



DASIN RETAIL TRUST
大信商用信托

FOUNDATION OF TRUST DIMENSIONS OF GROWTH

ANNUAL REPORT 2017

大信
爱筑基，
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2017
年度
报告



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FOUNDATION OF TRUST DIMENSIONS OF GROWTH

At Dasin Retail Trust, trustworthiness is the cornerstone upon which our achievements are built, and the beacon that leads us in the right direction.

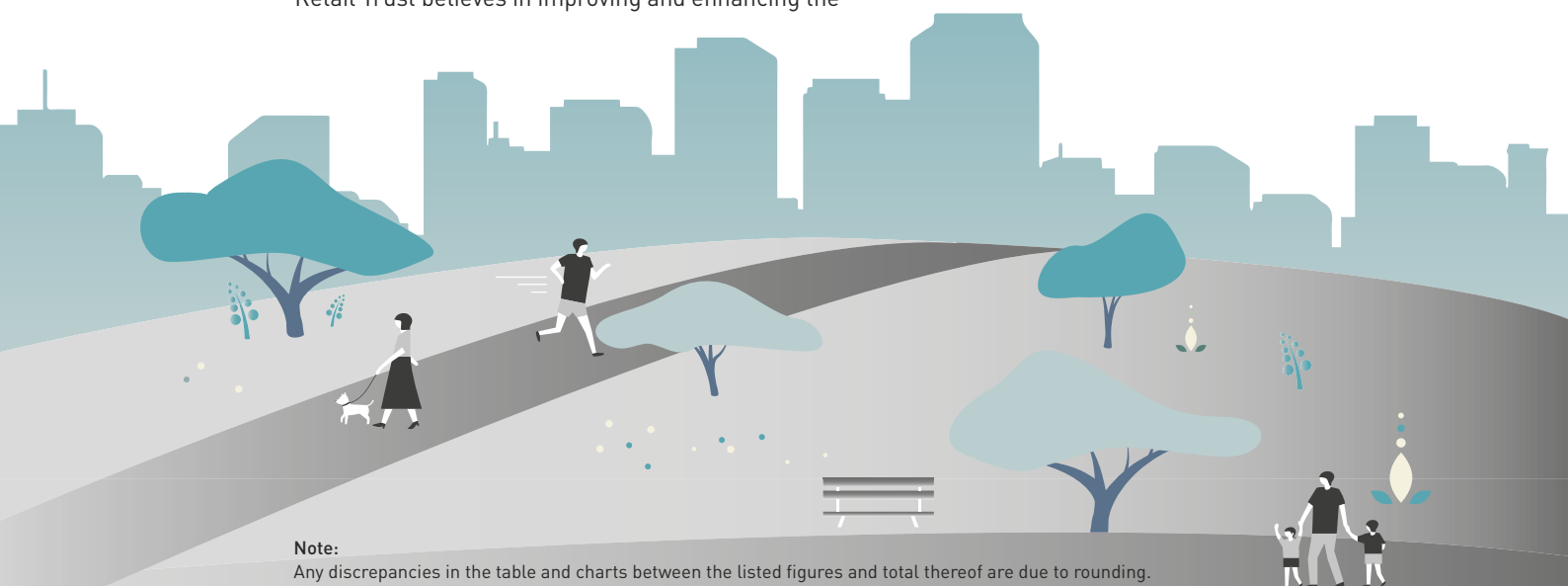
The development of quality assets must be preceded by the establishment of a solid foundation. A testament to its strength and credibility, the Sponsor, Zhongshan Dasin Real Estate Co., Ltd, garnered itself several national awards and accolades for the development and management of a slew of quality projects.

Aligning its operations modus to its Sponsor, Dasin Retail Trust believes in improving and enhancing the

community where it operates in through provision of wholesome experiences for shoppers as well as events to enrich the community.

Harnessing the business philosophy of “Integrity and Credibility”, Dasin Retail Trust continues to exploit the Sponsor’s capabilities in mall management, forming strategic alliances, to achieve greater economics of scale as well as create sustainable value and growth.

In 2017, propelling on strong foundation, Dasin Retail Trust was listed.



Note:

Any discrepancies in the table and charts between the listed figures and total thereof are due to rounding.

ABOUT DASIN RETAIL TRUST



Listed on the Mainboard of Singapore Exchange Securities Trading Limited (“SGX-ST”) on 20 January 2017, Dasin Retail Trust (the “Trust”) is the only China retail property trust listed on SGX-ST providing direct exposure to the Pearl River Delta region.

The Trust’s mandate is to invest in, own or develop land, uncompleted developments and income-producing real estate in Greater China (comprising PRC, Hong Kong and Macau), used primarily for retail purposes, as well as real estate-related assets, with an initial focus on retail malls.

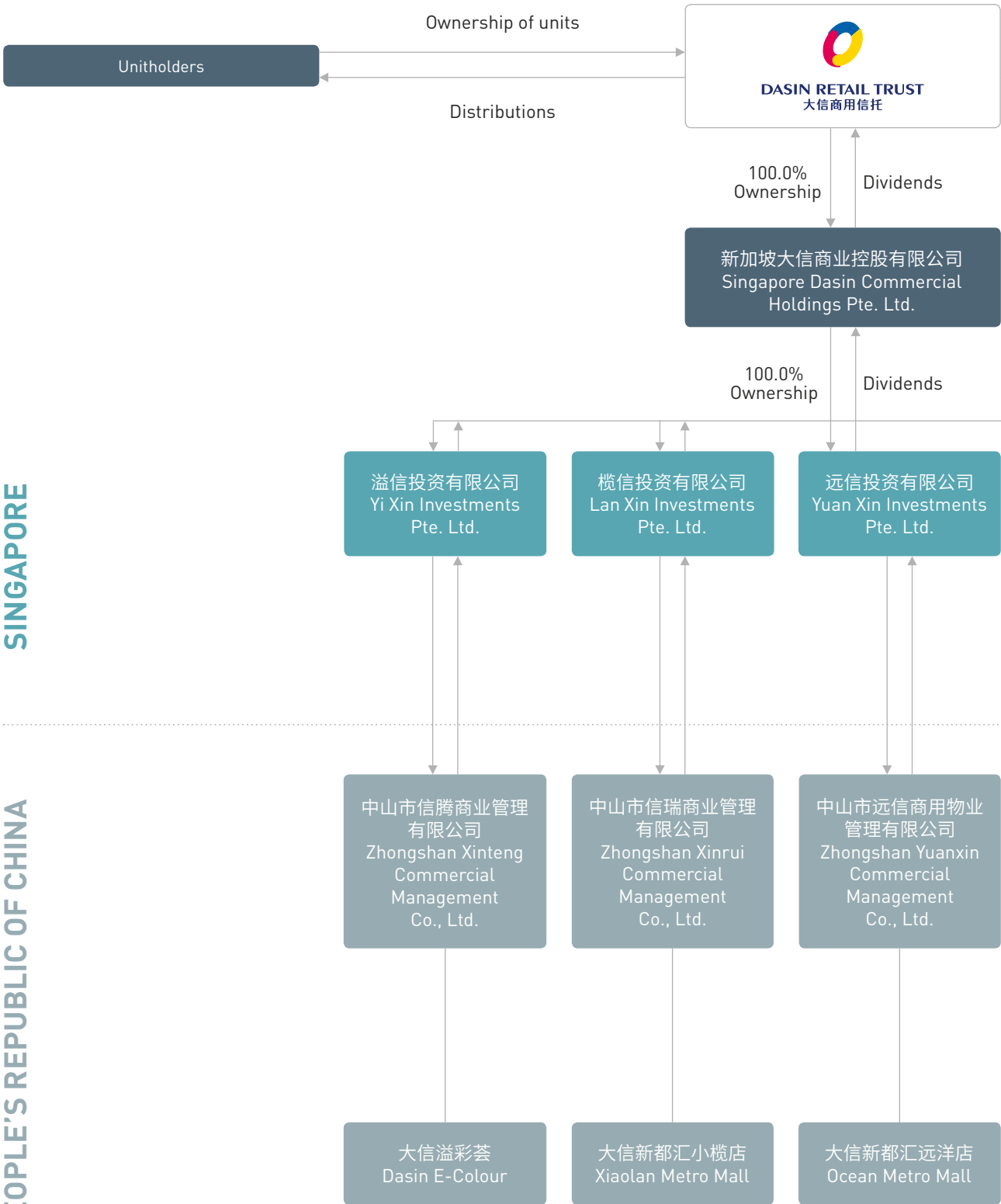
As at 31 December 2017, the Trust’s portfolio comprise four retail malls located in Zhongshan City in Guangdong, PRC, valued at RMB7.55 billion (approximately S\$1.55 billion). These properties host a tenant base of over 500 local and international retailers.

Dasin Retail Trust is managed by Dasin Retail Trust Management Pte. Ltd. in its capacity as the Trustee-Manager (“Trustee-Manager”). The Trustee-Manager strives to provide unitholders of Dasin Retail Trust

(“Unitholders”) with an attractive rate of return on their investment through regular and stable distributions and to achieve long-term sustainable growth in distribution per unit, while maintaining an appropriate capital structure.

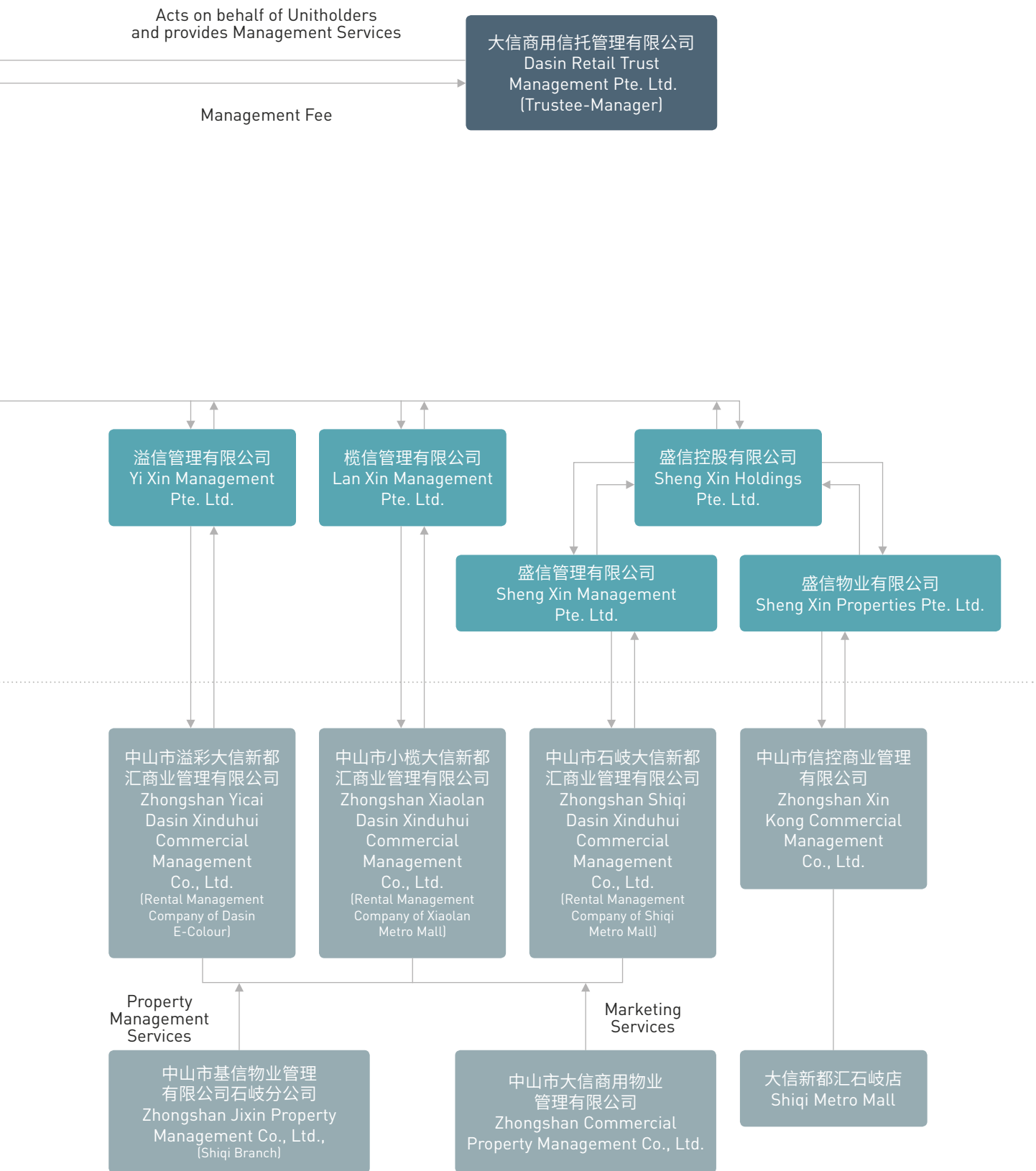
The Sponsor of Dasin Retail Trust is Zhongshan Dasin Real Estate Co., Ltd (中山市大信置业有限公司) (the “Sponsor”), one of the leading real estate developers in Zhongshan City, Guangdong Province, with strong track record as a retail mall operator.

TRUST STRUCTURE



SINGAPORE

PEOPLE'S REPUBLIC OF CHINA



LETTER TO UNITHOLDERS

“Dasin Retail Trust fulfilled its promise of acquiring its fourth property, Shiqi Metro Mall for RMB1,224 million by 30 June 2017 as stated in the Prospectus.”

Dear Unitholders

On behalf of the Board of Directors of Dasin Retail Trust Management Pte. Ltd. (the “Trustee-Manager”), we are pleased to present Dasin Retail Trust’s inaugural annual report for the financial year ended 31 December 2017.

Dasin Retail Trust is the first and only China retail property trust providing direct exposure to the Pearl River Delta region listed on the Singapore Stock Exchange. Since its listing on 20 January 2017, Dasin Retail Trust has consistently outperformed forecast due to its robust fundamentals and experienced management team.

Dasin Retail Trust commenced the listing with three quality properties located within Zhongshan, an economic powerhouse within the Pearl River Delta region. During the financial year, Dasin Retail Trust fulfilled its promise of acquiring its fourth property, Shiqi Metro Mall for RMB1,224 million by 30 June 2017 as stated in the prospectus dated 13 January 2017 (the “Prospectus”). The acquisition was completed ahead of schedule, providing an uptick to the Trust’s financial performance.

Financial Performance Exceeded Forecast

We are pleased to announce a set of commendable results for the financial year ended 31 December 2017. Dasin Retail Trust achieved a distribution per unit (“DPU”) of 7.16 Singapore cents. This translates to a distribution yield of 8.95% based on Offering Price of S\$0.80 as stated in the Prospectus.

Robust Portfolio Fundamentals

Net property income of S\$46.6 million for 2017 outperformed forecast by 14%, largely due to better operational metrics as well as the earlier acquisition of Shiqi Metro Mall. As at 31 December 2017, the portfolio registered 100% occupancy, demonstrating management’s expertise and experience in proactive

leasing and asset management. The portfolio weighted lease to expiry is 6.45 years by net lettable area and 3.95 years by gross rental income, ensuring stability and sustainability of portfolio income and distribution income to unitholders.

Working hand-in-hand with the commercial and property managers, tenants mix was adjusted within the malls to bring about higher shoppers’ traffic. New tenants were welcomed while collaboration was made with tenants to upgrade their premises in line with the latest trend. This includes the upgrading of the Cineplex at Ocean Metro Mall to provide IMAX movie screen experience, renovating various eateries to provide an enhanced dining experience and the creation of new lettable space for lease.

Healthy Capital Structure

The Trustee-Manager pursues prudent capital management strategies enabling a healthy capital structure for the Trust. Aggregate leverage was 30.7% as at 31 December 2017 with a weighted average cost of debt of 5.18% for its onshore debt and 4.61% for its offshore debt. The Trustee-Manager has an interest rate management policy to hedge at least 40% of its offshore debt into fixed debt. As at 31 December 2017, 40% of its offshore debt has been hedged.

Disciplined Investment Management

Through the Right of First Refusal (“ROFR”) granted by the Sponsor, Dasin Retail Trust has access to a steady pipeline of properties which are ready to be acquired by the Trust at the opportune time. At listing date, the Trust had access to 15 ROFR properties (including Purchase Option for Doumen Metro Mall), and the number of ROFR properties has since increased to 19 as at 31 December 2017 (including Purchase Option for Doumen Metro Mall). We will continue on a disciplined investment approach to ensure yield accretion in its investments.



Night view of Shiqi Metro Mall

Moving Forward

E-commerce is changing consumers' shopping patterns and habits. However, through proactive asset and lease management, the portfolio has a good tenant mix of customer experience and lifestyle related shops, enhancing the shopping experience for the consumers. In addition, the commercial manager exploits the strategic location of the properties and the Sponsor's extensive network of retailers to adjust the tenant mix to cater to the intricate taste of its shoppers. Dasin Retail Trust also benefits from the Sponsor's technological matrix such as collection of shoppers' spending habits to garner in-depth knowledge of consumption patterns to constantly adjust and enhance its offerings.

The Trust's properties are strategically located in the heart of the Guangdong-Macau-Hong Kong Greater Bay Area. According to the "Comprehensive Development Plan for Guangdong's Coastal Economic Zone (2017-2030)" by the Guangdong Provincial People's Government, Zhongshan is set to become a regional Research & Development center with a world-class modern equipment manufacturing base, connecting the east and west of the Pearl River Delta through the establishment of a "dual-core and multi-center" functional hierarchy within the major coastal cities. This development is expected to have a positive impact to the Trust's properties. Dasin Retail Trust is in good stead to capitalise on the strong GDP growth within the Pearl River Delta region which translate to stronger consumer sentiments.

In Appreciation

Last but not least, we would like to express our gratitude to our financial, legal and external advisors for their effort and commitment leading to the successful listing of Dasin Retail Trust. We would also like to express our appreciation to the Monetary Authority of Singapore ("MAS"), the Singapore Stock Exchange ("SGX") and our Unitholders for supporting the listing.

In addition, we would like to give special mention to the other Directors on the Board, the management and staff for their hard work and dedication to the Trust. We would like to thank our Unitholders, business associates, tenants and shoppers for your patronisation as well as trust in us. We look forward to growing Dasin Retail Trust to achieve new milestones in the years ahead.

Zhang Zhencheng

Chairman

Li Wen

Chief Executive Officer

26 March 2018

致信托单位持有人

“大信商用信托于2017年6月30日前以人民币12.24亿元完成对大信新都汇石岐店的收购,实现了在招股书中所示的收购承诺。”

尊敬的单位持有人:

我们谨代表大信商用信托管理有限公司(“信托管理公司”)董事会,在此非常高兴的呈报大信商用信托截至2017年12月31日财年的首份年报。

大信商用信托是中国唯一一家直接服务于珠江三角洲地区,且在新加坡证券交易所上市的商业地产信托。自2017年1月20日上市起,基于自身的强大基础和经验丰富的管理团队,大信商用信托的表现一直好于预期。

上市时,大信商用信托于中山市拥有三项高品质物业,中山市是珠三角地区经济发达区域。在本财年内,大信商用信托实现了自身在招股说明书(“招股书”)中所列关于在2017年6月30日前以人民币12.24亿元收购大信新都汇石岐店的承诺。该项收购工作的完成时间早于预期,从而使得信托财务绩效上扬。

财务表现超过预期

我们很高兴在此宣布于截至2017年12月31日的财年内取得优异的财政成绩。大信商用信托的每份单位分配额(“DPU”)达到了7.16分(新币)。基于2017年1月13日大信商用信托招股中所列的S\$0.80的募股价格,相当于分配收益率为8.95%。

强大的资产组合基础

2017年的净物业收入为46.6百万新元,相比预期提高了14%。主要原因是更好的经营绩效以及提前收购大信新都汇石岐店。截至2017年12月31日,资产组合的出租率为100%,这彰显了管理层在积极的租赁和资产管理领域的专业性和丰富的经验。资产组合的平均租约期分别为6.45年(按净可出租面积计算)和3.95年(按总租赁收入计算),从而确保给单位持有人提供稳定性和可持续性的可支配收入。

信托管理公司与商业、物业经理人共同努力,在商场内优化商户组合从而带来更多消费人流。为了紧跟潮流,我们同商户开展紧密合作,升级商铺,这包括大信新都汇远洋店升级IMAX影厅以提升观影体验,重新装

修部分餐厅以带来更好的用餐享受,同时引进新的商户和创造新的可出租空间。

健康的资本结构

信托管理公司采用审慎的资本管理战略,以确保能够为信托维持健康平稳的资本结构。截至2017年12月31日的总杠杆率为30.7%,境内债务的平均债务成本为5.18%,境外债务的平均债务成本为4.61%。信托管理公司利率管理政策的目标是,将至少40%的境内债务通过对冲处理转为固定利率债务。截至2017年12月31日,其40%的境内债务已经完成利率锁定。

严格的投资管理

通过发起人的优先购买权(“ROFR”),大信商用信托在适合的时间,可以收购优质的物业。在上市时,信托拥有15项ROFR资产(包括斗门店的购买权),截至2017年12月31日,信托所拥有ROFR物业已增至19项(包括斗门店的购买权)。为提高投资收益,我们将继续采用严格的投资方法。

展望

电子商务正在改变着消费者的购物模式和习惯。然而,通过积极的资产与租赁管理,资产组合可以通过体验类商户与生活方式类商户的良好搭配,提升顾客的消费体验。此外,商业管理公司依托物业的战略性区位及自身的庞大零售商网络,与进一步优化业态组合,满足购物者的品味需求。大信商用信托亦受益于发起人的信息技术平台,如分析购物者的消费习惯,深入了解其消费模式,从而持续调整和优化我们的服务。

信托的物业均位于粤港澳大湾区的核心地带。根据广东省人民政府签发的“广东省沿海经济带综合发展规划(2017-2030)”,中山定位为世界级现代装备和制造基地的区域研发中心,通过主要沿海城市群内所建立的“双核多中心”这一金字塔结构,连接珠三角东西两岸。此发展规划预计会对信托物业产生长远的正面影响。从消费增长角度考虑,大信商用信托已然搭上了珠三角地区强劲的GDP及消费增长的快车。



大信新都汇石岐店中庭

致谢

最后,我们希望对我们财务、法律顾问和其他中介在大信商用信托成功上市过程中所付出的工作和努力,向其表示诚挚的谢意。我们亦希望就新加坡金融管理局(“MAS”)、新加坡证券交易所(“SGX-ST”)和我们单位持有人对于上市的支持,表达我们诚挚的感谢。

另外,我们希望就董事会其他董事、管理层和工作人员的努力工作以及对信托的贡献,致以特别的敬意。我们亦希望就我们单位持有人、商业伙伴、商户和购物者给予我们的热情和信任,向其致谢。我们衷心希望大信商用信托在未来能够实现新的发展里程碑。

张镇成

主席

李文

首席执行官

2018年3月26日

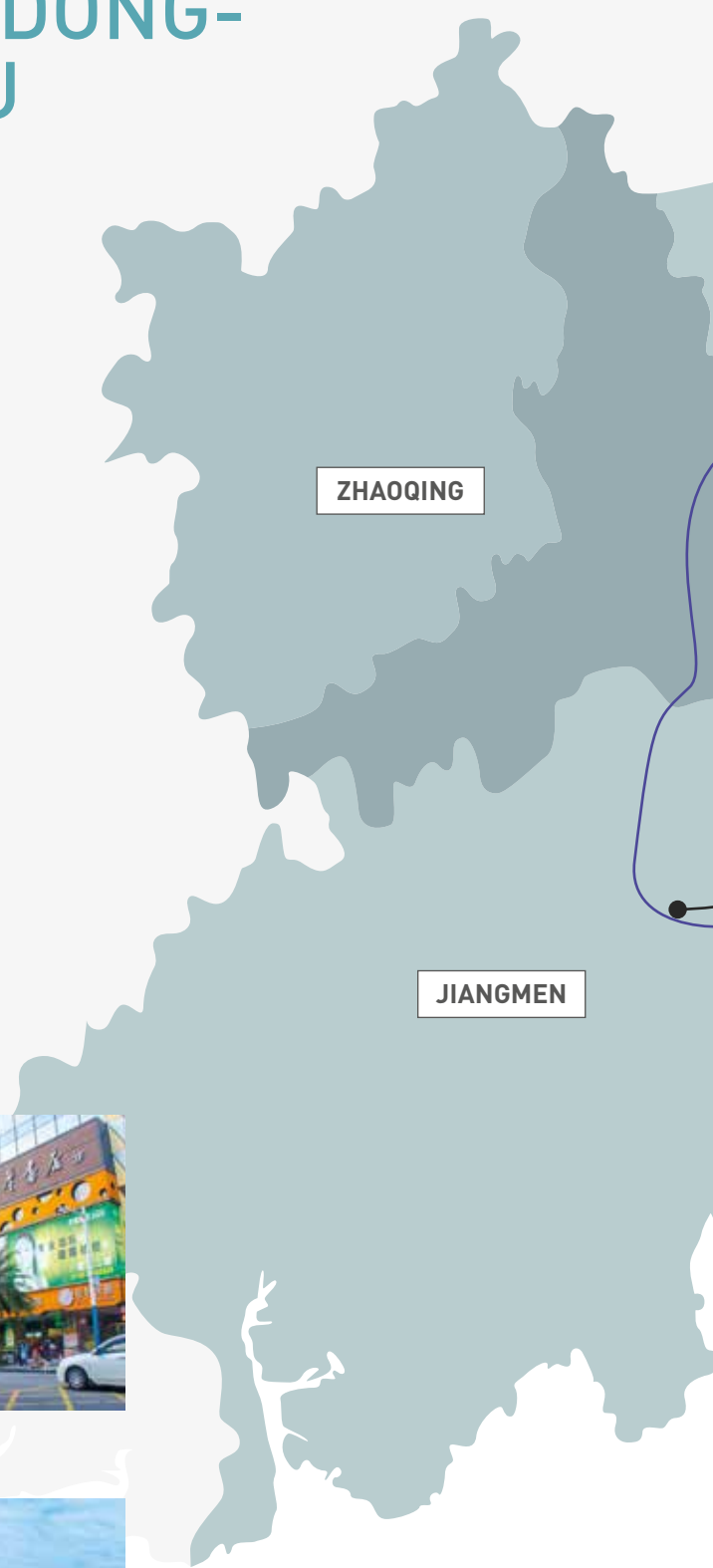
LEVERAGING ON THE GROWTH OF GUANGDONG-HONG KONG-MACAU BAY AREA

The bustling Pearl River Delta Zhongshan District is where the Trust's portfolio is housed.

Being planned as a center city within the Guangdong-Hong Kong-Macau Greater Bay Area, Zhongshan will become a hub linking the Pearl River Delta region and the west of Guangdong through the development of large-scale transportation infrastructure such as the Hong Kong-Zhuhai-Macau Bridge and the Shenzhen-Zhongshan Bridge. The planned 15 triangular intercity rail transit lines in the Pearl River Delta will be completed and open to traffic by 2020. With that, the "one-hour traffic circle" will be realised in the Greater Bay Area, which will inevitably promote the integration of urban agglomerations in the area, and is expected to enhance Zhongshan's development.

At the same time, Zhongshan will invest heavily in the development of regional technological innovation and R&D centers, manufacturing intelligence, and national health science and technology industrial bases. Zhongshan will undoubtedly introduce unparalleled market momentum and development opportunities.

The Trust is expected to benefit positively from the spillover effect with the rapid development of the Guangdong-Hong Kong-Macau Greater Bay Area.



1 XIAOLAN METRO MALL



2 DASIN E-COLOUR

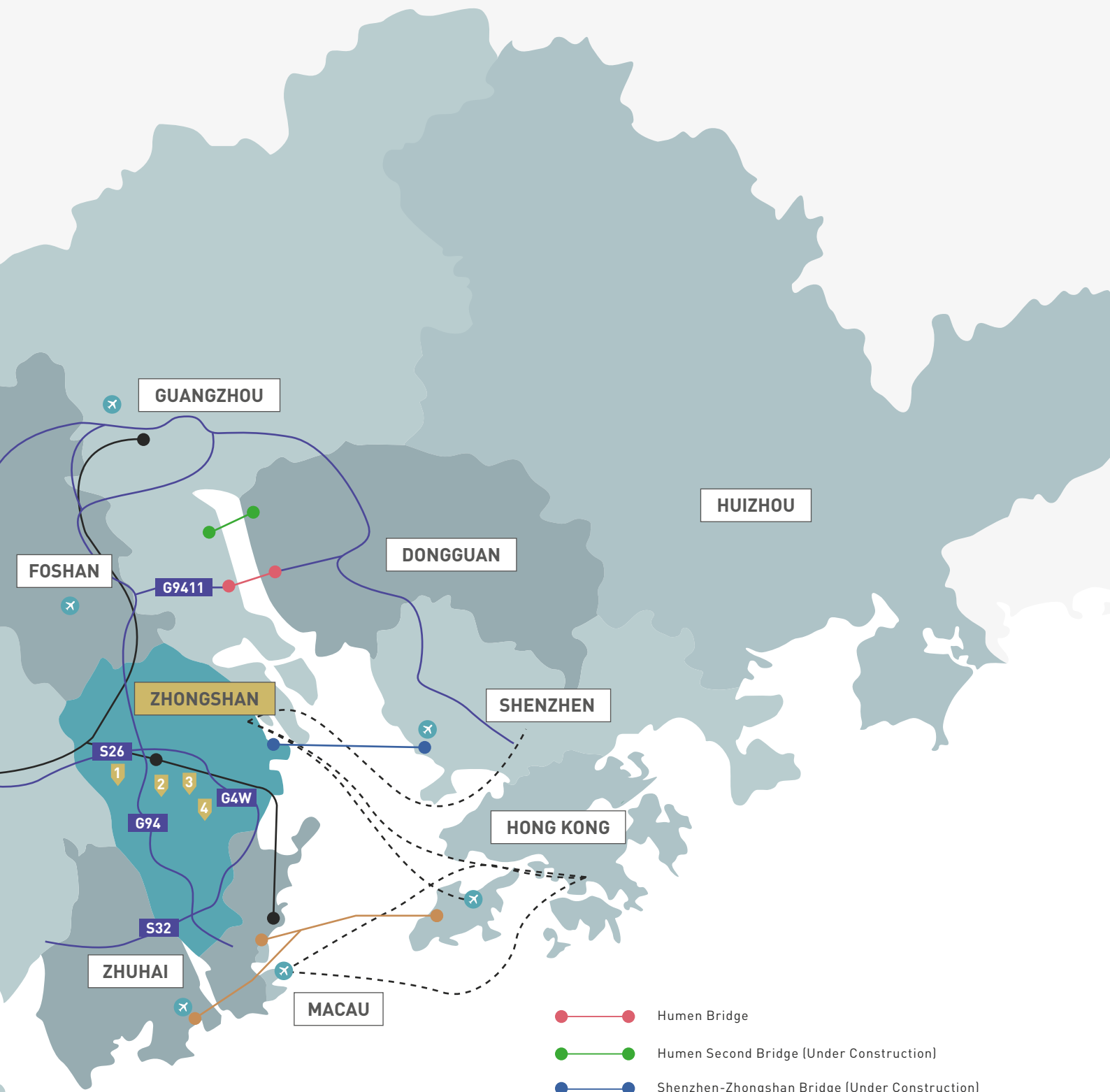


3 SHIQI METRO MALL



4 OCEAN METRO MALL





- Humen Bridge
- Humen Second Bridge (Under Construction)
- Shenzhen-Zhongshan Bridge (Under Construction)
- Hong Kong-Zhuhai-Macau Bridge (Under Construction)
- Zhongshan-Shenzhen River Taxi
- Guangzhou-Zhuhai City Rail

Main Highways

- G4W Guangdong-Macau Highway
- S32 Western Coastal Highway
- G9411 Guangdong-Foshan Highway
- G94 Pearl River Delta region Highway



STRATEGIC DEPLOYMENT, ENHANCED GROWTH

Dasin Retail Trust is the only business trust listed on the mainboard of the SGX-ST with direct access to the growth of the China's Pearl River Delta region.

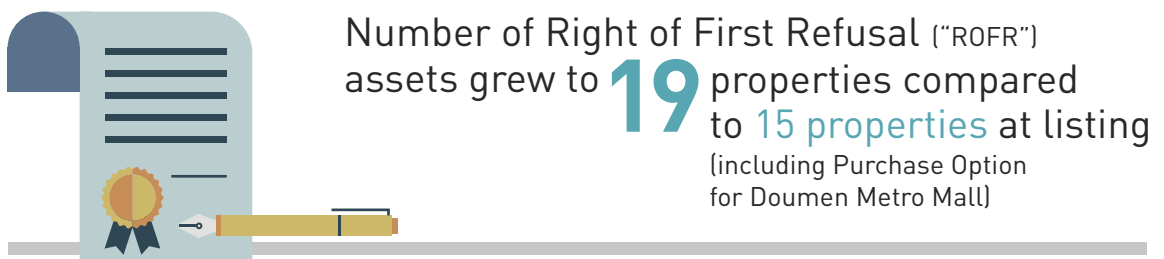
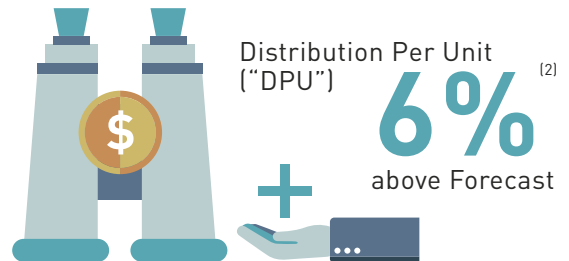
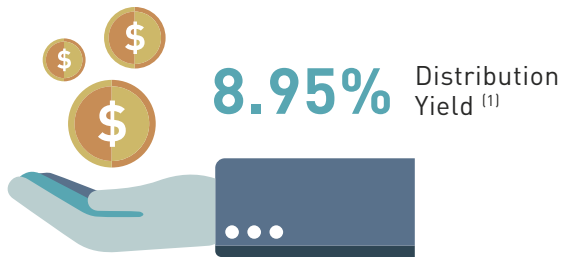
The Trust constantly reinvent its strategies to cater to the evolving and intricate needs of its shoppers. Together with the vigorous development of the Pearl River Delta region, we adopt a rigorous asset management strategy to optimise our product portfolio, expand and enhance our malls to achieve stable and sustainable returns to its Unitholders. Our portfolio of retail malls caters to varied segments of the community, from students to multi-generational families as well as middle and upper-middle class working professionals.

The deployment of our asset management strategies put Dasin Retail Trust in good stead to capitalise on the opportunities from the development of the Guangdong-Hong Kong-Macau Greater Bay Area.





KEY HIGHLIGHTS



(1) 8.95% is computed based on Offering price of S\$0.80 and DPU of 7.16 Singapore cents (including Distribution Waiver) for the financial year ended 31 December 2017

(2) DPU of 7.16 cents (includes Distribution Waiver) exceeds forecast DPU of 6.74 cents by 6%

(3) Calculated based on Total Gross Borrowings divided by Total Assets

(4) Based on number of issued and issuable units

FINANCIAL REVIEW

Gross Revenue

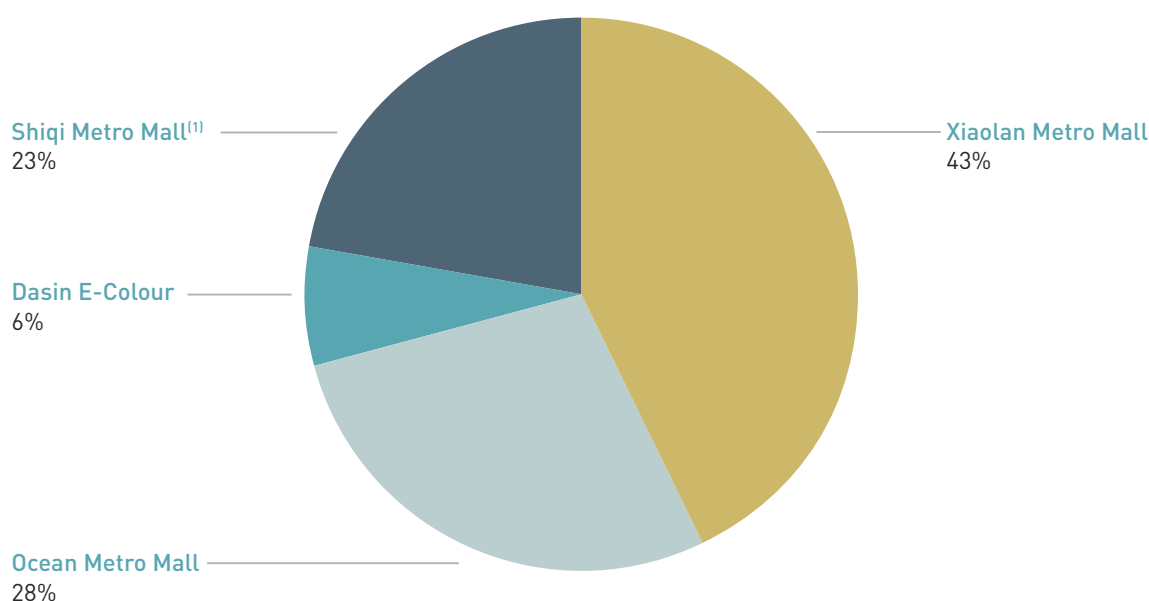
Revenue for the year ended 31 December 2017 was S\$57.7 million, as against revenue for the period from the date of constitution to 31 December 2016 of S\$34.2 million. Revenue for the current year, after excluding revenue of Xiaolan Metro Mall, Ocean Metro Mall and Dasin E-Colour (collectively, the "Initial Portfolio") from 1 January 2017 to 4 and 7 March 2017, was S\$51.5 million, S\$17.2 million (50%) higher than that of the comparative period. The increase is mainly attributed to:

- revenue recognised from Shiqi Metro Mall of S\$13.5 million for the period from 20 June 2017 to 31 December 2017;
- increase in turnover rent earned by the Initial Portfolio of approximately S\$2.2 million;
- increase in rent earned by the Initial Portfolio of approximately S\$0.9 million with respect to rent escalations during the current year;
- positive net effect of recognising future rent escalations contained in all leases of the Initial Portfolio on a straight-line basis of approximately S\$1.3 million; partially offset by
- lower advertising and event space revenue earned by the Initial Portfolio of approximately S\$0.7 million.

Revenue	Year ended 31 December 2017 (RMB 'M)	From 15 January 2016 (date of constitution to 31 December 2016) (RMB 'M)	% Change	Year ended 31 December 2017 (S\$ 'M)	From 15 January 2016 (date of constitution to 31 December 2016) (S\$ 'M)	% Change
Xiaolan Metro Mall	122.30	96.64	27	24.98	19.99	25
Ocean Metro Mall	77.43	54.69	42	15.81	11.31	40
Dasin E-Colour	16.76	14.13	19	3.42	2.93	17
Shiqi Metro Mall ⁽¹⁾	66.07	-	NM	13.49	-	NM
Portfolio	282.56	165.46	71	57.70	34.23	69

NM = not meaningful

FY2017 Gross Revenue Contribution (%)



(1) Shiqi Metro Mall was acquired by the Trust on 19 June 2017. This refers to revenue from 20 June 2017 to 31 December 2017.

FINANCIAL REVIEW

Net Property Income

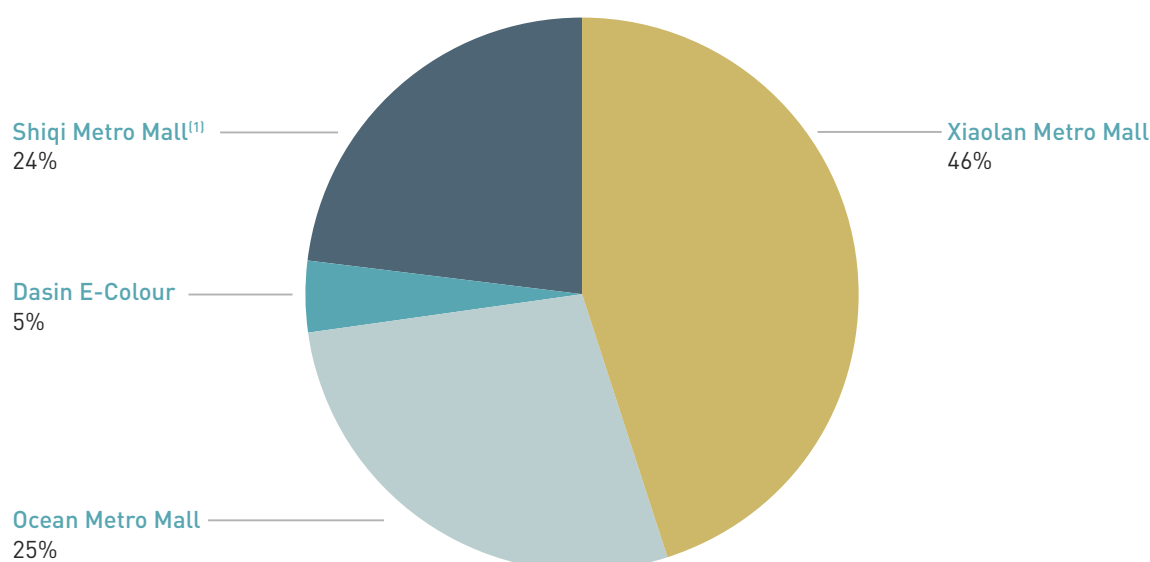
Net property income for the year ended 31 December 2017 was S\$46.6 million, as against net property income for the period from the date of constitution to 31 December 2016 of S\$27.6 million. Net property income for the current year, after excluding net property income of the Initial Portfolio from 1 January 2017 to 4 and 7 March 2017, was S\$42.4 million, S\$14.8 million (54%) higher than that of the comparative period. The increase is mainly attributed to:

- higher net revenue earned during the current year of S\$17.2 million; partially offset by
- property operating expenses incurred by Shiqi Metro Mall of S\$2.1 million for the period from 20 June 2017 to 31 December 2017; and
- higher management fee expense and property-related taxes incurred by the Initial Portfolio during the current year of S\$1.4 million and S\$0.3 million respectively.

Net Property Income	Year ended 31 December 2017 (RMB 'M)	From 15 January 2016 (date of constitution to 31 December 2016 (RMB 'M)	% Change	Year ended 31 December 2017 (S\$ 'M)	From 15 January 2016 (date of constitution to 31 December 2016 (S\$ 'M)	% Change
Xiaolan Metro Mall	104.97	80.48	30	21.44	16.65	29
Ocean Metro Mall	57.36	41.97	37	11.71	8.68	35
Dasin E-Colour	11.77	10.80	9	2.40	2.24	8
Shiqi Metro Mall ⁽¹⁾	53.92	-	NM	11.01	-	NM
Portfolio	228.02	133.25	71	46.56	27.57	69

NM = not meaningful

FY2017 Net Property Income Contribution (%)



(1) Shiqi Metro Mall was acquired by the Trust on 19 June 2017. This refers to net property income from 20 June 2017 to 31 December 2017.

Distribution

Total distribution per unit (“DPU”) for the financial year ended 31 December 2017 was 7.16 cents, exceeding forecast DPU of 6.74 cents by 6%. The DPU translated to a yield of 8.95% (based on offering price of S\$0.80) and 8.14% (based on the closing price of S\$0.88 as at 29 December 2017).

	Actual Year ended 31 December 2017 (S\$)	Forecast Year ended 31 December 2017 (S\$)	% Change
Distribution per unit (cents): - With Distribution Waiver	7.16	6.74	6
Annualised distribution yield (%) - Based on offering price of S\$0.80: - With Distribution Waiver	8.95	8.43	6
- Based on closing price of S\$0.88 at 29 December 2017: - With Distribution Waiver	8.14	7.66	6

There are no significant changes to the assumptions originally projected for the Distribution Waiver as disclosed on pages 145 to 148 of the Prospectus.

Independent Valuation of Investment Properties

The investment properties were valued at 31 December 2017 by Colliers International (Hong Kong) Limited, using the average of the Discounted Cash Flow and Term and Reversion valuation methods, as follows:

Investment Properties	As at 31 December 2017 (RMB'M)	As at 31 December 2016 (RMB'M)	As at 31 December 2017 (S\$'M)	As at 31 December 2016 (S\$'M)
Xiaolan Metro Mall	2,387	2,341	491	488
Ocean Metro Mall	1,810	1,819	372	379
Dasin E-Colour	322	325	66	68
Shiqi Metro Mall	3,032	-	623	-
Portfolio	7,551	4,485	1,552	935

Excluding Shiqi Metro Mall, the valuation represents a decrease of S\$6 million or 1% due to weakening of RMB against SGD. In RMB, it is an increase of RMB34 million.

Capital Management

The Group has in place a RMB400.0 million (S\$82.2 million) onshore syndicated term loan (the “Onshore Facility”) and a SGD242.0 million and USD134.3 million offshore syndicated term loan equivalent to S\$421.6 million in aggregate (the “Offshore Facilities”).

The Onshore Facility is secured by legal mortgage over the investment properties and a pledge over the sales proceeds, rental income and receivables derived from these properties. The Onshore Facility is a 4.5-year

term loan facility. The repayment schedule of the Onshore Facility is as follows:

- 0.5% of the outstanding amount 6 months after the date of the drawdown;
- 0.5% of the outstanding amount for every 6 months thereafter up to 48 months after the date of the drawdown; and
- the remainder of the outstanding amount 54 months after the date of the drawdown.

FINANCIAL REVIEW

The Offshore Facilities are secured by way of first ranking charges over the entire issued share capital of each of the Singapore holding companies and first ranking pledges over the entire issued share capital/equity interest of each of the PRC property companies and rental management companies. The repayment schedule of the Offshore Facilities is as follows:

- an amount of S\$106.6 million and US\$52.4 million 24 months after the date of its drawdown on 20 January 2017;
- an amount of S\$102.4 million and US\$62.0 million 36 months after the date of its drawdown on 20 June 2017; and
- an amount of S\$32.9 million and US\$19.9 million 48 months after the date of its drawdown on 20 June 2017.

The Group proactively seeks to minimise the level of interest rate risk by locking certain amounts of the Group's borrowings at fixed rates. As at 31 December 2017, the Group has hedged approximately 34% of its borrowings at fixed rates. Excluding RMB denominated loan, which are not hedged, the Group has hedged approximately 40% of its borrowings at fixed rates.

In addition to the above facilities, the Group has also obtained a two-year Revolving Credit Facility of RMB 50 million (approximately S\$10.3 million). The facility was obtained mainly for the purpose of financing the general working capital of the Group. The credit facility is secured by the cash from the subsidiary in China.

As at 31 December 2017, the Group does not have any investment in other property funds and other material investments.

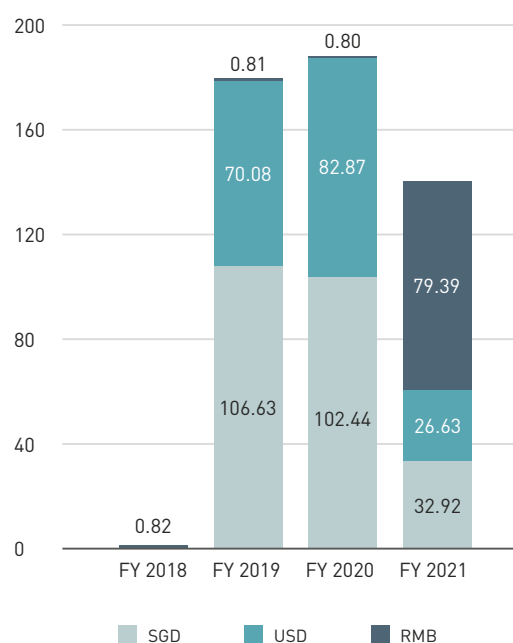
Net Asset Value ("NAV") Per Unit

As at 31 December 2017, the Group's NAV per Unit of S\$1.53 (based on the number of issued and issuable units) was 23% higher than the NAV of S\$1.25 per unit as at 31 December 2016.

Key financial indicators as at 31 December 2017

Gearing	30.7%
Average all-in cost of borrowings	
- Onshore	5.2%
- Offshore	4.6%

Debt Maturity Profile (S\$ Million)



Weighted average term to maturity (years)

Onshore	3.48
Offshore	2.02

OPERATIONS REVIEW

The Trustee-Manager adopts a proactive approach towards asset management and enhancement initiatives to ensure a leading market position within the segment and locale it operates in. Through active tenant mix and stores rejuvenation, product offerings in the portfolio of malls are tweaked to meet the needs of the local consumers as well as the latest trends.

During the financial year, Ocean Metro Mall welcomed tenants from the fitness and lifestyle segment which enhances the shoppers' experience where young professionals and families can try out sports such as indoor fencing, archery or head to the gym with an indoor swimming pool.

The mall also welcomed popular F&B tenant, FanHua Xiang Dining House (繁华巷音乐餐吧), where live band takes in song requests as shoppers dine and wine leisurely. The cinema at Ocean Metro Mall went through a rejuvenation, enhancing its offerings to IMAX and thereby bringing a 18% growth in revenue for the cineplex.

To enhance competitiveness, the Trustee-Manager work closely with tenants to assist them in upgrading their shopfront and product offerings. Sunning at Xiaolan Metro Mall, enhanced its offerings through upgrading of its premises from a traditional electrical department store to their online-and-offline e-mall – Sunning.com. Tenants in the fashion, general retail as well as food & beverage sector also conducted renovation to enhance the aesthetical outlook of its shopfront, providing a refreshed image and attracting consumers.

In addition, exciting mall programmes and activities are organised to drive in higher shoppers' traffic. During the financial year, over 100 activities were held across the Trust's four properties. The carparks within the Trust's properties were upgraded during the financial year to enable payment of parking fees via the usage of QR code, eliminating the need to queue for payment of carpark charges.

Occupancy Rate

As at 31 December 2017, the portfolio maintained a strong occupancy of 100%, a testament to the proactive asset management and leasing capabilities.

Occupancy rate		
	As at 31 December 2017	As at Listing ⁽¹⁾
Xiaolan Metro Mall	100.0%	100.0%
Dasin E-Colour	100.0%	92.8%
Ocean Metro Mall	100.0%	99.5%
Shiqi Metro Mall	100.0%	98.7%
Initial Portfolio⁽²⁾	100.0%	99.2%
DRT Portfolio	100.0%	99.0%

(1) As at 30 June 2016

(2) Initial Portfolio does not include Shiqi Metro Mall

Lease Expiry Profile

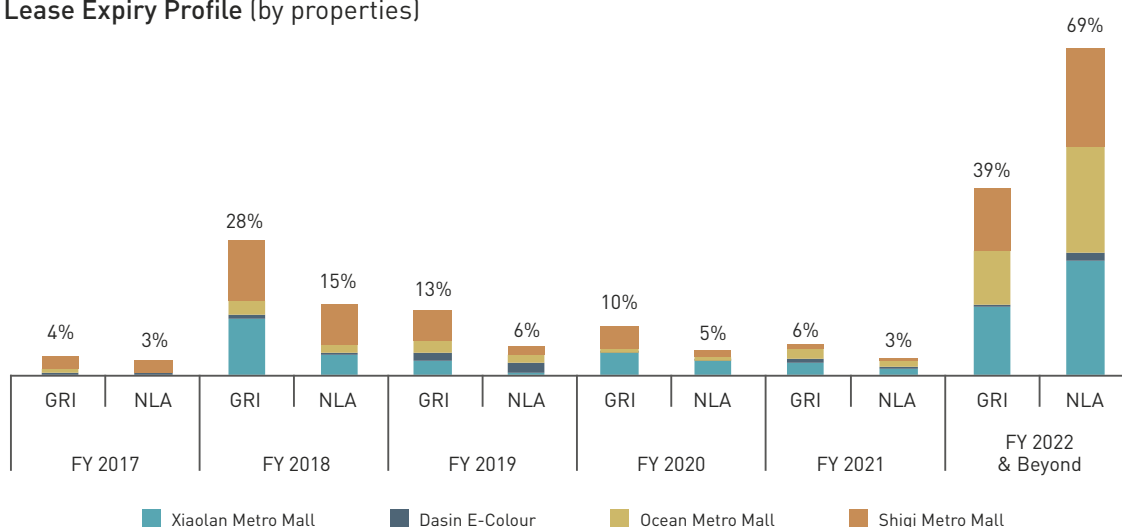
As at 31 December 2017, approximately 69% (based on net lettable area) of leases in the portfolio will expire in 2022 and beyond. These are predominantly anchor tenants within the portfolio which typically sign on long leases of between 10 and 25 years. These long leases provide predictability and stability in the rental stream for the trust.

Lease Expiry Profile as at 31 December 2017		
	By Net Lettable Area (NLA)	By Gross Rental Income (GRI)
FY2017 ⁽¹⁾	2.7%	3.7%
FY2018	14.6%	27.9%
FY2019	6.0%	13.2%
FY2020	4.9%	9.8%
FY2021	3.3%	6.3%
FY2022 & Beyond	68.6%	39.1%
Total	100.0%	100.0%

(1) Leases expiring on December 31, 2017

OPERATIONS REVIEW

Lease Expiry Profile (by properties)



Lease Expiry for 2018					
	NLA			Gross Rental Income ⁽³⁾	
	No. of leases ⁽¹⁾	sq m	% of total ⁽²⁾	RMB	% of total
Xiaolan Metro Mall	88	9,561	12.31%	2,839,586	33.31%
Dasin E-Colour	36	1,771	14.00%	232,979	21.03%
Ocean Metro Mall	54	3,679	5.41%	665,753	13.40%
Shiqi Metro Mall	87	20,626	24.06%	3,033,446	31.40%
Total	265	35,637	14.60%	6,771,763	27.91%

(1) Based on the signed lease agreements on or before 31 December 2017

(2) Based on the NLA of the respective malls as at 31 December 2017

(3) Based on the Gross Rental Income of the respective malls as of December 2017

Majority of the leases that are due for renewal in FY2018 are from three anchor tenancies in Xiaolan Metro Mall and Shiqi Metro Mall of which two renewals have been secured.

New Lease Renewal / Rental Reversion

New Lease & Renewals		
	Number of New lease/ renewals in 2017 ⁽¹⁾	Variance Over Preceding Rental
Xiaolan Metro Mall	55	11.73%
Dasin E-Colour	16	-2.14%
Ocean Metro Mall	62	8.96%
Shiqi Metro Mall	69	16.05%
Portfolio	202	12.73%

(1) Does not include leases with turnover rent and leases for new space created due to reconfiguration of units

Weighted Average Lease to Expiry (WALE)

WALE as at 31 December 2017		
	WALE (by GRI)	WALE (By NLA)
Xiaolan Metro Mall	3.85	6.22
Dasin E-Colour	2.49	3.47
Ocean Metro Mall	6.47	10.24
Shiqi Metro Mall	2.90	4.09
Portfolio	3.95	6.45

Lease Structure (as at 31 December 2017)

The portfolio lease structure comprises four components, namely: pure turnover rent, higher of base rent or turnover rent, fixed rent with built-in escalation and fixed rent. Fixed rent and fixed rent with built-in escalation provides the Trust with a steady

income stream while the lease structure with turnover rent component provides growth to the portfolio and allow the Trustee-Manager to monitor the sales and income of the tenant.

Lease Structure as at 31 December 2017				
	GRI (RMB)	% of GRI	NLA sq m	% of NLA
Fixed Rent	3,517,408	14%	12,383	5%
Fixed Rent with Built-in Escalation	15,020,290	62%	128,462	53%
Higher of Base Rent or Turnover Rent	5,212,156	21%	96,163	39%
Pure Turnover Rent	513,930	2%	7,047	3%
Portfolio	24,263,784	100%	244,055	100%

Lease Structure by GRI (as at 31 December 2017)



Lease Structure by NLA (as at 31 December 2017)



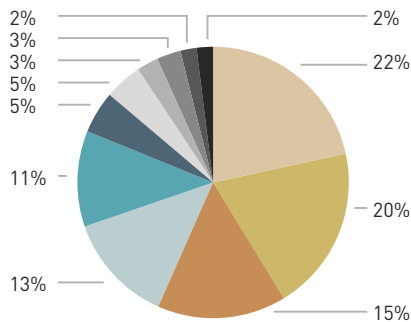
Fixed Rent
 Fixed Rent with Built-in Escalation
 Higher of Base Rent or Turnover Rent
 Pure Turnover Rent

OPERATIONS REVIEW

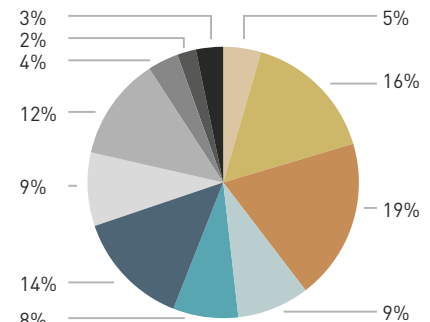
Trade Sector

The portfolio has a diversified tenant mix and offerings with no trade sector accounting for more than 25% of portfolio net lettable area.

By NLA as at 31 December 2017



By GRI as at 31 December 2017



Top 10 Tenants

No.	Tenants	Brand Name	Trade Sector	Lease Expiry	NLA sq m	NLA %	GRI %
1	中山市东区优越城百货管理有限公司 Zhongshan East Youyuecheng Store Management Co., Ltd. 中山市优越城百货管理有限公司 Zhongshan Youyuecheng Store Management Co., Ltd.	优越城百货 Youyuecheng Department Store	Department Store	Dec/2029 Apr/2024	39,929	16.4%	11.6%
2	中山市简美家居有限公司 Zhongshan Jianmei Household Co., Ltd. 中山市简美家居有限公司东区分公司 Jian Mei Furniture Co., Ltd. (Dongqu Branch) 中山市简美家居有限公司小榄分公司 Zhongshan Jianmei Jane Eyre Home Furnishing Co., Ltd. (Xiaolan Branch)	简美家居 Jane Eyre Furniture Mall	Home Furnishings	May/2018 Sep/2024 Apr/2024	31,285	12.8%	8.1%
3	中山市大信新都汇商业投资有限公司 Dasin Merchant Investment	Master Lease	General Retail	Mar/2019 Sep/2027	16,545	6.8%	4.1%
4	昆山润华商业有限公司中山小榄分公司 Kunshan Runhua Business Co., Ltd. Xiaolan Branch 昆山润华商业有限公司 Kunshan Runhua Business Co., Ltd.	大润发 RT Mart	Supermarket/Hypermart	Sep/2025 Mar/2024	35,329	14.5%	3.9%

No.	Tenants	Brand Name	Trade Sector	Lease Expiry	NLA sq m	NLA %	GRI %
5	中山市小榄大信餐饮服务有限公司 Zhongshan Dasin Food Services Co., Ltd. (Xiaolan Food Services) 中山市石岐大信餐饮服务有限公司 Zhongshan Dasin Food Services Co., Ltd. (Shiqi Food Services) 中山市溢彩大信餐饮服务有限公司 Zhongshan Yicai Dasin Food Service Co., Limited. 中山市远洋大信餐饮服务有限公司 Zhongshan Dasin Restaurant Service Co., Ltd. (Yuan Yang Dasin Food Services)	信轩餐饮 Xin Xuan Hotel Restaurant	Food & Beverage	Apr/2026 Apr/2024 Feb/2026 Nov/2024	16,237	6.7%	3.6%
6	中山市国美电器有限公司 Zhongshan GOME Electric Appliance Co., Ltd.	国美电器 GOME	IT & Electronics	Apr/2019	3,014	1.2%	3.4%
7	中山市金逸电影城有限公司 Zhongshan Jinyi Movie Co., Ltd	金逸电影院 Jinyi Cinema	Leisure & Entertainment	Jul/2025 Sep/2034 May/2028	9,663	4.0%	2.0%
8	中山市小榄镇东都会娱乐有限公司 Xiaolan Town Of Zhongshan City Dong Du Entertainment Co., Ltd	东都会 Dong Du Hui Nightclub	Leisure & Entertainment	Jan/2020	4,705	1.9%	1.7%
9	中山骐鸣健身有限公司 Zhongshan Qiming Fitness Co., Ltd	王者健身 King Fitness Club	Sport & Fitness	Nov/2029 Mar/2021	3,616	1.5%	1.6%
10	中山市新天际众达通信发展有限公司 Zhongshan Xintianji Communication Co., Ltd	众达电讯 Zhong Da Communications	IT & Electronics	Oct/2020	1,145	0.5%	1.3%

Master Lease Agreements

As disclosed in the Prospectus dated 13 January 2017, Dasin Merchant Investment entered into separate Master Lease Agreement for certain units on the first and the third floors of Xiaolan Metro Mall and for certain units on the fourth, eighth and ninth floors as well as the entire seventh floor of Dasin E-Colour.

The Trustee-Manager is to provide updates on the status of the Master Lease Agreements. As at 31 December 2017, the Trustee-Manager wishes to report that the assumptions on the Master Lease Agreements originally projected in the Prospectus have been achieved as follows:

	Mall	NLA (sqm)	Lease period		Gross Rental Income (FY2017)	Gross Rental Income for remaining lease period	Remaining Lease Duration (years)
			From	To			
大信新都汇商业投资有限公司 Dasin Merchant Investment	Xiaolan Metro Mall	11,952	26 September 2017	25 September 2027	RMB 2,277,356	RMB 255,478,057	9.74
	Dasin E-Colour	4,593	2 March 2016	1 March 2019	RMB 3,332,388	RMB 4,428,729	1.16

The security deposits provided under the Master Lease Agreements are in cash.

PROPERTY PORTFOLIO



大信 新都 汇石 岐店

SHIQI METRO MALL

Shiqi Metro Mall was the first shopping mall to be developed in Zhongshan and it has over 10 years of operating experience in Zhongshan. It is a mid-end positioned regional mall with a broad ranging trade mix primarily targeting mid-income households in the Zhongshan core urban area. Its anchor tenants include RT Mart, Superior City Department Store and Jane Eyre Furniture Mall. Other tenants include Watsons, KFC, Starbucks and Xin Xuan Hotel Restaurant (信轩茶饮). Shiqi Metro Mall draws a higher footfall than each of the Properties, attributable to its mature status in the market and its location in the city's core urban area. It has built a strong brand awareness amongst local residents in the core urban area of the city.

Shiqi Metro Mall is centrally located in the Shiqi District, within the core urban area of Zhongshan. In addition to being well served by the road network, Shiqi Metro Mall is also well served by many local public bus routes, including one which stops directly in front of Shiqi Metro Mall. Shiqi Metro Mall also operates free shuttle bus services to surrounding communities as well as to other malls.

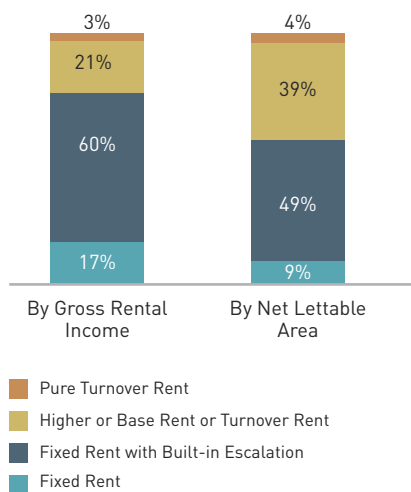


Property Information (As at 31 December 2017)

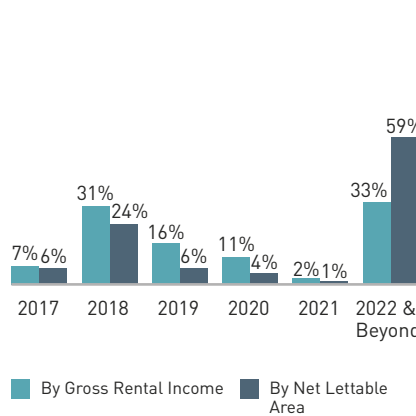
Gross Floor Area (sqm)	119,682
Net Lettable Area (sqm)	85,727
Valuation (S\$m)	623
Purchase Price (S\$m)	252
Gross Revenue for FY2017 (S\$'000)	13,490 ⁽¹⁾
Occupancy Rate	100%
Land lease tenure	27 July 2041

(1) Shiqi Metro Mall was acquired by the Trust on 19 June 2017. This refers to revenue from 20 June 2017 to 31 December 2017

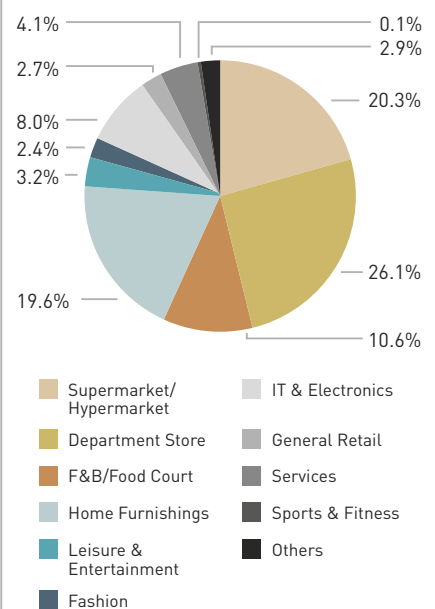
Lease Structure (%)



Lease Expiry Profile



Net Lettable Area by Trade Sector



PROPERTY PORTFOLIO



大信 新 都 汇 小 榄 店

XIAOLAN METRO MALL

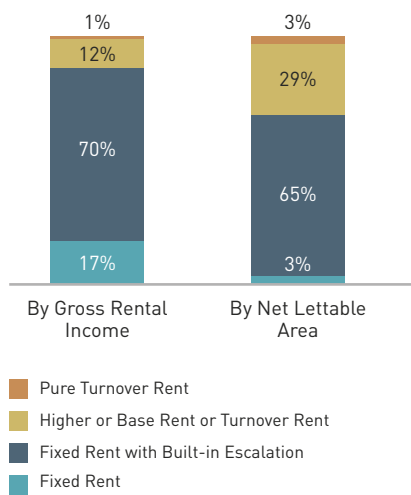
Located in the Xiaolan Town, one of the largest suburban towns in terms of residential population, Xiaolan Metro Mall is well served by the road network and many local public bus routes, including one which stops directly in front of Xiaolan Metro Mall. Some of the tenants include Chow Tai Fook, McDonald's, KFC and Pizza Hut. There are several large scale residential communities within the primary trade area, and Xiaolan Town Government, Xiaolan Gymnasium and Zhongshan Xiaolan Middle School, which has over 3,000 students and staff, are all within the primary trade area. Free shuttle bus services are provided to surrounding communities as well as to the Xiaolan Bus Station to boost shoppers' traffic.



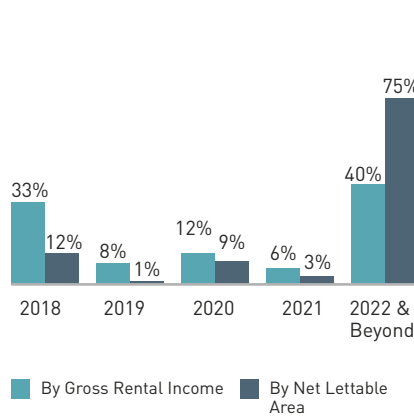
Property Information (As at 31 December 2017)

Gross Floor Area (sqm)	108,690
Net Lettable Area (sqm)	77,762
Valuation (S\$m)	491
Purchase Price (S\$m)	325
Gross Revenue for FY2017 (S\$'000)	24,973
Occupancy Rate	100%
Land lease tenure	1 April 2043

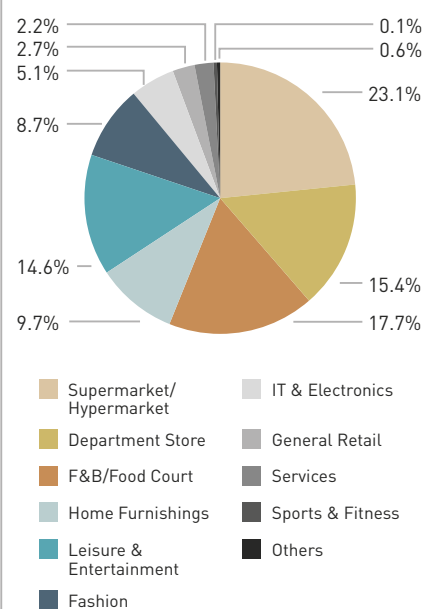
Lease Structure (%)



Lease Expiry Profile



Net Lettable Area by Trade Sector



PROPERTY PORTFOLIO



大信 新都汇 远洋店

OCEAN METRO MALL

Strategically located in the Dongqu District, within the core urban area of Zhongshan, Ocean Metro Mall is easily accessible via many local public bus routes in close proximity. The mall commenced operations in December 2014 and is positioned as a mid-to-mid-upper tier modern and experiential lifestyle destination, providing an integrated shopping experience, which includes retail, F&B and entertainment. The spacious walkways and big atrium space for hosting events give the mall a more modern feel.

Ocean Metro Mall houses quality tenants such as Carrefour, Superior City Department Store, Top KTV, Win Fitness, Jinyi Cinema, Starbucks, McDonald's, Nike and Adidas. It also operates free shuttle bus services extending to other districts and towns, providing easy access for local residents in those respective areas.

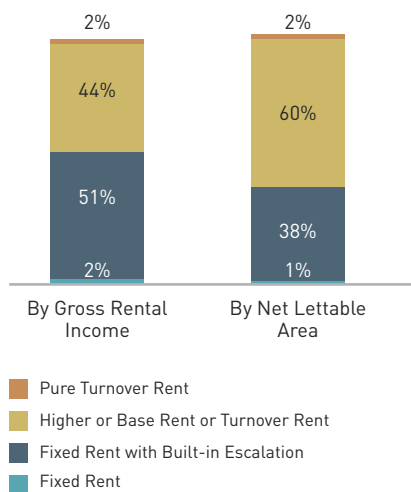
Located next to Ocean Metro Mall is the sprawling 110,000 sqm China (Zhongshan) Light Industry Expo Centre which has a spillover effect of visitors' traffic.



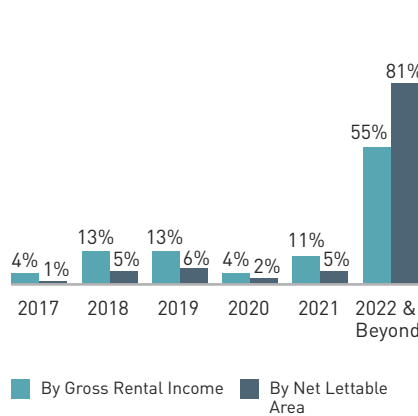
Property Information (As at 31 December 2017)

Gross Floor Area (sqm)	180,338
Net Lettable Area (sqm)	68,008
Valuation (S\$m)	372
Purchase Price (S\$m)	263
Gross Revenue for FY2017 (S\$'000)	15,811
Occupancy Rate	100%
Land lease tenure	21 February 2046

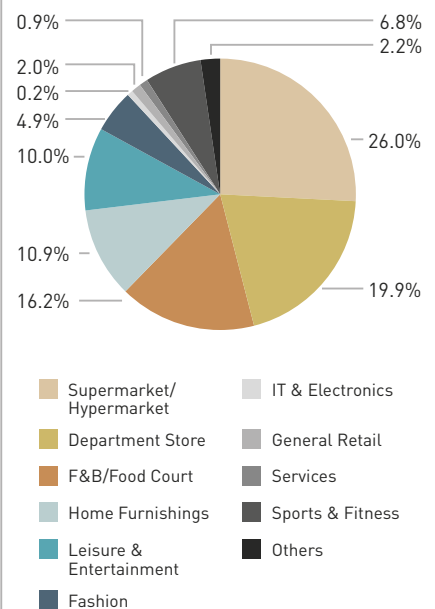
Lease Structure (%)



Lease Expiry Profile



Net Lettable Area by Trade Sector



PROPERTY PORTFOLIO



大信溢彩荟

DASIN E-COLOUR

Situated opposite the University of Electronic Science and Technology of China (Zhongshan Institute) (电子科技大学学院大学(中山学院)), Dasin E-Colour was originally a furniture mall which has undergone asset enhancement initiative to transform itself into a trendy community mall prior to the listing of Dasin Retail Trust. The university has an estimated 20,000 students and staff, providing a ready catchment for shopper's traffic. Dasin E-Colour is positioned as a mid-end community mall providing fashionable retail outlets, popular F&B stores and entertainment facilities for its visitors.

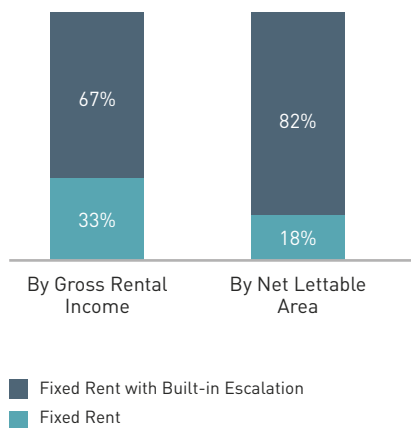
Dasin E-Colour holds youth events such as street dance and basketball competitions, as well as seasonal events like Valentine's Day, Christmas activities during school holidays to attract footfall.



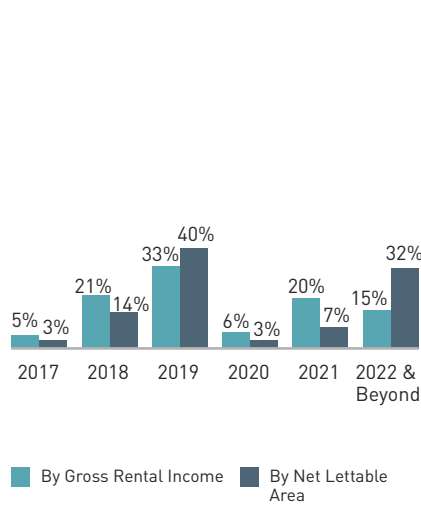
Property Information (As at 31 December 2017)

Gross Floor Area (sqm)	25,857
Net Lettable Area (sqm)	12,648
Valuation (S\$m)	66
Purchase Price (S\$m)	45
Gross Revenue for FY2017 (S\$'000)	3,422
Occupancy Rate	100%
Land lease tenure	28 July 2045

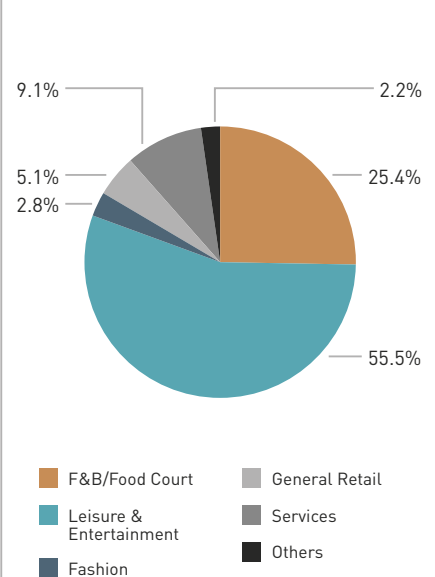
Lease Structure (%)



Lease Expiry Profile



Net Lettable Area by Trade Sector



MARKET REVIEW



Zhongshan GDP grew 6.6% in 2017 to RMB345 billion

Macro Outlook

In 2017, the global economy remained uncertain, with U.S. interest rate increased and tax reforms. However, this did not cause the U.S. dollar to rise, instead, the dollar fell by about 10% over the past year. Meanwhile, the economy in Europe is recovering. The Brexit process, however, is still unclear. International trade disputes are intensifying with protectionism policies on the rise.

China Macro Economy

China's economy is undergoing a transition from high-speed growth to high-quality growth, with a nominal GDP of 6.9% in 2017, exceeding the growth target of 6.5%. This is the first economic acceleration in nearly seven years, indicating the initial success of the transition. For 2018, the outlook is less optimistic

against the backdrop of economic de-leveraging and de-capacity. However, China's growth remains strong and remains the most dynamic economy compared with the rest of the world. ⁽¹⁾

According to the National Bureau of Statistics, the total retail sales of retail consumer goods in China continued at a double-digit growth of 10.2% in 2017. Housing, household goods and services, education and cultural entertainment, and health care consumption exceeded the average growth rate, demonstrating modern urbanisation and consumption upgrade. ⁽²⁾

Retail Market

The retail market has picked up significantly. According to statistics from China National Commercial Information Center, the retail sales of the 100 largest retail

(1) http://www.stats.gov.cn/tjsj/zxfb/201801/t20180118_1574931.html

(2) http://www.stats.gov.cn/tjsj/zxfb/201801/t20180118_1574931.html

enterprises increased by 2.8% YoY in 2017, comparing with 0.5% decrease in 2016, with particular emphasis on the consumption of high-end products.

New Industry Trend



An Online2Offline store within the portfolio

E-commerce and “New Retail”

In 2017, online sales continued to grow at a rapid rate. The annual physical retail sales accounted for RMB5.48 trillion, an increase of 28%. This accounts for 15% of the total retail sales of consumer goods, which recorded 2.4% increase over the previous year. According to 10-year statistics, the e-commerce market is growing at a declining rate.^[3]

The e-commerce industry is rather stable with the leading players remaining at the forefront. The number of Internet users and the penetration rate of mobile applications are saturated. New companies are trying to get a share of the e-commerce pie, resulting in a surge in the cost of customer acquisition. Sales promotion and storage cost are on the rise, reducing the profit margin. As such, the cost advantage of e-commerce is diminishing. Comparatively, the traditional retail market has a natural advantage over online stores as it provides an enhanced customer experience with the ability to ensure product quality, particularly with high-end products, less rejection and refund rate as well as customer complaints.

At the same time, due to the impact by e-commerce, traditional retail companies are proactively adjusting their product contents, service quality and experience

to enhance their competitiveness. Retailers are also altering their business structure to provide consumers an online experience. Conversely, leading e-commerce enterprises are actively setting up traditional brick-and-mortar stalls to ensure a win-win situation for their business. Thus, giving birth to a new retail concept.

With the blurring of online and offline retail market, the Trustee-Manager believe that the new trend of retailing will depend largely on data analysis of traditional retail as well as the retail scene. The new retail trend will be able to meet and enhance consumer demand for diversity in terms of higher quality products, shopping efficiency, service experience as well as demand forecasting.

Together with the Sponsor, the Trustee-Manager proactively embrace the trend to bridge the gap between the customers as well as our tenants. This is done through the usage of the “Dasin Pass”, a technological platform which allows the Sponsor and Trustee-Manager to track consumers’ pattern through in-store purchases. As the number of Dasin Pass users increases, the Sponsor and the Trustee-Manager will be able to better capitalise on the data collected. The Trustee-Manager constantly adjust the tenant mix to provide an enhanced shopping experience to our shoppers.

Regional Development

Guangdong-Hong Kong-Macau Greater Bay Area planning^[4]

Compared with the world’s top three bay areas, the Guangdong-Hong Kong-Macau Greater Bay Area has a certain degree of competitiveness with regards to the land area, total economic volume, population size, development of science and technology industry, port transportation, finance as well as education.

In 2017, the economies of the Guangdong-Hong Kong-Macau Greater Bay Area exceeded the San Francisco Bay area and was almost on par with the New York Bay area. In 2016, the economic growth for the Guangdong-Hong Kong-Macau Greater Bay Area was 2.26 times, 2.19 times and 2.93 times of the New York Bay area, Tokyo Bay area and San Francisco Bay area respectively, with the gross GDP as high as US\$1.37 trillion, and a per capita GDP of US\$20,200.

The Guangdong-Hong Kong-Macau Greater Bay Area houses world-class ports including the Shenzhen Port (third largest port in throughput capacity), Hong Kong

[3] http://www.stats.gov.cn/tjsj/sjjd/201801/t20180119_1575470.html

[4] <https://baijiahao.baidu.com/s?id=1588174610677188759&wfr=spider&for=pc>
<http://news.163.com/18/0127/05/D94QNB5000018AOP.html>

MARKET REVIEW

port (fifth largest port in throughput capacity), and Guangzhou port (seventh largest port in throughput capacity). In 2016, the combined throughput was 62.47 million TEUs, propelling them to the highest throughput in the world. This is about 4.5 times the total volume of the world's three largest bay areas. In addition, Guangdong-Hong Kong-Macau Greater Bay Area's aviation market also leads the world, with 185 million passenger throughput at the airport in 2016.

In terms of science and technology, Shenzhen is the second most active city in the world in terms of innovation activities. It only lags behind Tokyo, Japan (261,308 activities) but leads in Silicon Valley (59,762 activities) and New York (47,794 activities). The Guangdong-Hong Kong-Macau Greater Bay Area is home to 16 of the Fortune's 500 companies and four of the top 100 universities in the world.

In terms of finance, Hong Kong is a famous international financial center and Shenzhen is a domestic financial center. According to the latest global financial center index published by Zyen Group, a British think-tank, Hong Kong's financial industry competitiveness ranked fourth and Shenzhen ranked 22nd.

In terms of industry, the electronic information industry in the east coast of Pearl River Delta region is well developed where Huawei, Tencent, and other world-renowned IT companies are housed. The equipment manufacturing industry on the west coast of Pearl River is also booming, and the tertiary industry accounting for 55.6% of GDP.

At the 19th CPC (Chinese Party of Communist) National Congress report, it is proposed the development plan for the Guangdong-Hong Kong-Macau Greater Bay Area to be given priority, among other moves to promote coordinated regional development of the country this year. The influx of capital and talent will accelerate and the infrastructure will develop by leaps and bounds. The construction of the Hong Kong-Zhuhai-Macau Bridge and the Shenzhen-Zhongshan Bridge will enhance the transportation network in the Bay Area. Zhongshan, as one of the core cities within the Bay Area, is expected to benefit from the development. Consequently, the Trust's properties as well as the pipeline of ROFR assets are expected to gain positively from the development.

Hong Kong-Zhuhai-Macau Bridge

The Hong Kong-Zhuhai-Macau Bridge is a massive infrastructure development currently under construction aiming to facilitate transportation between Hong Kong, Zhuhai and Macau. The project is expected to complete in second quarter of 2018 and will shorten the travelling time between Hong Kong and Zhuhai to about 30 minutes and the travel distance from Zhongshan to Hong Kong International Airport would be reduced to about 91.0 km.

The bridge is expected to play an important role to boost economic development of the Pearl River Delta region especially west Pearl River Delta area. It is expected that the bridge can stimulate manufacturing-related industries, logistics industry and infrastructure developments in Zhuhai and Zhongshan.



Zhongshan is strategically located within the heart of the Guangdong-Hong Kong-Macau Greater Bay Area

Shenzhen-Zhongshan Bridge

Zhongshan's connectivity with the rest of the Pearl River Delta region is poised to receive a significant boost with the construction of the Shenzhen-Zhongshan Bridge, a major infrastructure development initiative which will connect Shenzhen with Zhongshan across the Pearl River Delta. The bridge will aim to reduce the commute time between Shenzhen and Zhongshan to 30 minutes and is expected to provide an impetus for some residents to live in Zhongshan and work in Shenzhen with the round-trip commute time cut to about an hour. In addition, the bridge would provide more convenient access to Shenzhen Bao'an International Airport, potentially making Zhongshan more attractive as an investment destination.

Zhongshan Economy

According to the Zhongshan Bureau of Statistics and the National Bureau of Statistics, Zhongshan GDP increased by 6.6% in 2017 to RMB345 billion. Total retail sales increased 8.6% to RMB131 billion. Disposable income per capita increased by 8.9% to RMB 43,554 which is higher than Chinese average disposable income per capita of RMB 25,974.

The fixed asset investment of Zhongshan maintains a growing trend in 2017 with an annual growth of 8.7%. The secondary investment amounted to RMB 32.8 billion, which is a decline of 0.8% year-on-year. However, the tertiary investment has grown by 12.5% amounting to RMB92.0 billion.

The growth of total retail sales of consumer goods in Zhongshan was stable from 2010 to 2017. In 2017, total retail sale was RMB131 billion, representing a year-on-year growth of 8.6%. The sale of commodities were the most significant components of retail sales in Zhongshan, amounting to RMB119 billion. Food and beverages was second at RMB11.8 billion.

The above statistics are anecdotes of the high urbanisation rate in Zhongshan. Although the GDP growth rate has slowed down along with the transition in the economy, disposable income per capita continues to grow rapidly, indicating a solid economic foundation. As such, consumer consumption is expected to continue on its growth trend.

Outlook

While the economy is faced with challenges, the retail industry is expected to develop rapidly under the background of China's consumption-driven economic growth policy. At the same time, the retail industry is enhancing its performance with the usage of the internet as well as big data analytics. The middle class in China is also growing rapidly. Dasin Retail Trust will proactively partake in the trend to further develop its capabilities for enhancement of products and services within its malls so as to create sustainable and stable returns for its Unitholders.







ESTABLISHING ALLIANCES, AUGMENTING EXPERTISE

Our Sponsor, Zhongshan Dasin Real Estate Co., Ltd is a well-trusted leading real estate developer in Zhongshan with renowned and award-winning shopping center developments. As one of China's Top 10 Commercial Real Estate Development companies from 2012 to 2017, it is the proud developer of several award-winning retail properties in Zhongshan. Through our Sponsor's operational platform, the Trust is able to capitalise on the expertise and strategic alliances to proactively manage and enhance its properties to bring value to our Unitholders.

BOARD OF DIRECTORS

MR. ZHANG ZHENCHENG

Chairman and Non-Executive Director

Mr. Zhang Zhencheng is the Chairman and Non-Executive Director of the Board of the Trustee-Manager. He is also a member of the Nominating Committee.

Prior to joining the Trustee-Manager, Mr. Zhang had been an Executive Director at Zhongshan Dasin Holdings Co., Ltd., a wholly-owned subsidiary of the Sponsor, since February 2015 till September 2015, where he was responsible for the investment strategies of the company. Prior to that, from August 2009 to August 2013, Mr. Zhang was Chairman of the Board of the Sponsor and from September 2013 to January 2015, Mr. Zhang held the position of Executive Director and General Manager of the Sponsor. During this time, he was responsible for investment decisions of the Sponsor, development and management of engineering and commercial projects as well as financial and human resource management. From October 2003 to July 2009, Mr. Zhang was the Deputy General Manager of the Sponsor, where he was primarily responsible for the management of construction projects.

Mr. Zhang graduated with a Financial Accounting major from Zhongshan University of Electronic Science and Technology (Zhongshan Institute), PRC, in July 1997.

Mr. Zhang Zhencheng is the uncle of Mr. Zhang Zhongming.

MR. ZHANG ZHONGMING

Non-Executive Director

Mr. Zhang Zhongming is a Non-Executive Director of the Board of the Trustee-Manager. He is also a member of the Remuneration Committee.

Mr. Zhang has been a Non-Executive Director at Zhongshan Dasin Holdings Co., Ltd. from February 2015 to September 2015, and an Executive Director at Zhongshan Dasin Holdings Co., Ltd. since October 2015 till present, where he is responsible for analysing investment opportunities and assisting in the making of investment decisions of the company. From February 2013 to February 2015, he was the Assistant General Manager of the Sponsor, where he was responsible for the feasibility and investment analysis of approximately 30 projects, which included the feasibility of the Guzhen Metro Mall project, Shangri-La hotel project and the Sponsor's proposed investment into Macau. From March 2012 to January 2013, he was the Assistant to the Deputy General Manager of the Sponsor, where he assisted the Deputy General Manager in the examination and analysis of the financial information of the Sponsor and its subsidiaries, and was also responsible for the preparation of the budgets for the various projects undertaken by the Sponsor. Prior to joining the Sponsor, from September 2011 to 2012, Mr. Zhang was the Assistant General Manager of Zhongshan Microfinance Co., Ltd., where he was responsible for building cooperative relationships with various banks, financial institutions and chambers of commerce, and overseeing the business risk analysis and investigation of various companies before procuring financing for those companies.

Mr. Zhang obtained a Master of Mathematics from the University of Oxford, United Kingdom, in July 2011.

Mr. Zhang Zhongming is the nephew of Mr. Zhang Zhencheng.

DR. CAO YONG

Lead Independent Director

Dr. Cao Yong is the Lead Independent Director of the Trustee-Manager. He is also the Chairman of the Remuneration Committee and member of the Nominating Committee as well as the Audit and Risk Committee.

Dr. Cao joined Nanyang Technological University, Singapore as a lecturer at the Nanyang Business School in March 1993 and was subsequently appointed Associate Professor. He is currently an Adjunct Associate Professor at Nanyang Business School, where he teaches finance and economics. Dr. Cao is also a Professor at the Nanjing University's Business School in PRC, where he teaches finance and supervises PhD students. His areas of research include finance, risk management and the Chinese economy. Since July 2010, Dr. Cao has been an independent director and chairman of the audit committee at Chinese Global Investors Group Ltd., a Singapore-listed company.

Dr. Cao graduated with a Bachelor of Economics from Sichuan University, PRC, in July 1982. He obtained a Master of Economics from the Chinese Academy of Social Sciences Graduate School, PRC, in July 1985. Between January 1987 and December 1992, Dr. Cao attended the Australia National University in Australia, where he obtained a Master of Economics of Development in January 1989 and a Doctor of Philosophy (Economics) in December 1992.

MR. SUN SHU

Independent Director

Mr. Sun Shu is an Independent Director of the Trustee-Manager. He is also the Chairman of the Nominating Committee and a member of the Remuneration Committee as well as the Audit and Risk Committee.

From September 1985 to December 2012, Mr. Sun held various positions in the Bank of China before retiring in January 2013. From August 2002 to December 2012, Mr. Sun was the Secretary of the Disciplinary Examination Committee of the Communist Party of China for the Guangdong Provincial Branch of the Bank of China, where he was responsible for building and managing the internal control system for the bank. Prior to that, from September 1985 to August 2002, Mr. Sun held the position of General Manager in two different departments in the Anhui Provincial Branch of the Bank of China. From September 1985 to February 1997, he was the general manager of the International Settlement Department where he was responsible for checking and issuing export and import documentation of the Anhui Provincial Branch. From February 1997 to December 2002, he was the general manager of the Chaohu City Branch where he was responsible for the management of its business.

Mr. Sun graduated with an English Major from Hefei Normal College, PRC, in July 1980. He also obtained a Masters in Law from the Central China Normal University in Wuhan, PRC, in September 1985.

MR. TAN HUAY LIM

Independent Director

Mr. Tan Huay Lim is an Independent Director of the Trustee-Manager. He is also the Chairman of the Audit and Risk Committee and is a member of the Remuneration Committee.

Mr. Tan joined KPMG LLP in April 1981 and was admitted as a partner in October 1991. He has over 30 years of experience in the audit of privately-owned enterprises, multi-national corporations and public listed companies, and covered diverse businesses including banking, insurance, manufacturing, trading, fast moving consumer goods, real estate, infrastructure, construction, healthcare, transport, shipping, mining and food and beverage.

Mr. Tan has been involved in a number of initial public offerings, debt financing and merger and acquisition transactions during his employment at KPMG LLP. He was the Singapore Head of KPMG Global China Practice from September 2010 until his retirement from KPMG LLP on 30 September 2015.

Mr. Tan is an independent, non-executive director and chairman of the audit committee of China Jinjiang Environment Holding Company Limited (中國錦江環境控股有限公司). Mr. Tan is also an Honorary Council Member of the Singapore Chinese Chamber of Commerce and Industry and the chairman of the audit committee of Ren Ci Hospital.

Mr. Tan graduated with a Bachelor of Commerce (Accountancy) from Nanyang University, Singapore, in 1978. He is a Fellow Member of the Institute of Singapore Chartered Accountants, the Association of Certified Accountants, UK, and the Certified Practising Accountants (Australia).

SENIOR MANAGEMENT

MR. LI WEN

Chief Executive Officer

Mr. Li Wen is the Chief Executive Officer of the Trustee-Manager. As Chief Executive Officer, he is responsible for the strategic management, growth and operation of Dasin Retail Trust. He works with the Board of Directors to determine business strategies and ensure that such strategies are executed accordingly.

Mr. Li has extensive experience in risk management, treasury management, investments, mergers and acquisitions, and financial management. He was a member of the working group responsible for the Initial Public Offering of Dasin Retail Trust. Prior to his appointment as the Chief Executive Officer of the Trustee-Manager, he was the General Manager (Finance) for Zhongshan Dasin Holdings Co., Ltd., since February 2015. He also held the positions of General Manager for Dasin (Shenzhen) Internet Finance Service Co., Ltd. and Dasin Xincheng Wealth Management Co., Ltd. from April 2016 to May 2017. From 2000 to 2014, he was with Bank of China Co., Ltd (Zhongshan Branch) and was its Deputy General Manager from 2010 to 2014.

Mr. Li majored in Trade and Economics from the South China Agricultural University.

MR. STEVEN NG MUN FAI

Chief Financial Officer

Mr. Steven Ng Mun Fai is the Chief Financial Officer of the Trustee-Manager.

Mr. Ng has more than 19 years of experience in accounting and financial-related work, including group accounting and reporting, accounting system implementation, compliance, strategic planning and financial statements preparation.

Prior to joining the Trustee-Manager, Mr. Ng was an Audit Senior Manager with KPMG LLP, Singapore for more than eight years, from December 2006 to September 2015, where he provided audit services to public listed companies, subsidiaries, foreign multinationals, government-linked and private companies in real estate, manufacturing, consumer and industrial market industries. During this period, he was also responsible for the audit of a number of commercial, industrial and hospitality real estate investment and business trusts. During his employment, Mr. Ng was appointed as head of the "Real Estate, Consumer and Tourism" business unit in 2011 where he served till 2013. He was responsible for operational efficiencies and also oversaw critical functions of the business unit. Between 2008 and 2011, Mr. Ng was department head for an audit unit where he was in charge of overseeing an audit unit of around 70 staff members.

From December 2003 to December 2006, Mr. Ng was an Audit Manager with KPMG in Kuala Lumpur, Malaysia, where he was responsible for planning audit work and also supervising the preparation of financial statements and regulatory reports. Prior to that, he was an Assistant Audit Manager with Ernst & Young in Malaysia from September 1998 to December 2003 where he assisted in preparing statutory financial statements and undertook audit procedures for audit assignments.

Mr. Ng obtained a Bachelor of Commerce degree from Griffith University, Australia, in September 1998. He has been a non-practising Chartered Accountant with the Institute of Singapore Chartered Accountants since November 2009, and a Chartered Accountant with the Malaysian Institute of Accountants since July 2003. In addition, he is also a member of CPA Australia, Chartered Accountants of Australia and New Zealand, the Chartered Institute of Management Accountants, the Malaysian Institute of Certified Public Accountants, the Chartered Tax Institute of Malaysia and the Malaysian Association of Company Secretaries.

MR. LU ZHIQI

General Manager of the Investment Division

Mr. Lu Zhiqi is the General Manager of the Investment Division of the Trustee-Manager.

Prior to joining the Trustee-Manager, Mr. Lu was the General Manager of Investment & Planning Department at Kaisa Commercial Group Co., Ltd. from July 2014 till October 2015, where he was in charge of investment and capital sourcing for the group commercial unit, as well as product planning for the commercial assets. From July 2013 to July 2014, he was the Investment Director of Thaihot Group Co., Ltd., where he was responsible for investment affairs in the Guangdong area. From December 2007 to July 2013, Mr. Lu was the Manager of Investment and Asset Management at CapitaLand China Holding Ltd, where he led a regional team in a number of investment and asset management assignments, such as the acquisition of shares in Panyu LiFung Industrial Estate by CapitaLand, and the divestment of Guangzhou Ascott to Ascott Holding. From April 2005 to December 2007, he was with Evergrande Real Estate Group Limited, where he was Investment Supervisor from April 2005 to February 2006 and was responsible for conducting investment affairs in the Pearl River Delta region and Assistant Manager of Investment and Development from February 2006 to December 2007 where he was responsible for regional investment and project development affairs in the Kunming branch.

Mr. Lu graduated with a Bachelor of Civil Engineering from Anhui University of Science & Technology, PRC, in July 2003. He also obtained a Master of Business Administration from Hong Kong Baptist University, Hong Kong, in November 2012.

INVESTOR RELATIONS

Dasin Retail Trust was listed on the SGX-ST on 20 January 2017. Since then, Dasin Retail Trust Management Limited, as Trustee-Manager of Dasin Retail Trust has embarked on a number of investor relations initiatives to inform and educate the investing community on the development of the Trust.

The Trustee-Manager is committed to providing clear, timely, regular and unbiased information about Dasin Retail Trust in a transparent and timely manner. All announcements, such as corporate developments, financial statements, press releases and presentation are uploaded onto SGX-ST, then the corporate website at www.dasintrust.com to ensure prompt dissemination of information to the investing community. A dedicated email address (ir@dasintrust.com) is also available to answer any queries that the public may have for the Trust. Unitholders can sign up for email alert on the corporate website to receive news whenever it becomes available on the Trust's website.

During the year, the Trustee-Manager conducted a property tour for sell-side analysts to Zhongshan where the Trust's properties are located. The analysts were able to experience the vibrancy of the malls and understand more about the Trust's operational dynamics. The management also meets with investors on a regular basis through one-on-one meetings as well as non-deal roadshows to provide key updates and share insights on the Trust's performance.



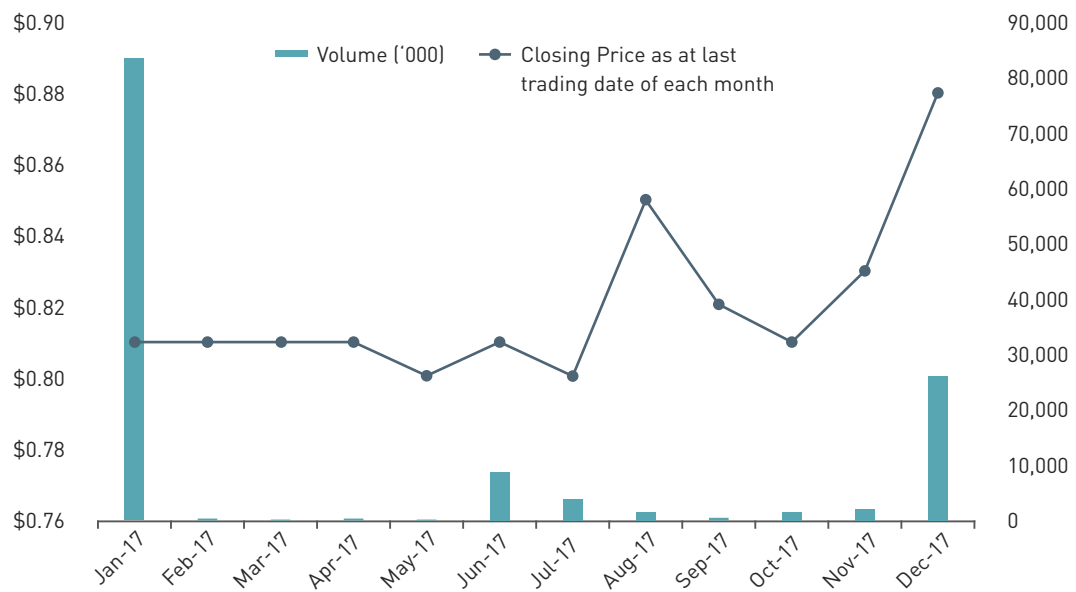
Financial Calendar

	FY2017	FY2018 (Tentative)
1st quarter results announcement	15 May 2017	May 2018
2nd quarter and half-year results announcement	11 August 2017	August 2018
Payment of First Half Distribution	20 September 2017	September 2018
3rd quarter results announcement	10 November 2017	November 2018
4th quarter and full year results announcement	27 February 2018	February 2019
Payment of Second Half Distribution	27 March 2018	March 2019
Annual General Meeting	18 April 2018	April 2019

Dasin Retail Trust Unit Price Performance

	FY2017
Offering Price	S\$0.80
Highest Unit Price	S\$0.88
Lowest Unit Price	S\$0.795
Closing Price (as at 29 December 2017)	S\$0.88
Total trading volume ('000)	64,458
Market Capitalisation (based on closing price of S\$0.88 as at 29 December 2017) (S\$ million)	S\$486.15

Dasin Retail Trust Monthly Trading Performance In FY2017



Volume ('000)		Closing Price as at last trading date of each month	Volume ('000)		Closing Price as at last trading date of each month
Jan-17	82,230	\$0.81	Jul-17	4,027	\$0.80
Feb-17	486	\$0.81	Aug-17	1,788	\$0.85
Mar-17	341	\$0.81	Sep-17	8,63	\$0.82
Apr-17	509	\$0.81	Oct-17	1,585	\$0.81
May-17	118	\$0.80	Nov-17	2,234	\$0.83
June-17	8,904	\$0.81	Dec-17	25,834	\$0.88

SUSTAINABILITY REPORT

Highlights



Competitive Employee Compensation and Benefits



Series of Volunteering Activities Arranged for Staff

No reported non-compliance incidents in relation to:



Environmental and Socioeconomic Compliance



Anti-corruption



Marketing and Labelling



Customer Health & Safety

Sustainability Pillars

Dasin Retail Trust Management Pte. Ltd. (the “Trustee-Manager”) is supportive of the 2030 Sustainability Development Goals (SDGs) outlined by the United Nations (UN) in 2015. Some of the key sustainability focuses and activities in relation to the 5 key SDGs are outlined in the table below.

Sustainability Pillar	Material ESG Factors	United Nations Sustainable Development Goals (UN SDGs)	Activities
Community	<ul style="list-style-type: none"> CSR Activities and Local Communities 	 No Poverty  Good Health and Well-being  Reduced Inequalities	<p>The Trustee-Manager and Zhongshan Dasin Real Estate Co., Ltd. (the “Sponsor”) make philanthropic donations and carry out various volunteer activities to help those in need such as people suffering from major diseases, accidents, natural disasters or family poverty.</p> <p>The Trustee-Manager and the Sponsor also actively participate in other health-related programs such as charity walk, health awareness outreach programs and blood donation events.</p>

Sustainability Pillar	Material ESG Factors	United Nations Sustainable Development Goals (UN SDGs)	Activities
Employees	<ul style="list-style-type: none"> Talent Management Training and Education Labour/ Management Relations 	 Decent Work and Economic Growth	The Trustee-Manager takes a holistic approach to ensure that it provides a fair, open and rewarding environment for its employees.
Economic Performance	<ul style="list-style-type: none"> Direct Economic Contribution 	 Sustainable Cities and Communities	The Trustee-Manager contributes to the sustainable development in the Guangdong-Hong Kong-Macau Greater Bay Area through providing jobs and business opportunities, facilitating community bonding and indirectly improving the standard of living.

Board Statement

The Board of Directors (the “Board”) at Dasin Retail Trust (the “Trust”) is pleased to present the Trust’s first Sustainability Report (the “Report”).

The Board strives to maintain a balanced approach towards sustainability. Besides increasing investor returns through maintaining a long-term sustainable cash flow, the Board also seeks to create long-term value by overseeing the responsible management of environmental, social and governance (ESG) risks and opportunities by management.

The Trust is one of the leading retail property investors in the Guangdong-Hong Kong-Macau Greater Bay Area of China. In line with the Sponsor’s belief in giving back to the society, the Trust aspires to contribute to the sustainable development in this region. Other than investing in quality malls and providing excellent services to customers which will enhance their shopping experience, the Trust also indirectly supports economic growth through the provision of employment and business opportunities and the provision of common spaces at the malls which encourages social bonding.

In discharging its responsibilities under the SGX requirements, the Board is supported by the

Sustainability Steering Committee (“SSC”) which comprises senior management representatives from the Trust and Trustee-Manager. The SSC develops the Trust’s sustainability strategy and manages overall sustainability performance through close monitoring of the data collection process and reporting of key sustainability matters to the Chief Executive Officer of the Trustee-Manager.

This Report is aligned with the SGX-ST Listing Rules Practice Note 7.6: “Sustainability Reporting Guide” and is also prepared in accordance with the Global Reporting Initiative (“GRI”) Standards: Core Option.

The Board is committed to continuously improve the Report to address stakeholders’ interests and enhance accountability and transparency.

Board of Directors
Dasin Retail Trust Management Pte. Ltd.
In its capacity as Trustee-Manager
of Dasin Retail Trust

SUSTAINABILITY REPORT

Sustainability Report Overview

About this Report

This Report describes the Trust's approach towards sustainability and its ESG performance for the financial year ended 31 December 2017.

The Report covers the following entities which has a significant impact to the Trust's business and operations.

- Dasin Retail Trust
- Dasin Retail Trust Management Pte. Ltd.
 - include description of selection process of property managers
- Zhongshan Dasin Real Estate Co., Ltd.
 - only include CSR activities of Sponsor

Materiality Assessment

The Trustee-Manager establishes a sustainability framework which is aligned to its principles of credibility and integrity. The framework covers 5 key pillars and 12 material ESG factors as described in the table below.

Sustainability Pillar	Material Factors / GRI Topics	Key Focus
Economic Performance	Direct Economic Contribution ⁽¹⁾	<p>Direct Economic Contribution The Trustee-Manager focuses on improving the economic performance and resilience of the Trust to achieve sustainable growth.</p> <p>Indirect Economic Contribution As the Trustee-Manager taps on the opportunities of the fast growing Guangdong-Hong Kong-Macau Greater Bay Area, it also contributes to the sustainability development of the region to become a Metropolitan city.</p>
	Governance	<p>Compliance The Trust's core principles of credibility and integrity are demonstrated through the compliance with all relevant laws and regulations.</p>
Employees	Socioeconomic Compliance	
	Anti-corruption	
	<p>Talent Management ⁽²⁾</p> <p>Training & Education</p> <p>Labour/ Management Relations</p>	<p>People Management The Trustee-Manager has various policies and practices in place to attract, engage, empower and retain talent to support business growth.</p>
Product and Service Responsibility	<p>Property Managers Assessment ⁽³⁾</p> <ul style="list-style-type: none"> • Marketing & Labelling • Customer Health & Safety • Environmental Compliance 	<p>Property Managers and Suppliers Assessment The Trustee-Manager practises responsible procurement by assessing the quality and behaviour of the property managers and suppliers.</p>
	Supplier Social Assessment	
Community	CSR Activities & Local Communities ⁽⁴⁾	<p>CSR Activities It is part of the Trustee-Manager and the Sponsor's culture to give back to the community through engaging employees in volunteering activities.</p>

(1) Please see "Economic Performance" in GRI Content Index for corresponding GRI Disclosures.

(2) Please see "Employment" in GRI Content Index for corresponding GRI Disclosures.

(3) "Property Managers Assessment" is a non-GRI material topic.

(4) Please see "Local Communities" in GRI Content Index for corresponding GRI Disclosures.

Using an external consultant and drawing reference to the GRI principles on materiality, the Trustee-Manager has adopted a three-step approach to identify, prioritise and validate various ESG factors that are significant to both the business and the stakeholders outlined in the following diagram:

Dasin Retail Trust's Materiality Assessment Process

Step 1: Identification

A list of potential relevant ESG factors was identified through a review of the Trustee-Manager's existing risk analysis, industry peers and sustainability trends

Step 2: Prioritisation

Prioritise the list of potential ESG factors at the materiality workshop attended by representatives including the Board of Directors, the Trustee-Manager and the Sponsor

Step 3: Validation

Presentation of list of material factors to the Board for approval

Result:

12 material ESG factors for disclosures in the Sustainability Report

A list of potentially relevant ESG factors was identified through background research on the Trust's internal and external factors including:

- existing risk analysis and disclosures
- factors most commonly disclosed by other Real Estate companies and Real Estate Investment Trusts (REITs)
- sustainability trends and topics of interest

Stakeholders involved in the materiality prioritisation process include representatives from the Board, the Trustee-Manager and the Sponsor. The 12 material factors were approved by the Board.

The Trustee-Manager, Property Manager and the Sponsor engage with their internal and external stakeholders regularly through various channels to understand the stakeholders' expectations and concerns. The below table shows the engagement activities with the key stakeholder groups.

Key stakeholders	Engagement Methods	Key Topics of Interest
Board of Directors	<ul style="list-style-type: none"> • Quarterly board meeting • Regular reporting to the board 	<ul style="list-style-type: none"> • Sound corporate governance practices • Alignment of sustainability with business strategy • Transparent reporting
Employees	<ul style="list-style-type: none"> • An Office Automation System used to make timely important announcement to employees • Year End Staff Summary Meeting • Employee Handbook 	<ul style="list-style-type: none"> • Equitable remuneration • Fair and competitive employment practices and policies • Safe and healthy work environment • Focus on employee development and well-being
Unitholders	<ul style="list-style-type: none"> • Annual General Meeting • Annual Report • Press announcement and SGX filings • Contact channels with the Investor Relations team • One-on-one meetings / roadshows • Site visits for investors / analysts 	<ul style="list-style-type: none"> • Sustain profitability and enhance investor returns • Transparent reporting • Sound corporate governance practices • Active portfolio management
Property Managers	<ul style="list-style-type: none"> • Regular and random audits and interviews 	<ul style="list-style-type: none"> • Regular and punctual payments upon enlistment of service
Suppliers	<ul style="list-style-type: none"> • Regular and 'surprise' audits and interviews 	<ul style="list-style-type: none"> • Equitable treatment of business partners • Regular and punctual payments upon enlistment of service
Tenants	<ul style="list-style-type: none"> • Annual Meetings for tenants • Tenant activities at the malls such as the annual Production Safety Month Program 	<ul style="list-style-type: none"> • Safety and security of the malls • Competitive rent • Responsiveness to tenant requests and feedback
Shoppers	<ul style="list-style-type: none"> • Customer Service Center • Activities at the malls 	<ul style="list-style-type: none"> • Shopping Experience • Quality of Service • Safety and hygiene of the malls
Government and regulators	<ul style="list-style-type: none"> • Mandatory reporting as required for compliance purpose 	<ul style="list-style-type: none"> • Compliance with local laws and regulations
Local Communities	<ul style="list-style-type: none"> • Various volunteer activities as described in the section "CSR Activities & Local Communities Page 52-53 	<ul style="list-style-type: none"> • Contributions to local communities • Responsible and ethical business practices

SUSTAINABILITY REPORT

Material Factors

Economic Performance

Direct Economic Performance

The Trustee-Manager's priority is to actively manage the Trust's assets and seek growth opportunities through acquisitions and diversification. Strong economic performance enables the Trust to continue delivering sustainable dividends to investors and rewards to employees. It also allows the Trust to contribute positively to the local economy, community and environment. The Trust supports the local economy through the provision of employment and business opportunities.

Please refer to the financial statements in page 98-154 of the Annual Report for more details.

Governance

Socioeconomic Compliance

Robust corporate governance practices are important. The Trustee-Manager conducts its business in a way that aligns with its core principles of credibility and integrity.

A compliance manager is engaged to work closely with various heads of functions to manage and monitor all compliance related matters. Annual compliance checks on the Property Manager are conducted by the Audit Department of the Trustee-Manager to ensure they do not violate any relevant laws and regulatory requirements. Staff are provided with training to build up awareness and knowledge of applicable laws and regulations as well as policies relating to compliance issues.

During the reporting period, there was no identified incident of non-compliance with relevant socioeconomic laws and regulations. The Trustee-Manager will continue to keep abreast of changes in relevant laws and regulations and maintain the Trust's compliance status to maintain a strong reputation on governance and smooth operation.

Anti-Corruption

To safeguard the Trust's interest and prevent any improper or illegal behaviour, the Trustee-Manager has put in place a sound system of internal controls which includes the anti-corruption and anti-violation management procedures to identify and monitor compliance risks such as corruption and fraud.

The Trustee-Manager has implemented an anti-corruption and whistle-blowing policy. The anti-corruption policy underlines clear guidelines on the prevention of bribery, fraud and corruption. In addition, the Trustee-Manager has a staff training management system which provides staff with clear guidance and regular training on ethics and professional conduct. The Trustee-Manager has set out clear expectations on staff conduct regarding gifts, expenses and entertainment. All staff are required to sign the Integrity Agreement upon joining the company to agree on meeting these expectations.

External consultants were invited to provide training on compliance to the relevant listing rules and regulations on anti-money laundering, new guidelines on outsourcing and other regulatory compliance obligations.

The Trustee-Manager has no tolerance for all forms of corruption, bribery and fraud and complies with national and organizational regulations on Independent Commission Against Corruption (ICAC). During the reporting period, there was no incident of corruption reported.

The Trustee-Manager aims to maintain zero incident of corruption in the coming year through continuous efforts in educating staff, building awareness of anti-corruption initiatives and maintaining strong ethics and integrity.

Employees

Talent Management

The Trustee-Manager recognises that the key to its sustainable growth and development is the employees. The Trustee-Manager acknowledges that the ability to attract and retain talent is critical to overall business performance. Employees that are engaged and empowered have a greater sense of belonging and are more motivated and inspired to innovate and deliver.

The Trustee-Manager takes a multi-faceted approach to enhance employee engagement, including career development, training and education, rewards and recognition programs, health and wellbeing initiatives, employee feedback channels as well as giving and volunteering activities.

The Trustee-Manager has a set of Human Resources ("HR") Policies in place to govern the recruitment, staff-development and retention process and ensure



Employees being commended for their hard work

compliance with the relevant labour laws and regulations such as the Labour Law and the Labour Contract Law in China as well as in Singapore. The policies cover areas such as recruitment and leave, progression and performance appraisal, labour contract, training, compensation and benefits.

Fair employment principles are stated in the HR Hiring Policy where recruitment, selection and rewarding employees are adopted through a comprehensive assessment based on merits such as skills, experience and ability. The Trustee-Manager will continue to commit to fair employment practices.

Employees are provided with competitive compensations and benefits, which include family visit benefits, birthday leave, mobile allowance, quarterly team-bonding activities and over-time compensation and meal allowance for employees below managerial level. Employees are covered under a comprehensive company insurance plan which comprise term life, critical illnesses, hospitalisation, specialised visits and outpatient visits. Dental visits are also reimbursable under a co-payment scheme. Corporate travel insurance is also provided to the Singapore staff who has to travel frequently for work. In addition, to forge stronger bonds among employees and as an appreciation, annual celebrations during traditional Chinese festivals such as Chinese New Year and Mid-Autumn Festival are organised and festive gifts are given. The Trustee-Manager will in the year ahead, look to periodically review the benefits and compensation given to employees to ensure that it remains competitive.

The Trustee-Manager will continue to maintain a competitive compensation and benefits package to attract and retain talent. This includes aligning and benchmarking of its remuneration framework with market study as well as provision of performance bonus for well-performing staff in Singapore and year-end bonuses for staff in China to enhance the overall remuneration.

Training and Education

It is important that the employees remain relevant to support the changing needs of the business as it grows. The Trustee-Manager has a comprehensive Training Management System in place to support the professional development of staff.

The HR Department of the Trustee-Manager works with the Heads of Departments to develop training programs for staff based on their development goals and needs. The Training Management System follows the principles of inclusion, motivation and practicality. Employees are also encouraged to take the initiative to discuss with their Head of Department on their individual training goals and needs. The Trustee-Manager will continue to develop and review the training programs to help the staff to reach their full potential.

The HR Department of the Trustee-Manager is responsible for keeping the record of training application, attendance, evaluation and assessment results. The different types of internal and external training provided to the relevant staff in 2017 are shown in the following table.

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Training Category	Training Topics Examples
Orientation	<ul style="list-style-type: none"> Personnel Internal Control System Financial Approval Authority Corresponding Job Responsibilities Training
Professional	<ul style="list-style-type: none"> Real Estate Basic Knowledge Knowledge on Land Auction Merchants Management under Asset Management System Zhongshan City Development Fee Policy Training
Legal and Compliance	<ul style="list-style-type: none"> Legal Seminar on Acquisition Compliance With Laws and Regulations Labour Contract Management and Labour Risk Mitigation Contract Management
Finance	<ul style="list-style-type: none"> Multi-Agent Financial Analysis and Business Management Key Tax Sources Responses to Changes in New Revenue Criteria
Human Resources	<ul style="list-style-type: none"> Performance Management System Recruitment System and Process
Health and Safety	<ul style="list-style-type: none"> Production Safety Month Program
Reporting and Design	<ul style="list-style-type: none"> Project Report Writing and Related Skills Computer-Aided Design (CAD) Slide Design
Others	<ul style="list-style-type: none"> Sustainability Reporting Executive Training for Senior Management Outward-bound Training

Labour/Management Relations

The Trustee-Manager believes that maintaining constant two-way communication is key to engaging employees and building long-term relationships. To do that, various platforms are in place such as the Office Automation System and Year End Staff Strategic Meeting.

To make sure staff are kept abreast of the latest updates and announcements of relevant information, all announcements pertaining to the major policies as well as system and operational changes are made through the internal Office Automation System, an intranet developed specifically for staff of the Trustee-Manager. This automated system allows for dissemination of important messages to a large group

of employees in a timely manner as users will be prompted to new announcement upon login. The system is managed and monitored by the IT Department and Group Secretary Team with the announcements being approved through a standardised process before dissemination.

Employee opinion and feedback are valued highly. At the end of each year, a Staff Strategic Meeting is conducted to summarise and commend the work done in the past year and at the same time set the strategy for the upcoming year. Through gathering and analysing valuable employee insights and feedback, management of the Trustee-Manager will discuss how to address the employees' concerns and continue to improve the way employees are engaged in the coming year.

Products and Service Responsibility

Assessment and Selection of Property Managers and Suppliers Social Assessment

Quality and ethics are of utmost importance to the Trust. The Trustee-Manager enhances the awareness of these values in its value chain by influencing its business partners such as suppliers, contractors and property managers. In order to strengthen the supervision of construction and procurement, the Trustee-Manager has adopted and implemented the Sponsor's Business Partners Blacklist Management System. The system covers areas such as company investigation, design, supervision, bidding, consulting, construction and procurement. This system is in compliance with the relevant laws and regulations such as the Construction Law of the People's Republic of China, the Bidding Law of the People's Republic of China and the Construction Market Management Regulations.

New and existing suppliers as well as property managers are reviewed by the audit team of the Trustee-Manager annually. Key aspects of the property managers social assessment include aspects around timeliness of service and goods delivery, quality and safety of goods and services, fulfillment of contract terms, as well as bribery and fraudulent behaviour. If any supplier is found to have violated any of these criteria, they will be blacklisted under the Business Partners Blacklist Management System whereby all business engagement will cease until the issues are resolved. A reassessment of whether future business partnerships should continue will also be conducted.



Mall activities are frequently carried out to generate higher shoppers' traffic

During the reporting period, there was no supplier that was blacklisted. In the coming year, the Trustee-Manager will continue to assess suppliers, contractors and property managers for responsible practices according to the Sponsor's assessment criteria and review the criteria to ensure they are relevant and up-to-date with the latest laws, regulations and standards. Any changes to the blacklist and assessment criteria will be reported to the SSC.

The three key aspects that the Trustee-Manager emphasis on in the assessment and supervision of property managers include marketing and labelling, customer health and safety and environmental compliance, as these factors have direct impact to the business at the property level. The following sections describe how the Trustee-Manager supervises and monitors the performance of these factors via the property managers.

Marketing and labelling

Marketing and external communication to stakeholders has a great impact on corporate brand image.

The Sponsor has set out clear practices to encourage responsible advertising. The objective of having such robust practices is to ensure all promotion materials are accurate, as well as compliant with relevant laws, regulations, polices and social morality. To increase stakeholders' recognition and brand trust, it is important to align the brand promotional messages with the Trust's business philosophy, strategic objectives and brand connotation to maintain a unified image. Moreover, promotional materials should comply with the Sponsor's confidentiality policy and the relevant laws and regulations. The Strategic Brand Department

is responsible for reviewing and approving promotional materials.

The Sponsor has also developed a standardised Marketing Activities Work Flow and Management System to provide clear objectives and reference templates as well as supervision standards for any marketing activities. The Planning Center is responsible for the planning of marketing activities, the formulation and implementation of marketing programmes as well as evaluation of the effectiveness of these programmes.

There was no incident of non-compliance with regulations and/or voluntary codes concerning marketing communication and product and service information and labelling during the reporting year. The Trustee-Manager will continue to assess and supervise the compliance status of all its property managers and require them to maintain a clean compliance record in the forthcoming year.

Customer Health and Safety

The safety of customers and tenants not only affects their lives and well-being directly but also Dasin's reputation and operation efficiency. Therefore, it is Dasin's priority to provide a healthy and safe environment in all its malls.

Management Regulations have been set out for malls with clear procedures to regulate the management of operations, security, fire prevention, public hygiene and decoration.

Security

The Property Manager has security guards patrolling the malls to handle unforeseen emergency situations. Strict registration procedures are also required for the entrance and exit points of the malls after operating hours. Cases of emergency or any suspicious activity can be reported to various customer service centres located in the malls. The Property Manager also encourages the customers and tenants to safeguard their valuables at all times.

Fire Prevention

The Property Manager installs and regularly maintains fire safety equipment such as sprinkler systems, hose reels, emergency lighting, alarms, pumps and smoke vents in the malls to ensure the functionality of the equipment.

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Fire drills conducted to ensure the relevant stakeholders are familiar with the necessary emergency procedures

Surprise checks are conducted to ensure that the fire prevention regulations are being adhered to. This includes keeping the fire escape routes clear and avoiding the use of inflammable and explosive materials in daily operations. The Property Manager also conducts regular drills to keep staff and tenants prepared and equipped with the necessary knowledge and tools in cases of emergency.

Public Health

Customers and tenants value good hygiene in the malls. The Property Manager has appointed cleaning companies to take care of the cleaning of common areas in the malls. Performance of the cleaning companies are monitored regularly to ensure that they meet the required standards. Tenants are required to follow the public health system and voluntarily clean up their stores daily. It is also mandatory for tenants to adhere to the requirements from the Municipal Government and the Patriotic Health Campaign Committee Office



Evacuation drill conducted during the Production Safety Month

to regularly carry out necessary practices to eliminate the "fourpests" (i.e. rats, bedbugs, flies and mosquitoes). Checks are conducted on tenants to ensure that compliance with the Regulations on the Administration of Sanitation at Public Places and to have their staff certified with Public Health Knowledge Training.

Safety

The Property Manager places great emphasis to minimise the risks of accidents and injuries in malls. To do so, the Property Manager conducts regular safety checks at the malls, provides continuous stakeholder education as well as improves and maintains the hardware and facilities in the malls. Regular checks are conducted on the maintenance of facilities such as elevators, lifts, barriers, lighting and floor surface, etc. Any defects or malfunctions are reported and ratified in a timely manner. In addition, tenant construction and renovations are to adhere to the relevant requirements and standards. Safety signposts are put up in obvious places throughout the mall to warn people of any potential hazards or ongoing maintenance work. A Production Safety Month program is held every year to provide safety related training and activities to tenants as well as to increase safety awareness among customers. In June 2017, the fourth Production Safety Month was held with the theme of "Enterprise Safety as Your Main Responsibility". Activities this year were in the forms of seminars, training courses, exhibitions and quizzes, covering areas such as fire prevention, production safety, food safety, road safety and public safety, as well as emergency rescue plans.

In order to ensure health-and-safety-related practices are carried out effectively, the malls are subjected to regular audits conducted by the Property Manager to evaluate the performance, compliance and effectiveness of these measures. For example, fire safety audits focus on areas such as the performance of fire prevention facilities and equipment, management of electrical safety, compliance of renovation and construction as well as implementation of Safety Management System. Other audits cover areas such as hygiene condition, basic facilities condition, waste management, etc. If any control deficiency is identified, mitigation measures will be recommended for adoption. Subsequent follow-up actions will be taken to ensure these mitigation measures are implemented.

In 2017, there was no non-compliance incident with regulations or voluntary codes concerning the health and safety impacts of the Trust's malls and services. The Trustee-Manager will continue to assess and supervise the health and safety performance of all its property managers and require them to maintain a clean compliance record in the forthcoming year.

Environmental Compliance

The Zhongshan Research Institute of Environmental Protection Science Co., Ltd and the Zhongshan Municipal Environmental Protection Bureau were engaged to conduct mandatory comprehensive environmental impact assessments on the malls. The assessments involve checking the compliance status with relevant local environmental laws and regulations. For example, the assessment of the Ocean Metro Mall shows that the mall is compliant with laws and standards such as the following:

- Emission Standard of Environment Noise For Boundary of Construction Site
- Guangdong Province Standard on Discharge Limits of Water Pollutants
- Technical Specifications for Urban Fugitive Dust Pollution Prevention and Control Related Requirements
- Guangdong Province Standard on Discharge Limits of Air Pollutants
- Limits and Measurement Methods for Exhaust Pollutants from Diesel Engines of Non-road Mobile Machinery
- Emission Standards for Odour Pollutants
- Indoor Air Quality Standard and Emission Standard for Community Noise

The Property Manager has set out Mall Management Regulations for malls to regulate the management of operations, promotions, security, fire prevention, public hygiene and decoration. A manual is distributed to all tenants to inform them about the regulations before entering into a tenancy agreement. The Property Manager strives to provide a safe and clean

environment for customers and tenants and thus, minimising any negative impact on the environment. Comprehensive checks are conducted on all business tenants to ensure that they have obtained approval from the Environmental Protection Department prior to commencing operations to ensure their renovation is in compliance with the requirements of the malls. In addition, the Property Manager requires large and medium-sized catering tenants to install grease traps to ensure the proper discharge of effluent to the municipal pipelines.

During the reporting period, there was no identified incident of non-compliance with relevant environmental laws and regulations. The Trustee-Manager will continue to assess and supervise the environmental compliance status of all its property managers and require them to maintain a clean compliance record in the forthcoming year.

Beyond compliance, the Property Manager takes an active role in improving the environmental management of the malls. As part of the energy saving practices, some lights in the carparks are switched off during non-operational hours. Annually, the Property Manager holds events at the malls during Earth Hour, where majority of the lights on the exterior façade are switched off for an hour and events are held to further promote the importance of protecting the environment for the future generation. Another example of best practices is that tenants are required to keep their music and broadcast volume to an acceptable standard to avoid disturbance to neighbouring businesses and residences.



Activities held during "Earth Hour"

SUSTAINABILITY REPORT



Volunteers from the Sponsor and the Trust doing their part for the environment

Community

CSR Activities & Local Communities

Fostering the Sponsor's culture of mutual support and community care, the Trustee-Manager strives to encourage its employees to continuously participate in volunteering activities to support those in need and to give back to the community it operates in. Dasin's community engagement strategy focuses on the needs of the local communities in which it operates and is aligned with the United Nations SDGs of Poverty Alleviation, Reduced Inequalities as well as Good Health and Well-Being. Employees in all operations of the Trustee-Manager and Sponsor are given the opportunity to get involved in the CSR activities.

An internal fundraising campaign was set up by the Sponsor to support employees and their immediate family members with severe illness. Since 2013, the campaign has supported 13 individuals and their family members through providing funding and conducting monthly site visits to provide them with the resources and care they need. For example, in January 2017, over 4,000 employees from Zhongshan Dasin Real Estate Co., Ltd and Dasin Retail Trust participated in the fundraising campaign and donated over RMB 100,000 to support a staff with liver cancer.

A "Dasin Care Foundation" was established in 2013, with the objective to support staff suffering from major diseases, traffic accidents, natural disasters or family

poverty. The Dasin Care Foundation Management Committee is responsible for the management of the fund. In April 2017, the Committee has reviewed and refined the Dasin Care Foundation Management Policy and expanded the scope of support to the staff. As of June 2017, the Foundation has supported 20 individuals with a donation amount close to RMB300,000.

Together with the Sponsor, the Dasin Volunteer Team comprising 290 volunteers, organised activities to serve the community in Zhongshan East District and Dongfeng Town District. Such activities may include home cleaning, repair and maintenance work for elderly who are living alone and for families with financial and/or physical difficulties. The team also donates essential daily items and provide counselling services to families with needs.

In January 2017, 90 employees participated in the Zhongshan City Million People Charity Walk. Red Cross Society is also one of the beneficiaries whereby donations were made to the Zhongshan Red Cross Society and the Shiqi District Branch of Red Cross Society to support their poverty alleviation work. Other community events include the annual Blood Donation Event in Dasin Metro Malls, the annual Dasin Charity Bazaar to raise funds for the low-income families, environmental restoration efforts after typhoon as well as the annual Dasin Health Awareness Outreach Program which promotes health awareness through providing free health-check for elderly.



Volunteers doing their part for environmental restoration after the typhoon

In Singapore, Dasin Retail Trust was one of the sponsors for the Chief Challenge at the SGX Bull Charge Charity Run 2017. The annual charity run was held on 17 November 2017 and aims to support the needs of underprivileged children and families, persons with disabilities and the elderly. All donations raised are directed to SGX's four adopted beneficiaries, namely AWWA Ltd, Autism Association (Singapore), Fei Yue Community Service and Shared Services for Charities.

To continue in the journey of pursuing sustainability excellence, the Trustee-Manager aims to continue its best efforts in engaging employees and stakeholders to make society a better place and to build a long-term relationship with its local communities.

Details of the Sponsor's community efforts are available on the company's website (<http://www.dasin.cn>).

Commitment to Sustainability

The Trustee-Manager is devoted to creating a better and more harmonious society through investing in best-in-class integrated shopping malls that improve people's standard of living and enhance their well-being. As the Trust continues to grow its investment portfolio, the Trustee-Manager will continue to collaborate with its stakeholders, focusing on activities to continually provide positive economic, social and environmental impacts. Sustainability awareness will also be raised among staff and external stakeholders through internal



Giving back to the society through sponsorship of the SGX Bull Charge Charity Run

training, external advocacy and the influence on the value chain.

The Trustee-Manager recognises the importance of meeting stakeholders' demand for enhanced transparency on sustainability performance. Going forward, the Trustee-Manager seeks to continuously improve the Trust's sustainability performance and disclosure and welcomes your feedback and comments which can be directed to: Investor Relations and Public Relations Manager at ir@dasintrust.com.

The Report and additional corporate information are also available on the Trust's website (www.dasintrust.com).

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GRI Content Index

GRI Standards		Details/Notes/page no.
General Disclosures		
Organisational Profile		
102-1	Name of the organisation	Dasin Retail Trust
102-2	Activities, brands, products, and services	Refer to Annual Report 2017 Page 1
102-3	Location of headquarters	Singapore
102-4	Location of operations	Singapore and China
102-5	Ownership and legal form	Refer to Annual Report 2017 Page 3 Trust Structure, Page 2-3
102-6	Markets served	China
102-7	Scale of the organisation	Talent Management, Page 46 Net Property Income, Page 14 Financial Statements, Page 98
102-8	Information on employees and other workers	Talent Management, Page 46
102-9	Supply chain	Assessment and Selection of Property Managers and Suppliers Social Assessment, Page 48
102-10	Significant changes to the organisation and its supply chain	There are no significant changes to the organisation and its supply chain in FY2017.
102-11	Precautionary Principle or approach	The Trust does not specifically address the Precautionary Principle
102-12	External initiatives	CSR Activities & Local Communities, Page 52-53
102-13	Membership of associations	Not applicable
Strategy		
102-14	Statement from senior decision-maker	Board Statement, Page 43
Ethics and Integrity		
102-16	Values, principles, standards, and norms of behaviour	Foundation of Trust, Dimensions of Growth, Contents Page
Governance		
102-18	Governance structure	Board Statement, Page 43
Stakeholder Engagement		
102-40	List of stakeholder groups	Stakeholders Engagement, Page 45 Materiality Assessment, Page 45
102-41	Collective bargaining agreements	N/A
102-42	Identifying and selecting stakeholders	Stakeholders Engagement, Page 45 Materiality Assessment, Page 44-45
102-43	Approach to stakeholder engagement	Stakeholders Engagement, Page 45 Materiality Assessment, Page 45
102-44	Key topics and concerns raised	Stakeholders Engagement, Page 45 Materiality Assessment, Page 45

Reporting Practice			
102-45		Entities included in the consolidated financial statements	Refer to Annual Report 2017, Page 2-3
102-46		Defining report content and topic Boundaries	About This Report, Page 44
102-47		List of material topics	Material Assessment, Page 44
102-48		Restatements of information	N/A. This is Dasin's first Sustainability Report
102-49		Changes in reporting	N/A. This is Dasin's first Sustainability Report
102-50		Reporting period	About This Report, Page 44
102-51		Date of the most recent report	This is Dasin's first Sustainability Report
102-52		Reporting cycle	Refer to the introduction, Page 44
102-53		Contact point for questions regarding the report	Refer to the introduction, Page 53 Commitment to Sustainability, Page 53
102-54		Claims of reporting in accordance with GRI Standards	Refer to the introduction, Page 42-44 Board Statement, Page 43
102-55		GRI content index	GRI content index, Page 54-56
102-56		External assurance	We did not seek external assurance of this Report. However, we will consider seeking external assurance for the report in future.
Management Approach			
103-1		Explanation of the material topic and its Boundary	<ul style="list-style-type: none"> • Direct Economic Contribution, Page 46 • Anti-corruption, Page 46 • Socioeconomic Compliance, Page 46 • Talent Management, Page 46 to 47 • Training and Education, Page 47 to 48 • Labour/Management Relation, Page 48 • Assessment and Selection of Property Managers and Suppliers Social Assessment, Page 48 to 49 • Marketing and Labelling, Page 49 • Customer Health and Safety, Page 49 • Environmental Compliance, Page 51 • CSR Activities and Local Communities, Page 52 to 53
103-2		The management approach and its components	
103-3		Evaluation of the management approach	
Specific Disclosures			
Economic			
Economic Performance	201-1	Direct economic value generated and distributed	Net Property Income, Page 14 Financial Statements, Annual Report Page 98 to 154
Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	Anti-corruption, Page 46
Environmental			
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	Environmental Compliance, Page 51

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Social			
Employment	401-2	Benefits provided to full time employees that are not provided to temporary or part time employees	Talent Management, Page 46-47
Training and Education	404-2	Programs for upgrading employee skills and career development programs	Training and Education, Page 47 to 48
Labour/ Management Relations	402-1	Minimum notice periods regarding operational changes	Labour/ Management Relations, Page 48
Marketing and Labelling	417-2	Incidents of non-compliance concerning product and service information and labelling	Marketing and Labelling, Page 49
	417-3	Incidents of non-compliance concerning marketing communications	
Assessment and Selection of Property Managers*	N/A	Property managers screened using environmental and social criteria	Assessment and Selection of Property Managers and Suppliers Social Assessment, Page 48
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	
Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Customer Health and Safety, Page 49
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	CSR Activities and Local Communities, Page 52 to 53
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	Socioeconomic Compliance, Page 46

* Suggested disclosure as it is not an aspect under specific disclosures of GRI Standards

CORPORATE GOVERNANCE

ABOUT DRT AND THE TRUSTEE-MANAGER

Dasin Retail Trust (“DRT”) is a business trust constituted on 15 January 2016 under the Business Trusts Act, Chapter 31A of Singapore. DRT was listed on the Mainboard of Singapore Exchange Securities Trading Limited (the “SGX-ST”) on 20 January 2017.

DRT is managed by Dasin Retail Trust Management Pte. Ltd. (the “Trustee-Manager”) under the Trust Deed constituting DRT dated 15 January 2016, supplemented by a first supplemental deed dated 27 December 2016. DRT is also principally regulated by:

- (a) the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”);
- (b) the Business Trusts Act, Chapter 31A of Singapore (the “BTA”);
- (c) the Business Trusts Regulations (the “BTR”); and
- (d) the listing manual of the SGX-ST (the “Listing Manual”).

The Trustee-Manager is committed to achieving high standards of corporate governance, business integrity and professionalism in all its activities and has adopted corporate governance practices which are in line with the Singapore Code of Corporate Governance 2012 (the “Code”). The Trustee-Manager also ensures that all applicable laws, rules and regulations including the SFA, the BTA, the BTR and the Listing Manual, are duly complied with.

Throughout the financial year ended 31 December 2017 (“FY2017”) and at the date of issue of this Corporate Governance Report, the Trustee-Manager strives to comply with the guidelines set out in the Code and where it has deviated from the Code, appropriate explanations are provided.

THE BOARD'S CONDUCT OF ITS AFFAIRS

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

Role of the Board: The Board of Directors of the Trustee-Manager (the “Board”) is responsible for the overall corporate governance of the Trustee-Manager.

The key roles of the Board are as follows:

- (a) guiding corporate strategy and directions of the Trustee-Manager to focus on value creation, innovation and sustainability;
- (b) ensuring that the necessary resources are in place for DRT to meet its objectives;
- (c) setting the values and ethical standards of the Trustee-Manager;
- (d) overseeing the performance and proper conduct of the Trustee-Manager;
- (e) establishing and maintaining adequate and effective risk management and internal control systems to monitor and manage risks to an acceptable level; and
- (f) identifying and engaging with key stakeholder groups.

Fiduciaries: All the Directors of the Trustee-Manager (the “Directors”) are to discharge their duties and responsibilities objectively as fiduciaries in the best interests of DRT at all times.

Board committees: The Board is supported by the Audit and Risk Committee (“ARC”), Nominating Committee (“NC”) and Remuneration Committee (“RC”) in the discharge of its functions. As the Board retains ultimate responsibility on all decisions, all matters discussed at the Board committee meetings are presented to the Board for approval prior to implementation. The terms of reference of the respective Board committees, as well as other relevant information on the Board committees, can be found in the subsequent sections of this Annual Report.

Meetings: The Board meets at least quarterly, and on an ad-hoc basis if required, as deemed appropriate by the Board members, to review and discuss the performance of DRT and key activities of the Trustee-Manager. The Constitution of the Trustee-Manager and terms of reference for each individual Board committee allow for meetings to be held via telephonic or video conferencing. The Board and Board committees may also make decisions by way of resolutions in writing.

CORPORATE GOVERNANCE

The number of Board and Board committee meetings and attendance of each Director at such meetings for FY2017 are set out in the table below.

		Board	Audit and Risk Committee	Nominating Committee	Remuneration Committee
Number of meetings held for FY2017		5	7	1	1
Board member	Membership				
Mr. Zhang Zhencheng	Chairman, Non-Executive Director, member of the NC	5	2*	1	1*
Mr. Zhang Zhongming	Non-Executive Director, member of the RC	5	5*	1*	1
Dr. Cao Yong	Lead Independent Director, Chairman of the RC and member of the ARC and NC	5	6	1	1
Mr. Sun Shu	Independent Director, Chairman of the NC and member of the ARC	4	6	1	1*
Mr. Tan Huay Lim	Independent Director, Chairman of the ARC and member of the RC	5	7	1*	1

* By invitation

Matters reserved for the Board: The Trustee-Manager has formalised a set of internal guidelines for matters reserved for the Board's approval. These include:

- business, strategy and capital expenditure budgets;
- acquisitions and investments exceeding certain threshold limits and any disposals;
- overall corporate strategy and changes to the corporate structure;
- distribution, financial reporting and internal controls;
- company resolutions and announcements;
- material regulatory matters or litigation;
- appointment and removal of Board members, the Company Secretary of the Trustee-Manager ("Company Secretary") and terms of reference for the Board and Board committees; and
- compliance matters associated with the Listing Manual, the BTA or other relevant laws and regulations.

In addition, there is a formalised delegation of authority matrix that sets out financial approval limits for the Board and the management team of the Trustee-Manager ("Management") regarding operational expenditure, capital expenditure, investments, financial costs and cheque signatory arrangements. The Board did not make any delegations of authority to any Board committee or Management to make decisions on any board matters in FY2017 and to date.

Training: The Board comprises three first-time Directors of a listed company, Mr. Zhang Zhencheng, Mr. Zhang Zhongming and Mr. Sun Shu. A series of induction training sessions was provided to all Directors, covering roles and responsibilities and legal duties of Directors relevant for business trusts and how to discharge such responsibilities and duties. All Directors were actively involved in the verification meetings during the initial public offering ("IPO") process, where they sought advice and guidance from lawyers as part of their induction programme. There was no new Director appointed in FY2017.

All Directors are provided with regular and on-going training throughout the year, the costs of which are borne by DRT. The Compliance Manager, in conjunction with the Chief Financial Officer ("CFO"), identifies relevant training topics (such as changes to laws, regulations, policies, accounting standards, continuing listing obligations and industry-related matters) for Directors to select from and attend. In FY2017, the Directors were regularly briefed on the regulatory requirements for Interested Person Transactions (and reviewed Interested Person Transactions on a quarterly basis), anti-money laundering, and key listing rules and regulations relevant to business trusts. Directors also attended site visits in Zhongshan to meet with the local PRC management team and the operational team to gain more knowledge of the properties and local economic conditions.

CORPORATE GOVERNANCE

Letter of appointment: Directors were familiarised with their duties and obligations during the IPO process and through induction training sessions.

BOARD COMPOSITION AND GUIDANCE

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

Board composition: The Board comprises five (5) members, three (3) of whom are Independent Non-Executive Directors and two (2) of whom are Non-Executive Directors. The Chairman of the Board is Mr. Zhang Zhencheng, who is a Non-Executive Director. There are no Executive Directors appointed to the Board. The composition of the Board complies with the requirements of the BTA and is determined on the following principles:

- (a) at least a majority of the Directors shall be independent from Management and business relationships with the Trustee-Manager;
- (b) at least one-third of the Directors shall be independent from Management and business relationships with the Trustee-Manager and from every substantial shareholder of the Trustee-Manager; and
- (c) at least a majority of the Directors shall be independent from any single substantial shareholder of the Trustee-Manager.

Board independence: The Board assesses the independence of each Director in accordance with the guidance provided in the Code. An Independent Director is one who is independent in conduct, character and judgment, and has no relationship with the Trustee-Manager, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment in the best interests of DRT.

Taking into account the views of the NC that has conducted an annual review of the independence declarations submitted by each of the Independent Directors, the Board has determined for FY2017, that Dr. Cao Yong, Mr. Sun Shu and Mr. Tan Huay Lim are independent in accordance with the guidance from the Code, and also, for the purposes of Regulation 12 of the BTR, independent from Management and business relationships with the Trustee-Manager, and independent from every substantial shareholder of the Trustee-Manager. Mr. Zhang Zhencheng owns 99% of the Trustee-Manager directly and owns the remaining 1% through Shun Feng Investment Limited. Mr. Zhang Zhongming owns 25% of the Sponsor, and is also the nephew of Mr. Zhang Zhencheng.

The NC also examined the different relationships identified by the Code that might impair each Independent Director's independence and objectivity and concluded that all the Independent Directors are able to exercise independent business judgment in the best interests of DRT and the Unitholders.

There is currently no Independent Director who has served on the Board for more than nine years.

Board size: The size and composition of the Board is reviewed at least annually to ensure that the Board has the appropriate mix of expertise and experience for effective decision-making. The Board, in concurrence with the NC, is of the view that the current number of five (5) Directors and the composition are appropriate and effective, taking into consideration the scope and nature of DRT's operations. No individual or small group of individuals dominate the Board's decision-making.

Board diversity: The Board is committed to ensuring diversity on the Board and will consider establishing an appropriate balance and mix of skills, knowledge, experience, gender, age and the core competencies of accounting or finance, legal and regulatory, business or management experience, industry knowledge, and strategic planning, to avoid groupthink and foster constructive debate. The current Board provides diversity of expertise and knowledge in areas such as real estate, accounting, finance, risk management and business management. This diversity, together with clear allocation of roles and responsibilities, facilitates constructive debate on the business activities of the Trustee-Manager and enables Management to benefit from a diverse and objective set of perspectives on issues that are brought before the Board. The Board may consider gender diversity in future.

CORPORATE GOVERNANCE

Non-Executive Directors: The Non-Executive Directors review the performance of the Trustee-Manager, provide constructive views to Management and assist to develop strategic proposals of the Trustee-Manager.

To facilitate a more effective review of Management, the Non-Executive and Independent Directors communicate on an ad-hoc basis without the presence of Management to discuss Management's performance and any matters of concern.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

Chairman and CEO separation: To maintain an appropriate balance of power, increased accountability and greater capacity for decision-making, the positions of Chairman of the Board and Chief Executive Officer of the Trustee-Manager ("CEO") are held by two separate persons who are not related to each other. The Chairman of the Board is Mr. Zhang Zhencheng while the CEO is Mr. Li Wen.

The roles of the Chairman and CEO have been clearly separated, set out in writing and approved by the Board as a whole.

The Chairman is responsible for the overall management of the Board as well as ensuring that the members of the Board and Management have appropriate relations and work together with integrity and competency and that the Board engages Management in constructive debate on strategy, business operations, enterprise risk and other plans. Externally, the Chairman ensures effective communication with Unitholders and other stakeholders. The CEO has full executive responsibilities over the business directions and operational decisions in the day-to-day management of the Trustee-Manager.

Lead Independent Director: As the Chairman of the Board is not independent, the Board has appointed Dr. Cao Yong as the Lead Independent Director. The Lead Independent Director is available to Unitholders where they have concerns and for which contact through the normal channels of the Chairman, the CEO or the CFO has failed to resolve.

The Independent Directors meet informally as required, and feedback from these meetings is provided to the Chairman.

BOARD MEMBERSHIP

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of Directors to the Board.

Nominating Committee composition: The Board has established an NC that comprises Mr. Sun Shu, Mr. Zhang Zhencheng, and Dr. Cao Yong. Mr. Sun Shu is the Chairman of the NC. Other than Mr. Zhang Zhencheng, who is a Non-Executive Director, all the other members of the NC are independent.

Nominating Committee role: The NC to make recommendations to the Board on all Board appointments. The NC has a formal set of terms of reference approved by the Board that is disclosed on page 74 of this Annual Report. A summary of the NC's key responsibilities includes:

- (a) making recommendations to the Board on the review of succession plans for all Directors, particularly the Chairman and the CEO;
- (b) carrying out, at least annually, a formal assessment of the performance and effectiveness of the Board as a whole and its Board committees and the contributions of individual Directors to the effectiveness of the Board, based on the process implemented by the Board;
- (c) making recommendations to the Board on the review of training and professional development programs for the Board; and
- (d) making recommendations to the Board on matters relating to the appointment and re-appointment of Directors (including Alternate Directors, if applicable).

All Directors are required to submit themselves for re-nomination and re-appointment at regular intervals and at least once every three years.

CORPORATE GOVERNANCE

Multiple directorships: The NC is responsible for reviewing the ability of Directors to devote sufficient time and attention to the affairs of the Trustee-Manager and in particular will take into account multiple directorships and significant principal commitments held by Directors. The Board has not imposed any limits as it has taken the view that the number of directorships and principal commitments that an individual may hold should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors. The NC requires Directors to declare any new additional directorships or significant principal commitments during the year to enable the ongoing monitoring of the time commitment, attendance and contributions of Directors to DRT.

For FY2017, the NC is of the view that the other directorships and principal commitments of the Directors do not hinder them from carrying out their duties and that they have devoted sufficient time and attention in discharging their responsibilities towards the affairs of DRT. The Board is satisfied and has agreed with the view of the NC.

Alternate Directors: The Constitution of the Trustee-Manager and the Trust Deed of DRT contain provisions that allow for Directors to appoint Alternate Directors. No Alternate Director was appointed to the Board in FY2017.

Director appointment and re-appointment: The NC conducts an annual review of the balance, diversity and size of the Board to determine whether any changes are required in relation to the Board composition. Where new Directors are required, the NC will clarify the required skill sets, experience and characteristics of the position and work with external consultants to source candidates. The NC will review and shortlist candidates and provide a recommendation for Board approval. Sufficient information will accompany all resolutions for the Director appointments and re-appointments to enable the Board to make informed decisions.

The current Directors were predominantly sourced through external channels (such as lawyers and bankers) during the IPO process. The Trustee-Manager conducted a due diligence on each Director to ensure their eligibility for the role and obtained SGX approval prior to their appointment.

Directors' profile: In respect of each Director, the academic and professional qualifications, Board committees served on (as member or Chairman), date of first appointment as a Director, directorships and chairmanships both present and past held over the preceding three years in other listed companies, and other principal commitments, whether executive or non-executive, are set out in pages 36 to 37 of this Annual Report while unitholdings in DRT and its related corporations as at FY2017 is found on page 82.

BOARD PERFORMANCE

Principle 5: There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

Board evaluation and criteria: The Board has implemented a formal annual process for collectively assessing the performance of the Board as a whole and its Board committees, in which each Director is required to complete an evaluation questionnaire. In FY2017, the Board performance criteria included the composition, structure, processes, access to information, corporate strategy, internal controls, risk management and standard of conduct of the Board and its committees. Board committees are evaluated on the performance of their roles and responsibilities with regards to their respective terms of references and their provision of information to the Board while individual Directors are collectively evaluated on attendance and contributions at Board and Board committee meetings held during the year.

The completed evaluation questionnaires were collated by the Company Secretary, and the results were discussed by the NC, with recommendations made to the Board. Based on the review conducted in FY2017, the NC was of the opinion that the Board has met its performance objectives and that each Director has contributed to the overall effectiveness of the Board. The Board accepted the recommendations of the NC.

ACCESS TO INFORMATION

Principle 6: In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

CORPORATE GOVERNANCE

Board information: Management provides the Board with complete and adequate information, in advance of Board meetings and as required, that enable the Board to make timely decisions, effectively discharge its duties and make a balanced and informed assessment of the performance, position and prospects of DRT.

Management presents the Board with quarterly management accounts that include performance summaries. Such reports may include a comparison of actuals against budgets and explanatory notes for significant variances for the quarter and year-to-date performance, updates on financial results, market trends and business and operating environment developments. The information is designed to keep Directors updated on the financial and operational performance and position of DRT. Where the situation requires, Directors are entitled to request for any additional information from Management.

Board's access: The Board has separate and independent access to Management and the Company Secretary at all times.

Company Secretary: The Company Secretary attends to corporate secretarial administration matters and is present at all Board meetings. The role of the Company Secretary has been formally established in the letter of engagement with the Trustee-Manager's and DRT's outsourced corporate secretarial firm. The responsibilities set out include advising the Board on governance matters, facilitating the orientation of new Directors, assisting the Chairman of the Board in ensuring good information flows within the Board and its Board committees and between Management and Directors, attending all Board and Board committee meetings and circulating minutes in a timely manner. The Company Secretary will also provide the Board with updates to regulations and legislations that the Trustee-Manager and DRT are required to comply with, as required.

According to the matters reserved for the Board, the appointment and removal of the Company Secretary is to be decided by the Board as a whole. The current Company Secretary was formally approved by the Board through written resolution.

Professional advice: The Board has access to external legal advisers, external compliance adviser, Company Secretary and independent professional advisers where appropriate. Any such advice will be sought at DRT's expense.

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors. No director should be involved in deciding his own remuneration.

Remuneration Committee composition: The Board has established a RC that comprises Dr. Cao Yong, Mr. Zhang Zhongming and Mr. Tan Huay Lim. Dr. Cao Yong, who is also the Lead Independent Director, is the Chairman of the RC. Other than Mr. Zhang Zhongming, all the other members of the RC are Independent Directors.

Remuneration Committee role: The RC makes recommendations to the Board on all remuneration matters. The RC has a formal set of terms of reference approved by the Board that is disclosed on pages 74 to 75 of this Annual Report. A summary of the RC's key responsibilities includes:

- (a) reviewing and recommending to the Board a general framework of remuneration for the Board and key management personnel;
- (b) reviewing and recommending annually to the Board the specific remuneration packages for each individual Director and key management personnel; and
- (c) reviewing the Trustee-Manager's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of services to ensure that such contracts contain fair and reasonable termination clauses which are not overly generous.

Although the remuneration of the Directors and employees of the Trustee-Manager is paid by the Trustee-Manager, and not by DRT, the Trustee-Manager is disclosing the information on the remuneration of its Directors, CEO and key management personnel.

At the RC meeting, the committee discussed and submitted the remuneration framework and specific remuneration packages of each individual Director and key management personnel to the Board for its approval. The aspects of remuneration discussed in the remuneration framework include Directors' fees, salaries, allowances, bonuses, share-based incentives and awards and benefits-in-kind. The Board accepted the recommendations of the RC.

CORPORATE GOVERNANCE

Remuneration experts: The RC has access to expert advice from external remuneration consultants where required. During the IPO process, the Directors sought views on market practice and benchmarks from external remuneration consultants to determine the specific remuneration packages for Directors and key management personnel. The Non-Executive Directors elected not to receive any remuneration, while the Independent Directors received Directors' fees determined by benchmarking against Directors' fees across the industry. The RC will continue to monitor the need to engage further remuneration consultation services going forward and where applicable, will review the independence of the external firm consulted.

Termination clauses: Termination clauses are included in the service agreements for key management personnel. The RC has reviewed and recommended to the Board, which has concurred, that the termination clauses are fair and reasonable and not overly generous. There was no termination of any key management personnel during FY2017.

LEVEL AND MIX OF REMUNERATION

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

Remuneration framework: The approved remuneration framework caters for the alignment of remuneration of key management personnel and Directors with the performance of DRT as a whole. It has been established with the aim of providing for the long-term interests of Unitholders and to promote the long-term success of DRT, taking into account risk policies and the time horizon of risks. Appropriate and meaningful measures have been established to assess key management personnel's performance.

Long-term incentives: There are no Executive Directors appointed to the Board and given the recent listing of DRT, the Trustee-Manager currently does not have any plans for long-term incentives in place for key management personnel. The computation of Management Fees is based on market practice and incorporated into the Trustee-Manager's framework to encourage key management personnel to strive for the long-term interests of DRT.

Non-Executive Director remuneration: While the Non-Executive Directors have elected not to receive any form of remuneration, the Independent Directors each receive a uniform Directors' fee benchmarked against Directors' fees across the industry. The fees are reviewed annually to ensure that the Independent Directors are not over-compensated to the extent that their independence may be compromised.

Contractual provisions to reclaim incentives: The Trustee-Manager does not have any contractual provisions that allow for the reclaiming of incentive components from key management personnel in the exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to DRT. The Trustee-Manager remunerates key management personnel based on a balanced assessment of each individual's performance and the performance of DRT, taking into account industry benchmarking without setting excessive bonuses. Furthermore, the Trustee-Manager believes that there are alternative legal avenues to these specific contractual provisions that will enable the Trustee-Manager to recover financial losses arising from such exceptional events from key management personnel.

DISCLOSURE ON REMUNERATION

Principle 9: Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to Directors and key management personnel, and performance.

Remuneration disclosures: As the remuneration of Directors and staff of the Trustee-Manager is paid by the Trustee-Manager, and not by DRT, the Trustee-Manager does not consider it necessary to include information (other than as voluntarily provided in the table below) on the remuneration of the Directors and its key management personnel in this report.

CORPORATE GOVERNANCE

The Board has established the RC although the Trustee-Manager is not a listed entity. As regards remuneration policies, the terms of reference of the RC include reviewing and recommending to the Board a general framework of remuneration for the Board and key management personnel. Where necessary, the RC may engage the service of a remuneration consultant.

The Trustee-Manager has put in place a remuneration policy with an aim toward retention of talent, building the strength of management, and developing key management personnel. This ensures that the business of the Trustee-Manager remains sustainable, and provides a stable environment with room for continual growth and improvement.

The remuneration package of key management personnel comprises a base fixed cash component, including the base salary and compulsory employer contribution to the key management personnel's Central Provident Fund ("CPF") account, and a variable cash component.

The variable cash component is linked to whether a key management personnel meets performance targets, both personal and that of the Trustee-Manager and DRT. This aligns the achievements of key management personnel with that of Unitholders.

Key management personnel do not receive any remuneration in Units.

The Trustee-Manager believes the current remuneration framework it has in place allows it to attract sufficiently qualified talent. Each employee's salary comprises a fixed and variable component. The fixed component consists of the base salary and compulsory contributions to the employee's CPF account. The variable component consists of an annual bonus plan, which is linked to the performance of the employee across the preceding year.

The level and mix of each Director's and key management personnel's remuneration are set out below:

Name of Director	Base/ Fixed Salary and Statutory Contributions (\$)	Variable or Performance-Related Income/ Bonuses (\$)	Directors' Fees (\$)	Benefits-in-Kind (\$)
Zhang Zhencheng	-	-	-	-
Zhang Zhongming	-	-	-	-
Dr. Cao Yong	-	-	120,000	-
Sun Shu	-	-	120,000	-
Tan Huay Lim	-	-	120,000	-

Name of key management personnel	Base/ Fixed Salary and Statutory Contributions (%)	Variable or Performance-Related Income/ Bonuses (%)	Benefits-in-Kind (%)
Li Wen, CEO	100	-	-
Ng Mun Fai, CFO	79	21	N.M. ⁽¹⁾
Lu Zhiqi, General Manager Investment Division	83	17	-

⁽¹⁾ Not meaningful

Immediate family remuneration: Mr. Zhang Zhongming and Mr. Zhang Zhencheng are Non-Executive Directors of the Board and do not receive remuneration. Other than Mr. Zhang Zhongming, who is the nephew of Mr. Zhang Zhencheng, the Chairman of the Board, no employee of the Trustee-Manager is an immediate family member of a Director or CEO and whose remuneration exceeded \$50,000 during FY2017.

Employee share schemes: Based on an assessment of market practices, the Trustee-Manager has determined that it is not necessary to establish an employee share scheme. The RC will continuously reassess the need to implement employee share schemes.

CORPORATE GOVERNANCE

Performance conditions: The annual performance incentive is mainly tied to the performances of DRT and the individual employee across a balanced set of performance indicators including financial, operational, compliance and information technology focus areas to drive value creation. The Trustee-Manager's aim in the long term is to motivate employees to achieve superior performance through such annual performance incentive. Executives who have greater ability to influence strategic outcomes have a greater proportion of overall reward at risk. As disclosed above, the Trustee-Manager does not currently have any long-term incentive schemes.

The RC is of the view that the overall level of remuneration is unlikely to promote behaviour contrary to the Trustee-Manager's risk profile. For FY2017, the RC is satisfied that the performance incentive conditions for key management personnel were met.

ACCOUNTABILITY AND AUDIT ACCOUNTABILITY

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Board's accountability: The Board is responsible to Unitholders for providing a balanced and understandable assessment of DRT's performance, position and prospects, including interim and other price sensitive public reports and reports to the regulators (where required). Financial reports and other price sensitive information are disseminated to Unitholders through announcements via SGXNET, press releases and DRT's website. The Annual Report is sent to all Unitholders and is made available on DRT's website.

Management provides the Board with management accounts on a quarterly basis and other explanation and information as the Board may require to enable Directors to keep abreast of DRT's performance, position and prospects.

Compliance: The Board is responsible for ensuring compliance with legislative and regulatory requirements, including requirements under the listing rules of SGX-ST. Directors are updated by the external legal advisers, external compliance adviser, Company Secretary, independent professional advisers and Compliance Manager as required on developments and changes in the laws and regulations affecting DRT and the Trustee-Manager. Policies and reporting obligation checklists have been established with internal procedures pertaining to announcements to SGX-ST and circulars to Unitholders, Interested Person Transactions, ARC reporting and other compliance matter relevant to the rules of the SGX-ST, Monetary Authority of Singapore (the "MAS") and BTA.

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

Risk governance: The Board has overall responsibility for the governance of risk and with the support of the ARC oversees the design, implementation and monitoring of the risk management and internal control systems. The Trustee-Manager has established adequate and effective risk management and internal control systems addressing financial, operational, compliance and information technology risks.

The Trustee-Manager engaged KPMG Services Pte Ltd to develop an Enterprise Risk Assessment and Assurance Framework during the IPO process to help the Board formally identify DRT's financial, operational, compliance and information technology risks. These risks are prioritised based on risk appetite and risk tolerance levels that the Board has adopted. Key risks are escalated to, and discussed at, the Board level while all other risks are handled at Management level and reported to the Board on an exceptional basis.

Annual review: Management, the internal auditor (Ernst & Young Advisory Pte. Ltd.), and the external auditor (Deloitte & Touche LLP) conduct reviews and audits on a regular basis that involve testing the adequacy and effectiveness of material internal controls on key risks. Any material non-compliance or lapses in internal controls and its corresponding mitigating actions are reported to the ARC. At least annually, the Board, with assistance from the ARC, reviews the adequacy and effectiveness of risk management and internal control systems, including financial, operational, compliance and information technology risks.

CORPORATE GOVERNANCE

CEO and CFO assurance: On a quarterly basis, the Board receives assurance from the CEO and CFO that:

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of DRT's operations and finances; and
- (b) the risk management and internal control systems are effective in addressing the financial, operational, compliance and information technology risks faced by DRT.

Board's conclusion: Based on the existing practices and reviews conducted by Management and DRT's internal auditors and external auditors, and in concurrence with the ARC, the Board is of the opinion that the internal controls, including financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective to meet the needs of DRT in its current business environment as at 31 December 2017.

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

Separate risk committee: The Board has established an ARC to assist in overseeing the risk management framework and policies and has determined, given the size, scope and nature of the business, it is currently not necessary to establish a separate Board Risk Committee.

AUDIT AND RISK COMMITTEE

Principle 12: The Board should establish an Audit and Risk Committee ("ARC") with written terms of reference which clearly set out its authority and duties.

Audit and Risk Committee composition: The Board has established an ARC that comprises Mr. Tan Huay Lim, Dr. Cao Yong and Mr. Sun Shu. Mr. Tan Huay Lim is the Chairman of the ARC. All the members of the ARC are Independent Non-Executive Directors.

The Board is of the view that all the members of the ARC are appropriately qualified to discharge their responsibilities and have the relevant accounting or related financial management expertise or experience. According to the Director's profiles, that are disclosed on pages 36 and 37 of this Annual Report:

- (a) Mr. Tan Huay Lim has extensive experience as a former audit partner at a chartered accounting firm;
- (b) Dr. Cao Yong is an Adjunct Professor in Singapore and a Professor in China, teaching finance and economics;
- (c) Mr. Sun Shu has held various positions in a national Chinese bank including responsibilities for building and managing its internal control systems.

None of the ARC members were former Partners or Directors of DRT's external auditor, Deloitte & Touche LLP within the previous twelve months, nor do they hold any financial interest in the external auditor.

Audit and Risk Committee role: The ARC has explicit authority to investigate any matters within its terms of reference and is entitled full access to Management especially in terms of resources and information to enable the committee to discharge its duties properly. The ARC has full discretion to invite any Director or Management to attend its meetings.

The Board has established an ARC broadly to make recommendations to the Board on all matters pertaining to the integrity of the financial statements, risk management and internal control systems, internal auditors, external auditors and whistleblowing. The ARC has a formal Board approved terms of reference that is disclosed on pages 83 to 86 of this Annual Report. A summary of the ARC's key responsibilities includes:

- (a) reviewing the significant financial reporting issues and judgments to ensure integrity of DRT's financial statements and announcements relating to its financial performance;
- (b) reviewing at least annually the adequacy and effectiveness of the Trustee-Manager's risk management and internal control systems, including financial, operational, compliance and information technology risks and controls;
- (c) reviewing the adequacy, effectiveness and independence of DRT's Internal Audit function;

CORPORATE GOVERNANCE

- (d) reviewing the adequacy, effectiveness and independence of the external audit;
- (e) making recommendations to the Board on the appointment, re-appointment, remuneration and terms of engagement of the internal and external auditors; and
- (f) reviewing the whistleblowing policy and incidents reported.

Auditors: The ARC meets with the internal and external auditors at least once annually to discuss audit findings and recommendations, without the presence of Management.

The Trustee-Manager has complied with Rules 712, 715 and 716 of the Listing Manual in relation to the appointment of external auditors of DRT. The ARC has undertaken a review of all non-audit services provided by the external auditors and is satisfied that the nature and extent of such services do not affect the independence and objectivity of the external audit. The aggregate amount of audit fees paid and payable by DRT to the external auditors for FY2017 was \$286,000. The aggregate amount of non-audit fees paid to the external auditor as an IPO reporting accountant was \$1,046,000.

Whistleblowing: The ARC has reviewed the Whistleblowing Policy that the Trustee-Manager has established and uploaded on DRT's corporate website. The Policy provides mechanisms such as a secure and confidential channel that allows employees and external parties to report possible improprieties and disclose any wrongdoings such as fraud, misconduct, breach of any laws or any other illegal acts directly to the ARC Chairman. Reports can be lodged via email to whistleblowing@dasintrust.com. In addition, there are policies and reporting mechanisms for employees and customers to raise concerns to Management, who will escalate significant issues to the Board as required. Employees making the report in good faith and without malice are protected from reprisals or victimisation.

The ARC is satisfied that arrangements are in place to ensure independent investigation of such matters and for appropriate follow-up action to be taken.

Summary of Audit and Risk Committee activities: During FY2017, the ARC has reviewed the quarterly and annual financial statements, the quality and reliability of information for inclusion in financial reports, policies and practices put in place by Management, reviewed the volume and nature of Interested Person Transactions, nominated and recommended the re-election of the external auditors and reviewed the adequacy, effectiveness and independence of the internal and external auditors. The ARC has assisted the Board to review the adequacy and effectiveness of the risk management and internal control systems, addressing financial, operational, compliance and information technology risks.

Additionally, the ARC has also met with the internal and external auditors, without the presence of Management.

Changes to the accounting standards and issues that have direct impact on financial statements were reported to and discussed with the ARC by the external auditors, in order for the ARC members to keep abreast of changes to such accounting standards and issues.

In the review of the Group's financial statements, the ARC discussed with Management the accounting principles that were applied and considered the clarity of key disclosures in the financial statements.

CORPORATE GOVERNANCE

ARC's Commentary on significant financial reporting matters

The most significant financial reporting matters considered by the ARC and discussed with both the Management and the external auditors in relation to the Group's financial statements for FY2017 were as follows:

Significant Matters	How these issues were addressed by ARC
Valuation of investment properties	<p>The valuation of the Group's investment properties is a key risk due to its significance in the context of the Group's net assets value and that the valuation methodology requires significant judgement about future performance and discount rates which are inherently uncertain.</p> <p>The ARC evaluated the objectivity and competency of the external valuer and the appropriateness of the valuation methodologies applied by the valuer in arriving at the market value of the investment properties based on their existing use.</p> <p>The ARC analysed the valuation reports and held discussions with the management, the valuer and the external auditors to review the reasonableness of the key assumptions, the estimation and projection of rental income stream and the underlying key data including the discount, capitalisation and terminal yield rates used in the valuation.</p> <p>The ARC was satisfied that the valuation has been conducted appropriately, independently by the valuer and in accordance with the valuer's professional standards.</p>
Accounting for acquisitions	<p>The Trust acquired Xiaolan Metro Mall, Ocean Metro Mall and Dasin E-Colour together with two rental management companies ("Initial Portfolio") in March 2016 and Shiqi Metro Mall and its rental management company ("Shiqi Metro Mall") in June 2017.</p> <p>The management assessed that the above acquisitions constituted a business and should be accounted for using the acquisition method in accordance with the International Financial Reporting Standard ("IFRS") 3: <i>Business Combinations</i> which requires determination of the acquisition date as well as recognition and classification of the identifiable assets (which mainly consists of investment properties) acquired and liabilities assumed (including provision of deferred tax liabilities) to be measured at fair value in accordance with IFRS 13: <i>Fair Value Measurement</i>.</p> <p>The ARC scrutinised the sale and purchase agreements, opinion of the legal counsels, valuation reports (as mentioned above), the relevant supporting documents and read the acquisition steps disclosed in the Trust's Prospectus dated 13 January 2017 and announcements dated 16 and 19 June 2017 relating to the acquisitions.</p> <p>Based on the review by the ARC and discussions with the management and the external auditors, the ARC is satisfied that the acquisitions of Initial Portfolio and Shiqi Metro Mall have been properly accounted for by applying the acquisition method in compliance with IFRS 3: <i>Business Combinations</i> at the date of acquisition which the Trust obtained control of Initial Portfolio and Shiqi Metro Mall, at the anniversary date of the acquisition and the subsequent adjustment to the initial fair value estimate.</p>

CORPORATE GOVERNANCE

Significant Matters	How these issues were addressed by ARC
	<p>The ARC concluded that the identifiable assets acquired and liabilities assumed have been appropriately measured at fair value in accordance with IFRS 13: <i>Fair Value Measurement</i> and that the excess of the fair value of assets acquired and liabilities assumed over the purchase considerations or the gain on bargain purchase of the Initial Portfolio and Shiqi Metro Mall of about S\$439,459,000 and S\$241,160,000 respectively were properly recognised as a direct addition to capital or equity as the above acquisitions were from owners in their capacity as owners.</p>

The above significant financial reporting matters were also areas of focus for the external auditors who have included these as key audit matters in their audit report set out in this Annual Report.

INTERNAL AUDIT

Principle 13: The company should establish an effective Internal Audit function that is adequately resourced and independent of the activities it audits.

Internal Audit function: The Trustee-Manager has engaged Ernst & Young Advisory Pte. Ltd. ("EY") as the internal auditors who report directly to the ARC and administratively to the CFO. The ARC approved the hiring, evaluation, and compensation of EY as the internal auditors. The internal audit function is co-sourced with the internal audit team of the Sponsor but led and reported by EY. EY submits its internal audit plan to the ARC for approval at the beginning of each financial year. The role of EY is to provide independent assurance to the ARC that the Trustee-Manager maintains adequate and effective risk management and internal control systems. EY has unfettered access to all documents, records, properties and personnel, including access to the ARC.

Internal Audit resources and experience: The ARC is of the view that the Internal Audit function has adequate resources to perform its functions, is independent from the activities that it audits and has appropriate standing within the Trustee-Manager.

During the appointment of the Internal Audit function, the ARC ensured that the Internal Audit function is staffed with qualified and experienced personnel.

Internal Audit standards: The scope of the internal audit covers key aspects of the Trustee-Manager's internal controls established to address financial, operational, compliance and information technology risks. The internal auditor's activities are guided by EY's global internal auditing methodology which is in line with the Standards for the Professional Practice of Internal Auditing as set by The Institute of Internal Auditors, the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") and Control Objectives for Information and Related Technologies ("COBIT") models.

Review of Internal Audit function: The ARC conducted a review and concluded that the Internal Audit function is adequate, effective and independent for FY2017.

UNITHOLDERS RIGHTS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Unitholder's rights: All Unitholders are treated fairly and equitably, and the Trustee-Manager strives to disclose information to inform them of changes in DRT and its business that could materially impact the price and value of its units in a timely manner.

Voting procedures: At general meetings, all Unitholders are entitled to attend, participate effectively and vote in person or by proxy, if they are unable to attend in person. Unitholders are informed of such meetings through the annual report or circulars sent to all Unitholders and/or notices published in the newspapers and via SGXNET. The rules governing such meetings and voting procedures are set out in the notice of general meetings. Voting in absentia by email, mail or fax is not implemented due to authentication and other security related concerns.

Proxy forms must be deposited at the office of Boardroom Corporate & Advisory Services Pte. Ltd., the Unit Registrar of DRT, not less than 48 hours before the time appointed for holding the general meetings.

CORPORATE GOVERNANCE

COMMUNICATION WITH UNITHOLDERS

Principle 15: Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

Investor Relations Policy: The Trustee-Manager has in place an Investor Relations Policy which sets out principles and practices that it applies when providing Unitholders and prospective investors with pertinent information necessary to make well-informed investment decisions. Additionally, the Trustee-Manager has a dedicated Investor Relations Manager to handle and facilitate all communications between the Trustee-Manager and DRT, and Unitholders, analysts, media as well as the investing community.

Disclosure of information: All material information including DRT's quarterly financial results are publicly available on the SGXNET and DRT's corporate website. For ease of access, DRT's key information, such as disclosed financial information, reports to Unitholders, SGX announcements, investor presentation slides, distribution notices, annual reports, press releases, other material developments and corporate information are made available on SGXNET and DRT's corporate website (<http://dasintrust.listedcompany.com>) as soon as practicable. The Trustee-Manager has established protocols to actively avoid inadvertent disclosure to a select group. In rare occasions that such information is inadvertently disclosed, it will be immediately announced to the public via SGXNET.

Investor engagement: In conjunction with the release of quarterly financial results, the Trustee-Manager conducts meetings with Unitholders and the investing community that may include analysts and the media, to present an update on DRT's performance and developments while soliciting and understanding their views and feedback in relation to DRT. Presentation slides prepared for these briefings are promptly released on SGXNET and DRT's corporate website to ensure consistency in dissemination of information.

Distribution Policy: The Trustee-Manager has established an approved Distribution Policy for DRT to distribute 100% of distributable income to Unitholders for the period from 15 January 2017 to 31 December 2018, and from 1 January 2019 onwards, the Trustee-Manager shall make distributions of at least 90% of distributable income to Unitholders.

CONDUCT OF UNITHOLDER MEETINGS

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Conduct of general meetings: General meetings of Unitholders will be convened at least once annually in accordance with applicable laws and regulations. At general meetings, Unitholders will be allowed to participate effectively by putting forth any questions they may have on the resolutions to be debated and decided upon.

Resolutions: Each distinct issue is proposed as a separate resolution at general meetings. All resolutions proposed at general meetings shall be put to vote by way of electronic polling pursuant to Rule 730A(2) of the Listing Manual. All votes cast, for or against, and the respective percentages, in respect of each resolution are tallied and displayed at the meeting and announced via SGXNET after the general meetings.

Attendance at general meetings: All Directors, in particular the Chairman of the Board, the respective Chairman of the ARC, NC and RC, will be present and available to address Unitholders' queries at these general meetings. The external auditor will also be present to address queries regarding the conduct of the audit and the preparation and content of the auditor's report.

Minutes of general meetings: Minutes of general meetings recording the substantial and relevant comments and queries raised by Unitholders, together with responses from the Board and Management, are prepared by the Company Secretary and will be made available to Unitholders upon request.

CORPORATE GOVERNANCE

INTERESTED PERSON TRANSACTIONS

The Trustee-Manager has established controls and reporting measures for handling Interested Person Transactions. These ensure that such transactions are conducted on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of DRT and its minority Unitholders.

Further, the Trustee-Manager maintains a register to record all transactions which may be considered as Interested Person Transactions. The register is subject to regular review by the ARC in ensuring that the Trustee-Manager's conduct is in accordance with the Listing Manual.

Transactions (whether a single transaction or a series of transactions involving the same Interested Person aggregated over the duration of the financial year) which exceed \$100,000 in value but are below 3% of DRT's net tangible assets are subject to regular review by the Trustee-Manager and quarterly review by the ARC and the Directors.

Transactions (whether a single transaction or a series of transactions involving the same Interested Person aggregated over the duration of the financial year) which are valued between 3%-5% of DRT's net tangible assets are required to be announced by the Trustee-Manager on SGXNET and are further subject to review by the ARC and the Trustee-Manager prior to carrying out such transaction.

Transactions (whether a single transaction or a series of transactions involving the same Interested Person aggregated over the duration of the financial year) which are valued at 5% or above of DRT's net tangible assets are required to be announced by the Trustee-Manager on SGXNET, and are further subject to prior approval from Unitholders, as well as review by the ARC, the Trustee-Manager and an independent financial advisor.

The Interested Person Transactions undertaken by DRT in FY2017 are set out on page 157 of this Annual Report.

DEALINGS IN DASIN RETAIL TRUST UNITS

The Trustee-Manager has adopted an internal compliance code of conduct with regard to dealings in securities of DRT, in compliance with the principles of Rule 1207(19) of the Listing Manual.

In general, the Trustee-Manager's policy encourages Directors and employees of the Trustee-Manager to hold DRT's units and not deal in such units for short term considerations. The policy also prohibits the Trustee-Manager, its Directors and employees from dealing in DRT's units during the period commencing (i) two weeks before the public announcement of DRT's quarterly results; (ii) and one month before the public announcement of DRT's annual results, and at any time while in possession of price sensitive information.

USE OF PROCEEDS

The use of IPO proceeds is disclosed on page 158 of this Annual Report.

CONFLICT OF INTEREST

The Trustee-Manager has instituted the following measures to deal with conflicts of interest issues:

- (a) The Trustee-Manager will not manage any other business trust which invests in the same type of properties as DRT.
- (b) All resolutions in writing of the Directors in relation to matters concerning DRT must be approved by a majority of the Directors, including at least one Independent Director.

CORPORATE GOVERNANCE

- (c) Every Director shall observe the provisions of Section 156 of the Companies Act relating to the disclosure of the interests of the Directors in transactions or proposed transactions with the Trustee-Manager or of any office or property held by a Director which might create duties or interests in conflict with his duties or interests as a Director. Subject to such disclosure, a Director shall be entitled to vote in respect of any transaction or arrangement in which he is interested and he shall be taken into account in ascertaining whether a quorum is present.
- (d) In respect of matters in which the Sponsor and/or their subsidiaries have an interest, direct or indirect, any nominees appointed by the Sponsor and/or their subsidiaries to the Board to represent its/their interests will abstain from voting. In such matters, the quorum must comprise a majority of the Independent Directors and must exclude nominee Directors of the Sponsor and/or their subsidiaries.
- (e) Save as to resolutions relating to the removal of the Trustee-Manager, the Trustee-Manager and its associates are prohibited from voting or being counted as part of a quorum for any meeting of Unitholders convened to approve any matter in which the Trustee-Manager and/or any of its associates has a material interest.
- (f) Where matters concerning DRT relate to transactions entered into or to be entered into by the Trustee-Manager for and on behalf of DRT with an Interested Person of the Trustee-Manager (which would include relevant associates thereof) or DRT, the Board is required to consider the terms of such transactions to satisfy itself that such transactions are conducted on normal commercial terms, are not prejudicial to the interests of DRT and the Unitholders, and in accordance with all applicable requirements of the Listing Manual and the BTA relating to the transaction in question. If the Trustee-Manager is to sign any contract with an Interested Person of the Trustee-Manager or DRT, the Trustee-Manager will review the contract to ensure that it complies with the provisions of the Listing Manual and the BTA relating to Interested Person Transactions (as may be amended from time to time) as well as such other guidelines as may from time to time be prescribed by the MAS and the SGX-ST to apply to business trusts.
- (g) It is also provided in the Trust Deed that if the Trustee-Manager is required to decide whether or not to take any action against any person in relation to any breach of any agreement entered into by the Trustee-Manager for and on behalf of DRT with an Interested Person of the Trustee-Manager (acting in its capacity as the trustee-manager of DRT), the Trustee-Manager shall be obliged to consult with a reputable law firm which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee-Manager, on behalf of DRT, has a prima facie case against the party allegedly in breach under such agreement, the Trustee-Manager shall be obliged to take appropriate action in relation to such agreement. The Directors of the Trustee-Manager (including the Independent Directors) will have a duty to ensure that the Trustee-Manager so complies. Any decision by the Trustee-Manager not to take action against an Interested Person of the Trustee-Manager shall not constitute a waiver of the Trustee-Manager's right to take such action as it deems fit against such Interested Person and shall, without prejudice to the responsibilities of the ARC in relation to Interested Person Transactions, be notified to the ARC.

CORPORATE GOVERNANCE

In addition, to demonstrate the commitment of the Zhang Vendors¹ and Mr. Zhang Zhencheng to DRT and to mitigate any potential conflict of interests, each of the Zhang Vendors and Mr. Zhang Zhencheng (in his personal capacity) had entered into the Sponsor ROFR².

Pursuant to the Sponsor ROFR, the Zhang Vendors and Mr. Zhang Zhencheng granted rights of first refusal to the Trustee-Manager over future sales of any income-producing real estate or any property development located in the Greater China used primarily for retail purposes, by (i) any one of the Zhang Vendors, Mr. Zhang Zhencheng, any of the entities in which any one of the Zhang Vendors and Mr. Zhang Zhencheng hold more than 50% of the voting rights or controls ("Controlled Entities"), (ii) any existing or future private fund managed by a Controlled Entity, (iii) any associate of the Zhang Vendors or Mr. Zhang Zhencheng, or (iv) any entity in which such associate(s) holds more than 50% of the voting rights or controls. The Zhang Family Trust³ will not be acquiring or holding any real estate or real estate-related assets used for retail purposes apart from the Units and the Zhang Family Trust will not be used to hold any real estate or real estate-related assets used for retail purposes.

In addition to his personal undertakings, Mr. Zhang Zhencheng has also, in his capacity as the settlor of the Zhang Family Trust, undertaken in the Sponsor ROFR to procure the Family Trustee, as the trustee of the Zhang Family Trust, to grant a right of first refusal to the Trustee-Manager in the event the Zhang Family Trust or its associates, being any entity in which the Zhang Family Trust has a direct or indirect aggregate interest of 30% or more, acquires or holds any Relevant Asset⁴.

MATERIAL CONTRACTS

There are no material contracts (whether subsisting or expired / terminated) entered into by DRT or any of its subsidiary that involve the interests of the Chief Executive Officer, any Director, any controlling Unitholder or any controlling shareholder of the Trustee-Manager, other than (where applicable):

- (a) as disclosed on pages 303 to 339 of the Prospectus dated 13 January 2017; and
- (b) interested person transactions as listed in the Interested Person Transactions section on page 157 of this Annual Report.

¹ Mr. Zhang Kaicheng, Mr. Zhang Jiucheng and Mr. Zhang Zhongming, and each a "Zhang Vendor".

² Please refer to Appendix III.

³ The family trust which holds the Units owned by Aqua Wealth Holdings Limited for the benefit for its beneficiaries, being Mr. Zhang Chon Meng, son of Mr. Zhang Zhencheng.

⁴ Refer to Appendix III – Sponsor ROFR on pages 75 to 76 of this Annual Report for definition of "Relevant Asset".

CORPORATE GOVERNANCE

APPENDIX I – TERMS OF REFERENCE FOR THE NOMINATING COMMITTEE

(as approved by the Board on 9 March 2017)

The duties and responsibilities of the NC shall include the following:

- (a) determining annually, and as and when circumstances require, whether a Director is independent (for the purposes of the Code of Corporate Governance and/or the Business Trusts Regulations, Rg.2, Chapter 31A), and providing its views to the Board in relation thereto for the Board's consideration;
- (b) reviewing the independence of any Director who has served on the Board for more than nine (9) years from the date of his first appointment and the reasons for considering him as independent;
- (c) where a Director or proposed Director has multiple board representations, deciding whether the Director is able to and has been adequately carrying out his duties as a Director, taking into consideration the Director's number of listed company board representations and other principle commitments;
- (d) where the appointment of an Alternate Director to a Director is proposed, determining whether the Alternate Director is familiar with the Trustee-Manager's affairs, appropriately qualified and (in the case of an Alternate Director to an independent) whether the Alternate Director would similarly qualify as an Independent Director, and providing its views to the Board in relation thereto for the Board's consideration;
- (e) making recommendations to the Board on relevant matters relating to:
 - a. reviewing the board size, composition of the Board and the Board committees with a view to determining the impact of the number of board members upon the effectiveness of the Board and providing an appropriate balance and diversity of skills, experience, gender and knowledge;
 - b. the review of board succession plans for Directors, in particular, the Chairman and for the CEO;
 - c. the development of a process for evaluation of the performance of the Board, its Board committees and Directors;
 - d. the review of training and professional development programs for the Board; and
 - e. the appointment and re-appointment of Directors (including Alternate Directors, if applicable).
- (f) proposing objective performance criteria for evaluation of the Board's performance as a whole which allows for comparison with industry peers and address how the Board has enhanced long-term shareholder value;
- (g) carrying out, at least annually, a formal assessment of the performance and effectiveness of the Board as a whole and its Board committees and (if applicable) the contributions of individual Directors to the effectiveness of the Board, based on the process implemented by the Board;
- (h) based on the results of the performance evaluation, provide its views and recommendations to the Board, including any appointment of new members;
- (i) reviewing the appointments and reasons for resignations or terminations of appointment of senior management staff such as the CEO (if not a Director), Chief Operating Officer, Chief Investment Officer, CFO and other relevant senior management staff; and
- (j) reviewing employment of all managerial staff and employees who are related to any of the Directors, substantial Unitholders or the CEO and the proposed terms of their employment.

APPENDIX II – TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

(as approved by the Board on 9 March 2017)

The duties and responsibilities of the RC shall include the following:

- (a) reviewing and recommending to the Board, a general framework of remuneration for the Directors and key management personnel;
- (b) reviewing and recommending annually to the Board, the specific remuneration packages for each Director as well as for the key management personnel;
- (c) reviewing all aspects of remuneration, including but not limited to, Director's fees, salaries, allowances, bonuses, share-based incentives and awards and benefits-in-kind;
- (d) reviewing annually the remuneration of employees who are immediate family members of a Director or CEO whose remuneration exceeds \$50,000 during the year;

CORPORATE GOVERNANCE

- (e) reviewing the Trustee-Manager's obligations arising in the event of termination of the Executive Directors and key management personnel's contracts of service to ensure that such contracts contain fair and reasonable termination clauses which are not overly generous;
- (f) ensuring that existing relationships, if any, between the Trustee-Manager and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants; and
- (g) generally, perform such other functions and duties as may be required by the relevant laws or provisions of the Listing Manual and the Code of Corporate Governance (as may be amended from time to time).

APPENDIX III – SPONSOR ROFR

(as defined in the Prospectus dated 13 January 2017)

Each of the Zhang Vendors and Mr. Zhang Zhencheng (in his personal capacity) has on 27 December 2016 granted a right of first refusal to the Trustee-Manager for so long as:

- Dasin Retail Trust is listed and quoted on the Main Board of the Singapore Exchange Securities Trading Limited;
- any one of the Zhang Vendors, Mr. Zhang Zhencheng, any of the entities in which any one of the Zhang Vendors and Mr. Zhang Zhencheng hold more than 50.0% of the voting rights or controls ("Controlled Entities"), any of the immediate family of any of the Zhang Vendors and/or Mr. Zhang Zhencheng, and/or any of the entities in which their immediate family hold more than 50.0% of the voting rights or controls, alone or in aggregate, remains as a controlling shareholder of the Trustee-Manager; and
- any one of DBS Trustee Limited (or any replacement or substitute trustee), in its capacity as the trustee of the Zhang Family Trust, the Zhang Vendors, Mr. Zhang Zhencheng, any of the Controlled Entities, any of the immediate family of any of the Zhang Vendors and/or Mr. Zhang Zhencheng, and/or any of the entities in which their immediate family hold more than 50.0% of the voting rights or controls, alone or in aggregate, remains a controlling unitholder of Dasin Retail Trust, (the "Right of First Refusal Period").

For the purposes of the Sponsor ROFR:

- "control" means the capacity to dominate decision-making, directly or indirectly, in relation to the financial or operating policies of an entity;
- a "Relevant Entity" means any associate of the Zhang Vendors or Mr. Zhang Zhencheng, any entity in which such associate(s) holds more than 50.0% of the voting rights or controls, any of the Controlled Entities or any existing or future private fund managed by a Controlled Entity; and
- a "Relevant Asset" refers to any income-producing real estate or any property development, located in the Greater China, which is used primarily for retail purposes. Where such income producing real estate or property development is held by a Relevant Entity through a special purpose company, vehicle or entity (an "SPV") established solely to own such real estate or property development, the term "Relevant Asset" shall refer to the shares or equity interests, as the case may be, in that SPV. Where such real estate or property development is co-owned by a Relevant Entity as a tenant-in-common, the term "Relevant Asset" shall refer to the ownership share of the Relevant Entity in such real estate or property development. For the avoidance of doubt, "Relevant Asset" includes any real-estate related asset which is incidental to such real estate or property development.

The Sponsor ROFR shall cover any proposed offer by Mr. Zhang Zhencheng, the Zhang Vendors or a Relevant Entity to dispose of any interest in any Relevant Asset which is owned by Mr. Zhang Zhencheng, the Zhang Vendors or the Relevant Entity (as the case may be) ("Proposed Disposal").

If the Relevant Asset is (a) owned jointly by a Relevant Entity together with one or more third parties and if consent of any of such third parties to offer the Relevant Asset to Dasin Retail Trust is required; or (b) owned by a Relevant Entity which is not wholly-owned by each of the Zhang Vendors or Mr. Zhang Zhencheng (as the case may be) and whose other shareholder(s) or private fund investors is/are third parties, and if consent from such shareholder(s) or private fund investors to offer the Relevant Asset to Dasin Retail Trust is required, each of the Zhang Vendors and Mr. Zhang Zhencheng (as the case may be) shall use his best endeavors to obtain the consent of the relevant third party(ies) or other shareholder(s) or private fund investors, failing which the Sponsor ROFR will exclude the disposal of such Relevant Asset. For the avoidance of doubt, the grant by any Relevant Entity of a lease (including a long-term lease) over any such Relevant Asset (or any part thereof) for a rent or other service income shall not constitute or be deemed to constitute a Proposed Disposal for the purposes of this paragraph.

CORPORATE GOVERNANCE

The Sponsor ROFR shall:

- be subject to any prior overriding contractual obligations which the Relevant Entity may have in relation to the Relevant Assets and/or the third parties that hold these Relevant Assets;
- exclude the disposal of any interest in the Relevant Assets by a Relevant Entity to its related corporation (as well as transfer of any interest in the Relevant Assets between the Zhang Family) pursuant to a reconstruction, amalgamation, restructuring, merger and/or any analogous event or transfer of shares of the Relevant Entity between the shareholders as may be provided in any shareholders agreement, provided that such related corporation shall first execute and deliver a right of first refusal to the Trustee-Manager on the same terms and conditions; and
- be subject to the applicable laws, regulations and government policies and the listing rules of the SGX-ST, and order, judgment, decree of any court and any other approval required from any regulatory bodies, governmental bodies or other authorities.

In addition to his personal undertakings, Mr. Zhang Zhencheng has also, in his capacity as the settlor of the Zhang Family Trust, undertaken in the Sponsor ROFR to procure the Family Trustee, as the trustee of the Zhang Family Trust, to grant a right of first refusal to the Trustee-Manager in the event the Zhang Family Trust or its associates, being any entity in which the Zhang Family Trust has a direct or indirect aggregate interest of 30.0% or more, acquires or holds any Relevant Asset.

Right of First Refusal – Proposed Disposal

Each of the Zhang Vendors and Mr. Zhang Zhencheng shall issue a written notice (“Offer Notice”), any time on or after the date the units in Dasin Retail Trust are first listed on the SGX-ST and during the Right of First Refusal Period, to the Trustee-Manager of any Proposed Disposal.

The Offer Notice shall serve as an offer to sell the interest in the Relevant Asset to the Trustee-Manager, which is the subject of the Proposed Disposal on the terms and conditions as set out in the Offer Notice (“Sponsor Offer”). Upon receipt of an Offer Notice, the Trustee-Manager shall have 30 calendar days (or such other period as the parties may agree in writing) to give a written notice of its acceptance (“Acceptance Notice”) of all the terms and conditions of the Sponsor Offer, failing which the Trustee-Manager shall be deemed to have declined to accept the Sponsor Offer.

Upon receipt of the Acceptance Notice from the Trustee-Manager, the Zhang Vendors or Mr. Zhang Zhencheng or the Relevant Entity (as the case may be) and the Trustee-Manager shall enter into and carry out negotiations in good faith with each other with a view to entering into a binding definitive agreement for the sale and purchase of the Relevant Asset within 60 calendar days (or such other period as the parties may agree) after receipt of such Acceptance Notice.

Failure to Exercise Right of First Refusal

In the event that the Trustee-Manager fails or does not wish to exercise the Sponsor ROFR, the Relevant Entity shall be entitled to dispose of its interest in the Relevant Asset to a third party on terms and conditions no more favourable to the third party than those offered by the Relevant Entity to the Trustee-Manager.

However, if the completion of the disposal of the Relevant Assets by the Relevant Entity does not occur within 12 months from the date of the Offer Notice, any proposal to dispose of such Relevant Asset after the aforesaid 12-month period shall then remain subject to the Sponsor ROFR.

ENTERPRISE RISK MANAGEMENT

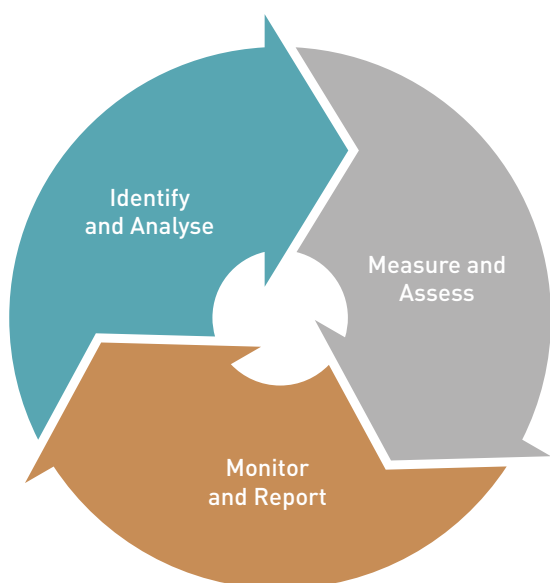
Dasin Retail Trust (the “Trust” or “DRT”) and its subsidiaries (collectively, the “DRT Group”) practices a proactive approach towards risk management, which enables it to manage risks in a systematic and consistent manner. Under DRT Group’s Enterprise Risk Management (“ERM”) Framework, the Group’s risk parameters and risk appetite are clearly defined and agreed upon by the Board of Directors. These risk limits further delineate the specific boundaries at an operational level.

The Board of Directors (the “Board”) is responsible for the governance of risk across DRT Group. Their responsibilities include establishing a framework of prudent and effective controls which enables risks to be assessed and managed, including the safeguarding of Unitholders’ interests and the assets of DRT. For these purposes, it is assisted by the Audit and Risk Committee (the “ARC”), which provides oversight over risk management policies and guidelines.

The ARC shall report to the Board annually on its review of the adequacy and effectiveness of the risk management system and internal controls including financial, operational, compliance and information technology controls of Dasin Retail Trust and the Trustee-Manager, and on the work performed by the Committee during the year based on the terms of reference. The ARC may incorporate in its report its observations on any matters under its purview, and may make any recommendations to the Board as it thinks fit.

Management is responsible for the implementation and practice of ERM across DRT Group. At the same time, the outsourced Internal Audit function from Ernst & Young Risk Advisory Pte. Ltd. reviews such design and implementation to provide reasonable assurance to the ARC on the adequacy and effectiveness of the internal control system.

ENTERPRISE RISK MANAGEMENT FRAMEWORK



Identify and Analyse

- Setting risk appetite & tolerance level
- Risk identification & prioritisation
- Map risks to business units and key processes
- Analyse controls

Measure and Assess

- Analyse the extent of assurance coverage of key risk areas
- Identify gaps in assurance coverage

Monitor and Report

- Report analysis and assessment results to Board
- Develop Board Risk and Controls Governance Dashboard

MANAGING MATERIAL RISKS

The Trustee-Manager undertakes an iterative and comprehensive approach in identifying, managing, monitoring and reporting material risks across DRT Group. Such material risks include:

Foreign Exchange Risk

Dasin Retail Trust is exposed to fluctuations of the Chinese Renminbi (“RMB”) and United States Dollar (“USD”) against the Singapore Dollar (“SGD”).

In order to manage this exposure, the Finance department proactively monitors the currency exchange market for favorable currency trends. As DRT’s operations are localised in China, DRT Group’s exposure to foreign exchange risk is primarily due to the remittance of dividends.

ENTERPRISE RISK MANAGEMENT

Interest Rate Risk

DRT is exposed to interest rate risk arising from the onshore and offshore loans. To manage this exposure, the Board of Directors has established a hedging policy in line with DRT Group's risk appetite and tolerance. The Trustee-Manager operates within the parameters of this guidelines for transacting in interest rate swaps. On a quarterly basis or as and when there are changes to the hedging status, hedging status is reported to the Board of Directors.

Further to this, the Finance department actively monitors the interest rate trends and favorable rates are communicated immediately to the General Manager of Investment Division, Chief Executive Officer and a Non-Executive Director for discussion and confirmation of the interest rate swap.

As at 31 December 2017, the Trustee-Manager has hedged 40% of its offshore debt's interest rate exposure.

Financing, Funding and Liquidity Risk

The Trustee-Manager monitors the trust's investment deposits and borrowings to ensure sufficient liquidity of DRT Group in the form of cash and banking facilities.

An annual budget and forecast for revenue and expenses is established and monitored by management on a periodic basis. Expenses exceeding the budgeted amount are subjected to special approval by senior management. Loan financing is obtained prior to commencement of major projects.

DRT's liquidity profile is reviewed in the context of current money market and credit conditions and will be revised from time to time as necessary by the Finance department. A minimum level of cash balances is maintained and senior management will be informed if there is insufficient cash. Liquidity targets are set out to achieve an optimal balance between the great certainties of cash flow and the cost of obtaining the funding.

The Trustee-Manager also manages the capital structure of DRT Group to ensure its debt maturity profile is spread out over a range of years and monitors covenants closely to ensure loan compliance.

Fraud, Business Ethics and Conflicts of Interest Risk

DRT Group is committed to holding a high standard of business ethics in its operations. Training around legal and business ethics and relevant updates in the code of conduct are provided to new and existing employees as and when the need arises. Background checks are carried out for all new employees or when staff are promoted to a key position. A clearly delineated delegation of authority has been established and conflicting duties are segregated from each other.

The Trustee-Manager has established clear policies and procedures on conflict of interest, gifts and entertainment, and whistle-blowing and communicated these policies to all staff. An independent whistle-blowing email channel has been made available for all staff.

Further to the policies and procedures around conflict of interests, controls has been implemented for the maintenance of list of related companies and interested persons and the transactions. The Internal Audit department of the Sponsor further ensures the completeness and accuracy of all related and interested person transactions by carrying out an audit on a quarterly basis. The results of the audit are subsequently reported to the ARC.

Annual declarations and ad-hoc declarations for conflict of interest (when the situation calls for it) are made by the directors and Chief Executive Officer.

ENTERPRISE RISK MANAGEMENT

Leakage of confidential data risk

The Trust is subjected to the Personal Data Protection Act ("PDPA"). Personal data (in the form of customer, employees and business partners) is an integral part of DRT Group's operations and the potential misuse or loss of such data can be damaging to the Group's reputation. The Information Technology ("IT") team has put in place end user policies and procedures to govern the handling of confidential data and enhancement of IT general controls.

In the event that confidential data has to be disclosed to third parties, non-disclosure agreements are signed with these parties to protect DRT Group's interests.

Economic and Market Risk

DRT Group is exposed to adverse macroeconomic developments in the economy. These adverse developments may take the form of a slowdown in consumer consumption and property value or rental rate volatility, which in turn, will lead to a reduction in revenue or an increase in costs of the Trust.

The Trustee-Manager manages this risk by monitoring significant economic developments in both the global and local financial markets. On a quarterly basis, a review of forecasted results against actual results is performed. Key variances are highlighted and explained to the Board of Directors. The Finance department also monitors closely the debt maturity of financing instruments to support business operations.

Asset Management and Operating Risk

Asset management and operating risk relates to the risk of underperformance of the assets in DRT Group's portfolio.

The Trustee-Manager manages asset management and operating risk by adopting a proactive asset management strategy. Trade mix, arrears and sales performance of tenants are closely monitored to ensure that existing assets are optimised to target customers in the area, thereby increasing revenue.

The mall operator, property manager and other outsourced service providers provides regular reports on regulatory compliance to the Trustee-Manager. Regular audits are conducted on the mall operator and property manager. The mall operator and property manager are also regularly assessed against their key performance indicators.

Business Interruption Risk

DRT Group is exposed to business interruption risk arising from external unforeseen events such as fire, earthquakes or other major infrastructure failures, which may significantly disrupt operations at the malls. The Trustee-Manager manages these risks by ensuring that standard operating procedures on dealing with unforeseen circumstances are established and communicated to all staff and ensuring appropriate insurance coverage for property damage, fire and terrorism. Business Continuity Plans for the malls are carried out including table top exercises for crisis events.

CORPORATE DIRECTORY

The Trustee-Manager

Dasin Retail Trust Management Pte. Ltd.
Company registration number: 201531845N

Registered office

8 Marina Boulevard #14-02
Marina Bay Financial Centre Tower 1
Singapore 018981
Telephone: (65) 6509 8626
Fax: (65) 6509 8625
Email: ir@dasintrust.com
Website: www.dasintrust.com

Board of Directors

Mr. Zhang Zhencheng
(Chairman and Non-Executive Director)
Mr. Zhang Zhongming
(Non-Executive Director)
Dr. Cao Yong
(Lead Independent Director)
Mr. Sun Shu
(Independent Director)
Mr. Tan Huay Lim
(Independent Director)

Audit and Risk Committee

Mr. Tan Huay Lim
(Chairman)
Dr. Cao Yong
Mr. Sun Shu

Nominating Committee

Mr. Sun Shu
(Chairman)
Mr. Zhang Zhencheng
Dr. Cao Yong

Remuneration Committee

Dr. Cao Yong
(Chairman)
Mr. Zhang Zhongming
Mr. Tan Huay Lim

Company Secretary

Mr. Lun Chee Leong

Unit Registrar

Boardroom Corporate & Advisory
Services Pte Ltd
(a member of Boardroom Limited)
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623
Phone: (65) 6536 5355
Fax: (65) 6438 8710

Auditor

Deloitte & Touche LLP
6 Shenton Way
OUE Downtown 2 #33-00
Singapore 068809
Phone: (65) 6224 8288
Fax: (65) 6538 6166
Partner-in-charge: Ms. Tay Hwee Ling
(Appointed since financial year ended 31
December 2017)

SGX Stock Symbol

CEDU.SI

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REPORT OF THE TRUSTEE-MANAGER OF DASIN RETAIL TRUST

The Board of Directors of Dasin Retail Trust Management Pte. Ltd. (the "Trustee-Manager"), the Trustee-Manager of Dasin Retail Trust (the "Trust") and its subsidiaries (together referred to as the "Group"), are pleased to submit this report to unitholders, together with the financial statements of the Group and the statement of financial position of the Trust for the financial year ended 31 December 2017.

DIRECTORS

The directors of the Trustee-Manager in office at the date of this report are as follows:

Mr. Zhang Zhencheng	Chairman and Non-Executive Director <i>Chairman of the Board</i>	(Appointed on 14 August 2015)
Mr. Zhang Zhongming	Non-Independent Non-Executive Director	(Appointed on 1 October 2015)
Dr. Cao Yong	Lead Independent Director <i>Chairman of the Remuneration Committee</i>	(Appointed on 23 December 2016)
Mr. Sun Shu	Independent Director <i>Chairman of the Nomination Committee</i>	(Appointed on 23 December 2016)
Mr. Tan Huay Lim	Independent Director <i>Chairman of the Audit and Risk Committee</i>	(Appointed on 23 December 2016)

DIRECTORS' INTERESTS

According to the register kept by the Trustee-Manager for the purposes of Sections 13 and 76 of the Business Trusts Act, Chapter 31A of Singapore (the "Act"), particulars of interests of directors who held office at the end of the financial year (including those held by immediate family) in units of the Trust ("Units") are as follows:

Name of director	Direct interest		Deemed interest	
	At beginning of the financial year	At end of the financial year	At beginning of the financial year	At end of the financial year

Interest in the Trust (Units)

Mr. Zhang Zhencheng	-	-	337,642,752	331,895,123
Mr. Zhang Zhongming	-	-	-	3,876,200
Dr. Cao Yong	-	-	-	-
Mr. Sun Shu	-	-	-	-
Mr. Tan Huay Lim	-	312,500	-	-

Except as disclosed in this report, no director who held office at the end of the financial year had interests in units, debentures, warrants or unit options of the Trust, either at the beginning or at the end of the financial year.

There were no changes in any of the above mentioned interests in the Trust between the end of the financial year and 21 January 2018.

As disclosed in note 19 to the financial statements, the trustee fee and management fee paid/payable by the Trust to the Trustee-Manager in accordance with the Trust Deed during the financial year ended 31 December 2017 amounted to \$253,000 and \$3,169,000 respectively. The fees were paid/payable by the Trust by the issuance of 4,186,615 units of the Trust with carrying values totalling \$3,422,000. The Trustee-Manager is wholly-owned by Mr. Zhang Zhencheng, a director of the Trustee-Manager.

REPORT OF THE TRUSTEE-MANAGER OF DASIN RETAIL TRUST

DIRECTORS' INTERESTS (CONT'D)

Except as disclosed above, neither at the end of, nor at any time during the financial year, was the Trustee-Manager a party to any arrangement whose object is to enable the directors of the Trustee-Manager to acquire benefits by means of the acquisition of units in or debentures of the Trust.

UNIT OPTIONS

During the financial year, there were:

- (i) no options granted by the Trustee-Manager to any person to take up unissued units in the Trust; and
- (ii) no units issued by virtue of any exercise of option to take up unissued units of the Trust.

As at the end of the financial year, there were no unissued units of the Trust under option.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee comprises three independent directors. The members of the Audit and Risk Committee during the year and at the date of this report are:

Mr. Tan Huay Lim (Chairman)
Dr. Cao Yong
Mr. Sun Shu

The Audit and Risk Committee carried out its function in accordance with Regulation 13(6) of the Business Trusts Regulations and the Listing Manual of Singapore Exchange Securities Trading Limited (the "Listing Manual").

The Audit and Risk Committee held seven meetings for the financial year ended 31 December 2017. In performing its functions, the Audit and Risk Committee met with the Trust's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Group's internal accounting control system. The Audit and Risk Committee's responsibilities also include, but are not limited to, the following:

- (a) reviewing with the internal and external auditors of the Trust:
 - (i) the audit plan of the Trust;
 - (ii) the auditors' evaluation of the system of internal accounting controls of the Trustee-Manager;
 - (iii) the auditors' audit report for the Trust; and
 - (iv) the adequacy, effectiveness and independence of the external audit and the Trustee-Manager's internal audit function.
- (b) reviewing:
 - (i) the assistance given by the management of the Trustee-Manager to the auditors of the Trust;
 - (ii) the adequacy, effectiveness and independence of the internal audit function including scope and results of the internal audit procedures of the Trustee-Manager;
 - (iii) the appointment, termination and remuneration of the internal auditors;
 - (iv) the policies and practices put in place by the Trustee-Manager in consultation with its external compliance advisers to ensure compliance with the Listing Manual, the Act and the Trust Deed;

REPORT OF THE TRUSTEE-MANAGER OF DASIN RETAIL TRUST

AUDIT AND RISK COMMITTEE (CONT'D)

- (b) reviewing (cont'd)
 - (v) the procedures put in place by the Trustee-Manager to manage any conflict that may arise between the interests of the unitholders and the interests of the Trustee-Manager, including interested person transactions, the indemnification of expenses or liabilities incurred by the Trustee-Manager and the setting of fees or charges payable out of the property of the Trust ("Trust Property");
 - (vi) interested person transactions for potential conflicts of interest;
 - (vii) risk management policies and guidelines and monitor compliance therewith;
 - (viii) the adequacy and effectiveness of the risk management and internal controls system, including financial, operational, compliance and information technology risks and controls; and
 - (ix) the whistleblowing policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on, including the particular incidences reported during the year.
- (c) reviewing the statement of financial position, statement of profit or loss of the Trustee-Manager and the statement of financial position, statement of profit or loss, statement of comprehensive income and statement of cash flows of the Trust submitted to it by the Trustee-Manager, and thereafter submit them to the Board;
- (d) reviewing significant reporting issues and judgements to ensure the integrity of the financial statements and any formal announcements relating to financial performance;
- (e) discussing problems and concerns, if any, arising from the final audits, in consultation with the external auditors and the internal auditors where necessary;
- (f) reporting to the Board:
 - (i) any inadequacies, deficiencies or matters of concern of which the Audit and Risk Committee becomes aware or that it suspects arising from its review of the items referred to in sub-paragraphs (a) to (d) above; and
 - (ii) any breach of the Act or any breach of the provisions of the Trust Deed, of which the Audit and Risk Committee becomes aware or that it suspects;
- (g) reporting to the Monetary Authority of Singapore if the Audit and Risk Committee is of the view that the Board has not taken, or does not propose to take, appropriate action to deal with a matter reported under sub-paragraph (f):
 - (i) the procedures established to regulate interested person transactions, including ensuring compliance with the provisions of the Listing Manual relating to "interested person transactions"; and
 - (ii) the procedures established to ensure compliance with applicable legislation and the Listing Manual;
- (h) nominating or removing a person or persons as auditor of the Trust (including the review of their fees and scope of work), notwithstanding anything contained in the Trust Deed;
- (i) approving and reviewing all policies and instruments to be implemented by the Trust to the Board;
- (j) monitoring the implementation of outstanding internal control recommendations highlighted by the auditors in the course of their audit of the financial statements of the Trust and their respective subsidiaries taken as a whole;
- (k) meeting with the external and internal auditors, without the presence of the executive officers, at least on an annual basis;

REPORT OF THE TRUSTEE-MANAGER OF DASIN RETAIL TRUST

AUDIT AND RISK COMMITTEE (CONT'D)

- (l) reviewing the adequacy of the compliance functions and the appointment, reappointment of the external compliance advisers after two years from the listing date;
- (m) conducting an annual assessment on whether the Trustee-Manager should exercise the option to purchase Doumen Metro Mall (the "Doumen Purchase Option") to acquire the project company that holds the development project in the Doumen District of Zhuhai City in PRC, for the duration of the Doumen Purchase Option;
- (n) procuring that each of Aqua Wealth Holdings Limited ("Aqua Wealth") and Bounty Way Investments Limited ("Bounty Way") enter into an undertaking to immediately inform the Trust of any changes to the arrangement in relation to the moratorium securities account for the units in the Trust which are the subject of the waiver for entitlements of distributions from the Trust and which will be locked pursuant to the lock-up arrangement provided by each of Aqua Wealth and Bounty Way;
- (o) overseeing:
 - (i) the updates made by the Trustee-Manager in the Trust's annual report regarding the status of the Distribution Waiver (as defined in the Prospectus dated 13 January 2017), including whether the assumptions originally projected in the Prospectus have been achieved or the Trustee-Manager's provision of an explanation otherwise;
 - (ii) the announcement made by the Trustee-Manager on the impending expiry of the Distribution Waiver at least a year prior to the expiry of the Distribution Waiver Undertakings (as defined in the Prospectus dated 13 January 2017); and
 - (iii) information provided by the Trustee-Manager on the status of the Distribution Waiver in the Trust's full year financial results and annual reports (including the Trust's distribution policy, the amounts of distribution waived and duration remaining until the date on which the Distribution Waiver Undertakings would expire);
- (p) reviewing and providing its views on all hedging policies and instruments to be implemented by the Trust to the Board;
- (q) ensuring that there is no overlap of roles, duties and responsibilities between each of the Trustee-Manager, the Rental Management Companies, the Property Manager and the Commercial Manager;
- (r) reviewing on a quarterly basis, where there are any updates or changes, the master list of the Trustee-Manager's directors and controlling shareholders, as well as the Trust's controlling unitholders;
- (s) reviewing the Trustee-Manager's internal audit reports twice a year to ascertain that the guidelines and procedures established to monitor interested person transactions have been complied with, such review to include the examination of the nature of the transaction and its supporting documents or such other data deemed necessary to the Audit and Risk Committee, as well as ascertaining whether the subsidiaries and associated companies of the Trust have been complying with the requirement to inform the Trustee-Manager of any upcoming transactions with interested persons so as to obtain the prior approval from the chief executive officer of the Trustee-Manager, the Audit and Risk Committee or unitholders, as applicable, in accordance with the provisions of Chapter 9 of the Listing Manual. If a member of the Audit and Risk Committee has an interest in a transaction, he or she is to abstain from participating in the review and approval process in relation to that transaction;
- (t) investigating any matters within the Audit and Risk Committee's terms of reference, whenever it deems necessary;

REPORT OF THE TRUSTEE-MANAGER OF DASIN RETAIL TRUST

AUDIT AND RISK COMMITTEE (CONT'D)

- (u) exercising oversight over the undertakings given by the Master Lessee to the Trustee-Manager that it will
 - (i) immediately inform the Trustee-Manager of any matter that has a material adverse effect on its ability to fulfil its obligations under the Master Lease Agreements; and
 - (ii) not unilaterally novate or assign any of the Master Lease Agreements to any other party and will inform the Trustee-Manager of any changes to any of the Master Lease Agreements (as defined in the Prospectus dated 13 January 2017);
- (v) exercising oversight over the undertakings of the Trustee-Manager under the Master Lease Undertakings (as defined in the Prospectus dated 13 January 2017) (including the disclosures required in the annual financial statements and annual reports of the Trust pursuant to the Master Lease Undertakings);
- (w) in relation to the security deposits received from the Master Lessee pursuant to the Master Lease Agreements, overseeing
 - (i) the withdrawal or utilisation of the security deposits by the Trust during the terms of the Master Lease Agreements, including assessing the Trust's ability to repay the security deposits at the end of the terms of the Master Lease Agreements; and
 - (ii) where the security deposits fall below the equivalent of 12 months' rent due to, among others, utilisation of the security deposits to satisfy late payment of rentals, that the Master Lessee makes up the shortfall.
- (x) undertaking such other functions as may be agreed to by the Audit and Risk Committee and the Board.

INDEPENDENT AUDITOR

The independent auditor, Deloitte & Touche LLP, has expressed its willingness to accept re-appointment.

For and on behalf of the Board of Directors of the Trustee-Manager,
Dasin Retail Trust Management Pte. Ltd.

Zhang Zhencheng
Director

Zhang Zhongming
Director

26 March 2018

STATEMENT BY THE TRUSTEE-MANAGER

In our opinion, as the Directors of the Trustee-Manager,

- (a) the consolidated financial statements of the Group and the statement of financial position of the Trust as set out on pages 98 to 154 are drawn up so as to give a true and fair view of the financial position of the Group and of the Trust as at 31 December 2017, and of the financial performance, changes in unitholders' funds and cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Business Trusts Act, Chapter 31A (the "Act") and International Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Trustee-Manager will be able to fulfil, out of the trust property of the Trust, the liabilities of the Trust as and when they fall due.

In accordance with Section 86(2) of the Act, we further certify:

- the fees or charges paid or payable out of the trust property of the Trust to the Trustee-Manager are in accordance with the Trust Deed dated 15 January 2016 (date of constitution), supplemented by a first supplemental deed dated 27 December 2016;
- the interested person transactions are not detrimental to the interests of the all the Unitholders of the Trust as a whole based on the circumstances at the time of the transaction; and
- the Board of Directors is not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the Unitholders of the Trust as a whole.

The Board of Directors has, on the date of this statement authorised these financial statements for issue.

**For and on behalf of the Board of Directors of the Trustee-Manager,
Dasin Retail Trust Management Pte. Ltd.**

Zhang Zhencheng
Director

Zhang Zhongming
Director

26 March 2018

STATEMENT BY THE CHIEF EXECUTIVE OFFICER OF THE TRUSTEE-MANAGER

In accordance with Section 86 of the Business Trusts Act, Chapter 31A of Singapore, I certify that I am not aware of any violation of duties of the Trustee-Manager which would have a materially adverse effect on the business of the Trust or on the interests of all the unitholders of the Trust as a whole.

Li Wen
Chief Executive Officer

26 March 2018

STATEMENT OF POLICIES AND PRACTICES

Dasin Retail Trust Management Pte. Ltd. as trustee-manager of Dasin Retail Trust (the "Trust") and the board of directors (the "Board") are responsible for safeguarding the interests of unitholders and managing the business conducted by the Trust. The Trustee-Manager has general powers of management over the business and assets of the Trust and its main responsibility is to manage the Trust's assets and liabilities for the benefit of unitholders as a whole.

The Trustee-Manager, in exercising its powers and carrying out its duties as Dasin Retail Trust's Trustee-Manager, is required to:

- treat unitholders who hold Units in the same class fairly and equally;
- ensure that all payments out of the Trust Property are made in accordance with the Act and the Trust Deed;
- report to the Monetary Authority of Singapore any contravention of the Act or the Securities and Futures (Offers of Investments) (Business Trusts) (No. 2) Regulations 2005 (the "SF BT Regulations") by any other person that:
 - (i) relates to Dasin Retail Trust; and
 - (ii) has had, has or is likely to have, a material adverse effect on the interests of all unitholders, or any class of Unitholders, as a whole, as soon as practicable after the Trustee-Manager becomes aware of the contravention;
- ensure that the Trust Property is properly accounted for; and
- ensure that the Trust Property is kept distinct from the property held in its own capacity.

The Board will meet regularly to review Dasin Retail Trust's business activities and strategies pursuant to its then prevailing investment strategy. Such regular review is aimed at ensuring adherence to the Trust Deed and compliance with any applicable legislation, regulations and guidelines.

The Trustee-Manager also has the following statutory duties under the Act:

- at all times act honestly and exercise reasonable diligence in the discharge of its duties as Dasin Retail Trust's trustee-manager in accordance with the Act and the Trust Deed;
- act in the best interests of all unitholders as a whole and give priority to the interests of all unitholders as a whole over its own interests in the event of a conflict between the interests of all the unitholders as a whole and its own interests;
- not make improper use of any information acquired by virtue of its position as Dasin Retail Trust's trustee-manager to gain, directly or indirectly, an advantage for itself or for any other person to the detriment of the unitholders; and
- hold the Trust Property on trust for all unitholders as a whole in accordance with the terms of the Trust Deed.

The Board, in exercising its powers and carrying out its duties as the Trustee-Manager of the Trust, has put in place measures to ensure that the following are met:

- the Trust Property is properly accounted for and is kept distinct from the property held by the Trustee-Manager in its own capacity;
- adherence with the business scope of the Trust as set out in the Trust Deed;
- potential conflicts between the interests of the Trustee-Manager and the interests of the unitholders of the Trust as a whole are appropriately managed;
- interested person transactions are transparent, properly recorded and reviewed;
- expenses and cost allocations payable to the Trustee-Manager out of the Trust Property, and that fees and expenses charged to the Trust are appropriate and in accordance with the Trust Deed; and
- compliance with the Business Trusts Act, Chapter 31A of Singapore (the "Act") and the listing rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

STATEMENT OF POLICIES AND PRACTICES

Trust Property is Properly Accounted For

The Trust Property of the Trust is properly accounted for and kept distinct from the property of the Trustee-Manager held in its own capacity. Different bank accounts are maintained for the Trustee-Manager in its capacity as Trustee-Manager of the Trust and the Trustee-Manager in its own capacity, and regular internal reviews are carried out to ascertain that all Trust Property has been fully accounted for.

The financial statements for the Trust and the Trustee-Manager are kept separate and distinct and each of the financial statements are duly audited by the external auditor on an annual basis to ensure that the Trust Property is properly accounted for and kept distinct from the property of the Trustee-Manager held in its own capacity.

Adherence to the Business Scope of the Trust

The management provides regular updates to the Board and the Audit and Risk Committee about potential projects that it is looking into on behalf of the Trust. The Board and the Audit and Risk Committee ensures that all such projects are within the permitted business scope under the Trust Deed.

Prior to the carrying out of any significant business transaction, the Board, the Audit and Risk Committee and/or the management will have careful regard to the provisions of the Trust Deed and when in doubt, seek advice from professional advisers.

Potential Conflicts of Interest

The Trustee-Manager has instituted company-wide procedures to deal with conflicts of interest issues. Please refer to pages 71 to 72 of the Corporate Governance Report of the annual report for further details.

Interested Person Transactions

The Trustee-Manager has established an internal control system to ensure that all future Interested Person Transactions will be undertaken on normal commercial terms and will not be prejudicial to the interests of the Trust and the unitholders. Please refer to page 71 of the Corporate Governance Report of the annual report for further details.

Fees payable to the Trustee-Manager

The fees payable to the Trustee-Manager in respect of its services to Dasin Retail Trust are set out below. The Trustee-Manager may direct that all or a portion of any fees payable to the Trustee-Manager are paid directly to any other third parties.

Management Fees

The Trustee-Manager is entitled under the Trust Deed to the following Management Fees:

- (i) a Base Fee calculated at a rate in accordance with the following formula: (i) if the value of the Trust Property is less than or equal to \$10.0 billion, the Base Fee will be 0.25% per annum of the value of the Trust Property; and (ii) if the value of the Trust Property is greater than \$10.0 billion, the Base Fee will be (a) 0.25% per annum of the value of the Trust Property up to \$10.0 billion; plus 0.20% per annum of the value of the Trust Property which exceeds \$10.0 billion; and
- (ii) a Performance Fee calculated at a rate of 25.0% of the difference in distribution per unit ("DPU") in a financial year with the DPU in the preceding full financial year (calculated before accounting for the Performance Fee in each financial year) multiplied by the weighted average number of Units in issue for such financial year.

For the purposes of calculating the Base Fee only, the value of the Trust Property shall not include the value of the investments in vacant land and uncompleted property developments by the Trust. For the avoidance of doubt, the land costs of such uncompleted property development will not be included in the computation of value of the Trust Property for the purposes of calculating the Base Fee.

STATEMENT OF POLICIES AND PRACTICES

Fees payable to the Trustee-Manager (cont'd)

Management Fees (cont'd)

The Performance Fee is payable if the DPU of the Trust in any financial year exceeds the DPU of the Trust in the preceding full financial year, notwithstanding that the DPU of the Trust in the financial year where the Performance Fee is payable may be less than the DPU in any financial year prior to the preceding full financial year.

For the purpose of the computation of the Performance Fee only, the DPU shall be calculated based on all income of the Trust arising from the operations of the Trust, such as, but not limited to, rentals, interest, dividends, and other similar payments or income arising from the authorised investments of the Trust but shall exclude any one-off receipt of the Trust such as any gain arising from any sale or disposal of (i) any real estate (whether directly or indirectly through special purposes vehicles or any part thereof), and (ii) any investments forming part of the value of the Trust Property or any part thereof.

No performance fee is payable for the financial year 2017.

Any increase in the rates set out above or any change in the formula for calculation of the Trustee-Manager's management fees must be approved by an Extraordinary Resolution passed at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

The Management Fees are payable to the Trustee-Manager in the form of cash and/or Units in such proportion as may be determined by the Trustee-Manager. For the financial year 2017, the Trustee-Manager has elected to receive 100% of the Management Fees in Units.

Acquisition Fees/Divestment Fees

The Trustee-Manager is also entitled to receive for its own account out of the Trust Property:

- (i) an acquisition fee of 0.75% for acquisitions from Interested Persons and 1.0% for all other cases of each of the following as is applicable (subject to there being no double-counting):
 - a) in the case of an acquisition of real estate, the acquisition price of such real estate purchased by the Trust, whether directly or indirectly through one or more special purpose vehicles (plus any other payments in addition to the acquisition price made by the Trust or its special purpose vehicles to the vendor in connection with the purchase of the real estate) (pro-rated, if applicable, to the proportion of the Trust's interest);
 - b) in the case of an acquisition of the equity interests of any vehicle holding directly or indirectly the real estate, the underlying value of such real estate which is taken into account when computing the acquisition price payable for the equity interests of such vehicle holding directly or indirectly the real estate purchased by the Trust, whether directly or indirectly (plus any other payments made by the Trust or its special purpose vehicles to the vendor in connection with the purchase of such equity interests) (pro-rated, if applicable, to the proportion of the Trust's interest); or
 - c) the acquisition price of any other asset forming a part of the Trust Property acquired by the Trustee Manager on behalf of the Trust;
- (ii) a divestment fee of 0.5% of each of the following as is applicable (subject to there being no double-counting):
 - a) the sale price of real estate sold or divested, whether directly or indirectly through one or more special purpose vehicles, by the Trust (plus any other payments in addition to the sale price received by the Trust or its special purpose vehicles from the purchaser in connection with the sale or divestment of the real estate) (pro-rated, if applicable to the proportion of the Trust's interest);
 - b) the underlying value of any real estate which is taken into account when computing the sale price for the equity interests in any vehicle holding directly or indirectly the real estate, sold or divested, whether directly or indirectly through one or more special purpose vehicles, by the Trust (plus any other payments received by the Trust or its special purpose vehicles from the purchaser in connection with the sale or divestment of such equity interests) (pro-rated, if applicable to the proportion of the Trust's interest); and

STATEMENT OF POLICIES AND PRACTICES

Fees payable to the Trustee-Manager (cont'd)

Acquisition Fees/Divestment Fees (cont'd)

- (ii) a divestment fee of 0.5% of each of the following as is applicable (subject to there being no double-counting) (cont'd):
- c) the sale price of any other asset forming a part of the Trust Property sold or divested by the Trustee-Manager on behalf of the Trust.

The acquisition fee and the divestment fee (regardless of whether the real estate is acquired from, or disposed to, an Interested Person) are payable to the Trustee-Manager in the form of cash and/or Units (as the Trustee-Manager may elect) at the prevailing market price.

No acquisition fee was payable for the acquisition of the Initial Portfolio and Shiqi Metro Mall.

For all other acquisitions, the acquisition fee and the divestment fee are payable as soon as practicable after completion of the acquisition or sale or disposal, as the case may be.

Any payment to third party agents or brokers in connection with the acquisition or divestment of any asset of the Trust shall be paid by the Trustee-Manager to such persons out of the Trust Property or the assets of the relevant special purpose vehicle, and not out of the acquisition fee or divestment fee (as the case may be) received or to be received by the Trustee-Manager.

Any increase in the rates set out above or any change in the formula for calculation of the Trustee-Manager's acquisition fee or divestment fee must be approved by an Extraordinary Resolution passed at the Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

Trustee Fee

Under the Trust Deed, the Trustee-Manager is entitled to a Trustee Fee in cash of up to 0.02% per annum of the value of the Trust Property, to be paid quarterly.

Any increase in the rates set out above or any change in the formula for calculation of the Trustee Fee must be passed by an Extraordinary Resolution at a Unitholders' meeting duly convened and held in accordance with the provisions of the Trust Deed.

The Trustee Fee is payable to the Trustee-Manager in the form of cash and/or Units in such proportion as may be determined by the Trustee-Manager. For the financial year 2017, the Trustee-Manager has elected to receive 100% of the Trustee Fee in Units.

Compliance with the Act and the Listing Manual

The Trustee-Manager has engaged the services of and obtained advice from external legal advisers, external compliance adviser and independent professional advisers from time to time to ensure compliance with the requirements of the Act and the Listing Manual.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF DASIN RETAIL TRUST

For the financial year ended 31 December 2017

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Dasin Retail Trust (the "Trust") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Trust as at 31 December 2017, the consolidated statement of profit or loss and consolidated statement of comprehensive income, consolidated statement of changes in unitholders' funds and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 98 to 154.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Trust are properly drawn up in accordance with the provisions of the Singapore Business Trusts Act, Chapter 31A ("the Act"), and the International Financial Reporting Standards ("IFRS") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Trust as at 31 December 2017 and of the consolidated financial performance, consolidated changes in unitholders' funds and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's 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 the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

The Trust was constituted as a private trust on 15 January 2016 and registered with Monetary Authority of Singapore ("MAS") on 13 January 2017. The Business Trusts Act did not apply to the Trust before registration with MAS and accordingly, the financial results for the period from 15 January 2016 to 31 December 2016 were not audited.

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 year. 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.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF DASIN RETAIL TRUST

For the financial year ended 31 December 2017

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key audit matters	How the scope of our audit responded to the key audit matters
<p>Valuation of investment properties</p> <p>The Group owns a portfolio of investment properties comprising 4 retail properties located in the People's Republic of China.</p> <p>The investment properties represent the single largest category of assets on the Statement of Financial Position.</p> <p>The Group has adopted the fair value model under IAS 40 Investment Property which requires all the investment properties to be measured at fair value.</p> <p>The Group has engaged external independent valuers ("Valuers") to perform the fair value assessment of the investment properties.</p> <p>The fair valuation of investment properties is considered to be a matter of significance as the valuation process requires the application of judgement in determining the appropriate valuation methodology to be used, use of subjective assumptions and various unobservable inputs. The fair valuations are sensitive to underlying assumptions applied in deriving the underlying cash flows, discount rate, and terminal capitalisation rates as a small change in these assumptions can result in an increase or decrease in fair valuation of the investment properties.</p> <p>The valuation techniques, their key inputs and the inter-relationships between the inputs and the valuation have been disclosed in note 4 to the financial statements.</p>	<p>We performed the following procedures, among others:</p> <ul style="list-style-type: none"> • assessed the Group's process of appointment and determination of the scope of work of the Valuers, as well as their process of reviewing, and accepting the Valuers' investment property valuations. • have assessed the Valuers' competence and capabilities and read their terms of engagement with the Group, determining that there were no matters that affected their independence and objectivity or imposed scope limitations upon them. • discussed with the Valuers to understand the assumptions and valuation techniques used in valuing the investment properties and the market evidence used by the Valuers to support their assumptions. • evaluated the appropriateness of the valuation techniques used by the Valuers for the respective investment properties. Taking into account the nature of each investment property, we benchmarked and challenged the key assumptions used in their valuation by reference to externally published industry data and comparable property transactions, where available, and we also considered whether these assumptions are consistent with the current market environment. <p>Based on our procedures, we noted that the valuation methodologies adopted by the Valuers are appropriate, and the key assumptions used in the valuations to be within a reasonable range of our expectations.</p> <p>We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.</p>

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF DASIN RETAIL TRUST

For the financial year ended 31 December 2017

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key audit matters	How the scope of our audit responded to the key audit matters
<p>Accounting for acquisitions</p> <p>(1) <u>Acquisition of Initial Portfolio</u></p> <p>The financial year ended 31 December 2017 is the first year that the financial statements of the Group are audited. As a result, we are required to obtain sufficient appropriate audit evidence regarding the opening balances including the selection and application of the accounting method relating to the acquisition of Initial Portfolio in 2016.</p> <p>The Trust's initial property portfolio comprises Xiaolan Metro Mall, Ocean Metro Mall and Dasin E-colour, located in Zhongshan City in People's Republic of China ("PRC") (the "Initial Portfolio"). The acquisition of the Initial Portfolio and their rental management companies was completed upon issuance of the business license of each of the PRC companies in 2016 for a total purchase consideration of RMB1,344 million at a discount of 60.4%.</p> <p>(2) <u>Acquisition of Shiqi Metro Mall</u></p> <p>During the year, the Trust completed the acquisition of Shiqi Metro Mall and its rental management company for a total purchase consideration of RMB1,224 million at a discount of 49.1%.</p> <p>The above were accounted for by measuring net assets acquired at fair value at the respective acquisition dates where control is transferred to the Group and the difference between the purchase consideration and the fair value of the net assets acquired is recognised as a capital contribution.</p> <p>The acquisition accounting was significant to our audit due to:</p> <p>(a) the accounting policy adopted by the Group and the related quantitative significance; and</p> <p>(b) the amount of judgment involved on recognition the difference between the purchase consideration and the fair value of the net assets acquired in reserve by taking into consideration the business rationale and substance of the transaction.</p> <p>Information on the acquisitions are disclosed in note 28 of the financial statements.</p>	<p>We performed the following audit procedures, among others:</p> <ul style="list-style-type: none"> • assessed the Group's processes for the selection and the determination of the accounting for business combination. • examined the legal and contractual documents to determine the date of acquisitions. • discussed with the management and considered the commercial substance of the transactions. • evaluated the Group's judgements in allocating the purchase consideration to the different assets and liabilities acquired in the business combination. <p>Based on our procedures and assessment, we noted that the accounting method adopted by the Group for the acquisitions and the methodologies used to measure the fair value of the respective assets acquired and liabilities assumed are appropriate.</p> <p>We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.</p>

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF DASIN RETAIL TRUST

For the financial year ended 31 December 2017

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Dasin Retail Trust Management Pte. Ltd. (the "Trustee-Manager") is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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, 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.

RESPONSIBILITIES OF THE TRUSTEE-MANAGER AND DIRECTORS OF THE TRUSTEE-MANAGER FOR THE FINANCIAL STATEMENTS

The Trustee-Manager is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and IFRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the Trustee-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 Trustee-Manager either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR'S 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 auditor's 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 ISAs 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 consolidated financial statements.

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

- (a) 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 control.
- (b) Obtain an understanding of internal control 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 control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF DASIN RETAIL TRUST

For the financial year ended 31 December 2017

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

- (d) Conclude on the appropriateness of management'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 and Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Group and the Trust to cease to continue as a going concern.
- (e) 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.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities and 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 directors of the Trustee-Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the directors of the Trustee-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 matters. We describe these matters in our auditor's 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.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Trustee-Manager on behalf of the Trust, have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Ms. Tay Hwee Ling.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants

Singapore
26 March 2018

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

	Note	Group		Trust	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Non-current assets					
Investment properties	4	1,552,035	934,692	-	-
Plant and equipment	5	269	300	-	-
Interests in subsidiaries	6	-	-	524,959	2,400
Financial derivatives	7	517	-	517	-
		<u>1,552,821</u>	<u>934,992</u>	<u>525,476</u>	<u>2,400</u>
Current assets					
Trade and other receivables	8	7,336	86,472	46	3,539
Financial investments	9	36,589	2,918	-	-
Cash and bank balances	10	40,672	16,545	12,181	11,741
		<u>84,597</u>	<u>105,935</u>	<u>12,227</u>	<u>15,280</u>
Total assets		<u>1,637,418</u>	<u>1,040,927</u>	<u>537,703</u>	<u>17,680</u>
Non-current liabilities					
Loans and borrowings	11	482,226	73,008	403,913	-
Financial derivatives	7	173	-	173	-
Deferred tax liabilities	12	283,425	154,686	-	-
		<u>765,824</u>	<u>227,694</u>	<u>404,086</u>	<u>-</u>
Current liabilities					
Loans and borrowings	11	810	33,531	-	-
Trade and other payables	13	7,051	316,056	6,073	4,019
Security deposits		13,188	4,852	-	-
Current tax liabilities		1,654	657	-	-
		<u>22,703</u>	<u>355,096</u>	<u>6,073</u>	<u>4,019</u>
Total liabilities		<u>788,527</u>	<u>582,790</u>	<u>410,159</u>	<u>4,019</u>
Net assets		<u>848,891</u>	<u>458,137</u>	<u>127,544</u>	<u>13,661</u>
Represented by:					
Unitholders' funds	14	<u>848,891</u>	<u>458,137</u>	<u>127,544</u>	<u>13,661</u>
Units in issue ('000)	15	<u>553,793</u>	<u>366,587</u>	<u>553,793</u>	<u>366,587</u>
Net asset value per unit attributable to Unitholders (\$)		<u>1.53</u>	<u>1.25</u>	<u>0.23</u>	<u>0.04</u>

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2017

		Group	
		Year ended	Period from
		31 December	15 January
		2017	2016 (date of
	Note	\$'000	constitution)
			to 31
			December
			2016
			\$'000
Revenue	17	57,696	34,228
Property related tax		(3,361)	(1,720)
Property and commercial management fees		(1,190)	(637)
Other property operating expenses	18	(6,585)	(4,306)
Total property operating expenses		(11,136)	(6,663)
Net property income		46,560	27,565
Trustee-Manager's fees	19		
- Base fee		(3,169)	-
- Trustee fee		(253)	-
Other trust expenses		(7,795)	(173)
Exchange gain		5,700	8,625
Other income		344	-
Finance income		831	64
Finance costs		(23,751)	(6,709)
Net finance costs	20	(22,920)	(6,645)
Net income		18,467	29,372
Net change in fair value of investment properties	4	14,047	3,908
Profit before income tax		32,514	33,280
Income tax expense	21	(13,658)	(7,648)
Profit for the year/period	22	18,856	25,632
Attributable to:			
Unitholders of the Trust		18,856	
Distributable income attributable to Unitholders			
Profit for the year		18,856	
Distribution adjustments	23	(847)	
Amount available for distribution	23	18,009	
Distribution per unit (cents)			
- With Distribution Waiver		7.16	
- Without Distribution Waiver		3.25	
Earnings per unit (cents)	24		
- Basic and diluted		3.42	

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2017

	Group	Period from
	Year ended	15 January
	31 December	2016 (date of
	2017	constitution)
	\$'000	to 31
		December
		2016
		\$'000
Profit for the year/period	18,856	25,632
Other comprehensive income for the year/period, net of tax		
Items that are or may be reclassified subsequently to profit or loss		
Foreign currency translation differences – foreign operations, net of tax	(6,475)	(20,670)
	(6,475)	(20,670)
Total comprehensive income for the year/period	12,381	4,962
Total comprehensive income attributable to:		
Unitholders of the Trust	12,381	4,962

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS

Year ended 31 December 2017

	Units in issue \$'000	Statutory surplus reserves \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Total \$'000
As at 15 January 2016 (date of constitution)	-*	-	-	-	-	-*
Profit for the period	-	-	-	-	25,632	25,632
Other comprehensive income:						
Foreign currency translation differences – foreign operations, net of tax	-	-	-	(20,670)	-	(20,670)
Total other comprehensive income for the period	-	-	-	(20,670)	-	(20,670)
Total comprehensive income for the period	-	-	-	(20,670)	25,632	4,962
Reserves to be set aside under PRC laws	-	57	-	-	(57)	-
Transactions with Unitholders:						
Contributions by and distribution to Unitholders						
Capital contribution arising from acquisition of PRC property and rental management companies of the Initial Portfolio	-	-	439,459	-	-	439,459
Issue of units	13,716	-	-	-	-	13,716
Total transactions with Unitholders	13,716	-	439,459	-	-	453,175
As at 31 December 2016	13,716	57	439,459	(20,670)	25,575	458,137

* Less than \$1,000

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS

Year ended 31 December 2017

	Units in issue \$'000	Statutory surplus reserves \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Total \$'000
As at 1 January 2017	13,716	57	439,459	(20,670)	25,575	458,137
Profit for the year	-	-	-	-	18,856	18,856
Other comprehensive income:						
Foreign currency translation differences – foreign operations, net of tax	-	-	-	(6,475)	-	(6,475)
Total other comprehensive income for the year	-	-	-	(6,475)	-	(6,475)
Total comprehensive income for the year	-	-	-	(6,475)	18,856	12,381
Transactions with Unitholders:						
Contributions by and distribution to Unitholders						
Capital contribution arising from acquisition of PRC property and rental management companies of Shiqi Metro Mall	-	-	241,160	-	-	241,160
Distribution to Unitholders	(7,444)	-	-	-	-	(7,444)
Issue of units – Initial Public Offering	146,415	-	-	-	-	146,415
Issue expenses ¹	(5,180)	-	-	-	-	(5,180)
Units issued and to be issued as satisfaction of the portion of Trustee-manager's trustee fee and base management fees payable in Units	3,422	-	-	-	-	3,422
Total transactions with Unitholders	137,213	-	241,160	-	-	378,373
As at 31 December 2017	150,929	57	680,619	(27,145)	44,431	848,891

¹ Non-audit fees paid to the external auditors relating to the IPO reporting accountant fees amounted to approximately \$1,046,000, out of which \$348,000 was included in the issue expenses in the statement of changes in unitholders' funds, and \$698,000 (2016: \$Nil) was expensed as transaction costs incurred on public listing of Trust (see note 22).

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	Group	
	Year ended 31 December 2017 \$'000	Period from 15 January 2016 (date of constitution) to 31 December 2016 \$'000
Note		
Operating activities		
Profit before income tax	32,514	33,280
Adjustments for:		
Depreciation of plant and equipment	91	73
Recognition of rental income on a straight-line basis over the lease term	(3,819)	(2,298)
Finance costs	23,751	6,709
Finance income	(831)	(64)
Trustee-Manager's fees paid/payable in units	3,422	-
Net change in fair value of derivative financial instruments	(344)	-
Net change in fair value of investment properties	(14,047)	(3,908)
Unrealised exchange differences on loans and borrowings	(7,647)	-
Operating cash flows before working capital changes	33,090	33,792
Changes in working capital:		
Trade and other receivables	52,658	(383)
Trade and other payables	(32,459)	(190)
Cash generated from operations	53,289	33,219
Income tax paid	(5,816)	(1,679)
Net cash flows from operating activities	47,473	31,540
Investing activities		
Net cash (outflow)/inflow from acquisition of subsidiaries	(520,995)	1,224
Interest received	793	64
Purchase of plant and equipment	(63)	(9)
Net cash flows (used in)/from investing activities	(520,265)	1,279
Financing activities		
Distribution to Unitholders	(7,444)	-
Increase in cash pledged	(20,393)	-
Finance costs paid	(11,800)	(6,288)
Issuance of units	146,415	13,716
Payment of transaction costs on issuance of units	(5,180)	-
Payment of transaction costs on loans and borrowings	(27,567)	-
Proceeds from loans and borrowings	512,236	-
Repayment of loans and borrowings	(110,249)	(23,595)
Net cash from/(used in) financing activities	476,018	(16,167)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

Year ended 31 December 2017

	Group	Period from 15 January 2016 (date of constitution)
	Year ended 31 December	to 31 December
Note	2017	2016
	\$'000	\$'000
Net increase in cash and cash equivalents	3,226	16,652
Cash and cash equivalents at the beginning of the year/period	16,545	-
Effect of foreign exchange rate changes on cash and cash equivalents	432	(107)
Cash and cash equivalents at the end of the year/period	10 <u>20,203</u>	<u>16,545</u>

Notes:

Significant non-cash and other transactions

- (i) 2,837,351 units were issued to the Trustee-Manager at various unit prices in satisfaction of trustee fee and base management fees payable to the Trustee-Manager in unit, amounting to \$2,319,000.

On 12 March 2018, the Trust issued 1,349,264 Units at an unit price of \$0.81753 per unit to the Trustee-Manager, amounting to \$1,103,000.

- (ii) Net cash outflow/(inflow) on acquisition of subsidiaries is provided below:

	Group	2017	2016
		\$'000	\$'000
Investment properties		608,108	955,753
Plant and equipment		-	375
Trade and other receivables		8,564	91,624
Cash and cash equivalents		5,499	3,584
Loans and borrowings		-	(133,706)
Deferred tax liabilities		(122,055)	(153,445)
Trade and other payables		(7,921)	(36,181)
Current tax liabilities		(1,094)	(276)
Net identifiable assets acquired and liabilities assumed		<u>491,101</u>	<u>727,728</u>
Excess of fair value of net assets acquired over purchase consideration		(241,160)	(439,459)
Purchase consideration		<u>249,941</u>	<u>288,269</u>
Purchase consideration paid/(payable)		276,553	(285,909)
Cash of the acquired subsidiaries		(5,499)	(3,584)
Net cash outflow/(inflow)		<u>520,995</u>	<u>(1,224)</u>

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors of the Trustee-Manager on 26 March 2018.

1. GENERAL

Dasin Retail Trust (the "Trust") is a Singapore-domiciled business trust constituted pursuant to the trust deed dated 15 January 2016 (as supplemented by a first supplemental deed dated 27 December 2016) (collectively the "Trust Deed") entered into by Dasin Retail Trust Management Pte. Ltd. as trustee-manager of the Trust (the "Trustee-Manager"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee-Manager is under a duty to take into custody and hold the assets of the Trust held by it or through its subsidiaries in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust was registered with the Monetary Authority of Singapore ("MAS") on 13 January 2017, and was formally admitted to the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 20 January 2017 (the "Listing Date"). The Trust is principally regulated by the Securities and Futures Act, Chapter 289 of Singapore and the Business Trusts Act, Chapter 31A of Singapore.

The address of the registered office of the Trustee-Manager is 8 Marina Boulevard #14-02 Marina Bay Financial Centre Tower 1 Singapore 018981.

The financial statements of the Trust as at and for the year ended 31 December 2017 comprise the Trust and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The principal activities of the Trust are to invest in, own or develop land, uncompleted developments and income-producing real estate in the Greater China (comprising PRC, Hong Kong and Macau), used primarily for retail purposes, as well as real estate-related assets with an initial focus on retail malls.

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

1.1 Trustee-Manager's fees

(i) Management fee

The Trustee-Manager is entitled to receive a base fee calculated at a rate in accordance with the formula below:

- (a) 0.25% per annum of the value of the Trust Property up to an amount of \$10.0 billion; and
- (b) 0.20% per annum of the value of the Trust Property which exceeds \$10.0 billion.

The Trustee-Manager is entitled to receive a performance fee of 25.0% of the difference in distribution per unit ("DPU") in a financial year with the DPU in the preceding financial year (calculated before accounting for the performance management fee in each financial year).

(ii) Trustee fee

The Trustee-Manager is entitled to receive a trustee fee of 0.02% per annum of the value of the Trust Property, excluding out of pocket expenses and GST.

NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL (CONT'D)

1.1 Trustee-Manager's fees (cont'd)

(iii) Acquisition fee

The Trustee-Manager is entitled to receive acquisition fee of 0.75% for acquisitions from Interested Person and 1.0% for all other acquisitions of the acquisition price plus any other payments in addition to the acquisition price made to the vendor.

(iv) Divestment fee

The Trustee-Manager is entitled to receive divestment fee of 0.5% of the sale price plus any other payments received in addition to the sale price from the purchaser.

The Trustee-Manager may elect to receive the management fees, trustee fees, acquisition fees and/or divestment fees in cash or Units or a combination of cash and/or Units (as it may in its sole discretion determine). The Trustee-Manager has elected to receive 100% of the Trustee Fee, Base Fee and Performance Fee in the form of Units for Forecast Year 2017 and Projection Year 2018.

1.2 Commercial Manager

(i) Commercial management fee and reimbursement of expenses

The Commercial Manager is entitled to receive commercial management fee of 1% of the monthly gross revenue of the properties and reimbursement of expenses as incurred for each property. The commercial management fee and reimbursement of expenses are payable to the Commercial Manager in the form of cash.

(ii) Lease-up commission

The Commercial Manager is entitled to receive a one-time fee of two months' gross rent for newly completed buildings or buildings undergoing major asset enhancement and/or renovation works.

This lease-up commission is payable to the Commercial Manager in the form of cash.

1.3 Property Manager

Property management fee and reimbursement of expenses

The Property Manager is entitled to receive property management fee of 1% of the monthly gross revenue of the properties and reimbursement of expenses incurred for each property. The property management fee and reimbursement of expenses are payable to the Property Manager in the form of cash.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D)

2.3 Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "functional currency"). The consolidated financial statements of the Group are presented in Singapore dollars, which is the functional currency of the Trust. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the Trustee-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 various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. 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 significant effect on the amounts recognised in the financial statements includes deferred taxation on investment properties under note 12.

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:

- Note 4 – determination of fair values of investment properties on the basis of significant unobservable inputs;
- Note 7 – determination of fair values of financial instruments;
- Note 28 – acquisition of subsidiaries: fair value of the consideration transferred and fair value of the assets acquired and liabilities assumed, measured on a provisional basis.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Measurement of fair values (cont'd)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is 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 (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 4 – investment properties;
- Note 7 – financial instruments; and
- Note 28 – acquisition of subsidiaries.

2.5 Changes in accounting policies

Revised standards mandatory effective for annual periods beginning on 1 January 2017

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

- Amendments to IAS 7 *Statement of Cash Flows: Disclosure Initiative*;
- Amendments to IAS 12 *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses*;
- Amendments to IFRS 12 *Disclosure of Interests in Other Entities: Improvements to IFRS 2014-2016 Cycle*.

Other than the amendments to IAS 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.

(i) Amendments to IAS 7 *Statement of Cash Flows: Disclosure Initiative*

From 1 January 2017, as a result of the amendments to IAS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 31 December 2017. Comparative information has not been presented (see note 11).

Early adopted accounting standards effective for annual periods after 1 January 2017

On 1 January 2017, the Group early adopted the following accounting standards:

- Effective for annual periods beginning on or after 1 January 2018
 - IFRS 15 *Revenue from Contracts with Customers*.
- Effective for annual periods beginning on or after 1 January 2019
 - IFRS 16 *Leases*.

(i) IFRS 15 *Revenue from Contracts with Customers*

From 1 January 2017, as a result of the early adoption of IFRS 15, the Group has provided additional disclosure in relation to the disaggregation of revenue for the year ended 31 December 2017. Comparative information has not been presented (see note 27).

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies (cont'd)

Early adopted accounting standards effective for annual periods after 1 January 2017 (cont'd)

(ii) IFRS 16 *Leases*

From 1 January 2017, as a result of the early adoption of IFRS 16, the Group has provided additional disclosure in relation to the maturity analysis of lease payments, showing the undiscounted lease payments to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years as at 31 December 2017. Comparative information has not been presented (see note 29).

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method in accordance with IFRS 3 *Business Combination* as at the date of acquisition, which is the date on which control is transferred to the Group.

The Group measures goodwill the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest (NCI) in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss. When the acquisition transaction is with owners in their capacity as owners, a bargain purchase gain is recognised as a direct addition to capital or equity.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI's proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the date of acquisition. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by IFRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in the profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiaries.

(ii) Subsidiaries

Subsidiaries are entities 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 subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(iii) Loss of control

Upon the loss of control, the Trust derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(iv) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(v) Accounting for subsidiaries by the Trust

Investments in subsidiaries are stated in the Trust's statement of financial position at cost less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rates at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of monetary items that in substance form part of the Group's net investment in a foreign operation (see note 3.2(ii)) which are recognised in OCI.

(ii) Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the reporting date.

Foreign currency differences are recognised in the foreign currency translation reserve. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to the profit or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to the non-controlling interests.

(iii) Net investment in a foreign operation

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of the Group's net investment in a foreign operation are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve. When the foreign operation is disposed of, the cumulative amount in the foreign currency translation reserve is transferred to profit or loss as part of gain or loss on disposal.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments

(i) Non-derivate financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group has loans and receivables as its non-derivative financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise loans from a subsidiary, trade and other receivables and financial investments excluding prepayments, and cash and bank balances.

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, pledged deposits are excluded in cash and cash equivalents.

(ii) Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group has the following non-derivative financial liabilities: trade and other payables and loans and borrowings. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its interest rate risk exposures.

Derivatives are initially measured at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in profit or loss.

3.4 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or both. Investment properties are accounted for as non-current assets and are stated at initial cost on acquisition and at fair value thereafter.

The cost of a purchased property comprises its purchase price and any directly attributable expenditure. Transaction costs are included in the initial measurement.

Fair value is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers at least once a year.

Any increase or decrease on revaluation is credited or charged to profit or loss as a net change in fair value of the investment properties.

Subsequent expenditure relating to investment properties that have already been recognised is added to the carrying amount when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset will flow to the Group.

All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

When an investment property is disposed of, the resulting gain or loss recognised in profit or loss is the difference between the net disposal proceeds and the carrying amount of the property.

Investment properties are not depreciated. The properties are subject to continued maintenance and regularly revalued on the basis set out above.

3.5 Plant and equipment

(i) Recognition and measurement

Plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Gains or losses arising from the retirement or disposal of plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement or disposal.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Plant and equipment (cont'd)

(ii) Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The cost of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset. Depreciation is recognised from the date that the plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Motor vehicles	-	5 years
Furniture, fittings and equipment	-	3 to 5 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

3.6 Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through the profit or loss is assessed at the end of each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, or indications that a debtor will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in the profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through the profit or loss, to the extent that the carrying amount of the interest at the date the impairment is reversed does not exceed what the amortised cost would have been had the impact not been recognised.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 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 or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the 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 or amortisation, if no impairment loss had been recognised.

3.7 Unitholders' funds

Unitholders' funds represent the residual interests in the Group's net assets upon termination and are classified as equity.

Expenses incurred in connection with the issuance of Units in the Trust are deducted directly against the Unitholders' funds.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.8 Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit or loss as incurred.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Retirement benefit costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are recognised in the profit or loss when employees have rendered service entitling them to the contributions.

3.9 Distribution policy

The Trust's distribution policy is to distribute 100% of its amount available for distribution to Unitholders for the period from 20 January 2017 ("Listing Date") to 31 December 2017 and financial year ending 31 December 2018. Thereafter, the Trustee-Manager will distribute at least 90% of the Trust's amount available for distribution with the actual level of distribution to be determined at the discretion of the Board of Directors of the Trustee-Manager. Distribution to Unitholders will be made semi-annually based on the half-yearly results of the Trust.

3.10 Revenue recognition

(i) Rental income

Rental income receivable under operating leases is recognised on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the time 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. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period on an earned basis. No contingent rental is recognised if there are uncertainties due to the possible return of the amounts received.

(ii) Other income

Other income pertains to carpark revenue, advertising revenue, tenant promotional fee and other income attributable to the operation of the Properties. Such services are of short duration and is recognised when the services are rendered.

(iii) Dividend income

Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.11 Lease payment as a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

3.12 Expenses

(i) Property expenses

Property expenses are recognised on an accrual basis.

(ii) Trustee-Manager's management fee (base and performance fees) and trustee fee, Property Manager's property management fee and Commercial Manager's commercial management fees

These are recognised on an accrual basis based on the applicable formula stipulated in note 1.

3.13 Finance income and finance costs

Finance income comprises interest income recognised in the profit or loss as it accrues, using the effective interest method.

Finance costs which comprise interest expense on borrowings and expense incurred in connection with borrowings are recognised in the profit or loss, using the effective interest method over the period of the borrowings.

3.14 Taxation

Tax expenses comprises current and deferred tax. Taxation is recognised in the profit or loss except to the extent that it relates to items recognised directly in Unitholders' funds.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit; and
- temporary differences related to investments in subsidiaries to the extent the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Taxation (cont'd)

Deferred tax is measured at the tax rates that are expected to be applied to the 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 income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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 benefits will be realised.

Except for the tax exemption as described below, taxable income earned by the Trust will be subject to Singapore income tax at the prevailing corporate tax rate.

Dividend received by the Trust from its subsidiary in Singapore is exempt from Singapore income tax under Section 13(1)(za) of the Singapore Income Tax Act, Chapter 134 of Singapore on the dividend income from its subsidiary in Singapore. This is provided the subsidiary is a tax resident of Singapore.

3.15 Earnings per unit

The Group presents basic and diluted earnings per unit ("EPU") data for its Units. Basic EPU is calculated by dividing the profit or loss attributable to Unitholders of the Group by the weighted average number of ordinary Units outstanding during the period. Diluted EPU is determined by adjusting the profit or loss attributable to Unitholders and the weighted average number of Units outstanding for the effects of all dilutive potential Units.

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Makers ("CODMs"). The CODMs has been identified as the chief executive officer and the chief financial officer of the Trustee-Manager.

Segment results that are reported to the CODMs include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly financial derivative liabilities, other receivables, cash and bank balances, trade and other payables, and interest-bearing borrowings.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment and capital expenditure on investment properties.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 New standards and interpretations not yet adopted

A number of new standards, amendments to standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however the Group has not early applied the following new or amended standards in preparing these financial statements.

Applicable to 2018 financial statements

IFRS 9 Financial instruments

IFRS 9 replaces most of the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carried forward the guidance on recognition and derecognition of financial instruments from IAS 39.

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied by the Group retrospectively.

The expected impact on adoption of IFRS 9 are described below. The information below reflects the Group's expectation of the implication arising from changes in the accounting treatment.

Impairment

IFRS 9 replaces the current incurred loss model with a forward-looking expected credit loss (ECL) model. The new impairment model will apply to financial assets measured at amortised cost or fair value through other comprehensive income (FVOCI), except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.

Under IFRS 9, loss allowances of the Group will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; or
- Lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group intends to apply the simplified approach and record lifetime ECL on all trade and other receivables. The Group does not expect any impairment for trade and other receivables as at 1 January 2018 with the adoption of IFRS 9.

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

Applicable to financial statements for the year 2019 and thereafter

The following new IFRS, amendments to and interpretations of IFRS are effective for annual periods beginning after 1 January 2018:

Applicable to 2019 financial statements

- IFRIC 23 *Uncertainty over Income Tax Treatments*

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Mandatory effective date deferred

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to IFRS 10 and IAS 28).

The Group is still in the process of assessing the impact to the new IFRSs, amendments to and interpretations of IFRSs on the financial statements.

4. INVESTMENT PROPERTIES

	Group	
	2017	2016
	\$'000	\$'000
At 1 January/date of constitution	934,692	-
Additions during the year/period	608,108	955,753
	1,542,800	955,753
Lease incentives	3,819	2,298
Changes in fair value	14,047	3,908
Translation differences	(8,631)	(27,267)
At 31 December	1,552,035	934,692

Investment properties comprise retail properties that are held mainly for use by tenants under operating leases.

On 4 and 7 March 2016, the Group completed the acquisition of 100% of the equity interest of its five PRC subsidiaries. Three of its PRC subsidiaries are property companies and two PRC subsidiaries are rental management companies of Dasin E-Colour, Ocean Metro Mall and Xiaolan Metro Mall (collectively, the "Initial Portfolio").

On 19 June 2017, the Group acquired 100% of the equity interest in Sheng Xin Holdings Pte. Ltd. and its subsidiaries. Sheng Xin Holdings Pte. Ltd. and its two Singapore subsidiaries are investment holding companies while the other two PRC subsidiaries comprise a property company and rental management company of Shiqi Metro Mall.

The following retail properties of the Group include the Initial Portfolio and Shiqi Metro Mall. The properties are stated at fair value based on valuations expressed in RMB performed by independent professional valuers as at the reporting date and converted into Singapore dollar at the exchange rate prevailing on the reporting date.

Investment Properties	Term of lease (years)	Lease expiry	Group			
			2017 RMB'000	2017 \$'000	2016 RMB'000	2016 \$'000
Xiaolan Metro Mall	28	1 April 2043	2,386,500	490,555	2,341,500	487,978
Dasin E-Colour	30	28 July 2045	322,000	66,188	325,000	67,731
Ocean Metro Mall	31	21 February 2046	1,810,000	372,053	1,818,500	378,983
Shiqi Metro Mall	24	27 July 2041	3,032,000	623,239	-	-
			7,550,500	1,552,035	4,485,000	934,692

Contingent rents, representing income based on sales achieved by certain tenants, recognised in the statement of profit or loss during the year amounted to \$7,670,000 (2016: \$3,090,000).

NOTES TO THE FINANCIAL STATEMENTS

4. INVESTMENT PROPERTIES (CONT'D)

Fair value

Investment properties are stated at fair value based on valuation as at 31 December 2017 performed by Colliers International (Hong Kong) Limited, an independent professional valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. In determining the fair value, the valuers have used valuation methods which involve certain estimates. The Trustee-Manager reviews the key valuation parameters and underlying data including discount, capitalisation and terminal yield rates adopted by the valuers and is of the view that the valuation methods and estimates are reflective of the current market conditions. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The fair values are based on open market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction wherein the parties had each acted knowledgeably and without compulsion.

The valuers have considered valuation techniques including the income capitalisation and discounted cash flows approaches in arriving at the open market value as at the reporting date.

The income capitalisation approach assesses the value of a property by capitalising the current passing rental income and estimates reversionary rental income of the property. The discounted cash flows method involves the estimation and projection of an income stream over a period and discounting the income stream with a risk adjusted discount rates to arrive at the market value.

Level 3 fair values

The following table shows the significant unobservable inputs used in the valuation models:

Valuation methods	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows approach	Discount rate of 6.25% per annum (2016: from 6.25% to 6.75% per annum)	The fair value increases as discount rates and terminal rates decreases.
	Terminal rate of 4.25% (2016: from 3.50% to 4.25%)	
Income capitalisation approach	Term yield 3.50% to 4.50% (2016: from 3.50% to 4.50%)	The fair value increases as term yield and reversionary rate decreases.
	Reversionary rates from 4.50% to 5.00% (2016: from 4.00% to 5.00%)	

Security

The investment properties are pledged as security to secure credit facilities (note 11).

NOTES TO THE FINANCIAL STATEMENTS

5. PLANT AND EQUIPMENT

	Motor vehicles \$'000	Furniture, fittings and equipment \$'000	Total \$'000
Group			
Cost			
At 15 January 2016 (date of constitution)	-	-	-
Acquisition of initial portfolio*	422	39	461
Additions during the period	-	9	9
Translation difference on consolidation	(13)	-	(13)
At 31 December 2016	409	48	457
Additions during the year	-	63	63
Translation difference on consolidation	(4)	(2)	(6)
At 31 December 2017	405	109	514
Less: Accumulated depreciation			
At 15 January 2016 (date of constitution)	-	-	-
Acquisition of initial portfolio*	67	19	86
Charge for the period	64	9	73
Translation difference on consolidation	(1)	(1)	(2)
At 31 December 2016	130	27	157
Charge for the year	76	15	91
Translation difference on consolidation	(1)	(2)	(3)
At 31 December 2017	205	40	245
Carrying amounts			
At 15 January 2016 (date of constitution)	-	-	-
At 31 December 2016	279	21	300
At 31 December 2017	200	69	269

* Plant and equipment with carrying amounts of \$375,000 was acquired at the same time as the investment properties on the listing date.

6. INTERESTS IN SUBSIDIARIES

	Trust	
	2017 \$'000	2016 \$'000
Unquoted equity, at cost	_(a)	_(a)
Quasi-capital loans ^(b)	524,959	2,400
	524,959	2,400

(a) Less than \$1,000

(b) The quasi-capital loans are unsecured and interest-free loans to a subsidiary for acquisition of the investment properties of the Group, where settlement is neither planned nor likely to occur in the foreseeable future. As the loans are, in substance, a part of the Trust's net investments in the subsidiaries, they are stated at cost, less accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

6. INTERESTS IN SUBSIDIARIES (CONT'D)

(a) Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Place of incorporation	Effective equity held by the Group	
			2017 %	2016 %
(i) Direct subsidiary				
Singapore Dasin Commercial Holdings Pte. Ltd. ⁽²⁾ ("Singapore Dasin Commercial Holdings")	Investment holding	Singapore	100	100
(ii) Indirect subsidiaries				
Subsidiaries of Singapore Dasin Commercial Holdings				
Yi Xin Investments Pte. Ltd. ⁽²⁾ ("Yi Xin Investments")	Investment holding	Singapore	100	100
Lan Xin Investments Pte. Ltd. ⁽²⁾ ("Lan Xin Investments")	Investment holding	Singapore	100	100
Yuan Xin Investments Pte. Ltd. ⁽²⁾ ("Yuan Xin Investments")	Investment holding	Singapore	100	100
Yi Xin Management Pte. Ltd. ⁽²⁾ ("Yi Xin Management")	Investment holding	Singapore	100	100
Lan Xin Management Pte. Ltd. ⁽²⁾ ("Lan Xin Management")	Investment holding	Singapore	100	100
Sheng Xin Holdings Pte. Ltd. ⁽²⁾ ("Sheng Xin Holdings")	Investment holding	Singapore	100	-
Subsidiary of Yi Xin Investments				
Zhongshan Xinteng Commercial Management Co., Ltd. ⁽¹⁾ (中山市信腾商业管理有限公司 ⁽³⁾) ("Xinteng Commercial")	Property investment (Dasin E-Colour)	People's Republic of China	100	100
Subsidiary of Lan Xin Investments				
Zhongshan Xinrui Commercial Management Co., Ltd. ⁽¹⁾ (中山市信瑞商业管理有限公司 ⁽³⁾) ("Xinrui Commercial")	Property investment (Xiaolan Metro Mall)	People's Republic of China	100	100
Subsidiary of Yuan Xin Investments				
Zhongshan Yuanxin Commercial Property Management Co., Ltd. ⁽¹⁾ (中山市远信商用物业管理有限公司 ⁽³⁾) ("Yuanxin Commercial")	Property investment (Ocean Metro Mall)	People's Republic of China	100	100

NOTES TO THE FINANCIAL STATEMENTS

6. INTERESTS IN SUBSIDIARIES (CONT'D)

(a) Details of the subsidiaries are as follows (cont'd):

Name of subsidiaries	Principal activities	Place of incorporation	Effective equity held by the Group	
			2017 %	2016 %
Subsidiary of Yi Xin Management				
Zhongshan Yicai Dasin Xinduhui Commercial Management Co., Ltd. ⁽¹⁾ (中山市溢彩大信新都汇商业管理有限公司 ⁽³⁾) ["Yicai Dasin Xinduhui"]	Rental management (Dasin E-Colour)	People's Republic of China	100	100
Subsidiary of Lan Xin Management				
Zhongshan Xiaolan Dasin Xinduhui Commercial Management Co., Ltd. ⁽¹⁾ (中山市小榄大信新都汇商业管理有限公司 ⁽³⁾) ["Xiaolan Dasin Xinduhui"]	Rental management (Xiaolan Metro Mall)	People's Republic of China	100	100
Subsidiaries of Sheng Xin Holdings				
Sheng Xin Management Pte. Ltd. ⁽²⁾ ["Sheng Xin Management"]	Investment holding	Singapore	100	-
Sheng Xin Properties Pte. Ltd. ⁽²⁾ ["Sheng Xin Properties"]	Investment holding	Singapore	100	-
Subsidiary of Sheng Xin Management				
Zhongshan Shiqi Dasin Xinduhui Commercial Management Co., Ltd. ⁽¹⁾ (中山市石岐大信新都汇商业管理有限公司 ⁽³⁾) ["Shiqi Dasin Xinduhui"]	Rental management (Shiqi Metro Mall)	People's Republic of China	100	-
Subsidiary of Sheng Xin Properties				
Zhongshan Xin Kong Commercial Management Co., Ltd. ⁽¹⁾ (中山市信控商业管理有限公司 ⁽³⁾) ["Xinkong Commercial"]	Property investment (Shiqi Metro Mall)	People's Republic of China	100	-

⁽¹⁾ Audited by a member firm of Deloitte & Touche Tohmatsu Limited for consolidation purposes only.

⁽²⁾ Audited by Deloitte & Touche LLP.

⁽³⁾ The English names of those companies established in the PRC are for reference only and have not been registered.

NOTES TO THE FINANCIAL STATEMENTS

7. FINANCIAL DERIVATIVES

	Group and Trust	
	2017	2016
	\$'000	\$'000
Financial derivative assets	517	-
Financial derivative liabilities	(173)	-

The following are the contractual maturities of financial derivative assets and liabilities, including estimated interest payments:

	Carrying amount \$'000	Contractual cash flow \$'000	Within 1 year \$'000	Within 2 to 5 years \$'000	After 5 years \$'000
Group and Trust					
Financial derivative assets					
2017					
Interest rate swaps	517	2,562	1,218	1,344	-
Financial derivative liabilities					
2017					
Interest rate swaps	(173)	2,909	1,455	1,454	-

As at reporting date, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The table also indicates the periods in which the cash flows associated with derivatives that are expected to occur and impact the profit or loss.

8. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- third parties	1,153	2,774	-	-
- related parties	109	1,323	-	-
	1,262	4,097	-	-
Other receivables	5,666	161	-	-
Interest receivables	38	-	38	-
Amount due from a related party (non-trade)	-	78,494	-	-
Loans and receivables	6,966	82,752	38	-
Prepayments	370	3,720	8	3,539
	7,336	86,472	46	3,539
Current	7,336	86,472	46	3,539

Included in other receivables was a recoverable net input VAT of approximately \$5,387,000 (2016: \$Nil).

Amount due from a related party (non-trade), of which a director of the Trustee-Manager has a significant influence, was unsecured and interest free. The amount was fully received before the listing date.

NOTES TO THE FINANCIAL STATEMENTS

8. TRADE AND OTHER RECEIVABLES (CONT'D)

Concentration of credit risk relating to loans and receivables is limited as the Group has many varied tenants and a credit policy of obtaining security deposits from tenants for the lease of units in the Group's investment properties. These tenants comprise retailers engaged in a wide variety of consumer trades.

The majority of the trade receivables are mainly from tenants that have good credit records with the Group. The allowance account in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

The Group's historical experience in the collection of loans and receivables falls within the recorded allowances. The Trustee-Manager believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's loans and receivables, based on historical payment behaviours and the security deposits held.

9. FINANCIAL INVESTMENTS

Financial investments of the Group as at 31 December 2017 and 2016 are stated at cost and represent a RMB denominated principal-protected fixed income fund managed by a bank in the People's Republic of China, which invests into various short-term quoted and unquoted debt instruments with returns ranging from 3.2% to 4.0% per annum.

10. CASH AND BANK BALANCES

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Bank balances	32,267	16,545	3,776	11,741
Fixed deposits with banks	8,405	-	8,405	-
Cash and bank balances in statement of financial position	40,672	16,545	12,181	11,741
Less: Restricted cash	(20,469)	-	(8,405)	-
Cash and cash equivalents in statement of cash flows	20,203	16,545	3,776	11,741

Fixed deposits have original maturities of one month or less.

Restricted cash represent bank balances of certain subsidiaries and the Trust pledged as security to obtain credit facilities (see note 11).

11. LOANS AND BORROWINGS

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Bank loans (see note below)	503,394	110,309	421,584	-
Less: Unamortised transactions costs	(20,358)	(3,770)	(17,671)	-
	483,036	106,539	403,913	-
Current	810	33,531	-	-
Non-current	482,226	73,008	403,913	-
	483,036	106,539	403,913	-

NOTES TO THE FINANCIAL STATEMENTS

11. LOANS AND BORROWINGS (CONT'D)

Security

The Group has a Renminbi ("RMB") 400 million (\$82 million) onshore syndicated term loan (the "Onshore Facility") and a \$242 million and United States Dollar ("USD") 134 million offshore syndicated term loan equivalent to \$422 million in aggregate (the "Offshore Facilities").

The Onshore Facility is secured by legal mortgage over the investment properties of the Group with carrying amount of \$1,552,035,000 and a pledge over the sales proceeds, rental income and receivables derived from these properties. The Onshore Facility is a 4.5-year term loan facility.

The Offshore Facilities are secured by way of first ranking charges over the entire issued share capital of each of the Singapore holding companies and first ranking pledges over the entire issued share capital/equity interest of each of the PRC property companies and rental management companies.

Terms and debt repayment schedule

Terms and conditions of the outstanding interest-bearing bank borrowings (secured) are as follows:

	Nominal interest rate per annum %	Year of maturity	Face value \$'000	Carrying amount \$'000
2017				
Group				
RMB floating rate term loan	4.28	2018-2021	81,810	79,123
USD floating rate term loan	2.24-3.23	2019-2021	179,584	171,887
SGD floating rate term loan	1.96-2.68	2019-2021	242,000	232,026
			<u>503,394</u>	<u>483,036</u>
Trust				
USD floating rate term loan	2.24-3.23	2019-2021	179,584	171,887
SGD floating rate term loan	1.96-2.68	2019-2021	242,000	232,026
			<u>421,584</u>	<u>403,913</u>
2016				
Group				
RMB floating rate term loan	5.39-5.46	2018-2024	110,309	106,539
			<u>110,309</u>	<u>106,539</u>

The all-in-interest rate of the Onshore Facility and Offshore Facilities for 2017 was 5.2% and 4.6% respectively.

The all-in-interest rate of the RMB secured floating rate term loans for 2016 was 5.5%. The loans were fully repaid in January 2017.

The Group has obtained a two-year Revolving Credit Facility of RMB50 million (approximately \$10.3 million). The facility was obtained mainly for the purpose of financing the general working capital of the Group. The credit facility is secured by the restricted cash of RMB50 million from a subsidiary in PRC. The facility has not been drawdown in 2017.

NOTES TO THE FINANCIAL STATEMENTS

11. LOANS AND BORROWINGS (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities Other loans and borrowings \$'000	Derivative liabilities held to hedge long- term borrowings Interest rate swap used for hedging liabilities \$'000	Equity			Total \$'000
			Units \$'000	Reserves \$'000	Accumulated profits \$'000	
Balance at 1 January 2017	106,539	-	13,716	418,846	25,575	564,676
Changes from financing cash flows						
Distributions paid	-	-	(7,444)	-	-	(7,444)
Increase in cash pledged	(20,393)	-	-	-	-	(20,393)
Finance costs paid	(11,800)	-	-	-	-	(11,800)
Issuance of units	-	-	146,415	-	-	146,415
Payment of transaction costs on issuance of units	-	-	(5,180)	-	-	(5,180)
Payment of transaction costs on loans and borrowings	(27,567)	-	-	-	-	(27,567)
Proceeds from loans and borrowings	512,236	-	-	-	-	512,236
Repayment of loans and borrowings	(110,249)	-	-	-	-	(110,249)
Total changes from financing cash flows	342,227	-	133,791	-	-	476,018
Capital contribution arising from acquisition of subsidiaries	-	-	-	241,160	-	241,160
The effect of changes in foreign exchange rates	(8,785)	-	-	(6,475)	-	(15,260)
Change in fair value	-	344	-	-	-	344
Other changes Liability- related						
Change in cash pledged	20,393	-	-	-	-	20,393
Capitalised borrowing costs	10,862	-	-	-	-	10,862
Interest expense	11,800	-	-	-	-	11,800
Total liability-related other changes	43,055	-	-	-	-	43,055
Total equity-related other changes	-	-	3,422	-	18,856	22,278
Balance at 31 December 2017	483,036	344	150,929	653,531	44,431	1,332,271

NOTES TO THE FINANCIAL STATEMENTS

12. DEFERRED TAX LIABILITIES

The movement in deferred tax liabilities during the financial year is as follows:

	At 15 January 2016 (date of constitution) \$'000	Statement of profit or loss (note 21) \$'000	Acquisition of subsidiaries (note 28) \$'000	Translation difference \$'000	At 31 December 2016 \$'000	Statement of profit or loss (note 21) \$'000	Acquisition of subsidiaries (note 28) \$'000	Translation difference \$'000	At 31 December 2017 \$'000
Group									
Deferred tax liabilities									
Investment properties	-	5,169	152,914	(4,332)	153,751	8,017	122,055	(1,240)	282,583
Deferred income tax expenses	-	99	531	(14)	616	(633)	-	(14)	(31)
Tax on undistributed profits	-	318	-	1	319	554	-	-	873
	-	5,586	153,445	(4,345)	154,686	7,938	122,055	(1,254)	283,425

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the management has reviewed the group's investment property portfolio and concluded that, while certain of the group's investment properties are depreciable, they are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the group's deferred taxation on investment properties, the management has determined that the presumption that investment properties measured using the fair value model are recovered through sale is not rebutted.

Deferred tax assets have not been recognised in respect of the following item because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom:

	Group 2017 \$'000	Group 2016 \$'000
Tax losses	20,243	13,409

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the country in which the subsidiaries operate. These tax losses can be carried forward up to five consecutive years and will expire on the fifth year from which the tax losses arise.

NOTES TO THE FINANCIAL STATEMENTS

13. TRADE AND OTHER PAYABLES

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Trade payables				
- third parties	27	262	-	-
- related parties	-	549	-	-
	27	811	-	-
Accrued operating expenses	2,625	653	242	1
Amount due to a subsidiary (non-trade)	-	-	4,247	-
Amounts due to related parties (non-trade)	283	247,980	66	3,675
Amount due to unitholders	343	343	343	343
Interest payables	1,089	-	1,089	-
Other payables	163	63,806	-	-
Receipt in advance from tenants	1,658	2,025	-	-
	6,188	315,618	5,987	4,019
Other tax payables	863	438	86	-
	7,051	316,056	6,073	4,019

The amounts due to related parties (non-trade) and other payables include amounts due to the vendors of the Initial Portfolio of approximately \$276.6 million. This balance is unsecured, interest-free and repayable on demand. These balances were fully settled in 2017.

Other payables include an entrusted loan of \$30.2 million, and were fully settled before the listing date.

The amount due to a subsidiary is unsecured, interest-free and repayable on demand.

14. UNITHOLDERS' FUNDS

	Note	Group		Trust	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Units in issue		150,929	13,716	150,929	13,716
Statutory surplus reserve	(i)	57	57	-	-
Capital reserve	(ii)	680,619	439,459	-	-
Foreign currency translation reserve	(iii)	(27,145)	(20,670)	-	-
Accumulated profit/(losses)		44,431	25,575	(23,385)	(55)
		848,891	458,137	127,544	13,661

(i) Statutory surplus reserve

The subsidiaries incorporated in PRC are required to transfer 10% of their profits after taxation, as determined under the accounting principles and relevant financial regulations of PRC to the statutory reserve until the reserve balance reaches 50% of registered capital. The transfer to this reserve must be made before distribution of dividends to its unitholders.

Statutory reserve can be used to make good previous years' losses, if any, and may be converted to registered capital in proportion to the existing interests of the unitholders, provided that the balance after such conversion is not less than 25% of the registered capital.

NOTES TO THE FINANCIAL STATEMENTS

14. UNITHOLDERS' FUNDS (CONT'D)

(ii) Capital reserve

Capital reserve represents the excess of the fair value of the net assets of the PRC property and rental management companies of the Initial Portfolio and Shiqi Metro Mall acquired over the consideration transferred.

(iii) The foreign currency translation reserve comprises:

- (a) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Trust; and
- (b) the foreign exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

15. UNITS IN ISSUE

	Note	2017		2016	
		Number of units 000	\$'000	Number of units 000	\$'000
Group and Trust					
At 1 January/date of constitution		366,587	13,716	-*	-*
Sub-division of existing units		-	-	239,110	-
<u>Units issued arising from:</u>					
- Issued new Units		-	-	127,477	13,716
- Issued new Units on initial public offering		183,019	146,415	-	-
- Issued and to be issued as payment for Trustee-Manager's trustee and base management fees		4,187	3,422	-	-
Issue expenses		-	(5,180)	-	-
Distribution to Unitholders		-	(7,444)	-	-
At 31 December		553,793	150,929	366,587	13,716

* Less than 1,000 units and \$1,000

Units issued during the year ended 31 December 2017 are as follows:

- (a) On 19 January 2017, the Trust issued 183,018,900 Units at an issue price of \$0.80000 per unit as its initial public offering;
- (b) On 8 December 2017, the Trust issued 632,806 Units at an issue price of \$0.81075 per unit as payment of the base component of the Trustee-Manager's management fee for the period from 20 January 2017 ("Listing Date") to 31 March 2017;
- (c) On 8 December 2017, the Trust issued 881,294 Units at an issue price of \$0.80512 per unit as payment of the base component of the Trustee-Manager's management fee for the period from 1 April 2017 to 30 June 2017; and
- (d) On 8 December 2017, the Trust issued 1,323,251 Units at an issue price of \$0.82900 per unit as payment of the base component of the Trustee-Manager's management fee for the period from 1 July 2017 to 30 September 2017.

NOTES TO THE FINANCIAL STATEMENTS

15. UNITS IN ISSUE (CONT'D)

The issue prices for items (b) to (d) were determined based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the relevant periods in which the trustee fee and management fees accrue.

Units issued for the period from 15 January 2016 (date of constitution) to year ended 31 December 2016 are as follows:

- (a) On 15 January 2016, the Trust was constituted as a private trust and 100 Units was issued at the issue price of \$1.00 per unit;
- (b) On 31 May 2016, the Trust issued 83 Units at an issue price of \$1.00 per unit. The total units of 183 were then sub-divided into 239,110,662 Units, following which 2,484,500 Units were issued at the issue price of \$1.00 per unit; and
- (c) On 27 December 2016, the Trust issued 124,992,269 at an issue price of \$0.08985 per unit.

Each Unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- one vote per Unit;
- receive income and other distributions attributable to the Units held;

Each of Aqua Wealth and Bounty Way has on 13 January 2017 provided the Trustee-Manager a Distribution Waiver Undertaking pursuant to which each of Aqua Wealth and Bounty Way has agreed to waive a portion of its entitlement to distributions from the Trust over a period of approximately five years, commencing from the Listing Date (the "Distribution Waiver Period") to 31 December 2021.

Distribution Waiver Period	Aggregate number of Aqua Wealth and Bounty Way Units not entitled to Distributions	% of total number of Units on Listing Date
Listing Date to 31 December 2017	302,283,481	55.0%
1 January 2018 to 31 December 2018	263,811,038	48.0%
1 January 2019 to 31 December 2019	247,322,848	45.0%
1 January 2020 to 31 December 2020	192,362,214	35.0%
1 January 2021 to 31 December 2021	82,440,948	15.0%

- participate in the winding up or liquidation 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 Trust Property (or any part thereof) or any real estate, any interest in any asset and real estate-related Trust Property (or any part thereof); and
- attend all Unitholders' meetings. The Trustee-Manager may (and the Trustee-Manager shall at the request in writing of not less than two Unitholders and constitutes not less than five-percent in number of Unitholders, whichever is higher; or not less than two Unitholders and hold in aggregate not less than 10% of the total voting rights of all the Unitholders having at the date of calling of the meeting a right to vote at general meetings of the Unitholders of the registered business trust) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed.

NOTES TO THE FINANCIAL STATEMENTS

15. UNITS IN ISSUE (CONT'D)

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 Trustee-Manager to redeem his Units while the Units are listed on the SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any unit in the Trust. The provisions of the Trust Deed provide that no Unitholder will be personally liable to indemnify the Trustee-Manager or any creditor of the Trustee-Manager in the event that the liabilities of the Trust exceed its assets.

16. TOTAL UNITHOLDERS' DISTRIBUTION

Unitholders' distribution for the period from 1 January 2017 to 31 December 2017 is accounted for as distribution from operations and distribution from Unitholders' contributions:

(a) Distribution from operations

This refers to distribution made by the Trust that is represented by income received or receivable during the financial year, as the case may be, net of expenses. Such income comprises mainly the following:

- dividend from subsidiaries in PRC paid out of dividend declared by the subsidiaries.

The above income originates from income derived by the subsidiaries in PRC in respect of the current financial year.

(b) Distribution from Unitholders' contributions

This refers to the amount of distribution made by the Trust for the period from 1 January 2017 to 31 December 2017 where the underlying cash is not, or may not be, received or receivable as income by the Trust during that period. Distribution is calculated based on:

- profits from operations arising from the investment properties which are declared as dividend income after the financial year, as the case may be, and accordingly also received as dividends by the Trust after that year;
- adjustment for changes in fair value and the related deferred taxation of investment properties;
- adjustment for amortisation of capitalised transaction costs and commitment fee expense;
- adjustment for depreciation of plant and equipment;
- adjustment for fair value changes of derivative financial instruments;
- adjustment for rental income recognised on a straight-line basis;
- adjustment for trust expenses that are paid in Units and certain unrealised expenses;
- adjustment for cash allocated for interest and principal repayments for loan facilities;
- adjustment for unrealised exchange differences; and
- adjustment for non-recurring expenses.

Income available for distribution to Unitholders at end of the year

Distributions are made on a semi-annual basis, with the amount calculated as at 30 June and 31 December each year for the six-month period ending on each of the said dates. In accordance with the provisions of the Trust Deed, the Trustee-Manager is required to pay distributions within 90 days from the end of each distribution period. Distributions, when paid, will be in Singapore dollars.

NOTES TO THE FINANCIAL STATEMENTS

16. TOTAL UNITHOLDERS' DISTRIBUTION (CONT'D)

Income available for distribution to Unitholders at end of the year (cont'd)

Distributions for the period from 1 January 2017 to 30 June 2017 had been paid on 20 September 2017. Distributions for the period from 1 July 2017 to 31 December 2017 will be paid within 90 days of the end of the distribution period, in accordance with the provisions of the Trust Deed.

17. REVENUE

	Group	
	2017	2016
	\$'000	\$'000
Rental income	50,422	27,899
Other operating income	7,274	6,329
	<u>57,696</u>	<u>34,228</u>

Other operating income includes carpark revenue, advertising revenue, tenant promotional fee and other income attributable to the operation of the investment properties.

18. OTHER PROPERTY OPERATING EXPENSES

	Note	Group	
		2017	2016
		\$'000	\$'000
Advertising and promotion		1,269	335
Cleaning expenses		1,371	924
Depreciation of plant and equipment	5	91	73
Repair and maintenance		1,117	313
Staff costs		342	148
Utilities		1,493	1,277
Others		902	1,236
		<u>6,585</u>	<u>4,306</u>

19. TRUSTEE-MANAGER'S FEES

	Group	
	2017	2016
	\$'000	\$'000
Base fee of management fee	3,169	-
Trustee fee	253	-
	<u>3,422</u>	<u>-</u>

Included in the Trustee-Manager's fees for the year ended 31 December 2017 is an aggregate of 2,837,351 Units amounting to approximately \$2,319,000, that have been issued to the Trustee-Manager in satisfaction of the Trustee-Manager's trustee fee and base component of its management fee, at Unit prices ranging from \$0.80512 to \$0.82900 per Unit.

On 12 March 2018, the Trust issued 1,349,264 Units at an unit price of \$0.81753 per unit to the Trustee-Manager, amounting to \$1,103,000.

NOTES TO THE FINANCIAL STATEMENTS

20. FINANCE INCOME AND FINANCE COSTS

	Group	
	2017	2016
	\$'000	\$'000
Finance income:		
- banks	831	64
Finance costs:		
- Bank loans and borrowings	(23,751)	(6,709)
Net finance costs recognised in statement of profit or loss	<u>(22,920)</u>	<u>(6,645)</u>

21. INCOME TAX EXPENSE

		Group	
	Note	2017	2016
		\$'000	\$'000
<i>Current taxation</i>			
Current year/period		5,432	2,062
Withholding tax		288	-
		<u>5,719</u>	<u>2,062</u>
<i>Deferred taxation</i>			
Origination of temporary differences	12	7,938	5,586
Income tax expense		<u>13,658</u>	<u>7,648</u>

Reconciliation of effective tax rate

	Group	
	2017	2016
	\$'000	\$'000
Profit before income tax	<u>32,514</u>	<u>33,280</u>
Tax calculated using Singapore tax rate of 17%	5,527	5,658
Adjustments:		
Effect of different tax rates in foreign jurisdictions	4,198	1,982
Income not subject to tax	(2,868)	(1,838)
Expenses not deductible for tax purposes	4,198	22
Deferred tax assets not recognised	1,792	1,634
Utilisation of previously unrecognised tax losses	(30)	(128)
Undistributed earnings of PRC subsidiaries	553	318
Withholding tax	288	-
	<u>13,658</u>	<u>7,648</u>

NOTES TO THE FINANCIAL STATEMENTS

22. PROFIT FOR THE YEAR/PERIOD

The following items have been included in arriving at the profit for the year/period:

	Group	
	2017	2016
	\$'000	\$'000
Audit fees paid/payable to:		
- auditors of the Trust	304	-
- other auditors	6	4
Facility agent and security agent fees	102	-
Professional fees	494	63
Transaction costs incurred on public listing of Trust	5,818	-
Stamp duty	497	-
Unclaimable GST expenses on Trustee-Manager's fees	163	-
Investor relations	69	-
Others	342	106
	<u>7,795</u>	<u>173</u>

Included in professional fees relating to valuation, tax, internal audit and compliance fees.

Non-audit fees paid to the external auditors relating to the IPO reporting accountant fees amounted to approximately \$1,046,000, out of which \$698,000 (2016: \$Nil) was expensed as transaction costs incurred on public listing of Trust (above), and \$348,000 was included in the issue expenses in the statement of changes in unitholders' funds.

23. AMOUNT AVAILABLE FOR DISTRIBUTION

	Group
	2017
	\$'000
Profit for the year attributable to Unitholders	18,856
Net adjustments (Note A)	(847)
Amount available for distribution	<u>18,009</u>
Amount available for distribution to Unitholders at 1 January	-
Amount available for distribution for the current year	<u>18,009</u>
Total amount available for distribution	18,009
Distribution to Unitholders:	
Distribution of 3.01 cents per Unit for the period from 1 January 2017 to 30 June 2017	(7,444)
	(7,444)
Less: Amount to be distributed in future periods	(127)
Amount available for distribution to Unitholders at 31 December	<u>10,438</u>

NOTES TO THE FINANCIAL STATEMENTS

23. AMOUNT AVAILABLE FOR DISTRIBUTION (CONT'D)

	Group 2017 \$'000
Note A	
Net distribution adjustments comprises:	
Amortisation of capitalised transaction costs	10,862
Commitment fee expense	1,571
Deferred income tax expense	7,938
Depreciation of plant and equipment	91
Net change in fair value of derivative financial instruments	(344)
Net change in fair value of investment properties	(14,047)
Recognition of rental income on a straight-line basis over the lease term	(3,819)
Transaction costs incurred on public listing of Trust	5,818
Trustee-Manager's fees paid/payable in units	3,422
Unrealised foreign exchange gain	(7,378)
Other adjustments	(4,961)
	<u>(847)</u>

On 27 February 2018, the Trustee-Manager declared a distribution of 4.15 cents per Unit for the period from 1 July 2017 to 31 December 2017, amounting to \$10,438,000.

24. EARNINGS PER UNIT

	Group 2017 \$'000
Profit for the year	<u>18,856</u>
Weighted average number of issued and issuable Units at the end of the year ('000)	<u>551,398</u>
Earnings per Unit (cents) - Basic and diluted	<u>3.42</u>

Basic earnings per unit

The calculation of basic earnings per unit is based on weighted average number of Units during the year and profit for the year after taxation before distribution.

Diluted earnings per unit

Diluted earnings per Unit is the same as the basic earnings per Unit as there are no potential dilutive instruments in issue during the year.

NOTES TO THE FINANCIAL STATEMENTS

25. IMMEDIATE HOLDING COMPANY AND ULTIMATE CONTROLLING PARTY

For financial reporting purposes under IFRS 10 *Consolidated Financial Statements*, the immediate holding company of the Trust is Aqua Wealth Holdings Limited, a company incorporated in the British Virgin Islands. Aqua Wealth Holdings Limited, is an indirect wholly-owned subsidiary of the Zhang Family Trust. Zhang Family Trust is the ultimate controlling party of the Trust that holds the Units owned by Aqua Wealth Holdings Limited for the benefit for its beneficiaries, being Mr. Zhang Chon Meng, son of Mr. Zhang Zhencheng (as defined in IPO Prospectus dated 13 January 2017).

26. RELATED PARTY TRANSACTIONS

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common significant influence. Related parties may be individuals or other entities. The Trustee-Manager, being Dasin Retail Trust Management Pte. Ltd. is a wholly-owned subsidiary of the controlling unitholder of the Trust. The Commercial Manager, being Zhongshan Commercial Property Management Co., Ltd. is a subsidiary of the Zhongshan Dasin Real Estate Co., Ltd. (the "Sponsor") of the Trust.

In the normal course of the operations of the Trust, the Trustee-Manager's management fees and the trustee's fees have been paid or are payable to the Trustee-Manager. The commercial management fees and reimbursement of expenses have been paid or are payable to the Commercial Manager.

Other related party transactions

Other than as disclosed elsewhere in the financial statements, there were the following significant related party transactions for the financial year based on agreed terms between the parties:

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Fees paid/payable to Trustee-Manager				
- management fees	3,169	-	3,169	-
- trustee fees	253	-	253	-
Commercial management fees paid/payable to a related party				
- management fee	534	319	-	-
- reimbursement of expenses	1,680	619	-	-
Lease rental received/receivable from related parties				
- lease rental income	6,816	3,515	-	-
- reimbursement of expenses	1,387	821	-	-
Other revenue from related parties	1,037	3,385	-	-
Dividend income from a subsidiary	-	-	1,200	-
Advances to related parties (non-trade)	-	61,883	-	-
Loans to a subsidiary	-	-	522,559	2,400
Loan from a subsidiary	-	-	4,200	-

In 2016, Xinrui Commercial, the Sponsor, Zhongshan Dasin Management and Investment Co., Ltd. and Zhongshan Dasin Metro-Mall Merchant Investment Co., Ltd. each provided a corporate guarantee to Industrial and Commercial Bank of China Limited ("ICBC Bank") to secure all loans provided by ICBC Bank to Xiaolan Xinduhui for the period from 20 May 2014 to 31 December 2025, for an amount of up to RMB750 million.

The advances to related parties have been fully settled as at 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS

27. OPERATING SEGMENTS

The Group has 4 reportable segments, as described below, which are the Group's investment properties. The investment properties are managed separately because they require different operating and marketing strategies. For each of the investment properties, the Chief Operating Decision-Makers ("CODMs") review internal management reports on a monthly basis. The CODMs has been identified as the chief executive officer and the chief financial officer of the Trustee-Manager.

All of the Group's reportable segments are investment properties located in PRC used primarily for retail purposes. The reporting segments are as follows:

- Xiaolan Metro Mall
- Dasin E-Colour
- Ocean Metro Mall
- Shiqi Metro Mall

Segment revenue comprises mainly income generated from its tenants. Segment net property income represents the income earned by each segment after allocating property operating expenses. This is the measure reported to the CODMs for the purpose of assessment of segment performance. In addition, the CODMs monitor the non-financial assets as well as financial assets attributable to each segment when assessing segment performance.

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 the Trust's financial assets and liabilities and its expenses. Segment capital expenditure is the total cost incurred during the year/period to improve segment assets that are expected to be used for more than one year.

Information regarding the Group's reportable segments is presented in the tables in the following pages.

For the purpose of monitoring segment performance, the Group's CODMs monitor the non-financial assets as well as financial assets attributable to each segment.

NOTES TO THE FINANCIAL STATEMENTS

27. OPERATING SEGMENTS (CONT'D)

Information about reportable segments

	Xiaolan Metro Mall		Dasin E-Colour		Ocean Metro Mall		Shiqi Metro Mall		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenues:										
- Gross rental income	22,212	16,940	2,823	2,133	13,393	8,826	11,994	-	50,422	27,899
- Others	2,761	3,052	599	791	2,418	2,486	1,496	-	7,274	6,329
Gross revenue	24,973	19,992	3,422	2,924	15,811	11,312	13,490	-	57,696	34,228
Segment net property income	21,435	16,649	2,404	2,234	11,712	8,682	11,009	-	46,560	27,565
Finance income	484	49	43	6	156	9	59	-	742	64
Finance costs	3,974	3,843	-	-	4,388	2,866	-	-	8,362	6,709
Segment assets	518,898	571,429	70,778	70,161	393,325	383,738	641,705	-	1,624,706	1,025,328
Segment liabilities	213,933	275,286	50,773	50,797	263,215	254,759	130,994	-	658,915	580,842
Other segment items:										
Depreciation and amortisation	8	1	-	-	83	72	-	-	91	73
Net change in fair value of investment properties	7,074	(654)	(854)	5,897	(2,899)	(1,335)	10,726	-	14,047	3,908

NOTES TO THE FINANCIAL STATEMENTS

27. OPERATING SEGMENTS (CONT'D)

Reconciliations of reportable segment revenue, profit before income tax, assets and liabilities and other material items

	2017 \$'000	2016 \$'000
Revenue		
Total revenue for reportable segments	57,696	34,228
Total profit before income tax		
Total profit for reportable segments before income tax	52,896	24,755
Unallocated amounts:		
- Other corporate (expenses)/income	(20,382)	8,525
Profit before income tax	32,514	33,280
Assets		
Total assets for reportable segments	1,624,706	1,025,328
Other unallocated amounts	12,712	15,599
Consolidated assets	1,637,418	1,040,927
Liabilities		
Total liabilities for reportable segments	658,915	580,842
Other unallocated amounts	129,612	1,948
Consolidated liabilities	788,527	582,790

	Reportable segment totals \$'000	Unallocated amounts \$'000	Consolidated totals \$'000
Other material items 2017			
Finance income	742	89	831
Finance costs	8,362	15,389	23,751
Other material items 2016			
Finance income	64	-	64
Finance costs	6,709	-	6,709

Geographical segments

All of the Group's investment properties are used for retail purposes and are located in PRC.

Major tenant

Tenant who contributed revenue of 10% or more to the Group is considered major tenant. Revenue from one tenant of the Group represents approximately \$7,158,000 (2016: \$5,170,000) of the Group's total revenue. The major tenant of 2016 is a related party of the Sponsor.

NOTES TO THE FINANCIAL STATEMENTS

27. OPERATING SEGMENTS (CONT'D)

Disaggregation of revenue

In the following table, revenue is disaggregated by type of tenants of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's four reportable segments.

	Xiaolan Metro Mall 2017 \$'000	Dasin E-Colour 2017 \$'000	Ocean Metro Mall 2017 \$'000	Shiqi Metro Mall 2017 \$'000	Total 2017 \$'000
Type of tenants					
Departmental store	2,983	-	3,134	2,617	8,734
Fashion	4,189	97	1,465	1,062	6,813
Food and Beverage	3,923	668	2,945	1,928	9,464
General retail	3,067	308	470	1,526	5,371
Home furnishings	1,550	-	881	1,394	3,825
IT and electronics	1,563	-	41	1,722	3,326
Leisure and entertainment	1,813	850	1,342	170	4,175
Services	706	622	139	365	1,832
Sports and fitness	76	-	927	52	1,055
Supermarket/Hypermarket	1,430	-	1,115	674	3,219
Others	3,673	877	3,352	1,980	9,882
Gross revenue	24,973	3,422	15,811	13,490	57,696

28. ACQUISITION OF SUBSIDIARIES

- (a) On 21 January 2016, the trust acquired 100% of the equity interest in Singapore Dasin Commercial Holdings and its subsidiaries for a nominal consideration of \$1.

On 4 and 7 March 2016, the Group completed the acquisition of 100% of the equity interest of its five PRC subsidiaries for a purchase consideration of \$288,269,000 (RMB1,343,691,000). Three of its PRC subsidiaries are property companies and two PRC subsidiaries are rental management companies of Dasin E-Colour, Ocean Metro Mall and Xiaolan Metro Mall. From 4 and 7 March 2016 to 31 December 2016, Singapore Dasin Commercial Holdings and its subsidiaries contributed revenue of \$34,228,000 and net profit of \$25,686,000 to the consolidated net profit for the period. If the acquisition had occurred on 15 January 2016 (date of constitution), the Group's consolidated revenue would increase by \$4,266,000 and consolidated net profit would decrease by \$520,000. The gain on bargain purchase that resulted from the excess of the fair value of assets acquired and liabilities assumed over the purchase consideration or the gain on bargain purchase of the Initial Portfolio of about \$439,459,000. As the acquisition was from the owners in their capacity as owners, the gain on bargain purchase is recognised as a direct addition to capital or equity.

NOTES TO THE FINANCIAL STATEMENTS

28. ACQUISITION OF SUBSIDIARIES (CONT'D)

The effect of acquisitions of subsidiaries and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition was set out below:

	Note	\$'000
Investment properties		955,753
Plant and equipment		375
Trade and other receivables		91,624
Cash and cash equivalents		3,584
Loans and borrowings		(133,706)
Deferred tax liabilities	12	(153,445)
Trade and other payables		(36,181)
Current tax liabilities		(276)
Net identifiable assets acquired and liabilities assumed		727,728
Excess of fair value of net assets acquired over purchase consideration recognised as capital reserve		(439,459)
Purchase consideration		288,269

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Investment properties	<i>Income capitalisation method and discounted cash flow method. Market comparison method for car parks:</i>
	The income capitalisation method capitalises an income stream into a present value using a single-year capitalisation rate. The discounted cash flow method considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate and occupancy rate. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms. The market comparison method considers the selling prices of comparable properties, with adjustments made to differentiate the comparable in terms of tenure, location, condition and other relevant factors.

The fair value of the investment properties were based on independent valuation undertaken by Collier International (Hong Kong) Limited (based on the average of the values derived by the Discounted Cash Flow and Term and Reversion valuation methods) and Savills Valuation and Professional Services Limited (based on the average of the values derived by the Income Capitalisation and Discounted Cash Flow valuation methods).

At the date of acquisition, included in current assets are trade and other receivables of \$91,624,000. Management expects the full amount is collectible.

NOTES TO THE FINANCIAL STATEMENTS

28. ACQUISITION OF SUBSIDIARIES (CONT'D)

- (b) On 19 June 2017, the Group acquired 100% of the equity interest in Sheng Xin Holdings Pte. Ltd. and its subsidiaries for a purchase consideration of \$249,941,000 (RMB1,224,000,000). Sheng Xin Holdings Pte. Ltd. and its two Singapore subsidiaries are investment holding companies while two PRC subsidiaries are a property company and rental management company of Shiqi Metro Mall. From 19 June 2017 to 31 December 2017, Sheng Xin Holdings Pte. Ltd. and its subsidiaries contributed revenue of \$13,490,000 and net profit of \$16,246,000 to the consolidated net profit for the year. If the acquisition had occurred on 1 January 2017, the Group's consolidated revenue would increase by \$9,989,000 and consolidated net profit would increase by \$4,019,000. The gain on bargain purchase that resulted from the excess of the fair value of assets acquired and liabilities assumed over the purchase consideration or the gain on bargain purchase of Sheng Xin Holdings Pte. Ltd. and its subsidiaries of about \$241,160,000. As the acquisition was from the owners in their capacity as owners, the gain on bargain purchase is recognised as a direct addition to capital or equity.

The Group incurred acquisition-related costs of \$497,000 on stamp duties incurred directly due to the acquisition transaction. These costs have been included in "other trust expenses".

The effect of acquisitions of subsidiaries and the recognised amounts of assets acquired and liabilities assumed at the date of acquisition was set out below:

	Note	\$'000
Investment properties		608,108
Trade and other receivables		8,564
Cash and cash equivalents		5,499
Deferred tax liabilities	12	(122,055)
Trade and other payables		(7,921)
Current tax liabilities		(1,094)
Net identifiable assets acquired and liabilities assumed		491,101
Excess of fair value of net assets acquired over purchase consideration recognised as capital reserve		(241,160)
Purchase consideration		249,941

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Investment properties	<i>Income capitalisation method and discounted cash flow method:</i>
	The income capitalisation method capitalises an income stream into a present value using a single-year capitalisation rate. The discounted cash flow method considers the present value of net cash flows to be generated from the property, taking into account expected rental growth rate and occupancy rate. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of a building and its location, tenant credit quality and lease terms.

The fair value of the investment property was based on independent valuation undertaken by Collier International (Hong Kong) Limited (based on the average of the values derived by the Discounted Cash Flow and Term and Reversion valuation methods).

At the date of acquisition, included in current assets are trade and other receivables of \$8,564,000. Management expects the full amount is collectible.

NOTES TO THE FINANCIAL STATEMENTS

29. COMMITMENTS

The Group leases out its investment properties. Operating lease rentals are receivable accordingly to lease agreements. These lease agreements are cancellable with no enforceable rights to receive rental of unexpired terms upon early termination, with rental deposits being non-refundable to the tenants as follows:

	Group 2017 \$'000
Receivable:	
- within 1 year	46,167
- after 1 year but within 2 years	35,379
- after 2 years but within 3 years	29,367
- after 3 years but within 4 years	24,787
- after 4 years but within 5 years	21,388
- after 5 years	75,188
	<u>233,276</u>

30. CAPITAL AND FINANCIAL RISK MANAGEMENT

Capital management

The Group's objectives when managing capital are to optimise Unitholders' value through the combination of available capital sources which include debt and equity instruments whilst complying with statutory and constitutional capital and distribution requirements, maintaining aggregate leverage and interest service coverage ratio within approved limits. As a key part of the Group's overall strategy, the Board of Directors of the Trustee-Manager reviews the Group and the Trust's debt and capital management and financing policy regularly so as to optimise the Group and the Trust's funding structure. The Board of Directors also monitors the Group and the Trust's exposure to various risk elements by closely adhering to clearly established management policies and procedures.

The Group is subject to the aggregate leverage limit as set out in the Trust Deed and facilities agreement (note 11) ("Leverage Limit"). The Leverage Limit stipulates that the total borrowings and deferred payments (together, the "Aggregate Leverage") of the Trust should not exceed 60.0% of the value of the Trust Property after the Trust is listed on the SGX-ST. The Leverage Limit of the facilities agreement stipulates that the total liabilities shall not exceed 45% of the total consolidated total assets. The Group's aggregate leverage limit did not exceed 45.0% during the year, and was 31% as at 31 December 2017.

There were no changes in the Group's approach to capital management during the financial year.

Financial risk management

Overview

The Group's returns are primarily from net operating income and capital appreciation of its assets. However, these returns are exposed to financial risks including credit, liquidity, interest rate and foreign currency risks.

Financial risk management is integral to the whole business of the Group. The Group adopts an integrated approach to manage the financial risks arising in the normal course of the Group's business. The Group has written risk management policies and guidelines, and established processes to monitor and manage significant exposures. Risk management policies and processes are reviewed regularly to reflect changes in market conditions and the Group's activities.

NOTES TO THE FINANCIAL STATEMENTS

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk management (cont'd)

Overview (cont'd)

The Group adheres to standardised accounting and financial policies and exercises effective controls over the financial affairs of its subsidiaries. This is achieved by ensuring group-wide adherence to a comprehensive set of guidelines covering contracts, policies and procedures and other requirements. Adequate measures are in place to ensure that the reliability and integrity of financial information compiled from subsidiaries are kept intact.

Credit risk

While it is necessary to assume a certain level of tenant credit risks to remain competitive in the PRC, the Group has established credit limits for tenants and monitors their balances on an ongoing basis. Risks associated with credit limits are reflected in the level of security deposits in respect of the leases. Appropriate risk mitigating actions are in place to manage trade receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred credit losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, 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.

Financial investments are managed by a bank which is regulated. As the financial investments are principal-protected by a bank in PRC, the credit risk is limited to the default of the bank, with a maximum exposure equal to the carrying value of these investments.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a reasonable period, including the servicing of financial obligations.

NOTES TO THE FINANCIAL STATEMENTS

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk management (cont'd)

Liquidity risk (cont'd)

The following are the contractual maturities of non-derivative financial liabilities, including estimated interest payments and excluding the impact of netting agreements and derivative instrument that settles on a net basis:

	Carrying amount \$'000	Contractual cash flow \$'000	Within 1 year \$'000	After 1 year but within 5 years \$'000	After 5 years \$'000
31 December 2017					
Group					
Loans and borrowings	483,036	528,664	10,600	518,064	-
Financial derivative instruments	(344)	5,471	2,672	2,798	-
Trade and other payables	6,188	6,188	6,188	-	-
Security deposits	13,188	13,188	13,188	-	-
	<u>502,068</u>	<u>553,510</u>	<u>32,648</u>	<u>520,862</u>	<u>-</u>
Trust					
Loans and borrowings	403,913	434,528	6,263	428,265	-
Financial derivative instruments	(344)	5,471	2,672	2,798	-
Trade and other payables	5,987	5,987	5,987	-	-
	<u>409,556</u>	<u>445,985</u>	<u>14,922</u>	<u>431,063</u>	<u>-</u>
31 December 2016					
Group					
Loans and borrowings	106,539	126,615	39,202	61,767	25,646
Trade and other payables	315,618	315,618	315,618	-	-
Security deposits	4,852	4,852	4,852	-	-
	<u>427,009</u>	<u>447,085</u>	<u>359,672</u>	<u>61,767</u>	<u>25,646</u>
Trust					
Trade and other payables	<u>4,019</u>	<u>4,019</u>	<u>4,019</u>	<u>-</u>	<u>-</u>

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

In addition, the Group maintains the following debt facilities and programme as at 31 December 2017.

Chinese Renminbi ("RMB") denominated facility:

- RMB400.0 million 4.5-year secured term loan facilities

\$ denominated facilities:

- \$106.6 million 2-year secured term loan facilities
- \$102.4 million 3-year secured term loan facilities
- \$32.9 million 4-year secured term loan facilities

United States dollar ("US\$") denominated facilities:

- US\$52.4 million 2-year secured term loan facilities
- US\$62.0 million 3-year secured term loan facilities
- US\$19.9 million 4-year secured term loan facilities

As at 31 December 2017, the Group has fully drawn down \$504 million (2016: \$155 million) of its term loan facilities.

NOTES TO THE FINANCIAL STATEMENTS

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk management (cont'd)

Interest rate risk

The Trustee-Manager adopts a proactive interest rate management policy to manage the risk associated with changes in interest rates on the Group's loan facilities while also seeking to ensure that the ongoing cost of debt remains competitive.

As at 31 December 2017, the Group has interest rate swaps ("IRS") with notional contract amount of \$169 million (2016: Nil). The Group pays a fixed rate interest and receives a variable rate equal to the Swap Offer Rate ("SOR") on the notional contract amount. The Group classifies the IRS as fair value hedges through statement of profit or loss to hedge the exposure in interest rate fluctuations on certain of its term loans.

The term loans and the underlying IRS have the same terms and conditions.

The Trustee-Manager proactively seeks to minimise the level of interest rate risk by hedging certain amounts of the Group's borrowings at fixed rates. As at 31 December 2017, the Group has hedged approximately 34% (2016: Nil) of its borrowings at fixed rates. Excluding the RMB denominated loan, which are not hedged, the Group has hedged approximately 40% (2016: Nil) of its borrowings at fixed rates.

Cash flow sensitivity analysis for variable rate instruments

Effects of a 100 basis point ("bp")* movement in interest rate at the reporting date would increase/(decrease) statement of profit or loss and Unitholders' funds by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

* 100 basis point is equivalent to 1 percentage point

	Statements of profit or loss		Unitholders' funds	
	100 bp increase \$'000	100 bp decrease \$'000	100 bp increase \$'000	100 bp decrease \$'000
Group and Trust				
31 December 2017				
Interest rate swaps	1,691	(1,691)	-	-
Variable rate instruments	(5,034)	5,034	-	-
Cash flow sensitivity (net)	(3,343)	3,343	-	-
31 December 2016				
Variable rate instruments	(1,103)	1,103	-	-
Cash flow sensitivity (net)	(1,103)	1,103	-	-

Foreign currency risk

The Group is exposed to foreign currency risk on cash holdings and operating expenses that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily the US\$ and RMB.

As the Trust intends to be a long-term investor in PRC, the Trustee-Manager has taken a view not to hedge the RMB equity exposure arising from its investments in PRC unless certain risks are specifically identified. The Trustee-Manager's strategy is to achieve a natural hedge through local RMB financing and any non-RMB denominated loan will be hedged into RMB where possible, to protect the going concern of the Trust in the event of large currency fluctuation. However, the Trustee-Manager will hedge the RMB cash flow from operations if it is determined with certainty that they are to be remitted back to Singapore for distribution purposes.

NOTES TO THE FINANCIAL STATEMENTS

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Financial risk management (cont'd)

Foreign currency risk (cont'd)

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies are as follows:

Group	US\$ \$'000	RMB \$'000	Total \$'000
2017			
Cash and bank balances	7,216	6,203	13,419
Financial derivative assets	517	-	517
Loans and borrowings	(179,584)	-	(179,584)
Trade and other payables	(566)	-	(566)
	<u>(172,417)</u>	<u>6,203</u>	<u>(166,214)</u>
2016			
Cash and bank balances	341	19	360
Trade and other payables	-	(51,609)	(51,609)
Amount due to related parties	(382)	(226,917)	(227,299)
	<u>(41)</u>	<u>(278,507)</u>	<u>(278,548)</u>
Trust			
2017			
Loans to subsidiaries	166,053	-	166,053
Cash and bank balances	7,161	-	7,161
Financial derivative assets	517	-	517
Loans and borrowings	(179,584)	-	(179,584)
Trade and other payables	(566)	-	(566)
	<u>(6,419)</u>	<u>-</u>	<u>(6,419)</u>
2016			
Amount due to related parties	-	(1,174)	(1,174)
	<u>-</u>	<u>(1,174)</u>	<u>(1,174)</u>

Sensitivity analysis

A 10% strengthening of Singapore dollar against the US\$ and RMB at the reporting date would increase/(decrease) profit for the year/period by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2016.

	Statements of profit or loss	
	Group \$'000	Trust \$'000
2017		
US\$	17,242	642
RMB	(620)	-
	<u>16,622</u>	<u>642</u>
2016		
US\$	4	-
RMB	27,851	117
	<u>27,855</u>	<u>117</u>

A 10% weakening of Singapore dollar against the US\$ and RMB would have had equal but opposite effect on the US\$ and RMB to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

There were no transfers between the levels during the year.

Group	Note	Carrying amount			Fair value			Total \$'000
		Loans and receivables \$'000	Other financial assets and liabilities within scope of IAS 39 \$'000	Total carrying amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
2017								
Financial assets not measured at fair value								
Trade and other receivables	8	6,966	-	6,966	-	-	-	-
Financial investments	9	36,589	-	36,589	-	-	-	-
Cash and bank balances	10	40,672	-	40,672	-	-	-	-
		<u>84,227</u>	<u>-</u>	<u>84,227</u>				
Financial assets measured at fair value								
Financial derivative assets	7	-	517	517	-	517	-	517
Financial liabilities not measured at fair value								
Trade and other payables	13	-	6,188	6,188	-	-	-	-
Security deposits		-	13,188	13,188	-	-	-	-
Loans and borrowings	11	-	483,036	483,036	-	501,808	-	501,808
		<u>-</u>	<u>502,412</u>	<u>502,412</u>				
Financial liabilities measured at fair value								
Financial derivative liabilities	7	-	173	173	-	173	-	173

NOTES TO THE FINANCIAL STATEMENTS

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Accounting classifications and fair values (cont')

	Note	Carrying amount		Fair value			
		Loans and receivables \$'000	Other financial assets and liabilities within scope of IAS 39 \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Trust			Total carrying amount \$'000				
2017							
Financial assets not measured at fair value							
Trade and other receivables	8	38	38	-	-	-	-
Cash and bank balances	10	12,181	12,181	-	-	-	-
		12,219	12,219				
Financial assets measured at fair value							
Financial derivative assets	7	-	517	-	517	-	517
Financial liabilities not measured at fair value							
Trade and other payables	13	-	5,987	-	-	-	-
Loans and borrowings	11	-	403,913	-	419,665	-	419,665
		-	409,900	-		-	
Financial liabilities measured at fair value							
Financial derivative liabilities	7	-	173	-	173	-	173
2016							
Financial assets not measured at fair value							
Cash and bank balances	10	11,741	11,741	-	-	-	-
Financial liabilities not measured at fair value							
Trade and other payables	13	-	4,019	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Estimation of fair value

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and Trust.

Financial derivatives

The fair values of non-deliverable interest rates are based on banks' quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the Group entity and counterparties when appropriate.

Interest-bearing borrowings

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities (including non-trade amounts due from subsidiaries, trade and other receivables, cash and bank balances, trade and other payables and current security deposits) are assumed to approximate their fair values because they are either short term in nature, or effect of discounting is immaterial. All other financial assets and liabilities (non-current security deposits) are discounted to determine their fair values.

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, are based on the Swap Offer Rate, London Interbank Offered Rate and Bank of China base interest rate as at 31 December 2017 and 2016 plus an adequate constant credit spread, and are as follows:

	2017 % p.a.	2016 % p.a.
Interest-bearing borrowings	2.33-4.28	5.39-5.46

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

- are offset in the Trust's statements of financial position; or
- are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the statement of financial position.

Financial instruments such as loans and receivables and financial liabilities are not disclosed in the tables below unless they are offset in the statements of financial position.

The Trust's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association ("ISDA") Master Agreements. In certain circumstances, for example when a termination event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

NOTES TO THE FINANCIAL STATEMENTS

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

Offsetting financial assets and financial liabilities (cont'd)

Under the agreements signed, the Trust and its counterparties neither have a legal obligation nor intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously. In addition, the right of set-off of recognised amounts is enforceable only following the occurrence of a termination event as set out in the agreements. Accordingly, the ISDA agreements do not meet the criteria for offsetting and the derivatives financial instruments presented below are not offset in the Statement of Financial Position.

Financial assets and liabilities subject to offsetting and enforceable master netting arrangement under termination events

	Gross amounts of recognised financial instruments \$'000	Gross amount of recognised financial instruments offset in the statement of financial position \$'000	Net amounts of financial instruments presented in the statement of financial position \$'000	Related amounts not offset in the statement of financial position \$'000	Net amounts \$'000
31 December 2017					
Financial assets					
Interest rate swaps	517	-	517	(173)	344
Financial liabilities					
Interest rate swaps	(173)	-	(173)	517	344

31. COMPARATIVE INFORMATION

The financial statements for the financial year ended 31 December 2017 constitutes both the results when the Trust was a private trust from 1 to 19 January 2017 and after it was listed on SGX-ST from 20 January 2017 to 31 December 2017.

The financial statements for 2017 covered the twelve months ended 31 December 2017.

The financial statements for 2016 covered the period from 15 January 2016 (date of constitution) to 31 December 2016.

STATISTICS OF UNITHOLDINGS

Issued and Fully Paid-Up Units

553,792,946 units (Voting rights: one vote per unit)

The Trust does not hold any treasury Units and there is no subsidiary holdings.

Market Capitalisation S\$481.8 million (based on closing price of S\$0.87) as at 14 March 2018

TOP 20 UNITHOLDERS AS AT 14 MARCH 2018

As listed in the Register of Unitholders

	Name of Unitholder	No. of Units	% of Units in Issue
1	DBS NOMINEES (PRIVATE) LIMITED	394,802,397	71.29
2	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	65,871,734	11.89
3	RAFFLES NOMINEES (PTE) LIMITED	54,673,500	9.87
4	PHILLIP SECURITIES PTE LTD	14,891,300	2.69
5	CITIBANK NOMINEES SINGAPORE PTE LTD	9,976,600	1.80
6	DASIN RETAIL TRUST MANAGEMENT PTE LTD	4,186,615	0.76
7	EAN KENG SI BUDDHIST TEMPLE	1,000,000	0.18
8	MERRILL LYNCH (SINGAPORE) PTE LTD	525,600	0.09
9	CHUA LEONG HAI @CHUA LEANG HAI	500,000	0.09
10	MAYBANK KIM ENG SECURITIES PTE. LTD.	393,000	0.07
11	TAN HUAY LIM	312,500	0.06
12	HL BANK NOMINEES (SINGAPORE) PTE LTD	200,000	0.04
13	RHB SECURITIES SINGAPORE PTE. LTD.	137,300	0.02
14	LEE YEW WING	100,000	0.02
15	CHAN CHEN HUAT (CHEN ZHENGFA)	99,700	0.02
16	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	94,700	0.02
17	JOSEPH ONG SENG HONG	91,000	0.02
18	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	88,000	0.02
19	CHUA CHEE SIONG AARON	85,000	0.02
20	HENKY TOHA	78,000	0.01
	Total	548,106,946	98.98

UNITHOLDERS DISTRIBUTION AS AT 14 MARCH 2018

Size of Unitholdings	No. of Unitholders	% of Units in Issue	No. of Units	% of Units in Issue
1-99	0	0.0	0	0.0
100 - 1,000	186	21.78	177,900	0.03
1,001 - 10,000	500	58.55	1,648,400	0.30
10,001 - 1,000,000	162	18.97	7,564,500	1.37
1,000,001 and Above	6	0.70	544,402,146	98.30
Grand Total	854	100	553,792,946	100

Pursuant to Listing Rule 723 of the Listing Manual of the SGX-ST, a listed issuer must ensure that at least 10% of its listed securities is at all times held by the public.

Based on the information made available to the Trustee-Manager as at 14 March 2018, approximately 24.57% of Dasin Retail Trust's units are held in public hands.

STATISTICS OF UNITHOLDINGS

SUBSTANTIAL UNITHOLDERS AS AT 14 MARCH 2018

Name of Substantial Unitholder	Direct Interest	Deemed Interest
Zhang Zhencheng ⁽¹⁾	-	333,244,387
Aqua Wealth Holdings Limited	329,057,772	-
DBS Trustee Limited ⁽²⁾	-	329,057,772
Zhang Chon Meng ⁽³⁾	-	329,057,772
Bounty Way Investments Limited	28,208,759	-
Fame Gain Holdings Limited ⁽⁴⁾	-	28,208,759
Shine Wind Development Limited ⁽⁴⁾	-	28,208,759
Sino-Ocean Group Holding Limited ⁽⁴⁾	-	28,208,759
China Orient Asset Management (International) Holding Limited	52,100,000	-
Wise Leader Assets Ltd. ⁽⁵⁾	-	52,100,000
Dong Yin Development (Holdings) Limited ⁽⁵⁾	-	52,100,000
China Orient Asset Management Co., Ltd ⁽⁵⁾	-	52,100,000

- (1) Mr. Zhang Zhencheng owns 99% of Dasin Retail Trust Management Pte.Ltd. directly and owns the remaining 1% through Shun Feng Investment limited, and is accordingly deemed to be interested in the Units of Dasin Retail Trust held by Dasin Retail Trust Management Pte. Ltd. Mr. Zhang Zhencheng is also deemed to be interested in the Units held by Aqua Wealth Holdings Limited ("Aqua Wealth"), a family trust that is known as the Zhang Family Settlement (the "Zhang Family Trust"), of which Zhang Zhencheng is the settlor and Zhang Chon Meng, son of Zhang Zhencheng, is the sole beneficiary, and the power to make investment decisions is conferred solely on an investment committee, of which Mr. Zhang Zhencheng is the sole member.
- (2) DBS Trustee Limited ("DBS Trustee") holds the entire issued share capital of Aqua Wealth as the trustee of the Zhang Family Trust, of which Zhang Zhencheng is the settlor and Zhang Chon Meng, son of Zhang Zhencheng, is the sole beneficiary. DBS Trustee is therefore deemed to be interested in the interest held by Aqua Wealth.
- (3) Zhang Chon Meng is the sole beneficiary of the Zhang Family Trust and is therefore deemed to be interested in the interest held by Aqua Wealth.
- (4) Bounty Way is a wholly-owned subsidiary of Fame Gain Holdings Limited ("Fame Gain"), which in turn is a wholly-owned subsidiary of Shine Wind Development Limited ("Shine Wind"). Shine Wind is a wholly-owned subsidiary of Sino-Ocean Group Holding Limited ("Sino-Ocean"). As such, each of Fame Gain, Shine Wind and Sino-Ocean is deemed to be interested in the Units held by Bounty Way.
- (5) China Orient Asset Management Co., Ltd ("COAMC") is a company incorporated in the PRC and is one of the state-owned asset management companies in the PRC. COAMC is the holding company of Dong Yin Development (Holdings) Limited, a company incorporated in Hong Kong ("Dong Yin"). Dong Yin is the indirect holding company of China Orient Asset Management (International) Holding Limited, a company incorporated in Hong Kong ("COAMI") through its direct 50% shareholding and indirectly through its wholly-owned subsidiary Wise Leader Assets Ltd, a company incorporated in the BVI ("Wise Leader"). Each of COAMC, Dong Yin and Wise Leader are deemed to be interested in the units in DRT held by COAMI by virtue of Sections 4(4) and 4(5) of the Securities and Futures Act, Chapter 289 of Singapore.

UNITHOLDINGS OF THE DIRECTORS OF THE TRUSTEE-MANAGER AS AT 21 JANUARY 2018

	Direct Interest	Deemed Interest
Mr. Zhang Zhencheng ⁽¹⁾	-	331,895,123
Mr. Zhang Zhongming ⁽²⁾	-	3,876,200
Dr. Cao Yong	-	-
Mr. Sun Shu	-	-
Mr. Tan Huay Lim	312,500	-
Bounty Way Investments Limited	28,208,759	-

- (1) Mr. Zhang Zhencheng owns 99% of Dasin Retail Trust Management Pte.Ltd. directly and owns the remaining 1% through Shun Feng Investment limited, and is accordingly deemed to be interested in the Units of Dasin Retail Trust held by Dasin Retail Trust Management Pte. Ltd. Mr. Zhang Zhencheng is also deemed to be interested in the Units held by Aqua Wealth Holdings Limited, a family trust where the power to make investment decisions is conferred solely on an investment committee, of which Mr. Zhang Zhencheng is the sole member.

- (2) Mr. Zhang Zhongming is deemed to be interested in 3,876,200 units held by his wife.

ADDITIONAL INFORMATION

A. INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons for the financial year ended 31 December 2017, which fall under the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST") (excluding transactions of less than S\$100,000 each) are as follows:

Name of Interested Persons	Aggregate value of all interested person transactions during the financial year under review (excluding transactions of less than S\$100,000 and transactions conducted under Unitholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions during the financial year under review under Unitholders' mandate pursuant to Rule 920 (excluding transactions of less than S\$100,000)
	S\$'000	S\$'000
Dasin Retail Trust Management Pte. Ltd.		
- Trustee-Manager's trustee fee ⁽¹⁾⁽²⁾	253	N.A.
- Trustee-Manager's base management fee ⁽¹⁾⁽²⁾	3,169	N.A.
Zhongshan Dasin Real Estate Co., Ltd (the Sponsor) and its subsidiaries		
- Commercial management fee ⁽²⁾		
- management fee	534	N.A.
- reimbursement of expenses	1,680	N.A.
- other income	548	N.A.
Zhongshan Dasin Management and Investment Co., Ltd and its subsidiaries		
- Lease agreement	5,938	N.A.
- Security deposit paid	4,962	N.A.
- Reimbursement of expenses	596	N.A.
- Other income	648	N.A.
Zhongshan Jianmei Household Co., Ltd. ⁽³⁾		
- Lease agreement	8,208	N.A.
- Reimbursement of expenses	245	N.A.
Jian Mei Furniture Co., Ltd. (Dongqu Branch) ⁽³⁾		
- Reimbursement of expenses	136	N.A.

N.A. = Not applicable

¹ For the purposes of Rule 907 of the Listing Manual of the SGX-ST, in arriving at this figure, the market price of the units (based on the volume weighted average traded price for all trades done on the Singapore Exchange Securities Trading Limited (the "SGX-ST") in the ordinary course of trading for the last ten business days immediately preceding and including the last day of each quarter end, being the latest business day of each the financial quarter) issued to the Trustee-Manager for its management fees and trustee fees, was used to determine the amount of the aggregate asset management fees and trustee fees paid to the Trustee-Manager for the period from 20 January 2017 to 31 December 2017.

² The entry into and fees and charges payable by DRT to the Trustee-Manager under the Trust Deed, and to the Commercial Manager under the Commercial Management Agreements, each of which constitutes or will, when entered into, constitute an Interested Person Transaction, are deemed to have been specifically approved by the Unitholders upon purchase for the Units and are therefore not subject to Rules 905 and 906 of the Listing Manual to the extent that there is no subsequent change to the rates and/or bases of the fees charged thereunder which will affect DRT. However, any renewal of the agreements will be subject to Rules 905 and 906 of the Listing Manual.

³ Mr Zhang Zhongming, a non-executive director has 30% equity interest in these companies.

ADDITIONAL INFORMATION

Save as disclosed above, there were no additional interested person transactions (excluding transactions of less than S\$100,000 each) or other material transactions entered into during the financial year under review.

Please also see Related Party Transactions in Note 26 of the financial statements.

Subscription of DRT Units

An aggregate of 2,837,351 Units were issued in relation to the Trustee-Manager's base management fee and trustee fee paid during the year. As at 31 December 2017, 1,349,264 Units were in issue and outstanding. In the first quarter of 2018, 99,945 Units will be issued as payment of the trustee fee and 1,249,319 Units as base component of its management fee to the Trustee-Manager.

B UPDATE ON THE USE OF THE IPO PROCEEDS

The Trustee-Manager had disclosed in the Prospectus its estimated allocation of the use of the IPO proceeds, and the Trustee-Manager wishes to update DRT Unitholders on DRT's utilisation of such proceeds:

On 20 January 2017, gross proceeds of approximately S\$160.1 million were raised from the public offering and the issuance of units to Aqua Wealth Holdings Limited, Bounty Way Investments Limited and cornerstone investors, and an amount equivalent to approximately S\$263 million was drawn down from the Onshore Facility and Offshore Facilities (collectively, the "Facilities").

The above proceeds, amount drawn down from the Facilities as well as the aggregate security deposits received under the Master Lease Agreements have been applied towards the following:

	Amounts ⁽¹⁾ RMB'000	Actual amount in SGD equivalent S\$'000	Amount utilised S\$'000	Balance available S\$'000
Acquisition of PRC Properties Companies and Rental Management Companies	1,343,691	282,308	(282,308)	-
Repayment of existing loans and liabilities	382,900	79,275	(79,275)	-
Issue expenses and transaction costs	199,754	41,605	(38,334)	3,271
Working capital needs	137,538	25,760	(26,062)	(302)
	2,063,883	428,948	(425,979)	2,969

⁽¹⁾ Per Listing Announcement dated 20 January 2017

The breakdown on the use of the above funds for working capital needs is as follows:

Uses	Amount utilised S\$'000
Deposits into interest reserve accounts	8,529
Interest, interest rate swap payments and commitment fees	7,836
Distribution for the period from 1 January 2017 to 30 June 2017	7,444
Stamp duty incurred on acquisition of Shiqi Metro Mall	497
Others	1,756
	<u>26,062</u>

Such use stated above is in accordance with the intended use and is materially in accordance with the allocation as stated in the Prospectus.

NOTICE OF ANNUAL GENERAL MEETING



(Business Trust Registration Number: 2017001)

(a business trust constituted on 15 January 2016 under the laws of the Republic of Singapore)

MANAGED BY

DASIN RETAIL TRUST MANAGEMENT PTE. LTD.

(Company Registration Number: 201531845N)

(as Trustee-Manager of Dasin Retail Trust)

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the unitholders of DASIN RETAIL TRUST (“**Dasin Retail Trust**”, and the unitholders of Dasin Retail Trust, “**Unitholders**”) will be held at Pan Pacific Hotel 7 Raffles Boulevard Singapore 039595 Pacific 1, Level 1 on 18 April 2018 at 2.30 pm (Singapore time) and any adjournment thereof (the “**Annual General Meeting**”) to transact the following business:

AS ORDINARY BUSINESS

(Resolution 1)

1. To receive and adopt the Report of the Trustee-Manager issued by Dasin Retail Trust Management Pte. Ltd. (the “**Trustee-Manager**”), the Statement by the Trustee-Manager and the Financial Statements of Dasin Retail Trust for the financial year ended 31 December 2017 and the Auditors’ Report thereon.

(Resolution 2)

2. To re-appoint Messrs Deloitte & Touche LLP as the Auditor of Dasin Retail Trust to hold office until the conclusion of the next Annual General Meeting of Dasin Retail Trust, and to authorise the Trustee-Manager to fix its remuneration.

AS SPECIAL BUSINESS

3. To consider and, if thought fit, to pass with or without any modifications, the following resolutions as Ordinary Resolutions:

(Resolution 3)

That pursuant to Clause 5 of the trust deed constituting Dasin Retail Trust dated 15 January 2016, as supplemented by a first supplemental deed dated 27 December 2016 (the “**Trust Deed**”), Section 36 of the Business Trusts Act, Chapter 31A of Singapore (the “**Business Trusts Act**”) and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), the Trustee-Manager be authorised and empowered to:

- (a)
 - (i) issue units in Dasin Retail Trust (“**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 issuance 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 Trustee-Manager may in its absolute discretion deem fit; and

- (b) issue Units in pursuance of any Instrument made or granted by the Trustee-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 the Instruments, made or granted pursuant to this Resolution) shall not exceed 50.0% of the total number of issued Units (excluding treasury Units and subsidiary holdings, 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 20.0% of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below);
- (2) subject to such manner of calculation as may be prescribed by 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 and subsidiary holdings, if any) shall be based on the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) at the time this Resolution is passed, after adjusting for any subsequent bonus issue, consolidation or subdivision of Units;
- (3) in exercising the authority conferred by this Resolution, the Trustee-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), the Trust Deed for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore) and the Business Trusts Act for the time being in force (unless otherwise exempted or waived by the Monetary Authority of Singapore);
- (4) (unless revoked or varied by the 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 Dasin Retail Trust or (ii) the date by which the next Annual General Meeting of Dasin Retail Trust is required by applicable regulations to be held, whichever is earlier;
- (5) where the terms of the issuance of the Instruments provide for adjustment to the number of Instruments or Units into which the Instruments may be converted, in the events of rights, bonus or other capitalisation issues or any other events, the Trustee-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 Trustee-Manager and any of its Directors, Chief Executive Officer and Chief Financial Officer be and is/ are hereby severally authorised to complete and do all such acts and things (including executing all such documents as may be required) as the Trustee-Manager or, as the case may be, the Director, Chief Executive Officer or Chief Financial Officer may consider expedient or necessary or in the interest of Dasin Retail Trust to give effect to the authority conferred by this Resolution.

BY ORDER OF THE BOARD

Dasin Retail Trust Management Pte. Ltd.
as Trustee-Manager of Dasin Retail Trust

Lun Chee Leong
Company Secretary

03 April 2018

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

Ordinary Resolution 3

Ordinary Resolution 3, if passed, will empower the Trustee-Manager, effective until the conclusion of the next Annual General Meeting of Dasin Retail Trust, or the date by which the next Annual General Meeting of Dasin Retail Trust is required by applicable regulations to be held or such authority is varied or revoked by the Unitholders in a general meeting, whichever is the earliest, to issue Units, make or grant Instruments convertible into Units and to issue Units pursuant to such Instruments, up to a number not exceeding the aggregated of (i) 50.0% of the total number of issued Units (excluding treasury Units and subsidiary holdings, if any), of which up to 20.0% may be issued other than on a pro-rata basis to existing Unitholders.

For determining the aggregate number of Units that may be issued, the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) will be calculated based on the total number of issued Units (excluding treasury Units and subsidiary holdings, if any) at the time Ordinary Resolution 3 in item 3 above is passed, after adjusting for (i) any new Units arising from the conversion or exercise of any Instruments which are outstanding or subsisting at the time when this Resolution is passed and (ii) any subsequent bonus issue, consolidation or subdivision of Units.

Notes:

1. A Unitholder is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. A proxy need not be a Unitholder.
2. Where a Unitholder appoints more than one (1) proxy, he/she must specify the proportion of his/her unitholding (expressed as a percentage of the whole) to be represented by each proxy. Where a Unitholder appoints two (2) proxies and does not specify the number of Units to be represented by each proxy, then the Units held by the Unitholder are deemed to be equally divided between the proxies.
3. A corporation which is a Unitholder may, by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
4. The instrument appointing a proxy or proxies must be deposited at the office of the Unit Registrar Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623 no later than 16 April 2018 at 2.30p.m., being forty-eight (48) hours before the time appointed for holding the 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 and/or any adjournment thereof, a Unitholder (i) consents to the collection, use and disclosure of the Unitholder's personal data by the Trustee-Manager (or its agents or service providers) for the purpose of the processing and administration by the Trustee-Manager (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Trustee-Manager (or its agents or service providers) 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 Trustee-Manager (or its agents and service providers), the Unitholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Trustee-Manager (or its agents and service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Unitholder will indemnify the Trustee-Manager in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Unitholder's breach of warranty.

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DASIN RETAIL TRUST
大信商用信托

(a business trust constituted on 15 January 2016 under the laws of the Republic of Singapore)

Managed by Dasin Retail Trust Management Pte. Ltd.
 (Company Registration Number: 201531845N)
 (as Trustee-Manager of Dasin Retail Trust)

PROXY FORM
ANNUAL GENERAL MEETING

*I/We _____ (Name) _____ (NRIC/Passport No.) of
 _____ (Address) being *a Unitholder/Unitholders of Dasin Retail Trust, hereby
 appoint

Name:	NRIC/Passport:	Proportion of Unitholdings	
		No. of Units	%
Address:			

*and/or

Name:	NRIC/Passport:	Proportion of Unitholdings	
		No. of Units	%
Address:			

Or failing *him/her/them, the Chairman of the Annual General Meeting (the "AGM") as *my/our *proxy/proxies to attend and vote for *me/us on my/our behalf at the AGM of Dasin Retail Trust to be held at Pan Pacific Hotel 7 Raffles Boulevard Singapore 039595 Pacific 1, Level 1 on Wednesday, 18 April 2018 at 2:30 p.m. and any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion as *he/she/they may on any other matter arising at the AGM.

No.	Ordinary Resolutions	For [#]	Against [#]
1.	To receive and adopt the Report of the Trustee-Manager, the Statement by the Trustee-Manager and the Financial Statements of Dasin Retail Trust for the financial year ended 31 December 2017 and the Auditors' Report		
2.	To re-appoint Messrs Deloitte & Touche LLP as Auditors of Dasin Retail Trust to hold office until the conclusion of the next AGM of Dasin Retail Trust, and to authorise the Trustee-Manager to fix their remuneration.		
3.	To authorise the Trustee-Manager to issue Units and to make or grant convertible instruments, subject to the limits specified in that resolution.		

* Delete appropriately

if you wish to use all your votes "For" or "Against", please indicate with an "X" within the box provided. Otherwise, please indicate number of votes "For" or "Against" each resolution within the box provided.

Dated this _____ day of _____ 2018

Total number of Units held

 Signature(s) of Unitholder(s) /
 Common Seal of Corporate Unitholder

Important: Please read the notes to the proxy form.

Notes:

1. A Unitholder of Dasin Retail Trust ("Unitholder") entitled to attend and vote at the Annual General Meeting ("AGM") is entitled to appoint not more than two (2) proxies to attend, speak and vote in his/her stead. A proxy need not be a Unitholder. Where a Unitholder appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
2. Where a Unitholder appoints more than one (1) proxy, he/she must specify the proportion of his/her unitholding (expressed as a percentage of the whole) to be represented by each proxy. Where a Unitholder appoints two (2) proxies and does not specify the number of Units to be represented by each proxy, then the Units held by the Unitholder are deemed to be equally divided between the proxies.
3. A Unitholder should insert the total number of Units held in the Proxy Form. If the Unitholder has Units entered against his name in the Depository Register (as defined under Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore) maintained by The Central Depository (Pte) Limited ("CDP"), he should insert that number of Units. If the Unitholder has Units registered in his name in the Register of Unitholders of Dasin Retail Trust, he should insert that number of Units. If the Unitholders has Units entered against his name in the said Depository Register and registered in his name in the Register of Unitholders, he should insert the aggregate number of Units. If no number is inserted, the Proxy Form will be deemed to relate to all the Units held by the Unitholder.
4. The Proxy Form must be deposited at the office of the Unit Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 not less than forty-eight (48) hours before the time appointed for holding the AGM.
5. Completion and return of the Proxy Form shall not preclude a Unitholder from attending and voting at the AGM. Any appointments of a proxy or proxies shall be deemed to be revoked if a Unitholder attends the AGM in person, and in such event, the Trustee-Manager reserves the right to refuse to admit any person or persons appointed under the Proxy Form, to the AGM.
6. The Proxy Form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed under the common seal or under the hand of an officer or attorney so authorised. The Trustee-Manager shall be entitled and be bound, in determining the rights to vote and other matters in respect of a completed Proxy Form submitted to it, to have regard to any instructions and/or notes set out in the Proxy Form.

1st fold

AFFIX
STAMP

Dasin Retail Trust Management Pte. Ltd.
(As Trustee-Manager of Dasin Retail Trust)
c/o Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

2nd fold

7. Where the Proxy Form is signed on behalf of the appointor by an attorney or a duly authorised officer, the power of attorney or other authority (if any) under which it is signed, or a notarial certified copy of such power of authority must (failing previous registration with the Trustee-Manager) be lodged with the Proxy Form, failing which the Proxy Form may be treated as invalid.
8. A corporation which is a Unitholder may, by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.
9. The Trustee-Manager shall have the right to reject a Proxy Form which has not been properly completed. In addition, in the case of Units entered in the Depository Register, the Trustee-Manager shall be entitled and bound: (a) to reject a Proxy Form if the Unitholder, being the appointor, is not shown to have Units entered against his name in the Depository Register as at forty-eight (48) hours before the time appointed for holding the AGM, as certified by CDP to Dasin Retail Trust; and (b) to accept as the maximum number of votes which in aggregate that Unitholder and his proxy or proxies (if any) are able to cast on a poll a number which is the number of Units entered against the name of that Unitholder in the Depository Register as at forty-eight (48) hours before the time of the relevant meeting as certified by the CDP to Dasin Retail Trust, whether that number is greater or smaller than that specified by the Unitholder or in the Proxy Form.
10. No instrument appointing a proxy or proxies shall be valid after the expiration of twelve (12) months from the date named in it as the date of its execution. A person appointed to act as a proxy need not be a Holder.
11. All Unitholders will be bound by the outcome of the AGM regardless of whether they have attended or voted at the AGM.

Personal Data Privacy

By submitting an instrument appointing a proxy or proxies, the Unitholder accepts and agrees to the Personal Data Privacy terms set out in the Notice of AGM dated 3 April 2018.

**DASIN RETAIL TRUST
MANAGEMENT PTE. LTD.**

(As Trustee-Manager of Dasin Retail Trust)

8 Marina Boulevard #14-02
Marina Bay Financial Centre Tower 1
Singapore 018981

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Website: www.dasintrust.com