

LETTER TO UNITHOLDERS

Dear Unitholders,

Business confidence and consumer sentiments were subdued in 2018, owing to sustained macroeconomic and industry pressures. Following the change in Malaysia's ruling government, the Goods and Services Tax was zero-rated in June and the Sales and Services Tax was reintroduced three months later. However, consumer sentiments remained muted as persisting concerns about the rising cost of living were further exacerbated by the weak ringgit.

Despite the challenging operating environment, CapitaLand Malaysia Mall Trust (CMMT) delivered encouraging results for the financial year ended 31 December 2018 (FY 2018) with a net property income (NPI) of RM215.0 million. Gurney Plaza and East Coast Mall, which collectively accounted for about 67.7% of CMMT's NPI, continued to deliver strong performances. This partially mitigated the lower contribution from the Klang Valley¹ shopping malls as they continued to face pressure from increasing competition as well as downtime from asset enhancement works at Sungei Wang and The Mines. Including the distribution per unit (DPU) of 7.90 sen declared in FY 2018, CMMT has generated a total return² of 73.62 sen or 75.1% for Unitholders since 2010.

SOLID FUNDAMENTALS

Notwithstanding uncertainties in the economic environment, CMMT's business fundamentals remain strong. We have a diverse list of about 1,300 leases within a portfolio of five shopping malls and a complementary office block which are strategically located in key urban centres of Kuala Lumpur, Selangor, Penang and Kuantan, providing Unitholders with stable cash flow, income and geographical diversification, as well as focused exposure to Malaysia's resilient retail sector.

CMMT's unique competitive advantage is its affiliation with CapitaLand Limited (CapitaLand), one of Asia's largest real estate companies headquartered and listed in Singapore, which is the largest unitholder in CMMT and the majority shareholder of CMMT's manager, CapitaLand Malaysia Mall REIT Management Sdn. Bhd. (Manager). Through this relationship, we are able to benefit from CapitaLand's industry-leading tenant network and proven integrated retail and capital management platforms. Malaysian Industrial Development Finance Berhad (MIDF), which is part of the Permodalan Nasional Berhad group of companies and a leading financial services provider in Malaysia, is the other shareholder of the Manager.

CMMT PERFORMANCE

For the year under review, CMMT recorded a gross revenue of RM350.1 million. Total comprehensive income was RM135.6 million, which comprised (unrealised) fair value gain on investment properties of RM1.1 million. FY 2018 distributable income was RM161.3 million and DPU was 7.90 sen. Based on CMMT's closing price of RM1.01 on 31 December 2018, the distribution yield was 7.82%. As at 31 December 2018, CMMT had a market capitalisation of about RM2.1 billion, property portfolio value of approximately RM4.0 billion and total asset value of approximately RM4.1 billion.

CMMT's distribution policy is to pay out at least 90.0% of distributable income in each financial year on a half-yearly basis. Similar to previous years, we will pay out approximately 100.0% of our distributable income for FY 2018. We made two distributions to Unitholders in 2018 totalling RM165.2 million for the periods 1 July 2017 to 31 December 2017 (4.08 sen per unit) and 1 January 2018 to 30 June 2018 (4.02 sen per unit). The distribution of RM79.3 million (3.88 sen per unit) for the period 1 July 2018 to 31 December 2018 will be paid to eligible Unitholders on 8 March 2019.

¹ Made up of Sungei Wang, 3 Damansara and The Mines.

² Made up of distribution per unit and capital gains/loss.

LETTER TO UNITHOLDERS

As at 31 December 2018, CMMT's total borrowings stood at RM1,321.9 million, which translated to a healthy gearing level of 32.5% and a permissible debt headroom of RM1.4 billion. Two out of CMMT's five properties are currently unencumbered, providing CMMT with further financial flexibility. In March 2018, to further manage interest rate risk, CMMT re-fixed the interest rate for part of the existing fixed rate secured term loan and converted part of the floating rate secured term loan to fixed rate secured term loan for three years. At the end of 2018, approximately 86.9% of CMMT's debt was at fixed interest rates. The average cost of debt for FY 2018 was 4.5% per annum (FY 2017: 4.4% per annum).

By keeping abreast of the constantly changing shopper needs and taking a proactive approach of adjusting our trade and tenant mix, CMMT malls continue to attract a strong following from both shoppers and retailers. In FY 2018, annual shopper traffic was 57.5 million and portfolio occupancy was 93.2%. Rental reversion eased by 2.9%, reflecting the pressures facing the retail real estate industry.

REFRESHED OFFERINGS

Asset enhancement initiative (AEI) remains one of CMMT's key growth drivers. In FY 2018, CMMT invested about RM51.9 million in capital expenditure to refresh and revitalise CMMT's portfolio to stay ahead of competition.

A series of rejuvenation works at Gurney Plaza was carried out to cement its market leadership. To optimise the layout on Level 4 and further diversify the mall's offerings, we reconfigured the space into a lifestyle avenue housing fashion stores and cafe kiosks. The mall was also given a fresh coat of paint to refresh its image and uplift its appeal. Shoppers can look forward to the first Parkson Elite flagship store outside Klang Valley as Gurney Plaza's anchor tenant Parkson will soon complete its renovation in 1H 2019. As part of the ongoing efforts to elevate Gurney Plaza's positioning as Penang's premier lifestyle destination, we brought in new affordable lux fashion brands such as Hugo Boss and Furla; health and beauty stores like Innisfree and La Mer, as well as F&B options such as Ippudo Ramen + Bar and San Francisco Coffee.

At East Coast Mall, anchor tenants Aeon Big and Parkson underwent renovation works to upgrade their offerings. Following the right-sizing of Aeon Big, we reconfigured an area measuring 47,000 sq ft into smaller, higher yielding units that now house an international fashion cluster. In addition, new escalators were installed to improve the mall's shopper circulation. On the ground floor, we carried out reconfiguration works at a 12,500 sq ft area to cater for international fashion and sports brands like HLA, JD Sports and Puma.

In 2018, we announced a major AEI to reconfigure the annex block of Sungei Wang and turn it into a vibrant and energetic lifestyle zone that complements the retail offerings in the BBKLCC (Bukit Bintang Kuala Lumpur City Centre) shopping belt. Named Jumpa, the 170,000 sq ft annex will house more than 80 stores in trendy fashion, F&B, athleisure and family entertainment that cater to urbanities, tourists and working professionals. Jumpa is slated to open in 2H 2019. In addition, Sungei Wang's anchor tenant Giant has recently unveiled a new concept to draw more shoppers.

The Mines embarked on two AEs to optimise its retail space and trade mix during the year under review. A 40,000 sq ft area has been reconfigured into a fun and active zone with lifestyle offerings while the former food court is undergoing expansion to offer more dining options. The recent opening of SSF, a well-known home furnishing brand on Level 4, completes the home furnishing offerings at The Mines. More new brands have also opened at DigiMart zone.

In 2018, we renamed Tropicana City Mall to 3 Damansara, positioning it as a hub for the local community to meet, dine, drink and shop under one roof. To this end, we upgraded the amenities to improve the shopper experience and introduced new dining concepts.

ENGAGING TENANTS AND SHOPPERS

Our tenants are integral to the success of our malls. We continue to enhance our tenant engagement programme and find ways to add value. Biz+ Series 2018 was themed 'Building the Right Shopper Personas' and featured speakers from different industries who shared invaluable insights on turning data into profitable and actionable results for sustainable business growth.

In line with our digital marketing strategy to enhance shopper engagement, we launched the mobile applications (apps) of the CapitaStar loyalty programme. Shoppers can now easily access exclusive deals and redeem electronic vouchers on the CapitaStar mobile apps. As at 31 December 2018, CapitaStar has signed up more than 144,000 members since its launch in 2015. To elevate the customer experience in our malls, we are in the midst of implementing cashless parking system to bring greater convenience to shoppers.

WHAT TO EXPECT IN 2019?

Malaysia's economy is forecasted to grow 4.9% in 2019, according to advance estimates. Resilient domestic demand has been the anchor of Malaysia's growth and this trend is expected to continue. Uncertainties in the global and domestic economies could hamper business and consumer sentiments while the coming onstream of new shopping malls in 2019 and the rising popularity of e-commerce will continue to intensify the competition for retail real estate players, including CMMT.

Despite the competitive and inflationary operating environment, we expect the Malaysian retail sector to remain resilient. We will continue to be vigilant and explore new ways to improve the performance of our malls by leveraging on their competitive strengths in their respective local markets.

Gurney Plaza and East Coast Mall are expected to continue to perform well given their competitive strengths. The completion of the AEs across our malls are also expected to contribute positively to our performance going forward. The headwinds facing the Klang Valley malls may result in rental pressure and we will maintain our balanced and pragmatic approach to improve their performances through proactive leasing strategies and trade mix adjustments. Our key priorities for 2019 include ramping up the occupancy of our Klang Valley malls, identifying opportunities for asset enhancement initiatives and pursuing acquisition opportunities that will create value for our Unitholders.

A RM300.0 million three-year unrated and secured Medium Term Note (MTN) will mature on 20 December 2019. The refinancing process has begun and we are confident that the MTN will be refinanced upon maturity.

ACKNOWLEDGEMENTS

We would like to extend a warm welcome to Mr Lim Cho Pin Andrew Geoffrey, who joined the Board as a Non-Executive Non-Independent Director on 15 April 2018. Mr Lim brings with him extensive experience and we look forward to his counsel and contributions. We would also like to thank Mr Ng Kok Siong, Mr Lee Hui Yeow and Mr Foo Wei Hoong, who stepped down from the Board in 2018, for their invaluable contributions over the past years.

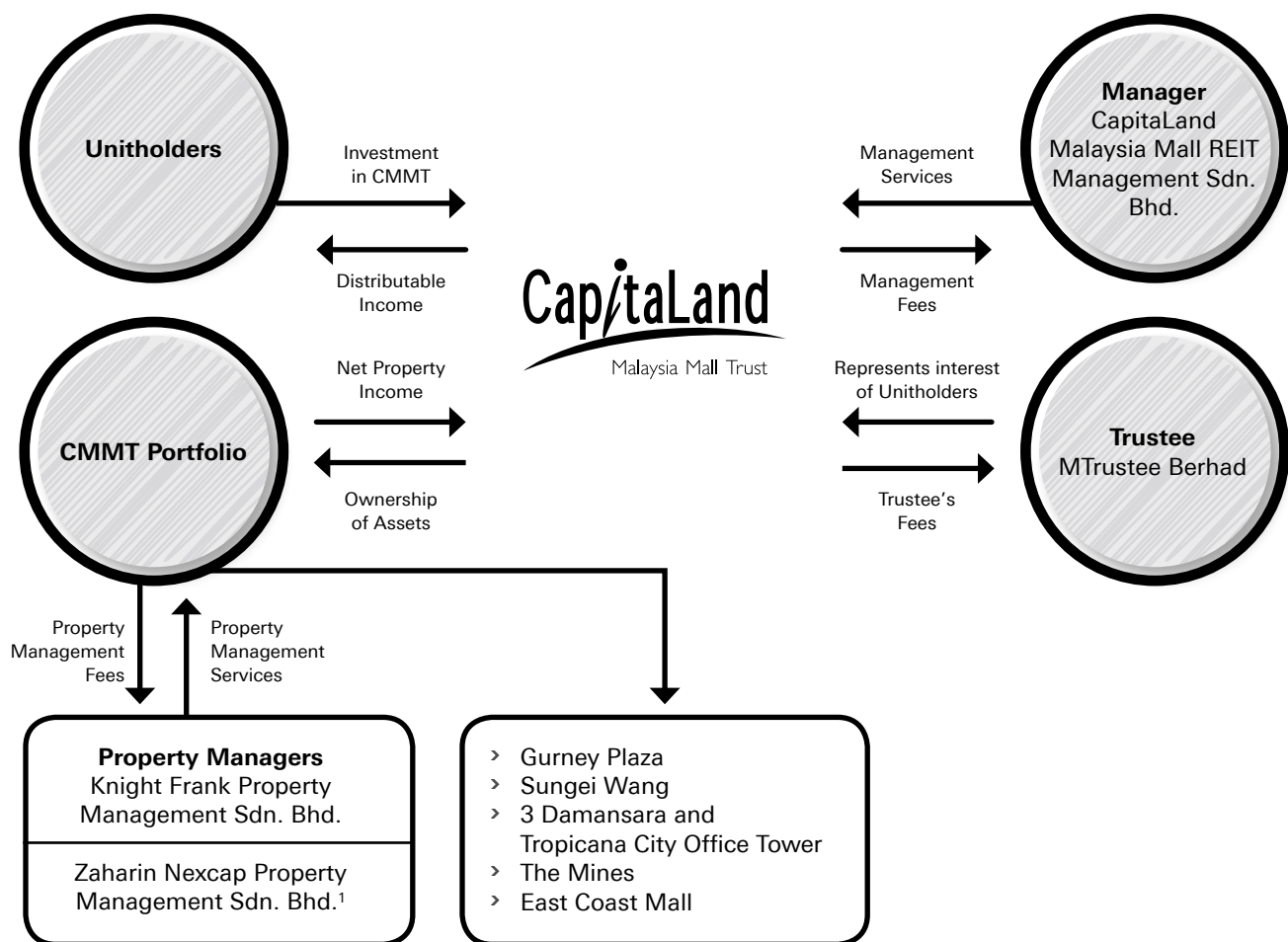
On behalf of the Board of Directors and Management, we wish to express our appreciation to our shoppers, tenants, business partners and staff for their support in FY 2018. We remain committed to delivering sustainable returns and look forward to all our stakeholders' continued support as we strive ahead to strengthen CMMT's position.

David Wong Chin Huat
Chairman

Low Peck Chen
Chief Executive Officer

13 February 2019

TRUST STRUCTURE



ORGANISATION STRUCTURE



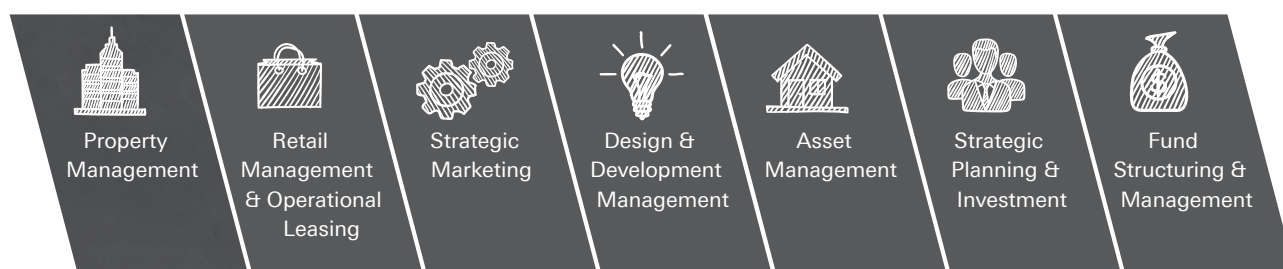
VALUE CREATION

INTEGRATED RETAIL AND CAPITAL MANAGEMENT PLATFORM

CMMT enjoys access to CapitaLand's integrated shopping mall business model; with in-house capabilities in retail real estate investment, development, mall operations, asset management and fund management.

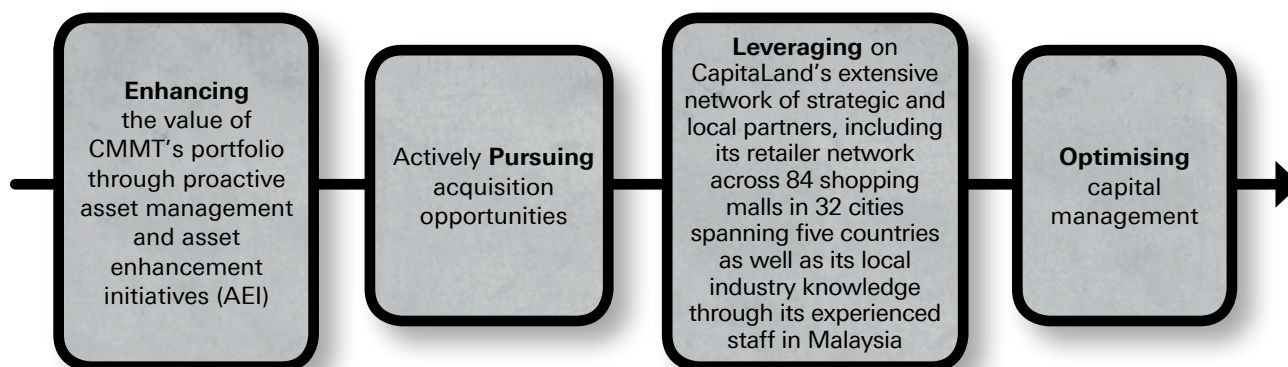
RETAIL REAL ESTATE MANAGEMENT

RETAIL REAL ESTATE CAPITAL MANAGEMENT



INVESTMENT STRATEGIES

The key financial objective is to provide Unitholders with long-term and sustainable distribution of income and potential capital growth. Specifically, the aim is to seek the increase of cash flow, income and the value of CMMT's properties and consequently, continued growth through the following strategies:



INVESTMENT OBJECTIVE

The principal investment objective of CMMT is to invest, on a long-term basis, in a portfolio of income-producing real estate primarily used for retail purposes and located in Malaysia or such other non-real estate investments as may be permitted under the Deed¹, the REITs Guidelines² and/or by the Securities Commission Malaysia (SC), with a view to providing Unitholders with long-term and sustainable distribution of income and potential capital growth.

The Manager believes that CMMT has achieved its investment objective for the financial year ended 31 December 2018 (FY 2018).

Future prospects of the market

The Manager views the Malaysian retail sector to be resilient in the long term and will continue to pursue the abovementioned investment strategies. For more information on the market in which CMMT invests in, refer to the section 'Independent Retail Market Overview'.

¹ The trust deed dated 7 June 2010 (as amended and restated on 5 October 2018) entered into between the Manager and the Trustee.

² Guidelines on Listed Real Estate Investments Trusts.

FINANCIAL AND TRADING HIGHLIGHTS

Trading Highlights	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Opening Market Price (RM per unit)	1.830	1.530	1.380	1.430	1.400
Closing Market Price (RM per unit)	1.010	1.830	1.530	1.380	1.430
Highest Traded Price (RM per unit)	1.470	1.830	1.610	1.660	1.540
Lowest Traded Price (RM per unit)	0.990	1.390	1.350	1.240	1.320
Average Closing Price (RM per unit)	1.160	1.520	1.550	1.414	1.441
Total Trading Volume (million units)	257.3	326.9	427.8	279.5	279.1
Average Daily Trading Volume (million units)	1.059	1.351	1.135	1.136	1.135
Capital Appreciation ¹ (%)	(44.8)	19.6	10.9	(3.5)	2.1
Market Capitalisation ² (RM million)	2,064.6	3,729.1	3,108.1	2,794.2	2,543.9
Units in Circulation ³ ('000)	2,044,176	2,037,753	2,031,458	2,024,799	1,778,976

Group Performance Highlights (RM Million)	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Gross Rental Income	271.2	289.4	292.9	272.8	250.6
Car Park Income	24.2	24.5	24.6	21.5	18.5
Other Revenue	54.7	55.0	55.1	50.5	46.3
Gross Revenue	350.1	368.9	372.6	344.8	315.4
Net Property Income	215.0	237.1	242.5	226.4	208.9
Distributable Income	161.3	167.4	171.1	162.8	158.4
Distribution per Unit (sen)	7.90	8.22	8.43	8.60	8.91
Distribution Yield ² (%)	7.82	4.49	5.51	6.23	6.23
Annual Total Return ⁴ (%)	(40.5)	25.0	17.0	2.5	8.5
Earnings per Unit (sen)	6.64	7.97	8.27	11.92	13.31
Management Expense Ratio ⁵ (%)	0.9	0.9	0.9	1.0	1.0

1 Based on the opening market price and closing market price of the respective financial year.

2 Based on the closing market price of the respective financial year.

3 Units in circulation at the end of the financial year.

4 Annual total return is equal to the DPU plus capital appreciation (in sen) during the year divided by the opening unit price at the beginning of the financial year. The annual total return is also equal to the average total return for one year and the average total return for three and five years to the date of the report are 0.5% and 2.5% respectively.

5 Refers to the expenses of CMMT excluding property operating expenses and interest expense but including the Manager's management fees, expressed as a percentage of average net assets.

Group Financial Position Highlights (RM Million)	As at 31 Dec 2018	As at 31 Dec 2017	As at 31 Dec 2016	As at 31 Dec 2015	As at 31 Dec 2014
Portfolio Property Valuation	4,019.0	3,966.0	3,938.0	3,886.0	3,233.0
Total Assets	4,143.0	4,177.9	4,148.9	4,091.8	3,404.7
Total Borrowings^{1,2}	1,321.9	1,341.0	1,316.7	1,264.1	965.2
Unitholders' Funds	2,666.6	2,687.2	2,685.6	2,674.8	2,287.5
Net Asset Value (NAV) (Before Income Distribution)	2,666.6	2,687.2	2,685.6	2,674.8	2,287.5
Net Asset Value (NAV) (After Income Distribution)	2,587.3	2,604.1	2,599.7	2,594.0	2,209.5
NAV per Unit (Before Income Distribution) (RM)	1.3045	1.3187	1.3220	1.3210	1.2858
NAV per Unit (After Income Distribution) (RM)	1.2657	1.2779	1.2797	1.2811	1.2420

	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Highest NAV per Unit (After Income Distribution) (RM)	1.2764	1.2791	1.2803	1.2811	1.2420
Lowest NAV per Unit (After Income Distribution) (RM)	1.2657	1.2716	1.2797	1.2410	1.1960

Group Capital Management Highlights	As at 31 Dec 2018	As at 31 Dec 2017	As at 31 Dec 2016	As at 31 Dec 2015	As at 31 Dec 2014
Gearing Ratio (%)	32.5	32.8	32.4	31.5	29.0
Unencumbered Assets as % of Total Assets	28.0	29.7	30.4	34.1	40.4
Average Term to Maturity² (years)	4.8	5.7	6.8	7.3	2.0

	FY 2018	FY 2017	FY 2016	FY 2015	FY 2014
Interest Coverage (times)	3.2	3.7	3.8	4.0	4.6
Net Debt/EBITDA³ (times)	6.9	6.3	6.0	6.2	5.1
Average Cost of Debt (%)	4.5	4.4	4.5	4.5	4.3

The Group refers to the consolidation of CMMT and its wholly owned subsidiary, CMMT MTN Berhad (the Group or CMMT Group). Unitholders are advised that past performance is not necessarily indicative of future performance and unit prices and investment returns may fluctuate.

1 Before unamortised costs.

2 Excludes bank guarantee facility.

3 Net debt comprises gross debt less temporary cash intended for refinancing, if any, and EBITDA refers to earnings before interest, tax, depreciation and amortisation.

SALIENT FEATURES OF CMMT

Fund Name	CapitaLand Malaysia Mall Trust (CMMT)
Fund Category	Real Estate Investment Trust
Fund Type	Income
Fund Duration	CMMT shall terminate on the earlier of: <ul style="list-style-type: none"> › the occurrence of any of events listed in Clause 25.2 of the Deed¹; or › the expiration of a period of twenty-one (21) years after the death of the last survivor of the issue now living of His Majesty, the current Yang di-Pertuan Agong of Malaysia or until such further period as the law may permit.
Authorised Investments	Real estate, non-real estate assets, cash, deposits and money market instruments in accordance with the REITs Guidelines ² and the Deed.
Authorised Investments Limits	<ul style="list-style-type: none"> › At least 75% of CMMT's total asset value must be invested in real estate that generates recurrent rental income at all times; and › Such other investments or limits as may be permitted by SC and/or the REITs Guidelines.
Distribution Policy	<p>Payout policy ratio:</p> <ul style="list-style-type: none"> › At least 90.0% of CMMT's distributable income of each financial year. <p>Distribution payment:</p> <ul style="list-style-type: none"> › Semi-annual basis for each six-month period ending 30 June and 31 December of each year.
Borrowing Limitations	Up to 50.0% of CMMT's total asset value at the time the borrowings or financing facilities or deferred payment arrangements are incurred.
Performance Benchmarks	<ul style="list-style-type: none"> › Bursa Malaysia REIT Index › FTSE Bursa Malaysia Kuala Lumpur Composite Index › FTSE Bursa Malaysia EMAS Index
Revaluation Policy	<p>Valuation of investment properties are carried out:</p> <ul style="list-style-type: none"> › Semi-annually based on independent professional valuation; and › When a real estate is to be acquired or disposed by CMMT. <p>This is within the REITs Guidelines that requires valuation of investment real estate at least once a financial year and for all real estate to be acquired or disposed by the REIT.</p>
Management Fee	<ul style="list-style-type: none"> › Base Fee: up to 1.0% per annum of the value of Deposited Property³ (FY 2018 actual: 0.29%) › Performance Fee: up to 5.0% per annum of NPI (before Management Fee) (FY 2018 actual: 4.75%) › Acquisition Fee: up to 1.0% of the purchase price of any Authorised Investments directly or indirectly acquired by the Trustee on behalf of CMMT › Divestment Fee: up to 0.5% of the sale price (after deducting the interest of any co-owners or co-participants) of any Authorised Investments directly or indirectly sold or divested by the Trustee on behalf of CMMT.
Financial Year	1 January 2018 – 31 December 2018
Quotation	Main Market of Bursa Malaysia Securities Berhad
Minimum Investment	100 units per board lot
Bursa Securities Stock Number	CMMT 5180

1 The Deed dated 7 June 2010 (as amended and restated on 5 October 2018) entered into between the Manager and the Trustee.

2 Guidelines on Listed Real Estate Investment Trusts.

3 As defined in the Deed, the value of Deposited Property is equal to all the assets of CMMT (total asset value).

YEAR IN BRIEF

FEBRUARY

- › A distribution of 4.08 sen per unit for the period from 1 July 2017 to 31 December 2017 was paid to Unitholders

MARCH

- › During the Annual General Meeting, Unitholders approved the proposed authority to allot and issue up to 407,550,540 new units of CMMT.
- › CMMT re-fixed the interest rate for part of the existing fixed rate secured term loan for three years and converted part of the floating rate secured term loan to fixed rate secured term loan for three years.

MAY

- › Gurney Plaza was the joint Silver winner in the above 10 years retail category this year for EdgeProp Malaysia's Best Managed Property Awards 2018.

JUNE

- › Tropicana City Mall was renamed as 3 Damansara.

AUGUST

- › A distribution of 4.02 sen per unit which pertained to the period from 1 January to 30 June 2018 was paid to Unitholders.

SEPTEMBER

- › CapitaStar, CapitaLand's digital membership platform, launched its applications in Malaysia.
- › The Biz+ Series "Building The Right Shopper Personas" seminar for tenants was held.
- › CMMT obtained additional RM50.0 million unsecured uncommitted revolving credit facilities.

NOVEMBER

- › CMMT and CapitaLand jointly held CapitaLand Volunteer Day in Malaysia in conjunction with the annual signature corporate social responsibility programme My Schoolbag.



A black and white photograph of four young boys playing soccer on a grassy field. They are wearing white t-shirts and dark shorts. A soccer ball is in the foreground, slightly out of focus. The background shows a chain-link fence and trees. The text is overlaid on the right side of the image.

PASSION UNDERPINS OUR CONFIDENCE IN THE FUTURE.

Similar to a child's energy, persevering attitude and optimism, CMMT's confidence in the future stems from our belief in the quality of our well-diversified portfolio of necessity malls, the soundness of our investment platform, and the collective commitment of our people to deliver sustainable unitholder value.

BOARD OF DIRECTORS

DAVID WONG CHIN HUAT, 70, SINGAPOREAN (MALE)

Chairman

Non-Executive Independent Director

Bachelor of Laws, University of Singapore

Master of Laws, University of London

Date of first appointment as a Director and Deputy Chairman: 6 July 2012

Date of appointment as Chairman:

1 November 2012

Length of service as a Director (as at 31 December 2018): 6 years 5 months

Board committee served on

- › Corporate Disclosure Committee (Chairman)

Present directorship of public company and listed issuer

- › Nil

Present principal commitments (other than directorship in other listed company)

- › Ramdas and Wong, Singapore (Consultant)
- › National Trades Union Congress ("NTUC") U Care Fund, Singapore (Chairman of the Board of Trustees)
- › NTUC Endowment Fund Management Committee (Chairman)
- › Justice of the Peace Singapore

Background and working experience

- › Director of Singapore Labour Foundation (From 2001 to 2010)
- › Chairman of Bedok Citizen's Consultative Committees (From 1989 to 2007)
- › Member of Public Service Commission, Singapore (From 17 August 1998 to 16 August 2015)

Award

- › Public Service Star (BBM) in 1991 and BBM(L) in 2005 awarded in conjunction with the Singapore National Day

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

- › Nil

LOW PECK CHEN, 44, MALAYSIAN (FEMALE)

Chief Executive Officer

Executive Non-Independent Director

Bachelor of Accounting (First Class Honours),

University of Malaya

Member of the Malaysian Institute of Accountants

Chartered Financial Analyst, CFA Institute

Date of first appointment as an Alternate Director and Deputy Chief Executive Officer: 19 September 2014

Date of appointment as a Director and Chief Executive Officer: 1 November 2014

Length of service as a Director (as at 31 December 2018): 4 years 2 months

Board committee served on

- › Executive Committee (Member)

Present directorships of public companies and listed issuers

- › CMMT MTN Berhad
- › Milky Way Properties Berhad

Present principal commitments (other than directorship in other listed company)

- › Nil

Background and working experience

- › Head of Finance of CapitaMalls Malaysia REIT Management Sdn. Bhd. (now known as CapitaLand Malaysia Mall REIT Management Sdn. Bhd.) (From June 2010 to September 2014)
- › Finance Manager of CapitaLand Retail Malaysia Sdn. Bhd. (From September 2008 to June 2010)
- › Finance Manager/Accountant of Halim Mazmin Berhad (From February 2004 to August 2008)
- › Finance Executive of UEM World Berhad (From August 2002 to February 2004)
- › Finance Officer of AmFinance Berhad (From May 2000 to July 2002)
- › Auditor of Moores Rowland (From August 1999 to May 2000)

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

- › Nil

**TAN SIEW BEE, 59,
MALAYSIAN (FEMALE)****Non-Executive Independent Director***Barrister at Law, Lincoln's Inn**LL.B (Honours) Degree, University of East Anglia**LL.M, University College, London***Date of first appointment as a Director:**

10 June 2010

Length of service as a Director (as at**31 December 2018): 8 years 6 months****Board committee served on:**

- › Audit Committee (Member)

Present directorship of public company and listed issuer

- › Nil

Background and working experience

- › Senior Partner & Head, Finance & Property Department of Messrs Shahrizat Rashid & Lee (From 2003 to 2007)
- › Senior Partner & Head, Finance & Property Department of Messrs Shahrizat & Tan (From 1993 to 2003)

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

- › Nil

**DR PETER TAY BUAN HUAT, 70,
SINGAPOREAN (MALE)****Non-Executive Independent Director***Bachelor of Engineering (Honours), Industrial**Engineering, University of Newcastle, Australia**Bachelor of Arts, Economics, University of**Newcastle, Australia**Master of Science in Management (Sloan Fellows**Program), Massachusetts Institute of Technology, US**Doctor of Engineering honoris causa (Hon DEng),**University of Newcastle, Australia**Fellow of the Chartered Institute of Management**Accountants (CIMA), United Kingdom***Date of first appointment as a Director:**

10 June 2010

Length of service as a Director (as at**31 December 2018): 8 years 6 months****Present directorship of public company and listed issuer**

- › Nil

Present principal commitment (other than directorship in other listed company)

- › Koufu Pte. Ltd. (Corporate Advisor on part-time basis)

Background and working experience

- › Corporate Advisor of Temasek Holdings Pte. Ltd. (From 2007 to 2008)
- › President and Chief Executive Officer of Singapore Food Industries (From 1989 to 2006)
- › Concurrent Secondary Appointment, Group Director, Strategic Development of Singapore Technologies Group (From 1998 to 2004)
- › Concurrent Secondary Appointment, Group Coordinator, Human Resource of Singapore Technologies Group (From 1992 to 1994)
- › Director, Planning & Human Resource of Singapore Technologies Group (From 1986 to 1989)

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

- › Nil

BOARD OF DIRECTORS

TUAN HAJI ROSLI BIN ABDULLAH, 65, MALAYSIAN (MALE)

Non-Executive Independent Director

*Post-Graduate, Diploma in Accounting, Universiti Malaya
Bachelor in Economics (Honours), Universiti Malaya
Master in Business Administration, Universiti
Kebangsaan Malaysia
Chartered Accountant (Malaysia), Member of the
Malaysian Institute of Accountants*

Date of first appointment as a Director:

6 July 2012

**Length of service as a Director (as at
31 December 2018):** 6 years 5 months

Board Committee served on

- › Audit Committee (Chairman)

Present directorships of public companies and listed issuers

- › Dagang NeXchange Berhad
- › Malaysia Airports Holdings Berhad and Group

Background and working experience

- › Chief Executive Officer and Registrar of Malaysian Institute of Accountants (From 2009 to 2012)
- › Adviser to Economic Planning Unit of Government of Malaysia (2008)
- › Senior General Manager of Putrajaya Holdings Sdn. Bhd. (From 1996 to 2007)
- › Financial Controller/General Manager of Finance of Kuala Lumpur International Airport Berhad (From 1994 to 1996)
- › Director of Corporate Services at the Accountant General Department of Ministry of Finance (From 1993 to 1994)
- › Bursar of Universiti Putra Malaysia (From 1991 to 1993)
- › Chief Accountant at the Government Pension Department of Public Service Department (From 1989 to 1991)
- › Chief Accountant in the Ministry of Education of Government of Malaysia (From 1983 to 1987)
- › Chief Accountant in the Ministry of Works of Government of Malaysia (From 1981 to 1983)
- › State Treasurer of the State of Kelantan (From 1978 to 1980)
- › Accountant, Accountant General's office, Federal Treasury in the Ministry of Finance of Government of Malaysia (From 1976 to 1977)

Award

- › Johan Setia Mahkota (J.S.M.), awarded by His Majesty Yang DiPertuan Agong on 1 June 2002

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

- › Nil

NG CHIH KAYE, 63, MALAYSIAN (MALE)

Non-Executive Independent Director

*Chartered Accountant (Malaysia), Member of the
Malaysian Institute of Accountants
Fellow of the Association of Chartered Certified
Accountants, United Kingdom*

Date of first appointment as a Director:

6 July 2012

**Length of service as a director (as at
31 December 2018):** 6 years 5 months

Board committee served on

- › Audit Committee (Member)

Present directorship of public companies and listed issuers

- › Ambank (M) Berhad
- › Malaysia Debt Ventures Berhad

Background and working experience

- › Various positions, Executive Vice President being the last position of Malayan Banking Berhad (From 1985 to 2010)
- › Audit Senior of KPMG Kuala Lumpur (From 1983 to 1984)
- › Audit Senior of Blinkhorn, Lyon & Golding, London (From 1978 to 1982)

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

- › Nil

**RONALD TAY BOON HWEE, 50,
SINGAPOREAN (MALE)****Non-Executive Non-Independent Director***Bachelor of Business (Honours), Nanyang Technological University of Singapore***Date of first appointment as a Director:**

1 January 2018

Length of service as a Director (as at**31 December 2018): 1 year****Board committees served on**

- › Corporate Disclosure Committee (Member)
- › Executive Committee (Chairman)

Present directorship of public company and listed issuer

- › Nil

Present principal commitment (other than directorship in other listed company)

- › CapitaLand Singapore, Malaysia & Indonesia (CEO)

Background and working experience

- › Chief Executive Officer of Ascott Residence Trust Management Limited (manager of Ascott Residence Trust) (From February 2012 to April 2017)
- › Chief Investment Officer and Managing Director of India and GCC Sector of The Ascott Limited (From January 2007 to February 2012)
- › Head of Business Development and Asset Management of Ascott Residence Trust Management Limited (manager of Ascott Residence Trust) (From January 2007 to February 2012)
- › Head and Senior Vice President, Investment of CapitaLand Residential Limited (From January 2005 to December 2006)

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

- › Nil

**LIM CHO PIN ANDREW GEOFFREY, 49,
SINGAPOREAN (MALE)****Non-Executive Non-Independent Director***Bachelor of Commerce (Economics), University of Toronto, Canada**Master in Business Administration, Rotman School of Business, University of Toronto, Canada**Chartered Financial Analyst and a Member, CFA Institute***Date of first appointment as a Director:**

15 April 2018

Length of service as a Director (as at**31 December 2018): 8 months****Board committees served on**

- › Audit Committee (Member)
- › Corporate Disclosure Committee (Member)
- › Executive Committee (Member)

Present directorship of public company and listed issuer

- › Nil

Present principal commitment (other than directorship in other listed company)

- › Accounting for Sustainability Circle of Practice (Member)
- › Accounting Standards Council (Member)
- › CapitaLand Limited (Group Chief Financial Officer)
- › Institute of Singapore Chartered Accountants' CFO Committee (Member)
- › Real Estate Investment Trust Association of Singapore (REITAS) (President)

Background and working experience

- › Group Chief Financial Officer (Designate) of CapitaLand Limited (From 25 November 2016 to 31 December 2016)
- › Managing Director and Head of SEA Coverage Advisory of HSBC Global Banking (From January 2016 to December 2016)
- › Managing Director and Head of SEA Real Estate of HSBC Global Banking (From January 2015 to December 2015)
- › Managing Director, SEA Investment Banking of HSBC Global Banking (From April 2013 to December 2014)
- › Director, SEA Investment Banking of HSBC Global Banking (From April 2010 to March 2013)
- › Associate Director, Investment Banking of HSBC Global Banking (From April 2007 to March 2010)
- › Associate, Investment Banking of HSBC Global Banking (From July 2004 to March 2007)

Other than traffic offences, the list of convictions for offences within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year

- › Nil

TRUST MANAGEMENT

LOW PECK CHEN

Chief Executive Officer

Please refer to description under the section on 'Board of Directors'.

JACQUELINE KUA AI-LIAN, 48, MALAYSIAN (FEMALE)

Head, Finance

Jacqueline leads the finance team that is responsible for CMMT's financial management functions including the preparation of statutory accounts, budgeting, sourcing and management of funds, management of treasury and tax affairs, compliance, liaison with external audit, and all other finance-related matters.

Prior to joining the Manager, Jacqueline had more than 20 years of extensive regional experience in finance and accounting with local and foreign-listed companies. She holds a Bachelor of Commerce (major in Accounting & Finance) from University of Western Australia and is a certified Practising Accountant with CPA Australia.

MATTHEW LOH WOEI LIEH, 36, MALAYSIAN (MALE)

Deputy Head, Investment & Asset Management

Matthew heads the investment and asset management function at the Manager and is responsible for the overall acquisition and divestment strategies, and the formulation and implementation of asset management strategies which includes maximisation of returns and asset enhancement initiatives. He has more than 14 years of experience in real estate. In his role for Investment and Asset Management, he was actively involved in the acquisition of East Coast Mall, 3 Damansara and Tropicana City Office Tower. Additionally, he has led and executed multiple AEs and provided financial leadership in valuation.

Prior to joining the Manager, Matthew gained exposure in real estate industry in Malaysia, Singapore and China. He holds a Bachelor of Commerce degree from Deakin University, Australia.

FERN TAN FENG CHING, 46, MALAYSIAN (FEMALE)

General Manager, Retail Management

With more than 20 years of experience in the retail property industry covering leasing, leasing administration, advertising and promotions, human resources and mall operations, Fern was with CapitaLand Malaysia and responsible for the financial and operational performance of The Mines prior to joining the Manager. She also gained regional experience through her leasing responsibilities with CapitaLand China and CapitaLand Singapore.

With the Manager, she is responsible for group leasing, group marketing communications, group operations and tenant design management departments. Fern holds a Bachelor of Science (Travel Industry Management) from Hawaii Pacific University, USA.

LAWRENCE TEH CHENG POH, 55, MALAYSIAN (MALE)

General Manager, Mall Management

With close to 30 years of retail real estate experience, Lawrence has vast exposure in retail operations, centre management and mall management functions. Previously the Centre Manager of Gurney Plaza, he was then re-designated as the General Manager, Mall Management of the Manager.

Prior to joining the Manager, Lawrence was involved in shopping mall operations with various reputable conglomerates as well as international hypermarket and food and beverages companies. With a Bachelor of Commerce (Accounting, Finance & System) degree from the University of New South Wales, Australia, Lawrence was also an Associate of Australian Society of Practising Accountants from 1988 till 1991.

GRACE YAP MEI WAN, 51, MALAYSIAN (FEMALE)

Compliance Officer

Head, Legal, Secretariat & Compliance

With more than 20 years of work experience, Grace served as a practicing lawyer for seven years and was involved in concessions/privatisation; management buy-outs; public listing; due diligence exercises; joint ventures, and mergers and acquisitions practices. As an in-house legal counsel in both public listed and private limited companies thereafter, she was instrumental in assisting large and diversified corporations with asset acquisitions; corporate finance; property development; conveyancing; project management as well as corporate advisory matters.

Grace holds an LLB (Honours) degree from the University of Nottingham, England and was admitted to the English Bar and Malaysian Bar in 1991 and 1993 respectively.

**MAH KOK FOON, 46,
MALAYSIAN (MALE)**

Head, Human Resource

With 20 years of experience in human resource management, Kok Foon is highly experienced in Manpower Planning and Recruitment, Training and Development, Compensation and Benefit, Performance Management, Industrial Relations & Employee Relations, Employee Engagement, Talent Management & Succession Planning, HR Technology Integration, Change Management, Compliance and Risk Management.

Prior to joining the Manager, Kok Foon led the Human Resources department of CapitaLand Malaysia where he had successfully rolled out series of enhanced employees' benefit programmes, implemented human resources-related policies and procedures in Malaysia, and also coordinated the rationalisation of salary and benefits packages for new staff during acquisition-related due diligence exercises and initiated several campaigns for cultural enhancement. Kok Foon holds a Master of Business Administration and a Bachelor of Economics (Hons) from Northern University of Malaysia.

**STEPHANIE CHANG SOOK YEN, 53,
MALAYSIAN (FEMALE)**

Head, Leasing

With more than three decades of retail experience, Stephanie has held senior management roles with established retailers ranging from sportswear, department store, global and local telecommunications players. In her current role, Stephanie oversees the Group Leasing function which supports CMMT's malls in all aspects of leasing activities and works closely with them to ensure greater synergies and unlock greater value for CMMT.

**IBRAHIM AHMAD, 58,
SINGAPOREAN (MALE)**

Head, Operations

Ibrahim devises the strategic direction of the engineering and operational aspects of CMMT's malls. He is responsible for developing operational guidelines as well as implementing facility management policies, which include the establishment of standard operating procedures and emergency response procedures for the malls to run smoothly.

With more than 25 years of experience in real estate specialising in project and property management, Ibrahim was the Head of Engineering and Technical Services of CapitaLand Malaysia. He was also critical in the preparation of operations and maintenance budgets, review of equipment performance, and procurement of service contracts. In addition to the above, he led the implementation of systems that resulted in the award of ISO9000, ISO14000 and ISO18000, as well as Singapore's Building and Construction Authority Green Mark certification, for malls within the portfolio. Ibrahim graduated with a Bachelor of Science (Real Estate Management) from Oxford Brookes University, United Kingdom and is a qualified Fire Safety Manager registered with the Fire Safety Bureau of Singapore.

**ELIZA KOW SHUK HAN, 41,
MALAYSIAN (FEMALE)**

Head, Marketing & Communications

Eliza is responsible to formulate the strategic direction and initiatives to actively engage shoppers, tenants and the communities of CMMT's malls. Prior to joining the Manager, Eliza was involved in various signature marketing campaigns for several reputable companies where she gained more than 15 years of experience in handling of sales and marketing, advertising and branding, digital marketing and retailer partner marketing with both local and regional exposure.

Eliza holds a Master of Business Administration (Strategic Management) from International Islamic University of Malaysia and a Bachelor of Arts (Communications) from Charles Sturt University of Australia.

**JASMINE LOO PIK KWAN ABDULLAH, 40,
MALAYSIAN (FEMALE)**

Senior Manager, Investor Relations & Corporate Communications

Jasmine is responsible for building rapport and maintaining transparent communications with CMMT's Unitholders, potential investors, analysts and media through various communication channels such as annual reports, press releases, presentations, roadshows and CMMT's website.

Jasmine has more than 10 years' experience in corporate communications and has established herself as a writer for several well regarded media publications. She holds a Bachelor of Arts (English Language) from University Putra of Malaysia.

CORPORATE GOVERNANCE

THE MANAGER

The primary role as the Manager of CMMT is to set the strategic direction of CMMT and make recommendations to the Trustee on the acquisition of new assets and divestment or enhancement of CMMT's assets in accordance with its stated investment strategy. The research, evaluation and analysis required for this purpose are coordinated and carried out by the Manager. The Manager is also responsible for the system of risk management and internal controls for CMMT.

The Manager has general powers of management over the assets of CMMT. The Manager's primary responsibility is to manage the assets and liabilities of CMMT for the benefit of the Unitholders of CMMT. This is done with a focus on generating rental income and enhancing asset values over time to maximise returns from the investments and ultimately, the distribution and total returns to Unitholders.

Other functions and responsibilities of the Manager include:

- (a) Using its best endeavours to conduct CMMT's business in a proper and efficient manner and to conduct all transactions on behalf of CMMT at arm's length;
- (b) Preparing annual property plans for review by the Manager's Directors, including forecasts on revenue, net income and capital expenditure, reasons for major variances in previous years' numbers, written commentaries on key issues and underlying assumptions for rental rates, operating expenses and other relevant assumptions;
- (c) Ensuring compliance with relevant laws and regulations, including but not limited to the Companies Act 2016, the Capital Markets and Services Act 2007 (CMSA), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia) (Listing Requirements), the Securities Commission's (SC) Guidelines on Listed Real Estate Investment Trusts (REITs Guidelines), Licensing Handbook, written directions, notices, codes and other applicable guidelines issued by SC and/or Bursa Malaysia and the tax rulings issued by the Inland Revenue Board of Malaysia on the taxation of CMMT and its Unitholders as well as any updates and amendments to such relevant laws and regulations;
- (d) Attending to all regular communications with Unitholders; and
- (e) Supervising Knight Frank Property Management Sdn. Bhd. and Zaharin Nexcap Property Management Sdn. Bhd. (the Property Managers), which pursuant to the property management agreements, perform the day-to-day property management functions (including leasing, accounting, marketing, promotion, operations coordination and other property management activities) for CMMT's properties namely Gurney Plaza, Sungei Wang¹, 3 Damansara and Tropicana City Office Tower, The Mines and East Coast Mall.

The Manager also considers sustainability issues (including environmental and social factors) as part of its responsibility. CMMT's Sustainability Management section is set out on pages 67 to 73.

The Manager administers the enterprise risk management and ensures that internal controls are in place to mitigate and manage the risks as set out on pages 62 to 64.

CMMT, constituted as a trust, is externally managed by the Manager. The Manager appoints experienced and well qualified individuals to run its day-to-day operations. All Directors and employees of the Manager are remunerated by the Manager and not CMMT.

The Manager was appointed in accordance with the terms of the deed dated 7 June 2010 (as amended and restated on 5 October 2018) (the Deed). The Deed outlines certain circumstances under which the Manager can be removed; through an ordinary resolution at a meeting of Unitholders duly convened and held in accordance with the provisions of the Deed, on grounds of a breach of its obligations under the Deed which the Manager failed to remedy despite the request to remedy from the Trustee.

¹ CMMT's interest in Sungei Wang comprises (i) 205 strata parcels within the mall which represents approximately 61.9% of the aggregate retail floor area of Sungei Wang, and (ii) 100.0% of the car park bays in Sungei Wang.

The Manager is a subsidiary of CapitaLand Limited (CapitaLand) which holds a significant unitholding interest in CMMT. CapitaLand is a long-term real estate developer and investor and has strong inherent interests in the performance of CMMT. CapitaLand's retention of a significant unitholding interest in CMMT ensures its commitment to CMMT and aligns its interests with other Unitholders. The Manager's association with CapitaLand provides the following benefits to CMMT, amongst others;

- (a) a stable pipeline of property assets through CapitaLand's development activities;
- (b) wider and better access to banking and capital markets;
- (c) fund raising and treasury support; and
- (d) access to a bench of experienced management talent.

Our Corporate Governance Culture

The Manager aspires to the highest standards of corporate governance. The Manager is committed to continuous improvement in corporate governance. It has developed and, on an ongoing basis, maintains sound and transparent policies and practices to meet the specific business needs of CMMT and to provide a firm foundation for a trusted and respected business enterprise. The Manager remains focused on complying with the substance and spirit of the principles of the Malaysian Code on Corporate Governance (Code) while achieving operational excellence and delivering CMMT's long term strategic objectives. The Board of Directors (Board) is responsible for the Manager's corporate governance standards and policies, underscoring their importance to the Manager.

This corporate governance report (Report) sets out the corporate governance practices for financial year (FY) 2018 with reference to the principles of the Code. For FY 2018, save as stated in this Report, CMMT has complied in all material aspects with the principles and guidelines in the Code. Where there are deviations from any of the guidelines of the Code, an explanation has been provided within this Report.

Intended Outcome 1.0

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1: The board should set the company's strategic aims, ensures that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

The Board oversees the affairs of the Manager in furtherance to the Manager's primary responsibility to manage the assets and liabilities of CMMT for the benefit of Unitholders. The Board provides leadership to the Chief Executive Officer (CEO) and the management team (Management) of the Manager, and sets the strategic vision, direction and long-term objectives for CMMT. The CEO, assisted by Management, is responsible for the execution of the strategy for CMMT and the day-to-day operation of CMMT's business.

The Board establishes goals for Management and monitors the achievement of these goals. It ensures that proper and effective controls are in place to assess and manage business risks and compliance with requirements under the Listing Requirements, REITs Guidelines as well as any other applicable guidelines prescribed by Bursa Malaysia, SC or other relevant authorities and such other applicable laws. It also sets the disclosure and transparency standards for CMMT and ensures that obligations to Unitholders and other stakeholders are understood and met. The goals and achievements of CMMT are set in the Balance Scorecard approved by the Board and measured at the end of each financial year. The Board also receives periodic reports on the risks, compliance, conflicts of interest and internal controls managed and applied by Management for CMMT and the Manager.

The Board has established various committees to assist in the discharge of its functions. These Committees are the Audit Committee (AC), the Corporate Disclosure Committee (CDC) and the Executive Committee (EXCO)(Committees). The composition of the various committees are set out under Corporate Information of this Annual Report.

CORPORATE GOVERNANCE

Each of these Committees operates under delegated authority from the Board and is governed by its own terms of reference, with the Board retaining overall oversight. The Board may form other committees as dictated by business imperatives. Membership in the various Committees is managed to ensure an equitable distribution of responsibilities among Board members, to maximise the effectiveness of the Board and to foster active participation and contribution from Board members. Diversity of experience and appropriate skills are considered in the composition of the respective Committees.

The Board has adopted a set of internal controls which establishes approval limits for operational and capital expenditure, investments, divestments, bank borrowings and issuance of debt instruments. Apart from matters that specifically require the Board's approval, the Board delegates authority for transactions below those limits to the respective Committees and Management. Approval sub-limits are also provided at Management level to optimize operational efficiency.

The Board meets at least once every quarter, and as and when required by business imperatives. The Board and the Committee meetings are scheduled prior to the start of each financial year, to facilitate the deliberation of matters of strategic significance for CMMT, including any significant acquisitions and disposals, the annual budget, CMMT's and the Manager's business and financial performance reviews and approval for release of the quarterly and full-year results. Where exigencies prevent a Director from attending a Board meeting in person, the Constitution of the Manager permits the Director to participate via audio conferencing or video conferencing. The Board and the Committees may also make decisions by way of resolutions in writing. In each meeting which discusses matters requiring the Board's approval, all members of the Board participate in the discussions and deliberations; resolutions in writing are circulated to all Directors and are subject to the approval of the Directors. This principle of collective decisions adopted by the Board ensures that no individual unduly influences or dominates the decision making process.

A total of four Board meetings were held in FY 2018. A table showing the attendance record of the Directors at meetings of the Board and Committees in FY 2018 is set out on page 52 of this Annual Report. The Manager believes in the manifest contribution of its Directors beyond attendance at formal Board and Committee meetings. To judge a Director's contributions based on his attendance at formal meetings alone would not do justice to his overall contributions, which include being accessible to Management for guidance or exchange of views outside the formal environment of Board and Committee meetings. In addition to the formal meetings held in FY 2018, Management has received and benefitted from the strategic guidance of the Board through the Directors having had many interactive sessions with Management in person and also through electronic means.

In view of the increasingly demanding, complex and multi-dimensional roles of a director, the Board recognises the importance of continuous training and development for its Directors to maintain their professional standards. The Manager also maintains a training record to track the Directors' professional development. The costs of training are borne by the Manager. Upon appointment, each Director is provided with a formal letter of appointment and a copy of the Directors' Manual (which includes information on a broad range of matters relating to the role and responsibilities of a director). All Directors, upon appointment, also undergo an induction programme which focuses on orientating the Director to CMMT's business, operations, strategy, organisational structure, responsibilities of key management personnel, and financial and governance practices.

Following their appointment, Directors are provided with opportunities for continuing education in areas such as directors' duties and responsibilities, changes to regulations and accounting standards and industry-related matters, to enable them being updated on matters that affect or which may enhance their performance as Directors or Committee members. Directors are also encouraged to undertake self-learning by reading relevant reports and journals.

All Directors attended the Mandatory Accreditation Programme (MAP) and as prescribed by Bursa Malaysia, within four months of their appointments. Mr Lim Cho Pin Andrew Geoffrey and Mr Ronald Tay Boon Hwee have completed the MAP within four months after their appointments. Training programmes, seminars and conferences attended by the Directors during FY 2018 are set out on page 53 of this Annual Report.

Practice 1.2: A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

The Board presently comprises of eight Directors, five of whom are independent directors. The Chairman of the Board is an Independent Director. Profiles of the Chairman and the Directors are provided on pages 24 to 27 of this Annual Report.

During FY 2018, the non-executive independent Chairman, Mr David Wong Chin Huat, has been responsible for:

- (a) Providing leadership to the Board so that the Board can perform its responsibilities effectively;
- (b) Overseeing the Board agenda and interfacing between Management and Board members for delivery of information required at each Board meeting;
- (c) Leading all four Board meetings and discussions;
- (d) Encouraging active participation and allowing dissenting views to be freely expressed by the Directors;
- (e) Managing the interface between Board and Management on all other matters;
- (f) Ensuring appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board; and
- (g) Leading the Board in establishing and monitoring good corporate governance practices in the Company.

Practice 1.3: The positions of Chairman and CEO are held by different individuals.

To maintain an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making, the roles and responsibilities of Chairman and CEO are held by separate individuals. The division of responsibilities between the Chairman and the CEO facilitates effective oversight and a clear segregation of duties. The Chairman and the CEO are not related to each other and the Chairman is a Non-Executive Independent Director.

The Chairman plays a significant leadership role by providing clear oversight, advice and guidance to the CEO and Management on strategies and business operations.

The Chairman leads the Board to ensure the effectiveness on all aspects of its role and sets its agenda. He ensures that members of the Board receive accurate, clear and timely information, facilitates the contribution of Non-Executive Directors, encourages constructive relationships between Executive Directors, Non-Executive Directors and Management, ensures effective communication with Unitholders and promotes a high standard of corporate governance.

The Chairman also ensures that the Board works together with Management with integrity, competency and moral authority, and that the Board engages Management in deliberations on strategy, business operations and enterprise risks.

The CEO is a Board member and has full executive responsibilities over the business directions and operational decisions of CMMT and is responsible for implementing CMMT's strategies and policies in the conduct of CMMT's business.

The separation of roles of the Chairman and the CEO and the resulting clarity of roles provide a healthy professional relationship between the Board and Management, and facilitate robust deliberations on the business activities of CMMT and the exchange of ideas and views to help shape CMMT's strategic process.

CORPORATE GOVERNANCE

Practice 1.4: The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

The Board is supported by a suitably qualified and competent Company Secretary (the Secretary). The Secretary of the Manager works with the Chairman and Management to ensure that Board papers and agendas are provided to each Director at least five working days in advance of the Board meetings so that they can familiarise themselves with the matters prior to the Board meetings. The Board is entitled to have separate and independent access to the Management and the Secretary, and vice versa at all times. The Secretary provides the Board with the necessary assistance and is also responsible for assisting the Chairman in ensuring adherence to Board procedures and compliance with applicable laws and regulations. Under the direction of the Chairman, the Secretary's responsibilities include ensuring good information flow within the Board and its Committees and between Management and Independent Directors, as well as facilitating orientation of new directors and assisting with the professional development of the Directors as and when required. The Secretary attends all Board meetings and Committee meetings to take minutes. She is the corporate governance advisor on corporate matters to the Board and Management and will also attend to corporate secretarial administration matters.

Where necessary, the Manager will, upon request of the Directors (whether as a group or individually), provide them with independent professional advice, at the Manager's expense, to enable them to discharge their duties. The Secretary assists the Directors in obtaining such advice.

During FY 2018, the Secretary has provided updates on amendments to the Companies Act 2016, the Code, REITs Guidelines, Listing Requirements and other related laws for the Company's and Board's information.

Practice 1.5: Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

The Manager recognises the importance of providing the Board with complete, adequate and timely information prior to Board meetings and on an on-going basis, to enable the Directors to make informed decisions to discharge their duties and responsibilities.

The Board meets regularly and Board meetings, in general, last up to half a day. At each Board meeting, the CEO provides updates on CMMT's business and operations as well as its financial performance. Presentations in relation to specific business areas are also made by key executives and external consultants or experts, which allows the Board to develop a good understanding of CMMT's business and also promotes active engagement between the Board and the key executives of the Manager.

As the Manager's practice, Board papers are sent to Board members at least five working days prior to each Board meeting, to allow members of the Board to prepare for the Board meetings and to enable discussions to focus on any questions that they may have.

In line with the Manager's commitment to limit paper wastage and reduce its carbon footprint, the Manager no longer provides printed copies of Board papers and Directors are instead provided with tablet devices to enable them to access and read Board and Committee papers electronically prior to and at meetings. This initiative also enhances data security as the papers are downloaded to the tablet devices through an encrypted channel.

The Manager practices timely circulation of the minutes of the Board and Committee meetings after each meeting. Minutes are complete and accurately reflect the deliberations and decisions of the Board and Committees, including whether any Director abstained from voting or deliberating on any matter.

Intended Outcome 2.0

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1: The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies: -

- › **The respective roles and responsibilities of the board, board committees, individual directors and management; and**
- › **Issues and decisions reserved for the board.**

The Board's duties and responsibilities have been guided by a Board Charter and in FY 2018 include:

- (a) approving CMMT's broad policies, strategies and objectives;
- (b) approving annual budgets, major funding including capital management proposals, investment and divestment proposals;
- (c) reviewing at least annually the adequacy and effectiveness of the Group's risk management and internal control systems including financial, operational, compliance and information technology controls which relate to CMMT and the Manager;
- (d) reviewing and approving succession plans for Directors;
- (e) reviewing and approving the appointment of and succession plans for the CEO; and
- (f) reviewing and approving the Board's compensation.

The Board Charter is periodically reviewed to reflect changes to the Board's policies, procedures and processes as well as any development in statutes and regulations that may have an impact on the discharge of the Board's duties and responsibilities.

Intended Outcome 3.0

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1: The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering. The Code of Conduct and Ethics is published on the company's website.

The Manager adheres to an ethics and code of business conduct policy which deals with issues such as confidentiality, conduct and work discipline, corporate gifts and concessionary offers. Clear policies and guidelines on how to handle work place harassment and grievances are also in place.

The policies and guidelines are published on CapitaLand's Intranet which is accessible by all employees of the Manager. The policies that the Manager has implemented aim to help to detect and prevent occupational fraud mainly in three ways.

First, the Manager offers fair compensation packages, based on practices of pay-for-performance and promotion based on merit to its employees. The Manager also provides various healthcare subsidies and financial assistance schemes to alleviate the common financial pressures its employees face.

Secondly, clearly documented policies and work procedures incorporate internal controls which ensure that adequate checks and balances are in place. Periodic audits are also conducted to evaluate the efficacy of these internal controls.

CORPORATE GOVERNANCE

Finally, the Manager seeks to build and maintain the right organisational culture through its core values, educating its employees on good business conduct and ethical values. This is achieved through orientation training of new employees and periodic training updates for existing employees.

The Manager has also established a policy that its Directors recuse themselves from voting on or participating in any discussions concerning a transaction in which they may be in a conflict of interest situation. The Directors have complied with this policy and recused himself/herself from voting on or participating in any Board deliberations on any transaction which might potentially give rise to a conflict of interest.

Bribery and Corruption Prevention Policy

The Manager adopts a strong stance against corruption and bribery. In addition to clear guidelines and procedures for the giving and receipt of corporate gifts and concessionary offers, all employees of the Manager are required to make a declaration on an annual basis where they pledge to uphold the Manager's core values and not to engage in any corrupt or unethical practices. This serves as a reminder to all employees to maintain the highest standards of integrity in their work and business dealings.

The Manager's zero tolerance policy towards corruption and bribery extends to its business dealings with third parties. Pursuant to this policy, the Manager requires that certain agreements incorporate anti-bribery and anti-corruption provisions.

The Manager adopted an enhanced group-wide fraud policy which included additional safeguards to prevent the occurrence of bribery and corruption. The Board was apprised of the Malaysian Anti-Corruption Commission Act's amendments in FY 2018 especially Section 17A.

Anti-Money Laundering and Countering the Financing of Terrorism Measures

The Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 lays down various activities which the said Act views as unlawful activities and which the Manager must be aware of. The Manager has applied a policy on the prevention of money laundering and terrorism financing and is alert at all times to suspicious transactions. As part of its business operational practices, the Manager performs due diligence checks on its counterparties in order to ensure that it is able to detect any suspicious money laundering and terrorist financing activities and it does not enter into business transactions with terrorist suspects or other high risk persons or entities.

Under this policy, the Manager must retain all relevant records or documents relating to business relations with its customers or transactions entered into for a period of at least seven years following the termination of such business relations or the completion of such transactions.

All prospective employees, officers and representatives of the Manager are also screened against various lists of terrorist suspects issued by SC. Periodic training has been provided by the Manager to its Directors, employees and representatives to ensure that they are updated and aware of applicable anti-money laundering and terrorist financing regulations and amendments thereto, the prevailing techniques and trends in money laundering and terrorist financing and the measures adopted by the Manager to combat money laundering and terrorist financing.

Practice 3.2: The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

A whistle-blowing policy and other procedures are put in place to provide employees of the Manager and parties having official dealings with CMMT with well defined, accessible and trusted channels to report suspected fraud, corruption, dishonest practices or other improprieties in the workplace, and for the independent investigation of any reported incidents and appropriate follow up action.

The objective of the Whistle-Blowing Policy is to encourage the reporting of such matters so that employees or external parties making any reports in good faith will be able to do so with the confidence that they will be treated fairly, and to the fullest extent possible, be protected from reprisal. The Whistle-Blowing Policy facilitates complaints which can be raised to the AC Chairman through the Internal Auditor who reports quarterly to the AC.

Intended Outcome 4.0

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1: At least half of the board comprises independent directors. For Large Companies², the board comprises a majority independent directors

The Board reviews from time to time the size and composition of the Board with a view of ensuring that the size of the Board is appropriate in facilitating effective decision making, taking into account the scope and nature of the operations of CMMT and its wholly owned subsidiary, CMMT MTN Berhad (CMMT Group), and that the Board has a strong independent element.

The Board presently comprises of eight Directors, five of whom are independent directors. The Chairman of the Board is an Independent Director. Profiles of the Directors are provided on pages 24 to 27 of this Annual Report reflecting that there is a majority of independent directors on the Board of the Manager being manager of CMMT.

Practice 4.2: The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director. If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process

Practice 4.3: The board has a policy which limits the tenure of its independent directors to nine years (Step Up)

The independence of each Director is reviewed by the Board upon appointment, and thereafter annually through a Board performance evaluation exercise carried out by the Secretary on behalf of the Manager and by the Board as and when circumstances require. An Independent Director is one who has no relationship with the Manager, its related parties, its shareholders who hold 10% or more of the voting shares in the Manager or Unitholders who hold 10% or more units in issue of CMMT or its officers that could interfere, or be reasonably perceived to interfere with the exercise of independent judgement; and has not served on the Board for a continuous period of nine years or longer.

The Manager applies the Listing Requirements, the REITs Guidelines and the Code in determining if a Director is independent. The relevant non-executive Directors, namely Mr David Wong Chin Huat, Ms Tan Siew Bee, Dr Peter Tay Buan Huat, Tuan Haji Rosli bin Abdullah and Mr Ng Chih Kaye, have in FY 2018 provided declarations of their independence and which have been accepted by the Board.

The Board has considered whether each of Mr David Wong Chin Huat, Ms Tan Siew Bee, Dr Peter Tay Buan Huat, Tuan Haji Rosli bin Abdullah and Mr Ng Chih Kaye had demonstrated independence of character and judgement in the discharge of his/her responsibilities as a Director of the Manager in FY 2018, and is satisfied that each of them acted with independent judgement.

On the basis of the declarations of independence provided by the Directors and the guidance in the Code, REITs Guidelines and the Listing Requirements, the Board has determined that Mr David Wong Chin Huat, Ms Tan Siew Bee, Dr Peter Tay Buan Huat, Tuan Haji Rosli bin Abdullah and Mr Ng Chih Kaye are independent directors. Each member of the Board had recused himself/herself from deliberations on his/her own independence.

The Manager believes that Board renewal is a necessary and continual process, for good governance and ensuring that the Board has the skills, expertise and experience which are relevant to the evolving needs of CMMT's business; renewal or replacement of a Director therefore does not necessarily reflect his/her performance or contributions to date. The Board has established the guideline that an Independent Director will serve for an initial two three-year terms and any extension of term up to a maximum period of nine years (inclusive of the initial two terms served) will be individually considered by the Board.

² Large Companies refers to (1) Companies on the FTSE Bursa Malaysia Top 100 Index; or (2) Companies with market capitalisation of RM2 billion and above, at the start of the companies' financial year.

CORPORATE GOVERNANCE

Practice 4.4: Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Practice 4.5: The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

The Board undertakes the function of a nominating committee and therefore, the Manager does not have a nominating committee. The Board performs the functions that such a committee would otherwise perform, namely, it administers nominations to the Board, reviews the structure, size and composition of the Board, and reviews the performance and independence of Board members. The Board seeks to ensure that the composition of the Board provides an appropriate balance and diversity of skills, experience and knowledge of the industry and that the Directors, as a group, have the necessary core competencies relevant to CMMT's business. The current Board comprises individuals who are business leaders and professionals with financial, real estate, legal, investment and accounting backgrounds.

The Board recognises the benefits of having a diverse Board. Diversity in the Board's composition not only contributes to the quality of its decision making through diversity of perspectives in its boardroom deliberations, the varied backgrounds of the Directors also enable Management to benefit from their respective expertise and diverse backgrounds. The Board also considers gender an important aspect of diversity alongside factors such as the age, ethnicity and educational background of its members. The Board is committed to diversity and will continue to consider the differences in the skillsets, gender, age, ethnicity and educational background in determining the optimal composition of the Board in its Board renewal process. Currently, the Board has two (2) female Directors.

The Board is able to undertake the functions of a nominating committee because:

- (a) The Manager is a dedicated manager to only CMMT and has a more focused scope and scale of business compared to those of listed companies. For this reason, the Board's capacity would not be unduly stretched if the responsibilities of a nominating committee were also undertaken by the Board as the Board would be able to give adequate attention to such issues;
- (b) The focused scope of the business of CMMT also means a manageable competency requirement for the Board such that the Board is able to manage the duties of a nominating committee; and
- (c) The Independent Directors form a majority of the Board and the Chairman as an Independent Director demonstrates that the Independent Directors play a substantive role and assures the objectivity and independence of the decision-making process concerning nomination. This also mitigates any concerns of conflict which can be managed by having the conflicted directors abstain from the decision-making process. Further, conflict situations are less likely to arise in matters of nomination.

Practice 4.6: In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilizes independent sources to identify suitably qualified candidates.

Practice 4.7: The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

The Board has adopted the following criteria and process for selecting, appointing and reappointing Directors and for reviewing the performance of Directors:

- (a) The Board will at least annually carry out an assessment of the Board composition as well as on each occasion when an existing Independent Director gives notice of his intention to retire or resign. This is to assess the collective skills, knowledge and experience of the Directors represented on the Board to determine whether the Board, on the whole, has the skills, knowledge and experience required to achieve the Manager's objectives for CMMT;
- (b) The Board will be informed of the suitability of any candidates put forward for appointment, having regard to the skills required and the skills represented on the Board, whether a candidate's skills, knowledge and experience will complement the existing Board, whether he has sufficient time available to commit to his responsibilities as a Director, and if he is a fit and proper person for the office in accordance with the Licensing Handbook issued by the SC and the CMSA (which require the candidate to be, among other things, competent, honest and with integrity);
- (c) External consultants may be engaged from time to time to access a wide base of potential directors;
- (d) No member of the Board will be involved in any decision of the Board relating to his own appointment, reappointment or assessment of independence;
- (e) A newly appointed Director will receive a formal appointment letter and a copy of the Director's Manual (which includes information on a broad range of matters relating to the role and responsibilities of a director);
- (f) All Directors on appointment will undergo an induction programme both internally and as mandated by Bursa Malaysia to help familiarize them with matters relating to CMMT's business and the Manager's strategy for CMMT;
- (g) The performance of the Board, the various Committees and Directors will be reviewed annually using a board performance evaluation process which can either be an internal one or through engagement of independent and external consultants; and
- (h) The Board will proactively address any issues identified in the board performance evaluation.

The adopted process takes into account the requirements in the Code that the composition of the Board, including the selection of candidates for new appointments to the Board as part of the Board's renewal process, is determined using the following principles:

- (a) The Board should comprise Directors with a broad range of commercial experience, including expertise in fund management, the retail property industry, banking and legal fields; and
- (b) At least half of the Board should comprise Independent Directors and for Large Companies, the Board comprises presently of a majority of Independent Directors.

Intended Outcome 5.0

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1: The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome. For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

The Manager believes that oversight from a strong and effective Board goes a long way in guiding a business enterprise to achieving success.

CORPORATE GOVERNANCE

The Board strives to ensure that there is an optimal blend in the Board of background, experience and knowledge in business, finance and management skills critical to CMMT's business, and that each Director can bring to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made in the interests of CMMT.

Whilst Board performance is ultimately reflected in the long-term performance of CMMT, the Board believes that engaging in a regular process of self-assessment and evaluation of board performance can identify key strengths and areas for improvement which are essential for effective stewardship and to achieve success for CMMT.

As part of the Manager's commitment towards improving corporate governance, the Board has approved and implemented a process to evaluate the effectiveness of the Board as a whole and the Committees on an annual basis. As part of the process, questionnaires were sent to the Directors, and the results were aggregated and reported to the Chairman of the Board. The areas of evaluation covered in the survey questionnaire included Board composition, Board processes, strategy, performance and governance, access to information and effectiveness of the Committees. The Board also evaluates whether the creation of value for unitholders has been considered in the decision-making process. The results of the survey were deliberated upon by the Board and the necessary follow up action taken with a view to enhancing the effectiveness of the Board in the discharge of its duties and responsibilities. Based on the survey findings, almost all the attributes in the survey areas received positive ratings with proposals to improve the performance and function of the Board in the future.

The Board was also able to assess the Committees through their regular reports to the Board on their activities. In respect of individual Directors, their contributions can take different forms including providing objective perspectives on issues, facilitating business opportunities and strategic relationships, and accessibility to Management outside of the formal environment of Board and/or Committee meetings.

The Manager also believes that the collective Board performance and the contributions of individual Board members are also reflected in, and evidenced by, the collective and synergistic performance of the Board in discharging its responsibilities as a whole by not only providing proper guidance, diligent oversight and able leadership, but also by lending support to Management in steering CMMT in the appropriate direction, as well as in the long-term performance of CMMT whether under favourable or challenging market conditions.

Intended Outcome 6.0

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long term objectives. Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1: The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. Remuneration policies and decisions are made through a transparent and independent process.

The Manager believes that a framework of remuneration for the Board and the Management should not be taken in isolation. It should be linked to the building of management bench strength and the development of key executives. This is to ensure continual development of talent and renewal of strong and sound leadership for a sustainable business and a lasting company in the best interest of CMMT.

In terms of the process adopted by the Manager for developing policies on remuneration and determining the remuneration packages for Directors and executive officers, the Manager, through an independent remuneration consultant, takes into account relevant industry benchmarks. It also considers the compensation framework of CapitaLand as a point of reference. The Manager is a subsidiary of CapitaLand, which also holds a significant stake in CMMT. The association with the CapitaLand Group puts the Manager in a better position to attract and retain better qualified management talent; and provides the Manager with an intangible benefit such that allows its employees to associate themselves with an established corporate group which can offer them the depth and breadth of experience and a career horizon. In FY 2018, an independent remuneration consultant, Willis Towers Watson was appointed to provide professional advice on Board and executive remuneration.

The principles governing the Manager's key management personnel remuneration policy are as follows:

Business Goals

- › Generating rental income and enhancing asset value of CMMT over time to maximise returns from investments and ultimately, the distribution and total return to Unitholders.
- › Secure sound, structured funding to ensure affordability and cost-effectiveness in line with performance goals.
- › Enhance retention of key talent to build strong organisational capabilities.

Motivate Right Behaviour

- › Pay for performance – align, differentiate and balance rewards according to multiple dimensions of business goals performance.
- › Strengthen line-of-sight by linking rewards with business goals.

Fair & Appropriate

- › Ensure competitive remuneration relative to the appropriate external talent markets.
- › Manage internal equity such that the remuneration systems are being viewed as fair.

Effective Implementation

- › Exercise appropriate flexibility to meet strategic business needs and practical implementation considerations.
- › Facilitate employee undertakings to maximise the value of the remuneration programmes.

The fixed component for key executives comprises the base salary, fixed allowances and compulsory employer contribution to the employees' Employees Provident Fund. The variable cash component comprises an annual bonus plan which is linked to the achievement of annual performance targets for each key executive. Annual performance targets are in the form of both quantitative and qualitative measures that are aligned to the business strategy for CMMT Group and linked both to individual performance and the performance of CMMT. The market-related benefits provided are comparable with local market practices.

For FY 2018, remuneration for key management personnel comprises a fixed component, a performance-based variable cash component, a performance-based variable equity-based component or cash-based component and market related benefits. For the equity-based or cash-based component, for FY 2018, either shares of CapitaLand or cash was awarded pursuant to the share plan of CapitaLand.

Practice 6.2: The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management. The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

The Board undertakes the functions of a remuneration committee based on the following:

- (a) the Manager is a dedicated manager to only CMMT and in general, REITs (including CMMT) have a more focused scope and scale of business compared to those of listed companies. For this reason, the Board's capacity would not be unduly stretched when undertaking the responsibilities of a remuneration committee and the Board would be able to give adequate attention to such issues relating to remuneration matters; and
- (b) the Independent Directors form at least half of the Board and the Chairman is an Independent Director, which demonstrates that the Independent Directors play a substantive role and ensures the objectivity and independence of the decision making process concerning remuneration. This also mitigates any concerns of conflict which can be managed by having the conflicted Directors abstain from the decision making process. Further, conflict situations are less likely to arise in matters of remuneration. Moreover, there is an independent external consulting firm which provides guidance to the Board prior to approving the recommended remuneration based on market demands and norms.

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In undertaking this function, the Board oversees the design and implementation of the remuneration policy and the specific remuneration packages for each Director and the CEO. No member of the Board, however, will be involved in any decision of the Board relating to his own remuneration.

Intended Outcome 7.0

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1: There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

The Directors' fees for FY 2018 are shown in the table below. The CEO as an executive director does not receive any fees for serving as a Director. Instead, she is remunerated as part of the key management personnel of the Manager. Directors' fees are a fixed sum and generally comprise a basic retainer fee as a Director, an additional fee for serving on any of the Committees and an attendance fee for participation in meetings of the Board and any of the Committees, project meetings and verification meetings. The remuneration framework for the non-executive Directors remains unchanged from that of the previous financial year.

DIRECTORS' FEES¹

Board Members	FY 2018 (RM)	FY 2017 (RM)
David Wong Chin Huat	205,000	207,000
Tuan Haji Rosli bin Abdullah	150,000	155,000
Foo Wei Hoong ^{2, 3}	62,891	90,000
Ng Chih Kaye	130,000	135,000
Tan Siew Bee	130,000	135,000
Peter Tay Buan Huat	97,000	99,000
Lim Cho Pin Andrew Geoffrey ^{4, 6}	121,531	-
Ronald Tay Boon Hwee ⁶	151,000	-
Ng Kok Siong ^{5, 6}	56,473	180,000

Practice 7.2: The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Practice 7.3: Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis. (Step Up)

The remuneration for the CEO in bands of RM50,000, and a breakdown of the remuneration of the CEO and the top 5 senior management personnel of the Manager in percentage terms, are provided in the Key Management Personnel's Remuneration Table on page 54 of this Annual Report.

1 Inclusive of attendance fees of (a) RM5,000 (local director) and RM8,000 (foreign director) per meeting attendance in person, (b) RM2,000 per meeting attendance via tele-conference or video conference, and (c) RM2,000 per project or verification meeting subject to a maximum of RM20,000 per Director per annum.

2 The Director's fees (excluding attendance fees) to Foo Wei Hoong are payable to Malaysian Industrial Development Finance Berhad (MIDF).

3 Resigned as a Director with effect from 25 October 2018.

4 Appointed as a Director, a Member of the Audit Committee, Corporate Disclosure Committee and Executive Committee with effect from 15 April 2018.

5 Resigned as a Director, a Member of the Audit Committee, Corporate Disclosure Committee and Executive Committee with effect from 15 April 2018.

6 Non-executive Directors who are employees of CapitaLand do not receive Directors' fees.

The Manager has decided (a) to disclose the CEO's remuneration in bands of RM50,000 (instead of on a quantum basis), and (b) not to disclose the remuneration of the key management personnel of the Manager (whether in bands of RM50,000 or otherwise). In arriving at its decision, it has taken into account the commercial sensitivity and confidential nature of remuneration matters. The Manager is of the view that disclosure in such a manner is not prejudicial to the interests of Unitholders as the indicative range for the CEO's remuneration, as well as the total remuneration for the CEO and key management personnel of the Manager, is made known to Unitholders, and sufficient information is provided on the Manager's remuneration framework to enable Unitholders to understand the link between CMMT's performance and the remuneration of the CEO and key management personnel. In addition, the remuneration of the CEO and key management personnel of the Manager is paid out of the fees that the Manager receives (of which the quantum and basis have been disclosed), rather than the assets of CMMT.

Intended Outcome 8.0

There is an effective and independent Audit Committee. The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.1: The Chairman of the Audit Committee is not the Chairman of the board.

Practice 8.2: The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Practice 8.3: The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

The AC has established an External Auditors' Independence Guideline that considers among others:

- (a) The competence, audit quality and resource capacity of the external auditor in relation to the audit;
- (b) The nature and extent of the non-audit services rendered and the appropriateness of the level of fees; and
- (c) The written assurance obtained from the external auditors confirming that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

The AC has reviewed the nature and extent of non-audit services provided by the external auditors during FY 2018 and the fees paid for such services. The AC is satisfied that the independence of the external auditors has not been impaired by the provision of those services. The external auditors have also provided confirmation of their independence to the AC. The aggregate amount of fees paid and payable to the external auditors for FY 2018 was approximately RM205,000 of which audit fees and audit related fees amounted to approximately RM196,000 and non-audit fees amounted to approximately RM9,000.

Practice 8.4: The Audit Committee should comprise solely of independent directors (Step Up)

The Chairman of the AC is not the Chairman of the Board. At present, the AC comprises four members, all non-executive, a majority of whom (including the Chairman of the AC) are independent. The members bring with them invaluable recent and relevant managerial and professional expertise in accounting, legal and related financial management domains. None of the AC members was previously a partner of the incumbent external auditors, KPMG PLT (KPMG), within the previous two years, nor do any of the AC members hold any financial interest in KPMG.

The AC has explicit authority to investigate any matter within its terms of reference. Management is required to provide the fullest cooperation in providing information and resources, and in implementing or carrying out all requests made by the AC. The AC has direct access to the internal and external auditors and full discretion to invite any Director or executive officer to attend its meetings. Similarly, both the internal and external auditors are given unrestricted access to the AC.

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Practice 8.5: Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

At present, there is a level of financial literacy amongst the AC members who have sufficient understanding of the company's business.

In the review of the financial statements, the AC has discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements and considered the clarity of key disclosures in the financial statements. The AC reviewed, amongst other matters, the following key audit matter identified by external auditors for the financial year ended 31 December 2018.

Key Audit Matter	How the AC reviewed the matter and what decisions were made
Valuation of investment properties	<p>The AC considered the valuation methodologies applied by the valuers for investment properties including evaluation of the valuers' objectivity and competency.</p> <p>The valuers are changed every three years which is in line with the REITs Guidelines stating that the valuer may conduct valuation on any particular real estate of a REIT for up to three consecutive years. Appointing the same valuer over a three years period ensure better assessment with continuity over a longer period.</p> <p>The AC held discussions with the Management and external auditors to review the valuation methodologies including the reasonableness of the capitalisation rates adopted by the valuers.</p> <p>The valuation of investment properties was also an area of focus for the external auditors.</p> <p>No significant matter came to the attention of the AC during the review.</p>

In FY 2018, the AC also met with the internal and external auditors, without Management's presence, to discuss the reasonableness of the financial reporting process, the system of internal controls, and the significant comments and recommendations by the auditors.

In FY 2018, changes to accounting standards, accounting systems and accounting issues which have a direct impact on the financial statements were reported to and discussed with the AC at its meetings.

Intended Outcome 9.0

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1: The board should establish an effective risk management and internal control framework.

The Manager maintains an adequate and effective system of risk management and internal controls addressing material financial, operational, compliance and information technology (IT) risks to safeguard Unitholders' interests and CMMT's assets.

The Board, assisted by EXCO and AC, has overall responsibility for the governance of risk, including determining the risk strategy, risk appetite, risk limits and risk policies.

The Exco and AC, guided by their respective terms of reference, and in particular, during FY 2018:

- (a) made recommendations to the Board on CMMT Group's risk strategy, risk appetite and risk limits;
- (b) reviewed the risk management framework, including the processes and resources to identify and manage material risks;
- (c) oversaw Management in the design, implementation and monitoring of the risk management and internal control systems;
- (d) reviewed the material risks faced by CMMT Group and the management thereof;
- (e) reviewed the adequacy and effectiveness of the system of risk management and internal control systems covering material risks and the assurance given by Management, as well as the disclosures in the annual report; and
- (f) considered and advised on risk matters referred to it by the Board or Management.

Practice 9.2: The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

The Manager adopts an Enterprise Risk Management (ERM) Framework which sets out the required legal, environmental and organisational components for managing risk in an integrated, systematic and consistent manner. The ERM Framework and related policies are reviewed annually.

As part of the ERM Framework, the Manager, amongst others, undertakes and performs a Risk and Control Self-Assessment (RCSA) annually to identify material risks along with their mitigating measures.

The CMMT Group's Risk Appetite Statement (RAS), incorporating the risk limits addresses the management of material risks faced by CMMT Group. Alignment of CMMT Group's risk profile to the RAS is achieved through various communication and monitoring mechanisms (including key performance indicators set for Management) put in place across the Manager.

More information on the Manager's ERM Framework can be found in the Enterprise Risk Management section on pages 62 to 64 of this Annual Report.

The internal and external auditors conduct reviews on the adequacy and effectiveness of the material internal controls for CMMT Group including financial, operational, compliance and IT risks. This includes testing, where practicable, material internal controls in areas managed by external service providers. Any material non-compliance or lapses in internal controls together with corrective measures recommended by the internal and external auditors are reported to and reviewed by the Exco and AC. The AC also reviews adequacy and effectiveness of the measures taken by the Manager on the recommendations made by the internal and external auditors in this respect.

The Board has received assurance from the CEO and the Head, Finance of the Manager that the system of risk management and internal controls in place for CMMT Group is adequate and effective in addressing the material risks faced by CMMT Group in its current business environment including material financial, operational, compliance and IT risks. The CEO and the Head, Finance of the Manager have obtained similar assurance from the respective risk and control owners.

CORPORATE GOVERNANCE

Based on the ERM Framework established and the reviews conducted by Management and both the internal and external auditors, as well as the assurance from the CEO and the Head, Finance of the Manager that the Board is of the opinion, that with the concurrence of the EXCO and AC, CMMT Group's system of risk management and internal controls are adequate and effective to address the risks (including financial, operational, compliance and IT risks) which CMMT Group considers relevant and material to its current business environment as at 31 December 2018. No material weakness was identified by the Board, the AC or the EXCO in respect of FY 2018.

The Board notes that the systems of risk management and internal controls established by the Management provides reasonable, but not absolute, assurance that CMMT Group, as it strives to achieve its business objectives, will not be significantly affected by any event that can be reasonably foreseen or anticipated. 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 poor judgement in decision making, human error, losses, fraud or other irregularities.

Intended Outcome 10.0

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1: The Audit Committee should ensure that the internal audit function is effective and able to function independently.

The Manager has in place an internal audit function supported by CapitaLand's Internal Audit Department (CL IA) which reports directly to the AC. CL IA plans its internal audit schedules in consultation with, but independently of, Management and its plan is submitted to the AC for approval prior to the beginning of each year. The AC also meets with CL IA at least twice a year without the presence of Management. CL IA has unfettered access to the Manager's documents, records, properties and employees, including access to the AC. During FY 2018, CL IA has completed four audit assignments pursuant to the 2018 annual internal audit plan as agreed by AC and has also on a quarterly basis reported to AC a summary of the Related Party Transactions and Recurrent Related Party Transactions entered into by CMMT.

Practice 10.2: The board should disclose:

- ***whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;***
- ***the number of resources in the internal audit department;***
- ***name and qualification of the person responsible for internal audit; and***
- ***whether the internal audit function is carried out in accordance with a recognised framework.***

CL IA is a corporate member of the Singapore branch of the Institute of Internal Auditors Inc. (IIA), with its headquarters in the United States of America. CL IA subscribes to, and is guided by, the International Standards for the Professional Practice of Internal Auditing (Standards) developed by the IIA and has incorporated these Standards into its audit practices. With respect to FY 2018, the AC has reviewed and is satisfied as to the adequacy and effectiveness of the IA function and the resources of CL IA.

None of the CL IA team members is related to the CEO nor Management. To ensure that internal audits are performed by competent professionals, CL IA recruits and employs suitably qualified professional staff with the requisite skill sets and experience. For instance, CL IA staff who are involved in IT audits are Certified Information System Auditors and members of the Information System Audit and Control Association (ISACA) in the USA. The ISACA Information System Auditing Standards provide guidance on the standards and procedures to be applied in IT audits. As of 31 December 2018, there were 24 professional and experienced staff who serviced CMMT's portfolio, including Head, Group Internal Audit.

CL IA is headed by Dr. Monica Chia Fook Lan. She has more than 20 years of professional auditing and accounting practices in the banking industry and auditing sector in Singapore and Australia. Dr. Chia is a Chartered Accountant with the Institute of Singapore Chartered Accountants. She has a Bachelor in Commerce, Accounting and Information System (Merit) and Master in Commerce, Accounting (Auditing) from The University of New South Wales, Sydney, Australia. She was awarded the scholarship to undertake PhD in Accounting from The University of Western Australia and her dissertation was an empirical research on the determinants of the timing and size of discretionary write-offs.

CL IA identifies and provides training and development opportunities for its staff to ensure that their technical knowledge and skill sets remain current and relevant.

Intended Outcome 11.0

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders can make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1: The board ensures there is effective, transparent and regular communication with its stakeholders.

The Manager is committed to keeping all Unitholders and other stakeholders and analysts informed of the performance and changes in CMMT or its business which would be likely to materially affect the price or value of the Units, on a timely and consistent basis, to facilitate the investment decisions of Unitholders and investors.

The Manager has in place an Investor Relations and Corporate Communications team which facilitates effective communication with Unitholders, analysts, fund managers and the media.

The Manager actively engages with Unitholders and has put in place a Unitholders' Communication and Investor Relations Policy (Policy) to promote regular, effective and fair communication with Unitholders.

The Board has established the CDC which assists the Board in the discharge of its function to meet the obligations arising under the laws and regulations of Malaysia relating to and to conform to best practices in the corporate disclosure and compliance process. The views and approval of the CDC were sought in FY 2018 through emails on various announcements and news releases. In FY 2018, CMMT disclosed not only transactions involving related parties but also CMMT's asset enhancement initiatives, projects in the pipeline and relevant updates on its environment and corporate social responsibilities.

More information on the Manager's investor and media relations with Unitholders can be found in the Investor & Media Relations section on page 65 of this Annual Report.

CMMT's distribution policy is to distribute at least 90.0% of its distributable income (other than gains from the sale of real estate properties by CMMT which are determined to be trading gains), with the actual level of distribution to be determined at the Manager's discretion. FY 2018 saw distributions of approximately 100.0% of CMMT's distributable income to Unitholders.

Intended Outcome 12.0

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1: Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

The Manager is committed to treating all Unitholders fairly and equitably.

All Unitholders enjoy specific rights under the Deed and the relevant laws and regulations. These rights include, among other things, the right to participate in profit distributions. They are also entitled to attend general meetings and are accorded the opportunity to participate effectively and vote at general meetings (including through proxies, if they are unable to attend in person, or if their Units are held through corporations).

All Unitholders were given at least 28 days notice prior to the Annual General Meeting which is beyond the minimum requirement of 21 days. The notice includes details of the resolutions proposed along with any background information and reports or recommendations that are relevant. The Annual General Meeting of CMMT for 2019 will take place on 28 March 2019. Full details and the notification can be found on pages 166 to 170 of this Annual Report.

Practice 12.2: All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

CORPORATE GOVERNANCE

Practice 12.3: Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- › ***voting including voting in absentia; and***
- › ***remote shareholders' participation at General Meetings***

The Manager supports the principle of encouraging Unitholders' participation and voting at general meetings. Unitholders receive copies of CMMT annual report (abridged version) and notice of the annual general meeting. Full copies of the annual report will be provided upon request. As and when an extraordinary general meeting is to be held, a copy of the circular which contains details of the matters to be proposed for Unitholders' consideration and approval will be available on CMMT's website at www.cmmt.com.my. Notices of the general meetings are also advertised in the press and issued via Bursa Link. All Unitholders are given the opportunity to participate effectively in and to vote at general meetings.

At general meetings, Unitholders are encouraged to communicate their views and discuss with the Board and Management matters affecting CMMT. Representatives of the Trustee, Directors (including the chairpersons of the Board and the AC), the Manager's senior management and the external auditors of CMMT, would usually be present at general meetings to address any queries from Unitholders.

To safeguard Unitholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings. To ensure transparency in the voting process and better reflect Unitholders' interest, the Manager conducts electronic poll voting for Unitholders/proxies present at the general meetings for all the resolutions proposed at the general meetings. Voting results and vote tabulation procedures are disclosed at the general meetings. An independent scrutineer is also appointed to validate the vote tabulation procedures. Votes cast for or against each resolution, and the respective percentages thereof, are tallied and displayed 'live on-screen' to Unitholders immediately at the general meetings. The total number of votes cast for or against the resolutions and the respective percentages are announced on Bursa Link after the general meetings. Voting in absentia and by email may only be possible following careful study to ensure that the integrity of information and authentication of the identity of Unitholders through the web are not compromised, and legislative changes are in place and effective to recognise remote voting.

Minutes of the general meetings recording the substantive and relevant comments made and questions raised by Unitholders are taken and are available to Unitholders for their inspection upon request. Minutes of annual general meetings are available on CMMT's website at www.cmmt.com.my.

Unitholders also have the opportunity to meet with and communicate their views with the Board and Management, who are in attendance at the general meeting on matters affecting CMMT after the general meetings.

OTHERS

Dealing with Related Parties

Review Procedures for Related Party Transactions (including Recurrent Related Party Transactions)

The Manager has established internal control procedures to ensure that all Related Party Transactions involving the Trustee and a related party of CMMT (Related Party Transactions) are made on terms which are the best available for CMMT and which are no less favourable to CMMT than an arm's length transaction between independent parties. In respect of such transactions, the Manager would have to demonstrate to the AC that the transactions are the best available for CMMT and are no less favourable than an arm's length transaction between independent parties which may include obtaining (where applicable) third party quotations or obtaining valuations from independent valuers (in accordance with the REITs Guidelines and the Listing Requirements). The internal control procedures also ensure compliance with Chapter 10 of the Listing Requirements and the REITs Guidelines.

In particular, the procedures in place include the following:

Related Party Transactions ¹ (RPT) with percentage ratio ² :	Internal Approval, Procedures and Disclosure
› Below 0.25%	Audit Committee recommends to Board ⁴
› 0.25% or more	Audit Committee recommends to Board ⁴ Immediate announcement
› 5% or more	Audit Committee recommends to Board ⁴ Immediate announcement Independent Adviser Unitholders
› 25% or more	Audit Committee recommends to Board ⁴ Immediate announcement Independent Adviser Principal Adviser Unitholders
Recurrent Related Party Transactions (RRPT) with percentage ratio ² :	Approving Authority, Procedures and Disclosure
› Below 1% ³	Audit Committee recommends to Board ⁴
› 1% or more	Audit Committee recommends to Board ⁴ Immediate announcement

1 Any transaction of less than RM500,000 or Recurrent Related Party Transactions is noted.

2 The calculation is based on the total assets which are the subject matter of the transaction compared with the total assets of CMMT.

3 Periodic review only.

4 Board save for interested directors who shall abstain.

CORPORATE GOVERNANCE

Role of the Audit Committee for Related Party Transactions

The Manager's internal control procedures are intended to ensure that Related Party Transactions made on terms which are best available for CMMT and which are no less favourable to CMMT than arm's length transaction between independent parties.

The Manager maintains a register to record all Related Parties of CMMT and Related Party Transactions which are entered into by CMMT (and the basis, including the quotations obtained to support such basis upon which they are entered into). All Related Party Transactions are subject to regular periodic reviews by the AC, with advice from the Internal Auditor to ascertain that the guidelines and procedures established to monitor Related Party Transactions, including the relevant provisions of the Listing Requirements and the REITs Guidelines, as well as any other guidelines which may from time to time be prescribed by Bursa Malaysia, the SC or other relevant authority, have been complied with. The review includes an examination of the nature of the transaction and its supporting documents or such other information deemed necessary by the AC. If a member of the AC has an interest in a transaction, he is to abstain from participating in the review and approval process in relation to that transaction.

Details of all Related Party Transactions entered into by CMMT during the financial year are disclosed on pages 150 to 151 of this Annual Report.

Dealing with Conflicts of Interest

The following principles and procedures have been established to deal with potential conflicts of interest which the Manager (including its Directors, executive officers and employees) may encounter in managing CMMT:

- (a) The Manager will be a dedicated manager to CMMT and will not manage any other REITs or be involved in any other real property business;
- (b) All executive officers of the Manager will be employed by the Manager;
- (c) All resolutions at meetings of the Board of the Manager in relation to matters concerning CMMT must be decided by a majority vote of the Directors, including at least one Independent Director;
- (d) In respect of matters in which CapitaLand and/or its subsidiaries have an interest, whether direct or indirect, any nominees appointed by CapitaLand and/or its subsidiaries to the Board will abstain from voting;
- (e) If the 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 for and on behalf of CMMT with an affiliate of the Manager, the Manager is obliged to consult with a reputable law firm (acceptable to the Trustee) which shall provide legal advice on the matter. If the said law firm is of the opinion that the Trustee, on behalf of CMMT, has a prima facie case against the party allegedly in breach under such agreements, the Manager is obliged to pursue the appropriate remedies under such agreements. The Directors of the Manager have a duty to ensure that the Manager complies with the aforesaid. Notwithstanding the foregoing, the Manager shall inform the Trustee as soon as it becomes aware of any breach of any agreement entered into by the Trustee with an affiliate of the Manager, and the Trustee may take such action as it deems necessary to protect the rights of Unitholders and/or which is in the interests of Unitholders. Any decision by the Manager not to take action against an affiliate of the Manager shall not constitute a waiver of the Trustee's right to take such action as it deems fit against such affiliate; and
- (f) The Board shall comprise at least one-third of Independent Directors. Currently the Board comprises a majority of Independent Directors.

In addition, the Directors and executive officers of the Manager are expected to act with integrity and honesty at all times.

The Manager and the Trustee have been granted a right of first refusal (ROFR) by CapitaLand Mall Asia Limited (CMA) where:

- (a) For so long as the Manager shall remain the manager of CMMT and whereby the Manager and CMA are both subsidiaries of CapitaLand, neither CMA nor any subsidiary of CMA, will (a) purchase any relevant retail property which CMA and/or its subsidiaries may identify and target for acquisition in the future without granting the ROFR to CMMT to purchase such relevant retail property at the offer price and based on the terms and conditions as proposed to the relevant member of CMA and its subsidiaries, subject to various procedural requirements, including notice provisions, as set out in the letters of undertakings; or (b) sponsor or act as the manager of another REIT or any listed company in Malaysia that competes or will compete for the acquisition of relevant retail property, save that (a) and (b) shall not be applicable to any relevant retail property which is the subject matter of any of the following:
 - (i) Joint venture or proposed joint venture with CMA and/or its subsidiaries and any third party or parties; or
 - (ii) A proposal made exclusively available to CMA and/or its subsidiaries; or
 - (iii) A fund or proposed fund managed by CMA and/or its subsidiaries.
- (b) In the event CMA should sponsor a Malaysian retail property fund for the acquisition and/or development of relevant retail property, CMA shall endeavour to procure that such fund shall grant to CMMT a ROFR in relation to any relevant retail properties of which the fund wishes to dispose.

This undertaking has the effect of limiting the ability of CMA from undertaking or participating in certain business opportunities, as described above.

Dealing in Securities

The Manager has issued guidelines to its Directors and employees which prohibit them from dealing in CMMT's units while in possession of material unpublished price-sensitive information and during the periods commencing 30 calendar days before the release of CMMT's quarterly results to one full market day after the release of the relevant results to Bursa Malaysia via Bursa LINK pursuant to the Listing Requirements. In addition, if any of such affected persons deal in CMMT's units during the closed periods or outside closed periods under the Listing Requirements, they are required to comply with the conditions as set out in Paragraphs 14.08 and 14.09 of the Listing Requirements respectively. They are also made aware of the applicability of the insider trading laws at all times.

Fees payable to the Manager

The methodology for computing the fees payable to the Manager is contained in Clause 18 of the Deed, details of which are disclosed under Notes to Financial Statements.

The Management Fees, which are contained in Clause 18 of the Deed, are fees earned by the Manager for the management of CMMT's portfolio. The Management Fees are fees earned by the Manager for the management of CMMT's portfolio. The Management Fee should be viewed holistically as a whole which comprise two components, namely the Base Fee and Performance Fee, which are elaborated further below:

Base Fee

The Base Fee enables the Manager to cover operational and administrative overheads incurred in the management of the portfolio. The Base Fee is calculated at a percentage of assets value as the asset value provides an appropriate metric to determine the resources for managing the assets.

Performance Fee

The Performance Fee is calculated in reference to the net property income before payment of the Management Fee, for each Distribution Period based on the unaudited or as the case may be, the audited accounts of the Trust determined for the relevant Distribution Period but subject to reconciliation to the amount calculated by reference to the audited account of the Trust for the relevant Financial Year.

CORPORATE GOVERNANCE

In addition, the Manager is also paid an Acquisition Fee or a Divestment Fee upon the successful completion of an acquisition or divestment respectively. Further details on the Acquisition Fee and Divestment Fee are provided below:

Acquisition Fee

The Acquisition Fee, which is contained in Clause 18.3 of the Deed, is earned by the Manager upon the successful completion of an acquisition. This fee seeks to motivate and compensate the Manager for its efforts expended to continually seek out and acquire Distribution Per Unit accretive assets to increase longer term returns for Unitholders. In addition, the Acquisition Fee allows the Manager to recover the additional costs and resources incurred by the Manager in the course of seeking out new acquisition opportunities, including but not limited to, due diligence efforts and man hours spent in evaluating the transaction.

Divestment Fee

The Divestment Fee, which is contained in Clause 18.3 of the Deed, is earned by the Manager upon the completion of a divestment. This fee seeks to motivate and compensate the Manager for its efforts expended to maximise value received by CMMT in the event of a divestment. In addition, the Divestment Fee allows the Manager to recover additional costs and resources incurred by the Manager for the divestment, including but not limited to due diligence efforts and man hours spent in marketing and maximising the divestment price.

COMPOSITION AND MEETING ATTENDANCE IN 2018

Board Members	Composition			Meeting Attendance		
	Audit Committee	Executive Committee	Corporate Disclosure Committee	Board Number of Meetings Held: 4	Audit Committee Number of Meetings Held: 4	Executive Committee Number of Meetings Held: 4
David Wong Chin Huat	–	–	Chairman	4	N.A.	N.A.
Low Peck Chen	–	Member	–	4	N.A.	4
Tan Siew Bee	Member	–	–	4	4	N.A.
Dr Peter Tay Buan Huat	–	–	–	4	N.A.	N.A.
Tuan Haji Rosli Bin Abdullah	Chairman	–	–	4	4	N.A.
Ng Chih Kaye	Member	–	–	4	4	N.A.
Ronald Tay Boon Hwee	–	Chairman	Member	4	N.A.	4
Lim Cho Pin Andrew Geoffrey ¹	Member	Member	Member	2	2	2
Ng Kok Siong ²	Member	Member	Member	1	1	2
Foo Wei Hoong ³	–	–	–	2	N.A.	N.A.

N.A. – Not applicable

1 Appointed as a Director, a Member of the Audit Committee, Corporate Disclosure Committee and Executive Committee with effect from 15 April 2018.

2 Resigned as a Director, a Member of the Audit Committee, Corporate Disclosure Committee and Executive Committee with effect from 15 April 2018.

3 Resigned as a Director with effect from 25 October 2018.

Training programmes, seminar and conferences attended by the Directors during FY 2018 were:

- › GCIO Investment Forum (CapitaLand Limited)
- › Corporate Governance Briefing Sessions - MCCG Reporting & CG Guide (Bursa Malaysia and Securities Commission Malaysia)
- › Audit Committee Conference 2018 on Internal Auditing in the Age of Disruption (Malaysian Institute of Accountants and The Institute of Internal Auditors Malaysia)
- › Seminar on 'Financial Reporting By Listed Issuers' (Malaysian Institute of Corporate Governance)
- › Sun Tzu's Art of War for Traders and Investor Series on Warren Buffet vs Sun Tzu (CHK Consultancy Sdn Bhd)
- › AMLA, Financial Services (CHK Consultancy Sdn Bhd)
- › Business Foresight Forum 2018 on Disruptions and Collaborations, The Rise of Capital Market Businesses 4.0 (Securities Industry Development Corporation)
- › International Social Security Conference 2018 (EPF)
- › Seminar on Cryptocurrency & Money Laundering Activities (Securities Industry Development Corporation)
- › In-house training on Corporate Liability and Adequate Procedure
- › World Congress of Accountants 2018 Chartered Accountants Australia and New Zealand (CA ANZ and CPA Australia)
- › Data Mining and Predictive Analytics Using Current Data to Predict Future Trends (Securities Industry Development Corporation)
- › Seminar on Managing Cyber Risks in Financial Institutions (Financial Institution Directors' Education, Bank Negara Malaysia)
- › Implications of Blockchain Technology in the Accounting Industry (Association of Chartered Certified Accountants)
- › EMTech Asia – Emerging Technology Singapore Conference (MIT Technology)
- › SME Challenges and Solutions: A Banker's Perspective (Association of Chartered Certified Accountants)
- › Malaysian Code on Corporate Governance Update (Bursa Malaysia)
- › Seminar on "No Formal Agreement – Are You Bound?" (Lee Hishammuddin Allen Gledhill)
- › Closing the Funding Gap (Securities Commission & Association of Chartered Certified Accountant)
- › Overview of Telecommunications Law in Malaysia and Recent Developments in the Industry (Lee Hishammuddin Allen Gledhill)
- › Cradle & Malaysian Business Angels Networking: Developing Angel Investing (Association of Chartered Certified Accountants)
- › Practical Insights to Implementing MFRS 16 (Association of Chartered Certified Accountants)
- › Blockchain And Governance: How Compatible is Blockchain Technology With Malaysia's Data Protection Laws? (Lee Hishammuddin Allen Gledhill)
- › MFRS/IFRS Technical Updates 2018 (Malaysian Institute of Accountants)
- › Adoption of Malaysian Financial Reporting Standards (MFRS) for MAHB Group and its subsidiaries (Ernst & Young)
- › Governance for the Audit Committee Members (Malaysian Institute of Accountants)
- › Financial Reporting by Listed Issuers (Malaysian Institute of Corporate Governance)
- › Khazanah Megatrends Forum 2018 (Khazanah)
- › MIA Conference 2018 (Malaysian Institute of Accountants)
- › Cyber Security, Risk & Controls (Ernst & Young)

CORPORATE GOVERNANCE

KEY MANAGEMENT PERSONNEL'S REMUNERATION TABLE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

Total Remuneration Bands	Salary Inclusive of AWS and Employer's EPF	Bonus and other Benefits inclusive of Employer's EPF ¹	Award of Units ²	Total
RM1,800,000 – RM1,850,000				
Low Peck Chen	38%	37%	25%	100%
Key Officers				
Fern Tan Feng Ching				
Grace Yap Mei Wan				
Jacqueline Kua Ai-Lian ³	58%	29%	13%	100%
Lawrence Teh Cheng Poh				
Yue Pei San ⁴				
Total for CEO and Key Officers		RM5,310,360		

1 The amounts disclosed include bonuses earned and the other incentive plans which have been accrued for in FY 2018.

2 The unit awards are based on the fair value of the units comprised in the contingent awards under the CapitaLand Restricted Share Plan 2018 (RSP) and Performance Share Plan 2018 (PSP) at the time of grant. The final number of units released under the contingent awards of units for RSP and PSP will depend on the achievement of pre-determined targets and subject to the respective vesting period under RSP and PSP.

3 Appointed with effect from 1 November 2018.

4 Ceased office with effect from 1 November 2018.

AUDIT COMMITTEE REPORT

The Audit Committee (AC) of the Manager was formed on 10 June 2010 to assist the Board in fulfilling its oversight responsibilities for the financial reporting process, the management of risk and system of internal controls, the governance processes, and the audit process of CMMT and the Manager as well as the Manager's process for monitoring compliance with laws and regulatory requirements.

The Board is pleased to present the Report of the AC for FY 2018 to provide insights into the manner which the AC has discharged its functions during FY 2018.

(A) COMPOSITION

Presently, the AC consists of four members, all non-executive directors, majority of whom (including the Chairman of the AC) are independent. The members bring with them invaluable and professional expertise in accounting, legal and related financial management domains. None of the AC members was previously a partner in the incumbent external auditors, KPMG PLT (KPMG), in the previous two years, nor do any of the AC members hold any financial interest in KPMG.

The list of the members of the AC are as follows:

- | | |
|---------------------------------|---|
| 1. Tuan Haji Rosli Bin Abdullah | Chairman / Non-Executive Independent Director |
| 2. Ng Chih Kaye | Member / Non-Executive Independent Director |
| 3. Tan Siew Bee | Member / Non-Executive Independent Director |
| 4. Lim Cho Pin Andrew Geoffrey | Member / Non-Executive Non-Independent Director |

(B) MEETINGS AND ATTENDANCE

A total of four AC meetings were held during the financial year under review. The members of the AC and their attendance records are as follows:

	Number of AC Meetings Attended
Tuan Haji Rosli Bin Abdullah	4 / 4
Ng Chih Kaye	4 / 4
Tan Siew Bee	4 / 4
Lim Cho Pin Andrew Geoffrey ¹	2 / 3
Ng Kok Siong ²	1 / 1

¹ Appointed as a Member of the AC with effect from 15 April 2018.

² Resigned as a Member of the AC with effect from 15 April 2018.

AUDIT COMMITTEE REPORT

(C) SUMMARY OF THE WORK OF THE AUDIT COMMITTEE

Throughout FY 2018 and up until to the date of this report, AC has met its responsibilities in discharging its functions and obligations in accordance with its Terms of Reference (TOR) as described below:

1. Financial Reporting

- (a) Reviewed the quarterly results for all the financial quarters and year-end financial statements, ensuring the integrity of the financial statements of CMMT, and announcements relating to CMMT's financial performance, prior to the approval by the Board for the release of the announcements, focusing particularly on:
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant matters highlighted including financial reporting issues, significant judgements made by management, significant and unusual events or transactions, and how these matters are addressed; and
 - (iii) compliance with accounting standards and other legal requirements.
- (b) Discussed the key audit matters raised by the external auditors with Management and the disclosure thereof in the Auditors' Report for FY 2018.
- (c) Suggested to the Board for approvals of the half-yearly income distribution for payment to the Unitholders.

2. External Auditors (EA)

- (a) Reviewed the EA's report on the conduct of CMMT financial statements FY 2018 audit, the findings on significant accounting and financial reporting issues and its impact to the consolidated financial statements of CMMT Group and, the findings on the internal control system as well as an overview of issues found during the interim audit.
- (b) Reviewed EA's scope of work and audit plans for the year under review to understand their audit methodology, significant risk areas and accounting policies/disclosures and timing.
- (c) Reviewed, in consultation with Management, the performance of the EA and their fees, upon satisfaction of their independence and objectivity including non-audit services rendered by the EA.
- (d) Conducted bi-annual private sessions with the EA and IA without the presence of Management to discuss any issue or reservation arising from their audit. No major concerns were highlighted by EA and IA and they had received full cooperation from Management.

3. Internal Auditors (IA)

The IA function is outsourced and undertaken by CL IA which reports directly to the AC. The IA function was undertaken to provide independent assessments on the adequacy, efficiency and effectiveness of the internal control systems to manage risk exposures of the Manager and CMMT Group. The AC had full access to the services and advice of the IA and received reports on all audits that were performed.

During FY 2018, CL IA has executed the following IA services: -

- (a) A total of four audit assignments were conducted on CMMT and the Manager based on the 2018 IA plan, adhering to the International Standards for the Professional Practice of Internal Auditing (Standards) issued by the Institute of Internal Auditors. The assignments were iWorks, Gurney Plaza, Finance and Trustee.
- (b) Conducted regular follow up with Management on agreed corrective actions on outstanding audit issues to ensure key risks and weaknesses were addressed effectively and in a timely manner including the tightening of internal controls, whereby the status of implementation of IA recommendations were reported to the AC on a quarterly basis; and
- (c) Prepared the annual IA plan and scope for FY 2019 to be deliberated and approved by the AC.

The reports from CL IA, including the result of findings, recommendations and Management's responses, were presented to the AC.

During FY 2018, AC monitored and assessed the role, performance and effectiveness of the IA function by reviewing the IA process from time to time and recommended to the Board for approval any changes to the IA process.

A quality assurance review on the CL IA's function was performed by Ernst & Young Advisory Pte Ltd in 2018 and the assessment affirmed that CL IA conformed to the Standards. The next review will be due in 2023.

The total costs incurred by the IA function for FY 2018 amounted to RM237,500.

4. Risk Management and Internal Control

AC also assisted the Board in examining the adequacy and effectiveness of CMMT's risk management framework and the appropriateness of Management's responses to key risk areas and recommendations for improvements to be implemented. Based on the RCSA exercise conducted annually as well as the quarterly key risk indicator reports presented to AC with insights on the areas of risks, their likelihood, impact and management action on CMMT's operating business, AC was thus able to keep under review the adequacy and effectiveness of CMMT's risk management system along with its risk portfolio, risk levels and risk mitigation strategies. No significant irregularity or deficiency in internal controls came to the attention of AC during FY 2018.

5. Related Party Transactions and Conflicts of Interest

The AC has:

- a) reviewed and approved processes to regulate the Related Party Transactions (RPT) and Recurrent Related Party Transactions (RRPT) (as defined in MMLR) and ensured compliance with the proper disclosure requirements in accordance with the REITs Guidelines and the Listing Requirements.
- b) received reports from the Management and CL IA on RPTs and RRPTs, reviewed and approved RPTs and RRPTs as required by the internal approval processes.
- c) reviewed and assessed from time to time whether additional processes are required to be put in place to manage any material conflicts of interest within CMMT group and propose, where appropriate, the relevant measures for the management of such conflicts for approval by the Board.

AUDIT COMMITTEE REPORT

AC was satisfied that all RPTs and RRPTs were in the best interest of CMMT, whereby the terms concluded were made on terms which were the best available for CMMT and which were no less favourable to CMMT than an arm's length transaction between independent parties and the monitoring procedures to regulate such transactions were appropriate and sufficient.

6. Compliance

The AC reviewed the level of compliance of the Manager and CMMT with the Listing Requirements, REITs Guidelines, Companies Act 2016, Capital Markets and Services Act 2007 as well as with the Deed. The AC was satisfied that there were no major non-compliances based on the compliance reports completed by the Management and as reported by the Compliance Officer at the quarterly meetings during FY 2018.

7. Other Matters

- (a) The AC has reviewed and is satisfied with the annual Statements on Corporate Governance, Risk Management and Internal Control and the AC report for publication in the 2018 Annual Report of CMMT.
- (b) The AC undertook an evaluation exercise to assess whether the AC has carried out their duties and responsibilities in accordance with its TOR. This is in addition to the annual assessment of the performance and effectiveness of the AC undertaken by the Board.

The AC Report was approved by the Board on 13 February 2019.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

Paragraph 15.26(b) of the Listing Requirements requires the board of directors of any publicly listed issuer to include in its annual report a statement about the state of internal control of the listed issuer as a group and the Board is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

Board's Responsibility

In discharging the Board's stewardship responsibilities, the Board assumes the responsibility for the system of internal controls and risk management as set up by the Manager for CMMT. The Board is responsible for the adequacy and integrity of the system of risk management and internal controls. It is an essential part of the Board's responsibilities to identify principal risks, formulate the risk appetite of CMMT Group, set the key risk indicators/thresholds and ensure that appropriate systems and policies are in place to manage these risks and review the adequacy and integrity of such internal controls system and policies. However, the Board acknowledges that no system of risk management and internal controls can provide absolute assurance in this regard, or absolute assurance against poor judgment in decision making, human error, losses, fraud or other irregularities. A sound system of risk management and internal controls therefore provides a reasonable but not absolute assurance that CMMT Group will not be significantly affected by any event that can be reasonably foreseen as it strives to achieve its business objectives.

Risk Management

Effective risk management is a fundamental part of CMMT's business strategy. The key risks and control measures are described on pages 62 to 64. Recognising and managing risk is central to CMMT's business and to protect Unitholders' interests and value. CMMT operates within guidelines and parameters set by the Board for the Manager and CMMT. Based on the risk and control self assessment (RCSA), transactions are analysed to understand the risks involved. Responsibility for managing risk lies initially with the business unit concerned, working within the overall strategy endorsed by the Board.

The Manager's focus on risk management recognises that risk management is, prima facie, an issue for management. The risk management framework supports this focus but provides a structured context for Management to undertake a review of the past performance, and to profile the current and future risks it faces within its areas of responsibility. This risk information is consolidated and used as key input into the risk management review sessions which are held at least once a year to review CMMT's strategic

direction in detail, and include specific focus on the identification of key businesses and financial risks which could prevent CMMT from achieving its objectives. Management is then required to ensure that appropriate controls are in place to effectively manage those risks, and such risks and controls are monitored by the EXCO and AC respectively on a quarterly basis and by the Board annually. The internal audit plan is developed in conjunction with the risk management programme and is focused on ensuring that the operation of internal controls and assessment reflects the effectiveness and efficiency of the control environment.

The Manager has determined that significant risks for CMMT will likely arise when making property investment decisions and have identified these in the RCSA. Accordingly, the Manager has established procedures to be followed when making such decisions. In accordance with these procedures, the Board requires comprehensive due diligence to be carried out in relation to any proposed investment and a suitable determination is made as to whether the anticipated return on the proposed investment is appropriate, having regard to the level of risk.

The Board usually meets quarterly, or more often if necessary, to review and approve the financial performance of the Manager and of CMMT Group against a previously approved budget. The Board also reviews the risks to the assets of CMMT Group and acts upon any comments by the auditors of CMMT. In assessing business risks, the Board considers the economic environment and property industry risks. The Board and its EXCO review and approve all investment decisions and key treasury matters. Management meets monthly to review the operations of the Manager and CMMT and discuss continuous disclosure issues.

The Manager has a risk identification and management framework for CMMT Group. The Manager proactively identifies and addresses risks in CMMT Group. The ownership of these risks lies with the CEO and function heads of the Manager with stewardship residing with the Board. The EXCO and AC assist the Board to oversee management in the formulation, updating and maintenance of an adequate and effective risk management framework while the Board reviews the adequacy and effectiveness of the system of risk management and internal controls.

Key Internal Control Processes

The Manager has put in place systems of internal control and a set of procedures and processes to safeguard the assets of CMMT and interest of Unitholders as well as to manage risk. These are described in the following paragraphs.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Manager performs a RCSA exercise and maintains a risk register which identifies the material risks faced by the CMMT Group and the internal controls in place to manage or mitigate those risks. The risk register is reviewed and updated at least once a year by the CEO and function heads of the Manager and is also reviewed quarterly by the EXCO and AC and annually by the Board. The EXCO is tasked to review and it is reported to the AC as to what approach is taken in identifying and assessing risks and internal controls under the RCSA. The Manager has established an approach on how risk appetite is defined, monitored and reviewed for CMMT Group. Approved by the Board, CMMT Group's Risk Appetite Statement (RAS) incorporates the risk limits and addresses the management of material risks faced by the CMMT Group. Alignment of the CMMT Group's risk profile with the RAS is achieved through various communication and monitoring mechanisms (including key performance indicators set for Management) put in place across the various functions by the Manager. Internal and external auditors conduct audits that involve testing the effectiveness of the material internal control systems for CMMT Group including testing, where practical, material internal controls in areas managed by external service providers. Any material non-compliance or lapses in internal controls together with proposed corrective measures by the internal auditors are reported to the AC. The system of risk management and internal controls is continually being refined by the Manager and reported to the AC and the Board for their approval.

The Board has also received assurance from the CEO and Head, Finance of the Manager that the risk management and internal control systems in place within the CMMT Group are adequate and effective in addressing the material risks in the CMMT Group in its current business environment including material financial, operational, compliance and IT risks.

The CEO and Head, Finance of the Manager have obtained similar assurances from the function heads of the Manager.

The Board has adopted a set of internal controls which sets out the authority limits for investments and divestments, acceptance of banking facilities or treasury products, budgetary approval, capital and operating expenditure, lease renewals, marketing, professional services expenditure and other operational matters. The Board approves transactions exceeding certain threshold limits, while delegating authority for transactions within those limits to authorised personnel to facilitate operational efficiency. Only authorised personnel are empowered to approve a transaction (including payments) on behalf of the Board.

Internal control procedures are established to ensure that related party transactions are undertaken in compliance with the REITs Guidelines, the Listing Requirements and the Deed and are made on terms which are best available for CMMT and which are no less favourable than an arm's length transaction between independent parties. The Manager incorporates into its annual internal audit plan a review of all related party transactions and recurrent related party transactions. These established procedures are further explained on pages 49 to 50.

Policies, guidelines and processes are established for dealing with any potential conflicts of interest. This is explained in further detail on pages 50 to 51. In order to deal with any potential conflict of interest situations that may arise, the Manager's policy is that any such transactions carried out for and on behalf of CMMT shall be executed on terms that are the best available to CMMT and which are no less favourable to CMMT than transactions between independent parties. The Manager has outsourced its internal audit function to CapitaLand (CL IA) which reports directly to the AC.

CL IA subscribes to, and is guided by, the International Standards for the Professional Practice of Internal Auditing (Standards) developed by the Institute of Internal Auditors and has incorporated these Standards into its audit practices. To ensure that internal audits are performed by competent professionals, CL IA recruits and employs suitably qualified professional employees with the requisite skill set and experience relevant to the CMMT Group. For instance, CL IA employees who are involved in Information Technology (IT) audits are Certified Information System Auditors and members of the Information System Audit and Control Association (ISACA) in the United States of America. The ISACA Information System Auditing Standards provide guidance on the standards and procedures to be applied in IT audits. CL IA identifies and provides training and development opportunities for its employees to ensure that their technical knowledge and skill set remain current and relevant.

The AC reviews the internal audit reports and activities on an on-going basis. The AC also reviews and approves the annual internal audit plan with respect to CMMT. The AC is of the view that the internal audit department is adequately resourced to perform its functions and has, to the best of its ability, maintained its independence from the activities that it audits. Information about CL IA is on page 46.

The scope of the internal audit function for FY 2018 included the following:

- (a) Carried out scheduled audit assignments in accordance with the 2018 annual internal audit plan approved by the AC;
- (b) Reported to the AC on key findings and management's agreed actions;
- (c) Updated the AC on the implementation status of management's agreed actions on a quarterly basis;
- (d) Reviewed related party transactions including recurrent related party transactions and presented the findings of the review to the AC on a quarterly basis;
- (e) Investigated various matters when required and as directed by the AC; and
- (f) Prepared the 2019 annual internal audit plan for submission to the AC for approval.

The AC has put in place a whistle blowing policy to provide employees of the Manager and CMMT with procedures and accessible channels to report suspected fraud, corruption, dishonest practices or other similar matters relating to CMMT and the Manager and for independent investigation of any reports by employees and appropriate follow up action. This whistle blowing policy has been established to promote fraud awareness and to encourage the reporting of such matters in good faith, with the confidence that employees making such reports will be treated fairly and, to the extent possible, be protected from reprisals. The whistle blowing policy adopted is further explained on page 36.

The AC reviews, monitors and evaluates the effectiveness and adequacy of CMMT's internal controls and financial and risk management issues raised by the external and internal auditors, regulatory authorities and Management. The AC also reviews written reports issued by the internal and external auditors, and ensures that appropriate and prompt remedial actions are taken by Management where deficiencies in internal controls have been identified. In FY 2018 the issues raised were attended to and responded by Management to the internal and external auditors with agreed actions to be undertaken by Management. The AC also convenes meetings with both external and internal auditors without the presence of Management.

In addition, the AC has undertaken an assessment of the scope, functions and competency of the internal audit function. The AC also reviews and evaluates the procedures established to ensure compliance with applicable legislation, the Listing Requirements and the REITs Guidelines.

The Board reviews and approves, inter alia, the following reports from Management, upon recommendation of the AC and EXCO, on a periodic basis:

- (a) CMMT Group's quarterly financial results and major variance explanation against the approved budget for the relevant period;
- (b) Status update of major asset enhancement works carried out on the properties as planned;
- (c) Status update of treasury matters including debt profile, maturity and interest rate management; and
- (d) Status update of other operational matters.

Based on these reviews, the Board opined, with the concurrence of the AC, that there are adequate internal controls in place within CMMT Group addressing financial, operational, compliance and IT risks.