

A large, semi-transparent graphic consisting of a grid of blue circles of varying sizes, creating a halftone effect. The grid is centered and covers most of the page.

M A K I N G — A N — I M P A C T

CAPITALAND MALL TRUST
ANNUAL REPORT
2019

MAKING AN IMPACT

The radial patterns found in this report are symbolic of our ability to continually grow and transform as the retail environment evolves.

At CapitaLand Mall Trust, we are committed to making a positive impact on our stakeholders and the communities we operate in. By challenging ourselves to go beyond boundaries, we aim to grow our market leadership and create greater value for our stakeholders.

CORPORATE PROFILE

CapitaLand Mall Trust (CMT) is the first real estate investment trust (REIT) listed on Singapore Exchange Securities Trading Limited (SGX-ST) in July 2002. CMT is also the largest retail REIT by market capitalisation, approximately S\$9.1 billion (as at 31 December 2019) in Singapore.

CMT owns and invests in quality income-producing assets which are used, or predominantly used, for retail purposes primarily in Singapore. As at 31 December 2019, CMT's portfolio comprised a diverse list of more than 3,000 leases with local and international retailers and achieved a committed occupancy of 99.3%. CMT's 15 quality shopping malls are strategically located in the suburban areas and downtown core of Singapore. They comprise Tampines Mall, Junction 8, Funan, IMM Building, Plaza Singapura, Bugis Junction, JCube, Raffles City Singapore (40.00% interest), Lot One Shoppers' Mall, 90 out of 91 strata lots in Bukit Panjang Plaza, The Atrium@ Orchard, Clarke Quay, Bugis+, Bedok Mall and Westgate. CMT also owns 11.03% interest in CapitaLand Retail China Trust, the first China shopping mall REIT listed on SGX-ST in December 2006.

CMT is managed by CapitaLand Mall Trust Management Limited, which is a wholly owned subsidiary of Singapore-listed CapitaLand Limited, one of Asia's largest diversified real estate groups.

OUR VISION

**CREATING VALUE
MAXIMISING RETURNS
TRANSFORMING EXPERIENCES**

CMT's vision embraces all our stakeholders. We rely on the continued and combined support of our Unitholders, business partners, tenants, shoppers and employees to achieve this vision and, in return, share with them the fruits of our success.

OUR MISSION

To deliver stable distributions and sustainable total returns to Unitholders.

CONTENTS

FEATURES



2019 HIGHLIGHTS

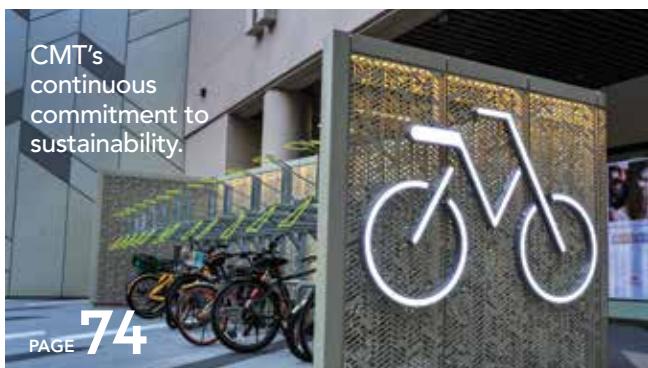
CMT FY 2019 financial and operating performance in a glance.



MESSAGE TO UNITHOLDERS

Review of CMT FY 2019 performance and outlook by our Chairman and Chief Executive Officer.

SUSTAINABILITY MANAGEMENT

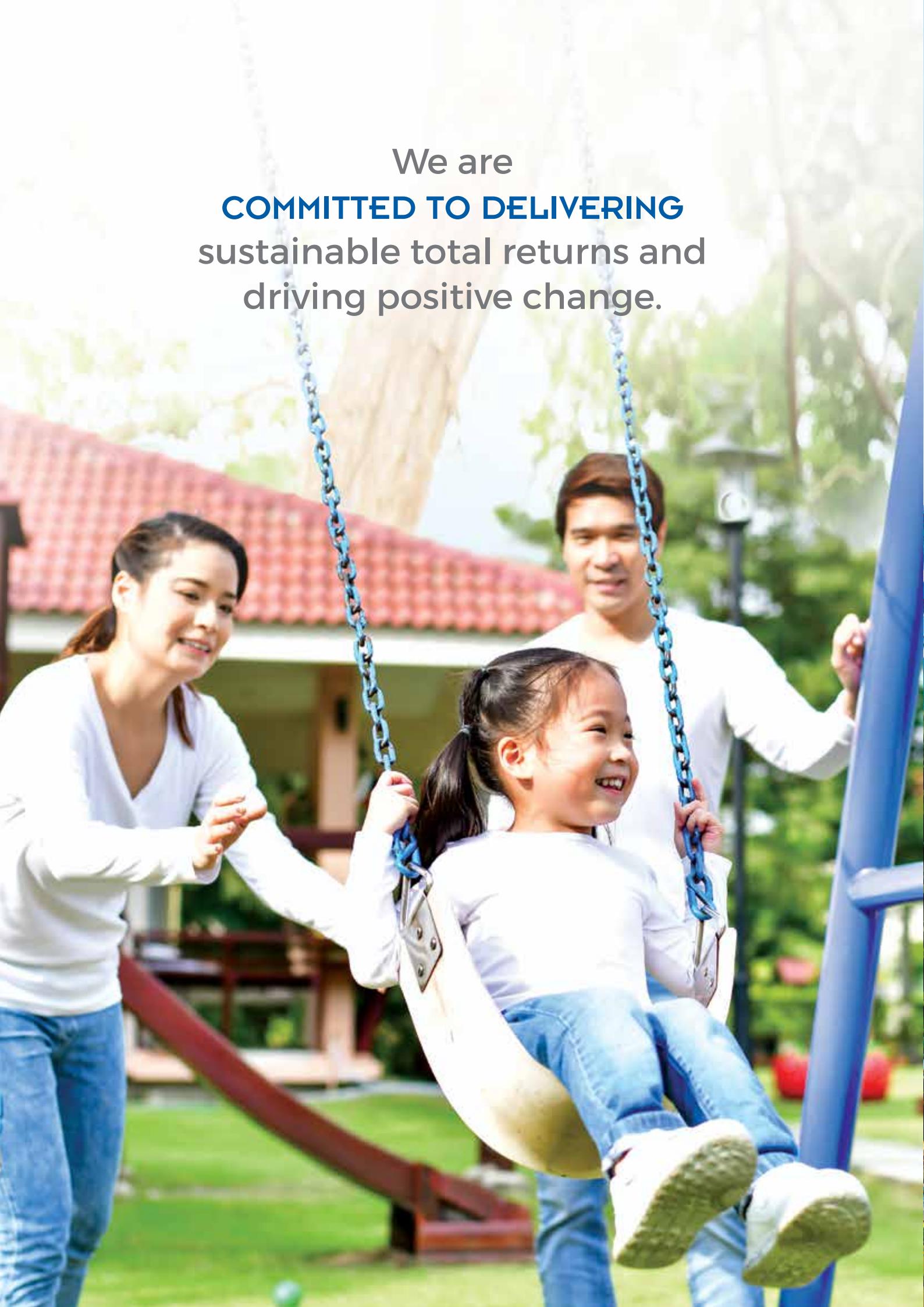


- 8** Financial Highlights
- 10** 2019 Highlights
- 11** Year in Brief 2019
- 12** Message to Unitholders
- 20** Business Model
- 22** Property Portfolio
- 24** Board of Directors
- 30** Trust Structure/Organisation Structure
- 31** Trust Management Team
- 32** Corporate Governance
- 64** Enterprise Risk Management
- 70** Investor & Media Relations
- 72** Trading & Yield Performance
- 74** Sustainability Management
- 100** Independent Retail Market Overview
- 108** Operations Review
- 116** Financial Review
- 120** Capital Management
- 124** Marketing & Promotions
- 130** Our Tenants
- 132** Our Shoppers
- 134** Portfolio Summary
- 136** Portfolio Details
- 151** Financial Statements
- 250** Additional Information
- 252** Statistics of Unitholdings
- 255** Mall Directory
- Corporate Information



We value the
TIES THAT BIND
and build partnerships that
drive long-term growth.





We are
COMMITTED TO DELIVERING
sustainable total returns and
driving positive change.

WESTGATE



We are
ALWAYS READY
to seize opportunities and
scale the next phase
of growth.

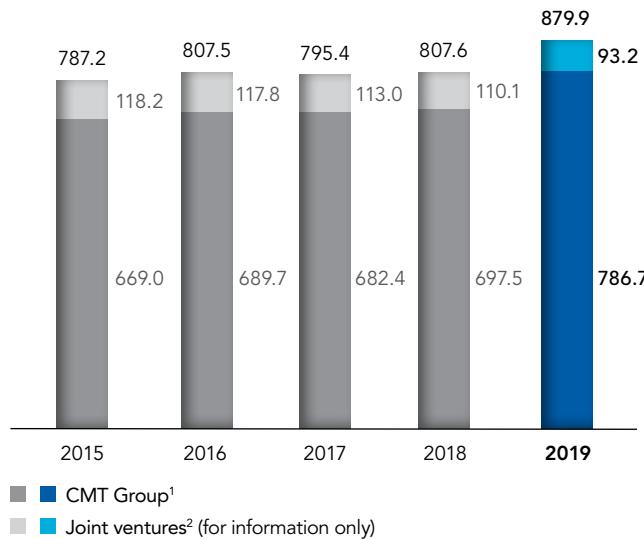


FUNAN



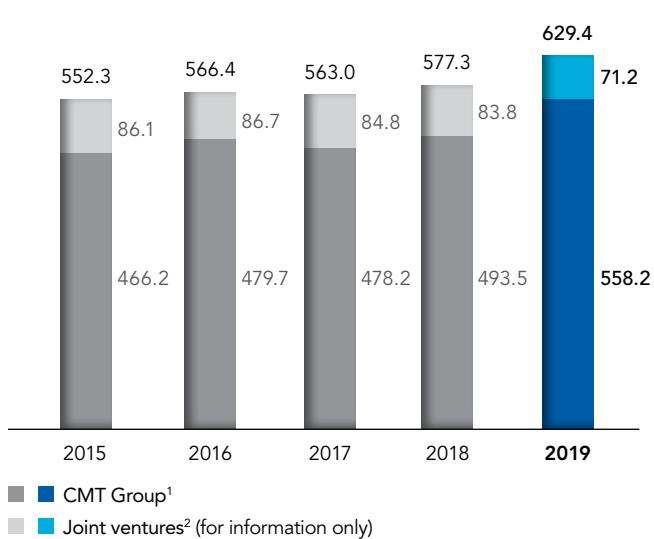
FINANCIAL HIGHLIGHTS

**Gross Revenue
(S\$ million)**

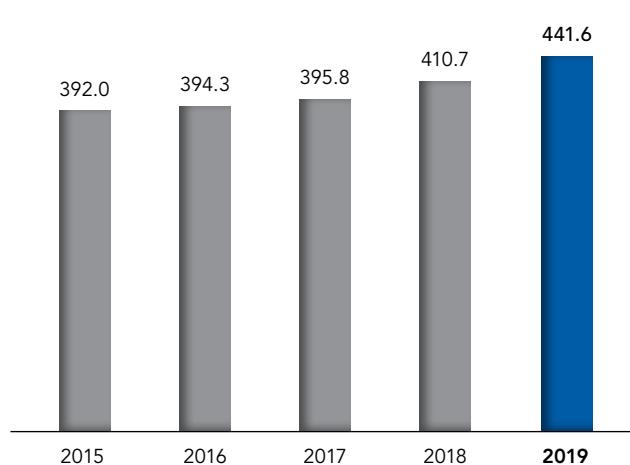


■ CMT Group¹
■ Joint ventures² (for information only)

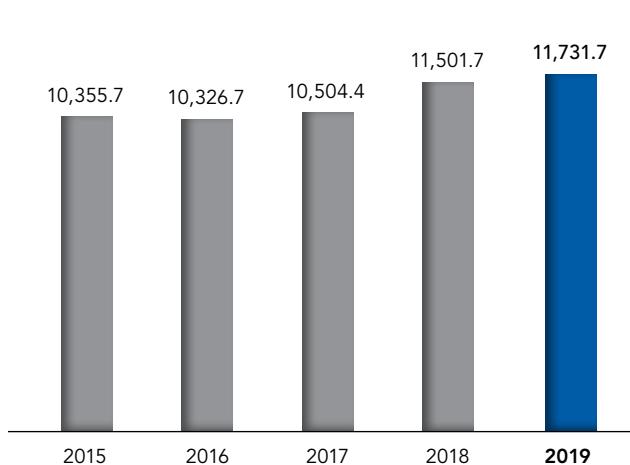
**Net Property Income
(S\$ million)**



**Distributable Income
(S\$ million)**



**Total Assets
(S\$ million)**



1 On 1 October 2015, CMT acquired all the units in Brilliance Mall Trust (BMT) which holds Bedok Mall. Upon acquisition, BMT became a wholly owned subsidiary of CMT. On 15 December 2015, the divestment of Rivervale Mall was completed. On 30 August 2016, three private trusts namely Victory Office 1 Trust, Victory Office 2 Trust and Victory SR Trust (collectively, the Victory Trusts, each wholly owned by CMT) were constituted in relation to the redevelopment of Funan. CMT, together with the Victory Trusts jointly own and undertake to redevelop Funan which comprises a retail component (held through CMT), two office towers and serviced residences. On 31 October 2017, CMT divested all of the units held in Victory SR Trust, which holds the serviced residence component of Funan, to Victory SR Pte. Ltd., a wholly owned subsidiary of Ascott Serviced Residence (Global) Fund Pte. Ltd.. On 18 June 2018, the divestment of Sembawang Shopping Centre was completed. On 1 November 2018, the acquisition of the balance 70.00% of the units in Infinity Mall Trust (IMT) was completed. Upon the completion, IMT became a wholly owned subsidiary of CMT and its financials are consolidated to CMT Group's financial results with effect from 1 November 2018.

2 Joint ventures refer to CMT's 40.00% interest in RCS Trust and CMT's 30.00% interest in IMT (until 31 October 2018) and Infinity Office Trust.

GROUP	2015 ¹	2016 ²	2017 ³	2018 ⁴	2019
For the Financial Year					
Selected Statement of Total Return and Distribution Data (\$ million)					
Gross Rental Income	615.4	639.6	629.4	639.2	722.4
Car Park Income	18.2	17.1	19.9	20.2	19.8
Other Income	35.4	33.0	33.1	38.1	44.5
Gross Revenue	669.0	689.7	682.4	697.5	786.7
Net Property Income	466.2	479.7	478.2	493.5	558.2
Distributable Income	392.0	394.3	395.8	410.7	441.6
Selected Statement of Financial Position Data (\$ million)					
Total Assets	10,355.7	10,326.7	10,504.4	11,501.7	11,731.7
Total Borrowings ⁵	3,251.0	3,169.0	3,192.1	3,638.0	3,547.0
Net Asset Value Per Unit ⁶ (\$)	1.86	1.86	1.92	2.00	2.07
Unitholders' Funds	6,693.2 ⁷	6,692.2	6,928.0	7,429.3 ⁷	7,767.2
Market Capitalisation ⁸	6,834.5	6,678.7	7,553.9	8,332.4	9,074.5
Portfolio Property Valuation ⁹	8,366.0	8,509.0	8,770.4	10,075.6	10,415.8
Key Financial Indicators					
Earnings Per Unit (cents)	16.65	13.25	18.55	18.96	18.90
Distribution Per Unit (cents)	11.25	11.13	11.16	11.50	11.97
Management Expense Ratio ¹⁰ (%)	0.7	0.7	0.7	0.7	0.7
Unencumbered Assets as % of Total Assets ¹¹ (%)	100.0	100.0	100.0	89.8 ¹²	100.0
Aggregate Leverage (%)	35.4	34.8	34.2	34.2	32.9
Net Debt / EBITDA ¹¹ (times)	6.1	6.3	6.3	6.8	6.4
Interest Coverage ¹¹ (times)	4.8	4.8	4.9	5.2	4.7
Average Term to Maturity (years)	5.3	5.3	4.9	4.4	5.0
Average Cost of Debt ¹¹ (%)	3.3	3.2	3.2	3.1	3.2

1 On 1 October 2015, CMT acquired all the units in BMT which holds Bedok Mall. Upon acquisition, BMT became a wholly owned subsidiary of CMT. On 15 December 2015, the divestment of Rivervale Mall was completed.

2 On 30 August 2016, three private trusts namely Victory Office 1 Trust, Victory Office 2 Trust and Victory SR Trust (collectively, the Victory Trusts, each wholly owned by CMT) were constituted in relation to the redevelopment of Funan. CMT, together with the Victory Trusts jointly own and undertake to redevelop Funan which comprises a retail component (held through CMT), two office towers and serviced residences.

3 On 31 October 2017, CMT divested all of the units held in Victory SR Trust, which holds the serviced residence component of Funan, to Victory SR Pte. Ltd., a wholly owned subsidiary of Ascott Serviced Residence (Global) Fund Pte. Ltd..

4 The divestment of Sembawang Shopping Centre was completed on 18 June 2018. On 1 November 2018, CMT completed the acquisition of the balance 70.00% of the units in IMT which holds Westgate. Upon acquisition, IMT became a wholly owned subsidiary of CMT.

5 Amounts included foreign currency denominated notes which have been swapped into Singapore dollars at their respective swapped rates.

6 Excluded the distribution to be paid for the last quarter of the respective financial years except for 2018 which excluded the distribution for the period from 8 November 2018 to 31 December 2018.

7 On 1 October 2015, 4,100,515 and 72,000,000 Units (amounting to S\$7.8 million and S\$137.0 million) were issued as acquisition fee and partial consideration for the acquisition of BMT respectively. On 8 November 2018, 134,089,000 Units with gross proceeds of S\$277.6 million were issued via a private placement exercise. After deducting finalised transaction costs of S\$4.5 million, net proceeds of S\$273.1 million were used to partially finance the acquisition of the balance 70.00% of the units in IMT. On 9 November 2018, 3,693,343 Units amounting to S\$7.9 million were also issued as acquisition fee for IMT.

8 Based on the closing unit prices of S\$1.930 on 31 December 2015, S\$1.885 on 30 December 2016, S\$2.130 on 29 December 2017, S\$2.260 on 31 December 2018 and S\$2.460 on 31 December 2019.

9 Includes investment properties under development in relation to Funan as at 31 December 2016, 31 December 2017 and 31 December 2018. Includes carrying amount of lease liabilities under Financial Reporting Standard (FRS) 116 Leases as at 31 December 2019.

10 Refers to the expenses of CMT Group, excluding property expenses and finance costs but including performance component of CapitaLand Mall Trust Management Limited's management fees, expressed as a percentage of weighted average net assets.

11 Exclude the effect of FRS 116 Leases which was effective from 1 January 2019.

12 Decrease to 89.8% as at 31 December 2018 as IMT became a wholly owned subsidiary of CMT following the acquisition of the balance 70.00% of the units in IMT. The secured bank loans owed by IMT to certain financial institutions were secured by a mortgage on Westgate and was repaid on 9 October 2019.

2019 HIGHLIGHTS



DISTRIBUTABLE
INCOME
S\$441.6
million



DISTRIBUTION
PER UNIT
11.97
cents



MARKET
CAPITALISATION
S\$9.1
billion



AGGREGATE
LEVERAGE
32.9%



PORTFOLIO
OCCUPANCY RATE
99.3%



ANNUAL
SHOPPER TRAFFIC
342.8
million



EXTENSIVE
NETWORK OF TENANTS
>3,000
leases



CREDIT RATING
'A2'
issuer rating by
Moody's Investors Service¹



NUMBER OF
PROPERTIES
15

¹ Moody's Investors Service has placed on review for downgrade the 'A2' issuer rating of CMT on 24 January 2020.

YEAR IN BRIEF 2019

JANUARY

23 Jan CMT's distribution per unit (DPU) of 11.50 cents for the period 1 January 2018 to 31 December 2018 was 3.0% higher year-on-year.

FEBRUARY

11 Feb CMT MTN Pte. Ltd. issued fixed rate notes of S\$100.0 million due 11 February 2026 through its unsecured S\$3.5 billion Multicurrency Medium Term Note Programme (MTN Programme) at 3.15% per annum.
25 – 26 Feb Participated in the Nomura Global Real Estate Forum 2019 in Japan.

MARCH

4 – 5 Mar Participated in the Citi 2019 Global Property CEO Conference in the United States of America.
15 Mar Announced the cessation of Ms Tan Lei Keng as Head, Finance of CapitaLand Mall Trust Management Limited (CMTML) with effect from 1 April 2019. Ms Tan was succeeded by Ms Cindy Chew Sze Yung.

APRIL

4 Apr CMT MTN Pte. Ltd. issued fixed rate notes of US\$300.0 million due 4 April 2029 through its unsecured MTN Programme at 3.609% per annum. The proceeds from the US\$ denominated notes were swapped to S\$407.1 million at 3.223% per annum.
11 Apr Held the Annual General Meeting of CMT at The Star Gallery and all resolutions were approved by Unitholders.
11 Apr Announced the retirement of Adjunct Professor Richard R. Magnus as Chairman, Non-Executive Independent Director and Chairman of the Corporate Disclosure Committee (CDC) of CMTML with effect from 12 April 2019.
11 Apr Announced the appointment of Ms Teo Swee Lian as Chairman, Non-Executive Independent Director and Chairman of the CDC of CMTML with effect from 12 April 2019.
11 Apr Announced the dissolution of the Investment Committee of CMTML with effect from 12 April 2019.
24 Apr CMT's DPU of 2.88 cents for the period 1 January 2019 to 31 March 2019 was 3.6% higher year-on-year.

MAY

15 – 17 May Participated in investor meetings in Hong Kong.
22 May Participated in the 10th Annual dbAccess Asia Conference in Singapore.
27 May Participated in the Nomura Investment Forum Asia 2019 in Singapore.

JUNE

28 Jun Funan reopened after three years of redevelopment.

JULY

23 Jul CMT's DPU of 5.80 cents for the period 1 January 2019 to 30 June 2019 was 3.8% higher year-on-year.
23 Jul Received Gold for Best Annual Report and Best Investor Relations under the REITs & Business Trusts category at the Singapore Corporate Awards 2019.

AUGUST

5 Aug Ranked second under the REIT and Business Trust category in the Singapore Governance and Transparency Index.
14 Aug Participated in the CapitaLand Group Corporate Day in Thailand.
22 Aug Participated in the Citi-REITAS-SGX C-Suite Singapore REITS and Sponsors Forum 2019 in Singapore.
26 Aug Participated in the Macquarie ASEAN Conference 2019 in Singapore.

SEPTEMBER

17 Sep Awarded sector leader for Global Real Estate Sustainability Benchmark (GRESB) in the Asia 'Retail – Listed' category and also scored 'A' for public disclosure for GRESB 2019.
26 Sep Winner for Singapore Corporate Governance Award, Shareholder Communications Excellence Award and Sustainability Award, as well as runner-up for the Most Transparent Company Award, under the REITs & Business Trusts category at SIAS 20th Investors' Choice Awards 2019.

OCTOBER

1 Oct Secured first S\$200.0 million green loan to finance Building and Construction Authority (BCA) Green Mark certified properties.
3 Oct Participated in the SGX-Credit Suisse Real Estate Corporate Day 2019 in Singapore.
9 Oct Announced the cessation of Mr Lim Cho Pin Andrew Geoffrey as Non-Executive Non-Independent Director and a Member of the Audit Committee (AC) and the Executive Committee (EC) of CMTML with effect from 10 October 2019.
9 Oct Announced the appointment of Mr Jonathan Yap Neng Tong as Non-Executive Non-Independent Director and a Member of the AC and the EC of CMTML with effect from 10 October 2019.
21 Oct CMT's DPU of 8.86 cents for the period 1 January 2019 to 30 September 2019 was 4.1% higher year-on-year.

NOVEMBER

1 Nov Announced the dissolution of the CDC of CMTML.
14 – 15 Nov Participated in the SGX-UBS Singapore REIT / Infrastructure Corporate Day in Australia.
20 Nov Participated in the Morgan Stanley Eighteenth Annual Asia Pacific Summit in Singapore.

DECEMBER

23 Dec Clarke Quay was BCA Green Mark certified.
27 Dec Official opening of Funan.

MESSAGE TO UNITHOLDERS



TONY TAN TEE HIEONG
Chief Executive Officer

TEO SWEE LIAN
Chairman

Amidst the growing popularity of online retail, we see the opportunity to rethink retail concepts. The redevelopment of Funan into an integrated development comprising retail, office and coliving components has demonstrated our commitment to innovation in delivering differentiated experiences to meet evolving needs of different consumer groups.

Dear Unitholders

We are pleased to report that CapitaLand Mall Trust (CMT) has delivered a positive set of results for financial year (FY) 2019. Despite the uncertain global economy and evolving retail landscape, our long-standing growth strategies of proactive portfolio management, disciplined portfolio reconstitution and prudent capital management have steered us through the challenging year.

CMT's resilient performance in FY 2019 was underpinned by the new contribution of Funan, which reopened on 28 June 2019, and the 100% contribution of Westgate after we acquired the balance 70.00% interest on 1 November 2018 (Acquisition).

Amidst the growing popularity of online retail, we see the opportunity to rethink retail concepts. The redevelopment of Funan into an integrated development comprising retail, office and coliving components has demonstrated our commitment to innovation in delivering differentiated experiences to meet evolving needs of different consumer groups.

Keeping abreast of retail trends and leveraging technology to augment our portfolio have helped CMT reinforce its leadership as Singapore's largest shopping mall owner. We are also focused on actively engaging our stakeholders who are key to CMT's long-term success.

MAKING A POSITIVE IMPACT

CMT's well-diversified portfolio comprises downtown and suburban malls. The strategically located properties enjoy exposure to different shopper segments, allowing us to experiment with digital strategies and novel concepts to unlock potential. We have the agility to adapt to the changing retail scene, revitalise shopping experiences, generate higher shopper traffic and deliver tangible, positive impact to different stakeholders.

Comparing FY 2019 results with the previous year's performance, CMT's

distributable income grew by 7.5% to S\$441.6 million. DPU improved 4.1% to 11.97 Singapore cents. Based on CMT's closing unit price of S\$2.460 as at 31 December 2019, distribution yield was 4.87%.

Whilst total operating expenses have increased by 12.0% to S\$228.5 million in FY 2019, gross revenue and net property income rose by 12.8% and 13.1% to S\$786.7 million and S\$558.2 million respectively. On a comparable mall basis¹, the year-on-year increase was 0.6% for gross revenue and 1.3% for net property income. This positive performance was mainly attributable to the Acquisition and the successful reopening of Funan.

Our disciplined capital management approach led to a robust balance sheet with aggregate leverage at a healthy 32.9%. The adjusted net asset value per unit was S\$2.07 compared to S\$2.00 for FY 2018.

There continues to be strong demand from shoppers and tenants alike for well-located and vibrant retail spaces. Shopper traffic grew by 1.4% from the previous year. Portfolio occupancy was maintained at a high of 99.3% as at 31 December 2019. Through proactive tenancy management, we renewed leases for 32.1% of the portfolio's net lettable area, with a positive rental reversion of 0.8%.

PARTNERSHIPS TO ACHIEVE LONG-TERM GROWTH

2019 was an eventful year for CMT. The reopening of Funan after a three-year redevelopment and the Acquisition provided an uplift in

portfolio net property income. We embarked on rejuvenation works for Lot One Shoppers' Mall (Lot One) to breathe new life into one of CMT's older malls. We also leveraged CapitaLand's CapitaStar programme to stay actively engaged with our stakeholders.

Transformation of Funan

CMT undertook the redevelopment of Funan in July 2016 to adapt to the evolving retail landscape and shoppers' needs.

Since its opening in June 2019, Funan has grown from strength to strength, with nearly full occupancy for both its retail and office components. The new Funan received support from long-time retail partners and those new to a mall setting. Many of them joined us to innovate in their respective fields to offer new experiences that are not replicable online. Similarly, the office component has been well-received by a variety of office tenants comprising public agencies, multinational corporations and start-ups.

Funan's Tree of Life, housing 20 retail pods, is the centrepiece of the development, and the heart of its co-retailing concept where retail pop-ups are launched regularly to give shoppers fresh experiences. Attracted by Funan's forward-looking vision and tech-enabled infrastructure, online retailers seeking a physical presence chose to call Funan home. Currently, more than 40% of retail stores at Funan have both online and offline presence.

Funan accommodates spaces for performance, connection, collaboration and experimentation. It has created an exciting environment for shoppers to explore

¹ Excludes Funan which was closed in July 2016 for redevelopment and reopened in June 2019, Sembawang Shopping Centre which was divested in June 2018 and Westgate which was accounted under the performance of joint ventures prior to the completion of the Acquisition.

MESSAGE TO UNITHOLDERS



Official opening of Funan on 27 December 2019

and retailers to innovate. The mall's unique positioning as a shopping and lifestyle destination attracted average monthly shopper traffic that was more than 70% higher than before its redevelopment.

Acquisition of Westgate

With the Acquisition, we now enjoy full control of the asset and 100% contribution to the portfolio income. We are in a good position to leverage our experience and resources to unlock future value. In tandem with the growth potential of Jurong Lake District outlined in URA's Master Plan 2019, we see asset enhancement and redevelopment opportunities for the portfolio.

Rejuvenation of Lot One

Shoppers in the west can soon enjoy new community spaces and entertainment options with the rejuvenation of Lot One, which commenced in 3Q 2019. Located next to the main transport hub

within a well-developed precinct, moviegoers can look forward to more film options and better viewing experiences with the reformatted cineplex. There will be eight screening halls, from four halls currently. The community library occupying Level 4 will be expanded by one additional storey above, adding some 600 sq m (approximately 6,460 sq ft) of extra space for new learning experiences. We expect the rejuvenation to positively impact shopper traffic when completed progressively from 2H 2020.

Enriching Shopper Experiences

We actively collaborate with different stakeholder groups to enhance shopping experiences at our malls. New offerings and curated marketing and promotional activities are regularly introduced to engage shoppers. Key events, like LINE FRIENDS at all our malls, Black Friday Sales at Funan, and Greater

Savings Outlet Sale at IMM Building, resonated well with our shoppers during the year.

CapitaStar is Singapore's leading lifestyle rewards programme with more than one million members. It has enabled us to offer our shoppers the convenience of a seamless digital rewards platform and a smarter shopping experience at our malls. With the CapitaStar Digital Marketing Services Suites for retailers and integration with the NomadX platform, CapitaStar has also become a ready enabler of omnichannel retail for our tenants, especially for those who do not possess their own digital platforms.

In 2019, a record S\$95.8 million worth of CapitaVouchers were sold. CapitaVouchers are one of Singapore's most widely accepted shopping vouchers by over 3,000 stores across 17 CapitaLand malls. We have now also introduced



CMT's Annual General Meeting on 11 April 2019

eCapitaVoucher which is a digital shopping voucher that can be purchased, stored and redeemed using STAR\$® in the CapitaStar app.

eCapitaVoucher provides an effective marketing tool for retailers to drive sales and engage customers. It enhances productivity by 50%, eliminating physical vouchers and paperwork. Furthermore, data analytics of spending behaviour enables us to adjust the tenant mix and offerings according to changing local demands.

COMMITMENT TO DELIVER POSITIVE CHANGE

CMT is fully committed to invest in a sustainable future while generating long-term value to Unitholders. As a CapitaLand-sponsored REIT, we are aligned in our sustainability objectives and have been reporting

our Environment, Social and Governance efforts in accordance to the Global Reporting Initiative Standards.

Every year, we drive efforts to improve the efficiency of our malls through carbon-emission reduction as well as energy and water conservation initiatives. In 2019, we successfully achieved intensity reductions of 43.1% for carbon emission, 24.5% for energy and 20.0% for water, compared to the base year of 2008.

In FY 2019, we embarked on our first green financing initiative with a five-year green loan of S\$200.0 million from OCBC Bank. All proceeds from the green loan would be used exclusively to finance BCA Green Mark certified properties. With Clarke Quay having successfully obtained its Green Mark certification on 23 December 2019, all 15 properties in the portfolio were

certified BCA Green Mark as at 31 December 2019 (14 properties were certified BCA Green Mark Gold and above).

The redevelopment of Funan presented an opportunity for CMT to introduce a green building that anchors on sustainability at the onset. From design and construction to retail concepts, Funan serves as an example of a sustainable, healthy and energy-efficient space. It leverages technology to minimise energy and water consumption, and generate savings. To support Singapore's car-lite initiative, and the office community in the vicinity of Funan who cycles to work, the mall has a dedicated bicycle hub with over 170 bays and end-of-trip amenities. Funan is also home to a 5,000 sq ft Urban Farm where visitors can learn about vegetable production and harvesting.

MESSAGE TO UNITHOLDERS

Engaging communities across our malls, we conducted year-round programmes and events with various stakeholder groups to promote different themes. Wellness and healthy living, environmental consciousness, and inclusive and caring societies were covered during the year. One of the event highlights was J-Walkers, co-organised with Ng Teng Fong General Hospital. Participants brisk-walked a 2-km route along the elevated J-Walk pedestrian network linking Westgate and IMM Building. Another meaningful initiative was the PS Snow Fun House at Plaza Singapura, where shoppers were encouraged to snap pictures of the event and post them on Instagram. For every qualifying hashtag, CapitaLand Hope Foundation donated S\$5 to Community Chest in support of Care Corner Singapore. A total of S\$303,450 was raised through collaborative efforts with CapitaLand Hope Foundation to benefit various charities.

RISING ABOVE CHALLENGES TOGETHER

Moving into the new year, we are cognisant that the retail landscape will remain challenged amidst slowing growth for Singapore's economy. We continuously seek out opportunities to strengthen our market leadership and future proof the business.

In January 2020, we announced the proposed merger of CMT and CapitaLand Commercial Trust (CCT) into a diversified REIT to be named CapitaLand Integrated Commercial Trust. The proposed merger is subject to, amongst others, the approval of both CMT and CCT unitholders.

In the same month, Singapore discovered its first case of Covid-19 which impacted the retail industry. Together with CapitaLand, we implemented a series of support measures to help our tenants tide through this challenging period. Additionally, we will pass on the full savings of the 15% property tax rebate granted under Budget 2020 to our tenants. By weathering the challenges together, we can build greater resilience for our retail ecosystem that underpins the long-term growth of our portfolio.

ACCOLADES AND AWARDS

In 2019, CMT was honoured to be recognised by the industry through several awards.

Singapore Corporate Awards (REITs & Business Trusts category)

- Best Annual Report (Gold)
- Best Investor Relations (Gold)

Securities Investors Association Singapore 20th Investors' Choice Awards (REITs & Business Trusts category)

- Singapore Corporate Governance Award (Winner)
- Shareholder Communications Excellence Award (Winner)
- Sustainability Award (Winner)
- Most Transparent Company Award (Runner-up)

Global Real Estate Sustainability Benchmark

- Sector Leader in Asia 'Retail – Listed' category

Singapore Governance and Transparency Index

- Ranked 2nd in REIT and Business Trust category

ACKNOWLEDGEMENT

Adjunct Professor Richard Magnus stepped down as Chairman of the Board in April 2019, after nine years of service to the Board, including serving as Chairman from May 2016. The Board and Management are greatly appreciative of his guidance and insights, particularly in steering CMT through several major acquisitions and financing initiatives. We wish Adjunct Professor Magnus every success in his future endeavours.

Taking over as Chairman of the Board is Ms Teo Swee Lian, who was appointed as a Non-Executive Independent Director and Chairman of the Corporate Disclosure Committee in April 2019. We also extend a warm welcome to Mr Jonathan Yap Neng Tong, who joined as a Non-Executive Non-Independent Director, Member of the Audit Committee and Member of the Executive Committee in October 2019, after Mr Andrew Geoffrey Lim Cho Pin relinquished these duties. We thank Mr Lim for his years of service to the Board.

In closing, we would like to thank the Board for its guidance and contributions, and the Management for keeping CMT on track towards sustainability and profitability. We are also grateful for the invaluable support of our employees, partners and tenants. Together, we will continue to deliver sustainable value to Unitholders and drive positive impacts in the communities that we serve.

Ms Teo Swee Lian

Chairman

Tony Tan Tee Hieong

Chief Executive Officer

27 February 2020

致信托单位持有人 之信函

尊敬单位持有人，

即使全球经济的不确定性和零售业的不断演变，凯德商用新加坡信托凭着积极的资产组合管理、规范的资产组合重组和谨慎的资本管理的长期发展战略，仍然在2019年取得良好的业绩，顺利地度过了充满挑战性的一年。

信托在2019年的强韧表现得益于福南在2019年6月28日重新开放后的新营收贡献，以及西城在2018年11月1日被我们收购其余的70.00%权益后的100%营收贡献。

随着在线零售的日益普及，我们借机思考新的零售概念。重新开发的福南就是个例子，它以一个包含购物中心、办公楼和服务式公寓的综合体形式，实现了我们对提供多样化体验以满足不同消费者正在演变的需求而进行创新的承诺。

凯德商用新加坡信托不仅与零售趋势保持同步发展，也通过科技来优化资产组合，巩固了信托的市场领导地位，保持新加坡最大零售房地产业主的位置。我们也与利益相关者维持积极互动，以确保信托的长期成功。

发挥积极影响

信托旗下的购物中心遍布全岛，包括了市中心和邻里购物商场。我们的项目坐落于优越的地理位置，可照顾到不同购物群体的需求，同时也让我们尝试创新的数码策略和新颖零售模式来激发资产的潜力，呈现全新的购物体验。随着不断转变的零售环境，我们也灵活地改写及振兴购物体验、增加客流量以为不同的利益相关者带来切实的回报。

与去年的业绩相比，信托在2019年的可派发收入增长了7.5%，至4.416亿新元。每单位派息提高4.1%至11.97新加坡分。根据2019年12月31日信托2.460新元的收盘价计算，派息率为4.87%。

2019年的总运营支出增长了12.0%，至2.285亿新元，总收入和房地产净收入也相对增长了12.8%和13.1%，分别达到7.867亿新元和5.582亿新元。按同购物中心销售计算¹，总收入同比增长0.6%，而房地产净收入同比增长1.3%。良好的业绩主要归因于西城余额权益的收购和福南成功的重新开业。

我们严格的资本管理方法取得了稳健的资产负债表，资产负债比率为32.9%。调整后的每单位资产净值为2.07新元，同比2018财年的2.00新元。

购物者和租户对位置优越且充满活力的零售空间的需求保持强劲。客流量同比增长了1.4%。截至2019年12月31日，资产组合的整体出租率保持在99.3%的高位。通过积极的租赁管理，我们签订或续签了占资产组合可租用净面积32.1%的租赁，平均租金调升为0.8%。

长期增长的合作关系

对信托而言，2019年是精彩的一年。经过三年建设而重新开放的福南和收购西城的剩余权益这两个项目，提高了资产组合的房地产净收入。我们着手为第一乐广场展开资产提升计划，为这座在信托资产组合里属于较旧的购物中心之一注入新的活力。信托也透过凯德集团的凯德星计划与利益相关者保持积极的互动。

福南的转型

我们在2016年7月开始重建福南，以适应在不断变化的零售环境和购物者需求。

福南自2019年6月重新开业后表现愈来愈好，零售和办公空间近乎全被出租。新福南得到了许多长期租户和零售新手的支持，跟我们一起在各自的领域创新，提供无法在线上复制的新体验。办公空间也同样的备受欢迎，租户包括了公共机构，跨国公司和初创公司。

“生命之树”是福南的核心，共有20个零售吊舱，可以实行共同零售概念，并定期引入快闪店，给购物者提供新体验。许多在寻找线下实体商店的线上零售商都被福南的前瞻性愿景和高科技设施所吸引，选择在福南落户。目前，超过40%的福南零售商店都有线上和线下业务。

福南提供不同的表演、交流、合作和实验空间，创造了让购物者探索和零售商创新的优良环境。作为购物和时尚生活的目的地，福南的独特定位吸引了比重建前高出70%以上的平均每月客流量。

收购西城

通过收购西城的剩余权益，我们现在可以全权控制这项资产，并享有西城100%的营收贡献。我们可以充分利用我们的经验和资源来释放西城未来的价值。在市区重建局的《2019年总体规划》中就概述了裕廊湖区的增长潜力，蕴藏着让我们的资产组合提升和重建的机会。

¹ 不包括于2016年7月进行重建并于2019年6月重新开放的福南、于2018年6月被脱售的三巴旺购物中心、以及于2018年11月在完成收购之前以合营企业份额入账的西城。

致信托单位持有人 之信函

提升第一乐广场

住在西部的购物者将很快就能享受第一乐广场翻新后的新社区空间和娱乐选择。资产提升工程已于2019年第三季度开展。毗邻交通枢纽的第一乐广场将会让影迷在翻新后的电影院享受更多的电影选择和更好的观赏体验。电影院将会把目前的四个放映厅改为八个。设在四楼的社区图书馆也将扩展到五楼，增加约600平方米(约6,460平方英尺)的学习空间。我们计划在2020年下半年逐步竣工，也预计第一乐广场的客流量会随着提高。

丰富购物者的体验

我们与不同的利益相关者积极合作，改善购物体验。也定期推出新产品以及营销和促销活动，吸引购物者。在2019年，我们举办的活动包括在所有凯德购物中心推出的LINE FRIENDS、福南的黑色星期五销售、IMM的Greater Savings Outlet Sale大促销等，都和购物者引起良好的共鸣。

拥有超过一百万名会员的凯德星，是新加坡领先的时尚生活奖励计划。它让我们为购物者提供了一个便利、整合的数码奖励平台，以及智慧型的购物体验。通过提供给零售商的凯德星数码营销服务套件以及与NomadX平台的集成，凯德星已成为一个可以让租户(尤其是那些没有自己专属数码平台的商家)随时启用的现成全渠道零售平台。

在2019年，凯德购物券创下9,580万新元的销售记录。它可在17个购物中心的3,000多家商店中使用，是新加坡使用最广泛的购物券之一。我们还推出了电子凯德购物券，可使用凯德星应用中的STAR\$®购买，存储和兑换。

电子购物券为零售商提供了一个可以促进销售和与客户互动的有效营销工具。它消除了实体购物券和简化其处

理流程，把效率提高了50%。此外，我们能够分析购物支出的数据，进而调整租户组合和服务以配合不断变化的当地需求。

积极推行改变的承诺

信托全体致力于投资可持续发展的未来，同时为单位持有人创造长期的价值。作为一个由凯德集团赞助的房地产投资信托基金，我们与凯德集团的可持续发展目标保持一致，并按照全球报告倡议组织标准来汇报我们在环境、社会和治理方面所做的努力。

每年，我们都会通过减少碳排放以及节能、节水举措来提高购物中心的效率。与2008年的基准年相比，我们在年内成功的降低了41.3%的碳排放、24.5%的耗电量和20.0%的用水量。

在2019年，我们获得了华侨银行2.00亿新元的五年期绿色贷款，为信托的首项绿色融资计划掀开序幕。绿色贷款的所有收益将全部用于资助获得建筑局绿色建筑标志的资产。随着克拉码头于2019年12月23日成功获得绿色建筑标志认证，资产组合的15资产于2019年12月底全部获得了绿色建筑标志认证(其中14个物业更是获得了绿色建筑标志金奖或以上的认证)。

福南的重建为我们提供了一个发展以可持续性为基础的绿色建筑的机会。从设计、建造到零售概念，福南都是一个可持续、健康和节能空间的典范。我们运用科技来减低能源和水的消耗，以及节省成本。为了支持新加坡的“减少拥车”运动以及服务在福南附近骑自行车上班的办公社区，我们添设了一个拥有170多个停放位和便利设施的自行车专用区。大厦里还有一个5,000平方英尺，可供参观者了解蔬菜的生产和收获的城市农场。

我们和不同的利益相关者举办全年的项目和活动来推广各种主题与购物中心邻里的社区互动。这些主题包括了健康与保健、环境意识以及有爱心的社会。活动亮点之一是与黄廷方医院合办的J-Walkers。参加者沿着连接西城和IMM Building的J-Walk行人高架以快步走了两公里。另一个有意义的举措是在狮城大厦举办的PS Snow Fun House。我们鼓励购物者把在雪趣屋拍摄的照片上载Instagram，每一个与活动相关的主题标签，凯德希望基金都会捐5新元给新加坡公益金，支持关怀机构。通过这项善举，我们一共筹得了S\$303,450。

共同克服挑战

步入新的一年，在新加坡经济增长放缓的情况下，零售业将持续面临挑战。我们会不断寻找机会来巩固信托的市场领导地位和未来。

2020年1月，我们宣布了与凯德商务产业信托的拟议合并为一个多元化的房地产投资信托——凯德综合商业信托。不包括其他事项，拟议合并须获得两个信托的单位持有人的批准后才可进行。

同样在1月，新加坡出现了第一起2019冠状病毒疾病确诊病例，对零售业造成影响。我们与凯德集团一起实施了一系列措施，帮助租户缓解疫情带来的负面影响。我们也将2020财政预算案中所授予的15%房地产税回扣援助，全部转移给租户。通过共同应对挑战，我们可以让零售生态系统更强韧，为资产组合的长期增长奠定基础。

CapitaLand Mall Trust

Tony T
Chief Executive Officer



于2019年7月23日的新加坡企业奖

荣誉和奖项

年内，我们很荣幸地获得了业界的肯定，赢了多个奖项。

新加坡企业奖

房地产投资信托与商业信托组别
最佳年度报告 - 金奖
最佳投资者关系 - 金奖

新加坡证券投资者协会第二十届

“投资者选择奖”

房地产投资信托与商业信托组别
新加坡公司治理奖 - 冠军
股东传播卓越奖 - 冠军
可持续发展奖 - 冠军
最透明公司奖 - 亚军

全球房地产可持续发展基准

亚洲上市零售组别 - 行业领袖

新加坡治理与透明度指数

房地产投资信托和商业信托组别
- 第二名

致谢

Adjunct Professor Richard Magnus
自2016年5月起担任董事长，在为
董事会服务了9年之后于2019年
4月卸任。董事会和管理层都非常
感谢他的指导和见解，特别是在领
导信托处理几项主要的收购和融
资计划。我们预祝他的前景一切
顺利。

张瑞莲女士接任董事会主席。她于
2019年4月被任命为非执行独立
董事兼公司披露委员会主席。我们
也欢迎叶能栋先生于2019年10月加入董
事会。他接任了林卓斌先生所卸下的
非执行非独立董事、审计委员会成员
和执行委员会成员职务。感谢林先生
给予董事会的多年服务。

信末，我们要感谢董事会的指导和贡
献、管理层使信托保持可持续发展和
盈利的方针，以及员工、合作伙伴和租
户对信托的鼎立支持。我们将同心同

力，继续为信托单位持有人创造可持
续的价值，并在我们所服务的社区里
产生积极的影响。

张瑞莲

主席

陈智雄

首席执行官

2020年2月27日

BUSINESS MODEL

OUR BUSINESS MODEL

The Manager is committed to creating and enhancing value for stakeholders. Our business model illustrates how we create value with our six key capitals¹ through astute execution of our three growth strategies to drive business activities.

OUR KEY CAPITALS

FINANCIAL

We have an available pool of funds derived from proactive portfolio and capital management as well as a disciplined approach to investments to drive long term sustainable distribution growth.

ORGANISATIONAL

Our commitment to the highest level of corporate governance and transparency in our policies and processes, prudent risk management and ethical culture is core to our business.

MANUFACTURED

Our property portfolio is environmentally sustainable, healthy, safe and accessible. We adopt innovative and sustainable construction methods and technologies in development.

ENVIRONMENTAL

We consciously monitor our environmental impact to ensure commercial viability without compromising the environment for future generations.

HUMAN

The employees of the Manager and Property Managers are key to the business and their commitment contributes towards business growth.

SOCIAL AND RELATIONSHIP

Our stakeholders contribute to our business sustainability and strong and lasting partnerships with them are key to our mutual growth in the communities we operate in.

HOW WE CREATE VALUE



Proactive Portfolio Management

Driving intrinsic growth from the portfolio through active asset management and creative asset planning with the Property Managers to unlock potential value and deliver sustainable returns



Disciplined Portfolio Reconstitution

Identifying value-adding opportunities to promote growth and enhance the quality of the portfolio



Prudent Capital and Risk Management

Optimising returns to Unitholders while maintaining a strong capital base and credit rating to support growth

1 With reference to The Guiding Principles of the International Integrated Reporting Council (IIRC) Framework.

As a CapitaLand-sponsored REIT, CMT leverages CapitaLand's robust integrated retail real estate platform, combining the best of retail real estate management and capital management capabilities to support CMT's growth strategies. Our business model is illustrated below.

VALUE CREATED

- Formulate and customise marketing and leasing strategies to drive healthy occupancies and rents
 - Optimise operational efficiency to control costs and drive income
 - Develop strategies that meet evolving retail trends by enhancing positioning, enriching experience, harnessing technology and curating new retail concepts
 - Deepen engagement with partners and stakeholder groups to effectively
- customise initiatives and programmes that strengthen the CMT brand
- Undertake asset enhancement initiatives to improve space productivity and revenue
 - Identify divestment targets and redeploy the proceeds into high yielding opportunities
 - Expand focus on sustainability topics that impact the portfolio and the communities we operate in

Potential Opportunities

- Acquisition and investment
- Redevelopment of existing assets
- Greenfield development

Key investment considerations

- Potential for growth in yield
- Potential for value creation
- Sustainability in rental

- Undertake regular assessments of capital management policies to ensure flexibility and adaptability during volatile economic conditions and increased risk profile of CMT

- Monitor exposures to various risk elements by closely adhering to well established management policies and procedures
- Diversify sources of funding and actively review debt profile to manage refinancing risk

FINANCIAL CAPITAL

Financial Highlights: Page 8 to 9

Financial Review: Page 116 to 119

Capital Management: Page 120 to 123

Financial Statements: Page 157 to 249

ORGANISATIONAL CAPITAL

Corporate Governance: Page 32 to 63

Enterprise Risk Management: Page 64 to 69

Sustainability Management: Page 76 and 78

MANUFACTURED CAPITAL

Sustainability Management: Page 76 to 77, 86

ENVIRONMENTAL CAPITAL

Sustainability Management: Page 76, 79 to 85

HUMAN CAPITAL

Sustainability Management: Page 77, 86 to 90

SOCIAL AND RELATIONSHIP CAPITAL

Sustainability Management: Page 77, 91 to 93

PROPERTY PORTFOLIO



Bedok Mall



Bugis+



Bugis Junction



Bukit Panjang Plaza



Clarke Quay



Funan



IMM Building



JCube



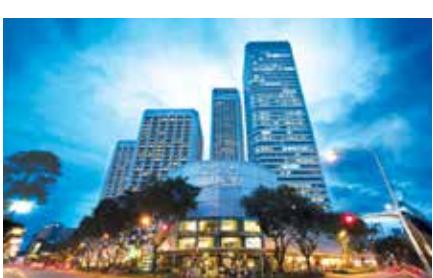
Junction 8



Lot One Shoppers' Mall



Plaza Singapura



Raffles City Singapore (40.00% interest)



Tampines Mall

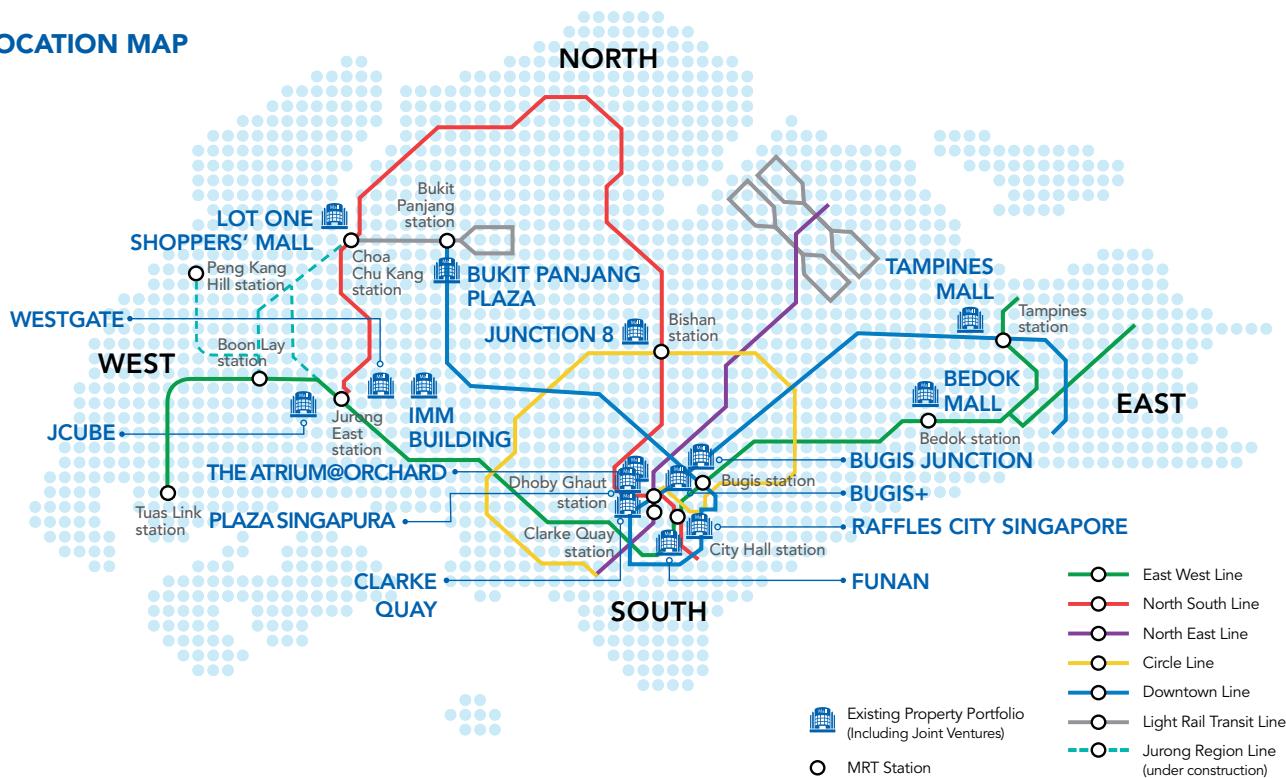


The Atrium@Orchard



Westgate

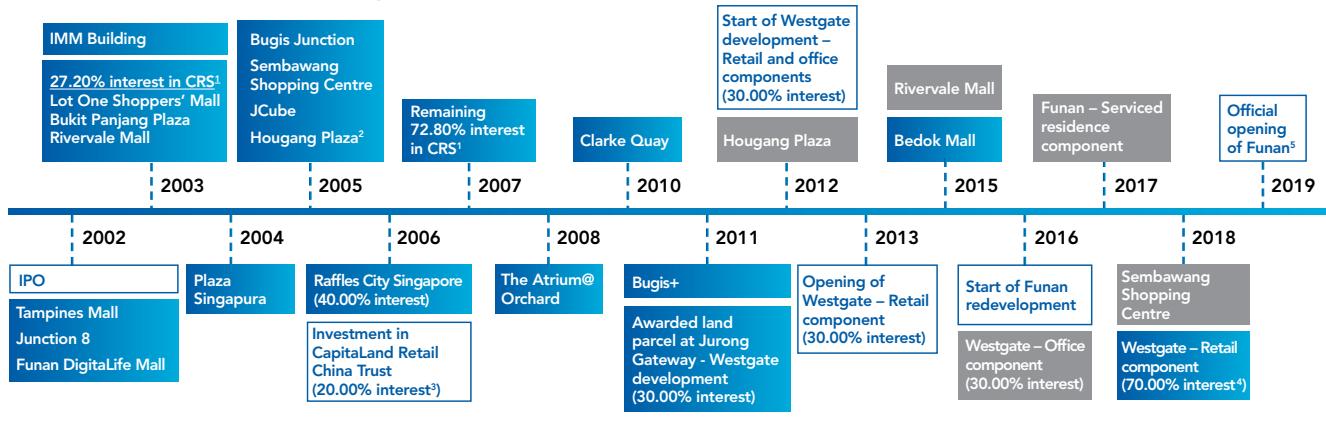
LOCATION MAP



THE PORTFOLIO

Since inception in 2002, CMT's portfolio has grown to 15 quality properties in the suburban and downtown core of Singapore as at 31 December 2019. Enjoying excellent connectivity to main transportation hubs, these properties are strategically located in areas with large population catchments and/or within Singapore's popular shopping and tourist destinations.

From 3 to 15 assets since inception



1 Acquisition of Class 'E' bonds issued by CapitaRetail Singapore Limited ('CRS') which owned Lot One Shoppers' Mall, Bukit Panjang Plaza (90 out of 91 strata lots) and Rivervale Mall.

2 Acquired 92.40% interest. Balance 7.60% acquired in June 2006.

3 11.03% interest as at 31 December 2019. The fair value of the investment in CapitaLand Retail China Trust represented 1.8% of CMT and its subsidiaries' (CMT Group) total asset size as at 31 December 2019.

4 Acquisition of the remaining 70.00% interest in Infinity Mall Trust which holds Westgate was completed on 1 November 2018.

5 Commenced trading on 28 June 2019. Officially opened on 27 December 2019.

BOARD OF DIRECTORS



TEO SWEE LIAN

Chairman

Non-Executive Independent Director

TONY TAN TEE HIEONG

Chief Executive Officer

Executive Non-Independent Director

TAN KIAN CHEW

Non-Executive Non-Independent Director



NG CHEE KHERN

Non-Executive Independent Director

LEE KHAI FATT, KYLE

Non-Executive Independent Director

FONG KWOK JEN

Non-Executive Independent Director



GAY CHEE CHEONG

Non-Executive Independent Director

JASON LEOW JUAN THONG

Non-Executive Non-Independent Director

JONATHAN YAP NENG TONG

Non-Executive Non-Independent Director

TEO SWEE LIAN, 60

Chairman

Non-Executive Independent Director

- Bachelor of Science (First Class Honours) in Mathematics, Imperial College of Science and Technology, University of London, UK
- Master of Science in Applied Statistics, University of Oxford, UK

Date of first appointment as a director:

12 April 2019

Date of appointment as Chairman:

12 April 2019

Length of service as a director

(as at 31 December 2019):

8 months

Present directorships in other listed companies

- AIA Group Limited
- Singapore Telecommunications Limited

Present principal commitments

- Asian Bureau of Finance & Economic Research, National University of Singapore (Council Member)
- Avanda Investment Management Pte. Ltd. (Director)
- CCSS Agape Fund, Caritas Singapore Community Council Limited (Member, Board of Trustees)
- Clifford Capital Pte. Ltd. (Director)
- Dubai Financial Services Authority, United Arab Emirates (Director)
- Duke-NUS Medical School (Member, Governing Board)

Background and working experience

- Special Advisor, Managing Director's Office of Monetary Authority of Singapore (MAS) (From September 2013 to June 2015)
- Deputy Managing Director, Financial Supervision of MAS (From April 2010 to August 2013)
- Deputy Managing Director, Prudential Supervision of MAS (From March 2005 to March 2010)

Awards

- The Public Administration Medal (Gold) (Bar) (2012)
- The Public Administration Medal (Gold) (2006)
- The Public Administration Medal (Silver) (1999)

TONY TAN TEE HIEONG, 53

Chief Executive Officer

Executive Non-Independent Director

- Bachelor of Accountancy, National University of Singapore
- Master of Business Administration, University of Manchester, UK

Date of first appointment as a director:

1 May 2017

Length of service as a director

(as at 31 December 2019):

2 years 8 months

Board committee served on

- Executive Committee (Member)

Background and working experience

- Senior Vice President, CEO's Office of CapitaLand Mall Asia Limited (From 1 April 2017 to 30 April 2017)
- CEO of CapitaLand Retail China Trust Management Limited (From July 2010 to 31 March 2017)
- Deputy CEO of CapitaRetail China Trust Management Limited (From April 2010 to June 2010)
- Head, Finance of CapitaRetail China Trust Management Limited (From September 2007 to June 2010)
- Asia Pacific Treasurer of IKEA (From August 1998 to September 2007)
- Treasury Accountant of Wearnes International (From May 1995 to August 1998)
- Money Market Dealer of Credito Italiano Bank (From April 1994 to May 1995)
- Money Market Broker of Harlow Ueda Sasso (From November 1992 to April 1994)
- Auditor of Ernst & Young (From June 1991 to October 1992)

BOARD OF DIRECTORS

TAN KIAN CHEW, 66

Non-Executive Non-Independent Director

- Bachelor of Science (Mechanical Engineering) (First Class Honours), University of Aston in Birmingham, UK
- Advanced Management Program, Harvard University, USA

Date of first appointment as a director:

3 May 2010

Length of service as a director (as at 31 December 2019):

9 years 8 months

Present directorship in other listed company

- Japfa Ltd

Present principal commitments

- Central Co-operative Fund Committee, Ministry of Culture, Community & Youth (Chairman)
- Centre For Seniors (an Institution of a Public Character) (Chairman)

Background and working experience

- CEO of Singapore Labour Foundation (From January 2016 to December 2018)
- CEO of NTUC Fairprice Co-operative Ltd (From October 1997 to December 2015)
- Principal Private Secretary to Deputy Prime Minister Ong Teng Cheong, Prime Minister's Office (From 1988 to 1992)
- Deputy Director of Ministry of Trade and Industry (From 1983 to 1988)
- Head of Naval Operations of Singapore Navy (From 1980 to 1983)

Awards

- NTUC May Day Award - Medal of Commendation (Gold) (2014)
- Singapore Public Administration Medal (Silver) (1991)

NG CHEE KHERN, 54

Non-Executive Independent Director

- Bachelor of Arts (Honours) in Philosophy, Politics & Economics, University of Oxford, UK
- Master of Arts, University of Oxford, UK
- Master in Public Administration, Harvard University, USA

Date of first appointment as a director:

8 June 2012

Length of service as a director (as at 31 December 2019):

7 years 7 months

Present principal commitments

- Changi Airport Group (Singapore) Pte. Ltd. (Director)
- Government Technology Agency (GovTech) (Chairman)
- National Research Foundation (Board Member)
- Smart Nation and Digital Government, Prime Minister's Office, Singapore (Permanent Secretary)

Past directorship in other listed company held over the preceding three years

- Singapore Technologies Engineering Ltd

Background and working experience

- Permanent Secretary (Defence Development), Ministry of Defence, Singapore (From May 2014 to June 2017)
- 2nd Permanent Secretary, Ministry of Health, Singapore (From August 2014 to March 2016)
- Director of Security and Intelligence Division, Ministry of Defence, Singapore (From September 2010 to April 2014)
- Senior Deputy Director of Security and Intelligence Division, Ministry of Defence, Singapore (From January 2010 to August 2010)
- Chief of Air Force of Republic of Singapore Air Force, Ministry of Defence, Singapore (From March 2006 to December 2009)
- Chief of Staff of Republic of Singapore Air Force, Ministry of Defence, Singapore (From September 2005 to March 2006)
- Director of Joint Operations and Plans Directorate and Joint Staff-MINDEF of Republic of Singapore Air Force, Ministry of Defence, Singapore (From March 2004 to September 2005)
- Head of Joint Operations and Joint Staff-MINDEF of Republic of Singapore Air Force, Ministry of Defence, Singapore (From June 2003 to March 2004)
- Head of Air Operations of Republic of Singapore Air Force, Ministry of Defence, Singapore (From March 2001 to June 2003)

Awards

- Public Administration Medal (Gold) (Military) (2005)
- The Legion of Merit (Degree of Commander) by the United States
- The Bintang Swa Bhuwana Paksa Utama by Indonesia
- The Knight Grand Cross (First Class) of the Most Noble Order of the Crown of Thailand
- Ordre National de la Légion d'honneur by the French Government

LEE KHAI FATT, KYLE, 68**Non-Executive Independent Director**

- MSc (Distinction) International Management (SOAS), UK
 - MBA and Diploma in Management (Imperial College), UK
 - Fellow of the Institute of Chartered Accountants in England and Wales
 - Fellow of the Institute of Singapore Chartered Accountants
 - Fellow of the Singapore Institute of Directors
-

Date of first appointment as a director:

1 November 2012

**Length of service as a director
(as at 31 December 2019):**

7 years 2 months

Board committee served on

- Audit Committee (Chairman)

Present directorships in other listed companies

- ComfortDelgro Corporation Limited
- FEO Hospitality Asset Management Pte. Ltd. (manager of Far East Hospitality Real Estate Investment Trust)
- FEO Hospitality Trust Management Pte. Ltd. (trustee-manager of Far East Hospitality Business Trust)
- Great Eastern Holdings Limited

Present principal commitment

- The Great Eastern Life Assurance Company Limited

Background and working experience

- Partner of PricewaterhouseCoopers LLP and Price Waterhouse (From June 1990 to June 2010)

FONG KWOK JEN, 70**Non-Executive Independent Director**

- Bachelor of Laws (Honours), University of Singapore
 - Advocate and Solicitor
-

Date of first appointment as a director:

1 November 2012

**Length of service as a director
(as at 31 December 2019):**

7 years 2 months

Board committee served on

- Audit Committee (Member)

Background and working experience

- Executive Director of Equity Law LLC (From June 2014 to March 2018)
- Partner of Fong Partners (From 1995 to June 2004)
- Chairman, Disciplinary Committee of Singapore Exchange Securities Trading Limited (From 1994 to 2007)
- Member of Securities Industry Council (From 1992 to 2003)
- Council Member of The Law Society of Singapore (From 1990 to 1992)
- Deputy Senior State Counsel/Senior State Counsel of Attorney-General's Chambers (From 1982 to 1989)
- Deputy Public Prosecutor of Attorney-General's Chambers (From 1972 to 1982)

Others

- NITA (National Institute of Trial Advocates) Advocacy Programme at Harvard Law School (1986)
- Government Legal Officer's Course under Colombo Plan Award, United Kingdom (1976/77)

BOARD OF DIRECTORS

GAY CHEE CHEONG, 63

Non-Executive Independent Director

- Bachelor of Science in Engineering (Honours), Royal Military College of Science, UK
- Bachelor of Science in Economics (Honours), University of London, UK
- Masters of Business Administration, National University of Singapore

Date of first appointment as a director:

1 November 2012

Length of service as a director (as at 31 December 2019):

7 years 2 months

Board committee served on

- Audit Committee (Member)

Present directorship in other listed company

- Hyflux Ltd

Present principal commitments

- Heliconia Capital Management Pte. Ltd. (Member, Board of Directors; Chairman, Investment and Divestment Committee; and Member, Remuneration Committee)
- Temasek Polytechnic (Deputy Chairman, Board of Governors; Chairman, Investment Committee; and Deputy Chairman, Administration Committee)

Background and working experience

- Deputy Chairman & CEO of 2G Capital Pte Ltd (From 2001 to 2006)
- Group Executive Director of JIT Electronics Pte Ltd (From 1997 to 2000)

JASON LEOW JUAN THONG, 53

Non-Executive Non-Independent Director

- Executive Master in Business Administration, Fudan University, People's Republic of China
- Member of the Institute of Singapore Chartered Accountants
- Advanced Management Program, Harvard Business School, USA

Date of first appointment as a director:

22 December 2014

Length of service as a director (as at 31 December 2019):

5 years

Board committee served on

- Executive Committee (Chairman)

Present principal commitment

- CapitaLand Limited (President, Singapore & International)

Past directorship in other listed company held over the preceding three years

- CapitaLand Malaysia Mall REIT Management Sdn. Bhd. (manager of CapitaLand Malaysia Mall Trust)

Background and working experience

- President (Asia & Retail) of CapitaLand Limited (From September 2018 to March 2019)
- Group Chief Operating Officer of CapitaLand Limited (From January 2018 to September 2018)
- CEO of CapitaLand Mall Asia Limited (From September 2014 to December 2017)
- CEO of CapitaLand China Holdings Pte. Ltd. (From July 2009 to September 2014)

JONATHAN YAP NENG TONG, 52

Non-Executive Non-Independent Director

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

Date of first appointment as a director:

10 October 2019

Length of service as a director

(as at 31 December 2019):

2 months

Board committees served on

- Audit Committee (Member)
- Executive Committee (Member)

Present directorships in other listed companies

- Ascendas Property Fund Trustee Pte. Ltd.
(trustee-manager of Ascendas India Trust)
- CapitaLand Commercial Trust Management Limited
(manager of CapitaLand Commercial Trust)

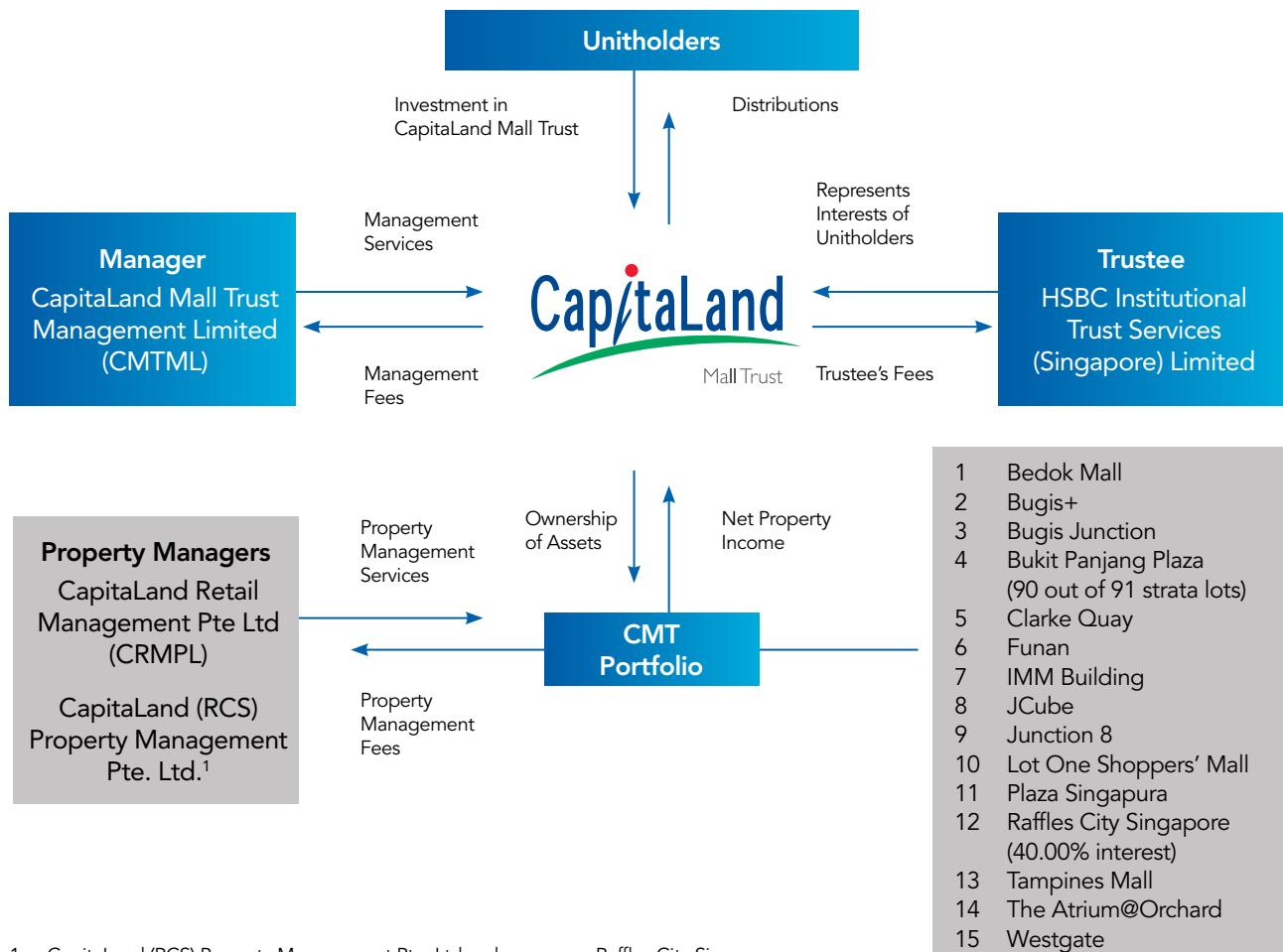
Present principal commitments

- CapitaLand Limited (President, CapitaLand Financial)
- Institute of South Asian Studies, National University of
Singapore (Member, Management Board)
- Real Estate Investment Trust Association of Singapore
(REITAS) (Treasurer, Executive Committee)

Background and working experience

- Group Chief Operating Officer, Ascendas-Singbridge Pte.
Ltd. (From July 2018 to June 2019)
- Group Chief Financial Officer, Ascendas-Singbridge Pte.
Ltd. (From September 2017 to June 2019)
- Chief Investment Officer and Head of Real Estate Funds,
Ascendas-Singbridge Pte. Ltd.
(From June 2015 to November 2017)
- Assistant Group Chief Executive Officer for Overseas
Funds & India, Ascendas Pte Ltd
(From July 2012 to May 2015)
- Head of Real Estate Funds, Ascendas Pte Ltd
(From January 2008 to May 2015)
- Executive Director and Chief Executive Officer,
Ascendas Property Fund Trustee Pte. Ltd.
(From June 2007 to September 2014)

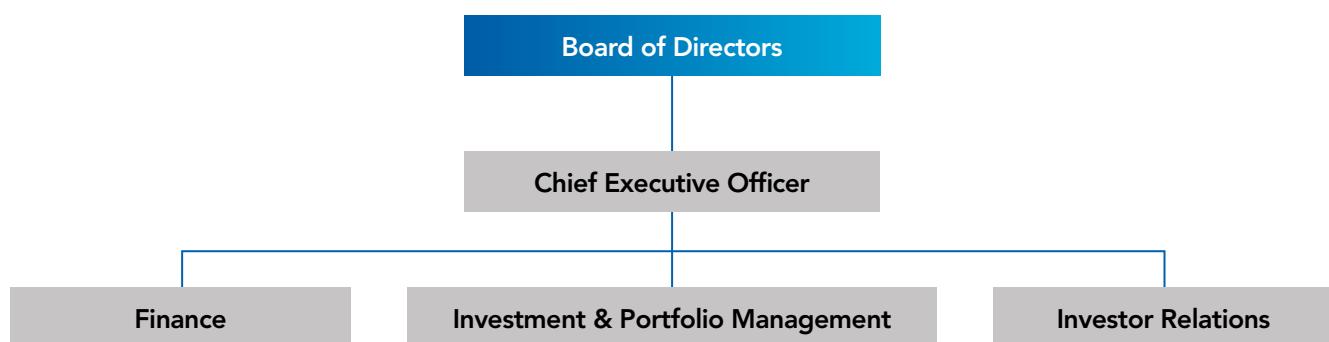
TRUST STRUCTURE



¹ CapitaLand (RCS) Property Management Pte. Ltd. only manages Raffles City Singapore.

ORGANISATION STRUCTURE

CAPITALAND MALL TRUST MANAGEMENT LIMITED



TRUST MANAGEMENT TEAM

TONY TAN TEE HIEONG

Chief Executive Officer and Executive Non-Independent Director

Tony is the Chief Executive Officer of CapitaLand Mall Trust Management Limited (CMTML) with effect from 1 May 2017. Assisted by the management, he is responsible for executing CMT's strategy and its day-to-day operations, including sustainability topics such as environmental, social and governance factors. Please refer to his profile under 'Board of Directors' on page 25.

CINDY CHEW SZE YUNG

Chief Financial Officer

Cindy heads the finance team and is responsible for CMT's financial management functions and the sourcing and management of funds for CMT. She oversees matters involving treasury, accounting and capital management, ensuring alignment with CMT's investment strategy and its mall portfolio management, with a focus on driving revenue and delivering investment returns for CMT.

The finance team works with the Investment & Portfolio Management team to review, evaluate and execute appropriate acquisitions, divestments and annual business plans to optimise the value of the portfolio and ensure these are implemented in accordance with CMT's investment and asset management strategies to create value for Unitholders. The team is responsible for the accounting, taxation, treasury, capital management and financial reporting functions of CMT.

Cindy has over 18 years of experience in the finance industry. She joined the CapitaLand Group in 2006, and prior to her current appointment, she was Deputy Head, Finance, CMTML since 2011. She holds a Bachelor of Accountancy (Honours) degree from Nanyang Technological University.

JACQUELINE LEE

Head, Investment & Portfolio Management

Jacqueline heads the Investment & Portfolio Management function at CMTML and is responsible for creating value for Unitholders through acquisitions, divestments, redevelopment and portfolio management.

The Investment & Portfolio Management team proposes and executes appropriate acquisitions, divestments, redevelopment and other portfolio reconstitution and optimisation initiatives to enhance the value of the portfolio. The team also monitors, analyses and reports on valuation, performance metrics and trends. It also sets targets and reviews the annual business plan and asset enhancement initiatives proposed by the asset management team to ensure that operating performance is optimised.

Jacqueline has extensive experience in real estate including investment, corporate finance and engineering. Prior to joining CMTML, she worked in a public listed company handling mergers, acquisitions, divestments and business valuation. Jacqueline started her career as an electrical engineer, and was involved in the planning, design and construction of major building and infrastructure projects. She holds a Master of Business Administration from the University of Sydney, Australia; as well as a Master of Arts and a Bachelor of Arts (Honours) in Engineering Science from the University of Oxford, United Kingdom.

LO MUN WAH

Vice President, Investor Relations

Mun Wah heads the investor relations function at CMTML, and is responsible for building relations and facilitating strategic communications with CMT's Unitholders, including potential and existing investors, analyst community and the media.

The investor relations team ensures clear and timely communications with Unitholders and stakeholders through various engagement channels. Together with the management, the investor relations team attends regular meetings, conferences and events. The team also produces communication collaterals including annual reports, presentations and results news releases.

Mun Wah has worked in the real estate industry and accumulated more than 20 years of experience in investor relations, property investment, asset management, project marketing and valuation. She holds a Bachelor of Science (Honours) degree in Estate Management from the National University of Singapore and is a licensed appraiser.

CORPORATE GOVERNANCE

OUR ROLE

We, as the manager of CMT (Manager), set the strategic direction of CMT and its subsidiaries (CMT Group) and make recommendations to HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of CMT (Trustee), on any investment or divestment opportunities for CMT and the enhancement of the assets of CMT in accordance with the stated investment strategy for CMT. The research, evaluation and analysis required for this purpose are coordinated and carried out by us as the Manager.

As the Manager, we have general powers of management over the assets of CMT. Our primary responsibility is to manage the assets and liabilities of CMT for the benefit of the unitholders of CMT (Unitholders). We do this with a focus on generating rental income and enhancing asset value over time so as to maximise returns from the investments, and ultimately the distributions and total returns, to Unitholders.

Our other functions and responsibilities as the Manager include:

- (a) using our best endeavours to conduct CMT's business in a proper and efficient manner;
- (b) preparing annual business plans for review by the directors of the Manager (Directors), including forecasts on revenue, net income, and capital expenditure, explanations on major variances to previous years' financial results, written commentaries on key issues and underlying assumptions on rental rates, operating expenses and any other relevant assumptions;
- (c) ensuring compliance with relevant laws and regulations, including the Listing Manual of Singapore Exchange Securities Trading Limited (SGX-ST) (Listing Manual), the Code on Collective Investment Schemes (CIS Code) issued by the Monetary Authority of Singapore (MAS) (including Appendix 6 of the CIS Code (Property Funds Appendix)), the Securities and Futures Act (Chapter 289 of Singapore) (SFA), written directions, notices, codes and other guidelines that MAS may issue from time to time, the tax rulings issued by the Inland Revenue Authority of Singapore on the taxation of CMT and Unitholders and the Alternative Investment Fund Managers Directive (AIFMD);
- (d) attending to all regular communications with Unitholders; and
- (e) supervising CapitaLand Retail Management Pte Ltd (Property Manager), the property manager which performs the day-to-day property management functions (including leasing, marketing, promotion, operations coordination and other property management activities) for CMT's properties; with regard to Raffles City Singapore (RCS), which is held by CMT and CapitaLand Commercial Trust (CCT) in the proportions of 40.00% and 60.00% respectively, the Property Manager holds 40.00% interest in CapitaLand (RCS) Property Management Pte. Ltd., which provides property management services to RCS with CapitaLand Commercial Management Pte. Ltd., the property manager of the properties owned by CCT, holding the other 60.00%. As a result of its interest in CapitaLand (RCS) Property Management Pte. Ltd., the Property Manager is able to play a key role in directing the property management function for RCS.

The Manager also considers sustainability issues (including environmental and social factors) as part of its responsibilities. CMT's environmental sustainability and community outreach programmes are set out on pages 74 to 99 of this Annual Report.

CMT, constituted as a trust, is externally managed by the Manager. The Manager appoints experienced and well qualified personnel to run its day-to-day operations.

The Manager was appointed in accordance with the terms of the trust deed constituting CMT dated 29 October 2001 (as amended, varied or supplemented from time to time) (Trust Deed). The Trust Deed outlines certain circumstances under which the Manager can be removed, including by notice in writing given by the Trustee upon the occurrence of certain events, or by resolution passed by a simple majority of Unitholders present and voting at a meeting of Unitholders duly convened and held in accordance with the provisions of the Trust Deed.

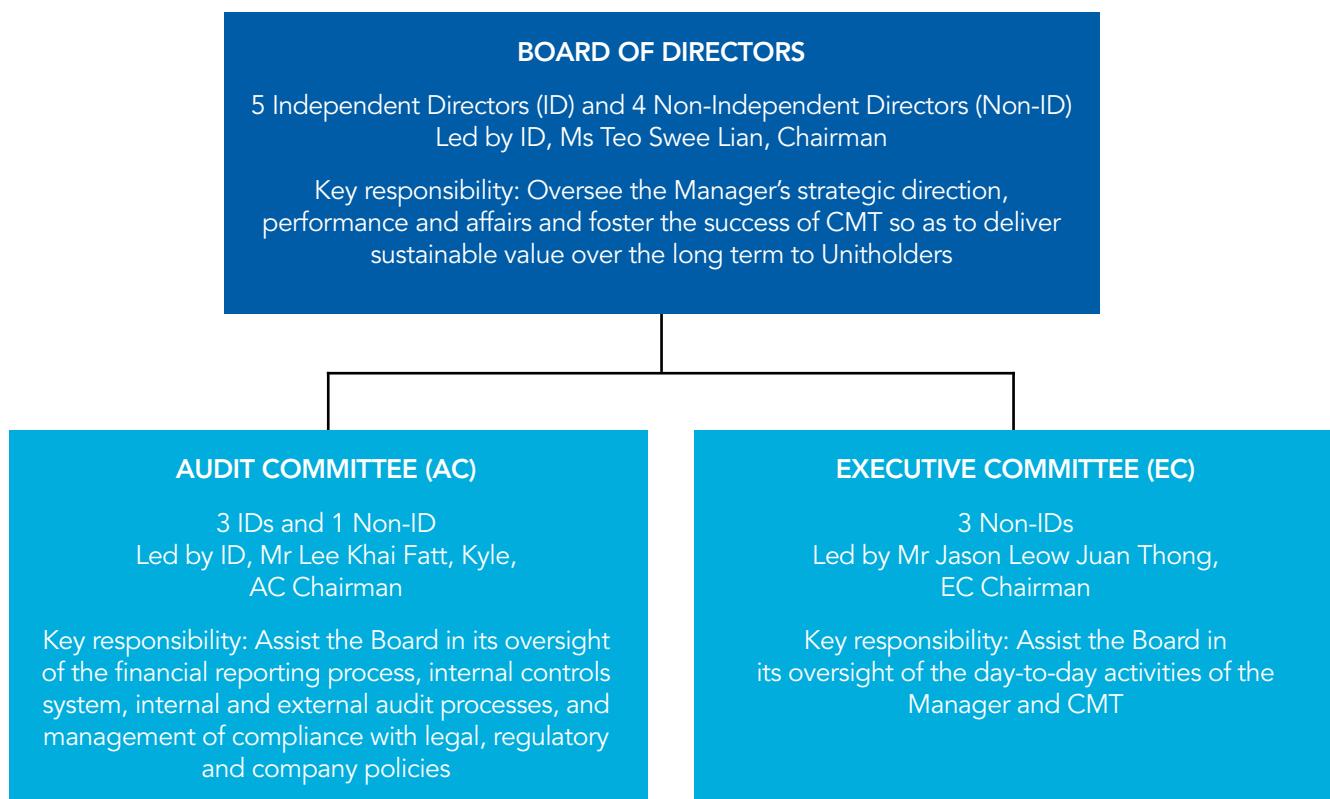
The Manager is a wholly owned subsidiary of CapitaLand Limited (CL) which holds a significant unitholding interest in CMT. CL is a long-term real estate developer and investor, with a vested interest in the long-term performance of CMT. CL's significant unitholding in CMT demonstrates its commitment to CMT and as a result, CL's interest is aligned with that of other Unitholders. The Manager's association with CL provides the following benefits, among other things, to CMT:

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

OUR CORPORATE GOVERNANCE FRAMEWORK AND CULTURE

The Manager embraces the tenets of good corporate governance, including accountability, transparency and sustainability. It is committed to enhancing long-term Unitholder value and has appropriate people, processes and structure to direct and manage the business and affairs of the Manager with a view to achieving operational excellence and delivering the CMT Group's long-term strategic objectives. The policies and practices it has developed to meet the specific business needs of the CMT Group provide a firm foundation for a trusted and respected business enterprise.

Our corporate governance framework is set out below:



CORPORATE GOVERNANCE

The Board of Directors (Board) sets the tone from the top and is responsible for the Manager's corporate governance standards and policies, underscoring their importance to the CMT Group.

This corporate governance report (Report) sets out the corporate governance practices for the financial year (FY) 2019 with reference to the Code of Corporate Governance 2018 (Code).

Throughout FY 2019, the Manager has complied with the principles of corporate governance laid down by the Code and also, substantially, with the provisions underlying the principles of the Code. Where there are deviations from the provisions of the Code, appropriate explanations are provided in this Report. This Report also sets out additional policies and practices adopted by the Manager which are not provided in the Code.

CMT has received accolades from the investment community for excellence in corporate governance and corporate governance-related efforts. CMT's awards in FY 2019 are set out below:

- Winner of Singapore Corporate Governance Award, Shareholder Communications Excellence Award and Sustainability Award and joint runner-up for Most Transparent Company Award under the REITS and Business Trusts category at the SIAS 20th Investors' Choice Awards 2019.
- Gold for Best Investor Relations and Best Annual Report under the REITs & Business Trusts category at the Singapore Corporate Awards 2019.

In FY 2019, CMT was ranked second in the REIT and Business Trust category on the Singapore Governance and Transparency Index (SGTI) and retained its top 10 ranking in the same category on the Governance Index for Trusts (GIFT). As testament to our commitment to environment, social and corporate governance, CMT was awarded sector leader for Global Real Estate Sustainability Benchmark (GRESB) in the Asia 'Retail – Listed' category and also scored 'A' for public disclosure for GRESB 2019. CMT has been included by SGX in the Fast Track Programme list. The scheme recognises listed companies with good governance standards and compliance practices, and accords prioritised clearance for selected corporate-action submissions.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

Board's Duties and Responsibilities

The Board oversees the strategic direction, performance and affairs of the Manager, in furtherance of the Manager's primary responsibility to foster the success of CMT so as to deliver sustainable value over the long term to Unitholders. It provides overall guidance to the management team (Management), led by the Chief Executive Officer (CEO). The Board works with Management to achieve CMT's objectives and long term success and Management is accountable to the Board for its performance. Management is responsible for the execution of the strategy for CMT and the day-to-day operations of CMT'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 Manual, the Property Funds Appendix, as well as any other applicable guidelines prescribed by the SGX-ST, MAS or other relevant authorities, and applicable laws. It also sets the disclosure and transparency standards for CMT and ensures that obligations to Unitholders and other stakeholders are understood and met.

The Board has adopted a set of internal controls which establishes financial approval limits for capital expenditure, investments, divestments, bank borrowings and issuance of debt instruments and this is clearly communicated to Management in writing. The Board has reserved authority to approve certain matters including:

- (a) material acquisitions, investments and divestments;
- (b) issue of new units in CMT (Units);

- (c) income distributions and other returns to Unitholders; and
- (d) matters which involve a conflict of interest for a controlling unitholder or a Director.

Apart from matters that specifically require the Board's approval, the Board delegates authority for transactions below the Board's approval limits to Board Committees and Management to optimise operational efficiency.

The Directors are fiduciaries and are collectively and individually obliged at all times to act honestly and objectively in the best interests of CMT. Consistent with this principle, the Board is committed to ethics and integrity of action and has adopted a Board Code of Business Conduct and Ethics (Board Code) which provides that every Director is expected to, among other things, adhere to the highest standards of ethical conduct. All Directors are required to comply with the Board Code. This sets the appropriate tone from the top in respect of the desired organisational culture, and assists the Board in ensuring proper accountability within the Manager. In line with this, the Board has a standing policy that a Director must not allow himself or herself to get into a position where there is a conflict between his or her duty to CMT and his or her own interests. Where a Director has a conflict of interest in a particular matter, he or she will be required to disclose his or her interest to the Board, recuse himself or herself from deliberations on the matter and abstain from voting on the matter. Every Director has complied with this policy, and where relevant, such compliance has been duly recorded in the minutes of meeting or written resolutions.

Furthermore, the Directors have the responsibility to act with due diligence in the discharge of their duties and ensure that they have the relevant knowledge to carry out and discharge their duties as directors, including understanding their roles as executive, non-executive, and independent directors, the business of CMT and the environment in which CMT operates. The Directors are also required to dedicate the necessary effort, commitment and time to their work as directors, and are expected to attend all meetings of the Board, except if unusual circumstances make attendance impractical.

Directors' Development

In view of the increasingly demanding, complex and multi-dimensional role of a director, the Board recognises the importance of continual training and development for its Directors so as to equip them to discharge the duties and responsibilities of their office as Directors to the best of their abilities. The Manager has in place a training framework to guide and support the Manager towards meeting the objective of having a Board which comprises individuals who are competent and possess up-to-date knowledge and skills necessary to discharge their duties and responsibilities. Directors who have no prior experience as a director of an issuer listed on the SGX-ST will be provided with training on the roles and responsibilities of a director of a listed issuer in accordance with the listing rules of the SGX-ST. 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 Director's Manual (which includes information on a broad range of matters relating to the role, duties and responsibilities of a Director). All Directors, upon appointment, also undergo an induction programme which focuses on orientating the Director to CMT's business, operations, strategies, organisation structure, responsibilities of CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the Manager (key management personnel), and financial and governance practices. The induction programme may include visits to the CMT Group's properties. Through the induction programme, the new Director also gets acquainted with members of Management which facilitates their interaction at Board meetings.

Following their appointment, the Directors are provided with opportunities for continuing education in areas such as director's duties and responsibilities, changes to regulations and accounting standards, and industry-related matters, so as to be updated on matters that affect or may enhance their performance as Directors or Board Committee members. The Directors may also recommend suitable training and development programmes to the Board. In FY 2019, the training and professional development programmes for the Directors included seminars conducted by experts and senior business leaders on board practices and issues faced by boards. The Directors also regularly receive reading materials on topical matters or subjects as well as updates on regulatory changes and their implications.

CORPORATE GOVERNANCE

Board Committees

The Board has established various Board Committees to assist it in the discharge of its functions. These Board Committees are the Audit Committee (AC) and the Executive Committee (EC). The Investment Committee was dissolved with effect from 12 April 2019 and the Board now undertakes all the responsibilities for reviewing and approving proposals on major acquisitions and divestments of CMT Group. The Corporate Disclosure Committee was dissolved with effect from 1 November 2019 and the Board now undertakes all the responsibilities for approving corporate disclosures other than certain non-material and routine disclosures which are delegated to Management for approval.

All the Board Committees have clear written terms of reference setting out their respective composition, authorities and duties, including reporting back to the Board. Each of the Board Committees operates under delegated authority from the Board with the Board retaining overall oversight. The decisions and significant matters discussed at the respective Board Committees are reported to the Board on a periodic basis. The minutes of the Board Committee meetings which record the key deliberations and decisions taken during these meetings are also circulated to all Board members for their information. The composition of the various Board Committees is set out on page 60 and the inside back cover of this Annual Report. The duties and responsibilities of the Board Committees are set out in this Report.

The Board may form other Board Committees from time to time. The composition of each Board Committee is also reviewed as and when there are changes to Board membership. Where appropriate, changes are made to composition of the Board Committees, with a view to ensuring there is an appropriate diversity of skills and experience, and fostering active participation and contributions from Board Committee members.

Meetings of Board and Board Committees

Board and Board Committee meetings are scheduled prior to the start of each financial year in consultation with the Directors. The Constitution of the Manager (Constitution) permits the Directors to participate in Board and Board Committee meetings via audio or video conference. If a Director is unable to attend a Board or Board Committee meeting, he or she may provide his or her comments to the Chairman or the relevant Board Committee chairman ahead of the meeting and these comments are taken into consideration in the deliberations. The Board and Board Committees may also make decisions by way of written resolutions.

In addition to scheduled meetings, the Board may also hold ad hoc meetings as required by business imperatives. The Directors (excluding the CEO) also meet from time to time without the presence of Management.

At each scheduled Board meeting, the Board is apprised of the following:

- (a) significant matters discussed at the AC meeting which is typically scheduled before the Board meeting;
- (b) AC's recommendation on CMT's periodic and year-end financial results following AC's review of the same;
- (c) decisions made by Board Committees in the period under review;
- (d) updates on the CMT Group's business and operations in the period under review, including market developments and trends, as well as business initiatives and opportunities;
- (e) financial performance, budgetary and capital management related matters in the period under review, including any material variance between any projections in budget or business plans and the actual results from business activities and operations;
- (f) any risk management issues that materially impact CMT's operations or financial performance;
- (g) updates on key Unitholder engagements in the period under review, as well as analyst views and market feedback; and
- (h) prospective transactions which Management is exploring.

This allows the Board to develop a good understanding of the progress of the CMT Group's business as well as the issues and challenges faced by CMT, and also promotes active engagement with Management.

The Manager adopts and practises the principle of collective decisions and therefore, no individual Director influences or dominates the decision-making process. There is mutual respect and trust among the Directors and therefore the

Board benefits from a culture of frank and rigorous discussions. Such discussions conducted on a professional basis contribute to the dynamism and effectiveness of the Board. The Board composition is such that there is diversity in views and perspectives which enriches deliberations and contributes to better decision-making of the Board. At Board and Board Committee meetings, all the Directors actively participate in discussions, in particular, they engage in open and constructive debate and challenge Management on its assumptions and recommendations.

Management provides the Directors with complete, adequate and timely information prior to Board and Board Committee meetings and on an ongoing basis. This enables the Directors to make informed decisions and discharge their duties and responsibilities.

As a general rule, meeting materials are provided to the Directors at least five working days prior to Board and Board Committee meetings, to allow them to prepare for the meetings and to enable discussions to focus on any questions or issues that they may have or identify. Agendas for Board and Board Committee meetings are prepared in consultation with the Chairman and the chairmen of the respective Board Committees. This provides assurance that there is time to cover all relevant matters during the meetings.

In line with the Manager's ongoing commitment to minimise paper wastage and reduce its carbon footprint, the Manager does not provide printed copies of Board and Board Committee meeting materials. Instead, the Directors are provided with tablet devices to enable them to access and review meeting materials prior to and during meetings. This initiative also enhances information security as the meeting materials are made available through a secure channel. The Directors are also able to review and approve written resolutions using the tablet devices.

A total of six Board meetings and four AC meetings were held in FY 2019. The key deliberations and decisions taken at Board and Board Committee meetings are minuted.

A record of the Directors' attendance at Board and Board Committee meetings for FY 2019 is set out on page 61 of this Annual Report. CEO who is also a Director attends all Board meetings. He also attends all AC meetings on an ex officio basis. Other members of Management attend Board and Board Committee meetings as required to brief the Board and Board Committees on specific business matters.

There is active interaction between the Directors and Management during and outside Board and Board Committee meetings. The Directors have separate, independent and unfettered access to Management for any information that they may require. The Board and Management share a productive and harmonious relationship, which is critical for good governance and organisational effectiveness.

The Directors also have separate and independent access to the company secretary of the Manager (Company Secretary). The Company Secretary keeps herself abreast of relevant developments. She has oversight of corporate secretarial administration matters and advises the Board and Management on corporate governance matters. The Company Secretary attends Board meetings and assists the Chairman in ensuring that Board procedures are followed. The Company Secretary also facilitates the induction programme for new Directors and oversees professional development administration for the Directors. The appointment and the removal of the Company Secretary is subject to the Board's approval.

The Directors, whether individually or collectively as the Board, are entitled to have access to independent external professional advice where necessary, at the Manager's expense.

Principle 2: Board Composition and Guidance

Board Independence

The Board has a strong independent element as five out of nine directors, including the Chairman, are non-executive IDs. Other than the CEO who is the only executive Director on the Board, non-executive Directors make up the rest of the Board. None of the IDs had served on the Board for nine years or longer. No lead ID is appointed as the Chairman

CORPORATE GOVERNANCE

is an ID. Profiles of the Directors, their respective Board Committee memberships and roles are set out on pages 25 to 29 of this Annual Report. Key information on the Directors is also available on CMT's website at www.cmt.com.sg (Website).

The Board reviews from time to time the size and composition of the Board and each Board Committee, with a view to ensuring that the size is appropriate in facilitating effective decision-making, and the composition reflects a strong independent element as well as balance and diversity of thought and background. The review takes into account the scope and nature of the CMT Group's operations, and the competition that the CMT Group faces.

The Board assesses annually (and as and when circumstances require) the independence of each Director in accordance with the requirements of the Listing Manual and the guidance in the Code, the Securities and Futures (Licensing and Conduct of Business) Regulations (SFR) and where relevant, the recommendations set out in the Practice Guidance accompanying the Code (Practice Guidance). A Director is considered independent if he or she is independent in conduct, character and judgement and:

- (a) has no relationship with the Manager, its related corporations, its substantial shareholders, CMT's substantial Unitholders (being Unitholders who have interests in voting Units with 5% or more of the total votes attached to all voting Units) or the Manager's officers that could interfere, or be reasonably perceived to interfere with the exercise of his or her independent business judgement in the best interests of CMT;
- (b) is independent from the management of the Manager and CMT, from any business relationship with the Manager and CMT, and from every substantial shareholder of the Manager and every substantial unitholder of CMT;
- (c) is not a substantial shareholder of the Manager or a substantial unitholder of CMT;
- (d) is not employed and has not been employed by the Manager or CMT or their related corporations in the current or any of the past three financial years;
- (e) does not have an immediate family member who is employed or has been employed by the Manager or CMT or their related corporations in the current or any of the past three financial years and whose remuneration is or was determined by the Board; and
- (f) has not served on the Board for a continuous period of nine years or longer.

There is a rigorous process to evaluate the independence of each ID. As part of the process:

- (a) each ID provides information of his or her business interests and confirms, annually, that there are no relationships which interfere with the exercise of his or her independent business judgement with a view to the best interests of the Unitholders as a whole, and such information is then reviewed by the Board; and
- (b) the Board also reflects on the respective IDs' conduct and contributions at Board and Board Committee meetings, in particular, whether the relevant ID has exercised independent judgement in discharging his or her duties and responsibilities.

Each ID is required to recuse himself or herself from the Board's deliberations on his or her independence. In appropriate cases, the Board also reviews the independence of an ID as and when there is a change of circumstances involving the ID. In this regard, an ID is required to report to the Manager when there is any change of circumstances which may affect his or her independence.

The Board has carried out the assessment of the independence of its IDs for FY 2019 and the paragraphs below set out the outcome of the assessment. Each of the IDs had recused himself or herself from the Board's deliberations on his or her independence.

Ms Teo Swee Lian

Ms Teo is a non-executive director of Singapore Telecommunications Limited (Singtel) which provides telecommunication services to the CMT Group and CL and its subsidiaries (CL Group). Singtel is also a tenant of some shopping malls in CMT's portfolio. All of these transactions with CMT Group and CL Group are conducted in the ordinary course of business, on arm's length and based on normal commercial terms and market rates. Ms Teo's role in Singtel is non-executive in nature and she is not involved in the business operations of Singtel.

In addition to her directorship in Singtel which is a subsidiary of Temasek Holdings (Private) Limited (Temasek), Ms Teo also serves as a non-executive director of an associated company of Temasek. Temasek is deemed to be a substantial Unitholder through its direct and indirect interest in CL, which is a substantial unitholder of CMT. Ms Teo's role in these corporations is non-executive in nature and she is not involved in the day-to-day conduct of the business of these corporations.

The Board has considered the conduct of Ms Teo in the discharge of her duties and responsibilities as a Director, and is of the view that the relationships set out above did not impair her ability to act with independent judgement in the discharge of her duties and responsibilities as a Director. Save for the relationships stated above, Ms Teo does not have any other relationships and is not faced with any of the circumstances identified in the Code, SFR and Listing Manual, or any other relationships which may affect her independent judgement. The Board is therefore of the view that Ms Teo has exercised independent judgement in the discharge of her duties and responsibilities. Based on the above, the Board arrived at the determination that Ms Teo is an ID. Ms Teo will recuse herself from participating in any Board's deliberation on any transactions that could potentially give rise to a conflict of interest.

Mr Lee Khai Fatt, Kyle

Mr Lee serves as a non-executive director of The Great Eastern Life Assurance Company Limited (Great Eastern), which had purchased STAR\$® under the CapitaStar app (CL's lifestyle and loyalty app) from the CL Group during the course of the year. CL Group has also provided campaign management and marketing services through the CapitaStar app to Great Eastern. Mr Lee's role in Great Eastern is non-executive in nature and he was not involved in the process or negotiations of the sale of STAR\$® by the CL Group to Great Eastern or the provision of campaign management and marketing services through the CapitaStar app by the CL Group to Great Eastern.

The Board has considered the conduct of Mr Lee in the discharge of his duties and responsibilities as a Director, and is of the view that the relationship set out above did not impair his ability to act with independent judgement in the discharge of his duties and responsibilities as a Director. Save for the relationship stated above, Mr Lee does not have any other relationships and is not faced with any of the circumstances identified in the Code, SFR and Listing Manual, or any other relationships which may affect his independent judgement. The Board is therefore of the view that Mr Lee has exercised independent judgement in the discharge of his duties and responsibilities. Based on the above, the Board arrived at the determination that Mr Lee is an ID. Mr Lee will recuse himself from participating in any Board's deliberation on any transactions that could potentially give rise to a conflict of interest.

Mr Gay Chee Cheong

Mr Gay was a non-executive director of Honestbee Pte. Ltd. (Honestbee) from December 2018 to March 2019. Honestbee had purchased CapitaVouchers from the CL Group in the course of FY 2019 during the period he was a director of Honestbee. Mr Gay's role in Honestbee was non-executive in nature and he was not involved in the process or negotiations of the sale of CapitaVouchers by the CL Group to Honestbee.

Mr Gay also serves as a non-executive director of some related corporations of Temasek. Temasek is deemed to be a substantial Unitholder through its direct and indirect interest in CL, which is a substantial unitholder of CMT. Mr Gay's role in these corporations is non-executive in nature and he is not involved in the day-to-day conduct of the business of these corporations.

The Board has considered the conduct of Mr Gay in the discharge of his duties and responsibilities as a Director, and is of the view that the relationships set out above did not impair his ability to act with independent judgement in the discharge of his duties and responsibilities as a Director. Save for the relationships stated above, Mr Gay does not have any other relationships and is not faced with any of the circumstances identified in the Code, SFR and Listing Manual, or any other relationships which may affect his independent judgement. The Board is therefore of the view that Mr Gay has exercised independent judgement in the discharge of his duties and responsibilities. Based on the above, the Board arrived at the determination that Mr Gay is an ID. Mr Gay will recuse himself from participating in any Board's deliberation on any transactions that could potentially give rise to a conflict of interest.

The Board is of the view that as at the last day of FY 2019, each of Ms Teo, Mr Lee and Mr Gay was able to act in the best interests of all Unitholders in respect of FY 2019.

CORPORATE GOVERNANCE

Mr Ng Chee Khern and Mr Fong Kwok Jen

Mr Ng Chee Khern and Mr Fong Kwok Jen do not have any relationships and are not faced with any of the circumstances identified in the Code, SFR and Listing Manual, or any other relationships which may affect their independent judgement. The Board considered whether each of them has demonstrated independence in character and judgement in the discharge of his responsibilities as a Director and concluded that each of them had acted with independent judgement. The Board is therefore of the view that each of Mr Ng and Mr Fong has exercised independent judgement in the discharge of his duties and responsibilities. Based on the above, the Board arrived at the determination that each of Mr Ng and Mr Fong is an ID.

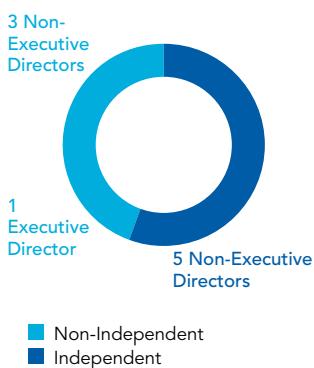
Board Diversity

The Board embraces diversity and formally adopted a Board Diversity Policy in 2019. The Board Diversity Policy provides for the Board to comprise talented and dedicated Directors with a diverse mix of expertise, experience, perspectives, skills and backgrounds, with due consideration to diversity factors, including but not limited to, diversity in business or professional experience, age and gender.

The Board believes in diversity and values the benefits that diversity can bring to the Board in its deliberations. Diversity enhances the Board's decision-making capability and ensures that the Manager has the opportunity to benefit from all available talent and perspectives.

The Board, in carrying out its duties of determining the optimal composition of the Board in its Board renewal process, identifying possible candidates and making recommendations of board appointments to the Board, considers diversity factors such as age, educational, business and professional backgrounds of its members. Female representation is also considered an important aspect of diversity. The current Board comprises nine members who are corporate and business leaders, and are professionals with varied backgrounds, expertise and experience including in finance, banking, retail management, investment, real estate, legal, accounting and general management. The current Board has one female member, being the Chairman of the Board. For further information on the Board's work in this regard, please refer to "Board Membership" under Principle 4 in this Report.

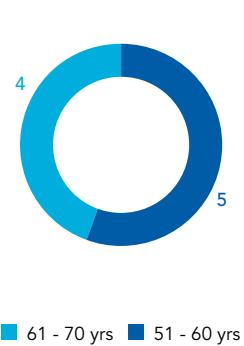
Board Independence



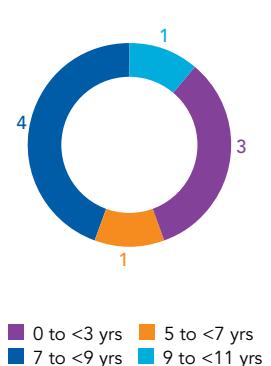
Board Gender Diversity



Age Spread



Tenure Mix



Principle 3: Chairman and Chief Executive Officer

The roles and responsibilities of the Chairman and the CEO are held by separate individuals, in keeping with the principles that there be a clear division of responsibilities between the leadership of the Board and Management and that no one individual has unfettered powers of decision-making. The non-executive independent Chairman is Ms Teo Swee Lian, whereas the CEO is Mr Tony Tan Tee Hieong. They do not share any family ties. The Chairman and the CEO enjoy a positive and constructive working relationship between them, and support each other in their respective leadership roles.

The Chairman provides leadership to the Board and facilitates the conditions for the overall effectiveness of the Board, Board Committees and individual Directors. This includes setting the agenda of Board meetings, ensuring that there is sufficient information and time at meetings to address all agenda items, and promoting open and constructive engagement among the Directors as well as between the Board and the CEO on strategic issues.

The Chairman devotes considerable time to understanding the business of CMT, as well as the issues and the competition that CMT faces. She plays a significant leadership role by providing clear oversight, direction, advice and guidance to the CEO. She also maintains open lines of communication and engages with other members of Management regularly, and acts as a sounding board for CEO on strategic and significant operational matters.

The Chairman also presides over the Annual General Meeting (AGM) each year and other general meetings where she plays a crucial role in fostering constructive dialogue between the Unitholders, the Board and Management.

The CEO has full executive responsibilities to manage the CMT Group's business and to develop and implement policies approved by the Board.

The separation of the roles and responsibilities of the Chairman and the CEO and the resulting clarity of roles provide a healthy professional relationship between the Board and Management, facilitate robust deliberations on the CMT Group's business activities and the exchange of ideas and views to help shape the strategic process, and ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making.

As the roles of the Chairman and the CEO are held by separate individuals who are not related to each other, and the Chairman is an ID, no lead ID is appointed.

Principle 4: Board Membership

The Board undertakes the functions of a nominating committee and therefore, the Manager does not have a separate nominating committee. The Board performs the functions that such a committee would otherwise perform.

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

- (a) the Manager is a dedicated manager to CMT and in general, REITs (including CMT) 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 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 CMT 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) IDs form at least half of the Board and the Chairman is an ID, which demonstrates that the IDs play a substantive role, and assure 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.

The SGX-ST has also issued a Practice Note which provides that the requirement for the establishment of nominating and remuneration committees under the Listing Manual does not apply to REITs if the REIT complies with regulations made under the SFA relating to board composition of a REIT manager. As the Manager complies with Regulation 13D of the SFR relating to the composition of the Board of the Manager, the Manager is of the opinion that the corporate governance requirements relating to the nominating and remuneration committees have been substantively addressed.

CORPORATE GOVERNANCE

The Board has a formal and transparent process for the appointment and re-appointment of Directors. All Board appointments are made based on merit and approved by the Board. The Board's scope of duties and responsibilities includes:

- (a) reviewing the size and composition of the Board, the succession plans for Directors, and the structure and membership of the Board Committees;
- (b) reviewing the process and criteria for the evaluation of the performance of the Board, Board Committees and Directors;
- (c) considering annually and, as and when circumstances require, if a Director is independent; and
- (d) reviewing whether a Director has been adequately carrying out his or her duties as a Director.

Board Composition and Renewal

The Board strives to ensure that there is an optimal blend in the Board of backgrounds, experience and knowledge in business and general management, expertise relevant to the CMT Group's business and track record, 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 the CMT Group. The Board has a few members who have prior working experience in the sector that CMT operates in.

There is a structured process for determining Board composition and for selecting candidates for appointment as Directors. The Board evaluates the Board's competencies on a long term basis and identifies competencies which may be further strengthened in the long term. Board succession planning takes into account the need to maintain flexibility to effectively address succession planning and to ensure that the Manager continues to attract and retain highly qualified individuals to serve on the Board. The process ensures that the Board composition is such that the Board has capabilities and experience which are aligned with CMT's strategy and environment.

The Board supports the principle that Board renewal is a necessary and continual process, both for good governance and for ensuring that the Board has the skills, expertise and experience which are relevant to the evolving needs of the CMT Group's business.

Board succession planning is carried out through the annual review of the Board's composition as well as when a Director gives notice of his or her intention to retire or resign. The Board seeks to refresh its membership progressively and in an orderly manner, whilst ensuring continuity and sustainability of corporate performance. The Board also has in place guidelines on the tenure of Directors. The guidelines provide that an ID should serve for no more than a maximum of two three-year terms and any extension of tenure beyond six years will be reviewed by the Board on a yearly basis up to a period of nine years (inclusive of the initial two three-year terms served).

The Board may retain external consultants from time to time to assist the Board in identifying suitable candidates for appointment to the Board. Candidates are identified based on the needs of CMT and the relevant skills required, taking into account, among other things, the requirements in the Listing Manual and the Code, as well as the factors in the Board Diversity Policy. The candidates will be assessed against a range of criteria including their demonstrated business sense and judgement, skills and expertise, and market and industry knowledge (and may include elements such as financial, sustainability or other specific competency, geographical representation and business background). The Board also considers the qualities of the candidates, in particular whether they are aligned to the strategic directions and values of CMT. In addition, the Board assesses the candidates' ability to commit time to the affairs of CMT, taking into consideration their other current appointments.

In FY 2019, no alternate director to any Director was appointed. In keeping with the principle that a Director must be able to commit time to the affairs of the Manager, the Board has adopted the principle that it will generally not approve the appointment of alternate directors.

Board Changes During FY 2019

Ms Teo Swee Lian was appointed as Chairman of the Board with effect from 12 April 2019 following the retirement of Adj Prof Richard R. Magnus as Chairman and Director. On 10 October 2019, Mr Jonathan Yap Neng Tong joined the Board as a non-executive Director and Mr Lim Cho Pin Andrew Geoffrey stepped down from the Board.

Review of Directors' Ability to Commit Time

In view of the responsibilities of a Director, Directors need to be able to devote sufficient time and attention to adequately perform their duties and responsibilities. The Board conducts a review of the other appointments and commitments of each Director on an annual basis and as and when there is a change of circumstances involving a Director which may affect his or her ability to commit time to the Manager. In this regard, Directors are required to report to the Board any changes in their other appointments.

In respect of the Directors' other appointments and commitments, no limit is set as to the number of listed company board appointments. The Board takes the view that the number of listed company directorships that an individual may hold should be considered on a case-by-case basis, as a person's available time and attention may be affected by many different factors, such as his or her individual capacity, whether he or she is in full-time employment, the nature of his or her other responsibilities and his or her near term plan regarding some of the other appointments. A Director with multiple directorships is expected to ensure that he or she can devote sufficient time and attention to the affairs of the Manager. IDs are also required to consult the Chairman before accepting any invitation for appointment as a director of another entity or offer of a full time executive appointment.

Each of the Directors is required to make his or her own self-assessment and confirm that he or she is able to devote sufficient time and attention to the affairs of the Manager. For FY 2019, all non-executive Directors had undergone the self-assessment and provided the confirmation.

The Board assesses each Director's ability to commit time to the affairs of the Manager annually and, where appropriate, when there is a change of circumstances involving a Director. In conducting the assessment, the Board takes into consideration each Director's confirmation, his or her commitments, attendance record at meetings of the Board and Board Committees, as well as conduct and contributions (including preparedness and participation) at Board and Board Committee meetings.

The Directors' listed company directorships and principal commitments are disclosed on pages 25 to 29 of this Annual Report and their attendance record for FY 2019 is set out on page 61 of this Annual Report. In particular, the CEO does not serve on any listed company board outside of the CMT Group. For FY 2019, the Directors have contributed positively to discussions at Board and Board Committee meetings. Based on the above, the Board has determined that each Director has been adequately carrying out his or her duties as a Director and noted that no Director has a significant number of listed directorships and principal commitments.

Principle 5: Board Performance

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

Whilst Board performance is ultimately reflected in the long-term performance of the CMT Group, the Board believes that engaging in a regular process of self-assessment and evaluation of Board performance provides an opportunity for the Board to reflect on its effectiveness including the quality of its decisions, and for Directors to consider their performance and contributions. It also enables the Board to identify key strengths and areas for improvement which are essential to effective stewardship and attaining success for CMT.

As part of the Manager's commitment towards improving corporate governance, the Board has approved and implemented a process to evaluate annually the effectiveness of the Board as a whole and that of each of its Board Committees and individual Directors. As part of the process, a questionnaire is sent to the Directors, and the evaluation results are aggregated and reported to the Chairman of the Board. The overall evaluation results are also shared with the Board and follow up action is taken where necessary with a view to enhancing the effectiveness of the Board and individual Directors in the discharge of its and their duties and responsibilities.

CORPORATE GOVERNANCE

Board and Board Committees

The evaluation categories covered in the questionnaire include Board composition, Board processes, strategy, performance and governance, access to information and Board Committee effectiveness. As part of the questionnaire, the Board also considers whether the creation of value for Unitholders has been taken into account in the decision-making process. For FY 2019, the outcome of the evaluation was satisfactory and the Directors on the whole provided affirmative ratings across all the evaluation categories.

Individual Directors

The evaluation categories covered in the questionnaire include Director's duties, contributions, conduct and interpersonal skills, as well as strategic thinking and risk management. For FY 2019, the outcome of the evaluation was satisfactory and each of the Directors on the whole received affirmative ratings across all the evaluation categories.

The Board also recognises that contributions by an individual Director 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 Board Committee meetings.

Board Evaluation as an Ongoing Process

The Board believes that performance evaluation should be an ongoing process and the Board achieves this by seeking feedback on a regular basis. The regular interactions between the Directors, and between the Directors and Management, also contribute to this ongoing process. Through this process of engaging its members, the Board also benefits from an understanding of shared norms between Directors which also contributes to a positive Board culture. The collective Board performance and the contributions of individual Directors are also reflected in, and evidenced by, the synergistic performance of the Board in discharging its responsibilities as a whole by providing proper guidance, diligent oversight and able leadership, and lending support to Management in steering CMT in the appropriate direction, as well as the long-term performance of CMT whether under favourable or challenging market conditions.

REMUNERATION MATTERS

Principles 6, 7 and 8: Procedures for Developing Remuneration Policies, Level and Mix of Remuneration and Disclosure on Remuneration

The Board undertakes the functions of a remuneration committee and therefore, the Manager does not have a separate remuneration committee. The Board performs the functions that such a committee would otherwise perform.

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

- (a) the Manager is a dedicated manager to CMT and in general, REITs (including CMT) 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 by reason of it 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 IDs form at least half of the Board and the Chairman is an ID, which demonstrate that the IDs play a substantive role and assure 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.

In undertaking this function, the Board considers all aspects of remuneration, including overseeing the design and implementation of the remuneration policy and the specific remuneration packages for each Director and for key management personnel. No Director, however, is involved in any decision of the Board relating to his or her own remuneration.

The Board has a formal and transparent procedure for developing policies on Director and executive remuneration, and for fixing the remuneration packages of individual Directors and key management personnel. These policies are in line with the CMT Group's business strategy and the executive compensation framework is based on the key principle of linking pay to performance, which is aligned with the long-term success of CMT. Pay-for-performance is emphasised by linking total remuneration to the achievement of corporate and individual goals and objectives. The Board has access to independent remuneration consultants for advice on remuneration matters as required.

In terms of the process adopted by the Manager for developing and reviewing policies on remuneration and determining the remuneration packages for Directors and key management personnel, the Manager, through an independent remuneration consultant, takes into account compensation benchmarks within the industry, as appropriate, so as to ensure that the remuneration packages payable to Directors and key management personnel are in line with the objectives of the remuneration policies. It also considers the compensation framework of CL as a point of reference. The Manager is a subsidiary of CL which also holds a significant stake in CMT. The association with the CL Group puts the Manager in a better position to attract and retain better qualified management talent; it provides an intangible benefit to the Manager such that it allows its employees to associate themselves with an established corporate group which can offer them the depth and breadth of experience and enhanced career development opportunities.

In FY 2019, an independent remuneration consultant, Willis Towers Watson, provided professional advice on Board and executive remuneration. Willis Towers Watson is a leading global advisory, broking and solutions company with over 45,000 employees serving more than 140 countries. The consultant is not related to the Manager, its controlling shareholder, its related corporations or any of its Directors.

Remuneration Policy for Key Management Personnel

The remuneration framework and policy is designed to support the implementation of the CMT Group's strategy and deliver sustainable Unitholder value. The principles governing the Manager's key management personnel remuneration policy are as follows:

Business Alignment

- Focus on generating rental income and enhancing asset value over time so as to maximise returns from investments and ultimately the distributions and total returns to Unitholders
- Provide sound and structured funding to ensure affordability and cost-effectiveness in line with performance goals
- Enhance retention of key talents to build strong organisational capabilities

Motivate Right Behaviour

- Pay for performance - align, differentiate and balance rewards according to multiple dimensions of performance
- Strengthen line-of-sight linking rewards and performance

Fair & Appropriate

- Ensure competitive remuneration relative to the appropriate external talent markets
- Manage internal equity such that remuneration is viewed as fair across the CMT Group
- Significant and appropriate portion of pay-at-risk, taking into account risk policies of the CMT Group, symmetrical with risk outcomes and sensitive to the risk time horizon

Effective Implementation

- Maintain rigorous corporate governance standards
- Exercise appropriate flexibility to meet strategic business needs and practical implementation considerations
- Facilitate employee understanding to maximise the value of the remuneration programme

Remuneration for Key Management Personnel

Remuneration for key management personnel comprises fixed components, a variable cash component, unit-based components and employee benefits. A significant proportion of key management personnel's remuneration is in the

CORPORATE GOVERNANCE

form of variable compensation, awarded in a combination of short-term and long-term incentives, in keeping with the principle that the interests of key management personnel align with those of Unitholders and that the remuneration framework links rewards to corporate and individual performance.

A. Fixed Components:

The fixed components comprise the base salary, fixed allowances and compulsory employer contribution to an employee's Central Provident Fund.

B. Variable Cash Component:

The variable cash component comprises the Balanced Scorecard Bonus Plan (BSBP) that is linked to the achievement of annual performance targets for each key management personnel as agreed at the beginning of the financial year with the Board.

Under the Balanced Scorecard framework, the CMT Group's strategy and goals are translated to performance outcomes comprising both quantitative and qualitative targets in the dimensions of:

- Financial: This includes targets relating to profitability and distributions, capital structure, capital recycling and risk management;
- Execution: This includes targets relating to occupancy rates, operational efficiency and stakeholder engagement;
- Future Growth: This includes targets relating to portfolio reconstitution and assets enhancements; and
- Sustainability: This includes targets relating to talent management, competency development and sustainable corporate practices.

These are cascaded down throughout the organisation, thereby creating alignment across the CMT Group.

After the close of each financial year, the Board reviews the CMT Group's achievements against the targets set in the Balanced Scorecard and determines the overall performance taking into consideration qualitative factors such as the quality of earnings, business environment, regulatory landscape and industry trends.

In determining the payout quantum for each key management personnel under the BSBP, the Board considers the overall business performance and individual performance as well as the affordability of the payout for the Manager.

C. Unit-based Components:

Unit awards were granted in FY 2019 pursuant to the CapitaLand Mall Trust Management Limited Performance Unit Plan (PUP) and the CapitaLand Mall Trust Management Limited Restricted Unit Plan (RUP) (together, the Unit Plans), approved by the Board. The Manager believes that the Unit-based components of the remuneration for key management personnel serve to align the interests of such key management personnel with that of Unitholders and CMT's long-term growth and value.

The obligation to deliver the Units is expected to be satisfied out of the Units held by the Manager.

To promote the alignment of Management's interests with that of Unitholders in the longer term, senior members of Management are subject to Unit ownership guidelines to instill stronger identification with the longer-term performance and growth of the CMT Group. Under these guidelines, senior members of Management are required to retain a prescribed proportion of the Units received under the Unit Plans.

CapitaLand Mall Trust Management Limited Performance Unit Plan

In FY 2019, the Board granted awards which are conditional on targets set for a three-year performance period. A specified number of Units will only be released to the recipients at the end of the qualifying performance period, provided that minimally the threshold target is achieved. An initial number of Units (PUP baseline award) is allocated conditional on the achievement of a pre-determined target in respect of the Relative Total

Unitholder Return (TUR) of the CMT Group measured by the percentile ranking of the CMT Group's TUR relative to the constituent REITs in the FTSE ST REIT Index.

The above performance measure has been selected as a key measurement of wealth creation for Unitholders. The final number of Units to be released will depend on the CMT Group's performance against the pre-determined targets over the three-year qualifying performance period. This serves to align Management's interests with that of Unitholders in the longer term and to deter short-term risk taking. No Units will be released if the threshold target is not met at the end of the qualifying performance period. On the other hand, if superior targets are met, more Units than the PUP baseline award can be delivered up to a maximum of 200% of the PUP baseline award. The recipient will receive fully paid Units at no cost.

For FY 2019, the relevant award for assessment of the performance achieved by the CMT Group is the award granted in FY 2017 where the qualifying performance period was FY 2017 to FY 2019. Based on the Board's assessment that the performance achieved by the CMT Group has partially met the pre-determined performance targets for such performance period, the resulting number of Units released has been adjusted accordingly to reflect the performance level.

In respect of the Unit awards granted under the PUP in FY 2018 and FY 2019, the respective qualifying performance periods have not ended as at the date of this Report.

CapitaLand Mall Trust Management Limited Restricted Unit Plan

In FY 2019, the Board granted awards which are conditional on targets set for a one-year performance period. A specified number of Units will only be released to recipients at the end of the qualifying performance period, provided that minimally the threshold targets are achieved.

Under the RUP, an initial number of Units (RUP baseline award) is allocated conditional on the achievement of pre-determined targets in respect of the following performance conditions:

- (a) Net property income of the CMT Group; and
- (b) Distribution per Unit of the CMT Group.

The above performance measures have been selected as they are the key drivers of business performance and are aligned to Unitholder value. The final number of Units to be released will depend on the CMT Group's performance against the pre-determined targets at the end of the one-year qualifying performance period. The Units will be released progressively over a vesting period of three years. No Units will be released if the threshold targets are not met at the end of the qualifying performance period. On the other hand, if superior targets are met, more Units than the RUP baseline award can be delivered up to a maximum of 150% of the RUP baseline award. Recipients will receive fully paid Units at no cost. This ensures alignment between remuneration and sustaining business performance in the longer term.

In respect of the Unit awards granted under the RUP in FY 2019, based on the Board's assessment that the performance achieved by the CMT Group has met the pre-determined performance targets for FY 2019, the resulting number of Units released has been adjusted accordingly to reflect the performance level.

D. Employee Benefits:

The benefits provided are comparable with local market practices.

At present, there are four key management personnel (including the CEO). Each year, the Board evaluates the extent to which each of the key management personnel has delivered on the corporate and individual goals and objectives, and based on the outcome of the evaluation, approves the compensation for the key management personnel. In such evaluation, the Board considers whether the level of remuneration is appropriate to attract, retain and motivate key management personnel to successfully manage CMT for the long term. The CEO does not attend discussions relating to his performance and remuneration.

CORPORATE GOVERNANCE

The CEO's remuneration amount in a band of S\$250,000 and the aggregate of the total remuneration of the other key management personnel (excluding the CEO), together with a breakdown of their respective remuneration components in percentage terms, are set out in the Key Management Personnel's Remuneration Table on page 62 of this Annual Report.

While the disclosure of the CEO's exact remuneration amount and the requisite remuneration band for each of the other key management personnel (who are not also Directors or the CEO) would be in full compliance with Provision 8.1 of the Code, the Board has considered carefully and decided that such disclosure would not be in the interests of the Manager due to the intense competition for talents in the industry, as well as the need to balance the confidential and commercial sensitivities associated with remuneration matters. The Manager is of the view that despite this partial deviation from Provision 8.1 of the Code, the disclosures on page 62 of this Annual Report would provide sufficient information to the Unitholders on the Manager's remuneration policies and the level and mix of remuneration accorded to the key management personnel, and enable the Unitholders to understand the link between CMT's performance and the remuneration of the key management personnel. In addition, the remuneration of the key management personnel is not borne by CMT as it is paid out of the fees that the Manager receives (the quantum and basis of which have been disclosed).

Apart from the key management personnel and other employees of the Manager, the Manager outsources various other services to a wholly owned subsidiary of CL (CL Subsidiary). The CL Subsidiary provides the services through its employees and employees of CL Group (together, the Outsourced Personnel). This arrangement is put in place so as to provide flexibility and maximise efficiency in resource management to match the needs of CMT from time to time, as well as to leverage on economies of scale and tap on the management talent of an established corporate group which can offer enhanced depth and breadth of experience. However, notwithstanding the outsourcing arrangement, the responsibility for due diligence, oversight and accountability continues to reside with the Board and Management. In this regard, the remuneration of such Outsourced Personnel, being employees of the CL Subsidiary and CL Group, is not included as part of the disclosure of remuneration of key management personnel of the Manager in this Report.

The Board seeks to ensure that the remuneration of the CEO and other key management personnel is strongly linked to the achievement of business and individual performance targets. The performance targets approved by the Board are set at realistic yet stretched levels each year to motivate a high degree of business performance with emphasis on both short-term and longer-term quantifiable objectives.

In FY 2019, no termination, retirement or post-employment benefits were granted to Directors, the CEO and other key management personnel. There was also no special retirement plan, 'golden parachute' or special severance package for any of the key management personnel.

In FY 2019, there were no employees of the Manager who were substantial shareholders of the Manager, substantial unitholders of CMT or immediate family members of a Director, the CEO, any substantial shareholder of the Manager or any substantial unitholder of CMT. "Immediate family member" refers to the spouse, child, adopted child, step-child, sibling or parent of the individual.

Quantitative Remuneration Disclosure under AIFMD

The Manager is also required under the AIFMD to make quantitative disclosures of remuneration. Disclosures are provided in relation to (a) the staff of the Manager; (b) staff who are senior management; and (c) staff who have the ability to materially affect the risk profile of CMT.

All individuals included in the aggregated figures disclosed are rewarded in line with the Manager's remuneration policies described in this Report.

The aggregate amount of remuneration awarded by the Manager to its staff (including CEO and non-executive Directors) in respect of FY 2019 was approximately S\$3.23 million. This figure comprised of fixed pay of S\$1.60 million, variable pay of S\$1.44 million (including Units issued under the Unit Plans, where applicable) and allowances and benefits-in-kind of S\$0.18 million. There was a total of 14 beneficiaries of the remuneration described above. In

respect of FY 2019, the aggregate amount of remuneration awarded by the Manager to its senior management (which are also members of staff whose actions have a material impact on the risk profile of CMT) was approximately S\$2.10 million, comprising five individuals identified having considered, among others, their roles and decision-making powers.

Remuneration for Non-Executive Directors

The non-executive Directors' fees for FY 2019, together with a breakdown of the components, are set out in the Non-Executive Directors' Remuneration Table on page 63 of this Annual Report. The CEO who is an executive Director is remunerated as part of the key management personnel of the Manager and does not receive any Director's fees. The non-executive Directors who are employees of the CL Group also do not receive any Directors' fees.

The compensation policy for non-executive Directors is based on a scale of fees divided into basic retainer fees for serving as Director and additional fees for attendance and serving on Board Committees. The framework for the non-executive Directors' fees has remained unchanged from that of the previous financial year.

The compensation package is benchmarked against market, taking into account the effort, time spent and demanding responsibilities on the part of the non-executive Directors in light of the scale, complexity and geographic scope of the CMT Group's business. The remuneration of non-executive Directors is reviewed from time to time to ensure that it is appropriate to attract, retain and motivate the non-executive Directors to provide good stewardship of the Manager.

The non-executive Directors' fees are paid in cash (about 80%) and in the form of Units (about 20%), save that (i) a non-executive Director (not being an employee of the CL Group) who steps down from the Board during a financial year will be paid fees fully in cash; and (ii) Mr Ng Chee Khern's fees are paid fully in cash to a government agency, The Directorship & Consultancy Appointments Council. The Manager believes that the payment of a portion of the non-executive Directors' fees in Units will serve to align the interests of non-executive Directors with the interests of Unitholders and CMT's long-term growth and value. In order to encourage the alignment of the interests of the non-executive Directors with the interests of Unitholders, a non-executive Director is required to hold the number of Units worth at least one year of his or her basic retainer fee or the total number of Units awarded to him or her, whichever is lower, at all times during his or her Board tenure.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

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

The Board has overall responsibility for the governance of risk and oversees the Manager in the design, implementation and monitoring of the risk management and internal controls systems. The AC assists the Board in carrying out the Board's responsibility of overseeing the risk management framework and policies for CMT Group.

Under its terms of reference, the scope of the AC's duties and responsibilities includes:

- (a) making recommendations to the Board on the Risk Appetite Statement (RAS) for CMT Group;
- (b) assessing the adequacy and effectiveness of the risk management and internal controls systems established by the Manager to manage risks;
- (c) overseeing the formulation, updating and maintenance of an adequate and effective risk management framework, policies and strategies for managing risks that are consistent with CMT Group's risk appetite and reports to the Board on its decisions on any material matters concerning the aforementioned;
- (d) making the necessary recommendations to the Board such that an opinion regarding the adequacy and effectiveness of the risk management and internal controls systems can be made by the Board in the Annual Report in accordance with the Listing Manual and the Code; and

CORPORATE GOVERNANCE

- (e) considering and advising on risk matters referred to it by the Board or Management, including reviewing and reporting to the Board on any material breaches of the RAS, any material non-compliance with the approved framework and policies and the adequacy of any proposed action.

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

As part of the ERM Framework, the Manager undertakes and performs a Risk and Control Self-Assessment (RCSA) annually to identify material risks along with their mitigating measures. The adequacy and effectiveness of the systems of risk management and internal controls are reviewed at least annually by Management, the AC and the Board, taking into account the best practices and guidance in the Risk Governance Guidance for Listed Boards issued by the Corporate Governance Council and the Listing Manual.

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

More information on the Manager's ERM Framework including the material risks identified can be found in the ERM section on pages 64 to 69 of this Annual Report.

The internal and external auditors conduct reviews of the adequacy and effectiveness of the material internal controls (including financial, operational, compliance and IT controls) and risk management systems. 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 AC. The AC also reviews the 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 Chief Financial Officer (CFO) of the Manager that the financial records of the CMT Group have been properly maintained and the financial statements for FY 2019 give a true and fair view of the CMT Group's operations and finances. It has also received assurance from the CEO and the relevant key management personnel who have responsibility regarding various aspects of risk management and internal controls that the systems of risk management and internal controls in place for CMT Group are adequate and effective to address the risks (including financial, operational, compliance and IT risks) that the Manager considers relevant and material to the current business environment.

The CEO, the CFO and the relevant key management personnel of the Manager have obtained similar assurances from the respective risk and control owners. In addition, in FY 2019, the Board received quarterly certification by Management on the integrity of financial reporting and the Board provided a negative assurance confirmation to Unitholders as required by the Listing Manual.

Based on the ERM Framework and the reviews conducted by Management and both the internal and external auditors, as well as the assurance from the CEO and the CFO, the Board is of the opinion that the systems of risk management and internal controls (including financial, operational, compliance and IT controls) are adequate and effective to address the risks (including financial, operational, compliance and IT risks) which the CMT Group considers relevant and material to its current business environment as at 31 December 2019. The AC concurs with the Board in its opinion. No material weaknesses in the systems of risk management and internal controls were identified by the Board or the AC in the review for FY 2019.

The Board notes that the systems of risk management and internal controls established by the Manager provide reasonable assurance that the CMT 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.

Principle 10: Audit Committee

At present, the AC comprises four non-executive Directors, three of whom (including the chairman of the AC) are IDs. The AC Chairman is a Director other than the Chairman of the Board. The members bring with them invaluable recent and relevant managerial and professional expertise in accounting, auditing and related financial management domains.

The AC does not comprise former partners of CMT's incumbent external auditors, KPMG LLP (a) within a period of two years commencing from the date of their ceasing to be partners of KPMG LLP; or (b) who have any financial interest in KPMG LLP.

The AC has explicit authority to investigate any matter within its terms of reference. Management provides the fullest co-operation 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 key management personnel to attend its meetings. Similarly, both the internal and external auditors have unrestricted access to the AC.

Under its terms of reference, the AC's scope of duties and responsibilities includes:

- (a) reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of CMT Group and any announcements relating to the CMT Group's financial performance;
- (b) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Manager's internal controls (including financial, operational, compliance and IT controls) and risk management systems;
- (c) reviewing the scope and results of the external audit and the independence and objectivity of the external auditors;
- (d) reviewing the adequacy and effectiveness of the Manager's internal audit and compliance functions;
- (e) making recommendations to the Board on the proposals to Unitholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration of the external auditors;
- (f) reviewing and approving processes to regulate transactions between an interested person (as defined in Chapter 9 of the Listing Manual) and/or interested party (as defined in the Property Funds Appendix) (each, an Interested Person) and CMT and/or its subsidiaries (Interested Person Transactions), to ensure compliance with the applicable regulations. The regulations include the requirements that Interested Person Transactions are on normal commercial terms and are not prejudicial to the interests of CMT and its minority Unitholders. In respect of any property management agreement which is an Interested Person Transaction, the AC also carries out reviews at appropriate intervals to satisfy itself that the Manager has reviewed the property manager's compliance with the terms of the property management agreement and has taken remedial actions where necessary; and
- (g) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be raised, and independently investigated, for appropriate follow up action to be taken.

The AC undertook a review of the independence of the external auditors, taking into consideration, among other factors, CMT's relationships with the external auditors in FY 2019, as well as the processes and safeguards adopted by the Manager and the external auditors relating to audit independence. Based on the review, the AC is satisfied that the external auditors are independent. The external auditors have also provided confirmation of their independence to the AC. The amount of audit and audit related fees paid or payable to the external auditors for FY 2019 amounted to S\$378,400. The external auditors did not provide any non-audit services in FY 2019.

The AC holds at least four scheduled meetings in a year and met four times in FY 2019. At all scheduled AC meetings in FY 2019, the CEO and the CFO were in attendance. During each of these meetings, among other things, the AC

CORPORATE GOVERNANCE

reviewed the financial statements including the relevance and consistency of the accounting principles adopted and any significant financial reporting issues. It recommended the financial statements and corresponding announcements to the Board for approval. In FY 2019, the AC also reviewed and assessed the adequacy and effectiveness of the internal controls and risk management systems established by the Manager to manage risks, taking into consideration the outcome of reviews conducted by Management and both the internal and external auditors, as well as the assurances from the CEO and the CFO.

The AC also meets with the external auditors and with the internal auditors, without the presence of Management, at least once a year. In FY 2019, the AC met with the external auditors and internal auditors twice, separately and without Management's presence, to discuss the reasonableness of the financial reporting process, the internal controls and risk management systems, and the significant comments and recommendations by the auditors.

Where relevant, the AC makes reference to the best practices and guidance for audit committees in Singapore including practice directions issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority of Singapore.

Key Audit Matter

In the review of the financial statements of CMT Group for FY 2019, 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 also considered the clarity of key disclosures in the financial statements. The AC reviewed the valuation of investment properties, being the key audit matter as reported by the external auditors for FY 2019.

The AC considered the valuation methodologies and key assumptions applied by the valuers for investment properties in arriving at the valuations and also evaluated the valuers' objectivity and competency.

In order to provide fresh perspectives to the valuation process, the valuers do not value the same property for more than two consecutive years. This practice has been consistently adhered to over time.

The AC reviewed the outputs from the valuation process of the investment properties and held discussions with Management and the external auditors to review the valuation methodologies, focusing on significant changes in fair value measurement and key drivers of the changes including assessing the reasonableness of the capitalisation rates, discount rates, terminal yield rates and transacted prices adopted by the valuers.

The valuation of investment properties was also an area of focus for the external auditors. The AC considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the key assumptions applied in the valuation of investment properties.

The AC was satisfied with the valuation process, the methodologies used and the valuation of the investment properties.

Changes to the accounting standards and accounting issues which have a direct impact on the financial statements are reported to and discussed with the AC at its meetings. Directors are also invited to attend relevant seminars organised by leading accounting firms which provide updates on changes to accounting standards and key issues relating to accounting standards.

The Manager confirms, on behalf of CMT, that CMT complies with Rules 712 and 715 of the Listing Manual.

Internal Audit

The Manager has in place an internal audit function supported by CL's Internal Audit Department (CL IA). CL IA is independent of the activities it audits. The primary reporting line of CL IA in respect of CMT Group is to the AC. CL IA has unfettered access to the CMT Group's documents, records, properties and employees, including access to the AC, and has appropriate standing with respect to the Manager.

The AC has carried out a review of the internal audit function and is satisfied that the internal audit function performed by CL IA is adequately resourced, effective and independent.

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. During FY 2019, the AC reviewed the results of audits performed by CL IA based on the approved audit plan. The AC also reviewed reports on whistleblower complaints reviewed by CL IA to ensure independent and thorough investigation and adequate follow up. The AC also received reports on Interested Person Transactions reviewed by CL IA that they were on normal commercial terms and are not prejudicial to the interests of CMT and its minority Unitholders.

CL IA is adequately resourced and staffed with persons with the relevant qualifications and experience. CL IA is a corporate member of The Institute of Internal Auditors Inc. (IIA), Singapore, which is an affiliate of the IIA with its headquarters in the United States of America (USA). CL IA subscribes to, and is guided by, the International Standards for the Professional Practice of Internal Auditing (Standards) developed by IIA, 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 staff with the requisite skill sets and experience. For instance, CL IA staff who are involved in IT audits have the relevant professional IT certifications and are also members of the ISACA Singapore Chapter, a professional body administering information systems audit and information security certifications that is headquartered in the USA. The ISACA Information Systems 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 staff to ensure their technical knowledge and skill sets remain current and relevant.

UNITHOLDER RIGHTS AND ENGAGEMENT

Principles 11, 12 and 13: Shareholder Rights and Conduct of General Meetings, Engagement with Shareholders, Managing Stakeholder Relationships

The Manager is committed to treating all Unitholders fairly and equitably. All Unitholders enjoy specific rights under the Trust Deed and the relevant laws and regulations. These rights include, among other things, the right to participate in profit distributions.

General Meetings

Unitholders are entitled to attend general meetings and are accorded the opportunity to participate effectively and vote at general meetings (including through the appointment of up to two proxies, if they are unable to attend in person or in the case of a corporate Unitholder, through its appointed representative). Unitholders such as nominee companies which provide custodial services for securities are not constrained by the two proxy limitation, and are able to appoint more than two proxies to attend, speak and vote at general meetings of CMT.

CMT supports the principle of encouraging Unitholder participation and voting at general meetings. CMT's Annual Report is provided to Unitholders within 120 days from the end of CMT's financial year. Unitholders may download the Annual Report from the Website and printed copies of the Annual Report are available upon request. More than the legally required notice period for general meetings is generally provided. Unitholders will receive the notices of general meetings and may download these notices from the Website. Notices of the general meetings are also advertised in the press and issued on SGXNet. The rationale and explanation for each agenda item which requires Unitholders' approval at a general meeting are provided in the notice of the general meeting or in the accompanying circular (if any) issued to Unitholders in respect of the matter(s) for approval at the general meeting. This enables Unitholders to exercise their votes on an informed basis.

At AGMs, Management makes a presentation to Unitholders to update them on CMT's performance, position and prospects. The presentation materials are made available to Unitholders on the Website and also on SGXNet.

CORPORATE GOVERNANCE

Unitholders are informed of the rules governing general meetings and are given the opportunity to communicate their views, ask questions and discuss with the Board and Management on matters affecting CMT. Representatives of the Trustee, Directors (including the chairman of the respective Board Committees), key management personnel and the external auditors of CMT, are present for the entire duration of the AGMs to address any queries that the Unitholders may have, including queries about the conduct of CMT's external audit and the preparation and contents of the external auditors' report. Directors and Management also interact with Unitholders after the AGMs.

All Directors attended the general meetings held during their tenure in FY 2019. A record of the Directors' attendance at the general meetings in FY 2019 can be found in their meeting attendance records as set out on page 61 of this Annual Report.

To safeguard the Unitholders' interests and rights, a separate resolution is proposed for each substantially separate matter to be approved at a general meeting.

To ensure transparency in the voting process and better reflect Unitholders' interests, CMT conducts electronic poll voting for all the resolutions proposed at general meetings. One Unit is entitled to one vote. Voting procedures and the rules governing general meetings are explained and vote tabulations are disclosed at the general meetings. An independent scrutineer is also appointed to validate the vote tabulation procedures. Votes cast, for or against and the respective percentages, on each resolution are tallied and displayed 'live' on-screen to Unitholders immediately after each resolution is voted on at the general meetings. The total number of votes cast for or against each resolution and the respective percentages are also announced on SGXNet after the general meetings.

Provision 11.4 of the Code requires an issuer's Constitution to allow for absentia voting at general meetings of shareholders. CMT's Trust Deed currently does not permit Unitholders to vote at general meetings in absentia (such as via mail or email). The Manager will consider implementing the relevant amendments to CMT's Trust Deed to permit absentia voting after it has carried out careful study and is satisfied that the integrity of information and the authentication of the identity of Unitholders through the internet will not be compromised, and after the implementation of legislative changes to recognise remote voting. The Manager is of the view that despite the deviation from Provision 11.4 of the Code, Unitholders nevertheless have opportunities to communicate their views on matters affecting CMT even when they are not in attendance at general meetings. For example, Unitholders may appoint proxies to attend, speak and vote, on their behalf, at general meetings.

Minutes of the general meetings, recording the substantial and relevant comments made, questions raised and answers provided, are prepared and are available to Unitholders for their inspection upon request. Minutes of AGMs are also made available on the Website.

Distribution Policy

CMT's distribution policy is to distribute at least 90.0% of its taxable income (other than gains from the sale of real estate properties by CMT which are determined to be trading gains), with the actual level of distribution to be determined at the Manager's discretion. Distributions are generally paid within 35 market days after the relevant record date.

Timely Disclosure of Information

The Manager is committed to keeping all Unitholders, other stakeholders, analysts and the media informed of CMT's performance and any changes in the CMT Group or its business which would likely to materially affect the price or value of the Units.

The Manager provides Unitholders with periodic and annual financial statements within the relevant periods prescribed by the Listing Manual. These periodic and annual financial statements were reviewed and approved by the Board prior to release to Unitholders by announcement on SGXNet. The releases of periodic and annual financial statements were accompanied by news releases issued to the media and which were also made available on SGXNet. In presenting the periodic and annual financial statements to Unitholders, the Board sought to provide Unitholders with a balanced, clear and comprehensible assessment of CMT and the CMT Group's performance, position and prospects.

In addition to the release of financial statements, the Manager also keeps CMT's Unitholders, stakeholders and analysts informed of the performance and changes in the CMT Group or its business which would likely materially affect the price or value of the Units on a timely and consistent basis, so as to assist Unitholders and investors in their investment decisions. This is performed through the release on SGXNet of announcements in compliance with regulatory reporting requirements and news releases for the media, on a timely and consistent basis. These announcements and news releases are also posted on the Website.

The Manager has a formal policy on corporate disclosure controls and procedures to ensure that CMT complies with its disclosure obligations under the Listing Manual. These controls and procedures incorporate the decision-making process and an obligation on internal reporting of the decisions made.

The Manager believes in conducting the business of CMT in ways that seek to deliver sustainable value to Unitholders. Best practices are promoted as a means to build an excellent business for CMT and the Manager's accountability to Unitholders for CMT's performance. Prompt fulfilment of statutory reporting requirements is but one way to maintain Unitholders' confidence and trust in the capability and integrity of the Manager.

Investor Relations

The Manager has in place an Investor Relations department which facilitates effective communication with Unitholders and analysts. The Manager also maintains the Website which contains information on CMT including but not limited to current and past announcements and news releases, financial statements, investor presentations and Annual Reports.

The Manager actively engages with Unitholders with a view to solicit and understand their views, and has put in place a Unitholders' Communication and Investor Relations Policy to promote regular, effective and fair communications with Unitholders. The Unitholders' Communication and Investor Relations Policy, which sets out the mechanism through which Unitholders may contact the Manager with questions and through which the Manager may respond to such questions, is available on the Website. Unitholders are welcomed to engage with the Manager beyond general meetings and they may do so by contacting the Investor Relations department whose details may be found on the Website via the Manager Contacts channel on the Website.

More information on the Manager's investor and media relations efforts can be found in the Investor & Media Relations section on pages 70 to 71 of this Annual Report.

The Manager also has in place a corporate communications function supported by CL's Group Communications department which works closely with the media and oversees CMT's media communications efforts.

Managing Stakeholder Relationships

The Board's role includes considering sustainability as part of its strategic formulation. The Manager adopts an inclusive approach for CMT by considering and balancing the needs and interests of material stakeholders, as part of the overall strategy to ensure that the best interests of CMT are served. The Manager is committed to sustainability and incorporates the key principles of environmental and social responsibility, and corporate governance in CMT's business strategies and operations. The Manager has arrangements in place to identify and engage with material stakeholder groups from time to time to gather feedback on the sustainability issues most important to them. Such arrangements include maintaining the Website, which is kept updated with current information, to facilitate communication and engagement with CMT's stakeholders. More details of CMT's sustainability strategy and stakeholder engagement can be found on pages 74 to 93 of this Annual Report.

CORPORATE GOVERNANCE

ADDITIONAL INFORMATION

Executive Committee

In addition to the AC, the Board has also established an EC.

The EC oversees the day-to-day activities of the Manager and that of CMT, on behalf of the Board. The EC is guided by its terms of reference, in particular, the EC:

- (a) approves specific budgets for capital expenditure on development projects, acquisitions and enhancements/upgrading of properties within its approved financial limits;
- (b) reviews management reports and operating budgets; and
- (c) awards contracts for development projects.

The members of the EC also meet informally during the course of the year.

Dealings with Interested Persons

Review Procedures for Interested Person Transactions

The Manager has established internal control procedures to ensure that all Interested Person Transactions are undertaken on an arm's length basis and on normal commercial terms, which are generally no more favourable than those extended to unrelated third parties, and are not prejudicial to the interests of CMT and Unitholders. In respect of such transactions, the Manager would have to demonstrate to the AC that such transactions are undertaken on normal commercial terms and are not prejudicial to the interests of CMT and Unitholders which may include obtaining (where practicable) third party quotations or obtaining valuations from independent valuers (in accordance with applicable provisions of the Listing Manual and the Property Funds Appendix). The internal control procedures also ensure compliance with Chapter 9 of the Listing Manual and the Property Funds Appendix.

In particular, the procedures in place include the following:

Interested Person Transactions ¹	Approving Authority, Procedures and Disclosure
Below S\$100,000 per transaction	<ul style="list-style-type: none">• Trustee
S\$100,000 and above per transaction (which singly, or when aggregated with other transactions ² with the same Interested Person in the same financial year is less than 3.0% of CMT's latest audited net tangible assets/net asset value)	<ul style="list-style-type: none">• Trustee• Audit Committee
Transaction ² which: (a) is equal to or exceeds 3.0% of CMT's latest audited net tangible assets/net asset value; or (b) when aggregated with other transactions ² with the same Interested Person in the same financial year is equal to or exceeds 3.0% of CMT's latest audited net tangible assets/net asset value	<ul style="list-style-type: none">• Trustee• Audit Committee• Immediate announcement
Transaction ² which: (a) is equal to or exceeds 5.0% of CMT's latest audited net tangible assets/net asset value; or (b) when aggregated with other transactions ^{2,3} with the same Interested Person in the same financial year is equal to or exceeds 5.0% of CMT's latest audited net tangible assets/net asset value	<ul style="list-style-type: none">• Trustee• Audit Committee• Immediate announcement• Unitholders³

¹ This table does not include the procedures applicable to Interested Person Transactions falling under the exceptions set out in Rules 915 and 916 of the Listing Manual.

² Any transaction of less than S\$100,000 in value is disregarded.

³ In relation to approval by Unitholders for transactions that are equal to or exceed 5.0% of CMT's latest audited net tangible assets/net asset value (whether singly or aggregated), any transaction which has been approved by Unitholders, or is the subject of aggregation with another transaction that has been approved by Unitholders, need not be included in any subsequent aggregation.

Role of the Audit Committee for Interested Person Transactions

The Manager's internal control procedures are intended to ensure that Interested Person Transactions are conducted at arm's length, on normal commercial terms and are not prejudicial to CMT and Unitholders' interests.

The Manager maintains a register to record all Interested Person Transactions which are entered into by CMT (and the basis on which they are entered into, including the quotations obtained to support such basis). All Interested Person Transactions are subject to regular periodic reviews by the AC, which in turn obtains advice from CL IA, to ascertain that the guidelines and procedures established to monitor Interested Person Transactions, including the relevant provisions of the Listing Manual and the Property Funds Appendix, as well as any other guidelines which may from time to time be prescribed by the SGX-ST, MAS or other relevant authorities, 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. In addition, the Trustee also reviews such audit reports to ascertain that the Listing Manual and the Property Funds Appendix have been complied with.

Details of all Interested Person Transactions (equal to or exceeding S\$100,000 each in value) entered into by CMT in FY 2019 are disclosed on pages 250 to 251 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, key management personnel and employees) may encounter in managing CMT:

- (a) the Manager is a dedicated manager to CMT and will not manage any other REIT or be involved in any other real property business;
- (b) all resolutions at meetings of the Board in relation to matters concerning CMT must be decided by a majority vote of the Directors, including at least one ID;
- (c) in respect of matters in which CL and/or its subsidiaries have an interest, whether direct or indirect, any nominees appointed by CL and/or its subsidiaries to the Board will abstain from voting. In such matters, the quorum must comprise a majority of IDs and shall exclude such nominee Directors of CL and/or its subsidiaries;
- (d) in respect of matters in which a Director or his or her associates have an interest, whether direct or indirect, such interested Director will abstain from voting. In such matters, the quorum must comprise a majority of the Directors and shall exclude such interested Director(s);
- (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 CMT 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 CMT, has a *prima facie* case against the party allegedly in breach under such agreement, the Manager is obliged to pursue the appropriate remedies under such agreement; and
- (f) at least one-third of the Board shall comprise IDs.

In respect of voting rights where the Manager would face a conflict between its own interests and that of Unitholders, the Manager shall cause such voting rights to be exercised according to the discretion of the Trustee.

Dealings in Securities

The Manager has adopted a securities dealing policy for the officers and employees which applies the best practice recommendations in the Listing Manual. Under this policy, Directors and employees of the Manager as well as certain relevant executives of the CL Group (together, the Relevant Persons) are required to refrain from dealing in CMT's securities (i) while in possession of material unpublished price-sensitive information, and (ii) during a prescribed period in accordance with the Listing Manual (Black-out Period) immediately preceding, and up to the time of each announcement of CMT's financial statements during a financial year. Prior to the commencement of each Black-out Period, an email would be sent to all the Relevant Persons to inform them of the duration of the Black-out Period. The Manager also does not deal in CMT's securities during the same Black-out Period. In addition, employees and Capital

CORPORATE GOVERNANCE

Markets Services Licence Appointed Representatives (CMSL Representatives) of the Manager are required to give a pre-trading notification to the CEO and the Compliance department before any dealing in CMT's securities.

This policy also provides for the Manager to maintain a list of persons who are privy to price-sensitive information relating to the CMT Group as and when circumstances require such a list to be maintained.

Directors and employees of the Manager are also required to refrain from dealing in CMT's securities if they are in possession of unpublished price-sensitive information of CMT arising from their appointment as Directors and/or in the course of performing their duties. As and when appropriate, they would be issued an advisory to refrain from dealing in CMT's securities.

Under this policy, Directors and employees of the Manager are also discouraged from trading on short-term or speculative considerations. They are also prohibited from using any information with respect to other companies or entities obtained in the course of their employment in connection with securities transactions of such companies or entities.

A Director is required to notify the Manager of his or her interest in CMT's securities within two business days after (a) the date on which he or she becomes a Director or (b) the date on which he or she acquires an interest in CMT's securities. A Director is also required to notify the Manager of any change in his or her interests in CMT's securities within two business days after he or she becomes aware of such change.

Dealings by the Directors are disclosed in accordance with the requirements in the SFA and the Listing Manual. In FY 2019, based on the information available to the Manager, save as disclosed in accordance with such requirements and other than the awards of Units in part payment of Directors' fees, there were no dealings by the Directors in CMT's securities.

Code of Business Conduct

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 workplace harassment and grievances are also in place.

The policies and guidelines are published on CL Group'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 in mainly three ways, as set out below.

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 may face.

Second, 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.

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.

Fraud, Bribery and Corruption Risk Management Policy

In line with its core values, the Manager is committed to doing business with integrity. This is reflected in its longstanding zero tolerance stance against fraud, bribery and corruption. Consistent with this commitment, various policies and guidelines are in place to guide all employees of the Manager to maintain the highest standards of integrity in their work and business dealings. This includes clear guidelines and procedures for the giving and receipt of corporate gifts and concessionary offers, and an annual pledge by all employees of the Manager to uphold the Manager's core values and to not engage in any corrupt or unethical practices. The Manager's zero tolerance policy on bribery and

corruption 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's employees adhere to CL's Fraud, Bribery and Corruption Risk Management Policy (FBC Risk Management Policy). The FBC Risk Management Policy reiterates the strong stance against fraud, bribery and corruption, and sets the overarching approach and standards in managing fraud, bribery and corruption risks in an integrated, systematic and consistent manner. The Manager's stance against bribery and corruption is also reiterated by Management during its regular staff communication sessions.

Whistle-Blowing Policy

A whistle-blowing policy and other procedures are put in place to provide the Manager's employees and parties who have dealings with the Manager 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 this 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 extent possible, be protected from reprisal. The AC reviews all whistle-blowing complaints at its scheduled meetings. Independent, thorough investigation and appropriate follow up actions are taken. The outcome of each investigation is reported to the AC. All employees of the Manager are informed of this policy which is made available on CL Group's intranet.

Business Continuity Management

The Manager has implemented a Business Continuity Management (BCM) programme that puts in place the prevention, detection, response and, business recovery and resumption measures to minimise the impact of adverse business interruptions or unforeseen events on the CMT Group's operations and also has in place a Business Continuity Plan (BCP). Under the BCP, Management has identified the critical business functions, processes and resources, and is able to tap on a pool of CL Group's employees who are trained under a Business Psychological Resilience Programme to provide peer support to colleagues following the occurrence of adverse events. As part of the BCP, periodic desktop exercises and drills, simulating different scenarios, are carried out to stress-test the effectiveness of processes, procedures and escalation protocols. This holistic approach under the BCP serves to ensure organisational and staff preparedness and readiness to deal with adverse business disruptions such as acts of terrorism, cyber attacks, data breaches and epidemics. This approach aims to minimise financial loss to CMT, allow the Manager to continue to function as the manager of CMT and mitigate any negative effects that the disruptions could have on the Manager's reputation, operations and ability to remain in compliance with relevant laws and regulations. The Manager has also acquired insurance policies for the CMT Group on business interruption events.

Anti-Money Laundering and Countering the Financing of Terrorism Measures

As a holder of a Capital Markets Services Licence issued by MAS, the Manager abides by the MAS' guidelines on the prevention of money laundering and countering the financing of terrorism. Under these guidelines, the main obligations of the Manager are:

- (a) evaluation of risk;
- (b) customer due diligence;
- (c) suspicious transaction reporting;
- (d) record keeping;
- (e) employee and CMSL Representative screening; and
- (f) training.

The Manager has in place a policy on the prevention of money laundering and terrorism financing and remains alert at all times to suspicious transactions. Enhanced due diligence checks are performed on counterparties where there is a suspicion of money laundering or terrorism financing. Suspicious transactions will also be reported to the Suspicious Transaction Reporting Office of the Commercial Affairs Department.

CORPORATE GOVERNANCE

Under this policy, all relevant records or documents relating to business relations with the CMT Group's customers or transactions entered into must be retained for a period of at least five years following the termination of such business relations or the completion of such transactions.

All prospective employees, officers and CMSL Representatives of the Manager are also screened against various money laundering and terrorism financing information sources and lists of designated entities and individuals provided by MAS. Periodic training is provided by the Manager to its Directors, employees and CMSL Representatives to ensure that they are updated and aware of applicable anti-money laundering and countering of terrorism financing regulations, the prevailing techniques and trends in money laundering and terrorism financing and the measures adopted by the Manager to combat money laundering and terrorism financing.

Composition of Board Committees in FY 2019

Board Members	Audit Committee	Executive Committee [#]
Adj Prof Richard R. Magnus, C ¹	—	—
Teo Swee Lian, C ²	—	—
Tony Tan Tee Hieong, CEO	—	M
Tan Kian Chew	—	—
Ng Chee Khern	—	—
Lee Khai Fatt, Kyle	C	—
Fong Kwok Jen	M	—
Gay Chee Cheong	M	—
Jason Leow Juan Thong	—	C
Lim Cho Pin Andrew Geoffrey ³	M	M
Jonathan Yap Neng Tong ⁴	M	M

Denotes: C - Chairman

M - Member

CEO - Chief Executive Officer

Given the nature and scope of the work of the EC, their business was discussed/transacted primarily through conference call, correspondence and informal meetings.

1 Adj Prof Richard R. Magnus retired as Non-Executive Independent Director and ceased to be Chairman of the Board with effect from 12 April 2019.

2 Ms Teo Swee Lian was appointed as Non-Executive Independent Director and Chairman of the Board with effect from 12 April 2019.

3 Mr Lim Cho Pin Andrew Geoffrey stepped down as Non-Executive Non-Independent Director and ceased to be member of the AC and EC, respectively, with effect from 10 October 2019.

4 Mr Jonathan Yap Neng Tong was appointed as Non-Executive Non-Independent Director and a member of the AC and EC, respectively, with effect from 10 October 2019.

Attendance Record of Meetings of Unitholders, Board and Board Committees in FY 2019¹

	Board ⁶	Audit Committee	AGM
No. of Meetings Held	6	4	1
Board Members			
Adj Prof Richard R. Magnus ²	100%	–	100%
Teo Swee Lian ³	100%	–	N.A.
Tony Tan Tee Hieong	100%	–	100%
Tan Kian Chew	100%	–	100%
Ng Chee Khern	66.67%	–	100%
Lee Khai Fatt, Kyle	100%	100%	100%
Fong Kwok Jen	100%	100%	100%
Gay Chee Cheong	83.33%	100%	100%
Jason Leow Juan Thong	100%	–	100%
Lim Cho Pin Andrew Geoffrey ⁴	100%	66.67%	100%
Jonathan Yap Neng Tong ⁵	100%	100%	N.A.

N.A.: Not Applicable.

1 All Directors are required to attend Board and/or Board Committee meetings called, in person or via audio or video conference, unless required to recuse. Attendance is marked against the Board and Board Committee meetings each Director is required to attend, and the percentage computed accordingly.

2 Adj Prof Richard R. Magnus retired as Non-Executive Independent Director and Chairman of the Board with effect from 12 April 2019.

3 Ms Teo Swee Lian was appointed as Non-Executive Independent Director and Chairman of the Board with effect from 12 April 2019 (which was after the AGM).

4 Mr Lim Cho Pin Andrew Geoffrey stepped down as Non-Executive Non-Independent Director with effect from 10 October 2019. Mr Lim also relinquished his role as member of the AC on the same day.

5 Mr Jonathan Yap Neng Tong was appointed as Non-Executive Non-Independent Director and a member of the AC with effect from 10 October 2019 (which was after the AGM).

6 Included two ad-hoc Board Meetings.

CORPORATE GOVERNANCE

KEY MANAGEMENT PERSONNEL'S REMUNERATION

Key Management Personnel's Remuneration Table for FY 2019

Remuneration	Components of remuneration				Total
	Salary inclusive of AWS and employer's CPF	Bonus and other benefits inclusive of employer's CPF ¹	Award of Units ²		
CEO					
Tony Tan Tee Hieong	33%	28%	39%		100%
Remuneration band for CEO: Above S\$1,000,000 to S\$1,250,000					
Key Management Personnel (excluding CEO)					
Tan Lei Keng (for the period from 1 January 2019 to 31 March 2019)					
Chew Sze Yung ³ (for the period from 1 April 2019 to 31 December 2019)					
Lo Mun Wah	50%	30%	20%		100%
Looi Keng ⁴ (from the period from 1 January 2019 to 30 September 2019)					
Jacqueline Lee Yu Ching ⁵ (from the period from 1 October 2019 to 31 December 2019)					
Aggregate of total remuneration for key management personnel (excluding CEO): S\$1,430,853					

1 The amounts disclosed include bonuses earned which have been accrued for in FY 2019.

2 The proportion of value of the Unit awards is based on the fair value of the Units comprised in the contingent awards under the CapitaLand Mall Trust Management Limited Restricted Unit Plan (RUP) and CapitaLand Mall Trust Management Limited Performance Unit Plan (PUP) at the time of grant in FY 2019. The final number of Units released under the contingent awards of Units for the RUP and PUP will depend on the achievement of pre-determined targets and subject to the respective vesting period under the RUP and PUP.

3 Ms Chew Sze Yung, Chief Financial Officer, was appointed to succeed Ms Tan Lei Keng with effect from 1 April 2019.

4 The remuneration of Ms Looi Keng, Head of Asset Management, for the period 1 October 2019 to 31 December 2019 was borne by CL and/or its subsidiaries (other than the Manager), to which the Manager outsources the Asset Management functions, among others.

5 The remuneration of Ms Jacqueline Lee, Head of Investment & Portfolio Management, for the period 1 January 2019 to 30 September 2019 was borne by CL and/or its subsidiaries (other than the Manager), to which the Manager outsources the Investment & Portfolio Management functions, among others. The remuneration for the period 1 October 2019 to 31 December 2019 was borne by the Manager.

Non-Executive Directors' Remuneration Table for FY 2019

	Components of Directors' fees ^{1,2} (S\$)		
	Cash component	Unit component ²	Total (S\$)
Non-Executive Directors			
Adj Prof Richard R. Magnus ⁴	38,251	0	38,251
Teo Swee Lian ⁵	75,876	18,969	94,845
Tan Kian Chew	45,600	11,400	57,000
Ng Chee Khern ⁶	53,000	0	53,000
Lee Khai Fatt, Kyle ⁷	78,214.40	19,533.60	97,768
Fong Kwok Jen	64,000	16,000	80,000
Gay Chee Cheong	62,160	15,540	77,700
Jason Leow Juan Thong	N.A. ³	N.A. ³	N.A. ³
Lim Cho Pin Andrew Geoffrey ⁸	N.A. ³	N.A. ³	N.A. ³
Jonathan Yap Neng Tong ⁹	N.A. ³	N.A. ³	N.A. ³

Aggregate of remuneration for Non-Executive Directors: S\$498,564.00

N.A.: Not applicable

- 1 Inclusive of attendance fees of (a) S\$2,000 (local meeting) and S\$5,000 (overseas meeting) per meeting attendance in person, (b) S\$1,700 per meeting attendance via audio or video conference, (c) S\$1,000 per meeting attendance at project and verification meetings, and (d) S\$500 per meeting attendance via audio or video conference at project and verification meetings. Attendance fees at project and verification meetings are subject to a maximum of S\$10,000 per Director per annum.
- 2 Each non-executive Director (save for non-executive Directors who are employees of CL Group) shall receive up to 20% of his or her Director's fees in the form of Units (subject to truncation adjustments). The remainder of the Director's fees shall be paid in cash. No new Units will be issued for this purpose as these Units will be paid by the Manager from the Units it holds.
- 3 Non-executive Directors who are employees of CL Group do not receive Directors' fees.
- 4 Adj Prof Richard R. Magnus retired as Non-Executive Independent Director and Chairman of the Board with effect from 12 April 2019. Adj Prof Richard R. Magnus also ceased to be Chairman of the Corporate Disclosure Committee (CDC) on the same day. Adj Prof Richard R. Magnus will receive all his Director's fees for FY 2019 in cash.
- 5 Ms Teo Swee Lian was appointed as Non-Executive Independent Director, Chairman of the Board and Chairman of the CDC, respectively, with effect from 12 April 2019. The CDC was dissolved with effect from 1 November 2019.
- 6 All Director's fees payable to Mr Ng Chee Khern, a public officer, will be paid in cash to a government agency, The Directorship & Consultancy Appointments Council.
- 7 Mr Lee Khai Fatt, Kyle was a member of the Investment Committee until its dissolution with effect from 12 April 2019.
- 8 Mr Lim Cho Pin Andrew Geoffrey stepped down as Non-Executive Non-Independent Director with effect from 10 October 2019. Mr Lim also relinquished his role as member of the AC and EC, respectively, on the same day.
- 9 Mr Jonathan Yap Neng Tong was appointed as Non-Executive Non-Independent Director and a member of the AC and EC, respectively, with effect from 10 October 2019.

ENTERPRISE RISK MANAGEMENT

ENTERPRISE RISK MANAGEMENT

CapitaLand Mall Trust and its subsidiaries (CMT Group) take a proactive approach to risk management, making it an integral part of our business—both strategically and operationally. Our objective is not risk minimisation, but rather the optimisation of opportunities within the known and agreed risk appetite levels set by our Board of Directors (Board). In short, we take measured risks in a prudent manner for justifiable business reasons.

GOVERNANCE

The Board is responsible for the governance of risk across CMT Group. The Board determines CMT Group's risk appetite; oversees the Manager's Enterprise Risk Management (ERM) Framework; regularly reviews CMT Group's risk profile, material risks and mitigation strategies; and ensures the adequacy and effectiveness of the risk management framework and policies. For these purposes, it is assisted by the Audit Committee (AC) which provides dedicated oversight of risk management at the Board level, including adhoc risk matters referred to it by the Board.

The AC, made up of three independent and one non-independent Board members, meets regularly. The meetings are attended by the Chief Executive Officer (CEO) as well as other key management personnel.

The Board approves CMT Group's risk appetite, which determines the nature and extent of material risks that the Manager is willing to take to achieve its strategic and business objectives. CMT Group's Risk Appetite Statement (RAS) is expressed via formal, high-level and overarching statements and accompanying risk limits which determine specific risk boundaries established at an operational level. Taking the interests of key stakeholders into consideration, the RAS sets out explicit and forward-looking views of CMT Group's desired risk profile and ensures it is aligned with CMT Group's strategy and business plans.

The CEO, together with a team of other key management personnel, is responsible for directing and monitoring the development, implementation and practice of ERM across CMT Group.

The ERM Framework is adapted from the International Organization for Standardization (ISO) 31000 International Risk Management Standards. It is also guided by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control-Integrated Framework and other relevant best practices and guidelines. It specifies the required environmental and organisational components needed to manage risks in an integrated, systematic and consistent manner. The ERM Framework and related risk management policies are reviewed annually.

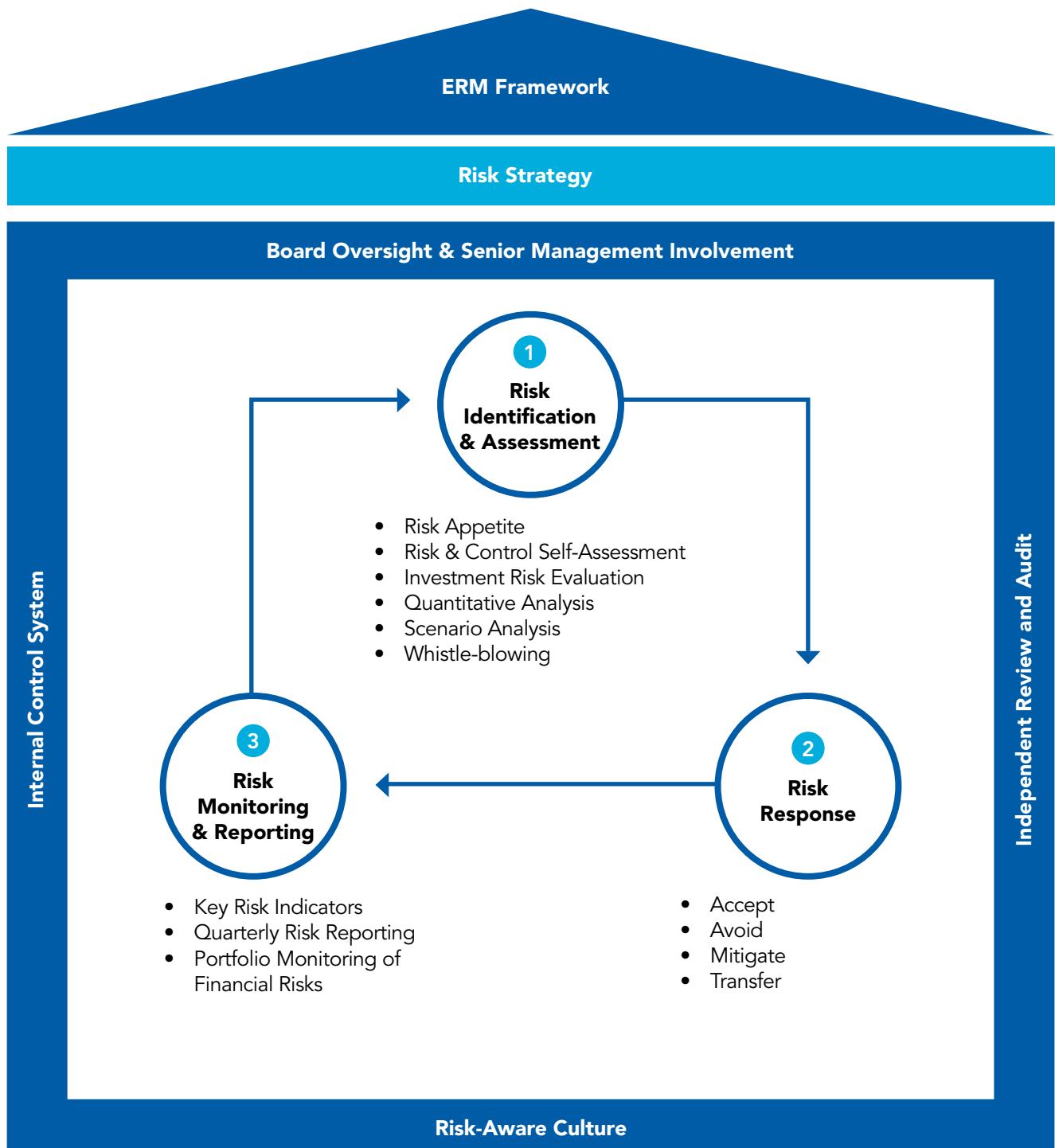
A robust internal control system and an effective, independent review and audit process underpin the Manager's ERM Framework. While line management is responsible for the design and implementation of effective internal controls using a risk-based approach, the outsourced Internal Audit function from CapitaLand reviews the design and implementation to provide reasonable assurance to the AC on the adequacy and effectiveness of the risk management and internal control systems.

CMT Group's successful ERM program is based on fostering the right risk culture. The Manager works closely with CapitaLand's Group Risk Management Department (GRM) to conduct regular workshops to enhance risk management knowledge and promote a culture of risk awareness. Risk management principles are embedded in all our decision-making and business processes. Once a year, the Manager coordinates a CMT Group Risk and Control Self-Assessment (RCSA) exercise. This requires the respective risk and control owners to identify, assess and document material risks which include Environment, Social and Governance (ESG) - relevant risks along with their key controls and mitigating measures. Material risks and their associated controls are consolidated and reviewed by the Manager before they are presented to the AC and the Board.

MANAGING MATERIAL RISKS

The Manager takes a comprehensive, iterative approach in identifying, managing, monitoring and reporting material risks across CMT Group. These material risks are detailed on page 66 to 69.

Enterprise Risk Management Framework



ENTERPRISE RISK MANAGEMENT

Material Risk	Details	Key Mitigating Action
Business Interruption	<ul style="list-style-type: none"> Exposure to business interruption risk arising from sudden and major disaster events such as fire, prolonged power outages or other major infrastructure failures which may significantly disrupt operations at our malls or data centres. 	<ul style="list-style-type: none"> Proactive facilities management (for example, routine inspection and scheduled maintenance) and having crisis management procedures for each property. The outsourced Information Technology (IT) team from CapitaLand has a defined disaster recovery plan which is reviewed and tested annually.
Climate Change	<ul style="list-style-type: none"> Physical risks such as rising sea levels, violent storms, long intense heat waves, flash floods, and fresh water depletion. Transitional risks include potentially more stringent regulations and increased expectations from stakeholders. 	<ul style="list-style-type: none"> CMT Group works in conjunction with CapitaLand to regularly review its mitigation and adaptation efforts which include future proofing its portfolio by setting targets for green building rating, carbon emissions and energy efficiency. CapitaLand has in place a global environment, health and safety management system which is externally certified to ISO 14001.
Competition	<ul style="list-style-type: none"> Keen industry competition from established players, online businesses and new market entrants who are able to capture our customers by meeting their demands. 	<ul style="list-style-type: none"> Constantly strive to differentiate ourselves against our peers through ongoing brand building. Constant stream of customer-centric initiatives and a shopper loyalty programme also help set us apart. In-house team of analysts keeps CMT Group on top of latest market trends.
Credit	<ul style="list-style-type: none"> Exposure to potential volatility in earnings caused by tenants' failure to fulfil their contractual lease payment obligations, as and when these are due. 	<ul style="list-style-type: none"> Minimise credit risk through a stringent collection policy. Collect upfront payment of security deposit of an amount typically equivalent to three months' rent. Maintain vigilant debt monitoring and collection procedures.
Economic	<ul style="list-style-type: none"> Exposure to event risks, in major economies and key financial and property markets. These events may reduce revenue, increase costs and result in downward valuation of our assets. Market illiquidity during a financial crisis makes asset investment and divestment challenging and can affect CMT Group's investment and strategic objectives. 	<ul style="list-style-type: none"> Disciplined approach to financial management and a well-balanced portfolio across Singapore. Constantly monitor macroeconomic trends, policies and regulatory changes.

Material Risk	Details	Key Mitigating Action
Fraud, Bribery & Corruption	<ul style="list-style-type: none"> Any forms of fraud, bribery and corruption that could be perpetrated by employees, third parties or collusion between employees and third parties. 	<ul style="list-style-type: none"> CapitaLand promotes the right ethical culture at all levels of the CapitaLand Group to build strong foundations for a leading real estate company. Continue adoption of a zero tolerance stance against fraud, bribery and corruption in the conduct of business, and reinforce the importance of integrity – one of CapitaLand’s core values. Communicate the commitment to integrity from the top through policies such as Fraud, Bribery & Corruption (FBC) Risk Management Policy, Whistle-blowing Policy, and Ethics and Code of Business Conduct Policies. All employees to sign the CapitaLand Pledge to renew their commitment to uphold the Group’s core values annually. Rolled out online FBC Quiz in 2019 to heighten staff awareness.
Information Technology/ Cyber Security	<ul style="list-style-type: none"> Ongoing business digitalisation exposes the business to IT-related threats which may result in compromising the confidentiality, integrity and availability of CMT Group’s information assets and/or systems. This may have significant negative impact to customer experience, financials and/or regulatory compliance. 	<ul style="list-style-type: none"> The outsourced IT team from CapitaLand executes its Cyber Security Strategy through ongoing review against existing/evolving threat landscapes and institute measures to minimise vulnerability exposure and manage threat vectors. Roll out ongoing staff IT Security Awareness Training to counter human intervention in the information security chain. Periodically review and update Group-wide IT Security Policy and Data Protection Framework to ensure relevancy. Maintain and test IT Security Incident Management Procedure to ensure prompt response and timely remediation to cyber security incident. Conduct annual Disaster Recovery Plan (DRP) exercise to ensure timely recoverability of business critical IT systems.
Interest Rate and Foreign Currency	<ul style="list-style-type: none"> Exposure to interest rate volatility on some debts which are on floating basis. Exposure to foreign exchange volatility for bonds issued in foreign currencies. 	<ul style="list-style-type: none"> Actively review and maintain an optimal mix of fixed and floating rate borrowings. Seek to minimise the level of interest rate risk by borrowing at fixed rate or hedging through interest rate swaps. Seek to minimise foreign currency risks by entering into cross currency swaps to hedge the foreign currency denominated bonds into SGD for both the principal amount and the periodic interest payments.

ENTERPRISE RISK MANAGEMENT

Material Risk	Details	Key Mitigating Action
Investment and Divestment	<ul style="list-style-type: none"> Deployment of capital into loss making or below targeted returns investments such as asset enhancement initiatives, property acquisition or redevelopment, and greenfield developments. 	<ul style="list-style-type: none"> Evaluate all investments against a rigorous set of investment criteria which includes potential for growth in yield, rental sustainability and potential for value creation. Board reviews and approves all major investment and divestment decisions. Conduct rigorous due diligence reviews on all investment and divestment proposals where key financial assumptions are reviewed, and sensitivity analysis are performed on key variables. Identify potential risks associated with proposed projects and issues that may affect smooth implementation or attainment of projected outcomes at the evaluation stage and devise action plans to mitigate such risks as early as possible.
Leasing	<ul style="list-style-type: none"> Strong competition, poor economic and market conditions are some key factors that could result in key tenants not renewing their leases, adversely affecting the leasing performance of CMT Group's properties. 	<ul style="list-style-type: none"> Establish and maintain a diversified tenant base and sustainable trade mix. Proactive tenant management strategies which are in line with the malls' positioning are in place. Closely monitor tenants' sales performance and maintain positive relationships and rapport with retailers to build loyalty with CMT Group's malls.
Liquidity	<ul style="list-style-type: none"> Poor management of cash flows can result in funding gaps which may lead to financial losses and defaults, delays in project completion and negative reputational impact. 	<ul style="list-style-type: none"> Actively monitor CMT Group's debt maturity profile, operating cash flows and the availability of funding to ensure that there are sufficient liquid reserves, in the form of cash and banking facilities, to finance CMT Group's operations and asset enhancement initiatives. Access to various sources of funds from both banks and capital markets to minimise over-reliance on a single source of funds for any funding or refinancing requirements.
Physical Security	<ul style="list-style-type: none"> Subject to risks of terrorism or sabotages such as terrorist activities, violent demonstrations or riots, theft, burglary, vandalism that will adversely affect our malls. 	<ul style="list-style-type: none"> Ensure that there are standard operating procedures in place at each of our malls. Our Property Managers are prepared to manage the situations together with the police and civil defence force in the event of terrorist attacks and sabotages. Conduct yearly evacuation drills in the malls to familiarise the tenants and staff with the emergency response plan. Equip our malls with automated external defibrillators (AED) and our Property Managers undergo accredited training in AED, cardiopulmonary resuscitation and first aid every two years. Our Emergency Response Teams undergo certified refresher trainings annually to prepare themselves adequately in times of emergency.

Material Risk	Details	Key Mitigating Action
Project Management	<ul style="list-style-type: none"> Inability to meet the project's key deliverables in relation to cost, quality and time to completion which may adversely impact the profitability of CMT Group. 	<ul style="list-style-type: none"> Appoint vendors through a stringent pre-qualification procedure to assess key criteria such as vendors' track records and financial performances. Conduct regular site visits to closely monitor progress of development projects. In-house teams of experienced technical staff to provide guidance and independent audit checks on safety, quality of architectural design, and mechanical and electrical engineering detailing.
Regulatory & Compliance	<ul style="list-style-type: none"> Subject to applicable laws and regulations in the market CMT Group operates, such as the SGX-ST Listing Rules, the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, the Alternative Investment Fund Managers Directive (AIFMD), the Securities and Futures Act, the Code of Corporate Governance and the tax rulings issued by the Inland Revenue Authority of Singapore. Breaches to laws and regulations may lead to hefty penalties/fines and negative publicity. 	<ul style="list-style-type: none"> Maintain a framework that proactively identifies the applicable laws and regulations, and embed compliance into the day-to-day operations. In-house specialised teams such as compliance and tax provide advisory services and updates on latest changes to laws and regulations.
Safety, Health & Well Being	<ul style="list-style-type: none"> Increased expectations from stakeholders to provide safe and healthy environment, including well-being, at our development projects and operating properties. 	<ul style="list-style-type: none"> CMT Group works in conjunction with CapitaLand to regularly review its mitigation efforts which includes work-related safety targets and has in place a global environment, health and safety management system which is externally certified to OHSAS 18001.

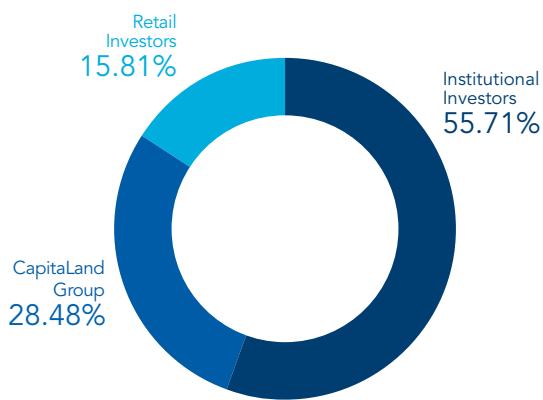
INVESTOR & MEDIA RELATIONS

At CMT, we are committed to delivering timely, objective and transparent information to our stakeholders comprising Unitholders, potential retail and institutional investors, analysts and the media. Guided by our Unitholders' Communication and Investor Relations Policy, we promote a regular, effective and fair communication channel with our stakeholders. The senior management and investor relations (IR) team proactively engage with the investment community to articulate strategy, performance and prospects to aid them in their investment decisions.

In 2019, the management and the IR team met with more than 300 equity and debt investors, locally and globally through participation in one-on-one meetings, post-results investor briefings, mall visits, teleconferences as well as investor conferences and roadshows. Apart from Singapore, CMT also participated in investor conferences and roadshows in Hong Kong, Japan, Thailand, Australia and the United States of America.

CMT connects with retail investors via both private and public forums. During the year, CMT participated in the REITs Symposium 2019 and shared insights on CMT's strategy, business prospects and market environment. CMT also participated in the Maybank-REITAS Real Estate Investment Trusts (REITs) Talk event to extend outreach to retail investors. CMT is a member of the Investor Relations Professionals Association of Singapore (IRPAS) and the REIT Association of Singapore (REITAS).

Unitholdings by Investor Type



Unitholders' Enquiries

If you have any enquiries or would like to find out more about CMT, please contact:

Ms Lo Mun Wah
Vice President,
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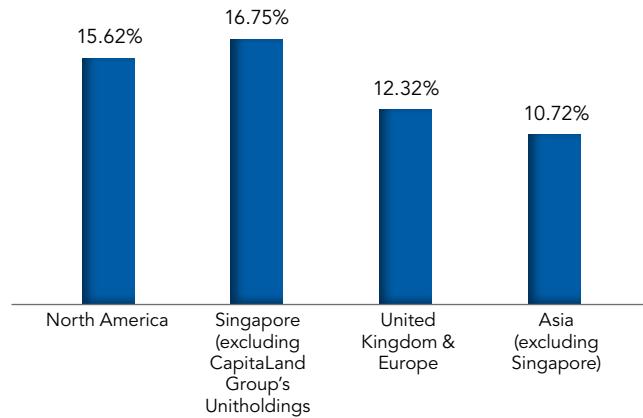
Email: ask-us@cmt.com.sg
Website: www.cmt.com.sg

As at 31 December 2019, CMT was covered by 21 brokerage firms. As part of our continuous effort to improve corporate governance and IR practices, we monitor analyst, market and media reports closely. Joint analyst and media results briefings are held every six months to provide updates on CMT's half-year and full-year financial and operational performance. The briefings are streamed 'live' via webcast and viewers can post questions online for the management. Following each briefing, the webcast is archived on our website.

In addition to the webcast, general information on CMT including property portfolio details, investor presentations and annual reports is updated regularly on the corporate website (www.cmt.com.sg). All news releases and announcements are made available on the websites of Singapore Exchange (SGX) and CMT. Investors may sign up for email alerts to receive the latest updates on CMT.

The annual general meeting (AGM) is an important communication channel with Unitholders. CMT convened its AGM in April 2019 where the CEO delivered a presentation to share CMT's performance and milestones achieved for financial year 2018. All Board members and management were in attendance. Resolutions were polled electronically and successfully passed at the meeting. The results were disclosed on SGXNet. Minutes of the AGM were also made available on CMT's website for greater transparency.

Unitholdings by Geography



In recognition of our good practices, CMT won the following awards in 2019:

- **Securities Investors Association Singapore 20th Investors' Choice Awards (REITs & Business Trusts category)**
 Singapore Corporate Governance Award (Winner)
 Shareholder Communications Excellence Award (Winner)
 Sustainability Award (Winner)
 Most Transparent Company Award (Runner-up)
- **Singapore Governance and Transparency Index Award (REIT and Business Trust category)**
 Ranked 2nd
- **Singapore Corporate Awards (REITs and Business Trusts category)**
 Best Annual Report (Gold)
 Best Investor Relations (Gold)

FINANCIAL CALENDAR 2019

	2019
First Quarter Results announcement	24 Apr 2019
First Quarter Distribution to Unitholders	30 May 2019
Second Quarter Results announcement	23 Jul 2019
Second Quarter Distribution to Unitholders	29 Aug 2019
Third Quarter Results announcement	21 Oct 2019
Third Quarter Distribution to Unitholders	29 Nov 2019
Full Year Results announcement	22 Jan 2020
Final Distribution to Unitholders	28 Feb 2020

INVESTOR & MEDIA RELATIONS CALENDAR 2019

	Venue
1st Quarter	FY 2018 post-results investor meetings Nomura Global Real Estate Forum 2019 Citi 2019 Global Property CEO Conference
	Singapore Tokyo Florida
2nd Quarter	Pre-AGM Unitholders engagement session CMT AGM First Quarter 2019 post-results investor meetings Investor meetings REITs Symposium 2019 10th Annual dbAccess Asia Conference Nomura Investment Forum Asia 2019
	Singapore Singapore Singapore Hong Kong Singapore Singapore Singapore
3rd Quarter	First Half 2019 post-results investor meetings CapitaLand Group Corporate Day Citi-REITAS-SGX C-Suite Singapore REITS and Sponsors Forum Macquarie ASEAN Conference 2019 Maybank-REITAS: Real Estate Investment Trusts (REITs) Talk
	Singapore Bangkok Singapore Singapore Singapore
4th Quarter	Third Quarter 2019 post-results investor meetings SGX-Credit Suisse Real Estate Corporate Day 2019 SGX-UBS Singapore REIT / Infrastructure Corporate Day 2019 Morgan Stanley Eighteenth Annual Asia Pacific Summit
	Singapore Singapore Melbourne and Sydney Singapore

TRADING & YIELD PERFORMANCE

Singapore's economy recorded a full-year expansion in 2019, amidst growing uncertainties in the global economic environment.

With the US Federal Reserve cutting interest rates thrice in 2019, bond yields have slid, resulting in Singapore REITs being the key beneficiary as yield plays remained in favour. Evidently, Singapore REITs sector outperformed the broader Singapore market, with the FTSE ST REIT Index chalking up gains of 18.8% as at 31 December 2019.

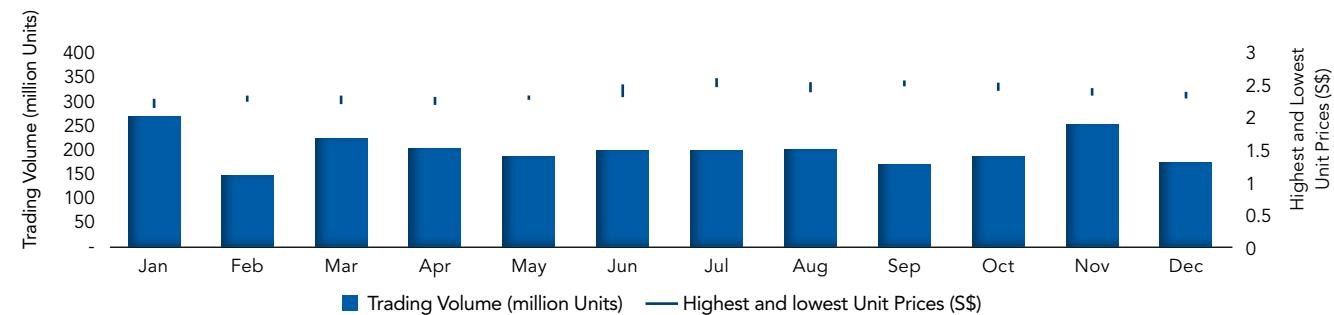
CMT's unit price outperformed the Straits Times Index. As at 31 December 2019, CMT's closing unit price registered an increase of 8.8% at S\$2.46 compared to S\$2.26 as at 31 December 2018. Distribution per Unit (DPU) for FY 2019 was 11.97 cents. This translated to a one-year and three-year total return of 13.4% and 52.8% respectively¹.

As at 31 December 2019, CMT's market capitalisation reached approximately S\$9.1 billion. Trading volume in 2019 was approximately 2.5 billion Units, translating to an average daily trading volume of approximately 10.3 million Units.

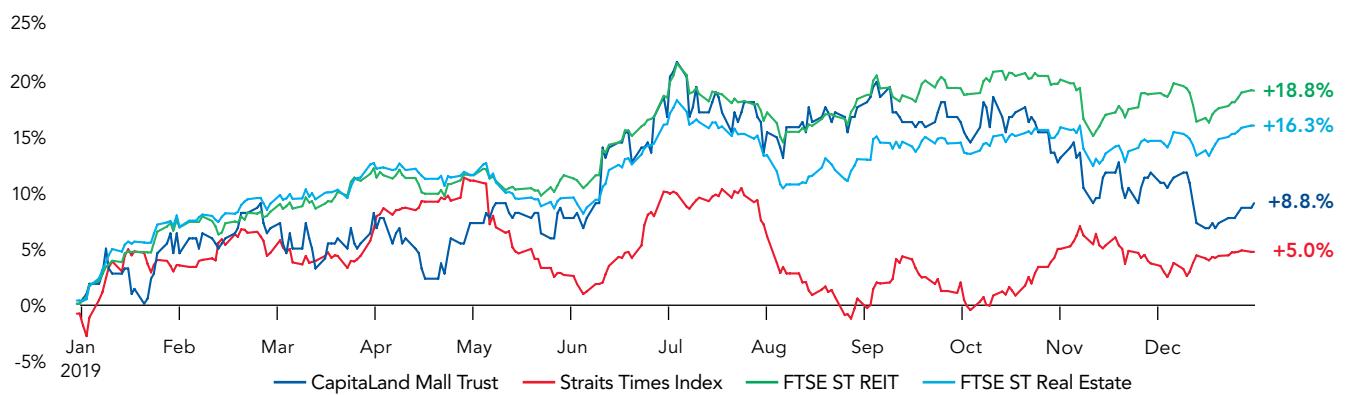
CMT'S 10-YEAR TRADING PERFORMANCE

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Highest (S\$)	2.15	2.00	2.20	2.38	2.09	2.28	2.25	2.17	2.31	2.74
Lowest (S\$)	1.67	1.64	1.71	1.82	1.80	1.85	1.87	1.89	1.95	2.26
Opening (S\$)	1.80	1.96	1.72	2.15	1.91	2.04	1.94	1.90	2.15	2.26
Closing (S\$)	1.95	1.70	2.13	1.91	2.04	1.93	1.89	2.13	2.26	2.46
Trading Volume (million Units)	1,435.3	1,672.9	1,877.2	2,137.5	1,994.9	2,256.0	2,427.4	2,563.3	2,821.3	2,538.2
Net Asset Value Per Unit ² (S\$)	1.53	1.56	1.64	1.71	1.79	1.86	1.86	1.92	2.00	2.07

CMT'S MONTHLY TRADING PERFORMANCE FOR 2019



COMPARATIVE PRICE TRENDS FOR 2019

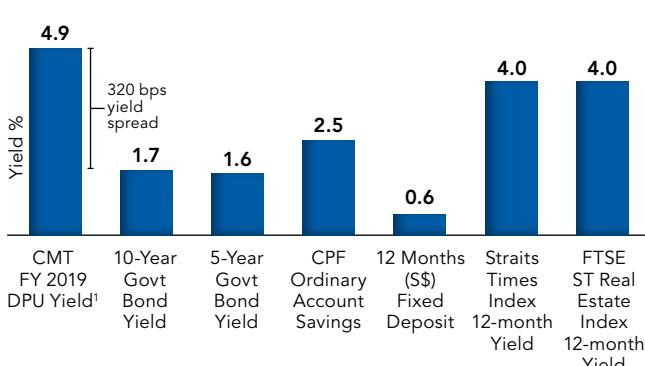


1 Source: Bloomberg

2 Excluding distribution to be paid for the last quarter of the respective financial year.

ATTRACTIVE YIELD VERSUS OTHER INVESTMENTS (%)

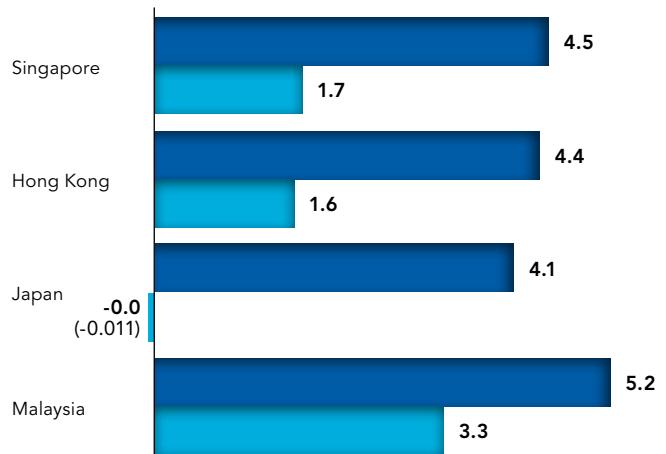
As at 31 December 2019



Sources: Bloomberg, Central Provident Fund Board, Monetary Authority of Singapore

¹ Based on DPU of 11.97 cents for the period 1 January 2019 to 31 December 2019 and the closing Unit price of S\$2.46 on 31 December 2019.

SINGAPORE REITS OFFER ATTRACTIVE YIELD SPREADS VERSUS ASIAN REITS (%)



Source: Bloomberg

■ REITs' Weighted Average Dividend Yield
■ Government 10-Year Bond Yield

CONSTITUENT OF KEY INDICES

FTSE4Good Developed Index
FTSE4Good ASEAN 5 Index
FTSE Global Equity Index
FTSE EPRA¹/NAREIT² Global Real Estate Index
FTSE RAFI All World 3000 Index
FTSE ASEAN Index
FTSE All-World Index
FTSE Straits Times (ST) Index
FTSE ST All Share Index
FTSE ST Financials Index
FTSE ST Real Estate Index
FTSE ST Real Estate Investment Trusts Index

GPR³ General (World) Index
GPR³ General ex-US Index
GPR³ General Far East Index
GPR³ General Far East ex-Japan Index
GPR³ General Singapore Index
GPR³ General Quoted (World) Index
GPR³ General Quoted ex-US Index
GPR³ General Quoted Far East Index
GPR³ General Quoted Far East ex-Japan Index
GPR³ General Quoted Singapore Index
GPR³ 250 Index
GPR³ 250 ex-US Index
GPR³ 250 Asia Index
GPR³ 250 Asia ex-Japan Index

GPR³ 250 Asia Pacific Index
GPR³ 250 Asia Pacific ex-Japan Index
GPR³ 250 South-Eastern Asia Index
GPR³ 250 Singapore Index
GPR³ 250 REIT Index
GPR³ 250 REIT ex-US Index
GPR³ 250 REIT Asia Index
GPR³ 250 REIT Asia ex-Japan Index
GPR³ 250 REIT Asia Pacific Index
GPR³ 250 REIT Asia Pacific ex-Japan Index
GPR³ 250 REIT South-Eastern Asia Index
GPR³ 250 REIT Singapore Index
GPR³ IPCM LFFS Sustainable GRES Index

MSCI⁴ Singapore Index
MSCI⁴ World Index

iEdge⁵ ESG Leaders Index
iEdge⁵ ESG Transparency Index
iEdge⁵ S-REIT Index
iEdge⁵ S-REIT 20 Index
iEdge⁵ Real Estate Index
iEdge⁵ Real Estate 20 Index
iEdge⁵ APAC ex Japan Dividend Leaders REIT Index

STOXX[®] Global ESG Leaders
STOXX[®] Global ESG Governance Leaders

The list of key indices above is not exhaustive.

- ¹ European Public Real Estate Association
² National Association of Real Estate Investment Trusts
³ Global Property Research

- ⁴ Morgan Stanley Capital International
⁵ Singapore Exchange Index Edge

SUSTAINABILITY MANAGEMENT

INTRODUCTION

About this Report

Reinforcing our commitment to sustainability, this report is prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option. CMT supports the United Nations (UN) Global Compact which CapitaLand is a signatory to the Global Compact Network Singapore and references the UN Sustainable Development Goals, with initiatives and programmes to support these goals. The GRI Content Index and the 10 UN Global Compact principles can be found on page 94 to 99.

Reporting Scope and Period

This report covers CMT's portfolio of 15 quality properties located strategically in the suburban areas and downtown core of Singapore from 1 January to 31 December 2019, unless otherwise indicated. The report forms part of CMT's Annual Report 2019, a copy of which can be downloaded from www.cmt.com.sg.

Feedback

CMT values feedback from stakeholders which is essential for continual improvement in our sustainability journey. Please send your comments and suggestions to ask-us@cmt.com.sg.

SUSTAINABILITY COMMITMENT

As a CapitaLand-sponsored Real Estate Investment Trust (REIT), CMT is managed externally by wholly owned subsidiaries of CapitaLand which include the Manager and Property Managers who oversee daily property operations. CMT does not have employees. The teams behind the Manager and Property Managers are responsible for portfolio and property operations of CMT. The Manager and the Property Managers abide by CapitaLand's sustainability framework, policies and guidelines, as well as ethics and code of business conduct. Adhering to CapitaLand's core values, CMT's sustainability objectives and strategies are aligned with CapitaLand's credo, 'Building People, Building Communities.'

CMT upholds this approach and implements it across human capital strategies, asset and portfolio strategies, operations management, stakeholders' engagements and community development. CMT maintains high standards of corporate governance and transparency to safeguard Unitholders' interests. As a testament of our relentless efforts to strengthen environmental, social and governance (ESG) standards, CMT is listed in the FTSE4Good Developed Index, FTSE4Good ASEAN 5 Index, iEdge ESG Leaders Index, iEdge ESG Transparency Index, STOXX® Global ESG Leaders and Global ESG Governance Leaders. CMT was the leader in the Asia 'Retail – Listed' category in the Global Real Estate Sustainability Benchmark (GRESB) 2019. CMT also scored 'A' for public disclosure in the same assessment.

CAPITALAND'S CORE VALUES

WINNING MINDSET	ENTERPRISING	RESPECT	INTEGRITY
Be passionate in pursuing excellence	Be innovative & agile	Be humble & show appreciation to one another	Be ethical & trustworthy
Persevere and overcome difficulties	Dare to be different & challenge the status quo	Be inclusive collaborative & break down silos	Do the right thing for the company
Be bold, courageous & resilient	Continue to learn & grow	Embrace diversity as a global organisation	Care for our communities & environment

BOARD STATEMENT

CMT is committed to sustainability and incorporates the key principles of ESG in setting out business strategies and operations. The Board sets CMT Group's risk appetite, which determines the nature and extent of material risks that CMT is willing to take to achieve its strategic and business objectives. The risk appetite incorporates ESG factors such as fraud, corruption and bribery, environment, health and safety. The Board also approves the executive compensation framework based on the principle of linking pay to performance. CMT's business plans are translated to both quantitative and qualitative performance targets, including sustainable corporate practices, which are cascaded throughout the organisation.

TOP MANAGEMENT SUPPORT AND EMPLOYEE INVOLVEMENT

In 2019, the CapitaLand Sustainability Council was re-constituted to include two independent board members and four CapitaLand Executive Committee (EXCO) members. Chaired by an independent board member, the Council is supported by the Sustainability Department as secretariat and various work teams to ensure continued progress and improvement in the areas of ESG. The work teams comprise representatives from all business units. The CEO of the Manager of CMT (Manager) is the environmental, health and safety (EHS) champion of CMT and is accountable for our EHS performance. CMT's board is updated regularly on sustainability matters.

MATERIALITY

The Manager and Property Managers engage stakeholders through various programmes and channels to identify and assess material ESG issues which significantly impact business operations and stakeholders. The Group-wide Risk and Control Self-Assessment exercise provides the framework for the identification, assessment and documentation of material risks and corresponding internal controls. Engagement channels include member representations

in government agencies, participation at conferences, responding to sustainability surveys and benchmarks as well as CMT's support of the Corporate Governance Conference by Securities Investors Association (Singapore) (SIAS). CMT has developed a list of critical and emerging ESG issues based on the likelihood and potential impact on our business and society. Priority is given to the critical issues while the emerging ones are actively monitored for future focus. The material topics and boundaries are summarised on page 94.

Prioritisation of ESG Material Issues

Environment	Social/Labour Practices	Governance
Critical		
<ul style="list-style-type: none">• Energy efficiency• Climate change and emissions reduction• Water management	<ul style="list-style-type: none">• Occupational health & safety• Employment• Stakeholder engagement• Supply chain management	<ul style="list-style-type: none">• Compliance• Business ethics• Product and services¹
Moderate and emerging		
<ul style="list-style-type: none">• Building materials• Construction and operational waste• Biodiversity	<ul style="list-style-type: none">• Diversity• Human rights	

¹ This includes customer health and safety.

SUSTAINABILITY MANAGEMENT

CREATING VALUE AND ALIGNMENT TO UN SUSTAINABLE DEVELOPMENT GOALS (SDGS)

In alignment with CapitaLand, CMT referenced the Guiding Principles of the International Integrated Reporting Council (IIRC) Framework and group our material ESG issues into six Capitals.

The Capitals are mapped against some of CMT's main efforts and programmes in relation to the key UN SDGs. The UN SDGs call on companies to advance sustainable development through the investments they make, solutions they develop, and business practices they adopt. The goals encourage companies to reduce their negative impacts while enhancing their positive contribution to the sustainable development agenda.

Capitals	Material Issues	What we do	2019 Value Created
Financial <ul style="list-style-type: none">• Earnings• Equity• Investments• Assets		<ul style="list-style-type: none">• Combination of operating income from investment properties, disciplined approach to investments as well as proactive portfolio and capital management• Execute portfolio reconstitution strategy to create value	<ul style="list-style-type: none">• Refer to Financial Highlights on page 8 to 9
Organisational <ul style="list-style-type: none">• Leadership & culture• Corporate governance• Risk management	<ul style="list-style-type: none">• Compliance• Business ethics• Stakeholder engagement	<ul style="list-style-type: none">• CapitaLand is a signatory to the UN Global Compact. As part of CapitaLand, CMT has implemented key efforts and programmes in relation to the key UN Sustainable Development Goals• CMT is aligned with CapitaLand's Supply Chain Code of Conduct which influences its supply chain to operate responsibly in the areas of anti-corruption, human rights, health and safety, as well as environmental management• All employees are required to make an annual declaration to uphold CapitaLand's core values and not to engage in any corrupt or unethical practices• Requires certain of its agreements with third-party service providers and vendors to incorporate anti-bribery and anti-corruption provisions• Requires main contractors to ensure no child labour and forced labour at project sites	<ul style="list-style-type: none">• Refer to Corporate Governance on page 32 to 63• No reported incident relating to discrimination, child labour or forced labour in CMT
SDG 16			
Environmental <ul style="list-style-type: none">• Carbon emissions• Energy management• Water stewardship• Waste and resource management	<ul style="list-style-type: none">• Energy efficiency• Climate change and emissions reduction• Water management• Building materials• Construction and operational waste• Biodiversity• Stakeholder engagement	<p>CMT is aligned with CapitaLand's commitment to:</p> <ul style="list-style-type: none">• Reduce water consumption, reuse water and prevent water pollution• Reduce energy consumption through improved energy efficiency and encourage use of renewable energy.• Green its operational portfolio by 2030• Actively embrace innovation to ensure commercial viability without compromising the environment for future generations.• Future-proof its developments by addressing the risks of climate change right from the design stage• Preserve the biodiversity of its sites and the wider area where possible.• Build safe, accessible, vibrant and quality real estate developments to enhance the lives of its shoppers, tenants and members of the community	<ul style="list-style-type: none">• Reduced energy intensity by 24.5%• Reduced carbon emission intensity by 43.1%• Reduced water intensity by 20.0%• Achieved Green Mark certification for all CMT properties. Out of the 15 properties, 14 are certified Green Mark Gold and above
SDG 3, 6, 7, 9, 11, 13, 15			

Capitals	Material Issues	What we do	2019 Value Created
Manufactured <ul style="list-style-type: none"> • Environmentally sustainable, healthy, safe and accessible quality buildings • Innovative and sustainable construction methods and technologies 	<ul style="list-style-type: none"> • Occupational health & safety • Supply chain management • Employment • Diversity • Human rights 	<ul style="list-style-type: none"> • CMT believes all employees can make a significant contribution based on their talent, expertise and experience, regardless of ethnicity, age or gender. We adopt consistent, equitable, and fair labour policies and practices in rewarding, as well as developing employees • CapitaLand is a signatory to the UN Global Compact. As part of CapitaLand, CMT has implemented key efforts and programmes in relation to the key UN Sustainable Development Goals • Provide a work environment that is safe and contributes to the general well-being of its employees • CMT values the occupational health and safety of our stakeholders who access our properties. The stakeholders include employees, tenants, contractors, suppliers and the communities 	<ul style="list-style-type: none"> • An almost equal proportion of males and females, at a ratio of 44:55 • 64.0% of CMT's workforce was aged between 30 and 50 • About 65.3% of employees who are manager and above were women • About 59.1% of senior management were women • Over 22 training hours per employee. • Zero employee fatality or permanent disability • 100% of main contractors appointed for new development projects were both ISO 14001 and OHSAS 18001 certified
Human <ul style="list-style-type: none"> • Health and safety • Job creation and security • Learning and development • Benefits and remuneration 			
SDG 3, 8, 10			
Social and Relationship <ul style="list-style-type: none"> • Stakeholder relations • Social licence to operate • Community development 	<ul style="list-style-type: none"> • Stakeholder engagement • Products and services (include customer health and safety) 	<ul style="list-style-type: none"> • CMT is committed to activities that are aligned with its focus on community investment. We engage our stakeholders, raising awareness in the areas of philanthropy, environment, health and safety 	<ul style="list-style-type: none"> • All CMT's properties participated in the WWF Earth Hour initiative • CHF donated S\$300,000 towards six charities under President's Challenge and S\$3,450 towards Community Chest in support of Care Corner Singapore
SDG 1, 2 ,4			

SUSTAINABILITY MANAGEMENT

FINANCIAL CAPITAL

Financial Performance

CMT delivered a set of positive results for financial year 2019 despite uncertainties in the global economy and challenges in the retail landscape. Driven by our long-standing growth strategies, the resilient performance validates the attractive location and diverse tenant mix of CMT's portfolio. For detailed financial results and performance, please refer to the following sections of this Annual Report - Financial Highlights (page 8 to 9), 2019 Highlights (page 10), Financial Review (page 116 to 119) and Financial Statements (page 157 to 249).

CMT continued to explore new ways to diversify funding sources. On 1 October 2019, CMT secured a S\$200.0 million five-year green loan from OCBC Bank. This marks CMT's first foray into green financing where all proceeds raised will be used exclusively to finance or refinance properties within its portfolio that have achieved BCA Green Mark certification.

ORGANISATIONAL CAPITAL

Corporate Governance Culture

The Manager is committed to the highest level of corporate governance and transparency in our policies and processes. We see governance as essential in delivering sustainable value and success in our business and to ensuring that the interests of Unitholders are safeguarded.

For continuous improvement in corporate governance, we have developed and continually maintain sound and transparent policies and practices to meet the specific business needs of CMT. 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 Code of Corporate Governance 2018 (Code) while achieving operational excellence and delivering CMT's long-term strategic objectives. The Board is responsible for the Manager's corporate governance standards and policies, underscoring their importance to the Manager.

CMT adheres to the policies, guidelines and practices relating to Communicating with Shareholders, Dealing with Interested Persons, Dealing with Conflicts of Interest, Dealings in Securities and Code of Business Conduct, amongst others. For details on CMT's policies, guidelines and practices, please refer to page 56 to 59 of this Annual Report.

Compliance

CMT has been a signatory to the Statement of Support Towards Excellence in Corporate Governance initiated by SIAS. In addition to SIAS membership, CMT is a member of the Financial Industry Disputes Resolution Centre Ltd (FIDReC), Investor Relations Professionals Association (Singapore) (IRPAS) and REIT Association of Singapore (REITAS).

In 2019, there were zero incidents on material non-compliance with laws and regulations relevant to the REIT, the Manager or the Property Managers. This includes regulations and industry codes concerning marketing communications and PDPA. We target zero incident of material non-compliance with laws and regulations in the upcoming year.

CapitaLand's zero tolerance towards bribery and corruption is further reflected through the anti-bribery and anti-corruption provisions incorporated into its business contracts and agreements. In 2019, there were zero incidents with regards to corruption. We target zero incident of confirmed cases of corruption in the forthcoming year.

Recognised for our corporate governance efforts, CMT emerged as the winner for the Singapore Corporate Governance Award, REITs & Business Trusts category at the SIAS 20th Investors' Choice Awards. CMT was ranked second for the Singapore Governance and Transparency Index, REIT and Business Trust category, conducted by the NUS Business School's Centre for Governance, Institutions and Organisations.

Enterprise Risk Management (ERM)

As an integral part of corporate governance, a comprehensive ERM framework enables CMT to proactively identify, assess, manage and communicate risks in an integrated, systematic and consistent manner.

The Board is responsible for the governance of risks across CMT Group, assisted by the Audit Committee which provides oversight of risk management at the Board level. The Board approves CMT Group's risk appetite which determines the nature and extent of material risks that the Manager is willing to take to achieve the group's business objectives and corporate strategy.

Details on ERM can be found on page 64 to 69 of this Annual Report.

ENVIRONMENTAL CAPITAL

CMT is committed to environmental sustainability and value creation as a real estate owner. By leveraging technologies and analytics in optimising the usage of energy, water and waste management across our properties, we believe that we can manage our business more efficiently and create long-term value for all stakeholders.

We continually keep abreast of developments in our industry and engage our stakeholders. We cultivate our stakeholder relationships through regular and systematically planned forms of dialogue such as conferences, workshops, roadshows and surveys.

Managing Our Environmental Footprint

CapitaLand's Environmental Management System (EMS) is a key tool in managing CMT's environmental footprint across its entire portfolio. The EMS, together with CapitaLand's Occupational Health and Safety Management System (OHSMS) are integrated as CapitaLand's Environmental, Health and Safety Management System (EHSMS) that complies with ISO 14001 and OHSAS 18001 standards. ISO 14001 and OHSAS 18001 are internationally recognised standards for environmental management and occupational health and safety management of businesses respectively.

Environmental, Health and Safety Policy

CMT is committed to protecting the environment and upholding the occupational health and safety (OHS) of everyone in the workplace. We dutifully:

- Carry out exemplary EHS practices to minimise pollution as well as health and safety risks
- Seek continual improvement on its EHS performance
- Comply with relevant legislations and other requirements
- Implement CapitaLand's Sustainable Building Guidelines (SBG) and OHS programmes

This policy is readily available to all employees, tenants, suppliers and service providers. Since 2012, all business functions such as property management and property development for CMT's properties are EHS certified.

Risk Management of Environmental Aspects and Impacts

As part of the certified EMS, new or updated legal requirements are reviewed quarterly and compliance is evaluated annually.

CapitaLand's EMS provides a systematic process to manage environmental impact and to continuously improve its environmental performance. A key element is to identify and manage significant environmental aspects of its business operations that can potentially have a negative impact on the environment. The significance level of each environmental aspect and impact is assessed using a risk assessment technique based on factors comprising the likelihood of the occurrence, severity of the impact and control measures implemented.

CMT strives to minimise environmental impact in areas such as resource depletion, carbon emissions and waste generation. This is done by setting environmental targets such as green building rating targets, carbon emissions, energy and water usage reduction targets, participating in stakeholder engagement activities, as well as implementing various measures to achieve them.

Training

To facilitate effective implementation of CapitaLand's EHSMS, training and awareness programmes are planned and conducted for all employees. New employees are introduced to the EHSMS and EHS policies and briefed on their roles. Heads of Departments in administration, operations, and project management including heads of operating properties, design managers and project managers undergo more detailed training.

Internal and External Audits

CapitaLand has in place an internal audit system to ensure the conformance and effective implementation of its EMS to ISO 14001 international standards. External audits are conducted annually by a third-party accredited certification body.

SUSTAINABILITY MANAGEMENT

Sustainable Developments and Assets

BCA Green Mark certifications affirm the quality of CMT's properties. These ratings serve as an external validation that key environmental aspects have been considered in CMT's project design, development and operations.

Green Building Rating

Green building rating targets are set from the early stage of design and development. Green buildings have a lower lifecycle carbon footprint through the adoption of sustainable design and materials and are more resource efficient.

The minimum target certification for our new development is BCA Green Mark Gold^{PLUS}. In support of the Singapore Government's Green Building Master Plan, CMT is committed to achieving BCA Green Mark certification for all properties by 2020. Ahead of our target, all CMT's properties are BCA Green Mark certified as at 31 December 2019.

Property	Award Category
Westgate	Platinum
Bedok Mall	Platinum
Bugis Junction	Platinum
Bugis+	Platinum
Junction 8	Platinum
JCube	Platinum
IMM Building	Gold ^{PLUS}
Funan	Gold ^{PLUS}
Bukit Panjang Plaza	Gold ^{PLUS}
Raffles City Singapore	Gold ^{PLUS}
The Atrium@Orchard	Gold
Tampines Mall	Gold
Lot One Shoppers' Mall	Gold
Plaza Singapura	Gold
Clarke Quay	Certified

Life Cycle Management

CapitaLand's SBG is an in-house guide developed to ensure environmental considerations are factored in at all stages of a project from feasibility study, design, procurement, construction to operations.

Mitigating Climate Change Challenges and Identifying Opportunities through Design

As countries rally for action to mitigate climate change, more stringent regulations may be expected and companies will face increased expectations from stakeholders. By adopting the SBG, CMT aims to future-proof its developments by addressing the risks of climate change right from the design stage.

Every project is studied in detail and appropriate measures are adopted in consideration of climate change. The SBG also sets guidelines for buildings to be less energy reliant, for example, setting green building certification targets above statutory requirements, as well as encouraging the use of renewable energy, whenever possible.

The SBG is regularly reviewed to ensure continuous improvement, with a focus on four key objectives of minimising carbon footprint and energy consumption, water management, waste management and promoting biodiversity in the life cycle of its developments.

Enhancements since inception include higher green building certification requirements, use of certified wood and design for accessibility.

Environmental Impact Assessment

A key component of the SBG is the mandatory Environmental Impact Assessment (EIA). An EIA is carried out during the feasibility stage of a development project. Significant findings of the EIA and their cost implications, if any, are incorporated in the investment paper and submitted to the Board of Directors for approval.

The EIA focuses on identifying any environmental threats or opportunities related to the project site and its surroundings, covering areas such as floods, biodiversity, air quality, noise, connectivity, heritage and resources.

Our Environmental Commitments

Leveraging CapitaLand's Environmental Tracking System (ETS), we track energy and water usage, waste collection and disposal, as well as carbon emissions at our operating properties.

The management team of each property submits monthly data and uploads supporting documentation into the ETS. The data is analysed to facilitate a better understanding of consumption patterns and identify areas for eco-efficiency improvements.

CMT continues to implement various energy conservation measures which focuses on innovation to reduce energy consumption. The measures are listed in the table below.

Focus	Measures
Central Air Conditioning System	<ul style="list-style-type: none"> Installed with Measurement & Verification (M&V) System to monitor system performance daily Perform preventive and periodic servicing and maintenance Auto tube-cleaning system Conduct energy audit periodically
Lighting	<ul style="list-style-type: none"> Replacing existing non-LED type with LED type Lighting power budget of not more than 22 Watts per m² for tenanted areas
Control, Metering and Monitoring	<ul style="list-style-type: none"> Building Management System Sub-metering
Renewable Energy	<ul style="list-style-type: none"> Photovoltaic (PV) system
Equipment	<ul style="list-style-type: none"> Replace equipment with higher efficiencies

Aligned with CapitaLand's long-term targets for the reduction of carbon emission, energy and water, CMT's environmental commitments are as follows:

Long-term targets (using 2008 as base year):

- Reduce energy intensity of 20.0% by 2020, and 25.0% by 2030
- Reduce carbon emissions intensity by 23.0% by 2020, and 30.0% by 2030
- Reduce water intensity of 20.0% by 2020, and 30.0% by 2030

For 2020, CMT aims to maintain or reduce energy intensity, water intensity and carbon emission intensity compared to 2019.

Energy

In 2019, CMT reduced energy intensity measured in kilowatts-hour per square metre (kWh/m²) by 24.5% from base year 2008. Energy usage for operating properties was approximately 133,445 MWh compared to 130,521¹ MWh in 2018. The increase was due to the commencement of operations at Funan from 28 June 2019. CMT is on track to achieving its 2030 energy intensity reduction target.

In support of the annual Earth Hour campaign on 30 March 2019, all non-essential lights were turned off at CMT's properties.

Carbon Emissions

CMT is committed to address climate change risks through the reduction of its energy consumption. Improving energy efficiency represents the largest and most cost-effective way to mitigate those emissions.

In 2019, CMT's carbon emissions was approximately 52,932 tonnes. Emission intensity was 6.16 kgCO₂e/m² in 2019. The improvement represented a 43.1% reduction in carbon emission intensity compared to 2008.

Most of CMT's properties are located close to or integrated with mass rapid transit (MRT) stations and bus interchanges. This allows easy access to the surrounding communities and facilities via walkways which are mostly sheltered. In addition, to reduce carbon emissions, CMT's properties are provided with bicycle lots to encourage shoppers and tenants to use greener modes of transport. There are about 589 bicycle lots across the CMT's properties.

In 2019, we partnered with BlueSg on electric car sharing at five of our malls, namely Plaza Singapura, Lot One Shoppers' Mall (Lot One), Tampines Mall, Funan and Clarke Quay. We plan to roll out to two other malls in 2020. Additionally, CMT has more than 1,400 sq m of solar panels at Bugis Junction, JCube and Bedok Mall. These solar panels have helped our malls to tap 75,790 kWh of renewable energy source.

1 2018 data has been restated.

SUSTAINABILITY MANAGEMENT

Water

CMT is committed to reducing water usage and preventing water pollution. Water usage and discharge for each property are monitored and checked regularly. In 2019, CMT's water usage was approximately 1.5 million m³. This included approximately 0.5 million m³ of NEWater. Water intensity was reduced by 20.0% compared to 2008. The decline was attributed to the remote monitoring of water usage across all properties. This allows us to identify and respond promptly to exceptions such as leakages and ad hoc operations in an effective manner.

Waste

Collection and disposal of waste at all CMT's properties are carried out by National Environment Agency licensed contractors. In 2019, we collected 23,760 tonnes of non-renewable waste, a reduction of 3.0% compared to a year ago. More than 93.0% of recycled waste collected comprised paper with the rest made up of metal, plastic, glass and others.

CMT aims to manage waste at its properties responsibly. As waste generated at its properties is mostly from tenants, we engage our stakeholders through various means to minimise and recycle waste. Recycling bins are made available at all CMT's properties.

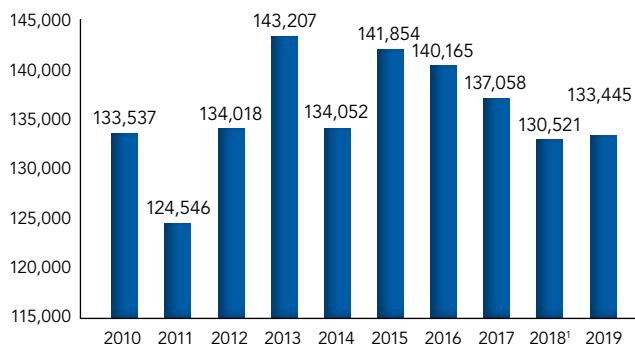
Since embarking on our waste recycling journey in 2008, we have extended our waste recycling efforts

to e-waste. CapitaLand has been partnering StarHub to roll out e-waste recycling bins at CMT's properties to encourage shoppers and tenants to adopt e-waste recycling and address the increasing environmental and health concerns posed by improper handling of e-waste. The participating malls include Bugis+, Bedok Mall, IMM Building (IMM), JCube, Junction 8, Lot One, Plaza Singapura, Raffles City Singapore and Tampines Mall. In 2019, the total e-waste collected was 13.6 tonnes.

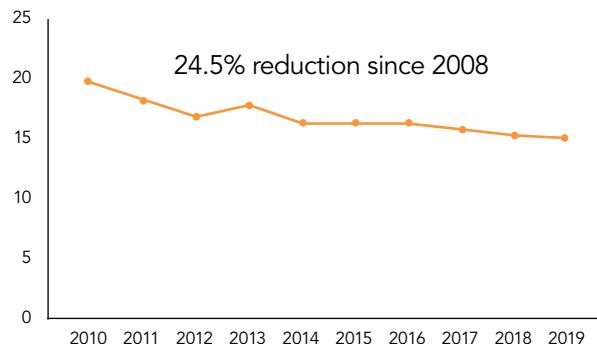
As an ongoing sustainability effort, CMT has been partnering tenants in six of its malls to collect coffee waste for each building's landscape vendor to recycle as a plant fertiliser. The six malls include Bugis+, IMM, Junction 8, Lot One, Tampines Mall and Westgate. A separate bin is provided at each mall for the collection of coffee waste. Depending on the volume, the landscape vendor collects the coffee waste from the recycling bin either weekly or bi-weekly. The total amount of coffee waste collected is up to 180 litres weekly.

CMT requires its main contractors to implement proper waste management procedures on site to minimise, manage and dispose construction waste efficiently. We continue to leverage Building Information Modelling (BIM) technology to improve the design and construction process through more integrated project coordination. BIM performs clash detection before construction commences. It identifies situations where mechanical and electrical services clash with structural members. Early detection saves time and cost of remedial work and minimises material wastage.

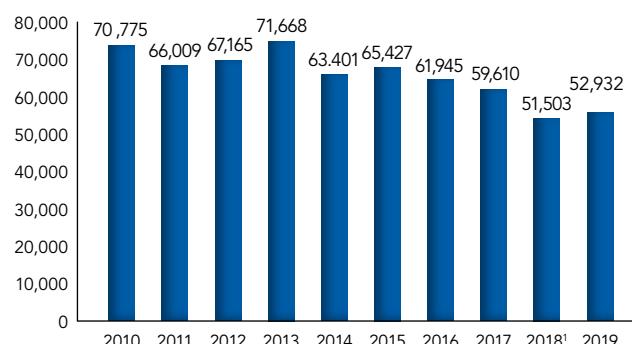
Energy Usage (MWh)



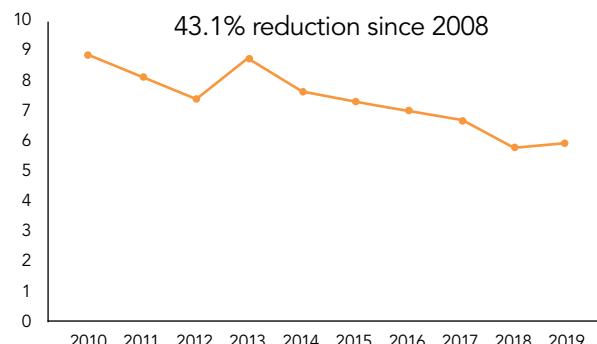
Energy Intensity (kWh/m²/month)



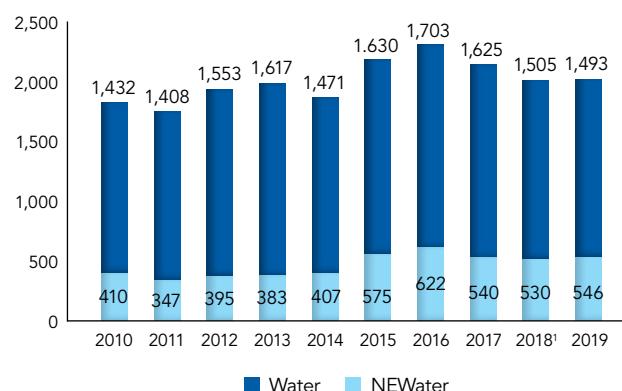
Carbon Emissions (tonnes CO₂e)



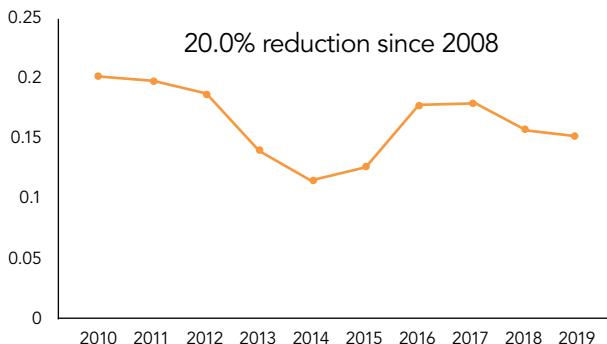
Carbon Intensity (kgCO₂e/m²/month)



Water Usage (thousand m³)



Water Intensity (m³/m²/month)



¹ 2018 data has been restated.

SUSTAINABILITY MANAGEMENT

FUNAN – LEVERAGING TECHNOLOGY. DRIVING SUSTAINABILITY

Mr Tony Tan, CEO of CapitaLand Mall Trust Management Limited, said: "Conscious of the evolution of retail, we embarked on the redevelopment of Funan in 2016 even though the mall was still delivering healthy returns at that time. We are heartened that the reimagined Funan has been well-received by our retailers, office tenants and shoppers. A well-located asset with strong brand recognition, we are committed in ensuring that Funan remains an attractive shopping and lifestyle destination that continues to win customers with differentiated experiences not replicable online. As Singapore's largest retail real estate investment trust, CapitaLand Mall Trust will continue to identify areas for reinvention that will serve the needs of present and future generations of shoppers."

Funan was uniquely conceptualised as an integrated development comprising retail, office and coliving spaces in a creative and sustainable environment. Underpinned by a digital layer of customer experience as well as green building and universal design principals, the reimagined Funan reopened on 28 June 2019 as a social retail space for discovering, learning and shopping.

Design and Construction

From design to construction, the redevelopment process was centred on the Virtual Design and Construction approach to achieve enhanced productivity. Using a top-down construction method, Funan's basement and superstructure were built concurrently. Pre-cast concrete was used for structural components to improve construction efficiency. From groundbreaking to completion, the rapid redevelopment took 27 months despite its scale. Recognised for its sustainable design features and friendly built environments, Funan was conferred the BCA Green Mark Gold^{PLUS} award and the BCA Universal Design Mark Gold^{PLUS} (Design). In addition, Funan was recognised for its architectural and design excellence with the Interior Design Awards 2019 at the BCI Asia Awards 2019. It was also conferred the Mixed-use Architecture (Singapore) award at the Asia Pacific Property Award 2018-2019, and the Best Mixed-use Development Bronze award at the MIPIM Asia Awards 2019.

Energy and Water Efficiencies

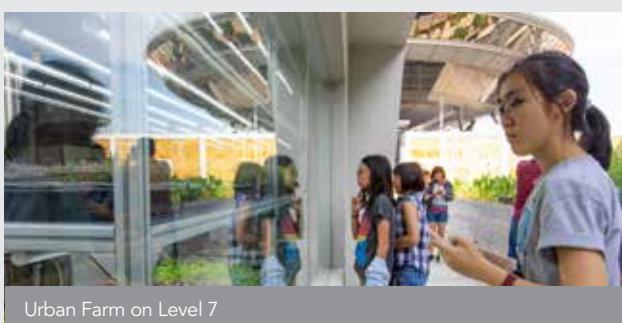
Funan integrates technology and new innovations to minimise energy and water consumption. Design features include an energy efficient facade that minimises solar heat transmission, as well as a seven-storey green wall irrigated by harvested rainwater. With its innovative water fittings and indigenous plants,

Funan is expected to be able to save approximately 12.8 million litres of water per year.

Within the development, the retail common areas and office lobbies as well as the coliving front of house are fully fitted with energy efficient LED lights. These lights are controlled by an intelligent scene control system, which adjusts the luminosity of the LEDs according to the brightness of the environment. Funan also uses regenerative lifts, which can deliver up to 18% of energy savings compared to non-regenerative lifts.

Funan's energy efficient water-cooled chilled water plant system is able to achieve 0.557 kW/ton weighted plant efficiency in one day. It is the first retail mall in Singapore to use a next-gen refrigerant (R1233zd) to minimise energy consumption and reduce greenhouse gas emission. Energy can be conserved by varying the variable speed drives of Funan's chilled water distribution pumps, condenser water pumps and cooling towers. An auto-cleaning feature for the condenser tube ensures that the chiller plant delivers optimal performance.

Funan estimates energy savings of approximately 6,447,787 kWh per year, equivalent to approximately 3,224 tonnes of carbon emissions reduced per year.



Urban Farm on Level 7

Social Integration and Community Engagement

As an open and inviting space for visitors to shop and engage in lifestyle activities, Funan offers plenty of green spaces, rest areas and interactive corners that encourage discovery and novel community experiences. To promote community health and well-being, Funan's 18,000 sq ft food garden and 5,000 sq ft urban farm are the largest roof-top garden and urban farm in the city. These spaces allow visitors to learn how vegetables are produced and harvested, while the organic produce is served up at Noka, Spa Esprit's first Japanese restaurant, which is next to the urban farm. Funan also features a prominent sports cluster, with a premium fitness club equipped with a 25-metre swimming pool, the largest indoor rock-climbing facility in the CBD and a futsal court.



The ARK Futsal on Level 7

In a nod to the nation's car-lite movement and to serve the office community in and around Funan who cycles to work, Funan has a dedicated Bicycle Hub of over 170 bicycle bays with end-of-trip amenities. Fast-charge stations for electric vehicles and electric bicycles are also available at the mall. To further enhance accessibility to the mall, an underground linkway will be ready by 2021 to connect visitors from City Hall MRT station.

Anchored by its six passion themes – Tech, Craft, Play, Fit, Chic and Taste – Funan has brought together like-minded communities. From climbers, cyclists and yogis to gardeners, bakers and techies, Funan has become a stomping ground for numerous interest groups. Bike enthusiasts regularly flag off community rides from the Brompton Junction flagship store in Funan. The Green Collective's plant swap has seen lively engagement among gardeners who traded herbs, flowers and tips on home gardening. Hobbyists and fitness enthusiasts such as the "Superhero Runners", a group of around 60

runners, have chosen Funan to meet and kickstart their weekly jogs around the city.

With a dedicated Community Manager, Funan will be able to continue curating community experiences, as well as building social connections and networks beyond the transactional.

Stakeholder Engagement and Retail Experience

Embedded with an eco-system of sensors and analytical tools, Funan is able to create a digital layer of customer experience through deeper consumer insights. Tenants are also empowered to incorporate digital innovations to enrich the in-store experience. The majestic design centrepiece of Funan, the Tree of Life, houses 20 retail pods that can host creative retailing formats and experiential offerings. The Tree of Life offers flexible leases to new and/or online retailers to testbed their products and services.

Providing added convenience for shoppers, Funan's 40 smart directories can map the shortest route to their desired store and make recommendations based on their demographic profiles. Leveraging technology to unlock even more convenience for shoppers, the trials for an innovative robot-enabled hands-free shopping service commenced in 1Q 2020. Retailers can leave packages for customers at the collection point at Basement 2, where a robotic arm is stationed to place the packages into their respective boxes and retrieve them when activated. Shoppers who drive can pick up their packages 24/7 via a drive-through collection point.



Robotic arm to assist shoppers for a hands-free experience at Basement 2

SUSTAINABILITY MANAGEMENT

MANUFACTURED CAPITAL

Social Integration

As satellite hubs, CMT's properties are strategic channels for community engagement. We are committed to building safe, accessible, vibrant and quality developments to enhance the lives of communities around our operations.

Our social integration criteria, which factor universal design considerations include:

- Ensuring accessibility in the built environment to people of different age groups and varying mobility
- Enhancing connectivity to public transport, roads, amenities and between buildings
- Providing community spaces as public gathering points

These design considerations are integrated into CapitaLand's SBG to ensure that they are considered from the start of the project development process. Universal design considerations ensure that public spaces in our properties are accessible to users of different age groups and varying abilities. These include:

- Seamless connectivity to the external surroundings, such as bus-stops, adjacent buildings, streets and sidewalks
- Barrier-free access from accessible (handicapped) and family parking lots to lift lobbies
- Sheltered and barrier-free drop-off areas
- Accessible (handicapped) and family lots
- Designated pedestrian lanes in car parks
- Amenities such as accessible toilets, lifts and nursing rooms
- Atrium spaces, libraries and play areas for children

All our properties have at least one facility for disability access. These include accessible alighting and boarding bays, lifts, parking lots and public toilets. Our properties are also guide-dog friendly.

Supply Chain Management

We work closely with our contractors and suppliers who are committed to high quality, environmental, health and safety standards.

Contractors are only appointed upon meeting the group's stringent selection criteria, including environment, health and safety. All main contractors appointed have to be ISO 14001 and OHSAS 18001 certified. Majority of our contractors and service providers are minimum bizSAFE Level 3 certified.

In 2019, main contractors appointed for projects with gross floor area of more than 2,000 sq m were ISO 14001 and OHSAS 18001 certified.

We ensure our suppliers and service providers are in compliance with local regulations. We share CapitaLand's EHS policy with our suppliers and service providers to ensure that they are sufficiently trained or briefed in EHS measures. We also share with them CapitaLand's Supply Chain Code of Conduct to encourage our supply chain to operate responsibly in the areas of anti-corruption, human rights, health and safety, and environmental management.

HUMAN CAPITAL

Our People

As an externally managed REIT, CMT has no employee and is managed by the Manager and Property Managers, which are wholly owned subsidiaries of CapitaLand.

The teams behind the Manager and Property Managers, of more than 500 employees, are responsible for CMT's property and portfolio operations in Singapore. We recognise that people are our greatest asset contributing to the success of the business. Our workforce comprises mainly full-time and permanent employees who are based in Singapore.

Employment

Fairness and Diversity

CapitaLand has in place an integrated human capital strategy designed to recruit, develop and motivate employees. As wholly owned subsidiaries of CapitaLand, the Manager and Property Managers are committed to developing a high-performance work culture that embraces diversity and collaboration.

CMT upholds CapitaLand's commitment to be a workplace of choice for employees and adheres to its policies on non-discriminatory employment practices and equal remuneration. We have adopted the five key principles of fair employment advocated by the Tripartite Alliance for Fair and Progressive Employment Practices. This is reflected in the Employers' Pledge for Fair Employment Practices signed by CapitaLand.

The five key principles of fair employment we adhere to include:

- Recruit and select employees on the basis of merit (such as skills, experience or ability to perform the job), regardless of age, race, gender, religion, marital status and family responsibilities, or disability
- Treat employees fairly and with respect and implement progressive human resource management systems
- Provide employees with equal opportunity to be considered for training and development based on their strengths and needs to help them achieve their full potential
- Reward employees fairly based on their ability, performance, contribution and experience
- Comply with the labour laws and abide by the Tripartite Guidelines on Fair Employment Practices

We have a vibrant and competent team of employees in our workforce. New hires represented 10.5% of the total headcount in 2019. The workforce also comprises an almost equal ratio of male and female employees. Female employees are well represented in the middle and senior management levels. In 2019, close to 65.3% of the employees who are managers and above were female. Approximately 59.1% of the senior management, comprising those at Vice President level and above, were female.

To attract top talent, all job opportunities are advertised publicly via online job portals, with selections based wholly on individual merit. This is consistent with CapitaLand's non-discriminatory employment practices.

Human Rights

We support international human rights conventions, such as the Universal Declaration of Human Rights and the International Labour Organisation (ILO) Conventions, against coerced labour and discrimination in any form. Singapore has ratified 28 ILO Conventions covering four key areas of employment standards: child labour, forced labour, collective bargaining and equal remuneration.

We have no acts of discrimination or human rights violation reported in 2019.

Positive Work Environment

We are committed to providing a positive and vibrant workplace that promotes personal development, good health and wellbeing, as well as a fulfilling career. We continue to have initiatives such as flexible hours and work arrangements, comprehensive medical benefits, and employee engagement programmes were implemented to foster a culture of high performance and work-life harmony. Part-time employees were entitled to the same benefits as their full-time colleagues, on a pro-rated basis.

We advocate a pay-for-performance philosophy to drive ownership of collective goals. This encourages a high-performance work culture, which supports the creation of long-term Unitholder value. We also adopt CapitaLand's robust performance management system to ensure that all employees receive regular performance and career development reviews.

In 2019, CapitaLand conducted its Employee Engagement Survey and achieved a participation rate of more than 90%. The Group received feedback on areas of strength which have been impactful in its efforts to build a highly engaged workforce. It has also identified areas for enhancements to further build on from its employee engagement levels moving forward.

Talent Management

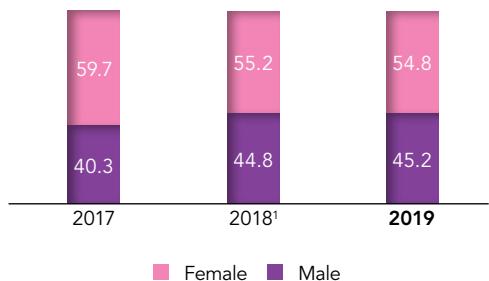
We actively seek innovative, dynamic and talented individuals, both internally and externally, with the right experience level to support our growth. This is managed through the recruitment of talent across different career stages, from entry-level graduates to mid-career professionals and industry veterans. All new hires are required to undergo an orientation programme that helps them assimilate to CapitaLand's business operations, strategy, core values and management philosophy. We constantly build our management bench strength by identifying and developing high-potential talent as part of the regular succession planning process.

Our talent management programme addresses the development of organisational core competencies as well as position-specific competencies. During the annual performance and career development review, all employees are highly encouraged to openly discuss their performance and aspirations with their supervisors, as well as to identify any training needs.

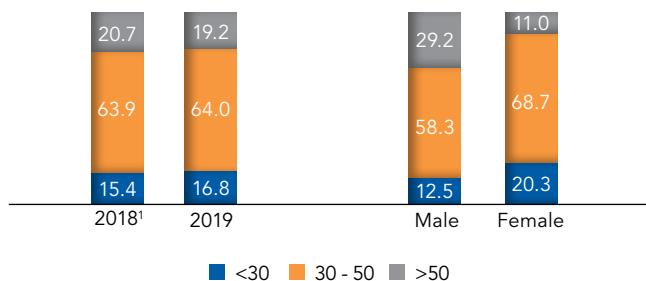
SUSTAINABILITY MANAGEMENT

HUMAN CAPITAL – EMPLOYEE PROFILE

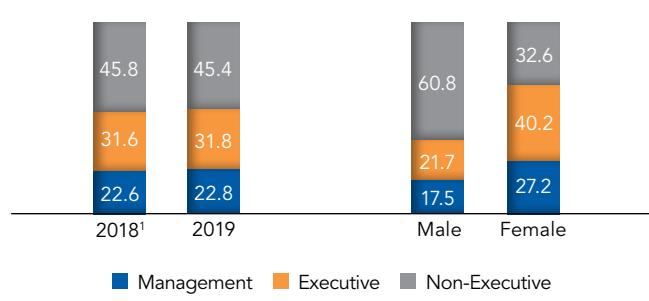
Employee Diversity by Gender (%)



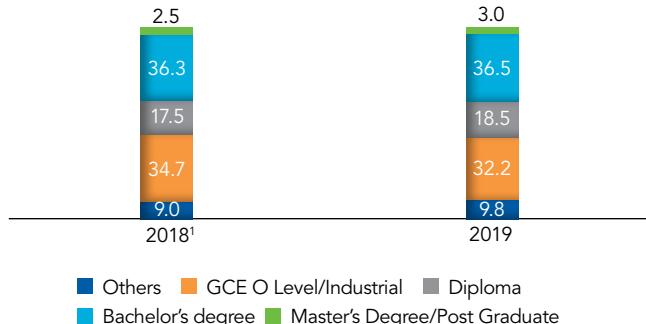
Employee Profile by Age and Gender (%)



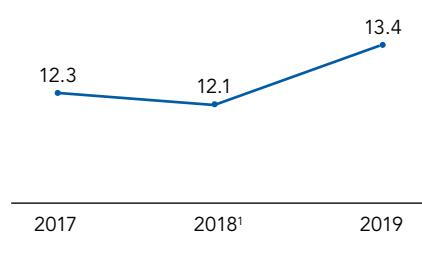
Employee Profile by Seniority and Gender (%)



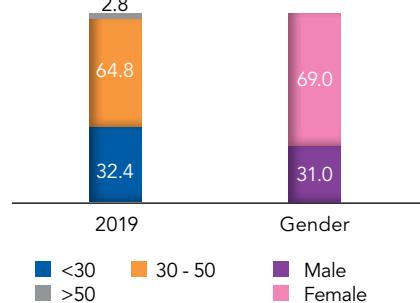
Employee Profile by Educational Qualifications (%)



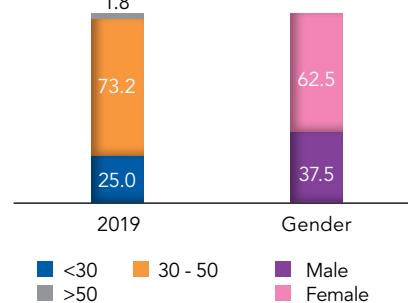
Employee Turnover Rate (%)



Voluntary Turnover by Gender and Age (%)



New Hire by Gender / Age (%)



¹ 2018 data has been restated.

Fair Remuneration

Our people are offered comprehensive and competitive remuneration packages. These include short-term cash bonus and long-term equity-based reward plans such as restricted share and performance share programmes. Such equity-based reward plans help to strengthen the link between reward and performance, as well as to retain talent.

All CapitaLand employees enjoy a flexible benefits plan, paid maternity/paternity leave, and time off for volunteer work. A flexible benefits plan enables the employees to complement their personal medical and insurance needs with those provided by the company. Employees can also customise their benefits for themselves and their families. To ensure that our remuneration packages are competitive, external human resource consultants are regularly engaged to benchmark our compensation and benefits packages against local industry peers. We also actively review our employee compensation strategies to ensure that they commensurate with market practice.

More than 58.0% of our employees have been with us for five years or longer. We conduct exit interviews with employees who have tendered their resignations as part of continuing efforts to improve retention policies and initiatives.

Learning and Development

CapitaLand encourages the cross fertilisation of talent and ideas and leverages on CapitaLand's Human Resource functions to develop our people. We are committed to talent development programmes that enable people to acquire the relevant knowledge and skills for business excellence and to reach their full potential.

CapitaLand allocates up to 3.0% of its annual wage bill towards learning and development programmes for employees. In line with its drive to upskill employees, CapitaLand conducts formal classroom training, and provides on-the-job exposure, mentoring and coaching, and opportunities for job rotation and overseas postings. Our employees have direct access to a year-long training calendar comprising a series of pre-evaluated training courses. CapitaLand has an in-house training hub, CapitaLand Institute of Management and Business (CLIMB), which supports the training and development needs of employees.

CapitaLand also has in place training roadmaps and a wide variety of courses to equip our teams with the skills and confidence to carry out their duties. In 2019,

approximately 97.2% of employees attended at least one training event, and the average number of training hours completed by each employee exceeded 22 hours. Employees pursuing relevant courses are eligible for paid examination leave of up to 10 days per calendar year.

Job Security

CapitaLand is committed to providing meaningful jobs for its employees. The efforts and initiatives are in line with the Tripartite Guidelines on Managing Excess Manpower, which covers the retraining and redeployment of workers, the implementation of flexible work arrangements and a flexible wage system to manage wage costs. The guideline was jointly established by the Singapore Ministry of Manpower together with its tripartite partners, Singapore National Employers Federation and the National Trades Union Congress.

In the event of termination or employee resignation, there is a minimum notice period of one month that needs to be fulfilled, depending on the employee's job grade.

Freedom of Association

CapitaLand maintains a harmonious relationship with the Singapore Industrial & Services Employees' Union. CapitaLand abides by the Industrial Relations Act that allows representation of employee by trade unions for collective bargaining, thus providing them with an avenue to seek redress for any industrial disputes. CapitaLand works closely with the trade unions to create a conducive and productive work environment for the mutual benefit of employees and the company.

Re-employment Opportunities

CapitaLand has a re-employment policy in place for employees who have reached the current statutory retirement age of 62, to enable them to continue to work up to 67 years old if they are still able and willing to continue contributing to CMT. In 2019, eight employees were above the age of 62.

Ethics and Integrity

CapitaLand adopts a strong stance against bribery and corruption. In addition to complying with clear guidelines and procedures regarding the giving and receipt of corporate gifts, all employees are required to pledge their commitment to CapitaLand's core values, which includes upholding the highest standards of integrity.

CapitaLand has established a whistle-blowing policy and other procedures to provide employees and business partners with well-defined, accessible and trusted channels for reporting suspected fraud, corruption

SUSTAINABILITY MANAGEMENT

dishonest practices or other workplace improprieties. The whistle-blowing policy and procedures also allow for the independent investigation of any reported incidents and appropriate follow-up action, while assuring whistle blowers of protection from reprisals.

CapitaLand upholds a strict policy on ethical business conduct, which deals with issues such as confidentiality, conduct and work discipline, corporate gifts and concessionary offers. Clear policies and guidelines on how to handle workplace harassment and grievances are also in place. CapitaLand's policies have helped to detect and prevent occupational fraud primarily in three ways:

First, we offer fair compensation packages, based on practices of pay-for-performance and promotion based on merit to our employees. We also provide various healthcare subsidies and financial assistance schemes to alleviate the common financial pressures our 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.

Finally, we seek to build and maintain the right organisational culture through CapitaLand's core values, educating our employees on good business conduct and ethical values.

To instill CapitaLand's core values and principles, new hires are encouraged to undergo the CapitaLand Immersion Programme which includes a mandatory module on anti-corruption policies and procedures. Employees are retrained on how the core values and principles can apply to their daily work.

Occupational Health and Safety (OHS)

CMT strives to achieve zero work-related injuries resulting in employee permanent disability or fatality by adopting stringent OHS practices. Employees are expected to take ownership of OHS issues, and proactively report all

OHS-related incidents alongside non-compliance and non-conformities. CMT regularly monitors the operations to control workplace safety risks and strives to eliminate or minimise them through various measures. Hazards Identification and Risk Assessments are reviewed annually or when appropriate. OHS hazards are identified for the administration, development and operational functions of the business and risks are assessed. Standard operating procedures are in place to minimise the occurrence of such hazards.

In 2019, we reported a staff absentee rate of 7.8 days and zero work-related fatality or permanent disability. There were three work-related injuries recorded during the year. The injured employees have since returned to work and safety measures and standard operating procedures have been reviewed and tightened.

Employee Well-Being

CapitaLand aims to provide a safe work environment that contributes to the general well-being of its employees.

In Singapore, this is carried out through a Total Well-Being Programme to promote health and well-being of all employee. CMT supports the programme by engaging its workforce through regular health and recreational activities, as well as brainstorming workshops. We also have a flexible work arrangement policy that permits flexible work hours, working from home or part-time work arrangements for our workforce.

In 2019, activities such as complimentary health screenings, free flu vaccinations and health-related activities were organised to encourage a well-balanced and healthy lifestyle among employees. Recreational activities included the CapitaLand Family Day, a durian feast and an annual dinner party. Yoga and Zumba classes were also organised to promote an active lifestyle. Tips on healthy living and effective exercise were published through CapitaLand's intranet. In May, CMT supported the annual national campaign, 'Eat with Your Family Day', by encouraging employees to leave their offices earlier to dine with their families.

	2017	2018	2019
Number of work-related injuries	2	3	3
Work-related fatalities/permanent disabilities	0	0	0
Absentee rate (Days per employee per year)	6.8	7.5	7.8
Severity rate	5.0	56.3	5.3
Lost day rate	10	169	16

SOCIAL AND RELATIONSHIP CAPITAL

Stakeholder Engagement

Our stakeholders are key to CMT's long-term success. The Manager and Property Managers engage stakeholders regularly to identify and review material issues which could have significant impact to CMT's business and operations. The interactions yield valuable information that facilitate our ongoing efforts to improve the portfolio performance.

Stakeholders are those who are most directly impacted by, or most directly impact our operations. Our stakeholders comprise shoppers, tenants, investors, employees, suppliers and communities.

We seek to maintain effective communications with our stakeholders and build lasting partnerships through multiple engagement channels outlined in the tables on page 91 and 92.

Stakeholder Engagement



SHOPPERS

Description

To understand our shoppers' needs and improve the appeal of our malls

Engagement methods

- Marketing and promotional events
- Loyalty programmes
- Online and mobile platforms
- Social media
- Shopper survey
- Focus group study

Key topics

- Omni-channel shopping
- Experiential shopping
- New retail concepts
- Family-friendly facilities
- Easy access to public transport



TENANTS

Description

To understand our tenants' needs and concerns as well as help drive shopper traffic to our malls

Engagement methods

- Informal tenant gatherings
- Tenant shop openings
- Biz+ Series events
- Joint promotions and strategic partnerships
- Green leases
- Value added initiatives by centralisation and leveraging technology
- Tenant satisfaction survey

Key topics

- Open new shops or malls
- Learn from successful companies
- Share knowledge and keep abreast of market trends
- Enhance operational efficiency



INVESTORS

Description

To create an informed perception of CMT, manage investors' expectations and promote a positive investment environment

Engagement methods

- Annual general meetings
- SGXNet announcements
- Annual reports, webcasts, results briefings to analysts and media
- Website updates
- Roadshows, conferences and meetings
- Tours of CMT's properties

Key topics

- Business performance
- Business expectations and strategies
- Economic, social and environmental concerns

SUSTAINABILITY MANAGEMENT

Products and Services - Customer Health and Safety

Customer health and safety is prioritised at our properties to ensure pleasant shopping experiences for our customers. We constantly innovate and improve our operations by leveraging technology and collaborating with strategic partners.

In 2019, we implemented a robotic cleaning solution in four of our malls. Robotic cleaners are deployed after mall operating hours with pre-mapped routes to perform general floor cleaning. There is no disruption to shoppers and tenants and productivity improved with reduced reliance on manpower. We also embarked on Adroit, a 24/7 web based operations portal which

provides enhanced coordination and communication across our malls. The portal can be accessed by multiple mall users for various operations-related modules such as Vendor Assessment, Case Log, Tenant Survey, Operation Checklist, Vendor Work Management, Incident Reporting and Pandemic Flu Checklist. The integrated online platform ensures that summary reports and various standard operating procedures and checklists can be streamlined, referenced and extracted with ease. The annual Tenant Survey, for instance, tracks the satisfaction levels of tenants operating within the portfolio. It provides Property Managers valuable insights into areas where improvements can be introduced.



EMPLOYEES

Description

To develop a high performance work culture that embraces diversity and teamwork

Engagement methods

- Informal and formal staff communications
- Recreational and team building activities
- Employee engagement surveys
- Performance appraisals
- Training courses

Key topics

- Communicate business strategies and developments
- Reward and recognition
- Training and development
- Employee wellness



SUPPLIERS

Description

To be a fair and reasonable buyer of goods and services and share industry best practices

Engagement methods

- Term contractor / vendor evaluation system
- Standard operating procedures, guidelines and house rules for compliance
- Share CapitalLand's EHS policy with suppliers
- Share CapitalLand Supply Chain Code of Conduct with suppliers
- Collaborate with suppliers to manage EHS challenges

Key topics

- Fair and reasonable treatment
- Ensure alignment with EHS objectives



COMMUNITIES

Description

To contribute to the communities in which we operate

Engagement methods

- Employee volunteerism
- Collaboration with CapitaLand Hope (CHF) Foundation to donate to non-profit organisations
- Management of ESG issues
- Corporate social responsibility programmes

Key topics

- Philanthropy
- Environment

Our Community

During the year, we collaborated with non-profit and government organisations to promote healthy living, environmental sustainability and community causes through activities at our malls.

CapitaLand is a strong advocate of volunteerism and was one of the first companies to formalise three days of Volunteer Service Leave (VSL) for its employees. In recognition of our employee's social contribution, CapitaLand Hope Foundation (CHF), the philanthropic arm of CapitaLand, donates S\$500 to an approved Institution of a Public Character in Singapore or international non-profit organisation when the three days of VSL are utilised within the year.

Community Involvement

JWalkers

To promote healthy lifestyle through mall-walking to residents and patients living in the west, J-Walkers, the first mall-walking activity in Singapore was launched in partnership with Ng Teng Fong General Hospital. Over 300 participants brisk walked along a 2 km route via the J-Walk elevated pedestrian network along Westgate and IMM Building.

National Heritage Board Founders' Memorial Showcase

IMM Building hosted the launch of the Founder's Memorial Exhibition by National Heritage Board in November, before it travelled to various locations across Singapore. The Founders' Memorial, which honours Singapore's pioneer leaders, is slated to open in 2027 in the Marina Bay area. The exhibition showcased 3D models of the proposed designs, and invited Singaporeans to vote for their favourite design through an online portal.



Snow Fun House at Plaza Singapura

Snow Fun House

To celebrate the year-end holidays, Plaza Singapura presented PS Snow Fun House, a two-storey snow

chamber with sub-zero temperatures. Visitors were encouraged to snap photos and post them on Instagram with the hashtags #PSSnowHouse and #CapitaLandHopeFoundation, where S\$5 will be donated for every hashtag used. Capitaland Hope Foundation, the philanthropic arm of CapitaLand, raised S\$3,450 in support of Care Corner Singapore.

SG Cares

'Celebrating Our Culture of Care' by MediaCorp SG Cares was officially launched at JCube. The event served to build a stronger community while encouraging all who live in Singapore to extend a helping hand to those in need. Shoppers engaged in fun craft activities, a special augmented reality experience and pledged their support towards building a more caring community through a mural made out of over 400 hand-painted sail boats.



Arts in the City: We Love Singapore in Raffles City Singapore

Arts in the City: We Love SINGApore

Raffles City Singapore, in collaboration with Singapore Kindness Movement, celebrated Singapore's 54th Birthday and commemorated the Singapore Bicentennial with 'Arts in the City: We Love SINGApore'. Fronted by the iconic Singa the Lion, the campaign featured a host of activities, including a public exhibition of 200 individually-decorated Singa the Lion figurines. President Halimah Yacob, Mr Lee Chee Koon, President & Group CEO of CapitaLand Group and Director for CHF, and Dr William Wan, General Secretary of the Singapore Kindness Movement, were present to launch the campaign. CHF donated S\$300,000 to benefit six charities under President's Challenge 2019 through this exhibition.

Clean & Green Singapore

Co-organised by the National Environment Agency and South West Community Development Council, Westgate hosted segments of the Clean & Green Singapore carnival including workshops and exhibits to inspire shoppers to care for the environment by incorporating clean, green and sustainable habits into their lifestyle to fight climate change.

SUSTAINABILITY MANAGEMENT

MATERIAL TOPICS AND BOUNDARIES

Material topics (GRI 102-47)	Topics Boundary: Internal and External	Management Approach References (GRI 103)
Economic		
Economic Performance	CMT	Financial Capital, page 78
Indirect Economic Impacts	CMT, Communities	Manufactured Capital, page 84 - 86 Social and Relationship Capital, page 93
Anti-corruption	CMT, Investors, Tenants, Shoppers, Communities	Organisational Capital, page 76, 78, Human Capital, page 89 - 90
Environmental		
Energy	CMT, Suppliers	Environmental Capital, page 76, 80 - 86
Water	CMT, Suppliers	
Emissions	CMT, Suppliers	
Effluents and Waste	CMT, Suppliers	
Environmental Compliance	CMT, Suppliers	
Supplier Environmental Assessment	CMT, Suppliers	
Social		
Employment	CMT	Human Capital, page 86 - 90
Labour/Management Relations	CMT	Human Capital, page 89
Occupational/Health and Safety	CMT	Human Capital, page 90
Training and Education	CMT	Human Capital, page 89
Diversity and Equal Opportunity	CMT	Human Capital, page 86 - 87
Non-discrimination	CMT	Human Capital, page 86 - 87
Child Labour	CMT	Human Capital, page 86 - 87
Forced or Compulsory Labour	CMT	Human Capital, page 86 - 87
Human Rights Assessment	CMT, Suppliers	Human Capital, page 86 - 87, 90
Local Communities	CMT, Communities	Environmental Capital, page 79 Human Capital, page 90 Social and Relationship, page 91 - 93
Supplier Social Assessment	CMT, Suppliers	Manufactured Capital, page 86 Human Capital, page 90
Customer Health and Safety	CMT, Tenants, Suppliers and Communities	Manufactured Capital, page 86 Human Capital, page 90 Social and Relationship Capital, page 92
Marketing and Labelling	CMT, Tenants	Organisational Capital, page 78
Customer Privacy	CMT, Tenants, Shoppers, Investors	Organisational Capital, page 78
Socioeconomic Compliance	CMT, Investors	Organisational Capital, page 76, 78 Human Capital, page 89 - 90

GRI CONTENT INDEX

GRI Standards Content Index for 'In accordance' - Core

GRI Standards	Disclosure Title	Page Reference and Remarks
General Disclosures		
102-1	Organisation's name	CapitaLand Mall Trust
102-2	Primary brands, products, and services	Corporate Profile, Inside Front Cover
102-3	Location of headquarters	Corporate Information, Inside Back Cover
102-4	Location of operations	Corporate Profile, Inside Front Cover Property Portfolio, page 22 - 23
102-5	Ownership and legal form	Trust Structure/Organisation Structure, page 30
102-6	Markets served	Corporate Profile, Inside Front Cover
102-7	Scale of the organisation	Corporate Profile, Inside Front Cover
102-8	Workforce figures	Human Capital, page 86, 88
102-9	Organisation's supply chain	Manufactured Capital, page 76 - 77, 86 Social and Relationship Capital, page 92
102-10	Significant changes during the reporting period	No significant changes
102-11	Report whether and how the precautionary approach or principle is addressed by the organisation	Environmental Capital, page 75 - 76, 79 - 80
102-12	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes	Introduction, page 74, 76 Organisational Capital, page 78 Manufactured Capital, page 86 Human Capital, page 86 - 87, 89
102-13	Memberships of associations and national or international advocacy organisations	Introduction, page 74, 76 Organisational Capital, page 78 Manufactured Capital, page 86 Human Capital, page 86 - 87, 89
102-14	Statement from senior decision-maker	Message to Unitholders, page 12 - 19
102-15	Description of key impacts, risks, and opportunities	Organisational Capital, page 78 Environmental Capital, page 79 - 80 Human Capital, page 90 Social and Relationship Capital, page 91 - 93
102-16	Organisation's values, principles, standards and norms of behaviour	Corporate Profile, Inside Front Cover Corporate Governance, page 32 - 63 Enterprise Risk Management, page 64 - 67 Introduction, page 74 Organisational Capital, page 78
102-18	Governance structure	Corporate Governance, page 32 - 63 Sustainability Commitment, page 74
102-40	List of stakeholder groups	Social and Relationship Capital, page 91 - 92
102-41	Collective bargaining agreements	Human Capital, page 89
102-42	Identifying and selecting stakeholders	Environmental Capital, page 79 Human Capital, page 86 Social and Relationship Capital, page 91 - 92

SUSTAINABILITY MANAGEMENT

GRI Standards	Disclosure Title	Page Reference and Remarks
General Disclosures		
102-43	Approach to stakeholder engagement	Environmental Capital, page 76, 79 Human Capital, page 77, 90 Social and Relationship Capital, page 91 - 92
102-44	Key topics and concerns raised through stakeholder engagement	Materiality, page 75, 94 Human Capital, page 90 Social and Relationship Capital, page 91 - 92
102-45	Entities included in the organisation's consolidated financial statements	Introduction, page 724
102-46	Defining report content and topic Boundaries	Introduction, page 74
102-47	List of material topics	Materiality, page 75, 94
102-48	Effect of any restatements of information provided in previous reports	Restated 2018 data for Energy Usage, Carbon Emissions and Water Usage
102-49	Significant changes from previous reports in the material topics and boundaries	No significant changes in reporting
102-50	Reporting period	Introduction, page 74
102-51	Date of previous report	FY 1 January to 31 December 2018
102-52	Reporting cycle	Annual
102-53	Contact point	ask-us@cmt.com.sg
102-54	Claims of reporting in accordance with GRI Standards	In accordance with Core
102-55	GRI Content Index	GRI Content Index, page 95 - 98
102-56	Assurance	We have not sought external assurance on this report specifically. Our Sponsor seeks assurance and data is shared between the two entities
Topic-Specific Standards		
Management Approach		
103-1	Explanation of the material topic and its boundary	Materiality, page 75 - 77, 92
103-2	The management approach and its components	Page 74 - 80, 86 - 87, 89, 91 - 92
103-3	Evaluation of the management approach	Page 74 - 80, 86 - 87, 89, 91 - 92
Economic Performance		
201-1	Direct economic value generated and distributed	Message to Unitholders, page 12 - 19 Financial Review, page 116 - 119 Financial Statements, page 157 - 249
Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	Environmental Capital, page 80 - 82, 84 - 85 Social and Relationship Capital, page 91 - 93

GRI Standards	Disclosure Title	Page Reference and Remarks
Topic-Specific Standards		
Anti-corruption		
205-1	Risk assessment for corruption	Corporate Governance, page 58 - 59 Enterprise Risk Management, page 65 Organisational Capital, page 78
205-2	Communication and training on anti-corruption policies and procedures	Organisational Capital, page 78 Human Capital, page 87
205-3	Incidents and action taken	Organisational Capital, page 76
Energy		
302-1	Energy consumption within the organisation	Environmental Capital, page 76, 81
302-3	Energy intensity	Environmental Capital, page 76, 81
302-4	Reduction of energy consumption	Environmental Capital, page 76, 81
Water		
303-5	Water consumption	Environmental Capital, page 82
Emissions		
305-2	Energy indirect (Scope 2) GHG emissions	Environmental Capital, page 80 - 81
305-4	GHG emissions intensity	Environmental Capital, page 80 - 81
305-5	Reduction of GHG emissions	Environmental Capital, page 80 - 81
Effluents and Waste		
306-1	Total water discharge by quality and destination	Environmental Capital, page 82
306-2	Waste management	Environmental Capital, page 82
Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	None reported during the reporting period
Supplier Environmental Assessment		
308-1	New suppliers screened using environmental criteria	Manufactured Capital, page 86
Employment		
401-1	New hires and employee turnover	Human Capital, page 87 - 88
401-3	Parental Leave	Human Capital, page 89
402-1	Notice period regarding operational changes	Human Capital, page 89
404-1	Average hours of training	Human Capital, page 89
404-2	Employee skills upgrade and transition assistance programmes	Human Capital, page 89
404-3	Performance and career development reviews	Human Capital, page 89
Occupational Health & Safety		
403-1	Occupational health and safety management system	Human Capital, page 90
403-2	Hazard identification, risk, assessment, and incident investigation	Environmental Capital, page 79

SUSTAINABILITY MANAGEMENT

GRI Standards	Disclosure Title	Page Reference and Remarks
Topic-Specific Standards		
Occupational Health & Safety		
403-3	Occupational health services	Human Capital, page 90
403-4	Worker participations, consultation, and communication on occupational health and safety	Human Capital, page 90 During the year, the unions did not express any concerns on staff health and safety issues as the CapitaLand OHS management system is externally audited
403-5	Worker training on occupational health and safety	Environmental Capital, page 79
403-6	Promotion of worker health	Human Capital, page 90
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Environmental Capital, page 79 Human Capital, page 90
403-8	Workers covered by an occupational health and safety management system	Environmental Capital, page 79 Human Capital, page 90
403-9	Work-related injuries	Human Capital, page 90 Zero workplace fatality and high consequences incident (permanent disability) for 2019
Diversity and Human Rights		
405-1	Diversity of governance bodies and employees	Human Capital, page 86 - 87, 89
406-1	Incidents of discrimination and corrective action taken	Human Capital, page 87
408-1	Operations and suppliers at significant risk for incidents of child labour and measures taken to the effective abolition of child labour	Manufactured Capital, page 86 Human Capital, page 87
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour, and measures taken to eliminate it	Human Capital, page 86
412-1	Operations subjected to human rights reviews	Environmental Capital, page 79 Manufactured Capital, page 86 Human Capital, page 90
413-1	Operations with local community engagement, impact assessments, and development programmes	Environmental Capital, page 79 Human Capital, page 90 Social and Relationship Capital, page 93
414-1	Suppliers screened using social criteria	Manufactured Capital, page 86
Products and Services		
416-1	Health and safety impacts assessment of products and services	Environmental Capital, page 79 Human Capital, page 90 Social and Relationship Capital, page 92
416-2	Incidents of non-compliance	Human Capital, page 90
413-1	Operations with local community engagement, impact assessments, and development programmes	Environmental Capital, page 76, 79 - 82 Social and Relationship Capital, page 91 - 93

UNITED NATIONS GLOBAL COMPACT

10 Principles of the UN Global Compact

Principles		Page Reference
Human Rights		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights	77, 86 - 87
Principle 2	Make sure that they are not complicit in human rights abuses	
Labour		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	77, 86 - 87, 89
Principle 4	Elimination of all forms of forced and compulsory labour	
Principle 5	Effective abolition of child labour	
Principle 6	Elimination of discrimination in respect of employment and occupation	
Environment		
Principle 7	Businesses should support a precautionary approach to environmental challenges	76, 77, 79 - 85, 92
Principle 8	Undertake initiatives to promote greater environmental responsibility	
Principle 9	Encourage the development and diffusion of environmentally friendly technologies	
Anti-Corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery	76, 78, 89 - 90

INDEPENDENT RETAIL MARKET OVERVIEW

At the point of writing, Cistri notes the ongoing COVID-19 outbreak. We also note the Singapore Government's response to this outbreak through the 2020 Budget, which includes support for businesses and workers in the tourism and retail sectors. Given the timing of preparation of this report and the fluid nature of events, the forecasts in this report have not been adjusted to reflect the potential impact of the COVID-19 outbreak.

ECONOMIC GROWTH

The global economy continued a path of stable growth through 2019. The USA has sustained the year-on-year economic growth that it experienced since the 2009 financial crisis, and the country achieved historic lows in unemployment rates. Similarly, the European Union (EU) maintained steady moderate economic growth in 2019. China's economic growth remained strong for a large economy at around 6.1% year-on-year.

Nevertheless, various political uncertainties have weighed down on global economic sentiment. Trade tensions between the USA and China persisted in 2019 as both countries continued raising tariffs on each other's exports. While the two countries stopped imposing additional tariffs on each other in December 2019 and have signed a Phase 1 trade deal, more work is required to fully resolve their trade tensions and the issues underpinning them. Most of the tariffs previously imposed are still in place. Given that the USA and China are two of the world's largest consumer economies, and producers in both countries are highly intertwined in global supply chains, reduced export production in both countries due to the trade war impacts many other countries. Trade disputes have also arisen between other nations, such as between the USA and Europe, and between Japan and South Korea.

Beyond trade disputes, Brexit will continue to be another source of uncertainty. Until trade negotiations between the United Kingdom (UK) and EU conclude, it remains to be seen what the British economy will look like post-Brexit for consumers and businesses, particularly those with direct UK interests.

Amidst the ongoing uncertainty, governments across the world have taken steps to support their economies. Both the USA and China have implemented fiscal and monetary policies to limit the impact of tariffs on their export competitiveness and economic performance. Meanwhile, the European Central Bank restarted quantitative easing in November 2019. These measures aim to prop up economic sentiment in an uncertain environment.

As Singapore's economy depends heavily on global trade and finance, it has been affected by this global economic uncertainty. Singapore clocked 0.7% year-on-year real GDP growth in 2019. This is lower than the previous year's GDP growth rate of over 3%. Nonetheless, it is encouraging to note that Singapore still managed to avoid a technical recession in 2019 despite the global economic pressures.

The Ministry of Trade and Industry forecasts economic growth in 2020 to range between -0.5% and 1.5%. Despite the short-term economic challenges, the Singapore Government has several tools at its disposal to prevent a significant economic downturn. In the near term, it has the fiscal and monetary capacity to support economic growth if necessary. Furthermore, the Singapore Government has a strong track record in astute management of the economy. The Singapore Government is maintaining its focus on micro-economic reforms (upskilling workers, supporting industry restructuring etc.), which ensure productivity and wage growth, and also support consumers' incomes and spending power.

In summary, we expect a challenging short-term economic environment. However, given the Singapore Government's focused long-term strategy and the policy levers it has, we remain cautiously optimistic about Singapore's longer-term economic outlook.

INFLATION

A lack of inflation continues to affect the retail market in Singapore. Historically, inflation has allowed for price growth in most retail categories, supporting sales and rental growth. However, inflation has been extremely low in recent years, posing challenges to retailers and mall owners alike.

Year-on-year inflation in 2019 remained stable from the previous year, measuring around 0.6%. Supporting price growth were the food retail, F&B, healthcare and education sectors. Offsetting these were lower price growth in the utilities and accommodation sectors, due to the launch of the Open Electricity Market and gradual decline in housing rentals respectively. Apparel inflation also entered negative territory after positive price growth in 2018.

Looking forward, a MAS survey of professional forecasters in December 2019 estimated inflation for 2020 to range between 0.5% and 0.9% per annum. We have seen inflation projections consistently being adjusted downwards through the year, so we expect actual inflation to be at the lower end of this range. We note that an additional one-off boost to inflation could come through the proposed Goods and Services Tax increase between 2022 and 2025.

POPULATION

In 2019, Singapore had a population of around 5.7 million. The proportion of residents (i.e. citizens and permanent residents) remained stable from the previous year at around 70%. The remaining 30% or 1.7 million comprises non-residents, mostly white-collar and blue-collar foreign workers.

Total population grew by 1.2% year-on-year. This is an improvement from 2017-2018, when the construction and transport engineering sectors experienced a downturn and population grew by under 1% per annum. Both residents and non-residents contributed to population growth in 2019, and amongst non-residents, both white-collar and blue-collar Work Permit holders rose in numbers. Going forward, the total population is projected to grow to approximately 6.1 million by 2024. This translates into an average annual growth rate of around 1.2% per annum.

Low fertility rates and an ageing population continue to keep resident population growth subdued. The life expectancy of Singapore residents is around 84 years as at 2017, one of the highest life expectancies globally. The fertility rate among resident females has remained under 1.2, well below the replacement rate of 2.1 needed to maintain population stability without immigration. To address this, the Singapore Government has introduced various policies and incentives to encourage childbirth and help families manage childcare costs. These include the removal of the age limit of 45 for women undergoing in-vitro fertilisation treatments, and additional subsidies for pre-school education aimed at lower-income families.

Measures to encourage family formation amongst locals remain crucial for sustainable long-term population growth, even as Singapore relies on immigration in the short-term. The Singapore Government remains committed to raising worker productivity across the economy to reduce the number of blue-collar foreign workers. We expect this to have minimal impact on the retail market given the limited contribution of these

workers towards the overall market. Continued population growth among locals and white-collar expatriates will be key to supporting future retail market growth.

TOURISM

Tourist visitation to Singapore continued to hit record highs in 2019. 19.1 million international visitor arrivals were recorded – an increase of 3.3% over 2018. China and Indonesia have remained the top sources of international visitor arrivals. The number of tourists from China continued growing strongly, rising by 6.1% year-on-year to 3.6 million, while the number of visitors from Indonesia grew by 2.9% to 3.1 million.

The Formula One Grand Prix was one of the main highlights in Singapore's 2019 tourism calendar. With its strong international music and entertainment line-up supporting the main race, the 2019 Grand Prix attracted 268,000 attendees over three days and was the second largest since the inaugural event in 2008. In addition, some hotels reported an uptick in visitation from business travel groups and conferences switching venues from Hong Kong to Singapore due to unrest in the former.

However, tourist spending has not grown in tandem with tourist arrivals. Total tourism receipts in the first three quarters of 2019 fell by 0.5% year-on-year to reach SGD 20.5 billion, which implies a fall in spend per visitor. This reflects the increasing proportion of middle-class tourists from emerging economies amongst visitors to Singapore. Growth in tourist visitation from emerging economies, particularly from China and India, is a common trend across many Southeast Asian destinations.

Moving forward, the Singapore Government has ambitious long-term plans to significantly boost tourism in Singapore. These plans include investments in infrastructure and new attractions, including Changi City and Terminal 5, Sentosa-Brani, the expansion of Integrated Resorts, Jurong Lake District, and the upcoming Mandai eco-tourism hub.

In addition, the Singapore Tourism Board is collaborating with the private sector to market Singapore as a tourist destination. 2019 saw the Board establish partnerships with Alibaba and Traveloka to enhance marketing and visitor experiences for Chinese and Southeast Asian inbound travellers respectively. A partnership with Royal Caribbean aimed at boosting the fly-cruise tourism business was also launched. All of these plans demonstrate the Singapore Government's commitment to continue growing Singapore's tourism sector.

INDEPENDENT RETAIL MARKET OVERVIEW

RETAIL SALES

Shopping centre owners and retailers alike have felt the combined impact of falling retail spending by residents and tourists amidst an uncertain economic environment, and a lack of inflation in the retail sector. Nominal retail sales (excluding motor vehicles and petrol but including F&B) in 2019 were barely changed from 2018 in spite of higher population growth.

The weakness in sales growth has been broad-based. While homewares and consumer electronics have been the hardest hit, sales also declined across other discretionary categories such as recreational goods, jewellery and department stores. Nevertheless, there were some bright spots. The apparel category recorded nominal sales growth despite slower price growth. The F&B category has also performed well, recording year-on-year sales growth of around 3%. This coincides with mall owners' efforts to enhance retail experiences by introducing new dining brands and concepts.

Online retailing has continued to grow in Singapore. Its share of total retail sales is estimated to range between 5% and 7% for 2019 according to data from SingStat. While cross-country comparison is challenging due to geographical differences in calculation methods, the available data suggests that e-commerce penetration in Singapore is still low by global standards. In contrast, in more mature markets like the UK and USA, most estimates for online retail share of retail sales are above 10%.

As the growth in the retail market slows, brands that do not adapt adequately to changing consumer preferences will find it more challenging to survive. 2019 unfortunately saw a number of retail store closures. Some of these were due to brands exiting Singapore as part of their international restructuring initiatives. This was the case for brands like Sasa, Crabtree & Evelyn and Jack Wills. Other closures were part of brands' efforts to streamline their physical retail presence. Examples include the closures of Crate & Barrel's Orchard Gateway flagship store, Isetan's Westgate store and Metro's flagship outlet at The Centrepoint.

Nevertheless, international brands remain interested in the Singapore market. Foreign brands continued to open new outlets in Singapore in 2019, notably popular food chains such as Shake Shack in Jewel Changi Airport, Burger & Lobster in Jewel Changi Airport and Raffles Hotel Arcade, and Five Guys in Plaza Singapura. In the non-food retail space, new entrants include fashion retailer Pomelo at 313@Somerset and British bicycle

brand Brompton Bike at Funan. French sporting goods retailer Decathlon also continued its expansion, and will replace Metro as the anchor tenant in The Centrepoint. The new Decathlon store will have experiential features for shoppers such as an augmented reality environment for trying products and Zumba and Yoga classes. Online-native retail brands are also growing their physical presence, with new store openings by businesses such as Love, Bonito and All Would Envy at Funan.

Notwithstanding the rebound in population growth, Cistri has moderated our retail sales growth forecast to around 2.0% per annum over the next three years in view of the lack of inflation in the market, as well as weak consumer confidence and economic sentiment.

RETAIL SUPPLY

Retail Supply Outlook

Cistri's retail floor space projections include announced retail projects, allowances for unannounced future projects, as well as allowances for obsolescence. Supply forecasts for announced projects are based on the Urban Redevelopment Authority's (URA) commercial projects pipeline and developers' intentions.

We estimate total retail floor space for Singapore at the end of 2019 to be around 66.7 million sq ft net lettable area (NLA). 2019 saw the largest amount of new floor space entering the market since 2013-2014. Major completions were Jewel Changi Airport (576,000 sq ft), PLQ Mall (341,000 sq ft), and Funan (320,000 sq ft), a redevelopment project.

The proportion of retail floor space in a shopping centre format was approximately 54% in 2019. Going forward, this figure is expected to increase marginally to approximately 55% by 2024. Including both mall and non-mall space, total retail floor space is expected to increase to around 69.4 million sq ft over the next five years. This translates into an average growth rate of around 530,000 sq ft or 0.8% per annum. In the next five years, many of the upcoming new openings will be in the form of ancillary retail rather than full-fledged malls. We do not anticipate any new shopping centre openings larger than 200,000 sq ft over this period. We believe the moderation in the pace of supply growth post-2019 will benefit the market, as supply growth has outpaced sales growth in recent years.

Among the new shopping centres planned, most will be in the suburban and central fringe areas in line with the continued decentralisation of retail and residential development across Singapore. Notable upcoming

projects include Woodleigh Mall (100,000 sq ft) and the anticipated retail component of the Punggol Digital District known as 'Market Village' (140,000-150,000 sq ft). Some of the upcoming retail supply will also be in the form of New Generation Neighbourhood Centres by the Housing & Development Board (HDB). These centres will be built in towns like Sembawang, Punggol and Sengkang, and will combine retail and community facilities.

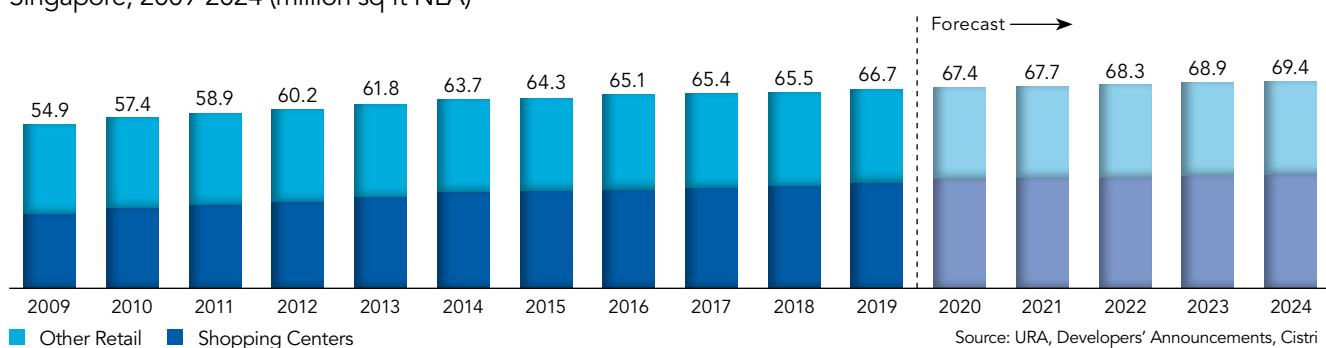
Several other locations identified for development under URA's 2019 Master Plan provide potential for additional new retail development. These include the Woodlands

Regional Centre, Changi Gateway, the Greater Southern Waterfront, Tengah and Bidadari, as well as tourist destinations like Sentosa-Brani, Jurong Lake District and the Mandai eco-tourism hub.

Further, the white sites in Marina View, Woodlands and Kampong Bugis on URA's Government Land Sales (GLS) Reserve List also provide opportunities for mixed-use developments with retail components. Development on these sites will depend on the submission of a satisfactory bid to trigger a tender process, meaning development is likely to still be a few years away.

Retail Floor Space Supply

Singapore, 2009-2024 (million sq ft NLA)



Mixed-Use Developments

Mixed-use development can play a key role in enhancing the value of a place. Offering diversity of uses in one location can attract a larger and more varied base of visitors, helping to generate vibrancy and contributing to the long-term viability of the destination. In particular, retail developments benefit from being part of mixed-use precincts, as other non-retail uses provide captive on-site markets that contribute to retail sales.

In recognition of this, several property companies in Singapore have redeveloped retail malls into integrated mixed-use developments that incorporate offices, hotels or residences. Examples include Tekka Place (retail and serviced residence), 9 Penang Road (retail and office) and Funan (retail, office and coliving). Cistri has found that co-location with offices and hotels can be particularly beneficial to retail developments due to the high population density and local spend capture rates of office workers and tourists.

In Singapore, the Singapore Government plays a key role in influencing mixed-use development as the majority landowner. In 2019, URA introduced the Central Business

District (CBD) Incentive Scheme to encourage mixed-use development in designated parts of the CBD through conversion of older office developments. Under this scheme, eligible redevelopment projects can qualify for higher Gross Plot Ratios, allowing greater intensification of land use. On top of this, URA also implemented the Strategic Development Incentive Scheme, which can help to promote mixed-use development in other areas deemed by the Singapore Government as strategic areas (e.g. Orchard Road and Marina Centre). Developers participating in this scheme are encouraged to redevelop and revitalise existing commercial developments in the targeted areas. This could be through injecting new land uses, or incorporating high quality community spaces and cultural facilities into their redevelopment projects. In addition, the Singapore Government influences land development patterns and trends through land sales under GLS. In the last 10 years, the share of GLS sites designated for mixed-use developments has grown. Combining land sales by URA and HDB, 42% of total site area awarded under GLS was for mixed-use sites in 2019. This is more than five times the same figure in 2010, when just 8% of total site area awarded under GLS was for mixed-use sites.

INDEPENDENT RETAIL MARKET OVERVIEW

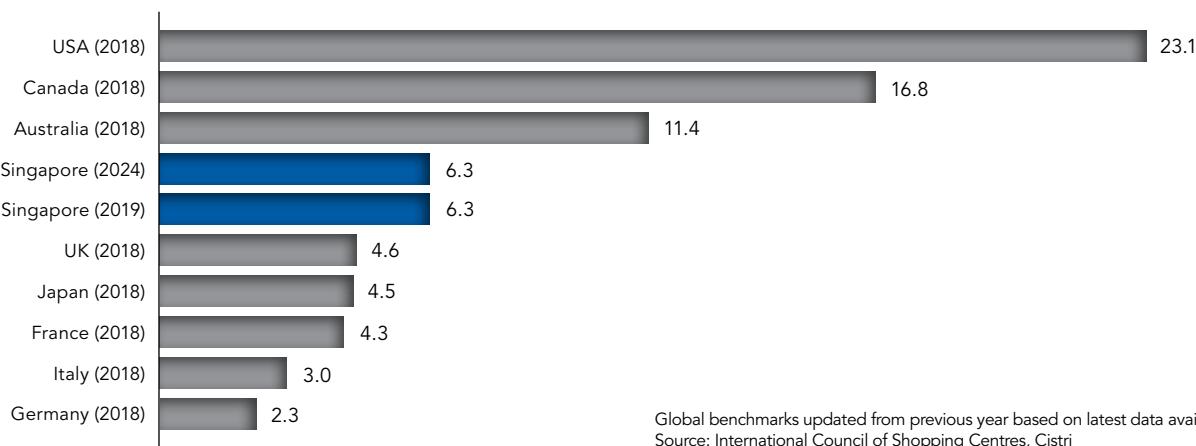
SHOPPING CENTRE FLOOR SPACE PER CAPITA

Cistri estimates the provision of shopping centre floor space per capita in Singapore to be approximately 6.3 sq ft NLA in 2019, and this is expected to remain stable to 2024. By global standards, Singapore's provision of shopping centre floor space per capita is moderate. The

main difference between Singapore and other markets in the region is that Singapore has fewer large malls. We estimate that shopping centres with NLA of 500,000 sq ft and above account for under 30% of total shopping centre floor space in Singapore. This share is higher in other cities in the region, such as Kuala Lumpur, Jakarta and Dubai.

Shopping Centre Floor Space Per Capita

Singapore vs. Various Countries, Based on Latest Available Data from ICSC (sq ft NLA)



MALL OWNERSHIP

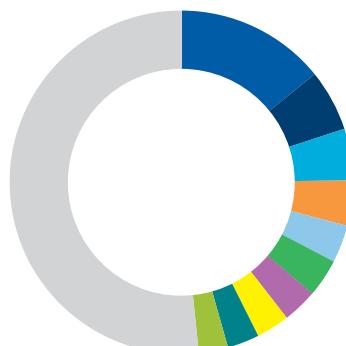
Several retail centres changed hands in 2019, including Chinatown Point, The Star Vista, Liang Court and Rivervale Mall. In spite of all these changes, CapitaLand Mall Trust (CMT) continued to be the largest owner of shopping centre floor space in 2019, owning 14.1% of shopping mall floor space with at least 100,000 sq ft NLA including the re-opened Funan. This share includes strata malls; if strata malls were excluded, CMT's floor space share would be closer to 15%.

Sponsor CapitaLand has also climbed into the list of top 10 owners with the opening of Jewel Changi Airport and the joint acquisition of Liang Court with City Developments Ltd. Other changes include Lendlease – which plays more of an asset management role for third party investors – replacing PGIM Real Estate in third place with the opening of PLQ Mall and PGIM Real Estate's sale of Liang Court.

Based on known forthcoming developments, we expect CMT's share of shopping mall floor space to remain stable at around 14% to 2024 (including strata malls).

Share of Major Shopping Mall Floor Space by Owner

Singapore, 2019



Source: Cistri

CapitaLand Mall Trust	14.1%	Frasers Centrepoint Trust	3.3%
NTUC Enterprise	5.8%	Changi Airport Group	3.1%
Lendlease	4.9%	United Industrial Corporation Limited	3.0%
PGIM Real Estate	4.2%	CapitaLand	2.8%
Far East Organisation	3.6%	Others	51.6%
Mapletree Commercial Trust	3.6%		

1 Malls (leasehold and strata) with NLA of 100,000 sq ft and above as at end 2019. Floor space shares accounts for ownership stakes.

2 Fund manager treated as single owner.

3 REITs and sponsors treated as separate owners. For example, Frasers Centrepoint Trust's floor space share excludes floor space owned by Frasers Property.

RETAIL RENTS & OCCUPANCY OUTLOOK

The Singapore retail market has endured several difficult years. During this time, retail floor space continued to increase while retail sales declined, causing sales productivity to fall. The decrease in sales productivity impacted retailers' profitability and lowered their appetite for floor space. This trend has flowed through to rents and occupancy – rents have declined as shopping centre owners have endeavoured to keep malls occupied.

However, occupancy has remained relatively healthy by global standards. Singapore's average retail occupancy of above 90% across all major regions would be considered a strong result in many Southeast Asian cities. In Singapore, the URA's control on supply and mall owners' relatively sophisticated approach to asset management have helped to sustain high occupancies. Owners know that having an occupied mall is more important than retaining higher than sustainable rents.

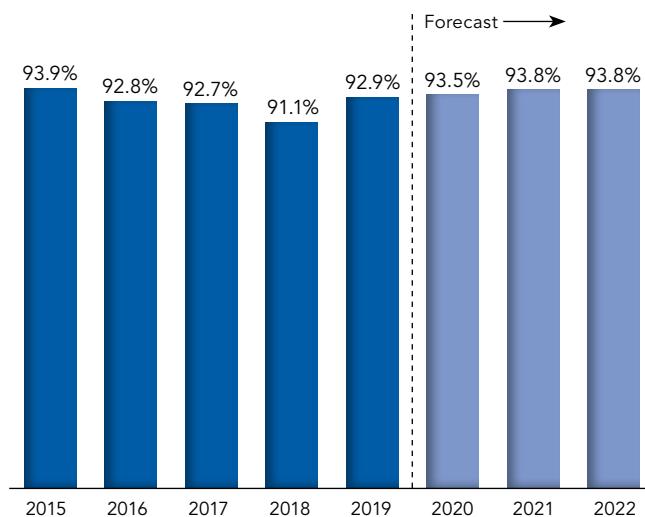
After a very weak start to the year, suburban rents have rebounded strongly towards the end of the year. Suburban rents increased by 3.3% year-on-year as at Q4 2019. However, this only reflects new leases struck for new malls such as Jewel Changi Airport and PLQ Mall, not necessarily an increase across the market. In the coming years, we expect rental growth in suburban areas to range around 1.0-1.5%. Meanwhile, limited upcoming supply across most parts of the country is expected to support continued occupancy growth.

Retail occupancy on Orchard Road has been affected by several store closures, including those of Crate & Barrel's Orchard Gateway flagship store and Metro Centrepark in the later part of the year. Nevertheless, Orchard Road continued modest growth in median rents following three consecutive years of rental decline in 2015-2017. We expect a modest uptick in rents and occupancy over the next three years.

Retail Occupancy Rate

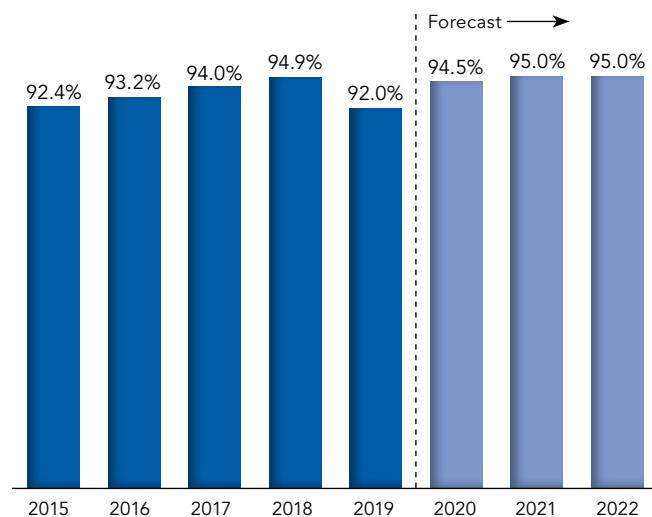
Singapore, 2015-2022

Suburban



Source: Urban Redevelopment Authority, Cistri

Orchard Road

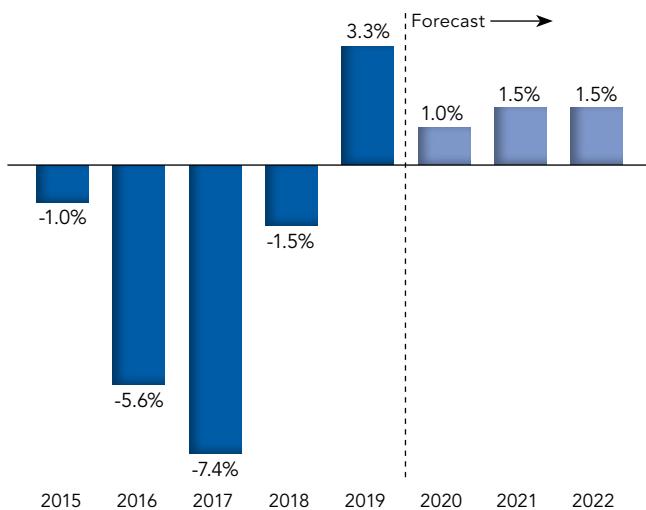


INDEPENDENT RETAIL MARKET OVERVIEW

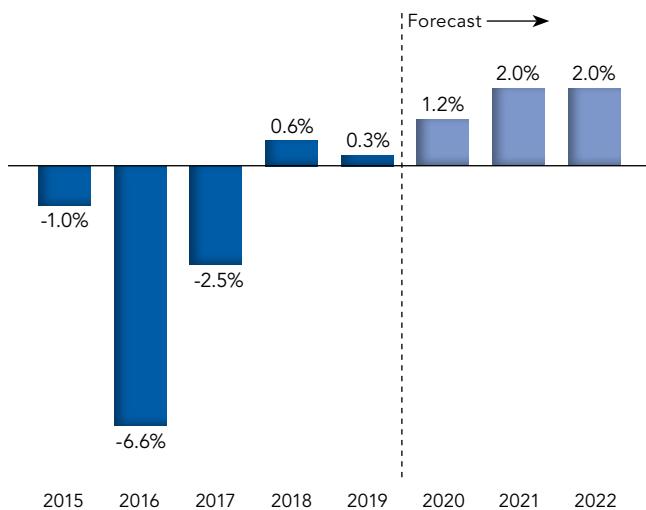
Median Retail Rental Year-on-Year Growth

Singapore, 2015-2022

Suburban



Orchard Road



Source: Urban Redevelopment Authority, Cistri

CONCLUSION

The retail market continues to work its way through what has been several difficult years. Growing floor space supply and falling retail sales have put retailers and mall owners under pressure. However, the market appears to have absorbed the additional supply gradually, and some positive signs are emerging. Several high-quality projects have opened over the past 12 months with relatively good occupancy, and across the market, rents have stabilised or even increased. In addition, estimates of e-commerce penetration in Singapore's retail market remain low by global standards, which is encouraging for bricks-and-mortar retailers.

To succeed in a competitive retail market, it remains important for retailers and mall owners to offer unique and enjoyable shopping experiences to shoppers. Several new malls are adapting to this by incorporating more experience-based tenants into their offering. Cistri's global benchmarking study of successful super regional malls has found that malls developed in the last 10 years have a higher proportion of leasable space dedicated to entertainment and F&B tenants than their older peers.

Another way by which mall owners are enhancing shopper experiences is by introducing unique attractions or placemaking features into their properties. The three major mall openings in Singapore in 2019 provide examples of this. Jewel Changi Airport has its famous Rain Vortex waterfall, Funan features a rock-climbing wall integrated with its Tree of Life centrepiece, and PLQ Mall

has a spacious, sheltered and landscaped outdoor plaza for al fresco dining and events. Convenience is another factor that will draw shoppers, and malls that are located near transport nodes and have good public transport accessibility stand to benefit from this.

While global macro-economic uncertainties and geopolitical risks remain, we remain optimistic about the long-term growth potential of the Singapore retail market, underpinned by its strong fundamentals. On the supply side, controlled floor space supply growth supports rental and occupancy performance. Meanwhile, demand for floor space continues to rise with an expanding middle-class population and historically strong tourism growth.

Furthermore, resident incomes have continued growing steadily and overall unemployment has remained low despite the economic headwinds – these are all encouraging factors for long-term local spending potential. More broadly, the Singapore Government is well-placed to create a stable operating environment for businesses, and activate the appropriate micro- and macro-economic policies to preserve consumer confidence. All these are important to encourage retail spending and the growth of retail businesses.

SINGAPORE REIT SECTOR OVERVIEW

S-REITs Performance

As at 31 December 2019, the FTSE ST Real Estate Index, FTSE ST Real Estate Investment Trusts (REIT) Index and

the Straits Times Index had risen by around 16.3%, 18.8% and 5.0% year-on-year respectively. The average distribution yield of Singapore real estate investment trusts (S-REITs) stood at around 5.7%, approximately 400 basis points higher than the Singapore Government 10-year bond yield of around 1.74%. REITs have proven popular amongst investors seeking yield in a low interest rate environment.

2019 saw the initial public offerings of two REITs and two business trusts in Singapore: Lendlease Global Commercial REIT, Prime US REIT, Eagle Hospitality Trust and ARA US Hospitality Trust. The latter three all focus on properties in the USA.

Several mergers and acquisitions also took place between Singapore-listed trusts. Ascott Residence Trust and Ascendas Hospitality Trust merged following CapitaLand's acquisition of Ascendas-SingBridge, while OUE Commercial REIT acquired OUE Hospitality Trust. In December 2019, Frasers Logistics & Industrial Trust and Frasers Commercial Trust also announced plans to merge. Some of these mergers primarily aim to streamline overlapping activities and achieve efficiencies, while others seek to diversify REITs' exposure to a wider range of asset classes or geographical markets and enhance portfolio resilience.

Regulatory Environment

The Singapore Government is studying ways to enhance Singapore's competitiveness as a REIT listing hub. In August 2019, the Monetary Authority of Singapore (MAS) concluded a month-long consultation on proposed amendments to regulatory requirements imposed on S-REITs. This includes the possibility of allowing higher leverage limits for S-REITs demonstrating good financial discipline. Specifically, MAS sought feedback on the following:

- The option of allowing a REIT's leverage to exceed 45% but not more than 50% if the REIT has a

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minimum interest coverage ratio of 2.5 times after accounting for interest payments arising from the new debt.

- The appropriateness of allowing a REIT that has demonstrated good financial discipline, such as by having an interest coverage ratio above the threshold of 2.5, to have a higher leverage (e.g. 55%).
- The appropriateness of using interest coverage ratios in combination with the leverage limit, or other alternative credit metrics, to assess and regulate REITs' level of gearing.

As part of the same consultation, MAS also sought industry views on removing several notification requirements as part of the fundraising process for REITs to make the process more efficient. MAS has yet to publish the outcome of this consultation.

Outlook for S-REITs

Governments across the world have returned to monetary easing in response to global economic uncertainties. To the benefit of REITs, this has helped to stem the rise in their borrowing costs. Should the leverage limit imposed on S-REITs be raised following MAS' consultation, S-REITs could also benefit from having greater balance sheet flexibility.

Fundamentally, the performance of REITs depends on the performance of their underlying assets and the economies where they are based. Singapore's economic outlook and political stability should remain moderately supportive of the performance of Singapore-based assets and the S-REITs that own them. Meanwhile, the performance of S-REITs exposed to foreign markets will depend on the economic and political situation in these foreign markets.

OPERATIONS REVIEW

SUSTAINABLE GROWTH AND IMPROVED FINANCIAL PERFORMANCE

CMT's long-term priority is to create value and maximise Unitholder returns. Keeping sight of our objective and core strategies, we continued to deliver healthy financial and operational performance during the year in review.

2019 was the year we were able to unlock the full value of Westgate after acquiring the balance 70.00% interest in Infinity Mall Trust, which holds the property (Acquisition).

Westgate



The Acquisition attests to a well-executed portfolio reconstitution strategy, which continues to underpin CMT's performance. Along with the asset enhancement initiatives for Westgate to enhance shopper experience which were completed in late 2018, the operational and financial performance of the mall has improved for financial year (FY) 2019.

Another key highlight in 2019 was the reopening of Funan after a three-year redevelopment programme. The new integrated development now comprises retail, office and coliving components. The coliving component was divested in October 2017.

COMMITTED OCCUPANCY

As at 31 December 2019:

99.9%

FY 2018: 99.4%

SHOPPER TRAFFIC

For FY ended 31 December 2019:

51.1 million

FY 2018: 48.6 million

NUMBER OF LEASES

As at 31 December 2019:

255

FY 2018: 252

CONTRIBUTION TO GROSS REVENUE

74.9 million

FY 2018: 11.2¹ million

CONTRIBUTION TO NET PROPERTY INCOME

53.8 million

FY 2018: 7.5¹ million

¹ Excludes contribution from Westgate from 1 January 2018 to 31 October 2018 as it was accounted for as a joint venture.

VALUE CREATION THROUGH DEVELOPMENT

In July 2016, CMT commenced the redevelopment of the former Funan DigitaLife Mall to maximise the full potential of the site and to create enhanced value for Unitholders.

Reopened in June 2019, Funan is positioned as a social retail platform featuring several firsts. The development is home to Singapore's first urban farm, first fully unmanned futsal facility and first theatre venue in a retail mall. Serving as an incubator for new retail concepts, Funan features a one-of-a-kind Tree of Life centrepiece with plug-and-play retail pods that host pop-up stores. To support the nation's car-lite movement and serve the office community in and

around Funan who cycles to work, Funan is also the first commercial development in Singapore to allow cycling through its building, complemented by a dedicated Bicycle Hub with end-of-trip amenities.

Since its opening, the reimagined Funan has grown from strength to strength, with close to full retail and office occupancy levels as at end-December 2019. The mall now houses over 200 brands, of which more than 30% are new-to-market brands, concepts or flagship stores, and over 60% are homegrown brands. Funan's average monthly shopper traffic is more than 70% higher than before the redevelopment.

Funan DigitaLife Mall

As at 31 December 2015



Funan (Retail & Office)

As at 31 December 2019



As at 31 December 2015:

Gross Floor Area	482,097 sq ft
Net Lettable Area	298,814 sq ft
Number of Leases	176
Number of Carpark Lots	338
Market Valuation	S\$367.0 million
Committed Occupancy	95.3%

As at 31 December 2019:

Gross Floor Area	767,281 sq ft
Net Lettable Area	
Retail	317,387 sq ft
Office	214,535 sq ft
Number of Leases	223
Number of Carpark Lots	404
Market Valuation	S\$775.0 million
Committed Occupancy	99.0%

OPERATIONS REVIEW

LEASE RENEWALS AND NEW LEASES

For 2019, CMT achieved a tenant retention rate of 83.0%, underscoring our continued collaborative partnerships with our tenants and proactive leasing management. On a portfolio basis, rental rates for lease renewals and

new leases registered an average increase of 0.8% in 2019 against preceding rental rates at the end of typical three-year leases. To remain relevant and appealing to our shoppers, refreshing and adjusting the tenant mix in each property are ongoing priorities at CMT.

Summary of Renewals / New Leases

From 1 January to 31 December 2019
(excluding newly created and reconfigured units)

Property	Number of Renewals / New Leases	Retention Rate %	Net Lettable Area (NLA)		Increase/(Decrease) in Current Rental Rates vs Preceding Rental Rates (Typically committed three years ago) %
			Area sq ft	Percentage of Property %	
Tampines Mall	52	82.7	132,068	37.1	1.1
Junction 8	61	85.2	104,614	41.2	1.2
IMM Building ¹	62	85.5	124,298	29.3	3.5
Plaza Singapura	64	78.1	130,808	27.0	1.5
Bugis Junction	98	91.8	214,138	54.0	1.7
Raffles City Singapore ¹	84	84.5	226,060	52.8	(0.1)
Lot One Shoppers' Mall	40	77.5	47,545	20.9	2.7
The Atrium@Orchard	23	87.0	45,973	34.4	(6.5)
Clarke Quay	25	92.0	89,427	30.5	(2.1)
Bugis+	22	86.4	28,600	13.3	1.0
Bedok Mall	58	77.6	54,931	24.7	0.4
Westgate	60	81.7	85,344	20.8	2.1
Other assets ²	82	74.4	67,991	18.3	1.1
CMT Portfolio³	731	83.0	1,351,797	32.1	0.8

1 Based on retail leases only.

2 Includes JCube and Bukit Panjang Plaza.

3 Excludes Funan which was closed on 1 July 2016 for redevelopment and reopened in June 2019 and Sembawang Shopping Centre which was divested in June 2018.

PORTFOLIO LEASE EXPIRY PROFILE

Our tenants typically have three-year lease terms. The portfolio lease expiry profile remained evenly spread out as at 31 December 2019, with 21.3% and 28.0% of the leases by gross rental income due for renewal in 2020 and 2021 respectively. The portfolio weighted average

lease expiry by gross rental income was 2.1 years. For new leases in 2019, the weighted average lease expiry based on the date of commencement of the leases was 2.7 years and accounted for 36.9% of the leases by gross rental income.

Portfolio Lease Expiry Profile¹

As at 31 December 2019

	Number of Leases	% of Gross Rental Income ²
2020	813	21.3
2021	925	28.0
2022	972	32.0
2023	227	9.6
2024	53	6.3
2025 and beyond	30	2.8
Total	3,020³	100.0

1 Based on committed leases. Includes CMT's 40.00% interest in Raffles City Singapore (excluding hotel lease).

2 Based on the month in which the lease expires and excludes gross turnover rent.

3 Of which 2,614 leases are retail leases.

Portfolio Lease Expiry Profile for 2020¹

As at 31 December 2019

Property	Number of Leases	% of Property NLA ²	% of Property Income ³
Tampines Mall	35	26.6	23.7
Junction 8	37	16.4	16.9
Funan ⁴	19	2.6	2.4
IMM Building ⁵	185	23.9	24.0
Plaza Singapura	68	34.5	30.3
Bugis Junction	57	18.9	20.8
Raffles City Singapore ⁵	65	21.0	19.3
Lot One Shoppers' Mall	57	19.6	28.8
The Atrium@Orchard ⁵	24	10.7	14.8
Clarke Quay	9	13.6	14.0
Bugis+	13	11.9	14.1
Bedok Mall	63	22.9	25.9
Westgate	73	30.7	28.8
Other assets ⁶	108	19.7	26.0
CMT Portfolio	813⁷	20.1	21.3

1 Based on committed leases. Includes CMT's 40.00% interest in Raffles City Singapore (excluding hotel lease).

2 As a percentage of NLA for each respective property as at 31 December 2019.

3 As a percentage of gross rental income for each respective property and excludes gross turnover rent.

4 Funan reopened in June 2019 after a three-year redevelopment and includes both office and retail leases.

5 Includes non-retail leases for IMM Building, Raffles City Singapore and The Atrium@Orchard.

6 Includes JCube and Bukit Panjang Plaza.

7 Of which 691 leases are retail leases.

OPERATIONS REVIEW

TOP 10 TENANTS

CMT's gross rental income is well distributed within its portfolio of more than 3,000 leases. As at 31 December 2019, no single tenant contributed more than 4.0% of

the total gross rental income. Collectively, the 10 largest tenants accounted for about 22.1% of the total gross rental income.

10 Largest Tenants of CMT

As at 31 December 2019

Tenant	Trade Sector	% of Gross Rental Income ¹
RC Hotels (Pte) Ltd	Hotel	3.2
NTUC Enterprise	Supermarket / Beauty & Health / Services / Food & Beverage / Education / Warehouse	3.2
Temasek Holdings (Private) Limited	Office	2.8
Al-Futtaim Group	Department Store / Fashion / Beauty & Health / Sporting Goods	2.7
BreadTalk Group Limited	Food & Beverage	2.5
Cold Storage Singapore (1983) Pte Ltd	Supermarket / Beauty & Health / Services / Warehouse	2.4
BHG (Singapore) Pte. Ltd.	Department Store	1.7
Golden Village Multiplex Pte. Ltd.	Leisure & Entertainment	1.2
Wing Tai Retail Management Pte. Ltd.	Fashion / Sporting Goods / Shoes & Bags	1.2
Isetan (Singapore) Limited	Department Store	1.2
Total		22.1

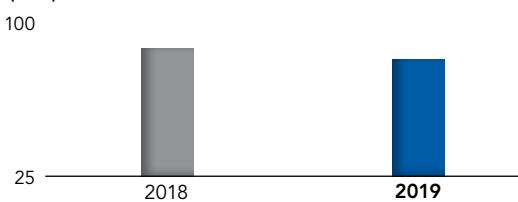
1 Based on gross rental income for the month of December 2019 and excludes gross turnover rent.

PORTFOLIO TENANTS' SALES

CMT's tenants' sales on a S\$ per square foot (psf) per month basis, decreased slightly by 1.4% in 2019 compared to the preceding year. Although part of CMT's rental structure comprises gross turnover rent which is pegged to tenants' sales, gross turnover rent made up only a small percentage of CMT's gross revenue. It is typically about 5.0%, thus ensuring the stability of CMT's gross revenue.

Tenants' Sales of CMT Portfolio¹

S\$ psf per month



1 For comparable basis, CMT portfolio excludes Funan which was closed on 1 July 2016 for redevelopment and reopened in June 2019 and Sembawang Shopping Centre which was sold in June 2018.

TRADE SECTOR ANALYSIS

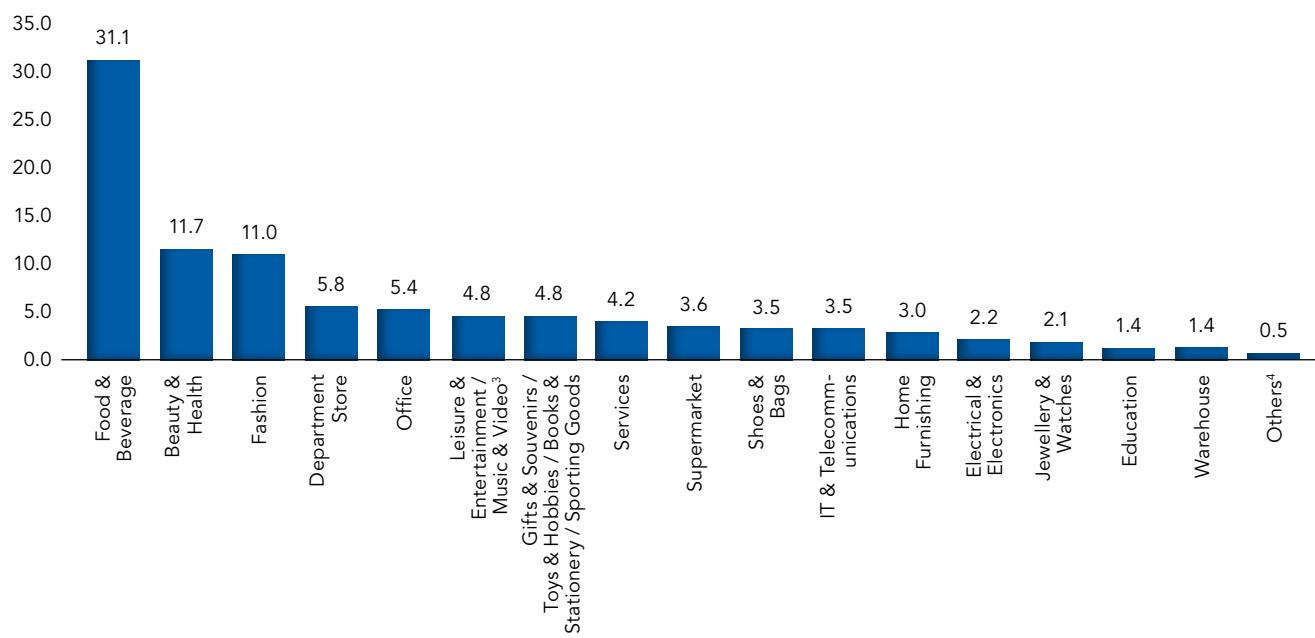
CMT's portfolio is well diversified and leverages on many different trade sectors for rental income. As at 31 December 2019, Food & Beverage (F&B) remained the largest contributor to gross rental income at 31.1% of the total portfolio, while Beauty & Health is the second largest contributor to gross rental income at 11.7%.

CMT's portfolio has a relatively balanced mix of downtown and suburban malls based on gross revenue and asset valuation.

Breakdown of CMT Portfolio¹ by Trade Sector

(% of Gross Rental Income²)

For the month of December 2019



1 Includes CMT's 40.00% interest in Raffles City Singapore (retail only) and Funan (which was closed on 1 July 2016 for redevelopment and reopened in June 2019).

2 Excludes gross turnover rent.

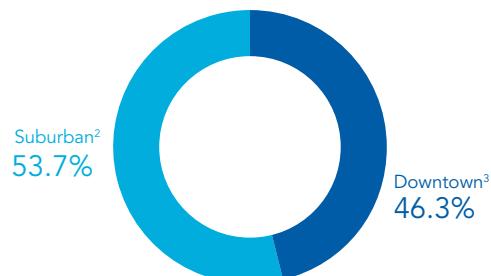
3 Includes tenants approved as thematic dining, entertainment and a performance centre in Bugis+.

4 Others include Art Gallery and Luxury.

CMT Portfolio¹ (Downtown vs Suburban)

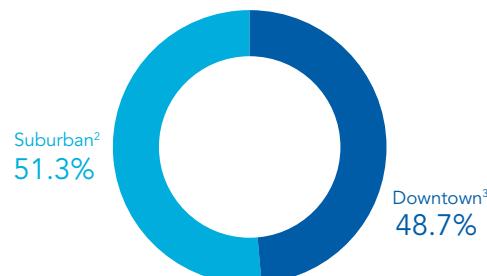
By Gross Revenue

For FY 2019



By Asset Valuation

As at 31 December 2019



1 Excludes Funan which was closed on 1 July 2016 for redevelopment and reopened in June 2019.

2 Includes Tampines Mall, Junction 8, IMM Building, Lot One Shoppers' Mall, Bukit Panjang Plaza, JCube, Bedok Mall and Westgate.

3 Includes Bugis Juction, Bugis+, CMT's 40.00% interest in Raffles City Singapore, Plaza Singapura, The Atrium@Orchard and Clarke Quay.

OPERATIONS REVIEW

OCCUPANCY RATE

Combined with our extensive network of international and local retailers, our active asset management and

proactive leasing strategy have helped us to maintain high occupancy rates over the past years. CMT's portfolio occupancy rate was 99.3% as at 31 December 2019.

Occupancy Rate (%)

As at 31 December	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Tampines Mall	100.0	100.0	100.0	100.0	99.5	100.0	99.2	100.0	100.0	100.0
Junction 8	100.0	100.0	99.6	99.4	100.0	100.0	99.9	100.0	100.0	100.0
Funan ¹	100.0	100.0	100.0	98.2	97.9	95.3	N.A. ²	N.A. ²	N.A. ²	99.0 ³
IMM Building ⁴	100.0	100.0	98.1	99.0	96.0 ⁵	96.0	97.9	99.5	99.7	99.4
Plaza Singapura	100.0	100.0	91.3	100.0	100.0	99.7	100.0	100.0	99.9	100.0
Bugis Junction	100.0	100.0	100.0	100.0	100.0	99.7	99.9	99.3	99.8	100.0
Other assets ⁶	99.8	80.9 ⁵	99.8	100.0	98.1	92.6	95.3	96.4	94.8	95.6
Raffles City Singapore ⁴	99.6	100.0	100.0	100.0	100.0	99.6	99.7	99.9	99.4	98.9
Lot One Shoppers' Mall	99.6	99.7	99.8	100.0	100.0	99.8	99.9	100.0	99.8	99.3
The Atrium@Orchard ³	93.5	65.5 ⁵	95.3	99.5	99.9	98.2	97.6	98.6	99.1	99.6
Clarke Quay	100.0	100.0	97.9	100.0	95.9	88.2	90.7	98.8	98.3	100.0
Bugis+			99.5	100.0	100.0	99.2	100.0	100.0	100.0	100.0
Westgate				85.8	97.7	97.6	99.6	98.0	99.4	99.9
Bedok Mall						99.9	100.0	99.2	100.0	99.5
CMT Portfolio	99.3	94.8	98.2	98.5	98.8	97.6	98.5	99.2	99.2	99.3

N.A.: Not Applicable.

1 Funan was closed on 1 July 2016 for redevelopment and reopened in June 2019.

2 Not applicable as Funan was closed on 1 July 2016 for redevelopment.

3 Includes retail and office leases.

4 Based on retail leases only.

5 Lower occupancy rates were due to asset enhancement initiatives (AEI).

6 Other assets include:

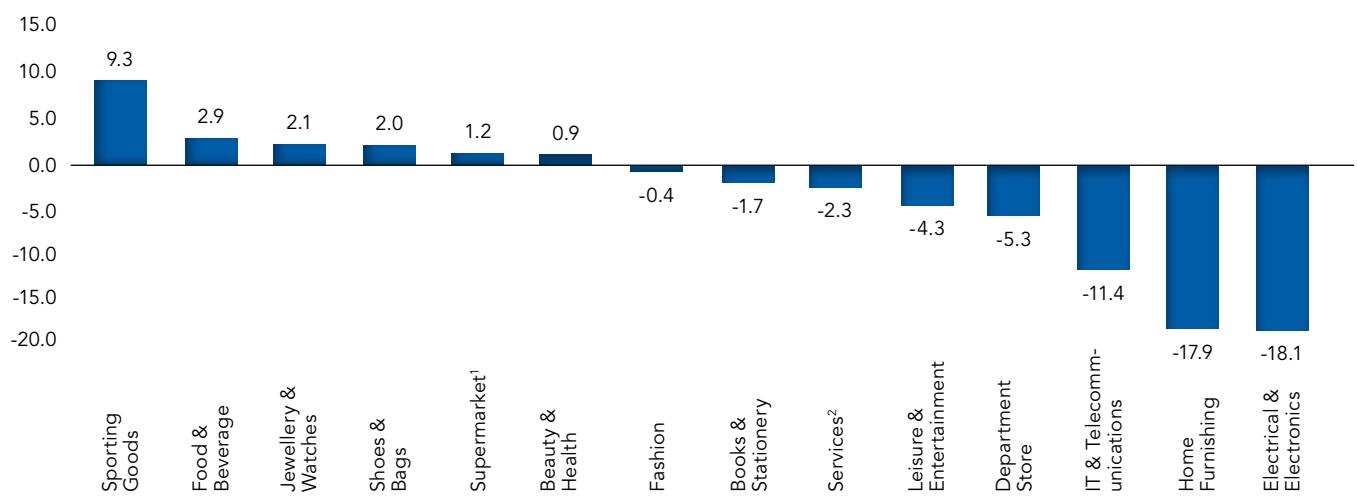
- a) Sembawang Shopping Centre, until it was divested in 2018;
- b) Rivervale Mall, until it was divested in 2015;
- c) Hougang Plaza, until it was divested in 2012;
- d) JCube, except from 2008 to 2011 when it underwent an AEI and from 2012 to 2015 when it was classified separately;
- e) Bugis+, which was acquired in 2011 and subsequently underwent an AEI from November 2011 to July 2012. The asset was classified separately from 2012 onwards; and
- f) Bukit Panjang Plaza, from 2018 onwards.

PERFORMANCE OF TENANTS' SALES BY TRADE CATEGORIES

The major trade categories achieved positive growth in 2019. The two largest contributors to CMT's gross rental income - Food & Beverage and Beauty & Health - registered positive growth of 2.9% and 0.9% respectively in 2019 as compared to 2018.

Year-on-Year Variance of Tenants' Sales psf per month

(%)



1 Includes Hypermarket sales from January 2018.

2 Include convenience stores, bridal shops, optical shops, film processing shops, florists, magazine stores, pet shops, travel agencies, cobblers/locksmiths, laundromats and clinics.

OCCUPANCY COST

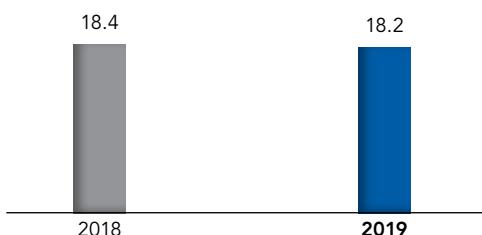
CMT's portfolio occupancy cost remained healthy at 18.2% in 2019. Occupancy cost is dependent on various factors including trade mix and type of tenants in the portfolio.

SHOPPER TRAFFIC

Shopper traffic increased by 1.4% year-on-year in 2019. We continually refresh and enhance the retail offerings of our malls and shopping experiences of our shoppers through asset enhancement initiatives, active management of the tenant mix in each property and marketing efforts.

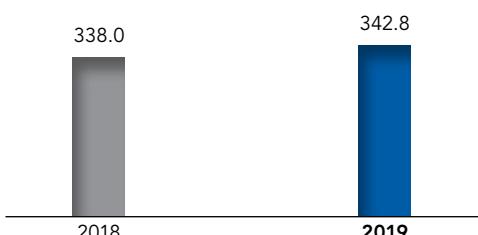
Occupancy Cost¹ of CMT Portfolio²

(%)



Shopper Traffic of CMT Portfolio¹

million



1 Occupancy cost is defined as a ratio of gross rental (inclusive of service charge, advertising & promotional charge and gross turnover rent) to tenants' sales.

2 For comparable basis, CMT portfolio excludes Funan which was closed on 1 July 2016 for redevelopment and reopened in June 2019 and Sembawang Shopping Centre which was divested on 18 June 2018.

1 For comparable basis, CMT portfolio excludes Funan which was closed on 1 July 2016 for redevelopment and reopened in June 2019 and Sembawang Shopping Centre which was divested on 18 June 2018.

FINANCIAL REVIEW

GROSS REVENUE

Gross revenue for Financial Year (FY) 2019 was S\$786.7 million, an increase of S\$89.2 million or 12.8% from FY 2018. The increase was mainly due to the acquisition of the balance 70.00% of the units in Infinity Mall Trust (IMT) which holds Westgate (Acquisition). Westgate

contributed S\$74.9 million and Funan (retail and office components) which opened on 28 June 2019, accounted for S\$28.5 million to the total gross revenue of CMT and its subsidiaries (CMT Group). The increase was partially offset by lower gross revenue from Sembawang Shopping Centre which was divested on 18 June 2018.

Gross Revenue by Property	FY 2019	FY 2018
S\$ million		
Tampines Mall	82.9	81.4
Junction 8	61.2	60.8
Funan ¹	28.5	–
IMM Building	86.8	85.8
Plaza Singapura	92.1	91.5
Bugis Junction	84.9	84.9
Bukit Panjang Plaza, JCube and Sembawang Shopping Centre ²	50.5	58.5
Lot One Shoppers' Mall	43.2	44.1
The Atrium@Orchard	50.0	50.1
Clarke Quay	40.1	38.6
Bugis+	33.7	33.6
Bedok Mall	57.9	57.0
Westgate ³	74.9	11.2
CMT Group	786.7	697.5

1 Funan was closed for redevelopment from 1 July 2016 and re-opened on 28 June 2019. The retail component of Funan is held through the Trust and the office components are held through Victory Office 1 Trust and Victory Office 2 Trust.

2 The divestment of Sembawang Shopping Centre was completed on 18 June 2018.

3 The Acquisition was completed on 1 November 2018 and IMT became a wholly owned subsidiary of CMT. FY 2018 relates to the gross revenue from IMT on 100% basis from 1 November 2018 to 31 December 2018.

CMT's interest in joint ventures' gross revenue are shown below for information:

Gross Revenue by Property	FY 2019	FY 2018
S\$ million		
Raffles City Singapore (40.00% interest)	93.2	92.2
Westgate (30.00% interest) ¹	–	17.9
Total	93.2	110.1

1 For the period from 1 January 2018 to 31 October 2018, CMT owned 30.00% of the units in IMT and this relates to 30.00% of the gross revenue in IMT.

NET PROPERTY INCOME

Net property income (NPI) of S\$558.2 million was S\$64.7 million or 13.1% higher than FY 2018. With the completion of the Acquisition on 1 November 2018,

Westgate contributed S\$46.3 million to the increase in NPI. After the reopening of Funan (retail and office components) on 28 June 2019, Funan accounted for S\$16.4 million of the increase in NPI.

Net Property Income by Property	FY 2019	FY 2018
S\$ million		
Tampines Mall	61.8	60.4
Junction 8	44.5	44.1
Funan ¹	15.1	(1.3)
IMM Building	60.5	60.3
Plaza Singapura	68.9	68.3
Bugis Junction	61.7	61.4
Bukit Panjang Plaza, JCube and Sembawang Shopping Centre ²	31.4	34.9
Lot One Shoppers' Mall	30.0	30.7
The Atrium@Orchard	37.5	38.4
Clarke Quay	26.1	23.6
Bugis+	24.1	23.9
Bedok Mall	42.8	41.3
Westgate ³	53.8	7.5
CMT Group	558.2	493.5

1 Funan was closed for redevelopment from 1 July 2016 and re-opened on 28 June 2019. The retail component of Funan is held through the Trust and the office components are held through Victory Office 1 Trust and Victory Office 2 Trust.

2 The divestment of Sembawang Shopping Centre was completed on 18 June 2018.

3 The Acquisition was completed on 1 November 2018 and IMT became a wholly owned subsidiary of CMT. FY 2018 relates to the net property income from IMT on 100% basis from 1 November 2018 to 31 December 2018.

CMT's interest in joint ventures' NPI are shown below for information:

Gross Revenue by Property	FY 2019	FY 2018
S\$ million		
Raffles City Singapore (40.00% interest)	71.2	69.9
Westgate (30.00% interest) ¹	–	13.9
Total	71.2	83.8

1 For the period from 1 January 2018 to 31 October 2018, CMT owns 30.00% of the units in IMT and this relates to 30.00% of the net property income in IMT.

FINANCIAL REVIEW

DISTRIBUTIONS

Distribution for FY 2019 was S\$441.6 million, an increase of S\$30.9 million or 7.5% compared to FY 2018.

The increase was mainly attributable to higher NPI mainly due to higher revenue partially offset by higher finance cost.

CMT had retained capital distribution and tax-exempt income of S\$13.6 million received from CapitaLand Retail China Trust and capital distribution of S\$6.7 million received from Infinity Office Trust for general corporate and working capital purposes.

Breakdown of the Unitholders' distribution per Unit in cents for FY 2019 as compared to FY 2018 are as follows:

Year	1 January to 31 March	1 April to 30 June	1 July to 30 September	1 October to 31 December	1 January to 31 December	
2019	2.88	2.92	3.06	3.11		11.97

Year	1 January to 31 March	1 April to 30 June	1 July to 30 September	1 October to 7 November	8 November to 31 December ¹	1 January to 31 December
2018	2.78	2.81	2.92	1.43	1.56	11.50

←————— 4.35 —————→

←————— 2.99 —————→

¹ Distribution per Unit for 8 November 2018 to 31 December 2018 was based on the enlarged number of 3,686,902,315 Units as at 31 December 2018 after the issuance of 134,089,000 Units via the private placement exercise on 8 November 2018.

ASSETS

As at 31 December 2019, the total assets for CMT Group were S\$11.7 billion compared with S\$11.5 billion as at 31 December 2018. The increase was mainly due to valuation gain of S\$232.9 million and capital expenditure of S\$97.8 million (including development cost for Funan of S\$52.1 million). The increase was partially offset by decrease in cash and cash equivalent of S\$146.3 million.

The lower cash and cash equivalents were mainly due to repayment of the JPY10.0 billion fixed rate notes (swapped to S\$157.6 million) under the Euro-Medium Term Note Programme due in Oct 2019 and partial repayment of bank borrowings, using internal source of funds.

	Valuation as at 31 Dec 19 S\$ million	Valuation as at 31 Dec 18 S\$ million	Variance S\$ million	Valuation as at 31 Dec 19 S\$ / sq ft	Valuation Cap Rate as at 31 Dec 19 %	Valuation Cap Rate as at 31 Dec 18 %
Tampines Mall	1,085.0	1,059.0	26.0	3,046	4.70	4.70
Junction 8	799.0	743.0	56.0	3,144	4.70	4.70
IMM Building	675.0	649.0	26.0	701 ¹	Retail: 6.20 Warehouse: 7.00	Retail: 6.15 Warehouse: 7.00
Plaza Singapura	1,349.0	1,296.0	53.0	2,786	4.40	4.40
Bugis Junction	1,106.0	1,089.0	17.0	2,788	4.70	4.70
JCube	288.0	288.0	–	1,392	4.85	4.85
Lot One Shoppers' Mall	537.0	536.0	1.0	2,359	4.70	4.70
Bukit Panjang Plaza	330.0	327.0	3.0	2,017	4.80	4.80
The Atrium@Orchard	764.0	757.0	7.0	1,979 ¹	Retail: 4.65 Office: 3.75	Retail: 4.65 Office: 3.75
Clarke Quay	414.0	401.0	13.0	1,411	4.85	4.85
Bugis+	357.0	354.0	3.0	1,665	5.20	5.20
Bedok Mall	794.0	784.0	10.0	3,569	4.60	4.60
Westgate	1,131.0	1,128.0	3.0	2,753	4.50	4.50
Total CMT Portfolio excluding Funan & Raffles City Singapore	9,629.0	9,411.0	218.0			
Reclassification from investment properties under development to investment properties						
Funan	775.0 ²	360.0 ³	N.M.	1,457 ⁴	Retail: 4.85 Office: 3.90	Retail: 4.85 Office: 4.00
Share of Joint Venture's investment property						
Raffles City Singapore (40.00% interest)	1,353.6	1,328.8	24.8	N.M. ⁵	Retail: 4.70 Office: 3.95 Hotel: 4.75	Retail: 4.70 Office: 4.00 Hotel: 4.75

N.M. Not meaningful

1 Reflects valuation of the property in its entirety.

2 As at 31 December 2019, the value reflected is the total property value of the retail and office components of the integrated development upon obtaining the Temporary Occupation Permit in April 2019.

3 As at 31 December 2018, the value reflected was the total land value of the retail and office components of the integrated development as the property was undergoing redevelopment.

4 Reflects the valuation of the retail and office components of the integrated development.

5 Not meaningful because Raffles City Singapore comprises retail units, office units, hotels and convention centre.

CAPITAL MANAGEMENT

KEY FINANCIAL INDICATORS

	As at 31 December 2019	As at 31 December 2018
Unencumbered Assets as % of Total Assets (%) ¹	100.0	89.8
Aggregate Leverage (%) ²	32.9	34.2
Net Debt / EBITDA (times) ^{1,3}	6.4	6.8
Interest Coverage (times) ^{1,4}	4.7	5.2
Average Term to Maturity (years)	5.0	4.4
Average Cost of Debt (%) ^{1,5}	3.2	3.1
CMT's Issuer Rating ⁶	'A2'	'A2'

1. Exclude the effect of Financial Reporting Standard (FRS) 116 Leases which was effective from 1 January 2019.

2. In accordance with Property Funds Appendix, CMT's proportionate share of its joint ventures' borrowings and deposited property values are included when computing aggregate leverage. Correspondingly, the ratio of total gross borrowings to total net assets is 51.8%.

3. Net Debt comprises Gross Debt less temporary cash intended for refinancing and capital expenditure and EBITDA refers to net income of CMT Group before fair value changes, non-operational gain and/or loss, finance cost (net of interest income), tax, depreciation and amortisation.

4. Ratio of net income of CMT Group before fair value changes, non-operational gain and/or loss, finance cost (net of interest income) and tax over interest expense.

5. Ratio of interest expense over weighted average borrowings.

6. Moody's Investors Service has placed on review for downgrade the 'A2' issuer rating of CMT on 24 January 2020.

CAPITAL MANAGEMENT

In 2019, CMT MTN Pte. Ltd. (CMT MTN) issued a Singapore dollar denominated note and a US\$ denominated note under the unsecured S\$3.5 billion Multicurrency Medium Term Note Programme (MTN Programme) as follows:

1. S\$100.0 million fixed rate notes due 11 February 2026 at 3.15% per annum on 11 February 2019; and
2. US\$300.0 million fixed rate notes due 4 April 2029 at 3.609% per annum on 4 April 2019, which was swapped to S\$407.1 million at 3.223% per annum.

The above fixed rate notes were used to partially repay bank loans of S\$304.6 million and S\$202.5 million of the secured bank loans of Infinity Mall Trust (IMT).

The remaining secured bank loans of S\$202.5 million owed by IMT were repaid on 9 October 2019 using bank loans and internal sources of funds.

In October 2019, ¥10.0 billion fixed rate notes (swapped to S\$157.6 million) under the Euro-Medium Term Note Programme (EMTN Programme) was repaid with proceeds from internal source of funds.

CMT also drew down S\$180.0 million of bank loans and has entered into interest rate swaps for these bank loans to minimise its exposure to interest rate volatility.

CMT and its subsidiaries (CMT Group) hold derivative financial instruments to hedge its currency and interest rate risk exposures. The fair value derivative for Financial Year (FY) 2019, which was included in the financial statements as financial derivatives assets and financial derivatives liabilities were S\$25.0 million and S\$33.7 million respectively. This net financial derivatives liabilities of S\$8.7 million represented 0.1% of the net assets of CMT Group as at 31 December 2019.

The total borrowings of CMT Group as at 31 December 2019 are as follows:-

TOTAL BORROWINGS OF CMT GROUP

	S\$ million	%
Bank loans	292.9	8.3
Retail bonds	350.0	9.9
Unsecured Medium term notes and Euro-Medium term notes issued by CMT MTN ¹	2,904.1	81.8
Total unsecured borrowings at CMT Group	3,547.0	100.0

FOR INFORMATION ONLY

CMT's 40.00% interest in RCS Trust	S\$ million	%
Unsecured loans and unsecured Euro-Medium term notes issued by RCS Trust	468.6	100.0
	468.6	100.0

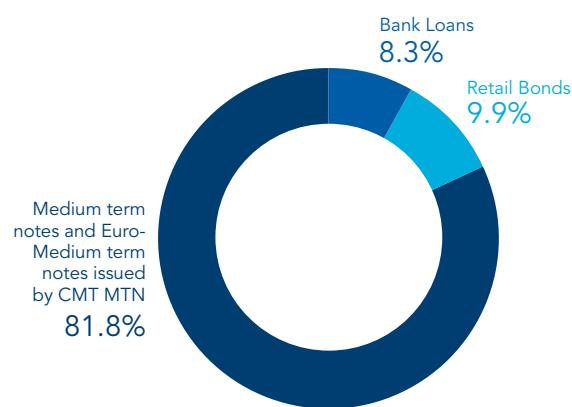
CMT GROUP – DEBT MATURITY PROFILE¹

	S\$ million	%
Within a year	262.2	7.4
After 1 year but within 5 years	1,678.8	47.3
After 5 years	1,606.0	45.3
	3,547.0	100.0

1 Includes foreign currency denominated notes which have been swapped to Singapore dollars at their respective swapped rates.

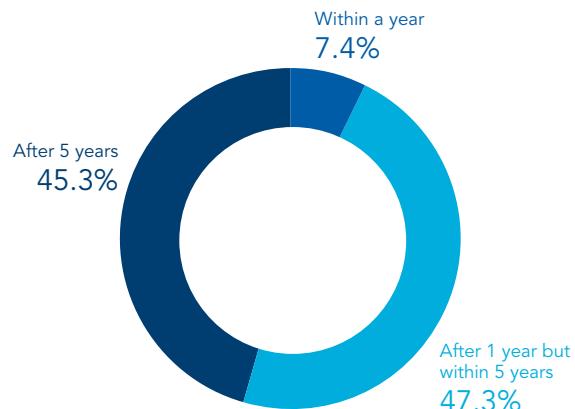
CMT GROUP - DEBT MIX BY TYPE (%)

As at 31 December 2019



CMT GROUP - DEBT MATURITY PROFILE

As at 31 December 2019



In summary, the total borrowings of CMT Group as at 31 December 2019 were S\$3,547.0 million with aggregate leverage at 32.9% and 100.0% unsecured. Average cost of debt was 3.2% as at 31 December 2019 compared to 3.1% as at 31 December 2018.

As at 31 December 2019, 7.4% or S\$262.2 million of CMT Group's borrowings will mature in 2020. CMT has

sufficient internal resources and bank facilities to cover the repayments due in 2020. The manager of CMT (Manager) will continue to adopt a rigorous and focused approach to capital management.

The Manager is also committed to diversifying funding sources and will continue to review its debt profile to reduce refinancing risk.

CAPITAL MANAGEMENT

CMT'S 40.00% interest in RCS Trust

CMT has a 40.00% interest in RCS Trust. As at 31 December 2019, borrowings at RCS Trust amounted to S\$1,171.5 million comprising unsecured bank loans and unsecured notes of S\$446.5 million and S\$725.0 million respectively. CMT's 40.00% share thereof is S\$468.6 million.

Cash Flows and Liquidity

CMT Group takes a proactive role in monitoring its cash flow position and requirements to ensure sufficient liquidity and adequate funding is available for distribution to the Unitholders as well as to meet any short-term obligations.

Cash and Cash Equivalents

As at 31 December 2019, the value of cash and cash equivalents of CMT Group stood at S\$202.2 million, a decrease of S\$146.3 million compared to S\$348.5 million as at 31 December 2018 mainly due to utilisation of internal sources of funds to repay notes and bank loans.

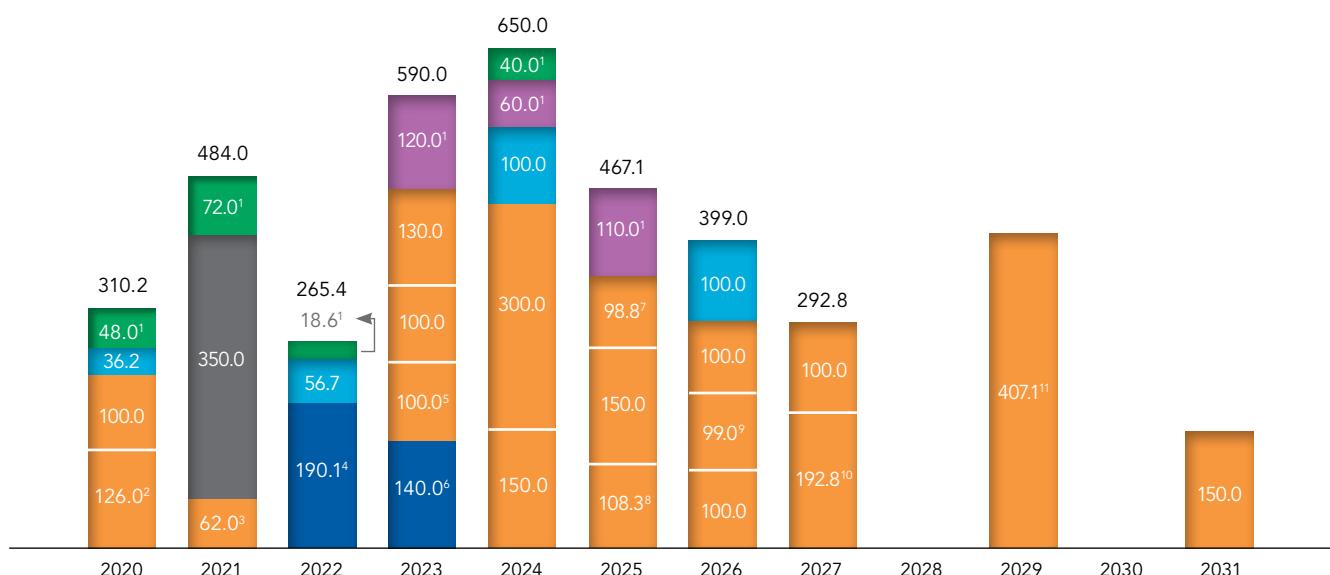
ACCOUNTING POLICIES

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

DEBT MATURITY PROFILE AS AT 31 DECEMBER 2019

(including CMT Group's 40.00% interest in RCS Trust)

(S\$ million)



■ Unsecured Bank Loans - 40.00% interest in RCS Trust

■ Unsecured Bank Loans

■ Notes issued under Multicurrency Medium Term Note Programme (unsecured)

■ Notes issued under RCS Trust's Euro-Medium Term Note Programme (unsecured) - 40.00% interest in RCS Trust

■ Retail Bonds due 2021 at fixed rate of 3.08% per annum (p.a.) (unsecured)

■ Notes issued under Euro-Medium Term Note Programme (unsecured)

1 S\$1.1715 billion unsecured bank loans and notes by RCS Trust. CMT's 40.00% share thereof is S\$468.6 million.

2 ¥10.0 billion 1.039% fixed rate notes were swapped to S\$126.0 million at a fixed rate of 3.119% p.a. in November 2013.

3 ¥5.0 billion floating rate (at 3 months JPY LIBOR + 0.48% p.a.) notes were swapped to S\$62.0 million at a fixed rate of 3.148% p.a. in February 2014.

4 HK\$1.15 billion 3.76% fixed rate notes were swapped to S\$190.1 million at a fixed rate of 3.45% p.a. in June 2012.

5 ¥8.6 billion floating rate (at 3 months JPY LIBOR + 0.25% p.a.) notes were swapped to S\$100.0 million at a fixed rate of 2.85% p.a. in February 2015.

6 HK\$885.0 million 3.28% fixed rate notes were swapped to S\$140.0 million at a fixed rate of 3.32% p.a. in November 2012.

7 HK\$555.0 million 3.836% fixed rate notes were swapped to S\$98.8 million at a fixed rate of 3.248% p.a. in November 2018.

8 HK\$650.0 million 3.25% fixed rate notes were swapped to S\$108.3 million at a fixed rate of 3.25% p.a. in November 2014.

9 HK\$560.0 million 2.71% fixed rate notes were swapped to S\$99.0 million at a fixed rate of 2.928% p.a. in July 2016.

10 HK\$1.104 billion 2.77% fixed rate notes were swapped to S\$192.8 million at a fixed rate of 3.25% p.a. in February 2015.

11 US\$300.0 million 3.609% fixed rate notes were swapped to S\$407.1 million at a fixed rate of 3.223% p.a. in April 2019.

MARKETING AND PROMOTIONS

CMT is committed to making an impact by creating value, maximising returns and inspiring innovation for stakeholders. We build and retain shopper loyalty with enriching experiences and enticing rewards that increase the appeal of our malls. We are committed to help our tenants and business partners stay ahead of the curve by creating quality retail experiences and emotional connections for tomorrow's consumers.

Our strategic marketing initiatives and programmes in the year are curated to meet shoppers' evolving needs, leveraging technologies that enhance the overall shopping experience.

DEEPENING CUSTOMER LOYALTY

CapitaLand's comprehensive suite of loyalty programmes, comprising CapitaStar, CapitaVoucher and CapitaCard, is Singapore's largest rewards platform. In 2019, the programmes were further integrated to provide a seamless user experience, drive shopper spend and improve retailer engagement across CapitaLand malls. New functionalities were added to the CapitaStar app and retailers' portal, while the digitising of CapitaVoucher delivered an enhanced omnichannel experience for shoppers.

CapitaStar

CapitaStar is one of Singapore's top lifestyle apps with over one million members, and has a 4.6-star rating in Apple Store. Through a strategic partnership with DBS in early 2019, members who make payments through DBS PayLah! and DBS/POSB NETS can enjoy automated STAR\$® rewards without having to scan their receipts. In collaboration with SP Group's GreenUP initiative, CapitaStar extended its reach to households where consumers earn points through energy saving initiatives and enjoy exclusive CapitaStar Rewards. With the opening of Funan, CapitaStar members can enjoy new features on the app, including the purchase of movie tickets, reservation of carpark lots and bookings of the unmanned futsal court. The integration of NomadX's omnichannel market place into the CapitaStar app allows members to shop 24/7 and earn STAR\$® automatically.

CapitaVoucher

Sales of CapitaVoucher grew by more than 6% year-on-year to reach a high of S\$95.8 million, which translate into sales for participating tenants of CapitaLand malls. CapitaVoucher is the most popular mall voucher in Singapore with the widest acceptance points across more than 3,000 retailers in 17 CapitaLand malls. eCapitaVoucher, the digital version of CapitaVoucher available on the CapitaStar App provides consumers with greater convenience of purchasing and gifting shopping vouchers. Members can also use the reward points, STAR\$® to redeem eCapitaVoucher and offset purchases at participating retail stores.

CapitaCard

The American Express® CapitaCard, CapitaLand's co-brand credit card with American Express, registered healthy membership growth. CapitaCard members enjoy the highest earn rate of up to 13 times STAR\$® at selected stores, equivalent to a 6.5% rebate in CapitaVoucher, as well as members-only promotions and events, exclusive gift redemptions and complimentary parking at CapitaLand malls. The attractive promotions for CapitaCard members help to drive shoppers to the malls and encourage in-store spending.

DIFFERENTIATING THE CMT EXPERIENCE

In addition to the loyalty programmes, portfolio-wide and mall-centric campaigns and events were organised all year round to engage our shoppers and strengthen brand affinity for our malls.

PORTFOLIO-WIDE INITIATIVES

Fashion Cashback

October

Members of CapitaStar and American Express® CapitaCard were treated to a three-day fashion shopping spree. For a minimum spend of S\$100, they were rewarded with 40% cashback in the form of 40,000 STAR\$®. The campaign saw an increase in the volume of transactions and average spend at the fashion stores across the CMT portfolio.

LINE FRIENDS World Tour

December

The LINE FRIENDS World Tour at 13 of CMT's shopping malls was Southeast Asia's largest LINE FRIENDS exhibition. Eleven thematic installations of BROWN and FRIENDS featuring iconic landmarks from around the world were among the highlights. Shoppers took festive photos, collected six limited-edition BROWN plushies and shopped for exclusive merchandise at the LINE FRIENDS World Tour pop-up stores.



Thematic installations of BROWN and FRIENDS

MALL-CENTRIC ACTIVITIES

BEDOK MALL AND TAMPINES MALL

Kyushu Spring Beats

April

The celebrated Kyushu Fair at Tampines Mall offered shoppers an immersive cultural experience, complete with a wide range of Japanese food and beverage delights. Shoppers were treated to taiko drum performances and Ikebana workshops, while Japanese craft workshops dressed the children as ninjas and samurais for Insta-worthy moments.



Summer Fun event at Tampines Mall

Summer Fun With Garfield and Odie

June

Beloved characters Garfield and Odie took centre stage at Bedok Mall and Tampines Mall during the June school holiday season. Families with children indulged in a summer-inspired play zone featuring a large bouncing slide, a mini ball pit, a photo booth, as well as beaded cup cover and sand art workshops.

BUGIS JUNCTION AND BUGIS+

Project M Infinite Style 2019

April

The signature fashion and model search event at Bugis Junction and Bugis+ featured live performances with runway shows produced by renowned fashion director, Daniel Boey. Showcasing aspiring young talents outfitted in local and international labels retailing at the malls, Project M provided fashion brands with a platform for engaging with trendsetting shoppers. The top two talents were awarded a one-year modelling contract, among other attractive shopping prizes.



Aloha Beaches at Bugis Junction and Bugis+

Aloha Beaches

June

To celebrate the summer season, Bugis Junction hosted its first beach party complete with a sand-filled lounge, cabanas, live music, a pop-up F&B market and bazaar. The screening of blockbusters at the outdoor cinema was the highlight of the month-long event.

Thailand Week

August

In collaboration with Thailand's Department of International Trade Promotion, the event spaces at Bugis Junction and Bugis+ were transformed into a cultural bonanza featuring Thai food and beverage, fashion and beauty products. Crowds of locals and tourists immersed themselves in experiential activations such as live performances alongside the malls' retail offerings.

MARKETING AND PROMOTIONS



Singapore Pets Week at Bukit Panjang Plaza

Singapore Pets Week

September

An event for pet lovers was held at Bukit Panjang Plaza in collaboration with Purrfect Woof Gang. Shoppers benefitted from a series of talks and demonstrations on topics like pet grooming, positive dog training and responsible pet ownership. A petting zoo and a variety of pet-related deals were also part of the festivities.

BUKIT PANJANG PLAZA AND LOT ONE SHOPPERS' MALL

Singapore's Largest Display of Handcrafted Photo Frames

July

The National Day festivities at Bukit Panjang Plaza and Lot One Shoppers' Mall drew the participation of shoppers who customised photo frames using recycled materials and contributed photographs of everyday life and community icons befitting the theme 'Family Memories in Singapore'. The event garnered an entry in the Singapore Book of Records for 'The Largest Display of Handcrafted Photo Frames'.

Wellness Fiesta

October

Lot One Shoppers' Mall ran a series of sporting activities including trampoline, basketball and mini golf to engage shoppers in healthy play. Shoppers redeemed goodie bags and engaged with a Pokemon-themed Feel-good Kiosk, held in conjunction with the National Steps Challenge.



Game On at the Quay at Clarke Quay

CLARKE QUAY

Game On at the Quay

July

Clarke Quay teamed up with its entertainment tenants Chupitos Shots Bar, HEYTEA, Holey Moley, Level Up and PONG to present an experiential showcase boasting well-loved activities such as mini golf, arcade games, a digital pong challenge and insta-worthy drinks and food.

The Walking Dead Halloween 2019

October

The Clarke Quay Fountain Square was transformed into a zombie colony in this Halloween tie-up with FOX that featured roaming walkers, a scavenger pit, walker shoot-outs, scare boxes, free gore make up and exclusive merchandise. Visitors enjoyed performances by popular local band Khim Ng x The Mad Company and participated in the Halloween best dressed contest.

Sound Port Clarke Quay

November

The first of a music series presented together with music media company, Bandwagon, Sound Port was an immersive audio-visual spectacle featuring a 360-degree LED stage and an optical-illusion cube made out of mirrors. The event showcased a stellar line up of established and emerging local electronic artists and DJs like MYRNE, A/K/A Sounds, brb., Duumu, Shye and YAØ.

FUNAN



Opening of Funan after three years of redevelopment

The Opening of Funan

December

Funan celebrated its successful launch with an official opening ceremony on 27 December 2019, six months after welcoming shoppers in June 2019. Funan unveiled a brand-new look as a space for discovery, learning and shopping, underpinned by a digital layer of customer experience. The reimagined Funan has been well-received by retailers, office tenants and shoppers, with its retail and office occupancy levels close to full.



Star Search 2019 event at Funan



Air Asia event at Funan

Star Search 2019 Top 24 Meet & Greet

July

Funan and MediaCorp presented the first public meet-and-greet event featuring Star Search 2019's Top 24 contestants. Shoppers had the exclusive opportunity to get up close and personal with and enjoy the live performances by the contestants.

Air Asia's Biggest Ever "Holiday Quickies" Giveaway

October

A huge draw for millennials and spontaneous travellers, Air Asia held its 11th and biggest ever – one hundred all-expenses-paid 'Holiday Quickies' giveaway to persuade Singaporeans to pursue their work-life balance goal by indulging in short getaways. travellers, with giveaways that included all-expenses paid vacations.

IMM BUILDING

Greater Savings Outlet Sale

July

Held for the third year running, the event reinforced IMM's positioning as Singapore's largest outlet mall. Extended from three to four days, the event drew over 60 participating outlets with shoppers enjoying up to 30% savings above everyday discounts. During the promotion, the first 200 shoppers per day who met the minimum spend of S\$250 at participating outlets were each rewarded with S\$50 worth of CapitaVoucher.



Greater Savings Outlet Sale at IMM Building

Golden Week Outlet Sale

October

Targeting inbound China tourists as well as shoppers of all nationalities, the inaugural sale saw more than 50 outlets offering special promotions. Tourists were awarded S\$30 CapitaVoucher with a minimum spend of S\$300 at participating outlet stores.

MARKETING AND PROMOTIONS

JCUBE

Singa-Paw

August

The social event for all paw-rents and furkids at JCube offered a range of activities including Dog Temptation Trial contest, Parrot Up-Close photo session, My Bunny and I workshop, Dog Commands and Tricks contest as well as an adoption drive for cats and dogs looking for a loving home. The best dressed paw-rent and furry kid walked away with 50,000 STAR\$®.

Movie Night at The Rink

September

JCube's inaugural movie screening at The Rink was made better with popcorn treats, free drinks and discount coupons from participating tenants. Shoppers were also treated to a 45-minute skating trial lesson during the event.

JCube x Spartan Kids Obstacle Pop-up

October

JCube teamed up with Spartan Kids to thrill young participants with themed obstacle courses such as walls, tunnels and slides. Children were encouraged to run, jump, crawl and climb to complete the course.



JCube x Spartan Kids Obstacle Pop-up at JCube

JUNCTION 8

Catch Me If You Can

June

At the Great Singapore Sale, shoppers were rewarded for their shopping spree with fun activities. This included a chance to be part of a gigantic human claw machine to grab rewards worth S\$2,000 from the prize pit.

A Unique Experience with The Little Prince

September

Featuring a picturesque rose garden, an endless sunset playroom and mesmerising glow-in-the-dark installations, shoppers had an enchanting time exploring memorable themes found in The Little Prince.



Catch Me If You Can at Junction 8

PLAZA SINGAPURA

Perfect Summer

June

Plaza Singapura's first pop-up water playground featured a six-metre tall Mega Water Slide, a thrilling obstacle course aptly named Battle H2O, and the chance to win fantastic prizes.

The Dessert Museum

October

Posing with colourful and yummy-looking displays, shoppers enjoyed a sugar rush taking Insta-worthy pictures at The Dessert Museum pop-up event. Other fun activities included ring toss and basketball throws at The Dessert Carnival, alongside dessert-making workshops.



The Dessert Museum at Plaza Singapura

RAFFLES CITY SINGAPORE



Dream City Christmas at Raffles City Singapore

A Night of Art, Jewellery & Watches Appreciation

November

The first Craftsmanship Appreciation dinner curated by Raffles City Singapore saw invited guests from Singapore Tatler dining in the presence of artworks by Yayoi Kusama, a wire mesh portrait of Lee Kuan Yew by Park Seung Mo as well as other art pieces. Guests also enjoyed sharing sessions from The Whiskey Distillery, Jaeger-LeCoultre, Ode to Art, and chef Paul Hallett of Skai.

Dream City Christmas

December

The collaborative event featured a special Coach-branded Christmas tree for 2019, along with a showcase of gifting options from participating brands such as Montblanc, Penhaligon's and Nespresso. Festive shopping at The Christmas Market and many Insta-worthy moments added to the awe and wonder.

WESTGATE

Westgate Summer Camp – Little Adults, Big Dreams

June

The June holiday event at Westgate was themed "Little Adults, Big Dreams" as children role-played various occupations through workshops and activities. Highlights included ABC Cooking Studio's Bento Making Workshop and Spotlight's textile dollmaking activity. Shoppers were also entertained by performances from DF Academy, The Ballet School and Yamaha Music Square.

Her World Live! at Westgate

August

Shining a spotlight on topics that matter to women, the inaugural Her World Live! event ignited inspiring conversations, and drew some of Singapore's most dynamic women, including three highly successful entrepreneurs who shared their success stories at a panel talk.



Westgate Wonderland Halloween Party – Spooktacular Voyage

October

Brave adventurers at the Halloween Spooktacular Voyage joined Captain Hank and his crew on a treasure quest to fulfil exciting missions and win prizes. Participants also went trick-or-treating around the mall with pirate monster mascots filling up their goodie bags with candy.



Halloween event at Westgate

OUR TENANTS

JD SPORTS FASHION

Andre Loong, Chief Operating Officer



"As Singapore's athleisure scene continues to grow, JD's foray into local shopping malls is key to anchoring a strong brand presence in the region and providing consumers with an extensive range from globally-recognised brands, including limited editions exclusive to JD. Partnering CapitaLand firmly complements JD's expansion plans and the brand's innovative digital technology initiatives, which are crucial in this day and age with rapidly changing consumer demands. In 2019, we launched our third store in Singapore at the revamped Funan and our fourth at Bugis+. We look forward to continuing this journey with CapitaLand to bring consumers a differentiated value proposition."

TRUE GROUP

Sean Tan, Director



"True Fitness is widely recognised as the only home-grown "big box" fitness group in Singapore. True Group has brought a new experience to the market with the launch of our premium TFX brand in Funan, our flagship centre. In line with Funan's innovative offerings, we have custom-fitted TFX with technologies such as the MYZONE heart-rate monitors where members can track their workouts on screens or via their mobile phones. TFX Funan is also equipped with a swimming pool and sundeck with Fort Canning Park as a backdrop. We appreciate our close partnership and collaboration with CapitaLand in bringing TFX to Funan."

1-GROUP

Joseph Ong, Founder and Managing Director



"When 1-Group decided to expand our portfolio, we needed to find a suitable venue to house our award-winning day-to-night lifestyle dining, bar, club and event multi-concept experiences. As our concepts are housed in iconic and heritage properties, the 150-year-old Riverhouse in Clarke Quay offered a perfect fit with our DNA given its unique positioning and strategic location. The Riverhouse marks our first partnership with CapitaLand. We look forward to continue developing the strength of this strategic partnership as we work towards enhancing the customer experience at The Riverhouse and increase the vibrancy of Clarke Quay."

NESPRESSO SINGAPORE

Han May, Business Executive Officer



"Nespresso started with a simple idea: Enable coffee lovers to create a perfect cup of coffee at home, just like a skilled barista. Hence, delivering the ultimate coffee experience is key. We are involved in every aspect of the coffee value chain – from fostering relationships with farmers to ensuring sustainably sourced high quality coffee. From capsule to machine, we combine technology and elegant design so that coffee lovers can enjoy a consistently exceptional cup of coffee at the touch of a button. We are excited to share CapitaLand's vision in enriching consumer lifestyles through high quality products and immersive retail experiences."

GENKI SUSHI SINGAPORE

Jun Uchida, Executive Director



"To stay competitive, we import all our core ingredients from Japan and offer value-for-money selections such as our signature Dai Man Zoku range. We focus not only on satisfying our customers' palate, but also creating a great dining experience enhanced by our Kousoku Express – shaped like Japan's Shinkansen – to serve food directly and efficiently to our customers. CapitaLand has been very supportive of our core values and initiatives since the beginning. We are glad to have a strong and sustainable partnership with CapitaLand as we celebrate our successful store openings and more upcoming launches."

SINGAPORE HEYTEA MANAGEMENT

Michelle Wu, General Manager of Business Development



"HEYTEA created the first original Cheeizo Tea in 2012, introducing a new tea-drinking experience in China. Having worked with CapitaLand in China, we are glad to have CapitaLand's support in our expansion plans when we entered Singapore in 2018. In our first year here, we opened three stores in CapitaLand malls, including our newest at Westgate. HEYTEA aspires to create a distinctive brand DNA infusing our concept of "cool, inspiration, zen" into every store design. Partnering CapitaLand has benefitted the successful launch of our concepts. We look forward to working with CapitaLand to expand and enhance HEYTEA's customer experience in Singapore and beyond."

YUNHAIYAO

Reuben Chua, Chief Operating Officer



"The mission of YUN NANS is to enhance customers' dining experience with a well-designed menu amidst a pleasant ambience. When we decided to venture into Singapore, we wanted an iconic location to share the rich culture and diversity of authentic Yunnan cuisine with locals and travellers. Building on our long-standing relationship with CapitaLand in China, we successfully launched our first outlet in Jewel Changi Airport. We have since opened our second outlet in Singapore at Westgate to much positive feedback. We would like to thank the CapitaLand team for their support in our Singapore expansion."

LOVEBONITO SINGAPORE

Rachel Lim, Co-founder



"Our Funan store is our third and largest in Singapore, and we really got to push the envelope and challenge status quo. Love, Bonito stands for 'new female retail', evidenced in our emphasis on community, customer experience and a differentiated, thoughtful, refreshing store offering to complete the seamless omni-channel experience for the Love, Bonito woman. From an augmented reality fashion runway, to an infinity mirror nook and modular fitting rooms: we're grateful to CapitaLand for sharing our vision to disrupt traditional ways of doing retail, and giving us the space to engage our customers in new and meaningful ways."

OUR SHOPPERS

FUNAN

Firdaus ARK and friend

"The new Funan is bright and colourful with nice shopping options. I come here often to get camera gears and stationeries. I love how clean and beautiful the new Funan is."



RAFFLES CITY SINGAPORE

Tracy Yong, Victor Wu and Isaac Wu

"Raffles City Singapore has a good variety of shops for both shopping and dining, be it alone or with my family. The mall caters to shopping for adults, kids, lifestyle and necessities so I do not get bored easily. It is conveniently located near the library and one of my favourite Japanese restaurants."

JCUBE

Gerard Marcus and friend

"JCube is my go-to place to relax. The cinema and food here are good. Usually, I come here at least three times a week to meet with friends and dine because there are plenty of options."



PLAZA SINGAPURA

Valerie Seet and Tan Wen Qi

"The mall is centrally located. We like the good F&B offerings and free WiFi. Today, we are here to catch a movie."



IMM BUILDING

Shirley Kock and family

"We live in Sengkang but come all the way here as we like the outlet shopping and Westgate is also nearby. There is a wide selection of sports shops and IMM offers very good deals every now and then."

BEDOK MALL

John Bai and children

"We live in Tanah Merah and frequent Bedok Mall once a week. We come here mainly for food, especially on the weekends. For food, we like to go to Marugame Udon & Tempura."



TAMPINES MALL

Vinodhini Cowell and family

"We live around the area and Tampines Mall has it all! It is like a mini Orchard Road. We frequent Tampines Mall regularly and love Genki Sushi, Bath & Body Works, H&M and Golden Village. We can settle food, shopping, leisure and gifts under one roof!"

JUNCTION 8

Eric and Betty Tham

"Junction 8 is our favourite hangout. It is convenient and has everything we want. A good place to meet with our friends."



PORTFOLIO SUMMARY

	Tampines Mall	Junction 8 ¹	Funan ²	IMM Building	Plaza Singapura	Bugis Junction	JCube
Gross Floor Area (sq ft)	507,324	376,551	767,281 ⁴	1,426,504	757,203	577,025	316,741
Net Lettable Area (sq ft)	356,228	254,209	Retail: 317,387 Office: 214,535 Total: 531,922	Retail: 424,161 Warehouse: 539,013 Total: 963,174	484,154	396,604	206,938
Number of Leases	171	178	223	572	241	236	139
Number of Tenants	151	152	193	428	222	203	128
Car Park Lots	637	305	404	1,324	695	648	341
Land Tenure	Leasehold tenure of 99 years with effect from 1 September 1992	Leasehold tenure of 99 years with effect from 1 September 1991	Leasehold tenure of 99 years with effect from 12 December 1979	Leasehold tenure of 30 + 30 years with effect from 23 January 1989 ⁵	Freehold	Leasehold tenure of 99 years with effect from 10 September 1990	Leasehold tenure of 99 years with effect from 1 March 1991
Acquisition Year	2002	2002	2002	2003	2004	2005	2005
Purchase Price (\$\$ million)	409.0	295.0	191.0	247.4	710.0	605.8	68.0
Market Valuation (\$\$ million)	1,085.0	799.0	775.0 ⁸	675.0	1,349.0	1,106.0	288.0
As % of Portfolio Valuation	9.2%	6.8%	6.6%	5.7%	11.5%	9.4%	2.5%
Gross Revenue (\$\$ million)	82.9	61.2	28.5	86.8	92.1	84.9	N.A. ⁹
Net Property Income (\$\$ million)	61.8	44.5	15.1	60.5	68.9	61.7	N.A. ⁹
Committed Occupancy	100.0%	100.0%	Retail: 99.0% Office: 98.9% Total: 99.0%	Retail: 99.4% Warehouse: 93.3% Total: 96.0%	100.0%	100.0%	92.8%
Annual Shopper Traffic (million)	25.8	33.6	7.9	16.1	25.7	39.9	13.9
Key Tenants (by gross rental income)	NTUC Enterprise, H&M, Isetan, Golden Village, Courts	BreadTalk Group, BHG, NTUC Enterprise, Best Denki, Golden Village	WeWork Singapore, Department of Statistics, Adidas Singapore, NTUC Enterprise, Attorney-General Chambers	Cold Storage, Best Denki, Extra Space Jurong, NTUC Enterprise, Daiso Singapore	Golden Village, Cold Storage, NTUC Enterprise, Spotlight, Yamaha Music	BHG, BreadTalk Group, Cold Storage, NTUC Enterprise, Japan Foods Holding, Challenger	Pan Pacific Retail Management, Shaw Theatres, Aston Food & Beverage Specialities, Singapore Sports Council, Hanbaobao

1 Excludes Community and Sports Facilities Scheme (CSFS) space for gross floor area, net lettable area and committed occupancy.

2 Funan was closed on 1 July 2016 for redevelopment and reopened on 28 June 2019.

3 All information reflects only the retail component of the integrated development.

4 Excludes the serviced residence component after the completion of the divestment of all the units of Victory SR Trust on 31 October 2017.

5 The lease for the further 30-year leasehold term has been executed and is pending registration by the land registry.

6 The integrated development site (land) was acquired in 2011 at S\$969.0 million, of which S\$758.3 million pertained to the retail component (CMT's 30.00% interest at S\$227.5 million).

Raffles City Singapore	Lot One Shoppers' Mall	Bukit Panjang Plaza	The Atrium@ Orchard	Clarke Quay	Bugis+	Bedok Mall	Westgate ³
3,449,727	333,804	247,545	576,755	366,600	319,652	335,877	593,906
Retail: 427,400 Office: 381,317 Total: 808,717	227,671	163,625	Retail: 133,024 Office: 252,308 Total: 385,332	293,248	214,408	222,469	410,535
274	151	119	93	75	90	199	255
244	132	109	79	58	81	175	235
1,051	321	326	127	424	325	265	610
Leasehold tenure of 99 years with effect from 16 July 1979	Leasehold tenure of 99 years with effect from 1 December 1993	Leasehold tenure of 99 years with effect from 1 December 1994	Leasehold tenure of 99 years with effect from 15 August 2008	Leasehold tenure of 99 years with effect from 13 January 1990	Leasehold tenure of 60 years with effect from 30 September 2005	Leasehold tenure of 99 years with effect from 21 November 2011	Leasehold tenure of 99 years with effect from 29 August 2011
2006	2007	2007	2008	2010	2011	2015	2011 ⁶ 2018 ⁷
2,166.0 (100%) 866.4 (40.00% interest)	243.8	161.3	839.8	268.0	295.0	780.0	2011: 227.5 ⁶ 2018: 789.6 ⁷
3,384.0 (100%) 1,353.6 (40.00% interest)	537.0	330.0	764.0	414.0	357.0	794.0	1,131.0
11.5%	4.6%	2.8%	6.5%	3.5%	3.0%	6.8%	9.6%
93.2 (40.00% interest)	43.2	N.A. ⁹	50.0	40.1	33.7	57.9	74.9
71.2 (40.00% interest)	30.0	N.A. ⁹	37.5	26.1	24.1	42.8	53.8
Retail: 98.9% Office: 97.2% Total: 98.1%	99.3%	99.3%	Retail: 98.8% Office: 100.0% Total: 99.6%	100.0%	100.0%	99.5%	99.9%
30.1	16.8	12.2	24.6	12.4	20.5	20.2	51.1
Al-Futtaim Group, Minor Food Group, BreadTalk Group, Courts, Cold Storage, Cortina Watch	NTUC Enterprise, BreadTalk Group, BHG, Courts, Beauty One International	NTUC Enterprise, KFC, Hanbaobao, National Library Board, Beauty One International, Cold Storage	Temasek Holdings, Wing Tai Retail Management, Creative Eateries, Beauty One International, Sephora Singapore	Zouk, The Quayside Management, Katrina Holdings, Funlab Singapore, Huone Singapore	Hansfort Investment, Wing Tai Retail Management, Al-Futtaim Group, JD Sports Fashion, Diamond Dining Singapore	NTUC Enterprise, Wing Tai Retail Management, BreadTalk Group, Hanbaobao, Cotton On Singapore	Isetan, Paradise Group, Fitness First, Spotlight, Beauty One International

⁷ The acquisition of the balance 70.00% of the units in Infinity Mall Trust which holds Westgate was completed on 1 November 2018, at an agreed property value of S\$1,128.0 million, on a completed basis (70.00% interest at S\$789.6 million).

⁸ The value reflected is the total value of the retail and office components of the integrated development.

⁹ The total gross revenue and net property income for the financial year ended 31 December 2019 were S\$50.5 million and S\$31.4 million respectively.

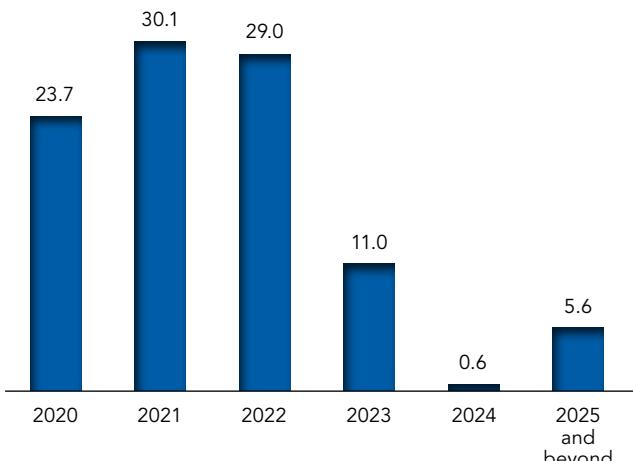
PORTFOLIO DETAILS

TAMPINES MALL

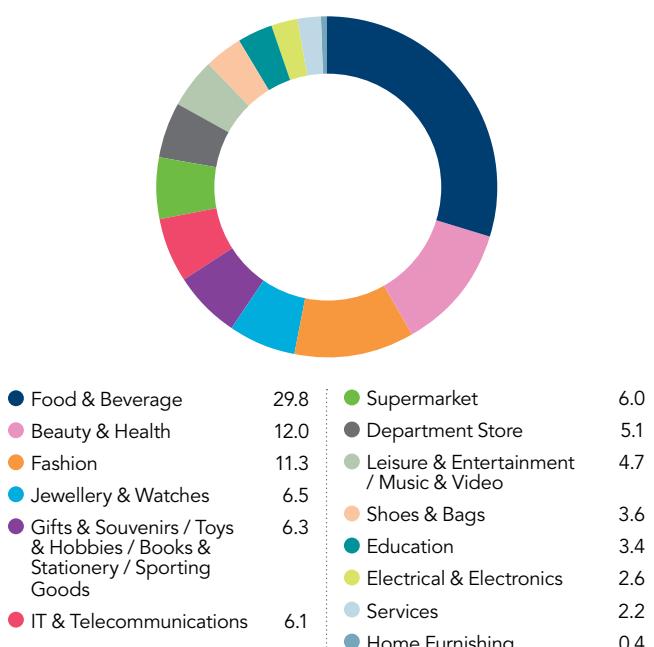


Tampines Mall, located in the densely populated residential area of Tampines, is one of Singapore's leading suburban malls. Conveniently situated within the Tampines Regional Centre, the first and most developed centre in Singapore, the mall is accessible via Tampines Mass Rapid Transit (MRT) station and bus interchange. To meet the needs of consumers living and working around the bustling Tampines Regional Centre, Tampines Mall provides a wide variety of shopping, regional dining and entertainment options for families, professionals and young adults.

Lease Expiry Profile¹
% of Gross Rental Income²



Trade Sector Analysis
% of Gross Rental Income²



1 Based on committed gross rental income for the expiry month of the lease.

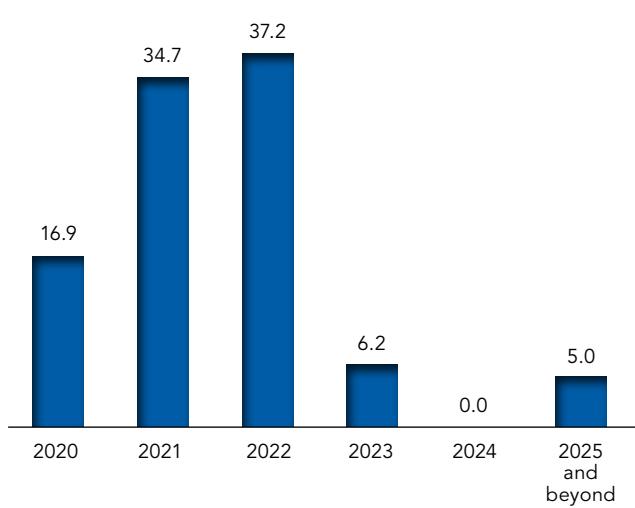
2 Excludes gross turnover rent.

JUNCTION 8

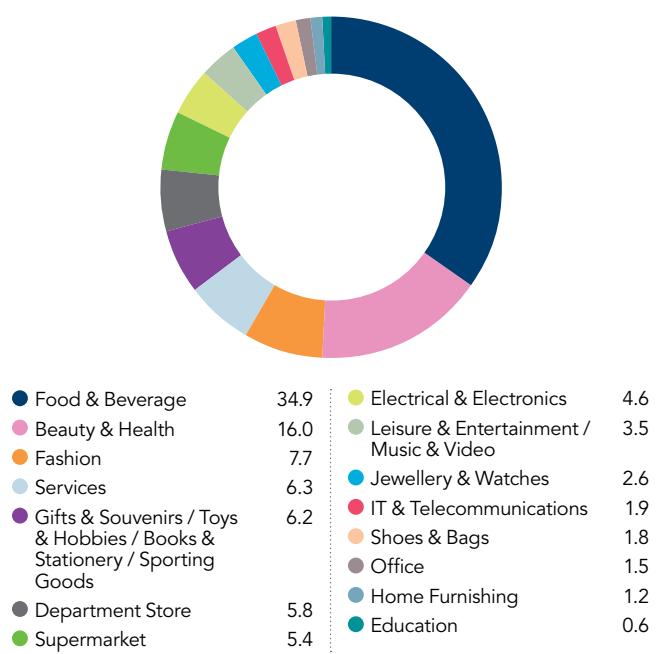


Junction 8 is located in the heart of Bishan and is well connected to the bus interchange and Bishan MRT station which serves the North South Line and Circle Line. Positioned as the preferred, one-stop shopping, dining and entertainment destination, Junction 8 caters to the needs and aspirations of residents from the surrounding estates, office crowd in the area and students from nearby schools.

Lease Expiry Profile¹
% of Gross Rental Income²



Trade Sector Analysis
% of Gross Rental Income²

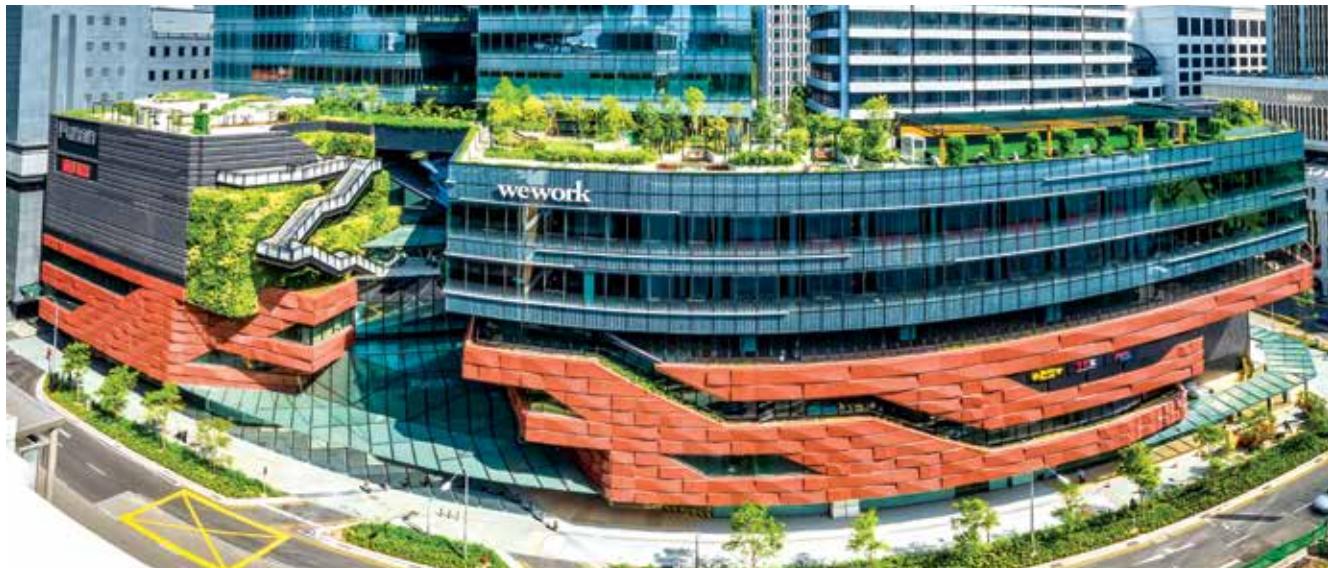


1 Based on committed gross rental income for the expiry month of the lease.

2 Excludes gross turnover rent.

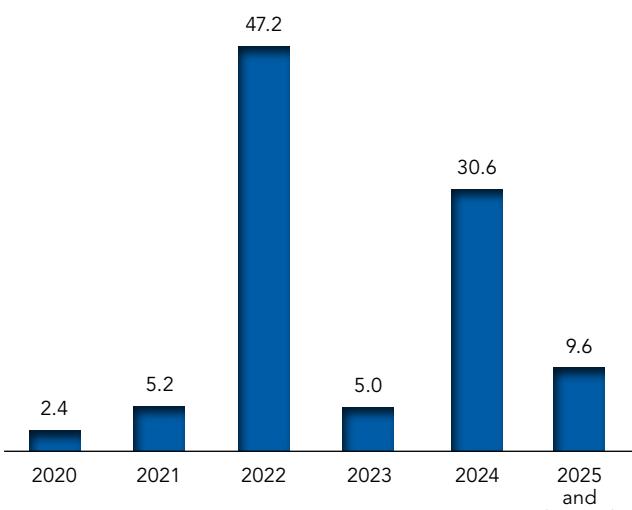
PORTFOLIO DETAILS

FUNAN



Funan celebrated its successful launch with an official opening ceremony on 27 December 2019, six months after welcoming shoppers in June 2019. With a total gross floor area of approximately 889,000 sq ft, the integrated development comprises a retail component, two office blocks and lyf Funan Singapore – the Singapore flagship of The Ascott Limited's lyf coliving serviced residence designed by millennials for millennials. Right in the heart of the Civic and Cultural District, Funan enjoys excellent connectivity, including a direct underpass linking to City Hall MRT interchange station opening in 2021. As a new paradigm for live, work and play in Singapore's city centre, Funan offers a synergistic combination of retail, office and serviced residence components that is designed to appeal to savvy consumers pursuing quality life in a socially-conscious and creative environment.

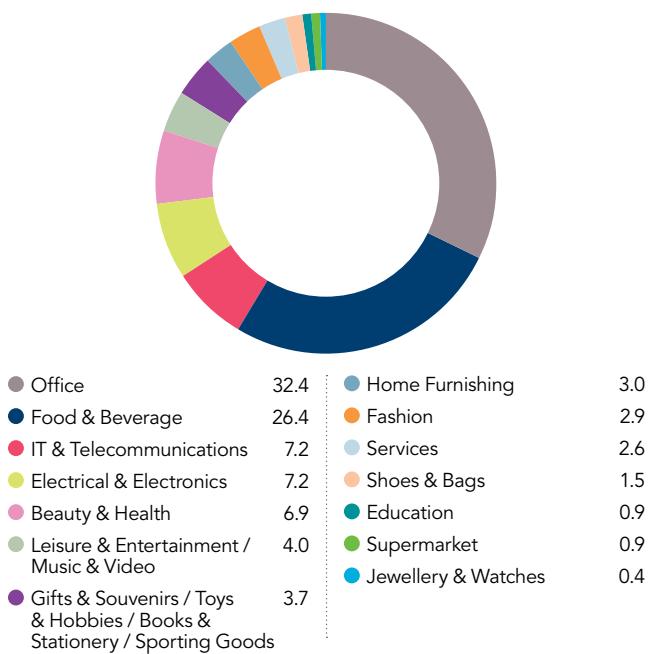
Lease Expiry Profile¹
% of Gross Rental Income²



1 Based on committed gross rental income for the expiry month of the lease.

2 Excludes gross turnover rent.

Trade Sector Analysis
% of Gross Rental Income²

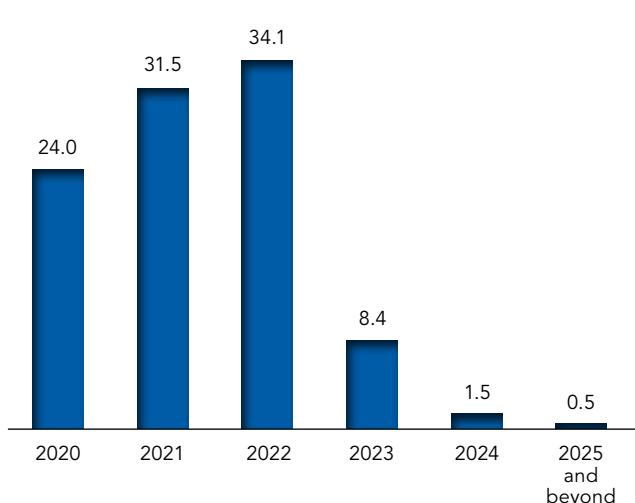


IMM BUILDING

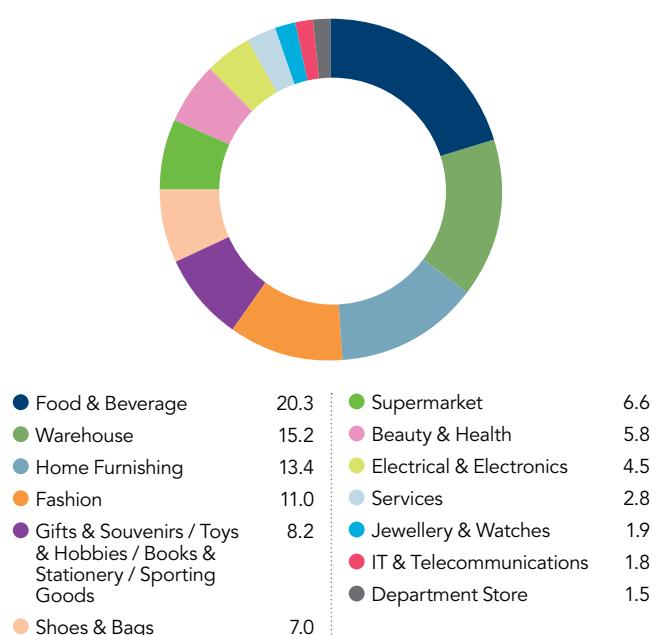


IMM Building (IMM) is Singapore's largest outlet mall providing a wide variety of value shopping and dining options for families, professionals and young adults. Strategically located adjacent to Jurong Gateway within the Jurong Lake District, IMM is seamlessly connected via an elevated covered walkway to Jurong East MRT station, an interchange for the East West Line and North South Line, bus interchange and major developments such as Westgate and Ng Teng Fong General Hospital. Besides its proximity to the surrounding residential estates, IMM is close to several office and industrial developments.

Lease Expiry Profile¹
% of Gross Rental Income²



Trade Sector Analysis
% of Gross Rental Income²



¹ Based on committed gross rental income for the expiry month of the lease.

² Excludes gross turnover rent.

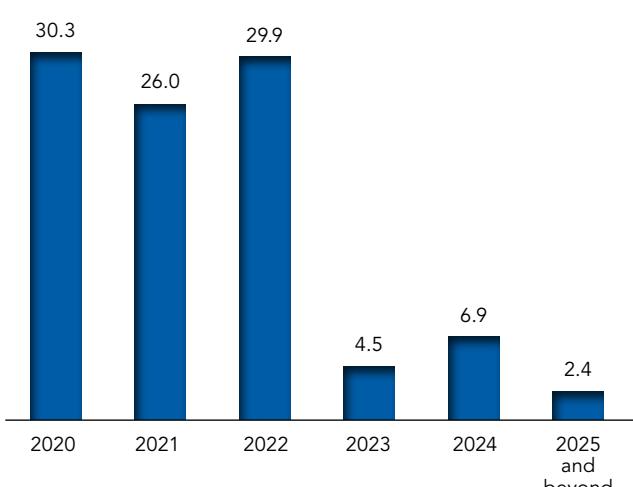
PORTFOLIO DETAILS

PLAZA SINGAPURA

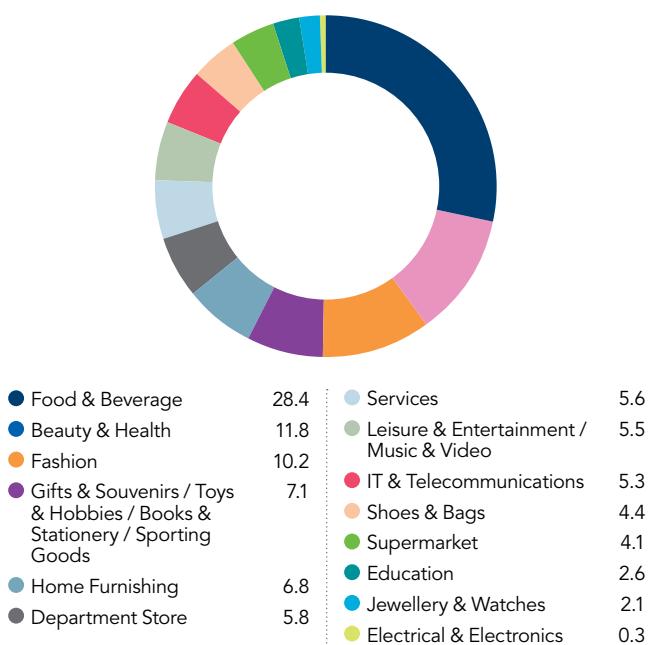


Plaza Singapura is strategically located along Orchard Road and within the Civic and Cultural District. The mall is conveniently linked to Dhoby Ghaut MRT station, an interchange which connects to three MRT lines – the North South Line, North East Line and Circle Line, via a direct passageway. Plaza Singapura and the retail podium of The Atrium@Orchard are seamlessly integrated as an all-encompassing retail, dining and entertainment destination that appeals to a wide profile of shoppers from all over Singapore.

Lease Expiry Profile¹
% of Gross Rental Income²



Trade Sector Analysis
% of Gross Rental Income²



¹ Based on committed gross rental income for the expiry month of the lease.

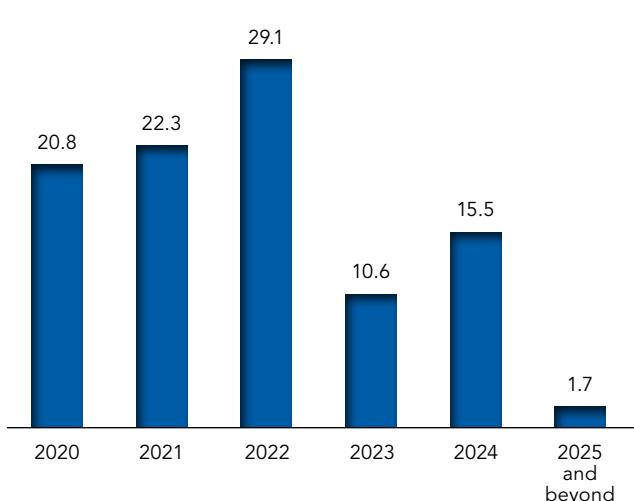
² Excludes gross turnover rent.

BUGIS JUNCTION

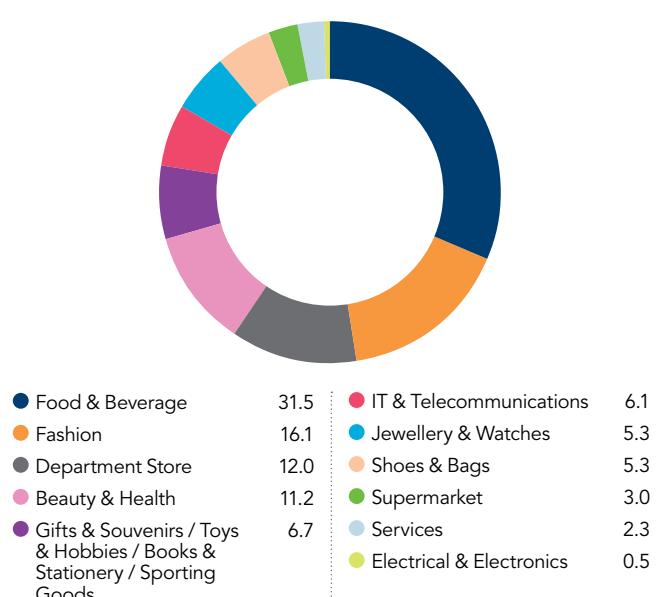


Bugis Junction is directly connected to Bugis MRT station, an interchange for the East West Line and Downtown Line. Located within Singapore's Civic and Cultural District, the property is an integrated development comprising a hotel, an office tower and a retail mall. Positioned as a modern fashion destination mall with exciting dining choices for young adults and professionals, Bugis Junction features Singapore's first and only air-conditioned sky-lit shopping streets flanked by rows of historic shophouses, integrating new- and old-world charm. With an overhead link bridge to Bugis+, shoppers can enjoy a wider range of retail, food & beverage and entertainment offerings.

Lease Expiry Profile¹
% of Gross Rental Income²



Trade Sector Analysis
% of Gross Rental Income²



¹ Based on committed gross rental income for the expiry month of the lease.

² Excludes gross turnover rent.

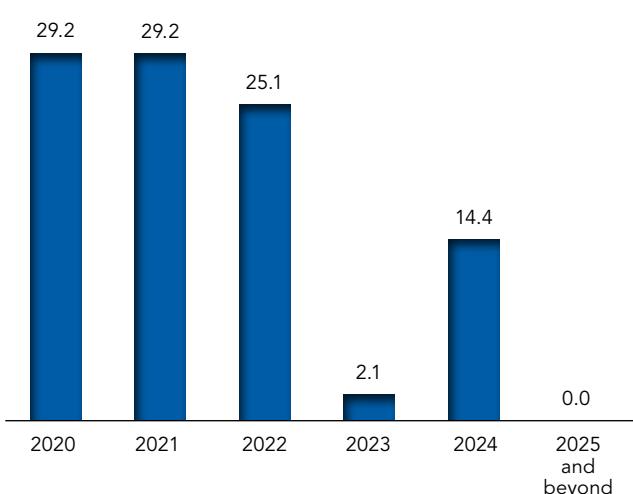
PORTFOLIO DETAILS

JCUBE

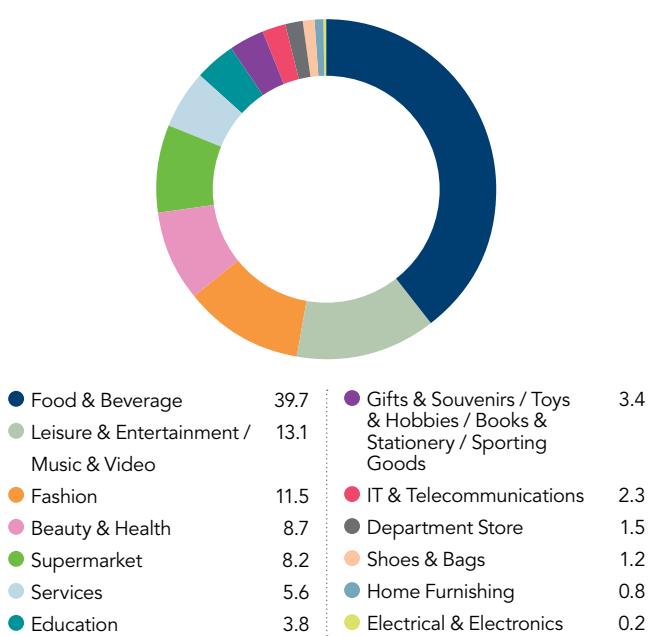


JCube is a leisure and edutainment mall located in Jurong Gateway, within the Jurong Lake District. Situated across the road from Jurong East MRT station and the bus interchange, the mall houses Singapore's one and only Olympic-sized ice rink and the first IMAX theatre in the suburbs. In addition, JCube offers a good variety of food & beverage and educational options which appeal to young families in the neighbourhood.

Lease Expiry Profile¹
% of Gross Rental Income²



Trade Sector Analysis
% of Gross Rental Income²



1 Based on committed gross rental income for the expiry month of the lease.

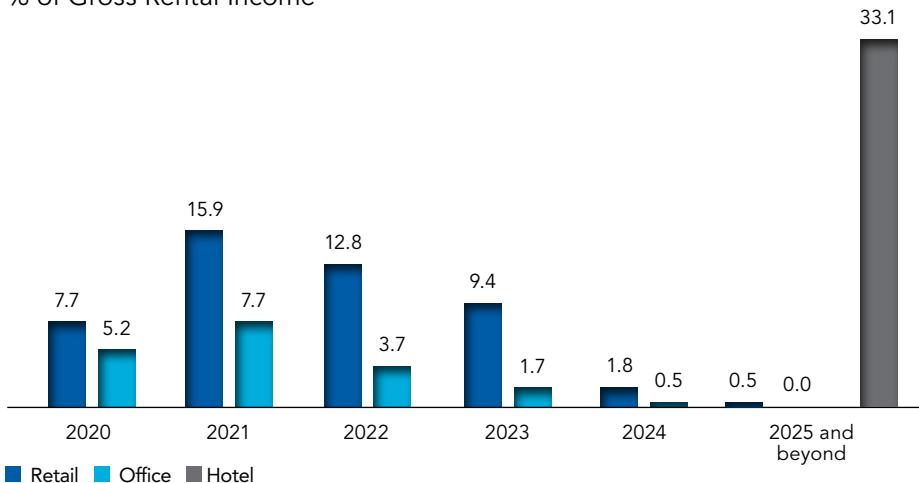
2 Excludes gross turnover rent.

RAFFLES CITY SINGAPORE



Raffles City Singapore is an integrated development located in the downtown core, at the fringe of Singapore's Central Business District, and within the Civic and Cultural District. The prime landmark is served by three MRT lines and is directly connected to City Hall MRT and Esplanade MRT stations. Raffles City Singapore comprises Raffles City Shopping Centre, Raffles City Tower, Raffles City Convention Centre, Swissôtel The Stamford and Fairmont Singapore. CapitaLand Commercial Trust and CMT jointly own the integrated development through RCS Trust, the special purpose trust that holds Raffles City Singapore. RCS Trust is 60.00% owned by CCT and 40.00% owned by CMT.

Lease Expiry Profile¹ % of Gross Rental Income²

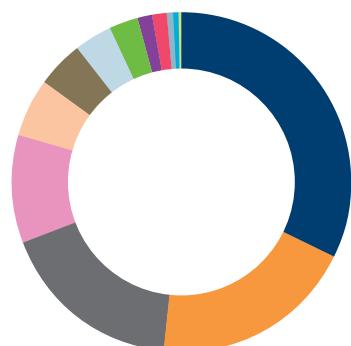


1 Based on committed gross rental income for the expiry month of the lease.

2 Excludes gross turnover rent.

3 Others include Art Gallery and Luxury.

Trade Sector Analysis % of Gross Rental Income²



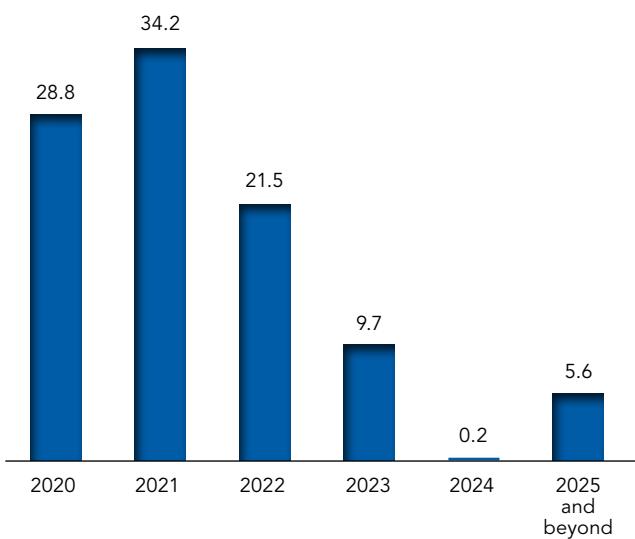
PORTFOLIO DETAILS

LOT ONE SHOPPERS' MALL

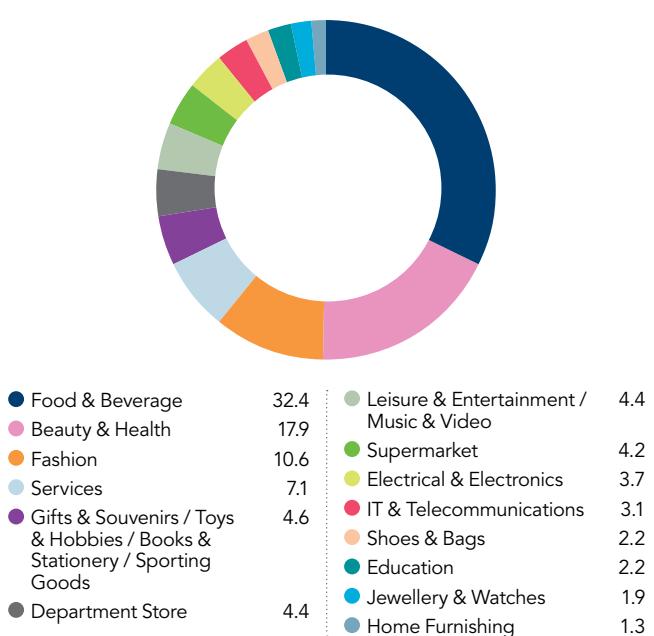


Lot One Shoppers' Mall is in the heart of the Choa Chu Kang housing estate, located in the north-western region of Singapore. The mall is well connected by major arterial roads and is next to Choa Chu Kang MRT station, light rail transit (LRT) station as well as bus interchange. The mall enjoys a large catchment, comprising residents from the Choa Chu Kang, Bukit Panjang, Bukit Batok and Upper Bukit Timah precincts, uniformed personnel from military camps in the vicinity, as well as students from nearby schools.

Lease Expiry Profile¹
% of Gross Rental Income²



Trade Sector Analysis
% of Gross Rental Income²



1 Based on committed gross rental income for the expiry month of the lease.

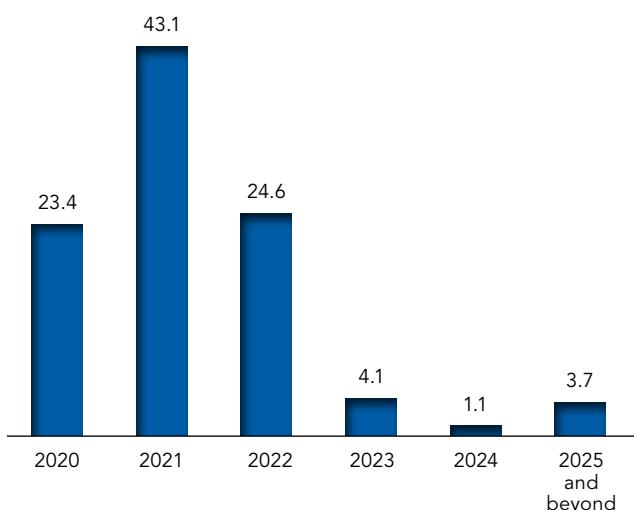
2 Excludes gross turnover rent.

BUKIT PANJANG PLAZA

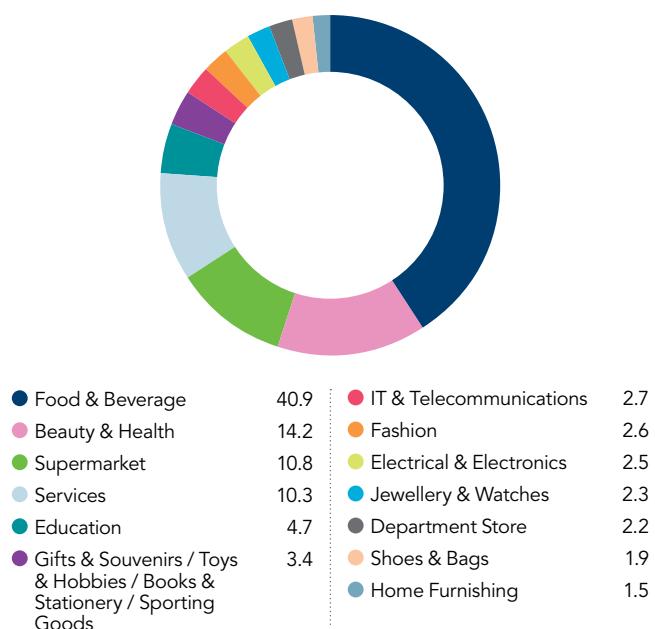


Bukit Panjang Plaza is located in the residential area of Bukit Panjang, in the north-western region of Singapore. Besides the surrounding estates of Bukit Panjang, Cashew Park, Chestnut Drive and Hillview, the mall also serves residents from the Teck Whye, Choa Chu Kang and Upper Bukit Timah precincts. The mall is conveniently located next to Bukit Panjang Integrated Transport Hub, which incorporates an air-conditioned bus interchange with Bukit Panjang MRT and LRT stations.

Lease Expiry Profile¹
% of Gross Rental Income²



Trade Sector Analysis
% of Gross Rental Income²



¹ Based on committed gross rental income for the expiry month of the lease.

² Excludes gross turnover rent.

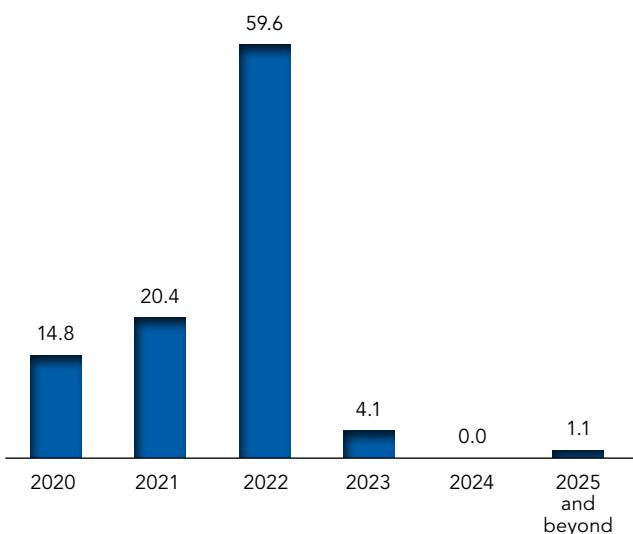
PORTFOLIO DETAILS

THE ATRIUM@ORCHARD

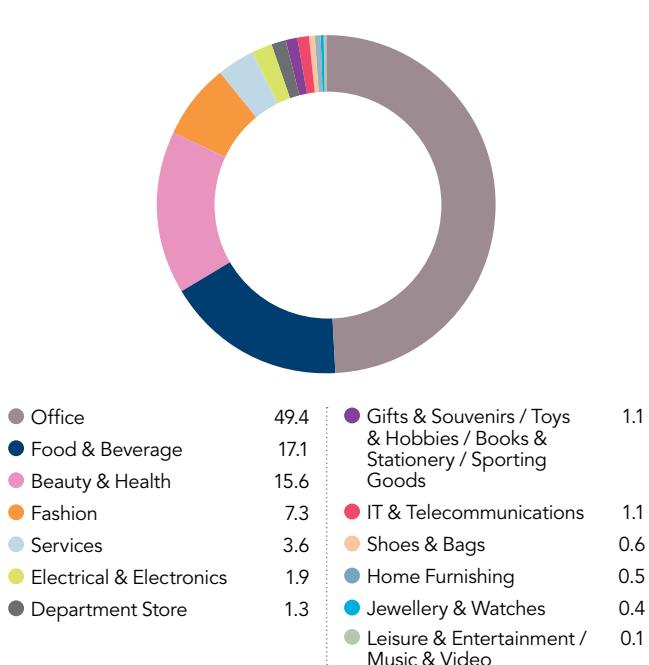


The Atrium@Orchard is a mixed-use development which comprises a retail podium and two office towers. The development enjoys direct connectivity to Dhoby Ghaut MRT station, which serves three MRT lines – North South Line, North East Line and Circle Line. The retail podium is seamlessly integrated with Plaza Singapura as an all-encompassing retail, dining and entertainment destination that appeals to a wide profile of shoppers from all over Singapore.

Lease Expiry Profile¹
% of Gross Rental Income²



Trade Sector Analysis
% of Gross Rental Income²



1 Based on committed gross rental income for the expiry month of the lease.

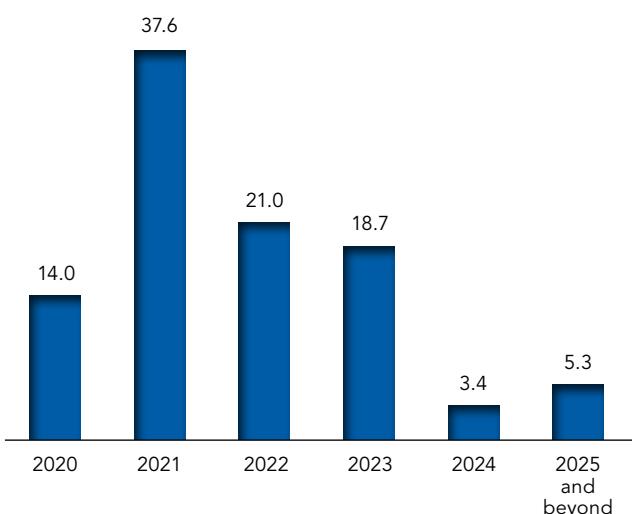
2 Excludes gross turnover rent.

CLARKE QUAY

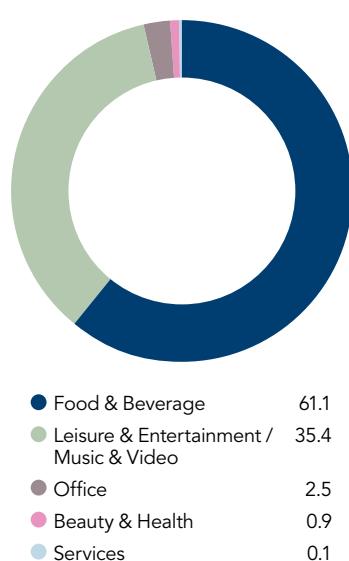


Clarke Quay is a unique conserved historical landmark located along the Singapore River and at the fringe of Singapore's Central Business District. The development comprises five blocks of restored shophouses and warehouses infused with funky art-deco structures. Conveniently located within walking distance of Clarke Quay MRT station and Fort Canning MRT station, Clarke Quay offers differentiated dining and entertainment experiences and is a popular lifestyle destination for both locals and tourists.

Lease Expiry Profile¹
% of Gross Rental Income²



Trade Sector Analysis
% of Gross Rental Income²



¹ Based on committed gross rental income for the expiry month of the lease.

² Excludes gross turnover rent.

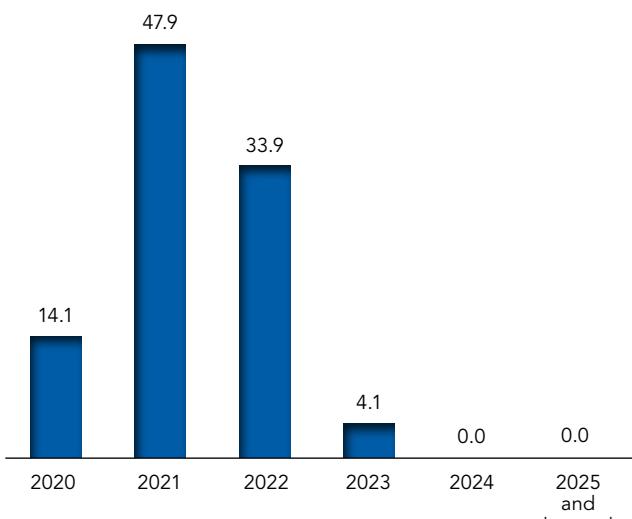
PORTFOLIO DETAILS

BUGIS+

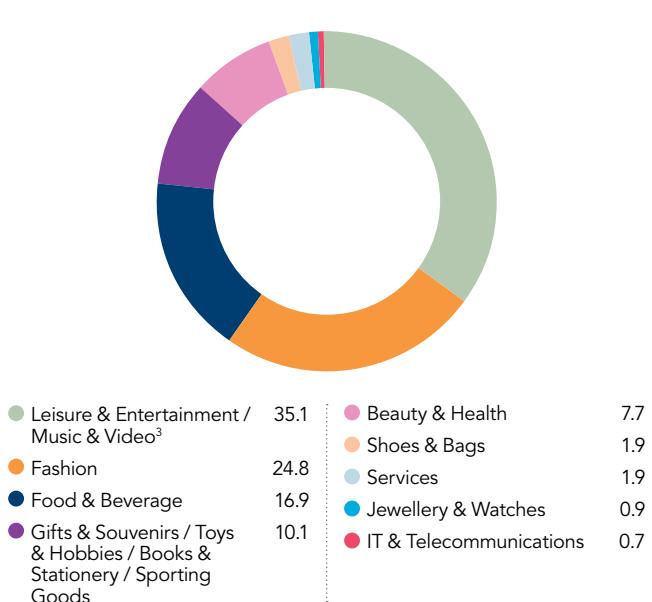


Bugis+ is strategically located within Singapore's Civic and Cultural District and directly opposite Bugis Junction. Easily accessible via Bugis MRT Station, Bugis+ is connected by an overhead link bridge to the second storey of Bugis Junction. The integration of the two malls further strengthens its overall appeal to shoppers with a combined retail space of more than 600,000 sq ft. Bugis+ exudes vibrancy with endless entertainment, exciting food & beverage options and stylish fashion offerings, creating a dynamic magnet for fun-seeking trendy youth in the heart of Bugis.

Lease Expiry Profile¹
% of Gross Rental Income²



Trade Sector Analysis
% of Gross Rental Income²



1 Based on committed gross rental income for the expiry month of the lease.

2 Excludes gross turnover rent.

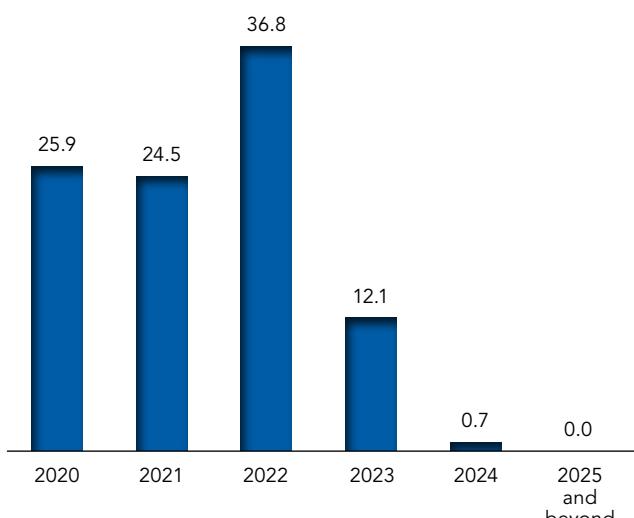
3 Includes tenants approved as thematic dining, entertainment and a performance centre.

BEDOK MALL

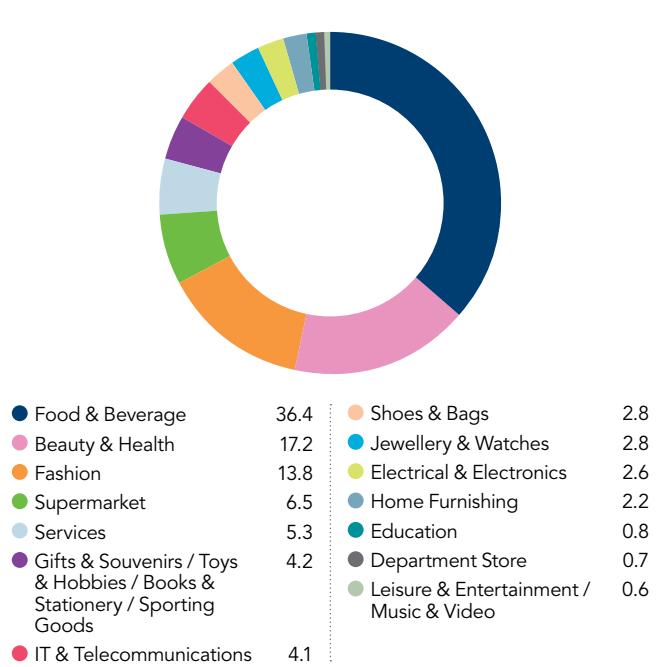


Bedok Mall is the first major mall in Bedok, one of Singapore's most populous housing estates. In the heart of the Bedok Town Centre, Bedok Mall is home to over 200 shops spanning four floors, serving everyday essentials, food & beverage, lifestyle and fashion options. As part of a retail-residential-transport hub development, Bedok Mall enjoys excellent connectivity with direct connection to Bedok MRT station and bus interchange.

Lease Expiry Profile¹
% of Gross Rental Income²



Trade Sector Analysis
% of Gross Rental Income²



1 Based on committed gross rental income for the expiry month of the lease.

2 Excludes gross turnover rent.

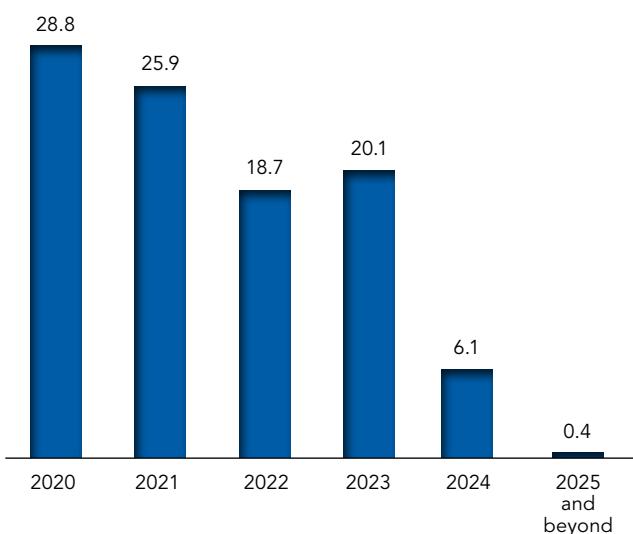
PORTFOLIO DETAILS

WESTGATE

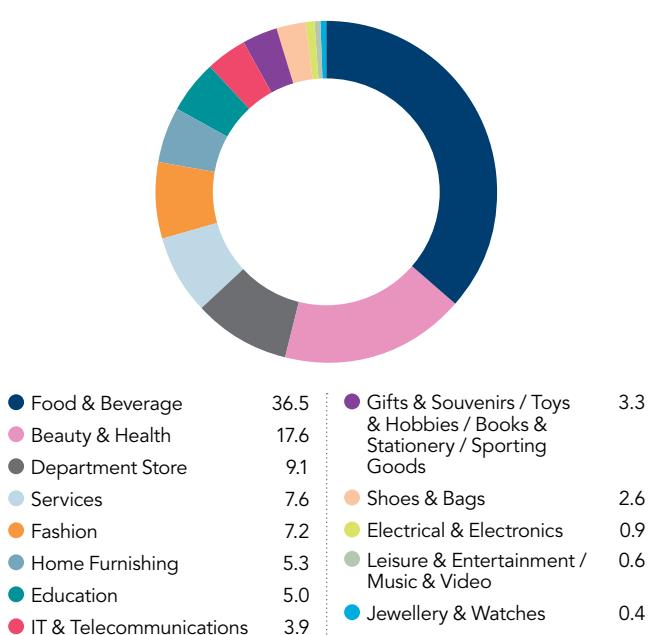


Strategically located in Jurong Gateway, within the Jurong Lake District, Westgate is a premier family and lifestyle mall in the west of Singapore. Directly connected to both Jurong East MRT station and bus interchange, Westgate is surrounded by a suite of amenities such as the Ng Teng Fong General Hospital. Offering a holistic and city lifestyle shopping experience with many popular brands, Westgate encompasses unique features such as The Courtyard, which is naturally ventilated, alfresco dining options and a thematic children's playground.

Lease Expiry Profile¹
% of Gross Rental Income²



Trade Sector Analysis
% of Gross Rental Income²

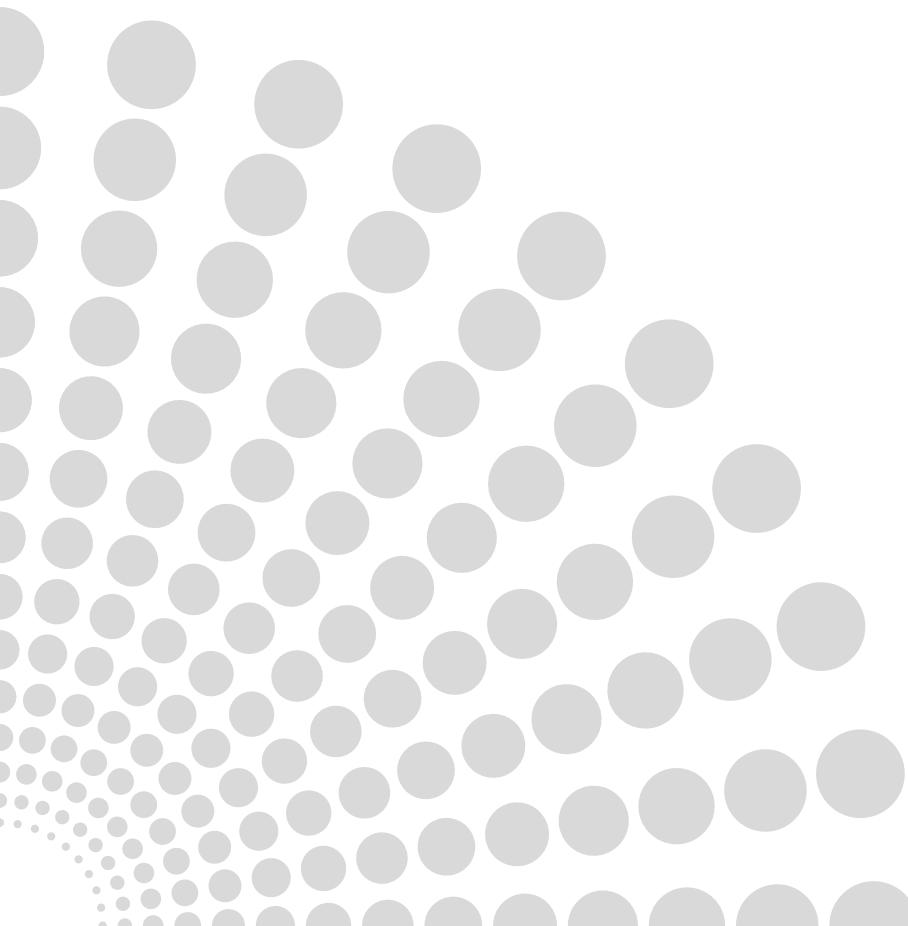


1 Based on committed gross rental income for the expiry month of the lease.

2 Excludes gross turnover rent.

FINANCIAL STATEMENTS

- 152** Report of the Trustee
- 153** Statement by the Manager
- 154** Independent Auditors' Report
- 157** Statements of Financial Position
- 158** Statements of Total Return
- 159** Distribution Statements
- 161** Statements of Movements in Unitholders' Funds
- 162** Portfolio Statements
- 167** Statements of Cash Flows
- 169** Notes to the Financial Statements



REPORT OF THE TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of CapitaLand Mall Trust (the "Trust") and its subsidiaries (the "Group") in trust for the Unitholders. In accordance with the Securities and Futures Act, Chapter 289 of Singapore, its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of CapitaLand Mall Trust Management Limited (the "Manager") for compliance with the limitations imposed on the investment and borrowing powers as set out in the deed of trust dated 29 October 2001 constituting the Trust (as amended)¹ between the Manager and the Trustee (the "Trust Deed") in each annual accounting period and report thereon to Unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed the Trust during the period covered by these financial statements, set out on pages 157 to 249 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

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



Tan Ling Cher
Senior Manager

Singapore
27 February 2020

¹ As amended by the First Supplemental Deed dated 26 December 2001, the Second Supplemental Deed dated 28 June 2002, the Amending and Restating Deed dated 29 April 2003, the Fourth Supplemental Deed dated 18 August 2003, the Second Amending and Restating Deed dated 9 July 2004, the Sixth Supplemental Deed dated 18 March 2005, the Seventh Supplemental Deed dated 21 July 2005, the Eighth Supplemental Deed dated 13 October 2005, the Ninth Supplemental Deed dated 20 April 2006, the Third Amending and Restating Deed dated 25 August 2006, the Eleventh Supplemental Deed dated 15 February 2007, the Twelfth Supplemental Deed dated 31 July 2007, the Thirteenth Supplemental Deed dated 20 May 2008, the Fourteenth Supplemental Deed dated 13 April 2010, the Fifteenth Supplemental Deed dated 25 March 2013, the Sixteenth Supplemental Deed dated 3 February 2014, the Seventeenth Supplemental Deed dated 6 May 2015, the Eighteenth Supplemental Deed dated 12 April 2016, the Fourth Amending and Restating Deed dated 27 July 2018 and the Twentieth Supplemental Deed dated 8 April 2019.

STATEMENT BY THE MANAGER

In the opinion of the directors of CapitaLand Mall Trust Management Limited, the accompanying financial statements set out on pages 157 to 249 comprising the Statements of Financial Position and Portfolio Statements of the Group and the Trust as at 31 December 2019, and the Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds and Statements of Cash Flows of the Group and of the Trust for the year then ended, and a summary of significant accounting policies and other explanatory information of the Group and of the Trust, are drawn up so as to present fairly, in all material respects, the financial position of the Group and of the Trust as at 31 December 2019, and the total return, distributable income, movements in Unitholders' funds and cash flows of the Group and of the Trust for the year then ended in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts"* issued by the Institute of Singapore Chartered Accountants and the provisions of the Trust Deed. At the date of this statement, there are reasonable grounds to believe that the Group and the Trust will be able to meet their financial obligations as and when they materialise.

**For and on behalf of the Manager,
CapitaLand Mall Trust Management Limited**



Tan Tee Hieong
Director

Singapore
27 February 2020

INDEPENDENT AUDITORS' REPORT

Unitholders of CapitaLand Mall Trust

(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 29 October 2001 (as amended))

Report on the audit of the financial statements

Opinion

We have audited the financial statements of CapitaLand Mall Trust (the "Trust") and its subsidiaries (the "Group"), which comprise the Statements of Financial Position and Portfolio Statements of the Group and the Trust as at 31 December 2019, and the Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds and Statements of Cash Flows of the Group and the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 157 to 249.

In our opinion, the accompanying consolidated financial statements of the Group and the financial statements of the Trust present fairly, in all material respects, the financial position and portfolio holdings of the Group and of the Trust as at 31 December 2019 and the total return, distributable income, movements in Unitholders' funds and cash flows of the Group and of the Trust for the year ended on that date in accordance with the recommendations of *Statement of Recommended Accounting Practice 7 Reporting Framework for Unit Trusts ("RAP 7")* issued by the Institute of Singapore Chartered Accountants.

Basis for opinion

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

Key audit matters

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

Valuation of investment properties

(Refer to Note 5 to the financial statements)

Risk:

The Group's and Trust's investment portfolios comprise a number of investment properties in Singapore. Investment properties represent the largest asset on the Statement of Financial Position.

In accordance with the accounting policy adopted by the Group, investment properties are stated at fair values based on independent external valuations.

The valuation of investment properties involves significant judgement and estimation uncertainty. Judgement is required in determining the valuation methodologies applicable as well as in estimating the appropriate assumptions to be applied.

The valuation methodologies applied are the capitalisation method, discounted cashflow method and comparison method.

The valuations are sensitive to key assumptions on capitalisation rates, discount rates and terminal yield rates and any changes in the key assumptions could have a significant impact on the valuations.

Our response:

We evaluated the valuers' objectivity and competency. We also discussed with the valuers their scope of work and basis of valuation to understand if any matters may have impacted their objectivity.

We independently considered the valuation methodologies applied by the valuers, comparing these methodologies to those applied by other valuers for similar properties. We compared the net income applied by the valuer to historical levels of net income. We also compared the capitalisation rates, discount rates and terminal yield rates, against those applied by other valuers for similar properties, and analysed trends of these key inputs.

Where the amounts and rates were beyond the expected range, we performed procedures to understand the reasons and drivers.

Our findings:

The Group has adopted a structured process in selecting valuers and in considering and challenging the valuations derived. The valuers belong to generally-recognised professional bodies for valuers.

The valuation methodologies applied were consistent with generally accepted market practices and those used in prior years.

The key inputs and assumptions were comparable to those used by other valuers of similar investment properties.

Other information

The Manager is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITORS' REPORT

Unitholders of CapitaLand Mall Trust

(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 29 October 2001 (as amended))

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Koh Wei Peng.

KOH WEI PENG

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
27 February 2020

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 \$'000	2018 \$'000	Group	2019 \$'000	2018 \$'000	Trust
Non-current assets							
Plant and equipment	4	3,290	2,813		1,849		1,414
Investment properties	5	10,415,843	9,411,000		8,203,845		7,499,000
Investment properties under development	6	–	664,576		–		433,165
Subsidiaries	7	–	–		2,130,270		1,709,581
Associate and joint ventures	8	840,851	1,020,504		593,041		719,405
Equity instrument at fair value	9	214,742	–		214,742		–
Financial derivatives	10	25,001	26,619		–		–
Other non-current asset		3,343	137		1,927		137
		11,503,070	11,125,649		11,145,674		10,362,702
Current assets							
Trade and other receivables	11	26,391	27,518		32,990		30,235
Cash and cash equivalents	12	202,198	348,503		156,097		286,117
		228,589	376,021		189,087		316,352
Total assets		11,731,659	11,501,670		11,334,761		10,679,054
Current liabilities							
Financial derivatives	10	2,542	34,670		–		–
Trade and other payables	13	166,857	199,271		144,712		159,034
Current portion of security deposits		62,532	63,408		48,140		55,021
Interest-bearing borrowings	14	259,807	528,557		261,880		157,506
Lease liabilities	15	2,865	–		2,107		–
Provision for taxation		167	1,794		–		–
		494,770	827,700		456,839		371,561
Non-current liabilities							
Financial derivatives	10	31,137	27,733		775		–
Interest-bearing borrowings	14	3,301,070	3,099,260		3,278,070		3,070,129
Lease liabilities	15	8,457	–		8,217		–
Non-current portion of security deposits		128,986	117,677		105,294		89,247
		3,469,650	3,244,670		3,392,356		3,159,376
Total liabilities		3,964,420	4,072,370		3,849,195		3,530,937
Net assets		7,767,239	7,429,300		7,485,566		7,148,117
Represented by:							
Unitholders' funds	16	7,767,239	7,429,300		7,485,566		7,148,117
Units in issue ('000)	17	3,688,804	3,686,902		3,688,804		3,686,902
Net asset value per unit		\$ 2.11	\$ 2.02		\$ 2.03		\$ 1.94

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

STATEMENTS OF TOTAL RETURN

Year ended 31 December 2019

	Note	Group		Trust	
		2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Gross revenue	18	786,736	697,521	646,857	629,323
Property operating expenses	19	(228,521)	(203,973)	(189,604)	(183,746)
Net property income		558,215	493,548	457,253	445,577
Interest and other income	20	7,099	10,681	54,735	31,915
Investment income	21	–	–	110,991	98,757
Management fees	22	(50,236)	(44,579)	(40,331)	(39,524)
Professional fees		(492)	(267)	(383)	(224)
Valuation fees		(613)	(792)	(509)	(643)
Trustee's fees		(1,493)	(1,339)	(1,380)	(1,279)
Audit fees		(359)	(364)	(323)	(323)
Costs associated with acquisition of subsidiary		–	(8,981)	–	(8,981)
Finance costs	23	(118,491)	(98,170)	(112,155)	(96,719)
Other expenses		(1,018)	(1,297)	(1,025)	(1,306)
Net income before share of results of associate and joint ventures		392,612	348,440	466,873	427,250
Share of results (net of tax) of:					
– Associate ¹		18,388	13,593	–	–
– Joint ventures		70,835	115,359	–	–
Net income		481,835	477,392	466,873	427,250
Net change in fair value of investment properties		232,913	79,226	180,086	72,763
Net change in fair value of investment properties under development		–	(138)	–	(11,138)
Gain from change in ownership interest in a joint venture		–	–	–	6,067
Gain on disposal of investment property	24	–	119,734	–	119,734
Impairment loss written back on investments in subsidiary and joint venture		–	–	2,574	33,819
Dilution (loss)/gain on investment in associate		(217)	144	–	–
Net (loss)/gain on derecognition of investment in associate		(17,601)	–	50,768	–
Total return for the year before tax		696,930	676,358	700,301	648,495
Income tax refund	26	–	387	–	78
Total return for the year		696,930	676,745	700,301	648,573
Earnings per unit (cents)					
Basic and diluted	27	18.90	18.96	18.99	18.17

1 For year ended 31 December 2019, this relates to the Group's share of CapitaLand Retail China Trust's results before it was reclassified to equity instrument at fair value. Refer to Note 8.

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

DISTRIBUTION STATEMENTS

Year ended 31 December 2019

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Amount available for distribution to Unitholders at beginning of the year	64,436	109,337	64,436	109,337
Net income before share of results of associate and joint ventures	392,612	348,440	466,873	427,250
Net tax adjustments (Note A)	(8,277)	(213)	(4,972)	2,109
Distribution income from:				
– Associate	13,645	7,632	–	–
– Joint ventures	62,658	71,775	–	–
Rollover adjustment	–	274	–	–
Net loss from subsidiaries	1,263	1,451	–	–
	461,901	429,359	461,901	429,359
	526,337	538,696	526,337	538,696
Amount available for distribution to Unitholders Distributions to Unitholders during the year:				
Distribution of 2.90 cents per unit for period from 01/10/2017 to 31/12/2017	–	(102,846)	–	(102,846)
Distribution of 2.78 cents per unit for period from 01/01/2018 to 31/03/2018	–	(98,638)	–	(98,638)
Distribution of 2.81 cents per unit for period from 01/04/2018 to 30/06/2018	–	(99,714)	–	(99,714)
Distribution of 2.92 cents per unit for period from 01/07/2018 to 30/09/2018	–	(103,629)	–	(103,629)
Distribution of 1.43 cents per unit for period from 01/10/2018 to 07/11/2018	–	(50,749)	–	(50,749)
Distribution of 1.56 cents per unit for period from 08/11/2018 to 31/12/2018	(57,516)	–	(57,516)	–
Distribution of 2.88 cents per unit for period from 01/01/2019 to 31/03/2019	(106,223)	–	(106,223)	–
Distribution of 2.92 cents per unit for period from 01/04/2019 to 30/06/2019	(107,703)	–	(107,703)	–
Distribution of 3.06 cents per unit for period from 01/07/2019 to 30/09/2019	(112,873)	–	(112,873)	–
Amount retained for general corporate and working capital purposes (Note B)	(384,315)	(455,576)	(384,315)	(455,576)
Amount available for distribution to Unitholders at end of the year	(20,305)	(18,684)	(20,305)	(18,684)
Distribution per unit (cents)¹	121,717	64,436	121,717	64,436
	11.97	11.50	11.97	11.50

1 The Distribution per unit relates to the distributions in respect of the relevant financial year. The distribution relating to the last quarter of 2019 will be paid after 31 December 2019.

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

DISTRIBUTION STATEMENTS

Year ended 31 December 2019

Note A – Net tax adjustments comprise:

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Non-tax deductible/(chargeable) items:				
– trustee's fees	1,457	1,282	1,380	1,279
– non-deductible interest expenses	2,594	2,208	2,571	2,313
– other items	(5,808)	11,355	(2,523)	13,135
Tax deductible items:				
– capital allowances/balancing allowances	(6,520)	(15,058)	(6,400)	(14,618)
Net tax adjustments	(8,277)	(213)	(4,972)	2,109

Note B

Amount retained for general corporate and working capital in financial year 2019 relates to the capital distribution and tax-exempt income received from CapitaLand Retail China Trust ("CRCT") of \$13.6 million and capital distribution received from Infinity Office Trust ("IOT") of \$6.7 million.

Amount retained for general corporate and working capital in financial year 2018 relates to the capital distribution and tax-exempt income received from CRCT of \$7.6 million and capital distribution received from Infinity Mall Trust ("IMT") prior to the completion of its acquisition of \$11.1 million respectively.

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

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2019

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Net assets at beginning of the year	7,429,300	6,928,045	7,148,117	6,667,687
Operations				
Total return for the year	696,930	676,745	700,301	648,573
Hedging reserves				
Effective portion of changes in fair value of cash flow hedges	19,998	(10,769)	(780)	–
Net change in fair value of cash flow hedges reclassified to Statement of Total Return	(18,635)	10,403	5	–
Share of movements in hedging reserves of associate and joint ventures	(1,260)	2,291	–	–
Movement in foreign currency translation reserves	8,372	(10,055)	–	–
Movement in general reserves	(5,389)	783	–	–
Movement in fair value reserves	17,766	–	17,766	–
Unitholders' transactions				
Creation of units				
– Units issued in respect of RCS Trust's management fees	4,472	5,686	4,472	5,686
– Units issued in respect of placement of 134,089,000 units ("Placement")	–	277,564	–	277,564
– Units issued for payment of acquisition fees in respect of the acquisition of the balance 70.0% units in Infinity Mall Trust	–	7,896	–	7,896
– Issue expense	–	(3,713)	–	(3,713)
Distributions to Unitholders	(384,315)	(455,576)	(384,315)	(455,576)
Net decrease in net assets resulting from Unitholders' transactions	(379,843)	(168,143)	(379,843)	(168,143)
Net assets at end of the year	7,767,239	7,429,300	7,485,566	7,148,117

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

PORTFOLIO STATEMENTS

As at 31 December 2019

Group

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location
Investment properties and investment properties under development in Singapore				
Tampines Mall	Leasehold	99 years	72 years	4 Tampines Central 5, Singapore
Junction 8	Leasehold	99 years	71 years	9 Bishan Place, Singapore
Funan ¹	Leasehold	99 years	59 years	109 North Bridge Road, Singapore
IMM Building	Leasehold	60 years	29 years	2 Jurong East Street 21, Singapore
Plaza Singapura	Freehold	–	–	68 Orchard Road, Singapore
Bugis Junction	Leasehold	99 years	70 years	200 Victoria Street, Singapore
JCube	Leasehold	99 years	70 years	2 Jurong East Central 1, Singapore
Lot One Shoppers' Mall	Leasehold	99 years	73 years	21 Choa Chu Kang Avenue 4, Singapore
Bukit Panjang Plaza	Leasehold	99 years	74 years	1 Jelebu Road, Singapore
The Atrium@Orchard	Leasehold	99 years	88 years	60A & 60B Orchard Road, Singapore
Clarke Quay	Leasehold	99 years	69 years	3A/B/C/D/E River Valley Road, Singapore
Bugis+	Leasehold	60 years	46 years	201 Victoria Street, Singapore
Bedok Mall	Leasehold	99 years	91 years	311 New Upper Changi Road, Singapore
Westgate ²	Leasehold	99 years	91 years	3 Gateway Drive, Singapore

Investment properties and investment properties under development, at valuation

Investment properties – right-of-use assets

Investments in associate, joint ventures and equity instrument (Note 8 and 9)

Other assets and liabilities (net)

Net assets

Existing Use	Carrying Value		Percentage of Total Net Assets	
	2019 \$'000	2018 \$'000	2019 %	2018 %
Commercial	1,085,000	1,059,000	14.0	14.3
Commercial	799,000	743,000	10.3	10.0
Commercial	775,000	664,576	10.0	8.9
Commercial Warehouse	675,000	649,000	8.7	8.7
Commercial	1,349,000	1,296,000	17.4	17.4
Commercial	1,106,000	1,089,000	14.2	14.7
Commercial	288,000	288,000	3.7	3.9
Commercial	537,000	536,000	6.9	7.2
Commercial	330,000	327,000	4.2	4.4
Commercial	764,000	757,000	9.8	10.2
Commercial	414,000	401,000	5.3	5.4
Commercial	357,000	354,000	4.6	4.8
Commercial	794,000	784,000	10.2	10.6
Commercial	1,131,000	1,128,000	14.6	15.2
	10,404,000	10,075,576	133.9	135.7
	11,843	–	0.2	–
	1,055,593	1,020,504	13.6	13.7
	11,471,436	11,096,080	147.7	149.4
	(3,704,197)	(3,666,780)	(47.7)	(49.4)
	7,767,239	7,429,300	100.0	100.0

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

PORTFOLIO STATEMENTS

As at 31 December 2019

Trust

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location
Investment properties and investment properties under development in Singapore				
Tampines Mall	Leasehold	99 years	72 years	4 Tampines Central 5, Singapore
Junction 8	Leasehold	99 years	71 years	9 Bishan Place, Singapore
Funan ¹	Leasehold	99 years	59 years	109 North Bridge Road, Singapore
IMM Building	Leasehold	60 years	29 years	2 Jurong East Street 21, Singapore
Plaza Singapura	Freehold	–	–	68 Orchard Road, Singapore
Bugis Junction	Leasehold	99 years	70 years	200 Victoria Street, Singapore
JCube	Leasehold	99 years	70 years	2 Jurong East Central 1, Singapore
Lot One Shoppers' Mall	Leasehold	99 years	73 years	21 Choa Chu Kang Avenue 4, Singapore
Bukit Panjang Plaza	Leasehold	99 years	74 years	1 Jelebu Road, Singapore
The Atrium@Orchard	Leasehold	99 years	88 years	60A & 60B Orchard Road, Singapore
Clarke Quay	Leasehold	99 years	69 years	3A/B/C/D/E River Valley Road, Singapore
Bugis+	Leasehold	60 years	46 years	201 Victoria Street, Singapore

Investment properties and investment properties under development, at valuation

Investment properties – right-of-use assets

Investments in subsidiaries, associate, joint ventures and equity instrument (Notes 7, 8 and 9)

Other assets and liabilities (net)

Net assets

NA Not Applicable

- 1 Funan was closed for redevelopment from 1 July 2016 and re-opened on 28 June 2019. The retail component of Funan is held through the Trust and the office components are held through Victory Office 1 Trust and Victory Office 2 Trust.
- 2 On 1 November 2018, the acquisition of the balance 70.0% of the units in Infinity Mall Trust ("IMT") which holds Westgate was completed. Upon acquisition, IMT became a wholly owned subsidiary.

Existing Use	Carrying Value		Percentage of Total Net Assets	
	2019 \$'000	2018 \$'000	2019 %	2018 %
Commercial	1,085,000	1,059,000	14.5	14.8
Commercial	799,000	743,000	10.7	10.4
Commercial	489,000	433,165	6.6	6.1
Commercial Warehouse	675,000	649,000	9.0	9.1
Commercial	1,349,000	1,296,000	18.0	18.1
Commercial	1,106,000	1,089,000	14.8	15.2
Commercial	288,000	288,000	3.8	4.0
Commercial	537,000	536,000	7.2	7.5
Commercial	330,000	327,000	4.4	4.6
Commercial	764,000	757,000	10.2	10.6
Commercial	414,000	401,000	5.5	5.6
Commercial	357,000	354,000	4.8	4.9
	8,193,000	7,932,165	109.5	110.9
	10,845	–	0.1	–
	2,938,053	2,428,986	39.2	34.0
	11,141,898	10,361,151	148.8	144.9
	(3,656,332)	(3,213,034)	(48.8)	(44.9)
	7,485,566	7,148,117	100.0	100.0

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

PORTFOLIO STATEMENTS

As at 31 December 2019

On 31 December 2019, independent valuations of Funan, Junction 8 and Clarke Quay were undertaken by CBRE Pte. Ltd. ("CBRE"), independent valuations of Tampines Mall, IMM Building, JCube, Lot One Shoppers' Mall, Bukit Panjang Plaza and Bedok Mall were undertaken by Knight Frank Pte Ltd ("Knight Frank"), independent valuations of Bugis Junction and Bugis+ were undertaken by Jones Lang LaSalle Property Consultants Pte Ltd ("JLL") while the independent valuations of Plaza Singapura, The Atrium@Orchard and Westgate were undertaken by Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("Colliers").

On 31 December 2018, independent valuations of Funan, Lot One Shoppers' Mall , Bukit Panjang Plaza and Clarke Quay were undertaken by CBRE, independent valuations of Junction 8, Tampines Mall, IMM Building, Bugis Junction, JCube, Bugis+ and Bedok Mall were undertaken by Knight Frank, while the independent valuations of Plaza Singapura, The Atrium@Orchard and Westgate were undertaken by Colliers.

The valuations were based on capitalisation, discounted cash flow and comparison approaches. The Manager believes that the independent valuers have appropriate professional qualifications and experience in the location and category of the properties being valued. The net change in fair value of the properties has been recognised in the Statement of Total Return.

Investment properties comprise commercial properties that are leased to external customers. Generally, the leases contain an initial non-cancellable period of three years. Subsequent renewals are negotiated with the lessees. Contingent rents recognised in the Statement of Total Return of the Group and the Trust is \$35,739,000 (2018: \$31,647,000) and \$29,880,000 (2018: \$29,709,000) respectively.

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

STATEMENTS OF CASH FLOWS

Year ended 31 December 2019

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Cash flows from operating activities				
Total return for the year	696,930	676,745	700,301	648,573
Adjustments for:				
Interest and other income	(7,099)	(10,681)	(54,735)	(31,915)
Investment income	–	–	(110,991)	(98,757)
Finance costs	118,491	98,170	112,155	96,719
Assets written off	6	28	3	28
Gain on disposal of plant and equipment	(5)	(1)	(4)	(1)
Depreciation and amortisation	1,726	519	1,498	493
Receivables (written back)/written off	(11)	29	(11)	27
Share of results of:				
– Associate	(18,388)	(13,593)	–	–
– Joint ventures	(70,835)	(115,359)	–	–
Income tax refund	–	(387)	–	(78)
Net change in fair value of investment properties	(232,913)	(79,226)	(180,086)	(72,763)
Net change in fair value of investment properties under development	–	138	–	11,138
Gain from change in ownership interest in a joint venture	–	–	–	(6,067)
Gain on disposal of investment property	–	(119,734)	–	(119,734)
Impairment loss written back on investments in subsidiary and joint venture	–	–	(2,574)	(33,819)
Dilution loss/(gain) on investment in associate	217	(144)	–	–
Net loss/(gain) on derecognition of investment in associate	17,601	–	(50,768)	–
Operating income before working capital changes	505,720	436,504	414,788	393,844
Changes in working capital:				
Trade and other receivables	(495)	5,305	(1,583)	1,888
Trade and other payables	(2,517)	5,580	(21)	5,556
Security deposits	10,433	8,296	9,166	5,395
Cash generated from operations	513,141	455,685	422,350	406,683
Income tax (paid)/refunded	(1,627)	227	–	(81)
Net cash generated from operating activities	511,514	455,912	422,350	406,602

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

STATEMENTS OF CASH FLOWS

Year ended 31 December 2019

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Cash flows from investing activities				
Interest received	6,948	5,131	6,153	4,986
Interest received from subsidiaries	–	–	48,418	22,282
Interest received from a joint venture ¹	–	3,861	–	3,861
Distributions received from:				
– Subsidiaries	–	–	31,951	18,088
– Associate	13,645	7,632	13,645	7,632
– Joint ventures	63,303	73,375	63,303	73,375
Net cash outflow on acquisition of subsidiary (including acquisition charges)	–	(357,663)	–	(399,183)
Capital expenditure on investment properties	(29,621)	(28,454)	(25,674)	(24,871)
Capital expenditure on investment properties under development	(96,120)	(172,792)	(72,904)	(113,276)
Investment in equity instrument	(15,372)	–	(15,372)	–
Purchase of plant and equipment	(974)	(259)	(896)	(248)
Proceeds from disposal of plant and equipment	6	14	4	14
Proceeds from divestment of investment property	–	242,909	–	242,909
Loan to a joint venture	–	(8,732)	–	(8,732)
Loans to subsidiaries	–	–	(432,457)	(213,578)
Repayment of loans received from subsidiaries	–	–	15,000	14,080
Net cash used in investing activities	(58,185)	(234,978)	(368,829)	(372,661)
Cash flows from financing activities				
Payment of issue and financing expenses	(4,037)	(5,938)	(3,685)	(5,938)
Proceeds from interest-bearing borrowings	908,800	1,486,591	908,800	1,486,591
Repayment of interest-bearing borrowings	(999,779)	(1,600,688)	(594,779)	(1,445,688)
Proceeds from issue of new Units	–	277,564	–	277,564
Payment of lease liabilities	(3,706)	–	(2,972)	–
Distributions to Unitholders	(384,315)	(455,576)	(384,315)	(455,576)
Interest paid	(116,597)	(97,129)	(106,590)	(96,648)
Cash flows used in financing activities	(599,634)	(395,176)	(183,541)	(239,695)
Net decrease in cash and cash equivalents	(146,305)	(174,242)	(130,020)	(205,754)
Cash and cash equivalents at beginning of the year	348,503	522,745	286,117	491,871
Cash and cash equivalents at end of the year (Note 12)	202,198	348,503	156,097	286,117

1 These relate to IMT when it was classified as a joint venture of the Group.

Note:

(A) Significant Non-Cash Transactions

- In 2019, 1,901,785 (2018: 2,696,929) units were issued to the Manager as payment for the management fees payable in units, amounting to a value of \$4,472,000 (2018: \$5,686,000).
- In 2018, 3,693,343 units were issued as payment for the acquisition fees of \$7,896,000 in relation to the acquisition of IMT. Under the Property Funds Appendix, the acquisition fees paid in respect of transactions with interested parties will have to be in the form of units which shall not be sold within one year from the date of issuance of such units.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 27 February 2020.

1. GENERAL

CapitaLand Mall Trust (the "Trust") is a Singapore-domiciled unit trust constituted pursuant to the trust deed dated 29 October 2001 (as amended) (the "Trust Deed") between CapitaLand Mall Trust Management Limited (the "Manager") and HSBC Institutional Trust Services (Singapore) Limited (the "Trustee"). The Trust Deed is governed by the laws of the Republic of Singapore. The Trustee is under a duty to take into custody and hold the assets of the Trust in trust for the holders ("Unitholders") of units in the Trust (the "Units").

The Trust was formally admitted to the Official List of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 17 July 2002 ("Listing Date") and was included under the Central Provident Fund ("CPF") Investment Scheme on 13 September 2002.

The principal activity of the Trust is to invest in income producing real estate, which is used or substantially used for retail purposes with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth. The principal activities of the subsidiaries, associate and joint ventures are set out in Notes 7 and 8.

The consolidated financial statements relate to the Trust and its subsidiaries (the "Group") and the Group's interest in its associate and joint ventures.

For financial reporting purposes, with effect from 28 June 2019, the intermediate and ultimate holding companies of the Group are CapitaLand Limited and Temasek Holdings (Private) Limited respectively. The intermediate and ultimate holding companies are incorporated in Singapore. Prior to 28 June 2019, the ultimate holding company of the Group was CapitaLand Limited.

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

1.1 Property management fees

Under the property management agreement with CapitaLand Retail Management Pte Ltd (the "Property Manager"), property management fees are charged as follows:

- (a) 2.00% per annum of the gross revenue of the properties;
- (b) 2.00% per annum of the net property income of the properties; and
- (c) 0.50% per annum of the net property income of the properties, in lieu of leasing commissions.

The property management fees are payable monthly in arrears.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

1. GENERAL (continued)

1.2 Management fees

Pursuant to the Trust Deed, the management fees shall not exceed 0.70% per annum of the Deposited Property or such higher percentage as may be fixed by an Extraordinary Resolution at a meeting of Unitholders. Deposited Property refers to all the assets of the Trust, including all its Authorised Investments (as defined in the Trust Deed) for the time being held or deemed to be held upon the trusts of the Trust Deed. The management fees comprise:

- (a) in respect of Authorised Investments which are in the form of real estate, a base component of 0.25% per annum of Deposited Property and a performance component of 4.25% per annum of net property income of the Trust for each financial year; and
- (b) in respect of all other Authorised Investments which are not in the form of real estate, 0.5% per annum of the investment value of the Authorised Investment, unless such Authorised Investment is an interest in a property fund (either a real estate investment trust or private property fund) wholly managed by a wholly-owned subsidiary of CapitaLand Limited, in which case no management fee shall be payable in relation to such Authorised Investment.

In respect of all Authorised Investments which are in the form of real estate acquired by the Trust:

- (a) the base component shall be paid to the Manager in the form of cash and/or Units (as the Manager may elect); and
- (b) the performance component shall be paid to the Manager in the form of cash, in the form of Units or a combination of both (as the Manager may elect).

When paid in the form of Units, the Manager shall be entitled to receive such number of Units as may be purchased for the relevant amount of the management fee at the market price (as defined in the Trust Deed). The base and performance components of the management fees are payable quarterly and yearly in arrears respectively.

For all acquisitions or disposals of properties or investments, the Manager is entitled to receive acquisition fee of 1.0% of the purchase price and a divestment fee of 0.5% of the sale price.

1.3 Trustee's fees

Pursuant to the Trust Deed, the Trustee's fees shall not exceed 0.10% per annum of the Deposited Property (subject to a minimum sum of \$15,000 per month) payable out of the Deposited Property of the Trust. The Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

The Trustee's fees are payable quarterly in arrears.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except for investment properties, investment properties under development, derivative financial instruments and certain financial assets and financial liabilities which are measured at fair value.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Group's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with RAP 7 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about critical judgement in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is described in the following note:

- Note 8 – Classification of associate and joint ventures
- Note 25 – Acquisition of subsidiary

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

- Note 5 & 6 – Valuation of investment properties and investment properties under development

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

2. BASIS OF PREPARATION (continued)

2.4 Use of estimates and judgements (continued)

Measurement of fair values

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

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

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

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

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

- Note 5 & 6 – Valuation of investment properties and investment properties under development
- Note 25 – Acquisition of subsidiary
- Note 30 – Valuation of financial instruments

2. BASIS OF PREPARATION (continued)

2.5 Changes in accounting policies

New standards and amendments

The Group applied the principles of the following standards and amendments to standards from 1 January 2019.

- Amendments to FRS 109, FRS 39 and FRS 107 *Interest Rate Benchmark Reform*
- FRS 116 *Leases*

Amendments to FRS 109, FRS 39 and FRS 107 *Interest Rate Benchmark Reform*

The Group applied the interest rate benchmark reform amendments retrospectively to hedging relationship that existed at 1 January 2019 or were designated thereafter and that are directly affected by interest rate benchmark reform. The details of the accounting policies are disclosed in Note 3.5 for related disclosures about the risks and hedge accounting.

FRS 116 *Leases*

The Group applied the principles of FRS 116 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 is not restated – i.e. it is presented, as previously reported, under the principles of FRS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in FRS 116 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under the principles of INT FRS 104 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in FRS 116.

On transition to FRS 116, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied the principles of FRS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under the principles of FRS 17 and INT FRS 104 were not reassessed for whether there is a lease under FRS 116. Therefore, the definition of a lease under the principles of FRS 116 was applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

As a lessee, the Group leases many assets including property and office equipment. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under the principles of FRS 116, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

2. BASIS OF PREPARATION (continued)

2.5 Changes in accounting policies (continued)

As a lessee (continued)

Leases classified as operating leases under FRS 17

Previously, the Group classified property leases as operating leases under the principles of FRS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments discounted at the respective lessee entities' incremental borrowing rates applicable to the leases as at 1 January 2019. The Group measured right-of-use assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Group used a number of practical expedients when applying the principles of FRS 116 to leases previously classified as operating leases under the principles of FRS 17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

As a lessor

The Group leases out its investment property, including own property and right-of-use assets. The Group has classified these leases as operating leases.

The Group is not required to make any adjustments on transition to FRS 116 for leases in which it acts as a lessor, except for a sub-lease.

The Group sub-leases some of its properties. Under FRS 17, the head lease and sub-lease contracts were classified as operating leases. On transition to FRS 116, the right-of-use assets recognised from the head leases are presented in investment property, and measured at fair value at that date. The Group assessed the classification of the sub-lease contracts with reference to the right-of-use asset rather than the underlying asset, and concluded that they are operating leases under the principles of FRS 116.

2. BASIS OF PREPARATION (continued)

2.5 Changes in accounting policies (continued)

Impact on financial statements

Impact on transition

On transition to FRS 116, the Group and the Trust recognised additional right-of-use assets (classified as plant and equipment or investment properties) and additional lease liabilities. The impact on transition is summarised below.

	Group 1 January 2019 \$'000	Trust 1 January 2019 \$'000
Non-current assets		
Right-of-use assets – Plant and equipment	30	30
Right-of-use assets – Investment properties	<u>9,594</u>	<u>9,594</u>
Current liabilities		
Lease liabilities	<u>(1,850)</u>	<u>(1,850)</u>
Non-Current liabilities		
Lease liabilities	<u>(7,774)</u>	<u>(7,774)</u>

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is 3.1%.

	Group 1 January 2019 \$'000	Trust 1 January 2019 \$'000
Operating lease commitments at 31 December 2018 as disclosed under the principles of FRS 17 in the financial statements	10,799	10,799
Discounted using the incremental borrowing rate at 1 January 2019	<u>9,685</u>	<u>9,685</u>
– Recognition exemption for leases with less than 12 months of lease term at transition	<u>(61)</u>	<u>(61)</u>
Lease liabilities recognised as at 1 January 2019	<u>9,624</u>	<u>9,624</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:

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

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

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the Statement of Total Return.

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

Business combinations and property acquisitions

Where a property is acquired, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

The Group accounts for an acquisition as business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired (e.g. maintenance and retail operations, etc.).

When acquisition of an asset or a group of assets does not constitute a business combination, it is treated as property acquisition. In such cases, the individual identifiable assets acquired and liabilities assumed are recognised. The acquisition cost shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. Such a transaction does not give rise to goodwill.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.1 Basis of consolidation (continued)

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in the Statement of Total Return. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Associate and joint ventures

Associate is an entity in which the Group has a significant influence, but not control or joint control, over the financial and operating policies of the entity. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in an associate and joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payment on behalf of the investee.

Transactions eliminated on consolidation

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

Accounting for subsidiaries, associate and joint ventures by the Trust

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

3.2 Plant and equipment

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.2 Plant and equipment (continued)

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

Depreciation is provided on a straight-line basis so as to write off items of plant and equipment, and major components that are accounted for separately, over their estimated useful lives as follows:

Furniture, fittings and equipment – 2 to 5 years

Gain or loss arising from the retirement or disposal of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and is recognised in the Statement of Total Return.

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

3.3 Investment properties and investment properties under development

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production, supply of goods, services or for administrative purposes. Investment properties under development are properties being constructed or developed for future use as investment properties.

Investment properties and investment properties under development are accounted for as non-current assets and are stated at initial cost on acquisition and at fair value thereafter. The cost of a purchased property comprises its purchase price and any directly attributable expenditure including capitalised borrowing costs. Directly attributable transaction costs are included in the initial measurement.

The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Fair value is determined in accordance with the Trust Deed, which requires the investment properties to be valued by independent registered valuers in the following events:

- in such manner and frequency required under the CIS Code issued by MAS; and
- at least once in each period of 12 months following the acquisition of each parcel of real estate property.

Any increase or decrease on revaluation is credited or charged to the Statement of Total Return as a net change in fair value of the investment properties and investment properties under development.

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

Investment properties are not depreciated. The properties are subject to continued maintenance and regularly revalued on the basis set out above. For income tax purposes, the Group and the Trust may claim capital allowances on assets that qualify as plant and machinery under the Income Tax Act.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Foreign currency transactions

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

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in Statement of Total Return, except for the following differences which are recognised in Statement of Movements in Unitholders' funds, arising on the translation of:

- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

3.5 Financial instruments

Initial recognition

Non-derivative financial assets and financial liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

Classification and measurement

Non-derivative financial assets

The Group classifies its non-derivative financial assets into the following measurement categories:

- amortised costs; or
- fair value through Unitholders' fund ("FVOCI").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

Classification and measurement (continued)

Financial assets at amortised cost

Initial measurement

A financial asset at amortised cost is initially measured at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement

Financial assets at amortised costs are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are subsequently measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

Equity instruments at FVOCI

Initial measurement

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in Unitholders' funds. This election is made on investment-by-investment basis.

Subsequent measurement

These assets are subsequently measured at fair value. Dividends are recognised as income in the Statement of Total Return unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in Unitholders' funds and are never reclassified to the Statement of Total Return.

Non-derivative financial liabilities

The Group classifies non-derivative financial liabilities under the other financial liabilities category. Such financial liabilities are initially measured at fair value less directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Other financial liabilities comprise interest-bearing borrowings, trade and other payables and security deposits.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

Derecognition (continued)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the Statement of Total Return.

Offsetting

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

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are recognised initially at fair value and any directly attributable transaction costs are recognised in the Statement of Total Return as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in the Statement of Total Return, unless it is designated in a hedge relationship that qualifies for hedge accounting.

The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

The Group early adopted the amendments to FRS 109, FRS 39 and FRS 107 issued in December 2019 in relation to the project on interest rate benchmark reform. The related disclosures for the comparative period are made under FRS 107 before the amendments.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

Derivative financial instruments and hedge accounting (continued)

Specific policies applicable from 1 January 2019 for hedges directly affected by interbank offer rates (IBOR) reform

A fundamental review and reform of major interest rate benchmarks is being undertaken globally. The Group has exposure to IBORs on its financial instruments that will be replaced or reformed as part of this market-wide initiative. There is uncertainty as to the timing and the methods of transition for replacing existing benchmark IBORs with alternative rates.

On initial designation of the hedging relationship, the Group formally documents the relationship between the hedging instrument(s) and hedged item(s), including the risk management objective and strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both on inception of the hedging relationship and on an ongoing basis, of whether the hedging instrument(s) is (are) expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged item(s) during the period for which the hedge is designated. For the purpose of evaluating whether the hedging relationship is expected to be highly effective (i.e. prospective effectiveness assessment), the Group assumes that the benchmark interest rate on which the cash flows are based is not altered as a result of IBOR reform.

The Group will cease to apply the amendments to its effectiveness assessment of the hedging relationship at the earlier of, when the uncertainty arising from interest rate benchmark reform is no longer present with respect to the hedged risk and the timing and the amount of the interest rate benchmark-based cash flows of the hedged item and hedging instrument; and when the hedging relationship is discontinued.

Cash flow hedges

The Group designates certain derivatives as hedging instruments to hedge the cash flows associated with highly probable forecast transactions arising from changes in foreign exchange rates and interest rates.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in Statement of Movements in Unitholders' Funds and accumulated in the hedging reserve. The effective portion of changes in the fair value of the derivative that is recognised in Statement of Movements in Unitholders' Funds is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the Statement of Total Return.

For all hedged transactions, the amount accumulated in the hedging reserve is reclassified to the Statement of Total Return in the same period or periods during which the hedged expected future cash flows affect the Statement of Total Return.

If the hedge no longer meets the criteria for hedge accounting or the hedging instrument is sold, expires, is terminated or is exercised, then hedge accounting is discontinued prospectively. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in unitholders' funds until it is reclassified to the Statement of Total Return in the same period or periods as the hedged expected future cash flows affect the Statement of Total Return.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve are immediately reclassified to the Statement of Total Return.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Impairment

Non-derivative financial assets

The Group recognises loss allowances for expected credit loss ("ECLs") on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECL.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improve such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Impairment (continued)

Non-derivative financial assets (continued)

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower;
- breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsidiaries, associate and joint ventures

An impairment loss in respect of a subsidiary, associate or joint venture is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in the Statement of Total Return. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Impairment (continued)

Non-financial assets

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

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in the Statement of Total Return. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.7 Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Statement of Total Return over the period of the borrowings on an effective interest basis.

3.8 Leases

The Group has applied the principles of FRS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under the principles of FRS 17 and INT FRS 104. The details of accounting policies under the principles of FRS 17 and INT FRS 104 are disclosed separately.

Policy applicable from 1 January 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in FRS 116.

This policy is applied to contracts entered into, on or after 1 January 2019.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Leases (continued)

Policy applicable from 1 January 2019 (continued)

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset (classified as plant and equipment or investment property) and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset (classified as plant and equipment) is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset (classified as plant and equipment) reflects that the Group will exercise a purchase option. In that case the right-of-use asset (classified as plant and equipment) will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset (classified as plant and equipment) is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses the lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments; and
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Leases (continued)

As a lessee (continued)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in Statement of Total Return if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'plant and equipment' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

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

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies the principles of FRS 115 to allocate the consideration in the contract.

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of 'revenue'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from FRS 116.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Leases (continued)

Leases – Policy applicable before 1 January 2019

For contracts entered into before 1 January 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee the Group's leases classified as operating leases were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in Statement of Total Return on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

As a lessor

When the Group acted as a lessor, it determined at lease inception whether each lease was a finance lease or an operating lease.

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

Rental income from investment property is recognised as 'revenue' on a straight-line basis over the term of the lease.

3.9 Unitholders' funds

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

Incremental costs directly attributable to the issue of units are recognised as a deduction from Unitholders' funds.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.10 Revenue recognition

Rental income

Rental income from investment properties is recognised in the Statement of Total Return on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased assets. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rentals, which include gross turnover rental, are recognised as income in the accounting period on a receipt basis. No contingent rentals are recognised if there are uncertainties due to the possible return of amounts received.

Car park income

Car park income is recognised as it accrues on a time apportioned basis.

3.11 Expenses

Property operating expenses

Property operating expenses consist of property taxes, utilities, property management fees, property management reimbursements, marketing, maintenance and other property outgoings in relation to investment properties where such expenses are the responsibility of the Group.

Property management fees are recognised on an accrual basis based on the applicable formula, stipulated in Note 1.1.

Management fees

Management fees are recognised on an accrual basis using the applicable formula, stipulated in Note 1.2.

Trustee's fees

The Trustee's fees are recognised on an accrual basis using the applicable formula, stipulated in Note 1.3.

3.12 Interest income, investment income and finance costs

Interest income is recognised as it accrues, using the effective interest method.

Investment income is recognised in the Statement of Total Return when the Group's right to receive distribution income is established.

Finance costs comprise interest expense on borrowings and amortisation of borrowings related transaction costs, and are recognised in the Statement of Total Return using the effective interest method over the period of borrowings.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset, or the amortised cost of the financial liability.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the Statement of Total Return using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax is recognised in the Statement of Total Return except to the extent that it relates to items directly related to Unitholders' funds, in which case it is recognised in Unitholders' funds.

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

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and
- temporary differences related to investments in subsidiaries, associate and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting date, to recover or settle the carrying amount of its assets and liabilities. For investment property that is measured at fair value, the presumption that the carrying amount of the investment property will be recovered through sale has not been rebutted. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Income tax (continued)

The Inland Revenue Authority of Singapore (the "IRAS") has issued a tax ruling on the tax treatment of the Trust. Subject to meeting the terms and conditions of the tax ruling which includes a distribution of at least 90.0% of the taxable income of the Trust, the Trustee is not subject to tax on the taxable income of the Trust to the extent of the amount distributed. Instead, the distributions made by the Trust out of such taxable income are subject to tax in the hands of Unitholders, unless they are exempt from tax on the Trust's distributions. This treatment is known as the tax transparency treatment.

Individuals and qualifying Unitholders, i.e. companies incorporated and tax resident in Singapore, Singapore branches of companies incorporated outside Singapore, bodies of persons registered or constituted in Singapore, certain international organisations that are exempt from tax on distributions from the Trust and real estate investment trust exchange-traded funds which have been accorded the tax transparency treatment, are entitled to gross distributions from the Trust. For distributions made to foreign non-individual Unitholders and qualifying foreign funds managed by Singapore fund managers, the Trustee is required to withhold tax at the reduced rate of 10.0%. For other types of Unitholders, the Trustee is required to withhold tax at the prevailing corporate tax rate on the distributions made by the Trust. Such other types of Unitholders are subject to tax on the re-grossed amounts of the distributions received but may claim a credit for the tax deducted at source at the prevailing corporate tax rate by the Trustee.

The Trust has a distribution policy to distribute at least 90.0% of its taxable income, other than gains from the sale of real estate properties that are determined by the IRAS to be trading gains. For the taxable income that is not distributed, referred to as retained taxable income, tax will be assessed on the Trustee. Where such retained taxable income is subsequently distributed, the Trustee need not deduct tax at source.

3.14 Earnings per unit

The Group and Trust present basic and diluted earnings per unit data for its units. Basic earnings per unit is calculated by dividing the total return by the weighted-average number of units outstanding during the year. Diluted earnings per unit is determined by adjusting the total return and the weighted-average number of ordinary units outstanding, for the effects of all dilutive potential units.

3.15 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly and used by the management for strategic decision making and resources allocation.

3.16 New standards and interpretations not yet adopted

A number of new standards and interpretations and amendments to standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The Group has assessed and does not expect the application of these standards to have a significant impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

4. PLANT AND EQUIPMENT

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Furniture, fittings and equipment				
Cost				
At 1 January	9,159	8,420	7,307	7,550
Recognition of right-of-use-asset on initial application of FRS 116	30	–	30	–
Adjusted balance at 1 January	9,189	8,420	7,337	7,550
Acquisition of subsidiary	–	972	–	–
Additions	974	259	896	248
Disposals	(95)	(71)	(92)	(71)
Assets written off	(531)	(421)	(528)	(420)
Reclassification	(14)	–	(14)	–
At 31 December	9,523	9,159	7,599	7,307
Accumulated depreciation				
At 1 January	6,346	6,300	5,893	5,874
Charge for the year	506	497	474	469
Disposals	(94)	(58)	(92)	(58)
Assets written off	(525)	(393)	(525)	(392)
At 31 December	6,233	6,346	5,750	5,893
Carrying amounts				
At 1 January	2,813	2,120	1,414	1,676
At 31 December	3,290	2,813	1,849	1,414

5. INVESTMENT PROPERTIES

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
At 1 January	9,411,000	8,311,000	7,499,000	7,530,000
Recognition of right-of-use asset on initial application of FRS 116	9,594	–	9,594	–
Adjusted balance at 1 January	9,420,594	8,311,000	7,508,594	7,530,000
Acquisition of subsidiary ¹	–	1,124,179	–	–
Reclassified from investment properties under development ²	716,726	–	474,791	–
Divestment of investment property	–	(126,127)	–	(126,127)
Capital expenditure	45,610	22,722	40,374	22,364
Net change in fair value of investment properties	232,913	79,226	180,086	72,763
At 31 December	<u>10,415,843</u>	<u>9,411,000</u>	<u>8,203,845</u>	<u>7,499,000</u>

1 This relates to the acquisition of the balance 70.0% of the units in Infinity Mall Trust which holds Westgate.

2 Funan has been reclassified to investment properties upon obtaining the temporary occupation permit during the year.

As at 31 December 2019, all investment properties under the Group and Trust are unencumbered.

Fair value hierarchy

The fair value of investment properties was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued. External valuation of the investment properties is conducted at least once a year.

The fair value measurement for investment properties for the Group and Trust have been categorised as level 3 fair values based on inputs to the valuation techniques used.

Level 3 fair values

Reconciliations from the beginning balances to the ending balances for fair value measurements of level 3 investment properties are set out in the table above.

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Fair value of investment properties (per valuation reports)	10,404,000	9,411,000	8,193,000	7,499,000
Add: Carrying amount of lease liabilities	11,843	–	10,845	–
Carrying amount of investment properties	<u>10,415,843</u>	<u>9,411,000</u>	<u>8,203,845</u>	<u>7,499,000</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

5. INVESTMENT PROPERTIES (continued)

Valuation technique

Investment properties are stated at fair value based on valuation performed by independent professional valuers. In determining the fair value, the methodology adopted by the valuers includes capitalisation method, discounted cash flow method and comparison method.

The capitalisation approach is an investment approach whereby the estimated gross passing income (on both a passing and market rent basis) is adjusted to reflect anticipated operating costs and a natural vacancy to produce the net income on a fully leased basis. The adopted fully leased net income is capitalised over the remaining term of the lease from the valuation date at an appropriate investment yield. The discounted cash flow method involves the estimation and projection of a net income stream over a period and discounting the net income stream with an internal rate of return to arrive at the market value. The discounted cash flow method requires the valuer to assume a rental growth rate indicative of market and the selection of a target internal rate of return consistent with current market requirements. Where applicable, the comparison method provides an indication of value by comparing the investment property with identical or similar properties where reliable sales evidence of assets of similar nature is available.

The above valuation methods involve certain estimates. The Manager reviews the key valuation parameters and underlying data including market-corroborated capitalisation rates, discount rates and terminal yield rates adopted by the valuers and is of view that they are reflective of the market conditions as at the reporting dates.

Significant unobservable inputs

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

Group and Trust

Type	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties Commercial properties for leasing	<ul style="list-style-type: none">Capitalisation rates from 3.75% to 7.00% (2018: from 3.75% to 7.00%)Discount rates from 6.75% to 7.50% (2018: from 6.92% to 7.32%)Terminal yield rates from 4.15% to 6.55% (2018: from 4.31% to 6.50%)Transacted prices: \$1,727 – \$3,502 psf (2018: \$1,727 – \$3,343 psf)	<p>The estimated fair value would increase/(decrease) if the capitalisation rates, discount rates or terminal yield rates, were lower/(higher).</p> <p>The estimated fair value would increase/(decrease) if the comparable values of transacted prices were higher/(lower).</p>

6. INVESTMENT PROPERTIES UNDER DEVELOPMENT

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
At 1 January	664,576	459,386	433,165	308,808
Capital expenditure	52,150	205,328	41,626	135,495
Net change in fair value of investment properties under development	–	(138)	–	(11,138)
Reclassified to investment properties ¹	(716,726)	–	(474,791)	–
At 31 December	–	664,576	–	433,165

1 Funan has been reclassified to investment properties upon obtaining the temporary occupation permit during the year.

Fair value hierarchy

The fair value of investment properties under development was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. External valuation of the investment properties under development is conducted at least once a year.

The fair value measurement for the investment properties under development for 2018 for the Group and Trust respectively have been categorised as level 3 fair values based on inputs to the valuation techniques used.

Level 3 fair values

Reconciliations from the beginning balances to the ending balances for fair value measurements of level 3 are set out in the table above.

Valuation technique

Investment properties are stated at fair value based on valuation performed by independent professional valuers. In determining the fair value, the valuers have adopted the residual land value method.

Under the residual land value method of valuation, the total gross development costs and developer's profit are deducted from the gross development value to arrive at the residual value of land. The gross development value is the estimated value of the property assuming satisfactory completion of the development as at the date of valuation. The Manager is of the view that the valuation method and estimates are reflective of the market condition at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

6. INVESTMENT PROPERTIES UNDER DEVELOPMENT (continued)

Significant unobservable inputs

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

Group and Trust

Type	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment properties under development		
Commercial properties for leasing	<ul style="list-style-type: none"> • Capitalisation rates from 4.00% to 4.85% • Gross development costs 	<p>The estimated fair value would increase/(decrease) if the capitalisation rates were lower/(higher).</p> <p>The estimated fair value would increase/(decrease) if the gross development costs decrease/(increase).</p>

7. SUBSIDIARIES

	Trust	
	2019 \$'000	2018 \$'000
Equity investments at cost	285,763	285,763
Less: allowance for impairment losses	–	(2,574)
	285,763	283,189
Loans to subsidiaries		
– Interest-bearing	1,776,604	1,359,446
– Non interest-bearing	67,903	66,946
	2,130,270	1,709,581

Loans to subsidiaries are unsecured and are not expected to be repaid in the next twelve months from the reporting date. The interest-bearing loans bear interest rates of 1.86% to 3.26% (2018: 1.87% to 3.26%) per annum. Interest rates are determined by the Trust from time to time.

In 2019, a reversal of impairment loss amounting to \$2,574,000 (2018: \$2,810,000) was recognised in respect of the Trust's investment in Brilliance Mall Trust ("BMT") taking into consideration the fair value of the underlying property held by BMT and the liabilities to be settled. The recoverable amount was assessed based on fair value less costs to sell estimated using the revalued net assets of BMT and categorised as level 3 on the fair value hierarchy.

7. SUBSIDIARIES (continued)

The key assumptions used in the estimation of the recoverable amount are set out below.

Investment property	Trust	
	2019 %	2018 %
Capitalisation rate	4.60	4.60
Discount rate	7.00	7.00
Terminal yield rate	4.85	4.85

The movement in the allowance for impairment loss in respect of the year was as follows:

	Trust	
	2019 \$'000	2018 \$'000
At the beginning of the year	2,574	5,384
Reversal of impairment loss	(2,574)	(2,810)
At the end of the year	–	2,574

Details of the subsidiaries are as follows:

Name of subsidiaries	Place of incorporation/ business	Effective equity interest held by the Trust	
		2019 %	2018 %
CMT MTN Pte. Ltd. ¹	Singapore	100.0	100.0
Brilliance Mall Trust ¹	Singapore	100.0	100.0
Victory Office 1 Trust ¹	Singapore	100.0	100.0
Victory Office 2 Trust ¹	Singapore	100.0	100.0
Infinity Mall Trust ¹	Singapore	100.0	100.0

1 Audited by KPMG LLP Singapore

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

7. SUBSIDIARIES (continued)

CMT MTN Pte. Ltd.

CMT MTN Pte. Ltd. ("CMT MTN") was incorporated on 23 January 2007. The principal activity of this subsidiary is to issue notes under unsecured multi-currency medium term note programmes. The proceeds from such issuances are used by CMT MTN and the Group to refinance the existing borrowings of the Group, to finance the investments comprised in the Trust, to on-lend to any trust, fund or entity in which the Trust has an interest, to finance any asset enhancement works initiated in respect of the Trust or such trust, fund or entity, and to finance the general corporate and working capital purposes in respect of the Group.

Brilliance Mall Trust

BMT is an unlisted special purpose trust established under a trust deed ("BMT Trust Deed") dated 1 September 2010. The principal activity of BMT is to invest in income producing real estate, which is used or substantially used for retail purposes with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth. BMT holds Bedok Mall.

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

(a) Property management fees

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

- (i) 2.00% per annum of the gross revenue of the property;
- (ii) 2.00% per annum of the net property income of the property; and
- (iii) 0.50% per annum of the net property income of the property, in lieu of leasing commissions.

The property management fees are payable monthly in arrears.

(b) Management fees

Pursuant to the BMT Trust Deed, the management fees (including the base and performance fee), acquisition fee and divestment fee payable to the Manager pursuant to the Trust's Trust Deed are as stipulated in Note 1.2.

(c) Trustee fees

Pursuant to the BMT Trust Deed, Brilliance Trustee Pte. Ltd. ("BMT Trustee") is entitled to receive trustee's fees of a sum as may be agreed between parties for the provision of trustee services, until the earlier of the removal or resignation of the BMT Trustee, and the termination of BMT, in each case, in accordance with the BMT Trust Deed. BMT Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the BMT Trust Deed.

BMT Trustee's fees are payable annually in arrears.

7. SUBSIDIARIES (continued)

Victory Office 1 Trust

Victory Office 1 Trust ("VO1 Trust") is an unlisted special purpose trust established under a trust deed ("VO1T Trust Deed") dated 30 August 2016.

The principal activity of VO1 Trust is to invest in income producing real estate, which is used or substantially used for commercial purposes with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth. VO1 Trust holds Funan Office 1.

VO1 Trust has entered into several service agreements in relation to the management of VO1 Trust and its property operations. The fee structures of these services are as follows:

(a) Property management fees

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

- (i) 2.00% per annum of the gross revenue of the property;
- (ii) 2.00% per annum of the net property income of the property; and
- (iii) 0.50% per annum of the net property income of the property, in lieu of leasing commissions.

The property management fees are payable monthly in arrears.

(b) Management fees

Pursuant to the VO1T Trust Deed, the management fees (including the base and performance fee), acquisition fee and divestment fee payable to the Manager pursuant to the Trust's Trust Deed are as stipulated in Note 1.2.

(c) Trustee fees

Pursuant to the VO1T Trust Deed, HSBC Institutional Trust Services (Singapore) Limited as trustee of VO1 Trust ("VO1T Trustee")'s fees is presently charged at a scaled basis of up to 0.03% per annum of the deposited property (subject to a minimum sum of \$5,000 per month upon the investment property under development obtaining Temporary Occupation Permit). VO1T Trustee's fee is payable out of the deposited property of the Trust on a quarterly basis, in arrears. VO1T Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

VO1T Trustee's fees are payable quarterly in arrears.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

7. SUBSIDIARIES (continued)

Victory Office 2 Trust

Victory Office 2 Trust ("VO2 Trust") is an unlisted special purpose trust established under a trust deed ("VO2T Trust Deed") dated 30 August 2016.

The principal activity of VO2 Trust is to invest in income producing real estate, which is used or substantially used for commercial purposes with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth. VO2 Trust holds Funan Office 2.

VO2 Trust has entered into several service agreements in relation to the management of VO2 Trust and its property operations. The fee structures of these services are as follows:

(a) Property management fees

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

- (i) 2.00% per annum of the gross revenue of the property;
- (ii) 2.00% per annum of the net property income of the property; and
- (iii) 0.50% per annum of the net property income of the property, in lieu of leasing commissions.

The property management fees are payable monthly in arrears.

(b) Management fees

Pursuant to the VO2T Trust Deed, the management fees (including the base and performance fee), acquisition fee and divestment fee payable to the Manager pursuant to the Trust's Trust Deed are as stipulated in Note 1.2.

(c) Trustee fees

Pursuant to the VO2T Trust Deed, HSBC Institutional Trust Services (Singapore) Limited as trustee of VO2 Trust ("VO2T Trustee")'s fees is presently charged at a scaled basis of up to 0.03% per annum of the deposited property (subject to a minimum sum of \$5,000 per month upon the investment property under development obtaining Temporary Occupation Permit). VO2T Trustee's fee is payable out of the deposited property of the Trust on a quarterly basis, in arrears. VO2T Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

VO2T Trustee's fees are payable quarterly in arrears.

7. SUBSIDIARIES (continued)

Infinity Mall Trust

Infinity Mall Trust ("IMT") is an unlisted special purpose trust established under a trust deed ("IMT Trust Deed") dated 25 May 2011 entered into between the Trustee, CMA Singapore Investments (4) Pte. Ltd., CL JM Pte. Ltd. and JG Trustee Pte. Ltd. (as trustee of Infinity Mall Trust). IMT was 30.0% owned by the Trust, 50.0% by CMA Singapore Investments (4) Pte. Ltd. and 20.0% by CL JM Pte. Ltd.

On 27 August 2018, the Trustee, entered into a conditional unit purchase agreement with CMA Singapore Investments (4) Pte. Ltd. and CL JM Pte. Ltd. to acquire the balance 70.0% of the units in IMT ("Acquisition"). The Acquisition was completed on 1 November 2018 and as a result, IMT became a wholly-owned subsidiary of the Group.

The principal activity of IMT is to invest in income producing real estate, which is used or substantially used for retail purposes with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth. IMT holds Westgate.

IMT has entered into a property management agreement in relation to the management of IMT and its property operations.

The fee structure of these services is as follows:

(a) Property management fees

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

- (i) 2.00% per annum of the gross revenue of the property;
- (ii) 2.00% per annum of the net property income of the property; and
- (iii) 0.50% per annum of the net property income of the property, in lieu of leasing commissions.

The property management fees are payable monthly in arrears.

(b) Management fees

Pursuant to the IMT Trust Deed, the management fees (including the base and performance fee), acquisition fee and divestment fee payable to the Manager pursuant to the Trust's Trust Deed are as stipulated in Note 1.2.

(c) Trustee fees

Pursuant to the IMT Trust Deed, JG Trustee Pte. Ltd. ("IMT Trustee") is entitled to receive trustee's fees of a sum as may be agreed between parties for the provision of trustee services, until the earlier of the removal or resignation of the IMT Trustee, and the termination of IMT, in each case, in accordance with the IMT Trust Deed. IMT Trustee is also entitled to reimbursement of expenses incurred in the performance of its duties under the IMT Trust Deed.

IMT Trustee's fees are payable annually in arrears.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

8. ASSOCIATE AND JOINT VENTURES

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Investment in associate	–	191,959	–	130,836
Investment in joint ventures	840,851	828,545	593,041	588,569
	840,851	1,020,504	593,041	719,405

During the year, the investment in CapitaLand Retail China Trust ("CRCT") was reclassified from "Associate" to "Equity instrument at fair value" (refer to Note 9). As a result of the changes in the board composition of CapitaLand Retail China Trust Management Limited (manager of CRCT), the Trust no longer meets the criteria to account for its investment in CRCT as an associate. On derecognition of the investment in associate, the Group recorded a net loss of \$17,601,000 while the Trust recorded a net gain of \$50,768,000 in the Statement of Total Return.

Details of the associate and joint ventures are as follows:

Name of associate and joint ventures	Place of constitution/ incorporation/ business	Effective equity interest held by the Trust	
		2019 %	2018 %
Associate¹			
CapitaLand Retail China Trust	Singapore	11.0	12.5
Joint ventures¹			
RCS Trust	Singapore	40.0	40.0
Infinity Office Trust	Singapore	30.0	30.0

1 Audited by KPMG LLP Singapore

8. ASSOCIATE AND JOINT VENTURES (continued)

Associate

CapitaLand Retail China Trust

CRCT is a real estate investment trust constituted in Singapore by a trust deed dated 23 October 2006 (as amended). CRCT was formally admitted to SGX-ST on 8 December 2006. CRCT is established with the objective of investing on a long term basis in a diversified portfolio of income producing real estate and primarily for retail purposes and located primarily in the People's Republic of China ("China").

At 31 December 2018, the fair value of both the Group's and the Trust's investment in CRCT is \$166,879,000 and categorised as level 1 on the fair value hierarchy.

The following summarises the financial information of the associate based on its consolidated financial statements prepared in accordance with RAP 7.

	CRCT 2018 \$'000
Revenue	226,926
Net Income	<u>113,506</u>
Total return after tax for the year	114,164
Attributable to non-controlling interests	(1,650)
Attributable to investee's unitholders	115,814
Net return after transfer to general reserve	109,615
 Total assets	 2,941,803
Total liabilities	 (1,384,327)
Net assets	1,557,476
 Attributable to non-controlling interests	18,474
Attributable to investee's unitholders	1,539,002
 Group's interest in net assets of CRCT at 1 January	 194,389
Group's share of total return for the year	 13,593
Distributions received during the year	 (7,632)
Dilution gain on investment in CRCT	 144
Group's share of movement in Unitholders' funds	 (8,535)
Group's carrying amount of interest in CRCT at 31 December	191,959

As the results of CRCT for the fourth quarter ended 31 December 2018 were not announced in sufficient time to be included in the Group's results for the same calendar quarter, the assets and liabilities recorded were based on CRCT's unaudited financial statements and distribution announcement for the third quarter ended 30 September 2018 dated 30 October 2018. The financial results recorded were based on CRCT's unaudited financial statements and distribution announcements for the period from 1 October 2017 to 30 September 2018. The Group also accounted for any significant transactions or events that occurred from 1 October 2018 to 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

8. ASSOCIATE AND JOINT VENTURES (continued)

Joint Ventures

RCS Trust

RCS Trust is an unlisted special purpose trust established under a trust deed ("RCS Trust Trust Deed") dated 18 July 2006 entered into between HSBC Institutional Trust Services (Singapore) Limited as trustee-manager of RCS Trust ("RCS Trust Trustee-Manager"), HSBC Institutional Trust Services (Singapore) Limited as trustee of CapitaLand Commercial Trust ("CCT Trustee"), the Trustee, CapitaLand Commercial Trust Management Limited (CCTML as manager of CCT) and the Manager. RCS Trust is 40.0% owned by the Trust and 60.0% owned by CapitaLand Commercial Trust ("CCT"). RCS Trust is structured as a separate vehicle and the Group has a residual interest in its net assets. The Group has classified its interest in RCS Trust as a joint venture which is equity accounted.

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

(a) Property management fees

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

- (i) 2.00% per annum of the property income of the property; and
- (ii) 2.50% per annum of the net property income of the property.

The property management fees are payable monthly in arrears.

(b) Management fees

Pursuant to the RCS Trust Trust Deed, the management fees comprise a base component of 0.25% per annum of the value of deposited property of RCS Trust and a performance component of 4.00% per annum of the net property income of RCS Trust, including all its authorised investments for the time being held or deemed to be held upon the trusts of the RCS Trust Trust Deed.

The management fees shall be paid entirely in the form of units or, with the unanimous approval of the Manager and CCTML, either partly in units and partly in cash or wholly in cash.

The base and performance components of the management fees are payable quarterly and yearly in arrears respectively.

(c) RCS Trust Trustee-Manager's fees

Pursuant to the RCS Trust Trust Deed, the RCS Trust Trustee-Manager's fees shall not exceed 0.10% per annum of the value of deposited property of RCS Trust, as defined in the RCS Trust Trust Deed (subject to a minimum sum of \$15,000 per month), payable out of the deposited property of RCS Trust. The RCS Trust Trustee-Manager is also entitled to reimbursement of expenses incurred in the performance of its duties under the RCS Trust Trust Deed.

The base and performance components of RCS Trust Trustee-Manager's fees are payable quarterly and yearly in arrears respectively.

8. ASSOCIATE AND JOINT VENTURES (continued)

Joint Ventures (continued)

RCS Trust (continued)

As at 31 December 2019, RCS Trust has an aggregate of \$700.0 million (2018: \$700.0 million) unsecured loan facilities, comprising a combination of \$400.0 million (2018: \$400.0 million) term loans and \$300.0 million (2018: \$300.0 million) revolving credit facilities with various maturities from various banks. RCS Trust has drawn down \$446.5 million (2018: \$425.0 million) of the unsecured loan facilities.

On 22 March 2017, RCS Trust has established a USD2.0 billion Euro-Medium Term Note Programme.

At 31 December 2019, the notes issued are as follows:

- (i) \$300.0 million (2018: \$300.0 million) of fixed rate notes at an interest rate of 2.60% (2018: 2.60%) per annum maturing in 2023;
- (ii) \$150.0 million (2018: \$150.0 million) of fixed rate notes at an interest rate of 3.05% (2018: 3.05%) per annum maturing in 2024; and
- (iii) \$275.0 million (2018: \$275.0 million) of fixed rate notes at an interest rate of 3.20% (2018: 3.20%) per annum maturing in 2025.

As at 31 December 2019, the total loans drawn down and notes issued by RCS Trust are \$446.5 million (2018: \$425.0 million) and \$725.0 million (2018: \$725.0 million) respectively. The Group's 40.0% share in the total loans drawn down and notes issued is \$468.6 million (2018: \$460.0 million).

Infinity Office Trust

Infinity Office Trust is an unlisted special purpose trust established under a trust deed ("Infinity Office Trust Trust Deed") dated 25 May 2011 entered into between the Trustee, CMA Singapore Investments (5) Pte. Ltd., CL JO Pte. Ltd. and JG2 Trustee Pte. Ltd. (as trustee of Infinity Office Trust). Infinity Office Trust is 30.0% owned by the Trust, 50.0% by CMA Singapore Investments (5) Pte. Ltd. and 20.0% by CL JO Pte. Ltd. Infinity Office Trust is structured as a separate vehicle and the Group has a residual interest in its net assets. Accordingly the Group has classified its interest in Infinity Office Trust as a joint venture which is equity accounted.

On 23 January 2014, JG2 Trustee Pte. Ltd., in its capacity as trustee of Infinity Office Trust and JG Trustee Pte. Ltd., in its capacity as trustee of Infinity Mall Trust entered into a sale and purchase agreement to sell all the office strata units in Westgate Tower to Westgate Commercial Pte. Ltd. and Westgate Tower Pte. Ltd. for an aggregate consideration of \$579.4 million. On 20 October 2016, the strata titles of the office strata units were issued and the sale of all the office strata units in Westgate Tower was completed.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

8. ASSOCIATE AND JOINT VENTURES (continued)

Joint Ventures (continued)

The following summarises the financial information of the Group's material joint venture based on its financial statements prepared in accordance with RAP 7. The table also includes summarised financial information for the Group's interest in immaterial joint ventures, based on amounts reported in the Group's consolidated financial statements.

	RCS Trust \$'000	Immaterial joint venture \$'000	Total \$'000
2019			
Revenue	233,068		
Net income	127,067		
Total return for the year ^(a)	164,728		
(a) Includes:			
– depreciation and amortisation	(936)		
– interest income	59		
– interest expense	(33,912)		
– derivative fair value changes	(1,082)		
– income tax expense	–		
Investment property ^(b)	3,384,000		
Other non-current assets	763		
Non-current assets	3,384,763		
Cash and cash equivalents	11,712		
Other current assets	1,556		
Current assets	13,268		
Total assets	3,398,031		
(b) The fair value of the investment property was determined by CBRE Pte. Ltd. as at 31 December 2019. The Group's 40.0% share of the investment property is \$1,353,600,000.			
Non-current liabilities	(1,071,247)		
Current liabilities	(216,649)		
Total liabilities	(1,287,896)		
Net assets	2,110,135		
Group's interest in net assets of joint ventures at beginning of the year			
Group's share of total return for the year	827,410	1,135	828,545
Distributions received and receivable during the year	65,891	4,944	70,835
Group's share of movement in Unitholders' funds	(55,998)	(6,660)	(62,658)
Group's share of total return and movement in Unitholders' funds	3,476	653	4,129
Group's carrying amount of interest in joint ventures at end of the year	13,369	(1,063)	12,306
	840,779	72	840,851

8. ASSOCIATE AND JOINT VENTURES (continued)

Joint Ventures (continued)

	RCS Trust \$'000	Immaterial joint ventures ¹ \$'000	Total \$'000
2018			
Revenue	230,547		
Net income	127,888		
Total return for the year ^(c)	161,639		
(c) Includes:			
- depreciation and amortisation	(1,456)		
- interest income	28		
- interest expense	(29,657)		
- income tax expense	-		
Investment property ^(d)	3,322,000		
Other non-current assets	747		
Non-current assets	3,322,747		
Cash and cash equivalents	14,331		
Other current assets	2,025		
Current assets	16,356		
Total assets	3,339,103		
(d) The fair value of the investment property was determined by CBRE Pte. Ltd. as at 31 December 2018. The Group's 40.0% share of the investment property is \$1,328,800,000.			
Non-current liabilities	(1,160,319)		
Current liabilities	(102,212)		
Total liabilities	(1,262,531)		
Net assets	2,076,572		
Group's interest in net assets of joint ventures at beginning of the year			
Group's share of total return for the year	813,343	124,552	937,895
Distributions received and receivable during the year	64,656	50,703	115,359
Group's share of movement in Unitholders' funds	(56,560)	(15,215)	(71,775)
Group's share of total return and movement in Unitholders' funds	5,971	9,998	15,969
Carrying amount of interest in joint venture acquired as subsidiary	14,067	45,486	59,553
Group's carrying amount of interest in joint ventures at end of the year	-	(168,903)	(168,903)
	827,410	1,135	828,545

1 On 1 November 2018, the Group's equity interest in IMT increased from 30.0% to 100.0% and IMT became a subsidiary from that date (see notes 7 and 25). Accordingly, the information presented in the above table includes the results of IMT only for the period from 1 January 2018 to 31 October 2018.

As at 31 December 2019, the Group's share of its joint venture capital commitments amounted to \$3,288,000² (2018: \$14,404,000²). The commitments have not been recognised in the Group's consolidated financial statements.

2 Pertains to RCS Trust only.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

9. EQUITY INSTRUMENT AT FAIR VALUE

	Group and Trust	
	2019 \$'000	2018 \$'000
Quoted equity investment at FVOCI	214,742	—

Quoted equity investment represents the Group's and the Trust's 11.0% (2018: 12.5%) interest in CRCT.

The principal activities of CRCT are those relating to investment in a diversified portfolio of income producing real estate primarily for retail purposes and located primarily in China.

The Group designated the investment shown above as equity investment as at FVOCI because it represents an investment that the Group intends to hold for the long-term for strategic purposes.

10. FINANCIAL DERIVATIVES

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Non-current assets				
Cross currency swaps	25,001	26,619	—	—
Current liabilities				
Cross currency swaps	2,542	33,616	—	—
Interest rate swaps	—	1,054	—	—
	2,542	34,670	—	—
Non-current liabilities				
Cross currency swaps	30,362	27,733	—	—
Interest rate swaps	775	—	775	—
	31,137	27,733	775	—
Total financial derivative assets	25,001	26,619	—	—
Total financial derivative liabilities	33,679	62,403	775	—
<i>Cross currency swaps</i>				

The Group enters into cross currency swaps ("CCS") for its foreign currency borrowings. The Group has designated the cross currency swaps as hedging instruments in cash flow hedges.

As at 31 December 2019, the Group held CCS with a total notional amount of \$1,524,098,000 (2018: \$1,274,552,800) to provide Singapore dollar fixed rate funding for terms of 7 to 12 years (2018: 7 to 12 years).

Interest rate swaps

At 31 December 2019, the Group has interest rate swaps ("IRS") classified as cash flow hedges with a total notional contractual amount of \$180,000,000 (2018: \$405,000,000) and are due for settlement within 5 to 7 years (2018: 1 year) from the reporting date.

At 31 December 2019, the Trust has IRS classified as cash flow hedges with a total notional contractual amount of \$180,000,000 (2018: nil) and are due for settlement within 5 to 7 years (2018: nil) from the reporting date.

10. FINANCIAL DERIVATIVES (continued)

Offsetting financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement, irrespective of whether they are offset in the Statement of Financial Position.

The Group entered into International Swaps and Derivatives Association ("ISDA") Master Agreements with various bank counterparties ("ISDA Master Agreement"). In certain circumstances following the occurrence of a termination event as set out in an ISDA Master Agreement, all outstanding transactions under such ISDA Master Agreement may be terminated and the early termination amount payable to one party under such agreements may be offset against amounts payable to the other party such that only a single net amount is due or payable in settlement of all transactions.

In accordance with accounting standards, the swaps presented below are not offset in the Statement of Financial Position as the right of set-off of recognised amounts is enforceable only following the occurrence of a termination event as set out in such ISDA Master Agreement. In addition the Group and its counterparties do not intend to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

Financial instruments that are subject to an enforceable master netting arrangements

	Gross amounts of recognised financial instruments \$'000	Gross amounts of recognised financial instruments offset in the Statement of Financial Position \$'000	Gross amounts of recognised financial instruments presented in the Statement of Financial Position \$'000	Net amounts of financial instruments presented in the Statement of Financial Position \$'000	Related amounts not offset in the Statement of Financial Position - Financial instruments \$'000	Net amount \$'000		
Group								
31 December 2019								
Financial assets								
Cross currency swaps	25,001	—	25,001	(4,922)	20,079			
Financial liabilities								
Cross currency swaps	32,904	—	32,904	(4,922)	27,982			
Interest rate swaps	775	—	775	—	775			
31 December 2018								
Financial assets								
Cross currency swaps	26,619	—	26,619	(26,619)	—			
Financial liabilities								
Cross currency swaps	61,349	—	61,349	(26,619)	34,730			
Interest rate swaps	1,054	—	1,054	—	1,054			

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

10. FINANCIAL DERIVATIVES (continued)

Financial instruments that are subject to an enforceable master netting arrangements (continued)

	Gross amounts of recognised financial instruments offset in the Statement of Financial Position \$'000	Gross amounts of recognised financial instruments \$'000	Net amounts of financial instruments presented in the Statement of Financial Position \$'000	Related amounts not offset in the Statement of Financial Position - Financial instruments \$'000	Net amount \$'000
Trust					
31 December 2019					
Financial liabilities					
Interest rate swaps	775	—	775	—	775
31 December 2018					
Financial liabilities					
Interest rate swaps	—	—	—	—	—

11. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Trade receivables	8,031	7,939	6,703	6,497
Deposits	637	787	588	727
Interest receivables	257	757	153	647
Amounts due from related parties (non-trade)	14,635	15,093	14,624	15,081
Amount due from subsidiaries (non-trade)	—	—	8,532	5,794
Other receivables	909	2,220	868	818
Prepayments	24,469	26,796	31,468	29,564
	1,922	722	1,522	671
	26,391	27,518	32,990	30,235

The non-trade amounts due from related parties and subsidiaries are unsecured, interest-free and repayable on demand.

12. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Cash at bank and in hand	9,947	10,798	8,466	9,642
Fixed deposits with financial institutions	192,251	337,705	147,631	276,475
Cash and cash equivalents in the statements of cash flows	202,198	348,503	156,097	286,117

In 2018, a fixed charge over Infinity Mall Trust's cash at bank and fixed deposits of \$44.0 million was created as security for the purpose of the Infinity Mall Trust's secured bank loans (see Note 14). Following the full repayment of secured bank loans in 2019, the security granted by the trustee of IMT in favour of the lenders has been discharged and released.

The weighted average effective interest rate relating to cash and cash equivalents at the reporting date for the Group and Trust are 1.79% (2018: 1.89%) and 1.84% (2018: 1.98%) per annum respectively.

13. TRADE AND OTHER PAYABLES

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Trade payables and accrued operating expenses	92,313	126,142	78,599	97,951
Amounts due to related parties (trade)	33,825	34,449	27,501	27,757
Deposits and advances	11,732	10,793	9,625	8,500
Interest payable	28,987	27,887	28,987	24,826
	166,857	199,271	144,712	159,034

Included in the trade payables and accrued operating expenses of the Group and the Trust is an amount due to the Trustee of \$347,000 (2018: \$343,000).

Included in the amounts due to related parties (trade) of the Group are mainly amounts due to the Manager of \$30,309,000 (2018: \$29,577,000) and the Property Manager of \$2,645,000 (2018: \$3,253,000). Included in the amounts due to related parties (trade) of the Trust are mainly amounts due to the Manager of \$24,607,000 (2018: \$24,143,000) and the Property Manager of \$2,164,000 (2018: \$2,183,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

14. INTEREST-BEARING BORROWINGS

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current liabilities				
Medium term notes ("MTN notes")	223,927	–	–	–
Euro-Medium term notes ("EMTN notes")	–	123,606	–	–
Bank loans	36,210	405,000	36,210	–
Term loans	–	–	226,000	157,555
Unamortised transaction costs	(330)	(49)	(330)	(49)
	<u>259,807</u>	<u>528,557</u>	<u>261,880</u>	<u>157,506</u>
Non-current liabilities				
MTN notes	2,349,129	2,071,776	–	–
EMTN notes	351,969	354,353	–	–
Retail bonds	350,000	350,000	350,000	350,000
Bank loans	256,700	328,434	256,700	328,434
Term loans	–	–	2,678,098	2,396,998
Unamortised transaction costs	(6,728)	(5,303)	(6,728)	(5,303)
	<u>3,301,070</u>	<u>3,099,260</u>	<u>3,278,070</u>	<u>3,070,129</u>
Total interest-bearing borrowings	<u>3,560,877</u>	<u>3,627,817</u>	<u>3,539,950</u>	<u>3,227,635</u>

Terms and debt repayment schedule

Terms and conditions of outstanding interest-bearing borrowings are as follows:

			2019		2018	
	Weighted average interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Group						
<u>Unsecured</u>						
Retail bonds	3.08	2021	350,000	349,657	350,000	349,365
USD fixed rate MTN notes	3.61	2029	404,106	403,090	–	–
JPY fixed rate MTN and EMTN notes	1.04 – 1.31	2019 to 2020	123,927	123,893	247,211	247,091
JPY floating rate MTN notes	3 months JPY LIBOR + Margin	2021 to 2023	168,541	168,417	168,104	167,929
HKD fixed rate MTN and EMTN notes	2.71 – 3.84	2022 to 2027	848,451	847,244	854,420	852,982
SGD fixed rate MTN notes	2.80 – 3.75	2020 to 2031	1,380,000	1,377,736	1,280,000	1,277,560
SGD bank loans	SOR + Margin	2020 to 2026	292,910	290,840	328,434	327,890
			<u>3,567,935</u>	<u>3,560,877</u>	<u>3,228,169</u>	<u>3,222,817</u>

14. INTEREST-BEARING BORROWINGS (continued)

Terms and debt repayment schedule (continued)

			2019	2018		
	Weighted average interest rate %	Year of maturity	Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Group						
<u>Secured</u>						
SGD bank loans	SOR + Margin	2019	–	–	405,000	405,000
			<u>3,567,935</u>	<u>3,560,877</u>	<u>3,633,169</u>	<u>3,627,817</u>
Trust						
<u>Unsecured</u>						
Retail bonds	3.08	2021	350,000	349,657	350,000	349,365
SGD fixed rate term loans from CMT MTN	2.79 – 3.75	2019 to 2031	2,904,098	2,899,453	2,554,553	2,550,380
SGD bank loans	SOR + Margin	2020 to 2026	<u>292,910</u>	<u>290,840</u>	<u>328,434</u>	<u>327,890</u>
			<u>3,547,008</u>	<u>3,539,950</u>	<u>3,232,987</u>	<u>3,227,635</u>

JPY LIBOR – Japanese Yen London Interbank Offered Rate

SOR – Swap Offer Rate

The interest-bearing borrowings comprise the following:

(1) *Unsecured retail bonds of the Trust*

On 20 February 2014, the Trustee issued \$350.0 million in principal amount of bonds under the \$2.5 billion Retail Bond Programme which carry an interest of 3.08% per annum, fully repayable on 20 February 2021.

(2) *Unsecured bank loans of the Trust*

As at 31 December 2019, the Trust has drawn on \$292.9 million (2018: \$328.4 million) of unsecured bank loans with maturities between 2 to 7 years (2018: 2 to 6 years) from various banks.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

14. INTEREST-BEARING BORROWINGS (continued)

(3) Unsecured MTN notes and EMTN notes of CMT MTN

The Group has a \$3.5 billion Multicurrency Medium Term Note Programme ("MTN Programme") and a USD3.0 billion Euro-Medium Term Note Programme ("EMTN Programme").

At 31 December 2019, notes issued by CMT MTN were as follows:

- under the MTN Programme:
 - (i) \$1,380.0 million (2018: \$1,280.0 million) of fixed rate notes maturing from 2020 to 2031;
 - (ii) JPY10.0 billion (2018: JPY10.0 billion) of fixed rate notes maturing in 2020;
 - (iii) JPY13.6 billion (2018: JPY13.6 billion) of floating rate notes maturing from 2021 to 2023;
 - (iv) HKD2.869 billion (2018: HKD2.869 billion) of fixed rate notes maturing from 2025 to 2027; and
 - (v) USD300.0 million (2018: Nil) of fixed rate notes maturing in 2029.
- under the EMTN Programme:
 - (i) HKD2.035 billion (2018: HKD2.035 billion) of fixed rate notes maturing from 2022 to 2023.

CMT MTN has entered into cross currency swaps to swap the abovementioned foreign currency notes to Singapore dollars proceeds.

(4) Secured bank loans of Infinity Mall Trust

On 27 August 2018, the Manager announced that the Trustee has entered into a conditional unit purchase agreement with CMA Singapore Investments (4) Pte. Ltd. and CL JM Pte. Ltd. to acquire the balance 70.0% of the units in Infinity Mall Trust ("IMT") which holds Westgate. The acquisition was completed on 1 November 2018 and as a result, IMT became a wholly-owned subsidiary of the Group.

As at 31 December 2018, IMT has secured bank loan of \$405.0 million which is secured by a mortgage on Westgate of \$1,128.0 million and cash balances of \$44.0 million (see Note 12).

In addition, the trustee of IMT had granted in favour of the lenders the following:

- (i) an assignment and charge of the rental proceeds, tenancy agreements and sale agreements relating to Westgate;
- (ii) an assignment of the insurance policies relating to Westgate; and
- (iii) a fixed and floating charge over certain assets of IMT relating to Westgate.

Following the full repayment of secured bank loans in 2019, the security granted by the trustee of IMT in favour of the lenders has been discharged and released.

14. INTEREST-BEARING BORROWINGS (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities:-

	Non-cash changes						
Adjusted balance at 1 January 2019 \$'000	Financing cashflows ¹ \$'000	Interest expense/capitalised \$'000	Foreign exchange movement \$'000	Change in fair value \$'000	Other changes \$'000	31 December 2019 \$'000	
Group							
Retail bonds ²	353,323	(10,780)	10,780	–	–	292	353,615
MTN and EMTN notes ²	2,564,977	265,168	86,506	25,744	–	376	2,942,771
Bank loans ²	737,404	(458,537)	15,384	–	–	(773)	293,478
Lease liabilities	9,624	(4,061)	355	–	–	5,404	11,322
Financial derivatives	35,784	(7,109)	–	–	(19,998)	1	8,678
	<u>3,701,112</u>	<u>(215,319)</u>	<u>113,025</u>	<u>25,744</u>	<u>(19,998)</u>	<u>5,300</u>	<u>3,609,864</u>

	Non-cash changes						
1 January 2018 \$'000	Financing cashflows ¹ \$'000	Interest expense/capitalised \$'000	Foreign exchange movement \$'000	Change in fair value \$'000	Acquisition of subsidiary \$'000	Other changes \$'000	31 December 2018 \$'000
Group							
Retail bonds ²	353,040	(10,780)	10,780	–	–	–	283
MTN and EMTN notes ²	2,694,931	(196,643)	67,111	(1,081)	–	–	659
Bank loans ²	161,178	(419)	13,829	–	–	561,088	1,728
Financial derivatives	32,642	(9,322)	–	–	10,769	1,695	–
	<u>3,241,791</u>	<u>(217,164)</u>	<u>91,720</u>	<u>(1,081)</u>	<u>10,769</u>	<u>562,783</u>	<u>2,670</u>
							<u>3,691,488</u>

1 Net of proceeds from interest-bearing borrowings, repayment of interest-bearing borrowings, settlement of financial derivatives, payment of lease liabilities, interest paid and payment of transaction costs related to interest-bearing borrowings.

2 Includes interest payable.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

15. LEASE LIABILITIES

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current liabilities				
Lease liabilities	2,865	–	2,107	–
Non-current liabilities				
Lease liabilities	8,457	–	8,217	–
Total lease liabilities	11,322	–	10,324	–
Amounts recognised in Statement of Total Return				
			2019 \$'000	
Leases under the principles of FRS 116				
Expenses relating to short-term leases			868	
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets			1	
			2018 \$'000	
Operating leases under the principles of FRS 17				
Lease expense			3,584	
Amounts recognised in Statement of Cash Flows				
			2019 \$'000	
Total cash outflow for leases			4,929	

16. UNITHOLDERS' FUNDS

Hedging reserves

Hedging reserves comprises the effective portion of the cumulative net change in the fair value of hedging instruments related to hedged transactions that have not yet to mature.

Foreign currency translation reserves

Foreign currency translation reserves comprises the Group's share in CRCT's foreign currency translation reserves.

General reserves

General reserves comprises the Group's share in CRCT's general reserves.

Fair value reserves

Fair value reserves comprises the cumulative net change in the fair value of equity instrument at FVOCI until the asset is derecognised.

17. UNITS IN ISSUE

	Group and Trust	
	2019	2018
	'000	'000
Units in issue:		
At 1 January	3,686,902	3,546,423
Units created:		
– payment of management fees in relation to the Trust's 40.0% interest in RCS Trust	1,902	2,697
– in connection with Placement	–	134,089
– payment of acquisition fees in relation to the acquisition of the balance 70.0% of the units in Infinity Mall Trust	–	3,693
Total issued units at 31 December	<u>3,688,804</u>	<u>3,686,902</u>

Each unit in the Trust represents an undivided interest in the Trust. The rights and interests of Unitholders are contained in the Trust Deed and include the right to:

- Receive income and other distributions attributable to the units held;
- Participate in the termination of the Trust by receiving a share of all net cash proceeds derived from the realisation of the assets of the Trust less any liabilities, in accordance with their proportionate interests in the Trust. However, a Unitholder has no equitable or proprietary interest in the underlying assets of the Trust and is not entitled to the transfer to it of any assets (or part thereof) or of any estate or interest in any asset (or part thereof) of the Trust;

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

17. UNITS IN ISSUE (continued)

- Attend all Unitholders meetings. The Trustee or the Manager may (and the Manager shall at the request in writing of not less than 50 Unitholders or one-tenth in number of the Unitholders, whichever is lesser) at any time convene a meeting of Unitholders in accordance with the provisions of the Trust Deed; and
- One vote per unit.

The restrictions of a Unitholder include the following:

- A Unitholder's right is limited to the right to require due administration of the Trust in accordance with the provisions of the Trust Deed; and
- A Unitholder has no right to request the Manager to redeem his units while the units are listed on SGX-ST.

A Unitholder's liability is limited to the amount paid or payable for any units in the Trust. The provisions of the Trust Deed provide that no Unitholders will be personally liable for indemnifying the Trustee or any creditor of the Trustee in the event that liabilities of the Trust exceed its assets.

18. GROSS REVENUE

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Gross rental income	722,437	639,167	592,163	575,938
Car park income	19,842	20,181	18,007	18,359
Others	44,457	38,173	36,687	35,026
	<u>786,736</u>	<u>697,521</u>	<u>646,857</u>	<u>629,323</u>

19. PROPERTY OPERATING EXPENSES

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Property tax	67,501	56,479	54,353	50,493
Utilities	18,086	15,687	16,314	15,090
Property management fees	29,912	26,655	24,562	24,039
Property management reimbursements	43,235	38,528	36,465	35,019
Marketing	20,249	18,291	16,936	15,860
Maintenance	44,163	39,886	36,366	36,128
Land rental	–	3,325	–	2,456
Others	5,375	5,122	4,608	4,661
	<u>228,521</u>	<u>203,973</u>	<u>189,604</u>	<u>183,746</u>

20. INTEREST AND OTHER INCOME

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Interest income:				
– financial institutions	6,446	4,995	5,673	4,746
– subsidiaries	–	–	49,062	23,308
– joint ventures	–	3,861	–	3,861
Other income	653	1,825	–	–
	7,099	10,681	54,735	31,915

21. INVESTMENT INCOME

	Trust	
	2019 \$'000	2018 \$'000
Distribution income from:		
– subsidiaries	34,688	19,350
– associate	13,645	7,632
– joint ventures	62,658	71,775
	110,991	98,757

22. MANAGEMENT FEES

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Base fees	26,637	23,571	21,008	20,587
Performance fees	23,599	21,008	19,323	18,937
	50,236	44,579	40,331	39,524

23. FINANCE COSTS

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Interest expense	115,705	95,008	109,460	93,568
Transaction costs	2,432	3,162	2,384	3,151
Interest from lease liabilities	354	–	311	–
	118,491	98,170	112,155	96,719

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

24. GAIN ON DISPOSAL OF INVESTMENT PROPERTY

Gain on disposal of investment property relates to the sale of Sembawang Shopping Centre with legal completion on 18 June 2018.

25. ACQUISITION OF SUBSIDIARY, NET OF CASH ACQUIRED

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. Typically, the Group assesses the acquisition as a purchase of business when the strategic management function and the associated processes were purchased along with the underlying property.

In 2018, the Group had the following significant business combination:

Acquisition of subsidiary

On 1 November 2018, the Group acquired 70.0% of the shares and voting interests in Infinity Mall Trust ("IMT") from related parties, CMA Singapore Investments (4) Pte. Ltd. and CL JM Pte. Ltd. As a result, the Group's equity interest in IMT increased from 30.0% to 100.0%, obtaining control of IMT.

The acquisition is part of the Group's ongoing business development and is in line with the Group's strategy to invest in income producing real estate which are used or substantially used for commercial purposes to achieve an attractive level of return from rental income and for long-term capital growth.

For the two months ended 31 December 2018, IMT contributed revenue of \$11.2 million and total return of \$5.1 million to the Group's results. If the acquisition had occurred on 1 January 2018, management estimates that consolidated revenue would have been \$757.2 million and consolidated total return for the year would have been \$797.6 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2018.

25. ACQUISITION OF SUBSIDIARY, NET OF CASH ACQUIRED (continued)

Effects of acquisition

The cash flows and net assets of subsidiary acquired are provided below:

	2018		
	Group \$'000	Trust \$'000	
Investment property	1,124,179		
Plant and equipment	972		
Cash and cash equivalents	41,520		
Other assets	3,117		
Interest-bearing borrowings	(560,000)		
Trade and other payables	(16,172)		
Amounts due to unitholders	(542,362)		
Financial derivatives	(1,695)		
Provision for taxation	(1,651)		
Security deposits	<u>(20,008)</u>		
Total identifiable net assets	27,900		
Less: Amount previously accounted for as a joint venture, at fair value	<u>(8,370)</u>		
Net assets acquired	19,530		
Loans to IMT for repayment of amounts due to previous unitholders	379,653		
Total consideration	399,183	399,183	
Less: Cash of subsidiary acquired	<u>(41,520)</u>		
Net cash outflow on acquisition of subsidiary	357,663	399,183	

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation Technique
Investment property	The fair value is determined by the average of the valuations by 2 independent valuers, Colliers International Consultancy & Valuation (Singapore) Pte Ltd and Jones Lang LaSalle Property Consultants Pte Ltd. The methods used by the independent valuers were the discounted cash flow method, capitalisation method and the comparison method.

Acquisition related costs

The Group incurred acquisition-related costs of \$9.0 million, which mainly relates to the acquisition fees paid to the manager, legal fees and professional fees. These costs have been recognised in 'costs associated with acquisition of subsidiary'.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

26. INCOME TAX REFUND

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Current tax refund				
Over provision in prior years ¹	–	(387)	–	(78)
Reconciliation of effective tax rate				
Net income	481,835	477,392	466,873	427,250
Tax calculated using Singapore tax rate of 17%	81,912	81,157	79,368	72,633
Effects of results of equity-accounted investees presented net of tax	(4,516)	(9,720)	–	–
Tax deductible items	(1,192)	213	(845)	359
Income not subject to tax	(1,133)	(1,881)	(3,452)	(3,176)
Tax transparency	(75,071)	(69,769)	(75,071)	(69,816)
Over provision in prior years	–	(387)	–	(78)
	–	(387)	–	(78)

¹ In FY 2018, this relates to tax refunded to the Trust for Year of Assessment ("YA") 2009 and BMT for YA 2015 as well as tax assessed on BMT for YA 2016, by the Inland Revenue Authority of Singapore ("IRAS").

27. EARNINGS PER UNIT

Basic and diluted earnings per unit

The calculation of basic and diluted earnings per unit is based on the weighted average number of units during the year and total return for the year.

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Total return for the year	696,930	676,745	700,301	648,573

	Group and Trust Number of Units	
	2019 '000	2018 '000
Issued units at beginning of the year	3,686,902	3,546,423
Creation of new units during the year:		
– management fees in relation to the Trust's 40.0% interest in RCS Trust	1,397	1,890
– in relation to Placement	–	19,838
– in relation to the acquisition fees in respect of the acquisition of the balance 70.0% units in IMT	–	536
Weighted average number of units at the end of the year	3,688,299	3,568,687

28. RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the parties or exercise significant influence over the parties in making financial and operating decisions, or vice versa, or where the Group and the parties are subject to common significant influence. Related parties may be individuals or other entities. The Manager, Property Manager and Project Manager (CapitaLand Project Management Pte Ltd) are subsidiaries of a substantial Unitholder of the Trust. In the normal course of the operations of the Trust, management fees and trustee's fees have been paid or are payable to the Manager and Trustee respectively. The property management fees and property management reimbursements are payable to the Property Manager.

During the financial year, other than those disclosed elsewhere in the financial statements, the following were significant related party transactions carried out in the normal course of business:

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Asset enhancement works and consultancy fees paid/payable to related companies of the Manager	1,318	1,516	1,093	1,057
Rental and other income received/receivable from related companies of the Manager	2,303	1,812	2,120	1,652
Interest paid/payable to subsidiary	–	–	94,257	78,865
Divestment fees paid to the Manager	–	1,240	–	1,240
Other expenses paid/payable to related companies of the Manager	7,714	7,330	6,698	6,155

29. FINANCIAL RISK MANAGEMENT

Capital management

The board of directors of the Manager ("Board") proactively reviews the Group's and the Trust's capital and debt management and financing policy regularly so as to optimise the Group's and the Trust's funding structure. Capital consists of Unitholders' funds of the Group. The Board also monitors the Group's and the Trust's exposure to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

The Trust is subject to the aggregate leverage limit as defined in the Property Funds Appendix of the CIS code. The CIS code stipulates that the total borrowings and deferred payments (together the "Aggregate Leverage") of a property fund should not exceed 45.0% of the fund's deposited property. The Trust has complied with the Aggregate Leverage limit of 45.0% during the financial year. There were no changes in the Group's and the Trust's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

29. FINANCIAL RISK MANAGEMENT (continued)

Overview of risk management

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Manager continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how the Manager monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a tenant or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due.

Trade receivables

The Manager has established credit limits for customers and monitors their balances on an ongoing basis. Credit evaluations are performed by the Manager before lease agreements are entered into with tenants.

At 31 December 2019 and 31 December 2018, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying value of each financial asset on the Statement of Financial Position.

Exposure to credit risk

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied tenants. These tenants comprise retailers engaged in a wide variety of consumer trades. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, the Manager believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

Expected credit loss assessment for individual tenants

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual tenants, which comprise a very large number of tenants.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off based on actual credit loss experience over the last three years.

29. FINANCIAL RISK MANAGEMENT (continued)

Trade receivables (continued)

The ageing of trade receivables at the reporting date was:

	Group		Trust	
	Gross \$'000	Impairment loss \$'000	Gross \$'000	Impairment loss \$'000
31 December 2019				
Not past due	6,710	–	5,596	–
Past due 31 – 60 days	1,130	–	922	–
Past due 61 – 90 days	30	–	26	–
Over 90 days	161	–	159	–
	8,031	–	6,703	–
31 December 2018				
Not past due	6,167	8	5,147	8
Past due 31 – 60 days	1,293	–	994	–
Past due 61 – 90 days	44	–	26	–
Over 90 days	443	–	338	–
	7,947	8	6,505	8

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	Group and Trust	
	2019 \$'000	2018 \$'000
At 1 January	8	22
Impairment loss recognised	–	8
Reversal of impairment loss	(8)	(22)
At 31 December	–	8

The Manager believes that, apart from the above, no impairment allowance is necessary in respect of the remaining trade receivables as these receivables arose mainly from tenants that have a good record with the Group and have sufficient security deposits as collateral.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

29. FINANCIAL RISK MANAGEMENT (continued)

Amounts due from subsidiary and related parties (trade)

Outstanding trade balances with subsidiary and related parties are unsecured. There is no allowance for doubtful debts arising from these outstanding balances as the ECL is not significant.

Loans to subsidiaries

The Trust held loans to its subsidiaries of \$1,844,507,000 (2018: \$1,426,392,000) which are amounts lent to subsidiaries to satisfy long term funding requirements. Based on an assessment of qualitative and quantitative factors that are indicative of the risk of default (including but not limited to audited financial statements, management accounts and cash flow projections, and applying experienced credit judgement), these exposures are considered to have low credit risk. Therefore, impairment on these balances has been measured on the 12 month expected credit loss basis; and the amount of the allowance is not significant.

Financial derivatives

The financial derivatives are entered into with bank and financial institution counterparties, which are regulated.

Cash and cash equivalents

Cash and fixed deposits are placed with financial institutions which are regulated. The Group limits its credit risk exposure in respect of investments by only investing in liquid securities and only with counterparties that have sound credit ratings, thus management does not expect any counterparty to fail to meet its obligations.

The Group and the Trust held cash and cash equivalents of \$202,198,000 and \$156,097,000 respectively at 31 December 2019 (2018: \$348,503,000 and \$286,117,000 respectively). The cash and cash equivalents are held with banks and financial institution counterparties which are rated A to AA-, based on Standard & Poor's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is not significant.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Manager monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations.

29. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Exposure to liquidity risk

The following are the expected contractual undiscounted cash outflows of financial liabilities and derivative financial instruments including interest payments and excluding the impact of netting agreements:

Group	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows				
			Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000		
31 December 2019							
Non-derivative financial liabilities							
<u>Unsecured</u>							
Retail bonds	349,657	366,244	10,810	355,434	–		
USD fixed rate MTN notes	403,090	542,756	14,664	58,337	469,755		
JPY fixed rate MTN notes	123,893	125,218	125,218	–	–		
JPY floating rate MTN notes	168,417	169,554	452	169,102	–		
HKD fixed rate MTN and EMTN notes	847,244	981,227	26,520	435,565	519,142		
SGD fixed rate MTN notes	1,377,736	1,645,591	145,670	841,290	658,631		
SGD bank loans	290,840	326,416	43,675	178,646	104,095		
Trade and other payables	166,857	166,857	166,857	–	–		
Security deposits	191,518	191,518	62,532	127,217	1,769		
Lease liabilities	11,322	11,322	2,865	5,545	2,912		
	<u>3,930,574</u>	<u>4,526,703</u>	<u>599,263</u>	<u>2,171,136</u>	<u>1,756,304</u>		
Derivative financial assets							
Cross currency swaps (gross-settled)	25,001						
– Inflow		623,753	16,305	495,852	111,596		
– Outflow		(598,513)	(17,564)	(470,904)	(110,045)		
	<u>25,001</u>	<u>25,240</u>	<u>(1,259)</u>	<u>24,948</u>	<u>1,551</u>		
Derivative financial liabilities							
Cross currency swaps (gross-settled)	(32,904)						
– Inflow		1,166,748	153,555	166,476	846,717		
– Outflow		(1,201,862)	(157,485)	(164,507)	(879,870)		
	<u>(32,904)</u>	<u>(35,114)</u>	<u>(3,930)</u>	<u>1,969</u>	<u>(33,153)</u>		
Interest rate swaps (net-settled)	(775)	(757)	(174)	(891)	308		

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

29. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Exposure to liquidity risk (continued)

Group	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows				
			Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000		
31 December 2018							
Non-derivative financial liabilities							
<u>Secured</u>							
SGD bank loans	405,000	413,215	413,215	–	–		
<u>Unsecured</u>							
Retail bonds	349,365	377,024	10,780	366,244	–		
JPY fixed rate MTN and EMTN notes	247,091	251,401	126,508	124,893	–		
JPY floating rate MTN notes	167,929	169,631	464	169,167	–		
HKD fixed rate MTN and EMTN notes	852,982	920,653	27,976	451,130	441,547		
SGD fixed rate MTN notes	1,277,560	1,567,481	42,395	488,834	1,036,252		
SGD bank loans	327,890	351,281	9,287	321,481	20,513		
Trade and other payables	199,271	199,271	199,271	–	–		
Security deposits	181,085	181,085	63,408	115,869	1,808		
	3,603,173	4,017,827	480,089	2,037,618	1,500,120		
	4,008,173	4,431,042	893,304	2,037,618	1,500,120		
Derivative financial assets							
Cross currency swaps (gross-settled)	26,619						
– Inflow		645,012	16,482	514,073	114,457		
– Outflow		(616,139)	(17,626)	(484,948)	(113,565)		
	26,619	28,873	(1,144)	29,125	892		
Derivative financial liabilities							
Cross currency swaps (gross-settled)	(61,349)						
– Inflow		787,024	141,342	242,969	402,713		
– Outflow		(850,221)	(180,198)	(243,917)	(426,106)		
	(61,349)	(63,197)	(38,856)	(948)	(23,393)		
Interest rate swaps (net-settled)		(1,054)	(1,048)	(1,048)	–		
					–		

29. FINANCIAL RISK MANAGEMENT (continued)

Liquidity risk (continued)

Exposure to liquidity risk (continued)

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows				
			Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000		
Trust							
31 December 2019							
Non-derivative financial liabilities							
<u>Unsecured</u>							
Retail bonds	349,657	366,244	10,810	355,434	–		
SGD fixed rate term loans	2,899,453	3,445,966	320,720	1,476,700	1,648,546		
SGD bank loans	290,840	326,416	43,675	178,646	104,095		
Trade and other payables	144,712	144,712	144,712	–	–		
Security deposits	153,434	153,434	48,140	103,743	1,551		
Lease liabilities	10,324	10,324	2,107	5,304	2,913		
	<u>3,848,420</u>	<u>4,447,096</u>	<u>570,164</u>	<u>2,119,827</u>	<u>1,757,105</u>		
Derivative financial liabilities							
Interest rate swaps (net-settled)	(775)	(757)	(174)	(891)	308		
31 December 2018							
Non-derivative financial liabilities							
<u>Unsecured</u>							
Retail bonds	349,365	377,024	10,780	366,244	–		
SGD fixed rate term loans	2,550,380	3,033,842	240,219	1,217,700	1,575,923		
SGD bank loans	327,890	351,281	9,287	321,481	20,513		
Trade and other payables	159,034	159,034	159,034	–	–		
Security deposits	144,268	144,268	55,021	87,732	1,515		
	<u>3,530,937</u>	<u>4,065,449</u>	<u>474,341</u>	<u>1,993,157</u>	<u>1,597,951</u>		

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

29. FINANCIAL RISK MANAGEMENT (continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

The Group is exposed to foreign currency risk on interest-bearing borrowings that were denominated in a currency other than the respective functional currencies of the Group entities. The functional currencies of the Group entities are denominated in Singapore Dollars ("SGD"). The currencies giving rise to this risk are United States Dollars ("USD"), Hong Kong Dollars ("HKD") and Japanese Yen ("JPY"). The Group hedges this risk by entering into cross currency swaps with notional contracts amounting to USD0.3 billion, HKD4.9 billion and JPY23.6 billion. All sums payable in respect of the cross currency swaps are guaranteed by the Trustee.

Foreign exchange risks related to the interest-bearing borrowings of the Group's USD, HKD and JPY notes, issued by SGD functional currency Group entities, have been fully hedged using cross currency swaps that mature on the same dates that the loans are due for repayment. These cross currency swaps are designated as cash flow hedges.

The Group applies a hedge ratio of 1:1 to its cross currency swaps to hedge its currency risk. The Group's policy is for the critical terms of the cross currency swaps to align with the hedged item.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the currency, amount and timing of their respective cash flows. The Group assess whether the derivative designated in each hedging relationship is expected to be and has been effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main potential sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the cross currency swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates; and
- changes in timing of the hedged transactions.

The following significant exchange rates have been applied.

	Year-end spot rate	
	2019	2018
USD	1.347	-
HKD	0.173	0.174
JPY	0.012	0.012

29. FINANCIAL RISK MANAGEMENT (continued)

Foreign currency risk (continued)

Sensitivity analysis

A 10.0% weakening of the Singapore dollar, as indicated below, against the following foreign currencies at the reporting date would increase the Statement of Total Return and Unitholders' Funds as at 31 December 2019 by the amounts shown below. This analysis assumes that all other variables, in particular, interest rates, remain constant.

	Statement of Total Return \$'000	Unitholders' Funds \$'000
Group		
2019		
USD	–	6,319
HKD	–	5,696
JPY	–	404
	<hr/>	<hr/>
	–	12,419
2018		
HKD	–	5,034
JPY	–	939
	<hr/>	<hr/>
	–	5,973

A 10.0% strengthening of the Singapore dollar against the above currencies would have had an opposite effect of similar quantum on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Group adopts a policy of ensuring that at least 80.0% of its interest rate risk exposure is at a fixed-rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a float rate and using interest rate swaps and cross currency swaps as hedges of the variability in cash flows attributable to interest rate risk. The Group applies a hedge ratio of 1:1.

The Group determines the existence of an economic relationship between the hedging instrument and hedged item based on the reference interest rates, tenors, repricing dates and maturities and the notional or par amounts.

The Group assesses whether the derivative designated in each hedging relationship is expected to be effective in offsetting changes in cash flows of the hedged item using the hypothetical derivative method.

In these hedge relationships, the main potential sources of ineffectiveness are:

- the effect of the counterparty and the Group's own credit risk on the fair value of the swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates; and
- differences in repricing dates between the swaps and the borrowings.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

29. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

Exposure to interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-bearing financial liabilities. Interest rate risk is managed on an ongoing basis with the primary objective of limiting the extent to which net interest expense could be affected by adverse movements in interest rates. The Group manages its interest rate exposure through the use of interest rate swaps, cross currency swaps and fixed rate borrowings.

At 31 December 2019, the Group has interest rate swaps classified as cash flow hedges with notional contractual amount of \$180,000,000 (2018: \$405,000,000) which pay fixed interest rates averaging 2.47% (2018: 2.33%) per annum and receive variable rates equal to the Swap Offer Rate on the notional amount. The fair value of these interest rate swaps as at 31 December 2019 is a liability of \$775,000 (2018: \$1,054,000).

At 31 December 2019, the Group has cross currency swaps classified as cash flow hedges with notional contractual amount of \$162,000,000 (2018: \$162,000,000) which pay fixed interest rates averaging 3.00% (2018: 3.00%) per annum and receive variable rates equal to the JPY LIBOR on the notional amount. The fair value of these cross currency swaps as at 31 December 2019 is an asset of \$3,166,000 (2018: \$3,703,000).

At the reporting date, the interest rate profile of the interest-bearing financial instruments, as reported to the management, was as follows:

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Fixed rate instruments				
Interest-bearing borrowings	(3,106,484)	(2,731,631)	(3,254,098)	(2,904,553)
Effect of interest rate swaps and cross currency swaps	(348,541)	(573,104)	(180,000)	—
	<u>(3,455,025)</u>	<u>(3,304,735)</u>	<u>(3,434,098)</u>	<u>(2,904,553)</u>
Variable rate instruments				
Interest-bearing borrowings	(461,451)	(901,538)	(292,910)	(328,434)
Effect of interest rate swaps and cross currency swaps	348,541	573,104	180,000	—
	<u>(112,910)</u>	<u>(328,434)</u>	<u>(112,910)</u>	<u>(328,434)</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate instruments at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect the Statement of Total Return.

29. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)

Fair value sensitivity analysis for variable rate instruments

A reasonably possible change of 100 basis points in interest rate at the reporting date would have increased/(decreased) the Statement of Total Return and Unitholders' Funds by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Statement of Total Return		Unitholders' Funds	
	100 bp increase \$'000	100 bp decrease \$'000	100 bp increase \$'000	100 bp decrease \$'000
Group				
31 December 2019				
Variable rate instruments	(4,614)	4,614	–	–
Interest rate swaps and cross currency swaps	3,485	(3,485)	10,230	(10,230)
Cash flow sensitivity (net)	(1,129)	1,129	10,230	(10,230)
31 December 2018				
Variable rate instruments	(9,015)	9,015	–	–
Interest rate swaps and cross currency swaps	5,731	(5,731)	5,536	(5,536)
Cash flow sensitivity (net)	(3,284)	3,284	5,536	(5,536)
Trust				
31 December 2019				
Variable rate instruments	(2,929)	2,929	–	–
Interest rate swaps	1,800	(1,800)	8,086	(8,086)
Cash flow sensitivity (net)	(1,129)	1,129	8,086	(8,086)
31 December 2018				
Variable rate instruments	(3,284)	3,284	–	–
Equity price risk				

The Group's exposure to change in equity price relates to equity instrument at FVOCI in a quoted equity security listed in Singapore.

Sensitivity analysis

As at 31 December 2019, if the price for the quoted equity security increased by 5% with all other variables being held constant, the increase in Unitholders' Funds would be \$10.7 million (2018: Nil). A similar 5% decrease in the price would have an equal but opposite effect.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

29. FINANCIAL RISK MANAGEMENT (continued)

Hedge accounting

Cash flow hedges

The Group held the following instruments to hedge exposures to changes in foreign currency and interest rates.

	2019	
	Maturity	
	Within 1 year	More than 1 year
Group		
Foreign currency risk		
Cross currency swaps		
Net exposure (\$'000)	126,000	1,398,098
Average SGD:HKD forward contract rate	–	0.1690
Average SGD:JPY forward contract rate	0.0126	0.0119
Average SGD:USD forward contract rate	–	1.3570
Interest rate risk		
Interest rate swaps		
Net exposure (\$'000)	–	180,000
Average fixed interest rate %	–	2.47
	2018	
	Maturity	
	Within 1 year	More than 1 year
Foreign currency risk		
Cross currency swaps		
Net exposure (\$'000)	157,555	1,116,998
Average SGD:HKD forward contract rate	–	0.1690
Average SGD:JPY forward contract rate	0.0157	0.0122
Interest rate risk		
Interest rate swaps		
Net exposure (\$'000)	405,000	–
Average fixed interest rate %	2.33	–
	2019	
	Maturity	
	Within 1 year	More than 1 year
Trust		
Interest rate risk		
Interest rate swaps		
Net exposure (\$'000)	–	180,000
Average fixed interest rate %	–	2.47

29. FINANCIAL RISK MANAGEMENT (continued)

Hedge accounting (continued)

The following table provides a reconciliation by risk category of components of Unitholders' Funds resulting from cash flow hedge accounting.

	Group \$'000	Trust Hedging reserve \$'000
Cash flow hedges		
Balance as at 1 January 2018	(31,302)	–
Changes in fair value:		
Foreign currency risk	(10,970)	–
Interest rate risk	201	–
Amounts reclassified to Statement of Total Return:		
Foreign currency risk	9,963	–
Interest rate risk	440	–
Share of movements in hedging reserves of associate and joint venture	2,291	–
Balance at 31 December 2018	<u>(29,377)</u>	–
Changes in fair value:		
Foreign currency risk	19,724	–
Interest rate risk	274	(780)
Amounts reclassified to Statement of Total Return:		
Foreign currency risk	(18,640)	–
Interest rate risk	5	5
Share of movements in hedging reserves of associate and joint venture	(1,260)	–
Balance at 31 December 2019	<u>(29,274)</u>	(775)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

29. FINANCIAL RISK MANAGEMENT (continued)

Hedge accounting (continued)

The amounts relating to items designated as hedged items and hedging instruments (excluding share of hedging reserves of associate and joint venture) were as follows:

	Nominal amount \$'000	Carrying amount – Assets \$'000	– Liabilities \$'000	Line item in the Statement of Financial Position where the hedging instrument is included	the hedged item is included
Group					
2019					
Foreign currency risk					
Cross currency swaps	1,524,098	25,001	(32,904)	Financial derivatives	Interest-bearing borrowings
Interest rate risk					
Interest rate swaps	180,000	–	(775)	Financial derivatives	Interest-bearing borrowings
2018					
Foreign currency risk					
Cross currency swaps	1,274,553	26,619	(61,349)	Financial derivatives	Interest-bearing borrowings
Interest rate risk					
Interest rate swaps	405,000	–	(1,054)	Financial derivatives	Interest-bearing borrowings
Trust					
2019					
Interest rate risk					
Interest rate swaps	180,000	–	(775)	Financial derivatives	Interest-bearing borrowings

Cash flow hedge reserve \$'000	Changes in the fair value of the hedging instrument recognised in Unitholders Funds \$'000	Amounts reclassified from Hedging Reserve to Statement of Total Return \$'000	Line item in Statement of Total Return affected by the reclassification
(28,829)	19,724	(18,640)	Finance costs
411	274	5	Finance costs
(29,913)	(10,970)	9,963	Finance costs
641	201	440	Finance costs
(755)	(780)	5	Finance costs

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

30. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Further, for the current year the fair value disclosure of lease liabilities is also not required.

Group	Note	Carrying amount		
		Fair value – hedging instruments	Amortised cost	
		\$'000	\$'000	
31 December 2019				
Financial assets not measured at fair value				
Trade and other receivables ¹	11	–	24,469	
Cash and cash equivalents	12	–	202,198	
		–	226,667	
Financial assets measured at fair value				
Financial derivatives	10	25,001	–	
Equity instrument at FVOCI	9	–	–	
		25,001	–	
Financial liabilities not measured at fair value				
Trade and other payables	13	–	–	
Security deposits		–	–	
Interest-bearing borrowings	14	–	–	
		–	–	
Financial liabilities measured at fair value				
Financial derivatives	10	(33,679)	–	
31 December 2018				
Financial assets not measured at fair value				
Trade and other receivables ¹	11	–	26,796	
Cash and cash equivalents	12	–	348,503	
		–	375,299	
Financial assets measured at fair value				
Financial derivatives	10	26,619	–	
Financial liabilities not measured at fair value				
Trade and other payables	13	–	–	
Security deposits		–	–	
Interest-bearing borrowings	14	–	–	
		–	–	
Financial liabilities measured at fair value				
Financial derivatives	10	(62,403)	–	

1 Excluding prepayments

FVOCI – equity instruments \$'000	Other financial liabilities \$'000	Total \$'000	Fair value			
			Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
–	–	24,469				
–	–	202,198				
–	–	226,667				
–	–	25,001				
214,742	–	214,742	214,742	25,001	–	25,001
214,742	–	239,743				214,742
–	(166,857)	(166,857)				
–	(191,518)	(191,518)				
–	(3,560,877)	(3,560,877)				
–	(3,919,252)	(3,919,252)	(358,050)	(3,558,378)	–	(3,916,428)
–	–	(33,679)				
–	–	(33,679)				
–	–	26,796				
–	–	348,503				
–	–	375,299				
–	–	26,619				
–	(199,271)	(199,271)				
–	(181,085)	(181,085)				
–	(3,627,817)	(3,627,817)				
–	(4,008,173)	(4,008,173)	(358,750)	(3,298,096)	–	(3,656,846)
–	–	(62,403)				
–	–	(62,403)				

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

30. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	Note	Carrying amount	
		Fair value – hedging instruments \$'000	Amortised cost \$'000
Trust			
31 December 2019			
Financial assets not measured at fair value			
Loans to subsidiaries ¹	7	–	1,844,507
Trade and other receivables ²	11	–	31,468
Cash and cash equivalents	12	–	156,097
		–	2,032,072
Financial assets measured at fair value			
Equity instrument at FVOCI	9	–	–
Financial liabilities not measured at fair value			
Trade and other payables	13	–	–
Security deposits		–	–
Interest-bearing borrowings	14	–	–
		–	–
Financial liabilities measured at fair value			
Financial derivatives	10	(775)	–
31 December 2018			
Financial assets not measured at fair value			
Loans to subsidiaries ¹	7	–	1,426,392
Trade and other receivables ²	11	–	29,564
Cash and cash equivalents	12	–	286,117
		–	1,742,073
Financial liabilities not measured at fair value			
Trade and other payables	13	–	–
Security deposits		–	–
Interest-bearing borrowings	14	–	–
		–	–

1 Relates to loans to Brilliance Mall Trust ("BMT"), Infinity Mall Trust ("IMT"), Victory Office 1 Trust and Victory Office 2 Trust.

2 Excluding prepayments

FVOCI – equity instruments \$'000	Other financial liabilities \$'000	Total \$'000	Fair value			
			Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
–	–	1,844,507				
–	–	31,468				
–	–	156,097				
–	–	<u>2,032,072</u>				
<u>214,742</u>	–	<u>214,742</u>	214,742	–	–	<u>214,742</u>
–	(144,712)	(144,712)				
–	(153,434)	(153,434)				
–	(3,539,950)	(3,539,950)	(358,050)	(3,282,674)	–	(3,640,724)
–	(3,838,096)	(3,838,096)				
–	–	<u>(775)</u>	–	(775)	–	<u>(775)</u>
–	–	1,426,392				
–	–	29,564				
–	–	286,117				
–	–	<u>1,742,073</u>				
–	(159,034)	(159,034)				
–	(144,268)	(144,268)				
–	(3,227,635)	(3,227,635)	(358,750)	(2,905,833)	–	(3,264,583)
–	(3,530,937)	(3,530,937)				

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

30. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Measurement of fair values

Financial instruments that are measured at fair value

Financial derivatives

The fair values of cross currency swaps and interest rate swaps (Level 2 fair values) are based on banks' quotes. These quotes are assessed for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the Group and counterparties when appropriate.

Equity instrument at FVOCI

The fair value of equity instrument at FVOCI (Level 1 fair values) is based on quoted bid prices (unadjusted) in active markets.

Financial instruments that are not measured at fair value

Other non-derivative financial liabilities are measured at fair value at initial recognition and for disclosure purposes, at each annual reporting date. The fair value of quoted interest-bearing borrowings is their quoted ask price at the reporting date. Fair value for unquoted interest-bearing borrowings is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. Other non-derivative financial liabilities include interest-bearing borrowings.

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, are based on forward rates as at 31 December plus a credit spread, and are as follows:

	2019 %	2018 %
Interest-bearing borrowings	<u>2.27 – 2.98</u>	<u>2.38 – 3.70</u>

Financial instruments for which fair value is equal to the carrying value

These financial instruments include loans to subsidiaries and joint venture, trade and other receivables, cash and cash equivalents, trade and other payables and security deposits. The carrying amounts of these financial instruments are an approximation of their fair values because they are either short term in nature, effect of discounting is immaterial or reprice frequently.

31. OPERATING SEGMENTS

For the purpose of making resource allocation decisions and the assessment of segment performance, the Group's Chief Operating Decision Makers ("CODMs") reviews internal/management reports of its investment properties. This forms the basis of identifying the operating segments of the Group consistent with the principles of FRS 108 *Operating Segments*.

Segment revenue comprises mainly income generated from its tenants. Segment net property income represents the income earned by each segment after allocating property operating expenses. This is the measure reported to the CODMs for the purpose of assessment of segment performance. In addition, the CODMs monitor the non-financial assets as well as financial assets attributable to each segment when assessing segment performance.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing borrowings and expenses, related assets and expenses. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

Geographical segments

Segment information in respect of the Group's geographical segments is not presented, as the Group's activities for the year ended 31 December 2019 and 31 December 2018 related to properties located in Singapore.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

31. OPERATING SEGMENTS (continued)

	Tampines Mall \$'000	Junction 8 \$'000	Funan ¹ \$'000	IMM Building \$'000	Plaza Singapura \$'000
2019					
Gross revenue	82,892	61,191	28,536	86,803	92,073
Segment net property income	61,791	44,520	15,126	60,481	68,948
Interest and other income					
Finance costs					
Unallocated expenses					
Share of results (net of tax) of:					
– Associate					
– Joint ventures					
Net income					
Net change in fair value of investment properties	24,174	52,248	46,023	24,016	51,129
Dilution loss on investment in associate					
Net loss on derecognition of investment in associate					
Total return for the year before tax					
Income tax refund					
Total return for the year					
Assets and liabilities					
Segment assets	1,085,728	799,397	788,101	675,780	1,349,873
Investment in associate and joint ventures					
Equity instrument at fair value					
Unallocated assets:					
– financial derivatives					
– others					
Total assets					
Segment liabilities	22,222	21,445	36,461	28,265	29,796
Unallocated liabilities:					
– interest-bearing borrowings					
– financial derivatives					
– others					
Total liabilities					
Other segmental information					
Depreciation and amortisation	16	22	1,203	114	38
Plant and equipment:					
– capital expenditure	20	11	488	51	30
Investment properties and investment properties under development:					
– capital expenditure	1,826	3,752	64,401	1,984	2,038
Receivables written back	(2)	–	–	(1)	(3)

Bugis Junction \$'000	Lot One Shoppers' Mall \$'000	The Atrium@ Orchard \$'000	Clarke Quay \$'000	Bugis+ \$'000	Other Investment Properties ² \$'000	Bedok Mall \$'000	Westgate \$'000	Group \$'000
84,868	43,181	50,034	40,080	33,712	50,516	57,962	74,888	786,736
61,656	29,984	37,471	26,056	24,144	31,412	42,865	53,761	558,215
								7,099 (118,491) (54,211)
								18,388 70,835 <u>481,835</u>
13,791	(4,413)	1,521	11,234	1,449	664	9,809	1,268	232,913 (217)
								(17,601) <u>696,930</u>
								<u>696,930</u>
1,106,701	537,394	765,226	417,705	358,066	626,653	808,686	1,151,888	10,471,198 840,851 214,742
								25,001 179,867 204,868 <u>11,731,659</u>
27,331	16,621	14,055	21,234	11,346	27,542	22,009	29,650	307,977
								3,560,877 33,679 61,887 <u>3,656,443</u> <u>3,964,420</u>
50	39	17	93	19	82	12	21	1,726
34	76	23	102	17	56	25	41	974
2,978	5,413	5,479	3,530	1,973	1,465	1,189	1,732	97,760
—	—	—	—	(1)	(4)	—	—	(11)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

31. OPERATING SEGMENTS (continued)

	Tampines Mall \$'000	Junction 8 \$'000	Funan ¹ \$'000	IMM Building \$'000	Plaza Singapura \$'000
2018					
Gross revenue	81,383	60,838	–	85,763	91,502
Segment net property income	60,373	44,057	(1,295)	60,349	68,331
Interest and other income					
Finance costs					
Unallocated expenses					
Share of results (net of tax) of:					
– Associate					
– Joint ventures					
Net income					
Net change in fair value of investment properties	7,104	6,864	–	5,697	10,871
Net change in fair value of investment properties under development	–	–	(138)	–	–
Gain on disposal of investment property					
Dilution gain on investment in associate					
Total return for the year before tax					
Income tax refund					
Total return for the year					
Assets and liabilities					
Segment assets	1,060,115	743,361	666,740	650,861	1,297,065
Investment in associate and joint ventures					
Unallocated assets:					
– financial derivatives					
– others					
Total assets					
Segment liabilities	23,266	18,411	62,006	27,779	29,017
Unallocated liabilities:					
– interest-bearing borrowings					
– financial derivatives					
– others					
Total liabilities					
Other segmental information					
Depreciation and amortisation	29	37	–	122	34
Plant and equipment:					
– capital expenditure	7	10	–	91	13
Investment properties and investment properties under development:					
– capital expenditure	6,896	1,136	205,328	2,303	2,129
Receivables written off	17	–	–	1	3

1 Funan was closed for redevelopment from 1 July 2016 and re-opened on 28 June 2019. The retail component of Funan is held through the Trust and the office components are held through Victory Office 1 Trust and Victory Office 2 Trust.

2 Other investment properties comprise JCube and Bukit Panjang Plaza in respect of 2019 and JCube, Sembawang Shopping Centre (until its divestment on 18 June 2018) and Bukit Panjang Plaza in respect of 2018.

Bugis Junction \$'000	Lot One Shoppers' Mall \$'000	The Atrium@ Orchard \$'000	Clarke Quay \$'000	Bugis+ \$'000	Other Investment Properties ² \$'000	Bedok Mall \$'000	Westgate \$'000	Group \$'000
84,856	44,134	50,141	38,640	33,552	58,514	57,015	11,183	697,521
61,403	30,691	38,388	23,635	23,870	34,952	41,305	7,489	493,548
								10,681 (98,170) (57,619)
								13,593 <u>115,359</u> <u>477,392</u>
18,620	3,154	4,955	6,685	8,391	422	2,763	3,700	79,226
–	–	–	–	–	–	–	–	(138) 119,734 144 <u>676,358</u> 387 <u>676,745</u>
1,089,754	536,324	758,279	401,846	354,604	616,211	796,827	1,174,306	10,146,293 1,020,504
								26,619 308,254 334,873 <u>11,501,670</u>
24,917	14,048	13,111	19,608	10,165	20,923	21,918	37,294	322,463
								3,627,817 62,403 59,687 <u>3,749,907</u> <u>4,072,370</u>
17	40	33	51	27	103	18	8	519
10	15	15	31	32	25	9	1	259
2,380	846	2,045	1,315	609	2,706	237	120	228,050
–	–	–	–	1	5	2	–	29

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

32. COMMITMENTS

	Group		Trust	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Capital commitments				
– contracted but not provided for	41,668	81,192	38,372	64,415

Operating lease rental receivable

The Group leases out its investment properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income from investment property recognised by the Group during 2019 was \$686,698,000 (2018: \$607,520,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group 2019 \$'000	Trust 2019 \$'000
Operating leases under the principles of FRS 116		
Less than one year	660,143	540,178
One to two years	489,623	399,061
Two to three years	262,562	202,065
Three to four years	95,369	64,476
Four to five years	49,089	34,148
More than five years	23,261	19,162
	1,580,047	1,259,090

	Group 2018 \$'000	Trust 2018 \$'000
Operating leases under the principles of FRS 17		
Less than one year	607,498	492,097
Between one year to five years	746,150	578,659
More than five years	21,977	15,534
	1,375,625	1,086,290

33. FINANCIAL RATIOS

	Group	
	2019 %	2018 %
Expenses to weighted average net assets ¹		
– including performance component of Manager's management fees	0.71	0.68
– excluding performance component of Manager's management fees	0.40	0.38
Portfolio turnover rate ²	—	0.41

- 1 The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the Group, excluding property expenses and finance costs.
 2 The annualised ratio is computed based on the lesser of purchases or sales of underlying investment properties of the Group expressed as a percentage of average net asset value.

34. SUBSEQUENT EVENT

On 22 January 2020, the respective boards of directors of the Manager and CapitaLand Commercial Trust Management Limited, as manager of CapitaLand Commercial Trust ("CCT"), announced the proposed merger of the Trust and CCT to create a diversified commercial real estate investment trust to be named CapitaLand Integrated Commercial Trust. This proposed merger will be effected by way of a trust scheme of arrangement in accordance with the Singapore Code on Take-overs and Mergers and the deed of trust constituting CCT dated 6 February 2004 (as amended), with the Trust acquiring of all the issued and paid-up units of CCT ("CCT Units").

The total cost of the merger is estimated to be approximately \$8.3 billion. The consideration for each CCT Unit (the "Scheme Consideration") comprises 0.720 new units in CMT ("CMT Units") and \$0.2590 in cash. Based on an issue price of \$2.59 per CMT Unit, the Scheme Consideration implies a gross exchange ratio of 0.820x, taking into consideration, amongst other factors, the respective 30-day volume weighted average prices of CMT Units and CCT Units.

The transaction is expected to be completed by June 2020, subject to customary closing conditions, regulatory approvals, tax approvals, approvals from unitholders of the Trust and approvals from unitholders of CCT.

ADDITIONAL INFORMATION

INTERESTED PERSON TRANSACTIONS

The transactions entered into with interested persons during the financial year, which fall under the Listing Manual of the Singapore Exchange Securities Trading Limited (SGX-ST) and the Property Funds Appendix of the Code on Collective Investment Schemes (excluding transactions less than S\$100,000 each), are as follows:

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested person transactions during the financial year under review conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) S\$'000
CapitaLand Limited and its subsidiaries or associates	Controlling shareholder of the Manager and controlling Unitholder, and its subsidiaries and associates		
– Management fees ¹		56,445	–
– Property management fees & reimbursables ¹		80,407	–
– Project management and consultancy fees for asset enhancement works ¹		1,090	
– Subscription of Provisional Allotment of new units in CapitaLand Retail China Trust (CRCT) pursuant to a pro rata and non-renounceable preferential offering by CRCT		15,372	–
– Rental and service income ¹		981	–
– General services ¹		5,249	–
Temasek Holdings (Private) Limited and its associates	Controlling shareholder of the Manager and controlling Unitholder, and its subsidiaries and associates		
– Rental and service income		2,954	–
– General services		18,670	–
HSBC Institutional Trust Services (Singapore) Limited	Trustee		
– Trustee fees ¹		1,657	–

¹ This includes CMT's interest in joint venture.

INTERESTED PERSON TRANSACTIONS (continued)

Saved as disclosed above, there were no additional interested person transactions (excluding transactions less than S\$100,000 each) entered into during the financial year under review.

On 10 February 2004, the SGX-ST has granted a waiver to CMT from Rules 905 and 906 of the Listing Manual of the SGX-ST in relation to, inter alia, payments for management fees, payments for acquisition and divestment fees, as well as payments of trustee's fees. Such payments are not to be included in the aggregated value of total interested person transactions as governed by Rules 905 and 906 of the Listing Manual of the SGX-ST as long as there are no changes to the terms, rates and/or bases for such fees and expenses.

In addition, the entry into the Master Property Management Agreement 2011 dated 1 December 2011 was approved by the Unitholders at an extraordinary general meeting held on 13 April 2011 and the total property management fees and reimbursements to the property manager in respect of payroll and related expenses payable thereunder were aggregated for the purpose of Rule 905 in financial year 2011. Accordingly, such fees and expenses will not be subject to aggregation or further Unitholders' approval requirements under Rules 905 and 906 of the Listing Manual of the SGX-ST, to the extent that there is no subsequent change to the rates and/or bases for such fees and expenses.

Please also see Note 28 on Related Parties in the financial statements.

SUBSCRIPTION OF CMT UNITS

For the financial year ended 31 December 2019, an aggregate of 1,901,785 CMT units were issued and subscribed for. As at 31 December 2019, 3,688,804,100 CMT units were in issue and outstanding.

ADDITIONAL DISCLOSURE FOR OPERATING EXPENSES

The total operating expenses incurred by CMT Group and CMT's proportionate share of operating expenses incurred by its joint ventures amounted to \$310.2 million in 2019, which was equivalent to 4.0% of CMT Group's net asset value as at 31 December 2019. The amount included all fees and charges paid to the Manager and interested parties.

STATISTICS OF UNITHOLDINGS

As at 27 February 2020

ISSUED AND FULLY PAID UNITS

3,688,804,100 units (voting rights: 1 vote per unit)

Market Capitalisation S\$8,853,129,840 (based on closing unit price of S\$2.400 on 27 February 2020)

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 – 99	162	0.83	2,008	0.00
100 – 1,000	3,223	16.57	2,508,056	0.07
1,001 – 10,000	11,857	60.97	57,235,594	1.55
10,001 – 1,000,000	4,174	21.46	180,306,716	4.89
1,000,001 AND ABOVE	33	0.17	3,448,751,726	93.49
TOTAL	19,449	100.00	3,688,804,100	100.00

Country	No. of Unitholders	%	No. of Units	%
SINGAPORE	18,767	96.49	3,680,253,789	99.77
MALAYSIA	418	2.15	4,997,935	0.13
OTHERS	264	1.36	3,552,376	0.10
TOTAL	19,449	100.00	3,688,804,100	100.00

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	CITIBANK NOMINEES SINGAPORE PTE LTD	737,751,704	20.00
2	PYRAMEX INVESTMENTS PTE LTD	571,784,814	15.50
3	DBS NOMINEES (PRIVATE) LIMITED	544,490,943	14.76
4	DBSN SERVICES PTE. LTD.	380,374,074	10.31
5	HSBC (SINGAPORE) NOMINEES PTE LTD	299,621,884	8.12
6	ALBERT COMPLEX PTE LTD	279,300,000	7.57
7	RAFFLES NOMINEES (PTE.) LIMITED	157,861,659	4.28
8	PREMIER HEALTHCARE SERVICES INTERNATIONAL PTE LTD	150,954,660	4.09
9	NTUC FAIRPRICE CO-OPERATIVE LTD	89,420,000	2.42
10	CAPITALAND MALL TRUST MANAGEMENT LIMITED	48,377,522	1.31
11	ALPHAPLUS INVESTMENTS PTE LTD	48,127,000	1.30
12	BPSS NOMINEES SINGAPORE (PTE.) LTD.	34,758,252	0.94
13	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	22,889,153	0.62
14	DB NOMINEES (SINGAPORE) PTE LTD	10,438,368	0.28
15	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	10,129,965	0.27
16	OCBC SECURITIES PRIVATE LIMITED	7,904,646	0.21
17	SOCIETE GENERALE SPORE BRANCH	6,801,378	0.18
18	MERRILL LYNCH (SINGAPORE) PTE. LTD.	6,471,665	0.18
19	UOB KAY HIAN PRIVATE LIMITED	5,599,000	0.15
20	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	5,449,048	0.15
TOTAL		3,418,505,735	92.64

DIRECTORS' INTERESTS IN UNITS AND CONVERTIBLE SECURITIES AS AT 21 JANUARY 2020

Based on the Register of Directors' Unitholdings, the interests of the Directors in Units and convertible securities issued by CMT are as follows:

Name of Director	No. of Units		Contingent Awards of Units¹ under the Manager's	
	Direct Interest	Deemed Interest	Performance Unit Plan	Restricted Unit Plan
Teo Swee Lian	—	—	—	—
Tony Tan Tee Hieong	58,511	—	0 to 329,614 ²	62,547 ^{3,4} 0 to 167,286 ^{2,4}
Tan Kian Chew	86,265	59,000	—	—
Ng Chee Khern	—	—	—	—
Lee Khai Fatt, Kyle	60,190	—	—	—
Fong Kwok Jen	45,193	—	—	—
Gay Chee Cheong	44,864	—	—	—
Jason Leow Juan Thong	20,000	—	—	—
Jonathan Yap Neng Tong	19,000	44,000	—	—

- 1 This refers to the number of Units which are the subject of contingent awards granted but not released under the Manager's Performance Unit Plan (PUP) and Restricted Unit Plan (RUP). The final number of Units that will be released could range from 0% to a maximum of 200% of the baseline award under the PUP and from 0% to 150% of the baseline award under the RUP.
- 2 The final number of Units to be released will depend on the achievement of pre-determined targets at the end of the respective performance periods for the PUP and RUP.
- 3 Being the unvested Units under the RUP.
- 4 On the final vesting, an additional number of Units of a total value equal to the value of the accumulated distributions which are declared during each of the vesting periods and deemed foregone due to the vesting mechanism of the RUP, will also be released.

STATISTICS OF UNITHOLDINGS

As at 27 February 2020

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS AS AT 27 FEBRUARY 2020

Based on the information available to the Manager, as at 27 February 2020, the unitholdings of Substantial Unitholders of CMT are as follows:

Name of Substantial Unitholder	Direct Interest		Deemed Interest	
	No. of Units	% ¹	No. of Units	% ¹
Temasek Holdings (Private) Limited (THPL) ²	–	–	1,108,670,126	30.05
Tembusu Capital Pte. Ltd. (Tembusu) ³	–	–	1,051,901,596	28.51
Bartley Investments Pte. Ltd. (Bartley) ³	–	–	1,050,416,996	28.47
Mawson Peak Holdings Pte. Ltd. (Mawson) ³	–	–	1,050,416,996	28.47
Glenville Investments Pte. Ltd. (Glenville) ³	–	–	1,050,416,996	28.47
TJ Holdings (III) Pte. Ltd. (TJ Holdings (III)) ³	–	–	1,050,416,996	28.47
CLA Real Estate Holdings Pte. Ltd. (CLA) ⁴	–	–	1,050,416,996	28.47
CapitaLand Limited (CL) ⁵	–	–	1,050,416,996	28.47
CapitaLand Singapore (R&R) Limited (CLS (R&R)) ⁶	–	–	1,002,039,474	27.16
CL Retail Singapore Pte. Ltd. (CLRS) ⁷	–	–	1,002,039,474	27.16
Pyramex Investments Pte Ltd (PIPL)	571,784,814	15.50	–	–
Albert Complex Pte Ltd (ACPL)	279,300,000	7.57	–	–
The PNC Financial Services Group, Inc. ⁸	–	–	236,655,824	6.41
BlackRock, Inc. ⁹	–	–	236,655,824	6.41

1 The percentages are rounded down to the nearest 0.01%.

2 THPL is deemed to have an interest in the unitholdings in which its subsidiaries and associated companies have or are deemed to have an interest pursuant to Section 4 of the Securities and Futures Act, Chapter 289 of Singapore (SFA).

3 THPL holds 100% of the equity interest in Tembusu, which holds 100% of the equity interest in Bartley, which holds 100% of the equity interest in Mawson, which holds 100% of the equity interest in Glenville, which holds 100% of the equity interest in TJ Holdings (III), which holds 100% of the equity interest in CLA. CLA holds approximately 50.89% of the issued shares in CL.

Each of Tembusu, Bartley, Mawson, Glenville, and TJ Holdings (III) is deemed to have an interest in the unitholdings in which CLA is deemed to have an interest, by virtue of Section 4 of the SFA.

Tembusu is also deemed to have an interest in the unitholdings in which its subsidiaries have or are deemed to have an interest, by virtue of Section 4 of the SFA.

4 CLA is deemed to have an interest in the unitholding that CL is deemed to have an interest, by virtue of Section 4 of the SFA.

5 CL is deemed to have an interest in the unitholdings of its indirect wholly owned subsidiaries, namely PIPL, ACPL, Premier Healthcare Services International Pte Ltd (PHSIPL) and CapitaLand Mall Trust Management Limited (CMTML). PHSIPL holds 150,954,660 Units and CMTML holds 48,377,522 Units.

6 CLS (R&R) is deemed to have an interest in the unitholdings of its indirect wholly owned subsidiaries, namely PIPL, ACPL and PHSIPL through its direct wholly owned subsidiary, CLRS.

7 CLRS is deemed to have an interest in the unitholdings of its direct wholly owned subsidiaries, namely PIPL, ACPL and PHSIPL.

8 The PNC Financial Services Group, Inc. is deemed to have an interest in the unitholdings through its over 20% shareholding in BlackRock, Inc..

9 BlackRock, Inc. is deemed to have an interest in the unitholdings through its subsidiaries of which it has indirect control.

PUBLIC FLOAT

Based on the information made available to the Manager, approximately 62.00% of the units in CMT were held in the hands of the public as at 27 February 2020. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

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BEDOK MALL

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BUGIS+

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BUGIS JUNCTION

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BUKIT PANJANG PLAZA

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PLAZA SINGAPURA

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Website: www.rafflescity.com.sg

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Fax: +65 6337 3618
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CORPORATE INFORMATION

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Marina Bay Financial Centre
Tower 2 #48-01
Singapore 018983

WEBSITE AND EMAIL ADDRESS

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ask-us@cmt.com.sg

STOCK CODE

C38U

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Marina Bay Financial Centre
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Singapore 018983
Tel: +65 6658 6667
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Public Accountants and
Chartered Accountants
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Fax: +65 6225 0984
Partner-In-Charge: Koh Wei Peng
(With effect from financial year
ended 31 December 2017)

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THE MANAGER

REGISTERED ADDRESS

CapitaLand Mall Trust Management Limited
168 Robinson Road
#30-01 Capital Tower
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Fax: +65 6713 2999

BOARD OF DIRECTORS

Teo Swee Lian
Chairman & Non-Executive
Independent Director

Tony Tan Tee Hieong
Chief Executive Officer &
Executive Non-Independent Director

Tan Kian Chew
Non-Executive Non-Independent
Director

Ng Chee Khern
Non-Executive Independent Director

Lee Khai Fatt, Kyle
Non-Executive Independent Director

Fong Kwok Jen
Non-Executive Independent Director

Gay Chee Cheong
Non-Executive Independent Director

Jason Leow Juan Thong
Non-Executive Non-Independent
Director

Jonathan Yap Neng Tong
Non-Executive Non-Independent
Director

AUDIT COMMITTEE

Lee Khai Fatt, Kyle
(Chairman)

Fong Kwok Jen
Gay Chee Cheong
Jonathan Yap Neng Tong

EXECUTIVE COMMITTEE

Jason Leow Juan Thong
(Chairman)

Tony Tan Tee Hieong
Jonathan Yap Neng Tong

COMPANY SECRETARIES

Lee Ju Lin, Audrey
Tee Leng Li

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This Annual Report to Unitholders may contain forward-looking statements. Forward-looking statement is subject to inherent uncertainties and is based on numerous assumptions. Actual performance, outcomes and results may differ materially from those expressed in forward-looking statements. Representative examples of factors which may cause the actual performance, outcomes and results to differ materially from those in the forward-looking statements include (without limitation) changes in general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate investment opportunities, competition from other companies, shifts in customers' demands, changes in operating conditions, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current views of management on future events.

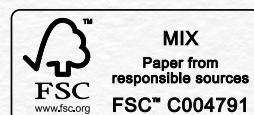
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**CAPITALAND MALL TRUST MANAGEMENT LIMITED**

As Manager of CapitalLand Mall Trust
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