Corporate Governance

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

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

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

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

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

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

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

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

3. The Manager ensures that the business and practices of FCOT are carried out in a manner that complies with applicable laws, rules and regulations, including the Securities and Futures Act (Chapter 289 of Singapore (“SFA”), the SGX-ST Listing Manual, the CG Code, the Code on Collective Investment Schemes (the “CIS Code”) issued by the MAS (including Appendix 6 of the CIS Code), the “Property Funds Appendix”, the trust deed constituting FCOT between the Manager and the Trustee dated 12 September 20055 (as amended and restated) (“Trust Deed”), as well as the written directions, notices, codes and other guidelines that the MAS and other regulators may issue from time to time.

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

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

Board Matters

The Board

The Board is responsible for the overall leadership and oversight of both FCOT’s and the Manager’s business, financial, investment and material operational affairs and performance objectives, and its long-term success. The Board sets the strategic direction of FCOT and the Manager and the Manager’s approach to corporate governance, including the organisational culture, values and ethical standards of conduct, and works with Management on its implementation across all levels of the organisation, as well as focus on value creation, innovation and sustainability. The Board, supported by Management, ensures necessary resources are in place for FCOT and the Manager to meet its strategic objectives. Through the enterprise-wide risk management framework of FCOT and its subsidiaries5 (the “Group”), the Board establishes and maintains a sound risk management framework to effectively monitor and manage risks. It also oversees Management to ensure transparency and accountability to key stakeholder groups.

The Chairman

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

Role of Management

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

Division of Responsibilities between the Chairman and CEO

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

Relationships between the Board and the CEO

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

Board Committees

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

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

Audit, Risk and Compliance Committee

<table>
<thead>
<tr>
<th>Membership</th>
<th>Key objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Chang Tou Chen, Chairman(1)</td>
<td>• Assist Board in fulfilling responsibility for overseeing the quality and integrity of the accounting, auditing, internal controls, risk management and financial practices of the Manager</td>
</tr>
<tr>
<td>Mr Bobby Chin Yoke Chong, Member</td>
<td></td>
</tr>
<tr>
<td>Ms Soh Oon Cheng Margaret Jane, Member(2)</td>
<td></td>
</tr>
</tbody>
</table>

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Nominating and Remuneration Committee

Membership
Ms Soh Oon Cheng Margaret Jane, Chairperson(1)
Mr Chang Tou Chen, Member (2)
Mr Bobby Chin Yoke Choon, Member
Mr Christopher Tang Kok Kai, Member

Key objectives
• Establish a formal and transparent process for appointment and re-appointment of Directors
• Develop a process for evaluation of the performance and annual assessment of the effectiveness of the Board as a whole and each of its board committees and individual Directors
• Review succession plans
• Assist the Board in establishing a formal and transparent process for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and Key Management Personnel
• Review and recommend to the Board, for endorsement of the Board, a general framework of remuneration for the Board and Key Management Personnel and specific remuneration packages for each Director and Key Management Personnel

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

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

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

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

• “Training and development of Directors” on page 118
• “Board Composition” on page 118
• “Directors’ Independence” on pages 120 to 122
• “Board Performance Evaluation” on page 122

The NRC's responsibilities, in reviewing remuneration matters, include: (i) reviewing and recommending to the Board, a framework of remuneration for the Board and Key Management Personnel, and (ii) ensuring that the remuneration of executive Directors shall not be linked in any way to FCOT’s gross revenue.
On an annual basis, the NRC also reviews and recommends, for the Board's approval, the Manager’s remuneration and benefits policies and practices (including long-term incentive schemes), and the performance and specific remuneration packages for each Director and Key Management Personnel, in accordance with the approved remuneration policies and processes. The NRC also proposes, for the Board’s approval, criteria to assist in the evaluation of the performance of Key Management Personnel, and (where applicable) reviews the obligations of the Manager arising in the event of the termination of the service agreements of Key Management Personnel to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The NRC also administers and approves awards under the Restricted Unit Plan (“RUP”) and/or other long-term incentive schemes to senior executives of the Manager.

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

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

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

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

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

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

<table>
<thead>
<tr>
<th>Meetings held for FY2019</th>
<th>Board Meetings</th>
<th>Audit and Risk Compliance Committee Meetings</th>
<th>Nominating and Remuneration Committee Meetings</th>
<th>Annual General Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Bobby Chin Yoke Chong</td>
<td>5 (C)</td>
<td>4</td>
<td>1 (C)</td>
<td>1 (C)</td>
</tr>
<tr>
<td>Mr Chang Tou Chen(1)</td>
<td>5</td>
<td>4 (C)(2)</td>
<td>1</td>
<td>(C)(3)</td>
</tr>
<tr>
<td>Mr Chay Wai Chuen(4)</td>
<td>5</td>
<td>4 (C)(2)</td>
<td>1</td>
<td>(C)(3)</td>
</tr>
<tr>
<td>Ms Soh Gin Cheng Margaret Jane(5)</td>
<td>1</td>
<td>1 (C)</td>
<td>(C)</td>
<td></td>
</tr>
<tr>
<td>Mr Chia Khong Shong</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>(C)</td>
</tr>
<tr>
<td>Mr Low Chee Wah</td>
<td>5</td>
<td>-</td>
<td>-</td>
<td>(C)</td>
</tr>
<tr>
<td>Mr Christopher Tang Kok Kai</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

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

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

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

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

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

_OVERRIDE

Matters discussed by Board and Board Committees in FY2019

<table>
<thead>
<tr>
<th>Board Meetings</th>
<th>Audit and Risk Compliance Committee Meetings</th>
<th>Nominating and Remuneration Committee Meetings</th>
<th>Annual General Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy</td>
<td>Financial Performance</td>
<td>Governance</td>
<td>Feedback from Board Committees</td>
</tr>
<tr>
<td>Financial Reporting</td>
<td>Related/Interested Person Transactions</td>
<td>Conflicts of Interests</td>
<td>Succession Planning</td>
</tr>
<tr>
<td>External and Internal Audit</td>
<td>Board Composition and Renewal</td>
<td>Board, Board Committee and Director Evaluations</td>
<td>Training and Development</td>
</tr>
<tr>
<td>Strategy</td>
<td>Financial Performance</td>
<td>Governance</td>
<td>Financial Performance</td>
</tr>
<tr>
<td>Succession Planning</td>
<td>Succession Planning</td>
<td>Remuneration Policies and Framework</td>
<td>Networking</td>
</tr>
</tbody>
</table>

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

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

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

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

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

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

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

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

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

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

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

Board Composition

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

<table>
<thead>
<tr>
<th>Audit, Risk and Compliance Committee</th>
<th>Nominating and Remuneration Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Bobby Chin Yoke Choong</td>
<td>Chairman, Non-Executive and Independent Director</td>
</tr>
<tr>
<td>Mr Chang Tou Chen(#1)</td>
<td>Non-Executive and Independent Director (Chairman)</td>
</tr>
<tr>
<td>Ms Soh Onn Cheng Margaret Jane(#2)</td>
<td>Non-Executive and Independent Director (Chairperson)</td>
</tr>
<tr>
<td>Mr Chia Khong Shoong</td>
<td>Non-Executive and Non-Independent Director</td>
</tr>
<tr>
<td>Mr Low Chee Wah</td>
<td>Non-Executive and Non-Independent Director</td>
</tr>
<tr>
<td>Mr Christopher Tang Kok Kai</td>
<td>Non-Executive and Non-Independent Director</td>
</tr>
</tbody>
</table>

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

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

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

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

Board Composition in terms of Age Group, Independence and Tenure (as at 30 September 2019):

- **Age Group**
  - 41–50: 34%
  - 51–60: 33%
  - 61–70: 33%

- **Independence**
  - Non-Executive and Non-Independent Directors: 50%
  - Non-Executive and Independent Directors: 50%

- **Tenure**
  - 0 years: 2
  - 2 years: 4
  - 6 years: 4
  - 8 years: 2
  - 10 years: 1
  - 12 years: 1
Corporate Governance

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

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

Board Diversity Policy

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

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

Directors’ Independence

The Directors exercise their judgment independently and objectively in the interests of FCOT and the Manager. The Directors complete a declaration of independence annually which is reviewed by the NRC. The NRC determines annually, and as and when circumstances require, if a Director is independent. Based on the declarations of independence of the Directors, and having regard to the circumstances set forth in Provision 2.1 of the CG Code, Rule 210(5)(d) of the SGX-ST Listing Manual, the MAS Guidelines No. SPA04-G07 “Guidelines to all Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management” dated 1 January 2016 and Regulations 13D to 13H of the Securities and Futures (Licensing and Conduct of Business) Regulations (“SFLCB Regulations”), the NRC and the Board have determined that there are three independent Directors on the Board, namely: Mr Bobby Chin Yoke Choong, Mr Chang Tou Chen and Ms Sah Onn Cheng Margaret Jane.

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

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

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

Note:

(1) Each of Mr Chia Khong Shoong, Mr Low Chee Wah and Mr Christopher Tang Kok Kai is currently employed by a related corporation of the Manager and each of them is a director of various subsidiaries or associated companies of FPL which wholly-owns the Manager and is a substantial Unitholder. As such, during FY2019, each of them is deemed (a) to have a management relationship with the Manager and FCOT; and (b) connected to a substantial shareholder of the Manager and substantial Unitholder. The Board of the Manager is satisfied that, as at the last day of FY2019, each of Mr Chia Khong Shoong, Mr Low Chee Wah and Mr Christopher Tang Kok Kai was able to act in the best interests of all Unitholders as a whole. As at the last day of FY2019, each of Mr Chia Khong Shoong, Mr Low Chee Wah and Mr Christopher Tang Kok Kai was able to act in the best interests of all Unitholders as a whole.
The independent Directors lead the way in upholding good corporate governance at the Board level and their presence facilitates the exercise of objective independent judgement on corporate affairs. Their participation and input also ensure that key issues and strategies are critically reviewed, constructively challenged, fully discussed and thoroughly examined, taking into account the long-term interests of FCOT and its Unitholders. As of 30 September 2019, none of the independent Directors have been on the Board for more than nine years.

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) Sustainable Performance
The Manager believes sustained success depends on the balanced pursuit and consistent achievement of short-term and long-term goals. Hence, variable incentives incorporate a significant pay-at-risk element to align employees with sustainable performance for the Manager.

(d) Market Competitiveness
The Manager aims to be market competitive by benchmarking its compensation levels with relevant comparators accordingly. However, the Manager embraces a holistic view of employee engagement that extends beyond monetary rewards. Recognising each individual as unique, the Manager seeks to motivate and develop employees through all the levers available to the Manager through its comprehensive human capital platform.
Engagement of External Consultants

The NRC may from time to time, and where necessary or required, engage external consultants in framing the remuneration policy and determining the level and mix of remuneration for Directors and Management. Among other things, this helps the Manager to stay competitive in its remuneration packages. During FY2019, Korn Ferry was appointed as the Manager’s remuneration consultant. The remuneration consultant does not have any relationship with FCOT, the Manager, its controlling shareholders, its related entities and/or its Directors which would affect its independence and objectivity.

Remuneration Framework

The NRC reviews and makes recommendations to the Board on the remuneration framework for the independent Directors and other non-executive Directors and the Key Management Personnel. The remuneration framework is endorsed by the Board.

The remuneration framework covers all aspects of remuneration including salaries, allowances, performance bonuses, grant of awards of units of FCOT (“Units”) and incentives for the Key Management Personnel and fees for the independent Directors and other non-executive Directors.

Remuneration Policy in respect of Management and other employees

The NRC reviews the level, structure and mix of remuneration and benefits policies and practices (where appropriate) of the Manager, to ensure that they are appropriate and proportionate to the sustained performance and value creation of FCOT and the Manager; taking into account the strategic objectives of FCOT and the Manager; and are designed to attract, retain and motivate the Key Management Personnel to successfully manage FCOT and the Manager for the long-term.

The NRC takes into account all aspects of remuneration, including termination terms, to ensure that they are fair.

The remuneration framework comprises fixed and variable components, which include short-term and long-term incentives. When conducting its review of the remuneration, the NRC takes into account the performance of FCOT and individual performance. The performance of FCOT is measured based on pre-set financial and non-financial indicators. Individual performance is measured via the employee's annual appraisal based on indicators such as core values, competencies and key performance indicators.

Fixed Component

The fixed component in the Manager’s remuneration framework is structured to remunerate employees for the roles they perform, and is benchmarked against relevant industry market data. It comprises basic salary, fixed allowances and any statutory contribution. The base salary and fixed allowances for Key Management Personnel are reviewed annually by the NRC and approved by the Board.

Variable Component

An appropriate proportion of the remuneration of Key Executives comprises a variable component which is structured so as to link rewards to corporate and individual performance and incentivise sustained performance in both the short and long-term. The variable incentives are measured based on quantitative and qualitative targets, and overall performance will be determined at the end of the year and approved by the NRC.

1. Short-Term Incentive Plans

The short-term incentive plans (“STI Plans”) aim to incentivise excellence in performance in the short-term. All Key Management Personnel are assessed using a balanced scorecard with pre-agreed financial and non-financial key performance indicators (“KPIs”). The financial KPIs are based on the performance of FCOT. Non-financial KPIs may include measures on People, Corporate Governance, Sustainability or specified projects. These targets are established at the beginning of each financial year. At the end of the financial year, the achievements are measured against the pre-agreed targets and the short-term incentives of each Key Management Personnel are determined.

The NRC recommends the final short-term incentives that are awarded to Key Management Personnel for the Board’s approval, taking into consideration any other relevant circumstances.

2. Long-Term Incentive Plans

The NRC administers the Manager’s long-term incentive plan, namely, the RUP. The RUP was approved by the Board and adopted on 8 December 2017. Through the RUP, the Manager seeks to foster a greater ownership culture within the Manager by aligning more directly the interests of senior executives (including the CEO) with the interests of the Unitholders and other stakeholders, and for such employees to participate and share in FCOT’s growth and success, thereby ensuring alignment with sustainable value creation for Unitholders over the long-term.

The RUP is available to selected senior executives of the Manager. Its objectives are to increase the Manager’s flexibility and effectiveness in its continuing efforts to attract, retain and motivate talented and high performing executives and to reward these executives for the future performance of FCOT and the Manager. The RUP applies to senior executives who shoulder the responsibility of FCOT’s future performance and who are able to drive the growth of FCOT and the Manager through superior performance. It serves as further motivation to the participants in striving for excellence, promoting FCOT’s and the Manager’s long-term success and delivering long-term Unitholder value.

Under the RUP, the Manager grants Unit-based awards (“Initial Awards”) with pre-determined performance targets being set at the beginning of the performance period. The NRC recommends the Initial Awards granted to Key Management Personnel to the Board for approval, taking into consideration the Key Management Personnel’s individual performance. The performance period for the RUP is two years. The pre-set targets are net property income and distribution per Unit. Such performance conditions are generally performance indicators that are key drivers of Unitholder value creation and aligned to FCOT’s business objectives. The RUP awards represent the right to receive fully paid Units, their equivalent cash value or a combination thereof, free of charge, provided certain prescribed performance conditions are met. The final number of Units to be released (“Final Awards”) will depend on the achievement of the pre-determined targets at the end of the performance period. If such targets are exceeded, more Units than the Initial Awards can be delivered, subject to a maximum multiplier of the Initial Awards. The Final Awards will vest to the participants in three tranches over two years after a two-year performance period. The obligation to deliver the Units is expected to be satisfied out of the Units held by the Manager.

The NRC has absolute discretion to decide on the Final Awards, taking into consideration of any other relevant circumstances.

Approach to Remuneration of Key Management Personnel

The Manager advocates a performance-based remuneration system that is highly flexible and responsive to the market, which also takes into account FCOT’s performance and that of its employees.

In designing the compensation structure, the NRC seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate in finding a balance between current versus long-term compensation and between cash versus equity incentive compensation.

Executives who have a greater ability to influence outcomes within the Manager have a greater proportion of overall reward at risk. The NRC exercises broad discretion and independent judgement in ensuring that the amount and mix of compensation are aligned with the interests of Unitholders and other stakeholders and promote the long-term success of FCOT.

Performance Indicators for Key Management Personnel

As set out above, the Manager’s variable remuneration comprises short-term and long-term incentives, taking into account both FCOT’s and individual performance. This is to ensure employee remuneration is linked to performance. In determining the short-term incentives, both FCOT’s financial and non-financial performance as per the balanced scorecard are taken into consideration. The performance targets align the interests of the Key Management Personnel with the long-term growth and performance of FCOT and the Manager. The financial performance indicators on which the Key Management Personnel are evaluated comprise (i) FCOT’s net portfolio property income, (ii) distribution per Unit, and (iii) FCOT’s Total Return (against a peer group). These performance indicators are quantitative and are objective measures of FCOT’s performance. The non-financial performance indicators on which the Key Management Personnel are evaluated include (i) people development, (ii) corporate governance and compliance, (iii) brand and sustainability, (iv) business process productivity, (v) growth of the assets under management, (vi) sustainability of earnings and risk profile, and (vii) strategic and areas of emphasis. These qualitative performance indicators will align the Key Management Personnel’s performance with FCOT’s strategic objectives.

In relation to long-term incentives, the Manager has implemented the RUP with effect from the financial year ended 30 September 2018 as set out above. The release of long-term incentive awards to Key Management Personnel are conditional upon the performance targets being met. The performance targets of the KPIs align the interests of the Key Management Personnel with the long-term growth and performance of FCOT. In FY2019, the pre-determined target performance levels for the RUP grants were met.
Currently, the Manager does not have claw-back provisions which allow it to reclaim incentive components of remuneration from its Key Management Personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss.

Remuneration Packages of Key Management Personnel

The Manager engages consultants to review Directors’ fees by benchmarking such fees against the amounts paid by listed industry peers. Each non-executive Director’s remuneration comprises a basic fee and attendance fees for attending Board and Board Committee meetings. In addition, non-executive Directors who perform additional services in Board Committees are paid an additional fee for such services. The chairman of each Board Committee is also paid a higher fee compared with the members of the respective Board Committees in view of the greater responsibility carried by that office.

Remuneration Policy in respect of Non-Executive Directors

The remuneration of non-executive Directors has been designed to be appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities, on the Board and Board Committees, and to attract, retain and motivate the Directors to provide good stewardship of FCOT.

Non-executive Directors do not receive bonuses, options or Unit-based incentives and awards.

The Manager engages consultants to review Directors’ fees by benchmarking such fees against the amounts paid by listed industry peers. Each non-executive Director’s remuneration comprises a basic fee and attendance fees for attending Board and Board Committee meetings. In addition, non-executive Directors who perform additional services in Board Committees are paid an additional fee for such services. The chairman of each Board Committee is also paid a higher fee compared with the members of the respective Board Committees in view of the greater responsibility carried by that office.

Disclosure of Remuneration of Directors and Top Key Executives

Information on the remuneration of Directors and Key Executives of the Manager for FY2019 is set out below.

## Remuneration of CEO for FY2019

<table>
<thead>
<tr>
<th>Salary %</th>
<th>Bonus %</th>
<th>Long-term Incentives %</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between S$500,001 to S$750,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mr Jack Lam</td>
<td>44</td>
<td>22</td>
<td>6</td>
</tr>
</tbody>
</table>

## Remuneration of Key Executives (excluding CEO) for FY2019

<table>
<thead>
<tr>
<th>Directors</th>
<th>Remuneration (SS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ms Tricia Yeo</td>
<td>53</td>
</tr>
<tr>
<td>Mr Wong Soon Yeow</td>
<td>15</td>
</tr>
<tr>
<td>Ms Cheah Yoke Lan</td>
<td>4</td>
</tr>
<tr>
<td>Ms Janet Soh</td>
<td>28</td>
</tr>
<tr>
<td>Ms Wang Mei Ling</td>
<td>100</td>
</tr>
</tbody>
</table>

### Aggregate Total Remuneration (excluding CEO)
2,753,846

There are no existing or proposed service agreements entered into or to be entered into by the Manager or any of its subsidiaries with Directors, the CEO or other Key Executives which provide for compensation in the form of stock options, or pension, retirement or other similar benefits, or other benefits, upon termination of employment.

Pursuant to MAS “Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management” (Notice No: SFA4-N14), REIT managers are required to disclose the remuneration of the CEO and each individual director on a named basis, and the remuneration of at least the top five executive officers (which shall not include the CEO and executive officers who are directors), on a named basis, in bands of S$250,000. The REIT manager may provide an explanation if it does not wish to or is unable to comply with such requirement. The Manager has decided (a) to disclose the CEO’s remuneration in bands of S$250,000 (instead of on a quantum basis), (b) not to disclose the remuneration of the other key executives of the Manager in bands of S$250,000, and (c) to disclose the aggregate remuneration of all key executives of the Manager (including the CEO) for the following reasons:

(i) competition for talent in the REIT management industry is very keen and the Manager has, in the interests of Unitholders, opted not to disclose the exact remuneration of its CEO and Key Executives as this may give rise to recruitment and talent retention issues as well as the risk of unnecessary key management turnover;

(ii) the composition of the current management team has been stable and to ensure the continuity of business and operations of FCOT, it is important that the Manager continues to retain its team of competent and committed staff;

(iii) due to the confidentiality and sensitivity of staff remuneration matters, the Manager is of the view that such disclosure could be prejudicial to the interests of Unitholders; and

(iv) the remuneration of the CEO and Key Executives are paid by the Manager and there is full disclosure of the total amount of fees paid to the Manager set out at page 187 of this Annual Report.

As at 30 September 2019, there are no employees within the Manager who is a substantial Unitholder or who is an immediate family member of a Director, the CEO or a substantial Unitholder.
Financial Performance, Reporting and Audit

The Board, with the support of Management, is responsible for providing a balanced and understandable assessment of FCOT’s performance, position and prospects. Financial reports are provided to the Board on a quarterly basis and monthly accounts are made available to the Directors on request.

The Manager prepares the financial statements of FCOT in accordance with the recommendations of the Statement of Recommended Accounting Practice 7 “Reporting Framework for Unit Trusts” issued by the Institute of Singapore Chartered Accountants, the applicable requirements of the Cis Code and the provisions of the Trust Deed.

The Board releases FCOT’s quarterly and full year financial results, other price sensitive information and material corporate developments through announcements to the SGX-ST and, where appropriate, press releases, FCOT’s website, and/or media and analysts’ briefings.

In communicating and disseminating its results, the Manager aims to present a balanced and clear assessment of FCOT’s performance, position and prospects.

In order to enable the Board to obtain a timely and informed assessment of FCOT’s position, Management furnishes an overview of financial performance and capital management on a monthly basis. Such reports keep the Board members informed of FCOT’s performance, position and prospects.

External Audit

The ARCC conducts an assessment of the external auditors, and recommends its appointment, re-appointment and removal to the Board. The assessment is based on factors such as the performance and quality of its audit, the cost effectiveness and the independence and objectivity of the external auditors.

At the annual general meeting (“AGM”) held on 18 January 2019, KPMG LLP was re-appointed by Unitholders as the external auditors of FCOT for FY2019. Pursuant to the requirements of the SGX-ST, an audit partner may only be in charge of a maximum of five consecutive annual audits and may then return after two years. The current KPMG LLP audit partner for the Group was appointed at the AGM held on 20 January 2016 and has held this appointment for less than five consecutive audits, thereby meeting the requirement.

During FY2019, the ARCC conducted a review of the scope, quality, results and performance of audit by the external auditors and its cost effectiveness, as well as the independence and objectivity of the external auditors. It also reviewed all non-audit services provided by the external auditors during the financial period, and the aggregate amount of fees paid to them for such services. Details of fees payable to the external auditors in respect of audit and non-audit services for FY2019 are set out in the table below:

<table>
<thead>
<tr>
<th>Fees relating to external auditors for FY2019</th>
<th>S$ (Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>For audit and audit-related services</td>
<td>0.160</td>
</tr>
<tr>
<td>For non-audit services</td>
<td>0.148</td>
</tr>
<tr>
<td>Total</td>
<td>0.308</td>
</tr>
</tbody>
</table>

The ARCC has conducted a review of all non-audit services provided by KPMG LLP during the financial period. The ARCC is satisfied that given the nature and extent of non-audit services provided and the fees for such services, neither the independence nor the objectivity of KPMG LLP is put at risk. For details of the fees paid to KPMG LLP please refer to the Financial Statements at pages 187 to 188 of this Annual Report. KPMG LLP attended the ARCC meetings every quarter for FY2019, and where appropriate, had met with the ARCC without the presence of Management to discuss their findings, if any.

The Manager, on behalf of FCOT, confirms that FCOT has complied with Rule 7.12 of the SGX-ST Listing Manual which requires, amongst others, that a suitable auditing firm should be appointed by FCOT having regard to certain factors. FCOT has also complied with Rule 7.15 of the SGX-ST Listing Manual which requires that the same auditing firm of FCOT based in Singapore audits its Singapore-incorporated subsidiaries and significant associated companies, and that a suitable auditing firm be engaged for its significant foreign-incorporated subsidiaries and associated companies.

Governance of Risk and Internal Controls

The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls.

Enterprise Risk Management and Risk Tolerance

The Manager has established a sound system of risk management and internal controls comprising procedures and processes to safeguard FCOT’s assets and the interests of FCOT and its Unitholders. The ARCC reviews and reports to the Board on the adequacy and effectiveness of the Manager’s system of controls, including financial, compliance, operational and information technology controls, and risk management procedures and systems, taking into consideration the recommendations of both internal and external auditors.

Internal Controls

The ARCC, through the assistance of internal and external auditors, reviews and reports to the Board on the adequacy and effectiveness of the Manager’s system of controls, including financial, compliance, operational and information technology controls. In assessing the effectiveness of internal controls, the ARCC ensures primarily that key objectives are met, material assets are properly safeguarded, fraud or errors (if any) in the accounting records are prevented or detected, accounting records are accurate and complete, and reliable financial information is prepared in compliance with applicable internal policies, laws and regulations.

Risk Management

The Board, through the ARCC, reviews the adequacy and effectiveness of the Manager’s risk management framework to ensure that robust risk management and mitigating controls are in place. The Manager has adopted an enterprise-wide risk management (“ERM”) framework to enhance its risk management capabilities. Key risks, control measures and management actions are continually identified, reviewed and monitored as part of the ERM process. Financial and operational key risk indicators are in place to track key risk exposures. Apart from the ERM process, key business risks are thoroughly assessed by Management before it is embarked upon. An outline of the Manager’s ERM framework and progress report is set out on pages 76 to 77.

Periodic updates are provided to the ARCC on FCOT’s and the Manager’s risk profiles. These updates would involve an assessment of FCOT’s and the Manager’s key risks by risk categories, current status, the effectiveness of any mitigating measures taken, and the action plans undertaken by Management to manage such risks.

In addition to the ERM framework, a comfort matrix of key risks, by which relevant material financial, compliance and operational (including information technology) risks of FCOT and the Manager have been documented to assist the Board to assess the adequacy and effectiveness of the existing internal controls. The comfort matrix is prepared with reference to the strategies, policies, processes, systems and reporting processes connected with the management of such key risks and presented to the Board and the ARCC. Risk tolerance statements setting out the nature and extent of significant risks which the Manager is willing to take in achieving its strategic objectives have been formalised and adopted.
Corporate Governance

The Board has received assurance from the CEO and the CFO that as at 30 September 2019:

(a) the financial records of FCOT have been properly maintained and the financial statements for FY2019 give a true and fair view of FCOT’s operations and finances;

(b) the system of internal controls in place for FCOT is adequate and effective to address financial, operational, compliance and information technology risks which the Manager considers relevant and material to FCOT’s operations; and

(c) the risk management system in place for FCOT is adequate and effective to address risks which the Manager considers relevant and material to FCOT’s operations.

Board’s Comment on Internal Controls and Risk Management Framework

Based on the internal controls established and maintained by the Manager, work performed by internal and external auditors, reviews performed by Management and the ARCC, and assurance from the CEO and the CFO, the Board is of the view that the internal controls in place for FCOT were adequate and effective as at 30 September 2019 to address financial, operational, compliance and information technology risks, which the Manager considers relevant and material to FCOT’s operations.

Based on the risk management framework established and adopted by the Manager, review performed by Management and assurance from the CEO and the CFO, the Board is of the view that the risk management system in place for FCOT was adequate and effective as at 30 September 2019 to address risks which the Manager considers relevant and material to FCOT’s operations.

The Board notes that the system of internal controls and risk management provides reasonable, but not absolute, assurance that the Manager will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives. In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

The ARCC concurs with the Board’s view that as at 30 September 2019, the internal controls of FCOT (including financial, operational, compliance and information technology controls) and risk management systems were adequate and effective to address risks which the Manager considers relevant and material to FCOT’s operations.

Internal Audit

The internal audit function of the Manager is performed by FPL Group’s internal audit department (“FPL Group IA”). FPL Group IA is responsible for conducting objective and independent assessments of adequacy and effectiveness of the Manager’s system of internal controls, risk management and governance practices. The Head of the FPL Group IA, who is a Certified Fraud Examiner and a Fellow of the Institute of Singapore Certified Accountants, CPA Australia and ACCA, reports directly to the Chairman of the ARCC, and administratively to the Group Chief Executive Officer of the Sponsor or such other officer as may be charged with this responsibility from time to time. The appointment and removal of the FPL Group’s internal audit department as the service provider of the Manager’s internal audit function requires the approval of the ARCC.

In performing internal audit services, FPL Group IA has adopted and complies with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. FPL Group IA comprises 23 professional staff. The Head of the FPL Group IA and the Singapore-based FPL Group IA staff are members of The Institute of Internal Auditors, Singapore. To ensure that the internal audit activities are effectively performed, FPL Group IA recruits and employs suitably qualified staff with the requisite skills and experience. Such staff are given relevant training and development opportunities to update their technical knowledge and auditing skills. All staff members of FPL Group IA also receive relevant technical training and attend seminars organised by The Institute of Internal Auditors, Singapore and other professional bodies. FPL Group IA operates within the framework of a set of terms of reference as contained in the Internal Audit Charter approved by the ARCC. It adopts a risk-based audit methodology to develop its audit plans, and its activities are aligned to key risks of FCOT. The results of the risk assessments determine the level of focus and the review intervals for the various activities undertaken (i.e. greater focus and appropriate review intervals are set for higher risk activities and material internal controls). FPL Group IA conducts its audit reviews based on internal audit plans approved by the ARCC. FPL Group IA has unfettered access to all of FCOT’s and the Manager’s documents, records, properties and personnel, including access to the ARCC members. All audit reports detailing audit findings and recommendations are provided to Management who would respond with the actions to be taken.

Each quarter, FPL Group IA will submit reports to the ARCC on the status of the audit plans and on audit findings and actions taken by Management on such findings. Key findings are highlighted at ARCC meetings for discussion. The ARCC monitors the timely and proper implementation of the required follow-up measures undertaken by Management. The ARCC is satisfied that for FY2019, the internal audit function is independent, effective and adequately resourced and has appropriate standing within FCOT and the Manager to perform its functions effectively. Quality assurance reviews on FPL Group’s internal audit function are periodically carried out by qualified professionals from an external organisation. The last review was performed in FY2018.

Related/Interested Person Transactions

The Manager has established internal processes such that the Board, with the assistance of the ARCC, is required to be satisfied that all Related/Interested Party Transactions are undertaken on normal commercial terms, and are not prejudicial to the interests of FCOT and the Unitholders. This may entail obtaining (where practicable) quotations from parties unrelated to the Manager, or obtaining one or more valuations from independent professional valuers (in accordance with the Property Funds Appendix). Directors who are interested in any proposed Related/Interested Party Transaction to be entered into by FCOT are required to abstain from any deliberations or decisions in relation to that Related/Interested Party Transaction.

All Related/Interested Party Transactions are entered in a register maintained by the Manager. The Manager incorporates into its internal audit plan a review of the Related/Interested Party Transactions recorded in the register to ascertain that internal procedures and requirements of the SGX-ST Listing Manual and Property Funds Appendix have been complied with. The ARCC reviews the internal audit reports at least twice a year to ascertain that the guidelines and procedures established to monitor Related/Interested Party Transactions have been complied with. The review includes the examination of the nature of the Related/Interested Party Transactions and its supporting documents or such other data deemed necessary by the ARCC. In addition, the Trustee also has the right to review any such relevant internal audit reports to ascertain that the Property Funds Appendix has been complied with.

Any Related/Interested Party Transaction proposed to be entered into between FCOT and an interested person, would require the Trustee to satisfy itself that such Related/Interested Party Transaction is conducted on normal commercial terms, is not prejudicial to the interests of FCOT and its Unitholders, and is in accordance with all applicable requirements of the CIS Code and the SGX-ST Listing Manual.

Whistle-Blowing Policy

The Manager has put in place a whistle-blowing policy (the “Whistle-Blowing Policy”). The Whistle-Blowing Policy provides an independent feedback channel through which matters of concern about possible improprieties in matters of financial reporting, suspected fraud and corruption or other matters may be raised by employees and any other persons in confidence and in good faith, without fear of reprisal. Whistle-Blowers may report any matters of concern by mail, email, or calling a hotline, details of which are provided in the Whistle-Blowing Policy, which is available on FCOT’s website. Any report submitted through this channel would be received by the Head of FPL Group IA. For employees, the Whistle-Blowing Policy provides assurance that employees will be treated fairly, and protected from reprisals or victimisation for whistle-blowing in good faith.

The improprieties that are reportable under the Whistle-Blowing Policy include: (a) financial or professional misconduct; (b) improper conduct, dishonest, fraudulent or unethical behaviour; (c) any irregularity or non-compliance with laws/ regulations or the Manager’s policies and procedures; and/or internal controls; (d) violence at the workplace, or any conduct that may threaten health and safety; (e) corruption or bribery; (f) conflicts of interest; and (g) any other improprieties or matters that may adversely affect Unitholders’/shareholders’ interests in, and assets of, FCOT/the Manager as well as FCOT’s/the Manager’s reputation. The Whistle-Blowing Policy is covered under staff training. All whistle-blowing complaints are safely raised and are independently investigated and if appropriate, an independent investigation committee will be constituted. Following the investigations, appropriate action will be taken. The outcome of each investigation and any action taken is reported to the ARCC. The ARCC reviews and ensures that independent investigations and any appropriate follow-up actions are carried out.
Unitholder Matters

The Manager treats all Unitholders fairly and equitably in order to enable them to exercise their Unitholders' rights and have the opportunity to communicate their views on matters affecting FCOT.

Investor Relations

The Manager sees itself on its high standards of disclosure and corporate transparency. The Manager aims to provide accurate, objective and timely information regarding FCOT’s performance and progress and matters concerning FCOT and its business which are likely to materially affect the price or value of the Units, to Unitholders and the investment community, to enable them to make informed investment decisions.

The Manager’s dedicated Investor Relations (‘IR’) team is tasked with, and focuses on, facilitating communications between FCOT and its Unitholders, as well as with the investment community, analysts and the media. An IR policy is in place to promote regular, timely, accurate and fair communications. Contact details of the IR manager are available on FCOT’s website at www.fraserscommercialtrust.com for Unitholders, investors and other stakeholders to channel their comments and queries.

Continuous and informed dialogue between the Manager and Unitholders is a central tenet of good corporate governance. Regular engagement between these parties will promote greater transparency. Material and other pertinent information such as press releases and presentation slides are released to the SGX-ST via SGXNET and the FCOT website. Both announcements through FCOT’s website and the SGXNET are the principal media of communication with Unitholders. The IR manager, together with senior Management, also participated in conferences, roadshows and other investor meetings to keep the investment community informed of FCOT’s corporate developments, financial and operational performance and strategies. Analysts’ briefings and investors’ luncheons were conducted after the announcements of FY2019 half year and full year results in April 2019 and October 2019, respectively. Webcasts of the Manager’s presentations of FCOT’s half year and full year results are also made available on the FCOT website on the day of release of the respective results.

Further details on the various activities organised by IR during the year can be found in the Investor Relations section of the FY2019 Annual Report on pages 40 to 42.

An electronic copy of the FY2019 Annual Report has been uploaded on FCOT’s website. Unitholders can access the FY2019 Annual Report (printed copies are available upon request) at https://fcpfrasersproperty.com/publications.html.

The Trust Deed constituting FCOT is also available for inspection upon request at the Manager’s office. FCOT is a signatory to the 2019 Corporate Governance Statement of Support organised by the Securities Investors Association (Singapore) where FCOT has pledged its commitment to uphold high standards of corporate governance. FCOT is recognised for good corporate governance and disclosure practices. FCOT was ranked 5th out of 46 in the Singapore Governance and Transparency Index 2019 (REIT and Business Trust category).

Conduct of general meetings

The Board supports and encourages active Unitholder participation at AGMs as it believes that general meetings serve as an opportunity for Unitholders to meet the Board and senior Management, and to interact with them. To encourage participation, FCOT’s general meetings are held at convenient locations. Unitholders are given the opportunity to participate actively and vote at FCOT’s general meetings, where relevant rules and procedures governing such meetings (for instance, how to vote) are clearly communicated prior to the start of the meeting. At FCOT’s general meetings, Unitholders are also given opportunities to ask questions or give feedback to the Manager.

At general meetings, the Manager sets out separate resolutions on each substantially separate issue. Unitholders are given the opportunity to raise questions and clarify any issues that they may have relating to the resolutions sought to be passed.

For greater transparency, the Manager has implemented electronic poll voting at general meetings. This entails Unitholders being invited to vote on each of the resolutions by poll, using an electronic voting system (instead of voting by hands), thereby allowing all Unitholders present or represented at the meeting to vote on a one Unit, one vote basis. The voting results of all votes cast for, against, or abstaining from each resolution are then processed and announced to the SGX-ST after the meeting. An independent external party is appointed as scrutineer for the electronic voting process to count and validate the votes at general meetings. The Manager will continue to use the electronic poll voting system at the forthcoming AGM. As the authentication of Unitholder identity and other related security and integrity issues still remain a concern, the Manager has decided for the time being, not to implement absentia voting methods such as voting via mail, e-mail or fax.

At the AGM, a presentation is made to Unitholders to update on FCOT’s financial and operational performance and prospects. The presentation materials are made available on SGXNET and the FCOT website before the commencement of the AGM for the benefit of Unitholders.

Board members and senior Management are present at each Unitholders’ meeting to respond to any questions from Unitholders, unless they are unable to attend due to exigencies. Certain external consultants including FCOT’s external auditors are also present to address queries about the conduct of audit and the preparation and content of the auditors’ report.

The minutes of Unitholders’ meetings which capture the attendance of Board members at the meetings, matters approved by Unitholders, voting results and substantial and relevant comments or queries from Unitholders relating to the agenda of the general meeting together with responses from the Board and Management, are prepared by the Manager. These minutes are available on the FCOT website.

Distributions

FCOT’s distribution policy is to distribute at least 90.0% of its taxable income (other than gains from the sale of real estate properties that are determined by the Inland Revenue Authority of Singapore to be trading gains) and tax-exempt income, and such distributions are typically paid on a quarterly basis. For FY2019, FCOT made four distributions to Unitholders and distributed 100.0% of the distributable income to Unitholders.

Stakeholder Engagement

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of FCOT are served.

The conduct of employees of the Manager is governed by the FPL Code of Business Conduct, which has as its key objectives of providing clear guidelines on ethics and relationships, in order to safeguard the reputation and interests of FPL and its subsidiaries. The Code of Business Conduct sets out the policies and procedures dealing with various issues such as conflicts of interests, the maintenance of records and reports, employment opportunities, non-discrimination and harassment. Where applicable/appropriate, the Code of Business Conduct is also made available to other stakeholders such as the Manager’s agents, suppliers, business associates and customers.

In order to review and assess the material factors relevant to FCOT’s business activities, the Manager from time to time proactively engages with various stakeholders, including employees, vendors, tenants, and the investment community, to gather feedback on the sustainability matters which have significant impact to the business and operations of FCOT and its stakeholders. Please refer to the Sustainability Report on pages 78 to 110 of the FY2019 Annual Report, which sets out information on the Manager’s arrangements to identify and engage with its material stakeholder groups and to manage its relationships with such groups, and the Manager’s strategy and key areas of focus in relation to the management of stakeholder relationships during FY2019.

Policy on Dealing in Securities

The Manager has adopted a dealing policy on securities trading (“Dealing Policy”) setting out the procedure for dealings in FCOT’s securities by its Directors, officers and employees, which sets out the implications of insider trading and guidance on such dealings, including the prohibition on dealings with FCOT’s securities on short-term considerations. In compliance with Singapore Code of Best Practices (‘CBBP’), the Manager has adopted a Dealing Policy that sets out its guidelines on best practices on dealing in securities, the Group issues quarterly reminders to its Directors, officers and employees on the restrictions in dealings listed securities of the Group during the period commencing (a) two weeks prior to the announcement of financial results of each of the first three quarters of the financial year, and (b) one month before the announcement of full year results, and ending on the date of such announcements (“Prohibition Period”). Directors, officers and employees are also reminded not to trade in listed securities of FCOT at any time while in possession of unpublished price sensitive information and to refrain from dealing in FCOT’s securities on short-term considerations. Outside of the Prohibition Period, Directors and the CEO are also required to report their dealings in FCOT’s securities within two business days.

Every year, each Director, officer and employee is required to complete and submit a declaration form to the designated compliance officer to report any trades he/she made in Units in the previous quarter and confirm that no trades were made during the Prohibition Period. A quarterly report will be provided to the ARCC. Any non-compliance with the Dealing Policy will be reported to ARCC for its review and instructions.

1 Prior appointment with the Manager is appreciated.
In compliance with the Dealing Policy in relation to the Manager, prior approval from the Board is required before the Manager deals or trades in Units. The Manager has undertaken that it will not deal in Units:

(i) during the period commencing (A) two weeks prior to the announcement of financial results of each of the first three quarters of the financial year, and (B) one month before the announcement of full year results and (where applicable) property valuations, and ending on the date of such announcements; or

(ii) whenever it is in possession of unpublished material price sensitive information.

**Additional Disclosure On Fees Payable To The Manager**

Pursuant to the Trust Deed, the Manager is entitled to receive the following fees:

<table>
<thead>
<tr>
<th>Type of Fee</th>
<th>Computation and Form of Payment</th>
<th>Rationale and Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Base Fee</td>
<td>Pursuant to Clauses 15.2(a)(1) and 15.3 of the Trust Deed, the Manager is entitled to receive a Base Fee at the rate of not more than 0.5% per annum of the Value of FCOT’s Assets which comprise Real Estate. The Base Fee is payable quarterly in arrears, in the form of cash and/or Units as the Manager may elect.</td>
<td>The Base Fee is payable to the Manager for managing FCOT’s business in accordance with the Trust Deed for the benefit of Unitholders, which includes setting the strategic direction of FCOT in accordance with its stated investment strategies, as well as for related costs and expenses of the Manager including operational and administrative overheads. The Base Fee is calculated at a fixed percentage of real estate asset value as the scope of the Manager’s duties is commensurate with the size of FCOT’s asset portfolio.</td>
</tr>
<tr>
<td>Performance Fee</td>
<td>Pursuant to Clauses 15.2(a)(2) and 15.4 of the Trust Deed, the Manager is entitled to receive a Performance Fee equal to a rate of 3.5% per annum of the Net Real Estate Income less the Base Fee for the relevant financial year. The Performance Fee is payable in the form of cash and/or Units as the Manager may elect. With effect from 1 October 2016, the Performance Fee shall be paid annually, in compliance with the Property Funds Appendix.</td>
<td>The Performance Fee, which is based on Net Real Estate Income, aligns the interests of the Manager with Unitholders as the Manager is incentivised to proactively focus on improving rentals and optimising the operating costs and expenses of FCOT’s properties. Linking the Performance Fee to Net Real Estate Income will also motivate the Manager to ensure the long-term sustainability of the assets instead of taking on excessive short-term risks to the detriment of Unitholders.</td>
</tr>
<tr>
<td>Divestment Fee</td>
<td>Pursuant to Clauses 15.2(a)(3) and 15.5 of the Trust Deed, the Manager is entitled to receive a Divestment Fee of not more than 0.5% of the sale price of any Real Estate sold or divested by the Trustee (pro-rated if applicable to the proportion of the interest of FCOT in the asset sold). Subject to the Property Funds Appendix, the Divestment Fee is payable as soon as practicable after completion of the acquisition in the form of cash and/or Units as the Manager may elect.</td>
<td>The Divestment Fee and Divestment Fee seek to motivate and compensate the Manager for the time, cost and effort spent (in the case of an acquisition in sourcing, evaluating and executing potential opportunities to acquire new properties) or (in the case of a divestment) in rehabilitating and unlocking the underlying value of the existing properties. The Manager provides these services over and above the provision of ongoing management services with the aim of enhancing long-term returns, income sustainability and achieving the investment objectives of FCOT. The Divestment Fee is higher than the Divestment Fee because there is additional work required to be undertaken in terms of sourcing, evaluating and conducting due diligence for an acquisition, as compared to a divestment.</td>
</tr>
</tbody>
</table>

Note: Capitalised terms used in this section shall have the same meanings ascribed to them in the Trust Deed.

---

**Summary of Compliance with Express Disclosure Requirements in Principles and Provisions of 2018 Code**

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Board’s Conduct of Affairs</strong></td>
<td></td>
</tr>
<tr>
<td>Provision 1.2 Induction, training and development provided to new and existing Directors</td>
<td>Page 118</td>
</tr>
<tr>
<td>Provision 1.3 Matters requiring Board approval</td>
<td>Page 116</td>
</tr>
<tr>
<td>Provision 1.4 Names of Board Committee members, terms of reference of Board Committees, any delegation of Board’s authority to make decisions and a summary of each Board Committee’s activities</td>
<td>Pages 113 to 117</td>
</tr>
<tr>
<td>Provision 1.5 Number of Board and Board Committee meetings and each individual Directors’ attendances at such meeting</td>
<td>Page 116</td>
</tr>
<tr>
<td><strong>Board Composition and Guidance</strong></td>
<td></td>
</tr>
<tr>
<td>Provision 2.2 The Board diversity policy and progress made towards implementation of the policy, including objectives</td>
<td>Page 120</td>
</tr>
<tr>
<td><strong>Board Membership</strong></td>
<td></td>
</tr>
<tr>
<td>Provision 4.3 Process for the selection, appointment and re-appointment of Directors to the Board, including the criteria used to identify and evaluate potential new Directors and channels used in searching for appropriate Candidates</td>
<td>Pages 115, 119 to 120</td>
</tr>
<tr>
<td>Provision 4.4 Relationships that independent Directors have with FCOT, its related corporations, its substantial Unitholders or its officers, if any, which may affect their independence, and the reasons why the Board, having taken into account the views of the NRC, has determined that such Directors are still independent</td>
<td>Pages 120 to 122</td>
</tr>
<tr>
<td>Provision 4.5 Listed company directorships and principal commitments of each Director, and where a Director holds a significant number of such directorships and commitments, the NRC’s and Board’s reasoned assessment of the ability of the Director to diligently discharge his or her duties</td>
<td>Pages 18 to 21, 120</td>
</tr>
<tr>
<td><strong>Board Performance</strong></td>
<td></td>
</tr>
<tr>
<td>Provision 5.2 How the assessments of the Board, its Board Committees and each Director have been conducted, including the identity of any external facilitator and its connection, if any, with the Manager or any of its Directors</td>
<td>Pages 115, 122</td>
</tr>
<tr>
<td><strong>Procedures for Developing Remuneration Policies</strong></td>
<td></td>
</tr>
<tr>
<td>Provision 6.4 Engagement of any remuneration consultants and their independence</td>
<td>Pages 124 and 126</td>
</tr>
<tr>
<td><strong>Disclosure on Remuneration</strong></td>
<td></td>
</tr>
<tr>
<td>Provision 8.1 Policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of:</td>
<td>Pages 123 to 127</td>
</tr>
<tr>
<td>(a) each individual Director and the CEO; and</td>
<td></td>
</tr>
<tr>
<td>(b) at least the top five key management personnel (who are not Directors or the CEO) in bands no wider than $250,000 and in aggregate the total remuneration paid to these key management personnel</td>
<td></td>
</tr>
<tr>
<td>Provision 8.2 Names and remuneration of employees who are substantial shareholders of the Manager or substantial Unitholders, or are immediate family members of a Director, the CEO or such a substantial shareholder or substantial Unitholder, and whose remuneration exceeds $100,000 during the year, in bands no wider than $100,000. The employer’s relationship with the relevant director or the CEO or substantial shareholder or substantial Unitholder should also be stated.</td>
<td>Page 127</td>
</tr>
<tr>
<td>Provision 8.3 All forms of remuneration and other payments and benefits, paid by the Manager and its subsidiaries to directors and key management personnel of the Manager</td>
<td>Pages 123 to 127</td>
</tr>
</tbody>
</table>
## Risk Management and Internal Controls

**Provision 9.2**  
Board’s assurance from:

(a) the CEO and the CFO that the financial records have been properly maintained and the financial statements give a true and fair view of the REIT’s operations and finances, and

(b) the CEO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the REIT’s risk management and internal control systems.

---

## Unitholder Rights and Engagement

### Unitholder Rights and Conduct of General Meetings

**Provision 11.3**  
Directors’ attendance at general meetings of Unitholders held during the financial year  
Pages 116 and 133

### Engagement with Unitholders

**Provision 12.1**  
Steps taken by the Manager to solicit and understand the views of Unitholders  
Pages 132 to 133

### Engagement with Stakeholders

**Provision 13.2**  
The Manager’s strategy and key areas of focus in relation to the management of stakeholder relationships during the reporting period  
Page 133