CEO Business Review

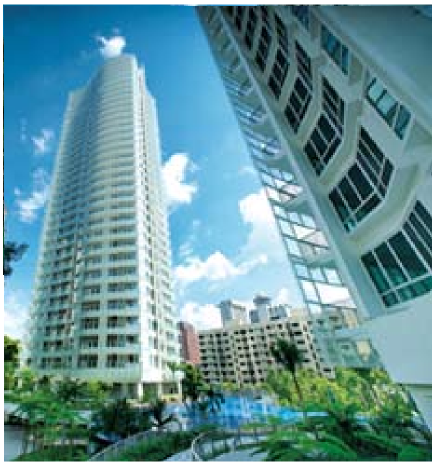
PROPERTIES

distinctive developments

"Going forward, the Group will continue to monitor the markets closely for new investment and acquisition opportunities. Other than Singapore, the Group will focus on strengthening our overseas presence, particularly in China and Australia, as well as emerging Asian economies such as Vietnam."

LIM EE SENG – CHIEF EXECUTIVE OFFICER

From top, clockwise:
Lumiere Residences, Sydney
YewTee Point, Singapore
St. Thomas Suites, Singapore



REVENUE INCREASED 4% TO

$1.915B

PBIT INCREASED 28% TO

$586M

Business Overview

We are happy to report a strong performance from the Properties division. Underpinned by pre-sold residential properties in Singapore and higher sales from overseas residential properties, we achieved total revenue of $1.915b. This improved performance was a 4% increase over the $1.839b recorded last year. Coupled with higher rental income from our investment properties, the Properties division posted PBIT of $586m, 28% above last year.

During the year, we sold over 1,600 residential units in our core markets, injected two properties into our retail real estate investment trust ("REIT"), and grew our Gold-Standard serviced residence presence internationally.

Market Review

Singapore's economy expanded strongly, with growth across a broad range of industries. In 1Q2010 and 1H2010, GDP grew 46% and 27%, respectively. Notwithstanding the sequential contraction in 3Q2010, the Ministry of Trade and Industry announced that Singapore's economy remains on track to achieve an overall growth forecast of 13% to 15% for 2010.

Backed by a robust economy, Singapore's residential sales momentum remained strong through 3Q2010. Total take-up of new private residential homes for the ten months to October 2010 totalled 13,109 units[1], against 14,688 units in the full year of 2009. Private residential home prices also climbed 3% in 3Q2010, compared with the 5% and 6% increase in 2Q2010 and 1Q2010, respectively.

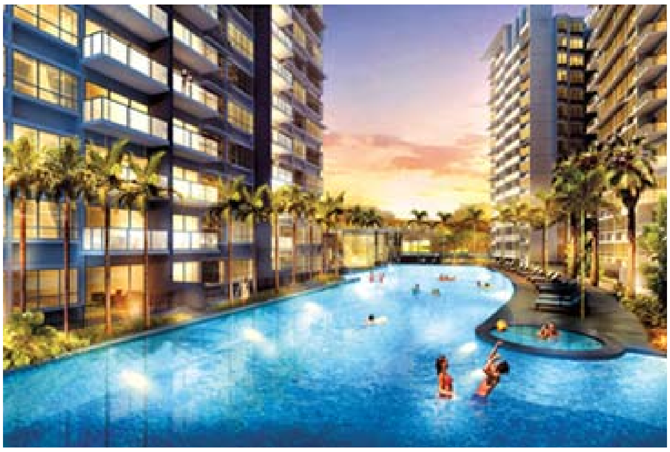
Singapore retail segment remained strong this year. Rental and occupancy rates remained robust, especially at suburban malls.

Office rents in Singapore continued to strengthen after turning around in 2Q2010. Grade A rents rose 7% in 3Q2010, to average $9.00psf per month while occupancy increased to 97% from 94% in 2Q2010.

[1] *Excludes executive condominiums, which are a hybrid of public and private housing*

CEO Business Review

PROPERTIES



From left to right: *Waterfront Gold, Singapore*
Flamingo Valley, Singapore

Development

Singapore – Providing for future growth

Singapore remains a key development market for the Group. Coupled with our commitment to turning over our land bank for efficient capital management, this year, the Group launched several mass market segment projects and added five sites to our land bank. The development pipeline, together with successful pre-sold development projects, provides the Group a platform for future growth.

This year, we launched the 81-unit *Residences Botanique* in January, the 393-unit freehold *Flamingo Valley* in May and the 361-unit phase 3 of The Waterfront Collection, *Waterfront Gold* in June. *Residences Botanique* and *Waterfront Gold* recorded strong sales with 98% and 53% sold, respectively. Together with the remaining units at *Waterfront Waves* and *Waterfront Key* which were launched last year, we sold a total of 575 units in Singapore this year.

We also obtained Temporary Occupation Permits for the 240-unit *ClementiWoods* and 176-unit *St Thomas Suites*, both of which are fully sold residential projects in Singapore.

We continued to tap on the government land sales programme to replenish our land bank, with a strong focus on cost discipline (in pricing our land bids and managing construction costs) and capital recycling (managing turnaround time to launch and working with joint venture partners). Having successfully acquired an executive condominium site at Sengkang in March 2010 for $315psf, we launched it six months later as *Esparina Residences*, at an average selling price of $740psf. *Esparina Residences* was undertaken in partnership with Lum Chang Construction Company. Subsequently, in partnership with Far East Organization ("FEO"), the Group successfully tendered for another two residential development sites – Yishun in August for $321psf and Pasir Ris in September for $335psf. In July, the Group acquired *Starhub Centre*, a prime site located in the heart of Orchard Road, for $380m. With a gross floor area of about 330,000sqf, this site offers exciting re-development potential into a mixed high-end residential and retail development that can be integrated with *The Centrepoint*, our retail mall, which is currently connected to *Starhub Centre* via a second-storey link bridge. In November 2010, in a partnership with FEO and Sekisui House (a top Japanese home builder), we secured another site at Upper Serangoon for $320psf. In total, these acquisitions have shored up our land bank for the next two years, with about 3m sqf of potential gross saleable area for the development of about 2,900 units, mainly in the mass market segment.

Projects currently under development – Singapore

Projects	No. of Units	% Sold 30 Sep 2010	% Completion @ 30 Sep 2010	Ave. Selling Price ($ psf)	Land Cost ($ psf)	Est. Completion Date
Soleil@Sinaran	417	93%	79%	1,405	510	3Q2011
Martin Place Residences	302	99%	67%	1,520	666	3Q2011
Waterfront Waves[1]	405	100%	63%	750	240	4Q2011
Woodsville 28	110	100%	53%	880	434	3Q2011
Caspian	712	100%	35%	610	248	3Q2012
Waterfront Key[1]	437	80%	31%	740	240	4Q2012
Residences Botanique	81	98%	28%	1,020	260	2Q2012
8@Woodleigh	330	100%	21%	790	267	3Q2012
Flamingo Valley	393	18%	0%	1,200	415	3Q2014
Waterfront Gold[1]	361	53%	0%	850	240	1Q2013

Note:
1 50/50 joint venture with Far East Organization

Land bank – Singapore

Projects	Location	Effective Interest	Est. No. of Units	Est. Saleable Area ('mil sqf)	Land Cost ($ psf ppr)	Tenure	Est. Launch Ready Date
Esparina Residences[1]	Sengkang	80%	573	0.58	315	Leasehold	4Q2010
Hougang S19	Upper Serangoon	50%	472	0.46	320	Leasehold	2012
Pasir Ris S10a	Pasir Ris Dr 3/4	50%	436	0.45	335	Leasehold	2011
Starhub Centre	Orchard	100%	240	0.33	1,015	Leasehold	TBC
Waterfront Isle	Bedok Reservoir	50%	556	0.57	240	Leasehold	2Q2011
Yishun site	Yishun Ave 2	50%	667	0.71	321	Leasehold	2011
TOTAL			**2,944**	**3.10**			

Note:
1 Launched in October 2010
TBC denotes To Be Confirmed

Waterfront Key, Singapore

CEO Business Review
PROPERTIES

Overseas - Delivering our overseas pipeline; diversified overseas play
We continued to deliver on our overseas development pipeline. Riding on sustained demand for quality homes in our key markets, this year, the Group sold 644 units in China and 455 units in Australia.

In China, sales momentum at *Baitang One* in Suzhou continued to be strong. A total of 651 units (including options) have been sold in phases 1a and 1b, at an average selling price of RMB13,383psm and RMB13,590psm, respectively. For *Shanshui Four Seasons* phase 1, which was launched in FY2009, about 405 units have been sold so far (out of 418 units) at an average selling price of RMB13,470psm.

Demand for office space at *A-Space* in Chengdu continued to be strong with sales totalling RMB184m for the 94 units (including options) sold. The average selling price achieved was about RMB5,400psm.

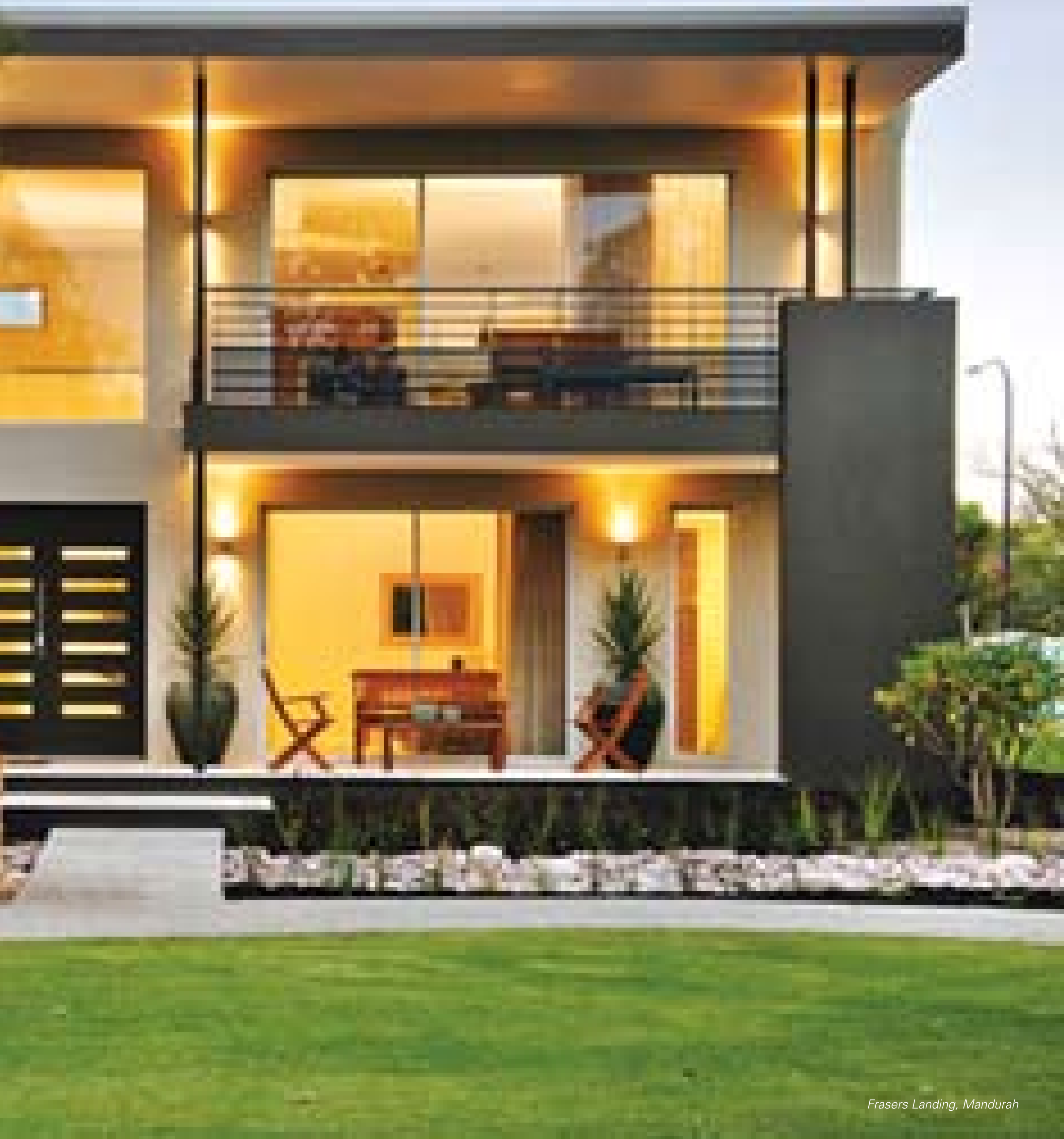
Shanshui Four Seasons, Shanghai

In Australia, the Group successfully launched *One Central Park* ("OCP"), the first phase development of *Central Park*, the former Carlton United Brewery site in Sydney in August. *OCP*, designed by Pritzker prize-winning architect Jean Nouvel, comprises two residential towers above a 6-level retail and leisure podium. The project has been very well received, with unit prices ranging from A$535,000 to A$1.3m. At the end of September 2010, a total of 295 units (including options) have been sold.

Over at City Quarter, Sydney, we saw brisk sales of the completed 409-unit *Trio* and *Alexandra*. Including the 150 units sold in this financial year, we have successfully sold 345 units (or 85%)from these projects at an average selling price of A$660psf. At *Frasers Landing* in Western Australia, where the group is planning a future community of 1,180 homes (houses and apartments) across 12 hamlets, a total of 23 properties were sold, totalling A$11m this year.

The Group also strengthened its presence in Sydney with the acquisition of a 13.5 ha site at Ryde from the Royal Rehabilitation Centre of Sydney for A$83m ($98m). The site allows for the development of close to 800 residences including houses, town-houses and apartments. The Group now has a substantial land bank in Australasia of about 7.7m sqf, with a development potential for over 5,300 homes.

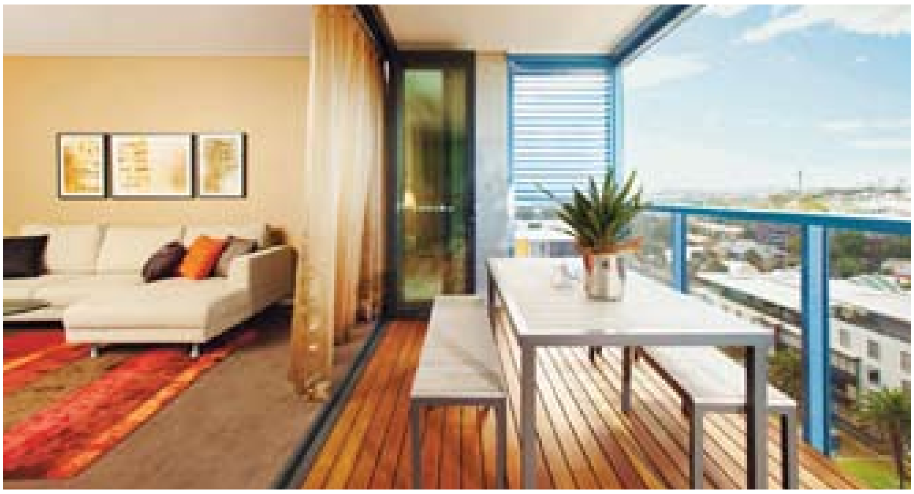
quality homes distinctive living



Frasers Landing, Mandurah

CEO Business Review

PROPERTIES



From left to right: *Lumiere Residences, Sydney*
Trio, Sydney

Projects currently under development – Overseas

Australia

Projects	Location	Effective Interest	No. Of Units	% Sold @ 30 Sep 2010	% Completion @ 30 Sep 2010	Ave. Selling Price (A$ psf)	Land Cost (A$ psf)	Est. Completion Date
Lorne Killara	Sydney	75.0%	40	38%	100%	700	123	Completed
Lumiere Residences	Sydney	81.0%	456	96%	100%	1,000	90	Completed
Trio/Alexandra	Sydney	88.0%	409	85%	100%	660	98	Completed
One Central Park	Sydney	75.0%	623	40%	–	1,020	83	3Q2013

China

Projects	Location	Effective Interest	No. Of Units	% Sold @ 30 Sep 2010	% Completion @ 30 Sep 2010	Ave. Selling Price (RMB psm)	Land Cost (RMB psf)	Est. Completion Date
Chengdu Logistic Park (Office) - Phase 1	Chengdu	80.0%	137	52%	100%	5,390	26	Completed
Shanshui Four Seasons - Phase 1	Shanghai	76.0%	418	96%	100%	13,470	145	Completed
Baitang One - Phase 1a	Suzhou	100.0%	426	99%	86%	13,380	233	3Q2011
Baitang One - Phase 1b	Suzhou	100.0%	542	28%	33%	13,590	233	4Q2011


From left to right: *Central Park, Sydney*
Trio, Sydney

Land bank – Overseas

Australasia

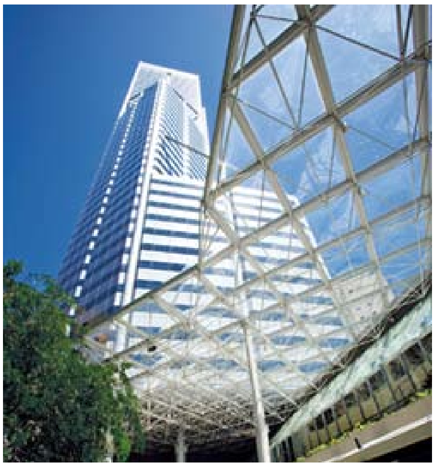
Projects	Location	Effective Interest	Est. No. Of Units	Est. Saleable Area ('mil sqf)	Land Cost (A$ psf)	Est. Selling Price (A$ psf)
Central Park (CUB site)	Sydney	75.0%	1,557	2.0	83	900-950
Frasers Landing	Mandurah	56.3%	1,180	1.7	10	250-350
Killara Pavillions	Sydney	75.0%	99	0.1	149	700-900
Parramatta River	Parramatta	75.0%	550	0.6	39	600-700
Putney/Ryde (Royal Rehab site)	Sydney	75.0%	791	1.1	83	–
Queens Riverside	Perth	87.5%	439	0.6	37	660-810
Coast Papamoa Beach	New Zealand	67.5%	684	1.5	NZ$15	NZ$350-450
Broadview Rise	New Zealand	75.0%	29	0.1	NZ$61	NZ$400-500
TOTAL			**5,329**	**7.7**		

China

Projects	Location	Effective Interest	Est. No. Of Units	Est. Saleable Area ('mil sqf)	Land Cost (RMB psf)	Est. Selling Price (RMB psm)
Baitang One - Phase 2-4	Suzhou	100.0%	2,858	4.6	250	11,300-20,000
Shanshui Four Seasons - Phase 2-4	Shanghai	76.0%	3,900	7.4	150	12,000-24,000
Residential			**6,758**	**12.0**		
Chengdu Logistic Park	Chengdu	80.0%	–	6.0	–	–
Vision Shenzhen Business Park - Phase 3	Shenzhen	56.2%	–	2.6	–	–
Commercial			**–**	**8.6**		
TOTAL			**6,758**	**20.6**		

CEO Business Review

PROPERTIES



From top to bottom:
Central Park, Sydney
Northpoint, Singapore

Retail

Continuing to unlock value in assets

As part of the Group's active portfolio management strategy, we injected two Singapore suburban retail malls, *Northpoint Extension* and *YewTee Point*, into FCT for $290m in February 2010. This transaction further enhanced the Group's capital productivity, following the successful divestment of *Alexandra Technopark* into FCOT in August 2009. To part-finance this transaction, FCT issued new units. To help improve FCT's free float, the Group chose not to subscribe to these new units. As a result, our shareholding in FCT was reduced to 43%, from 52%.

Aided by contributions from new acquisitions and a strong recovery in *Northpoint's* operating performance post-completion of enhancement works, FCT achieved record full year gross revenue and net property income. Since listing in 2006, it has achieved four consecutive years of distribution per unit growth with a compounded annual growth rate of 8%. To unlock value, FCT embarked on a $72m asset enhancement programme for *Causeway Point* in July 2010. Targeted to complete in December 2012, the refurbishment is geared towards enhancing property yields and shopper experience.

Commercial

Commercial Property's portfolio of retail malls, offices and business parks, held directly under the Group, through our REITs, Frasers Centrepoint Trust ("FCT") and Frasers Commercial Trust ("FCOT"), and a subsidiary in Hong Kong, Frasers Property China, delivered a strong performance. At the end of the financial year, the Commercial Property division had a combined portfolio value of over $4.5b comprising 25 properties (excluding *Changi City Point*, *Changi Business Park* and *Compass Point*) with a total lettable area of over 6m sqf. The portfolio continued to deliver stable earnings, with healthy occupancy. In line with our strategy of unlocking value from our investment properties, the Group has successfully injected two good quality retail assets into our retail REIT, FCT, yielding attractive gains.

Office / Business Park Space

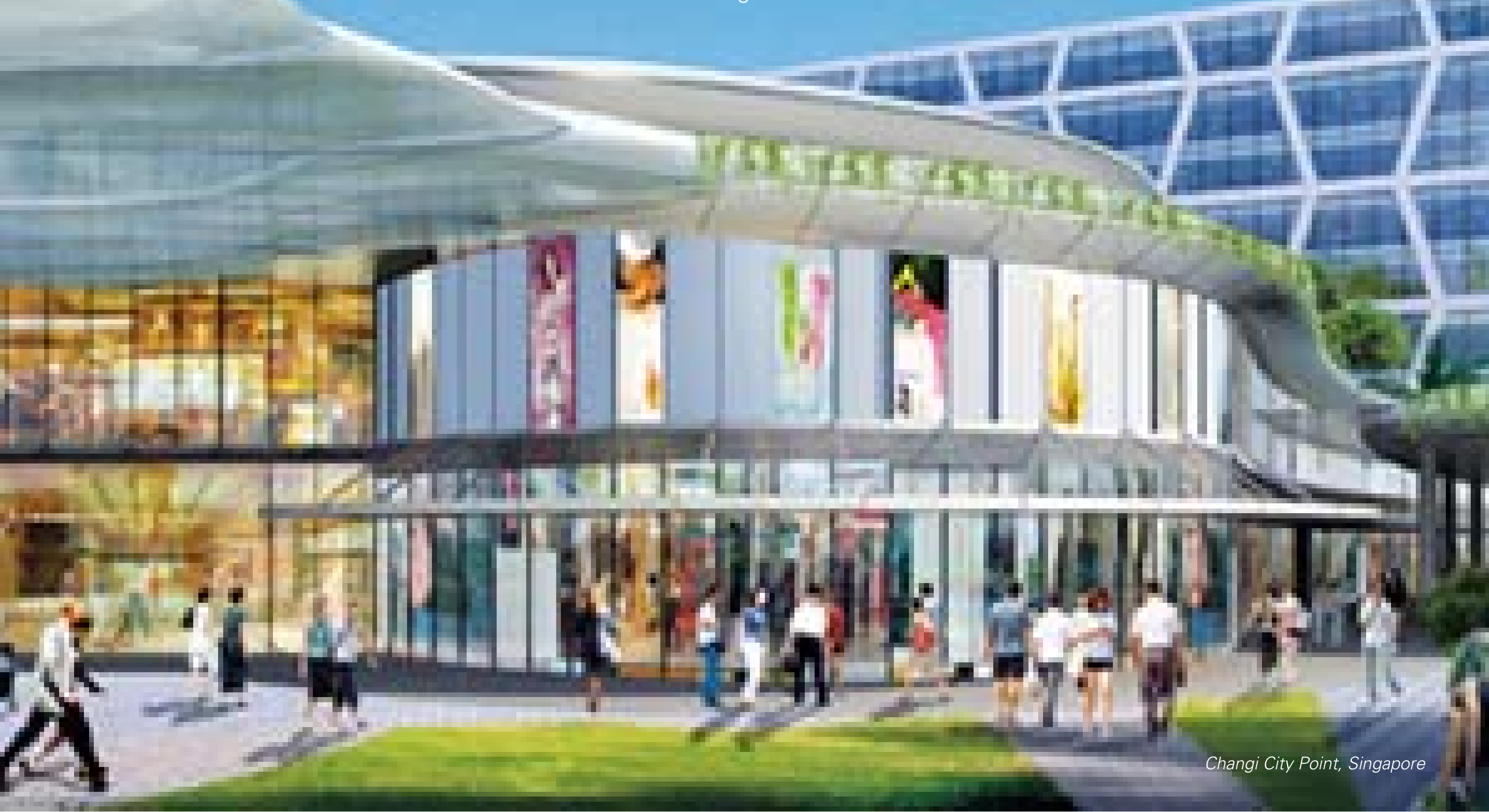
Improving asset performance
Following the transformational recapitalisation and refinancing exercise in FY2009, FCOT ended FY2010 on a firm footing with full year DPU up 31% to $34m. This year, it also achieved an average occupancy of over 96% for its Singapore and Australia properties. These excellent results were boosted by the Manager's marketing efforts and tenant retention strategy, as well as strong economic recovery. *KeyPoint* in particular recorded five consecutive quarters of growth in occupancy rates. For the last financial quarter, both *KeyPoint* and the Australia properties recorded higher revenue compared to a year ago.

In China, phases 1 and 2 of *Vision Shenzhen Business Park* - comprising 7 medium-rise blocks of hi-tech business park space around a 16,000sqm lush landscaped park - continued to enjoy almost full occupancy. Development work on the new phase 3 is expected to commence in 2011. Upon completion, this 240,000sqm development, together with phases 1 and 2, is expected to be a landmark project within Shenzhen and the greater Pearl River Delta region.

Developing greenfield projects

Located within the Bedok Town Centre with a large population of 295,000 residents, *Bedok Point* is a 4-storey retail mall with 2 basements, offering a net lettable area of 81,000sqf. At about 96% leased, *Bedok Point* was completed in November 2010. In keeping with our commitment to improve capital productivity by divesting commercial properties with stable yields into our REITs, we have earmarked this retail mall for injection into FCT once operations stabilise, subject to favourable capital market conditions.

Another pipeline asset is our joint venture with Ascendas Pte Ltd, *Changi City Point*. Strategically situated at the gateway to *Changi Business Park*, the construction of *Changi City Point*, a 208,000-sqf of retail mall space has started and is expected to complete by 2H2011.



Changi City Point, Singapore

CEO Business Review

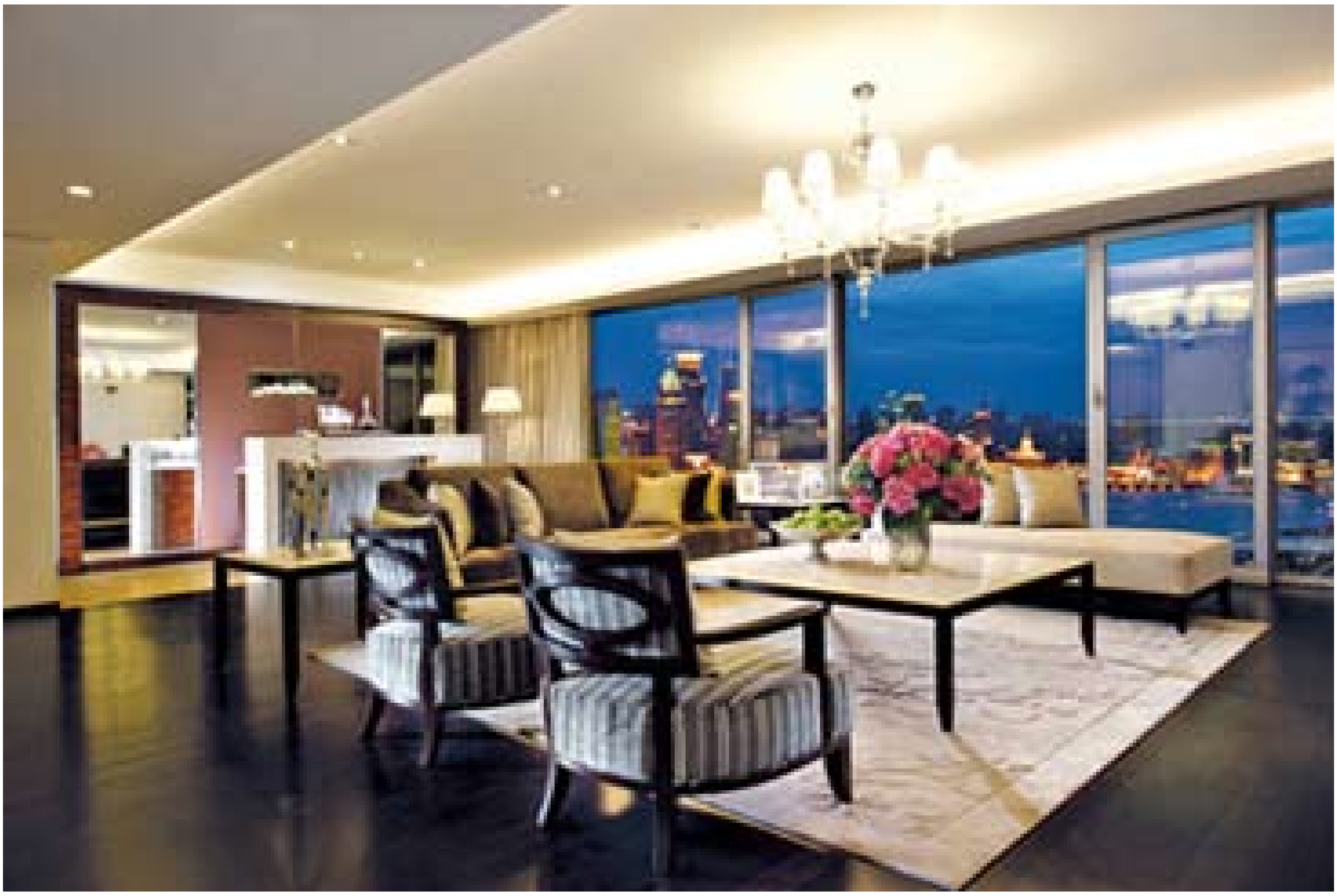
PROPERTIES

Commercial Portfolio

Properties	Effective Interest	Book Value ($'m)	Net Lettable Area (sqf)	Occupancy FY2009	Occupancy FY2010
Singapore					
REIT (Frasers Centrepoint Trust) - Singapore					
Anchorpoint	42.9%	76	71,610	97%	99%
Causeway Point	42.9%	730	418,543	100%	97%[5]
Northpoint	42.9%	503	149,365	90%[5]	99%
Northpoint Extension	42.9%		85,517	100%	100%
YewTee Point	42.9%	130	72,948	97%	98%
Non-REIT Retail Asset - Singapore					
Bedok Point[1]	100.0%	NA	80,985	NA	NA
Changi City Point[1,2]	50.0%	NA	207,000[6]	NA	NA
Compass Point[3]	–	NA	266,586	100%	100%
Robertson Walk *(Retail)*	100.0%	54	97,605	84%	73%
The Centrepoint	100.0%	581	332,261[7]	98%	98%
Valley Point *(Retail)*	100.0%	23	39,817	100%	100%
Overseas					
Non-REIT Retail Asset - Overseas					
Australia, Sydney - Bridgepoint	100.0%	A$42m	76,018	96%	96%
China, Beijing - Crosspoint	100.0%	RMB261m	160,900	89%	68%
Total RETAIL			**2,056,155**		
Singapore					
REIT (Frasers Commercial Trust) - Singapore					
55 Market Street	24.4%	120	72,109	93%	83%
Alexandra Technopark	24.4%	351	1,048,745	100%	100%
China Square Central	24.4%	545	368,328	100%	100%
KeyPoint	24.4%	283	309,905	71%	81%
Non-REIT Office/Business Park Asset - Singapore					
Alexandra Point[4]	100.0%	154	198,436	98%	98%
Changi Business Park *(Business Park)*	50.0%	NA	1,264,931[6]	NA	NA
Valley Point *(Office)*	100.0%	165	182,429	97%	94%
Overseas					
REIT (Frasers Commercial Trust) - Overseas					
Australia, Canberra - Caroline Chisholm Centre	12.2%	136	216,591	100%	100%
Australia, Perth - Central Park	12.2%	235	356,663	94%	98%
Japan, Osaka - Cosmo Plaza	24.4%	49	224,028	62%	26%
Japan, Osaka - Galleria Otemae Building	24.4%	74	108,509	62%	89%
Japan, Tokyo - Azabu Aco Building	24.4%	22	15,944	100%	100%
Japan, Tokyo - Ebara Techno-Serve Headquarters Building	24.4%	38	52,050	100%	100%
Non-REIT Office/Business Park Asset - Overseas					
China, Beijing - Sohu.com Internet Plaza	34.0%	RMB248m	159,520	96%	98%
China, Shenzhen - Shenzhen Hi-Tech Industrial Park (Phase 1 & 2)	56.2%	RMB756m	1,378,300	98%	100%
Vietnam, Ho Chi Minh City - Me Linh Point	75.0%	60	190,995	95%	95%
Total OFFICE			**6,147,393**		
COMMERCIAL PROPERTIES			**8,203,547**		

Note:

1 Currently under development
2 Joint venture with Ascendas Pte Ltd
3 Managed by Frasers Centrepoint Group
4 The Group injected Alexandra Technopark, a freehold site, into FCOT as a 99-year leasehold property for a consideration of $343m on 26 Aug 2009
5 Lower occupancy due to planned enhancement work
6 Estimated gross floor area
7 Excludes floor space held by Management Corp Strata Title



Fraser Suites Top Glory, Shanghai

Hospitality

Building a premier global leader in serviced residences

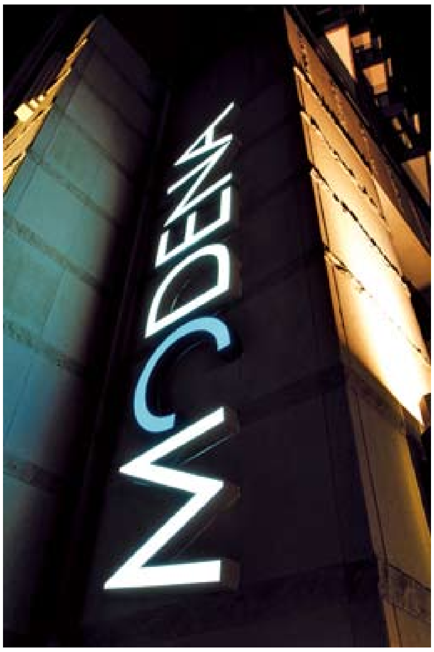
Frasers Hospitality continues to be a dominant force in the international serviced residence category with 38 properties in over 20 gateway cities – a total of 5,346 units in prime locations worldwide. Increasingly, it is occupying a leadership role in major markets, particularly in the Asia region. Development plans are on track to manage more than 60 properties over the next five years.

Our recently launched second brand, *Modena*, opened two new residences this year – *Modena Shanghai Putuo* and *Modena Heping Tianjin*, in response to the emergence of a new breed of 'road warrior business travellers'.

In the year under review, Frasers Hospitality signed four Memorandums of Understanding with owners in Chennai, Doha, Wuxi and Wuhan.

The company also signed eight management agreements to manage apartments in Bangkok, Budapest, Doha, Chennai, Hanoi, Wuxi and Wuhan. Including Modena, the number of units signed up totalled 994.

This year, six properties commenced operations - *Fraser Suites Edinburgh* in November 2009, *Modena Heping Tianjin* in January 2010, *Fraser Suites Seef*, Bahrain and *Modena Putuo, Shanghai* in March; *Fraser Place Kuala Lumpur* in June, and *Fraser Residence Nankai*, Osaka in September, bringing the total number of operational and signed up apartments to 9,887 units.



Modena Shanghai Putuo

CEO Business Review

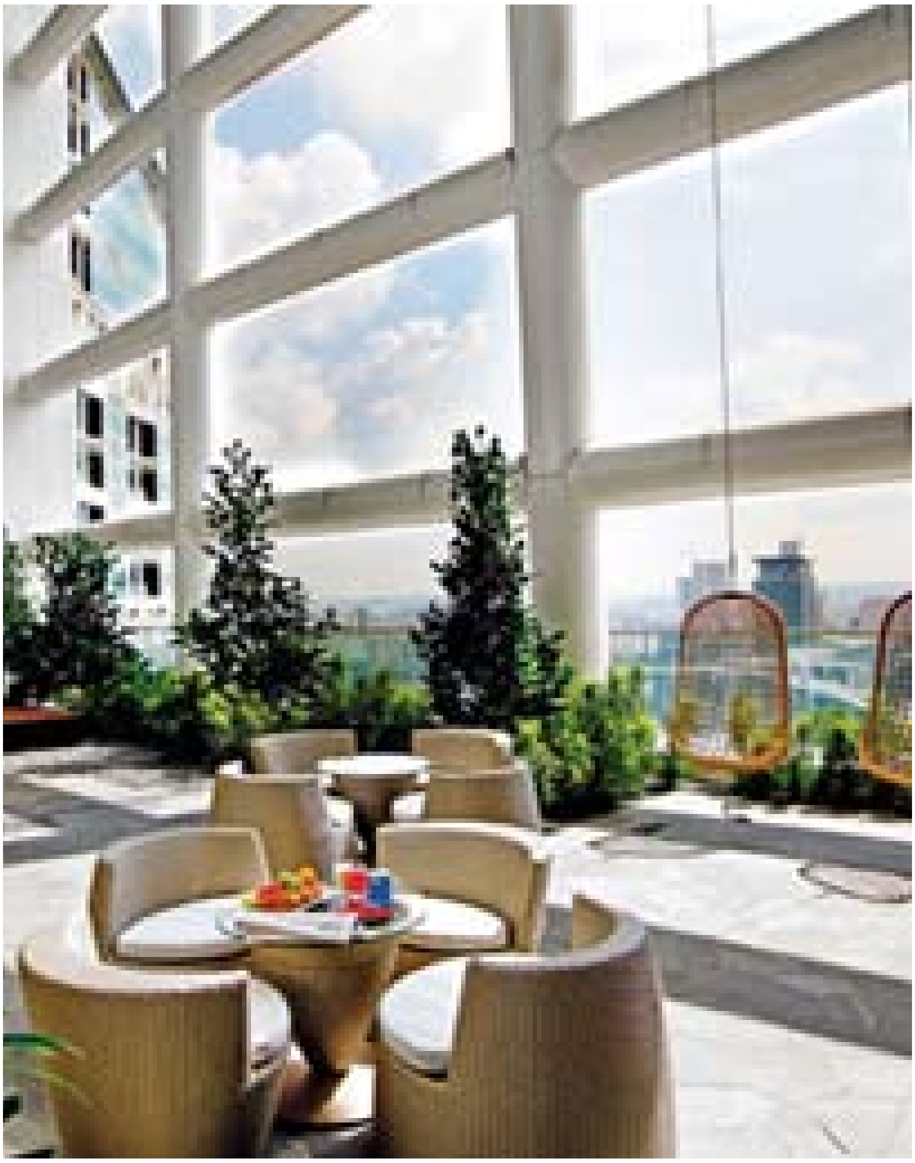
PROPERTIES

Owned Properties

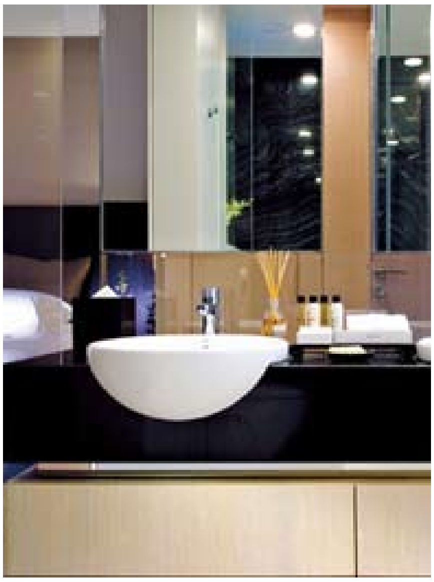
Country	Properties	Equity (%)	No. of Units	Occupancy FY2009	Occupancy FY2010	Ave. Daily Rate FY2010
Australia	Fraser Suites Sydney	80.5	201	90%	89%	A$223
China	Fraser Suites Beijing	100.0	357	87%	85%	RMB586
London	Fraser Place Canary Wharf	33.3	63	93%	90%	£143
	Fraser Place Chelsea	20.0	30	78%	89%	£101
	Fraser Suites Kensington	20.0	69	76%	69%	£197
Philippines	Fraser Place Manila	100.0	89	87%	87%	PHP 6,184
Scotland	Fraser Suites Glasgow	33.3	99	78%	72%	£73
	Fraser Suites Edinburgh	51.0	75	Newly Opened	68%	£98
Singapore	Fraser Place Singapore	100.0	161	90%	94%	S$271
	Fraser Suites Singapore[1]	100.0	251	84%	85%	S$238
TOTAL NO. OF ROOMS (OWNED)			**1,395**			

Note:
1 Planned enhancement work affected occupancy

Country	Property	No. of Units
Bahrain	Fraser Suites Bahrain	91
China	Fraser Place Shekou	232
	Fraser Residence Shanghai	272
	Fraser Suites Shanghai	187
	Fraser Residence CBD East Beijing	228
	Fraser Suites Nanjing	210
	Modena Shanghai Putuo	407
	Modena Heping, Tianjin	104
France	Fraser Suites Harmonie, Paris La Defense	134
	Le Claridge Champs - Elysees, Fraser Suites, Paris	110
Hong Kong	Fraser Suites Hong Kong	87
London, UK	Fraser Residence Prince of Wales	18
	Fraser Place Queens Gate	106
	Fraser Residence Blackfriars, London	12
	Fraser Residence Islington	70
	Fraser Residence Monument	14
	Fraser Residence City	22
Malaysia	Fraser Place Kuala Lumpur	216
Philippines	Fraser Place Manila	35
Singapore	Fraser Place Fusionopolis, Singapore	50
South Korea	Fraser Suites Insadong, Seoul	213
	Fraser Place Central Seoul	237
Thailand	Fraser Place Urbana Langsuan, Bangkok	143
	Fraser Suites Urbana Sathorn, Bangkok	156
	Fraser Suites Sukhumvit, Bangkok	163
	Fraser Resort Pattaya	84
UAE	Fraser Suites Dubai	180
Vietnam	Fraser Suites Hanoi	170
TOTAL NO. OF ROOMS (UNDER MANAGEMENT)		**3,951**

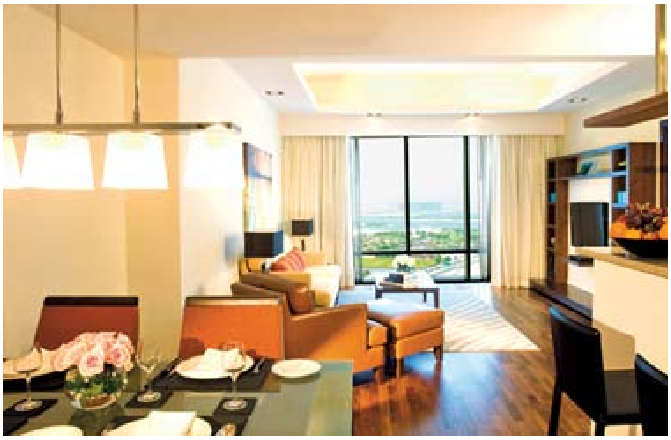


Fraser Place Fusionopolis, Singapore



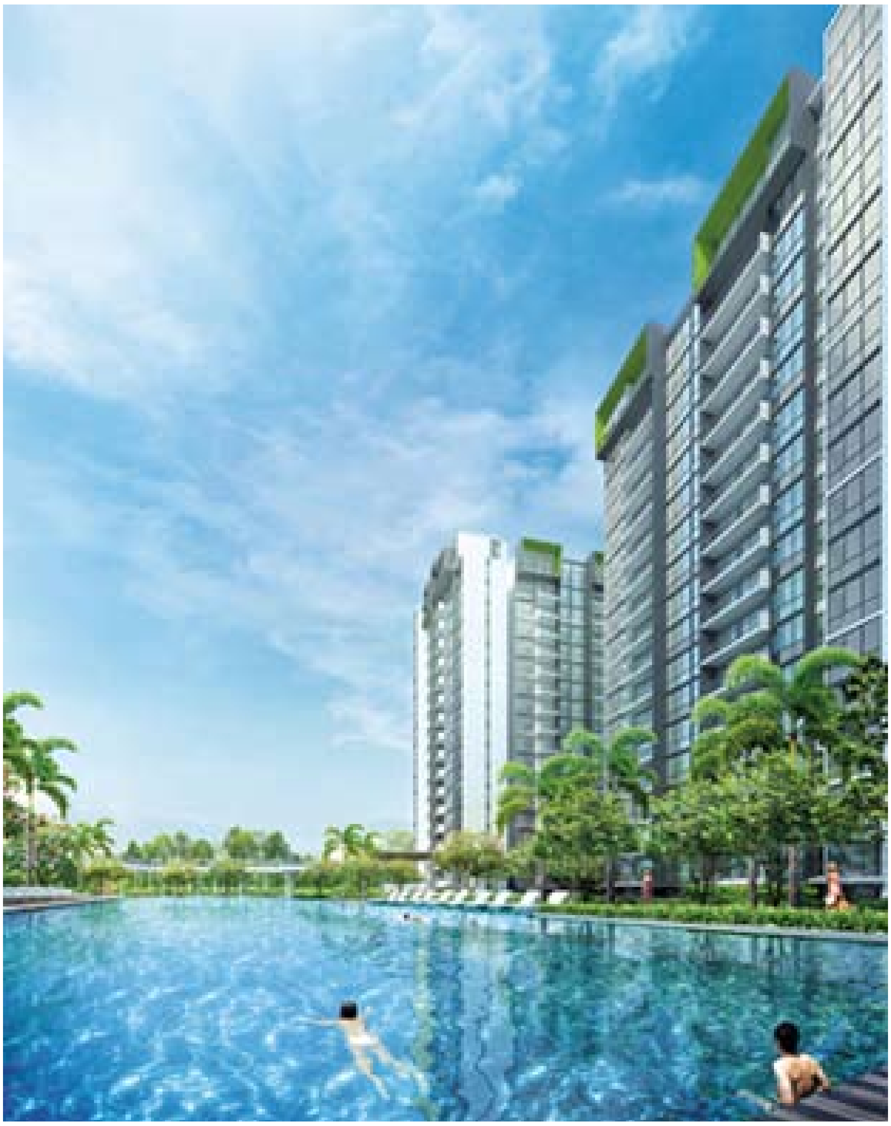
Top and bottom: *Fraser Suites Singapore*

From left to right: *Fraser Suites Dubai, Fraser Suites Dubai Aqua Terrace*



CEO Business Review

PROPERTIES



From top to bottom: *Esparina Residences, Singapore*
Waterfront Gold, Singapore

Looking Ahead

Market outlook

Although the global economy looks set to be on the path to recovery and the drivers of Singapore's economic growth are likely to remain intact, risks remain. There is still an uncertain credit environment in the US and the on-going concerns of sovereign debt defaults in Europe could have a negative spill-over effect on the rest of the world. Hence, there is the possibility of some moderation in the growth momentum of the property sector over the next few quarters.

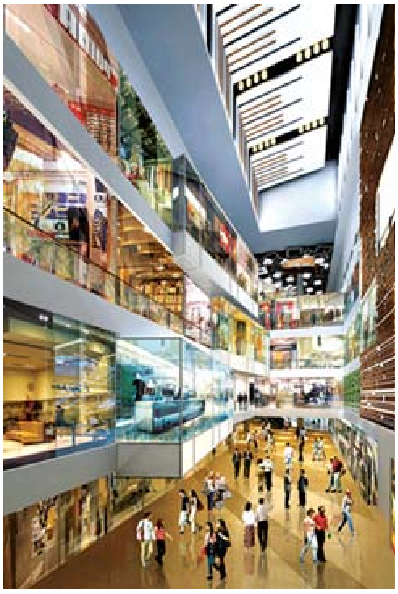
Singapore's economy is forecasted to grow 4-6% in 2011, a marked slowdown from this year's blistering growth of 15%, but still above the long-term trend of 3-5%. This relatively buoyant forecast, together with strong growth in Asia, should help sustain a measure of market confidence, with residential sales likely to remain strong over the next quarter or so.

Development – Well positioned for growth

Going forward, the Group will continue to monitor the markets closely for new investment and acquisition opportunities. Other than Singapore, the Group will focus on strengthening our overseas presence, particularly in China and Australia, as well as emerging Asian economies such as Vietnam.

The Group will continue to maintain the Singapore development base. We will tap on the Government Land Sales Programme to replenish our land bank in this key market. To maintain a strong supply of private housing to meet demand, Singapore's government recently announced that it will continue to increase the land supply into Singapore market in 1H2011. The 1H2011 programme will have a record of 30 new sites[1] for residential development of about 14,300 units. We will continue to selectively replenish our land bank through this programme, focusing on the mass- and mid-market segments, and maintaining a strong focus on cost discipline in pricing our land bids.

[1] Comprises 17 confirmed sites for sale and 13 reserve sites which the government will release if it receives bids from developers



From left to right: *Causeway Point Atrium, Singapore*
Baitang One, Suzhou

The strong economy and low interest rate environment continue to support home demand. Coupled with strong locational traits such as proximity to public transport and right pricing, our latest project, *Esparina Residences,* was successfully launched in October 2010. Just over the first weekend of its launch, the Group sold 358 units (or 62%). Following that, the Group plans to launch, in 1H2011, the Yishun and Pasir Ris developments, as well as the last phase of the Waterfront Collection at Bedok, *Waterfront Isle*. Earnings will continue to be supported by pre-sold and new projects.

We continue to stay on course with our geographical diversification strategy. In China, with a target to launch an average of 1,000 units annually, the Group is preparing for the launch of the 902-unit *Baitang One* phase 2, while design development for *Shanshui Four Seasons* phase 2 is currently underway for launch in FY2012. To diversify the development portfolio, we are also targeting expansion into 2nd-tier cities in China, with a focus on the mid- to high-end market segments.

In keeping with our target to launch an average of 500 units annually in Australasia, we will remain focused on timely delivery of existing pipeline projects. The launch pipeline for Australasia in FY2011 is the 174-unit of phase 1 of *Frasers Landing* in Mandurah, as well as 259 units from *Queens Riverside Perth*, and 86 units from phase 1 of *Coast@Papamoa* in New Zealand.

Commercial – Active portfolio management

As developer-sponsored REITs, FCT and FCOT will continue to tap into the Group's pipeline of quality assets, and offer unitholders greater investment potential through their acquisition-led growth strategy and active asset enhancement initiatives. In FY2011, the newly completed 81,000sqf *Bedok Point* retail mall has been earmarked for sale to FCT, once operations stabilise and capital market conditions are favourable. Besides allowing FCT to grow its portfolio with high quality assets, this divestment by the Group enables us to continue adding investment properties by maximising total returns from development gains, property yield and management fees. *Bedok Point* currently has committed leases of 96%. Besides the acquisition-led strategy, FCT will also benefit from the value created after completion of enhancement works at *Causeway Point*. Average rental is targeted to increase by 20% to $12.20 psf primarily through reconfiguring big boxes and improving tenant mix. Capital value is estimated to increase by $160m, assuming a 5.75% cap rate.

In addition, the Group will continue to drive organic growth by improving rental yields through active lease management initiatives.

Hospitality – Expanding business abroad

Our serviced residences brand, Frasers Hospitality, is now recognised as a leading premium serviced residence owner and manager and will continue to make further inroads into more gateway cities. It remains focused on improving earnings through securing more management contracts, and will also concentrate on growing its second brand – *Modena*.