CEO BUSINESS REVIEW
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LIM EE SENG – CHIEF EXECUTIVE OFFICER

Revenue increased 11% to

$2,128M

Business Overview

We are pleased to report yet another strong performance for the Properties division. This year, our revenue grew by a considerable 11% to $2,128 million, as compared with $1,915 million last year. This strong growth was underpinned by pre-sold and newly launched residential properties, asset sales and newly-opened serviced residences in Singapore and overseas. Earnings, however, slipped 3% to $569 million due to lower contribution from Commercial Property and decline in profit from China development property as a result of the completion of residential projects and an absence of one-off gain recorded last year.

Development Property, despite lower progressive income recognition from China, maintained its solid performance from last year. This year, we launched eight residential projects and sold more than 3,200 units in our key markets. We also picked up five sites to add to our Singapore land bank. In addition, we divested another Singapore retail mall, *Bedok Point,* to Frasers Centrepoint Trust, following the divestment of two retail malls last year. To accelerate the development and realisation of the value of our key Australian asset, we partnered Sekisui House to jointly develop the majority of Central Park, a six-hectare site in central Sydney, Australia. In Commercial Property, strong occupancies and higher rentals from most of the properties were sustained. At Hospitality, our global expansion efforts continued with the opening of 10 new properties and securing 10 new management contracts.

Boathouse Residences

Achieved PBIT of

$569M

FY2011 key developments:

- Launched eight residential projects
  - Launched 2,760 residential units in Singapore
  - Launched 1,273 residential units in Australia[1]
- Robust sales of 3,233 units[2]
- Unrecognised revenue of $2 billion
- Obtained TOP for four residential projects in Singapore and one in China
- Grew Singapore pipeline with acquisition of five sites (3.5 million sqf GFA; about 3,050 units)
- Divested *Bedok Point*
- Divested 50%-interest in Central Park mixed-use site
- Commercial Property's occupancies and rentals remained healthy
- Grew Commercial Property pipeline
- Hospitality opened 10 properties and secured another 10 management contracts

Note:

1 *Includes Park Lane and QIII which were soft launched in Jun and Sep 2011, respectively*

2 *Includes sales from previously launched projects*

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Market Review

Amidst a mounting European credit crisis, growth has moderated in Asia, whilst recovery in the US and Europe has remained uncertain and sluggish.

Despite uncertainty in the market, the number of new private residential units sold in Singapore hit 14,000 in the first 10 months of 2011. In December 2011, the government introduced further cooling measures for the residential market, to moderate investment demand amidst a low interest rate environment and abundant external liquidity. While the Group believes that these new measures would affect primarily the high-end segment, it would also have an impact on the other segments in the near term.

In Commercial, the office market cooled further in 3Q2011 as global economic uncertainty impacted on occupiers' expansion plans. Office rents in the central business district ("CBD") and average rentals for private industrial space remained largely unchanged as leasing demand slowed. The overall vacancy rate in 3Q2011 increased to 6.5%, up from 6.0% in 2Q2011.

On the retail front, the outlook is slightly more upbeat. Retail rents in Orchard Road increased 0.5% quarter-on-quarter in 3Q2011 due to limited supply. Demand for space in suburban malls, particularly in HDB town centres that serve large catchment areas, remains strong.

Demand for serviced apartments in Singapore has gone up as more multi-nationals choose to base their operations here. Most serviced apartment operators have seen their monthly occupancy rates increase to 95%, as compared to average rates of between 70% and 80% last year.

Eight Courtyards

Development Property

Singapore, our key market

Singapore continued to be a key market for the Group. This year, we remained focused on efficient capital recycling through successful and timely residential launches, and selective land bank replenishment.

Timely launches and completion of projects

This year, the Group rolled out five new projects with 2,760 units[1] in Singapore. We were the first developer in Singapore to launch an executive condominium[2] ("EC") five years after the last EC launch in 2005. The well-timed launch of 573-unit *Esparina Residences* in October 2010 attracted strong interest. As at the end of this financial year, 99% of this project was sold. Other successful launches included the 563-unit *Waterfront Isle* (the final phase of The Waterfront Collection) in January, the 656-unit *Eight Courtyards* in April, the 474-unit *Seastrand* in June and the 494-unit *Boathouse Residences* in August 2011. *Eight Courtyards* and *Seastrand* registered strong sales of 79% and 58% respectively. *Boathouse Residences* also did well with 46% of the development sold within weeks of the launch. Including units from previously launched projects, we sold 2,435 units[3] in Singapore this year.

This year, the Group also saw the completion of a number of residential projects in Singapore - the 417-unit *Soleil@Sinaran*, the 302-unit *Martin Place Residences*, the 110-unit *Woodsville 28* and the 405-unit *Waterfront Waves*.

Land bank replenishment and cost management

The Group continued to tap the Government Land Sales programme and remained disciplined in pricing land bids. This year, we successfully tendered for four residential sites – Pasir Ris Drive at $335psf[4] , the Upper Serangoon View site[5] near Hougang Central at $320psf, Punggol Field EC site at $270psf and the Flora Drive site at $325psf – and one mixed-use development site in the up-and coming new town, Punggol Central. These acquisitions have added about 3,050 units[6] to our land bank.

1 1,800 attributable units
2 Executive condominium is a hybrid of public and private housing restricted by Housing Development Board's rules and regulations
3 1,436 attributable units
4 Launched as Seastrand in June 2011
5 Launched as Boathouse Residences in August 2011
6 1,790 attributable units

SINGAPORE – Projects currently under development

Projects	No. of units	% Sold @ 30 Sep 11	% Completion @ 30 Sep 11	Ave. selling price ($ psf)	Land cost ($ psf)	Est. completion date
Martin Place Residences	302	100%	100%	1,500	666	Completed
Soleil @ Sinaran	417	98%	100%	1,430	510	Completed
Woodsville 28	110	100%	100%	775	434	Completed
Waterfront Waves[1]	405	100%	100%	730	240	Completed
Residences Botanique	81	99%	77%	1,020	260	1Q2012
Caspian	712	100%	80%	610	248	1Q2012
8@Woodleigh	330	100%	61%	790	267	2Q2012
Waterfront Key[1]	437	99%	72%	840	240	1Q2013
Flamingo Valley	393	45%	22%	1,230	415	4Q2013
Waterfront Gold[1]	361	99%	13%	965	240	1Q2014
Esparina Residences[2]	573	99%	12%	740	315	2Q2013
Waterfront Isle[1]	563	85%	6%	980	240	4Q2014
Eight Courtyards[1]	656	79%	4%	800	320	3Q2014
Seastrand[1]	474	58%	2%	900	335	4Q2014
Boathouse Residences[1]	494	46%	0%	900	320	4Q2014

Note:
1 *Effective interest is 50.0%*
2 *Effective interest is 80.0%*

SINGAPORE – Land bank

Land bank	Location	Effective interest	Est. no. of units	Est. saleable area (mil sqf)	Land cost ($ psf ppr)	Tenure	Est. launch ready date
Punggol EC	Punggol Field	80.0%	728	0.82	270	Leasehold	1Q2012
Flora Drive	Flora Drive	100.0%	432	0.41	325	Leasehold	1Q2012
Watertown (residential)/ Waterway Point (retail)	Punggol Central/ Walk	33.3%	930	0.79	753 (includes retail)	Leasehold	1Q2012
Starhub Centre	Orchard Road	100.0%	240	0.33	1,194	Leasehold	TBD

Note:
TBD denotes To Be Determined

Eight Courtyards

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As part of the Group's capital management efforts, we entered into joint ventures for several key acquisitions this year, including the $1-billion Punggol Central mixed-use development site, the Pasir Ris Drive site and the Upper Serangoon View site.

Acquired in March 2011, the 1.4 million-sqf Punggol Central site, located at the newly opened Punggol Waterway, will be developed into an iconic waterfront development comprising about 930 residential units, *Watertown*, and a 370,000-sqf retail mall, *Waterway Point*. *Watertown* will be ready for launch in 1Q2012.

Another discipline that the Group adopts is the fast turnaround of Singapore land bank. This quick turnaround strategy allows us to maximise asset turnover and unlock land bank value. Launched within nine months after acquisitions, *Eight Courtyards* at Yishun was launched for sale at an average selling price of $800psf, while *Seastrand* at Pasir Ris Drive and *Boathouse Residences* at Upper Serangoon View were launched at an average selling price of $900psf. The remaining two sites at Punggol Field and Flora Drive, which were acquired in mid-2011, are expected to launch by 1Q2012.

Overseas - Delivering our overseas pipeline

Our focus on quick asset turnaround remains the same for our overseas markets. Riding on sustained demand for quality homes, we sold about 800 units in our key markets of Australia and China this year. Led by good sales from three new launches and previously launched projects, the Group recorded sales of 469 units in Australia. In China, although we did not release any new projects for sale this year, we benefited from sales of previously launched projects such as phase 1 of *Baitang One* and *Shanshui Four Seasons*. In total, 329 units were sold in China.

Stable sales in Australia

Residential sales in Australia were healthy with a total of 469 units sold. The Group successfully launched the first two residential phases of the Central Park project, *One Central Park ("OCP")* and *Park Lane*. Since its official launch in October 2010, another 245 units of *OCP* have been sold, bringing total sales to 495 units (79%), at an average price of A$1,180psf as at the end of September 2011. Hot on the heels of *OCP's* successful launch, 385 units of *Park Lane*, which comprises 777 units, was soft launched for sale in June. With units priced between A$505,000 and A$1.2 million, as at end September 2011, a total of 97 units (26%) have been sold at an average of A$1,260psf.

From left to right: *Seastrand, Boathouse, Central Park*

The year also saw the soft launch of 265-unit *QIII*, the first residential phase of the Queens Riverside project in East Perth. Strategically located along the Swan River and within the East Perth Riverside redevelopment precinct, Queens Riverside is a 15,300-sqm mixed-use development comprising 337 residences (combined total of *QI*, *QII* and *QIII)* and a 184-key, all-suite serviced apartment, *Fraser Suites Perth*. With units priced between A$340,000 and A$3.9 million, a total of 55 residential units (26%) were sold at an average price of A$725psf, before the public launch in October 2011.

Intensifying capital recycling efforts

During the year, the Group welcomed Sekisui Holdings, Ltd ("Sekisui") as a partner to jointly develop the majority of the mixed-use Central Park project in central Sydney, Australia, with the Group being retained as project manager for the development. The Group divested the 50% stake for A$230 million and realised a gain of about $40 million. The combined resources and unique strengths of F&N and Sekisui will enable us to accelerate the development and realisation of the value of this six-hectare site. Besides early recycling of the Group's capital ahead of project completion, this move also provides us the added financial flexibility to intensify the recycling of our remaining Australian inventory and to seek other opportunities.

Upcoming launch of Putney Hill

The Group acquired a 13.7 hectare site in the Sydney suburb of Ryde in June 2010, to be marketed as Putney Hill. This will be our first offering of low density housing in Sydney. The mix of low-density, semi-detached houses, bungalows and medium-density apartments totals 791 units. Sales launch is scheduled in November 2011.

Stable demand in China

In China, the Group benefited from the sale of previously launched phases of *Shanshui Four Seasons* and *Baitang One*. Phase 1 of *Shanshui*, which features 418 units of 3-storey landed terrace and semi-detached villas, was completed in 2009 with 415 units (99%) sold at an average selling price of RMB13,660 per square metre ("psm"). Phase 2 is targeted to launch in 2Q2012.

The Group's other residential development project in China, *Baitang One* is located on the east of the largest lake (Jinji Hu) in Suzhou Industrial Park, also known as Suzhou's new CBD. Located in close proximity to the Nanjie and Xing Tang Jie light rail stations, this development yields a gross floor area of more than 550,000 square metres, and comprises 3,900 high-rise condominium units, multi-storey houses and townhouses for launch over six years. Phase 1 with 968 units of low-rise apartments and terrace houses was launched for sale last year. A total of 821 units (85%) have been sold to date at an average selling price of about RMB13,500psm. The Group is preparing to launch phase 2 with 898 units of high-rise condominium and terrace houses in FY2012.

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AUSTRALIA – Projects currently under development

Projects	Location	Effective interest	No. of units	% Sold @ 30 Sep 11	% Completion @ 30 Sep 2011	Ave. selling price (A$ psf)	Land cost (A$ psf)	Est. completion date
Lorne Killara	Sydney	75.0%	40	53%	100%	820	123	Completed
Lumiere Residences	Sydney	81.0%	456	98%	100%	1,030	90	Completed
Trio/Alexandra, City Quarter	Sydney	88.0%	409	96%	100%	880	98	Completed
One Central Park	Sydney	37.5%	623	79%	15%	1,180	228	2013
Park Lane	Sydney	37.5%	385	26%	3%	1,260	228	2013

AUSTRALASIA – Land bank

Land bank	Location	Effective interest	Est. no. of units	Est. saleable area ('m sqf)	Land cost (A$ psf)
Central Park					
-Fraser/Sekisui JV	Sydney	37.5%	662	1.3	124
-Non-JV land bank	Sydney	75.0%	553	0.4	83
Frasers Landing	Mandurah	56.3%	1,180	1.7	10
Killara Pavillions	Sydney	75.0%	99	0.1	149
Parramatta River	Sydney	75.0%	637	0.6	39
Putney Hill	Sydney	75.0%	791	1.1	83
Queens Riverside	Perth	87.5%	573	0.6	37
Broadview	New Zealand	75.0%	29	0.1	NZ$61
Coast @ Papamoa	New Zealand	67.5%	684	1.5	NZ$15
TOTAL			**5,208**	**7.4**	

CHINA – Projects currently under development

Projects	Location	Effective interest	No. of units	% Sold @ 30 Sep 11	% Completion @ 30 Sep 11	Ave. selling price (RMB psm)	Land cost (RMB psm)	Est. completion date
Baitang One (Phase 1a)	Suzhou	100.0%	426	99%	100%	13,300	2,700	Completed
Baitang One (Phase 1b)	Suzhou	100.0%	542	74%	70%	13,800	2,700	3Q2012
Chengdu Logistic Park Office Units (Phase 1)	Chengdu	80.0%	137	100%	100%	5,370	200	Completed
Shanshui Four Seasons (Phase 1)	Shanghai	76.0%	418	99%	100%	13,400	1,610	Completed

CHINA – Land bank

Land bank	Location	Effective interest	Est. no. of units	Est. saleable area ('m sqf)	Land cost (RMB psm)
Baitang One (Phase 2 – 4)	Suzhou	100.0%	2,852	4.6	2,700
Shanshui Four Seasons (Phase 2 – 5)	Shanghai	76.0%	5,360	7.3	1,610
Residential			**8,212**	**11.9**	
Chengdu Logistic Park (Phase 2 – 4)	Chengdu	80.0%	-	4.4	-
Vision Shenzhen Business Park (Phase 3)	Shenzhen	56.2%	-	2.6	-
Commercial			**-**	**7.0**	
TOTAL			**8,212**	**18.9**	

From left to right: *Park Lane, Putney Hill, QIII, Shanshui Four Seasons, Baitang One*

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Commercial Property

The Group has a global portfolio of 27 investment properties diversified across retail malls, office towers, business parks and two real estate investment trusts ("REIT") namely Frasers Centrepoint Trust ("FCT"), our 41%-held retail REIT, and Frasers Commercial Trust ("FCOT"), our 26%-held office and business park REIT.

Delivering growth through active portfolio management

Attributable profit from Commercial Property grew 14% to $112 million. This strong performance was achieved due to our proactive management of the portfolio to improve revenue and operational efficiency. This double-digit earnings improvement was achieved despite further dilution of the Group's stake in FCT this year. Subsequent to the sale of two retail assets to FCT in February 2010 and another retail mall in September 2011, the Group's interest in FCT is about 41%, down from 51%. Consequently, the Group no longer consolidates FCT's results.

Following the successful divestment of *Northpoint* extension and *YewTee Point* in February 2010 to FCT, the Group sold its newly completed mall, *Bedok Point,* to FCT for $127 million in September 2011. *Bedok Point* was completed in November 2010. This divestment allowed the Group to use the resources released from the asset sale to add properties while maximising total returns from development gains, property yield and management fees. To part-finance the acquisition of *Bedok Point*, FCT placed out 48 million new units at $1.39 per share (which was at the top-end of the price range for the placement). The Group chose not to subscribe to the new units, thus allowing our unitholding to be reduced to 41%, from 43%.

FCT delivered strong growth on all fronts in FY2011, on the back of a strong 4QFY2011 performance from *Causeway Point*, healthy occupancy and higher rental reversions for FCT's overall portfolio. Consequently, FCT delivered a record distribution per unit ("DPU") of 8.32 cents, its fifth consecutive year of DPU growth since listing.

Bedok Point

From left to right: *Alexandra Technopark, China Square Central*

Unlocking value through asset enhancements

We continued our efforts on asset enhancement works so as to optimise return to Unitholders. This year, our seven-storey shopping complex, *Causeway Point*, ended FY2011 with good rental reversions and occupancy surged to 92%, from a trough of 69% in 2QFY2011, after having gone through the most intensive period of enhancement works. Once enhancement works are fully completed in December 2012, *Causeway Point* is expected to improve FCT's net property income ("NPI") by 22%, to $52 million which translates to a return on investment of about 13%.

Non-REITed malls enjoyed high occupancy

The Group's non-REITed malls achieved almost full occupancy. In Singapore, both *The Centrepoint* and *Robertson Walk* maintained an average occupancy rate of 98% and 96% respectively. *Crosspoint* in Beijing saw its occupancy increase to 83% after a successful revamp and repositioning.

Office & Business Park Space

Substantial increase in occupancy

Driven by higher portfolio occupancy and NPI, FCOT achieved its second consecutive year of growth since completion of the recapitalisation exercise in 2009. This year, distributable income to Unitholders grew 5% to $36 million, despite negative rental reversion in some of our leases. DPU improved 3% to 5.75 cents. As part of our continuous efforts to strengthen the portfolio mix, we successfully divested two non-core assets namely *Cosmo Plaza* and the Australian Wholesale Property Fund this year. The divestments helped FCOT lower its borrowings and consequently its interest expenses.

Stable performance by non-REITed office and business space

During the year, the Group's non-REITed office and business parks in Singapore, China and Vietnam also achieved high occupancy. In Singapore, the office and industrial properties enjoyed healthy occupancies of 95% and 96% respectively, while *Me Linh Point* in Vietnam was fully-let.

In China, *Vision Shenzhen Business Park* continued to enjoy full occupancy. Demand for office space at A-Space in Chengdu was excellent with all 136 office units now fully sold at an average selling price of RMB5,370psm. Construction of phase 2 comprising a 63,000-sqm office block will be completed in 2013.

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Commercial Portfolio

Properties	Effective interest	Book value ($ million)	Net lettable area (sqf)	Occupancy FY2011	Occupancy FY2010
SINGAPORE – REIT (Frasers Centrepoint Trust)					
Anchorpoint	40.7%	$78	71,610	99%	99%
Bedok Point (Injected in Sep 2011)	40.7%	$128	80,985	98%	-
Causeway Point[1]	40.7%	$820	418,543	92%	97%
Northpoint	40.7%	$533	235,536	98%	99%
YewTee Point (Injected in Feb 2010)	40.7%	$138	73,120	96%	98%
SINGAPORE – Non-REIT retail asset					
Compass Point[2]	-	na	269,546	100%	100%
Robertson Walk	100.0%	$57	96,568	96%	73%
The Centrepoint	100.0%	$585	332,261	98%	98%
Valley Point (Retail)	100.0%	$25	39,817	100%	100%
Changi City Point[3]	50.0%	na	208,000	73%	na
Waterway Point (Punggol mixed-use site)	33.3%	na	365,000	na	na
OVERSEAS – Non-REIT retail asset					
China, Beijing: Crosspoint	100.0%	$53	159,977	83%	68%
TOTAL RETAIL			**2,350,963**		
SINGAPORE – REIT (Frasers Commercial Trust)					
55 Market Street	26.0%	$126	72,109	96%	83%
Alexandra Technopark	26.0%	$359	1,048,950	100%	100%
China Square Central	26.0%	$555	368,238	100%	100%
KeyPoint	26.0%	$285	309,963	88%	81%
SINGAPORE – Non-REIT office/business park asset					
Alexandra Point	100.0%	$162	198,436	98%	98%
Valley Point (Office)	100.0%	$170	182,429	97%	94%
Changi Business Park (Office)	50.0%	na	640,407	na	na
OVERSEAS – REIT (Frasers Commercial Trust)					
Australia, Canberra - Caroline Chisholm Centre	26.0%	$121	216,591	100%	100%
Australia, Perth - Central Park	26.0%	$373	356,770	100%	98%
Japan, Osaka - Galleria Otemae Building	26.0%	$63	108,509	89%	89%
Japan, Tokyo - Azabu Aco Building	26.0%	$22	15,944	100%	100%
Japan, Tokyo - Ebara Techno-Serve Headquarters Building	26.0%	$38	53,805	100%	100%
OVERSEAS – Non-REIT office/business park asset					
China, Beijing - Sohu.com Internet Plaza	34.0%	$59	159,520	100%	98%
China, Shenzhen - Vision Shenzhen Business Park	56.2%	$184	1,378,300	100%	100%
Vietnam, Ho Chi Minh City - Me Linh Point	75.0%	$56	190,263	96%	95%
TOTAL OFFICE/BUSINESS PARK			**5,300,235**		
TOTAL COMMERCIAL PROPERTIES			**7,651,198**		

Note:
1 *Lower occupancy due to planned enhancement work*
2 *Managed by Frasers Centrepoint Group*
3 *Achieved temporary occupation permit in September 2011; as at November 2011, >90% leased*

Hospitality

A global leader in serviced residences

The Group's serviced residences arm, Frasers Hospitality, continues to expand and strengthen its presence in key gateway cities around the world. The gold-standard serviced residences operator has set its sights on further expansion into the high growth region of Asia and key cities in Australia and Europe, and plans are on track to manage a total of 72 properties worldwide over the next three years.

In the year under review, Frasers Hospitality signed three Memorandums of Understanding and secured seven agreements with owners to manage properties in China, Indonesia, Malaysia and Saudi Arabia.

A total of 10 properties commenced operations this financial year. They comprised *Fraser Residence Nankai Osaka, Fraser Suites Chengdu, Fraser Suites Suzhou, Modena Shanghai Putuo, Modena Jinjihu Suzhou, Fraser Residence Budapest, Fraser Place Anthill Istanbul, Fraser Residence Orchard, Fraser Residence Sudirman Jakarta* and *Fraser Place Melbourne*.

As at 30 September 2011, Frasers Hospitality has a total of 7,062 apartments in operation. The number of operational and signed up apartments exceeds 12,400 units.

In addition to its rapid expansion, Frasers Hospitality also embarked on an asset enhancement on the 13-year-old *Fraser Suites Singapore* to further enhance customer experience. By end-2012, the 251-unit *Fraser Suites Singapore* will be fully renovated and better equipped to meet the evolving needs of corporate residents.

From top, clockwise: *Fraser Residence Orchard, Fraser Residence Sudirman Jakarta, Fraser Place Anthill Istanbul*

Serviced Residences: Properties in Operations

Country	Property	Equity (%)	No. of units	Occupancy FY2011	Occupancy FY2010	Ave. daily rate FY2011	Ave. daily rate FY2010
OWNED PROPERTIES							
Australia	Fraser Suites Sydney	80.5	201	88%	89%	A$236	A$223
	Fraser Place Melbourne	100.0	115	72%	na	A$114	na
China	Fraser Suites Beijing	100.0	357	85%	85%	RMB637	RMB586
Indonesia	Fraser Residence Sudirman Jakarta	100.0	108	65%	na	US$122	na
London	Fraser Place Canary Wharf	100.0	63	89%	90%	£153	£143
	Fraser Place Chelsea	32.1	30	81%	89%	£107	£101
	Fraser Suites Kensington	32.1	69	83%	69%	£211	£197
Philippines	Fraser Place Manila	100.0	89	88%	87%	PHP6,664	PHP6,184
Scotland	Fraser Suites Glasgow	100.0	99	70%	72%	£68	£73
	Fraser Suites Edinburgh	100.0	75	72%	68%	£106	£98
Singapore	Fraser Place Singapore	100.0	163	92%	94%	$297	$271
	Fraser Suites Singapore[1]	100.0	251	84%	85%	$275	$238
TOTAL NO. OF ROOMS (OWNED)			**1,620**				

Note:
1 *Planned enhancement work affected occupancy*

Country	Property	No. of units
Bahrain	Fraser Suites Bahrain	91
China	Fraser Place Shekou	232
	Fraser Residence Shanghai	272
	Fraser Suites Shanghai	187
	Fraser Residence CBD East Beijing	228
	Fraser Suites Nanjing	210
	Modena Shanghai Putuo	407
	Modena Heping Tianjin	104
	Fraser Suites Chengdu	360
	Fraser Suites Suzhou	276
	Modena Jinjihu Suzhou	237
France	Fraser Suites Harmonie, Paris La Defense	134
	Le Claridge Champs - Elysees, Fraser Suites, Paris	110
Hong Kong	Fraser Suites Hong Kong	87
Hungary	Fraser Residence Budapest	54
Japan	Fraser Residence Nankai Osaka	114
London	Fraser Residence Prince of Wales	18
	Fraser Place Queens Gate	106
	Fraser Residence Blackfriars	12
	Fraser Residence Monument	14
	Fraser Residence City	22
Malaysia	Fraser Place Kuala Lumpur	216
Philippines	Fraser Place Manila	35
Qatar	Fraser Suites Doha	138
Singapore	Fraser Place Fusionopolis	50
	Fraser Residence Orchard	72
South Korea	Fraser Suites Insadong, Seoul	213
	Fraser Place Central, Seoul	237
Thailand	Fraser Place Urbana Langsuan, Bangkok	143
	Fraser Suites Urbana Sathorn, Bangkok	156
	Fraser Suites Sukhumvit, Bangkok	163
	Fraser Resort Pattaya	84
	Others	194
Turkey	Fraser Place Anthill Istanbul	116
UAE	Fraser Suites Dubai	180
Vietnam	Fraser Suites Hanoi	170
TOTAL NO. OF ROOMS (UNDER MANAGEMENT)		**5,442**

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Watertown

Market Outlook: Looking ahead

Development - Singapore

External conditions continue to weigh on Singapore. As the Euro area financial turbulence intensifies and the risk of a renewed slump in advanced economies rises, we expect property demand to moderate with prices flattening out. However, in the longer term, demand will continue to be supported by steady GDP growth and the low interest rate environment.

Going forward, as we maintain Singapore as our development base, we will continue to replenish our land bank by participating in the Government Land Sales programme while exercising strong discipline in pricing land bids. Our main focus will be the mass market segment and we will continue to leverage on joint venture partnerships to develop projects in strategic locations.

In the new year, we look forward to the launch of the 432-unit site in Flora Drive and two projects in Punggol - the 930-unit *Watertown* located in Punggol Central and the 728-unit executive condominium at Punggol Field. With steady GDP growth, low interest rates, good locational traits and correct pricing, we expect good demand for these launches. The successful launch of these sites will underpin the Group's earnings in the future, supported by the $2-billion unrecognised revenue from pre-sold projects in Singapore and overseas.

Development - Overseas

China

After several rounds of cooling measures and restrictive policies by the Chinese government to curb spiraling property prices and speculative buying, sales volume has begun to fall, with prices remaining flat, or easing slightly.

The Group is expecting challenging times ahead, with liquidity pressures set to increase over the next six months to one year due to weakening property sales and tight credit conditions.

In view of this, we will adopt a moderately cautious outlook on China's real estate development sector. The Group will continue to monitor and assess the market and implement appropriate sales strategies to market subsequent launches of *Baitang One* and S*hanshui Four Seasons* in Suzhou and Shanghai respectively.

In keeping with our target to sell an average of 1,000 units in China, for FY2012, we plan to launch about 900 units from phase 2 of *Baitang One* in Suzhou. Comprising 11 high-rise condominium towers and 68 terrace houses with 150,200-sqm gross floor area, and given its close proximity to Suzhou's largest lake (Jinji Hu) and Light Rail Transit stations, we expect this launch to be well-received by buyers.

CEO BUSINESS REVIEW
PROPERTIES

From left to right: *QIII, Changi City Point*


Australia
House prices have fallen over 2011. The removal of the first home owner incentive, a re-tightening of foreign investment rules and higher interest rates earlier this year have been the main triggers for a softer Australian property market. In Sydney, where most of our assets are based, the drop in house prices was not significant. Looking ahead, the recent interest rate cuts should help housing affordability. The chronic housing shortage situation in New South Wales will remain, if not intensify, in the years ahead.

Since our partnership with Sekisui, the Group has accelerated the launch and development of the six-hectare Central Park site in Sydney. The financial resources released from our sale of the 50% interest in this project has also provided us with added financial flexibility to intensify the recycling of our remaining Australian land bank. In FY2012, we will proceed with the launch of the remaining 400 units of Park Lane. Leasing of the retail centre at Central Park (scheduled to open in early-2013) is currently in progress.

We have begun marketing Queens Riverside mixed-use precinct in Perth. The 184-unit Frasers Suites serviced apartment building is scheduled for completion in 2012 and construction is scheduled to commence on the adjacent 265-unit *QIII* residential block.

In addition, the Group has also advanced the development of Putney Hill, a 13.7-hectare site in the Sydney suburb of Ryde, with sales commencing in November 2011 to favourable demand. Master-planning is also underway on the 4.9 hectare Morton Street residential development site, located on the banks of Sydney's Parramatta River. On completion, the site will have approximately 700 dwellings.

Commercial

As a developer-sponsor for both REITs, the Group will continue to provide support to FCT and FCOT in their acquisition growth strategy and active portfolio enhancement initiatives. Quality pipeline assets will be nurtured and made available for injection into the respective portfolios when market conditions

infrastructure, will offer a mix of alfresco dining, waterfront shopping options and entertainment outlets. Targeted to open in 2016, *Waterway Point* is slated to be the first ever late-night waterfront suburban mall in Singapore.

Going forward, FCT will continue to position itself as a leading suburban retail mall REIT in Singapore, leveraging on its strengths and asset enhancement expertise to drive growth on multiple fronts.

FCOT will stay nimble in the current environment and continue to implement a proactive leasing strategy to improve the portfolio occupancy level and rental rates. At the same time, it will manage the property expenses in view of continuing pressure on rising operating cost and continue to work towards early re-financing of the Trust's existing debts which are due in the early part of FY2013.

Hospitality

We expect demand for serviced residences to remain strong, especially in Asia.

The Asian economies continue to attract high levels of foreign direct investment. There is strong demand for serviced residences in key gateway cities like Singapore, Kuala Lumpur, Shanghai and Beijing where many multi-national companies have set up their operations. In this volatile economic environment, business and leisure travellers have also recognized that serviced residences offer superior value and flexibility in lease arrangements.

We will continue to expand by management contracts to tap on this demand and pursue investment opportunities in key gateway cities to leverage on our strong global network.

are favourable. Through asset enhancement initiatives, the REITs will also reap the benefits of higher rentals and capital appreciation.

In Singapore, the Group's pipeline projects include the 208,000-sqf retail space, *Changi City Point*, located within Changi City – a high quality, integrated development comprising *Changi City Point*, a 640,000-sqf business park, *One @ Changi City*, and a 313-room hotel. Jointly developed with Ascendas Land, *Changi City Point* spans three levels of retail space comprising a mix of factory outlet stores, F&B outlets, and a 350-seat roof-top amphitheatre for performance and arts events. More than 90% leased, the mall opened to the public in November 2011.

Another noteworthy project will be the mixed residential-cum-retail development at Punggol, Singapore's first eco-town located in the northeastern part of Singapore. To be jointly developed with Far East Organization and Sekisui, *Waterway Point*, a four-level shopping complex (including 2 basements) with a transportation hub linked to primary transport