

Experience matters

Annual Report 2018



A member of Frasers Property Group



'Experience matters' is the belief that underpins everything we do.

Our attention to detail reflects this belief. From the big, macro concepts and developments to the small, micro moments and thoughtful, sustainable touches, we embrace details which make an impact.

This year's annual report highlights some of the key elements that matter to us, and to the people in our properties. Whether it is a feature of an asset or a nuance of an engagement, we captured details and moments that illustrate our commitment to building meaningful experiences.

At Frasers Centrepoint Trust, we pride ourselves on being able to see the big picture without compromising attention to detail. On the macro level, we aim to create vibrant experiences for tenants and consumers by investing in quality retail properties. This includes Changi City Point, a lifestyle mall with brands that appeal to a wide demographic. At the micro level, we strive to enhance customer engagement. From art installations that encourage conversation, to customer service encounters that spark delight, every moment is made special because experience matters.

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About Frasers Centrepoint Trust

Frasers Centrepoint Trust ("FCT") is a Singapore-domiciled retail real estate investment trust ("REIT"). FCT was listed on the mainboard of the Singapore Exchange Securities Trading Limited (SGX-ST) on 5 July 2006. FCT has a market capitalisation of approximately S\$2.1 billion as at 28 September 2018.

FCT's principal activity is to invest in income-producing properties used primarily for retail purposes, in Singapore and overseas. Its primary objectives are to deliver regular and stable distributions to unitholders and to achieve long-term capital growth. The objectives are achieved through a combination of its organic, enhancement and acquisition growth strategies. FCT also owns a 31.15% equity stake in Hektar Real Estate Investment Trust, which is listed on the Main Market of Bursa Malaysia Securities Berhad.

FCT's portfolio comprises six quality suburban malls in Singapore with a total appraised value of S\$2.75 billion as at 30 September 2018. These malls are Causeway Point, Northpoint City North Wing (including Yishun 10 retail podium), Changi City Point, Bedok Point, YewTee Point and Anchorpoint. FCT's suburban malls are located in residential areas with good shopper catchment and connectivity to public transport, and they offer the shoppers a wide range of products and services that cater to their convenience, necessity shopping needs and dining options. The malls enjoy high occupancy and steady shopper traffic which underpin the stability of FCT's net property income.

FCT has achieved steady portfolio growth and delivered stable distribution returns to unitholders through prudent capital management and successful execution of its growth strategies. Its total assets grew from S\$938 million at its initial public listing to S\$2.84 billion as at 30 September 2018. The distribution per Unit to unitholders also grew steadily to 12.015 S cents in FY2018 at a compounded annual growth rate of 5.9% over the twelve years since its listing.

FCT is managed by the Manager of FCT, Frasers Centrepoint Asset Management Ltd., a real estate management company and a subsidiary of Frasers Property Limited.

Experience matters

We believe our customers' experience matters.

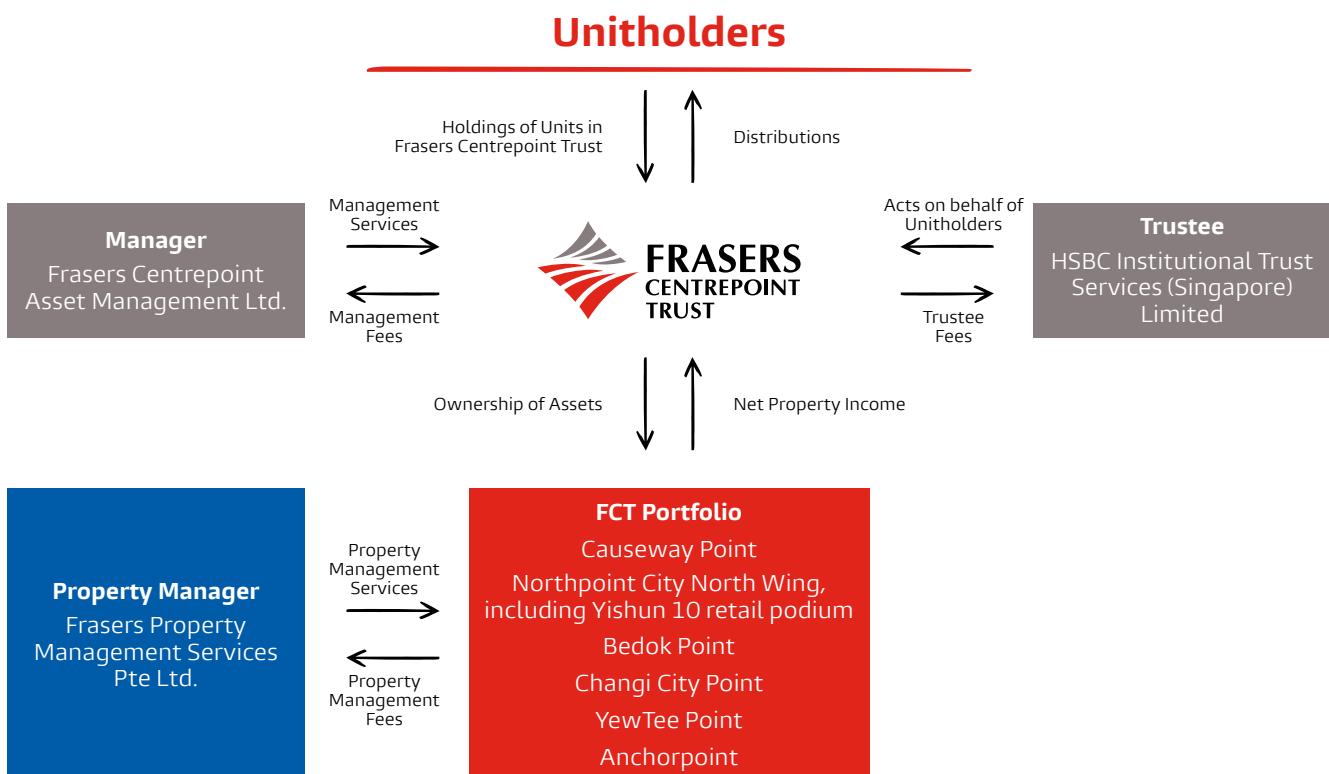
When we focus on our customers' needs, we gain valuable insights which guide our products and services. We create memorable and enriching experiences for our customers.

We believe our experience matters.

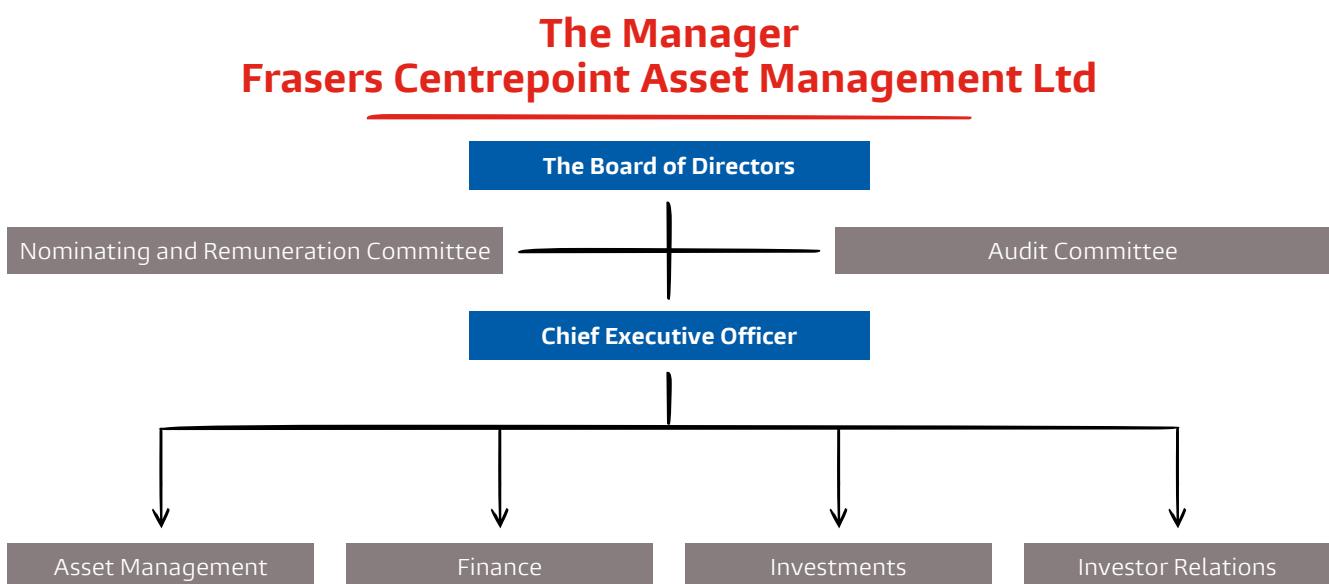
Our legacy is valuable and inspires our future successes. As a member of the Frasers Property Group, a multi-national business of scale and diversity, we bring the right expertise to create value for our customers. We celebrate the diversity of our people and the expertise they bring, and we commit ourselves to enabling their professional and personal development.



Structure of FCT



Organisation Structure of The Manager



FCT Business Strategy

FCT's investment objectives are to own and to invest in income-producing properties or properties that could be developed or redeveloped into income-producing properties, used primarily for retail purposes, in Singapore and overseas. Frasers Centrepoint Asset Management Ltd. (FCAM), the Manager of FCT, is responsible for FCT's investment and financing strategies, asset acquisition and disposition and for the overall management of FCT's portfolio of investment properties.

FCAM's key objectives are to deliver regular and stable distributions to Unitholders and to achieve long-term growth in the net asset value per Unit so as to provide Unitholders with a competitive rate of return for their investments.

FCAM's growth strategies are as follows:



Acquisition Growth Strategy

Identifying and pursuing growth opportunities via acquiring additional income-producing properties and properties that could be developed or redeveloped into income-producing properties. The acquisitions should meet FCT's investment objectives to enhance yields and returns for Unitholders while improving portfolio diversification. The acquisition opportunities include Sponsor's pipeline assets and 3rd party assets, in Singapore and overseas.



Enhancement Growth Strategy

This includes change of configuration and layout of the properties to achieve better asset yield and sustainable income growth; and to achieve value creation through Asset Enhancement Initiatives (AEIs) to improve the income producing capability of the properties.



Organic Growth Strategy

Active lease management to achieve positive rental reversions, maintaining healthy portfolio occupancy to provide steady rental growth.

FCAM adopts prudent capital and risk management strategies in its course of business:



Capital Management

FCAM continues to maintain a prudent financial structure and adequate financial flexibility to ensure that it has access to capital resources at competitive cost. FCAM proactively manages FCT's cash flows, financial position, debt maturity profile, costs of capital, interest rates exposure and overall liquidity position.



Risk Management

Effective risk management is a fundamental part of FCT's business strategy. Key risks, mitigating measures and management actions are continually identified, reviewed and monitored by management as part of FCAM's enterprise-wide risk management framework. Recognising and managing risks are central to the business and to protecting Unitholders' interests.

FY2018 Highlights

Appraised Value of Investment Properties

↑ **3.0%** year-on-year
S\$2.75 billion

The aggregate value of FCT's property portfolio stood at S\$2,749 million as at 30 September 2018, which is S\$80.9 million or 3.0% higher compared with S\$2,668 million as at 30 September 2017. The increase was mainly driven by higher valuation achieved by Northpoint City North Wing and Causeway Point, which registered S\$38 million and S\$28 million in property valuation gains, respectively.

Gross Revenue

↑ **6.5%** year-on-year
S\$193.3 million

FCT achieved gross revenue of S\$193.3 million in FY2018, up 6.5% compared with FY2017. The growth was led by Northpoint City North Wing with higher average rental and improved occupancy following the completion of its asset enhancement initiative (AEI) works in FY2017. The other two larger malls Causeway Point and Changi City Point, also achieved higher revenue for the year, with 2.3% and 5.0% year-on-year growth, respectively.

Net Property Income

↑ **5.9%** year-on-year
S\$137.2 million

Net Property Income (NPI) for FY2018 was S\$137.2 million, up 5.9% compared to the previous year. The NPI growth was driven by higher contributions from Northpoint City North Wing and Changi City Point. The increase was partially offset by higher property expenses compared to the previous year.

Gearing Level

28.6%

FCT continues to maintain a healthy gearing level at 28.6%, which is one of the lowest in the Singapore REIT sector.

Net Asset Value and Net Tangible Asset per Unit

↑ **2.97%** year-on-year
S\$2.08

FCT's Net Asset Value and Net Tangible Asset as at 30 September 2018 was S\$2.08 per unit. This is 2.97% higher than the S\$2.02 a year ago and the increase was attributed to the surplus on revaluation of the portfolio properties.

Distribution per Unit

↑ **1.0%** year-on-year
12.015 S cents

Total distribution per Unit (DPU) for FY2018 was 12.015 S cents, which is 1.0% higher than the 11.90 S cents DPU in FY2017. This is also the twelfth consecutive year of DPU growth since FCT's listing.

DPU Yield

5.29%

Based on the DPU of 12.015 S cents for FY2018 and the closing price of S\$2.27 on 30 September 2018, the DPU yield of FCT stood at 5.29%, which is 280 basis points above the Singapore Government 10-year bond yield of 2.49% (Source: Bloomberg)

Key Events



October 2017

FCT announced its FY2017 financial results, with full year DPU up 1.2% to 11.9 S cents.

November 2017

Issue of S\$70 million 2.77% Fixed Rate Notes due 2024 by FCT MTN Pte Ltd under its S\$1 billion multicurrency MTN Programme.

December 2017

FCT won five prestigious Investor Relations (“IR”) awards at the IR Magazine Awards – South East Asia 2017. The five awards include: Best Overall Investor Relations; Best Investor Relations Officer (small to mid-cap) – Fung-Leng Chen; Best in Sector (Real Estate); Best in Country (Singapore) and Best Investor Relations by a Senior Management team.

Retirement of Mr Soh Kim Soon as a Non-Executive and Independent Director on the Board, as a Member of the Audit Committee and as the Chairman of the Nominating and Remuneration Committee.

January 2018

FCT held its 9th Annual General Meeting on 23 Jan 2018 and all resolutions proposed were duly passed. FCT announced its results for 1Q18, with 1Q18 DPU up 3.8% to 3.00 S cents.

February 2018

FCT announced changes in the composition of the Board of Directors, the Audit Committee and the Nominating and Remuneration Committee of the Manager Frasers Centrepoint Asset Management Ltd. (FCAM)

- Dr Cheong Choong Kong, a Non-Executive and Independent Director of FCAM was appointed as Chairman of the Board of Directors with effect from 1 March 2018.
- Mr Ho Chai Seng, a Non-Executive and Independent Director of FCAM, was appointed as the Chairman of the Nominating and Remuneration Committee (following the announcement on 28 December 2017 relating to the retirement of Mr Soh Kim Soon)

April 2018

Announcement of 2Q18 financial results, with 2Q18 DPU up 2.0% to 3.10 S cents.

July 2018

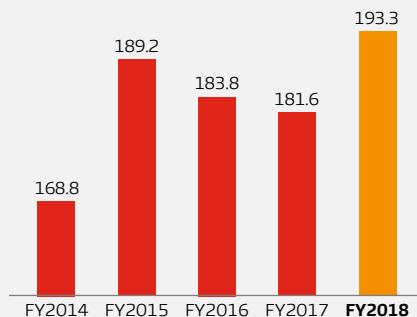
Announcement of 3Q18 financial results, with 3Q18 DPU up 1.8% to 3.053 S cents.

October 2018

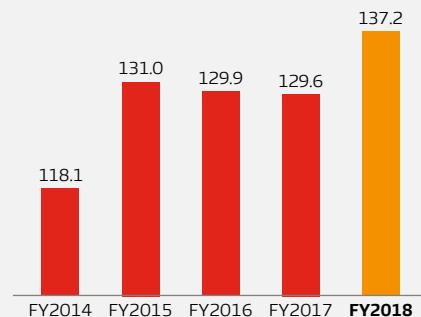
Announcement of FY2018 financial results, with full year DPU up 1.0% to 12.015 S cents.

5-Year Performance At A Glance

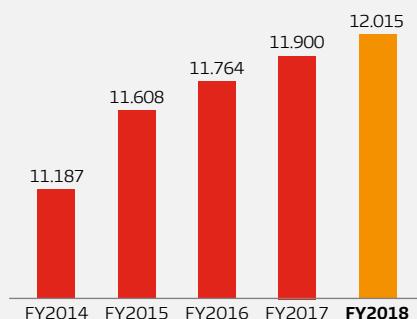
Revenue
(S\$ Million)



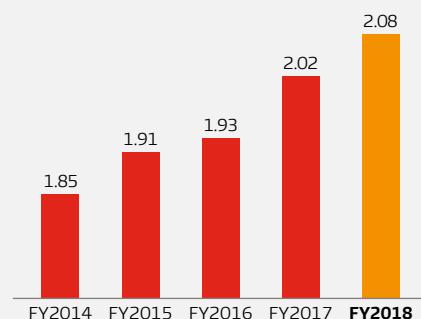
Net Property Income
(S\$ Million)



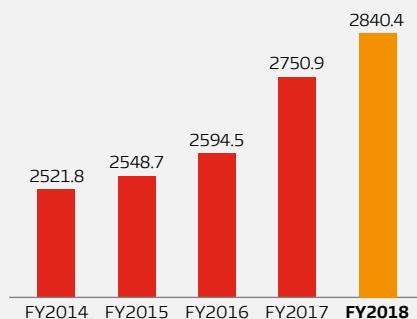
Distribution Per Unit
(S cents)



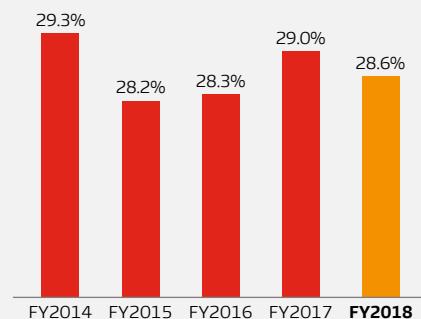
Net Asset Value Per Unit
(S\$)



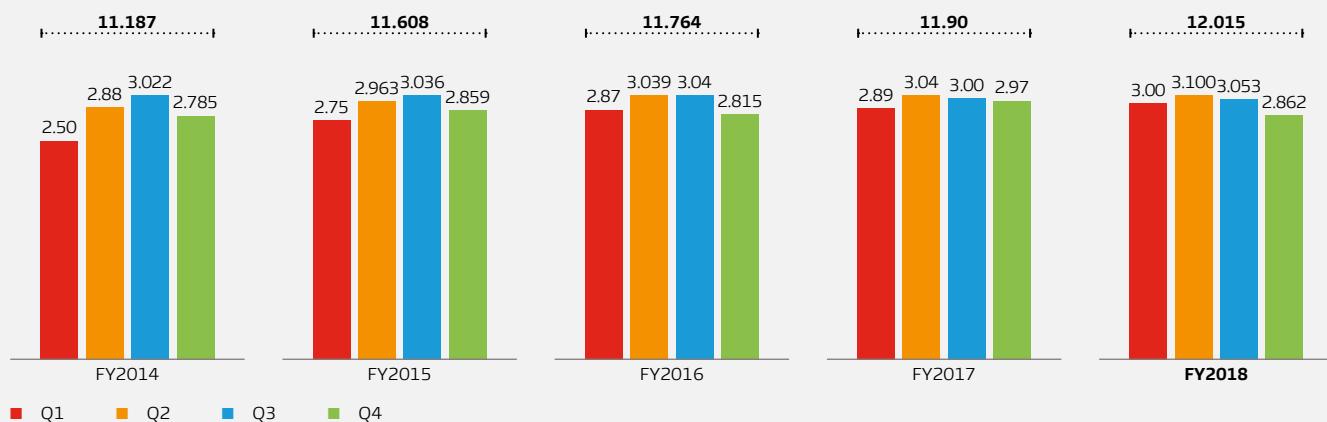
Total Assets
(S\$ Million)



Gearing
(%)



Distribution per Unit by Quarters (S cents)



Group	For the Financial Year ending 30 September	FY2014	FY2015	FY2016	FY2017	FY2018
Selected Income Statement and Distribution Data (\$'000)						
Gross Revenue	168,754	189,242	183,816	181,595	193,347	
Net Property Income	118,096	131,043	129,852	129,558	137,186	
Distributable Income	95,442	106,412	108,101	110,615	111,316	

Selected Balance Sheet Data (\$ Million)						
Total Assets	2,521.8	2,548.7	2,594.5	2,750.9	2,840.4	
Total Borrowings	739.0	718.0	734.0	798.0	813.0	
Net Assets	1,698.7	1,754.5	1,775.6	1,872.2	1,933.8	
Value of Portfolio Properties ¹	2,400.0	2,464.0	2,509.0	2,668.1	2,749.0	

Other Financial Indicators						
Distribution per Unit (cents)	11.187	11.608	11.764	11.90	12.015	
Net Asset Value per Unit (\$) ²	1.85	1.91	1.93	2.02	2.08	
Ratio of Total Borrowings to Total Assets (Gearing)	29.3%	28.2%	28.3%	29.0%	28.6%	
Interest Coverage (Times)	6.20	6.61	7.33	6.85	6.25	
Market Capitalisation (S\$ million)	1,725.6	1,746.6	2,021.2	1,946.4	2,102.9	

1 The investment properties are: Causeway Point, Northpoint City North Wing (including Yishun 10 retail podium), Anchorpoint, YewTee Point, Bedok Point and Changi City Point.

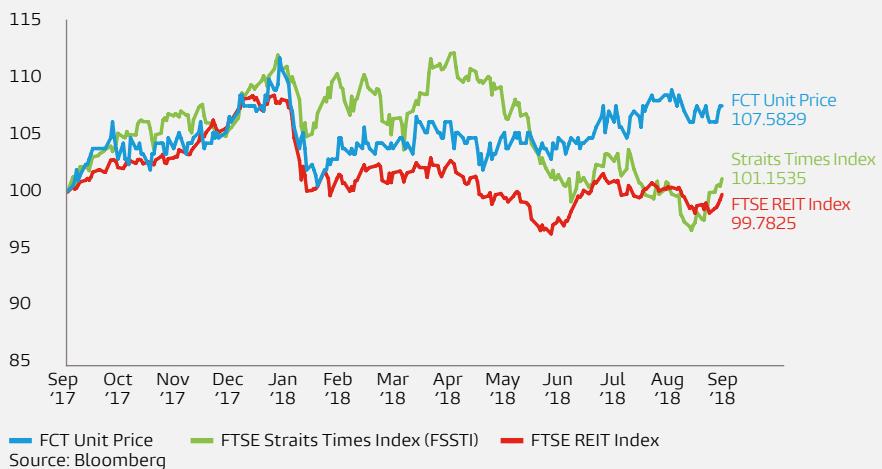
2 Includes the distribution to be paid for the last quarter of the Financial Year.

Unit Price Performance

FCT unit price closed at \$2.27 on 28 September 2018 (being the last trading day of the month), this is about 7.6% higher than the closing price of \$2.11 a year ago. Comparatively, the FTSE Straits Times Index increased about 1.2% and the FTSE REIT Index declined about 0.2% during the same period.

Comparative 1 Year Price Trends

Base = 100



Total Returns Comparison

FCT's 1-year total return for the period 1 October 2017 and 30 September 2018 was 13.6%, as compared to total return of the FTSE Straits Times Index at 4.9% and the FTSE REIT Index at 6.1%. Over a longer time horizon, FCT delivered total return of 41.1% and 64.1% over 3-year and 5-year periods, respectively, outperforming both the FTSE Straits Times Index and the FTSE REIT index.

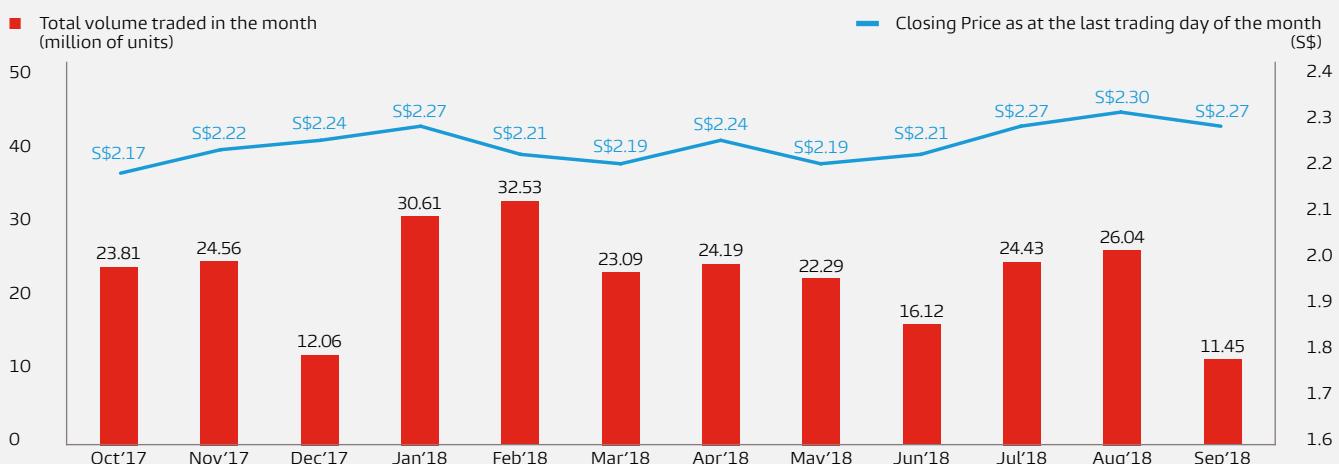
	1 Year		3 years		5 years	
	1 Oct 2017 to 30 Sep 2018	Total Return %	1 Oct 2015 to 30 Sep 2018	Total Return %	1 Oct 2013 to 30 Sep 2018	Total Return %
	Price Change %	Price Change %	Total Return %	Price Change %	Total Return %	
FCT	7.58%	13.56%	19.16%	41.09%	23.04%	64.07%
FTSE REIT Index	-0.22%	6.13%	15.72%	40.14%	9.78%	49.96%
FTSE Straits Times Index	1.15%	4.95%	16.70%	30.06%	2.82%	22.13%

Source: Bloomberg

FCT Monthly Trading Performance in FY2018

FCT's trading volume and the unit closing price for each month in FY2018 is shown in the chart "Trading Performance in FY2018". The unit price increased from \$2.17 in October 2017 to \$2.27 in September 2018. The highest closing price during this period was \$2.36 (on 25 January 2018) and the lowest closing price was \$2.12 (on 2 October 2017 and 15 February 2018). The average daily trading volume in FY2018 was about 1.085 million units, which is about 7% higher than the same period in the previous year.

Trading Performance in FY2018



The table below shows the historical trading information of FCT units in the past five financial years.

	FY2014 1 Oct 2013 to 30 Sep 2014	FY2015 1 Oct 2014 to 30 Sep 2015	FY2016 1 Oct 2015 to 30 Sep 2016	FY2017 1 Oct 2016 to 30 Sep 2017	FY2018 1 Oct 2017 to 30 Sep 2018
Opening price (\$\$)	1.845	1.885	1.905	2.200	2.110
Closing price (\$\$)	1.885	1.905	2.200	2.110	2.270
Highest closing price (\$\$)	2.00	2.15	2.21	2.19	2.36
Lowest closing price (\$\$)	1.66	1.85	1.80	1.87	2.12
Total volume traded (million Units)	306.4	312.5	239.4	254.5	271.2
Average daily trading volume (million units)	1.211	1.265	0.950	1.014	1.085
Market capitalisation ¹ (\$\$ billion)	1.726	1.747	2.021	1.946	2.103

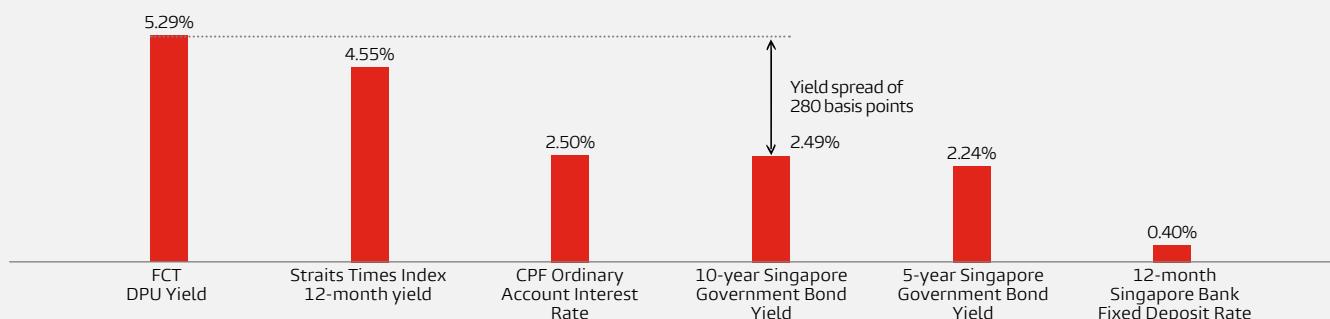
Source: Bloomberg

1 Based on the closing price and issued Units as at the last trading day of September.

Comparative Yields - FCT offers attractive yield return compared to other investments

FCT's distribution per Unit (DPU) yield stood at 5.29%¹ as at 30 September 2018, this is higher compared to the yields of the FTSE Straits Times Index, CPF Ordinary Account interest rate, the 12-month fixed deposit rate and the 5 & 10-year Singapore Government Bond yields. FCT's DPU yield spread over the 10-year Government bond yield is 280 basis points (FY2017: 349 basis points).

FCT Offers Attractive Yield Compared to Other Investments



Sources: Bloomberg, Central Provident Fund (CPF) website

1 Based on the distribution per Unit (DPU) of 12.015 cents for the period 1 October 2017 to 30 September 2018 and the closing unit price of \$2.27 on 28 September 2018.

Letter to Unitholders

Twelfth consecutive year of DPU growth, steady returns to Unitholders

Dear Unitholders,

We are pleased to present Frasers Centrepoint Trust (FCT)'s Annual Report and Sustainability Report for the financial year ended 30 September 2018 (FY2018).

Twelfth consecutive year of DPU growth, steady returns to Unitholders

FCT has delivered another set of excellent results for FY2018 with new highs attained for distribution per Unit (DPU) and net asset value (NAV) per Unit. The DPU was up 1.0% year-on-year to 12.015 cents, driven by higher revenue and net property income achieved. It is the twelfth consecutive year of DPU growth since FCT's inception. NAV per Unit was up 3.0% to \$2.08 on higher property valuations of FCT's asset portfolio.

FCT's Unit price also delivered excellent Unitholders' return performance compared with the broader indices, the FTSE REIT Index and the FTSE Straits Times Index. Total return¹ of FCT in the year under review was 13.6%, which outperformed the total return of 6.1% for the FTSE REIT Index and 4.9% for the FTSE Straits Times Index. Over the last 3- and 5-year period, FCT registered total returns of 41.1% and 64.1%, respectively, outperforming both the FTSE REIT and the FTSE Straits Times indices.

This outcome epitomised our focus and effort to deliver stable returns and long-term growth to our Unitholders.

Higher revenue and net property income in FY2018

Gross revenue for FY2018 was up 6.5% to \$193.3 million and net property income was up 5.9% to \$137.2 million. The revenue growth was driven by the three larger malls, Causeway Point; Northpoint City North Wing; and Changi City Point. These malls account for about 88% of the portfolio's net property income. Among the three, Northpoint City North Wing delivered the strongest year-on-year growth, with its revenue up by 26.5%² and net property income up by 35.1%² on higher average rental and improved occupancy achieved following the completion of its asset enhancement initiative (AEI) works last year. The remaining three smaller malls, YewTee Point; Bedok Point; and Anchorpoint, however, did not fare as well. The revenue achieved for these malls were between 0.1% and 16.0% lower due to lower occupancy and lower average gross rent compared to the same period last year. We expect the occupancy of these smaller properties and its financial performance to improve in the near term as we have secured new leases that will commence in the next few months.

Solid Financial Position

FCT's financial position remains solid with gearing level at 28.6% as at 30 September 2018, which is one of the lowest among the Singapore listed REIT peers. FCT's all-in average cost of borrowings was 2.6%, which is 30 basis points higher than last year due to the rise in interest rates. FCT currently has about 64% of the borrowings on fixed or hedged-to-fixed interest rates. We remain prudent in our capital management and vigilant of the interest rate movements and market volatilities due to the ongoing geopolitical and trade tensions between the United States and China, as well as the headwinds in the economy in general.

¹ Total return comprises unit price increase and return from re-invested DPU

² Excluding Yishun 10 retail podium



From left to right: Dr Cheong Choong Kong and Dr Chew Tuan Chiong

Letter to Unitholders

Higher appraised valuation of investment properties drives higher NAV

Total appraised value of FCT's portfolio of properties as at 30 September 2018 stood at \$2,749 million, about 3% higher than the \$2,668 million recorded a year ago. All properties except Bedok Point and Yishun 10 retail podium, saw higher appraised values. The surplus on revaluation of the portfolio properties increased FCT's net asset value and net tangible asset to \$2.08 per unit from \$2.02 last year.

Improved occupancy and positive portfolio rental reversion

The portfolio occupancy as at 30 September 2018 was 94.7%, higher than the 92.0% in the previous year. The improvement was driven mainly by Northpoint City North Wing and Changi City Point. Occupancy at Northpoint City North Wing³ leaped from 81.2% to 99.4% after the completion of the AEI last year. Changi City Point improved its occupancy from 88.5% to 93.8% as the mall was able to attract more new tenants with our tenant-mix repositioning strategy and the commencement of the new Downtown Line MRT train service in October 2017.

For FY2018, a total of 232 leases accounting for about 250,000 square feet or 23.2% of FCT's total net lettable area ("NLA") were renewed at an average rental reversion of 3.2%, which was not easy to achieve amidst the considerable challenges facing the retail industry. Causeway Point remained the best performing property in this aspect, it registered 6.4% in average rental reversion in FY2018 for almost 25% of its NLA, while Northpoint City North Wing and Changi City Point achieved 2.8% and 3.8%, respectively.

Higher shopper traffic, driven by the larger malls

The total shopper traffic in FY2018 was 100.1 million, an increase of 5.8% year-on-year. The three larger malls Causeway Point, Northpoint City and Changi City Point saw higher traffic of between 4.1% and 11.5% compared to the same period last year. Northpoint City registered the highest improvement in shopper traffic of 11.5%, due to the completion of the AEI at the North Wing and the opening of the South Wing (in December 2017) which attracted more shoppers. The three smaller malls saw between flat and 4.7% decline in shopper traffic due partially to the lower occupancy at these malls.

FCT's portfolio of suburban malls continues to benefit from the healthy shopper traffic and leasing demand that support its resilience amidst challenges facing the retail industry. We will continue work on initiatives to keep our malls attractive and relevant to our shoppers, making our malls convenient destinations where our shoppers can enjoy better experience beyond basic buying and dining.

Forging relations with the investment community

The management team of FCAM engages regularly with the investment community using different platforms including conferences; non-deal roadshows; one-on-one meetings and post-results luncheons to apprise them of FCT's corporate developments and financial performance and to create greater awareness and investors' interests. We also conduct property tours at our properties for analysts, investors and journalists for them to better understand the operation and dynamics of our business.

In FY2018, FCAM management held meetings with 251 institutional investors (FY2017: 235). The investors generally view FCT favourably because of its established track record in distribution growth, stability, good growth prospects, attractive total return, good corporate governance and transparent management.

Accolades

FCT won five prestigious Investor Relations awards at the IR Magazine Awards – South East Asia 2017 on 5 December 2017. The five awards include: Best Overall Investor Relations; Best Investor Relations Officer (small to mid-cap) – Fung-Leng Chen; Best in Sector (Real Estate); Best in Country (Singapore) and Best Investor Relations by a Senior Management team. FCT was also nominated as finalist in the Best in Financial (including Real Estate) category in The IR Magazine 2018 Global Top 50. The Global Top 50 is a ranking of the world's best investor relations programs according to surveys of analysts and investors. FCT was the only Singapore listed company among the 50 nominees.

FCT received the Platinum Award of the Best Retail REIT (Singapore) for companies with more than US\$1 Billion Market Capitalisation at the Asia Pacific Best of Breeds REITs on 2 August 2018. The award recognises companies and managers with the highest standards and performance in the Asia Pacific REITs sector.

³ Excluding Yishun 10 retail podium

⁴ The shopper traffic for Northpoint City includes both North Wing and South Wing as the two wings are integrated. The year-on-year comparison for Northpoint City is based on the restated shopper traffic of 37.5 million for FY2017 and 41.8 million for FY2018.

Growth outlook

The Singapore Government has forecast Singapore's economy to grow by 2.5 to 3.5% in 2018 and has cautioned about risk on its economy growth projection for 2019 due to the ramifications from trade tension between the United States and China. We remain watchful of the risks from these external events that could indirectly impact our business, including our sources of funding. We review our risk management policies regularly and take appropriate actions where necessary.

As we move into the new financial year, we remain focused on continuous improvement in the financial performance of FCT as well as on acquisition strategies to drive further growth. Prospects for acquisition include existing and future retail properties in the sponsor's portfolio, as well as other opportunities arising within Singapore and overseas.

Acknowledgements

Mr Soh Kim Soon retired from the Board on 31 December 2017 as non-executive and independent director, as a member of the Audit Committee and as the Chairman of the Nominating and Remuneration Committee. Mr Soh has served on the Board since the inception of FCT in 2006, the Board expresses its sincere appreciation for his service and contributions.

Dr Cheong Choong Kong, who joined the Board as Lead Independent Director in 2016, has been appointed Chairman of the Board on 1 March 2018. He succeeded Mr Philip Eng, who has served as Chairman of the Board for the last 9 years. We are grateful to Mr Eng's invaluable experience and stewardship as Chairman and we are happy that Mr Eng has agreed to continue to serve as non-executive and non-independent director and as member of the Audit Committee.

In closing, we thank our fellow Board members for guiding FCT forward in its growth journey. We would also like to thank the management and staff for their dedication and relentless hard work. Finally, we express our gratitude to our stakeholders: unitholders, business partners, tenants and shoppers for their continued support.



Dr Cheong Choong Kong
Chairman



Dr Chew Tuan Chiong
Chief Executive Officer

21 December 2018

Board of Directors



Dr Cheong Choong Kong, 77

Chairman, Non-Executive and Independent Director

Date of appointment as Director: 18 May 2016

Length of service as Director (as at 30 September 2018):
2 years 4 months

Board committees served on

- Audit Committee (Member)
- Nominating and Remuneration Committee (Member)

Academic & professional qualifications

- Bachelor of Science, Adelaide University
- Master of Science, Australian National University
- Doctor of Philosophy, Australian National University
- Doctor of Science (Honorary), Australian National University
- Degree of Doctor of the University (Honorary), Adelaide University

Present Directorships in other companies (as at 30 September 2018)

Listed companies

Nil

Listed REITs/Trusts

Nil

Others

- Director, RSVP Singapore
- Director, National Council of Social Services

Major appointments (other than Directorships)

- Chairman, NUS Mind Science Centre Advisory Board

**Past Directorships in listed companies held over the preceding 3 years
(from 1 October 2015 to 30 September 2018)**

- Great Eastern Holdings Limited
- Overseas-Chinese Banking Corporation Limited
- The Overseas Assurance Corporation Limited
- OCBC Wing Hang Bank Ltd
- OCBC Management Services Private Limited

Past major appointments

- Chairman, Oversea-Chinese Banking Corporation
- Chairman, Singapore Broadcasting Corporation
- Chairman, NUS Council
- Deputy Chairman and CEO Singapore Airlines

Others

Nil



Dr Chew Tuan Chiong, 60
Executive and Non-Independent Director

Date of appointment as Director: 14 July 2010
Length of service as Director (as at 30 September 2018):
8 years 2 months

Board committees served on
Nil

Academic & professional qualifications

- Doctor of Philosophy, University of Cambridge
- Master of Engineering, National University of Singapore
- Bachelor of Engineering (First Class Honours), Monash University
- Chartered Engineer, The Engineering Council UK
- Fellow, The Institution of Engineers Singapore
- Fellow, Academy of Engineering Singapore

**Present Directorships in other companies
(as at 30 September 2018)**

Listed companies
Nil

Listed REITs/Trusts

- Hektar Asset Management Sdn Bhd, Manager of Hektar Real Estate Investment Trust

Others
Nil

Major appointments (other than Directorships)

- Chief Executive Officer, Frasers Centrepoint Asset Management Ltd

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2015 to 30 September 2018)
Nil

Past major appointment

- Chief Executive of the Science Centre Singapore

Others

- Public Administration Medal (Silver) (Singapore)
- Sugden Award by the Combustion Institute (UK)
- IPS Cadi Scientific Medal by the Institute of Physics Singapore
- President's Award by Asia Pacific Association of Science & Technology Centres
- Justice of the Peace



Mr Philip Eng Heng Nee, 72
Non-Executive and Non-Independent Director

Date of appointment as Director: 3 April 2006
Length of service as Director (as at 30 September 2018):
12 years 6 months

Board committees served on
• Audit Committee (Member)

Academic & professional qualifications

- Bachelor of Commerce in Accountancy, University of New South Wales, Australia
- Associate Member, Institute of Chartered Accountants in Australia
- Chartered Accountant (Singapore)

**Present Directorships in other companies
(as at 30 September 2018)**

Listed companies

- Ezra Holdings Limited
- Frasers Property Limited (Chairman of Remuneration Committee and Member of Audit Committee)
- PT Adira Dinamika Multi Finance, Tbk (Commissioner)

Listed REITs/Trusts

- Hektar Asset Management Sdn Bhd, Manager of Hektar Real Estate Investment Trust

Others

- ALPS Pte. Ltd. (fka Agency for Healthcare Supply Chain Pte. Ltd.)
- Frasers Hospitality International Pte. Ltd.
- Frasers Property Australia Pty Limited
- Heliconia Capital Management Private Limited
- Transmex Systems International Pte. Ltd.
- Vanda 1 Investments Pte Ltd

Major appointments (other than Directorships)

- Singapore's Non-Resident High Commissioner to Canada

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2015 to 30 September 2018)

- mDR Limited (Chairman)
- The Hour Glass Limited

Past major appointment

- Group Managing Director, Jardine Cycle & Carriage Group

Others

Nil

Board of Directors



Mr Ho Chai Seng, 58
Non-Executive and Independent Director

Date of appointment as Director: 30 June 2017
Length of service as Director (as at 30 September 2018):
1 year 3 months

Board committees served on

- Nominating and Remuneration Committee (Chairman)
- Audit Committee (Member)

Academic & professional qualifications

- Bachelor of Commerce, University of Windsor, Canada
- Member, Singapore Institute of Directors
- Member, International Bankers Association of Japan

**Present Directorships in other companies
(as at 30 September 2018)**

Listed companies
Nil

Listed REITs/Trusts
Nil

Others
Nil

Major appointments (other than Directorships)

- Executive Director and Country Manager, United Overseas Bank Ltd, Tokyo Branch

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2015 to 30 September 2018)

- Frasers Property (UK) Limited

Past major appointments

- Vice President, BHF- Bank, New York
- Assistant General Manager, BHF-Bank, Singapore
- General Manager, DBS Bank, London
- General Manager, United Overseas Bank Ltd. London
- Executive Director, United Overseas Bank Ltd. Singapore

Others
Nil



Mr Ho Chee Hwee Simon, 57
Non-Executive and Independent Director

Date of appointment as Director: 9 February 2017
Length of service as Director (as at 30 September 2018):
1 year 7 months

Board committees served on

- Audit Committee (Chairman)
- Nominating and Remuneration Committee (Member)

Academic & professional qualifications

- Bachelor of Science (Estate Management) (Honours), National University of Singapore
- Master of Real Estate, National University of Singapore

**Present Directorships in other companies
(as at 30 September 2018)**

Listed companies
Nil

Listed REITs/Trusts
Nil

Others

- Allgreen Properties Limited
- ALPS Pte. Ltd. (formerly known as Agency for Healthcare Supply Chain Pte. Ltd.)
- Frasers Hospitality International Pte. Ltd.

Major appointments (other than Directorships)

Nil

Past Directorships in listed companies held over the preceding 3 years (from 1 October 2015 to 30 September 2018)

Nil

Past major appointments

- Deputy CEO of CapitaMalls Asia Limited (now known as CapitaLand Mall Asia Limited)
- CEO of the Manager of CapitaMall Trust (now known as CapitaLand Mall Trust)

Others

- Previously on the Board of directors of the managers of CapitaLand Mall Trust which is listed on the Singapore Exchange Securities Trading Limited) and CapitaLand Malaysia Mall Trust (which is listed on Bursa Malaysia)



Mr Christopher Tang Kok Kai, 57
Non-Executive and Non-Independent Director

Date of appointment as Director: 27 January 2006
Length of service as Director (as at 30 September 2018):
12 years 8 months

Board committees served on

- Nominating and Remuneration Committee (Member)

Academic & professional qualifications

- Bachelor of Science, National University of Singapore
- Master of Business Administration, National University of Singapore

**Present Directorships in other companies
(as at 30 September 2018)**

Listed companies
Nil

Listed REITs/Trusts

- Frasers Commercial Asset Management Limited, Manager of Frasers Commercial Trust

Others

- Republic Polytechnic (Member of the Board of Governors)

Major appointments (other than Directorships)

- Chief Executive Officer, Singapore, Frasers Property Limited

**Past Directorships in listed companies held over the preceding
3 years (from 1 October 2015 to 30 September 2018)**

Listed companies
Nil

Listed REITs/Trusts

- Hektar Asset Management Sdn Bhd, Manager of Hektar Real Estate Investment Trust

Past major appointments

- Chief Executive Officer, Frasers Centrepoint Commercial, Frasers Property Limited
- Chief Executive Officer, China, Frasers Property Limited
- Chief Executive Officer of Frasers Centrepoint Asset Management Ltd, the Manager of Frasers Centrepoint Trust

Others

- Previously worked with DBS Bank, DBS Land and British Petroleum

Trust Management Team



From left to right: Mr Alex Chia, Ms Tay Hwee Pio, Dr Chew Tuan Chiong, Mr Rene Lee, Mr Chen Fung Leng

Dr Chew Tuan Chiong

Chief Executive Officer & Executive Director

Please refer to Dr Chew's biography in the section on 'Board of Directors'

Ms Tay Hwee Pio

Chief Financial Officer

Hwee Pio is responsible for the financial, taxation, treasury and compliance functions of Frasers Centrepoint Trust. She has over 20 years of financial experience in the real estate industry. Prior to joining FCT, Hwee Pio was based in Shanghai for 10 years, of which she was the financial controller for Frasers Property Limited's business operations in China since year 2006. Before joining Frasers Property Limited, Hwee Pio held financial positions at Keppel Land and Guocoland. She started her career as an external auditor with KPMG. Hwee Pio is a Singapore Chartered Accountant (CA) with the Institute of Singapore Chartered Accountants and she is a Fellow with the Association of Chartered Certified Accountants.

Mr Alex Chia

Vice President, Asset Management

Alex leads the asset management team and is responsible for formulating and executing asset enhancement strategies that maximises value creation and performance potential for the properties in FCT's portfolio. Alex's team works closely with the property management team to enhance the operational and financial performance of each property. Before heading the asset management team, Alex was the Head of Investment for six years, responsible for the expansion of FCT's asset portfolio through strategic acquisitions and investments. Alex has over 9 years of business development experience in serviced residence industry covering the Pan Asia market and 5 years of experience in the areas of retail operations and project planning. Alex holds a bachelor's degree in Business Administration from National University of Singapore and an MBA from University of Hull, United Kingdom.

Mr Rene Lee

Vice President, Investment

Rene leads the investment team and is responsible for sourcing, evaluating and executing suitable investment and divestment opportunities for FCT to improve the quality of FCT's portfolio and increase distributions to unit-holders. He has more than 10 years of experience investing in different asset classes across Asia-Pacific. Rene holds a Bachelor of Applied Science (Honours) in Civil Engineering from the University of Toronto and a Master of Business Administration from the University of California, Berkeley.

Mr Chen Fung Leng

Vice President, Investor Relations

Fung Leng is responsible for FCT's investor relations function. He has more than 10 years of experience in the field of investor relations and he is responsible for forging relations and the communications between FCT and its unitholders, the investment community and the media. He also provides market intelligence and research to the management team. Fung Leng holds a Master of Science degree in Industrial and Systems Engineering and a bachelor's degree in Mechanical Engineering (Honours), both degrees from the National University of Singapore.

Property Management Team

Ms Molly Lim

Senior Vice President, Head of Retail Properties, Frasers Property Singapore

Molly oversees the operations and business processes of 9 retail malls aggregating over 2 million square feet of net lettable area within the Frasers Property Singapore retail business. She has 28 years of experience in retail property management and commercial leasing. Prior to the current appointment, Molly was Senior Centre manager at Causeway Point for 18 years. She led the pioneer centre management team at the mall and established the foundation for the administrative and standard operational procedures. She was responsible for the operations and management of the mall, including tenancy and leasing management, customer service, as well as the implementation of retail policies and strategic retail initiatives of Frasers Property Group. She was instrumental in the transformational asset enhancement initiative (AEI) works at Causeway Point which was completed in 2012.

Molly holds a Bachelor of Social Sciences (Honours) degree majoring in Economics from the National University of Singapore. She also holds a Graduate Diploma in Business Administration from the Singapore Institute of Management.

Ms Jill Ng

Vice President, Head of Strategic Marketing, Digital & Communications, Frasers Property Singapore

Jill leads the strategic marketing, digital and communications team at Frasers Property Singapore, which drives experiential marketing, loyalty and digital initiatives for the retail business unit while advocating the continued refinement of customer journeys. Across the Singapore strategic business unit, which comprises the residential, retail and commercial divisions, she champions corporate branding, internal communications, public affairs, CRM and the ongoing push towards a seamless brand experience. Recent team accolades include the Frasers Tribal Quest which won the Best

Retail Event of the Year in Singapore Retailers Association Awards 2018 and Frasers Galactic Passport which won the Gold award for Emerging Digital Technology from International Council of Shopping Centers Gold Award for Emerging Technology at the 2017 ICSC Asia Pacific Awards and a Silver Award from Community Chest for continued community investment.

Prior to joining Frasers Property, she was part of the development marketing team for a greenfield retail mall. She also led Marketing Communications at Singapore's largest suburban mall where she spearheaded branding, loyalty, service excellence and promotions. Jill has a Degree in Business Administration from Macquarie University and a Diploma in Hospitality Management from Temasek Polytechnic.

Ms Foo Chai Hong

Vice President, Head of Leasing, Frasers Property Singapore

Chai Hong oversees the retail function of nine malls at Frasers Property Singapore and she is responsible for the leasing strategies and lease management for the retail group.

She has more than 15 years of experience in leasing negotiations and strategic lease planning in her previous roles at CapitaLand Mall Asia Limited, YTL Starhill Global Property Management Limited and APM Property Management.

Prior to joining Frasers Property, she was part of the Group Leasing team in AsiaMalls Management Pte Ltd where she was responsible for the marketing of the portfolio of malls. She also spearheaded leasing plans and marketing for the revamped malls in the portfolio.

Chai Hong started her career with Knight Frank Pte Ltd as a property valuer and had worked in various capacities at Jurong Town Corporation and DBS Workplace Solutions. She holds a bachelor's degree in Estate Management from the National University of Singapore.

Investor Relations

We are committed to open and transparent communications

Frasers Centrepoint Asset Management Ltd (“FCAM”), as Manager of Frasers Centrepoint Trust (“FCT”), is committed to maintaining open and transparent communications with its unitholders, media and the investors. FCAM provides factual and timely disclosure on all material information concerning FCT. General information on FCT including annual reports, portfolio information and investor presentations are updated regularly on FCT’s website. All news releases and company announcements are also available on the SGX-ST website.

Annual General Meeting (AGM)

The AGM and EGM are important communication platforms between the board of directors, the management of FCAM and the unitholders of FCT. FCT convened its 9th AGM on 23 January 2018. The voting for all resolutions at the AGM were conducted via electronic polls. All resolutions tabled at the AGM were duly passed and the results of the polls were announced on the SGX and FCT websites on the same day of the events.

Proactive outreach to investors through many channels

FCAM proactively engages investors and the research analysts through many channels to extend its outreach and to raise the profile of FCT among investors. This is achieved through active participation in conferences, non-deal roadshows and various investor engagement events organized by the securities firms, banks, The Singapore Exchange (SGX) and various institutions including REIT Association of Singapore (REITAS) and Shareinvestor. We also engage retail investors through participation in seminars, forums and large-scale symposium such as the Shareinvestor REIT Symposium, where retail investors could interact with our management team.

Engaged 251 institutional investors in FY2018

The senior management of FCAM meets regularly with FCT’s investors and analysts at investors’ conferences and non-deal roadshows (NDRs) (both overseas and local), one-on-one meetings, post-results luncheons and non-deal roadshows to apprise them of FCT’s corporate developments and financial performance. We also conduct property tours at our malls for analysts, investors and journalists for them to better understand the operation and dynamics of our business and the progress of asset enhancement initiative works (AEI) at our properties.

In FY2018, FCAM management held meetings with 251 institutional investors (FY2017: 235). The investors generally view FCT favourably because of its established track record in distribution per Unit (DPU) growth, stability, good growth prospects, attractive total return, good corporate governance and transparent management.

Expanding investor base through adding new NDR venues

FCAM continuously work with various securities firms and banks to expand its outreach to new investors in locations new to FCT. In the past 4 years, FCT has been among the first REITs to initiate NDRs in cities new to Singapore REITs, which include Bangkok (2014), Seoul (2015) and Taipei (2017). We took the opportunity during these NDRs to introduce FCT to institutional investors, to create greater awareness and investors’ interests. We will continue to work towards growing and diversifying our unitholder base.

During FY2018, we participated in the following investor relations activities:

Summary of investor relations activities	Singapore	Overseas	Total
Non-deal roadshows	0	6	6
Investors' conferences	5	2	7
Post-results events	8	0	8
Symposiums and seminars	5	0	5
Annual General Meeting	1	0	1
Total	19	8	27

Time Frame	Event	Date	Venue
1QFY18 1 October – 31 December 2017	Release of 4QFY17 and full year FY2017 results and post-results analysts' briefing	25 October 2017	Singapore
	Post-results investors' luncheon hosted by Daiwa	25 October 2017	Singapore
	Morgan Stanley Asia Pacific Summit	15 November 2017	Singapore
	Non-Deal Roadshow hosted by UBS	27 November 2017	Amsterdam
	UBS Global Real Estate CEO/CFO Conference	28-29 November 2017	London
2QFY18 1 January – 31 March 2018	9th Annual General Meeting	23 January 2018	Singapore
	Release of 1QFY18 results and post- results analysts' conference call	23 January 2018	Singapore
	Post-results investors' luncheon hosted by DBS	24 January 2018	Singapore
	HSBC ASEAN Forum	27 February 2018	Singapore
	Citi 2018 Global Property CEO Conference	5-6 March 2018	Florida, USA
3QFY18 1 April – 30 June 2018	Release of 2QFY18 results and post-results analysts' briefing	25 April 2018	Singapore
	Post-results investors' lunch hosted by UBS	25 April 2018	Singapore
	Non-Deal Roadshow hosted by HSBC	3-4 May 2018	Hong Kong
	Deutsche Bank dbAccess Asia Conference 2018	14 May 2018	Singapore
	ShareInvestor REIT Symposium 2018	19 May 2018	Singapore
4QFY18 1 July – 30 September 2018	Frasers Day Bangkok	19 June 2018	Bangkok
	Citi ASEAN C-Suite Investor Conference 2018	26 June 2018	Singapore
	Release of 3QFY18 results and post- results analysts' conference call	24 July 2018	Singapore
	Post-results investors' luncheon hosted by CLSA	25 July 2018	Singapore
	Non-Deal Roadshow hosted by CLSA	30-31 July 2018	Taiwan
	The Asia Pacific Best of The Breeds REITs Conference and Awards	2 August 2018	Singapore
	Presentation of FCT at UOB	14 August 2018	Singapore
	Knowledge Sharing Forum with Investors at Frasers Learning Academy	21 August 2018	Singapore
	Citi-REITAS-SGX C-Suite Singapore REITs and Sponsor Forum 2018	23 August 2018	Singapore
	Debt Investors NDR Hosted by DBS	5 September 2018	Tokyo

Investor Relations



5

**Investor Relations
Awards at the IR
Magazine Awards
– South East Asia**



**IR Magazine Global
Top 50 Finalist**



**Platinum Award
of the Best Retail
REIT (Singapore)
at Asia Pacific Best
of Breeds REITs**

Accolades

5 Investor Relations Awards at the IR Magazine Awards – South East Asia

FCT won five prestigious Investor Relations awards at the IR Magazine Awards – South East Asia 2017 at the awards presentation ceremony held at the Singapore Exchange on 5 December 2017.

The five awards include: Best Overall Investor Relations; Best Investor Relations Officer (small to mid-cap) – Fung-Leng Chen; Best in Sector (Real Estate); Best in Country (Singapore) and Best Investor Relations by a Senior Management team.

All of these awards are in the researched category where the winners are determined by votes cast and opinions from hundreds of analysts and investors as to which

companies have the best IR in South East Asia.

IR Magazine Global Top 50 finalist

FCT was nominated as finalist in the Best in Financial (including Real Estate) category in The IR Magazine 2018 Global Top 50. The Global Top 50 is a ranking of the world's best investor relations programs according to surveys of analysts and investors. FCT is the only Singapore listed company among the 50 nominees.

Platinum Award of the Best Retail REIT (Singapore) at the Asia Pacific Best of Breeds REITs

FCT received the Platinum Award of the Best Retail REIT (Singapore) for companies with more than US\$1 Billion Market Capitalisation at the Asia Pacific Best of Breeds REITs on 2 August 2018.



The award recognises companies and managers with the highest standards and performance in the Asia Pacific REITs sector, based on attributes including financial performance, market performance, corporate governance, quality of portfolio and the REIT manager and risk management policies. FCT received the Gold Award for the Best Retail REIT (Singapore) in 2017.

Coverage by equity research firms

As at 30 September 2018, there were 19 equity research firms which provided equity research coverage on FCT. Three research firms initiated research coverage on FCT in FY2018; they were Maybank Kim Eng (on 1 January 2018); Soochow CSSD Capital Markets (SCCM) (on 22 June 2018); and Mizuho Securities Asia Limited (on 24 July 2018). The research firms which cover FCT (in alphabetical order) are:

1. Bank of America-Merrill Lynch
2. BNP Paribas
3. CGS-CIMB Research
4. Citi Investment Research
5. CLSA
6. Credit Suisse
7. Daiwa Capital Markets
8. DBS Vickers Securities
9. HSBC
10. J.P. Morgan
11. KGI Securities (Singapore)[#]
12. Maybank Kim Eng Research
13. Mizuho Securities Asia Limited
14. OCBC Investment Research
15. Phillip Securities Research (Singapore)
16. RHB
17. Soochow CSSD Capital Markets (SCCM)
18. UBS
19. UOB Kay Hian Research

KGI provides non-rated research

FY2019 Financial Calendar[#]

21 January 2019	Annual General Meeting
21 January 2019	1Q FY2019 Results Announcement
End February 2019	1Q FY2019 Distribution Payment
April 2019	2Q FY2019 Results Announcement
End May 2019	2Q FY2019 Distribution Payment
July 2019	3Q FY2019 Results Announcement
End August 2019	3Q FY2019 Distribution Payment
October 2019	4Q FY2019 Results Announcement
End November 2019	4Q FY2019 Distribution Payment

Dates are indicative and are subject to change

Enquiries

For general enquiries on FCT, please contact:
Mr Chen Fung Leng
Vice President, Investor Relations
Frasers Centrepoint Asset Management Ltd
Tel: (65) 6277-2657
Email: ir@fraserscentrepointtrust.com

Unit Registrar

Boardroom Corporate & Advisory Services Pte Ltd
Phone: (65) 6536-5355
Fax: (65) 6536-1360
Website: www.boardroomlimited.com



Causeway Point



Operations & Financial Review

Lease Renewals

A total of 232 leases were renewed in FY2018 (FY2017: 186). These leases accounted for 250,437 square feet or 23.2% of FCT's total net lettable area (the "NLA"). The average rental reversion of these renewals was 3.2% (FY2017: 5.1%). Rental reversion refers to the variance between the average rental rate of the renewed leases and the preceding expired leases which were contracted typically 3 years ago. All malls, with the exception of Anchorpoint and Bedok Point, recorded positive rental reversions of between 2.2% and 6.4% for the year under review.

Summary of Leases Renewed in FY2018
(Excluding newly-created and reconfigured area)

Property	Number of leases renewed	Aggregate area of renewed leases (square feet)	Renewed area as percentage of property's NLA	Increase / (Decrease) in average rental rates of renewed leases compared with rental rates of preceding leases
Causeway Point	73	107,460	25.8%	6.4%
Northpoint City North Wing including Yishun 10 retail podium	39	27,554	12.6%	2.8%
Changi City Point	59	56,868	27.7%	3.8%
YewTee Point	33	35,114	47.7%	2.2%
Bedok Point	14	15,245	18.4%	(22.8%)
Anchorpoint	14	8,196	11.5%	(5.1%)
FCT Portfolio	232	250,437	23.2%	3.2%

Lease Expiry Profile

The portfolio lease expiry from FY2019 to FY2028 and the lease expiry by property in FY2019 are presented in tables below. Our leases have an average lease duration of 3 years. Certain key or anchor tenants may be offered longer tenures, depending on the lease structure.

The leases due in the next two years in FY2019 and FY2020 account for 28.2% and 36.6% of FCT's Gross Rental Income (the "GRI"), respectively. As at 30 September 2018, the weighted average lease expiry (the "WALE"¹) of FCT portfolio stood at 1.91 years by NLA and 1.72 years by GRI.

The WALE (By GRI) of the new leases entered during FY2018, based on duration to lease expiry as at 30 September 2018 was 2.69 years. The weighted average lease tenure of these new leases is 3.26 years. These new leases account for 30.5% of the total GRI of FCT portfolio as at 30 September 2018.

The aggregate NLA of the leases in FCT portfolio due for renewal in FY2019 is 276,424 square feet and 76.4% of it (211,116 square feet) is attributed to the three larger malls - Causeway Point, Northpoint City North Wing (including Yishun 10 retail podium) and Changi City Point.

Portfolio Lease Expiry² as at 30 September 2018

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2028
Number of leases expiring	198	255	210	21	7	1	1
Leased area expiring (square feet)	276,424	348,081	238,850	75,725	60,012	1,539	21,248
Expiries as % of total leased area	27.1%	34.1%	23.4%	7.4%	5.9%	0.2%	2.1%
Expiries as % of total GRI	28.2%	36.6%	24.4%	5.8%	4.6%	0.1%	0.3%

Lease Expiry² for FY2019 as at 30 September 2018

Property	Number of leases expiring	Leased area expiring (square feet)	Expiries as % of property's total leased area	GRI of expiring leases as % of the property's total GRI
Causeway Point	82	155,380	37.9%	37.3%
Northpoint North Wing and Yishun 10 retail podium	35	26,932	12.1%	16.7%
Changi City Point	30	28,804	15.0%	18.9%
Bedok Point	10	16,428	25.1%	25.5%
YewTee Point	19	14,410	20.7%	22.5%
Anchorpoint	22	34,470	54.7%	48.8%
Total FCT	198	276,424	27.1%³	28.2%⁴

1 Computation of WALE is as follows:

WALE_{NLA} = Sum of (Remaining Lease Tenure x NLA of Individual leases) / Total Leased Area

WALE_{GRI} = Sum of (Remaining Lease Tenure x GRI of Individual leases) / Total GRI

Remaining lease Tenure = time period between reporting date and the lease expiry date

2 Excluding vacancy

3 As percentage of leased area of FCT portfolio, excluding vacancy, as at 30 September 2018

4 As percentage of gross rent income of FCT portfolio for the month of September 2018, excluding gross turnover rent

Operations Review

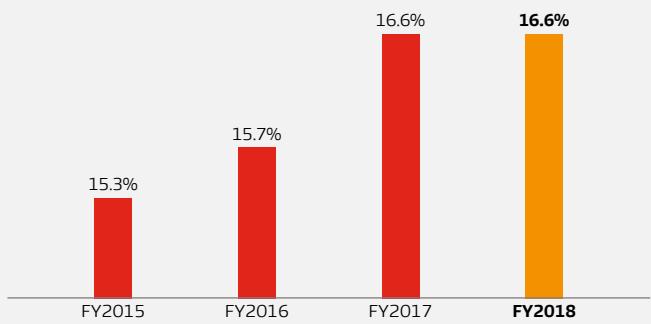
Portfolio Tenants' Sales and Occupancy Cost

FCT's portfolio tenants' sales increased 6.4% in FY2018 compared with FY2017. The growth in overall tenant's sales was driven mainly by the strong performance from Northpoint City North Wing following the completion of the asset enhancement initiative (AEI) works. Tenant's sales at Northpoint City North Wing surged more than 40% year on year. Excluding Northpoint North Wing, the remaining malls in the portfolio saw an average decline of 1.4% in tenants' sales year on year. The malls that saw positive tenant sales' growth include Changi City Point and Anchorpoint. Changi City Point's increased tenants' sales was attributed to several positive factors including improved mall occupancy, higher shopper traffic and the opening of the new DownTown MRT Line in October 2017 that improves the public transport accessibility to the mall. Causeway Point, YewTee Point and Bedok Point saw lower tenants' sales due to higher mall vacancies, shifts in shopper spending pattern due to online shopping and shopper spending overseas. In addition, in the case of Causeway Point, the ongoing construction of the Thomson-East Coast MRT Line has also affected road access near the mall and hence reduced the footfall from shoppers who drive to the mall.

The average occupancy cost for FCT portfolio for the 12-month period between October 2017 and September 2018 remained unchanged at 16.6% compared with FY2017.

Occupancy cost refers to the ratio of gross rental (including turnover rent) paid by the tenants to the tenant's sales turnover (excluding Goods & Services Tax). The occupancy cost for FY2018 and the preceding 3 financial years is presented in the table below:

FCT Portfolio Occupancy Cost



Leases with Gross Turnover Rent and Step-Up Clauses

Nearly all our leases include step-up clauses that provide for annual rental increment of between 1% and 2% during the lease term. In addition, 94% of the occupied leases include Gross Turnover rent (the "GTO") clauses, which the tenants would pay between 0.5% and 1% of their sales as part of the gross rent under the lease agreements.

Percentage of occupied leases with GTO and Step-up Clauses

	FY2018	FY2017	Increase/(Decrease)
With GTO clause	94.3%	93.1%	1.2%-point
With step-up clause	98.3%	98.4%	(0.1%-point)

Portfolio Occupancy

The average portfolio occupancy stood at 94.7% as at 30 September 2018, 2.7%-point higher than a year ago. The improvement in portfolio occupancy is attributed to the recovery in occupancy at Northpoint City North Wing after the completion of the asset enhancement initiative works. Changi City Point's occupancy improved 5.3%-point with commencement of new leases during the year. The occupancy at Causeway Point held relatively steady while the three smaller malls YewTee Point, Bedok Point and Anchorpoint saw decline in occupancy attributed to transitional vacancies due to change over of tenants as well as expired leases which were not renewed.

The occupancy by property is shown in the table below.

Occupancy by Property	As at 30 September 2018	As at 30 September 2017	Increase/(Decrease)
Causeway Point	98.4%	99.5%	(1.1%-point)
Northpoint City North Wing and Yishun 10 retail podium	96.5%	81.6%	14.9%-point
Changi City Point	93.8%	88.5%	5.3%-point
Bedok Point	79.2%	85.2%	(6.0%-point)
YewTee Point	94.3%	95.7%	(1.4%-point)
Anchorpoint	88.8%	96.2%	(7.4%-point)
FCT Portfolio	94.7%	92.0%	2.7%-point

Shopper Traffic

The total shopper traffic in FY2018 was 100.1 million (FY2017 (restated): 94.6 million), an increase of 5.8% year-on-year. The traffic counters in Northpoint City now monitor the traffic for the entire Northpoint City (including both North Wing and South Wing) as the two wings are integrated. The traffic figure for Northpoint City (North Wing only, as South Wing was still under construction) in FY2017 was restated from 41.3 million to 37.5 million due to the asset enhancement initiative (AEI) works during the period.

The three larger malls Causeway Point, Northpoint City and Changi City Point saw higher traffic of between 4.1% and 11.5% compared with the same period last year. Northpoint City registered the highest improvement in shopper traffic of 11.5%, due to the completion of the AEI at the North Wing and the opening of the South Wing (in December 2017) which attracted more shoppers. The three smaller malls saw between zero and 4.7% decline in shopper traffic due partially to the lower occupancy at these malls.

Shopper Traffic by Property (million)	FY2018 (1 Oct 2017 – 30 Sep 2018)	FY2017 (1 Oct 2016 – 30 Sep 2017)	Increase / (Decrease)
Causeway Point	25.5	24.5	4.1%
Northpoint City*	41.8	37.5*	11.5%
Bedok Point	4.2	4.4	(4.5%)
Yew Tee Point	12.1	12.7	(4.7%)
Anchorpoint	3.2	3.2	No change
Changi City Point	13.3	12.3	8.1%
FCT Portfolio	100.1	94.6	5.8%

Shopper traffic for whole Northpoint City (for both North Wing and South Wing) as the two wings are integrated

* Shopper traffic restated for Northpoint City due to asset enhancement initiative (AEI) works during the period

Trade Sector Analysis

FCT's well-diversified portfolio comprises 11 trade sectors. Food & Restaurants continues to be the largest sector accounting for 31.5% of FCT's total NLA, a 0.7%-point increase from 30.8% in FY2017. This sector is also the largest contributor to the portfolio in terms of GRI, accounting for 38.1% of total GRI, up from 37.6% a year ago. The increase was attributed to Changi City Point, which saw its proportion of NLA for Food & Restaurants increased to 41.6% from 36.3% and its proportion of GRI increased to 54.6% from 49.4%, compared to FY2017.

The contribution from the second largest trade sector Fashion fell year on year. The proportion of portfolio NLA for Fashion fell to 12.9% from 13.9% in FY2017, and proportion of portfolio GRI for Fashion fell to 17.4% from 19.1% in FY2017.

Trade Classifications	As % of Total NLA	As % of Total GRI ¹
1 Food & Restaurants	31.5%	38.1%
2 Fashion	12.9%	17.4%
3 Services/Education	8.2%	8.7%
4 Beauty, Hair, Cosmetics, Personal Care	5.5%	7.9%
5 Household	9.2%	7.4%
6 Supermarket	7.5%	4.9%
7 Healthcare	2.7%	4.2%
8 Department Store	5.6%	3.4%
9 Sports Apparels & Equipment	3.8%	3.2%
10 Books, Music, Art & Craft, Hobbies	3.0%	2.6%
11 Leisure/Entertainment	4.8%	2.2%
12 Vacant	5.3%	0.0%
Total	100.0%	100.0%

1 As percentage of gross rent income of FCT portfolio for the month of September 2018, excluding gross turnover rent

Operations Review

Top 10 Tenants by GRI¹

The top ten tenants collectively accounted for 23.2% of the total GRI as at 30 September 2018 (2017: 23.4%). Our largest tenant, Cold Storage Singapore (1983) Pte Ltd, the operator of Cold Storage supermarkets, the Guardian Pharmacy and 7-Eleven stores in FCT malls, accounted for 4.4% of the portfolio GRI (2017: 4.4%).

Top 10 Tenants by GRI as at 30 September 2018

Tenant	Trade Sector	As % of total NLA	As % of Total GRI
1 Cold Storage Singapore (1983) Pte Ltd ²	Supermarket	5.4%	4.4%
2 Copitiam Pte Ltd ³	Food & Restaurants	3.8%	3.6%
3 Metro (Private) Limited ⁴	Departmental Store	5.6%	3.5%
4 Courts (Singapore) Limited	Household	3.3%	2.7%
5 NTUC ⁵	Supermarket / Leisure & Entertainment	3.3%	1.8%
6 Food Republic Pte Ltd	Food & Restaurants	1.6%	1.7%
7 Hanbaobao Pte Ltd ⁶	Food & Restaurants	0.9%	1.5%
8 Uniqlo (Singapore) Pte Ltd	Fashion	2.0%	1.4%
9 Cathay Cineplexes Pte Ltd	Leisure & Entertainment	3.0%	1.4%
10 OCBC Bank	Services	0.5%	1.2%
Total (Top 10)		29.4%	23.2%

1 Based on gross rental income for the month of September 2018, excluding gross turnover rent

2 Includes the leases for Cold Storage supermarket, Guardian Pharmacy and 7-Eleven stores

3 Operator of Kopitiam food courts, includes Kopitiam and Bagus

4 Includes the leases for Metro departmental store and Clinique

5 Includes leases for NTUC FairPrice Co-operative Ltd, NTUC Healthcare Co-operative Ltd and NTUC Club

6 Operates McDonald's outlets

Financial Review

Gross Revenue	FY2018	FY2017	Increase /(Decrease)
	Oct 17 to Sep 18	Oct 16 to Sep 17	
	S\$'000	S\$'000	%
Causeway Point	86,710	84,723	2.3%
Northpoint City North Wing and Yishun 10	52,215	42,029	24.2%
Anchorpoint	8,516	8,521	(0.1%)
YewTee Point	13,991	14,448	(3.2%)
Bedok Point	6,164	7,338	(16.0%)
Changi City Point	25,751	24,536	5.0%
Total FCT	193,347	181,595	6.5%

Property Expenses	FY2018	FY2017	Increase /(Decrease)
	Oct 17 to Sep 18	Oct 16 to Sep 17	
	S\$'000	S\$'000	%
Causeway Point	21,351	19,184	11.3%
Northpoint City North Wing and Yishun 10	13,024	12,287	6.0%
Anchorpoint	4,596	3,888	18.2%
YewTee Point	4,300	4,399	(2.3%)
Bedok Point	3,628	3,675	(1.3%)
Changi City Point	9,262	8,604	7.6%
Total FCT	56,161	52,037	7.9%

Net Property Income	FY2018	FY2017	Increase /(Decrease)
	Oct 17 to Sep 18	Oct 16 to Sep 17	
	S\$'000	S\$'000	%
Causeway Point	65,359	65,539	(0.3%)
Northpoint City North Wing and Yishun 10	39,191	29,742	31.8%
Anchorpoint	3,920	4,633	(15.4%)
YewTee Point	9,691	10,049	(3.6%)
Bedok Point	2,536	3,663	(30.8%)
Changi City Point	16,489	15,932	3.5%
Total FCT	137,186	129,558	5.9%

Yishun 10: Refers to the strata-titled units at Yishun 10 retail podium

Financial Review

Performance Comparison Between FY2018 and FY2017

Gross revenue for the year ended 30 September 2018 was S\$193.3 million, an increase of S\$11.8 million or 6.5% over the corresponding period last year. It is mainly due to post AEI recovery and improvement in revenue from Northpoint City North Wing.

FCT's property portfolio continued to achieve positive rental reversions during the year. Rentals from renewal and replacement leases from the Properties commencing during the period, showed an average increase of 3.2% over the expiring leases.

Property expenses for the year ended 30 September 2018 totalled S\$56.2 million, an increase of S\$4.1 million or 7.9% from the corresponding period last year. The increase was mainly due to higher Property manager's fees, higher utilities tariff rates and more ad-hoc repair and replacement works carried out.

Hence, net property income was S\$137.2 million, which was S\$7.6 million or 5.9% higher than the corresponding period last year.

Non-property expenses of S\$37.3 million was S\$2.5 million higher than the corresponding period last year due to higher borrowing costs from increased loans and Manager's management fees arising from the increase in total assets and improvement in net property income. The increase is partially offset by lower trust expenses.

Total operating expenses¹ as a percentage of net asset value was 3.8%, which was 0.1%-point higher than 3.7% for the corresponding period last year.

Total return included:

- (i) unrealised gain of S\$0.4 million arising from fair valuation of interest rate swaps for the hedging of interest rate in respect of S\$148 million of the loans;
- (ii) surplus on revaluation of the Properties of S\$62.7 million;
- (iii) share of associate's results from operations of S\$4.0 million and from revaluation loss of S\$0.8 million; and
- (iv) share of joint venture's results of S\$0.6 million.
- (v) Income available for distribution for the year ended 30 September 2018 was S\$111.3 million, which was S\$0.7 million higher compared to the corresponding period in the preceding financial year.

Distribution

Income available for distribution for the year ended 30 September 2018 was S\$111.3 million, which was 0.6% higher compared to the corresponding period in the preceding financial year. Distribution per Unit for FY2018 grew 1.0% to 12.015 cents from 11.90 cents in the prior year. The breakdown and comparison of the distribution per Unit for FY2018 and FY2017 are presented below:

Distribution per Unit (cents)

Financial year ended 30 September	FY2018	FY2017	Increase / (Decrease)
First quarter (1 October – 31 December)	3.000	2.89	3.8%
Second quarter (1 January – 31 March)	3.100	3.04	2.0%
Third quarter (1 April – 30 June)	3.053	3.00	1.8%
Fourth quarter (1 July – 30 September)	2.862	2.97	(3.6%)
Full Year (1 October – 30 September)	12.015	11.90	1.0%

¹ The total operating expenses include property expenses, all fees and charges paid to Manager and interested parties of \$73,397,000 (2017: \$69,132,000) for the financial year.

Total Assets and Net Asset Value Per Unit

As at 30 September 2018, the total assets of FCT stood at S\$2,840 million, an increase of S\$89.5 million from S\$2,751 million a year ago. The increase was mainly attributed to surplus of revaluation of \$62.7 million on FCT's properties.

FCT's net assets stood at S\$1,934 million as at 30 September 2018, an increase of S\$62 million (+3.3%) compared with S\$1,872 million a year ago. Correspondingly, the net asset value (the "NAV") and the net tangible asset of FCT increased to S\$2.08 per unit from S\$2.02 a year ago.

As at	30 September 2018	30 September 2017
NAV and NTA per unit (S\$)	2.08 ^(a)	2.02 ^(b)
(a) The number of units used for computation of NAV and NTA per unit as at 30 September 2018 is 927,654,434. This comprises:		
(i) 926,391,919 units in issue as at 30 September 2018;		
(ii) 190,821 units issued to the Manager in October 2018, in satisfaction of 20% of the base management fee payable to the Manager for the quarter ended 30 September 2018; and		
(iii) 1,071,694 units issued after financial year ending 30 September 2018, in satisfaction of 50%, 40%, 30% and 20% of the performance management fee payable to the Manager for the quarter ended 31 December 2017, 31 March 2018, 30 June 2018 and 30 September 2018 respectively.		
(b) The number of units used for computation of NAV and NTA per unit as at 30 September 2017 is 925,262,216. This comprises:		
(i) 922,448,285 units in issue as at 30 September 2017;		
(ii) 683,956 units issued to the Manager in October 2017, in satisfaction of 70% of the base management fee payable to the Manager for the quarter ended 30 September 2017; and		
(iii) 2,129,975 units issued to the Manager in October 2017, in satisfaction of 70% of the performance management fee payable to the Manager for the year ended 30 September 2017.		

Appraised Value of Properties

The total appraised value of FCT's investment properties was S\$2,749.0 million as at 30 September 2018. (2017: S\$2,668.1 million).

Causeway Point, Northpoint City North Wing, Changi City Point, YewTee Point and Anchorpoint saw higher appraised valuations from the independent property valuers. Valuation of Bedok Point and Yishun 10 retail podium declined by S\$11 million and S\$1.5 million, respectively.

The property valuations for FY2018 were performed either by CBRE Pte Ltd ("CBRE"); Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("Colliers"); Knight Frank Pte Ltd ("KF"); and Savills Valuation and Professional Services (S) Pte Ltd ("Savills"). Valuation methods used include the capitalisation approach, discounted cash flow analysis and direct comparison method in determining the fair values of the properties. Annual valuations are required by the Code on Collective Investment Schemes.

Property	FY2018				FY2017			
	Valuation @ 30 Sep 2018		Valuation @ 30 Sep 2017					
	Valuation (S\$ million)	Valuation (S\$ psf NLA) ^(b)	Cap rate ^(a)	Valuer	Valuation (S\$ million)	Valuation (S\$ psf NLA) ^(b)	Cap rate ^(a)	Valuer
Causeway Point	1,218.0	2,926	4.70%	KF	1,190.0	2,862	4.85%	KF
Northpoint City North Wing	771.0	3,516	4.75%	Savills	733.0	3,360	4.75%	Savills
Changi City Point	332.0	1,618	5.00%	Savills	318.0	1,534	5.25%	Colliers
YewTee Point	186.0	2,525	5.00%	CBRE	178.0	2,416	5.25%	Savills
Bedok Point	94.0	1,136	5.00%	CBRE	105.0	1,269	5.25%	Savills
Anchorpoint	110.0	1,550	4.50%	Colliers	104.6	1,473	4.75%	Savills
Yishun 10 retail podium	38.0	3,655	3.75%	Colliers	39.5	3,794	4.00%	Colliers
Total	2,749.0				2,668.1			

(a) As indicated by property valuers.

(b) psf NLA: per square foot of net lettable area

Capital Resources

Overview

Frasers Centrepoint Asset Management Ltd. ("FCAM"), as Manager of Frasers Centrepoint Trust ("FCT"), continues to maintain a prudent financial structure and adequate financial flexibility to ensure that it has access to capital resources at competitive cost. FCAM proactively manages FCT's cash flows, financial position, debt maturity profile, cost of funds, interest rates exposure and overall liquidity position. FCAM monitors and maintains a level of cash and cash equivalents deemed adequate by management to meet its operational needs. It also maintains an amount of available banking facilities deemed sufficient by management with reputable banks to ensure FCT has access to diversified sources of bank borrowings.

Sources of Funding

FCT relies on the debt capital and syndicated loans markets, equity market and bilateral bank facilities for its funding needs. FCAM maintains active relationship with several reputable banks which are located in Singapore. The principal bankers of FCT are DBS Bank Ltd, Oversea-Chinese Banking Corporation Limited and Citibank. N.A., Singapore Branch.

As at 30 September 2018, FCT has a total capacity of \$4,546 million from its sources of funding, of which \$813 million or 17.9% has been utilised. The following table summarises the capacity and the amount utilised for each of the sources of funding:

Sources of Funding	Type	Capacity	Amount Utilised	% Utilised
Revolving Credit Facilities	Unsecured	\$200 million	\$97 million	48.5%
Medium Term Note Programme	Unsecured	\$1,000 million	\$370 million	37.0%
Bank Borrowings	Unsecured	\$60 million	\$60 million	100.0%
Bank Borrowings	Secured	\$286 million	\$286 million	100.0%
Multicurrency Debt Issuance Programme ¹	Unsecured	\$3,000 million	Nil	Nil
Total		\$4,546 million	\$813 million	17.9%

¹ On 8 February 2017, the Group established a \$3 billion Multicurrency Debt Issuance Programme. As of 30 September 2018, no Note has been issued under this programme.

Credit Ratings

FCT has corporate credit ratings from S&P Global Ratings ("S&P") and Moody's Investors Service ("Moody's").

FCT has been assigned a corporate rating of "BBB+" with a stable outlook by S&P and a corporate rating of "Baa1" with a stable outlook by Moody's. In addition, FCT's multicurrency Medium Term Note Programme ("MTN Programme") has been rated "BBB+" by S&P.

Debt Profile

During the year, the Manager had refinanced \$60 million 2.535% Fixed Rate Notes in November 2017 with issuance of \$70 million 2.77% Fixed Rate Notes due 2024 under FCT's existing MTN Programme.

FCT's total debt, stood at \$813 million at 30 September 2018, comprised \$286 million secured bank borrowings, \$157 million unsecured bank borrowings and \$370 million in unsecured Notes. \$217 million of borrowing (about 26.7% of total borrowings) will mature in the next 12 months. FCT's gearing stood at 28.6% as at 30 September 2018. The interest cover for the year ended 30 September 2018 was 6.25 times.

The weighted average debt maturity was 2.0 years as at 30 September 2018.

Financial Year ended 30 September	2018	2017
Total Borrowings	\$813 million	\$798 million
Gearing ²	28.6%	29.0%
Interest Cover	6.25 times	6.85 times
Average cost of borrowing ³	2.62%	2.32%
Average debt maturity	2.0 years	2.3 years

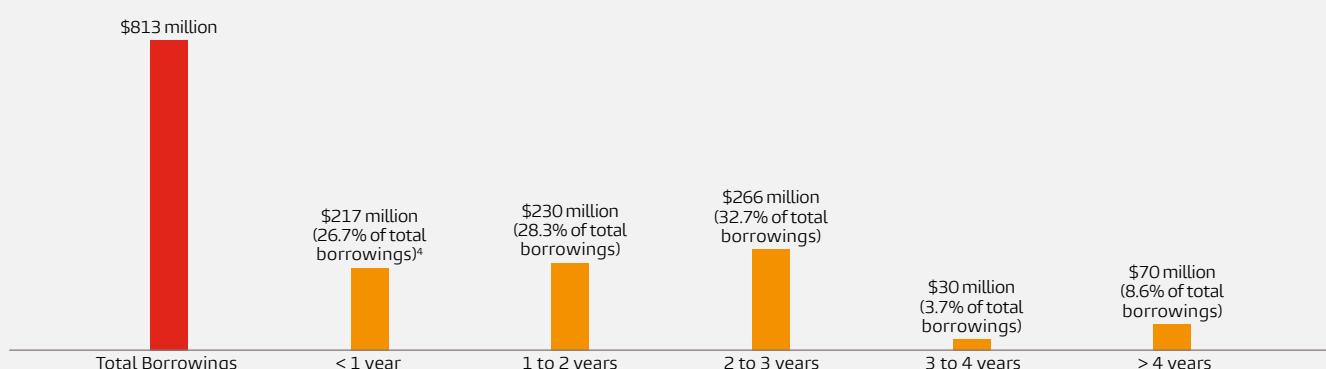
2 Calculated as the ratio of total outstanding borrowings over the total assets as at the stated balance sheet date.

3 Calculated as at the stated balance sheet date.

The fair value of derivatives assets as at 30 September 2018 of \$0.1 million (2017: liability of \$0.3 million) is disclosed in Note 10 to the Financial Statements. The fair value of financial derivatives represented 0.003% (2017: -0.02%) of the net assets of FCT as at 30 September 2018.

Debt Maturity Profile As At 30 September 2018

Timeframe	Amount Due (\$ million)	As % of total borrowings
< 1 year	217	26.7%
1 to 2 years	230	28.3%
2 to 3 years	266	32.7%
3 to 4 years	30	3.7%
> 4 years	70	8.6%
Total Borrowings	813	100.0%



4 Excluding \$97 million utilised from the Revolving Credit Facilities, the borrowings to refinance amounted to \$120 million.

Retail Property Market Overview

This report was prepared by Colliers International.

1.0 Economic and Demographic Overview

1.1 Continued GDP growth in H1 2018 with 4.0% y-o-y growth in Q2 2018 with unemployment stable at 2.1%

Following healthy gain of 3.6% in 2017, Singapore's Gross Domestic Product (GDP) growth accelerated to 4.5% and 4.0% y-o-y in Q1 2018 and Q2 2018 respectively. Sustained GDP growth was attributed to the robust manufacturing sector which grew by 10.2% y-o-y and the rebound in service sector industries, including finance & insurance which expanded by 6.7%. Singapore's unemployment rate remains relatively stable at 2.1% as at Q2 2018 on the back of the continued expansion in economic activity. The Singapore economy is expected to grow between 2.5% and 3.5% in 2018.

Figure 1.1 Singapore's Key Macro-Economic Economic Indicators

Indicators (y-o-y)	2017	Q1 2018	Q2 2018	2018 F
Real GDP Growth	3.6%	4.5%	4.0%	2.5%~3.5% (MTI)
Inflation	1.5%	1.5%	1.5%	1.7% (MAS)
Unemployment	2.2%	2.0%	2.1%	2.1% (MAS)

Sources:

Ministry of Trade and Industry (MTI), Department of Statistics (DOS), Monetary Authority of Singapore (MAS), Colliers International Singapore Research, October 2018

Inflation rate remains stable at 1.5% for both Q1 2018 and Q2 2018

Overall inflation has remained stable at 1.5% for three consecutive quarters and well within the Monetary Authority of Singapore (MAS) inflation target. On the back of sustained economic growth, the Consumer Price Index (CPI) rose by 0.6% y-o-y in Q2 2018. Core inflation, which excludes the costs of private road transport and accommodation, rose to 1.9%, from 1.7% in the previous quarter, mainly due to the large increase in the cost of fuel and utilities which rose by 12.5% y-o-y.

1.2 Population

Lowest population growth in over 30 years with 0.1% growth in 2017

Singapore recorded its lowest rate of total population growth since 1986. The city-state's total population¹ was 5.61 million in 2017, up by only 0.1% y-o-y, lower than the 1.3% growth rate recorded in 2016. This sharp decline in the rate of population growth was due to the 1.8% fall y-o-y in the foreign workforce population and the continued low birth rate of Singaporeans. As of the end of 2017, Singapore's total population was made up of 3.44 million Singapore Citizens (61.3%), 526,620 permanent residents (9.4%) and 1.65 million non-residents (29.3%).

Growth of population over 65 outpacing that below 19 years of age

Singapore's population is ageing at a rapid pace. The median age of the resident population rose from 36.7 years in 2008 to 40.5 years in 2017. During the same period, the percentage of the resident population aged 65 years and over rose from 8.7% in 2008 to 13.7% in 2017 and is expected to reach about 25% by 2030. The population aged 65 years and over rose by 6.0% y-o-y in 2017 while the population aged 19 years and below declined by 1.2% during the same period. Singapore's growing seniors population is driving change in the local retail landscape. Singapore seniors are more educated, tech-savvy and have higher disposable savings than the cohorts that preceded them, hence they are becoming an increasingly important customer group for retailers and mall operators in Singapore.

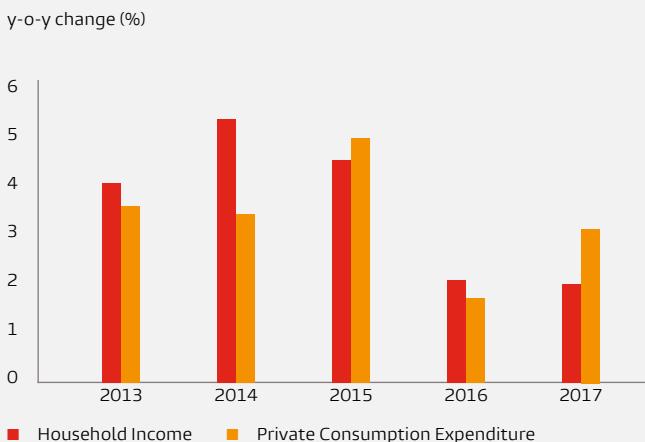
¹ Total population includes Singapore citizens, permanent residents and foreigners residing in Singapore on a valid workpass or social visit pass.

1.3 Household Income, Private Consumption Expenditure and Retail Sales Trends

Sustained growth in private consumption expenditure amid rising household income

Household income growth remains healthy, with a continued growth of 2.0% y-o-y in 2017. This is reflected in the increase in private consumption expenditure (PCE) which grew by 3.1%, faster than that of household income. The growth of PCE was mainly attributed to the increase in Miscellaneous Goods & Services (6.0%), Recreation & Culture (6.0%), Clothing & Footwear (4.9%). On the other hand, consumption decreased for Alcoholic Beverages & Tobacco (-3.4%) and Communication (-2.5%).

Figure 1.2. Household Income and Private Consumption Expenditure



Sources:
Department of Statistics (DOS), Colliers International Singapore Research

Retail sales showed signs of improvement in 2017, after three consecutive years of decline

The retail sales index (excluding motor vehicles) is a barometer of the health of Singapore's retail industry. After three years of consecutive decline, the index for total retail sales (excl. motor vehicles) rose 1.3% YOY in 2017 on the back of stronger sales of discretionary goods such as Medical Goods & Toiletries (+6.7%), Recreational Goods (+3.9%), Watches & Jewellery (+2.4%), Wearing Apparel (+1.5%) and Furniture & Household Equipment (+1.1%). Total retail sales in Singapore were estimated at approximately SGD 46 billion in 2017.

Retail performance continued to improve in the first six months of 2018, growing by 1.4% YOY in Q1 and 0.4% in Q2, amid stronger consumer sentiment, strong tourism visitation and brighter overall economic prospects in Singapore. The sustained increase in retail spending can mainly be attributed to the strong growth in medical goods & toiletries (7.8%), other retail categories (5.0%) and furniture & household equipment (4.5%).

Figure 1.3. Retail Sales Index At Constant Prices (2017 = 100), y-o-y change

Indicator	2017	2018 1Q	2018 2Q
Total Retail Sales (Excluding Motor Vehicles)	1.3%	1.4%	0.4%
Department Stores	-0.9%	2.9%	-0.3%
Supermarkets & Hypermarkets	3.0%	-0.6%	-2.8%
Mini-marts & Convenience Stores	-3.1%	-2.3%	-1.8%
Food Retailers	-2.8%	11.3%	-0.9%
Medical Goods & Toiletries	6.7%	5.3%	7.8%
Wearing Apparel & Footwear	1.5%	6.1%	1.5%
Furniture & Household Equipment	1.1%	7.5%	4.5%
Recreational Goods	3.9%	-3.1%	0.9%
Watches & Jewellery	2.4%	-1.6%	-2.0%
Computer & Telecommunications Equipment	1.7%	-7.5%	-6.7%
Optical Goods & Books	-1.6%	-2.3%	-1.9%
Other Categories	-1.1%	-0.5%	5.0%

Sources:
Department of Statistics (DOS), Colliers International Singapore Research

Moderate growth in retail expenditure expected to continue, but uncertainties remain

The performance of Singapore's retail industry is influenced by various factors, including the rise of household income, local consumer sentiment, international tourism arrivals and changing consumer and retailing trends. It is also influenced by government initiatives and incentives aimed at boosting the tourism and retail industries. On the backdrop of positive fundamentals, the Singapore retail market is expected to continue its moderate upward trajectory. As such, the retail market outlook remains cautiously optimistic on the back of recent improvements in consumer spending. The escalating trade war between the US and China, however continues to be an ambiguity for Singapore's economic prospects, which may have some implications for future retail performance of the city-state in the coming years.

Retail Property Market Overview

2.0 Government Plans

2.1 Sector transformation plans

Government initiatives to transform the retail landscape
The Singapore Government rolled out the Retail Industry Transformation Map (ITM) in 2016 to support the rejuvenation of the retail sector in Singapore. The Retail ITM envisions a vibrant retail sector in Singapore and contains key strategies to support sector transformation, including a focus on adopting new technologies to drive productivity. The Retail Industry Digital Plan (IDP) for SMEs was launched in November 2017 to help such businesses meet the productivity and innovative goals of the Retail ITM. Developed by the Infocomm Media Development Authority (IMDA), in partnership with SPRING Singapore, the Retail IDP provides step-by-step advice for SME retailers in their digitalisation journey. This initiative is expected to help retailers build their digital capability, raise productivity, and enrich their shopping experiences, using digital technologies such as sensors, robotics, augmented and virtual reality, and artificial intelligence.

Rejuvenation of the Orchard Road shopping belt

The Urban Redevelopment Authority (URA), in collaboration with the Singapore Tourism Board (STB), commissioned a \$1.3 million business study aimed at rejuvenating the Orchard Road retail precinct. Launched in April 2018, the business study examines key performance indicators at Orchard Road and will develop and assess regeneration schemes to enhance the attractiveness of Orchard Road, through public realm enhancement, retail mix diversification, urban design strategies and transport initiatives. The regeneration schemes are being developed in close collaboration with local stakeholders, including the Orchard Road Business Association (ORBA), property owners and government agencies. The business study blueprints are currently being conducted and an action plan is expected by the end of the year. Significant government investments are expected in the coming years to implement the action plan and deliver the Orchard Road regeneration strategy.

More township developments in the pipeline, with Tengah being the first to launch in November

Since the development of Punggol new town, more than 20 years ago, more township development is in the pipeline to meet the future housing and employment requirements of Singapore. New towns and masterplan districts have been announced by the government in Tengah and at the Jurong Lake District, both of which are expected to accommodate a large stock of retail space.

As envisioned, Tengah will grow to about 42,000 housing units spread over 700 ha when completed, equivalent to the size of Bishan. The first release of approximately 1,500 flats will be launched in November 2018.

The preliminary masterplan of the Jurong Lake District has been released at the end of 2017 and is currently undergoing public and stakeholder consultation. The master-planned district is envisioned by the government as the long-term consolidation of Jurong East as Singapore's second Central Business District (CBD) and commercial hub, which, upon completion, is expected to accommodate up to 100,000 new jobs and 20,000 new homes.

The government also announced the construction of the Jurong Region Line in August 2018. The new MRT line is expected to be delivered in 2026 and will serve the areas of Choa Chu Kang, Boon Lay, Jurong, and future developments in the Tengah area. In addition to connecting to main activity nodes in Jurong, such as the Jurong Industrial Estate, Jurong Innovation District, and the Nanyang Technological University (NTU) and the future Jurong Lake District.

These developments will provide growth opportunities for retailers and shopping mall operators in transit-oriented and high-foot traffic areas currently not served or underserved by retail activities.

3.0 Retail Industry Trends

Shifting tenant mix with food & beverage businesses anchoring malls

Food and beverage (F&B) continues to be a major driver of retail activities, with the share of F&B over total mall tenancy mix increasingly rising in malls across Singapore. Several existing malls have added new F&B components or are repositioning their tenancy mix in favour of F&B outlets, with as much as 30% to 35% of total net lettable area, to improve their F&B offering and provide new experiences to consumers. Tiong Bahru Mall, Century Square Mall and Great City World Mall have completed or announced such repositioning plans. Meanwhile, new malls such as SingPost Centre (recently opened), Funan Mall and Jewel are also intensively betting on F&B operators to add value to their tenant mixes and enrich the overall shopping experience. Finally, at a time when several major fashion brands are leaving Singapore, major fast food operators such as Jollibee, Burger King, A&W and mass market F&B operators, Ding Tai Fung, Pizza Express and Pablo have expansion plans in Singapore.

More activity-based tenants and community activities suburban malls

Suburban malls are increasingly attracting activity-based tenants to entice patrons back to malls. In January 2018, Australian arcade operator Timezone opened its flagship outlet at VivoCity, occupying 12,000 sq ft (1,115 sq m), complete with mini bowling alley and bumper car stations, making it's the largest game arcade in Singapore. Similarly, the newly opened Djitsun Mall, welcomed its new tenant Fat Cat Arcade which operates in a similar

fashion to its predecessor Cow Play Cow Moo at Suntec City. The new arcade house more than 100 machines, making it one of the largest arcade in the east of Singapore. Meanwhile gym operators such as Fitness First and Gymmboxx are shifting operations into the malls with their new shops opening this year in SingPost Centre and Jcube respectively. Currently, Fitness First has 20 outlets throughout Singapore with half of them in malls. Several major suburban malls, including Northpoint City in Yishun and Waterway Point in Punggol, increasingly feature family-friendly and community-oriented tenants and amenities, including childhood enrichment centres and community centres, and host regular community events.

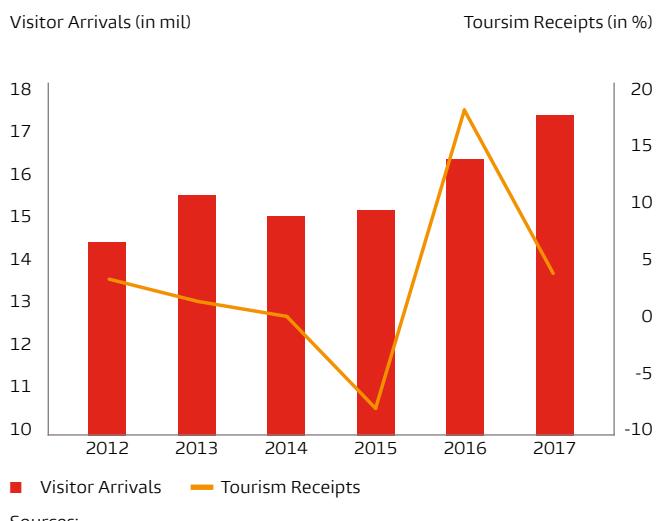
Conversion to flexible work space to reduce vacancy

With the demand for flexible workspace picking up in Singapore, flexible workspace providers are now looking into shopping malls, to expand their operations. Last year, Spaces took up 35,000 sq ft of retail space at One Raffles Place Shopping Mall in March and JustCo leased 57,000 sq ft of retail space at Marina Square in late 2017. With the long-running decline of retail rents (past 13 quarters) and high prevailing vacancy in certain shopping malls, landlords have turned to flexible workspace operators to help stabilize occupancy and revitalise their retail properties. However, landlords deciding to move in that direction would have to trade-off lower rents as office spaces typically command a lower rent than traditional retail.

Increased international arrivals bodes well for retail sales
 With tourism retail receipts accounting for about 10% of total retail sales in Singapore, tourism performance is one of the key drivers of Singapore's retail market. After a slow performance in 2014 and 2015, growth in international arrivals picked up in 2016 (+7.7%), remained strong in 2017 (+6.2%) and is on track to register its strongest surge since 2011 in the first half of 2018 (+12.5%), with strong growth also recorded in tourism receipts. This strong performance can be attributable to rapidly growing outbound tourism demand in key Asian source markets, including Indonesia, India and China as well as stepped up efforts by the Singapore Tourism Board (STB) to entice visitors through more aggressive marketing campaigns and strategic partnerships. STB's relentless marketing efforts and various partnership deals with Chinese online travel services - such as Alitrip - helped boost its presence in the Chinese market and supported strong visitation numbers from this source market.

In addition, Singapore continues to rejuvenate its existing attractions, including plans for a new integrated precinct at the Singapore Zoo expected to open in 2023. The hosting of major international recreation and MICE activities is also a key strategy by the STB. These initiatives

Figure 3.1 Total International Tourism Visitor Arrivals and Y-O-Y Tourism Receipts



Sources:
 Department of Statistics (DOS), Colliers International Singapore Research

have proven successful with tourism receipts increasing by 3.9% to \$26.8 billion in 2017.

In addition, Singapore has been receiving significant media attention on the world stage of late. The recent Trump-Kim Summit on the Denuclearization of North Korea – hosted in Singapore - has yet again placed the City-State in the international spotlight. On the popular culture front, the immense popularity of the Hollywood movie "Crazy Rich Asians" – filmed and set in Singapore - is also expected to further boost international tourism arrival numbers in the second half of 2018 and in 2019.

Continued rise of e-commerce, with brick-and-mortar retailers adopting online strategies

Singapore's e-commerce market continues its rapid growth trajectory, with an expected annual growth rate of 10.1% from 2018 to 2022, resulting in a market volume of \$5.489 billion by 2022². E-commerce revenue will amount to approximately \$3.74 billion by the end 2018³. The country's e-commerce ecosystem has grown significantly in recent years as key digital marketplaces such as Qoo10 and Amazon set up major e-commerce operations. The launch of Amazon's Prime Now service in July 2017 with a 100,000 square- foot fulfilment center in the country has expanded the e-commerce offering in the city-state. Singapore currently has the highest online shopping penetration rate in Southeast Asia, with 26% of Singaporeans shopping online at least once a week. The 25 to 44 age group has the highest propensity to shop online. In addition, 60% of Singapore's e-commerce sales originate from cross-border orders⁴. Brick-and-

2 Statista. The Statistics Portal. Singapore's E-Commerce Market. Consulted on October 5th, 2018

3 Statista. The Statistics Portal. Singapore's E-Commerce Market. Consulted on October 5th, 2018

4 Same as above.

Retail Property Market Overview

mortar grocers and retailers are increasingly leveraging on e-commerce platforms and strategies to improve their in-store sales. Several fashion retailers, such as Uniqlo, are adopting “Click-and-Collect” options which are proving to be popular among consumers and effective in driving in-store sales.

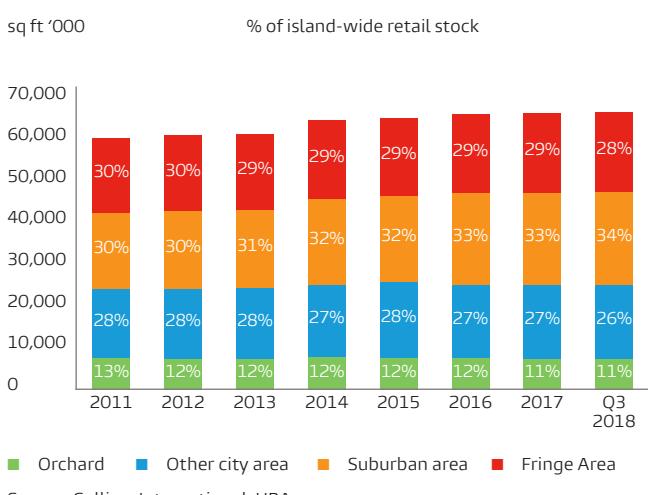
4.0 The Retail Property Market

4.1 Stock

Suburban retail space now accounts for over a third of the islandwide retail stock

Singapore's existing total islandwide retail stock stood at 65.6 million sq ft as of Q3 2018. Suburban areas now concentrate the largest share of the total retail stock in Singapore, becoming key locations for retailers to serve its growing suburban population. Some 34% (22.2 million sq ft) of the islandwide retail stock was in the suburban areas, up from 30% in 2011, followed by 29% (18.7 million sq ft) in the fringe areas, 27% (17.4 million sq ft) in other city areas and 11% (7.4 million sq ft) in the Orchard Road area. With growing retail offering in suburban areas, consumers increasingly value convenience-based retail experiences and expect brands and retailers to be available near their place of residence.

Figure 4.1: Singapore's Stock by Sub-area



Source: Colliers International, URA

Limited increase in suburban retail stock

Suburban retail space grew by about 2% y-o-y from 21.8 million sq ft in Q3 2017 to 22.2 million in Q2 2018. In the first three quarters of 2018, the total Singapore retail stock increased by 280,000 sq ft, or 1.3% of the total stock, with the completion of Century Square Mall in Tampines (319,000 sq ft), the Djitsun Mall Bedok (48,000 sq ft) and the VivoCity Mall extension (32,000 sq ft) in Q2 2018, less the conversion and demolition of retail space

at other locations. Century Square mall in Tampines, managed by ASIAMALLS Management Pte Ltd, reopened on 6 June 2018 after its S\$60 million refurbishment. Other than the new exterior and interior design, more than 50 percent of new tenants were added. In the last quarter of 2017, Northpoint City at Yishun central with additional NLA of about 290,000 sq ft was completed.

4.2 Potential Supply

Limited upcoming new supply, with majority to be located in suburban areas and city fringe

The new retail supply is expected to be moderate in the next five years or so, suggesting that the risk of future oversupply is low. Approximately 3.34 million sq ft⁵ of new net lettable retail space (including space for F&B and entertainment uses) is expected to be completed from Q4 2018 to 2023, 180,000 sq ft of which will be in Q4 2018. Taking into account the retail space from major retail malls to be completed in Q4 2018 and those to be completed by 2023⁶, the average annual new supply from these malls amount to around 835,000 sq ft of retail space, or a total stock growth of about 1.2% per year. This is a significant drop from the average annual net new supply of around 1.82 million sq ft of retail space in the preceding three years from 2015 to 2017. Supply is expected to taper off in the subsequent years after 2020, including those in the suburban areas, as new completions will take some time to achieve full occupancy.

The majority of the new supply (66%) due for completion during the period from Q4 2018 to 2020 will be in the suburban areas (36%) and the fringe (30%). New supply in the other parts of the central area (outside of Orchard Road) will account for 30% of the total new retail space to be delivered during the same period.

Pipeline supply includes Paya Lebar Quarter and Jewel Changi Airport

The new supply is anticipated to be approximately 1.7 million sq ft of NLA in 2019. Key new retail projects set to open in 2019 include Paya Lebar Quarter by LendLease at Paya Lebar Road/Sims Avenue (NLA: 329,600 sq ft), Jewel at Changi Airport (NLA: 576,000 sq ft) and the Funan DigitalLife Mall redevelopment (NLA: 456,367 sq ft). Jewel will be connected to Singapore Changi Airport and aims to attract both residents and air travellers. The new upcoming supply is expected to decrease gradually from the end of 2019 as new retail space delivered at major new developments will take some time to be absorbed. Just under 1.5 million sq ft is anticipated to be delivered from 2020 to 2023. Figure 4.3 shows the major retail projects in the pipeline.

5 This is based on latest URA data as at Q3 2018 and adjusted on an NLA basis by Colliers International. Potential supply includes space under construction and planned but the actual level of new supply could change due to changes in the status of planned projects.

6 It is assumed for the purpose of this study that projects for which the completion date is yet to be determined will be completed during 2023.

Limited new retail supply from Government Land Sales (GLS) sites

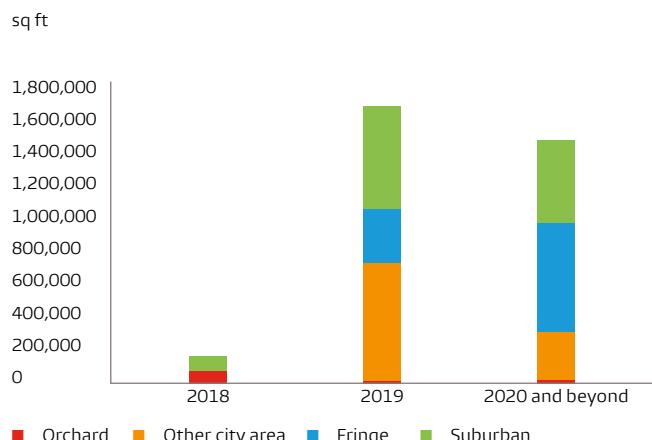
As of Q3 2018, there are only three government land sale (GLS) white sites designated as mixed-use developments with a retail component on the confirmed and reserve lists, with a combined total retail development potential of up to about 65,900 sq m (709,340 sq ft) in total (Figure 4.4). The white site on the confirmed list in Pasir Ris Central, opposite to the Pasir Ris MRT station, is part of the Government's plans to rejuvenate the Pasir Ris district. It would also be the first mixed-use development – commercial and residential – in the Pasir Ris town centre and will yield between 269,000 to 386,000 sq ft of retail space. The tender is expected to close on December 14, 2018. The white sites at Marina View and Woodlands Avenue 2 are on the reserve list and will yield up to approximately 21,530 sq ft and 301,390 sq ft in new retail space. New supply is unlikely to be completed before 2024. The limited number of GLS sites with retail space on the reserve and confirmed list further mitigates the risk of retail space oversupply in the near future.

4.3 Demand and Occupancy

Orchard Road tops occupancy, followed by suburban areas

Retail space in the Orchard/Scotts Road area continues to record the highest average occupancy rate among retail sub-markets within Singapore at 94.1% as of Q3 2018. The outside central region (suburban areas) followed closely with an average occupancy rate of 93.4%. With suburban malls generally more resilient than those in

Figure 4.2 Potential supply of Estimated NLA by Sub-area⁷



Source: Colliers International, URA

the central area due to their greater reliance on local-oriented retailers and lower exposure to destination retail and tourism spending, they retain strong occupancy. The lowest average occupancy rate was recorded in the Downtown core at 90.8%.

Improving occupancy in the suburban retail market

After four years of declining retail occupancy, the suburban retail market recorded its first increase in occupancy rate during 2017 as absorption (376,737 sq ft) outpaced new supply (226,042 sq ft). Rising occupancy

Figure 4.3: Major Retail Projects in the Pipeline

Planning Areas	Estimated Year of Completion	Development	Estimated NLA (sq ft)
Suburban			
Changi	Q1/Q2 2019	Jewel	575,869
Toa Payoh-Potong Pasir	2019	The Poiz Residences/The Poiz Centre	45,747
Kallang-Bendemeer	2020	Centrium Square	36,689
Punggol	2023	Punggol Digital District (Retail component)	146,000
Fringe			
Paya Lebar	Q1 2019	Paya Lebar Quarter	329,569
Orchard Area			
Orchard	Q4 2018	Design Orchard	81,000
Orchard	Q1 2019	A/A to TripleOne Somerset	70,000
Orchard-Tanmlin	2019	The Biltmore (former Boulevard Hotel Site; retail space)	16,652
Other City Area			
Downtown Core	2019	A/A to Raffles Hotel	219,000
Downtown Core-City Hall	Q4 2019	Funan Mall Redevelopment	456,367

Source: Colliers International

⁷ Potential supply shown on the chart refers to purpose built shopping centres or other development that is positioned as a shopping centre with NLA of at least 8,000 sq ft. It also includes retail spaces with a minimum NLA of 8,000 sq ft within hotels, offices and residential developments.

Retail Property Market Overview

Figure 4.4: GLS white sites with a retail component

Location	Site Area (Ha)	Total Allowable GFA	Estimated Retail Space
Confirmed list			
Pasir Ris Central	3.82	1.02 million sq ft	25,000 to 35,900 sq m (269,000 to 386,000 sq ft)
Reserve List			
Marina View	0.78	1.09 million sq ft	2,000 sq m (21,530 sq ft)
Woodlands Square / Woodlands Avenue 2	2.90	1.3 million sq ft	28,000 sq m (301,390 sq ft)
Total	-	-	Up to 65,900 sq m (709,340 sq ft)

Source: Colliers International, URA

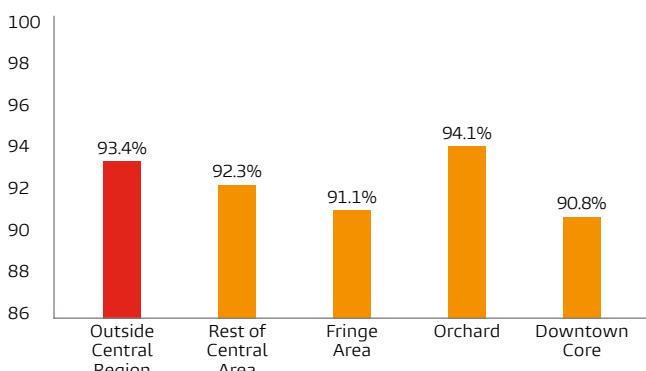
continued into 2018, with absorption (322,094 sq ft) slightly outpacing new supply (312,153 sq ft) between Q4 2017 and Q3 2018 in the suburban areas. As a result, occupancy of retail spaces in the suburban areas improved by 0.3% points from 93.1% in Q4 2017 to 93.4% in Q3 2018. Improved occupancy was attributed to more flexible tenancy terms and incentives provided by landlords, such as more flexible leases, shorter term leases for pop-up stores as well as lower rents. As occupancy continues to improve and available space become scarcer, rents are expected to see a gradual uplift in the coming years. In particular, tenancies with temporary rent discounts and reliefs as incentives provided by landlords will be subject to rent increase upon lease renewal.

Departing retailers are being replaced by incoming or expanding competitors

The challenging retail environment saw the closure of several underperforming stores and the departure of some international fashion brands such as HMV, American Eagle, New Look, Celio, Gap and Banana Republic. Nonetheless, these fashion brands are being replaced by other popular international brands. For instance, American headwear company The New Era Cap Company opened its flagship outlet at VivoCity in June 2018. Foot Locker Asia's opened three new stores in Singapore this year, the first was launched in Century Square in August, the second opened at JEM in Jurong East and a third at Suntec City scheduled to open in Oct 2018. Furthermore, in the city area, construction has been under way for many months for Apple's Marina Bay Sands flagship store. Several F&B chains have also recently expanded to new locations (Jollibee) or are planning to re-enter the market in 2019 (A&W). As such, the departure of several international brands from the Singapore market is part of the evolution of the retail landscape and the recalibration of market shares and is not having a material impact on the overall performance of retail assets.

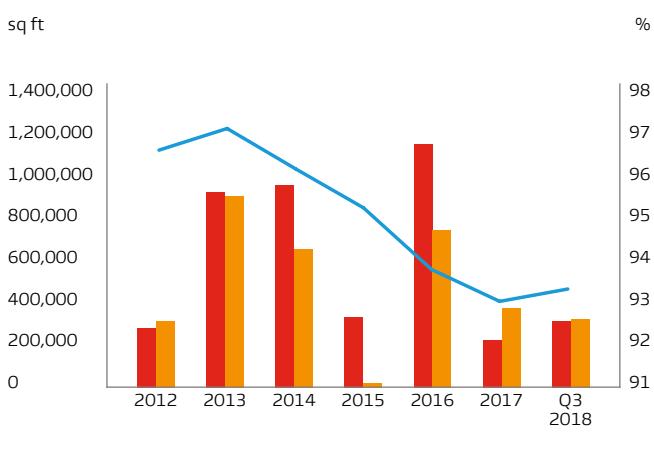
Figure 4.5: Average Occupancy Rate* of Retail Space by Sub-market (as of Q3 2018)

Average Occupancy Rate (%)



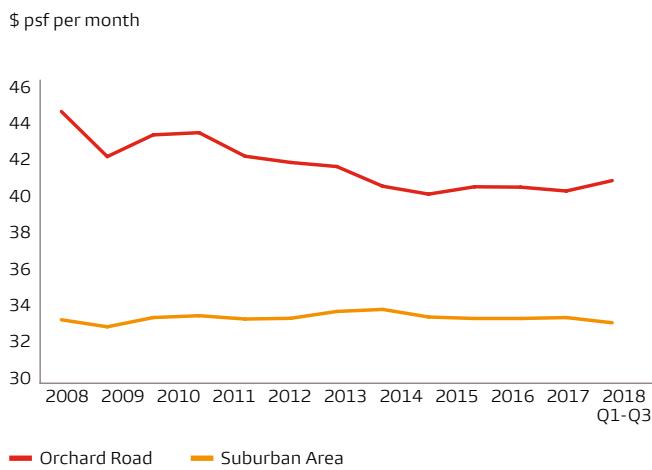
* URA's retail space statistics include space for F&B and entertainment use
Source: URA/Colliers International Singapore Research

Figure 4.6: Supply, Demand and Occupancy in Suburban Areas



Source: Colliers International, URA

Figure 4.7: Average Prime Ground Floor Monthly Gross Rent for shopping centers



Source: Colliers International

Robust demand for strategically located retail spaces in the Orchard Road area

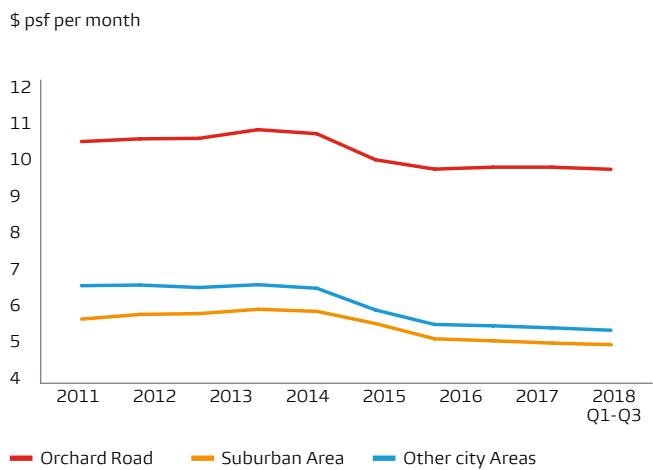
Retail occupancy in the Orchard Road area increased from 92.6% in Q3 2017 to 94.1% in Q3 2018, a performance attributed to Singapore's stellar tourism performance since the start of the year, with 9.19 million tourism arrivals in H1 2018, a healthy 7.9% YOY increase from the same period last year. Demand for retail space in the Orchard/Scotts Road area remained healthy in 2018, especially for strategically located retail spaces, as it continues to be the preferred location for flagship stores and new-to-market brands. Newly opened stores along Orchard Road includes Uniqlo's global flagship store and Desigual's Singapore flagship store, both located at Orchard Central.

4.4 Rents

Prime rents in suburban areas remain flat, while Orchard Road rents edge up

According to Colliers Research, average monthly gross rents of prime ground floor retail spaces remained relatively flat in the suburban areas. Rents moved marginally from \$33.45 in 2017 to \$33.22 per sq ft in Q3 2018 amidst more flexible leasing conditions and incentives provided by landlords to improve occupancy. On the other hand, average monthly gross rents in the Orchard Road area rose from \$40.62 per sq ft in 2017 to \$40.96 per sq ft in Q3 2018 on the back of improved occupancy at Orchard Road malls as well as strong tourism arrivals and expenditures.

Figure 4.8: Median Monthly Gross Rent (All Retail)



Source: Colliers International, URA

Overall retail rents decline islandwide amid landlord incentives

Median rent of all retail spaces continues to slide in all three main areas of Singapore, mainly due to high vacancy in ageing strata-titled retail developments across Singapore. Rents at Orchard Road were more resilient compared to that in suburban and Other City Areas, with median rents of retail space decreasing by just 0.05% y-o-y to \$9.79 per sq ft per month (Figure 4.8). Rents at Orchard Road have held their own over the past year due to improved occupancy and Singapore's strong tourism performance. Median rents of suburban (-3.07%) and other city areas (-2.82%) have declined over the past year, particularly in older strata-titled retail complexes – and less so in major new malls in town centre locations with MRT stations, as landlords provide more flexible leasing conditions and incentives to tenants. In general, suburban malls have a larger and stable catchment population compared to that in the Other City Areas, which is limited to the working population in the Central Business District (CBD). Opening hours of retailers in the Other City Areas are often limited to the weekdays only, which limits the performance of retail centres located in those areas. Suburban malls are also better positioned to benefit from strong economic fundamentals, rising household disposable incomes and growing retail sales.

Retail Property Market Overview

4.5 Transactions

Figure 4.9: Major Retail Transactions in 2018 (January to October)

Planning Areas	Development	Price (SGD Million)	Price psf (SGD) on NLA	Purchaser	Date of Transaction
Sembawang	Sembawang Shopping Centre	248.00	1,727	Lian Beng – Apricot Sembawang	Q2 2018
Bukit Panjang	The Rail Mall	63.24	1,265	SPH REIT	Q2 2018
City Hall	Capitol Piazza & Capitol Theatre (Retail 50%)	349.49	2,628	Perennial Real Estate Holdings	Q2 2018
Jurong	Westgate	1,128 (100% basis)	2,746	CapitaLand Mall Trust (CMT)	Q3 2018 (Pending completion of sale in Q4 2018)

Source: Colliers International, URA

There were four major retail transactions during the first 10 months of 2018. Lian Beng-Apricot Sembawang (LBAS) bought Sembawang Shopping Centre for S\$248 million from CapitaLand Mall Trust at a price nearly double the mall's latest valuation on Dec 2017 (Figure 4.9). In March 2018, Perennial Real Estate Holdings bought Pontiac Land affiliate Chesham Properties' 50% stake in Capitol Singapore for S\$528 million, of which the retail component is attributed to be worth S\$349.5 million. SPH REIT purchased its third retail property in Singapore, the Rail Mall, at a price of S\$63.24 million or S\$1,265 per sq ft of NLA. CapitaLand Mall Trust (CMT) acquired a 70% stake in Westgate mall in Jurong from its parent company, CapitaLand Limited, at a purchase price of S\$1.128 billion (on a 100% basis) - S\$789.6 million on a 70% basis – which works out to a purchase price of S\$2,746 per sq ft of NLA.

5.0 Outlook

Significant new supply to push islandwide vacancy up, rents down in 2019 but recovery will be quick

Island-wide vacancy is forecast to rise slightly in 2019 with the large supply influx to be completed during the year. Rents are expected to slide further during the year as the new supply will take time to be absorbed and retailers will have plenty of new exciting retail locations to choose from. However, occupancy should rapidly recover as major new malls, including Jewel and Paya Lebar Quarter already have healthy commitment levels of 90% and 80% respectively. Also, landlords will continue to trade off high rents for increased occupancy through a series of incentives. We expect ground-floor rents in Orchard and suburban areas to lead the gradual recovery, but overall rental rates should plateau and stabilise over H2 2019 to 2022 as the new supply in 2019 is absorbed. The limited new supply expected after 2020 combined with strong tourism performance and re-balancing of tenancy

mixes toward F&B and experiential retail provide positive prospects for the Singapore retail sector beyond 2020. The completion of Jewel is expected to capture a healthy share of tourism spending in Singapore as of 2019, which will limit the rent growth at major destination retail locations such as Orchard Road and VivoCity.

Strategically-located suburban malls to remain resilient, landlord incentives to persist

With the rise of e-commerce platforms, the retail market will continue to restructure and adapt to the shift in consumer behaviour. Pressure on rents is expected to persist with the new retail supply entering the market in 2019. To ensure healthy occupancy, landlords will continue to be more conciliating in rent negotiation with retailers. Overall, we expect suburban areas' rental rates to remain stable in 2019, with those closest to the major new malls experiencing a slight but temporary decline until the new supply is absorbed by the end of 2019. Suburban malls in town centre locations with MRT stations and with stable shopper traffic and no new competition nearby are expected to fare better both in terms of occupancy and rental growth.

Shopping Centres along Orchard Road to benefit from rejuvenation plans

The Urban Redevelopment Authority (URA), in collaboration with the Singapore Tourism Board (STB), commissioned a \$1.3 million business study aimed at rejuvenating the Orchard Road retail precinct. The business study assesses schemes to rejuvenate Orchard Road, through public realm enhancement, retail mix diversification, urban design strategies and transport initiatives. Significant government investments are expected in the coming years to implement the action plan and deliver the strategy. The government's investments, alongside the limited retail pipeline supply

is expected to benefit existing malls in the Orchard area. This is coupled with the strong tourism performance of Singapore which should generate healthy gains for malls along Singapore's main shopping belt. As such, while we expect vacancy to remain flat, we anticipate rent growth in the Orchard Road area to be between -1% and 1% in 2019 depending on location, with those closest to the major new openings experiencing the largest declines.

Retailers to enhance shopping experience through technology and differentiation

Successful shopping malls will differentiate themselves from their main competitors and evolve according to the needs and wants of their customer base. The digital economy and competition from e-commerce has pushed more retailers and mall operators towards adopting new technologies to improve offerings and to create experiential retailing for consumers. Other than a digital-ready strategy, niche tenant mix, unique experiences and environments and the ability to capture future catchment growth will become increasingly important conditions of success.

November 1, 2018

The reported analysis, opinion and conclusion are limited only by the reported assumptions and limiting conditions and is our personal, unbiased professional analysis, opinion and conclusion.

We also confirm that we do not have a pecuniary interest that would conflict with a proper evaluation of market conditions.

Yours faithfully,



Govinda Singh FCCA FCMA MRICS

Executive Director

Valuation and Advisory Services – Asia
Colliers International



Jonathan Denis-Jacob B.Sc. M.Sc. MCIP RPP

Associate Director

Valuation and Advisory Services – Asia
Colliers International

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1.1 Any market projections incorporated within our Services including, but not limited to, growth rates, stock and occupancy rates are projections only and may prove to be inaccurate. Accordingly, such market projections should be interpreted as an indicative assessment of potentialities only, as opposed to certainties.

1.2 Where Our Services include market projections such projections require the dependence upon a host of variables that are highly sensitive to varying conditions. Accordingly, variation in any of these conditions may significantly affect these market projections. Where market projections form part of Our Services, We draw your attention to the fact that there will be a number of variables within acceptable market parameters that could be pertinent to Our Services and the projections adopted are representative of only one of these acceptable parameters.

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2.2 All the costs and benefits forecasted will, ultimately, be determined by future market conditions. Forecasts of these elements are based on assumptions of certain variable factors, which, in turn, are extremely sensitive to changes in the market and economic contexts. For this reason, the figures mentioned in this report were not computed under any known or guaranteed conditions. Rather, these are forecasts drawn from reliable sources of data and information and made in the best judgment and professional integrity of Colliers International. Notwithstanding this, Colliers International reiterates that it will not accept any responsibilities in the face of damage claims that might result from any error, omission or recommendations, viewpoints, judgments and information provided in this report.

2.3 Colliers International, or any employee of Ours shall not be required to give testimony or to appear in court or any other tribunal or to any government agency by reason of this consultancy report or with reference to the property in question unless prior arrangements have been made and we are properly reimbursed.

2.4 For the avoidance of doubt, our directors and employees shall have no liability in respect of their private assets.

FCT Portfolio Overview

As at 30 September 2018



	Causeway Point	Northpoint City North Wing ¹	Yishun 10 Retail Podium
Net Lettable Area ² (NLA)	416,301 square feet 38,676 square meters	219,286 square feet 20,372 square meters	10,398 square feet 966 square meters
Number of Leases	221	188	
Number of Tenants	192	175 ³	
Title	99 years leasehold commencing 30/10/95 (76 years remaining)	99 years leasehold commencing 1/4/90 (70 years remaining)	
Year Purchased	2006	Northpoint 1: 2006 Northpoint 2: 2010	2016
Purchased Price	S\$606.17 million	Northpoint 1: S\$249.27 million Northpoint 2: S\$164.55 million	S\$37.8 million
Appraised Value	S\$1,218 million	S\$771 million	S\$38 million
As % of Total Portfolio Appraised Value	44.3%	29.4%	
FY2018 Gross Revenue	S\$86.71 million	S\$52.22 million	
FY2018 Net Property Income	S\$65.36 million	S\$39.19 million	
Occupancy	98.4%	96.5%	
Key Tenants by gross rental income	Metro, Courts, Cold Storage supermarket, Food Republic, Cathay Cineplexes, Uniqlo	Kopitiam food court, Cold Storage supermarket, OCBC Bank, United Overseas Bank, MayBank, McDonald's restaurant and Popular bookstore	
Annual Shopper Traffic in FY2018	25.5 million	41.8 million ⁴	
Connectivity	Woodlands MRT station (North South Line and future Thomson-East Coast Line) & Bus Interchange	Yishun MRT station (North South Line) & Bus Interchange	

1 Northpoint City North Wing was formerly known as Northpoint Shopping Centre

2 Net lettable area as stated in valuation reports dated 30 September 2018 for the respective assets.

3 Excluding tenants under the Community and Sports Facilities scheme (CSFS)

4 Combined Shopper Traffic for Northpoint City North Wing and South Wing as both Wings are integrated



Changi City Point	Bedok Point	YewTee Point	Anchorpoint
205,210 square feet 19,064 square meters	82,713 square feet 7,684 square meters	73,669 square feet 6,844 square meters	70,988 square feet 6,595 square meters
126	37	66	55
124 ³	35	65	52
60 years leasehold commencing 30/4/09 (50 years remaining)	99 years leasehold commencing 15/3/78 (58 years remaining)	99 years leasehold commencing 3/1/06 (86 years remaining)	Freehold
2014	2011	2010	2006
S\$305.0 million	S\$127.0 million	S\$125.65 million	S\$36.02 million
S\$332 million	S\$94 million	S\$186 million	S\$110 million
12.1%	3.4%	6.8%	4.0%
S\$25.75 million	S\$6.16 million	S\$13.99 million	S\$8.52 million
S\$16.49 million	S\$2.54 million	S\$9.69 million	S\$3.92 million
93.8%	79.2%	94.3%	88.8%
Kopitiam food court, Uniqlo, Nike, Tung Lok and Challenger	Harvey Norman, GymmBoxx, Happy Days and Ssiksin Korea BBQ	NTUC FairPrice, Koufu food court, Watson's, KFC and Shakura	Cold Storage supermarket, Cotton On, Koufu food court, Xin Wang HK Café, Sakuraya and Charles & Keith
13.3 million	4.2 million	12.1 million	3.2 million
Expo MRT station (East West Line, and Downtown Line 3)	Bedok MRT station (East West Line) & Bus Interchange	YewTee MRT station (North South Line) & Bus Stop	Near Queenstown MRT station (East West Line) & bus stop

Mall Profiles



Causeway Point

Description

Seven retail levels (including one basement level) and seven car park levels (B2, B3 and 2nd - 6th levels)

Address

1 Woodlands Square,
Singapore 738099

Net Lettable Area

38,676 square meters
(416,301 square feet)¹

Car Park Lots

839

Title

99 years leasehold w.e.f
30 Oct 1995

Year Acquired by FCT

2006

Market Valuation

\$1,218.0 million
as at 30 Sep 2018

Annual Shopper Traffic

25.5 million (Oct 2017 – Sep 2018)

General Manager

Ms Elsie Goh

Key Tenants

Metro, Courts, Cold Storage supermarket, Food Republic, Cathay Cineplexes, Uniqlo

Causeway Point is the largest mall in Woodlands, one of Singapore's most populous residential estates. It is located next to the Woodlands regional bus interchange and the Woodlands MRT station, which will serve as an interchange station for the existing North-South line and the new Thomson-East Coast line in the future.

The mall has more than 200 stores and food outlets spread over seven retail levels (including basement level) and offers shoppers a one-stop shopping and dining experience.

Causeway Point is an award-winning mall for its user-friendliness, connectivity and safety aspects in its design and features. The mall is also awarded the Platinum Award in the BCA's Green Mark program for its environmental-friendly features.

Mall Performance Highlights

Financial Year ended 30 September (\$'000)	FY2018	FY2017	Increase/ (Decrease)
Gross Revenue	86,710	84,723	2.3%
Property Expenses	21,351	19,184	11.3%
Net Property Income	65,359	65,539	(0.3%)
Occupancy	98.4%	99.5%	(1.1% point)
Shopper Traffic (million)	25.5	24.5	4.1%

¹ As indicated in the valuation report for Causeway Point, dated 30 September 2018, by Knight Frank Pte Ltd

Top 10 Tenants

As at 30 September 2018, Causeway Point has a total of 221 leases (FY2017: 223), excluding vacancy. The key tenants include Metro, Courts, Cold Storage supermarket, Food Republic, Cathay Cineplexes and Uniqlo, among others. The top 10 tenants contributed collectively, 35.1% (FY2017: 33.7%) of the mall's total gross rental income.

Top 10 Tenants (as at 30 September 2018)	% of Mall's Gross Rental Income
Metro (Private) Limited ¹	7.8%
Courts (Singapore) Limited	6.2%
Cold Storage Singapore (1983) Pte Ltd ²	5.3%
Food Republic Pte Ltd	3.9%
Cathay Cineplexes Pte Ltd	3.1%
Uniqlo (Singapore) Pte Ltd	2.2%
Hanbaobao Pte Ltd ³	1.9%
Aspial Corporation Ltd ⁴	1.6%
Copitiam Pte Ltd ⁵	1.6%
RE&S Enterprises ⁶	1.5%
Total	35.1%

1 Includes leases for Metro Department Store & Clinique

2 Includes leases for Cold Storage supermarket, Guardian Pharmacy and 7-Eleven stores

3 Operator of McDonald's Restaurants Pte Ltd

4 Includes leases for Lee Hwa Jewellery, CITIGEMS and Goldheart Jewellery

5 Operator of Bagus food court

6 Operator of Kuriya Japanese Market and Ichiban Boshi restaurant

Trade Sector Analysis

Food & Restaurants contributed 28.5%, (FY2017: 28.6%) of the mall's gross rental income, followed by the Fashion trade at 20.5% (FY2017: 22.7%). These two trades account for 49.0% of the mall's gross rental income. The breakdown of the trade sector analysis by net lettable area and gross rental income is presented below.

Trade Classifications (in descending order of % rent)	By Net Lettable Area	By Gross Rental Income ⁷
1 Food & Restaurants	22.8%	28.5%
2 Fashion	15.4%	20.5%
3 Household	12.1%	10.9%
4 Beauty, Hair, Cosmetics, Personal Care	5.4%	8.0%
5 Department Store	14.4%	7.7%
6 Services/Education	4.9%	7.5%
7 Supermarket	5.8%	3.8%
8 Leisure/Entertainment	9.3%	3.7%
9 Books, Music, Art & Craft, Hobbies	4.2%	3.3%
10 Healthcare	2.0%	3.2%
11 Sports Apparels & Equipment	2.1%	2.9%
12 Vacant	1.6%	0.0%
Total	100.0%	100.0%

7 Excludes gross turnover rent

Lease Expiry Profile⁸

As at 30 September 2018

	FY2019	FY2020	FY2021	FY2022	FY2023	Total
Number of leases expiring	82	73	61	1	4	221
Net Lettable Area of Expiring Leases (square feet)	155,380	129,013	76,353	9,544	39,409	409,699
Expiries as % of Mall's Total Leased Area	37.9%	31.5%	18.6%	2.4%	9.6%	100.0%
Gross Rental Income (GRI) Contribution of Expiring Leases as % of Mall's Total GRI	37.3%	33.7%	22.2%	1.1%	5.7%	100.0%

8 Excludes vacancy

Mall Profiles

Description:

Northpoint City North Wing

Six retail levels (including two basement levels) and three levels of car park (B1 - B3)

Address

930 Yishun Avenue 2, Northpoint,
Singapore 769098

Net Lettable Area

20,372 square meters
(219,286 square feet)²

Car Park Lots

157

Title

99 years leasehold w.e.f
1 Apr 1990

Year Acquired by FCT

2006 (Northpoint 1),
2010 (Northpoint 2)

Market Valuation

\$771.0 million as at 30 Sep 2018

Annual Shopper Traffic

41.8 million³
(Oct 2017 – Sep 2018)

General Manager

Ms Cynthia Ng

Key Tenants

Kopitiam food court, Cold Storage supermarket, OCBC Bank, United Overseas Bank, MayBank, McDonald's restaurant and Popular bookstore

Description:

Yishun 10 Retail Podium

Ten retail units on the first storey in a cinema complex with basement car park

Address

51 Yishun Central 1, Yishun 10,
Singapore 768794

Net Lettable Area

966 square meters
(10,398 square feet)⁴

Title

99 years leasehold w.e.f
1 Apr 1990

Year Acquired by FCT

2016

Market Valuation

\$38 million as at 30 Sep 2018

General Manager

Ms Cynthia Ng

Key Tenants

Arnold's Fried Chicken and Sri Murugan Supermarket



Northpoint City North Wing and Yishun 10 Retail Podium

Northpoint City North Wing is FCT's second largest property by net lettable area after Causeway Point. It is seamlessly integrated with the Northpoint City South Wing (owned by FCT's sponsor, Frasers Property Limited) to form Northpoint City, with over 400 F&B and retailers spread over 500,000 square feet of space.

Northpoint City North Wing offers six retail levels of shopping (including two basement levels). Key tenants at Northpoint City North Wing include Kopitiam food court, Cold Storage supermarket, OCBC Bank, United Overseas Bank, MayBank, McDonald's restaurant and Popular bookstore. The mall enjoys high shopper traffic flow from the surrounding residential estate and schools. The total shopper traffic to Northpoint City (including that of South Wing as both wings are integrated) in FY2018 was 41.8 million.

FCT also owns ten strata-titled retail units in the Yishun 10 retail podium located next to Northpoint City North Wing.

Mall Performance Highlights

Financial Year ended 30 September (\$'000)	FY2018	FY2017	Increase/ (Decrease)
Gross Revenue	52,215	42,029	24.2%
Property Expenses	13,024	12,287	6.0%
Net Property Income	39,191	29,742	31.8%
Occupancy	96.5%	81.6%	14.9% point
Shopper Traffic (million)	41.8 ¹	41.3	1.2%

¹ Combined Shopper Traffic for Northpoint City North Wing and South Wing as both Wings are integrated

² As indicated in the valuation report for Northpoint City North Wing, dated 30 September 2018, by Savills Valuation and Professional Services (S) Pte Ltd

³ Combined Shopper Traffic for Northpoint City North Wing and South Wing as both Wings are integrated

⁴ As indicated in the valuation report titled "Valuation of 51 Yishun Central 1, #01-01/02/03/04/05/06/07/08/09, Yishun 10, Singapore 768794", dated 30 September 2018, by Colliers International Consultancy & Valuation (Singapore) Pte Ltd.

Top 10 Tenants

As at 30 September 2018, Northpoint City North Wing and Yishun 10 retail podium has a total of 188 leases. The key tenants in Northpoint City North Wing (including Yishun 10 retail podium) include Kopitiam food court, Cold Storage supermarket, OCBC Bank, United Overseas Bank, MayBank, McDonald's restaurant and Popular bookstore, among others. The top 10 tenants contributed collectively 27.7% (FY2017: 28.6%) of the total gross rental income.

Top 10 Tenants (as at 30 September 2018)	% of Mall's Gross Rental Income
Copitiam Pte Ltd ¹	6.5%
Cold Storage Singapore (1983) Pte Ltd ²	5.4%
Overseas-Chinese Banking Corporation Ltd	3.3%
United Overseas Bank Ltd	3.0%
Malayan Banking Berhad	2.1%
Hanbaobao Pte Ltd ³	1.6%
Popular Book Company Pte Ltd	1.6%
XWS Pte Ltd ⁴	1.5%
BreadTalk Pte Ltd	1.4%
Sushi-Tei Pte Ltd	1.3%
Total	27.7%

1 Operator of Kopitiam food court

2 Includes leases for Cold Storage supermarket, Guardian Pharmacy and 7-Eleven stores

3 Operator of McDonald's Restaurant

4 Operates Xin Wang HK Café at Northpoint City North Wing

Trade Sector Analysis (Northpoint City North Wing and Yishun 10 retail podium)

Food & Restaurants contributed 43.0%, (FY2017: 44.4%) of the mall's gross rental income, followed by the Fashion trade at 16.2% (FY2017: 17.1%). The breakdown of the trade sector analysis by net lettable area and gross rental income is presented below.

Trade Classifications (in descending order of % rent)	By Net Lettable Area	By Gross Rental Income ⁵
1 Food & Restaurants	36.4%	43.0%
2 Fashion	10.6%	16.2%
3 Services/Education	16.7%	13.2%
4 Beauty, Hair, Cosmetics, Personal Care	6.4%	7.7%
5 Healthcare	5.0%	6.3%
6 Supermarket/Hypermarket	7.6%	4.2%
7 Books, Music, Art & Craft, Hobbies	5.7%	3.3%
8 Household	3.6%	3.0%
9 Sports Apparels & Equipment	2.4%	2.1%
10 Leisure/Entertainment	2.1%	1.0%
11 Department Store	0.0%	0.0%
12 Vacancy	3.5%	0.0%
Total	100.0%	100.0%

5 Excludes gross turnover rent

Lease Expiry Profile⁶

Northpoint City North Wing and Yishun 10 retail podium, as at 30 September 2018

	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2028	Total
Number of leases expiring	35	91	49	9	2	1	1	188
Net Lettable Area of Expiring Leases (square feet)	26,932	87,745	51,616	29,370	3,326	1,539	21,248	221,776
Expiries as % of Mall's Total Leased Area	12.1%	39.6%	23.3%	13.2%	1.5%	0.7%	9.6%	100.0%
Gross Rental Income (GRI) Contribution of Expiring Leases as % of Mall's Total GRI	16.7%	46.2%	22.4%	10.3%	2.7%	0.5%	1.2%	100.0%

6 Excludes vacancy

Mall Profiles



Changi City Point

Description

Three retail levels
(including one basement level)

Address

5 Changi Business Park Central 1,
Changi City Point,
Singapore 486038

Net Lettable Area

19,064 square meters
(205,210 square feet)¹

Car Park Lots

627²

Title

60 years leasehold w.e.f
30 Apr 2009

Year Acquired by FCT

2014

Market Valuation

\$332.0 million as at 30 Sep 2018

Annual Shopper Traffic

13.3 million (Oct 2017 – Sep 2018)

Assistant General Manager

Ms June Tan

Key Tenants

Kopitiam food court, Uniqlo, Nike,
Tung Lok and Challenger

Changi City Point is a three-storey retail mall (with one basement) located in Changi Business Park, next to the Singapore Expo MRT station and near one of Singapore's largest convention and exhibition venues, The Singapore Expo. Changi City Point is the third largest by net lettable area among Frasers Centrepoint Trust's portfolio of six retail malls.

The mall offers diverse shopping and dining experience especially for the working population in Changi Business Park; residents in nearby precincts such as Tampines, Bedok and Simei; and the visitors to the Singapore Expo. Changi City Point features fashion and sports retailers including Uniqlo, Nike Factory Store, Timberland, Adidas, 2XU, Asics Factory Outlet, New Balance, Puma Outlet, Liv Activ and many other outlets stores.

Shoppers can also do their grocery shopping at the NTUC Finest supermarket. The restaurants at the mall include Tung Lok Signatures, Jollibee, Ichiban Sushi, Han's and the Kopitiam food court. Families can also enjoy the landscaped rooftop garden that also features a wet and dry children's playground.

Mall Performance Highlights

Financial Year ended 30 September (\$'000)	FY2018	FY2017	Increase/ (Decrease)
Gross Revenue	25,751	24,536	5.0%
Property Expenses	9,262	8,604	7.6%
Net Property Income	16,489	15,932	3.5%
Occupancy	93.8%	88.5%	5.3% point
Shopper Traffic (million)	13.3	12.3	8.1%

1 As indicated in the valuation report for Changi City Point, dated 30 September 2018, by Savills Valuation and Professional Services (S) Pte Ltd

2 The car park lots are shared between Changi City Point, Capri By Fraser and ONE@Changi City.

Top 10 Tenants

As at 30 September 2018, Changi City Point has a total of 126 leases (FY2017: 118), excluding vacancy. The key tenants include Kopitiam food court, Uniqlo, Nike, Tung Lok and Challenger, among others. The top 10 tenants contributed collectively, 27.4% (FY2017: 28.5%) of the mall's total gross rental income.

Top 10 Tenants (as at 30 September 2018)	% of Mall's Gross Rental Income
Copitiam Pte Ltd ¹	8.5%
Uniqlo (Singapore) Pte Ltd	3.4%
Bachmann Japanese Restaurant Pte Ltd	2.4%
NIKE Singapore Pte Ltd	2.2%
Tung Lok Millennium Pte Ltd	2.0%
Challenger Technologies Limited	1.9%
Golden Beeworks ²	1.8%
RE & S Enterprise Pte Ltd ³	1.8%
Ootoya Asia Pacific Pte. Ltd	1.7%
Trilogies of Beers (Pte.) Ltd. ⁴	1.7%
Total	27.4%

1 Operator of Kopitiam food court

2 Operates the Jollibee restaurant at Changi City Point

3 Operates the Ichiban Sushi restaurant at Changi City Point

4 Operator of New Zealand Bar & Grill

Trade Sector Analysis

Food & Restaurants contributed 54.6%, (FY2017: 49.4%) of the mall's gross rental income, followed by the Fashion trade at 20.8% (FY2017: 24.0%). The breakdown of the trade sector analysis by net lettable area and gross rental income is presented below.

Trade Classifications (in descending order of % rent)	By Net Lettable Area	By Gross Rental Income ⁵
1 Food & Restaurants	41.6%	54.6%
2 Fashion	18.4%	20.8%
3 Sports Apparels & Equipment	13.2%	9.4%
4 Household	9.3%	6.1%
5 Services/Education	2.9%	3.5%
6 Beauty, Hair, Cosmetics, Personal Care	1.3%	2.2%
7 Healthcare	1.4%	2.0%
8 Supermarket	5.7%	1.4%
9 Vacant	6.2%	0.0%
Total	100.0%	100.0%

5 Excludes gross turnover rent

Lease Expiry Profile⁶

As at 30 September 2018

	FY2019	FY2020	FY2021	FY2022	Total
Number of leases expiring	30	39	52	5	126
Net Lettable Area of Expiring Leases (square feet)	28,804	65,156	68,205	30,193	192,358
Expiries as % of Mall's Total Leased Area	15.0%	33.9%	35.4%	15.7%	100.0%
Gross Rental Income (GRI) Contribution of Expiring Leases as % of Mall's Total GRI	18.9%	31.2%	35.9%	14.0%	100.0%

6 Excludes vacancy

Mall Profiles



Bedok Point

Description

Five retail levels (including one basement level) and one basement car park

Address

799 New Upper Changi Road,
Singapore 467351

Net Lettable Area

7,684 square meters
(82,713 square feet)¹

Car Park Lots

76

Title

99 years leasehold w.e.f
15 Mar 1978

Year Acquired by FCT

2011

Market Valuation

\$94.0 million as at 30 Sep 2018

Annual Shopper Traffic

4.2 million (Oct 2017 – Sep 2018)

Assistant General Manager

Ms Rachel Fang

Key Tenants

Harvey Norman, GymmBoxx,
Happy Days and Ssiksin Korea BBQ

Bedok Point has five retail levels (including one basement level) and one basement car park. The mall is located in the town centre of Bedok, which is one of the largest residential estates in Singapore by population. The mall is well-served by the nearby Bedok MRT station and the Bedok bus interchange.

The mall offers an exciting array of restaurants, food outlets, enrichment centres, retail and service offerings that makes it an attractive destination for families, students and PMEBs (Professionals, Managers, Executives and Businessmen) around the precinct. The tenants at Bedok Point include Harvey Norman, GymmBoxx, Happy Days and Ssiksin Korea BBQ, among others.

Mall Performance Highlights

Financial Year ended 30 September (\$'000)	FY2018	FY2017	Increase/ (Decrease)
Gross Revenue	6,164	7,338	(16.0%)
Property Expenses	3,628	3,675	(1.3%)
Net Property Income	2,536	3,663	(30.8%)
Occupancy	79.2%	85.2%	(6% point)
Shopper Traffic (million)	4.2	4.4	(4.5%)

¹ As indicated in the valuation report for Bedok Point, dated 30 September 2018, by CBRE Pte Ltd

Top 10 Tenants

As at 30 September 2018, Bedok Point has a total of 37 leases (FY2017: 40), excluding vacancy. The key tenants include Pertama Merchandising Pte Ltd (operator of Harvey Norman), GymmBoxx, Happy Days, Korea Buffet Pte Ltd (operator of Ssiksin), among others. The top 10 tenants contributed collectively, 55.7% (FY2017: 48.3%) of the mall's total gross rental income.

Top 10 Tenants (as at 30 September 2018)	% of Mall's Gross Rental Income
Pertama Merchandising Pte Ltd ¹	10.3%
Gymmboxx Pte Ltd	8.7%
NTUC Club	7.6%
Korea Buffet Pte Ltd ²	5.6%
D&N Singapore Pte Ltd ³	5.1%
Zensho Food Singapore Pte Ltd ⁴	4.1%
SG Chicken Hotpot	3.9%
Stalford Learning	3.5%
Singapore Saizeriya Pte Ltd	3.5%
Teo Heng Karaoke	3.4%
Total	55.7%

1 Operator of the Harvey Norman Store at Bedok Point

2 Operator of Ssiksin Korea BBQ at Bedok Point

3 Operator of Hoshino Coffee

4 Operator of Long John Silver at Bedok Point

Trade Sector Analysis

Food & Restaurants contributed 38.6%, (FY2017: 41.6%) of the mall's gross rental income, followed by the Services and Education trade at 21.2% (FY2017: 28.8%). The breakdown of the trade sector analysis by net lettable area and gross rental income is presented below.

Trade Classifications (in descending order of % rent)	By Net Lettable Area	By Gross Rental Income ⁵
1 Food & Restaurants	23.4%	38.6%
2 Services/Education	19.5%	21.2%
3 Household	18.3%	13.6%
4 Beauty, Hair, Cosmetics, Personal Care	6.1%	11.1%
5 Leisure/Entertainment	10.0%	11.0%
6 Healthcare	1.3%	3.1%
7 Fashion	0.6%	1.4%
8 Vacant	20.8%	0.0%
Total	100.0%	100.0%

5 Excludes gross turnover rent

Lease Expiry Profile⁶

As at 30 September 2018

	FY2019	FY2020	FY2021	FY2022	Total
Number of leases expiring	10	14	12	1	37
Net Lettable Area of Expiring Leases (square feet)	16,428	26,808	20,061	2,236	65,533
Expiries as % of Mall's Total Leased Area	25.1%	40.9%	30.6%	3.4%	100.0%
Gross Rental Income (GRI) Contribution of Expiring Leases as % of Mall's Total GRI	25.5%	39.5%	32.1%	2.9%	100.0%

6 Excludes vacancy

Mall Profiles



YewTee Point

Description

Two retail levels (including one basement level) and one basement car park

Address

21 Choa Chu Kang North 6,
Singapore 689578

Net Lettable Area

6,844 square meters
(73,669 square feet)¹

Car Park Lots

83²

Title

99 years leasehold w.e.f
3 Jan 2006

Year Acquired by FCT

2010

Market Valuation

\$186.0 million as at 30 Sep 2018

Annual Shopper Traffic

12.1 million (Oct 2017 – Sep 2018)

Assistant General Manager

Ms Gan Hui Yean

Key Tenants

NTUC FairPrice, Koufu food court,
Watson's, KFC and Shakura

YewTee Point has two retail levels (including one basement level). The mall is located in Yew Tee, a housing estate within a major residential precinct Choa Chu Kang, northwest of Singapore. YewTee Point is served by the adjacent Yew Tee MRT station and public bus services.

YewTee Point's key tenants include NTUC FairPrice, Koufu food court, Watson's, KFC and Shakura, among others. It draws shoppers from the private apartments located above the mall (YewTee Residence), the YewTee housing estate, schools, military camp and the nearby industrial estate. Total shopper traffic to the mall in FY2018 was 12.1 million.

Mall Performance Highlights

Financial Year ended 30 September ('000)	FY2018	FY2017	Increase/ (Decrease)
Gross Revenue	13,991	14,448	(3.2%)
Property Expenses	4,300	4,399	(2.3%)
Net Property Income	9,691	10,049	(3.6%)
Occupancy	94.3%	95.7%	(1.4% point)
Shopper Traffic (million)	12.1	12.7	(4.7%)

1 As indicated in the valuation report for YewTee Point, dated 30 September 2018, by CBRE Pte Ltd

2 Part of limited common property for the exclusive benefit of YewTee Point

Top 10 Tenants

As at 30 September 2018, YewTee Point has a total of 66 leases (FY2017: 68), excluding vacancy. The key tenants include NTUC FairPrice, Koufu food court, Watson's, KFC and Shakura, among others. The top 10 tenants contributed collectively, 51.8% (FY2017: 51.1%) of the mall's total gross rental income.

Top 10 Tenants (as at 30 September 2018)	% of Mall's Gross Rental Income
NTUC FairPrice Co-operative Ltd ¹	19.9%
Koufu Pte Ltd ²	10.6%
Watson's Personal Care Stores Pte Ltd	3.9%
Kentucky Fried Chicken Management Pte Ltd	3.8%
Shakura Pigmentation Pte Ltd	2.9%
XWS Pte Ltd ³	2.3%
Zensho Food Singapore Pte Ltd ⁴	2.1%
West Co'z Café Pte Ltd	2.1%
BreadTalk Pte Ltd ⁵	2.1%
Sushi Express Group	2.1%
Total	51.8%

1 Includes leases for NTUC Fairprice and NTUC Healthcare (Unity)

2 Operator of Koufu food court

3 Operator of Xin Wang HK Café

4 Operator of Long John Silver's

5 Operator of ToastBox

Trade Sector Analysis

Food & Restaurants contributed 45.3%, (FY2017: 42.0%) of the mall's gross rental income, followed by the supermarket trade at 18.3% (FY2017: 18.8%). The breakdown of the trade sector analysis by net lettable area and gross rental income is presented below.

Trade Classifications (in descending order of % rent)	By Net Lettable Area	By Gross Rental Income ⁶
1 Food & Restaurants	42.2%	45.3%
2 Supermarket	23.4%	18.3%
3 Beauty, Hair, Cosmetics, Personal Care	12.5%	16.2%
4 Healthcare	6.6%	9.1%
5 Services/Education	4.2%	4.1%
6 Household	2.9%	3.3%
7 Fashion	1.1%	1.9%
8 Books, Music, Art & Craft, Hobbies	1.4%	1.8%
9 Vacant	5.7%	0.0%
Total	100.0%	100.0%

6 Excludes gross turnover rent

Lease Expiry Profile⁷

As at 30 September 2018

	FY2019	FY2020	FY2021	FY2022	FY2023	Total
Number of leases expiring	19	15	28	3	1	66
Net Lettable Area of Expiring Leases (square feet)	14,410	20,271	16,522	1,002	17,277	69,482
Expiries as % of Mall's Total Leased Area	20.7%	29.2%	23.8%	1.4%	24.9%	100.0%
Gross Rental Income (GRI) Contribution of Expiring Leases as % of Mall's Total GRI	22.5%	26.8%	29.9%	2.5%	18.3%	100.0%

7 Excludes vacancy

Mall Profiles



Anchorpoint

Description

Two retail levels (including one basement level) and an adjacent a two-storey restaurant building

Address

368 and 370 Alexandra Road
Singapore 159952/159953

Net Lettable Area

6,595 square meters
(70,988 square feet)¹

Car Park Lots

128²

Title

Freehold

Year Acquired by FCT

2006

Market Valuation

\$110.0 million as at 30 Sep 2018

Annual Shopper Traffic

3.2 million (Oct 2017 – Sep 2018)

General Manager

Mr Eddie Ng

Key Tenants

Cold Storage supermarket, Cotton On, Koufu food court, Xin Wang HK Café, Sakuraya and Charles & Keith

1 As indicated in the valuation report for Anchorpoint, dated 30 September 2018, by Colliers International Consultancy & Valuation (Singapore) Pte Ltd.

2 Located at Anchorpoint but are part of a common property of strata sub-divided mixed-use development, which comprises Anchorpoint. The car park is operated by Frasers Property Management Services Pte Ltd from 1 December 2017, for a period of 2 years.

Anchorpoint has two retail levels (including one basement level) and an adjacent a 2-storey restaurant building. The mall is located along Alexandra Road, opposite to the popular large home furnishing store IKEA and Park Hotel Alexandra. Anchorpoint is well-served by public bus services as well as scheduled shuttle bus service between the mall and the nearby offices in the Alexandra area.

Anchorpoint offers an exciting range of eateries and restaurants, retail shopping and boutique outlets. The stores and restaurants at Anchorpoint include Cold Storage supermarket, Cotton On, Koufu food court, Xin Wang HK Café, Sakuraya and Charles & Keith, among others.

Total shopper traffic to the mall in FY2018 was 3.2 million. Anchorpoint was awarded the Singapore Service Class Award (2012 – 2015) by Spring Singapore.

Mall Performance Highlights

Financial Year ended 30 September ('000)	FY2018	FY2017	Increase/ (Decrease)
Gross Revenue	8,516	8,521	(0.1%)
Property Expenses	4,596	3,888	18.2%
Net Property Income	3,920	4,633	(15.4%)
Occupancy	88.8%	96.2%	(7.4% point)
Shopper Traffic (million)	3.2	3.2	No change

Top 10 Tenants

As at 30 September 2018, Anchorpoint has a total of 55 leases (FY2017: 55), excluding vacancy. The key tenants include Cold Storage supermarket, Cotton On, Koufu food court, Xin Wang HK Café, Sakuraya Japanese restaurant and Charles & Keith, among others. The top 10 tenants contributed collectively, 54.4% (FY2017: 52.6%) of the mall's total gross rental income.

Top 10 Tenants (as at 30 September 2018)	% of Mall's Gross Rental Income
Cold Storage (1983) Singapore Pte Ltd ¹	12.7%
Cotton On Singapore Pte Ltd	7.7%
Koufu Pte Ltd	7.3%
XWS Pte Ltd ²	5.0%
Sakuraya Foods Pte Ltd	4.5%
JP Food Service Pte Ltd ³	4.1%
Watson's Personal Care Stores Pte Ltd	3.9%
Sarika Connoisseur Cafe Pte Ltd ⁴	3.4%
Charles & Keith (Singapore) Pte Ltd	3.0%
Starbucks Coffee	2.8%
Total	54.4%

1 Includes leases for Cold Storage supermarket and 7-Eleven store

2 Operator of Xin Wang HK Café at Anchorpoint

3 Operator of Jack's Place Restaurant at Anchorpoint

4 Operator of The Coffee Connoisseur at Anchorpoint

Trade Sector Analysis

Food & Restaurants contributed 41.5%, (FY2017: 43.9%) of the mall's gross rental income, followed by the Fashion trade at 19.3% (FY2017: 19.5%). The breakdown of the trade sector analysis by net lettable area and gross rental income is presented below.

Trade Classifications (in descending order of % rent)	By Net Lettable Area	By Gross Rental Income ⁵
1 Food & Restaurants	35.3%	41.5%
2 Fashion	16.1%	19.3%
3 Supermarket	15.2%	12.2%
4 Beauty, Hair, Cosmetics, Personal Care	7.8%	10.8%
5 Services/Education	6.9%	7.4%
6 Household	5.4%	5.8%
7 Books, Music, Art & Craft, Hobbies	1.2%	2.1%
8 Healthcare	0.9%	0.9%
9 Vacant	11.2%	0.0%
Total	100.0%	100.0%

5 Excludes gross turnover rent

Lease Expiry Profile⁶

As at 30 September 2018

	FY2019	FY2020	FY2021	FY2022	Total
Number of leases expiring	22	23	8	2	55
Net Lettable Area of Expiring Leases (square feet)	34,470	19,088	6,093	3,380	63,031
Expiries as % of Mall's Total Leased Area	54.7%	30.3%	9.7%	5.3%	100.0%
Gross Rental Income (GRI) Contribution of Expiring Leases as % of Mall's Total GRI	48.8%	36.4%	8.8%	6.0%	100.0%

6 Excludes vacancy

Mall Directory



Causeway Point

1 Woodlands Square,
Singapore 738099

(65) 6894 2237



Northpoint City North Wing

930 Yishun Avenue 2,
Singapore 769098

Yishun 10 retail podium

51 Yishun Central 1 Yishun 10,
Singapore 768794

(65) 6754 2300



Changi City Point

5 Changi Business Park Central 1,
Changi City Point,
Singapore 486038

(65) 6511 1088



Bedok Point

799 New Upper Changi Road,
Singapore 467351

(65) 6481 1353



Anchorpoint

368 and 370 Alexandra Road,
Singapore 159952/159953

(65) 6475 2257



YewTee Point

21 Choa Chu Kang North 6,
Singapore 689578

(65) 6465 1986

Investment in Hektar REIT

As at 30 September 2018, FCT holds 31.15% of the units in Hektar Real Estate Investment Trust (“H-REIT”). H-REIT, an associate of FCT, is a retail-focused REIT in Malaysia listed on the Main Market of Bursa Malaysia Securities Berhad.

Its property portfolio comprises Subang Parade (Selangor), Mahkota Parade (Melaka), Wetex Parade (Johor), Central Square, Kulim Central (Kedah) and Segamat Central (Johor).

The properties in H-REIT portfolio have a total net lettable area of 2.0 million square feet.

Hektar Property Profile#

	Subang Parade	Mahkota Parade	Wetex Parade	Central Square	Kulim Central	Segamat Central
State	Selangor	Melaka	Johor	Kedah	Kedah	Johor
Title	Freehold	Leasehold ^(a)	Freehold	Freehold	Freehold	Leasehold ^(b)
Net Lettable Area (Retail), square feet as at 31 Dec 2017	513,251	519,542	159,056	311,230	299,613	210,730
Tenancies as at 31 Dec 2017	122	113	76	66	78	65
Occupancy as at 31 Dec 2017	90.9%	96.1%	100.0%	95.3%	98.2%	94.7%
Visitor Traffic FY2017 (million) ^(c)	9.9	9.1	4.4	3.8	2.2	N.A
Purchase Price (million RM)	280.0	232.0	117.5	83.3	98.0	106.1
Valuation (million RM) as at 31 Dec 2017	426.0	321.0	135.5	96.0	110.0	106.1 ^(d)

(a) Leasehold is until year 2101

(b) Leasehold is until year 2116

(c) Installation of upgraded footfall system for Kulim Central is underway to capture traffic at new entrances into the shopping centre. Foot traffic data at Segamat Central was not available as the installation of the footfall system was only installed in late December 2017

(d) Valuation of Segamat Central is as at 22 June 2017

Source: H-REIT Annual Report 2017 and its website at <http://www.hektarreit.com/>

Hektar REIT's Top 10 Tenants#

The top ten tenants in the Hektar's portfolio contributed approximately 27% of total monthly rental income.

Tenant	Trade Sector	NLA (Sq ft)	% of Total NLA	% of Monthly Rental Income ¹
Parkson	Department Store / Supermarket	254,009	12.6%	9.3%
The Store	Department Store / Supermarket	273,198	13.6%	5.6%
Seleria	Food & Beverage	36,511	1.8%	1.7%
Giant	Department Store / Supermarket	96,283	4.8%	1.6%
MBO Cinemas	Leisure & Entertainment / Sports & Fitness	84,147	4.2%	1.6%
Mr DIY	Houseware & Furnishing	64,050	3.2%	1.6%
Watsons	Health & Beauty	10,296	0.5%	1.4%
KFC	Leisure & Entertainment / Sports & Fitness	15,786	0.8%	1.2%
Digital One	Electronics & IT	21,361	1.1%	1.2%
McDonald's	Food & Beverage	14,124	0.7%	1.2%
Top 10 Tenants (By Monthly Rental Income)		869,765	43.2%	26.4%
Other Tenants		1,141,657	56.8%	73.6%
Total		2,013,422	100.0%	100.0%

¹ Based on monthly rental income for December 2017

Source: H-REIT Annual Report 2017 and its website at <http://www.hektarreit.com/>

Investment in Hektar REIT

Tenancy Mix#

As at 31 December 2017

The largest rental contributors to the portfolio are tenants from the fashion and footwear categories as well as food and beverage segment. Both segments contributed towards 44% of portfolio's total rental income. In terms of NLA composition, department stores and supermarkets continue to dominate the portfolio by taking up 37% of all available NLA.

	By Rental Income*	By Net Lettable Area
Fashion & Footwear	24%	11%
Food & Beverage / Food Court	20%	12%
Department Store / Supermarket	18%	37%
Health & Beauty	10%	5%
Leisure & Entertainment, Sports & Fitness	9%	18%
Electronics & IT	8%	6%
Gifts / Books / Toys / Specialty	4%	4%
Others	4%	2%
Homewares & Furnishing	3%	5%
Total	100%	100%

* Based on monthly rental income for December 2017

Source: H-REIT Annual Report 2017 and its website at <http://www.hektarreit.com/>

Lease Expiry Profile#

As at 31 December 2017

282 tenancies will expire in 2018, representing approximately 64% of NLA and 60% of monthly rental income as at 31 December 2017.

For Year Ending 31 December	No. of tenancies expiring	NLA of Tenancies Expiring (sq ft)	NLA of Tenancies Expiring as % of Total NLA	% of Total Monthly Rental Income*
FY 2018	282	1,286,121	64%	60%
FY 2019	138	241,971	12%	20%
FY 2020	93	373,855	19%	20%

* Based on monthly rental income for December 2017

Source: H-REIT Annual Report 2017 and its website at <http://www.hektarreit.com/>

Risk Management

Effective risk management is a fundamental part of FCT's business strategy. Key risks, mitigating measures and management actions are continually identified, reviewed and monitored by management as part of FCAM's enterprise-wide risk management ("ERM") framework. Recognising and managing risks are central to the business and to protecting unitholders' interests.

Risk Management Framework

ERM reporting is facilitated through a web-based Corporate Risk Scorecard system which enables the reporting of risks and risk status using a common platform in a consistent and cohesive manner.

Risks are reported at the operational level using a Risk Scorecard which captures risks, mitigating measures, timeline for action items and risk ratings. Where applicable, Key Risk Indicators ("KRIs") are established to monitor risks. For risks that are material, the mitigating measures and KRIs are reported in the Key Risk Dashboard for review by Management and Audit Committee on a regular basis.

Risk tolerance statements, which set out the nature and extent of significant risks which FCAM is willing to take in achieving its strategic objectives, are reviewed annually. The tolerance limits are monitored and reported to Management and Audit Committee on a half yearly basis.

FCAM also has in place a Comfort Matrix framework which provides an overview of the mitigating strategies and assurance processes of key financial, operational, compliance and information technology risks.

Risk Update

Formal risk reviews take place half yearly and the scorecard is updated regularly. On a yearly basis, ERM validations are held where the Management of FCAM provides assurance to the Audit Committee, that key risks have been identified for which the mitigating measures are adequate, and the system of risk management in place is adequate and effective to address risks which are considered relevant and material to the operations.

FCAM also seeks to benchmark its ERM programme against industry best practices and standards. In assessing areas for improvement and how the ERM processes and practices can be strengthened, reference has been made to the best practices in risk management including those set out in the Code of Corporate Governance 2012 and the Risk Governance Guidance for Listed Boards issued by the Corporate Governance Council in May 2012.

As every staff has a role to play in risk management, ERM and business continuity plans ("BCPs") awareness briefings are conducted for new staff. Refresher sessions are also held to update staff on relevant developments in the area of ERM and BCPs, where required.

Key Risks In Financial Year 2018

Operational Risk

FCAM has established and strictly adheres to a set of standard operating procedures designed to identify, monitor, report and manage the operational risks associated with the day-to-day management and maintenance of FCT malls. These procedures and guidelines are regularly reviewed and benchmarked against industry best practices to ensure relevance and effectiveness. Insurances are also in place to mitigate losses resulting from unforeseen events. BCPs are regularly tested for their effectiveness.

Risk Management

Human Capital Risk

FCAM has in place a career planning and development system and conducts regular remuneration and benefits benchmarking to attract and retain appropriate talent for the business.

Liquidity Risk

In ensuring a prudent financial structure for FCT, FCAM adheres closely to the covenants in the loan agreements and property fund guidelines in the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore. In addition, FCAM proactively manages FCT's cash flow position and requirements. FCT has \$200 million Revolving Credit Facilities as source of liquidity reserves to finance its operations, asset enhancement initiatives ("AEIs") and any other short-term obligations. Please refer to page 36 under Capital Resources on the various sources of funds availability and their utilisations. FCAM continues to comply with its policy of spreading out concentration of debts maturing in a single year.

Investment Risk

As FCT grows its investment portfolio via the acquisition of new properties and other forms of permitted investments, all investment opportunities are subject to a disciplined and rigorous appraisal process. All investment proposals are evaluated based on a comprehensive set of investment criteria including alignment with FCT's investment mandate, asset quality, expected returns, sustainability of asset performance and future growth potential, and having due regard to market conditions and outlook.

Interest Rate Risk

Interest rate risk is proactively managed by FCAM with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. A major portion of FCT's outstanding borrowings are at fixed interest rates in accordance with FCAM's policy of hedging.

Credit Risk

FCAM has established credit limits for tenants and monitors their debt levels on an ongoing basis. Credit evaluations are performed before lease agreements are entered with tenants. Credit risk is also mitigated by collecting rental deposits from the tenants. Cash and fixed deposits are placed with regulated financial institutions.

Compliance Risk

FCT is subject to relevant laws and regulations including the Listing Manual of the Singapore Exchange Securities Trading Limited, the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore and the tax rulings issued by the Inland Revenue Authority of Singapore with regard to the taxation of FCT and its Unitholders. Any changes to these regulations may affect FCT's operations and results.

FCAM has in place policies and procedures to facilitate compliance with applicable laws and regulations. Management keeps abreast of latest developments in relevant laws and regulations through training and attending talks and briefings.

Information Technology Risk

The Group, of which the Manager is part of, places a high priority on information availability, information technology (IT) governance and IT security. Group-wide IT policies and procedures have been put in place to address evolving IT security threats, such as hacking, malware, privileged access, phishing, mobile threats and data-loss. Disaster recovery plans and incident management procedures are developed and tested annually. Measures and considerations have also been taken to enable effective privileged access monitoring, patch management, data security, data protection and prolonged service unavailability of critical IT systems. Periodic training is also conducted for new and existing employees to raise IT security awareness. External professional services are engaged to conduct independent vulnerability assessment and penetration tests to further strengthen the IT systems.

External Risk

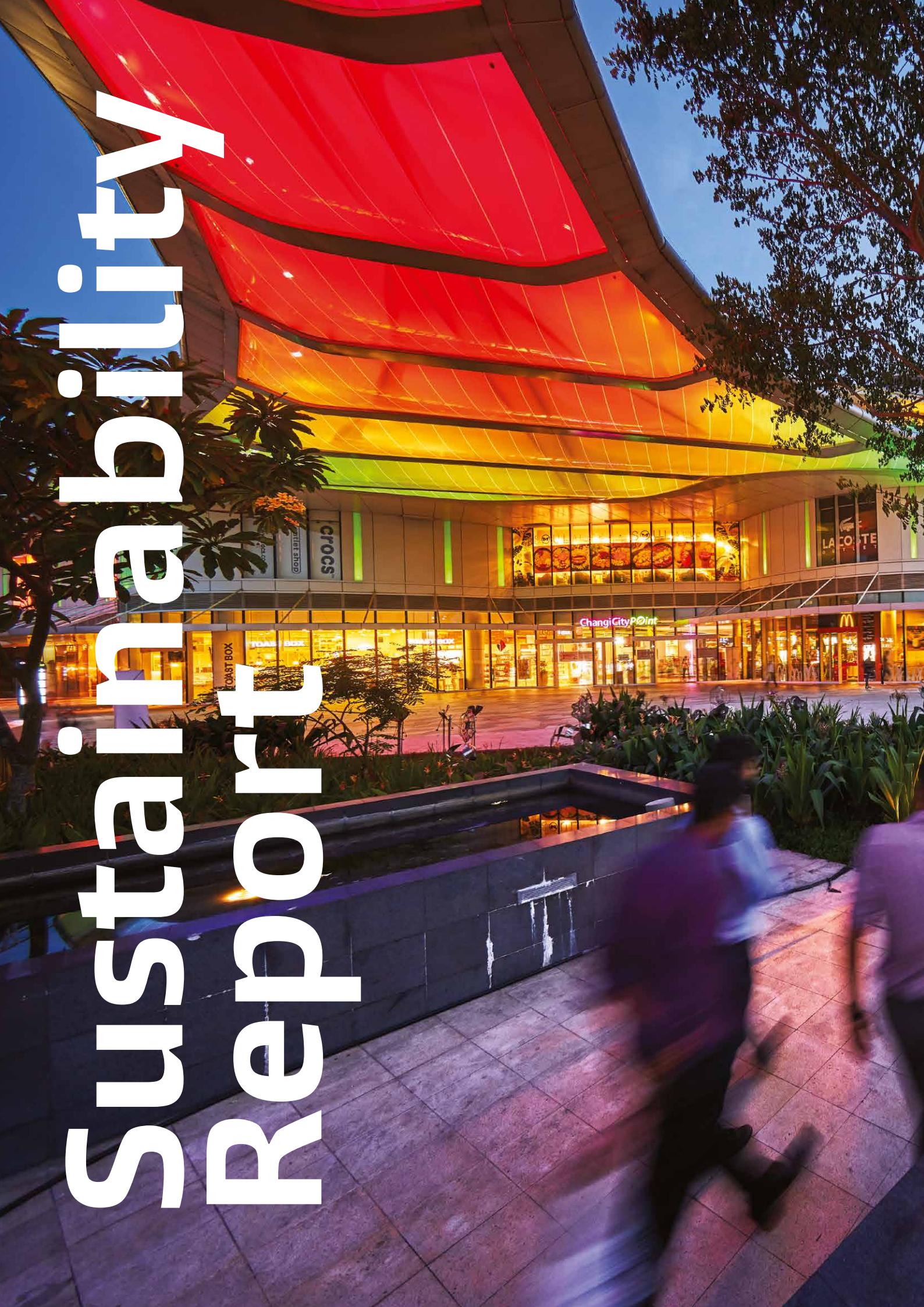
FCT is exposed to changing retail market trends, including manpower shortage, stagnant pool of prospective tenants, e-commerce changing consumer shopping behavior and increase in mobility of shoppers to regional cities.

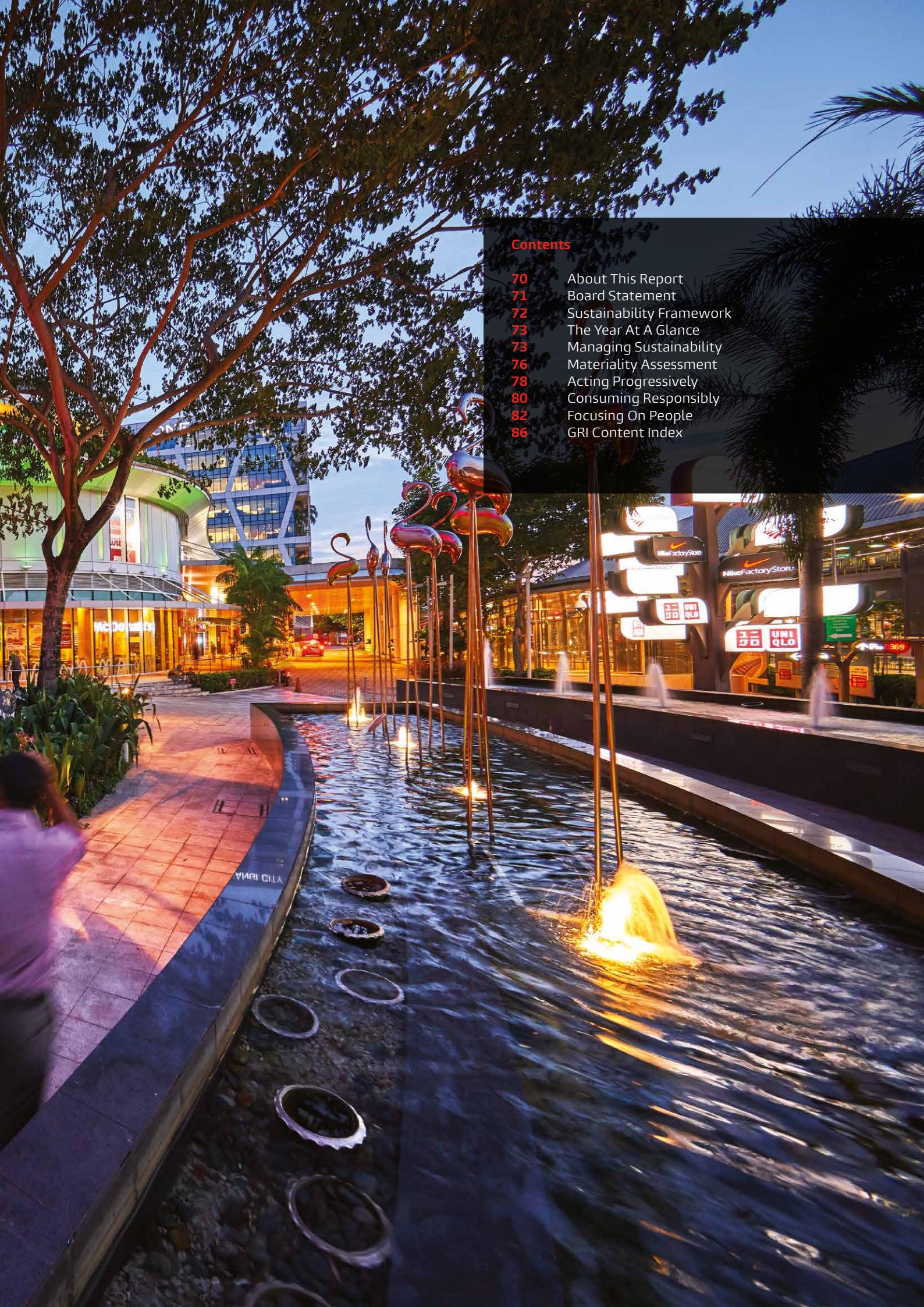
FCAM continuously seeks to strengthen FCT's competitiveness through optimising tenant mix, revitalizing mall concepts and AEIs.



Northpoint City North Wing

redecorated
just in time
for the holidays



The background image shows a vibrant night scene of a city street. In the foreground, there's a large, illuminated fountain with several vertical jets of water shooting upwards. To the left, a modern building with a curved glass facade is visible, with a McDonald's sign lit up. In the background, there are more buildings, including one with a prominent Nike Factory Store sign. The area is well-lit by streetlights and building lights, creating a lively urban atmosphere.

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About This Report

This Sustainability Report covers the Economic, Social and Governance (ESG) performances for all Frasers Centrepoint Trust ("FCT") properties from 1 October 2017 to 30 September 2018.

We continue to adopt the standards issued by the Global Reporting Initiative's ("GRI") Global Sustainability Standards Board. We have prepared this report in accordance with the GRI Standards (2016): Core option and the sustainability reporting requirements of the SGX-ST Listing Manual (Rules 711A and 711B).

Report Scope

Data disclosed in this Sustainability Report covers all properties owned by FCT in Singapore, unless stated otherwise. Our employee related information and performance refer to Frasers Centrepoint Asset Management (the "Manager" or "FCAM"). We continuously engage and work together with the Manager to encourage and monitor good sustainability performance at our properties. The environmental performance data disclosed in this sustainability report covers all properties owned by FCT namely Causeway Point, Northpoint City North Wing (including Yishun 10 retail podium), Changi City Point, YewTee Point, Anchorpoint and Bedok Point. We have included health & safety data of our contractor's employees working at our properties.

Our data is reported in good faith and to the best of our knowledge. Together with the other information set out in our Annual Report, this Sustainability Report plays a significant role in promoting communication and transparent reporting to our stakeholders.



FEEDBACK

We welcome your feedback in helping us improve our sustainability efforts and achieve our objectives. Please contact Mr Chen Fung Leng, Vice President of Investor Relations, at fungleng.chen@frasersproperty.com.

Board Statement

We are pleased to present our fourth Sustainability Report for FY2018 that encapsulates our overarching approach to sustainability as well as our practices and performance for the reporting period.

We believe that sustainability plays a major role in creating places that enhance our customers' experiences. Our approach towards sustainability is aligned with that of our Sponsor, Frasers Property Limited (the "Sponsor" or "Frasers Property") and is focused around the unifying idea of 'Experience Matters' – the belief that both our customers' and our experience matters. Our Sponsor has developed a Sustainability Framework ("Framework") which sets out sustainability priorities towards 2030. As per the three sustainability pillars and 13 corresponding Environmental, Social and Governance ("ESG") focus areas identified in the Framework, we will develop our sustainability strategy and tailored action plans by FY2019 with support from Frasers Centrepoint Trust's ("FCT's") representation in the Group's Sustainability Steering Committee ("SSC") and Sustainability Working Committee ("SWC").

We work together with our Sponsor to determine, manage and communicate ESG risks and opportunities that are material to us. The Board considers sustainability as an integral part of the business strategy. We are supported by FCT's representation in the SSC and SWC which comprise top management and representatives from across the business functions across the Frasers Property Group.

This Sustainability Report highlights the efforts made in our environmental and social aspects such as consumption of energy and water, health and wellbeing of our people, as well as giving back to the community.

FCT supports and participates in the sustainability initiatives together with our Sponsor to look after the health and wellbeing of our people and key stakeholders across our properties. We are committed to strengthen our engagement with our stakeholders and improve our sustainability performance.

Board of Directors

Frasers Centrepoint Asset Management Ltd,
as Manager of Frasers Centrepoint Trust

Sustainability Framework

At FCT, we align and adopt our Sponsor's approach towards sustainability. The Framework sets out the sustainability priorities for Frasers Property Group towards 2030. The Framework is driven by three pillars, namely Acting Progressively, Consuming Responsibly and Focusing on People. These three pillars form a multi-disciplinary approach that recognises 13 corresponding ESG focus areas. The Sustainability Framework also provides common grounds upon which we will direct our efforts to manage and deliver our sustainability priorities across the value chain. In FY2019, we will review our practices, policies, performance and targets in relation to the ESG focus areas identified in the Sustainability Framework.

Pillars		
Focus Areas		
Acting Progressively Innovation Fostering an innovation culture that creates value and strengthens our competitive edge	Materials & Supply Chain Achieving the sustainable management and efficient use of material along the supply chain	Community Connectedness Considering social value principles for communities
Resilient Properties Strengthening the resilience and climate adaptive capacity	Biodiversity Enhancing the environment and ecosystem through our developments	Health & Wellbeing Ensuring healthy and balanced work and community environments
Risk-based Management Comprehensive assessment to address environmental, health and safety risks	Energy & Carbon Increasing substantially energy efficiency and renewable energy used	Diversity & Inclusion Empowering and promoting the social inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion, economic or other status
Responsible Investment Incorporating social, environment and governance criteria in the evaluation process	Waste Reducing substantially waste generation through prevention, reduction, recycling and reuse	Skills & Leadership Developing skills and leadership programmes that support productive activities, creativity and innovation to deliver high-value
	Water Increasing substantially water efficiency and the recycling and safe reuse of water discharged	

The Year At A Glance

FY2018 Performance Highlights	
 <p>Acting Progressively</p>	<ul style="list-style-type: none">• Zero breach of environmental laws and regulations• Zero confirmed cases with regards to bribery and corruption reported• Zero incidents of non-compliance with regulations and industry codes in relation to marketing communications that resulted in fines• 50% of FCT portfolio is BCA Green Mark rated
 <p>Consuming Responsibly</p>	<ul style="list-style-type: none">• Overall building energy intensity up by 1.5% year-on-year due to higher consumption from higher shopper traffic and mall occupancy at Northpoint City North Wing after completing its AEI in end FY2017. The remaining 5 properties saw an average of 4% decrease in energy consumption• Overall building water intensity up by 2.2% year-on-year, due to higher consumption at Northpoint City North Wing (similar to reasons given in the preceding point). The remaining 5 properties saw average of 3% decrease in water consumption• 32.5% increase in the total tonnage of waste sent for recycling
 <p>Focusing on People</p>	<ul style="list-style-type: none">• 53.9 average hours of training per employee• Zero major safety incidents across our portfolio• No major breaches of health and safety regulations at our properties

Managing Sustainability

Sustainability Governance

Our sustainability program is closely aligned with the business strategy and commercial direction of our Sponsor to demonstrate our unified commitment and approach towards sustainability throughout the Frasers Property Group.

Frasers Property Group's sustainability agenda is guided and driven by the SSC which is chaired by the Group CEO, Mr. Panote Sirivadhanabhakdi, and comprises the top management – the CEOs of all our business units, the Group Chief Corporate Officer and Group Chief Financial Officer, as well as the Group Chief Human Resources (HR) Officer.

FCAM's CEO, Dr. Chew Tuan Chiong, represents FCT in the SSC. The SSC meets quarterly to review and assess the performance of our sustainability initiatives.

The SWC consists of members from the middle and senior management of various business units and departments such as Finance, Risk Management, Human Resources and Communications. The SWC is responsible to monitor our sustainability performance against our key performance indicators (KPIs), implement action plans, and report findings to the SSC. FCT is also represented in the SWC.

Sustainability Report

Managing Sustainability

Stakeholder Engagement

We regularly interact with our stakeholders to better understand their expectations, and identify various risks and opportunities to continually improve our operations. The inputs from our stakeholders help us to determine the most material ESG factors to consider.

Membership of Associations

The Manager actively participates in and engages with various industry bodies to drive role of sustainability in real estate sector.

- Securities Investors Association (Singapore) (SIAS)
- REIT Association of Singapore (REITAS)
- Investor Relations Professionals Association (IRPAS)
- Orchard Road Business Association (ORBA)
- Singapore Retailers Association (SRA)

Key Stakeholders	Key Topics of Concern
Tenants	<ul style="list-style-type: none"> • Maintaining high shopper traffic • Competitive rental rates • Collaboration in marketing and promotional events
Shoppers	<ul style="list-style-type: none"> • Meeting the needs of our shoppers • Good quality of services and facilities • Providing comfortable shopping environment and family-friendly amenities • Safety, easy navigation within the mall and accessibility aids for the disabled and elderly • Good connectivity to public transport
Tenants	<ul style="list-style-type: none"> • Maintaining high shopper traffic • Competitive rental rates • Collaboration in marketing and promotional events
Employees	<ul style="list-style-type: none"> • Compensation and Benefits • Career progression • Continuous education and skills upgrading • Employee well-being
Property Manager	<ul style="list-style-type: none"> • Key Performance indicators (KPIs) for the property manager
Investors and FCT Unitholders	<ul style="list-style-type: none"> • Business and operations performance • Business strategy and outlook • Sustainability concerns
Local Community	<ul style="list-style-type: none"> • Helping the needy group in the community • Foster strong community ties and promote family-values
Regulators Industry Associations	<ul style="list-style-type: none"> • Compliance with relevant rules and regulations • Engagement with investors and unitholders • Government policies on REITs or Real Estate sector • Issues concerning both short and long-term interests of the retail industry in Singapore

Mode of Engagement	Frequency of Engagement and FY2018 Highlights
<ul style="list-style-type: none"> • Face to face dialogue • Partnership in promotional events • Regular tenant feedback meetings 	<ul style="list-style-type: none"> • Throughout the year • Throughout the year • Throughout the year
<ul style="list-style-type: none"> • Shopper surveys • Focus group study • Feedback via online and various social media such as FaceBook, Instagram and LinkedIn and FCT/Fasers Property websites • Regular events to engage shoppers and their families • Frasers Rewards, the Frasers shopper loyalty program • Feedback forms • Feedback to customer service staff or at customer service counters and concierge 	<ul style="list-style-type: none"> • Shopper surveys (no fixed period). • Throughout the year • As-and-when required for engagements on social media
<ul style="list-style-type: none"> • Partnership in promotional events • Regular tenant feedback meetings 	<ul style="list-style-type: none"> • Throughout the year • Throughout the year
<ul style="list-style-type: none"> • Annual Performance appraisals • Communal sports and activities • Orientation and training programmes organised by Frasers Property Group Human Resource • Regular department meetings • Family Day Events 	<ul style="list-style-type: none"> • Once a year • Throughout the year • Upon joining and throughout the year (Employees received an average of 53.9 hours of training per person in FY2018) • Throughout the year • Throughout the year (all employees are invited to the Frasers Property Family Day and Dinner and Dance event, every year)
<ul style="list-style-type: none"> • Regular meetings • Exchanges on Workplace by FaceBook • Exchanges on emails and calls 	<ul style="list-style-type: none"> • Every month for regular meetings and ad-hoc meetings are held as-and-when required • Throughout the year • Throughout the year
<ul style="list-style-type: none"> • Investor meetings, quarterly post-results luncheons and non-deal roadshows, mall tours and Annual General Meetings 	<ul style="list-style-type: none"> • Throughout the year (In FY2018, the management of FCAM met with 251 investors. FCAM held a total of 27 Investor Events, comprising 6 oversea non-deal roadshows, participation in 7 investor conferences, 8 post-results events, 5 symposiums and 1 Annual General Meeting) • Throughout the year
<ul style="list-style-type: none"> • Website, annual reports, SGXNET announcements, presentations slides, quarterly financial results briefings and conference calls • Annual Charity Drives and Mass participation Events • Providing venue space at our malls to charitable organisations 	<ul style="list-style-type: none"> • Community and mass participation events are organised throughout the year • Throughout the year
<ul style="list-style-type: none"> • Participation in industry associations including REIT Association of Singapore (REITAS), Investor Relations Professionals Association (IRPAS), Orchard Road Business Association (ORBA), Securities Investors Association (Singapore) (SIAS) and Singapore Retailers Association (SRA) • Participation in briefings and consultation with regulators such as the SGX and MAS 	<ul style="list-style-type: none"> • Participation in the events organized by the various industry association and by the regulator occur throughout the year • Throughout the year

Materiality Assessment

We conducted a materiality assessment in collaboration with our Sponsor in FY2015 as per GRI and AA1000 principles to determine the ESG factors material to our operations.

In FY2018, we reviewed the materiality assessment process and aligned our material factors with the Framework. We concluded that the material factors are

Group Sustainability Framework Pillars	Material Factors	Materiality to FCT
Acting Progressively	Economic Performance ²	FCT's key objective are to deliver regular and stable distributions to its Unitholders and to achieve long-term growth in the net asset value per unit. Hence it is important to maintain good economic performance.
	Environmental Compliance	We regard it as our responsibility and duty to ensure our operations are in compliance with the relevant environmental laws and regulations.
	Anti-corruption	We have a zero-tolerance approach towards corruption and fraud. We strive to maintain high standards of integrity, accountability and corporate governance.
	Ethical Marketing	We ensure compliance with the Code of Advertising Practice and applicable guidelines and principles for responsible communications and marketing.
Consuming Responsibly	Energy Management	We strive to reduce the energy consumption of our properties and contribute towards best practices in sustainable consumption. We have set a long-term target to reduce our energy intensity by 15% over a 10-year period from FY2015.
	Water Management	Similar to energy management, we strive to reduce wastage of water and to recycle and reuse wherever we can. We have set a long-term target to reduce our water intensity by 15% over a 10-year period from FY2015.
Focusing on People	Staff Retention and Development	We value our employees and we seek to invest in their learning and help them in developing their career with us. We continuously seek to attract and retain the human capital and talents as we continue to grow in our business.
	Labour / Management Relations	We maintain open-door communication with our employees to foster trust and confidence in the our communications.
	Health and Safety	We want to provide space at our properties that our stakeholders, including shoppers, contractors and tenants, feel safe and comfortable to carry out their intended activities.
	Local Communities	We strive to foster healthy interactions with the local communities, so as to build strong sense of belonging and connections with them, and also to contribute back to the community by helping the less fortunate member of the community.

1 The UNSDGs is a set of global goals which aims to reduce global inequalities and eradicate poverty, protect the planet and ensure prosperity for all, as part of the 2030 Agenda for Sustainable Development. Source: www.un.org.

2 Please refer to the Financial Highlights section in page 8 of this annual report for further details.

still reflective of our current business direction; thus, our material factors remain unchanged. We will continue to assess these material factors on a regular basis to ensure that they are relevant and reflective of our business impacts and stakeholders needs.

For this year's report, we continue to contribute to the achievement of the United Nations Sustainable

Development Goals¹ (UNSDGs) by minimising the environmental footprint and integrating sustainability principles into our business operations.

For each material factor, the table below shows where the significant impacts occur and where we have caused or contributed to the impacts through our business relationships.

Material Factor Boundaries					Corresponding Topic-specific GRI Standards	Relevant United Nations Sustainable Development Goals (SDGs)	
FCT	Suppliers/ Contractors	Customers/ Tenants	NGOs/Local Communities			8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
✓					GRI 201: Economic Performance 2016		
✓	✓	✓			GRI 307: Environmental Compliance 2016		
✓	✓	✓			GRI 205: Anti-corruption 2016		
✓					GRI 417: Marketing and Labelling 2016		
✓		✓			GRI 302: Energy 2016 GRI 305: Emissions 2016		
✓		✓			GRI 303: Water 2016		
✓					GRI 401: Employment 2016 GRI 404: Training and Education 2016		
✓					GRI 402: Labour/Management Relations 2016		
✓	✓	✓	✓		GRI 403: Occupational Health and Safety 2016		
✓			✓		GRI 413: Local Communities 2016		

Acting Progressively

Maintain high standards of integrity, accountability and corporate governance by respecting the relevant laws and regulations and the needs of our stakeholders

Upholding Corporate Integrity

As a good corporate citizen, we are mindful of being respectful and compliant to laws and regulations. We also respect the needs of the society. We aim to drive good corporate governance through good business practices and recognise the benefits of having clear policies and good management.

We believe that our reputation is strengthened and enhanced by behaving fairly and ethically. We adhere to the relevant laws and regulations such as Code of Corporate Governance 2012, Code of Advertising Practice, listing rules and regulations set out by SGX and the MAS Securities and Futures Act. FCAM has a zero-tolerance approach towards corruption and fraud.

We also adhere to the following corporate policies established by Frasers Property Group to guide our employees:

- Code of Business Conduct
- Whistle-blowing Policy
- Anti-bribery Policy
- Competition Act Compliance Manual
- Personal Data Protection Act Policy
- Environment, Health and Safety Policy
- Legal and Regulatory Compliance Manual
- Policy on Dealing in Units of FCT and Reporting Procedures
- Policy for Prevention of Money Laundering and Countering the Financing of Terrorism
- Policy on Outsourcing
- Treasury Policy

We also have in place an internal audit function to independently examine and evaluate the Manager's activities. The audit is focused on assessing the internal controls, risk management and corporate governance processes of the Manager. The internal audit function sits within the Frasers Property Group. Details of the internal audit can be found in page 103 of this Annual Report.



FY2018 Performance



Environmental Compliance

No breach of environmental laws and regulations*



Anti-Corruption

No confirmed cases with regards to bribery and corruption reported



Marketing Communications

No known incidents of non-compliance with regulations of and voluntary codes concerning marketing communications.

We always aim for zero incidents of non-compliance



Other General Compliance

Zero incidents of non-compliance with regulations and industry codes in relation to marketing communications that resulted in fines

* We received a letter from the Energy Market Authority (EMA) relating to the late renewal of electrical installation license at Northpoint City North Wing (formerly known as Northpoint Shopping Centre) in December 2017. There was no direct breach of environmental and safety compliance that resulted in penalties or stop work orders.

Consuming Responsibly

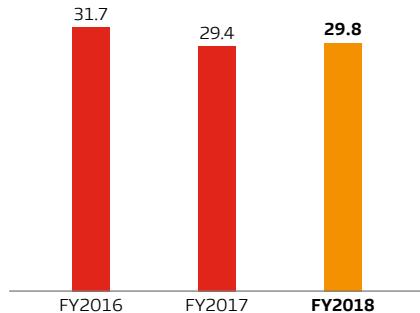
Being mindful and engaging our employees and tenants to decrease our environmental footprint collectively, we manage our resource consumption through the various initiatives implemented in FY2018.

Conserving Energy

Recognising the importance of being environmentally conscious, we strive to develop a culture that promotes care and reduce our environmental footprint to our employees and tenants.

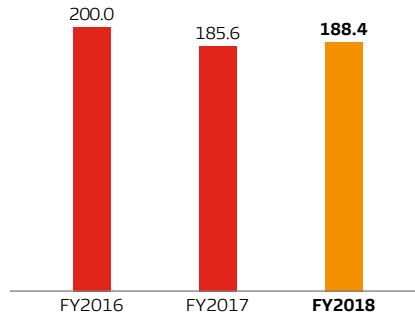
Building Energy Consumption

As at 30 September
(million kWh)



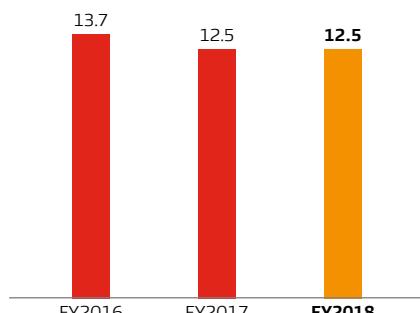
Building Energy Intensity

As at 30 September
(kWh/m²)



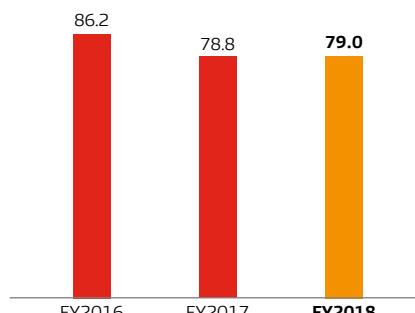
Building GHG Emissions

As at 30 September
('000 tonnes of CO₂e)



GHG Emissions Intensity

As at 30 September
(kgCO₂e/m²)



Our overall building energy intensity increased by 1.5% year-on-year for FY2018, however, we have managed to maintain our GHG emissions intensity from last year. The increase in overall energy intensity was attributed to Northpoint City North Wing which saw its energy consumption increased by 19.5% year-on-year. This was due to the increase in the mall's occupancy from 81.6% as at 30 September 2017 to 96.5% as at 30 September 2018. It resulted in increase of shopper traffic after the asset enhancement works (AEI) of the mall was completed in FY2017. However, energy consumption decreased by 4% for all the remaining five properties in the portfolio.

To better serve our tenants and customers, we are always looking for opportunities to improve our properties' performance. We periodically carry out energy audits for our properties and certification by BCA Green Mark. The properties in FCT's portfolio which are BCA Green Mark certified as at 30 September 2018 are:

- Causeway Point: BCA Green Mark (Platinum)
- Northpoint City North Wing: BCA Green Mark (Gold)
- YewTee Point: BCA Green Mark (Certified)

We are currently working on obtaining BCA Green Mark certification for Anchorpoint.

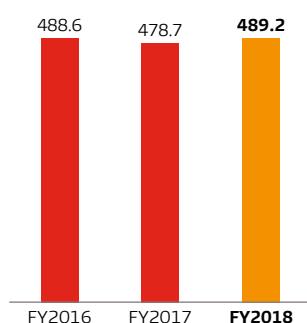
Saving Water

Water is an invaluable resource in Singapore. We strive to reduce, reuse and recycle the water in our operations and also invest in measures that reduce wastage. For example, we install water-saving features in the taps in our toilets, use flush-less urinals and to use Newater for non-potable use such as washing and watering of the plants.

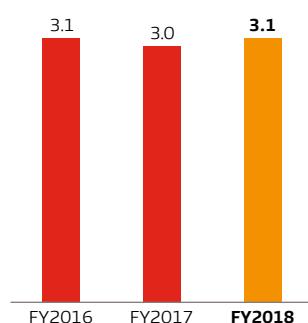
Our overall building water intensity in FY2018 increased by 2.2% year-on-year. The increase in overall water intensity was due to a 21.9% year-on-year increase in water consumption at Northpoint City North Wing, following the recovery in the occupancy and shopper traffic to normal operating level after the completion of the AEI in FY2017. However, water consumption in all the remaining five properties in the portfolio decreased by 3%.

All our malls achieved the Public Utilities Board's (PUB) Water Efficient Building (WEB) Certification.

Building Water Volume
As at 30 September ('000 m³)



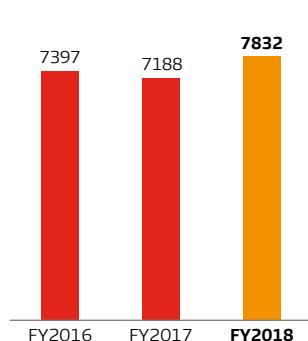
Building Water Intensity
As at 30 September (m³/m²)



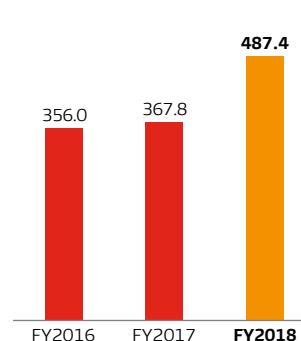
Reducing Waste

We constantly implement initiatives to reduce our waste footprint by implementing various waste management initiatives seeking to use resources efficiently.

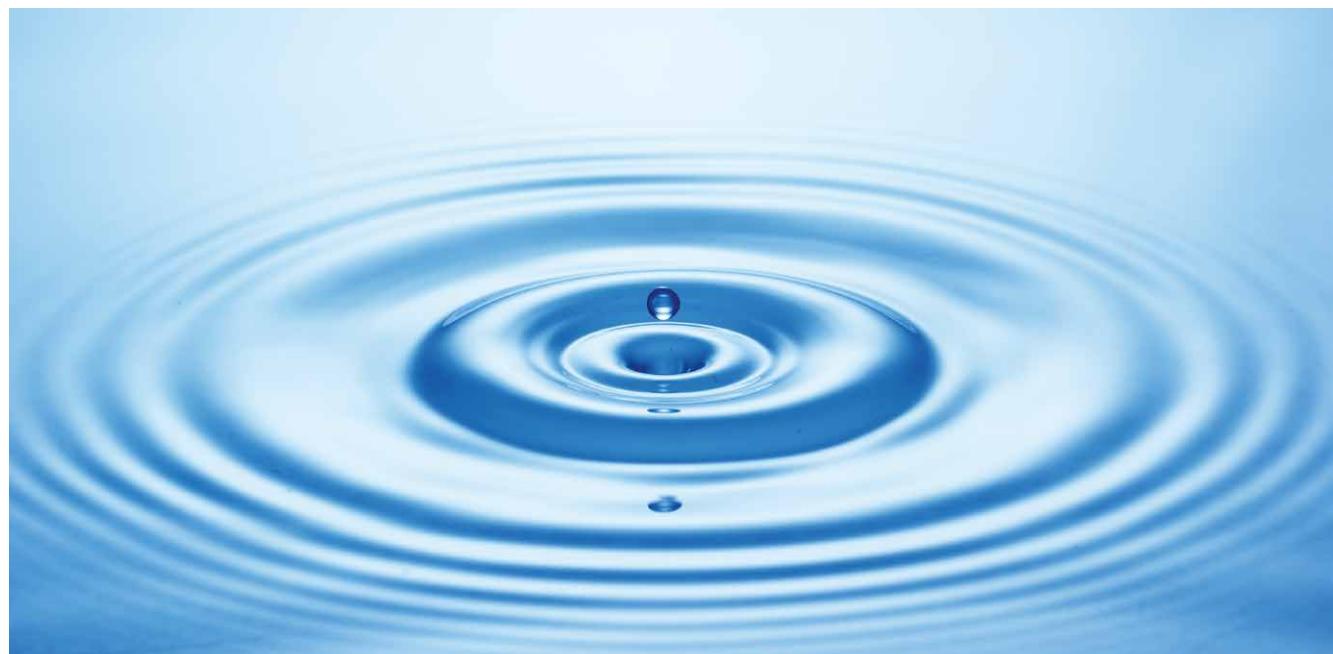
Total Weight of Non-Hazardous Waste Collected
As at 30 September (tonnes)



Total Weight of Waste Sent for Recycling
As at 30 September (tonnes)



We track the waste disposal and recycling activities in our mall. In FY2018, we recorded an increase of 32.5% of waste sent for recycling across all our malls. This achievement is as a result of the initiatives that we implemented across our properties. In FY2018, we continue to partner with StarHub to encourage our tenants to recycle e-waste by placing e-waste bins at our malls. Through our partnership, we collected a total of 4,031kg of e-waste across our malls.



Sustainability Report

Focusing On People

Creating inspiring and meaningful interactions with our people, tenants, customers, and communities to achieve sustainable living. We also encourage our employees to strive for work-life balance by encouraging participation in our Sponsor's wellness programs.

Growing Family at FCT

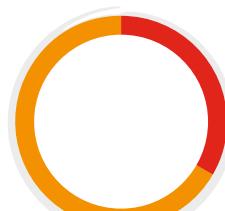
Our employees are important in contributing to the success and continuous growth of our business. Retaining and investing in the development of our human capital is key and it ensures that we stay relevant.

Our commitment to fair employment practices is guided by the Frasers Property Group's commitment to the Tripartite Alliance for Fair & Progressive Employment Practices (TAFEP) in Singapore and the Singapore National Employer Federation. We are committed to equal and fair employment opportunities as we believe that having a diverse talent pool encourages growth, innovation and inclusivity, all of which contributes positively to the performance of our business.

FCT's Employee Profile^a

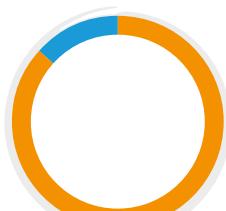
As at 30 September

FY2018 Gender Diversity



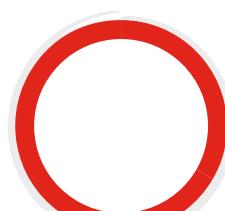
	FY2016	FY2017	FY2018
■ Male	4 (28.6%)	4 (30.8%)	5 (33.3%)
■ Female	10 (71.4%)	9 (69.2%)	10 (66.7%)

FY2018 Age Diversity



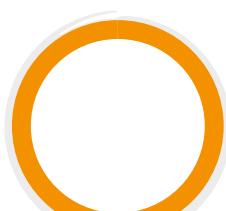
	FY2016	FY2017	FY2018
■ < 30 years old	0 (0.0%)	0 (0.0%)	0 (0.0%)
■ 30-50 years old	12 (85.7%)	10 (76.9%)	13 (86.7%)
■ > 50 years old	2 (14.3%)	3 (23.1%)	2 (13.3%)

FY2018 New hires by Gender^a



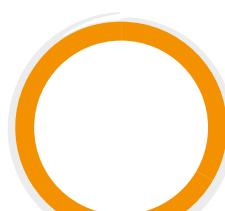
	FY2016	FY2017	FY2018
■ Male	0 (0%)	0 (0%)	2 (100%)
■ Female	5 (100%)	3 (100%)	0 (0%)

FY2018 New hires by Age Group^b



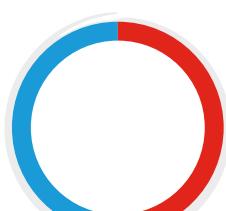
	FY2016	FY2017	FY2018
■ < 30 years old	1 (20%)	0 (0%)	0 (0%)
■ 30-50 years old	4 (80%)	2 (67%)	2 (100%)
■ > 50 years old	0 (0%)	1 (33%)	0 (0%)

FY2018 Turnover by Gender^c



	FY2016	FY2017	FY2018
■ Male	1 (33%)	0 (0%)	0 (0%)
■ Female	2 (67%)	4 (100%)	2 (100%)

FY2018 Turnover by Age Group^d



	FY2016	FY2017	FY2018
■ < 30 years old	0 (0%)	0 (0%)	1 (50%)
■ 30-50 years old	3 (100%)	4 (100%)	0 (0%)
■ > 50 years old	0 (0%)	0 (0%)	1 (50%)

⁹ All information disclosed are full-time, permanent employees at FCT. Contract staff are not included due to contracts being one year or less and contract staff not making a substantial portion of the workforce

^a Rate of new hires by gender is the percentage of new hire by gender category over the total number of new hires

^b Rate of new hires by age is the percentage of new hires in the age group over the total number of new hires

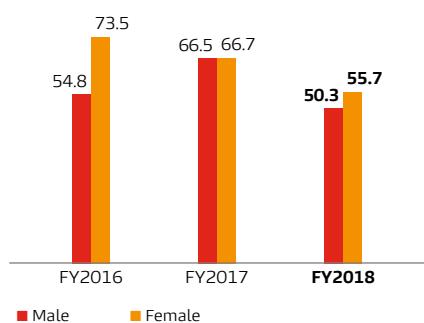
^c Rate of employee turnover by gender is the percentage of employee turnover by gender category over the total number of employee turnover

^d Rate of employee turnover by age group is the percentage of employee turnover by age group over the total number of employee turnover

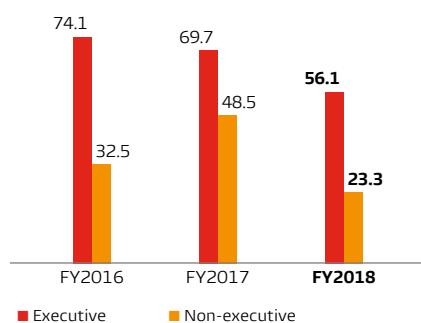
As at 30th September, the FCAM has a total of 15 employees. The Manager does not hire any temporary or part-time employees. The majority of employees are in the 30-50 years old age group which constitutes 86.7% of FCAM's workforce. The female workforce constitute 66.7% of total workforce. In FY2018, the hiring rate and the turnover rates were 13%^{a,b}. The turnover in FY2018 was due to the planned retirement of an employee and the vacancy was filled through internal redesignation and hiring of a new employee.

Cultivating Talent

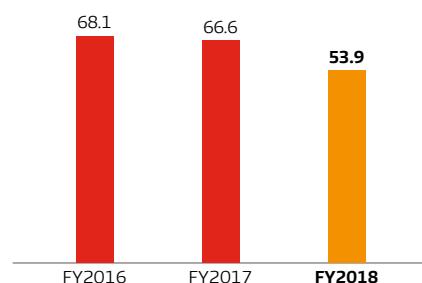
Average Training Hours per Employee by Gender
As at 30 September



Average Training Hours per Employee by Employee Category
As at 30 September



Average Training Hours per Employee
As at 30 September



The Frasers Property Group Human Resources (HR) and its newly established Learning Academy offers a wide range of training and development programs that caters to different levels of skills and knowledge requirements of our employees in the Frasers Property Group. We encourage our staff to sign up for these training proactively and seek guidance from the Group HR and their supervisors to identify areas where their skills and knowledge can be enhanced. The total number of hours of training received by FCAM employees in FY2018 was 809 hours and this translates to an average training hours of 53.9 hours achieved per employee in FY2018. Both the total training hours and the average training hours per employee in FY2018 were lower than the last two years, due to the absence of non-recurring intensive trainings such as the SAP training course for the Finance team and leadership training for selected managers. Despite this, the average training hours achieved per employee is higher than the targeted 40 hours per employee as required by the Group.

The training programs enrolled by FCAM employees include the following categories:



The Group HR has recently launched a new HR Platform named "My HR Hub" for all Fraser Property employees. My HR Hub offers a variety of online training content and employees may also submit specific training requests to Group HR or their supervisor. After each training course, staff feedback is collected to see how the training and development programmes could be improved in the future.

a The hiring rate is the percentage of total number new hires over the total number of employees

b The turnover rate is the percentage of total number of employee turnover over the total number of employees



Safeguarding Our People

We have implemented the OHSAS 18001 and SS506 Part1:2009 occupation health and safety management systems at all our properties and continuously seek ways to improve our health and safety performance. All FCT's properties are certified with BizSAFE Level Star by the Workplace Safety and Health Council. FCAM adheres to the Workplace Health and Safety Policy of the Frasers Property Group, the relevant safety rules and regulations to provide a safe environment at our properties for our employees, tenants, shoppers and stakeholders.

In FY2018, we recorded lost-time injury rate of 0.11 accidents per million manhours worked and accident rate of 0.65 mandays lost per million manhours worked due to below listed incidents:

- At Bedok Point – A Customer Service Officer (CSO) from Frasers Property unfortunately slipped and fell. The CSO was given medical attention, medical leave and has since fully recovered.
- At Changi City Point – A technician from Frasers Property accidentally knocked his head against an overhead beam while he was conducting a maintenance inspection. He was immediately given medical attention at a hospital. He was given medical leave and has since fully recovered. Preventive measures were put in place to prevent recurrence of the incident including awareness training and requirement for all personnel to wear safety helmets when conducting similar activity.

We recorded zero fatalities this year.

Promoting Health and Wellbeing

Our employees are encouraged to participate in the year-round wellness programs organised by Frasers Property Group Corporate Wellness Committee that are focused on 3 core areas; mental health, physical health and targeted interventions. We also encourage our employees to participate in the Eat with Your Family Day which occurs on a quarterly basis to support in achieving work life balance.

No major
breaches of health
and safety regulations
in regards to our
building users

No major
safety incidents
across our portfolio

Connecting Communities

Our community investments are centred around the theme of 'Wellness', aligned with that of our Sponsor. We focus on enhancing the wellness of our communities as well as contribute to the wellness of our chosen charitable causes.

Mass Zumba and Kpop fitness event at Changi City Point

Changi City Point organised a mass Zumba and Kpop fitness event at its open foyer to promote the public awareness on healthy exercise and wellness. The event was well attended and all participants were treated to a great workout and fun.



Beach cleaning event at the East Coast Park on 23 March 2018

The Frasers Property staff participated in a beach cleaning event at the East Coast Park as part of our contribution to the society to help keep our public parks and beaches clean and safe.

GRI Content Index

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Universal Standards			
Organisational Profile			
GRI 102: General Disclosures	102-1	Name of the organisation	About Frasers Centrepoint Trust
	102-2	Activities, brands, products, and services	About Frasers Centrepoint Trust (Pg 3)
	102-3	Location of headquarters	Corporate Information (Inside Back Cover)
	102-4	Location of operations	About Frasers Centrepoint Trust (Pg 3)
	102-5	Ownership and legal form	About Frasers Centrepoint Trust (Pg 3) Structure of Frasers Centrepoint Trust (Pg 4)
	102-6	Markets served	Portfolio Overview (Pg 48) Property Profiles (Pgs 50-63)
	102-7	Scale of the organisation	About Frasers Centrepoint Trust (Pg 3) 5-Year Financial Highlights (Pg 9) Focusing on People – Growing Family at FCT (Pg 82)
	102-8	Information on employees and other workers	Focusing on People – Growing Family at FCT (Pg 82)
	102-9	Supply chain	Consuming Responsibly (Pgs 80-81)
	102-10	Significant changes to organisation and its supply chain	Key Events (Pg 7) About This Report – Report Scope (Pg 70)
	102-11	Precautionary principle or approach	FCT does not specifically refer to the precautionary approach when managing risk; however, our management approach is risk-based, and underpinned by our internal audit framework.
	102-12	External initiatives	Materiality Assessment (Pgs 76-77) Managing Sustainability – Stakeholder Engagement (Pg 74)
	102-13	Membership of associations	Managing Sustainability – Stakeholder Engagement (Pg 74)
Strategy			
GRI 102: General Disclosures	102-14	Statement from senior decision-maker	Board Statement (Pg 71)
Ethics and Integrity			
GRI 102: General Disclosures	102-16	Values, principles, standards, and norms of behaviour	Our Unifying Idea (Pg 3) Acting Progressively – Upholding Corporate Integrity (Pg 78)
Governance			
GRI 102: General Disclosures	102-18	Governance structure	Corporate Information (Inside Back Cover) Managing Sustainability – Sustainability Governance (Pg 73)
Stakeholder Engagement			
GRI 102: General Disclosures	102-40	List of stakeholder groups	Managing Sustainability – Stakeholder Engagement (Pg 74)
	102-41	Collective bargaining agreements	There are no collective bargaining agreements in place.
	102-42	Identifying and selecting stakeholders	
	102-43	Approach to stakeholder engagement	Managing Sustainability – Stakeholder Engagement (Pg 74)
	102-44	Key topics and concerns raised	
Reporting Practice			
GRI 102: General Disclosures	102-45	Entities included in the consolidated financial statements	Structure of Frasers Centrepoint Trust (Pg 4) Notes to Financial Statements (Pgs 128-168)
	102-46	Defining report content and topic Boundaries	About This Report – Report Scope (Pg 70) Materiality Assessment (Pgs 76-77)

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Reporting Practice			
GRI 102: General Disclosures	102-47	List of material topics	Materiality Assessment (Pgs 76-77)
	102-48	Restatements of information	None
	102-49	Changes in reporting	None
	102-50	Reporting period	About This Report (Pg 70)
	102-51	Date of most recent report	December 2017
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	About This Report – Feedback (Pg 70)
	102-54	Claims of reporting in accordance with GRI Standards	About This Report (Pg 70)
	102-55	GRI content index	GRI Content Index (Pgs 86-88)
	102-56	External assurance	We have not sought external assurance on this data; however we intend to review this stance in the future.
Management Approach			
GRI 103: Management Approach	103-1	Explanation of the material topic and its boundary	Materiality Assessment (Pgs 76-77)
Topic-specific Standards			
Economic Performance			
GRI 103: Management Approach	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	Business Strategy (Pg 5)
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed	Financial Review (Pgs 33-35) Financial Statements (Pg 117)
Anti-corruption			
GRI 103: Management Approach	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	Acting Progressively – Upholding Corporate Integrity (Pg 78)
GRI 205: Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	
Environmental Compliance			
GRI 103: Management Approach	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	Acting Progressively – Upholding Corporate Integrity (Pg 78)
GRI 307: Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	
Ethical Marketing			
GRI 103: Management Approach	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	Acting Progressively – Upholding Corporate Integrity (Pg 78)
GRI 417: Marketing and Labelling	417-3	Incidents of non-compliance concerning marketing communications	
Energy Management			
GRI 103: Management Approach	103-2	The management approach and its components	Consuming Responsibly – Conserving Energy (Pg 80)
	103-3	Evaluation of the management approach	

GRI Content Index

GRI Standards 2016	Disclosure Number	Disclosure Title	Section and Page Reference / Notes
Energy Management			
GRI 302: Energy	302-1	Energy consumption within the organization	
GRI 305: Emissions	305-1 305-2 305-3	Direct (Scope 1) GHG emissions Energy indirect (Scope 2) GHG emissions Other indirect (Scope 3) GHG emissions	Consuming Responsibly – Conserving Energy (Pg 80)
Water Management			
GRI 103: Management Approach	103-2 103-3	The management approach and its components Evaluation of the management approach	Consuming Responsibly – Saving Water (Pg 81)
GRI 303: Water	303-1	Water withdrawal by source	Water is procured from the Public Utilities Board (PUB) for all our properties
Staff Retention and Development			
GRI 103: Management Approach	103-2 103-3	The management approach and its components Evaluation of the management approach	
GRI 401: Employment	401-1	New employee hires and employee turnover	Focusing on People – Growing Family at FCT (Pg 82)
GRI 404: Training and Education	404-1 404-3	Average hours of training per year per employee Percentage of employees receiving regular performance and career development reviews	Focusing on People – Cultivating Talent (Pg 83)
Labour/Management Relations			
GRI 103: Management Approach	103-2 103-3	The management approach and its components Evaluation of the management approach	Focusing on People – Growing Family at FCT (Pg 82)
GRI 402: Labour/Management Relations	402-1	Minimum notice periods regarding operational changes	This is currently not covered in Group-wide collective agreements. The notice period varies
Health and Safety			
GRI 103: Management Approach	103-2 103-3	The management approach and its components Evaluation of the management approach	FCT is represented in the sponsor's Health & Safety senior management committee.
GRI 403: Occupational Health and Safety	403-1	Workers representation in formal joint management-worker health and safety committees	Focusing on People – Safeguarding Our People (Pg 84)
Local Communities			
GRI 103: Management Approach	103-2 103-3	The management approach and its components Evaluation of the management approach	Focusing on People – Connecting Communities (Pg 85)
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	

Corporate Governance Report

INTRODUCTION

Frasers Centrepoint Trust (“**FCT**”) is a real estate investment trust (“**REIT**”) listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). FCT is managed by Frasers Centrepoint Asset Management Ltd. (“**Manager**”), which is a wholly-owned subsidiary of Frasers Property Limited (“**Frasers Property**”).

The Manager is committed to upholding high standards of corporate governance to preserve and enhance FCT’s asset value so as to maximise the returns from investments, and ultimately the distributions and total return to unitholders of FCT (“**Unitholders**”).

The Manager has general powers of management over the assets of FCT. The Manager’s main responsibility is to manage FCT’s assets and liabilities for the benefit of Unitholders. It ensures that the business of FCT is carried on and conducted in a proper and efficient manner. It also supervises the property manager in its day-to-day management of the malls of FCT, namely, Anchorpoint, Causeway Point, Northpoint City North Wing and Yishun 10 retail podium, YewTee Point, Bedok Point and Changi City Point, pursuant to property management agreements entered into for each mall.

The primary role of the Manager is to set the strategic direction for FCT. This includes making recommendations to the Trustee on acquisitions, divestments and enhancement of assets.

As required under the licensing regime for REIT managers, the Manager holds a Capital Markets Services Licence (“**CMS Licence**”) issued by the Monetary Authority of Singapore (“**MAS**”) to carry out REIT management activities.

Listed on the Mainboard of the SGX-ST, FCT adheres closely to the principles and guidelines of the Code of Corporate Governance 2012 (the “**CG Code**”) and other applicable laws, rules and regulations, including the SGX-ST Listing Manual, the Code on Collective Investment Schemes (the “**Code on CIS**”) and the Securities and Futures Act (the “**SFA**”).

This corporate governance report (“**CG Report**”) provides an insight on the Manager’s corporate governance framework and practices in compliance with the principles and guidelines of the CG Code. As FCT is a listed REIT, not all principles of the CG Code may be applicable to FCT and the Manager. Any deviations from the CG Code are explained.

BOARD MATTERS

Principle 1: The Board’s Conduct of Affairs

The composition of the board of directors of the Manager (“**Directors**”, and the board of Directors, the “**Board**”) as at 30 September 2018¹ is as follows:

Dr Cheong Choong Kong ²	Chairman, Non-Executive (Independent)
Dr Chew Tuan Chiong	Chief Executive Officer (Non-Independent)
Mr Philip Eng Heng Nee ³	Non-Executive (Non-Independent)
Mr Ho Chee Hwee Simon	Non-Executive (Independent)
Mr Ho Chai Seng	Non-Executive (Independent)
Mr Christopher Tang Kok Kai	Non-Executive (Non-Independent)

¹ Mr Soh Kim Soon retired as a director of the Manager on 31 December 2017.

² Dr Cheong Choong Kong was appointed as the chairman of the Manager on 1 March 2018.

³ Mr Philip Eng Heng Nee stepped down as chairman of the Manager on 28 February 2018.

Corporate Governance Report

The Board oversees the business affairs of FCT and the Manager, providing oversight, strategic direction and entrepreneurial leadership, and sets strategic aims and directions of the Manager. It works closely with Management, and has oversight of and reviews Management's performance. The Board sets the values and standards of corporate governance for the Manager and FCT, with the ultimate aim of safeguarding and enhancing Unitholder value and achieving sustainable growth for FCT. None of the Directors has entered into any service contract directly with FCT.

Management provides the Board with complete, timely and adequate information to keep the Directors updated on the operations and financial performance of FCT.

As part of the Manager's internal controls, the Board has established a Manual of Authority. This sets out the requisite levels of authorisation required for particular types of transactions to be carried out, and specifies whether Board approval needs to be sought. The matters reserved to the Board for approval include approval of annual budgets, financial plans, financial statements, business strategy and material transactions of FCT, namely, major acquisitions, divestments, funding and investment proposals, and appointment of key executives. To assist the Board to effectively discharge its oversight and functions, appropriate delegations of authority to Management have been effected to enhance operational efficiency. To assist the Board in its corporate governance, compliance and risk management responsibilities, the Audit Committee ("AC") was established. In addition, the Nominating and Remuneration Committee ("NRC") was also established on 16 September 2016 to assist the Board in its nominating and remuneration responsibilities, as guided by the CG Code.

New Directors are formally appointed by way of a Board resolution. The search for candidates to be appointed as new Directors is conducted through contacts and recommendations, and/or external search companies. Suitable candidates are carefully evaluated by the NRC so that recommendations made on proposed candidates are objective and well supported. In recommending the appointment of new Directors, the Board takes into consideration the current Board size and composition, including diversity of skills, experience, and knowledge of matters relating to FCT that the new Director can provide to the Board. No new members were appointed to the Board during the financial year ended 30 September 2018 ("FY2018").

Upon joining the Board, new Directors undergo an induction and/or orientation programme to provide them with information on FCT's business, strategic directions, governance practices, policies and business activities, including major new projects. New Directors who join the Board are issued a formal letter of appointment setting out relevant Directors' duties and obligations, so as to acquaint them with their responsibilities as Directors of the Manager.

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 FCT. The Manager maintains a training record to track Directors' attendance at training and professional development courses. During FY2018, the Board was briefed and updated on key changes in the Financial Reporting Standards and the proposed changes to the Code of Corporate Governance, the SGX-ST Listing Manual and amendments to the Code on CIS.

In addition to talks conducted by relevant professionals, members of the Board are encouraged to attend relevant courses and seminars so as to keep themselves updated on developments and changes in FCT's operating environment, and to be members of the Singapore Institute of Directors ("SID") and for them to receive journal updates and training from SID to stay abreast of relevant developments in financial, legal and regulatory requirements, and the business environment and outlook.

The Board meets regularly, at least once every quarter, to review the key activities, performance, business strategies and significant operations and/or management matters pertaining to the Manager and/or FCT. In the event Directors are unable to attend Board meetings physically, the Manager's Constitution allows for such meetings to be conducted via telephone, video conference or any other form of electronic or instantaneous communication. At least once a year and if required, time is set aside after scheduled Board meetings for discussions amongst the members of the Board without the presence of Management, in line with the guidelines of the CG Code. In addition to the meetings, the members of the Board have access to Management throughout the financial year, thereby allowing the Board continuous strategic oversight over the activities of FCT.

Corporate Governance Report

The number of Board, AC and NRC meetings held during FY2018 and the attendance of Directors at these meetings are set out below:

	Board Meetings	AC Meetings	NRC Meetings
Meetings held for financial year ended 30 September 2018	4	4	1
Dr Cheong Choong Kong	4	4	1
Mr Philip Eng Heng Nee	4	4	NA
Dr Chew Tuan Chiong	4	NA	NA
Mr Ho Chee Hwee Simon	4	4	1
Mr Ho Chai Seng	4	4	1
Mr Soh Kim Soon ⁽¹⁾	1	1	1
Mr Christopher Tang Kok Kai	4	NA	1

(1) Mr Soh Kim Soon retired as a director of the Manager on 31 December 2017. Mr Soh Kim Soon was the Chairman of the NRC and a member of the AC prior to his retirement.

Principle 2: Board Composition and Guidance

As at 30 September 2018, the Board comprised six members, of whom three are independent Non-Executive Directors. The Chief Executive Officer of the Manager (“CEO”) is the only Executive Director on the Board. The rest of the Board members are non-executive Directors.

The size of the Board is appropriate and adequate, having regard to the scope and nature of the Manager’s and FCT’s business and operations. The Board is of the view that the current size and composition of the Board is appropriate for the scope and nature of the operations of the Manager and FCT and facilitates effective decision-making. In line with the CG Code, the Board, with the assistance of the NRC, undertook a review of the structure, size and composition of the Board, and following the review, is of the view that the Board’s present composition and balance between Executive, Non-Executive and Independent Directors is appropriate and allows for a balanced exchange of views, robust deliberations and debates among members and effective oversight over Management.

The current composition gives the Board the ability to consider and make decisions objectively and independently on issues relating to FCT and the Manager. Under the current composition, no one individual or group dominates the Board’s decisions or its process. With respect to its size, the Board is of the view that the same is not so large as to be unwieldy, meets the requirements of the business of the Manager and FCT, and is sufficient to avoid undue disruptions from changes to its composition, especially in the event of exigencies. The composition of the Board shall be reviewed regularly to ensure that the Board has the appropriate size and mix of expertise and experience. There is a strong and independent element on the Board.

Directors exercise their judgment independently and objectively in the interests of FCT and the Manager. The Board reviews and assesses annually the independence of its directors based on the definitions and guidelines of independence set out in the CG Code and regulations 13D to 13H¹ of the Securities and Future (Licensing and Conduct of Business) Regulations (“SFLCB Regulations”). Under the SFLCB Regulations, a director is considered to be independent if the director:

- (i) is independent from the management of the Manager and FCT;
- (ii) is independent from any business relationship with the Manager and FCT;
- (iii) is independent from every substantial shareholder of the Manager and every substantial unitholder of FCT;
- (iv) is not a substantial shareholder of the Manager or a substantial unitholder of FCT; and
- (v) has not served as a director of the Manager for a continuous period of 9 years or longer.

¹ The SFLCB Regulations were amended by the Securities and Futures (Licensing and Conduct of Business)(Amendment No.2) Regulations 2018 which came into operation on 8 October 2018. One of the amendments to the SFLCB Regulations was the insertion of Regulations 13D to 13H which relate to board composition and director’s independence.

Corporate Governance Report

In its review for FY2018, the NRC has endorsed in its recommendation to the Board that the following directors are independent for FY2018:

Dr Cheong Choong Kong	Independent
Mr Ho Chee Hwee Simon	Independent
Mr Ho Chai Seng	Independent

As part of its review, the NRC has taken into consideration, *inter alia*, each Independent Director's declaration of independence, which includes questions relating to his relationship with FCT, the Manager, the Trustee, and FCT's sponsor, Frasers Property, whereby, all have declared that there were no relationships or instances that would otherwise deem him not to be independent.

For the purposes of Regulation 13E(b)(i) of the SFLCB Regulations, the Board of the Manager, after considering the relevant requirements under the SFLCB Regulations, wishes to set out its views in respect of each of the Directors as follows:

The Director:	Mr Ho					
	Dr Cheong Choong Kong	Mr Ho Chai Seng	Chee Hwee Simon ⁽¹⁾	Mr Philip Eng Heng Nee ⁽²⁾	Dr Chew Tuan Chiong ⁽³⁾	Mr Christopher Tang Kok Kai ⁽⁴⁾
(i) had been independent from the management of the Manager and FCT during FY2018	✓	✓	✓	✓		
(ii) had been independent from any business relationship with the Manager and FCT during FY2018	✓	✓			✓	✓
(iii) had been independent from every substantial shareholder of the Manager and every substantial unitholder of FCT during FY2018	✓	✓				
(iv) had not been a substantial shareholder of the Manager or a substantial unitholder of FCT during FY2018	✓	✓	✓	✓	✓	✓
(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 FY2018	✓	✓	✓		✓	

Corporate Governance Report

- (1) Mr Ho Chee Hwee Simon was appointed as (a) the vice-chairman of the board of Frasers Hospitality International Pte Ltd (“FHI”), a subsidiary of Frasers Property; and (b) an advisor to Frasers Property (collectively referred to as the “**Appointments**”) on 16 July 2018, and would receive director’s fees amounting to S\$75,000 per year (“**Director’s Fees**”) and advisor’s fees amounting to S\$175,000 per year (“**Advisor’s Fees**”) respectively. Frasers Property wholly-owns the Manager and is a substantial unitholder of FCT. Under Guideline 2.3(c) of the CG Code, a director may be considered as not independent if he accepts any significant compensation from the company or any of its related corporations for the provision of services, for the current or immediate past financial year, other than compensation for board service. As a guide, payments aggregated over any financial year in excess of S\$200,000 should generally be deemed significant. The Director’s Fees do not fall within Guideline 2.3(c) of the CG Code which excludes compensation for board service. The Advisor’s Fees to be paid to Mr Ho Chee Hwee Simon falls below the S\$200,000 threshold.

Pursuant to the SFLCB Regulations, during FY2018, Mr Ho Chee Hwee Simon is deemed to (i) have a business relationship with the Manager and FCT; and (ii) be connected to a substantial shareholder of the Manager and a substantial Unitholder of FCT, by virtue of the Appointments.

Mr Ho Chee Hwee Simon is not involved in the day-to-day management of the Manager and as far as the Board of the Manager is aware, apart from the Appointments, Mr Ho does not have any other existing relationships whether in business or otherwise with FCT, the Manager, related corporations of the Manager, officers of the Manager and the trustee of FCT. Taking into account, *inter alia*, the declaration of independence by Mr Ho Chee Hwee Simon, the Board of the Manager is satisfied that, as at 30 September 2018, the Appointments in relation to Mr Ho Chee Hwee Simon and the payment of the Director’s Fees and Advisor’s Fees to him do not affect his continued ability to exercise strong objective judgement and be independent in the expression of his views and in his participation in the deliberations and decision making of the Board and the Board Committees of which he is a member and that Mr Ho Chee Hwee Simon is able to act in the best interests of all Unitholders of FCT as a whole. As at 30 September 2018, Mr Ho Chee Hwee Simon was able to act in the best interests of all the Unitholders of FCT as a whole.

- (2) Mr Philip Eng Heng Nee is a director of Frasers Property, which wholly-owns the Manager and is a substantial Unitholder of FCT. As such, during FY2018, Mr Philip Eng Heng Nee is deemed (i) to have a business relationship with the Manager and FCT; and (ii) connected to a substantial shareholder of the Manager and substantial unitholder of FCT. The Board of the Manager is satisfied that, as at 30 September 2018, Mr Philip Eng Heng Nee was able to act in the best interests of all the unitholders of FCT as a whole. As at 30 September 2018, Mr Philip Eng Heng Nee was able to act in the best interests of all the unitholders of FCT as a whole.
- (3) Dr Chew Tuan Chiong is currently the Chief Executive Officer of the Manager, which is wholly-owned by Frasers Property. As such, during FY2018, he is deemed (i) to have a management relationship with the Manager and FCT; and (ii) connected to a substantial shareholder of the Manager and substantial unitholder of FCT. The Board of the Manager is satisfied that, as at 30 September 2018, Dr Chew Tuan Chiong was able to act in the best interests of all the unitholders of FCT as a whole. As at 30 September 2018, Dr Chew Tuan Chiong was able to act in the best interests of all the unitholders of FCT as a whole.
- (4) Mr Christopher Tang Kok Kai is currently employed by a related corporation of the Manager and is a director of various subsidiaries and/or associated companies of Frasers Property, which wholly-owns the Manager and is a substantial unitholder of FCT. As such, during FY2018, he is deemed (i) to have a management relationship with the Manager and FCT; and (ii) connected to a substantial shareholder of the Manager and substantial unitholder of FCT. The Board of the Manager is satisfied that, as at 30 September 2018, Mr Christopher Tang Kok Kai was able to act in the best interests of all the unitholders of FCT as a whole. As at 30 September 2018, Mr Christopher Tang Kok Kai was able to act in the best interests of all the unitholders of FCT as a whole.

The Board members have core competencies, expertise and experience in various fields ranging from accounting and finance, to business management. Coupled with relevant industry knowledge and strategic planning experience of the Board members, the Board is well-placed to drive FCT’s continuous growth and success and deliver sustainable Unitholder value. Management is able to benefit from the diverse and objective perspectives of the Board members on issues that are brought before the Board, with a healthy exchange of ideas and views between the Board and Management, to help shape the strategic process. Directors of the Manager are not subject to periodic retirement by rotation. The Board reviews its composition to ensure the appropriate size and diversity of skills, expertise and experience. Particulars of Directors are set out on pages 16 to 19.

Principle 3: Chairman and Chief Executive Officer

The positions of Chairman and CEO are held by separate persons. This is so that an appropriate balance of power and authority, with clear divisions of responsibilities and accountability, can be attained. Such separation of roles between the Chairman and the CEO promotes robust deliberations by the Board and Management on the business activities of FCT. The Chairman and CEO are not related to each other, nor is there any other business relationship between them.

The Chairman leads and ensures the effectiveness of the Board. Through the Chairman’s continuing leadership of the Board, constructive discussions among the Board members as well as between the Board and Management, and effective contribution by the Directors, are promoted. High standards of corporate governance are upheld as a result.

The CEO has full executive responsibilities over the business direction and operations of the Manager.

Principle 4: Board Membership

The Board established the NRC on 16 September 2016 to assist the Board in its nominating function, responsibilities and role. Prior to its establishment, the functions of a nominating committee were undertaken by the Board. As at 30 September 2018, the NRC comprises four Directors, being Mr Ho Chai Seng, Dr Cheong Choong Kong, Mr Ho Chee Hwee Simon and Mr Christopher Tang Kok Kai, all of whom are non-executive and the majority of whom (including its Chairman, Mr Ho Chai Seng) are independent.

Corporate Governance Report

The NRC has written terms of reference setting out its scope and authority in performing the functions of a nominating committee, which include the following:

- make recommendations to the Board on all Board appointments, re-appointments and the composition of the Board and on relevant matters relating to the appointment and re-appointment of directors;
- regularly review the Board structure, size, composition and the independence of the Board to ensure that the Board has the appropriate mix of expertise and experience, and recommend to the Board such adjustments as it may deem necessary;
- ensure that at all times, there should be a strong and independent element on the Board;
- put in place board succession plans for the Board's approval and make recommendations on relevant matters relating to the review of board succession plans for directors, in particular, the Chairman and for the CEO;
- identify candidates, review and approve nominations for directors, alternate directors and membership of Board committees (including the AC and the NRC), as well as appraise the qualifications and experience of any proposed new appointments to the Board and to recommend to the Board whether the nomination should be supported; and
- review, on an annual basis and as and when circumstances require, whether or not a director is independent, bearing in mind the circumstances set forth in the CG Code and any other salient factors.

The composition of the Board is determined using the following principles:

- at least one-third of the Board should comprise independent directors where Unitholders have the right to vote on the appointment of directors to the Board, and at least half of the Board should comprise independent directors if the Chairman and the CEO is the same person, the Chairman and the CEO are immediate family members, the Chairman is part of the management team, the Chairman is not an independent director, or where Unitholders do not have the right to vote on the appointment of directors to the Board; and
- the Board and its committees should comprise directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of FCT and the Manager, and they should also possess core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.

As at least half of the Board comprises Independent Directors, the Manager will not be voluntarily subjecting any appointment or reappointment of directors to voting by Unitholders. The Chairman of the Board is presently an Independent Director.

During the year, the NRC reviewed the Appointments held by Mr Ho Chee Hwee Simon as the vice-chairman of the board of directors of Frasers Hospitality International Pte Ltd and an advisor to Frasers Property and was satisfied that such Appointments did not affect his continued ability to exercise strong objective judgement and be independent in the expression of his views and in his participation in the deliberations and decision making of the Board and the Board Committees of which he is a member.

In respect of the search and nomination process for new directors, the NRC identifies the relevant and/or desirable skills and experience, and may tap on its network of contacts and/or engage external search companies to identify and shortlist candidates, to spread its reach for the best person for the role.

The CG Code requires listed companies to fix the maximum number of board representations on other listed companies that their directors may hold and to disclose this in their annual report. Details of such directorships and other principal commitments of our Directors may be found on pages 16 to 19. In determining whether each Director is able to devote sufficient time to discharge his duties, the Board has taken cognizance of the CG Code requirement, but is of the view that its assessment should not be restricted to the number of board representations of each Director and their respective principal commitments per se. The attendance and contributions by the Directors to and during meetings of the Board and the relevant Board committees are holistically assessed and taken into account.

All appointments and resignations of Board members are approved by the Board. With the establishment of the NRC, the NRC shall be instrumental in assisting in the review of all Board appointments, re-appointments and the composition of the Board, its recommendations of which shall be taken into consideration by the Board in its decision.

Corporate Governance Report

Principle 5: Board Performance

The Board has implemented a formal process for assessing the effectiveness of the Board and the Board Committees and the contribution by each individual Director to the effectiveness of the Board. For FY2018, an independent external third party consultant was appointed to facilitate the process of conducting a Board evaluation survey. The survey is 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 FCT. As part of the survey, questionnaires were sent by the external consultant to the Directors to obtain feedback, and interviews were conducted to clarify the responses where required.

The areas covered in the questionnaires included: (1) Board performance in shaping and adapting FCT's strategy; (2) Board oversight on FCT's performance and risk and crisis management; (3) Board composition and structure; (4) Board culture and dynamics including the Board's partnership with Management; (5) Board's role in respect of succession planning for the Board and Management; and (6) the effectiveness of the Board Committees. In addition to the survey, the contributions and performance of each Director would be assessed by the NRC as part of its periodic review of the composition of the Board and the various Board Committees.

In the process, the findings and recommendations of the external consultant which include feedback from Directors would be considered and the necessary follow up actions will be taken with a view to improving the overall effectiveness of the Board in fulfilling its role and meeting its responsibilities to Unitholders. 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.

Principle 6: Access to Information

On an on-going basis, and prior to Board meetings, adequate and timely information is given by Management to Board members, who have separate and independent access to Management and the Company Secretary. Under the direction of the Chairman, the Company Secretary ensures that Board procedures, and applicable rules and regulations are complied with. The Company Secretary attends all Board meetings and acts as a channel of communication for information flow and dissemination to and within the Board, as well as between senior Management and Non-Executive Directors.

The annual calendar of Board activities is scheduled in advance. Board papers are dispatched to Directors about a week before scheduled meetings so that Directors have sufficient time to review and consider matters being tabled and discussed at the meetings. Senior Executives are requested to attend the Board meetings to provide additional insights into matters being discussed and to respond to any queries from Directors.

The Directors, either individually or as a group, may seek or obtain independent professional advice, where necessary, in the furtherance of their duties.

REMUNERATION MATTERS

Principle 7: Procedure for Developing Remuneration Policies

Principle 8: Level and Mix of Remuneration

Principle 9: Disclosure on Remuneration

FCT, as a REIT, is managed by the Manager which has experienced and well-qualified management personnel to manage the operational matters of the Manager and FCT. The remuneration of the staff of the Manager and Directors' fees are paid by the Manager from the fees it receives from FCT, and not by FCT.

On 16 September 2016, the Board established the NRC, to assist the Board in its remuneration function, responsibilities and role. As at 30 September 2018, the NRC comprises four Directors, being Mr Ho Chai Seng, Dr Cheong Choong Kong, Mr Ho Chee Hwee Simon and Mr Christopher Tang Kok Kai, all of whom are non-executive and the majority of whom (including its Chairman, Mr Ho Chai Seng¹) are independent.

¹ Mr Ho Chai Seng was appointed as the chairman of the NRC on 31 December 2017.

Corporate Governance Report

The NRC has written terms of reference setting out its scope and authority in performing the functions of a remuneration committee, which include the following matters:

- review the remuneration framework for the Board and the key executive officers of the Manager;
- review the Manager's remuneration policies, level and mix of remuneration, and the procedure for setting remuneration; and
- ensure that the remuneration of executive directors of the Manager shall not be linked in any way to FCT's gross revenue.

The NRC is responsible for ensuring a formal and transparent procedure for developing policy on the remuneration of the Board and key management executives of the Manager ("Key Management Executives"), and for determining the remuneration packages of the individual directors and Key Management Executives. The NRC assists the Board to ensure that remuneration policies and practices are sound in that they are able to attract, retain and motivate talents without being excessive. The NRC recommends the framework of remuneration (which covers all aspects of remuneration including Directors' fees, salaries, allowances, bonuses, options and benefits-in-kind) and the specific remuneration packages for the CEO and each Director to the Board for endorsement. The NRC also reviews the remuneration of the Key Management Executives.

The NRC, in performing the functions of a remuneration committee, and in accordance with the NRC's written terms of reference, supports the Board in determining and reviewing the remuneration policies and practices of the Manager.

Policies in respect of Directors' Remuneration

The remuneration of Non-Executive Directors takes into account their respective responsibilities, including attendance and time spent at Board meetings and Board Committee meetings. Non-Executive Directors are paid a basic fee and attendance fees for attending Board meetings. Non-Executive Directors who perform services through Board Committees are paid additional fees for such services. The CEO, who is the only Executive Director on the Board, does not receive Directors' fees. No Director decides his own fees. Non-Executive Directors' fees are reviewed periodically to benchmark such fees against the amounts paid by the managers of other major listed REITs in Singapore.

The Directors' fees for FY2018 are shown in the table below.

Board Members	Directors' Fees
Dr Cheong Choong Kong ⁽¹⁾ (Chairman of the Board and Member of AC and NRC)	S\$113,750
Dr Chew Tuan Chiong	-
Mr Philip Eng Heng Nee ⁽²⁾ (Member of AC)	S\$98,750
Mr Ho Chee Hwee Simon ⁽³⁾ (Chairman of AC and Member of NRC)	S\$110,500
Mr Ho Chai Seng ⁽⁴⁾ (Chairman of NRC and Member of AC)	S\$89,016
Mr Christopher Tang Kok Kai (Member of NRC) ⁽⁵⁾	S\$58,500
Mr Soh Kim Soon ⁽⁶⁾ (Chairman of NRC and Member of AC)	S\$25,043

(1) Appointed as Chairman of the Manager on 1 March 2018.

(2) Stepped down as Chairman of the Manager on 28 February 2018.

(3) Excludes S\$75,000 and S\$175,000 being payment of Director's Fees and Advisor's Fees for the Appointments from Frasers Property and/or its subsidiaries (excluding the Manager).

(4) Appointed as Chairman of the NRC on 31 December 2017.

(5) Director's fees are paid to Frasers Property Corporate Services Pte. Ltd. (formerly known as FCL Management Services Pte. Ltd.).

(6) Retired as a director of the Manager on 31 December 2017. Mr Soh Kim Soon was the Chairman of the NRC and a member of the AC prior to his retirement.

Remuneration Policy for Management

The Manager's remuneration framework comprises fixed and variable components, which include short-term and long-term incentives. The Manager links executive remuneration to the performance of FCT and individual performance. The performance of FCT is measured based on pre-set financial and non-financial indicators. Individual performance is measured via employee's annual appraisal based on indicators such as core values, competencies and key result areas. The potential of the employee is also taken into consideration.

Corporate Governance Report

Fixed Component

The fixed component in the Manager's remuneration framework is structured to reward employees for their roles performed, and is benchmarked against relevant industry market data.

It comprises base salary, fixed allowances and any statutory contribution.

Variable Component

The variable component in the Manager's remuneration framework is structured to incentivise sustained performance in both the short term 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 relevant performance period 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 Executives 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 FCT. Each financial KPI has 3 levels of targets, namely threshold, target and stretch. Non-financial KPIs may include measures on People, Corporate Governance, or specified projects. These targets are established prior to each financial year.

At the end of the financial year, the achievements are measured against the pre-agreed targets and the final short-term incentives of each Key Management Executive is determined.

The NRC recommends the final short-term incentives that are awarded to the CEO and Key Management Executives for Board's endorsement, taking into consideration any other relevant circumstances.

2. Long Term Incentive Plan

The NRC administers the Manager's long-term incentive plan ("LTI Plan"), namely, the Restricted Unit Plan ("RUP")¹.

Through the LTI Plan, the Manager seeks to align directly the interests of the CEO, the Key Management Executives and the senior executives with the interests of the Unitholders of FCT, and for such employees to participate and share in FCT's growth and success. It is also intended to retain employees whose contributions are essential to the well-being and growth of the Manager and FCT.

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, motivate and retain talented senior executives and to reward these executives for the future performance of FCT. It serves as further motivation to the participants in striving for excellence and delivering long-term shareholder value.

Under the RUP, the Manager grants unit-based awards ("Base Awards") with pre-determined performance targets being set over the relevant performance period. The performance period for the RUP is two years. The pre-set targets are Net Property Income and Distribution per Unit.

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 Base Awards can be delivered, subject to a maximum multiplier of the Base Awards.

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.

¹ The RUP was approved by the Board and adopted on 8 December 2017.

Corporate Governance Report

The level and mix of remuneration and the remuneration benefits, policies and practices of the Manager, where appropriate, will be reviewed by the NRC. The NRC will ensure that competitive remuneration policies and practices are in place to attract and motivate high-performing executives so as to drive FCT's business to greater growth, efficiency and profitability.

In its deliberation, the NRC will take into consideration industry practices and benchmarks against relevant industry players to ensure that its remuneration and employment conditions are competitive and may, if it considers necessary, engage independent remuneration consultant(s). The mix of fixed and variable components is considered appropriate for the Manager and for each individual employee's role.

The NRC will exercise broad discretion and independent judgement in ensuring that the amount and mix of compensation are aligned with the interests of Unitholders and promote the long-term success of FCT. The NRC will ensure that the overall level of remuneration is not considered to be at a level which is likely to promote behaviour contrary to the Manager's or FCT's risk profile.

Performance Indicators for Key Management Personnel

As set out above, the Manager's variable remuneration comprises short-term and long-term incentives which takes into account individual performance and FCT's performance.

The Manager has put in place a framework whereby in determining the short-term incentives of the Key Management Executives, both FCT's financial and non-financial performance will be taken into consideration. The financial performance indicators in which the Key Management Executives will be evaluated on comprise (i) FCT's net property income, (ii) Unitholder distribution, (iii) distribution per Unit and (iv) relative REIT unit price performance. These performance indicators are quantitative and objective measures of FCT's performance. The non-financial performance indicators in which the Key Management Executives will be evaluated on include (i) people development, (ii) corporate governance and compliance, (iii) branding of FCT, (iv) corporate sustainability, (vi) growth of the assets under management, (vii) sustainability of earnings and risk profile and (viii) strategic perspective. These qualitative performance indicators will align the Key Management Executives' performance with FCT's strategic objectives for the financial year.

In relation to long-term incentives, the Manager has implemented the RUP with effect from the financial year ending 30 September 2018 as set out above. The release of long-term incentive awards to the Key Management Executives are conditional upon performance targets being met. The performance targets of the KPIs align the interests of the Key Management Executives with the long-term growth and performance of FCT.

The NRC will review the short-term and long-term incentives in the Key Management Executives' remuneration package to ensure its compliance with the substance and spirit of the directions and guidelines from the MAS.

Currently, the Manager does not have claw-back provisions which allow it to reclaim incentive components of remuneration from its key executives in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss.

Corporate Governance Report

The remuneration of the CEO in bands of \$250,000, and a breakdown of the remuneration of the key executives (including the CEO) of the Manager in percentage terms, are provided below:

Key Executives' Remuneration for FY2018

Names of CEO and Key Executives	Salary %	Bonus %	Allowances & Benefits %	Long-term Incentives %	Total %
Between \$500,001 to \$750,000					
Dr Chew Tuan Chiong	44	21	6	29	100
Key Executives (excluding CEO)					
Ms Tay Hwee Pio					
Ms Lim Poh Tin ⁽¹⁾					
Mr Alex Chia	59 ⁽³⁾	16 ⁽³⁾	3 ⁽³⁾	22 ⁽³⁾	100
Mr Rene Lee ⁽²⁾					
Mr Chen Fung Leng					
Aggregate Total Remuneration (including CEO)					\$2,133,542

(1) Included remuneration from 1 October 2017 to 31 March 2018 (being last day of service).

(2) Calculated from 12 February 2018 (being first day of service) to 30 September 2018.

(3) Derived based on the aggregation of the respective remuneration components of each of the key executives (excluding the CEO) and represented as percentages against the total remuneration for these key executives.

Pursuant to MAS' "Notice to All Holders of a Capital Markets Services Licence for Real Estate Investment Trust Management", REIT managers are required to disclose (i) the remuneration of the CEO and each individual director on a named basis, and (ii) 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 Manager has decided (a) to disclose the CEO's remuneration in bands of \$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 \$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 top five executive officers 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 FCT, 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 of the Manager are paid by the Manager and there is full disclosure of the total amount of fees paid to the Manager set out at pages 121 and 173 of this Annual Report.

There were no employees of the Manager who are immediate family members of a Director or the CEO during FY2018.

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

Quarterly and annual financial statements and other material information are disseminated to Unitholders through announcements released via SGXNET, and, where applicable, press releases. Financial statements of FCT are prepared 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 and the applicable requirements of the Code on CIS issued by the MAS and the provisions of FCT Trust Deed. The Board, with the support of Management, is responsible for providing a balanced and understandable assessment of FCT'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. Quarterly and annual financial reports and other material information are disseminated to Unitholders through announcements released via SGXNET, and where applicable, media releases and analysts' briefings. Such financial reports are reviewed by the Board before dissemination.

Principle 11: Risk Management and Internal Controls

The Manager has established a sound system of risk management and internal controls comprising procedures and processes to safeguard FCT's assets and Unitholders' interests. The AC reviews and reports to the Board on the adequacy and effectiveness of such 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 AC, 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 AC ensures primarily that key objectives are met, material assets are properly safeguarded, fraud or errors 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 AC, 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 and each significant transaction is comprehensively analysed so that Management understands the risks involved before it is embarked upon. An outline of the Manager's ERM framework and progress report is set out on pages 65 and 66.

Periodic updates are provided to the AC on FCT's and the Manager's risk profile. These updates would involve an assessment of FCT's and the Manager's key risks by risk categories, its current status, the effectiveness of 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 FCT 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 AC. 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 Report

The Board has received assurance from the CEO and the Chief Financial Officer of the Manager ("CFO") that as at 30 September 2018:

- (a) the financial records of FCT have been properly maintained and the financial statements for FY2018 give a true and fair view of FCT's operations and finances;
- (b) the system of internal controls in place for FCT is adequate and effective as at 30 September 2018 to address financial, operational, compliance and information technology risks which the Manager considers relevant and material to FCT's operations; and
- (c) the risk management system in place for FCT is adequate and effective as at 30 September 2018 to address risks which the Manager considers relevant and material to FCT's operations.

Opinion of the Board 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 AC and assurance from the CEO and CFO, the Board, with the concurrence of the AC, is of the opinion that the internal controls in place for FCT, were adequate and effective as at 30 September 2018 to address financial, operational, compliance and information technology risks, which the Manager considers relevant and material to FCT's operations.

Based on the risk management framework established and assurance from the CEO and CFO, the Board is of the view that the risk management system in place for FCT was adequate and effective as at 30 September 2018 to address risks which the Manager considers relevant and material to FCT'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.

Principle 12: Audit Committee

The AC is governed by written terms of reference, with explicit authority to investigate any matter within its terms of reference. It has full access to, and the co-operation of Management, and full discretion to invite any Director or executive officer to attend its meetings. It has reasonable resources to enable it to discharge its functions effectively.

The AC's responsibilities include:

- reviewing the effectiveness of the Manager's internal control processes for the Manager and FCT, including financial, compliance and risk management controls/framework, reviewing the results of audit findings, and directing prompt remedial action by Management;
- reviewing the financial statements and the audit report for recommendation to the Board for approval;
- monitoring Management's compliance with applicable rules and legislation, such as the listing rules of the SGX-ST, the Code on CIS and the SFA;
- reviewing with the external auditors, the audit plans, audit reports and their evaluation of the system of internal controls;
- reviewing the appointment and re-appointment of the external auditors and their fees and recommending the same to the Board for approval, as well as reviewing the adequacy and effectiveness of external audits in respect of cost, scope and performance;

Corporate Governance Report

- reviewing the independence and objectivity of the external auditors, taking into consideration the non-audit services provided by the external auditors. For FY2018, audit fees of \$117,000 and fees of \$82,200 for the non-audit services were paid/payable to FCT's external auditors;
- reviewing the adequacy and effectiveness of the internal audit function, including its resources, audit plans and the scope and effectiveness of the internal audit procedures; and
- reviewing Interested Person/Party Transactions to ascertain compliance with internal procedures and provisions of applicable laws and regulations.

In performing its functions, the AC meets with the internal and external auditors and reviews the internal and external audit plans and reports for FCT and the Manager, and the assistance given by Management to the auditors. All audit findings and recommendations are presented to the AC for discussion. In addition, updates on changes in accounting standards and treatment are prepared by external auditors and circulated to members of the AC periodically.

In the review of the financial statements, the AC has discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements. The following significant matter impacting the financial statements was discussed with the Management and the external auditor and reviewed by the AC.

Key Audit Matter	How this issue was addressed by the AC
Valuation of investment properties	<p>The AC considered the methodologies and key assumptions applied by the valuers in arriving at the valuation of the properties.</p> <p>The AC reviewed the outputs from the financial year-end valuation process of the Group's investment properties and discussed the details of the valuation with Management, focusing on significant changes in fair value measurements and key drivers of the changes.</p> <p>The AC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied in the valuation of investment properties.</p> <p>The AC was satisfied with the valuation process, the methodologies used and the valuation for investment properties as adopted as at 30 September 2018.</p>

As at 30 September 2018, the AC comprised four non-executive Directors, the majority of whom including the Chairman, are independent:

Name	Role
Mr Ho Chee Hwee Simon	Chairman
Dr Cheong Choong Kong	Member
Mr Philip Eng Heng Nee	Member
Mr Ho Chai Seng	Member

The separation of the roles of the Chairman of the Board and the Chairman of the AC ensures greater independence of the AC in the discharge of its duties. This is also with a view to increasing its effectiveness in assisting the Board in the discharge of its statutory and other responsibilities in the areas of internal controls, financial and accounting matters, compliance and risk management.

Members of the AC collectively possess the accounting and related financial management, expertise and experience required for the AC to discharge its responsibilities and assist the Board in its oversight over Management in the design, implementation and monitoring of risk management and internal control systems.

Corporate Governance Report

External Auditors

KPMG LLP (“**KPMG**”) was re-appointed as the external auditors of FCT pursuant to the approval of the Unitholders on 23 January 2018. The Manager confirms that FCT complies with Rules 712 and 715 of the Listing Manual in relation to the appointment of KPMG as the external auditors of FCT. The AC has conducted a review of all non-audit services provided by KPMG during the financial period. The AC 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 is put at risk. KPMG has attended the AC meeting held every quarter for FY2018, and where appropriate, has met with the AC without the presence of Management to discuss their findings, if any.

It is proposed that at the forthcoming FCT Annual General Meeting, KPMG be re-appointed as the external auditors of FCT and that the Manager be authorised to fix their remuneration.

WHISTLE-BLOWING POLICY

A Whistle-Blowing Policy is in place to provide an avenue through which employees and any other persons may report or communicate, in good faith and in confidence, any concerns relating to financial and other matters, so that independent investigation of such matters can be conducted and appropriate follow-up action taken.

Principle 13: Internal Audit

The Manager has in place an internal audit function (“**IA**”) established within the Frasers Property Group to independently examine and evaluate the activities of the Manager, focusing on the adequacy and effectiveness of internal controls, risk management and corporate governance processes.

The Frasers Property Group IA is independent of the activities that it audits. The Head of Group IA, who is a Certified Fraud Examiner and a Fellow of The Institute of Singapore Certified Accountants (ISCA), CPA Australia and ACCA, reports directly to the Chairman of the AC. The Head of Group IA and the Singapore-based IA staff are members of the Institute of Internal Auditors, Singapore and Frasers Property Group IA has adopted and complied with the Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors, Inc. To ensure that the internal audits are effectively performed, it recruits and employs suitably qualified staff with the requisite skills and experience. Such staff are also given relevant training and development opportunities to update their technical knowledge and auditing skills. All IA staff received relevant technical training and attended seminars organised by the Institute of Internal Auditors, Singapore or other professional bodies.

The Frasers Property Group IA operates within the framework stated in the Terms of Reference as contained in the Internal Audit Charter approved by the AC. It adopts a risk-based audit methodology to develop its audit plans, and its activities are aligned to key risks of FCT. Based on risk assessments performed, greater focus and appropriate review intervals are set for higher risk activities and material internal controls. The audit scope also included review of compliance with the policies, procedures and regulatory responsibilities of FCT and the Manager.

During the year, Frasers Property Group IA conducted its audit reviews based on the approved Internal Audit Plan. All audit reports detailing audit findings and recommendations are provided to Management who would respond on the actions to be taken. Each quarter, Frasers Property Group IA would submit to the AC a report on the status of the Audit Plan and on audit findings and actions taken by Management on such findings. Key findings are highlighted at the AC meetings for discussion and follow-up action. The AC monitors the timely and proper implementation of appropriate follow-up measures to be undertaken by Management.

The AC is satisfied that for FY2018, the internal audit function is adequately resourced and has appropriate standing within FCT and the Manager to perform its functions effectively.

Corporate Governance Report

UNITHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Unitholder Rights

The Manager believes in treating all Unitholders fairly and equitably. It aspires to keep all Unitholders and other stakeholders and analysts in Singapore and beyond informed of FCT's activities, including changes (if any) in FCT's business which are likely to materially affect the price or value of its Units, in a timely and consistent manner.

Unitholders are also given the opportunity to participate effectively and vote at general meetings of FCT, where relevant rules and procedures governing such meetings (for instance, how to vote) are clearly communicated.

Principle 15: Communication with Unitholders

The Manager strives to uphold high standards of disclosure and corporate transparency. It aims to provide timely, effective and fair information relating to FCT's performance and its developments to its Unitholders and the investment community through announcements released via SGXNET and on FCT's website, to enable them to make informed investment decisions. The Manager has a dedicated investor relations manager ("IR Manager") to facilitate communication between FCT, its Unitholders and the investment community.

The Manager meets and communicates regularly with Unitholders and the investment community to keep them apprised of FCT's corporate developments and financial performance. During FY2018, the senior Management and the IR manager, met or spoke with 251 investors at investment conferences, non-deal road shows as well as one-on-one and group meetings. The Manager also conducts post-result briefings for analysts and the media, following the release of its half year and full year results. For its first quarter and third quarter results, this is done through conference calls. The Manager makes available all its briefing materials, its financial information, its annual reports and all announcements released via SGXNET on its website at <https://www.frasersproperty.com/reits/fct>, with contact details for investors to channel their comments and queries.

Principle 16: Conduct of Unitholder Meetings

A copy of the FCT Annual Report is made available to all Unitholders. In compliance with the Code on CIS, an Annual General Meeting ("AGM") is held after the close of each financial year allowing the Manager to interact with investors. The Board supports and encourages active Unitholder participation at AGMs. It believes that AGMs serve as an opportune forum for Unitholders to meet the Board and senior Management, and to interact with them. Board members and appropriate senior Management are present at each Unitholders' meeting to respond to any questions from Unitholders. The external auditors are also present to address queries about the conduct of audit and the preparation and content of the auditors' report.

The Manager has implemented electronic poll voting at its AGMs, whereby Unitholders are invited to vote on relevant resolutions by way of poll (instead of by show of hands), using handheld electronic devices. This allows all Unitholders present or represented at the meeting to vote on a one vote per Unit basis. The voting results of all votes cast for, or against, of each resolution are displayed at the meeting and announced to the SGX-ST after the meeting. The Manager will continue to use the electronic poll voting system at the forthcoming AGM.

Corporate Governance Report

DEALINGS IN UNITS

The Manager has adopted a dealing policy (“**Dealing Policy**”) on securities trading which provides guidance with regard to dealings in FCT units by its Directors, officers and employees. Directors, officers and employees are prohibited from dealing in FCT units:

- in line with the Listing Rule 1207(19)(c) on Dealings in Securities, two weeks before the date of announcement of quarterly financial statements and one month before the date of announcement of full-year results (“**Prohibition Period**”); and
- at any time while in possession of unpublished material or price sensitive information.

Directors, officers and employees are also directed to refrain from dealing in FCT units on short-term considerations.

Prior to the commencement of the Prohibition Period, Directors, officers and employees will be reminded not to trade during this period or whenever they are in possession of unpublished price sensitive information. Outside of the Prohibition Period, any trades must be reported to the Board within 48 hours. Every quarter, each Director, officer or employee is required to complete and submit a declaration form to the Compliance Officer to report any trades he/she made in FCT units in the previous quarter and confirm that no trades were made during the Prohibition Period. A quarterly report will be provided to the AC. Any non-compliance with the Dealing Policy will be reported to the AC for its review and instructions.

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 FCT units. The Manager has undertaken that it will not deal in FCT units:

- (a) during the period commencing one month before the public announcement of FCT’s full-year results and (where applicable) property valuations and two weeks before the public announcement of FCT’s quarterly results; or
- (b) whenever it is in possession of unpublished material price sensitive information.

The Manager has also given an undertaking to the MAS that it will announce to the SGX-ST the particulars of its holdings in FCT units and any changes thereto within two business days after the date on which it acquires or disposes of any FCT units, as the case may be.

CONFLICTS OF INTEREST

The Manager has put in place procedures to address potential conflicts of interest (including in relation to Directors, officers and employees) which may arise in managing FCT. These include the following:

- The Manager is to be dedicated to managing FCT and will not directly or indirectly manage other REITs;
- All executive officers of the Manager will be employed by the Manager;
- All resolutions in writing of the Directors in relation to matters concerning FCT must be approved by a majority of the Directors, including at least one Independent Director;
- At least one-third of the Board shall comprise Independent Directors;
- On matters where Frasers Property and/or its subsidiaries have an interest (directly or indirectly), Directors nominated by them shall abstain from voting. In such matters, the quorum must comprise a majority of Independent Directors and must exclude nominee Directors of Frasers Property and/or its subsidiaries; and
- An interested Director is required to disclose his interest in any proposed transaction with FCT and is required to abstain from voting on resolutions approving the transaction.

Corporate Governance Report

INTERESTED PERSON TRANSACTIONS

The Manager has established internal control procedures to ensure that all interested person transactions ("IPTs") are undertaken on normal commercial terms, and will not be prejudicial to the interests of FCT 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 Code on CIS).

All IPTs are entered in a register maintained by the Manager, including any quotations from unrelated parties and independent valuations supporting the bases on which such transactions are entered into. The Manager incorporates into its internal audit plan a review of the IPTs recorded in the register to ascertain that internal procedures and requirements of the Listing Manual and Property Funds Appendix have been complied with. The AC reviews the internal audit reports twice a year to ascertain that the guidelines and procedures established to monitor IPTs have been complied with. In addition, the Trustee also has the right to review any such relevant internal audit reports to ascertain that the Code on CIS have been complied with.

In respect of transactions entered into or to be entered into by the Trustee for and on behalf of FCT with an interested person, the Trustee is required to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of FCT and the Unitholders, and in accordance with all applicable requirements of the Property Funds Appendix and/or the Listing Manual. The Trustee has the ultimate discretion under the Trust Deed entered into between the Trustee and the Manager constituting FCT to decide whether or not to enter into such a transaction involving an interested person.

ROLE OF THE AC FOR INTERESTED PERSON TRANSACTIONS

The AC reviews IPTs periodically to ensure compliance with the internal control procedures and the relevant provisions of the Listing Manual and Property Funds Appendix. Any member who has an interest in a transaction shall abstain from participating in the review and approval processes in relation to that transaction.

ADDITIONAL DISCLOSURE ON FEES PAYABLE TO THE MANAGER

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

Type of Fee	Computation and Form of Payment	Rationale and Purpose
Base Fee	<p>Pursuant to Clause 15.1.1 of the Trust Deed, the Manager is entitled to receive a Base Fee not exceeding the rate of 0.3% per annum of the Value of FCT's Deposited Property.</p> <p>The base fee is payable quarterly in the form of cash and/or Units as the Manager may elect.</p>	<p>The base fee compensates the Manager for the costs incurred in managing FCT, which includes overheads, day-to-day operational costs, compliance, monitoring and reporting costs as well as administrative expenses.</p> <p>The base fee is calculated at a fixed percentage of asset value as the scope of the Manager's duties is commensurate with the size of FCT's asset portfolio.</p>

Corporate Governance Report

ADDITIONAL DISCLOSURE ON FEES PAYABLE TO THE MANAGER (CONT'D)

Type of Fee	Computation and Form of Payment	Rationale and Purpose
Performance Fee	<p>Pursuant to Clause 15.1.2 of the Trust Deed, the Manager is entitled to receive a Performance Fee equal to a rate of 5.0% per annum of the Net Property Income (calculated before accounting for the Performance Fee in that Financial Year) of FCT or (as the case may be) Special Purpose Vehicles for each Financial Year accrued to the Manager and remaining unpaid.</p> <p>The Performance Fee is payable in the form of cash and/or Units as the Manager may elect.</p> <p>With effect from 1 October 2016, the Performance Fee shall be paid annually, in compliance with the Property Funds Appendix.</p>	<p>The performance fee, which is based on Net Property 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 FCT's properties. Linking the Performance Fee to Net Property 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.</p>
Acquisition Fee	<p>Pursuant to Clause 15.2.1(i) of the Trust Deed, the Manager is entitled to receive an Acquisition Fee not exceeding the rate of 1.0% of the acquisition price upon the completion of an acquisition.</p> <p>Subject to the Property Funds Appendix, the Acquisition 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.</p>	<p>The Acquisition 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 to further grow FCT's asset portfolio or, (in the case of a divestment) in rebalancing and unlocking the underlying value of the existing properties.</p>
Divestment Fee	<p>Pursuant to Clause 15.2.1(ii) of the Trust Deed, the Manager is entitled to receive a Divestment Fee not exceeding the rate of 0.5% of the sale price upon the completion of a sale or disposal.</p> <p>Subject to the Property Funds Appendix, the Divestment Fee is payable as soon as practicable after completion of the sale or disposal in the form of cash and/or Units as the Manager may elect.</p>	<p>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 FCT.</p> <p>The Acquisition 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.</p>

Corporate Governance Report

GUIDELINES FOR DISCLOSURE

Guideline	Questions	How has the Company complied
General	<p>(a) Has the Company complied with all the principles and guidelines of the Code? If not, please state the specific deviations and the alternative corporate governance practices adopted by the Company in lieu of the recommendations in the Code.</p> <p>(b) In what respect do these alternative corporate governance practices achieve the objectives of the principles and conform to the guidelines in the Code?</p>	<p>Please refer to the disclosures and references in this table for the specific deviations from the Code.</p> <p>The Manager has adopted alternative corporate governance practices which reflect the fact that the Manager itself is not a listed entity but that the entity which it manages, Frasers Centrepoint Trust ("FCT"), is listed and managed externally by the Manager.</p>
Board Responsibility		
Guideline 1.5	What are the types of material transactions which require approval from the Board?	Please refer to page 90 of this Annual report.
Members of the Board		
Guideline 2.6	<p>(a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p>(b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience and knowledge of the Company, and elaborate with numerical data where appropriate.</p> <p>(c) What steps has the Board taken to achieve the balance and diversity necessary to maximize its effectiveness?</p>	<p>Please refer to pages 93 to 94 of this Annual Report.</p> <p>Please refer to pages 93 to 94 of this Annual Report.</p> <p>Please refer to pages 93 to 94 of this Annual Report</p>
Guideline 4.6	Please describe the board nomination process for the Company in the last financial year for (i) selecting and appointing new directors and (ii) re-electing incumbent directors.	<p>Please refer to pages 93 to 94 of this Annual Report.</p> <p>Directors of the Manager are not subject to periodic retirement by rotation.</p>
Guideline 1.6	<p>(a) Are new directors given formal training? If not, please explain why.</p> <p>(b) What are the types of information and training provided to (i) new directors and (ii) existing directors to keep them up-to-date?</p>	<p>Yes. Please refer to page 90 of this Annual Report.</p> <p>Please refer to page 90 of this Annual Report.</p>

Corporate Governance Report

GUIDELINES FOR DISCLOSURE (CONT'D)

Guideline	Questions	How has the Company complied
Guideline 4.4	<p>(a) What is the maximum number of listed company board representations that the Company has prescribed for its directors? What are the reasons for this number?</p> <p>(b) If a maximum number has not been determined, what are the reasons?</p> <p>(c) What are the specific considerations in deciding on the capacity of directors?</p>	<p>No maximum number has been prescribed.</p> <p>Please refer to page 94 of this Annual Report</p> <p>Please refer to page 94 of this Annual Report.</p>
Board Evaluation		
Guideline 5.1	<p>(a) What was the process upon which the Board reached the conclusion on its performance for the financial year?</p> <p>(b) Has the Board met its performance objectives?</p>	<p>Please refer to page 95 of this Annual Report.</p> <p>Please refer to page 95 of this Annual Report.</p>
Independence of Directors		
Guideline 2.1	Does the Company comply with the guideline on the proportion of independent directors on the Board? If not, please state the reasons for the deviation and the remedial action taken by the Company.	Yes. Please refer to pages 91 to 94 of this Annual Report.
Guideline 2.3	<p>(a) Is there any director who is deemed to be independent by the Board, notwithstanding the existence of a relationship stated in the Code that would otherwise deem him not to be independent? If so, please identify the director and specify the nature of such relationship.</p> <p>(b) What are the Board's reasons for considering him independent? Please provide a detailed explanation.</p>	<p>Yes. Please refer to pages 91 to 94 of this Annual Report.</p> <p>Please refer to pages 91 to 94 of this Annual Report.</p>
Guideline 2.4	Has any independent director served on the Board for more than nine years from the date of his first appointment? If so, please identify the director and set out the Board's reasons for considering him independent.	None.

Corporate Governance Report

GUIDELINES FOR DISCLOSURE (CONT'D)

Guideline	Questions	How has the Company complied
Disclosure on Remuneration		
Guideline 9.2	Has the Company disclosed each director's and the CEO's remuneration as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?	The fees paid to all directors for the financial year have been disclosed. Please refer to pages 95 to 99 of this Annual Report.
Guideline 9.3	<p>(a) Has the Company disclosed each key management personnel's remuneration, in bands of \$250,000 or in more detail, as well as a breakdown (in percentage or dollar terms) into base/fixed salary, variable or performance-related income/bonuses, benefits-in-kind, stock options granted, share-based incentives and awards, and other long-term incentives? If not, what are the reasons for not disclosing so?</p> <p>(b) Please disclose the aggregate remuneration paid to the top key management personnel (who are not directors or the CEO).</p>	<p>Please refer to pages 95 to 99 of this Annual Report.</p> <p>Please refer to pages 95 to 99 of this Annual Report.</p>
Guideline 9.4	Is there any employee who is an immediate family member of a director or the CEO, and whose remuneration exceeds S\$50,000 during the year? If so, please identify the employee and specify the relationship with the relevant director or the CEO.	No.
Guideline 9.6	<p>(a) Please describe how the remuneration received by executive directors and key management personnel has been determined by the performance criteria.</p> <p>(b) What were the performance conditions used to determine their entitlement under the short-term and long-term incentive schemes?</p> <p>(c) Were all of these performance conditions met? If not, what were the reasons?</p>	<p>Please refer to pages 95 to 99 of this Annual Report.</p> <p>Please refer to pages 95 to 99 of this Annual Report.</p> <p>Please refer to pages 95 to 99 of this Annual Report.</p>

Corporate Governance Report

GUIDELINES FOR DISCLOSURE (CONT'D)

Guideline	Questions	How has the Company complied
Risk Management and Internal Controls		
Guideline 6.1	What types of information does the Company provide to independent directors to enable them to understand its business, the business and financial environment as well as the risks faced by the Company? How frequently is the information provided?	Please refer to page 95 of this Annual Report.
Guideline 13.1	Does the Company have an internal audit function? If not, please explain why.	Yes. Please refer to page 103 of this Annual Report.
Guideline 11.3	(a) In relation to the major risks faced by the Company, including financial, operational, compliance, information technology and sustainability, please state the bases for the Board's view on the adequacy and effectiveness of the Company's internal controls and risk management systems. (b) In respect of the past 12 months, has the Board received assurance from the CEO and the CFO as well as the internal auditor that: (i) the financial records have been properly maintained and the financial statements give true and fair view of the Company's operations and finances; and (ii) the Company's risk management and internal control systems are effective? If not, how does the Board assure itself of points (i) and (ii) above?	Please refer to pages 100 to 101 of this Annual Report. Please refer to page 101 of this Annual Report.
Guideline 12.6	(a) Please provide a breakdown of the fees paid in total to the external auditors for audit and non-audit services for the financial year. (b) If the external auditors have supplied a substantial volume of non-audit services to the Company, please state the bases for the AC's view on the independence of the external auditors.	Please refer to page 102 of this Annual Report. Please refer to page 103 of this Annual Report.

Corporate Governance Report

Guideline	Questions	How has the Company complied
Communication with Shareholders		
Guideline 15.4	(a) Does the Company regularly communicate with shareholders and attend to their questions? How often does the Company meet with institutional and retail investors? Is this done by a dedicated investor relations team (or equivalent)? If not, who performs this role.	Yes. Please refer to page 104 of this Annual Report. Yes. Please refer to page 104 of this Annual Report.
Guideline 15.5	If the Company is not paying any dividends for the financial year, please explain why.	Not applicable. Please refer to the "Distribution Statements" on page 122 of this Annual Report.

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Report of the Trustee

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of Frasers Centrepoint Trust (the "Trust") and its subsidiary (collectively, the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of Frasers Centrepoint Asset Management Ltd. (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the trust deed dated 5 June 2006 (as amended by a first supplemental deed dated 4 October 2006, a first amending and restating deed dated 7 May 2009, a second supplemental deed dated 22 January 2010, a third supplemental deed dated 17 December 2015, a fourth supplemental deed dated 19 January 2017 and a fifth supplemental deed dated 24 January 2018) (the "Trust Deed") between the Manager and the Trustee in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the period covered by these financial statements set out on pages 120 to 168, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee,
HSBC Institutional Trust Services (Singapore) Limited

Authorised Signatory

Singapore
12 November 2018

Statement by the Manager

In the opinion of the directors of Frasers Centrepoint Asset Management Ltd., the accompanying financial statements set out on pages 120 to 168, comprising the consolidated balance sheet and consolidated portfolio statement of the Group and the balance sheet and portfolio statement of the Trust as at 30 September 2018, and the consolidated statement of total return, consolidated distribution statement, consolidated statement of movement in unitholders' funds and consolidated cash flow statement of the Group and the statement of total return, distribution statement, statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies are drawn up so as to present fairly, in all material respects, the financial positions of the Group and the Trust as at 30 September 2018, the total return, distributable income, movements in unitholders' funds of the Group and of the Trust and cash flow of the Group for the year then ended, in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

For and on behalf of the Manager,
Frasers Centrepoint Asset Management Ltd.

Dr Cheong Choong Kong
Director

Dr Chew Tuan Chiong
Director and Chief Executive Officer

Singapore
12 November 2018

Independent Auditors' Report

TO THE UNITHOLDERS
FRASERS CENTREPOINT TRUST
(CONSTITUTED UNDER A TRUST DEED (AS AMENDED) IN THE REPUBLIC OF SINGAPORE)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Frasers Centrepoint Trust (the "Trust") and its subsidiary (the "Group"), which comprise the consolidated balance sheet and consolidated portfolio statement of the Group and the balance sheet and portfolio statement of the Trust as at 30 September 2018, the consolidated statement of total return, consolidated distribution statement, consolidated statement of movements in unitholders' funds and reserve and consolidated cash flow statement of the Group and the statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 120 to 168.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet, statement of total return, distribution statement and statement of movements in unitholders' funds of the Trust present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Trust as at 30 September 2018 and the consolidated total return, consolidated distributable income, consolidated movements in unitholders' funds and consolidated cash flows of the Group and the total return, distributable income and movements in unitholders' funds of the Trust for the year ended on that date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 ("RAP 7") *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants (the "ISCA").

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investment properties

(Refer to Portfolio Statement and Note 3 to the financial statements)

Risk

The Group and the Trust own suburban retail malls located all around Singapore. These malls, classified as investment properties, are all located within close proximity to Mass Rapid Transit stations and bus interchanges in populated residential areas. As at 30 September 2018, the investment properties, with carrying amount of \$2.75 billion (2017: \$2.67 billion), represent the single largest asset category on the consolidated balance sheet of the Group and the balance sheet of the Trust.

The investment properties are stated at their fair values based on independent external valuations. The valuation process is considered a key audit matter because it involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. Any changes in the assumptions will have an impact on the valuation.

Independent Auditors' Report

TO THE UNITHOLDERS
FRASERS CENTREPOINT TRUST
(CONSTITUTED UNDER A TRUST DEED (AS AMENDED) IN THE REPUBLIC OF SINGAPORE)

Our response

We assessed the competence and objectivity of the independent external valuers and held discussions with the valuers to understand their assumptions and basis used, where appropriate.

We considered the valuation methodologies used against those applied by other valuers for similar property types. We evaluated the appropriateness of the capitalisation, discount and terminal yield rates applied by comparing them against historical rates and available industry data, taking into consideration comparability and market factors.

Our findings

The valuers are members of recognised professional bodies for valuers.

The approach to the methodologies and in deriving the assumptions in the valuations are supported by market practices and data.

Other Information

Frasers Centrepoint Asset Management Ltd., the Manager of the Trust (the "Manager") is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report except for the Statistics of Unitholdings (the "Report") which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Manager and take appropriate actions in accordance with SSAs.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the ISCA, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Group or to cease operations of the Group, or has no realistic alternative but to do so.

The responsibilities of the Manager include overseeing the Group's financial reporting process.

Independent Auditors' Report

TO THE UNITHOLDERS
FRASERS CENTREPOINT TRUST
(CONSTITUTED UNDER A TRUST DEED (AS AMENDED) IN THE REPUBLIC OF SINGAPORE)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the Manager with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditors' Report

TO THE UNITHOLDERS
FRASERS CENTREPOINT TRUST
(CONSTITUTED UNDER A TRUST DEED (AS AMENDED) IN THE REPUBLIC OF SINGAPORE)

From the matters communicated with the Manager, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matter. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Karen Lee Shu Pei.

KPMG LLP

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
12 November 2018

Balance Sheets

AS AT 30 SEPTEMBER 2018

	Note	2018 \$'000	Group 2017 \$'000	2018 \$'000	Trust 2017 \$'000
Non-current assets					
Investment properties	3	2,749,000	2,668,100	2,749,000	2,668,100
Fixed assets	4	149	80	149	80
Intangible assets	5	12	30	12	30
Investment in subsidiary	6	-	-	*	*
Investment in associate	7	66,060	64,608	64,608	64,608
Investment in joint venture	8	227	243	1	1
		2,815,448	2,733,061	2,813,770	2,732,819
Current assets					
Trade and other receivables	9	3,004	4,257	3,004	4,257
Financial derivatives	10	56	-	56	-
Cash and cash equivalents	11	21,864	13,547	21,864	13,547
		24,924	17,804	24,924	17,804
Total assets		2,840,372	2,750,865	2,838,694	2,750,623
Current liabilities					
Trade and other payables	12	46,203	32,674	46,227	32,695
Current portion of security deposits		16,292	17,208	16,292	17,208
Deferred income	13	13	134	13	134
Interest-bearing borrowings	14	217,000	152,000	217,000	152,000
		279,508	202,016	279,532	202,037
Non-current liabilities					
Financial derivatives	10	-	317	-	317
Interest-bearing borrowings	14	595,588	645,540	595,588	645,540
Non-current portion of security deposits		31,518	30,774	31,518	30,774
Deferred income	13	2	15	2	15
		627,108	676,646	627,108	676,646
Total liabilities		906,616	878,662	906,640	878,683
Net assets		1,933,756	1,872,203	1,932,054	1,871,940
Represented by:-					
Unitholders' funds					
Translation reserve	15	1,952,572 (18,816)	1,892,669 (20,466)	1,932,054 -	1,871,940 -
Unitholders' funds and reserve		1,933,756	1,872,203	1,932,054	1,871,940
Units in issue ('000)	16	926,392	922,448	926,392	922,448
Net asset value per Unit (\$)	17	2.08	2.02	2.08	2.02

* Denotes amount less than \$500

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Total Return

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

	Note	Group		Trust	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Gross revenue	18	193,347	181,595	193,347	181,595
Property expenses	19	(56,161)	(52,037)	(56,161)	(52,037)
Net property income		137,186	129,558	137,186	129,558
Interest income		25	–	25	–
Borrowing costs	20	(20,040)	(17,633)	(20,040)	(17,633)
Asset management fees	21	(15,212)	(14,495)	(15,212)	(14,495)
Valuation fees		(98)	(89)	(98)	(89)
Trustee's fees		(429)	(414)	(429)	(414)
Audit fees		(106)	(103)	(106)	(103)
Other professional fees		(857)	(1,388)	(857)	(1,388)
Other charges		(534)	(606)	(537)	(609)
Net income		99,935	94,830	99,932	94,827
Distributions from associate		–	–	3,420	4,173
Distributions from joint venture		–	–	566	563
Share of results of associate					
– operations		4,023	3,577	–	–
– revaluation (deficit)/surplus		(801)	243	–	–
Share of results of joint venture					
– operations		550	571	–	–
Surplus on revaluation of investment properties	3	62,740	94,399	62,740	94,399
Unrealised gain from fair valuation of derivatives		373	284	373	284
Impairment loss on investment in associate	7	–	–	–	(6,013)
Total return before tax		166,820	193,904	167,031	188,233
Taxation	22	–	–	–	–
Total return for the year		166,820	193,904	167,031	188,233
Earnings per Unit (cents)	23				
Basic		18.02	21.04	18.04	20.43
Diluted		17.98	20.96	18.01	20.34

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Distribution Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Income available for distribution to Unitholders at beginning of year	28,410	26,015	28,407	26,012
Net income	99,935	94,830	99,932	94,827
Net tax adjustments (Note A)	7,395	11,049	7,398	11,052
Distributions from associate	3,420	4,173	3,420	4,173
Distributions from joint venture	566	563	566	563
Income available for distribution to Unitholders	111,316	110,615	111,316	110,615
	139,726	136,630	139,723	136,627
Distributions to Unitholders:				
Distribution of 2.815 cents per Unit for period from 1/7/2016 to 30/9/2016	-	25,904	-	25,904
Distribution of 2.890 cents per Unit for period from 1/10/2016 to 31/12/2016	-	26,621	-	26,621
Distribution of 3.040 cents per Unit for period from 1/1/2017 to 31/3/2017	-	28,022	-	28,022
Distribution of 3.000 cents per Unit for period from 1/4/2017 to 30/6/2017	-	27,673	-	27,673
Distribution of 2.970 cents per Unit for period from 1/7/2017 to 30/9/2017	27,480	-	27,480	-
Distribution of 3.000 cents per Unit for period from 1/10/2017 to 31/12/2017	27,771	-	27,771	-
Distribution of 3.100 cents per Unit for period from 1/1/2018 to 31/3/2018	28,709	-	28,709	-
Distribution of 3.053 cents per Unit for period from 1/4/2018 to 30/6/2018	28,283	-	28,283	-
	112,243	108,220	112,243	108,220
Income available for distribution to Unitholders at end of year	27,483	28,410	27,480	28,407
Distribution per unit (cents)*	12.015	11.900	12.015	11.900
Note A – Net tax adjustments relate to the following items:				
- Asset management fees paid/payable in Units	5,326	10,147	5,326	10,147
- Amortisation of loan arrangement fees	715	781	715	781
- Amortisation of lease incentives	(182)	(2,056)	(182)	(2,056)
- Deferred income and amortisation of rental deposits	8	36	8	36
- Other items	1,528	2,141	1,531	2,144
Net tax adjustments	7,395	11,049	7,398	11,052

* The Distribution per unit relates to the distributions in respect of the relevant financial year. The distribution relating to the last quarter of 2018 will be paid after 30 September 2018.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Movements in Unitholders' Funds and Translation Reserve

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Net assets at beginning of year	1,872,203	1,775,645	1,871,940	1,779,636
Operations				
Total return for the year	166,820	193,904	167,031	188,233
Unitholders' transactions				
Creation of Units				
- issued/issuable as satisfaction of asset management fees	5,326	11,913	5,326	11,913
- issued as satisfaction of acquisition fees	-	378	-	378
Distributions to Unitholders	(112,243)	(108,220)	(112,243)	(108,220)
Net decrease in net assets resulting from Unitholders' transactions	(106,917)	(95,929)	(106,917)	(95,929)
Movement in translation reserve (Note 15)	1,650	(1,417)	-	-
Net assets at end of year	1,933,756	1,872,203	1,932,054	1,871,940

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Portfolio Statements

AS AT 30 SEPTEMBER 2018

GROUP

Description of Property	Term of Lease	Location	Existing Use	Occupancy Rate as at 30 September 2018 %	At Valuation		Percentage of Total Assets	
					2018 \$'000	2017 \$'000	2018 %	2017 %
<i>Investment properties in Singapore</i>								
Causeway Point	99-year leasehold from 30 October 1995	1 Woodlands Square	Commercial	98.4	1,218,000	1,190,000	42.9	43.3
Northpoint City North Wing	99-year leasehold from 1 April 1990	930 Yishun Avenue 2	Commercial	99.4	771,000	733,000	27.1	26.6
Anchorpoint	Freehold	368 & 370 Alexandra Road	Commercial	88.8	110,000	104,600	3.9	3.8
YewTee Point	99-year leasehold from 3 January 2006	21 Choa Chu Kang North 6	Commercial	94.3	186,000	178,000	6.6	6.5
Bedok Point	99-year leasehold from 15 March 1978	799 New Upper Changi Road	Commercial	79.2	94,000	105,000	3.3	3.8
Changi City Point	60-year leasehold from 30 April 2009	5 Changi Business Park Central 1	Commercial	93.8	332,000	318,000	11.7	11.6
Yishun 10 Retail Podium	99-year leasehold from 1 April 1990	51 Yishun Central 1	Commercial	35.5	38,000	39,500	1.3	1.4
Investment properties, at valuation					2,749,000	2,668,100	96.8	97.0
Investment in associate (Note 7)					66,060	64,608	2.3	2.3
					2,815,060	2,732,708	99.1	99.3
Other assets					25,312	18,157	0.9	0.7
Total assets attributable to Unitholders					2,840,372	2,750,865	100.0	100.0

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Portfolio Statements

AS AT 30 SEPTEMBER 2018

TRUST

Description of Property	Term of Lease	Location	Existing Use	Occupancy Rate as at 30 September 2018 %	At Valuation		Percentage of Total Assets	
					2018 \$'000	2017 \$'000	2018 %	2017 %
<i>Investment properties in Singapore</i>								
Causeway Point	99-year leasehold from 30 October 1995	1 Woodlands Square	Commercial	98.4	1,218,000	1,190,000	42.9	43.3
Northpoint City North Wing	99-year leasehold from 1 April 1990	930 Yishun Avenue 2	Commercial	99.4	771,000	733,000	27.2	26.6
Anchorpoint	Freehold	368 & 370 Alexandra Road	Commercial	88.8	110,000	104,600	3.9	3.8
YewTee Point	99-year leasehold from 3 January 2006	21 Choa Chu Kang North 6	Commercial	94.3	186,000	178,000	6.5	6.5
Bedok Point	99-year leasehold from 15 March 1978	799 New Upper Changi Road	Commercial	79.2	94,000	105,000	3.3	3.8
Changi City Point	60-year leasehold from 30 April 2009	5 Changi Business Park Central 1	Commercial	93.8	332,000	318,000	11.7	11.6
Yishun 10 Retail Podium	99-year leasehold from 1 April 1990	51 Yishun Central 1	Commercial	35.5	38,000	39,500	1.3	1.4
Investment properties, at valuation					2,749,000	2,668,100	96.8	97.0
Investment in associate (Note 7)					64,608	64,608	2.3	2.3
					2,813,608	2,732,708	99.1	99.3
Other assets					25,086	17,915	0.9	0.7
Total assets attributable to Unitholders					2,838,694	2,750,623	100.0	100.0

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Portfolio Statements

AS AT 30 SEPTEMBER 2018

On 30 September 2018, independent valuations of the investment properties were undertaken by CBRE Pte Ltd ("CBRE"), Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("Colliers"), Knight Frank Pte Ltd ("Knight Frank"), and Savills Valuation and Professional Services (S) Pte Ltd ("Savills"). The Manager believes that these independent valuers possess appropriate professional qualifications and recent experience in the location and category of the investment properties being valued. The valuations were performed based on the following methods:

Description of Property	Valuer	Valuation Method	Valuation	
			2018 \$'000	2017 \$'000
Causeway Point	Knight Frank (2017: Knight Frank)	Capitalisation approach and discounted cash flow analysis (2017: Capitalisation approach and discounted cash flow analysis)	1,218,000	1,190,000
Northpoint City North Wing	Savills (2017: Savills)	Capitalisation approach, discounted cash flow analysis and direct comparison method (2017: Capitalisation approach, discounted cash flow analysis and direct comparison method)	771,000	733,000
Anchorpoint	Colliers (2017: Savills)	Capitalisation approach, discounted cash flow analysis and direct comparison method (2017: Capitalisation approach, discounted cash flow analysis and direct comparison method)	110,000	104,600
YewTee Point	CBRE (2017: Savills)	Capitalisation approach, discounted cash flow analysis and direct comparison method (2017: Capitalisation approach, discounted cash flow analysis and direct comparison method)	186,000	178,000
Bedok Point	CBRE (2017: Savills)	Capitalisation approach, discounted cash flow analysis and direct comparison method (2017: Capitalisation approach, discounted cash flow analysis and direct comparison method)	94,000	105,000
Changi City Point	Savills (2017: Colliers)	Capitalisation approach, discounted cash flow analysis and direct comparison method (2017: Capitalisation approach, discounted cash flow analysis and direct comparison method)	332,000	318,000
Yishun 10 Retail Podium	Colliers (2017: Colliers)	Capitalisation approach, discounted cash flow analysis and direct comparison method (2017: Capitalisation approach, discounted cash flow analysis and direct comparison method)	38,000	39,500

The net changes in fair values of these investment properties have been recognised in the Statements of Total Return in accordance with the Group's accounting policies.

The investment properties are leased to third party tenants. Generally, these leases contain an initial non-cancellable period of three years. Subsequent renewals are negotiated with individual lessees. Contingent rent, which comprises gross turnover rent, recognised in the Statements of Total Return of the Group and the Trust amounted to \$9,211,000 (2017: \$8,694,000).

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Cash Flow Statements

FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2018

	Group 2018 \$'000	2017 \$'000
Operating activities		
Total return before tax	166,820	193,904
Adjustments for:		
Allowance for doubtful receivables	62	118
Write back of allowance for doubtful receivables	(59)	(96)
Borrowing costs	20,040	17,633
Asset management fees paid/payable in Units	5,326	10,147
Depreciation of fixed assets	92	29
Amortisation of intangible assets	18	18
Share of associate's results (including revaluation deficit/surplus)	(3,222)	(3,820)
Share of joint venture's results	(550)	(571)
Surplus on revaluation of investment properties	(62,740)	(94,399)
Unrealised gain from fair valuation of derivatives	(373)	(284)
Amortisation of lease incentives	(182)	(2,056)
Deferred income recognised	(134)	(427)
Write off of fixed assets	1	1
Operating income before working capital changes	<u>125,099</u>	<u>120,197</u>
Changes in working capital:		
Trade and other receivables	738	1,862
Trade and other payables	11,036	143
Cash flows generated from operating activities	<u>136,873</u>	<u>122,202</u>
Investing activities		
Distributions received from associate	3,420	4,173
Distributions received from joint venture	566	563
Acquisition of investment properties	-	(38,377)
Capital expenditure on investment properties	(15,400)	(27,761)
Acquisition of fixed assets	(146)	(24)
Investment in associate	-	(6,778)
Cash flows used in investing activities	(11,560)	(68,204)
Financing activities		
Proceeds from borrowings	180,000	278,000
Repayment of borrowings	(165,000)	(214,000)
Borrowing costs paid	(19,596)	(14,357)
Distributions to Unitholders	(112,243)	(108,220)
Payment of transaction costs	(157)	(582)
Cash flows used in financing activities	(116,996)	(59,159)
Net increase/(decrease) in cash and cash equivalents	8,317	(5,161)
Cash and cash equivalents at beginning of year	13,547	18,708
Cash and cash equivalents at end of year (Note 11)	<u>21,864</u>	<u>13,547</u>

Significant Non-Cash Transactions

During the financial years, 2,392,218 (2017: 4,874,255) Units were issued and issuable in satisfaction of asset management fees payable in Units, amounting to a value of \$5,326,294 (2017: \$10,146,554) in respect of the financial year.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

30 SEPTEMBER 2018

The following notes form an integral part of the financial statements.

1. GENERAL

Frasers Centrepoint Trust (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to a trust deed dated 5 June 2006, and any amendment or modification thereof (the "Trust Deed"), between Frasers Centrepoint Asset Management Ltd. (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust and its subsidiary (collectively, the "Group") in trust for the holders ("Unitholders") of units in the Trust (the "Units"). The address of the Trustee's registered office is 21 Collyer Quay #13-02 HSBC Building Singapore 049320.

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 5 July 2006 and was included in the Central Provident Fund Investment Scheme ("CPFIS") on 5 July 2006.

The principal activity of the Trust is to invest in income-producing properties used primarily for retail purposes, in Singapore and overseas, with the primary objective of delivering regular and stable distributions to Unitholders and to achieve long-term capital growth. The principal activity of the subsidiary is set out in Note 6.

The financial statements were authorised for issue by the Manager and the Trustee on 12 November 2018.

The Trust has entered into several service agreements in relation to management of the Trust and its property operations. The fee structures of these services are as follows:

1.1 Property management fees

Under the property management agreements, fees are charged as follows:

- (i) 2.0% per annum of the gross revenue of the properties;
- (ii) 2.0% per annum of the net property income of the properties (calculated before accounting for the property management fees); and
- (iii) 0.5% per annum of the net property income of the properties (calculated before accounting for the property management fees), in lieu of leasing commissions.

The property management fees are payable monthly in arrears.

1.2 Asset management fees

Pursuant to the Trust Deed, asset management fees comprise the following:

- (i) a base fee equal to a rate of 0.3% per annum of the value of Deposited Property (being all assets, as stipulated in the Trust Deed) of the Trust; and
- (ii) an annual performance fee equal to a rate of 5.0% per annum of the Net Property Income (as defined in the Trust Deed) of the Trust and any Special Purpose Vehicles (as defined in the Trust Deed) for each financial year.

Any increase in the rate or any change in the structure of the asset management fees must be approved by an Extraordinary Resolution of Unitholders passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

The Manager may elect to receive the fees in cash or Units or a combination of cash and Units (as it may in its sole discretion determine). For the year ended 30 September 2018, the Manager has opted to receive 20% to 50% (2017: 70%) of the asset management fees in the form of Units with the balance in cash. The portion of the base management fees is payable on a quarterly basis in arrears and the portion of the performance management fees is payable on an annually basis in arrears.

The Manager is also entitled to receive acquisition fee at the rate of 1% of the acquisition price and a divestment fee of 0.5% of the sale price on all future acquisitions or disposals of properties or investments.

Notes to the Financial Statements

30 SEPTEMBER 2018

1. GENERAL (CONT'D)

1.3 Trustee's fees

Pursuant to the Trust Deed, the Trustee's fees shall not exceed 0.1% per annum of the value of Deposited Property of the Trust, subject to a minimum of \$9,000 per month, excluding out-of-pocket expenses and GST.

Any increase in the maximum permitted or any change in the structure of the Trustee's fee must be approved by an Extraordinary Resolution of Unitholders passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

The Trustee's fees are payable monthly in arrears.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with the recommendations of Statement of Recommended Accounting Practice ("RAP") 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants ("ISCA"), the applicable requirements of the Code on Collective Investment Schemes (the "CIS Code") issued by the Monetary Authority of Singapore ("MAS") and the provisions of the Trust Deed. RAP 7 requires the accounting policies to generally comply with the principles relating to recognition and measurement under the Financial Reporting Standards in Singapore ("FRS").

The financial statements, which are presented in Singapore dollars and rounded to the nearest thousand, unless otherwise stated, have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The preparation of the financial statements in conformity with RAP 7 requires the Manager to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Financial impact arising from revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following note:

- (i) Note 7 – Accounting for investment in associate.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- (i) Note 3 – Valuation of investment properties; and
- (ii) Note 10 – Valuation of interest rate swaps.

Notes to the Financial Statements

30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies

(i) Revised standards

The Group has applied the following amendments for the first time for the annual period beginning on 1 October 2017:

- *Disclosure Initiative (Amendments to FRS 7);*
- *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12); and*
- *Clarification of the scope of FRS 112 (Improvements to FRSs 2016).*

Other than the amendments to FRS 7, the adoption of these amendments did not have any impact on the current or prior period and is not likely to affect future periods.

(ii) Disclosure Initiative (Amendment to FRS 7)

From 1 October 2017, as a result of the amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 30 September 2018.

2.3 New standards and interpretations not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 October 2017 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these statements.

Applicable to financial statements for the year ending 30 September 2019

(i) FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

Potential impact on the financial statements

The Group does not expect the impact on the financial statements to be significant.

Transition – The Group plans to adopt the standard when it becomes effective for the Group on 1 October 2018.

Notes to the Financial Statements

30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 New standards and interpretations not yet adopted (cont'd)

(ii) FRS 109 *Financial Instruments*

FRS 109 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and a new general hedge accounting requirements.

Changes in accounting policies resulting from the adoption of FRS 109 will generally be applied by the Group retrospectively, except as described below:

- The following assessments have to be made on the basis of facts and circumstances that existed at 1 October 2018:
 - The determination of the business model within which a financial asset is held.
 - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.
 - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at fair value through profit or loss (FVTPL).

FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

Potential impact on the financial statements

Overall, the Group does not expect a significant impact on its opening unitholders' funds as at 1 October 2018.

The Group's assessment of the three elements of FRS 109 is as described below.

Classification and measurement

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109.

Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109. For financial assets currently held at fair value through profit or loss, the Group expects to continue measuring most of these assets at fair value through profit or loss.

Impairment

FRS 109 requires the Group to record expected credit losses on all of its loans and receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected impairment losses on trade receivables. For other loans and receivables, the Group plans to apply the general approach and record 12-month expected credit losses. On adoption of FRS 109, the Group does not expect the impairment calculated using the expected credit loss model to have a significant impact on the financial statements.

Transition – The Group plans to adopt the standard when it becomes effective on 1 October 2018 without restating comparative information.

Notes to the Financial Statements

30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 New standards and interpretations not yet adopted (cont'd)

Applicable to financial statements for the year ending 30 September 2020

(iii) FRS 116 Leases

FRS 116 replaces existing lease accounting guidance. FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied. FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

FRS 116 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

Potential impact on the financial statements

The Group does not expect the impact on the financial statements to be significant.

Transition – The Group plans to adopt the standard when it becomes effective on 1 October 2019 and expects to apply the standard using the modified retrospective approach.

The Group does not expect the application of the above new standards and amendments to the standards to have a significant impact on the financial statements.

2.4 Foreign currency

Transactions in foreign currencies are measured and recorded on initial recognition in Singapore dollars, the functional currency of the Trust and subsidiary, at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the Statements of Total Return except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in equity as translation reserve in the Balance Sheets and recognised in the Statements of Total Return on disposal of the foreign operation.

For consolidation purposes, the assets and liabilities of foreign operations are translated into Singapore dollars at the rate of exchange ruling at the balance sheet date and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on translation are taken directly to a separate component of equity as translation reserve. On disposal of a foreign operation, the cumulative amount recognised in translation reserve relating to that particular foreign operation is recognised in the Statements of Total Return.

When associates that are foreign operations are partially disposed, the proportionate share of the accumulated exchange differences is reclassified to the Statements of Total Return.

Notes to the Financial Statements

30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 Investment properties

Investment properties are stated at initial cost on acquisition, including transaction costs, and at valuation thereafter. Valuation is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers.

- In such manner and frequency required under the CIS Code issued by the MAS; and
- At least once in each period of 12 months following the acquisition of each parcel of real estate property.

Any increase or decrease on revaluation is credited or charged to the Statements of Total Return as a net revaluation surplus or deficit in the value of the investment properties.

Subsequent expenditure relating to investment properties that have already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of originally assessed standard of performance of the existing asset, will flow to the Group and the Trust. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the Statements of Total Return in the year of retirement or disposal.

Investment properties are not depreciated. Investment properties are subject to continual maintenance and regularly revalued on the basis set out above. For taxation purposes, the Group and the Trust may claim capital allowances on assets that qualify as plant and machinery under the Singapore Income Tax Act.

2.6 Basis of consolidation and investment in subsidiary

A subsidiary is an entity controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of a subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

In the Trust's balance sheet, investment in subsidiary is accounted for at cost less any accumulated impairment losses.

The consolidated financial statements incorporate the financial statements of the Trust and its subsidiary as of the balance sheet date. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date and using consistent accounting policies as the Trust.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration, if deemed to be an asset or liability within the scope of FRS 39, will be recognised in the Statements of Total Return. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

Notes to the Financial Statements

30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Basis of consolidation and investment in subsidiary (cont'd)

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in the Statements of Total Return.

The Group elects for each individual business combination whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in the Statements of Total Return on the acquisition date.

2.7 Investment in associate and joint venture

An associate is an entity over which the Group has significant influence over the financial and operating policy decisions of the investee but does not have control or joint control of those policies. Significant influence is presumed to exist when the Group has 20% or more of the voting power of another entity.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group accounts for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the balance sheets at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of the operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint venture, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate or joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in the Statements of Total Return.

Notes to the Financial Statements

30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Investment in associate and joint venture (cont'd)

The financial statements of the associates and joint ventures are prepared as the same reporting date as the Trust. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

In the Trust's separate financial statements, interests in joint ventures and associates are carried at cost less accumulated impairment losses.

A list of the associate and joint venture is shown in Notes 7 and 8, respectively.

2.8 Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. The cost of a fixed asset is recognised as an asset if, and only if, it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repair are charged to the Statements of Total Return. When assets are derecognised upon disposal or when no future economic benefits are expected from their use or disposal, their cost and accumulated depreciation are removed from the financial statements and any gain or loss on derecognition of the assets is included in the Statements of Total Return.

Fixed assets are depreciated on the straight line method so as to write off the cost of the fixed assets over their estimated useful lives of 2 years to 10 years.

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

2.9 Intangible assets

Software is initially recognised at cost and subsequently carried at cost less accumulated amortisation.

Software is amortised over the estimated useful life of 5 years and assessed for impairment whenever there is an indication that the intangible asset may be impaired.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodies in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in the Statements of Total Return in the expense category consistent with the function of the intangible asset.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statements of Total Return when the asset is derecognised.

Notes to the Financial Statements

30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Financial assets

The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are carried at amortised cost using the effective interest method, less any impairment losses. Gains or losses are recognised in the Statements of Total Return when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets classified as held for trading include derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the Statements of Total Return.

Financial assets are recognised on the Balance Sheets when, and only when, the Group becomes a party to the contractual provisions of the instruments. Financial assets are derecognised when the contractual rights to receive cash flows from the assets have expired. On derecognition, the difference between the carrying amount and the consideration received is recognised in the Statements of Total Return.

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheets when the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date (i.e., the date that the Group commits to purchase or sell the asset). Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

2.12 Financial liabilities

Financial liabilities are recognised on the Balance Sheets when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are initially recognised at the fair value of consideration received, and in the case of financial liabilities other than those designated at fair value through profit or loss, less directly attributable transaction costs.

Financial liabilities that are designated at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments such as interest rate swaps entered into by the Group to hedge its risks associated with interest rate fluctuations.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in the Statements of Total Return.

Notes to the Financial Statements

30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial liabilities (cont'd)

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Statements of Total Return when the liabilities are derecognised and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired.

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheets when the Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

2.14 Impairment

(i) Impairment of non-financial assets

The Group assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An impairment loss is recognised in the Statements of Total Return whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. If such indication exists, the recoverable amount is estimated. An impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the Statements of Total Return. After such a reversal, the depreciation charge, if any, is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Notes to the Financial Statements

30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Impairment (cont'd)

(ii) Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of impairment loss is calculated as the difference between its carrying amount, and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss and any subsequent write-back is recognised in the Statements of Total Return.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the Statements of Total Return to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2.15 Security deposits and deferred income

Security deposits relate to rental deposits received from tenants at the Group's investment properties. The accounting policy for security deposits as financial liabilities is set out in Note 2.12.

Deferred income relates to the difference between consideration received for security deposits and its fair value at initial recognition, and is credited to the Statements of Total Return as gross rental income on a straight line basis over individual lease term.

2.16 Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset even if that right is not explicitly specified in an arrangement.

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.17(i).

Notes to the Financial Statements

30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rental income

Rental income receivable under operating leases is recognised in the Statements of Total Return on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental to be received. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis. Contingent rent, which comprises gross turnover rental, is recognised as income in the period in which it is earned.

(ii) Interest income

Interest income is recognised in the Statements of Total Return using the effective interest method.

2.18 Expenses

(i) Property expenses

Property expenses are recognised on an accrual basis. Included in property expenses are property management fees which are based on the applicable formula stipulated in Note 1.1.

(ii) Asset management fees

Asset management fees are recognised on an accrual basis based on the applicable formula stipulated in Note 1.2.

(iii) Trust expenses

Trust expenses are recognised on an accrual basis. Included in trust expenses are Trustee's fees which are based on the applicable formula stipulated in Note 1.3.

2.19 Taxation

(i) Current income tax

Current income tax is the expected tax payable on the taxable income for the period, using tax rates and tax laws enacted or substantively enacted at the balance sheet date.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax is not recognised for temporary differences that:

- arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that affects neither the accounting profit nor taxable profit or loss; and
- are associated with investments in subsidiary, associate and joint venture where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Financial Statements

30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Taxation (cont'd)

(ii) Deferred tax (cont'd)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

(iii) Tax transparency

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the income tax treatment of the Trust. Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90% of the taxable income of the Trust, the Trustee will not be assessed to tax on the taxable income of the Trust. Instead, the distributions made by the Trust out of such taxable income are subject to tax in the hands of Unitholders, unless they are exempt from tax on the Trust's distributions (the "tax transparency ruling"). Accordingly, the Trustee and the Manager will deduct income tax at the prevailing corporate tax rate from the distributions made to Unitholders that are made out of the taxable income of the Trust, except:

- where the beneficial owners are individuals or Qualifying Unitholders, who are not acting in the capacity of a trustee, the Trustee and the Manager will make the distributions to such Unitholders without deducting any income tax; and
- where the beneficial owners are Qualifying foreign non-individual investors or where the Units are held by nominee Unitholders who can demonstrate that the Units are held for beneficial owners who are Qualifying foreign non-individual investors, the Trustee and the Manager will deduct/withhold tax at a reduced rate of 10% from the distributions.

A Qualifying non-individual investor refers to a non-resident non-individual unitholder who:

- (i) does not have any permanent establishment in Singapore; or
- (ii) carries on any operation through a permanent establishment in Singapore, where the funds used by that person to acquire the units in the Trust are not obtained from that operation.

Notes to the Financial Statements

30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Taxation (cont'd)

- (iii) Tax transparency (cont'd)

A Qualifying Unitholder is a unitholder who is:

- (i) an individual (including those who purchased units in the Trust through agent banks or Supplementary Retirement Scheme ("SRS") operators which act as a nominee under the CPF Investment Scheme or the SRS respectively);
- (ii) a company incorporated and resident in Singapore;
- (iii) a Singapore branch of a foreign company;
- (iv) a body of persons incorporated or registered in Singapore, including charities registered under Charities Act (Cap. 37) or established by any written law, town councils, statutory boards, co-operative societies registered under the Co-operatives Societies Act (Cap. 62) or trade unions registered under the Trade Unions Act (Cap. 333);
- (v) an international organisation that is exempt from tax on such distributions by reason of an order made under the International Organisations (Immunities and Privileges) Act (Cap. 145); or
- (vi) real estate investment trust exchange-traded funds ("REIT ETFs") which have been accorded the tax transparency treatment.

The above tax transparency ruling does not apply to gains from the sale of real properties. Such gains, when determined by the IRAS to be trading gains, are assessable to tax on the Trustee. Where the gains are capital gains, the Trustee will not be assessed to tax and may distribute the capital gains without tax being deducted at source.

- (iv) Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the IRAS is included as part of receivables or payables on the Balance Sheets.

2.20 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the Statements of Total Return using the effective interest method.

2.21 Segment reporting

For management purposes, the Group is organised into operating segments based on individual investment property within the Group's portfolio. The Manager regularly reviews the segment results in order to allocate resources to the segments and to assess the segments' performance. Additional disclosures on each of these segments are shown in Note 27, including the factors used to identify the reportable segments and the measurement basis of segment information.

Notes to the Financial Statements

30 SEPTEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Units and unit issuance expenses

Proceeds from issuance of Units are recognised as Unitholders' funds. Incremental costs directly attributable to the issuance of Units are deducted against Unitholders' funds.

2.23 Earnings per unit

The Group and the Trust present basic and diluted earnings per unit data for its units. Basic earnings per unit is calculated by dividing the total return by the weighted-average number of units outstanding during the year. Diluted earnings per unit is determined by adjusting the total return and the weighted-average number of ordinary units outstanding, for the effects of all dilutive potential units.

2.24 Contingencies

A contingent liability is:

- A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Trust; or
- A present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or the Trust.

Contingent liabilities and assets are not recognised on the Balance Sheets, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. INVESTMENT PROPERTIES

	Group and Trust	
	2018 \$'000	2017 \$'000
At beginning	2,668,100	2,509,000
Acquisition of investment property	-	39,328
Capital expenditure	17,978	23,317
	2,686,078	2,571,645
Surplus on revaluation taken to Statements of Total Return	62,922	96,455
At end	2,749,000	2,668,100

The investment properties owned by the Group and the Trust are set out in the Portfolio Statements on pages 124 to 126.

In the previous financial year, the Trust completed the acquisition of 10 strata-titled retail units at Yishun 10 for a total consideration of \$39,328,456 (including transaction costs and stamp duties of \$1,200,956 directly attributable to the acquisition and acquisition fees paid to the Manager in units of \$377,500, representing 1% of the purchase consideration paid of \$37,750,000).

Notes to the Financial Statements

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3. INVESTMENT PROPERTIES (CONT'D)

Bedok Point has been mortgaged as security for a \$70 million secured three-year term loan from DBS Bank Ltd (Note 14(a)(i)).

Anchorpoint has been mortgaged as security for a \$80 million secured five-year term loan from DBS Bank Ltd (Note 14(a)(ii)).

YewTee Point has been mortgaged as security for a \$136 million secured five-year term loan from Oversea-Chinese Banking Corporation Limited and DBS Bank Ltd (Note 14(a)(iii)).

Valuation processes

Investment properties are stated at fair value based on valuations performed by external independent valuers who possess appropriate recognised professional qualifications and relevant experience in the location and property being valued. In accordance with the CIS code, the Group rotates the independent valuers every two years.

In determining the fair value, the valuers have used valuation methods which involve certain estimates. The key assumptions used to determine the fair value of investment properties include market-corroborated capitalisation yields, discount rates and terminal yields. The Manager reviews the appropriateness of the valuation methodologies, assumptions and estimates adopted and is of the view that they are reflective of the market conditions as at 30 September 2018.

Fair value hierarchy

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
At 30 September 2018				
<u>Non-financial assets</u>				
Investment properties	-	-	2,749,000	2,749,000
At 30 September 2017				
<u>Non-financial assets</u>				
Investment properties	-	-	2,668,100	2,668,100

Notes to the Financial Statements

30 SEPTEMBER 2018

3. INVESTMENT PROPERTIES (CONT'D)

Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value at 30 September 2018 \$'000	Valuation techniques	Key unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	2,749,000	Capitalisation approach	Capitalisation rate	3.75% – 5.00% (2017: 4.00% – 5.25%)	The higher the rates, the lower the fair value.
		Discounted cash flow analysis	Discount rate	7.00% – 7.75% (2017: 7.25% – 8.00%)	The higher the rates, the lower the fair value.
		Direct comparison method	Terminal yield	4.00% – 5.25% (2017: 4.25% – 5.75%)	The higher the rates, the lower the fair value.
			Transacted prices	\$1,209psf – \$2,525psf (2017: \$1,667psf)	The higher the comparable values, the higher the fair value.

A significant reduction in the capitalisation rate and/or discount rate in isolation would result in a significantly higher fair value of the investment properties.

The key unobservable inputs correspond to:

- discount rate, based on the risk-free rate for 10-year bonds issued by the government in Singapore, adjusted for a risk premium to reflect the increased risk of investing in the asset class;
- terminal yield reflects the uncertainty, functional/economic obsolescence and the risk associated with the investment properties; and
- capitalisation rate which corresponds to a rate of return on investment properties based on the expected income that the property will generate.

Notes to the Financial Statements

30 SEPTEMBER 2018

3. INVESTMENT PROPERTIES (CONT'D)

Level 3 fair value measurements (cont'd)

The net change in fair value of the properties recognised in the Statements of Total Return has been adjusted for amortisation of lease incentives as follows:

	Group and Trust 2018 \$'000	2017 \$'000
Surplus on revaluation	62,922	96,455
Amortisation of lease incentives	(182)	(2,056)
Surplus on revaluation recognised in Statements of Total Return	<u>62,740</u>	<u>94,399</u>

Direct operating expenses (including repairs and maintenance) arising from rental generating properties are disclosed on Note 19 to the financial statements.

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

4. FIXED ASSETS

	Equipment, furniture and fittings, and others	
	Group and Trust 2018 \$'000	2017 \$'000
Cost		
At beginning	291	357
Additions	162	24
Disposals	(32)	(90)
At end	<u>421</u>	<u>291</u>
Accumulated depreciation		
At beginning	211	271
Charge for the year	92	29
Disposals	(31)	(89)
At end	<u>272</u>	<u>211</u>
Carrying amount		
At beginning	80	86
At end	<u>149</u>	<u>80</u>

Notes to the Financial Statements

30 SEPTEMBER 2018

5 INTANGIBLE ASSETS

	Software Group and Trust	
	2018 \$'000	2017 \$'000
Cost		
At beginning	90	90
Additions	–	–
At end	90	90
Accumulated depreciation		
At beginning	60	42
Charge for the year	18	18
At end	78	60
Carrying amount		
At beginning	30	48
At end	12	30

6. INVESTMENT IN SUBSIDIARY

	Trust	
	2018 \$'000	2017 \$'000
Unquoted equity investment, at cost	*	*

* Denotes amount less than \$500.

Details of the subsidiary are as follows:

Name of subsidiary	Place of incorporation / business	Effective equity interest held by the Trust	
		2018 %	2017 %
FCT MTN Pte. Ltd. ⁽¹⁾	Singapore	100	100

(1) Audited by KPMG LLP, Singapore

FCT MTN Pte. Ltd. ("FCT MTN") is a wholly-owned subsidiary with share capital of \$2 comprising 2 ordinary shares. The principal activity of the subsidiary is the provision of treasury services, including lending to the Trust the proceeds from issuance of notes under an unsecured multicurrency medium term note programme.

Notes to the Financial Statements

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7. INVESTMENT IN ASSOCIATE

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Quoted units, at cost	74,584	74,584	74,584	74,584
Share of post-acquisition reserves				
- operations	3,605	3,002	-	-
- revaluation surplus	13,446	14,247	-	-
Translation difference	(18,816)	(20,466)	-	-
	72,819	71,367	74,584	74,584
Allowance for impairment	(6,759)	(6,759)	(9,976)	(9,976) ⁽¹⁾
	66,060	64,608	64,608	64,608
Fair value of investment based on published price quotation	58,883	58,846	58,883	58,846

Details of the associate are as follows:

Name of associate	Place of incorporation / business	Effective equity interest held by the Group and Trust	
		2018 %	2017 %
Hektar Real Estate Investment Trust ⁽²⁾	Malaysia	31.15	31.15

(1) As at 30 September 2017, as a result of change in fair value of the investment properties held by H-REIT, the Manager has assessed the recoverable amount of the Trust's interest in H-REIT for impairment. The allowance for impairment loss amounting to \$6,013,000 was recognised in respect of the Trust's investment in H-REIT taking into consideration the fair value of the underlying properties held by H-REIT and the liabilities to be settled. The recoverable amount was assessed based on net assets less costs to sell using the net asset value of H-REIT as at 30 September 2017.

(2) Audited by BDO, Malaysia

Hektar Real Estate Investment Trust ("H-REIT") is a real estate investment trust constituted in Malaysia by a trust deed dated 5 October 2006. H-REIT units are listed on the Main Board of Bursa Malaysia Securities Berhad. The principal investment objective of H-REIT is to invest in income-producing real estate in Malaysia used primarily for retail purposes.

In August 2017, the Trust subscribed its entitlement of 19,005,448 units in H-REIT for RM21.1 million. In September 2017, as part of the acquisition fee, H-REIT issued 360,000 new units to its manager, resulting in dilution of the Trust Unitholding to 31.15%.

As the results of H-REIT are not expected to be announced in sufficient time to be included in the Group's results for the quarter ended 30 September 2018, the Group has estimated the results of H-REIT for the quarter ended 30 September 2018 based on its results for the preceding quarter, adjusted for significant transactions and events occurring up to the reporting date of the Group, if any.

Notes to the Financial Statements

30 SEPTEMBER 2018

7. INVESTMENT IN ASSOCIATE (CONT'D)

The result for H-REIT was equity accounted for at the Group level, net of 10% (2017: 10%) withholding tax in Malaysia.

The following summarised financial information relating to the associate has not been adjusted for the percentage of ownership interest held by the Group:

	2018 \$'000	2017 \$'000
Assets and liabilities⁽³⁾		
Non-current assets	413,632	353,057
Current assets	12,059	11,170
Total assets	<u>425,691</u>	<u>364,227</u>
Current liabilities	40,694	12,843
Non-current liabilities	167,507	163,421
Total liabilities	<u>208,201</u>	<u>176,264</u>
Results⁽⁴⁾		
Revenue	44,689	39,805
Expenses	(30,658)	(27,056)
Revaluation (deficit)/surplus	(2,699)	779
Total return for year	<u>11,332</u>	<u>13,528</u>

(3) The "Assets and liabilities" is based on the latest available unaudited management accounts as at 30 June 2018 and 30 June 2017 respectively.

(4) The "Results" is for six months ended 30 June 2018 and 30 June 2017 respectively and pro-rated six month results from the audited financial statements for the period ended 31 December 2017 and 31 December 2016 respectively.

As at 30 September 2018, the associate's property portfolio comprises Subang Parade in Selangor, Mahkota Parade in Melaka, Wetex Parade and Segamat Central in Johor, Central Square and Kulim Central in Kedah.

8. INVESTMENT IN JOINT VENTURE

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Unquoted equity investment, at cost	1	1	1	1
Share of post-acquisition reserves				
- operations	226	242	-	-
	<u>227</u>	<u>243</u>	<u>1</u>	<u>1</u>

Details of the joint venture are as follows:

Name of joint venture	Place of incorporation/ business	Effective equity interest held by the Group and Trust	
		2018 %	2017 %
Changi City Carpark Operations LLP	Singapore	43.68	43.68

The Group has 43.68% interest in the ownership and voting rights in a joint venture, Changi City Carpark Operations LLP. This joint venture is incorporated in Singapore and is a strategic venture in the management and operation of car park in Changi City Point. The Group jointly controls the venture with other partner under the contractual agreement and requires unanimous consent for all major decisions over the relevant activities.

Notes to the Financial Statements

30 SEPTEMBER 2018

9. TRADE AND OTHER RECEIVABLES

	Group and Trust 2018 \$'000	2017 \$'000
Trade receivables	1,650	2,480
Allowance for doubtful receivables	(19)	(79)
Net trade receivables	<u>1,631</u>	<u>2,401</u>
Deposits	66	59
Prepayments	225	250
Amount due from related party (non-trade)	35	3
Other receivables	13	–
Loan arrangement fees	1,034	1,544
	<u>3,004</u>	<u>4,257</u>

Trade receivables are recognised at their original invoiced amounts which represent their fair values on initial recognition.

- (i) Trade receivables that are past due but not impaired

The Group and the Trust have trade receivables amounting to \$1,631,000 (2017: \$2,401,000) that are past due at the balance sheet date but not impaired. The aging of receivables at the balance sheet date is as follows:

	Group and Trust 2018 \$'000	2017 \$'000
Trade receivables past due but not impaired:		
Less than 30 days	1,512	1,651
30 to 60 days	74	344
61 to 90 days	11	104
91 to 120 days	6	128
More than 120 days	28	174
	<u>1,631</u>	<u>2,401</u>

- (ii) Trade receivables that are impaired

Trade receivables of the Group and the Trust that are impaired at the balance sheet date and the movements of the allowance account used to record the impairment are as follows:

	Group and Trust 2018 \$'000	2017 \$'000
Trade receivables	19	79
Allowance for doubtful receivables	(19)	(79)
	<u>–</u>	<u>–</u>
Movement in allowance account:		
At beginning	79	62
Allowance for doubtful receivables recognised	62	118
Write back of allowance for doubtful receivables	(59)	(96)
Allowance utilised	(63)	(5)
At end	<u>19</u>	<u>79</u>

Trade receivables that are individually determined to be impaired at the balance sheet date relate to debtors that are in significant difficulties and have defaulted on payments. The allowance for impairment recorded in relation to these receivables represents the amount in excess of the security deposits held as collateral.

Based on the Group's historical experience of the collection of trade receivables, the Manager believes that there is no additional credit risk beyond those which have been provided for.

Notes to the Financial Statements

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10. FINANCIAL DERIVATIVES

	Group and Trust	
	2018 \$'000	2017 \$'000
Derivative assets		
Interest rate swaps used for hedging		
– Current	56	–
Derivative liabilities		
Interest rate swaps used for hedging		
– Non-current	–	317
	–	317
Financial derivatives as a percentage of net assets	0.00%	(0.02%)

The Trust entered into contracts to exchange, at specified intervals, the difference between floating rate and fixed rate interest amounts calculated by reference to agreed notional amounts.

As at 30 September 2018, the Group has two interest rate swap contracts with a total notional amount of \$148 million (2017: \$80 million). Under the contracts, the Group pays fixed interest rate in the range of 1.330% to 1.765% (2017: 1.330%).

The fair value of the interest rate swaps is determined using valuation technique as disclosed in Note 25(b). The Group does not apply hedge accounting.

11. CASH AND CASH EQUIVALENTS

For purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the balance sheet date:

	Group and Trust	
	2018 \$'000	2017 \$'000
Cash at bank and on hand	21,864	13,547

12. TRADE AND OTHER PAYABLES

	Group	Trust
	2018 \$'000	2017 \$'000
Trade payables and accrued operating expenses	26,738	15,467
Amounts due to related parties (trade)	9,502	5,486
Deposits and advances	4,630	5,917
Interest payable	4,213	4,627
Other payables	58	59
Withholding tax	1,062	1,118
	46,203	32,674
		46,227
		32,695

Included in trade payables and accrued operating expenses is an amount due to the Trustee of \$72,375 (2017: \$70,231).

Included in amounts due to related parties are amounts due to the Manager of \$6,266,437 (2017: \$2,740,277) and the Property Manager of \$3,016,739 (2017: \$2,645,864) respectively. The amounts due to related parties are unsecured, interest free and payable within the next 3 months.

Notes to the Financial Statements

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13. DEFERRED INCOME

	Group and Trust	
	2018 \$'000	2017 \$'000
Cost		
At beginning	362	1,978
Additions	-	-
Fully amortised	(218)	(1,616)
At end	144	362
Accumulated amortisation		
At beginning	213	1,402
Charge for the year	134	427
Fully amortised	(218)	(1,616)
At end	129	213
Net deferred income		
	15	149
This comprises:		
Current portion	13	134
Non-current portion	2	15
	15	149

14. INTEREST-BEARING BORROWINGS

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current liabilities				
Term loan (unsecured)	60,000	-	60,000	-
Medium Term Notes (unsecured)	60,000	60,000	-	-
Loan from subsidiary (unsecured)	-	-	60,000	60,000
Short term loans (unsecured)	97,000	92,000	97,000	92,000
	217,000	152,000	217,000	152,000
Non-current liabilities				
Term loan (secured)	285,874	285,769	285,874	285,769
Term loan (unsecured)	-	60,000	-	60,000
Loan from subsidiary (unsecured)	-	-	309,714	299,771
Medium Term Notes (unsecured)	309,714	299,771	-	-
	595,588	645,540	595,588	645,540

(a) Term loans (secured)

- (i) In December 2016, the Trust entered into a facility agreement with DBS Bank Ltd to refinance the secured term loan of \$70 million (the “\$70 million Secured Term Loan”) for a tenure of three years.

The \$70 million Secured Term Loan is principally secured by the following:

- a mortgage over Bedok Point;
- an assignment of the rights, benefits, title and interest of the Trust in, under and arising out of the insurances effected in respect of Bedok Point; and
- an assignment and charge of the rights, benefits, title and interest of the Trust in, under and arising out of the tenancy agreements, the sale agreements, the performance guarantees (including sale proceeds and rental proceeds) and the bank accounts arising from, relating to or in connection with Bedok Point.

Notes to the Financial Statements

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14. INTEREST-BEARING BORROWINGS (CONT'D)

(a) Term loans (secured) (cont'd)

- (ii) In March 2016, the Trust entered into a facility agreement with DBS Bank Ltd for a secured five-year term loan of \$80 million (the "\$80 million Secured Term Loan").

The \$80 million Secured Term Loan is principally secured by the following:

- a mortgage over Anchorpoint;
- an assignment of the rights, benefits, title and interest of the Trust in, under and arising out of the insurances effected in respect of Anchorpoint; and
- an assignment and charge of the rights, benefits, title and interest of the Trust in, under and arising out of the tenancy agreements, the sale agreements, the performance guarantees (including sale proceeds and rental proceeds) and the bank accounts arising from, relating to or in connection with Anchorpoint.

- (iii) In June 2016, the Trust entered into a facility agreement with Oversea-Chinese Banking Corporation Limited and DBS Bank Ltd for a secured five-year term loan of \$136 million (the "\$136 million Secured Term Loan").

The \$136 million Secured Term Loan is principally secured by the following:

- a mortgage over YewTee Point;
- an assignment of the rights, benefits, title and interest of the Trust in, under and arising out of the insurances effected in respect of YewTee Point; and
- an assignment and charge of the rights, benefits, title and interest of the Trust in, under and arising out of the tenancy agreements, the sale agreements, the performance guarantees (including sale proceeds and rental proceeds) and the bank accounts arising from, relating to or in connection with YewTee Point.

(b) Term loan (unsecured)

In June 2014, the Trust entered into a facility agreement with DBS Bank Ltd and Citibank N.A., Singapore branch for an unsecured term loan of \$150 million of which \$90 million had been repaid in April 2017. The outstanding unsecured term loan is repayable in June 2019.

(c) Medium Term Notes (unsecured) Programme

On 7 May 2009, the Group through its subsidiary, FCT MTN Pte Ltd ("FCT MTN"), established a \$500,000,000 Multicurrency Medium Term Note Programme ("FCT MTN Programme"). With effect from 14 August 2013, the maximum aggregate principal amount of notes that may be issued under the FCT MTN Programme is increased from \$500,000,000 to \$1,000,000,000. Under the FCT MTN Programme, FCT MTN may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes (the "Notes") in Singapore dollars or any other currency. The Notes may be issued in various amounts and tenors, and may bear interest at fixed, floating, hybrid or variable rates of interest. Hybrid notes or zero coupon notes may also be issued under the FCT MTN Programme.

The Notes shall constitute direct, unconditional, unsubordinated and unsecured obligations of FCT MTN ranking pari passu, without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of FCT MTN. All sums payable in respect of the Notes are unconditionally and irrevocably guaranteed by the Trustee.

Notes to the Financial Statements

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14. INTEREST-BEARING BORROWINGS (CONT'D)

(c) Medium Term Notes (unsecured) Programme (cont'd)

As at 30 September 2018, the aggregate balance of the Notes issued by the Group under the FCT MTN Programme amounted to \$370 million (2017: \$360 million), consisting of:

- (i) \$70 million (2017: \$70 million) Fixed Rate Notes which matured on 21 January 2020 and bear a fixed interest rate of 3.000% per annum payable semi-annually in arrear;
- (ii) \$Nil (2017: \$60 million) Fixed Rate Notes which matured on 12 December 2017 and bear a fixed interest rate of 2.535% per annum payable semi-annually in arrear;
- (iii) \$60 million (2017: \$60 million) Fixed Rate Notes which mature on 10 April 2019 and bear a fixed interest rate of 2.900% per annum payable semi-annually in arrear;
- (iv) \$50 million (2017: \$50 million) Fixed Rate Notes which mature on 21 June 2021 and bear a fixed interest rate of 2.760% per annum payable semi-annually in arrear;
- (v) \$90 million (2017: \$90 million) Fixed Rate Notes which mature on 3 April 2020 and bear a fixed interest rate of 2.365% per annum payable semi-annually in arrear;
- (vi) \$30 million (2017: \$30 million) Fixed Rate Notes which mature on 6 June 2022 and bear a fixed interest rate of 2.645% per annum payable semi-annually in arrear; and
- (vii) \$70 million (2017: \$Nil) Fixed Rate Notes which mature on 8 November 2024 and bear a fixed interest rate of 2.770% per annum payable semi-annually in arrear.

(d) Multicurrency Debt (unsecured) Issuance Programme

On 8 February 2017, the Group established a \$3 billion Multicurrency Debt Issuance Programme ("Debt Issuance Programme"). Under the Debt Issuance Programme, the Issuers may, subject to compliance with all relevant laws, regulations and directives from time to time, issue notes (the "Notes") and perpetual securities (the "Perpetual Securities", and together with the Notes, the "Securities") in Singapore dollars or any other currency as may be agreed between the relevant dealers of the Programme and the Issuers.

Each series or tranche of Notes may be issued in various amounts and tenors, and may bear interest at fixed, floating, hybrid or variable rates as may be agreed between the relevant dealers of the Debt Issuance Programme and the relevant Issuer or may not bear interest. The Notes and the coupons of all series shall constitute direct, unconditional, unsubordinated and unsecured obligations of the relevant Issuer and shall at all times rank pari passu, without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the relevant Issuer.

As at 30 September 2018, no Note has been issued under this programme.

Notes to the Financial Statements

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14. INTEREST-BEARING BORROWINGS (CONT'D)

(e) Short term loans (unsecured)

The Trust has obtained unsecured credit facilities totalling \$200 million (2017: \$140 million). As at 30 September 2018, total borrowings drawn down by the Trust on these facilities amounted to \$97 million (2017: \$92 million).

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Interest-bearing borrowings \$'000	Liabilities Interest payable \$'000	Derivative liabilities			Total \$'000
			held to hedge borrowings Interest	rate swap - assets \$'000	rate swap - liabilities \$'000	
Balance at 1 October 2017	797,540	4,627	-	317	802,484	
Changes from financing cash flows						
Proceeds from borrowings	180,000	-	-	-	180,000	
Repayment of borrowings	(165,000)	-	-	-	(165,000)	
Borrowing costs paid	-	(19,596)	-	-	(19,596)	
Payment of transaction costs	(157)	-	-	-	(157)	
Total changes from financing cash flows	14,843	(19,596)	-	-	(4,753)	
Change in fair value	-	-	(56)	(317)	(373)	
Liability-related other changes						
Borrowing costs	-	19,182	-	-	19,182	
Amortisation of loan arrangement fees	205	-	-	-	205	
Total liability-related other changes	205	19,182	-	-	19,387	
Balance at 30 September 2018	812,588	4,213	(56)	-	816,745	

15. TRANSLATION RESERVE

The translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency.

	Group	
	2018 \$'000	2017 \$'000
At beginning		20,466
Net effect of exchange (gain)/loss arising from translation of financial statements of foreign operations	(1,650)	1,417
At end	18,816	20,466

Notes to the Financial Statements

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16. UNITS IN ISSUE

	Group and Trust	
	2018	2017
	No. of Units '000	No. of Units '000
Units in issue		
At beginning	922,448	919,369
Issue of Units		
- issued as satisfaction of asset management fees	3,944	2,889
- issued as satisfaction of acquisition fee	-	190
At end	926,392	922,448
Units to be issued		
- as asset management fees payable in Units	1,262	2,814
Total issued and issuable Units at end	927,654	925,262

Each Unit represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the rights to:

- receive income and other distributions attributable to the Units held;
- participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any assets (or part thereof) of the Trust;
- attend all Unitholders' meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth number of the Unitholders, whichever is lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed; and
- one vote per Unit.

The restrictions of a Unitholder include the following:

- a Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- a Unitholder has no right to request the Manager to redeem his Units while the Units are listed on SGX-ST.
- A Unitholder's liability is limited to the amount paid or payable for any Units in the Trust. The provisions of the Trust Deed provide that no Unitholders will be personally liable to indemnify the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

Notes to the Financial Statements

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17. NET ASSET VALUE PER UNIT

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Net asset value per Unit is based on:				
Net assets	1,933,756	1,872,203	1,932,054	1,871,940
	'000	'000	'000	'000
Total issued and issuable Units (Note 16)	927,654	925,262	927,654	925,262

18. GROSS REVENUE

	Group and Trust	
	2018 \$'000	2017 \$'000
Gross rental income	171,451	161,587
Turnover rental income	9,211	8,694
Carpark income	4,577	4,168
Others	8,108	7,146
	193,347	181,595

19. PROPERTY EXPENSES

	Group and Trust	
	2018 \$'000	2017 \$'000
Property tax	15,950	15,623
Utilities	2,185	1,455
Maintenance	17,004	15,605
Property management fees	7,458	7,027
Marketing expenses	6,589	6,299
Allowance for doubtful receivables	62	118
Write back of allowance for doubtful receivables	(59)	(96)
Depreciation of fixed assets	92	29
Amortisation of intangible assets	18	18
Staff costs ⁽¹⁾	3,956	4,072
Carpark expenses	1,900	1,208
Write off of fixed assets	1	1
Others	1,005	678
	56,161	52,037

(1) Relates to reimbursement of staff costs paid/payable to the Property Manager.

The Group and the Trust do not have any employees.

Notes to the Financial Statements

30 SEPTEMBER 2018

20. BORROWING COSTS

	Group and Trust	
	2018 \$'000	2017 \$'000
Interest expense	19,325	16,852
Amortisation of loan arrangement fees	715	781
	20,040	17,633

21. ASSET MANAGEMENT FEES

Asset management fees comprise \$8,352,441 (2017: \$8,017,214) of base fee and \$6,859,319 (2017: \$6,477,863) of performance fee computed in accordance with the fee structure as disclosed in Note 1.2 to the financial statements.

An aggregate of 2,392,218 (2017: 4,874,255) Units were issued or are issuable to the Manager as satisfaction of the asset management fees payable for the financial year ended 30 September 2018.

22. TAXATION

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Reconciliation of effective tax				
Net income	99,935	94,830	99,932	94,827
Income tax using Singapore tax rate of 17% (2017: 17%)	16,989	16,121	16,988	16,121
Non-tax deductible items	1,257	1,878	1,258	1,879
Income not subject to tax	581	709	581	709
Income exempt from tax	(18,827)	(18,708)	(18,827)	(18,709)
	—	—	—	—

Notes to the Financial Statements

30 SEPTEMBER 2018

23. EARNINGS PER UNIT

(i) Basic earnings per Unit

The calculation of basic earnings per Unit is based on the weighted average number of Units during the year and total return for the year.

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Total return for year after tax	166,820	193,904	167,031	188,233
Weighted average number of Units in issue	925,881	921,429	925,881	921,429

(ii) Diluted earnings per Unit

In calculating diluted earnings per Unit, the total return for the year and weighted average number of Units outstanding are adjusted for the effect of all dilutive potential Units, as set out below:

	Group		Trust	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Total return for year after tax	166,820	193,904	167,031	188,233
Weighted average number of Units in issue	927,654	925,238	927,654	925,238

24. SIGNIFICANT RELATED PARTY TRANSACTIONS

During the financial year, other than the transactions disclosed in the financial statements, the following related party transactions were carried out in the normal course of business on arm's length commercial terms:

	Group and Trust	
	2018 \$'000	2017 \$'000
Property management fees and reimbursement of expenses paid/payable to the Property Manager ⁽¹⁾	17,810	17,419
Reimbursement of expenses paid/payable to the Manager	68	52
Reimbursement of expenses/capital expenditure paid/payable to related companies of the Manager	499	136
Recovery of expenses paid on behalf of related companies of the Manager	(416)	-
Income from related companies of the Manager	(34)	(62)
Reimbursement of carpark income received on behalf of a related company of the Manager	1,340	-
Net carpark expenses paid/payable to the Property Manager	147	-
Car park expenses paid/payable to the Joint Venture	34	33

(1) In accordance with service agreements in relation to management of the Trust and its property operations.

Notes to the Financial Statements

30 SEPTEMBER 2018

25. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Assets and liabilities measured at fair value

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Group and Trust				
At 30 September 2018				
Financial assets				
Interest rate swaps	-	56	-	56
At 30 September 2017				
Financial liabilities				
Interest rate swaps	-	317	-	317

During the financial years ended 30 September 2018 and 2017, there have been no transfers between the respective levels.

(b) Level 2 fair value measurements

Interest rate swap contracts are valued using present value calculations by applying market observable inputs existing at each balance sheet date into swap models. The models incorporate various inputs including the credit quality of counterparties and interest rate curves.

(c) Fair value of financial liabilities that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair values

The following fair values, which are determined for disclosure purposes, are estimated by discounting expected future cash flows at market incremental lending rates for similar types of lending or borrowing arrangements at the balance sheet date:

	2018		2017	
	\$'000		\$'000	
	Carrying amount	Fair value	Carrying amount	Fair value
Group and Trust				
Financial liabilities				
Interest-bearing borrowings (non-current)	595,588	600,523	645,540	656,450
Security deposits (non-current)	31,518	30,056	30,774	29,552
	627,106	630,579	676,314	686,002

(d) Fair value of financial assets and liabilities that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values

The carrying amounts of financial assets and liabilities with maturity of less than one year (including trade and other receivables, cash and cash equivalents, trade and other payables, current portion of security deposits and current portion of interest-bearing borrowings) are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

Notes to the Financial Statements

30 SEPTEMBER 2018

26. FINANCIAL RISK MANAGEMENT

(a) Capital risk management

The primary objective of the Group's capital management is to ensure that it maintains a strong and healthy capital structure in order to support its business and maximise Unitholder value.

The Group is subject to the aggregate leverage limit as defined in the Property Fund Guidelines of the CIS Code. The CIS Code stipulates that borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45.0% of the fund's depository property.

As at 30 September 2018, the Group's Aggregate Leverage stood at 28.6% (2017: 29.0%) of its depository property, which is within the limit set by the Property Fund Guidelines and externally imposed capital requirements. The Trust has maintained its corporate ratings of "BBB+" from S&P Global Ratings and "Baa1" from Moody's Investors Service.

(b) Financial risk management objectives and policies

Exposure to credit, interest rate and liquidity risks arises in the normal course of the Group's business. The Manager continually monitors the Group's exposure to the above risks. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures risks.

(i) Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Manager has established credit limits for tenants and monitors their balances on an ongoing basis. Credit evaluations are performed by the Manager before lease agreements are entered into with tenants. Credit risk is also mitigated by the security deposits held for each of the tenants. In addition, receivables are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Manager has established an allowance account for impairment that represents its estimate of losses in respect of trade receivables due from specific customers. Subsequently when the Group is satisfied that no recovery of such losses is possible, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

The maximum exposure to credit risk is represented by the carrying value of each financial asset on the Balance Sheets. At the balance sheet date, approximately 21.8% (2017: 17.0%) of the Group's trade receivables were due from 5 tenants who are reputable companies located in Singapore.

Trade and other receivables that are neither past due nor impaired represent creditworthy debtors with good payment record with the Group. Cash and fixed deposits are placed with local banks regulated by the MAS.

Information regarding financial assets that are either past due or impaired is disclosed in Note 9.

Notes to the Financial Statements

30 SEPTEMBER 2018

26. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(ii) Interest rate risk

The Group's exposure to changes in interest rates relates primarily to its interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Manager on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. The Manager adopts a policy of fixing the interest rates for a portion of its outstanding borrowings using financial derivatives or other suitable financial products.

Sensitivity analysis for interest rate risk

It is estimated that a twenty five basis points increase in interest rate at the balance sheet date, with all other variables held constant, would decrease the Group's total return for the year and Unitholders' funds by approximately \$157,000 (2017: \$229,000) and a twenty five basis points decrease in interest rate, with all other variables held constant, would increase the Group's total return for the year and Unitholders' funds by approximately \$158,000 (2017: \$230,000), arising mainly as a result of change in the fair value of interest rate swap instruments. On outstanding borrowings not covered by financial derivatives at the balance sheet date, it is estimated that a twenty five basis points increase in interest rate, with all other variables held constant, would decrease the Group's total return for the year and Unitholders' funds by approximately \$345,000 (2017: \$665,000) and a twenty five basis points decrease in interest rate, with all other variables held constant, would increase the Group's total return for the year and Unitholders' funds by approximately \$345,000 (2017: \$665,000), arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

Notes to the Financial Statements

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26. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's objective is to maintain sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations. The Manager monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. In addition, the Manager monitors and observes the CIS Code issued by the MAS concerning limits on total borrowings.

The table below summarises the maturity profile of the Group's and the Trust's financial liabilities at the balance sheet date based on contractual undiscounted payments.

	Within 1 year \$'000	1 to 5 years \$'000	More than 5 years \$'000	Total \$'000
As at 30 September 2018				
Group				
Trade and other payables	45,141	-	-	45,141
Security deposits	16,308	31,421	97	47,826
Interest-bearing borrowings	234,268	550,056	72,141	856,465
	295,717	581,477	72,238	949,432
Trust				
Trade and other payables	45,165	-	-	45,165
Security deposits	16,308	31,421	97	47,826
Interest-bearing borrowings	234,268	550,056	72,141	856,465
	295,741	581,477	72,238	949,456
As at 30 September 2017				
Group				
Trade and other payables	31,556	-	-	31,556
Derivative financial instruments	289	30	-	319
Security deposits	17,366	30,750	24	48,140
Interest-bearing borrowings	166,791	672,055	-	838,846
	216,002	702,835	24	918,861
Trust				
Trade and other payables	31,577	-	-	31,577
Derivative financial instruments	289	30	-	319
Security deposits	17,366	30,750	24	48,140
Interest-bearing borrowings	166,791	672,055	-	838,846
	216,023	702,835	24	918,882

Notes to the Financial Statements

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27. SEGMENT REPORTING

Business segments

The Group is in the business of investing in the following shopping malls, which are considered to be the main business segments: Causeway Point, Northpoint City North Wing and Yishun 10 Retail Podium, Anchorpoint, YewTee Point, Bedok Point and Changi City Point. All these properties are located in Singapore.

The Manager monitors the operating results of the business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment information is presented in respect of the Group's business segments, based on its management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets, interest-bearing borrowings and their related revenue and expenses.

Segment capital expenditure is the total costs incurred during the year to acquire segment assets that are expected to be used for more than one year.

Geographical segments

The Group's operations are primarily in Singapore except for its associate, for which operations are in Malaysia.

Notes to the Financial Statements

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27. SEGMENT REPORTING (CONT'D)

(a) Business segments

	Causeway Point \$'000	Northpoint City North Wing and Yishun 10 Retail Podium \$'000	Anchor- point \$'000	YewTee Point \$'000	Bedok Point \$'000	Changi City Point \$'000	Group \$'000
2018							
<i>Revenue and expenses</i>							
Gross rental income	77,059	46,868	7,359	12,230	5,485	22,450	171,451
Others	9,651	5,347	1,157	1,761	679	3,301	21,896
Gross revenue	86,710	52,215	8,516	13,991	6,164	25,751	193,347
Segment net property income	65,359	39,191	3,920	9,691	2,536	16,489	137,186
Interest income							25
Unallocated expenses*							(37,276)
Net income							99,935
Unrealised gain from fair valuation of derivatives							373
Share of results of associate							3,222
Share of results of joint venture							550
Surplus on revaluation of investment properties	26,915	21,789	5,168	7,083 (11,207)	12,992	62,740	
Total return for the year							166,820
2017							
<i>Revenue and expenses</i>							
Gross rental income	75,238	38,064	7,654	12,690	6,508	21,433	161,587
Others	9,485	3,965	867	1,758	830	3,103	20,008
Gross revenue	84,723	42,029	8,521	14,448	7,338	24,536	181,595
Segment net property income	65,539	29,742	4,633	10,049	3,663	15,932	129,558
Unallocated expenses*							(34,728)
Net income							94,830
Unrealised gain from fair valuation of derivatives							284
Share of results of associate							3,820
Share of results of joint venture							571
Surplus on revaluation of investment properties	46,447	38,419	1,278	5,921 (2,904)	5,238	94,399	
Total return for the year							193,904

* Unallocated expenses include borrowing costs and asset management fees as disclosed in the Statements of Total Return.

Notes to the Financial Statements

30 SEPTEMBER 2018

27. SEGMENT REPORTING (CONT'D)

(a) Business segments (cont'd)

	Causeway Point \$'000	Northpoint City North Wing and Yishun 10 Retail Podium \$'000	Anchor- point \$'000	YewTee Point \$'000	Bedok Point \$'000	Changi City Point \$'000	Group \$'000
As at							
30 September 2018							
<i>Assets and liabilities</i>							
Segment assets	1,222,527	818,658	111,483	187,913	95,794	335,348	2,771,723
Investment in associate							66,060
Investment in joint venture							227
Unallocated assets							2,362
Total assets							<u>2,840,372</u>
Segment liabilities	29,863	27,104	3,416	5,390	3,266	12,632	81,671
Unallocated liabilities							12,357
– Trade and other payables							–
– Financial derivatives							–
– Interest-bearing borrowings							812,588
Total liabilities							<u>906,616</u>
<i>Other segmental information</i>							
Allowance for doubtful receivables	12	–	44	–	6	–	62
Write back of allowance for doubtful receivables	(20)	–	(11)	–	(22)	(6)	(59)
Amortisation of lease incentives	8	106	78	(25)	(115)	(234)	(182)
Depreciation of fixed assets	13	10	51	6	5	7	92
Amortisation of intangible assets	3	3	3	3	3	3	18
Fixed assets written off	–	1	–	–	–	–	1
Capital expenditure							
– Investment properties	1,093	14,817	310	892	92	774	17,978
– Fixed assets	14	6	119	4	11	8	162

Notes to the Financial Statements

30 SEPTEMBER 2018

27. SEGMENT REPORTING (CONT'D)

(a) Business segments (cont'd)

	Causeway Point \$'000	Northpoint City North Wing and Yishun 10 Retail Podium \$'000	Anchor- point \$'000	YewTee Point \$'000	Bedok Point \$'000	Changi City Point \$'000	Group \$'000
As at							
30 September 2017							
<i>Assets and liabilities</i>							
Segment assets	1,193,153	775,139	106,112	179,612	106,946	322,735	2,683,697
Investment in associate							64,608
Investment in joint venture							243
Unallocated assets							2,317
Total assets							<u>2,750,865</u>
Segment liabilities	28,643	18,063	3,462	5,414	3,450	12,477	71,509
Unallocated liabilities							9,296
- Trade and other payables							317
- Financial derivatives							
- Interest-bearing borrowings							797,540
Total liabilities							<u>878,662</u>
<i>Other segmental information</i>							
Allowance for doubtful receivables	14	-	5	-	15	84	118
Write back of allowance for doubtful receivables	(35)	-	(5)	(2)	(5)	(49)	(96)
Amortisation of lease incentives	255	(1,801)	(64)	12	125	(583)	(2,056)
Depreciation of fixed assets	9	5	3	4	4	4	29
Amortisation of intangible assets	3	3	3	3	3	3	18
Fixed assets written off	-	-	-	-	1	-	1
Capital expenditure							
- Investment properties	807	60,280	258	91	29	1,180	62,645
- Fixed assets	-	10	5	4	1	4	24

Notes to the Financial Statements

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28. COMMITMENTS

	Group and Trust 2018 \$'000	2017 \$'000
Capital expenditure contracted but not provided for	-	12,617

The Group leases out its investment properties. Non-cancellable operating lease rentals receivable are as follows:

	Group and Trust 2018 \$'000	2017 \$'000
Receivable:		
Within 1 year	153,863	156,572
After 1 year but within 5 years	168,203	204,917
After 5 years	3,663	1,091
	<u>325,729</u>	<u>362,580</u>

29. CONTINGENT LIABILITY

Pursuant to the tax transparency ruling from the IRAS, the Trustee and the Manager have provided a tax indemnity for certain types of tax losses, including unrecovered late payment penalties, that may be suffered by the IRAS should the IRAS fail to recover from Unitholders tax due or payable on distributions made to them without deduction of tax, subject to the indemnity amount agreed with the IRAS. The amount of indemnity, as agreed with the IRAS, is limited to the higher of \$500,000 or 1.0% of the taxable income of the Trust each year. Each yearly indemnity has a validity period of the earlier of seven years from the relevant year of assessment and three years from the termination of the Trust.

30. SUBSEQUENT EVENTS

On 24 October 2018, the Manager declared a distribution of \$26,549,000 to Unitholders in respect of the period from 1 July 2018 to 30 September 2018.

On 26 October 2018, the Trust issued 1,262,515 new Units at a price of \$2.2511 per Unit in payment of the following:-

- 50% of the performance fee component of its management fee for the period from 1 October 2017 to 31 December 2017;
- 40% of the performance fee component of its management fee for the period from 1 January 2018 to 31 March 2018;
- 30% of the performance fee component of its management fee for the period from 1 April 2018 to 30 June 2018; and
- 20% of the base and performance fees for the period from 1 July 2018 to 30 September 2018.

Notes to the Financial Statements

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31. FINANCIAL RATIOS

The following financial ratios are presented as required by RAP 7:

	Group	
	2018 %	2017 %
Expenses to weighted average net assets ⁽¹⁾ :		
- including performance component of asset management fees	0.92	0.96
- excluding performance component of asset management fees	0.55	0.60
Portfolio turnover rate ⁽²⁾	-	-

(1) The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Trust, excluding property expenses, interest expense and taxation.

(2) The annualised ratios are computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of daily average net asset value.

Statistics of Unitholdings

ISSUED AND FULLY PAID-UP UNITS

There were 927,654,434 Units (voting rights: one vote per Unit) outstanding as at 23 November 2018.

There is only one class of Units.

The market capitalisation was S\$2,022.3 million based on closing unit price of S\$2.18 on 23 November 2018.

TOP TWENTY UNITHOLDERS AS AT 23 NOVEMBER 2018

As shown in the Register of Unitholders

S/No	Unitholders	Number of Units	% of Total Units in Issue
1	FRASERS PROPERTY RETAIL TRUST HOLDINGS PTE LTD	349,671,000	37.69
2	CITIBANK NOMINEES SINGAPORE PTE LTD	127,464,728	13.74
3	DBS NOMINEES (PRIVATE) LIMITED	92,996,200	10.02
4	HSBC (SINGAPORE) NOMINEES PTE LTD	92,223,939	9.94
5	DBSN SERVICES PTE. LTD.	53,503,256	5.77
6	FRASERS CENTREPOINT ASSET MANAGEMENT LTD	40,024,434	4.31
7	RAFFLES NOMINEES (PTE) LIMITED	39,780,010	4.29
8	NTUC FAIRPRICE CO-OPERATIVE LTD	7,695,000	0.83
9	BPSS NOMINEES SINGAPORE (PTE.) LTD.	5,904,049	0.64
10	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	5,521,461	0.60
11	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	3,761,500	0.41
12	DB NOMINEES (SINGAPORE) PTE LTD	3,464,215	0.37
13	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	2,457,427	0.26
14	MAYBANK KIM ENG SECURITIES PTE. LTD.	2,432,393	0.26
15	YAP CHONG HIN GABRIEL	2,120,000	0.23
16	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	1,966,700	0.21
17	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	1,966,500	0.21
18	CHAN WAI KHEONG	1,924,000	0.21
19	PHILLIP SECURITIES PTE LTD	1,480,110	0.16
20	NG SAY BAN	1,450,000	0.16
Total		837,806,922	90.31

UNITHOLDINGS OF DIRECTORS OF THE MANAGER AS AT 22 OCTOBER 2018

Name of Director	Direct Interest	Deemed Interest	Number of FCT Units held
Mr Christopher Tang Kok Kai	50,000		620,000
Dr Cheong Choong Kong	140,300	-	

Statistics of Unitholdings

SUBSTANTIAL UNITHOLDERS AS AT 23 NOVEMBER 2018

Substantial Unitholders	Direct Interest		Deemed Interest		Total Number of Units Held	%
	Number of Units	%	Number of Units	%		
Frasers Property Retail Trust Holdings Pte. Ltd.	349,671,000	37.69	—	—	349,671,000	37.69
Frasers Property Limited ⁽¹⁾	—	—	389,695,434	42.01	389,695,434	42.01
Thai Beverage Public Company Limited ⁽²⁾	—	—	389,695,434	42.01	389,695,434	42.01
International Beverage Holdings Limited ⁽³⁾	—	—	389,695,434	42.01	389,695,434	42.01
InterBev Investment Limited ⁽⁴⁾	—	—	389,695,434	42.01	389,695,434	42.01
Siriwana Company Limited ⁽⁵⁾	—	—	389,695,434	42.01	389,695,434	42.01
Maxtop Management Corp ⁽⁶⁾	—	—	389,695,434	42.01	389,695,434	42.01
Risen Mark Enterprise Ltd. ⁽⁷⁾	—	—	389,695,434	42.01	389,695,434	42.01
Golden Capital (Singapore) Limited ⁽⁸⁾	—	—	389,695,434	42.01	389,695,434	42.01
MM Group Limited ⁽⁹⁾	—	—	389,695,434	42.01	389,695,434	42.01
TCC Assets Limited ⁽¹⁰⁾	—	—	389,695,434	42.01	389,695,434	42.01
Charoen Sirivadhanabhakdi ⁽¹¹⁾	—	—	389,695,434	42.01	389,695,434	42.01
Khunying Wanna Sirivadhanabhakdi ⁽¹²⁾	—	—	389,695,434	42.01	389,695,434	42.01

Notes:

- (1) Frasers Property Limited (“FPL”) holds a 100% direct interest in each of Frasers Centrepoint Asset Management Ltd (“FCAM”) and Frasers Property Retail Trust Holdings Pte. Ltd. (“FPRTH”); and FCAM and FPRTH hold units in FCT. FPL therefore has a deemed interest in the units in FCT in which each of FCAM and FPRTH has an interest, by virtue of Section 4 of the Securities and Futures Act (Chapter 289 of Singapore).
- (2) Thai Beverage Public Company Limited (“ThaiBev”) holds a 100% direct interest in International Beverage Holdings Limited (“IBHL”);
 - IBHL holds a 100% direct interest in InterBev Investment Limited (“IBIL”);
 - IBIL holds a greater than 20% interest in FPL;
 - FPL holds a 100% direct interest in each of FCAM and FPRTH; and
 - FCAM and FPRTH hold units in FCT.
 ThaiBev therefore has a deemed interest in the units in FCT in which FPL has an interest, by virtue of Section 4 of the Securities and Futures Act (Chapter 289 of Singapore).
- (3) IBHL holds a 100% direct interest in IBIL;
 - IBIL holds a greater than 20% interest in FPL;
 - FPL holds a 100% direct interest in each of FCAM and FPRTH; and
 - FCAM and FPRTH hold units in FCT.
 IBHL therefore has a deemed interest in the units in FCT in which FPL has an interest, by virtue of Section 4 of the Securities and Futures Act (Chapter 289 of Singapore).
- (4) IBIL holds a greater than 20% interest in FPL;
 - FPL holds a 100% direct interest in each of FCAM and FPRTH; and
 - FCAM and FPRTH hold units in FCT.
 IBIL therefore has a deemed interest in the units in FCT in which FPL has an interest, by virtue of Section 4 of the Securities and Futures Act (Chapter 289 of Singapore).
- (5) Siriwana Company Limited (“SCL”) holds a greater than 20% interest in ThaiBev;
 - ThaiBev holds a 100% direct interest in IBHL;
 - IBHL holds a 100% direct interest in IBIL;
 - IBIL holds a greater than 20% interest in FPL;
 - FPL holds a 100% direct interest in each of FCAM and FPRTH; and
 - FCAM and FPRTH hold units in FCT.
 SCL therefore has a deemed interest in the units in FCT in which FPL has an interest, by virtue of Section 4 of the Securities and Futures Act (Chapter 289 of Singapore).

Statistics of Unitholdings

- (6) Maxtop Management Corp. ("MMC") together with Risen Mark Enterprise Ltd. ("RM") and Golden Capital (Singapore) Limited ("GC") collectively holds a greater than 20% interest in ThaiBev;
- ThaiBev holds a 100% direct interest in IBHL;
 - IBHL holds a 100% direct interest in IBIL;
 - IBIL holds a greater than 20% interest in FPL;
 - FPL holds a 100% direct interest in each of FCAM and FPRTH; and
 - FCAM and FPRTH hold units in FCT.
- MMC therefore has a deemed interest in the units in FCT in which FPL has an interest, by virtue of Section 4 of the Securities and Futures Act (Chapter 289 of Singapore).
- (7) RM together with MMC and GC collectively holds a greater than 20% interest in ThaiBev;
- ThaiBev holds a 100% direct interest in IBHL;
 - IBHL holds a 100% direct interest in IBIL;
 - IBIL holds a greater than 20% interest in FPL;
 - FPL holds a 100% direct interest in each of FCAM and FPRTH; and
 - FCAM and FPRTH hold units in FCT.
- RM therefore has a deemed interest in the units in FCT in which FPL has an interest, by virtue of Section 4 of the Securities and Futures Act (Chapter 289 of Singapore).
- (8) GC together with MMC and RM collectively holds a greater than 20% interest in ThaiBev;
- ThaiBev holds a 100% direct interest in IBHL;
 - IBHL holds a 100% direct interest in IBIL;
 - IBIL holds a greater than 20% interest in FPL;
 - FPL holds a 100% direct interest in each of FCAM and FPRTH; and
 - FCAM and FPRTH hold units in FCT.
- GC therefore has a deemed interest in the units in FCT in which FPL has an interest, by virtue of Section 4 of the Securities and Futures Act (Chapter 289 of Singapore).
- (9) MM Group Limited ("MM") holds a 100% direct interest in each of MMC, RM and GC;
- MMC, RM and GC collectively holds a greater than 20% interest in ThaiBev;
 - ThaiBev holds a 100% direct interest in IBHL;
 - IBHL holds a 100% direct interest in IBIL;
 - IBIL holds a greater than 20% interest in FPL;
 - FPL holds a 100% direct interest in each of FCAM and FPRTH; and
 - FCAM and FPRTH hold units in FCT.
- MM therefore has a deemed interest in the units in FCT in which FPL has an interest, by virtue of Section 4 of the Securities and Futures Act (Chapter 289 of Singapore).
- (10) TCC Assets Limited ("TCCA") holds a majority interest in FPL;
- FPL holds a 100% direct interest in each of FCAM and FPRTH; and
 - FCAM and FPRTH hold units in FCT.
- TCCA therefore has a deemed interest in the units in FCT in which FPL has an interest, by virtue of Section 4 of the Securities and Futures Act (Chapter 289 of Singapore).
- (11) Charoen Sirivadhanabhakdi and his spouse, Khunying Wanna Sirivadhanabhakdi, each owns 50% of the issued and paid-up share capital of TCCA;
- TCCA holds a majority interest in FPL;
 - FPL holds a 100% direct interest in each of FCAM and FPRTH; and
 - FCAM and FPRTH hold units in FCT.
- Charoen Sirivadhanabhakdi therefore has a deemed interest in the units in FCT in which FPL has an interest, by virtue of Section 4 of the Securities and Futures Act (Chapter 289 of Singapore).
- (12) Khunying Wanna Sirivadhanabhakdi and her spouse, Charoen Sirivadhanabhakdi, each owns 50% of the issued and paid-up share capital of TCCA;
- TCCA holds a majority interest in FPL;
 - FPL holds a 100% direct interest in each of FCAM and FPRTH; and
 - FCAM and FPRTH hold units in FCT.
- Khunying Wanna Sirivadhanabhakdi therefore has a deemed interest in the units in FCT in which FPL has an interest, by virtue of Section 4 of the Securities and Futures Act (Chapter 289 of Singapore).

Statistics of Unitholdings

DISTRIBUTION OF HOLDINGS

Size of Holdings	Number of Unitholders	Percentage of Unitholders	Number of Units	Percentage of Units in Issue
1 – 99	16	0.23	190	0.00
100 – 1,000	930	13.33	783,876	0.09
1,001 – 10,000	4,583	65.69	22,271,774	2.40
10,001 – 1,000,000	1,425	20.42	63,204,272	6.81
1,000,001 AND ABOVE	23	0.33	841,394,322	90.70
Total	6,977	100.00	927,654,434	100.00

LOCATION OF UNITHOLDERS

Country	Number of Unitholders	Percentage of Unitholders	Number of Units	Percentage of Units in Issue
Singapore	6,667	95.56	923,107,831	99.51
Malaysia	213	3.05	3,533,800	0.38
Others	97	1.39	1,012,803	0.11
Total	6,977	100.00	927,654,434	100.00

FREE FLOAT

Based on information made available to the Manager as at 23 November 2018, approximately 58% of the Units are held in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.

Additional Information

INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons during the financial year, which fall within the Listing Manual of the Singapore Exchange Securities trading Limited ("SGX-ST") and the Property Funds Appendix of the Code on Collective Investment Schemes (excluding transactions of less than \$100,000 each) are as follows:

Name of Interested Person	Aggregate value of all Interested Person Transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all Interested Person Transactions during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Frasers Property Limited and its subsidiaries or associate - Asset management fees - Property management fees - Reimbursement of expenses	15,212 5,485 2,734	- - -
HSBC Institutional Trust Services (Singapore) Limited - Trustee's fees	429	-

Saved as disclosed above, there were no additional interested person transactions (excluding transactions of less than \$100,000 each) entered into during the financial year under review nor any material contracts entered into by the Trust that involved the interests of the CEO, any Director or any controlling shareholder of the Trust.

Please also see Significant Related Party Transactions in note 24 to the Financial Statements.

Fees payable to the Manager and the Property Manager on the basis of, and in accordance with, the terms and conditions set out in the Trust deed dated 5 June 2006 (as amended) and/or the prospectus dated 27 June 2006 are not subject to Rules 905 and 906 of the SGX-ST's Listing Manual. Accordingly, such fees are not subject to aggregation and other requirements under Rules 905 and 906 of the SGX-ST's Listing Manual.

SUBSCRIPTION OF THE TRUST UNITS

As at 30 September 2018, an aggregate of 926,391,919 Units were in issue. On 26 October 2018, the Trust issued 1,262,515 new Units to the Manager as Manager's base management fees for the quarter ended 30 September 2018 and performance management fees for the year ended 30 September 2018.

NON-DEAL ROADSHOW EXPENSES

Non-deal roadshow expenses of \$59,649 (2017: \$44,657) were incurred during the year ended 30 September 2018.

Notice of Annual General Meeting



(CONSTITUTED IN THE REPUBLIC OF SINGAPORE PURSUANT TO A TRUST DEED DATED 5 JUNE 2006
(AS AMENDED AND RESTATED))

NOTICE IS HEREBY GIVEN that the 10th Annual General Meeting of the unitholders of FRASERS CENTREPOINT TRUST ("FCT", and the unitholders of FCT, "Unitholders") will be held at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958 on Monday, 21 January 2019 at 10.00 a.m. for the following purposes:

ROUTINE BUSINESS

Resolution (1)

1. To receive and adopt the Report of the Trustee issued by HSBC Institutional Trust Services (Singapore) Limited, as trustee of FCT (the "Trustee"), the Statement by the Manager issued by Frasers Centrepoint Asset Management Ltd., as manager of FCT (the "Manager") and the Audited Financial Statements of FCT for the financial year ended 30 September 2018.

Resolution (2)

2. To re-appoint KPMG LLP ("KPMG") as Auditors of FCT to hold office until the conclusion of the next Annual General Meeting of FCT, and to authorise the Manager to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolution, with or without any modifications:

Resolution (3)

3. That authority be and is hereby given to the Manager, to:
 - (a) (i) issue units in FCT ("Units") whether by way of rights, bonus or otherwise; and/or(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Units to be issued, including but not limited to the creation and issue of (as well as adjustments to) securities, warrants, debentures or other instruments convertible into Units,
at any time and upon such terms and conditions and for such purposes and to such persons as the Manager may in its absolute discretion deem fit; and
 - (b) issue Units in pursuance of any Instrument made or granted by the Manager while this Resolution was in force (notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time such Units are issued),

Notice of Annual General Meeting

provided that:

- (1) the aggregate number of Units to be issued pursuant to this Resolution (including Units to be issued in pursuance of Instruments made or granted pursuant to this Resolution) shall not exceed fifty per cent. (50%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Units to be issued other than on a pro rata basis to Unitholders shall not exceed twenty per cent. (20%) of the total number of issued Units (excluding treasury Units, if any) (as calculated in accordance with sub-paragraph (2) below);
- (2) subject to such manner of calculation as may be prescribed by Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the purpose of determining the aggregate number of Units that may be issued under sub-paragraph (1) above, the total number of issued Units (excluding treasury Units, if any) shall be based on the number of issued Units (excluding treasury Units, if any) at the time this Resolution is passed, after adjusting for:
 - (a) any new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed; and
 - (b) any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Manager shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the deed of trust constituting FCT (as amended) (the “**Trust Deed**”) for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) unless revoked or varied by Unitholders in a general meeting, the authority conferred by this Resolution shall continue in force until (i) the conclusion of the next Annual General Meeting of FCT or (ii) the date by which the next Annual General Meeting of FCT is required by the applicable law or regulations to be held, whichever is earlier;
- (5) where the terms of the issue of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted in the event of rights, bonus or other capitalisation issues or any other events, the Manager is authorised to issue additional Instruments or Units pursuant to such adjustment notwithstanding that the authority conferred by this Resolution may have ceased to be in force at the time the Instruments or Units are issued; and
- (6) the Manager, any director of the Manager (“**Director**”) and the Trustee, be and are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Manager, such Director, or, as the case may be, the Trustee may consider expedient or necessary or in the interest of FCT to give effect to the authority conferred by this Resolution.

Frasers Centrepoint Asset Management Ltd.

(Company Registration No: 200601347G)

As manager of Frasers Centrepoint Trust

Catherine Yeo

Company Secretary

Singapore, 21 December 2018

Notice of Annual General Meeting

NOTES:

- (1) A Unitholder who is not a relevant intermediary entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote in the Unitholder's stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the proportion of the Unitholder's holdings (expressed as a percentage of the whole) to be represented by each proxy.
- (2) A Unitholder who is a relevant intermediary entitled to attend and vote at the meeting is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than two proxies, the appointments shall be invalid unless the Unitholder specifies in the proxy form the number of Units in relation to which each proxy has been appointed.

"relevant intermediary" means:

- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or
 - (c) the Central Provident Fund Board ("CPF Board") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
- (3) The instrument appointing a proxy or proxies (a form is enclosed) must be deposited with the company secretary of the Manager at the office of FCT's Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not less than 72 hours before the time appointed for holding the meeting.

EXPLANATORY NOTE:

Resolution 3

The Ordinary Resolution 3 above, if passed, will empower the Manager from the date of this Annual General Meeting until the earliest of (i) the conclusion of the next Annual General Meeting of FCT or (ii) the date by which the next Annual General Meeting of FCT is required by the applicable laws and regulations or the Trust Deed to be held, whichever is earlier, or (iii) the date on which such authority is revoked or varied by the Unitholders in a general meeting, to issue Units and to make or grant instruments (such as securities, warrants or debentures) convertible into Units and issue Units pursuant to such instruments, up to a number not exceeding 50% of the total number of issued Units (excluding treasury Units, if any), with a sub-limit of 20% for issues other than on a pro rata basis to Unitholders.

For the purpose of determining the aggregate number of Units that may be issued, the percentage of issued Units will be calculated based on the total number of issued Units at the time Ordinary Resolution 3 above is passed, after adjusting for new Units arising from the conversion or exercise of any Instruments which are outstanding at the time this Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Units.

Fund raising by issuance of new Units may be required in instances of property acquisitions or debt repayments. In any event, if the approval of Unitholders is required under the Listing Manual of the SGX-ST and the Trust Deed or any applicable laws and regulations in such instances, the Manager will then obtain the approval of Unitholders accordingly.

Notice of Annual General Meeting

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting (“**AGM**”) and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder’s personal data by the Manager and the Trustee (or their agents) for the purpose of the processing and administration by the Manager and the Trustee (or their agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Manager and the Trustee (or their agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”), (ii) warrants that where the Unitholder discloses the personal data of the Unitholder’s proxy(ies) and/or representative(s) to the Manager and the Trustee (or their agents), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Manager and the Trustee (or their agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Manager and the Trustee (or their agents) in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder’s breach of warranty.

Important Notice

The value of Units and the income derived from them, if any, may fall or rise. Units are not obligations of, deposits in, or guaranteed by, the Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested.

Investors should note that they have no right to request the Manager to redeem or purchase their Units for so long as the Units are listed on the SGX-ST. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. The listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

The past performance of FCT is not necessarily indicative of the future performance of FCT.

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Frasers Centerpoint Trust

(CONSTITUTED IN THE REPUBLIC OF SINGAPORE
PURSUANT TO A TRUST DEED DATED 5 JUNE 2006
(AS AMENDED AND RESTATED))

Proxy Form

Annual General Meeting

IMPORTANT

1. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see Note 2 for the definition of "relevant intermediary").
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. **PLEASE READ THE NOTES TO THE PROXY FORM.**

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the unitholder accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 21 December 2018.

I/We _____ (Name) _____ (NRIC/Passport Number)

Of _____ (Address)

being a unitholder/unitholders of Frasers Centrepoint Trust ("FCT", and the units of FCT, the "Units"), hereby appoint:

Name	Address	NRIC/Passport Number	Proportion of Unitholdings (Note 2)	
			No. of Units	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport Number	Proportion of Unitholdings (Note 2)	
			No. of Units	%

or failing the person, or either or both of the persons, referred to above, the Chairman of the Annual General Meeting as my/our proxy/proxies to attend and to vote for me/us on my/our behalf at the Annual General Meeting of FCT to be held at 10.00 a.m. on Monday, 21 January 2019 at Level 2, Alexandra Point, 438 Alexandra Road, Singapore 119958, and any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the Annual General Meeting.

NO.	RESOLUTIONS RELATING TO:	No. of Votes For*	No. of Votes Against*
ROUTINE BUSINESS			
1.	To receive and adopt the Trustee's Report, the Statement by the Manager and the Audited Financial Statements of FCT for the financial year ended 30 September 2018		
2.	To re-appoint KPMG LLP as Auditors of FCT to hold office until the conclusion of the next Annual General Meeting, and to authorise the Manager to fix their remuneration		
SPECIAL BUSINESS			
3.	To authorise the Manager to issue Units and to make or grant convertible instruments		

* Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant resolution, please indicate the number of Units in the boxes provided.

Dated this _____ day of _____ 2018/2019

Signature(s) of Unitholder(s)/Common Seal

IMPORTANT: PLEASE READ NOTES TO THE PROXY FORM

Total Number Of Units Held (Note 5)

--

fold and seal here

IMPORTANT: PLEASE READ THE NOTES TO PROXY FORM BELOW

Notes to Proxy Form

1. A holder of units in Frasers Centrepoint Trust ("FCT", and a unitholder of FCT, "**Unitholder**") who is not a relevant intermediary entitled to attend and vote at the meeting is entitled to appoint not more than two proxies to attend and vote instead of the Unitholder. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless the Unitholder specifies the proportion of the Unitholder's holdings (expressed as a percentage of the whole) to be represented by each proxy.
 2. A Unitholder who is a relevant intermediary entitled to attend and vote at the meeting is entitled to appoint more than two proxies to attend and vote instead of the Unitholder, but each proxy must be appointed to exercise the rights attached to a different Unit or Units held by such Unitholder. Where such Unitholder appoints more than two proxies, the appointments shall be invalid unless the Unitholder specifies the number of Units in relation to which each proxy has been appointed.
- "relevant intermediary" means:
- (a) a banking corporation licensed under the Banking Act, Chapter 19 of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds Units in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act, Chapter 289 of Singapore and who holds Units in that capacity; or
 - (c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act, Chapter 36 of Singapore, in respect of Units purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the CPF Board holds those Units in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
3. The instrument appointing a proxy or proxies (as the case may be) (the "**Proxy Form**") must be deposited with the company secretary of the Manager at the office of FCT's Unit Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place #32-01, Singapore Land Tower, Singapore 048623, not less than 72 hours before the time appointed for holding the meeting.
 4. Completion and return of this Proxy Form shall not preclude a Unitholder from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the meeting in person, and in such event, the Manager reserves the right to refuse to admit any person or persons appointed under this Proxy Form, to the meeting.
 5. A Unitholder should insert the total number of Units held. If the Unitholder has Units entered against the Unitholder's name in the Depository Register maintained by the Central Depository (Pte) Limited ("**CDP**"), the Unitholder should insert that number of Units. If the Unitholder has Units registered in the Unitholder's name in the Register of Unitholders of FCT, the Unitholder should insert that number of Units. If the Unitholder has Units entered against the Unitholder's name in the said Depository Register and registered in the Unitholder's name in the Register of Unitholders, the Unitholder should insert the aggregate number of Units. If no number is inserted, this Proxy Form will be deemed to relate to all the Units held by the Unitholder.
 6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer. A corporation which is a Unitholder may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
 7. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney or a duly certified copy thereof must (failing previous registration with the Manager) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
 8. The Manager shall be entitled to reject a Proxy Form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on and/or attached to the Proxy Form. In addition, in the case of Units entered in the Depository Register, the Manager may reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against the Unitholder's name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as certified by CDP to the Manager.

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Affix
Postage
Stamp

The Company Secretary
Frasers Centrepoint Asset Management Ltd.
(as Manager of Frasers Centrepoint Trust)
c/o Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

Corporate Information

Frasers Centrepoint Trust

Registered Address

HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay #13-02, HSBC Building
Singapore 049320
Website Address: www.frasersproperty.com/reits/fct

Trustee

HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay #03-01, HSBC Building
Singapore 049320

Auditor

KPMG LLP
Partner-in-charge: Ms Karen Lee Shu Pei
Appointed 21 January 2016
16 Raffles Quay, #22-00 Hong Leong Building
Singapore 048581
Phone: (65) 6213-3388
Fax: (65) 6225-0984
Website address: www.kpmg.com.sg

Bankers

Citibank N.A.
DBS Bank Ltd
Oversea-Chinese Banking Corporation Ltd
Standard Chartered Bank

Unit Registrar

Boardroom Corporate & Advisory Services Pte Ltd
50 Raffles Place, #32-01 Singapore Land Tower
Singapore 048623
Phone: (65) 6536-5355
Fax: (65) 6536-1360

The Manager

Registered Address

Frasers Centrepoint Asset Management Ltd
438 Alexandra Road, #21-00 Alexandra Point
Singapore 119958
Phone: (65) 6276-4882
Fax: (65) 6272-8776

Directors of the Manager

Dr Cheong Choong Kong
Chairman, Non-Executive (Independent)

Dr Chew Tuan Chiong

Chief Executive Office (Non-Independent)

Mr Philip Eng Heng Nee

Non-Executive (Non-Independent)

Mr Ho Chai Seng

Non-Executive (Independent)

Mr Ho Chee Hwee Simon

Non-Executive (Independent)

Mr Christopher Tang Kok Kai

Non-Executive (Non-Independent)

Audit Committee

Mr Ho Chee Hwee Simon (Chairman)
Dr Cheong Choong Kong
Mr Philip Eng Heng Nee
Mr Ho Chai Seng

Nominating and Remuneration Committee

Mr Ho Chai Seng (Chairman)
Dr Cheong Choong Kong
Mr Ho Chee Hwee Simon
Mr Christopher Tang Kok Kai

Company Secretary

Ms Catherine Yeo

FRASERS CENTREPOINT ASSET MANAGEMENT LTD.

As Manager of Frasers Centrepoint Trust
Company Registration Number: 200601347G

438 Alexandra Road
#21-00 Alexandra Point
Singapore 119958

Phone: +65 6276 4882
Fax: +65 6272 8776
Email: ir@fraserscentrepointrust.com

www.frasersproperty.com/reits/fct

