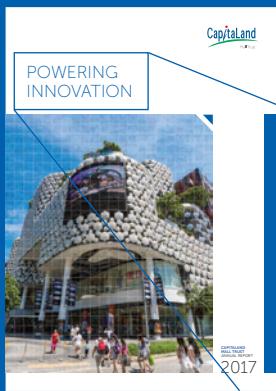


POWERING INNOVATION



CAPITALAND
MALL TRUST
ANNUAL REPORT

2017



POWERING INNOVATION

CapitaLand Mall Trust continues to be at the forefront of a dynamic retail landscape, pushing boundaries and exploring new ways to future-enable our malls. Together with our business partners, we create enriching and inspiring experiences that fulfill the aspirations of our tenants and shoppers. By powering innovation, we open up new possibilities for the future of retail to better serve the needs of this and future generations of shoppers.

Inspiring Passion. Fulfilling Aspirations.

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.

MISSION

To deliver stable distributions and sustainable total returns to Unitholders.

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 in Singapore, approximately S\$7.6 billion as at 31 December 2017. CMT has been affirmed an 'A2' issuer rating by Moody's Investors Service on 16 July 2015. The 'A2' issuer rating is the highest rating assigned to a Singapore REIT.

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 2017, CMT's portfolio comprised a diverse list of about 2,900 leases with local and international retailers and achieved a committed occupancy of 99.2%. CMT's 16 quality shopping malls, which are strategically located in the suburban areas and downtown core of Singapore, comprise Tampines Mall, Junction 8, Funan, IMM Building, Plaza Singapura, Bugis Junction, Sembawang Shopping Centre, 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+, Westgate (30.00% interest) and Bedok Mall. CMT also owns 122.7 million units in CapitaLand Retail China Trust, the first China shopping mall REIT listed on the SGX-ST in December 2006.

CMT is managed by an external manager, CapitaLand Mall Trust Management Limited, which is an indirect wholly owned subsidiary of CapitaLand Limited, one of Asia's largest real estate companies headquartered and listed in Singapore.

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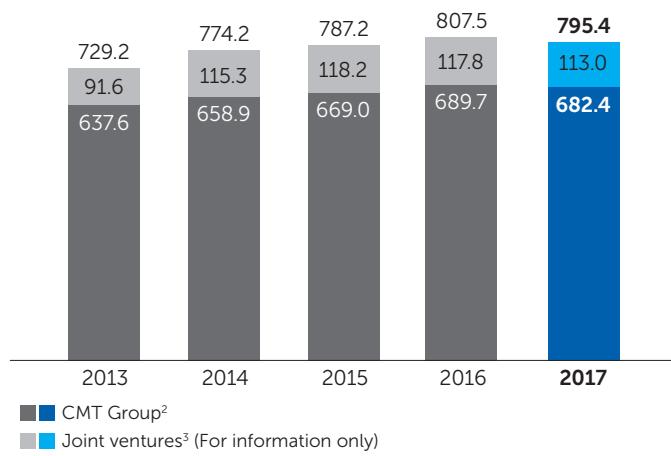
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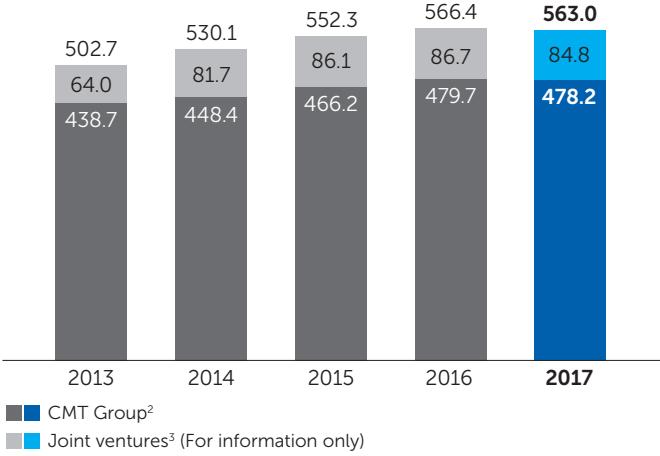
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FINANCIAL HIGHLIGHTS

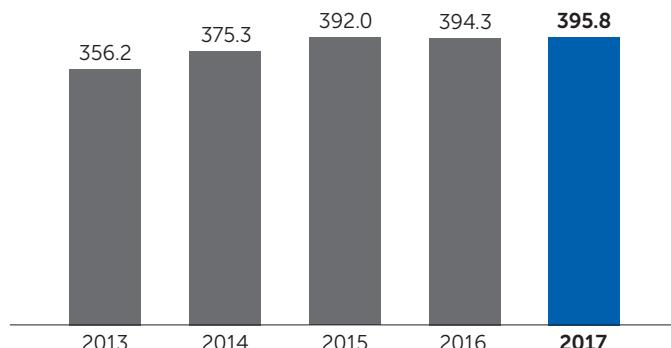
▼ Gross Revenue¹ (\$\$ million)



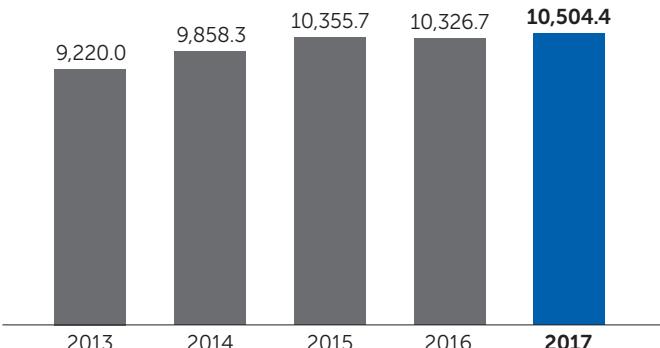
▼ Net Property Income¹ (\$\$ million)



▼ Distributable Income (\$\$ million)



▼ Total Assets¹ (\$\$ million)



1 With the adoption of Financial Reporting Standards 111 Joint Arrangements from 1 January 2014, CMT's 40.00% interest in RCS Trust and 30.00% interest in Infinity Mall Trust and Infinity Office Trust (collectively, the Infinity Trusts) are accounted for as investments in joint ventures using equity method. For comparison purpose, 2013 has been restated to exclude CMT's 40.00% interest in RCS Trust and CMT's 30.00% interest in Infinity Trusts.

2 On 1 October 2015, CMT acquired all the units in Brilliance Mall Trust (BMT) which holds Bedok Mall. Upon acquisition, BMT became a subsidiary. On 15 December 2015, the sale 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.

3 Joint ventures refer to CMT's 40.00% interest in RCS Trust and CMT's 30.00% interest in Infinity Trusts. Westgate, which is owned by Infinity Mall Trust, commenced operations on 2 December 2013.

Group¹

For the Financial Year	2013	2014	2015 ²	2016 ³	2017 ⁴
Selected Statement of Total Return and Distribution Data (S\$ million)					
Gross Rental Income					
Gross Rental Income	589.3	607.9	615.4	639.6	629.4
Car Park Income	18.2	18.0	18.2	17.1	19.9
Other Income	30.1	33.0	35.4	33.0	33.1
Gross Revenue	637.6	658.9	669.0	689.7	682.4
Net Property Income	438.7	448.4	466.2	479.7	478.2
Distributable Income	356.2	375.3	392.0	394.3	395.8
Selected Statement of Financial Position Data (S\$ million)					
Total Assets	9,220.0	9,858.3	10,355.7	10,326.7	10,504.4
Total Borrowings ⁵	2,918.4	3,238.7	3,251.0	3,169.0	3,192.1
Net Asset Value Per Unit ⁶ (S\$)	1.71	1.79	1.86	1.86	1.92
Unitholders' Funds	6,008.7	6,282.4	6,693.2 ⁷	6,692.2	6,928.0
Market Capitalisation ⁸	6,589.7	7,062.8	6,834.5	6,678.7	7,553.9
Portfolio Property Valuation	7,276.0	7,510.0	8,366.0	8,509.0 ⁹	8,770.4 ⁹
Key Financial Indicators					
Earnings Per Unit (cents)	16.61	17.88	16.65	13.25	18.55
Distribution Per Unit (cents)	10.27	10.84	11.25	11.13	11.16
Management Expense Ratio ¹⁰ (%)	0.7	0.8	0.7	0.7	0.7
Unencumbered Assets as % of Total Assets (%)	100.0	100.0	100.0	100.0	100.0
Aggregate Leverage (%)	35.3	33.8	35.4	34.8	34.2
Net Debt / EBITDA ¹¹ (times)	4.9	5.1	6.0	6.3	6.4
Interest Coverage (times)	5.0	4.5	4.8	4.8	4.8
Average Term to Maturity (years)	3.8	4.7 ¹²	5.3 ¹²	5.3	4.9
Average Cost of Debt (%)	3.5	3.5	3.3	3.2	3.2

¹ From 1 January 2014, as a result of Financial Reporting Standards 111 Joint Arrangements, CMT and its subsidiaries (CMT Group) has changed its accounting policy for its interests in joint arrangements and the consolidated results of CMT Group are based on equity accounting. For comparison purpose, the numbers for 2013 had been restated accordingly.

² On 1 October 2015, CMT acquired all the units in Brilliance Mall Trust (BMT) which holds Bedok Mall. Upon acquisition, BMT became a subsidiary.

³ On 15 December 2015, the sale of Rivervale Mall was completed.

⁴ 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.

⁵ On 3 August 2017, HSBC Institutional Trust Services (Singapore) Limited (the Trustee) has entered into a conditional unit sale and purchase agreement with Victory SR Pte. Ltd., a wholly owned subsidiary of Ascott Serviced Residence (Global) Fund Pte. Ltd. to sell all the units in Victory SR Trust. The divestment of all the units in Victory SR Trust to Victory SR Pte. Ltd. was completed on 31 October 2017.

⁶ Amounts included foreign currency denominated notes which have been swapped into Singapore dollars at their respective swapped rates.

⁷ Excluding the distribution to be paid for the last quarter of the respective financial year.

⁸ 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.

⁹ Based on the closing unit prices of S\$1.905 on 31 December 2013, S\$2.040 on 31 December 2014, S\$1.930 on 31 December 2015, S\$1.885 on 30 December 2016 and S\$2.130 on 29 December 2017.

¹⁰ Includes investment properties under development in relation to Funan.

¹¹ 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.

¹² Net Debt comprises gross debt less temporary cash intended for refinancing and capital expenditure. EBITDA refers to earnings before interest, tax, depreciation and amortisation.

¹³ Higher in 2014 mainly due to the long tenures of between seven to 10.5 years for three series of MTN Notes issued under CMT MTN in 2014, partially offset by the redemption of the S\$350.0 million 2.125% convertible bonds due 2014.

¹⁴ Higher in 2015 mainly due to the long tenures of eight and 12 years for two series of MTN Notes issued under CMT MTN in 2015.

2017 HIGHLIGHTS

Distributable Income

S\$395.8
MILLION

Increased 0.4%
year-on-year



Market Capitalisation

S\$7.6
BILLION

Increased S\$0.9 billion
as at end-2017



Distribution Per Unit

11.16
CENTS

Increased 0.3%
year-on-year



Portfolio Occupancy Rate

99.2%

Up from 98.5% in 2016



Annual Shopper Traffic

346.3
MILLION

Aggregate Leverage

34.2%

Extensive Network of Tenants

>2,900
LEASES



Credit Rating

A2

Issuer rating by Moody's
Investors Service

Number of Properties

16



MESSAGE TO UNITHOLDERS



Adj Prof Richard R. Magnus
Chairman

Tony Tan Tee Hieong
Chief Executive Officer

Dear Unitholders,

It is our pleasure to present the 2017 Annual Report for CapitaLand Mall Trust (CMT).

With the rise of omni-channel retailing and entry of new players, Singapore's retail scene is undergoing transformational changes. Online businesses and brick-and-mortar retailers are increasingly crossing over to each other's domain, sparking off new offline-and-online experiences that bring new vitality to the sector. As Singapore's largest mall owner, we continue to push the boundaries and explore new ways to future-enable our malls and retail services. Our goal is to create spaces that provide quality and unique experiences, meeting the needs of not just today's shoppers, but also those of generations to come.

YEAR IN REVIEW

In 2017, CMT recorded another set of stable results, despite the challenges facing the retail industry and the closure of Funan in 2016 for redevelopment. This is attributed to the underlying strength of our well-located malls and the management's focus on improving cost efficiency. Distributable income was S\$395.8 million, 0.4% higher than the same period last year. Distribution per unit was 11.16 cents, 0.3% higher than in 2016. This translated to a distribution yield of 5.2%, based on the closing price of S\$2.130 as at 29 December 2017.

The construction of the Funan integrated development is progressing well and on track to be completed in 4Q 2019. To sustain the public's interest in this well-loved icon, we launched Funan's experiential showsuite in April 2017. As the first retail showsuite in Singapore that is open to the public, it has become a talking point, helping to garner strong interest from retailers. With less than two years to target opening, Funan has received strong leasing interest for its retail and office components. Global coworking space operator WeWork has signed on as Funan's first office tenant, taking up 40,000 square feet of space.

In the year, we divested Funan's serviced residence component to Ascott Serviced Residence (Global) Fund Pte. Ltd. at an agreed land value of S\$90.5 million. The Singapore flagship of The Ascott Limited's lyf brand of coliving serviced residence will be a welcome addition that reinforces Funan's live-work-play value proposition. The divestment also serves to lower CMT's overall development risks and enhance our financial flexibility.

The year also marked the completion of a major asset enhancement initiative for Bukit Panjang Plaza. The relocation of the roof garden to Level 4 and the expansion of the public library on the same floor have helped to increase the mall's communal and recreational space to better serve the needs of the community.

MESSAGE TO UNITHOLDERS

As part of our ongoing efforts to offer our shoppers an integrated offline-and-online experience, there are seven click-and-collect lounges available in our malls under CapitaLand's partnership with ecommerce player Lazada. These lounges can be found in Bedok Mall, Bugis+, IMM Building, JCube, Plaza Singapura, Tampines Mall and Westgate.

Our trio of flagship marketing programmes CapitaStar, CapitaVoucher and CapitaCard have worked complementarily to enhance shopper loyalty with rewards that can be enjoyed across our malls. Our malls registered a healthy annual shopper traffic of 346.3 million in 2017 and a near-full occupancy rate as at end-December.

On the capital management front, our consistently disciplined approach led to a strong balance sheet and a healthy leverage as at 31 December 2017 of 34.2%, comfortably below the statutory limit of 45.0%. All assets at the trust level are unencumbered, providing us with further financial flexibility. CMT has an A2 issuer rating, the highest credit rating given by Moody's Investors Service to a Singapore real estate investment trust. Leveraging on our excellent credit rating, we issued notes with long debt tenures and attractive all-in-interest rates.

STAKEHOLDER ENGAGEMENT

CMT is committed to improving the economic, environmental and social well-being of our stakeholders. We rigorously strive to balance commercial success with sustainability for future generations. In the year, we received 20 awards in the areas of corporate governance, transparency, sustainability and investor relations. These awards are a validation of our commitment to maximise value for Unitholders and take care of the interests of the communities we operate in.

LOOKING AHEAD

The Singapore economy improved in 2017, registering higher growth year-on-year. While Singapore's economic growth forecast in 2018 is expected to be stable, competition in the retail sector will remain intense, with new retail space coming onstream. To reinforce our market leadership, we will step up efforts under our three-pronged strategy of active asset management (including asset enhancements), proactive capital management and operational excellence. We will continue to harness

technology to enhance operational efficiency and power innovation to future-enable our business. We remain firmly committed to deliver stable distributions and sustainable total returns to Unitholders.

ACKNOWLEDGEMENTS

Mr Wilson Tan stepped down as Chief Executive Officer and Executive Director on 1 May 2017. We would like to express our appreciation to Mr Tan for his strong leadership in the last five years and wish him well for his new role in the CapitaLand Group. We would also like to extend a warm welcome to Mr Lim Cho Pin Andrew Geoffrey, who joined the Board as a Non-Executive Non-Independent Director from 1 May 2017. Mr Lim brings with him extensive experience and we look forward to his counsel and contributions.

We would also like to express our deepest appreciation to the past and present Directors, and our dedicated employees for their dedication and commitment towards the mission of maximising the value of CMT. Last but not least, we would also like to express our sincere gratitude to our supportive Unitholders, business partners, retailers and shoppers for their continued confidence and support.

Adj Prof Richard R. Magnus
Chairman

Tony Tan Tee Hieong
Chief Executive Officer

19 February 2018

致信托单位 持有人之信函

尊敬的单位持有人，

我们欣然提呈凯德商用新加坡信托2017年的年度报告。

随着全渠道零售的崛起和新业者的加入，新加坡零售市场正在经历巨大转变。越来越多的电商和实体店进行跨界运营，融合线上与线下服务的新体验给零售业带来了全新活力。作为新加坡最大的购物中心拥有者，我们将继续挑战界限，探索全新方式，让我们的购物中心和零售服务紧跟未来发展的步伐。我们的目标是打造提供高品质且独特体验的空间，不仅满足当今消费者的购物需求，也着眼于未来需求。

年度回顾

尽管凯德商用新加坡信托于2016年关闭福南进行重建，所处的零售行业也正面临严峻挑战，凯德商用新加坡信托仍在2017年取得稳定的业绩。这得益于旗下购物中心优越的地理位置，以及管理层重点改善成本效益的结果。年度可分配收入为3.958亿新元，与去年同期相比增长0.4%。每单位派息为11.16新分，比2016年高出0.3%。根据2017年12月29日2.130新元的闭市价，派息收益率为5.2%。

福南综合体的工程进展顺利，预计将于2019年第四季度竣工。福南备受新加坡人喜爱，为了维系公众对项目的兴趣，我们于2017年4月推出了福南体验式展厅。这是新加坡首个开放给公众参观的零售展厅，很快成为热议焦点，并引起零售商的兴趣。虽然距离正式开业还有约2年时间，福南的零售空间与办公楼已获得众多租赁意向。福南首个办公楼租户为全球共享办公空间运营商WeWork，租赁面积达4万平方英尺。

我们于2017年将福南综合体的服务公寓部分出售给雅诗阁服务公寓（全球）基金有限公司，土地成交价为9,050万新元。雅诗阁将在福南打造其共享服务公寓品牌lyf的新加坡旗舰项目，这将为福南倡导的生活工作娱乐一体化理念推波助澜。此次出售也有助降低凯德商用新加坡信托的开发风险并提高财务的灵活性。

2017年，武吉班让大厦的资产改良计划顺利完成。将屋顶花园迁至4楼并扩充位于同一楼层的公共图书馆有助增加购物中心的公共与休闲空间，以更好地满足社区的需求。

为带给消费者融合线上与线下体验的服务，我们在凯德集团与电商平台Lazada合作的基础上，于旗下7个购物中心设立“点击提货处”。它们分别位于勿洛广场、白沙浮娱乐广场、IMM大厦、裕冰坊、狮城大厦、淡滨尼广场和西城。

我们通过三大旗舰营销计划--凯德星、凯德购物券和凯德卡，赠予购物者可在旗下所有购物中心使用的奖励，从而提高购物者的忠诚度。2017年，我们购物中心的客流量稳健，达3.463亿人次。截至2017年12月底，购物中心整体出租率接近100%。

在资本管理方面，我们以一贯地审慎方式维持财务的稳健性。截至2017年12月31日，资产负债比为34.2%，远低于45.0%的法定限额。信托所有贷款皆为无担保贷款，从而赋予我们财务灵活性。信托的信用评级为A2，这是穆迪机构赋

致信托单位 持有人之信函

予新加坡房地产投资信托公司最高的信用评级。凭借我们良好的信用评级，我们在年内以优惠的利率发行了长期票据。

关注利益相关者的需求

凯德商用新加坡信托关心各利益相关者的需求，致力于实现经济效益、环境效益和社会效益共赢。我们坚持可持续发展原则，充分考虑后代的需求，和谐地实现商业成功。2017年，我们在企业治理、透明度、可持续发展以及投资者关系等领域获得了20项大奖。这些奖项肯定了我们为单位持有人创造最高价值以及兼顾社区利益的承诺。

展望未来

2017年新加坡经济有所回暖，同比增长率超过2016年。预计2018年，新加坡经济增长将保持稳定，而随着新的购物中心开业，零售业的竞争料会加剧。为巩固市场领导地位，我们将采取三管齐下的发展战略，朝积极的资产管理（包括资产改良），审慎的资本管理和卓越的运营三个方向努力耕耘。我们也将继续利用科技手段，提高运营效率，运用创新方式让公司业务跟上未来的发展步伐。同时，我们仍将致力为单位持有人带来稳定的派息收入和可持续的整体收益。

致谢

陈伟渊先生于2017年5月1日卸任首席执行官和执行董事。我们要感谢陈先生任职5年期间的领导，并祝愿他成功出任凯德集团的新职位。我们也欢迎林卓斌先生于2017年5月1日加入

董事会，担任非执行非独立董事。林先生拥有丰富的企业经验，我们期待林先生的指导和贡献。

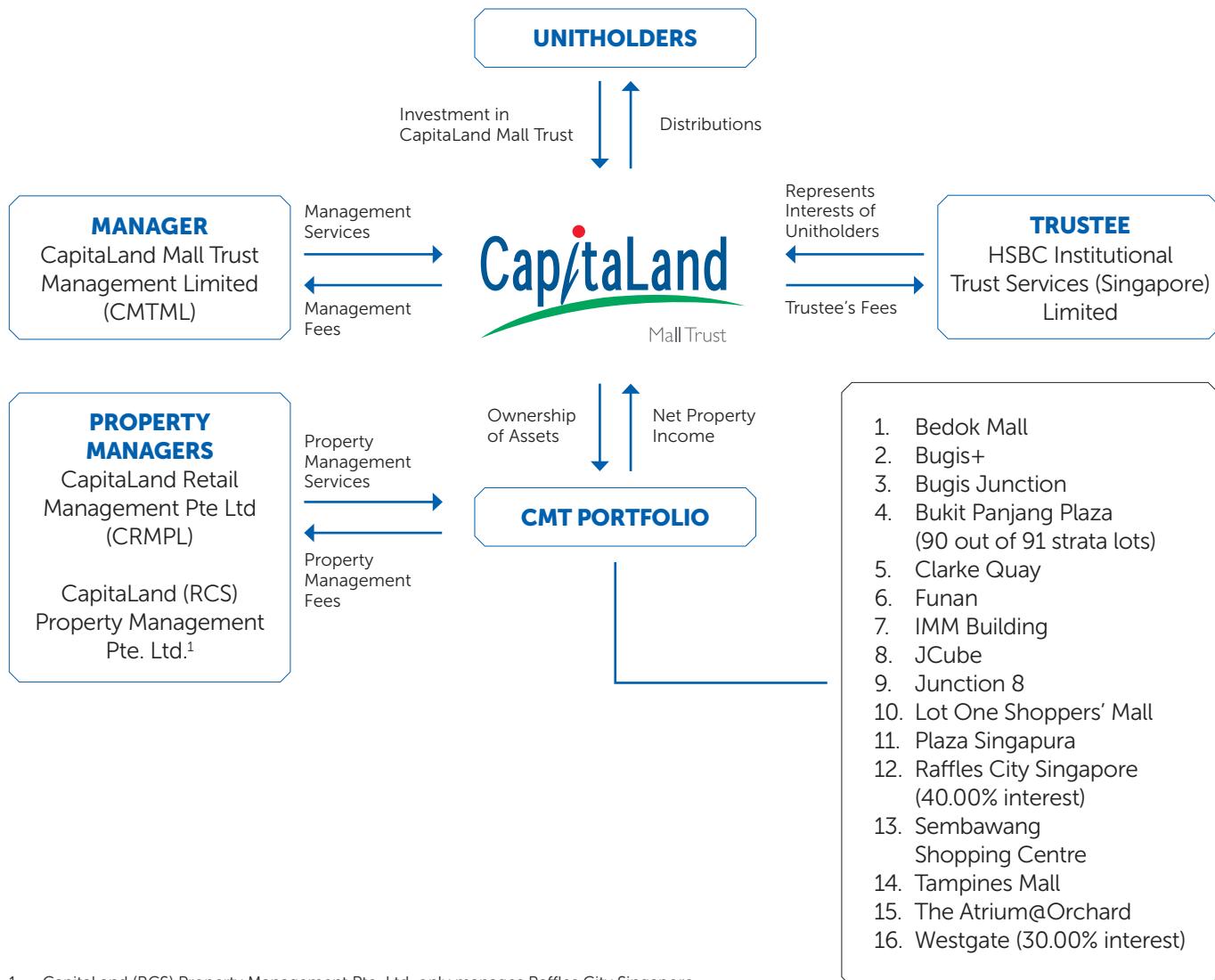
我们谨借此向前任与现任董事以及我们敬业的员工致以最诚挚的谢意，感谢他们致力为凯德商用新加坡信托创造最大的价值。最后，我们也要向支持我们的单位持有人、业务伙伴、零售商和购物者表示衷心感谢，感谢他们一路来给予的信任和支持。

Adj Prof Richard R. Magnus
主席

陈智雄
首席执行官

2018年2月19日

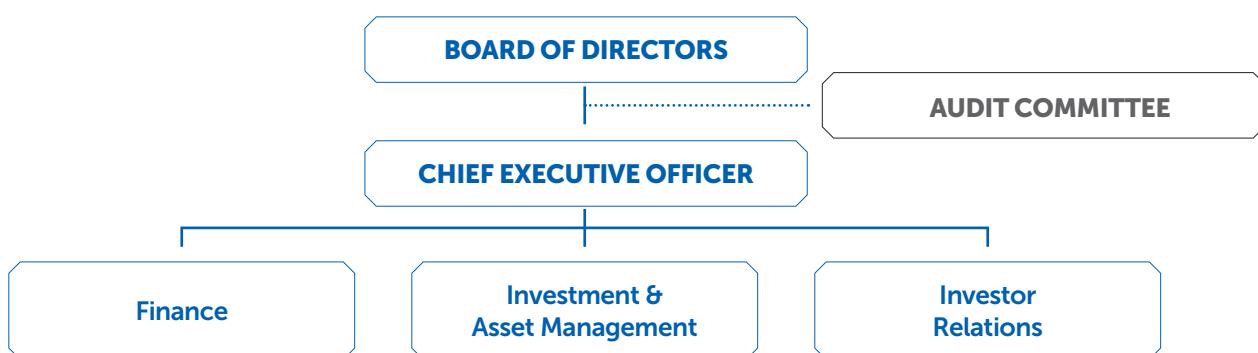
TRUST STRUCTURE



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

ORGANISATION STRUCTURE

CapitaLand Mall Trust Management Limited



YEAR IN BRIEF 2017

JANUARY

- ▼ Bugis+ clinched the Building and Construction Authority (BCA) Green Mark Platinum award, the highest accolade for green building certification in Singapore. Raffles City Singapore received the BCA Green Mark Gold^{PLUS} award.
- ▼ CMT's distribution per unit (DPU) of 11.13 cents for the period 1 January 2016 to 31 December 2016 was 1.1% lower than that for the period 1 January 2015 to 31 December 2015.

MARCH

- ▼ CMT MTN Pte. Ltd. (CMT MTN), a wholly owned subsidiary of CMT, issued 6-year fixed rate notes of S\$100.0 million at 2.80% per annum under its unsecured S\$2.5 billion Multicurrency Medium Term Note Programme (MTN Programme). Subsequently, the MTN Programme's limit was increased from S\$2.5 billion to S\$3.5 billion.
- ▼ Bukit Panjang Plaza clinched the BCA Green Mark Gold^{PLUS} award.
- ▼ RCS Trust established an unsecured US\$2.0 billion Euro-Medium Term Note Programme.

APRIL

- ▼ CMT's DPU of 2.73 cents for the period 1 January 2017 to 31 March 2017 was unchanged as compared to the same period last year.
- ▼ CMTL announced the resignation of Mr Tan Wee Yan, Wilson as Chief Executive Officer and Executive Non-Independent Director. He was succeeded by Mr Tony Tan Tee Hieong as Chief Executive Officer and Executive Non-Independent Director with effect from 1 May 2017.
- ▼ CMTL announced the appointment of Mr Lim Cho Pin Andrew Geoffrey as a Non-Executive Non-Independent Director, and a member of the Audit Committee and the Executive Committee, with effect from 1 May 2017.

MAY

- ▼ CMT received the Partner Award for Contributions to the Tripartite Cluster of Cleaners at the NTUC May Day Awards 2017.

JUNE

- ▼ RCS Trust issued 6-year fixed rate notes of S\$300.0 million at 2.60% per annum under its unsecured US\$2.0 billion Euro-Medium Term Note Programme.
- ▼ Bugis Junction received the Certificate of Excellence 2017 from TripAdvisor for the consistent achievement of high ratings from travellers.

JULY

- ▼ Bukit Panjang Plaza completed its rejuvenation works, including the replacement of the skylight and upgrade of the single file escalators to dual file escalators. The rooftop garden and the expanded public library on Level 4 have increased the mall's communal and recreational space.
- ▼ CMT was awarded Silver for Best Annual Report (REITs & Business Trusts category) at the Singapore Corporate Awards 2017.
- ▼ CMT's DPU of 5.48 cents for the period 1 January 2017 to 30 June 2017 was 0.2% higher than that for the period 1 January 2016 to 30 June 2016.

AUGUST

- ▼ CMT was named the winner for the Singapore Governance and Transparency Index Award (REIT and Business Trust category).
- ▼ CMT, through its trustee, entered into an agreement to divest its entire unitholding interest in Victory SR Trust - which owns the serviced residence component in the Funan integrated development - to Victory SR Pte. Ltd., a wholly owned subsidiary of Ascott Serviced Residence (Global) Fund Pte. Ltd. The transaction was at an agreed land value of S\$90.5 million.
- ▼ CMT was awarded Platinum for the Best of the Breeds REITs Award for Retail REIT (Singapore) at the 4th Edition REITs Asia Pacific Conference 2017.

SEPTEMBER

- ▼ CMT was recognised as a Regional Sector Leader of Asia (Retail - Listed) in the 2017 Global Real Estate Sustainability Benchmark Real Estate Assessment.
- ▼ CMT was crowned the winner for Singapore Corporate Governance (REITs & Business Trusts category) at the Securities Investors Association Singapore 18th Investors' Choice Awards.
- ▼ Westgate was the 2nd Runner Up for the Energy Efficient Building Awards (New & Existing Building category) at the 35th ASEAN Ministers on Energy Meeting.
- ▼ Plaza Singapura was the winner for the Outstanding Efforts in Advertising & Promotions at the Singapore Retailers Association Ball & Retail Awards 2017.

OCTOBER

- ▼ Bugis+ was recognised as a Trendsetting Mall by CLEO Singapore - Fashion Innovators 2017.
- ▼ CMT's DPU of 8.26 cents for the period 1 January 2017 to 30 September 2017 was 0.1% higher than that for the period 1 January 2016 to 30 September 2016.
- ▼ CMT was the 2nd Runner Up (Large Cap) for the Singapore Investor Relations Website Survey 2017 by Investor Relations Professionals Association Singapore and EQS Group.
- ▼ The divestment of all the units in Victory SR Trust to Victory SR Pte. Ltd. was completed.

NOVEMBER

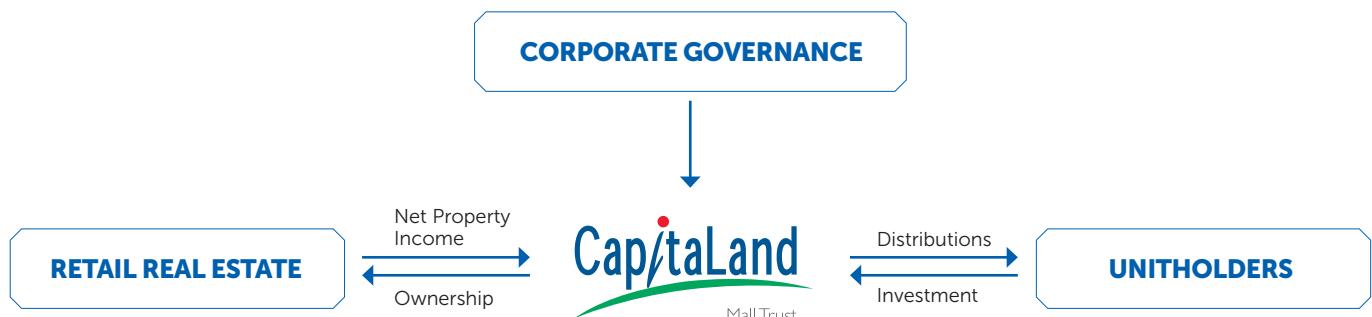
- ▼ CMT MTN issued 10-year fixed rate notes of S\$100.0 million at 2.88% per annum under its unsecured S\$3.5 billion MTN Programme.
- ▼ Junction 8 clinched the BCA Green Mark Platinum award.
- ▼ Junction 8 was presented with the Water Efficiency Award at the Water Efficiency Awards and Industrial Water Solutions Forum 2017 by Public Utilities Board.

DECEMBER

- ▼ CMT was the winner of Best IR website and clinched a Certificate of Excellence at the IR Magazine Awards and Conference South East Asia 2017.
- ▼ Plaza Singapura was recognised for the Most Inspirational Display by the Orchard Road Business Association's Best Dressed Building contest.
- ▼ Bugis Junction and Bedok Mall clinched the BCA Green Mark Platinum award.

GROWTH STRATEGIES

INTEGRATED RETAIL REAL ESTATE BUSINESS PLATFORM



Retail Real Estate Management



INTEGRATED RETAIL REAL ESTATE PLATFORM

We are able to tap on CapitaLand's unique integrated retail real estate platform, combining the best of retail real estate management and capital management capabilities.

Through this platform, we can call upon a professional and experienced team of operations, project and asset managers who work closely and seamlessly with each other to:

- ▼ Formulate medium and long-term strategies, and initiatives to deliver sustainable returns
- ▼ Enhance shopping experiences to attract shoppers and increase shopper traffic
- ▼ Review space usage to optimise space productivity and income
- ▼ Manage lease renewals and new leases diligently to minimise rental voids
- ▼ Manage and monitor rental arrears to minimise bad debts
- ▼ Manage projects to ensure timely completion within budgets
- ▼ Manage and monitor property expenses to maximise net property income
- ▼ Address all key operational issues to ensure alignment with the strategies of the Manager

Retail Real Estate Capital Management

INTRINSIC GROWTH

Active asset management is important for us to capture opportunities for intrinsic growth. CMT's intrinsic growth has been achieved through:

- ▼ Step-up rent
- ▼ Gross turnover rent, which is typically about 5.0% of CMT's gross revenue. This is a useful management tool which aligns CMT's interests with those of our tenants. Most of the leases at CMT's properties follow a rental structure which encompasses step-up rent plus a small component of gross turnover rent or a larger component of gross turnover rent only, whichever is higher
- ▼ Non-rental income from car parks, atrium space, advertisement panel space, casual leasing, vending machines and customer service counters
- ▼ Improved rental rates for lease renewals and new leases

INNOVATIVE ASSET ENHANCEMENT INITIATIVES

Creative asset planning unlocks the potential value of CMT's malls to further propel growth by enhancing the retail environment and improving the attractiveness of our malls to shoppers and retailers. Diverse ways of increasing the yield and productivity of CMT's retail space include:

- ▼ Decantation whereby lower-yield space is converted to higher-yield space
- ▼ Reconfiguring retail units to optimise space efficiency
- ▼ Maximising the use of common areas, such as bridge space, and converting mechanical and electrical areas into leasable space
- ▼ Upgrading amenities, enhancing the facade, adding play and rest areas, providing advice on storefront design and creating better shopper circulation

INVITING EXPERIENCE

To stay ahead of consumer trends, we constantly reinvent the retail experience with innovative shopping, dining and entertainment combinations, which help to maximise the sales of the tenants and generate growth through improved rental income. The increase in shopper traffic is generated through:

- ▼ Alignment of tenant mix with current market trends, which ensures a consistently good combination of attractive and popular retail outlets in CMT's malls
- ▼ New retail concepts which generate fresh excitement and positive sales
- ▼ Enhancing shoppers' experiences with a more pleasant, comfortable and exciting environment by improving connectivity to public amenities, upgrading restroom facilities, nursing rooms, children's playgrounds, designated water play areas with interactive features for children, alfresco dining areas and harnessing technological innovations
- ▼ Innovative marketing and promotional events to draw in the crowds as well as attractive loyalty programmes for shoppers to encourage repeat spending
- ▼ Attractive shopfronts and visual merchandising design ideas
- ▼ Building strategic partnerships to strengthen retail experiences

INSTRUMENTAL INVESTMENTS

The ability to identify value-adding acquisitions, investments and greenfield development projects to add to the portfolio and further enhance its value is central to CMT's long-term sustainable growth.

Our investments must satisfy the investment criteria of:

- ▼ Potential for growth in yield
- ▼ Rental sustainability
- ▼ Potential for value creation

INTENSIVE CAPITAL AND RISK MANAGEMENT

We seek to optimise returns to Unitholders while maintaining a strong capital base and credit rating to support CMT's growth.

Regular assessments of capital management policies are undertaken to ensure that these are adaptable to changes in economic conditions and the risk characteristics of CMT. We also monitor our exposures to various risk elements by closely adhering to well-established management policies and procedures.

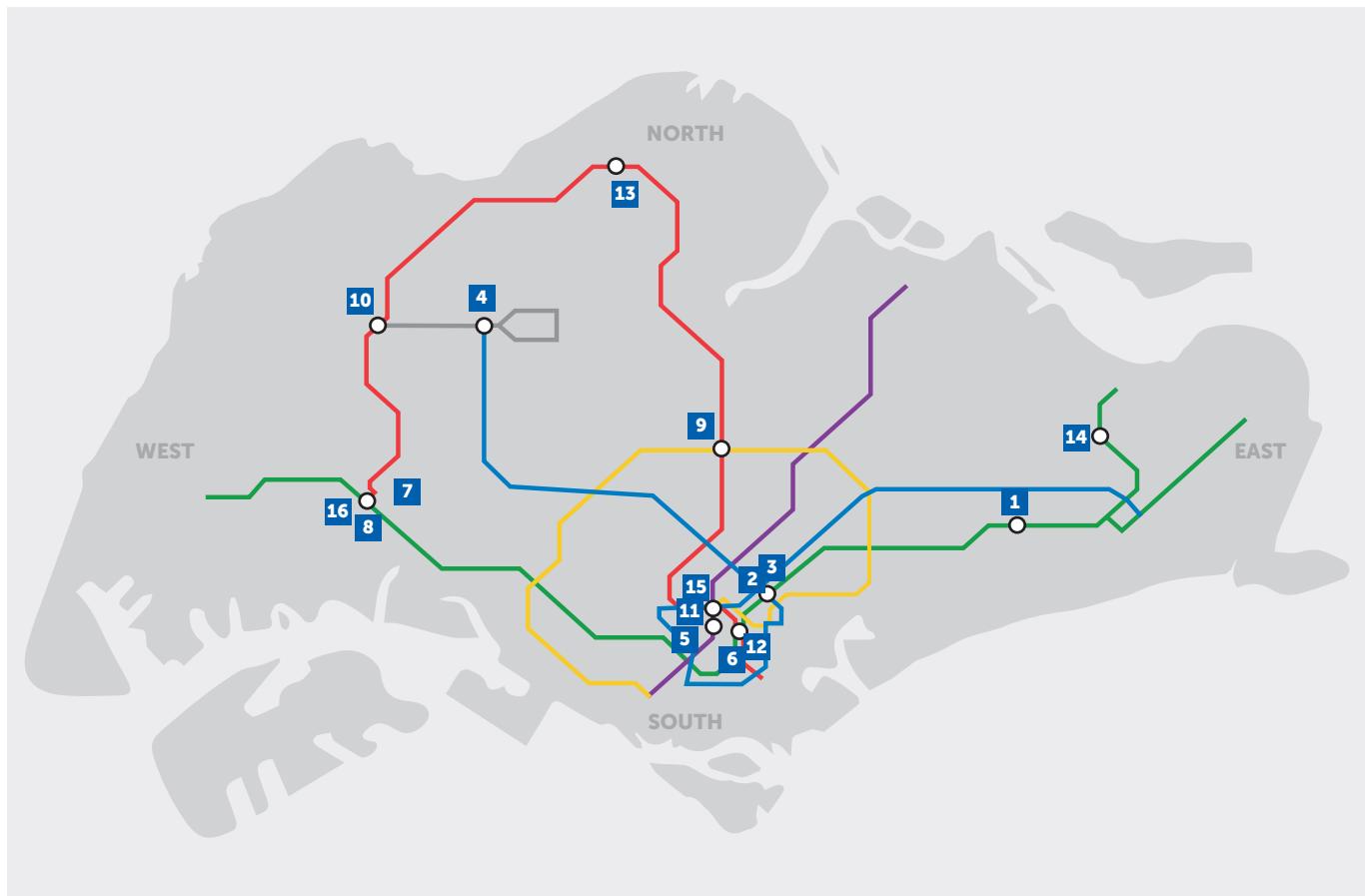
As part of our proactive capital management, we diversify our sources of funding and will continue to review our debt profile to reduce refinancing risk.

PROPERTY PORTFOLIO



1 An artist's impression of Funan.

LOCATIONS OF CMT'S PROPERTIES IN SINGAPORE



CMT's portfolio of 16 quality properties is well diversified in the suburban areas and downtown core of Singapore. The portfolio comprises Tampines Mall, Junction 8, Funan, IMM Building, Plaza Singapura, Bugis Junction, Sembawang Shopping Centre, 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+, Westgate (30.00% interest) and Bedok Mall.

Our shopping malls are well connected to public transportation hubs such as mass rapid transit (MRT) / light rail transit (LRT) stations and bus interchanges.

They are strategically located either in areas with large population catchments or within Singapore's popular shopping and tourist destinations.

The Manager continues to strive to ensure that each shopping mall in CMT's portfolio optimises its financial performance, strengthens its market position as the leading mall serving its community, as well as provides the ideal shopping experience for its shoppers. This is achieved through a combination of active asset management, including asset enhancements, as well as innovative marketing and promotional activities.

BOARD OF DIRECTORS



ADJ PROF RICHARD R. MAGNUS
Chairman
Non-Executive Independent Director

LIM MING YAN
Deputy Chairman
Non-Executive Non-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

LIM CHO PIN ANDREW GEOFFREY
Non-Executive Non-Independent Director



JASON LEOW JUAN THONG
Non-Executive Non-Independent Director

ADJ PROF RICHARD R. MAGNUS, 73**Chairman****Non-Executive Independent Director**

Bachelor of Laws (Honours), University of Singapore
 Master of Laws, University of Singapore
 Alumni, Harvard Business School and
 John F Kennedy School of Government

Date of first appointment as a director:

3 May 2010

Date of appointment as Chairman:

1 May 2016

Length of service as a director (as at 31 December 2017):

7 years 8 months**Board committees served on**

- ▼ Corporate Disclosure Committee (Chairman)
- ▼ Investment Committee (Member)

Present principal commitments

- ▼ Bioethics Advisory Committee (Chairman)
- ▼ Changi Airport Group (Singapore) Pte. Ltd. (Director)
- ▼ Changi Airport Group (Singapore) Pte. Ltd.'s Operational Risk & Safety Committee (Member)
- ▼ Financial Industry Disputes Resolution Centre Ltd (Adjudicator)
- ▼ Home Team Academy (Senior Fellow)
- ▼ Integrated Resorts Evaluation Panel under the Casino Control Act (Member)
- ▼ Political Films Consultative Committee (Chairman)
- ▼ Public Service Commission (Member)
- ▼ Public Transport Council (Chairman)
- ▼ Singapore Consortium Investment Management Limited (Director)
- ▼ Temasek Foundation Cares CLG Limited (Chairman)
- ▼ UNESCO's International Bioethics Committee (Vice-Chairman)

Background and working experience

- ▼ Senior District Judge of Singapore Legal Service Commission (From 1998 to 2008)

Awards

- ▼ Public Service Star (2015)
- ▼ MSF Outstanding Volunteer Award (2014)
- ▼ Meritorious Service Medal (2009)
- ▼ Public Administration Medal (Gold) (Bar) (2003)
- ▼ Public Administration Medal (Gold) (1994)
- ▼ Public Administration Medal (Silver) (1983)

LIM MING YAN, 55**Deputy Chairman****Non-Executive Non-Independent Director**

Bachelor of Engineering (Mechanical) and Economics (First Class Honours), University of Birmingham, UK

Date of first appointment as a director:

1 January 2013

Date of appointment as Deputy Chairman:

1 January 2013

Length of service as a director (as at 31 December 2017):

5 years**Board committees served on**

- ▼ Corporate Disclosure Committee (Member)
- ▼ Executive Committee (Chairman)
- ▼ Investment Committee (Chairman)

Present directorships in other listed companies

- ▼ Ascott Residence Trust Management Limited (Manager of Ascott Residence Trust) (Deputy Chairman)
- ▼ CapitaLand Commercial Trust Management Limited (Manager of CapitaLand Commercial Trust) (Deputy Chairman)
- ▼ CapitaLand Limited
- ▼ CapitaLand Retail China Trust Management Limited (Manager of CapitaLand Retail China Trust) (Deputy Chairman)

Present principal commitments**(other than directorships in other listed companies)**

- ▼ Business China (Director)
- ▼ CapitaLand Limited (President & Group CEO)
- ▼ Future Economy Council (Member)
- ▼ Shanghai YiDian Holding (Group) Company (Director)
- ▼ Singapore Tourism Board (Member of the Board)
- ▼ Workforce Singapore Agency (Chairman)

Background and working experience

- ▼ Chief Operating Officer of CapitaLand Limited (From May 2011 to December 2012)
- ▼ CEO of The Ascott Limited (From July 2009 to February 2012)
- ▼ CEO of CapitaLand China Holdings Pte Ltd (From July 2000 to June 2009)

Awards

- ▼ Outstanding Chief Executive (Overseas) at the Singapore Business Awards 2006
- ▼ Magnolia Award by the Shanghai Municipal Government in 2003 and 2005

BOARD OF DIRECTORS

TONY TAN TEE HIEONG, 51

Chief Executive Officer

Executive Non-Independent Director

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

Date of first appointment as a director:

1 May 2017

Length of service as a director (as at 31 December 2017):

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 Sasoon (From November 1992 to April 1994)
- ▼ Auditor of Ernst & Young (From June 1991 to October 1992)

TAN KIAN CHEW, 64

Non-Executive Non-Independent Director

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

Date of first appointment as a director:

3 May 2010

Length of service as a director (as at 31 December 2017):

7 years 8 months

Present principal commitment

- ▼ Singapore Labour Foundation (CEO)

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

- ▼ ARA Trust Management (Suntec) Limited (manager of Suntec Real Estate Investment Trust)

Background and working experience

- ▼ 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, 52**Non-Executive Independent Director**

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

Date of first appointment as a director:

8 June 2012

Length of service as a director (as at 31 December 2017):

5 years 7 months

Present principal commitments

- ▼ 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 Bhawana 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, 66**Non-Executive Independent Director**

MSc (Distinction) International Management (SOAS)
 MBA and Diploma in Management (Imperial College)
 Fellow of the Institute of Chartered Accountants in England and Wales
 Fellow of the Institute 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 2017):

5 years 2 months

Board committees served on

- ▼ Audit Committee (Chairman)
- ▼ Investment Committee (Member)

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

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

- ▼ MFS Technology Ltd¹

Background and working experience

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

¹ Delisted on 18 May 2016 and dissolved (Members' Voluntary Winding Up) on 15 March 2017.

BOARD OF DIRECTORS

FONG KWOK JEN, 68

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 2017):

5 years 2 months

Board committee served on

- ▼ Audit Committee (Member)

Present principal commitment

- ▼ Equity Law LLC (Executive Director)

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

- ▼ Xpress Group Limited

Background and working experience

- ▼ 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)

GAY CHEE CHEONG, 61

Non-Executive Independent Director

Bachelor of Science in Engineering (Honours), Royal Military College of Science
Bachelor of Science in Economics (Honours), University of London
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 2017):

5 years 2 months

Board committee served on

- ▼ Audit Committee (Member)

Present directorship in other listed company

- ▼ Hyflux Ltd

Present principal commitments

(other than directorship in other listed company)

- ▼ 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)

LIM CHO PIN ANDREW GEOFFREY, 48**Non-Executive Non-Independent Director**

Bachelor of Commerce (Economics), University of Toronto
 Chartered Financial Analyst, Association for Investment Management and Research
 Master in Business Administration, Rotman School of Business, University of Toronto

Date of first appointment as a director:

1 May 2017

Length of service as a director (as at 31 December 2017):

8 months

Board committees served on

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

Present directorships in other listed companies

- ▼ Ascott Residence Trust Management Limited (manager of Ascott Residence Trust)
- ▼ CapitaLand Commercial Trust Management Limited (manager of CapitaLand Commercial Trust)
- ▼ CapitaLand Retail China Trust Management Limited (manager of CapitaLand Retail China Trust)

Present principal commitment**(other than directorships in other listed companies)**

- ▼ CapitaLand Limited (Group Chief Financial Officer)

Background and working experience

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

JASON LEOW JUAN THONG, 51**Non-Executive Non-Independent Director**

Executive Master in Business Administration, Fudan University
 Chartered Accountant of Singapore and a member of the Institute of Singapore Chartered Accountants Advanced Management Program, Harvard Business School

Date of first appointment as a director:

22 December 2014

Length of service as a director (as at 31 December 2017):

3 years

Board committees served on

- ▼ Corporate Disclosure Committee (Member)
- ▼ Executive Committee (Member)
- ▼ Investment Committee (Member)

Present principal commitment

- ▼ CapitaLand Limited (Group Chief Operating Officer)

Past directorships in other listed companies held over the preceding three years

- ▼ Central China Real Estate Limited
- ▼ CapitaLand Malaysia Mall REIT Management Sdn. Bhd. (manager of CapitaLand Malaysia Mall Trust)

Background and working experience

- ▼ 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)
- ▼ Deputy CEO of CapitaLand China Holdings Pte Ltd (From July 2005 to June 2009)
- ▼ General Manager, Business Development of CapitaLand Residential Limited (From July 2002 to June 2005)

TRUST MANAGEMENT TEAM (CMTML)

TONY TAN TEE HIEONG

Chief Executive Officer and Executive Non-Independent Director

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

TAN LEI KENG

Head, Finance

Lei Keng 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 Investment & Asset Management 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.

Prior to joining CMTML, Lei Keng had extensive regional experience in finance with locally-listed as well as American listed companies. She holds a Master of Business Administration from the University of South Florida and a Bachelor of Accountancy from the University of Singapore.

JACQUELINE LEE

Head, Investment & Asset Management

Jacqueline heads the Investment & Asset Management function at CMTML and is responsible for creating value for Unitholders through acquisitions and divestments, asset enhancement, active asset management and portfolio management. She is also concurrently the Head of Investment and Portfolio Management (Retail) for CapitaLand Singapore, Malaysia and Indonesia.

The Investment & Asset Management team proposes and executes appropriate acquisitions, divestments and asset enhancement initiatives to optimise the value of the portfolio; monitors, analyses and reports on valuation, performance metrics and trends; devises appropriate strategies to optimise operating performance and prepares the annual business plan. The team works with the Property Manager to execute the business plan and other initiatives to drive organic growth. It also puts in place the risk management system for the CMT Group.

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.

LOOI KENG

Vice President, Asset Management

Looi Keng works closely with the Property Management team to identify key issues and come up with strategies to address key challenges and build the business. Together, they also work on executing asset strategies, boosting rental and non-rental incomes and managing operating expenses.

Looi Keng undertakes asset enhancement and environmentally sustainable initiatives to realise the potential value of CMT Group's portfolio. She also collaborates with the Investment team to evaluate acquisition targets and optimize returns from assets.

Looi Keng has extensive experience in real estate and more than 20 years of experience in asset management function. She holds a Bachelor of Science in Estate Management with National University of Singapore.

AUDREY TAN

Vice President, Investor Relations

Audrey heads the investor relations function at CMTML, and is responsible for building relations and facilitating strategic communications with CMT's Unitholders, potential and existing investors and analysts through various communication platforms, as well as collating feedback from the investment community.

The investor relation team ensures clear and timely communications with Unitholders and stakeholders through various communication channels. The team engages investor and analysts through regular meetings, conferences and events, and produces collaterals such as annual reports and presentation.

Prior to joining CMTML, Audrey has more than 20 years of regional experience in finance, accounting and treasury with locally-listed and multinational companies. She holds a Bachelor of Business in Accountancy and is a Certified Practising Accountant with CPA Australia.

CORPORATE GOVERNANCE

OUR ROLE

Our primary role as the manager of CMT (Manager) is to set the strategic direction of CMT 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 CIS Code (Property Funds Appendix)), the Securities and Futures Act (Chapter 289 of Singapore), written directions, notices, codes and other guidelines that MAS may issue from time to time, and the tax rulings issued by the Inland Revenue Authority of Singapore on the taxation of CMT and Unitholders;
- (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 malls; 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 58 to 81 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.

CORPORATE GOVERNANCE

OUR CORPORATE GOVERNANCE CULTURE

The Manager aspires to the highest standards of corporate governance. The Manager is committed to continuous improvement in corporate governance. It has developed and, on an ongoing basis, maintains sound and transparent policies and practices to meet the specific business needs of CMT and to provide a firm foundation for a trusted and respected business enterprise. The Manager remains focused on complying with the substance and spirit of the principles of the Code of Corporate Governance 2012 (Code) while achieving operational excellence and delivering CMT's long-term strategic objectives. The Board of Directors (Board) is responsible for the Manager's corporate governance standards and policies, underscoring their importance to the Manager.

The Manager has received accolades from the investment community for excellence in corporate governance. More details can be found in the Investor & Media Relations section on pages 51 to 53 of this Annual Report.

This corporate governance report (Report) sets out the corporate governance practices for financial year (FY) 2017 with reference to the principles of the Code. For FY 2017, save as stated in this Report, CMT has complied in all material aspects with the principles and guidelines in the Code. Where there are deviations from any of the guidelines of the Code, an explanation has been provided within this Report.

(A) BOARD MATTERS

The Board's Conduct of Affairs

Principle 1:

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

The Manager is led by the Board, with non-executive independent Directors (IDs) constituting half of the Board. This exceeds the recommendations in the Code. The Board has diversity of skills and knowledge, experience, educational background and ethnicity. Each Director brings to the Board skills, experience, insights and sound judgement which, together with his strategic networking relationships, serve to further the interests of CMT.

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

The Board provides leadership to Management, sets strategic directions and oversees the management of CMT. 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 reserved authority to approve certain matters and these include:

- (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.

The Board has established various Board Committees to assist it in the discharge of its functions. These Board Committees are the Audit Committee (AC), the Corporate Disclosure Committee (CDC), the Executive Committee (EC) and the Investment Committee (IC). Each of these Board Committees operates under authority delegated from the Board, with the Board retaining overall oversight, and has its own terms of reference. The composition of the various Board Committees is set out on page 45 of this Annual Report.

The Board may form other Board Committees as dictated by business imperatives. Membership of the various Board Committees is managed to ensure an equitable distribution of responsibilities among Board members, to maximise the effectiveness of the Board and to foster active participation and contribution from Board members. Diversity of experience and appropriate skills are considered in the composition of the respective Board Committees.

The Board has adopted a set of internal controls which establishes approval limits for capital expenditure, investments, divestments, bank borrowings and issuance of debt instruments. Apart from matters that specifically require the Board's approval, the Board delegates authority for transactions below those limits to Board Committees and Management.

The Board meets at least once every quarter, and as required by business imperatives. Board and Board Committee meetings are scheduled prior to the start of each financial year. Where exigencies prevent a Director from attending a Board meeting in person, the Constitution of the Manager permits the Director to participate via audio or video conference. The Board and Board Committees may also make decisions by way of resolutions in writing. In each meeting where matters requiring the Board's approval are to be considered, all members of the Board participate in the discussions and deliberations; and resolutions in writing are circulated to all Directors for their consideration and approval. The exception is where a Director has a conflict of interest in a particular matter, in which case he will be required to recuse himself from the deliberations and abstain from voting on the matter. This principle of collective decisions adopted by the Board ensures that no individual influences or dominates the decision making process.

During Board meetings, non-executive Directors review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance. During the Board meeting to discuss strategies, non-executive Directors constructively challenge and help develop proposals on strategy.

A total of four Board meetings were held in FY 2017. A record of the Directors' attendance at Board and Board Committees' meetings in FY 2017 is set out on page 45 of this Annual Report. The Manager believes in the manifest contributions of its Directors beyond attendance at formal Board and Board Committee meetings. To judge a Director's contributions based on his attendance at formal meetings alone would not do justice to his overall contributions, which include being accessible to Management for guidance or exchange of views outside the formal environment of Board and Board Committee meetings.

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 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 responsibilities. The Manager also maintains a training record to track the Directors' attendance at training and professional development courses. 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 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, strategy, organisational structure, responsibilities of key management personnel, and financial and governance practices.

Following their appointment, Directors are provided with opportunities for continuing education in areas such as directors' duties and responsibilities, changes to regulations and accounting standards, and industry-related matters, so as to be updated on matters that affect or may enhance their performance as Directors or Board Committee members. Directors may contribute by highlighting relevant areas of interest. Directors also receive on-the-job training through being engaged in actual Board work. In FY 2017, the training and professional development programmes for Directors included forums and dialogues with experts and senior business leaders on issues facing boards and board practices.

Board Composition and Guidance

Principle 2:

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

CORPORATE GOVERNANCE

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

The Board presently comprises 10 Directors, five of whom (including the Chairman) are IDs. Profiles of the Directors are provided on pages 16 to 21 of this Annual Report. The recommendation in the Code for the appointment of a lead independent director does not apply to the Manager as the Chairman is an ID, and he and the CEO are separate individuals, who are not related to each other.

The Board assesses the independence of each Director in accordance with the guidance in the Code and the Securities and Futures (Licensing and Conduct of Business) Regulations (SFR). An ID is one who has no relationship with the Manager, its related corporations and its shareholders who hold 10% or more of the voting shares of the Manager, or Unitholders who hold 10% or more of the Units in issue, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgement; and is independent from any management and business relationship with the Manager and CMT, the substantial shareholder of the Manager and the substantial unitholder of CMT and has not served on the Board for a continuous period of nine years or longer.

The Board has established a process for assessing the independence of its Directors. As part of the process, each of the relevant non-executive Directors is required to confirm, on an annual basis, that there are no material relationships which would render him non-independent. The confirmations are reviewed by the Board during which the Board also considers the Directors' respective contributions at Board meetings.

The Board has carried out the assessment of each of its Directors for FY 2017 and the paragraphs below set out the outcome of the assessment.

Mr Gay Chee Cheong serves as a non-executive director of some related corporations of Temasek Holdings (Private) Limited (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 is non-executive in nature and he is not involved in the day-to-day conduct of the business of these corporations, which are non-real estate in nature. These roles do not pose any conflict of interest issues for Mr Gay. The Board therefore considers that the relationships set out above did not impair his independence and objectivity.

The Board also considered whether Mr Gay had demonstrated independence of character and judgement in the discharge of his responsibilities as a Director in FY 2017, and is satisfied that Mr Gay had acted with independent judgement.

With respect to Adj Prof Richard R. Magnus, Mr Ng Chee Khern, Mr Lee Khai Fatt, Kyle and Mr Fong Kwok Jen, the Board also considered whether each of them had demonstrated independence of character and judgement in the discharge of his responsibilities as a Director in FY 2017, and is also satisfied that each of Adj Prof Magnus, Mr Ng, Mr Lee and Mr Fong had acted with independent judgement. It is noted that all of the Directors have served on the Board for fewer than nine years.

On the bases of the declarations of independence provided by the relevant non-executive Directors and the guidance in the Code and the SFR, the Board has determined that Adj Prof Richard R. Magnus, Mr Ng Chee Khern, Mr Lee Khai Fatt, Kyle, Mr Fong Kwok Jen and Mr Gay Chee Cheong are IDs. Each of them had recused himself from the Board's deliberations respectively on his own independence.

At all times, the Directors are collectively and individually obliged to act honestly and with diligence, and in the best interests of CMT. The Manager has established a policy that its Directors disclose their interests in transactions and any conflicts of interests, and recuse themselves from any discussions concerning a matter in which they may be in a conflict of interest situation. Each of the Directors has complied with this policy. Compliance by the Directors is duly minuted.

Chairman and Chief Executive Officer

Principle 3:

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

To maintain an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making, the roles and responsibilities of the Chairman and the CEO are held by separate individuals.

The non-executive independent Chairman, Adj Prof Richard R. Magnus, is responsible for leading the Board and ensuring that the Board is effective in all aspects of its role. The CEO, Mr Tony Tan Tee Hieong, has full executive responsibilities over the business directions and operational decisions of CMT and is responsible for implementing CMT's strategies and policies and conducting CMT's business.

The Chairman is responsible for leadership of the Board and for facilitating the conditions for the overall effectiveness of the Board, Board Committees and individual Directors. This includes setting the agenda of the Board in consultation with the CEO and promoting constructive engagement among the Directors as well as between the Board and the CEO on strategic issues. The Chairman plays a significant leadership role by providing clear oversight, direction, advice and guidance to the CEO and Management on strategies.

The Chairman and the CEO are not immediate family members. The separation of the roles of the Chairman and the CEO and the resulting clarity of roles provide a healthy professional relationship between the Board and Management, and facilitate robust deliberations on the business activities of CMT and the exchange of ideas and views to help shape CMT's strategic process. Given that the roles of the Chairman and CEO are held by separate individuals and the Chairman is an ID, no Lead ID is required to be appointed.

Board Membership

Principle 4:

There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

The Board undertakes the functions of a nominating committee and therefore, the Manager does not have a nominating committee. The Board performs the functions that such a committee would otherwise perform, namely, it administers nominations to the Board, reviews the structure, size and composition of the Board, and reviews the performance and independence of Board members. The Board seeks to ensure that the composition of the Board provides an appropriate balance and diversity of skills, experience and knowledge of the industry and that the Directors, as a group, have the necessary core competencies relevant to CMT's business.

The current Board comprises individuals who are business leaders and professionals with financial, banking, real estate, legal, investment and accounting backgrounds. The Board recognises the benefits of having a diverse Board. Diversity in the Board's composition not only contributes to the quality of its decision making through diversity of perspectives in its boardroom deliberations, it also enables Management to benefit from their respective expertise and diverse backgrounds. The Board also considers gender an important aspect of diversity alongside factors such as the age, ethnicity and educational background of its members. The Board is committed to diversity and will continue to consider the differences in the skillsets, gender, age, ethnicity and educational background in determining the optimal composition of the Board in its Board renewal process.

In the year under review, no alternate directors were appointed. In keeping with the principle that a Director must be able to commit time to the affairs of the Manager, the Board will, generally, not approve the appointment of alternate directors.

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

- 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;
- 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
- 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 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.

CORPORATE GOVERNANCE

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

- (a) The Board, on an annual basis, carries out a review of the Board composition as well as on each occasion when an existing ID gives notice of his intention to retire or resign. The review includes assessing the collective skills, knowledge and experience of Directors represented on the Board to determine whether the Board, as a whole, has the skills, knowledge and experience required to achieve the Manager's objectives for CMT. In carrying out this review, the Board considers the need for the Board composition to reflect balance in matters such as skills representation, tenure, experience, age spread and diversity (including gender diversity), taking into account benchmarking within the industry as appropriate.
- (b) The Board reviews the suitability of any candidates put forward by any director for appointment, having regard to the skills required and the skills represented on the Board and whether a candidate's skills, knowledge and experience will complement the existing Board and whether he has sufficient time available to commit to his responsibilities as a director, and whether he is a fit and proper person for the office in accordance with the Guidelines on Fit and Proper Criteria issued by MAS (which require the candidate to be, among other things, competent, honest, to have integrity and be financially sound).
- (c) External consultants may be engaged from time to time to access a wide base of potential directors.
- (d) No member of the Board is involved in any decision of the Board relating to his own appointment, reappointment or assessment of independence.
- (e) A newly appointed Director receives a formal appointment letter and a copy of the Directors' Manual (which includes information on a broad range of matters relating to the role and responsibilities of a director).
- (f) All directors undergo an induction programme on appointment to help familiarise them with matters relating to CMT's business and the Manager's strategy for CMT.
- (g) The performance of the Board, Board Committees and directors is reviewed annually.
- (h) The Board proactively addresses any issues identified in the board performance evaluation.

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

- (a) the Board should comprise Directors with a broad range of commercial experience, including expertise in funds management, the property industry, banking, finance and legal fields; and
- (b) at least one-third of the Board should comprise IDs. Where, among other things, the Chairman of the Board is not an ID, at least half of the Board should comprise IDs.

As at least half of the Board comprises IDs, the Manager will not be voluntarily subjecting any appointment or reappointment of directors to voting by Unitholders. The Chairman of the Board is presently an ID. The Board intends to continue to keep to the principle that at least half of the Board shall comprise IDs.

The Board seeks to refresh Board membership progressively and in an orderly manner. In this regard, board succession planning is carried out through the annual review of Board composition as well as when an existing ID gives notice of his intention to retire or resign. On the issue of Board renewal, the Manager believes that Board renewal is a necessary and continual process, for good governance and ensuring that the Board has the skills, expertise and experience which are relevant to the evolving needs of CMT's business; renewal or replacement of a Director therefore does not necessarily reflect his performance or contributions to date.

Guideline 4.4 of the Code recommends that the Board determine the maximum number of listed company board appointments which any director may hold and disclose this in the annual report. In view of the responsibilities of a director, the Board is cognisant of the need for Directors to be able to devote sufficient time and attention to adequately perform their roles. However, the Board has not imposed any limit as it has taken the view that, the limit on 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 whether he is in full-time employment and the nature of his other responsibilities. A director with multiple directorships is expected to ensure that sufficient attention can be and is given to the affairs of the Manager in managing the assets and liabilities of CMT for the benefit

of Unitholders. The Board believes that each Director is best placed to determine and ensure that he is able to devote sufficient time and attention to discharge his duties and responsibilities as a director of the Manager, bearing in mind his other commitments. In considering the nomination of any individual for appointment, and in its annual review of each Director's ability to commit time to the affairs of the Manager, the Board takes into account, among other things, the attendance record of the Directors at meetings of the Board and Board Committees, the competing time commitments faced by any such individual with multiple Board memberships as well as his other principal commitments. All Directors had confirmed that notwithstanding the number of their individual listed company board appointments and other principal commitments, which each of them held, they were able to devote sufficient time and attention to the affairs of the Manager in managing the assets and liabilities of CMT for the benefit of Unitholders. The CEO, who is also a Director, is fully committed to the day-to-day operations of the Manager. The Board also notes that, as at the date of this Report, none of the IDs serves on more than four listed company boards. Taking into account also the attendance record of the Directors at meetings of the Board and Board Committees in FY 2017 (set out on page 45 of this Annual Report) and contributions at the Board's deliberations as well as availability outside formal Board and Board Committee meetings, the Board is of the view that the current commitments of each of its Directors are reasonable and each of the Directors is able to and has been adequately carrying out his duties.

Board Performance

Principle 5:

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

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

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 CMT'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 CMT.

Whilst board performance is ultimately reflected in the long-term performance of CMT, the Board believes that engaging in a regular process of self-assessment and evaluation of board performance in order to identify key strengths and areas for improvement is essential to effective stewardship and to 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 the effectiveness of the Board as a whole and the Board Committees on an annual basis. As part of the process, questionnaires were sent to the Directors, and the results were aggregated and reported to the Chairman of the Board. The areas of evaluation covered in the survey questionnaire included Board composition, Board processes, strategy, performance and governance, access to information and Board Committee effectiveness. As part of the survey questionnaire, the Board also considers whether the creation of value for Unitholders has been taken into account in the decision making process. The results of the survey were deliberated upon by the Board, and the necessary follow up action will be taken with a view to enhancing the effectiveness of the Board in the discharge of its duties and responsibilities. The outcome of the evaluation was satisfactory with positive ratings received for all the attributes in the evaluation categories.

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

The Manager also believes that the collective Board performance and the contributions of individual Board members are also reflected in, and evidenced by, the 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.

CORPORATE GOVERNANCE

Access to Information

Principle 6:

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

An effective and robust Board, whose members engage in open and constructive debate to develop and refine proposals on strategy, is fundamental to good corporate governance. In this regard, the Board must be kept well-informed of CMT Group's business and affairs and the industry in which CMT Group operates. The Manager recognises the importance of providing the Board with relevant information on a timely basis prior to Board meetings and on an ongoing basis, to enable the Directors to make informed decisions to discharge their duties and responsibilities. Reports on CMT's performance are also provided to the Board on a regular basis.

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

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

In line with the Manager's ongoing commitment to limit paper waste and reduce its carbon footprint, the Manager does not provide printed copies of Board papers. Instead, Directors are provided with tablet devices to enable them to access and read Board and Board Committee papers prior to and in meetings. This initiative also enhances information security as the papers are downloaded to the tablet devices through an encrypted channel.

In addition to providing complete, adequate and timely information to the Board on Board affairs and issues requiring the Board's decision, Management also provides ongoing reports relating to the operational and financial performance of CMT, such as monthly management reports.

Where appropriate, informal meetings are also held for Management to brief Directors on prospective transactions and potential developments in the early stages before formal Board approval is sought.

The Board has separate and independent access to Management, including the company secretary of the Manager (Company Secretary), at all times. The Company Secretary attends to corporate secretarial administration matters and is the corporate governance advisor on corporate matters to the Board and Management. The Company Secretary attends all Board meetings and assists the Chairman in ensuring that Board procedures are followed. The appointment and the removal of the Company Secretary is subject to the Board's approval. The Board, whether as an individual Director or as a group, is also entitled to have access to independent professional advice where required, with expenses borne by the Manager.

There were no meetings of the IDs without the presence of other Directors in FY 2017 because no Lead ID is required to be appointed.

The AC also meets the internal and external auditors separately at least once a year, without the presence of the CEO and Management. The Board has unfettered access to any Management staff for any information that it may require.

Through the training framework adopted for the professional development of the Directors, Directors also receive on a regular basis, reading materials on topical matters or subjects and regulatory updates and implications. Where appropriate, Management will also arrange for briefings by industry players or consultants.

(B) REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 7:

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

Level and Mix of Remuneration

Principle 8:

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

Disclosure on Remuneration

Principle 9:

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

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

- (a) the Manager is a dedicated manager to only 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 oversees the design and implementation of the remuneration policy and the specific remuneration packages for each Director and senior executives including the CEO. No member of the Board, however, will be involved in any decision of the Board relating to his own remuneration.

The Board sets the remuneration policies in line with CMT Group's business strategy and approves the executive compensation framework based on the key principle of linking pay to performance. The Board has access to independent remuneration consultants to advise as required.

In terms of the process adopted by the Manager for developing policies on remuneration and determining the remuneration packages for Directors and executive officers, the Manager, through an independent remuneration consultant, takes into account compensation benchmarks within the industry, as appropriate. 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 2017, an independent remuneration consultant, Mercer (Singapore) Pte Ltd (Mercer), was appointed to provide professional advice on Board and executive remuneration. Mercer is a global consulting leader in talent, health, retirement and investments with operations in more than 130 countries and employs more than 22,000 people globally. The consultant is not related to the Manager, its controlling shareholder, its related corporations or any of its Directors.

CORPORATE GOVERNANCE

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, 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 goals

► Fair & Appropriate

- ▼ Ensure competitive remuneration relative to the appropriate external talent markets
- ▼ Manage internal equity such that remuneration systems are viewed as fair
- ▼ Significant and appropriate portion of pay-at-risk, taking into account risk policies of 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 programmes

Remuneration for Key Management Personnel

Remuneration for key management personnel comprises fixed components, variable cash components, Unit-based components and employee benefits:

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 Components

The variable cash components comprise 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, CMT Group's strategy and goals are translated to performance outcomes comprising both quantitative and qualitative targets in the dimensions of Financial, Execution, Growth and People; these are cascaded down throughout the organisation, thereby creating alignment across the CMT Group.

After the close of each year, the Board reviews CMT Group's achievements against the targets set in the Balanced Scorecard, determines the overall performance taking into consideration qualitative factors such as the business environment, regulatory landscape and industry trends and approves a bonus pool that is commensurate with the performance achieved.

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

C. Unit-based Components

Unit awards were granted in FY 2017 pursuant to the CapitaLand Mall Trust Management Limited Performance Unit Plan (PUP) and CapitaLand Mall Trust Management Limited Restricted Unit Plan (RUP) (together, the Unit Plans), approved by the Board.

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

CapitaLand Mall Trust Management Limited Performance Unit Plan

In FY 2017, the Board granted awards which are conditional on targets set for a performance period, currently prescribed to be a three-year performance period. A specified number of Units will only be released to the recipient at the end of the qualifying performance period, provided that minimally the threshold targets are achieved. An initial number of Units (baseline award) is allocated according to the Relative Total Unitholder Return (TUR) of CMT Group measured as a percentile ranking of CMT Group's TUR against the REITs in the FTSE ST REIT Index.

The above performance measure has been selected as a key measure of wealth creation for Unitholders. The final number of Units to be released will depend on the achievement of pre-determined targets over the three-year qualifying performance period. 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 baseline award can be released up to a maximum of 200% of the baseline award. Recipients will receive fully paid Units at no cost.

In respect of the Unit awards granted in FY 2016 and FY 2017, the respective qualifying periods have not ended as at the date of this Report.

CapitaLand Mall Trust Management Limited Restricted Unit Plan

In FY 2017, the Board granted awards which are conditional on targets set for a qualifying period, currently prescribed to be a one-year performance period. A specific number of Units will only be released to the recipients at the end of the qualifying performance period, provided that minimally the threshold targets are achieved. An initial number of Units (baseline award) is allocated according to the following performance conditions:

- ▀ Net property income of CMT Group
- ▀ Distribution per Unit of 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 achievement of pre-determined targets at the end of the one-year qualifying performance period and the release will be 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 baseline award can be delivered up to a maximum of 150% of the baseline award. Recipients can receive fully paid Units, their equivalent cash value or combinations thereof, at no cost.

In respect of the award granted in FY 2017, based on the Board's assessment that the performance achieved by the CMT Group has met the pre-determined performance targets for the qualifying performance period of FY 2017, the resulting number of Units released has been adjusted accordingly to reflect the performance level.

To further promote alignment of Management's interests with that of Unitholders, the Board has approved unit ownership guidelines for senior management to instill stronger identification by senior executives with the longer term performance and growth of CMT Group. Under these guidelines, senior management participants are required to retain a prescribed proportion of CMT's Units received under the Unit Plans.

CORPORATE GOVERNANCE

D. Employee Benefits

The benefits provided are comparable with local market practices.

The remuneration for the CEO in bands of S\$250,000, and a breakdown of the remuneration of the CEO and all of the key management personnel of the Manager in percentage terms, are provided in the Key Management Personnel's Remuneration Table on page 46 of this Annual Report.

At present, there are only three key management personnel of the Manager (including the CEO). The Manager outsources various other services to a wholly owned subsidiary of CL (CL Subsidiary). The CL Subsidiary provides the services through its employees (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, is not included as part of the disclosure of remuneration of key management personnel of the Manager in this Report.

The Manager has decided (a) to disclose the CEO's remuneration in bands of S\$250,000 (instead of on a quantum basis), and (b) not to disclose the remuneration of the other key management personnel of the Manager (whether in bands of S\$250,000 or otherwise). In arriving at its decision, it took into account the commercial sensitivity and confidential nature of remuneration matters. The Manager is of the view that disclosure in such manner is not prejudicial to the interests of Unitholders as the indicative range for the CEO's remuneration, as well as the total remuneration for the CEO and other key management personnel of the Manager, is made known to Unitholders, and sufficient information is provided on the Manager's remuneration framework to enable Unitholders to understand the link between CMT's performance and the remuneration of the CEO and other key management personnel. In addition, the remuneration of the CEO and other key management personnel of the Manager is paid out of the fees (the quantum and basis of which have been disclosed) that the Manager receives, rather than borne by CMT.

The Board seeks to ensure that the remuneration paid to the CEO and key management personnel of the Manager are 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- and longer-term quantifiable objectives.

In FY 2017, there were no termination, retirement or post-employment benefits granted to Directors, the CEO and key management personnel of the Manager. There was also no special retirement plan, 'golden parachute' or special severance package for any of the key management personnel of the Manager.

There were no employees of the Manager who were immediate family members of a Director or the CEO in FY 2017. "Immediate family member" refers to the spouse, child, adopted child, step-child, sibling or parent of the individual.

Non-executive Director Remuneration

The Directors' fees for FY 2017 are shown on page 35 of this Annual Report. The CEO as an executive director does not receive any fees for serving as a Director. Instead, he is remunerated as part of the key management personnel of the Manager. Directors' fees are a fixed sum and generally comprise a basic retainer fee as a Director, an additional fee for serving on any of the Board Committees and an attendance fee for participation in meetings of the Board and any of the Board Committees, project meetings and verification meetings. The framework for Directors' fees remains unchanged from that for the previous financial year.

The compensation package is market benchmarked, taking into account the responsibilities on the part of the Directors in light of the scope and nature of CMT Group's business.

Non-executive Directors (save for Directors who are employees of CL) receive Directors' fees which are payable by way of cash and Units. The Manager believes that the payment of a portion of the Directors' fees in Units will serve to align the interests of such Directors with that 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 that of Unitholders, a non-executive Director is required to hold Units worth at least one year of his basic retainer fee or the total number of Units awarded under the above policy, whichever is lower, at all times during his Board tenure.

▼ Directors' Fees^{1,2}

Board Members	FY 2017	FY 2016
Adj Prof Richard R. Magnus	S\$139,000	S\$111,667
Lim Ming Yan	N.A. ³	N.A. ³
Tan Wee Yan, Wilson ⁴	N.A. ³	N.A. ³
Tony Tan Tee Hieong ⁵	N.A. ³	N.A.
Tan Kian Chew	S\$53,000	S\$54,000
Ng Chee Khern ⁶	S\$53,000	S\$53,000
Lee Khai Fatt, Kyle	S\$101,000	S\$102,000
Fong Kwok Jen	S\$76,000	S\$77,000
Gay Chee Cheong	S\$72,000	S\$76,000
Lim Cho Pin Andrew Geoffrey ⁷	N.A. ³	N.A.
Jason Leow Juan Thong	N.A. ³	N.A. ³

N.A.: Not Applicable.

- 1 Inclusive of attendance fees of (a) S\$2,000 per meeting attendance in person, (b) S\$1,700 per meeting attendance in person via audio or video conference, and (c) S\$1,000 per meeting attendance in person at project and verification meetings, 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) shall receive up to 20% of his Directors' fees in the form of Units (subject to truncation adjustments). The remainder of the Directors' 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 do not receive Directors' fees.
- 4 Mr Tan Wee Yan, Wilson ceased to be the Chief Executive Officer, an Executive Director and a Member of the Executive Committee with effect from 1 May 2017.
- 5 Mr Tony Tan Tee Hieong was appointed as the Chief Executive Officer, an Executive Director and a Member of the Executive Committee with effect from 1 May 2017.
- 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 Lim Cho Pin Andrew Geoffrey was appointed as Director and a Member of the Audit Committee and the Executive Committee, respectively, with effect from 1 May 2017.

(C) ACCOUNTABILITY AND AUDIT

Accountability

Principle 10:

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

The Manager provides Unitholders with quarterly and annual financial statements within the relevant periods prescribed by the Listing Manual after they are reviewed by the AC and approved by the Board. These financial statements are accompanied by news releases issued to the media and which are also posted on the SGXNet. In presenting the quarterly and annual financial statements to Unitholders, the Board aims to provide Unitholders with a balanced, clear and understandable assessment of CMT's performance, position and prospects. In order to achieve this, Management provides the Board with management accounts on a monthly basis and such explanation and information as any Director may require, to enable the Directors to keep abreast, and make a balanced and informed assessment, of CMT's financial performance, position and prospects.

In addition, the Manager also keeps the Unitholders, stakeholders and analysts informed of the performance and changes in CMT or its business which would be likely to 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.

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

CORPORATE GOVERNANCE

Risk Management and Internal Controls

Principle 11:

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

The Manager has in place an adequate and effective system of risk management and internal controls addressing material financial, operational, compliance and information technology (IT) risks to safeguard Unitholders' interests and CMT'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 AC's scope of duties and responsibilities is as follows:

- (a) makes recommendations to the Board on Risk Appetite Statement (RAS) for CMT Group;
- (b) assesses the adequacy and effectiveness of the risk management and internal controls systems established by the Manager to manage risks;
- (c) oversees Management in 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) makes the necessary recommendations to the Board such that an opinion relating to the adequacy and effectiveness of the risk management and internal controls system can be made by the Board in the annual report of CMT in accordance with the Listing Manual and the Code; and
- (e) considers and advises on risk matters referred to it by Management or the Board 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 risk in an integrated, systematic and consistent manner. The ERM Framework and related policies are reviewed annually.

The Manager consistently seeks to improve and strengthen its ERM Framework. As part of the ERM Framework, the Manager, among other things, undertakes and performs a Risk and Control Self-Assessment (RCSA) annually. As a result of the RCSA, the Manager produces and maintains a risk register which identifies the material risks the CMT Group faces and the corresponding internal controls it has in place to mitigate those risks. The material risks are reviewed annually by the AC and the Board. The AC also reviews the approach of identifying and assessing risks and internal controls in the risk register. The system of risk management and internal controls is reviewed and, where appropriate, refined regularly by the Manager, the AC and the Board. Where relevant, reference is made to the best practices and guidance in the Risk Governance Guidance for Listed Boards issued by the Corporate Governance Council.

The Manager has established an approach on how risk appetite is defined, monitored and reviewed for CMT Group. Approved by the Board, CMT Group's RAS addresses the management of material risks faced by CMT Group. Alignment of CMT Group's risk profile to the RAS is achieved through various communication and monitoring mechanisms put in place across the various functions within the Manager.

More information on the Manager's ERM Framework can be found in the Enterprise Risk Management section on pages 47 to 50 of this Annual Report.

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

The Board has received assurance from the CEO and the Head, Finance of the Manager that:

- (a) the financial records of CMT Group have been properly maintained and the financial statements for FY 2017 give a true and fair view of CMT Group's operations and finances; and
- (b) the system of risk management and internal controls in place for CMT Group is adequate and effective to address the financial, operational, compliance and IT risks which the Manager considers relevant and material to the current business environment.

The CEO and the Head, Finance of the Manager have obtained similar assurances from the respective risk and control owners.

In addition, in FY 2017, the Board has received quarterly certification by Management on the integrity of financial reporting and the Board has provided a negative assurance confirmation to Unitholders as required by the Listing Manual.

Based on the ERM Framework established and the reviews conducted by Management and both the internal and external auditors, as well as the assurance from the CEO and the Head, Finance of the Manager, the Board concurs with the recommendation of the AC and is of the opinion, that CMT Group's system of risk management and internal controls is adequate and effective to address the financial, operational, compliance and IT risks which the Manager considers relevant and material to the current business environment as at 31 December 2017.

The Board notes that the system of risk management and internal controls established by the Manager provides reasonable assurance that 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.

Audit Committee

Principle 12:

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

At present, the AC comprises four non-executive Directors, the majority of whom (including the Chairman of the AC) are IDs. The members bring with them invaluable recent and relevant managerial and professional expertise in accounting and related financial management domains; in particular the Chairman of the AC is a Fellow of the Institute of Singapore Chartered Accountants, among other professional affiliations. None of the AC members was previously a partner of the incumbent external auditors, KPMG LLP (KPMG), within the previous 12 months, nor does any of the AC members hold any financial interest in KPMG.

The AC has explicit authority to investigate any matter within its terms of reference. Management is required to provide the fullest 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 executive officer to attend its meetings. Similarly, both the internal and external auditors are given unrestricted access to the AC.

Under its terms of reference, the AC's scope of duties and responsibilities is as follows:

- (a) reviews 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 CMT Group's financial performance;
- (b) reviews and reports 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) reviews the adequacy and effectiveness of the Manager's internal audit and compliance functions;
- (d) reviews the scope and results of the external audit and independence and objectivity of the external auditors;
- (e) makes 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;

CORPORATE GOVERNANCE

- (f) reviews and approves processes to regulate transactions involving 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 requirement 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) reviews the whistle-blowing policy and arrangements by which employees of the Manager and any other persons may, in confidence, report suspected fraud or irregularity or suspected infringement of any laws or regulations or rules, or raise concerns about possible improprieties in matters of financial reporting or other matters with a view to ensuring that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken.

The AC has reviewed the nature and extent of non-audit services provided by the external auditors in FY 2017 and the fees paid for such services. The AC is satisfied that the independence of the external auditors has not been impaired by the provision of those services. The external auditors have also provided confirmation of their independence to the AC. The aggregate amount of fees paid and payable to the external auditors for FY 2017 was S\$391,000, of which audit and audit-related fees amounted to S\$371,000 and non-audit fees amounted to S\$20,000.

In FY 2017, the AC also met with the internal and external auditors, without Management's presence, to discuss the reasonableness of the financial reporting process, the system of internal controls, and the significant comments and recommendations by the auditors. Where relevant, the AC makes reference to 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.

In its review of the financial statements of CMT Group for FY 2017, the AC had 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, among other matters, a review of valuation of investment properties and investment properties under development, a key audit matter identified by external auditors for the financial year ended 31 December 2017.

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

The valuers are changed every two years to provide fresh perspectives to the valuation process. This practice has been consistently adhered to over time.

The AC reviewed the outputs from the valuation process of the investment properties and investment properties under development and held discussions with the Management and 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 and estimated development costs adopted by the valuers.

The valuation of investment properties and investment properties under development 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 and investment properties under development.

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

Changes to the accounting standards and accounting issues which have a direct impact on the financial statements were reported to and discussed with the AC at its meetings.

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

Internal Audit

Principle 13:

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Manager has in place an internal audit function supported by CL's Internal Audit Department (CL IA) which reports directly to the AC and administratively to the CEO. The AC is of the view that the internal audit function performed by CL IA is adequately resourced and has appropriate standing within CMT Group. CL IA plans its internal audit schedules in consultation with, but independently of, Management and its plan is submitted to the AC for approval prior to the beginning of each year. The AC also meets with CL IA at least once a year without the presence of Management. CL IA has unfettered access to the Manager's documents, records, properties and employees, including access to the AC.

CL IA is a corporate member of the Singapore branch of the Institute of Internal Auditors Inc. (IIA), which has 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 the IIA, and has incorporated these Standards into its audit practices. With respect to FY 2017, the AC has reviewed and is satisfied as to the adequacy and effectiveness of the IA function.

To ensure that internal audits are performed by competent professionals, CL IA recruits and employs suitably qualified professional staff with the requisite skill sets and experience. For instance, CL IA staff who are involved in IT audits are Certified Information System Auditors and members of the Information System Audit and Control Association (ISACA) in the USA. The ISACA Information System Auditing Standards provide guidance on the standards and procedures to be applied in IT audits.

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

(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Shareholder Rights

Principle 14:

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

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. They are also entitled to attend general meetings and are accorded the opportunity to participate effectively and vote at general meetings (including through 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.

More information on Unitholder participation in general meetings can be found in the section on Principle 16: Conduct of Shareholder Meetings of this Report.

CORPORATE GOVERNANCE

Communication with Shareholders

Principle 15:

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

The Manager is committed to keeping all Unitholders and other stakeholders and analysts informed of the performance and changes in CMT or its business which would be likely to 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.

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

The Manager actively engages with Unitholders and has put in place an Investor Relations Policy (Policy) to promote regular, effective and fair communications with Unitholders. The Policy is available on CMT's website at www.cmt.com.sg.

The Board has established the CDC which assists the Board in the discharge of its function to meet the obligations arising under the laws and regulations of Singapore relating to and to conform to best practices in the corporate disclosure and compliance process. The views and approval of the CDC were sought throughout the year through emails on various announcements and news releases.

More information on the Manager's investor and media relations with Unitholders can be found in the Investor & Media Relations section on pages 51 to 53 of this Annual Report and the Policy which is available on CMT's website.

CMT is included in the Straits Times Index (STI), the primary Singapore equity market barometer. It is also included in other key indices which are widely tracked and referred to by international fund managers as performance benchmarks in the selection and monitoring of investments.

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 books closure date.

Conduct of Shareholder Meetings

Principle 16:

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

The Manager supports the principle of encouraging Unitholders' participation and voting at general meetings. Unitholders receive a CD-ROM containing the CMT annual report (printed copies are available upon request) and notice of the general meeting. Notices of the general meetings are also advertised in the press and issued on SGXNet. The requisite notice period for a general meeting is adhered to. All Unitholders are given the opportunity to participate effectively in and vote at general meetings.

At general meetings, Unitholders are encouraged to communicate their views and discuss with the Board and Management matters affecting CMT. Representatives of the Trustee, Directors (including the chairpersons of the Board and the AC), the Manager's senior management and the external auditors of CMT, would usually be present at general meetings to address any queries from Unitholders. All the Directors attended the last general meeting. A record of the Directors' attendance at the general meeting can be found in the records of their attendance of meetings set out at page 45 of this Annual Report.

To safeguard Unitholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings. To ensure transparency in the voting process and better reflect Unitholders' interest, the Manager conducts electronic poll voting for all the resolutions proposed at the general meetings. Voting procedures 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 at the general meetings. The total number of votes cast for or against the resolutions and the respective percentages are also announced on SGXNet after the general meetings. Voting in absentia and by email, which are currently not permitted may only be possible following careful study to ensure that the integrity of information and authentication of the identity of Unitholders through the web are not compromised, and legislative changes are effected to recognise remote voting.

Minutes of the general meetings, recording the substantial and relevant comments made and questions raised by Unitholders are prepared and are available to Unitholders for their inspection upon request. Minutes of the annual general meetings are also available on CMT's website at www.cmt.com.sg.

Unitholders also have the opportunity to communicate their views and discuss with the Board and Management matters affecting CMT after the general meetings.

(E) ADDITIONAL INFORMATION

Additional Committees

Apart from the AC and CDC, the Board has also established an EC and IC.

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.

The IC is guided by its terms of reference, in particular, the IC reviews proposals on and, where it considers appropriate, approve proposals on investments and divestments of CMT within the authority or limits approved from time to time by the Board.

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.

CORPORATE GOVERNANCE

In particular, the procedures in place include the following:

Interested Person Transactions¹	Approving Authority, Procedures and Disclosure
Below S\$100,000 per transaction	▼ 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)	▼ Trustee ▼ Audit Committee
Transaction ² which:	▼ Trustee ▼ Audit Committee ▼ Immediate announcement
(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	
Transaction ² which:	▼ Trustee ▼ Audit Committee ▼ Immediate announcement ▼ Unitholders ³
(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	

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 and 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 2017 are disclosed on pages 217 to 218 of this Annual Report.

Dealing with Conflicts of Interest

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

- (a) the Manager 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 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 devised and adopted a securities dealing policy for the Manager's officers and employees which applies the best practice recommendations in the Listing Manual. To this end, the Manager has issued guidelines to its Directors and employees as well as certain relevant executives of the CL group, which set out prohibitions against dealings in CMT Group's securities (i) while in possession of material unpublished price-sensitive information, (ii) during the two weeks immediately preceding, and up to the time of the announcement of, CMT's financial statements for each of the first three quarters of CMT's financial year, and (iii) during the one month immediately preceding, and up to the time of the announcement of, CMT's financial statements for the full financial year. Prior to the commencement of each relevant period, an email would be sent out to all Directors and employees of the Manager as well as certain relevant executives of the CL group to inform them of the duration of the period. The Manager will also not deal in CMT Group's securities during the same period. In addition, employees and Capital Markets Services Licence Appointed Representatives of the Manager are required to give pre-trading notification to the CEO and the Compliance department before any dealing in CMT Group's securities.

Directors and employees of the Manager as well as certain relevant executives of the CL group are also prohibited from dealing in securities of CMT Group if they are in possession of unpublished price-sensitive information of CMT Group by virtue of their status as Directors and/or employees. As and when appropriate, they would be issued an advisory to refrain from dealing in CMT Group's securities.

Under the policy, Directors and employees of the Manager as well as certain relevant executives of the CL group 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.

CORPORATE GOVERNANCE

(F) 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'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.

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

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.

Bribery and Corruption Prevention Policy

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

The Manager's zero tolerance policy towards 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.

Whistle-Blowing Policy

A whistle-blowing policy and other procedures are put in place to provide employees of the Manager 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 the whistle-blowing policy is to encourage the reporting of such matters so that employees or external parties making any reports in good faith will be able to do so with the confidence that they will be treated fairly and, to the extent possible, be protected from reprisal.

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 screening and representative screening; and
- (f) training.

The Manager has developed and implemented a policy on the prevention of money laundering and terrorist financing and is alert at all times to suspicious transactions. Where there is a suspicion of money laundering or terrorist financing, the Manager performs due diligence checks on its counterparties in order to ensure that it does not enter into business transactions with terrorist suspects or other high risk persons or entities. Suspicious transactions are also reported to the Suspicious Transaction Reporting Office of the Commercial Affairs Department.

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

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

Composition and Attendance Record of Meetings

	Composition				Attendance Record of Meetings in FY 2017		
	Audit Committee	Corporate Disclosure Committee			Board	Audit Committee	General Meeting
		Executive Committee	Investment Committee	Number of Meetings Held: 4	Number of Meetings Held: 4	Number of Meetings Held: 1	
Adj Prof Richard R. Magnus	-	Chairman	-	Member	4 out of 4	N.A.	1 out of 1
Lim Ming Yan	-	Member	Chairman	Chairman	4 out of 4	N.A.	1 out of 1
Tan Wee Yan, Wilson ¹	-	-	Member	-	2 out of 4	N.A.	1 out of 1
Tony Tan Tee Hieong ²	-	-	Member	-	2 out of 4	N.A.	N.A.
Tan Kian Chew	-	-	-	-	4 out of 4	N.A.	1 out of 1
Ng Chee Khern	-	-	-	-	4 out of 4	N.A.	1 out of 1
Lee Khai Fatt, Kyle	Chairman	-	-	Member	4 out of 4	4 out of 4	1 out of 1
Fong Kwok Jen	Member	-	-	-	4 out of 4	4 out of 4	1 out of 1
Gay Chee Cheong	Member	-	-	-	3 out of 4	3 out of 4	1 out of 1
Lim Cho Pin Andrew Geoffrey ³	Member		Member		2 out of 4	2 out of 4	N.A.
Jason Leow Juan Thong	-	Member	Member	Member	4 out of 4	N.A.	1 out of 1

N.A.: Not Applicable.

1 Mr Tan Wee Yan, Wilson ceased to be the Chief Executive Officer, an Executive Director and a Member of the Executive Committee with effect from 1 May 2017.

2 Mr Tony Tan Tee Hieong was appointed as the Chief Executive Officer, an Executive Director and a Member of the Executive Committee with effect from 1 May 2017.

3 Mr Lim Cho Pin Andrew Geoffrey was appointed as a Non-Executive Non-Independent Director and a Member of the Audit Committee and the Executive Committee, respectively, with effect from 1 May 2017.

CORPORATE GOVERNANCE

▼ Key Management Personnel's Remuneration Table for the Financial Year Ended 31 December 2017

Total Remuneration Bands	Salary inclusive of AWS and employer's CPF	Bonus and Other Benefits inclusive of employer's CPF ¹	Award of Units ²	Total
Above S\$500,000 to S\$750,000				
Tony Tan Tee Hieong (for the period from 1 May 2017 to 31 December 2017)	39%	37%	24%	100%
Above S\$250,000 to S\$500,000				
Tan Wee Yan, Wilson (for the period from 1 January 2017 to 30 April 2017)	50%	50%	-	100%
Key Officers³				
Tan Lei Keng Audrey Tan	51%	32%	17%	100%
Total for CEO and Key Officers		S\$2,055,704		

1 The amounts disclosed include bonuses earned and the other incentive plans which have been accrued for in FY 2017.

2 The Unit awards are 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 the CapitaLand Mall Trust Management Limited Performance Unit Plan (PUP) at the time of grant. 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 Jacqueline Lee is employed by CapitaLand Limited, to which the Manager outsources the Investment and Asset Management functions, among others.

ENTERPRISE RISK MANAGEMENT

Risk management is an integral part of CapitaLand Mall Trust and its subsidiaries' (CMT Group) business at both the strategic and operational levels. A proactive approach towards risk management supports the achievement of CMT Group's strategic and business objectives, hence creating and preserving value.

The Manager recognises that risk management is just as much about opportunities as it is about threats. To capitalise on opportunities, the Manager has to take measured risks. Risk management is not about pursuing risk minimisation as a goal, but rather optimising the risk-reward relationship within known and agreed risk appetite levels. The Manager therefore takes risks in a prudent manner for justifiable business reasons.

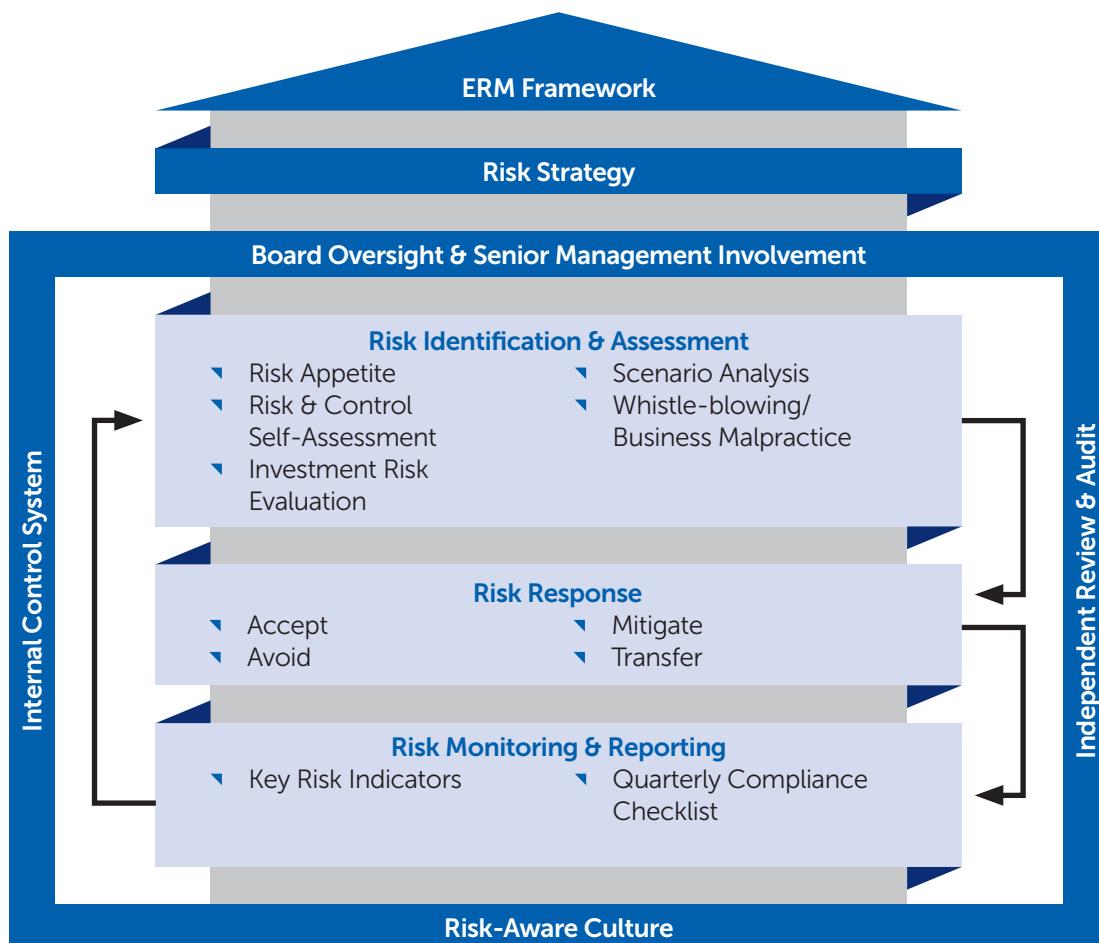
The Board of Directors of the Manager (Board) is responsible for the governance of risk across CMT Group. The responsibilities include determining CMT Group's risk appetite, overseeing the Manager's Enterprise Risk Management (ERM) Framework, regularly reviewing CMT Group's risk profile, material risks and mitigation strategies, and ensuring the adequacy and

effectiveness of risk management framework and policies. For these purposes, it is assisted by the Audit Committee (AC) which provides oversight of risk management at the Board level.

The AC currently comprises three independent and one non-independent Board members, and meets quarterly. The meetings are attended by the Chief Executive Officer as well as other key management staff of the Manager.

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 CMT Group's 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. Having considered the interest of key stakeholders, 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.

Enterprise Risk Management Framework



ENTERPRISE RISK MANAGEMENT

The Manager's ERM Framework is adapted from the International Organization for Standardization (ISO) 31000 International Risk Management Standards. It also takes reference from the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework and other relevant best practices and guidelines, and sets out the required environmental and organisational components which enable the Manager to manage risks in an integrated, systematic and consistent manner. The ERM Framework and related risk management policies are reviewed annually and have been validated by external ERM consultants.

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

The Manager believes that having the right risk culture and people with the right attitude, values and knowledge are fundamental to CMT Group's ERM. Therefore, the Manager works closely with CapitaLand's Risk Assessment Group to proactively enhance risk management knowledge by conducting regular workshops for all levels and functions, and to promote a culture of risk awareness which embeds risk management principles in decision making and business processes.

Annually, the Manager facilitates and coordinates CMT Group's Risk and Control Self-Assessment (RCSA) exercise that requires the corporate functions to proactively identify, assess and document material risks as well as the corresponding key controls and mitigating measures to address them. 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 undertakes an iterative and comprehensive approach to identify, manage, monitor and report material risks across CMT Group. These material risks include:

Business Interruption Risk

CMT Group is exposed to business interruption risk arising from sudden and major disaster events such as fire, prolonged

power outages or other major infrastructure or equipment failures which may significantly disrupt operations at our malls or data centres. Such risks are managed through proactive facilities management (for example, routine inspection and scheduled maintenance) and having crisis management procedures at each property. In addition, the outsourced Information Technology (IT) team from CapitaLand has a defined disaster recovery plan which is reviewed and tested annually.

Climate Change Risk

CMT Group recognises the importance of managing climate change faced in development projects and operations. This includes physical risks such as rising sea levels, flash floods, fresh water depletion, violent storms, intense heat waves, as well as changes in government regulations and other climate related developments. With the Paris Agreement, which came into force in November 2016, countries are undertaking actions to mitigate climate change where more stringent regulations are expected. CMT Group is positioned to face such challenges and is constantly reviewing its mitigation and adaption efforts, which includes targets to achieve Building and Construction Authority Green Mark Certification for existing properties by FY 2020 and energy and water usage targets for operational properties. CapitaLand is ISO 14001 certified and its environmental management system is a key tool in managing CMT Group's environmental footprint across its entire portfolio.

Competition Risk

CMT Group faces keen competition from established players, online businesses and new market entrants which are likely to affect shopper traffic and tenants' sales. The Manager adopts a relentless approach to strengthening CMT Group's competitiveness through optimising tenant mix, differentiating product and service offerings, refreshing mall concepts and asset enhancement initiatives (AEI). Tenant and customer loyalty are promoted through customer-centric initiatives and shopper loyalty programmes to generate sustainable demand for our retail space.

Credit Risk

Credit risk is the potential volatility in earnings caused by tenants' failure to fulfil their contractual lease payment obligations, as and when these are due. The Manager has in place a stringent collection policy to ensure that credit risk is minimised. In addition to the requirement for upfront payment of security deposit of an amount typically equivalent to three months' rent, the Manager also establishes vigilant debt monitoring and collection procedures.

Economic Risk

CMT Group is exposed to developments in the economy, and key financial and property markets. These developments may reduce revenue, increase costs and result in downward revaluation of CMT Group's assets. Market illiquidity during a financial crisis can also make asset investment and divestment challenging, possibly affecting CMT Group's investment and strategic objectives. The Manager manages this by adopting a disciplined approach towards financial management and having a well-balanced portfolio across Singapore with majority of its malls being focused on necessity shopping.

Information Technology Risk

With increased reliance on IT as business enabler, the outsourced IT team from CapitaLand has put in place policies and procedures which set out governance and controls of IT risks, including cyber risks. Appropriate measures are in place to ensure the confidentiality, integrity and availability of CMT Group's information assets. These include implementing access controls, building up data security (in relation to shopper/tenant details and financial information for example), raising employees' IT security awareness through activities such as phishing campaigns and conducting IT disaster recovery exercises annually to ensure business recovery objectives are met.

Interest Rate Risk

Some of CMT Group's existing debts carry floating interest rates, and consequently, the interest cost for such loans will be subjected to fluctuations in interest rates. Interest rate risk is managed on an ongoing basis through regular reviews on the optimal mix of fixed and floating rate borrowings, and with the primary objective of minimising the impact on net interest expenses that is caused by adverse movements in interest rates. The Manager also proactively seeks to minimise the level of interest rate risk by locking in most of the borrowings of CMT Group at fixed interest rates.

Investment and Divestment Risk

The main sources of growth for CMT Group are AEI, acquisition of properties as well as investment in greenfield developments. The risks involved in such investment activities are managed through a rigorous set of investment criteria which includes potential for growth in yield, rental sustainability and potential for value creation. All major investment and divestment decisions are reviewed and approved by the Board. The Manager conducts due diligence reviews in relation to any investment or divestment proposal. Key financial assumptions are reviewed and sensitivity analysis are performed on key variables. Potential risks associated with proposed projects

and the issues that may prevent smooth implementation or attainment of projected outcomes are identified at the evaluation stage. This is to enable the Manager to devise action plans to mitigate such risks as early as possible.

Leasing Risk

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. The Manager establishes a diversified tenant base, sustainable trade mix, and has in place proactive tenant management strategies which are in line with the malls' positioning. It is also the Manager's priority to closely monitor tenants' sales performance, and maintain positive relationships and rapport with retailers to build loyalty with CMT Group's malls.

Liquidity Risk

The Manager actively monitors the cash flow position of CMT Group to ensure that there are sufficient liquid reserves, in the form of cash and banking facilities, to finance CMT Group's operations and AEI. Given CMT Group's reliance on external sources of funding, the health of the capital markets directly affects CMT Group. Other than the Multicurrency Medium Term Note Programme and Euro-Medium Term Note Programme, CMT is also one of the first real estate investment trusts to set up a retail bond programme and has tapped into the convertible bonds and commercial mortgage backed securities markets for funds. In addition, CMT Group has banking facilities as a source of back-up. CMT Group's ability to raise funds from both banks and capital markets has enabled it to minimise over-reliance on a single source of funds for any funding or refinancing requirements. The Manager will continue to proactively manage the capital structure of CMT Group by ensuring its debt maturity profile is spread out without major concentration of debts maturing in a single year, and maintaining an optimal aggregate leverage. The Manager also monitors covenants closely to ensure compliance.

Physical Security Risk

To manage physical security risk of CMT Group's properties, the Manager ensures that there are standard operating procedures in place at each of our malls. In the event of terrorist attacks and sabotage, our Property Managers are prepared to manage the situations together with the police and civil defence force. Yearly evacuation drills are conducted in the malls to familiarise the tenants and staff with the emergency response plan. Together with security agencies, our malls took part in the anti-terror

ENTERPRISE RISK MANAGEMENT

exercise led by the Singapore Police Force. Our malls are equipped with automated external defibrillators (AED) and our Property Managers undergo accredited training in AED, cardiopulmonary resuscitation and first aid every two years. In addition, our Emergency Response Teams undergo certified refresher trainings annually to prepare themselves adequately in times of emergency.

Project Management Risk

The outsourced Project Management team from CapitaLand which comprises experienced technical staff with various expertise such as architectural design, mechanical & electrical engineering and safety, adopts a rigorous project management process to ensure that project cost, quality and time objectives are met. There are stringent pre-qualification procedures to appoint well-qualified vendors. Key criteria such as vendors' track records and financial performance are assessed. The Manager also conducts regular site visits to closely monitor the progress of projects and manage potential risks of delays, poor workmanship and cost overruns.

Regulatory and Compliance Risk

CMT Group is required to comply with applicable and relevant legislation and regulations that include the Listing Manual of the Singapore Exchange Securities Trading Limited, the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore, the Securities and Futures Act and the tax rulings issued by the Inland Revenue Authority of Singapore. The Manager has in place a framework that proactively identifies applicable laws, regulatory obligations and legal updates and embeds compliance into the day-to-day operations.

Safety, Health and Well-being Risks

CMT Group recognises the importance of managing safety, health and well-being risks faced in development projects and operations, and the positive impact that a safe building and healthy workplace can have on tenants, shoppers, public and staff. CapitaLand's Environmental Health and Safety Management System is audited by a third-party accredited certification body to the Occupational Health and Safety Assessment Series (OHSAS) 18001 standards.

INVESTOR & MEDIA RELATIONS

We are committed to providing the investment and media communities with timely, objective and transparent information on CMT's business and performance.

There were approximately 18,600 registered Unitholders that owned CMT units as at 31 December 2017. The Manager proactively engages and meets existing and potential investors as well as analysts. In 2017, we met or held conference calls with over 300 institutional investors locally and globally through participation in one-on-one meetings, post-results investor briefings as well as investor conferences and roadshows in Singapore, Japan, Hong Kong, Thailand, Australia and the United States of America. We also made conscious efforts to engage retail investors through large group seminar and event. CMT is a member of the Investor Relations Professionals Association Singapore (IRPAS) and is also a member of the REIT Association of Singapore (REITAS). During the year, CMT participated in an investment event jointly organised by Shareinvestor and REITAS, and SGX-REITAS Education Series titled 'Insights into the REITs Industry' to reach out to retail investors, where the Chief Executive Officer (CEO) of the Manager shared about CMT and the retail industry. The participants had the opportunity to ask questions and interact with the CEO at the event.

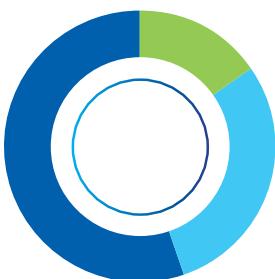
Joint analyst and media results briefings are held every six months to provide updates on CMT's half-year and

full-year financial and operational performance. The briefings are webcast 'live' and viewers of the webcasts can send in questions online to be addressed by the management.

In addition, the annual general meeting (AGM) provides an important channel for communication between the management and Unitholders. CMT convened its AGM in April 2017 with Unitholders approving all resolutions tabled at the event. The Manager adopted the use of electronic voting by poll for the resolutions put forth and this has resulted in greater efficiency in the polling process. Minutes of the AGM are also made available on CMT's website for greater transparency.

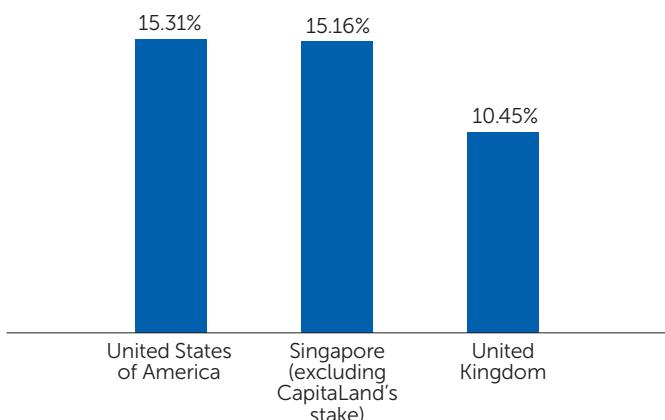
General information on CMT including annual reports, property portfolio details and investor presentations is updated regularly on the corporate website (www.cmt.com.sg) for investors and the general public. All news releases and announcements are also made available on the Singapore Exchange Securities Trading Limited's (SGX-ST) and CMT's websites. Investors may also sign up for email alerts to receive the latest updates on CMT. Tours of our properties are regularly conducted for analysts, investors and journalists to better understand the performance of the various properties and the asset enhancement initiatives. Currently, 23 local and foreign brokerage firms have research coverage on CMT.

Unitholdings By Investor Type



■ Institutional Investors	55.17%
■ CapitaLand	29.40%
■ Retail Investors	15.43%

Top 3 Unitholdings by Geography



INVESTOR & MEDIA RELATIONS

As part of our proactive corporate governance efforts and in line with the Monetary Authority of Singapore's Code of Corporate Governance 2012, we have put in place a Unitholders' communication and investor relations policy to promote regular, effective and fair communication with Unitholders.

In recognition of our good practices, CMT has won the following awards in 2017:

- ▼ Securities Investors Association Singapore
18th Investors' Choice Awards
Winner, Singapore Corporate Governance Award (REITs & Business Trusts category)
- ▼ Singapore Governance and Transparency Index (SGTI) Award
Winner, SGTI Award (REIT and Business Trust category)
- ▼ Singapore Corporate Awards 2017
Silver, Best Annual Report (REITs and Business Trusts category)
- ▼ Singapore Investor Relations Website Survey 2017
2nd Runner Up (Large Cap)
- ▼ IR Magazine Awards and Conference South East Asia 2017
Best IR website Certificate of Excellence

▼ Investor & Media Relations Calendar 2017

		Venue
1st Quarter	Media & Analysts' Results Briefing cum 'live' Webcast for Full Year 2016 Results	Singapore
	Post-Full Year 2016 Results Investors' Lunch hosted by Morgan Stanley	Singapore
	Nomura Global Real Estate Forum	Japan
	Daiwa ASEAN REIT Day	Singapore
2nd Quarter	Annual General Meeting	Singapore
	Post-1Q 2017 Results Investors' Lunch hosted by Citi	Singapore
	Post Results Non-deal Roadshow	Hong Kong
	dbAccess Asia Conference	Singapore
	REITs Symposium 2017	Singapore
3rd Quarter	Nomura Investment Forum Asia	Singapore
	Media & Analysts' Results Briefing cum 'live' Webcast for Half Year 2017 Results	Singapore
	Post-Half Year 2017 Results Investors' Lunch hosted by Deutsche Bank	Singapore
	Post Results Non-deal Roadshow	Thailand
	Macquarie ASEAN Conference 2017	Singapore
4th Quarter	Citi, REITAS & SGX C-Suite Singapore REITs & Sponsors Corporate Day 2017	Singapore
	Post Results Non-deal Roadshow	Australia
	Post-3Q 2017 Results Investors' Lunch hosted by HSBC	Singapore
	Post Results Non-deal Roadshow	United States of America
	SGX REITAS Education Series – Insights into the REITs Industry	Singapore
	Morgan Stanley 16th Annual Asia Pacific Summit	Singapore

▼ Financial Calendar

	2017	2018 (Tentative)
First Quarter Results Announcement	20 Apr 2017	Apr 2018
First Quarter Distribution to Unitholders	29 May 2017	May 2018
Second Quarter Results Announcement	21 Jul 2017	Jul 2018
Second Quarter Distribution to Unitholders	29 Aug 2017	Aug 2018
Third Quarter Results Announcement	20 Oct 2017	Oct 2018
Third Quarter Distribution to Unitholders	29 Nov 2017	Nov 2018
Full Year Results Announcement	24 Jan 2018	Jan 2019
Final Distribution to Unitholders	28 Feb 2018	Feb 2019

▼ Unitholders' Enquiries

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

Ms Audrey Tan
Investor Relations

Ms Chia Pei Siang
Group Communications

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Fax: +65 6713 2999
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Website: www.cmt.com.sg

UNIT REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
Tel: +65 6536 5355
Fax: +65 6536 1360
Email: srs.teama@boardroomlimited.com
Website: www.boardroomlimited.com

For depository-related matters such as change of details pertaining to Unitholders' investment records, please contact:

The Central Depository (Pte) Limited
9 North Buona Vista Drive
#01-19/20 The Metropolis Tower 2
Singapore 138588
Tel: +65 6535 7511
Fax: +65 6535 0775
Email: asksgx@sgx.com
Website: www.sgx.com/cdp

UNIT PRICE PERFORMANCE

The improvements in the Singapore's economy, underpinned by expansion in the manufacturing and service sectors, have boosted consumer confidence. The growth outlook for Singapore's key external demand markets have improved, alongside a stronger-than-expected recovery in global electronics demand.

The stock market has outperformed during the year. The FTSE ST Real Estate (RE) Index, FTSE ST Real Estate

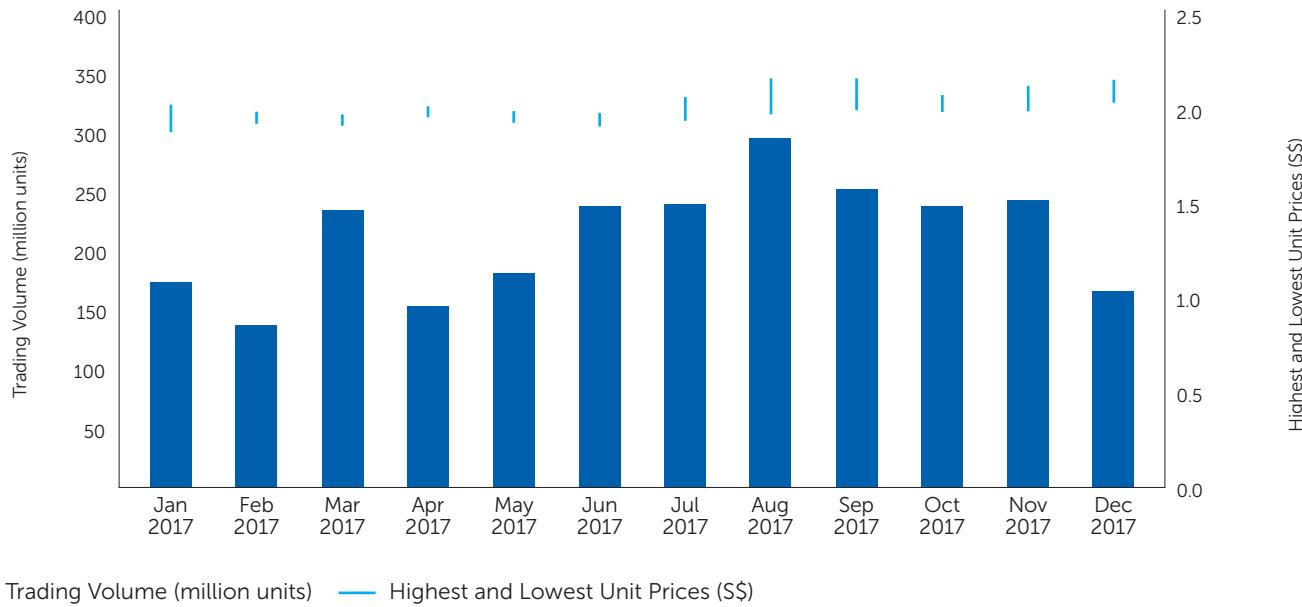
Investment Trusts (REIT) Index and the Straits Times Index (STI) increased by 23.5%, 20.6% and 18.1% respectively as at end-2017. CMT's unit price has also improved by 13.0% to close at S\$2.130 as at end-2017, compared to S\$1.885 as at end-2016. CMT's market capitalisation was approximately S\$7.6 billion as at 31 December 2017. The trading volume in 2017 reached approximately 2.6 billion units, translating to an average daily trading volume of approximately 10.3 million units.

Trading Data by Year

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Unit Price (S\$)										
Highest	3.75	1.87	2.15	2.00	2.20	2.38	2.09	2.28	2.25	2.17
Lowest	1.38	0.98	1.67	1.64	1.71	1.82	1.80	1.85	1.87	1.885
Opening	2.80	1.30	1.80	1.96	1.72	2.15	1.91	2.04	1.94	1.90
Average Closing	2.78	1.50	1.91	1.85	1.91	2.05	1.95	2.06	2.07	2.01
Last Done at Year-end	1.59	1.80	1.95	1.70	2.13	1.905	2.04	1.93	1.885	2.13
Trading Volume (million units)	1,380.6	2,554.8	1,435.3	1,672.9	1,877.2	2,137.5	1,994.9	2,256.0	2,427.4	2,563.3
Average Daily Trading Volume (million units)	5.5	10.2	5.7	6.7	7.5	8.5	7.9	9.1	9.6	10.3
Net Asset Value Per Unit ¹ (S\$)	2.41	1.54	1.53	1.56	1.64	1.71	1.79	1.86	1.86	1.92

¹ Excluding the distribution to be paid for the last quarter of the respective financial year.

CMT's Monthly Trading Performance



Comparative Price Trends

	CMT		STI		FTSE ST RE Index		FTSE ST REIT Index	
	Closing Unit Price (\$\$)	Index ¹	Closing Index Value	Rebased Index ¹	Closing Index Value	Rebased Index ¹	Closing Index Value	Rebased Index ¹
Dec 2016	1.885	100.0	2,880.76	100.0	698.70	100.0	709.49	100.0
Jan 2017	1.940	102.9	3,046.80	105.8	741.44	106.1	734.79	103.6
Feb 2017	1.970	104.5	3,096.61	107.5	757.76	108.5	741.58	104.5
Mar 2017	1.970	104.5	3,175.11	110.2	788.73	112.9	755.81	106.5
Apr 2017	1.970	104.5	3,175.44	110.2	807.63	115.6	771.55	108.7
May 2017	1.990	105.6	3,210.82	111.5	804.50	115.1	782.53	110.3
Jun 2017	1.975	104.8	3,226.48	112.0	810.14	115.9	798.62	112.6
Jul 2017	2.010	106.6	3,329.52	115.6	836.94	119.8	808.84	114.0
Aug 2017	2.170	115.1	3,277.26	113.8	839.55	120.2	810.27	114.2
Sep 2017	2.000	106.1	3,219.91	111.8	829.06	118.7	804.72	113.4
Oct 2017	2.020	107.2	3,374.08	117.1	855.47	122.4	823.72	116.1
Nov 2017	2.050	108.8	3,433.54	119.2	853.17	122.1	834.92	117.7
Dec 2017	2.130	113.0	3,402.92	118.1	862.64	123.5	855.88	120.6

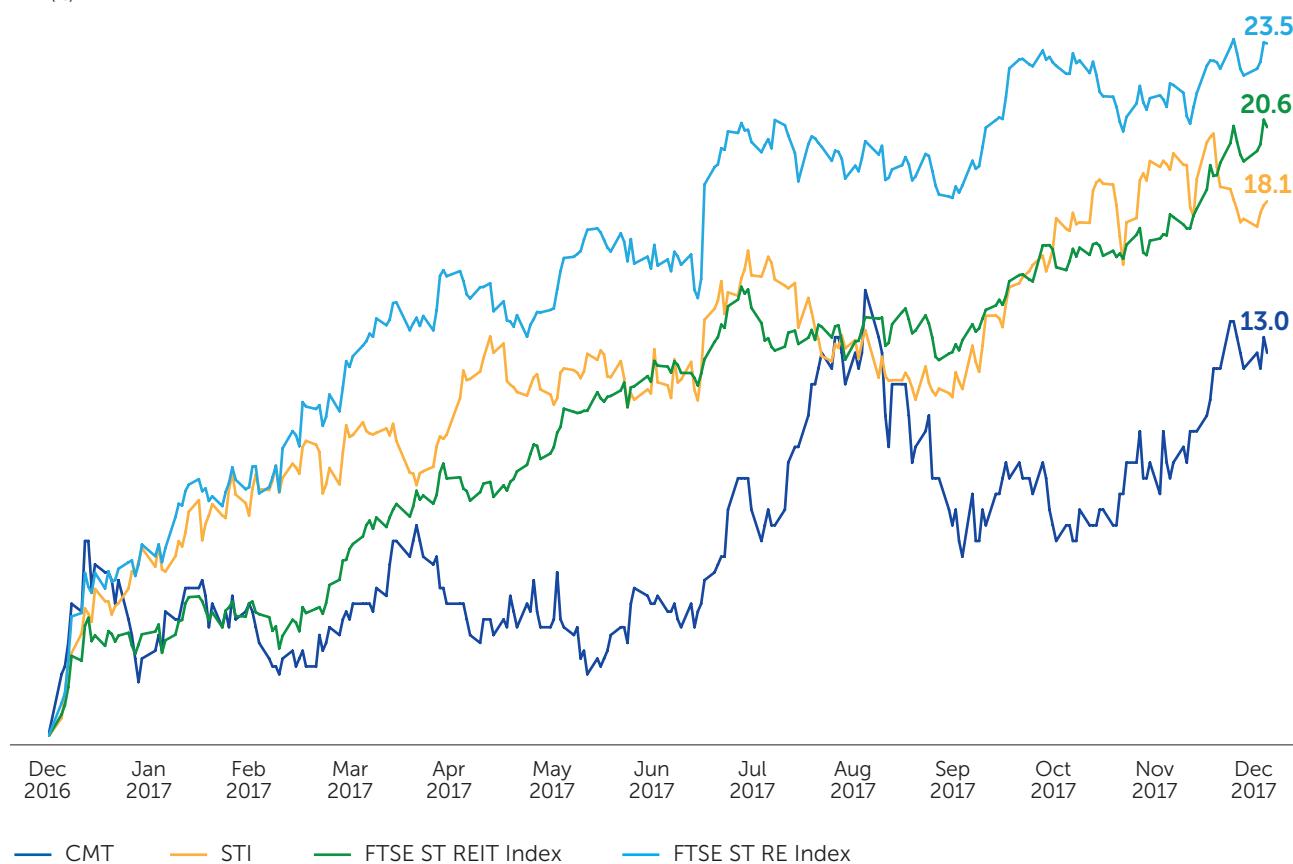
Source: Bloomberg.

¹ Illustrates the change from the base value as at end-December 2016.

UNIT PRICE PERFORMANCE

Comparative Price Trends

(%)



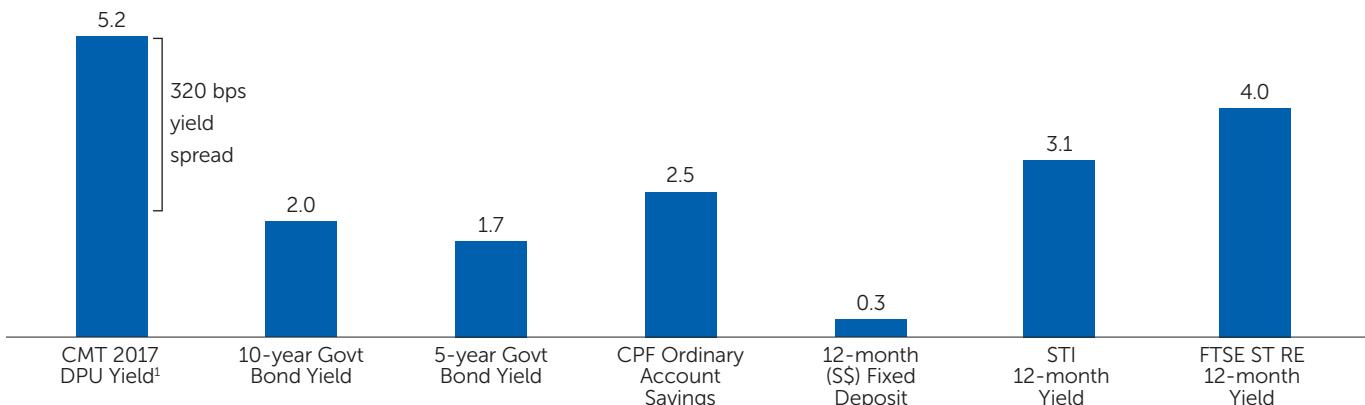
Changes in CMT's Unit Price and Index Values

(From 31 December 2016 to 31 December 2017)

	%
CMT	13.0
STI	18.1
FTSE ST REIT Index	20.6
FTSE ST RE Index	23.5

▼ Comparative Yields (%)

(As at 31 December 2017)



Sources: Bloomberg, Central Provident Fund (CPF) Board, Monetary Authority of Singapore.

¹ Based on the distribution per unit (DPU) of 11.16 cents for the period 1 January 2017 to 31 December 2017 and the closing unit price of S\$2.130 on 29 December 2017.

▼ 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 Straits Times (ST) Index
FTSE All-World 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

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.

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

S&P⁵ Global BMI (USD)
S&P⁵ GIVI Global Index (USD)
S&P⁵ Global Low Volatility Index
S&P⁵ Global REIT (USD)
S&P⁵ International Environmental & Socially Responsible Index
S&P⁵ Intrinsic Value Weighted Global Index (USD)
S&P⁵ Low Beta Global Index (USD)
S&P⁵ Global Property Index

Dow Jones Global Index
Dow Jones Global Select Real Estate Securities Index
Dow Jones Singapore Titans Index (USD)
Dow Jones Sustainability World Diversified Index

SGX⁶ ESG Leaders Index
SGX⁶ ESG Transparency Index
SGX⁶ S-REIT Index
SGX⁶ S-REIT 20 Index
SGX⁶ Real Estate Index
SGX⁶ Real Estate 20 Index
SGX⁶ APAC ex Japan Dividend Leaders REIT Index

⁴ Morgan Stanley Capital International.
⁵ Standard & Poor's.
⁶ Singapore Exchange.

SUSTAINABILITY MANAGEMENT

WHAT SUSTAINABILITY MEANS TO US

CEO's Message

CMT recognises that sustainability can power innovation, and with this we are able to open up new and innovative possibilities that better serve the needs of our stakeholders, without compromising the environment for future generations.

Sustainability is integral to our business, and CMT is committed to sustainable policies and practices.

We are heartened to have received numerous awards recognising our efforts and achievements in corporate governance, transparency, sustainability and investor relations. The management of environmental, social and governance (ESG) issues are critical to create a sustainable future for CMT, our stakeholders and the society.

CMT is pleased to publish its Sustainability Report, which has been prepared in accordance with the Global Reporting Initiative (GRI) Standards and in compliance with SGX requirements.

As we build on the momentum of our sustainability journey, we will strengthen our engagement with key stakeholders, as well as improve our sustainability efforts, performances, measures and activities with the ultimate goal of building a sustainable business for the future.

Tony Tan Tee Hieong
Chief Executive Officer



Immersive Multi-Media Fitness Experience at Raffles City Singapore

Sustainability Commitment

As a CapitaLand-sponsored REIT, CMT is managed by wholly owned subsidiaries of CapitaLand, which include the Manager as well as Property Managers who oversee daily property operations. The teams behind the Manager and Property Managers are responsible for property and portfolio operations in 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.

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 upholds high standards of corporate governance and transparency to safeguard Unitholders' interests.

In recognition of its efforts, CMT is listed in the FTSE4Good Developed Index, FTSE4Good ASEAN 5 Index, S&P International Environmental & Socially Responsible Index, Dow Jones Sustainability World Diversified Index, SGX ESG Leaders Index and SGX ESG Transparency Index. CMT was also recognised as the Regional Sector Leader of Asia (Retail – Listed) in the 2017 Global Real Estate Sustainability Benchmark (GRESB) Real Estate Assessment. This is a testament to our continuous efforts to strengthen our ESG standards.

Board Statement

CMT is committed to sustainability and incorporates the key principles of environment, social and governance in setting out its 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, and are cascaded throughout the organisation.



FTSE4Good



SUSTAINABILITY MANAGEMENT

OUR REPORT

About This Report

CMT reinforces its commitment to sustainability and this report has been prepared in accordance with the GRI Standards: Core option. The GRI Content Index can be found in the sustainability section at www.cmt.com.sg.

In the development of our report, we were careful to consider each of the GRI Reporting Principles, as follows:

STAKEHOLDER INCLUSIVENESS

How we address it

Stakeholders' trust and loyalty are key to our success. Therefore, we make time to listen to their needs.

SUSTAINABILITY CONTEXT

How we address it

We refer to global initiatives such as the United Nations (UN) Sustainable Development Goals and the UN Global Compact.

MATERIALITY

How we address it

We focus on areas that are most important to us, identified during a materiality assessment process.

COMPLETENESS

How we address it

We have included our activities and properties in the scope of this report.

BALANCE

How we address it

We aim to assess and disclose all critical aspects of our performance.

COMPARABILITY

How we address it

We are reporting in accordance with GRI Standards, which allows comparability across our peers.

ACCURACY AND RELIABILITY

How we address it

We have a robust system in place that increases accuracy and reliability of our data.

TIMELINESS

How we address it

This reporting period refers to the same period as our financial data.

CLARITY

How we address it

We have aimed for optimum clarity and full explanation wherever possible.

Reporting Scope and Period

This report covers CMT's portfolio of 16 quality properties located strategically in the suburban areas and downtown core of Singapore from 1 January to 31 December 2017, unless otherwise indicated.

Feedback

Feedback from stakeholders is welcome as it enables continual improvement in our sustainability journey. Please send your comments and suggestions to ask-us@cmt.com.sg.

MANAGING SUSTAINABILITY

Management Structure

The management is responsible for the Environmental, Health and Safety (EHS) performance. The management is supported by the heads of various relevant departments of the Manager and Property Managers, within the Group. The Manager and Property Managers identify and review material issues which could have significant impact to CMT's business and operations, as well as other issues derived through regular stakeholder engagements. This team regularly meets to develop, set and review the management approach to sustainability. This year, the team has been involved in developing the focus on the sustainability efforts, developing performance indicators and setting targets. Existing management approaches have also been reviewed for suitability.

The management joins the representatives from CapitaLand's business units (BUs) who form the Sustainability Steering Committee (SSC) which oversees two work teams to ensure the continued progress and improvement in the areas

of ESG. The SSC supports members of CapitaLand's top management who constitute a Sustainability Council which oversees sustainability management.

Financial Performance

For detailed financial results and performance, please refer to the following sections of this Annual Report - Financial Highlights (pages 2 to 3), 2017 Highlights (page 4), Financial Review (pages 90 to 93) and Financial Statements (pages 138 to 216).

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. Details on ERM can be found on pages 47 to 50 of this Annual Report.

Stakeholder Engagements

The Manager and Property Managers identify and review material issues which could have significant impact to CMT's business and operations, as well as other issues derived through regular stakeholder engagements. Our stakeholders are important to CMT's long-term success. We interact with many key stakeholders on a regular basis and these interactions facilitate continuous improvements in all areas of our operations. We seek to engage stakeholders' concerns through multiple forms of engagement, as outlined in the table below. Stakeholders discussed here include stakeholders who are most directly affected by, or those most directly affect our operations.

SUSTAINABILITY MANAGEMENT

Stakeholder Engagements

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 on 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

EMPLOYEES



Description

To develop employees to achieve their optimal levels, align their personal goals with company performance and create a positive work environment for them

Engagement methods

- ▼ Informal and formal staff communications
- ▼ Recreational and team building activities
- ▼ Employment 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 CapitaLand's EHS policy with suppliers
- ▼ Collaborate with suppliers to handle 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
- ▼ Donations to non-profit organisations
- ▼ Management of ESG issues
- ▼ Corporate social responsibility programmes

Key topics

- ▼ Philanthropy
- ▼ Environment

SUSTAINABILITY MANAGEMENT

Materiality

In 2017, we carried out our first materiality assessment, with support from an external consultant. We considered a number of aspects when determining the ESG factors relevant to us. These aspects were:

- ▼ Recent ESG issues and trends both in Singapore and globally
- ▼ Recent ESG issues and trends pertinent to the real estate and real estate investment trust industry
- ▼ Concerns, demands and needs of our stakeholders, both internal and external
- ▼ ESG issues and concerns of our sponsor, CapitaLand
- ▼ ESG issues and concerns that most affect the operations and success of our organisation

Our assessment involved a three-step process of first identifying and collecting a host of factors that might be material to us, prioritising this list during a materiality prioritisation session involving representation from across departments as well as senior management. Finally, we validated selected material ESG factors with the board of directors.

We developed a list of critical and emerging ESG factors, which are in line with CapitaLand. Critical factors are those that we feel deserve our immediate attention, and emerging factors are those we intend to actively watch for future focus. As such, the scope of this report will cover critical factors only.

ENVIRONMENT



Critical factors

- ▼ Energy efficiency
- ▼ Climate change and emissions reduction
- ▼ Water management

Emerging

- ▼ Building materials
- ▼ Construction and operational waste
- ▼ Biodiversity

SOCIAL / LABOUR PRACTICES



Critical factors

- ▼ Occupational health and safety
- ▼ Employment
- ▼ Stakeholder engagement
- ▼ Supply chain management

Emerging

- ▼ Diversity
- ▼ Human rights

GOVERNANCE



Critical factors

- ▼ Compliance
- ▼ Business ethics
- ▼ Product and services

Key Performance Indicators

To measure its performance, CMT has incorporated the following key performance indicators and 2018 targets.

		Performance	2018 Targets
Environment 	Energy efficiency	<p>More than 90.0% of our operating properties achieved at least a Green Mark Gold certification</p> <p>Achieved 21.7% energy intensity reduction for our operating properties (compared to 2008)</p>	Maintain or reduce energy intensity compared to 2017 intensity
	Climate change and emissions reduction	Achieved 31.2% carbon emissions intensity reduction for our operating properties (compared to 2008)	Maintain or reduce carbon emissions intensity compared to 2017 intensity
	Water management	Achieved 10.5% water intensity reduction for our operating properties (compared to 2008)	Maintain or reduce water intensity compared to 2017 intensity
Social / labour practices 	Occupational health and safety	Zero work-related injury resulting in staff permanent disability or fatality	Zero work-related injury resulting in staff permanent disability or fatality
	Employment	<p>More than 61 hours of training per employee over the year</p> <p>Approximately 61.1% of senior management are women</p>	40 hours of training per employee per year
	Stakeholder engagement	Over 1,100 hours spent on volunteering	Increase the number of hours spent on volunteering compared to 2017
Governance 	Supply chain management	<p>100.0% of main contractors appointed for projects¹ were ISO 14001 and OHSAS 18001 certified</p> <p>Majority of our contractors and service providers are minimum bizSAFE Level 3 certified</p>	Continue to appoint 100.0% of main contractors for projects ¹ who are ISO 14001 and OHSAS 18001 certified
	Compliance	No incidents on material non-compliance with laws and regulations	No incidents on material non-compliance with laws and regulations
	Business ethics	No incidents of confirmed cases of corruption	No incidents of confirmed cases of corruption
	Products and services	Several initiatives were implemented that enhanced the awareness of customer health and safety in our properties	New initiatives to enhance the awareness of customer health and safety in our properties

¹ Projects with gross floor area (GFA) of more than 2,000 square metres.

SUSTAINABILITY MANAGEMENT

GOVERNANCE

We are committed to the highest level of corporate governance and transparency in our policies and processes. We see governance as essential for the sustainable value and success of CMT and to be in the best interests of our Unitholders.

We continue our commitment to uphold high standards of corporate governance by being a signatory to the Statement of Support Towards Excellence in Corporate Governance initiated by the Securities Investors Association Singapore (SIAS). CMT received recognition in Corporate Governance winning the Singapore Corporate Governance Award, REITs & Business Trusts category at the SIAS 18th Investors' Choice Awards. CMT was ranked first for the inaugural REIT and Business Trust Category in the Singapore Governance and Transparency Index Award. This annual study was conducted by the NUS Business School's Centre for Governance, Institutions and Organisations.

For details on CMT's Corporate Governance, please refer to pages 23 to 46 of this Annual Report.

Compliance

The Manager is committed to ongoing improvement in corporate governance. It has developed and, on an ongoing basis, maintains sound and transparent policies and practices to meet the specific business needs of CMT and to provide a firm foundation for a trusted and respected business enterprise. The Manager remains focused on complying with the substance and spirit of the principles of the Code of Corporate Governance 2012 (Code) while achieving operational excellence and delivering CMT's long-term strategic objectives. The Board of Directors 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 Dealing with Interested Persons, Dealings in Securities, Code of Business Conduct, Communicating with Shareholders and many others. For details on CMT's policies, guidelines and practices, please refer to pages 23 to 46 of this Annual Report.

No 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 no incidents of material non-compliance with laws and regulations in the upcoming year.

Business Ethics

For details on CMT's Business Ethics, please refer to pages 44 to 45 of this Annual Report.

There was no incidents with regards to corruption. We target for no incidents of confirmed cases of corruption in the forthcoming year.

Products and Services - Customer Health and Safety

Customer health and safety is of upmost importance to us. During the year, there were several initiatives implemented at our malls to enhance the health and safety aspects for our customers.

We constantly innovate and improve our operations and shopping experience by leveraging on technology and collaborating with strategic partners. In 2016, we partnered with Certis CISCO to set up a dedicated central monitoring and response centre. In 2017, we added three malls to the central monitoring and response centre. This solution manages the surveillance, intercom and car park barrier systems as well as monitors the fire alarms across a cluster of malls round-the-clock. The smart use of technology enhances the real-time visibility and overall situation awareness and aids crisis management. It enables the deployment of security officers more effectively on the ground. By aggregating our needs, we enhance productivity, leverage on economies of scale and optimise the investment in technological infrastructure. This move is in line with our support of the national productivity drive which has seen us adopting innovative solutions to increase productivity not just for our mall operations, but also for our tenants.

We partnered with government agencies such as Singapore Police Force, Singapore Civil Defence Force and Ministry of Manpower to conduct SGSecure training so as to promote a safe and secure workplace.

We also participated in the Exercise Heartbeat event, an anti-terrorism exercise conducted by the Singapore Police Force at Clarke Quay.

ENVIRONMENT

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

To align the understanding of our commitments in our everyday business, 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 the environmental management of businesses 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, and will:

- ▼ 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 are 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 staff. New staff are introduced to the EHSMS and EHS policies as well as briefed on their roles.

Internal and External Audits

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

SUSTAINABILITY MANAGEMENT

Sustainable Developments and Assets

Building and Construction Authority (BCA) Green Mark certifications help assure and demonstrate 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 have lower resource

consumption like energy, water and reduce waste in their operations.

The minimum target certification for our new development is Green Mark Gold^{PLUS}.

CMT is committed to achieving Green Mark certification for all properties by 2020, in support of the Singapore Government's Green Building Master Plan. As at 31 December 2017, 14 of our operating properties have achieved at least a Green Mark Gold certification.

Property	Award Category	Year of Award
Bedok Mall	Platinum	2017
Bugis Junction	Platinum	2017
Bugis+	Platinum	2017
Junction 8	Platinum	2017
JCube	Platinum	2016
Westgate	Platinum	2013
Bukit Panjang Plaza	Gold ^{PLUS}	2017
Raffles City Singapore	Gold ^{PLUS}	2017
IMM Building	Gold ^{PLUS}	2016
Lot One Shoppers' Mall	Gold	2016
Sembawang Shopping Centre	Gold	2016
Plaza Singapura	Gold	2016
The Atrium@Orchard	Gold	2015
Tampines Mall	Gold	2013

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 any development project. The significant findings of the EIA and their cost implications, if any, are incorporated in the investment paper 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 on CapitaLand's Environmental Tracking System (ETS), we track energy and water usage, waste collection and disposal, as well as carbon emissions for our operating properties.

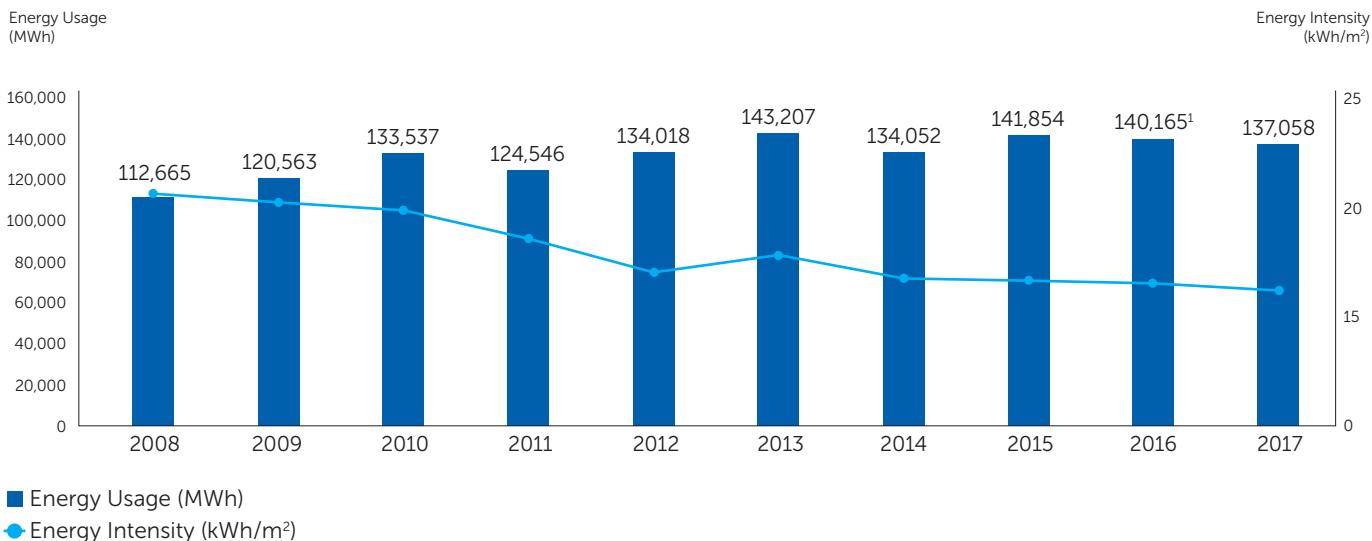
The management team of each property submits monthly data and uploads supporting documentation into ETS. The data is analysed to facilitate a better understanding of consumption patterns and identify areas for eco-efficiency improvements.

In line with CapitaLand's long-term targets for the reduction of energy and water intensities, our long-term targets for our operating properties (using 2008 as base year) are as follows:

- ▼ Reduce energy intensity by 20.0% by 2020
Reduce energy intensity by 25.0% by 2030
- ▼ Reduce water intensity by 20.0% by 2020
Reduce water intensity by 30.0% by 2030

Energy Efficiency

▼ Energy Usage and Energy Intensity



¹ 2016 has been restated to reflect actual usage and intensity. December 2016 data was estimated because data was not available at the point of reporting.



21.7%

REDUCTION IN ENERGY INTENSITY

In 2017, CMT's energy usage was approximately 137,058 MWh. CMT reduced its energy intensity by 21.7% as compared to 2008 intensity.

CMT reduced its energy intensity measured in kilowatts-hour per square metre (kWh/m^2) by 21.7% from base year 2008. CMT is on track to achieving its 2020 energy intensity reduction target and the aim for 2018 is to maintain or reduce energy intensity compared to 2017 intensity.

In support of the annual Earth Hour campaign on 25 March 2017, all non-essential lights were turned off at CMT's properties.

CMT continues to implement various energy conservation measures, some of which are listed below. It also focuses on innovation to reduce energy consumption.

Focus

Central Air Conditioning System

Initiatives and Measures

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

Replacing existing non-LED type with LED type

Lighting power budget of not more than 22 Watts per m^2 for tenanted areas

Control, Metering and Monitoring

Building Management System

Sub-metering

Renewable Energy

Photovoltaic (PV) system

Equipment

Replace equipment with higher efficiencies

SUSTAINABILITY MANAGEMENT

Climate Change and Emissions Reduction

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.

CMT's carbon emissions in 2017 was approximately 59,610 tonnes.

In 2018, CMT aims to maintain or reduce carbon emissions intensity compared to 2017 intensity.

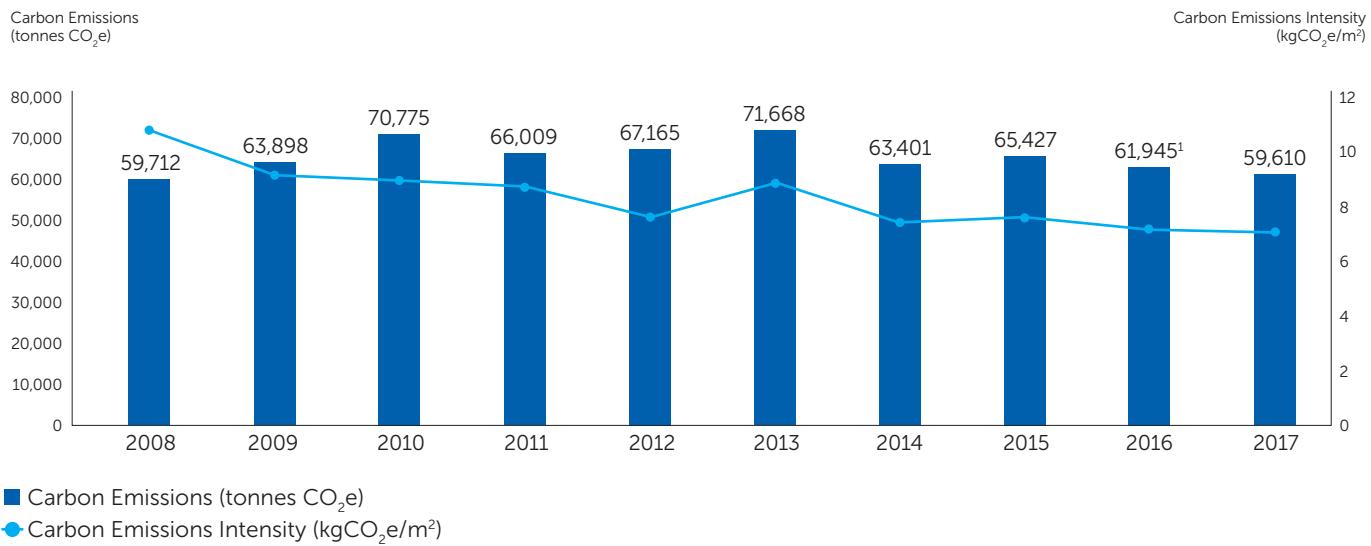


31.2%

REDUCTION IN CARBON EMISSIONS INTENSITY

CMT's carbon emissions intensity fell to 7.0 kgCO₂e/m², representing a 31.2% reduction compared to 2008 intensity.

Carbon Emissions and Carbon Emissions Intensity



- Carbon Emissions (tonnes CO₂e)
- Carbon Emissions Intensity (kgCO₂e/m²)

¹ 2016 has been restated to reflect actual emissions and intensity. December 2016 data was estimated because data was not available at the point of reporting.

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 mostly covered/sheltered walkways. 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 360 bicycle lots across the CMT's properties.

CMT has more than 1,400 square metres of solar panels at Bugis Junction, Sembawang Shopping Centre, JCube and Bedok Mall. The solar panels have helped our malls to tap 75,875 kWh of renewable energy source.

Westgate was awarded 2nd runner up for Energy Efficient Building Award under the new and existing category at the annual ASEAN Energy Awards presented during the 35th ASEAN Ministers on Energy Meeting (AMEM) in Manila, Philippines.

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 taken in consideration of climate change. SBG also

sets guidelines for buildings to be less energy reliant, for example, setting green building certification targets above legal requirements, and also encourages 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. Changes since inception include higher green building certification requirements, use of certified wood and design for accessibility.

Water Management

CMT is committed to reducing water usage and preventing water pollution. Water usage and discharge for each property is monitored and checked regularly.

In 2018, CMT's water efficiency target is to maintain or reduce water intensity compared to 2017 intensity.



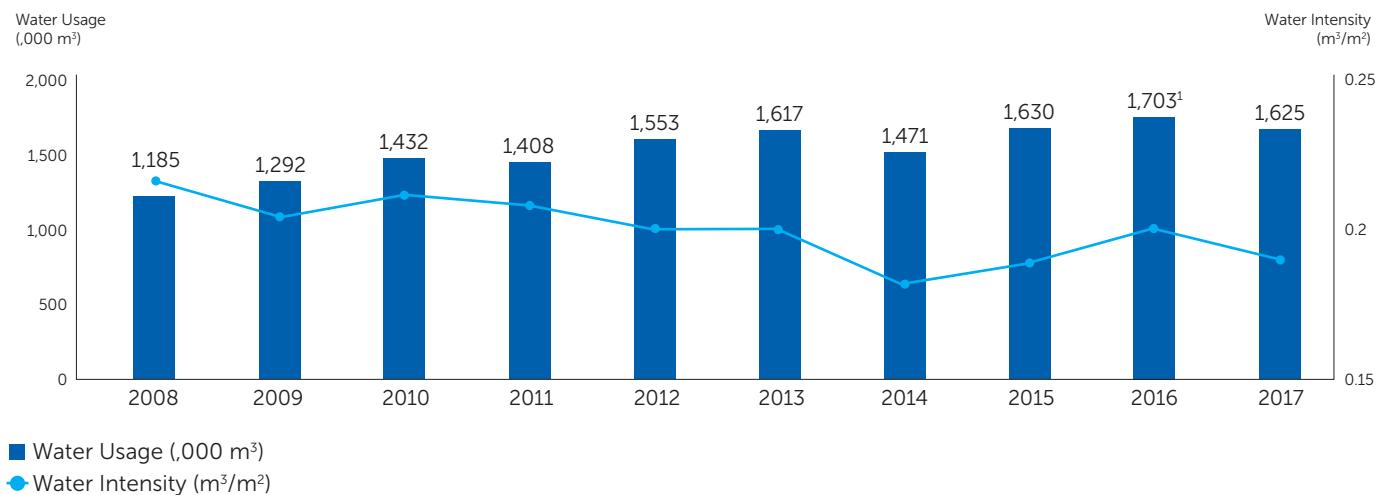
10.5%
REDUCTION IN
WATER INTENSITY

In 2017, CMT's water usage was approximately at 1.6 million m³. This included an estimated usage of 0.5 million m³ of NEWater. CMT reduced its water intensity by 10.5% as compared to 2008 intensity.

SUSTAINABILITY MANAGEMENT

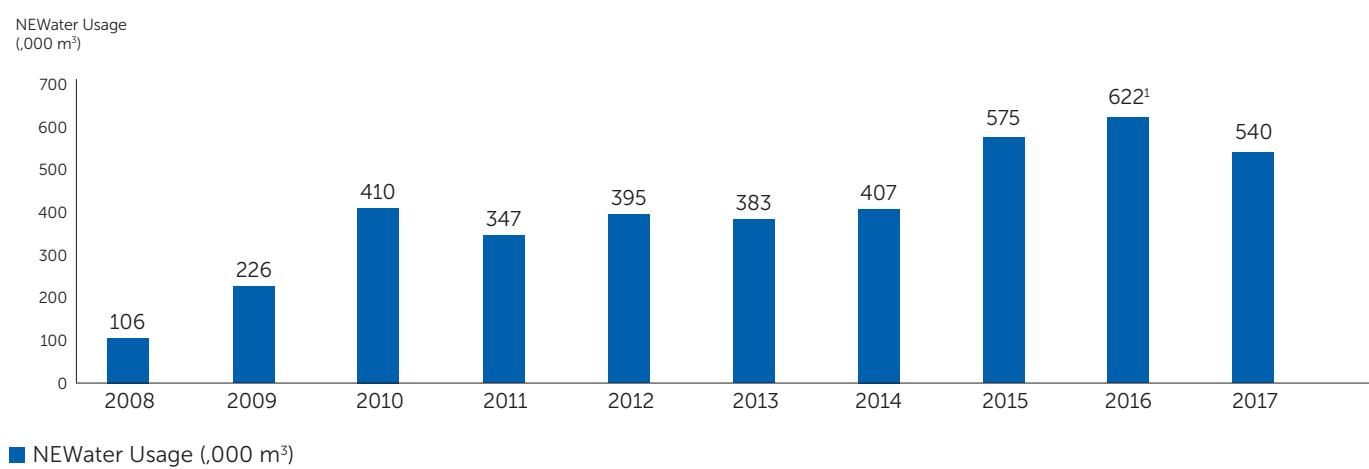
In 2017, the decline in water intensity was attributed to the monitoring of remote water usage across all properties. This allows us to identify and respond promptly to exceptions such as leakages and ad hoc operations in an effective manner.

Water Usage and Water Intensity



¹ 2016 has been restated to reflect actual usage and intensity. December 2016 data was estimated because data was not available at the point of reporting.

NEWater Usage



¹ 2016 has been restated to reflect actual usage. December 2016 data was estimated because data was not available at the point of reporting.

Waste Management

The collection and disposal of waste at all CMT's properties are carried out by National Environment Agency licensed contractors. In 2017, we collected 25,485 tonnes of waste.

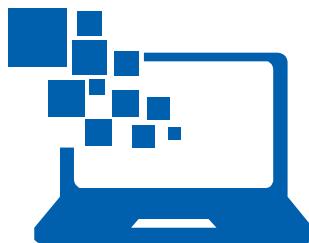
CMT aims to manage waste at its properties responsibly. As waste generated at its properties is mostly from its tenants, CMT engages its stakeholders through various means to minimise and recycle waste. Recycling bins are made available at all CMT's properties.

CapitaLand partnered with StarHub to roll out e-waste recycling bins at 10 of our malls 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 malls involved in this initiative are Bugis+, Bedok Mall, IMM Building (IMM), JCube,

Junction 8, Lot One Shoppers' Mall (Lot One), Sembawang Shopping Centre, Plaza Singapura, Raffles City Singapore and Tampines Mall. It is also a natural progression of our waste recycling journey which started in 2008 with recycling bins for paper, metal and plastic in our malls.

CMT requires its main contractors to implement proper waste management procedures to minimise, properly manage and dispose of construction waste.

CMT continues to leverage on Building Information Modelling (BIM) technology to improve the design and construction process through more integrated project coordination. BIM performs clash detection before construction, identifying situations where mechanical and electrical services will clash with structural members. This detection saves time and cost of remedial work and minimises material wastage.



INNOVATING THROUGH TECHNOLOGY

We constantly innovate and improve our operations and shopping experience by leveraging on technology. We implemented a Centralised Carparking Management System (CCMS) to provide a single backend platform to streamline the process, easy execution, and a single mode of access for all operational, administrative and financial functions, including collection of statistical data such as vehicle traffic and revenue.

Key features include a self-serve portal for application and renewal of season parking, online payment and American Express® CapitaCard Privileged Parking. Online redemption of complimentary parking is enabled through seamless interface with CapitaStar app. With CCMS, our shoppers and tenants enjoy convenience and a better shopping experience in our malls.

SUSTAINABILITY MANAGEMENT

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 in 2017, for projects with GFA of more than 2,000 square metres, were ISO 14001 and OHSAS 18001 certified.

We ensure our suppliers or service providers are in compliance with local regulations. We share our EHS requirements with our suppliers or service providers when working in our properties. A majority of our contractors and service providers are minimum bizSAFE Level 3 certified.

SOCIAL / LABOUR PRACTICES

Our People

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

The teams behind the Manager and Property Managers, of more than 400 employees, are responsible for property and portfolio operations in Singapore, and identified as an integral to CMT's success. Our workforce comprises mainly of full-time and permanent staff who are based in Singapore.

Employment

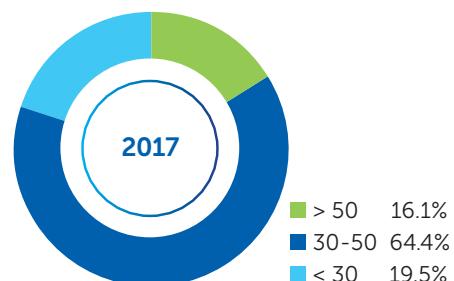
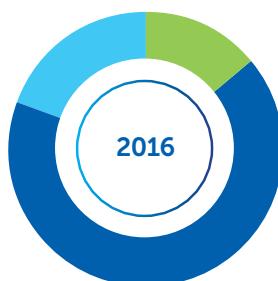
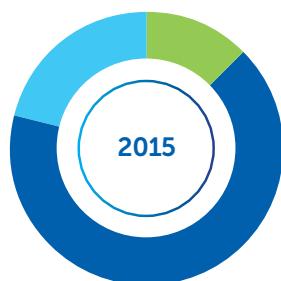
Fairness and Diversity

As wholly owned subsidiaries of CapitaLand, the Manager and Property Managers have a common goal of developing a high performance culture that embraces diversity and teamwork.

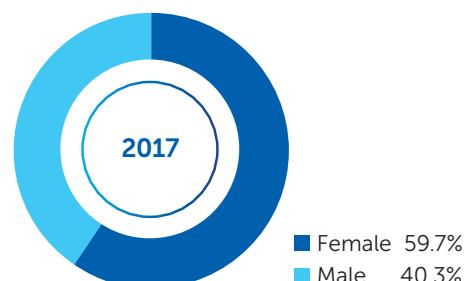
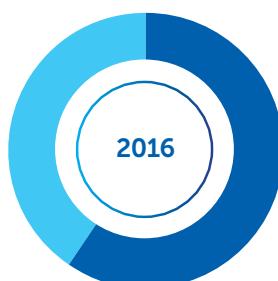
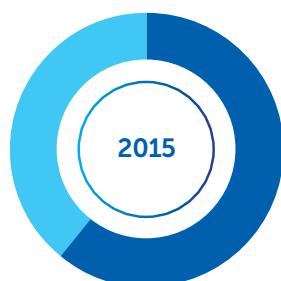
We are committed to be a workplace of choice for employees. CapitaLand has in place an integrated human capital strategy designed to recruit, develop and motivate employees. It adopts stringent principles of fair employment and equal remuneration. CapitaLand has signed the Employers' Pledge for Fair Employment Practices with The Tripartite Alliance for Fair and Progressive Employment Practices. CapitaLand adheres to five key principles of fair employment:

- ▼ Recruit and select employees on the basis of merit, such as skill, experience and ability, regardless of age, race, gender, religion or family status
- ▼ Treat employees fairly and with respect and implement progressive human resource management systems
- ▼ Provide employees with equal opportunities 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

▼ Diversity: Workforce by Age



▼ Diversity: Workforce by Gender



- ▼ Abide by labour laws and adopt Tripartite Guidelines which promote fair employment practices

We have a team of vibrant, motivated and qualified workforce. New hires represented 15.1% of the total headcount in 2017.

Our workforce comprises an almost equal proportion of male and female employees. The female employees are well represented at the middle and senior management levels. For the past three years, more than half of the managerial employees were female. In 2017, about 61.1% of senior management, comprising those at Vice President level and above, were female. The workforce includes two female staff who are on part-time contracts.

As per CapitaLand's non-discriminatory employment practices, to attract top talent, all job opportunities in the Manager and Property Managers are advertised publicly via online job portals with selections based entirely on merit. Skill and ability are the key criteria in the selection process.

Human Rights

As part of CapitaLand, one of the common goals is to uphold the spirit of 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 to date ratified 20 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 2017.

Positive Work Environment

We are committed to provide our staff with a positive and vibrant workplace that promotes personal development, good health and well-being as well as a rewarding career, which in turn results in a high-performance culture and work-life harmony. Initiatives include flexible hours, a flexible medical and benefits plan, flexible work arrangements and employee engagement initiatives. Part-time employees are entitled to the same benefits on a pro-rata basis.

We advocate a pay-for-performance philosophy to drive ownership of collective goals, leading to a high-performance culture which creates long-term Unitholder value. The robust performance management system ensures that all employees receive regular performance and career development reviews.

Staff Engagement

We believe it is important to integrate and engage staff across Singapore through regular communication.

Staff communication sessions by senior management are conducted annually. During these staff communication sessions, information on financial results and key business focus is shared with employees.

These sessions include a question and answer session, where employees can ask questions and management seeks to gather feedback from them.

CapitaLand's intranet is a valuable platform to keep employees informed about the recent developments, including details on employment terms, benefits and practices as well as ethics and code of business conduct policies.

Talent Management

We actively seek innovative, dynamic and talented employees both internally and externally to strengthen our bench strength and to support our growth. As part of our talent management strategy, talents are recruited at different points in their careers, from entry-level graduates to mid-career professionals and industry veterans. We have a systematic programme for all new hires to learn more about our business operations, strategy, core values and management philosophy. We continually build our management bench strength through identification of high potential talents as part of the regular succession planning process.

Our talent management programme comprises a set of organisational core competencies as well as position specific competencies. As part of the annual performance and career development review, all employees can openly discuss their performance and future aspirations with their supervisors as well as to identify any training needs.

Fair Remuneration

We offer all employees 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 employees receive staff benefits including a flexible benefits plan and leave entitlements for maternity/paternity and volunteer reasons. We recognise that employees have diverse needs, and a flexible benefits plan enables them to complement their personal medical and insurance needs with those provided by the company. Employees can thus customise their benefits for themselves and their families.

To ensure that we can continue to attract and retain talent, we regularly engage external human resource consultants

SUSTAINABILITY MANAGEMENT

to benchmark our compensation and benefits packages against other peers and industries in Singapore. We also constantly review the compensation strategies for staff.

Almost 53.3% of employees have been with us for five years or longer. We also conduct interviews with the resigning employees as part of its continuing efforts to improve its retention policies and initiatives.

Learning and Development

We believe in talent cross-fertilisation and leverage on CapitaLand's Human Resource function to build people. As part of career development and to nurture employees' capability and personal traits, CapitaLand has formal classroom trainings, on-the-job exposure, mentoring/coaching and opportunities for job rotation as well as overseas postings.

In line with our belief that continual learning is a fundamental building block of growth, we offer comprehensive training and development programmes for employees to acquire relevant knowledge and skills to achieve business excellence.

In 2017, about 3.7% of our annual payroll was allocated for programmes relating to employee learning and growth. We have in place training roadmaps and a wide variety of courses, ranging from project financing and real estate to soft skill subjects such as communications and presentation skills. Staff have direct access to a year-long training calendar, which comprises a series of pre-evaluated training courses. CapitaLand has an in-house training hub, CapitaLand Institute of Management and Business (CLIMB) which serves the training and development needs of staff.

Approximately 99.2% of staff attended at least one training event, and the average number of training hours completed by each employee for the year was more than 61 hours, above the recommended guide of 40 hours per annum. We encourage employees to upgrade themselves by attending courses or obtaining professional qualifications relevant to their work. Employees are granted paid examination leave for their studies. For full-time staff, examination leave is up to 10 days per calendar year.

Job Security

CapitaLand is committed to providing meaningful jobs for its employees. This is in line with the Tripartite Guidelines on Managing Excess Manpower issued by the Singapore Ministry of Manpower together with its tripartite partners, Singapore National Employers Federation and the National Trades Union Congress.

These guidelines also suggest various arrangements such as providing company retraining programmes for workers, redeployment of workers to alternative areas of work, implementing flexible work arrangements and managing wage costs through a flexible wage system.

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. In Singapore, CapitaLand is guided by the Industrial Relations Act that allows representation of staff by trade unions for collective bargaining, thus providing them with an avenue to seek redress for any industrial disputes. CapitaLand and the trade unions enjoy a cordial working relationship, promoting positive working conditions and improving productivity for the mutual benefit of employees and the company. Currently, 44.4% of our workforce are union members.

Re-employment Opportunities

CapitaLand has a re-employment policy in place for employees who have reached the mandatory retirement age of 62 but are still able and willing to continue working for the company. In 2017, we have seven employees who were above retirement age.

Ethics and Integrity

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

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

A whistle-blowing policy and other procedures are put in place to provide employees and parties who have dealings with CapitaLand with well defined, accessible and trusted channels to report suspected fraud, corruption, dishonest practices or other improprieties in the workplace. It also allows for the independent investigation of any reported incidents

and appropriate follow up action. Substantiated whistleblowing cases are reported quarterly to the CapitaLand Audit Committee and shared with the Risk Champions regularly.

CapitaLand 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 implemented aim to help to detect and prevent occupational fraud in mainly 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. 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, 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 undergo the CapitaLand Immersion Programme which includes a mandatory module on anti-corruption policies and procedures. Employees were retrained to see how these values can apply to their daily work.

Occupational Health and Safety/Staff Wellbeing

CMT's occupational health and safety target for the forthcoming year is for zero work-related injury resulting in staff permanent disability or fatality.

Staff Wellness

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

In Singapore, CapitaLand implemented a Total Well-Being Programme to promote health and well-being of its staff. We regularly organise recreational, team building events and brainstorming workshops to reinforce organisational cohesiveness as part of our concerted efforts to engage our workforce. In 2017, 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 also included CapitaLand Family Day, a movie day, a durian feast, an annual teambuilding event and an annual dinner party. Regular exercise sessions such as yoga and Zumba classes, are organised to promote an active lifestyle. Tips on healthy living and exercise were updated on the CapitaLand's intranet.

We also supported annual national campaign 'Eat with Your Family Day' in May 2017 by giving employees time off to leave offices earlier to dine with their families.

To provide our employees with a better work-life balance, we have a flexible work arrangement policy which permits flexible working hours, working from home or part-time work arrangements.



TEAMBUILDING 2017

The teambuilding event was an enormous success as it fostered greater camaraderie among our employees. The event was held at Universal Studios Singapore where over 400 employees participated.

SUSTAINABILITY MANAGEMENT

Occupational Health and Safety

All employees are expected to take ownership of OHS issues, and encouraged to be proactive in reporting all OHS-related incidences alongside non-compliance and non-conformities.

	2015	2016	2017
Number of work-related injuries	3	1	2
Work-related fatalities / permanent disabilities	0	0	0
Absentee rate (Days per employee per year)	6.9	7.0	6.8
Severity rate	3.7	3.0	5.0
Lost Day rate	11	3	10

In 2017, we recorded an absentee rate of 6.8 days. In terms of work-related injuries, there were two reported incidents in 2017 versus one case in 2016. The affected staff have since returned to work. We have further tightened our safety measures and standard operating procedures.

We have a duty of care to ensure occupational health and safety of all employees and monitor our operations to ensure safety risks are controlled.

We complied fully with OHS laws and regulations in Singapore. During the year, we reported zero staff work-related permanent disability or fatality.

In 2018, our OHS target is for zero incident resulting in staff permanent disability or fatality.

Stakeholder Engagement

Our Community

As satellite hubs, CMT's malls are strategic channels to engage the local community through activities held in partnership with government and community organisations that promote heritage, healthy living, environmental sustainability and other community causes.

We are committed to building safe, accessible, vibrant and quality developments to enhance the lives of members of the community around all our operations. Our social integration criteria 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 the 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 projects 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 parking lots/family parking lots to lift lobbies
- ▼ Sheltered and barrier-free drop-off areas
- ▼ Accessible (handicap) parking lots, family parking lots
- ▼ Designated pedestrian lanes in car parks
- ▼ Amenities such as accessible toilets, lifts and nursing rooms
- ▼ Duress alarms in accessible toilets
- ▼ Atrium spaces, libraries and children play areas

All our properties have at least one disability access enabled facility. These facilities include accessible lighting and boarding bays, lifts, parking lots and public toilets. Our shopping malls are guide-dog friendly.

During the year, we collaborated with a number of non-profit organisations to bring various activities and events into our malls to promote heritage, community causes, healthy living and the environment.

Heritage

Bukit Panjang Plaza partnered neighbouring schools and community groups to celebrate Racial Harmony Day with a series of fun activities that fostered community bonding and social cohesion. The event featured multi-cultural and modern dance performances by students and interest groups, as well as heritage booths that taught the making of traditional malay bunga manggar and chinese calligraphy.

In conjunction with the Singapore Heritage Festival, Junction 8 partnered with the National Heritage Board on a 3D national monuments exhibition. A selection of Singapore's landmarks was featured in the exhibition. Shoppers experienced the history of important communities and pioneering leaders behind the landmarks by wearing 3D glasses.

To commemorate 50 years of national service in Singapore, Westgate hosted the NS50 Army Open House roving exhibition during the June school holidays. The open house included videos and interactive displays that chart the evolution of national service and recognise the contributions of national serviceman, attracting over 22,000 visitors. The event was graced by former President Mr Tony Tan.

Community Causes

Bedok Mall supported the fostering service roadshow conducted by Ministry of Social and Family Development to spread the awareness of foster families. The mall also supported the roadshow by the National Silver Academy which offered various initiatives and platforms where third agers can self-discover and enhance different dimensions of wellness in their journey of positive ageing.

Bugis+ was the venue sponsor for the sports charity event organised by Operation Guardian Angel. CrossFit athletes gathered together to perform a short workout in exchange for donations by the friends and families of the athletes. The proceeds received were pledged towards the Downs Syndrome Association (Singapore).

JCube hosted the 'I Quit' roadshow that aimed to increase awareness, engage smokers to quit smoking and stay smoke free for 28 days.

Lot One hosted BigHearts Community Carnival organised by Citi-YMCA Youth for Causes together with St Luke's Hospital to raise funds for the hospital. Carnival activities included

game booths, sale of handicrafts made by patients and volunteers, health talk on dementia and tote bag workshop.

The Children's Cancer Foundation also held a fundraising event through sale of handmade tulips, collar pins and tote bags at Lot One. Shoppers were invited to fold cranes with encouragement messages for the children suffering from cancer. Student performers from the Eusoff Hall National University of Singapore also lent their voices at Lot One to raise funds for MINDS Clementi, a training and development centre for persons with intellectual disability.

In conjunction with International Women's Day, Raffles City Singapore encouraged shoppers to donate their unwanted lipsticks, of which CapitaLand Hope Foundation, the charity arm of CapitaLand, donated S\$2 for each lipstick collected, in aid of Very Special Arts Singapore. Cultural Medallion's recipient Chng Seok Tin, a visually-impaired multiple award-winning printmaker, sculptor and multi-media artist, created an art installation with these lipsticks for display.

CapitaLand's key annual corporate social responsibility programme 'My Schoolbag', held for the ninth consecutive year, reached out to over 1,000 underprivileged children from low-income families. To bring across the message of a cohesive environment at our malls and to promote inclusivity among shoppers with diverse backgrounds and needs, the programme also included special needs children from MINDS, Rainbow Centre, Dyslexia Association of Singapore, Society for the Physically Disabled, Association for Persons with Special Needs and Metta School. The beneficiaries were treated to a half-day edutainment at four malls namely IMM, Junction 8, Lot One, and Tampines Mall. Staff volunteers guided them through activities where they learnt about money management and home-grown plants used in local food. BCA also supported the programme with two musicals 'The School in the Glass City Musical' and 'Safety in Lifts and on Escalators' where the beneficiaries were educated on environmental sustainability and safety practices in buildings.



The School in the Glass City musical by BCA at My Schoolbag 2017

SUSTAINABILITY MANAGEMENT

Healthy Living

Bukit Panjang Plaza hosted Health Promotion Board's (HPB) Eat, Drink, Shop Healthy Challenge where shoppers won prizes by downloading the Healthy 365 app and scanning the QR code on receipts from participating stores.

HPB organised the KidZPop PlayFest at IMM to promote responsible snacking habits and active lifestyle among kids. Participants learnt to achieve a healthier lifestyle through fun activities, such as a larger-than-life 'Snacks & Ladders' game and the ice cream maker role-play supported by KidZania.

Tampines Mall was the venue partner for the HPB's National Steps Challenge™ mini-walk event where participants assembled at the mall for a mass workout, 3-kilometre walk around Tampines Central and fun activities. Participants were excited as they hunted for clues at selected stores, which are HPB's Healthier Dining Programme partners, to win prizes.

To promote a healthier lifestyle amongst shoppers, Bukit Panjang Plaza, IMM, JCube, Junction 8, Lot One and Tampines Mall hosted regular week day fitness sessions at the community plazas, in collaboration with the local community clubs, community development councils, fitness centres and HPB. These include workouts such as aerobics, Bollywood dancing, kickboxing, yoga and Zumba.

In conjunction with Get Active! Singapore, a week-long sporting bash in celebration of National Day, an immersive multi-media fitness experience was set up within a geodesic dome at Raffles City Singapore. Participants cycled through space and time with the aid of a panoramic display that changes scenery as they pedalled on the stationary bikes, encouraging shoppers to exercise regularly.

Environment

Most of our properties are conveniently located close to transport hubs such as MRT stations and bus interchanges. This allows easy access to the surrounding communities and facilities. Free shuttle bus services are also available at

some of our properties. Bicycle parking facilities are also provided at many of our properties.

JCube, IMM and Westgate introduced bike sharing pick up and parking zone at the malls to provide convenience to the shoppers and encourage utilisation of green transport.

To communicate the message in a bigger way on climate change and promote the usage of green transport, Plaza Singapura invited shoppers to use their pedal power on stationary bikes to light up a mini clock tower as part of the Live Out Your Tsum-sational Adventure carnival in March 2017. While pedaling, the mileage on the stationary bikes were recorded. In celebration of Earth Hour, the mileage clocked by shoppers at Plaza Singapura were combined with that contributed by shoppers in other CapitaLand malls across Singapore, China, Malaysia, Japan and India, which held different cycling-related events to achieve the target distance of 40,075 kilometres collectively, equivalent to the Earth's equatorial circumference.

Programme for Tenants

Biz+ Series 2017, a tenant engagement programme comprising seminars, workshops and networking sessions, was themed on Millennials and Phygital. Retail Future 2017 entitled 'Capturing the Millennial Dollar' held in May 2017 brought together speakers from IBM, Sephora, TBWA and local millennial entrepreneurs to share case studies in engaging millennials, the appeal of the sharing retail economy and new market initiatives that merge the digital and physical worlds to create a seamless offline-and-online experience. Two other seminars focusing on millennial customer loyalty and phygital technology such as augmented reality and artificial intelligence applications in retail were also organised to inspire retailers to innovate.

A CEO breakfast roundtable session titled 'Magnify the in-store experience' was organised in September 2017 where leaders of various retail brands came together for a lively discussion on phygital trends and innovations.

UN SUSTAINABLE DEVELOPMENT GOALS (SDGs)

The UN SDGs call on companies everywhere to advance sustainable development through the investments they make, the solutions they develop, and the business practices they adopt. In doing so, the goals encourage companies to reduce their negative impacts while enhancing their positive contribution to the sustainable development agenda.

Some of CMT's key efforts and programmes in relation to the key SDGs are highlighted below.

- 1. No poverty**
- 2. Zero hunger**
- 4. Quality education**



CMT supports CapitaLand Hope Foundation (CHF), CapitaLand's philanthropic arm, and believes in investing in the fundamental needs of education, healthcare and shelter of underprivileged children to relieve them of hardship and help them to eventually break the poverty cycle¹.

- 3. Good health and wellbeing**



Occupational health and safety is of utmost importance to CMT, including all its employees, tenants, contractors, suppliers and the communities who use its properties. CMT aims to provide a work environment that is safe and contributes to the general well-being of its employees.

- 6. Clean water and sanitation**
- 7. Affordable and clean energy**
- 9. Industry innovation and infrastructure**
- 11. Sustainable cities and communities**
- 13. Climate action**



CMT is committed to:

- ▼ Reduce water consumption.
- ▼ Reduce energy consumption through energy efficiency and encourage renewable energy sources.
- ▼ Green its operational portfolio by 2020.
- ▼ Actively embrace innovation to ensure commercial viability without compromising the environment for future generations.
- ▼ Future-proof its properties by addressing the risks of climate change right from design stage.

- 8. Decent work and economic growth**
- 10. Reduced inequalities**



CMT believes that regardless of ethnicity, age or gender, employees can make a significant contribution based on their talent, expertise and experience. We adopt consistent, equitable, and fair labour policies and practices in rewarding and developing employees.

Our sponsor, CapitaLand, is a signatory to UN Global Compact.

- 16. Peace, justice and strong institutions**



CMT adopts a strong stance against bribery and corruption. All employees are required to make an annual declaration to uphold the 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 contractor to ensure no child labour and forced labour at the CapitaLand project sites.

Our sponsor, CapitaLand is a signatory to the UN Global Compact.

¹ SDG1 No Poverty includes targets such as ensuring equal rights to economic resources. SDG2 Zero Hunger includes targets such as ending all forms of malnutrition. Both targets are in line with CHF's work to provide education, healthcare and shelter for underprivileged children.

OPERATIONS REVIEW

LEASE RENEWALS AND NEW LEASES

The retention rate of our tenants in 2017 was 79.3%, reflecting our strong relationship with our tenants as well as our proactive lease management to constantly refresh the tenant mix in each property to remain relevant and attractive to our shoppers. On a portfolio basis, rental rates for lease renewals and new leases in 2017 saw an average decrease of 1.7% against preceding rental rates at the end of typical three-year leases. The lower rental reversion was mainly due to the bulk renewal of leases at Westgate and Bedok Mall in 2017.

▼ Summary of Renewals / New Leases

(From 1 January to 31 December 2017) (excluding newly created and reconfigured units)

Property	Number of Renewals / New Leases	Retention Rate %	Area sq ft	Percentage of Property %	Increase/ (Decrease) in Current Rental Rates vs Preceding Rental Rates
					(Typically committed three years ago) %
Tampines Mall	33	78.8	92,347	26.0	(3.2)
Junction 8	53	67.9	85,126	33.6	2.6
IMM Building ¹	43	86.0	106,388	25.1	1.1
Plaza Singapura	58	87.9	101,087	21.0	0.2
Bugis Junction	61	86.9	80,502	20.3	1.7
Raffles City Singapore ¹	47	87.2	68,689	16.1	(1.5)
Lot One Shoppers' Mall	66	84.8	65,885	30.0	0.9
Bukit Panjang Plaza	28	89.3	23,332	14.3	1.1
The Atrium@Orchard ¹	8	62.5	9,020	6.7	4.0
Clarke Quay	13	76.9	36,656	12.5	(1.9)
Bugis+	12	91.7	25,586	11.9	1.3
Westgate	76	71.1	79,719	19.4	(10.2)
Bedok Mall	81	69.1	102,335	46.0	(6.5)
Other assets ²	63	76.2	35,188	10.0	(1.1)
CMT Portfolio³	642	79.3	911,860	21.0	(1.7)

¹ Based on retail leases only.

² Includes Sembawang Shopping Centre and JCube.

³ Excludes Funan which was closed on 1 July 2016 for redevelopment.

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 2017, with 28.1% and 30.7% of the leases by gross rental income due for renewal in 2018 and 2019 respectively. The portfolio weighted average lease expiry by gross rental income was 1.9 years. For new leases in 2017, the weighted average lease expiry based on the date of commencement of the leases was 2.5 years and accounted for 33.1% of the leases by gross rental income.

Portfolio Lease Expiry Profile¹

(As at 31 December 2017)

	Number of Leases	% of Gross Rental Income ²
2018	1,017 ³	28.1
2019	932	30.7
2020	780	25.6
2021	136	8.1
2022	35	6.6
2023 and beyond	11	0.9
Total	2,911	100.0

1 Based on committed leases. Includes CMT's 40.00% interest in Raffles City Singapore (excluding hotel lease), CMT's 30.00% interest in Westgate and excludes Funan which was closed on 1 July 2016 for redevelopment.

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

3 Of which 871 leases are retail leases.

Portfolio Lease Expiry Profile for 2018¹

(As at 31 December 2017)

Property	Number of Leases	% of Property NLA ²	% of Property Income ³
Tampines Mall	68	24.4	29.9
Junction 8	49	13.6	22.5
IMM Building ⁴	244	29.8	41.3
Plaza Singapura	85	22.1	27.9
Bugis Junction	56	16.0	18.8
Raffles City Singapore ⁴	64	12.2	17.6
Lot One Shoppers' Mall	56	59.5	44.0
Bukit Panjang Plaza	43	44.9	44.8
The Atrium@Orchard ⁴	34	10.5	18.7
Clarke Quay	19	17.2	21.2
Bugis+	39	38.4	38.4
Westgate	78	27.7	23.5
Bedok Mall	35	17.9	17.0
Other assets ⁵	147	34.4	44.8
CMT Portfolio	1,017⁶	23.9	28.1

1 Based on committed leases. Includes CMT's 40.00% interest in Raffles City Singapore (excluding hotel lease), CMT's 30.00% interest in Westgate and excludes Funan which was closed on 1 July 2016 for redevelopment.

2 As a percentage of NLA for each respective property as at 31 December 2017.

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

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

5 Includes Sembawang Shopping Centre and JCube.

6 Of which 871 leases are retail leases.

OPERATIONS REVIEW

TOP 10 TENANTS

CMT's gross rental income is well distributed within its portfolio of about 2,900 leases. As at 31 December 2017, no single tenant contributed more than 4.0% of the total gross rental income. Collectively, the 10 largest tenants accounted for about 19.7% of the total gross rental income.

▼ 10 Largest Tenants of CMT¹

(As at 31 December 2017)

Tenant	Trade Sector	% of Gross Rental Income ²
RC Hotels (Pte.) Ltd.	Hotel	3.2
Temasek Holdings (Private) Limited	Office	2.7
Cold Storage Singapore (1983) Pte Ltd	Supermarket / Beauty & Health / Services / Warehouse	2.6
Robinson & Company (Singapore) Private Limited	Department Store / Beauty & Health	2.1
NTUC Enterprise	Supermarket / Beauty & Health / Services	2.1
BHG (Singapore) Pte. Ltd.	Department Store	1.7
Wing Tai Retail Management Pte. Ltd.	Fashion / Sporting Goods	1.5
Auric Pacific Group Limited	Food & Beverage	1.4
BreadTalk Group Limited	Food & Beverage	1.2
Isetan (Singapore) Limited	Department Store / Supermarket	1.2
Total		19.7

1 Includes CMT's 40.00% interest in Raffles City Singapore, CMT's 30.00% interest in Westgate and excludes Funan which was closed on 1 July 2016 for redevelopment.

2 Based on gross rental income for the month of December 2017 and excludes gross turnover rent.

TRADE SECTOR ANALYSIS

CMT's portfolio is well diversified and leverages on many different trade sectors for rental income. As at 31 December 2017, Food & Beverage (F&B) remained the largest contributor to gross rental income at 31.0% of the total portfolio. Fashion remained the second largest contributor to gross rental income at 12.4%.

Approximately 80.0% of CMT's malls in the portfolio caters to the necessity shopping segment, in terms of gross revenue and asset valuation.

▼ Breakdown of CMT Portfolio¹ by Trade Sector

(For the month of December 2017)

	% of Gross Rental Income ²
Food & Beverage	31.0
Fashion	12.4
Beauty & Health	11.4
Department Store	6.3
Gifts & Souvenirs / Toys & Hobbies / Books & Stationery / Sporting Goods	5.1
Leisure & Entertainment / Music & Video ³	4.6
Services	4.3
Supermarket	4.3
Shoes & Bags	4.2
Office	3.2
Information Technology & Telecommunications	3.1
Home Furnishing	2.6
Jewellery & Watches	2.4
Electrical & Electronics	1.6
Education	1.5
Warehouse	1.4
Others ⁴	0.6
Total	100.0

1 Includes CMT's 40.00% interest in Raffles City Singapore (excluding hotel lease), CMT's 30.00% interest in Westgate and excludes Funan which was closed on 1 July 2016 for redevelopment.

2 Excludes gross turnover rent.

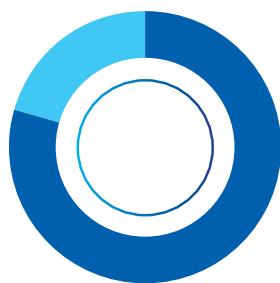
3 Includes tenants approved as thematic dining, entertainment and a performance centre in Bugis+.

4 Others include Art Gallery and Luxury.

CMT PORTFOLIO¹ (NECESSITY SHOPPING VS DISCRETIONARY SHOPPING)

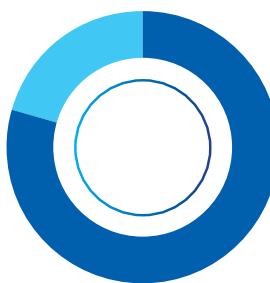
▼ By Gross Revenue

(For full year 2017)



▼ By Asset Valuation

(As at 31 December 2017)



1 Excludes Funan which was closed on 1 July 2016 for redevelopment.

2 Includes Tampines Mall, Junction 8, IMM Building, Plaza Singapura, Bugis Junction, Sembawang Shopping Centre, JCube, Lot One Shoppers' Mall, Bukit Panjang Plaza, The Atrium@Orchard, Bedok Mall and CMT's 30.00% interest in Westgate.

3 Includes Clarke Quay, Bugis+ and CMT's 40.00% interest in Raffles City Singapore.

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 previous years. The portfolio occupancy rate was 99.2% as at 31 December 2017.

Occupancy Rate

(%)

As at 31 December	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Tampines Mall	100.0	100.0	100.0	100.0	100.0	100.0	99.5	100.0	99.2	100.0
Junction 8	100.0	100.0	100.0	100.0	99.6	99.4	100.0	100.0	99.9	100.0
Funan	99.8	99.3	100.0	100.0	100.0	98.2	97.9	95.3	N.A. ¹	N.A. ¹
IMM Building ²	100.0	99.7	100.0	100.0	98.1	99.0	96.0 ³	96.0	97.9	99.5
Plaza Singapura	99.8	100.0	100.0	100.0	91.3	100.0	100.0	99.7	100.0	100.0
Bugis Junction	100.0	100.0	100.0	100.0	100.0	100.0	100.0	99.7	99.9	99.3
Other assets ⁴	100.0	99.8	99.8	80.9 ³	99.8	100.0	98.1	92.6	95.3	96.4
Raffles City Singapore ²	100.0	100.0	99.6	100.0	100.0	100.0	100.0	99.6	99.7	99.9
Lot One Shoppers' Mall	99.3	99.9	99.6	99.7	99.8	100.0	100.0	99.8	99.9	100.0
Bukit Panjang Plaza	100.0	99.8	100.0	100.0	100.0	99.8	100.0	97.8	99.9	98.7
The Atrium@Orchard ⁵	98.0	99.1	93.5	65.5 ³	95.3	99.5	99.9	98.2	97.6	98.6
Clarke Quay			100.0	100.0	97.9	100.0	95.9	88.2	90.7	98.8
Bugis+					99.5	100.0	100.0	99.2	100.0	100.0
Westgate						85.8	97.7	97.6	99.6	98.0
Bedok Mall								99.9	100.0	99.2
CMT Portfolio	99.7	99.8	99.3	94.8	98.2	98.5	98.8	97.6	98.5	99.2

N.A.: Not Applicable.

1 Funan was closed on 1 July 2016 for redevelopment.

2 Based on retail leases only.

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

4 Other assets include:

- a) Sembawang Shopping Centre, except for 2008 when it underwent an AEI;
- b) Rivervale Mall, until it was sold in 2015;
- c) Hougang Plaza, until it was sold in 2012;
- d) JCube, except from 2008 to 2011 when it underwent an AEI; and
- 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.

5 Includes retail and office leases.

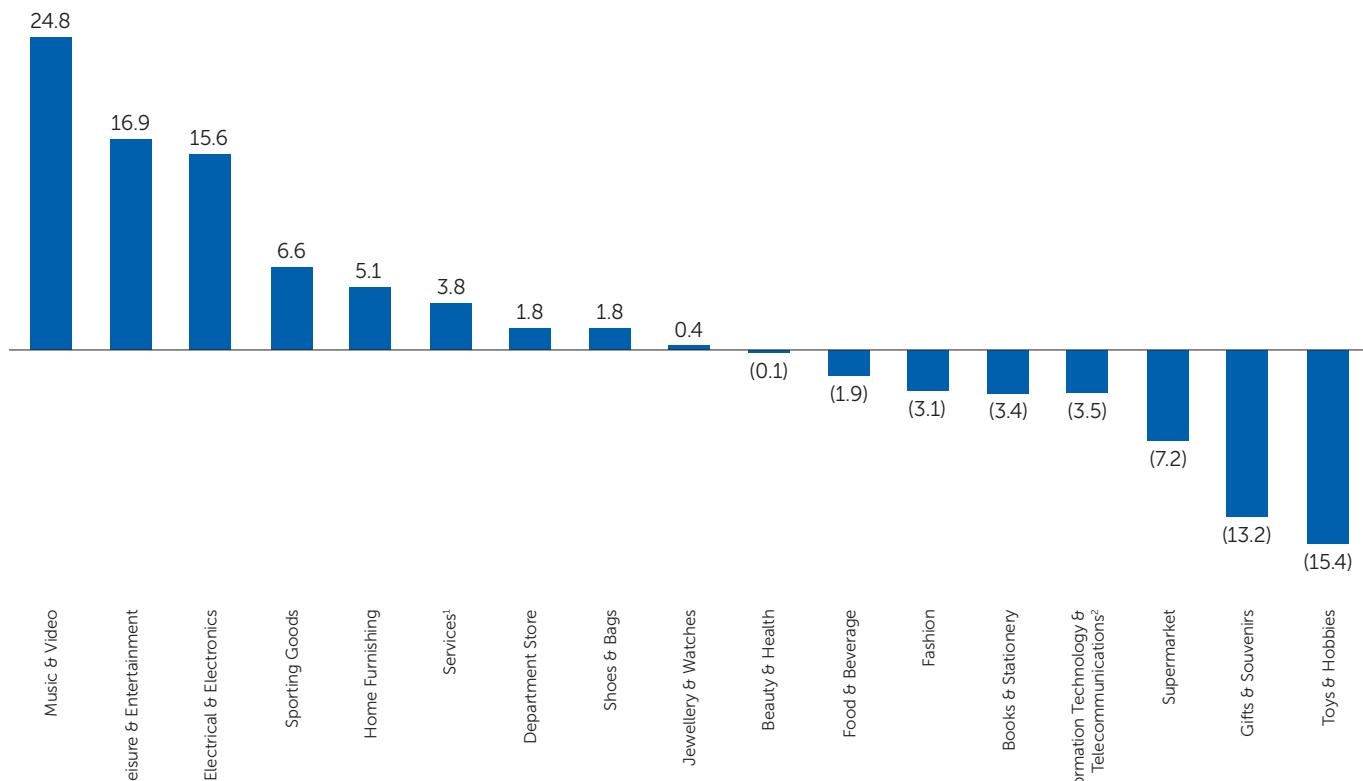
PORTFOLIO TENANTS' SALES

CMT's tenants' sales on a S\$ per square foot (psf) per month basis held steady in 2017 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.

PERFORMANCE OF TENANTS' SALES BY TRADE CATEGORIES

The major trade categories achieved negative growth in 2017. The two largest contributors to CMT's gross rental income - F&B and Fashion registered negative growth of 1.9% and 3.1% respectively in 2017 as compared to 2016.

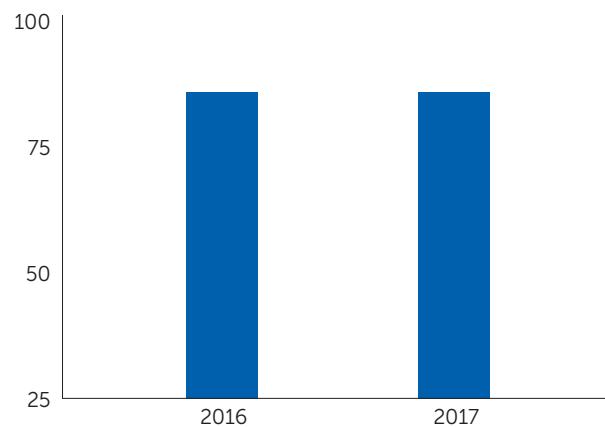
Year-on-Year Variance of Tenants' Sales S\$ psf per month (%)



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

2 'Information Technology' and 'Telecommunications' have been reclassified into 'Information Technology & Telecommunications' due to similar product offerings.

Tenants' Sales of CMT Portfolio¹ (S\$ psf per month)



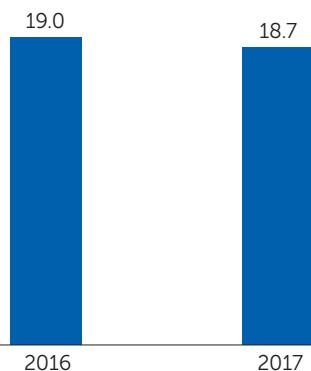
1 For comparable basis, CMT portfolio excludes Funan which was closed on 1 July 2016 for redevelopment.

OPERATIONS REVIEW

OCCUPANCY COST

CMT's portfolio occupancy cost remained healthy and registered at 18.7% in 2017. Occupancy cost is dependent on various factors including trade mix and type of tenants in the portfolio.

▼ Occupancy Cost¹ of CMT Portfolio (%)

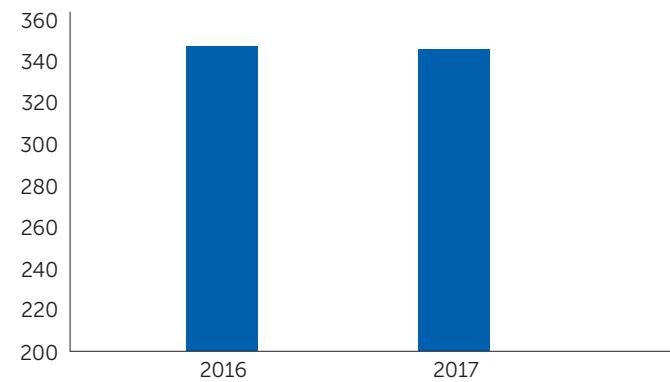


- 1 Occupancy cost is defined as a ratio of gross rental (inclusive of service charge, advertising and promotional charge and gross turnover rent) to tenants' sales. CMT portfolio excludes Funan which was closed on 1 July 2016 for redevelopment.

SHOPPER TRAFFIC

Shopper traffic decreased by 0.3% year-on-year in 2017. 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.

▼ Shopper Traffic¹ (million)



- 1 For comparable basis, CMT portfolio excludes Funan which was closed on 1 July 2016 for redevelopment.

ASSET ENHANCEMENT INITIATIVE

The rejuvenation works at Bukit Panjang Plaza were completed and the improvements included new dual file escalators and a sky roof. With the aim of building a strong sense of community where the mall operates, the roof garden was relocated to Level 4, the same floor as the expanded library which reopened on 1 July 2017. This has helped to increase the mall's communal and recreational space to better serve the needs of the community.

REDEVELOPMENT OF FUNAN

Funan has embarked on three years of redevelopment works. It will be redeveloped into an integrated development, comprising of retail, two office blocks that meet the needs of a variety of business, including established multinational corporations and coworking spaces for the mobile workforce, as well as The Ascott Limited's lyf brand of coliving serviced residences designed for millennials.

DIVESTMENT ACTIVITY

On 31 October 2017, the divestment of Funan's serviced residence component to Victory SR Pte. Ltd., a wholly owned subsidiary of Ascott Serviced Residence (Global) Fund Pte. Ltd., was completed.

The transaction was based on an agreed land value of S\$90.5 million for Funan's serviced residence component. The proceeds from the divestment of about S\$99.5 million serve to lower CMT's overall development risks and enhance its financial flexibility.

The Manager and Trustee have commissioned independent valuers, Savills Valuation & Professional Services (S) Pte Ltd (Savills) and Knight Frank Pte Ltd (Knight Frank) respectively, to value the land component of Funan's serviced residence. The valuation of the land component of Funan's serviced residence component as at 1 August 2017 was S\$86.5 million and S\$75.0 million as stated by Savills and Knight Frank in their respective valuation reports. The methods used by the independent valuers were the residual land value method, capitalisation method and the discounted cashflow method.

FINANCIAL REVIEW

GROSS REVENUE

Gross revenue for Financial Year (FY) 2017 was S\$682.4 million, a decrease of S\$7.3 million or 1.1% from FY 2016. The decrease was mainly due to Funan as the property closed for redevelopment from 1 July 2016, and lower rental rates achieved for new and renewed leases, as well as lower occupancy for Bedok Mall. This was partially offset by higher revenue achieved for IMM Building, JCube and Clarke Quay.

Gross Revenue by Property

(S\$ million)	FY 2017	FY 2016
Tampines Mall	79.3	79.3
Junction 8	58.8	58.8
Funan ¹	-	11.4
IMM Building	82.9	80.7
Plaza Singapura	89.7	90.1
Bugis Junction	84.8	83.9
Sembawang Shopping Centre and JCube	38.9	36.4
Lot One Shoppers' Mall	44.2	44.3
Bukit Panjang Plaza	28.6	28.4
The Atrium@Orchard	49.5	49.2
Clarke Quay	38.4	36.5
Bugis+	32.9	32.6
CMT Trust	628.0	631.6
Bedok Mall	54.4	58.1
CMT Group	682.4	689.7

¹ Funan was closed for redevelopment from 1 July 2016. On 1 November 2016, CMT, together with Victory Office 1 Trust, Victory Office 2 Trust and Victory SR Trust (VSRT), jointly own and undertake to redevelop Funan which comprises retail, office and serviced residence components. On 31 October 2017, CMT divested all of the units held in VSRT, 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.

CMT's interest in joint ventures' gross revenue are shown below for information:

Gross Revenue by Property

(S\$ million)	FY 2017	FY 2016
Raffles City Singapore (40.00% interest)	92.0	93.9
Westgate (30.00% interest)	21.0	23.9
Total	113.0	117.8

NET PROPERTY INCOME

Net property income (NPI) of S\$478.2 million was S\$1.5 million or 0.3% lower than FY 2016 as a result of the lower gross revenue partially offset by lower property operating expenses. Excluding Funan, NPI was S\$5.7 million or 1.2% higher than FY 2016.

Net Property Income by Property

(S\$ million)	FY 2017	FY 2016
Tampines Mall	58.3	58.8
Junction 8	42.1	41.8
Funan ¹	(3.4)	3.8
IMM Building	57.2	54.1
Plaza Singapura	66.7	67.5
Bugis Junction	61.1	60.8
Sembawang Shopping Centre and JCube	22.7	19.7
Lot One Shoppers' Mall	30.9	30.8
Bukit Panjang Plaza	18.3	18.3
The Atrium@Orchard	37.9	37.8
Clarke Quay	23.5	21.3
Bugis+	23.6	22.3
CMT Trust	438.9	437.0
Bedok Mall	39.3	42.7
CMT Group	478.2	479.7

¹ Funan was closed for redevelopment from 1 July 2016. On 1 November 2016, CMT, together with Victory Office 1 Trust, Victory Office 2 Trust and VSRT, jointly own and undertake to redevelop Funan which comprises retail, office and serviced residence components. On 31 October 2017, CMT divested all of the units held in VSRT, 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.

CMT's interest in joint ventures' NPI are shown below for information:

Net Property Income by Property

(S\$ million)	FY 2017	FY 2016
Raffles City Singapore (40.00% interest)	70.1	70.1
Westgate (30.00% interest)	14.7	16.6
Total	84.8	86.7

FINANCIAL REVIEW

DISTRIBUTIONS

Distribution for FY 2017 was S\$395.8 million, an increase of S\$1.5 million or 0.4% compared to FY 2016.

The increase was mainly attributable to lower finance costs and higher distribution from joint ventures.

CMT had retained capital distribution and tax-exempt income of S\$17.2 million received from CapitaLand Retail China Trust for general corporate and working capital purposes.

Breakdown of the Unitholders' distribution per unit in cents for FY 2017 as compared to FY 2016 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
2017	2.73	2.75	2.78	2.90	11.16
2016	2.73	2.74	2.78	2.88	11.13

ASSETS

As at 31 December 2017, the total assets for CMT and its subsidiaries (CMT Group) were S\$10,504.4 million compared with S\$10,326.7 million as at 31 December 2016. The increase of S\$177.7 million was mainly due to valuation gain of S\$252.7 million and increase in cash of S\$39.2 million. The increase was partially offset by lower financial derivatives assets of S\$118.3 million, arising from S\$44.4 million and S\$162.7 million as at 31 December 2017 and 31 December 2016 respectively.

VALUATIONS AND VALUATION CAPITALISATION RATES

(As at 31 December)

Property	Valuation			Valuation per Net Lettable Area	Valuation Capitalisation Rate	
	2017	2016	Variance		2017	2016
	S\$ million	S\$ million	S\$ million		S\$ psf	%
Tampines Mall	1,045.0	994.0	51.0	2,947	4.85	5.35
Junction 8	735.0	703.0	32.0	2,901	4.85	5.35
IMM Building	641.0	624.0	17.0	667 ¹	Retail: 6.25 Warehouse: 7.25	Retail: 6.50 Warehouse: 7.50
Plaza Singapura	1,283.0	1,257.0	26.0	2,662	4.50	5.00
Bugis Junction	1,068.0	1,014.0	54.0	2,693	4.85	5.35
Sembawang Shopping Centre	126.0	118.0	8.0	877	5.05	5.55
JCube	288.0	288.0	-	1,392	5.00	5.50
Lot One Shoppers' Mall	532.0	512.0	20.0	2,420	4.85	5.35
Bukit Panjang Plaza	324.0	310.0	14.0	1,983	4.95	5.45
The Atrium@Orchard	750.0	735.0	15.0	1,935 ¹	Retail: 4.75 Office: 3.75	Retail: 5.25 Office: 4.00
Clarke Quay	393.0	389.0	4.0	1,339	5.00	5.50
Bugis+	345.0	340.0	5.0	1,607	5.30	5.70
Bedok Mall	781.0	780.0	1.0	3,519	4.75	5.20
CMT Group excluding Funan	8,311.0	8,064.0	247.0			
Funan ²	360.0 ³	359.0 ³	1.0	N.M.	Retail: 4.85 Office: 4.10	Retail: 5.15 Office: 4.15
CMT Group	8,671.0	8,423.0	248.0			
Less additions during the year			(15.6)			
Net increase in valuations			232.4			

For information only

Raffles City Singapore (40.00% interest)	1,304.0	1,267.6	36.4	N.M. ⁴	Retail: 4.85 Office: 4.10 Hotel: 4.75	Retail: 5.25 Office: 4.25 Hotel: 5.11
Westgate (30.00% interest)	289.5	319.2	(29.7) ⁵	2,344	4.75	5.20
Share of joint ventures' investment properties	1,593.5	1,586.8	6.7			
Less additions during the year			(15.2)			
Net decrease in valuations			(8.5)			

N.M.: Not Meaningful.

- 1 Reflects valuation of the property in its entirety.
- 2 Funan, which is undergoing redevelopment into an integrated development, has been reclassified from Investment Properties to Investment Properties Under Development in 2016.
- 3 As at 31 December 2017, Funan is held through CMT, Victory Office 1 Trust and Victory Office 2 Trust (each of Victory Office 1 Trust and Victory Office 2 Trust are wholly owned by CMT). As the property is undergoing redevelopment into an integrated development, the value reflected is the total land value of the retail and office components of the integrated development. On 31 October 2017, CMT completed the divestment of all the units in Victory SR Trust and the land value of the serviced residence component of the integrated development has been excluded from the valuation of Funan accordingly as at 31 December 2016.
- 4 Not meaningful because Raffles City Singapore comprises retail units, office units, hotels and convention centre.
- 5 The decrease in the valuation of Westgate was largely due to lower rent reversions as well as a lower market rental forecast in view of the increased competition in the western region of Singapore.

CAPITAL MANAGEMENT

Key Financial Indicators

	As at 31 December 2017	As at 31 December 2016
Unencumbered Assets as % of Total Assets (%)	100.0	100.0
Aggregate Leverage (%) ¹	34.2	34.8
Net Debt / EBITDA (times) ²	6.4	6.3
Interest Coverage (times) ³	4.8	4.8
Average Term to Maturity (years)	4.9	5.3
Average Cost of Debt (%) ⁴	3.2	3.2
CMT's Issuer Rating ⁵	'A2'	'A2'

- 1 In accordance to Property Funds Appendix, CMT's proportionate share of its joint ventures' borrowings and total deposited property are included when computing the aggregate leverage. Funds raised ahead of the maturity of the existing borrowings of CMT are excluded from both borrowings and total deposited property for the purpose of computing the aggregate leverage as the funds are set aside solely for the purpose of repaying the existing borrowings of CMT.
- 2 Net Debt comprises gross debt less temporary cash intended for refinancing and capital expenditure. EBITDA refers to earnings before interest, tax, depreciation and amortisation.
- 3 Ratio of net investment income at CMT Group before interest and tax over interest expense from 1 January 2017 to 31 December 2017 and 1 January 2016 to 31 December 2016 respectively.
- 4 Ratio of interest expense over weighted average borrowings.
- 5 Moody's Investors Service has affirmed an 'A2' issuer rating of CMT on 16 July 2015.

CAPITAL MANAGEMENT

In 2017, CMT MTN Pte. Ltd. (CMT MTN) increased the programme limit of its unsecured S\$2.5 billion Multicurrency Medium Term Note Programme (MTN Programme) to S\$3.5 billion and issued two series of Singapore dollar denominated notes as follows:

1. S\$100.0 million 6-year fixed rate notes at 2.80% per annum on 13 March 2017;
2. S\$100.0 million 10-year fixed rate notes at 2.88% per annum on 10 November 2017.

The above fixed rate notes were used to partially repay the borrowings in 2017.

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) 2017, which was included in the financial statement as financial derivatives assets and financial derivatives liabilities were S\$44.4 million and S\$77.0 million respectively. This net financial derivatives liabilities of S\$32.6 million represented 0.5% of the net assets of CMT Group as at 31 December 2017.

The total borrowings of CMT Group as at 31 December 2017 are as follows:

▼ Total borrowings of CMT Group

	S\$ million	%
Bank loans	161.1	5.0
Retail bonds	350.0	11.0
Unsecured Medium term notes and Euro-Medium term notes issued by CMT MTN ¹	2,681.0	84.0
Total borrowings at CMT Group	3,192.1	100.0

For information only

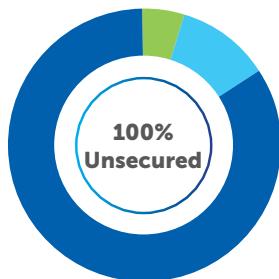
CMT's 40.00% interest in RCS Trust and 30.00% interest in Infinity Mall Trust

Unsecured loans and unsecured Euro-Medium term notes issued by RCS Trust	452.4
Secured loans at Infinity Mall Trust	162.0
	614.4

¹ Includes foreign currency denominated notes which have been swapped into Singapore dollars at their respective swapped rates.

▼ CMT Group - Debt Mix by Type

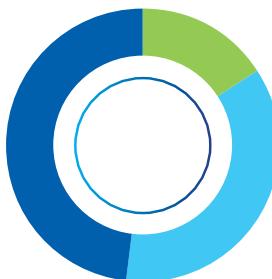
(As at 31 December 2017)



■ Bank loans	5.0%
■ Retail bonds	11.0%
■ Medium term notes and Euro-Medium term notes issued by CMT MTN	84.0%

▼ CMT Group - Loan Maturity Profile

(As at 31 December 2017)



■ Within a year	15.8%
■ After 1 year but within 5 years	36.0%
■ After 5 years	48.2%

CAPITAL MANAGEMENT

▼ CMT Group – Loan Maturity Profile¹

	S\$ million	%
Within a year	505.2	15.8
After 1 year but within 5 years	1,146.8	36.0
After 5 years	1,540.1	48.2
	3,192.1	100.0

¹ Includes foreign currency denominated notes which have been swapped into Singapore dollars at their respective swapped rates.

In summary, the total borrowings of CMT Group as at 31 December 2017 were S\$3,192.1 million with aggregate leverage at 34.2%. Average cost of debt was at 3.2% as at 31 December 2017 which was the same as end-December 2016.

As at 31 December 2017, 15.8% or S\$505.2 million of CMT Group's borrowings will mature in 2018. CMT has sufficient internal resources and bank facilities to cover the repayments due in 2018. 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.

CMT's 40.00% interest in RCS Trust and 30.00% interest of Infinity Mall Trust

CMT has a 40.00% interest in RCS Trust. On 22 March 2017, RCS Trust established an unsecured US\$2.0 billion Euro-Medium Term Note Programme.

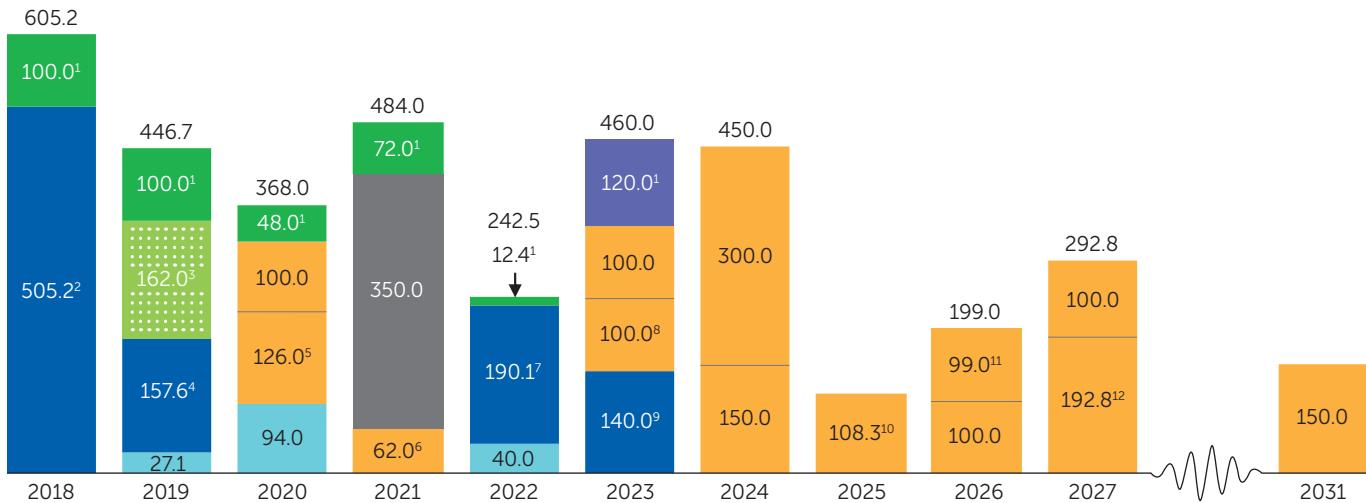
On 5 June 2017, RCS Trust issued unsecured S\$300.0 million of fixed rate notes maturing in 2023 at an interest rate of 2.60% per annum. The proceeds from the issue were used to refinance part of the existing borrowings of RCS Trust.

As at 31 December 2017, the total unsecured loans raised and unsecured Euro-Medium term notes issued by RCS Trust are S\$831.0 million and S\$300.0 million respectively. CMT's 40.00% share thereof is S\$452.4 million.

CMT has a 30.00% interest in Infinity Mall Trust (IMT). As at 31 December 2017, IMT has secured loans of S\$540.0 million. CMT's 30.00% share thereof is S\$162.0 million.

Debt Maturity Profile as at 31 December 2017 (including CMT's 40.00% interest in RCS Trust and CMT's 30.00% interest in Infinity Mall Trust)

(\$\$ million)

¹ Unsecured bank loans² Secured bank loans - 30.00% interest in IMT³ Retail bonds due 2021 at fixed rate of 3.08% per annum (p.a.)⁴ Unsecured bank loans - 40.00% interest in RCS Trust⁵ Notes issued under Euro-Medium Term Note Programme⁶ Notes issued under Medium Term Note Programme⁷ Notes issued under RCS Trust's Euro-Medium Term Note Programme - 40.00% interest in RCS Trust⁸ S\$1.131 billion unsecured bank loans/notes by RCS Trust. CMT's 40.00% share thereof is S\$452.4 million.⁹ US\$400.0 million 3.731% fixed rate notes were swapped to S\$505.2 million at a fixed rate of 3.29% p.a. in March 2012.¹⁰ S\$540.0 million secured bank loans by IMT due in October 2019. CMT's 30.00% share thereof is S\$162.0 million.¹¹ ¥10.0 billion 1.309% fixed rate notes were swapped to approximately S\$157.6 million at a fixed rate of 2.79% p.a. in October 2012.¹² ¥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 2013.¹³ ¥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 2014.¹⁴ 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 2012.¹⁵ ¥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 2015.¹⁶ 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 2012.¹⁷ 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 2014.¹⁸ 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 2016.¹⁹ 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.

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 2017, the value of cash and cash equivalents of CMT Group stood at S\$522.7 million, compared with S\$483.5 million as at 31 December 2016.

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.

INDEPENDENT RETAIL MARKET OVERVIEW

ECONOMIC GROWTH

Given the events of the past decade, the global economy is currently in a period of remarkable stability. Sometimes referred to as a 'Goldilocks economy', the economic outlook has not been this stable across all major markets for over a decade. The threat of protectionist policies being realised in some parts of the West, which seemed a possibility in 2017, has abated, with global trade performing well throughout the year. This, accompanied by recovery in the manufacturing and oil and gas sectors, contributed to improving global economic sentiment during the year.

Improvements in the global outlook were further supported by the encouraging performance of major economies. The United States of America (USA) continues to exhibit healthy growth and reported its lowest unemployment rate in 17 years as of November 2017. In response to improving economic conditions, the Federal Reserve has gradually weaned off quantitative easing measures and raised interest rates steadily throughout the year. The latest rate revision in December 2017 brought the Fed funds rate up by 25 basis points to 1.25 - 1.5%, and three more rate hikes are expected over the next two years. The Eurozone is also returning to economic health, and might roll back quantitative easing in the next two years. Meanwhile in Asia, China's staged growth slowdown appears to be under control.

As a small and open economy, Singapore has benefitted from the improvements in global economic conditions and trade, particularly in the electronics sector as demand for smart devices continues to grow. Singapore's gross domestic product (GDP) grew by 3.6% year-on-year in 2017, the highest growth rate since 2015. Additionally, the overall resident unemployment rate fell across the year from 3.2% to 2.9% as of December 2017. Even as various industries (e.g. manufacturing, financial services, F&B) undergo structural transformation due to automation and digitisation, the Government is taking steps to ensure its local workforce remains employable with relevant skillsets. Specifically, it is doing this through the SkillsFuture and Industry Transformation Maps initiatives.

Singapore's economy is expected to continue growing in the next few years, even if at a moderated pace with a temperance of electronics output growth. The recovering property sector and increased trade activity with other growing Southeast Asian economies should support Singapore's GDP expansion in 2018. Real GDP growth in both the Philippines and Vietnam is forecast to exceed 6.0% again in 2018, whilst the Indonesian economy is projected to grow by around 5.3%.

Certainly, such growth prospects are not without downside risks. Beyond 2018, the ability of USA and Europe to maintain growth whilst scaling back quantitative easing will affect the pace of global economic recovery, and in turn, demand for Singapore's exports. In addition, the ongoing power play between the USA and China could influence Singapore's diplomatic and trade relations with both nations and their allies. Nonetheless, barring any major unforeseen economic shocks, the overall outlook for 2018 appears positive.

INFLATION

Backed by improving economic sentiment, steady recovery in consumer demand and oil prices, year-on-year inflation for 2017 stood at 0.6%, reversing the trend of annual deflation in the two years prior. Singapore saw year-on-year inflation across all consumer price index categories except housing and utilities, where persistent rental declines lowered accommodation expenses. Focusing on key components of retail spending, inflation stood at 1.4% in the food category and 0.6% for clothing and footwear, an improvement from the negative inflation of previous years.

Headline inflation is projected to increase to 1.0% in 2018, supported by continued broad growth in demand. Over and above these projections, additional upward pressure on retail prices will come from a 2 percentage point hike in the Goods and Services Tax (GST) from 7.0% to 9.0% planned between 2021 and 2025. While this tax hike could soften future retail demand growth when implemented, its effect will be temporary as observed in other international examples. A slight uplift to retail sales - particularly of durables - could also occur just before the actual tax hike, as consumers bring purchases forward to avoid higher GST.

POPULATION

As at June 2017, Singapore's total population was approximately 5.6 million according to the Singapore Department of Statistics. This comprises 4.0 million residents and 1.6 million non-residents, who are primarily high-skilled expatriates and semi-skilled workers on employment visas. The total population barely changed from 2016 as the increase in residents of around 0.1 million was offset by an almost equal decrease in non-residents. Singapore's continued efforts to curb migrant worker inflow, as well as job losses amongst foreign labourers in the construction and the marine and offshore industries, have contributed to the fall in the number of foreigners in the past year.

Going forward, the total population is projected to grow from 5.6 million in 2017 to 5.9 million by 2022, which

translates to an average annual growth rate of around 1.2% per annum. This is slower than the average growth rate of 1.6% per annum previously observed from 2012 to 2016.

Resident population growth will remain subdued owing to low fertility rates and an ageing population. In 2016, the total fertility rate was around 1.12, well below the replacement rate of 2.1 needed to maintain population stability without immigration. A recent study by United Overseas Bank highlighted that if this trend were to continue, the share of Singapore's elderly population will match the share of the population under 15 years old for the first time in the country's history.

To boost resident fertility, the Government has actively taken steps to enhance family-friendly policies such as increasing the number of childcare places available. At the same time, Singapore still relies on a steady but moderated inflow of highly-skilled foreign expatriates to keep population growth rates stable and improve economic competitiveness. The Government will have to continue treading a fine balance between permitting immigration and ensuring the smooth integration of foreigners into Singapore's social fabric. Blue-collar foreign workers in manufacturing and construction may see declines in population going forward as the Government continues to encourage productivity improvements and automation in these sectors. However, any impact this trend has on the retail market will be minimal given the limited contribution these workers make towards the overall market.

TOURISM

Continuing the trend from 2016, Singapore's tourism sector exhibited strong performance in 2017. The Singapore Tourism Board reported another record-breaking year for tourist arrivals, with Singapore welcoming 17.4 million international visitors in 2017, 6.2% higher than the arrivals figure in 2016. China and Indonesia have remained as the top sources of international visitor arrivals. The number of tourists from China rose 12.7% year-on-year to 3.2 million, while arrivals from Indonesia rose by 2.1% to reach 2.9 million.

Total tourist spending for the full year also rose by 3.9% year-on-year to reach S\$26.8 billion, exceeding initial forecasts of between S\$25.1 billion and S\$25.8 billion. Up to the third quarter of 2017, the year-to-date total expenditure on shopping grew by around 8.6% year-on-year to S\$4.7 billion.

The sector's growth prospects remain positive given the improving global economic outlook. The opening of the

new Changi Terminal 4, which provides additional handling capacity of up to 16 million passengers a year, will enable airlines to add new services and bring more tourists into Singapore. In addition, Singapore has a strong pipeline of entertainment and trade events to attract both leisure and business tourists. For instance, the country has extended its contract to host the Formula 1 Grand Prix until 2021. This is a major event that attracted a total of over 450,000 international visitors over the past 10 years. In the business travel calendar, the Singapore Airshow just concluded with a more than 10% increase in trade visitors compared to the last edition in 2016.

Overall, Cistri forecasts international tourist arrivals to continue growing at around 3.2% or around 600,000 visitors annually over the next five years.

RETAIL SALES

In tandem with the improving economy, Singapore's retail sales have also seen improvements from 2016. The retail sales index was up year-on-year, particularly for department stores and discretionary items such as apparel, watches and jewellery. Food catering, on the other hand, saw further year-on-year decreases in the index, with restaurant sales seeing the largest declines.

2017 also marked new flagship store openings by several big brands in established malls and shopping precincts. In May 2017, Apple successfully opened its Orchard Road flagship store, which is its first brick-and-mortar store in Southeast Asia. Other notable openings include Muji's flagship store in Plaza Singapura and Lush's flagship store in VivoCity. Such developments affirm Singapore's position as the favoured location for foreign retailers looking to enter and expand in Southeast Asia. Nonetheless, brick-and-mortar retailers remain aware of the challenges posed by the ecommerce sector, and are constantly finding ways to enhance the physical retail experience and attract footfall. For example, the new Lush flagship store offers skin consultation services in-store as well as free massages for customers. Retailers and mall owners alike must continue being nimble and innovative to respond to shoppers' evolving preferences to sustain the recovery in sales.

As the economy continues its current growth trajectory, the outlook for the Singapore retail spending market remains positive. Cistri expects retail sales to continue growing steadily with average annual growth of around 3.7% forecast in the next five years.

INDEPENDENT RETAIL MARKET OVERVIEW

RETAIL SUPPLY

Our retail floor space projections include announced retail projects, allowances for future projects not announced, as well as allowances for obsolescence. Supply forecasts for announced projects are based on the Urban Redevelopment Authority's commercial projects pipeline and developers' intentions.

Amongst major projects, 2017 saw the completion of Hillion Mall and the Northpoint City extension. Other major projects such as Paya Lebar Quarter and Jewel Changi Airport remain on track to open before 2020. However, year-end floor space stock for 2017 was also reduced by the closure of several malls for redevelopment, including The Verge and Century Square.

The pipeline for future projects includes retail space in mixed-use projects, which incorporate residential and/or office elements to help boost the overall profitability of the development. These mixed-use projects include the redevelopment of malls such as Park Mall and The Verge, which are expected to reopen with smaller retail footprints than before. Outside the central region, the Housing

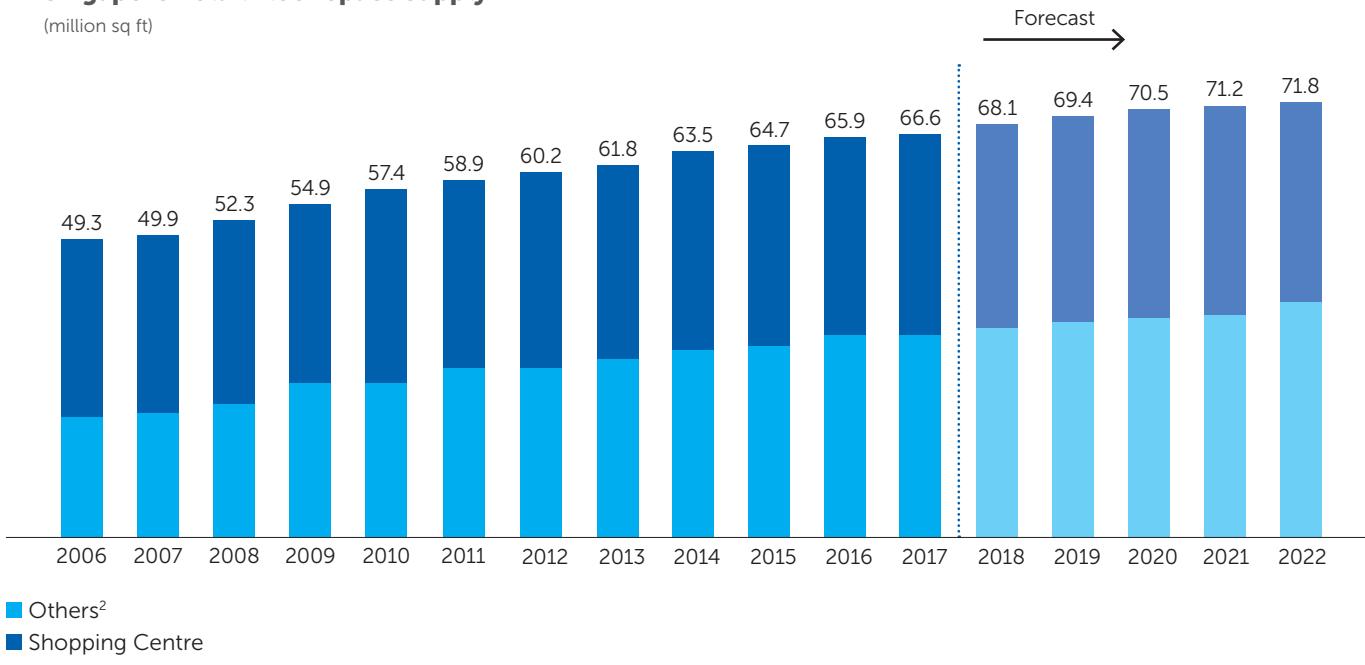
and Development Board (HDB) also plans to open new neighbourhood centres in towns such as Punggol, Hougang and Sembawang. Collectively, these neighbourhood centres will introduce more than 400,000 square feet (sq ft) of retail space, and will offer convenient shopping experiences to residents staying around them.

We estimate total retail floor space provision for Singapore at end-2017 to be around 66.6 million sq ft. This figure is expected to increase to 71.8 million sq ft by end-2022. This represents an average growth rate of around 1 million sq ft or 1.5% per annum. The proportion of retail floor space in a shopping centre format is expected to increase from 49.2% in 2017 to 51.7% by 2022, mainly due to the large new mall projects that are still in the pipeline.

CapitaLand will play a big part in this future development, with Jewel Changi Airport and Funan amongst the largest shopping centre openings planned in the next three years. Jewel will serve as a new lifestyle destination in the East for locals, as well as a new tourist attraction for international visitors at Changi Airport. Meanwhile, the revamped Funan will attract shoppers in the central area with its technology-centred experiential retail offerings.

Singapore Retail Floor Space Supply¹

(million sq ft)

¹ Others²² Shopping Centre

Source: Urban Redevelopment Authority, Cistri

1 As at end of each year.

2 Others refer to other forms of retail space such as Housing Development Board's shop space.

Major Future Shopping Centre Projects

>100,000 sq ft

Singapore, 2018 onwards

Centre Name	Type of Centre	Owner(s) /Developer(s)	Retail NLA (sq ft)	Year Open
City Gate	Neighbourhood	Bayfront Ventures Pte Ltd	101,700	2018
Tripleone Somerset Podium (AEI)	Specialty Centre	Perennial	122,062	2018
Oasis Terraces	Neighbourhood	HDB	193,750	2018
Century Square (Redevelopment)	Neighbourhood	PGIM Real Estate	199,641	2018
Paya Lebar Quarter	Sub-Regional	Lend Lease	340,000	2018
The Verge (Redevelopment)	Neighbourhood	Lum Chang Holdings, Jones Lang LaSalle	114,000	2019
Funan (Redevelopment)	Sub-Regional	CapitaLand Mall Trust	325,000	2019
Jewel Changi Airport	Major Transport Hub	CapitaLand, Changi Airport Group	576,000	2019

Source: Urban Redevelopment Authority, Developers' Announcements, Cistri

INDEPENDENT RETAIL MARKET OVERVIEW

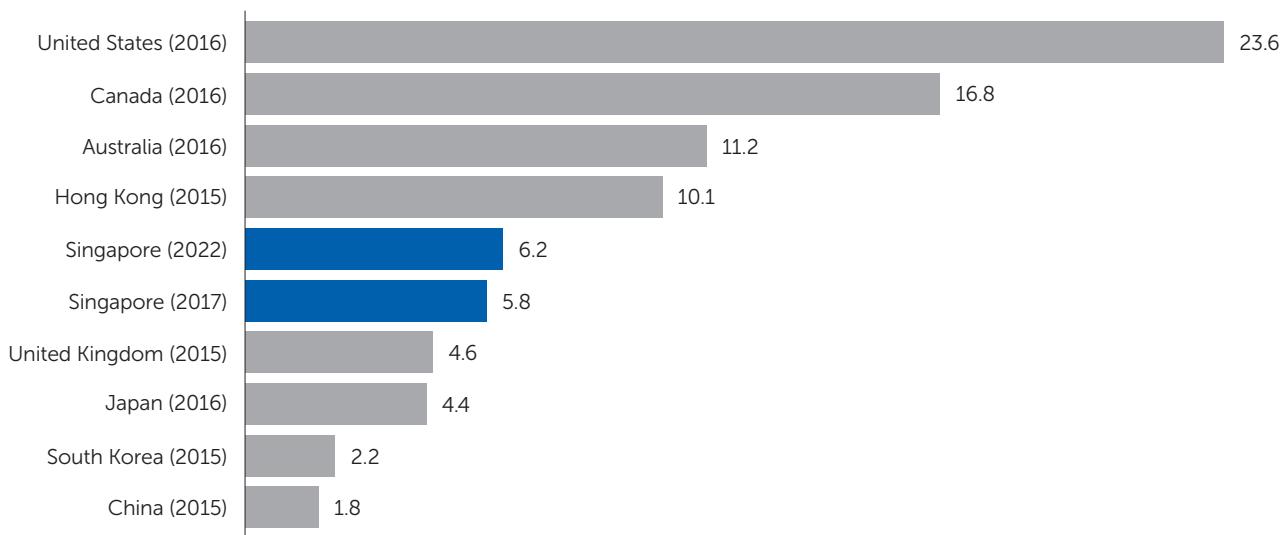
SHOPPING CENTRE FLOOR SPACE PER CAPITA

Cistri estimates the provision of shopping centre floor space per capita in Singapore by end-2017 to be approximately 5.8 sq ft net lettable area (NLA). Taking into account known new shopping centre openings and re-openings, this figure is expected to increase to 6.2 sq ft NLA per capita by 2022.

The per capita provision of shopping centre floor space in Singapore remains much lower than many markets, including North America and Australia. On the other hand, Singapore offers more shopping centre floors space per capita than some of its Asian counterparts, namely South Korea and China.

▼ Shopping Centre Floor Space per Capita

(sq ft NLA)



Source: International Council of Shopping Centres, Cistri

MALL OWNERSHIP

CapitaLand Mall Trust (CMT) continues to be the largest owner of shopping centre floor space, owning 14.0% of floor space in shopping malls with NLA of at least 100,000 sq ft. Insurance co-operative NTUC has moved up to second place with a floor space share of 6.1% due to its purchase of Jurong Point (658,000 sq ft NLA) through its subsidiary Mercatus. Other large owners include Lend Lease (5.3%), PGIM Real Estate (5.0%) and Frasers Centrepoint Trust (4.3%). Separately, CapitaLand owns 2.8% of mall floor space, unchanged from last year.

Based on known forthcoming developments, we expect CMT's floor space share to increase to 15.0% by 2022, boosted by the reopening of Funan post-asset enhancement works. CapitaLand's share will increase to 3.5% due to its stake in Jewel Changi Airport.

Source: Cistri

1 Malls greater than 100,000 sq ft NLA as at end-2017. Share of floor space takes into account ownership stake.

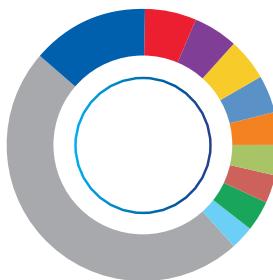
2 CapitaLand's share only covers malls directly owned by CapitaLand, and excludes those owned through CMT.

3 Fund manager treated as single owner.

RETAIL RENTS AND OCCUPANCY

While macroeconomic conditions have recovered in 2017, this has yet to translate to benefits for retail landlords. Both the Orchard Road and suburban sub-markets experienced persistent declines in retail rents, with a year-on-year decline of 2.4% in Orchard Road and 6.3% in the suburban sub-market. For the suburban sub-market, this was its steepest annual decline in rents in the last five years. Occupancy fared slightly better, an uptick in occupied retail space in the fourth quarter of 2017 has partially offset the declines in occupancy in the first three quarters. Consequently, retail occupancy along Orchard Road rose to 94.0%, while occupancy in suburban areas dipped just slightly to 92.7%.

Share of Major Shopping Mall Floor Space by Owner¹, 2017



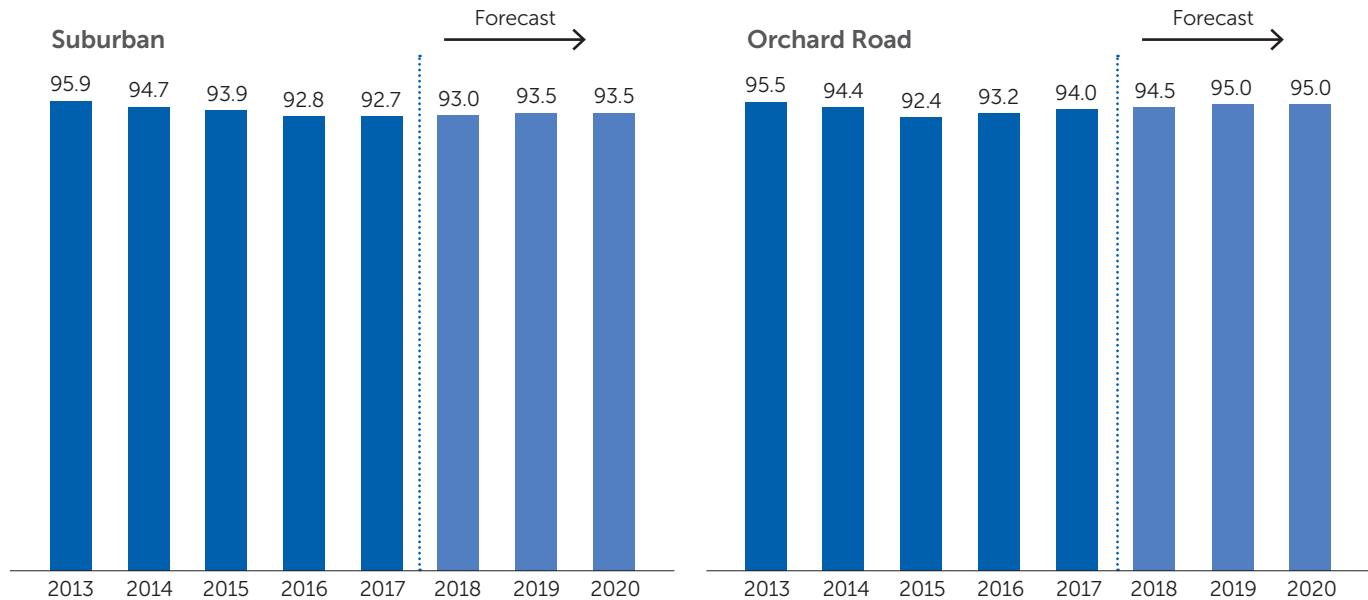
CapitaLand Mall Trust	14.0%
CapitaLand	2.8% ²
NTUC	6.1%
Lend Lease	5.3% ³
PGIM Real Estate	5.0%
Frasers Centrepoint Trust	4.3%
Far East Organisation	3.9%
United Industrial Corporation Limited	3.8%
Singapore Press Holdings	3.2%
Mapletree Commercial Trust	3.7%
Others	47.9%

Moving forward, we project slight recoveries in occupancy owing to the improved economic outlook. We believe rents at Orchard Road could decline further as retailers continue to struggle to generate sufficient sales to cover the high rents along this prime shopping district. Given this, we would expect to see continued tenant turnover and downward pressure on rents in parts of Orchard Road where shopper traffic is weaker if rent relief is not provided. On the other hand, our view is that rents in suburban locations are not as stretched as those in central locations. As such, we do not expect rental declines that are as significant in the suburban sub-market.

INDEPENDENT RETAIL MARKET OVERVIEW

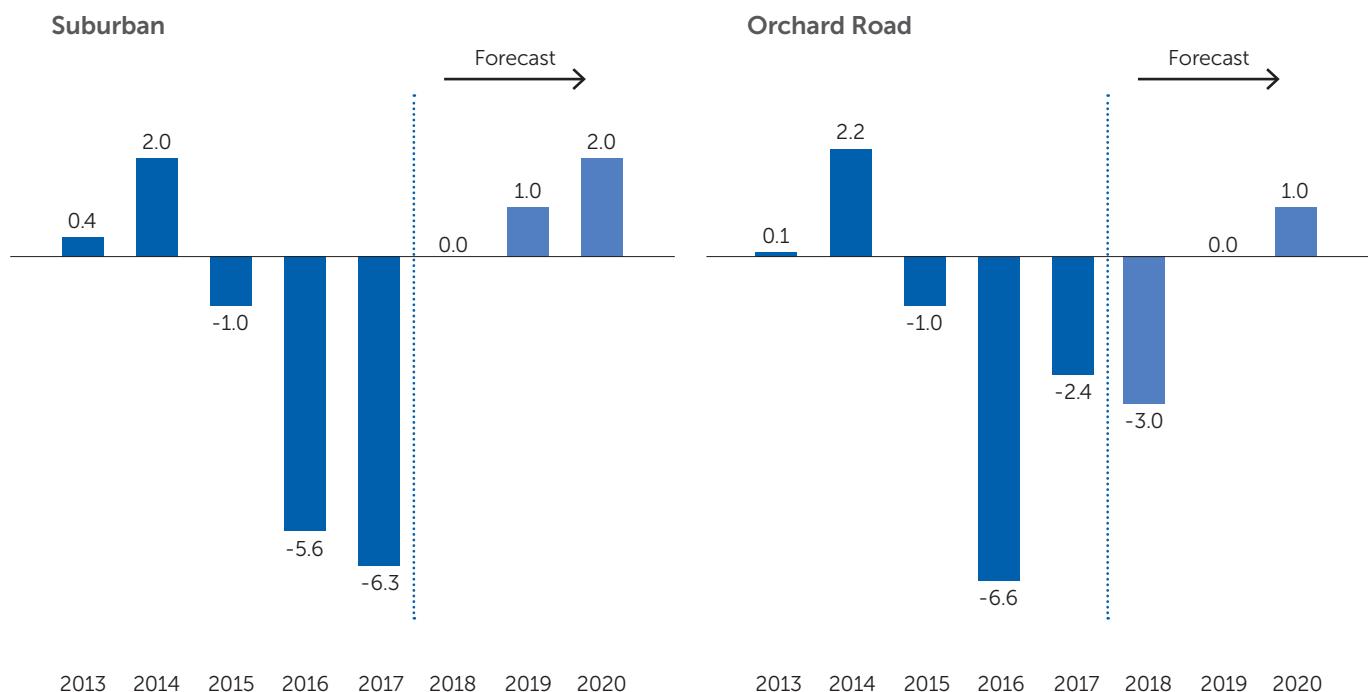
▼ Occupancy Rates Outlook

(%)



▼ Rental Growth Outlook

(%)



CONCLUSION

The year 2017 saw much improvement in the global and domestic economic situation compared to previous years. In fact, the economic turnaround has driven Singapore's economy growth beyond initial expectations, and set the backdrop for a more positive economic outlook. Additionally, it is not just output that has recovered but also prices of retail goods. These are all encouraging signs for retailers seeking a reprieve from falling sales in the challenging retail market of recent years. The stellar performances of tourist visitation and receipts have provided a further boost to retail spending. With Singapore continuing to be an attractive destination for leisure and business tourism, tourists will likely remain an important driver of retail activity in future.

As a leading modern economy in Asia, Singapore remains an attractive market for retailers to establish a foothold in the region, as evidenced by the continued stream of new store openings by major brands. Retailers also increasingly recognise that they need to offer unique experiences to draw shoppers into physical stores, and are innovating accordingly. In some cases, it is not only individual retailers that are implementing more interactive and interesting retail channels, but entire shopping centres led by landlords. Funan will be a prime example of this, as it works with multiple tenants to feature a range of interactive, digitally-enabled retail concepts.

However, the positive macroeconomic developments will take some time to translate into benefits for retail landlords. Retailers are still adjusting to structural changes in the way

shoppers interact with sellers, especially considering the growing popularity of ecommerce. Rents remain high in many locations relative to sales being achieved by retailers. Consequently, rental growth is likely to remain suppressed in the next 12 months as physical retailers in malls seek to remain competitive. Additionally, with more new retail floor space supply coming onstream in the next few years, recovery in occupancy will likely be muted.

Nevertheless, once retailers can navigate the short-term challenges, the long-term outlook remains generally positive. Singapore's diversified economy, educated workforce, quality infrastructure and sound governance all provide strong fundamentals for long-term income and retail expenditure growth. Retailers and mall owners that can offer sufficiently fresh, interesting and interactive retail experiences will be best positioned to capture the benefits of the overall market growth.



Jack Backen

Director
Cistri Pte. Ltd.
19 February 2018

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SINGAPORE REIT SECTOR

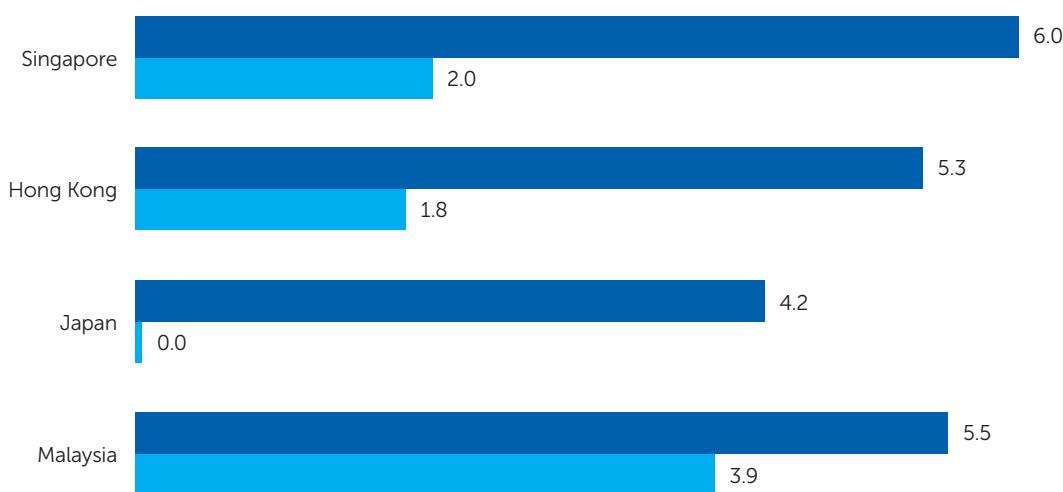
OVERVIEW

In 2017, the FTSE ST Real Estate (RE) Index, FTSE ST Real Estate Investment Trusts (REIT) Index and the Straits Times Index (STI) increased by 23.5%, 20.6% and 18.1% respectively as at end-2017. The average distribution yield of Singapore real estate investment trusts (S-REITs) was 6.0% as at

31 December 2017, which was about 395 basis points (bps) above the Singapore Government 10-year bond yield of 2.0% as at 31 December 2017.

During the year, there were three initial public offerings, bringing the number of S-REITs and business trusts to 42.

▼ Asian REITs' Yield Spreads



■ REITs' Weighted Average Distribution Yield

■ Government 10-Year Bond Yield

Country	Yield Spread (bps)
Japan	419
Singapore	395
Hong Kong	348
Malaysia	158

Source: Bloomberg.

In February 2017, Monetary Authority of Singapore (MAS) announced the newly-formed Corporate Governance Council (Council) to review the Code of Corporate Governance (CG Code). The CG Code was last reviewed in 2012, when changes were introduced to strengthen Board independence and enhance remuneration practices and disclosures. Corporate governance practices globally have continued to evolve since then. MAS has been monitoring these market developments and industry feedback on how the CG Code can be improved. As such, this will improve the market value and corporate governance of S-REITs.

On 7 December 2017, the Singapore Exchange issued a 'Consultation Paper on Enhancements to Continuous Disclosures' (Consultation Paper), which closed on 12 January 2018. Singapore Exchange is proposing to recalibrate disclosure requirements under the Listing Rules for areas of concern for both the market and the Exchange. This covers disclosures in relation to rights issue fund raising, transactions with interested persons, provision of financial assistance to third parties as well as significant disposal of assets.

In 2017, the Federal Reserve announced three interest rate hikes since its first interest rate hike in December 2015.

A further increase in the federal funds rate may influence the Singapore Government 10-year bond yield and Singapore Interbank Offered Rate (SIBOR) to increase further and the S-REITs may face the corresponding increase in borrowings costs when financing new acquisitions and refinancing existing debts; this may lead to lower distribution from S-REITs. Rising interest rates also make bonds more attractive investments, because they pay higher yields. Rising bond yields could lead to investors moving their money from their investments in S-REITs into bonds.

LOOKING FORWARD

Barring unforeseen circumstances, the economic pick-up should boost underlying demand and continue to support the S-REITs sector and cushion the impact of higher interest rates.

The framework for S-REITs has been continually refined since the public listing of the first S-REIT in 2002. There will be further enhancement to the corporate governance and regulatory framework for S-REITs. We believe that the S-REITs will proactively adapt to the changes introduced to the regime.

MARKETING & PROMOTIONS



Live Out Your Tsum-sational Adventure

Our strategic marketing activities continued to focus on building the loyalty of shoppers through customer-centric experiences and rewards that can be enjoyed across all malls. We leveraged on technology to bring greater convenience and delight to the shopping experience.

PORTFOLIO-WIDE ACTIVITIES

Our three loyalty programmes, CapitaStar, CapitaVoucher and CapitaCard, enjoy strong competitive advantage in the market as Singapore's largest multi-store, multi-mall integrated rewards platform and remain a popular choice for shoppers who desire scale of rewards in loyalty programmes.

CapitaStar has over 850,000 members as at 31 December 2017. Members' loyalty at our malls continue to grow and be retained through this card-less loyalty programme as it rewards members with additional benefits over and above existing credit card and store rewards. Members enjoy a wider range of fashion, dining and lifestyle value e-vouchers that could be redeemed with their STAR\$® on the CapitaStar mobile app. These e-vouchers are easily authenticated at the point of sale with a simple merchant application. As a feedback channel for CapitaLand tenants, CapitaStar provided tenants with data analytics as well. In addition, members could redeem for S\$1 or S\$3 discount with their STAR\$® at CapitaLand malls through e-vouchers that are easily authenticated by driving through the car park gantry upon advanced one-time entry of the in-vehicle number in the mobile app.

As part of advancing our omni-channel strategy, an exclusive online mall on Lazada Singapore, which is part of Lazada Group, Southeast Asia's largest e-commerce platform was launched in October 2017. The official store on Lazada aggregates the offerings of retailers in our malls on lazada.sg. To facilitate an integrated omni-channel experience, shoppers who patronise the online official store will have the option to order online and collect their purchases at the click and collect lounges in our malls. In 2017, click and collect lounges were set up in Bedok Mall, Bugis+, IMM Building (IMM), JCube, Plaza Singapura, Tampines Mall and Westgate. Online shoppers were also rewarded STAR\$® for their purchases, increasing the awareness and membership base of the CapitaStar loyalty programme, while these STAR\$® were cycled back to CapitaLand malls to encourage incremental spend through rewards that were offered via the mobile app.

CapitaVoucher performed well in 2017, with sales growing by approximately 13.1% year-on-year to a record of over S\$78.8 million worth of committed spending. With its wide acceptance in over 2,000 retail stores in CapitaLand malls, it remains the most popular shopping voucher in Singapore.

The American Express® CapitaCard, CapitaLand's co-brand credit card with American Express, saw a healthy growth in the cardmember base. Cardmembers enjoy the highest earn rate for STAR\$® of up to 16X STAR\$®

at selected stores, which is equivalent to 6.5% rebate in CapitaVoucher. Cardmembers enjoy other perks such as three-hour complimentary parking or privileged parking for one month with minimum spend each month at participating malls and exclusive tiered gift redemptions during the malls' campaigns. The CapitaVoucher value purchase promotion where cardmembers received additional S\$10 voucher with every S\$100 worth of vouchers purchased was snapped up over one weekend. This strategic partnership has driven customer loyalty, and increased repeat spending that benefitted tenants in our malls.

In addition to our loyalty programmes, we also organised portfolio-wide campaigns such as:

Live Out Your Tsum-sational Adventure

In March 2017, we organised Southeast Asia's largest interactive Disney Tsum Tsum carnival, bringing the Disney magic to life at the malls. The main highlight was Southeast Asia's very first Tsum Tsum roving parade with six two-meter tall giant Tsum Tsum inflatables marching across Bugis Junction, Raffles City Singapore and Plaza Singapura. Other specially curated activities included a Tsum Tsum clock tower show at Plaza Singapura, a ninja-inspired mini obstacle course at Junction 8 and Sembawang Shopping Centre, a Tsum Tsum robotic car race at Tampines Mall and interactive games and crafts at Bukit Panjang Plaza. Shoppers enjoyed an immersive offline-and-online (O&O) experience by launching an event-exclusive Mission Bingo game in the CapitaStar app to win prizes including STAR\$® upon completing activities in the malls. The Mission Bingo game offered a platform for shoppers to follow through the carnival activities.

Decode the Emoji

An emoji-themed campaign targeted at millennials was held from July to August 2017. The malls were transformed into a giant game arena. Activities included emoji escape rooms, emoji charades, augmented reality emoji treasure hunts and a unique panorama immersive fitness experience. Members who completed all activities could compete against one another to win one million STAR\$®.

50% Fashion Cashback

CapitaStar and American Express® CapitaCard members who spent a minimum of S\$60 at any of over 500 participating fashion stores from 11 to 13 October 2017 enjoyed a 50% cashback in the form of S\$30 CapitaVouchers. There was also an exclusive cashback day for American Express® CapitaCard members on 10 October 2017. This four-day campaign drove an increase in the volume of transactions and average spend in the fashion stores.

MARKETING & PROMOTIONS

MALL-CENTRIC ACTIVITIES

Each mall created a series of memorable experiences that drove shopper traffic and strengthened shoppers' loyalty to our malls.

► BEDOK MALL

A Galore of Doraemon-Themed Activities Awaits You

In conjunction with the launch of Doraemon The Movie, Bedok Mall set up a fun-filled Antarctic-themed playground in June 2017 where children were challenged to climb bouldering walls and cross hurdles to win CapitaVouchers. Families also had the chance to get up close with Doraemon for a photo opportunity and redeemed movie premiums with minimum spend.

Finest Festival - Gourmet Made Simple!

FairPrice Finest celebrated its 10 years in bringing the fine life closer to Singaporeans with a wine fair in September 2017. Shoppers enjoyed wine specials of up to 45% discount during the promotion. Shoppers took part in a series of activities such as food sampling, cooking demonstration and cooking contest.

► BUGIS JUNCTION AND BUGIS+

Hello Spring!

In celebration of spring/summer season, Bugis Junction and Bugis+ held runway shows that fused fashion and live music performances by local artistes namely Nat Ho, iNCH, Aisyah Aziz, ShiGGa Shay and Sara Wee. Models strut down the runway adorning tenants' latest collections featuring the hottest styles to the various themes such as The Essentials, Wanderlust, Urban Utilitarian and 70's Geek Chic.

Stay Alive this Halloween

Singapore's first wireless virtual reality (VR) competition was held during Halloween, daring shoppers to face their fears with a larger-than-life immersive VR gaming experience. Three thrilling games were available for shoppers to test their courage, namely Time Zombies, Walk the Plank and



First Wireless Virtual Reality Competition at Bugis+

Arizona Sunshine Zombie. The Time Zombies competition used the latest Arctic Fox wireless technology and marked Arctic Fox's debut in Southeast Asia.

Christmas Enchanted

The malls collaborated with beauty brand, Clinique, for the first time to present an enchanting Christmas. Surrounded by dazzling lights, heartwarming Christmas carols, exclusive beauty festive treats and gifts, Bugis Junction's outdoor plaza transformed into a whimsical and delightfully decadent Christmas Wonderland with the light-up of the 10-metre tall ballerina Christmas tree.

► BUKIT PANJANG PLAZA

SmartParents Family Fun

In celebration of Father's Day, a series of family bonding activities including mosaic tile painting, puppet making, terrarium workshop by Home-Fix and meet-and-greet session with mascots from popular local children television series, Junction Tree and storytelling picnic by National Library Board were held at the mall. Young entrepreneurs from Pioneer Junior College also organised a flea market to retail handmade crafts with a mission of helping the community under the Social Entrepreneurship Programme.

Dora The Explorer – Join the Adventure

Bukit Panjang Plaza and Lot One Shoppers' Mall (Lot One) ushered in the Christmas festive season with Dora The Explorer show cum meet-and-greet. There were art and craft workshops for the children. Exclusively designed backpacks were given away as part of the malls' redemption programme. A special tea party was arranged for junior adventurers where they had a photo opportunity and played games with Dora, Boots and Diego.

► CLARKE QUAY

Singapore Festival of Fun

The inaugural Singapore Festival of Fun was held at Clarke Quay and supported by Singapore Tourism Board. The



Inflatable Human Balloon Performance at the First-Ever StreetFest at Clarke Quay

festival kicked off with the family-friendly Nickelodeon Fiesta in March 2017, which turned Clarke Quay into a carnival of reimagined classic childhood game booths and appearances by popular Nickelodeon characters. This was followed by the first-ever StreetFest, with performances by international street buskers such as world champion unicyclist, escape artist and inflatable human balloon. The last leg of the event was the return of the Magners International Comedy Festival Singapore featuring standup comedians from United States of America, Ireland, Australia and Asia at participating stores.

Football in the City

As a prelude to the first International Champions Cup (ICC) in Singapore, Clarke Quay hosted Football In The City. Some of the key highlights were the appearance of FC Internazionale legend, Diego Milito and display of Chelsea, Bayern München and FC Internazionale's club trophies. A youth football clinic session was also conducted by FC Bayern Youth Team Coach and local football legend Aleksandar Đurić. Fans had a chance to win exclusive training passes, ICC tickets and premiums by participating in the games and contests.

Mayhem by the Quay

Clarke Quay was transformed into a post-apocalyptic sci-fi world during Halloween. Highlights included the robot invasion stage, a rogue science laboratory scare zones and performances by local band O.K Ready!. Many locals and tourists came in elaborated costumes for the Best Dressed contest.

▼ IMM BUILDING

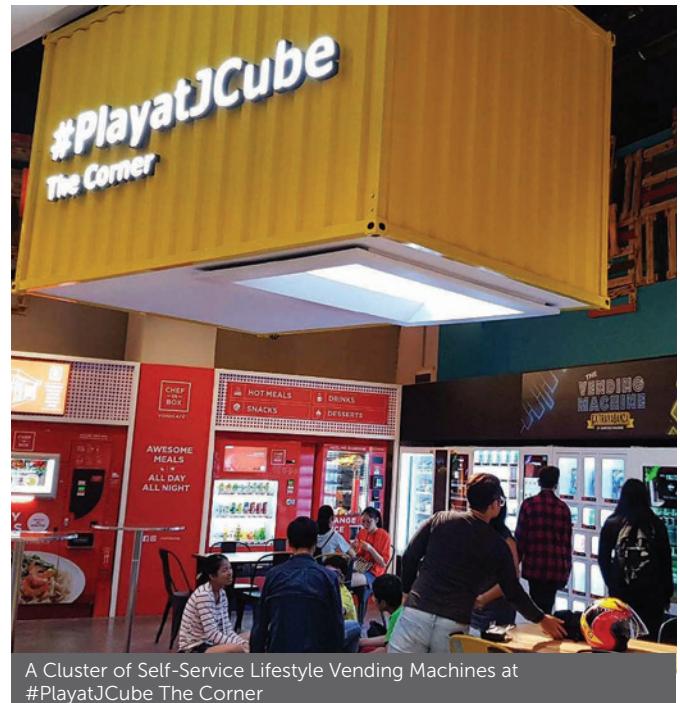
IMM Outlet Sale

IMM held its first iconic outlet sale from 28 to 30 July 2017. On top of the everyday discounts of up to 70%, shoppers enjoyed additional discounts of up to 30% at participating outlets. The first 200 shoppers who spent S\$250 at participating outlets per day were also rewarded with S\$50 CapitaVouchers.

▼ JCUBE

#PlayatJCube The Corner

JCube launched a new branding campaign #PlayatJCube, which is centered on eat, shop and play. One of the highlights is #PlayatJCube The Corner at Level 3 of the mall, which comprises a curated cluster of self-service lifestyle vending machines under an innovative artificial skylight panel. Shoppers at this new lifestyle zone can buy hot food, apparel, knick-knacks and sing karaoke in a mini recording studio. In support of Singapore's Smart Nation vision, this lifestyle zone is a cashless zone where various digital payment modes are accepted.



A Cluster of Self-Service Lifestyle Vending Machines at #PlayatJCube The Corner

#PlayatJCube Pop-Up Market

JCube ushered in Christmas with a pop-up market selling artisanal and creative gifts, well-suited for the gifting season. Shoppers participated in craft workshops with minimum spend. The workshops included leather marbling, graffiti lettering and floral watercolouring where personalised gifts were created for the festive season.

▼ JUNCTION 8 AND SEMBAWANG SHOPPING CENTRE

Playmania

Junction 8 and Sembawang Shopping Centre made school holidays more fun by bringing car racing to shoppers in June 2017. To encourage bonding with parents, there were competitive games for parents and children to participate together. There were also car racing VR games where shoppers were transported to a unique race track setting.

Miffy's Singapore Adventure

Miffy's Singapore Adventure at the malls gave shoppers Instagrammable photo opportunities with the 1.5-metre Miffy statues in localised costumes display from July to October 2017. A large-scale Miffy Picnic was held at Garden Plaza in Junction 8 attracting more than 100 participants. Participants were given an exclusive chance to enjoy an afternoon with Miffy mascot over specially designed Miffy snacks.

MARKETING & PROMOTIONS

Wintry Fun

To celebrate the year-end festivities, shoppers were treated to a magical snowy mountain experience through VR. They experienced skiing through the mountains on the VR simulator and a thrilling roller coaster ride with Santa at the VR cinema. Shoppers also dived down a 'snow' slope into a ball pit where attractive prizes awaited them. Children were also in for a treat with the first-ever Christmas in the Land of Zoomov! event at both malls. Children created their Christmas crafts at the craft buffet and dug into an endless pit of fun at the cassia seeds-field play pit.

▼ LOT ONE SHOPPERS' MALL

Share the Blessings

To spread love to the underprivileged during the Lunar New Year, Lot One partnered Keat Hong Community Club Grassroots Organisation and radio DJs to organise a donation drive and help needy families from Keat Hong Constituency in February 2017. Over 300 families benefitted from this event.

Mother's Day Celebration

Mothers were showered with gifts such as exclusively designed tote bags and STAR\$® when they shopped at the mall. They were treated to activities including Zumba Mass Workout by Health Promotion Board, healthy cooking demonstrations, freebie giveaways, extra pampering at the KOSÉ beauty demonstration counter as well as skincare tips and makeup techniques.

▼ PLAZA SINGAPURA

KidZania Go! Singapore

KidZania Singapore celebrated its first birthday with its first-ever showcase in a public space at Plaza Singapura. Shoppers were treated to activities and experiences from the actual KidZania Singapore. This included role-playing as cabin crew at the aviation academy and participating in a telematch at the stadium. There were makeovers booths for the little ones. Children also posed for a 3D floor sticker photo. Shoppers had a chance to win a pair of return tickets to any flight destinations of Qatar Airways with minimum spend.

RAWR! Dinosaurs Unearthed

Shoppers felt the adrenaline rush during the June school holidays as they came face-to-face with the fearsome T-Rex. The Mamenchisaurus, the Yangchuanosaurus, the Herrerasaurus and the Omeisaurus, were also on exhibit at the mall. Visitors experienced a world where dinosaurs once roamed, with each exhibit featuring life-like movements, colours, textures and sounds of these extinct animals.

Children let their creativity run wild at the activity zone. At Light Up Dinosaurs workshop, they learnt about electrical circuits and personalised their dinosaur-shaped finger lights.



RAWR! Dinosaurs Unearthed at Plaza Singapura

▼ RAFFLES CITY SINGAPORE

Tian Tian Xiang Shang 天天向上

Raffles City Singapore (RCS) was the official venue partner for the debut of the inspirational Tian Tian Xian Shang (TTXS) conceptual exhibition in Singapore. TTXS, means 'looking up every day', was created in the 1970s by Danny Yung, one of the most influential artist and cultural figures in Hong Kong and greater Asia. The key highlight of the exhibition held from July to August 2017 was the 40 pieces of Tian Tian figurines designed by leading Singaporean artists and cultural figures including Eric Khoo, Daniel Yun, Ang Peng Siong, Jeanette Aw, Joanne Peh, and young artists from The Art Faculty by Pathlight School. RCS transformed itself into a major public art space with more than 1,000 unique figurines on display, including three larger-than-life three-metre tall Tian Tian figurines greeting shoppers at various entrances of the mall.



Tian Tian Xiang Shang Exhibition at Raffles City Singapore

Farmers' Market

Packed with gourmet goodies, this farmers' market was centered on self-sustainability. It had stalls featuring locally harvest-to-order produce, food artisans and curated handicrafts. Shoppers created coffee bean scrub, edible terrarium and pandan rosette at the fun-filled workshops. Food artisans also shared their crafts and raised funds for Very Special Arts Singapore through sale of their unique creations. For the first time, the mall conducted an exclusive rooftop farm tour on Level 7 for shoppers.

In the Rhythm of the Season

RCS collaborated with Nickelodeon's international SpongeBob Gold campaign to showcase a unique SpongeBob Gold fashion collection specially-designed by homegrown veteran designer, Alfie Leong. Inspired by Nickelodeon's incurably optimistic and earnest sea sponge, Leong's SpongeBob Gold collection featured classic SpongeBob iconography embellished with a golden twist. Shoppers had a fun-filled and entertaining Christmas as SpongeBob Squarepants and friends brought fun and cheer to the mall with stage shows, activities and workshops.

TAMPINES MALL

Halloween Spectacular

Tampines Mall specially created a scare zone for those who enjoy the thrill of a Horror House during Halloween with exciting giveaways in the Spooky Instant Lucky Dip as well as Arty Crafty Halloween Fun for the children. With a minimum spend, shoppers redeemed for a unique halloween experience in an abandoned hospital setting where terror lurked at every corner.

Let's Rock With Alvinnn!!!

and the Chipmunks this Christmas

Shoppers enjoyed a rockin' Christmas at Bedok Mall and Tampines Mall with Alvin and the Chipmunks live show. Shoppers were treated to a host of activities including Roving Santa special treats, sand art and stained glass ornament workshops.



Alvin and the Chipmunks Live Show at Tampines Mall

WESTGATE

Egg-cellent Easter Holiday

Westgate celebrated Good Friday with a courtyard filled of activities for adults and children. Five giant egg displays were set up at The Courtyard for local artists and shoppers to doodle and draw with acrylic paint. Children participated in egg-painting workshops, teddy bear making workshops and cookie decorating sessions with minimum spend in the mall.

Here for a Blissful Christmas

Westgate celebrated the Christmas festive season with a seven-metre projection tree, first-ever in a mall in Singapore. The state-of-the-art projection tree illuminated lights in the day time, and transformed into a story-telling tree at night with projection shows and snow effects. There were live band and musical performances, as well as a Christmas market to augment the festive mood at The Courtyard.



Live Musical Performance at the Seven-Metre Projection Christmas Tree at Westgate

OUR TENANTS



▼ FOOD JUNCTION MANAGEMENT PTE LTD
Mr Jeffrey Lim
Chief Executive Officer

Since 1993, Food Junction has revolutionised Singapore's dining culture with concept-driven food courts, complemented by an exciting menu of local and international cuisines. We have continuously reinvented ourselves to ensure we provide a range of healthy dining options at affordable prices with technology-enabled convenience. As a forward-thinking organisation, CapitaLand has been an ideal partner that constantly pushes the boundaries for new retail formats to delight and reward our customers. As we expand further internationally, we view CapitaLand as our collaborator of choice with a professional management team that identifies prime locations and attracts the right tenant mix.



▼ SEPHORA SINGAPORE PTE. LTD.
Mr Mathieu Sidokpohou
Managing Director

▼
Sephora South East Asia's unparalleled brand offerings and omni-channel experiences give our customers what they need and when they need it. We are constantly creating unique and engaging experiences for our customers with our Beauty Studios as well as digital enhancements like the Virtual Artist and Foundation Finder. We are excited to have CapitaLand share our vision as a disruptor in the beauty space by helping us reach our customers in the right spaces.



▼ CHATERAISE CO.,LTD.
Mr Masayoshi Mochizuki
Manager of Shop
Development Department

▼
When deciding on how to expand the Chateraise brand in the market, we knew the right choice would be with CapitaLand and its network of quality shopping malls in Asia. Our aim is to provide our customers with the best experience and quality products when they visit our stores and to ultimately put a smile on their faces.





▼ FITNESS FIRST SINGAPORE PTE. LTD.

Mr Andrew Phillips
Managing Director

CapitaLand is recognised for its iconic and well-located malls near transport hubs, which increases our propensity for success. CapitaLand has proven on many occasions to be highly respectful of our unique strategic and operational needs, pragmatically assisting us as required. With seven health clubs across CapitaLand properties in two countries, we motivate our members to integrate fitness as part of their lifestyle.

▼ PU TIEN RESTAURANT PTE LTD

Mr Jayden Xiao
Chief Operating Officer

PUTIEN aims to elevate our brand to the next level by continuing our excellent partnership with CapitaLand, the most successful and best-run retail operator in our view. CapitaLand is proactive in its approach to attract shoppers and enhancing brand awareness for tenants. PUTIEN is committed to creating excellent food and service through providing a unique dining experience for our customers. We adhere to our values of using premium ingredients for authentic Fujian cuisine, as well as provide a warm and caring service to our customers, whom we view as part of the PUTIEN family.

▼ DAPAIIDANG GROUP PTE. LTD.

Mr Kido Zhao
Managing Director

We have enjoyed many years of great partnership with CapitaLand in our home base China, so when we decided to bring Nanjing Impressions overseas, CapitaLand is the first partner we approached. We are happy to extend our partnership with CapitaLand to Singapore, where we have set up our first overseas outlet in Plaza Singapura. With our network of over 50 stores worldwide, we hope that more people can experience authentic Nanjing culture and enjoy the traditional taste of Jinling cuisine.



▼ BLUEBELL SINGAPORE PTE. LTD.

Ms Nelly Ngadiman
Managing Director

We value our relationship with CapitaLand and its approach to bring the right brands together in a retail environment. CapitaLand's professionals are reliable, innovative and possess the ability to understand our needs. We view CapitaLand as a long-term partner, that we look forward to working closely with, to offer our customers an authentic experience.



▼ FANTASTIC NATURAL COSMETICS (SINGAPORE) PTE. LTD.

Mr Christopher Chan Chi Ming
Managing Director

FANCL is the largest cosmetics company in Japan producing a full line of products with no preservatives. Our mission is to always offer high-quality products and service to everyone. We adopt a customer-first approach through customised skin analysis consultations and tailored skin regimens - these are some of the ways we offer excellent customer service. We place convenience and accessibility as a priority for our customers which is why our stores are strategically located in malls which offer high visibility. CapitaLand is a valuable business partner as its malls offer us unparalleled footfall and traction.



OUR SHOPPERS

► JUNCTION 8
Rayaprolu Srilakshmi and family

Junction 8 is near to us and we regularly visit the shops here. We like to go to BHG, McDonalds, BreadTalk and watch movies at Golden Village. It is one of our favourite shopping malls in Singapore.



► BUGIS+
Estella and Andy

We like to come to Bugis+ as there are many fashion shops, eateries and also a cinema. It's a good place to shop and dine for everyone!

► PLAZA SINGAPURA
Nikhil and Marcel

I come to Plaza Singapura frequently to meet up with friends and family in a central location with lots of attractive amenities.



► WESTGATE
Aaron and family

Westgate is very convenient to get to and it has a wide range of shopping options to choose from! There are also plenty of dining options when we get hungry from all the shopping and need to fill up our tummies!

▼ LOT ONE SHOPPERS' MALL
Atiqah and family

We love coming to Lot One because it's convenient for us as we live around this area. Lot One has more choices to shop around. It is quite easy for us to find 'Halal' food here.

▼ SEMBAWANG
SHOPPING CENTRE
Shila, Theary and
Theary's family

We enjoy coming to Sembawang Shopping Centre because this shopping mall offers variety of products like clothes, shoes, home products and dining options.



▼ RAFFLES CITY SINGAPORE
Darius, Zen and Sharmaine

We like to visit Raffles City Singapore because it's in a centralised area to meet up with friends. The mall has a good tenant mix even though it's for the upmarket and office workers.



▼ CLARKE QUAY
Ken and family

We like to come to Clarke Quay for our favourite ramen. It is a very vibrant place with many people. The lights lining the streets make it really pretty. It is a truly fun place to eat meals at.

PORTFOLIO SUMMARY

	Tampines Mall	Junction 8 ¹	Funan ²	IMM Building	Plaza Singapura	Bugis Junction	Sembawang Shopping Centre
Gross Floor Area (sq ft)	507,408	376,042	766,000 ⁴	1,426,504	757,203	577,025	206,087
Net Lettable Area (sq ft)	354,669	253,381	N.A.	Retail: 423,657 Warehouse: 537,108 Total: 960,765	482,311	396,544	143,631
Number of Leases	170	178	N.A.	562	243	236	76
Car Park Lots	637	305	N.A.	1,324	695	648	165
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	Freehold	Leasehold tenure of 99 years with effect from 10 September 1990	Leasehold tenure of 99 years with effect from 26 March 1885
Acquisition Year	2002	2002	2002	2003	2004	2005	2005
Purchase Price (\$ million)	409.0	295.0	191.0	247.4	710.0	605.8	78.0
Market Valuation (\$ million)	1,045.0	735.0	360.0 ⁶	641.0	1,283.0	1,068.0	126.0
As % of Portfolio Valuation	10.2%	7.2%	3.5%	6.2%	12.5%	10.4%	1.2%
Gross Revenue (\$ million)	79.3	58.8	N.A.	82.9	89.7	84.8	N.A. ⁷
Net Property Income (\$ million)	58.3	42.1	(3.4)	57.2	66.7	61.1	N.A. ⁷
Committed Occupancy	100.0%	100.0%	N.A.	Retail: 99.5% Warehouse: 88.6% Total: 93.4%	100.0%	99.3%	99.4%
Annual Shopper Traffic (million)	24.9	32.0	N.A.	15.7	26.1	40.4	5.1
Key Tenants (by gross rental income)	NTUC Enterprise, Isetan, H&M, Golden Village, Kopitiam	BHG, NTUC Enterprise, Auric Pacific, Best Denki, Golden Village	N.A.	Cold Storage, Best Denki, Kopitiam, Extra Space Jurong, Daiso	Golden Village, Cold Storage, Spotlight, Kopitiam, Yamaha	BHG, Auric Pacific, Cold Storage, Wing Tai Retail Management, Japan Foods Holding	Cold Storage, Yamaha, Auric Pacific, Daiso, DD Pte Ltd

N.A.: Not Applicable.

Data as at 31 December 2017.

Gross revenue, net property income and annual shopper traffic were for the year ended 31 December 2017.

JCube	Raffles City Singapore	Lot One Shoppers' Mall	Bukit Panjang Plaza	The Atrium@ Orchard	Clarke Quay	Bugis+	Westgate ³	Bedok Mall
316,741	3,449,727	326,152	247,545	576,755	366,575	319,652	593,928	335,877
206,870	Retail: 427,462 Office: 381,380 Total: 808,842	219,841	163,405	Retail: 134,920 Office: 252,308 Total: 387,228	293,477	214,720	411,614	222,469
176	286	156	120	96	75	92	248	197
341	1,045	324	326	127	424	325	610	265
Leasehold tenure of 99 years with effect from 1 March 1991	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 29 August 2011	Leasehold tenure of 99 years with effect from 21 November 2011
2005	2006	2007	2007	2008	2010	2011	2011 ⁵	2015
68.0	2,166.0 (100.00%) 866.4 (40.00% interest)	243.8	161.3	839.8	268.0	295.0	969.0 (100.00%) 290.7 (30.00% interest)	780.0
288.0	3,260.0 (100.00%) 1,304.0 (40.00% interest)	532.0	324.0	750.0	393.0	345.0	965.0 (100.00%) 289.5 (30.00% interest)	781.0
2.8%	12.7%	5.2%	3.2%	7.3%	3.8%	3.4%	2.8%	7.6%
N.A. ⁷	92.0 (40.00% interest)	44.2	28.6	49.5	38.4	32.9	21.0 (30.00% interest)	54.4
N.A. ⁷	70.1 (40.00% interest)	30.9	18.3	37.9	23.5	23.6	14.7 (30.00% interest)	39.3
94.3%	Retail: 99.9% Office: 96.4% Total: 98.3%	100.0%	98.7%	Retail: 96.0% Office: 100.0% Total: 98.6%	98.8%	100.0%	98.0%	99.2%
12.9	31.6	16.9	12.4	25.5	12.3	21.5	49.4	19.6
Shaw Theatre, Kopitiam, NTUC Enterprise, Singapore Sports Council, Hanbaobao	Robinson & Co., Minor Food Group, Auric Pacific, Cold Storage, Cortina Watch Pte Ltd	NTUC Enterprise, Auric Pacific, Courts, BHG, Euro Group	NTUC Enterprise, Kopitiam, KFC/Pizza Hut, Hanbaobao, National Library Board	Temasek Holdings, Wing Tai Retail Management, Fullerton Fund Mgt, Creative Eateries, Standard Chartered Bank	The Quayside Group, Shanghai Dolly, Katrina Holdings, VLV Pte Ltd, Zouk	Hansfort Investment, Wing Tai Retail Management, RSH Singapore, Fast Future Brands Singapore, Diamond Dining Singapore	Isetan, BreadTalk, Samsung, Fitness First, Euro Group	NTUC Enterprise, Wing Tai Retail Management, BreadTalk, Hanbaobao, Cotton On Singapore

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.

³ All information (except the purchase price) reflects only the retail component of the integrated development. The purchase price reflects the total land price of the integrated retail and office development.

⁴ The gross floor area is an approximate figure which includes CSFS space and excludes the serviced residence component after the completion of the divestment of all the units of Victory SR Trust on 31 October 2017.

⁵ Refers to the year in which the development site was acquired.

⁶ As the property is undergoing redevelopment into an integrated development, the value reflected is the total residual land value of the retail and office components of the integrated development.

⁷ For Sembawang Shopping Centre and JCube, the gross revenue and net property income for the year ended 31 December 2017 were S\$38.9 million and S\$22.7 million respectively.

PORTFOLIO DETAILS

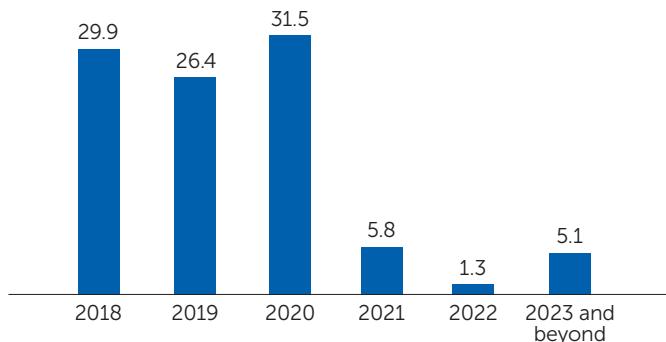
TAMPINES MALL

Located in the densely populated residential area of Tampines, Tampines Mall is one of Singapore's leading suburban malls. It is conveniently situated within the Tampines Regional Centre, the first and most developed regional centre in Singapore, and accessible via the 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, dining and entertainment options for families, professionals and young adults.



Lease Expiry Profile¹

(% of Gross Rental Income²)
(As at 31 December 2017)



Trade Sector Analysis

(For the month of December 2017)

By Gross Rental Income ²	%
Food & Beverage	29.5
Fashion	12.5
Beauty & Health	11.0
Gifts & Souvenirs / Toys & Hobbies / Books & Stationery / Sporting Goods	7.0
Jewellery & Watches	6.7
Supermarket	6.0
Information Technology & Telecommunications	5.9
Department Store	5.2
Leisure & Entertainment / Music & Video	3.9
Shoes & Bags	3.8
Education	3.3
Electrical & Electronics	2.7
Services	2.1
Home Furnishing	0.4
Total	100.0

1 Based on committed gross rental income for the expiry month of the lease.

2 Excludes gross turnover rent.

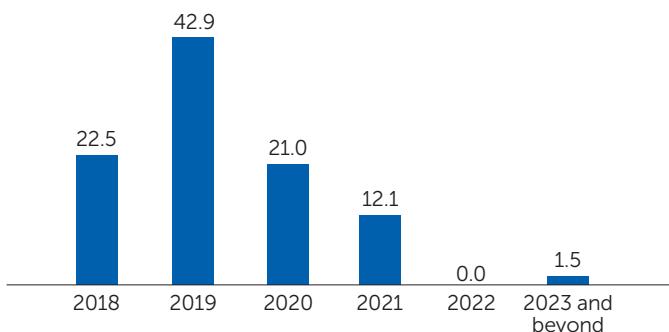
JUNCTION 8

Junction 8 is located in the densely populated residential area of Bishan and is well served by the Bishan MRT interchange station and bus interchange. It extends its reach well beyond its immediate vicinity. As the only shopping mall in Bishan, Junction 8 is positioned as a one-stop shopping, dining and entertainment destination catering to the needs of residents from the surrounding estates, office workers in the area and students from nearby schools.



Lease Expiry Profile¹

(% of Gross Rental Income²)
(As at 31 December 2017)



Trade Sector Analysis

(For the month of December 2017)

By Gross Rental Income ²	%
Food & Beverage	35.0
Beauty & Health	13.5
Fashion	10.9
Department Store	7.2
Supermarket	5.6
Services	4.8
Electrical & Electronics	4.6
Gifts & Souvenirs / Toys & Hobbies / Books & Stationery / Sporting Goods	4.3
Shoes & Bags	4.2
Leisure & Entertainment / Music & Video	3.5
Jewellery & Watches	2.0
Information Technology & Telecommunications	1.6
Office	1.5
Home Furnishing	0.7
Education	0.6
Total	100.0

1 Based on committed gross rental income for the expiry month of the lease.

2 Excludes gross turnover rent.

PORTFOLIO DETAILS

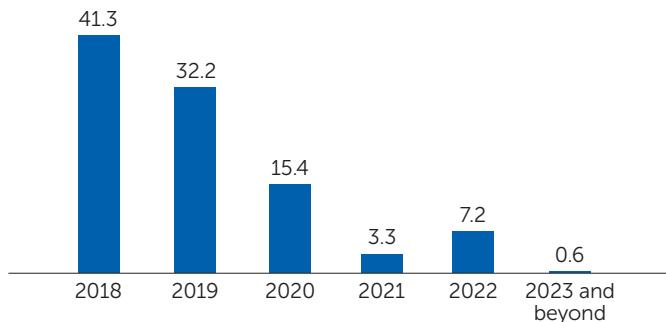
IMM BUILDING

IMM Building (IMM) is Singapore's largest outlet mall that provides a wide variety of value shopping and dining options for families, professionals and young adults. Strategically located in Jurong Gateway, IMM is seamlessly connected via an elevated covered walkway which links up Jurong East MRT interchange station and bus interchange as well as major developments such as Westgate and Ng Teng Fong General Hospital. Besides its proximity to the surrounding residential estates, IMM is close to office and industrial developments.



Lease Expiry Profile¹

(% of Gross Rental Income²)
(As at 31 December 2017)



Trade Sector Analysis

(For the month of December 2017)

By Gross Rental Income ²	%
Food & Beverage	22.0
Warehouse	14.4
Home Furnishing	14.3
Fashion	10.4
Supermarket	6.8
Shoes & Bags	6.3
Gifts & Souvenirs / Toys & Hobbies / Books & Stationery / Sporting Goods	6.2
Beauty & Health	6.1
Electrical & Electronics	4.7
Services	2.8
Department Store	2.1
Jewellery & Watches	2.1
Information Technology & Telecommunications	1.8
Total	100.0

1 Based on committed gross rental income for the expiry month of the lease.

2 Excludes gross turnover rent.

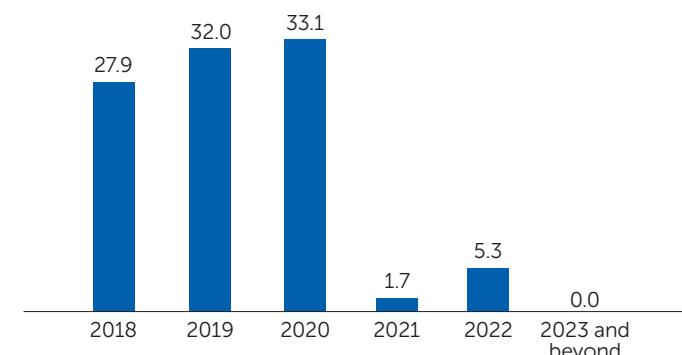
PLAZA SINGAPURA

Plaza Singapura is located along Orchard Road and in the Civic and Cultural District. The mall enjoys a direct link to the Dhoby Ghaut MRT interchange station, which connects to three MRT lines – the North South Line, the North East Line and the Circle Line. The mall's broad-based positioning, coupled with its wide range of retail offerings to cater to the needs of its shoppers, allows it to attract a wide range of shoppers from all over Singapore. Plaza Singapura is seamlessly connected to the retail podium of The Atrium@Orchard via internal walkways on levels 1, 3 and 4.



Lease Expiry Profile¹

(% of Gross Rental Income²)
(As at 31 December 2017)



Trade Sector Analysis

(For the month of December 2017)

By Gross Rental Income ²	%
Food & Beverage	28.4
Beauty & Health	11.7
Fashion	9.3
Gifts & Souvenirs / Toys & Hobbies / Books & Stationery / Sporting Goods	7.5
Home Furnishing	6.4
Leisure & Entertainment / Music & Video	5.5
Services	5.5
Department Store	5.3
Information Technology & Telecommunications	5.1
Shoes & Bags	4.8
Supermarket	4.2
Jewellery & Watches	3.4
Education	2.6
Electrical & Electronics	0.3
Total	100.0

1 Based on committed gross rental income for the expiry month of the lease.

2 Excludes gross turnover rent.

PORTFOLIO DETAILS

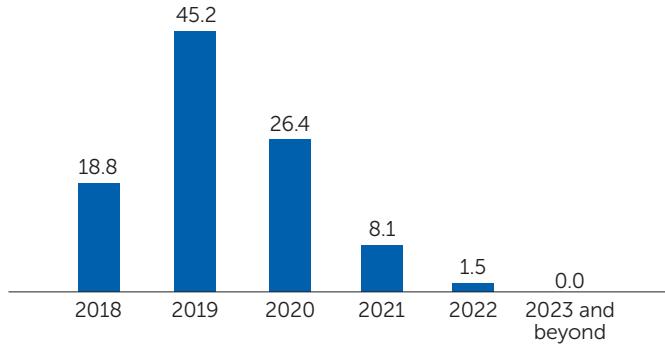
BUGIS JUNCTION

Located in the heart of Singapore's Civic and Cultural District, Bugis Junction enjoys direct connectivity to the Bugis MRT interchange station and is well served by major public bus routes. In line with its close proximity to the Singapore Management University, LASALLE College of the Arts and School of the Arts, Bugis Junction is positioned as a modern fashion destination mall with exciting dining choices for young adults and professionals. Bugis Junction also has Singapore's first and only air-conditioned sky-lit shopping streets flanked by charming historic shophouses, representing a showcase of new and old-world integration. Bugis Junction is directly connected by an overhead link bridge to Bugis+, providing a wider range of retail, food and beverage (F&B) and entertainment offerings to the shoppers.



Lease Expiry Profile¹

(% of Gross Rental Income²)
(As at 31 December 2017)



Trade Sector Analysis

(For the month of December 2017)

By Gross Rental Income ²	%
Food & Beverage	30.3
Fashion	17.0
Beauty & Health	12.2
Department Store	11.6
Gifts & Souvenirs / Toys & Hobbies / Books & Stationery / Sporting Goods	7.5
Information Technology & Telecommunications	6.3
Shoes & Bags	5.2
Jewellery & Watches	5.1
Supermarket	2.9
Services	1.5
Electrical & Electronics	0.4
Total	100.0

1 Based on committed gross rental income for the expiry month of the lease.

2 Excludes gross turnover rent.

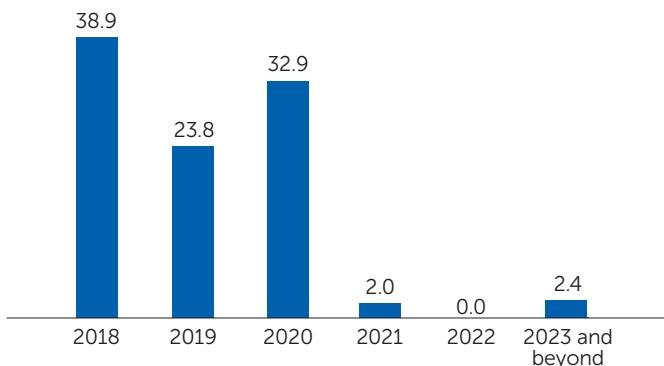
SEMBAWANG SHOPPING CENTRE

Sembawang Shopping Centre (SSC) is situated in close proximity to Sembawang MRT Station and Yishun MRT Station. The mall provides shuttle bus services which ply between SSC and the neighbouring towns including Sembawang, Yishun and Woodlands. On weekdays, SSC also operates lunch-time shuttle bus services to the nearby Yishun and Woodlands industrial estates. SSC brings to its shoppers a good mix of F&B tenants, established retailers and a supermarket, which appeals to the residents from the surrounding estates, uniformed personnel from nearby military camps, as well as workers from the neighbouring industrial parks. The mall also holds a strong cluster of enrichment and educational tenants that offers a wide variety of developmental classes for children and students. All these offerings strengthen SSC's focus as a purposeful shopping destination for the entire family.



Lease Expiry Profile¹

(% of Gross Rental Income²)
(As at 31 December 2017)



Trade Sector Analysis

(For the month of December 2017)

By Gross Rental Income²

	%
Food & Beverage	27.7
Supermarket	17.2
Beauty & Health	14.0
Education	11.5
Department Store	8.5
Fashion	6.7
Home Furnishing	3.7
Leisure & Entertainment / Music & Video	3.1
Services	2.7
Information Technology & Telecommunications	1.7
Gifts & Souvenirs / Toys & Hobbies / Books & Stationery / Sporting Goods	1.4
Shoes & Bags	1.2
Jewellery & Watches	0.6
Total	100.0

1 Based on committed gross rental income for the expiry month of the lease.

2 Excludes gross turnover rent.

PORTFOLIO DETAILS

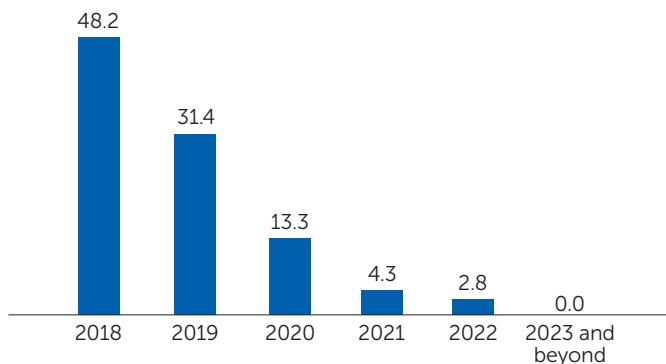
JCUBE

Located across the road from the Jurong East MRT interchange station and bus interchange, JCube is a sports, leisure and entertainment mall with Singapore's only Olympic-size ice rink and the first IMAX theatre in the suburbs. In addition, the mall offers a good variety of F&B options for its shoppers. In JCube, a retail zone - J.Avenue offers chic and affordable merchandise and features a street shopping ambience. The retail concepts at J.Avenue will be refreshed throughout the year so that shoppers will continue to discover something new every season.



Lease Expiry Profile¹

(% of Gross Rental Income²)
(As at 31 December 2017)



Trade Sector Analysis

(For the month of December 2017)

By Gross Rental Income ²	%
Food & Beverage	39.6
Fashion	14.8
Leisure & Entertainment / Music & Video	13.4
Beauty & Health	10.8
Services	4.6
Education	3.9
Supermarket	3.5
Gifts & Souvenirs / Toys & Hobbies / Books & Stationery / Sporting Goods	3.4
Shoes & Bags	2.0
Department Store	1.6
Information Technology & Telecommunications	1.1
Home Furnishing	0.6
Jewellery & Watches	0.4
Electrical & Electronics	0.3
Total	100.0

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 (RCS) is a large integrated development in Singapore. A prime landmark located in the downtown core, at the fringe of Singapore's Central Business District, and within the Civic and Cultural District. RCS is served by three main MRT lines, directly connected to the City Hall MRT interchange station and the Esplanade MRT Station. The integrated development comprises Raffles City Shopping Centre, Raffles City Tower, Raffles City Convention Centre, Swissôtel The Stamford and Fairmont Singapore. CapitaLand Commercial Trust (CCT) and CMT jointly own the integrated development through RCS Trust, the special purpose trust that holds RCS. RCS Trust is 60.00% owned by CCT and 40.00% owned by CMT.



Lease Expiry Profile¹

(% of Gross Rental Income²)
(As at 31 December 2017)



Trade Sector Analysis - Retail Only

(For the month of December 2017)

By Gross Rental Income ²	%
Food & Beverage	30.1
Fashion	18.3
Department Store	16.6
Beauty & Health	8.7
Shoes & Bags	7.9
Others ³	5.7
Services	4.8
Gifts & Souvenirs / Toys & Hobbies / Books & Stationery / Sporting Goods	3.1
Supermarket	2.5
Information Technology & Telecommunications	1.0
Jewellery & Watches	1.0
Electrical & Electronics	0.3
Total	100.0

1 Based on committed gross rental income.

2 Excludes gross turnover rent.

3 Others include Art Gallery and Luxury.

PORTFOLIO DETAILS

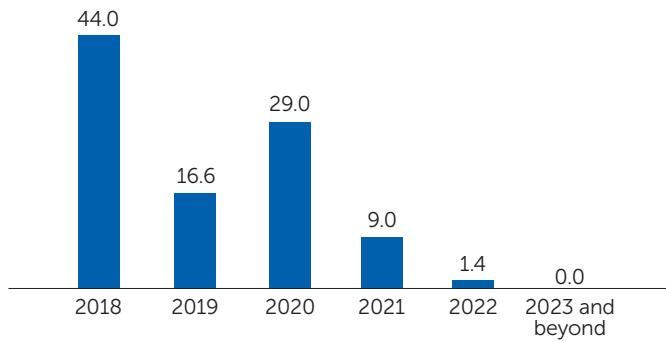
LOT ONE SHOPPERS' MALL

Lot One Shoppers' Mall is situated in the heart of the Choa Chu Kang housing estate, in the north-western region of Singapore. The mall is well connected by major arterial roads and is located next to the Choa Chu Kang MRT and light rail transit (LRT) stations 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)
(As at 31 December 2017)



Trade Sector Analysis

(For the month of December 2017)

By Gross Rental Income ²	%
Food & Beverage	32.3
Beauty & Health	16.9
Fashion	13.3
Services	5.8
Gifts & Souvenirs / Toys & Hobbies / Books & Stationery / Sporting Goods	4.8
Supermarket	4.2
Leisure & Entertainment / Music & Video	4.2
Department Store	4.1
Electrical & Electronics	3.5
Information Technology & Telecommunications	2.8
Shoes & Bags	2.7
Jewellery & Watches	2.1
Education	1.8
Home Furnishing	1.5
Total	100.0

1 Based on committed gross rental income for the expiry month of the lease.

2 Excludes gross turnover rent.

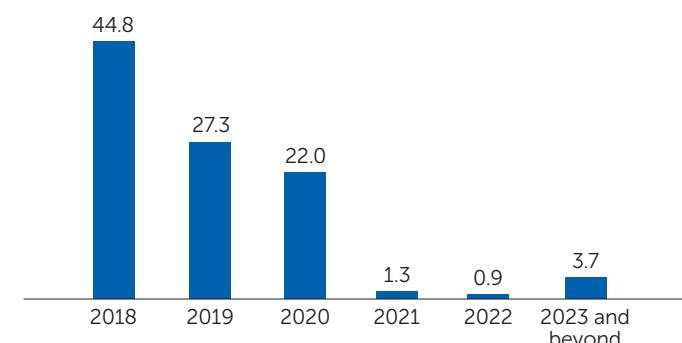
BUKIT PANJANG PLAZA

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 caters to residents from Teck Whye, Choa Chu Kang and Upper Bukit Timah precincts. The mall is conveniently located between the Bukit Panjang and Senja LRT stations. It is adjacent to the new Bukit Panjang Integrated Transport Hub.



Lease Expiry Profile¹

(% of Gross Rental Income²)
(As at 31 December 2017)



Trade Sector Analysis

(For the month of December 2017)

By Gross Rental Income²

	%
Food & Beverage	40.2
Beauty & Health	14.2
Supermarket	10.9
Services	10.1
Education	4.8
Gifts & Souvenirs / Toys & Hobbies / Books & Stationery / Sporting Goods	4.3
Fashion	3.5
Jewellery & Watches	2.5
Electrical & Electronics	2.2
Information Technology & Telecommunications	2.1
Home Furnishing	1.9
Department Store	1.8
Shoes & Bags	1.5
Total	100.0

1 Based on committed gross rental income for the expiry month of the lease.

2 Excludes gross turnover rent.

PORTFOLIO DETAILS

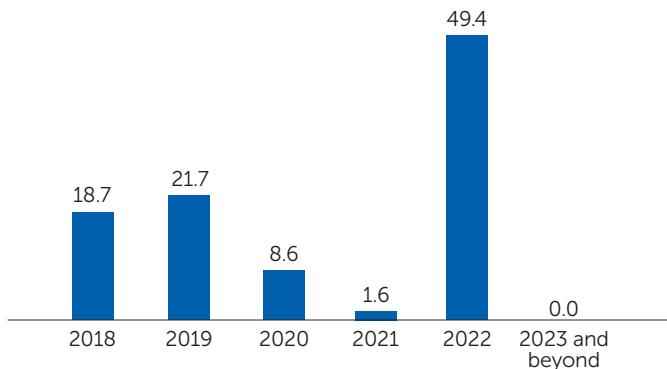
THE ATRIUM@ORCHARD

The Atrium@Orchard comprises approximately 135,000 square feet (sq ft) of retail space and two office towers. The retail podium is seamlessly connected with Plaza Singapura by internal walkways on levels 1, 3 and 4. The integration of the two malls increases its attractiveness to shoppers with a combined retail space of more than 600,000 sq ft. The development also enjoys direct connectivity to the Dhoby Ghaut MRT interchange station, which connects three MRT lines – the North South Line, the North East Line and the Circle Line.



Lease Expiry Profile¹

(% of Gross Rental Income²)
(As at 31 December 2017)



Trade Sector Analysis

(For the month of December 2017)

By Gross Rental Income ²	%
Office	47.8
Food & Beverage	16.9
Beauty & Health	14.3
Fashion	8.1
Services	5.7
Gifts & Souvenirs / Toys & Hobbies / Books & Stationery / Sporting Goods	2.7
Shoes & Bags	1.4
Electrical & Electronics	1.3
Information Technology & Telecommunications	0.9
Home Furnishing	0.5
Jewellery & Watches	0.4
Total	100.0

1 Based on committed gross rental income for the expiry month of the lease.

2 Excludes gross turnover rent.

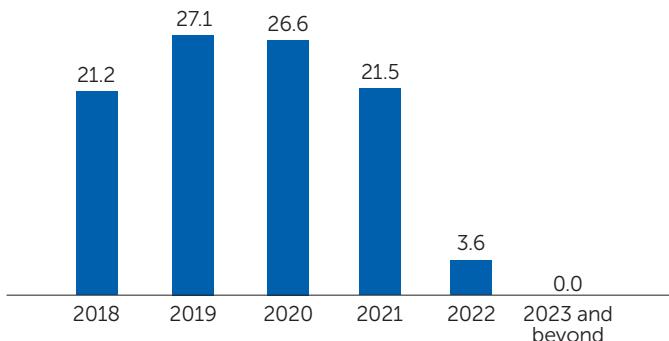
CLARKE QUAY

Clarke Quay is a unique conserved historical landmark located along the Singapore River and at the fringe of Singapore's Central Business District. It is within walking distance of the Clarke Quay MRT Station and the newly opened Fort Canning MRT Station, making it well accessible by public transportation. Comprising five blocks of restored shophouses and warehouses infused with funky art-deco structures, Clarke Quay plays host to a wide range of dining and entertainment options, and has become an attraction for both locals and tourists over the years.



Lease Expiry Profile¹

(% of Gross Rental Income²)
(As at 31 December 2017)



Trade Sector Analysis

(For the month of December 2017)

By Gross Rental Income ²	%
Food & Beverage	61.2
Leisure & Entertainment / Music & Video	34.2
Office	3.5
Beauty & Health	0.9
Services	0.2
Total	100.0

1 Based on committed gross rental income for the expiry month of the lease.

2 Excludes gross turnover rent.

PORTFOLIO DETAILS

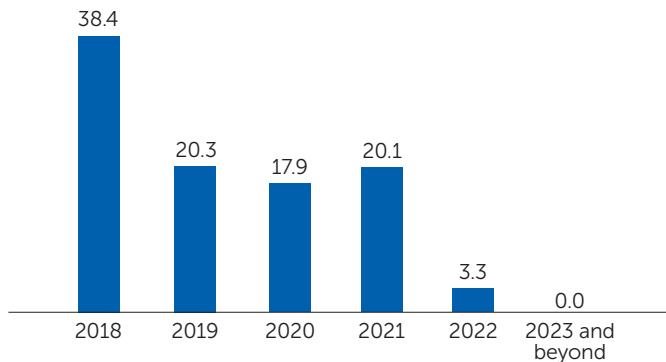
BUGIS+

Bugis+ is strategically located within Singapore's Civic and Cultural District and directly opposite Bugis Junction. It is connected by an overhead link bridge to the second storey of Bugis Junction which allows easy access to the Bugis MRT interchange station. The integration of the two malls further strengthens its overall attractiveness to shoppers with a combined retail space of more than 600,000 sq ft. Bugis+ is a vibrant mall with endless entertainment, exciting F&B 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)
(As at 31 December 2017)



Trade Sector Analysis

(For the month of December 2017)

By Gross Rental Income ²	%
Leisure & Entertainment / Music & Video ³	36.5
Fashion	30.0
Food & Beverage	15.0
Beauty & Health	7.7
Gifts & Souvenirs / Toys & Hobbies / Books & Stationery / Sporting Goods	5.6
Shoes & Bags	1.9
Services	1.6
Jewellery & Watches	0.9
Information Technology & Telecommunications	0.8
Total	100.0

1 Based on committed gross rental income for the expiry month of the lease.

2 Excludes gross turnover rent.

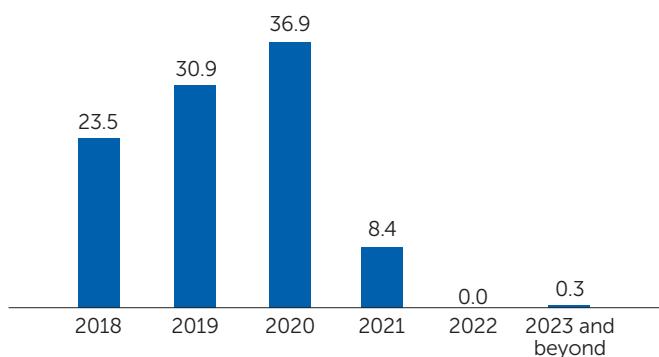
3 Includes tenants approved as thematic dining, entertainment and a performance centre.

WESTGATE

Strategically located in Jurong Gateway, Singapore's upcoming second Central Business District, Westgate is a premier family and lifestyle mall in the west of Singapore. The mall enjoys direct connectivity to both the Jurong East MRT interchange station and bus interchange, and amenities such as the Ng Teng Fong General Hospital. It offers a city lifestyle shopping experience with many popular brands. In addition, the mall offers a holistic shopping experience with unique features such as The Courtyard, which is naturally ventilated and offers alfresco dining options, and thematic children's playground. Westgate, IMM and JCube together creates a '3-in-1' mega mall that brings lifestyle, value and entertainment experiences to our shoppers.



Lease Expiry Profile¹
(% of Gross Rental Income²)
(As at 31 December 2017)



Trade Sector Analysis

(For the month of December 2017)

By Gross Rental Income²

	%
Food & Beverage	36.6
Beauty & Health	15.2
Fashion	9.1
Department Store	8.7
Services	7.9
Education	4.5
Gifts & Souvenirs / Toys & Hobbies / Books & Stationery / Sporting Goods	4.5
Information Technology & Telecommunications	4.0
Supermarket	3.5
Shoes & Bags	3.3
Home Furnishing	1.7
Jewellery & Watches	0.6
Leisure & Entertainment / Music & Video	0.4
Total	100.0

¹ Based on committed gross rental income for the expiry month of the lease.

² Excludes gross turnover rent.

PORTFOLIO DETAILS

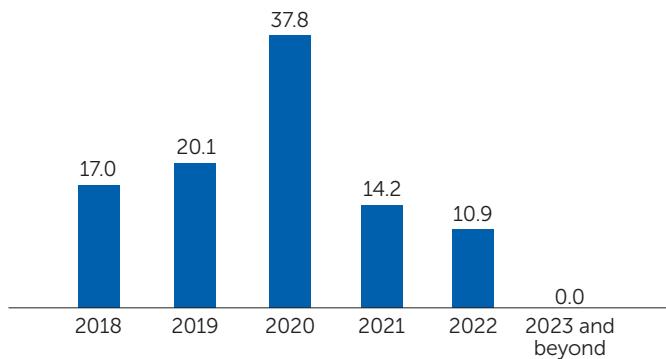
BEDOK MALL

Bedok Mall is the first major mall in Bedok, Singapore's most populous housing estate. It is located in the heart of the Bedok Town Centre. Bedok Mall houses over 200 shops across four floors, offering everyday essentials, F&B options, lifestyle and fashion. As part of a retail-residential-transport hub development, Bedok Mall enjoys excellent connectivity with direct connection to the Bedok MRT Station and bus interchange.



Lease Expiry Profile¹

(% of Gross Rental Income²)
(As at 31 December 2017)



Trade Sector Analysis

(For the month of December 2017)

By Gross Rental Income ²	%
Food & Beverage	36.4
Beauty & Health	16.4
Fashion	14.6
Supermarket	6.5
Gifts & Souvenirs / Toys & Hobbies / Books & Stationery / Sporting Goods	5.2
Services	4.6
Information Technology & Telecommunications	3.5
Shoes & Bags	3.3
Jewellery & Watches	2.6
Electrical & Electronics	2.4
Home Furnishing	2.3
Department Store	1.7
Education	0.4
Leisure & Entertainment / Music & Video	0.1
Total	100.0

¹ Based on committed gross rental income for the expiry month of the lease.

² Excludes gross turnover rent.

FUNAN

Say Hello to Singapore's Creative Intersection, where Passion Meets Discovery

Funan unveiled its experiential showsuite on 27 April 2017 with a bang where guests experienced the dynamism of a brand new live-work-play paradigm. The Funan Showsuite serves as a catalyst for weekly pop-up events including craft workshops, community talks and performances by local talents. This is also the first retail showsuite in Singapore that is open to the public daily from 11 am to 9 pm.

Since our launch, the showsuite has hosted many lifestyle programmes around its passion clusters – 'tech', 'craft', 'fit', 'taste', 'chic' and 'play' by collaborating with partners and brands such as Adidas, Asiasoft, Casio, CLEO, Huawei, National Arts Council, Sony and Vans, as well as emerging local creatives and makers who share the passion of imparting their skills at craft workshops. To grow and engage the tribe of online fans, key opinion leaders who share the same brand personality and character as Funan have helped to strengthen Funan's positioning as the #SupportLocal creative intersection. Fans and followers of @funansg have grown exponentially with over four times the growth of followers on Facebook and Instagram within the span of six months.

Funan is delighted to announce our first office tenant WeWork, one of the world's leading innovators in the shared office space. Both Funan and WeWork share the same ethos of breaking new ground and building a community of like-minded individuals driven by passion to make a difference. WeWork's coworking space will leverage on Funan's central location and harness its live-work-play paradigm to create a world-class collaborative work space that fosters connections and nurtures ideas. It will cater to a new generation of professionals who yearn to work in a collaborative environment that gets them inspired, and unwind in a convenient location where they can shop,

play, entertain and enjoy a whole host of lifestyle activities under one roof.

Funan also celebrated a key construction milestone with the completion of the piling works in October 2017. The superstructure is completed up to level 4 and construction is on track for a timely completion.

About Funan

The Funan integrated development comprises a mall of the future serving as a platform to inspire retail innovation, two office blocks that meet the needs of a variety of business, including established multinational corporations and coworking spaces for the mobile workforce, as well as The Ascott Limited's lyf brand of coliving serviced residences designed for millennials.

With community, connectivity and convenience at its core, Funan caters to the new breed of consumers who favour a collaborative environment and authentic experiences that reflect their passions and tastes. In support of the global car-lite movement, Funan is set to become Singapore's first commercial building to allow cycling through the building with a dedicated indoor cycling path, complete with end-of-trip facilities for cycling enthusiasts, including bike shops, bike cafes, lockers and shower facilities. Funan will also boast the largest area set aside for urban agriculture in the CBD with a 5,300 sq ft urban farm and 6,900 sq ft edible yard, where the public can learn more about the origins of their food and 'adopt a plot' to grow their own produce.

Amenities available in Funan will include a cineplex, a best-in-class gym, futsal court, swimming pool and rock-climbing facility. Theatre goers will also delight in the performances programmed by Singapore's leading professional theatre company W!ld Rice, which will operate the dedicated 380-seat theatre at Funan.



CAPITALAND RETAIL CHINA TRUST

CMT holds 122.7 million units in CapitaLand Retail China Trust (CRCT), which translates to an approximate 12.7% stake as at 31 December 2017. The fair value of CMT's investment in CRCT represents 1.9% of CMT and its subsidiaries' (CMT Group) total asset size as at 31 December 2017. Through its investment in CRCT, CMT's Unitholders are provided with an opportunity to enjoy the upside from China's growth potential without CMT's risk profile being significantly altered.

CRCT is the first China shopping mall real estate investment trust in Singapore. Listed on the Singapore Exchange Securities Trading Limited (SGX-ST) on 8 December 2006, it is established with the objective of investing on a long-term basis in a diversified portfolio of income-producing real estate used primarily for retail purposes and located primarily in China, Hong Kong and Macau.

As at 31 December 2017, CRCT's geographically diversified portfolio of 10 quality shopping malls is located in seven of China's cities with a total asset size of S\$2.7 billion. The properties are CapitaMall Xizhimen, CapitaMall Wangjing, CapitaMall Grand Canyon and CapitaMall Shuangjing in Beijing; CapitaMall Xinnan in Chengdu, Sichuan Province; CapitaMall Qibao in Shanghai; CapitaMall Minzhongleyuan in Wuhan, Hubei Province; CapitaMall Erqi in Zhengzhou, Henan Province; CapitaMall Saihan in Hohhot, Inner Mongolia; and CapitaMall Wuhu in Wuhu, Anhui Province. On 31 January 2018, CRCT completed the acquisition of Rock Square in Guangzhou, in which CRCT has a 51.00% interest.

CRCT's portfolio of shopping malls enjoy strategic locations close to local transportation hubs in cities with strong economic fundamentals. Positioned as one-stop family-oriented shopping, dining and entertainment destinations, they are well-established in the sizeable population catchment areas they serve. A portion of the properties' tenancies consist of major international and domestic retailers under master leases or long-term leases, which provide CRCT's unitholders with stable and sustainable returns. The anchor tenants are complemented by popular specialty brands such as Adidas, Nanjing Impressions, Nike, Pandora, Sephora, Starbucks, UNIQLO, Xiaomi and Zara.

CRCT has long-term growth potential through its right of first refusal arrangements to acquire assets held by CapitaLand Mall China Income Fund I, CapitaLand Mall China Income Fund II, CapitaLand Mall China Income Fund III and CapitaLand Mall Development Fund III.

CRCT delivered a healthy set of results for the financial year 2017 (FY 2017). Gross revenue and net property income were RMB1,122.2 million (\$229.2 million) and RMB730.6 million (\$149.2 million), up 9.2% and 9.1% year-on-year respectively. Income available for distribution was S\$91.1 million. Distribution per unit in FY 2017 was 10.10 Singapore cents.

FINANCIAL STATEMENTS

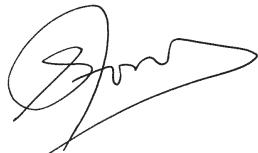
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REPORT OF THE TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of 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 143 to 216 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



Esther Fong
Head of Trustee & Fiduciary Services - Singapore

Singapore
19 February 2018

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 and the Eighteenth Supplemental Deed dated 12 April 2016.

STATEMENT BY THE MANAGER

In the opinion of the directors of CapitaLand Mall Trust Management Limited, the accompanying financial statements set out on pages 143 to 216 comprising the Statements of Financial Position and Portfolio Statements of the Group and the Trust as at 31 December 2017, 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 2017, 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
19 February 2018

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 2017, 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 143 to 216.

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 2017 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 and investment properties under development

(Refer to Notes 5 and 6 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, which include investment properties under development, 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 residual land value method.

Key inputs used for the capitalisation method include capitalisation rates and estimated net income. Key inputs used for the discounted cashflow method include discount rates and estimated net income. Key inputs used for the residual land value method include gross development value and gross development costs.

The valuations are highly sensitive to the above decisions on methodology and key assumptions.

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 and discount rates, against those applied by other valuers for similar properties, and analysed trends of these key inputs.

For investment properties under development, we evaluated the estimated development costs against proposed cost plans supported by the quantity surveyor and other supporting evidence.

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. In respect of investment properties under development, the estimated development costs was found to be supported.

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.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
19 February 2018

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

	Note	Group		Trust	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Non-current assets					
Plant and equipment	4	2,120	2,409	1,676	1,946
Investment properties	5	8,311,000	8,064,000	7,530,000	7,284,000
Investment properties under development	6	459,386	444,997	308,808	243,688
Subsidiaries	7	—	—	935,958	980,718
Associate and joint ventures	8	1,132,284	1,135,462	839,030	860,151
Financial derivatives	9	14,953	162,685	—	—
Other asset		137	—	137	—
		9,919,880	9,809,553	9,615,609	9,370,503
Current assets					
Trade and other receivables	10	32,399	33,717	32,738	41,773
Cash and cash equivalents	11	522,745	483,462	491,871	450,014
Financial derivatives	9	29,418	—	—	—
		584,562	517,179	524,609	491,787
Total assets		10,504,442	10,326,732	10,140,218	9,862,290
Current liabilities					
Trade and other payables	12	155,588	160,337	139,717	146,642
Current portion of security deposits		57,619	54,722	54,317	45,426
Interest-bearing borrowings	13	534,692	250,000	505,132	250,000
Provision for taxation		302	1,169	159	1,026
		748,201	466,228	699,325	443,094
Non-current liabilities					
Financial derivatives	9	77,013	30,945	—	—
Interest-bearing borrowings	13	2,648,409	3,038,312	2,681,705	2,913,123
Non-current portion of security deposits		98,113	99,025	87,509	94,418
Other payables		4,661	—	3,992	—
		2,828,196	3,168,282	2,773,206	3,007,541
Total liabilities		3,576,397	3,634,510	3,472,531	3,450,635
Net assets		6,928,045	6,692,222	6,667,687	6,411,655
Represented by:					
Unitholders' funds		6,928,045	6,692,222	6,667,687	6,411,655
Units in issue ('000)	14	3,546,423	3,543,070	3,546,423	3,543,070
Net asset value per unit		\$ 1.95	\$ 1.89	\$ 1.88	\$ 1.81

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

STATEMENTS OF TOTAL RETURN

Year ended 31 December 2017

	Note	Group		Trust	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Gross revenue	15	682,469	689,732	628,064	631,609
Property operating expenses	16	(204,235)	(210,053)	(186,920)	(193,875)
Net property income		478,234	479,679	441,144	437,734
Interest and other income	17	10,078	11,331	29,073	27,211
Investment income	18	–	–	97,829	115,784
Management fees	19	(45,051)	(44,619)	(40,788)	(40,671)
Professional fees		(333)	(828)	(281)	(644)
Valuation fees		(786)	(864)	(731)	(809)
Trustee's fees		(1,326)	(1,300)	(1,255)	(1,253)
Audit fees		(376)	(383)	(328)	(318)
Finance costs	20	(104,099)	(106,318)	(104,300)	(106,318)
Other expenses		(1,050)	(992)	(1,017)	(782)
Net income before share of results of associate and joint ventures		335,291	335,706	419,346	429,934
Share of results (net of tax) of:					
– Associate		18,832	14,504	–	–
– Joint ventures		51,541	52,347	–	–
Net income		405,664	402,557	419,346	429,934
Net change in fair value of investment properties		233,012	68,503	232,167	68,469
Net change in fair value of investment properties under development		19,681	–	(281)	–
Gain on divestment of subsidiary		–	–	19,678	–
Impairment loss (recognised)/written back on subsidiary and joint venture		–	–	(26,328)	1,268
Dilution loss of interest in associate		(550)	(634)	–	–
Total return for the year before tax		657,807	470,426	644,582	499,671
Income tax expense	21	(159)	(1,026)	(159)	(1,026)
Total return for the year		657,648	469,400	644,423	498,645
Earnings per unit (cents)					
Basic and diluted	23	18.55	13.25	18.18	14.08

DISTRIBUTION STATEMENTS

Year ended 31 December 2017

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Amount available for distribution to Unitholders at beginning of year	108,402	108,305	108,402	108,305
Net income before share of results of associate and joint ventures	335,291	335,706	419,346	429,934
Net tax adjustments (Note A)	(6,421)	(5,418)	(6,472)	(5,992)
Distribution income from:				
– Associate	17,179	12,945	–	–
– Joint ventures	63,891	79,632	–	–
Rollover adjustment	129	426	129	426
Net loss from subsidiaries	2,934	1,077	–	–
	413,003	424,368	413,003	424,368
	521,405	532,673	521,405	532,673
Amount available for distribution to Unitholders Distributions to Unitholders during the year:				
Distribution of 2.88 cents per unit for period from 01/10/2015 to 31/12/2015	–	(101,985)	–	(101,985)
Distribution of 2.73 cents per unit for period from 01/01/2016 to 31/03/2016	–	(96,695)	–	(96,695)
Distribution of 2.74 cents per unit for period from 01/04/2016 to 30/06/2016	–	(97,059)	–	(97,059)
Distribution of 2.78 cents per unit for period from 01/07/2016 to 30/09/2016	–	(98,487)	–	(98,487)
Distribution of 2.88 cents per unit for period from 01/10/2016 to 31/12/2016	(102,040)	–	(102,040)	–
Distribution of 2.73 cents per unit for period from 01/01/2017 to 31/03/2017	(96,778)	–	(96,778)	–
Distribution of 2.75 cents per unit for period from 01/04/2017 to 30/06/2017	(97,498)	–	(97,498)	–
Distribution of 2.78 cents per unit for period from 01/07/2017 to 30/09/2017	(98,573)	–	(98,573)	–
Amount retained for general corporate and working capital purposes (Note B)	(394,889)	(394,226)	(394,889)	(394,226)
Amount available for distribution to Unitholders at end of the year	109,337	108,402	109,337	108,402
Distribution per unit (cents)¹	11.16	11.13	11.16	11.13

1 The Distribution per unit relates to the distributions in respect of the relevant financial year. The distribution relating to the last quarter of 2017 will be paid after 31 December 2017.

DISTRIBUTION STATEMENTS

Year ended 31 December 2017

Note A – Net tax adjustments comprise:

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Non-tax deductible items:				
– trustee's fees	1,257	1,255	1,255	1,253
– non-deductible interest expenses	1,762	2,461	1,747	2,456
– other items	2,382	4,829	2,341	4,262
Tax deductible items:				
– capital allowances/balancing allowances	(11,822)	(13,963)	(11,815)	(13,963)
Net tax adjustments	(6,421)	(5,418)	(6,472)	(5,992)

Note B

Amount retained for general corporate and working capital in financial year 2017 relates to the capital distribution and tax-exempt income received from CapitalLand Retail China Trust ("CRCT") of \$17.2 million.

Amount retained for general corporate and working capital in financial year 2016 relates to the capital distribution and tax-exempt income received from CRCT of \$12.9 million and capital distribution received from Infinity Office Trust ("IOT") of \$17.1 million.

STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2017

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Net assets at beginning of the year	6,692,222	6,693,163	6,411,655	6,303,361
Operations				
Total return for the year	657,648	469,400	644,423	498,645
Hedging reserves				
Effective portion of changes in fair value of cashflow hedges	(35,260)	(62,939)	–	–
Movement in foreign currency translation reserves	987	(17,726)	–	–
Movement in general reserves	839	675	–	–
Unitholders' transactions				
Creation of units				
– Units issued in respect of RCS Trust's management fees	6,046	3,875	6,046	3,875
– Units issued for payment of divestment fees in respect of the disposal of Victory SR Trust	452	–	452	–
Distributions to Unitholders	(394,889)	(394,226)	(394,889)	(394,226)
Net decrease in net assets resulting from Unitholders' transactions	(388,391)	(390,351)	(388,391)	(390,351)
Net assets at end of the year	6,928,045	6,692,222	6,667,687	6,411,655

PORTFOLIO STATEMENTS

As at 31 December 2017

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	74 years	4 Tampines Central 5, Singapore
Junction 8	Leasehold	99 years	73 years	9 Bishan Place, Singapore
Funan ¹	Leasehold	99 years	61 years	109 North Bridge Road, Singapore
IMM Building	Leasehold	60 years	31 years	2 Jurong East Street 21, Singapore
Plaza Singapura	Freehold	–	–	68 Orchard Road, Singapore
Bugis Junction	Leasehold	99 years	72 years	200 Victoria Street, Singapore
Sembawang Shopping Centre	Leasehold	999 years	866 years	604 Sembawang Road, Singapore
JCube	Leasehold	99 years	72 years	2 Jurong East Central 1, Singapore
Lot One Shoppers' Mall	Leasehold	99 years	75 years	21 Choa Chu Kang Avenue 4, Singapore
Bukit Panjang Plaza	Leasehold	99 years	76 years	1 Jelebu Road, Singapore
The Atrium@Orchard	Leasehold	99 years	90 years	60A & 60B Orchard Road, Singapore
Clarke Quay	Leasehold	99 years	71 years	3A/B/C/D/E River Valley Road, Singapore
Bugis+	Leasehold	60 years	48 years	201 Victoria Street, Singapore
Bedok Mall	Leasehold	99 years	93 years	311 New Upper Changi Road, Singapore

Investment properties and investment properties under development, at valuation Investments in associate and joint ventures (Note 8)

Other assets and liabilities (net)

Net assets

Existing Use	Occupancy Rates as at 31 December		Carrying Value		Percentage of Total Net Assets	
	2017 %	2016 %	2017 \$'000	2016 \$'000	2017 %	2016 %
Commercial	100.0	99.2	1,045,000	994,000	15.1	14.8
Commercial	100.0	99.9	735,000	703,000	10.6	10.5
Commercial	NA	NA	459,386	444,997	6.6	6.6
Commercial Warehouse	99.5 88.6	97.9 91.8	641,000	624,000	9.3	9.3
Commercial	100.0	100.0	1,283,000	1,257,000	18.5	18.8
Commercial	99.3	99.9	1,068,000	1,014,000	15.4	15.2
Commercial	99.4	100.0	126,000	118,000	1.8	1.8
Commercial	94.3	92.0	288,000	288,000	4.2	4.3
Commercial	100.0	99.9	532,000	512,000	7.7	7.7
Commercial	98.7	99.9	324,000	310,000	4.7	4.6
Commercial	98.6	97.6	750,000	735,000	10.7	11.0
Commercial	98.8	90.7	393,000	389,000	5.7	5.8
Commercial	100.0	100.0	345,000	340,000	5.0	5.1
Commercial	99.2	100.0	781,000	780,000	11.3	11.6
			8,770,386	8,508,997	126.6	127.1
			1,132,284	1,135,462	16.3	17.0
			9,902,670	9,644,459	142.9	144.1
			(2,974,625)	(2,952,237)	(42.9)	(44.1)
			6,928,045	6,692,222	100.0	100.0

PORTFOLIO STATEMENTS

As at 31 December 2017

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	74 years	4 Tampines Central 5, Singapore
Junction 8	Leasehold	99 years	73 years	9 Bishan Place, Singapore
Funan ¹	Leasehold	99 years	61 years	109 North Bridge Road, Singapore
IMM Building	Leasehold	60 years	31 years	2 Jurong East Street 21, Singapore
Plaza Singapura	Freehold	–	–	68 Orchard Road, Singapore
Bugis Junction	Leasehold	99 years	72 years	200 Victoria Street, Singapore
Sembawang Shopping Centre	Leasehold	999 years	866 years	604 Sembawang Road, Singapore
JCube	Leasehold	99 years	72 years	2 Jurong East Central 1, Singapore
Lot One Shoppers' Mall	Leasehold	99 years	75 years	21 Choa Chu Kang Avenue 4, Singapore
Bukit Panjang Plaza	Leasehold	99 years	76 years	1 Jelebu Road, Singapore
The Atrium@Orchard	Leasehold	99 years	90 years	60A & 60B Orchard Road, Singapore
Clarke Quay	Leasehold	99 years	71 years	3A/B/C/D/E River Valley Road, Singapore
Bugis+	Leasehold	60 years	48 years	201 Victoria Street, Singapore

Investment properties and investment properties under development, at valuation Investments in subsidiaries, associate and joint ventures (Notes 7 and 8)

Other assets and liabilities (net)

Net assets

NA Not Applicable

- On 30 August 2016, three private trusts namely Victory Office 1 Trust, Victory Office 2 Trust and Victory SR Trust were constituted in relation to the redevelopment of Funan (formerly known as Funan DigitalLife Mall). The Trust, together with Victory Office 1 Trust, Victory Office 2 Trust and Victory SR Trust jointly own and undertake to redevelop Funan which comprises a retail component (held through the Trust), two office towers and serviced residences. Funan is classified under investment properties under development.

On 3 August 2017, the Trustee entered into a conditional unit sale and purchase agreement with Victory SR Pte. Ltd., a wholly owned subsidiary of Ascott Serviced Residence (Global) Fund Pte. Ltd. (the "Purchaser") to sell all the units in Victory SR Trust ("Victory SR Trust Units", and the sale of the Victory SR Trust Units, the "Divestment"). The Divestment was completed on 31 October 2017.

Existing Use	Occupancy Rates as at 31 December		Carrying Value		Percentage of Total Net Assets	
	2017 %	2016 %	2017 \$'000	2016 \$'000	2017 %	2016 %
Commercial	100.0	99.2	1,045,000	994,000	15.7	15.5
Commercial	100.0	99.9	735,000	703,000	11.0	11.0
Commercial	NA	NA	308,808	243,688	4.6	3.8
Commercial Warehouse	99.5 88.6	97.9 91.8	641,000	624,000	9.6	9.7
Commercial	100.0	100.0	1,283,000	1,257,000	19.2	19.6
Commercial	99.3	99.9	1,068,000	1,014,000	16.0	15.8
Commercial	99.4	100.0	126,000	118,000	1.9	1.9
Commercial	94.3	92.0	288,000	288,000	4.3	4.5
Commercial	100.0	99.9	532,000	512,000	8.0	8.0
Commercial	98.7	99.9	324,000	310,000	4.9	4.8
Commercial	98.6	97.6	750,000	735,000	11.3	11.4
Commercial	98.8	90.7	393,000	389,000	5.9	6.1
Commercial	100.0	100.0	345,000	340,000	5.2	5.3
			7,838,808	7,527,688	117.6	117.4
			1,774,988	1,840,869	26.6	28.7
			9,613,796	9,368,557	144.2	146.1
			(2,946,109)	(2,956,902)	(44.2)	(46.1)
			6,667,687	6,411,655	100.0	100.0

PORTFOLIO STATEMENTS

As at 31 December 2017

On 31 December 2017, independent valuations of Tampines Mall, Bukit Panjang Plaza, Lot One Shoppers' Mall and IMM Building were undertaken by CBRE Pte. Ltd. ("CBRE"), independent valuations of Junction 8, Funan, Plaza Singapura, Sembawang Shopping Centre, The Atrium@Orchard, Bugis Junction and Bugis+ were undertaken by Knight Frank Pte Ltd ("Knight Frank"), while the independent valuations of JCube, Clarke Quay and Bedok Mall were undertaken by Savills Valuation & Professional Services (S) Pte Ltd.

On 31 December 2016, independent valuations of Tampines Mall, Junction 8, IMM Building, Bugis Junction and Bugis+ were undertaken by CBRE, independent valuations of Funan, Plaza Singapura, Sembawang Shopping Centre, The Atrium@Orchard, Bukit Panjang Plaza and Lot One Shoppers' Mall were undertaken by Knight Frank, while the independent valuations of JCube, Clarke Quay and Bedok Mall were undertaken by Savills Valuation & Professional Services (S) Pte Ltd.

The valuations were based on capitalisation, discounted cash flow and residual land value 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 \$30,535,000 (2016: \$31,140,000) and \$28,817,000 (2016: \$29,405,000) respectively.

STATEMENTS OF CASH FLOWS

Year ended 31 December 2017

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash flows from operating activities				
Net income	405,664	402,557	419,346	429,934
Adjustments for:				
Interest and other income	(10,078)	(11,331)	(29,073)	(27,211)
Investment income	–	–	(97,829)	(115,784)
Finance costs	104,099	106,318	104,300	106,318
Assets written off	2	26	2	25
Gain on disposal of plant and equipment	(2)	(3)	(2)	(3)
Depreciation and amortisation	704	1,114	685	772
Receivables written off	24	17	24	17
Share of results of:				
– Associate	(18,832)	(14,504)	–	–
– Joint ventures	(51,541)	(52,347)	–	–
Operating income before working capital changes	430,040	431,847	397,453	394,068
Changes in working capital:				
Trade and other receivables	(1,936)	(4,955)	2,529	(10,703)
Trade and other payables	(1,333)	16,341	(1,841)	14,296
Security deposits	1,985	(6,954)	1,982	(7,312)
Cash generated from operations	428,756	436,279	400,123	390,349
Income tax paid	(1,026)	(3,421)	(1,026)	(575)
Net cash generated from operating activities	427,730	432,858	399,097	389,774
Cash flows from investing activities				
Interest received	4,732	6,802	4,512	6,554
Interest received from a subsidiary	–	–	19,000	16,123
Interest received from a joint venture	4,406	4,961	4,406	4,961
Distributions received from:				
– Subsidiary	–	–	17,759	21,165
– Associate	17,179	12,945	17,179	12,945
– Joint ventures	63,699	79,136	63,699	79,136
Capital expenditure on investment properties	(29,072)	(57,370)	(27,514)	(56,024)
Capital expenditure on investment properties under development	(69,889)	(18,640)	(49,545)	(7,560)
Purchase of plant and equipment	(371)	(521)	(371)	(538)
Proceeds from disposal of plant and equipment	3	10	2	10
Proceeds from disposal of subsidiary, net of cash disposed (Note 22)	98,487	–	98,800	–
Investment in subsidiaries	–	–	–	(222)
Loan to subsidiaries	–	–	(27,546)	(5,934)
Net cash generated from investing activities	89,174	27,323	120,381	70,616

STATEMENTS OF CASH FLOWS

Year ended 31 December 2017

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash flows from financing activities				
Payment of issue and financing expenses	(1,541)	(3,614)	(1,541)	(3,614)
Proceeds from interest-bearing borrowings	471,366	349,008	471,366	349,008
Repayment of interest-bearing borrowings	(448,235)	(431,008)	(448,235)	(431,008)
Distributions to Unitholders	(394,889)	(394,226)	(394,889)	(394,226)
Interest paid	(104,322)	(101,189)	(104,322)	(101,189)
Net cash used in financing activities	(477,621)	(581,029)	(477,621)	(581,029)
Net increase/(decrease) in cash and cash equivalents	39,283	(120,848)	41,857	(120,639)
Cash and cash equivalents at beginning of the year	483,462	604,310	450,014	570,653
Cash and cash equivalents at end of the year (Note 11)	522,745	483,462	491,871	450,014

Note:

(A) Significant Non-Cash Transactions

During the financial year ended 31 December 2017:

- 222,665 (2016: nil) units were issued to the Manager as payment for the divestment fees payable in units, amounting to a value of \$452,500 (2016: \$nil).
- 3,130,822 (2016: 1,900,842) units were issued to the Manager as payment for the management fees payable in units, amounting to a value of \$6,046,000 (2016: \$3,875,000).

During the financial year ended 31 December 2016:

- CMT sold certain undivided shares in Funan for a purchase price of \$188,000,000 to Victory Office 1 Trust, Victory Office 2 Trust and Victory SR Trust. The purchase consideration were partially satisfied through the issuance of 34,000,000, 34,000,000 and 37,000,000 units in Victory Office 1 Trust, Victory Office 2 Trust and Victory SR Trust respectively to CMT. The remaining purchase consideration of \$83,000,000 was recognised as amounts due from Victory Office 1 Trust, Victory Office 2 Trust and Victory SR Trust of \$28,000,000, \$30,000,000 and \$25,000,000 respectively to CMT.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 19 February 2018.

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, the Group is regarded as a subsidiary of CapitaLand Mall Asia Limited. Accordingly, the ultimate holding company is CapitaLand Limited. The immediate and ultimate holding companies are incorporated in the Republic of Singapore.

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 2017

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 ("SFRS").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except for investment properties, 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

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
- Note 26 – Valuation of financial instruments

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

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 market observable 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 26 – Valuation of financial instruments

2.5 Changes in accounting policy

Disclosure Initiative (Amendments to FRS 7)

From 1 January 2017, as a result of the amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 31 December 2017. Comparative information has not been presented (see note 13).

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 policy.

3.1 Consolidation

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.

Where the Group acquires an asset or a group of assets that does not constitute a business, the cost of investment is allocated to the individual identifiable assets acquired and liabilities assumed at the date of acquisition.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Investment properties and investment properties under development (continued)

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.

3.4 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:

- available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in Statement of Movements in Unitholders' funds are reclassified to Statement of Total Return);
- 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

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

Non-derivative financial assets (continued)

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

The Group has the following non-derivative financial assets: loans and receivables.

Loans and receivables

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

Loans and receivables comprise trade and other receivables, amounts due from subsidiaries, amounts due from joint ventures and cash and cash equivalents.

Cash and cash equivalents comprise cash balances and bank deposits.

Non-derivative financial liabilities

The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

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

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

Such non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. These financial liabilities comprise interest-bearing borrowings, trade and other payables and security deposits.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Financial instruments (continued)

Derivative financial instruments, including 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 economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedge risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a range of 80%-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported total return.

Derivatives are recognised initially at fair value; any 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 accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect Statement of Total Return, the effective portion of changes in the fair value of the derivative is recognised in Statement of Movements in Unitholders' funds and presented in the hedging reserve in Unitholders' funds. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in Statement of Total Return.

The amount accumulated in Unitholders' funds is reclassified to Statement of Total Return in the same period that the hedged item affects Statement of Total Return. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in Unitholders' funds is reclassified to Statement of Total Return.

Other non-trading derivatives

When a derivative financial instrument is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in Statement of Total Return.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.6 Impairment

Non-derivative financial assets

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

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy.

Loans and receivables

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

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the Statement of Total Return and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of Total Return.

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 paragraph below. 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.

The recoverable amount of an asset or cash-generating unit ("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.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the 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 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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Revenue recognition

Rental income from operating leases

Rental income receivable under operating leases 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.

Interest income

Interest income is recognised as it accrues, using the effective interest method.

Investment income

Investment income is recognised when the right to receive distribution income is established.

3.10 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.

3.11 Finance costs

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 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.

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; and
- temporary differences related to investments in subsidiaries 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.12 Income tax (continued)

Individuals and qualifying Unitholders, i.e. companies incorporated and tax resident in Singapore, Singapore branches of companies incorporated outside Singapore and bodies of persons registered or constituted in Singapore, are entitled to gross distributions from the Trust. For distributions made to foreign non-individual Unitholders, 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 regrossed 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.

3.13 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.

3.14 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 and used by the management for strategic decision making and resources allocation.

3.15 New standards and interpretations not yet adopted

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

Applicable to 2018 financial statements

FRS 115 Revenue from Contracts with Customers

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

When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 New standards and interpretations not yet adopted (continued)

Applicable to 2018 financial statements (continued)

FRS 115 Revenue from Contracts with Customers (continued)

Potential impact on the financial statements

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

Transition – The Group plans to adopt the standard when it becomes effective in 2018.

FRS 109 Financial Instruments

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted.

Potential impact on the financial statements

Overall, the Group does not expect a significant impact on its opening unitholders' funds.

The Group's initial assessment of the three elements of FRS 109 is as described below.

Classification and measurement

The Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109.

Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109.

For financial assets currently held at fair value, the Group expects to continue measuring most of these assets at fair value under FRS 109.

Impairment

The Group plans to apply the simplified approach and record lifetime expected impairment losses on all trade receivables and any contract assets arising from the application of FRS 115. On adoption of FRS 109, the Group does not expect a significant increase in the impairment loss allowance.

Hedge accounting

The Group expects that all its existing hedges that are designated in effective hedging relationships will continue to qualify for hedge accounting under FRS 109.

Transition – The Group plans to adopt the standard when it becomes effective in 2018 without restating comparative information.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 New standards and interpretations not yet adopted (continued)

Applicable to 2019 financial statements

FRS 116 Leases

FRS 116 replaces existing lease accounting guidance. FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied. FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 continue to be accounted for as lease contracts under FRS 116. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements (refer to note 28).

Until 2018, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

The Group as lessee

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under FRS 116. The operating lease commitments on an undiscounted basis amount to approximately 0.1% of the consolidated total assets and 0.4% of consolidated total liabilities. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. In addition, the nature of expenses related to those leases will now change as FRS 116 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

The Group as lessor

FRS 116 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

4. PLANT AND EQUIPMENT

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Furniture, fittings and equipment				
Cost				
At 1 January	8,461	8,266	7,582	7,355
Additions	371	521	371	538
Disposals	(287)	(67)	(278)	(67)
Assets written off	(125)	(259)	(125)	(244)
At 31 December	8,420	8,461	7,550	7,582
Accumulated depreciation				
At 1 January	6,052	5,311	5,636	5,222
Charge for the year	657	1,034	639	693
Disposals	(286)	(60)	(278)	(60)
Assets written off	(123)	(233)	(123)	(219)
At 31 December	6,300	6,052	5,874	5,636
Carrying amounts				
At 1 January	2,409	2,955	1,946	2,133
At 31 December	2,120	2,409	1,676	1,946

5. INVESTMENT PROPERTIES

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
At 1 January	8,064,000	8,366,000	7,284,000	7,586,000
Reclassification to investment properties under development ¹ (Note 6)	–	(421,000)	–	(421,000)
Capital expenditure	13,988	50,497	13,833	50,531
Net change in fair value of investment properties	233,012	68,503	232,167	68,469
At 31 December	8,311,000	8,064,000	7,530,000	7,284,000

1 The reclassification to investment properties under development relates to the redevelopment of Funan.

As at 31 December 2017 and 31 December 2016, all investment properties under the Group and Trust are unencumbered.

Fair value hierarchy

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for investment properties of \$8,311,000,000 (2016: \$8,064,000,000) and \$7,530,000,000 (2016: \$7,284,000,000) for the Group and Trust respectively have been categorised as level 3 fair values based on inputs to the valuation techniques used.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

5. INVESTMENT PROPERTIES (continued)

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.

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 capitalisation method and discounted cash flow 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.

The above valuation methods involve certain estimates. The Manager reviews the key valuation parameters and underlying data including market-corroborated capitalisation rates and discount 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 models:

Group and Trust

Type	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment property Commercial properties for leasing	<ul style="list-style-type: none"> Capitalisation rates from 3.75% to 7.25% (2016: from 4.00% to 7.50%) Discount rates from 6.98% to 7.75% (2016: from 7.21% to 8.00%) 	The estimated fair value would increase/(decrease) if the capitalisation rates or discount rates were lower/higher.

Significant unobservable inputs correspond to:

- Capitalisation rate corresponds to a rate of return on investment properties based on the expected income that the property will generate.
- Discount rate is based on the risk-free rate for 10 year bonds issued by the government in the relevant market, adjusted for a risk premium to reflect the increased risk of investment in the asset class.

6. INVESTMENT PROPERTIES UNDER DEVELOPMENT

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
At 1 January	444,997	–	243,688	–
Reclassification from investment properties ¹ (Note 5)	–	421,000	–	421,000
Capital expenditure	90,558	23,997	65,401	10,688
Disposal of interest	(95,850) ²	–	–	(188,000) ³
Net change in fair value of investment properties under development	19,681	–	(281)	–
At 31 December	459,386	444,997	308,808	243,688

1 Relates to the redevelopment of Funan.

2 This relates to the sale of all the units in Victory SR Trust to Victory SR Pte. Ltd., a wholly owned subsidiary of Ascott Serviced Residence (Global) Fund Pte. Ltd. See Note 7.

3 This relates to the sale of certain undivided shares in Funan to Victory Office 1 Trust, Victory Office 2 Trust and Victory SR Trust. See Note 7.

Fair value hierarchy

The fair value of the investment properties under development is determined by an external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

The fair value measurement for the investment properties under development of \$459,386,000 (2016: \$444,997,000) and \$308,808,000 (2016: \$243,688,000) 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

As at 31 December 2017, the investment properties under development was based on valuation performed by an independent professional valuer, Knight Frank. The valuer has 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 2017

6. INVESTMENT PROPERTIES UNDER DEVELOPMENT (continued)

Significant unobservable inputs

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

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 4.10% to 4.85% (2016: 4.15% to 5.15%) • 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>

Significant unobservable inputs correspond to:

- Capitalisation rate corresponds to a rate of return on investment property based on the expected income that the property will generate.

7. SUBSIDIARIES

	Trust	
	2017 \$'000	2016 \$'000
Non-current assets		
Equity investments at cost	257,824	294,869
Loans to subsidiaries	683,518	692,071
	941,342	986,940
Less: Allowance for impairment loss	(5,384)	(6,222)
	935,958	980,718

Impairment loss and subsequent reversal were recognised in relation to the investment in Brilliance Mall Trust ("BMT"). As at 31 December 2017, the Manager has assessed the recoverable amount of the Trust's interest in BMT for impairment. A reversal of impairment loss amounting to \$838,000 (2016: nil) was recognised in respect of the Trust's investment in 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 as at 31 December 2017 and categorised as level 3 on the fair value hierarchy.

The key assumptions used in the estimation of the recoverable amount are set out below.

	Trust	
	2017 %	2016 %
Investment property		
Capitalisation rate	4.75	5.20
Discount rate	7.25	7.50

7. SUBSIDIARIES (continued)

The movement in the allowance for impairment loss in respect of the year was as follows:

	Trust	
	2017 \$'000	2016 \$'000
At the beginning of the year	6,222	5,904
Impairment loss recognised	–	318
Reversal of impairment loss	(838)	–
At the end of the year	5,384	6,222

Details of the subsidiaries are as follows:

Name of subsidiaries	Place of incorporation/business	Effective equity interest held by the Trust	
		2017 %	2016 %
CMT MTN Pte. Ltd. ¹	Singapore	100	100
Brilliance Mall Trust ¹	Singapore	100	100
Victory Office 1 Trust ¹	Singapore	100	100
Victory Office 2 Trust ¹	Singapore	100	100
Victory SR Trust ¹	Singapore	– ²	100

1 Audited by KPMG LLP Singapore

2 The sale of all the units in Victory SR Trust to Victory SR Pte. Ltd., a wholly owned subsidiary of Ascott Serviced Residence (Global) Fund Pte. Ltd. was completed on 31 October 2017.

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.

The Trust has provided a loan to CMT MTN amounting to \$80,000 (2016: \$80,000) which is non-trade in nature, unsecured and interest-free. The settlement of the loan is neither planned nor likely to occur in the foreseeable future. As this amount is, in substance, part of the Trust's net investment in CMT MTN, it is stated at cost.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

7. SUBSIDIARIES (continued)

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 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.

The Trust has provided unsecured loans to BMT amounting to \$603,057,000 (2016: \$603,057,000) which are not expected to be repaid in the next twelve months from the reporting date. The loan bears interest rate of 3.14% to 3.17% (2016: 2.37% to 3.15%) per annum. Interest rates are determined by the Trust from time to time.

7. SUBSIDIARIES (continued)

Victory Office 1 Trust, Victory Office 2 Trust and Victory SR Trust

On 30 August 2016, three private trusts namely Victory Office 1 Trust, Victory Office 2 Trust and Victory SR Trust (collectively, the "Victory Trusts") were constituted in relation to the redevelopment of Funan. The Trustee has entered into a conditional sale and purchase agreement with the trustees of the Victory Trusts to sell certain undivided shares in Funan to the respective Victory Trusts. The sale and purchase agreement was completed on 1 November 2016.

On 3 August 2017, the Trustee has entered into a conditional unit sale and purchase agreement with Victory SR Pte. Ltd., a wholly owned subsidiary of Ascott Serviced Residence (Global) Fund Pte. Ltd. (the "Purchaser") to sell all the units in Victory SR Trust ("Victory SR Trust Units", and the sale of the Victory SR Trust Units, the "Divestment"). The Divestment was completed on 31 October 2017 (see note 22).

The Trust, together with the Victory Trusts jointly own and undertake to redevelop Funan which comprises a retail component (held through the Trust), two office towers and serviced residences.

The Trust has provided loans to the Victory Office 1 Trust and Victory Office 2 Trust amounting to \$65,268,000 (2016: \$61,976,000). The loans are non-trade in nature, unsecured and interest-free. The settlement of the loans are neither planned nor likely to occur in the foreseeable future. As these loans are, in substance, part of the Trust's net investment in the Victory Office 1 Trust and Victory Office 2 Trust, they are stated at cost.

The Trust has also provided loans to the Victory Office 1 Trust and Victory Office 2 Trust amounting to \$14,975,000 (2016: nil) which are not expected to be repaid in the next twelve months from the reporting date. The loans bear interest rates of 1.52% to 2.88% (2016: nil) per annum. Interest rates are determined by the Trust from time to time.

8. ASSOCIATE AND JOINT VENTURES

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Investment in associate	194,389	191,313	130,836	130,836
Investment in joint ventures	783,919	790,173	585,227	579,182
Loan to joint venture	153,976	153,976	153,976	153,976
Less: Allowance for impairment loss	–	–	(31,009)	(3,843)
	<u>1,132,284</u>	<u>1,135,462</u>	<u>839,030</u>	<u>860,151</u>

The loan to joint venture is unsecured, with no fixed terms of repayment and are not expected to be repaid in the next twelve months from the reporting date. The loan bears interest rate of 2.78% to 3.01% (2016: 3.03% to 3.30%) per annum. Interest rate is repriced at intervals of less than twelve months.

As at 31 December 2017, the Manager has assessed the recoverable amount of the Trust's interest in Infinity Mall Trust ("IMT") for impairment. The allowance for impairment loss amounting to \$27,166,000 (2016: nil) was recognised in respect of the Trust's investment in IMT taking into consideration the fair value of the underlying property held by IMT 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 IMT as at 31 December 2017 and categorised as level 3 on the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

8. ASSOCIATE AND JOINT VENTURES (continued)

The key assumptions used in the estimation of the recoverable amount are set out below.

	Trust	
	2017 %	2016 %
Investment property		
Capitalisation rate	4.75	5.20
Discount rate	7.25	7.50

The movement in the allowance for impairment loss on the investment in IMT in respect of the year was as follows:

	Trust	
	2017 \$'000	2016 \$'000
At the beginning of the year	3,843	5,429
Impairment loss recognised	27,166	–
Reversal of impairment loss	–	(1,586)
At the end of the year	31,009	3,843

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 2017 %	Effective equity interest held by the Trust 2016 %
Associate¹			
CapitaLand Retail China Trust	Singapore	12.7 ²	14.1
Joint ventures¹			
RCS Trust	Singapore	40.0	40.0
Infinity Mall Trust and Infinity Office Trust	Singapore	30.0	30.0

1 Audited by KPMG LLP Singapore

2 The dilution of interest in associate is mainly due to the private placement conducted on 29 November 2017 and the issuance of new units under the distribution reinvestment plan on 23 March 2017 and 20 September 2017 by CapitaLand Retail China Trust in which the Trust did not participate.

Associate

CapitaLand Retail China Trust

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").

On a recurring basis, as the results of CRCT are not expected to be announced in sufficient time to be included in the Group's results for the same calendar quarter, the Group will equity account the results of CRCT based on a 3-month lag time.

8. ASSOCIATE AND JOINT VENTURES (continued)

Associate (continued)

CapitaLand Retail China Trust (continued)

At the reporting date, the fair value of both the Group's and the Trust's investment in CRCT is \$198,782,000 (2016: \$168,106,000) 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	
	2017 \$'000	2016 \$'000
Revenue	233,573	215,854
Net income	<u>114,676</u>	<u>107,487</u>
Total return after tax for the year	87,628	102,541
Attributable to non-controlling interests	(2,687)	(3,091)
Attributable to investee's unitholders	<u>90,315</u>	<u>105,632</u>
Net return after transfer to general reserve	84,249	100,926
Total assets	2,801,060	2,717,995
Total liabilities	(1,311,441)	(1,336,626)
Net assets	1,489,619	1,381,369
Attributable to non-controlling interests	20,031	21,033
Attributable to investee's unitholders	<u>1,469,588</u>	<u>1,360,336</u>
Group's interest in net assets of CRCT at 1 January	191,313	208,866
Group's share of total return for the year	18,832	14,504
Distributions received during the year	(17,179)	(12,945)
Dilution loss on interest in CRCT	(550)	(634)
Group's share of other movements in Unitholders' funds	1,973	(18,478)
Carrying amount of interest in CRCT at 31 December	194,389	191,313

The Trust has accounted for CRCT as an associate. The Managers of both the Trust and CRCT, CapitaLand Mall Trust Management Limited ("CMTML") and CapitaLand Retail China Trust Management Limited respectively, are wholly owned by CapitaLand Mall Asia Limited which has an interest in the Trust.

As the results of CRCT for the fourth quarter ended 31 December 2017 are 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 2017 dated 23 October 2017. The financial results recorded were based on CRCT's unaudited financial statements and distribution announcements for the period from 1 October 2016 to 30 September 2017. The Group also accounted for any significant transactions or events that occurred from 1 October 2017 to 31 December 2017.

Similarly, corresponding comparatives for previous financial year were based on CRCT's unaudited financial statements and distribution announcement for the third quarter ended 30 September 2016 dated 25 October 2016 and on CRCT's unaudited financial statements and distribution announcements for the period from 1 October 2015 to 30 September 2016. The Group also accounted for any significant transactions or events that occurred from 1 October 2016 to 31 December 2016.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

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 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)

On 15 April 2016, RCS Trust Trustee-Manager entered into unsecured loan facility agreements with various banks which provide loan facilities of various maturities to refinance RCS Trust's existing borrowings and for RCS Trust's future general corporate and working capital purposes.

On 21 June 2016, RCS Trust has drawn down \$1,069.5 million to repay the secured term loan and revolving credit facility granted by a special purpose company, Silver Oak Ltd. Following the repayment of the outstanding borrowings, the security granted by RCS Trust over its rights in relations to Raffles City Singapore has been discharged and released.

On 22 March 2017, RCS Trust has established a USD2.0 billion Euro-Medium Term Note Programme ("RCS Trust EMTN Programme").

Under the RCS Trust EMTN Programme, the Issuer may from time to time issue notes in series or tranches in Euro, United States dollars, Singapore dollars and any other currency ("RCS EMTN Notes").

The proceeds from the issue of the RCS EMTN Notes will be used to refinance the existing borrowings of RCS Trust and its subsidiaries (if any), to finance or refinance any asset enhancement works or capital expenditure of RCS Trust and its subsidiaries, to finance the general corporate and working capital purposes in respect of RCS Trust and its subsidiaries or for the purposes as specified in the relevant pricing supplement.

On 5 June 2017, RCS Trust issued \$300.0 million of fixed rate notes maturing in 2023 at an interest rate of 2.60% per annum. The proceeds from the issue was used to refinance part of the existing borrowings of RCS Trust.

As at 31 December 2017, the total loans drawn down and RCS EMTN Notes issued by RCS Trust are \$831.0 million (2016: \$1,100.0 million) and \$300.0 million (2016: nil) respectively.

Infinity Mall Trust

Infinity Mall Trust is an unlisted special purpose trust established under a trust deed ("Infinity Mall Trust 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). Infinity Mall Trust is 30.0% owned by the Trust, 50.0% by CMA Singapore Investments (4) Pte. Ltd. and 20.0% by CL JM Pte. Ltd. Infinity Mall 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 Mall Trust as a joint venture which is equity accounted.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

8. ASSOCIATE AND JOINT VENTURES (continued)

Joint Ventures (continued)

Infinity Mall Trust (continued)

Infinity Mall Trust owns Westgate which commenced operations on 2 December 2013. Infinity Mall Trust has entered into a property management agreement in relation to the management of Infinity Mall Trust 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) Trustee fees

Pursuant to the Infinity Mall Trust Trust Deed, the Infinity Mall Trust Trustee's fees are \$2,000 per annum. JG Trustee Pte. Ltd. is also entitled to reimbursement of expenses incurred in the performance of its duties under Infinity Mall Trust Trust Deed.

JG Trustee Pte. Ltd.'s fees are payable annually in arrears.

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.

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 \$'000	Immaterial joint ventures \$'000	Total \$'000
2017			
Revenue		229,939	
Net income		134,749	
Total return for the year ^(a)		186,638	
 ^(a) Includes:			
– depreciation and amortisation		(1,374)	
– interest income		82	
– interest expense		(23,554)	
– income tax expense		–	
 Non-current assets	3,260,818		
Current assets ^(b)	20,177		
Non-current liabilities ^(c)	(897,761)		
Current liabilities ^(d)	(340,800)		
Net assets	2,042,434		
 ^(b) Includes cash and cash equivalents	18,935		
^(c) Includes non-current financial liabilities (excluding trade and other payables and provisions)	(897,761)		
^(d) Includes current financial liabilities (excluding trade and other payables and provisions)	(261,851)		
 Group's interest in net assets of joint ventures at beginning of the year			
Group's share of total return for the year	793,197	150,952	944,149
Distributions received during the year	74,655	(23,114)	51,541
Group's share of movement in Unitholders' funds	(60,670)	(3,221)	(63,891)
Group's share of total return and movement in Unitholders' funds	6,161	(65)	6,096
Carrying amount of interest in joint ventures at end of the year	20,146	(26,400)	(6,254)
	813,343	124,552	937,895

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

8. ASSOCIATE AND JOINT VENTURES (continued)

Joint Ventures (continued)

	RCS \$'000	Immaterial joint ventures \$'000	Total \$'000
2016			
Revenue		234,613	
Net income		130,350	
Total return for the year ^(a)		111,611	
(a) Includes:			
– depreciation and amortisation		(2,191)	
– interest income		30	
– interest expense		(27,111)	
– income tax expense		–	
Non-current assets		3,169,963	
Current assets ^(b)		43,424	
Non-current liabilities ^(c)		(1,118,172)	
Current liabilities ^(d)		(103,197)	
Net assets		1,992,018	
(b) Includes cash and cash equivalents		38,457	
(c) Includes non-current financial liabilities (excluding trade and other payables and provisions)		(1,118,172)	
(d) Includes current financial liabilities (excluding trade and other payables and provisions)		(10,733)	
Group's interest in net assets of joint ventures at beginning of the year			
Group's share of total return for the year	804,153	165,389	969,542
Distributions received during the year	44,644	7,703	52,347
Group's share of movement in Unitholders' funds	(59,213)	(20,419)	(79,632)
Group's share of total return and movement in Unitholders' funds	3,613	(1,721)	1,892
Carrying amount of interest in joint ventures at end of the year	(10,956)	(14,437)	(25,393)
	793,197	150,952	944,149

As at 31 December 2017, the Group's share of its joint venture capital commitments amounted to \$23,031,000 (2016: \$20,065,000). The commitments have not been recognised in the Group's consolidated financial statements.

9. FINANCIAL DERIVATIVES

	Group	
	2017 \$'000	2016 \$'000
Non-current assets		
Cross currency swaps	14,953	162,685
Current assets		
Cross currency swaps	29,418	—
Non-current liabilities		
Cross currency swaps	77,013	30,945
Cross currency swaps		

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 2017, the Group held CCS with a total notional amount of \$1,680,962,800 (2016: \$1,680,962,800) to provide Singapore dollar fixed rate funding for terms of 6 to 12 years (2016: 6 to 12 years).

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

9. FINANCIAL DERIVATIVES (continued)

Offsetting financial assets and financial liabilities (continued)

Financial assets and financial liabilities that are subject to an enforceable master netting arrangement

Group

31 December 2017

	Gross amounts of recognised financial assets \$'000	Gross amounts of recognised financial liabilities offset in the Statement of Financial Position \$'000	Net amounts of financial assets presented in the Statement of Financial Position \$'000	Related amounts not offset in the Statement of Financial Position - Financial instruments \$'000	Net amount \$'000
Financial assets					
Cross currency swaps used for hedging (Non-current)	14,953	–	14,953	(14,953)	–

	Gross amounts of recognised financial liabilities \$'000	Gross amounts of recognised financial assets offset in the Statement of Financial Position \$'000	Net amounts of financial liabilities presented in the Statement of Financial Position \$'000	Related amounts not offset in the Statement of Financial Position - Financial instruments \$'000	Net amount \$'000
Financial liabilities					
Cross currency swaps used for hedging (Non-current)	77,013	–	77,013	(44,371)	32,642

Group

31 December 2016

	Gross amounts of recognised financial assets \$'000	Gross amounts of recognised financial liabilities offset in the Statement of Financial Position \$'000	Net amounts of financial assets presented in the Statement of Financial Position \$'000	Related amounts not offset in the Statement of Financial Position - Financial instruments \$'000	Net amount \$'000
Financial assets					
Cross currency swaps used for hedging (Non-current)	141,384	–	141,384	(30,945)	110,439
Financial liabilities					
Cross currency swaps used for hedging (Non-current)	30,945	–	30,945	(30,945)	–

9. FINANCIAL DERIVATIVES (continued)

Offsetting financial assets and financial liabilities (continued)

Financial assets and financial liabilities that are subject to an enforceable master netting arrangement (continued)

The tables below reconcile the 'Net amounts of financial assets and financial liabilities presented in Statement of Financial Position', as set out above, to the line items presented in the Statement of Financial Position.

Group

31 December 2017

Financial assets	Net amounts of financial assets presented in the Statement of Financial Position \$'000	Line item in Statement of Financial Position	Carrying amount in Statement of Financial Position \$'000	Financial assets not in scope of offsetting disclosures \$'000
Cross currency swaps used for hedging	14,953	Non-current financial derivatives	14,953	–
	29,418	Current financial derivatives	29,418	–

Financial liabilities	Net amounts of financial liabilities presented in the Statement of Financial Position \$'000	Line item in Statement of Financial Position	Carrying amount in Statement of Financial Position \$'000	Financial liabilities not in scope of offsetting disclosures \$'000
Cross currency swaps used for hedging	77,013	Non-current financial derivatives	77,013	–

Group

31 December 2016

Financial assets	Net amounts of financial assets presented in the Statement of Financial Position \$'000	Line item in Statement of Financial Position	Carrying amount in Statement of Financial Position \$'000	Financial assets not in scope of offsetting disclosures \$'000
Cross currency swaps used for hedging	141,384	Non-current financial derivatives	162,685	21,301
Financial liabilities	Net amounts of financial liabilities presented in the Statement of Financial Position \$'000	Line item in Statement of Financial Position	Carrying amount in Statement of Financial Position \$'000	Financial liabilities not in scope of offsetting disclosures \$'000
Cross currency swaps used for hedging	30,945	Non-current financial derivatives	30,945	–

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

9. FINANCIAL DERIVATIVES (continued)

The following table indicates the periods of cash flows associated with financial derivatives:

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows				
			Within 1 year \$'000	Within 2 to 5 years \$'000	More than 5 years \$'000		
Group							
2017							
Derivative financial assets							
Cross currency swaps (gross-settled)	44,371						
– Inflow		1,073,800	558,301	251,098	264,401		
– Outflow		(1,032,181)	(528,168)	(245,779)	(258,234)		
	44,371	41,619	30,133	5,319	6,167		
Derivative financial liabilities							
Cross currency swaps (gross-settled)	(77,013)						
– Inflow		780,777	11,171	349,183	420,423		
– Outflow		(863,353)	(22,274)	(410,323)	(430,756)		
	(77,013)	(82,576)	(11,103)	(61,140)	(10,333)		
2016							
Derivative financial assets							
Cross currency swaps (gross-settled)	162,685						
– Inflow		1,945,332	49,380	907,911	988,041		
– Outflow		(1,778,404)	(49,204)	(826,616)	(902,584)		
	162,685	166,928	176	81,295	85,457		
Derivative financial liabilities							
Cross currency swaps (gross-settled)	(30,945)						
– Inflow		138,285	1,647	136,638	–		
– Outflow		(170,718)	(4,384)	(166,334)	–		
	(30,945)	(32,433)	(2,737)	(29,696)	–		

10. TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Trade receivables	9,193	7,197	7,809	6,588
Deposits	2,632	2,634	690	683
Interest receivables	893	660	873	626
Amounts due from related parties (trade)	17,569	17,012	17,569	16,995
Amount due from subsidiary (trade)	—	—	4,185	5,184
Other receivables	1,334	5,337	867	10,847
Loans and receivables	31,621	32,840	31,993	40,923
Prepayments	778	877	745	850
	32,399	33,717	32,738	41,773

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.

The maximum exposure to credit risk for trade receivables at the reporting date (by type of consumers) is:

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Retail	9,122	7,130	7,738	6,521
Warehouse	71	67	71	67
	9,193	7,197	7,809	6,588

The Group's and Trust's most significant tenant accounts for \$528,000 (2016: \$781,000) of the trade receivables carrying amount as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

10. TRADE AND OTHER RECEIVABLES (continued)

Impairment

The ageing of trade receivables at the reporting date was:

	Group Impairment		Trust Impairment	
	Gross \$'000	loss \$'000	Gross \$'000	loss \$'000
2017				
Not past due	6,865	–	5,545	–
Past due 31 – 60 days	1,403	–	1,343	–
Past due 61 – 90 days	369	–	367	–
Over 90 days	578	22	576	22
	9,215	22	7,831	22
2016				
Not past due	4,850	–	4,380	–
Past due 31 – 60 days	1,304	–	1,177	–
Past due 61 – 90 days	512	–	500	–
Over 90 days	531	–	531	–
	7,197	–	6,588	–

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	Group and Trust	
	2017 \$'000	2016 \$'000
At 1 January	–	20
Impairment loss recognised	22	–
Reversal of impairment loss	–	(4)
Amount written off	–	(16)
At 31 December	22	–

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.

11. CASH AND CASH EQUIVALENTS

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash at bank and in hand	8,358	8,525	7,502	7,977
Fixed deposits with financial institutions	514,387	474,937	484,369	442,037
Cash and cash equivalents in the statements of cash flows	522,745	483,462	491,871	450,014

The weighted average effective interest rate relating to cash and cash equivalents at the reporting date for the Group and Trust are 1.22% (2016: 1.07%) and 1.17% (2016: 1.09%) per annum respectively.

12. TRADE AND OTHER PAYABLES

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Trade payables and accrued operating expenses	87,112	87,076	74,672	77,274
Amounts due to related parties (trade)	29,892	32,079	27,418	29,087
Deposits and advances	12,536	13,510	11,579	12,609
Interest payable	26,048	27,672	26,048	27,672
	155,588	160,337	139,717	146,642

Included in the amounts due to related parties (trade) of the Group are mainly amounts due to the Manager of \$27,108,000 (2016: \$26,991,000) and the Property Manager of \$2,307,000 (2016: \$2,433,000). Included in the amounts due to related parties (trade) of the Trust are mainly amounts due to the Manager of \$24,841,000 (2016: \$24,580,000) and the Property Manager of \$2,120,000 (2016: \$2,061,000).

Included in the trade payables and accrued operating expenses of the Group and the Trust is an amount due to the Trustee of \$320,000 (2016: \$310,000).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

13. INTEREST-BEARING BORROWINGS

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Current liabilities				
Medium term notes ("MTN notes")	–	250,000	–	–
Euro-Medium term notes ("EMTN notes")	534,760	–	–	–
Term loans	–	–	505,200	250,000
Unamortised transaction costs	(68)	–	(68)	–
	<u>534,692</u>	<u>250,000</u>	<u>505,132</u>	<u>250,000</u>
Non-current liabilities				
MTN notes	1,675,763	1,523,679	–	–
EMTN notes	466,704	1,082,473	–	–
Retail bonds	350,000	350,000	350,000	350,000
Bank loans	161,121	87,990	161,121	87,990
Term loans	–	–	2,175,763	2,480,963
Unamortised transaction costs	(5,179)	(5,830)	(5,179)	(5,830)
	<u>2,648,409</u>	<u>3,038,312</u>	<u>2,681,705</u>	<u>2,913,123</u>
Total interest-bearing borrowings	<u>3,183,101</u>	<u>3,288,312</u>	<u>3,186,837</u>	<u>3,163,123</u>

13. INTEREST-BEARING BORROWINGS (continued)

Terms and debt repayment schedule

Terms and conditions of outstanding interest-bearing borrowings are as follows:

	Weighted average interest rate %	Year of maturity	2017		2016			
			Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000		
Group								
<u>Unsecured</u>								
Retail bonds	3.08	2021	350,000	349,082	350,000	348,808		
USD fixed rate EMTN notes	3.73	2018	534,760	534,692	578,960	578,583		
JPY fixed rate MTN and EMTN notes	1.04 – 1.31	2019 to 2020	237,218	237,000	247,398	247,085		
JPY floating rate MTN notes	3 months JPY LIBOR + Margin	2021 to 2023	161,309	161,085	168,230	167,958		
HKD fixed rate MTN and EMTN notes	2.71 – 3.76	2022 to 2027	743,940	742,533	811,564	809,970		
SGD fixed rate MTN notes	2.80 – 3.75	2020 to 2031	1,000,000	997,805	1,050,000	1,047,986		
SGD floating rate bank loans	SOR + Margin	2019 to 2020	161,121	160,904	87,990	87,922		
			<u>3,188,348</u>	<u>3,183,101</u>	<u>3,294,142</u>	<u>3,288,312</u>		
Trust								
<u>Unsecured</u>								
Retail bonds	3.08	2021	350,000	349,082	350,000	348,808		
SGD fixed rate term loans from CMT MTN	2.79 – 3.75	2018 to 2031	2,680,963	2,676,851	2,730,963	2,726,393		
SGD floating rate bank loans	SOR + Margin	2019 to 2020	161,121	160,904	87,990	87,922		
			<u>3,192,084</u>	<u>3,186,837</u>	<u>3,168,953</u>	<u>3,163,123</u>		

JPY LIBOR – Japanese Yen London Interbank Offered Rate
SOR – Swap Offer Rate

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

13. INTEREST-BEARING BORROWINGS (continued)

Terms and debt repayment schedule (continued)

The following are the expected contractual undiscounted cash outflows of financial liabilities 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		
2017							
Non-derivative financial liabilities							
<u>Unsecured</u>							
Retail bonds	349,082	387,804	10,780	377,024	—		
USD fixed rate EMTN notes	534,692	544,654	544,654	—	—		
JPY fixed rate MTN and EMTN notes	237,000	244,019	2,781	241,238	—		
JPY floating rate MTN notes	161,085	163,973	522	61,339	102,112		
HKD fixed rate MTN and EMTN notes	742,533	902,218	23,803	288,318	590,097		
SGD fixed rate MTN notes	997,805	1,266,389	33,420	227,472	1,005,497		
SGD floating rate bank loans	160,904	170,018	4,226	165,792	—		
Trade and other payables	160,249	160,249	155,588	4,661	—		
Security deposits	155,732	155,732	57,619	96,310	1,803		
	3,499,082	3,995,056	833,393	1,462,154	1,699,509		
2016							
Non-derivative financial liabilities							
<u>Unsecured</u>							
Retail bonds	348,808	398,584	10,780	387,804	—		
USD fixed rate EMTN notes	578,583	611,273	21,601	589,672	—		
JPY fixed rate MTN and EMTN notes	247,085	257,387	2,896	254,491	—		
JPY floating rate MTN notes	167,958	171,599	528	64,154	106,917		
HKD fixed rate MTN and EMTN notes	809,970	1,010,149	25,926	103,943	880,280		
SGD fixed rate MTN notes	1,047,986	1,307,151	284,974	207,886	814,291		
SGD floating rate bank loans	87,922	94,431	1,917	92,514	—		
Trade and other payables	160,337	160,337	160,337	—	—		
Security deposits	153,747	153,747	54,722	96,869	2,156		
	3,602,396	4,164,658	563,681	1,797,333	1,803,644		

13. INTEREST-BEARING BORROWINGS (continued)

Terms and debt repayment schedule (continued)

	Carrying amount \$'000	Contractual cash flows \$'000	Within 1 year \$'000	Within 2 to 5 years \$'000	Cash flows More than 5 years \$'000
Trust					
2017					
Non-derivative financial liabilities					
<u>Unsecured</u>					
Retail bonds	349,082	387,804	10,780	377,024	–
SGD fixed rate term loans	2,676,851	3,161,922	583,862	883,573	1,694,487
SGD floating rate bank loans	160,904	170,018	4,226	165,792	–
Trade and other payables	143,709	143,709	139,717	3,992	–
Security deposits	141,826	141,826	54,317	85,706	1,803
	<u>3,472,372</u>	<u>4,005,279</u>	<u>792,902</u>	<u>1,516,087</u>	<u>1,696,290</u>
2016					
Non-derivative financial liabilities					
<u>Unsecured</u>					
Retail bonds	348,808	398,584	10,780	387,804	–
SGD fixed rate term loans	2,726,393	3,256,274	338,562	1,200,837	1,716,875
SGD floating rate bank loans	87,922	94,431	1,917	92,514	–
Trade and other payables	146,642	146,642	146,642	–	–
Security deposits	139,844	139,844	45,426	92,263	2,155
	<u>3,449,609</u>	<u>4,035,775</u>	<u>543,327</u>	<u>1,773,418</u>	<u>1,719,030</u>

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 2017, the Trust has drawn on \$161.1 million (2016: \$88.0 million) of unsecured bank loans with maturities between 4 to 5 years (2016: 4 to 5 years) from various banks.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

13. INTEREST-BEARING BORROWINGS (continued)

(3) Unsecured MTN notes and EMTN notes of CMT MTN

On 20 March 2017, the Group has increased the programme limit of the \$2.5 billion Multicurrency Medium Term Note Programme ("MTN Programme") to \$3.5 billion. The Group also has a USD3.0 billion Euro-Medium Term Note Programme ("EMTN Programme").

Under the MTN Programme, CMT MTN may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes in series or tranches in Singapore dollars, United States dollars or any other currency ("MTN Notes").

Under the EMTN Programme, CMT MTN may, subject to compliance with all relevant laws, regulations and directives, from time to time issue notes in series or tranches in Euro, Sterling, United States dollars, Singapore dollars and any other currency ("EMTN Notes").

Each series or tranche of notes may be issued in various amounts and tenors, and may bear fixed, floating or variable rates of interest. Hybrid notes or zero coupon notes may also be issued under the MTN Programme and EMTN Programme.

The MTN Notes and EMTN Notes shall constitute direct, unconditional, unsecured and unsubordinated obligations of CMT MTN ranking pari passu, without any preference or priority among themselves and pari passu with all other present and future unsecured obligations at CMT MTN. All sums payable in respect of the notes will be unconditionally and irrevocably guaranteed by the Trustee.

At 31 December 2017, notes issued by CMT MTN were as follows:

- under the MTN Programme:
 - (i) \$1,000.0 million (2016: \$1,050.0 million) of fixed rate notes maturing from 2020 to 2031;
 - (ii) JPY10.0 billion (2016: JPY10.0 billion) of fixed rate notes maturing in 2020;
 - (iii) JPY13.6 billion (2016: JPY13.6 billion) of floating rate notes maturing from 2021 to 2023; and
 - (iv) HKD2.314 billion (2016: HKD2.314 billion) of fixed rate notes maturing from 2025 to 2027.
- under the EMTN Programme:
 - (i) USD400.0 million (2016: USD400.0 million) of fixed rate notes maturing in 2018;
 - (ii) JPY10.0 billion (2016: JPY10.0 billion) of fixed rate notes maturing in 2019; and
 - (iii) HKD2.035 billion (2016: 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 into Singapore dollars proceeds.

The proceeds from the issuance of the MTN Notes and EMTN Notes were 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.

13. INTEREST-BEARING BORROWINGS (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities:-

	1 January 2017 \$'000	Financing cashflows ¹ \$'000	Non cash changes				31 December 2017 \$'000
			Interest expense/ capitalised \$'000	Foreign exchange movement \$'000	Change in fair value \$'000	Other changes \$'000	
Group							
Retail bonds ²	352,766	(10,780)	10,780	–	–	274	353,040
MTN and EMTN notes ²	2,875,014	(140,407)	88,360	(128,925)	–	889	2,694,931
Bank loans ²	88,204	68,455	3,609	–	–	910	161,178
Financial derivatives	(131,740)	–	–	164,382	–	–	32,642
	3,184,244	(82,732)	102,749	(128,925)	164,382	2,073	3,241,791

1 Net of proceeds from interest-bearing borrowings, repayment of interest-bearing borrowings, interest paid and payment of transactions costs related to interest-bearing borrowings.

2 Includes interest payable.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

14. UNITS IN ISSUE

	Group and Trust	
	2017	2016
	\$'000	\$'000
Units in issue:		
At 1 January	3,543,070	3,541,169
Units created:		
– payment of management fees in relation to the Trust's 40.0% interest in RCS Trust	3,131	1,901
– payment of divestment fees in relation to the divestment of Victory SR Trust	222	–
Total issued units at 31 December	<u>3,546,423</u>	<u>3,543,070</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;
- 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.

15. GROSS REVENUE

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Gross rental income	629,366	639,598	577,953	583,465
Car park income	19,954	17,111	19,018	17,111
Others	33,149	33,023	31,093	31,033
	<u>682,469</u>	<u>689,732</u>	<u>628,064</u>	<u>631,609</u>

16. PROPERTY OPERATING EXPENSES

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Property tax	56,928	56,104	51,851	50,968
Utilities	18,080	22,846	17,645	22,443
Property management fees	26,002	26,142	23,923	23,891
Property management reimbursements	36,623	37,544	34,070	34,818
Marketing	19,945	19,611	16,817	17,603
Maintenance	39,188	41,429	35,923	38,389
Land rental	2,856	1,349	2,462	1,349
Others	4,613	5,028	4,229	4,414
	<u>204,235</u>	<u>210,053</u>	<u>186,920</u>	<u>193,875</u>

17. INTEREST AND OTHER INCOME

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Interest income:				
– financial institutions	4,965	6,370	4,759	6,127
– subsidiaries	–	–	19,201	16,123
– joint venture	4,406	4,961	4,406	4,961
Other income	707	–	707	–
	<u>10,078</u>	<u>11,331</u>	<u>29,073</u>	<u>27,211</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

18. INVESTMENT INCOME

	Trust	
	2017 \$'000	2016 \$'000
Distribution income from:		
– subsidiary	16,759	23,207
– associate	17,179	12,945
– joint ventures	63,891	79,632
	<u>97,829</u>	<u>115,784</u>

19. MANAGEMENT FEES

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Base fees	24,020	23,541	21,415	21,360
Performance fees	21,031	21,078	19,373	19,311
	<u>45,051</u>	<u>44,619</u>	<u>40,788</u>	<u>40,671</u>

20. FINANCE COSTS

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Interest expense	102,026	103,566	102,227	103,566
Transaction costs	2,073	2,752	2,073	2,752
	<u>104,099</u>	<u>106,318</u>	<u>104,300</u>	<u>106,318</u>

21. INCOME TAX EXPENSE

	Group 2017 \$'000	Group 2016 \$'000	Trust 2017 \$'000	Trust 2016 \$'000
Current tax expense				
Current year	—	—	—	—
Under provision in prior years ¹	159	1,026	159	1,026
	159	1,026	159	1,026
Reconciliation of effective tax rate				
Net income	405,664	402,557	419,346	429,934
Tax calculated using Singapore tax rate of 17% (2016: 17%)	68,963	68,435	71,289	73,089
Effects of results of equity-accounted investees presented net of tax	(1,102)	(734)	—	—
Tax deductible items	(590)	(739)	(1,100)	(1,019)
Income not subject to tax	(2)	—	(2,920)	(5,108)
Tax transparency	(67,269)	(66,962)	(67,269)	(66,962)
Under provision in prior years	159	1,026	159	1,026
	159	1,026	159	1,026

1 In 2017 and 2016, these relate to tax assessed on the Trust by the Inland Revenue Authority of Singapore ("IRAS") for years of assessment 2013 and 2012 respectively. The IRAS disallowed certain expenses incurred in the years ended 31 December 2012 and 31 December 2011 and did not allow such adjustments to be included under the rollover income adjustment.

22. DISPOSAL OF SUBSIDIARY, NET OF CASH DISPOSED

Name of subsidiary	Date disposed	Effective interest disposed
Victory SR Trust	31 October 2017	100%

The disposed subsidiary previously contributed net loss of \$392,000 from 1 January 2017 to the date of disposal.

Effects of disposal

Net cashflow on the disposal (including divestment charges) is set out below:-

	Group \$'000	2017 Trust \$'000
Investment property under development	101,284	
Cash and cash equivalents	313	
Trade and other payables	(2,128)	
Amount due to Unitholder	(41,585)	
Net assets disposed	57,884	
Sales consideration	99,469	99,469
Divestment costs	(669)	(669)
Cash of subsidiary disposed	(313)	—
Net cash inflow from disposal of subsidiary	98,487	98,800

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

23. 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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Total return for the year	657,648	469,400	644,423	498,645

	Group and Trust Number of Units	
	2017 '000	2016 '000
Issued units at beginning of the year	3,543,070	3,541,169
Creation of new units during the year:		
– management fees in relation to the Trust's 40.0% interest in RCS Trust	2,100	1,177
– in relation to the divestment fees for Victory SR Trust	32	–
Weighted average number of units at the end of the year	3,545,202	3,542,346

24. 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 Retail 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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Asset enhancement works and consultancy fees paid/payable to related companies of the Manager	1,993	2,916	1,464	2,763
Rental and other income received/receivable from related companies of the Manager	1,214	1,010	1,201	1,002
Interest paid/payable to subsidiary	–	–	88,360	86,195
Other expenses paid/payable to related companies of the Manager	5,583	5,265	5,161	4,839

25. FINANCIAL RISK MANAGEMENT

Capital management

The Board of the Manager 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. Moody's Investors Service has affirmed an 'A2' issuer rating in July 2015. 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.

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.

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.

The Manager establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main component of this allowance is a specific loss component that relates to the individually significant exposure.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

25. FINANCIAL RISK MANAGEMENT (continued)

Credit risk (continued)

At 31 December 2017 and 31 December 2016, 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.

Liquidity risk

The Manager monitors 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.

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 functional currency of the Group. 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 contract amounting of USD0.4 billion, HKD4.3 billion and JPY33.6 billion. All sums payable in respect of the cross currency swaps are guaranteed by the Trustee.

Sensitivity analysis

A 10.0% weakening of Singapore dollar against the following foreign currencies at the reporting date would increase the Statement of Total Return and Unitholders' Funds as at 31 December 2017 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		
2017		
USD	–	793
HKD	–	5,501
JPY	–	1,552
	<hr/>	<hr/>
	–	7,846
2016		
USD	–	2,343
HKD	–	4,788
JPY	–	2,808
	<hr/>	<hr/>
	–	9,939

A 10.0% strengthening of 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.

25. FINANCIAL RISK MANAGEMENT (continued)***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.

Sensitivity analysis

The Group does not account for any fixed rate financial liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate borrowings, a change in interest rates at the reporting date would not affect the Statement of Total Return.

For variable rate financial liabilities and cross currency derivative instruments used for hedging, a change of 100 basis points ("bp") in interest rate at the reporting date would increase/(decrease) the Statement of Total Return and Unitholders' Funds by \$1,611,000 (2016: \$880,000) and \$58,907,000 (2016: \$16,535,000) at Group respectively and increase/(decrease) the Statement of Total Return by \$1,611,000 (2016: \$880,000) at Trust. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

26. 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.

Group	Note	Carrying amount	
		Fair value – hedging instruments \$'000	Loans and receivables \$'000
2017			
Financial assets not measured at fair value			
Loan to joint venture	8	–	153,976
Trade and other receivables ¹	10	–	31,621
Cash and cash equivalents	11	–	522,745
		–	708,342
Financial assets measured at fair value	9	44,371	–
Financial liabilities not measured at fair value			
Trade and other payables		–	–
Security deposits		–	–
Interest-bearing borrowings	13	–	–
		–	–
Financial liabilities measured at fair value	9	(77,013)	–
2016			
Financial assets not measured at fair value			
Loan to joint venture	8	–	153,976
Trade and other receivables ¹	10	–	32,840
Cash and cash equivalents	11	–	483,462
		–	670,278
Financial assets measured at fair value	9	162,685	–
Financial liabilities not measured at fair value			
Trade and other payables	12	–	–
Security deposits		–	–
Interest-bearing borrowings	13	–	–
		–	–
Financial liabilities measured at fair value	9	(30,945)	–

¹ Excluding prepayments

Other financial liabilities at amortised cost \$'000	Total \$'000	Fair value			
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
–	153,976				
–	31,621				
–	522,745				
–	<u>708,342</u>				
–	<u>44,371</u>	–	44,371	–	<u>44,371</u>
(160,249)	(160,249)				
(155,732)	(155,732)				
(3,183,101)	(3,183,101)	(364,000)	(2,883,322)	–	(3,247,322)
(3,499,082)	(3,499,082)				
–	<u>(77,013)</u>	–	(77,013)	–	<u>(77,013)</u>
–	153,976				
–	32,840				
–	483,462				
–	<u>670,278</u>				
–	<u>162,685</u>	–	162,685	–	<u>162,685</u>
(160,337)	(160,337)				
(153,747)	(153,747)				
(3,288,312)	(3,288,312)	(360,500)	(2,977,472)	–	(3,337,972)
(3,602,396)	(3,602,396)				
–	<u>(30,945)</u>	–	(30,945)	–	<u>(30,945)</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

26. CLASSIFICATION AND FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

		Carrying amount	
	Note	Fair value – hedging instruments \$'000	Loans and receivables \$'000
Trust			
2017			
Financial assets not measured at fair value			
Loans to subsidiaries ¹	7	–	618,170
Loan to joint venture	8	–	153,976
Trade and other receivables ²	10	–	31,993
Cash and cash equivalents	11	–	491,871
		<hr/>	<hr/>
		–	1,296,010
Financial liabilities not measured at fair value			
Trade and other payables		–	–
Security deposits		–	–
Interest-bearing borrowings	13	–	–
		<hr/>	<hr/>
2016			
Financial assets not measured at fair value			
Loan to subsidiary ¹	7	–	603,057
Loan to joint venture	8	–	153,976
Trade and other receivables ²	10	–	40,923
Cash and cash equivalents	11	–	450,014
		<hr/>	<hr/>
		–	1,247,970
Financial liabilities not measured at fair value			
Trade and other payables	12	–	–
Security deposits		–	–
Interest-bearing borrowings	13	–	–
		<hr/>	<hr/>

1 Relates to loans to Brilliance Mall Trust, Victory Office 1 Trust and Victory Office 2 Trust

2 Excluding prepayments

Other financial liabilities at amortised cost \$'000	Total \$'000	Fair value			Total \$'000
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
–	618,170				
–	153,976				
–	31,993				
–	491,871				
–	<u>1,296,010</u>				
(143,709)	(143,709)				
(141,826)	(141,826)				
(3,186,837)	(3,186,837)	(364,000)	(2,893,569)	–	(3,257,569)
(3,472,372)	(3,472,372)				
–	603,057				
–	153,976				
–	40,923				
–	450,014				
–	<u>1,247,970</u>				
(146,642)	(146,642)				
(139,844)	(139,844)				
(3,163,123)	(3,163,123)	(360,500)	(2,841,156)	–	(3,201,656)
(3,449,609)	(3,449,609)				

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

26. 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 (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.

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:

	2017	2016
	%	%
Interest-bearing borrowings	1.69 – 3.75	1.66 – 3.73

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.

27. 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 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 2017 and 31 December 2016 related to properties located in Singapore.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

27. OPERATING SEGMENTS (continued)

	Tampines Mall \$'000	Junction 8 \$'000	Funan ¹ \$'000	IMM Building \$'000	Plaza Singapura \$'000
2017					
Gross revenue	79,291	58,759	–	82,930	89,673
Segment net property income	58,250	42,072	(3,447)	57,225	66,691
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	49,800	30,673	–	16,224	20,961
Net change in fair value of investment properties under development	–	–	19,681	–	–
Dilution loss on interest in associate					
Total return for the year before tax					
Income tax expense					
Total return for the year					
Assets and liabilities					
Segment assets	1,046,433	735,409	461,459	642,690	1,284,038
Investment in associate and joint ventures					
Unallocated assets:					
– financial derivatives					
– others					
Total assets					
Segment liabilities	23,563	18,036	27,679	28,189	29,914
Unallocated liabilities:					
– interest-bearing borrowings					
– financial derivatives					
– others					
Total liabilities					
Other segmental information					
Depreciation and amortisation	56	46	2	138	67
Plant and equipment:					
– capital expenditure	2	20	–	164	18
Investment properties and investment properties under development:					
– capital expenditure	1,200	1,327	90,558	776	5,039
Receivables written off	–	–	–	–	–

Bugis Junction \$'000	Lot One Shoppers' Mall \$'000	Bukit Panjang Plaza \$'000	The Atrium@ Orchard \$'000	Clarke Quay \$'000	Bugis+ \$'000	Other Investment Properties ² \$'000	Bedok Mall \$'000	Group \$'000
84,764	44,221	28,651	49,520	38,462	32,884	38,909	54,405	682,469
61,093	30,928	18,363	37,885	23,519	23,562	22,738	39,355	478,234
								10,078 (104,099) (48,922)
								18,832 51,541 <u>405,664</u>
53,152	19,746	14,130	14,447	2,536	3,821	6,677	845	233,012
–	–	–	–	–	–	–	–	19,681 (550) <u>657,807</u> (159) <u>657,648</u>
1,068,855	532,433	325,093	751,608	394,547	345,685	414,971	810,634	8,813,855 1,132,284
								44,371 513,932 558,303 <u>10,504,442</u>
25,365	13,338	11,786	12,369	19,269	9,652	16,836	23,316	259,312
								3,183,101 77,013 56,971 3,317,085 <u>3,576,397</u>
19	41	72	68	67	37	72	19	704
11	58	–	15	10	3	70	–	371
848	254	(130)	553	1,464	1,179	1,323	155	104,546
–	–	–	–	2	–	22	–	24

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

27. OPERATING SEGMENTS (continued)

	Tampines Mall \$'000	Junction 8 \$'000	Funan ¹ \$'000	IMM Building \$'000	Plaza Singapura \$'000
2016					
Gross revenue	79,256	58,842	11,369	80,668	90,136
Segment net property income	58,798	41,847	3,795	54,070	67,486
Interest 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	1,350	6,124	53,991	(510)	(8,116)
Dilution loss on interest in associate					
Total return for the year before tax					
Income tax expense					
Total return for the year					
Assets and liabilities					
Segment assets	994,799	703,407	455,332	625,755	1,257,856
Investment in associate and joint ventures					
Unallocated assets:					
– financial derivatives					
– others					
Total assets					
Segment liabilities	26,069	17,251	9,645	28,785	31,090
Unallocated liabilities:					
– interest-bearing borrowings					
– financial derivatives					
– others					
Total liabilities					
Other segmental information					
Depreciation and amortisation	58	81	18	114	68
Plant and equipment:					
– capital expenditure	37	42	15	133	22
Investment properties and investment properties under development:					
– capital expenditure	9,650	876	24,006	2,510	21,116
Receivables written off	7	–	–	(1)	(5)

1 From 1 November 2016, Funan is held through the Trust, Victory Office 1 Trust, Victory Office 2 Trust and Victory SR Trust. The sale of all the units in Victory SR Trust to Victory SR Pte. Ltd., a wholly owned subsidiary of Ascott Serviced Residence (Global) Fund Pte. Ltd. was completed on 31 October 2017.

2 Other investment properties comprise Sembawang Shopping Centre and JCube.

Bugis Junction \$'000	Lot One Shoppers' Mall \$'000	Bukit Panjang Plaza \$'000	The Atrium@ Orchard \$'000	Clarke Quay \$'000	Bugis+ \$'000	Other Investment Properties ² \$'000	Bedok Mall \$'000	Group \$'000
83,854	44,256	28,399	49,213	36,543	32,616	36,457	58,123	689,732
60,774	30,760	18,336	37,762	21,260	22,348	19,707	42,736	479,679
								11,331 (106,318) (48,986)
								14,504 52,347 402,557
13,768	1,215	137	(669)	(750)	(1,140)	3,069	34	68,503 (634) 470,426 (1,026) 469,400
1,014,718	512,363	310,651	736,119	391,543	340,988	406,898	811,072	8,561,501 1,135,462
								162,685 467,084 629,769 10,326,732
26,719	13,057	14,165	12,312	21,977	9,941	15,853	24,591	251,455
								3,288,312 30,945 63,798 3,383,055 3,634,510
19	35	70	69	84	68	88	342	1,114
40	73	83	37	21	11	24	(17)	521
5,232	785	6,863	669	750	1,140	931	(34)	74,494
1	—	—	—	20	—	(5)	—	17

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

28. COMMITMENTS

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Capital commitments:				
– contracted but not provided for	270,892	399,367	189,583	228,995

Operating lease rental receivable

The Group leases out its investment properties. Non-cancellable operating lease rentals are receivable as follows:

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Within 1 year	523,147	536,819	477,393	500,980
After 1 year but within 5 years	636,024	684,772	560,861	642,872
More than 5 years	28,768	36,772	23,768	36,772
	1,187,939	1,258,363	1,062,022	1,180,624

Operating lease expense payable

Non-cancellable operating lease rentals are payable as follows:

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Within 1 year	3,103	2,497	2,699	2,487
After 1 year but within 5 years	5,179	6,347	5,179	6,338
More than 5 years	5,273	6,382	5,273	6,382
	13,555	15,226	13,151	15,207

29. FINANCIAL RATIOS

	Group	
	2017 %	2016 %
Expenses to weighted average net assets ¹		
– including performance component of Manager's management fees	0.71	0.73
– excluding performance component of Manager's management fees	0.41	0.42
Portfolio turnover rate ²	—	—

1 The annualised ratios are computed in accordance with the guidelines of Investment Management Association of Singapore. The expenses used in the computation relate to expenses of the 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.

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	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		
– Management fees ¹	51,117	–
– Property management fees & reimbursables ¹	71,434	–
– Divestment of all the units in Victory SR Trust which holds the serviced residence component of the Funan integrated development	99,469	–
– Divestment fees related to divestment of all the units in Victory SR Trust which holds the serviced residence component of the Funan integrated development	453	–
– Rental and service income ¹	1,591	–
– General services ¹	3,795	–
Temasek Holdings (Private) Limited and its associates		
– Rental and service income ¹	4,633	–
– General services	138	–
HSBC Institutional Trust Services (Singapore) Limited		
– Trustee fees ¹	1,418	–

1 This includes CMT's interest in joint ventures.

ADDITIONAL INFORMATION

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 24 on Related Parties in the financial statements.

SUBSCRIPTION OF CMT UNITS

For the financial year ended 31 December 2017, an aggregate of 3,353,487 CMT units were issued and subscribed for. As at 31 December 2017, 3,546,423,043 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 (being RCS Trust, Infinity Mall Trust and Infinity Office Trust) amounted to S\$286.4 million in 2017, which was equivalent to 4.1% of CMT Group's net asset value as at 31 December 2017. The amount included all fees and charges paid to the Manager and interested parties.

STATISTICS OF UNITHOLDINGS

As at 14 February 2018

ISSUED AND FULLY PAID UNITS

3,546,423,043 units (voting rights: 1 vote per unit)

Market Capitalisation S\$6,950,989,164 (based on closing unit price of S\$1.960 on 14 February 2018)

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 – 99	150	0.77	1,666	0.00
100 – 1,000	2,603	13.29	2,162,767	0.06
1,001 – 10,000	12,128	61.94	60,689,646	1.71
10,001 – 1,000,000	4,666	23.83	206,061,313	5.81
1,000,001 and above	33	0.17	3,277,507,651	92.42
Total	19,580	100.00	3,546,423,043	100.00

LOCATION OF UNITHOLDERS

Country	No. of Unitholders	%	No. of Units	%
Singapore	18,868	96.36	3,536,482,261	99.72
Malaysia	445	2.27	5,556,763	0.16
Others	267	1.37	4,384,019	0.12
Total	19,580	100.00	3,546,423,043	100.00

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	Citibank Nominees Singapore Pte Ltd	666,802,672	18.80
2	Pyramex Investments Pte Ltd	571,784,814	16.12
3	DBS Nominees (Private) Limited	561,679,064	15.84
4	HSBC (Singapore) Nominees Pte Ltd	332,429,160	9.37
5	Albert Complex Pte Ltd	279,300,000	7.88
6	DBSN Services Pte. Ltd.	256,291,438	7.23
7	Premier Healthcare Services International Pte Ltd	146,355,946	4.13
8	Raffles Nominees (Pte) Limited	126,926,330	3.58
9	NTUC Fairprice Co-operative Ltd	97,082,700	2.74
10	Alphaplus Investments Pte Ltd	48,127,000	1.36
11	United Overseas Bank Nominees (Private) Limited	47,035,767	1.33
12	CapitaLand Mall Trust Management Limited	45,140,901	1.27
13	BPSS Nominees Spore (Pte.) Ltd.	24,844,535	0.70
14	DB Nominees (Singapore) Pte Ltd	19,285,307	0.54
15	BNP Paribas Nominees Singapore Pte Ltd	5,324,015	0.15
16	Merrill Lynch (Singapore) Pte Ltd	5,231,880	0.15
17	OCBC Nominees Singapore Private Limited	5,118,210	0.14
18	DBS Vickers Securities (Singapore) Pte Ltd	5,069,630	0.14
19	UOB Kay Hian Private Limited	4,675,700	0.13
20	Societe Generale, Singapore Branch	4,496,744	0.13
Total		3,253,001,813	91.73

STATISTICS OF UNITHOLDINGS

As at 14 February 2018

DIRECTORS' INTERESTS IN UNITS AND CONVERTIBLE SECURITIES AS AT 21 JANUARY 2018

Based on the Register of Directors' Unitholdings, save for those disclosed below, none of the Directors holds any interest in Units and convertible securities issued by CMT.

Name of Director	No. of Units		Contingent Awards of Units ¹ under the Manager's	
	Direct Interest	Deemed Interest	Performance Unit Plan	Restricted Unit Plan
Adj Prof Richard R. Magnus	87,063	—	—	—
Lim Ming Yan	862,000	—	—	—
Tony Tan Tee Hieong	—	—	0 to 104,700 ²	0 to 75,384 ^{2,3}
Tan Kian Chew	76,546	64,000	—	—
Lee Khai Fatt, Kyle	41,651	—	—	—
Fong Kwok Jen	31,160	—	—	—
Gay Chee Cheong	31,214	—	—	—
Lim Cho Pin Andrew Geoffrey	12,000	—	—	—
Jason Leow Juan Thong	20,000	—	—	—

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 a maximum of 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 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 14 February 2018

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS AS AT 14 FEBRUARY 2018

Based on the information available to the Manager as at 14 February 2018, the unitholdings of Substantial Unitholders of CMT are as follows:

Name of Substantial Unitholder	Direct Interest		Deemed Interest	
	No. of Units	%	No. of Units	%
Temasek Holdings (Private) Limited (THPL)	–	–	1,048,991,636 ¹	29.57
CapitaLand Limited (CL)	–	–	1,042,581,661 ²	29.40
CapitaLand Mall Asia Limited (CMA)	–	–	1,042,581,661 ³	29.40
Pyramex Investments Pte Ltd (PIPL)	571,784,814	16.12	–	–
Albert Complex Pte Ltd (ACPL)	279,300,000	7.88	–	–
BlackRock, Inc.	–	–	232,580,318 ⁴	6.55
The PNC Financial Services Group, Inc.	–	–	232,580,318 ⁵	6.55

- 1 THPL is deemed to have an interest in the unitholdings in which its associated companies have or are deemed to have an interest pursuant to Section 4 of the Securities and Futures Act, Chapter 289 of Singapore. THPL is wholly owned by the Minister for Finance.
- 2 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 the Manager.
- 3 CMA is deemed to have an interest in the unitholdings of its direct wholly owned subsidiaries namely, PIPL, ACPL and PHSIPL and its indirect wholly owned subsidiary namely, the Manager.
- 4 BlackRock, Inc. is deemed to have an interest in the unitholdings of its subsidiaries of which it has indirect control.
- 5 The PNC Financial Services Group, Inc. is deemed to have an interest in the unitholdings through its over 20% shareholding in BlackRock, Inc..

PUBLIC FLOAT

Based on the information made available to the Manager, approximately 63.83% of the Units in CMT were held in the hands of the public as at 14 February 2018. Accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

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BUGIS JUNCTION

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CORPORATE INFORMATION

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TRUSTEE

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AUDITOR

KPMG LLP
Public Accountants and Chartered Accountants
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Partner-In-Charge:
Koh Wei Peng
(With effect from financial year ended 31 December 2017)

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THE MANAGER

REGISTERED ADDRESS

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BOARD OF DIRECTORS

Adj Prof Richard R. Magnus
Chairman & Non-Executive
Independent Director

Lim Ming Yan
Deputy Chairman & Non-Executive
Non-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

Lim Cho Pin Andrew Geoffrey
Non-Executive Non-Independent Director

Jason Leow Juan Thong
Non-Executive Non-Independent Director

AUDIT COMMITTEE

Lee Khai Fatt, Kyle
Chairman

Fong Kwok Jen
Gay Chee Cheong
Lim Cho Pin Andrew Geoffrey

CORPORATE DISCLOSURE COMMITTEE

Adj Prof Richard R. Magnus
Chairman

Lim Ming Yan
Jason Leow Juan Thong

EXECUTIVE COMMITTEE

Lim Ming Yan
Chairman

Tony Tan Tee Hieong
Lim Cho Pin Andrew Geoffrey
Jason Leow Juan Thong

INVESTMENT COMMITTEE

Lim Ming Yan
Chairman

Adj Prof Richard R. Magnus
Lee Khai Fatt, Kyle
Jason Leow Juan Thong

COMPANY SECRETARIES

Lee Ju Lin, Audrey
Tan Lee Nah

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.



CAPITALAND MALL TRUST MANAGEMENT LIMITED

As Manager of CapitaLand Mall Trust
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