LIM EE SENG
Chief Executive Officer

A passion to create the finest developments built with a history of excellence.

Revenue increased
49%
to $2B

PBIT increased
55%
to $566M

BUSINESS OVERVIEW

The Group's properties business is primarily held through its wholly-owned subsidiary, Frasers Centrepoint Limited ("**FCL**"). This year, Properties recorded revenue and profit of $2 billion and $566 million, up 49% and 55%, respectively, from FY2012. Development Property was again the main contributor to Properties earnings, almost doubling its profit from last year. Commercial Property, which comprises Investment Property, REITs and Hospitality, also recorded strong earnings growth of 10% on higher fee and rental income, despite the absence of rental income from two investment properties following the divestment of a Hong Kong-listed subsidiary in September 2012.

A New Era

On 27 August 2013, the Group announced a proposal to list FCL by undertaking an *in specie* distribution of FCL shares to F&N shareholders. Upon obtaining all relevant approvals, F&N shareholders will receive two FCL shares for every one F&N share owned, at no cost and with no adverse tax impact. FCL shares are expected to be listed by way of introduction on the Main Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**").

The proposed demerger will reinforce FCL's position as a full-fledged international real estate company with a diversified portfolio of residential, commercial and hospitality properties. Post-listing, FCL is expected to be one of the largest listed property companies on the SGX-ST by market capitalisation. As a standalone listed entity with its own independent Board and management team, FCL will enjoy greater corporate visibility and have direct access to capital markets to pursue its growth strategies.

DEVELOPMENT PROPERTY

Revenue from Development Property ("**DP**") grew 57% to $1.7 billion, whilst PBIT surged 94% to $379 million. In addition to higher sales from the completed *Pano* condominium project in Thailand, the increase in overall DP receipts came mainly from revenue recognition on the completion of *Esparina Residences* in Singapore, *Baitang One* Phase 2A in China, *One Central Park* West in Australia and *Wandsworth Riverside Quarter* Blk 5A in the United Kingdom.

Singapore DP

DP's operations performed strongly this year. Measured against the year before, revenue went up 65% and PBIT increased 64% - mostly due to the completion of *Esparina Residences*, an executive condominium ("**EC**") project which recognised revenue upon obtaining TOP in September 2013.

Altogether, Singapore DP sold about 1,900 residential units (including joint venture projects) across more than a half-dozen properties in Singapore.

Projects such as *eCO*, *Palm Isles*, *Seastrand*, *Watertown*, *Boathouse Residences* and *Eight Courtyards* enjoyed take-up rates of between 88% and 100%.

A pair of completely new developments that came off the drawing board this year yielded a total of 1,050 units. In January 2013, *Q Bay Residences* made its debut after the government's seventh cooling measures, and signed up 400 buyers within a month. Of the 632 units available, 541 have already been sold to date. This is the result of right pricing strategy combined with excellent product innovation. At *Q Bay Residences*, the Group introduced the first ever bay villa to provide a function space to entertain and accommodate guests. We are jointly developing *Q Bay Residences* with Far East Organisation and Sekisui House Ltd. In May, the Group also introduced *Twin Fountains*, a 418-unit EC located at Woodlands Avenue 6. *Twin Fountains* was jointly developed with Lum Chang. Day One of its launch resulted in the sale of 272 units or 65% of the available units, underscoring the unabated demand for ECs. As of end-September, 77% of *Twin Fountains* had already found buyers.

1. *Eight Courtyards, Singapore*
2. *Palm Isles, Singapore*
3. *Boathouse Residences, SIngapore*

> **"Projects such as *eCO*, *Palm Isles*, *Seastrand*, *Watertown*, *Boathouse Residences* and *Eight Courtyards* enjoyed take-up rates of between 88% and 100%"**

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4. Q Bay Residences, Singapore
5. Twin Fountains, Singapore

FCL also managed to secure Fernvale Close with a $257 million or $533 psf ppr bid that was tendered in concert with Far East Orchard Limited and Sekisui House. Our joint venture partners each hold a 30% stake in the acquisition with the remaining 40% belonging to FCL. We plan to capitalise on the site's idyllic environment to build seven 18-storey apartment blocks comprising some 490 residences.

Another successful bid was put in for the Cecil Street/Telok Ayer Street commercial-use land parcel within the Central Business District. The $924 million purchase is being envisaged as the site of a premium Grade A office tower.

In September 2013, we also won a tender for a mixed-use land parcel at Yishun Central for $1.4 billion. This prime site is located in the heart of Yishun Town Central with easy accessibility via public or private transportation from anywhere in Singapore. We intend to develop it into a 12-storey integrated complex comprising 900 residential units atop a retail mall, bus interchange and community club.

Overseas

Demand for our overseas properties remained strong in our core markets. Revenue contributions from our overseas developments rose 34% to $344 million, with earnings of $33 million.

CEO Business Review • Properties

Australia

Completed projects at *Lumiere, City Quarter*, *Lorne* and *The Habitat*, along with 12 land plots at *Frasers Landing*, together accounted for 26 units sold during the year. Pre-sales of projects under construction came to 495 units spread over a trio of properties. These comprised 119 units from *Putney Hill*, 304 units from *Central Park* in Sydney and 72 units at *Queens Riverside* in Perth.

In addition, the Killara and Morton Street sites were sold for A$18.6 million and A$58 million respectively.

China

The *Baitang One* Phase 2A project in Suzhou gained its occupancy permit in September 2013 and had 333 of its units snapped up over the course of the year. Phase 2B, launched in June, had sold 52 residences (or 30% of launched units) by the end of the financial year.

Over in Chengdu, construction of two office blocks and an ancillary retail block for Phase 2, which comprises 149 office units and 14 retail units, is on track for completion in 1Q2014. As at end of September 2013, 46 out of 163 units were pre-booked.

In Shanghai, the Group is in a 45% joint venture with Gemdale Corporation. *Songjiang Mega City* (formerly known as *Shanshui Four Seasons*) Phase 2A was launched in August. The launch was a success and 459 units out of 924 were sold.

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Central Park, Sydney, Australia

“Demand for our overseas properties remained strong. Revenue contributions from our overseas developments rose 34% to $344 million, with earnings of $33 million”

1. *Frasers Landing, Western Australia, Australia*
2. *Lorne Killara, Sydney, Australia*
3. *Putney Hill, Sydney, Australia*
4. *Baitang One, Suzhou, China*
5. *Lumiere Residences, Sydney, Australia*

COMMERCIAL PROPERTY

Commercial Property FY2013 revenue improved 15% to $317 million on higher fee and rental income, despite the absence of rental income from two investment properties following the divestment of Frasers Property China Limited, a Hong Kong-listed subsidiary in September 2012.

The improved performance of Commercial Property was driven partially by the Group’s 41%-held retail real estate investment trust (“**REIT**”), Frasers Centrepoint Trust (“**FCT**”), higher rental income from our existing non-REIT investment properties, and Hospitality arm.

Rental income in Singapore trended upwards from the previous year. Meanwhile, occupancy rates among the Group’s retail malls in Singapore held steady at a lofty 98% on average. Our industrial and commercial properties also boasted close to full occupancy. Even the *Valley Point Office Tower* managed to improve its occupancy to around 91%, from 78% last year. Our office building in Vietnam enjoyed full occupancy.

CEO Business Review • Properties

FCT and Frasers Commercial Trust ("**FCOT**") improved on their operating results in FY2013. Nevertheless, the lower income from the latter's convertible perpetual preferred units ("**CPPU**"), fully redeemed in the first half of the financial year, triggered a 2% slide to $54 million for the Group's share of results from both associated companies.

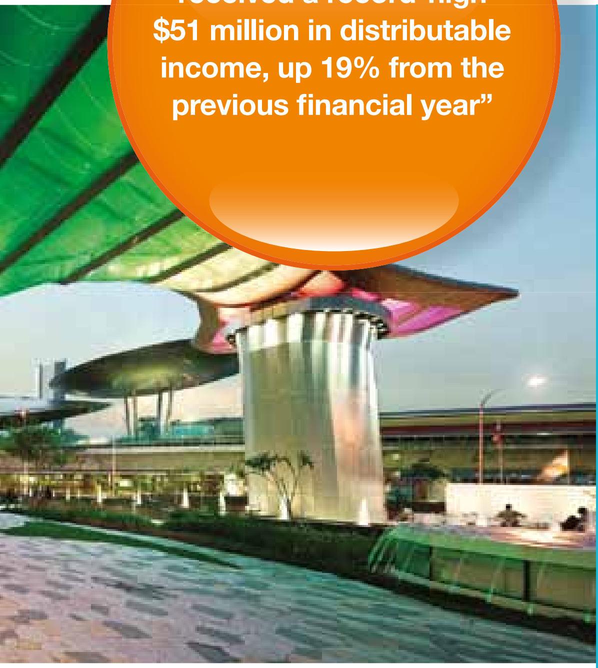
Retail

FCT turned in yet another steady performance, achieving new-highs in its income, net asset value and distribution for the seventh consecutive year. Its gross revenue grew 7% to $158 million on higher rentals, for new and renewed leases at *Causeway Point* and *Northpoint*. Similarly net property income grew 7% to $112 million, with annual distribution per unit establishing a record-high of 10.93 cents.

Suburban malls have become firmly entrenched in the national landscape as well as in the lifestyles of the majority of Singapore's population. With another sprawling shopping destination on the way at Yishun Central to complement *Causeway Point*, *Northpoint*, *Waterway Point* and *Compass Point*, we have become, unquestionably, a leading mall operator in the vibrant northern sector of Singapore.

Our non-REIT malls likewise logged high occupancy levels during the year. Both *Valley Point* and *Compass Point* were fully leased out; *Robertson Walk* came in at 99%, slightly ahead of both

"FCOT unitholders received a record-high $51 million in distributable income, up 19% from the previous financial year"



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The Centrepoint and *Changi City Point* with 98% occupancy. Over in Beijing, *Crosspoint* with its net lettable area of 161,909 sq ft, posted a healthy occupancy of 92% in a competitive retail market as of 30 September 2013.

Office and Business Parks

FCOT unitholders received a record-high $51 million in distributable income, up 19% from the previous financial year. This is despite the divestments of *KeyPoint* and the company's holdings in Japan, which – along with a weaker Australian dollar – had impacted FCOT's gross revenue by 11% from the year before to $118 million. Distribution per unit was a full 17% higher year-on-year, at 7.83 cents. This strong performance has been driven primarily by:

- A payoff from the past year's initiatives of reshaping and unlocking property value
- A boost in underlying revenue recognised after the expiry of the master lease at *China Square Central*
- Higher rental rates resulting from positive rental reversions
- Increased income from an additional 50% interest in *Caroline Chisholm Centre*
- Lower interest costs born of effective capital management
- Redemption and conversion of Series A CPPUs

Absent the FY2012 gross revenue contributed by *KeyPoint* and our Japanese assets, this year's revenue would have shown a 11% increase.

We expect the recent completion of our asset enhancement initiatives at the office tower of *China Square Central*, the location of which is itself being rejuvenated under the China Square Precinct Master Plan, will further unlock value and improve growth potential of the property. The opening in December 2013 of the Telok Ayer MRT Station on the Downtown Line should further fortify *China Square Central's* appeal to office space users in the coming months and years.

Outside of the Group's commercial REIT, our *Alexandra Point* and *Valley Point Office Towers* achieved 100% and 91% occupancy, respectively. *Chengdu Logistics Hub* had 78% of its 703,981 sq ft of net lettable space leased out, while *Me Linh Point* in Ho Chi Minh City achieved 100% occupancy for yet another year. *One@Changi City*, a 50% joint venture project with Ascendas Land, was completed in November 2012 and enjoyed occupancy rate above 90%.

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1. *Changi City Point, Singapore*
2. *Causeway Point, Singapore*
3. *Northpoint, Singapore*
4. *Me Linh Point, Ho Chi Minh City, Vietnam*
5. *China Square Central, Singapore*
6. *Chengdu Logistics Hub, Chengdu, China*
7. *Alexandra Point, Singapore*

Hospitality

The globalisation of industry and business in today's world ensures that our hospitality segment will always have room to grow. Boosted by room revenue from new property acquisitions and launches, our serviced apartment arm recorded a 40% increase in revenue to $184 million and an even more gratifying 74% rise in PBIT to $70 million on the previous 12 months.

Major contributors to our bottom line included *Fraser Suites Kensington* in the United Kingdom, which became 100% owned by Frasers Hospitality in September 2012*, and a pair of developments that began operations, *Fraser Suites Perth* in Australia and *Capri@Changi City* in Singapore. *Frasers Suites Singapore* had also completed its asset enhancement initiatives and improved its contributions to the Group. In addition, improved operating efficiency coupled with higher daily rental rates and occupancy at existing, refurbished or expanded properties also helped to beef up the positives in our hospitality ledger.

The division's investment portfolio was further boosted by the acquisition of an office building in Brisbane worth A$37 million that is being reconfigured into 240 serviced apartments.

Along with the developments that we own and operate, Frasers Hospitality also manages residences for a fee. As of September 2013, it has signed up units of 7,146, to add to the 7,914 already in operation. We expect this segment of our business to grow exponentially in the years ahead, since it allows us to parlay our wealth of expertise and experience into a formidable revenue stream via an asset-light strategy that requires little capital expenditure.

LOOKING FORWARD

Whether it's in the residential, commercial or hospitality sector, we have good products for which there is virtually insatiable demand. Our long-term strategic planning is proactive and backed by land bank selectively stocked and continually replenished to sustain our growth.

In Singapore, in the wake of the government's property market cooling measures, 12,400 private residences were sold from January to September 2013, compared to 18,000 units in the previous year. Their prices also grew at a markedly lower 0.4% in the September quarter, as opposed to 1% earlier. Nevertheless, we expect demand to stabilise over the longer term and be underpinned by steady economic growth, first-time buyers, HDB upgraders and population growth, albeit at a slower pace.

* FCL owned 30% of Frasers Suites Kensington before September 2012

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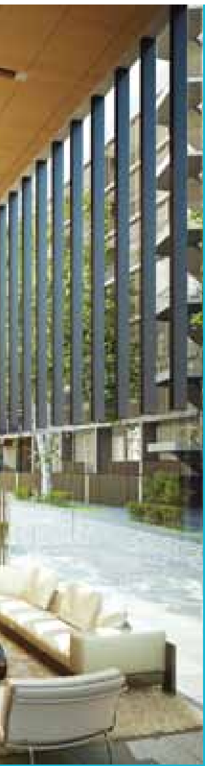

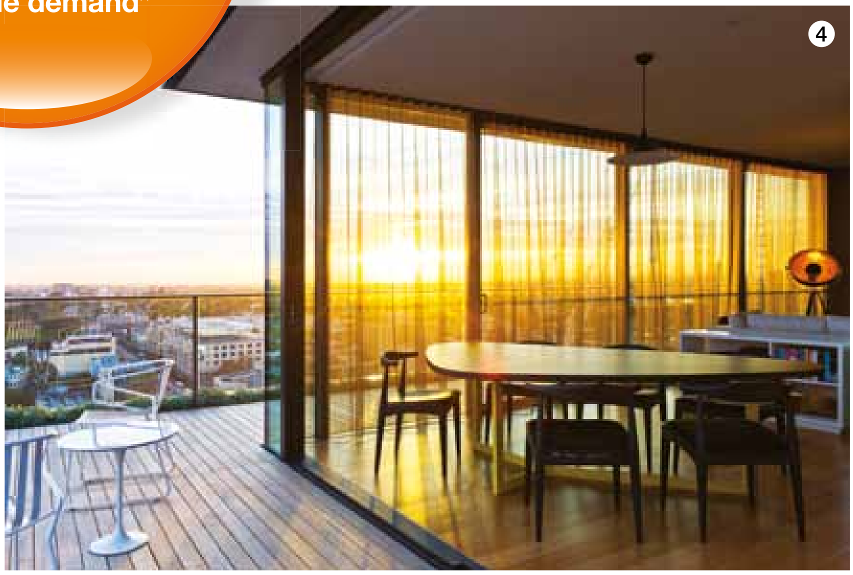

1. *Capri by Fraser, Changi City, Singapore*
2. *Park Lane, Sydney, Australia*
3. *QIII, Perth, Australia*
4. *One Central Park East, Sydney, Australia*

Overseas, our focus will be on delivering our existing development pipeline.

In Australia, a number of projects are due for completion in FY2014, including *One Central Park East* and *Park Lane* in Sydney, *QIII* in Perth as well as various phases of *Putney Hill* at Ryde.

In China, FY2014 is shaping up to be a robust year for the property market following a sudden increase in the sale of state-owned land from January to July 2013. The Group will look to expand its holdings where circumstances permit in the current dynamic market. Meanwhile, we expect to complete *Baitang One* Phase 2B and *Chengdu Logistic Hub* Phase 2 in the coming financial year.

Similarly in the commercial sector, we see positive trends undergirding the suburban retail market including a growing median household income, low unemployment rate and expanding suburban populations.

As a result, we foresee continuing demand for retail space that will propel us to pursue growth through both organic and acquisitive means. Underscoring our dominance in the retail scene of northern Singapore, *Causeway Point* and *Northpoint* will continue to anchor FCT's performance for a good while.

We further anticipate growth for our office business to be supported by a relatively strong Singapore economy, and driven by positive rental reversions and close-to-full occupancy rates. The enhanced *China Square Central* will be a significant contributor to our profits in the near future.

Our hospitality arm will continue to look for opportunities to enlarge its portfolio to grow the international footprint of its management business.

Overall, the countries and segments which we have a significant presence in are doing fairly well economically. We have good reason to be optimistic about our prospects in 2014.