a total subscription amount of $330.0 million.

Immediately prior to the issue of this Document, our Company has redeemed all the redeemable preference shares held by F&N in our Company for an aggregate amount of $330.0 million.

Immediately prior to the Listing, F&N will subscribe for a maximum of 1,809,140,708 new Shares (the "**Additional Capitalisation**", and together with the Initial Capitalisation, the "**Capitalisation**") for a total subscription amount of $0.67 billion.

F&N Treasury Pte. Ltd., a wholly-owned subsidiary of F&N, has, from time to time, extended loans to our Group for various purposes.

As at the Latest Practicable Date, the aggregate amount outstanding on the loans provided to us and amount due to the F&N Group was $2.037 billion. This amount is expected to increase and reach $2.307 billion by end November 2013. Immediately prior to the Listing, $0.67 billion of the loans will be repaid with equity injected by F&N pursuant to the Additional Capitalisation while the remaining loans amounting to approximately $1.637 billion will be transferred (for consideration) by F&N Treasury Pte. Ltd. (as lender) to FCL Treasury Pte. Ltd., which consideration will be funded by drawing down on bank loans (See the section "Interested Person Transactions and Conflicts of Interests — Past Interested Person Transactions — (A) Loans from F&N Group" for further details).

### Current Shareholders

Our Shares do not carry different voting rights. As at the date of this Document, our issued and paid-up ordinary share capital was $1,083,976,920.36 comprising 1,083,291,782 Shares. Following the Additional Capitalisation, our issued and paid-up ordinary share capital will be $1,753,976,920.36 comprising a maximum of 2,892,432,490 Shares.

On 27 August 2013, F&N announced that F&N proposed to demerge its property business by effecting the Distribution of all the ordinary shares in the issued share capital of the Company, a wholly owned subsidiary of F&N, to F&N Shareholders, on the basis of two Shares for each F&N Share held by the F&N Shareholders or on their behalf as at the Books Closure Date and the listing of the Shares on the SGX-ST by way of Introduction. The Distribution is subject to, amongst others, the approval of F&N Shareholders and approval being given by the OIO in relation to the overseas investment (as a result of to the Distribution) in certain land held by our Company in New Zealand that is classified as sensitive land under the OIA. No payment will be required from F&N Shareholders for the Shares to be received from the Distribution. The Shares will be distributed free of encumbrances and together with all rights attaching thereto on and from the date the Distribution is effected.

The table below sets out the names of each substantial Shareholder, which means a Shareholder who will own 5.0 per cent or more of our issued Shares, each Director who will have an interest in our Shares and the number and percentage of Shares in which each of them will have an interest (whether direct or deemed) on the Listing Date assuming that there is no change in the shareholders of F&N between the Latest Practicable Date and the Listing Date and assuming the issued and paid-up ordinary share capital comprises a maximum of 2,892,432,490 Shares.

| | Shares owned at the Listing Date(1) | | | |
|---|---|---|---|---|
| **Name** | **No. of Shares (Direct)** | **%** | **No. of Shares (Deemed)** | **%** |
| **Directors:** | | | | |
| Charoen Sirivadhanabhakdi | – | – | 2,602,867,768 | 89.99 |
| Khunying Wanna Sirivadhanabhakdi | – | – | 2,602,867,768 | 89.99 |
| Charles Mak Ming Ying | – | – | – | – |
| Philip Eng Heng Nee | – | – | – | – |
| Chan Heng Wing | – | – | – | – |
| Weerawong Chittmittrapap | – | – | – | – |
| Siripen Sitasuwan | – | – | – | – |
| Chotiphat Bijananda | – | – | – | – |
| Panote Sirivadhanabhakdi | – | – | – | – |
| Sithichai Chaikriangkrai | – | – | – | – |
| **Substantial Shareholders:** | | | | |
| InterBev Investment Limited | 824,847,644 | 28.52 | – | – |
| International Beverage Holdings Limited | – | – | 824,847,644 | 28.52 |
| Thai Beverage Public Company Limited | – | – | 824,847,644 | 28.52 |
| TCC Assets Limited | 1,778,020,124 | 61.47 | – | – |
| Siriwana Company Limited | – | – | 824,847,644 | 28.52 |
| MM Group Limited | – | – | 824,847,644 | 28.52 |
| Maxtop Management Corp. | – | – | 824,847,644 | 28.52 |
| Risen Mark Enterprise Ltd. | – | – | 824,847,644 | 28.52 |
| Golden Capital (Singapore) Limited | – | – | 824,847,644 | 28.52 |

**Note:**

(1) InterBev Investment Limited and/or TCC Assets Limited will, prior to the Books Closure Date, sell part of its/their F&N Shares such that they will hold no more than an aggregate of 88.0 per cent of the issued shares of F&N. Accordingly, their aggregate shareholding in our Shares will be no more than 88.0 per cent of the issued shares of FCL at the Listing Date.

### Significant Changes in Percentage of Ownership

Save as disclosed in "— The Corporate Restructuring" and "— Current Shareholders", there were no significant changes in the percentage ownership of our Company held by our substantial Shareholders, Our Directors and the Chief Executive Officer in the last three years prior to the Latest Practicable Date.

**Control of our Company**

We are currently controlled (as such term is defined in the Listing Manual) by F&N. F&N is currently listed on the SGX-ST. F&N is a leading international and diversified business group with core expertise and dominant standing in the property, food and beverage and printing and publishing industries.

On the Listing Date, pursuant to the Distribution, InterBev Investment Limited and TCC Assets Limited will become our controlling shareholders, holding directly an aggregate of approximately 88.0 per cent of our issued Shares. Our Directors, Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi are our ultimate controlling shareholders by virtue of their deemed interest in the Shares held by InterBev Investment Limited and TCC Assets Limited and it is possible that they may rationalise their shares in F&N and our Company held through InterBev Investment Limited and TCC Assets Limited in the future and hold their interests in our Company through TCC Assets Limited only. This may be achieved by undertaking a sale and purchase and/or transfer of shares in our Company and/or F&N held by InterBev Investment Limited and TCC Assets Limited, respectively. Under such arrangement, the resulting interests in our Company and/or F&N held by InterBev Investment Limited and TCC Assets Limited will be dependent on, *inter alia*, advice obtained by Thai Beverage Public Company Limited's financial adviser and the market valuation of F&N and our Company post Distribution. Please see "Moratorium" for further details.

Save as disclosed in this Document, to the best of the knowledge of our Directors, our Company is not directly or indirectly owned or controlled, whether severally or jointly, by any other person or government and there is no known arrangement, the operation of which may, at a subsequent date, result in a change in the control of our Company.

## MORATORIUM

Each of InterBev Investment Limited and TCC Assets Limited, who will hold directly an aggregate of approximately 88.0 per cent of our Company's post-listing share capital, has undertaken to the Sole Issue Manager and our Company not to, without the prior consent of the Sole Issue Manager (such consent not to be unreasonably withheld or delayed), *inter alia,* offer, sell, contract to sell, grant any option or contract to purchase, grant any security over or otherwise dispose of, directly or indirectly, any of its shareholding in our Company for a period of six months commencing from the date of admission of our Company to the Official List of the SGX-ST (the "**Lock-up Period**"). Such restriction shall apply to all Shares (or any interests in the Shares) held by InterBev Investment Limited and TCC Assets Limited on the date of Listing, except that such restriction shall not apply if InterBev Investment Limited transfers its Shares to TCC Assets Limited (the "**InterBev-TCCA Transfer**"), provided that TCC Assets Limited has executed and delivered to the Sole Issue Manager and our Company an undertaking in relation to such Shares that have been transferred to it pursuant to the InterBev-TCCA Transfer that is substantially similar to the effect of the restriction described above, to remain in effect for the remainder of the Lock-up Period.

The restrictions above shall not apply to the transfer or distribution by TCC Assets Limited of any Shares to any of the wholly-owned subsidiaries of TCC Assets Limited, provided that each such wholly-owned subsidiary has executed and delivered to the Sole Issue Manager and the Company an undertaking in relation to such Shares that have been transferred to it thatis equivalent to the effect of the restrictions described above, to remain in effect for the remainder of the Lock-up Period. Further, the restrictions above shall not restrict TCC Assets Limited from creating or agreeing to create any security over all or any part of the Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase Shares to secure all moneys owing under the financing and any subsequent refinancing granted to TCC Assets Limited in connection with the acquisition of shares in F&N.

In this regard, the SGX-ST has granted a waiver from the requirements under Rules 228 and 229(1) in respect of such InterBev-TCCA Transfer during the Lock-up Period so long as it does not result in a reduction in the effective interest of the ultimate controlling shareholders of our Company during the Lock-up Period, for the following reasons:

(a) the ultimate controlling shareholders of our Company, Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, hold their shares in F&N and our Company through, InterBev Investment Limited (a subsidiary of Thai Beverage Public Company Limited) and TCC Assets Limited. In consideration of the fact that Thai Beverage Public Company Limited's core business is in beverage, the waiver is granted to enable the ultimate controlling shareholders of our Company to hold their interests in our Company through TCC Assets Limited only and is subject to TCC Assets Limited providing an undertaking to comply with the requirements under Rules 228 and 229(1) for the remaining applicable period;

(b) the resultant interests in F&N and our Company held by InterBev Investment Limited and TCC Assets Limited pursuant to the InterBev-TCCA Transfer will be dependent on, *inter alia*, advice obtained by Thai Beverage Public Company Limited's financial adviser and the market valuation of F&N and our Company post-Distribution. Since there is currently no market price of F&N (excluding our Company) and our Company, it is difficult, prior to the Distribution, to determine the terms of the InterBev-TCCA Transfer; and

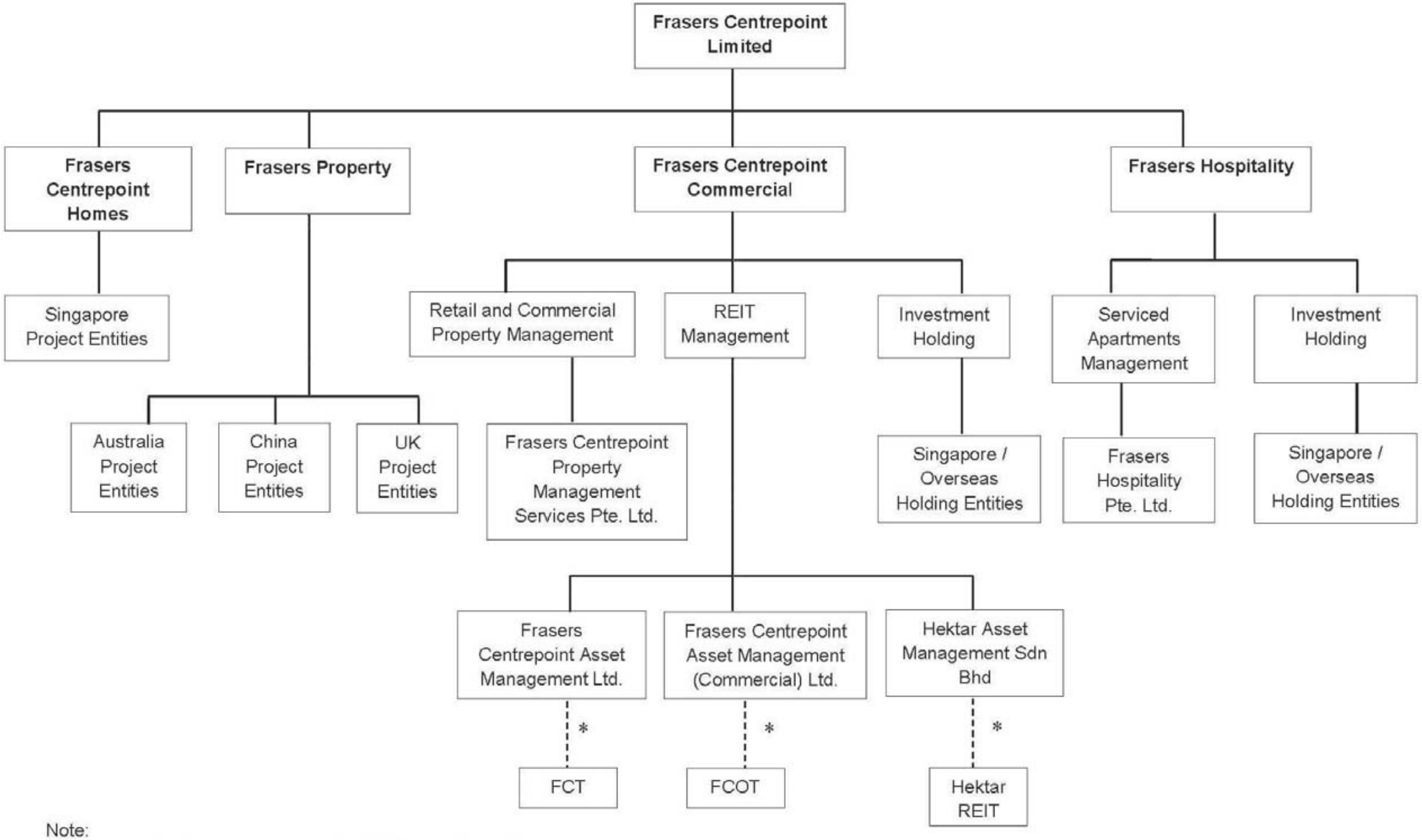
(c) the InterBev-TCCA Transfer would not result in any change in the effective interest of the ultimate controlling shareholders of our Company.

Each of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi has also undertaken to the Sole Issue Manager and our Company not to, without the prior consent of the Sole Issue Manager (such consent not to be unreasonably withheld or delayed), *inter alia,* offer, sell, contract to sell, grant any option or contract to purchase, grant any security over or otherwise dispose of, directly or indirectly, any of his/her shareholding in TCC Assets Limited during the Lock-up Period.

Each of Thai Beverage Public Company Limited and International Beverage Holdings Limited has also undertaken to the Sole Issue Manager and our Company not to, without the prior consent of the Sole Issue Manager (such consent not to be unreasonably withheld or delayed), *inter alia,* offer, sell, contract to sell, grant any option or contract to purchase, grant any security over or otherwise dispose of, directly or indirectly, any of its shareholding in International Beverage Holdings Limited and InterBev Investment Limited, respectively, during the Lock-up Period, unless InterBev Investment Limited ceases to be a Shareholder of the Company as a result of the InterBev-TCCA Transfer.

## GROUP STRUCTURE

We set out below a diagrammatic representation of the main entities through which we directly or indirectly hold our principal properties and principal investments and through which we carry on our principal business, as at the Latest Practicable Date. The list of all our subsidiaries, subsidiary entities and jointly-held entities is set out in Appendix I.




Note:
(*) These are REIT managers to FCT, FCOT and Hektar REIT, respectively

### Our Subsidiaries, Subsidiary Entities and Jointly-Held Entities

The details of our Group's subsidiaries, subsidiary entities and jointly-held entities are set out in "Appendix I — List of Subsidiaries, Subsidiary Entities and Entities".

### Share Capital of Our Subsidiaries and Subsidiary Entities

Except as disclosed below, there was no change in the issued and paid-up share capital of our subsidiaries and subsidiary entities for the period of three years preceding the Latest Practicable Date.

***Companies incorporated in Singapore***

*FCL Admiralty Pte. Ltd.*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 9 November 2012 | 1,000,000 | $1 | First issuance and allotment | $1,000,000 |

*FCL Compassvale Pte. Ltd.*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 30 April 2010 | 1,000,000 | $1 | First issuance and allotment | $1,000,000 |

*FCL Crystal Pte. Ltd.*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 10 June 2010 | 2 | $1 | First issuance and allotment | $2 |

*FCL Topaz Pte. Ltd.*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 9 June 2010 | 2 | $1 | First issuance and allotment | $2 |

*FCL Treasury Pte. Ltd.*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 10 November 2011 | 2 | $1 | First issuance and allotment | $2 |

*Frasers Hospitality Changi City Pte. Ltd.*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 13 June 2012 | 2 | $1 | First issuance and allotment | $2 |

*Frasers Hospitality Investments Melbourne Pte. Ltd.*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 19 April 2011 | 2 | $1 | First issuance and allotment | $2 |

*Frasers Property (Europe) Holdings Pte. Ltd.*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 22 December 2010 | Consolidation and re-designation of 17,936,735 issued "A" ordinary shares, 10,531,661 issued "B" ordinary shares, and 61,147,052 issued "C" ordinary shares to a single class of 89,615,448 ordinary shares. | – | Restructuring | $177,438,585 |
| 23 December 2010 | 18,810,505 redeemable preference shares "A" ("**RPS A**") and 2,333,826 redeemable preference shares "B" ("**RPS B**") | $1 | Additional issuance and allotment | $198,582,916 |
| 28 March 2011 | 4,136,200 RPS B | $1 | Additional issuance and allotment | $202,719,116 |
| 20 April 2011 | 4,093,600 RPS B | $1 | Additional issuance and allotment | $206,812,716 |
| 2 June 2011 | 6,108,900 RPS B | $1 | Additional issuance and allotment | $212,921,616 |
| 1 August 2011 | 4,924,250 RPS B | $1 | Additional issuance and allotment | $217,845,866 |
| 30 September 2011 | 2,919,525 RPS B | $1 | Additional issuance and allotment | $220,765,391 |
| 25 November 2011 | 14,617,960 RPS A | $1 | Additional issuance and allotment | $235,383,351 |
| 28 November 2011 | 3,052,786 RPS B | $1 | Additional issuance and allotment | $238,436,137 |
| 30 December 2011 | 5,063,250 RPS B | $1 | Additional issuance and allotment | $243,499,387 |
| 5 March 2012 | 3,946,600 RPS B | $1 | Additional issuance and allotment | $247,445,987 |
| 23 April 2012 | 5,996,400 RPS B | $1 | Additional issuance and allotment | $253,442,387 |
| 25 May 2012 | 6,947,150 RPS B | $1 | Additional issuance and allotment | $260,389,537 |
| 11 June 2012 | 5,026,625 RPS B | $1 | Additional issuance and allotment | $265,415,787 |
| 8 August 2012 | 3,737,816 RPS B | $1 | Additional issuance and allotment | $269,153,603 |
| 26 July 2013 | Redemption of 5,948,976 RPS A | ($1) | Redemption | $263,204,627 |

*Punggol Residences Pte. Ltd.*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 5 August 2011 | 1,000,000 | $1 | First issuance and allotment | $1,000,000 |

*FCL Aquamarine Pte. Ltd.*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 13 April 2011 | 2 | $1 | First issuance and allotment | $2 |

*North Gem Development Pte. Ltd.*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 10 May 2011 | 2 | $1 | First issuance and allotment | $2 |

*FC Commercial Trustee Pte. Ltd.*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 13 April 2011 | 2 | $1 | First issuance and allotment | $2 |

*FC North Gem Trustee Pte. Ltd.*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 2 September 2013 | 2 | $1 | First issuance and allotment | $2 |

*Frasers Hospitality Group Pte. Ltd.*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 10 October 2013 | 500,000 | $1 | First issuance and allotment | $500,000 |

***Companies incorporated in Hong Kong***

*Excellent Esteem Limited*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 15 January 2011 | 507,000,000 | HKD1 | Additional allotment and issuance | HKD507,000,001 |

***Companies incorporated in Australia***

*Frasers Central Park Holdings No 1 Pty Ltd*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 14 June 2011 | 1 | AUD1 | First issuance and allotment | AUD1 |

*Frasers Central Park Equity No 1 Pty Ltd*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 14 June 2011 | 1 | AUD1 | First issuance and allotment | AUD1 |
| 28 September 2011 | 150,000,000 | AUD1 | Additional allotment and issuance | AUD150,000,001 |

*Frasers Central Park Holdings No 2 Pty Ltd*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 14 June 2011 | 1 | AUD1 | First issuance and allotment | AUD1 |

*Frasers Central Park Equity No 2 Pty Ltd*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 14 June 2011 | 1 | AUD1 | First issuance and allotment | AUD1 |

*Frasers Queens Pty Ltd*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 28 September 2012 | 40,000,000 | AUD1 | Additional allotment and issuance | AUD40,000,004 |

*Frasers Central Park Land No 1 Pty Ltd*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 14 June 2011 | 1 | AUD1 | First issuance and allotment | AUD1 |

*Frasers Central Park Land No 2 Pty Ltd*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 14 June 2011 | 1 | AUD1 | First issuance and allotment | AUD1 |

*Frasers Property Australia Pty Limited*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 30 September 2010 | 1,347,734,940 | AUD0.10 | Additional allotment and issuance | AUD134,773,504 |

*Frasers Kensington Land Pty Ltd*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue and Allotment | Resultant Issued Share Capital |
|---|---|---|---|---|
| 3 April 2013 | 2 | AUD1 | First issuance and allotment | AUD2 |

*Frasers Kensington Development Pty Ltd*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue and Allotment | Resultant Issued Share Capital |
|---|---|---|---|---|
| 3 April 2013 | 2 | AUD1 | First issuance and allotment | AUD2 |

*Frasers Kensington Holdings Pty Ltd*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue and Allotment | Resultant Issued Share Capital |
|---|---|---|---|---|
| 3 April 2013 | 2 | AUD1 | First issuance and allotment | AUD2 |

***Companies incorporated in the British Virgin Islands***

*Supreme Asia Investments Limited*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 21 October 2010 | 23,123 | USD1 | Additional allotment and issuance | USD78,310,529 |

***Companies incorporated in United Kingdom***

*Frasers Property (UK) Limited*

| Date | No. of Shares Issued/ Cancelled | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 23 December 2010 | Re-designation of 17,936,735 issued A ordinary shares, 10,531,661 issued B ordinary shares, and 61,147,052 issued C ordinary shares to a single class of 89,615,448 ordinary shares. | – | Restructuring | GBP44,807,724 |
| 23 December 2010 | 2 shares, 5,477,543 RPS A, 1,127,458 RPS B and 1 Special Preference Share | GBP1 per share with an aggregate premium of GBP3,409,745, GBP 1 per RPS A and RPS B and GBP 1 per Special Preference Share with an aggregate premium of GBP62,189,306 | Additional issuance and allotment and release of approximately GBP62,189,306 indebtedness owed to the Bank of Scotland | GBP51,612,752 |
| 23 December 2011 | Capital reduction by the cancellation of 89,615,496 shares | – | Capital reduction in order to enable our Company to implement the restructuring of the company's facilities with the Bank of Scotland | GBP6,805,004 |
| 9 February 2011 | 2,000,000 RPS B | GBP1 | Additional issuance and allotment | GBP8,805,004 |
| 8 April 2011 | 2,000,000 RPS B | GBP1 | Additional issuance and allotment | GBP10,805,004 |
| 25 May 2011 | 3,000,000 RPS B | GBP1 | Additional issuance and allotment | GBP13,805,004 |
| 27 July 2011 | 2,500,000 RPS B | GBP1 | Additional issuance and allotment | GBP16,305,004 |
| 8 September 2011 | 1,500,000 RPS B | GBP1 | Additional issuance and allotment | GBP17,805,004 |
| 28 November 2011 | 1,500,000 RPS B | GBP1 | Additional issuance and allotment | GBP19,305,004 |
| 23 December 2011 | 2,500,000 RPS B | GBP1 | Additional issuance and allotment | GBP21,805,004 |
| 27 February 2012 | 2,000,000 RPS B | GBP1 | Additional issuance and allotment | GBP23,805,004 |
| 27 March 2012 | 3,000,000 RPS B | GBP1 | Additional issuance and allotment | GBP26,805,004 |
| 26 April 2012 | 3,500,000 RPS B | GBP1 | Additional issuance and allotment | GBP30,305,004 |
| 28 May 2012 | 2,500,000 RPS B | GBP1 | Additional issuance and allotment | GBP32,805,004 |
| 2 July 2012 | 1,880,000 RPS B | GBP1 | Additional issuance and allotment | GBP34,685,004 |

*Frasers Riverside Quarter Limited*

| Date | No. of Shares Issued/ Cancelled | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 23 December 2010 | 1 | GBP0.01 with a share premium of GBP27,856,514.99 | Set-off of the company's obligation to repay debt owed to Frasers Property (UK) Limited | GBP10,526.33 |
| 24 December 2010 | Cancellation of share premium account of GBP27,856,515 and capital reduction by the cancellation of 1,052,532 shares | – | Set-off of the company's obligation to repay debt owed to Frasers Property (UK) Limited | GBP1.01 |

*Frasers Projects Limited*

| Date | No. of Shares Issued/ Cancelled | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 23 December 2010 | 1 | GBP1 with a share premium of GBP5,746,577 | Restructuring | GBP5,266,836 |
| 30 December 2010 | Cancellation of share premium account of GBP 5,746,577 and capital reduction of 5,266,835 shares | – | Restructuring | GBP1 |

*Frasers (Brown Street) Limited*

| Date | No. of Shares Issued/ Cancelled | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 23 December 2010 | 1 | GBP1 with a share premium of GBP7,642,385 | Restructuring | GBP4 |
| 23 December 2010 | Cancellation of share premium account of GBP 9,063,008 and capital reduction of 3 shares | – | Restructuring | GBP1 |

*Frasers Homes (UK) Limited*

| Date | No. of Shares Issued/ Cancelled | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 23 December 2010 | 1 | GBP1 with a share premium of GBP8,407,966 | Restructuring | GBP3 |
| 23 December 2010 | Cancellation of share premium account of GBP 8,407,966 and capital reduction of 2 shares | – | Restructuring | GBP1 |

*Frasers Management (UK) Limited*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 23 December 2010 | 1 | GBP1 with a share premium of GBP8,407,966 | Restructuring | GBP2 |

*Frasers Property Developments Limited*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 23 December 2010 | 1 | GBP1 with a share premium of GBP29,806,135 | Restructuring | GBP4,639,017 |

*Frasers Investments (UK) Limited*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 23 December 2010 | Capital reduction of 1,166,170 shares | – | Restructuring | GBP1 |

*Frasers Maidenhead Limited*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 23 December 2010 | 100 'A' ordinary shares | GBP1 per share with a share premium of GBP4,108,087 | Restructuring | GBP101 |

*Frasers FB (UK) Group Limited*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 23 December 2010 | 100 | GBP0.01 with a share premium of GBP1,754.37 | Restructuring | GBP289,442,39 |

*Frasers FB (UK) Limited*

| Date | No. of Shares Issued/ Cancelled | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 23 December 2010 | 100 | GBP0.01 with a share premium of GBP14,121.15 | Restructuring | GBP353,411.48 |
| 24 December 2010 | Cancellation of share premium account of GBP3,841,855and capital reduction by the cancellation of 135,341,048 shares | – | Restructuring | GBP1 |

*Frasers General Partner Limited*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 23 December 2010 | 100 | GBP1 with a share premium of GBP999 | Restructuring | GBP101 |

*Frasers Islington Limited*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 23 December 2010 | 1 | GBP1 with a share premium of GBP795,254 | Restructuring | GBP3 |
| 9 October 2012 | Subdivision of 3 shares of GBP1 per share into 6 shares of GBP0.50 each | – | – | GBP3 |

*Frasers Ventures Limited*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 23 December 2010 | 1 share | GBP1 with a share premium of GBP5,762,874 | Additional issuance and allotment | GBP4,851,002 |

*Frasers Hospitality Frankfurt Investments Limited*

| Date | No. of Shares Issued/ Cancelled | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 3 September 2012 | 2 | GBP1 | First issuance and allotment | GBP2 |

***Companies incorporated in India***

*Frasers Hospitality India Private Limited*

| Date | No. of Shares Issued | Price per Share | Purpose of Issue | Resultant Issued Share Capital |
|---|---|---|---|---|
| 28 February 2013 | 163,941 | INR10 | Increase in capital | INR1,739,412 |

# BUSINESS

**Our History**

Upon our Listing, we expect to be one of the largest property companies listed on the SGX-ST by market capitalisation.

We are the property development and investment business unit of F&N, a leading international and diversified business group with core expertise and dominant standing in the property, food and beverage, and printing and publishing industries. Listed on the Main Board of the SGX-ST, F&N's market capitalisation, as at the Latest Practicable Date, was approximately $7.98 billion, making it one of the largest listed companies in Singapore. In the financial year ended 30 September 2012, F&N generated revenues of $3,596.1 million, with a total asset base of $14,651.0 million. F&N has a business presence in over 20 countries spanning Asia Pacific, Europe and USA and employs more than 10,000 people worldwide.

In 1985, F&N's Singapore brewery and soft drinks plants were relocated to pave the way for a new core business – property development and investment. The old brewery and plants were re-developed into what is known today as Anchorpoint and F&N's first residential project, The Anchorage.

Frasers Centrepoint Limited (formerly known as Centrepoint Properties Limited) first embarked on property development in 1980 with the building of The Centrepoint, one of Singapore's major shopping centres in the heart of Orchard Road. Our Company was then a part of the property division of Cold Storage Limited.

F&N acquired our Company in 1990 and our Company has since grown from being a single-shopping centre property company in the 1980s to becoming one of the fastest growing and most reputable real estate owners and developers in Singapore. Our flagship mall, The Centrepoint, was completed in 1983 and was one of the first modern shopping malls which redefined the shopping experience in Singapore.

As at the date of this Document, our Company is a multinational company with a strong foothold in property development, property investment and management of residential property, commercial property, serviced residences and property trusts. Our global footprint includes Australia, Bahrain, China, France, Hong Kong, Hungary, India, Indonesia, Japan, Malaysia, New Zealand, Philippines, Qatar, Singapore, South Korea, Thailand, Turkey, United Arab Emirates, the United Kingdom and Vietnam.

Set out below are the major milestones in our corporate history:

In 1988, our Company, then named as Centrepoint Properties Limited, was listed on the SGX-ST.

In 1990, our Company became a subsidiary of F&N.

In 1992, we launched Singapore's pioneer suburban retail mall, Northpoint, located in Yishun, and also launched Bridgepoint, a retail mall in Sydney, Australia, and our first office project, Alexandra Point.

In 1993, we launched our first residential project, The Anchorage, which was re-developed from the land occupied by F&N Singapore's old brewery and soft drinks plants.

In 1996, we embarked on our first overseas office project through the development of the commercial-cum-retail centre, Me Linh Point, in Ho Chi Minh City, Vietnam.

In 1997, we developed and launched our first industrial project, Alexandra Technopark.

In 1998, we developed and launched our first hospitality projects, Fraser Suites and Fraser Place, serviced residences in Singapore.

In 2000, we embarked on our first foray into residential projects overseas through the development of Pavilions on the Bay in Australia and Annandale House in the United Kingdom.

In 2001, we ventured into residential development in China through the development of Jingan Four Seasons in Shanghai, China.

In 2002 we launched serviced residences in United Kingdom, Seoul, Korea and Manila, Philippines.

In 2002, our Company delisted from the SGX-ST and became a wholly-owned subsidiary of F&N.

In 2006, our Company was rebranded as Frasers Centrepoint Limited, and launched our first REIT, FCT, which is listed on the Main Board of the SGX-ST.

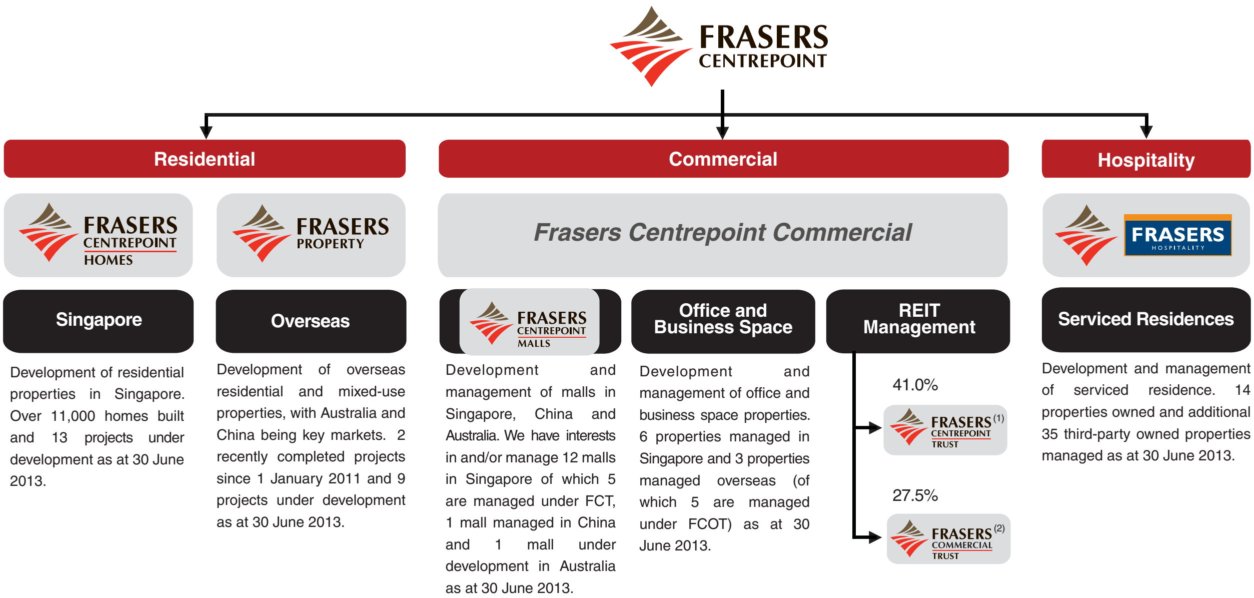
In 2008, we acquired a stake in Allco Commercial REIT and the entire stake of Allco Commercial REIT's manager, and rebranded the REIT as FCOT, which is listed on the SGX-ST.

An overview of our business and our competitive strengths is set out in the section "Summary".

**Business and Operations**

We conduct our operations and hold investments through our subsidiaries, joint venture companies and the two listed REITs, that is, FCT and FCOT.

Our property investment and development business comprises four lead brands/divisions, namely, Frasers Centrepoint Homes (for Singapore residential development properties), Frasers Property (for overseas development properties), Frasers Centrepoint Commercial (for shopping malls, office and business space properties) and Frasers Hospitality (for serviced residences). The following chart shows a brief structure of our Group as at the date of this Document:




**Notes:**

(1) As at the Latest Practicable Date, we hold 41.0% unitholding interest in FCT and 100.0% shareholding interest in Frasers Centrepoint Asset Management Ltd, the REIT manager for FCT.

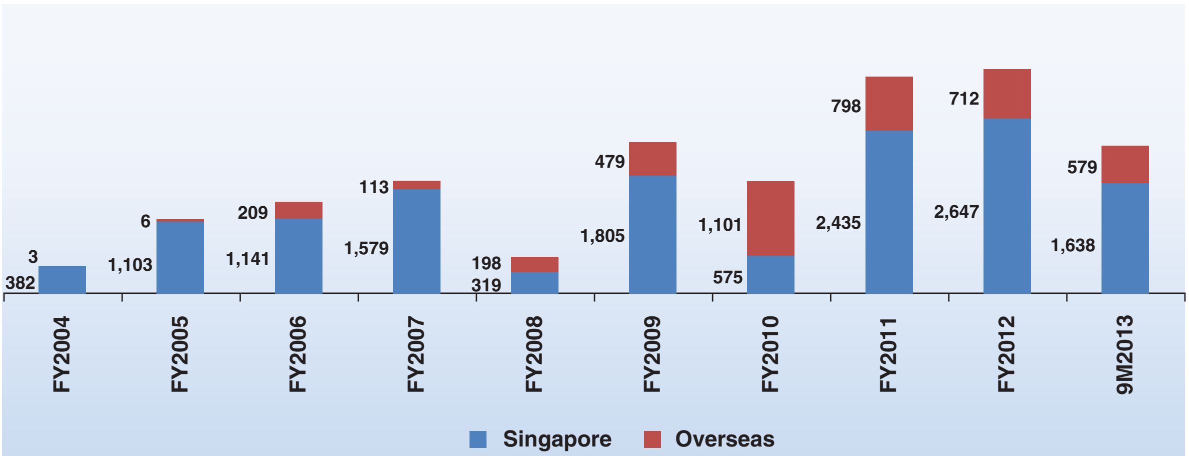
(2) As at the Latest Practicable Date, we hold 27.5% unitholding interest in FCOT and 100.0% shareholding interest in Frasers Centrepoint Asset Management (Commercial) Ltd, the REIT manager for FCOT.

The property investment and development business comprises four lead brands/ divisions, namely, Frasers Centrepoint Homes (for Singapore residential development properties), Frasers Property (for overseas development properties), Frasers Centrepoint Commercial (for shopping malls, office and business space properties) and Frasers Hospitality (for serviced residences).

*Frasers Centrepoint Homes (Singapore Residential Development Properties)*

Our Singapore residential development properties are marketed under the Frasers Centrepoint Homes brand. Frasers Centrepoint Homes is among the top three residential developers in terms of new home sales in Singapore measured in 2012[1]. As at 30 June 2013, our Group had built over 11,000 homes in Singapore, with more than 7,000 homes under development (including properties under its joint venture projects). We aim to deliver homes that have strong location attributes and refined finishings and are attractively priced.

Number of Homes Sold[1] in Singapore and Overseas[2]




**Notes:**

(1) The number of units sold reflects the gross number of units sold for projects that are wholly-owned and jointly developed.

(2) Overseas refers to Australia and China. See the section " – Business and operations – Frasers Property (Overseas Properties)".

Between 1 January 2011 and 30 June 2013, we sold approximately 6,200 residential units (including properties under joint venture projects).

**Note:**

(1) Source: The Straits Times news release dated 12 February 2013 and entitled "Far East sold most private homes this year". We, the Sole Issue Manager and the Joint Financial Advisers have not sought the consent of The Straits Times, nor has The Straits Times provided their consent to, and are accordingly not liable for the inclusion of the relevant information extracted from the information services provided by The Straits Times and disclaim any responsibility in relation to reliance on these statistics and information. While reasonable actions have been taken by our Directors and the Sole Issue Manager to ensure that the relevant statements from the relevant information services provided by The Straits Times are reproduced in their proper form and context, and that the information is extracted accurately and fairly from such information services, we, the Sole Issue Manager and the Joint Financial Advisers have not conducted an independent review of the information contained in such information services and have not verified the accuracy of such information services.

*Recent Completed Projects*

The following table sets out the recent completed projects of Frasers Centrepoint Homes (as at 30 June 2013) since 1 January 2011:

| Project name | No. of units | % Sold | Effective interest (%) |
|---|---|---|---|
| Martin Place Residences | 302 | 100 | 100.0 |
| Soleil@Sinaran | 417 | 99 | 100.0 |
| Woodsville 28 | 110 | 100 | 100.0 |
| Waterfront Waves[1] | 405 | 100 | 50.0 |
| 8@Woodleigh | 330 | 100 | 100.0 |
| Caspian | 712 | 100 | 100.0 |
| Residences Botanique | 81 | 100 | 100.0 |
| Waterfront Key[1] | 437 | 100 | 50.0 |

**Note:**

(1) Joint venture with Far East Organization.

The following diagram sets out the locations of our Singapore residential properties under development and future projects as at 30 June 2013:


*Projects under development*

As at 30 June 2013, Frasers Centrepoint Homes had 13 projects with 7,465 units under development, out of which 91.0% had been pre-sold with an unrecognised revenue of $2.4 billion. The following table sets out the projects of Frasers Centrepoint Homes under development as at 30 June 2013:

| Project name | No. of units | % Sold | Effective interest (%) | Project estimated completion date | Land Area (million sqf) | Estimated saleable area (million sqf)[11] | Average selling price per sqf ($) | Tenure |
|---|---|---|---|---|---|---|---|---|
| Waterfront Gold[1] | 361 | 100 | 50.00 | January 2014 | 0.16 | 0.39 | 973 | Leasehold |
| Flamingo Valley | 393 | 95 | 100.00 | December 2013 | 0.34 | 0.49 | 1,222 | Freehold |
| Waterfront Isle[1] | 563 | 97 | 50.00 | November 2014 | 0.22 | 0.57 | 1,037 | Leasehold |
| Eight Courtyards[2] | 656 | 100 | 50.00 | May 2014 | 0.29 | 0.69 | 807 | Leasehold |
| Seastrand[3] | 475 | 98 | 50.00 | September 2014 | 0.22 | 0.43 | 915 | Leasehold |
| Boathouse Residences[4] | 494 | 100 | 50.00 | January 2015 | 0.14 | 0.48 | 909 | Leasehold |
| Twin Waterfalls EC[5] | 728 | 99 | 80.00 | March 2015 | 0.27 | 0.83 | 710 | Leasehold |
| Watertown[6] | 992 | 99 | 33.33 | August 2016 | 0.32 | 0.79 | 1,191 | Leasehold |
| Palm Isles | 430 | 95 | 100.00 | June 2015 | 0.23 | 0.43 | 865 | Leasehold |
| eCO[7] | 750 | 87 | 33.33 | January 2016 | 0.31 | 0.67 | 1,316 | Leasehold |
| Q Bay Residences[8] | 632 | 78 | 33.33 | May 2016 | 0.22 | 0.68 | 1,022 | Leasehold |
| Twin Fountains EC[9] | 418 | 30 | 70.00 | November 2015 | 0.18 | 0.49 | 742 | Leasehold |
| Esparina Residences[10] | 573 | 99 | 80.00 | Completed | 0.22 | 0.61 | 743 | Leasehold |

**Notes:**

(1) Joint venture with Far East Organization.

(2) Joint venture with Nam Hee Contractor Pte. Ltd.

(3) Joint venture with F. E. Lakeside Pte. Ltd.

(4) Joint venture with Far East Civil Engineering (Pte.) Limited (25%) and Sekisui House, Ltd. (25%).

(5) Joint venture with Keong Hong Construction Pte Ltd.

(6) Joint venture with Far East Civil Engineering (Pte.) Limited (33.3%) and Sekisui House, Ltd. (33.3%).

(7) Joint venture with F. E. Lakeside Pte. Ltd. (33.3%) and Sekisui House Singapore Pte. Ltd. (33.3%).

(8) Joint venture with F. E. Lakeside Pte. Ltd. (33.3%) and Sekisui House, Ltd. (33.3%).

(9) Joint venture with Binjai Holdings Pte. Ltd.

(10) Joint venture with Lum Chang Building Contractors Pte Ltd (20%). Esparina Residences was completed in September 2013.

(11) Subject to relevant planning approvals.

*Land Bank*

As at 30 June 2013, Frasers Centrepoint Homes has a land bank in Singapore with an estimated saleable area of 0.75 million sqf. The following table sets out the land bank of Frasers Centrepoint Homes for future projects as at 30 June 2013:

| Sites | Location | Effective interest (%) | Estimated number of units | Land Area (million sqf) | Estimated saleable area (million sqf)[2] | Tenure |
|---|---|---|---|---|---|---|
| 51 Cuppage Road (formerly known as “Starhub Centre”) | Orchard Road | 100.0 | 249 | 0.07 | 0.24 | Leasehold |
| Fernvale Close[1] | Sengkang | 40.0 | 495 | 0.16 | 0.48 | Leasehold |
| Holland Park | Holland Village | 100.0 | 2 | 0.02 | 0.03 | Freehold |
| **Total** | | | **746** | **0.25** | **0.75** | |

**Notes:**

(1) Joint venture with Far East Orchard Limited (30%) and Sekisui House, Ltd. (30%).

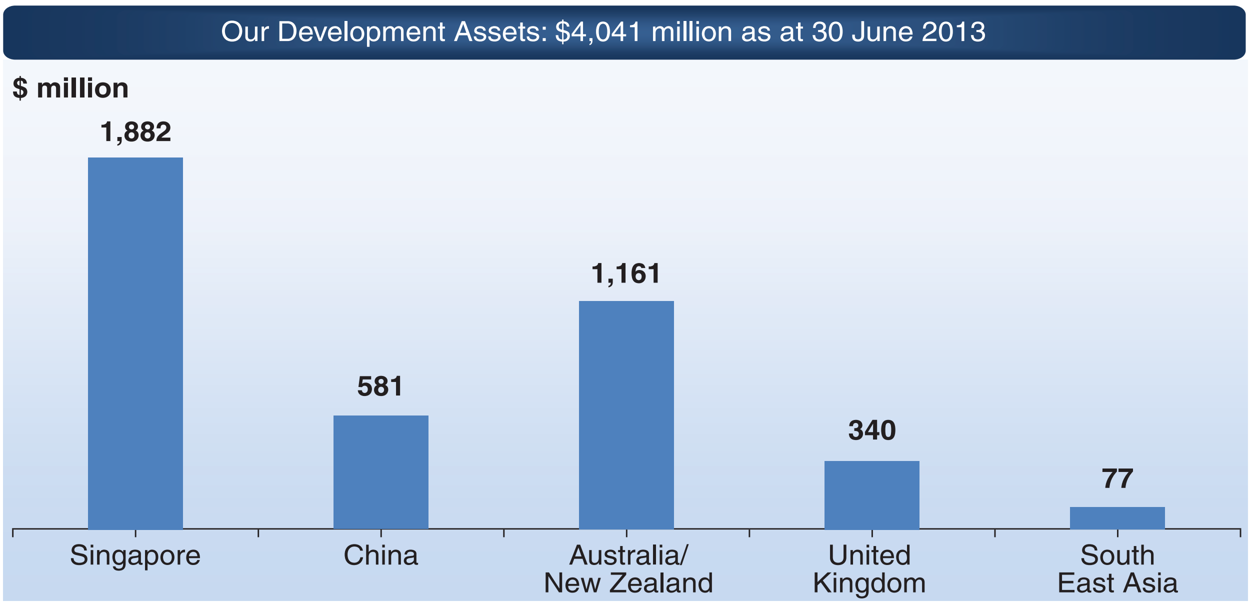
(2) Subject to relevant planning approvals.

***Frasers Property (Overseas Properties)***

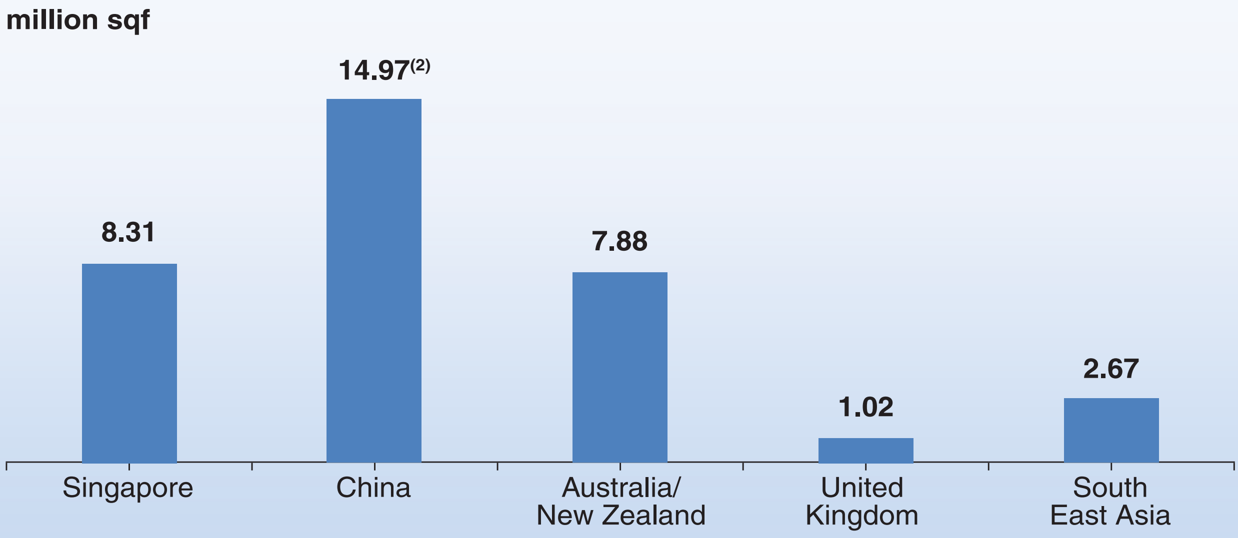
Our Group has development and investment properties primarily in China and Australia. These overseas properties comprise largely residential as well as mixed-use projects.

Our Group has over the past few years made significant inroads into Australia and China in its attempt to broaden its earnings base. Australia and China will be the key overseas markets for our Group to expand its overseas property development business.

The following charts sets out the geographic breakdown of the value and estimated saleable area of our development assets as at 30 June 2013:



Total Saleable Area[(1)]: 34.85 million sqf as at 30 June 2013




**Notes:**

(1) Includes joint venture projects.

(2) Includes unsold completed units of Baitang One, Suzhou, Phase 1.

*Australia – Projects under development*

In Australia, Frasers Property operates through Frasers Property Australia which is currently planning or developing a diversified portfolio of residential and mixed-use projects. Between 1 January 2011 and 30 June 2013, we sold approximately 1,200 residential units (including properties under joint venture projects) with an unrecognised revenue of $0.8 billion from presales as at 30 June 2013.

The following table sets out the projects of Frasers Property in Australia under development as at 30 June 2013:

| Projects | Location | No. of units | % Sold | Effective interest (%) | Project estimated completion date | Land Area (million sqf) | Estimated saleable area (million sqf)[(5)] | Average selling price per sqf (AUD) | Tenure |
|---|---|---|---|---|---|---|---|---|---|
| Central Park – One Central Park[(1)] | Sydney | 623 | 89 | 38.0 | December 2013 | 0.13 | 0.46 | 1,143 | Freehold |
| Central Park – Park Lane[(1)] | Sydney | 393 | 76 | 38.0 | October 2013 | 0.05 | 0.24 | 1,218 | Freehold |
| Central Park – The Mark [(1)] | Sydney | 412 | 55 | 38.0 | July 2014 | 0.05 | 0.24 | 1,243 | Freehold |
| Frasers Landing[(2)] | Mandurah | 171[(3)] | 25 | 56.25 | September 2015 | 1.64 | 0.67 | 885 | Freehold |
| Putney Hill[(4)] | Sydney | 449 | 42 | 75.0 | March 2016 | 0.68 | 0.49 | 615 | Freehold |
| QIII[(4)] | Perth | 267 | 82 | 87.5 | June 2014 | 0.03 | 0.22 | 889 | Freehold |

**Notes:**

(1) Joint venture with SQ International Pte Ltd (12.5%) and Sekisui House, Ltd (50%). SQ International Pte Ltd is a privately owned company owned by shareholders who are unrelated to the Group. Sekisui House, Ltd is a company listed on the Tokyo Stock Exchange and the Nagoya Stock Exchange and its major shareholders are unrelated to our Group.

(2) Joint venture with SQ International Pte Ltd (18.75%) and Red Gold Investment Holdings Pte. Ltd. (25%). Red Gold Investment Holdings Pte. Ltd. is a privately owned company owned by shareholders who are unrelated to our Group.

(3) Relates to sale of land lots.

(4) Joint venture with SQ International Pte Ltd.

(5) Subject to relevant planning approvals.

*Australia – Land bank*

As at 30 June 2013, Frasers Property Australia has a land bank in Australia with an estimated saleable area of 3.95 million sqf. The following table sets out the land bank of Frasers Property for development in Australia as at 30 June 2013:

| Land bank | Location | Effective interest (%) | Estimated number of units | Land Area (million sqf) | Estimated saleable area (million sqf)[4] | Tenure |
|---|---|---|---|---|---|---|
| Central Park | | | | | | |
| - Land bank A[1] | Sydney | 38.0 | 1,096 | 0.17 | 0.95 | Freehold |
| - Land bank B[2] | Sydney | 75.0 | 558 | 0.14 | 0.34 | Freehold |
| Frasers Landing[3] | Mandurah | 56.0 | 282 | 3.98 | 1.37 | Freehold |
| Parramatta River[2] | Sydney | 75.0 | 774 | 0.53 | 0.69 | Freehold |
| Putney Hill[2] | Sydney | 75.0 | 342 | 0.54 | 0.34 | Freehold |
| QI and QII[2] | Perth | 87.5 | 233 | 0.06 | 0.26 | Freehold |
| **Total** | | | **3,285** | **5.42** | **3.95** | |

**Notes:**

(1) Joint venture with SQ International Pte Ltd (12.5%) and Sekisui House, Ltd (50%).

(2) Joint venture with SQ International Pte Ltd.

(3) Joint venture with SQ International Pte Ltd (18.75%) and Red Gold Investment Holdings Pte. Ltd. (25%).

(4) Subject to relevant planning approvals.

*China – Recent Completed Projects*

Between 1 January 2011 and 30 June 2013, we sold approximately 570 residential units (including properties under joint venture projects) in China.

The following table sets out the recent completed projects of Frasers Property in China (since 1 January 2011) as at 30 June 2013:

| Projects | Location | No. of units | % Sold | Effective interest (%) |
|---|---|---|---|---|
| Baitang One (Phase 1a) | Suzhou | 426 | 98.6 | 100 |
| Baitang One (Phase 1b) | Suzhou | 542 | 85.1 | 100 |

*China – Projects under development*

The following table sets out the projects of Frasers Property in China under development as at 30 June 2013. As at 30 June 2013, we have unrecognised revenue of $0.1 billion from presales of our projects in China.

| Projects | Location | No. of units | % Sold | Effective interest (%) | Project estimated completion date | Land Area (million sqf) | Estimated saleable area (million sqf)[5] | Average selling price (RMB psm) | Tenure |
|---|---|---|---|---|---|---|---|---|---|
| Baitang One – Phase 2A | Suzhou | 538 | 59[2] | 100.0 | September 2013 | 0.34 | 0.85 | 11,718 | Leasehold |
| Baitang One – Phase 2B | Suzhou | 360 | 3[3] | 100.0 | May 2014 | 0.52 | 0.77 | 13,834 | Leasehold |
| Chengdu Logistics Hub – Phase 2[1] | Chengdu | 163 | 18[4] | 80.0[1] | October 2013 | 0.18 | 0.65 | 9,093 | Leasehold |

**Notes:**

(1) Joint venture with Cheung Ho International Limited. Cheung Ho International Limited is a privately owned company owned by shareholders who are unrelated to our Group.

(2) As at the Latest Practicable Date, the percentage of units sold was 82%.

(3) Baitang One – Phase 2B was partially launched on 10 June 2013. As at the Latest Practicable Date, the percentage of units sold was 15%.

(4) Chengdu Logistics Hub – Phase 2 was launched in May 2013. As at the Latest Practicable Date, the percentage of units sold was 33%.

(5) Subject to relevant planning approvals.

*China – Land bank*

As at 30 June 2013, we have a land bank in China with an estimated saleable area of 12.58 million sqf. The following table sets out the land bank of Frasers Property for development in China as at 30 June 2013.

| Sites | Location | Effective interest (%) | Estimated number of units | Land Area (million sqf) | Estimated saleable area (million sqf)[3] | Tenure |
|---|---|---|---|---|---|---|
| Baitang One (Phase 3) | Suzhou | 100 | 2,062 | 1.51 | 2.79 | Leasehold |
| Shanshui Four Seasons (Phases 2 – 5)[1] | Shanghai | 45 | 6,067 | 4.80 | 7.03 | Leasehold |
| **Residential** | | | **8,129** | **6.31** | **9.82** | |
| Chengdu Logistic Hub (Phases 2 and 4)[2] | Chengdu | 80 | 637 | 0.85 | 2.76 | Leasehold |
| **Commercial** | | | **637** | **0.85** | **2.76** | |
| **Total** | | | **8,766** | **7.16** | **12.58** | |

**Notes:**

(1) Joint venture with Power Source Holdings Limited. Power Source Holdings Limited is a privately owned company owned by shareholders who are unrelated to our Group.

(2) Joint venture with Cheung Ho International Limited.

(3) Subject to relevant planning approvals.

The following table summarises details of the development land bank owned by our Group in Singapore, Australia and China as at 30 June 2013:

| | Land Bank | | |
|---|---|---|---|
| | Estimated saleable area (million sqf)[3][4] | Estimated number of units[3] | Gross Development Value ($million)[1][3] |
| Singapore | 0.75 | 746 | 757[2] |
| Australia | 3.95 | 3,285 | 2,330 |
| China | 12.58 | 8,766 | 3,819 |
| **Total** | **17.28** | **12,797** | **6,906** |

**Notes:**

(1) Based on valuations by the Independent Valuers, assuming satisfactory completion of proposed development.

(2) This only reflects the gross development value from potential redevelopment of 51 Cuppage Road but does not include the gross development value from the Fernvale Close project and Holland Park bungalows.

(3) All figures represent 100% interest in the respective projects. FCL's effective share of gross development value is $4.47 billion.

(4) Subject to relevant planning approvals.

As at 30 June 2013, the aggregate book value of our development properties held for sale and aggregate land bank in United Kingdom, New Zealand, Thailand and Malaysia is approximately $488 million and the land bank (in terms of estimated saleable area) in United Kingdom, New Zealand, Thailand and Malaysia is approximately 5.65 million sqf as summarised in the table below:

| | **Book Value of development properties held for sale and land bank ($million)** | **Estimated saleable area of land bank (million sqf)[1]** |
|---|---|---|
| United Kingdom | 342 | 0.67 |
| New Zealand | 71 | 1.12 |
| Thailand | 45 | 1.91 |
| Malaysia | 30 | 1.95 |
| **Total** | **488** | **5.65** |

**Note:**

(1) Subject to relevant planning approvals.

***Frasers Centrepoint Commercial – Retail Properties (Frasers Centrepoint Malls)***

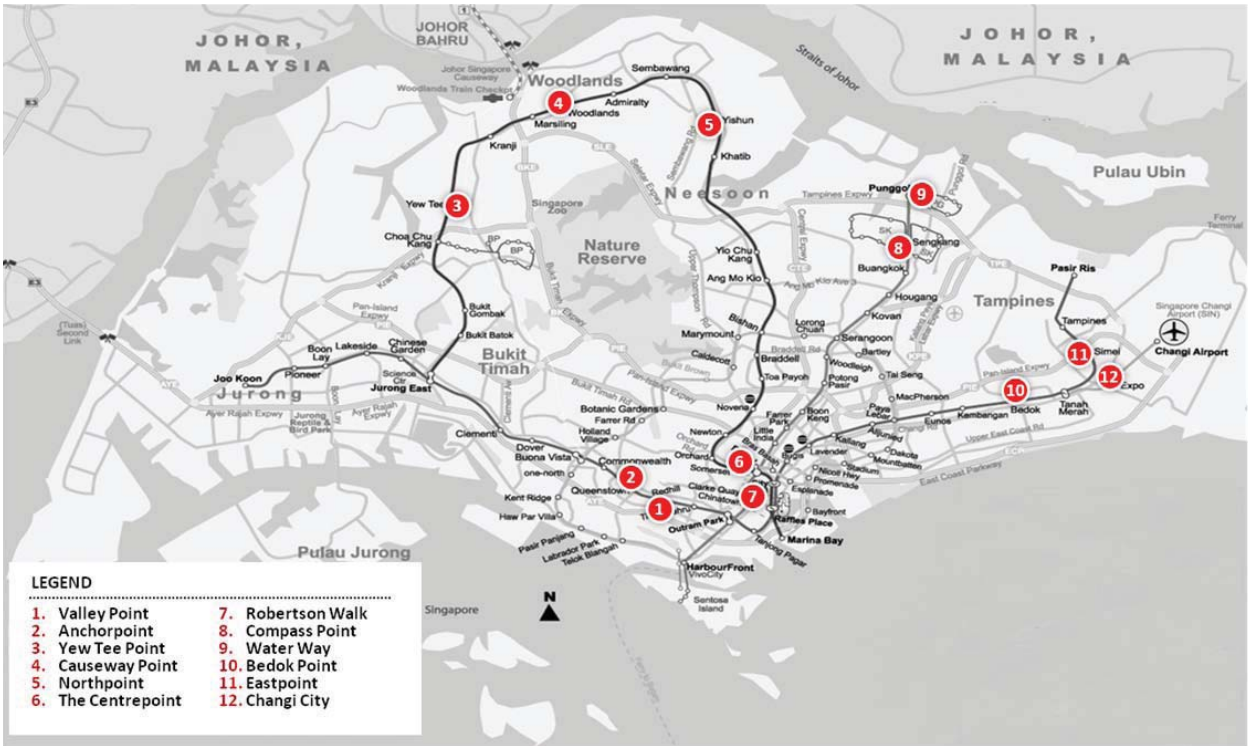
We develop and manage retail properties in Singapore. We also have interest in properties in China. We have interests in and/or manage a portfolio of 12 shopping malls that is based in Singapore under the Fraser Centrepoint Malls brand. We hold five of our property interests in shopping malls through our investment in FCT. A REIT is an investment vehicle which invests in different kinds of real estate and real-estate related assets. Where possible, REITs are typically structured as pass-through vehicles which are able to distribute the majority of their income to investors, including us, without taxation at the REIT level. As at the Latest Practicable Date, we hold 41.0% of the units in FCT.

FCT is a leading retail REIT listed on the SGX-ST. FCT currently owns a portfolio of five quality suburban shopping malls in Singapore valued at $1.8 billion as at 30 June 2013. FCT also receives steady investment returns via its 31.17% stake in Hektar REIT, a Malaysian retail-focused REIT in Malaysia listed on the Main Market of Bursa Malaysia Securities Berhad, as at the Latest Practicable Date. FCT focuses on delivering regular and stable distributions to its unitholders through its investments in quality income-producing retail properties in Singapore and overseas. FCT aims to achieve sustainable rental income growth through active lease management initiatives and to increase its net asset value of its portfolio through asset acquisitions and asset enhancement initiatives.

We also own Crosspoint, a shopping mall in Beijing, China.

*Singapore Property*

The following diagram sets out the locations of our shopping malls in Singapore as at 30 June 2013:




| | Location | Net lettable area of property (sqf) | Total Book value of property ($million) | Effective interest (%) | Lease expiry date | Occupancy (%) | Average Rent (psf/mth) ($)[1] | Major tenants |
|---|---|---|---|---|---|---|---|---|
| **REIT (FCT)** | | | | | | | | |
| Anchorpoint | Alexandra Road, Singapore | 71,610 | 81 | 41.0[9] | Freehold | 98.2 | 9.09 | Cold Storage, Koufu, Royal Culinary, XWS, Sarika Connoisse |
| Bedok Point | New Upper Changi Road, Singapore | 81,393 | 128 | 41.0[9] | 2077 | 95.9 | 11.48 | Paradise Group, K Box, Sushi-Tei, Beijing 101 Hair Consultants, L.A.I. Singapore |
| Causeway Point | Woodlands Square, Singapore | 415,896 | 896 | 41.0[9] | 2094 | 99.5 | 13.67 | Metro, Courts, Cold Storage, Food Republic, Cathay Cineplexes |
| Northpoint | Yishun Avenue 2, Singapore | 234,781 | 570 | 41.0[9] | 2089 | 98.9 | 15.64 | Kopitiam, Cold Storage, Pertama Merchandising, OCBC Bank, United Overseas Bank |
| Yew Tee Point | Choa Chu Kang North 6, Singapore | 73,602 | 147 | 41.0[9] | 2105 | 92.2 | 13.93 | NTUC Fair Price, Koufu, Watson's Personal Care Stores, KFC Singapore, Shakura Pigmentation |

| | Location | Net lettable area of property (sqf) | Total Book value of property ($million) | Effective interest (%) | Lease expiry date | Occupancy (%) | Average Rent (psf/mth) ($)[1] | Major tenants |
|---|---|---|---|---|---|---|---|---|
| **Non-REIT** | | | | | | | | |
| The Centrepoint[2] | Orchard Road, Singapore | 334,425 | 640 | 100.0 | Mixture of Freehold and 2078 | 98.0 | 9.90 | Robinson, Cold Storage, Baccarat International, Pertama Merchandising, Cnet Networks Asia Pacific |
| Changi City Point[3] | Changi Business Park Central 1, Singapore | 207,237 | 199[8] | 50.0 | 2069 | 97.6 | 9.08 | Koufu, Cold Storage, Gain City Best-Electric, Bagus, NIKE |
| Compass Point[4] | Sengkang Square, Singapore | 269,546 | 530 | 19.0 | 2099 | 100.0 | 11.89 | Metro, Cold Storage, Best Denki, Kopitiam, National Library Board |
| Robertson Walk (Retail) | Unity Street, Singapore | 97,044 | 98 | 100.0 | 2840 | 100.0 | 6.54 | Wee Swee Teow & Company, Auston Institute of Management, GID, The Polliwogs, Natureland |
| Valley Point (Retail) | River Valley Road, Singapore | 39,817 | 35 | 100.0 | 2876 | 100.0 | 5.96 | NTUC Fairprice, Absolute Yoga, Dozo Restaurant, Zzapi Pizza Bar, Crystal Wines |
| Waterway Point (Punggol mixed-use site)[5] | Punggol Central/ Punggol Walk, Singapore | 382,451[7] | 665 | 33.3 | 2110 | N.A. | N.A. | N.A. |
| Eastpoint Mall[6] | Simei Street 6, Singapore | 189,986 | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| **Total** | | **2,397,788** | | | | | | |

**Notes:**

(1) Total gross rents divided by total leased area for the month of June 2013.

(2) The tenure of this property includes a mix of leasehold and freehold.

(3) Joint venture with Ascendas Development Pte. Ltd.

(4) Joint venture with Lexis 88 Investments (Mauritius) Ltd.

(5) This property is being jointly developed by way of a joint venture with Far East Civil Engineering (Pte.) Limited (33.3%) and Sekisui House, Ltd. (33.3%).

(6) Managed by Frasers Centrepoint Property Management Services Pte Ltd. Eastpoint is owned by NTUC Income and is currently carrying out asset enhancement activities.

(7) This property is currently under construction and the net lettable area is an estimated figure.

(8) Classified as property held for sale; the book value does not reflect the valuation by CKS Property Consultants Pte Ltd of $286 million as at 30 June 2013.

(9) This refers to the effective interest held by our Company in these properties through its interest in FCT as at the Latest Practicable Date. These properties are wholly-owned by FCT.

*Overseas Property*

| | Location | Net lettable area of property (sqf) | Total Book value of property ($million) | Effective interest (%) | Lease expiry date | Occupancy (%) | Average Rent (psf/mth) ($)[1] | Major tenants |
|---|---|---|---|---|---|---|---|---|
| **Non-REIT Retail Asset** | | | | | | | | |
| China, Beijing - Crosspoint | Xinjiekou North Avenue, Beijing, China | 156,873 | 58[2] | 100.0 | 2044 | 92.0 | RMB12.58 | Ping An Insurance (Group) Company of China (中国平安人寿保险股份有限公司), Rising Securities (日信证券有限责任公司), Rise Immersion Subject English (瑞沃迪国际教育), MingGuang Art Training School (明光美术培训学校), Lijia Baby (丽家宝贝) |

**Notes:**

(1) Total gross rents divided by total leased area for the month of June 2013.

(2) Classified as property held for sale; the book value does not reflect the valuation by DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd of RMB459 million ($93.41 million) as at 30 June 2013.

In addition, we are developing a retail mall in Australia as part of the Central Park project disclosed in "— Frasers Property (Overseas Properties) — Australia — Projects under Development".

Frasers Centrepoint Malls collectively manages more than 2 million sqf of net lettable retail space and receives on average more than 10 million visitors per month. The good performance of the malls is due to a confluence of factors, including the strategic locations of the malls, the strength of our ties with our tenants, and a good tenant mix of quality retailers within the malls. As at 30 June 2013, the average occupancy of our retail properties in Singapore was 98.1%.

***Frasers Centrepoint Commercial – Office and Business Space Properties***

We develop and manage the office and business space properties and have interests in a portfolio of 11 commercial office properties comprising a net lettable area of over 4 million sqf. We hold five of our property interests in commercial office properties through our investment in FCOT. As at the Latest Practicable Date, we hold 27.5% of the units in FCOT.

FCOT is a leading commercial REIT listed on the SGX-ST. FCOT currently owns a portfolio of five quality buildings offering office and business space located in Singapore and Australia valued at $1.7 billion as at 30 June 2013. FCOT seeks to build a strong and balanced portfolio of quality commercial properties, to deliver a stable and sustainable distribution to unitholders and to create value by enhancing and unlocking values of its existing properties through refurbishment and redevelopment. FCOT aims to achieve these objectives via growth through rental reversions, growth through built-in step-up rents, growth through active asset management and asset enhancement and acquisitions.

We have granted, for the benefit of FCOT, a right of first refusal over any Relevant Asset in the event that our Company or any of our subsidiaries (each, a "**FCL Entity**"):

(i) (a) receives a proposed offer of sale to the FCL Entity of a Relevant Asset, (b) has made an offer to purchase a Relevant Asset and such FCL Entity receives an indication by the owner thereof of its willingness to sell such Relevant Asset, or (c) intends to exercise the option granted to it to acquire a Relevant Asset, as the case may be, and in each case, our Company reasonably determines such Relevant Asset is suitable for acquisition by FCOT; or

(ii) has made an offer to sell a Relevant Asset.

For the purposes of the right of first refusal, a "Relevant Asset" means any completed income producing property located in the Asia Pacific region used for commercial purposes, (comprising primarily office and/or business space purposes). Where such completed property is held by a FCL Entity through a single purpose company or entity established solely to own such property (a "**SPV**"), the term "Relevant Asset" shall mean the shares or equity interests, as the case may be, in that SPV.

The right of first refusal shall not apply to:

(i) a sale or acquisition of any Relevant Asset by a FCL Entity to or from any related corporation of our Company pursuant to a reconstruction, amalgamation, restructuring, merger or any analogous event, or a transfer of shares or equity interests, as the case may be, in a SPV between shareholders of the SPV as may be provided in any shareholders' agreement;

(ii) a grant of a lease or tenancy of any Relevant Asset by a FCL Entity, as the case may be, for a rent;

(iii) a sale or acquisition of any Relevant Asset by a FCL Entity pursuant to overriding contractual obligations; and

(iv) a sale or acquisition of any Relevant Asset by a FCL Entity where the exercise of this right of first refusal herein will contravene any applicable laws, regulations and government policies (including those in other countries relating to property ownership by foreign persons).

Where the Relevant Asset which is subject to the right of first refusal is being offered for sale by, or purchase by, a FCL Entity which is jointly owned with one or more third parties (i.e parties which are not subject to this right of first refusal), the right of first refusal shall be subject to the consent of these third parties and in this respect, our Company shall use reasonable endeavours to obtain such consent.

This right of first refusal is granted for so long as (i) Frasers Centrepoint Asset Management (Commercial) Ltd. or any of its related corporations (as defined in the Companies Act) remains the manager of FCOT and (ii) our Company or any of our related corporations remains a controlling shareholder (as defined in the Listing Manual) of the manager of FCOT.

*Singapore Properties*

The following table sets out the net lettable area in, book value of, and effective interest in, the office and business space properties managed by Frasers Centrepoint Commercial in Singapore as at 30 June 2013:

| | Location | Net lettable area of property (sqf) | Total Book value of property ($m) | Effective interest (%) | Lease expiry date | Occupancy (%) | Average Rent (psf/mth) ($)[1] | Major tenants |
|---|---|---|---|---|---|---|---|---|
| **REIT (FCOT)** | | | | | | | | |
| 55 Market Street | Market Street, Singapore | 71,796 | 128 | 27.5[6] | 2825 | 89.4 | 6.31 | Corporate Serviced Offices, Jones Lang LaSalle Property Consultants, Best World Lifestyle, INCA Law, Citigate Dewe Rogerson |
| Alexandra Technopark | Alexandra Road, Singapore | 1,045,227 | 390 | 27.5[6] | 2108 | 98.4[4] | 3.38[4] | Hewlett-Packard Singapore, Microsoft Operations, Nokia Siemens Networks, Dyson, Nokia |
| China Square Central | Cross Street, Singapore | 372,453 | 563 | 27.5[6] | 2096 | 91.7 | 6.34 | Group M, Cerebos Pacific Ltd, Australia and New Zealand Banking Group, Straits Developments, Federal Insurance |
| **Non-REIT** | | | | | | | | |
| Alexandra Point | Alexandra Road, Singapore | 199,380 | 265 | 100.0 | Freehold | 100.0 | 5.18 | John Deere Asia (Singapore), Procter & Gamble, Asia Pacific Breweries, American Bureau of Shipping, F&N |
| One@Changi City[2] | Changi Business Park, Singapore | 665,914 | 273 | 50.0 | 2069 | 93.0 | 3.66[5] | Credit Suisse, EMC, JP Morgan Chase |
| Valley Point (Office) | River Valley Road, Singapore | 183,109 | 232 | 100.0 | 2876 | 91.8 | 5.23 | Olympus Singapore, Nissho Odyssey Ship Management, Black & Veatch (SEA), Amkor Technology Singapore, Sumitomo Mitsui Construction |
| 51 Cuppage Road | Cuppage Road, Singapore | 144,662 | 392[3] | 100.0 | 2095 | 66.4 | 6.34 | Kaplan Learning Institute, Prudential Assurance Company Singapore, New Creation Church, Singapore Technologies Engineering, ECCO China Holding |
| **Total** | | **2,682,541** | | | | | | |

**Notes:**

(1) Total gross rents divided by total leased area for the month of June 2013.

(2) Joint venture with Ascendas Development Pte Ltd.

(3) Classified as property held for sale.

(4) Alexandra Technopark is a freehold property. In 2008, our Company granted a 99-year lease to FCOT and FCOT entered into a 5-year master lease agreement with our Company. The occupancy rate and average rent are based on the underlying tenants.

(5) This rental rate excludes the rent-free period. The rental rate is $2.68 psf/mth taking into account the rent-free period.

(6) This refers to the effective interest held by the Company in these properties through its interest in FCOT as at the Latest Practicable Date. These properties are wholly-owned by FCOT.

As at 30 June 2013, the average occupancy of our office properties in Singapore was 93.8%.

*Overseas Properties*

The following table sets out the net lettable area in, book value of, and effective interest in, the office and business space properties managed by Frasers Centrepoint Commercial overseas as at 30 June 2013:

| | Location | Net lettable area of property (sqf) | Total Book value of property ($million) | Effective interest (%) | Lease expiry date | Occupancy (%) | Average Rent (psf/mth) ($)[1] | Major tenants |
|---|---|---|---|---|---|---|---|---|
| **REIT (FCOT)** | | | | | | | | |
| Australia, Canberra – Caroline Chisholm Centre | Tuggeranong, Canberra, Australia | 433,182 | 237 | 27.5[6] | 2101 | 100.0 | AUD3.39 | Commonwealth of Australia as represented by Centrelink |
| Australia, Perth – Central Park | St Georges Terrace, Perth, Australia | 714,372 | 798 | 13.8[5][6] | Freehold | 99.0 | AUD5.87 | Hamersley Iron, BHP Billiton Iron Ore, Government Employees Superannuation Board (WA), Squire Sanders, Mallesons Stephen Jaques |
| **Non-REIT** | | | | | | | | |
| China, Chengdu – Chengdu Logistics Hub[2] | Xingshi Road, Chengdu, China | 703,981 | 87[4] | 80.0 | 2057 | 76.0 | RMB2.42 | YCH, Dingshi (顶实仓储), Si Chuan De Mao (德茂农业) |
| Vietnam, Ho Chi Minh City – Me Linh Point[3] | Ngo Duc Ke Street, Ho Chi Minh City, Vietnam | 188,896 | 50 | 75.0 | 2045 | 98.0 | USD2.82 | Abbott Laboratories S.A, Regus Centre (Vietnam), HLHV JOC, Schlumberger Vietnam, Vietnam Brewery Limited |
| **Total** | | **2,040,431** | | | | | | |

**Notes:**

(1) Total gross rents divided by total leased area for the month of June 2013.

(2) Joint venture with Cheung Ho International Limited.

(3) Joint venture with Saigon Beer-Alcohol-Beverage Corporation.

(4) Classified as property held for sale; the book value does not reflect the valuation by DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd of RMB499 million ($101.55 million) as at 30 June 2013.

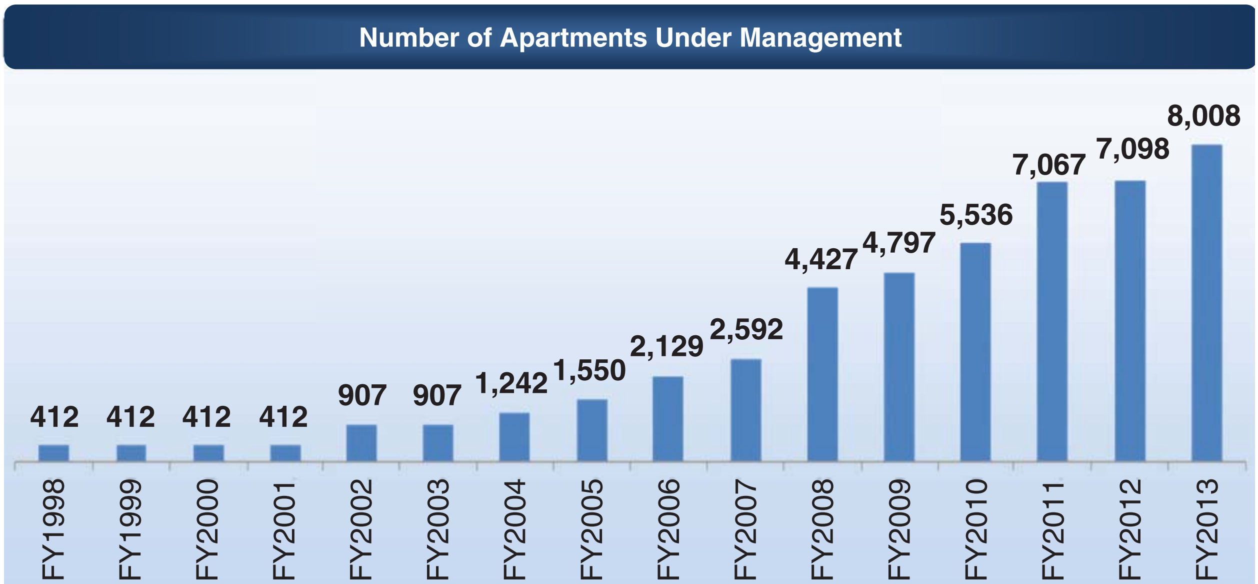
(5) FCOT holds a 50% interest in Central Park Perth.

(6) This refers to the effective interest held by the Company in these properties through its interest in FCOT. Save for Central Park Perth, these properties are wholly-owned by FCOT.

As at 30 June 2013, the average occupancy of our office properties overseas was 89.5%.

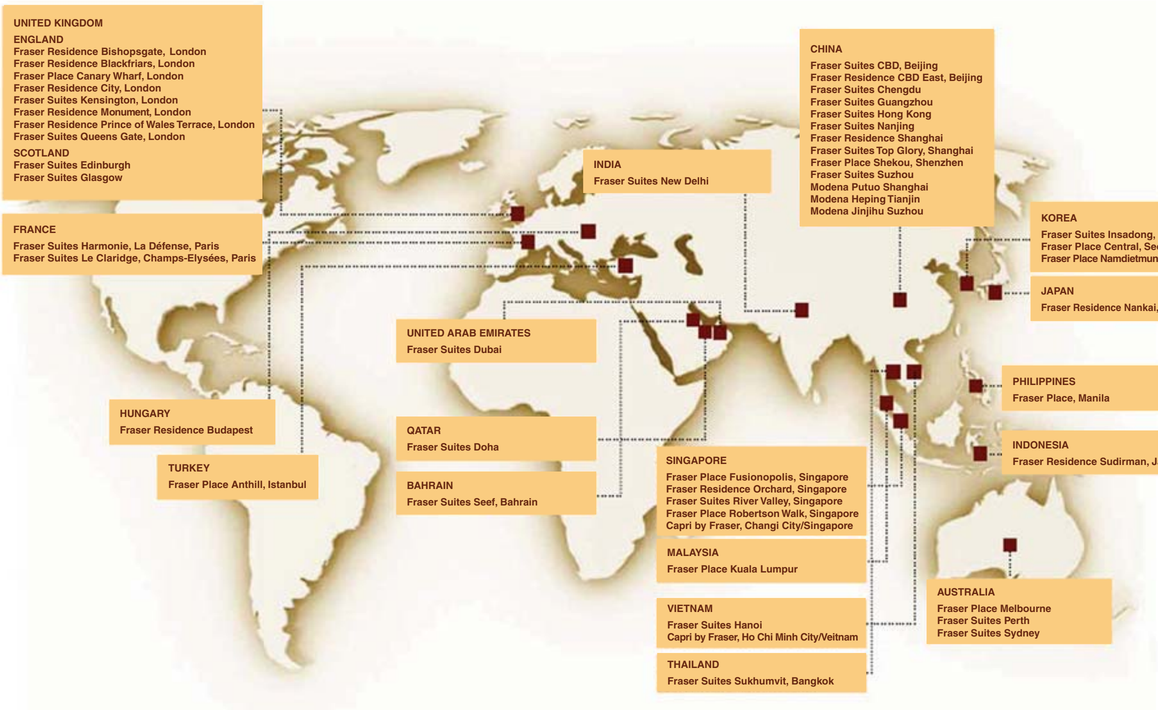
*Frasers Hospitality (Serviced Residences)*

Frasers Hospitality is a leading international premier serviced residences owner and management company. From two flagship properties at inception in Singapore in 1998, Frasers Hospitality has expanded to 49 premier properties in over 30 cities in Asia, Australia, Europe and Middle East. Combined with the projected launches of new serviced residences across existing and new major gateway cities, Frasers Hospitality manages more than 8,000 apartments as at 30 June 2013 and expects to manage over 14,400 apartments (operational and signed up) within the next three years through its branded lifestyle offerings which include Frasers premier serviced residences (Fraser Suites, Fraser Place and Fraser Residence), Modena by Fraser, the next tier serviced residences for business travelers and the design-led Capri by Fraser hotel residences. In addition, we are in discussions with the TCC Group to acquire and/or manage another 3,700 keys/rooms of the hospitality assets owned by the TCC Group outside Thailand over the next three years.




Frasers Hospitality aims to be the premier global leader in the extended stay market through our commitment to continuous innovation in answering the unique needs of every customer. Each of our properties are fully-furnished and equipped with kitchen and laundry facilities and complemented by a wide range of high-end hotel services such as regular housekeeping, 24-hour concierge and security, business services as well as complimentary wireless broadband internet connection. Most of Frasers Hospitality's residences also offer a suite of recreational facilities including a 24-hour gymnasium, swimming pool, kids' playroom, steam room and sauna.

More than 80.0% of our guests are from corporate companies which originate from the Fortune 500 and Forbes-listed companies including industries such as banking, finance, legal, oil and gas, engineering, pharmaceuticals, IT, entertainment and consulting. Our reputation for excellence is evidenced by the numerous awards our Group and our properties have garnered over the years, with the latest being the World's Best Serviced Apartment brand conferred by the World Travel Awards in 2013. We have a loyal clientele that divides evenly between Asia Pacific, Europe, Australia, Middle East and the Americas. Increasingly, we are also attracting a growing number of leisure customers, often guests who have experienced our services on a corporate basis. In addition to an extensive direct client base, most of whom are members of our loyalty programme, Frasers Hospitality also works with external distribution channels, renowned relocation companies, travel management companies and international online travel agencies.




As at 30 June 2013, Frasers Hospitality manages serviced residences in the following countries:

*Owned Properties*

| | No. of units | Floor Area (sqf) | Total Book value of property ($million) | Effective interest (%) | Occupancy FY2012 (%) | Lease Expiry Date | Average room rate per night |
|---|---|---|---|---|---|---|---|
| Fraser Suites Sydney, Australia | 201 | 122,279 | 119[6] | 80.5[1] | 88.0 | Freehold | AUD239 |
| Fraser Place Melbourne, Australia | 112 | 59,740 | 34 | 100.0 | 63.0[9] | Freehold | AUD128 |
| Fraser Suites Perth, Australia | 236 | 295,440 | 150[7] | 87.5[2] | –[3] | Freehold | – |
| Fraser Suites Beijing, China | 357 | 432,724 | 235 | 100.0 | 88.0 | 2074, 2044 and 2054[10] | RMB759 |
| Fraser Suites Kensington, UK | 69 | 96,144 | 192 | 100.0 | 85.0 | Freehold | GBP239 |
| Fraser Suites Queens Gate, UK | 106 | 69,062 | 100 | 100.0 | 81.0 | Freehold | GBP134 |
| Fraser Place Canary Wharf, UK | 97 | 60,913 | 69 | 100.0 | 80.0 | 2996 | GBP159 |
| Fraser Place Manila, Philippines | 89 | 199,091 | 28 | 100.0 | 91.0 | Freehold | PHP6,725 |
| Fraser Suites Glasgow, Scotland | 99 | 79,503 | 20 | 100.0 | 73.0 | Freehold | GBP64 |
| Fraser Suites Edinburgh, Scotland | 75 | 42,539 | 25 | 100.0 | 81.0 | Freehold | GBP106 |
| Capri by Fraser[4], Singapore | 313 | 204,250 | 101[8] | 50.0[4] | 38.0 | 2069 | $222 |
| Fraser Place Singapore | 163 | 199,435 | 230 | 100.0 | 78.0 | 2840 | $335 |
| Fraser Suites Singapore[5] | 255 | 278,755 | 354 | 100.0 | 55.0 | 2876 | $239 |
| Fraser Residence Sudirman, Jakarta | 108 | 148,672 | 41 | 100.0 | 89.0 | 2023 | USD129 |
| **Total** | **2,280** | | | | | | |

**Notes**:

(1) Joint venture with SQ International Pte Ltd (11.5%) and Genting (NSW) Pty Ltd (8.0%).

(2) Joint venture with SQ International Pte Ltd.

(3) This serviced residence started operations in FY2013.

(4) Owned by Ascendas Frasers Pte Ltd, a joint venture with Ascendas Development Pte. Ltd. started operations in August 2012.

(5) 188 apartments underwent renovations in 2012.

(6) Classified as property held for sale; the book value does not reflect the valuation by CBRE Valuations Pty Limited of AUD120.43 million ($142.12 million) as at 30 June 2013.

(7) Classified as property held for sale; the book value does not reflect the valuation by CBRE Valuations Pty Limited of AUD120 million ($141.61 million) as at 30 June 2013.

(8) Classified as property held for sale; the book value does not reflect the valuation by CKS Property Consultants Pte Ltd of $147 million as at 30 June 2013.

(9) All the apartments underwent renovations in 2012.

(10) The lease expiry date of the residential portion, commercial portion and car park of the property is 2074, 2044 and 2054, respectively.

*Properties under Management*

| Country | Property | No. of units |
|---|---|---|
| **Bahrain** | Fraser Suites Bahrain | 91 |
| **China** | Fraser Residence CBD East Beijing | 228 |
| | Fraser Suites Chengdu | 360 |
| | Fraser Suites Guangzhou | 332 |
| | Fraser Suites Nanjing | 210 |
| | Fraser Suites Top Glory, Shanghai | 186 |
| | Fraser Residence Shanghai | 324 |
| | Modena Putuo, Shanghai | 348 |
| | Fraser Place Shekou | 232 |
| | Fraser Suites Suzhou | 276 |
| | Modena Jinjihu Suzhou | 237 |
| | Modena Heping Tianjin | 104 |
| | | 2,837 |
| **France** | Fraser Suites Harmonie, Paris La Defense | 134 |
| | Fraser Suites Le Claridge- Champs Elysees, Paris | 110 |
| | | 244 |
| **Hong Kong** | Fraser Suites Hong Kong | 87 |
| **Hungary** | Fraser Residence Budapest | 51 |
| **India** | Fraser Suites New Delhi | 92 |
| **Japan** | Fraser Residence Nankai Osaka | 114 |
| **Malaysia** | Fraser Place Kuala Lumpur | 322 |
| **Qatar** | Fraser Suites Doha | 138 |
| **Singapore** | Fraser Place Fusionopolis | 50 |
| | Fraser Residence Orchard | 72 |
| | | 122 |
| **South Korea** | Fraser Suites Insadong, Seoul | 213 |
| | Fraser Place Central, Seoul | 254 |
| | Fraser Place Namdaemum | 252 |
| | | 719 |
| **Turkey** | Fraser Place Anthill Istanbul | 116 |
| **Thailand** | Fraser Suites Sukhumvit, Bangkok | 163 |
| **United Arab Emirates** | Fraser Suites Dubai | 180 |
| **United Kingdom** | Fraser Residence Bishopgate | 26 |
| | Fraser Residence Blackfriars | 12 |
| | Fraser Residence Monument | 14 |
| | Fraser Residence City, London | 22 |
| | Fraser Residence Prince of Wales Terrance | 18 |
| | | 92 |
| **Vietnam** | Fraser Suites Hanoi | 185 |
| | Capri by Fraser, Ho Chi Minh City | 175 |
| | | 360 |
| **Total** | | **5,728** |

As a manager for serviced residences, we typically enter into a management agreement for each property whereby we are appointed to have control over the operation, direction, management and supervision of the serviced residences. The management of the serviced residences includes carrying out maintenance, upkeep, renovations, marketing and promotion activities.

We are typically entitled to a basic management fee based on total revenue for the serviced residence we manage. We may also receive an incentive management fee based on the ratio between the gross operating profit and the total revenue for each property.

***Property Management Business***

We further derive fee-based income from acting as a REIT manager and property manager to FCT and FCOT. In addition, we hold 40.0% shareholding interest in Hektar Asset Management Sdn Bhd, the REIT manager for Hektar REIT, which derives fee based income from acting as Hektar REIT's manager.

*REIT Manager*

As a REIT manager, we are responsible for the formulation and execution of asset management strategies for the REIT, manage fund-related matters including financing, tax and regulatory matters, handle investor relations and proactively source properties for acquisitions by the REITs we manage.

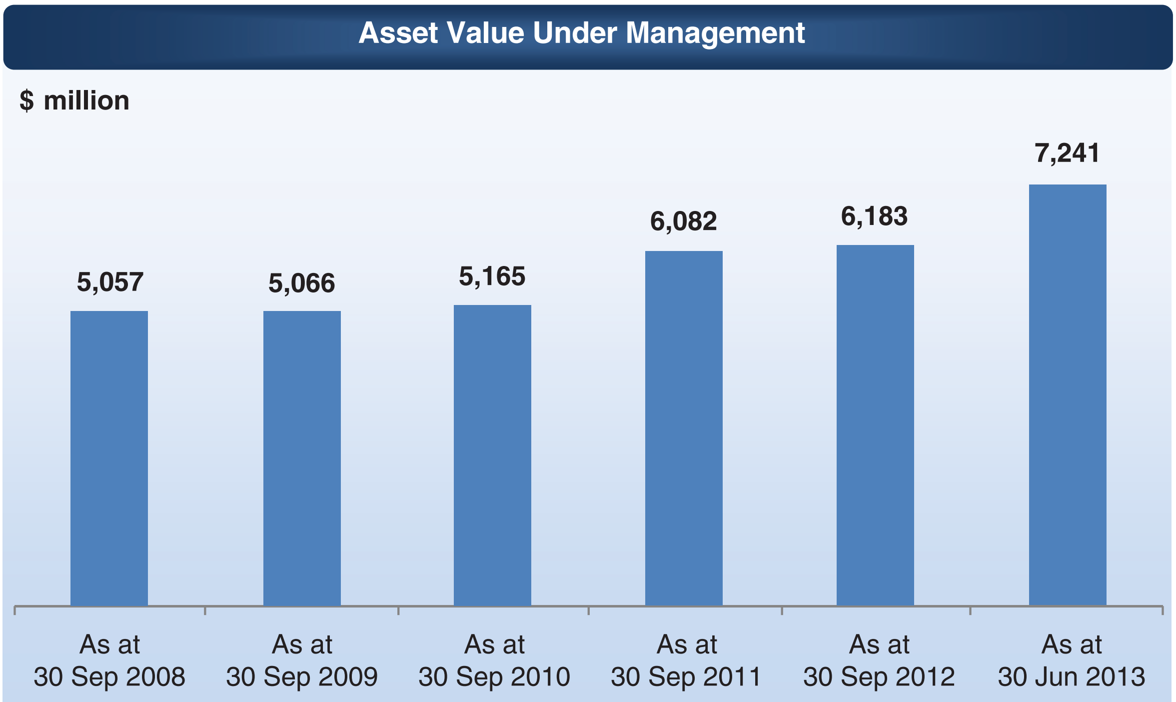
We focus on achieving distribution growth to our unitholders through proactive capital management and asset management, such as repositioning, asset enhancement or active leasing, and by acquiring properties with stable income or potential to generate stable income through proactive asset management. We are entitled to REIT management fees, comprising a base component based on a percentage of the deposited property of the REITs, and a variable performance component based on the REIT's net property income.

We also receive fees for services connected to the acquisition and divestment of properties by the REITs based on the acquisition or sale price. As we generally have interests in the REITs that we manage, we are in a position to use our capabilities and expertise to enhance the value of our investments in these REITs. Our strategies as a REIT manager for the REITs can generally be categorised as follows:

- actively managing the portfolio of properties in order to maintain high occupancy levels, achieve strong rental growth and maximise net property income;

- selectively acquiring additional retail and commercial properties, as the case may be, that meet the REIT's investment criteria. Each REIT manager generally seeks to capitalise on opportunities for real estate acquisitions in their respective real estate sectors that provide attractive cash flows and yields, together with the potential for further growth; and

- optimising the capital structure and cost of capital of the REIT by adopting and maintaining an appropriate gearing level and adopting an active interest rate management strategy to optimise unitholders' returns while maintaining operational flexibility for capital expenditure requirements.




**Note:**

(1) Excludes hospitality assets.

*Property Manager*

As a property manager for the REITs, we typically enter into a property management agreement directly with the REIT or the relevant entity owning the shopping mall or commercial asset. The management of the property includes marketing and management services such as operations management and lease management and planning the tenant mix for the property. We usually receive fees based on the gross revenue income and net property income of the property. We are also responsible for paying fees and expenses to any third party agents or brokers whom we may engage in connection with our leasing activities. As a property manager, we are in a position to use our capabilities and expertise to enhance the value of our investments in these REITs.

### Seasonality

We generally do not experience any significant seasonality patterns in the context of our overall operations and business.

### Work Place, Environmental, Health and Safety Measures

Our operations are subject to regulatory requirements and potential liabilities arising under applicable environmental, health or safety-related laws and regulations in each of the countries in which we have investments and operations. We believe that we are in compliance in all material respects with applicable environmental regulations in Singapore and the other jurisdictions in which we invest and operate. To date, no material environmental, health or safety-related incident involving us or any of our subsidiaries has occurred. We are not aware of any material environmental, health or safety-related proceedings or investigations to which we might become a party. As we do not undertake construction work for our development projects and asset enhancement initiatives ourselves, the responsibility for ensuring the health or safety of workmen at our development project or asset enhancement worksites, generally rests with the contractors we appoint.

We strive to adopt best practices of environmental management and continuously explore practices to minimise our carbon footprint. The awards that our assets have won include Green Mark Award, Eco-Office Certification, BCA Universal Design Award, five star rating in the National Australian Built Environment Rating System ("**NABERS**") and Annual Western Australia Water Awards.

## Awards and Accreditations

Our Group has received various accreditations and awards from statutory and industry bodies:

| Awards/ Accreditations | Year | Entity/ Scope/ Project | Category |
|---|---|---|---|
| ***Residential projects*** | | | |
| FIABCI Prix d'Excellence Awards 2013 (Silver) - Residential High Rise category | 2013 | Soleil@Sinaran | Quality/Design |
| BCA Green Mark | 2013 | Eight Courtyards (Gold) | Environmental |
| BCA Construction Excellence Awards 2013 (Merit) | 2013 | Martin Place Residences | Quality |
| FIABCI Singapore Property Awards 2012 – Residential High Rise category | 2012 | Soleil@Sinaran | Quality/Design |
| ***Commercial projects*** | | | |
| BCA Green Mark | 2013<br>2012<br>2011 | China Square Central(Gold), Valley Point (Gold) and 55 Market Street (Gold)<br>Changi City Point (GoldPlus)<br>Causeway Point (Platinum), Bedok Point (Gold), Alexandra Point (Gold) and Alexandra Technopark A&B (Gold) | Environmental |
| Singapore Service Class Certification by SPRING Singapore | | Anchorpoint, China Square Central, Compass Point, Northpoint, The Centrepoint and YewTee Point | Service Quality |
| "We Welcome Families" Achiever Awards by Businesses For Families Council | 2011 | Causeway Point and Northpoint | Social |
| "Businesses for Families Mark" by the Businesses for Families Council | 2012 | Fraser Centrepoint Malls | Social |
| Eco Office Award by Singapore Environment Council | 2013 | China Square Central and 51 Cuppage Road | Environmental |
| Excellent Service Awards 2012 by SPRING Singapore | 2012 | Changi City Point, Northpoint, & YewTee Point | Service Quality |
| IR Magazine Awards South East Asia 2012 - Grand Prix for best overall investor relations (mid/small cap) | 2012 | FCT | Quality |
| Singapore's Best Mid-Cap in the 11th Finance Asia's "Asia's Best Companies Poll" | 2012 | FCT | Quality |
| Top quartiles for Corporate Governance in Asia by CLSA | 2012 | FCT | Quality |
| ***Hospitality*** | | | |
| The Best Serviced Apartment by Japanese Community in Pearl River Area by Crossroad | 2012 and 2013 | Fraser Place Shekou, Shenzhen | Service Quality |
| World Travel Awards 2013<br>● Middle East's Leading Serviced Apartment Brand - Frasers Hospitality Pte Ltd<br>● Bahrain's Leading Serviced Apartments - Fraser Suites Bahrain<br>● Qatar's Leading Serviced Apartments - Fraser Suites Doha<br>● Dubai's Leading Serviced Apartments - Fraser Suites Dubai | 2013 | Frasers Hospitality Pte Ltd, Fraser Suites Bahrain, Fraser Suites Doha, Fraser Suites Dubai | Service Quality |
| Best Serviced Apartment Provider, Singapore 2013 by Business Destinations | 2013 | Frasers Hospitality Pte Ltd | Service Quality |

| Awards/ Accreditations | Year | Entity/ Scope/ Project | Category |
|---|---|---|---|
| 2013 by Golden Horse Award - Best International Service Apartment in China | 2013 | Fraser Suites Chengdu | Service Quality |
| Certificate of Excellence 2013 by Trip Advisor | 2013 | Fraser Residence Budapest, Fraser Suites Sydney, Fraser Suites River Valley Singapore, Fraser Place Kuala Lumpur, Fraser Place Anthill Istanbul, Fraser Residence Shanghai, Modena Putuo Shanghai and Modena Jinjihu Suzhou | Service Quality |
| Travellers' Choice Award 2013 by Trip Advisor | 2013 | Fraser Residence Budapest, Fraser Suites Top Glory, Shanghai, Fraser Place Kuala Lumpur and Fraser Residence Nankai, Osaka | Service Quality |
| The Best Serviced Residence of China by China Hotel | 2013 | Fraser Suites Top Glory, Shanghai | Service Quality |
| Best Serviced Apartment by Shanghai Business Review | 2013 | Fraser Suites Top Glory, Shanghai | Service Quality |
| Best Serviced Apartment by Time Out | 2013 | Fraser Suites Top Glory, Shanghai | Service Quality |
| Golden Pillow Awards 2013 - Best Serviced Apartment in China | 2013 | Fraser Suites Top Glory, Shanghai | Service Quality |
| Indonesia Travel Tourism Awards 2012/2013 - Indonesia's Leading Serviced Apartment and Suite | 2012/ 2013 | Fraser Residence Sudirman, Jakarta | Service Quality |
| Asian Expatriate Management and Mobility Awards - Corporate Housing Provider of the Year 2012 | 2012 | Frasers Hospitality Pte Ltd | Service Quality |
| Excellent Service Award 2012 by SPRING Singapore | 2012 | Fraser Suites River Valley, Fraser Place Robertson Walk, Fraser Place Fusionopolis, Fraser Residence Orchard, Capri by Fraser, Changi City | Service Quality |
| Best Service Award 2012 by City Weekend | 2012 | Fraser Suites Top Glory, Shanghai | Service Quality |
| Certificate of Quality Selection 2012 by Holidaycheck.com | 2012 | Fraser Suites Harmonie, Paris La Défense | Service Quality |
| Business Traveller Awards 2012 - Best Serviced Apartment | 2012 | Fraser Suites Dubai | Service Quality |
| Best Interior Decoration Award 2012 by City Weekend | 2012 | Modena Putuo Shanghai | Design |
| Top Ranked Seoul Hotel 2012 by Booking.com | 2012 | Fraser Suites Insadong, Seoul | Service Quality |
| Excellent Performance in Hospitality by Guide Awards 2012, The Guide Magazine | 2012 | Fraser Suites Hanoi | Service Quality |
| The Best Serviced Residence Excellence Award 2012 by Expatriate Lifestyle Magazine | 2012 | Fraser Place Kuala Lumpur | Service Quality |
| HM Awards for Hotel & Accommodation Excellence 2012 - Serviced Apartment Property of the Year | 2012 | Fraser Suites Sydney | Service Quality |
| Winner of Investors in People 2012 by Investors in People | 2012 | Fraser Suites Glasgow | Service Quality |
| ***Overseas projects*** | | | |
| UDIA WA Awards - Environmental Excellence | 2013 | Frasers Landing | Environmental |
| 5-Star NABERS Energy base Building Rating Award | 2012 | Central Park Perth | Environmental |

| Awards/ Accreditations | Year | Entity/ Scope/ Project | Category |
|---|---|---|---|
| UDIA NSW Awards - Marketing | 2012 | Central Park Sydney | Marketing |
| National UDIA Award - High Density | 2011 | Trio, City Quarter | Design |

## Quality Control

### *Frasers Centrepoint Homes and Frasers Property*

We place strong emphasis on quality control to ensure that the quality of our projects comply with relevant regulations and to maintain our reputation and market standing. In particular, we have implemented various quality assurance procedures at various stages of our property development projects, including:

- selection and appointment of reliable contractors;
- evaluation of architecture and design concepts;
- use of quality building and construction materials;
- close supervision of the construction progress and project timeline;
- quality and safety checks by professional engineers and surveyors; and
- stringent requirements on craftsmanship and interior fittings.

Since 1999, our Company has been consistently setting high standards in quality homes it has built in both Singapore and overseas markets. For setting standards in design and features, Frasers Centrepoint Homes' dedication to excellence has been recognised with numerous awards, including the Green Mark awards for 8 @ Woodleigh (Gold), Martin Place Residences (Gold), Soleil @ Sinaran (Gold), ClementiWoods Condominium ($Gold^{plus}$), St. Thomas Suites (Gold), One Jervois (Gold), One Leicester, The Infiniti, and The Azure (Gold). The Group also received a high Construction Quality Assessment System (Conquas) score[(1)] for Côte d'Azur, and a Bronze award and a Craft award (Best Illustration) for The Raintree in SPH's Ink Awards.

**Note:**

(1) The Construction Quality Assessment System (Conquas) score was developed by the Building and Construction Authority in co-operation with major public sector agencies and various leading industry professional bodies to measure workmanship quality in a completed building.

## Intellectual Property

We own or will, pursuant to the Trade Mark Assignment Agreement entered into with F&N, own various trade marks, including "Frasers", "Centrepoint", "Frasers Centrepoint Homes", "Frasers Centrepoint Malls", "Frasers Centrepoint Trust", "Frasers Commercial Trust", "Frasers Property", "Frasers Hospitality", "Fraser Residence", "Fraser Place", "Fraser Suites", "Capri by Fraser" and "Modena". Please see "Interested Person Transactions and Conflicts of Interests — Past Interested Person Transactions" for details on the Trade Mark Assignment Agreement entered into with F&N.

Our corporate identity and branding has been developed and is associated with these marks and in the event that we are unable to adequately protect our intellectual property rights or if we face intellectual property claims that may be costly to resolve, our business, financial condition, results of operations and prospects may be adversely affected. Please see the section "Risk Factors — Our Group may be unable to adequately protect our intellectual property rights or may face intellectual property claims that may be costly to resolve".

## Sales and Marketing

### *Frasers Centrepoint Homes and Frasers Property*

Our teams in the countries we operate in are responsible for the formulation and planning of marketing strategies and activities of Frasers Centrepoint Homes and Frasers Property. We engage external consultants to execute the necessary sales and marketing activities, including media advertising and the design, production and distribution of promotional materials such as direct mailers and brochures, for our target customer groups. We also engage sales and marketing agents to handle sales of our property development projects through project launches in show flats and other channels.

To encourage brand loyalty, we offer additional discounts to repeat buyers of residences of Frasers Centrepoint Homes and Frasers Property under our loyalty programme.

### *Frasers Centrepoint Commercial*

Our properties held under Frasers Centrepoint Commerical are actively marketed by the respective property managers to prospective tenants in desired target groups through advertisements in the print media, mass-mailing and direct calls to target groups and liaising with property consultants. The consultants and prospective tenants are regularly updated with the list of available retail or office units for rental.

For our office and business space properties, a tenant e-portal has been set up as part of customer relationship management programme to cultivate relationship with our tenants and to keep them updated on space available for their expansion needs, new developments and services. Other marketing activities include organising of tenants' get-together and agents' functions to build stronger rapport and to create networking opportunities and referrals.

For our shopping malls, we conceptualise our tenant mix, leasing strategies and asset enhancement initiatives in line with our strategic plan for the positioning of our malls. To keep abreast of market trends, shopping habits and shoppers desired concepts, we extend our reach to foreign retailers to develop new concepts and create points of difference for Frasers Centrepoint Malls.

Under Frasers Centrepoint Malls' branding vision "To Create Memorable Moments and Delight Shoppers", we have launched advertising and promotion campaigns across 12 malls in Singapore to support the growth in sales, including customised campaigns for each shopping mall and for major festive seasons. To reward and retain shoppers in Singapore's increasingly competitive retail landscape, we have rolled out Frasers Rewards, a platform to provide instant rewards to shoppers in the form of gifts with purchase or voucher redemptions. Frasers Rewards also seeks to encourage repeat visits by using mid-term incentives like quarterly draws and e-cash rewards, which can be used to offset shoppers subsequent purchase at retailers.

### *Frasers Hospitality*

Frasers Hospitality has an integrated global sales, marketing and reservations network in both its source and destination markets to support cross-sell synergy, promotions and referral opportunities. We focus our sales and marketing efforts on targeted market segments and we use business intelligence tools to keep track of their preferences.

Our internet marketing includes the Frasers brand website with best rate guarantee, 24-hour global distribution channels, third party online travel agents and travel portals. We have also, in March 2012, launched Fraser World, a loyalty programme aimed at recognising and retaining customers. Since the launch of Fraser World, we have seen a continuous growth in direct bookings.

We have regional sales offices or engage general sales agents in Singapore, Hong Kong, China, Europe, Middle East, Australia and the United States to enhance our global reach and create a strong network with major source markets where headquarters of key multi-national companies are based. We incorporate local voices to our global marketing plans and strategies while ensuring property-level sales and marketing aligns with our brand standards.

We also partner and have strategic alliances with key consortia, reputable relocation companies, tourism bureau and chambers of commerce which help to attract the corporate transient and extended stay market while contracts with key travel agents and wholesalers drive leisure business. We also participate in major regional travel and hospitality tradeshows and exhibitions to help promote the brand and create business opportunities.

We further undertake advertising plans and activities aimed at heightening brand awareness across the entire portfolio as well as promotional activities to present individual properties to both business executives and leisure travellers. Regular updates through our quarterly newsletter, *Fraser Cachet* and customer relationship programmes serve as a platform to engage our corporate bookers and end-users.

**Major Suppliers**

Our major suppliers mainly comprise the contractors appointed for the construction of our property development projects.

Our appointment of these contractors varies from year to year, depending on the requirements of our property development projects in a particular year. We generally do not enter into long-term or exclusive contracts with any of our suppliers so as to allow us flexibility in terms of pricing, quality and timeliness of delivery. Subject to the quotes and tenders submitted to us, the level of transactions with our suppliers or contractors may vary from year to year depending on the specific requirements of each property development project. We select our contractors depending on the specific needs of a property development project, which includes, among others, the quality and pricing of the products or services supplied and the track record of the contractors. The percentage of costs that our contractors account for would be dependent on the stages of completion of our respective property development projects and the amount of costs incurred in the financial year.

The following contractors accounted for 5.0% or more of our total purchases in FY2010, FY2011, FY2012 and 9M2013:

| | **As a percentage of total cost of sales (%)** | | | |
|---|---|---|---|---|
| **Name of contractor** | **FY 2010** | **FY 2011** | **FY 2012** | **9M2013** |
| China Construction (South Pacific) Development Co Pte Ltd | 3.8 | 5.1 | 5.2 | 5.1 |
| Kim Seng Heng Engineering Construction (Pte) Ltd | – | 0.1 | 2.7 | 6.3 |
| Nakano Singapore Pte Ltd | 8.3 | 6.2 | 5.3 | 4.9 |
| Watpac Limited | 5.0 | – | – | 4.5 |

Save for the above, none of our suppliers incurred a cost accounting for more than 5% of our Group's total purchases for each of FY2010, FY2011, FY2012 and 9M2013.

**Major Customers**

Our customers mainly comprise individual purchasers of residential property, tenants for commercial properties and guests for serviced apartments.

None of our customers accounted for 5% or more of our revenue for any of FY2010, FY2011, FY2012 and 9M2013.

**Credit Terms**

*Singapore (Residential Developments excluding executive condominiums)*

The credit policy granted to our customers, the purchasers, is standardised pursuant to a standard form sale and purchase agreement, based on the Housing Developers Rules, whereby the progress payment schedule is as follows:

| Stage | Payment under a standard payment scheme (% of purchase price) |
|---|---|
| Upon the grant of option to purchase | 5% to 10% (booking fee) |
| Upon signing of the sale and purchase agreement or within 8 weeks and 9 weeks for private condominiums and executive condominiums respectively from the date of the option to purchase | 20% less booking fee |
| Completion of foundation work | 10% |
| Completion of reinforced concrete framework of unit | 10% |
| Completion of brick walls of unit | 5% |
| Completion of roofing/ceiling of unit | 5% |
| Completion of door sub-frames/door frames, window frames, electrical wiring, internal plastering and plumbing of unit | 5% |
| Completion of car park, roads and drains serving the housing project | 5% |
| Notice of Vacant Possession | 25% |
| Either: | 15% |
| (a) Where completion takes place before issue of the Certificate of Statutory Completion ("**CSC**"): | |
| (i) 2% to be paid to us; and | |
| (ii) 13% to be paid to the Singapore Academy of Law as stakeholders to be dealt as follows: | |
| (aa) 8% to be released to us within 7 days of receipt of CSC; and | |
| (bb) 5% to be released to us on expiry of defects liability period. | |
| (b) Where CSC is issued before completion: | |
| (i) Within 14 days of receipt of a copy of CSC, 13% to be paid as follows: | |
| (aa) 8% to be paid to us; and 5% to be paid to the Singapore Academy of | |
| (bb) Law as stakeholders, to be released to us on expiry of defects liability period | |
| (ii) 2% to be paid to us on completion. | |

For purchasers who are unable to settle payments at the respective stages, interest is chargeable on the unpaid amount in accordance with the sale and purchase agreement.

*Australia*

Under the process of sale and the standard form of apartment sale contract which we use in Australia, the purchaser is required to pay a holding deposit of AUD2,000 to AUD5,000 to register its interest in a particular apartment before a sale contract is prepared by our lawyers and signed. This amount is held by our lawyers until the sale contract is signed by the purchaser. If a purchaser does not proceed with a purchase, the holding deposit is returned to them.

When the sale contract is signed, the purchaser has 14 to 28 days to pay a deposit of 10% of the purchase price. This amount can be paid in cash or provided as a deposit bond or a bank guarantee, which is held by sour lawyers until settlement of the transfer of the apartment. No additional payment is required by the purchaser until settlement, which occurs 21 days after a purchaser is notified of the registration by the relevant titles office of the documents which create the title to the apartment. That is when the balance of the purchase price is paid by the purchaser, with any adjustment for rates and taxes, in exchange for a transfer of the apartment.

If the purchaser is unable to fulfil their obligation to settle, we have various legal rights, including forfeiting the deposit and reselling the apartment. If the apartment is resold for less than the original sale price or other losses or costs are incurred by us on the resale, those losses and costs can be recovered from the defaulting purchaser.

*China*

*Residential*

For one-time payment, purchasers have to pay in full upon signing of sale and purchase agreement. For purchasers who opt for a bank loan, they are to pay up to a minimum of 30% of the total purchase price and the balance to be paid by the bank to us within 30 days from the date of sale & purchase agreement signed.

*Offices*

For one-time payment, purchasers have to pay in full within 30 days after signing of the sale and purchase agreement. For instalment payment, purchasers have to pay up 50% of the total purchase price within 30 days after signing of the sale and purchase agreement. The balance 50% is to be paid within 240 days after signing of the sale and purchase agreement. Purchasers who opt for a bank loan have to pay 50% of the total purchase price within 30 days after signing of sale and purchase agreement. Upon completion of the property, the purchasers will mortgage the property to the financing bank who will disburse the balance 50% to us.

***Credit Policy to tenants of our shopping malls and commercial properties***

Tenants of our shopping malls and commercial properties are required to pay their monthly rent and service charge, and for shopping malls, advertisement and promotion contributions, in advance on the first day of each month. Interest is chargeable on the unpaid amount in accordance with the lease agreement.

***Credit Terms from our suppliers for our property development business***

Our main suppliers are principally building contractors and the method of payment to these contractors is based on the progress payment scheme in accordance with the agreed stages of completion, including the construction phases of our properties. In line with industry practice, upon certification by the architect of each progressive stage of completion of the construction phase, we are required to make an interim payment in respect of that stage of completion, usually within 14 to 30 days from the date of invoice. We maintain a good credit track record with our suppliers.

**Competition**

Our Group's residential and commercial development operations face competition from both international and local property developers with respect to factors such as location, facilities and supporting infrastructure, services and pricing for attracting residential buyers as well as commercial tenants.

We also compete with other real estate developers in the countries where we operate for the acquisition of suitable development sites and available investment properties. We believe that the extensive experience built up by our management and our track record in real estate investment, development, leasing and management will enable us to compete effectively.

The retail property sector in Singapore is highly competitive. The principal factors on which we compete on to attract shoppers and tenants are rental rates, quality and location of properties, accessibility and trade mix within a retail mall. The office property sector in Singapore is also a competitive market. The key competitive factors are rental rates, quality and location of properties, supply of comparable office space and the changing needs of office space users due to corporate restructuring or technological advances.

For acquisitions and investment opportunities, we compete primarily on price, speed of execution, access to market information about suitable investment opportunities and payment terms. We believe that our network provides us with a competitive advantage in accessing investment opportunities.

The serviced residence sector is also competitive. Each of our properties is located in an area that may include other branded and non-branded serviced residences, rental housing properties, hotels or guest houses owned or managed by third parties. The principal factors on which we compete are brand recognition, location, quality of the accommodation and consistency of the high standards of services provided.

**Insurance**

Our properties are insured in accordance with general market practice and legal requirements in the jurisdictions in which our properties are located. Where practicable, our Group also maintains certain terrorism, property damage, business interruption and general liability insurance in the various countries where we operate. There are no significant or unusual excess or deductible amounts required under such policies. There are however, certain types of risks that are not covered by such insurance policies, including acts of war and outbreaks of contagious diseases.

We also maintain other insurance policies including workmen's compensation and personal accident and group hospitalisation and surgical insurance for our employees. We do not maintain any key man insurance for any of our Directors or Executive Officers.

**Corporate Social Responsibility**

Our Group's vision is to be a world-class multinational enterprise based on our ability to create and build long-term sustainable value for our stakeholders.

Bearing a longstanding tradition of corporate social responsibility, our Group remains steadfast in conducting our business in a responsible and sustainable manner. As a socially responsible corporate citizen, we strive to incorporate best practices in our business so as to contribute meaningfully to local communities, minimise our impact on the environment, provide product and service excellence to consumers and foster a creative and supportive work environment for our employees.

We view engaging the community as a key priority and contributed close to $1 million in cash and in-kind to support various charitable causes in Singapore and overseas in FY2012. In Singapore, our Company, together with our joint venture partners Far East Organization and Sekisui House, Limited, each contributed $20,000 towards two Punggol grassroot projects in FY2012.

As part of our conscious effort to manage energy and water consumption, water and energy-efficient features have been incorporated into our developments. Our properties continue to bag Green Mark Awards from the Building and Construction Authority for our efforts to create and operate a sustainable built environment. In FY2012, we received two new Gold awards for our residential developments Esparina Residences and Waterfront Gold, and a new Goldplus award for Changi City Point. In addition, our commercial buildings Alexandra Technopark A and B obtained a Gold award for the period from September 2011 to August 2014.

# PROSPECTS, BUSINESS STRATEGIES AND FUTURE PLANS

## Prospects

Our Directors believe that we can continue to grow and our growth will be driven by the general economic conditions in the markets that we operate in. In general, despite the volatile market conditions seen over the last two to three years, there appears to be a period of relative stability at least over the short term in most of our markets.

This section sets out our prospects in the key markets that we operate in.

### *Singapore Private Residential Market*

In order to instill financial prudence and minimise risks of overexposure for property buyers due to easy financing, the Total Debt Servicing Ratio ("**TDSR**") was introduced by the MAS on 29 June 2013. The TDSR framework aimed to tighten rules relating to the existing Loan to Value ("**LTV**") limits. When assessing a property loan (new or refinancing), financial institutions are now required to take into account the borrowers' monthly repayments of all outstanding debt obligations over monthly gross income so that the TDSR does not exceed 60%. For property loans, a higher notional market interest rate or 3.5% for housing loans (4.5% for non-residential loans) will be applied to determine the monthly loan repayment. Moreover, a 30% haircut of all variable incomes and rental incomes will be applied in assessing the TDSR threshold. This affects commissioned/bonus-based sales people, self-employed individuals and investors.

In addition, the existing LTV rules are refined to reflect the true borrowers of the loan as well as to apply a new income-weighted average age of joint borrowers when calculating the loan tenure. This will adversely affect those buyers hoping to benefit from longer loan tenures by obtaining the loan jointly with a younger applicant and multiple-property buyers hoping to benefit from higher LTV ratios with a joint applicant buying for the first time.

The dampening effect on investment demand will be greater when the cumulative effects of the earlier rounds of cooling measures, such as the higher Additional Buyer's Stamp Duty ("**ABSD**") and stricter LTV rules are also taken into account.

DTZ Research[(1)] expects that investment demand will be affected by the stricter financing rules. Purchase demand for first and second private residential property might be affected by a smaller extent. However, if the household intends to refinance its first property and be subject to the higher 3.5% medium-term interest rate used under the TDSR framework, its purchasing ability for the second property will be reduced by a greater extent. Purchasing ability will also be lowered if the household's income consists of a higher variable component which is now subject to a 30% haircut.

The MAS also mentioned that it will monitor and review the 60% threshold over time, with a view to further encourage financial prudence. If the TDSR threshold is lowered to 50%, purchase demand within the HDB upgrader segment will be weakened significantly.

Despite the robust performance of the Singapore private residential property market in the first half of 2013, with the tougher rules on property financing, activity is expected to moderate over the next few months as the market absorbs the latest cooling measures. Over the medium term, the residential market will continue to be supported by stable economic growth in Singapore, demand from first time home buyers and HDB upgraders and continued population growth, albeit at a slower pace.

### *Singapore Retail Market*

For the first quarter in 2013, Knight Frank Consultancy & Research ("**Knight Frank**")[(2)] reported that prime space retail rents island-wide held firm, as compared to the preceding quarter. The renewals in the first quarter of 2013 saw retailers sign leases at sustained rental levels from end last year. Prime spaces on central and fringe of Orchard Road remained at $47.80 and $24.10 per sqf respectively. City Fringe and suburban malls continue to be supported by the surrounding catchments and rents have also remained stable at $22.90 and $31.10 per sqf respectively.

In light of potentially muted economic outlook, consumer spending is likely to ease amidst cautious sentiments. In addition, retailers are expected to remain cautious amidst more stringent labour regulations. Expansion activity is likely to be muted and retailers will continue to focus on their more productive stores. However, despite labour constraints, tourist arrivals are expected to remain healthy, barring any unforeseen downturn in the global economy. Knight Frank expects that on balance, with the high pre-opening commitment rates of the upcoming mall developments on Orchard Road, prime Orchard Road retail rents are unlikely to fluctuate significantly till the end of 2013. Given the stable supply and demand conditions in suburban areas and continuing support from the surrounding catchment population, suburban area retail rents are also expected to stay firm till the end of 2013.

***Singapore Office Market***

According to Knight Frank[(3)], office rents remained soft in the first quarter of 2013 with overall continued downward rental trend. Typical large office occupiers such as the finance industry are holding back on expansion plans amidst uncertainties in the global economy, while there is continued interest for small spaces from occupiers such as legal and commodity firms. The changing tenant mix for office spaces have resulted in office rentals exhibiting greater elasticity and rent appreciation has been kept in check.

Despite the softening office rentals, the lower rents enable Singapore to retain its competitiveness and attract global companies to be based here. Companies who are looking to establish themselves in Asia may choose Singapore as the more cost efficient business city over Hong Kong where rents are about 70% higher. In addition, Singapore's position as a regional hub is further boosted by the entry of more certified Qualifying Foreign Law Practice firms. Knight Frank expects overall islandwide rents to remain flat with a possibility of marginal increases of around 0.5% towards the end of 2013.

**Notes**:

(1) Source: DTZ Research – Singapore Residential Limited Impact on first and second property demand published 10 July 2013. We, the Sole Issue Manager and the Joint Financial Advisers have not sought the consent of DTZ Research, nor has DTZ Research provided their consent to, and are accordingly not liable for the inclusion of the relevant information extracted from the information services provided by DTZ Research and disclaim any responsibility in relation to reliance on these statistics and information. While reasonable actions have been taken by us and the Sole Issue Manager to ensure that the relevant statements from the relevant information services provided by DTZ Research are reproduced in their proper form and context, and that the information is extracted accurately and fairly from such information services, we, the Sole Issue Manager and the Joint Financial Advisers have not conducted an independent review of the information contained in such information services and have not verified the accuracy of such information services.

(2) Source: Knight Frank – Singapore Retail Research Quarterly Bulletin Q1 2013. We, the Sole Issue Manager and the Joint Financial Advisers have not sought the consent of Knight Frank, nor has Knight Frank provided their consent to, and are accordingly not liable for the inclusion of the relevant information extracted from the information services provided by Knight Frank and disclaim any responsibility in relation to reliance on these statistics and information. While reasonable actions have been taken by us and the Sole Issue Manager to ensure that the relevant statements from the relevant information services provided by Knight Frank are reproduced in their proper form and context, and that the information is extracted accurately and fairly from such information services, we, the Sole Issue Manager and the Joint Financial Advisers have not conducted an independent review of the information contained in such information services and have not verified the accuracy of such information services.

(3) Source: Knight Frank – Singapore Office Research Quarterly Bulletin Q1 2013. We, the Sole Issue Manager and the Joint Financial Advisers have not sought the consent of Knight Frank, nor has Knight Frank provided their consent to, and are accordingly not liable for the inclusion of the relevant information extracted from the information services provided by Knight Frank and disclaim any responsibility in relation to reliance on these statistics and information. While reasonable actions have been taken by us and the Sole Issue Manager to ensure that the relevant statements from the relevant information services provided by Knight Frank are reproduced in their proper form and context, and that the information is extracted accurately and fairly from such information services, we, the Sole Issue Manager and the Joint Financial Advisers have not conducted an independent review of the information contained in such information services and have not verified the accuracy of such information services.

***Hospitality Market***

*Singapore*

According to Singapore Tourism Board[(1)], the Singapore hospitality market has experienced strong growth with visitor arrivals at a record high of 14.4 million in 2012, an increase of 9% from 2011 while tourism receipts stood at $23 billion, an increase of 3% from 2011. For 2013, the Singapore Tourism Board expects growth to slow with visitor arrivals of between 14.8 million to 15.5 million, an increase of 2.8% to 7.6%.

According to Jones Lang Lasalle[(2)], hotel trading performance in Singapore is anticipated to continue to improve in the medium to long-term but at a more moderate pace as Singapore remains an attractive business destination with its position as a key regional financial centre. It is also the only Asian city in the Top Ten Convention Cities according to the 2012 Global Rankings by the International Congress and Convention Association (ICCA)[(3)]. Singapore has also maintained its position as Asia's Top Convention City for 11 years running.

**Notes**:

(1) Source: Singapore Tourism Board – Singapore's Tourism Sector Performance for 2012 published 27 March 2013. We, the Sole Issue Manager and the Joint Financial Advisers have not sought the consent of Singapore Tourism Board, nor has Singapore Tourism Board provided their consent to, and are accordingly not liable for the inclusion of the relevant information extracted from the information services provided by Singapore Tourism Board and disclaim any responsibility in relation to reliance on these statistics and information. While reasonable actions have been taken by us and the Sole Issue Manager to ensure that the relevant statements from the relevant information services provided by Singapore Tourism Board are reproduced in their proper form and context, and that the information is extracted accurately and fairly from such information services, we, the Sole Issue Manager and the Joint Financial Advisers have not conducted an independent review of the information contained in such information services and have not verified the accuracy of such information services.

(2) Source: Jones Lang Lasalle digest entitled Asia Pacific Property Digest, First Quarter 2013. We, the Sole Issue Manager and the Joint Financial Advisers have not sought the consent of Jones Lang Lasalle, nor has Jones Lang Lasalle provided their consent to, and are accordingly not liable for the inclusion of the relevant information extracted from the information services provided by Jones Lang Lasalle and disclaim any responsibility in relation to reliance on these statistics and information. While reasonable actions have been taken by us and the Sole Issue Manager to ensure that the relevant statements from the relevant information services provided by Jones Lang Lasalle are reproduced in their proper form and context, and that the information is extracted accurately and fairly from such information services, we, the Sole Issue Manager and the Joint Financial Advisers have not conducted an independent review of the information contained in such information services and have not verified the accuracy of such information services.

(3) Source: Singapore Tourism Board press release "Singapore emerges as the only Asian Top 10 Convention City this year" published 20 May 2013. We, the Sole Issue Manager and the Joint Financial Advisers have not sought the consent of Singapore Tourism Board, nor has Singapore Tourism Board provided their consent to, and are accordingly not liable for the inclusion of the relevant information extracted from the information services provided by Singapore Tourism Board and disclaim any responsibility in relation to reliance on these statistics and information. While reasonable actions have been taken by us and the Sole Issue Manager to ensure that the relevant statements from the relevant information services provided by Singapore Tourism Board are reproduced in their proper form and context, and that the information is extracted accurately and fairly from such information services, we, the Sole Issue Manager and the Joint Financial Advisers have not conducted an independent review of the information contained in such information services and have not verified the accuracy of such information services.

### *Australia Residential Property Market*

According to CBRE Global Research and Consulting ("**CBRE**")[(1)], the Australian residential markets have seen a gradual uptrend in buyer activity across the major residential markets. The key drivers of this increase have been the improving consumer sentiment in 2013, a continued low interest environment that appears set to remain in place for at least the short to medium term and higher population growth levels.

According to Australia Property Monitors[(2)], the Australian housing markets have recorded significant rises in house prices over the June 2013 quarter. National house prices rose by 2.8% over the June 2013 quarter to record the best result since March 2010. Sydney median house prices rose by 2.7% with apartment median prices rising by 2.4%. The Perth housing market continued to surge with house prices up by 3.2% and apartments up by 2.5% over the June quarter.

In Sydney, CBRE[(1)] commented that the residential market continues to be underpinned by supply shortages, low vacancy rates and sustained growth in rents. The lower Australian cash rate and increased market liquidity in lower price brackets have led to a rebound in volumes and auction clearance rates with the market remaining relatively balanced between vendor and purchaser expectations. Knight Frank[(3)] expects continued buyer activity from overseas, with buyers coming from China, Hong Kong, Singapore, Malaysia and Indonesia, driven in part due to tightening measures which continue to be imposed on Asian markets in an attempt to cool residential prices. CBRE [(1)] expects the general outlook for the Sydney market to remains stable, tending towards a continued improvement in sales volumes. However, strong price growth remains unlikely in the absence of a major economic recovery for New South Wales.

In Perth, CBRE[1] observed that the residential market has seen an upward trend in both sales volume and capital growth. The improved demand dynamics are a result of low unemployment, population growth that is well above the national average, limited new residential stock being released to the market and a sustained period of fairly subdued buyer activity. The house market in Perth has seen an increase of 16.2% in sales volume for the 12-month period to March 2013 and the apartment market has seen volume increasing by 20.9% during the same period. With key drivers to the residential market being population growth, employment prospects and interest rates, CBRE[1] expects the short to medium term outlook for Perth to remain favourable.

**Notes**:

(1) Source: CBRE Australia Residential Market View Q1 2013 Report. We, the Sole Issue Manager and the Joint Financial Advisers have not sought the consent of CBRE, nor has CBRE provided their consent to, and are accordingly not liable for the inclusion of the relevant information extracted from the information services provided by CBRE and disclaim any responsibility in relation to reliance on these statistics and information. While reasonable actions have been taken by us and the Sole Issue Manager to ensure that the relevant statements from the relevant information services provided by CBRE are reproduced in their proper form and context, and that the information is extracted accurately and fairly from such information services, we, the Sole Issue Manager and the Joint Financial Advisers have not conducted an independent review of the information contained in such information services and have not verified the accuracy of such information services.

(2) Source: Australian Property Monitors – "House prices surge over June 2013 – Record house prices from low rates" published 25 July 2013. We, the Sole Issue Manager and the Joint Financial Advisers have not sought the consent of Australian Property Monitors, nor has Australian Property Monitors provided their consent to, and are accordingly not liable for the inclusion of the relevant information extracted from the information services provided by Australian Property Monitors and disclaim any responsibility in relation to reliance on these statistics and information. While reasonable actions have been taken by us and the Sole Issue Manager to ensure that the relevant statements from the relevant information services provided by Australian Property Monitors are reproduced in their proper form and context, and that the information is extracted accurately and fairly from such information services, we, the Sole Issue Manager and the Joint Financial Advisers have not conducted an independent review of the information contained in such information services and have not verified the accuracy of such information services.

(3) Source: Knight Frank – Knight Frank Research Insight – July 2013 - Sydney Residential Market. We, the Sole Issue Manager and the Joint Financial Advisers have not sought the consent of Knight Frank, nor has Knight Frank provided their consent to, and are accordingly not liable for the inclusion of the relevant information extracted from the information services provided by Knight Frank and disclaim any responsibility in relation to reliance on these statistics and information. While reasonable actions have been taken by us and the Sole Issue Manager to ensure that the relevant statements from the relevant information services provided by Knight Frank are reproduced in their proper form and context, and that the information is extracted accurately and fairly from such information services, we, the Sole Issue Manager and the Joint Financial Advisers have not conducted an independent review of the information contained in such information services and have not verified the accuracy of such information services.

### *China*

*Property Market*

According to official data from National Bureau of Statistics of China (the "**NBS**")[1], China's gross domestic product expanded 7.5% in the April to June 2013 quarter, a second consecutive slowdown in growth. Growth in the first six months of the year came in at 7.6%, with NBS commenting that the performance in that period was generally stable. Growth in the first quarter of 2013 was 7.7%, a decrease from the 7.9% recorded in the last quarter of 2012.

Despite the slower growth seen in the second quarter of 2013, the International Monetary Fund of the People's Republic of China ("**IMF**")[2] stated that China's economy is on course to grow 7.75% in 2013, higher than the government's 7.5% target and actual growth of 7.6% in the first half of 2013. For 2013 and 2014, the IMF does not foresee significant risk for a sharp slowdown in China.

According to monthly reports released by China Index Academy[3], the average price of new home sales in 100 cities monitored by the China Index Academy was RMB10,258 (approximately $2,127) per sqm in June 2013, up 0.77% over the previous month. Under China Index Academy's monitoring, the average price has increased for 13 consecutive months since June 2012. Based on statistics from NBS[4], from January to June 2013, the transaction volume of commercial housing in China was 514 million sqm, representing a 28.70% year-on-year increase.

According to CBRE[5], since the "Five Policies and Measures" were implemented, investment demand in residential market has been further restricted. As a result, both transaction volume and prices of high-end residential properties remained stable in the second quarter of 2013. In spite of the continued tightening measures, developers seemed to remain optimistic about the outlook of housing market. This was evident in the recent rebound in the land market in major cities in China. Developers have been aggressive in bidding for land plots in Beijing, Shanghai and Guangzhou and other key gateway cities, resulting in new records in land prices. The increasing land price has, to a large extent, lifted the price expectation of home buyers. As such, CBRE has stated the housing prices in China are unlikely to correct in the near term. On the other hand, it is believed that the "Five Policies and Measures" has signaled that the government is likely to intervene again if there is a sign of rapid price growth. Hence, the scenario of stable price growth with healthy transaction volume is more likely in the near term.

**Notes**:

(1) Source: China's Economy in the First Half of 2013: Stable and Moderate Growth released by NBS published 15 July 2013. We, the Sole Issue Manager and the Joint Financial Advisers have not sought the consent of NBS, nor has NBS provided their consent to, and are accordingly not liable for the inclusion of the relevant information extracted from the information services provided by NBS and disclaim any responsibility in relation to reliance on these statistics and information. While reasonable actions have been taken by us and the Sole Issue Manager to ensure that the relevant statements from the relevant information services provided by NBS are reproduced in their proper form and context, and that the information is extracted accurately and fairly from such information services, we, the Sole Issue Manager and the Joint Financial Advisers have not conducted an independent review of the information contained in such information services and have not verified the accuracy of such information services.

(2) Source: IMF: Executive Board Concludes 2013 Article IV Consultation Discussions with the People's Republic of China published 17 July 2013. We, the Sole Issue Manager and the Joint Financial Advisers have not sought the consent of IMF, nor has IMF provided their consent to, and are accordingly not liable for the inclusion of the relevant information extracted from the information services provided by IMF and disclaim any responsibility in relation to reliance on these statistics and information. While reasonable actions have been taken by us and the Sole Issue Manager to ensure that the relevant statements from the relevant information services provided by IMF are reproduced in their proper form and context, and that the information is extracted accurately and fairly from such information services, we, the Sole Issue Manager and the Joint Financial Advisers have not conducted an independent review of the information contained in such information services and have not verified the accuracy of such information services.

(3) Source: China Index Academy monthly report entitled China Property 100 cities price index (中国房地产指数系统百城价格指数) published between 1 July 2012 and 1 July 2013. We, the Sole Issue Manager and the Joint Financial Advisers have not sought the consent of China Index Academy, nor has China Index Academy provided their consent to, and are accordingly not liable for the inclusion of the relevant information extracted from the information services provided by China Index Academy and disclaim any responsibility in relation to reliance on these statistics and information. While reasonable actions have been taken by us and the Sole Issue Manager to ensure that the relevant statements from the relevant information services provided by China Index Academy are reproduced in their proper form and context, and that the information is extracted accurately and fairly from such information services, we, the Sole Issue Manager and the Joint Financial Advisers have not conducted an independent review of the information contained in such information services and have not verified the accuracy of such information services.

(4) Source: NBS report entitled "Property development and sales report" (2013年1-6月份全国房地产开发和销售情况) published 15 July 2013. We,, the Sole Issue Manager and the Joint Financial Advisers have not sought the consent of NBS, nor has NBS provided their consent to, and are accordingly not liable for the inclusion of the relevant information extracted from the information services provided by NBS and disclaim any responsibility in relation to reliance on these statistics and information. While reasonable actions have been taken by us and the Sole Issue Manager to ensure that the relevant statements from the relevant information services provided by NBS are reproduced in their proper form and context, and that the information is extracted accurately and fairly from such information services, we, the Sole Issue Manager and the Joint Financial Advisers have not conducted an independent review of the information contained in such information services and have not verified the accuracy of such information services.

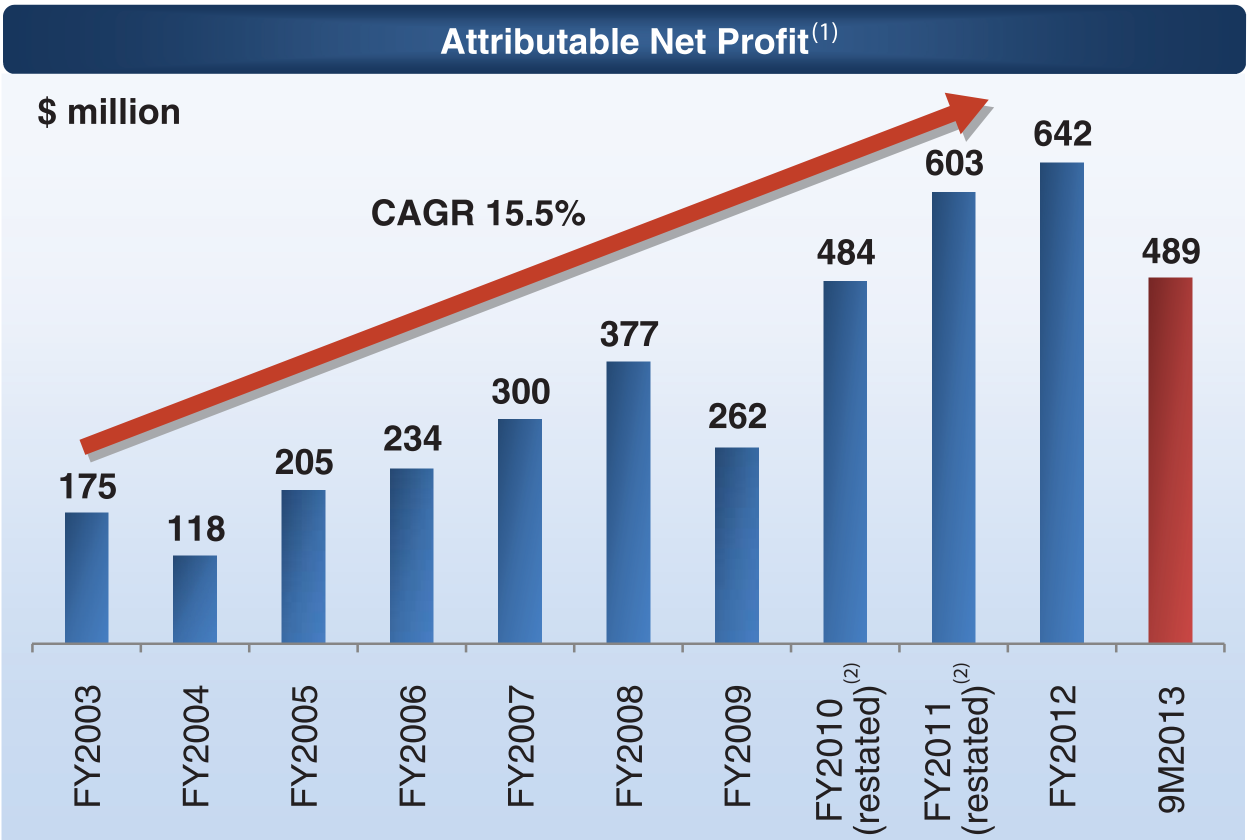
(5) Source: CBRE China Market View Q2 2013 published 11 July 2013. We, the Sole Issue Manager and the Joint Financial Advisers have not sought the consent of CBRE, nor has CBRE provided their consent to, and are accordingly not liable for the inclusion of the relevant information extracted from the information services provided by CBRE and disclaim any responsibility in relation to reliance on these statistics and information. While reasonable actions have been taken by us and the Sole Issue Manager to ensure that the relevant statements from the relevant information services provided by CBRE are reproduced in their proper form and context, and that the information is extracted accurately and fairly from such information services, we, the Sole Issue Manager and the Joint Financial Advisers have not conducted an independent review of the information contained in such information services and have not verified the accuracy of such information services.

**Strategies and Future Plans**

Our strategies are geared towards: a) achieving sustainable earnings growth, b) growing our asset portfolio in a balanced manner, and c) optimising capital productivity.

***Achieving sustainable earnings growth through significant development project pipeline, investment properties and fee income***

Between FY2003 and FY2012, our earnings grew at a compound annual growth rate of 15.5% (after adjustments for exceptional items and changes in fair value of investment properties).




**Notes:**

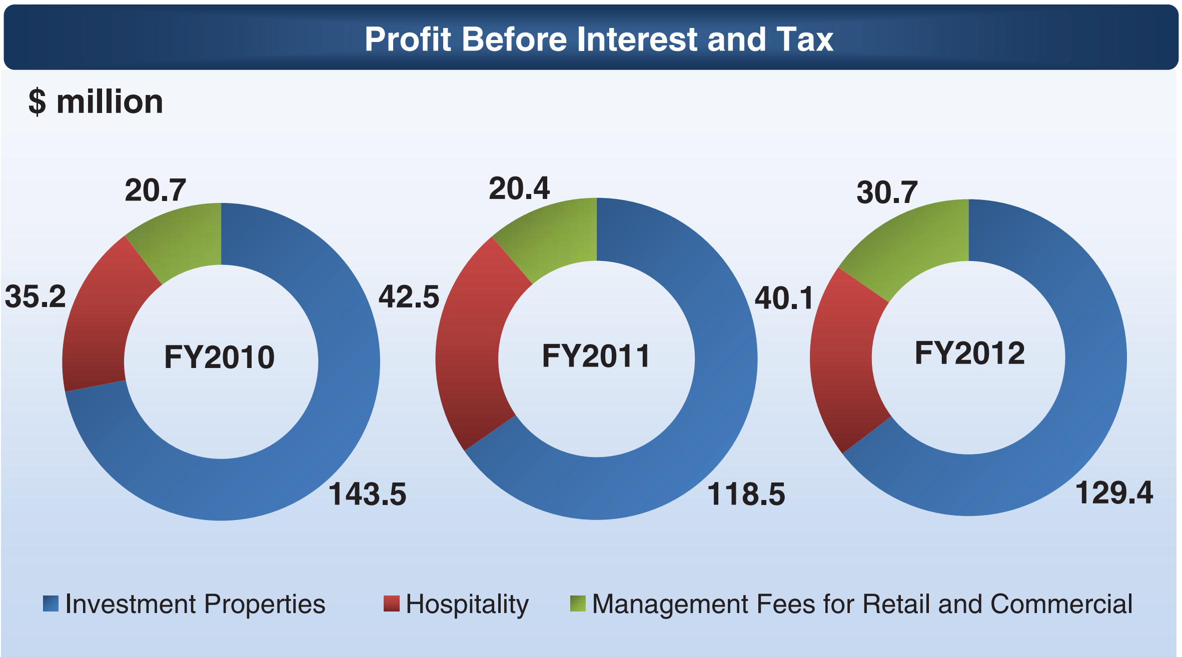
(1) The Attributable Net Profit included changes in fair value of investment properties from FY2008 upon the adoption of FRS 40, *Investment Property*,

(2) The Attributable Net Profit for FY2010 and FY2011 were restated upon the adoption of INT FRS 115 *Agreements for the Construction of Real Estate*, pursuant to which our Group applied the completion of construction method to account for executive condominium projects and residential development projects under the deferred payment scheme in Singapore, and overseas development projects.

We will continue to seek sustainable earnings growth through the following property segments:

a) **Residential development**: Develop a pipeline of residential projects in Singapore, Australia and China by continually replenishing our land bank through acquisitions of suitable land banks with a view to selling approximately 1,000 units in Singapore and 1,000 units outside Singapore each financial year. We aim to maintain a contribution of at least $200 million of profits from our Singapore residential projects. Over time, we plan to grow the contribution from our overseas development business to be approximately the same size as our Singapore business. Whilst the residential development business can be volatile, our approach of driving for high rates of pre-sales and diversifying our portfolio across multiple projects and geographies gives good visibility over our development income over the next 12 to 24 months.

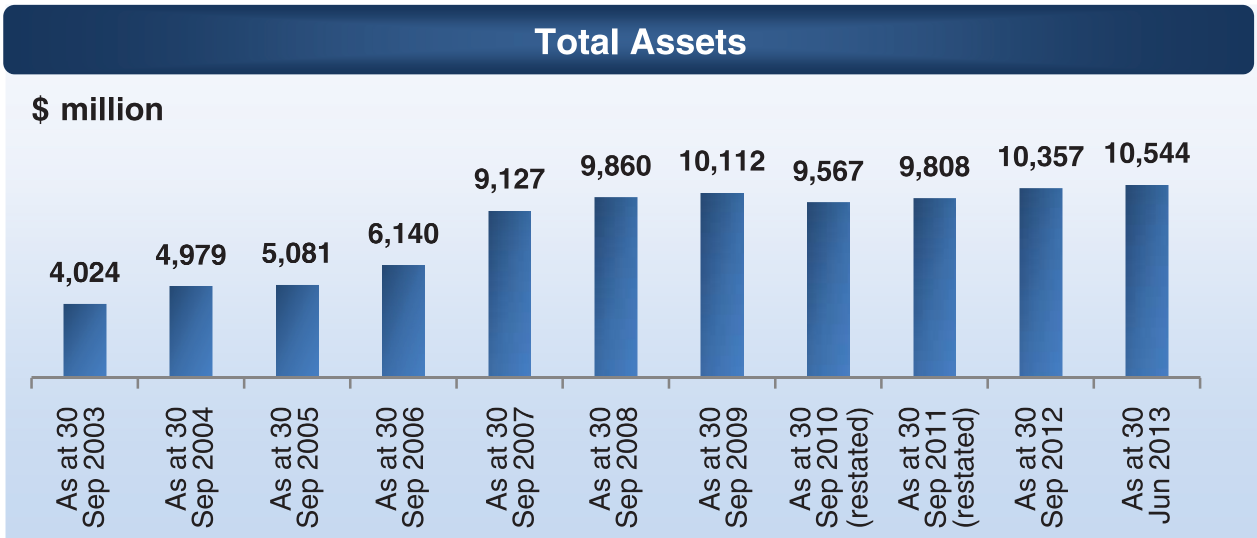
b) **Retail, Office and Business Space**: Rental income from properties owned by us, together with dividends, management fees and property management income from the two REITs that we manage, contributes relatively predictable earnings.




Earnings from our retail, office and business space segment will grow if (i) we undertake successful asset enhancement initiatives, and (ii) expand our portfolio through investments and acquisitions in Singapore and overseas. Recent retail, office and business space developments and acquisitions include Bedok Point (retail development), Changi City (retail, business park and hotel development), Waterway Point (retail development), Central Park (retail, office development) and Caroline Chisholm Center (office acquisition). There are also opportunities to unlock shareholder value through the redevelopment and/or asset enhancement of some of our existing properties such as 51 Cuppage Road, Robertson Walk and The Centrepoint in Singapore.

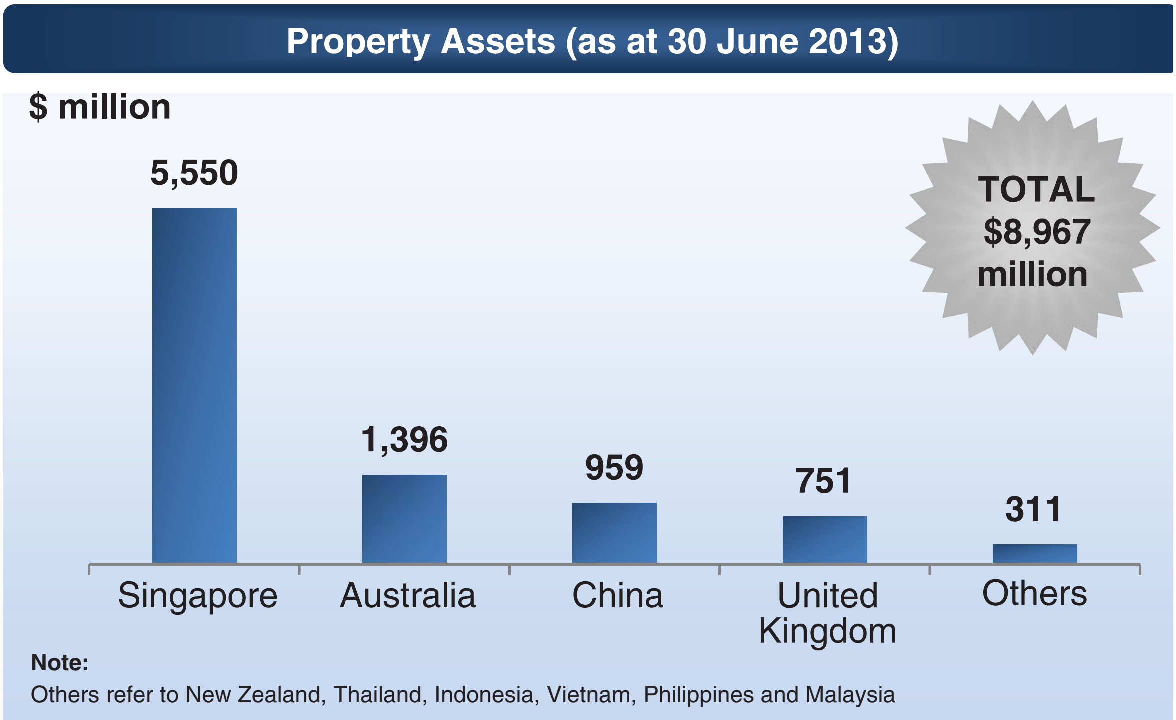
***Growing the asset portfolio in a balanced manner across geographies and property segments to preserve stability of earnings***

Our total assets have grown from $4.0 billion as at 30 September 2003 to $10.5 billion as at 30 June 2013.



In the years ahead, we envisage growing the asset portfolio in a balanced manner, as follows:

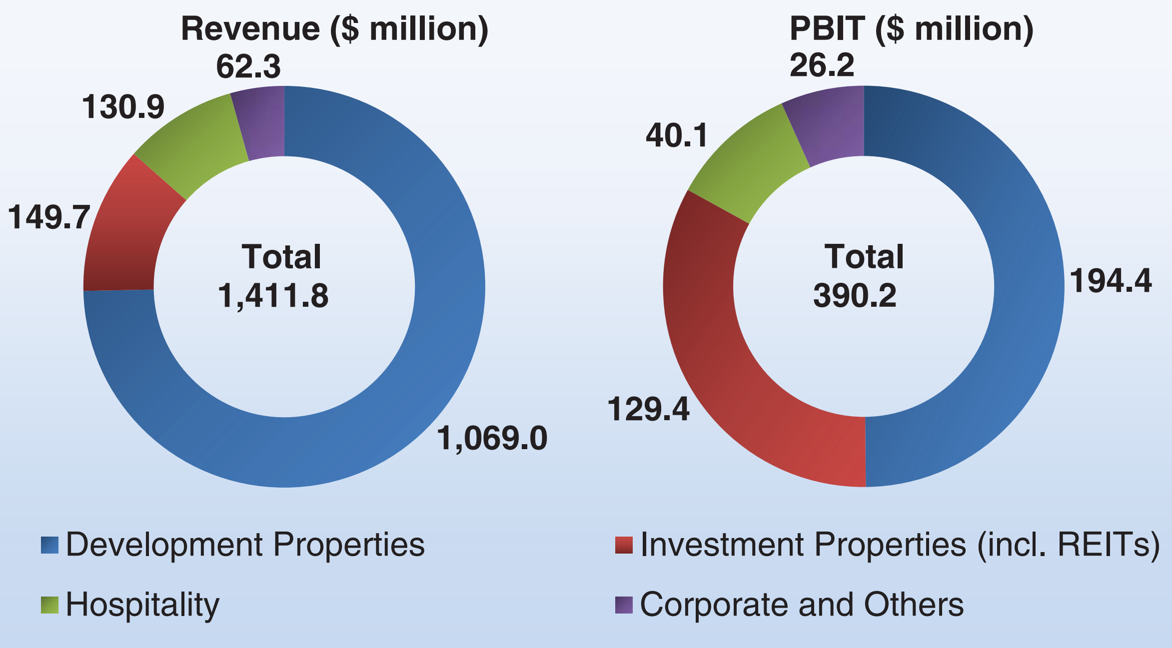
a) **Balanced asset portfolio across geographies**: As at 30 June 2013, Singapore accounts for 62% of FCL's total property assets, while Australia accounts for 16% and China accounts for 11%.




While Singapore will remain important as our home market, we intend to strengthen our presence in China and Australia, which are presently our two other core markets. In China, we will explore residential and mixed-use projects in Beijing, Shanghai, Guangzhou and Shenzhen as well as selected second-tier cities such as Wuxi, Wuhan and Chengdu, to tap the growth in domestic consumption. We plan to increase our exposure in Australia through development of a broader range of residential products as well as mixed-use urban regeneration projects. We also seek to increase our exposure in Thailand, Malaysia and Vietnam. In Thailand, we envisage tapping the domestic market access and insight of the TCC Group to identify and develop suitable projects in various property segments.

b) **Balanced asset portfolio across property segments**: We will avoid undue reliance on any specific property segment by maintaining a balanced asset portfolio in residential land bank, retail malls, office and business space, and hospitality properties. We will also diversify our revenues and operating profits across the aforesaid segments. We intend to maintain a good level of contribution from retail malls, office and business space, and hospitality properties to balance off the relatively more volatile nature of residential development earnings. In FY2012, the composition of our revenues and PBIT were as follows:

## Revenue and PBIT Breakdown by Asset Class




***Optimising capital productivity through REIT platforms and active asset management initiatives***

In the course of expanding our global footprint, we will seek to optimise capital productivity through several means:

a) **Discipline in Tuning Around our Landbank Acquisitions.** We will maintain significant discipline in turning around our landbank acquisitions. In Singapore, the gestation period (time from land acquisition to sales launch) for our residential development projects can be as short as seven months. Overseas, the gestation periods can be longer due to differences in planning processes. However, our objective is to minimise the time taken to launch our projects as much as possible.

b) **Redevelopment and/or Asset Enhancement Initiatives.** We will embark on redevelopment and/or asset enhancement initiatives to upgrade or re-position retail, office, business space and hospitality properties that we currently own, with a view to improve tenant mix, customer traffic and/or rental rates. Asset enhancement initiatives undertaken at Anchorpoint, Northpoint and Causeway Point malls, have contributed to a net value creation of about $165 million in the respective initial year after such asset enhancement initiatives based on the increase in the respective mall's net property income. As at the date of this Document, FCOT has obtained provisional permission from URA for its proposed asset enhancement initiatives at China Square Central. Aside from the above, there are currently no concrete plans for any major redevelopment or asset enhancement initiatives. However, the Company is constantly considering the suitability of redevelopment and/or asset enhancement initiatives.

c) **Asset Light Strategy.** In line with our asset light strategy, mature properties in the retail, office and business space segments that are producing stable rental yields can be divested to FCT and FCOT to recycle capital for new investments and acquisitions which can deliver attractive returns on capital employed. We are also exploring the extension of our asset light strategy to our portfolio of hospitality assets through the setting up of a hospitality REIT[(1)].

d) **Earning Management Fees Without a Commensurately Large Capital Outlay.** As we grow the number of units in our serviced residence business, we will, as far as practicable, seek to enter into management contracts with property owners with a view to earning management fees without a commensurately large capital outlay to build or acquire buildings. As at 30 June 2013, 77% of our serviced residence units are under management, another 3% are leased and only 20% are owned. This asset-light approach has enabled us to establish a global network of 49 serviced residence properties in over 30 cities without having to deploy excessive capital to build or own properties. The emphasis on management contracts has also enabled us to expand our network faster than we would otherwise have been able to, had we relied heavily on capital expenditure to buy or build serviced residences.

While we strive to optimise capital productivity through the above strategies, we may make selected investments and acquisitions of properties if we are of the view that the capital deployed can be justified in terms of synergy and/or future capital appreciation.

**Note:**

(1) While our Company is currently exploring the possibility of injecting part of our portfolio of hospitality assets into a hospitality REIT and has commenced preparatory work in this regard, including assessing the suitability of assets to be injected into the hospitality REIT, the plans for the REIT are still at a preliminary exploratory stage and as of the date of this Document, we have not decided to proceed with the hospitality REIT or to finalise the portfolio to be injected into the REIT or the stake we would take in the REIT. If and when there are any material developments in relation to the hospitality REIT, our Company will make the appropriate announcement through SGXNET in accordance with the Listing Manual.

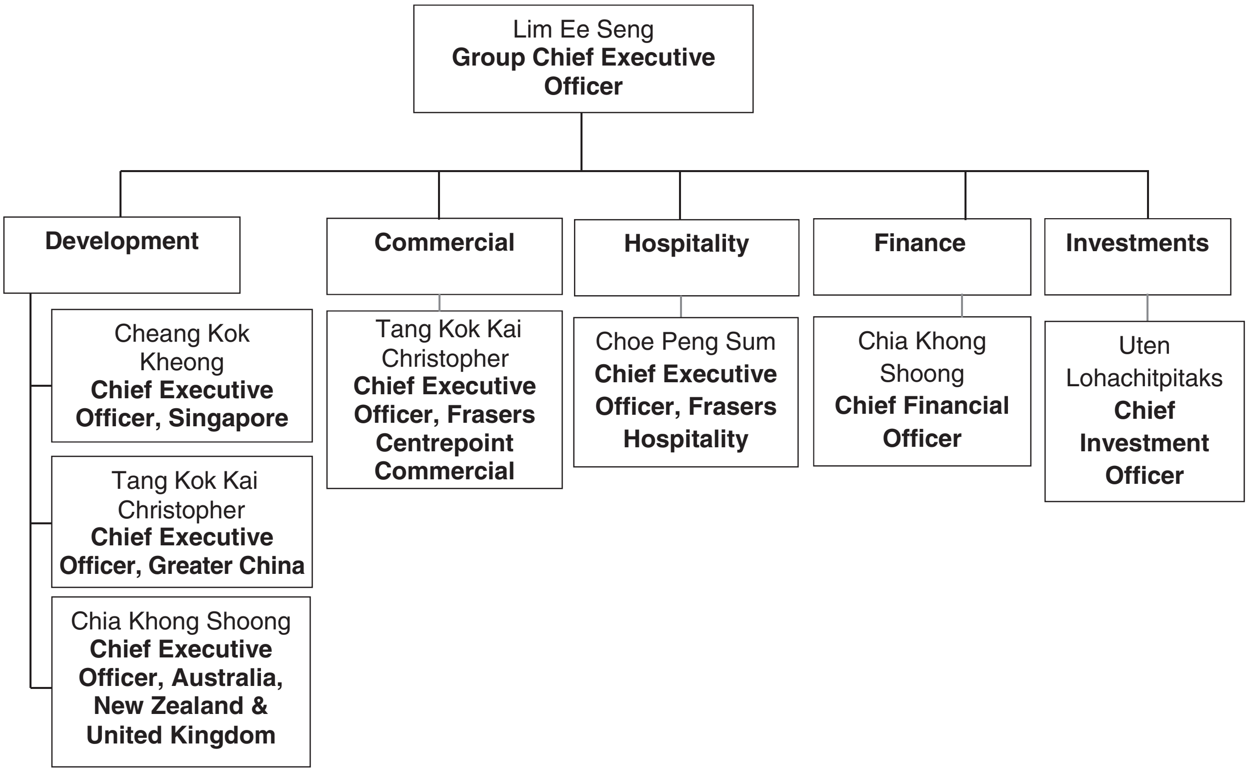
### Order Book

Due to the nature of our business, we do not maintain an order book. Please see the section “Business”.

# DIRECTORS, MANAGEMENT AND STAFF

## Our Management Structure

The following chart shows the management reporting structure of our senior management team:




## Our Directors

Our Directors are entrusted with the responsibility for our overall management. Our Directors are required to meet on a quarterly basis at least, or more frequently as required, to review and monitor our operations.

The following table sets forth information regarding our Directors as at the Latest Practicable Date:

| Name | Age | Address | Position | Date of appointment as Director |
|---|---|---|---|---|
| Charoen Sirivadhanabhakdi | 69 | 438 Alexandra Road #21-00 Alexandra Point Singapore 119958 | Non-Executive and Non-Independent Chairman | 25 October 2013 |
| Khunying Wanna Sirivadhanabhakdi | 70 | 438 Alexandra Road #21-00 Alexandra Point Singapore 119958 | Non-Executive and Non-Independent Vice Chairman | 25 October 2013 |
| Charles Mak Ming Ying | 60 | 438 Alexandra Road #21-00 Alexandra Point Singapore 119958 | Non-Executive and Independent Director | 25 October 2013 |
| Chan Heng Wing | 66 | 438 Alexandra Road #21-00 Alexandra Point Singapore 119958 | Non-Executive and Independent Director | 25 October 2013 |

| Name | Age | Address | Position | Date of appointment as Director |
|---|---|---|---|---|
| Philip Eng Heng Nee | 66 | 438 Alexandra Road #21-00 Alexandra Point Singapore 119958 | Non-Executive and Independent Director | 25 October 2013 |
| Weerawong Chittmittrapap | 54 | 438 Alexandra Road #21-00 Alexandra Point Singapore 119958 | Non-Executive and Independent Director | 25 October 2013 |
| Siripen Sitasuwan | 65 | 438 Alexandra Road #21-00 Alexandra Point Singapore 119958 | Non-Executive and Independent Director | 25 October 2013 |
| Chotiphat Bijananda | 49 | 438 Alexandra Road #21-00 Alexandra Point Singapore 119958 | Non-Executive and Non-Independent Director | 8 March 2013 |
| Panote Sirivadhanabhakdi | 35 | 438 Alexandra Road #21-00 Alexandra Point Singapore 119958 | Non-Executive and Non-Independent Director | 8 March 2013 |
| Sithichai Chaikriangkrai | 59 | 438 Alexandra Road #21-00 Alexandra Point Singapore 119958 | Non-Executive and Non-Independent Director | 7 August 2013 |

Information on the business and working experience of our Directors is set forth below.

**Charoen Sirivadhanabhakdi** was appointed as our Non-Executive and Non-Independent Chairman on 25 October 2013. He is currently the Chairman of several public listed and private companies within the TCC Group, including Thai Beverage Public Company Limited, Beer Thai (1991) Public Company Limited, Red Bull Distillery Group of Companies, TCC Land Co., Ltd., Berli Jucker Public Company Limited, South East Group Co., Ltd. and TCC Holding Co., Ltd. The TCC Group was established by Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi in 1960.

Mr Charoen holds an Honorary Doctoral Degree in Agricultural Business Administration from Maejo Institute of Agricultural Technology (Thailand), an Honorary Doctoral Degree in Industrial Technology from Chandrakasem Rajabhat University (Thailand), an Honorary Doctoral Degree in Management from Huachiew Chalermprakiet University (Thailand), an Honorary Doctoral Degree in Business Administration from Eastern Asia University (Thailand), an Honorary Doctor of Philosophy Degree in Business Administration from Mae Fah Luang University (Thailand), an Honorary Doctoral Degree in Management from Rajamangala University of Technology Suvarnabhumi (Thailand), and an Honorary Doctoral Degree in International Business Administration from University of the Thai Chamber of Commerce (Thailand).

Mr Charoen has been awarded numerous Royal decorations in Thailand, including the Knight Grand Cordon (Special Class) of the Most Exalted Order of the White Elephant, Knight Grand Cordon (Special Class) of the Most Noble Order of the Crown of Thailand, the Knight Grand Cross (First Class) of the Most Admirable Order of the Diredgunabhorn and the Knight Grand Commander (Second Class, Higher Grade) of the Most Illustrious Order of Chula Chom Klao. He was also awarded the "Diamond Commerce" Award from the Ministry of Commerce, Thailand.

**Khunying Wanna Sirivadhanabhakdi** was appointed as our Non-Executive and Non-Independent Vice Chairman on 25 October 2013. She is also the Vice Chairman of public listed and private companies within the TCC Group including Thai Beverage Public Company Limited, Berli Jucker Public Company Limited, TCC Capital Land Limited and Executive Board of TCC Holding Co., Ltd. In addition, Khunying Wanna is the Chairman of Beer Thip Brewery (1991) Co., Ltd. and Sangsom Group of Companies, which are also within the TCC Group.

Khunying Wanna holds an Honorary Doctoral Degree in Bio-technology from Ramkhamhaeng University (Thailand), Honorary Doctoral Degrees in Business Administration from both Maejo Institute of Agricultural Technology (Thailand) and Chiang Mai University (Thailand), as well as an Honorary Doctor of Philosophy Degree in Social Sciences from Mae Fah Luang University (Thailand).

**Charles Mak Ming Ying** was appointed as our Non-Executive and Independent Director on 25 October 2013. He is also the Chairman and Director of Bank Morgan Stanley AG, and a Director in Morgan Stanley Asia Limited. Mr Mak is a member of Morgan Stanley's Asia Pacific Executive Committee, the Morgan Stanley Wealth Management Committee and the International Operating Committee.

Mr Mak began his career with Morgan Stanley in New York in 1980 in the accounting and legal departments. In 1986, he became an Investment Adviser for the Individual Investor Services division, before transferring to Morgan Stanley's Hong Kong office in 1989 where he worked until 1992. In August 2001, Mr Mak became Managing Director and Head of Morgan Stanley Asia Pacific Private Wealth Management. In August 2011, Mr Mak was promoted to President of International Wealth Management, with responsibility for Morgan Stanley's wealth management franchises in Latin America, Europe, Middle East and Asia. In October 2012, he took on the additional responsibility of Vice Chairman, Morgan Stanley Asia Pacific.

Mr Mak received his Bachelor of Business Administration and Master of Business Administration degrees from Pace University in New York City (USA).

**Chan Heng Wing** was appointed as our Non-Executive and Independent Director on 25 October 2013. He is currently Senior Advisor to the Ministry of Foreign Affairs and Singapore's non-resident High Commissioner to Bangladesh. He also serves as Chairman of the Milken Institute Asia Centre and is an independent director of Shanda Games Ltd., which is listed on NASDAQ, and Banyan Tree Holdings Ltd., which is listed on the SGX-ST. He is also an independent director of Precious Quay Pte. Ltd. and Precious Treasure Pte Ltd.

Mr Chan began his career as a television producer and thereafter as an executive producer with Radio and Television Singapore, producing documentaries and current affairs programmes. He won several television awards including the Transtel Prize from Germany in 1977 and was awarded the Public Administration Medal (Silver) in 1980.

Mr Chan then joined the Ministry of Foreign Affairs in 1981 where he served in Singapore's Permanent Mission to the United Nations in New York from 1981 to 1985. From 1985 to 1988 he was seconded to the Ministry of Communications and Information (which was later renamed as Ministry of Information and the Arts). Mr Chan then returned to the Ministry of Foreign Affairs from 1989 to 1990 where, as the Director of the Directorate III, he negotiated the establishment of diplomatic relations with China. From 1990 to 1997, he was again seconded to the Ministry of Information and the Arts and was the Press Secretary to then Prime Minister of Singapore, Mr Goh Chok Tong, between 1990 and 1997. From 1993 to 1997, he was concurrently the Director of the Media Division in the Ministry of Information and the Arts.

In 1997, he was appointed Commissioner to Hong Kong, and was subsequently re-designated as Consul-General after Hong Kong's return to China. He was appointed as Singapore's Ambassador to the Kingdom of Thailand from 2002 to 2005 and Consul-General to Shanghai from 2005 to 2008 when he retired from the Ministry of Foreign Affairs.

In 2008, Mr Chan joined Temasek Holdings as its chief representative in China and was primarily responsible for managing Temasek's relationships with foreign governments and private enterprises. He returned to Singapore in July 2010 to hold the appointment of Managing Director for International Relations at Temasek International until October 2011.

Mr Chan graduated from the then University of Singapore with Bachelor of Arts (Honours) and Master of Arts in 1969 and 1974 respectively. He obtained a Master of Science in Journalism from the Columbia Graduate School of Journalism, USA in 1974.

**Philip Eng Heng Nee** was appointed as our Non-Executive and Independent Director on 25 October 2013. He is also Chairman of Frasers Centrepoint Asset Management Ltd and mDR Limited. In addition, Mr Eng is also Commissioner of the PT Adira Dinamika Multi Finance Tbk, and a Director of several local and regional companies including Ezra Holdings Limited, The Hour Glass Limited, Chinese Development Assistance Council, Hektar Asset Management Sdn Bhd, Heliconia Capital Management Pte Ltd, KK Women's and Children's Hospital Pte Ltd, NTUC Income, OpenNet Pte Ltd and Singapore Health Services Pte Ltd. Mr Eng was formerly the Director of Ampang Investments Sdn Bhd, Ampang Hotel Sdn Bhd, Asia Pacific Breweries Limited, MCL Land Limited, MSL Properties Sdn Bhd and Sunrise MCL Land Sdn Bhd.

Mr Eng began his career in Singapore with Price Waterhouse Singapore from 1972 to 1976. He was the Finance Director of Rank O'Connors from 1976 to 1980 and Company Secretary of Rheen Hume Industries from 1980 to 1982. He joined Jardine Cycle & Carriage Limited in 1982 and was appointed Company Secretary in 1983. In 1985 he assumed responsibilities for the motor operations of the Jardine Cycle & Carriage Group and in 1996 he was appointed Group Managing Director of Jardine Cycle & Carriage Limited with overall responsibility for the Group's businesses throughout the Asia Pacific region. Mr Eng retired as Group Managing Director of Jardine Cycle & Carriage Limited on 28 February 2005. From 2005 to 2011, he served as the non-executive Deputy Chairman of MCL Land Limited.

Mr Eng graduated from the University of New South Wales (Australia) with a Bachelor of Commerce in Accountancy and is an Associate Member of the Institute of Chartered Accountants in Australia.

**Weerawong Chittmittrapap** was appointed as our Non-Executive and Independent Director on 25 October 2013. From 1996 to 2008, he was an executive partner at White & Case (Thailand) Ltd., and has been the Chairman of Weerawong, Chinnavat & Peangpanor Ltd, a major law firm in Thailand, since 2009. He is a Director of several listed companies in Thailand, namely Berli Jucker Public Company Limited, Golden Land Property Development Public Company Limited, GMM Grammy Public Company Limited, Thai Airways International Public Company Limited and SCB Life Assurance Public Company Limited. Besides his directorships, Mr Weerawong is also Special Lecturer at the Thai Institute of Directors and the King Prajadhipok's Institute.

Mr Weerawong graduated with an LLB degree from Chulalongkorn University (Thailand), and obtained an LLM degree from the University of Pennsylvania (USA). He is a Thai barrister-at-law, and also the first Thai lawyer to be admitted to the New York State Bar.

**Siripen Sitasuwan** was appointed as our Non-Executive and Independent Director on 25 October 2013. She is currently Chairman of the Board of Solaris Asset Management Co., Ltd, Independent Director and Chairperson of the Audit Committee of Thanachart Capital Public Company Limited and Thai Solar Energy Company Ltd., and Independent Director and Member of the Audit Committee of Sermsuk Public Company Ltd.

Mrs Siripen previously sat on the boards of several listed companies such as Shin Corporation Public Company Limited, Advance Info Service Public Company Limited, Shin Satallite Public Company Limited and CS Loxinfo Public Company Limited. From 1999 to 2007, Mrs Siripen was also President and Group Chief Financial Officer of Shin Corporation Public Co. Ltd. In 2002, she was voted Best CFO in Thailand by FinanceAsia Magazine.

Mrs Siripen holds a Master of Business Administration from Wichita State University, Kansas (USA) and a Bachelor of Art (Commerce) from Chulalongkorn University (Thailand).

**Chotiphat Bijananda** was appointed as our Non-Executive and Non-Independent Director on 8 March 2013. He is the Advisor of TCC Holding Co., Ltd, and President of the Southeast Group Co., Ltd. Mr Bijananda also serves on the boards of Serm Suk Public Company Limited, TCC Assets Limited and TCC Technology Co., Ltd. From 2000 to 2007, he was Head of Investment Banking of Deutsche Bank, Bangkok. From 1995 to 2000, he was Head of Corporate Banking Local Corporate Team with JP Morgan Chase, Bangkok/Hong Kong.

Mr Chotiphat graduated with a Master of Business Administration (Finance) from the University of Missouri (USA), as well as a Bachelor of Laws from Thammasat University (Thailand).

**Panote Sirivadhanabhakdi** was appointed as our Non-Executive and Non-Independent Director on 8 March 2013. He also serves on the boards of various listed companies in Singapore and Thailand, including Berli Jucker Public Company Limited, Golden Land Property Development Public Company Limited, Oishi Group Public Company Limited, Siam Food Products Public Company Limited, Thai Beverage Public Company Limited, Univentures Public Company Limited, as well as private companies such as International Beverage Holdings (China) Limited, International Beverage Holdings Limited, InterBev (Singapore) Limited, Beer Thip Brewery (1991) Co., Ltd, Sura Bangyikhan Group of Companies, International Beverage Holdings (UK) Limited, Blairmhor Limited and Blairmhor Distillers Limited.

Mr Panote has been an Executive Director of Berli Jucker Public Company Limited since 2005. In addition, he has been an Executive Director of Univentures Public Company Limited since 2007.

Mr Panote obtained a Bachelor of Science in Manufacturing Engineering from Boston University (USA) in 2000, a Master of Science in Analysis, Design and Management of Information Systems from the London School of Economics and Political Science (UK) in 2005, and Industrial Engineering and Economics from Massachusetts University (USA) in 1997.

**Sithichai Chaikriangkrai** was appointed as our Non-Executive and Non-Independent Director on 7 August 2013. He sits on the boards of several listed and private companies including Berli Jucker Public Company Limited, Golden Land Property Development Public Company Limited, Oishi Group Public Company Limited, Serm Suk Public Company Limited, Siam Food Products Public Company Limited, Thai Beverage Public Company Limited, Univentures Public Company Limited, Beer Chang International Limited, InterBev Investment Limited and International Beverage Holdings Limited, and is the Chief Financial Officer of Thai Beverage Public Company Limited.

Mr Sithichai has over 30 years of experience in accounting and finance. He served as a Finance and Accounting Manager of Asia Voyages & Pansea Hotel from 1983 to 1990, as a Financial Analyst of Goodyear (Thailand) Co., Ltd. from 1980 to 1983, and as an External Auditor in Coopers & Lybrand from 1977 to 1980.

Mr Sithichai holds a Bachelor of Accountancy (First Class Honours) from Thammasat University (Thailand), and has a Diploma in Computer Management from Chulalongkorn University (Thailand). He also holds a Mini MBA in Leadership Management from the Kasetsart University (Thailand).

### Expertise of our Board of Directors

As evidenced by their respective business and working experience set out above and their present and past directorships set out in “Appendix K — List of Present and Past Principal Directorships of our Directors and Executive Officers”, our Directors possess the appropriate expertise to act as directors of our Company.

None of our Independent Directors sits on the board of our principal subsidiaries based in jurisdictions outside Singapore.

### Family Relationship

Mr Charoen Sirivadhanabhakdi is married to Khunying Wanna Sirivadhanabhakdi. Chotiphat Bijananda is the son-in-law of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, and Panote Sirivadhanabhakdi is the son of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi.

Save as disclosed above, none of our Directors is related to one another or to any of our Executive Officers or to any of our substantial Shareholders.

**Arrangements or Understandings**

Each of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi are our ultimate controlling shareholders and directors of F&N, our parent company prior to the Distribution. Mr Chotiphat Bijananda is a director of TCC Assets Limited, one of our controlling shareholders, and a director of F&N. Mr Sithichai Chaikriangkrai and Mr Panote Sirivadhanabhakdi are directors of F&N. Mr Philip Eng Heng Nee, Mr Charles Mak Ming Ying, Mr Weerawong Chittmittrapap and Mr Chan Heng Wing are also directors of F&N, but will step down from the board of F&N immediately prior to the Listing. Mrs Siripen Sitasuwan is also a director of F&N and will step down either from the board of F&N or from our Board by the date of the annual general meeting of the relevant company for the financial year ending 30 September 2014.

Save as disclosed above, there are no arrangements or understandings with any of our substantial Shareholders, customers or suppliers or other persons, pursuant to which any of our Directors or Executive Officers were appointed.

**Service Agreement**

We have entered into a service agreement with our Group Chief Executive Officer, Mr Lim Ee Seng, which replaced his earlier employment contract. The service agreement is for a fixed-term commencing from 1 July 2013 to 30 September 2015, after which it terminates automatically unless it is extended in writing by our Company and with mutual consent. The notice period for the termination of the service agreement is six months, given either by Mr Lim or us. We may also terminate the service agreement by giving six months' salary in lieu of notice as well as terminate the service agreement for cause, without notice.

**Employment Terms**

Our key management are employed under employment letters, which generally stipulate remuneration terms, entitlement to leave and other benefits consistent with our Group's prevailing policies. Employees are generally bound by confidentiality obligations during and after their employment with our Group. Typically, the notice period for termination of employment of key management is three months, given either by the employee or us. We may also terminate the employment of key management by giving three months' salary in lieu of notice as well as terminate the employment of key management for cause, without notice.

There are no existing or proposed service agreements entered into or to be entered into by our Company or any of our subsidiaries with our Directors or Executive Officers which provides for compensation in the form of stock options, or pension, retirement or other similar benefits, or other benefits, upon termination of employment.

As at the Latest Practicable Date, save as required for compliance with the applicable laws of Singapore, Vietnam, China, Hong Kong, Philippines, United Kingdom, Australia, Japan, New Zealand, Thailand, India and Indonesia, we have not set aside or accrued any amounts to provide for pension, retirement or similar benefits for our employees.

**Terms of Office**

Our Directors are appointed by our Shareholders at a general meeting and an election of Directors is held annually. Our Directors do not have fixed terms of office. Our Articles of Association provide that at each annual general meeting, one-third of our Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) retire from office by rotation and will be eligible for re-election at that annual general meeting (the Directors so to retire being those longest in office).

**Our Executive Committee**

Our Board has established an Executive Committee comprising Mr Charoen Sirivadhanabhakdi, Mr Charles Mak Ming Ying, Mr Chotiphat Bijananda, Mr Panote Sirivadhanabhakdi and Mr Sithichai Chaikriangkrai. The Chairman of our Executive Committee is Mr Charoen Sirivadhanabhakdi and the Vice Chairmen are Mr Charles Mak Ming Ying and Mr Chotiphat Bijananda.

Our Executive Committee's role is to formulate our Group's strategic development initiatives, provide direction for new investments and material financial and non-financial matters to ensure that our Group achieves its desired performance objectives and enhances long-term shareholder value, and oversee our Company and our Group's conduct and corporate governance structure.

Responsibilities of our Executive Committee include, among others:

- exercising all such powers and do all such acts and things as may be exercised or done by our Company, and are not by our Articles or the Companies Act expressly directed or required to be exercised or done by our Company in general meeting, except that the following matters are specifically reserved for decision by our Board:

  (i) any sale or disposal of the whole or substantially the whole of the undertaking or assets of our Company;

  (ii) any transaction for the acquisition or disposal of assets of our Company that is material to our Company; and

  (iii) the appointment of Board Committees or Board sub-committees or the determination, amendment or alteration of the terms of reference of any Board Committees or Board sub-committees.

- providing overall direction as well as overseeing the general management of our Company and our Group including (i) formulating our Group's strategic development initiatives, (ii) taking all possible measure to protect the interests of our Group, (iii) reviewing and approving corporate values, corporate strategy and corporate objectives, (iv) reviewing and approving major transactions (such as capital investments, acquisitions and disposals) with a total value of up to such limits as may be set out in our Company's Manual of Authority from time to time, or which have been referred to our Executive Committee specifically or generally by our Board; (v) reviewing and approving policies for financial and human resource management; and (vi) reviewing both financial and non-financial performance of our Company and our Group; and

- determining the criteria to be applied in identifying candidates and reviewing and approving appointments/nominations for the positions of senior management of our Group, including the Chief Executive Officer, Chief Financial Officer and senior executives of our Group.

  (i) In respect of senior management who do not fall within "key management personnel" as defined in the Code, our Executive Committee shall review and approve:

    a. their remuneration and benefits; and

    b. succession planning.

  (ii) In respect of key management personnel as defined in the Code, our Executive Committee shall review and recommend to our Remuneration Committee for endorsement by our Board:

    a. their remuneration and benefits; and

    b. succession planning.

**Our Audit Committee**

The terms of reference of our Audit Committee provide that it shall comprise Non-Executive Directors, a majority of whom shall be independent. The members of our Audit Committee as at the date of this Document comprise Mr Charles Mak Ming Ying, Mr Sithichai Chaikriangkrai, Mr Philip Eng Heng Nee and Mrs Siripen Sitasuwan. Mr Charles Mak Ming Ying, Mr Philip Eng Heng Nee and Mrs Siripen Sitasuwan are independent Directors on our Board. The Chairman of our Audit Committee is Mr Charles Mak Ming Ying.

Responsibilities of our Audit Committee include, among others:

- reviewing the scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors; objectivity;

- reviewing the adequacy of our internal controls comprising internal financial controls, operational and compliance controls including procedures for entering into hedging transactions, ensuring that such review of the effectiveness of the internal controls is conducted at least annually;

- reviewing, with the external auditor, his evaluation of the system of internal accounting controls;

- making recommendations to our Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

- monitor the investments in our competitors made by our Directors, controlling shareholders and their respective associates who are involved in the management of or have shareholding interests in similar or related business of our Company, make assessments on whether there are any potential conflicts of interests and propose ways to resolve such potential conflicts of interests as and when they arise;

- reviewing the statements to be included in the annual report concerning the adequacy of the internal controls, including financial, operational and compliance controls, and risk management systems;

- reviewing any interested person transactions as defined in the Listing Manual. Please see the section "Interested Person Transactions and Conflicts of Interest";

- approving the cash and fund management, and currency hedging policies of our Company;

- ensuring that the internal audit function is adequately resourced, staffed with persons with the relevant qualifications and experience, and has appropriate standing within our Company and the Group;

- appraising and reporting to our Board of Directors on the audits undertaken by the external auditors and internal auditors, the adequacy of disclosure of information, and the appropriateness and quality of the system of management and internal controls;

- monitoring and reviewing the implementation of the auditor's recommendations for internal control weaknesses (if any);

- reviewing any actual or potential conflicts of interest that may involve our Directors as disclosed by them to our Board and exercising directors' fiduciary duties in this respect. Upon disclosure of an actual or potential conflict of interests by a Director, our Audit Committee will consider whether a conflict of interests does in fact exist. A Director who is a member of our Audit Committee will not participate in any proceedings of our Audit Committee in relation to the review of a conflict of interests relating to him. The review will include an examination of the nature of the conflict and such relevant supporting data, as our Audit Committee may deem reasonably necessary;

- review and assess from time to time whether additional processes are required to be put in place to manage any material conflicts of interest with the F&N Group, the TCC Group and the Univenture Group and propose, where appropriate, the relevant measures for the management of such conflicts;

- review and resolve all conflicts of interest matters referred to it; and

- review and sight all resignation and application letters signed in advance by the China Legal Representatives to be held in custody by our Company Secretary.

Apart from the duties listed above, our Audit Committee shall review the policy and arrangements by which staff of our Company and our Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. Our Audit Committee's objective shall be to ensure that arrangements are in place for the independent investigation of such matters such concerns to be raised and independently investigated, and for appropriate follow up action to be taken.

**Internal Controls**

Based on the internal controls and risk management framework established and maintained by our Group, work performed by internal and external auditors and reviews performed by management and various Board Committees, our Board, with the concurrence of our Audit Committee, is of the opinion that our Group's internal controls were adequate as at the date of this Document to address financial, operational and compliance risks, which our Group considers relevant and material to our operations.

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

**Our Nominating Committee**

The terms of reference of our Nominating Committee provide that it shall comprise Non-Executive Directors, a majority of whom shall be independent. The members of our Nominating Committee as at the date of this Document comprise Mr Weerawong Chittmittrapap, Mr Chan Heng Wing and Mr Chotiphat Bijananda. Mr Weerawong Chittmittrapap and Mr Chan Heng Wing are independent Directors on our Board. The Chairman of our Nominating Committee is Mr Weerawong Chittmittrapap. The lead independent director, if any, should be a member of the Nominating Committee. Responsibilities of our Nominating Committee include, among others:

- reviewing and assessing candidates for directorships (including executive directorships) before nominating such candidates for the approval of our Board;

- reviewing and recommending to our Board the re-election of any Directors under the retirement provisions in accordance with our Articles at each annual general meeting;

- reviewing the composition of our Board to ensure an appropriate balance and diversity of skills, experience, gender and knowledge of our Company;

- reviewing and determining annually if a Director is independent, in accordance with the Code and any other salient factors; and

- where a Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director.

Our Nominating Committee shall propose, for approval and adoption by our Board, objective performance criteria to evaluate and determine Board performance. Such performance criteria should allow for comparison with the Company's industry peers, address how the Board enhanced long-term shareholder value. Our Nominating Committee will also implement a performance evaluation process for assessing the effectiveness of our Board of Directors as a whole, its board committees and the contribution by the Chairman and each individual director to the effectiveness of our Board. Each member of our Nominating Committee shall abstain from voting on any resolutions in respect of the matter in which he has an interest in.

**Our Remuneration Committee**

The terms of reference of our Remuneration Committee provide that it shall comprise Non-Executive Directors, a majority of whom shall be independent, including the Chairman of our Remuneration Committee. The members of our Remuneration Committee as at the date of this Document comprise of Mr Philip Eng Heng Nee, Mrs Siripen Sitasuwan, Mr Charles Mak Ming Ying and Mr Panote Sirivadhanabhakdi. Mr Philip Eng Heng Nee and Mrs Siripen Sitasuwan are independent Directors on our Board. The Chairman of our Remuneration Committee is Mr Philip Eng Heng Nee. Responsibilities of our Remuneration Committee include, among others:

- reviewing and recommending to our Board for endorsement, a general framework of remuneration for our Board and key management personnel (as defined in the Code) of our Group, specific remuneration packages for each Director and key management personnel of our Group and sucession planning;

- reviewing on an annual basis, for endorsement by our Board (and in relation to non-executive directors, for approval at the annual general meeting) performance and remuneration of non-executive and executive directors and the key management personnel, in accordance with the approved remuneration policies and processes;

- reviewing the obligations of our Group arising in the event of the termination of the service contracts of executive directors and key management personnel; and

- proposing, for adoption by our Board, objective, appropriate and meaningful performance criteria to assist in the evaluation of the performance of key management personnel, individual directors and of our Board as a whole.

The primary objectives of our Remuneration Committee are to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors; and ensure that the level and structure of remuneration should be aligned with the long-term interest and risk policies of our Group and should be appropriate to attract, retain and motivate (a) directors to provide good stewardship of our Group; and (b) key management personnel to successfully manage our Group, as well as ensure accountability of our Group, taking into account individual as well as corporate performance.

If a member of our Remuneration Committee has an interest in a matter being reviewed or considered by our Remuneration Committee, he will abstain from voting on that matter.

**Risk Management Committee**

The terms of reference of our Risk Management Committee provide that it shall comprise of six members. The members of our Risk Management Committee as at the date of this Document comprise Mr Chotiphat Bijananda, Mr Chan Heng Wing, Mr Weerawong Chittmittrapap, Mr Panote Sirivadhanabhakdi, Mr Sithichai Chaikriangkrai and Mr Charles Mak Ming Ying. The Chairman of our Risk Management Committee is Mr Chotiphat Bijananda. Responsibilities of our Risk Management Committee include, among others:

- reviewing our Company's and our Group's risk management policies, and provide a forum to review material exposures and strategies to mitigate risks;

- advising our Board on our Company's and our Group's overall risk tolerance and risk policies; and

- reviewing the adequacy of our Company's and our Group's overall risk assessment processes, and the ability of our Company and our Group to identify and manage new material risks.

The primary objective of our Risk Management Committee is to assist our Board in ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and our Company's and our Group's assets, and assist our Board in its determination of the nature and extent of significant risks which it is willing to take in achieving its strategic objectives. If a member of our Risk Management Committee has an interest in a matter being reviewed or considered by our Risk Management Committee, he will abstain from voting on that matter.

**Independence of our Independent Directors**

Each of Mr Philip Eng Heng Nee, Mr Charles Mak Ming Ying, Mr Weerawong Chittmittrapap, Mr Chan Heng Wing and Mrs Siripen Sitasuwan (the "**F&N Independent Directors**") are also directors of F&N, our parent company prior to the Distribution, which has from time to time provided, and will continue to provide services to our Group. Please see the section "Interested Person Transactions and Conflicts of Interests — (B) Shared Services Agreement".

Our Board of Directors (other than the F&N Independent Directors ) has reviewed each of the F&N Independent Directors' independence under the Code and, based on representations made by each of the F&N Independent Directors, has determined that each of the F&N Independent Directors has no relationships with our Company, our related companies (which is defined under the Code to mean our holding company, subsidiaries and fellow subsidiaries), our 10% shareholders or our officers that could interfere, or be reasonably perceived to interfere, with the exercise of each of the F&N Independent Directors' independent business judgment with a view to the best interests of our Company.

Our Board of Directors (other than the F&N Independent Directors) has reached this conclusion based on the following reasons:

(i) F&N will not hold any Shares in our Company post-Listing and will not be in a position to control or influence our Company;

(ii) a management fee was charged in respect of, among others, services provided by F&N to our Group. Such management fee was charged on the same basis as that which were paid by other members of the F&N Group. See "Interested Person Transactions and Conflicts of Interests — Past Interested Person Transactions — Provision of services by F&N and Fraser & Neave (Singapore)";

(iii) the F&N Independent Directors are independent non-executive directors of F&N and are independent of management of F&N and are not involved in the day-to-day operations of F&N, or accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of F&N in discharging their duty as Independent Directors;

(iv) the F&N Independent Directors were only appointed as independent directors of F&N after the close of the general offer by TCC Assets Limited for F&N on 18 February 2013;

(v) each of the F&N Independent Directors has extensive experience in his area of work and will benefit the Company;

(vi) Mr Philip Eng Heng Nee was appointed to the F&N board for his experience in the real estate sector;

(vii) Mrs Siripen Sitasuwan will step down from either the board of F&N or from our Board by the date of the annual general meeting for the relevant company for the financial year ending 30 September 2014; and

(viii) Mr Philip Eng Heng Nee, Mr Charles Mak Ming Ying, Mr Weerawong Chittmittrapap and Mr Chan Heng Wing will step down from the board of directors of F&N immediately prior to the Listing.

**Our Executive Officers**

The following table sets forth information regarding our Executive Officers as at the Latest Practicable Date:

| Name | Age | Address | Position |
|---|---|---|---|
| Lim Ee Seng | 62 | 438 Alexandra Road<br>#21-00 Alexandra Point<br>Singapore 119958 | Group Chief Executive Officer |
| Cheang Kok Kheong | 58 | 438 Alexandra Road<br>#21-00 Alexandra Point<br>Singapore 119958 | Chief Executive Officer, Development and Property |
| Chia Khong Shoong | 42 | 438 Alexandra Road<br>#21-00 Alexandra Point<br>Singapore 119958 | Chief Executive Officer, Australia, New Zealand and United Kingdom and Chief Financial Officer |
| Choe Peng Sum | 53 | 438 Alexandra Road<br>#21-00 Alexandra Point<br>Singapore 119958 | Chief Executive Officer, Frasers Hospitality |
| Tang Kok Kai Christopher | 52 | 438 Alexandra Road<br>#21-00 Alexandra Point<br>Singapore 119958 | Chief Executive Officer, Greater China and Chief Executive Officer, Frasers Centrepoint Commercial |
| Uten Lohachitpitaks | 40 | 438 Alexandra Road<br>#21-00 Alexandra Point<br>Singapore 119958 | Chief Investment Officer |

Information on the business and working experiences of our Executive Officers is set forth below:

**Lim Ee Seng** was appointed as our Group Chief Executive Officer in October 2004. He joined our Company in October 2004 where as its Chief Executive Officer he is responsible for the management and performance of our Group's entire portfolio. Mr Lim has close to 30 years of experience in the real estate industry. Prior to joining our Group, from 1996 to October 2004, he was the managing director of MCL Land Limited, a company listed on the SGX-ST and from 1989 to 1996, Mr Lim was the General Manager of the Property Division of First Capital Corporation Ltd (now known as GuocoLand Limited), a company listed on the SGX-ST. Mr Lim holds a Master of Science (Project Management) and a Bachelor of Engineering (Civil) from the National University of Singapore. He was also a board member of the Building and Construction Authority of Singapore from 2005 to 2009, and a council member of the Chinese Chamber of Commerce from 2000 to 2004. He is also the second vice president of the Real Estate Developers Association of Singapore.

**Cheang Kok Kheong** was appointed as our Chief Executive Officer, Development and Property on November 2010. He joined our Company in 2007. Mr Cheang has close to 20 years of combined experience in property management and development. Prior to joining our Company, he was a senior manager at DBS Land from 1994 to 1998 and a senior manager at Ascendas from 1998 to 2002. From 2002 to 2007, he was a general manager at MCL Land Limited, a company listed on the SGX-ST, where he was in charge of project management. Mr Cheang holds a Master of Science in Tourism, Planning and Development from the University of Surrey and a Bachelor of Architecture from the National University of Singapore.

**Chia Khong Shoong** was appointed as our Chief Financial Officer in March 2009 and Chief Executive Officer, Australia, New Zealand and United Kingdom in November 2010. He joined our Company on 2 March 2009. Prior to joining our Group, Mr Chia was an investment banker with The Hongkong & Shanghai Banking Corporation Ltd from 2004 to 2008 and Citigroup / Salomon Smith Barney from 1996 to 2004, where he was responsible for originating and executing corporate finance and investment banking assignments for corporate clients.

Mr Chia holds a Master of Philosophy (Management Studies) degree from Cambridge University and a Bachelor of Commerce (Accounting and Finance) degree from the University of Western Australia.

In considering the suitability of Mr Chia Khong Shoong for his role as our Chief Financial Officer, our Audit Committee has considered several factors, including his qualifications and experience, the accounting reporting structure, the team that supports and reports to him/her and the interactions our Audit Committee had with Mr Chia. Our Audit Committee noted that Mr Chia has more than 20 years of experience in the area of finance and accounting and has been with our Group for more than four years, playing a key role in leading the finance function and our businesses in Australia, New Zealand and the United Kingdom. Mr Chia has been instrumental in assisting in the preparation of our Company for our Company's listing on the SGX-ST and has demonstrated his knowledge and experience in accounting and financial reporting, the business of our Group and the industry that our Group operates in.

Our Audit Committee has opined that after making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to their attention to cause them to believe that Mr Chia does not have the experience, competence, character or integrity expected of the Chief Financial Officer of our Group.

**Choe Peng Sum** was appointed as our Chief Executive Officer, Frasers Hospitality in 1998. Mr Choe previously served as the General Manager of Hospitality in Frasers Centrepoint Limited from 1996 to 1998. He joined our Company in 1996. Prior to joining our Group, Mr Choe worked in Portman Shangri-La Hotel, Shanghai and the Shangri-La Hotel, Singapore, having received the Shangri-La scholarship award in 1981. Mr Choe graduated with a Bachelor of Science with Distinction degree from Cornell University, New York, attained the President's Honor Roll from Washington State University and attended the Executive Development Program at the International College of Hospitality Administration, BRIG, Switzerland.

**Tang Kok Kai Christopher** was appointed as our Chief Executive Officer, Greater China, in October 2010 and Chief Executive Officer, Frasers Centrepoint Commercial on 1 October 2006. He joined our Company in 2001. Mr Tang previously served as the Chief Executive Officer of Frasers Centrepoint Asset Management Ltd, the manager of FCT from 2006 to 2010. Prior to joining our Group, Mr Tang worked in DBS Bank, DBS Land and British Petroleum. Mr Tang holds a Master of Business Administration and a Bachelor of Science from the National University of Singapore.

**Uten Lohachitpitaks** was appointed as our Chief Investment Officer on 1 October 2013. Mr Lohachitpitaks has around 18 years of experience in banking and finance. Prior to joining our Group, Mr Lohachitpitaks was a Managing Director in the strategic advisory team of DBS Bank Ltd., where he was responsible for originating, structuring and executing mergers and acquisitions transactions, and providing advice on corporate strategy, restructuring and capital structure design. Mr Lohachitpitaks was formerly a Vice President in the investment banking division of United Overseas Bank (Thai) Public Company Limited from 2005 to 2006, and a Vice President in the institutional banking group of DBS Bank Ltd. From 1995 to 1996, Mr Lohachitpitaks was a training officer in the private banking division of The Thai Danu Bank Public Company Limited. Mr Lohachitpitaks holds a Bachelor of Business Administration and a Master of Business Administration from Assumption University, Thailand.

**Family Relationship**

None of our Executive Officers is related to one another or to any of our Directors or to any of our substantial Shareholders.

### Compensation

The compensation in bands of $250,000, paid by our Company and our subsidiaries to each of our Directors and Executive Officers in the financial years ended 30 September 2012 and 2013 for services rendered by them in all capacities to our Company and our Subsidiaries, and expected to be payable by our Company and our subsidiaries in the financial year ending 30 September 2014 to each of these Directors and Executive Officers for services rendered, including any benefits-in-kind and any deferred compensation accrued for the financial year in question and payable at a later date, are as follows:

| | Financial year ended 30 September | | Financial year ending 30 September |
|---|---|---|---|
| | 2012 | 2013 | 2014 |
| **Directors:** | | | |
| Charoen Sirivadhanabhakdi | N.A. | N.A. | A |
| Khunying Wanna Sirivadhanabhakdi | N.A. | N.A. | A |
| Charles Mak Ming Ying | N.A. | N.A. | A |
| Chan Heng Wing | N.A. | N.A. | A |
| Philip Eng Heng Nee | A(1) | A(1) | A |
| Weerawong Chittmittrapap | N.A. | N.A. | A |
| Siripen Sitasuwan | N.A. | N.A. | A |
| Chotiphat Bijananda | N.A. | A | A |
| Panote Sirivadhanabhakdi | N.A. | A | A |
| Sithichai Chaikriangkrai | N.A. | A | A |
| **Executive Officers:** | | | |
| Lim Ee Seng | E | E | D |
| Cheang Kok Kheong | C | C | B |
| Chia Khong Shoong | C | C | B |
| Choe Peng Sum | C | C | B |
| Tang Kok Kai Christopher | C | C | B |
| Uten Lohachitpitaks | N.A. | N.A. | B |

**Note:**

(1) Being payment of director's fees from our subsidiary, Frasers Centrepoint Asset Management Ltd.

Remuneration bands:

- "A" refers to remuneration between the equivalent of $1 and $250,000.
- "B" refers to remuneration between the equivalent of $250,001 and $500,000.
- "C" refers to remuneration between the equivalent of $750,001 and $1,000,000.
- "D" refers to remuneration between the equivalent of $1,250,001 to $1,500,000.
- "E" refers to remuneration between the equivalent of $3,250,001 and $3,500,000.
- "N.A." means not applicable.

The estimated amount of compensation payable in the current financial year excludes any bonus or profit-sharing plan or any other profit-linked agreement or arrangement. As at the date of this Document, we do not have in place any formal bonus or profit-sharing plan or any other profit-linked agreement or arrangement with any of our employees and bonus is expected to be paid on a discretionary basis.

### Principal Directorships of our Directors and Executive Officers

The list of present principal and past directorships held by our Directors and Executive Officers in the last five years preceding the date of this Document (excluding those held in our Company) is as set out in "Appendix K – List of Present and Past Principal Directorships of Our Directors and Executive Officers".

**Legal Representative of our subsidiaries incorporated in China**

Under the laws and regulations in China, a company incorporated in China is required to appoint a China Legal Representative who has the sole powers to represent, exercise rights on behalf of, and enter into binding obligations on behalf of, the company. The shareholder(s) of a China subsidiary can appoint either the chairman of the board of directors or the general manager of the China subsidiary to be its China Legal Representative by itself or by the board of directors appointed by such shareholder(s).

Information relating to the China Legal Representatives is as follows:

| Subsidiary | Name of China Legal Representative | Nationality |
|---|---|---|
| Chengdu Sino-Singapore South West Logistics Co., Ltd | 邓国佳 (Tang Kok Kai Christopher) | Singaporean |
| Shanghai Frasers Management Consultancy Co., Ltd | 邓国佳 (Tang Kok Kai Christopher) | Singaporean |
| Beijing Fraser Suites Real Estate Management Co., Ltd. | 曹炳森 (Choe Peng Sum) | Singaporean |
| Singlong Property Development (Suzhou) Co., Ltd | 邓国佳 (Tang Kok Kai Christopher) | Singaporean |
| Frasers Hospitality Management Co., Ltd. (Shanghai) | 曹炳森 (Choe Peng Sum) | Singaporean |
| Fraser Place (Beijing) Property Management Co., Ltd | 曹炳森 (Choe Peng Sum) | Singaporean |
| Modena Hospitality Management Co., Ltd. (Shanghai) | 曹炳森 (Choe Peng Sum) | Singaporean |
| Beijing Sin Hua Yan Real Estate Development Co., Ltd | 邓国佳 (Tang Kok Kai Christopher) | Singaporean |
| Frasers Property Management (Shanghai) Co., Ltd | 邓国佳 (Tang Kok Kai Christopher) | Singaporean |

The possible implications arising out of the appointment of China Legal Representatives are as follows:

(i) in the event of any future appointment or change of a China Legal Representative of any of the China subsidiaries, our Group will need to comply with the relevant legal formalities and procedures in relation to the filing of such appointment or change with the local China authorities; and

(ii) where any of the China subsidiaries wishes to replace its current China Legal Representative, it may be required to obtain the relevant legal documents executed by such current China Legal Representative in advance of the appointment of the subsequent China Legal Representative.

The existing articles of association of each of our China subsidiaries permit the shareholder(s) or the board of directors of the China subsidiary of each of our China subsidiaries to have the power to appoint and remove the respective China Legal Representative at its absolute discretion. As the board of directors of each of the China subsidiaries is appointed by its shareholder(s), this effectively gives our Company the right to appoint and remove the China Legal Representatives.

Further, upon the appointment of any China Legal Representative, the said China Legal Representative shall sign, in advance, a resignation letter and an application letter granting any person to be appointed as the succeeding China Legal Representative upon his removal from the office which has the power to effect the necessary changes with the local authorities. Our Company Secretary shall hold custody of these resignation and application letters. Our Audit Committee shall review and sight all resignation and application letters signed in advance by the China Legal Representative and held in custody by our Company Secretary.

In China, it is common practice for the seal of the China Legal Representative to be used as one of the seals for the company to operate a bank account in China. Typically, the bank will require certain documentation to effect the change of the China Legal Representative if the company's China Legal Representative is replaced, which would include the seal of the former China Legal Representative. If the former China Legal Representative is un-cooperative and refuses to do so, this may result in operational problems for the China subsidiary.

For the purposes of operating our bank accounts in China, we require two authorised signatories (the authorised signatories are grouped into three groups and the amount to be paid will determine the combination of the authorised signatories required to sign the cheques) and the finance seal which is held by persons other than the China Legal Representative, allowing us better protection for our Group's cash and assets. Our Audit Committee will monitor and periodically review this system to ensure its effectiveness and robustness.

Our Directors are of the opinion that the abovementioned processes and procedures as set out in "- Our Audit Committee" are adequate to address the risks in relation to the appointments of the China Legal Representatives and the impediments to their removal. None of our Independent Directors sits on the boards of our China Subsidiaries.

### Our Employees

The following tables show a breakdown of our permanent employees as at the end of our past three financial years by category of activity and geographic location.

| **Category of Activity** | **Number of Permanent Employees (including contract staff) as at** | | |
|---|---|---|---|
| | **30 September 2011** | **30 September 2012** | **30 September 2013** |
| General management | 64 | 70 | 77 |
| Frasers Centrepoint Commercial (Retail & Office) | 317 | 366[(1)] | 369 |
| Frasers Centrepoint Homes | 71 | 77 | 73 |
| Frasers Property | 189 | 222 | 214 |
| Frasers Hospitality | 646 | 789 | 834 |
| **Total** | **1,287** | **1,524** | **1,567** |

| **Country** | **30 September 2011** | **30 September 2012** | **30 September 2013** |
|---|---|---|---|
| Singapore | 697 | 881[(2)] | 916[(3)] |
| China | 260 | 294[(4)] | 295 |
| Indonesia | 42 | 43 | 47 |
| Philippines | 55 | 52 | 51 |
| United Kingdom | 108 | 89 | 100 |
| Australia/New Zealand | 125 | 165[(5)] | 158 |
| **Total** | **1,287** | **1,524** | **1,567** |

The material fluctuations in the number of employees listed in the table are as follows:

(1) The increase in the number of employees in Frasers Centrepoint Commercial (Retail and Office) from 30 September 2011 to 30 September 2012 is mainly due to increase in operations in the launch of Changi City Point, and commencement of management of China Square Central as well as providing management service for Eastpoint Mall.

(2) The increase in the number of employees in Singapore from 30 September 2011 to 30 September 2012 is due to the commencement of the operations of a hotel, Capri by Fraser in Changi in September 2012, the launch of Changi City Point in January 2012 and taking over the management of China Square Central in March 2012 and Eastpoint Mall in January 2012.

(3) The increase in the number of employees in Singapore from 30 September 2012 to 30 September 2013 is mainly due to the official launch of Capri by Fraser and expansion plans of Frasers Hospitality.

(4) The increase in the number of employees in China from 30 September 2011 to 30 September 2012 is mainly due to increase in hiring of project staff in both Singlong Property Development (Suzhou) (development of a residential project) and Chengdu Sino-Singapore South West Logistics (development of a warehouse/logistic hub).

(5) The increase in the number of employees in Australia from 30 September 2011 to 30 September 2012 was due to the commencement of operations of Fraser Suites Perth in October 2012.

The number of temporary or part-time staff employed by our Group is insignificant.

Our employees are not covered by any collective bargaining agreements and are not unionised.

# SHARE PLANS

On 25 October 2013, F&N, our sole shareholder approved a performance share plan and a restricted share plan known respectively as the FCL Performance Share Plan (the "**FCL Performance Share Plan**") and the FCL Restricted Share Plan (the "**FCL Restricted Share Plan**," together with the FCL Performance Share Plan, the "**Share Plans**").

The Share Plans are proposed to increase our Company's flexibility and effectiveness in our continuing efforts to reward, retain and motivate employees to achieve superior performance. The Share Plans will strengthen our Company's competitiveness in attracting and retaining talented key senior management and senior executives.

The FCL Restricted Share Plan is intended to apply to a broader base of senior executives while the FCL Performance Share Plan is intended to apply to a select group of key senior management. Generally, it is envisaged that the range of performance targets to be set under the FCL Restricted Share Plan and the FCL Performance Share Plan will be different, with the latter emphasising stretched or strategic targets aimed at sustaining longer term growth.

The Share Plans will provide incentives to Participants to excel in their performance and encourage greater dedication and loyalty to our Company. Through the Share Plans, our Company will be able to motivate Participants to continue to strive for our Group's long-term shareholder value. In addition, the Share Plans aim to foster a greater ownership culture within our Group which more directly align the interests of key senior management and senior executives with the interests of Shareholders, and to improve performance and achieve sustainable growth for our Company in the changing business environment.

The Share Plans use methods fairly common among major local and multinational companies to incentivise and motivate Participants to achieve predetermined targets which create and enhance economic value for Shareholders. Our Company believes that the Share Plans will be effective tools in motivating Participants to strive to deliver long-term shareholder value. The Share Plans contemplate the award of fully paid Shares, when and after pre-determined performance or service conditions are accomplished.

A Participant's Awards under the Share Plans will be determined at the sole discretion of the Committee. In considering an Award to be granted to a Participant, the Committee may take into account, *inter alia*, the Participant's performance during the relevant period, and his capability, entrepreneurship, scope of responsibility and skill set.

**The FCL Restricted Share Plan**

One of the primary objectives of the FCL Restricted Share Plan is to serve as an additional motivational tool to recruit and retain talented senior executives as well as to reward for Company and individual performance. In addition, the FCL Restricted Share Plan acts as an enhancement of our Group's overall compensation packages, strengthening our Group's ability to attract and retain high performing talent. Potential senior executive hires who decide on a career switch often have to forego substantial share options/share incentives when they join our Group. Through the FCL Restricted Share Plan, our Company will be able to compensate such new hires for share options or incentives that they may have to forego when they join our Group.

Awards granted under the FCL Restricted Share Plan will typically vest only after the satisfactory completion of time-based service conditions, that is, after the Participant has served our Group for a specified number of years (time-based restricted Awards) or, where the Award is performance-related (performance-based restricted Awards), after a further period of service beyond the performance target completion date. No minimum vesting periods are prescribed under the FCL Restricted Share Plan, and the length of the vesting period(s) in respect of each Award will be determined on a case-by-case basis.

A time-based restricted Award may be granted, for example, as a supplement to the cash component of the remuneration packages of senior executives. A performance-based restricted Award may be granted, for example, with a performance target based on the successful completion of a project, or on our Company meeting certain specified corporate target(s), and thereafter with a further vesting period to encourage the Participant to continue serving the Group for a further period of time following completion of the project.

It is the intention of our Company to award performance-based restricted Awards to ensure that the earning of Shares under the FCL Restricted Share Plan is aligned with the pay-for-performance principle. The use of time-based restricted Awards will only be made on a case-by-case basis where business needs justify such Awards.

**The FCL Performance Share Plan**

One of the primary objectives of the FCL Performance Share Plan is to further motivate key senior management to strive for superior performance and to deliver long-term shareholder value. FCL Performance Share Plan is targeted at senior management in key positions who shoulder the responsibility for our Company's performance and who are able to drive the growth of our Company through superior performance. Awards granted under the FCL Performance Share Plan are performance-based. Performance targets set under the FCL Performance Share Plan are intended to be based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. The performance targets are stretched targets aimed at sustaining long-term growth. Examples of performance targets to be set include targets based on criteria such as total shareholders' return, economic value added, market share, market ranking or return on sales.

Awards granted under the FCL Restricted Share Plan differ from those granted under the FCL Performance Share Plan in that an extended vesting period is normally (but not always) imposed for performance-based restricted Awards granted under the FCL Restricted Share Plan beyond the performance target completion date, that is, they also incorporate a time-based service condition as well, to encourage Participants to continue serving our Group beyond the achievement date of the predetermined performance targets.

**Flexibility of Grants**

Participants may be granted Awards under both the FCL Restricted Share Plan and the FCL Performance Share Plan. For example, an individual Participant who is a key senior management staff may be granted an Award under the FCL Performance Share Plan based on specified medium-term critical target objectives (for example, targets relating to market position and Company profitability and growth) over the next three years which vests at the end of the performance period. Concurrently, the individual could also be granted an Award under the FCL Restricted Share Plan based on different performance targets (for example, ensuring that a particular project is successfully completed on time or that our Company meets certain specified corporate target(s)) and with a longer vesting period with the aim of retaining the individual as our Company's employee. It is unlikely that performance targets for any individual Participant under the FCL Performance Share Plan and the FCL Restricted Share Plan will be identical.

The aggregate number of new Shares to be issued under the Share Plans is subject to a maximum limit of 10.0% of the total issued share capital when taken into account together with all other share plans concurrently implemented by our Company.

As at the date of this Document, no Awards have been granted under the Share Plans. However, please see "— Grants of Awards to replace Awards previously granted to FCL Employees pursuant to the Fraser and Neave, Limited Restricted Share Plan and the Fraser and Neave, Limited Performance Share Plan." The rules of the Share Plans may be inspected by Shareholders at the registered office of our Company for a period of six months from the date of this Document. See Appendix J of this Document for a summary of the rules of the Share Plans.

**Disclosures in Annual Report**

The following disclosures (as applicable) will be made by our Company in its annual report for so long as the Share Plans continue in operation:

(a) the names of the members of the Committee administering the Share Plans;

(b) in respect of the following Participants of the Share Plans:

(i) Directors of our Company;

(ii) Participants who are controlling shareholders of our Company and their associates; and

(iii) Participants (other than those in paragraph (i) and (ii) above) who have received Shares pursuant to the release of Awards granted under the FCL Restricted Share Plan and/or the FCL Performance Share Plan which, in aggregate, represent 5% or more of the aggregate of:

(1) the total number of new Shares available under the FCL Restricted Share Plan and the FCL Performance Share Plan collectively; and

(2) the total number of existing Shares delivered pursuant to Awards released under the FCL Restricted Share Plan and FCL Performance Share Plan collectively,

the following information:

(aa) the name of the Participant; and

(bb) the following particulars relating to Awards released under the FCL Restricted Share Plan and/or the FCL Performance Share Plan:

(i) the number of new Shares issued to such Participant during the financial year under review; and

(ii) the number of existing Shares transferred to such Participant during the financial year under review; and

(c) in relation to each of the Share Plans, the following particulars:

(i) the aggregate number of Shares comprised in Awards granted since the commencement of the FCL Restricted Share Plan and the FCL Performance Share Plan respectively to the end of the financial year under review;

(ii) the aggregate number of Shares comprised in Awards which have been released and/or vested during the financial year under review and in respect of such Awards, the proportion of:

(1) new Shares issued; and

(2) existing Shares transferred and, where existing Shares were purchased for delivery, the range of prices at which such Shares have been purchased, upon the release of Awards granted under the FCL Restricted Share Plan and the FCL Performance Share Plan respectively; and

(iii) the aggregate number of Shares comprised in Awards which have not been released as at the end of the financial year under review.

**Administration of the Share Plans**

The Remuneration Committee of our Company will be designated as the Committee responsible for the administration of the Share Plans, and will comprise Directors to administer the Share Plans.

In compliance with the requirements of the Listing Manual, a Participant of the Share Plans who is a member of the Remuneration Committee shall not be involved in its deliberations in respect of Awards to be granted to or held by that member of the Remuneration Committee.

**Financial Effects of the Share Plans**

Financial Reporting Standard 102, Share-based payment ("**FRS 102**"), is effective for the financial statements of our Company for the financial year beginning 1 October 2005. Participants may receive Shares or their equivalent cash value, or combinations thereof. In the event that the Participants receive Shares, the Awards would be accounted for as equity-settled share-based transactions, as described in the following paragraphs. The fair value of employee services received in exchange for the grant of the Awards would be recognised as a charge to the profit and loss account over the period between the grant date and the vesting date of an Award. The total amount of the charge over the vesting period is determined by reference to the fair value of each Award granted at the grant date and the number of Shares vested at the vesting date, with a corresponding credit to reserve account. Before the end of the vesting period, at each balance sheet date, the estimate of the number of Awards that are expected to vest by the vesting date is revised, and the impact of the revised estimate is recognised in the profit and loss account with a corresponding adjustment to equity. After the vesting date, no adjustment to the charge to the profit and loss account is made. This accounting treatment has been referred to as the "modified grant date method".

The amount charged to the profit and loss account would be the same whether our Company settles the Awards using new Shares or existing Shares. The amount of the charge to the profit and loss account also depends on whether or not the performance target attached to an Award is a "market condition", that is, a condition which is related to the market price of the Shares. If the performance target is a market condition, the probability of the performance target being met is taken into account in estimating the fair value of the Shares granted at the grant date, and no adjustments to amounts charged to profit and loss account is made if the market condition is not met. On the other hand, if the performance target is not a market condition, the probability of the target being met is not taken into account in estimating the fair value of the Shares granted at the grant date. Instead, it is subsequently considered at each accounting date in assessing whether the Awards would vest. Thus, where the vesting conditions do not include a market condition, there would be no charge to the profit and loss account if the Awards do not ultimately vest.

***(i) Share Capital***

The Share Plans will result in an increase in our Company's issued ordinary share capital only if new Shares are issued to Participants. The number of new Shares issued will depend on, *inter alia*, the size of the Awards granted under the Share Plans. In any case, the Share Plans provide that the total number of new Shares to be issued and existing Shares delivered under the Share Plans will be subject to the maximum limit of 10% of the issued Shares (excluding treasury shares) preceding the date of grant of the relevant Award. If, instead of issuing new Shares to Participants, existing Shares are purchased for delivery to Participants, the Share Plans will have no impact on our Company's issued ordinary share capital.

***(ii) NTA***

As described below in the paragraph on EPS, the Share Plans are likely to result in a charge to our Company's profit and loss account over the period from the grant date to the vesting date of the Awards. The amount of the charge will be computed in accordance with the modified grant date method under FRS 102. If new Shares are issued under the Share Plans, there would be no effect on the NTA. However, if instead of issuing new Shares to Participants, existing Shares are delivered to Participants or our Company pays the equivalent cash value, the NTA would decrease by the cost of the existing Shares delivered or the cash payment, respectively.

Nonetheless, it should be noted that the delivery of Shares to Participants under the Share Plans will generally be contingent upon the Participants meeting prescribed performance targets and conditions.

***(iii) EPS***

The Share Plans are likely to result in a charge to earnings over the period from the grant date to the vesting date, computed in accordance with the modified grant date method under FRS 102. Nonetheless, it should again be noted that the delivery of Shares to Participants of the Share Plans will generally be contingent upon the Participants meeting prescribed performance targets and conditions.

***(iv) Dilutive* Impact**

It is expected that the dilutive impact of the Share Plans on the NTA per Share and EPS will not be significant.

We have made an application to the SGX-ST for permission to deal in and for quotation of the Shares which may be issued pursuant to the grant of Awards under the Share Plans. The approval of the SGX-ST is not to be taken as an indication of the merits of the Introduction, the Shares (including the Plan Shares), our Company or our Group.

**Grants of Awards to replace Awards previously granted to FCL Employees pursuant to the Fraser and Neave, Limited Restricted Share Plan and the Fraser and Neave, Limited Performance Share Plan**

Our Company may on or after the Listing Date, grant Awards pursuant to the FCL Restricted Share Plan (the "**Initial RSP Awards**") and the FCL Performance Share Plan (the "**Initial PSP Awards**") to certain employees of our Group in replacement of awards previously granted to them pursuant to the Fraser and Neave, Limited Restricted Share Plan (the "**Existing F&N RSP Awards**") and the Fraser and Neave, Limited Performance Share Plan (the "**Existing F&N PSP Awards**"). The number of such Awards to be granted to such employees will be determined in accordance with the following:

$$\text{Initial RSP Awards} = \frac{SP^{F\&N}_{Before} \times FVR_{Before} \times EAF_{Before}}{SP^{FCL} \times FVR_{After} \times EAF_{After}} \times \text{Existing F\&N RSP Awards}$$

**Notes:**

| | | |
|---|---|---|
| FVR | = | Fair Value Ratio (based on the respective share price) |
| EAF | = | Expected Achievement Factor based on Attributable Profit Before Fair Value Adjustment and Exceptional Items (Key Performance Indicator 1) and Return on Capital Employed (Key Performance Indicator 2) |
| $SP^{F\&N}_{Before}$ | = | F&N 5-day volume weighted average price prior to the Distribution |
| $SP^{FCL}$ | = | FCL 5-day volume weighted average price after the Distribution |

$$\text{Initial PSP Awards} = \frac{SP^{F\&N}_{Before} \times EVR_{Before}}{SP^{FCL} \times \left[\eta \times AF_{Before} \times FVR_{\text{without performance conditions}} + (1-\eta) \times EVR^{FCL}_{After}\right]} \times \text{Existing F\&N PSP Awards}$$

**Notes:**

| | | |
|---|---|---|
| EVR | = | Expected Value Ratio |
| | = | $50\% \times FVR_{KPI1}(\text{without performance condition}) \times EAF_{KPI1} + 25\% \times FVR_{KPI2} + 25\% \times FVR_{KPI3}$ (*Since Key Performance Indicator 1 is non-market based and Key Performance Indicators 2 and 3 are market based as per FRS 102)* |
| FVR | = | Fair Value Ratio (based on the respective share price) |
| $AF_{Before}$ | = | Achievement Factor under the Fraser and Neave, Limited Performance Share Plan based on the proportion of performance period completed under F&N prior to the Distribution |
| $SP^{F\&N}_{Before}$ | = | F&N 5-day volume weighted average price prior to the Distribution |
| $SP^{FCL}$ | = | FCL 5-day volume weighted average price after the Distribution |
| η | = | Proportion of performance period completed under F&N prior to the Distribution |

The above assumes that all the Existing F&N RSP Awards and all the Existing F&N PSP Awards will be replaced by the grant of Initial RSP Awards and Initial PSP Awards. However, our Board may, with the recommendation of the Remuneration Committee, decide to replace some or part only and not all of the Existing F&N RSP Awards and the Existing F&N PSP Awards with Initial RSP Awards and Initial PSP Awards and pay cash in lieu of replacing the remaining Existing F&N RSP Awards and the Existing F&N PSP Awards.

The vesting of certain of the Initial RSP Awards are conditional on the achievement of pre-determined targets set for a one-year performance period. The vesting of all the Initial PSP Awards are conditional on the achievement of pre-determined targets set for performance periods ranging from one to two years. With respect to Existing F&N RSP Awards where final awards have been determined prior to Listing Date, the Awards to be granted pursuant to the FCL Restricted Share Plan in replacement of these Existing F&N RSP Awards will not be conditional on the achievement of any target and accordingly, Shares will be issued and delivered pursuant thereto to the relevant employees according to their original vesting schedules.

The final number of Shares to be awarded pursuant to the Initial RSP Awards with outstanding performance periods (the "**Final RSP Awards**") and the Initial PSP Awards with outstanding performance periods (the "**Final PSP Awards**", and together with the Final RSP Awards, the "**Final Awards**") will be determined at the end of the respective performance periods.

The Final Award varies depending on the level of achievement of the pre-determined targets. An achievement factor will be applied to the relevant Award to determine the final number of Shares to be awarded. The achievement factor ranges from 0% to 150% for the FCL Restricted Share Plan and from 0% to 200% for the FCL Performance Share Plan.

At the end of the respective performance period, the Final RSP Awards will be released and Shares will be issued and released pursuant thereto according to their original vesting schedules.

All Final PSP Awards will be released and Shares issued and delivered to the employees at the end of the respective performance periods upon vesting.

For the Initial RSP Awards with outstanding performance periods, the pre-determined targets set are the achievement of attributable profit before fair value adjustment and exceptional items and return on capital employed. For the Initial PSP Awards with outstanding performance periods, the pre-determined targets set are based on return on invested capital, total shareholders' return relative to a suitable index to be selected and absolute shareholders' return as a multiple of cost of equity.

Senior management participants are required to hold a minimum number of the Shares issued and delivered to them under the Share Plans to maintain a beneficial ownership stake in our Company for the duration of their employment or tenure with our Company.

## INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTERESTS

### Interested Person Transactions

In general, transactions between our Group (when used in this section, "our Group" refers to our Company, our subsidiaries and, where applicable, our associated companies, if any), and any of our interested persons (namely, our Directors, Chief Executive Officer or controlling Shareholders or the associates of such Directors, Chief Executive Officer or controlling Shareholders) would constitute interested person transactions.

Certain terms such as "associate", "associated company", "control", "controlling shareholder", "entity at risk", "interested person" and "interested person transaction" used in this section have the meanings as provided in the Listing Manual and in the SFR, unless the context specifically requires the application of the definitions in one or the other as the case may be.

In line with the rules set out in Chapter 9 of the Listing Manual, a transaction which value is less than $100,000 is not considered material in the context of the Introduction and is not taken into account for the purposes of aggregation in this section.

F&N is an associate of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, who are controlling shareholders of our Company. As such, F&N and its associates are considered "interested persons" of our Group.

The following represents transactions undertaken by us with our interested persons and their respective associates within the last three financial years ended 30 September 2011, 2012 and 2013 and for the period from 1 October 2013 up to the Latest Practicable Date.

Save as disclosed below, our Group does not have any other material transactions with any of its interested persons within the last three financial years ended 30 September 2011, 2012 and 2013 and for the period from 1 October 2013 up to the Latest Practicable Date.

### Past Interested Person Transactions

Details of the past transactions between our Group and interested persons which are material in the context of the Introduction, for the past three financial years ended 30 September 2011, 2012 and 2013 and for the period from 1 October 2013 up to the Latest Practicable Date are as follows:

| | Financial year ended 30 September | | | Period from 1 October 2013 up to the Latest Practicable Date |
|---|---|---|---|---|
| | 2011 | 2012 | 2013 | |
| | | | $ | |
| (A) Loans from F&N Treasury Pte Ltd | 3.12 billion | 2.81 billion | 2.68 billion | 2.03 billion |
| (B) Cash deposits with F&N Group | 174.5 million | 237.8 million | 454.3 million | – |
| (C) Provision of services by F&N and Fraser & Neave (Singapore) | 14.71 million | 17.91 million | 18.50 million | 0.64 million |
| (D) Assignment of trade marks | – | – | – | 1 |
| (E) Leases with Fraser & Neave (Singapore) | 2.72 million | 2.70 million | 2.75 million | 0.23 million |
| (F) Provision of corporate guarantee by F&N | 1.38 million | 0.88 million | 0.44 million | 0.02 million |

### *(A) Loans from F&N Treasury Pte. Ltd.*

F&N Treasury Pte. Ltd., a wholly-owned subsidiary of F&N has, from time to time, extended loans to our Group for various purposes such as projects in Singapore and overseas, investment in our hospitality businesses, retail and commercial assets and for the general working capital of our Company (the "**F&N Loans**").

For the past three financial years ended 30 September 2011, 2012 and 2013 and for the period from 1 October 2013 up to the Latest Practicable Date, the largest amount of F&N Loans amounted to approximately $3.12 billion, $2.81 billion, $2.68 billion and $2.03 billion respectively. The largest amount outstanding during the period under review was $3.12 billion. The F&N Loans were unsecured and were extended at interest rates ranging from 0.3% per annum to 9.77% per annum.

As at the Latest Practicable Date, the aggregate amount outstanding on the F&N Loans was $2.037 billion. This amount is expected to increase and reach $2.307 billion by end November 2013.

Immediately prior to the Listing, FCL will repay $0.67 billion of the F&N Loans.

Immediately prior to the Listing, the remaining F&N Loans amounting to approximately $1.637 billion (the "**Remaining Loans**") will be transferred by F&N Treasury Pte. Ltd. (as lender) to FCL Treasury Pte. Ltd. pursuant to a transfer agreement entered into between F&N Treasury Pte. Ltd. and FCL Treasury Pte. Ltd. on 25 October 2013 (the "**Loan Transfer Agreement**") for a consideration of approximately $1.678 billion which is based on the estimated fair value of such Remaining Loans based on current prevailing market interest rates.

The Loans to our Group were entered into in the ordinary course of business and were on an arm's length basis, based on prevailing market interest rates at the time the Loans to our Group were extended to us. The Loan Transfer Agreement was entered into on an arm's length basis.

We do not currently have any intention to obtain financing from the F&N Group post-Listing. In the event that any financing is sought from the F&N Group post-Listing, such financing will be sought in accordance with the requirements relating to interested person transactions under Chapter 9 of the Listing Manual.

### *(B) Cash deposits with F&N Group*

Our Group has, from time to time, deposited surplus cash with F&N and F&N Treasury Pte Ltd at interest rates ranging from 0.165% per annum to 3.45% per annum.

For the past three financial years ended 30 September 2011, 2012 and 2013 and for the period from 1 October 2013 up to the Latest Practicable Date, the largest amount of cash deposited by our Group amounted to approximately $174.5 million, $237.8 million, $454.3 million and nil, respectively. The largest amount deposited during the period under review was $454.3 million.

As at the Latest Practicable Date, there were no cash deposits outstanding. The cash was deposited by our Group in the ordinary course of business and were on an arm's length basis, based on prevailing market interest rates at the time of the deposits.

We do not currently have any intention to deposit additional cash with the F&N Group. In the event that we deposit any cash with the F&N Group in the future, such deposit will be sought in accordance with the requirements relating to interested person transactions under Chapter 9 of the Listing Manual.

*(C)* ***Provision of services by F&N and Fraser & Neave (Singapore)***

F&N and Fraser & Neave (Singapore), a wholly-owned subsidiary of F&N had provided various services to our Group such as:

(i) corporate management services;

(ii) corporate secretarial, legal and compliance services;

(iii) corporate human resource management services;

(iv) treasury, taxation and internal audit services;

(v) computer and system integrated services; and

(vi) establishment and operation of share plans.

For the past three financial years ended 30 September 2011, 2012 and 2013 and for the period from 1 October 2013 up to the Latest Practicable Date, the fees paid for these services amounted to $14.71 million, $17.91 million, $18.50 million and $0.64 million respectively. The amounts paid for these services were on an arm's length basis, based on normal commercial terms. In connection with our Listing, our Company has entered into a Shared Services Agreement with Fraser & Neave (Singapore) in relation to certain of these services. Please see "— Present and On-going Interested Person Transactions — (B) Shared Services Agreement".

*(D)* ***Assignment of Trade marks***

On 25 October 2013, our Company entered into a trade mark assignment agreement (the "**Trade Mark Assignment Agreement**") with F&N whereby F&N agreed to assign to our Company (i) certain trademark registrations, together with the goodwill of the business relating to the goods and services in respect of which the trade marks are registered; and (ii) all the rights, titles and interests in and to certain trade mark applications, including where applicable, the benefits of such trade mark applications together with the goodwill of the business relating to the goods and services in respect of which the trade mark applications are pending, for nominal consideration. The Trade Mark Assignment Agreement relates to various trade marks including "Frasers", "Centrepoint", "Frasers Centrepoint Homes", "Frasers Centrepoint Malls", "Frasers Centrepoint Trust", "Frasers Commercial Trust", "Frasers Property", "Frasers Hospitality", "Fraser Residence", "Fraser Place", "Fraser Suites", "Capri by Fraser" and "Modena".

Under the Trade Mark Assignment Agreement, our Company acknowledges that notwithstanding the assignment, F&N continues to have a protectable interest in the marks "Fraser", "Frasers", "星狮", "星獅" and other identical or similar marks incorporating the word "Fraser", "Frasers", "星狮" and/or "星獅" (collectively referred to as the "**Fraser Marks**"), and that our Company will not (i) apply for the registration of any trade mark containing the word "Fraser", "星狮" and/or "星獅" except for applications for Updated Trade Marks to replace existing trade mark registrations or applications assigned pursuant to the Trade Mark Assignment Agreement, nor (ii) use any sign or trade mark incorporating the word "Fraser", "星狮" and/or "星獅" to provide or offer to provide a product and/or service, except where such use is within the scope of protection claimed by the trade mark registrations and applications assigned pursuant to the Trade Mark Assignment Agreement and applications or registrations for Updated Trade Marks. The applications for Updated Trade Marks must not claim a wider specification of goods or services than the relevant trademark registrations and applications assigned pursuant to the Trade Mark Assignment Agreement. "Updated Trade Marks" shall mean new trade marks that (a) are not standard character word marks; and (b) differ from the relevant trade marks assigned pursuant to the Trade Mark Assignment Agreement to be replaced only in colour, stylisation, graphical elements and/or arrangement.

The Trade Mark Assignment Agreement was not entered into on an arms' length basis in that the consideration for the assignment is for a nominal $1, but was not prejudicial to the interests of our Group and/or minority shareholders. Such transactions will not occur after our Listing.

***(E) Leases with Fraser & Neave (Singapore)***

Our Group, through Orrick Investments Pte Ltd and FCL Alexandra Point Pte. Ltd., entered into respective lease agreements with Fraser & Neave (Singapore) to lease to Fraser & Neave (Singapore) premises at Alexandra Technopark (with a floor area of 5,027 sqf) and Alexandra Point (with a floor area of 40,689 sqf) to Fraser & Neave (Singapore), a wholly-owned subsidiary of F&N.

For the past three financial years ended 30 September 2011, 2012 and 2013 and for the period from 1 October 2013 up to the Latest Practicable Date, the aggregate rent paid amounted to $2.72 million, $2.70 million, $2.75 million and $0.23 million respectively. The leases will expire on 31 October 2013. In connection with our Listing, our Group, through Orrick Investments Pte Ltd and FCL Alexandra Point Pte. Ltd., entered into new lease agreements with Fraser & Neave (Singapore). Please see "— Present and On-going Interested Person Transactions — (A) Leases with Fraser & Neave (Singapore)".

The terms of the leases were on an arm's length basis as they were provided at rates which are consistent with the rates extended to other non-related tenants in the respective buildings, following negotiation between us and F&N.

***(F) Provision of corporate guarantee by F&N***

F&N provided a corporate guarantee to guarantee the payment and discharge of all moneys advanced to or paid for on account of our subsidiary, Frasers Property Australia Pty Limited ("**FPPA**") by, and all other liabilities of FPPA to, Standard Chartered Bank.

For the past three financial years ended 30 September 2011, 2012 and 2013 and for the period from 1 October 2013 up to the Latest Practicable Date, the amount of facilities granted to FPPA and guaranteed by F&N was $100 million, $100 million, $50 million and $50 million respectively. The largest amount guaranteed during the period under review was $100 million. As at the Latest Practicable Date, the corporate guarantees have been fully discharged.

The corporate guarantees were provided on an arm's length basis and a guarantee fee of 2.0% per annum of the average amount used was paid by FPPA to F&N.

We do not currently have any intention to obtain corporate guarantees from F&N. In the event that any corporate guarantees are sought from F&N in the future, such corporate guarantees will be sought in accordance with the requirements relating to interested person transactions under Chapter 9 of the Listing Manual.

The above transactions were intra-group transactions which were entered into when our Company was a subsidiary of F&N.

**Present and On-going Interested Person Transactions**

Details of the present and ongoing transactions between our Group and interested persons which are material in the context of the Introduction, for the past three financial years ended 30 September 2011, 2012 and 2013 and for the period from 1 October 2013 up to the Latest Practicable Date are as set out below.

***(A) Leases with Fraser & Neave (Singapore)***

Our Group has, on 25 October 2013, through Orrick Investments Pte Ltd, FCL Alexandra Point Pte. Ltd. and FCL Management Services Pte. Ltd., entered into lease or sub-lease agreements with Fraser & Neave (Singapore), a wholly-owned subsidiary of F&N, to lease premises at Alexandra Technopark (with a floor area of 5,027 sqf) and Alexandra Point (with a floor area of 33,154 sqf) to Fraser & Neave (Singapore) (the "**Lease Agreements**").

The lease for premises at Alexandra Technopark with Orrick Investment Pte. Ltd. is at a rental of $3.80 psf/mth. The lease for premises at Alexandra Point with FCL Alexandra Point Pte. Ltd. is at a rental of $5.80 psf/mth. Both leases are for a period of 3 years each, commencing on 1 November 2013 and expiring on 31 October 2016. Both leases are subject to a further renewal term of 3 years upon the expiry of each lease. The sub-lease for premises at Alexandra Point with FCL Management Services Pte. Ltd. is at a rental of $5.80 psf/mth and for a period of 1 year, commencing on 1 November 2013 and expiring on 31 October 2014.

The terms of the leases and sub-lease are on an arm's length basis as they were provided at rates which are consistent with the rates extended to other non-related tenants in the respective buildings, following negotiation between us and F&N. The renewal of the leases will be subject to the review procedures under our Shareholders' Mandate.

***(B) Shared Services Agreement***

In connection with our listing on the SGX-ST, our Company, on 25 October 2013, entered into a shared services agreement (the "**Shared Services Agreement**") with Fraser & Neave (Singapore), pursuant to which Fraser & Neave (Singapore) will provide to our Company information technology, legal, compliance and trade mark management, corporate secretarial, human resource, tax, treasury and internal audit services. Our Company will pay a fixed fee of $1,039,345 per month. The fee payable is on a cost-recovery basis, based on Fraser & Neave (Singapore)'s projected cost of providing such services (taking into account the estimated historical costs of providing such services), plus a 5 per cent. mark up. This projected cost is approximately 7.1% higher than the estimated historical costs of providing such services, largely due to the expected increase in staff cost and increase in department overheads such as rental. The projected increase in staff cost includes expected salary increments at levels which are consistent with recent historical salary increments for F&N employees.

With a view to minimising redundancy, both parties will work together to identify and transfer the employment of those employees of the F&N Group who were deployed in providing such Services (each, a "**Relevant Employee**") to us. In the event that the parties are unable to agree on the transfer of the employment of the Relevant Employee from the F&N Group to us, F&N may terminate the employment of the Relevant Employee and the Company and F&N shall bear on a 50:50 basis the redundancy payment of one month's salary per year of employment of the Relevant Employee under the F&N Group.

The terms of the Shared Services Agreement are on an arm's length basis, following negotiation between us and F&N.

Ernst & Young LLP has performed certain agreed-upon procedures as follows:

(i) agreed the estimated percentage of time spent on the Group by the personnel in F&N's corporate human resource, corporate secretarial, corporate treasury, information technology, internal audit, legal, compliance and trade mark management and tax departments, to the representations provided by each department;

(ii) agreed the total department cost to the approved budget of the respective departments;

(iii) test checked the salary costs in the budget to payroll records; and

(iv) checked the arithmetic calculation of the fixed fee payable under the Shared Services Agreement.

Based on the procedures carried out above, Ernst & Young LLP has reported that the percentage of time spent on the Group is in agreement with the representation by each department head, and that the departments' costs are in agreement with the respective departments' approved budgets. Ernst & Young LLP has reported that the fixed fee payable under the Shared Services Agreement is based on the estimated percentage of time spent on the Group multiplied by the budgeted departments' costs, plus a 5 per cent mark up.

### *(C) Joint Venture in Vacaron*

Our Group has, through FCL Centrepoint Pte. Ltd. ("**FCL Centrepoint**"), on 11 November 2011, entered into a subscription cum shareholders agreement with Fraser & Neave Holdings Bhd ("**F&NHB**"), a wholly-owned subsidiary of F&N, in relation to the joint venture via Vacaron Company Sdn. Bhd. ("**Vacaron**").

Vacaron was incorporated as a wholly-owned subsidiary of F&NHB, following which F&NHB subscribed for redeemable non-cumulative convertible preference shares in Vacaron. Pursuant to the subscription cum shareholders agreement, FCL Centrepoint and F&NHB subscribed for shares in the Vacaron such that each of FCL Centrepoint and F&NHB held 50.0% shareholding interest in Vacaron. All the redeemable non-cumulative convertible preference shares in Vacaron issued to F&NHB were then redeemed.

FCL Centrepoint and F&NHB have each subscribed for 500,000 ordinary shares of RM1 each in Vacaron and have from time to time extended unsecured loans, *pro rata* to their respective shareholding, to Vacaron.

FCL Centrepoint has provided loans to Vacaron for various reasons, such as acquisition of land. For the financial years ended 30 September 2012 and 30 September 2013 and for the period from 1 October 2013 up to the Latest Practicable Date, the cumulative amount of loans provided by FCL Centrepoint to Vacaron amounted to approximately RM69.5 million, RM78.6 million and RM78.6 million respectively. The largest amount outstanding during the period under review was RM78.6 million. The loans provided were unsecured and were extended at interest rates ranging from 4.58% per annum to 4.60% per annum.

As at the Latest Practicable Date, the aggregate principal amount outstanding on the loans provided by FCL Centrepoint to Vacaron was RM78.6 million. There is no fixed date for repayment of the loans. The loans were entered into in the ordinary course of business and were on an arm's length basis, based on prevailing market interest rates at the time the loans were provided.

Following our Listing, FCL Centrepoint and F&NHB may be called upon to provide further equity and/or shareholder loans to fund the projects undertaken by Vacaron. Any further provision of equity or shareholder loans by FCL Centrepoint to Vacaron will be subject to the review procedures under our Shareholders' Mandate.

### General Mandate for Interested Person Transactions

We anticipate that we would, on and after the Listing Date, in the ordinary course of business, continue to enter into certain transactions with our interested persons (as such term is defined in the Listing Manual), including but not limited to those categories of transactions described below. In view of the time-sensitive and recurrent nature of commercial transactions, it would be advantageous for us to obtain a Shareholders' mandate to enter into certain interested person transactions in our normal course of business, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of our Company and our minority Shareholders.

Chapter 9 of the Listing Manual allows a listed company to obtain a mandate from its shareholders for recurrent interested person transactions which are of a revenue or trading nature or for those necessary for its day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses which are not part of our day-to-day operations.

Pursuant to Rule 920(2) of the Listing Manual, our Company may treat a general mandate as having been obtained from our Shareholders ("**Shareholders' Mandate**") for us to enter into interested person transactions with our interested persons, if the information required under Rule 920(1)(b) of the Listing Manual is included in this Document. In relation to us, the information required by Rule 920(1)(b) is as follows:

(i) the class of interested persons with which the Entity At Risk (as defined below) will be transacting;

(ii) the nature of the transactions contemplated under the mandate;

(iii) the rationale for, and benefit to, the Entity At Risk;

(iv) the methods or procedures for determining transaction prices;

(v) the independent financial adviser's opinion on whether the methods or procedures in (iv) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and the interests of our minority Shareholders;

(vi) an opinion from our Audit Committee if it takes a different view to the independent financial adviser; and

(vii) a statement from us that we will obtain a fresh mandate from our Shareholders if the methods or procedures in (iv) above become inappropriate.

The Shareholders' Mandate will be effective until the earlier of the following: (i) the conclusion of our first annual general meeting following our admission to the Official List of the SGX-ST; or (ii) the first anniversary of the date of our admission to the Official List of the SGX-ST. Thereafter, we will seek the approval of our Shareholders for a renewal of the Shareholders' Mandate at each subsequent annual general meeting.

***Entities At Risk***

For the purposes of the Shareholders' Mandate, an "Entity At Risk" means:

- our Company;
- a subsidiary of our Company that is not listed on the SGX-ST or an approved exchange; or
- an associated company of our Company that is not listed on the SGX-ST or an approved exchange, provided that we and our interested person(s), have control over the associated company.

(collectively, the "**EAR Group**")

***Classes of Mandated Interested Persons***

The Shareholders' Mandate will apply to the transactions that are carried out with Thai Beverage Public Company Limited, TCC Assets Limited, F&N, our Directors and their respective associates (the "**Mandated Interested Persons**").

***Categories of Mandated Interested Person Transactions***

The types of transactions to which the Shareholders' Mandate will apply (the "**Mandated Transactions**"), and the benefits to be derived therefrom, are set out below:

This category relates to general transactions ("**General Transactions**") in connection with the provision to, or the obtaining from, Mandated Interested Persons of products and services in the normal course of business of the EAR Group or which are necessary for the day-to-day operations of the EAR Group comprising the following:

a) the provision or obtaining of leases or subleases of office space, warehouses, passenger cars and land;

b) the obtaining of insurance and insurance-related services;

c) purchases of beer, spirits, water, soda and other products;

d) the provision or obtaining of office and storage supplies;

e) the provision or obtaining of property-linked services (such as property marketing, property and rental valuation services, building maintenance services and security services);

f) the provision of property development and project management services;

g) the provision of asset management strategies, such as advising on repositioning, asset enhancement or leasing matters;

h) the provision of operation, maintenance, management and marketing services for properties;

i) the provision or obtaining of information technology, legal, compliance and trade mark management, corporate secretarial, human resource, tax, treasury and internal audit services; and

j) the provision or obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (a) to (i) above.

The EAR Group will benefit from having access to competitive quotes from the Mandated Interested Persons in addition to obtaining quotes from, or transacting with, non-Interested Persons.

Vacaron is a joint venture between FCL Centrepoint and F&NHB each holding 50% of the issued share capital in Vacaron. Transactions undertaken pursuant to this joint venture (the "**Vacaron Joint Venture Transactions**") comprise the following transactions for the provision of financial resources by the EAR Group to Vacaron:

(i) the capitalization of loans extended to Vacaron;

(ii) the extension of loans to Vacaron;

(iii) the subscription of securities in Vacaron; and

(iv) the provision of guarantees or letters of comfort to entities including banks and financial institutions that provide loans to Vacaron.

The value of financial resources provided to Vacaron by FCL Centrepoint and F&NHB pursuant to the transactions described in sub-paragraphs (i) to (iv) above shall be in such amounts as are in proportion to FCL Centrepoint and F&NHB's respective equity interest in Vacaron and will be made on identical terms and conditions (including terms relating to repayments and set-offs).

Financial resources provided to, or obtained by, Vacaron from FCL Centrepoint and F&NHB may be used for various purposes, including, for working capital, for investment in marketing and promotion, for investment in equipment and for financing its acquisition activities. Due to the potentially time-sensitive nature of these activities, it is often critical that Vacaron obtain funds in the shortest possible time.

***Rationale for, and Benefits of, the Shareholders' Mandate***

The Shareholders' Mandate and its subsequent renewal on an annual basis would eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential interested person transactions with a specific class of Mandated Interested Persons arise, thereby reducing substantially administrative time and expenses in convening such meetings, without compromising the corporate objectives and adversely affecting the business opportunities available to us.

The Shareholders' Mandate is intended to facilitate transactions in the normal course of our business which are transacted from time to time with the specified classes of Mandated Interested Persons, provided that they are carried out on our normal commercial terms and are not prejudicial to our Company and our minority Shareholders.

In accordance with the requirements of Chapter 9 of the Listing Manual, we will (a) disclose in our Company's annual report the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the Shareholders' Mandate during the financial year (as well as in the annual reports for subsequent financial years that the Shareholders' Mandate continues to be in force); and (b) announce the aggregate value of transactions conducted with Mandated Interested Persons pursuant to the Shareholders' Mandate for the financial periods that it is required to report on pursuant to Rule 705 of the Listing Manual (which relates to quarterly reporting by listed companies) within the time required for the announcement of such report.

***Review Procedures for Mandated Transactions with Mandated Interested Persons***

We will have an internal control system in place to ensure that Mandated Transactions with the Mandated Interested Persons are made on normal commercial terms, supported by independent valuation where appropriate, and consistent with our Group's usual policies and practices.

(a) In general, there are procedures established by the EAR Group to ensure that General Transactions with Mandated Interested Persons are undertaken on an arm's length basis and on normal commercial terms consistent with the EAR Group's usual business practices and policies, which are generally no more favourable to the Mandated Interested Persons than those extended to unrelated third parties.

In particular, the following review procedures have been put in place.

(i) *Provision of Services or Sale of Products to Mandated Interested Persons*

The review procedures are:

a) all contracts entered into or transactions with Mandated Interested Persons are to be carried out at the prevailing market rates or prices of the service or product providers, on terms which are no more favourable to the Mandated Interested Persons than the usual commercial terms extended to unrelated third parties (including, where applicable, preferential rates/prices/discounts accorded to corporate customers or for bulk purchases) or otherwise in accordance with applicable industry norms; and

b) where the prevailing market rates or prices are not available due to the nature of service to be provided or the product to be sold, the EAR Group's pricing for such services to be provided or products to be sold to Mandated Interested Persons is determined in accordance with the EAR Group's usual business practices and pricing policies, consistent with the usual margin to be obtained by the EAR Group for the same or substantially similar type of contract or transaction with unrelated third parties. In determining the transaction price payable by the Mandated Interested Persons for such services or products, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account; and

(ii) *Obtaining of Services or Purchasing of Products to Mandated Interested Persons*

The review procedures are:

a) all contracts entered into or transactions with Mandated Interested Persons are to be carried out by obtaining quotations at the prevailing market rates or prices of the service or product providers, on terms which are no less favourable than those extended by the Mandated Interested Person to third parties. Further, quotations shall be obtained (wherever possible or available) from at least two other unrelated third party suppliers for similar quantities and/or quality of services or products, prior to the entry into the contract or transaction with the Mandated Interested Person, as a basis for comparison to determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable and comparable to those offered by other unrelated third parties for the same or substantially similar type of services or products. In determining whether the price and terms offered by the Mandated Interested Person are fair and reasonable, factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, and where applicable, preferential rates, rebates or discounts accorded for bulk purchases, will also be taken into account; and

b) in the event that such competitive quotations cannot be obtained (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), the senior management staff of the relevant entity in the EAR Group (with no interest, direct or indirect in the transaction), will determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable, having regard to the costs and benefits of entering into the transactions.

As part of the review procedure established by the EAR Group in respect of the Vacaron Joint Venture Transactions, all Vacaron Joint Venture Transactions shall be conditional upon FCL Centrepoint providing financial resources to Vacaron in an amount which is proportionate to its equity interest in Vacaron and will be made on identical terms and conditions (including terms to repayments and set-offs) to those entered into by the EAR Group.

(b) In addition to the above review procedures, the following review and approval procedures will apply to the Mandated Transactions:

(i) Transactions equal to or exceeding \$100,000 but below the Financial Limit (as defined below) each in value, will be reviewed and approved by our Chief Executive Officer for the time being of our Company or such other senior executive(s) of our Company designated by the Audit Committee from time to time for such purpose, and tabled for review by the Audit Committee on a quarterly basis.

(ii) Transactions equal to or exceeding the Financial Limit each in value will be reviewed and approved by the Audit Committee.

(iii) Where the value of a transaction, when aggregated with previous transactions of the same kind in any particular financial year, is equals to or exceeds the Financial Limit, such transaction, and all future transactions of the same kind in that particular financial year will be reviewed and approved by the Audit Committee.

(iv) Our Chief Executive Officer or other senior executive(s) of our Company designated by the Audit Committee from time to time for such purpose, and the Audit Committee, may, as he/it deems fit, request for additional information pertaining to the transaction under review from independent sources or advisers, including the obtaining of valuations from independent professional valuers.

For the purposes of sub-paragraphs (i), (ii) and (iii) above, the Financial Limit shall be the amount equivalent to 5% of our Company's audited consolidated net tangible assets for the time being, as determined by reference to our Company's latest announced audited consolidated financial statements.

(c) The following will apply to the review and approval process for all categories of Mandated Transactions:

(i) If our Chief Executive Officer has an interest in the transaction or is a nominee for the time being of the Mandated Interested Person, the review and approval process shall be undertaken by such other senior executive of our Company designated by the Audit Committee from time to time for such purpose.

(ii) If our Chief Executive Officer and such other senior executive have an interest in the transaction or are nominees for the time being of the Mandated Interested Person, the review and approval process shall be undertaken by the Chairman of the Audit Committee or another member of the Audit Committee (who is not a nominee of the Mandated Interested Person and has no interest in the transaction) designated by the Chairman of the Audit Committee from time to time for such purpose.

(iii) If a member of the Audit Committee has an interest in a transaction or is a nominee for the time being of the Mandated Interested Person, he shall abstain from participating in the review and approval process of the Audit Committee in relation to that transaction.

(iv) If a member of the Audit Committee (who is not a nominee of the Mandated Interested Person and has no interest in the transaction) also serves as an independent non-executive director on the board of directors or (as the case may be) an audit or other board committee of the Mandated Interested Person, and he participates in the review and approval process of the Audit Committee in relation to a transaction with that Mandated Interested Person, he will abstain from participating on any decision before the board or committee of that Mandated Interested Person with respect to such transaction.

(d) We will maintain a register of Mandated Transactions carried out with Mandated Interested Persons (recording the basis, including the quotations obtained to support such basis, on which they are entered into), and our Company's annual internal audit plan will incorporate a review of all Mandated Transactions entered into in the relevant financial year pursuant to the Shareholders' Mandate.

The Audit Committee will review the internal audit reports on Mandated Transactions to ascertain that the guidelines and review procedures for Mandated Transactions have been complied with.

If during any of the reviews by the Audit Committee, the Audit Committee is of the view that the guidelines and review procedures for Mandated Transactions have become inappropriate or insufficient in the event of changes to the nature of, or manner in which, the business activities of our Group or the Mandated Interested Persons are conducted, we will revert to Shareholders for a fresh general mandate based on new guidelines and review procedures so that Mandated Transactions will be carried out at arm's length, on commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders.

***Review of Non-Mandated Interested Person Transactions and Review by Audit Committee***

All other existing and future interested person transactions not subject to the Shareholders' Mandate will be reviewed and approved in accordance with the threshold limits as set out in "— General Mandate for Interested Person Transactions" above, to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of our Company and our minority Shareholders. In the event that such interested person transactions require the approval of our Board of Directors and our Audit Committee, relevant information will be submitted to our Board of Directors and our Audit Committee for review. In the event that such interested person transactions require the approval of our Shareholders, additional information may be required to be presented to Shareholders and an independent financial adviser may be appointed for an opinion.

Our Audit Committee will also review all interested person transactions to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual) are complied with.

***Opinion of the Independent Financial Adviser***

PricewaterhouseCoopers Corporate Finance Pte Ltd has been appointed as our independent financial adviser pursuant to Rule 920(1)(b)(v) of the Listing Manual, to opine on whether the methods and review procedures, as set out above, are sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders.

Based on the analysis undertaken and subject to the qualification and assumptions made in the letter from PricewaterhouseCoopers Corporate Finance Pte Ltd set out in Appendix H, PricewaterhouseCoopers Corporate Finance Pte Ltd is of the opinion that the methods and review procedures, if adhered to, are sufficient to ensure that the Mandated Transactions carried out thereunder will be on normal commercial terms, and will not be prejudicial to the interests of our Company and our minority Shareholders. Please refer to Appendix H for more details.

**Conflicts of Interests**

**TCC Group**

TCC Assets Limited is controlled by Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, our Non-Executive Directors and ultimate controlling shareholders. The TCC Group invests in and develops a wide range of real estate projects globally, including hotels, office towers, retail centres, residences, serviced apartments, convention centres, golf courses and resorts. As a result, there may be circumstances where the businesses and investments of TCC Group may overlap directly or indirectly with our Company's business focus and/or geographic focus.

To mitigate any potential conflicts of interests described above, Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi has granted our Company the following:

(a) a ROFR over any opportunity whether by way of sale, investment or otherwise, in relation to:

  (i) any completed income-producing residential, retail, office, business space and mixed use properties, hotels and serviced apartments located anywhere in the world except Thailand; and

  (ii) any development of residential, retail, office, business space or mixed-use properties located anywhere in the world except Thailand, and the management of hotels and serviced apartments located anywhere in the world except Thailand,

  ((i) and (ii) being the "**Restricted Businesses**")

  referred to and/or made available to the TCC Group from or through any third party sources, provided that if our Company does not enter into a binding commitment for the completion of the transaction or such transaction is aborted, the TCC Group shall be free to pursue the opportunity with the third party on such terms and conditions as it may deem fit; and

(b) a RTP in any bidding process in relation to any opportunity whether by way of sale, investment or otherwise, in respect of any Restricted Businesses, called by the TCC Group.

The ROFR and the RTP shall commence on the date of the Listing and be effective for so long as (a) the TCC Group remains a controlling shareholder of our Company; and (b) our Company is listed on the Main Board of the SGX-ST. For the avoidance of doubt, the ROFR and the RTP do not apply in relation to any projects or assets located within Thailand and our Company and the TCC Group shall be at liberty to pursue projects and assets in Thailand separately or through joint ventures.

Our Group has jointly developed a condominium project in Thailand with a joint venture partner. The joint venture also owns approximately 269,100 sqf of land in Thailand which may be developed into subsequent phases of the condominium project. Other than the above, our Group's other business presence in Thailand is the management of Fraser Suites Sukhumvit, Bangkok. As such, our Company does not currently have a material business presence in Thailand while the TCC Group has substantial business interest and operations in Thailand. As such, there is no material competition between the Company and the TCC Group in Thailand at present. While the ROFR and the RTP do not apply in relation to any projects or assets located within Thailand, our Company and the TCC Group shall be at liberty to pursue projects and assets in Thailand separately or through joint ventures.

It is intended that in the event that our Company and the TCC Group are interested in the same opportunity in Thailand, we will seek to enter into a joint venture with the TCC Group to pursue such opportunity.

**Univentures Group**

Mr Panote Sirivadhanabhakdi, our Non-Executive Director, and Mr Thapana Sirivadhanabhakdi are both sons of Mr Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, our Non-Executive Directors and ultimate controlling shareholders. Each of Mr Panote Sirivadhanabhakdi and Mr Thapana Sirivadhanabhakdi has a direct interest of 50.0% in Adelfos Company Limited, which holds 58.08% of the shares in Univentures Public Company Limited ("**Univentures**"), a company listed on the Stock Exchange of Thailand as at 30 June 2013. Mr Panote Sirivadhanabhakdi is an executive director and Mr Sithichai Chaikriangkrai is a non-executive director of Univentures. In addition, Mr Panote Sirivadhanabhakdi, Mr Chotiphat Bijananda and Mr Sithichai Chaikriangkrai (our Non-Executive Directors) are non-executive directors of Golden Land Property Development Public Company Limited ("**Golden Land**"), a company listed on the Stock Exchange of Thailand and a subsidiary of Univentures. Further, Mr Weerawong Chittmitrapap, our Non-Executive Independent Director, is an independent non-executive director of Golden Land.

The Univentures Group is involved in real estate and property development in Thailand, including hotels, office towers, residences, condominiums and serviced apartments. As a result, there may be circumstances where the businesses and investments of the Univentures Group may overlap directly or indirectly with our Company's business focus and/or geographic focus.

The Company does not currently have a material business presence in Thailand while the Univentures Group has substantial business interest and operations in Thailand. As such, there is no material competition between the Company and the Univentures Group at present.

**Fraser & Neave Holdings Bhd.**

Fraser & Neave Holdings Bhd. ("**F&NHB**") is a subsidiary of F&N listed on Bursa Malaysia Securities Bhd. F&NHB's core business is the manufacture and sale of soft drinks and dairy products. F&NHB also has a property business unit which was formed to unlock the value of land acquired by the Company. In this regard, F&NHB has entered into a joint venture agreement with our subsidiary, FCL Centrepoint Pte. Ltd., and Vacaron Company Sdn. Bhd. (a 50:50 joint venture between FCL Centrepoint Pte. Ltd. and F&NHB) to jointly carry on the development of a mixed development project in Petaling Jaya via Vacaron. See "— Present and On-going Interested Person Transactions – Joint Venture in Vacaron". F&NHB also holds land banks in Malaysia and Thailand which may be developed in future, as and when the opportunity arises.

Apart from the Petaling Jaya project, the Company does not currently engage in property development business in Malaysia and does not have a material business presence in Thailand. As such, there is no material competition between the Company and F&NHB at present.

**Chan Heng Wing**

Chan Heng Wing, our Non-Executive Independent Director, is also a non-executive director of Precious Treasure Pte. Ltd. and Precious Quay Pte. Ltd. which developed and operates Fullerton Hotel and the Fullerton Heritage respectively. Precious Treasure Pte. Ltd. and Precious Quay Pte. Ltd. are subsidiaries of Sino Land Company Limited, which is part of the Sino Group, one of the leading property developers in Hong Kong.

While Precious Treasure Pte. Ltd. and Precious Quay Pte. Ltd. developed and operates Fullerton Hotel and Fullerton Heritage, these are luxury hotels, which is not currently a business segment that our Group engages in. In addition, Mr Chan holds non-executive positions in Precious Treasure Pte. Ltd. and Precious Quay Pte. Ltd. and is not involved in their day to day management.

Mr Chan is also an independent non-executive director of Banyan Tree Holdings Limited, a leading international hospitality brand that manages and develops premium resorts, hotels, holiday homes and spas, which is a different business space catering to a different market segment from our hospitality business. Further, Mr Chan holds a non-executive position in Banyan Tree Holdings Limited and is not involved in its day to day management.

**Philip Eng Heng Nee**

Philip Eng Heng Nee, our Non-Executive and Independent Director, is also an independent non-executive director and chairman of the audit committee of NTUC Income which owns Eastpoint Mall, which is currently managed by our subsidiary, Frasers Centrepoint Property Management Services Pte Ltd. Mr Eng holds a non-executive position in NTUC Income and is not involved in its day to day management.

Mr Eng is also an independent non-executive director of our wholly-owned subsidiary, Frasers Centrepoint Asset Management Ltd, the REIT manager for FCT. Mr Eng holds a non-executive position in Frasers Centrepoint Asset Management Ltd and is not involved in its day to day management.

**Mitigation**

In addition to the ROFR and the RTP described above, any potential conflicts of interests will be mitigated as follows:

(i) under the Companies Act, every Director who is in any way, whether directly or indirectly, interested in a transaction or proposed transaction with our Company is required to disclose their interests as soon as practicable at a meeting of the Directors after the relevant facts have come to his knowledge. In addition, every Director who holds any office or possesses any property whereby whether directly or indirectly duties or interests might be created in conflict with his duties or interests as director shall declare at a meeting of the Director the fact and the nature, character and extent of the conflict. Upon such disclosure, such Directors will not participate in any proceedings of the Board, and shall in any event abstain from voting in respect of any such contract, arrangement, proposal, transaction or matter in which the conflict of interest arises, unless and until the Audit Committee has determined that no such conflict of interest exists. Each Director who is concurrently a director of F&N will abstain from participating in any FCL board proceedings involving the F&N Group. Each of the Directors relating to the TCC Group will abstain from participating in any FCL board proceedings in respect of any proposed joint venture with the TCC Group to pursue opportunities in Thailand, the ROFR or the RTP. Each of the Directors related to the Univentures Group will abstain from participating in any FCL board proceedings in relation to decisions involving any opportunities in Thailand or the Univentures Group. Philip Eng Heng Nee will abstain from participating in any FCL board proceedings involving NTUC Income and FCT;

(ii) the Audit Committee is required to examine the internal guidelines and procedures put in place by our Company to determine if such guidelines and procedures put in place are sufficient to ensure that interested person transactions are conducted on normal commercial terms and will not be prejudicial to our Company and the minority shareholders;

(iii) the Audit Committee will review any actual or potential conflicts of interest that may involve the Directors as disclosed by them to the Board and the exercise of the Directors' fiduciary duties in this respect. Upon disclosure of an actual or potential conflict of interest by a Director, the Audit Committee will consider whether a conflict of interest does in fact exist. A Director who is a member of the Audit Committee will not participate in any proceedings of the Audit Committee in relation to the review of a conflict of interest relating to him. The review will include an examination of the nature of the conflict and such relevant supporting data, as the Audit Committee may deem reasonably necessary. Where a conflict of interest does exist, the Audit Committee will resolve or propose, where appropriate, the relevant measures for the management of such conflicts;

(iv) upon the Listing, our Company will be subject to Chapter 9 of the Listing Manual in relation to interested person transactions. The objective of these rules is to ensure that our Company's interested person transactions do not prejudice the interests of its shareholders as a whole. These rules require our Company to make prompt announcements, disclosures in its annual report and/or seek our Company's shareholders' approval for certain material interested person transactions. The Audit Committee may also have to appoint independent financial advisers to review such interested person transactions and opine on whether such transactions are fair and reasonable to our Company, not prejudicial to its interests and the interests of its minority Shareholders. Under the Listing Manual, any shareholders' mandate made by our Company in respect of interested persons transactions is required to be renewed at each annual general meeting and disclosure must be made in our Company's annual report of the aggregate value of interested person transactions conducted pursuant to such mandate during each financial year, and in the annual reports for the subsequent years during which such mandate is in force. Our Company must also adopt a new mandate if for any reason the review policies and procedures under its current shareholders' mandate are inadequate; and

(v) the Directors owe fiduciary duties to our Company, including the duty to act in good faith and in our Company's best interests. In addition, a Director may only disclose information (not otherwise available to him) which he has obtained in his capacity as a director, when certain conditions stipulated in Section 158 of the Companies Act are met.

# CLEARANCE AND SETTLEMENT

## Introduction

A letter of eligibility has been obtained from the SGX-ST for the listing of and quotation for our issued Shares. For the purpose of trading on the SGX-ST, a board lot for our Shares will comprise 1,000 Shares.

Upon listing and quotation on the SGX-ST, our Shares will be cleared and settled under the electronic book-entry clearance and settlement system of CDP. All dealings in and transactions of our Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of securities accounts, as amended from time to time.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its account holders and facilitates the clearance and settlement of securities transactions between account holders through electronic book-entry changes in the Securities Accounts maintained by such account holders with CDP.

## Clearance and Settlement under the Depository System

The Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, Securities Accounts with CDP. Persons named as direct Securities Account holders and depository agents in the Depository Register maintained by CDP will be treated under the Companies Act and our Articles of Association, as our members in respect of the number of our Shares credited to their respective Securities Accounts.

Persons holding our Shares in a Securities Account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will not, however, be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be *prima facie* evidence of title and may be transferred in accordance with our Articles of Association. A fee of $10.00 for each withdrawal of 1,000 Shares or less and a fee of $25.00 for each withdrawal of more than 1,000 Shares will be payable to CDP upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of $2.00 (or such other amounts as our Directors may decide) will be payable to our Share Registrar for each share certificate issued, and stamp duty of $10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares, or $0.20 per $100.00 or part thereof of the last-transacted price where our Shares are withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on the SGX-ST must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective securities accounts credited with the number of our Shares deposited before they can effect the desired trades.

A fee of $10.00, subject to GST at the prevailing rate (currently 7.0 per cent), is payable to CDP upon the deposit of each instrument of transfer with CDP. Transactions in our Shares under the book-entry settlement system will be reflected by the seller's Securities Account being debited with the number of Shares sold and the buyer's Securities Account being credited with the number of Shares acquired and no transfer stamp duty is currently payable for the transfer of Shares that are settled on a book-entry basis.

## Clearing Fees

A clearing fee for the trading of Shares on the SGX-ST is payable at the rate of 0.04 per cent of the transaction value, subject to a maximum of $600 per transaction. The clearing fee, instruments of transfer deposit fees and share withdrawal fee may be subject to GST at the prevailing rate (currently 7.0 per cent).

Dealings in our Shares will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal “ready” basis on the SGX-ST generally takes place on the third Market Day following the transaction date. CDP holds securities on behalf of investors in Securities Accounts.

An investor may open a direct account with CDP or a sub-account with any CDP depository agent. A CDP depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

**Responsibility Statements**

1. Our Directors collectively and individually accept full responsibility for the accuracy of the information given in this Document and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Document constitutes full and true disclosure of all the material facts about the Introduction, our Company and our subsidiaries, and our Directors are not aware of any facts the omission of which would make any statement in this Document misleading. Where information in this Document has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Document in its proper form and context.

2. To the best of DBS Bank Ltd.'s knowledge and belief, this Document constitutes full and true disclosure of all the material facts about the Introduction, the Company and its subsidiaries, and DBS Bank Ltd. is not aware of any facts the omission of which would make a statement in this Document misleading in any material aspect as at the Latest Practicable Date. Where information has been extracted from published or publicly available sources or obtained from the Company, its subsidiaries or any of their advisors or agents, the sole responsibility of DBS Bank Ltd. has been to ensure that such information has been accurately and correctly extracted from such sources, or as the case may be, accurately reflected or reproduced in this Document in its proper form and context.

3. To the best of United Overseas Bank Limited's knowledge and belief, this Document constitutes full and true disclosure of all the material facts about the Introduction, the Company and its subsidiaries, and United Overseas Bank Limited is not aware of any facts the omission of which would make a statement in this Document misleading in any material aspect as at the Latest Practicable Date. Where information has been extracted from published or publicly available sources or obtained from the Company, its subsidiaries or any of their advisors or agents, the sole responsibility of United Overseas Bank Limited has been to ensure that such information has been accurately and correctly extracted from such sources, or as the case may be, accurately reflected or reproduced in this Document in its proper form and context.

4. To the best of Morgan Stanley Asia (Singapore) Pte.'s knowledge and belief, this Document constitutes full and true disclosure of all the material facts about the Introduction, the Company and its subsidiaries, and Morgan Stanley Asia (Singapore) Pte. is not aware of any facts the omission of which would make a statement in this Document misleading in any material aspect as at the Latest Practicable Date. Where information has been extracted from published or publicly available sources or obtained from the Company, its subsidiaries or any of their advisors or agents, the sole responsibility of Morgan Stanley Asia (Singapore) Pte. has been to ensure that such information has been accurately and correctly extracted from such sources, or as the case may be, accurately reflected or reproduced in this Document in its proper form and context.

**Statutory Matters**

Save as disclosed below, as at the date of this Document none of our Directors or Executive Officers or controlling Shareholders:

(a) has had, at any time, during the last ten years, an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;

(b) has had, at any time, during the last ten years, an application or a petition under any law of any jurisdiction filed against an entity, not being a partnership, of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;

(c) has any unsatisfied judgments against him;

(d) has been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings, including any pending criminal proceedings of which he is aware, for such purpose;

(e) has been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings, including any pending criminal proceedings of which he is aware, for such breach;

(f) has had, at any time during the last ten years, judgment entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or has been the subject of any civil proceedings, including any pending civil proceedings of which he is aware, involving an allegation of fraud, misrepresentation or dishonesty on his part;

(g) has been convicted, in Singapore or elsewhere, of any offence in connection with the formation or management of any entity or business trust;

(h) has been disqualified from acting as a director or an equivalent person of any entity, including the trustee of a business trust, or from taking part directly or indirectly in the management of any entity or business trust;

(i) has been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

(j) to his knowledge, has been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:

  (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

  (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

  (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

  (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

  in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; and

(k) has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the MAS or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

Our executive officers, Mr Choe Peng Sum and Mr Chia Khong Shoong are directors of our subsidiary, Beijing Fraser Suites Real Estate Management Co., Ltd ("**Beijing Fraser Suites**").

In December 2010, the Beijing Administration for Industry and Commerce made a written administrative penalty decision, under which Beijing Fraser Suites was determined to have carried out its serviced apartment business without the Special Trade Permit and Hygiene Permit since June 2008, exceeding its verified and registered business scope. The Beijing Administration for Industry and Commerce imposed a fine of RMB200,000 on Beijing Fraser Suites, ordered it to make rectifications and confiscated RMB8.36 million (amounting to the profits earned by Beijing Fraser Suites from short stays (i.e. less than 30 days) which was arrived at following discussions with the authority) in FY2011.

Beijing Fraser Suites had failed to apply for the Special Trade Permit and Hygiene Permit as, under the National Economic and Industry Category (国民经济行业分类), hotel business includes providing short-term accommodation for travelers and excludes monthly or annual house leasing, and since Beijing Fraser Suites generally does not provide short-term accommodation, Beijing Fraser Suites was of the view that the Special Trade Permit and the Hygiene Permit were not required.

If Beijing Fraser Suites continues to do business without the Special Trade Permit, the relevant authorities may impose administrative penalties, including but not limited to the suspension of its business, confiscation of illegal gains and the imposition of monetary penalties. Beijing Fraser Suites has since tried to apply for the Special Trade Permit but its application was rejected in April 2011 as the usage of the land held by Beijing Fraser Suites is stipulated as 'residential' land, while in practice, in Beijing, Special Trade Permits would only be granted if the usage of the land is stipulated as 'commercial' land. Beijing Fraser Suites has stopped accepting short stays.

Beijing Fraser Suites has obtained the Hygiene Permit, paid the fine of RMB200,000 and paid to the authority the sum of RMB8.36 million, and since then has not been contacted by the Beijing Administration for Industry and Commerce on this. Please see "Government Regulations — China — Laws and Regulations Relating to Hotel Operations" for further details.

**Material Contracts**

The dates of, parties to and general nature of the material contracts (not being contracts entered into in the ordinary course of business) (the "**Material Contracts**") entered into by our Company or any of our subsidiaries during the two years preceding the date of issue of this Document, and the amount of any consideration passing to or from our Company or any of our subsidiaries, as the case may be, under such contracts are as follows:

(i) the Shared Services Agreement. Please see the section "Interested Person Transactions and Conflicts of Interests — Present and On-going Interested Person Transactions — Shared Services Agreement" for further details;

(ii) the Trade Mark Assignment Agreement. Please see the section "Interested Person Transactions and Conflicts of Interests — Past Interested Person Transactions — Assignment of Trade Marks" for further details;

(iii) the Lease Agreements. Please see the section "Interested Person Transactions and Conflicts of Interests — Present and On-going Interested Person Transactions — Leases with Fraser & Neave (Singapore)" for further details;

(iv) the Loan Transfer Agreement. Please see the section "Interested Person Transactions and Conflicts of Interests — Past Interested Person Transactions — Loans from F&N Group" for further details; and

(v) the Deed of Right of First Refusal and Right to Participate. Please see the section "Interested Person Transactions and Conflicts of Interests — Conflicts of Interests" for further details.

**Significant Changes**

Save as disclosed in this Document, no event has occurred since 1 July 2013 to the Latest Practicable Date that may have a material effect on our financial position and results.

**Legal Proceedings**

We are not engaged in any litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on our financial position or profitability and the Directors of our Company have no knowledge of any proceedings pending, known to be contemplated or threatened by or against us or of any facts likely to give rise to any proceedings which may have, or which have had in the 12 months immediately preceding the date of this Document, a significant or material effect on our financial position, profitability and business.

**Miscellaneous**

(i) No public take-over offer by a third party in respect of our Shares or by us in respect of the shares of another corporation or the units of a business trust occurred between the beginning of the most recent completed financial year and the Latest Practicable Date.

(ii) We did not employ any expert named in this Document on a contingent basis or who has a material interest, direct or indirect, in our Shares or the shares of our subsidiaries, or has a material economic interest, direct or indirect, in our Company, including an interest in the success of the Introduction.

(iii) In the reasonable opinion of our Directors, DBS Bank Ltd., United Overseas Bank Limited and Morgan Stanley Asia (Singapore) Pte. do not have a material relationship with our Company save as below:

(a) DBS Bank Ltd. is the Sole Issue Manager;

(b) Each of DBS Bank Ltd. and United Overseas Bank Limited is one of our principal bankers;

(c) Charles Mak Ming Ying, one of our Directors, is currently an employee of an affiliate of Morgan Stanley Asia (Singapore) Pte. and a director of certain companies in the Morgan Stanley group. He is expected to retire from his full time role with the Morgan Stanley group by the end of November 2013, after which time he will remain involved with the Morgan Stanley group as a senior advisor to the investment banking division beginning in 2014; and

(d) Each of DBS Bank Ltd., United Overseas Bank Limited and Morgan Stanley Asia (Singapore) Pte., their subsidiaries, associated companies and/or affiliates may, in the ordinary course of business, extend credit facilities or engage in commercial banking, investment banking, private banking, securities trading, asset and funds management, research, insurance and/or advisory services with any member of our Group, their respective affiliates and/or our Shareholders, and may receive a fee in respect thereof. In addition, in the ordinary course of its business, they may at any time offer or provide services to or engage in any transactions (on its own account or otherwise) with any member of our Group, their respective affiliates, our Shareholders, or any other entity or person, and may receive a fee in respect thereof. This may include but is not limited to, holding long or short positions in securities issued by any member of our Group and their respective affiliates, and trading or otherwise effecting transactions, for its own account or the accounts of its customers, in debt or equity (or related derivative instruments) of any member of our Group and their respective affiliates.

(iv) In the reasonable opinion of our Directors, after taking into consideration our present cash position, cash generated from our operations and available banking facilities, the working capital available to our Group, as at the date of this Document, is sufficient for our present requirements.

(v) To the best of our Directors' knowledge, we are not in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect our financial position and results or business operations, or the investments of our Shareholders.

(vi) Allen & Gledhill LLP does not make, or purport to make, any statement in this Document or any statement upon which a statement in this Document is based and, to the maximum extent permitted by law, expressly disclaim and take no responsibility for any liability to any person which is based on, or arises out of, the statements, information or opinions in this Document.

(vii) Save for Frasers Suites Sydney Australia, Pano, Riverside Quarters, One Central Park, Frasers Suites Perth, Frasers Queens Riverside, Putney Hill, Chengdu Logistic Hub, Esparina, 8 Courtyards, Seastrands, Boathouse, Watertown, Twin Fountains, Twin Waterfalls, Eco, Quarry Bay, Changi City and the Fernvale Close site none of the properties owned by our Group are encumbered.

These encumbrances are mortgages and are given in respect of financing arrangements which have been obtained for the relevant properties.

**Consents**

DBS Bank Ltd., the Sole Issue Manager, has given and has not withdrawn its written consent to the issue of this Document with the inclusion herein of its name and all reference thereto in the form and context in which it is included in this Document, and to act in such capacity in relation to this Document.

Ernst & Young LLP, Public Accountants and Chartered Accountants, the Independent Auditor, has given and has not withdrawn its written consent to the issue of this Document with the inclusion herein of:

- its name and all references thereto;
- its Independent Report from the Auditor in Relation to the Audited Financial Statements of Frasers Centrepoint Limited and its Subsidiaries for the Financial Year ended 30 September 2010, 2011 and 2012;
- its Independent Report from the Auditor in Relation to the Audited Interim Financial Statements of Frasers Centrepoint Limited and its Subsidiaries for the nine-month Period ended 30 June 2013; and
- its Independent Auditor's Report on the Compilation of Unaudited Pro Forma Financial Information,

in the form and context in which they are included in this Document, and to act in such capacity in relation to this Document. The above reports were prepared for the purpose of incorporation in this Document.

PricewaterhouseCoopers Corporate Finance Pte Ltd, named as our independent financial adviser, has given and has not withdrawn its written consent to the issue of this Document with the inclusion herein of its name and all references thereto and the letter dated 28 October 2013 from PricewaterhouseCoopers Corporate Finance Pte Ltd to the Independent Directors, in the form and context in which they are included in this Document, and to act in such capacity in relation to this Document. That letter was prepared for the purpose of incorporation in this Document and has been included as Appendix I to this Document.

Each of Asian Appraisal Company, Inc., CBRE Pte. Ltd., CBRE Valuations Pty Limited, CBRE Valuations Pty Limited, Colliers International Consultancy and Valuation Pty Limited, D&A Co. Limited (trading as Colliers International (Vietnam)) , CKS Property Consultants Pte Ltd, DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd, Knight Frank Pte Ltd, Savills Valuation and Professional Services Limited, KJPP Rengganis, Hamid & Rekan and Savills Advisory Services Limited, named as independent valuers, has given and has not withdrawn its written consent to the issue of this Document with the inclusion herein of its name and all references thereto and the valuation date, valuation and valuation methodology of the relevant properties set out against its name in Appendix G to this Document, in the form and context in which they are included in this Document, and to act in such capacity in relation to this Document. The valuations were prepared for the purpose of incorporation in this Document.

Zhong Lun Law Firm, Level 10 and 11, Two IFC, No. 8 Century Avenue, Pudong New Area, Shanghai 200120, China, named as our China counsels, has given and has not withdrawn its written consent to the issue of this Document with the inclusion herein of its name and all references thereto and the statements attributed to them in the sections "Risk Factors — Risks Relating to Our Group's Business — Our Group is subject to significant government regulation in the countries where we operate" and "Risk Factors — Risks Relating to Our Group's Business — Our Group is subject to the risk of expropriation of our properties in the countries where we operate", in the form and context in which they are included in this Document, and to act in such capacity in relation to this Document.

**Documents Available For Inspection**

The following documents or copies thereof may be inspected at our registered office at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958 during normal business hours for a period of six months from the date of the issue of this Document.

(i) our Memorandum and Articles of Association;

(ii) the Material Contracts;

(iii) the audited financial statements (including all notes, reports or information relating thereto which are required to be prepared under the Companies Act, where applicable) of our Subsidiaries (being entities which have audited financial statements) for each of the financial years ended 2010, 2011 and 2012;

(iv) the unaudited interim consolidated financial statement of our Group for the nine month period ended 30 June 2012 and audited interim consolidated financial statement of our Group for the nine month period ended 30 June 2013;

(v) the unaudited Pro Forma Financial Statements of our Group for the nine month period ended 30 June 2013 and the financial year ended 30 September 2012;

(vi) the reports by the Independent Auditors referred to in "— Consents";

(vii) the letters of consent referred to in this Document;

(viii) the rules of the FCL Performance Share Plan and FCL Restricted Share Plan;

(ix) the letter dated 28 October 2013 from PricewaterhouseCoopers Corporate Finance Pte Ltd to the Independent Directors; and

(x) the respective valuation reports and/or valuation certificates of the properties set out in Appendix G of this Document.

# SUMMARY OF SELECTED ARTICLES OF ASSOCIATION OF OUR COMPANY

The following summarises certain provisions of our Articles of Association relating to:

(i) power of a Director to vote on a proposal, arrangement or contract in which he is interested:

*Article 102*

*A Director shall not vote in respect of any contract or arrangement or any other proposal whatsoever in which he has any personal material interest, directly or indirectly. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.*

(ii) the remuneration of our Directors:

*Article 79*

*The ordinary remuneration of the Directors shall from time to time be determined by an Ordinary Resolution of our Company, shall not be increased except pursuant to an Ordinary Resolution passed at a General Meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such remuneration is payable shall be entitled only to rank in such division for a proportion of remuneration related to the period during which he has held office.*

*Article 80*

*(A) Any Director who holds any executive office, or who serves on any committee of the Directors, or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, commission or otherwise as the Directors may determine.*

*(B) The remuneration (including any remuneration under Article 80(A) above) in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or a percentage of turnover.*

*Article 82*

*The Directors shall have power to pay and agree to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits to contribute to any scheme or fund or to pay premiums.*

*Article 83*

*A Director may be party to or in any way interested in any contract or arrangement or transaction to which our Company is a party or in which our Company is in any way interested and he may hold and be remunerated in respect of any office or place of profit (other than the office of Auditor of our Company or any subsidiary thereof) under our Company or any other company in which our Company is in any way interested and he (or any firm of which he is a member) may act in a professional capacity for our Company or any such other company and be remunerated therefor and in any such case as aforesaid (save as otherwise agreed) he may retain for his own absolute use and benefit all profits and advantages accruing to him thereunder or in consequence thereof.*

*Article 88*

*The remuneration of a Chief Executive Officer (or person holding an equivalent position) shall from time to time be fixed by the Directors and may subject to these Articles be by way of salary or commission or participation in profits or by any or all these modes but he shall not under any circumstances be remunerated by a commission on or a percentage of turnover.*

*Article 98(D)*

*An Alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements or transactions and to be repaid expenses and to be indemnified to the same extent mutatis mutandis as if he were a Director but he shall not be entitled to receive from our Company in respect of his appointment as Alternate Director any remuneration except only such part (if any) of the remuneration otherwise payable to his principal as such principal may by notice in writing to our Company from time to time direct.*

There are no specific provisions in our Articles of Association relating to a Director's power to vote on remuneration (including pension or other benefits) for himself or for any other Director, and whether the quorum at a meeting of our Board of Directors to vote on Directors' remuneration may include the Director whose remuneration is the subject of the vote.

(iii) the borrowing powers exercisable by our Directors:

*Article 109*

*Subject as hereinafter provided and to the provisions of the Statutes, the Directors may exercise all the powers of our Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.*

Article 109, like any other provision in our Articles of Association, may be amended by a special resolution of our shareholders.

(iv) the retirement or non-retirement of a Director under an age limit requirement:

There are no specific provisions in our Articles of Association relating to the retirement or non-retirement of a Director under an age limit requirement. Section 153(1) of the Companies Act however, provides that no person of or over the age of 70 years shall be appointed a director of a public company, unless he is appointed or re-appointed as a director of our Company or authorised to continue in office as a Director of our Company by way of an ordinary resolution passed at an annual general meeting of our Company.

(v) the shareholding qualification of a Director:

*Article 78*

*A Director shall not be required to hold any shares of our Company by way of qualification. A Director who is not a member of our Company shall nevertheless be entitled to attend and speak at General Meetings.*

(vi) the rights, preferences and restrictions attaching to each class of shares:

*Article 51*

*Any General Meeting at which it is proposed to pass a Special Resolution or (save as provided by the Statutes) a resolution of which special notice has been given to our Company, shall be called by 21 days' notice in writing at the least and an Annual General Meeting and any other Extraordinary General Meeting by 14 days' notice in writing at the least. The period of notice shall in each case be exclusive of the day on which it is served or deemed to be served and of the day on which the meeting is to be held and shall be given in the manner hereinafter mentioned to all members other than such as are not under the provisions of these Articles and the Act entitled to receive such notices from our Company; Provided that a General Meeting notwithstanding that it has been called by a shorter notice than that specified above shall be deemed to have been duly called if it is so agreed:*

*(a) in the case of an Annual General Meeting by all the members entitled to attend and vote thereat; and*

*(b) in the case of an Extraordinary General Meeting by a majority in number of the members having a right to attend and vote thereat, being a majority together holding not less than 95 per cent of the total voting rights of all the members having a right to vote at that meeting,*

*Provided also that the accidental omission to give notice to or the non receipt of notice by any person entitled thereto shall not invalidate the proceedings at any General Meeting. So long as the shares in our Company are listed on any Stock Exchange, at least 14 days' notice of any General Meeting shall be given by advertisement in the daily press and in writing to the Singapore Exchange Securities Trading Limited.*

*Article 65*

*Subject and without prejudice to any special privileges or restrictions as to voting for the time being attached to any special class of shares for the time being forming part of the capital of our Company and to Article 5, each member entitled to vote may vote in person or by proxy. On a show of hands, every member who is present in person or by proxy shall have one vote (provided that in the case of a member who is represented by two proxies, only one of the two proxies as determined by that member or, failing such determination, by the Chairman of the meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands) and on a poll, every member who is present in person or by proxy shall have one vote for every share which he holds or represents. For the purpose of determining the number of votes which a member, being a Depositor, or his proxy may cast at any General Meeting on a poll, the reference to shares held or represented shall, in relation to shares of that Depositor, be the number of shares entered against his name in the Depository Register as at 48 hours before the time of the relevant General Meeting as certified by the Depository to our Company.*

*Article 123*

*Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:*

*(a) all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*

*(b) all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.*

*For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.*

*Article 147*

*If our Company shall be wound up (whether the liquidation is voluntary, under supervision, or by the court) the Liquidator may, with the authority of a Special Resolution, divide among the members in specie or kind the whole or any part of the assets of our Company and whether or not the assets shall consist of property of one kind or shall consist of properties of different kinds, and may for such purpose set such value as he deems fair upon any one or more class or classes of property and may determine how such division shall be carried out as between the members of different classes of members. The Liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the Liquidator with the like authority shall think fit, and the liquidation of our Company may be closed and our Company dissolved, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.*

(vii) any change in capital:

*Article 3*

*Subject to the Statutes and these Articles, no shares may be issued by the Directors without the prior approval of our Company in General Meeting but subject thereto and to Article 8, and to any special rights attached to any shares for the time being issued, the Directors may allot and issue shares or grant options over or otherwise dispose of the same to such persons on such terms and conditions and for such consideration and at such time and subject or not to the payment of any part of the amount thereof in cash as the Directors may think fit, and any shares may be issued with such preferential, deferred, qualified or special rights, privileges or conditions as the Directors may think fit, and preference shares may be issued which are or at the option of our Company are liable to be redeemed, the terms and manner of redemption being determined by the Directors, Provided always that:*

*(a) (subject to any direction to the contrary that may be given by our Company in General Meeting) any issue of shares for cash to members holding shares of any class shall be offered to such members in proportion as nearly as may be to the number of shares of such class then held by them and the provisions of the second sentence of Article 8(A) with such adaptations as are necessary shall apply; and*

*(b) any other issue of shares, the aggregate of which would exceed the limits referred to in Article 8(B), shall be subject to the approval of our Company in General Meeting.*

*Article 8*

*(A) Subject to any direction to the contrary that may be given by our Company in General Meeting or except as permitted under the listing rules of the Singapore Exchange Securities Trading Limited, all new shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from our Company of General Meetings in proportion, as far as the circumstances admit, to the number of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares offered, the Directors may dispose of those shares in such manner as they think most beneficial to our Company. The Directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to shares held by persons entitled to an offer of new shares) cannot, in the opinion of the Directors, be conveniently offered under this Article 8(A).*

*(B) Notwithstanding Article 8(A), our Company may by Ordinary Resolution in General Meeting give to the Directors a general authority, either unconditionally or subject to such conditions as may be specified in the Ordinary Resolution, to:*

*(a) (i) issue shares in the capital of our Company ("shares") 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 shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares; and*

*(b) (notwithstanding the authority conferred by the Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the Ordinary Resolution was in force,*

*provided that:*

*(1) the aggregate number of shares to be issued pursuant to the Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to the Ordinary Resolution) shall be subject to such limits and manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited;*

*(2) in exercising the authority conferred by the Ordinary Resolution, our Company shall comply with the provisions of the listing rules of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance is waived by the Singapore Exchange Securities Trading Limited) and these Articles; and*

*(3) (unless revoked or varied by our Company in General Meeting) the authority conferred by the Ordinary Resolution shall not continue in force beyond the conclusion of the Annual General Meeting of our Company next following the passing of the Ordinary Resolution, or the date by which such Annual General Meeting of our Company is required by law to be held, or the expiration of such other period as may be prescribed by the Statutes (whichever is the earliest).*

*(C) Except so far as otherwise provided by the conditions of issue or by these Articles, all new shares shall be subject to the provisions of the Statutes and of these Articles with reference to allotment, payment of calls, lien, transfer, transmission, forfeiture and otherwise.*

*Article 9*

*Our Company may by Ordinary Resolution:*

- *consolidate and divide all or any of its shares;*
- *sub-divide its shares, or any of them (subject, nevertheless, to the provisions of the Statutes), and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may, as compared with the others, have any such preferred, deferred or other special rights, or be subject to any such restrictions, as our Company has power to attach to new shares; and*
- *subject to the provisions of the Statutes, convert any class of shares into any other class of shares.*

*Article 10*

*(A) Our Company may reduce its share capital or any undistributable reserve in any manner and with and subject to any incident authorised and consent required by law. Without prejudice to the generality of the foregoing, upon cancellation of any share purchased or otherwise acquired by our Company pursuant to these Articles, the number of issued shares of our Company shall be diminished by the number of the shares so cancelled, and, where any such cancelled share was purchased or acquired out of the capital of our Company, the amount of share capital of our Company shall be reduced accordingly.*

*(B) Our Company may, subject to and in accordance with the Act, purchase or otherwise acquire its issued shares on such terms and in such manner as our Company may from time to time think fit. If required by the Act, any share which is so purchased or acquired by our Company shall, unless held in treasury in accordance with the Act, be deemed to be cancelled immediately on purchase or acquisition by our Company. On the cancellation of any share as aforesaid, the rights and privileges attached to that share shall expire. In any other instance, our Company may hold or deal with any such share which is so purchased or acquired by it in such manner as may be permitted by, and in accordance with, the Act.*

(viii) any change in the respective rights of the various classes of shares including the action necessary to change the rights, indicating where the conditions are different from those required by the applicable law:

*Article 6*

*Whenever the share capital of our Company is divided into different classes of shares, subject to the provisions of the Statutes, preference capital, other than redeemable preference capital, may be repaid and the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three quarters of the issued shares of the class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of the class (but not otherwise) and may be so repaid, varied or abrogated either whilst our Company is a going concern or during or in contemplation of a winding-up. To every such separate General Meeting all the provisions of these Articles relating to General Meetings of our Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the issued shares of the class and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, Provided always that where the necessary majority for such a Special Resolution is not obtained at such General Meeting, consent in writing if obtained from the holders of three-quarters of the issued shares of the class concerned within two months of such General Meeting shall be as valid and effectual as a Special Resolution carried at such General Meeting. The foregoing provisions of this Article shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied.*

*Article 7*

*The special rights attached to any class of shares having preferential rights shall not unless otherwise expressly provided by the terms of issue thereof be deemed to be varied by the issue of further shares ranking as regards participation in the profits or assets of our Company in some or all respects pari passu therewith but in no respect in priority thereto.*

The conditions prescribed by Articles 6 and 7 for variation of such rights are not different from those required under the Companies Act.

(ix) any dividend restriction, the date on which the entitlement to dividends arises, any procedure for our Shareholders to claim dividends, any time limit after which a dividend entitlement will lapse and an indication of the party in whose favour this entitlement then operates:

*Article 121*

*Our Company may by Ordinary Resolution declare dividends but no such dividend shall exceed the amount recommended by the Directors.*

*Article 122*

*If and so far as in the opinion of the Directors the profits of our Company justify such payments, the Directors may declare and pay the fixed dividends on any class of shares carrying a fixed dividend expressed to be payable on fixed dates on the half-yearly or other dates prescribed for the payment thereof and may also from time to time declare and pay interim dividends on shares of any class of such amounts and on such dates and in respect of such periods as they think fit.*

*Article 123*

*Subject to any rights or restrictions attached to any shares or class of shares and except as otherwise permitted under the Act:*

*(a) all dividends in respect of shares must be paid in proportion to the number of shares held by a member but where shares are partly paid all dividends must be apportioned and paid proportionately to the amounts paid or credited as paid on the partly paid shares; and*

(b) *all dividends must be apportioned and paid proportionately to the amounts so paid or credited as paid during any portion or portions of the period in respect of which the dividend is paid.*

*For the purposes of this Article, an amount paid or credited as paid on a share in advance of a call is to be ignored.*

*Article 124*

*No dividend shall be paid otherwise than out of profits available for distribution under the provisions of the Statutes.*

*Article 128*

*The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute our Company a trustee in respect thereof. All dividends and other moneys payable on or in respect of a share that are unclaimed after first becoming payable may be invested or otherwise made use of by the Directors for the benefit of our Company and any dividend or any such moneys unclaimed after a period of six years from the date they are first payable may be forfeited and if so shall revert to our Company but the Directors may at any time thereafter at their absolute discretion annul any such forfeiture and pay the moneys so forfeited to the person entitled thereto prior to the forfeiture. If the Depository returns any such dividend or moneys to our Company, the relevant Depositor shall not have any right or claim in respect of such dividend or moneys against our Company if a period of six years has elapsed from the date such dividend or other moneys are first payable.*

*Article 131*

*Any dividend or other moneys payable in cash on or in respect of a share may be paid by cheque or warrant sent through the post to the registered address appearing in the Register of Members or (as the case may be) the Depository Register of a member or person entitled thereto (or, if two or more persons are registered in the Register of Members or (as the case may be) entered in the Depository Register as joint holders of the share or are entitled thereto in consequence of the death or bankruptcy of the holder, to any one of such persons) or to such person at such address as such member or person or persons may by writing direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders or person or persons entitled to the share in consequence of the death or bankruptcy of the holder may direct and payment of the cheque or warrant by the banker upon whom it is drawn shall be a good discharge to our Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.*

*Article 134*

*Any resolution declaring a dividend on shares of any class, whether a resolution of our Company in General Meeting or a resolution of the Directors, may specify that the same shall be payable to the persons registered as the holders of such shares in the Register of Members or (as the case may be) the Depository Register at the close of business on a particular date and thereupon the dividend shall be payable to them in accordance with their respective holdings so registered, but without prejudice to the rights inter se in respect of such dividend of transferors and transferees of any such shares.*

# DESCRIPTION OF OUR SHARES

*The following statements are brief summaries of the more important rights and privileges of Shareholders conferred by the laws of Singapore and our Articles of Association. These statements summarise the material provisions of our Company's Articles of Association but are qualified in their entirety by reference to our Company's Articles of Association and the laws of Singapore. Please see the section "Summary of Selected Articles of Association of our Company" as set out in Appendix A to this Document.*

**Shares**

Our Shares, which have identical rights in all respects, rank equally with one another. Our Articles of Association provide that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges or conditions as our Board of Directors may think fit, and may issue preference shares which are, or at our option are, redeemable, subject to certain limitations.

As at the date of this Document, our issued and paid-up Share Capital is $1,083,976,920.36 comprising 1,083,291,782 Shares. All of our Shares are in registered form. We may, subject to the provisions of the Companies Act and the rules of the SGX-ST, purchase our own Shares. However, we may not, except in the circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

**New Shares**

We may only issue new Shares with the prior approval of our Shareholders in a general meeting.

**Shareholders**

We only recognise the persons who are registered in our register of members and, in cases in which the person so registered is CDP or its nominee, as the case may be, we recognise the persons named as the depositors in the depository register maintained by CDP for our Shares as holders of our Shares.

We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any of our Shares, or any interest in any fractional part of a Share, or other rights in respect of any Share, other than the absolute right thereto of the person whose name is entered in our register of members as the registered holder thereof, or of the person whose name is entered in the depository register maintained by CDP for that Share.

We may close our register of members at any time or times if we provide the SGX-ST with at least five clear Market Days' notice, or such other periods as may be prescribed by the SGX-ST. However, our register of members may not be closed for more than 30 days in aggregate in any calendar year. We typically close our register of members to determine Shareholders' entitlement to receive dividends and other distributions.

**Transfer of Shares**

There is no restriction on the transfer of fully paid-up Shares except where required by law or the listing rules of, or bye-laws and rules, governing any securities exchange upon which our Shares are listed or as provided in our Articles of Association. Our Board of Directors may in their discretion decline to register any transfer of Shares on which we have a lien and in the case of Shares not fully paid-up may refuse to register a transfer to a transferee of whom they do not approve. A Shareholder may transfer any Shares registered in its own name by means of a duly signed instrument of transfer in a form approved by any securities exchange upon which our Shares are listed or in any other form acceptable to our Directors. Our Board of Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. A Shareholder may transfer any Shares held through the SGX-ST book-entry settlement system by way of a book-entry transfer without the need for any instrument of transfer. We will replace lost or destroyed certificates for Shares provided that the applicant pays a fee which will not exceed $2, and furnishes such evidence and a letter of indemnity as our Board of Directors may require.

### General Meetings of our Shareholders

We are required to hold a general meeting of Shareholders every year and not more than 15 months after the holding of the last preceding annual general meeting. Our Board of Directors may convene an extraordinary general meeting whenever they think fit and it must do so upon the written request of Shareholders representing not less than 10.0% of the total voting rights of all Shareholders. In addition, two or more Shareholders holding not less than 10.0% of our total number of issued Shares may call a meeting of our Shareholders.

Unless otherwise required by law or by our Articles of Association, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including:

- voluntary winding up;
- amendments to our Memorandum of Association and our Articles of Association;
- a change of our corporate name; and
- a reduction in the share capital.

We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. For so long as our Shares are listed on the SGX-ST, at least 14 days' notice of any general meeting shall be given in writing to the SGX-ST and by advertisement in the daily press.

The notice must be given to every Shareholder who has supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

### Voting Rights

A Shareholder is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy need not be a Shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the depository register maintained by CDP as at 48 hours before the general meeting.

Except as otherwise provided in our Articles of Association, two or more Shareholders must be present in person or by proxy or attorney, representing one-third or more of our total issued Shares to constitute a quorum at any general meeting. Under our Articles of Association:

- on a show of hands, every Shareholder present in person or by proxy shall have one vote (provided that in the case of a Shareholder who is represented by two proxies, only one of the two proxies as determined by that Shareholder or, failing such determination, by the chairman of the meeting (or by a person authorised by the chairman of the meeting) in his sole discretion shall be entitled to vote on a show of hands); and
- on a poll, every Shareholder present in person or by proxy or attorney shall have one vote for each Share which he holds or represents.

A poll may be demanded in certain circumstances, including:

- by the chairman of the meeting;
- by not less than two Shareholders present in person or by proxy or attorney and entitled to vote at the meeting;
- by any Shareholder present in person or by proxy or attorney and representing not less than onetenth of the total voting rights of all Shareholders having the right to vote at the meeting; and

- by any Shareholder present in person or by proxy or attorney and holding not less than 10.0% of the total number of paid-up Shares (excluding treasury shares).

In the case of a tie vote, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a casting vote.

With effect from 1 August 2015, the SGX-ST Listing Manual requires all resolutions at general meeting to be voted by poll. Our Articles of Association provide that if so required by the rules of any stock exchange upon which shares in our Company may be listed, a resolution put to vote of all general meetings shall be conducted by poll.

**Limitations on Rights to Hold Shares**

Singapore law and our Articles of Association do not impose any limitations on the right of non-resident or foreign Shareholders to hold or exercise voting rights attached to our Shares.

**Dividends**

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. Our Board of Directors may also declare an interim dividend without the approval of our Shareholders.

We must pay all dividends out of our profit(s) available for distribution.

All dividends we pay are *pro rata* in amount to our Shareholders in proportion to the amount paid up or credited as paid on each Shareholder's Shares, unless the rights attaching to an issue of any share or class of shares provide otherwise.

Unless otherwise directed, dividends may be paid by a cheque or warrant sent through the post to each Shareholder at his registered address appearing in our register of members or (as the case may be) the depository register. However, our payment to CDP of any dividend payable to a Shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

**Bonus and Rights Issue**

Our Board of Directors may, with the approval from our Shareholders at a general meeting, capitalise any sums standing to the credit of any of our Company's reserve accounts or other undistributable reserve or any sum standing to the credit of profit and loss account and distribute the same as bonus Shares credited as paid-up to the Shareholders in proportion to their shareholdings.

Our Board of Directors may also issue bonus Shares to participants of any share incentive or option scheme or plan implemented by our Company and approved by our Shareholders in such manner and on such terms as our Board of Directors shall think fit.

Our Board of Directors may also issue rights to take up additional Shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any securities exchange upon which our Shares are listed.

**Take-overs**

The Singapore Code on Take-overs and Mergers, the Companies Act and the Securities and Futures Act regulate, among other things, the acquisition of ordinary shares of public companies incorporated in Singapore. Any person acquiring an interest, whether by a series of transactions over a period of time or not, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting Shares in our Company or, if such person holds, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of the voting Shares in our Company, and if he (or parties acting in concert with him) acquires additional voting Shares representing more than 1.0% of our voting Shares in any six-month period, must, except with the consent of the Securities Industry Council, extend a mandatory take-over offer for the remaining voting Shares in accordance with the provisions of the Singapore Code on Take-overs and Mergers.

"Parties acting in concert" comprise individuals or companies who, pursuant to an arrangement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other. They include:

- a company and its related companies, the associated companies of any of the company and its related companies, companies whose associated companies include any of these companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;
- a company and its directors (including their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);
- a company and its pension funds and employee share schemes;
- a person and any investment company, unit trust or other fund whose investment such person manages on a discretionary basis;
- a financial or other professional adviser, including a stockbroker, and its clients in respect of shares held by the adviser and persons controlling, controlled by or under the same control as the adviser and all the funds managed by the adviser on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10.0% or more of the client's equity share capital;
- directors of a company (including their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a *bona fide* offer for the company may be imminent;
- partners; and
- an individual and his close relatives, related trusts, any person who is accustomed to act in accordance with his instructions and companies controlled by the individual, his close relatives, his related trusts or any person who is accustomed to act in accordance with his instructions and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights.

Subject to certain exceptions, a mandatory take-over offer must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror during the offer period and within the six months preceding the acquisition of shares that triggered the mandatory offer obligation.

Under the Singapore Code on Take-overs and Mergers, where effective control of a public company incorporated in Singapore is acquired or combined by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the take-over offer must be given sufficient information, advice and time to consider and decide on the offer.

**Liquidation or Other Return of Capital**

If we are liquidated or in the event of any other return of capital, holders of our Shares will be entitled to participate in the distribution of any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares in our Company.

**Indemnity**

As permitted by Singapore law, our Articles of Association provide that, subject to the Companies Act, our Board of Directors and officers shall be entitled to be indemnified by us against any liability incurred in defending any proceedings, whether civil or criminal:

- which relate to anything done or omitted or alleged to have been done or omitted by them as an officer, director or employee; and

- in which judgment is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court.

We may not indemnify our Directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to us. However, we may purchase and maintain for our Directors and executive officers insurance against any such liability.

**Substantial Shareholdings**

Under the Securities and Futures Act, a person has a substantial shareholding in our Company if he has an interest (or interests) in one or more voting shares (excluding treasury shares) in our Company and the total votes attached to that share or those shares, is not less than 5.0% of the aggregate of the total votes attached to all voting shares (excluding treasury shares) in our Company.

The Securities and Futures Act requires our Substantial Shareholders, or if they cease to be our Substantial Shareholders, to give notice to us of particulars of the voting shares in our Company in which they have or had an interest (or interests) and the nature and extent of that interest or those interests, and of any change in the percentage level of their interest.

In addition, the deadline for a substantial Shareholder to make disclosure to our Company under the Securities and Futures Act is two Singapore business days after he becomes aware:

- that he is or (if he had ceased to be one) had been a substantial Shareholder;

- of any change in the percentage level in his interest; or

- that he had ceased to be a substantial Shareholder,

there being a conclusive presumption of a person being "aware" of a fact or occurrence at the time at which he would, if he had acted with reasonable diligence in the conduct of his affairs, have been aware.

Following the above, we will in turn announce or otherwise disseminate the information stated in the notice to the SGX-ST as soon as practicable and in any case, no later than the end of the Singapore business day following the day on which we received the notice.

"Percentage level", in relation to a Substantial Shareholder in our Company, means the percentage figure ascertained by expressing the total votes attached to all the voting shares in our Company in which the Substantial Shareholder has an interest (or interests) immediately before or (as the case may be) immediately after the relevant time as a percentage of the total votes attached to all the voting shares (excluding treasury shares) in our Company, and, if it is not a whole number, rounding that figure down to the next whole number.

While the definition of an "interest" in our voting shares for the purposes of substantial shareholder disclosure requirements under the Securities and Futures Act is similar to that under the Companies Act, the Securities and Futures Act provides that a person who has authority (whether formal or informal, or express or implied) to dispose of, or to exercise control over the disposal of, a voting share is regarded as having an interest in such share, even if such authority is, or is capable of being made, subject to restraint or restriction in respect of particular voting shares.

**Minority Rights**

Section 216 of the Companies Act protects the rights of minority shareholders of Singapore incorporated companies by giving the Singapore courts a general power to make any order, upon application by any of our Shareholders, as they think fit to remedy any of the following situations:

- if our affairs are being conducted or the powers of our Board of Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our Shareholders; or

- if we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our Shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, Singapore courts may:

- direct or prohibit any act or cancel or vary any transaction or resolution;

- regulate the conduct of our affairs in the future;

- authorise civil proceedings to be brought in our name, or on our behalf, by a person or persons and on such terms as the court may direct;

- direct us or some of our Shareholders to purchase a minority Shareholder's shares and, in the case of our purchase of Shares, a corresponding reduction of our share capital;

- direct that our Memorandum of Association and our Articles of Association be amended; and

- direct that we be wound up.

**Legal Framework**

The following statements are brief summaries of the laws of Singapore relating to the legal framework in Singapore and our Board of Directors, which are qualified in their entirety by reference to the laws of Singapore.

Singapore has a common law system based on a combination of case law and statutes. The Companies Act is the principal legislation governing companies incorporated under the laws of Singapore and provides for three main forms of corporate vehicles, being the company limited by shares, the company limited by guarantee and the unlimited company.

Companies are incorporated by filing with the Accounting and Corporate Regulatory Authority in Singapore certain electronic forms, including the constitutional documents which comprise its memorandum and articles of association.

The memorandum of association of a Singapore incorporated company may set out the specific objects and powers of the company, or may give the company full power to carry on or undertake any business activity. The articles of association generally contain provisions relating to share capital and variation of rights, transfers and transmissions of shares, meetings of shareholders, directors and directors' meetings, powers and duties of directors, accounts, dividends and reserves, capitalisation of profits, secretary, common seal, winding-up and indemnity of the officers of a company.

# TAXATION

The statements made herein regarding taxation are general in nature and based on certain aspects of the current tax laws of Singapore and administrative guidelines issued by the relevant authorities in force as at the date of this Document and are subject to any changes in such laws or administrative guidelines, or in the interpretation of these laws or guidelines, occurring after such date, which changes could be made on a retrospective basis. These laws and guidelines are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. The statements below are not to be regarded as advice on the tax position of any holder of our Shares or of any person acquiring, selling or otherwise dealing with our Shares or on any tax implications arising from the acquisition, sale or other dealings in respect of our Shares. The statements made herein do not purport to be a comprehensive or exhaustive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of our Shares and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules. Prospective Shareholders are advised to consult their own tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of our Shares. The statements below are based on the assumption that our Company is resident in Singapore for Singapore income tax purposes. It is emphasised that neither our Company nor any other persons involved in this Document accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of our Shares.

**Individual income tax**

An individual is a tax resident in Singapore in a year of assessment if, in the preceding year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore except for such temporary absences therefrom as may be reasonable and not inconsistent with a claim by such person to be tax resident in Singapore.

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore (or deemed as such). All foreign-sourced income received in Singapore on or after 1 January 2004 by a Singapore tax resident individual (except for income received through a partnership in Singapore) is exempt from Singapore income tax if the Comptroller of Income Tax in Singapore ("**Comptroller**") is satisfied that the tax exemption would be beneficial to the individual.

A Singapore tax resident individual is taxed at progressive rates ranging from 0% to 20%. Non-tax resident individuals, subject to certain exceptions and conditions, are subject to Singapore income tax on income accruing in or derived from Singapore (or deemed as such) at the rate of 20%.

**Corporate income tax**

A corporate taxpayer is regarded as resident in Singapore for Singapore tax purposes if the control and management of its business is exercised in Singapore.

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore (or deemed as such) and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore. Foreign-sourced income in the form of dividends, branch profits and service income received or deemed to be received in Singapore by Singapore tax resident companies on or after 1 June 2003 are exempt from tax if certain prescribed conditions are met, including the following:

(i) such income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received;

(ii) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied under the law of the territory from which the income is received on any gains or profits from any trade or business carried on by any company in that territory at that time is not less than 15%; and

(iii) the Comptroller is satisfied that the tax exemption would be beneficial to the person.

Certain concessions and clarifications have also been announced by the IRAS with respect to such conditions.

A non-tax resident corporate taxpayer is subject to income tax on income that is accrued in or derived from Singapore (or deemed as such), and on foreign-sourced income received or deemed received in Singapore, subject to certain exceptions.

The corporate tax rate in Singapore is 17% with effect from the year of assessment 2010. In addition, three-quarters of up to the first $10,000, and one-half of up to the next $290,000, of a company's chargeable income otherwise subject to normal taxation is exempt from corporate tax. The remaining chargeable income (after the tax exemption) will be fully taxable at the prevailing corporate tax rate. In addition, it was announced during the Singapore Budget 2013 that companies will receive a 30% corporate tax rebate for the years of assessment 2013, 2014 and 2015, subject to a cap of $30,000 per year of assessment. New companies will also, subject to certain conditions and exceptions, be eligible for full tax exemption on their normal chargeable income of up to $100,000 a year for each of the company's first three years of assessment.

**Dividend distributions**

With effect from 1 January 2008, all Singapore-tax resident companies are under the one-tier corporate tax system ("**one-tier system**").

Under the one-tier system, the tax on corporate profits is final and dividends paid by a Singapore-tax resident company are tax exempt in the hands of a shareholder, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

Dividends received in respect of our Shares by either a tax resident Shareholder or non-tax resident Shareholder are not subject to Singapore income tax, on the basis that our Company is a tax resident of Singapore and pursuant to the one-tier system.

**Gains on disposal of Shares**

Singapore does not impose tax on capital gains. There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature. Gains arising from the disposal of our Shares may be construed to be of an income nature and subject to Singapore income tax, especially if they arise from activities which the IRAS regards as the carrying on of a trade or business in Singapore.

Shareholders who apply, or who are required to apply, the Singapore Financial Reporting Standard 39 - Financial Instruments: Recognition and Measurement ("**FRS 39**") for the purposes of Singapore income tax may be required to recognise gains or losses (not being gains or losses in the nature of capital) in accordance with the provisions of FRS 39 (as modified by the applicable provisions of Singapore income tax law) even though no sale or disposal of our Shares is made.
Shareholders who may be subject to this tax treatment should consult their accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of our Shares.

**Stamp duty**

There is no stamp duty payable on the subscription for our Shares.

Where our Shares are acquired and an instrument of conveyance, assignment or transfer is required for purposes of the acquisition, stamp duty is payable on the instrument of conveyance, assignment or transfer at the rate of $0.20 for every $100 or part thereof of either the consideration for, or market value of, our Shares, whichever is higher.

Stamp duty is borne by the purchaser unless there is an agreement to the contrary. Where no instrument of conveyance, assignment or transfer is required, no stamp duty is payable on the acquisition of our Shares.

Stamp duty is not applicable to electronic transfers of our Shares through the scripless trading system operated by CDP where there is no instrument of conveyance, assignment or transfer required.

**Estate duty**

Singapore estate duty was abolished with respect to all deaths occurring on or after 15 February 2008.

**Goods and Services Tax ("GST")**

The sale of our Shares will not be subject to GST.

Services consisting of arranging, broking, underwriting or advising on the issue, allotment or transfer of ownership of our Shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor's purchase, sale or holding of our Shares should generally be subject to GST at the standard rate of 7%. Similar services rendered by a GST-registered person contractually to and for the direct benefit of an investor belonging outside Singapore should generally, subject to satisfaction of certain conditions, be subject to GST at 0%.

# AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FRASERS CENTREPOINT LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEARS ENDED 30 SEPTEMBER 2010, 2011 AND 2012 WITH THE INDEPENDENT AUDITOR'S REPORT THEREON

## Independent Report from the Auditor in Relation to the Audited Financial Statements of Frasers Centrepoint Limited and its Subsidiaries for the Financial Year ended 30 September 2010, 2011 and 2012

23 October 2013

The Board of Directors
Frasers Centrepoint Limited
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

Dear Sirs,

We have audited the accompanying consolidated financial statements of Frasers Centrepoint Limited (the "Company") and its subsidiaries (collectively, the "Group") which comprise the consolidated balance sheets of the Group as at 30 September 2010, 2011 and 2012, the profit statements, statements of comprehensive income, statements of changes in equity and statements of cash flow of the Group for each of the financial years ended 30 September 2010, 2011 and 2012, and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements of the Group are properly drawn up in accordance with Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group as at 30 September 2010, 2011 and 2012 and the results, changes in equity and cash flows of the Group for the years ended on those dates.

## Restriction on Distribution and Use

This Report has been prepared solely for inclusion in the introductory document of Frasers Centrepoint Limited, to be issued in connection with the proposed introduction of the Company's shares on the Singapore Exchange Securities Trading Limited.

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore

Partner in charge: Nagaraj Sivaram

**FRASERS CENTREPOINT LIMITED AND SUBSIDIARIES**

**CONSOLIDATED PROFIT STATEMENTS** for the years ended 30 September 2012, 2011 and 2010

| Note | | 2012<br>$'000 | 2011<br>(Restated)<br>$'000 | 2010<br>(Restated)<br>$'000 |
|---|---|---|---|---|
| 3a | **REVENUE** | 1,411,770 | 2,234,361 | 1,708,289 |
| 3b | Cost of Sales | (785,398) | (1,442,443) | (1,037,777) |
| | **GROSS PROFIT** | 626,372 | 791,918 | 670,512 |
| 4 | **Other Income/(Losses)** | 14,351 | (2,549) | 7,252 |
| | **Other Items of Expenses** | | | |
| | Operation Costs | (132,188) | (119,320) | (113,431) |
| | Marketing Costs | (84,344) | (59,310) | (14,278) |
| | Administrative Costs | (93,005) | (80,787) | (88,820) |
| | **TOTAL COSTS AND EXPENSES** | (309,537) | (259,417) | (216,529) |
| 5 | **TRADING PROFIT** | 331,186 | 529,952 | 461,235 |
| | Share of Results of Associates | 58,475 | 48,195 | 40,378 |
| 6 | Investment Income | 493 | 1,539 | 1,685 |
| | **PROFIT BEFORE INTEREST, FAIR VALUE CHANGE, TAXATION AND EXCEPTIONAL ITEMS** | 390,154 | 579,686 | 503,298 |
| 7 | Interest Income | 20,242 | 19,297 | 16,334 |
| 8 | Interest Expense | (80,504) | (74,167) | (78,480) |
| | Net Interest Costs | (60,262) | (54,870) | (62,146) |
| | **PROFIT BEFORE FAIR VALUE CHANGE, TAXATION AND EXCEPTIONAL ITEMS** | 329,892 | 524,816 | 441,152 |
| 13 | Fair Value Change on Investment Properties | 265,228 | 82,702 | 116,784 |
| | Share of Associates' Fair Value Change on Investment Properties | 71,695 | 54,491 | 12,228 |
| | **PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS** | 666,815 | 662,009 | 570,164 |
| 9 | Exceptional Items | 54,087 | 121,812 | 50,705 |
| | **PROFIT BEFORE TAXATION** | 720,902 | 783,821 | 620,869 |
| 10 | Taxation | (93,268) | (140,700) | (117,637) |
| | **PROFIT FOR THE YEAR** | 627,634 | 643,121 | 503,232 |
| | **ATTRIBUTABLE TO: -** | | | |
| | Shareholder of the Company | | | |
| | - before fair value change and exceptional items | 252,420 | 394,725 | 332,932 |
| | - fair value change | 336,306 | 110,061 | 99,599 |
| | - exceptional items | 53,193 | 98,200 | 51,622 |
| | | 641,919 | 602,986 | 484,153 |
| | Non-controlling Interests | (14,285) | 40,135 | 19,079 |
| | **PROFIT FOR THE YEAR** | 627,634 | 643,121 | 503,232 |
| 11 | **EARNINGS PER SHARE** | | | |
| | Basic and Diluted | | (Restated) | (Restated) |
| | - before fair value change on investment properties and exceptional items | 33.5¢ | 51.7¢ | 42.9¢ |
| | - after fair value change on investment properties and exceptional items | 85.2¢ | 79.4¢ | 63.0¢ |

The accompanying Notes form an integral part of the Financial Statements.

**FRASERS CENTREPOINT LIMITED AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME** for the years ended 30 September 2012, 2011 and 2010

| | 2012<br>$'000 | 2011<br>(Restated)<br>$'000 | 2010<br>(Restated)<br>$'000 |
|---|---|---|---|
| **PROFIT FOR THE YEAR** | 627,634 | 643,121 | 503,232 |
| **OTHER COMPREHENSIVE INCOME, NET OF TAX** | | | |
| Fair value change of cash flow hedges | 5,256 | 4,754 | 4,311 |
| Fair value change of available-for-sale financial assets | 34,900 | - | - |
| Foreign currency translation reserve: | | | |
| - Exchange difference on consolidation | (27,752) | 42,570 | (27,792) |
| Share of comprehensive income of associates | 158 | (1,961) | 1,965 |
| Realisation of reserves upon change in control: | | | |
| - Step-up acquisition of subsidiary | 12,833 | - | - |
| - Disposal of subsidiaries | 19,711 | (5,133) | - |
| Other comprehensive income for the year, net of tax | 45,106 | 40,230 | (21,516) |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | 672,740 | 683,351 | 481,716 |
| **ATTRIBUTABLE TO:-** | | | |
| Shareholder of the Company | 689,389 | 638,140 | 473,813 |
| Non-controlling Interests | (16,649) | 45,211 | 7,903 |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | 672,740 | 683,351 | 481,716 |

The accompanying Notes form an integral part of the Financial Statements.

**FRASERS CENTREPOINT LIMITED AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS** as at 30 September 2012, 2011 and 2010

| Note | | 30.9.2012<br>$'000 | 30.9.2011 (Restated)<br>$'000 | 30.9.2010 (Restated)<br>$'000 |
|---|---|---|---|---|
| | **NON-CURRENT ASSETS** | | | |
| 13 | Investment Properties | 2,821,434 | 2,461,667 | 2,111,100 |
| 14 | Fixed Assets | 33,337 | 30,114 | 31,818 |
| 17 | Investments in Associates | 1,223,506 | 1,086,786 | 1,026,534 |
| 18 | Financial Assets | 2,166 | 29,804 | 29,777 |
| 19 | Other Assets | 107,234 | 106,332 | 106,229 |
| 20 | Other Receivables | 89,708 | 75,563 | 70,378 |
| 21 | Deferred Tax Assets | 2,937 | 500 | 5,775 |
| | | 4,280,322 | 3,790,766 | 3,381,611 |
| | **CURRENT ASSETS** | | | |
| | Inventory, at cost | 4,175 | 2,497 | 1,164 |
| 22 | Properties Held for Sale | 4,471,239 | 4,289,801 | 4,476,877 |
| 20 | Trade and Other Receivables | 327,697 | 678,110 | 653,563 |
| | Prepayments | 7,127 | 66,745 | 100,996 |
| 18 | Financial Assets | 60,350 | - | - |
| 23 | Derivative Financial Instruments | - | 243 | 551 |
| 24 | Cash and Cash Equivalents | 1,206,314 | 979,911 | 951,969 |
| | | 6,076,902 | 6,017,307 | 6,185,120 |
| | **TOTAL ASSETS** | 10,357,224 | 9,808,073 | 9,566,731 |
| | **CURRENT LIABILITIES** | | | |
| 25 | Trade and Other Payables | 1,659,544 | 2,270,618 | 2,129,754 |
| | Provision for Taxation | 127,161 | 192,156 | 206,234 |
| 23 | Derivative Financial Instruments | 10,858 | 9,344 | 11,168 |
| | Deferred Income | - | - | 2,884 |
| 26 | Loans and Borrowings | 167,798 | 218,821 | 1,163,276 |
| | | 1,965,361 | 2,690,939 | 3,513,316 |
| | **NET CURRENT ASSETS** | 4,111,541 | 3,326,368 | 2,671,804 |
| | | 8,391,863 | 7,117,134 | 6,053,415 |
| | **NON-CURRENT LIABILITIES** | | | |
| 26 | Loans and Borrowings | 1,424,727 | 1,085,531 | 506,345 |
| 25 | Other Payables | 1,914,751 | 1,298,584 | 1,305,476 |
| 23 | Derivative Financial Instruments | 4,732 | 6,706 | 11,708 |
| | Deferred Income | - | - | 613 |
| 21 | Deferred Tax Liabilities | 101,439 | 119,720 | 94,357 |
| | | 3,445,649 | 2,510,541 | 1,918,499 |
| | **NET ASSET** | 4,946,214 | 4,606,593 | 4,134,916 |
| | **EQUITY ATTRIBUTABLE TO SHAREHOLDER OF THE COMPANY** | | | |
| 27 | Share Capital | 1,083,977 | 1,083,977 | 1,083,977 |
| | Retained Earnings | 3,781,626 | 3,290,746 | 2,892,651 |
| 28 | Other Reserves | 57,169 | 9,554 | (17,275) |
| | | 4,922,772 | 4,384,277 | 3,959,353 |
| | Non-Controlling Interests | 23,442 | 222,316 | 175,563 |
| | **TOTAL EQUITY** | 4,946,214 | 4,606,593 | 4,134,916 |
| | | | (Restated) | (Restated) |
| | **NET ASSET VALUE PER ORDINARY SHARE** | $6.10 | $5.38 | $4.82 |

The accompanying Notes form an integral part of the Financial Statements.

**FRASERS CENTREPOINT LIMITED AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY** for the years ended 30 September 2012, 2011 and 2010

| | Equity, Total | Attributable to owners of the Company: Equity attributable to owners of the Company, Total | Share Capital (Note 27) | Retained Earnings | Other Reserves, Total (Note 28) | Hedging Reserve | Fair Value Adjustment Reserve | Share-based Compensation Reserve | Foreign Currency Translation Reserve | Statutory Reserve | Other Reserve | Non-controlling Interests |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **2012** | | | | | | | | | | | | |
| Opening balance at 1 October 2011, as previously reported | 4,653,067 | 4,423,118 | 1,083,977 | 3,330,263 | 8,878 | (11,473) | (214) | 1,012 | 20,452 | 1,268 | (2,167) | 229,949 |
| Effects of adopting INT FRS 115 (Note 2.1(b)) | (46,474) | (38,841) | - | (39,517) | 676 | - | - | - | 676 | - | - | (7,633) |
| Opening balance at 1 October 2011, as restated | 4,606,593 | 4,384,277 | 1,083,977 | 3,290,746 | 9,554 | (11,473) | (214) | 1,012 | 21,128 | 1,268 | (2,167) | 222,316 |
| **Profit for the year** | 627,634 | 641,919 | - | 641,919 | - | - | - | - | - | - | - | (14,285) |
| Other comprehensive income | | | | | | | | | | | | |
| Net fair value change of cash flow hedges | 5,256 | 5,745 | - | - | 5,745 | 5,745 | - | - | - | - | - | (489) |
| Foreign currency translation | (27,752) | (25,877) | - | - | (25,877) | - | - | - | (25,877) | - | - | (1,875) |
| Fair value change of available-for-sale financial assets | 34,900 | 34,900 | - | - | 34,900 | - | 34,900 | - | - | - | - | - |
| Share of other comprehensive income of associates | 158 | 158 | - | - | 158 | - | 450 | - | 223 | (534) | 19 | - |
| Realisation of reserves due to change in control: | | | | | | | | | | | | |
| - Step-up acquisition | 12,833 | 12,833 | - | - | 12,833 | - | - | - | 12,833 | - | - | - |
| - Disposal of subsidiaries | 19,711 | 19,711 | - | - | 19,711 | (314) | - | (1,157) | 21,613 | (431) | - | - |
| **Other comprehensive income for the year** | 45,106 | 47,470 | - | - | 47,470 | 5,431 | 35,350 | (1,157) | 8,792 | (965) | 19 | (2,364) |
| **Total comprehensive income for the year** | 672,740 | 689,389 | - | 641,919 | 47,470 | 5,431 | 35,350 | (1,157) | 8,792 | (965) | 19 | (16,649) |
| Contributions by and distributions to owners | | | | | | | | | | | | |
| Net change in share-based compensation reserve | 257 | 145 | - | - | 145 | - | - | 145 | - | - | - | 112 |
| Fair value of restricted share plan | (1,039) | (1,039) | - | (1,039) | - | - | - | - | - | - | - | - |
| Dividends (Note 29) | (152,434) | (150,000) | - | (150,000) | - | - | - | - | - | - | - | (2,434) |
| **Total contributions by and distributions to owners** | (153,216) | (150,894) | - | (151,039) | 145 | - | - | 145 | - | - | - | (2,322) |
| Changes in ownership interests in subsidiaries and associates | | | | | | | | | | | | |
| Disposal of subsidiaries | (191,455) | - | - | - | - | - | - | - | - | - | - | (191,455) |
| Shares issued to non-controlling interests | 11,552 | - | - | - | - | - | - | - | - | - | - | 11,552 |
| **Total changes in ownership interests in subsidiaries and associates** | (179,903) | - | - | - | - | - | - | - | - | - | - | (179,903) |
| **Total transactions with owners in their capacity as owners** | (333,119) | (150,894) | - | (151,039) | 145 | - | - | 145 | - | - | - | (182,225) |
| Closing balance at 30 September 2012 | 4,946,214 | 4,922,772 | 1,083,977 | 3,781,626 | 57,169 | (6,042) | 35,136 | - | 29,920 | 303 | (2,148) | 23,442 |

The accompanying Notes form an integral part of the Financial Statements.

## **CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY** for the years ended 30 September 2012, 2011 and 2010 (cont'd)

| | Equity, Total | Equity attributable to owners of the Company, Total | Share Capital (Note 27) | Retained Earnings | Other Reserves, Total (Note 28) | Hedging Reserve | Fair Value Adjustment Reserve | Share-based Compensation Reserve | Foreign Currency Translation Reserve | Statutory Reserve | Other Reserve | Non-controlling Interests |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Attributable to owners of the Company | | | | | | | | | | |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **2011 (Restated)** | | | | | | | | | | | | |
| Opening balance at 1 October 2010, as previously reported | 4,198,595 | 4,020,426 | 1,083,977 | 2,954,566 | (18,117) | (15,911) | (125) | 871 | (3,369) | 2,358 | (1,941) | 178,169 |
| Effects of adopting INT FRS 115 (Note 2.1(b)) | (63,679) | (61,073) | - | (61,915) | 842 | - | - | - | 842 | - | - | (2,606) |
| Opening balance at 1 October 2010, as restated | 4,134,916 | 3,959,353 | 1,083,977 | 2,892,651 | (17,275) | (15,911) | (125) | 871 | (2,527) | 2,358 | (1,941) | 175,563 |
| **Profit for the year, as restated** | 643,121 | 602,986 | - | 602,986 | - | - | - | - | - | - | - | 40,135 |
| Other comprehensive income | | | | | | | | | | | | |
| Net fair value change of cash flow hedges | 4,754 | 4,638 | - | - | 4,638 | 4,638 | - | - | - | - | - | 116 |
| Foreign currency translation | 42,570 | 37,610 | - | - | 37,610 | - | - | - | 37,610 | - | - | 4,960 |
| Share of other comprehensive income of associates | (1,961) | (1,961) | - | - | (1,961) | - | (89) | - | (1,229) | 79 | (722) | - |
| Disposal of a subsidiary | (5,133) | (5,133) | - | - | (5,133) | - | - | - | (5,133) | - | - | - |
| **Other comprehensive income for the year, as restated** | 40,230 | 35,154 | - | - | 35,154 | 4,638 | (89) | - | 31,248 | 79 | (722) | 5,076 |
| **Total comprehensive income for the year, as restated** | 683,351 | 638,140 | - | 602,986 | 35,154 | 4,638 | (89) | - | 31,248 | 79 | (722) | 45,211 |
| Contributions by and distributions to owners | | | | | | | | | | | | |
| Net change in share-based compensation reserve | 250 | 141 | - | - | 141 | - | - | 141 | - | - | - | 109 |
| Dividends (Note 29) | (207,993) | (204,963) | - | (204,963) | - | - | - | - | - | - | - | (3,030) |
| **Total contributions by and distributions to owners** | (207,743) | (204,822) | - | (204,963) | 141 | - | - | 141 | - | - | - | (2,921) |
| Changes in ownership interests in subsidiaries and associates | | | | | | | | | | | | |
| Dilution of interest in a subsidiary | - | (1,231) | - | (1,251) | 20 | - | - | - | - | (26) | 46 | 1,231 |
| Dilution of interest in an associate | - | - | - | (561) | 561 | - | - | - | 111 | - | 450 | - |
| Acquisition of non-controlling interests without a change in control | (6,583) | (5,231) | - | 1,884 | (7,115) | (200) | - | - | (6,915) | - | - | (1,352) |
| Realisation upon liquidation of an associate | (1,932) | (1,932) | - | - | (1,932) | - | - | - | (789) | (1,143) | - | - |
| Shares issued to non-controlling interests | 4,584 | - | - | - | - | - | - | - | - | - | - | 4,584 |
| **Total changes in ownership interests in subsidiaries and associates** | (3,931) | (8,394) | - | 72 | (8,466) | (200) | - | - | (7,593) | (1,169) | 496 | 4,463 |
| **Total transactions with owners in their capacity as owners** | (211,674) | (213,216) | - | (204,891) | (8,325) | (200) | - | 141 | (7,593) | (1,169) | 496 | 1,542 |
| Closing balance at 30 September 2011, as restated | 4,606,593 | 4,384,277 | 1,083,977 | 3,290,746 | 9,554 | (11,473) | (214) | 1,012 | 21,128 | 1,268 | (2,167) | 222,316 |

The accompanying Notes form an integral part of the Financial Statements.

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY for the years ended 30 September 2012, 2011 and 2010 (cont'd)

| | | Attributable to owners of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Equity, Total | Equity attributable to owners of the Company, Total | Share Capital (Note 27) | Retained Earnings | Other Reserves, Total (Note 28) | Hedging Reserve | Fair Value Adjustment Reserve | Share-based Compensation Reserve | Foreign Currency Translation Reserve | Statutory Reserve | Other Reserve | Non-controlling Interests |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **2010 (Restated)** | | | | | | | | | | | | |
| Opening balance at 1 October 2009, as previously reported | 4,290,581 | 3,741,808 | 1,083,977 | 2,664,951 | (7,120) | (18,696) | (83) | 706 | 10,621 | 2,273 | (1,941) | 548,773 |
| Effects of adopting INT FRS 115 (Note 2.1(b)) | (19,139) | (16,533) | - | (16,553) | 20 | - | - | - | 20 | - | - | (2,606) |
| Opening balance at 1 October 2009, as restated | 4,271,442 | 3,725,275 | 1,083,977 | 2,648,398 | (7,100) | (18,696) | (83) | 706 | 10,641 | 2,273 | (1,941) | 546,167 |
| **Profit for the year, as restated** | 503,232 | 484,153 | - | 484,153 | - | - | - | - | - | - | - | 19,079 |
| Other comprehensive income | | | | | | | | | | | | |
| Net fair value change of cash flow hedges | 4,311 | 2,785 | - | - | 2,785 | 2,785 | - | - | - | - | - | 1,526 |
| Foreign currency translation | (27,792) | (15,090) | - | - | (15,090) | - | - | - | (15,090) | - | - | (12,702) |
| Share of other comprehensive income of associates | 1,965 | 1,965 | - | - | 1,965 | - | (42) | - | 1,922 | 85 | - | - |
| **Other comprehensive income for the year** | (21,516) | (10,340) | - | - | (10,340) | 2,785 | (42) | - | (13,168) | 85 | - | (11,176) |
| **Total comprehensive income for the year** | 481,716 | 473,813 | - | 484,153 | (10,340) | 2,785 | (42) | - | (13,168) | 85 | - | 7,903 |
| Contributions by and distributions to owners | | | | | | | | | | | | |
| Net change in share-based compensation reserve | 294 | 165 | - | - | 165 | - | - | 165 | - | - | - | 129 |
| Dividends (Note 29) | (256,303) | (239,900) | - | (239,900) | - | - | - | - | - | - | - | (16,403) |
| **Total contributions by and distributions to owners** | (256,009) | (239,735) | - | (239,900) | 165 | - | - | 165 | - | - | - | (16,274) |
| Changes in ownership interests in subsidiaries | | | | | | | | | | | | |
| Dilution of interest in a subsidiary | (360,202) | - | - | - | - | - | - | - | - | - | - | (360,202) |
| Acquisition of non-controlling interests without a change in control | (1,079) | - | - | - | - | - | - | - | - | - | - | (1,079) |
| Shares issued to non-controlling interests | 285 | - | - | - | - | - | - | - | - | - | - | 285 |
| Other movements | (1,237) | - | - | - | - | - | - | - | - | - | - | (1,237) |
| **Total changes in ownership interests in subsidiaries** | (362,233) | - | - | - | - | - | - | - | - | - | - | (362,233) |
| **Total transactions with owners in their capacity as owners** | (618,242) | (239,735) | - | (239,900) | 165 | - | - | 165 | - | - | - | (378,507) |
| Closing balance at 30 September 2010, as restated | 4,134,916 | 3,959,353 | 1,083,977 | 2,892,651 | (17,275) | (15,911) | (125) | 871 | (2,527) | 2,358 | (1,941) | 175,563 |

The accompanying Notes form an integral part of the Financial Statements.

## FRASERS CENTREPOINT LIMITED AND SUBSIDIARIES

## **CONSOLIDATED CASH FLOW STATEMENTS** for the years ended 30 September 2012, 2011 and 2010

| | 2012<br>$'000 | 2011<br>(Restated)<br>$'000 | 2010<br>(Restated)<br>$'000 |
|---|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| Profit before taxation and exceptional items | 666,815 | 662,009 | 570,164 |
| Adjustments for: | | | |
| Development profit | (281,936) | (468,280) | (337,026) |
| Allowance for foreseeable losses and impairment for properties held for sale | 34,752 | 12,033 | 15,480 |
| Fair value change on investment properties | (265,228) | (82,702) | (116,784) |
| Share of associates' fair value change on investment properties | (71,695) | (54,491) | (12,228) |
| Depreciation of fixed assets | 7,310 | 7,684 | 5,969 |
| Net loss on disposal of fixed assets | 564 | 613 | 190 |
| Amortisation of intangible assets | 498 | 490 | 490 |
| Amortisation of deferred income | - | (8,005) | (4,440) |
| Share of results of associates | (58,475) | (48,195) | (40,378) |
| Net fair value change on derivatives | 4,507 | 598 | 1,297 |
| Dividend income from available-for-sale financial assets | (493) | (1,539) | (1,685) |
| Interest expense | 80,504 | 74,167 | 77,183 |
| Interest income | (20,242) | (19,297) | (16,334) |
| Provision for share-based compensation | 257 | 250 | 294 |
| Exchange difference | 3,222 | 2,532 | 26,187 |
| Operating cash flow before working capital changes | 100,360 | 77,867 | 168,379 |
| Progress payments received from sale of residential units | 1,467,107 | 2,440,509 | 1,358,531 |
| Development expenditure - properties held for sale | (1,008,254) | (1,152,485) | (744,460) |
| Payment of land premium | (366,686) | (462,187) | (687,980) |
| Change in prepaid project costs | 60,578 | (36,866) | (18,948) |
| Change in rental deposits | 4,803 | 3,164 | (1,910) |
| Change in inventory | (849) | (1,333) | (45) |
| Change in trade and other receivables | 25,452 | (60,957) | (10,041) |
| Change in trade and other payables | 74,579 | (25,202) | (32,555) |
| Change in joint venture and associates' balances | (288) | (2,246) | 645 |
| Change in related company balances | (723,927) | 110,598 | 504,165 |
| **Cash (used in)/generated from operations** | (367,125) | 890,862 | 535,781 |
| Interest expense paid | (73,269) | (70,276) | (75,234) |
| Interest income received | 23,321 | 23,063 | 15,947 |
| Income taxes paid | (140,892) | (126,195) | (94,286) |
| **Net cash (used in)/generated from operating activities** | (557,965) | 717,454 | 382,208 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| Purchase of available-for-sale financial assets | (2) | - | - |
| Proceeds from disposal of available-for-sale financial assets | 703 | - | - |
| Proceeds from disposal of associates | - | 228 | 36,342 |
| Proceeds from disposal of fixed assets | 280 | 139 | 337 |
| Proceeds from disposal of investment properties | - | 54,654 | 292,453 |
| Development expenditure - investment properties under construction | (53,232) | (17,512) | (50,228) |
| Payment of land premium | - | (215,956) | - |
| Purchase of fixed assets | (10,969) | (18,538) | (11,796) |
| Additions of investment properties | (31,357) | (77,315) | (8,564) |
| Purchase of intangible assets | - | (43) | - |
| Investments in joint ventures and associates | (15,565) | (17,037) | (15,380) |
| Repayment of loans to joint ventures and associates | 9,607 | - | - |
| Acquisition of subsidiaries, net of cash acquired (Note 15) | (129,040) | - | - |
| Disposal of subsidiaries, net of cash disposed of (Note 15) | 55,946 | - | 14,282 |
| Acquisition of joint venture, net of cash acquired | (28,558) | - | - |
| Acquisition of non-controlling interest in subsidiary | - | (6,583) | (1,691) |
| Dividend income from available-for-sale financial assets | 493 | 1,539 | 1,685 |
| Dividend income from associates | 59,742 | 56,240 | 28,334 |
| **Net cash (used in)/generated from investing activities** | (141,952) | (240,184) | 285,774 |

The accompanying Notes form an integral part of the Financial Statements.

**CONSOLIDATED CASH FLOW STATEMENTS** for the years ended 30 September 2012, 2011 and 2010 (cont'd)

| | 2012<br>$'000 | 2011<br>(Restated)<br>$'000 | 2010<br>(Restated)<br>$'000 |
|---|---|---|---|
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of new shares by subsidiary to non-controlling interests | 11,552 | 4,584 | 285 |
| Proceeds from bank loans drawn down | 683,586 | 490,332 | 411,559 |
| Repayment of bank loans | (234,925) | (695,561) | (443,633) |
| Long-term loans from/(to) a related company | 628,935 | (32,633) | (622,382) |
| Payment of dividends to shareholders | (152,434) | (207,993) | (256,303) |
| **Net cash generated from/(used in) financing activities** | 936,714 | (441,271) | (910,474) |
| Net change in cash and cash equivalents | 236,797 | 35,999 | (242,492) |
| Cash and cash equivalents at beginning of year | 968,249 | 943,009 | 1,193,494 |
| Effects of exchange rate change on opening cash | - | (10,759) | (7,993) |
| **Cash and cash equivalents at end of year (Note 24)** | 1,205,046 | 968,249 | 943,009 |

The accompanying Notes form an integral part of the Financial Statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for the years ended 30 September 2012, 2011 and 2010

These notes form an integral part of the financial statements:

## 1. CORPORATE INFORMATION

Frasers Centrepoint Limited (the "Company") is a limited liability company. It is a wholly-owned subsidiary of Fraser and Neave, Limited which was also the ultimate holding company up to February 2013. The two companies are domiciled and incorporated in Singapore. In February 2013, TCC Assets Limited, incorporated in the British Virgin Islands, became the ultimate holding company.

The registered office and principal place of business of the Company is located at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958.

The principal activities of the Company are investment holding and provision of management and administrative services to its subsidiaries, joint ventures and associates.

The principal activities of the significant subsidiaries are set out in Note 31.

Related companies in the financial statements refer to Fraser and Neave, Limited group of companies and the entities related to the shareholders of Fraser and Neave, Limited.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *2.1 Basis of Preparation*

The complete set of consolidated financial statements of the Company and its subsidiaries (collectively the "Group") are prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The consolidated financial statements of the Group (or, the "financial statements") are prepared on the historical cost basis except as disclosed in the accounting policies below.

The consolidated financial statements are presented in Singapore Dollars ("$" or "S$"). All financial information presented in Singapore Dollars has been rounded to the nearest thousand, unless otherwise stated.

The accounting policies and methods of computation have been consistently applied by the Group in these consolidated financial statements and are the same as those used in the previous years except in the current financial year, the Group has adopted all the new and revised Standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 October 2011 as described below.

#### *(a) Adoption of New and Revised Standards*

In the year 2012, the Group adopted the following standards/ interpretations that are relevant and effective for financial years beginning on or after 1 October 2011:

INT FRS 115 *Agreements for the Construction of Real Estate*
FRS 24 *Related Party Disclosure (revised)*
Improvements to FRSs issued in 2010

The adoption of the above standards/ interpretations did not result in any substantial change to the Group's accounting policies nor any significant impact on the consolidated financial statements, except for additional disclosures and the adoption of INT FRS 115 *Agreements for the Construction of Real Estate*, the effects of which are disclosed in Note 2.1(b).

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.1 *Basis of Preparation* (cont'd)

#### (a) *Adoption of New and Revised Standards* (cont'd)

The principal effects of these changes are as follows:

FRS 24 *Related Party Disclosure (revised)*

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and treats two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities.

The adoption of the revised FRS 24 affects only the disclosures made in the consolidated financial statements and has no impact on the Group's earnings per share/ results or financial position.

Improvements to FRSs issued in 2010

In 2010, the Accounting Standards Council issued an omnibus of amendments to FRS. There are separate transitional provisions for each amendment. The adoption of these improvements does not have any significant impact on the consolidated financial statements.

INT FRS 115 *Agreements for the Construction of Real Estate*

The Group adopted INT FRS 115 and its Accompanying Note on 1 October 2011. INT FRS 115 clarifies when revenue and related expenses from a sale of real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of real estate is completed. INT FRS 115 determines that contracts which do not qualify as construction contracts in accordance with FRS 11 *Construction Contracts* can only be accounted for using the percentage of completion ("POC") method if the entity continuously transfers to the buyer control and the significant risks and rewards of ownership of the work-in-progress in its current state as construction progresses.

The Group's previous accounting policy for all pre-completion property sales was to recognise revenue using the POC method as construction progresses. Following the implementation of INT FRS 115 and its Accompanying Note with effect from 1 October 2011, the Group has adopted the completion of construction ("COC") method to account for its overseas development projects after taking into consideration the legal framework and industry practices in those countries in which the Group operates.

For Singapore development properties under progressive payment scheme, the Group has applied the POC method. For residential units sold under deferred payment scheme and executive condominiums in Singapore and overseas development properties, the Group has applied the COC method in accordance with the Clarification Note issued by the Accounting Standards Council on 7 June 2011.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.1 Basis of Preparation* (cont'd)

#### (b) *Effects of Adopting INT FRS 115*

The change in accounting policy has been applied retrospectively. The effects of adoption on the consolidated financial statements are as follows:

**Impact to Consolidated Profit Statements for the years ended 30 September:**

| | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|
| Increase/(decrease) in revenue | 92,086 | (225,298) |
| (Increase)/decrease in cost of sales | (23,402) | 164,103 |
| Increase in marketing costs | (43,159) | - |
| (Increase)/decrease in taxation | (8,154) | 15,833 |
| Increase/(decrease) in profit for the year | 17,371 | (45,362) |
| Increase/(decrease) in profit attributable to: | | |
| Shareholder of the Company | 22,398 | (45,362) |
| Non-controlling Interests | (5,027) | - |
| | 17,371 | (45,362) |

**Impact to Consolidated Balance Sheets as at:**

| | 30.9.2011<br>$'000 | 1.10.2010<br>$'000 |
|---|---|---|
| Increase/(decrease) in: | | |
| Properties held for sale | 217,798 | 178,862 |
| Provision for taxation | (7,408) | (12,607) |
| Trade and other payables | 272,879 | 260,713 |
| Deferred income | 1,526 | - |
| Deferred tax liabilities | (2,725) | (5,565) |
| Retained earnings | (39,517) | (61,915) |
| Other reserves | 676 | 842 |
| Non-controlling interests | (7,633) | (2,606) |

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.2 Significant Accounting Judgements and Estimates*

The preparation of the Group's consolidated financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities at the balance sheet date. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities and which are not readily apparent from other sources.

Estimates and underlying assumptions are revised on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

*(a) Key Sources of Estimation Uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Revenue Recognition and Estimation of Total Development Costs

For Singapore property development projects under progressive payment scheme, the Group recognises revenue and cost of sales from partly completed development properties held for sale based on the percentage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2.10. Estimates are required in determining the total estimated development costs which will affect the stage of completion. In making these assumptions, the Group relies on references to information such as current offers and/or recent contracts with contractors and suppliers, estimation on construction and material costs based on historical experience, and the work of professional surveyors and architects. Revenue from partly completed development properties held for sale is as disclosed in Note 3.

(ii) Income Taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant assumptions are required in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises the liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of provision for taxation, deferred tax assets and liabilities are as disclosed in the Group's balance sheet.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.2 Significant Accounting Judgements and Estimates* (cont'd)

#### *(a) Key Sources of Estimation Uncertainty* (cont'd)

(iii) Valuation of Completed Investment Properties

The Group's completed investment properties are stated at their estimated market values, which are determined annually based on independent professional valuations. The fair value of completed investment properties is determined using a combination of the Direct Comparison Method, Income Approach and Discounted Cash Flow Analysis. These estimated market values may differ from the prices at which the Group's completed investment properties could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates require an assessment of factors not within the directors' control, such as overall market conditions. As a result, actual results of operations and realisation of these completed investment properties could differ from the estimates set forth in these financial statements, and the difference could be significant. The carrying amount of completed investment properties is as disclosed in the Group's balance sheet.

(iv) Revaluation of Investment Property under Construction ("IPUC")

IPUC is measured at fair value if it can be reliably determined. If fair value cannot be reliably determined, then IPUC is recorded at cost. The fair value of IPUC is determined using a combination of market comparison and discounted cash flow analysis and investment comparable sales and residual land value methods which considers the significant risks which are relevant to the development process, including but not limited to construction and letting risks.

(v) Impairment of Non-Financial Assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

In particular, allowance for foreseeable losses is made for properties held for sale when the net realisable value has fallen below cost. In arriving at estimates of net realisable values, management considers factors such as current market conditions, recent selling prices of the development properties and comparable development properties less the estimated costs of completion and the estimated costs necessary to make the sale. The allowance for foreseeable losses charged to the Profit Statement for the year is as disclosed in Note 5.

The carrying amounts of properties held for sale is as disclosed in the Group's balance sheet.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.2 Significant Accounting Judgements and Estimates* (cont'd)

#### *(a) Key Sources of Estimation Uncertainty* (cont'd)

(vi) Impairment of Loans and Receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flow are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables is as disclosed in Note 20. The Group's allowance for doubtful debts as at 30 September 2012 is also disclosed in Note 20.

(vii) Impairment of Available-for-sale Financial Assets

The Group assesses at each balance sheet date whether there is any objective evidence that any available-for-sale financial assets is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the market condition and whether there is a significant prolonged decline in the values of these financial assets.

Where there is objective evidence of impairment for quoted available-for-sale financial assets, the difference between the cost and current fair value is recognised as impairment loss. Where there is objective evidence of impairment for unquoted available-for-sale financial assets, the recoverable value is estimated based on the amount and timing of future cash flow.

The carrying amount of the Group's available-for-sale financial assets is as disclosed in Note 18.

(viii) Impairment of Intangible Assets

Management contracts with indefinite useful life are tested for impairment at least on an annual basis. Other management contracts are assessed for indicators of impairment at each reporting date and if any such indication exists, the Group makes an estimate of the recoverable values. This requires an estimation of the value in use of the cash-generating unit to which the management contracts are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of management contracts is as disclosed in Note 19.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 *Significant Accounting Judgements and Estimates* (cont'd)

*(a) Key Sources of Estimation Uncertainty* (cont'd)

(ix) Impairment of Investment in Associates

The Group assesses at each reporting date whether there is any objective evidence that investments in associates are impaired. Where there is objective evidence of impairment, the recoverable amount is estimated based on the higher of the value-in-use and the fair value less costs to sell. Estimating the value in use requires the Group to make an estimate of the expected future cash flow to be generated by the associates and also to choose a suitable discount rate in order to calculate the present value of those cash flow. The carrying amounts of investments in associates is as disclosed in Note 17. There was no impairment of investment in associates for the year (2011: Nil; 2010: Nil).

(x) Provision for Bank Profit Share

The Group has recognised a provision for bank profit share as described in Note 25. In determining the amount of the provision, assumptions and estimates are made in relation to discount rates, the expected achievable sales value for each development and the expected timing of sales. The carrying amount of the provision as at 30 September 2012 is $18,224,000 (2011: $23,169,000; 2010: Nil).

*(b) Critical Judgements made in Applying Accounting Policies*

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have significant effects on the amounts recognised in the consolidated financial statements.

(i) Land Appreciation Tax

Under the Provisional Regulations on land appreciation tax ("LAT") implemented upon the issuance of the Provisional Regulations of the People's Republic of China (the "PRC") on 27 January 1995, all gains arising from the transfer of real estate property in China effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditure including amortisation of land use rights, borrowing costs and all property development expenditure.

The subsidiaries of the Group engaging in property development business in China are subject to land appreciation tax. However, the implementation of this tax varies amongst China cities and the Group has not finalised its land appreciation tax returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the provisions for land appreciation tax in the period in which such determination is made.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.2 *Significant Accounting Judgements and Estimates* (cont'd)

*(b)* *Critical Judgements made in Applying Accounting Policies* (cont'd)

(ii) Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

(iii) Unquoted equity investments

The Group's unquoted equity investments have been stated at cost less impairment because there are no active markets for these investments such that management is of the opinion that their fair values cannot be measured reliably.

(iv) Classification of property

The Group determines whether a property is classified as investment property or development property:

(a) Investment property comprises land and buildings (principally offices, serviced apartments, commercial and retail properties) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

(b) Development property comprises property that is held for sale in the ordinary course of business. Principally, these are residential and commercial/retail properties that the Group develops and intends to sell before or on completion of construction.

In further determining whether a property used as service apartments is classified as investment property or fixed assets, the Group analyses whether the quantum of other income derived from ancillary services rendered in the service apartments is significant as compared to room revenue and total revenue. Based on the analysis for the periods presented, the Group has determined that revenue from ancillary services are not significant.

### 2.3 *Functional Currency*

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the "functional currency"). The consolidated financial statements are presented in Singapore dollars, the functional currency of the Company.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.4 Basis of Consolidation and Business Combinations*

#### *(a) Basis of Consolidation*

The financial year of the Company and all its subsidiaries ends on 30 September unless otherwise stated. The consolidated financial statements incorporate the financial statements of the Company 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. A list of the Company's significant subsidiaries is shown at Note 31.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

*Basis of Consolidation from 1 January 2010*

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.4 *Basis of Consolidation and Business Combinations* (cont'd)

#### (a) *Basis of Consolidation* (cont'd)

*Basis of Consolidation prior to 1 January 2010*

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 January 2010 have not been restated.

#### (b) *Business Combinations*

*Business Combinations from 1 January 2010*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in the Profit Statement or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in the Profit Statement.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.4 Basis of Consolidation and Business Combinations* (cont'd)

*(b) Business Combinations* (cont'd)

<u>*Business Combinations from 1 January 2010*</u> (cont'd)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out below. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in the Profit Statement on the acquisition date.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated Profit Statement and consolidated statement of comprehensive income, and within equity in the consolidated balance sheet, separately from the equity attributable to owners of the Company. Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

<u>*Business Combinations prior to 1 January 2010*</u>

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

### *2.5 Investment in Subsidiaries*

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.6 Joint Ventures*

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

The Group recognises its interest in the joint venture using the proportionate consolidation method. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements. The joint venture is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on such transactions between the Group and its jointly controlled entity. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of joint control, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the former jointly controlled entity upon loss of joint control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

A list of the joint ventures is shown at Note 16.

### *2.7 Associates*

Associates are entities (not being subsidiaries or joint ventures) in which the Group has significant influence.

Associates are equity accounted from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associates.

The Group's investments in associates are accounted for in the consolidated financial statements using the equity method. Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulted from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associates is the profit attributable to equity holders of the associate and, therefore is the profit or loss after tax and non-controlling interests in the subsidiaries of associates.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.7 Associates* (cont'd)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The most recently available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in the profit statement.

A list of the associates is shown at Note 17.

### *2.8 Other Investments*

Other investments represent non-derivative financial assets that are designated as available-for-sale. After initial recognition, available-for-sale financial assets are subsequently measured at fair value with gains or losses being recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the Profit Statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the Profit Statement as a reclassification adjustment when the financial asset is derecognised.

The fair value of investments that are actively traded in organised financial markets is determined by reference to the relevant stock exchanges' quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, the fair value is determined using valuation techniques, such techniques include using recent arm's length transactions, reference to the underlying net asset value of the investee companies and discounted cash flow analysis. Investments in equity instruments whose fair value cannot be reliably measured are stated at cost less impairment loss.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.9 Investment Properties*

#### *(a) Completed Investment Properties*

Completed investment properties are held either to earn rental income or for capital appreciation or both and are treated as non-current assets.

Completed investment properties are initially recorded at cost, including transaction costs. Subsequent to recognition, completed investment properties are measured at fair value and gains or losses arising from changes in the fair value of completed investment properties are included in the Profit Statement in the year in which they arise. The fair values are determined annually based on independent professional valuations on the balance sheet date.

Completed investment properties are derecognised when either they have been disposed of or when the completed investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an completed investment property are recognised in the Profit Statement in the year of retirement or disposal.

Transfers are made to or from completed investment properties only when there is a change in use. For a transfer from completed investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to completed investment property, the property is accounted for in accordance with the accounting policy for fixed assets up to the date of change in use.

Rental and related income from completed investment properties are recognised on a straight line basis over the lease term commencing on the date from which the lessee is entitled to exercise its right to use the leased asset.

#### *(b) Investment Properties under Construction ("IPUC")*

IPUC are initially stated at cost which includes cost of land and construction, related overhead expenditure and financing charges incurred during the period of construction and up to the completion of construction.

IPUC are subsequently measured at fair value annually and on completion, with changes in fair values being recognised in the Profit Statement when fair value can be measured reliably.

IPUC are considered completed and are transferred to investment properties when they are ready for their intended use and a Temporary Occupation Permit from the authorities have been obtained.

When assessing whether the fair value of IPUC can be determined reliably, the Group considers, among other things:

1. whether the asset is being constructed in a developed liquid market;
2. whether a construction contract with the contractor has been signed;
3. whether the required building and letting permits are obtained; and
4. what percentage of rentable area has been pre-leased to tenants.

IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

*2.9 Investment Properties (cont'd)*

*(b) Investment Properties under Construction ("IPUC")* (cont'd)

The fair values of IPUC are determined annually based on the opinion of a qualified independent valuer and valuations are performed using methods as deemed appropriate by the valuer. Each IPUC is individually assessed.

The estimated value of future assets is based on the expected future income from the project, using risk adjusted yields that are higher than the current yields of similar completed property. The remaining expected costs of completion plus margin are deducted from the estimated future assets value.

*2.10 Properties Held for Sale*

*(a) Development Properties Held for Sale*

Development properties held for sale are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Company's own use, rental or capital appreciation.

Development properties held for sale are held as inventories and are measured at the lower of cost and net realisable value.

The costs of development properties held for sale include:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

Net realisable value of development properties held for sale is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

Development properties held for sale are stated at cost plus attributable profits less progress billings if their revenue is recognised based on percentage of completion method (see accounting policy for revenue recognition below). Progress billings not yet paid by customers are included within "trade and other receivables".

Development properties held for sale are stated at cost if their revenue is recognised upon completion. Payments received from purchasers prior to completion are included in "trade and other payables" as "progress billings received in advance".

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Development properties held for sale are considered complete upon the issue of Temporary Occupation Permit. When completed, development properties held for sale are transferred to completed properties held for sale.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.10 Properties Held for Sale (cont'd)*

#### *(b) Completed Properties Held for Sale*

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related overhead expenditure, and financing charges and other net costs incurred during the period of development.

Allowance for impairment is made when it is anticipated that the net realisable value has fallen below cost.

### *2.11 Fixed Assets*

Fixed assets are stated at cost less accumulated depreciation and any impairment. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repair are charged to the Profit Statement. When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the Profit Statement.

Fixed assets are depreciated on the straight line method so as to write off the cost of the assets over their estimated useful lives. The principal annual rates of depreciation are as follows:-

| | Rate per annum |
|---|---|
| Leasehold land | Over remaining lease term |
| Buildings | 2% to 5% |
| Equipment, furniture and fittings | 10% to 20% |
| Motor vehicles | 14.3% |

The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of fixed assets.

### *2.12 Financial Assets*

Financial assets within the scope of FRS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit and loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

Non-derivative financial assets with fixed or determinable payment that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognised at fair value, plus directly attributable costs, and subsequently carried at amortised cost using the effective interest method. Gains and losses are recognised in the Profit Statement when the loans and receivables are derecognised or impaired and through the amortisation process.

Where the Group has the positive intent and ability to hold debt securities to maturity, they are classified as held-to-maturity investments and stated at amortised cost using the effective interest method. Gains and losses are recognised in the Profit Statement when the held-to-maturity investments are derecognised or impaired and through the amortisation process.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.12 Financial Assets* (cont'd)

Available-for-sale financial assets are those that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value, with any resultant gain or loss recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

### *2.13 Receivables*

Trade and other receivables, including amounts due from subsidiaries, associates, joint ventures, related companies and loans to related companies, are classified and accounted for as loans and receivables under FRS 39. The accounting policy is stated in Note 2.12.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details of accounting policy for impairment of financial assets are stated in Note 2.17.

### *2.14 Cash and Cash Equivalents*

Cash on hand and in banks and fixed deposits which are held to maturity are classified and accounted for as loans and receivables under FRS 39. The accounting policy is stated in Note 2.12.

For the purpose of Cash Flow Statement, cash and cash equivalents consist of cash on hand and deposits in banks, net of outstanding bank overdrafts.

### *2.15 Financial Liabilities*

Financial liabilities within the scope of FRS 39 are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised, and through the amortisation process.

### *2.16 Provisions*

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date 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. Where the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.17 Impairment*

#### *(a) Impairment of Non-Financial Assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflow that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flow 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the Profit Statement as 'impairment losses'.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the Profit Statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The Group does not reverse in a subsequent period, any impairment loss recognised for goodwill.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

*2.17 Impairment* (cont'd)

*(b) Impairment of Financial Assets*

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(i) 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 ground 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.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost 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. The amount of the loss is recognised in the Profit Statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets 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.

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 Profit Statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument 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 current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.17 Impairment* (cont'd)

#### *(b) Impairment of Financial Assets* (cont'd)

(iii) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. Significant is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the Profit Statement, is transferred from equity to the Profit Statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the Profit Statement. Reversals of impairment losses on debt instruments are reversed through the Profit Statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the Profit Statement.

### *2.18 Income Taxes*

#### *(a) Current Tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current taxes are recognised in the Profit Statement except to the extent that the tax relates to items recognised outside the Profit Statement, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

*2.18 Income Taxes* (cont'd)

*(b) Deferred Tax*

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised outside the Profit Statement is recognised outside the Profit Statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

*2.18 Income Taxes* (cont'd)

*(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 sheet.

*2.19 Deferred Income*

Deferred income relates to sales commission from the sale of residential condominium units which is credited to the Profit Statement on a straight line basis over a period from signing of the sales and purchase agreement to issuance of the Temporary Occupation Permit and leasing commission from leasing of commercial units which is credited to the Profit Statement on a straight line basis over a period of 36 months.

*2.20 Inventories*

Inventories comprise linens, utensils and hollowares and are stated at the lower of cost and net realisable value. In arriving at the net realisable value, due allowance is made for obsolete items.

*2.21 Borrowing Costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

*2.22 Revenue Recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:-

*(a) Properties Held for Sale*

<u>Sale of completed property</u>

Revenue from completed properties is recognised when the risks and rewards of ownership have been transferred to the purchaser either through the transfer of legal title or equitable interest in the properties, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

*2.22 Revenue Recognition* (cont'd)

*(a) Properties Held for Sale* (cont'd)

Sale of property under development

The Group recognises revenue on property under development when the significant risks and rewards of ownership have been transferred to the purchasers. For residential development projects under progressive payment scheme in Singapore, whereby the legal terms in the sales contracts result in continuous transfer of work-in-progress to the purchasers, revenue is recognised based on the percentage of completion method. Under the percentage of completion method, profit is brought into profit or loss only in respect of finalised sales contracts and to the extent that such profit relates to the progress of construction work. The progress of construction work is measured by the proportion of the construction and related costs incurred to date to the estimated total construction and related costs for each project.

For executive condominium projects in Singapore, residential development projects under deferred payment scheme in Singapore and overseas development projects, revenue will be recognised upon the transfer of significant risks and rewards of ownership, which generally coincides with the time the development units are delivered to the purchasers.

*(b) Rental Income*

Refer to the policy on Investment Properties.

*(c) Dividends*

Dividend income is recognised when the Group's right to receive the payment is established.

*(d) Interest Income*

Interest income is recognised using the effective interest method.

*(e) Management Fees*

Revenue is recognised on an accrual basis.

*2.23 Goodwill*

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

Goodwill is reviewed for impairment, at least annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.24 Intangible Assets*

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodies in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

*(a) Management Contracts*

Management contracts with finite useful lives are amortised on a straight line basis over an estimated useful life of 8 years. Management contracts with indefinite useful lives are not amortised.

*(b) Software*

Software is initially recognised at cost and subsequently carried at cost less accumulated amortisation.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.25 Foreign Currencies*

#### *(a) Foreign Currency Transactions*

Transactions in foreign currencies are measured in the respective functional currencies of the group companies at rates of exchange approximating those ruling at transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the balance sheet date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates ruling at the initial transaction dates. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Exchange differences are dealt with in the Profit Statement.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the Profit Statement except for exchange differences arising on monetary items that form part of the Company's net investment in foreign subsidiaries, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity and recognised in the consolidated Profit Statement on disposal of the subsidiary. In the Company's separate financial statements, such exchange differences are recognised in the Profit Statement.

#### *(b) Foreign Currency Translation*

The results and financial position of foreign operations are translated into Singapore dollars using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at that balance sheet date; and

- Income and expenses for each profit statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are taken directly to other comprehensive income.

On disposal of a foreign operation, the cumulative amount of exchange differences recognised in other comprehensive income relating to that foreign operation is recognised in the Profit Statement as a component of the gain or loss on disposal.

### *2.26 Employee Benefits*

#### *(a) Defined Contribution Plan*

As required by law, the Group makes contributions to state pension schemes in accordance with local regulatory requirements. The pension contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

#### *(b) Employee Leave Entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

*2.26 Employee Benefits* (cont'd)

*(c) Share Options*

<u>Cash-Settled Transactions</u>

The Company's holding company has in place an Executives' Share Option Scheme for the granting of share options to eligible executives of the Group. The fair values over the vesting period are measured by the holding company and settled in cash by the Group. The fair values are expensed over the period till vesting with recognition of a corresponding liability.

*2.27 Derivative Financial Instruments*

The Group uses derivative financial instruments to hedge against risks associated with foreign currency and interest rate fluctuations. Foreign exchange forward contracts are used to hedge its risks associated primarily with foreign currency fluctuations. Interest rate swap contracts are used to hedge its risks associated with interest rate fluctuations. It is the Group's policy not to trade in derivative financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The changes in fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the Profit Statement.

The Group applies hedge accounting for certain hedging relationship which qualify for hedge accounting. For the purpose of hedge accounting, these hedges are classified as cash flow hedges. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Such hedges are expected to be highly effective in achieving offsetting changes in cash flow and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated. Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income in hedging reserve, while any ineffective portion is recognised immediately in the Profit Statement. Amounts recognised as other comprehensive income are transferred to the Profit Statement when the hedged transaction affects the Profit Statement, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability. If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the Profit Statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction or firm commitment occurs.

The fair value of forward foreign currency contracts is calculated by reference to current forward foreign exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

*2.28 Derecognition of Financial Assets and Liabilities*

*(a) Financial Assets*

A financial asset is derecognised when the contractual rights to receive cash flow from the asset have expired.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in the Profit Statement.

*(b) Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Profit Statement.

*2.29 Financial Guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in the Profit Statement over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the Profit Statement.

*2.30 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 and assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

*2.30 Leases* (cont'd)

*(a) As lessee*

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

*(b) As lessor*

Leases where the Group retains 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 out in Note 2.22. Contingent rents are recognised as revenue in the period in which they are earned.

*(c) Other long term asset*

Other long term asset relates to the unguaranteed residual value which is the portion of the residual value of the leased asset, the realisation of which by the lessor is not assured or is guaranteed solely by a party related to the lessor. Lessors shall initially recognise such asset in their balance sheets and present them as a receivable at an amount equal to the net investment in the lease. For subsequent measurement, the recognition of finance income shall be based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The finance income will be allocated over the lease term on a systematic and rational basis. Lease payments relating to the period, excluding cost for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income. Estimated unguaranteed residual values used in computing the lessor's gross investment in a lease are reviewed regularly. If there has been a reduction in the estimated unguaranteed residual value, the income allocation over the lease term is revised and any reduction in respect of amounts accrued is recognised immediately.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

*2.31 Exceptional Items*

Exceptional items are items of income and expense of such size, nature or incidence that their disclosure is relevant to explain the performance of the Group for the year.

*2.32 Share Capital and Share Issuance Expenses*

Proceeds from issuance of ordinary shares and redeemable preference shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of such shares are deducted against share capital.

*2.33 Related Parties*

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) Has control or joint control over the Group;
- (ii) Has significant influence over the Group; or
- (iii) Is a member of the key management personnel of the Group or of a parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

## 3a. REVENUE

| | 2012<br>$'000 | 2011<br>(Restated)<br>$'000 | 2010<br>(Restated)<br>$'000 |
|---|---|---|---|
| Properties held for sale | | | |
| - recognised on completion of construction method | 457,064 | 793,490 | 234,302 |
| - recognised on percentage of completion method | 575,519 | 1,105,199 | 1,129,594 |
| | 1,032,583 | 1,898,689 | 1,363,896 |
| Rent and related income | 284,429 | 271,128 | 272,177 |
| Management fee income | 80,970 | 53,652 | 61,524 |
| Others | 13,788 | 10,892 | 10,692 |
| | 1,411,770 | 2,234,361 | 1,708,289 |

## 3b. COST OF SALES

| | 2012<br>$'000 | 2011<br>(Restated)<br>$'000 | 2010<br>(Restated)<br>$'000 |
|---|---|---|---|
| Properties held for sale | (785,398) | (1,442,443) | (1,037,777) |

## 4. OTHER INCOME/(LOSSES)

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| Compensation income from settlement of litigation | 6,749 | - | - |
| Provision for litigation claims | - | (4,760) | - |
| Provision written back on receipt of land premium rebate | - | - | 12,410 |
| Joint venture distributions | - | 810 | - |
| Realisation of reserves upon liquidation of an associate | - | 612 | - |
| Loss on disposal of fixed assets | (564) | (613) | (190) |
| Fair value loss on foreign currency forward contracts | (224) | (481) | (5,553) |
| Exchange gain/(loss) | 8,132 | 1,883 | (216) |
| Others | 258 | - | 801 |
| | 14,351 | (2,549) | 7,252 |

## 5. TRADING PROFIT

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| Trading profit is stated after crediting: | | | |
| Amortisation of deferred income | - | 8,005 | 4,440 |
| Write-back of allowance for doubtful trade receivables (Note 20) | 1,481 | 536 | 486 |
| and charging: | | | |
| Allowance for foreseeable losses for properties held for sale (net) | 24,799 | 6,850 | 15,480 |
| Allowance for impairment for completed properties held for sale | 9,953 | 5,183 | 108 |
| Allowance for doubtful trade receivables (Note 20) | 2,486 | 1,258 | 979 |
| Depreciation of fixed assets (Note 14) | 7,310 | 7,684 | 5,969 |
| Amortisation of intangible assets (Note 19a) | 498 | 490 | 490 |
| Property tax | 19,047 | 17,447 | 17,329 |
| Staff costs | 59,498 | 57,512 | 47,719 |
| Defined contribution plans | 4,059 | 4,053 | 3,199 |
| Employee share-based expense | 5,115 | 4,129 | 4,182 |

## 6. INVESTMENT INCOME

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| Dividend Income | | | |
| - Available-for-sale financial assets | 493 | 1,539 | 1,685 |

## 7. INTEREST INCOME

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| *Interest income from loans and receivables* | | | |
| - Non-controlling interest | 4,830 | 6,165 | 4,159 |
| - Fixed deposits and bank balances | 11,995 | 11,025 | 10,139 |
| | 16,825 | 17,190 | 14,298 |
| *Interest income from available-for-sale assets* | | | |
| - Quoted non-equity investments | 2,017 | 2,036 | 2,036 |
| *Interest income accretion from other long term asset* (Note 19b) | 1,400 | - | - |
| *Gain on interest rate swaps - realised* | - | 71 | - |
| | 20,242 | 19,297 | 16,334 |

## 8. INTEREST EXPENSE

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| *Interest expense* | | | |
| - Loans and borrowings | (23,664) | (29,703) | (45,594) |
| - Related companies | (56,840) | (44,464) | (31,589) |
| | (80,504) | (74,167) | (77,183) |
| *Loss on interest rate swaps* | | | |
| - Unrealised | - | - | (689) |
| - Realised | - | - | (608) |
| | (80,504) | (74,167) | (78,480) |

## 9. EXCEPTIONAL ITEMS

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| Negative goodwill on acquisition of : | | | |
| - a subsidiary | 1,086 | - | - |
| - an associate | 5,020 | 6,915 | 6,980 |
| Gain on disposal of subsidiaries | 35,632 | 6,899 | 7,480 |
| Loss on step-acquisition of subsidiary (Note 15) | (12,833) | - | - |
| Bank debt waiver [(a)] | - | 102,876 | - |
| Share of associates' exceptional items | 20,713 | 4,065 | - |
| Write-back of provision for impairment on available-for-sale financial assets | - | 113 | (459) |
| Gain on dilution of interest : | | | |
| - a subsidiary | - | - | 40,139 |
| - an associate | - | 1,006 | - |
| Exchange loss on ceased businesses | - | - | (4,131) |
| (Loss)/gain on disposal of investment properties | - | (62) | 696 |
| Write-back of over-provision of bank profit share (net) | 4,469 | - | - |
| | 54,087 | 121,812 | 50,705 |

(a) As part of the restructuring of a bank debt facility of a subsidiary, Frasers Property (UK) Limited (“FPUK”) in FY 2011, FPUK repaid a portion of the debt and refinanced another portion of $69 million (£35 million) into a new facility, the Senior Facilities (“SF”) as disclosed in Note 26(c). This bank debt waiver represents the remaining debt discharged by the bank in consideration for the issuance of a $2 (£1) redeemable special preference share to the bank as disclosed in Note 25.

## 10. TAXATION

| | 2012<br><br>$'000 | 2011<br>(Restated)<br>$'000 | 2010<br>(Restated)<br>$'000 |
|---|---|---|---|
| Based on profit for the year | | | |
| Current taxation | 67,401 | 112,986 | 91,478 |
| Withholding tax | 5,130 | 5,770 | 4,428 |
| Deferred taxation | 36,393 | 38,379 | 24,976 |
| | 108,924 | 157,135 | 120,882 |
| (Over)/under provision in prior years | | | |
| Current taxation | (10,340) | (3,146) | (7,313) |
| Deferred taxation | (1,985) | (12,861) | 4,676 |
| | (12,325) | (16,007) | (2,637) |
| Utilisation of previously unrecognised tax losses | | | |
| Current taxation | (3,331) | (428) | (608) |
| | 93,268 | 140,700 | 117,637 |

## 10. TAXATION (cont'd)

A reconciliation of the statutory tax rate to the Group's effective tax rate applicable to profit before taxation and non-controlling interests for the years ended 30 September is as follows:-

| | 2012 | 2011 (Restated) | 2010 (Restated) |
|---|---|---|---|
| | % | % | % |
| Singapore statutory rate | 17.0 | 17.0 | 17.0 |
| Income not subject to tax | (3.8) | (4.5) | (2.9) |
| Expenses not deductible for tax purposes | 2.5 | 3.2 | 3.0 |
| Utilisation of previously unrecognised tax losses | (0.5) | (0.1) | (0.1) |
| Over provision in prior years | (1.7) | (2.1) | (0.4) |
| Deferred tax benefits on losses not recognised | 4.5 | 1.0 | 0.9 |
| Effect of different tax rates of other countries | 0.3 | 3.4 | 1.3 |
| Tax effect of FRS 40 fair value adjustments | (6.5) | (1.6) | (0.9) |
| Withholding tax | 0.7 | 0.7 | 0.6 |
| Others | 0.4 | 0.9 | 0.4 |
| Effective tax rate | 12.9 | 17.9 | 18.9 |

During the current period, in relation to Year of Assessment ("YA") 2013, certain subsidiaries in Singapore have transferred losses of $6,303,000 (YA 2011: $6,808,000; YA 2010: $15,800,000) to set off against the taxable income of other companies in the Group. During the current period, no tax benefits were recognised on the tax losses utilised under the Singapore group relief system as compared to net tax benefits of $1,423,000 (YA 2011: $160,000; YA 2010: NIL) recognised in prior period in relation to Year 2012. Tax benefits of $2,940,000 (2011: $2,940,000; YA 2010: $4,628,000) arising from the utilisation of group relief have not been recognised as they are subject to compliance with the relevant tax legislation governing group relief and agreement of the Inland Revenue Authority of Singapore.

In the United Kingdom, the 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012, respectively.

As at 30 September 2012, certain subsidiaries have unutilised tax losses of approximately $214,362,000 (2011: $202,643,000; 2010: $211,638,000) available for set off against future taxable profits and taxable capital gains respectively. The use of these tax losses is subject to certain statutory requirements being met.

## 11. EARNINGS PER SHARE

Basic and diluted earnings per share is computed by dividing the Group attributable profit (net of preference dividends paid) by the weighted average number of ordinary shares in issue during the year:-

| | 2012<br>$'000 | 2011<br>(Restated)<br>$'000 | 2010<br>(Restated)<br>$'000 |
|---|---|---|---|
| Attributable profit before fair value change and exceptional items | 252,420 | 394,725 | 332,932 |
| Preference dividends paid (Note 29) | - | (4,963) | (9,900) |
| | 252,420 | 389,762 | 323,032 |
| Attributable profit after fair value change and exceptional items | 641,919 | 602,986 | 484,153 |
| Preference dividends paid (Note 29) | - | (4,963) | (9,900) |
| | 641,919 | 598,023 | 474,253 |
| | '000 | '000 | '000 |
| Weighted average number of ordinary shares in issue | 753,292 | 753,292 | 753,292 |
| | | (Restated) | (Restated) |
| Basic and diluted earnings per share | cents | cents | cents |
| - before fair value change on investment properties and exceptional items | 33.5¢ | 51.7¢ | 42.9¢ |
| - after fair value change on investment properties and exceptional items | 85.2¢ | 79.4¢ | 63.0¢ |

There were no potential dilutive ordinary shares in existence for the years presented.

## 12. SEGMENT INFORMATION

The Group's operating businesses are organised and managed separately according to the nature of activities. The Group's operating business segments are namely investment properties, REIT, development properties, serviced residences and corporate and others. Serviced residences comprise service apartments and related management consultancy services. The Group operates in seven main geographical areas, namely, Singapore, Australia, United Kingdom, Vietnam, China, Thailand, New Zealand and others. Geographical segment revenue are based on geographical location of the Group's customers. Geographical segment assets are based on geographical location of the Group's assets. Segment accounting policies are the same as the policies described in Note 2. Inter-segment sales are based on terms agreed between the related companies.

### Year ended 30 September 2012

The following table presents financial information regarding business segments:

| Business segment | Investment Properties $'000 | REIT $'000 | Development Properties $'000 | Serviced Residences $'000 | Corporate & Others $'000 | Eliminations $'000 | Group $'000 |
|---|---|---|---|---|---|---|---|
| Revenue - external | 149,673 | - | 1,068,983 | 130,857 | 62,257 | - | 1,411,770 |
| Revenue - inter-segment | 2,423 | - | - | 371 | 35,603 | (38,397) | - |
| Revenue - intra-segment | - | - | - | 6,520 | 14,609 | (21,129) | - |
| **Total revenue** | 152,096 | - | 1,068,983 | 137,748 | 112,469 | (59,526) | 1,411,770 |
| Subsidiaries and joint ventures | 73,604 | - | 192,777 | 39,138 | 26,160 | - | 331,679 |
| Associates | - | 55,772 | 1,655 | 1,007 | 41 | - | 58,475 |
| **PBIT *** | 73,604 | 55,772 | 194,432 | 40,145 | 26,201 | - | 390,154 |
| Interest income | | | | | | | 20,242 |
| Interest costs | | | | | | | (80,504) |
| **Profit before fair value change, taxation and exceptional items** | | | | | | | 329,892 |
| Fair value change on investment properties | 179,773 | - | - | 85,455 | - | - | 265,228 |
| Share of associates' fair value change on investment properties | - | 58,008 | - | 13,687 | - | - | 71,695 |
| **Profit before taxation and exceptional items** | | | | | | | 666,815 |
| Exceptional items | | | | | | | 54,087 |
| **Profit before taxation** | | | | | | | 720,902 |
| Taxation | | | | | | | (93,268) |
| **Profit for the year** | | | | | | | 627,634 |
| **Assets and Liabilities** | | | | | | | |
| Assets | 1,597,332 | 1,113,018 | 4,737,389 | 1,464,286 | 235,948 | - | 9,147,973 |
| Tax assets | | | | | | | 2,937 |
| Bank deposits and cash balances | | | | | | | 1,206,314 |
| **Total assets** | | | | | | | 10,357,224 |
| Liabilities | 263,732 | 301,664 | 2,049,774 | 206,827 | 767,888 | - | 3,589,885 |
| Loans and borrowings | | | | | | | 1,592,525 |
| Tax liabilities | | | | | | | 228,600 |
| **Total liabilities** | | | | | | | 5,411,010 |
| ***Other Segment Information*** | | | | | | | |
| Capital expenditure | 29,145 | - | 345 | 39,761 | 1,623 | - | 70,874 |
| Depreciation | 80 | - | 1,299 | 5,190 | 741 | - | 7,310 |
| Allowance for foreseeable losses (net) | - | - | 24,799 | - | - | - | 24,799 |
| Allowance for impairment | - | - | 9,953 | - | - | - | 9,953 |
| Negative goodwill | - | 5,020 | - | 1,086 | - | - | 6,106 |

## 12. SEGMENT INFORMATION (cont'd)

### Year ended 30 September 2012 (cont'd)

| Business segment | Investment Properties $'000 | REIT $'000 | Development Properties $'000 | Serviced Residences $'000 | Corporate & Others $'000 | Eliminations $'000 | Group $'000 |
|---|---|---|---|---|---|---|---|
| Attributable profit before exceptional items | 225,963 | 109,024 | 144,096 | 112,697 | (3,054) | - | 588,726 |
| Exceptional items | - | 24,987 | 39,207 | (11,001) | - | - | 53,193 |
| Attributable profit | 225,963 | 134,011 | 183,303 | 101,696 | (3,054) | - | 641,919 |

The following table presents financial information regarding geographical segments:

| Geographical segment | Singapore $'000 | Australia $'000 | UK $'000 | China $'000 | Thailand $'000 | New Zealand $'000 | Vietnam $'000 | Others [1] $'000 | Group $'000 |
|---|---|---|---|---|---|---|---|---|---|
| Total revenue | 1,017,720 | 89,556 | 37,848 | 236,105 | 6,832 | 3,568 | 8,866 | 11,275 | 1,411,770 |
| PBIT * | 350,953 | (50,009) | 9,654 | 70,399 | 2,299 | (5,119) | 6,617 | 5,360 | 390,154 |
| **Assets and Liabilities** | | | | | | | | | |
| Assets | 5,877,585 | 1,409,585 | 717,956 | 813,844 | 95,348 | 73,207 | 51,030 | 109,418 | 9,147,973 |
| Tax assets | | | | | | | | | 2,937 |
| Bank deposits and cash balances | | | | | | | | | 1,206,314 |
| **Total assets** | | | | | | | | | 10,357,224 |
| Liabilities | 2,690,637 | 567,013 | 120,394 | 160,207 | 9,032 | 5,566 | 2,298 | 34,738 | 3,589,885 |
| Loans and borrowings | | | | | | | | | 1,592,525 |
| Tax liabilities | | | | | | | | | 228,600 |
| **Total liabilities** | | | | | | | | | 5,411,010 |
| ***Other Segment Information*** | | | | | | | | | |
| Capital expenditure | 58,100 | 5,266 | 6,699 | 468 | 9 | 2 | 10 | 320 | 70,874 |
| Depreciation | 2,027 | 2,052 | 1,393 | 1,254 | 3 | - | 36 | 545 | 7,310 |
| Allowance for foreseeable losses (net) | (13,752) | 36,898 | - | - | - | 1,653 | - | - | 24,799 |
| Allowance for impairment | - | 9,703 | 250 | - | - | - | - | - | 9,953 |
| Negative goodwill | 5,020 | - | 1,086 | - | - | - | - | - | 6,106 |

* PBIT - Profit before interest, fair value change, taxation and exceptional items.

[1] Others – the Philippines, Indonesia and Malaysia.

## 12. SEGMENT INFORMATION (cont'd)

### Year ended 30 September 2011 (Restated)

The following table presents financial information regarding business segments:

| Business segment | Investment Properties $'000 | REIT $'000 | Development Properties $'000 | Serviced Residences $'000 | Corporate & Others $'000 | Eliminations $'000 | Group $'000 |
|---|---|---|---|---|---|---|---|
| Revenue - external | 149,405 | - | 1,934,208 | 116,259 | 34,489 | - | 2,234,361 |
| Revenue - inter-segment | 2,255 | - | - | 275 | 8,856 | (11,386) | - |
| Revenue - intra-segment | - | - | - | 5,979 | 13,004 | (18,983) | - |
| **Total revenue** | 151,660 | - | 1,934,208 | 122,513 | 56,349 | (30,369) | 2,234,361 |
| Subsidiaries and joint ventures | 74,241 | - | 410,194 | 41,062 | 5,994 | - | 531,491 |
| Associates | - | 44,273 | 2,489 | 1,396 | 37 | - | 48,195 |
| **PBIT *** | 74,241 | 44,273 | 412,683 | 42,458 | 6,031 | - | 579,686 |
| Interest income | | | | | | | 19,297 |
| Interest costs | | | | | | | (74,167) |
| **Profit before fair value change, taxation and exceptional items** | | | | | | | 524,816 |
| Fair value change on investment properties | 55,370 | - | - | 27,332 | - | - | 82,702 |
| Share of associates' fair value change on investment properties | 9,143 | 44,443 | - | 905 | - | - | 54,491 |
| **Profit before taxation and exceptional items** | | | | | | | 662,009 |
| Exceptional items | | | | | | | 121,812 |
| **Profit before taxation** | | | | | | | 783,821 |
| Taxation | | | | | | | (140,700) |
| **Profit for the year** | | | | | | | 643,121 |
| **Assets and Liabilities** | | | | | | | |
| Assets | 1,621,323 | 1,018,187 | 4,879,208 | 1,129,528 | 179,416 | - | 8,827,662 |
| Tax assets | | | | | | | 500 |
| Bank deposits and cash balances | | | | | | | 979,911 |
| **Total assets** | | | | | | | 9,808,073 |
| Liabilities | 250,583 | 308,420 | 2,231,816 | 168,284 | 626,149 | - | 3,585,252 |
| Loans and borrowings | | | | | | | 1,304,352 |
| Tax liabilities | | | | | | | 311,876 |
| **Total liabilities** | | | | | | | 5,201,480 |
| ***Other Segment Information*** | | | | | | | |
| Capital expenditure | 229,738 | - | 2,614 | 91,923 | 402 | - | 324,677 |
| Depreciation | 115 | - | 984 | 5,428 | 1,157 | - | 7,684 |
| Allowance for foreseeable losses | - | - | 6,850 | - | - | - | 6,850 |
| Allowance for impairment | - | - | 5,183 | - | - | - | 5,183 |
| Negative goodwill | - | 6,915 | - | - | - | - | 6,915 |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** for the years ended 30 September 2012, 2011 and 2010

## 12. SEGMENT INFORMATION (cont'd)

### Year ended 30 September 2011 (Restated) (cont'd)

| Business segment | Investment Properties $'000 | REIT $'000 | Development Properties $'000 | Serviced Residences $'000 | Corporate & Others $'000 | Eliminations $'000 | Group $'000 |
|---|---|---|---|---|---|---|---|
| Attributable profit before exceptional items | 85,197 | 91,421 | 296,871 | 45,896 | (14,599) | - | 504,786 |
| Exceptional items | (62) | 11,987 | 3,879 | - | 82,396 | - | 98,200 |
| Attributable profit | 85,135 | 103,408 | 300,750 | 45,896 | 67,797 | - | 602,986 |

The following table presents financial information regarding geographical segments:

| Geographical segment | Singapore $'000 | Australia $'000 | UK $'000 | China $'000 | Thailand $'000 | New Zealand $'000 | Vietnam $'000 | Others [1] $'000 | Group $'000 |
|---|---|---|---|---|---|---|---|---|---|
| Total revenue | 1,454,722 | 396,789 | 31,567 | 264,329 | 69,114 | 1,725 | 8,961 | 7,154 | 2,234,361 |
| PBIT * | 416,632 | 68,199 | (4,256) | 77,877 | 14,308 | (1,087) | 6,509 | 1,504 | 579,686 |
| **Assets and Liabilities** | | | | | | | | | |
| Assets | 5,491,482 | 1,164,088 | 450,253 | 1,411,804 | 104,124 | 75,469 | 56,435 | 74,007 | 8,827,662 |
| Tax assets | | | | | | | | | 500 |
| Bank deposits and cash balances | | | | | | | | | 979,911 |
| **Total assets** | | | | | | | | | 9,808,073 |
| Liabilities | 2,524,448 | 557,612 | 77,166 | 324,678 | 4,018 | 59,341 | 2,598 | 35,391 | 3,585,252 |
| Loans and borrowings | | | | | | | | | 1,304,352 |
| Tax liabilities | | | | | | | | | 311,876 |
| **Total liabilities** | | | | | | | | | 5,201,480 |
| ***Other Segment Information*** | | | | | | | | | |
| Capital expenditure | 243,221 | 40,963 | 796 | 1,755 | 3 | - | 68 | 37,871 | 324,677 |
| Depreciation | 2,466 | 2,407 | 1,023 | 1,231 | 2 | - | 44 | 511 | 7,684 |
| Allowance for foreseeable losses | (1,500) | - | 8,350 | - | - | - | - | - | 6,850 |
| Allowance for impairment | - | 5,156 | 27 | - | - | - | - | - | 5,183 |
| Negative goodwill | 6,915 | - | - | - | - | - | - | - | 6,915 |

* PBIT - Profit before interest, fair value change, taxation and exceptional items.

(1) Others – the Philippines and Malaysia.

## 12. SEGMENT INFORMATION (cont'd)

### Year ended 30 September 2010 (Restated)

| Business segment | Investment Properties $'000 | REIT $'000 | Development Properties $'000 | Serviced Residences $'000 | Corporate & Others $'000 | Eliminations $'000 | Group $'000 |
|---|---|---|---|---|---|---|---|
| Revenue - external | 160,447 | 32,162 | 1,373,310 | 98,215 | 44,155 | - | 1,708,289 |
| Revenue - inter-segment | 2,748 | - | - | 224 | 21,574 | (24,546) | - |
| Revenue - intra-segment | - | - | - | 5,302 | 13,384 | (18,686) | - |
| **Total revenue** | 163,195 | 32,162 | 1,373,310 | 103,741 | 79,113 | (43,232) | 1,708,289 |
| Subsidiaries and joint ventures | 87,161 | 19,422 | 330,811 | 34,368 | (8,842) | - | 462,920 |
| Associates | - | 36,910 | 2,640 | 840 | (12) | - | 40,378 |
| **PBIT *** | 87,161 | 56,332 | 333,451 | 35,208 | (8,854) | - | 503,298 |
| Interest income | | | | | | | 16,334 |
| Interest costs | | | | | | | (78,480) |
| **Profit before fair value change, taxation and exceptional items** | | | | | | | 441,152 |
| Fair value change on investment properties | 60,320 | - | - | 56,464 | - | - | 116,784 |
| Share of associates' fair value change on investment properties | - | 5,216 | - | 7,012 | - | - | 12,228 |
| **Profit before taxation and exceptional items** | | | | | | | 570,164 |
| Exceptional items | | | | | | | 50,705 |
| **Profit before taxation** | | | | | | | 620,869 |
| Taxation | | | | | | | (117,637) |
| **Profit for the year** | | | | | | | 503,232 |
| **Assets and Liabilities** | | | | | | | |
| Assets | 1,366,725 | 952,182 | 5,093,014 | 1,006,142 | 190,924 | - | 8,608,987 |
| Tax assets | | | | | | | 5,775 |
| Bank deposits and cash balances | | | | | | | 951,969 |
| **Total assets** | | | | | | | 9,566,731 |
| Liabilities | 220,151 | 313,377 | 2,299,419 | 111,513 | 517,143 | - | 3,461,603 |
| Loans and borrowings | | | | | | | 1,669,621 |
| Tax liabilities | | | | | | | 300,591 |
| **Total liabilities** | | | | | | | 5,431,815 |
| ***Other Segment Information*** | | | | | | | |
| Capital expenditure | 20,290 | - | 1,447,328 | 15,199 | 66 | - | 1,482,883 |
| Depreciation | 337 | 9 | 63 | 4,430 | 1,130 | - | 5,969 |
| Allowance for foreseeable losses | - | - | 15,480 | - | - | - | 15,480 |
| Allowance for impairment | - | - | 108 | - | - | - | 108 |
| Negative goodwill | - | 6,980 | - | - | - | - | 6,980 |

## 12. SEGMENT INFORMATION (cont'd)

### Year ended 30 September 2010 (Restated) (cont'd)

| Business segment | Investment Properties $'000 | REIT $'000 | Development Properties $'000 | Serviced Residences $'000 | Corporate & Others $'000 | Eliminations $'000 | Group $'000 |
|---|---|---|---|---|---|---|---|
| Attributable profit before exceptional items | 91,069 | 46,617 | 258,485 | 61,872 | (25,512) | - | 432,531 |
| Exceptional items | - | 47,119 | 7,480 | - | (2,977) | - | 51,622 |
| Attributable profit | 91,069 | 93,736 | 265,965 | 61,872 | (28,489) | - | 484,153 |

| Geographical segment | Singapore $'000 | Australia $'000 | UK $'000 | China $'000 | Thailand $'000 | New Zealand $'000 | Vietnam $'000 | Others [1] $'000 | Group $'000 |
|---|---|---|---|---|---|---|---|---|---|
| Total revenue | 1,307,477 | 202,713 | 49,380 | 134,699 | 127 | - | 9,830 | 4,063 | 1,708,289 |
| PBIT * | 434,743 | 27,079 | (12,180) | 43,959 | 874 | (4) | 6,673 | 2,154 | 503,298 |
| **Assets and Liabilities** | | | | | | | | | |
| Assets | 5,312,406 | 1,147,636 | 478,535 | 1,356,449 | 156,811 | 67,606 | 61,071 | 28,473 | 8,608,987 |
| Tax assets | | | | | | | | | 5,775 |
| Bank deposits and cash balances | | | | | | | | | 951,969 |
| **Total assets** | | | | | | | | | 9,566,731 |
| Liabilities | 2,619,355 | 290,250 | 63,931 | 370,236 | 59,172 | 52,205 | 2,483 | 3,971 | 3,461,603 |
| Loans and borrowings | | | | | | | | | 1,669,621 |
| Tax liabilities | | | | | | | | | 300,591 |
| **Total liabilities** | | | | | | | | | 5,431,815 |
| ***Other Segment Information*** | | | | | | | | | |
| Capital expenditure | 1,194,324 | 125,373 | 17,683 | 116,525 | 15,374 | 10,159 | 910 | 2,535 | 1,482,883 |
| Depreciation | 1,866 | 1,538 | 1,069 | 1,310 | 6 | - | 55 | 125 | 5,969 |
| Allowance for foreseeable losses | - | - | 15,480 | - | - | - | - | - | 15,480 |
| Allowance for impairment | - | - | 108 | - | - | - | - | - | 108 |
| Negative goodwill | 6,980 | - | - | - | - | - | - | - | 6,980 |

* PBIT - Profit before interest, fair value change, taxation and exceptional items.

[1] Others – the Philippines and Malaysia.

## 13. INVESTMENT PROPERTIES

| | Completed Investment Properties $'000 | Investment Properties Under Construction $'000 | Total $'000 |
|---|---|---|---|
| **Balance Sheet:** | | | |
| Cost | | | |
| At 1 October 2009 | 3,394,648 | - | 3,394,648 |
| Currency re-alignment | (37,326) | - | (37,326) |
| Additions | 8,564 | 4,893 | 13,457 |
| Disposals | (297,101) | - | (297,101) |
| Fair value change | 112,115 | 4,669 | 116,784 |
| Transfer from properties held for development | - | 20,638 | 20,638 |
| Disposal of interest in a subsidiary | (1,100,000) | - | (1,100,000) |
| At 30 September 2010 and 1 October 2010 | 2,080,900 | 30,200 | 2,111,100 |
| Currency re-alignment | 7,155 | - | 7,155 |
| Additions | 77,315 | 228,799 | 306,114 |
| Disposals | (54,081) | - | (54,081) |
| Fair value change | 81,836 | 866 | 82,702 |
| Transfer from fixed assets | 8,677 | - | 8,677 |
| At 30 September 2011 and 1 October 2011 | 2,201,802 | 259,865 | 2,461,667 |
| Currency re-alignment | (21,335) | - | (21,335) |
| Acquisition of subsidiaries | 266,688 | - | 266,688 |
| Disposal of subsidiaries | (235,402) | - | (235,402) |
| Additions | 31,356 | 53,232 | 84,588 |
| Fair value change | 257,472 | 7,756 | 265,228 |
| At 30 September 2012 | 2,500,581 | 320,853 | 2,821,434 |

| | 2012 $'000 | 2011 $'000 | 2010 $'000 |
|---|---|---|---|
| **Profit Statement:** | | | |
| Rental income from completed investment properties: | | | |
| - Minimum lease payments | 203,809 | 182,543 | 209,837 |
| - Contigent rent based on tenants' turnover | 2,491 | 2,394 | 2,678 |
| | 206,300 | 184,937 | 212,515 |
| Direct operating expenses (including repairs and maintenance) arising from: | | | |
| - Rental generating properties | 79,824 | 73,560 | 66,087 |

**13. INVESTMENT PROPERTIES** (cont'd)

*(a) Completed Investment Properties*

Completed investment properties comprise:

(i) Singapore

(1) Alexandra Point - A freehold 24-storey office building at 438 Alexandra Road with a lettable area of 18,458 sqm.

(2) Robertson Walk and Fraser Place Robertson Walk, Singapore – A leasehold (999 years commencing from 1 July 1841) 10-storey commercial cum serviced apartment complex at 11 Unity Street, with 2 basement carparks comprising a 2-storey retail podium and 161 serviced apartment units and with a total lettable area of 23,361 sqm.

(3) The Centrepoint – A 7-storey shopping cum residential complex with 2 basement floors at 176 Orchard Road with a lettable area of 30,866 sqm.

(4) Valley Point and Frasers Suites River Valley, Singapore – A leasehold (999 years commencing from 21 June 1877) 20-storey commercial cum serviced apartment complex with a 3-storey covered carpark, a 5-storey podium block, a 2-storey retail podium and 251 serviced apartment units at River Valley Road with a total lettable area of 40,879 sqm.

(ii) Australia

(5) Fraser Place Melbourne – A freehold building of 115 serviced apartment units with a total lettable area of 4,808 sqm.

(iii) Vietnam

(6) Me Linh Point – A leasehold (50 years commencing from 14 February 1995) 22-storey retail/ office building plus 2 basements at 2 Ngo Duc Ke Street, District 1, Ho Chi Minh City with a lettable area of 17,676 sqm.

(iv) China

(7) Fraser Suites CBD, Beijing – A leasehold (70 years commencing from 3 August 2003) building comprising residential (3rd to 23rd) level) and a leasehold (40 years commencing from 3 August 2003) clubhouse (2nd level) at 7 Guanghua Road, Chaoyang District, Beijing with a lettable area of 28,419 sqm.

(v) Philippines

(8) Fraser Place Forbes Tower – a 69 freehold apartment units with car park lots at Valero Street, Salcedo Village, Makati City, Manila with a total lettable area of 17,046 sqm.

**13. INVESTMENT PROPERTIES** (cont'd)

*(a) Completed Investment Properties* (cont'd)

(vi) United Kingdom

(9) 2 leasehold buildings of 63 residential apartments at The Boardwalk, Trafalgar Way, London with a lettable area of 4,765 sqm.

(10) Frasers Suites Glasgow – A freehold 4-storey building of serviced apartments at 1-19 Albion Street, Glasgow with a lettable area of 4,964 sqm.

(11) Fraser Suites Edinburgh – A freehold building of 75 residential apartments at St Giles Street, Edinburgh, Scotland of 4,037 sqm.

(12) Fraser Place Queens Gate – A freehold building of 106 residential apartments at Kensington, London with a lettable area of 4,188 sqm.

(13) Fraser Suites Kensington – A freehold building of 70 residential apartments at Kensington, London with a lettable area of 6,845 sqm.

(vii) Indonesia

(14) Fraser Residence Sudirman, Jakarta – a freehold building of 108 serviced apartment units at Sudirman, Jakarta, Indonesia with a lettable area of 11,388 sqm.

Completed investment properties are stated at fair value which has been determined based on valuations performed at balance sheet date. Valuations are performed by accredited independent valuers with recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued.

The valuations are based on open market values on the as-is basis and were prepared primarily using the Direct Comparison Method, Income/Investment Approach and Discounted Cash Flow Analysis. In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

## 13. INVESTMENT PROPERTIES (cont'd)

### (a) *Completed Investment Properties* (cont'd)

Independent professional valuations were carried out by the following valuers:

| Country | 2012 Valuers | 2011 Valuers | 2010 Valuers |
|---|---|---|---|
| Singapore | Knight Frank Pte Ltd | DTZ Debenham Tie Leung (SEA) Pte. Ltd. | DTZ Debenham Tie Leung (SEA) Pte. Ltd. |
| United Kingdom | Savills Commercial Limited | Savills Commercial Limited<br>Knight Frank Pty Limited<br>CB Richard Ellis Hotels Limited | CB Richard Ellis Hotels Limited<br>Drivers Jonas Deloitte<br>BEM Property Consultants Pty Limited |
| Australia | CBRE Valuations Pty Limited | CB Richard Ellis Pty Limited | BEM Property Consultants Pty Limited |
| Philippines | Asian Appraisal Company, Inc. | Asian Appraisal Company, Inc. | Asian Appraisal Company, Inc. |
| Vietnam | DTZ Debenham Tie Leung (Vietnam) Co. Ltd | DTZ Debenham Tie Leung (Vietnam) Co. Ltd. | DTZ Debenham Tie Leung (Vietnam) Co. Ltd. |
| Indonesia | KJPP Rengganis, Hamid & Rekan | KJPP Rengganis, Hamid & Rekan | Not applicable |
| China | Savills Commercial Limited | DTZ Debenham Tie Leung Limited | DTZ Debenham Tie Leung Limited |

Completed investment properties are substantially leased to non-related parties under operating leases.

Completed investment properties amounting to $268,988,000 (2011: $107,771,000; 2010: $113,611.00) are secured for credit facilities with banks.

**13. INVESTMENT PROPERTIES** (cont'd)

*(b) Investment Properties under Construction*

Investment properties under construction comprise:

(i) Singapore

(1) Changi City Point - 50% proportionate share of the business park component of a mixed development in Changi Business Park (60-year leasehold tenure commencing 30 April 2008).

(2) Waterway Point - 33⅓% proportionate share of the commercial component of a mixed development in Punggol Central/Punggol Walk (99-year leasehold tenure commencing 18 May 2011).

Investment properties under construction ("IPUC") are stated at fair value which has been determined based on valuations performed at balance sheet date. Valuations are performed by accredited independent valuers with recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. The valuation is prepared on an ungeared basis. The fair value of IPUC is determined using a combination of market comparison and discounted cash flow analysis and investment, comparable sales and residual land value methods. In arriving at their estimates of market value, the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparables.

The valuations were performed by the following independent valuers with recognised and relevant professional qualifications and with recent experience in the location and category of investment properties being valued.

| Country | 2012 Valuers | 2011 Valuers | 2010 Valuers |
|---|---|---|---|
| Singapore | CKS Property Consultants Pte Ltd | CKS Property Consultants Pte Ltd | CKS Property Consultants Pte Ltd |
| Singapore | Knight Frank Pte Ltd | Knight Frank Pte Ltd | - |

IPUC amounting to approximately $320,853,000 (2011: $218,165,000; 2010: Nil) has been mortgaged to the bank as securities for bank facilities.

## 14. FIXED ASSETS

| | Buildings $'000 | Equipment, Furniture and Fittings $'000 | Motor Vehicles $'000 | Total $'000 |
|---|---|---|---|---|
| Cost | | | | |
| At 1 October 2009 | 327 | 51,846 | 2,279 | 54,452 |
| Currency re-alignment | (19) | (1,573) | (102) | (1,694) |
| Disposal of subsidiaries | - | (226) | (226) | (452) |
| Additions | - | 11,790 | 6 | 11,796 |
| Disposals | - | (1,429) | (88) | (1,517) |
| At 30 September 2010 and 1 October 2010 | 308 | 60,408 | 1,869 | 62,585 |
| Currency re-alignment | (10) | 204 | 24 | 218 |
| Disposal of subsidiary | - | (134) | - | (134) |
| Additions | - | 18,461 | 77 | 18,538 |
| Disposals/write-offs | - | (4,249) | (185) | (4,434) |
| Transfer to investment properties | - | (11,433) | - | (11,433) |
| Transfer to properties held for sale | - | (3,195) | - | (3,195) |
| Other movement | - | (8) | - | (8) |
| At 30 September 2011 and 1 October 2011 | 298 | 60,054 | 1,785 | 62,137 |
| Currency re-alignment | (11) | (272) | (43) | (326) |
| Acquisition of subsidiaries | - | 8,260 | - | 8,260 |
| Disposal of subsidiaries | (287) | (1,690) | (410) | (2,387) |
| Additions | - | 10,962 | 7 | 10,969 |
| Disposals/write-offs | - | (8,257) | (277) | (8,534) |
| Other movement | - | (1,913) | - | (1,913) |
| At 30 September 2012 | - | 67,144 | 1,062 | 68,206 |
| Accumulated Depreciation | | | | |
| At 1 October 2009 | 320 | 25,078 | 1,425 | 26,823 |
| Currency re-alignment | (19) | (475) | (102) | (596) |
| Disposal of subsidiaries | - | (125) | (226) | (351) |
| Charge for the year 2010 | 7 | 5,851 | 226 | 6,084 |
| Disposals | - | (1,122) | (71) | (1,193) |
| At 30 September 2010 and 1 October 2010 | 308 | 29,207 | 1,252 | 30,767 |
| Currency re-alignment | (10) | 49 | 19 | 58 |
| Disposal of subsidiary | - | (117) | - | (117) |
| Charge for the year 2011 | - | 7,568 | 186 | 7,754 |
| Disposals/write-offs | - | (3,541) | (142) | (3,683) |
| Transfer to investment properties | - | (2,756) | - | (2,756) |
| At 30 September 2011 and 1 October 2011 | 298 | 30,410 | 1,315 | 32,023 |
| Currency re-alignment | (11) | (115) | (32) | (158) |
| Acquisition of subsidiaries | - | 5,734 | - | 5,734 |
| Disposal of subsidiaries | (287) | (1,609) | (213) | (2,109) |
| Charge for the year 2012 | - | 7,251 | 106 | 7,357 |
| Disposals/write-offs | - | (7,302) | (389) | (7,691) |
| Other movement | - | (287) | - | (287) |
| At 30 September 2012 | - | 34,082 | 787 | 34,869 |
| Net Book Value | | | | |
| At 30 September 2012 | - | 33,062 | 275 | 33,337 |
| At 30 September 2011 | - | 29,644 | 470 | 30,114 |
| At 30 September 2010 | - | 31,201 | 617 | 31,818 |

## 14. FIXED ASSETS (cont'd)

The depreciation charge for the year is included in the financial statements as follows:-

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| Charged to Profit Statement (Note 5) | 7,310 | 7,684 | 5,969 |
| Capitalised in Properties Held for Sale | 47 | 70 | 115 |
| | 7,357 | 7,754 | 6,084 |

## 15. INVESTMENTS IN SUBSIDIARIES

*(a) Financial year ended 30 September 2010*

(i) Incorporation/Constitution of Subsidiaries

The following subsidiaries of the Group and Company are incorporated during the financial year 2010:-

| Subsidiaries of the Company | Incorporated in | Date of incorporation | Paid-up Capital | Group's Effective Interest |
|---|---|---|---|---|
| FCL Topaz Pte. Ltd. | Singapore | 9 June 2010 | S$2 | 100% |
| FCL Crystal Pte. Ltd. | Singapore | 10 June 2010 | S$2 | 100% |

| Subsidiaries of the Company | Incorporated in | Date of incorporation | Paid-up Capital | Group's Effective Interest |
|---|---|---|---|---|
| Frasers Hospitality Japan Kabushiki Kaisha | Japan | 16 October 2009 | ¥700,000 | 100% |
| Frasers Putney Pty Limited | Australia | 14 January 2010 | A$1 | 75% |
| FCL Compassvale Pte. Ltd. | Singapore | 30 April 2010 | S$1,000,000 | 80% |
| Emerald Star Pte. Ltd. | Singapore | 22 June 2010 | S$2 | 100% |

**15. INVESTMENTS IN SUBSIDIARIES** (cont'd)

*(a) Financial year ended 30 September 2010* (cont'd)

(ii) Dilution of Interest in FCT

On 4 February 2010, FCT completed the private placement of 137.0 million new Units ("New Units") at an issue price of S$1.33 per New Unit ("Private Placement"). None of the New Units have been issued to the Company or its subsidiaries.

With the issue of the 137.0 million New Units, the Group's effective interest in FCT is diluted from a subsidiary at 52.0% to an associate at 42.7%.

The revised FRS 27 requires that when control over a subsidiary is lost, any interest retained is remeasured at fair value with the corresponding gain or loss recognised in the Profit Statement. Consequently, the Group recognised its retained interest in FCT as an investment in associate at the fair value of $433.7 million, with a corresponding gain on dilution of $40.1 million in the Profit Statement.

On 5 February 2010, the Group, through its wholly-owned subsidiary, Yishun Development Pte Ltd ("YDPL"), disposed of Northpoint 2 and YewTee Point at a consideration of $164,550,000 and $125,650,000, respectively, to FCT. The considerations are arrived at on a willing-buyer and willing-seller basis and are the average of two independent valuations which relied on the investment method, discounted cash flow method and direct capitalisation method.

FCT used all of the net proceeds of the Private Placement to part finance the acquisitions of Northpoint 2 and YewTee Point. The balance purchase consideration has been financed by internal working capital and a draw down of facilities from financial institutions.

(iii) Acquisitions of Non-controlling Interests of Subsidiaries

(1) On 17 March 2010, the Company, through its wholly-owned subsidiary, Sinomax International Pte Ltd ("Sinomax"), completed the acquisition of 4.71% in the registered capital of its Chinese subsidiary, Beijing Sin Hua Yan Real Estate Development Co, Ltd ("BJSHY"). Following the acquisition, Sinomax's shareholding interest in BJSHY increased to 100%.

The aggregate consideration for the acquisition was arrived at on a willing buyer and willing seller basis.

(2) On 6 July 2010, the Company, through its indirect subsidiary, Supreme Asia Investments Limited ("SAI"), acquired a further 3.33% interest in the registered capital of SAI's subsidiary, Shanghai Zhong Jun Real Estate Development Co, Ltd ("SZJ") from 2 of the non-controlling interests of SZJ. Following the acquisition, SAI's equity interest in SZJ increased from 93.33% to 96.67%. The remaining 3.33% interest in the registered capital of SZJ was held by Shanghai Sian Jin Property Development Co, Ltd, a wholly-owned subsidiary of the Company.

On 23 August 2010, this remaining 3.33% interest was transferred to FCL (China) Pte. Ltd., a wholly-owned subsidiary of the Company, at RMB 10,000,000.

## 15. INVESTMENTS IN SUBSIDIARIES (cont'd)

### (a) *Financial year ended 30 September 2010* (cont'd)

(iv) Disposal of a subsidiary

On 27 July 2010, SAJV Co Pte. Ltd. ("SCPL"), a wholly-owned subsidiary of the Company, sold its entire 70% shareholding interest in Saigon Apartments Joint Venture Company Limited ("SAJV") for an aggregate consideration of US$7.5 million. The consideration was arrived at on a willing buyer seller basis, taking into account the current market value of the remaining unsold units in SAJV.

The disposed subsidiary previously contributed net losses of $239,000 for the year ended 30 September 2009 and $185,000 for the period from 1 October 2009 to the date of disposal.

The cash flow and net assets of the subsidiary disposed of are provided below:

| | 2010<br>$'000 |
|---|---|
| Fixed assets | 101 |
| Investment properties | 1,100,000 |
| Investment in associates | 51,482 |
| Current assets | 3,081 |
| Current liabilities | (63,828) |
| Non-current liabilities | (337,045) |
| | 753,791 |
| Non-controlling interests | (360,879) |
| Net assets disposed of | 392,912 |
| Provision for cost of disposal | 69 |
| Realisation of foreign currency translation loss | 3,363 |
| Gain on disposal/dilution of interest in subsidiaries | 47,619 |
| | 443,963 |
| Reclassification to investment in an associate | (433,671) |
| Total consideration | 10,292 |
| Cash of subsidiaries disposed of | 3,990 |
| Cash inflow on disposal of subsidiaries | 14,282 |

**15. INVESTMENTS IN SUBSIDIARIES** (cont'd)

*(a) Financial year ended 30 September 2010* (cont'd)

(v) Breach of bank covenants by Frasers Property (UK) Limited ("FPUK")

Since 30 September 2009, FPUK, a 51% subsidiary, located in the United Kingdom, has not complied with certain covenants relating to its credit facilities agreement with a bank and with this breach, the bank has the right to recall and demand repayment of the outstanding amounts. FPUK and the bank are currently in the process of a consensual restructuring of these facilities. FPUK and its subsidiaries ("FPUK group") and Frasers (St. Giles Street, Edinburgh) Limited ("Frasers St. Giles"), a 51% subsidiary, (collectively referred to as the "UK sub-group") are reliant on these credit facilities for their continuing operations. None of the companies in the Group has provided corporate guarantee or continuing financial support to the UK sub-group.

These factors indicate the existence of a material uncertainty which may cast significant doubt on the UK sub-group's ability to continue as a going concern. As at 30 September 2010, in the consolidated accounts of the UK sub-group, the assets of the UK sub-group have been fully impaired to their force-sale values based on independent professional valuations obtained by the bank. The financial statements of the UK sub-group for the financial years ended 30 September 2009 and 30 September 2010 were prepared on a going concern basis on the assumption that the working capital and banking facilities currently available would continue to be available for the next 12 months and would be sufficient for its requirements.

The aggregate amounts of the UK sub-group's current assets, non-current assets, current liabilities and non-current liabilities included in the Group's balance sheet are as follows:

| | 2010<br>$'000 |
|---|---|
| Non-current assets | |
| Investment properties | 113,611 |
| Other non-current assets | 21,842 |
| Current assets | |
| Properties held for sale | 278,951 |
| Cash and cash equivalents | 67,074 |
| Other current assets | 10,766 |
| **Total Assets** | 492,244 |
| Bank borrowings - current | 405,495 |
| Other current liabilities | 27,843 |
| Non-current liabilities | 61,059 |
| **Total Liabilities** | 494,397 |
| **Net Asset Value** | (2,153) |
| FCL's effective share | (3,283) |

If the current renegotiation of these banking facilities does not lead to a satisfactory resolution for all interested parties and the Group loses control of the UK sub-group, the UK sub-group may need to be deconsolidated. In that event, the Group's share of net liabilities of the UK sub-group calculated based on the financial position as at 30 September 2010 would be $3,283,000.

## 15. INVESTMENTS IN SUBSIDIARIES (cont'd)

### *(b) Financial year ended 30 September 2011*

(i) Incorporation/Constitution of Subsidiaries

The following subsidiaries of the Group and Company are incorporated during the financial year 2011:-

| Subsidiaries of the Company | Incorporated in | Date of Incorporation | Paid-up Capital | Group's Effective Interest |
|---|---|---|---|---|
| FCL Aquamarine Pte. Ltd. | Singapore | 13 April 2011 | S$2 | 100% |
| FC Commercial Trustee Pte. Ltd. | Singapore | 13 April 2011 | S$2 | 100% |
| Frasers Hospitality Investments Melbourne Pte. Ltd. | Singapore | 19 April 2011 | S$2 | 100% |
| Aquamarine Development Pte. Ltd. | Singapore | 10 May 2011 | S$2 | 100% |
| Punggol Residences Pte. Ltd. | Singapore | 5 August 2011 | S$800,000 | 80% |

| Subsidiaries of the Group | Constituted/ Incorporated in | Date of Constitution/ Incorporation | Paid-up Capital | Group's Effective Interest |
|---|---|---|---|---|
| Ruby Star Trust | Singapore | 15 November 2010 | S$20 | 100% |
| Vision Property (Shenzhen) Co., Ltd | China | 22 November 2010 | RMB 223 Million | 56.2% |
| Frasers Hospitality India Pty Ltd | India | 1 March 2011 | INR100,000 | 100% |
| Frasers Melbourne Trust | Australia | 20 May 2011 | A$14,250,000 | 100% |
| Frasers Melbourne Apartments Pty Limited | Australia | 20 May 2011 | A$2 | 100% |
| Frasers Melbourne Management Pty Limited | Australia | 20 May 2011 | A$2 | 100% |
| Frasers Central Park Holdings No. 1 Pty Ltd | Australia | 14 June 2011 | A$1 | 75% |
| Frasers Central Park Equity No. 1 Pty Ltd | Australia | 14 June 2011 | A$1 | 75% |
| Frasers Central Park Land No. 1 Pty Ltd | Australia | 14 June 2011 | A$1 | 75% |
| Frasers Central Park Holdings No. 2 Pty Ltd | Australia | 14 June 2011 | A$1 | 75% |
| Frasers Central Park Equity No. 2 Pty Ltd | Australia | 14 June 2011 | A$1 | 75% |
| Frasers Central Park Land No. 2 Pty Ltd | Australia | 14 June 2011 | A$1 | 75% |
| Frasers Town Hall Residences Operations Pty Ltd | Australia | 29 September 2011 | A$1 | 80.5% |

## 15. INVESTMENTS IN SUBSIDIARIES (cont'd)

*(b) Financial year ended 30 September 2011* (cont'd)

(ii) Disposal of Subsidiaries

On 15 July 2011, Unique Vast Limited ("Unique Vast"), an indirect wholly-owned subsidiary of Frasers Property (China) Limited ("FPCL"), a subsidiary of the Company, entered into the Share Transfer Agreement with Dalian Friendship Group Co. Ltd. ("Dalian Friendship") in relation to the disposal of the entire equity interests in a wholly-owned subsidiary, Shenyang Frasers Real Estate Development Co. Ltd, in China by Unique Vast to Dalian Friendship pursuant to the Share Transfer Agreement (the "Disposal Transaction"), for a cash consideration of RMB423 million. The Disposal Transaction was completed in September 2011. Dalian Friendship deposited the net sales proceeds into a bank's entrusted account which is included in "Other Receivables" Amount held in trust (Note 20). The funds will be remitted to Unique Vast after the relevant clearances by local authorities are completed.

The cash flow and net assets of the subsidiaries disposed of are as follows:

| | 2011<br>$'000 |
|---|---|
| Fixed assets | 18 |
| Current assets | 82,569 |
| Current liabilities | (1) |
| Carrying value of assets disposed | 82,586 |
| Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity on loss of control of subsidiaries | (5,133) |
| Gain on disposal of interest in subsidiaries | 6,899 |
| Total consideration | 84,352 |
| Consideration satisfied by other receivables | (84,352) |
| Cash inflow on disposal of subsidiaries | - |

## 15. INVESTMENTS IN SUBSIDIARIES (cont'd)

*(b) Financial year ended 30 September 2011* (cont'd)

(iii) Acquisition of Non-Controlling Interests

During the year, the Group acquired additional equity interest in the following subsidiaries from various non-controlling interests:

| Subsidiaries | Date of acquisition | Additional interest acquired from non-controlling interest | Consideration paid $'000 | Group's effective interest after acquisition |
|---|---|---|---|---|
| Frasers Property (Europe) Holdings Pte. Ltd. | 23 Dec 2010 | 28.83% | 776 | 80% |
| Frasers (St Giles Street, Edinburgh) Limited | 23 Dec 2010 | 48.83% | - [1] | 100% |
| Frasers Hospitality (UK) Limited | 23 Dec 2010 | 48.83% | - [1] | 100% |
| Fairdace Limited | 23 Dec 2010 and 24 Jun 2011 | 65.89% | 5,807 | 100% |
| | | | 6,583 | |

[1] Acquisition of non-controlling interests of subsidiaries of Frasers Property (Europe) Holdings Pte. Ltd.

The difference between the consideration and the carrying values of the additional interests acquired has been recognised as retained earnings and reserves within equity.

The following summarises the effect of the change in the Group's ownership in the above subsidiaries on the equity attributable to owners of the Company:-

| | 2011 $'000 |
|---|---|
| Consideration paid for acquisition of non-controlling interests | 6,583 |
| Decrease in equity attributable to non-controlling interests | (1,352) |
| Decrease in equity attributable to owner of the Company | 5,231 |

**15. INVESTMENTS IN SUBSIDIARIES** (cont'd)

*(c) Financial year ended 30 September 2012*

(i) Incorporation/Constitution of Subsidiaries

The following subsidiaries of the Group and Company are incorporated during the financial year 2012:-

| Subsidiaries of the Company | Incorporated in | Date of Incorporation | Paid-up Capital | Group's Effective Interest |
|---|---|---|---|---|
| FCL Treasury Pte. Ltd. | Singapore | 10 November 2011 | S$2 | 100% |

| Subsidiaries of the Company | Incorporated in | Date of Incorporation | Paid-up Capital | Group's Effective Interest |
|---|---|---|---|---|
| Frasers Perth Pty Ltd | Australia | 17 January 2012 | A$10 | 87.5% |
| Frasers Perth Management Pty Ltd | Australia | 19 January 2012 | A$10 | 87.5% |
| Frasers Hospitality Changi City Pte. Ltd. | Singapore | 13 June 2012 | S$2 | 100% |
| Frasers Hospitality Frankfurt Investments Ltd | United Kingdom | 3 September 2012 | € 2 | 100% |

(ii) Acquisition of Subsidiaries

On 9 December 2011, FCL (Fraser) Pte. Ltd. ("FCL (Fraser)"), a wholly-owned subsidiary of the Company, completed the acquisition of the entire shareholding interest in Queensgate Gardens (C.I.) Limited ("Queensgate Gardens") and 39 QGG Management Limited ("39 QGG"). The consideration of £42 million was arrived at after taking into account expected income (on a discounted cash flow basis) that ownership will bring, on a debt free basis and supported by a desktop valuation obtained by FCL (Fraser). Queensgate Gardens owns the property located at Kensington, London known as Fraser Place Queens Gate. 39 QGG leased the property from Queensgate Gardens for a term of 6 years and 10 months. The acquisition is part of the Group's plan to grow its interests in attractive serviced residence assets.

On 11 September 2012, Fairbriar Residential Investment Partnership ("FRIP"), a 32% held associate, completed the buy-out of three out of four partners in its partnership. As FRIP's sole business is the operations of the serviced apartments, Fraser Suites Kensington, the buy-out was based on the fair valuation of this property of £92.0 million as at August 2012 and resulted in cash of £56.3 million being paid out to the three partners. Consequent to the buy-out, FCL (Fraser) Pte Ltd, being the sole remaining partner, controls 100% of the shareholding interest in FRIP. As FCL (Fraser)'s share of the fair value of FRIP's net assets remains the same before and after the acquisition, no gain or loss is recognised in the Profit Statement in relation to the re-measurement to fair value of any retained interest. Upon the gain in control in FRIP, the cumulative exchange differences in respect of the net assets of FRIP of $12.8 million has been reclassified from equity to the Profit Statement, and disclosed under Exceptional Items as loss on acquisition of subsidiaries (Note 9).

## 15. INVESTMENTS IN SUBSIDIARIES (cont'd)

### (c) *Financial year ended 30 September 2012* (cont'd)

### (ii) Acquisition of Subsidiaries (cont'd)

The fair value of the identifiable assets and liabilities of Queensgate Gardens, 39 QGG and FRIP as at the respective acquisition dates were:

| | Fair value recognised on acquisition 2012 $'000 |
|---|---|
| Investment properties | 266,688 |
| Fixed assets | 2,526 |
| Trade and other receivables | 3,919 |
| Cash and cash equivalents | 11,629 |
| | 284,762 |
| Trade and other payables | (16,501) |
| Bank borrowings | (82,627) |
| Provision for taxation | (1) |
| | (99,129) |
| Total identifiable net assets at fair value | 185,633 |
| Cumulative differences in respect of the net assets of the subsidiary reclassified from equity on gain of control of subsidiary | 12,833 |
| Loss on step-acquisition of subsidiary | (12,833) |
| Negative goodwill arising from acquisition | (1,086) |
| | 184,547 |
| Investment in associate previously accounted for | (43,878) |
| Total consideration | 140,669 |
| Cash of subsidiaries acquired | (11,629) |
| Cash out flow on acquisition of subsidiaries | 129,040 |

## 15. INVESTMENTS IN SUBSIDIARIES (cont'd)

*(c) Financial year ended 30 September 2012* (cont'd)

(ii) Acquisition of Subsidiaries (cont'd)

Transaction costs

Transaction costs related to the acquisitions of $514,000 have been recognised in the "Administrative costs" in the Group's profit statement for the year ended 30 September 2012.

Impact of the acquisition on profit or loss

From the acquisition date, Queensgate Gardens and 39 QGG have contributed $6,491,000 of revenue and $2,120,000 to the Group's profit for the year. If the business combination had taken place at the beginning of the year, the revenue from continuing operations would have been $6,906,000 and the Group's profit from continuing operations, net of tax would have been $2,122,000.

The Group has equity accounted for its share of FRIP's results, share of fair value change on investment properties and exceptional item, from the beginning of the year to the date of acquisition, of $1,007,000, $13,687,000 and $746,000, respectively. If the business combination had taken place at the beginning of the year, the revenue from FRIP's operations would have been $9,140,000 and the Group's profit from FRIP's operations net of tax would have been $48,010,000.

(iii) Disposal of Subsidiaries

On 14 September 2012, the Company entered into a sale agreement to dispose of its entire 56% interest in shares in Frasers Property (China) Limited ("FPCL") comprising 3,847,509,895 ordinary shares, for a total consideration of HK $1.654 billion (S$261 million). The consideration was received on behalf by its immediate holding company. The disposal was completed on 28 September 2012, on which date, control of FPCL was passed to the acquirer. Subsequent to the disposal, the Company's retained interest in certain former subsidiaries were reclassified to associates due to loss in control.

## 15. INVESTMENTS IN SUBSIDIARIES (cont'd)

### (c) *Financial year ended 30 September 2012* (cont'd)

(iii) Disposal of Subsidiaries (cont'd)

The value of assets and liabilities of the subsidiaries recorded in the consolidated financial statements on the respective dates of disposal, and the cash flow effects are disclosed below:

| | 2012<br>$'000 |
|---|---|
| Fixed assets | 278 |
| Investment properties | 235,402 |
| Investment in available-for-sale financial assets | 1,421 |
| Current assets | 541,125 |
| Current liabilities | (77,215) |
| Non-current liabilities | (235,963) |
| | 465,048 |
| Non-controlling interests | (191,455) |
| Carrying value of assets disposed | 273,593 |
| Provision for cost of disposal | 100 |
| Cumulative exchange differences in respect of the net assets of the subsidiaries reclassified from equity on loss of control of subsidiaries | 21,613 |
| Gain on disposal/dilution of interest in subsidiaries | 35,631 |
| | 330,937 |
| Fair value of retained interest reclassified to investment in associates | (69,316) |
| Total consideration | 261,621 |
| Cash of subsidiaries disposed of/diluted | (205,675) |
| Cash inflow on disposal/dilution of subsidiaries | 55,946 |

## 16. INVESTMENTS IN AND BALANCES WITH JOINT VENTURES

Loans to joint ventures bear interest which ranges between 1.32% to 4.60% (2011: 1.44% to 2.24%; 2010: 2.24% to 2.56%) per annum. These loans to joint ventures are unsecured and payable in cash.

Loans to joint ventures shall be repaid as follows:-

(a) only after full repayment of any bank or third party loans;

(b) only after full payment of all regulatory requirements in respect of the Project;

(c) no loan shall be repaid to any joint venture parties in full unless the other loans then outstanding and owed to the other joint venture parties shall be repaid in full at the same time;

(d) no loan shall be repaid to any joint venture parties in part unless all loans then outstanding shall be proportionately reduced by the proposed repayment;

(e) the Project Development Committee of the joint venture company shall review the cashflow of the joint venture company from time to time to decide on the timing and quantum of the repayment to be repaid.

On 18 January 2012, the Group acquired Vacaron Company Sdn Bhd (“Vacaron”) from a related company at a consideration of $206,000.

The fair value of the identifiable assets and liabilities of Vacaron for the purpose of the cash flow for the year ended 30 September 2012 were:

| | Fair value recognised on acquisition $'000 |
|---|---|
| Properties held for sale | 28,619 |
| Cash and cash equivalents | 226 |
| | 28,845 |
| Trade and other payables | (65) |
| Total identifiable net assets at fair value | 28,780 |
| Negative goodwill arising from acquisition | 4 |
| | 28,784 |
| Cash of subsidiaries acquired | (226) |
| Net cash out flow on acquisition of joint venture | 28,558 |

## 16. INVESTMENTS IN AND BALANCES WITH JOINT VENTURES (cont'd)

Details of the joint ventures at the end of the financial years are as follows:-

| | Name of Entities (Country of Incorporation/ Registration) | Principal Activities | Percentage equity held 2012 % | 2011 % | 2010 % |
|---|---|---|---|---|---|
| (1) (a) | Riverside Homes Development Co., Ltd (Thailand) | Property development | 69.6 [(4)] | 69.6 [(4)] | 69.6 [(4)] |
| (a) | FCL Peak Pte. Ltd. (Singapore) | Property development | 50.0 | 50.0 | 50.0 |
| (b) | GSF Homes Limited (United Kingdom) | Property development | 40.0 | 40.0 | 25.6 |
| (b) | Sovereign House Fairbriar Homes Ltd (United Kingdom) | Property development | 40.0 | 40.0 | 25.6 |
| (b) | Fairmuir Limited (United Kingdom) | Property development | 40.0 | 40.0 | 25.6 |
| (2) (a) | Ascendas Frasers Pte. Ltd. (Singapore) | Property development | 50.0 | 50.0 | 50.0 |
| (a) | Yishun Gold Pte. Ltd. (Singapore) | Property development | 50.0 | 50.0 | 50.0 |
| (a) | Precious Sand Pte. Ltd. (Singapore) | Property development | 50.0 | 50.0 | - |
| (a) | Easthouse Properties Pte. Ltd. (Singapore) | Property development | 50.0 | 50.0 | - |
| (a) | Emerald Star Pte. Ltd. (Singapore) | Property development | 33.3 | 33.3 | - |
| (a) | Sapphire Star Trust (Singapore) | Property investment and development | 33.3 | 33.3 | - |

## 16. INVESTMENTS IN AND BALANCES WITH JOINT VENTURES (cont'd)

Details of the joint ventures at the end of the financial year are as follows:- (cont'd)

| | Name of Entities (Country of Incorporation/ Registration) | Principal Activities | Percentage equity held | | |
|---|---|---|---|---|---|
| | | | 2012 % | 2011 % | 2010 % |
| (a) | FC Retail Trustee Pte. Ltd. (Singapore) | Trustee-management services | 33.3 (5) | 100.0 (5) | - |
| (a) | eCO Properties Pte. Ltd. (Singapore) | Property development | 33.3 | - | - |
| (a) | Quarry Bay Pte. Ltd. (Singapore) | Property development | 33.3 | - | - |
| (a) | Vacaron Company Sdn Bhd (Malaysia) | Property development | 50.0 | - | - |
| (3) (a) | Frasers Central Park Equity No. 1 Pty Ltd and SH Central Park Development East Pty Ltd (Australia) | Property development | 37.5 | 37.5 | - |
| (3) (a) | Frasers Central Park Equity No. 2 Pty Ltd and SH Central Park Development West Pty Ltd (Australia) | Property development | 37.5 | 37.5 | - |
| (b) | Macleod & Fairbriar Limited (United Kingdom) | Property development | - | - | 25.6 |
| (b) | Redbriar Developments Limited (United Kingdom) | Property development | - | - | 25.6 |
| (b) | Frasers Hamilton (Shrubhill) Ltd (United Kingdom) | Property development | - | - | 25.6 |
| (b) | Lumiere Leeds General Partner Ltd (United Kingdom) | Management services | - | - | 25.6 |

## 16. INVESTMENTS IN AND BALANCES WITH JOINT VENTURES (cont'd)

Details of the joint ventures at the end of the financial year are as follows:- (cont'd)

| Name of Entities (Country of Incorporation/ Registration) | Principal Activities | Percentage equity held 2012 % | 2011 % | 2010 % |
|---|---|---|---|---|
| (b) Lumiere Leeds Limited Partnership (United Kingdom) | Property development | - | - | 23.0 |

(a) Audited by Ernst & Young in the respective countries
(b) Audited by KPMG, Nottingham
(1) Accounting year end is 31 December
(2) Accounting year end is 31 March
(3) Unincorporated joint ventures
(4) Riverside Homes Development Co., Ltd, is accounted for as a joint venture as the Group exercises only joint control over the company.
(5) Between November 2011 and December 2011, FC Retail Trustee Pte. Ltd. issued 4 additional ordinary shares to two new shareholders which resulted in the Group's shareholding to be diluted from 100% to 33.3%, and a joint venture agreement which was provided for joint control, was established amongst all shareholders. The impact of such dilution to the Group was less than $1,000.

The aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the Group's interests in the joint ventures are as follows:-

| | 2012 $'000 | 2011 (Restated) $'000 | 2010 (Restated) $'000 |
|---|---|---|---|
| **Assets and Liabilities** | | | |
| Current assets | 1,094,946 | 928,683 | 581,077 |
| Non-current assets | 321,031 | 259,881 | 5 |
| Total assets | 1,415,977 | 1,188,564 | 581,082 |
| Current liabilities | 605,823 | 546,568 | 410,511 |
| Non-current liabilities | 615,727 | 523,331 | 106,001 |
| Total liabilities | 1,221,550 | 1,069,899 | 516,512 |

| | 2012 $'000 | 2011 (Restated) $'000 | 2010 (Restated) $'000 |
|---|---|---|---|
| **Results** | | | |
| Revenue | 328,948 | 303,629 | 139,191 |
| Fair value change on investment properties | 7,756 | 866 | 4,669 |
| Cost of sales/expenses | (241,921) | (238,062) | (117,642) |
| Interest (expense)/income | (3,500) | 293 | (1,087) |
| Taxation | (15,494) | (13,878) | (5,947) |
| Profit for the year | 75,789 | 52,848 | 19,184 |

## 17. INVESTMENTS IN AND BALANCES WITH ASSOCIATES

| | Note | 2012 $'000 | 2011 $'000 | 2010 $'000 |
|---|---|---|---|---|
| **Investments in associates** | | | | |
| Shares, at cost | | 749,944 | 672,277 | 655,470 |
| Quoted non-equity investments, at cost | | 306,158 | 306,158 | 306,158 |
| Negative goodwill on acquisition | | 97,173 | 92,153 | 84,232 |
| Share of post-acquisition reserves | | 70,408 | 16,375 | (19,149) |
| Allowance for impairment | | (177) | (177) | (177) |
| | | 1,223,506 | 1,086,786 | 1,026,534 |
| **Balances with associates** | | | | |
| Loans to associates, non-current | 20 | 13,833 | 18,023 | 19,003 |
| Investments in associates are represented by: | | | | |
| Quoted instruments | | 1,113,018 | 1,018,187 | 956,279 |
| Market value : $1,129,824,000 (2011: $911,569,000; 2010: $910,153,000) | | | | |
| Unquoted instruments | | 110,488 | 68,599 | 70,255 |
| | | 1,223,506 | 1,086,786 | 1,026,534 |

The quoted non-equity instruments relate to Series A convertible perpetual preference units ("Series A CPPUs") in Frasers Commercial Trust ("FCOT"). The Series A CPPUs are convertible at the option of the holders and redeemable at the option of FCOT at fixed determined dates after 3 years from the issuance date of the Series A CPPUs. The Series A CPPUs are entitled to receive a preferred distribution of 5.5% per annum which shall be declared at the sole discretion of FCOT.

Loans to associates are unsecured, interest free, payable in cash and have no fixed repayment terms.

## 17. INVESTMENTS IN AND BALANCES WITH ASSOCIATES (cont'd)

*Details of the associates at the end of the financial years are as follows:-*

| | Name of Entities (Country of Incorporation) | Principal Activities | Percentage equity held 2012 % | 2011 % | 2010 % |
|---|---|---|---|---|---|
| (1) (c) | Fairbriar Residential Investment Partnership (United Kingdom) | Investment holding and property investment | 100.0 [3] | 32.0 | 26.1 |
| (1) (a) | Krungthep Land Public Company Limited (Thailand) | Investment holding and property development | 40.5 | 40.5 | 40.5 |
| (1) (d) | Hektar Asset Management Sdn Bhd (Malaysia) | Management services | 40.0 | 40.0 | 40.0 |
| (a) | Frasers Commercial Trust (Singapore) | Real estate investment trust | 27.4 | 26.0 | 24.4 |
| (a) | Frasers Centrepoint Trust (Singapore) | Real estate investment trust | 41.0 | 40.7 | 42.9 |
| (b) | Supreme Asia Investments Limited (British Virgin Islands) | Investment holding | 43.3 [2] | 75.2 | 75.2 |
| (1) (a) | Shanghai Zhong Jun Property Real Estate Development Co, Ltd (China) | Property development | 45.2 [2] | 76.0 | 76.0 |

(a) Audited by Ernst & Young in the respective countries
(b) Not required to be audited under laws of the country of incorporation
(c) Audited by KPMG, Nottingham
(d) Audited by SJ Grant Thornton
(1) Accounting year end is 31 December
(2) Following the disposal of Frasers Property (China) Limited as disclosed in Note 15, the Group's retained interest in these investments were reclassified from subsidiaries to associates.
(3) Following further acquisition of interest in FRIP as disclosed in Note 15, the entity has become a wholly-owned subsidiary in FY 2012.

## 17. INVESTMENTS IN AND BALANCES WITH ASSOCIATES (cont'd)

(1) FCT

*(a) Financial year ended 30 September 2010*

(i) Payment of Management Fees by way of Units in Frasers Centrepoint Trust ("FCT")

The Group, through its subsidiary, Frasers Centrepoint Asset Management Ltd. ("FCAM") as the manager of FCT, received the following Units in FCT in payment of 20-50% of its management fees for the year from 1 October 2009 to 30 September 2010 (the "Relevant Period"):

| Relevant Period | Date received | No. of Units received | Issued Price $ | Value of Units received $ | Aggregate of FCT Units held by FCAM | Aggregate of FCT Units held by the Group |
|---|---|---|---|---|---|---|
| 1 July 2009 to 30 September 2009 | 28 October 2009 | 765,222 | 1.1510 | 880,771 | 11,935,443 | 325,435,443 |
| 1 October 2009 to 31 December 2009 | 28 January 2010 | 632,785 | 1.3234 | 837,428 | 12,568,228 | 326,068,228 |
| 1 January 2010 to 31 March 2010 | 28 April 2010 | 563,498 | 1.3464 | 758,694 | 13,131,726 | 326,631,726 |
| 1 April 2010 to 30 June 2010 | 28 July 2010 | 332,892 | 1.3087 | 435,657 | 13,464,618 | 326,964,618 |
| | | | | 2,912,550 | | |

(ii) Payment of Acquisition Fees by way of Units in FCT

The Group, through its subsidiary, FCAM as the manager of FCT, received 2,181,954 Units in FCT issued at a price of $1.33 per Unit, in payment of acquisition fee of $2,902,000 payable for the acquisition by FCT of Northpoint 2 and YewTee Point, calculated at 1% of S$290.2 million, the total purchase price consideration for the acquisitions. The acquisitions were completed on 5 February 2010.

As at 30 September 2010, with the above payments of management fees and acquisition fees by way of Units in FCT, the Group and FCAM, held an aggregate of 329,146,572 and 15,646,572 Units in FCT, representing 42.9% and 2.04% of the total issued FCT units, respectively.

## 17. INVESTMENTS IN AND BALANCES WITH ASSOCIATES (cont'd)

(1) FCT (cont'd)

*(b) Financial year ended 30 September 2011*

Payment of Management Fees by way of Units in Frasers Centrepoint Trust ("FCT")

The Group, through its subsidiary, Frasers Centrepoint Asset Management Ltd. ("FCAM") as the manager of FCT, received the following Units in FCT in payment of 70% to 100% of its management fees and acquisition fees for the year from 1 October 2010 to 30 September 2011 (the "Relevant Period"):

| Relevant Period | Date received | No. of Units received | Issued Price | Value of Units received | Aggregate of FCT Units held by FCAM | Aggregate of FCT Units held by the Group |
|---|---|---|---|---|---|---|
| | | | $ | $ | | |
| 1 July 2010 to 30 September 2010 | 28 October 2010 | 296,433 | 1.5232 | 451,527 | 15,943,005 | 329,443,005 |
| 1 October 2010 to 31 December 2010 | 26 January 2011 | 1,394,458 | 1.4856 | 2,071,607 | 17,337,463 | 330,837,463 |
| 1 January 2011 to 31 March 2011 | 26 April 2011 | 1,460,567 | 1.4601 | 2,132,574 | 18,798,030 | 332,298,030 |
| 1 April 2011 to 30 June 2011 | 28 July 2011 | 1,388,554 | 1.4971 | 2,078,805 | 20,186,584 | 333,686,584 |
| | | | | 6,734,513 | | |

**17. INVESTMENTS IN AND BALANCES WITH ASSOCIATES** (cont'd)

(1) FCT (cont'd)

*(c) Financial year ended 30 September 2012*

Payment of Management Fees and Acquisition Fees by way of Units in Frasers Centrepoint Trust ("FCT")

(i) Management Fees

The Group, through its subsidiary, Frasers Centrepoint Asset Management Ltd. ("FCAM") as the manager of FCT, received the following Units in FCT in payment of 70% to 100% of its management fees for the year from 1 October 2011 to 30 September 2012 (the "Relevant Period"):

| Relevant Period | Date received | No. of Units received | Issued Price $ | Value of Units received $ | Aggregate of FCT Units held by FCAM | Aggregate of FCT Units held by the Group |
|---|---|---|---|---|---|---|
| 1 July 2011 to 30 September 2011 | 31 October 2011 | 1,272,835 | 1.4376 | 1,829,828 | 21,459,419 | 334,959,419 |
| 1 October 2011 to 31 December 2011 | 25 January 2012 | 538,529 | 1.4432 | 777,205 | 21,997,948 | 335,497,948 |
| 1 January 2012 to 31 March 2012 | 26 April 2012 | 347,679 | 1.5255 | 530,384 | 22,345,627 | 335,845,627 |
| 1 April 2012 to 30 June 2012 | 26 July 2012 | 310,593 | 1.6647 | 517,044 | 22,656,220 | 336,156,220 |
| | | | | 3,654,461 | | |

The payment of such fees in the form of Units is provided for in the Trust Deed constituting FCT dated 5 June 2006. The Issue Price is the volume weighted average price of the Units traded on the Singapore Exchange Securities Trading Limited for the last ten business days of the Relevant Period.

(ii) Payment of Acquisition Fees by way of Units in FCT

The Group, through FCAM, received 913,669 Units in FCT issued at a price of $1.39 per Unit, in payment of acquisition fee of $1,270,000 payable in respect of the acquisition by FCT of Bedok Point, calculated at 1.0% of $127.0 million, the purchase consideration for the acquisition, which was completed on 23 September 2011.

As at 30 September 2012, with the above payments of management fees and acquisition fees by way of Units in FCT, the Group and FCAM hold an aggregate of 337,069,889 and 23,569,889 Units in FCT, representing 40.95% and 2.86% of the total issued FCT Units, respectively.

## 17. INVESTMENTS IN AND BALANCES WITH ASSOCIATES (cont'd)

(2) FCOT (cont'd)

*(a) Financial year ended 30 September 2010*

Payment of Management Fees by way of Units in Frasers Commercial Trust ("FCOT")

The Group, through its subsidiary, Frasers Centrepoint Asset Management (Commercial) Ltd. ("FCAMC") as the manager of FCOT, received the following units in FCOT in payment of its management fees for the year from 1 October 2009 to 30 September 2010 (the "Relevant Period"):

| Relevant Period | Date received | No. of Units received | Issued Price $ | Value of Units received $ | Aggregate of FCT Units held by FCAM | Aggregate of FCT Units held by the Group |
|---|---|---|---|---|---|---|
| 1 July 2009 to 30 September 2009 | 23 October 2009 | 18,122,671 | 0.1522 | 2,758,271 | 190,874,341 | 697,799,237 |
| 1 October 2009 to 31 December 2009 | 28 January 2010 | 19,400,740 | 0.1612 | 3,127,399 | 210,275,081 | 717,199,977 |
| 1 January 2010 to 31 March 2010 | 23 April 2010 | 14,804,486 | 0.1461 | 2,162,935 | 225,079,567 | 732,004,463 |
| 1 April 2010 to 30 June 2010 | 29 July 2010 | 21,917,867 | 0.1401 | 3,070,694 | 246,997,434 | 753,922,330 |
| | | | | 11,119,299 | | |

## 17. INVESTMENTS IN AND BALANCES WITH ASSOCIATES (cont'd)

(2) FCOT (cont'd)

*(b) Financial year ended 30 September 2011*

Payment of Management Fees by way of Units in Frasers Commercial Trust ("FCOT")

The Group, through its subsidiary, Frasers Centrepoint Asset Management (Commercial) Ltd. ("FCAMC") as the manager of FCOT, received the following units in FCOT in payment of 85% of its management fees for the year from 1 October 2010 to 30 September 2011 (the "Relevant Period"):

| Relevant Period | Date received | No. of Units received | Issued Price $ | Value of Units received $ | Aggregate of FCOT Units held by FCAMC | Aggregate of FCOT Units held by the Group |
|---|---|---|---|---|---|---|
| 1 July 2010 to 30 September 2010 | 25 October 2010 | 14,575,794 | 0.1528 | 2,227,181 | 261,573,228 | 768,498,124 |
| 1 October 2010 to 31 December 2010 | 28 January 2011 | 16,528,872 | 0.1639 | 2,709,082 | 278,102,100 | 785,026,996 |
| Unit consolidation on 11 February 2011 | | | | | 55,620,420 | 157,005,399 |
| 1 January 2011 to 31 March 2011 | 25 April 2011 | 3,410,192 | 0.7784 | 2,654,493 | 59,030,612 | 160,415,591 |
| 1 April 2011 to 30 June 2011 | 1 August 2011 | 3,366,852 | 0.8052 | 2,710,990 | 62,397,464 | 163,782,443 |
| | | | | 10,301,746 | | |

## 17. INVESTMENTS IN AND BALANCES WITH ASSOCIATES (cont'd)

(2) FCOT (cont'd)

*(c) Financial year ended 30 September 2012*

Payment of Management Fees by way of Units in Frasers Commercial Trust ("FCOT")

The Group, through its subsidiary, Frasers Centrepoint Asset Management (Commercial) Ltd. ("FCAMC") as the manager of FCOT, received the following units in FCOT in payment of 85% of its management fees for the year from 1 October 2011 to 30 September 2012 (the "Relevant Period"):

| Relevant Period | Date received | No. of Units received | Issued Price $ | Value of Units received $ | Aggregate of FCOT Units held by FCAMC | Aggregate of FCOT Units held by the Group |
|---|---|---|---|---|---|---|
| 1 July 2011 to 30 September 2011 | 27 October 2011 | 3,397,976 | 0.8072 | 2,742,846 | 65,795,440 | 167,180,419 |
| 1 October 2011 to 31 December 2011 | 3 February 2012 | 3,476,209 | 0.7439 | 2,585,952 | 69,271,649 | 170,656,628 |
| 1 January 2012 to 31 March 2012 | 23 April 2012 | 3,100,021 | 0.8320 | 2,579,217 | 72,371,670 | 173,756,649 |
| 1 April 2012 to 30 June 2012 | 30 July 2012 | 2,793,437 | 0.9784 | 2,733,099 | 75,165,107 | 176,550,086 |
| | | | | 10,641,114 | | |

The payment of such management fees in the form of Units is provided for in the Trust Deed constituting FCOT dated 12 September 2005. The Issue Price is the volume weighted average price of the Units traded on the Singapore Exchange Securities Trading Limited for the last ten business days of the Relevant Period.

As at 30 September 2012, with the above payments of management fees by way of Units in FCOT, the Group and FCAMC held an aggregate of 176,550,086 and 75,165,107 Units in FCOT, representing 27.43% and 11.68% of the total issued FCOT Units, respectively.

*(3) The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:-*

| | 2012 $'000 | 2011 $'000 | 2010 $'000 |
|---|---|---|---|
| **Assets and Liabilities** | | | |
| Total assets | 5,079,756 | 4,201,458 | 3,968,426 |
| Total liabilities | 2,094,589 | 1,651,265 | 1,596,185 |
| **Results** | | | |
| Revenue | 351,470 | 345,612 | 318,288 |
| Profit for the year | 219,564 | 230,130 | 152,820 |

## 18. FINANCIAL ASSETS

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| Available-for-sale financial assets: | | | |
| Unquoted | | | |
| Equity investments, at cost | 3,305 | 4,779 | 4,828 |
| Allowance for impairment | (1,155) | (1,155) | (1,155) |
| | 2,150 | 3,624 | 3,673 |
| Quoted | | | |
| Equity investments | 24 | 12,688 | 12,725 |
| Allowance for impairment | (8) | (11,958) | (12,071) |
| | 16 | 730 | 654 |
| Non-equity investments | 60,350 | 25,450 | 25,450 |
| | 60,366 | 26,180 | 26,104 |
| Total available-for-sale financial assets | 62,516 | 29,804 | 29,777 |
| Represented by: | | | |
| Current | 60,350 | - | - |
| Non-current | 2,166 | 29,804 | 29,777 |
| | 62,516 | 29,804 | 29,777 |

The unquoted equity investments are measured at cost less impairment losses as there are no active markets for these investments and other methods of determining fair value do not result in a reliable estimate.

The quoted non-equity investments held by the Group relate to 25,450,000 junior bonds (with 2,545 attached preference shares) issued by Sengkang Mall Limited ("SML") which are due for redemption on 20 November 2012. Accordingly, as at 30 September 2012, these investments have been reclassified as current financial assets.

In prior years, the Group had accounted for these investments in junior bonds (with attached preference shares) at cost on the basis that there had been no active trading in the junior bonds for the past few financial years. It was determined that the closing trading price of the bonds was not a reliable measure of the fair market value of the investment. However, in May 2012, Compass Point (which is penultimately owned by SML) was put up for sale. FCL, through a wholly-owned subsidiary, FCL Centrepoint entered into an agreement with Asia Property Fund ("APF") to jointly bid for the property via a newly incorporated joint venture company, Gemshine Investments (S) Pte. Ltd. (“Gemshine”) (81.01% held by APF; 18.99% held by FCL). The resulting successful bid of $519.0 million from Gemshine meant that effectively, a fair market value has been placed on the junior bonds, as the market value of these bonds (with attached preference shares) is dependent on the selling price of the property. Based on the successful bid by Gemshine, the Group had estimated the Group's share of fair valued junior bonds to be $60.39 million, and the resulting fair value gain of $34.9 million has been recognised in the Group's fair value reserves for 30 September 2012.

## 18. FINANCIAL ASSETS (cont'd)

The completion date of the purchase of Compass Point has been timed on the same day as the redemption date of the junior bonds on 20 November 2012. Accordingly, it was envisioned that through the terms of the Sale and Purchase Agreement, the Group's share of the acquisition would be funded fully through proceeds from the redemption of its holdings in the junior bonds and no cash outlay is expected.

## 19. OTHER ASSETS

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| Other assets comprise:- | | | |
| Intangible assets | 64,834 | 65,332 | 65,229 |
| Other long term asset | 42,400 | 41,000 | 41,000 |
| | 107,234 | 106,332 | 106,229 |

### (a) *Intangible Assets*

| | Management contracts (indefinite useful life)<br>$'000 | Management contracts (finite useful life)<br>$'000 | Software<br>$'000 | Total<br>$'000 |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 October 2009 | 62,601 | 4,041 | - | 66,642 |
| Currency re-alignment | - | 57 | - | 57 |
| At 30 September 2010 and 1 October 2010 | 62,601 | 4,098 | - | 66,699 |
| Currency re-alignment | - | 550 | 43 | 593 |
| At 30 September 2011, 1 October 2011 and 30 September 2012 | 62,601 | 4,648 | 43 | 67,292 |
| **Accumulated amortisation** | | | | |
| At 1 October 2009 | - | 980 | - | 980 |
| Amortisation | - | 490 | - | 490 |
| At 30 September 2010 and 1 October 2010 | - | 1,470 | - | 1,470 |
| Amortisation | - | 490 | - | 490 |
| At 30 September 2011 and 1 October 2011 | - | 1,960 | - | 1,960 |
| Amortisation | - | 490 | 8 | 498 |
| At 30 September 2012 | - | 2,450 | 8 | 2,458 |
| **Net carrying amount** | | | | |
| At 30 September 2012 | 62,601 | 2,198 | 35 | 64,834 |
| At 30 September 2011 | 62,601 | 2,688 | 43 | 65,332 |
| At 30 September 2010 | 62,601 | 2,628 | - | 65,229 |

**19. OTHER ASSETS** (cont'd)

*(a) Intangible Assets* (cont'd)

Management contracts relate to fair values of management contracts held by certain acquired subsidiaries prior to the acquisition of the subsidiaries by the Group.

Management contracts with a cost of $62,601,000 (2011 and 2010: $62,601,000) are assessed to have an indefinite useful life and not amortised. This is the value ascribed to management contracts entered into between a subsidiary and an associate. Management is of the view that these intangible assets have an indefinite useful life as the contracts are contracts which go into perpetuity, and will only be terminated upon the removal of the subsidiary as the manager.

The remaining useful life of management contracts with finite useful life is 3 (2011: 4; 2010: 5) years.

The recoverable amount of the management contracts has been determined based on value in use calculations using a projection of the management fee income covering a 5-year period. The pre-tax discount applied to the projections is 10% (2011 and 2010: 10%) and the forecast growth rate used beyond the 5-year period is 2% (2011 and 2010: 2%). Based on the recoverable amount, no impairment is necessary.

Amortisation charge of $498,000 (2011: $490,000; 2010: $490,000) is included in administrative costs in the Profit Statements.

*(b) Other Long Term Asset*

Other long term asset relates to the unguaranteed residual value in relation to the Group's freehold interest retained in Alexandra Technopark after the expiry of the 99-year lease to an associate. Finance income is recognised based on average long-term inflationary rate in Singapore and the interest accretion recognised in the Profit Statement for the year amounted to $1,400,000 (2011 and 2010: Nil).

## 20. TRADE AND OTHER RECEIVABLES

| | Note | 2012 $'000 | 2011 $'000 | 2010 $'000 |
|---|---|---|---|---|
| **Other receivables (non-current)** | | | | |
| Loans to associates | 17 | 13,833 | 18,023 | 19,003 |
| Loan to a non-controlling interest | | 75,875 | 57,540 | 51,375 |
| | | 89,708 | 75,563 | 70,378 |
| **Trade and other receivables (current)** | | | | |
| Trade receivables | | 24,807 | 45,882 | 48,832 |
| Sales proceeds and progress billing receivables | | 217,644 | 452,582 | 548,658 |
| Tax recoverable | | 9,109 | 8,825 | 3,451 |
| Accrued interest income | | 5,804 | 1,587 | 611 |
| Project costs recoverable | | - | 25,896 | - |
| Staff loans and advances | | 1,026 | 746 | 878 |
| Sundry debtors | | 29,429 | 23,826 | 20,400 |
| Other deposits | | 10,469 | 4,791 | 4,461 |
| Amount due from holding company | | 15,473 | 15,473 | 15,473 |
| Amounts due from related companies | | 13,936 | 12,924 | 10,799 |
| Amount held in trust | | - | 85,578 | - |
| | | 327,697 | 678,110 | 653,563 |
| Total trade and other receivables (current and non-current) | | 417,405 | 753,673 | 723,941 |
| Add: Cash and cash equivalents | 24 | 1,206,314 | 979,911 | 951,969 |
| Total Loans and Receivables | | 1,623,719 | 1,733,584 | 1,675,910 |

Trade receivables

Trade receivables are non-interest bearing and are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Sales proceeds and progress billing receivables

Sales proceeds receivables relate to the balance of sales proceeds from completed properties held for sale which will be received upon issue of notice of vacant possession, certificate of statutory completion, expiry of defect liability period and/ or title subdivision.

Progress billing receivables relate to the outstanding balance of progress billings which are due within 14 days after the purchasers receive the notices to make payments.

## 20. TRADE AND OTHER RECEIVABLES (cont'd)

Related companies balances

Amounts due from holding and related companies (current) are non-trade related, unsecured, interest free and repayable on demand in cash.

Loan to a non-controlling interest

Loan to a non-controlling interest ("NCI") relates to the NCI's share of shareholders' loan contributions to a subsidiary, Frasers (Australia) Pte. Ltd ("Frasers Australia") paid on behalf by FCL Clover Pte. Ltd. ("FCL Clover"), another subsidiary of the Company. The amount is repayable in cash and bears interest at a fixed rate of 8% (2011 and 2010: 12%) per annum.

The loan to a NCI shall be repaid out of:

(i) all repayment of shareholders loans and interest accrued thereon made by Frasers Australia to the extent of the NCI's share thereof;

(ii) all distributions made by Frasers Australia to the extent of the NCI's share thereof;

(iii) all dividends declared or made by Frasers Australia to the extent of the NCI's share thereof derived from Frasers Broadway Pty Limited ("Frasers Broadway") and Frasers Queens Pty Limited ("Frasers Queens") (subsidiaries of the Company); and

(iv) half of all dividends declared or made by Frasers Australia to the extent of the NCI's share thereof derived from subsidiaries of Frasers Australia other than Frasers Broadway and Frasers Queens.

The amount has no fixed date of repayment.

The amount is secured:

(i) by way of first fixed charge to FCL Clover all the NCI's right, title and interest in and to the shares that it may from time to time hold in the capital of Frasers Australia and all its rights attaching or relating there to; and

(ii) assignment by the NCI all its rights, title and interest in and to all moneys payable to the NCI by Frasers Australia in respect of loans made by the NCI to Frasers Australia.

*(a) Credit Risk by business segments*

The maximum exposure to credit risk for trade receivables and sales proceeds receivable at the balance sheet date by business segment is:

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| Investment properties | 1,465 | 16,586 | 2,905 |
| Development properties | 218,695 | 463,218 | 576,805 |
| Serviced residences | 10,414 | 10,774 | 11,531 |
| Corporate & others | 11,877 | 7,886 | 6,249 |
| | 242,451 | 498,464 | 597,490 |

## 20. TRADE AND OTHER RECEIVABLES (cont'd)

### (b) *Trade receivables that are past due but not impaired*

The Group has trade receivables amounting to $9,012,000 (2011: $10,000,000; 2010: $10,378,000) that are past due at balance sheet date but not impaired. These receivables are unsecured and the aging analysis at the balance sheet date is as follows:

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| Trade receivables past due: | | | |
| 1 to 30 days | 6,330 | 5,675 | 4,898 |
| 31 to 60 days | 1,100 | 2,760 | 1,757 |
| 61 to 90 days | 467 | 863 | 289 |
| More than 90 days | 1,115 | 702 | 3,434 |
| | 9,012 | 10,000 | 10,378 |

### (c) *Trade receivables that are impaired*

The Group's trade receivables that are impaired at the balance sheet date and the movements of the allowance account used to record the impairment are as follows:

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| Trade receivables - nominal amounts | 2,405 | 2,383 | 1,923 |
| Allowance for impairment | (2,405) | (2,209) | (1,769) |
| | - | 174 | 154 |

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| Movements in allowance account: | | | |
| At 1 October | 2,209 | 1,769 | 1,595 |
| Charge for the year | 2,486 | 1,258 | 979 |
| Write-back of allowance | (1,481) | (536) | (486) |
| Written off | (808) | (239) | (304) |
| Exchange difference | (1) | (43) | (15) |
| At 30 September | 2,405 | 2,209 | 1,769 |

Trade and other receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Based on the Group's historical experience in the collection of receivables, management believes that no additional credit risk beyond that provided for is inherent in the Group's trade and other receivables.

## 21. DEFERRED TAX ASSETS AND LIABILITIES

### *(a) Deferred Tax Assets*

| | Balance Sheet | | | Profit Statement | | |
|---|---|---|---|---|---|---|
| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
| Unabsorbed losses and capital allowances | 161 | 134 | 4,433 | (41) | - | - |
| Others | 2,776 | 366 | 1,342 | (2,429) | - | - |
| | 2,937 | 500 | 5,775 | (2,470) | - | - |

### *(b) Deferred Tax Liabilities*

| | Balance Sheet | | | Profit Statement | | |
|---|---|---|---|---|---|---|
| | 2012<br>$'000 | 2011<br>(Restated)<br>$'000 | 2010<br>(Restated)<br>$'000 | 2012<br>$'000 | 2011<br>(Restated)<br>$'000 | 2010<br>(Restated)<br>$'000 |
| Deferred tax liabilities at the end of the financial year related to the following: | | | | | | |
| Deferred tax liabilities | | | | | | |
| Differences in depreciation | 13,019 | 11,743 | 17,150 | 1,281 | (5,475) | 100 |
| Tax effect on revaluation surplus | 40,206 | 69,842 | 67,112 | 1,302 | 4,574 | 20,300 |
| Provisions, expenses and income taken in a different period | 45,029 | 35,809 | 12,422 | 33,741 | 22,228 | 14,768 |
| Others | 5,139 | 5,124 | - | 1,188 | - | (7,284) |
| Gross deferred tax liabilities | 103,393 | 122,518 | 96,684 | 37,512 | 21,327 | 27,884 |
| Less: | | | | | | |
| Deferred tax assets | | | | | | |
| Employee benefits | (124) | (113) | (139) | (11) | (29) | 7 |
| Unabsorbed losses and capital allowances | (1,811) | (2,681) | (1,806) | (609) | 3,494 | 1,560 |
| Provisions, expenses and income taken in a different period | (19) | (4) | (757) | (14) | 726 | 201 |
| Others | - | - | 375 | - | - | - |
| Gross deferred tax assets | (1,954) | (2,798) | (2,327) | (634) | 4,191 | 1,768 |
| **Net deferred tax liabilities** | 101,439 | 119,720 | 94,357 | 36,878 | 25,518 | 29,652 |

Deferred tax liabilities of $360,000 (2011: $819,000; 2010: $716,000) have not been established for withholding and other taxes that would be payable on the unremitted earnings as such amounts are permanently reinvested. Such unremitted earnings totalled $2,117,000 at 30 September 2012 (2011: $4,817,000; 2010: $4,213,000).

## 22. PROPERTIES HELD FOR SALE

| | 2012 | 2011 (Restated) | 2010 (Restated) |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| **Development Properties Held for Sale** | | | |
| Properties in the course of development, at cost | 4,378,792 | 4,364,318 | 4,827,870 |
| Allowance for foreseeable losses | (46,124) | (21,785) | (91,613) |
| | 4,332,668 | 4,342,533 | 4,736,257 |
| Add: Development profit | 286,364 | 62,017 | 293,738 |
| | 4,619,032 | 4,404,550 | 5,029,995 |
| Progress payments received | (752,393) | (721,864) | (1,040,245) |
| | 3,866,639 | 3,682,686 | 3,989,750 |
| **Completed Properties Held for Sale** | | | |
| Completed units, at cost | 632,550 | 635,838 | 492,182 |
| Allowance for impairment losses | (27,950) | (28,723) | (5,055) |
| | 604,600 | 607,115 | 487,127 |
| Total Properties Held for Sale | 4,471,239 | 4,289,801 | 4,476,877 |

(a) During the year, net interest expense of $71,392,000 (2011: $94,999,000; 2010: $97,068,000) arising from borrowings obtained specifically for the projects were capitalised as cost of development properties held for sale.

The borrowing cost of loans used to finance the projects have been capitalised at interest rates of between 0.6% and 7.94% (2011: 0.6% and 9.63%; 2010: 0.3% and 9.62%) per annum.

(b) The following table provides information about agreements that are in progress at the reporting date whose revenue are recognised on a percentage of completion basis.

| | 2012 | 2011 (Restated) | 2010 (Restated) |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| Aggregate costs incurred and recognised to date | 1,951,173 | 2,223,505 | 2,641,526 |
| Less: Progress billings | (752,393) | (721,864) | (1,040,245) |
| | 1,198,780 | 1,501,641 | 1,601,281 |

(c) Included in development properties held for sale are projects of approximately $1,017,688,000 (2011: $176,695,000; 2010: $350,337,000) which are expected to be completed within the next twelve months.

## 22. PROPERTIES HELD FOR SALE (cont'd)

(d) Included in development properties held for sale are the following significant transactions between the Group and related parties which took place during the year at terms agreed between the parties:

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| Interest expense | | | |
| Paid to related companies | 45,487 | 57,214 | 55,276 |
| Paid to related parties | 4,787 | 2,724 | 2,240 |
| Development costs | | | |
| Paid to related parties | 104,145 | 76,325 | 66,012 |
| Project management fees | | | |
| Paid to related parties | 2,400 | 686 | 372 |

(e) Development properties held for sale include:

(i) Singapore

(1) * 50% proportionate share of a leasehold land (Plot B1 and B2 have 99-year tenure commencing 31 October 2007 while Plot A1 and A2 have 99-year tenure commencing 26 November 2009 of approximately 75,162.4 sqm at Lots 7134C, 7135M, 7136W, 7137V, 7022T, 7023A, 7024K and 7025N Mukim 28 Bedok Reservoir Road for the development of 1,766 units of approximately 190,822 sqm of gross floor area for sale. Waterfront Waves (Plot B1) comprises 405 residential units of approximately 51,233 sqm of gross floor area for sale; Waterfront Key (Plot B2) comprises 437 residential units of approximately 51,013 sqm of gross floor area for sale; Waterfront Gold (Plot A2) comprises 361 residential units of approximately 36,085 sqm of gross floor area for sale and Waterfront Isle (Plot A1) comprises 561 residential units and 2 retail units of approximately 52,491 sqm of gross floor area for sale.

(2) Freehold land of approximately 2,801.3 sqm on Lots 3655K and 3654A Mukim 2 at Holland Park for the development of 2 good class bungalows for sale.

(3) Flamingo Valley - Freehold land of approximately 31,164 sqm at Lot 06495W MK 27 Siglap Road for the development of 393 condominium units of approximately 43,629 sqm of gross floor area for sale.

(4) * Esparina Residences – leasehold land (99-year tenure commencing 2 June 2010) of approximately 19,000 sqm at Lot 2335X MK 21 Compassvale Bow for a residential development of 573 units of approximately 56,643 sqm of gross floor area for sale.

## 22. PROPERTIES HELD FOR SALE (cont'd)

(i) Singapore (cont'd)

(5) * Eight Courtyards - 50% proportionate share of a leasehold land (99-year tenure commencing 20 September 2010) of approximately 26,540 sqm at Lot 3149K Mukim 19 Yishun Ave 2 / Ave 7 / Canberra Drive for the development of 654 residential units and 2 retail units of approximately 70,902 sqm of gross floor area for sale.

(6) * Seastrand – 50% proportionate share of a leasehold land (99-year tenure commencing 3 January 2011) of approximately 20,000 sqm at MK 31 Lot 4651X Pasir Ris Link for the development of 473 residential units and 2 retail units of approximately 40,314 sqm of gross floor area for sale.

(7) * Boathouse Residences – 50% proportionate share of a leasehold land (99-year tenure commencing 9 February 2011) of approximately 13,000 sqm at MK 22 Lot 9460X Upper Serangoon View for the development of 493 residential units and 1 retail unit of approximately 49,004 sqm of gross floor area for sale.

(8) * Watertown – 33⅓% proportionate share of a leasehold land (99-year tenure commencing 18 May 2011) of approximately 29,999 sqm at Lot 2413M Mukim 21 Punggol Central / Punggol Walk for a mixed commercial and residential development. The commercial component of the development known as Waterway Point and classified under "Investment Properties Under Construction" has approximately 50,398 sqm of gross floor area for lease. The residential component of the development known as Watertown comprises 992 residential units of approximately 75,598 sqm of gross floor area for sale.

(9) Palm Isles – leasehold land (99-year tenure commencing 14 September 2011) of approximately 26,818 sqm at Lot 4740X Mukim 31 Flora Drive for the development of approximately 429 residential units and 1 retail unit of approximately 40,160 sqm of gross floor area for sale.

(10) 51 Cuppage Road – leasehold land (99-year tenure commencing 1 February 1996) at Lot 746L of Town subdivision 27 Cuppage Road together with the building erected thereon.

(11) * Twin Waterfalls – leasehold land (99-year tenure commencing 18 May 2011) at Lot 2472X Mukim 21 Punggol Walk for the development of 728 executive condominium units of approximately 75,493 sqm of gross floor area for sale.

(12) * eCO – leasehold land (99-year tenure commencing 14 May 2012) at Lot 10845C MK 27 Bedok South Ave 3 for the development of 714 condominium units, 34 units of strata landed houses and 2 commercial units of approximately 60,154 sqm of gross floor area for sale.

(13) * Tampines – leasehold land (99-year tenure commencing 21 August 2012) at Lot 7270L MK 28 Tampines Ave 10 for the development of approximately 636 condominium units of approximately 55,347 sqm of gross floor area for sale.

**22. PROPERTIES HELD FOR SALE** (cont'd)

(ii) Australia

(14) Freehold land of approximately 550,000 sqm situated at Mandurah, Western Australia for a proposed mixed residential and commercial development.

(15) Freehold land of approximately 11,895 sqm situated at East Perth, Western Australia for a proposed mixed development comprising approximately 408 private apartment units, 165 serviced suites and commercial space of a total of approximately 59,202 sqm of gross floor area for sale.

(16) Freehold land of approximately 49,240 sqm situated at Parramatta, Sydney, Australia for a proposed development of approximately 774 apartment units of approximately 54,329 sqm of gross floor area for sale.

(17) * 50% proportionate share of a freehold land of approximately 48,000 sqm situated at Broadway, Sydney, Australia for a proposed mixed development of approximately 2,299 residential apartment units of approximately 139,200 sqm of gross floor area for sale and commercial space of approximately 74,300 sqm of gross floor area for sale.

(18) Freehold land of approximately 10,000 sqm situated at Broadway, Sydney, Australia for a proposed mixed development of approximately 590 residential apartment units of approximately 34,400 sqm of gross floor area for sale and commercial space of approximately 7,600 sqm of gross floor area for sale.

(19) Freehold land of approximately 6,215 sqm situated at Killara, Sydney, Australia for a proposed development comprising 98 apartment units of approximately 9,190 sqm of gross floor area for sale.

(20) Freehold land of approximately 113,500 sqm located at Putney, Sydney, Australia for a proposed development comprising 690 apartments and 101 houses of approximately 75,818 sqm of gross floor area for sale.

(iii) New Zealand

(21) Freehold land of approximately 13,275 sqm in the South Island, Queenstown, New Zealand for a proposed development of 43 luxury residential apartments of approximately 8,410 sqm of gross floor area for sale.

(22) Freehold land of approximately 228,884 sqm located in Tauranga in the Bay of Plenty, New Zealand for a proposed development of approximately 350 land lots and totalling approximately 140,000 sqm of lot area for sale.

(iv) United Kingdom

(23) * Freehold land of approximately 20,531 sqm on the south bank of River Thames, London, United Kingdom for a proposed residential and commercial development of 504 residential units and ancillary office and retail space of a total of approximately 32,236 sqm of gross floor area for sale for Phase 3 of the Wandsworth Riverside Development.

(24) Freehold land of approximately 1,781 sqm situated at 143 -161 Wandsworth Road, London, United Kingdom.

**22. PROPERTIES HELD FOR SALE** (cont'd)

(iv) United Kingdom (cont'd)

(25) Freehold land of approximately 2,310 sqm situated at 1 – 6 Camberwell Green and 307-311 Camberwell New Road SE5, London, United Kingdom.

(26) Freehold land of approximately 3,157 sqm situated at Brown Street, Glasgow, United Kingdom.

(27) Freehold land of approximately 5,870 sqm situated at Baildon, United Kingdom.

(v) China

(28) Leasehold land (70-year tenure commencing 27 December 2004) of approximately 314,501 sqm situated in Gongye Yuan District, Nan Shi Jie Dong, Suzhou, China for a residential development of a total of approximately 555,000 sqm of gross floor area for sale.

(29) * Leasehold land (50-year tenure commencing 19 September 2007) of approximately 195,846 sqm situated in Chengdu, China for a proposed industrial/commercial development with a total of approximately 609,594 sqm of gross floor area for sale.

(vi) Thailand

(30) * 49% proportionate share of The Pano - freehold land of approximately 40,608 sqm situated at Rama III Road, Bangkok, Thailand which is separated into phase 1 of 14,062 sqm and phase 2 and 3 of 26,546 sqm. Phase 1 consists of development of 397 condominium units of approximately 61,999 sqm of gross floor area for sale.

(vii) Malaysia

(31) 50% proportionate share of leasehold land (99-year tenure commencing 14 August 1970 and 10 December 1970) of approximately 51,493 sqm situated in Petaling Jaya, Selangor, Malaysia for a proposed mixed development with a total of approximately 180,222 sqm of net saleable area.

* Certain subsidiaries and joint ventures have granted fixed and floating charge over their properties held for sale totalling $1,587,617,000 (2011: $1,413,472,000; 2010: $1,253,070,000; 2010: $350,337,000) to banks as securities for credit facilities.

## 23. DERIVATIVE FINANCIAL INSTRUMENTS

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| **Assets** | | | |
| Current: | | | |
| Interest rate swaps | - | 81 | 551 |
| Foreign currency forward contracts | - | 162 | - |
| | - | 243 | 551 |
| **Liabilities** | | | |
| Interest rate swaps | 10,891 | 15,851 | 20,325 |
| Foreign currency forward contracts | 4,699 | 199 | 2,551 |
| | 15,590 | 16,050 | 22,876 |
| Comprise: | | | |
| Curent | 10,858 | 9,344 | 11,168 |
| Non-current | 4,732 | 6,706 | 11,708 |
| | 15,590 | 16,050 | 22,876 |

Interest rate swaps

The Group has applied cash flow hedge accounting to interest rate swap arrangements for which the associated floating rate loans have the same critical terms, and which have been assessed to be effective hedges.

The Company and the Group have interest rate swap arrangements in place for the following loan amounts:

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| **Notional Amounts** | | | |
| Within one year | 292,321 | 114,236 | 87,295 |
| Between one to three years | 252,300 | 305,656 | 302,540 |
| After three years | - | 45,644 | 47,005 |
| | 544,621 | 465,536 | 436,840 |

At 30 September 2012, the fixed interest rates of the outstanding interest rate swap contracts range between 1.6% to 4.3% (2011: between 0.5% to 4.3%; 2010: between 1.6% to 4.7%) per annum.

Foreign currency forward contracts

At 30 September 2012, the Company held forward currency contracts designed as hedge in respect of cash and cash equivalents received on disposal of subsidiaries. The contracts will mature within the next financial year.

## 23. DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

Foreign currency forward contracts (cont'd)

The carrying amounts of the remaining foreign currency forward contracts are accounted for at fair value through profit or loss.

The Company and the Group have foreign currency forward contracts arrangements in place for the following amounts:

| | 2012 $'000 | 2011 $'000 | 2010 $'000 |
|---|---|---|---|
| **Notional Amounts** | | | |
| Within one year | 311,980 | 47,252 | - |
| Between one to three years | - | - | 8,613 |
| | 311,980 | 47,252 | 8,613 |

## 24. CASH AND CASH EQUIVALENTS

| | 2012 $'000 | 2011 $'000 | 2010 $'000 |
|---|---|---|---|
| Fixed deposits | 142,053 | 509,797 | 323,152 |
| Cash at bank and in hand | 699,723 | 120,092 | 134,288 |
| Amounts held under "Project Account Rules - 1997 Ed" | | | |
| Fixed deposits | 355,878 | 339,253 | 488,753 |
| Cash at banks | 8,660 | 10,769 | 5,776 |
| | 364,538 | 350,022 | 494,529 |
| Cash and cash equivalents | 1,206,314 | 979,911 | 951,969 |

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made in varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The withdrawals from amounts held under "Project Account Rules – 1997 Ed" are restricted to payments for development expenditure incurred on properties developed for sale.

## 24. CASH AND CASH EQUIVALENTS (cont'd)

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the balance sheet date:

| | Note | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|---|
| Fixed deposits and cash at banks and in hand | | 1,206,314 | 979,911 | 951,969 |
| Bank overdrafts | 26 | (1,268) | (903) | (967) |
| Effect of exchange rate change on opening cash | | - | (10,759) | (7,993) |
| Cash and cash equivalents in the consolidated cash flow statement | | 1,205,046 | 968,249 | 943,009 |

## 25. TRADE AND OTHER PAYABLES

| | Note | 2012<br><br>$'000 | 2011<br>(Restated)<br>$'000 | 2010<br>(Restated)<br>$'000 |
|---|---|---|---|---|
| **Trade and other payables (current)** | | | | |
| Trade payables | | 345,370 | 304,843 | 324,995 |
| Loans from non-controlling interests | | 133,167 | 145,878 | 114,923 |
| Interest payable | | 7,235 | 3,891 | 3,652 |
| Accruals | | 102,429 | 76,608 | 57,409 |
| Sundry creditors | | 24,223 | 23,822 | 28,295 |
| Rental deposits | | 40,682 | 42,433 | 39,269 |
| Amounts due to holding company | | 8,373 | 8,465 | 8,728 |
| Amounts due to related companies | | 663,012 | 1,380,833 | 1,270,094 |
| | | 1,324,491 | 1,986,773 | 1,847,365 |
| Progress billings received | | 335,053 | 283,845 | 282,389 |
| Total trade and other payables (current) | | 1,659,544 | 2,270,618 | 2,129,754 |
| **Other payables (non-current)** | | | | |
| Provision for bank profit share | | 18,224 | 23,169 | - |
| Sundry creditors | | 3,491 | 3,446 | 876 |
| Amounts due to related companies | | 1,893,036 | 1,271,969 | 1,304,600 |
| | | 1,914,751 | 1,298,584 | 1,305,476 |
| Total trade and other payables (current and non-current) | | 3,574,295 | 3,569,202 | 3,435,230 |
| Loans and borrowings | 26 | 1,592,525 | 1,304,352 | 1,669,621 |
| Total financial liabilities carried at amortised cost # | | 4,831,767 | 4,589,709 | 4,822,462 |

# excludes progress billings received

## 25. TRADE AND OTHER PAYABLES (cont'd)

Trade payables

Trade payables are non-interest bearing and are generally settled on 60 day terms.

Loans from non-controlling interests

Loans from non-controlling interests are non-trade in nature, unsecured, repayable in cash on demand and interest free except for loans of $11,663,000 (2011: $12,062,000; 2010: $18,109,000) which bear interest at 2.37% (2011: 2.02%; 2010: 3.71%) per annum.

Related companies balances

Amounts due to holding and related companies are non-trade related, unsecured and repayable in cash. The current amounts are repayable upon demand.

Maturity of non-current amounts due to related companies is as follows:

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| Between 1 and 2 years | 538,619 | 26,559 | 359,846 |
| Between 3 and 5 years | 1,354,417 | 1,237,568 | 936,912 |
| After 5 years | - | 7,842 | 7,842 |
| | 1,893,036 | 1,271,969 | 1,304,600 |

The amounts are non-interest bearing except for the following:

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| Interest bearing | 2,530,123 | 2,620,092 | 2,541,181 |

Interest is charged at a range of between 1.7% to 6.0% (2011: between 0.6% to 5.8%; 2010: between 0.3% to 9.62%) per annum.

Sundry creditors (non-current)

Included in non-current sundry creditors is a Redeemable Special Preference Share ("RSPS") of $2 (£1) (2011: $2 (£1); 2010: Nil) issued by a subsidiary, Frasers Property (UK) Limited ("FPUK"), to a bank in consideration for the waiver of a portion of its debt as disclosed in Notes 9 and 26. The key rights and obligations of the RSPS as set out in the Articles of Association of FPUK are as follows:-

- the holder of the RSPS is entitled to a Bank's Equity Allocation Dividend ("BEAD") equivalent to 1% of any future profits arising on certain development properties held for sale in the United Kingdom;

- FPUK or the bank is entitled to redeem the RSPS for £1 after the "BEAD" and certain bank facilities have been fully repaid; and

- the RSPS has no attendance and voting rights at general meetings.

## 25. TRADE AND OTHER PAYABLES (cont'd)

Provision for bank profit share

This provision is made in connection with the bank debt restructuring of FPUK during the year and comprises:

- a 1% dividend known as "BEAD" as described above; and

- a Deferred Restructuring Fees ("DRF") pursuant to a refinanced facility, the Senior Facilities ("SF") with the bank (see Note 26), which is equal to 19% of any future profits arising on certain development properties held for sale in the United Kingdom.

  The "BEAD" and "DRF" payouts, collectively known as the "Bank Profit Share", is payable on the earlier of these 3 events:

  - upon repayment of the SF; or
  - upon the maturity of the SF (see Note 26); or
  - upon the sale of the secured development properties in UK (see Note 22).

## 26. LOANS AND BORROWINGS

| | Weighted average effective interest rate | | | | | |
|---|---|---|---|---|---|---|
| | 2012 % | 2011 % | 2010 % | 2012 $'000 | 2011 $'000 | 2010 $'000 |
| **Repayable within one year:** | | | | | | |
| Unsecured | | | | | | |
| Fixed Rate Notes | | | | - | - | 200,000 |
| Bank loans | 1.35 | 2.48 | 4.05 | 2,116 | 64,182 | 273,543 |
| Bank overdrafts | | | | 1,268 | 903 | 967 |
| Secured | | | | | | |
| Bank loans | 3.97 | 6.64 | 4.19 | 164,414 | 153,736 | 688,766 |
| | | | | 167,798 | 218,821 | 1,163,276 |
| **Repayable after one year** | | | | | | |
| Unsecured | | | | | | |
| Bank loans | 3.38 | 2.44 | 2.37 | 135,785 | 315,834 | 83,189 |
| Medium Term Notes | 3.74 | - | - | 125,000 | - | - |
| Secured | | | | | | |
| Bank loans | 2.68 | 2.32 | 3.32 | 1,163,942 | 769,697 | 423,156 |
| | | | | 1,424,727 | 1,085,531 | 506,345 |
| Total loans and borrowings | | | | 1,592,525 | 1,304,352 | 1,669,621 |

## 26. LOANS AND BORROWINGS (cont'd)

(a) The secured bank loans, overdrafts and term loans are secured by certain subsidiaries and joint ventures by way of fixed and floating charges over certain assets and mortgages on freehold and leasehold land under development as disclosed in Notes 13 and 22.

(b) Maturity of non-current loans and borrowings is as follows:

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| Between 1 and 2 years | 319,357 | 130,632 | 137,958 |
| Between 3 and 5 years | 980,370 | 954,899 | 368,387 |
| After 5 years | 125,000 | - | - |
| | 1,424,727 | 1,085,531 | 506,345 |

(c) Included in non-current secured bank loans are Senior Facilities ("SF") of £35 million which will be subject to Deferred Restructuring Fees ("DRF") based on 19% of any future profit arising on certain development properties held for sale in the United Kingdom. The SF are also secured by these certain development properties in the United Kingdom. The DRF is payable when the secured properties are sold, or within 2 years of practical completion of one of the secured properties, or on the respective maturity dates of the various tranches of the SF in December 2013 and December 2014, whichever is earlier.

The provision for such DRF is included under "Provision for bank profit share" as disclosed in Note 25.

(d) As at 30 September 2012, the Company and Group had interest rate swaps in place, which have the economic effect of converting borrowings from fixed rates to variable rates or vice versa. The terms of these interest rate swaps is discussed in Note 23, and the fair values are disclosed in Note 34.

(e) FCL Treasury Pte. Ltd., a wholly-owned subsidiary of the Company, has established a S$1,000,000,000 Multicurrency Medium Term Note Programme, to be unconditionally and irrevocably guaranteed by the Company.

(f) As at 30 September 2012, a subsidiary of the Group in the United Kingdom was in breach of a Loan to Value ratio ("LTV" ratio) on a £28.6 million facility and as a result, the £28.6 million loan has been classified as repayable in less than one year. Subsequent to the year end, in an Amendment Agreement entered into with the bank, the bank has agreed to an extension of time for this subsidiary to achieve the LTV ratio and to comply with its obligation under the original Facility Agreement. With the extension of time, this subsidiary is obliged to achieve and maintain the LTV ratio for the deferred period commencing from 31 December 2012 and ending on such day the loan is repaid in full, or on maturity in December 2013.

## 27. SHARE CAPITAL

| | 2012 (No. of Shares) | 2012 $'000 | 2011 (No. of Shares) | 2011 $'000 | 2010 (No. of Shares) | 2010 $'000 |
|---|---|---|---|---|---|---|
| Issued and fully paid: | | | | | | |
| *Ordinary Shares* | | | | | | |
| At beginning and end of year | 753,291,782 | 753,977 | 753,291,782 | 753,977 | 753,291,782 | 753,977 |
| *Redeemable Preference Shares ("RPS")* | | | | | | |
| At beginning of year 330,000 Class B RPS (2011 and 2010: 165,000 Class A RPS and 165,000 Class B RPS) | 330,000 | 330,000 | 330,000 | 330,000 | 330,000 | 330,000 |
| Redeemed during the year Nil (2011: 165,000; 2010: Nil) Class A RPS | - | - | (165,000) | (165,000) | - | - |
| Issued during the year Nil (2011: 165,000; 2010: Nil) Class B RPS | - | - | 165,000 | 165,000 | - | - |
| At end of year 330,000 Class B RPS (2011: 330,000 Class B RPS; 2010: 165,000 Class A RPS and 165,000 Class B RPS) | 330,000 | 330,000 | 330,000 | 330,000 | 330,000 | 330,000 |
| Total Share Capital | | 1,083,977 | | 1,083,977 | | 1,083,977 |

*(a) Ordinary Shares*

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All shares carry one vote per share without restriction.

The ordinary shares have no par value.

*(b) Redeemable Preference Shares*

The Class A and Class B RPS have no fixed maturity, are redeemable at the option of the Company on a Dividend Date and shall rank in priority to the ordinary shares of the Company in the entitlement to receive declared dividends and repayment of specified redemption amount upon any liquidation, dissolution or winding-up of the Company.

Holders of the Class A RPS may at discretion of the Board of the Company receive preferential gross dividends at a specified rate. Subject to the priority to payment of declared dividends of Class A RPS, holders of Class B RPS shall be paid dividend at the same rate declared, and on the same date as that for the ordinary shares. Save in certain instances set out in the Company's Articles and the Companies Act, the Class A RPS and the Class B RPS shall not confer on its holders the right to receive notice of or attend or vote at any general meeting of the Company.

## 27. SHARE CAPITAL (cont'd)

*(b) Redeemable Preference Shares* (cont'd)

Holders of Class B RPS shall be paid dividend at the same rate declared, and on the same date as that for the ordinary shares. Save in certain instances set out in the Company's Articles and the Companies Act, the Class B RPS shall not confer on its holders the right to receive notice of or attend or vote at any general meeting of the Company.

Subject to the Companies Act, the Class B RPS shall be redeemed by the Company on such date as the Company and the holders of the Class B RPS may agree, or on liquidation, or winding-up of the Company, whichever is earlier.

## 28. OTHER RESERVES

*(a) Fair Value Adjustment Reserve*

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| At 1 October | (214) | (125) | (83) |
| Net change in the reserve | 35,350 | (89) | (42) |
| At 30 September | 35,136 | (214) | (125) |
| Net change in the reserve arise from: | | | |
| Fair value change of available-for-sale financial assets | 34,900 | - | - |
| Share of associate's fair value change | 450 | (89) | (42) |
| | 35,350 | (89) | (42) |

**28. OTHER RESERVES** (cont'd)

*(b) Foreign Currency Translation Reserve*

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the effect of hedging net investments in foreign operations and translating foreign currency loans which form part of the Group's net investment in foreign operations.

| | 2012<br>$'000 | 2011<br>(Restated)<br>$'000 | 2010<br>(Restated)<br>$'000 |
|---|---|---|---|
| At 1 October, as previously reported | 20,452 | (3,369) | 10,621 |
| Effects of adopting INT FRS 115 (Note 2.1(b)) | 676 | 842 | 20 |
| At 1 October, as restated | 21,128 | (2,527) | 10,641 |
| Net change in the reserve | 8,792 | 23,655 | (13,168) |
| At 30 September | 29,920 | 21,128 | (2,527) |
| Net change in the reserve arise from: | | | |
| Translation of financial statements of foreign operations | (26,042) | 27,036 | (14,379) |
| Hedging of net investments in foreign operations | 2,667 | 10,574 | 914 |
| Realisation on settlement of monetary items which form part of the Group's net investment in foreign subsidiaries | (2,502) | - | (1,625) |
| Change in group structure | 34,446 | (12,726) | - |
| Share of associates' reserve | 223 | (1,229) | 1,922 |
| | 8,792 | 23,655 | (13,168) |

*(c) Hedging Reserve*

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instrument related to hedged transactions that have not yet occurred.

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| At 1 October | (11,473) | (15,911) | (18,696) |
| Net change in the reserve | 5,431 | 4,438 | 2,785 |
| At 30 September | (6,042) | (11,473) | (15,911) |
| Net change in the reserve arise from: | | | |
| Effective portion of change in fair value of cash flow hedges | 5,745 | 4,638 | 2,785 |
| Change in group structure | (314) | (200) | - |
| | 5,431 | 4,438 | 2,785 |

## 28. OTHER RESERVES (cont'd)

*(d) Share-based Compensation Reserve*

Share-based compensation reserve represents the equity-settled share options granted by a subsidiary. The reserve is made up of the Group's share of the cumulative value of services received from employees of the subsidiary recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| At 1 October | 1,012 | 871 | 706 |
| Net change in the reserve | (1,012) | 141 | 165 |
| At 30 September | - | 1,012 | 871 |
| Net change in the reserve arise from: | | | |
| Cost of share-based payments | 145 | 141 | 165 |
| Change in group structure | (1,157) | - | - |
| | (1,012) | 141 | 165 |

*(e) Other Reserves*

Included in other reserves are:

(i) the statutory reserve which relates to appropriation of funds from the net profit of subsidiaries and associate in China and Thailand, respectively, in accordance with the local laws; and

(ii) the Group's share of its associates' costs directly attributable to the issuance of the units of the associates.

## 29. DIVIDENDS

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| Interim paid | | | |
| - 19.91 cents (2011: 26.55 cents; 2010: 30.53 cents) per ordinary share, tax exempt | 150,000 | 200,000 | 230,000 |
| Preference shares | | | |
| - Nil (2011: $30.08; 2010: $60) per RPS, tax exempt | - | 4,963 | 9,900 |
| | 150,000 | 204,963 | 239,900 |

## 30. FINANCIAL REPORTING STANDARDS ("FRS") AND INTERPRETATIONS OF FRS ("INT FRS")

*FRS and INT FRS not yet effective*

The Group has not adopted the following standards that have been issued but not yet effective:

| Description | | Effective for annual period beginning on or after |
|---|---|---|
| Amendments to FRS 12 | Deferred Tax : Recovery of Underlying Assets | 1 January 2012 |
| Amendments to FRS 1 | *Presentation of Items of Other Comprehensive Income* | 1 July 2012 |
| Revised FRS 19 | *Employee Benefits* | 1 January 2013 |
| FRS 113 | *Fair Value Measurement* | 1 January 2013 |
| Amendments to FRS 107 | *Disclosures - Offsetting Financial Assets and Financial Liabilities* | 1 January 2013 |
| Improvements to FRSs 2012 | | 1 January 2013 |
| - Amendment to FRS 1 | *Presentation of Financial Statements* | 1 January 2013 |
| - Amendment to FRS 16 | *Property, Plant and Equipment* | 1 January 2013 |
| - Amendment to FRS 32 | *Financial Instruments: Presentation* | 1 January 2013 |
| Revised FRS 27 | *Separate Financial Statements* | 1 January 2014 |
| Revised FRS 28 | *Investments in Associates and Joint Ventures* | 1 January 2014 |
| FRS 110 | *Consolidated Financial Statements* | 1 January 2014 |
| FRS 111 | *Joint Arrangements* | 1 January 2014 |
| FRS 112 | *Disclosure of Interests in Other Entities* | 1 January 2014 |
| Amendments to FRS 32 | *Offsetting Financial Assets and Financial Liabilities* | 1 January 2014 |

Except for the Amendments to FRS 1, Amendments to FRS 12, FRS 110, Revised FRS 27, FRS 111, Revised FRS 28, FRS 112 and FRS 113, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policies on the adoption of these standards are described below.

<u>Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*</u>
The Amendments to FRS 1 changes the grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentation of items that are already recognised in other comprehensive income, it will have no impact on the financial position and financial performance of the Group upon adoption.

<u>Amendments to FRS 12 *Deferred Tax: Recovery of Underlying Assets*</u>
The Amendments to FRS 12 apply to the measurement of deferred tax liabilities and assets arising from investment properties measured using the fair value model under FRS 40 *Investment Property*, including investment property acquired in a business combination and subsequently measured using the fair value model. For the purposes of measuring deferred tax, the Amendments introduce a rebuttable presumption that the carrying amount of an investment property measured at fair value will be recovered entirely through sale. The presumption can be rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits over time, rather than through sale.

**30. FINANCIAL REPORTING STANDARDS ("FRS") AND INTERPRETATIONS OF FRS ("INT FRS")** (cont'd)

Amendments to FRS 12 *Deferred Tax: Recovery of Underlying Assets* (cont'd)
The Group provides for deferred tax liabilities on its investment properties on the basis that the carrying amount of the investment properties will be recovered through use. Upon adoption of the Amendments to FRS 12, there is a presumption that the carrying amount of an investment property measured at fair value will be recovered entirely through sale. Accordingly, there will be no deferred tax liability on investment properties in Singapore as there is no capital gains tax in Singapore.

When the Group applies Amendments to FRS 12 in 2013 retrospectively, the 2012 comparative for deferred tax liabilities are expected to decrease by approximately $9,455,000. The retained earnings are expected to increase by approximately $9,455,000.

FRS 110 *Consolidated Financial Statements* and *Revised FRS 27 Separate Financial Statements*
FRS 110 establishes a single control model that applies to all entities (including special purpose entities). The changes introduced by FRS 110 will require management to exercise significant judgement to determine which entities are controlled, and therefore are required to be consolidated by the Group, compared with the requirements that were in FRS 27. Therefore, FRS 110 may change which entities are consolidated within a group. The revised FRS 27 was amended to address the accounting for subsidiary companies, jointly controlled entities and associated companies in separate financial statements.

The Group is currently determining the impact of the above new and revised standards on the Group's financial statements.

FRS 111 *Joint Arrangements* and *Revised FRS 28 Investments in Associates and Joint Ventures*
FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties that have rights to the assets and obligations for the liabilities whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associated companies.

The Group is currently determining the impact of the above new and revised standards on the Group's financial statements.

FRS 112 *Disclosure of Interests in Other Entities*
FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. The Group is currently determining the impact of the disclosure requirements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group upon adoption.

FRS 113 *Fair Value Measurements*
FRS 113 provides a single source of guidance for all fair value measurements. FRS 113 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted by FRS. The Group is currently determining the impact of this new standard on the Group's financial statements.

## 31. SIGNIFICANT SUBSIDIARIES

| | Subsidiaries | Principal Activities | Percentage equity held by the Group | | |
|---|---|---|---|---|---|
| | | | 2012 | 2011 | 2010 |
| | **Subsidiaries of the Company** | | | | |
| | Country of Incorporation and Place of Business: Singapore | | | | |
| (a) | FCL Property Investments Pte. Ltd. | Property investment | 100% | 100% | 100% |
| (a) | FCL Enterprises Pte. Ltd. | Property investment | 100% | 100% | 100% |
| (a) | Riverside Property Pte. Ltd. | Property investment | 100% | 100% | 100% |
| (a) | FCL Centrepoint Pte. Ltd. | Investment holding | 100% | 100% | 100% |
| (a) | Orrick Investments Pte Limited | Property investment | 100% | 100% | 100% |
| (a) | Yishun Development Pte Ltd | Property development | 100% | 100% | 100% |
| (a) | FCL Alexandra Point Pte. Ltd. | Property investment | 100% | 100% | 100% |
| (a) | Woodlands Complex Pte Ltd | Property development | 100% | 100% | 100% |
| (a) | Riverside Walk Pte Ltd | Property development | 100% | 100% | 100% |
| (a) | FCL Ventures Pte. Ltd. | Property development | 100% | 100% | 100% |
| (a) | FCL Management Services Pte. Ltd. | Management services | 100% | 100% | 100% |
| (a) | Riverside Investments Pte Ltd | Property development | 100% | 100% | 100% |
| (a) | Yishun Land Pte Ltd | Property development | 100% | 100% | 100% |
| (a) | Yishun Property Pte Ltd | Property development | 100% | 100% | 100% |
| (a) | FCL Tampines Pte. Ltd. | Property development | 80% | 80% | 80% |
| (a) | FCL Homes Pte. Ltd. | Property development | 100% | 100% | 100% |
| (a) | FCL Land Pte. Ltd. | Property development | 100% | 100% | 100% |
| (a) | FCL Assets Pte. Ltd. | Investment holding | 100% | 100% | 100% |
| (a) | FCL Estates Pte. Ltd. | Property development | 100% | 100% | 100% |
| (a) | Frasers Hospitality Pte. Ltd. | Investment holding and management services | 100% | 100% | 100% |
| (a) | Frasers (UK) Pte. Ltd. | Investment holding | 75% | 75% | 75% |
| (a) | Frasers (Australia) Pte. Ltd. | Investment holding | 75% | 75% | 75% |
| (a) | FCL (China) Pte. Ltd. | Investment holding | 100% | 100% | 100% |

## 31. SIGNIFICANT SUBSIDIARIES (cont'd)

| | Subsidiaries | Principal Activities | Percentage equity held by the Group 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| | **Subsidiaries of the Company** (cont'd) | | | | |
| | Country of Incorporation and Place of Business: Singapore (cont'd) | | | | |
| (a) | FCL Boon Lay Pte. Ltd. | Property development | 100% | 100% | 100% |
| (a) | FCL (Fraser) Pte. Ltd. | Investment holding | 100% | 100% | 100% |
| (a) | FCL Sophia Pte. Ltd. | Property development | 100% | 100% | 100% |
| (a) | Frasers Centrepoint Property Management Services Pte. Ltd. | Management services | 100% | 100% | 100% |
| (a) | FCL Choa Chu Kang Pte. Ltd. | Property development | 100% | 100% | 100% |
| (a) | FCL Joo Chiat Place Pte. Ltd. | Property development | 100% | 100% | 100% |
| (a) | Frasers (NZ) Pte. Ltd. | Investment holding | 75% | 75% | 75% |
| (a) | FCL China Development Pte. Ltd. | Investment holding | 100% | 100% | 100% |
| (a) | FCL Court Pte. Ltd. | Property development | 100% | 100% | 100% |
| (a) | FCL Lodge Pte. Ltd. | Property development | 100% | 100% | 100% |
| (a) | FCL Place Pte. Ltd. | Property development | 100% | 100% | 100% |
| (a) | FCL Rise Pte. Ltd. | Property development | 100% | 100% | 100% |
| (a) | Frasers (Thailand) Pte. Ltd. | Investment holding | 100% | 100% | 100% |
| (a) | River Valley Properties Pte Ltd | Investment holding and property development | 100% | 100% | 100% |
| (a) | Lion (Singapore) Pte. Limited | Property development | 100% | 100% | 100% |
| (a) | FCL View Pte. Ltd. | Property development | 100% | 100% | 100% |
| (a) | FCL Tower Pte. Ltd. | Property development | 100% | 100% | 100% |
| (a) | FCL Loft Pte. Ltd. | Property development | 100% | 100% | 100% |
| (a) | Frasers Centrepoint Asset Management Ltd. | Management services | 100% | 100% | 100% |
| (a) | FCL Investments Pte. Ltd. | Investment holding | 100% | 100% | 100% |
| (a) | FCL Trust Holdings Pte. Ltd. | Investment holding | 100% | 100% | 100% |

## 31. SIGNIFICANT SUBSIDIARIES (cont'd)

| | Subsidiaries | Principal Activities | Percentage equity held by the Group 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| | **Subsidiaries of the Company** (cont'd) | | | | |
| | Country of Incorporation and Place of Business: Singapore (cont'd) | | | | |
| (a) | Frasers Hospitality Investment Holding (Philippines) Pte. Ltd. | Investment holding | 100% | 100% | 100% |
| (a) | Frasers Centrepoint Asset Management (Malaysia) Pte. Ltd. | Investment holding | 100% | 100% | 100% |
| (a) | FCL Trust Holdings (Commercial) Pte. Ltd. | Investment holding | 100% | 100% | 100% |
| (a) | Frasers Centrepoint Asset Management (Commercial) Ltd | Asset management, fund and property management and related advisory services | 100% | 100% | 100% |
| (a) | FCL REIT Management Ltd. | Management services | 100% | 100% | 100% |
| (a) | MLP Co Pte. Ltd. | Investment holding | 100% | 100% | 100% |
| (a) | SAJV Co Pte. Ltd. | Investment holding | 100% | 100% | 100% |
| (a) | FCL Clover Pte. Ltd. | Financial Services | 100% | 100% | 100% |
| (a) | FCL Tampines Court Pte. Ltd. | Investment holding | 100% | 100% | 100% |
| (a) | FCL Emerald (1) Pte. Ltd. | Investment holding | 100% | 100% | 100% |
| (a) | FCL Emerald (2) Pte. Ltd. | Investment holding | 100% | 100% | 100% |
| (a) | Opal Star Pte. Ltd. | Investment holding | 100% | 100% | 100% |
| (a) | Fraser Suites Jakarta Pte. Ltd. | Investment holding | 100% | 100% | 100% |
| (a) | Fraser Residence Orchard Pte. Ltd. | Operation of serviced apartments | 100% | 100% | 100% |
| (a) | Frasers Centrepoint Property Management (Commercial) Pte. Ltd. | Asset management, fund and property management and related advisory services | 100% | 100% | 100% |
| (a) | FCL Management Services (Commercial) Pte. Ltd. | Management services | 100% | 100% | 100% |

## 31. SIGNIFICANT SUBSIDIARIES (cont'd)

| | Subsidiaries | Principal Activities | Percentage equity held by the Group 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| | **Subsidiaries of the Company** (cont'd) | | | | |
| | Country of Incorporation and Place of Business: Singapore (cont'd) | | | | |
| (a) | FCL Crystal Pte. Ltd. | Property development | 100% | 100% | 100% |
| (a) | FCL Topaz Pte. Ltd. | Investment holding | 100% | 100% | 100% |
| (a) | Frasers Hospitality Investments Melbourne Pte. Ltd. | Investment holding | 100% | 100% | - |
| (a) | FCL Treasury Pte. Ltd. | Financial services | 100% | - | - |
| (a) | Frasers Land Pte. Ltd. | Property development | 100% | 100% | 100% |
| | Country of Incorporation: Singapore<br>Place of Business: Australia | | | | |
| (a) | FCL Bridgepoint Pte. Ltd. | Property investment | 100% | 100% | 100% |
| | Country of Incorporation and Place of Business: Hong Kong | | | | |
| (a) | Excellent Esteem Limited | Investment holding | 100% | 100% | 100% |
| | Country of Incorporation and Place of Business: Vietnam | | | | |
| (a) | Me Linh Point Limited | Property investment | 75% | 75% | 75% |
| | Country of Incorporation and Place of Business: Australia | | | | |
| (a) | Frasers Town Hall Pty Ltd | Investment holding and property development | 80.5% | 80.5% | 80.5% |
| (a) | Frasers Town Hall Residences Pty Ltd | Property investment | 80.5% | 80.5% | 80.5% |
| (a) | Frasers Town Hall Issuer Pty Ltd | Financial services | 80.5% | 80.5% | 80.5% |
| (a) | Frasers Town Hall Residences Operations Pty Ltd | Management services | 80.5% | 80.5% | - |
| (a) | Frasers City Quarter Pty Limited | Property development | 87.5% | 87.5% | 87.5% |
| (a) | Frasers Queens Pty Ltd | Investment holding and property development | 87.5% | 87.5% | 87.5% |
| (a) | Frasers Perth Pty Ltd | Property investment | 87.5% | - | - |
| (a) | Frasers Perth Management Pty Ltd | Management services | 87.5% | - | - |

## 31. SIGNIFICANT SUBSIDIARIES (cont'd)

| | Subsidiaries | Principal Activities | Percentage equity held by the Group | | |
|---|---|---|---|---|---|
| | | | 2012 | 2011 | 2010 |
| | **Subsidiary of FCL Enterprises Pte. Ltd.** | | | | |
| | Country of Incorporation and Place of Business: Singapore | | | | |
| (a) | Emerald Hill Developments Pte. Ltd. | Property investment | 100% | 100% | 100% |
| | **Subsidiaries of River Valley Properties Pte Ltd** | | | | |
| | Country of Incorporation and Place of Business: Singapore | | | | |
| (a) | River Valley Shopping Centre Pte Ltd | Property investment | 100% | 100% | 100% |
| (a) | River Valley Tower Pte Ltd | Property investment | 100% | 100% | 100% |
| (a) | River Valley Apartments Pte Ltd | Property investment | 100% | 100% | 100% |
| | **Subsidiary of Opal Star Pte Ltd** | | | | |
| | Country of Incorporation and Place of Business: Singapore | | | | |
| (a) | FCL Compassvale Pte. Ltd. | Property development | 80.0% | 80.0% | 80.0% |
| | **Subsidiary of FCL Tampines Court Pte. Ltd.** | | | | |
| | Country of Incorporation and Place of Business: Singapore | | | | |
| (a) | Punggol Residences Pte. Ltd. | Property development | 80.0% | 80.0% | - |
| | **Subsidiaries of Frasers (UK) Pte. Ltd.** | | | | |
| | Country of Incorporation and Place of Business: Singapore | | | | |
| (a) | Frasers Property (Europe) Holdings Pte. Ltd. | Investment holding | 80.0% | 80.0% | 51.2% |
| | Country of Incorporation and Place of Business: United Kingdom | | | | |
| (c) | Frasers Property (UK) Limited | Investment holding | 80.0% | 80.0% | 51.2% |
| (c) | Frasers Property Developments Ltd | Investment holding | 80.0% | 80.0% | 51.2% |
| (c) | Frasers Investments (UK) Limited | Property investment | 80.0% | 80.0% | 51.2% |
| (c) | Frasers Ventures Limited | Property development | 80.0% | 80.0% | 51.2% |
| (c) | Frasers FB (UK) Limited | Property investment | 80.0% | 80.0% | 51.2% |

## 31. SIGNIFICANT SUBSIDIARIES (cont'd)

| | Subsidiaries | Principal Activities | Percentage equity held by the Group 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| | **Subsidiaries of Frasers (UK) Pte. Ltd.** (cont'd) | | | | |
| | Country of Incorporation and Place of Business: United Kingdom (cont'd) | | | | |
| (c) | Ellisridge Limited | Property investment | - [(2)] | 80.0% | 40.4% |
| (c) | Ellisridge Suites Limited | Property investment | - [(2)] | 80.0% | 40.4% |
| (c) | Frasers FB (Apartments) Limited | Property development | - [(2)] | 80.0% | 51.2% |
| (c) | Frasers FB (UK) Developments Limited | Property development | - [(2)] | 80.0% | 51.2% |
| (c) | Frasers Projects Ltd | Property development | 80.0% | 80.0% | 51.2% |
| (c) | The School House (Tunbridge Wells) Limited | Property development | 80.0% | 80.0% | 51.2% |
| (c) | Frasers General Partner Limited | Property investment | 80.0% | 80.0% | 51.2% |
| (c) | Frasers FB (UK) Group Limited | Investment holding | 80.0% | 80.0% | 51.2% |
| (c) | Frasers FB (House) Limited | Investment holding | 80.0% | 80.0% | 51.2% |
| (c) | Frasers Homes (UK) Ltd | Property development | 80.0% | 80.0% | 51.2% |
| (c) | Frasers (Buckswood Grange) Limited | Property development | 80.0% | 80.0% | 51.2% |
| (c) | Frasers Islington Limited | Property development | 79.2% | 80.0% | 51.2% |
| (c) | Frasers Islington Properties Limited | Property development | 79.2% | 80.0% | 51.2% |
| (c) | Islington Theatre Development Limited | Property development | - [(2)] | 79.2% | 38.1% |
| (c) | Frasers FB (Pepys Street) Limited | Property development | - [(2)] | 80.0% | 51.2% |
| (c) | FKB Investment Management Ltd | Management consultancy services | - [(2)] | 80.0% | 51.2% |
| (c) | FKB Property Management Limited | Management consultancy services | - [(2)] | 80.0% | 51.2% |
| (c) | NGH Properties Limited | Property investment | 80.0% | 80.0% | 51.2% |
| (c) | Sloane Avenue Limited | Property development | - [(2)] | 80.0% | 51.2% |
| (c) | Frasers (Brown Street) Limited | Property development | 80.0% | 80.0% | 51.2% |

## 31. SIGNIFICANT SUBSIDIARIES (cont'd)

| | Subsidiaries | Principal Activities | Percentage equity held by the Group | | |
|---|---|---|---|---|---|
| | | | 2012 | 2011 | 2010 |
| | **Subsidiaries of Frasers (UK) Pte. Ltd.** (cont'd) | | | | |
| | Country of Incorporation and Place of Business: United Kingdom (cont'd) | | | | |
| (c) | Frasers (Vincent Square) Ltd | Property development | 80.0% | 80.0% | 51.2% |
| (c) | Frasers Lumiere Leeds Ltd | Investment holding | 80.0% | 80.0% | 51.2% |
| (c) | Frasers Management (UK) Ltd | Management services | 80.0% | 80.0% | 51.2% |
| (c) | Frasers (Riverside Quarter) Ltd | Property development | 80.0% | 80.0% | 51.2% |
| (b) | Frasers Highbury Limited | Dormant | 75% | 75% | 75% |
| (c) | Frasers (Maidenhead) Ltd | Property development | 80% | 80% | 51.2% |
| (c) | Frasers Imperial Place Ltd | Property development | 80% | 80% | 51.2% |
| (c) | Fairdace Limited | Serviced apartments | - | - (6) | 34.1% |
| (c) | Frasers Hospitality (UK) Limited | Management consultancy services and serviced apartments | - | - (6) | 51.2% |
| (c) | Frasers St Giles Street Management Ltd | Property management | - | - (6) | 51.2% |
| | Country of Incorporation: Jersey, Channel Islands<br>Place of Business: United Kingdom | | | | |
| (c) | Frasers (St Giles Street, Edinburgh) Limited | Property management | - | - (6) | 51.2% |
| | **Subsidiaries of Frasers (Australia) Pte. Ltd.** | | | | |
| | Country of Incorporation and Place of Business: Australia | | | | |
| (a) | Frasers Property Australia Pty Ltd | Investment holding | 75% | 75% | 75% |
| (a) | Frasers Property Management Australia Pty Limited | Management services | 75% | 75% | 75% |
| (a) | Frasers Chandos Pty Limited | Property development | 75% | 75% | 75% |
| (a) | Frasers Lorne Pty Limited | Property development | 75% | 75% | 75% |
| (a) | Frasers Mandurah Pty Limited | Property development | 56.3% | 56.3% | 56.3% |
| (a) | Frasers Killara Pty Ltd | Property development | 75% | 75% | 75% |
| (a) | Frasers Morton Pty Ltd | Property development | 75% | 75% | 75% |
| (a) | Frasers Broadway Pty Ltd | Property development | 75% | 75% | 75% |
| (a) | Frasers Homes WA Pty Limited | Builder | 56.3% | 56.3% | 56.3% |

## 31. SIGNIFICANT SUBSIDIARIES (cont'd)

| | Subsidiaries | Principal Activities | Percentage equity held by the Group | | |
|---|---|---|---|---|---|
| | | | 2012 | 2011 | 2010 |
| | **Subsidiaries of Frasers (Australia) Pte. Ltd.** (cont'd) | | | | |
| | Country of Incorporation and Place of Business: Australia (cont'd) | | | | |
| (a) | Frasers Putney Pty Limited | Property development | 75% | 75% | 75% |
| (a) | Frasers Central Park Holdings No. 1 Pty Ltd | Investment holding | 75% | 75% | - |
| (a) | Frasers Central Park Holdings No. 2 Pty Ltd | Investment holding | 75% | 75% | - |
| (a) | Frasers Central Park Land No. 1 Pty Ltd | Property development | 75% | 75% | - |
| (a) | Frasers Central Park Land No. 2 Pty Ltd | Property development | 75% | 75% | - |
| (a) | Frasers Central Park Equity No. 1 Pty Ltd | Property development | 75% | 75% | - |
| (a) | Frasers Central Park Equity No. 2 Pty Ltd | Property development | 75% | 75% | - |
| | **Subsidiaries of Frasers (NZ) Pte. Ltd.** | | | | |
| | Country of Incorporation and Place of Business: New Zealand | | | | |
| (a) | Frasers Broadview Limited | Property development | 75% | 75% | 75% |
| (a) | Frasers Papamoa Limited | Property development | 67.5% | 67.5% | 67.5% |
| (a) | Coast Homes Limited | Builder | 67.5% | 67.5% | 67.5% |
| | **Subsidiaries of FCL (China) Pte. Ltd.** | | | | |
| | Country of Incorporation: Bermuda Place of Business: Hong Kong | | | | |
| (a) | Frasers Property (China) Limited | Investment holding | - | 56.2% | 56.2% |
| | Country of Incorporation and Place of Business: China | | | | |
| | Shanghai Sian Jin Property Development Co., Ltd | Property development | - | - (2) | 100% |
| | Country of Incorporation and Place of Business: Hong Kong | | | | |
| (a) | Vision Century Secretaries Limited | Secretarial and nominee services | - | 56.2% | 56.2% |
| (a) | Vision Century Administration Limited | Management consultancy services | - | 56.2% | 56.2% |
| (a) | Vision Century Property Management Limited | Property management | - | 56.2% | 56.2% |

## 31. SIGNIFICANT SUBSIDIARIES (cont'd)

| | | Subsidiaries | Principal Activities | Percentage equity held by the Group | | |
|---|---|---|---|---|---|---|
| | | | | 2012 | 2011 | 2010 |
| | | **Subsidiaries of FCL (China) Pte. Ltd.** (cont'd) | | | | |
| | | Country of Incorporation: British Virgin Islands<br>Place of Business: Hong Kong | | | | |
| | (b) | Limbo Enterprises Limited | Property holding | - | 56.2% | 56.2% |
| | (b) | Supreme Asia Investments Limited | Investment holding | 43.3% [4] | 75.2% | 75.2% |
| | | Country of Incorporation and<br>Place of Business: China | | | | |
| (1) | (a) | Shanghai Zhong Jun Real Estate Development Co., Ltd | Property development | 45.2% [4] | 76.0% | 76.0% |
| (1) | (a) | Beijing Gang Lu Real Estate Development Co., Ltd | Property development | - | 56.2% | 56.2% |
| (1) | (a) | Beijing Vision Century Property Management Co., Ltd | Property management | - | 56.2% | 56.2% |
| (1) | (a) | Vision Century Real Estate Development (Dalian) Co., Ltd | Property development | - | 56.2% | 56.2% |
| (1) | (a) | Vision Property Management (Dalian) Co., Ltd | Property management | - | 56.2% | 56.2% |
| (1) | (a) | Vision (Shenzhen) Business Park Co., Ltd | Business park development and investment | - | 56.2% | 56.2% |
| (1) | (a) | Vision Huaqing (Beijing) Development Co., Ltd | Business park development and investment | - | 33.7%[3] | 33.7%[3] |
| (1) | (a) | Vision Property (Shenzhen) Co., Ltd. | Property development | - | 56.2% | 56.2% |
| (1) | (a) | Shenyang Frasers Real Estate Development Co., Ltd. | Property development | - | - | 56.2% |

## 31. SIGNIFICANT SUBSIDIARIES (cont'd)

| | | Subsidiaries | Principal Activities | Percentage equity held by the Group 2012 | 2011 | 2010 |
|---|---|---|---|---|---|---|
| | | **Subsidiaries of Frasers Hospitality Pte. Ltd.** (cont'd) | | | | |
| | | Country of Incorporation and Place of Business: Hong Kong | | | | |
| | (d) | Frasers Hospitality (Hong Kong) Limited | Management consultancy services | 100% | 100% | 100% |
| | | Country of Incorporation and Place of Business: China | | | | |
| (1) | (d) | Frasers Hospitality Management Co., Ltd, Shanghai | Management consultancy services | 100% | 100% | 100% |
| (1) | (d) | Fraser Place (Beijing) Property Management Co., Ltd. | Management consultancy services | 100% | 100% | 100% |
| (1) | (d) | Modena Hospitality Management Co., Ltd. (Shanghai) | Management consultancy services | 51% | 51% | 51% |
| | | Country of Incorporation and Place of Business: Japan | | | | |
| | (b) | Frasers Hospitality Japan Kabushiki Kaisha | Management consultancy services | 100% | 100% | 100% |
| | | Country of Incorporation and Place of Business: Singapore | | | | |
| | (a) | Frasers Hospitality Management Pte Ltd | Management consultancy services | 100% | 100% | 100% |
| | (a) | Frasers Hospitality Property Services Pte. Ltd. | Management consultancy services | 100% | 100% | 100% |
| | (a) | Frasers Hospitality Changi City Pte. Ltd. | Management consultancy services | 100% | - | - |
| | | Country of Incorporation and Place of Business: India | | | | |
| | (a) | Frasers Hospitality India Pty Ltd | Management consultancy services | 100% | 100% | - |
| | | **Subsidiary of Excellent Esteem Limited** | | | | |
| | | Country of Incorporation and Place of Business: China | | | | |
| (1) | (d) | Beijing Fraser Suites Real Estate Management Co., Ltd | Property investment | 100% | 100% | 100% |

## 31. SIGNIFICANT SUBSIDIARIES (cont'd)

| | Subsidiaries | Principal Activities | Percentage equity held by the Group 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| | **Subsidiary of Frasers Hospitality Investment Holding (Philippines) Pte. Ltd.** | | | | |
| | Country of Incorporation and Place of Business: Philippines | | | | |
| (a) | Frasers Hospitality Investments Inc. | Property investment | 100% | 100% | 100% |
| | **Subsidiaries of FCL (Fraser) Pte. Ltd.** | | | | |
| | Country of Incorporation and Place of Business: United Kingdom | | | | |
| (c) | Fairdace Limited | Serviced apartments | 100% | 100% | - (6) |
| (c) | Frasers Hospitality (UK) Limited | Management consultancy services and serviced apartments | 100% | 100% | - (6) |
| (c) | Frasers St Giles Street Management Ltd | Property management | 100% | 100% | - (6) |
| (c) | 39 QGG Management Limited | Management services | 100% | - | - |
| (c) | Frasers Hospitality Frankfurt Investment Ltd | Investment holding | 100% | - | - |
| (c) | Fairbriar Residential Investment Partnership | Investment in residential property fund | 100% (5) | 32.0% (5) | 32.0% (5) |
| | Country of Incorporation: Jersey, Channel Islands; Place of Business: United Kingdom | | | | |
| (c) | Frasers (St Giles Street, Edinburgh) Limited | Property investment | 100% | 100% | - (6) |
| (c) | Queensgate Gardens (C.I.) Limited | Property investment | 100% | - | - |
| | Country of Incorporation and Place of Business: France | | | | |
| (c) | Socie De Gestion Residence | Management services | 100% | 100% | - |
| | **Subsidiaries of Frasers Hospitality Investments Melbourne Pte. Ltd.** | | | | |
| | Country of Incorporation and Place of Business: Singapore | | | | |
| (a) | FC Hotel Trustee Pte. Ltd. | Management services | 100% | 100% | 100% |
| | Country of Registration and Place of Business: Singapore | | | | |
| (a) | Ruby Star Trust | Investment holding | 100% | 100% | - |

## 31. SIGNIFICANT SUBSIDIARIES (cont'd)

| | | Subsidiaries | Principal Activities | Percentage equity held by the Group 2012 | 2011 | 2010 |
|---|---|---|---|---|---|---|
| | | **Subsidiaries of Frasers Hospitality Investments Melbourne Pte. Ltd. (cont'd)** | | | | |
| | | Country of Incorporation and Place of Business: Australia | | | | |
| | (a) | Frasers Melbourne Trust | Property investment | 100% | 100% | - |
| | (a) | Frasers Melbourne Apartments Pty Limited | Management and consultancy services | 100% | 100% | - |
| | (a) | Frasers Melbourne Management Pty Limited | Management services | 100% | 100% | - |
| | | **Subsidiary of Frasers Suites Jakarta Pte. Ltd.** | | | | |
| | | Country of Incorporation and Place of Business: Indonesia | | | | |
| (1) | (a) | PT Frasers Hospitality Investments Indonesia | Property investment | 100% | 100% | - |
| | | **Subsidiaries of FCL China Development Pte. Ltd.** | | | | |
| | | Country of Incorporation and Place of Business: Singapore | | | | |
| | (a) | Sinomax International Pte. Ltd. | Investment holding | 100% | 100% | 100% |
| | (a) | Singapore Logistics Investments Pte Ltd | Investment holding | 80% | 80% | 80% |
| | | Country of Incorporation and Place of Business: China | | | | |
| (1) | (d) | Shanghai Frasers Management Consultancy Co., Ltd | Management services | 100% | 100% | 100% |
| (1) | (d) | Beijing Sin Hua Yan Real Estate Development Co., Ltd | Property development | 100% | 100% | 100% |
| (1) | (d) | Singlong Property Development (Suzhou) Co., Ltd | Property development | 100% | 100% | 100% |
| (1) | (d) | Frasers Property Management (Shanghai) Co., Ltd. | Management services | 100% | 100% | 100% |
| (1) | (d) | Chengdu Sino Singapore Southwest Logistics Co., Ltd | Property development | 80% | 80% | 80% |

## 31. SIGNIFICANT SUBSIDIARIES (cont'd)

| | Subsidiaries | Principal Activities | Percentage equity held by the Group 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| | **<u>Subsidiaries of FCL China Development Pte. Ltd.</u>** (cont'd) | | | | |
| | Country of Incorporation and Place of Business: Hong Kong | | | | |
| (d) | Ace Goal Limited | Investment holding | 100% | 100% | 100% |
| (d) | Extra Strength Limited | Investment holding | 100% | 100% | 100% |
| (d) | Forth Carries Limited | Investment holding | 100% | 100% | 100% |
| (d) | Forward Plan Limited | Investment holding | 100% | 100% | 100% |
| (d) | Summit Park Limited | Investment holding | 100% | 100% | 100% |
| (d) | Superway Logistics Investments (Hong Kong) Limited | Investment holding | 80% | 80% | 80% |

(a) Audited by Ernst & Young in the respective countries
(b) Not required to be audited under laws of the country of incorporation
(c) Audited by KPMG, Nottingham
(d) Audited by other firms
Note (1) Accounting year end is 31 December
Note (2) Liquidated/struck off during the year.
Note (3) The companies are treated as subsidiaries of the Group by virtue of management control over financial and operating policies of the companies.
Note (4) Following the disposal of Frasers Property (China) Limited, the companies are held as associates.
Note (5) Following further acquisition of interest, the entity is now a subsidiary.
Note (6) Frasers Property (UK) Limited underwent corporate and debt restructuring in year 2011 whereby FCL, through its wholly-owned subsidiary, FCL (Fraser), as part of an internal restructuring, acquired additional equity interest from non-controlling interests. Consequently, the Group's shareholding interest in these subsidiaries increased to 100%.

## 32. SIGNIFICANT RELATED PARTY TRANSACTIONS

*(a) Sale and purchase of goods and services*

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place during the year at terms agreed between the parties:

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| Rental | | | |
| Received from related companies | (3,276) | (3,330) | (4,058) |
| Paid to an associate | 22,318 | 22,783 | 22,741 |
| Service charge | | | |
| Received from related companies | (846) | (844) | (847) |
| Management fees | | | |
| Paid to a related company | 11,500 | 10,500 | 10,500 |
| Paid to a related party | 360 | 360 | 360 |
| Received from associates | (33,041) | (27,383) | (23,374) |
| Acquisition fees | | | |
| Received from an associate | (1,075) | (1,270) | (2,902) |
| Divestment fees | | | |
| Received from an associate | (1,800) | (146) | - |
| Leasing commission | | | |
| Received from an associate | (206) | (187) | (6) |
| Marketing costs | | | |
| Paid to related parties | 5,034 | 7,597 | 1,517 |
| Purchases | | | |
| Paid to related companies | 96 | 116 | 34 |
| Corporate guarantee fee | | | |
| Paid to holding company | 937 | 1,373 | 1,111 |
| Interest (income)/expense | | | |
| Received from related parties | (4,830) | (6,165) | (4,159) |
| Paid to a related company | 56,840 | 44,464 | 31,589 |

## 32. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

*(b) Compensation of key management personnel*

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| Short term employment benefits | 8,055 | 8,352 | 8,173 |
| Defined contribution plans | 123 | 97 | 98 |
| Employee share-based expense | 2,569 | 2,034 | 1,897 |
| Total compensation paid to key management personnel | 10,747 | 10,483 | 10,168 |
| Comprises amounts paid to: | | | |
| Directors of the Company | 4,390 | 4,131 | 3,779 |
| Other key management personnel | 6,357 | 6,352 | 6,389 |
| | 10,747 | 10,483 | 10,168 |

The remuneration of key management personnel are determined by Fraser & Neave, Limited ("F&N") Remuneration Committee having regard to the performance of individuals and market trends.

Certain eligible employees and directors of the Group and Company have been granted share options to acquire shares in the immediate holding company, F&N. The details of the share options can be found in F&N's Annual Report. The fair value of these options as at the date of grant is computed by F&N using the Binomial valuation model taking into account the terms and conditions upon which the options were granted. The share-based compensation recorded by the Group and Company is based on the amounts allocated by F&N.

## 33. FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Group has risk management policies and guidelines governing all investments, which set out its overall business strategies, its tolerance for risk and its general risk management philosophy and has established processes to monitor and control hedging transactions in a timely and accurate manner. All investment opportunities are reviewed regularly by the Executive Committee of the Board to ensure that the Group's policy guidelines are adhered to.

*(a) Credit Risk*

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk in the event that the counterparties fail to perform their obligations is represented by the carrying amount of each class of financial assets recognised in the balance sheets, including derivatives with positive fair values.

## 33. FINANCIAL RISK MANAGEMENT (cont'd)

### (a) *Credit Risk* (cont'd)

The Group has guidelines governing the monitoring of credit risk. Contractual deposits are collected and scheduled progress payments are received from the buyers of development properties held for sale when due. Titles to development properties held for sale are only transferred upon full settlement. Rental deposits are collected from tenants and debts are monitored regularly to minimise risk of non-payment.

Cash and fixed deposits are placed with reputable financial institutions. Information regarding financial assets that are either past due or impaired and the aging analysis of trade receivables is disclosed in Note 20.

With respect to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The Group's maximum credit risk exposure for foreign currency swap contracts and interest rate swap contracts are limited to the fair value adjustments of these contracts. It is the Group's policy to enter into financial instruments with a diversity of credit worthy counterparties. The Group does not expect to incur material credit losses on their financial assets or other financial instruments.

### (b) *Liquidity Risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group adopts a prudent approach to managing its liquidity risk. The Group always maintains sufficient cash and have available funding through a diverse source of uncommitted credit facilities from various banks and a related company. Surplus cash from subsidiaries are transferred to the Company in accordance with its group policy for management of liquidity of the companies in the Group.

## 33. FINANCIAL RISK MANAGEMENT (cont'd)

### *(b) Liquidity Risk* (cont'd)

The table below analyses the maturity profile of the Group's financial assets and liabilities (including derivative financial instruments) based on contractual undiscounted cash flow.

| | | **2012** | | |
|---|---|---|---|---|
| | 1 year or less $'000 | 1 to 5 years $'000 | Over 5 years $'000 | Total $'000 |
| Financial Assets | | | | |
| Trade and other receivables | 333,767 | 75,875 | 13,833 | 423,475 |
| Derivative financial instruments | - | - | - | - |
| Cash and cash equivalents | 1,206,314 | - | - | 1,206,314 |
| Total undiscounted financial assets | 1,540,081 | 75,875 | 13,833 | 1,629,789 |
| Financial Liabilities | | | | |
| Trade and other payables | 1,404,412 | 2,040,361 | 3,491 | 3,448,264 |
| Derivative financial instruments | 10,858 | 6,348 | - | 17,206 |
| Loans and borrowings | 198,262 | 1,373,543 | 138,213 | 1,710,018 |
| Total undiscounted financial liabilities | 1,613,532 | 3,420,252 | 141,704 | 5,175,488 |
| Total net undiscounted financial liabilities | (73,451) | (3,344,377) | (127,871) | (3,545,699) |

## 33. FINANCIAL RISK MANAGEMENT (cont'd)

### *(b) Liquidity Risk* (cont'd)

| | 2011 | | | |
|---|---|---|---|---|
| | 1 year or less $'000 | 1 to 5 years $'000 | Over 5 years $'000 | Total $'000 |
| Financial Assets | | | | |
| Trade and other receivables | 678,110 | 64,445 | 18,023 | 760,578 |
| Derivative financial instruments | 243 | - | - | 243 |
| Cash and cash equivalents | 979,911 | - | - | 979,911 |
| Total undiscounted financial assets | 1,658,264 | 64,445 | 18,023 | 1,740,732 |
| Financial Liabilities | | | | |
| Trade and other payables | 2,038,164 | 1,398,892 | 7,842 | 3,444,898 |
| Derivative financial instruments | 9,344 | 7,558 | - | 16,902 |
| Loans and borrowings | 240,088 | 1,130,292 | - | 1,370,380 |
| Total undiscounted financial liabilities | 2,287,596 | 2,536,742 | 7,842 | 4,832,180 |
| Total net undiscounted financial (liabilities)/assets | (629,332) | (2,472,297) | 10,181 | (3,091,448) |

## 33. FINANCIAL RISK MANAGEMENT (cont'd)

### *(b) Liquidity Risk* (cont'd)

| | 2010 | | | |
|---|---|---|---|---|
| | 1 year or less $'000 | 1 to 5 years $'000 | Over 5 years $'000 | Total $'000 |
| Financial Assets | | | | |
| Trade and other receivables | 653,563 | 57,540 | 19,003 | 730,106 |
| Derivative financial instruments | 380 | 32 | - | 412 |
| Cash and cash equivalents | 951,969 | - | - | 951,969 |
| Total undiscounted financial assets | 1,605,912 | 57,572 | 19,003 | 1,682,487 |
| Financial Liabilities | | | | |
| Trade and other payables | 1,921,683 | 1,435,635 | 7,842 | 3,365,160 |
| Derivative financial instruments | 11,168 | 15,143 | 291 | 26,602 |
| Loans and borrowings | 1,205,554 | 541,828 | - | 1,747,382 |
| Total undiscounted financial liabilities | 3,138,405 | 1,992,606 | 8,133 | 5,139,144 |
| Total net undiscounted financial (liabilities)/assets | (1,532,493) | (1,935,034) | 10,870 | (3,456,657) |

**33. FINANCIAL RISK MANAGEMENT** (cont'd)

*(b) Liquidity Risk* (cont'd)

The earliest period in which the financial guarantee contracts amounting to $75,105,000 (2011: $109,861,000; 2010: $439,037,000) could be called is within one year.

*(c) Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flow of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to changes in interest rates is in respect of debt obligations and deposits with related companies and financial institutions.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts with varying tenors. To manage this mix in a cost-efficient manner, the Group enters into interest rate swaps to hedge its interest rate exposure for specific underlying debt obligations.

*Effective interest rates and repricing analysis*

In respect of the interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at balance sheet date and the periods in which they reprice.

Financial instruments classified as fixed rates are instruments for which interest rates are fixed until the maturity of the instruments or for which interest rate swaps have been entered into.

| | Note | Effective interest rate % | Floating interest rate $'000 | Fixed interest rate Within 1 year $'000 | Fixed interest rate Between 1 to 5 year $'000 | Fixed interest rate After 5 years $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **2012** | | | | | | | |
| ***Financial Assets*** | | | | | | | |
| Cash and bank deposits | 24 | 0.04 to 3.60 | 51,477 | 497,931 | - | - | 549,408 |
| Other financial assets | 18 & 20 | 8.00 | - | 60,350 | 75,875 | - | 136,225 |
| | | | 51,477 | 558,281 | 75,875 | - | 685,633 |
| ***Financial Liabilities*** | | | | | | | |
| Loans and borrowings | 26 | 1.14 to 7.04 | 1,183,190 | - | 284,335 | 125,000 | 1,592,525 |
| Other financial liabilities | 25 | 1.74 to 6.00 | 570,352 | 66,735 | 1,893,036 | - | 2,530,123 |
| | | | 1,753,542 | 66,735 | 2,177,371 | 125,000 | 4,122,648 |
| **2011** | | | | | | | |
| ***Financial Assets*** | | | | | | | |
| Cash and bank deposits | 24 | 0.01 to 5.45 | 17,409 | 849,050 | - | - | 866,459 |
| Other financial assets | 18 & 20 | 8.00 to 12.00 | - | - | 25,450 | 57,540 | 82,990 |
| | | | 17,409 | 849,050 | 25,450 | 57,540 | 949,449 |
| ***Financial Liabilities*** | | | | | | | |
| Loans and borrowings | 26 | 0.83 to 9.63 | 1,171,917 | - | 132,435 | - | 1,304,352 |
| Other financial liabilities | 25 | 0.56 to 5.75 | 826,409 | 529,557 | 1,264,127 | - | 2,620,093 |
| | | | 1,998,326 | 529,557 | 1,396,562 | - | 3,924,445 |

## 33. FINANCIAL RISK MANAGEMENT (cont'd)

### (c) *Interest Rate Risk* (cont'd)

| | Note | Effective interest rate % | Floating interest rate $'000 | Fixed interest rate Within 1 year $'000 | Fixed interest rate Between 1 to 5 year $'000 | Fixed interest rate After 5 years $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|
| **2010** | | | | | | | |
| ***Financial Assets*** | | | | | | | |
| Cash and bank deposits | 24 | 0.01 to 5.40 | 90,877 | 811,905 | - | - | 902,782 |
| Other financial assets | 18 & 20 | 8.00 to 12.00 | - | - | 25,450 | 51,375 | 76,825 |
| | | | 90,877 | 811,905 | 25,450 | 51,375 | 979,607 |
| ***Financial Liabilities*** | | | | | | | |
| Loans and borrowings | 26 | 0.90 to 7.59 | 1,444,104 | 225,517 | - | - | 1,669,621 |
| Other financial liabilities | 25 | 0.30 to 9.62 | 342,096 | 700,877 | 1,451,203 | 47,005 | 2,541,181 |
| | | | 1,786,200 | 926,394 | 1,451,203 | 47,005 | 4,210,802 |

*Sensitivity Analysis for Interest Rate Risk*

For the variable rate financial assets and liabilities, a hundred basis points increase/decrease in interest rate, with all other variables held constant, would decrease/increase the Group's profit after tax and net loss in hedging reserve by approximately $14,127,000 (2011: $16,442,000; 2010: $14,071,000) and $5,000,000 (2011: $5,500,000; 2010: $5,000,000) respectively, arising mainly as a result of higher/lower interest expense on net floating borrowing position and increase/decrease in the fair value of derivatives held for hedging respectively.

## 33. FINANCIAL RISK MANAGEMENT (cont'd)

### (d) *Foreign Currency Risk*

The purpose of the Group's foreign currency hedging activities is to protect against the volatility associated with investments in and loans granted to foreign subsidiaries. The Group primarily utilises foreign currency forward contracts with maturities of less than twelve months to hedge foreign currency-denominated investments and loans to foreign subsidiaries.

In addition to transactional exposures, the Group is also exposed to foreign exchange movements on its net investment in foreign subsidiaries. The Group uses foreign currency borrowings as a natural hedge against the activities of the foreign subsidiaries.

The net fair value loss of the foreign currency forward contracts as at 30 September 2012 was $4,699,000 (2011: $37,000; 2010: $2,551,000).

The financial assets and liabilities are denominated in the following currencies:

| | 2012 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Singapore Dollar $'000 | Australia Dollar $'000 | Chinese Renminbi $'000 | Hong Kong Dollar $'000 | Sterling Pound $'000 | United States Dollar $'000 | Others $'000 | Total $'000 |
| **Financial Assets** | | | | | | | | |
| Financial assets | 62,500 | - | - | - | 16 | - | - | 62,516 |
| Trade and other receivables | 358,372 | 24,705 | 6,045 | 66 | 6,073 | 17,133 | 5,011 | 417,405 |
| Cash and cash equivalents | 708,121 | 68,735 | 129,933 | 259,000 | 25,480 | 8,019 | 7,026 | 1,206,314 |
| Total Financial Assets | 1,128,993 | 93,440 | 135,978 | 259,066 | 31,569 | 25,152 | 12,037 | 1,686,235 |
| **Financial Liabilities** | | | | | | | | |
| Trade and other payables | 2,222,461 | 420,492 | 75,733 | 17 | 156,733 | 349,510 | 14,296 | 3,239,242 |
| Derivative financial instruments | 18 | 3,030 | - | 4,475 | 574 | 7,493 | - | 15,590 |
| Loans and borrowings | 876,489 | 343,972 | 48,646 | - | 193,724 | 107,660 | 22,034 | 1,592,525 |
| Total Financial Liabilities | 3,098,968 | 767,494 | 124,379 | 4,492 | 351,031 | 464,663 | 36,330 | 4,847,357 |

## 33. FINANCIAL RISK MANAGEMENT (cont'd)

### *(d) Foreign Currency Risk* (cont'd)

**2011 (Restated)**

| | Singapore Dollar $'000 | Australia Dollar $'000 | Chinese Renminbi $'000 | Hong Kong Dollar $'000 | Sterling Pound $'000 | United States Dollar $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **Financial Assets** | | | | | | | | |
| Financial assets | 27,598 | - | - | 1,476 | 730 | - | - | 29,804 |
| Trade and other receivables | 579,676 | 45,131 | 93,965 | 341 | 26,076 | 3,945 | 4,539 | 753,673 |
| Cash and cash equivalents | 508,199 | 84,538 | 286,584 | 31,792 | 16,175 | 44,791 | 7,832 | 979,911 |
| Derivative financial instruments | - | 81 | - | 162 | - | - | - | 243 |
| Total Financial Assets | 1,115,473 | 129,750 | 380,549 | 33,771 | 42,981 | 48,736 | 12,371 | 1,763,631 |
| **Financial Liabilities** | | | | | | | | |
| Trade and other payables | 2,261,132 | 416,170 | 128,310 | 9,258 | 45,938 | 361,940 | 62,609 | 3,285,357 |
| Derivative financial instruments | 153 | - | - | - | 589 | 15,109 | 199 | 16,050 |
| Loans and borrowings | 616,883 | 128,516 | 80,709 | 118,933 | 172,779 | 161,311 | 25,221 | 1,304,352 |
| Total Financial Liabilities | 2,878,168 | 544,686 | 209,019 | 128,191 | 219,306 | 538,360 | 88,029 | 4,605,759 |

**2010 (Restated)**

| | Singapore Dollar $'000 | Australia Dollar $'000 | Chinese Renminbi $'000 | Hong Kong Dollar $'000 | Sterling Pound $'000 | United States Dollar $'000 | Others $'000 | Total $'000 |
|---|---|---|---|---|---|---|---|---|
| **Financial Assets** | | | | | | | | |
| Financial assets | 27,598 | - | - | 1,525 | 654 | - | - | 29,777 |
| Trade and other receivables | 652,730 | 20,203 | 19,399 | 413 | 28,354 | 810 | 2,032 | 723,941 |
| Cash and cash equivalents | 525,453 | 45,127 | 232,047 | 47,168 | 67,322 | 30,632 | 4,220 | 951,969 |
| Derivative financial instruments | - | 551 | - | - | - | - | - | 551 |
| Total Financial Assets | 1,205,781 | 65,881 | 251,446 | 49,106 | 96,330 | 31,442 | 6,252 | 1,706,238 |
| **Financial Liabilities** | | | | | | | | |
| Trade and other payables | 2,444,961 | 171,069 | 104,296 | 8,089 | 27,409 | 340,319 | 56,698 | 3,152,841 |
| Derivative financial instruments | 90 | - | - | - | 471 | 22,303 | 12 | 22,876 |
| Loans and borrowings | 514,263 | 256,845 | 115,451 | 86,398 | 456,238 | 208,589 | 31,837 | 1,669,621 |
| Total Financial Liabilities | 2,959,314 | 427,914 | 219,747 | 94,487 | 484,118 | 571,211 | 88,547 | 4,845,338 |

## 33. FINANCIAL RISK MANAGEMENT (cont'd)

### (d) *Foreign Currency Risk* (cont'd)

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the US$ and A$ exchange rates (against the respective functional currencies of the Group entities), with all other variables held constant.

| | | **2012**<br>Profit net of tax<br>$'000 | **2011**<br>Profit net of tax<br>$'000 | **2010**<br>Profit net of tax<br>$'000 |
|---|---|---|---|---|
| US$/S$ | - strengthened 10% (2011 & 2010: 10%) | (23,587) | (21,828) | (25,598) |
| | - weakened 10% (2011 & 2010: 10%) | 23,587 | 21,828 | 25,598 |
| US$/RMB | - strengthened 10% (2011 & 2010: 10%) | (1,781) | (1,858) | (1,914) |
| | - weakened 10% (2011 & 2010: 10%) | 1,781 | 1,858 | 1,914 |
| US$/HK$ | - strengthened 10% (2011 & 2010: 10%) | 3 | (10,890) | (2,740) |
| | - weakened 10% (2011 & 2010: 10%) | (3) | 10,890 | 2,740 |
| A$/S$ | - strengthened 10% (2011 & 2010: 10%) | 1,157 | 760 | - |
| | - weakened 10% (2011 & 2010: 10%) | (1,157) | (760) | - |

## 34. FAIR VALUE OF FINANCIAL INSTRUMENTS

*(a) Fair value of financial instruments that are carried at fair value*

(i) The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

| | 2012 | | | |
|---|---|---|---|---|
| | Quoted prices in active markets for identical instruments Level 1 $'000 | Significant other observable inputs Level 2 $'000 | Significant unobservable inputs Level 3 $'000 | Total $'000 |
| **Financial assets:** | | | | |
| Available-for-sale financial assets | | | | |
| Quoted investments | 16 | - | - | 16 |
| Quoted non-equity investments | - | - | 60,350 | 60,350 |
| At 30 September 2012 | 16 | - | 60,350 | 60,366 |
| **Financial liabilities:** | | | | |
| Derivative financial liabilities | | | | |
| Interest rate swaps | - | 10,891 | - | 10,891 |
| Foreign currency forward contracts | - | 4,699 | - | 4,699 |
| At 30 September 2012 | - | 15,590 | - | 15,590 |

| | 2011 | | | |
|---|---|---|---|---|
| | Quoted prices in active markets for identical instruments Level 1 $'000 | Significant other observable inputs Level 2 $'000 | Significant unobservable inputs Level 3 $'000 | Total $'000 |
| **Financial assets:** | | | | |
| Available-for-sale financial assets | | | | |
| Quoted investments | 730 | - | - | 730 |
| Derivative financial assets | | | | |
| Interest rate swaps | - | 81 | - | 81 |
| Foreign currency forward contracts | - | 162 | - | 162 |
| At 30 September 2011 | 730 | 243 | - | 973 |
| **Financial liabilities:** | | | | |
| Derivative financial liabilities | | | | |
| Interest rate swaps | - | 15,851 | - | 15,851 |
| Foreign currency forward contracts | - | 199 | - | 199 |
| At 30 September 2011 | - | 16,050 | - | 16,050 |

## 34. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

*(a) Fair value of financial instruments that are carried at fair value* (cont'd)

(i) The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

| | 2010 | | | |
|---|---|---|---|---|
| | Quoted prices in active markets for identical instruments Level 1 $'000 | Significant other observable inputs Level 2 $'000 | Significant unobservable inputs Level 3 $'000 | Total $'000 |
| **Financial assets:** | | | | |
| Available-for-sale financial assets | | | | |
| Quoted investments | 654 | - | - | 654 |
| Derivative financial assets | | | | |
| Interest rate swaps | - | 551 | - | 551 |
| At 30 September 2010 | 654 | 551 | - | 1,205 |
| **Financial liabilities:** | | | | |
| Derivative financial liabilities | | | | |
| Interest rate swaps | - | 20,325 | - | 20,325 |
| Foreign currency forward contracts | - | 2,551 | - | 2,551 |
| At 30 September 2010 | - | 22,876 | - | 22,876 |

**34. FAIR VALUE OF FINANCIAL INSTRUMENTS** (cont'd)

*(a) Fair value of financial instruments that are carried at fair value* (cont'd)

(ii) The Group classifies fair value measurement 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 for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

*Quoted investments* : Fair value is determined directly by reference to their published market bid price at the balance sheet date.

*Derivatives* : The fair value of interest rate swap contracts and foreign currency forward contracts is determined by reference to market values for similar instruments.

There have been no transfers between Level 1 and Level 2 during the financial years ended 2012, 2011 and 2010.

*(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

*Current trade and other receivables and payables, cash and cash equivalents, current loans and borrowings and non-current bank loans*

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

## 34. FAIR VALUE OF FINANCIAL INSTRUMENTS (cont'd)

*(c) 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*

(i) The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

| | 2012 | | 2011 | | 2010 | |
|---|---|---|---|---|---|---|
| | Carrying amount $'000 | Fair value $'000 | Carrying amount $'000 | Fair value $'000 | Carrying amount $'000 | Fair value $'000 |
| **Financial assets:** | | | | | | |
| Unquoted equity investments, at cost | 2,150 | @ | 3,624 | @ | 3,673 | @ |
| Quoted non-equity investments, at cost | - | - | 25,450 | @ | 25,450 | @ |
| Loans to associates | 13,833 | * | 18,023 | * | 19,003 | * |
| Loans to non-controlling interest | 75,875 | * | 57,540 | * | 51,375 | * |
| **Financial liabilities:** | | | | | | |
| Sundry creditors | 3,491 | * | 3,446 | * | 876 | * |
| Amounts due to related companies | 1,893,036 | 2,136,646 | 1,271,969 | 1,300,548 | 1,304,600 | 1,346,153 |
| Medium Term Notes | 125,000 | 124,594 | - | - | - | - |

@ Unquoted equity investments carried at cost

Fair value information has not been disclosed for these investments carried at cost less impairment because fair value cannot be measured reliably. These equity instruments represent ordinary shares that are not quoted on any market and do not have any comparable industry peer that is listed. The quoted non-equity instruments represent bonds that are not actively traded and whose quoted price has not moved in years. The Group does not intend to dispose of these investments in the foreseeable future.

* Other receivables and other payables (non-current)

No disclosure of fair value is made for amounts due from/to related companies as it is not practicable to determine their fair values with sufficient reliability since these balances have no fixed terms of repayment.

(ii) Determination of fair value

*Amounts due to related companies and Medium Term Notes (non-current)*

The fair values as disclosed in the table above are estimated by discounting expected future cash flow at market incremental lending rate for similar types of lending and borrowing arrangements at the balance sheet date.

## 35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares.

No changes were made in the objectives, policies or processes during the years ended 30 September 2012, 2011 and 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital, as follows:

| | 2012<br>$'000 | 2011<br>(Restated)<br>$'000 | 2010<br>(Restated)<br>$'000 |
|---|---|---|---|
| Fixed deposits, cash and bank balances | 1,206,314 | 979,911 | 951,969 |
| Loans and borrowings and interest bearing loans due to related companies | (4,122,648) | (3,924,444) | (4,210,802) |
| Net borrowings | (2,916,334) | (2,944,533) | (3,258,833) |
| Share capital & reserves (equity) | 4,946,214 | 4,606,593 | 4,134,916 |
| Net borrowings over equity | 0.59 | 0.64 | 0.79 |

Certain entities in the Group are required to comply with certain externally imposed capital requirements in respect of some of their external borrowings.

## 36. COMMITMENTS

*(a) Capital Commitments*

Capital and development expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| Commitments in respect of contracts placed | | | |
| - Estimated development costs for properties held for sale | 871,154 | 1,316,231 | 626,870 |
| - Capital expenditure on investment properties | 46,939 | - | - |
| - Share of joint ventures' capital and development expenditure | 376,724 | 325,688 | 152,263 |
| | 1,294,817 | 1,641,919 | 779,133 |

**36. COMMITMENTS** (cont'd)

*(b) Operating Lease Commitments – as Lessee*

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| Within 1 year | 25,200 | 25,831 | 22,629 |
| From 1 year to 5 years | 30,345 | 59,025 | 64,660 |
| | 55,545 | 84,856 | 87,289 |

The operating leases do not contain any escalation clauses and do not provide for contingent rents. The lease terms do not contain restrictions on the Group activities concerning dividends, additional debts or entering into other leasing agreements.

*(c) Operating Lease Commitments – as Lessor*

The Group has entered into commercial property leases on its investment properties and properties held for sale. These non-cancellable leases have remaining non-cancellable lease terms of between 2 and 8 years. Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| Within 1 year | 131,239 | 143,707 | 125,077 |
| From 1 year to 5 years | 157,363 | 163,421 | 137,502 |
| After 5 years | 700 | 611 | 4,607 |
| | 289,302 | 307,739 | 267,186 |

Rental income from investment properties are disclosed in Note 13.

Rental income recognised in the Profit Statement from properties held for sale are as follows:

| | 2012<br>$'000 | 2011<br>$'000 | 2010<br>$'000 |
|---|---|---|---|
| Minimum lease payments | 78,129 | 86,191 | 59,661 |

## 37. CONTINGENCIES

*(a) Financial Guarantee Contracts*

(i) As at 30 September 2012, the Company has provided bankers' guarantees of $75,105,000 (2011: $109,861,000; 2010: $373,367,000) to unrelated parties in respect of performance contracts on behalf of certain subsidiaries. No liability is expected to arise.

(ii) The Company has provided a corporate guarantee for Baht 200,000,000 (2011 and 2010: Baht 200,000,000) as security for bank facility granted to a joint venture in respect of the acquisition of land.

(iii) The Company has provided an unconditional and irrevocable corporate guarantee for up to $57 million to finance the payment of development charge and construction cost of the New Wing of The Centrepoint by The Management Corporation Strata Title Plan No. 1298 ("MCST 1298"). The corporate guarantee will only be discharged upon full repayment of the loan by the MCST 1298. As at 30 September 2012, the outstanding loan by MCST 1298 is $18,199,000 (2011: $19,699,000; 2010: $19,699,000).

(iv) A wholly-owned subsidiary of the Group has provided RMB 91.0 million (2011: RMB1.93 million; 2010: RMB627 million) financial guarantees to banks in China in connection with loans provided by the banks to the subsidiary's property buyers, covering the period from loan contract date to the property delivery date.

## 38. COMPARATIVES

(a) Certain adjustments have been made to the prior years' financial statements to conform with the current year's presentation in connection with the adoption of INT FRS 115 *Agreements for the Construction of Real Estate* as disclosed in Note 2.1.

(b) Certain reclassifications have been made to the prior year's financial statements to conform with the current year's presentation. These reclassifications have no impact on the Group's profit for the year.

The effects of the reclassification are as follows:

**Impact to Consolidated Profit Statement for the year ended 30 September:**

| | 2011<br>$'000 |
|---|---|
| Decrease in: | |
| Revenue | (11,636) |
| Administrative costs | 11,636 |

**Impact on Consolidated Balance Sheet as at**

| | 2011<br>$'000 |
|---|---|
| Decrease in: | |
| Properties held for sale | (67,194) |
| Deferred income | (67,194) |

## 39. EVENTS AFTER REPORTING DATES

(1) The 25,450,000 junior bonds (with 2,545 attached preference shares) issued by Sengkang Mall Limited ("SML") as disclosed in Note 18 were fully redeemed on 20 November 2012. Accordingly, the fair value gain of $34.9 million recorded in the fair value reserves of the Group as at 30 September 2012 is realised in the other comprehensive income for the period ended 30 June 2013.

(2) The Series A CPPUs have been fully redeemed by 1 April 2013 at a cost of $306 million.

(3) On 19 August 2013, the Group was awarded the tender for the land parcel at Cecil Street/Telok Ayer Street at a cost of $924 million. The completion of the land acquisition is expected in November 2013.

(4) On 9 September 2013, the Group was awarded the tender for the land parcel at Yishun Avenue 2/Yishun Central 1 (Lot 3685T MK19) at a cost of $1,428.9 million. The completion of the land acquisition is expected in November 2014.

## 40. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the years ended 30 September 2012, 2011 and 2010 were authorised for issue in accordance with a resolution of the directors on 23 October 2013.

# AUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF FRASERS CENTREPOINT LIMITED AND ITS SUBSIDIARIES FOR THE NINE MONTHS ENDED 30 JUNE 2013 WITH THE INDEPENDENT AUDITOR'S REPORT THEREON

## Independent Report from the Auditor in Relation to the Audited Interim Financial Statements of Frasers Centrepoint Limited and its Subsidiaries for the nine-month Period ended 30 June 2013

23 October 2013

The Board of Directors
Frasers Centrepoint Limited
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

Dear Sirs,

We have audited the accompanying consolidated interim financial statements of Frasers Centrepoint Limited (the "Company") and its subsidiaries (the "Group") which comprise the balance sheet of the Group as at 30 June 2013, the profit statement, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the nine-month period from 1 October 2012 to 30 June 2013, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Interim Financial Statements

Management is responsible for the preparation and presentation of the consolidated interim financial statements in accordance with Singapore Financial Reporting Standard 34, Interim Financial Reporting ("FRS 34") and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the interim financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the interim financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the interim financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the interim financial statements of the Group for the nine-month period ended 30 June 2013 are prepared, in all material respects, in accordance with Singapore Financial Reporting Standard 34, *Interim Financial Reporting*.

**Other Matters**

We have not carried out an audit or review in accordance with Singapore Standards on Auditing or Singapore Standards on Review Engagements on the financial information for the nine-month period ended 30 June 2012 included as comparatives in the interim financial statements for the nine-month period ended 30 June 2013 and, accordingly, we do not express any assurance on the comparative financial information. The financial information for the nine-month period ended 30 June 2012 is the responsibility of management.

**Restriction on Distribution and Use**

This report has been prepared solely for inclusion in the introductory document of Frasers Centrepoint Limited to be issued in connection with the proposed introduction of the Company's shares on the Singapore Exchange Securities Trading Limited.

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore

Partner in charge: Nagaraj Sivaram

**FRASERS CENTREPOINT LIMITED AND SUBSIDIARIES**

**INTERIM CONSOLIDATED PROFIT STATEMENT** for the nine months ended 30 June 2013

| Note | | Audited 1.10.2012 to 30.6.2013 $'000 | Unaudited 1.10.2011 to 30.6.2012 $'000 |
|---|---|---|---|
| 3a | **REVENUE** | 1,083,178 | 906,443 |
| 3b | Cost of Sales | (590,668) | (456,919) |
| | **GROSS PROFIT** | 492,510 | 449,524 |
| 4 | **Other (Losses)/Income** | (2,296) | 12,032 |
| | **Other Items of Expenses** | | |
| | Operation Costs | (105,709) | (96,399) |
| | Marketing Costs | (43,289) | (58,682) |
| | Administrative Costs | (65,860) | (74,219) |
| | **TOTAL COSTS AND EXPENSES** | (214,858) | (229,300) |
| 5 | **TRADING PROFIT** | 275,356 | 232,256 |
| | Share of Results of Associates | 45,420 | 37,583 |
| 6 | Investment Income | – | 389 |
| | **PROFIT BEFORE INTEREST, FAIR VALUE CHANGE, TAXATION AND EXCEPTIONAL ITEMS** | 320,776 | 270,228 |
| 7 | Interest Income | 13,069 | 15,874 |
| 8 | Interest Expense | (65,616) | (58,033) |
| | Net Interest Costs | (52,547) | (42,159) |
| | **PROFIT BEFORE FAIR VALUE CHANGE, TAXATION AND EXCEPTIONAL ITEMS** | 268,229 | 228,069 |
| 13 | Fair Value Change on Investment Properties | 146,429 | – |
| | Share of Associates' Fair Value Change on Investment Properties | 90,394 | 11,365 |
| | **PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS** | 505,052 | 239,434 |
| 9 | Exceptional Items | 39,239 | 11,021 |
| | **PROFIT BEFORE TAXATION** | 544,291 | 250,455 |
| 10 | Taxation | (58,602) | (56,095) |
| | **PROFIT FOR THE PERIOD** | 485,689 | 194,360 |
| | **ATTRIBUTABLE TO: -** | | |
| | Shareholder of the Company | | |
| | - before fair value change and exceptional items | 213,120 | 172,296 |
| | - fair value change | 235,904 | 11,365 |
| | - exceptional items | 39,793 | 10,041 |
| | | 488,817 | 193,702 |
| | Non-controlling Interests | (3,128) | 658 |
| | **PROFIT FOR THE PERIOD** | 485,689 | 194,360 |
| 11 | **EARNINGS PER SHARE** | | |
| | Basic and Diluted | | |
| | - before fair value change on investment properties and exceptional items | 28.3¢ | 22.9¢ |
| | - after fair value change on investment properties and exceptional items | 64.9¢ | 25.7¢ |

The accompanying Notes form an integral part of the Interim Financial Statements.

## FRASERS CENTREPOINT LIMITED AND SUBSIDIARIES

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** for the nine months ended 30 June 2013

| | Audited 1.10.2012 to 30.6.2013 $'000 | Unaudited 1.10.2011 to 30.6.2012 $'000 |
|---|---|---|
| **PROFIT FOR THE PERIOD** | 485,689 | 194,360 |
| **OTHER COMPREHENSIVE INCOME, NET OF TAX** | | |
| ***Items that will not be reclassified to profit or loss:*** | | |
| Fair value change of cash flow hedges | 5,387 | 7,728 |
| Share of fair value change of cash flow hedges | 735 | – |
| | 6,122 | 7,728 |
| ***Items that will be reclassified to profit or loss:*** | | |
| Fair value change of available-for-sale financial assets | (34,900) | 34,900 |
| Foreign currency translation reserve: | | |
| - Exchange difference on consolidation | (17,099) | (18,473) |
| Share of other comprehensive income of associates | (11,266) | (651) |
| | (63,265) | 15,776 |
| Other comprehensive income for the period, net of tax | (57,143) | 23,504 |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | 428,546 | 217,864 |
| **ATTRIBUTABLE TO:-** | | |
| Shareholder of the Company | 438,680 | 216,316 |
| Non-controlling Interests | (10,134) | 1,548 |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | 428,546 | 217,864 |

The accompanying Notes form an integral part of the Interim Financial Statements.

**FRASERS CENTREPOINT LIMITED AND SUBSIDIARIES**

**INTERIM CONSOLIDATED BALANCE SHEET** as at 30 June 2013

| Note | | Audited 30.6.2013 $'000 | Audited 30.9.2012 (Restated) $'000 |
|---|---|---|---|
| | **NON-CURRENT ASSETS** | | |
| 13 | Investment Properties | 3,026,623 | 2,821,434 |
| 14 | Fixed Assets | 31,113 | 33,337 |
| 17 | Investments in Associates | 1,038,558 | 1,223,506 |
| 18 | Financial Assets | 2,163 | 2,166 |
| 19 | Other Assets | 106,902 | 107,234 |
| 20 | Other Receivables | 166,214 | 89,708 |
| 21 | Deferred Tax Assets | 2,937 | 2,937 |
| | | 4,374,510 | 4,280,322 |
| | **CURRENT ASSETS** | | |
| | Inventory, at cost | 3,764 | 4,175 |
| 22 | Properties Held for Sale | 4,888,179 | 4,471,239 |
| 20 | Trade and Other Receivables | 263,285 | 327,697 |
| | Prepayments | 26,205 | 7,127 |
| 18 | Financial Assets | – | 60,350 |
| 23 | Derivative Financial Instruments | 6,940 | – |
| 24 | Cash and Cash Equivalents | 981,152 | 1,206,314 |
| | | 6,169,525 | 6,076,902 |
| | **TOTAL ASSETS** | 10,544,035 | 10,357,224 |
| | **CURRENT LIABILITIES** | | |
| 25 | Trade and Other Payables | 1,854,329 | 1,659,544 |
| | Provision for Taxation | 101,504 | 127,161 |
| 23 | Derivative Financial Instruments | 5,624 | 10,858 |
| 26 | Loans and Borrowings | 265,709 | 167,798 |
| | | 2,227,166 | 1,965,361 |
| | **NET CURRENT ASSETS** | 3,942,359 | 4,111,541 |
| | | 8,316,869 | 8,391,863 |
| | **NON-CURRENT LIABILITIES** | | |
| 26 | Loans and Borrowings | 1,586,669 | 1,424,727 |
| 25 | Other Payables | 1,383,465 | 1,914,751 |
| 23 | Derivative Financial Instruments | 2,781 | 4,732 |
| 21 | Deferred Tax Liabilities | 109,439 | 91,984 |
| | | 3,082,354 | 3,436,194 |
| | **TOTAL LIABILITIES** | 5,309,520 | 5,401,555 |
| | **NET ASSETS** | 5,234,515 | 4,955,669 |
| | **EQUITY ATTRIBUTABLE TO SHAREHOLDER OF THE COMPANY** | | |
| 27 | Share Capital | 1,083,977 | 1,083,977 |
| | Retained Earnings | 4,129,898 | 3,791,081 |
| 28 | Other Reserves | 7,032 | 57,169 |
| | | 5,220,907 | 4,932,227 |
| | Non-Controlling Interests | 13,608 | 23,442 |
| | **TOTAL EQUITY** | 5,234,515 | 4,955,669 |
| | | | (Restated) |
| | **NET ASSET VALUE PER ORDINARY SHARE** | $6.49 | $6.11 |

The accompanying Notes form an integral part of the Interim Financial Statements.

**FRASERS CENTREPOINT LIMITED AND SUBSIDIARIES**

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY** for the nine months ended 30 June 2013

| | | Attributable to owners of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Equity, Total | Equity attributable to owners of the Company, Total | Share Capital (Note 27) | Retained Earnings | Other Reserves, Total (Note 28) | Hedging Reserve | Fair Value Adjustment Reserve | Foreign Currency Translation Reserve | Statutory Reserve | Other Reserve | Non-controlling Interests |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **30 June 2013 (Audited)** | | | | | | | | | | | |
| Opening balance at 1 October 2012, as previously reported | 4,946,214 | 4,922,772 | 1,083,977 | 3,781,626 | 57,169 | (6,042) | 35,136 | 29,920 | 303 | (2,148) | 23,442 |
| Effects of adopting FRS 12 (Note 2.1(b)) | 9,455 | 9,455 | – | 9,455 | – | – | – | – | – | – | – |
| Opening balance at 1 October 2012, as restated | 4,955,669 | 4,932,227 | 1,083,977 | 3,791,081 | 57,169 | (6,042) | 35,136 | 29,920 | 303 | (2,148) | 23,442 |
| **Profit for the period** | 485,689 | 488,817 | – | 488,817 | – | – | – | – | – | – | (3,128) |
| Other comprehensive income | | | | | | | | | | | |
| Net fair value change of cash flow hedges | 5,387 | 5,198 | – | – | 5,198 | 5,198 | – | – | – | – | 189 |
| Foreign currency translation | (17,099) | (9,904) | – | – | (9,904) | – | – | (9,904) | – | – | (7,195) |
| Realisation upon disposal of available-for-sale financial assets | (34,900) | (34,900) | – | – | (34,900) | – | (34,900) | – | – | – | – |
| Share of other comprehensive income of associates | (10,531) | (10,531) | – | – | (10,531) | 735 | 134 | (11,512) | 112 | – | – |
| **Other comprehensive income for the period** | (57,143) | (50,137) | – | – | (50,137) | 5,933 | (34,766) | (21,416) | 112 | – | (7,006) |
| **Total comprehensive income for the period** | 428,546 | 438,680 | – | 488,817 | (50,137) | 5,933 | (34,766) | (21,416) | 112 | – | (10,134) |
| Contributions by and distributions to owners | | | | | | | | | | | |
| Dividends (Note 29) | (150,000) | (150,000) | – | (150,000) | – | – | – | – | – | – | – |
| **Total contributions by and distributions to owners** | (150,000) | (150,000) | – | (150,000) | – | – | – | – | – | – | – |
| Changes in ownership interests in subsidiaries and associates | | | | | | | | | | | |
| Shares issued to non-controlling interests | 300 | – | – | – | – | – | – | – | – | – | 300 |
| **Total changes in ownership interests in subsidiaries and associates** | 300 | – | – | – | – | – | – | – | – | – | 300 |
| **Total transactions with owners in their capacity as owners** | (149,700) | (150,000) | – | (150,000) | – | – | – | – | – | – | 300 |
| Closing balance at 30 June 2013 | 5,234,515 | 5,220,907 | 1,083,977 | 4,129,898 | 7,032 | (109) | 370 | 8,504 | 415 | (2,148) | 13,608 |

The accompanying Notes form an integral part of the Interim Financial Statements.

## FRASERS CENTREPOINT LIMITED AND SUBSIDIARIES

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the nine months ended 30 June 2013 (cont'd)

| | | Attributable to owners of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Equity, Total | Equity attributable to owners of the Company, Total | Share Capital (Note 27) | Retained Earnings | Other Reserves, Total (Note 28) | Hedging Reserve | Fair Value Adjustment Reserve | Share-based Compensation Reserve | Foreign Currency Translation Reserve | Statutory Reserve | Other Reserve | Non-controlling Interests |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **30 June 2012 (Unaudited)** | | | | | | | | | | | | |
| Opening balance at 1 October 2011, as previously reported | 4,606,593 | 4,384,277 | 1,083,977 | 3,290,746 | 9,554 | (11,473) | (214) | 1,012 | 21,128 | 1,268 | (2,167) | 222,316 |
| Effects of adopting FRS 12 (Note 2.1(b)) | 8,111 | 8,111 | – | 8,111 | – | – | – | – | – | – | – | – |
| Opening balance at 1 October 2011, as restated | 4,614,704 | 4,392,388 | 1,083,977 | 3,298,857 | 9,554 | (11,473) | (214) | 1,012 | 21,128 | 1,268 | (2,167) | 222,316 |
| **Profit for the period** | 194,360 | 193,702 | – | 193,702 | – | – | – | – | – | – | – | 658 |
| Other comprehensive income | | | | | | | | | | | | |
| Net fair value change of cash flow hedges | 7,728 | 7,341 | – | – | 7,341 | 7,341 | – | – | – | – | – | 387 |
| Foreign currency translation | (18,473) | (18,976) | – | – | (18,976) | – | – | – | (18,976) | – | – | 503 |
| Fair value change of available-for-sale financial assets | 34,900 | 34,900 | – | – | 34,900 | – | 34,900 | – | – | – | – | – |
| Share of other comprehensive income of associates | (651) | (651) | – | – | (651) | – | 433 | – | (571) | (531) | 18 | – |
| **Other comprehensive income for the period** | 23,504 | 22,614 | – | – | 22,614 | 7,341 | 35,333 | – | (19,547) | (531) | 18 | 890 |
| **Total comprehensive income for the period** | 217,864 | 216,316 | – | 193,702 | 22,614 | 7,341 | 35,333 | – | (19,547) | (531) | 18 | 1,548 |
| Contributions by and distributions to owners | | | | | | | | | | | | |
| Net change in share-based compensation reserve | 171 | 95 | – | – | 95 | – | – | 95 | – | – | – | 76 |
| Fair value of restricted share plan | (1,038) | (1,038) | – | (1,038) | – | – | – | – | – | – | – | – |
| Dividends (Note 29) | (131,066) | (130,000) | – | (130,000) | – | – | – | – | – | – | – | (1,066) |
| **Total contributions by and distributions to owners** | (131,933) | (130,943) | – | (131,038) | 95 | – | – | 95 | – | – | – | (990) |
| Changes in ownership interests in subsidiaries and associates | | | | | | | | | | | | |
| Shares issued to non-controlling interests | 4,465 | – | – | – | – | – | – | – | – | – | – | 4,465 |
| **Total changes in ownership interests in subsidiaries and associates** | 4,465 | – | – | – | – | – | – | – | – | – | – | 4,465 |
| **Total transactions with owners in their capacity as owners** | (127,468) | (130,943) | – | (131,038) | 95 | – | – | 95 | – | – | – | 3,475 |
| Closing balance at 30 June 2012 | 4,705,100 | 4,477,761 | 1,083,977 | 3,361,521 | 32,263 | (4,132) | 35,119 | 1,107 | 1,581 | 737 | (2,149) | 227,339 |

The accompanying Notes form an integral part of the Interim Financial Statements.

**FRASERS CENTREPOINT LIMITED AND SUBSIDIARIES**

**INTERIM CONSOLIDATED CASH FLOW STATEMENT** for the nine months ended 30 June 2013

| | Audited 1.10.2012 to 30.6.2013 $'000 | Unaudited 1.10.2011 to 30.6.2012 $'000 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit before taxation and exceptional items | 505,052 | 239,434 |
| Adjustments for: | | |
| Development profit | (201,916) | (162,438) |
| Allowance for/(write-back of) foreseeable losses and impairment for properties held for sale | 8,767 | (9,834) |
| Fair value change on investment properties | (146,429) | – |
| Share of associates' fair value change on investment properties | (90,394) | (11,365) |
| Depreciation of fixed assets | 5,709 | 5,344 |
| Net loss on disposal of fixed assets | 295 | 490 |
| Amortisation of intangible assets | 374 | 6 |
| Loss on disposal of financial assets | – | 21 |
| Share of results of associates | (45,420) | (37,583) |
| Dividend income from available-for-sale financial assets | – | (389) |
| Mark-to-market gains on derivatives | (3,085) | (196) |
| Interest expense | 65,616 | 58,033 |
| Interest income | (13,069) | (15,874) |
| Provision for share-based compensation | – | 173 |
| Exchange difference | 25,323 | 3,589 |
| Operating cash flow before working capital changes | 110,823 | 69,411 |
| Progress payments received from sale of residential units | 897,701 | 987,845 |
| Development expenditure - properties held for sale | (749,360) | (817,534) |
| Payment of land premium | (150,180) | (164,601) |
| Change in prepaid project costs | (11,641) | 37,928 |
| Change in rental deposits | (172) | 1,523 |
| Change in inventory | 411 | (523) |
| Change in trade and other receivables | (39,112) | 32,241 |
| Change in trade and other payables | 36,782 | 40,502 |
| Change in joint venture and associates' balances | 8,354 | 9,062 |
| Change in related company balances | (75,623) | (225,488) |
| **Cash generated from/(used in) operations** | 27,983 | (29,634) |
| Interest expense paid | (65,416) | (51,547) |
| Interest income received | 19,291 | 15,747 |
| Income taxes paid | (67,841) | (138,197) |
| **Net cash used in operating activities** | (85,983) | (203,631) |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Proceeds from disposal of available-for-sale financial assets | 60,710 | 707 |
| Proceeds from disposal of fixed assets | 5 | 211 |
| Development expenditure - investment properties under construction | (6,988) | (31,566) |
| Purchase of fixed assets | (3,443) | (5,635) |
| Additions of investment properties | (33,489) | (15,134) |
| Purchase of intangible assets | (42) | – |
| Investment in associates | (32,249) | (12,315) |
| Redemption of Series A CPPUs (Note 17) | 306,158 | – |
| Repayment/(loans to) joint ventures and associates | (71,597) | 9,607 |
| Acquisition of subsidiaries, net of cash acquired | – | (27,817) |
| Acquisition of joint venture, net of cash acquired | – | (28,558) |
| Dividend income from available-for-sale financial assets | – | 389 |
| Dividend income from associates | 47,332 | 42,558 |
| **Net cash generated from/(used in) investing activities** | 266,397 | (67,553) |

The accompanying Notes form an integral part of the Interim Financial Statements.

**FRASERS CENTREPOINT LIMITED AND SUBSIDIARIES**

**INTERIM CONSOLIDATED CASH FLOW STATEMENT** for the nine months ended 30 June 2013

| | Audited 1.10.2012 to 30.6.2013 $'000 | Unaudited 1.10.2011 to 30.6.2012 $'000 |
|---|---|---|
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Proceeds from issue of new shares by subsidiary to non-controlling interests | 300 | 4,465 |
| Proceeds from bank loans drawn down | 524,941 | 564,589 |
| Repayment of bank loans | (242,273) | (212,263) |
| Long-term loans (to)/from a related company | (533,693) | 166,748 |
| Payment of dividends to shareholders | (150,000) | (131,066) |
| **Net cash (used in)/generated from financing activities** | (400,725) | 392,473 |
| Net change in cash and cash equivalents | (220,311) | 121,289 |
| Cash and cash equivalents at beginning of period (Note 24) | 1,201,005 | 974,309 |
| **Cash and cash equivalents at end of period (Note 24)** | 980,694 | 1,095,598 |

The accompanying Notes form an integral part of the Interim Financial Statements.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS** for the nine months ended 30 June 2013

These notes form an integral part of the interim financial statements:

## 1. CORPORATE INFORMATION

Frasers Centrepoint Limited (the "Company") is a limited liability company. It is a wholly-owned subsidiary of Fraser and Neave, Limited which was also the ultimate holding company up to February 2013. The two companies are domiciled and incorporated in Singapore. In February 2013, TCC Assets Limited, incorporated in the British Virgin Islands, became the ultimate holding company.

The registered office and principal place of business of the Company is located at 438 Alexandra Road, #21-00 Alexandra Point, Singapore 119958.

The principal activities of the Company are investment holding and provision of management and administrative services to its subsidiaries, joint ventures and associates.

The principal activities of the significant subsidiaries are set out in Note 31.

Related companies in the financial statements refer to Fraser and Neave, Limited group of companies and the entities related to the shareholders of Fraser and Neave, Limited.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *2.1 Basis of Preparation*

The complete set of consolidated interim financial statements of the Company and its subsidiaries (collectively, the "Group"), which covers the nine months period from 1 October 2012 to 30 June 2013, are prepared in accordance with Singapore Financial Reporting Standards 34 Interim Financial Reporting ("FRS 34").

The consolidated interim financial statements of the Group (or, the "financial statements") are prepared on the historical cost basis except as disclosed in the accounting policies below.

The consolidated financial statements are presented in Singapore Dollars ("$" or "S$"). All financial information presented in Singapore Dollars has been rounded to the nearest thousand, unless otherwise stated.

The accounting policies and methods of computation applied by the Group in these consolidated interim financial statements are the same as those used in the most recent audited annual financial statements of the Group as at 30 September 2012, except in the current financial period, the Group has adopted all the new and revised Standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 October 2012 as described below.

*(a) Adoption of New and Revised Standards*

In the current period, the Group has adopted the following standards that are relevant and effective for financial years beginning on or after 1 October 2012:

| | |
|---|---|
| Amendments to FRS 1 | *Presentation of Items of Other Comprehensive Income* |
| Amendments to FRS 12 | *Deferred Tax: Recovery of Underlying Assets* |

The adoption of the above standards did not result in any substantial change to the Group's accounting policies nor any significant impact on the financial statements, except for Amendments to FRS 12 *Deferred Tax: Recovery of Underlying Assets*, the effects of which are disclosed in Note 2.1(b).

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

*2.1 Basis of Preparation* (cont'd)

*(a) Adoption of New and Revised Standards* (cont'd)

The principal effects of these changes are as follows:

(i) Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*

The Amendments to FRS 1 is effective for financial periods beginning on or after 1 July 2012.

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, except for changes in presentation, there are no impact on the Group's financial position or performance.

(ii) Amendments to FRS 12 *Deferred Tax: Recovery of Underlying Assets*

The Amendments to FRS 12 apply to the measurement of deferred tax liabilities and assets arising from investment properties measured using the fair value model under FRS 40 *Investment Property*, including investment property acquired in a business combination and subsequently measured using the fair value model. For the purposes of measuring deferred tax, the Amendments introduce a rebuttable presumption that the carrying amount of an investment property measured at fair value will be recovered entirely through sale. The presumption can be rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits over time, rather than through sale.

The Group provided for deferred tax liabilities for its investment properties on the basis that the carrying amount of the investment properties will be recovered through use. Upon adoption of the Amendments to FRS 12, there is a presumption that the carrying amount of an investment property measured at fair value will be recovered entirely through sale. Accordingly, there will be no deferred tax liability on investment properties in Singapore as there is no capital gains tax in Singapore.

*(b) Effects of Adopting Amendments to FRS 12*

The change in accounting policy has been applied retrospectively. The effects of adoption on the financial statements are as follows:

**Impact to Consolidated Balance Sheet as at:**

| | 30.9.2012 | 1.10.2011 |
|---|---|---|
| | $'000 | $'000 |
| (Decrease)/increase in: | | |
| Deferred tax liabilities | (9,455) | (8,111) |
| Retained earnings | 9,455 | 8,111 |

Impact to consolidated interim Profit Statement are not presented as the deferred tax liabilities associated with the fair value changes have not been included in the unaudited Profit Statement for the nine months ended 30 June 2012.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.2 Significant Accounting Judgements and Estimates*

The preparation of the Group's consolidated financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities at the balance sheet date. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities and which are not readily apparent from other sources.

Estimates and underlying assumptions are revised on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

*(a) Key Sources of Estimation Uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Revenue Recognition and Estimation of Total Development Costs

For Singapore property development projects under progressive payment scheme, the Group recognises revenue and cost of sales from partly completed development properties held for sale based on the percentage of completion method. The stage of completion is measured in accordance with the accounting policy stated in Note 2.10. Estimates are required in determining the total estimated development costs which will affect the stage of completion. In making these assumptions, the Group relies on references to information such as current offers and/or recent contracts with contractors and suppliers, estimation on construction and material costs based on historical experience, and the work of professional surveyors and architects. Revenue from partly completed development properties held for sale is as disclosed in Note 3.

(ii) Income Taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant assumptions are required in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises the liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of provision for taxation, deferred tax assets and liabilities are as disclosed in the Group's balance sheet.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

*2.2 Significant Accounting Judgements and Estimates* (cont'd)

*(a) Key Sources of Estimation Uncertainty* (cont'd)

(iii) Valuation of Completed Investment Properties

The Group's completed investment properties are stated at their estimated market values, which are determined annually based on independent professional valuations. The fair value of completed investment properties is determined using a combination of the Direct Comparison Method, Income Approach and Discounted Cash Flow Analysis. These estimated market values may differ from the prices at which the Group's completed investment properties could be sold at a particular time, since actual selling prices are negotiated between willing buyers and sellers. Also, certain estimates require an assessment of factors not within the directors' control, such as overall market conditions. As a result, actual results of operations and realisation of these completed investment properties could differ from the estimates set forth in these financial statements, and the difference could be significant. The carrying amount of completed investment properties is as disclosed in the Group's balance sheet.

(iv) Revaluation of Investment Property under Construction ("IPUC")

IPUC is measured at fair value if it can be reliably determined. If fair value cannot be reliably determined, then IPUC is recorded at cost. The fair value of IPUC is determined using a combination of market comparison and discounted cash flow analysis and investment comparable sales and residual land value methods which considers the significant risks which are relevant to the development process, including but not limited to construction and letting risks.

(v) Impairment of Non-Financial Assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

In particular, allowance for foreseeable losses is made for properties held for sale when the net realisable value has fallen below cost. In arriving at estimates of net realisable values, management considers factors such as current market conditions, recent selling prices of the development properties and comparable development properties less the estimated costs of completion and the estimated costs necessary to make the sale. The allowance for foreseeable losses charged to the Profit Statement for the period is as disclosed in Note 5.

The carrying amounts of properties held for sale is as disclosed in the Group's balance sheet.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

*2.2 Significant Accounting Judgements and Estimates* (cont'd)

*(a) Key Sources of Estimation Uncertainty* (cont'd)

(vi) Impairment of Loans and Receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flow are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables is as disclosed in Note 20. The Group's allowance for doubtful debts as at 30 June 2013 is also disclosed in Note 20.

(vii) Impairment of Available-for-sale Financial Assets

The Group assesses at each balance sheet date whether there is any objective evidence that any available-for-sale financial assets is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the market condition and whether there is a significant prolonged decline in the values of these financial assets.

Where there is objective evidence of impairment for quoted available-for-sale financial assets, the difference between the cost and current fair value is recognised as impairment loss. Where there is objective evidence of impairment for unquoted available-for-sale financial assets, the recoverable value is estimated based on the amount and timing of future cash flow.

The carrying amount of the Group's available-for-sale financial assets is as disclosed in Note 18.

(viii) Impairment of Intangible Assets

Management contracts with indefinite useful life are tested for impairment at least on an annual basis. Other management contracts are assessed for indicators of impairment at each reporting date and if any such indication exists, the Group makes an estimate of the recoverable values. This requires an estimation of the value in use of the cash-generating unit to which the management contracts are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of management contracts is as disclosed in Note 19.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.2 Significant Accounting Judgements and Estimates* (cont'd)

#### *(a) Key Sources of Estimation Uncertainty* (cont'd)

(ix) Impairment of Investment in Associates

The Group assesses at each reporting date whether there is any objective evidence that investments in associates are impaired. Where there is objective evidence of impairment, the recoverable amount is estimated based on the higher of the value-in-use and the fair value less costs to sell. Estimating the value in use requires the Group to make an estimate of the expected future cash flow to be generated by the associates and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of investments in associates is as disclosed in Note 17. There was no impairment of investment in associates for the period (2012: Nil).

(x) Provision for Bank Profit Share

The Group has recognised a provision for bank profit share as described in Note 25. In determining the amount of the provision, assumptions and estimates are made in relation to discount rates, the expected achievable sales value for each development and the expected timing of sales. The carrying amount of the provision as at 30 June 2013 is $20,873,000 (2012: $18,224,000).

#### *(b) Critical Judgements made in Applying Accounting Policies*

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have significant effects on the amounts recognised in the consolidated financial statements.

(i) Land Appreciation Tax

Under the Provisional Regulations on land appreciation tax ("LAT") implemented upon the issuance of the Provisional Regulations of the People's Republic of China (the "PRC") on 27 January 1995, all gains arising from the transfer of real estate property in China effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditure including amortisation of land use rights, borrowing costs and all property development expenditure.

The subsidiaries of the Group engaging in property development business in China are subject to land appreciation tax. However, the implementation of this tax varies amongst China cities and the Group has not finalised its land appreciation tax returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the provisions for land appreciation tax in the period in which such determination is made.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.2 Significant Accounting Judgements and Estimates* (cont'd)

*(b) Critical Judgements made in Applying Accounting Policies* (cont'd)

(ii) Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

(iii) Unquoted equity investments

The Group's unquoted equity investments have been stated at cost less impairment because there are no active markets for these investments such that management is of the opinion that their fair values cannot be measured reliably.

(iv) Classification of property

The Group determines whether a property is classified as investment property or development property:

(a) Investment property comprises land and buildings (principally offices, serviced apartments, commercial and retail properties) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and capital appreciation.

(b) Development property comprises property that is held for sale in the ordinary course of business. Principally, these are residential and commercial/retail properties that the Group develops and intends to sell before or on completion of construction.

In further determining whether a property used as service apartments is classified as investment property or fixed assets, the Group analyses whether the quantum of other income derived from ancillary services rendered in the service apartments is significant as compared to room revenue and total revenue. Based on the analysis for the periods presented, the Group has determined that revenue from ancillary services are not significant.

### *2.3 Functional Currency*

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the entity (the "functional currency"). The consolidated financial statements are presented in Singapore dollars, the functional currency of the Company.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.4 Basis of Consolidation and Business Combinations*

#### *(a) Basis of Consolidation*

The financial year of the Company and all its subsidiaries ends on 30 September unless otherwise stated. The consolidated financial statements incorporate the financial statements of the Company 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. A list of the Company's significant subsidiaries is shown at Note 31.

For the purpose of this set of Interim Financial Statements, the Consolidated Interim Financial Statements for the nine months are prepared up to 30 June 2013.

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

*Basis of Consolidation from 1 January 2010*

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.4 Basis of Consolidation and Business Combinations* (cont'd)

*(a) Basis of Consolidation* (cont'd)

*Basis of Consolidation prior to 1 January 2010*

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 January 2010 have not been restated.

*(b) Business Combinations*

*Business Combinations from 1 January 2010*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in the Profit Statement or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in the Profit Statement.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.4 Basis of Consolidation and Business Combinations* (cont'd)

*(b) Business Combinations* (cont'd)

*Business Combinations from 1 January 2010* (cont'd)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out below. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in the Profit Statement on the acquisition date.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated Profit Statement and consolidated statement of comprehensive income, and within equity in the consolidated balance sheet, separately from the equity attributable to owners of the Company. Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

*Business Combinations prior to 1 January 2010*

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

### *2.5 Investment in Subsidiaries*

Subsidiaries are entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the board of directors.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.6 Joint Ventures*

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control.

The Group recognises its interest in the joint venture using the proportionate consolidation method. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements. The joint venture is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on such transactions between the Group and its jointly controlled entity. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of joint control, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the former jointly controlled entity upon loss of joint control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

A list of the joint ventures is shown at Note 16.

### *2.7 Associates*

Associates are entities (not being subsidiaries or joint ventures) in which the Group has significant influence.

Associates are equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associates.

The Group's investments in associates are accounted for in the consolidated financial statements using the equity method. Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulted from transactions between the Group and the associates are eliminated to the extent of the interest in the associates.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.7 Associates* (cont'd)

The Group's share of the profit or loss of its associates is the profit attributable to equity holders of the associate and, therefore is the profit or loss after tax and non-controlling interests in the subsidiaries of associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The most recently available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

A list of the associates is shown at Note 17.

### *2.8 Other Investments*

Other investments represent non-derivative financial assets that are designated as available-for-sale. After initial recognition, available-for-sale financial assets are subsequently measured at fair value with gains or losses being recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the Profit Statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the Profit Statement as a reclassification adjustment when the financial asset is derecognised.

The fair value of investments that are actively traded in organised financial markets is determined by reference to the relevant stock exchanges' quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, the fair value is determined using valuation techniques, such techniques include using recent arm's length transactions, reference to the underlying net asset value of the investee companies and discounted cash flow analysis. Investments in equity instruments whose fair value cannot be reliably measured are stated at cost less impairment loss.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.9 Investment Properties*

#### (a) *Completed Investment Properties*

Completed investment properties are held either to earn rental income or for capital appreciation or both and are treated as non-current assets.

Completed investment properties are initially recorded at cost, including transaction costs. Subsequent to recognition, completed investment properties are measured at fair value and gains or losses arising from changes in the fair value of completed investment properties are included in the Profit Statement in the year in which they arise. The fair values are determined annually based on independent professional valuations on the balance sheet date.

Completed investment properties are derecognised when either they have been disposed of or when the completed investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an completed investment property are recognised in the Profit Statement in the year of retirement or disposal.

Transfers are made to or from completed investment properties only when there is a change in use. For a transfer from completed investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to completed investment property, the property is accounted for in accordance with the accounting policy for fixed assets up to the date of change in use.

Rental and related income from completed investment properties are recognised on a straight line basis over the lease term commencing on the date from which the lessee is entitled to exercise its right to use the leased asset.

#### (b) *Investment Properties under Construction ("IPUC")*

IPUC are initially stated at cost which includes cost of land and construction, related overhead expenditure and financing charges incurred during the period of construction and up to the completion of construction.

IPUC are subsequently measured at fair value annually and on completion, with changes in fair values being recognised in the Profit Statement when fair value can be measured reliably.

IPUC are considered completed and are transferred to investment properties when they are ready for their intended use and a Temporary Occupation Permit from the authorities have been obtained.

When assessing whether the fair value of IPUC can be determined reliably, the Group considers, among other things:

1. whether the asset is being constructed in a developed liquid market;
2. whether a construction contract with the contractor has been signed;
3. whether the required building and letting permits are obtained; and
4. what percentage of rentable area has been pre-leased to tenants.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.9 Investment Properties* (cont'd)

#### (b) *Investment Properties under Construction ("IPUC")* (cont'd)

IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

The fair values of IPUC are determined annually based on the opinion of a qualified independent valuer and valuations are performed using methods as deemed appropriate by the valuer. Each IPUC is individually assessed.

The estimated value of future assets is based on the expected future income from the project, using risk adjusted yields that are higher than the current yields of similar completed property. The remaining expected costs of completion plus margin are deducted from the estimated future assets value.

### *2.10 Properties Held for Sale*

#### (a) *Development Properties Held for Sale*

Development properties held for sale are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Company's own use, rental or capital appreciation.

Development properties held for sale are held as inventories and are measured at the lower of cost and net realisable value.

The costs of development properties held for sale include:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when incurred.

Net realisable value of development properties held for sale is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

Development properties held for sale are stated at cost plus attributable profits less progress billings if their revenue is recognised based on percentage of completion method (see accounting policy for revenue recognition below). Progress billings not yet paid by customers are included within "trade and other receivables".

Development properties held for sale are stated at cost if their revenue is recognised upon completion. Payments received from purchasers prior to completion are included in "trade and other payables" as "progress billings received in advance".

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

*2.10 Properties Held for Sale* (cont'd)

*(a) Development Properties Held for Sale* (cont'd)

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Development properties held for sale are considered complete upon the issue of Temporary Occupation Permit. When completed, development properties held for sale are transferred to completed properties held for sale.

*(b) Completed Properties Held for Sale*

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related overhead expenditure, and financing charges and other net costs incurred during the period of development.

Allowance for impairment is made when it is anticipated that the net realisable value has fallen below cost.

*2.11 Fixed Assets*

Fixed assets are stated at cost less accumulated depreciation and any impairment. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repair are charged to the Profit Statement. When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the Profit Statement.

Fixed assets are depreciated on the straight line method so as to write off the cost of the assets over their estimated useful lives. The principal annual rates of depreciation are as follows:-

| | Rate per annum |
|---|---|
| Leasehold land | Over remaining lease term |
| Buildings | 2% to 5% |
| Equipment, furniture and fittings | 10% to 20% |
| Motor vehicles | 14.3% |

The useful lives and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of fixed assets.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.12 Financial Assets*

Financial assets within the scope of FRS 39 are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit and loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

Non-derivative financial assets with fixed or determinable payment that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognised at fair value, plus directly attributable costs, and subsequently carried at amortised cost using the effective interest method. Gains and losses are recognised in the Profit Statement when the loans and receivables are derecognised or impaired and through the amortisation process.

Where the Group has the positive intent and ability to hold debt securities to maturity, they are classified as held-to-maturity investments and stated at amortised cost using the effective interest method. Gains and losses are recognised in the Profit Statement when the held-to-maturity investments are derecognised or impaired and through the amortisation process.

Available-for-sale financial assets are those that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value, with any resultant gain or loss recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

### *2.13 Receivables*

Trade and other receivables, including amounts due from subsidiaries, associates, joint ventures, related companies and loans to related companies, are classified and accounted for as loans and receivables under FRS 39. The accounting policy is stated in Note 2.12.

An allowance is made for uncollectible amounts when there is objective evidence that the Group will not be able to collect the debt. Bad debts are written off when identified. Further details of accounting policy for impairment of financial assets are stated in Note 2.17.

### *2.14 Cash and Cash Equivalents*

Cash on hand and in banks and fixed deposits which are held to maturity are classified and accounted for as loans and receivables under FRS 39. The accounting policy is stated in Note 2.12.

For the purpose of Cash Flow Statement, cash and cash equivalents consist of cash on hand and deposits in banks, net of outstanding bank overdrafts.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

*2.15 Financial Liabilities*

Financial liabilities within the scope of FRS 39 are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised, and through the amortisation process.

*2.16 Provisions*

Provisions are recognised when there is a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date 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. Where the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

*2.17 Impairment*

*(a) Impairment of Non-Financial Assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflow that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flow 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the Profit Statement as 'impairment losses'.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

*2.17 Impairment* (cont'd)

*(a) Impairment of Non-Financial Assets* (cont'd)

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the Profit Statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

The Group does not reverse in a subsequent period, any impairment loss recognised for goodwill.

*(b) Impairment of Financial Assets*

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

(i) 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 ground 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.

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost 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. The amount of the loss is recognised in the Profit Statement.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (cont'd)

*2.17 Impairment* (cont'd)

*(b) Impairment of Financial Assets* (cont'd)

(i) Assets carried at amortised cost (cont'd)

When the asset becomes uncollectible, the carrying amount of impaired financial assets 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.

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 Profit Statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Assets carried at cost

If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument 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 current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the Profit Statement, is transferred from equity to the Profit Statement. Reversals in respect of equity instruments classified as available-for-sale are not recognised in the Profit Statement. Reversals of impairment losses on debt instruments are reversed through the Profit Statement, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in the Profit Statement.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

*2.18 Income Taxes*

*(a) Current Tax*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Current taxes are recognised in the Profit Statement except to the extent that the tax relates to items recognised outside the Profit Statement, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*(b) Deferred Tax*

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.18 *Income Taxes* (cont'd)

#### (b) *Deferred Tax* (cont'd)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised outside the Profit Statement is recognised outside the Profit Statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### (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 sheet.

### 2.19 *Deferred Income*

Deferred income relates to sales commission from the sale of residential condominium units which is credited to the Profit Statement on a straight line basis over a period from signing of the sales and purchase agreement to issuance of the Temporary Occupation Permit and leasing commission from leasing of commercial units which is credited to the Profit Statement on a straight line basis over a period of 36 months.

### 2.20 *Inventories*

Inventories comprise linens, utensils and hollowares and are stated at the lower of cost and net realisable value. In arriving at the net realisable value, due allowance is made for obsolete items.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.21 Borrowing Costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### *2.22 Revenue Recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:-

*(a) Properties Held for Sale*

Sale of completed property

Revenue from completed properties is recognised when the risks and rewards of ownership have been transferred to the purchaser either through the transfer of legal title or equitable interest in the properties, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

Sale of property under development

The Group recognises revenue on property under development when the significant risks and rewards of ownership have been transferred to the purchasers. For residential development projects under progressive payment scheme in Singapore, whereby the legal terms in the sales contracts result in continuous transfer of work-in-progress to the purchasers, revenue is recognised based on the percentage of completion method. Under the percentage of completion method, profit is brought into profit or loss only in respect of finalised sales contracts and to the extent that such profit relates to the progress of construction work. The progress of construction work is measured by the proportion of the construction and related costs incurred to date to the estimated total construction and related costs for each project.

For executive condominium projects in Singapore, residential development projects under deferred payment scheme in Singapore and overseas development projects, revenue will be recognised upon the transfer of significant risks and rewards of ownership, which generally coincides with the time the development units are delivered to the purchasers.

*(b) Rental Income*

Refer to the policy on Investment Properties.

*(c) Dividends*

Dividend income is recognised when the Group's right to receive the payment is established.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.22 Revenue Recognition* (cont'd)

(d) *Interest Income*

Interest income is recognised using the effective interest method.

(e) *Management Fees*

Revenue is recognised on an accrual basis.

### *2.23 Goodwill*

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

Goodwill is reviewed for impairment, at least annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

### *2.24 Intangible Assets*

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodies in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### *2.24 Intangible Assets* (cont'd)

*(a) Management Contracts*

Management contracts with finite useful lives are amortised on a straight line basis over an estimated useful life of 8 years. Management contracts with indefinite useful lives are not amortised.

*(b) Software*

Software is initially recognised at cost and subsequently carried at cost less accumulated amortisation.

### *2.25 Foreign Currencies*

*(a) Foreign Currency Transactions*

Transactions in foreign currencies are measured in the respective functional currencies of the group companies at rates of exchange approximating those ruling at transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rates ruling at the balance sheet date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rates ruling at the initial transaction dates. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Exchange differences are dealt with in the Profit Statement.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the Profit Statement except for exchange differences arising on monetary items that form part of the Company's net investment in foreign subsidiaries, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity and recognised in the consolidated Profit Statement on disposal of the subsidiary. In the Company's separate financial statements, such exchange differences are recognised in the Profit Statement.

*(b) Foreign Currency Translation*

The results and financial position of foreign operations are translated into Singapore dollars using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at that balance sheet date; and

- Income and expenses for each profit statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are taken directly to other comprehensive income.

On disposal of a foreign operation, the cumulative amount of exchange differences recognised in other comprehensive income relating to that foreign operation is recognised in the Profit Statement as a component of the gain or loss on disposal.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

*2.26 Employee Benefits*

(a) *Defined Contribution Plan*

As required by law, the Group makes contributions to state pension schemes in accordance with local regulatory requirements. The pension contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

(b) *Employee Leave Entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the balance sheet date.

(c) *Share Options*

Cash-Settled Transactions

The Company's holding company has in place an Executives' Share Option Scheme for the granting of share options to eligible executives of the Group. The fair values over the vesting period are measured by the holding company and settled in cash by the Group. The fair values are expensed over the period till vesting with recognition of a corresponding liability.

*2.27 Derivative Financial Instruments*

The Group uses derivative financial instruments to hedge against risks associated with foreign currency and interest rate fluctuations. Foreign exchange forward contracts are used to hedge its risks associated primarily with foreign currency fluctuations. Interest rate swap contracts are used to hedge its risks associated with interest rate fluctuations. It is the Group's policy not to trade in derivative financial instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The changes in fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the Profit Statement.

The Group applies hedge accounting for certain hedging relationship which qualify for hedge accounting. For the purpose of hedge accounting, these hedges are classified as cash flow hedges. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Such hedges are expected to be highly effective in achieving offsetting changes in cash flow and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated. Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

### 2.27 *Derivative Financial Instruments* (cont'd)

The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income in hedging reserve, while any ineffective portion is recognised immediately in the Profit Statement. Amounts recognised as other comprehensive income are transferred to the Profit Statement when the hedged transaction affects the Profit Statement, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability. If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the Profit Statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction or firm commitment occurs.

The fair value of forward foreign currency contracts is calculated by reference to current forward foreign exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

### 2.28 *Derecognition of Financial Assets and Liabilities*

(a) *Financial Assets*

A financial asset is derecognised when the contractual rights to receive cash flow from the asset have expired.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in the Profit Statement.

(b) *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Profit Statement.

### 2.29 *Financial Guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in the Profit Statement over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the Profit Statement.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

*2.30 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.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

*(a) As lessee*

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

*(b) As lessor*

Leases where the Group retains 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 out in Note 2.22. Contingent rents are recognised as revenue in the period in which they are earned.

*(c) Other long term asset*

Other long term asset relates to the unguaranteed residual value which is the portion of the residual value of the leased asset, the realisation of which by the lessor is not assured or is guaranteed solely by a party related to the lessor. Lessors shall initially recognise such asset in their balance sheets and present them as a receivable at an amount equal to the net investment in the lease. For subsequent measurement, the recognition of finance income shall be based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The finance income will be allocated over the lease term on a systematic and rational basis. Lease payments relating to the period, excluding cost for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income. Estimated unguaranteed residual values used in computing the lessor's gross investment in a lease are reviewed regularly. If there has been a reduction in the estimated unguaranteed residual value, the income allocation over the lease term is revised and any reduction in respect of amounts accrued is recognised immediately.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

*2.31 Exceptional Items*

Exceptional items are items of income and expense of such size, nature or incidence that their disclosure is relevant to explain the performance of the Group for the year.

*2.32 Share Capital and Share Issuance Expenses*

Proceeds from issuance of ordinary shares and redeemable preference shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of such shares are deducted against share capital.

*2.33 Related Parties*

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) Has control or joint control over the Group;
- (ii) Has significant influence over the Group; or
- (iii) Is a member of the key management personnel of the Group or of a parent of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

FRASERS CENTREPOINT LIMITED AND SUBSIDIARIES

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS** for the nine months ended 30 June 2013

## 3a. REVENUE

| | Audited 1.10.2012 to 30.6.2013 $'000 | Unaudited 1.10.2011 to 30.6.2012 $'000 |
|---|---|---|
| Properties held for sale | | |
| - recognised on completion of construction method | 140,647 | 53,674 |
| - recognised on percentage of completion method | 643,102 | 575,519 |
| | 783,749 | 629,193 |
| Rent and related income | 240,662 | 206,970 |
| Management fee income | 47,931 | 60,443 |
| Others | 10,836 | 9,837 |
| | 1,083,178 | 906,443 |

## 3b. COST OF SALES

| | Audited 1.10.2012 to 30.6.2013 $'000 | Unaudited 1.10.2011 to 30.6.2012 $'000 |
|---|---|---|
| Properties held for sale | (590,668) | (456,919) |

## 4. OTHER (LOSSES)/ INCOME

| | Audited 1.10.2012 to 30.6.2013 $'000 | Unaudited 1.10.2011 to 30.6.2012 $'000 |
|---|---|---|
| Fair value gain on foreign currency forward contracts | 3,085 | 196 |
| Exchange (loss)/gain | (5,175) | 5,496 |
| Loss on disposal of fixed assets | (295) | (490) |
| Compensation income from settlement of litigation | – | 6,766 |
| Loss on disposal of financial assets | – | (21) |
| Others | 89 | 85 |
| | (2,296) | 12,032 |

## 5. TRADING PROFIT

| | Audited 1.10.2012 to 30.6.2013 $'000 | Unaudited 1.10.2011 to 30.6.2012 $'000 |
|---|---|---|
| Trading profit is stated after crediting: | | |
| Write-back of allowance for foreseeable losses for properties held for sale | – | 13,752 |
| Write-back of allowance for doubtful trade receivables (Note 20) | 782 | 864 |
| and charging: | | |
| Allowance for foreseeable losses/impairment for properties held for sale | 8,767 | 3,918 |
| Allowance for doubtful trade receivables (Note 20) | 1,521 | 927 |
| Depreciation of fixed assets (Note 14) | 5,709 | 5,344 |
| Amortisation of intangible assets (Note 19a) | 374 | 6 |
| Property tax | 15,341 | 13,910 |
| Staff costs | 49,545 | 54,432 |
| Defined contribution plans | 3,802 | 3,740 |
| Employee share-based expense | 4,016 | 4,019 |

## 6. INVESTMENT INCOME

| | Audited 1.10.2012 to 30.6.2013 $'000 | Unaudited 1.10.2011 to 30.6.2012 $'000 |
|---|---|---|
| Dividend Income | | |
| - Available-for-sale financial assets | – | 389 |

## 7. INTEREST INCOME

| | Audited 1.10.2012 to 30.6.2013 $'000 | Unaudited 1.10.2011 to 30.6.2012 $'000 |
|---|---|---|
| *Interest income from loans and receivables* | | |
| - Immediate holding company | 466 | – |
| - Related companies | 2,967 | – |
| - Non-controlling interest | 4,687 | 5,221 |
| - Fixed deposits and bank balances | 4,659 | 9,125 |
| | 12,779 | 14,346 |
| *Interest income from available-for-sale assets* | | |
| - Quoted non-equity investments | 290 | 1,528 |
| | 13,069 | 15,874 |

## 8. INTEREST EXPENSE

| | Audited 1.10.2012 to 30.6.2013 $'000 | Unaudited 1.10.2011 to 30.6.2012 $'000 |
|---|---|---|
| *Interest expense* | | |
| - Loans and borrowings | (20,783) | (18,401) |
| - Related companies | (44,833) | (39,632) |
| | (65,616) | (58,033) |

## 9. EXCEPTIONAL ITEMS

| | Audited 1.10.2012 to 30.6.2013 $'000 | Unaudited 1.10.2011 to 30.6.2012 $'000 |
|---|---|---|
| Gain on disposal of financial assets | 35,260 | – |
| Negative goodwill on acquisition of : | | |
| - a subsidiary | – | 1,086 |
| - an associate | 1,098 | 4,278 |
| Loss on redemption of quoted non-equity investments | (622) | – |
| (Provision for)/write-back of over-provision of bank profit share | (2,769) | 4,902 |
| Share of associates' exceptional items | 6,272 | 755 |
| | 39,239 | 11,021 |

## 10. TAXATION

| | Audited 1.10.2012 to 30.6.2013 $'000 | Unaudited 1.10.2011 to 30.6.2012 $'000 |
|---|---|---|
| Based on profit for the period: | | |
| Current taxation | 30,102 | 27,910 |
| Withholding tax | 1,850 | 2,203 |
| Deferred taxation | 30,411 | 29,516 |
| | 62,363 | 59,629 |
| (Over)/under provision in prior years: | | |
| Current taxation | (2,989) | (3,734) |
| Deferred taxation | (772) | 200 |
| | (3,761) | (3,534) |
| | 58,602 | 56,095 |

**10. TAXATION** (cont'd)

A reconcillation of the statutory tax rate to the Group's effective tax rate applicable to profit before taxation and non-controlling interests for the periods ended 30 June is as follows:-

| | Audited<br>1.10.2012<br>to<br>30.6.2013<br>% | Unaudited<br>1.10.2011<br>to<br>30.6.2012<br>% |
|---|---|---|
| Singapore statutory rate | 17.0 | 17.0 |
| Income not subject to tax | (1.6) | (2.6) |
| Expenses not deductible for tax purposes | 1.2 | 3.9 |
| Utilisation of previously unrecognised tax losses | (0.5) | (0.2) |
| Over provision in prior years | (0.7) | (1.4) |
| Deferred tax benefits on losses not recognised | 1.0 | 2.8 |
| Effect of tax losses not recognised | 0.3 | 0.5 |
| Effect of different tax rates of other countries | 0.4 | 0.5 |
| Tax effect of FRS 40 fair value adjustments | (7.5) | – |
| Withholding tax | 0.3 | 0.9 |
| Others | 0.9 | 1.0 |
| Effective tax rate | 10.8 | 22.4 |

During the current period, in relation to Year of Assessment ("YA") 2013, certain subsidiaries in Singapore have transferred losses of $11,860,000 (YA 2012: $7,654,000) to set off against the taxable income of other companies in the Group. During the current period, no tax benefits were recognised on the tax losses utilised under the Singapore group relief system as compared to net tax benefits of $1,423,000 recognised in prior period in relation to Year 2012. Tax benefits of $4,507,000 (2012: $3,206,000) arising from the utilisation of group relief have not been recognised as they are subject to compliance with the relevant tax legislation governing group relief and agreement of the Inland Revenue Authority of Singapore.

In the United Kingdom, the 2012 Budget on 21 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012, respectively.

As at 30 June 2013, certain subsidiaries have unutilised tax losses of approximately $191,313,000 (30.9.2012: $193,036,000) available for set off against future taxable profits and taxable capital gains respectively. The use of these tax losses is subject to certain statutory requirements being met.

## 11. EARNINGS PER SHARE

Basic and diluted earnings per share in the interim financial statements are computed by dividing the Group's attributable profit by the weighted average number of ordinary shares in issue during the period:-

| | Audited 1.10.2012 to 30.6.2013 | Unaudited 1.10.2011 to 30.6.2012 |
|---|---|---|
| | $'000 | $'000 |
| Attributable profit before fair value change and exceptional items | 213,120 | 172,296 |
| Attributable profit after fair value change and exceptional items | 488,817 | 193,702 |
| | '000 | '000 |
| Weighted average number of ordinary shares in issue | 753,292 | 753,292 |
| | cents | cents |
| Basic and diluted earnings per share | | |
| - before fair value change on investment properties and exceptional items | 28.3¢ | 22.9¢ |
| - after fair value change on investment properties and exceptional items | 64.9¢ | 25.7¢ |

There are no potential dilutive ordinary shares in existence for the periods presented.

## 12. SEGMENT INFORMATION

The Group's operating businesses are organised and managed separately according to the nature of activities. The Group's operating business segments are namely investment properties, REIT, development properties, serviced residences and corporate and others. Serviced residences comprise service apartments and related management consultancy services. The Group operates in seven main geographical areas, namely, Singapore, Australia, United Kingdom, Vietnam, China, Thailand, New Zealand and others. Geographical segment revenue are based on geographical location of the Group's customers. Geographical segment assets are based on geographical location of the Group's assets. Segment accounting policies are the same as the policies described in Note 2. Inter-segment sales are based on terms agreed between the related companies.

## 12. SEGMENT INFORMATION (cont'd)

### Nine months ended 30 June 2013 (Audited)

The following table presents financial information regarding business segments:

| Business segment | Investment Properties | REIT | Development Properties | Serviced Residences | Corporate & Others | Eliminations | Group |
|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Revenue - external | 100,601 | – | 813,916 | 129,233 | 39,428 | – | 1,083,178 |
| Revenue - inter-segment | 1,752 | – | – | 370 | 34,375 | (36,497) | – |
| Revenue - intra-segment | – | – | – | 6,930 | 671 | (7,601) | – |
| **Total revenue** | 102,353 | – | 813,916 | 136,533 | 74,474 | (44,098) | 1,083,178 |
| Subsidiaries and joint ventures | 46,429 | – | 177,142 | 47,599 | 4,186 | – | 275,356 |
| Associates | – | 43,166 | 1,206 | – | 1,048 | – | 45,420 |
| **PBIT*** | 46,429 | 43,166 | 178,348 | 47,599 | 5,234 | – | 320,776 |
| Interest income | | | | | | | 13,069 |
| Interest costs | | | | | | | (65,616) |
| **Profit before fair value change, taxation and exceptional items** | | | | | | | 268,229 |
| Fair value change on investment properties | 117,465 | – | – | 28,964 | – | – | 146,429 |
| Share of associates' fair value change on investment properties | – | 88,305 | – | – | 2,089 | – | 90,394 |
| **Profit before taxation and exceptional items** | | | | | | | 505,052 |
| Exceptional items | | | | | | | 39,239 |
| **Profit before taxation** | | | | | | | 544,291 |
| Taxation | | | | | | | (58,602) |
| **Profit for the period** | | | | | | | 485,689 |
| **Assets and Liabilities** | | | | | | | |
| Assets | 1,755,150 | 895,853 | 4,920,605 | 1,722,411 | 265,927 | – | 9,559,946 |
| Tax assets | | | | | | | 2,937 |
| Bank deposits and cash balances | | | | | | | 981,152 |
| **Total assets** | | | | | | | 10,544,035 |
| Liabilities | 255,903 | 192,454 | 1,872,228 | 225,368 | 700,246 | – | 3,246,199 |
| Loans and borrowings | | | | | | | 1,852,378 |
| Tax liabilities | | | | | | | 210,943 |
| **Total liabilities** | | | | | | | 5,309,520 |
| ***Other Segment Information*** | | | | | | | |
| Capital expenditure | 17,046 | – | 20 | 26,028 | 6,212 | – | 49,306 |
| Depreciation | 96 | – | 227 | 4,857 | 556 | – | 5,736 |
| Allowance for foreseeable losses | – | – | 8,767 | – | – | – | 8,767 |
| Negative goodwill | – | 1,098 | – | – | – | – | 1,098 |

## 12. SEGMENT INFORMATION (cont'd)

### Nine months ended 30 June 2013 (Audited) (cont'd)

| Business segment | Investment Properties | REIT | Development Properties | Serviced Residences | Corporate & Others | Eliminations | Group |
|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Attributable profit before exceptional items | 150,865 | 126,922 | 133,998 | 46,445 | (9,206) | – | 449,024 |
| Exceptional items | – | 5,449 | (2,215) | – | 36,559 | – | 39,793 |
| Attributable profit | 150,865 | 132,371 | 131,783 | 46,445 | 27,353 | – | 488,817 |

The following table presents financial information regarding geographical segments:

| Geographical segment | Singapore | Australia | UK | China | Thailand | New Zealand | Vietnam | Others [1] | Group |
|---|---|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Total revenue | 843,932 | 147,125 | 26,720 | 33,729 | 13,737 | 3,054 | 5,882 | 8,999 | 1,083,178 |
| PBIT * | 289,540 | 3,180 | 5,125 | 9,286 | 4,452 | (700) | 4,611 | 5,282 | 320,776 |
| **Assets and Liabilities** | | | | | | | | | |
| Assets | 5,943,784 | 1,547,038 | 765,167 | 984,989 | 91,893 | 70,797 | 50,301 | 105,977 | 9,559,946 |
| Tax assets | | | | | | | | | 2,937 |
| Bank deposits and cash balances | | | | | | | | | 981,152 |
| **Total assets** | | | | | | | | | 10,544,035 |
| Liabilities | 2,439,234 | 351,790 | 167,344 | 241,362 | 8,729 | 4,778 | 1,807 | 31,155 | 3,246,199 |
| Loans and borrowings | | | | | | | | | 1,852,378 |
| Tax liabilities | | | | | | | | | 210,943 |
| **Total liabilities** | | | | | | | | | 5,309,520 |
| ***Other Segment Information*** | | | | | | | | | |
| Capital expenditure | 19,255 | 6,283 | 23,419 | 116 | 1 | – | – | 232 | 49,306 |
| Depreciation | 1,709 | 1,130 | 1,570 | 875 | 3 | – | 20 | 429 | 5,736 |
| Allowance for foreseeable losses | – | 8,767 | – | – | – | – | – | – | 8,767 |
| Negative goodwill | 1,098 | – | – | – | – | – | – | – | 1,098 |

* PBIT - Profit before interest, fair value change, taxation and exceptional items.

(1) Others – the Philippines, Indonesia and Malaysia.

## 12. SEGMENT INFORMATION (cont'd)

### Nine months ended 30 June 2012 (Unaudited)

The following table presents financial information regarding business segments:

| Business segment | Investment Properties $'000 | REIT $'000 | Development Properties $'000 | Serviced Residences $'000 | Corporate & Others $'000 | Eliminations $'000 | Group $'000 |
|---|---|---|---|---|---|---|---|
| Revenue - external | 111,494 | – | 655,968 | 93,275 | 45,706 | – | 906,443 |
| Revenue - inter-segment | 1,832 | – | – | 118 | 6,878 | (8,828) | – |
| Revenue - intra-segment | – | – | – | – | – | – | – |
| **Total revenue** | 113,326 | – | 655,968 | 93,393 | 52,584 | (8,828) | 906,443 |
| Subsidiaries and joint ventures | 56,426 | – | 144,785 | 26,609 | 4,825 | – | 232,645 |
| Associates | – | 35,622 | 1,112 | 806 | 43 | – | 37,583 |
| **PBIT*** | 56,426 | 35,622 | 145,897 | 27,415 | 4,868 | – | 270,228 |
| Interest income | | | | | | | 15,874 |
| Interest costs | | | | | | | (58,033) |
| **Profit before fair value change, taxation and exceptional items** | | | | | | | 228,069 |
| Share of associates' fair value change on investment properties | – | 4,107 | – | 7,258 | – | – | 11,365 |
| **Profit before taxation and exceptional items** | | | | | | | 239,434 |
| Exceptional items | | | | | | | 11,021 |
| **Profit before taxation** | | | | | | | 250,455 |
| Taxation | | | | | | | (56,095) |
| **Profit for the period** | | | | | | | 194,360 |

### As at 30 September 2012 (Restated) (Audited)

| Business segment | Investment Properties $'000 | REIT $'000 | Development Properties $'000 | Serviced Residences $'000 | Corporate & Others $'000 | Eliminations $'000 | Group $'000 |
|---|---|---|---|---|---|---|---|
| **Assets and Liabilities** | | | | | | | |
| Assets | 1,597,332 | 1,113,018 | 4,737,389 | 1,464,286 | 235,948 | – | 9,147,973 |
| Tax assets | | | | | | | 2,937 |
| Bank deposits and cash balances | | | | | | | 1,206,314 |
| **Total assets** | | | | | | | 10,357,224 |
| Liabilities | 263,732 | 301,664 | 2,049,774 | 206,827 | 767,888 | – | 3,589,885 |
| Loans and borrowings | | | | | | | 1,592,525 |
| Tax liabilities | | | | | | | 219,145 |
| **Total liabilities** | | | | | | | 5,401,555 |

## 12. SEGMENT INFORMATION (cont'd)

### Nine months ended 30 June 2012 (Unaudited)

| Business segment | Investment Properties | REIT | Development Properties | Serviced Residences | Corporate & Others | Eliminations | Group |
|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| ***Other Segment Information*** | | | | | | | |
| Capital expenditure | 429 | – | 170 | 18,941 | 1,228 | – | 20,768 |
| Depreciation | 61 | – | 777 | 3,977 | 559 | – | 5,374 |
| Write-back of allowance for foreseeable losses | – | – | (13,752) | – | – | – | (13,752) |
| Allowance for impairment | – | – | 3,918 | – | – | – | 3,918 |
| Negative goodwill | – | 4,278 | – | 1,086 | – | – | 5,364 |
| Attributable profit before exceptional items | 34,414 | 37,293 | 109,308 | 15,993 | (13,347) | – | 183,661 |
| Exceptional items | – | 4,277 | 3,922 | – | 1,842 | – | 10,041 |
| Attributable profit | 34,414 | 41,570 | 113,230 | 15,993 | (11,505) | – | 193,702 |

The following table presents financial information regarding geographical segments

| Geographical segment | Singapore | Australia | UK | China | Thailand | New Zealand | Vietnam | Others [1] | Group |
|---|---|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Total revenue | 745,006 | 73,291 | 26,026 | 43,117 | 1,463 | 2,589 | 6,673 | 8,278 | 906,443 |
| PBIT * | 245,741 | (10,777) | 5,956 | 22,502 | 806 | (2,645) | 5,445 | 3,200 | 270,228 |

### As at 30 September 2012 (Restated) (Audited)

| Geographical segment | Singapore | Australia | UK | China | Thailand | New Zealand | Vietnam | Others [1] | Group |
|---|---|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Assets and Liabilities** | | | | | | | | | |
| Assets | 5,877,585 | 1,409,585 | 717,956 | 813,844 | 95,348 | 73,207 | 51,030 | 109,418 | 9,147,973 |
| Tax assets | | | | | | | | | 2,937 |
| Bank deposits and cash balances | | | | | | | | | 1,206,314 |
| **Total assets** | | | | | | | | | 10,357,224 |
| Liabilities | 2,690,637 | 567,013 | 120,394 | 160,207 | 9,032 | 5,566 | 2,298 | 34,738 | 3,589,885 |
| Loans and borrowings | | | | | | | | | 1,592,525 |
| Tax liabilities | | | | | | | | | 219,145 |
| **Total liabilities** | | | | | | | | | 5,401,555 |

## 12. SEGMENT INFORMATION (cont'd)

### Nine months ended 30 June 2012 (Unaudited)

| Geographical segment | Singapore | Australia | UK | China | Thailand | New Zealand | Vietnam | Others [1] | Group |
|---|---|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| ***Other Segment Information*** | | | | | | | | | |
| Capital expenditure | 11,574 | 3,744 | 4,917 | 266 | 9 | 2 | 2 | 254 | 20,768 |
| Depreciation | 1,458 | 1,510 | 1,020 | 967 | 2 | – | 27 | 390 | 5,374 |
| Write-back of allowance foreseeable losses | (13,752) | – | – | – | – | – | – | – | (13,752) |
| Allowance for impairment | – | 3,918 | – | – | – | – | – | – | 3,918 |
| Negative goodwill | 4,278 | – | 1,086 | – | – | – | – | – | 5,364 |

* PBIT - Profit before interest, fair value change, taxation and exceptional items.

[1] Others – the Philippines, Indonesia and Malaysia.

## 13. INVESTMENT PROPERTIES

| | Completed Investment Properties | Investment Properties Under Construction | Total |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| **Balance Sheet:** | | | |
| Audited | | | |
| At 1 October 2011 | 2,201,802 | 259,865 | 2,461,667 |
| Currency re-alignment | (21,335) | – | (21,335) |
| Acquition of subsidiaries | 266,688 | – | 266,688 |
| Disposal of subsidiaries | (235,402) | – | (235,402) |
| Additions | 31,356 | 53,232 | 84,588 |
| Fair value change | 257,472 | 7,756 | 265,228 |
| At 30 September 2012 and 1 October 2012 | 2,500,581 | 320,853 | 2,821,434 |
| Currency re-alignment | 2,948 | – | 2,948 |
| Transfer upon completion | 105,566 | (105,566) | – |
| Additions | 33,489 | 22,323 | 55,812 |
| Fair value change | 146,429 | – | 146,429 |
| At 30 June 2013 | 2,789,013 | 237,610 | 3,026,623 |

## 13. INVESTMENT PROPERTIES (cont'd)

| | Audited 1.10.2012 to 30.6.2013 | Unaudited 1.10.2011 to 30.6.2012 |
|---|---|---|
| | $'000 | $'000 |
| **Profit Statement:** | | |
| Rental income from completed investment properties: | | |
| - Minimum lease payments | 165,950 | 156,475 |
| - Contingent rent based on tenants' turnover | 2,266 | 2,342 |
| | 168,216 | 158,817 |
| Direct operating expenses (including repairs and maintenance) arising from: | | |
| - Rental generating properties | 61,648 | 58,576 |

(a) *Completed Investment Properties*

Completed investment properties comprise:

(i) Singapore

(1) Alexandra Point - A freehold 24-storey office building at 438 Alexandra Road with a lettable area of 18,523 sqm.

(2) Robertson Walk and Fraser Place Robertson Walk, Singapore – A leasehold (999 years commencing from 1 July 1841) 10-storey commercial cum serviced apartment complex at 11 Unity Street, with 2 basement carparks comprising a 2-storey retail podium and 164 serviced apartment units and with a total lettable area of 23,361 sqm.

(3) The Centrepoint – A 7-storey shopping cum residential complex with 2 basement floors at 176 Orchard Road with a lettable area of 30,866 sqm.

(4) Valley Point and Frasers Suites River Valley, Singapore – A leasehold (999 years commencing from 21 June 1877) 20-storey commercial cum serviced apartment complex with a 5-storey covered carpark, a 5-storey podium block, a 2-storey retail podium and 255 serviced apartment units at River Valley Road with a total lettable area of 40,879 sqm.

(ii) Australia

(5) Fraser Place Melbourne – A freehold building of 112 serviced apartment units with a total lettable area of 3,801 sqm.

(iii) Vietnam

(6) Me Linh Point – A leasehold (50 years commencing from 14 February 1995) 22-storey retail/ office building plus 2 basements at 2 Ngo Duc Ke Street, District 1, Ho Chi Minh City with a lettable area of 17,549 sqm.

**13. INVESTMENT PROPERTIES** (cont'd)

*(a) Completed Investment Properties* (cont'd)

(iv) China

(7) Fraser Suites CBD, Beijing – A leasehold (70 years commencing from 3 August 2003) building comprising residential (3rd to 23rd level) and a leasehold (40 years commencing from 3 August 2003) clubhouse (2nd level) at 12 Jin Tong Xi Road, Chaoyang District, Beijing with a lettable area of 28,419 sqm.

(v) Philippines

(8) Fraser Place Forbes Tower – a 89 freehold apartment units with car park lots at Valero Street, Salcedo Village, Makati City, Manila with a total lettable area of 17,046 sqm.

(vi) United Kingdom

(9) 2 leasehold buildings of 97 residential apartments at The Boardwalk, Trafalgar Way, London with a lettable area of 4,765 sqm.

(10) Frasers Suites Glasgow – A freehold 4-storey building of 99 serviced apartments at 1-19 Albion Street, Glasgow with a lettable area of 4,964 sqm.

(11) Fraser Suites Edinburgh – A freehold building of 75 residential apartments at St Giles Street, Edinburgh, Scotland of 4,037 sqm.

(12) Fraser Place Queens Gate – A freehold building of 105 residential apartments at Kensington, London with a lettable area of 4,188 sqm.

(13) Fraser Suites Kensington – A freehold building of 69 residential apartments at Kensington, London with a lettable area of 6,845 sqm.

(vii) Indonesia

(14) Fraser Residence Sudirman, Jakarta – a freehold building of 108 serviced apartment units at Sudirman, Jakarta, Indonesia with a lettable area of 11,388 sqm.

As the annual valuation exercise is carried out as at 30 September 2012, no independent valuation was performed as at 30 June 2012. Accordingly, no fair value change on the Group's investment properties were presented for the period ended 30 June 2012.

Completed investment properties are stated at fair value which has been determined based on valuations performed at balance sheet date. Valuations are performed by accredited independent valuers with recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued.

The valuations are based on open market values on the as-is basis and were prepared primarily using the Direct Comparison Method, Income/Investment Approach and Discounted Cash Flow Analysis. In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

## 13. INVESTMENT PROPERTIES (cont'd)

### (a) *Completed Investment Properties* (cont'd)

Independent professional valuations were carried out by the following valuers:

| Country | 30.6.2013 Valuers | 30.9.2012 Valuers |
|---|---|---|
| Singapore | Knight Frank Pte Ltd | Knight Frank Pte Ltd |
| United Kingdom | Savills Commercial Limited | Savills Commercial Limited |
| Australia | CBRE Valuations Pty Limited | CBRE Valuations Pty Limited |
| Philippines | Asian Appraisal Company, Inc. | Asian Appraisal Company, Inc. |
| Vietnam | Colliers International | DTZ Debenham Tie Leung (Vietnam) Co. Ltd |
| Indonesia | KJPP Rengganis, Hamid & Rekan | KJPP Rengganis, Hamid & Rekan |
| China | Savills Real Estate Valuation (Beijing) Company | Savills Commercial Limited |

Completed investment properties are substantially leased to non-related parties under operating leases.

Completed investment properties amounting to $89,039,000 (2012: $268,988,000) are secured for credit facilities with banks.

### (b) *Investment Properties under Construction*

Investment properties under construction as at 30 June 2013 comprise Waterway Point - 33%⅓ proportionate share of the commercial component of a mixed development (99-year leasehold tenure commencing 18 May 2011) in Punggol Central/Punggol Walk, Singapore.

Investment properties under construction as at 30 September 2012 comprised:

(1) Changi City Point - 50% proportionate share of the business park component of a mixed development in Changi Business Park (60-year leasehold tenure commencing 30 April 2008).

(2) Waterway Point - 33⅓% proportionate share of the commercial component of a mixed development in Punggol Central/Punggol Walk (99-year leasehold tenure commencing 18 May 2011).

As the annual valuation exercise is carried out as at 30 September 2012, there was no independent valuation performed as at 30 June 2012. Accordingly, no fair value on the Group's IPUC were presented for the period ended 30 June 2012.

**13. INVESTMENT PROPERTIES** (cont'd)

*(b) Investment Properties under Construction* (cont'd)

Investment properties under construction ("IPUC") are stated at fair value which has been determined based on valuations performed at balance sheet date. Valuations are performed by accredited independent valuers with recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. The valuation is prepared on an ungeared basis. The fair value of IPUC is determined using a combination of market comparison and discounted cash flow analysis and investment, comparable sales and residual land value methods. In arriving at their estimates of market value, the valuers have used their market knowledge and professional judgement and not only relied on historical transactional comparables.

Valuations are performed as at 30 September 2012 and 30 June 2013.

The valuations were performed by the following independent valuers with recognised and relevant professional qualifications and with recent experience in the location and category of investment properties being valued.

| Country | 30.6.2013 Valuers | 30.9.2012 Valuers |
|---|---|---|
| Singapore | Knight Frank Pte Ltd | Knight Frank Pte Ltd |
| | CKS Property Consultants Pte Ltd | CKS Property Consultants Pte Ltd |

IPUC amounting to approximately $237,610,000 (2012: $320,853,000) has been mortgaged to the bank as securities for bank facilities.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS** for the nine months ended 30 June 2013

## 14. FIXED ASSETS

| | Buildings | Equipment, Furniture and Fittings | Motor Vehicles | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| Audited | | | | |
| Cost | | | | |
| At 1 October 2011 | 298 | 60,054 | 1,785 | 62,137 |
| Currency re-alignment | (11) | (272) | (43) | (326) |
| Acquisition of subsidiaries | – | 8,260 | – | 8,260 |
| Disposal of subsidiaries | (287) | (1,690) | (410) | (2,387) |
| Additions | – | 10,962 | 7 | 10,969 |
| Disposals/write-offs | – | (8,257) | (277) | (8,534) |
| Other movement | – | (1,913) | – | (1,913) |
| At 30 September 2012 and 1 October 2012 | – | 67,144 | 1,062 | 68,206 |
| Currency re-alignment | – | (804) | 13 | (791) |
| Additions | – | 3,331 | 112 | 3,443 |
| Disposals/write-offs | – | (1,711) | – | (1,711) |
| Transfer from properties held for sale | – | 497 | – | 497 |
| At 30 June 2013 | – | 68,457 | 1,187 | 69,644 |
| Accumulated Depreciation | | | | |
| At 1 October 2011 | 298 | 30,410 | 1,315 | 32,023 |
| Currency re-alignment | (11) | (115) | (32) | (158) |
| Acquisition of subsidiaries | – | 5,734 | – | 5,734 |
| Disposal of subsidiaries | (287) | (1,609) | (213) | (2,109) |
| Charge for the year 2012 | – | 7,251 | 106 | 7,357 |
| Disposals/write-offs | – | (7,302) | (389) | (7,691) |
| Other movement | – | (287) | – | (287) |
| At 30 September 2012 and 1 October 2012 | – | 34,082 | 787 | 34,869 |
| Currency re-alignment | – | (672) | 9 | (663) |
| Charge for the period 2013 | – | 5,665 | 71 | 5,736 |
| Disposals/write-offs | – | (1,411) | – | (1,411) |
| At 30 June 2013 | – | 37,664 | 867 | 38,531 |
| Net Book Value | | | | |
| At 30 June 2013 | – | 30,793 | 320 | 31,113 |
| At 30 September 2012 | – | 33,062 | 275 | 33,337 |

The depreciation charge for the period is included in the financial statements as follows:-

| | Audited 1.10.2012 to 30.6.2013 | Unaudited 1.10.2011 to 30.6.2012 |
|---|---|---|
| | $'000 | $'000 |
| Charged to Profit Statement (Note 5) | 5,709 | 5,344 |
| Capitalised in Properties Held for Sale | 27 | 30 |
| | 5,736 | 5,374 |

## 15. INVESTMENTS IN SUBSIDIARIES

Details of the significant subsidiaries at the end of the financial period are disclosed in Note 31.

(a) *Incorporation of Subsidiaries*

The following subsidiaries of the Group were incorporated during the financial period:-

| Subsidiaries of the Group | Incorporated in | Date of Incorporation | Paid-up Capital | Group's Effective Interest |
|---|---|---|---|---|
| FCL Admiralty Pte. Ltd. | Singapore | 9 November 2012 | S$1,000,000 | 70% |
| Frasers Kensington Holdings Pty Ltd | Australia | 3 April 2013 | A$2 | 75% |
| Frasers Kensington Land Pty Ltd | Australia | 3 April 2013 | A$2 | 75% |
| Frasers Kensington Development Pty Ltd | Australia | 3 April 2013 | A$2 | 75% |

(b) *Acquisition of Subsidiaries*

On 9 December 2011, FCL (Fraser) Pte. Ltd. ("FCL (Fraser)"), a wholly-owned subsidiary of the Company, completed the acquisition of the entire shareholding interest in Queensgate Gardens (C.I.) Limited ("Queensgate Gardens") and 39 QGG Management Limited ("39 QGG"). The consideration of £42 million was arrived at after taking into account expected income (on a discounted cash flow basis) that ownership will bring, on a debt free basis and supported by a desktop valuation obtained by FCL (Fraser). Queensgate Gardens owns the property located at Kensington, London known as Fraser Place Queens Gate. 39 QGG leased the property from Queensgate Gardens for a term of 6 years and 10 months. The acquisition is part of the Group's plan to grow its interests in attractive serviced residence assets.

On 11 September 2012, Fairbriar Residential Investment Partnership ("FRIP"), a 32% held associate, completed the buy-out of three out of four partners in its partnership. As FRIP's sole business is the operations of the serviced apartments, Fraser Suites Kensington, the buy-out was based on the fair valuation of this property of £92.0 million as at August 2012 and resulted in cash of £56.3 million being paid out to the three partners. Consequent to the buy-out, FCL (Fraser) Pte Ltd, being the sole remaining partner, controls 100% of the shareholding interest in FRIP.

## 15. INVESTMENTS IN SUBSIDIARIES (cont'd)

*(b) Acquisition of Subsidiaries* (cont'd)

The fair value of the identifiable assets and liabilities of Queensgate Gardens and 39 QGG for the purpose of the cash flow for the period ended 30 June 2012 were:

| | Fair value recognised on acquisition $'000 |
|---|---|
| Investment properties | 85,126 |
| Fixed assets | 660 |
| Trade and other receivables | 3,185 |
| Cash and cash equivalents | 362 |
| | 89,333 |
| Trade and other payables | (4,852) |
| Bank borrowings | (55,215) |
| Provision for taxation | (1) |
| | (60,068) |
| Total identifiable net assets at fair value | 29,265 |
| Negative goodwill arising from acquisition | (1,086) |
| | 28,179 |
| Cash of subsidiaries acquired | (362) |
| Cash out flow on acquisition of subsidiaries | 27,817 |

Transaction costs

Transaction costs related to the acquisitions of $514,000 had been recognised in the "Administrative costs" in the Group's profit statement for the period ended 30 June 2012.

Impact of the acquisition on profit or loss

From the acquisition date, Queensgate Gardens and 39 QGG have contributed $4,543,000 of revenue and $1,484,000 to the Group's profit for the period ended 30 June 2012. If the business combination had taken place at the beginning of the year, the revenue from continuing operations would have been $4,834,000 and the Group's profit from continuing operations, net of tax would have been $1,485,000.

*(c) Disposal of Subsidiaries*

On 14 September 2012, the Company entered into a sale agreement to dispose of its entire 56% interest in shares in Frasers Property (China) Limited ("FPCL") comprising 3,847,509,895 ordinary shares, for a total consideration of HK $1.654 billion (S$261 million). The consideration was received on behalf by its immediate holding company. The disposal was completed on 28 September 2012, on which date, control of FPCL was passed to the acquirer. Subsequent to the disposal, the Company's retained interest in certain former subsidiaries were reclassified to associates due to loss in control.

## 16. INVESTMENTS IN AND BALANCES WITH JOINT VENTURES

Loans to joint ventures bore interest which ranged between 1.0% to 4.6% (2012: 1.3% to 4.6%) per annum. These loans to joint ventures are unsecured and payable in cash.

Loans from joint ventures are interest free, unsecured and repayable in cash on demand.

Loans to joint ventures shall be repaid as follows:-

(a) only after full repayment of any bank or third party loans;

(b) only after full payment of all regulatory requirements in respect of the Project;

(c) no loan shall be repaid to any joint venture parties in full unless the other loans then outstanding and owed to the other joint venture parties shall be repaid in full at the same time;

(d) no loan shall be repaid to any joint venture parties in part unless all loans then outstanding shall be proportionately reduced by the proposed repayment;

(e) the Project Development Committee of the joint venture company shall review the cashflow of the joint venture company from time to time to decide on the timing and quantum of the repayment to be repaid.

On 18 January 2012, the Group acquired Vacaron Company Sdn Bhd ("Vacaron") from a related company at a consideration of $206,000.

The fair value of the identifiable assets and liabilities of Vacaron for the purpose of the cash flow for the period ended 30 June 2012 were:

| | Fair value recognised on acquisition $'000 |
|---|---|
| Properties held for sale | 28,619 |
| Cash and cash equivalents | 226 |
| | 28,845 |
| Trade and other payables | (65) |
| Total identifiable net assets at fair value | 28,780 |
| Negative goodwill arising from acquisition | 4 |
| | 28,784 |
| Cash of subsidiaries acquired | (226) |
| Net cash out flow on acquisition of joint venture | 28,558 |

## 16. INVESTMENTS IN AND BALANCES WITH JOINT VENTURES (cont'd)

Details of the joint ventures at the end of the financial period are as follows:-

| | | Name of Entities (Country of Incorporation) | Principal Activities | Percentage equity held 30.6.2013 % | 30.9.2012 % |
|---|---|---|---|---|---|
| (1) | (a) | Riverside Homes Development Co., Ltd (Thailand) | Property development | 69.6 [4] | 69.6 [4] |
| | (a) | FCL Peak Pte. Ltd. (Singapore) | Property development | 50.0 | 50.0 |
| | (b) | GSF Homes Limited (United Kingdom) | Property development | 40.0 | 40.0 |
| | (b) | Sovereign House Fairbriar Homes Ltd (United Kingdom) | Property development | 40.0 | 40.0 |
| | (b) | Fairmuir Limited (United Kingdom) | Property development | 40.0 | 40.0 |
| (2) | (a) | Ascendas Frasers Pte. Ltd. (Singapore) | Property investment and development | 50.0 | 50.0 |
| | (a) | Yishun Gold Pte. Ltd. (Singapore) | Property development | 50.0 | 50.0 |
| | (a) | Precious Sand Pte. Ltd. (Singapore) | Property development | 50.0 | 50.0 |
| | (a) | Easthouse Properties Pte. Ltd. (Singapore) | Property development | 50.0 | 50.0 |
| | (a) | Emerald Star Pte. Ltd. (Singapore) | Property development | 33.3 | 33.3 |
| | (a) | Sapphire Star Trust (Singapore) | Property investment and development | 33.3 | 33.3 |
| | (a) | FC Retail Trustee Pte. Ltd. (Singapore) | Trustee-management services | 33.3 | 33.3 |
| | (a) | eCO Properties Pte. Ltd. (Singapore) | Property development | 33.3 | 33.3 |
| | (a) | Quarry Bay Pte. Ltd. (Singapore) | Property development | 33.3 | 33.3 |
| | (a) | Vacaron Company Sdn Bhd (Malaysia) | Property development | 50.0 | 50.0 |
| (3) | (a) | Frasers Central Park Equity No. 1 Pty Ltd and SH Central Park Development East Pty Ltd (Australia) | Property development | 37.5 | 37.5 |
| (3) | (a) | Frasers Central Park Equity No. 2 Pty Ltd and SH Central Park Development West Pty Ltd (Australia) | Property development | 37.5 | 37.5 |

## 16. INVESTMENTS IN AND BALANCES WITH JOINT VENTURES (cont'd)

Details of the joint ventures at the end of the financial period are as follows:- (cont'd)

(a) Audited by Ernst & Young in the respective countries

(b) Audited by KPMG, Nottingham

(1) Accounting year end is 31 December

(2) Accounting year end is 31 March

(3) Unincorporated joint ventures

(4) Riverside Homes Development Co., Ltd, is accounted for as a joint venture as the Group exercises only joint control over the company.

The aggregate amounts of current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the Group's interests in the joint ventures are as follows:-

| | 30.6.2013 | 30.9.2012 |
|---|---|---|
| | $'000 | $'000 |
| **Assets and Liabilities** | | |
| Current assets | 1,061,594 | 1,094,946 |
| Non-current assets | 374,504 | 321,031 |
| Total assets | 1,436,098 | 1,415,977 |
| Current liabilities | 595,866 | 605,823 |
| Non-current liabilities | 521,032 | 613,467 |
| Total liabilities | 1,116,898 | 1,219,290 |

| | 1.10.2012 to 30.6.2013 | 1.10.2011 to 30.6.2012 |
|---|---|---|
| | $'000 | $'000 |
| **Results** | | |
| Revenue | 447,101 | 227,125 |
| Fair value change on investment properties | 30,945 | – |
| Cost of sales/expenses | (333,258) | (164,077) |
| Interest expense | (3,223) | (2,682) |
| Taxation | (19,307) | (10,803) |
| Profit for the period | 122,258 | 49,563 |

## 17. INVESTMENTS IN AND BALANCES WITH ASSOCIATES

| | Note | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|---|
| **Investments in associates** | | | |
| Shares, at cost | | 782,193 | 749,944 |
| Quoted non-equity investments, at cost | | – | 306,158 |
| Negative goodwill on acquisition | | 97,649 | 97,173 |
| Share of post-acquisition reserves | | 158,893 | 70,408 |
| Allowance for impairment | | (177) | (177) |
| | | 1,038,558 | 1,223,506 |
| **Balances with associates** | | | |
| Loans to associates | 20 | | |
| Non-current | | 77,480 | 13,833 |
| Current | | 7,950 | – |
| | | 85,430 | 13,833 |
| Investments in associates are represented by: | | | |
| Quoted instruments Market value : $883,500,000 (2012: $1,129,824,000) | | 895,853 | 1,113,018 |
| Unquoted instruments | | 142,705 | 110,488 |
| | | 1,038,558 | 1,223,506 |

The quoted non-equity instruments related to Series A convertible perpetual preference units ("Series A CPPUs") in Frasers Commercial Trust ("FCOT"). The Series A CPPUs are convertible at the option of the holders and redeemable at the option of FCOT at fixed determined dates after 3 years from the issuance date of the Series A CPPUs. The Series A CPPUs are entitled to receive a preferred distribution of 5.5% per annum which shall be declared at the sole discretion of FCOT.

The CPPUs have been fully redeemed at cost during the current period.

Except for $63,617,000 which bear interest at 6.22% (2012: Not applicable) per annum and are repayable in November 2022, non-current loans to associates are unsecured, interest free, payable in cash and have no fixed repayment terms.

Current loan to an associate bears interest at 6.0% (2012: Not applicable) per annum, is unsecured and is repayable in cash on demand.

## 17. INVESTMENTS IN AND BALANCES WITH ASSOCIATES (cont'd)

*Details of the associates at the end of the financial period are as follows:-*

| | | Name of Entities (Country of Incorporation) | Principal Activities | Percentage equity held 30.6.2013 | 30.9.2012 |
|---|---|---|---|---|---|
| | | | | % | % |
| (1) | (a) | Krungthep Land Public Company Limited (Thailand) | Investment holding and property development | 40.5 | 40.5 |
| (1) | (c) | Hektar Asset Management Sdn Bhd (Malaysia) | Management services | 40.0 | 40.0 |
| | (a) | Frasers Commercial Trust (Singapore) | Real estate investment trust | 27.8 | 27.4 |
| | (a) | Frasers Centrepoint Trust (Singapore) | Real estate investment trust | 41.0 | 41.0 |
| (2) | (a) | Gemshine Investments (S) Pte Ltd | Investment holding | 19.0 | 19.0 |
| (1) | (b) | Supreme Asia Investments Limited (British Virgin Islands) | Investment holding | 43.3 | 43.3 |
| (1) | (a) | Shanghai Zhong Jun Property Real Estate Development Co, Ltd (China) | Property development | 45.2 | 45.2 |

(a) Audited by Ernst & Young in the respective countries

(b) Not required to be audited under laws of the country of incorporation

(c) Audited by SJ Grant Thornton

(1) Accounting year end is 31 December

(2) Accounting year end is 30 June

## 17. INVESTMENTS IN AND BALANCES WITH ASSOCIATES (cont'd)

(a) *Payment of Management Fees and Acquisition Fees by way of Units in Frasers Centrepoint Trust ("FCT")*

Management Fees

The Group, through its subsidiary, Frasers Centrepoint Asset Management Ltd. ("FCAM") as the manager of FCT, received the following Units in FCT in payment of 20% of its management fees for the period from 1 October 2012 to 30 June 2013 (the "Relevant Period"):

| Relevant Period | Date received | No. of Units received | Issued Price | Value of Units received | Aggregate of FCT Units held by FCAM | Aggregate of FCT Units held by the Group |
|---|---|---|---|---|---|---|
| | | | $ | $ | | |
| 1 July 2012 to 30 September 2012 | 25 October 2012 | 322,655 | 1.7885 | 577,068 | 23,892,544 | 337,392,544 |
| 1 October 2012 to 31 December 2012 | 24 January 2013 | 286,575 | 1.9573 | 560,913 | 24,179,119 | 337,679,119 |
| 1 January 2013 to 31 March 2013 | 22 April 2013 | 269,180 | 2.1261 | 572,304 | 24,448,299 | 337,948,299 |
| | | | | 1,710,285 | | |

The payment of such fees in the form of Units is provided for in the Trust Deed constituting FCT dated 5 June 2006. The Issue Price is the volume weighted average price of the Units traded on the Singapore Exchange Securities Trading Limited for the last ten business days of the Relevant Period.

With the above payments of management fees and acquisition fees by way of Units in FCT, the Group and FCAM hold an aggregate of 337,948,299 and 24,448,299 Units in FCT, representing 41.01% and 2.97% of the total issued FCT Units, respectively.

## 17. INVESTMENTS IN AND BALANCES WITH ASSOCIATES (cont'd)

(b) *Payment of Management Fees by way of Units in Frasers Commercial Trust ("FCOT")*

The Group, through its subsidiary, Frasers Centrepoint Asset Management (Commercial) Ltd. ("FCAMC") as the manager of FCOT, received the following units in FCOT in payment of approximately 80% of its management fees for the period from 1 October 2012 to 30 June 2013 (the "Relevant Period"):

| Relevant Period | Date received | No. of Units received | Issued Price | Value of Units received | Aggregate of FCOT Units held by FCAMC | Aggregate of FCOT Units held by the Group |
|---|---|---|---|---|---|---|
| | | | $ | $ | | |
| 1 July 2012 to 30 September 2012 | 30 October 2012 | 2,187,604 | 1.1626 | 2,543,308 | 77,352,711 | 178,737,690 |
| 1 October 2012 to 31 December 2012 | 29 January 2013 | 1,853,587 | 1.2714 | 2,356,651 | 79,206,298 | 180,591,277 |
| 1 January 2013 to 31 March 2013 | 30 April 2013 | 1,681,660 | 1.3802 | 2,321,027 | 80,887,958 | 182,272,937 |
| | | | | 7,220,986 | | |

The payment of such management fees in the form of Units is provided for in the Trust Deed constituting FCOT dated 12 September 2005. The Issue Price is the volume weighted average price of the Units traded on the Singapore Exchange Securities Trading Limited for the last ten business days of the Relevant Period.

With the above payments of management fees by way of Units in FCOT, the Group and FCAMC hold an aggregate of 182,272,937 and 80,887,958 Units in FCOT, representing 27.76% and 12.32% of the total issued FCOT Units, respectively.

(c) *The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:-*

| | 30.6.2013 | 30.9.2012 |
|---|---|---|
| | $'000 | $'000 |
| **Assets and Liabilities** | | |
| Total assets | 5,482,935 | 5,079,756 |
| Total liabilities | 2,456,781 | 2,094,589 |

| | 1.10.2012 to 30.6.2013 | 1.10.2011 to 30.6.2012 |
|---|---|---|
| | $'000 | $'000 |
| **Results** | | |
| Revenue | 301,672 | 258,418 |
| Profit for the period | 145,091 | 87,202 |

## 18. FINANCIAL ASSETS

| | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|
| Available-for-sale financial assets: | | |
| Unquoted | | |
| Equity investments, at cost | 3,303 | 3,305 |
| Allowance for impairment | (1,155) | (1,155) |
| | 2,148 | 2,150 |
| Quoted | | |
| Equity investments | 24 | 24 |
| Allowance for impairment | (9) | (8) |
| | 15 | 16 |
| Non-equity investments | – | 60,350 |
| | 15 | 60,366 |
| Total available-for-sale financial assets | 2,163 | 62,516 |
| Represented by: | | |
| Current | – | 60,350 |
| Non-current | 2,163 | 2,166 |
| | 2,163 | 62,516 |

The unquoted equity investments are measured at cost less impairment losses as there are no active markets for these investments and other methods of determining fair value do not result in a reliable estimate.

## 19. OTHER ASSETS

| | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|
| Other assets comprise:- | | |
| Intangible assets | 64,502 | 64,834 |
| Other long term asset | 42,400 | 42,400 |
| | 106,902 | 107,234 |

## 19. OTHER ASSETS (cont'd)

### (a) *Intangible Assets*

| | Management contracts (indefinite useful life) | Management contracts (finite useful life) | Software | Total |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| Cost | | | | |
| At 1 October 2011 and 1 October 2012 | 62,601 | 4,648 | 43 | 67,292 |
| Additions | – | – | 42 | 42 |
| At 30 June 2013 | 62,601 | 4,648 | 85 | 67,334 |
| Accumulated amortisation | | | | |
| At 1 October 2011 | – | 1,960 | – | 1,960 |
| Amortisation | – | 490 | 8 | 498 |
| At 30 September 2012 and 1 October 2012 | – | 2,450 | 8 | 2,458 |
| Amortisation | – | 367 | 7 | 374 |
| At 30 June 2013 | – | 2,817 | 15 | 2,832 |
| Net carrying amount | | | | |
| At 30 June 2013 | 62,601 | 1,831 | 70 | 64,502 |
| At 30 September 2012 | 62,601 | 2,198 | 35 | 64,834 |

Management contracts relate to fair values of management contracts held by certain acquired subsidiaries prior to the acquisition of the subsidiaries by the Group.

Management contracts with a cost of $62,601,000 (2012: $62,601,000) are assessed to have an indefinite useful life and not amortised. This is the value ascribed to management contracts entered into between a subsidiary and an associate. Management is of the view that these intangible assets have an indefinite useful life as the contracts are contracts which go into perpetuity, and will only be terminated upon the removal of the subsidiary as the manager.

The remaining useful life of management contracts with finite useful life is 2 (2012: 3) years.

The recoverable amount of the management contracts has been determined based on value in use calculations using a projection of the management fee income covering a 5-year period. The pre-tax discount applied to the projections is 10% (2012: 10%) and the forecast growth rate used beyond the 5-year period is 2% (2012: 2%). Based on the recoverable amount, no impairment is necessary.

Amortisation charge of $374,000 (2012: $498,000) is included in administrative costs in the Profit Statements.

### (b) *Other Long Term Asset*

Other long term asset relates to the unguaranteed residual value in relation to the Group's freehold interest retained in Alexandra Technopark after the expiry of the 99-year lease to an associate. Finance income is recognised based on average long-term inflationary rate in Singapore and the interest accretion recognised in the Profit Statements for the period amounted to Nil (2012: $1,400,000).

## 20. TRADE AND OTHER RECEIVABLES

| | Note | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|---|
| **Other receivables (non-current)** | | | |
| Loans to associates | 17 | 77,480 | 13,833 |
| Loan to a non-controlling interest | | 88,734 | 75,875 |
| | | 166,214 | 89,708 |
| **Trade and other receivables (current)** | | | |
| Trade receivables | | 35,730 | 24,807 |
| Sales proceeds and progress billing receivables | | 141,477 | 217,644 |
| Tax recoverable | | 2,817 | 9,109 |
| Accrued interest income | | 3,892 | 5,804 |
| Staff loans and advances | | 929 | 1,026 |
| Sundry debtors | | 38,943 | 29,429 |
| Other deposits | | 10,368 | 10,469 |
| Amount due from holding company | | 15,473 | 15,473 |
| Loan to associate | 17 | 7,950 | – |
| Amounts due from related companies | | 5,706 | 13,936 |
| | | 263,285 | 327,697 |
| Total trade and other receivables (current and non-current) | | 429,499 | 417,405 |
| Add: Cash and cash equivalents | 24 | 981,152 | 1,206,314 |
| Total Loans and Receivables | | 1,410,651 | 1,623,719 |

Trade receivables

Trade receivables are non-interest bearing and are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Sales proceeds and progress billing receivables

Sales proceeds receivables relate to the balance of sales proceeds from completed properties held for sale which will be received upon issue of notice of vacant possession, certificate of statutory completion, expiry of defect liability period and/or title subdivision.

Progress billing receivables relate to the outstanding balance of progress billings which are due within 14 days after the purchasers receive the notices to make payments.

Related companies balances

Amounts due from holding and related companies (current) are non-trade related, unsecured, interest free and repayable on demand in cash.

Loan to a non-controlling interest

Loan to a non-controlling interest ("NCI") relates to the NCI's share of shareholders' loan contributions to a subsidiary, Frasers (Australia) Pte. Ltd ("Frasers Australia") paid on behalf by FCL Clover Pte. Ltd. ("FCL Clover"), another subsidiary of the Company. The amount is repayable in cash and bears interest at a fixed rate of 8% (2012: 8%) per annum.

**20. TRADE AND OTHER RECEIVABLES** (cont'd)

The loan to a NCI shall be repaid out of:

(i) all repayment of shareholders loans and interest accrued thereon made by Frasers Australia to the extent of the NCI's share thereof;

(ii) all distributions made by Frasers Australia to the extent of the NCI's share thereof;

(iii) all dividends declared or made by Frasers Australia to the extent of the NCI's share thereof derived from Frasers Broadway Pty Limited ("Frasers Broadway") and Frasers Queens Pty Limited ("Frasers Queens") (subsidiaries of the Company); and

(iv) half of all dividends declared or made by Frasers Australia to the extent of the NCI's share thereof derived from subsidiaries of Frasers Australia other than Frasers Broadway and Frasers Queens.

The amount has no fixed date of repayment.

The amount is secured:

(i) by way of first fixed charge to FCL Clover all the NCI's right, title and interest in and to the shares that it may from time to time hold in the capital of Frasers Australia and all its rights attaching or relating there to; and

(ii) assignment by the NCI all its rights, title and interest in and to all moneys payable to the NCI by Frasers Australia in respect of loans made by the NCI to Frasers Australia.

*(a) Credit Risk by business segments*

The maximum exposure to credit risk for trade receivables and sales proceeds receivable at the balance sheet date by business segment is:

| | Audited 30.6.2013 | Audited 30.9.2012 |
|---|---|---|
| | $'000 | $'000 |
| Investment properties | 1,443 | 1,465 |
| Development properties | 144,275 | 218,695 |
| Serviced residences | 15,489 | 10,414 |
| Corporate & others | 16,000 | 11,877 |
| | 177,207 | 242,451 |

## 20. TRADE AND OTHER RECEIVABLES (cont'd)

(b) *Trade receivables that are past due but not impaired*

The Group had trade receivables amounting to $14,555,000 (2012: $9,012,000) that are past due at balance sheet date but not impaired. These receivables are unsecured and the aging analysis at the balance sheet date is as follows:

| | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|
| Trade receivables past due: | | |
| 1 to 30 days | 5,037 | 6,330 |
| 31 to 60 days | 4,534 | 1,100 |
| 61 to 90 days | 3,559 | 467 |
| More than 90 days | 1,425 | 1,115 |
| | 14,555 | 9,012 |

(c) *Trade receivables that are impaired*

The Group's trade receivables that are impaired at the balance sheet date and the movements of the allowance account used to record the impairment are as follows:

| | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|
| Individually impaired | | |
| Trade receivables - nominal amounts | 3,098 | 2,405 |
| Allowance for impairment | (3,098) | (2,405) |
| | – | – |

| | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|
| Movements in allowance account: | | |
| At 1 October | 2,405 | 2,209 |
| Charge for the period/year | 1,521 | 2,486 |
| Write-back of allowance | (782) | (1,481) |
| Written off | (34) | (808) |
| Exchange difference | (12) | (1) |
| At 30 June/September | 3,098 | 2,405 |

Trade and other receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

Based on the Group's historical experience in the collection of receivables, management believes that not additional credit risk beyond that provided for is inherent in the Group's trade and other receivables.

## 21. DEFERRED TAX ASSETS AND LIABILITIES

### (a) *Deferred Tax Assets*

| | Balance Sheet | | Profit Statement | |
|---|---|---|---|---|
| | Audited | Audited | Audited 1.10.2012 to | Unaudited 1.10.2011 to |
| | 30.6.2013 | 30.9.2012 | 30.6.2013 | 30.6.2012 |
| | $'000 | $'000 | $'000 | $'000 |
| Unabsorbed losses and capital allowances | 259 | 161 | (108) | (41) |
| Others | 2,678 | 2,776 | (61) | (2,429) |
| | 2,937 | 2,937 | (169) | (2,470) |

### (b) *Deferred Tax Liabilities*

| | Balance Sheet | | Profit Statement | |
|---|---|---|---|---|
| | Audited | Audited | Audited 1.10.2012 to | Unaudited 1.10.2011 to |
| | 30.6.2013 | 30.9.2012 (Restated) | 30.6.2013 | 30.6.2012 |
| | $'000 | $'000 | $'000 | $'000 |
| Deferred tax liabilities at the end of the financial year related to the following: | | | | |
| Deferred tax liabilities | | | | |
| Differences in depreciation | 13,519 | 13,019 | 521 | 1,281 |
| Tax effect on revaluation surplus | 32,251 | 30,751 | 1,093 | (42) |
| Provisions, expenses and income taken in a different period | 60,592 | 45,029 | 28,180 | 30,393 |
| Others | 5,097 | 5,139 | – | 1,188 |
| Gross deferred tax liabilities | 111,459 | 93,938 | 29,794 | 32,820 |
| Less: | | | | |
| Deferred tax assets | | | | |
| Employee benefits | (124) | (124) | – | (11) |
| Unabsorbed losses and capital allowances | (1,891) | (1,811) | – | (609) |
| Provisions, expenses and income taken in a different period | (5) | (19) | 14 | (14) |
| Gross deferred tax assets | (2,020) | (1,954) | 14 | (634) |
| **Net deferred tax liabilities** | 109,439 | 91,984 | 29,808 | 32,186 |

Deferred tax liabilities for periods presented have not been established for withholding and other taxes that would be payable on the unremitted earnings as such amounts are permanently reinvested and there are no unremitted earnings for periods ended 30 June 2013.

## 22. PROPERTIES HELD FOR SALE

| | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|
| **Development Properties Held for Sale** | | |
| Properties in the course of development, at cost | 4,789,081 | 4,378,792 |
| Allowance for foreseeable losses | (51,835) | (46,124) |
| | 4,737,246 | 4,332,668 |
| Add: Development profit | 388,112 | 286,364 |
| | 5,125,358 | 4,619,032 |
| Progress payments received | (972,998) | (752,393) |
| | 4,152,360 | 3,866,639 |
| **Completed Properties Held for Sale** | | |
| Completed units, at cost | 758,687 | 632,550 |
| Allowance for impairment losses | (22,868) | (27,950) |
| | 735,819 | 604,600 |
| Total Properties Held for Sale | 4,888,179 | 4,471,239 |

(a) During the period/year, net interest expense of $49,320,000 (2012: $71,392,000) arising from borrowings obtained specifically for the projects were capitalised as cost of development properties held for sale.

The borrowing cost of loans used to finance the projects have been capitalised at interest rates of between 0.92% and 7.83% (2012: 0.6% and 7.94%) per annum.

(b) The following table provides information about agreements that are in progress at the reporting date whose revenue are recognised on a percentage of completion basis.

| | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|
| Aggregate costs incurred and recognised to date | 1,999,509 | 1,951,173 |
| Less: Progress billings | (972,998) | (752,393) |
| | 1,026,511 | 1,198,780 |

(c) Included in development properties held for sale are projects of approximately $1,278,035,000 (2012: $1,017,688,000) which are expected to be completed within the next twelve months.

## 22. PROPERTIES HELD FOR SALE (cont'd)

(d) Included in development properties held for sale are the following significant transactions between the Group and related parties which took place during the period/year at terms agreed between the parties:

| | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|
| Interest expense | | |
| Paid to related companies | 44,762 | 45,487 |
| Paid to related parties | 1,486 | 4,787 |
| Development costs | | |
| Paid to related parties | 72,562 | 104,145 |
| Project management fees | | |
| Paid to related parties | 580 | 2,400 |

(e) Development properties held for sale include:

(i) Singapore

(1) * 50% proportionate share of a leasehold land (Plot B1 and B2 have 99-year tenure commencing 31 October 2007 while Plot A1 and A2 have 99-year tenure commencing 26 November 2009 of approximately 75,162.4 sqm at Lots 7134C, 7135M, 7136W, 7137V, 7022T, 7023A, 7024K and 7025N Mukim 28 Bedok Reservoir Road for the development of 1,766 units of approximately 190,822 sqm of gross floor area for sale. Waterfront Waves (Plot B1) comprises 405 residential units of approximately 51,233 sqm of gross floor area for sale; Waterfront Key (Plot B2) comprises 437 residential units of approximately 51,013 sqm of gross floor area for sale; Waterfront Gold (Plot A2) comprises 361 residential units of approximately 36,085 sqm of gross floor area for sale and Waterfront Isle (Plot A1) comprises 561 residential units and 2 retail units of approximately 52,491 sqm of gross floor area for sale.

(2) Freehold land of approximately 2,801.3 sqm on Lots 3655K and 3654A Mukim 2 at Holland Park for the development of 2 good class bungalows for sale.

(3) Flamingo Valley - Freehold land of approximately 31,164 sqm at Lot 06495W MK 27 Siglap Road for the development of 393 condominium units of approximately 43,629 sqm of gross floor area for sale.

(4) * Esparina Residences – leasehold land (99-year tenure commencing 2 June 2010) of approximately 19,000 sqm at Lot 2335X MK 21 Compassvale Bow for a residential development of 573 units of approximately 56,643 sqm of gross floor area for sale.

**22. PROPERTIES HELD FOR SALE** (cont'd)

(e) Development properties held for sale include: (cont'd)

(i) Singapore (cont'd)

(5) * Eight Courtyards - 50% proportionate share of a leasehold land (99-year tenure commencing 20 September 2010) of approximately 26,540 sqm at Lot 3149K Mukim 19 Yishun Ave 2 / Ave 7 / Canberra Drive for the development of 654 residential units and 2 retail units of approximately 70,902 sqm of gross floor area for sale.

(6) * Seastrand – 50% proportionate share of a leasehold land (99-year tenure commencing 3 January 2011) of approximately 20,000 sqm at MK 31 Lot 4651X Pasir Ris Link for the development of 473 residential units and 2 retail units of approximately 40,314 sqm of gross floor area for sale.

(7) * Boathouse Residence – 50% proportionate share of a leasehold land (99-year tenure commencing 9 February 2011) of approximately 13,000 sqm at MK 22 Lot 9460X Upper Serangoon View for the development of 493 residential units and 1 retail unit of approximately 45,501 sqm of gross floor area for sale.

(8) * Watertown – $33^{1}/_{3}$% proportionate share of a leasehold land (99-year tenure commencing 18 May 2011) of approximately 29,999 sqm at Lot 2413M Mukim 21 Punggol Central / Punggol Walk for a mixed commercial and residential development. The commercial component of the development known as Waterway Point and classified under "Investment Properties Under Construction" has approximately 50,398 sqm of gross floor area for lease. The residential component of the development known as Watertown comprises 992 residential units of approximately 75,598 sqm of gross floor area for sale.

(9) Palm Isles – leasehold land (99-year tenure commencing 14 September 2011) of approximately 26,818 sqm at Lot 4740X Mukim 31 Flora Drive for the development of 429 residential units and 1 retail unit of approximately 40,160 sqm of gross floor area for sale.

(10) 51 Cuppage Road – leasehold land (99-year tenure commencing 1 February 1996) at Lot 746L of Town subdivision 27 Cuppage Road together with the building erected thereon.

(11) * Twin Waterfalls – leasehold land (99-year tenure commencing 18 May 2011) at Lot 2472X Mukim 21 Punggol Walk for the development of 728 executive condominium units of approximately 75,493 sqm of gross floor area for sale.

(12) * eCO – $33^{1}/_{3}$% proportionate share of a leasehold land (99-year tenure commencing 14 May 2012) at Lot 10845C MK 27 Bedok South Ave 3 for the development of 714 condominium units, 34 units of strata landed houses and 2 commercial units of approximately 60,154 sqm of gross floor area for sale.

(13) * QBay Residences – $33^{1}/_{3}$% proportionate share of a leasehold land (99-year tenure commencing 21 August 2012) at Lot 7270L MK 28 Tampines Ave 10 for the development of 630 condominium units and 2 retail units of approximately 55,347 sqm of gross floor area for sale.

**22. PROPERTIES HELD FOR SALE** (cont'd)

(e) Development properties held for sale include: (cont'd)

(i) Singapore (cont'd)

(14) * Twin Fountains – leasehold land (99-year tenure commencing 19 December 2012) at MK13 on Lot 06030P Woodlands Avenue 6 (Woodlands Planning Area) for the development of 418 executive condominium units of approximately 45,769 sqm of gross floor area for sale.

(ii) Australia

(15) Freehold land of approximately 550,000 sqm situated at Mandurah, Western Australia for a proposed residential development.

(16) * Freehold land of approximately 11,895 sqm situated at East Perth, Western Australia for a proposed mixed development comprising approximately 408 private apartment units, 165 serviced suites and commercial space of a total of approximately 59,202 sqm of gross floor area for sale.

(17) Freehold land of approximately 49,240 sqm situated at Parramatta, Sydney, Australia for a proposed development of approximately 766 apartment units of approximately 54,329 sqm of gross floor area for sale.

(18) * 50% proportionate share of a freehold land of approximately 48,000 sqm situated at Broadway, Sydney, Australia for a proposed mixed development of approximately 2,578 residential apartment units of approximately 162,678 sqm of gross floor area for sale and commercial space of approximately 50,822 sqm of gross floor area for sale.

(19) Freehold land of approximately 10,000 sqm situated at Broadway, Sydney, Australia for a proposed mixed development of approximately 561 apartment units of approximately 32,203 sqm of gross floor area for sale and commercial space of approximately 9,797 sqm of gross floor area for sale.

(20) * Freehold land of approximately 113,500 sqm located at Putney, Sydney, Australia for a proposed development comprising 691 apartments and 100 houses of approximately 75,735 sqm of gross floor area for sale.

(iii) New Zealand

(21) Freehold land of approximately 13,275 sqm in the South Island, Queenstown, New Zealand for a proposed development of 43 luxury residential apartments of approximately 8,410 sqm of gross floor area for sale.

(22) Freehold land of approximately 228,884 sqm located in Tauranga in the Bay of Plenty, New Zealand for a proposed development of approximately 350 land lots and totalling approximately 139,906 sqm of lot area for sale.

**22. PROPERTIES HELD FOR SALE** (cont'd)

(e) Development properties held for sale include: (cont'd)

(iv) United Kingdom

(23) * Freehold land of approximately 20,531 sqm on the south bank of River Thames, London, United Kingdom for a proposed residential and commercial development of 504 residential units and ancillary office and retail space of a total of approximately 32,236 sqm of gross floor area for sale for Phase 3 of the Wandsworth Riverside Development.

(24) Freehold land of approximately 1,781 sqm situated at 143 -161 Wandsworth Road, London, United Kingdom.

(25) Freehold land of approximately 2,310 sqm situated at 1 – 6 Camberwell Green and 307-311 Camberwell New Road SE5, London, United Kingdom.

(26) Freehold land of approximately 3,157 sqm situated at Brown Street, Glasgow, United Kingdom.

(27) Freehold land of approximately 5,870 sqm situated at Baildon, United Kingdom.

(v) China

(28) Leasehold land (70-year tenure commencing 27 December 2004) of approximately 314,501 sqm situated in Gongye Yuan District, Nan Shi Jie Dong, Suzhou, China for a residential development of a total of approximately 543,700 sqm of gross floor area for sale.

(29) * Leasehold land (50-year tenure commencing 4 September 2007) of approximately 152,171 sqm situated in Chengdu, China for a proposed industrial/commercial development with a total of approximately 470,694 sqm of gross floor area for sale.

(vi) Thailand

(30) * 49% proportionate share of The Pano - freehold land of approximately 40,608 sqm situated at Rama III Road, Bangkok, Thailand which is separated into phase 1 of 14,062 sqm and phase 2 and 3 of 26,546 sqm. Phase 1 consists of development of 397 condominium units of approximately 61,999 sqm of gross floor area for sale.

(vii) Malaysia

(31) 50% proportionate share of leasehold land (99-year tenure commencing 14 August 1970 and 10 December 1970) of approximately 51,491 sqm situated in Petaling Jaya, Selangor, Malaysia for a proposed mixed development with a total of approximately 179,916 sqm of net saleable area.

* Certain subsidiaries and joint ventures have granted fixed and floating charge over their properties held for sale totalling $1,973,160,000 (2012: $1,587,617,000) to banks as securities for credit facilities.

## 23. DERIVATIVE FINANCIAL INSTRUMENTS

| | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|
| **Assets** | | |
| Current: | | |
| Interest rate swaps | 19 | – |
| Foreign currency forward contracts | 6,921 | – |
| | 6,940 | – |
| **Liabilities** | | |
| Interest rate swaps | 5,310 | 10,891 |
| Foreign currency forward contracts | 3,095 | 4,699 |
| | 8,405 | 15,590 |
| Comprise: | | |
| Curent | 5,624 | 10,858 |
| Non-current | 2,781 | 4,732 |
| | 8,405 | 15,590 |

Interest rate swaps

The Group has applied cash flow hedge accounting to interest rate swap arrangements for which the associated floating rate loans have the same critical terms, and which have been assessed to be effective hedges.

The Group have interest rate swap arrangements in place for the following loan amounts:

| | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|
| **Notional Amounts** | | |
| Within one year | 337,699 | 292,321 |
| Between one to three years | 239,166 | 252,300 |
| | 576,865 | 544,621 |

At 30 June 2013, the fixed interest rates of the outstanding interest rate swap contracts range between 1.6% to 4.0% (2012: between 1.6% to 4.3%) per annum.

## 23. DERIVATIVE FINANCIAL INSTRUMENTS (cont'd)

Foreign currency forward contracts

The carrying amounts of the remaining foreign currency forward contracts are accounted for at fair value through profit or loss.

The Company and the Group have foreign currency forward contracts arrangements in place for the following amounts:

| | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|
| **Notional Amounts** | | |
| Within one year | 292,496 | 311,980 |

## 24. CASH AND CASH EQUIVALENTS

| | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|
| Fixed deposits | 84,766 | 142,053 |
| Cash at bank and in hand | 694,115 | 699,723 |
| Amounts held under "Project Account Rules - 1997 Ed" | | |
| Fixed deposits | 148,642 | 355,878 |
| Cash at banks | 53,629 | 8,660 |
| | 202,271 | 364,538 |
| Cash and cash equivalents | 981,152 | 1,206,314 |

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made in varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

The withdrawals from amounts held under "Project Account Rules – 1997 Ed" are restricted to payments for development expenditure incurred on properties developed for sale.

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the balance sheet date:

| | Note | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|---|
| Fixed deposits and cash at banks and in hand | | 981,152 | 1,206,314 |
| Bank overdrafts | 26 | (458) | (1,268) |
| Effect of exchange rate change on opening cash | | – | (4,041) |
| Cash and cash equivalents in the consolidated cash flow statement | | 980,694 | 1,201,005 |

## 25. TRADE AND OTHER PAYABLES

| | Note | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|---|
| **Trade and other payables (current)** | | | |
| Trade payables | | 310,897 | 345,370 |
| Loans from non-controlling interests | | 158,359 | 133,167 |
| Interest payable | | 5,758 | 7,235 |
| Accruals | | 166,418 | 102,429 |
| Sundry creditors | | 13,589 | 24,223 |
| Rental deposits | | 40,510 | 40,682 |
| Amounts due to holding company | | 8,679 | 8,373 |
| Amounts due to related companies | | 587,204 | 663,012 |
| | | 1,291,414 | 1,324,491 |
| Progress billings received | | 562,915 | 335,053 |
| Total trade and other payables (current) | | 1,854,329 | 1,659,544 |
| **Other payables (non-current)** | | | |
| Provision for bank profit share | | 20,873 | 18,224 |
| Sundry creditors | | 3,249 | 3,491 |
| Amounts due to related companies | | 1,359,343 | 1,893,036 |
| | | 1,383,465 | 1,914,751 |
| Total trade and other payables (current and non-current) | | 3,237,794 | 3,574,295 |
| Loans and borrowings | 26 | 1,852,378 | 1,592,525 |
| Total financial liabilities carried at amortised cost # | | 4,527,257 | 4,831,767 |

# excludes progress billings received

Trade payables

Trade payables are non-interest bearing and are generally settled on 60 day terms.

Loans from non-controlling interests

Loans from non-controlling interests are non-trade in nature, unsecured, repayable in cash on demand and interest free except for loans of Nil (2012: $11,663,000) which bear interest at Nil (2012: 2.37%) per annum.

Related companies balances

Amounts due to holding and related companies are non-trade related, unsecured and repayable in cash. The current amounts are repayable upon demand.

Maturity of non-current amounts due to related companies is as follows:

| | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|
| Between 1 and 2 years | 368,046 | 538,619 |
| Between 3 and 5 years | 991,297 | 1,354,417 |
| | 1,359,343 | 1,893,036 |

## 25. TRADE AND OTHER PAYABLES (cont'd)

The amounts are non-interest bearing except for the following:

| | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|
| Interest bearing | 1,923,269 | 2,530,123 |

Interest is charged at a range of between 2.0% to 6.0% (2012: between 1.7% to 6.0%) per annum.

Sundry creditors (non-current)

Included in non-current sundry creditors is a Redeemable Special Preference Share ("RSPS") of $2 (£1) (2012: $2 (£1)) issued by a subsidiary, Frasers Property (UK) Limited ("FPUK"), to a bank in consideration for the waiver of a portion of its debt as disclosed in Note 26. The key rights and obligations of the RSPS as set out in the Articles of Association of FPUK are as follows:-

- the holder of the RSPS is entitled to a Bank's Equity Allocation Dividend ("BEAD") equivalent to 1% of any future profits arising on certain development properties held for sale in the United Kingdom;
- FPUK or the bank is entitled to redeem the RSPS for £1 after the "BEAD" and certain bank facilities have been fully repaid; and
- the RSPS has no attendance and voting rights at general meetings.

Provision for bank profit share

This provision is made in connection with the bank debt restructuring of FPUK during the year and comprises:

- a 1% dividend known as "BEAD" as described above; and
- a Deferred Restructuring Fees ("DRF") pursuant to a refinanced facility, the Senior Facilities ("SF") with the bank (see Note 26), which is equal to 19% of any future profits arising on certain development properties held for sale in the United Kingdom.

  The "BEAD" and "DRF" payouts, collectively known as the "Bank Profit Share", is payable on the earlier of these 3 events:

  - upon repayment of the SF; or
  - upon the maturity of the SF (see Note 26); or
  - upon the sale of the secured development properties in UK (see Note 22).

## 26. LOANS AND BORROWINGS

| | Weighted average effective interest rate 2013 % | 2012 % | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|---|---|
| **Repayable within one year:** | | | | |
| Unsecured | | | | |
| Bank loans | 2.50 | 1.35 | 105,602 | 2,116 |
| Bank overdrafts | | | 458 | 1,268 |
| Secured | | | | |
| Bank loans | 3.18 | 3.97 | 159,649 | 164,414 |
| | | | 265,709 | 167,798 |
| **Repayable after one year:** | | | | |
| Unsecured | | | | |
| Bank loans | 5.55 | 3.38 | 29,102 | 135,785 |
| Medium Term Notes | 3.74 | 3.74 | 125,000 | 125,000 |
| Secured | | | | |
| Bank loans | 2.97 | 2.68 | 1,432,567 | 1,163,942 |
| | | | 1,586,669 | 1,424,727 |
| Total loans and borrowings | | | 1,852,378 | 1,592,525 |

(a) The secured bank loans, overdrafts and term loans are secured by certain subsidiaries and joint ventures by way of fixed and floating charges over certain assets and mortgages on freehold and leasehold land under development as disclosed in Notes 13 and 22.

(b) Maturity of non-current loans and borrowings is as follows:

| | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|
| Between 1 and 2 years | 319,533 | 319,357 |
| Between 3 and 5 years | 1,142,136 | 980,370 |
| After 5 years | 125,000 | 125,000 |
| | 1,586,669 | 1,424,727 |

(c) Included in non-current secured bank loans are Senior Facilities ("SF") of £35 million which will be subject to Deferred Restructuring Fees ("DRF") based on 19% of any future profit arising on certain development properties held for sale in the United Kingdom. The SF are also secured by these certain development properties in the United Kingdom. The DRF is payable when the secured properties are sold, or within 2 years of practical completion of one of the secured properties, or on the respective maturity dates of the various tranches of the SF in December 2013 and December 2014, whichever is earlier.

The provision for such DRF is included under "Provision for bank profit share" as disclosed in Note 25.

## 26. LOANS AND BORROWINGS (cont'd)

(d) As at 30 June 2013, the Company and Group had interest rate swaps in place, which have the economic effect of converting borrowings from fixed rates to variable rates or vice versa. The terms of these interest rate swaps is discussed in Note 23, and the fair values are disclosed in Note 34.

(e) FCL Treasury Pte. Ltd., a wholly-owned subsidiary of the Company, has established a S$1,000,000,000 Multicurrency Medium Term Note Programme, to be unconditionally and irrevocably guaranteed by the Company.

(f) As at 30 September 2012, a subsidiary of the Group in the United Kingdom was in breach of a Loan to Value ratio ("LTV" ratio) on a £28.6 million facility and as a result, the £28.6 million loan has been classified as repayable in less than one year. Subsequent to 30 September 2012, in an Amendment Agreement entered into with the bank, the bank has agreed to an extension of time for this subsidiary to achieve the LTV ratio and to comply with its obligation under the original Facility Agreement. With the extension of time, this subsidiary is obliged to achieve and maintain the LTV ratio for the deferred period commencing from 31 December 2012 and ending on such day the loan is repaid in full, or on maturity in December 2013.

## 27. SHARE CAPITAL

| | Audited 30.6.2013 | | Audited 30.9.2012 | |
|---|---|---|---|---|
| | (No. of Shares) | $'000 | (No. of Shares) | $'000 |
| Issued and fully paid: | | | | |
| *Ordinary Shares* | 753,291,782 | 753,977 | 753,291,782 | 753,977 |
| *Redeemable Preference Shares ("RPS")* | | | | |
| 330,000 Class B RPS | 330,000 | 330,000 | 330,000 | 330,000 |
| Total Share Capital | | 1,083,977 | | 1,083,977 |

(a) *Ordinary Shares*

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All shares carry one vote per share without restriction.

The ordinary shares have no par value.

(b) *Redeemable Preference Shares*

The Class B RPS have no fixed maturity, are redeemable at the option of the Company on a Dividend Date and shall rank in priority to the ordinary shares of the Company in the entitlement to receive declared dividends and repayment of specified redemption amount upon any liquidation, dissolution or winding-up of the Company.

Holders of Class B RPS shall be paid dividend at the same rate declared, and on the same date as that for the ordinary shares. Save in certain instances set out in the Company's Articles and the Companies Act, the Class B RPS shall not confer on its holders the right to receive notice of or attend or vote at any general meeting of the Company.

Subject to the Companies Act, the Class B RPS shall be redeemed by the Company on such date as the Company and the holders of the Class B RPS may agree, or on liquidation, or winding-up of the Company, whichever is earlier.

## 28. OTHER RESERVES

### (a) *Fair Value Adjustment Reserve*

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

| | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|
| At 1 October | 35,136 | (214) |
| Net change in the reserve | (34,766) | 35,350 |
| At 30 June/September | 370 | 35,136 |
| Net change in the reserve arise from: | | |
| Realisation upon disposal of available-for-sale financial assets | (34,900) | – |
| Fair value change of available-for-sale financial assets | – | 34,900 |
| Share of associate's fair value change | 134 | 450 |
| | (34,766) | 35,350 |

### (b) *Foreign Currency Translation Reserve*

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the effect of hedging net investments in foreign operations and translating foreign currency loans which form part of the Group's net investment in foreign operations.

| | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|
| At 1 October | 29,920 | 21,128 |
| Net change in the reserve | (21,416) | 8,792 |
| At 30 June/September | 8,504 | 29,920 |
| Net change in the reserve arise from: | | |
| Translation of financial statements of foreign operations | 10,236 | (26,042) |
| Hedging of net investments in foreign operations | (19,318) | 2,667 |
| Realisation on settlement of monetary items which form part of the Group's net investment in foreign subsidiaries | (822) | (2,502) |
| Change in group structure | – | 34,446 |
| Share of associates' reserve | (11,512) | 223 |
| | (21,416) | 8,792 |

## 28. OTHER RESERVES (cont'd)

### (c) *Hedging Reserve*

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments related to hedged transactions that have not yet occurred.

| | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|
| At 1 October | (6,042) | (11,473) |
| Net change in the reserve | 5,933 | 5,431 |
| At 30 June/September | (109) | (6,042) |
| Net change in the reserve arise from: | | |
| Effective portion of change in fair value of cash flow hedges | 5,198 | 5,745 |
| Change in group structure | – | (314) |
| Share of associate's reserve | 735 | – |
| | 5,933 | 5,431 |

### (d) *Other Reserves*

Included in other reserves are:

(i) the statutory reserve which relates to appropriation of funds from the net profit of subsidiaries and associate in China and Thailand, respectively, in accordance with the local laws; and

(ii) the group's share of its associates' costs directly attributable to the issuance of the units of the associates.

## 29. DIVIDENDS

| | Audited 1.10.2012 to 30.6.2013 $'000 | Unaudited 1.10.2011 to 30.6.2012 $'000 |
|---|---|---|
| Dividends on ordinary shares | | |
| Interim paid | | |
| - 19.91 cents (2012: 17.26 cents) per ordinary share, tax exempt | 150,000 | 130,000 |

Dividends on redeemable preference shares

No preference dividends were paid during the periods.

## 30. FINANCIAL REPORTING STANDARDS ("FRS") AND INTERPRETATIONS OF FRS ("INT FRS")

*FRS and INT FRS not yet effective*

The Group has not adopted the following standards that have been issued but not yet effective:

| Description | | Effective for annual period beginning on or after |
|---|---|---|
| Revised FRS 19 | *Employee Benefits* | 1 January 2013 |
| FRS 113 | *Fair Value Measurement* | 1 January 2013 |
| Amendments to FRS 107 | *Disclosures - Offsetting Financial Assets and Financial Liabilities* | 1 January 2013 |
| Improvements to FRSs 2012 | | |
| - Amendment to FRS 1 | *Presentation of Financial Statements* | 1 January 2013 |
| - Amendment to FRS 16 | *Property, Plant and Equipment* | 1 January 2013 |
| - Amendment to FRS 32 | *Financial Instruments: Presentation* | 1 January 2013 |
| Revised FRS 27 | *Separate Financial Statements* | 1 January 2014 |
| Revised FRS 28 | *Investments in Associates and Joint Ventures* | 1 January 2014 |
| FRS 110 | *Consolidated Financial Statements* | 1 January 2014 |
| FRS 111 | *Joint Arrangements* | 1 January 2014 |
| FRS 112 | *Disclosure of Interests in Other Entities* | 1 January 2014 |
| Amendments to FRS 32 | *Offsetting Financial Assets and Financial Liabilities* | 1 January 2014 |
| Amendments to FRS 110, FRS 111 and FRS 112 | *Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities : Transition Guidance* | 1 January 2014 |
| Amendments to FRS 110, FRS 112 and FRS 27 | *Investment Entities* | 1 January 2014 |

The standards that are relevant to the Group are as follows:

FRS 113 *Fair Value Measurements*

FRS 113 provides a single source of guidance for all fair value measurements. FRS 113 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under FRS when fair value is required or permitted by FRS. The Group is currently determining the impact of this new standard on the Group's financial statements.

FRS 111 *Joint Arrangements* and Revised FRS 28 *Investments in Associates and Joint Ventures*

FRS 111 *Joint Arrangements* and Revised FRS 28 *Investments in Associates and Joint Ventures* are effective for financial periods beginning on or after 1 January 2014.

FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties that have rights to the assets and obligations for the liabilities whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

**30. FINANCIAL REPORTING STANDARDS ("FRS") AND INTERPRETATIONS OF FRS ("INT FRS")** (cont'd)

FRS 111 *Joint Arrangements* and Revised FRS 28 *Investments in Associates and Joint Ventures (cont'd)*

FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

The Group currently applies proportionate consolidation for its joint ventures. Upon adoption of FRS 111, the Group expects the change to equity accounting for these joint ventures will affect the Group's financial statement presentation.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 Disclosure of Interests in Other Entities is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2014.

Amendments to FRS 107: *Disclosures – Offsetting Financial Assets and Financial Liabilities*

The Amendments to FRS 107 provides disclosure requirements that are intended to help investors and other financial statement users better assess the effect or potential effect of offsetting arrangements on a company's financial position. The new disclosures require information about the gross amount of financial assets and liabilities before offsetting and the amounts set off in accordance with offsetting model in FRS 32. As the Amendments only affect disclosures, it will not have any impact to the financial position or financial performance of the Group upon adoption.

Amendments to FRS 32: *Offsetting Financial Assets and Financial Liabilities*

The Amendments to FRS 32 Offsetting Financial Assets and Financial Liabilities clarifies the meaning of 'currently has a legally enforceable right to set-off'; and that some gross settlement systems may be considered equivalent to net settlement. The Group expects to offset certain assets and liabilities and hence affecting the financial position upon adoption of the Amendments.

**30. FINANCIAL REPORTING STANDARDS ("FRS") AND INTERPRETATIONS OF FRS ("INT FRS")** (cont'd)

Improvements to FRSs 2012

The Accounting Standards Council issued Improvements to FRSs 2012 on 16 August 2012 that is effective for annual periods beginning on or after 1 January 2013. Some of the key amendments are listed below:

(i) Amendment to FRS 1 *Presentation of Financial Statements*

The amendment clarifies that an entity must include comparative in the related notes to the financial statements when it voluntarily provides comparative information beyond the minimum required comparative period. However, unlike the voluntary comparative information, the related notes are not required to accompany the third balance sheet.

(ii) Amendment to FRS 16 *Property, Plant and Equipment*

The amendment provides clarification that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

(iii) Amendment to FRS 32 *Financial Instruments: Presentation*

The amendment clarifies that income tax arising from distributions to equity holders are accounted for in accordance with FRS 12 *Income Taxes*.

Previously, FRS 32 requires that distributions to holders of an equity instrument to be recognised directly in equity net of any related income tax while FRS 12 requires that tax consequences of dividends generally to be recognised in profit or loss unless certain conditions are met. FRS 32 was amended to address the inconsistencies by referring to FRS 12 for the accounting for income tax relating to distributions to holders of an equity instrument and transaction costs of an equity transaction.

The adoption of the amendments in the improvements to FRSs issued in 2012 will not have any impact to the accounting policies of the Group in the period of initial application.

FRS 110 *Consolidated Financial Statements* and Revised FRS 27 *Separate Financial Statements*

FRS 110 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by FRS 110 will require management to exercise significant judgment to determine which entities are controlled, and therefore are required to be consolidated by the Group, compared with the requirements that were in FRS 27. Therefore, FRS 110 may change which entities are consolidated within a group. The revised FRS 27 was amended to address accounting for subsidiaries, jointly controlled entities and associates in separate financial statements.

The Group is currently determining the impact of the changes to control and expect that the adoption of FRS 110 in 2014 will likely lead to more entities being consolidated to the Group.

## 31. SIGNIFICANT SUBSIDIARIES

| | Subsidiaries | Principal Activities | Percentage equity held by the Group | |
|---|---|---|---|---|
| | | | 30.6.2013 | 30.9.2012 |
| | **Subsidiaries of the Company** | | | |
| | Country of Incorporation and Place of Business: Singapore | | | |
| (a) | FCL Property Investments Pte. Ltd. | Property investment | 100% | 100% |
| (a) | FCL Enterprises Pte. Ltd. | Property investment | 100% | 100% |
| (a) | Riverside Property Pte. Ltd. | Property investment | 100% | 100% |
| (a) | FCL Centrepoint Pte. Ltd. | Investment holding | 100% | 100% |
| (a) | Orrick Investments Pte Limited | Property investment | 100% | 100% |
| (a) | Yishun Development Pte Ltd | Property development | 100% | 100% |
| (a) | FCL Alexandra Point Pte. Ltd. | Property investment | 100% | 100% |
| (a) | Woodlands Complex Pte Ltd | Property development | 100% | 100% |
| (a) | Riverside Walk Pte Ltd | Property development | 100% | 100% |
| (a) | FCL Ventures Pte. Ltd. | Property development | 100% | 100% |
| (a) | FCL Management Services Pte. Ltd. | Management services | 100% | 100% |
| (a) | Riverside Investments Pte Ltd | Property development | 100% | 100% |
| (a) | Yishun Land Pte Ltd | Property development | 100% | 100% |
| (a) | Yishun Property Pte Ltd | Property development | 100% | 100% |
| (a) | FCL Tampines Pte. Ltd. | Property development | 80% | 80% |
| (a) | FCL Homes Pte. Ltd. | Property development | 100% | 100% |
| (a) | FCL Land Pte. Ltd. | Property development | 100% | 100% |
| (a) | FCL Assets Pte. Ltd. | Investment holding | 100% | 100% |
| (a) | FCL Estates Pte. Ltd. | Property development | 100% | 100% |
| (a) | Frasers Hospitality Pte. Ltd. | Investment holding and management services | 100% | 100% |
| (a) | Frasers (UK) Pte. Ltd. | Investment holding | 75% | 75% |
| (a) | Frasers (Australia) Pte. Ltd. | Investment holding | 75% | 75% |
| (a) | FCL (China) Pte. Ltd. | Investment holding | 100% | 100% |
| (a) | FCL Boon Lay Pte. Ltd. | Property development | 100% | 100% |
| (a) | FCL (Fraser) Pte. Ltd. | Investment holding | 100% | 100% |
| (a) | FCL Sophia Pte. Ltd. | Property development | 100% | 100% |

## 31. SIGNIFICANT SUBSIDIARIES (cont'd)

| | Subsidiaries | Principal Activities | Percentage equity held by the Group | |
|---|---|---|---|---|
| | | | 30.6.2013 | 30.9.2012 |
| | **Subsidiaries of the Company** (cont'd) | | | |
| | Country of Incorporation and Place of Business: Singapore (cont'd) | | | |
| (a) | Frasers Centrepoint Property Management Services Pte. Ltd. | Management services | 100% | 100% |
| (a) | FCL Choa Chu Kang Pte. Ltd. | Property development | 100% | 100% |
| (a) | FCL Joo Chiat Place Pte. Ltd. | Property development | 100% | 100% |
| (a) | Frasers (NZ) Pte. Ltd. | Investment holding | 75% | 75% |
| (a) | FCL China Development Pte. Ltd. | Investment holding | 100% | 100% |
| (a) | FCL Court Pte. Ltd. | Property development | 100% | 100% |
| (a) | FCL Lodge Pte. Ltd. | Property development | 100% | 100% |
| (a) | FCL Place Pte. Ltd. | Property development | 100% | 100% |
| (a) | FCL Rise Pte. Ltd. | Property development | 100% | 100% |
| (a) | Frasers (Thailand) Pte. Ltd. | Investment holding | 100% | 100% |
| (a) | River Valley Properties Pte Ltd | Investment holding and property development | 100% | 100% |
| (a) | Lion (Singapore) Pte. Limited | Property development | 100% | 100% |
| (a) | FCL View Pte. Ltd. | Property development | 100% | 100% |
| (a) | FCL Tower Pte. Ltd. | Property development | 100% | 100% |
| (a) | FCL Loft Pte. Ltd. | Property development | 100% | 100% |
| (a) | Frasers Centrepoint Asset Management Ltd. | Management services | 100% | 100% |
| (a) | FCL Investments Pte. Ltd. | Investment holding | 100% | 100% |
| (a) | FCL Trust Holdings Pte. Ltd. | Investment holding | 100% | 100% |
| (a) | Frasers Hospitality Investment Holding (Philippines) Pte. Ltd. | Investment holding | 100% | 100% |
| (a) | Frasers Centrepoint Asset Management (Malaysia) Pte. Ltd. | Investment holding | 100% | 100% |
| (a) | FCL Trust Holdings (Commercial) Pte. Ltd. | Investment holding | 100% | 100% |
| (a) | Frasers Centrepoint Asset Management (Commercial) Ltd | Asset management, fund and property management and related advisory services | 100% | 100% |
| (a) | MLP Co Pte. Ltd. | Investment holding | 100% | 100% |

## 31. SIGNIFICANT SUBSIDIARIES (cont'd)

| | Subsidiaries | Principal Activities | Percentage equity held by the Group | |
|---|---|---|---|---|
| | | | 30.6.2013 | 30.9.2012 |
| | **Subsidiaries of the Company** (cont'd) | | | |
| | Country of Incorporation and Place of Business: Singapore (cont'd) | | | |
| (a) | SAJV Co Pte. Ltd. | Investment holding | 100% | 100% |
| (a) | FCL Clover Pte. Ltd. | Financial Services | 100% | 100% |
| (a) | FCL Tampines Court Pte. Ltd. | Investment holding | 100% | 100% |
| (a) | FCL Emerald (1) Pte. Ltd. | Investment holding | 100% | 100% |
| (a) | FCL Emerald (2) Pte. Ltd. | Investment holding | 100% | 100% |
| (a) | Opal Star Pte. Ltd. | Investment holding | 100% | 100% |
| (a) | Fraser Suites Jakarta Pte. Ltd. | Investment holding | 100% | 100% |
| (a) | Fraser Residence Orchard Pte. Ltd. | Operation of serviced apartments | 100% | 100% |
| (a) | Frasers Centrepoint Property Management (Commercial) Pte. Ltd. | Asset management, fund and property management and related advisory services | 100% | 100% |
| (a) | FCL Management Services (Commercial) Pte. Ltd. | Management services | 100% | 100% |
| (a) | FCL Crystal Pte. Ltd. | Property development | 100% | 100% |
| (a) | FCL Topaz Pte. Ltd. | Investment holding | 100% | 100% |
| (a) | Frasers Hospitality Investments Melbourne Pte. Ltd. | Investment holding | 100% | 100% |
| (a) | FCL Treasury Pte. Ltd. | Financial services | 100% | 100% |
| (a) | Frasers Land Pte. Ltd. | Property development | 100% | 100% |
| | Country of Incorporation: Singapore Place of Business: Australia | | | |
| (a) | FCL Bridgepoint Pte. Ltd. | Property investment | 100% | 100% |
| | Country of Incorporation and Place of Business: Hong Kong | | | |
| (a) | Excellent Esteem Limited | Investment holding | 100% | 100% |

## 31. SIGNIFICANT SUBSIDIARIES (cont'd)

| | Subsidiaries | Principal Activities | Percentage equity held by the Group 30.6.2013 | 30.9.2012 |
|---|---|---|---|---|
| | **Subsidiaries of the Company** (cont'd) | | | |
| | Country of Incorporation and Place of Business: Australia | | | |
| (a) | Frasers Town Hall Pty Ltd | Investment holding and property development | 80.5% | 80.5% |
| (a) | Frasers Town Hall Residences Pty Ltd | Property investment | 80.5% | 80.5% |
| (a) | Frasers Town Hall Issuer Pty Ltd | Financial services | 80.5% | 80.5% |
| (a) | Frasers Town Hall Residences Operations Pty Ltd | Management services | 80.5% | 80.5% |
| (a) | Frasers City Quarter Pty Limited | Property development | 87.5% | 87.5% |
| (a) | Frasers Queens Pty Ltd | Investment holding and property development | 87.5% | 87.5% |
| (a) | Frasers Perth Pty Ltd | Property investment | 87.5% | 87.5% |
| (a) | Frasers Perth Management Pty Ltd | Management services | 87.5% | 87.5% |
| | **Subsidiary of MLP Co Pte. Ltd.** | | | |
| | Country of Incorporation and Place of Business: Vietnam | | | |
| (a) | Me Linh Point Limited | Property investment | 75% | 75% |
| | **Subsidiary of FCL Enterprises Pte. Ltd.** | | | |
| | Country of Incorporation and Place of Business: Singapore | | | |
| (a) | Emerald Hill Developments Pte. Ltd. | Property investment | 100% | 100% |
| | **Subsidiaries of River Valley Properties Pte Ltd** | | | |
| | Country of Incorporation and Place of Business: Singapore | | | |
| (a) | River Valley Shopping Centre Pte Ltd | Property investment | 100% | 100% |
| (a) | River Valley Tower Pte Ltd | Property investment | 100% | 100% |
| (a) | River Valley Apartments Pte Ltd | Property investment | 100% | 100% |

## 31. SIGNIFICANT SUBSIDIARIES (cont'd)

| | Subsidiaries | Principal Activities | Percentage equity held by the Group | |
|---|---|---|---|---|
| | | | 30.6.2013 | 30.9.2012 |
| | **Subsidiaries of Opal Star Pte Ltd** | | | |
| | Country of Incorporation and Place of Business: Singapore | | | |
| (a) | FCL Compassvale Pte. Ltd. | Property development | 80% | 80% |
| (a) | FCL Admiralty Pte. Ltd. | Property development | 70% | – |
| | **Subsidiary of FCL Tampines Court Pte. Ltd.** | | | |
| | Country of Incorporation and Place of Business: Singapore | | | |
| (a) | Punggol Residences Pte. Ltd. | Property development | 80% | 80% |
| | **Subsidiaries of Frasers (UK) Pte. Ltd.** | | | |
| | Country of Incorporation and Place of Business: Singapore | | | |
| (a) | Frasers Property (Europe) Holdings Pte. Ltd. | Investment holding | 80% | 80% |
| | Country of Incorporation and Place of Business: United Kingdom | | | |
| (c) | Frasers Property (UK) Limited | Investment holding | 80% | 80% |
| (c) | Frasers Property Developments Ltd | Investment holding | 80% | 80% |
| (c) | Frasers Investments (UK) Limited | Property investment | 80% | 80% |
| (c) | Frasers Ventures Limited | Property development | 80% | 80% |
| (c) | Frasers FB (UK) Limited | Property investment | 80% | 80% |
| (c) | Frasers Projects Ltd | Property development | 80% | 80% |
| (c) | The School House (Tunbridge Wells) Limited | Property development | 80% | 80% |
| (c) | Frasers General Partner Limited | Property investment | 80% | 80% |
| (c) | Frasers FB (UK) Group Limited | Investment holding | 80% | 80% |
| (c) | Frasers FB (House) Limited | Investment holding | 80% | 80% |
| (c) | Frasers Homes (UK) Ltd | Property development | 80% | 80% |
| (c) | Frasers (Buckswood Grange) Limited | Property development | 80% | 80% |
| (c) | Frasers Islington Limited | Property development | 79.2% | 79.2% |
| (c) | Frasers Islington Properties Limited | Property development | 79.2% | 79.2% |

## 31. SIGNIFICANT SUBSIDIARIES (cont'd)

| | Subsidiaries | Principal Activities | Percentage equity held by the Group 30.6.2013 | 30.9.2012 |
|---|---|---|---|---|
| | **Subsidiaries of Frasers (UK) Pte. Ltd.** (cont'd) | | | |
| | Country of Incorporation and Place of Business: United Kingdom (cont'd) | | | |
| (c) | NGH Properties Limited | Property investment | 80% | 80% |
| (c) | Frasers (Brown Street) Limited | Property development | 80% | 80% |
| (c) | Frasers (Vincent Square) Ltd | Property development | 80% | 80% |
| (c) | Frasers Lumiere Leeds Ltd | Investment holding | 80% | 80% |
| (c) | Frasers Management (UK) Ltd | Management services | 80% | 80% |
| (c) | Frasers (Riverside Quarter) Ltd | Property development | 80% | 80% |
| (b) | Frasers Highbury Limited | Dormant | 75% | 75% |
| (c) | Frasers (Maidenhead) Ltd | Property development | 80% | 80% |
| (c) | Frasers Imperial Place Ltd | Property development | 80% | 80% |
| | **Subsidiaries of Frasers (Australia) Pte. Ltd.** | | | |
| | Country of Incorporation and Place of Business: Australia | | | |
| (a) | Frasers Property Australia Pty Ltd | Investment holding | 75% | 75% |
| (a) | Frasers Property Management Australia Pty Limited | Management services | 75% | 75% |
| (a) | Frasers Chandos Pty Limited | Property development | 75% | 75% |
| (a) | Frasers Lorne Pty Limited | Property development | 75% | 75% |
| (a) | Frasers Mandurah Pty Limited | Property development | 56.3% | 56.3% |
| (a) | Frasers Killara Pty Ltd | Property development | 75% | 75% |
| (a) | Frasers Morton Pty Ltd | Property development | 75% | 75% |
| (a) | Frasers Broadway Pty Ltd | Property development | 75% | 75% |
| (a) | Frasers Homes WA Pty Limited | Builder | 56.3% | 56.3% |
| (a) | Frasers Putney Pty Limited | Property development | 75% | 75% |
| (a) | Frasers Central Park Holdings No. 1 Pty Ltd | Investment holding | 75% | 75% |
| (a) | Frasers Central Park Holdings No. 2 Pty Ltd | Investment holding | 75% | 75% |
| (a) | Frasers Central Park Land No. 1 Pty Ltd | Property development | 75% | 75% |

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS** for the nine months ended 30 June 2013

## 31. SIGNIFICANT SUBSIDIARIES (cont'd)

| | | Subsidiaries | Principal Activities | Percentage equity held by the Group | |
|---|---|---|---|---|---|
| | | | | 30.6.2013 | 30.9.2012 |
| | | **Subsidiaries of Frasers (Australia) Pte. Ltd.** (cont'd) | | | |
| | | Country of Incorporation and Place of Business: Australia (cont'd) | | | |
| | (a) | Frasers Central Park Land No. 2 Pty Ltd | Property development | 75% | 75% |
| | (a) | Frasers Central Park Equity No. 1 Pty Ltd | Property development | 75% | 75% |
| | (a) | Frasers Central Park Equity No. 2 Pty Ltd | Property development | 75% | 75% |
| | (a) | Frasers Kensington Holdings Pty Ltd | Investment holding | 75% | - |
| | (a) | Frasers Kensington Land Pty Ltd | Property development | 75% | - |
| | (a) | Frasers Kensington Development Pty Ltd | Property development | 75% | - |
| | | **Subsidiaries of Frasers (NZ) Pte. Ltd.** | | | |
| | | Country of Incorporation and Place of Business: New Zealand | | | |
| | (a) | Frasers Broadview Limited | Property development | 75% | 75% |
| | (a) | Frasers Papamoa Limited | Property development | 67.5% | 67.5% |
| | (a) | Coast Homes Limited | Builder | 67.5% | 67.5% |
| | | **Subsidiaries of Frasers Hospitality Pte Ltd** | | | |
| | | Country of Incorporation and Place of Business: The Philippines | | | |
| | (a) | Frasers Hospitality Philippines, Inc | Management consultancy services | 100% | 100% |
| | | Country of Incorporation and Place of Business: Thailand | | | |
| (1) | (a) | Frasers Hospitality (Thailand) Limited | Management consultancy services | 100% | 100% |
| | | Country of Incorporation and Place of Business: Hong Kong | | | |
| | (d) | Frasers Hospitality (Hong Kong) Limited | Management consultancy services | 100% | 100% |

## 31. SIGNIFICANT SUBSIDIARIES (cont'd)

| | | Subsidiaries | Principal Activities | Percentage equity held by the Group 30.6.2013 | 30.9.2012 |
|---|---|---|---|---|---|
| | | **Subsidiaries of Frasers Hospitality Pte Ltd** (cont'd) | | | |
| | | Country of Incorporation and Place of Business: China | | | |
| (1) | (d) | Frasers Hospitality Management Co., Ltd, Shanghai | Management consultancy services | 100% | 100% |
| (1) | (d) | Fraser Place (Beijing) Property Management Co., Ltd. | Management consultancy services | 100% | 100% |
| (1) | (d) | Modena Hospitality Management Co., Ltd. (Shanghai) | Management consultancy services | 51% | 51% |
| | | Country of Incorporation and Place of Business: Japan | | | |
| | (b) | Frasers Hospitality Japan Kabushiki Kaisha | Management consultancy services | 100% | 100% |
| | | Country of Incorporation and Place of Business: Singapore | | | |
| | (a) | Frasers Hospitality Management Pte Ltd | Management consultancy services | 100% | 100% |
| | (a) | Frasers Hospitality Property Services Pte. Ltd. | Management consultancy services | 100% | 100% |
| | (a) | Frasers Hospitality Changi City Pte. Ltd. | Management consultancy services | 100% | 100% |
| | | Country of Incorporation and Place of Business: India | | | |
| | | Frasers Hospitality India Pty Ltd | Management consultancy services | 100% | 100% |
| | | **Subsidiary of Excellent Esteem Limited** | | | |
| | | Country of Incorporation and Place of Business: China | | | |
| (1) | (d) | Beijing Fraser Suites Real Estate Management Co., Ltd | Property investment | 100% | 100% |
| | | **Subsidiary of Frasers Hospitality Investment Holding (Philippines) Pte. Ltd.** | | | |
| | | Country of Incorporation and Place of Business: Philippines | | | |
| | (a) | Frasers Hospitality Investments Inc. | Property investment | 100% | 100% |

## 31. SIGNIFICANT SUBSIDIARIES (cont'd)

| | Subsidiaries | Principal Activities | Percentage equity held by the Group | |
|---|---|---|---|---|
| | | | 30.6.2013 | 30.9.2012 |
| | **Subsidiaries of FCL (Fraser) Pte. Ltd.** | | | |
| | Country of Incorporation and Place of Business: United Kingdom | | | |
| (c) | Fairdace Limited | Serviced apartments | 100% | 100% |
| (c) | Frasers Hospitality (UK) Limited | Management consultancy services and serviced apartments | 100% | 100% |
| (c) | Frasers St Giles Street Management Ltd | Property management | 100% | 100% |
| (c) | 39 QGG Management Limited | Management services | 100% | 100% |
| (c) | Frasers Hospitality Frankfurt Investment Ltd | Investment holding | 100% | 100% |
| (c) | Fairbriar Residential Investment Partnership | Investment in residential property fund | 100% | 100% |
| | Country of Incorporation: Jersey, Channel Islands Place of Business: United Kingdom | | | |
| (c) | Frasers (St Giles Street, Edinburgh) Limited | Property investment | 100% | 100% |
| (c) | Queensgate Gardens (C.I.) Limited | Property investment | 100% | 100% |
| | Country of Incorporation and Place of Business: France | | | |
| (c) | Societe de Gestion de Residence La Defense | Management services | 100% | 100% |
| | **Subsidiaries of Frasers Hospitality Investments Melbourne Pte. Ltd.** | | | |
| | Country of Incorporation and Place of Business: Singapore | | | |
| (a) | FC Hotel Trustee Pte. Ltd. | Management services | 100% | 100% |
| | Country of Registration and Place of Business: Singapore | | | |
| (a) | Ruby Star Trust | Investment holding | 100% | 100% |

## 31. SIGNIFICANT SUBSIDIARIES (cont'd)

| | | Subsidiaries | Principal Activities | Percentage equity held by the Group 30.6.2013 | 30.9.2012 |
|---|---|---|---|---|---|
| | | **<u>Subsidiaries of Frasers Hospitality Investments Melbourne Pte. Ltd.</u>** (cont'd) | | | |
| | | <u>Country of Incorporation and Place of Business: Australia</u> | | | |
| | (a) | Frasers Melbourne Trust | Property investment | 100% | 100% |
| | (a) | Frasers Melbourne Apartments Pty Limited | Management and consultancy services | 100% | 100% |
| | (a) | Frasers Melbourne Management Pty Limited | Management services | 100% | 100% |
| | | **<u>Subsidiary of Frasers Suites Jakarta Pte. Ltd.</u>** | | | |
| | | <u>Country of Incorporation and Place of Business: Indonesia</u> | | | |
| (1) | (a) | PT Frasers Hospitality Investments Indonesia | Property investment | 100% | 100% |
| | | **<u>Subsidiaries of FCL China Development Pte. Ltd.</u>** | | | |
| | | <u>Country of Incorporation and Place of Business: Singapore</u> | | | |
| | (a) | Sinomax International Pte. Ltd. | Investment holding | 100% | 100% |
| | (a) | Singapore Logistics Investments Pte Ltd | Investment holding | 80% | 80% |
| | | <u>Country of Incorporation and Place of Business: China</u> | | | |
| (1) | (d) | Shanghai Frasers Management Consultancy Co., Ltd | Management services | 100% | 100% |
| (1) | (d) | Beijing Sin Hua Yan Real Estate Development Co., Ltd | Property development | 100% | 100% |
| (1) | (d) | Singlong Property Development (Suzhou) Co., Ltd | Property development | 100% | 100% |
| (1) | (d) | Frasers Property Management (Shanghai) Co., Ltd. | Management services | 100% | 100% |
| (1) | (d) | Chengdu Sino Singapore Southwest Logistics Co., Ltd | Property development | 80% | 80% |

## 31. SIGNIFICANT SUBSIDIARIES (cont'd)

| | Subsidiaries | Principal Activities | Percentage equity held by the Group | |
|---|---|---|---|---|
| | | | 30.6.2013 | 30.9.2012 |
| | **Subsidiaries of FCL China Development Pte. Ltd.** (cont'd) | | | |
| | Country of Incorporation and Place of Business: Hong Kong | | | |
| (d) | Ace Goal Limited | Investment holding | 100% | 100% |
| (d) | Extra Strength Limited | Investment holding | 100% | 100% |
| (d) | Forth Carries Limited | Investment holding | 100% | 100% |
| (d) | Forward Plan Limited | Investment holding | 100% | 100% |
| (d) | Summit Park Limited | Investment holding | 100% | 100% |
| (d) | Superway Logistics Investments (Hong Kong) Limited | Investment holding | 80% | 80% |

(a) Audited by Ernst & Young in the respective countries
(b) Not required to be audited under laws of the country of incorporation
(c) Audited by KPMG, Nottingham
(d) Audited by other firms
(1) Accounting year end is 31 December

## 32. SIGNIFICANT RELATED PARTY TRANSACTIONS

(a) *Sale and purchase of goods and services*

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place during the period at terms agreed between the parties:

| | Audited<br>1.10.2012<br>to<br>30.6.2013<br>$'000 | Unaudited<br>1.10.2011<br>to<br>30.6.2012<br>$'000 |
|---|---|---|
| Rental | | |
| Received from related companies | (1,658) | (2,450) |
| Paid to an associate | 16,500 | 16,818 |
| Service charge | | |
| Received from related companies | (406) | (627) |
| Management fees | | |
| Paid to a related company | 9,438 | 8,625 |
| Paid to a related party | 270 | 270 |
| Received from associates | (23,164) | (23,935) |
| Acquisition fees | | |
| Received from an associate | – | (1,075) |
| Divestment fees | | |
| Received from an associate | – | (1,075) |
| Leasing commission | | |
| Received from an associate | (100) | (136) |
| Marketing costs | | |
| Paid to related parties | 3,601 | 5,034 |
| Purchases | | |
| Paid to related companies | 96 | 24 |
| Corporate guarantee fee | | |
| Paid to holding company | 937 | 718 |
| Interest (income)/expense | | |
| Received from related parties | (8,120) | (5,221) |
| Paid to a related company | 44,833 | 39,632 |

## 32. SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

### (b) *Compensation of key management personnel*

| | Audited 1.10.2012 to 30.6.2013 $'000 | Unaudited 1.10.2011 to 30.6.2012 $'000 |
|---|---|---|
| Short term employment benefits | 4,538 | 4,820 |
| Defined contribution plans | 84 | 93 |
| Employee share-based expense | 2,322 | 2,223 |
| Total compensation paid to key management personnel | 6,944 | 7,136 |
| Comprises amounts paid to: | | |
| Directors of the Company | 2,967 | 2,704 |
| Other key management personnel | 3,977 | 4,432 |
| | 6,944 | 7,136 |

The remuneration of key management personnel are determined by Fraser & Neave, Limited ("F&N") Remuneration Committee having regard to the performance of individuals and market trends.

Certain eligible employees and directors of the Group and Company have been granted share options to acquire shares in the immediate holding company, F&N. The details of the share options can be found in F&N's Annual Report. The fair value of these options as at the date of grant is computed by F&N using the Binomial valuation model taking into account the terms and conditions upon which the options were granted. The share-based compensation recorded by the Group and Company is based on the amounts allocated by F&N.

## 33. FINANCIAL RISK MANAGEMENT

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Group has risk management policies and guidelines governing all investments, which set out its overall business strategies, its tolerance for risk and its general risk management philosophy and has established processes to monitor and control hedging transactions in a timely and accurate manner. All investment opportunities are reviewed regularly by the Executive Committee of the Board to ensure that the Group's policy guidelines are adhered to.

### (a) *Credit Risk*

At the balance sheet date, the Group's maximum exposure to credit risk in the event that the counterparties fail to perform their obligations is represented by the carrying amount of each class of financial assets recognised in the balance sheets, including derivatives with positive fair values.

## 33. FINANCIAL RISK MANAGEMENT (cont'd)

### (a) *Credit Risk* (cont'd)

The Group has guidelines governing the monitoring of credit risk. Contractual deposits are collected and scheduled progress payments are received from the buyers of development properties held for sale when due. Titles to development properties held for sale are only transferred upon full settlement. Rental deposits are collected from tenants and debts are monitored regularly to minimise risk of non-payment.

Cash and fixed deposits are placed with reputable financial institutions. Information regarding financial assets that are either past due or impaired and the aging analysis of trade receivables is disclosed in Note 20.

With respect to derivative financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The Group's maximum credit risk exposure for foreign currency swap contracts and interest rate swap contracts are limited to the fair value adjustments of these contracts. It is the Group's policy to enter into financial instruments with a diversity of credit worthy counterparties. The Group do not expect to incur material credit losses on their financial assets or other financial instruments.

### (b) *Liquidity Risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group adopts a prudent approach to managing its liquidity risk. The Group always maintains sufficient cash and have available funding through a diverse source of uncommitted credit facilities from various banks and a related company. Surplus cash from subsidiaries are transferred to the Company in accordance with its group policy for management of liquidity of the companies in the Group.

The table below analyses the maturity profile of the Group's financial assets and liabilities (including derivative financial instruments) based on contractual undiscounted cash flow.

| | Audited 30.6.2013 | | | | Audited 30.9.2012 | | | |
|---|---|---|---|---|---|---|---|---|
| | 1 year or less $'000 | 1 to 5 years $'000 | Over 5 years $'000 | Total $'000 | 1 year or less $'000 | 1 to 5 years $'000 | Over 5 years $'000 | Total $'000 |
| Financial Assets | | | | | | | | |
| Trade and other receivables | 274,341 | 104,562 | 94,869 | 473,772 | 333,767 | 75,875 | 13,833 | 423,475 |
| Derivative financial instruments | 6,940 | – | – | 6,940 | – | – | – | – |
| Cash and cash equivalents | 981,152 | – | – | 981,152 | 1,206,314 | – | – | 1,206,314 |
| Total undiscounted financial assets | 1,262,433 | 104,562 | 94,869 | 1,461,864 | 1,540,081 | 75,875 | 13,833 | 1,629,789 |
| Financial Liabilities | | | | | | | | |
| Trade and other payables | 1,352,292 | 1,464,637 | 3,249 | 2,820,178 | 1,404,412 | 2,040,361 | 3,491 | 3,448,264 |
| Derivative financial instruments | 5,605 | 2,811 | – | 8,416 | 10,858 | 6,348 | – | 17,206 |
| Loans and borrowings | 308,970 | 1,524,095 | 135,882 | 1,968,947 | 198,262 | 1,373,543 | 138,213 | 1,710,018 |
| Total undiscounted financial liabilities | 1,666,867 | 2,991,543 | 139,131 | 4,797,541 | 1,613,532 | 3,420,252 | 141,704 | 5,175,488 |
| Total net undiscounted financial liabilities | (404,434) | (2,886,981) | (44,262) | (3,335,677) | (73,451) | (3,344,377) | (127,871) | (3,545,699) |

## 33. FINANCIAL RISK MANAGEMENT (cont'd)

*(b)* *Liquidity Risk* (cont'd)

The earliest period in which the financial guarantee contracts amounting to $72,803,000 (2012: $75,105,000) could be called is within one year.

*(c)* *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flow of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to changes in interest rates is in respect of debt obligations and deposits with related companies and financial institutions.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts with varying tenors. To manage this mix in a cost-efficient manner, the Group enters into interest rate swaps to hedge its interest rate exposure for specific underlying debt obligations.

*Effective interest rates and repricing analysis*

In respect of the interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective interest rates at balance sheet date and the periods in which they reprice.

Financial instruments classified as fixed rates are instruments for which interest rates are fixed until the maturity of the instruments or for which interest rate swaps have been entered into.

| | | | | Fixed interest rate | | | |
|---|---|---|---|---|---|---|---|
| | Note | Effective interest rate % | Floating interest rate $'000 | Within 1 year $'000 | Between 1 to 5 year $'000 | After 5 years $'000 | Total $'000 |
| Audited 30.6.2013 | | | | | | | |
| ***Financial Assets*** | | | | | | | |
| Cash and bank deposits | 24 | 0.03 to 4.04 | 548,992 | 233,408 | – | – | 782,400 |
| Other financial assets | 20 | 6.22 to 8.00 | – | – | 88,734 | 63,617 | 152,351 |
| | | | 548,992 | 233,408 | 88,734 | 63,617 | 934,751 |
| ***Financial Liabilities*** | | | | | | | |
| Loans and borrowings | 26 | 0.98 to 7.28 | 1,275,977 | – | 451,401 | 125,000 | 1,852,378 |
| Other financial liabilities | 25 | 2.00 to 6.00 | 555,520 | 8,407 | 1,359,343 | – | 1,923,270 |
| | | | 1,831,497 | 8,407 | 1,810,744 | 125,000 | 3,775,648 |
| Audited 30.9.2012 | | | | | | | |
| ***Financial Assets*** | | | | | | | |
| Cash and bank deposits | 24 | 0.04 to 3.60 | 51,477 | 497,931 | – | – | 549,408 |
| Other financial assets | 18 & 20 | 8.00 | – | 60,350 | 75,875 | – | 136,225 |
| | | | 51,477 | 558,281 | 75,875 | – | 685,633 |
| ***Financial Liabilities*** | | | | | | | |
| Loans and borrowings | 26 | 1.14 to 7.04 | 1,183,190 | – | 284,335 | 125,000 | 1,592,525 |
| Other financial liabilities | 25 | 1.74 to 6.00 | 570,352 | 66,735 | 1,893,036 | – | 2,530,123 |
| | | | 1,753,542 | 66,735 | 2,177,371 | 125,000 | 4,122,648 |

## 33. FINANCIAL RISK MANAGEMENT (cont'd)

(c) *Interest Rate Risk* (cont'd)

*Sensitivity Analysis for Interest Rate Risk*

For the variable rate financial assets and liabilities, a hundred basis points increase/decrease in interest rate, with all other variables held constant, would decrease/increase the Group's profit after tax and net loss in hedging reserve by approximately $10,645,000 (2012: $14,127,000) and $3,600,000 (2012: $5,000,000) respectively, arising mainly as a result of higher/lower interest expense on net floating borrowing position and increase/decrease in the fair value of derivatives held for hedging respectively.

(d) *Foreign Currency Risk*

The purpose of the Company's and the Group's foreign currency hedging activities is to protect against the volatility associated with investments in and loans granted to foreign subsidiaries. The Company and the Group primarily utilises foreign currency forward contracts with maturities of less than twelve months to hedge foreign currency-denominated investments and loans to foreign subsidiaries. Under this programme, increases or decreases in the Company's foreign currency-denominated investments and loans are partially offset by gains and losses on the hedging instruments. The Company does not use foreign currency forward contracts for trading purposes.

In addition to transactional exposures, the Group is also exposed to foreign exchange movements on its net investment in foreign subsidiaries. The Group uses foreign currency borrowings as a natural hedge against the activities of the foreign subsidiaries.

The net fair value gain/loss of the foreign currency forward contracts as at 30 June 2013 was $3,827,000 (2012: $4,699,000).

The financial assets and liabilities are denominated in the following currencies:

| | Audited 30.6.2013 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Singapore Dollar | Australia Dollar | Chinese Renminbi | Hong Kong Dollar | Sterling Pound | United States Dollar | Others | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Financial Assets** | | | | | | | | |
| Financial assets | 2,148 | – | – | – | 15 | – | – | 2,163 |
| Trade and other receivables | 341,981 | 49,014 | 13,207 | 47 | 7,441 | 14,481 | 3,328 | 429,499 |
| Cash and cash equivalents | 773,867 | 54,661 | 95,311 | 936 | 35,574 | 9,684 | 11,119 | 981,152 |
| Derivative financial instruments | 6,921 | 19 | – | – | – | – | – | 6,940 |
| Total Financial Assets | 1,124,917 | 103,694 | 108,518 | 983 | 43,030 | 24,165 | 14,447 | 1,419,754 |
| **Financial Liabilities** | | | | | | | | |
| Trade and other payables | 1,913,441 | 186,594 | 85,330 | 15 | 274,615 | 203,253 | 11,631 | 2,674,879 |
| Derivative financial instruments | 11 | 2,414 | – | – | 53 | 5,949 | (22) | 8,405 |
| Loans and borrowings | 828,877 | 681,062 | 45,954 | – | 176,723 | 105,602 | 14,160 | 1,852,378 |
| Total Financial Liabilities | 2,742,329 | 870,070 | 131,284 | 15 | 451,391 | 314,804 | 25,769 | 4,535,662 |

## 33. FINANCIAL RISK MANAGEMENT (cont'd)

### (d) *Foreign Currency Risk* (cont'd)

| | Audited 30.9.2012 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Singapore Dollar | Australia Dollar | Chinese Renminbi | Hong Kong Dollar | Sterling Pound | United States Dollar | Others | Total |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **Financial Assets** | | | | | | | | |
| Financial assets | 62,500 | – | – | – | 16 | – | – | 62,516 |
| Trade and other receivables | 358,372 | 24,705 | 6,045 | 66 | 6,073 | 17,133 | 5,011 | 417,405 |
| Cash and cash equivalents | 708,121 | 68,735 | 129,933 | 259,000 | 25,480 | 8,019 | 7,026 | 1,206,314 |
| Total Financial Assets | 1,128,993 | 93,440 | 135,978 | 259,066 | 31,569 | 25,152 | 12,037 | 1,686,235 |
| **Financial Liabilities** | | | | | | | | |
| Trade and other payables | 2,222,461 | 420,492 | 75,733 | 17 | 156,733 | 349,510 | 14,296 | 3,239,242 |
| Derivative financial instruments | 18 | 3,030 | – | 4,475 | 574 | 7,493 | – | 15,590 |
| Loans and borrowings | 876,489 | 343,972 | 48,646 | – | 193,724 | 107,660 | 22,034 | 1,592,525 |
| Total Financial Liabilities | 3,098,968 | 767,494 | 124,379 | 4,492 | 351,031 | 464,663 | 36,330 | 4,847,357 |

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the US$ and A$ exchange rates (against the respective functional currencies of the Group entities), with all other variables held constant.

| | | | Audited 30.6.2013 Profit net of tax | Audited 30.9.2012 Profit net of tax |
|---|---|---|---|---|
| | | | $'000 | $'000 |
| US$/S$ | - | strengthened 10% (2012: 10%) | (11,625) | (23,587) |
| | - | weakened 10% (2012: 10%) | 11,625 | 23,587 |
| US$/RMB | - | strengthened 10% (2012: 10%) | (1,784) | (1,781) |
| | - | weakened 10% (2012: 10%) | 1,784 | 1,781 |
| A$/S$ | - | strengthened 10% (2012: 10%) | 2,253 | 1,157 |
| | - | weakened 10% (2012: 10%) | (2,253) | (1,157) |

## 34. FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) *Fair value of financial instruments that are carried at fair value*

(i) The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

| | Audited 30.6.2013 | | | |
|---|---|---|---|---|
| | Quoted prices in active markets for identical instruments Level 1 | Significant other observable inputs Level 2 | Significant unobservable inputs Level 3 | Total |
| | $'000 | $'000 | $'000 | $'000 |
| **Financial assets:** | | | | |
| Available-for-sale financial assets | | | | |
| Quoted investments | 15 | – | – | 15 |
| Derivative financial assets | | | | |
| Interest rate swaps | – | 19 | – | 19 |
| Foreign currency forward contracts | – | 6,921 | – | 6,921 |
| At 30 June 2013 | 15 | 6,940 | – | 6,955 |
| **Financial liabilities:** | | | | |
| Derivative financial liabilities | | | | |
| Interest rate swaps | – | 5,310 | – | 5,310 |
| Foreign currency forward contracts | – | 3,095 | – | 3,095 |
| At 30 June 2013 | – | 8,405 | – | 8,405 |

| | Audited 30.9.2012 | | | |
|---|---|---|---|---|
| | Quoted prices in active markets for identical instruments Level 1 | Significant other observable inputs Level 2 | Significant unobservable inputs Level 3 | Total |
| | $'000 | $'000 | $'000 | $'000 |
| **Financial assets:** | | | | |
| Available-for-sale financial assets | | | | |
| Quoted investments | 16 | – | – | 16 |
| Quoted non-equity investments | – | – | 60,350 | 60,350 |
| At 30 September 2012 | 16 | – | 60,350 | 60,366 |
| **Financial liabilities:** | | | | |
| Derivative financial liabilities | | | | |
| Interest rate swaps | – | 10,891 | – | 10,891 |
| Foreign currency forward contracts | – | 4,699 | – | 4,699 |
| At 30 September 2012 | – | 15,590 | – | 15,590 |

**34. FAIR VALUE OF FINANCIAL INSTRUMENTS** (cont'd)

(a) *Fair value of financial instruments that are carried at fair value* (cont'd)

(ii) The Group classifies fair value measurement 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 for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

*Quoted investments* : Fair value is determined directly by reference to their published market bid price at the balance sheet date.

*Derivatives* : The fair value of interest rate swap contracts and foreign currency forward contracts is determined by reference to market values for similar instruments.

There have been no transfers between Level 1 and Level 2 during the financial period/ year ended 30 June 2013 and 30 September 2012.

(b) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

*Current trade and other receivables and payables, cash and cash equivalents, current loans and borrowings and non-current bank loans*

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

**34. FAIR VALUE OF FINANCIAL INSTRUMENTS** (cont'd)

(c) *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*

(i) The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

| | Audited 30.6.2013 | | Audited 30.9.2012 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| | $'000 | $'000 | $'000 | $'000 |
| **Financial assets:** | | | | |
| Unquoted equity investments, at cost | 2,148 | @ | 2,150 | @ |
| Loans to associates | 77,480 | * | 13,833 | * |
| Loans to non-controlling interest | 88,734 | * | 75,875 | * |
| **Financial liabilities:** | | | | |
| Sundry creditors | 3,249 | * | 3,491 | * |
| Amounts due to related companies | 1,359,343 | 1,475,023 | 1,893,036 | 2,136,646 |
| Medium Term Notes | 125,000 | 124,634 | 125,000 | 124,594 |

@ Unquoted equity investments carried at cost

Fair value information has not been disclosed for these investments carried at cost less impairment because fair value cannot be measured reliably. These equity instruments represent ordinary shares that are not quoted on any market and do not have any comparable industry peer that is listed. The quoted non-equity instruments represent bonds that are not actively traded and whose quoted price has not moved in years. The Group does not intend to dispose of these investments in the foreseeable future.

* Other receivables and other payables (non-current)

No disclosure of fair value is made for amounts due from/to related companies as it is not practicable to determine their fair values with sufficient reliability since these balances have no fixed terms of repayment.

(ii) Determination of fair value

*Amounts due to related companies and Medium Term Notes (non-current)*

The fair values as disclosed in the table above are estimated by discounting expected future cash flow at market incremental lending rate for similar types of lending and borrowing arrangements at the balance sheet date.

## 35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholder, return capital to shareholder or issue new shares.

No changes were made in the objectives, policies or processes during the period/year ended 30 June 2013 and 30 September 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital, as follows:

| | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|
| Fixed deposits, cash and bank balances | 981,152 | 1,206,314 |
| Loans and borrowings and interest bearing loans due to related companies | (3,775,647) | (4,122,648) |
| Net borrowings | (2,794,495) | (2,916,334) |
| Share capital and reserves (equity) | 5,234,515 | 4,955,669 |
| Net borrowings over equity ratio | 0.53 | 0.59 |

Certain entities in the Group are required to comply with certain externally imposed capital requirements in respect of some of their external borrowings.

## 36. COMMITMENTS

(a) *Capital Commitments*

Capital and development expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

| | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|
| Commitments in respect of contracts placed for: | | |
| - Estimated development costs for properties held for sale | 622,744 | 871,154 |
| - Capital expenditure costs for investment properties | 95,520 | 46,939 |
| - Share of joint ventures' capital and development expenditure | 385,349 | 376,724 |
| | 1,103,613 | 1,294,817 |

**36. COMMITMENTS** (cont'd)

*(b) Operating Lease Commitments – as Lessee*

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

| | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|
| Within 1 year | 25,200 | 25,200 |
| From 1 year to 5 years | 11,445 | 30,345 |
| | 36,645 | 55,545 |

The operating leases do not contain any escalation clauses and do not provide for contingent rents. The lease terms do not contain restrictions on the Group activities concerning dividends, additional debts or entering into other leasing agreements.

*(c) Operating Lease Commitments – as Lessor*

The Group has entered into commercial property leases on its investment properties and properties held for sale. These non-cancellable leases have remaining non-cancellable lease terms of between 2 and 8 years. Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

| | Audited 30.6.2013 $'000 | Audited 30.9.2012 $'000 |
|---|---|---|
| Within 1 year | 127,748 | 131,239 |
| From 1 year to 5 years | 176,412 | 157,363 |
| After 5 years | 106 | 700 |
| | 304,266 | 289,302 |

Rental income from investment properties are disclosed in Note 13.

Rental income recognised in the Profit Statement from properties held for sale are as follows:

| | Audited 1.10.2012 to 30.6.2013 $'000 | Unaudited 1.10.2011 to 30.6.2012 $'000 |
|---|---|---|
| Minimum lease payments | 72,446 | 48,153 |

## 37. CONTINGENCIES

(a) *Financial Guarantee Contracts*

(i) As at 30 June 2013, the Company has provided bankers' guarantees of $72,803,000 (30.9.2012: $75,105,000) to unrelated parties in respect of performance contracts on behalf of certain subsidiaries. No liability is expected to arise.

(ii) The Company has provided a corporate guarantee for Baht 200,000,000 as security for bank facility granted to a joint venture in respect of the acquisition of land.

(iii) The Company has provided an unconditional and irrevocable corporate guarantee for up to $57 million to finance the payment of development charge and construction cost of the New Wing of The Centrepoint by The Management Corporation Strata Title Plan No. 1298 ("MCST 1298"). The corporate guarantee will only be discharged upon full repayment of the loan by the MCST 1298. As at 30 June 2013, the outstanding loan by MCST 1298 is $15,931,000 (30.9.2012: $18,199,000).

(iv) A wholly-owned subsidiary of the Group has provided RMB 165.4 million (2012: RMB 91.0 million) financial guarantees to banks in China in connection with loans provided by the banks to the subsidiary's property buyers, covering the period from loan contract date to the property delivery date.

## 38. EVENTS AFTER REPORTING DATES

(a) On 19 August 2013, the Group was awarded the tender for the land parcel at Cecil Street/ Telok Ayer Street at a cost of $924 million. The completion of the land acquisition is expected in November 2013.

(b) On 9 September 2013, the Group was awarded the tender for the land parcel at Yishun Avenue 2, Yishun Central 1 (Lot 3685T MK19) at a cost of $1,428.9 million. The completion of the land acquisition is expected in November 2014.

## 39. COMPARATIVES

Certain adjustments have been made to the prior period financial statements to conform with the current period presentation in connection with the adoption of Amendments in FRS 12 as disclosed in Note 2.1.

As disclosed in Note 13, due to the Group's policy to revalue its investment properties annually on its financial year end, an independent valuation of the Group's investment properties was not carried out for the nine months ended 30 June 2012. Accordingly, the comparatives for fair value change on investment properties, share of associates' fair value change on investment properties and earnings per share after fair value change on investment properties as presented in the Profit Statement are not comparable to those for the nine months ended 30 June 2013.

## 40. AUTHORISATION OF FINANCIAL STATEMENTS

The interim consolidated financial statements of the Group for the nine months period ended 30 June 2013 were authorised for issue in accordance with a resolution of the directors on 23 October 2013.

# UNAUDITED PRO FORMA FINANCIAL STATEMENTS OF FRASERS CENTREPOINT LIMITED AND ITS SUBSIDIARIES FOR THE NINE MONTHS ENDED 30 JUNE 2013 AND FINANCIAL YEAR ENDED 30 SEPTEMBER 2012 WITH THE INDEPENDENT AUDITOR'S REPORT THEREON

## Independent Auditor's Report on the Compilation of Unaudited Pro Forma Financial Information

23 October 2013

The Board of Directors
Frasers Centrepoint Limited
438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

Dear Sirs,

**Report on the Compilation of Unaudited Pro Forma Financial Information for the financial year ended 30 September 2012 and the nine-month financial period from 1 October 2012 to 30 June 2013**

We have completed our assurance engagement to report on the compilation of pro forma financial information of Frasers Centrepoint Limited (the "Company") and its subsidiaries (collectively, the "Group") by the management of the Company (the "Management"). The pro forma financial information consists of the unaudited pro forma balance sheet of the Group as at 30 September 2012 and 30 June 2013, the unaudited pro forma profit statements, the unaudited pro forma statements of comprehensive income, the unaudited pro forma statements of changes in equity and the unaudited statement of cash flows of the Group for the financial year ended 30 September 2012 and the nine-month financial period from 1 October 2012 to 30 June 2013, and related notes (collectively, the "Unaudited Pro Forma Financial Information"). The basis of preparation (the "Preparation") which Management has compiled the Unaudited Pro Forma Financial Information is described in Note 1 of Appendix F to the Introductory Document issued in connection with the introduction of the Company's shares on the Singapore Exchange Securities Trading Limited.

The pro forma financial information has been compiled by Management to illustrate the impact of the Corporate Restructuring set out in Note 1 of Appendix F on the Group's financial position as at 30 September 2012 and 30 June 2013 as if the Corporate Restructuring had taken place on 30 September 2012 and 30 June 2013 respectively and its financial performance and cash flows for the financial year ended 30 September 2012 and for the nine-month financial period from 1 October 2012 to 30 June 2013 as if the Corporate Restructuring had taken place on 1 October 2011.

As part of this process, information about the Group's financial position, financial performance and cash flows has been extracted by Management from the audited financial statements of the Group for the financial year ended 30 September 2012 and for the nine-month financial period from 1 October 2012 to 30 June 2013.

**Management's Responsibility for the Unaudited Pro Forma Financial Information**

Management is responsible for compiling the Unaudited Pro Forma Financial Information on the basis of Preparation.

## Auditor's Responsibility

Our responsibility is to express an opinion about whether the Unaudited Pro Forma Financial Information has been compiled, in all material respects, by Management on the basis of Preparation.

We conducted our engagement in accordance with Singapore Standard on Assurance Engagements ("SSAE") 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Institute of Singapore Chartered Accountants ("ISCA"). This standard required that the auditor comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether Management has compiled, in all material respects, the Unaudited Pro Forma Financial Information on the basis of Preparation.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in the introductory document is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for the purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at the respective dates would have been presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compile, in all material respects, on the basis of Preparation involves performing procedures to assess whether the basis of Preparation used by Management in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those basis of Preparation; and
- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the auditor's judgment, having regard to the auditor's understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information,

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

**Opinion**

In our opinion:

(a) The Unaudited Pro Forma Financial Information has been compiled:

   (i) In a manner consistent with the accounting policies adopted by the Group in its latest audited financial statements, which are in accordance with Singapore Financial Reporting Standards;

   (ii) On the basis of Preparation stated in Note 1 of the Unaudited Pro Forma Financial Information; and

(b) Each material adjustment made to the information used in the preparation of the Unaudited Pro Forma Financial Information is appropriate for the purpose of preparing such unaudited financial information.

This report has been prepared for inclusion in the introductory document of the Company to be issued in connection with the listing of the shares by the Company and should not be used for any other purpose.

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore

Partner in charge: Nagaraj Sivaram

**FRASERS CENTREPOINT LIMITED AND SUBSIDIARIES**

**UNAUDITED PRO FORMA PROFIT STATEMENTS** for the nine months ended 30 June 2013 and year ended 30 September 2012

| Note | | 1.10.2012 to 30.6.2013 $'000 | 1.10.2011 to 30.9.2012 $'000 |
|---|---|---|---|
| | **REVENUE** | 1,083,178 | 1,411,770 |
| | Cost of Sales | (590,668) | (785,398) |
| | **GROSS PROFIT** | 492,510 | 626,372 |
| | **Other (Losses)/Income** | (2,296) | 14,351 |
| | **Other Items of Expenses** | | |
| | Operation Costs | (105,709) | (132,188) |
| | Marketing Costs | (43,289) | (84,344) |
| | Administrative Costs | (65,860) | (93,005) |
| | **TOTAL COSTS AND EXPENSES** | (214,858) | (309,537) |
| | **TRADING PROFIT** | 275,356 | 331,186 |
| | Share of Results of Associates | 45,420 | 58,475 |
| | Investment Income | – | 493 |
| | **PROFIT BEFORE INTEREST, FAIR VALUE CHANGE, TAXATION AND EXCEPTIONAL ITEMS** | 320,776 | 390,154 |
| | Interest Income | 13,069 | 20,242 |
| | Interest Expense | (51,072) | (66,708) |
| | Net Interest Costs | (38,003) | (46,466) |
| | **PROFIT BEFORE FAIR VALUE CHANGE, TAXATION AND EXCEPTIONAL ITEMS** | 282,773 | 343,688 |
| | Fair value Change on Investment Properties | 146,429 | 265,228 |
| | Share of Associates' Fair Value Change on Investment Properties | 90,394 | 71,695 |
| | **PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS** | 519,596 | 680,611 |
| | Exceptional Items | (1,466) | 13,382 |
| | **PROFIT BEFORE TAXATION** | 518,130 | 693,993 |
| | Taxation | (58,602) | (91,924) |
| | **PROFIT FOR THE PERIOD/YEAR** | 459,528 | 602,069 |
| | **ATTRIBUTABLE TO: -** | | |
| | Shareholder of the Company | | |
| | - before fair value change and exceptional items | 227,664 | 267,560 |
| | - fair value change | 235,904 | 336,306 |
| | - exceptional items | (912) | 12,488 |
| | | 462,656 | 616,354 |
| | Non-controlling Interests | (3,128) | (14,285) |
| | **PROFIT FOR THE PERIOD/YEAR** | 459,528 | 602,069 |
| 3 | **EARNINGS PER SHARE** | | |
| | Basic and Diluted | | |
| | - before fair value change on investment properties and exceptional items | 7.9¢ | 9.3¢ |
| | - after fair value change on investment properties and exceptional items | 16.0¢ | 21.3¢ |

The accompanying Notes form an integral part of the Unaudited Pro forma Financial Statements.

**FRASERS CENTREPOINT LIMITED AND SUBSIDIARIES**

**UNAUDITED PRO FORMA STATEMENTS OF COMPREHENSIVE INCOME** for the nine months ended 30 June 2013 and year ended 30 September 2012

| | 1.10.2012 to 30.6.2013 $'000 | 1.10.2011 to 30.9.2012 $'000 |
|---|---|---|
| **PROFIT FOR THE PERIOD/YEAR** | 459,528 | 602,069 |
| **OTHER COMPREHENSIVE INCOME, NET OF TAX** | | |
| ***Items that will not be reclassified to profit or loss:*** | | |
| Fair value change of cash flow hedges | 5,387 | 5,256 |
| Share of associate's fair value change of cash flow hedges | 735 | – |
| | 6,122 | 5,256 |
| ***Items that will be reclassified to profit or loss:*** | | |
| (Realisation upon disposal)/fair value change of available-for-sale financial assets | (34,900) | 34,900 |
| Foreign currency translation reserve: | | |
| - Exchange difference on consolidation | (17,099) | (27,752) |
| Share of other comprehensive income of associates | (11,266) | 158 |
| Realisation of reserves upon change in control: | | |
| - Step-up acquisition of subsidiary | – | 12,833 |
| - Disposal of subsidiaries | – | 19,711 |
| | (63,265) | 39,850 |
| Other comprehensive income for the period/year, net of tax | (57,143) | 45,106 |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR** | 402,385 | 647,175 |
| **ATTRIBUTABLE TO:-** | | |
| Shareholder of the Company | 412,519 | 663,824 |
| Non-controlling Interests | (10,134) | (16,649) |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR** | 402,385 | 647,175 |

The accompanying Notes form an integral part of the Unaudited Pro forma Financial Statements.

**FRASERS CENTREPOINT LIMITED AND SUBSIDIARIES**

**UNAUDITED PRO FORMA BALANCE SHEETS** as at 30 June 2013 and 30 September 2012

| Note | | 30.6.2013<br>$'000 | 30.9.2012<br>$'000 |
|---|---|---|---|
| | **NON-CURRENT ASSETS** | | |
| | Investment Properties | 3,026,623 | 2,821,434 |
| | Fixed Assets | 31,113 | 33,337 |
| | Investments in Associates | 1,038,558 | 1,223,506 |
| | Financial Assets | 2,163 | 2,166 |
| | Other Assets | 106,902 | 107,234 |
| | Other Receivables | 166,214 | 89,708 |
| | Deferred Tax Assets | 2,937 | 2,937 |
| | | 4,374,510 | 4,280,322 |
| | **CURRENT ASSETS** | | |
| | Inventory, at cost | 3,764 | 4,175 |
| | Properties Held for Sale | 4,888,179 | 4,471,239 |
| | Trade and Other Receivables | 263,285 | 327,697 |
| | Prepayments | 26,205 | 7,127 |
| | Financial Assets | – | 60,350 |
| | Derivative Financial Instruments | 6,940 | – |
| 4 | Cash and Cash Equivalents | 981,152 | 1,206,314 |
| | | 6,169,525 | 6,076,902 |
| | **TOTAL ASSETS** | 10,544,035 | 10,357,224 |
| | **CURRENT LIABILITIES** | | |
| | Trade and Other Payables | 1,290,403 | 1,022,457 |
| | Provision for Taxation | 101,504 | 127,161 |
| | Derivative Financial Instruments | 5,624 | 10,858 |
| | Loans and Borrowings | 870,340 | 845,590 |
| | | 2,267,871 | 2,006,066 |
| | **NET CURRENT ASSETS** | 3,901,654 | 4,070,836 |
| | | 8,276,164 | 8,351,158 |
| | **NON-CURRENT LIABILITIES** | | |
| | Loans and Borrowings | 2,276,012 | 2,647,763 |
| | Other Payables | 24,122 | 21,715 |
| | Derivative Financial Instruments | 2,781 | 4,732 |
| | Deferred Tax Liabilities | 109,439 | 91,984 |
| | | 2,412,354 | 2,766,194 |
| | **TOTAL LIABILITIES** | 4,680,225 | 4,772,260 |
| | **NET ASSETS** | 5,863,810 | 5,584,964 |
| | **EQUITY ATTRIBUTABLE TO SHAREHOLDER OF THE COMPANY** | | |
| | Share Capital | 1,753,977 | 1,753,977 |
| | Retained Earnings | 4,089,193 | 3,750,376 |
| | Other Reserves | 7,032 | 57,169 |
| | | 5,850,202 | 5,561,522 |
| | Non-controlling Interests | 13,608 | 23,442 |
| | **TOTAL EQUITY** | 5,863,810 | 5,584,964 |
| | **NET ASSET VALUE PER ORDINARY SHARE** | $2.02 | $1.92 |

The accompanying Notes form an integral part of the Unaudited Pro forma Financial Statements.

FRASERS CENTREPOINT LIMITED AND SUBSIDIARIES

**UNAUDITED PRO FORMA STATEMENTS OF CHANGES IN EQUITY** for the nine months ended 30 June 2013 and year ended 30 September 2012

| | | Attributable to owners of the Company | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Equity, Total $'000 | Equity attributable to owners of the Company, Total $'000 | Share Capital $'000 | Retained Earnings $'000 | Other Reserves, Total $'000 | Hedging Reserve $'000 | Fair Value Adjustment Reserve $'000 | Foreign Currency Translation Reserve $'000 | Statutory Reserve $'000 | Other Reserve $'000 | Non-controlling Interests $'000 |
| **30 June 2013** | | | | | | | | | | | |
| Opening balance at 1 October 2012, as previously reported | 4,946,214 | 4,922,772 | 1,083,977 | 3,781,626 | 57,169 | (6,042) | 35,136 | 29,920 | 303 | (2,148) | 23,442 |
| Effects of adopting FRS 12 | 9,455 | 9,455 | – | 9,455 | – | – | – | – | – | – | – |
| Opening balance at 1 October 2012, as restated | 4,955,669 | 4,932,227 | 1,083,977 | 3,791,081 | 57,169 | (6,042) | 35,136 | 29,920 | 303 | (2,148) | 23,442 |
| **Profit for the period** | 459,528 | 462,656 | – | 462,656 | – | – | – | – | – | – | (3,128) |
| Other comprehensive income | | | | | | | | | | | |
| Net fair value change of cash flow hedges | 5,387 | 5,198 | – | – | 5,198 | 5,198 | – | – | – | – | 189 |
| Foreign currency translation | (17,099) | (9,904) | – | – | (9,904) | – | – | (9,904) | – | – | (7,195) |
| Realisation upon disposal of available-for-sale financial assets | (34,900) | (34,900) | – | – | (34,900) | – | (34,900) | – | – | – | – |
| Share of other comprehensive income of associates | (10,531) | (10,531) | – | – | (10,531) | 735 | 134 | (11,512) | 112 | – | – |
| **Other comprehensive income for the period** | (57,143) | (50,137) | – | – | (50,137) | 5,933 | (34,766) | (21,416) | 112 | – | (7,006) |
| **Total comprehensive income for the period** | 402,385 | 412,519 | – | 462,656 | (50,137) | 5,933 | (34,766) | (21,416) | 112 | – | (10,134) |
| Contributions by and distributions to owners | | | | | | | | | | | |
| Dividends | (150,000) | (150,000) | – | (150,000) | – | – | – | – | – | – | – |
| Redemption of preference shares | (330,000) | (330,000) | (330,000) | – | – | – | – | – | – | – | – |
| Issue of new ordinary shares | 1,000,000 | 1,000,000 | 1,000,000 | – | – | – | – | – | – | – | – |
| **Total contributions by and distributions to owners** | 520,000 | 520,000 | 670,000 | (150,000) | – | – | – | – | – | – | – |
| Changes in ownership interests in subsidiaries and associates | | | | | | | | | | | |
| Shares issued to non-controlling interests | 300 | – | – | – | – | – | – | – | – | – | 300 |
| **Total changes in ownership interests in subsidiaries and associates** | 300 | – | – | – | – | – | – | – | – | – | 300 |
| **Total transactions with owners in their capacity as owners** | 520,300 | 520,000 | 670,000 | (150,000) | – | – | – | – | – | – | 300 |
| Closing balance at 30 June 2013 | 5,878,354 | 5,864,746 | 1,753,977 | 4,103,757 | 7,032 | (109) | 370 | 8,504 | 415 | (2,148) | 13,608 |

The accompanying Notes form an integral part of the Unaudited Pro forma Financial Statements.

**FRASERS CENTREPOINT LIMITED AND SUBSIDIARIES**

**UNAUDITED PRO FORMA STATEMENTS OF CHANGES IN EQUITY** for the nine months ended 30 June 2013 and year ended 30 September 2012 (cont'd)

| | | Attributable to owners of the Company | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Equity, Total $'000 | Equity attributable to owners of the Company, Total $'000 | Share Capital $'000 | Retained Earnings $'000 | Other Reserves, Total $'000 | Hedging Reserve $'000 | Fair Value Adjustment Reserve $'000 | Share-based Compensation Reserve $'000 | Foreign Currency Translation Reserve $'000 | Statutory Reserve $'000 | Other Reserve $'000 | Non-controlling Interests $'000 |
| **30 September 2012** | | | | | | | | | | | | |
| Opening balance at 1 October 2011, as previously reported | 4,606,593 | 4,384,277 | 1,083,977 | 3,290,746 | 9,554 | (11,473) | (214) | 1,012 | 21,128 | 1,268 | (2,167) | 222,316 |
| Effects of adopting FRS 12 | 8,111 | 8,111 | – | 8,111 | – | – | – | – | – | – | – | – |
| Opening balance at 1 October 2011, as restated | 4,614,704 | 4,392,388 | 1,083,977 | 3,298,857 | 9,554 | (11,473) | (214) | 1,012 | 21,128 | 1,268 | (2,167) | 222,316 |
| **Profit for the year** | 602,069 | 616,354 | – | 616,354 | – | – | – | – | – | – | – | (14,285) |
| Other comprehensive income | | | | | | | | | | | | |
| Net fair value change of cash flow hedges | 5,256 | 5,745 | – | – | 5,745 | 5,745 | – | – | – | – | – | (489) |
| Foreign currency translation | (27,752) | (25,877) | – | – | (25,877) | – | – | – | (25,877) | – | – | (1,875) |
| Fair value change of available-for-sale financial assets | 34,900 | 34,900 | – | – | 34,900 | – | 34,900 | – | – | – | – | – |
| Share of other comprehensive income of associates | 158 | 158 | – | – | 158 | – | 450 | – | 223 | (534) | 19 | – |
| Realisation of reserves upon change in control: | | | | | | | | | | | | |
| - Step-up acquisition of subsidiary | 12,833 | 12,833 | – | – | 12,833 | – | – | – | 12,833 | – | – | – |
| - Disposal of subsidiaries | 19,711 | 19,711 | – | – | 19,711 | (314) | – | (1,157) | 21,613 | (431) | – | – |
| **Other comprehensive income for the year** | 45,106 | 47,470 | – | – | 47,470 | 5,431 | 35,350 | (1,157) | 8,792 | (965) | 19 | (2,364) |
| **Total comprehensive income for the year** | 647,515 | 663,824 | – | 616,354 | 47,470 | 5,431 | 35,350 | (1,157) | 8,792 | (965) | 19 | (16,649) |
| Contributions by and distributions to owners | | | | | | | | | | | | |
| Net change in share-based compensation reserve | 257 | 145 | – | – | 145 | – | – | 145 | – | – | – | 112 |
| Fair value of restricted share plan | (1,039) | (1,039) | – | (1,039) | – | – | – | – | – | – | – | – |
| Redemption of preference shares | (330,000) | (330,000) | (330,000) | – | – | – | – | – | – | – | – | – |
| Issue of new ordinary shares | 1,000,000 | 1,000,000 | 1,000,000 | – | – | – | – | – | – | – | – | – |
| Dividends | (152,434) | (150,000) | – | (150,000) | – | – | – | – | – | – | – | (2,434) |
| Total contributions by and distributions to owners | 516,784 | 519,106 | 670,000 | (151,039) | 145 | – | – | 145 | – | – | – | (2,322) |
| Changes in ownership interests in subsidiaries and associates | | | | | | | | | | | | |
| Disposal of subsidiaries | (191,455) | – | – | – | – | – | – | – | – | – | – | (191,455) |
| Shares issued to non-controlling interests | 11,552 | – | – | – | – | – | – | – | – | – | – | 11,552 |
| **Total changes in ownership interests in subsidiaries and associates** | (179,903) | – | – | – | – | – | – | – | – | – | – | (179,903) |
| Total transactions with owners in their capacity as owners | 336,881 | 519,106 | 670,000 | (151,039) | 145 | – | – | 145 | – | – | – | (182,225) |
| Closing balance at 30 September 2012 | 5,598,760 | 5,575,318 | 1,753,977 | 3,764,172 | 57,169 | (6,042) | 35,136 | – | 29,920 | 303 | (2,148) | 23,442 |

The accompanying Notes form an integral part of the Unaudited Pro forma Financial Statements.

**FRASERS CENTREPOINT LIMITED AND SUBSIDIARIES**

**UNAUDITED PRO FORMA CASH FLOW STATEMENTS** for the nine months ended 30 June 2013 and year ended 30 September 2012

| | 1.10.2012 to 30.6.2013 $'000 | 1.10.2011 to 30.9.2012 $'000 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES** | | |
| Profit before taxation and exceptional items | 519,596 | 680,611 |
| Adjustments for: | | |
| Development profit | (201,916) | (281,936) |
| Allowance for foreseeable losses and impairment for properties held for sale | 8,767 | 34,752 |
| Fair value change on investment properties | (146,429) | (265,228) |
| Share of associates' fair value change on investment properties | (90,394) | (71,695) |
| Depreciation of fixed assets | 5,709 | 7,310 |
| Net loss on disposal of fixed assets | 295 | 564 |
| Amortisation of intangible assets | 374 | 498 |
| Share of results of associates | (45,420) | (58,475) |
| Dividend income from available-for-sale financial assets | – | (493) |
| Mark-to-market gains on derivatives | (3,085) | 4,507 |
| Interest expense | 51,072 | 66,708 |
| Interest income | (13,069) | (20,242) |
| Provision for share-based compensation | – | 257 |
| Exchange difference | 25,323 | 3,222 |
| Operating cash flow before working capital changes | 110,823 | 100,360 |
| Progress payments received from sale of residential units | 897,701 | 1,467,107 |
| Development expenditure - properties held for sale | (749,360) | (1,008,254) |
| Payment of land premium | (150,180) | (366,686) |
| Change in prepaid project costs | (11,641) | 60,578 |
| Change in rental deposits | (172) | 4,803 |
| Change in inventory | 411 | (849) |
| Change in trade and other receivables | (39,112) | 25,452 |
| Change in trade and other payables | 36,782 | 74,579 |
| Change in joint venture and associates' balances | 8,354 | (288) |
| Change in related company balances | (75,623) | (723,927) |
| **Cash generated from/(used in) operations** | 27,983 | (367,125) |
| Interest expense paid | (65,416) | (73,269) |
| Interest income received | 19,291 | 23,321 |
| Income taxes paid | (67,841) | (140,892) |
| **Net cash used in operating activities** | (85,983) | (557,965) |

**FRASERS CENTREPOINT LIMITED AND SUBSIDIARIES**

**UNAUDITED PRO FORMA CASH FLOW STATEMENTS** for the nine months ended 30 June 2013 and year ended 30 September 2012 (cont'd)

| | 1.10.2012 to 30.6.2013 $'000 | 1.10.2011 to 30.9.2012 $'000 |
|---|---|---|
| **CASH FLOW FROM INVESTING ACTIVITIES** | | |
| Purchase of available-for-sale financial assets | – | (2) |
| Proceeds from disposal of available-for-sale financial assets | 60,710 | 703 |
| Proceeds from disposal of fixed assets | 5 | 280 |
| Development expenditure - investment properties under construction | (6,988) | (53,232) |
| Purchase of fixed assets | (3,443) | (10,969) |
| Additions of investment properties | (33,489) | (31,357) |
| Purchase of intangible assets | (42) | – |
| Investment in associates | (32,249) | (15,565) |
| Redemption of Series A CPPUs | 306,158 | – |
| (Repayment of)/loans to joint ventures and associates | (71,597) | 9,607 |
| Acquisition of subsidiaries, net of cash acquired | – | (129,040) |
| Disposal of subsidiaries, net of cash disposed of | – | 55,946 |
| Acquisition of joint venture, net of cash acquired | – | (28,558) |
| Dividend income from available-for-sale financial assets | – | 493 |
| Dividend income from associates | 47,332 | 59,742 |
| **Net cash generated from/(used in) investing activities** | 266,397 | (141,952) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| Proceeds from issue of new shares by subsidiary to non-controlling interests | 300 | 11,552 |
| Proceeds from bank loans drawn down | 1,818,915 | 2,584,414 |
| Repayment of bank loans | (242,273) | (234,925) |
| Repayment of loans to a related company | (2,497,667) | (1,941,893) |
| Payment of dividends to shareholders | (150,000) | (152,434) |
| Redemption of preference shares | (330,000) | (330,000) |
| Issue of new ordinary shares | 1,000,000 | 1,000,000 |
| **Net cash (used in)/generated from financing activities** | (400,725) | 936,714 |
| Net change in cash and cash equivalents | (220,311) | 236,797 |
| Cash and cash equivalents at beginning of period/year | 1,201,005 | 968,249 |
| Cash and cash equivalents at end of period/year (Note 4) | 980,694 | 1,205,046 |

The accompanying Notes form an integral part of the Unaudited Pro forma Financial Statements.

The unaudited pro forma financial information should be read in conjunction with the audited financial statements of Frasers Centrepoint Limited (the "Company") and its subsidiaries (the "FCL Group") for the financial years ended 30 September 2012 and the audited interim financial statements of the FCL Group for the nine months ended 30 June 2013 which will be set out in the Introductory Document.

## 1. BACKGROUND AND BASIS OF PREPARATION

### Introduction

The unaudited pro forma financial statements, comprising the unaudited pro forma balance sheets of the FCL Group as at 30 June 2013 and 30 September 2012, the unaudited pro forma profit statements, unaudited pro forma statements of comprehensive income, unaudited pro forma statements of changes in equity and the unaudited pro forma statements of cash flows of the FCL Group for the nine months ended 30 June 2013 and for the financial year ended 30 September 2012 and the notes thereon, have been prepared for inclusion in the Introductory Document of Frasers Centrepoint Limited in connection with the listing of the ordinary shares of the Company.

The Company was incorporated in the Republic of Singapore and has its registered office at 438 Alexandra Road #21-00 Alexandra Point Singapore 119958. The principal activities of the Company and its subsidiaries are those of investment holding, property investment and development, operation of serviced apartments and management services.

### The Corporate Restructuring

Immediately prior to the issue of the Introductory Document, Fraser and Neave Limited, our immediate holding company ("F&N") will subscribe for 330,000,000 new FCL Shares (the "Initial Capitalisation") for a subscription amount of $330,000,000 and the Company will redeem all the redeemable preference shares currently held by F&N in FCL for an aggregate amount of $330,000,000.

Immediately prior to the Listing, F&N will subscribe for up to 1,809,140,708 new FCL Shares (the "Additional Capitalisation", and together with the Initial Capitalisation, the "Capitalisation") for a subscription amount of $670,000,000.

The Capitalisation will comprise the issuance of up to 2,139,140,708 new FCL Shares to F&N for a total subscription amount of $1,000,000,000.

F&N Treasury Pte Ltd, a wholly-owned subsidiary of F&N, have, from time to time, extended loans to the FCL Group ("Intercompany Loan") for various purposes. Immediately prior to the Listing, $670,000,000 of the Intercompany Loans will be repaid with equity injected by F&N pursuant to the Capitalisation, while the remaining of the Intercompany Loans will be transferred by F&N Treasury Pte Ltd to FCL Treasury Pte. Ltd. by drawing down on bank loans.

As part of the consideration for the transfer of the Intercompany Loans, FCL Treasury Pte. Ltd. will pay an estimated $40,705,000 ("Part Consideration") in excess of the carrying value of the Intercompany Loans, to F&N Treasury Pte Ltd by drawing down on credit facilities.

These changes are assumed to have occurred on:

(a) 1 October 2011 for the purposes of the financial information covering the period to 30 September 2012 and for the nine months to 30 June 2013; and

(b) the balance sheet date for the purposes of the balance sheets as at 30 September 2012 and 30 June 2013.

## 1. BACKGROUND AND BASIS OF PREPARATION (cont'd)

The unaudited pro forma financial statements have been prepared for illustrative purposes only, and because of their nature, may not give a true picture of the actual financial position, results of operations and cash flows of the FCL Group.

**Basis of preparation of unaudited pro forma financial statements**

The unaudited pro forma financial statements have been prepared for illustrative purposes only and are prepared based on:

(a) the audited financial statements of the FCL Group for the financial year ended 30 September 2012; and

(b) the audited interim financial statements of the FCL Group for the nine months ended 30 June 2013;

which were prepared in accordance with the Singapore Financial Reporting Standards and were audited by Ernst & Young LLP Singapore, Public Accountants and Chartered Accountants.

The auditor's reports on the above financial statements were not subject to any qualifications, modifications or disclaimers.

The following key adjustments and assumptions were made for each of the periods presented:

(1) The Company will redeem all its redeemable preference shares currently held by F&N in the Company for an aggregate amount of $330,000,000.

(2) F&N will subscribe for up to 2,139,140,708 new Shares in the Company for a total subscription amount of $1,000,000,000.

(3) $670,000,000 of the aggregated Intercompany Loans from F&N Treasury Pte Ltd, a wholly-owned subsidiary of F&N, will be repaid with equity injected by F&N pursuant to the Capitalisation, while the remaining of the Intercompany Loans will be transferred by F&N Treasury Pte Ltd to FCL Treasury Pte. Ltd. by drawing down on bank loans.

(4) FCL Treasury Pte. Ltd. will pay $40,705,000 as Part Consideration to F&N Treasury Pte Ltd by drawing down on credit facilities.

## 2. PRO FORMA ADJUSTMENTS

**Unaudited Pro forma Profit Statements for the nine months ended 30 June 2013 and year ended 30 September 2012**

The following adjustments have been made in arriving at the Unaudited Pro forma Profit Statements for the nine months ended 30 June 2013 and year ended 30 September 2012:

| | Historical consolidated profit statement | Group pro forma adjustments | Unaudited pro forma profit statement |
|---|---|---|---|
| | | (i) | |
| | $'000 | $'000 | $'000 |
| **Nine months ended 30 June 2013** | | | |
| **REVENUE** | 1,083,178 | – | 1,083,178 |
| Cost of Sales | (590,668) | – | (590,668) |
| **GROSS PROFIT** | 492,510 | – | 492,510 |
| Other Losses | (2,296) | – | (2,296) |
| **Other Items of Expenses** | | | |
| Operation Costs | (105,709) | – | (105,709) |
| Marketing Costs | (43,289) | – | (43,289) |
| Administrative Costs | (65,860) | – | (65,860) |
| | (214,858) | – | (214,858) |
| **TOTAL COSTS AND EXPENSES** | (214,858) | – | (214,858) |
| **TRADING PROFIT** | 275,356 | – | 275,356 |
| Share of Results of Associates | 45,420 | – | 45,420 |
| **PROFIT BEFORE INTEREST, FAIR VALUE CHANGE, TAXATION AND EXCEPTIONAL ITEMS** | 320,776 | – | 320,776 |
| Interest Income | 13,069 | – | 13,069 |
| Interest Expense | (65,616) | 14,544 | (51,072) |
| Net Interest Costs | (52,547) | 14,544 | (38,003) |
| **PROFIT BEFORE FAIR VALUE CHANGE, TAXATION AND EXCEPTIONAL ITEMS** | 268,229 | 14,544 | 282,773 |
| Fair Value Change on Investment Properties | 146,429 | – | 146,429 |
| Share of Associates' Fair Value Change on Investment Properties | 90,394 | – | 90,394 |
| **PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS** | 505,052 | 14,544 | 519,596 |
| Exceptional Items | 39,239 | (40,705) | (4,966) |
| **PROFIT BEFORE TAXATION** | 544,291 | (26,161) | 518,130 |
| Taxation | (58,602) | – | (58,602) |
| **PROFIT FOR THE PERIOD** | 485,689 | (26,161) | 459,528 |
| **ATTRIBUTABLE TO:-** | | | |
| Shareholder of the Company | | | |
| - before fair value change and exceptional items | 213,120 | 14,544 | 227,664 |
| - fair value change | 235,904 | – | 235,904 |
| - exceptional items | 39,793 | (40,705) | (912) |
| | 488,817 | (26,161) | 462,656 |
| Non-controlling Interests | (3,128) | – | (3,128) |
| **PROFIT FOR THE PERIOD** | 485,689 | (26,161) | 459,528 |

*Note to the Pro forma Adjustments to Profit Statement for the nine months ended 30 June 2013:*

(i) Being (a) adjustments to interest costs of $14,544,000 on the payment of $40,705,000 as Part Consideration and on the repayment of $670,000,000 Intercompany Loans, and (b) the expense of Part Consideration of $40,705,000 to exceptional items.

## 2. PRO FORMA ADJUSTMENTS (cont'd)

| | Historical consolidated profit statement<br>$'000 | Group pro forma adjustments<br>(i)<br>$'000 | Unaudited pro forma profit statement<br>$'000 |
|---|---|---|---|
| **Year ended 30 September 2012** | | | |
| **REVENUE** | 1,411,770 | – | 1,411,770 |
| Cost of Sales | (785,398) | – | (785,398) |
| **GROSS PROFIT** | 626,372 | – | 626,372 |
| Other Income | 14,351 | – | 14,351 |
| **Other Items of Expenses** | | | |
| Operation Costs | (132,188) | – | (132,188) |
| Marketing Costs | (84,344) | – | (84,344) |
| Administrative Costs | (93,005) | – | (93,005) |
| **TOTAL COSTS AND EXPENSES** | (309,537) | – | (309,537) |
| **TRADING PROFIT** | 331,186 | – | 331,186 |
| Share of Results of Associates | 58,475 | – | 58,475 |
| Investment Income | 493 | – | 493 |
| **PROFIT BEFORE INTEREST, FAIR VALUE CHANGE, TAXATION AND EXCEPTIONAL ITEMS** | 390,154 | – | 390,154 |
| Interest Income | 20,242 | – | 20,242 |
| Interest Expense | (80,504) | 13,796 | (66,708) |
| Net Interest Costs | (60,262) | 13,796 | (46,466) |
| **PROFIT BEFORE FAIR VALUE CHANGE, TAXATION AND EXCEPTIONAL ITEMS** | 329,892 | 13,796 | 343,688 |
| Fair Value Change on Investment Properties | 265,228 | – | 265,228 |
| Share of Associates' Fair Value Change on Investment Properties | 71,695 | – | 71,695 |
| **PROFIT BEFORE TAXATION AND EXCEPTIONAL ITEMS** | 666,815 | 13,796 | 680,611 |
| Exceptional Items | 54,087 | (40,705) | 13,382 |
| **PROFIT BEFORE TAXATION** | 720,902 | (26,909) | 693,993 |
| Taxation | (91,924) | – | (91,924) |
| **PROFIT FOR THE YEAR** | 628,978 | (26,909) | 602,069 |
| **ATTRIBUTABLE TO:-** | | | |
| Shareholder of the Company | | | |
| - before fair value change and exceptional items | 253,764 | 13,796 | 267,560 |
| - fair value change | 336,306 | – | 336,306 |
| - exceptional items | 53,193 | (40,705) | 12,488 |
| | 643,263 | (26,909) | 616,354 |
| Non-controlling Interests | (14,285) | – | (14,285) |
| **PROFIT FOR THE YEAR** | 628,978 | (26,909) | 602,069 |

*Note to the Pro forma Adjustments to Profit Statement for the year ended 30 September 2012:*

(i) Being (a) adjustments to interest costs of $13,796,000 on the payment of $40,705,000 as Part Consideration and on the repayment of $670,000,000 Intercompany Loans, and (b) the expense of Part Consideration of $40,705,000 to exceptional items.

## 2. PRO FORMA ADJUSTMENTS (cont'd)

**Unaudited Pro forma Statements of Comprehensive Income for the nine months ended 30 June 2013 and year ended 30 September 2012**

The following adjustments have been made in arriving at the Unaudited Pro forma Statements of Comprehensive Income for the nine months ended 30 June 2013 and year ended 30 September 2012:

| | Historical consolidated statement of comprehensive income<br>$'000 | Group pro forma adjustments<br>(i)<br>$'000 | Unaudited pro forma statement of comprehensive income<br>$'000 |
|---|---|---|---|
| **Nine months ended 30 June 2013** | | | |
| **PROFIT FOR THE PERIOD** | 485,689 | (26,161) | 459,528 |
| **OTHER COMPREHENSIVE INCOME, NET OF TAX** | | | |
| ***Items that will not be reclassified to profit or loss:*** | | | |
| Fair value change of cash flow hedges | 5,387 | – | 5,387 |
| Share of associate's fair value change of cash flow hedges | 735 | – | 735 |
| | 6,122 | – | 6,122 |
| ***Items that will be reclassified to profit or loss:*** | | | |
| Realisation upon disposal of available-for-sale financial assets | (34,900) | – | (34,900) |
| Foreign currency translation reserve: | | | |
| - Exchange difference on consolidation | (17,099) | – | (17,099) |
| Share of other comprehensive income of associates | (11,266) | – | (11,266) |
| | (63,265) | – | (63,265) |
| Other comprehensive income for the period, net of tax | (57,143) | – | (57,143) |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | 428,546 | (26,161) | 402,385 |
| **ATTRIBUTABLE TO:-** | | | |
| Shareholder of the Company | 438,680 | (26,161) | 412,519 |
| Non-controlling Interests | (10,134) | – | (10,134) |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | 428,546 | (26,161) | 402,385 |

*Note to the Pro forma Adjustments to Statement of Comprehensive Income for the nine months ended 30 June 2013:*

(i) Being (a) adjustments to interest costs of $14,544,000 on the payment of $40,705,000 as Part Consideration and on the repayment of $670,000,000 Intercompany Loans, and (b) the expense of Part Consideration of $40,705,000 to exceptional items.

## 2. PRO FORMA ADJUSTMENTS (cont'd)

| | Historical consolidated statement of comprehensive income | Group pro forma adjustments (i) | Unaudited pro forma statement of comprehensive income |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| **Year ended 30 September 2012** | | | |
| **PROFIT FOR THE YEAR** | 628,978 | (26,909) | 602,069 |
| **OTHER COMPREHENSIVE INCOME, NET OF TAX** | | | |
| ***Items that will not be reclassified to profit or loss:*** | | | |
| Fair value change of cash flow hedges | 5,256 | – | 5,256 |
| ***Items that will be reclassified to profit or loss:*** | | | |
| Fair value change of available-for-sale financial assets | 34,900 | – | 34,900 |
| Foreign currency translation reserve: | | | |
| - Exchange difference on consolidation | (27,752) | – | (27,752) |
| Share of other comprehensive income of associates | 158 | – | 158 |
| Realisation of reserves upon change in control: | | | |
| - Step-up acquisition of subsidiary | 12,833 | – | 12,833 |
| - Disposal of subsidiaries | 19,711 | – | 19,711 |
| | 39,850 | – | 39,850 |
| Other comprehensive income for the year, net of tax | 45,106 | – | 45,106 |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | 674,084 | (26,909) | 647,175 |
| **ATTRIBUTABLE TO:-** | | | |
| Shareholder of the Company | 690,733 | (26,909) | 663,824 |
| Non-controlling Interests | (16,649) | – | (16,649) |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | 674,084 | (26,909) | 647,175 |

*Note to the Pro forma Adjustments to Statement of Comprehensive Income for the year ended 30 September 2012:*

(i) Being (a) adjustments to interest costs of $13,769,000 on the payment of $40,705,000 as Part Consideration and on the repayment of $670,000,000 Intercompany Loans, and (b) the expense of Part Consideration of $40,705,000 to exceptional items.

## 2. PRO FORMA ADJUSTMENTS (cont'd)

### Unaudited Pro forma Balance Sheets as at 30 June 2013 and as 30 September 2012

The following adjustments have been made in arriving at the Unaudited Pro forma Balance Sheets as at 30 June 2013 and 30 September 2012:

| | Historical consolidated balance sheet | Group pro forma adjustments (i) | (ii) | Unaudited pro forma balance sheet |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **30 June 2013** | | | | |
| **NON-CURRENT ASSETS** | | | | |
| Investment Properties | 3,026,623 | – | – | 3,026,623 |
| Fixed Assets | 31,113 | – | – | 31,113 |
| Investments in Associates | 1,038,558 | | | 1,038,558 |
| Financial Assets | 2,163 | – | – | 2,163 |
| Other Assets | 106,902 | – | – | 106,902 |
| Other Receivables | 166,214 | – | – | 166,214 |
| Deferred Tax Assets | 2,937 | – | – | 2,937 |
| | 4,374,510 | – | – | 4,374,510 |
| **CURRENT ASSETS** | | | | |
| Inventory, at cost | 3,764 | – | – | 3,764 |
| Properties Held for Sale | 4,888,179 | – | – | 4,888,179 |
| Trade and Other Receivables | 263,285 | – | – | 263,285 |
| Prepayments | 26,205 | – | – | 26,205 |
| Derivative Financial Instruments | 6,940 | – | – | 6,940 |
| Cash and Cash Equivalents | 981,152 | – | – | 981,152 |
| | 6,169,525 | – | – | 6,169,525 |
| **TOTAL ASSETS** | 10,544,035 | – | – | 10,544,035 |
| **CURRENT LIABILITIES** | | | | |
| Trade and Other Payables | 1,854,329 | – | (563,926) | 1,290,403 |
| Provision for Taxation | 101,504 | – | – | 101,504 |
| Derivative Financial Instruments | 5,624 | – | – | 5,624 |
| Loans and Borrowings | 265,709 | – | 604,651 | 870,340 |
| | 2,227,166 | – | 40,705 | 2,267,871 |
| **NET CURRENT ASSETS** | 3,942,359 | – | (40,705) | 3,901,654 |
| | 8,316,869 | – | (40,705) | 8,276,164 |
| **NON-CURRENT LIABILITIES** | | | | |
| Loans and Borrowings | 1,586,669 | – | 689,343 | 2,276,012 |
| Other Payables | 1,383,465 | (670,000) | (689,343) | 24,122 |
| Derivative Financial Instruments | 2,781 | – | – | 2,781 |
| Deferred Tax Liabilities | 109,439 | – | – | 109,439 |
| | 3,082,354 | (670,000) | – | 2,412,354 |
| **TOTAL LIABILITIES** | 5,309,520 | (670,000) | 40,705 | 4,680,225 |
| **NET ASSETS** | 5,234,515 | 670,000 | (40,705) | 5,863,810 |
| **EQUITY ATTRIBUTABLE TO SHAREHOLDER OF THE COMPANY** | | | | |
| Share Capital | 1,083,977 | 670,000 | – | 1,753,977 |
| Retained Earnings | 4,129,898 | – | (40,705) | 4,089,193 |
| Other Reserves | 7,032 | – | – | 7,032 |
| | 5,220,907 | 670,000 | (40,705) | 5,850,202 |
| Non-controlling Interests | 13,608 | – | – | 13,608 |
| **TOTAL EQUITY** | 5,234,515 | 670,000 | (40,705) | 5,863,810 |

## 2. PRO FORMA ADJUSTMENTS (cont'd)

*Notes to the Pro forma Adjustments to Balance Sheet as at 30 June 2013:*

(i) Being adjustments to effect a) the redemption of all its Redeemable Preference Shares for $330,000,000, b) F&N subscription of new Ordinary Shares in the Company for $1,000,000,000, and c) the repayment of $670,000,000 Intercompany Loans with equity injected by F&N.

(ii) Being adjustments to effect the repayment of remaining Intercompany Loans of $1,253,269,000 and payment of Part Consideration of $40,705,000 by drawing down on credit facilities.

| | Historical consolidated balance sheet | Group pro forma adjustments | | Unaudited pro forma balance sheet |
|---|---|---|---|---|
| | | (i) | (ii) | |
| | $'000 | $'000 | $'000 | $'000 |
| **30 September 2012** | | | | |
| **NON-CURRENT ASSETS** | | | | |
| Investment Properties | 2,821,434 | – | – | 2,821,434 |
| Fixed Assets | 33,337 | – | – | 33,337 |
| Investments in Associates | 1,223,506 | – | – | 1,223,506 |
| Financial Assets | 2,166 | – | – | 2,166 |
| Other Assets | 107,234 | – | – | 107,234 |
| Other Receivables | 89,708 | – | – | 89,708 |
| Deferred Tax Assets | 2,937 | – | – | 2,937 |
| | 4,280,322 | – | – | 4,280,322 |
| **CURRENT ASSETS** | | | | |
| Inventory, at cost | 4,175 | – | – | 4,175 |
| Properties Held for Sale | 4,471,239 | – | – | 4,471,239 |
| Trade and Other Receivables | 327,697 | – | – | 327,697 |
| Prepayments | 7,127 | – | – | 7,127 |
| Financial Assets | 60,350 | – | – | 60,350 |
| Cash and Cash Equivalents | 1,206,314 | – | – | 1,206,314 |
| | 6,076,902 | – | – | 6,076,902 |
| **TOTAL ASSETS** | 10,357,224 | – | – | 10,357,224 |
| **CURRENT LIABILITIES** | | | | |
| Trade and Other Payables | 1,659,544 | – | (637,087) | 1,022,457 |
| Provision for Taxation | 127,161 | – | – | 127,161 |
| Derivative Financial Instruments | 10,858 | – | – | 10,858 |
| Loans and Borrowings | 167,798 | – | 677,792 | 845,590 |
| | 1,965,361 | – | 40,705 | 2,006,066 |
| **NET CURRENT ASSETS** | 4,111,541 | – | (40,705) | 4,070,836 |
| | 8,391,863 | – | (40,705) | 8,351,158 |
| **NON-CURRENT LIABILITIES** | | | | |
| Loans and Borrowings | 1,424,727 | – | 1,223,036 | 2,647,763 |
| Other Payables | 1,914,751 | (670,000) | (1,223,036) | 21,715 |
| Derivative Financial Instruments | 4,732 | – | – | 4,732 |
| Deferred Tax Liabilities | 91,984 | – | – | 91,984 |
| | 3,436,194 | (670,000) | – | 2,766,194 |
| **TOTAL LIABILITIES** | 5,401,555 | (670,000) | 40,705 | 4,772,260 |
| **NET ASSETS** | 4,955,669 | 670,000 | (40,705) | 5,584,964 |

## 2. PRO FORMA ADJUSTMENTS (cont'd)

| | Historical consolidated balance sheet | Group pro forma adjustments | | Unaudited pro forma balance sheet |
|---|---|---|---|---|
| | | (i) | (ii) | |
| | $'000 | $'000 | $'000 | $'000 |
| **EQUITY ATTRIBUTABLE TO SHAREHOLDER OF THE COMPANY** | | | | |
| Share Capital | 1,083,977 | 670,000 | – | 1,753,977 |
| Retained Earnings | 3,791,081 | – | (40,705) | 3,750,376 |
| Other Reserves | 57,169 | – | – | 57,169 |
| | 4,932,227 | 670,000 | (40,705) | 5,561,522 |
| Non-controlling Interests | 23,442 | – | – | 23,442 |
| **TOTAL EQUITY** | 4,955,669 | 670,000 | (40,705) | 5,584,964 |

*Notes to the Pro forma Adjustments to Balance Sheet as at 30 September 2012:*

(i) Being adjustments to effect a) the redemption of all its Redeemable Preference Shares for $330,000,000, b) F&N subscription of new Ordinary Shares in the Company for $1,000,000,000, and c) the repayment of $670,000,000 Intercompany Loans with equity injected by F&N.

(ii) Being adjustments to effect the repayment of remaining Intercompany Loans of $1,860,123,000 and payment of Part Consideration of $40,705,000 by drawing down on credit facilities.

## 2. PRO FORMA ADJUSTMENTS (cont'd)

**Unaudited Pro forma Statements of Changes in Equity for the nine months ended 30 June 2013 and year ended 30 September 2012**

The following Pro forma Adjustments were made to the Statement of Changes in Equity for the year ended 30 September 2012 and for the nine months ended 30 June 2013:

| | Historical consolidated statement of changes in equity $'000 | Group pro forma adjustments (i) $'000 | Unaudited pro forma statement of changes in equity $'000 |
|---|---|---|---|
| **Nine months ended 30 June 2013** | | | |
| Opening balance at 1 October 2012, as previously reported | 4,946,214 | – | 4,946,214 |
| Effects of adopting FRS 12 | 9,455 | – | 9,455 |
| Opening balance at 1 October 2012, as restated | 4,955,669 | – | 4,955,669 |
| **Profit for the period** | 485,689 | (26,161) | 459,528 |
| Other compehensive income | | | |
| Net fair value change of cash flow hedges | 5,387 | – | 5,387 |
| Foreign currency translation | (17,099) | – | (17,099) |
| Realisation upon disposal of available-for-sale financial assets | (34,900) | – | (34,900) |
| Share of other comprehensive income of associates | (10,531) | – | (10,531) |
| **Other comprehensive income for the period** | (57,143) | – | (57,143) |
| **Total comprehensive income for the period** | 428,546 | (26,161) | 402,385 |
| Contributions by and distributions to owners | | | |
| Dividends | (150,000) | – | (150,000) |
| Redemption of preference shares | – | (330,000) | (330,000) |
| Issue of new ordinary shares | – | 1,000,000 | 1,000,000 |
| **Total contributions by and distributions to owners** | (150,000) | 670,000 | 520,000 |
| Changes in ownership interests in subsidiaries and associates | | | |
| Shares issued to non-controlling interests | 300 | – | 300 |
| **Total changes in ownership interests in subsidiaries and associates** | 300 | – | 300 |
| **Total transactions with owners in their capacity as owners** | (149,700) | 670,000 | 520,300 |
| Closing balance at 30 June 2013 | 5,234,515 | 643,839 | 5,878,354 |

*Note to the Pro forma Adjustments to Statement of Changes in Equity for the nine months ended 30 June 2013:*

(i) Being (a) adjustments to Share Capital to effect i) the redemption of all its Redeemable Preference Shares for $330,000,000, and ii) F&N subscription of new Ordinary Shares in the Company for $1,000,000,000; and (b) adjustment to Profit for the period on lower interest costs of $14,544,000 and the expense of Part Consideration of $40,705,000.

## 2. PRO FORMA ADJUSTMENTS (cont'd)

| | Historical consolidated statement of changes in equity | Group pro forma adjustments (i) | Unaudited pro forma statement of changes in equity |
|---|---|---|---|
| | $'000 | $'000 | $'000 |
| **Year ended 30 September 2012** | | | |
| Opening balance at 1 October 2011, as previously reported | 4,606,593 | – | 4,606,593 |
| Effects of adopting FRS 12 | 8,111 | – | 8,111 |
| Opening balance at 1 October 2011, as restated | 4,614,704 | – | 4,614,704 |
| **Profit for the year** | 628,978 | (26,909) | 602,069 |
| Other compehensive income | | | |
| Net fair value change of cash flow hedges | 5,256 | – | 5,256 |
| Foreign currency translation | (27,752) | – | (27,752) |
| Fair value change of available-for-sale financial assets | 34,900 | – | 34,900 |
| Share of other comprehensive income of associates | 158 | – | 158 |
| Realisation of reserves upon change in control | | | |
| - Step-up acquisition of subsidiary | 12,833 | – | 12,833 |
| - Disposal of subsidiaries | 19,711 | – | 19,711 |
| **Other comprehensive income for the year** | 45,106 | – | 45,106 |
| **Total comprehensive income for the year** | 674,084 | (26,909) | 647,175 |
| Contributions by and distributions to owners | | | |
| Net change in share-based compensation reserve | 257 | – | 257 |
| Fair value of restricted share plan | (1,039) | – | (1,039) |
| Dividends | (152,434) | – | (152,434) |
| Redemption of preference shares | – | (330,000) | (330,000) |
| Issue of new ordinary shares | – | 1,000,000 | 1,000,000 |
| **Total contributions by and distributions to owners** | (153,216) | 670,000 | 516,784 |
| Changes in ownership interests in subsidiaries and associates | | | |
| Disposal of subsidiaries | (191,455) | – | (191,455) |
| Shares issued to non-controlling interests | 11,552 | – | 11,552 |
| **Total changes in ownership interests in subsidiaries and associates** | (179,903) | – | (179,903) |
| **Total transactions with owners in their capacity as owners** | (333,119) | 670,000 | 336,881 |
| Closing balance at 30 September 2012 | 4,955,669 | 643,091 | 5,598,760 |

*Note to the Pro forma Adjustments to Statement of Changes in Equity for the year ended 30 September 2012:*

(i) Being (a) adjustments to Share Capital to effect i) the redemption of all its Redeemable Preference Shares for $330,000,000, and ii) F&N subscription of new Ordinary Shares in the Company for $1,000,000,000; and (b) adjustments to Profit for the Year on lower interest costs of $13,796,000 and the expense of Part Consideration of $40,705,000.

## 2. PRO FORMA ADJUSTMENTS (cont'd)

**Unaudited Pro forma Statements of Cash Flows for the nine months ended 30 June 2013 and year ended 30 September 2012**

The following adjustments have been made in arriving at the Unaudited Pro forma Statements of Cash Flows for the nine months ended 30 June 2013 and year ended 30 September 2012:

| | Historical consolidated statement of cash flows | Group pro forma adjustments | | Unaudited pro forma statement of cash flows |
|---|---|---|---|---|
| | | (i) | (ii) | |
| | $'000 | $'000 | $'000 | $'000 |
| **Nine months ended 30 June 2013** | | | | |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| Profit before taxation and exceptional items | 505,052 | 14,544 | – | 519,596 |
| Adjustments for: | | | | |
| Development profit | (201,916) | – | – | (201,916) |
| Allowance for foreseeable losses and impairment for properties held for sale | 8,767 | – | – | 8,767 |
| Fair value change on investment properties | (146,429) | – | – | (146,429) |
| Share of associates' fair value change on investment properties | (90,394) | – | – | (90,394) |
| Depreciation of fixed assets | 5,709 | – | – | 5,709 |
| Net loss on disposal of fixed assets | 295 | – | – | 295 |
| Amortisation of intangible assets | 374 | – | – | 374 |
| Loss on disposal of financial assets | – | – | – | – |
| Share of results of associates | (45,420) | – | – | (45,420) |
| Mark-to-market gains on derivatives | (3,085) | – | – | (3,085) |
| Interest expense | 65,616 | (14,544) | – | 51,072 |
| Interest income | (13,069) | – | – | (13,069) |
| Exchange difference | 25,323 | – | – | 25,323 |
| Operating cash flow before working capital changes | 110,823 | – | – | 110,823 |
| Progress payments received from sale of residential units | 897,701 | – | – | 897,701 |
| Development expenditure-properties held for sale | (749,360) | – | – | (749,360) |
| Payment of land premium | (150,180) | – | – | (150,180) |
| Change in prepaid project costs | (11,641) | – | – | (11,641) |
| Change in rental deposits | (172) | – | – | (172) |
| Change in inventory | 411 | – | – | 411 |
| Change in trade and other receivables | (39,112) | – | – | (39,112) |
| Change in trade and other payables | 36,782 | – | – | 36,782 |
| Change in joint venture and associates' balances | 8,354 | – | – | 8,354 |
| Change in related company balances | (75,623) | – | – | (75,623) |
| **Cash generated from operations** | 27,983 | – | – | 27,983 |
| Interest expense paid | (65,416) | – | – | (65,416) |
| Interest income received | 19,291 | – | – | 19,291 |
| Income taxes paid | (67,841) | – | – | (67,841) |
| **Net cash used in operating activities** | (85,983) | – | – | (85,983) |

## 2. PRO FORMA ADJUSTMENTS (cont'd)

| | Historical consolidated statement of cash flows | Group pro forma adjustments (i) | Group pro forma adjustments (ii) | Unaudited pro forma statement of cash flows |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Proceeds from disposal of available-for-sale financial assets | 60,710 | – | – | 60,710 |
| Proceeds from disposal of fixed assets | 5 | – | – | 5 |
| Development expenditure - investment properties under construction | (6,988) | – | – | (6,988) |
| Purchase of fixed assets | (3,443) | – | – | (3,443) |
| Additions of investment properties | (33,489) | – | – | (33,489) |
| Purchase of intangible assets | (42) | – | – | (42) |
| Investment in associates | (32,249) | – | – | (32,249) |
| Redemption of Series A CPPUs | 306,158 | – | – | 306,158 |
| Loans to joint ventures and associates | (71,597) | – | – | (71,597) |
| Dividend income from associates | 47,332 | – | – | 47,332 |
| **Net cash generated from investing activities** | 266,397 | – | – | 266,397 |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| Proceeds from issue of new shares by subsidiary to non-controlling interests | 300 | – | – | 300 |
| Proceeds from bank loans drawn down | 524,941 | – | 1,293,974 | 1,818,915 |
| Repayment of bank loans | (242,273) | – | – | (242,273) |
| Repayment of loans to a related company | (533,693) | (670,000) | (1,293,974) | (2,497,667) |
| Payment of dividends to shareholders | (150,000) | – | – | (150,000) |
| Redemption of preference shares | – | (330,000) | – | (330,000) |
| Issue of new ordinary shares | – | 1,000,000 | – | 1,000,000 |
| **Net cash used in financing activities** | (400,725) | – | – | (400,725) |
| Net change in cash and cash equivalents | (220,311) | – | – | (220,311) |
| Cash and cash equivalents at beginning of period | 1,201,005 | – | – | 1,201,005 |
| **Cash and cash equivalents at end of period** | 980,694 | – | – | 980,694 |

*Notes to the Pro forma Adjustments to Statement of Cash Flow for the nine months ended 30 June 2013:*

(i) Being (a) adjustments to effect i) the redemption of all its Redeemable Preference Shares for $330,000,000, ii) F&N subscription of new Ordinary Shares in the Company for $1,000,000,000, and iii) the repayment of $670,000,000 Intercompany Loans with equity injected by F&N; and (b) adjustment to Operating Cashflow on lower interest costs.

(ii) Being adjustments to effect the repayment of remaining Intercompany Loans of $1,253,269,000 and payment of Part Consideration of $40,705,000 by drawing down on credit facilities.

## 2. PRO FORMA ADJUSTMENTS (cont'd)

| | Historical consolidated statement of cash flows | Group pro forma adjustments (i) | (ii) | Unaudited pro forma statement of cash flows |
|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 |
| **Year ended 30 September 2012** | | | | |
| **CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| Profit before taxation and exceptional items | 666,815 | 13,796 | – | 680,611 |
| Adjustments for: | | | | |
| Development profit | (281,936) | – | – | (281,936) |
| Allowance for foreseeable losses and impairment for properties held for sale | 34,752 | – | – | 34,752 |
| Fair value change on investment properties | (265,228) | – | – | (265,228) |
| Share of associates' fair value change on investment properties | (71,695) | – | – | (71,695) |
| Depreciation of fixed assets | 7,310 | – | – | 7,310 |
| Net loss on disposal of fixed assets | 564 | – | – | 564 |
| Amortisation of intangible assets | 498 | – | – | 498 |
| Share of results of associates | (58,475) | – | – | (58,475) |
| Dividend income from available-for-sale financial assets | (493) | – | – | (493) |
| Mark-to-market gains on derivatives | 4,507 | – | – | 4,507 |
| Interest expense | 80,504 | (13,796) | – | 66,708 |
| Interest income | (20,242) | – | – | (20,242) |
| Provision for share-based compensation | 257 | – | – | 257 |
| Exchange difference | 3,222 | – | – | 3,222 |
| Operating cash flow before working capital changes | 100,360 | – | – | 100,360 |
| Progress payments received from sale of residential units | 1,467,107 | – | – | 1,467,107 |
| Development expenditure - properties held for sale | (1,008,254) | – | – | (1,008,254) |
| Payment of land premium | (366,686) | – | – | (366,686) |
| Change in prepaid project costs | 60,578 | – | – | 60,578 |
| Change in rental deposits | 4,803 | – | – | 4,803 |
| Change in inventory | (849) | – | – | (849) |
| Change in trade and other receivables | 25,452 | – | – | 25,452 |
| Change in trade and other payables | 74,579 | – | – | 74,579 |
| Change in joint venture and associates' balances | (288) | – | – | (288) |
| Change in related company balances | (723,927) | – | – | (723,927) |
| **Cash used in operations** | (367,125) | – | – | (367,125) |
| Interest expense paid | (73,269) | – | – | (73,269) |
| Interest income received | 23,321 | – | – | 23,321 |
| Income taxes paid | (140,892) | – | – | (140,892) |
| **Net cash used in operating activities** | (557,965) | – | – | (557,965) |

## 2. PRO FORMA ADJUSTMENTS (cont'd)

| | Historical consolidated statement of cash flows | Group pro forma adjustments | | Unaudited pro forma statement of cash flows |
|---|---|---|---|---|
| | | (i) | (ii) | |
| | $'000 | $'000 | $'000 | $'000 |
| **CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Purchase of available-for-sale financial assets | (2) | – | – | (2) |
| Proceeds from disposal of available-for-sale financial assets | 703 | – | – | 703 |
| Proceeds from disposal of fixed assets | 280 | – | – | 280 |
| Development expenditure - investment properties under construction | (53,232) | – | – | (53,232) |
| Purchase of fixed assets | (10,969) | – | – | (10,969) |
| Additions of investment properties | (31,357) | – | – | (31,357) |
| Investment in associates | (15,565) | – | – | (15,565) |
| Loans to joint ventures and associates | 9,607 | – | – | 9,607 |
| Acquisition of subsidiaries, net of cash acquired | (129,040) | – | – | (129,040) |
| Disposal of subsidiaries, net of cash disposed of | 55,946 | – | – | 55,946 |
| Acquistion of joint venture, net of cash acquired | (28,558) | – | – | (28,558) |
| Dividend income from available-for-sale financial assets | 493 | – | – | 493 |
| Dividend income from associates | 59,742 | – | – | 59,742 |
| **Net cash used in investing activities** | (141,952) | – | – | (141,952) |
| **CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| Proceeds from issue of new shares by subsidiary to non-controlling interests | 11,552 | – | – | 11,552 |
| Proceeds from bank loans drawn down | 683,586 | – | 1,900,828 | 2,584,414 |
| Repayment of bank loans | (234,925) | – | – | (234,925) |
| Proceeds from/(repayment of) loans to a related company | 628,935 | (670,000) | (1,900,828) | (1,941,893) |
| Payment of dividends to shareholders | (152,434) | – | – | (152,434) |
| Redemption of preference shares | – | (330,000) | – | (330,000) |
| Issue of new ordinary shares | – | 1,000,000 | – | 1,000,000 |
| **Net cash generated from financing activities** | 936,714 | – | – | 936,714 |
| Net change in cash and cash equivalents | 236,797 | – | – | 236,797 |
| Cash and cash equivalents at beginning of year | 968,249 | – | – | 968,249 |
| **Cash and cash equivalents at end of year** | 1,205,046 | – | – | 1,205,046 |

*Notes to the Pro forma Adjustments to Statement of Cash Flow for the year ended 30 September 2012:*

(i) Being (a) adjustments to effect i) the redemption of all its Redeemable Preference Shares for $330,000,000, ii) F&N subscription of new Ordinary Shares in the Company for $1,000,000,000, and iii) the repayment of $670,000,000 Intercompany Loans with equity injected by F&N; and (b) adjustment to Operating Cashflow on lower interest costs.

(ii) Being adjustments to effect the repayment of remaining Intercompany Loans of $1,860,123,000 and payment of Part Consideration of $40,705,000 by drawing down on credit facilities.

## 3. EARNINGS PER SHARE

Basic and diluted earnings per share is computed by dividing the FCL Group attributable profit by the weighted average number of ordinary shares in issue during the period:-

| | Group | |
|---|---|---|
| | 1.10.2012 to 30.6.2013 | 1.10.2011 to 30.9.2012 |
| | $'000 | $'000 |
| Attributable profit before fair value change and exceptional items | 227,664 | 267,560 |
| Attributable profit after fair value change and exceptional items | 462,656 | 616,354 |
| Weighted average number of ordinary shares in issue | | |
| Units in issue | 753,291,782 | 753,291,782 |
| Up to 2,139,140,708 ordinary shares to be issued | 2,139,140,708 | 2,139,140,708 |
| | 2,892,432,490 | 2,892,432,490 |
| Basic and diluted earnings per share | cents | cents |
| - before fair value change on investment properties and exceptional items | 7.9¢ | 9.3¢ |
| - after fair value change on investment properties and exceptional items | 16.0¢ | 21.3¢ |

There were no potential dilutive ordinary shares in existence for the periods presented.

## 4. CASH AND CASH EQUIVALENTS

| | Group | |
|---|---|---|
| | 30.6.2013 | 30.9.2012 |
| | $'000 | $'000 |
| Fixed deposits | 84,766 | 142,053 |
| Cash at banks and in hand | 694,115 | 699,723 |
| Amounts held under 'Project Account Rules - 1997 Ed" | | |
| - Fixed deposits | 148,642 | 355,878 |
| - Cash at banks | 53,629 | 8,660 |
| | 202,271 | 364,538 |
| Cash and cash equivalents | 981,152 | 1,206,314 |

For the purpose of the consolidated pro forma cash flow statement, cash and cash equivalents comprise the following at the balance sheet date:

| | Group | |
|---|---|---|
| | 30.6.2013 | 30.9.2012 |
| | $'000 | $'000 |
| Fixed deposits and cash at banks and in hand | 981,152 | 1,206,314 |
| Bank overdrafts | (458) | (1,268) |
| Cash and cash equivalents in the consolidated pro forma cash flow statement | 980,694 | 1,205,046 |

## 5. CAPITAL MANAGEMENT

| | Group | |
|---|---|---|
| | 30.6.2013 | 30.9.2012 |
| | $'000 | $'000 |
| Fixed deposits, cash and bank balances | 981,152 | 1,206,314 |
| Loans and borrowings | (3,146,352) | (3,493,353) |
| Net borrowings | (2,165,200) | (2,287,039) |
| Total Equity | 5,863,810 | 5,584,964 |
| Net borrowings over total equity | 0.37 | 0.41 |

# SUMMARY OF THE VALUATION REPORTS ISSUED BY THE INDEPENDENT VALUERS

## Frasers Centrepoint Homes/Frasers Property (Singapore and Overseas Properties)

### *Development Land bank – Singapore Property*

| No. | Property name | Location | Effective interest (%) | Proposed Development | Status as at 30 June 2013 | Land area (sqm) | Proposed Gross Floor Area (sqm) | Tenure | Valuation assuming satisfactory completion of proposed development | Date of Valuation | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | 51 Cuppage Road (formerly known as "Starhub Centre") | Singapore | 100.0 | Mixed residential and retail redevelopment | Commercial building | 6,309.6 | Residential-24,732.1 Retail-6,183.0 | Leasehold | $757.4 million | 30 June 2013 | Direct Comparison Method | CBRE Pte. Ltd. |

## *Development Land bank – Overseas Properties*

| No. | Property name | Location | Effective interest (%) | Proposed Development | Status as at 30 June 2013 | Land area (sqm) | Proposed Gross Floor Area (sqm) | Tenure | Valuation assuming satisfactory completion of proposed development ($) | Valuation assuming satisfactory completion of proposed development | Date of Valuation | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Central Park (Land bank A) | Sydney, Australia | | | | | | Freehold | | | 30 June 2013 | Hypothetical Development Approach, Capitalisation Approach, Discounted Cash Flow Approach, Direct Comparison Approach | Colliers International Consultancy and Valuations Pty Limited |
| | – Block 1 | | 38.0 | Residential | Land bank | 4,000 | 22,000 | | 262.21 million | AUD222.20 million | | | |
| | – Block 4N | | 38.0 | Office and Retail | Land bank | 3,500 | 26,569 | | 239.56 million | AUD203.00 million | | | |
| | – Block 4S | | 38.0 | Student accommodation | Land bank | 3,825 | 25,000 | | 209.41 million | AUD177.45 million | | | |
| | – Block 4BY | | 38.0 | Residential | Land bank | 3,787 | 4,257.8 | | 32.69 million | AUD27.70 million | | | |
| | – Block 8 | | 38.0 | Residential with ground floor retail | Land bank | 3,183 | 13,500 | | 164.56 million | AUD139.45 million | | | |
| | (Land bank B) | | | | | | | | | | | | |
| | – Block 11 | | 75.0 | Residential with 2,200 sqm commercial space | Land bank | 7,800 | 26,113 | | 275.19 million | AUD233.20 million | | | |
| 2. | Frasers Landing Lots 9011,204,220 & 230 Wanjeep Street, Coodanup | Mandurah, Australia | 56.0 | Residential land estate comprising about 472 residential lots | Land bank | 416,623 | Total lot area 155,823 | Freehold | 71.89 million | AUD60.92 million (1) | 30 June 2013 | Discounted Cash Flow Analysis and Direct Comparison | CBRE Valuations Pty Limited |
| 3. | 2 Morton Street, Parramatta | Sydney, Australia | 75.0 | Residential development comprising 774 dwelling units to be developed over 3 stages | Land bank | 49,240 | Stage A-23,078 Stage B-16,199; Stage C-25,141 | Freehold | 449.54 million | AUD380.94 million | 30 June 2013 | Hypothetical Development Approach and Direct Comparison | Colliers International Consultancy and Valuations Pty Limited |

| No. | Property name | Location | Effective interest (%) | Proposed Development | Status as at 30 June 2013 | Land area (sqm) | Proposed Gross Floor Area (sqm) | Tenure | Valuation assuming satisfactory completion of proposed development ($) | Valuation assuming satisfactory completion of proposed development | Date of Valuation | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 4. | 600 Victoria Road, Putney Hill | Sydney, Australia | 75.0 | Residential development comprising a mix of 342 landed dwellings and apartments | Land bank | 114,000 | 43,658 | Freehold | 394.21 million | AUD334.05 million | 30 June 2013 | Hypothetical Development Approach, Direct Comparison Approach | Colliers International Consultancy and Valuations Pty Limited |
| 5. | Queens Riverside (QI and QII) 10 – 20 Adelaide Terrace, East Perth | Perth, Australia | 87.5 | Residential development comprising 126 apartments in QI and 107 apartments in QII | Land bank | 7,248 | Residential NSA-18,500 Commercial NSA-1,100 | Freehold | 156.70 million | AUD132.79 million (2) | 30 June 2013 | Direct Comparison, Residual Cash Flow Analysis | CBRE Valuations Pty Limited |
| 6. | Baitang One (Phase 3) | Suzhou, China | 100.0 | Residential development comprising 2,062 high-rise apartments, multi-storey apartments and landed houses | Under Construction | 167,647 | 367,395.19 (including 97,943.08 sqm of Facilities and Car Park ) | Leasehold | 789.17 million | RMB3,878 million | 30 June 2013 | Direct Comparison Approach | DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd |
| 7. | Shanshui Four Seasons (Gemdale Megacity) (Phases 2 – 5) | Shanghai, China | 45.0 | Residential development comprising 6,067 high-rise apartments, multi-storey apartments and terrace houses. | Phase 2 – Under Construction<br>Phases 3 – 5 – Vacant Land | 535,538.13 | 969,970.10 (including 244,647.47 sqm of Facilities and Car Park ) | Leasehold | 2,718.76 million | RMB13,360 million | 30 June 2013 | Direct Comparison Approach | DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd |
| 8. | Chengdu Logistic Hub (Frasers Hub) (Phases 2 and 4) | Chengdu, China | 80.0 | Logistic and commercial development comprising 637 commercial units | Phase 2 Under construction Phase 4 Vacant Land | 95,505.39 | 398,460.31 (including 77,602.74 sqm of Facilities and Car Park ) | Leasehold | 533.17 million | RMB2,620 million | 30 June 2013 | Direct Comparison Approach | DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd |

***Notes:***

(1) The market value of Frasers Landing on an 'as is' basis is AUD13.615 million as at 30 June 2013.
(2) The market value of Queens Riverside (QI and QII) on an 'as is' basis is AUD19.15 million as at 30 June 2013.

## Frasers Centrepoint Commercial – Retail Properties (Frasers Centrepoint Malls)

### *Singapore Properties*

| No. | Property name | Location | Effective interest (%) | Asset type | Status as at 30 June 2013 | Net lettable area of property (sqm) | Lease Expiry Date | Valuation as at 30 June 2013 | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | The Centrepoint | Singapore | 100.0 | Retail | Completed | 30,967.0 | Mixture of Freehold and Leasehold / 2078 | $640 million | Capitalisation Approach and Discounted Cash Flow Analysis | Knight Frank Pte Ltd |
| 2. | Changi City Point | Singapore | 50.0 | Retail | Completed | 19,252.82 | 2069 | $286 million | Market Comparison Method and Discounted Cash Flow Analysis | CKS Property Consultants Pte Ltd |
| 3. | Robertson Walk Shopping Centre | Singapore | 100.0 | Retail | Completed | 9,015.7 | 2840 | $98 million | Capitalisation Approach and Discounted Cash Flow Analysis | Knight Frank Pte Ltd |
| 4. | Valley Point Shopping Centre | Singapore | 100.0 | Retail | Completed | 3,699.1 | 2876 | $35 million | Capitalisation Approach and Discounted Cash Flow Analysis | Knight Frank Pte Ltd |
| 5. | Waterway Point | Singapore | 33.3 | Retail | Under Development | 34,169.2 | 2110 | $665 million (In its existing partially completed state of construction, taking into account the cost of work done) | Residual Land Value Method | Knight Frank Pte Ltd |

*Overseas Property*

| No. | Property name | Location | Effective interest (%) | Asset type | Status as at 30 June 2013 | GFA (sqm) | Lease Expiry Date | Valuation as at 30 June 2013 ($) | Valuation as at 30 June 2013 | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Crosspoint | Beijing, China | 100.0 | Mixed use | Completed | 28,571.76 | 2044 for commercial and underground commercial use; 2054 for office and underground car parking use | 93.41 million | RMB459 million | Direct Comparison Approach and Direct Capitalization Approach | DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd |

## Frasers Centrepoint Commercial – Office and Business Space Properties

*Singapore Properties*

| No. | Property name | Location | Effective interest (%) | Asset type | Status as at 30 June 2013 | Net lettable area of property (sqm) | Lease Expiry Date | Valuation as at 30 June 2013 | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Alexandra Point | Singapore | 100.0 | Commercial | Completed | 18,523.0 | Freehold | $265 million | Capitalisation Approach and Discounted Cash Flow Analysis | Knight Frank Pte Ltd |
| 2. | One@Changi City | Singapore | 50.0 | Business park | Completed | 61,864.95 | 2069 | $273.4 million | Market Comparison Method and Discounted Cash Flow Analysis | CKS Property Consultants Pte Ltd |
| 3. | Valley Point Office | Singapore | 100.0 | Commercial | Completed | 17,011.4 | 2876 | $232 million | Capitalisation Approach and Discounted Cash Flow Analysis | Knight Frank Pte Ltd |

### *Overseas Properties*

| No. | Property name | Location | Effective interest (%) | Asset type | Status as at 30 June 2013 | Gross Floor Area (sqm) | Lease Expiry Date | Valuation as at 30 June 2013 ($) | Valuation as at 30 June 2013 | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Me Linh Point Tower | 2 Ngo Duc Ke Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam | 75.0 | Commercial | Completed | 27,972.35 (excluding Basement and Technical Levels) | 2045 | 49.38 million | USD39.7 million | Discounted Cash Flow Approach & Sales Comparison and DRC Approach | D&A Co. Limited (trading as Colliers International (Vietnam)) |
| 2. | Chengdu Logistics Hub (Frasers Hub – Warehouse) (Phase1) | Chengdu, China | 80.0 | Logistic | Completed | 126,681.82 (including 20,753.62 sqm of Facilities and Car Park ) | 2057 | 101.55 million | RMB499 million | Direct Capitalization Approach | DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd |

## Frasers Hospitality (Serviced Residences)

### *Owned Properties – Singapore Properties*

| No. | Property name | Location | Effective interest (%) | Asset type | Status as at 30 June 2013 | Gross Floor Area (sqm) | Lease Expiry Date | Valuation as at 30 June 2013 | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Capri by Fraser | Singapore | 50.0 | Hotel residence | Completed | 18,975.48 | 2069 | $147.0 million | Market Comparison Method and Discounted Cash Flow Analysis | CKS Property Consultants Pte Ltd |
| 2. | Fraser Place Robertson Walk Singapore | Singapore | 100.0 | Serviced residence | Completed | 18.528.0 | 2840 | $230.0 million | Capitalisation Approach and Discounted Cash Flow Analysis | Knight Frank Pte Ltd |
| 3. | Fraser Suites Singapore | Singapore | 100.0 | Serviced residence | Completed | 26,491.0 | 2876 | $354.0 million | Capitalisation Approach and Discounted Cash Flow Analysis | Knight Frank Pte Ltd |

### *Owned Properties – Overseas Properties*

| No. | Property name | Location | Effective interest (%) | Asset type | Status as at 30 June 2013 | Gross Floor Area (sqm) | Lease Expiry Date | Valuation as at 30 June 2013 ($) | Valuation as at 30 June 2013 | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Fraser Suites Sydney | 488 Kent Street Sydney NSW 2000 | 80.5 | Serviced apartments | Completed | 12,137.30 | Freehold | 142.12 million | AUD120.43 million(1)(2)(2) | Direct Comparison Approach & Investment Approach | CBRE Valuations Pty Limited |
| 2. | Fraser Place Melbourne | 19 Exploration Lane Melbourne Victoria 3000 | 100.0 | Serviced apartments | Completed | 5,550.00 | Freehold | 33.04 million | AUD28.00 million | Direct Comparison Approach , Capitalisation Approach & Discounted Cash Flow Analysis | CBRE Valuations Pty Limited |
| 3. | Fraser Suites Perth | 10 Adelaide Terrace East Perth Western Australia 6004 | 100.0 | Serviced apartments | Completed | 27,447.00 | Freehold | 141.61 million | AUD120.00 million | Direct Comparison Approach , Capitalisation Approach & Discounted Cash Flow Analysis | CBRE Valuations Pty Limited |
| 4. | Fraser Suites Beijing | No 12 Jin Tong Xi Road, Chao Yang District | 100.0 | Serviced apartments | Completed | 40,201.32 | Leasehold | 234.43 million | RMB1,152.00 million | Direct Comparison Approach & Discounted Cash Flow | Savills Valuation and Professional Services Limited |

***Notes:***

(1) The current gross realisable market value of Fraser Suites Sydney in one line is AUD92.30 million (excluding Australian goods and services tax) as at 30 June 2013.
(2) The aggregate gross realisable market value of the individual lots in Fraser Suites Sydney (assuming strata title) is AUD132.477 million (including Australian goods and services tax) as at 30 June 2013.
(3) The aggregate gross realisable market value of the individual lots in Fraser Suites Sydney (assuming strata title) in AUD120.43 million (excluding Australian goods and services tax) as at 30 June 2013.

| No. | Property name | Location | Effective interest (%) | Asset type | Status as at 30 June 2013 | Gross Floor Area (sqm) | Lease Expiry Date | Valuation as at 30 June 2013 ($) | Valuation as at 30 June 2013 | Valuation methodology | Independent valuer |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 5. | Fraser Suites Kensington | 75 Stanhope Gardens (previously known as 59-79 Cromwell Road, London, SW7 5RN) | 100.0 | Residential let apartments | Completed | 8,932.00 | Freehold | 195.83 million | GBP98.5 million | Current Market value – Investment value | Savills Advisory Services Limited |
| 6. | Fraser Suites Queens Gate | 39B Queens Gate Gardens, London, SW7 5RR | 100.0 | Serviced apartments | Completed | 6,416.00 | Freehold | 105.37 million | GBP53.0 million | Discounted valuation approach (DCF) | Savills Advisory Services Limited |
| 7. | Fraser Place Canary Wharf | 80 Boardwalk Place, London, E14 5SF | 100.0 | Serviced apartments | Completed | 5,659.00 | Leasehold (987 years remaining) | 70.58 million | GBP35.5 million | Discounted valuation approach (DCF) | Savills Advisory Services Limited |
| 8. | Fraser Place Manila | Valero Street, salcedo Village, Makati City, Manila | 100.0 | Serviced apartments | Completed | 18,496.00 | Freehold | 27.52 million | PHP953.338 million | Fair value measurement method | Asian Appraisal Company, Inc. |
| 9. | Fraser Suites Glasgow | 1-19 Albion Street, Glasgow, G1 1LH | 100.0 | Serviced apartments | Completed | 7,386.00 | Freehold | 19.88 million | GBP10.0 million | Discounted valuation approach (DCF) | Savills Advisory Services Limited |
| 10. | Fraser Suites Edinburgh | 12-26 St. Giles' Street, Edinburgh EH1 1PT | 100.0 | Serviced apartments | Completed | 3,951.97 | Freehold | 25.84 million | GBP13.0 million | Discounted valuation approach (DCF) | Savills Advisory Services Limited |
| 11. | Fraser Residence Sudirman | Jalan Setiabudi Raya No. 9, Sudirman Jakarta 12910 Indonesia | 100.0 | Serviced apartments | Completed | 13,812.0 | Leasehold (Expiring 28-August-2023) | 40.92 million | USD32.9 million | Market Data and Income Approach via Discounted Cash Flow method | KJPP Rengganis, Hamid & Rekan |

# LETTER DATED 28 OCTOBER 2013 FROM PRICEWATERHOUSECOOPERS CORPORATE FINANCE PTE LTD TO THE INDEPENDENT DIRECTORS

28 October 2013

The Independent Directors
Frasers Centrepoint Limited
#21-00 Alexandra Point
438 Alexandra Road
Singapore 119958

Dear Sirs

**PROPOSED GENERAL MANDATE FOR INTERESTED PERSON TRANSACTIONS**

*For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the Introductory Document dated 28 October 2013.*

## 1. INTRODUCTION

This letter ("**IFA Letter**") has been prepared for inclusion in the Introductory Document dated 28 October 2013 (the "**Introductory Document**") of Frasers Centrepoint Limited (the "**Company**") to be issued in relation to the proposed adoption of a general mandate for interested person transactions ("**IPT Mandate**").

Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST Listing Manual**") permits the Company to seek a general mandate from shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase or sale of supplies, materials and services (but not in respect of the purchase or sale of assets, undertakings or businesses) that may be carried out with the interested persons. This general mandate is subject to annual renewal.

Transactions between Entities At Risk ("**EAR**") and interested persons (as such term is defined in the SGX-ST Listing Manual) conducted under such a general mandate are not subject to Rules 905 and 906 of the SGX-ST Listing Manual, which require respectively an immediate announcement to be made and/or shareholders' approval for an interested person transaction if the value of the transaction is equal to or exceeds certain thresholds.

For the purposes of the IPT Mandate, the following entities are considered EARs:

a) the Company;

b) a subsidiary of the Company that is not listed on the SGX-ST or an approved exchange; or

c) an associated company of our Company that is not listed on the SGX-ST or an approved exchange, provided that we and our interested person(s), have control over the associated company.

(collectively, the "**EAR Group**")

In relation thereto, the Directors envisage that the EAR Group will, from time to time, enter into transactions under the scope of the Proposed IPT Mandate as set out in the section "Interested Persons Transactions and Conflicts of Interests — General Mandate for Interested Person Transactions – Categories of Mandated Interested Person Transactions" of the Introductory Document with the classes of interested persons ("**Interested Persons**") as set out in "Interested Persons Transactions and Conflicts of Interests — General Mandate for interested Person

Transaction – Categories of Mandated Interested Person Transactions" of the Introductory Document. As such, the Directors are seeking for the IPT Mandate to be approved and adopted so that any member of the EAR Group may enter into the IPT Mandate with Interested Persons without being subjected to the requirements in Rules 905 and 906 of the SGX-ST Listing Manual. Based on the foregoing, PricewaterhouseCoopers Corporate Finance Pte Ltd ("**PwCCF**") has been appointed as the independent financial adviser ("**IFA**") to provide an opinion on whether the procedures under the IPT Mandate are sufficient to ensure that the Interested Person Transactions will be carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

## 2. TERMS OF REFERENCE

We have been appointed to provide an opinion on whether the review procedures for determining the transaction prices and/or value under the IPT Mandate are sufficient to ensure that the Interested Person Transactions will be carried out on an arm's length basis, on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Our terms of reference do not require us to evaluate or comment on the rationale for, commercial merits and/or commercial risks of the Interested Person Transactions or the future performance or prospects of the EAR Group and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the sole responsibility of the Directors and/or the management of the Company, although, we may draw upon their views to the extent deemed necessary or appropriate by us in arriving at our opinion set out in this letter. In addition, we have not been involved, whether directly or indirectly, in any aspect of the discussions on the scope of the IPT Mandate.

We have held discussions with the management of the Company and have examined information provided to us by the Company. We have also relied on the information provided in the Introductory Document. We have not independently verified such information, whether written or verbal, and accordingly we cannot and do not warrant, expressly or impliedly, and do not accept any responsibility for the accuracy or completeness of such information. Whilst care has been exercised in reviewing the information on which we have relied, we have not independently verified the information but nevertheless made reasonable enquiries and exercised our judgment as we deemed necessary and have found no reason to doubt the accuracy or reliability of the information.

We noted that the Directors have collectively and individually accepted responsibility for the accuracy of the information given in the Introductory Document as set out in "**General and Statutory Information — Responsibility Statements**".

Our opinion is for the use and benefit of the Independent Directors in their deliberation on whether the review procedures for determining transaction prices and/or value under the Proposed IPT Mandate are sufficient to ensure that the Interested Person Transactions will be carried out on out on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

**Our opinion in relation to the above should be considered in the context of the entirety of this letter of opinion and the Introductory Document.**

## 3. SCOPE OF THE IPT MANDATE

The types of transactions with interested persons to be covered by the IPT Mandate relate principally to the provision or the procurement or obtaining of products and services in the operations of the EAR Group's businesses, which include the transactions described below (extracted from "Interested Person Transactions and Conflicts of Interests - General Mandate for Interested Person Transactions" of the Introductory Document):

a) the provision or obtaining of leases or subleases of office space, warehouses, passenger cars and land;

b) the obtaining of insurance and insurance-related services;

c) purchases of beer, spirits, water, soda and other products;

d) the provision or obtaining of office and storage supplies;

e) the provision or obtaining of property-linked services (such as property marketing, property and rental valuation services, building maintenance services and security services);

f) the provision of property development and project management services;

g) the provision of asset management strategies, such as advising on repositioning, asset enhancement or leasing matters;

h) the provision of operation, maintenance, management and marketing services for properties;

i) the provision or obtaining of information technology, legal, compliance, trade mark management, corporate secretarial, human resource, tax, treasury and internal audit services; and

j) the provision or obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (a) to (i) above.

The IPT Mandate will apply to the following classes of interested persons (extracted from "Interested Person Transactions and Conflicts of Interests - General Mandate for Interested Person Transactions" of the Introductory Document):

(i) Thai Beverage Public Company Limited

(ii) TCC Assets Limited

(iii) Fraser & Neave, Limited

(iv) the Company's Directors and their respective associates

Transactions with interested persons which do not fall within the ambit of the IPT Mandate will be subject to the relevant provisions of Chapter 9 and/or other applicable provisions of the Listing Manual.

In addition to the abovementioned classes of interested person transactions with the abovementioned classes of interested persons, the IPT Mandate will also apply to Transactions undertaken pursuant to Vacaron, a joint venture between FCL Centrepoint and F&NHB with each party holding 50% of the issued share capital in Vacaron. Transactions undertaken pursuant to this joint venture (the "Vacaron Joint Venture Transactions") comprise the following transactions for the provision of financial resources by the EAR Group to Vacaron:

a) the capitalization of loans extended to Vacaron;

b) the extension of loans to Vacaron;

c) the subscription of securities in Vacaron; and

d) the provision of guarantees or letters of comfort to entities including banks and financial institutions that provide loans to Vacaron.

**Further details to the IPT Mandate are as set out in "Interested Person Transactions and Conflicts of Interests - General Mandate for Interested Person Transactions" of the Introductory Document.**

## 4. EVALUATION OF THE REVIEW PROCEDURES FOR THE IPT MANDATE

**In our evaluation of the review procedures for the IPT Mandate, we have given due consideration to the following factors:**

(i) the IPT Mandate;

(ii) the rationale for the IPT Mandate;

(iii) the scope of the IPT Mandate;

(iv) the classes of Interested Persons;

(v) the Vacaron Joint Venture; and

(vi) the review procedures for Interested Persons Transactions as set out in "Interested Person Transactions and Conflicts of Interests - General Mandate for Interested Person Transactions" of the Introductory Document.

## 5. OPINION

**In arriving at our opinion as to whether the review procedures for determining the transaction prices and/or value under the IPT Mandate are sufficient to ensure that the Interested Person Transactions will be carried out on an arm's length basis and on normal commercial terms, and will not be prejudicial to the interests of the Company and its minority Shareholders, we have given due consideration to the factors set out in paragraph 4 of this IFA Letter.**

**Having regard to the foregoing, we are of the opinion that the review procedures set out in "Interested Person Transactions and Conflicts of Interests - General Mandate for Interested Person Transactions" of the Introductory Document for determining transaction prices and/ or value under the IPT Mandate, if adhered to, are sufficient to ensure that the Interested Person Transactions will be carried out on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.**

This IFA Letter is addressed to the Independent Directors for their benefit in connection with and for the purpose of their consideration of the IPT Mandate. The recommendation made by the Independent Directors to the Shareholders remains the responsibility of the Independent Directors.

Whilst a copy of this IFA Letter may be reproduced in the Introductory Document, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without the prior written consent of PwCCF in each specific case except in relation to the IPT Mandate.

This IFA Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours truly
For and on behalf of
**PRICEWATERHOUSECOOPERS CORPORATE FINANCE PTE LTD**

| | |
|---|---|
| ONG CHAO CHOON<br>DIRECTOR | BENJAMIN KAN<br>MANAGING DIRECTOR |

## LIST OF SUBSIDIARIES, SUBSIDIARY ENTITIES AND JOINTLY-HELD ENTITIES

*Country of Incorporation and Place of Business:* ***Singapore***

| *Name* | *Effective Ownership Interest*(1) | *Principal Business* | *Date of incorporation* |
|---|---|---|---|
| FCL Property Investments Pte. Ltd. | 100.0% | Property Investment | 17 May 1979 |
| FCL Enterprises Pte. Ltd. | 100.0% | Property Investment | 19 October 1978 |
| Riverside Property Pte Ltd | 100.0% | Property Investment | 30 January 1982 |
| FCL Centrepoint Pte. Ltd. | 100.0% | Investment Holding | 15 June 1982 |
| Orrick Investments Pte Limited | 100.0% | Property Investment | 07 June 1984 |
| Yishun Development Pte Ltd | 100.0% | Property Development | 22 February 1990 |
| FCL Alexandra Point Pte. Ltd. | 100.0% | Property Investment | 18 October 1985 |
| Woodlands Complex Pte Ltd | 100.0% | Property Development | 26 May 1995 |
| Riverside Walk Pte Ltd | 100.0% | Property Development | 06 August 1994 |
| FCL Management Services Pte. Ltd. | 100.0% | Management Services | 20 November 1993 |
| Riverside Investments Pte Ltd | 100.0% | Property Development | 15 April 1996 |
| Yishun Land Pte Ltd | 100.0% | Property Development | 04 February 1998 |
| Yishun Property Pte Ltd | 100.0% | Property Development | 04 February 1998 |
| FCL Homes Pte. Ltd. | 100.0% | Property Development | 13 November 1999 |
| FCL Land Pte. Ltd. | 100.0% | Property Development | 19 August 1999 |
| FCL Assets Pte. Ltd. | 100.0% | Investment Holding | 03 January 2000 |
| FCL Estates Pte. Ltd. | 100.0% | Property Development | 20 January 2000 |
| Frasers Hospitality Pte. Ltd. | 100.0% | Investment Holding and Management Services | 25 May 2000 |
| Frasers (UK) Pte. Ltd. | 75.0%(2) | Investment Holding | 13 November 1999 |
| Frasers (Australia) Pte. Ltd. | 75.0%(2)(3) | Investment Holding | 20 December 1999 |
| FCL (China) Pte. Ltd. | 100.0% | Investment Holding | 24 May 2001 |
| FCL (Fraser) Pte. Ltd. | 100.0% | Investment Holding | 14 September 2001 |
| FCL Boon Lay Pte. Ltd. | 100.0% | Property Development | 20 August 2001 |
| FCL Sophia Pte. Ltd. | 100.0% | Property Development | 20 June 2002 |
| Frasers Centrepoint Property Management Services Pte. Ltd. | 100.0% | Management Services | 11 February 2002 |
| FCL Choa Chu Kang Pte. Ltd. | 100.0% | Property Development | 03 December 2002 |
| FCL Joo Chiat Place Pte. Ltd. | 100.0% | Property Development | 03 January 2003 |
| Frasers (NZ) Pte. Ltd. | 75.0%(4) | Investment Holding | 05 May 2003 |
| FCL China Development Pte. Ltd. | 100.0% | Investment Holding | 21 April 2004 |
| FCL Court Pte. Ltd. | 100.0% | Property Development | 26 December 2003 |
| FCL Lodge Pte. Ltd. | 100.0% | Property Development | 08 June 2004 |
| FCL Place Pte. Ltd. | 100.0% | Property Development | 09 January 2004 |
| FCL Rise Pte. Ltd. | 100.0% | Property Development | 09 January 2004 |
| Frasers (Thailand) Pte. Ltd. | 100.0% | Investment Holding | 07 June 2004 |
| River Valley Properties Pte Ltd | 100.0% | Investment Holding and Property Development | 09 November 1985 |
| Lion (Singapore) Pte. Limited. | 100.0% | Property Development | 28 December 1967 |

*Country of Incorporation and Place of Business:* ***Singapore***

| ***Name*** | ***Effective Ownership Interest***[1] | ***Principal Business*** | ***Date of incorporation*** |
|---|---|---|---|
| FCL View Pte. Ltd. | 100.0% | Property Development | 26 October 2004 |
| FCL Tower Pte. Ltd. | 100.0% | Property Development | 26 July 2005 |
| FCL Loft Pte. Ltd. | 100.0% | Property Development | 26 July 2005 |
| Frasers Centrepoint Asset Management Ltd. | 100.0% | Management Services | 27 January 2006 |
| FCL Investments Pte. Ltd. | 100.0% | Investment Holding | 28 April 2006 |
| FCL Trust Holdings Pte. Ltd. | 100.0% | Investment Holding | 28 April 2006 |
| Frasers Hospitality Investment Holding (Philippines) Pte. Ltd. | 100.0% | Investment Holding | 31 October 2006 |
| Frasers Centrepoint Asset Management (Malaysia) Pte. Ltd. | 100.0% | Investment Holding | 11 June 2007 |
| FCL Trust Holdings (Commercial) Pte. Ltd. | 100.0% | Investment Holding | 16 August 2007 |
| Frasers Centrepoint Asset Management (Commercial) Ltd. | 100.0% | Asset Management, Fund and Property Management and Related Advisory Services | 15 March 2005 |
| Frasers Centrepoint Property Management (Commercial) Pte Ltd | 100.0% | Asset Management, Fund and Property Management and Related Advisory Services | 18 November 2005 |
| MLP Co Pte Ltd | 100.0% | Investment Holding | 09 January 2004 |
| SAJV Co Pte. Ltd. | 100.0% | Investment Holding | 09 January 2004 |
| FCL Clover Pte. Ltd. | 100.0% | Financial Services | 17 March 2008 |
| FCL Tampines Court Pte. Ltd. | 100.0% | Investment Holding | 21 May 2007 |
| FCL Emerald (1) Pte. Ltd. | 100.0% | Investment Holding | 17 March 2008 |
| FCL Emerald (2) Pte. Ltd. | 100.0% | Investment Holding | 19 March 2008 |
| Opal Star Pte. Ltd. | 100.0% | Investment Holding | 18 March 2008 |
| Fraser Suites Jakarta Pte. Ltd. | 100.0% | Investment Holding | 03 January 2000 |
| Fraser Residence Orchard Pte. Ltd. | 100.0% | Management Consultancy Services | 03 January 2005 |
| FCL Crystal Pte. Ltd. | 100.0% | Property Development | 10 June 2010 |
| FCL Topaz Pte. Ltd. | 100.0% | Investment Holding | 09 June 2010 |
| Frasers Hospitality Investments Melbourne Pte. Ltd. | 100.0% | Investment Holding | 19 April 2011 |
| FCL Treasury Pte. Ltd. | 100.0% | Financial Services | 10 November 2011 |
| Emerald Hill Developments Pte Ltd | 100.0% | Property Investment | 26 October 1979 |
| River Valley Shopping Centre Pte Ltd | 100.0% | Property Investment | 29 May 1985 |
| River Valley Tower Pte Ltd | 100.0% | Property Investment | 12 September 1963 |
| River Valley Apartments Pte Ltd | 100.0% | Property Investment | 10 August 1966 |
| Frasers Hospitality Management Pte. Ltd. | 100.0% | Management Consultancy Services | 18 March 2008 |
| Frasers Hospitality Property Services Pte. Ltd. | 100.0% | Management Consultancy Services | 19 March 2008 |
| Frasers Hospitality Changi City Pte. Ltd. | 100.0% | Management Consultancy Services | 13 June 2012 |
| Sinomax International Pte. Ltd. | 100.0% | Investment Holding | 16 August 2004 |

*Country of Incorporation and Place of Business:* ***Singapore***

| ***Name*** | ***Effective Ownership Interest***[1] | ***Principal Business*** | ***Date of incorporation*** |
|---|---|---|---|
| Singapore Logistics Investments Pte. Ltd. | 80.0%[5] | Investment Holding | 08 July 2005 |
| FCL Compassvale Pte. Ltd. | 80.0%[6] | Property Development | 30 April 2010 |
| Punggol Residences Pte. Ltd. | 80.0%[7] | Property Development | 05 August 2011 |
| FC Hotel Trustee Pte. Ltd. | 100.0% | Management Services | 18 March 2008 |
| Ruby Star Trust | 100.0% | Investment Holding | 15 November 2010[35] |
| Frasers Centrepoint Trust | 41.0%[8] | REIT | 5 June 2006[35] |
| FC Retail Trustee Pte. Ltd. | 33.3%[9] | Trustee management services | 18 March 2008 |
| Yishun Gold Pte. Ltd. | 50.0%[10] | Property Development | 11 August 2010 |
| Precious Sand Pte. Ltd. | 50.0%[11] | Property Development | 02 November 2010 |
| Easthouse Properties Pte. Ltd. | 50.0%[12] | Property Development | 16 December 2010 |
| Eco Properties Pte. Ltd. | 33.3%[13] | Property Development | 12 March 2012 |
| Quarry Bay Pte. Ltd. | 33.3%[14] | Property Development | 18 June 2012 |
| Emerald Star Pte. Ltd. | 33.3%[15] | Property Development | 22 June 2010 |
| Sapphire Star Trust | 33.3%[16] | Property Development | 23 June 2010[35] |
| FCL Amber Pte. Ltd. | 100.0% | Investment Holding | 28 June 2005 |
| FCL Admiralty Pte. Ltd. | 70.0%[17] | Property Development | 09 November 2012 |
| Ascendas Frasers Pte. Ltd. | 50.0%[18] | Property Investment and Development | 11 December 2008 |
| Frasers Commercial Trust | 27.5%[19] | REIT | 12 September 2005[35] |
| Northspring Development Pte Ltd | 100.0% | Property Investment and Development | 01 June 1995 |
| FCL Peak Pte. Ltd. | 50.0%[20] | Property Development | 01 December 2005 |
| Watervine Homes Pte. Ltd. | 40.0%[37] | Property Development | 31 July 2013 |
| FCL Aquamarine Pte. Ltd. | 100.0% | Property Development | 13 April 2011 |
| North Gem Development Pte. Ltd. | 100.0% | Property Development | 10 May 2011 |
| Chempaka Development Pte. Ltd. | 100.0% | Investment Holding | 6 August 1994 |
| FC Commercial Trustee Pte. Ltd. | 100.0% | Trustee Management Services | 13 April 2011 |
| Gemshine Investments (S) Pte Ltd | 18.99%[21] | Investment Holding Company | 14 September 2011 |
| FC North Gem Trustee Pte. Ltd. | 100.0% | Trustee Management Services | 2 September 2013 |
| North Gem Trust | 100.0% | Property Development | 4 September 2013 |
| FCL Imperial Trust Pte. Ltd. | 100.0% | Investment Holding | 30 August 2007 |
| Frasers Hospitality Group Pte. Ltd. | 100.0% | Asset and portfolio management | 10 October 2013 |

*Country of Incorporation:* ***Singapore***
*Place of Business:* ***Australia***

| ***Name*** | ***Effective Ownership Interest***[1] | ***Principal Business*** | ***Date of incorporation*** |
|---|---|---|---|
| FCL Bridgepoint Pte. Ltd. | 100.0% | Property Investment | 28 December 1979 |

*Country of Incorporation and Place of Business:* ***Malaysia***

| ***Name*** | ***Effective Ownership Interest***[1] | ***Principal Business*** | ***Date of incorporation*** |
|---|---|---|---|
| Hektar Asset Management Sdn Bhd | 40.0%[22] | Asset Management, Fund and Property Management and Related Advisory Services | 1 June 2010 |
| Vacaron Company Sdn Bhd | 50.0%[23] | Property Development and Investment | 28 September 2004 |

*Country of Incorporation and Place of Business:* ***Vietnam***

| ***Name*** | ***Effective Ownership Interest***[1] | ***Principal Business*** | ***Date of incorporation*** |
|---|---|---|---|
| Me Linh Point Ltd | 75.0%[24] | Property Investment | 24 November 1994 |

*Country of Incorporation and Place of Business:* ***China***

| ***Name*** | ***Effective Ownership Interest***[1] | ***Principal Business*** | ***Date of incorporation*** |
|---|---|---|---|
| Beijing Fraser Suites Real Estate Management Co., Ltd | 100.0% | Property Investment | 16 May 2007 |
| Frasers Hospitality Management Co., Ltd, (Shanghai) | 100.0% | Management Consultancy Services | 15 June 2007 |
| Fraser Place (Beijing) Property Management Co., Ltd | 100.0% | Management Consultancy Services | 31 July 2007 |
| Modena Hospitality Management Co., Ltd. (Shanghai) | 51.0%[25] | Management Consultancy Services | 28 August 2007 |
| Shanghai Frasers Management Consultancy Co., Ltd | 100.0% | Management Consultancy Services, Property Management | 26 November 2001 |
| Beijing Sin Hua Yan Real Estate Development Co., Ltd | 100.0% | Property Development, Sale and Leasing of Property Units and Property Management | 20 June 2005 |
| Singlong Property Development (Suzhou) Co., Ltd | 100.0% | Integrated Property Development, Property Sale and Rental | 21 May 2007 |
| Frasers Property Management (Shanghai) Co., Ltd | 100.0% | Property Management, Property Consultancy Services (Non-Agent) | 14 June 2007 |
| Chengdu Sino-Singapore Southwest Logistics Co., Ltd | 80.0%[5] | Logistics Property Development and Operations, Rental | 20 September 2005 |
| Shanghai Zhong Jun Real Estate Development Co., Ltd | 45.1%[26] | Development of Residential and Commercial Facilities, Property Management, Property Agency | 11 September 2002 |

*Country of Incorporation and Place of Business:* ***Hong Kong***

| *Name* | *Effective Ownership Interest*[1] | *Principal Business* | *Date of incorporation* |
|---|---|---|---|
| Excellent Esteem Limited | 100.0% | Investment Holding | 3 May 2006 |
| Frasers Hospitality (Hong Kong) Limited | 100.0% | Management of serviced residences | 6 September 2007 |
| Ace Goal Limited | 100.0% | Investment Holding | 11 April 2007 |
| Extra Strength Limited | 100.0% | Investment Holding | 7 March 2007 |
| Forth Carries Limited | 100.0% | Investment Holding | 17 November 2006 |
| Forward Plan Limited | 100.0% | Investment Holding | 11 April 2007 |
| Summit Park Limited | 100.0% | Investment Holding | 14 February 2007 |
| Superway Logistics Investments (Hong Kong) Limited | 100.0% | Investment Holding | 25 August 2005 |

*Country of Incorporation and Place of Business:* ***British Virgin Islands***

| *Name* | *Effective Ownership Interest*[1] | *Principal Business* | *Date of incorporation* |
|---|---|---|---|
| Supreme Asia Investments Ltd | 43.26%[26] | Investment Holding | 2 January 2003 |

*Country of Incorporation and Place of Business:* ***Philippines***

| *Name* | *Effective Ownership Interest*[1] | *Principal Business* | *Date of incorporation* |
|---|---|---|---|
| Frasers Hospitality Philippines, Inc | 100.0% | Management Consultancy Services | 12 July 2001 |
| Frasers Hospitality Investment, Inc (Philippines) | 100.0% | Property Investment | 1 June 2007 |

*Country of Incorporation:* ***Singapore***
*Place of Business:* ***United Kingdom***

| *Name* | *Effective Ownership Interest*[1] | *Principal Business* | *Date of incorporation* |
|---|---|---|---|
| Frasers Property (Europe) Holdings Pte. Ltd. | 80.0%[2][27] | Investment Holding | 15 November 2007 |

*Country of Incorporation and Place of Business:* ***United Kingdom***

| *Name* | *Effective Ownership Interest*[1] | *Principal Business* | *Date of incorporation* |
|---|---|---|---|
| Frasers Property (UK) Limited | 80.0%[2][28] | Investment Holding | 23 March 2005 |
| Frasers Property Developments Limited | 80.0%[2] | Investment Holding | 15 December 2006 |
| Frasers Investments (UK) Limited | 80.0%[2] | Property Investment | 13 December 2006 |
| Frasers Ventures Limited | 80.0%[2] | Property Development | 13 December 2006 |
| Frasers FB (UK) Limited | 80.0%[2] | Property Investment | 22 May 1996 |

*Country of Incorporation and Place of Business:* ***United Kingdom***

| ***Name*** | ***Effective Ownership Interest***[1] | ***Principal Business*** | ***Date of incorporation*** |
|---|---|---|---|
| Frasers Projects Limited | 80.0%[2] | Property Development | 29 October 1982 |
| The School House (Tunbridge Wells) Limited | 80.0%[2] | Property Development | 4 May 2006 |
| Frasers General Partner Limited | 80.0%[2] | Property Investment | 4 December 2000 |
| Frasers FB (UK) Group Limited | 80.0%[2] | Investment Holding | 25 April 1985 |
| Frasers FB (House) Limited | 80.0%[2] | Investment Holding | 28 May 1969 |
| Frasers Homes (UK) Limited | 80.0%[2] | Property Development | 29 April 1994 |
| Frasers Buckswood Grange Limited | 80.0%[2] | Property Development | 9 May 2006 |
| Frasers Islington Limited | 79.2%[2] | Property Development | 21 March 2005 |
| Frasers Islington Properties Limited | 79.2%[2] | Property Development | 19 November 2008 |
| Frasers (Brown Street) Limited | 80.0%[2] | Property Development | 5 March 1993 |
| Fairdace Limited | 100.0% | Serviced Apartments | 4 August 2000 |
| Frasers Hospitality (UK) Limited | 100.0% | Management Consultancy Services and Serviced Apartments | 4 December 2000 |
| Frasers Vincent Square Ltd | 80.0%[2] | Property Development | 15 April 2003 |
| Frasers Lumiere Leeds Ltd | 80.0%[2] | Investment Holding | 27 January 2005 |
| Frasers Management (UK) Ltd | 80.0%[2] | Management Services | 24 August 1993 |
| Frasers Riverside Quarter Limited | 80.0%[2] | Property Development | 13 December 2000 |
| Frasers St Giles Street Management Ltd | 100.0% | Property Management | 28 April 2009 |
| 39 QGG Management Limited | 100.0% | Management Services | 13 October 2006 |
| Frasers Hospitality Frankfurt Investments Ltd | 100.0% | Investment Holding | 3 September 2012 |
| Frasers Residential Investment Partnership | 100.0%[29] | Investment in Residential Property Fund | 27 February 2001[36] |
| Frasers Maidenhead Ltd | 80.0%[2] | Property Development | 5 July 2005 |
| Frasers Imperial Place Ltd | 80.0%[2] | Property Development | 2 July 2007 |
| Fairmuir Ltd | 40.0%[30] | Property Development | 1 November 2005 |
| GSF Homes Ltd | 40.0% [30] | Property Development | 7 March 2003 |
| Sovereign House Fairbriar Homes Ltd | 40.0% [30] | Property Development | 16 March 2006 |
| Lumiere Leeds LP (No. 1) Limited | 80.0%[2] | Investment Holding | 6 January 2005 |
| Lumiere Leeds LP (No. 2) Limited | 80.0%[2] | Investment Holding | 10 February 2005 |

*Country of Incorporation and Place of Business:* ***Australia***

| ***Name*** | ***Effective Ownership Interest***[1] | ***Principal Business*** | ***Date of incorporation*** |
|---|---|---|---|
| Frasers Town Hall Pty Ltd | 80.5%[31] | Investment Holding and Property Development | 20 May 2002 |
| Frasers Town Hall Residences Pty Ltd | 80.5%[31] | Property Investment | 5 April 2006 |
| Frasers Town Hall Issuer Pty Ltd | 80.5%[31] | Financial Services | 26 February 2008 |
| Frasers City Quarter Pty Limited | 87.5%[2] | Property Development | 6 April 2006 |

*Country of Incorporation and Place of Business:* ***Australia***

| ***Name*** | ***Effective Ownership Interest***[1] | ***Principal Business*** | ***Date of incorporation*** |
|---|---|---|---|
| Frasers Queens Pty Limited | 87.5%[2] | Investment Holding and Property Development | 21 April 2006 |
| Frasers Perth Pty Ltd | 87.5%[2] | Property Investment | 17 January 2012 |
| Frasers Perth Management Pty Ltd | 87.5%[2] | Management Services | 19 January 2012 |
| Frasers Property Management Australia Pty Limited | 75.0%[2] | Management Services | 8 February 2000 |
| Frasers Chandos Pty Limited | 75.0%[2] | Property Development | 26 March 2001 |
| Frasers Lorne Pty Limited | 75.0%[2] | Property Development | 11 August 2004 |
| Frasers Mandurah Pty Limited | 56.3%[32] | Property Development | 8 February 2005 |
| Frasers Killara Pty Ltd | 75.0%[2] | Property Development | 8 June 2006 |
| Frasers Morton Pty Ltd | 75.0%[2] | Property Development | 6 April 2006 |
| Frasers Broadway Pty Ltd | 75.0%[2] | Property Development | 8 November 2006 |
| Frasers Property Australia Pty Ltd | 75.0%[2] | Investment Holding | 9 May 2008 |
| Frasers Homes WA Pty Limited | 56.3%[32] | Builder | 7 November 2008 |
| Frasers Putney Pty Limited | 75.0%[2] | Property Development | 14 January 2010 |
| Frasers Central Park Holdings No. 1 Pty Ltd | 75.0%[2] | Investment Holding | 14 June 2011 |
| Frasers Central Park Holdings No. 2 Pty Ltd | 75.0%[2] | Investment Holding | 14 June 2011 |
| Frasers Central Park Land No. 1 Pty Ltd | 75.0%[2] | Property Development | 14 June 2011 |
| Frasers Central Park Land No. 2 Pty Ltd | 75.0%[2] | Property Development | 14 June 2011 |
| Frasers Central Park Equity No. 1 Pty Ltd | 75.0%[2] | Property Development | 14 June 2011 |
| Frasers Central Park Equity No. 2 Pty Ltd | 75.0%[2] | Property Development | 14 June 2011 |
| Frasers Melbourne Trust | 100.0% | Property Investment | 20 May 2011 |
| Frasers Melbourne Apartments Pty Limited | 100.0% | Management and Consultancy Services | 20 May 2011 |
| Frasers Melbourne Management Pty Limited | 100.0% | Management Services | 20 May 2011 |
| Frasers Kensington Holdings Pty Ltd | 75.0%[2] | Investment Holding | 3 April 2013 |
| Frasers Kensington Land Pty Ltd | 75.0%[2] | Property Development | 3 April 2013 |
| Frasers Kensington Development Pty Ltd | 75.0%[2] | Property Development | 3 April 2013 |
| Frasers Brisbane Trust | 100.0% | Property Investment | 13 June 2013[35] |
| Frasers Brisbane Apartments Pty Limited | 100.0% | Management and Consultancy Services | 12 June 2013 |
| Frasers Brisbane Management Pty Limited | 100.0% | Trustee-Management Services | 12 June 2013 |

*Country of Incorporation and Place of Business:* ***Japan***

| ***Name*** | ***Effective Ownership Interest***[1] | ***Principal Business*** | ***Date of incorporation*** |
|---|---|---|---|
| Frasers Hospitality Japan Kabushiki Kaisha | 100.0% | Management Consultancy Services | 16 October 2009 |

*Country of Incorporation:* ***Jersey, Channel Islands***
*Place of Business:* ***United Kingdom***

| ***Name*** | ***Effective Ownership Interest***[1] | ***Principal Business*** | ***Date of incorporation*** |
|---|---|---|---|
| Frasers (St Giles Street, Edinburgh) Ltd | 100.0% | Property Investment | 5 March 2007 |
| Queensgate Gardens (C.I.) Limited | 100.0% | Property Investment | 1 September 1999 |

*Country of Incorporation and Place of Business:* ***France***

| ***Name*** | ***Effective Ownership Interest***[1] | ***Principal Business*** | ***Date of incorporation*** |
|---|---|---|---|
| Societe De Gestion Residence La Defense | 100.0% | Management Services | 12 February 2004 |

*Country of Incorporation and Place of Business:* ***New Zealand***

| ***Name*** | ***Effective Ownership Interest***[1] | ***Principal Business*** | ***Date of incorporation*** |
|---|---|---|---|
| Frasers Broadview Limited | 75.0%[4] | Property Development | 17 November 2003 |
| Frasers Papamoa Limited | 67.5%[33] | Property Development | 5 May 2003 |
| Coast Homes Limited | 67.5%[33] | Builder | 16 March 2009 |

*Country of Incorporation and Place of Business:* ***Thailand***

| ***Name*** | ***Effective Ownership Interest***[1] | ***Principal Business*** | ***Date of incorporation*** |
|---|---|---|---|
| Frasers Hospitality (Thailand) Ltd | 100.0% | Management Consultancy Services | 10 May 2005 |
| Krungthep Land Public Company Limited | 40.45%[34] | Investment holding and property development | 30 Oct 1984 |
| Riverside Homes Development Co., Ltd | 69.6%[34] | Property development | 14 Jul 2004 |

*Country of Incorporation and Place of Business:* ***India***

| ***Name*** | ***Effective Ownership Interest***[1] | ***Principal Business*** | ***Date of incorporation*** |
|---|---|---|---|
| Frasers Hospitality India Private Limited | 100.0% | Management Consultancy Services | 1 March 2011 |

*Country of Incorporation and Place of Business:* ***Indonesia***

| ***Name*** | ***Effective Ownership Interest***(1) | ***Principal Business*** | ***Date of incorporation*** |
|---|---|---|---|
| PT Frasers Hospitality Investments Indonesia | 100.0% | Property Investment | 5 November 2010 |

**Notes:**

(1) Effective ownership interest refers to our Company's proportionate interest in the ordinary shares or units in the entity, held indirectly through one or more of our Company's subsidiary companies computed based on our Company's percentage interest in any such subsidiary multiplied by such subsidiary's percentage interest in the entity.

(2) The remaining interest in Frasers (UK) Pte. Ltd., Frasers (Australia) Pte. Ltd., Frasers Property (Europe) Holdings Pte. Ltd., Frasers Property (UK) Limited, Frasers Property Developments Limited, Frasers Investments (UK) Limited, Frasers Ventures Limited, Frasers FB (UK) Limited, Frasers Projects Limited, The School House (Tunbridge Wells) Limited, Frasers General Partner Limited, Frasers FB (UK) Group Limited, Frasers FB (House) Limited, Frasers Homes (UK) Limited, Frasers Buckswood Grange Limited, Frasers Islington Limited, Frasers Islington Properties Limited, Frasers (Brown Street) Limited, Frasers Vincent Square Ltd, Frasers Lumiere Leeds Ltd, Frasers Management (UK) Ltd, Frasers Riverside Quarter Limited, Frasers Maidenhead Ltd, Frasers Imperial Place Ltd, Lumiere Leeds LP (No. 1) Limited, Lumiere Leeds LP (No. 2) Limited, Frasers City Quarter Pty Limited, Frasers Queens Pty Limited, Frasers Perth Pty Ltd, Frasers Perth Management Pty Ltd, Frasers Property Management Australia Pty Limited, Frasers Chandos Pty Limited, Frasers Lorne Pty Limited, Frasers Killara Pty Ltd, Frasers Morton Pty Ltd, Frasers Broadway Pty Ltd, Frasers Property Australia Pty Ltd, Frasers Putney Pty Limited, Frasers Central Park Holdings No. 1 Pty Ltd, Frasers Central Park Holdings No. 2 Pty Ltd, Frasers Central Park Land No. 1 Pty Ltd, Frasers Central Park Land No. 2 Pty Ltd, Frasers Central Park Equity No. 1 Pty Ltd, Frasers Central Park Equity No. 2 Pty Ltd, Frasers Kensington Holdings Pty Ltd, Frasers Kensington Land Pty Ltd, Frasers Kensington Development Pty Ltd is held by SQ International Pte. Ltd.

(3) Frasers (Australia) Pte. Ltd. has in issue 300 preference shares, of which 225 are held by our Company and 75 are held by SQ International Pte Ltd. The holders of these preference shares are entitled to receive notice of, attend and vote at any general meeting of Frasers (Australia) Pte. Ltd., except at any general meeting convened for the purpose of (i) reducing capital; (ii) winding up of Frasers (Australia) Pte. Ltd.; (iii) sanctioning the sale of the undertaking; or (iv) passing or confirming any resolution which directly affects the rights and privileges of the holder of the preference shares, save for any resolution regarding the redemption of the preference shares. Each holder of preference shares shall have one vote for each preference share held. The profits of Frasers (Australia) Pte. Ltd. shall be applied first in the payment of dividends. The payment of dividends on the preference shares shall be at the same rate and on the same date as that for the ordinary shares.

(4) The remaining interest in Frasers (NZ) Pte. Ltd. and Frasers Broadview Limited is held by Region Development Pte. Ltd.

(5) The remaining interest in Singapore Logistics Investments Pte. Ltd. and Chengdu Sino-Singapore Southwest Logistics Co., Ltd is held by Cheung Ho International Limited.

(6) The remaining interest in FCL Compassvale Pte. Ltd. is held by Lum Chang Building Contractors Pte Ltd.

(7) The remaining interest in Punggol Residences Pte. Ltd. is held by Keong Hong Construction Pte Ltd.

(8) Frasers Centrepoint Trust is a REIT listed on the SGX-ST.

(9) The remaining interest in FC Retail Trustee Pte. Ltd. is held by Far East Civil Engineering (Pte.) Limited (33.3%) and Sekisui House, Ltd. (33.3%).

(10) The remaining interest in Yishun Gold Pte. Ltd. is held by Nam Hee Contractor Pte. Ltd..

(11) The remaining interest in Precious Sand Pte. Ltd. is held by F. E. Lakeside Pte. Ltd..

(12) The remaining interest in Easthouse Properties Pte. Ltd. is held by Far East Civil Engineering (Pte.) Limited (25.0%) and Sekisui House, Ltd. (25.0%).

(13) The remaining interest in Eco Properties Pte. Ltd. is held by F. E. Lakeside Pte. Ltd. (33.3%) and Sekisui House Singapore Pte. Ltd. (33.3%).

(14) The remaining interest in Quarry Bay Pte. Ltd. is held by F. E. Lakeside Pte. Ltd. (33.3%) and Sekisui House, Ltd. (33.3%).

(15) The remaining interest in Emerald Star Pte. Ltd. is held by Far East Civil Engineering (Pte.) Limited (33.3%) and Sekisui House, Ltd. (33.3%).

(16) The remaining interest in Sapphire Star Trust is held by Far East Civil Engineering (Pte.) Limited (33.3%) and Sekisui House, Ltd. (33.3%).

(17) The remaining interest in FCL Admiralty Pte. Ltd. is held by Binjai Holdings Pte. Ltd.

(18) The remaining interest in Ascendas Frasers Pte. Ltd. is held by Ascendas Development Pte. Ltd..

(19) Frasers Commercial Trust is a REIT listed on the SGX-ST.

(20) The remaining interest in FCL Peak Pte. Ltd. is held by Waterfront View Pte. Ltd..

(21) The remaining interest in Gemshine Investments (S) Pte. Ltd is held by Lexis 88 Investments (Mauritius) Limited.

(22) The remaining interest in Hektar Asset Management Sdn Bhd is held by Hektar Klasik Sdn Bhd.

(23) The remaining interest in Vacaron Company Sdn Bhd is held by F&NHB.

(24) The remaining interest in Me Linh Point Ltd is held by Saigon Beer-Alcohol-Beverage Corporation.

(25) The remaining interest in Modena Hospitality Management Co., Ltd. (Shanghai) is held by上海中富投资控股有限公司.

(26) The remaining interest in Shanghai Zhong Jun Real Estate Development Co., Ltd and Supreme Asia Investments Ltd is held by Power Source Holdings Limited.

(27) Frasers Property (Europe) Holdings Pte. Ltd. has in issue 85,766,042 preference shares, of which 77,189,438 are held by our Company and 8,576,604 are held by Quek Swee Han. The holders of these preference shares are entitled to receive notice of any general meeting of Frasers Property (Europe) Holdings Pte. Ltd. and to attend, speak and vote at any such general meeting. Each holder of preference shares shall have one vote for each preference share held. The holders of the preference shares are entitled to a dividend out of the profits of Frasers Property (Europe) Holdings Pte. Ltd. available for distribution in any financial year of an agreed amount to be paid in priority to any other dividend or distribution of Frasers Property (Europe) Holdings Pte. Ltd..

(28) Frasers Property (UK) Limited has in issue 34,685,002 preference shares, of which 34,685,001 are held by the Group and 1 Special Preference Share is held by Bank of Scotland plc. The holder of the special preference share is not entitled to attend, speak and vote at any general meeting. The holder of the special preference share is entitled to a profit share dividend of 1% of the net proceeds attributable to certain development properties listed in the senior facilities agreement entered into with Bank of Scotland. After the dividend and the bank debt pursuant to the senior facilities agreement relating to certain sites has been repaid, the special preference share can be redeemed for GBP1 by Frasers Property (UK) Limited or Bank of Scotland.

(29) Our subsidiary, FCL (Fraser) Pte. Ltd. is a Limited Partner of Frasers Residential Investment Partnership and has contributed GBP10,640 in capital contribution and provided GBP4,319,465 partners' loans. Frasers General Partner Limited, KP General Partner 2 Limited and KP General Partner 1 Limited are General Partners of Frasers Residential Investment Partnership and have contributed GBP100, GBP100 and GBP100 in capital contribution, respectively. The General Partners have not provided any partners' loans.

(30) The remaining interest in Fairmuir Ltd, GSF Homes Ltd and Sovereign House Fairbriar Homes Ltd is held by SQ International Pte Ltd (10.0%) and J W Muir Group Plc (50.0%).

(31) The remaining interest in each of Frasers Town Hall Pty Ltd, Frasers Town Hall Residences Pty Ltd, Frasers Town Hall Issuer Pty Ltd is held by SQ International Pte Ltd (11.5%) and Genting (NSW) Pty Ltd (8.0%).

(32) The remaining interest in Frasers Mandurah Pty Limited and Frasers Homes WA Pty Limited is held by SQ International Pte Ltd (18.8%) and Red Gold Investment Holdings Pte Ltd (25%).

(33) The remaining interest in Frasers Papamoa Limited and Coast Homes Limited is held by Region Development Pte Ltd (22.5%) and Stephen John Short (10.0%).

(34) The remaining interest in Krungthep Land Public Company Limited and Riverside Homes Development Co., Ltd is held by Property Perfect Public Company Limited (20.22%) and other minority shareholders (39.33%)

(35) This refers to the commencement date of the trusts.

(36) This refers to the commencement date of the partnership.

(37) The remaining interest in Watervine Homes Pte. Ltd. is held by Far East Orchard Limited (30%) and Sekisui House, Ltd. (30%).

# SUMMARY OF THE FCL PERFORMANCE SHARE PLAN AND THE FCL RESTRICTED SHARE PLAN

## FCL Performance Share Plan

The following is a summary of the principal rules of the FCL Performance Share Plan.

### *Eligibility*

Group Employees who have attained the legal age of 21 years and hold such rank as may be designated by the Committee from time to time shall be eligible to participate in the FCL Performance Share Plan at the absolute discretion of the Committee, unless they are also controlling shareholders (as defined in the Listing Manual) of our Company or associates (as defined in the Listing Manual) of such controlling shareholders.

Non-executive directors of the Group will not be eligible to participate in the FCL Performance Share Plan.

### *Awards*

Awards represent the right of a Participant to receive fully paid Shares, their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance targets (if any) are met and upon expiry of the prescribed vesting periods.

### *Participants*

The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the FCL Performance Share Plan shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, entrepreneurship, years of service and potential for future development, his contribution to the success and development of the Group and, if applicable, the difficulty required to achieve the performance target(s) within the performance period.

### *Details of Awards*

The Committee shall decide, in relation to each Award to be granted to a Participant:

(a) the Participant;

(b) the Award Date;

(c) the number of Shares which are the subject of the Award;

(d) the prescribed performance condition(s);

(e) the performance period during which the prescribed performance condition(s) are to be satisfied; and

(f) the extent to which Shares which are the subject of that Award shall be released on the prescribed performance condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period;

(g) the vesting dates;

(h) the retention period (if any); and

(i) any other condition which the Committee may determine in relation to that Award.

***Timing***

While the Committee has the discretion to grant Awards at any time in the year, it is currently anticipated that Awards would in general be made once a year. An Award letter confirming the Award and specifying (*inter alia*) the vesting period and, in relation to a performance related Award, the prescribed performance condition(s), the performance period during which the prescribed performance condition(s) are to be attained or fulfilled and the schedule setting out the extent to which Shares will be released on satisfaction of the prescribed performance condition(s), will be sent to each Participant as soon as is reasonably practicable after the making of an Award.

***Events Prior to Vesting***

Special provisions for the vesting and lapsing of Awards apply in certain circumstances including the following:

(a) an order being made or a resolution passed for the winding-up of our Company on the basis, or by reason, of its insolvency;

(b) the misconduct on the part of a Participant as determined by the Committee in its discretion;

(c) the Participant ceasing to be in the employment of the Group or (if seconded to an Associated Company) ceasing to be so seconded for any reason whatsoever (other than as specified in paragraphs (e), (f) and (g) below);

(d) the bankruptcy of a Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of the Award;

(e) the Participant ceasing to be in the employment of the Group or (if seconded to an Associated Company) ceasing to be so seconded by reason of:

    (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);

    (ii) redundancy;

    (iii) retirement at or after the legal retirement age;

    (iv) retirement before the legal retirement age with the consent of the Committee;

    (v) the company by which he is employed ceasing to be a company within the Group or, as the case may be, the company to which he is seconded ceasing to be an Associated Company or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group or to an Associated Company;

    (vi) any other event approved by the Committee;

(f) the death of the Participant;

(g) any other event approved by the Committee; or

(h) a take-over, reconstruction or amalgamation of our Company or an order being made or a resolution passed for the winding-up of our Company (other than as provided in paragraph (a) above or for reconstruction or amalgamation).

Upon the occurrence of any of the events specified in paragraphs (a), (b) and (c), an Award then held by a Participant shall, as provided in the rules of the FCL Performance Share Plan and to the extent not yet released, immediately lapse without any claim whatsoever against our Company. For the avoidance of doubt, no Award shall lapse pursuant to paragraph (c) above in the event of the transfer of employment of a Participant between the Group and any Associated Company.

Upon the occurrence of any of the events specified in paragraphs (d), (e), (f) and (g) above, the Committee may, in its absolute discretion, preserve all or any part of any Award and decide either to vest some or all of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of the relevant vesting period. In exercising its discretion, the Committee will have regard to all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant and, in the case of performance-related Awards, the extent to which the applicable performance conditions and targets have been satisfied.

Upon the occurrence of the event specified in paragraph (h) above, the Committee will consider, at its discretion, whether or not to release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the Committee will have regard to the proportion of the vesting period which has elapsed and the extent to which the applicable performance conditions and targets have been satisfied.

***Size and Duration of the FCL Performance Share Plan***

The total number of Shares which may be delivered pursuant to Awards granted under the FCL Performance Share Plan on any date, when added to:

(a) the total number of new Shares allotted and issued and/or to be allotted and issued, and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to Awards granted under the FCL Performance Share Plan; and

(b) the total number of new Shares allotted and issued and/or to be allotted and issued, and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to awards granted under the FCL Performance Share Plan.

shall not exceed 10% of the total number of issued Shares (excluding treasury shares) on the date preceding the date of the relevant Award.

The FCL Performance Share Plan shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the date on which the FCL Performance Share Plan is adopted by our Company in general meeting, provided always that the FCL Performance Share Plan may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the FCL Performance Share Plan, Awards made to Participants prior to such expiry or termination will continue to remain valid.

***Operation of the FCL Performance Share Plan***

Subject to the prevailing legislation and the rules of the Listing Manual, our Company will have the flexibility to deliver Shares to Participants upon vesting of their Awards by way of:

(a) an issue of New Shares; and/or

(b) the delivery of existing Shares (including treasury shares).

In determining whether to issue New Shares or to deliver existing Shares to Participants upon vesting of their Awards, our Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to our Company of either issuing New Shares or delivering existing Shares (including treasury shares).

Our Company has the flexibility, and if circumstances require, to approve the release of an Award, wholly or partly, in the form of cash rather than Shares. New Shares allotted and issued, and existing Shares procured by our Company for transfer, on the release of an Award shall be eligible for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

The Committee shall have the discretion to determine whether the performance condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Committee shall have the right to make reference to the audited results of our Company or the Group to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance condition(s) if the Committee decides that a changed performance target would be a fairer measure of performance.

***Adjustment events***

If a variation in the issued ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation or distribution, or otherwise) shall take place or if our Company shall make a capital distribution or a declaration of a special dividend (whether in cash or in specie), then:

(a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or

(b) the class and/or number of Shares over which future Awards may be granted under the FCL Performance Share Plan,

in such manner as the Committee may determine to be appropriate, provided that no adjustment shall be made if as a result, the Participant received a benefit that a shareholder of our Company does not receive.

The issue of securities as consideration for a private placement of securities or in connection with an acquisition of any assets or upon the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants or the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment, unless the Committee considers an adjustment to be appropriate. Any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

***Modifications or alterations to the FCL Performance Share Plan***

The FCL Performance Share Plan may be modified and/or altered at any time and from time to time by a resolution of the Committee, subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

However, no modification or alteration shall adversely affect the rights attached to Awards granted prior to such modification or alteration except with the written consent of such number of Participants under the FCL Performance Share Plan who, if their Awards were released to them, would thereby become entitled to not less than three-quarters in number of all the Shares which would fall to be vested upon release of all outstanding Awards under the FCL Performance Share Plan.

No alteration shall be made to certain rules of the FCL Performance Share Plan to the advantage of the holders of the Awards, as the case may be, except with the prior approval of Shareholders in general meeting.

**FCL Restricted Share Plan**

The following is a summary of the principal rules of the FCL Restricted Share Plan.

***Eligibility***

Group Employees who have attained the legal age of 21 years and hold such rank as may be designated by the Committee from time to time shall be eligible to participate in the FCL Restricted Share Plan at the absolute discretion of the Committee, unless they are also controlling shareholders (as defined in the Listing Manual) of our Company or associates (as defined in the Listing Manual) of such controlling shareholders.

Non-executive directors of the Group will not be eligible to participate in the FCL Restricted Share Plan.

***Awards***

Awards represent the right of a Participant to receive fully paid Shares, their equivalent cash value or combinations thereof, free of charge, provided that certain prescribed performance conditions are met.

***Participants***

The selection of a Participant and the number of Shares which are the subject of each Award to be granted to a Participant in accordance with the FCL Restricted Share Plan shall be determined at the absolute discretion of the Committee, which shall take into account criteria such as his rank, job performance, entrepreneurship, years of service and potential for future development, his contribution to the success and development of the Group and the difficulty required to achieve the performance condition(s) within the performance period.

***Details of Awards***

The Committee shall decide, in relation to each Award to be granted to a Participant:

(a) the Participant;

(b) the Award Date;

(c) the number of Shares which are the subject of the Award;

(d) in the case of a performance-related Award:

  (i) the performance conditions(s);

  (ii) the performance period; and

  (iii) the extent to which Shares which are the subject of the Award shall be Released on the performance conditions(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the performance period;

(e) the vesting period (if any);

(f) the vesting date (if any);

(g) the release schedule (if any);

(h) the retention period (if any); and

(i) any other condition which the Committee may determine in relation to that Award.

***Timing***

While the Committee has the discretion to grant Awards at any time in the year, it is currently anticipated that Awards would in general be made once a year. An Award letter confirming the Award and specifying (inter alia), in relation to a performance-related Award, the prescribed performance condition(s), the performance period during which the prescribed performance condition(s) are to be attained or fulfilled and the schedule setting out the extent to which Shares will be released on satisfaction of the prescribed performance condition(s), will be sent to each Participant as soon as is reasonably practicable after the making of an Award.

***Events Prior to Vesting***

Special provisions for the vesting and lapsing of Awards apply in certain circumstances including the following:

(a) an order being made or a resolution passed for the winding-up of our Company on the basis, or by reason, of its insolvency;

(b) the misconduct on the part of a Participant as determined by the Committee in its discretion;

(c) the Participant ceasing to be in the employment of the Group or (if seconded to an Associated Company) ceasing to be so seconded for any reason whatsoever (other than as specified in paragraphs (e), (f) and (g) below);

(d) the bankruptcy of a Participant or the happening of any other event which results in his being deprived of the legal or beneficial ownership of the Award;

(e) the Participant ceasing to be in the employment of the Group or (if seconded to an Associated Company) ceasing to be so seconded by reason of:

  (i) ill health, injury or disability (in each case, evidenced to the satisfaction of the Committee);

  (ii) redundancy;

  (iii) retirement at or after the legal retirement age;

  (iv) retirement before the legal retirement age with the consent of the Committee;

  (v) the company by which he is employed ceasing to be a company within the Group or, as the case may be, the company to which he is seconded ceasing to be an Associated Company or the undertaking or part of the undertaking of such company being transferred otherwise than to another company within the Group or to an Associated Company;

  (vi) any other event approved by the Committee;

(f) where a Participant, being a Non-Executive Director, ceases to be a director of our Company for any reason whatsoever;

(g) the death of the Participant;

(h) any other event approved by the Committee; or

(i) (i) a take-over, reconstruction or amalgamation of our Company or an order being made or a resolution passed for the winding-up of our Company (other than as provided in paragraph (a) above or for reconstruction or amalgamation).

Upon the occurrence of any of the events specified in paragraphs (a), (b) and (c), an Award then held by a Participant shall, as provided in the rules of the FCL Restricted Share Plan and to the extent not yet released, immediately lapse without any claim whatsoever against our Company. For the avoidance of doubt, no Award shall lapse pursuant to paragraph (c) above in the event of the transfer of employment of a Participant between the Group and any Associated Company.

Upon the occurrence of any of the events specified in paragraphs (d), (e), (f), (g) and (h) above, the Committee may, in its absolute discretion, preserve all or any part of any Award and decide either to vest some or all of the Shares which are the subject of the Award or to preserve all or part of any Award until the end of the relevant performance period. In exercising its discretion, the Committee will have regard to all circumstances on a case-by case basis, including (but not limited to) the contributions made by that Participant and the extent to which the applicable performance conditions and targets have been satisfied.

Upon the occurrence of the event specified in paragraph (i) above, the Committee will consider, at its discretion, whether or not to release any Award, and will take into account all circumstances on a case-by-case basis, including (but not limited to) the contributions made by that Participant. If the Committee decides to release any Award, then in determining the number of Shares to be vested in respect of such Award, the Committee will have regard to the proportion of the performance period which has elapsed and the extent to which the applicable performance conditions and targets have been satisfied.

If a Participant ceases to be eligible for the FCL Restricted Share Plan as a result of becoming a Controlling Shareholder subsequent to any Award Dates and prior to the corresponding Vesting Dates, such Awards shall remain subject to the terms and conditions specified in the relevant Award Letter(s). However, such Participant shall no longer be eligible for future Award grants until approval has been obtained from independent shareholders of our Company at a general meeting or until such Participant ceases to be a Controlling Shareholder.

***Size and duration of the FCL Restricted Share Plan***

The total number of Shares which may be delivered pursuant to Awards granted under the FCL Restricted Share Plan on any date, when added to:

(a) the total number of new Shares allotted and issued and/or to be allotted and issued, and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to Awards granted under the FCL Restricted Share Plan; and

(b) the total number of new Shares allotted and issued and/or to be allotted and issued, and issued Shares (including treasury shares) delivered and/or to be delivered, pursuant to awards granted under the FCL Restricted Share Plan,

shall not exceed 10% of the total number of issued Shares (excluding treasury shares) on the date preceding the date of the relevant Award.

The FCL Restricted Share Plan shall continue in force at the discretion of the Committee, subject to a maximum period of 10 years commencing on the date on which the FCL Restricted Share Plan is adopted by our Company in general meeting, provided always that the FCL Restricted Share Plan may continue beyond the above stipulated period with the approval of Shareholders in general meeting and of any relevant authorities which may then be required. The Committee currently does not intend to exceed the Yearly Limit. However, if the Yearly Limit is not fully utilised in any given year, the balance of the unutilised Yearly Limit may be used by our Company to make grants of Awards in subsequent years.

The aggregate number of Shares which may be issued pursuant to Awards under the FCL Restricted Share Plan to Participants who are Controlling Shareholders of our Company and their associates shall not exceed twenty-five (25) per cent. of the Shares available under the FCL Restricted Share Plan.

The aggregate number of Shares issued pursuant to Awards under the FCL Restricted Share Plan to each Participant who is a Controlling Shareholder of our Company or his associate shall not exceed ten (10) per cent. of the Shares available under the FCL Restricted Share Plan.

Notwithstanding the expiry or termination of the FCL Restricted Share Plan, Awards made to Participants prior to such expiry or termination will continue to remain valid.

***Operation of the FCL Restricted Share Plan***

Subject to the prevailing legislation and the rules of the Listing Manual, our Company will have the flexibility to deliver Shares to Participants upon vesting of their Awards by way of:

(a) an issue of New Shares; and/or

(b) the delivery of existing Shares (including treasury shares).

In determining whether to issue New Shares or to deliver existing Shares to Participants upon vesting of their Awards, our Company will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares and the cost to our Company of either issuing New Shares or delivering existing Shares (including treasury shares).

Our Company has the flexibility, and if circumstances require, to approve the release of an Award, wholly or partly, in the form of cash rather than Shares.

New Shares allotted and issued, and existing Shares procured by our Company for transfer, on the release of an Award shall be eligible for all entitlements, including dividends or other distributions declared or recommended in respect of the then existing Shares, the record date for which is on or after the relevant vesting date, and shall in all other respects rank *pari passu* with other existing Shares then in issue.

The Committee shall have the discretion to determine whether the performance condition has been satisfied (whether fully or partially) or exceeded and in making any such determination, the Committee shall have the right to make reference to the audited results of our Company or the Group to take into account such factors as the Committee may determine to be relevant, such as changes in accounting methods, taxes and extraordinary events, and further, the right to amend the performance condition(s) if the Committee decides that a changed performance target would be a fairer measure of performance.

***Adjustment events***

If a variation in the issued ordinary share capital of our Company (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation or distribution, or otherwise) shall take place or if our Company shall make a capital distribution or a declaration of a special dividend (whether in cash or in specie), then:

(a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested; and/or

(b) the class and/or number of Shares over which future Awards may be granted under the FCL Restricted Share Plan,

shall be adjusted in such manner as the Committee may determine to be appropriate, provided that no adjustment shall be made if as a result, the Participant received a benefit that a shareholder of our Company does not receive.

The issue of securities as consideration for a private placement of securities or in connection with an acquisition of any assets or upon the exercise of any options or conversion of any loan stock or any other securities convertible into Shares or subscription rights of any warrants or the cancellation of issued Shares purchased or acquired by our Company by way of a market purchase of such Shares undertaken by our Company on the SGX-ST during the period when a share purchase mandate granted by Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment, unless the Committee considers an adjustment to be appropriate. Any adjustment (except in relation to a capitalisation issue) must be confirmed in writing by the auditors (acting only as experts and not as arbitrators) to be in their opinion, fair and reasonable.

***Modifications or alterations to the FCL Restricted Share Plan***

The FCL Restricted Share Plan may be modified and/or altered at any time and from time to time by a resolution of the Committee, subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

However, no modification or alteration shall adversely affect the rights attached to Awards granted prior to such modification or alteration except with the written consent of such number of Participants under the FCL Restricted Share Plan who, if their Awards were released to them, would thereby become entitled to not less than three-quarters in number of all the Shares which would fall to be vested upon release of all outstanding Awards under the FCL Restricted Share Plan.

No alteration shall be made to certain rules of the FCL Restricted Share Plan to the advantage of the holders of the Awards, as the case may be, except with the prior approval of Shareholders in general meeting.

# LIST OF PRESENT AND PAST PRINCIPAL DIRECTORSHIPS OF DIRECTORS AND EXECUTIVE OFFICERS

The list of present principal and past directorships held by our Directors and Executive Officers in the last five years preceding the date of this Document (excluding those held in our Company) is as follows:

***Our Directors***

| Name | Present Principal Directorships | Past Principal Directorships |
|---|---|---|
| Charoen Sirivadhanabhakdi | Fraser and Neave, Limited<br>InterBev Investment Limited<br>TCC Trade and Convention Center Co., ltd.<br>International Beverage Holdings (China) Limited<br>TCC Holdings Co., Ltd.<br>Supreme Legacy Ltd.<br>Great Golden Ltd.<br>Siriwana Co., Ltd.<br>Cristalla Company Limited<br>TCC Hotels Management Co., Ltd.<br>Plantheon Co., Ltd<br>International Beverage Holdings Limited<br>Red Bull Distillery (1988) Co., Ltd.<br>Nateechai Co., Ltd.<br>United Winery and Distillery Co., Ltd.<br>Simathurakij Co., Ltd.<br>Luckchai Liquor Trading Co., Ltd.<br>TCC Hotels Group Company Limited<br>Thai Beverage Public Company Limited<br>Beer Chang Co., Ltd.<br>TCC Capital Land Limited<br>TCC Land Co., Ltd.<br>North Park Golf and Sports Club Co., Ltd.<br>International Beverage Holdings (UK) Limited<br>Beer Thai (1991) Public Company Limited<br>Berli Jucker Public Company Limited<br>Fortune Associates Ltd.<br>Pacific Sea International Holdings Limited<br>United Development Ltd.<br>South East Group Co., Ltd.<br>C.S. Assets Incorporated | I Laundry Service Co., Ltd.<br>TCC Land International (Thailand) Co., Ltd.<br>MM Investment Co., Limited<br>Golden Wealth Co., Ltd.<br>Plaza Athenee Co., Ltd.<br>Plaza Athenee Hotel (Thailand) Co., Ltd.<br>TCC Hotel Collection Co., Ltd.<br>Plantheon International Ltd.<br>Charoenwannakij Co., Ltd.<br>MM Capital Co., Limited<br>Tower Top Worldwide Limited<br>Chang Beverages Pte Limited<br>Success International Limited |

| Name | Present Principal Directorships | Past Principal Directorships |
|---|---|---|
| Khunying Wanna Sirivadhanabhakdi | Fraser and Neave, Limited<br>InterBev Investment Limited<br>TCC Trade and Convention Center Company Limited<br>International Beverage Holdings (China) Limited<br>TCC Holding Co., Ltd.<br>Supreme Legacy Ltd.<br>Great Golden Ltd.<br>Critalla Company Limited<br>TCC Hotels Management Company Limited<br>Plantheon Company Limited<br>Siriwana Co., Ltd.<br>International Beverage Holdings Limited<br>TCC Land Company Limited<br>TCC Hotels Group<br>Beer Thip Brewery (1991) Co., Ltd.<br>Sangsom Co., Ltd.<br>Kanchanasingkorn Co., Ltd.<br>Thanapakdi Co., Ltd.<br>Fuengfuanant Co., Ltd.<br>Mongkolsamai Co., Ltd.<br>Vidhayathan Co., Ltd.<br>Thai Beverage Public Company Limited<br>Beer Chang Co., Ltd.<br>TCC Capital Land Limited<br>North Park Golf and Sports Club Company Limited<br>International Beverage Holdings (UK) Limited<br>Berli Jucker Public Company Limited<br>Pacific Sea International Holdings Limited<br>Fortune Associates Ltd.<br>United Development Ltd.<br>Southeast Group Company Limited<br>W.S. Investments Incorporated | I Laundry Service Company Limited<br>TCC Land International (Thailand) Company Limited<br>MM Investment Co., Limited<br>TCC Hotel Collection Company Limited<br>Plaza Athenee Company Limited<br>Plaza Athenee Hotel (Thailand) Company Limited<br>Golden Wealth Company Limited<br>Charoenwannakij Company Limited<br>MM Capital Co., Limited<br>Chang Beverages Pte Limited<br>Tower Top Worldwide Limited<br>Success International Limited |
| Charles Mak Ming Ying | Morgan Stanley Asia Limited<br>Bank Morgan Stanley AG<br>Fraser and Neave, Limited | – |
| Chan Heng Wing | Fraser and Neave, Limited<br>Precious Treasure Pte Ltd<br>Precious Quay Pte. Ltd.<br>Banyan Tree Holdings Limited<br>Shanda Games Ltd. | – |

| Name | Present Principal Directorships | Past Principal Directorships |
|---|---|---|
| Philip Eng Heng Nee | Chinese Development Assistance Council<br>mDR Limited<br>Frasers Centrepoint Asset Management Ltd<br>PT Adira Dinamika Multi Finance Tbk<br>Hektar Asset Management Sdn Bhd<br>NTUC Income<br>OpenNet Pte Ltd<br>Singapore Health Services Pte Ltd<br>The Hour Glass Limited<br>Heliconia Capital Management Pte Ltd<br>Ezra Holdings Limited<br>KK Women's and Children's Hospital Pte Ltd<br>Fraser and Neave, Limited | PT SCS Astragraphia Technologies<br>Singapore Computer Systems Ltd<br>Orchard Energy Pte Ltd<br>MCL Land Limited<br>Sunrise MCL Land Sdn Bhd<br>MSL Properties Sdn Bhd<br>Ampang Hotel Sdn<br>Ampang Investments Pte Ltd<br>Asia Pacific Breweries Ltd<br>Hup Soon Global Corporation Limited |
| Weerawong Chittmittrapap | Weerawong, Chinnavat & Peangpanor Ltd.<br>Berli Jucker Public Co., Ltd.<br>GMM Grammy Public Co., Ltd.<br>National Power Supply Public Co., Ltd.<br>Thai Airways International Public Co., Ltd.<br>SCB Life Assurance Public Co., Ltd.<br>Golden Land Property Development Public Company Limited<br>Fraser and Neave, Limited | Siam Food Public Co., Ltd.<br>Nok Airlines Public Co., Ltd.<br>Minor International Public Co., Ltd. |
| Siripen Sitasuwan | Fraser and Neave, Limited<br>Sermsuk Public Company Limited<br>Thai Solar Energy Co., Ltd.<br>Solaris Asset Management Co., Ltd.<br>Thanachart Capital Public Company Limited | – |
| Chotiphat Bijananda | Golden Land Property Development Public Company Limited<br>Time Publishing Limited<br>Fraser and Neave, Limited<br>TCC Assets Limited<br>Kindest Place Groups Limited<br>Dhamma Land Property Development Company Limited<br>Dhamma Land Property Company Limited<br>Asiatig House Co., Ltd.<br>Sermsuk Plc<br>Dason Venture Limited<br>Excellence Prosperity Ltd.<br>Global-Link Investments Limited<br>Newood Assets Limited<br>Olivine Property Limited<br>Pacific Coast Assets Inc.<br>The Southeast Group International Limited | TCC Holding Co.,Ltd. |

| Name | Present Principal Directorships | Past Principal Directorships |
|---|---|---|
| | Viewgrand Development Ltd. | |
| | Great Sonic Investments Limited | |
| | MM Investment Co., Limited | |
| | TCC Land International Ltd. | |
| | Total Rise Investments Limited | |
| | Southeast Insurance Plc | |
| | Southeast Life Insurance Plc | |
| | Southeast Capital Company Limited | |
| | TCC Technology Company Limited | |
| | Southeast Group Company Limited | |
| | MM Capital Co., Limited | |
| | Dharmniti Auditing Co.,Ltd. | |
| Panote Sirivadhanabhakdi | Fraser and Neave, Limited | Asiatig House Co., Ltd. |
| | Kasem Subsiri Company Limited | Oishi Group Public Company Limited |
| | Golden Land Property Development Public Company Limited | N.C.C. Management and Development Company Limited |
| | SMJC Development Company Limited | Prideeprapa Company Limited |
| | Thip Kampangpetch Bio Energy Company Limited | Bang-pa-in Paper Industry |
| | Thip Nakhonswan Bio Energy Company Limited | Thip Sukhothai Bio Energy Company Limited |
| | Thip Sukhothai Bio Refinery Company Limited | TCC Property Development Company Limited |
| | Thip Kampangpetch Bio Energy Company Limited | TCC Real Estate Development Company Limited |
| | TCC Trade and Convention Center Company Limited | TCC Land Development Company Limited |
| | TCC Exhibition and Convention Center Company Limited | TCC World Company Limited |
| | Thip Sugar Kamphaengphet Company Limited | Cha-Am Resort Town Company Limited |
| | Thip Sugar Nakhonswan Company Limited | Riverside Master Plan Company Limited |
| | Thip Sugar Sukhothai Company Limited | Sports and Recreation Management Company Limited |
| | The Suphanburi Sugar Industry Company Limited | Lan Chang Development Company Limited |
| | N.C.C. Exhibition Organizer Company Limited | TCC Hotel Group Company Limited |
| | N.C.C. Image Company Limited | Eastern Industrial Estates (Rayong) |
| | F and B International Company Limited | Terragro Company Limited |
| | Golden Shower Development (PTC) Ltd. | Southeast Group Company Limited |
| | Grand Willow Development (PTC) Ltd. | TCC Capital Land Company Limited |
| | Tropical Almond Development (PTC) Ltd. | |
| | Yellowwood Development (PTC) Ltd. | |
| | Viewgrand Trust A | |
| | Viewgrand Trust B | |
| | Viewgrand Trust C | |
| | Viewgrand Trust D | |
| | Viewgrand Trust E | |
| | Viewgrand Trust F | |
| | Viewgrand Trust G | |
| | The Imperial Angkor Palace Hotel Co. Ltd. | |
| | S.A.S Ctamad Company Limited | |
| | Chiva-Som International Health Resorts Company Limited | |
| | North Park Golf and Sports Club Company Limited | |

| Name | Present Principal Directorships | Past Principal Directorships |
|---|---|---|
| | North Park Real-estate Company Limited<br>Dason Venture Limited<br>Excellence Prosperity Ltd.<br>Global-Link Investments Limited<br>Mojito Investing Inc.<br>Newood Assets Limited<br>Olivine Property Limited<br>Pacific Coast Assets Inc.<br>TCC Land International Limited<br>Viewgrand Development Ltd.<br>Best Spirits (China) Company Limited<br>Great Sonic Investments Limited<br>TCC Land International Ltd.<br>Total Rise Investments Limited<br>TCC Land International (Singapore) Pte. Ltd.<br>Plaza Athenee Hotel Co. Ltd.<br>S.A.S Ctamad Company Limited<br>BCH Hotel Investment Pte. Ltd.<br>Excellence Prosperities TMK (SG)<br>Excellence Prosperities (SG) Kobe TMK<br>Excellence Prosperities K.K.<br>KK Shin Kobe Holdings<br>YK Toranomon Properties<br>Siam Food Products Public Company Limited<br>International Beverage Holdings (China) Limited<br>Nong Khai Country Golf Club Company Limited<br>TCC Holding Company Limited<br>TCC Land Retail Company Limited<br>TCC Land Industrial and Logistics Company Limited<br>Terragro Fertilizer Company Limited<br>Norm Company Limited<br>Thai Beverage Public Company Limited<br>Univentures Public Company Limited<br>Paksong Capital Company Limited<br>Adelfos Company Limited<br>Platheon Company Limited<br>Siriwana Company Limited<br>Cristalla Company Limited<br>T.C.C. International Limited<br>TCC Land Company Limited<br>Berli Jucker Public Company Limited<br>International Beverage Holdings Limited<br>InterBev (Singapore) Limited<br>Theparunothai Company Limited<br>Athimart Company Limited<br>Beer Thip Brewery (1991) Company Limited<br>Sura Bangyikhan Company Limited<br>Kankwan Company Limited<br>Blairmhor Distillers Limited<br>Blairmhor Limited<br>International Beverage Holdings (UK) Limited<br>TCC Technology Company Limited<br>SHS Worldwide Assets Limited | |

| Name | Present Principal Directorships | Past Principal Directorships |
|---|---|---|
| Sithichai Chaikriangkrai | Fraser and Neave, Limited<br>Golden Land Property Development Public Company Limited<br>InterBev Investment Limited<br>Sermsuk Public Company Limited<br>Thai Beverage Public Company Limited Thailand<br>Siam Foods Products Public Company Limited<br>Univentures Public Company Limited<br>Oishi Group Public Company Limited<br>International Beverage Holdings Limited<br>Berli Jucker Public Company Limited<br>Beer Thip Brewery (1991) Company Limited<br>Sura Bangyikhan Company Limited<br>Kankwan Company Limited<br>Theparunothi Company Limited<br>Athimart Company Limited<br>S.S. Karnsura Company Limited<br>Thai Beverage Logistics Company Limited<br>Thai Beverage Energy Company Limited<br>Thai Beverage Can Company Limited<br>Adelfos Company Limited<br>Charun Business 52 Company Limited<br>Thai Cooperage Company Limited<br>Thai Molasses Company Limited<br>Pan International (Thailand) Company Limited<br>Feed Addition Company Limited<br>Thai Beverage Recycle Company Limited<br>Archa Beer Company Limited<br>Wrangyer Beverage (2008) Company Limited<br>Thai Drinks Company Limited<br>Thai Beverage Training Company Limited<br>Oishi Ramen Company Limited<br>Oishi Trading Company Limited.<br>Sermsuk Holdings Company Limited<br>Sermsuk Beverage Company Limited<br>Sermsuk Training Company Limited<br>Blairmhor Distillers Limited<br>Blairmhor Limited<br>International Beverage Holdings (China) Limited<br>InterBev Trading (China) Limited<br>International Beverage Holdings (UK) Limited<br>Inver House Distillers Limited<br>Oishi International Holdings Limited<br>Great Brands Limited | Thai Beverage Public Company Limited<br>Eastern Industrial Estates (Rayong)<br>Beer Chang International Limited |

### *Our Executive Officers*

| Name | Present Principal Directorships | Past Principal Directorships |
| --- | --- | --- |
| Lim Ee Seng | Forward Plan Limited<br>Frasers (Australia) Pte. Ltd.<br>Frasers (NZ) Pte. Ltd.<br>Frasers (Thailand) Pte. Ltd.<br>Frasers (UK) Pte Ltd<br>Frasers Broadview Limited<br>Frasers Broadway Pty Ltd<br>Frasers Centrepoint Asset Management (Commercial) Ltd.<br>Frasers Centrepoint Asset Management (Malaysia) Pte. Ltd.<br>Frasers Centrepoint Asset Management Ltd.<br>Frasers Chandos Pty Ltd<br>Frasers City Quarter Pty Ltd<br>Frasers Hospitality Investment B.V.<br>FC North Gem Trustee Pte. Ltd.<br>FCL Imperial Pte. Ltd.<br>Frasers Investments (UK) Limited<br>Frasers Killara Pty Ltd<br>Frasers Land Pte. Ltd.<br>Frasers Lorne Pty Ltd<br>Frasers Morton Pty Ltd<br>Frasers Papamoa Limited<br>Frasers Property (Europe) Holdings Pte. Ltd.<br>Frasers Property (UK) Limited<br>Frasers Property Australia Pty Limited<br>Frasers Property Developments Limited<br>Frasers Property Management (Shanghai) Co., Ltd.<br>Frasers Property Management Australia Pty Ltd.<br>Frasers Putney Pty Limited<br>Frasers Queens Pty Ltd<br>Frasers Town Hall Pty Ltd<br>Frasers Town Hall Residences Operations Pty Limited<br>Frasers Town Hall Residences Pty Ltd<br>Frasers Ventures Limited<br>Krungthep Land Public Company Limited<br>Lion (Singapore) Pte. Limited<br>Marine Parade View Pte Ltd<br>Me Linh Point Ltd<br>MLP Co Pte. Ltd.<br>Nasidon Investments Pte Ltd<br>Northspring Development Pte Ltd<br>Opal Star Pte. Ltd.<br>Orrick Investments Pte Limited<br>PT Frasers Hospitality Investments Indonesia<br>Punggol Residences Pte. Ltd.<br>River Valley Properties Pte Ltd<br>River Valley Shopping Centre Pte Ltd<br>River Valley Tower Pte Ltd<br>Riverside Homes Development Co., Ltd.<br>Riverside Investments Pte Ltd<br>Riverside Property Pte. Ltd.<br>Riverside Walk Pte Ltd<br>SAJV Co Pte Ltd | Hektar Asset Management Sdn Bhd<br>Frasers Property (China) Ltd<br>FCL Reit Management Ltd.<br>Frasers Centrepoint Developments Pte. Ltd.<br>Frasers Glebe Point Pty Ltd<br>Hainan Jian Feng Tourism Development Co., Ltd.<br>Hua Li Holdings Pte Ltd<br>Metro Charm Holdings Limited<br>Orchard Mall Pte. Ltd.<br>Reaves Limited<br>Saigon Apartments Joint Venture Co.<br>Vision Century Limited<br>Shanghai Zhong Jun Real Estate<br>Blessing Sky Limited<br>Brampton Holdings Sdn Bhd<br>Frasers Highbury Limited<br>Shanghai Hua Li Real Estate Dev. Co., Ltd<br>Shanghai Sian Jin Property Development Co., Ltd.<br>Centrepoint Retail Concepts Pte Ltd (now known as Frasers Centrepoint Property Management Services Pte Ltd)<br>Frasers Centrepoint Property Management (Commercial) Pte Ltd<br>Frasers Hospitality Management Pte Ltd<br>FCL Emerald (3) Pte Ltd<br>Frasers Hospitality Investment Holding (Philippines) Pte Ltd (formerly known as Frasers (Office Park) Pte Ltd)<br>Fraser Serviced Residences Pte Ltd<br>Fraser Serviced Residences (China) Pte Ltd<br>Fraser Suites Jakarta Pte Ltd (formerly known as CPL Korea Pte Ltd)<br>FC Retail Trustee Pte Ltd<br>Emerald Star Pte Ltd<br>Frasers Commercial Investments No. 1 Pte Ltd<br>Frasers Commercial Investments No. 2 Pte Ltd<br>Frasers Commercial Osaka SPC No. 1 Pte Ltd<br>Frasers Commercial Osaka SPC No. 2 Pte Ltd<br>Frasers Commercial Osaka SPC No. 3 Pte Ltd<br>Frasers Commercial Sub No. 1 Pte Ltd<br>Frasers Commercial Sub No. 2 Pte Ltd<br>Frasers Commercial Tozai SPC No. 1 Pte Ltd<br>Frasers Commercial Tozai SPC No. 2 Pte Ltd<br>Frasers Commercial Tozai SPC No. 3 Pte Ltd |

| Name | Present Principal Directorships | Past Principal Directorships |
|---|---|---|
| | Shanghai Frasers Management Consultancy Co., Ltd. | |
| | Singapore Logistics Investments Pte. Ltd. | |
| | Singlong Property Development (Suzhou) Co., Ltd. | |
| | Sinomax International Pte. Ltd. | |
| | Summit Park Limited | |
| | Superway Logistics Investments (Hong Kong) Limited | |
| | Supreme Asia Investments Limited | |
| | Vacaron Company Sdn Bhd | |
| | Wimanis Sdn. Bhd. | |
| | Woodlands Complex Pte Ltd | |
| | Yishun Development Pte Ltd | |
| | Yishun Gold Pte. Ltd. | |
| | Yishun Land Pte Ltd | |
| | Yishun Property Pte Ltd | |
| Cheang Kok Kheong | Easthouse Properties Pte. Ltd. | – |
| | eCO Properties Pte Ltd | |
| | Emerald Star Pte. Ltd. | |
| | FC Retail Trustee Pte. Ltd. | |
| | FCL Admiralty Pte. Ltd. | |
| | FCL Compassvale Pte. Ltd. | |
| | Precious Sand Pte. Ltd. | |
| | Punggol Residences Pte. Ltd. | |
| | Quarry Bay Pte. Ltd. | |
| | Yishun Gold Pte. Ltd. | |
| | Watervine Homes Pte. Ltd. | |
| Chia Khong Shoong | Ace Goal Limited | Frasers Property China Limited |
| | Anchor Developments Pte Ltd | Blessing Sky Limited |
| | North Gem Development Pte. Ltd. | FCL Management Services (Commercial) Pte. Ltd. |
| | Beijing Fraser Suites Real Estate Management Co., Ltd | Frasers Centrepoint Developments Pte. Ltd. |
| | Beijing Sin Hua Yan Real Estate Development Co., Ltd | Hainan Jian Feng Tourism Development Co., Ltd |
| | Chempaka Development Pte Ltd | Reaves Limited |
| | Coast Homes Limited | Saigon Apartments Joint Venture Co. |
| | Emerald Hill Developments Pte. Ltd. | Shanghai Sian Jin Property Development Co., Ltd |
| | Excellent Esteem Limited | Shanghai Zhong Jun Real Estate Development Co., Ltd |
| | Extra Strength Limited | FC Retail Trustee Pte. Ltd. |
| | Fairdace Limited | |
| | FC Commercial Trustee Pte. Ltd. | |
| | FC Hotel Trustee Pte. Ltd. | |
| | FCL (China) Pte. Ltd. | |
| | FCL (Fraser) Pte. Ltd. | |
| | FCL Admiralty Pte. Ltd. | |
| | FCL Alexandra Point Pte. Ltd. | |
| | FCL Amber Pte. Ltd. | |
| | FCL Aquamarine Pte. Ltd. | |
| | FCL Asset Management Ltd. | |
| | FCL Assets Pte. Ltd. | |
| | FCL Boon Lay Pte. Ltd. | |
| | FCL Bridgepoint Pte. Ltd. | |
| | FCL Centrepoint Pte. Ltd. | |
| | FCL China Development Pte. Ltd. | |
| | FCL Choa Chu Kang Pte. Ltd. | |
| | FCL Clover Pte. Ltd. | |
| | FCL Compassvale Pte. Ltd. | |

| Name | Present Principal Directorships | Past Principal Directorships |
|---|---|---|
| | FCL Court Pte. Ltd.<br>FCL Crystal Pte. Ltd.<br>FCL Emerald (1) Pte. Ltd.<br>FCL Emerald (2) Pte. Ltd.<br>FCL Enterprise Pte. Ltd.<br>FCL Estates Pte. Ltd.<br>FCL Homes Pte. Ltd.<br>FCL Imperial Pte. Ltd.<br>FCL Investments Pte. Ltd.<br>FCL Joo Chiat Place Pte. Ltd.<br>FCL Land Pte. Ltd.<br>FCL Lodge Pte. Ltd.<br>FCL Loft Pte. Ltd.<br>FCL Management Services Pte. Ltd.<br>FCL Place Pte. Ltd.<br>FCL Property Investments Pte. Ltd.<br>FCL Resort Pte. Ltd.<br>FCL Rise Pte. Ltd.<br>FCL Sophia Pte. Ltd.<br>FCL Tampines Court Pte. Ltd.<br>FCL Topaz Pte. Ltd.<br>FCL Tower Pte. Ltd.<br>FCL Treasury Pte. Ltd.<br>FCL Trust Holdings (Commercial) Pte. Ltd.<br>FCL Trust Holdings Pte. Ltd.<br>FCL Ventures Pte. Ltd.<br>FCL View Pte. Ltd.<br>FCL Woodlands Pte. Ltd.<br>FCOT Treasury Pte Ltd<br>FCT MTN Pte. Ltd.<br>Forth Carries Limited<br>Forward Plan Limited<br>Fraser Place (Beijing) Property Management Co. Ltd.<br>Fraser Residence Orchard Pte. Ltd.<br>Fraser Suites Jakarta Pte. Ltd.<br>Frasers (Australia) Pte. Ltd.<br>Frasers (Brown Street) Limited<br>Frasers (NZ) Pte. Ltd.<br>Frasers (St Giles Street) Management Limited<br>Frasers (St Giles Street, Edinburgh) Limited<br>Frasers (Thailand) Pte. Ltd.<br>Frasers (UK) Pte. Ltd.<br>Frasers Brisbane Apartments Pty Limited<br>Frasers Brisbane Management Pty Limited<br>Frasers Broadview Limited<br>Frasers Broadway Pty Ltd<br>Frasers Central Park Equity No 1 Pty Ltd<br>Frasers Central Park Equity No 2 Pty Ltd<br>Frasers Central Park Holdings No 1 Pty Ltd<br>Frasers Central Park Holdings No 2 Pty Ltd<br>Frasers Central Park Land No 1 Pty Ltd<br>Frasers Central Park Land No 2 Pty Ltd<br>Frasers Centrepoint Asset Management (Commercial) Pte. Ltd. | |

| Name | Present Principal Directorships | Past Principal Directorships |
|---|---|---|
| | Frasers Centrepoint Asset Management (Malaysia) Pte. Ltd.<br>Frasers Centrepoint Asset Management Ltd.<br>Frasers Centrepoint Property Management (Commercial) Pte. Ltd.<br>Frasers Centrepoint Property Management Services Pte. Ltd.<br>Frasers Chandos Pty Ltd<br>Frasers City Quarter Pty Ltd<br>Frasers Commercial Investments No. 1 Pte. Ltd.<br>Frasers Commercial Investments No. 2 Pte. Ltd.<br>Frasers Commercial Osaka SPC No. 3 Pte. Ltd.<br>Frasers Commercial Sub No. 1 Pte. Ltd.<br>Frasers Commercial Sub No. 2 Pte. Ltd.<br>Frasers Commercial Sub No. 3 Pte. Ltd.<br>Frasers Commercial Tozai SPC No. 1 Pte. Ltd.<br>Frasers Commercial Tozai SPC No. 2 Pte. Ltd.<br>Frasers Commercial Tozai SPC No. 3 Pte. Ltd.<br>Frasers FB (UK) Group Limited<br>Frasers FB (UK) Limited<br>Frasers Homes (UK) Limited<br>Frasers Homes WA Pty Limited<br>Frasers Hospitality (Hong Kong) Limited<br>Frasers Hospitality (Thailand) Ltd.<br>Frasers Hospitality (UK) Ltd<br>Frasers Hospitality Changi City Pte. Ltd.<br>Frasers Hospitality India Private Limited<br>Frasers Hospitality Investment Holding (Philippines)<br>Frasers Hospitality Investments Melbourne Pte. Ltd.<br>Frasers Hospitality investments, lnc.<br>Frasers Hospitality Japan Kabushiki Kaisha<br>Frasers Hospitality Management Co. Ltd., Shanghai<br>Frasers Hospitality Management Pte. Ltd.<br>Frasers Hospitality Philippines, Inc.<br>Frasers Hospitality Property Services Pte. Ltd.<br>Frasers Hospitality Pte. Ltd.<br>Frasers Investments (UK) Limited<br>Frasers Islington Limited<br>Frasers Islington Properties Limited<br>Frasers Kensington Development Pty Ltd<br>Frasers Kensington Holdings Pty Ltd<br>Frasers Kensington Land Pty Ltd<br>Frasers Killara Pty Ltd<br>Frasers Land Pte. Ltd.<br>Frasers Lorne Pty Ltd<br>Frasers Lumiere Leeds Limited<br>Frasers Management (UK) Limited<br>Frasers Mandurah Pty Ltd<br>Frasers Melbourne Apartments Pty Limited | |

| Name | Present Principal Directorships | Past Principal Directorships |
|---|---|---|
| | Frasers Melbourne Management Pty Limited | |
| | Frasers Morton Pty Ltd | |
| | Frasers Papamoa Limited | |
| | Frasers Projects Limited | |
| | Frasers Property (Europe) Holdings Pte. Ltd. | |
| | Frasers Property (UK) Limited | |
| | Frasers Property Australia Pty Limited | |
| | Frasers Property Developments Limited | |
| | Frasers Property Management (Shanghai) Co. Ltd. | |
| | Frasers Property Management Australia Pty Ltd. | |
| | Frasers Putney Pty Limited | |
| | Frasers Queens Pty Ltd | |
| | Frasers (Riverside Quarter) Limited | |
| | Frasers Town Hall Issuer Pty Ltd | |
| | Frasers Town Hall Pty Ltd | |
| | Frasers Town Hall Residences Operations Pty Limited | |
| | Frasers Town Hall Residences Pty Ltd | |
| | Frasers Ventures Limited | |
| | Frasers Vincent Square Limited | |
| | Krungthep Land Public Company Limited | |
| | Lion (Singapore) Pte. Limited | |
| | Lumiere Leeds LP (No. 1) Ltd | |
| | Lumiere Leeds LP (No. 2) Ltd | |
| | Marine Parade View Pte Ltd | |
| | Me Linh Point Ltd | |
| | MLP Co Pte. Ltd. | |
| | Modena Hospitality Management (Shanghai) Co. Ltd. | |
| | Nasidon Investments Pte Ltd | |
| | Northspring Development Pte Ltd | |
| | Opal Star Pte. Ltd. | |
| | Orrick Investments Pte Limited | |
| | PT Frasers Hospitality Investments Indonesia | |
| | Punggol Residences Pte. Ltd. | |
| | River Valley Apartments Pte Ltd | |
| | River Valley Properties Pte Ltd | |
| | River Valley Shopping Centre Pte Ltd | |
| | River Valley Tower Pte Ltd | |
| | Riverside Homes Development Co., Ltd. | |
| | Riverside Investments Pte Ltd | |
| | Riverside Property Pte. Ltd. | |
| | Riverside Walk Pte Ltd | |
| | SAJV Co Pte. Ltd. | |
| | Shanghai Frasers Management Consultancy Co., Ltd | |
| | Singapore Logistics Investments Pte. Ltd. | |
| | Singlong Property Development (Suzhou) Co., Ltd. | |
| | Sinomax International Pte. Ltd. | |
| | Summit Park Limited | |
| | Superway Logistics Investments (Hong Kong) Limited | |
| | The Forbes Tower Condominium Unit 1001 Limited | |

| Name | Present Principal Directorships | Past Principal Directorships |
|---|---|---|
| | Forbes Tower Condominium Unit 1004 Limited | |
| | Forbes Tower Condominium Unit 1005 Limited | |
| | Forbes Tower Condominium Unit 1101 Limited | |
| | Forbes Tower Condominium Unit 1104 Limited | |
| | Forbes Tower Condominium Unit 1105 Limited | |
| | Forbes Tower Condominium Unit 1201 Limited | |
| | Forbes Tower Condominium Unit 1204 | |
| | Forbes Tower Condominium Unit 1205 | |
| | Forbes Tower Condominium Unit 1401 Limited | |
| | Forbes Tower Condominium Unit 1404 Limited | |
| | Forbes Tower Condominium Unit 1405 Limited | |
| | Forbes Tower Condominium Unit 1501 Limited | |
| | Forbes Tower Condominium Unit 1504 Limited | |
| | Forbes Tower Condominium Unit 1505 Limited | |
| | Forbes Tower Condominium Unit 1601 Limited | |
| | The Forbes Tower Condominium Unit 1604 Limited | |
| | The Forbes Tower Condominium Unit 1605 Limited | |
| | The Forbes Tower Condominium Unit 1701 Limited | |
| | The Forbes Tower Condominium Unit 1705 Limited | |
| | The Forbes Tower Condominium Unit 1801 Limited | |
| | The Forbes Tower Condominium Unit 1805 Limited | |
| | The Forbes Tower Condominium Unit 1901 Limited | |
| | The Forbes Tower Condominium Unit 1905 Limited | |
| | The Forbes Tower Condominium Unit 2001 Limited | |
| | The Forbes Tower Condominium Unit 2004 Limited | |
| | The Forbes Tower Condominium Unit 2005 Limited | |
| | The Forbes Tower Condominium Unit 2101 Limited | |
| | The Forbes Tower Condominium Unit 2104 Limited | |
| | The Forbes Tower Condominium Unit 2105 Limited | |
| | The Forbes Tower Condominium Unit 2201 Limited | |
| | The Forbes Tower Condominium Unit 2204 Limited | |
| | The Forbes Tower Condominium Unit 2205 Limited | |

| Name | Present Principal Directorships | Past Principal Directorships |
|---|---|---|
| | The Forbes Tower Condominium Unit 2301 Limited<br>The Forbes Tower Condominium Unit 2304 Limited<br>The Forbes Tower Condominium Unit 2401 Limited<br>The Forbes Tower Condominium Unit 2404 Limited<br>The Forbes Tower Condominium Unit 2501 Limited<br>The Forbes Tower Condominium Unit 2504 Limited<br>The Forbes Tower Condominium Unit 2601 Limited<br>The Forbes Tower Condominium Unit 2604 Limited<br>The Forbes Tower Condominium Unit 2701 Limited<br>The Forbes Tower Condominium Unit 2704 Limited<br>The Forbes Tower Condominium Unit 2801 Limited<br>The Forbes Tower Condominium Unit 2804 Limited<br>The Forbes Tower Condominium Unit 2901 Limited<br>The Forbes Tower Condominium Unit 2904 Limited<br>The Forbes Tower Condominium Unit 2905 Limited<br>The Forbes Tower Condominium Unit 301 Limited<br>The Forbes Tower Condominium Unit 305 Limited<br>The Forbes Tower Condominium Unit 306 Limited<br>The Forbes Tower Condominium Unit 401 Limited<br>The Forbes Tower Condominium Unit 405 Limited<br>The Forbes Tower Condominium Unit 406 Limited<br>The Forbes Tower Condominium Unit 501 Limited<br>The Forbes Tower Condominium Unit 505 Limited<br>The Forbes Tower Condominium Unit 506 Limited<br>The Forbes Tower Condominium Unit 601 Limited<br>The Forbes Tower Condominium Unit 605 Limited<br>The Forbes Tower Condominium Unit 606 Limited<br>The Forbes Tower Condominium Unit 701 Limited<br>The Forbes Tower Condominium Unit 705 Limited<br>The Forbes Tower Condominium Unit 706 Limited<br>The Forbes Tower Condominium Unit 801 Limited | |

| Name | Present Principal Directorships | Past Principal Directorships |
|---|---|---|
| | The Forbes Tower Condominium Unit 804 Limited<br>The Forbes Tower Condominium Unit 805 Limited<br>The Forbes Tower Condominium Unit 901 Limited<br>The Forbes Tower Condominium Unit 904 Limited<br>The Forbes Tower Condominium Unit 905 Limited<br>Vacaron Company Sdn Bhd<br>Woodlands Complex Pte Ltd<br>Yishun Development Pte Ltd<br>Yishun Land Pte Ltd<br>Yishun Property Pte Ltd<br>Frasers Perth Pty Ltd<br>Frasers Perth Management Pty Ltd<br>Queensgate Garden C.I.<br>39QGG Management Ltd | |
| Choe Peng Sum | Crest Secondary School<br>Council of Private Education<br>Beijing Fraser Suites Real Estate Management Co., Ltd<br>Excellent Esteem Limited<br>Fairdace Limited<br>FC Hotel Trustee Pte. Ltd.<br>FC North Gem Trustee Pte. Ltd.<br>FCL (Fraser) Pte. Ltd.<br>Fraser Place (Beijing) Property Management Co. Ltd.<br>Fraser Residence Orchard Pte. Ltd.<br>Fraser Suites Jakarta Pte. Ltd.<br>Frasers (St Giles Street, Edinburgh) Limited<br>Frasers Brisbane Apartments Pty Limited<br>Frasers Brisbane Management Pty Limited<br>Frasers Hospitality (Hong Kong) Limited<br>Frasers Hospitality (Thailand) Ltd.<br>Frasers Hospitality (UK) Ltd<br>Frasers Hospitality Changi City Pte. Ltd.<br>Frasers Hospitality Frankfurt Investments Ltd.<br>Frasers Hospitality Group Pte. Ltd.<br>Frasers Hospitality India Private Limited<br>Frasers Hospitality Investment B.V.<br>Frasers Hospitality Investment Holding (Philippines) Pte. Ltd.<br>Frasers Hospitality Investments Melbourne Pte. Ltd.<br>Frasers Hospitality Investments, Inc. (Philippines)<br>Frasers Hospitality Japan Kabushiki Kaisha<br>Frasers Hospitality Management Co. Ltd., (Shanghai)<br>Frasers Hospitality Philippines, Inc.<br>Frasers Hospitality Property Services Pte. Ltd.<br>Frasers Hospitality Pte. Ltd.<br>Frasers Melbourne Apartments Pty Limited | – |

| Name | Present Principal Directorships | Past Principal Directorships |
|---|---|---|
| | Frasers Melbourne Management Pty Limited<br>Frasers Perth Management Pty Limited<br>Frasers Perth Pty Limited<br>Frasers St Giles Street Management Limited<br>Modena Hospitality Management (Shanghai) Co. Ltd.<br>PT Frasers Hospitality Investments Indonesia<br>Queensgate Garden (C.I.) Limited<br>The Forbes Tower Condominium Unit 1001 Limited<br>The Forbes Tower Condominium Unit 1004 Limited<br>The Forbes Tower Condominium Unit 1005 Limited<br>The Forbes Tower Condominium Unit 1101 Limited<br>The Forbes Tower Condominium Unit 1104 Limited<br>The Forbes Tower Condominium Unit 1105 Limited<br>The Forbes Tower Condominium Unit 1201 Limited<br>The Forbes Tower Condominium Unit 1204 Limited<br>The Forbes Tower Condominium Unit 1205 Limited<br>The Forbes Tower Condominium Unit 1401 Limited<br>The Forbes Tower Condominium Unit 1404 Limited<br>The Forbes Tower Condominium Unit 1405 Limited<br>The Forbes Tower Condominium Unit 1501 Limited<br>The Forbes Tower Condominium Unit 1504 Limited<br>The Forbes Tower Condominium Unit 1505 Limited<br>The Forbes Tower Condominium Unit 1601 Limited<br>The Forbes Tower Condominium Unit 1604 Limited<br>The Forbes Tower Condominium Unit 1605 Limited<br>The Forbes Tower Condominium Unit 1701 Limited<br>The Forbes Tower Condominium Unit 1705 Limited<br>The Forbes Tower Condominium Unit 1801 Limited<br>The Forbes Tower Condominium Unit 1805 Limited<br>The Forbes Tower Condominium Unit 1901 Limited<br>The Forbes Tower Condominium Unit 1905 Limited<br>The Forbes Tower Condominium Unit 2001 Limited | |

| Name | Present Principal Directorships | Past Principal Directorships |
|---|---|---|
| | The Forbes Tower Condominium Unit 2004 Limited<br>The Forbes Tower Condominium Unit 2005 Limited<br>The Forbes Tower Condominium Unit 2101 Limited<br>The Forbes Tower Condominium Unit 2104 Limited<br>The Forbes Tower Condominium Unit 2105 Limited<br>The Forbes Tower Condominium Unit 2201 Limited<br>The Forbes Tower Condominium Unit 2204 Limited<br>The Forbes Tower Condominium Unit 2205 Limited<br>The Forbes Tower Condominium Unit 2301 Limited<br>The Forbes Tower Condominium Unit 2304 Limited<br>The Forbes Tower Condominium Unit 2401 Limited<br>The Forbes Tower Condominium Unit 2404 Limited<br>The Forbes Tower Condominium Unit 2501 Limited<br>The Forbes Tower Condominium Unit 2504 Limited<br>The Forbes Tower Condominium Unit 2601 Limited<br>The Forbes Tower Condominium Unit 2604 Limited<br>The Forbes Tower Condominium Unit 2701 Limited<br>The Forbes Tower Condominium Unit 2704 Limited<br>The Forbes Tower Condominium Unit 2801 Limited<br>The Forbes Tower Condominium Unit 2804 Limited<br>The Forbes Tower Condominium Unit 2901 Limited<br>The Forbes Tower Condominium Unit 2904 Limited<br>The Forbes Tower Condominium Unit 2905 Limited<br>The Forbes Tower Condominium Unit 301 Limited<br>The Forbes Tower Condominium Unit 305 Limited<br>The Forbes Tower Condominium Unit 306 Limited<br>The Forbes Tower Condominium Unit 401 Limited<br>The Forbes Tower Condominium Unit 405 Limited<br>The Forbes Tower Condominium Unit 406 Limited<br>The Forbes Tower Condominium Unit 501 Limited<br>The Forbes Tower Condominium Unit 505 Limited | |

| Name | Present Principal Directorships | Past Principal Directorships |
|---|---|---|
| | The Forbes Tower Condominium Unit 506 Limited<br>The Forbes Tower Condominium Unit 601 Limited<br>The Forbes Tower Condominium Unit 605 Limited<br>The Forbes Tower Condominium Unit 606 Limited<br>The Forbes Tower Condominium Unit 701 Limited<br>The Forbes Tower Condominium Unit 705 Limited<br>The Forbes Tower Condominium Unit 706 Limited<br>The Forbes Tower Condominium Unit 801 Limited<br>The Forbes Tower Condominium Unit 804 Limited<br>The Forbes Tower Condominium Unit 805 Limited<br>The Forbes Tower Condominium Unit 901 Limited<br>The Forbes Tower Condominium Unit 904 Limited<br>The Forbes Tower Condominium Unit 905 Limited<br>39 QGG Management Limited<br>Frasers Hospitality Management Pte Ltd | |
| Tang Kok Kai Christopher | Ascendas Frasers Pte. Ltd.<br>APF Management Pty Limited<br>ARCOT Pty Limited<br>Athllon Management Pty Ltd<br>Beijing Sin Hua Yan Real Estate Development Co., Ltd<br>Chengdu Sino-Singapore South West Logistics Co., Ltd<br>Emerald Star Pte. Ltd.<br>FC North Gem Trustee Pte. Ltd.<br>FC Retail Trustee Pte. Ltd.<br>FCL Asset Management Ltd.<br>FCL China Development Pte Ltd<br>FCL (China) Pte Ltd<br>FCL Crystal Pte. Ltd.<br>FCL Emerald (1) Pte. Ltd.<br>FCL Emerald (2) Pte. Ltd.<br>FCL Trust Holdings (Commercial) Pte. Ltd.<br>FCL Trust Holdings Pte. Ltd.<br>FCOT Treasury Pte. Ltd.<br>FCT MTN Pte. Ltd.<br>Frasers Centrepoint Asset Management (Commercial) Ltd.<br>Frasers Centrepoint Asset Management (Malaysia) Pte. Ltd.<br>Frasers Centrepoint Asset Management Ltd<br>Frasers Centrepoint Property Management (Commercial) Pte. Ltd.<br>Frasers Centrepoint Property Management Services Pte. Ltd | China Dairy Group Ltd<br>FC Hotel Trustee Pte Ltd (formerly known as FC Retail Trust Management Pte Ltd)<br>FCL Clover Pte Ltd<br>FCL Emerald (3) Pte. Ltd.<br>FCL Management Services (Commercial) Pte. Ltd. (struck off with effect from 11 March 2009)<br>FCL Reit Management Ltd (struck off with effect from 11 March 2009)<br>Frasers Property (China) Limited<br>Shanghai Sian Jin Property Development co. Ltd. |

| Name | Present Principal Directorships | Past Principal Directorships |
|---|---|---|
| | Frasers Commercial Investments No. 1 Pte. Ltd.<br>Frasers Commercial Investments No. 2 Pte. Ltd.<br>Frasers Commercial Osaka SPC No. 1 Pte. Ltd.<br>Frasers Commercial Osaka SPC No. 2 Pte. Ltd.<br>Frasers Commercial Osaka SPC No. 3 Pte. Ltd.<br>Frasers Commercial Sub No. 1 Pte. Ltd.<br>Frasers Commercial Sub No. 2 Pte. Ltd.<br>Frasers Commercial Sub No. 3 Pte. Ltd.<br>Frasers Commercial Tozai SPC No. 1 Pte Ltd.<br>Frasers Commercial Tozai SPC No. 2 Pte Ltd.<br>Frasers Commercial Tozai SPC No. 3 Pte Ltd.<br>Frasers Property Management (Shanghai) Co., Ltd<br>Gemshine Investments (S) Pte. Ltd.<br>Hektar Asset Management Sdn Bhd<br>North II Pte. Ltd.<br>North III Pte. Ltd.<br>North IV Pte. Ltd.<br>North V Pte. Ltd.<br>Opal Star Pte. Ltd.<br>Republic Polytechnic<br>Shanghai Frasers Management and Consultancy Co., Ltd<br>Shanghai Zhong Jun Real Estate Development Co., Ltd<br>Singapore-Suzhou Township Development Pte Ltd<br>Singlong Property Development (Suzhou) Co., Ltd<br>Supreme Asia Investments Limited | |
| Uten Lohachitpitaks | – | – |

# GOVERNMENT REGULATIONS

Our Group is subject to significant government regulation in the countries we operate in. While our current internal control process framework was formalised last year, we regularly review and seek to improve our internal processes so that we may better meet the applicable regulatory and licensing requirements. As part of our internal controls, we undertake on-going monitoring of the regulations and licensing regime of the relevant countries we operate in. Upon entering a new market, due diligence is conducted on the regulatory and licensing requirements pertaining to the jurisdiction. The individual business units' project/property management teams oversee compliance with operational project/property regulations, and external law firms are engaged to provide regular updates on any recent developments in the relevant regulatory and licensing requirements. Our internal auditors review compliance process with regulatory requirements.

To the best of our Directors' belief and knowledge, save as highlighted in the section "General and Statutory Information – Statutory Matters" on Beijing Fraser Suites' lack of Special Trade Permit, the Company has obtained all requisite approvals, and is in compliance with laws and regulations, that would materially affect its business operations.

## Singapore

The following is a summary of the main laws and regulations of Singapore that are relevant to our businesses as at the Latest Practicable Date.

### *Property Development*

We are subject to the relevant laws and regulations of Singapore relating to property development and management of property projects. The Urban Redevelopment Authority (the "**URA**") monitors and controls the use of land in Singapore. All development projects require a written permission ("**WP**") from the URA and the WP will outline the specific requirements and limits for each property development, such as land use, gross plot ratio, building height and building form on the development site. In addition to obtaining the WP from the URA, we also need to apply for clearance from the various technical departments such as the Fire Safety & Shelter Department, Central Building Plan Unit (Pollution Control Department) and relevant departments in the Land Transport Authority, and subsequently obtain Building Plan Approval from the Building and Construction Authority. The development project shall then be built according to the WP and approved building plan and an approval will have to be sought if there are any deviations from the WP and approved building plans. A material change in the use of any building or land in Singapore will also require written permission from the URA.

Upon completion of the development project, a temporary occupation permit or a certificate of statutory completion must be obtained from the Building and Construction Authority before a building may be occupied.

Under the Planning Act (Chapter 232 of Singapore), the URA may identify buildings and areas for conservation based on their historical, architectural and cultural value. These areas include Boat Quay, Clarke Quay, Emerald Hill, Cairnhill and Chinatown. If an area is designated as a conservation area, the URA may, from time to time, issue guidelines for the conservation of buildings or land within the conservation area, and for the protection of their settings.

*Residential Property Development*

<u>Housing Developer's Licence</u>

The housing developer's licence is required for a developer who intends to develop a project with more than 4 units of housing accommodation and has to be obtained prior to undertaking the business of housing development. Housing developers can apply for either a 'Sale' licence or a 'No-Sale' licence depending on whether they meet the respective requirements. The licence is typically issued subject to, *inter alia*, the following conditions:

(a) strict compliance with the applicable laws governing housing development in Singapore;

(b) no option be granted and no agreement for the sale of houses/flats be entered into until:

   (i) building plans have been approved by the Commissioner of Building Control (as appointed under the Building Control Act (Chapter 29 of Singapore)), and

   (ii) the planning permission and building plan approval has been given and not invalidated by the URA or the Commissioner of Building Control; and

(c) the developer shall not after the redemption of the mortgage of the land, further encumber the land or the housing unit by way of a mortgage or by any other means and no caveat shall be lodged in respect of the land or the housing unit.

The licence remains in force until the date of the issuance of the Certificate of Statutory Completion and the Subsidiary Strata Certificates of Title or the Certificates of Title, whichever is applicable, for all the units of the development, unless otherwise earlier revoked.

Further, we are required to furnish all records, commencing from the date the first option is granted, to the Controller of Residential Property, and to comply with the Housing Developers (Project Account) Rules with respect to the administration of the accounts of our property development projects.

Compliance with Residential Property Act (Chapter 274 of Singapore) (the "**RPA**")

The RPA restricts the purchase or transfer of residential property to a citizen of Singapore or approved purchasers, including Singapore companies. A Singapore company, as defined under the RPA, means any company which satisfies the following requirements:

(a) the company is incorporated in Singapore and its directors and members are all citizens;

(b) if any member of the company is another company, that other company satisfies the requirements of paragraph (a) above;

(c) if that other company referred to in paragraph (b) above has a member which is a company, which in turn has a member which is also a company and so on, all the members of each such company consist only of any or any combination of the following:

   (i) citizens; and

   (ii) companies that satisfy the requirements of paragraphs (a) and (b) above; and

(d) if any member of the company is a limited liability partnership, that limited liability partnership is a Singapore limited liability partnership;

The aforesaid restriction does not apply to the following residential properties:

(a) any flat that is comprised in any building in a development permitted to be used for residential purposes, and that is not a landed dwelling-house;

(b) any unit comprised in a development which is shown in an approved plan bearing the title "condominium" and issued under the Planning Act; and

(c) any unit in a development comprising housing accommodation sold under the executive condominium scheme established under the Executive Condominium Housing Scheme Act,

provided that a foreign person shall not, without the prior approval of the Minister of Law, acquire all the flats or units in the building or development. A foreign person is also not prohibited from acquiring an estate or interest in any development under any agreement, lease or assignment for a term not exceeding seven years, including any further term which may be granted by way of an option for renewal.

For the purposes of this Section,

(1) "**approved purchaser**" means:

(a) a Singapore company;

(b) a Singapore limited liability partnership;

(c) a Singapore society;

(d) a foreign person to whom approval has been granted under section 25, 30 or 31 of the RPA;

(e) any person, company, limited liability partnership, society, association or other organisation

(f) or body who or which has been exempted by the minister under section 32 of the RPA; or

(g) any body, corporate or otherwise, declared by the minister by notification in the Gazette to be a public authority or an instrumentality or agency of the Government.

(2) "**foreign person**" means any person who is not any of the following:

(a) a citizen of Singapore;

(b) a Singapore company;

(c) a limited liability partnership; and

(d) a Singapore society.

*Qualifying Certificate*

Under section 31 of the RPA, a housing developer, not being a Singapore company holding a clearance certificate, shall, before purchasing or acquiring an estate or interest in any residential property, apply to the Controller of Residential Property for approval to purchase or acquire the residential property (the "**qualifying certificate**").

A qualifying certificate issued by the Controller of Residential Property to a housing developer would generally require the housing developer to use the residential land for purposes of development and to dispose of the entire property after completion of the development within a certain time frame. Where the housing developer is a company, any changes in the shareholding and shareholders of the housing developer will be subject to the written approval of the Controller of Residential Property. Further, under section 25 of the RPA, the permission of the Controller of Residential Property will have to be obtained if the company wishes to hold any part of such properties for investment purposes.

The issue of such qualifying certificate by the Controller of Residential Property will be subject to the imposition of such conditions as the Controller of Residential Property deems fit, including the imposition of time limits for the completion of the development and sale of the project. Should any of the companies in our Group wish to retain any units in the residential property projects which we develop, permission may have to be obtained from the Controller of Residential Property.

Prior to the listing by Introduction, our subsidiaries and associated companies were not regarded as Singapore companies under the RPA as F&N, being listed on the Main Board of the SGX-ST, had shareholders which may consist of non-Singapore citizens. As such, our subsidiaries and associated companies, had obtained the qualifying certificates prior to the acquisitions of their respective properties.

Pursuant to Section 31(3)(b) of the RPA, where the housing developer is a company, a limited liability partnership or a society, no person who holds any shares in the company or who is a partner in the limited liability partnership or member of the society shall, without the approval of the Controller of Residential Property (which may be granted with or without conditions), sell, assign, transfer or otherwise dispose of any of his shares or any interest in such shares to any other person, or resign as such partner or member, as the case may be. As the Distribution will not result in a change of our interest in our subsidiaries and associated companies that hold qualifying certificates, approval from the Controller of Residential Property is not required.

After the listing by Introduction, any of our subsidiaries or associated companies intending to purchase or acquire an estate or interest in any residential property would be required to apply to the Controller of Residential Property for a qualifying certificate to purchase or acquire the residential property.

*Conditions imposed by Singapore Land Authority*

To optimise the use of State Land, the government encourages or requires developers of adjoining land to purchase and amalgamate any remnant land and its development potentials into their development projects. Sales of such land are subjected to terms and conditions, which include the requirements imposed by any relevant government authorities or agencies as indicated in the alienation recommendation from the Singapore Land Authority. The proposed use and development control will be subjected to the main private land planning and building approvals.

***Ownership and management of hospitality properties in Singapore***

Under the Hotels Act (Chapter 127 of Singapore) (the "**Hotels Act**"), a hotel includes a boarding-house, lodging-house, guest-house and any building or premises not being a public institution and containing not less than four rooms or cubicles in which persons are harboured or lodged for hire or reward of any kind and where any domestic service is provided by the owner, lessee, tenant, occupier or manager for the person so harboured or lodged. The Hotels Act further states that in any prosecution under the Hotels Act, it shall be presumed until the contrary is proved, that any premises in which rooms or parts of rooms are let or sub-let for hire for periods of less than one week constitute a hotel.

Save for Capri by Fraser Changi City, all our hospitality properties in Singapore are rented out for lodging for a minimum of a week.

Under Section 5 of the Hotels Act, any person who wishes to operate a hotel has to apply to the Hotels Licensing Board for a Certificate of Registration to use the premises as a hotel. The Certificate of Registration is only granted if the Hotels Licensing Board is satisfied:

a. that the premises will not be conducted as a disorderly house;

b. that the premises to be registered are structurally adapted for use as a hotel;

c. that proper provision has been made in all respects for the sanitation of the premises;

d. that the situation of the premises is suitable for the purpose; and

e. that the standard of accommodation provided is adequate for the class within which the applicant desires the premises to be registered as a hotel.

We have obtained the Certificate of Registration for Capri by Fraser Changi City from the Hotels Licensing Board.

Additionally, under Section 7(1) of the Hotels Act, any person who wishes to operate a hotel also has to apply for a Hotel-keeper's Licence to enable the person to keep or manage the hotel. We have obtained the Hotel-keeper's Licence for Capri by Fraser Changi City from the Hotels Licensing Board.

Under the Hotels Licensing Board's qualification requirements, the proposed Hotel-keeper has to be a person who holds a post equivalent to that of a chief executive officer or general manager of the hotel and must either be a Singaporean, Permanent Resident or an Employment Pass holder. Furthermore, Section 7(6) of the Hotels Act provides that no licence shall be granted by the Hotels Licensing Board unless the person applying satisfies the Hotels Licensing Board that the premises in respect of which the application is made will not be conducted as a disorderly house and he is of good character and a fit and proper person to keep and manage a hotel.

A Hotel-keeper's Licence shall be granted on or after 1 January in every year and needs to be renewed before it expires on 31 December next following the date of grant.

All hotel operators must also comply with the Hotels Licensing Regulations which prescribe certain requirements in connection with the control and management of a hotel and the standards of hygiene. For example, the Hotels Licensing Regulations require every licensee to keep displayed in a conspicuous place in the public part of the hotel the certificate of registration of the hotel, the licence to manage the hotel, and the rates charged for rooms in the hotel. In addition, all rooms used for the accommodation of guests must have a minimum floor area of 11.0 square metres and a double room must have a minimum floor area of 14.5 square metres.

***REIT management***

Frasers Centrepoint Asset Management Ltd., the manager of FCT, and Frasers Centrepoint Asset Management (Commercial) Ltd., the manager of FCOT, each carry out the business of REIT management in Singapore to the extent that they manage real estate held by FCT and FCOT, respectively, whether directly or via property holding entities.

The SFA contains licensing provisions for entities that carry out activities regulated under the SFA, and REIT management is a regulated activity under the SFA. As such, unless exempted by the MAS, REIT managers are required to hold a capital markets services licence (the "**CMS Licence**") under Section 82(1) of the SFA. Individuals who are employed by or acting for the manager in carrying out REIT management are required to be an appointed, provisional or temporary representative. Under the representative notification framework, if the manager wishes to appoint an individual as an appointed, provisional or temporary representative to carry out REIT management, it should lodge a notice of intent and a certificate as to the fitness and propriety of the individual to be so appointed with the MAS.

The requirements for obtaining a CMS Licence and being appointed as representatives are contained in, *inter alia*, the Guidelines on Criteria for the Grant of a Capital Markets Services Licence (Guideline No. SFA 04-G01) issued by the MAS and last revised on 7 August 2012 (the "**CMS Licence Guidelines**"), the Notice on Minimum Entry and Examination Requirements for Representatives of Holders of Capital Markets Services Licence and Exempt Financial Institutions under the SFA (Notice No. SFA 04-N09) issued by the MAS and last revised on 7 August 2012 (the "**Notice on Minimum Entry and Examination Requirements**") and the Notice on Entry Requirements of a Provisional or Temporary Representative (Notice No. SFA 04-N10) issued by the MAS and last revised on 26 November 2010. As at the Latest Practicable Date, both Frasers Centrepoint Asset Management Ltd. and Frasers Centrepoint Asset Management (Commercial) Ltd. have valid CMS Licences in respect of the management of FCT and FCOT, respectively, and have appointed representatives under the representative notification framework.

In addition, the REIT manager will be required to comply with, among others, requirements under the CMS Licence Guidelines, the Securities and Futures (Financial and Margin Requirements for Holders of Capital Markets Services Licences) Regulations (the "**SFR-FMR**"), the Securities and Futures (Licensing and Conduct of Business) Regulations, the Code on Collective Investment Schemes issued by the MAS (including the Property Funds Appendix), the Listing Manual, the respective trust deeds, tax rulings and relevant contracts.

The MAS has also launched a revised risk-based capital ("**RBC**") framework for CMS Licence holders under the SFA. Under the RBC framework, a CMS Licence holder is required to maintain a minimum level of financial resources to meet risk requirements that reflect the nature of risks and amount of business undertaken by the CMS Licence holder. To implement the revised framework, the SFR-FMR has been amended with effect from 3 April 2013. Further, the MAS issued a Notice on Risk Based Capital Adequacy Requirements for Holders of Capital Markets Services Licences (Notice No. SFA 04-N13) (the

“**Notice on Risk Based Capital Adequacy Requirements**”) on 3 April 2013, effective from the same date. There is a transitional period of 24 months from 3 April 2013 for existing CMS Licence holders that are in operation as at 3 April 2013, to comply with the revised RBC framework. The definition of “base capital” was also revised under the Notice on Risk Based Capital Adequacy Requirements. As at the Latest Practicable Date, both Frasers Centrepoint Asset Management Ltd. and Frasers Centrepoint Asset Management (Commercial) Ltd. are in compliance with the revisions to the definition of base capital.

**Australia**

The following is a high level summary of the main laws and regulations of Australia, New South Wales and Western Australia that are relevant to the Group’s businesses.

***Development Stage***

1 Planning and Heritage

*Planning*

The *Environmental Planning and Assessment Act 1979* (NSW) and the *Planning and Development Act 2005* (WA) regulate development (which includes certain construction activities and the use of a premises) in New South Wales and Western Australia respectively.

Planning legislation in both states provides for the making of planning instruments by a number of planning authorities. These instruments specify, for each site, development that is permissible without consent, development that is permissible with the consent of a consent authority (which is commonly a local council but may be another body or person, such as a Minister, specified in legislation or in a planning instrument) and development that is not permissible. These instruments also set out development standards that any proposed development should meet.

Where development is permissible with consent, both New South Wales and Western Australian legislation provides a mechanism by which such development is assessed by a consent authority before that consent authority determines whether to grant or refuse consent. Any development consent granted by a consent authority can be subject to conditions.

A person seeking to undertake certain construction activities and occupy a building will need to apply for a construction certificate or an occupation certificate under the *Environmental Planning and Assessment Act 1979* (NSW) or a building permit and an occupancy permit under the *Building Act 2011* (WA). In New South Wales, approvals may also be required under the *Local Government Act 1993* (NSW) for activities such as connecting a premises to a local council’s water supply or stormwater system.

Planning legislation in both states contain enforcement provisions in the event of development carried out unlawfully or in an otherwise unsatisfactory manner. Remedies that can be imposed include fines, orders to cease using a premises and orders to remedy a breach of applicable planning controls.

*Heritage*

Under both the *Heritage Act 1977* (NSW) and the *Heritage of Western Australia Act 1990* (WA), the relevant state minister can list an item of State heritage significance on either the State Heritage Register (NSW) or the Register of Heritage Places (WA). Such a listing will prevent or restrict work on, or modification of, the item (including where an applicable development consent is in place in respect of the site), unless the work or modification is granted approval from the NSW Heritage Council or the Heritage Council of Western Australia.

If a State heritage item is not listed on a State’s register, the relevant State Minister has the power to impose an interim order (known as an Interim Heritage Order in NSW and a Conservation Order in Western Australia), temporarily preventing or restricting work on, or modifications to, the item. Such an order can generally last for up to 12 months in New South Wales or 42 days in Western Australia. Under the NSW Act, a local council may also issue an interim heritage order for an item of local heritage significance.

2 Environment

*Commonwealth Environment Protection*

If a development is likely to involve matters of national environmental significance it may be deemed to be a controlled action under the *Environmental Protection and Biodiversity Conservation Act 1999* (Cth), requiring the consent of the Commonwealth Minister for the Environment before the development may proceed.

Controlled actions include matters involving world heritage and national heritage, impacts to major wetlands and impacts to threatened or migratory species.

The Act sets out the process for determining whether a development is a controlled action (including the ability to apply to the Minister to make such a determination). It also sets out the process for the environmental assessment and approval of controlled actions. The Act gives the Commonwealth Minister for the Environment significant enforcement powers with respect to controlled actions carried out without approval or in breach of any conditions of approval. These powers include the ability to make a conservation order preventing further development, the ability to make a remediation determination, the ability to seek an injunction from the Federal Court and the ability to seek civil and criminal penalties.

*Protection of the Environment*

The *Protection of the Environment Operations Act 1999* (NSW) and the *Environmental Protection Act 1986* (WA) provide the key regulatory framework for environmental protection in each state. The WA Act establishes the state environmental regulator, the Environmental Protection Authority, which is charged with performing the regulatory functions under the Act. In New South Wales, the authority which oversees the NSW Act is the Environment Protection Authority. Both Acts provide for compulsory licensing regimes for entities that wish to undertake particular operations or activities that have the potential to be environmentally damaging, such as treatment of contaminated soil and electricity generation. The Acts also provide for enforcement and remediation mechanisms such as clean-up notices, prevention notices and prohibition notices. Further, they allow for the issue of infringement notices and the instigation of civil and criminal proceedings in situations where pollution has occurred or where a person has failed to notify the relevant authority of a pollution incident.

*Contaminated Land*

Contaminated land is regulated by the *Contaminated Land Management Act 1997* (NSW) and the *Contaminated Sites Act 2003* (WA). Both Acts give the respective EPA of each State the authority to deal with contaminated land. Under both Acts there is a duty on a person responsible for contamination and owners of land to report to the relevant EPA that the land has become contaminated. This legislation seeks to apply the 'polluter pays' principle by imposing a hierarchy of responsibility for the remediation of contaminated land with the primary obligation to undertake and pay for remediation activities residing with the polluter. Responsibility can also fall to other people in the hierarchy, including the current owner or occupier of the land, which may also include a mortgagee in possession, in certain circumstances, for example, where the polluter no longer exists or cannot be found.

3 Construction

*Security of Payment*

New South Wales and Western Australia have both enacted legislation designed to facilitate payment to contractors and subcontractors for work completed under a construction contract. The relevant pieces of legislation are the *Building and Construction Industry Security of Payment Act 1999* (NSW) and the *Construction Contracts Act 2004* (WA). This legislation establishes that a 'pay-when-paid' provision in a construction contract will be of no effect and creates fast-track adjudication processes. In New South Wales the security of payment regime may only be triggered by a contractor, whereas, in Western Australia, the regime may be triggered by either the contractor or the principal. In order to provide certainty of outcome to the contracting parties, the security of payment regime in New South Wales is based on strict timeframes for submissions and responses and will apply irrespective of the regime set out in the construction contract; however, in Western Australia the process for submitting and responding to payment claims set out in the Act will only be implied where the construction contract does not contain provisions regulating how claims are to be submitted and responded to.

The WA Act also implies other specific provisions into a construction contract where the construction contract does not contain a provision about how those matters are to be dealt with, including variations, payment, ownership of materials and interest on late payments.

*Residential building work*

In New South Wales the licensing and regulation of builders is managed through the *Home Building Act 1989* (NSW). The Act implies into a construction contract a number of warranties, to be given by the builder, including that the work will be performed in a proper and workmanlike manner; that the materials supplied by the builder will be new, good and suitable for purpose; that the work will comply with the law; and that the work and materials will be reasonably fit for the specified purpose. These warranties extend to benefit both the person contracting with the builder and an immediate successor in title, namely, a purchaser of land on which residential building work is being or has been undertaken. The warranty period is 6 years for a breach that results in a structural defect or 2 years in any other case. The Act also provides that builders need to provide home warranty insurance; however, a specific exemption to the requirement to obtain home warranty insurance exists where the building work is the construction of a new multi-storey residential building. The exemption relating to multi-storey residential dwellings also extends to a developer's insurance disclosure obligations in a contract for sale.

The *Home Building Contracts Act 1991* (WA) provides protection for home owners and persons undertaking home building work; however, unlike the *Home Building Act 1989* (NSW) the licensing and regulation of builders is managed under the *Building Services (Registration) Act 2011* (WA). In contrast to the NSW Act, the WA Act does not imply into a construction contract specific warranties; however, the builder is required to rectify defects, which include a failure to perform the work in a proper and workmanlike manner and a failure to supply materials that are of merchantable quality and reasonably fit for the purpose required. Where the contract does not include a defects rectification period of longer than 4 months, the Act implies into a building contract a term that the builder is liable to make good, at their cost, defects in the building work within 4 months from the day of practical completion. The Act also requires builders to take out home indemnity insurance to cover claims with respect to completion of the building work and loss of deposit brought within 6 years from the date of practical completion. As with the NSW Act, the obligation to take out home indemnity insurance does not apply to multi-storey multi-unit developments.

4 Occupational Health and Safety

New South Wales and Western Australia have both enacted occupational health and safety legislation with the primary purpose of protecting workers and other persons against harm to their health, safety and welfare through the elimination or minimisation of risks arising from work or from specific types of substances or plant through the development and implementation of safe work method statements and occupational health and safety plans. The *Work Health and Safety Act 2011* (NSW) is based on the model Australian WHS Act and, along with its regulations, specifies the way in which duties under the Act must be met. Importantly, a person conducting a business or undertaking that commissions a construction project is able to appoint a principal contractor to have management or control of a workplace. Unlike the NSW Act, the *Occupational Safety and Health Act 1984* (WA) is not based on the model Australian WHS Act; however, similar to the NSW Act, the person for whose direct benefit all the work done at a construction site exists upon its completion may appoint a main contractor to have management or control of a site.

5 Strata Subdivision and Strata Schemes

In New South Wales, freehold land and buildings can be vertically subdivided into lots and common property. The strata lots comprise the apartments or units and the common property comprises the structure of the building and the land above, below and around the building as well as common facilities in the building. A registered strata scheme governs shared rights and obligations in respect of the use and maintenance of common property and facilities in the building subject to a strata subdivision. The subdivision and development of freehold strata schemes is regulated by the *Strata Schemes (Freehold Development) Act 1973* (NSW). There are formal requirements which must be satisfied when preparing a strata plan of subdivision, and once prepared, the council's approval is required to register the plan. As strata schemes involve the utilisation of common property and facilities, the management and resolution of disputes in freehold strata schemes is regulated by the *Strata Schemes Management Act 1996* (NSW).

Strata schemes are similarly regulated in Western Australia. Strata schemes are developed and managed under the *Strata Titles Act 1985* (WA) and the *Strata Titles Amendment Act 1995* (WA). These Acts create two types of strata schemes: strata schemes and survey-strata schemes. The schemes differ primarily in their treatment of common property and buildings.

The majority of our' projects involve the use of these Acts to create the product being marketed for sale.

**Operational Stage**

6 Licensing

*Liquor Licensing*

In New South Wales, a liquor licence is required in order to sell liquor and there are only limited exceptions where a liquor licence is not needed. The application for, and determination of, liquor licences is regulated by the *Liquor Act 2007* (NSW). There are 7 types of liquor licences, including licences for hotels and liquor stores. Liquor licensing applications are determined by the Independent Liquor and Gaming Authority.

In Western Australia, the sale, supply and consumption of liquor is regulated by the *Liquor Control Act 1988* (WA). There are 10 types of liquor licences and applications are determined by the Department of Racing, Gaming and Liquor.

In assessing a liquor licence application in both states, the relevant authority takes into consideration factors such as the suitability of the applicant to hold a liquor licence, whether development consent has been obtained for the intended business or activity, and that there are practices in place to ensure the responsible service of liquor and the prevention of intoxication.

The liquor licensing regulations are particularly relevant to the site owned by Frasers at Broadway NSW as the site was formerly the Carlton United Brewery and there were a number of hotels and bars located on the site which are now being redeveloped. In addition, Frasers is entering into leases at Broadway where the tenants will conduct licensed activities.

*Estate Agents*

In New South Wales and Western Australia, the relationship between a property owner and their property manager or real estate agent is regulated by the *Property, Stock and Business Agents Act 2002* (NSW) and the *Real Estate and Business Agents Act 1978* (WA), respectively. Under both Acts property owners and their managers or agents must enter into agency agreements or written authorities which specifically set out each party's rights and duties in respect of managing and dealing with the subject property. The Acts also set out requirements for agents to hold rent and other revenues received in respect of a property in trust accounts exclusively for the property owner and be paid commission for these activities. The Acts also set out the process for applying for licences, which agents are required to hold.

7 Sustainability

In Australia, the selling or leasing of large commercial office spaces is regulated by the *Building Energy and Efficiency Disclosure Act 2010* (Cth), which created the Commercial Building Disclosure Program. The aim of that program is to improve the energy efficiency of Australia's large office buildings and to ensure prospective buyers and tenants receive sufficient disclosure of a building's energy efficiency. Sellers and landlords of office space of 2,000 square metres or more are required to obtain and register a Building Energy Efficiency Certificate before a building goes on the market for sale, lease or sublease. These certificates are valid for up to 12 months and only accredited assessors can apply for them on behalf of building owners or lessors. The Act also regulates the disclosure of energy efficiency information, such as in the advertisement for sale, lease or sublease of a building.

In addition, corporations that meet the National Greenhouse and Energy Reporting threshold (which is based on factors such as carbon dioxide emissions and electricity consumption) are required to register, collect data and annually report on their greenhouse gas emissions, energy use and energy production pursuant to the *National Greenhouse and Energy Reporting Act 2007* (Cth). Like the *Building Energy and Efficiency Disclosure Act 2010* (Cth), the aim of this Act is to promote sustainability and provide incentives to heavy corporate polluters to reduce their carbon footprint. Information collected through this scheme provides the basis for assessing liability under the carbon pricing mechanism, which requires Australia's biggest polluters to pay a price for their carbon pollution. The Clean Energy Regulator is responsible for the administration of this scheme and the carbon pricing mechanism.

8 Retail Leasing

In New South Wales and Western Australia, the relationship between a landlord and a tenant of a retail shop is regulated by the *Retail Leases Act 1994* (NSW) and the *Commercial Tenancy (Retail Shops) Agreements Act 1985* (WA). In both States, the Act prescribes the categories of retail shop businesses, the process for entering into a lease, each parties' mandatory disclosure requirements, how leases can be dealt with, the minimum requirements for the regulation of rent and outgoings and how disputes are to be resolved. Under the NSW Act, the minimum term for a retail lease is 5 years, unless the tenant has signed a certificate agreeing to a shorter term. There are some exceptions to the NSW Act, such as long-term retail tenancies (those with a term greater than 25 years) and large shops (those with a lettable area of 1,000 square metres or more).

Frasers' development at Central Park, Broadway, NSW includes a shopping centre in which most of the retailers are subject to the NSW Act. Other projects may involve smaller retail outlets which may be affected by this legislation.

**Ownership**

1 Foreign Ownership

The *Foreign Acquisitions and Takeovers Act* 1975 (Cth), *Foreign Acquisitions and Takeovers Regulations 1989* (Cth) and *Australia's Foreign Investment Policy* together form the regulatory framework for foreign investment in Australia. Foreign entities (in general terms being an entity where a single non-Australian person or entity holds 15% or more of the entity, or where 2 or more such non-Australians in aggregate hold 40% or more of the entity) are required to obtain approval from the Treasurer of the Australian Government by making an application to the Foreign Investment Review Board (*FIRB*) prior to acquiring an interest (which includes freehold and leasehold interests) in Australian real estate (with some limited exceptions). The approval requirements are as follows:

- For developed commercial real estate (such as factories, offices, warehouses, hotels and retail property) approval will be required if the value of the property is AUD54 million or more (unless the real estate is heritage listed, then a $5 million threshold applies). For New Zealand and US investors, a AUD1,078 million threshold applies instead. Proposals are normally approved without conditions.

- For vacant land for commercial development, approval is required regardless of the value of the land, with approvals for proposals usually being given subject to the condition that continuous construction of the development commences within 5 years.

- For rural land (being land used wholly and exclusively for the carrying on of a primary production business, and which does not include land used for mining or stock agistment), approval will be required if the acquisition is of an interest in a primary production business where the total assets of the business exceed AUD248 million (or AUD1,078 million for US investors). Proposals are normally approved without conditions.

- If the acquisition is of shares or units in a corporation or trust that has interests in Australian urban land which make up more than 50% of the value of its total assets, then an approval is generally required before making that acquisition, regardless of its value. Proposals are normally approved without conditions.

- If the entity acquiring the interest is a foreign government investor (in general terms being an entity owned or controlled by a foreign government, or an entity in which a foreign government has more than a 15% interest) then an approval is required before purchasing any real estate, regardless of its value.

- If the acquisition is of new residential dwellings, then an approval is required regardless of its value. Proposals are normally approved without conditions. For vacant land for residential development, approval is required regardless of the value of the land, with approvals for proposals usually being given subject to the condition that continuous construction of the development commences within 24 months. Owners of new residential developments may apply to the FIRB for preapproval to sell a certain number of those dwellings (normally 50%) to foreign persons without the need for the purchaser to obtain separate FIRB approval provided that the developer reports on these foreign sales to FIRB.

- Approvals are not normally granted for the acquisition of developed residential land, except in limited circumstances.

***Australian foreign investment approvals***

The acquisition of Shares following the Distribution may from time to time be subject to the requirement to obtain Australian foreign investment approvals under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) (**"FATA"**) or otherwise be subject to the FATA. Below is a general summary of the position under the FATA. Separate approval requirements apply to foreign government investors (being investors which are controlled or more than 15% owned by a non-Australian government) under Australia's foreign investment policy and these additional requirements are not covered below.

(a) *Acquisitions of shares in an Australian urban land corporation – mandatory approval requirement*

Under the FATA, the acquisition by any 'foreign person' (in general terms being a non-Australian person) of any number of shares in an 'Australian urban land corporation' requires prior approval from the Australian Treasurer. Our Company will be considered an 'Australian urban land corporation' if more than half of its total assets is in the form of interests in Australian urban land (based on our Company's last audited consolidated balance sheet).

Based on our Company's latest consolidated balance sheet, as at the date of this Document our Company does not consider itself to currently be an Australian urban land corporation.

If in the future our Company were to be considered an Australian urban land corporation then, unless an exemption applies, any foreign person can only acquire shares in our Company with the prior approval of the Australian Treasurer. The Treasurer can block a proposed acquisition that he or she considers to be contrary to the Australian national interest. Our Company recommends that individual investors seek their own advice on this matter.

(b) *Acquisitions of shares in our Company having Australian subsidiaries, or substantial interests in Australian companies, with substantial assets – mandatory approval requirement*

Under the FATA, the acquisition by any foreign person of shares in our Company such that following the acquisition they would hold 15% or more of the shares in our Company (including any acquisition that results in an increase in a shareholding interest that is already above 15%) requires prior approval from the Australian Treasurer if any of our Company's Australian subsidiaries or any Australian company in which our Company has a 15% or greater shareholding interest has gross assets in excess of a specified threshold. As at the date of this Document, the threshold is AUD248 million.

Based on the latest balance sheets of the relevant entities, as at the date of this Document, certain of our Company's Australian subsidiaries have gross assets in excess of AUD248 million.

Approval from the Australian Treasurer is not required in respect of acquisition of Shares pursuant to the Distribution. However, our Company recommends that individual investors seek their own advice if they wish to acquire Shares post-Distribution. In circumstances where the Treasurer's approval is required for a proposed acquisition, the Treasurer can block the proposed acquisition if he or she considers it to be contrary to the Australian national interest.

(c) *Other acquisitions of shares in our Company – voluntary notification and approval regime*

There are circumstances in which a foreign person is not required to seek FATA approval before acquiring Shares, but where the Australian Treasurer has a discretion to unwind the share acquisition on national interest grounds. Our Company recommends that individual investors seek their own advice on this matter, including whether to seek approval from the Australian Treasurer under the voluntary notification and approval regime in the FATA prior to acquiring any Shares..

**China**

***Foreign Exchange Control***

On 29 January 1996, the State Council promulgated the Foreign Exchange Control Regulations of China (中华人民共和国外汇管理条例) which came into effect on 1 April 1996 and was amended on 14 January 1997 and 5 August 2008. This regulation classifies all international payments and transfers into current account items and capital account items. Current account items are no longer subject to approval from State Administration for Foreign Exchange ("**SAFE**"), but the conversion of Renminbi into other currencies and remittance of the converted foreign currency outside China for purpose of capital account items, such as direct equity investments, loans and repatriation of investment, require prior approval from the SAFE or its local counterparts. Several provisions have been revised following its latest amendment, such as allowing domestic institutions and individuals to invest abroad directly or indirectly, subject to the foreign exchange registration and approval or filing as provided by other laws and regulations, and adopting the market-determined and managed floating RMB exchange rates system.

On 20 June 1996, People's Bank of China ("**PBOC**") promulgated the Regulations on Sale and Purchase of and Payment in Foreign Exchange (结汇、售汇及付汇管理规定) which came into effect on 1 July 1996. It superseded the relevant provisional regulations and repealed the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items.

On 25 October 1998, the PBOC and the SAFE promulgated the Joint Announcement on Abolishment of Foreign Exchange Swap Business (关于停办外汇调剂业务的通知) which came into effect on the same day. It stated that from 1 December 1998, foreign exchange transactions for foreign investment enterprises may only be conducted at designated banks.

On 29 August 2008, the General Department of the SAFE promulgated the Notice on Relevant Business Operation Issues on the Improvement of the Administration of Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises (关于完善外商投资企业外汇资本金支付结汇管理有关业务操作问题的通知), which came into effect on the same day. It aims at enhancing the administration procedures of payment and settlement of foreign exchange capital of foreign-invested enterprises. The notice requires that:

1) the RMB proceeds converted from the foreign-invested enterprise's foreign currency capital shall be used within the approved business scope and unless otherwise regulated, such proceeds shall not be used for equity investment. Other than foreign invested real estate enterprises (the "**FIREE**"), foreign-invested enterprise shall not use the RMB proceeds converted from its foreign exchange capital to purchase domestic properties for non-self use; and

2) the RMB proceeds converted from foreign-invested enterprises' foreign currency capital shall not be used to repay the unused RMB loans.

On 19 November 2012, the SAFE promulgated the Notice on Further Improving and Adjusting the Foreign Exchange Administration Policies on Direct Investments (关于进一步改进和调整直接投资外汇管理政策的通知) which came into effect on 17 December 2012. It cancels or adjusts some administrative licensing items with regard to foreign exchange administration over foreign direct investment. For example, the opening of foreign exchange accounts of upfront expenses, accounts of foreign exchange capital, accounts of assets realization or accounts of security deposits is no longer subject to approval by the SAFE. Banks shall handle the procedures for opening such accounts for account applicants according to the registered information in relevant business systems of the SAFE. Also, it relaxed the control over provision of loans, and foreign invested enterprises are permitted to provide loans to their overseas parent companies, provided that the loans provided may not exceed the sum of the profits that have been distributed to such foreign investors but have not yet been remitted abroad and the undistributed profits receivable by such foreign investors in proportion to their capital contributions.

On 10 May 2013, the SAFE promulgated the Provisions on Foreign Exchange Administration over Direct Investment Made by Foreign Investors in China (外国投资者境内直接投资外汇管理规定) which came into effect on 13 May 2013. It provides the procedures and requirements in respect of the foreign investor's direct investment in China, including the establishment of the foreign-invested enterprise or project in China through new establishment, merger and acquisition and other means.

On 28 April 2013, the SAFE promulgated Administrative Measures for Foreign Debt Registration (外债登记管理办法) which came into effect on 13 May 2013. It provides the procedures and requirements in respect of the administration, supervision and inspection of foreign debts' registration, use, repayment and foreign exchange settlement. It reinstates the requirement that the SAFE will not processes any foreign debt registration or application for settlement of foreign debt if the FIREE obtains the certificate of approval on or after 1 June 2007.

***Foreign Investment in the Real Estate Market in China***

On 11 July 2006, the Ministry of Commerce ("**MOC**"), National Development and Reform Commission ("**NDRC**"), the PBOC, State Administration for Industry and Commerce ("**SAIC**") and the SAFE jointly promulgated the Regulation on the Access to and Administration of Foreign Investment in the Real Estate Market (关于规范房地产市场外资准入和管理的意见) (the "**171 Opinion**") which came into effect on the same day. Under the 171 Opinion, a foreign investor investing in real estate in China must establish a FIREE and if its total investment amount is over USD10 million, the registered capital of the FIREE has to be at least 50% of the total investment amount. A FIREE is not allowed to obtain loans (domestic or overseas) unless its registered capital has been fully paid off, the land use rights certificate has been obtained or at least 35% of the total project investment has been injected as the initial capital funding of the project. The 171 Opinion also contains restrictions on the purchase of properties located in China by foreign individuals and entities. It provides that branches and representative offices (except for those that are approved to conduct real estate business) of foreign institutions in China and foreign individuals who work or study in China for more than one year may purchase real estate to satisfy their personal or institutional needs but not for any other purpose. Foreign institutions with no branches or representative offices in China or foreign individuals who work or study in China for less than one year are prohibited from buying any real estate in China. Residents of Hong Kong, Macau and Taiwan and overseas Chinese are not subject to the one-year residency requirement and may purchase real estate within a limited gross floor area ("**GFA**") in China for their own residential use.

On 14 August 2006, General Office in the MOC promulgated the "Notice on Thorough Implementation of the Opinions" (商务部办公厅关于贯彻《关于规范房地产市场外资准入和管理的意见》有关问题的通知) which came into effect on the same day. It, not only reiterates relevant provisions on foreign investment in real estate industry as prescribed in the relevant laws, but also sets forth the definition of FIREE as "foreign-invested enterprise engaging in construction and operation of a variety of residences such as ordinary residences, apartments and villas, hotels (restaurants), resorts, office buildings, convention centres, commercial facilities, and theme parks, or, land/large-scale development aimed at the abovementioned projects.

On 23 May 2007, the MOC and the SAFE jointly promulgated the Notice on Further Reinforcing and Regulating the Approval and Supervision on Foreign Direct Investment in the Real Estate Industry (关于进一步加强、规范外商直接投资房地产业审批和监管的通知) which came into effect on the same day. The notice provides stricter controlling measures as follows:

1) foreign investment in the real estate market in China relating to high-end properties is to be strictly controlled;

2) prior to obtaining approval for the establishment of a FIREE, either (i) both the land use rights certificates and property ownership certificates must have been obtained, or (ii) contracts for obtaining land use rights or property ownership must have been entered into. If the above requirements have not been satisfied, the approval authority will not approve the application;

3) a foreign-invested enterprise needs to obtain approval before expanding its business scope into the real estate sector and a FIREE which has been established for real estate development purposes needs to obtain approvals to engage a new real estate development project;

4) acquisition or investment in domestic real estate enterprises by means of round trip investment (including by the same actual controlling person) is to be strictly regulated. Overseas investors shall not circumvent the necessity of securing approvals for foreign investment in real estate by way of changing the actual controlling person of a domestic real estate enterprise. If the foreign exchange authority finds that the FIREE has been established by providing false representation, action will be taken against the enterprise for its evasion of foreign exchange;

5) investors of a FIREE are prohibited from engaging in a fixed return agreement or any agreements of a similar nature; and

6) the SAFE or its local counterparts and designated foreign exchange banks may not perform the foreign exchange purchase and settlement process for any FIREE which fails to satisfy the filing requirement of the MOC or fails to pass its annual inspections.

On 18 June 2008, the MOC promulgated the Notice on Better Implementation of the Filing of Foreign Investment in the Real Estate Industry (关于做好外商投资房地产业备案工作的通知) which came into effect on 1 July 2008. It stated that the MOC authorises the provincial departments in charge of commerce to verify record-filing materials of FIREEs. After approving matters relating to foreign investments in the real estate sector in accordance with the relevant PRC laws and regulations (including establishment of an enterprise, increase of capital, issuance of new shares, equity transfer, merger and acquisition, and other relevant matters), local departments, whether at municipal, district or county level, in charge of commerce shall submit those materials, which were originally required to be submitted to the MOC for record-filing, to the relevant provincial departments in charge of commerce for verification. After the verification, the provincial departments will file the record filing form of FIREE with the MOC.

On 22 November 2010, the General Office of the MOC promulgated the Notice on Reinforcing the Approval and Filing Management of the FIREEs (关于加强外商投资房地产业审批备案管理的通知) which came into effect on the same day. The notice provides, among other things, that:

1) FIREEs are prohibited from making profit gains by purchasing completed and non-completed real estate properties in China and subsequently selling these properties;

2) the MOC or its local counterparts shall approve the establishment of foreign-invested investment enterprises (外商投资性公司) in China strictly in accordance with the relevant PRC laws and regulations, and shall not approve the establishment of foreign-invested investment enterprises (外商投资性公司) engaging in real estate business; and

3) the MOC or its local counterparts shall inspect real estate enterprises in China that are involved in round-trip investments and strictly control the establishment of these enterprises.

On 30 November 2004, the NDRC and the MOC jointly promulgated the Foreign Investment Industrial Guidance Catalogue (外商投资产业指导目录) (the "**Original Catalogue**") which came into effect on 1 January 2005 and was amended on 31 October 2007 (the "**Old Catalogue**") and 24 December 2011 (the "**New Catalogue**"). Under the Original Catalogue, the development and construction of ordinary residential units falls within the category of industries in which foreign investment is encouraged, whereas the development of a whole land lot and the construction and operation of high end hotels, villas, premium office buildings and international conference centres falls within the category of industries in which foreign investment is subject to restrictions, while other real estate development falls within the category of industry in which foreign investment is permitted.

The Old Catalogue which came into effect on 1 December 2007, replaced the Original Catalogue. Under the Old Catalogue,

1) transactions in real estate secondary market and real estate intermediary or broker companies had been added in the Old Catalogue and fell within the category of industries in which foreign investment was subject to restrictions; and

2) development and construction of ordinary residential units had been deleted from the Original Catalogue industries in which foreign investment was encouraged and fell within the New Catalogue industries in which foreign investment was permitted.

The New Catalogue, which came into effect on 30 January 2012, replaced the Old Catalogue. Under the New Catalogue the construction and operation of villas had been deleted from the Old Catalogue industries in which foreign investment was restricted and fell within the New Catalogue industries in which foreign investment was prohibited.

Foreign investors seeking to invest in, develop, or sell real estate in China may establish a wholly foreign-owned enterprise, a joint venture, or cooperative venture in accordance with the Wholly Foreign-Owned Enterprise Law of the People's Republic of China (中华人民共和国外资企业法), Sino-Foreign Equity Joint Venture Enterprise Law of the People's Republic of China (中华人民共和国合资经营企业法) or the Sino-Foreign Cooperative Joint Venture Enterprise Law of the People's Republic of China (中外合作经营企业法) respectively.

***The Land System of China***

All land in China is either state owned (urban) or collectively owned (rural), unless otherwise specified by law. The State reserves the right to revoke land in accordance with law if required for the benefit of the public. Private individuals or businesses are permitted to hold, lease, develop or otherwise use land provided they obtain the proper land-use rights.

On 25 June 1986, the Standing Committee of the National People's Congress ("**Standing Committee**") promulgated the Law of Land Administration (中华人民共和国土地管理法) ("**Land law**") which came into effect on 1 January 1987 and was amended on 29 December 1988, 29 August 1998 and 28 August 2004. In conjunction with the Regulations for the Implementation of the Law of the People's Republic of China on Land Administration (中华人民共和国土地管理法实施条例) promulgated by the State Council on 27 December 1998 and revised on 8 January 2011, they stated that the State regulates and controls the usage of land, the land register and record system and the land certificate issuing system.

*National legislation*

On 4 December 1982, the National People's Congress promulgated China Constitution (中华人民共和国宪法) which came into effect on the same day and was amended on 12 April 1988 and 14 March 2004. It allows for the transfer of land use rights for value.

Following the amendment of the Land Law in December 1988, the Land Law was amended to permit the transfer of land use rights for value.

On 19 May 1990, the State Council promulgated the Interim Regulations of the People's Republic of China on Grant and Transfer of the Right to Use State-owned Urban Land (中华人民共和国城镇国有土地使用权出让和转让暂行条例) ("**Interim Regulations on Grant and Transfer**") which came into effect on the same day. It stipulates that the local governments at or above county level have the power to grant land use rights for specific purposes and for a definite period to a land user pursuant to a contract for the grant of land use rights in consideration for a land premium.

*Grant*

PRC law draws a distinction between the ownership of land and the right to use land. Land use rights can be granted by the State to the user to entitle the user to the exclusive use of a piece of land for a specified purpose within a specified term and on such other terms and conditions as may be prescribed. Under the Interim Regulations on Grant and Transfer, all local and foreign enterprises are permitted to acquire land use rights unless the law provides otherwise.

The Urban Real Estate Law provides that, except for land use rights which may be obtained through appropriation pursuant to PRC laws or the stipulations of the State Council, land for property development shall be obtained by grant.

The maximum term for which land use rights can be granted are specified in the relevant regulations and vary from 40 to 70 years depending on the purpose for which the land is used:

| **Use of land** | **Maximum period in years** |
|---|---|
| Commercial, tourism, entertainment | 40 |
| Residential | 70 |
| Industrial | 50 |
| Education, science, cultural, health and sports | 50 |
| Mixed and others | 50 |

Under the Interim Regulations on Grant and Transfer, There are four methods of transferring land-use rights: agreement, tender, auction, or listing-for-sale.

The Urban Real Estate Law expressly provides, "Grant of land use right may be by public auction or competitive bidding or by a mutual agreement between both parties. Land for commercial use, tourism, entertainment and construction of luxury flats shall be sold by public auction or tender wherever it is feasible, and may be sold by mutual agreement if sale by public auction or competitive bidding is not feasible".

On 30 April, 2001, the State Council promulgated the Notice on Strengthening the Administration of State-owned Land (国务院关于加强国有土地资产管理的通知), which came into effect on the same day. It stipulates that State-owned land use rights shall as far as possible be sold by public auction or tender. It further stipulates the supply of State-owned land shall be made known to the public unless State security or confidentiality requirements are involved.

On 11 June 2003, the Ministry of Land and Resources promulgated the Regulation on Transfer of State-owned Land Use Rights by Agreement (协议出让国有土地使用权规定) which came into effect on 11 August 2003. According to this regulation, if there is only one entity interested in using the land, the land use rights (excluding land use rights used for business purposes including industrial, commercial, tourism, entertainment and commodity residential properties) may be granted by way of agreement. The local land bureau, together with other relevant government departments including the city planning authority, will formulate a plan concerning issues including the specific location, boundary, purpose of use, area, term of grant, conditions of use, conditions for planning and design as well as the proposed land premium, which shall not be lower than the minimum price regulated by the State, and submit such plan to the relevant government for approval. Afterwards, the local land bureau and the interested party may negotiate and enter into a grant contract based on the above-mentioned plan.

On 9 May 2002, the Ministry of Land and Resources promulgated the Regulation on Grant of State-owned Land Use Rights by Tender, Auction or Listing-for-sale (招标拍卖挂牌出让国有土地使用权规定) (the "**Grant Regulations**") which came into effect on 1 November 2007 and was amended on 21 September 2007. The Grant Regulations stipulate that where two or more entities are interested in the land use rights to be granted, such land use rights shall be granted by means of tender, auction or listing-for-sale.

The Grant Regulations stipulate the legal basis, principles, scope, procedures and legal liability arising from and in connection with grant of State-owned land use rights by competitive bidding and public auction. Pursuant to the Grant Regulations, land for industrial use, commercial use, tourism, entertainment and commodity housing development shall be assigned by competitive bidding, public auction or listing-for-sale and, in the event that a land parcel for uses other than commerce, tourism, entertainment and commodity residential development has two or more prospective purchasers after the promulgation of the relevant land supply schedule, the grant of the land parcel shall be performed by competitive bidding, public auction or listing-for-sale. Under the aforesaid regulations, the grantor shall prepare the documents for public auction, competitive bidding or listing-for-sale and shall make an announcement 20 days prior to the day of public auction, competitive bidding or listing-for-sale to announce the basic particulars of the land parcel and the time and venue. The grantor shall conduct a qualification verification of the applicants for public auction, competitive bidding or listing-for-sale, accept an open public bidding to determine the winning tender; or hold an auction to ascertain a winning bidder.

Where land use rights are granted by way of tender, auction or listing-for-sale, a public notice will be issued by the local land bureau to specify the location, area and purpose of use of land and the initial bidding price, period for receiving bids and terms and conditions upon which the land use rights are proposed to be granted. The land use rights are granted to the bidder with the highest bid who satisfies the terms and conditions. The successful bidder will enter into a land grant contract with the local land bureau and pay the relevant land premium within a prescribed period. Upon signing the land grant contract, the grantee is required to pay the land premium pursuant to the terms of the contract and the contract is then submitted to the relevant local bureau for the issue of the land use rights certificate. Upon expiration of the term of grant, the grantee may apply for its renewal. Upon approval by the relevant local land bureau, a new contract is entered into to renew the grant. As at the date of drafting this document, there is currently no relevant provision which stipulates whether another payment of the land premium is required upon renewal. However, if the grant is not renewed, the land use rights and ownership of any buildings erected on the land will revert to the State without compensation. In order to control and facilitate the procedure for obtaining land use rights, several local governments have stipulated standard provisions in land grant contracts. Such provisions generally include terms such as use of land, land premium and manner of payment, building restrictions including site coverage, total Gross Floor Area ("**GFA**") and height limitations, constructions of public facilities, submission of building plans and approvals, deadlines for completion of construction, town planning requirements, restrictions against alienation before payment of premiums and completion of prescribed development and liabilities for breach of contract. Any change requested by the land user in the specified use of land after the execution of a land grant contract will be subject to approvals from the relevant land bureau and the relevant urban planning department, and a new land use contract may have to be signed and the land premium may have to be adjusted to reflect the appreciation of the new use. Registration procedures must then be carried out immediately.

In order to ensure compliance with deadlines for commencement and completion of construction stipulated in the relevant grants, our Group, where permissible, seeks to acquire land in China through government tenders, thereby allowing us more time to commence construction on the land. Our Group has internal control procedures in place to manage the risk of non-compliance with land development approvals. Our Group seeks to build and maintain good relationship with local authorities and constantly monitors the progress of our projects against key milestones. Our division heads are tasked with the responsibility of supervising development projects and general managers and project managers are responsible for monitoring planned development schedules against regulatory deadlines. Our internal auditors review the monitoring process implemented by the project teams to ensure compliance with key regulatory approval requirements.

*Transfers and leases*

After land use rights relating to a particular area of land have been granted by the State, unless any restriction is imposed, the party to whom such land use rights have been granted may transfer, lease or mortgage such land use rights for a term not exceeding the term which has been granted by the State. The difference between a transfer and a lease is that a transfer involves the vesting of the land use rights by the transferor in the transferee during the term for which such land use rights are vested in the transferor. A lease, on the other hand, does not involve a transfer of such rights by the lessor to the lessee. Furthermore, a lease, unlike a transfer, does not usually involve the payment of a premium. Instead, a rent is payable during the term of the lease. Land use rights cannot be transferred, leased or mortgaged if the provisions of the land grant contract, with respect to the prescribed period and conditions of investment, development and use of the land, have not been complied with. In addition, different areas of China have different conditions which must be fulfilled before the respective land use rights can be transferred, leased or mortgaged.

All transfers and mortgages of land use rights must be evidenced by a written contract registered with the relevant local land bureau at municipality or county level. Upon a transfer of land use rights, all rights and obligations contained in the contract pursuant to which the land use rights were originally granted by the State are deemed to be incorporated as part of the terms and conditions of such transfer, depending on the nature of the transaction.

On 5 July 1994, the Standing Committee promulgated the Law of the People's Republic of China on Administration of Urban Real Estate (中华人民共和国城市房地产管理法) (the "**Urban Real Estate Law**") which came into effect on 1 January 1995 and was amended on 30 August 2007. Under Article 38, real property that has not been registered and a title certificate for which has not been obtained in accordance with the law cannot be transferred. Under Article 39, if land use rights are acquired by means of grant, the following conditions must have been met before the land use rights may be transferred:

1) the land premium has been paid in full in accordance with the land grant contract and a land use rights certificate has been obtained;

2) investment or development has been made or carried out in accordance with terms of the land grant contract:

3) where the investment or development involves building construction projects, more than 25% of the total amount of investment or development must have been made or completed; and

4) where the investment or development involves a large tract of land, conditions for use of the land for industrial or other construction purpose have been confirmed.

*Termination*

A land use right terminates upon the expiry of the term of grant specified in the land grant contract and the resumption by the State of that right.

The State generally will not revoke a land use right before the expiration of its term of grant and if it does so for special reasons, such as public interest, it must offer proper compensation to the land user, having regard to the surrounding circumstances and the period for which the land use right has been enjoyed by the user.

Upon expiry, the land use rights and ownership of the related buildings erected on the land and other attachments may be acquired by the State without compensation. The land user will take requisite steps to surrender the land use rights certificate and cancel the registration of the certificate in accordance with relevant regulations, unless its application for renewal has been approved.

*Document of Title*

In China, there are two registers for real estate. Land registration is achieved by the issuance of a land use rights certificate by the competent land administration departments of the people's governments at or above the county level where the land is situated to the land user. It is the evidence that the land user has obtained land use rights which can be transferred, mortgaged or leased. The building registration is achieved by the issuance of a real estate certificate to the owner. It is the evidence that the owner has obtained building ownership rights in respect of the buildings erected on that piece of land.

On 15 February 2008 the Ministry of Construction promulgated the Housing Registration Measures (房屋登记办法) which came into effect on 1 July 2008. It, in conjunction with the Land Law, stipulates that all duly registered land use rights and building ownership rights are protected by the law.

In connection with these registration systems, real estate and land registries have been established in China. In most cities in China, the above systems are maintained separately. However, in some cities, the two systems have been consolidated and a single composite real estate and land use rights certificate which serves both purposes.

***Real Estate Development***

*Real estate developer*

On 29 March 2000, the Ministry of Construction promulgated the Provisions on the Administration of Qualification for Real Estate Development Enterprises (房地产开发企业资质管理规定) (the "**Provisions on Administration of Qualifications**") which came into effect on the same day. It stipulates that a real estate developer must apply for a classification certificate. An enterprise may not engage in property development without a qualification classification certificate for real estate development. The Ministry of Construction is in charge of monitoring the qualifications of all real estate developers within China, and local real estate development authorities at or above the county level are in charge of monitoring the qualifications of local real estate developers. Under the Provisions on Administration of Qualifications, real estate developers are divided into four classes:

1) Class 1 qualification is subject to preliminary examination by the construction authorities at the provincial level and the final approval of the Ministry of Construction. A Class 1 real estate developer is not restricted as to the scale of its real estate projects and may undertake a real estate development anywhere in the country.

2) Class 2, 3 or 4 qualifications and provisional qualifications are regulated by the construction authorities at the provincial level. A real estate developer of the Class 2 qualification or lower may undertake a project with a GFA of less than 250,000 square metres. Detailed business scope of the developer of the Class 2 qualification or lower is determined by the construction authorities at the provincial level.

Under the Provisions on Administration of Qualifications, the real estate development authorities will examine applications for registration of qualifications submitted by real estate developers by mainly considering their registered capital and financial condition, the length of time they have conducted real estate development business, the professional personnel they employ, the performance and operating results from their past real estate operations and their quality control systems. A real estate developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. A developer of any qualification classification may only engage in the development and sale of real estate within its approved scope of business and may not engage in business which is limited to another higher classification. The real estate development authorities perform annual inspections of qualified developers. Developers who fail to meet the qualification requirements or which operate in breach of the requirements may have their qualification classification certificates degraded or revoked.

For a newly established real estate developer, which passes the qualification examination, the real estate development authority will issue a provisional qualification certificate within 30 days of receipt by the authority of the relevant application for filing. The provisional qualification certificate will be effective for one year from its date of issuance, which is renewable for up to two years upon its expiry with the approval of the real estate development authority.

*Acquisition of land*

Prior to the acquisition of land use rights, a real estate developer may carry out a feasibility study for a proposed construction project on the land to be acquired.

On 2 March 1999, the Ministry of Land and Resources promulgated the Measures for Administration of Examination and Approval for Construction Sites (建设用地审查报批管理办法) which came into effect on the same day and was amended on 30 November 2010. In conjunction with the Measures for Administration of Preliminary Examination of Construction Project Sites (建设项目用地预审管理办法) promulgated by the Ministry of Land and Resources in July 2001 and was amended on 1 November 2004 and 29 November 2008, it stipulates that when carrying out the feasibility study for a proposed construction project, a construction entity shall make a preliminary application for construction on the relevant site to the land administration authority of the same level as the project approval authority After receiving the preliminary application, the land administration authority shall review various matters relating to the proposed construction project in compliance with the overall zoning plans and land supply policy of the State, and shall then issue a preliminary report in respect of the project site. The preliminary report is the requisite document for approval of the proposed construction project. The land administration authority under the people's government of the relevant city or county may then enter into a land use right grant contract with the land user and issue an Approval for Construction Site (建设用地批准书) to the construction entity.

When there are approved construction projects which involve the use of State-owned land, the construction entity shall first apply to those county level or higher land administration authorities for the construction land use approval and submit the relevant documents that prescribed in law and regulations. After the examination of the land administration authorities, the application must be reported to and approved by the government of same level. Whereas occupation of land for construction purposes involves the conversion of agricultural land into land for construction purposes, the examination and approval procedures in this regard shall be required.

On 8 September 2007, the Ministry of Land and Resources promulgated the Notice on Reinforcing Disposition of Idle Land (国土资源部关于加大闲置土地处置力度的通知) which came into effect on the same day. It reiterated that a land use right certificate may not be issued prior to the full payment of land premium. The issuance of land use right certificates in separate phases according to the percentage of paid-in land premium is also prohibited.

On 18 November 2009, the Ministry of Finance, the Ministry of Land and Resources, the PBOC and the Ministry of Supervision and the National Audit Office jointly promulgated the Notice on Further Strengthening Management on Income and Expenditure in Land Grant (关于进一步加强土地出让收支管理的通知) which came into effect on the same day. It stipulates that land premium are to be fully paid within one year of the land grant contract with the initial payment to be no less than 50% of the land premium. This deadline may be extended to two years with approval from relevant authorities.

On 8 March 2010, the Ministry of Land and Resources promulgated the Notice on Further Strengthening Supply and Supervision of Lands for Real Estate (国土资源部关于加强房地产用地供应和监管有关问题的通知) which came into effect on the same day. It stipulates that a grant contract shall be signed within ten working days after the land grant is agreed, the initial payment shall be paid within one month after the grant contract is signed. Terms in the grant contract shall clearly stipulate including land area, usage, volume ratio, construction intensity, dwelling area and proportion, deposit, delivery time and method, payment time and method, commencement and completion time for construction and detailed confirmation standards, and breach liability handling. Failure to sign the contract within the aforementioned time or failure to pay the fee may result in the land being withdrawn without any compensation.

*Idle Land*

In China, under the Land Law, Measures for the Disposal of Idle Land (闲置土地处置办法) (2012 revised) and other applicable laws and regulations in China, the land authorities have oversight over land in China and are entitled to (i) collect the charges for idle land at the rate of 20% of the land premium if the land has remained idle for more than one year from the construction commencement date; and (ii) repossess/compulsorily acquire land if the land has been idle for more than two years from the construction commencement date. The construction commencement date for each project will be prescribed in the corresponding contract granting land use rights.

Under the Opinions on Adjusting the Housing Supply Structure and Stabilizing the Housing Prices (关于调整住房供应结构稳定住房价格的意见) issued by nine PRC Nine Ministries on 24 May 2006, the commercial banks are not allowed to take commodity properties which have been vacant for more than three years as security for mortgage loans and commercial banks are required to strictly control the provision of loan extension and the granting of revolving credit facilities to property developers holding a large amount of idle land and vacant commodity properties. In addition, on 29 July 2008, the PBOC and the CBRC promulgated the Circular on Financial Incentives to Encourage the Economic Use of Land (中国人民银行中、国银行业监督管理委员会关于金融促进节约集约用地的通知). It stipulates that the commercial banks are prohibited from granting or extending loans to property developers that hold land which has remained idle for more than two years from the construction commencement date and are not allowed to accept such idle land as mortgage for loans.

In order to minimise the risk of having idle land, our Group maintains significant discipline in turning around our land bank acquisitions. In addition, our Group also endeavours to commence and complete construction on at least a portion, if not all, of the pieces of land granted under the land use right contract, thereby reducing the risk that idle land fee and/or compulsory repossession will be imposed.

*Use of land*

The Land Law stipulates that all units and individuals shall use land in strict compliance with the purposes of use defined in the overall plans for land utilization. Any revision of an approved overall plan for land utilization shall be subject to approval by the organ that originally approved the plan; without such approval, no change may be made in the purposes of land use as defined in the overall plan for land utilization. If the parties that have the right to the use of State-owned land fail to use the land in keeping with the purposes approved, the land administration departments of the people's governments at or above the county level shall order them to return the land and impose a fine on them.

On 28 December 1995, the Ministry of Land Administration promulgated the Rule of Land Registration (土地登记规则) which came into effect on 1 February 1996. It stipulates that for those who wish to change the purpose of the use of land shall apply to the Ministry of Land Administration of its local counterparts for registration. For state owned land, the land user shall, within 30 days upon the approval to change, apply to the Ministry of Land Administration of its local counterparts for registration with the relevant approval documents and the original land use right certificates. Where the land use rights were obtained through transfers, the land user shall also submit the agreement to the amendment of the transfer contract or re-enter a new contract.

In order to ensure compliance with this requirement, our Group markets the sale of land in accordance with usage provided in the land use right and/or planning approval granted by the relevant authorities and ensures that sale and purchase agreements entered into with purchasers reflect the correct usage of the land in accordance with that provided in the land use right.

*Project Planning and Pre-construction*

The Development Regulations provide that a real estate development project may be carried out having regard to the overall land use plan, annual construction land schedule, applicable municipal zoning plan and the annual property development scheme. Those projects which shall be approved by the planning control authorities in accordance with the relevant rules shall also be reported and approved by the planning control authorities and be brought into the annual planning of the investment in fixed assets.

On 26 May 1995 the State Council promulgated the Notice on Stringent Control Over High Class Real Estate Development Projects (国务院关于严格控制高档房地产开发项目的通知) which came into effect on the same day. It stipulates that a high class real estate project with a gross area in excess of 100,000 square metres or totals investment in excess of RMB200 million (or USD30 million) must obtain approval of the State Development Planning Commission (now known as NDRC). For a high class real estate project with a gross area in excess of 20,000 square meters but less than 100,000 square meters or total investment in excess of RMB30 million but less than RMB200 million, it must obtain approval of the Development Planning Commission of the relevant province, autonomous region, municipality directly under the central government or specially designated city in the State plan and then report to the NDRC. A high class real estate project with foreign investment in excess of USD100 million is subject to approval of the State Council based on the recommendation of the NDRC.

On 4 December 1992, the MOC promulgated the Measures for Control and Administration of Grant and Transfer of Right to Use Urban State-owned Land (城市国有土地使用权出让转让规划管理办法) which came into effect on 1 January 1993 and was amended on January 26, 2011. It stipulates that the grantee to a land use rights grant contract, i.e. a real estate developer, shall legally apply for the Permit for Construction Land Use Planning (建设用地规划许可证) from the municipal planning authority with the land use rights grant contract.

After obtaining the Permit for Construction Land Use Planning, a real estate developer shall organise the necessary survey, planning and design work having regard to planning and design requirements.

On 28 October 2007, the Standing Committee promulgated the Law of the People's Republic of China on Urban and Rural Planning (中华人民共和国城乡规划法) which came into effect on 1 January 2008. It stipulates that the relevant reports and procedures of the planning and design proposal in respect of a real estate development project shall be produced in accordance to its requirements and the local statutes on municipal planning. The Permit for Construction Project Planning (建设工程规划许可证) must also be obtained from the municipal planning authority.

On 13 June 2001, the State Council promulgated the Regulations for the Administration of Demolition and Removal of Urban Housing (城市房屋拆迁管理条例), which came into effect on 1 November 2001. It stipulates that upon obtaining approvals for a construction project, the Permit for Construction Land Use Planning and approvals for State-owned land use rights, demolition and relocation plan and proof issued by a financial institution handling deposit business relating to the demolition and relocation compensations, a real estate development organisation may apply to the people's government at municipal or county level of the place where the real estate is located (i.e. the administration bureau of State-owned land resources and housing of the relevant city, district on county) for the Permit for Property Demolition and Removal (房屋拆迁许可证). Upon granting an approval and issuing a Property Demolition and Removal Permit, the real estate administration department shall issue a demolition and removal notice to the inhabitants of the area to be demolished. The demolition and removal party shall implement the demolition and removal within the area and period specified in the Permit for Property Demolition and Removal. If the demolition and removal party fails to complete the demolition and removal works within the permitted period, it shall, within 15 days prior to the expiry of the Permit for Property Demolition and Removal, apply to the original approval department in charge of demolition and removal for an extension.

During the demolition and removal period announced by the department in charge of demolition and removal, the demolition and removal party and the parties subject to demolition and removal shall enter into an agreement for compensation and resettlement in respect of the demolition and removal. If an agreement cannot be reached between the affected parties, any party concerned may apply to the original approval department in charge of demolition and removal for a ruling. Such ruling shall be rendered within 30 days of the application. If any party disagrees with the ruling, it may appeal to the People's Court within three months after the service of the ruling. Pursuant to law, if the demolition and removal party has provided housing to the party subject to demolition and removal or the party subject to demolition and removal has provided housing to a lessee, the demolition and removal shall not be stopped during the period of legal proceedings.

Pursuant to Regulations for the Administration of Demolition and Removal of Urban Housing, compensation for housing demolition and removal may be effected by way of monetary compensation or exchange of property rights. The amount of monetary compensation shall be determined according to the location, uses and the gross area of the housing to be demolished on the basis of the real property market price. The demolition and removal party shall entrust a qualified real estate assessment agency to conduct an assessment on the housing to be demolished. Property rights exchange involves valuing the demolished property against the exchanged property on the basis of the real property market price and the location, uses and the gross area of the housing to be demolished and settling any difference in between.

In addition to paying the demolition and removal compensation, the demolition and removal party shall pay removal allowance to the party subject to demolition and removal. During the interim period, when the party subject to demolition and removal arranges accommodation by himself, the demolition and removal party shall pay temporary allocation allowance. On the other hand, when the demolition and removal party provides accommodation to the party subject to demolition and removal during the interim period, the demolition and removal party need not to pay the temporary allocation allowance.

On 21 January 2011, the State Council promulgated the Regulations for the Expropriation of and Compensation for Housing on State-owned Land (国有土地上房屋征收与补偿条例), which came into effect on the same day. It stipulates that the people's governments at municipal and county level shall be responsible for the demolition and removal, the Regulations for the Administration of Demolition and Removal of Urban Housing (城市房屋拆迁管理条例) has been abolished and the Permit for Property Demolition and Removal (房屋拆迁许可证) will not be further issued. However, the project that has been granted the Permit for Property Demolition and Removal prior to the implementation of the Regulations for the Expropriation of and Compensation for Housing on State-owned Land shall continue to apply the Regulations for the Administration of Demolition and Removal of Urban Housing.

*Construction*

After a real estate developer has obtained the Permit for Construction Land Use Planning and the Permit for Construction Project Planning, the site is ready for the commencement of construction works, the progress of demolition and relocation of existing buildings complies with the relevant requirements and funds for construction are available, the real estate developer shall apply for the Permit for Commencement of Construction (建筑工程施工许可证) from the construction authority under the local people's government above the county level in accordance with the Measures for Administration of Granting Permission for Commencement of Construction Works (建筑工程施工许可管理办法) promulgated by the MOC in October 1999 and was amended in July 2001.

On 1 June 2001, the Ministry of Construction promulgated the Property Development and Municipal Infrastructure Facilities Construction Tender Management Regulations (房屋建筑和市政基础设施工程施工招标投标管理办法) (the "**Tender Regulations**") which came into effect on the same day. It states that a Tender Appraisal Committee shall be set up for the appraisal of the tender for construction works for the project. According to the Tender Regulations, the Tender Appraisal Committee to be organised by the developer shall include their representatives and relevant specialists selected by the developer from a list certified by the construction administration authorities. The number of members of the Tender Appraisal Committee shall be an odd number and shall consist of at least five members. The relevant specialists shall make up no less than two-thirds of the membership. In accordance with the Tender Regulations, if the estimated price of a single construction contract amounts to RMB2 million or more or the total investment of the project is RMB30 million or more, the developer is required to undertake a bidding process for the award of the construction contracts. The developer will set the tender conditions according to the written tender report provided by the Tender Appraisal Committee, and after the tender, the developer and the successful tenderer shall sign a written contract according to the terms of the tender. The quality and timeliness of the construction are usually warranted in these contracts. Typically, these construction contracts provide for progress payments to be made by the developer to the construction companies at agreed phases of completion of the constructions works.

The Development Regulations also provide that a real estate developer shall record in the Real Estate Development Project Manual (房地产开发项目手册) any major event which occurs during the course of construction and periodically submit the same to the real estate development authority for its records.

*Pre-sales and sales*

On 4 April 2001, the MOC promulgated the Measures for Administration of Sale of Commodity Buildings (商品房销售管理办法) which came into effect on 1 June 2001. It stipulates that commodity buildings are buildings for sale and include residential as well as commercial properties which may be sold pre-completion or post-completion. Commodity buildings may be put to post-completion sale only when the pre-conditions for such sale have been satisfied. Prior to the post-completion sale, the Real Estate Development Project Manual and other documents evidencing the satisfaction of pre-conditions for post-completion sale shall be submitted by the real estate developer to the real estate development authority for its record. Any pre-completion sale of commodity buildings shall be conducted in accordance with the Measures for Administration of Pre-completion Sale of Commodity Buildings (城市商品房预售管理办法) ("**Pre-completion Sale Measures**") promulgated by the MOC in July 2004 and the Development Regulations. The Pre-completion Sale Measures provides that pre-completion sale of commodity buildings is subject to certain procedures. According to the Development Regulations and the Pre-completion Sale Measures, a permit shall be obtained before a commodity building may be put to pre-completion sale. A developer intending to sell a commodity building before its completion shall make the necessary pre-completion sale registration with the real estate development authority of the relevant city or county to obtain the Permit for Pre-completion Sale of Commodity Buildings (商品房预售许可证) (the "**Pre-sale Permit**"). A commodity building may only be sold before completion provided that:

1) the land premium has been paid in full for the grant of the land use rights involved and a land use rights certificate has been obtained;

2) the Permit for Construction Project Planning and the Permit for Commencement of Construction have been obtained; and

3) the funds invested in the development of the commodity buildings put to pre-completion sale represent 25% or more of the total investment in the project and the progress of construction works and the completion and delivery dates have been ascertained.

Under the Pre-completion Sale Measures and Urban Real Estate Law, the pre-sale proceeds of commodity buildings may only be used to fund the property development costs of the relevant projects.

*Completion*

On 1 November 1997, the Standing Committee promulgated China Construction Law (中华人民共和国建筑法) which came into effect on 1 March 1998 and was amended on 22 April 2011. It stipulates that construction projects shall be delivered for use only after passing the inspection and acceptance test stipulated in the law.

On 19 October 2009, the Ministry of Housing and Urban-Rural Development promulgated the Interim Measures on the Administration over the Record-filing of the Completion Acceptance of Housing Construction Projects and Municipal Infrastructure Projects (房屋建筑和市政基础设施工程竣工验收备案管理办法) which came into effect on the same day. It stipulates, in conjunction with the Interim Provisions on Completion and Inspection of Buildings and Municipal Infrastructure Facilities Work (房屋建筑工程和市政基础设施工程竣工验收暂行规定) promulgated by the MOC on 30 June 2000, that after the completion of the real estate development project, the real estate developer shall apply for the project completion inspection to the county level or higher local real estate administration authorities. A real estate development project may only be delivered to the buyer after passing the necessary completion inspection, and may not be delivered before the necessary completion inspection is conducted or without passing such completion inspection. For residential housing or other complex building project, a comprehensive completion inspection shall be conducted upon completion of the whole project and where such a project is developed in phases, a completion inspection may be carried out for each completed phase. The real estate developer shall register the project completion inspection and acceptance within 15 days from the pass of the completion inspection.

Pursuant to the Urban Real Estate Law, the ownership of the properties and the relevant land use right shall be transferred simultaneously. In the event that the purchasers acquire the property ownership certificates, the real estate development enterprises are no longer entitled to the relevant land use right.

*Warranty and Maintenance of Buildings*

Under China Construction Law (中华人民共和国建筑法), the Measures for Administration of Sale of Commodity Buildings (商品房销售管理办法), Rules on the Implementation of the System on Residence Quality Guarantee and Residence Usage Specification (商品住宅实行住宅质量保证书和住宅使用说明书制度的规定) promulgated by the MOC on 20 May 1998 which came into effect on 1 September 1998 and the Regulations on Quality Management of Construction Projects (建设工程质量管理条例) promulgated by the State Council on 30 January 2000 which came into effect on the same day, when a real property developer delivers newly built residential houses, it shall provide the Residence Quality Guarantee (住宅质量保证书) and Residence Usage Specification (住宅使用说明书). The Residence Quality Guarantee is the legal document stipulating the warranty and maintenance obligations a real property developer shall bear for the already sold residential houses and it can be a supplementary agreement to the Commodity House Purchase Contract.

On 30 June 2000, the MOC promulgated the Measures on the Warranty and Maintenance of Building Construction Projects (房屋建筑工程质量保修办法) which came into effect on the same day. It stipulates, in conjunction with other laws and regulations, that under the natural usage, the warranty and maintenance period to different parts of the construction projects shall not be shorter than the following:

1) the reasonable using period as stipulated by the project designing documents for the groundwork foundation and main body structure project;

2) five years for the waterproof project of the surface, the toilet and rooms having waterproof requirements, the leakage prevention of the outside metope;

3) two heating periods/cooling periods for the heating and cooling system;

4) two years for the electrical and gas pipeline, water supply pipe and drainpipe, equipment fixing;

5) two years for the fitment project.

The warranty and maintenance period of other parts may be determined by parties at their discretion.

*Property development loans*

On 30 August 2004, the China Banking Regulatory Commission ("**CBRC**") promulgated the Guidance on Risk Management of Property Loans Granted by Commercial Banks (商业银行房地产贷款风险管理指引) which came into effect on the same day. It stipulates that commercial banks are not permitted to provide any loan in any form for a project without the land use rights certificate, the Permit for Construction Land Use Planning, the Permit for Construction Project Planning and the Permit for Commencement of Construction. Pursuant to the Development Regulations and the Notice of the State Council on Adjusting the Capital Ratios of Fixed Asset Investment Projects in Some Industries (国务院关于调整部分行业固定资产投资项目资本金比例的通知) promulgated by the State Council on26 April 2004, the capital ratio of the real estate development projects has been increased from 20% to 35%. Accordingly, any real estate developer applying for property development loans shall have at least 35% of capital required for the development and commercial banks shall maintain a strict loan system for considering applications for property development loans.

In addition to the above, a foreign investor engaged in real estate development or operating real estate in China would have to establish a foreign investment real estate enterprise in China with a registered capital of not less than 50% of its total investment amount if the total investment amount is more than USD10 million, and shall not be permitted to process domestic and foreign loans if it has not received full payment of its registered capital or has not obtained the land use rights certificate or whose project development capital has not reached 35% of the total project investment, pursuant to the new regulation Opinions on Regulating Entry and Administration of Foreign Investment in Real Estate Market (关于规范房地产市场外资准入和管理的意见) promulgated on 11 July 2006.

*Mortgages of real estate*

On 9 May 1997, the MOC promulgated the Urban Real Estate Law and the Measures for Administration of Mortgages of Urban Real Estate (城市房地产抵押管理办法) which came into effect on 1 June 1997 and was amended on 15 August 2001. It stipulates that mortgages on a legally obtained building automatically create a mortgage on the corresponding land-use right of the land where the building is situated. The mortgagor and the mortgagee shall sign a mortgage contract in writing. A system has been adopted to register the mortgages of real estate. After a real estate mortgage contract has been signed, the parties to the mortgage shall register the mortgage with the local real estate administration authority. A real estate mortgage contract shall become effective on the date of registration of the mortgage. If a mortgage is created on a real estate in which a Building Ownership Certificate (房屋所有权证) has been obtained legally, the registration authority shall make an entry under the "third party rights" item on the original Building Ownership Certificate and issue a Certificate of Third Party Rights to a Building (房屋他项权证) to the mortgagee. If a mortgage is created on a commodity building put to pre-completion sale or on works in progress, the registration authority shall record the details on the mortgage contract. If construction of a real property is completed during the life of the mortgage, the parties involved shall re-register the mortgage of the real property after issuance of the certificates evidencing the rights and ownership to the real estate.

*Restrictions on the grant of residential development loans and individual property purchase loans by banks*

On 5 June 2003, the PBOC promulgated the Notice on Further Strengthening the Management of Loans for Property Business (中国人民银行关于进一步加强房地产信贷业务管理的通知), which came into effect on the same day, to specify the requirements for banks to provide loans for the purposes of residential development, individual home mortgage and individual commodity houses as follows:

1) property development loans shall be granted to qualified property developers, with high credibility with no overdue payments for construction. Property developers with commodity houses with high vacancy rates and debt ratios will face stricter approval procedures and greater scrutiny during their applications;

2) commercial banks shall not grant loans to property developers to pay land premium;

3) commercial banks may only provide housing loans to individual buyers when the main structural buildings have been topped out. When a borrower applies for individual home loans for his first residential unit, the first installment will remain 20%. The rate for additional residential unit(s) will be increased; and

4) when a borrower applies for a mortgage for an individual commodity house, the mortgage ratio may not exceed 60%. In addition, the term of loan may not be more than 10 years and the commodity house shall be duly completed and inspected.

On 12 August 2003, the State Council promulgated the Notice on Facilitating the Continuously Healthy Development of Property Market (国务院关于促进房地产市场持续健康发展的通知) which came into effect on the same day. It includes a series of measures that have been implemented by the government to control the property market such as strengthening the construction and management of affordable housing, increasing the supply of ordinary commodity houses and controlling the construction of high-end commodity houses.

On 27 September 2007 and 5 December 2007, the PBOC and the CBRC jointly promulgated the Notice on Strengthening Credit Management of Commercial Real Estate (关于加强商业性房地产信贷管理的通知) and the Supplemental Notice on Strengthening Credit Management of Commercial Real Estate (关于加强商业性房地产信贷管理的补充通知) (collectively, the "**Notices**") respectively, which both of them came into effect on the days that they were promulgated. The Notices puts forward requirements on the titled subject matter, for the purposes of strengthening loan management in association with

1) real estate development,

2) land reserve,

3) housing consumption and

4) purchase of commerce building,

together with credit enquiry in real estate credit management, monitoring of real estate loan, risk management and so forth.

Pursuant to the Notices, Commercial banks shall not grant loans, in any form, to

1) project where its capital fund (owner's equity) constitutes a ratio less than 35%, or, project without land use right certificate, permit for construction land planning, permit for construction project planning and permit for project commencement;

2) real estate development enterprise that has been hoarding land and housing resources, as detected and verified by land resources departments and construction authorities.

Also, commercial banks are not allowed to either accept commodity building with a vacancy exceeding three years as collateral.

In respect of loan for individual housing consumption, commercial banks are only allowed to grant housing loans to individuals whose purchases are commodity buildings with topped-off main structures. If an individual is seeking to purchase his first residence for residential purposes, the down payment must be no less than 20% of the total price if the residence is smaller than 90 square meters and no less than 30% of the total price if larger than 90 square meters.

Where an individual and his/her families (which would include husband and wife and their minor offspring) has purchased commodity apartment by means of such loan, and proceeds to purchase a second set (inclusive) or more, the Initial Ratio shall be no less than 40% and the interest rate shall not be less than 1.1 times of the benchmark interest rate as announced by the PBOC during same period and in same bracket. Further, the Initial Ratio and the interest rate shall both multiply substantially with the increase with the sets of purchase and the increase percentage shall be determined by commercial banks, at their own discretion, according to principles of loan risk management. However, monthly housing loan payments shall not exceed 50% of the borrower's monthly income.

In respect of commerce building loan, commerce buildings purchased by loan shall be buildings that have satisfied procedural requirements of completion inspection and acceptance. For such purchase, the Initial Ratio shall be no less than 50%, the loan term shall not exceed 10 years and the interest rate shall not be less than 1.1 times of the benchmark interest rate as announced by the PBOC during same period and in same bracket. The Initial Ratio, the loan term and the interest rate shall be determined by commercial banks, at their own discretion, according to principles of loan risk management.

Where loan application is made in the name of "commerce and residence building", the Initial Ratio shall be no less than 45%; the loan term and the interest rate shall be arranged according to relevant regulations on loan management of commerce building.

On 22 October 2008, the PBOC promulgated the Notice on Widening the Floating Downward Range of Interest Rate for Commercial Individual Housing Loan (关于扩大商业性个人住房贷款利率下浮幅度等有关问题的通知), which came into effect on 27 October 2008. It stipulates that the minimum rate for commercial individual housing loan has been decreased to 70% of the corresponding benchmark lending rate and the minimum amount of down payment has been adjusted to 20% of the purchase price. Financial institutions may give favourable terms for interest rate and down payment proportion for loan applications for first owner-occupied ordinary residential units or for the improvement of owner-occupied ordinary residential units. The financial institutions shall appropriately increase the requirements for loan application for non-owner-occupied, non-ordinary residential units. The requirement that the monthly repayment amount for housing loans shall not exceed 50% of the borrower's monthly income remains unchanged.

On 20 December 2008, the State Council Office promulgated the Various Opinions on Promoting the Healthy Development of Real Estate Market (国务院办公厅关于促进房地产市场健康发展的若干意见) which came into effect on the same day. It stipulates that commercial banks shall, according to the principles and supervision requirements for credit,

1) increase credit support for the construction of small or medium-sized ordinary commodity properties at low or medium price, especially projects under construction; and

2) provide financing support and relevant financial services for the projects relating to merger or reorganisation by competent and reputable real estate development enterprises.

In addition, on 7 January 2010, the State Council Office promulgated the Notice on Promoting the Steady and Healthy Development of Real Estate Market (国务院办公厅关于促进房地产市场平稳健康发展的通知) which came into effect on the same day. It stipulates that China government will continue to maintain tight lending requirements for consumers for the purchase of additional properties.

On 29 September 2010, the PBOC and the CBRC promulgated the Notice on Promoting Differentiated Housing Credit Policy (关于完善差别化住房信贷政策有关问题的通知) which came into effect on the same day. It, among other things:

1) prohibits commercial banks from granting or extending loans to property developers that violate laws and regulations such as:

    i. holding idle land;

    ii. changing the land use and nature;

    iii. delaying the commencement and completion of development; and

    iv. intentionally holding back the sale of properties in the market for the purpose of selling these properties at a higher price in the future;

2) prohibits commercial banks from granting housing loans to families that purchase three or more houses or non-local residents who fail to provide certificates evidencing their payment for over one year of local tax or social insurance; and

3) for all first home purchases with mortgage loans, the minimum of down payment is to be increased to at least 30%.

On 26 January 2011, the General Office of the State Council promulgated the Notice on Further Adjustment and Control of Real Estate Market (国务院办公厅关于进一步做好房地产市场调控工作有关问题的通知) which came into effect on the same day. It stipulates that, a down payment of no less than 60% of the purchase price for second residential properties and the applicable mortgage rate must be at least 1.1 times that of the corresponding benchmark interest rate will apply to second residential property purchasers. Down payment ratio and interest rate on loans for second residential properties based on the following factors: the price control target set by the local government for newly constructed residential properties and policy requirements, as well as national unified credit policies.

*Real estate management*

On 8 June 2003, the State Council promulgated the Regulations on Property Management (物业管理条例) which came into effect on 1 September 2003 and was amended on 26 August 2007. It stipulates, in conjunction with the Regulations on Administration of Property Management Enterprise Qualification (物业服务企业资质管理办法) which were promulgated by the MOC on 17 March 2004 and were amended on 26 November 2007, that all real estate management enterprises shall pass a qualification assessment by the relevant approval authority. Successful assessment will be issued a Qualification Certificate evidencing the qualification classification by the authority.

The amended Property Management Regulations expand the rights of owners within those developments in several ways:

1) property owners are given ultimate discretion on renovation and reconstruction decisions (including parking areas, elevators, storage rooms, and pipes);

2) property owners are given more freedom determining their distribution of voting rights;

3) owner's meeting requires a quorum of a majority of owners who collectively occupy a majority of the total construction area.

4) decisions require a majority vote or two-thirds of the owners occupying a majority of the area or two-thirds of the total construction area depending on the nature of the decision;

Owners are bound by the decisions passed at owners meetings and by owners' committees. However, where an owners' meeting decision infringes upon a legal owner's rights, the legal owner is given the option to apply for rescission to the courts.

***Insurance***

There is no mandatory provision in China laws, regulations and government rules which require a property developer to take out insurance policies for its real estate developments. However, PRC commercial banks may require the real estate developer to purchase insurance if the commercial bank intends to grant a development loan to the real estate developer.

***Major Environmental Protection Requirements***

On 26 December 1989, the Standing Committee promulgated the Environmental Protection Law of China (中华人民共和国环境保护法) which came into effect on the same day. It stipulates that the Administration Supervisory Department of Environmental Protection of the State Council sets the national guidelines for the discharge of pollutants. The provincial and municipal governments of provinces, autonomous regions and municipalities may also set their own guidelines for the discharge of pollutants within their own provinces or districts in the event that the national guidelines are inadequate.

A company or enterprise which causes environmental pollution and discharges other pollutants which endanger the public shall implement environmental protection methods and procedures into their business operations. This may be achieved by setting up a system of accountability within the company's business structure for environmental protection; adopting effective procedures to prevent environmental hazards such as waste gases, water and residues, dust powder, radioactive materials and noise arising from production construction and other activities from polluting and endangering the environment. The environmental protection system and procedures shall be implemented simultaneously with the commencement of and during any production, construction or other activities undertaken by the company. Any company or enterprise which discharges environmental pollutants shall report and register such discharge with the Administration Supervisory Department of Environmental Protection and pay any fines imposed for the discharge. A fee may also be imposed on the company for the cost of any works required to restore the environment to its original state. Companies which have caused severe pollution to the environment are required to restore the environment or remedy the effects of the pollution within a prescribed time limit.

If a company fails to report and/or register the environmental pollution caused by it, it will receive a warning or be penalised. Companies which fail to restore the environment or remedy the effects of the pollution within the prescribed time limit will be penalised or have their business licences revoked. Companies or enterprises which have polluted and endangered the environment must bear the responsibility for remedying the effects of the pollution, as well as to compensate any losses or damages suffered as a result of such environmental pollution.

On 29 November 1998, the State Council promulgated the Regulations on the Administration of Environmental Protection of Construction Project (建设项目环境保护管理条例) which came into effect on the same day. It stipulates that a construction unit shall, during the period when the feasibility study of a construction project is carried out, submit for approval the environmental impact report, environmental impact statement or environmental impact registration form of the construction project.

On 27 December 2001, the State Environmental Protection Administration of China promulgated the Provisions on the Inspection and Acceptance of Environmental Protection of Construction Projects (建设项目竣工环境保护验收管理办法) which came into effect on 1 February 2002 and was amended on 22 February 2010. It stipulates that each construction project completed is subject to the inspection of the competent environmental protection administrative authorities, and only after the construction project has passes the inspection and received approval can work on the project commence.

***Laws and Regulations Relating to Hotel Operations***

*Hotel Operation and Management*

Currently, the administration of the hotel industry in China is achieved separately through administering the various aspects of the daily operation and management by different governmental departments, which mainly include the following authorities:

1) the State Food and Drug Administration of China and its local branches,

2) the Ministry of Health of China and its local branches,

3) the Ministry of Public Security of China and its local branches, and

4) the National Tourism Administration of China and its local branches.

However, on 29 June 2004, the State Council promulgated the Decision of the State Council on the Enactment of Administrative Licensing for the Confessed Reserved Items Subject to Administrative Examination and Approval (国务院对确需保留的行政审批项目设定行政许可的决定) which came into effect on 1 July 2004. It stipulates that operators engaging in the hotel operation business shall obtain a Special Trade Permit (特种行业许可证) for hotel operations.

On 14 December 2006, the Beijing People's Municipal Government promulgated the Provisions of Beijing Municipality on Public Security Administration of the Hotel Industry (北京市旅馆业治安管理规定) which came into effect on 1 February 2007. It classifies the serviced apartment business as one kind of the hotel business which is under Special Trade Permit administration and, therefore, a company shall apply for and obtain the Special Trade Permit before operating the serviced apartment business.

*Laws governing Security and Fire control*

On 10 November 1987, the Ministry of Public Security promulgated the Measures for the Control of Security in the Hotel Industry (旅馆业治安管理办法) which came into effect on the same day and was amended on 8 January 2011. It stipulates that setting up a hotel in China requires a prior approval from a competent authority and opinions from a local public security agency. In addition, a business licence must be obtained and a registration with the relevant SAIC by the owner of a hotel are essential before the hotel operations commence. If the hotel intends to suspend operations, change its line of business, amalgamate, relocate, change its name or other such matters, it shall file such matters with the local public security bureau or branch bureau at county or at the municipal level.

On 14 November 2001, the Ministry of Public Security promulgated the Provisions on the Administration of Fire Safety of State Organs, Organisations, Enterprises and Institutions which came into effect on 1 May 2002. It stipulates that hotels are classified as key administrative units of fire control safety.

On 29 April 1998, the Standing Committee promulgated China Fire Prevention Law (中华人民共和国消防法) which came into effect on 1 September 1998 and was amended in October 2008. It requires that public gathering places, including hotels, shall pass a fire prevention safety inspection by the local public security fire-fighting department prior to the commencement of business.

*Administration of Sanitation in Public Places*

On April 1987, the State Council promulgated the Provisions on the Sanitary Administration of Public Places (公共场所卫生管理条例) which came into effect on the same day. On 10 March 2011, the Ministry of Health promulgated the Implementing Rules of Regulations on the Sanitary Administration of Public Places (公共场所卫生管理条例实施细则) which came into effect on 1 May 2011. Both of them stipulate that hotels are included in the sanitary administration area of public places and a Hygiene Permit (卫生许可证) which shall be reviewed every two years shall be obtained.

The Ministry of Health promulgated the Implementing Rules of Regulations on the Sanitary Administration of Public Places (公共场所卫生管理条例实施细则)further stipulates that a health certificate must be obtained before his/her work for each hotel staff who serves the customers directly. He/she must also conduct a health check once a year.

*Administration of Food Sanitation*

On 4 March 2010, the Ministry of Health promulgated the Administrative Measures on the Licence of Catering Service (餐饮服务许可管理办法) which came into effect on 1 May 2010. It stipulates that a Catering Service Permit with a term of three years shall be obtained by the catering service provider. For those who provide temporary catering services, the effective term for the Catering Service Permit is no more than six months.

On 4 March 2010, the Ministry of Health promulgated the Administrative Measures on the Supervision of the Foods Safety of Catering Industry (餐饮服务食品安全监督管理办法) which came into effect on 1 May 2010. It stipulates that persons who engage in the catering service shall pass physical examination annually and obtain a health certificate.

*Administration of Culture*

On 29 January 2006, the State Council promulgated the Entertainment Venues Management Regulations (娱乐场所管理条例) which came into effect on 1 March 2006. It stipulates that the operation of entertainment venues by hotels providing dancing, clubbing and entertainment venues requires a permit from the relevant local cultural administrative department at county level or higher.

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