TRANSFORMING VALUE

CapitaLand Commercial Trust

CapitaLand Commercial Trust

Annual Report 2016

Corporate Profile

CapitaLand Commercial Trust (CCT or the Trust) is the first and largest commercial real estate investment trust (REIT) on Singapore Exchange Securities Trading Limited (SGX-ST) with a market capitalisation of S$4.4 billion as at 31 December 2016. CCT aims to own and invest in commercial real estate and real estate-related assets which are income producing. The total deposited properties of CCT is S$8.8 billion as at 31 December 2016, comprising a portfolio of 10 prime commercial properties in Singapore, including a 60.0% interest in Raffles City Singapore. CCT has a credit rating of A- with stable outlook by Standard & Poor's.

Listed on SGX-ST on 11 May 2004, CCT was created through a distribution in specie by CapitaLand Limited (CapitaLand) to its shareholders.

The Trust is managed by an external manager, CapitaLand Commercial Trust Management Limited (CCTML or the Manager), which is an indirect wholly owned subsidiary of CapitaLand, one of Asia's largest real estate companies headquartered and listed in Singapore.

Vision

To be a leading commercial REIT in Singapore and Asia, backed by a portfolio of quality income-producing commercial buildings, and led by a dedicated and experienced management team.

Mission

To deliver long-term sustainable distribution and total returns to Unitholders.

Cover photo:
CapitaGreen lights up Singapore's city skyline with its iconic design and distinctive red and white sculptural petal-like funnel.

Inside photo:
La Rencontre, an art piece at CapitaGreen, by French artist, Etienne.

Any discrepancies in the tables and charts between the listed figures and totals thereof are due to rounding. Where applicable, figures and percentages are rounded to one decimal place.

TRANSFORMING VALUE

With strong foresight and a forward-looking, proactive strategy, CapitaLand Commercial Trust persisted in delivering exceptional performance by generating higher distributions against the backdrop of an uncertain economic environment. The acquisition of the remaining 60.0% stake in CapitaGreen during the financial year not only bolstered CCT's distribution per Unit and created new value for Unitholders, it also strengthened our portfolio of quality commercial properties. We maintain a strong balance sheet that stands CCT in good stead to overcome economic headwinds as well as capitalise on growth opportunities. Beyond embracing sustainability in our operations, we continue to make leaps in innovation to improve our portfolio, enhance stakeholders' experiences and anchor our position as a leading owner of commercial real estate.

Contents

2016 Highlights[1]

Distributable Income

S$269.0 million

▲ 5.7% YoY

Due to higher distributable income from CapitaGreen and Raffles City Singapore

Distribution Per Unit (DPU)

9.08 cents

▲ 5.3% YoY

Due to higher distributable income from CapitaGreen and Raffles City Singapore

Market Capitalisation

S$4.4 billion

Increased from S$4.0 billion as at 31 December 2015

Total Deposited Properties

S$8.8 billion

Grew from S$7.7 billion with higher capital values and 100.0% interest in CapitaGreen

Aggregate Leverage

37.8%

Increased from 29.5% in 2015 due to acquisition of 60.0% interest in MSO Trust which holds CapitaGreen

Average Cost of Debt

2.6% per annum (p.a.)

Maintained a stable average cost of debt compared to 2.5% p.a. in 2015

Portfolio Committed Occupancy Rate

97.1%

Maintained stable occupancy compared to 97.1% in 2015 and this rate is above CBRE's CBD core market occupancy of 95.8%

Credit Rating

A-

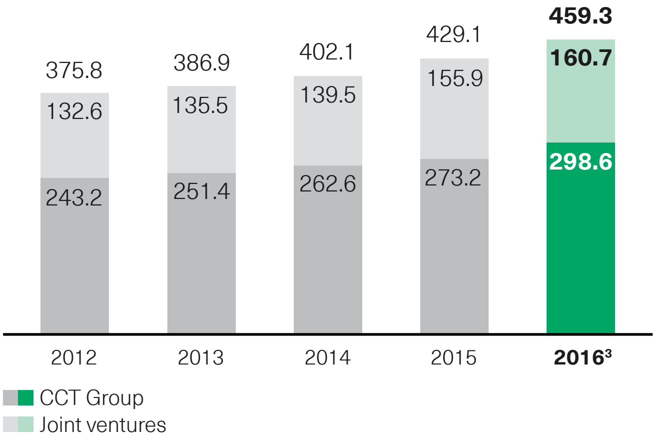
With stable outlook by Standard & Poor's

1 Information as at 31 December 2016 or for FY 2016.

Financial Highlights

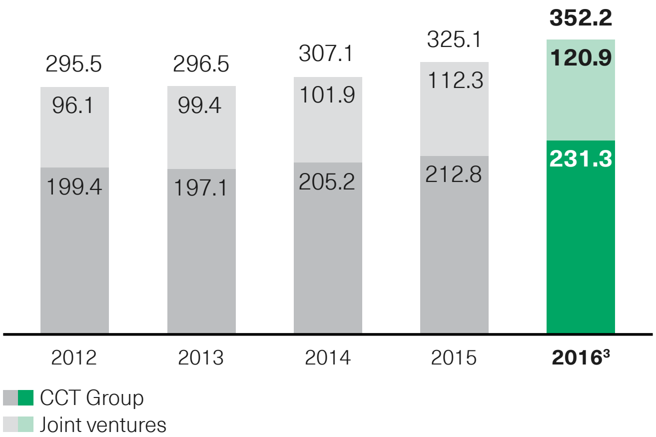
Gross Revenue[1]

(S$ million) +7.0%[2]



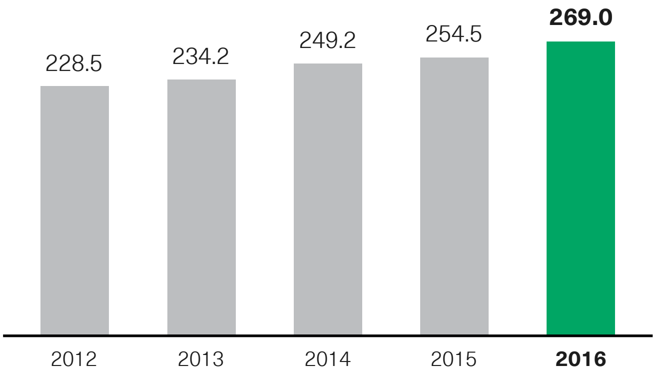
Net Property Income[1]

(S$ million) +8.3%[2]



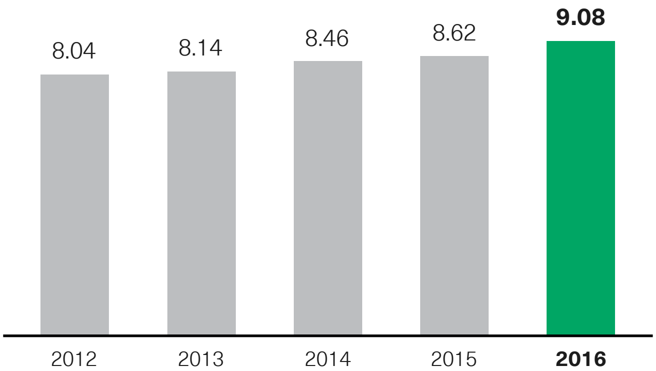
Distributable Income

(S$ million) +5.7%[2]



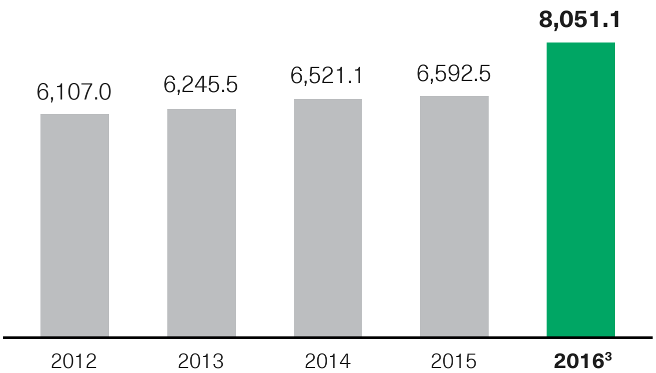
Distribution Per Unit

(cents) +5.3%[2]



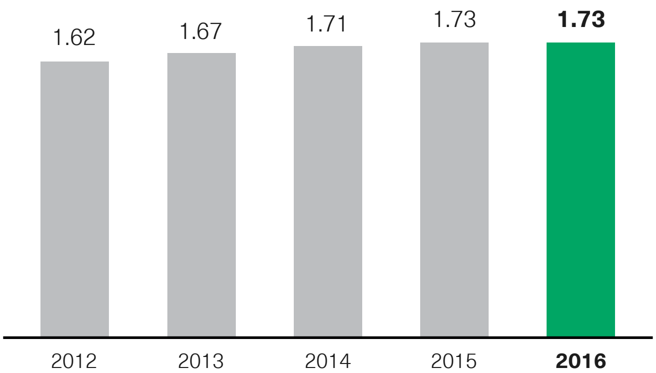
Total Assets[1]

(S$ million) +22.1%[2]



Adjusted Net Asset Value Per Unit

(S$)



1 With the adoption of FRS 111 Joint Arrangements since 2014, CCT's 60.0% interest in RCS Trust and 40.0% interest in MSO Trust are accounted for as interests in joint ventures. The 2012 and 2013 figures are restated for reference.
2 Year-on-year comparison for FY 2015 and FY 2016.
3 MSO Trust ceased to be CCT's joint venture and is now a wholly owned subsidiary after CCT completed the acquisition of 60.0% of units in MSO Trust which holds CapitaGreen on 31 August 2016.

Financial Highlights

Selected Balance Sheet Data (S$ million)

As at 31 December	2012	2013	2014	2015	2016
Valuation (including Raffles City Singapore and CapitaGreen)	6,695.1	6,959.8	7,358.5	7,478.1	**8,491.9**[1]
Unitholders' Funds	4,714.7	4,912.7	5,153.5	5,234.1	**5,278.5**
Total Borrowings (including RCS Trust and MSO Trust)	2,072.1	2,060.9	2,182.7	2,234.8	**3,289.1**
Market Capitalisation	4,790.4	4,174.2	5,168.2	3,986.5	**4,386.0**

1 Due to increased stake in CapitaGreen.

Key Financial Indicators

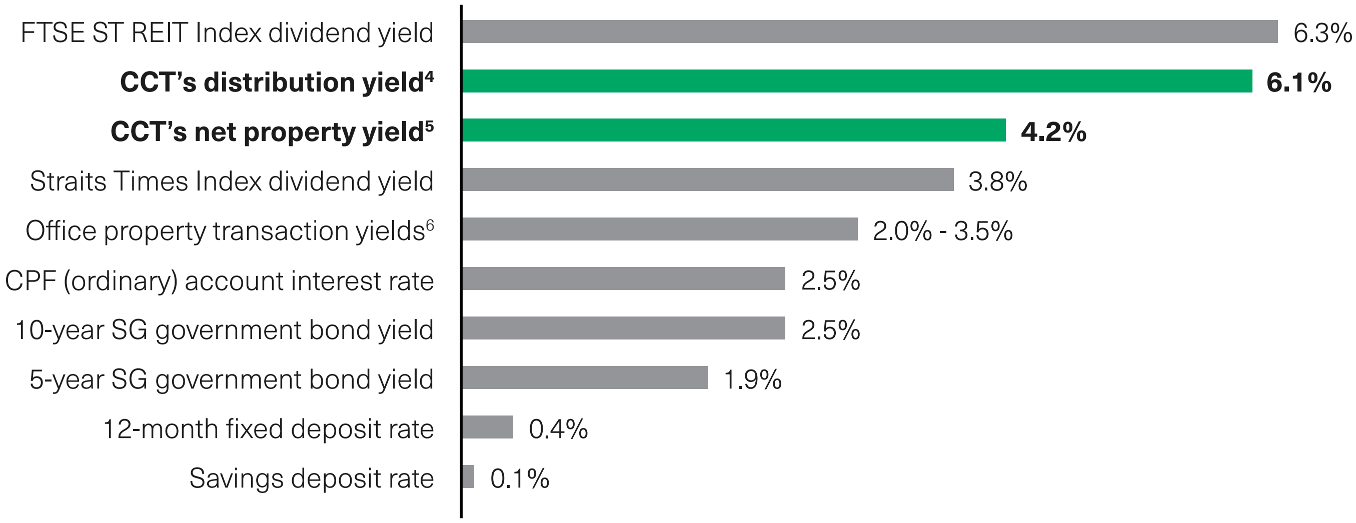
As at 31 December	2012	2013	2014	2015	2016
Distribution Per Unit (cents)	8.04	8.14	8.46	8.62	**9.08**
Earnings Per Unit (cents)	13.60	13.08	15.41	10.42	**8.81**
Aggregate Leverage (%)	30.1	29.3	29.3	29.5	**37.8**
Interest Cover (times)[2]	4.5	5.9	7.2	7.4	**5.8**[3]
Management Expense Ratio (%)[2]	0.35	0.32	0.33	0.34	**0.34**

For more details, please refer to CCT's Financial Statements and Operations Review in this report.

2 With the adoption of FRS 111 Joint Arrangements since 2014, CCT's 60.0% interest in RCS Trust and 40.0% interest in MSO Trust are accounted for as interests in joint ventures. 2012 and 2013 figures are restated for reference.
3 MSO Trust ceased to be CCT's joint venture and is now a wholly owned subsidiary after CCT completed the acquisition of 60.0% of units in MSO Trust which holds CapitaGreen on 31 August 2016.

The Trust Offers Attractive Yield Compared to Other Investments

As at 31 December 2016

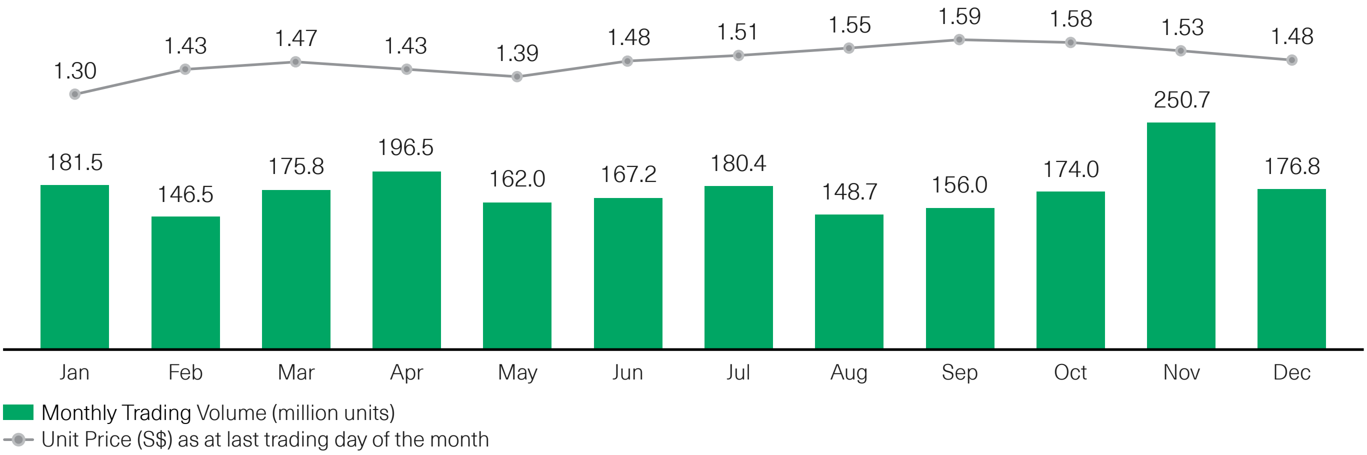


4 Based on CCT's FY 2016 distribution per Unit of 9.08 cents over closing price of S$1.48 as at 31 December 2016.
5 Based on proportionate interests in respective properties for FY 2016 net property income and valuation as at 31 December 2016.
6 Estimated from reported market transactions in FY 2016.

CCT Unit Price Performance

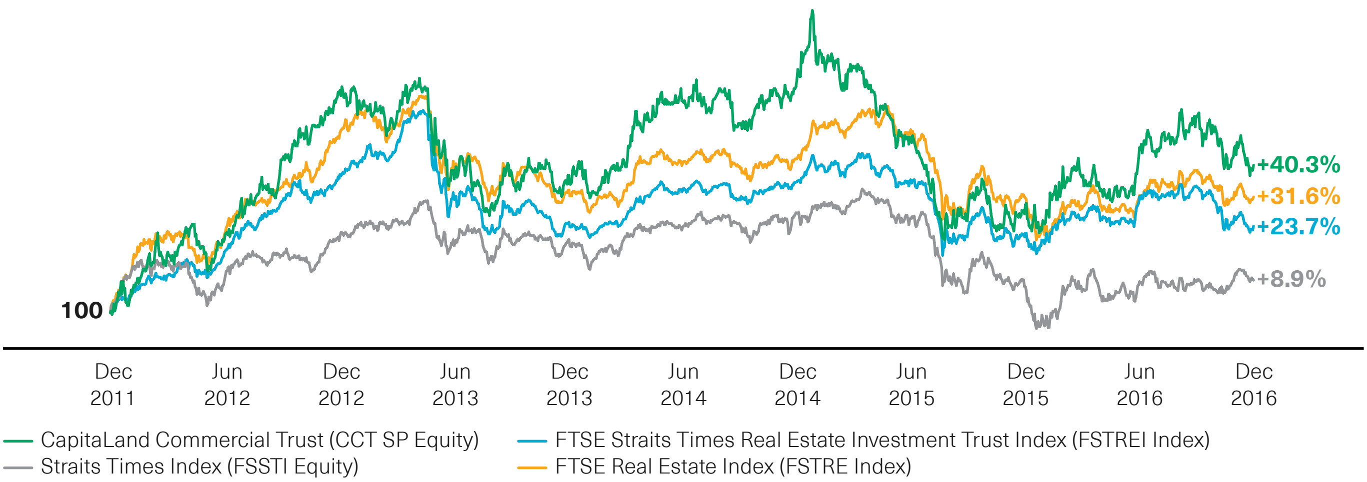
	2012	2013	2014	2015	2016
Opening price on first trading day of the year (S$)	1.06	1.70	1.45	1.75	**1.36**
Closing price on last trading day of the year (S$)	1.69	1.45	1.76	1.35	**1.48**
Highest (S$)	1.69	1.73	1.76	1.93	**1.64**
Lowest (S$)	1.05	1.34	1.39	1.27	**1.29**
Weighted Average (S$)	1.34	1.53	1.60	1.54	**1.47**
Trading Volume (million units)	1,952.6	1,956.3	1,868.3	2,306.3	**2,116.1**

Trading Performance for 2016



CCT's market capitalisation was approximately S$4.4 billion as at 31 December 2016. During the year, CCT's unit price increased 9.6% to close at S$1.48, compared to the closing price of S$1.35 as at 31 December 2015. It outperformed the Straits Times Index, FTSE ST REIT Index and FTSE ST Real Estate Index, where the indices changed by -0.1%, +2.0% and -0.4% YoY respectively. The stock's trading volume for the year reached 2.1 billion units, translating to an average daily trading volume of approximately 8.4 million units.

Five-Year Comparative Trading Performance from 2012-2016



Source: Bloomberg

Year in Brief 2016

January

20 January – Reported distributable income of S$254.5 million and DPU of 8.62 cents for FY 2015.

March

21 March – CCT joined the FTSE Straits Times Index.

23 March – FinanceAsia's 16th annual "Asia's Best Managed Companies" poll of 129 global portfolio managers and buy-side analysts ranked CCT 7th for Most Committed to Corporate Governance in Singapore.

31 March – Issued HK$585.0 million five-year notes and swapped HK$ proceeds to S$102.5 million at fixed interest rate of 2.7% per annum.

April

13 April – CCT Annual General Meeting held at The Star Gallery.

15 April – Reported distributable income of S$64.8 million for 1Q 2016.

15 April – Obtained unsecured loan facilities with various banks to refinance RCS Trust borrowings of S$1.1 billion due June 2016.

May

23 May – Proposed acquisition of 60.0% of units in MSO Trust which holds CapitaGreen. CapitaLand's 50.0% units subject to approval by CCT unitholders.

26 May – CapitaGreen achieved BCA Universal Design Mark Platinum.

30 May – SGX launched the SGX Sustainability Leaders Index with 24 component companies, including CCT. This is a free-float market capitalisation-weighted index that measures the performance of best-in-class sustainability leaders listed in Singapore and the flagship index of the SGX Sustainability Indices.

July

4 July – Issued S$75.0 million six-year fixed rate notes at 2.77% per annum.

13 July – Unitholders approved acquisition of 50.0% of units in MSO Trust which holds CapitaGreen from CapitaLand at an Extraordinary General Meeting.

20 July – Reported distributable income of S$129.9 million and DPU of 4.39 cents for 1H 2016.

August

27 August – Held CCT Eco Race 2016, a workplace community initiative, which attracted over 370 participants and raised about S$27,000 for The Straits Times School Pocket Money Fund, including dollar matching by CapitaLand Hope Foundation.

31 August – Completed acquisition of 60.0% of units in MSO Trust which holds CapitaGreen.

September

6 September – CapitaGreen won SGBC-BCA Sustainability Leadership Awards 2016 (Commercial Category) for Sustainability in Design & Performance.

21 September – CapitaGreen won 1st Runner-up ASEAN Energy Awards 2016 (Energy Efficient Building Awards, New & Existing Category).

30 September – CCT won Runner-up for Most Transparent Company 2016 under REITs and Business Trusts by Singapore Investment Association of Singapore (SIAS) 17th Investors' Choice Awards 2016.

October

19 October – Reported distributable income of S$68.3 million for 3Q 2016.

19 October – Announced a S$54.0-million rejuvenation at Raffles City Shopping Centre.

19 October – Announced that CCT is seeking approval to redevelop Golden Shoe Car Park into a commercial development in Raffles Place.

December

14-16 December – Distributed "Gifts of Joy" contributed by tenants and staff to 673 beneficiaries.

In conjunction with CapitaLand Hope Foundation, a series of tenant engagement activities and sustainability efforts raised a total of about S$48,300 for the adopted charity of the year – The Straits Times School Pocket Money Fund.

Message to Unitholders

(Left) Soo Kok Leng, Chairman, (Right) Lynette Leong Chin Yee, Chief Executive Officer

CCT's strong performance is a result of the Manager's proactive leasing strategy as well as timely acquisition of the remaining 60.0% interest in CapitaGreen not already owned by CCT.

Summary of Message

CapitaGreen significantly enabled CCT to deliver distributable income of S$269.0 million for FY 2016, a 5.7% growth YoY despite economic headwinds and office market oversupply
FY 2016 DPU rose 5.3% YoY to 9.08 cents
Transformed value from the redevelopment of Market Street Car Park into CapitaGreen exemplifies the Manager's focus on driving value creation
Potential growth catalyst with the proposed redevelopment of Golden Shoe Car Park

Dear Unitholders,

We are pleased that CCT delivered distribution per Unit (DPU) of 9.08 cents for FY 2016, an increase of 5.3% year-on-year (YoY). The exceptional growth was achieved despite headwinds in the macroeconomic environment and the above-average supply in Singapore's Grade A office market. CCT's strong performance is a result of the Manager's proactive leasing strategy as well as timely acquisition of the remaining 60.0% interest in CapitaGreen not already owned by CCT. CCT purchased 60.0% of CapitaGreen at a property value of S$960.2 million or S$2,276 psf. The acquisition is a testament to the successful execution of our portfolio reconstitution strategy resulting in an enhancement of asset quality and improvement in financial performance of CCT's portfolio. Unitholders of CCT would have enjoyed a total return of 16.4%[1] in FY 2016, including the FY 2016 DPU of 9.08 cents.

Generating Robust Performance

Amidst a challenging environment, CCT generated gross revenue of S$298.6 million in FY 2016, representing a 9.3% increase YoY. The Trust's net

1 Based on closing price of S$1.35 on 31 December 2015 and S$1.48 on 31 December 2016.

Message to Unitholders

property income also rose 8.7% YoY to S$231.3 million. Distributable income grew 5.7% YoY to S$269.0 million, largely due to increased distributable income received from MSO Trust and RCS Trust that hold CapitaGreen and Raffles City Singapore respectively. DPU increased 5.3% YoY to 9.08 cents, which translated to a DPU yield of 6.1% based on CCT's closing price per unit of S$1.48 as at 31 December 2016.

The Trust's investment properties, including its 60.0% interest in Raffles City Singapore, were assessed by independent valuers to be worth S$8.5 billion as at 31 December 2016. This represented a 13.6% YoY rise in portfolio value mainly due to the increased stake in MSO Trust. Net asset value per unit remained stable at S$1.73 as at end December 2016.

Proactive Capital Management

After the acquisition of 60.0% interest in MSO Trust, CCT's aggregate leverage rose to 37.8%, but remains comfortably below the regulatory limit of 45.0%. CCT maintained a strong balance sheet with our proactive capital management and ability to tap on diversified sources of funding to extend the debt maturity profile. The Trust's average cost of debt for FY 2016 was 2.6% per annum. Approximately 80% of CCT's gross borrowings were on fixed interest rates as at 31 December 2016, offering certainty of interest expense. CCT has a credit rating of A- with stable outlook by Standard & Poor's.

During the year, CCT issued medium term notes (MTN) of HK$585.0 million and S$75.0 million under its S$2 billion multi-currency MTN programme. The HK$ MTN due in 2021, was fully hedged to S$102.5 million at a coupon rate of 2.70% per annum. The S$ MTN due in 2022 was issued at a coupon rate of 2.77% per annum. For FY 2017, CCT has S$175.0 million convertible bonds due 12 September 2017 and the conversion price will be S$1.4265 per unit after DPU payment on 27 February 2017. CCT has sufficient bank facilities to refinance the convertible bonds in the event they are not converted.

RCS Trust's borrowings of S$1.1 billion were refinanced in June 2016 with unsecured bank facilities of varying maturities at a lower weighted-average interest rate. This contributed to the higher distributable income as abovementioned by RCS Trust in FY 2016.

Enhancing Portfolio Quality

Our portfolio reconstitution strategy focuses on the proactive management of the Trust's assets with a view to rejuvenating the portfolio as well as creating and enhancing its value. The redevelopment of Market Street Car Park (MSCP) into CapitaGreen is an example of the successful execution of the strategy; not only does this additional Grade A office asset raise the quality of CCT's portfolio to meet the modern demands of tenants, it strengthens CCT's position as Singapore's largest office landlord in the Central Business District (CBD) and underpins positive returns for Unitholders for the long term.

With a foresight to possess a 100.0% ownership of CapitaGreen, we had negotiated a call option – that is, right to buy – for the 60.0% stake owned by our partners as part of the redevelopment joint venture. We exercised the call option in August 2016 which resulted in CCT owning 100.0% of CapitaGreen and fully benefiting from the asset's continued value contribution.

At approximately S$1.6 billion today, CapitaGreen's transformed value is substantially greater than the S$53.3 million[1] value of MSCP in 2011 prior to the redevelopment. While MSCP contributed about 1% to CCT's net property income in 2011, CapitaGreen contributed about 11% in FY 2016. CCT's Grade A office footprint based on net lettable area (NLA) also increased from 2.0 million square feet as at 31 December 2015 to 2.4 million square feet as at 31 December 2016. These truly exemplify our focus on driving value creation.

To enhance the competitiveness of our assets, CCT together with CapitaLand Mall Trust embarked on S$54.0-million rejuvenation works at Raffles City Shopping Centre. Scheduled for completion in the first quarter of 2018, the works are designed to improve shoppers' experience and reinforce the mall as one of Singapore's foremost shopping destinations.

1 Average valuation of Market Street Car Park as at May 2011 by CB Richard Ellis (Pte) Ltd and Jones Lang LaSalle Property Consultants Pte Ltd based on residual value of the land for the commercial development excluding a differential premium.

Delivering Resilience Despite Uncertainty

Despite the 20.2% decline in Grade A office market rent since 1Q 2015, CCT's monthly average office portfolio rent had risen for 17 consecutive quarters from 2Q 2012 due to our proactive asset management and leasing efforts. While CCT signed above-market rents for office leases committed in 4Q 2016, the signed rents were lower than the respective properties' expiring rents. As a result, CCT's 4Q 2016 average monthly office portfolio rent eased by 0.2% quarter-on-quarter to S$9.20 psf. Nevertheless, since inception, CCT has consistently maintained occupancy rate above 90%. The Trust's portfolio committed occupancy rate was 97.1% as at 31 December 2016, exceeding the market occupancy rate of 95.8%.

Our proactive leasing strategy enabled us to deliver a high portfolio committed occupancy rate of 97.1% despite a lower tenant retention rate of 62.0% in 2016. We have effected a well-spread lease expiry profile and minimised leasing risks in 2017. Out of 13.0% of the Trust's total office portfolio by monthly gross rental income expiring in 2017, about half of the leases have been renewed or committed through active engagement and forward renewals.

Singapore Office Market

The Singapore office market is expected to remain challenging in 2017. Monthly office market rent declined 12.5% YoY to S$9.10 psf as at 31 December 2016. In 2017, the market may experience continuation of office tenants' flight to quality, putting pressure on rents. While negative rent reversions are expected in CCT's portfolio, its DPU for FY 2017 is expected to be stable barring unforeseen circumstances, and supported by the income contribution from CCT's 100.0% ownership in CapitaGreen. Despite the challenging near-term market conditions, Singapore will remain an attractive office location for the long term especially among multinational corporations.

Potential Growth Catalyst

With a view to replicating the success of CapitaGreen to spark a new growth catalyst for the Trust, we have started plans for the proposed redevelopment of Golden Shoe Car Park which will potentially further reinforce CCT's foothold and position as the largest office landlord in Singapore's CBD. In October 2016, we announced the proposed redevelopment that could create approximately one million square feet of commercial gross floor area in a 280-metre tall office tower that would rival the tallest buildings in the CBD. We are evaluating the financial feasibility of the redevelopment while seeking approvals from the government authorities. If the decision for the redevelopment were to proceed, we will determine an appropriate funding structure which would include a joint venture and sale of an existing asset.

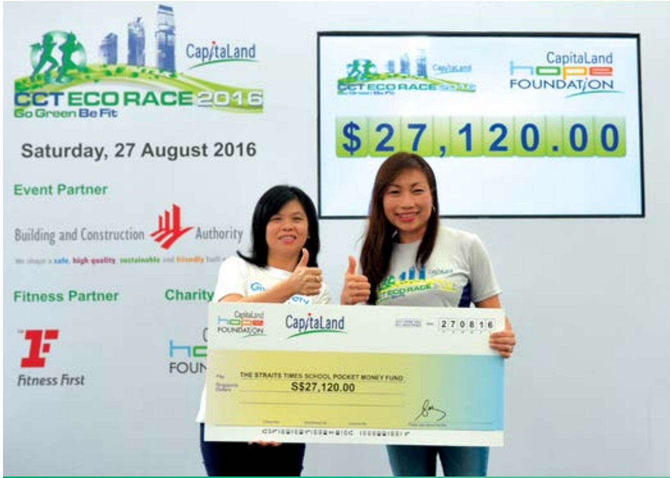
The new project targets to catch the next wave of the office market upcycle as well as incorporate elements to embrace "the future of work" – that is, the evolution of work trends arising from globalisation, mobility, technology and demographic changes.

Ongoing Engagement with Tenant Community

Aimed at creating a vibrant office community, we engaged our tenants through delightful experiential programmes. The initiatives vary from hosting breakfast talks and networking sessions for the C-suites of our tenants, to distributing biannual complimentary treats for our tenant-community. Our signature events – CCT Eco Race and Gifts of Joy – witnessed increased tenant participation; CCT Eco Race attracted over 370 participants and Gifts of Joy fulfilled 673 wishes for the beneficiaries of various charities.

This year, we also incorporated a philanthropic approach in the tenant community engagements, in partnership with CapitaLand Hope Foundation (CHF), to raise funds for The Straits Times School Pocket Money Fund (STSPMF). Participation and contributions from CHF, tenants and CapitaLand staff garnered a total of about S$48,300 for STSPMF in 2016.

Message to Unitholders



CCT Eco Race 2016 raised about S$27,000 for STSPMF with support of office tenants.

CCT's Extraordinary Meeting held on 13 July 2016 to seek Unitholders' approval for the acquisition of 50.0% of units in MSO Trust was well supported and passed.

To deliver service excellence and build a dynamic work community among our tenants, we rode on the rise of the sharing economy and technology by implementing a pilot, online multi-service offering that provides our tenants with convenient access to goods and services specially curated for their needs. By aggregating the demand of our office community, we are able to offer the goods and services at special price discounts.

As a progressive landlord, we keep abreast of workspace trends. One emerging trend is coworking which has been evolving and gaining popularity in Singapore. CapitaLand has formed a joint venture with Collective Works to establish a coworking space at Capital Tower. We are monitoring how coworking contributes to CCT's office tenant-ecosystem through the addition of diversity and variety to the tenant mix, being complementary to our typical office space and provision of a pipeline of potential tenants should the companies in the coworking space grow in size.

Awards and Acknowledgements

CCT achieved the following recognitions in 2016:

- Inclusion in the FTSE Straits Times Index since 21 March 2016;
- Inclusion in the FTSE4Good ASEAN 5 Index launched on 12 April 2016;
- Inclusion in the SGX Sustainability Leaders Index launched on 30 May 2016.
  This is a free-float market capitalisation-weighted index that measures the performance of 24 best-in-class sustainability leaders listed in Singapore and the flagship index of the SGX Sustainability Indices;
- Recognised for Most Committed to Corporate Governance in FinanceAsia 16th annual poll on "Asia's Best Managed Companies" by 129 global portfolio managers and buy-side analysts; and
- Runner-up for the Most Transparent Company 2016 category under REITs and Business Trusts at the 17th Investors' Choice Awards 2016 by Singapore Investment Association of Singapore (SIAS).

On behalf of the Board, we convey our deepest appreciation to our directors Mr Chong Lit Cheong and Mr Arthur Lang, who have stepped down from the Board, for their invaluable contributions to the Trust. At the same time, we wish to thank our valued tenants, business partners and Unitholders for their continual support, as well as to extend our appreciation to our Directors and employees for their strong commitment to creating sustainable growth for CCT.

Soo Kok Leng
Chairman

Lynette Leong Chin Yee
Chief Executive Officer

27 February 2017

致信托单位持有人之信函

凯德商务产业信托强劲的业绩表现得益于我们实施积极的租赁战略，以及适时收购了CapitaGreen尚未归属凯德商务产业信托的60.0%剩余股权。

致信托单位持有人

凯德商务产业信托2016财政年实现了每单位派息9.08新分，同比年增长5.3%，令人深感鼓舞。尽管宏观经济环境不利，新加坡甲级办公楼市场供应量高于平均水平，但凯德商务产业信托的业绩增长依旧亮眼。这强劲的表现应归功于我们实施积极的租赁战略，以及适时收购了CapitaGreen尚未归属凯德商务产业信托的60.0%剩余股权。凯德商务产业信托以9.602亿新元或每平方英尺2,276新元的价格收购了CapitaGreen的60.0%股权。这次收购见证了我们投资组合重组战略的成功执行，从而提高了凯德商务产业信托投资组合的资产质量和财务绩效。凯德商务产业信托单位持有人在2016财政年的总回报率为16.4%[1]，其中包括2016财政年每单位派息9.08新分。

稳健的业绩表现

在充满挑战的环境下，凯德商务产业信托在2016财政年的总收入达2.986亿新元，同比年增长9.3%。该信托房地产净收入2.313亿新元，同比年增长8.7%。可派发收入2.69亿新元，同比年增长5.7%，主要是由于旗下分别拥有CapitaGreen的MSO信托和新加坡来福士城的RCS信托的可分配收入增加。每单位派息9.08分，同比年增长5.3%，按照凯德商务产业信托截至2016年12月31日每单位收益1.48新元的收盘价换算，每单位派息的收益率为6.1%。

截至2016年12月31日，该信托投资物业（其中包括新加坡来福士城60.0%的股权）经独立估值师评估的价值为85亿新元。因此投资组合价值同比年提高了13.6%，主要是由于增持了MSO信托股份。截至2016年12月底，每单位资产净值保持稳定，为1.73新元。

积极的资本管理

收购MSO信托60.0%股权后，凯德商务产业信托的资产负债比率上升至37.8%，但仍低于法定限额45.0%。凯德商务产业信托通过谨慎的资本管理，利用多元化的融资来源，延长借贷到期日组合，从而维持强劲的资产负债表。该信托在2016财政年平均借款成本为2.6%。截至2016年12月31日，凯德商务产业信托约80%的总借款为定息借款，以保证利息费用的确定性。標普（Standard & Poor's）授予凯德商务产业信托A-的信用评级，并评定其发展前景稳定。

2016年，凯德商务产业信托在其20亿新元多种货币中期的票据计划下，发行了5.85亿港元及7,500万新元的中期票据（MTN）。2021年到期的港币中期票据，已全数转换为1.025亿新元，票面年息为2.70%。2022年到期的新币中期票据以2.77%年息发行。2017财政年里，凯德商务产业信托拥有2017年9月12日到期的1.75亿新元可转换债券，2017年2月27日每单位派息分发后，每单位的转换价格为1.4265新元。凯德商务产业信托拥有充足的银行借款，有能力对未转换的可转换债券进行再融资 。

RCS信托11亿新元贷款于2016年6月以不同期限的无抵押银行贷款，按较低加权平均利率进行了再融资。这就是上文中提到RCS信托对2016财政年可分配收入增长的贡献所在。

优化投资组合质量

我们的重组战略致力于积极管理信托资产，以期重振投资组合，创造并提高其价值。马吉街停车场重新发展成CapitaGreen是执行该战略的一个成功案例；这项甲级办公楼新资产不仅提高凯德商务产业信托投资组合的质量，满足租户的现代需求，还加强了凯德商务产业信托作为新加坡中央商务区最强办公楼业主的地位，并为信托单位持有人获得长期回报打下了基石 。

凭借取得CapitaGreen 100.0%所有权的远见，我们已协商敲定了看涨期权，即购买权。作为重新发展合作项目的一部分，我们的合作伙伴拥有60.0%的股权。我们已于2016年8月行使看涨期权，从而凯德商务产业信托拥有100.0%的CapitaGreen股权，并将从该资产持续价值贡献中获得全部利益。

如今，重新发展后的CapitaGreen价值约为16亿新元，大大高于2011年停车场重建前5,330万新元[2]的价值。在2011年，马吉街停车场对凯德商务产业信托净资产收入贡献了约1%的收益，而CapitaGreen仅在2016财政年就贡献了约11%。凯德商务产业信托甲级写字楼面积的可租用净面积也从200万平方英尺增加到240万平方英尺。这些充分体现了我们对推动价值创造的重视。

为提高资产竞争力，凯德商务产业信托与凯德商用新加坡信托在来福士城启动了5,400万新元的翻新工程，预计于2018年第一季度完工，旨在提升购物者的体验，巩固商场作为新加坡最重要的购物目的地之一的地位。

1 根据2015年12月31日1.35新元与2016年12月31日的1.48新元的收盘价。
2 CB Richard Ellis (Pte) Ltd 及 Jones Lang LaSalle Property Consultants Pte Ltd 根据商业发展土地的剩余价值（不包括发展溢价）于2011年5月对马吉街停车场的平均估值。

致信托单位持有人之信函

随机应变，展现韧性

尽管2015年第一季以来，甲级办公楼的市场租金下降了20.2%，但由于采取积极的资产管理和租赁措施，从2012年第二季以来，凯德商务产业信托办公楼投资组合的平均月租金已连续17季实现增长。虽然凯德商务产业信托2016年第四季签订的办公楼租约高于市场当前的租金水平，却低于各物业已到期的租金。因此2016年第四季，凯德商务产业信托办公楼投资组合平均月租金为每平方英尺9.20新元，季度环比下降0.2%。自成立以来，凯德商务产业信托一直保持超过90%的出租率。截至2016年12月31日，本信托投资组合已签约的出租率为97.1%，高于95.8%的市场出租率。

尽管2016年租户保留比率为62.0%，但凭借积极的租赁策略，我们的投资组合实现了97.1%的高出租率。2017年，租约到期日分布更平衡，进一步降低了租约风险。按月租金总收入计，占信托基金办公楼总投资组合13.0%的租约将于2017年到期；通过积极的留租策略及提前续期，约一半的租户已续签或承诺续签租约。

新加坡办公楼市场

2017年，新加坡办公楼市场预计仍将面临挑战。截至2016年12月31日，办公楼市场每月租金为每平方英尺9.10新元，年同比下降12.5%。2017年，办公楼租户可能会继续向优质物业迁移，从而给市场租金带来竞争的压力。虽然凯德商务产业信托的投资组合可能出现负增长，但除非发生不可预知的意外情况，否则凭借凯德商务产业信托持有100.0%的CapitaGreen股权，预计2017财政年的每单位派息仍将保持稳定。尽管近期的市场环境具有挑战性，新加坡依然是深具吸引力的常驻办公地点，对跨国公司而言，尤为如此。

激发增长潜能

为了重复CapitaGreen的成功经验，并为本信托带来新的增长动力，我们已开始着手重新发展金鞋停车场的计划。这有助于巩固凯德商务产业信托的业界地位，以及其为新加坡中央商业区最大的办公楼业主。2016年10月，我们宣布拟建重新发展金鞋停车场的项目，新发展建筑可高达280米（可媲美中央商务区最高建筑），打造大约100万平方英尺的商业建筑总面积。向政府部门报批项目的同时，我们也在评估重新发展的财务可行性。一旦决定跟进，我们将确定适当的融资结构，这包括考虑设立合资企业及出售现有资产。

新项目预计能赶上办公楼市场的下一轮上涨周期，同时把握“The Future of Work”的要素 – 即全球化、流动性、技术和人口变化带来的就业新趋势。

持续与租户互动的活动

为创造充满活力的办公楼租户社区，我们举办各种精彩的体验活动，旨在提高与租户之间的互动。这类活动包括为租户高层主管举办的早餐讲座和人际交流会、一年两次分发给租户的喜悦赠品等。我们也举办一年一度的招牌活动 – “CCT Eco Race及Gifts of Joy” – 吸引了越来越多的租户参与；“CCT Eco Race”吸引了370多人参加，而“Gifts of Joy”为各慈善机构的受益人实现673个圣诞愿望。

今年，我们与凯德希望基金合作，在租户社区交流活动中为海峡时报学校零用钱基金筹集善款。2016年，凯德希望基金，租户及凯德员工向海峡时报学校零用钱基金共捐款约48,300新元。

为了向租户提供卓越的服务，并在租户间建立充满活力的工作社区，我们借助分享经济及技术的兴起，试行在线多服务项目，让租户更方便获取满足其特定需要的商品和服务。通过汇总办公楼租户的需求，我们能够以特价折扣提供定制的商品和服务。

作为业主，我们不断追求进步，紧跟工作空间的发展趋势。在新加坡，共享工作空间发展迅猛，日益流行，已形成新兴趋势。凯德集团与Collective Works成立了合资企业，在资金大厦开展共享工作空间业务。我们正密切关注共享工作空间对提升租户组合的多样性以及对凯德商务产业信托办公楼租户生态系统的影响与贡献。同时，共享工作空间与传统办公空间相辅相成，其客户的公司规模扩大，也有助于拓展潜在租户来源渠道。

奖项与致谢

2016年，凯德商务产业信托获得以下殊荣：

- 自2016年3月21日起纳入富时海峡时报指数；
- 纳入在2016年4月12日发布的FTSE4Good ASEAN 5指数；
- 自2016年5月30日起纳入新交所可持续发展领袖指数这是自由流通股市值加权指数，衡量新加坡上市的24家可持续发展的、领导业界的一流企业的表现，是新加坡交易所可持续发展系列旗舰指数之一；
- 《亚洲金融》杂志向129位全球投资组合经理及买方分析师做第16次“亚洲最佳管理公司”年度调查中，凯德商务产业信托被选为“最致力于公司管治”的企业之一；
- 在2016年新加坡投资协会（SIAS）第17届“投资者的选择”评选中，获得2016年房地产信托和商业信托类之“最透明公司奖”亚军。

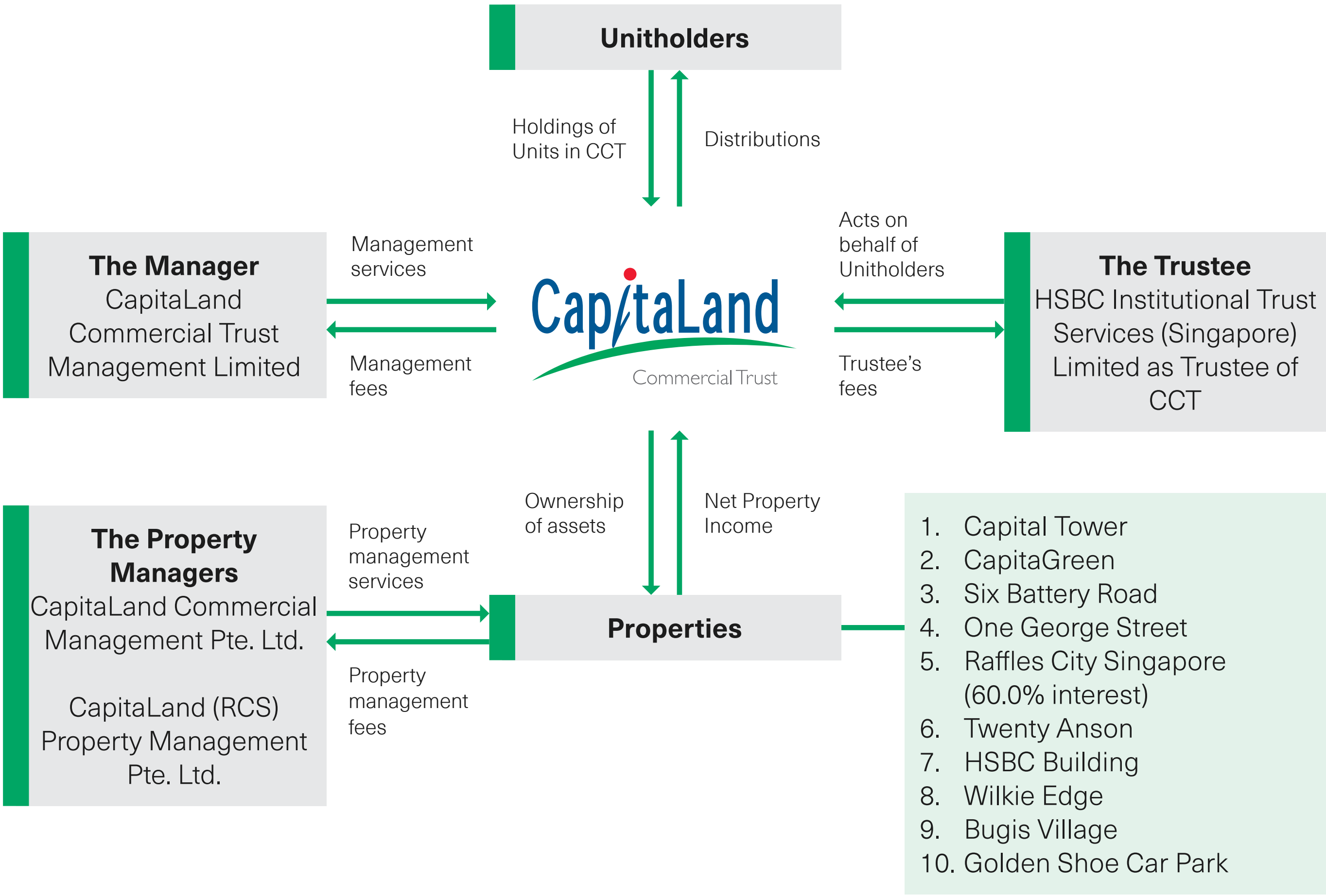
我们谨代表董事会对已退出董事会的董事张力昌先生及蓝道义先生对本信托的宝贵贡献表示最衷心的谢意。同时，我们要感谢尊贵的租户、商业伙伴及单位信托持有人长期的支持，并感谢董事和员工为确保凯德商务产业信托的可持续增长所付出的努力。

司徒国玲
主席

梁静仪
首席执行官

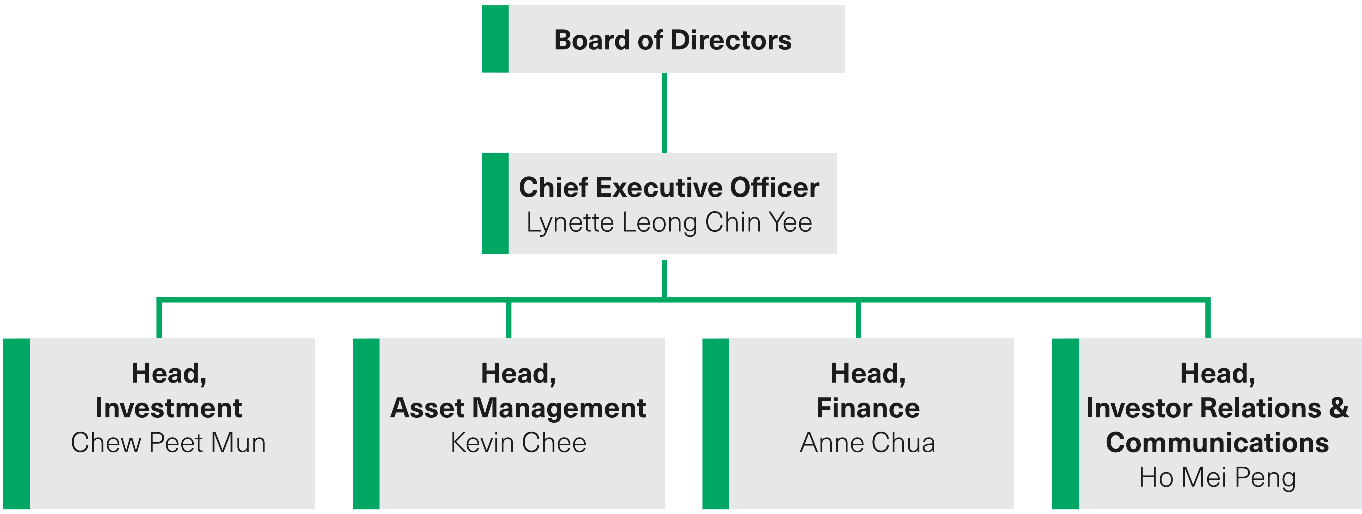
2017年2月27日

Trust Structure



Organisation Structure

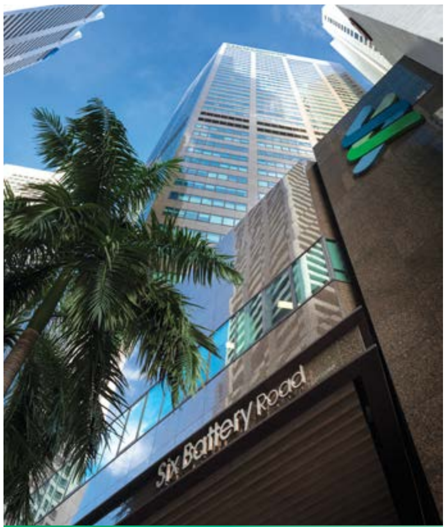
The Manager
CapitaLand Commercial Trust Management Limited



Property Portfolio

1. Capital Tower

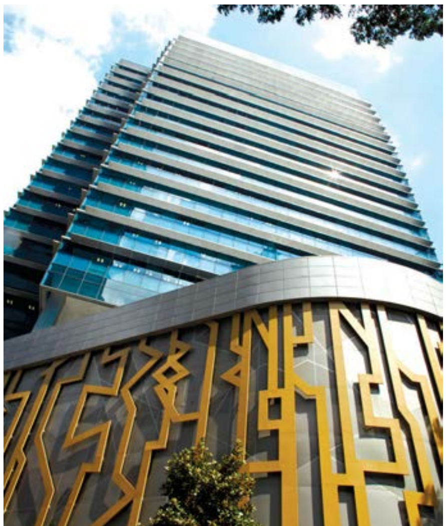
2. CapitaGreen



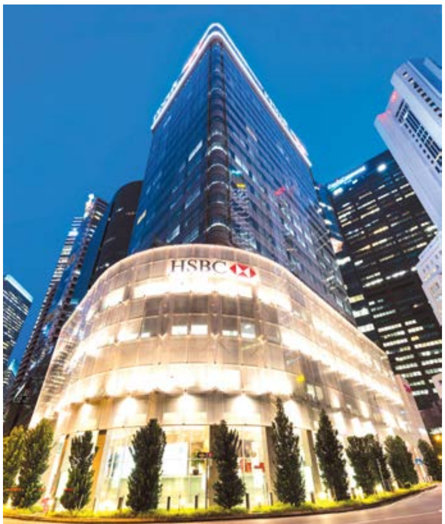
3. Six Battery Road

4. One George Street

5. Raffles City Singapore



6. Twenty Anson



7. HSBC Building

8. Wilkie Edge

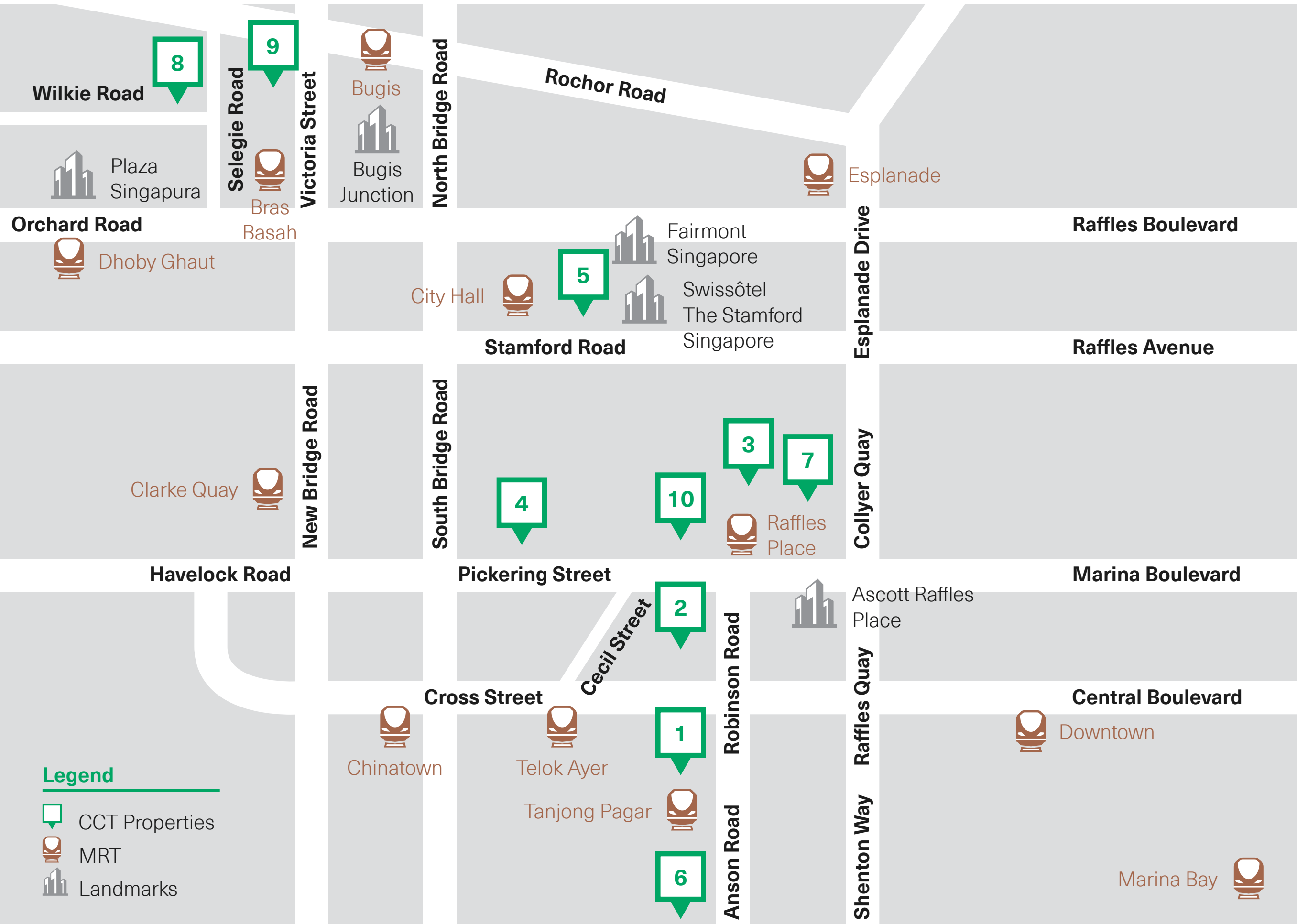
9. Bugis Village

10. Golden Shoe Car Park

Portfolio Statistics

As at 31 December	2015	2016
Number of Properties	10	**10**
Total Net Lettable Area[1] (sq m) / (sq ft)	364,251 / 3,920,804	**363,935 / 3,917,393**
Total Attributable Net Lettable Area[1] (sq m) / (sq ft)	295,115 / 3,176,617	**334,028 / 3,595,473**
Valuation based on proportionate interests (S$ million)	7,478.1	**8,491.9[2]**
Number of Tenants[3]	634	**647**
Committed Occupancy (%)	97.1	**97.1**

1 All net lettable area quoted were based on valuation reports as at 31 December 2016.
2 The portfolio value increase was mainly due to the acquisition of 60.0% units in MSO Trust which holds CapitaGreen.
3 Number of tenants are accounted for on a 100.0% interest basis.



Singapore Central Business District

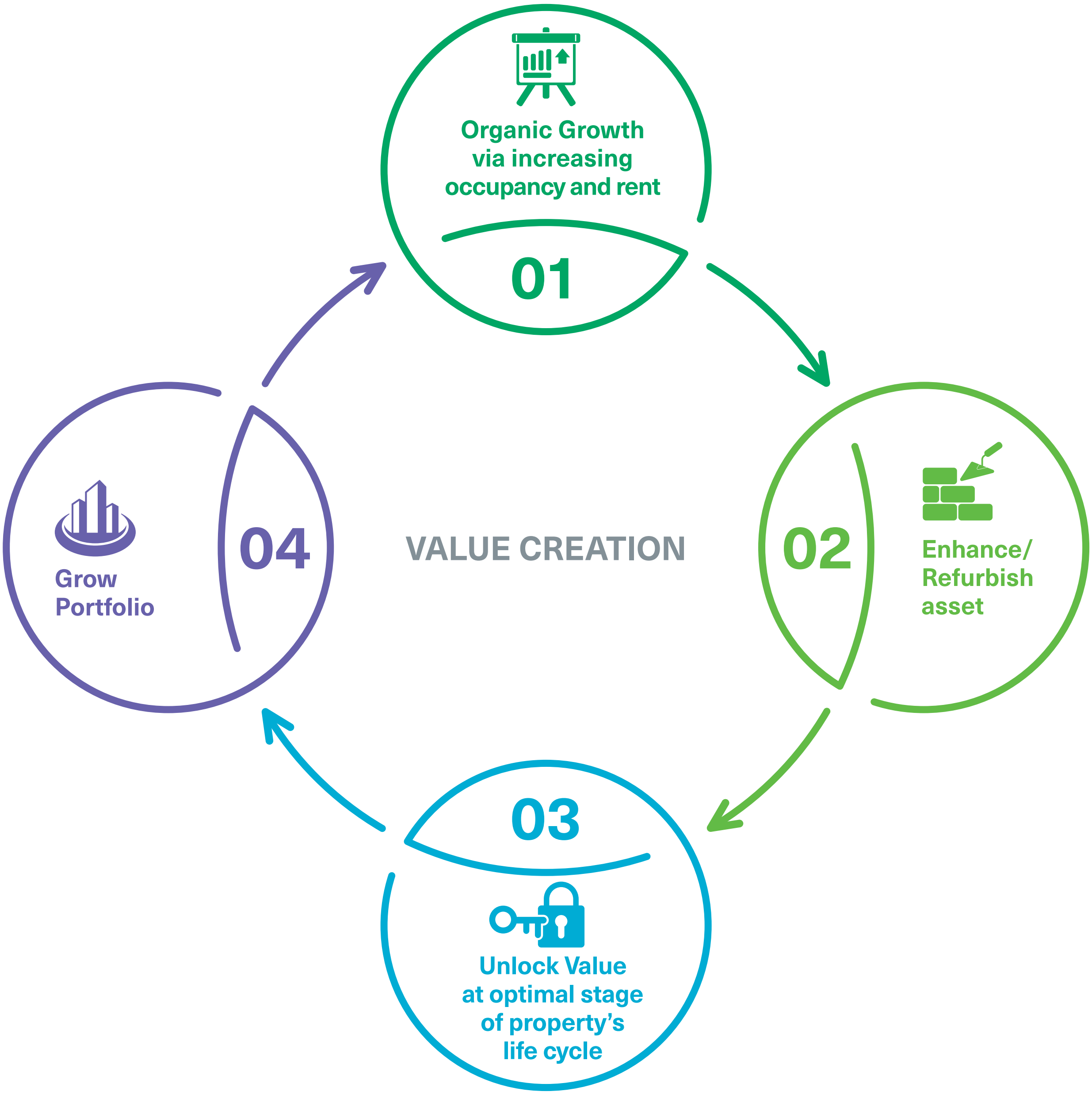
1. Capital Tower
2. CapitaGreen
3. Six Battery Road
4. One George Street
5. Raffles City Singapore (60.0% interest)
6. Twenty Anson
7. HSBC Building
8. Wilkie Edge
9. Bugis Village
10. Golden Shoe Car Park

Value Creation

CCT drives portfolio growth and consistent value creation via an active portfolio reconstitution strategy. In line with this, we continually engage in proactive asset management with the aim of enhancing and unlocking the value of our properties. We strive to grow our portfolio and secure sustainable returns for Unitholders in the long run.

Portfolio Reconstitution Strategy Model

The Trust's portfolio reconstitution strategy encompasses a continuous assessment of our asset plans for the properties to capture value at various stages of their life cycles.



01 Organic Growth

Optimise financial performance and asset value and ensure the long-term stability of the portfolio

Proactive portfolio management

- Adopt proactive marketing and leasing strategies to increase occupancies and ensure stable income
- Provide differentiating quality services and convenience to tenants
- Ensure operational efficiency to keep costs low

02 Enhance / Refurbish asset

Add value and enhance positioning of asset to remain relevant and competitive

Asset enhancements

- Regularly evaluate each asset plan and execute asset enhancement initiatives (AEIs) to improve asset relevance
- Achieve higher returns on investment from AEIs

03 Unlock Value

Maximise the value of the asset at the optimal stage of its life cycle and recycle proceeds into other growth opportunities

Divestments

- Evaluate performance of assets and capital recycling where appropriate, to yield higher returns
- Recycle sale proceeds to grow portfolio through acquisitions, redevelopments or AEIs

04 Grow Portfolio

- Identify quality assets
- Seize growth opportunities in the market

Acquisitions / Redevelopment

- Assess market opportunities through feasibility studies and due diligence
- Acquire DPU-accretive assets that strengthen the portfolio's performance
- Transform value through redevelopment

Board of Directors

Soo Kok Leng
Chairman & Non-Executive Independent Director

Lim Ming Yan
Deputy Chairman & Non-Executive Non-Independent Director

Lynette Leong Chin Yee
Chief Executive Officer & Executive Non-Independent Director

Dato' Mohammed Hussein
Non-Executive Independent Director

Lam Yi Young
Non-Executive Independent Director

Goh Kian Hwee
Non-Executive Independent Director

Wen Khai Meng
Non-Executive Non-Independent Director

Audit Committee
Dato' Mohammed Hussein
Lam Yi Young
Goh Kian Hwee

Corporate Disclosure Committee
Soo Kok Leng
Lim Ming Yan
Wen Khai Meng

Executive Committee
Lim Ming Yan
Lynette Leong Chin Yee
Wen Khai Meng

Soo Kok Leng
Chairman
Non-Executive Independent Director

Bachelor of Electrical Engineering (Honours), University of Singapore
Master of Business Administration, University of Strathclyde, Scotland

Date of first appointment as a director:
1 January 2013
Date of appointment as chairman:
22 September 2014
Length of service as a director (as at 31 December 2016):
4 years

Board committee served on
- Corporate Disclosure Committee (Chairman)

Present principal commitments
- Freelance management consulting
- SCC Travel Services Pte. Ltd. (Chairman)
- Singapore Cruise Centre Pte Ltd (Chairman and Chairman of remuneration and nomination committee)
- Singapore Storage & Warehouse Pte Ltd (Chairman)
- Temasek Management Services Pte Ltd (Deputy Chairman)

Background and working experience
- Corporate Advisor of Temasek International Advisors Pte. Ltd. (Since 2012)
- Adjunct Professor of National University of Singapore, Engineering School (Since 2007)
- Non-Resident Ambassador to Austria, Ministry of Foreign Affairs (Since 2006)
- Freelance management consultancy (Since 2002)
- Corporate Advisor of Singapore Technologies Engineering Ltd (From 2002 to 2015)
- Corporate Advisor of Temasek Holdings (Private) Limited (From 2003 to 2012)
- CEO (Acting) of Singapore Cable Car Pte Ltd (From 2003 to 2004)
- Vice President/General Manager of 3Com Technologies (From 1997 to 2002)
- Group General Manager/Executive Director of Falmac Ltd (From 1996 to 1997)
- Engineer to Management of Hewlett Packard Pte Ltd (From 1977 to 1996)

Award
- Public Service Medal (PBM, Pingat Bakti Masyarakat)

Board of Directors

Lim Ming Yan
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 2016):
4 years

Board committees served on
- Executive Committee (Chairman)
- Corporate Disclosure Committee (Member)

Present directorships in other listed companies
- Ascott Residence Trust Management Limited (manager of Ascott Residence Trust) (Deputy Chairman)
- CapitaLand Limited
- CapitaLand Mall Trust Management Limited (manager of CapitaLand Mall Trust) (Deputy Chairman)
- 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 China Holdings Pte Ltd (Chairman)
- CapitaLand Hope Foundation (Director)
- CapitaLand Limited (President & Group CEO)
- CapitaLand Mall Asia Limited[1] (Chairman)
- CapitaLand Regional Investments Limited (Chairman)
- CapitaLand Singapore Limited (Chairman)
- CTM Property Trust, Steering Committee (Chairman)
- LFIE Holding Limited (Co-Chairman)
- Shanghai YiDian Holding (Group) Company (Director)
- Singapore Tourism Board (Member of the Board)
- The Ascott Limited (Chairman)
- Workforce Singapore Agency (Chairman)

Past directorship in other listed company held over the preceding three years
- Central China Real Estate Limited

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

1 Delisted on 22 July 2014.

Lynette Leong Chin Yee

Chief Executive Officer

Executive Non-Independent Director

Bachelor of Science in Estate Management, National University of Singapore
Master of Science in Real Estate, National University of Singapore

Date of first appointment as a director:
1 October 2007
Length of service as a director (as at 31 December 2016):
9 years 3 months

Board committee served on

- Executive Committee (Member)

Present principal commitments

- National Environment Agency (Board Member)
- Singapore International Chamber of Commerce (Board Member)

Background and working experience

- CEO of Ascendas South Korea office (From September 2003 to September 2007)
- National Director of LaSalle Investment Management, Asia (From March 2000 to September 2003)
- Vice President of LaSalle Investment Management, Chicago, USA (From January 1999 to March 2000)
- Vice President of LaSalle Investment Management, New York, USA (From January 1997 to December 1998)
- Associate Director of LaSalle Investment Management, London, UK (From January 1996 to December 1996)
- Director of Jones Lang Wootton (From 1993 to 1995)
- Senior Officer of United Malayan Banking Corporation Berhad (From 1991 to 1993)
- Senior Officer of Standard Chartered Bank (From 1986 to 1991)

Award

- Best CEOs for Property Sector (Third place) by Institutional Investor magazine in All-Asia Executive Team Ranking in 2011

Dato' Mohammed Hussein

Non-Executive Independent Director

Bachelor of Commerce (Accounting), University of Newcastle, Australia
Fellow of the Asian Institute of Chartered Bankers

Date of first appointment as a director:
1 January 2009
Length of service as a director (as at 31 December 2016):
8 years

Board committee served on

- Audit Committee (Chairman)

Present directorships in other listed companies

- Gamuda Berhad (Chairman)
- Hap Seng Consolidated Berhad

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

- Bank of America Malaysia Berhad (Director)
- Danajamin Nasional Berhad (Chairman)

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

- Quill Capita Management Sdn. Bhd. (manager of Quill Capita Trust) (Chairman)

Background and working experience

- Senior Advisor of RSM Strategic Business Advisors Sdn Bhd, Malaysia (From July 2008 to 2009)
- Advisor of Malayan Banking Berhad, Malaysia (From April 2008 to September 2008)
- Deputy President & Chief Financial Officer of Malayan Banking Berhad, Malaysia (From 2005 to January 2008)
- Executive Director, Business of Malayan Banking Berhad, Malaysia (From 2000 to 2005)
- Managing Director of Aseambankers Malaysia Berhad, Malaysia (From 1996 to 2000)

Board of Directors

Lam Yi Young

Non-Executive Independent Director

Master of Arts in Engineering, University of Cambridge, UK
Master in Public Administration, Harvard University, USA

Date of first appointment as a director:
15 June 2012
Length of service as a director (as at 31 December 2016):
4 years 6 months

Board committee served on
- Audit Committee (Member)

Present principal commitments
- Ministry of Trade and Industry (Deputy Secretary (Industry Transformation))

Background and working experience
- Ministry of Education (Deputy Secretary (Policy)) (From January 2014 to December 2016)
- Chief Executive of Maritime and Port Authority of Singapore (From May 2009 to December 2013)
- Director of Manpower, Ministry of Defence (From June 2005 to April 2009)
- Deputy Director of Personnel, Ministry of Education (From September 2001 to July 2004)

Award
- The Public Administration Medal (Silver) (PPA(P), Pingat Pentadbiran Awam (Perak))

Goh Kian Hwee

Non-Executive Independent Director

Bachelor of Laws (Honours), University of Singapore

Date of first appointment as a director:
1 January 2013
Length of service as a director (as at 31 December 2016):
4 years

Board committee served on
Audit Committee (Member)

Present directorships in other listed companies
- Hong Leong Asia Ltd.[1]
- QAF Limited

Present principal commitment (other than directorships in other listed companies)
- QAF Limited (Joint Group Managing Director)

Past directorship in other listed company held over the preceding three years
- Hwa Hong Corporation Limited

Background and working experience
He had been a practising lawyer from 1980 to 2016, principally in corporate and capital markets laws.

1 Mr Goh Kian Hwee will be retiring as a director of Hong Leong Asia Ltd. at its annual general meeting in April 2017.

Wen Khai Meng

Non-Executive Non-Independent Director

Bachelor of Engineering (First Class Honours), University of Auckland, New Zealand
Master of Business Administration and Master of Science in Construction Engineering, National University of Singapore

Date of first appointment as a director[1] :
1 October 2007
Length of service as a director (as at 31 December 2016):
9 years 3 months

Board committees served on

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

Present principal commitment

- CapitaLand Singapore Limited (CEO)

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

- Quill Capita Management Sdn. Bhd. (manager of Quill Capita Trust)

Background and working experience

- CEO of CapitaLand Financial Limited (From February 2012 to 2 January 2013)
- Chief Investment Officer of CapitaLand Limited (From July 2009 to February 2012)
- CEO of CapitaLand Commercial Limited (From April 2007 to June 2009)
- Co-CEO of CapitaLand Financial Limited (From April 2007 to June 2009)
- CEO of CapitaLand Financial Limited (From April 2006 to March 2007)
- CEO of CapitaLand Financial Services Limited (From October 2004 to March 2006)

1 Mr Wen Khai Meng was an alternate director to Mr Kee Teck Koon (a former director) from September 2006 to October 2007.

The Manager

Ms Lynette Leong Chin Yee
Chief Executive Officer and Executive Director (since October 2007)
Lynette is responsible for the strategic management and growth of CCT. Reporting to the Manager's Board of Directors, she is committed to delivering stable investment returns to Unitholders. Together with the Board, she charts CCT's future directions, working closely with her management team to ensure that the Trust's day-to-day finance, investment and asset management strategies are executed according to its vision, mission and corporate social responsibility objectives. Her experience is detailed in the Board of Directors' section.

Finance

The Finance team supports CCT's investment and asset management strategies through quarterly financial reporting, budgeting, implementation of treasury and taxation policies, as well as sourcing and management of funds for the Trust's ongoing operations and acquisitions.

Ms Anne Chua
Head, Finance (since January 2010)
Anne is responsible for CCT's financial management functions. She oversees all business matters involving treasury, accounting and capital management, ensuring full alignment with CCT's investment strategy. Anne draws on her extensive regional experience in finance and treasury with banks, locally listed and multinational companies. She holds a Bachelor of Business Administration from the National University of Singapore, a Master of Applied Finance from Macquarie University of Australia and a Master of Professional Accounting from the Singapore Management University.

Investment

The Investment team expands and optimises CCT's property portfolio mix through strategic acquisitions. It identifies and analyses potential investment targets, and evaluates alternative investment and asset holding structures to enhance the Trust's total investment returns. It also identifies potential divestment targets to enhance the value of the Trust.

Mr Chew Peet Mun
Head, Investment (since March 2008)
Peet Mun leads the Investment team and is concurrently Senior Vice President, Investment (Commercial) at CapitaLand Singapore Limited. Peet Mun's experience in finance and real estate spans over 15 years. Prior to CCT, Peet Mun was Vice President of CapitaLand Financial Services Limited where he helped establish and manage various CapitaLand-sponsored private funds and real estate investment trusts in Singapore and Malaysia. He holds a Bachelor of Business Administration (First Class Honours) from the National University of Singapore and was a recipient of the Lee Kuan Yew Gold Medal and MAS Book Prize.

Asset Management

The Asset Management team undertakes asset enhancement and environmentally sustainable initiatives to realise the value potential of CCT's portfolio. It directs asset enhancement exercises to maximise rental income, and fosters close ties with tenants to understand and meet their needs. The Asset Management team works with the Property Managers to execute asset strategies, boost rental and non-rental incomes and manage operating expenses. It also collaborates with the Investment Team to evaluate acquisition targets and optimise returns from the assets.

Mr Kevin Chee
Deputy CEO (effective from 1 March 2017)
Head, Asset Management (since March 2015)
Kevin leads the Asset Management team and is concurrently Senior Vice President, Asset Management (Commercial) at CapitaLand Singapore Limited. With effect from 1 March 2017, Kevin will be Deputy CEO of the Manager. As Deputy CEO, Kevin will assist the CEO, Lynette Leong in all aspects of CCT's operational performance and business growth. He has more than 15 years of real estate and finance experience that includes investment and asset management, fund management, development and project management as well as property management. Prior to CCT, he was with CapitaLand Malls Asia, the retail business unit of CapitaLand, first as Country Head, India where he established the company's India retail development, investment and asset management platform and managed the company sponsored private fund and other fund investments. Upon his return to Singapore, he was responsible for various group level strategic initiatives. He holds a Bachelor of Business (Honours) from the Nanyang Technological University of Singapore.

Investor Relations and Communications

The Investor Relations and Communications team ensures clear and timely communications with Unitholders and stakeholders through various communication channels. The team engages investors, media and analysts through regular meetings, conferences and events, and produces communication collaterals such as annual reports and presentations. The team is responsible for CCT's website and the "live" webcast of financial results and works closely with the Property Managers to plan programmes as part of tenant communication.

Ms Ho Mei Peng
Head, Investor Relations and Communications (since March 2006)
Mei Peng brings more than 15 years of experience in managing investor relations and communications. She has been instrumental to the Trust's communication and liaison activities, and is responsible for the delivery of timely and up-to-date information to the investing community. Mei Peng graduated with an Honours degree in Japanese Studies from the National University of Singapore.

Corporate Governance

OUR ROLE

Our primary role as the manager of CCT (Manager) is to set the strategic direction of CCT and make recommendations to HSBC Institutional Trust Services (Singapore) Limited, in its capacity as trustee of CCT (Trustee), on any investment opportunities for CCT and the enhancement of the assets of CCT in accordance with the stated investment strategy for CCT. 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 CCT. Our primary responsibility is to manage the assets and liabilities of CCT for the benefit of the unitholders of CCT (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 CCT'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 CCT and Unitholders;
(d) attending to all regular communications with Unitholders; and
(e) supervising CapitaLand Commercial Management Pte. Ltd. (Property Manager), the property manager which performs the day-to-day property management functions (including leasing, marketing, promotion, coordination and property management) for CCT's properties; with regard to Raffles City Singapore (RCS), which is held by CCT and CapitaLand Mall Trust (CMT) in the proportions of 60.0% and 40.0% respectively, the Property Manager holds 60.0% interest in CapitaLand (RCS) Property Management Pte. Ltd. which provides property management services to RCS with CapitaLand Retail Management Pte Ltd, the property manager of the malls owned by CMT, holding the other 40.0%. 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. CCT's environmental sustainability and community outreach programmes are set out on pages 52 to 81 of this Annual Report.

CCT, 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 CCT dated 6 February 2004 (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 CCT. CL is a long-term real estate developer and investor, and has strong inherent interests in the performance of CCT. CL's significant unitholding in CCT ensures its commitment to CCT 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 CCT:

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

OUR CORPORATE GOVERNANCE 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 CCT 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 CCT'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 Relations section on page 50 of this Annual Report.

This report sets out the corporate governance practices for financial year (FY) 2016 with reference to the principles of the Code. Where there are deviations from any of the guidelines of the Code, an explanation has been provided within this Annual 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 which presently comprises a majority of non-executive independent directors (IDs). This exceeds the recommendations in the Code. The Board has a diversity of skills and knowledge, experience, educational background, ethnicity and gender. Each Director brings to the Board skills, experience, insights and sound judgement which, together with his or her strategic networking relationships, serve to further the interests of CCT.

The Board oversees the affairs of the Manager, in furtherance of the Manager's primary responsibility to manage the assets and liabilities of CCT 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 CCT. The CEO, assisted by Management, is responsible for the execution of the strategy for CCT and the day-to-day operations of CCT's business.

The Board provides leadership to Management, sets strategic directions and oversees the management of CCT. 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 CCT 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 CCT (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) and the Executive Committee (EC). Each of these Board Committees operates under delegated authority 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 46 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.

Corporate Governance

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. Except where a Director had recused himself or herself due to a potential conflict of interest situation and thus excused from participation, in each meeting which considers matters requiring the Board's approval, all Board members participate in the discussions and deliberations; resolutions in writing are circulated to all Directors for their consideration and approval. This principle of collective decisions adopted by the Board ensures that no individual unduly influences or dominates the decision making process.

A total of five Board meetings were held in FY 2016. A table showing the attendance record of the Directors at meetings of the Board and Board Committees in FY 2016 is set out on page 46 of this Annual Report. The Manager believes in the manifest contribution of its Directors beyond attendance at formal Board and Board Committee meetings. To judge a Director's contributions based on his or her attendance at formal meetings alone would not do justice to his or her 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 their 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 Directors' Manual (which includes information on a broad range of matters relating to the role and responsibilities of a director). All Directors, upon appointment, also undergo an induction programme which focuses on orientating the Director to CCT'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 also receive on-the-job training through being engaged in actual Board work.

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.

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 CCT and its subsidiaries (CCT Group), and that the Board has a strong independent element.

The Board presently comprises seven Directors, four of whom are IDs. The Chairman of the Board is an ID. Profiles of the Directors are provided on pages 19 to 23 of this Annual Report. The recommendation in the Code for a lead independent director to be appointed does not apply to the Manager as the Chairman is an ID, he and the CEO are separate individuals, and they are not related to each other.

The Board assesses the independence of each Director in accordance with the guidance in the Code. 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.

The relevant non-executive Directors, namely Mr Soo Kok Leng, Dato' Mohammed Hussein, Mr Lam Yi Young and Mr Goh Kian Hwee, have provided declarations of their independence, which have been deliberated upon by the Board. The Board has also examined the different relationships identified by the Code that might impair the Director's independence and objectivity.

Mr Soo Kok Leng serves as a corporate advisor of Temasek International Advisors Pte Ltd (TIA). In this role, Mr Soo provides corporate advisory services to TIA in relation to proposed investments of Temasek Holdings (Private) Limited (Temasek) which are non-real estate business in nature. This role does not pose any conflict of interests issue for Mr Soo. Similarly, Mr Soo's role in TIA is non-executive and advisory in nature, and he is not involved in the day-to-day conduct of the business of TIA. He also does not represent Temasek on the board of the Manager and is not accustomed to act nor is he under any obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of Temasek in acting as a director of the Manager.

The Board has also considered whether Mr Soo had demonstrated independence of character and judgement in the discharge of his responsibility as a director of the Manager in FY 2016, and is satisfied that Mr Soo had acted with independent judgement. The Board therefore considers that the relationships and circumstances set out above did not affect his independence.

The Board has also considered whether each of Dato' Mohammed Hussein, Mr Lam Yi Young and Mr Goh Kian Hwee had demonstrated independence of character and judgement in the discharge of his responsibilities as a Director in FY 2016, and is satisfied that each of Dato' Mohammed Hussein, Mr Lam Yi Young and Mr Goh Kian Hwee had acted with independent judgement.

On the bases of the declarations of independence provided by the relevant non-executive Directors and the guidance in the Code, the Board has determined that Mr Soo Kok Leng, Dato' Mohammed Hussein, Mr Lam Yi Young and Mr Goh Kian Hwee are independent directors, as defined under the Code. Each of them had recused himself from deliberations 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 CCT. The Manager has established a policy that its Directors recuse themselves from participating in any discussions concerning a transaction in which they may be in a conflict of interest situation. Each of the Directors has complied with this policy and recused himself or herself from participating in any Board deliberations on any transaction which could potentially have given rise to a conflict of interest.

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, Mr Soo Kok Leng, is responsible for leading the Board and ensuring that the Board is effective in all aspects of its role. The CEO, Ms Lynette Leong Chin Yee, has full executive responsibilities over the business directions and operational decisions of CCT and is responsible for implementing CCT's strategies and policies and conducting CCT'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, advice and guidance to the CEO and Management on strategies and business directions.

Corporate Governance

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 CCT and the exchange of ideas and views to help shape CCT's strategic process.

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

The current Board comprises individuals who are business leaders and professionals with financial, banking, funds management, 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:

(a) the Manager is a dedicated manager to CCT and in general, REITs (including CCT) have a more focused scope and scale of business compared to those of listed companies. For this reason, the Board's capacity would not be unduly stretched if the responsibilities of a nominating committee were also undertaken by the Board as the Board would be able to give adequate attention to such issues;
(b) the focused scope of the business of CCT also means a manageable competency requirement for the Board such that the Board is able to manage the duties of a nominating committee; and
(c) IDs form at least half of the Board and the Chairman is an ID, which demonstrate that the IDs play a substantive role, and assure the objectivity and independence of the decision making process concerning nomination. These also mitigate any concerns of conflict which can be managed by having the conflicted directors abstain from the decision making process. Further, conflict situations are less likely to arise in matters of nomination.

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

(a) The Board will at least annually carry out 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. This is to assess 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 CCT.
(b) The Board will review 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 or she has sufficient time available to commit to his or her responsibilities as a director, and whether he or she 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 will be involved in any decision of the Board relating to his or her own appointment, reappointment or assessment of independence.
(e) A newly appointed Director will receive 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 on appointment will undergo an induction programme to help familiarise them with matters relating to CCT's business and the Manager's strategy for CCT.
(g) The performance of the Board, Board Committees and directors will be reviewed annually.
(h) The Board will proactively address any issues identified in the board performance evaluation.

The adopted process takes into account the requirements in the Code that the composition of the Board, including the selection of candidates for new appointments to the Board as part of the Board's renewal process, 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 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.

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 CCT's business; renewal or replacement of a Director therefore does not necessarily reflect his or her 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 or she is in full-time employment and the nature of his or her 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 CCT for the benefit of Unitholders. The Board believes that each Director is best placed to determine and ensure that he or she is able to devote sufficient time and attention to discharge his or her duties and responsibilities as a director of the Manager, bearing in mind his or her 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 records of the Directors at meetings of Board and Board Committees, the competing time commitments faced by any such individual with multiple Board memberships as well as his or her 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 CCT 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 Annual Report, none of the IDs serves on more than two listed company boards. Taking into account also the attendance record of the Directors at meetings of the Board and Board Committees in FY 2016 (set out on page 46 of this Annual Report) and contributions to 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 or her duties.

Corporate Governance

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 CCT's business, and that each Director can bring to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made in the interests of CCT.

While board performance is ultimately reflected in the long-term performance of CCT, 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 CCT.

As part of the Manager's commitment towards improving corporate governance, the Board has 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. 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. Based on the survey findings, almost all the attributes in the surveyed areas received positive ratings.

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 Committees meetings.

The Manager further 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 CCT in the appropriate direction, as well as the long-term performance of CCT whether under favourable or challenging market conditions.

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.

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 CCT'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 CCT'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 CCT'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 the Board members sufficient time 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 wastage 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 CCT, 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, 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 and in ensuring that Board procedures are followed. 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.

The AC also meets the internal and external auditors separately at least once a year, without the presence of the CEO and Management and has unfettered access to Management 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; also, where appropriate, Management will 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 undertakes the functions of a remuneration committee. It is able to do so because:

(a) the Manager is a dedicated manager to only CCT and in general, REITs (including CCT) 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) 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. These also mitigate 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.

Corporate Governance

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 or her own remuneration.

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 benchmarking 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 CCT. 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 a career horizon. In FY 2016, 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 140 countries and employs more than 20,000 people globally. The consultant is not related to the Manager, its related corporations or any of its Directors.

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 CCT Group, symmetrical with risk outcomes and sensitive to 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

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

For FY 2016, remuneration for key management personnel comprises a fixed component, a performance-based variable cash component, a performance-based variable equity-based component and market-related benefits. For the equity-based component, Units were awarded with effect from FY 2016, so as to better align the interest of key management personnel with the long term interest of Unitholders. In determining the actual quantum for the variable components, the Manager will take into account the achievement of performance targets such as the distribution per Unit and net property income achieved by the CCT group.

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 CapitaLand Singapore Limited (CLS) which provides the services through its employees (Outsourced Personnel), in order to provide flexibility and maximise efficiency in resource management to match the needs of CCT 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 CLS, is not included as part of the disclosure of remuneration of key management personnel of the Manager in this Annual 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 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 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 CCT's performance and the remuneration of the CEO and key management personnel. In addition, the remuneration of the CEO and key management personnel of the Manager is paid out of the fees that the Manager receives (of which the quantum and basis have been disclosed), rather than borne by CCT.

There were no employees of the Manager who were immediate family members of a Director or the CEO in FY 2016. "Immediate family member" refers to the spouse, child, adopted child, step-child, sibling or parent of the individual.

The Directors' fees for FY 2016 are shown on page 36 of this Annual Report. The CEO as an executive director does not receive any fees for serving as a Director. Instead, she is remunerated as part of the key management personnel of the Manager. Directors' fees are a fixed sum and generally comprise a basic retainer fee as a Director, an additional fee for serving on any of the 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 remuneration framework for the non-executive Directors remains unchanged from that for the previous financial year.

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 CCT's long-term growth and value.

Corporate Governance

Directors' Fees[1]

Board Members	FY 2016	FY 2015
Soo Kok Leng	S$110,348[2,3]	S$106,000[2,3]
Lim Ming Yan	N.A.[4]	N.A.[4]
Lynette Leong Chin Yee	N.A.	N.A.
Dato' Mohammed Hussein	S$123,000[2]	S$123,000[2]
Lam Yi Young	S$81,000[5]	S$79,400[5]
Goh Kian Hwee	S$81,000[2]	S$80,000[2]
Wen Khai Meng	N.A.[4]	N.A.[4]
Lang Tao Yih, Arthur	N.A.[4]	N.A.
Chong Lit Cheong	N.A.[4]	N.A.[4]

N.A.: Not Applicable.

1 Inclusive of attendance fees of (a) S$2,000 (local meeting) and S$5,000 (overseas meeting) per meeting attendance in person (b) S$1,700 per meeting attendance via audio or video conference (c) S$1,000 per meeting attendance in person at project and verification meetings and (d) S$500 per meeting attendance via audio or video conference at project and verification meetings. Attendance fees at project and verification meetings are subject to a maximum of S$10,000 per Director per annum.

2 Each non-executive Director shall receive up to 20% of his Director's fees in the form of Units (subject to truncation adjustments). The remainder of the Director's fees shall be paid in cash. No new Units will be issued for this purpose as these Units will be paid by the Manager from the Units it holds.

3 Mr Soo Kok Leng was appointed as Chairman of CDC with effect from 1 May 2016. Prior to this appointment, Mr Soo was a member of CDC.

4 Non-executive Directors who are employees of CL do not receive Directors' fees.

5 All Director's fees payable to Mr Lam Yi Young, a public officer, will be paid in cash to a government agency, The Directorship & Consultancy Appointments Council.

(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. Through the quarterly and annual financial statements, the Board aims to provide Unitholders with a balanced, clear and understandable assessment of CCT'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 CCT's financial performance, position and prospects.

In addition to quarterly and annual financial statements, the Manager also keeps Unitholders, stakeholders and analysts informed of the performance and changes in CCT 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 CCT'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.

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 CCT'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 system. The AC assists the Board in carrying out the Board's responsibility of overseeing the risk management framework and policies of CCT Group.

The AC is guided by its terms of reference, in particular, the AC:

(a) makes recommendations to the Board on the risk appetite and associated risk parameters including risk limits for CCT Group;
(b) assesses the adequacy and effectiveness of the risk management and internal controls system 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 CCT Group's approved risk appetite and parameters 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 and comment regarding the adequacy and effectiveness of the system of risk management and internal controls can be made by the Board in the annual report of CCT 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 approved risk limits, 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) process. As a result of the RCSA process, the Manager produces and maintains a risk register which identifies the material risks CCT Group faces and the corresponding internal controls it has in place to manage or 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 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 CCT Group. Approved by the Board, CCT Group's Risk Appetite Statement (RAS), incorporating the risk limits, addresses the management of material risks faced by CCT Group. Alignment of CCT 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 49 of this Annual Report.

Corporate Governance

Internal and external auditors conduct reviews that involve testing the effectiveness of the material internal controls for CCT Group 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 of Finance of the Manager that:

(a) the financial records of CCT Group have been properly maintained and the financial statements for the year ended 31 December 2016 give a true and fair view of CCT Group's operations and finances; and
(b) the systems of risk management and internal controls in place for CCT Group is adequate and effective in addressing the material risks faced by CCT Group in its current business environment including material financial, operational, compliance and IT risks. The CEO and the Head of Finance of the Manager have obtained similar assurances from the respective risk and control owners.

In addition, in FY 2016, 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 the Management and both the internal and external auditors, as well as the assurance from the CEO and the Head of Finance of the Manager, the Board concurs with the recommendation of the AC and is of the opinion, that the system of risk management and internal controls addressing material financial, operational, compliance and IT risks established by the Manager are adequate and effective to meet the needs of CCT Group in its current business environment as at 31 December 2016.

The Board notes that the system of risk management and internal controls established by the Manager provides reasonable assurance that CCT 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, all the members of the AC, 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. 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.

The AC is guided by its terms of reference, in particular, the AC:

(a) reviews the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of CCT Group and any announcements relating to CCT 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, reappointment and removal of the external auditors, and approving the remuneration of the external auditors;
(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 CCT 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 CCT 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 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.

In the review of the financial statements of CCT Group for FY 2016, the AC has discussed with Management the accounting principles that were applied and their judgement of items that might affect the integrity of the financial statements and also considered the clarity of key disclosures in the financial statements. The AC reviewed the valuation of investment properties, being the key audit matter as reported by the external auditors for the financial year ended 31 December 2016 as follows:

Key Audit Matter	How this issue was addressed by AC
Valuation of investment properties	The AC reviewed the outcomes of the half-yearly valuation process and discussed the details of the valuation with Management, focusing on properties which registered higher fair value gains/losses during the period under review. The AC considered the findings of the external auditors, including their assessment of the appropriateness of valuation, methodologies and the underlying key assumptions applied in the valuation of investment properties. The AC was satisfied with the valuation process, the methodologies used and the valuation for investment properties as adopted and disclosed in the financial statements.

The external auditors have provided confirmation of their independence to the AC. The aggregate amount of fees paid and payable to the external auditors for FY 2016 was approximately S$425,000. There were no fees for non-audit services in FY 2016.

In FY 2016, 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 the best practices and guidance for Audit Committees in Singapore including practice directions issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority of Singapore.

Corporate Governance

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 in its meetings.

The Manager confirms, on behalf of CCT, that CCT complies with Rule 712 and Rule 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. 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. 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 2016, 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.

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

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 CCT 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 & Communications department 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 CCT's website at www.cct.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 relations with Unitholders can be found in the Investor Relations section on pages 50 to 51 of this Annual Report and the Policy which is available on CCT's website.

CCT is a constituent of a few major indices including the MSCI Global Standard Indices, FTSE4Good Index Series, and the European Public Real Estate Association (EPRA)/ National Association of Real Estate Investment Trust (NAREIT) Global Real Estate Index, as well as other indices which are widely tracked and referred to by international fund managers as performance benchmarks in the selection and monitoring of investments.

CCT'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 CCT which are determined to be trading gains), with the actual level of distribution to be determined at the Manager's discretion.

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 CCT annual report (printed copies are available upon request) and notice of the annual general meeting (AGM). As and when an extraordinary general meeting is to be held, Unitholders will receive a copy of the circular which contains details of the matters to be proposed for Unitholders' consideration and approval. Notices of the general meetings are also advertised in the press and issued on SGXNet. The requisite notice period for 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 CCT. Representatives of the Trustee, Directors (including the chairpersons of the Board and the AC), the Manager's senior management and the external auditors of CCT, would usually be present at general meetings to address any queries from Unitholders.

To safeguard Unitholders' interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings. To ensure transparency in the voting process and better reflect Unitholders' interests, 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 substantive and relevant comments made and questions raised by Unitholders, are prepared and are available to Unitholders for their inspection upon request. Minutes of the AGMs are also available on CCT's website at www.cct.com.sg.

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

Corporate Governance

(E) ADDITIONAL INFORMATION

Executive Committee

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

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

(a) reviews, endorses and recommends to the Board strategic directions and management policies of the Manager in respect of CCT;
(b) oversees operational, investment and divestment matters within approved financial limits; and
(c) reviews management reports and operating budgets.

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

Dealings with Interested Persons

Review Procedures for Interested Person Transactions

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

In particular, the procedures in place include the following:

Interested Person Transactions[1]	Approving Authority, Procedures and Disclosure
Below S$100,000 per transaction	• 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 CCT's latest audited net tangible assets/net asset value)	• Trustee • Audit Committee
Transaction[2] which: (a) is equal to or exceeds 3.0% of CCT'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 CCT's latest audited net tangible assets/net asset value	• Trustee • Audit Committee • Immediate announcement
Transaction[2] which: (a) is equal to or exceeds 5.0% of CCT'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 CCT's latest audited net tangible assets/net asset value	• Trustee • Audit Committee • Unitholders[3] • Immediate announcement

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 or exceed 5.0% of CCT'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 CCT and Unitholders' interests.

The Manager maintains a register to record all Interested Person Transactions which are entered into by CCT (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 CCT in FY 2016 are disclosed on page 189 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 CCT:

(a) the Manager is a dedicated manager to CCT and will not manage any other REIT or be involved in any other real property business;
(b) all resolutions at meetings of the Board in relation to matters concerning CCT 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 the 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 CCT 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 CCT, 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.

Additionally, CCT has been granted a right of first refusal by CapitaLand Singapore Limited (CLS) to purchase over properties with certain specified characteristics which may in the future be identified and targeted for acquisition by CLS or any of its subsidiaries.

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.

Corporate Governance

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 CCT 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, CCT's financial statements for each of the first three quarters of CCT's financial year, and (iii) during the one month immediately preceding, and up to the time of the announcement of, CCT'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 CCT Group's securities during the same period. In addition, employees and Capital Markets Service Licence Appointed Representatives of the Manager are required to give pre-trading notification to the CEO and Compliance department before any dealing in CCT 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 CCT Group if they are in possession of unpublished price sensitive information of CCT Group. As and when appropriate, they would be issued an advisory to refrain from dealing in CCT 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.

(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 fullest 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.

Corporate Governance

Composition and Attendance Record of Meetings of the Board and Board Committees

Board Members	Composition			Attendance Record of Meetings in FY 2016		
				Board	Audit Committee	Executive Committee
	Audit Committee	Corporate Disclosure Committee	Executive Committee	Number of Meetings Held: 5	Number of Meetings Held: 5	Number of Meetings Held: 1
Soo Kok Leng, Chairman	–	Chairman[1]	–	5 out of 5	N.A.	N.A.
Lim Ming Yan, Deputy Chairman	–	Member[2]	Chairman	5 out of 5	N.A.	1 out of 1
Lynette Leong Chin Yee, CEO	–	–	Member	5 out of 5	N.A.	1 out of 1
Dato' Mohammed Hussein	Chairman	–	–	5 out of 5	5 out of 5	N.A.
Lam Yi Young	Member	–	–	5 out of 5	5 out of 5	N.A.
Goh Kian Hwee	Member	–	–	5 out of 5	5 out of 5	N.A.
Wen Khai Meng	–	Member[1]	Member	4 out of 5	N.A.	1 out of 1
Lang Tao Yih, Arthur[3]	Member	–	Member	3 out of 3	3 out of 3	1 out of 1
Chong Lit Cheong[4]	–	Member	Member	2 out of 2	N.A.	N.A.

N.A.: Not Applicable.

1 Mr Soo Kok Leng was appointed as Chairman of CDC in place of Mr Wen Khai Meng with effect from 1 May 2016. Mr Wen remains as a member of the CDC.
2 Mr Lim Ming Yan was appointed as a member of the CDC with effect from 1 May 2016.
3 Mr Lang Tao Yih, Arthur was appointed as Director and a member of AC and EC with effect from 1 May 2016. Mr Lang resigned as Director and ceased to be a member of AC and EC with effect from 31 December 2016.
4 Mr Chong Lit Cheong resigned as Director and ceased to be a member of CDC and EC with effect from 1 May 2016.

Key Management Personnel's Remuneration Table for the Financial Year Ended 31 December 2016

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$1,250,000 to S$1,500,000				
Lynette Leong Chin Yee	39%	32%	29%	100%
Key Officers[3]				
Anne Chua Tai Hua Ho Mei Peng	52%	28%	20%	100%
Total for CEO and Key Officers		**S$2,529,798**		

1 The amounts disclosed include bonuses earned and the other incentive plans which have been accrued in FY 2016.
2 The unit awards are based on the fair value of the units comprised in the contingent awards under the CapitaLand Commercial Trust Management Limited Restricted Unit Plan 2016 (RUP) and the CapitaLand Commercial Trust Management Limited Performance Unit Plan 2016 (PUP) at the time of grant. The final number of units released under the contingent awards of units for RUP and PUP will depend on the achievement of pre-determined targets and subject to the respective vesting period under RUP and PUP.
3 The remuneration of Mr Chew Peet Mun and Mr Chee Tien Jin Kevin, was borne by CLS, to which the Manager outsources the Investment and Asset Management functions, among others.

Enterprise Risk Management

Risk management is an integral part of CCT Group's business at both the strategic and operational levels. A proactive approach towards risk management supports the attainment of CCT Group's business objective and corporate strategy, thereby creating and preserving value.

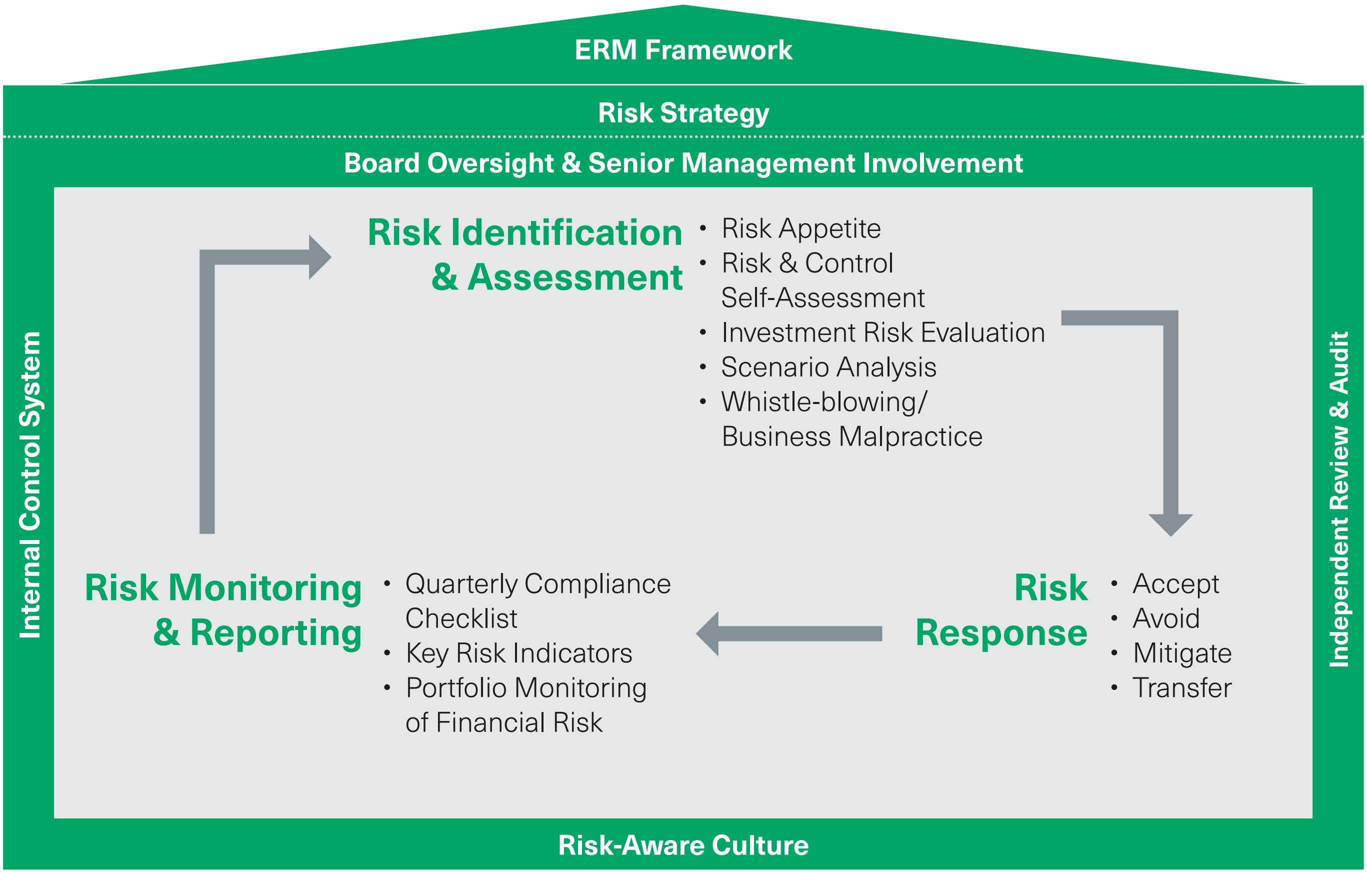
The Manager recognises that risk management is just as much about opportunities as it is about threats. To capitalise on opportunities, the Manager has to take measured risks. Risk management is not about pursuing risk minimisation as a goal, but rather optimising the risk-reward relationship within known and agreed risk appetite levels. CCT Group, 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 CCT Group. The responsibilities include determining CCT Group's risk appetite, overseeing CCT Group's Enterprise Risk Management (ERM) Framework, regularly reviewing CCT 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 dedicated oversight of risk management at the Board level.

The AC currently comprises three independent Board members and meets on a regular basis. The meetings are attended by the Chief Executive Officer (CEO) as well as other key management staff.

The Board approves CCT Group's risk appetite, which determines the nature and extent of material risks that the Manager is willing to take to achieve CCT Group's strategic and business objectives. CCT 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 key stakeholders' interests, CCT Group's RAS sets out explicit and forward-looking views of CCT Group's desired risk profile and is aligned to CCT Group's strategy and business plans.

Enterprise Risk Management Framework



Enterprise Risk Management

The ERM Framework is adapted from the International Organization for Standardization (ISO) 31000 International Risk Management Standards and makes reference to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control-Integrated Framework and other relevant best practices and guidelines. It 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 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 line management is responsible for the design and implementation of effective internal controls using a risk-based approach, the outsourced Internal Audit function from CapitaLand reviews such design and implementation to provide reasonable assurance to the Audit Committee (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 CCT Group's success of ERM. Therefore, the Manager works closely with CapitaLand Risk Assessment Group (RAG) to continue 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 CCT Group's Risk and Control Self-Assessment (RCSA) exercise that requires respective risk and control owners to proactively identify, assess and document material risks as well as the corresponding key controls and mitigating measures needed to address them. Material risks and their associated controls are consolidated and reviewed at CCT Group level before they are presented to the AC and the Board.

Managing Material Risks

The Manager undertakes an iterative and comprehensive approach to identifying, managing, monitoring and reporting material risks across CCT Group. Such material risks include:

Competition Risk

CCT Group faces keen competition from other real estate companies, REITs or investors and managers of commercial real estate. The Manager adopts a relentless approach to strengthening CCT Group's competitiveness through high-quality products and services, effective cost management, pricing, asset enhancement and branding. The Manager also retains tenants through tenant-centric and branding initiatives. The Manager actively monitors relevant leasing transactions in the market to assess the rental competitiveness of CCT Group's properties. The formation of joint ventures with suitable partner(s), including its sponsor, CapitaLand, is also an effective way to tap into a wider pool of expertise and resources which enhances its competitive edge.

Economic Risk

CCT Group is exposed to developments in Singapore's economic, financial and property markets as well as volatility in the global economy. These developments may reduce revenue, increase costs and result in downward revaluation of our assets. Market illiquidity during financial crisis makes asset investment and/or divestment challenging and this can affect CCT Group's investment and strategic objectives. The Manager takes a disciplined approach to financial management and closely monitors macroeconomic trends and their impact on the Singapore commercial property market.

Financial Risk

CCT Group is exposed to financial risks including liquidity and interest rate risks. The Manager continues to focus on instilling financial discipline, deploying capital to earn optimal risk-adjusted returns and maintaining a strong balance sheet to invest in suitable opportunities. For more information on CCT Group's Financial Risk management, please refer to the Financial Statements section on pages 168 to 181 of this Annual Report.

Fraud & Corruption Risk

The Manager is committed to the highest standards of integrity as it is one of its core values, and has no tolerance for any fraud, corruption or bribery in the conduct of its business activities. Consistent with this commitment, the Manager has in place an employee code of conduct and an anti-corruption policy. The anti-corruption policy reiterates the tone from the top management and sets out CapitaLand's Global Principles on Ethical Business Conduct. Every year, employees sign the CapitaLand Pledge to renew their commitment to uphold CapitaLand's core values. The Manager also adheres to CapitaLand Group's whistle-blowing policy which encourages the reporting of suspected misconduct by establishing a clearly defined process through which such reports can be made in confidence and without fear of reprisal.

Information Technology Risk

With increased reliance on Information Technology (IT) as a business enabler, the Manager has adopted CapitaLand's group-wide policies and procedures which set out the governance and controls of IT risks, including cyber risks. These include implementing access controls, building up data security, and promoting IT security awareness among all users to ensure the confidentiality, integrity, and availability of the CapitaLand Group's information assets. CapitaLand Group also conducts IT disaster recovery plan annually to ensure business recovery objectives are met.

Investment & Divestment Risk

To achieve the growth objectives of CCT Group, the Manager acquires properties, undertakes asset enhancement initiatives and invests in greenfield developments. The risks involved in such investment activities are managed through a rigorous set of investment criteria which includes rental sustainability, potential for value creation, and DPU accretion. 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. Where necessary, it enlists the Property Manager and third-party consultants with the requisite expertise to assist in the due diligence review. Each major investment or divestment proposal must also include a risk assessment, as well as sensitivity analysis and mitigation measures or control strategies, where appropriate.

Leasing Risk

Strong competition, poor economic and market conditions are some of the key factors that could result in key tenants not renewing their leases, adversely affecting the performance of CCT Group's properties. To deal with such challenges, the Manager establishes a diversified tenant base and sustainable trade mix and has in place proactive tenant management strategies to mitigate leasing risk. It is also the Manager's priority to actively engage tenants to find operational synergies and collaborative opportunities. AEIs are also planned and executed to maintain the relevance and appeal of CCT Group's assets.

Property Management Risk

To manage risks that arise from the day-to-day management of properties, the Manager has established processes and procedures that seek to ensure that buildings operate efficiently and are well-maintained. The Manager is committed to creating and cultivating environmentally friendly, safe, and healthy workplaces in its buildings. CCT Group is guided by CapitaLand's Environmental, Health and Safety Management System (EHSMS) which is externally audited and has achieved ISO 14001 and OHSAS 18001 certification across 15 countries.

Regulatory & Compliance Risk

CCT Group is required to comply with applicable and relevant legislations and regulations that include the SGX-ST Listing Rules, Financial Reporting Standards, Securities and Futures Act, industry standards governed by Building and Construction Authority, Code of Corporate Governance, the CIS Code issued by MAS and tax rulings issued by the Inland Revenue Authority of Singapore. The Manager has in place a robust framework that proactively identifies applicable laws and regulatory obligations and legal updates, and embeds compliance into its day-to-day operations.

Investor Relations

Proactive Stakeholder Engagement

At CCT, we are committed to timely, unbiased and transparent communications with our stakeholders to update them about our strategies, business operations and market environment. Beyond adhering to regulatory requirements, we abide by CCT's Investor Relations policy and principles for communication with investors. This policy and material information including CCT's financial results, presentations for conferences and non-deal roadshows, annual reports, minutes of annual general meetings (AGMs) as well as CCT's historical financial information are easily accessible at www.cct.com.sg. Our stakeholder groups include Unitholders, potential retail and institutional investors, analysts and media.

Our senior management and investor relations team regularly communicate with stakeholders through different platforms. Specifically, the CEO presents the biannual financial results and business updates as well as hosts the question-and-answer (Q&A) sessions at media and analysts briefings held in January and July. Aside from being broadcast "live" via CCT's website, the webcasts of the briefings are also available on demand for stakeholders for up to a year at www.cct.com.sg.

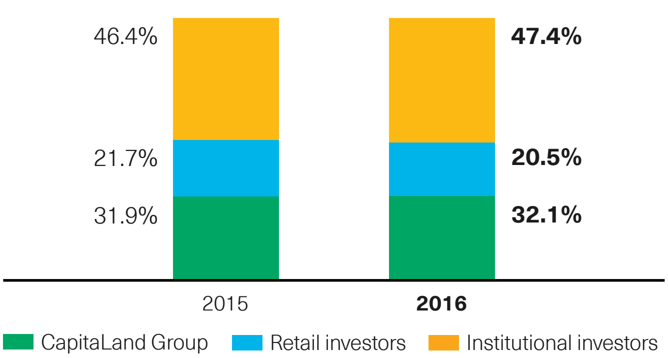
The Board of Directors and senior management are present at AGM to share the Trust's performance for the year and address questions and comments from the Unitholders. CCT conducts its poll electronically and publishes the results of the AGM on SGXNet. In July 2016, CCT held an Extraordinary General Meeting (EGM) to seek Unitholders' approval for the acquisition of 50.0% of units in MSO Trust which holds CapitaGreen from CapitaLand. The resolution was well supported and passed.

Additionally, CCT engaged with approximately 300 investors in Singapore and globally in 2016 through post-results meetings and conference calls; local conferences; non-deal roadshows and visits to the Trust's properties. CCT continued to educate investors through participating in the REITs Symposium for the second year, and presentations organised by banks and brokers. The team took part in new outreach initiatives in 2016, targeting retail investors including those in Singapore and Japan. These initiatives included pre-engagements with Unitholders before AGM and EGM, presentations at SGX-REITAS Education Series and SGX-REITAS-Sumitomo Mitsui Asset Management S-REITs Day held in Tokyo.

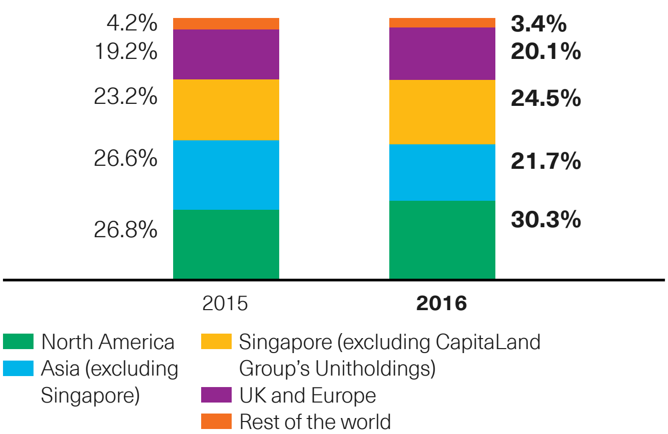
CCT remains in the FTSE4Good Index Series, the MSCI Global Standard Indices and other indices. The Trust joined the FTSE Straits Times Index on 21 March 2016 and is also included in the SGX Sustainability Leaders Index which is a free-float market capitalisation-weighted index that measures the performance of 24 best-in-class sustainability leaders listed in Singapore.

During the year, CCT received recognition for good investor relations and corporate governance practices. CCT was runner-up for Most Transparent Company 2016 under REITs and Business Trusts at the Singapore Investment Association of Singapore (SIAS) 17th Investors' Choice Awards 2016 and ranked 7th for Most Committed to Corporate Governance in Singapore in FinanceAsia's 16th annual "Asia's Best Managed Companies" poll of 129 global portfolio managers and buy-side analysts.

Profile of CCT Unitholdings by Unitholder Type[1]



Profile of CCT Unitholdings by Geography[1]



1 Source: CCT's unit register analysis as at 31 December.

Investor Relations Contact:

Ho Mei Peng, Head, Investor Relations & Communications
Direct: +65 6713 3668 | Email: ask-us@cct.com.sg | Counter Name: CapitaCom Trust

Calendar of Financial Events 2017/2018

Subject to changes by the Manager without prior notice

April 2017	• Release of First Quarter 2017 Results / Annual General Meeting
July 2017	• Release of Half Year 2017 Results • Books closure to determine entitlement to distribution
August 2017	• Payment of distribution to Unitholders (six months ending 30 June 2017)
October 2017	• Release of Third Quarter 2017 Results
January 2018	• Release of Financial Year 2017 Results • Books closure to determine entitlement to distribution
February 2018	• Payment of distribution to Unitholders (six months ending 31 December 2017)

Investor Relations Activities in 2016

20 January	FY 2015 post-results investor meeting in Singapore
2-4 March	FY 2015 post-results investor meetings in Hong Kong
18 March	Presentation to Lim and Tan Securities trading representatives and clients
13 April	CCT's AGM held at The Star Gallery
15 April	1Q 2016 post-results investor meeting in Singapore
5 May	CEO in a panel discussion at Bank of Singapore's event for private wealth clients
24 May	Deutsche Bank Access Asia Conference 2016 in Singapore
1 June	Citi ASEAN C-Suite Forum 2016 in Singapore
4 June	Singapore's 2nd Annual REITs Symposium by REITAS and Shareinvestor
8 June	Nomura Asia Equity Forum in Singapore
21-24 June	CapitaGreen pre-EGM investor meetings in Singapore and Hong Kong
27 June-4 July	CapitaGreen pre-EGM investor meetings in New York, London, Amsterdam, Rotterdam, The Hague and Zurich
13 July	CCT's EGM held at The Star Gallery for approval to acquire 50.0% of units in MSO Trust which holds CapitaGreen from CapitaLand
20 July	2Q 2016 post-results investor meeting in Singapore
22 August	Macquarie ASEAN Conference in Singapore
22 August	SGX-REITAS Education Series for retail investors
19 October	3Q 2016 post-results investor meeting in Singapore
24-26 October	3Q 2016 post-results investor meetings in Seoul and Tokyo
27 October	SGX-REITAS-Sumitomo Mitsui Asset Management SREIT Day in Tokyo
7-9 November	3Q 2016 post-results investor meetings in Hong Kong
16 November	Morgan Stanley 15th Annual Asia Pacific Summit in Singapore

CCT's 2016 Distributions

Period	Taxable[1] DPU (cents)	Payment Date
1 January to 30 June	4.39	25 August 2016
1 July to 31 December	4.69	27 February 2017

1 Taxable income distribution – qualifying investors and individuals (other than those who hold their Units through a partnership) will generally receive pretax distributions. These distributions are exempt from tax in the hands of individuals unless such distributions are derived through a Singapore partnership or from the carrying on of a trade, business or profession. Qualifying foreign non-individual investors will receive their distributions after deduction of tax at the rate of 10%. All other investors will receive their distributions after deduction of tax at the rate of 17%.

Sustainability Management

Dear Stakeholders,

In FY 2016, CCT delivered resilient portfolio performance and exceptional financial results amidst challenging market conditions. As we upheld sustainable business policies and practices concerning environmental, social and governance aspects, CCT's total deposited properties rose to S$8.8 billion and its market capitalisation increased to S$4.4 billion as at end December 2016. Distributable income registered a 5.7% increase YoY to S$269.0 million, translating to a 5.3% rise in DPU to 9.08 cents.

As one of Singapore's largest commercial real estate owners, we recognise the impact that our developments have on the environment and our stakeholders. We strive to minimise our buildings' carbon footprint, ensure workplace health and safety, establish a strong corporate governance and risk management culture, and shape buildings that are accessible to all in the community.

Being wholly owned subsidiaries of CapitaLand, the Manager and the Property Managers of CCT uphold CapitaLand's core values and commitment to sustainability. In 2012, CCT was among the first of Singapore's REITs to incorporate sustainability reporting into its annual report. We have since adopted framework reporting that adheres to the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.

CCT continually strives to enhance operational efficiency. In FY 2016, we reduced energy and water usage psm by 18.8% and 19.0% respectively compared to base year 2008. While there are always operational challenges in improving our performance, we remain committed to achieve CapitaLand's 2020 eco-efficiency targets of 20.0% reduction in energy and water usage compared to base year 2008 and maintaining proactive measures in the greening of the Trust's portfolio and promotion of eco-friendly practices.

Proactive stakeholder engagement is instrumental in ensuring an enduring sustainability journey for CCT. We engage our tenant and employee communities and collaborate with our supply chain, business partners and government agencies to promote sustainable workplace practices through various initiatives and programmes.

Participation and contributions from CapitaLand Hope Foundation, tenants and CapitaLand employees garnered about S$48,300 for our adopted charity, The Straits Times School Pocket Money Fund (STSPMF) in 2016. This is through a series of activities with a philanthropic focus such as CCT Eco Race, STSPMF coin bank donation, electronic waste collection and recycling drive as well as Gifts of Joy.

Keeping our momentum in stakeholders' engagement on the sustainability front is CCT Eco Race, a race that tests one's knowledge of environmental issues and fitness level. This year's race attracted more than 370 tenant and partner participants. Other green initiatives include an electronic waste collection and recycling drive for the first time as well as sharing sessions on sustainable features and practices for offices. A Green Landlord Focus team comprising representatives from different departments of CapitaLand aided tenants in attaining the BCA Green Mark for Office Interior (GMOI) certification and encouraged green behaviour. Six tenants received the GMOI awards in 2016.

As part of our tenant engagement programme, the annual Gifts of Joy initiative fulfilled a record 673 wishes of beneficiaries from various charities and boosted volunteerism among tenants and employees.

We also hosted breakfast talks and networking sessions for the C-suites of our tenants and distributed biannual complimentary treats to our tenant community. Partnering Fitness First and the Health Promotion Board (HPB), we promoted the well-being of our employees and tenants with weekly workout sessions under the Healthy Workplace Ecosystem programme. On the environmental, health and safety front, we maintained a healthy and safe workplace, collaborating with our tenants and supply chain to mitigate risks including the Zika virus and haze.

In enhancing service excellence, we harnessed the sharing economy and technology to pilot an online multi-service platform that enables tenants to gain convenient access to curated goods and services at special discounts and/or deliveries.

We recognise that our sustainability journey will have new challenges and expectations. Going forward, we will engage our stakeholders in increasingly larger roles. We will also leverage technology and innovations to improve our buildings' operational efficiency and enhance stakeholders' experiences to create a vibrant tenant community and sustainable "office of the future".

Lynette Leong
Chief Executive Officer
CapitaLand Commercial Trust Management Limited
(as manager of CCT)

INTRODUCTION

About the Report

This report adopted the Global Reporting Initiatives (GRI) G4 Core level guidelines, and covers CCT's 10 properties in Singapore from 1 January to 31 December 2016, unless otherwise indicated. Information of relevance to our stakeholders comprising employees, investors (including business partners), customers, suppliers and the community are reported. Since CCT's Annual Report 2013, this framework reporting approach has been used annually to convey the environmental, social and governance (ESG) aspects of our performance, while the economic aspect continues to be detailed in the financial reporting sections. No external assurance has been obtained for this report.

The report forms part of CCT's Annual Report 2016 and can be viewed at or downloaded from www.cct.com.sg. As part of our ongoing efforts to improve reporting, CCT welcomes stakeholders to send comments concerning our disclosures to ask-us@cct.com.sg.

Our Commitment and Approach

As a CapitaLand-sponsored REIT, CCT is managed externally by wholly owned subsidiaries of CapitaLand, which include the Manager (CCTML) as well as Property Managers who oversee daily property operations. The Trust does not have employees. The teams behind the Manager and Property Managers responsible for property and portfolio operations in Singapore are identified as employees of the Trust. They abide by CapitaLand's sustainability framework, policies and guidelines, as well as ethics and code of business conduct.

CCT's sustainability objectives and strategies are aligned with CapitaLand's, based on the latter's credo, "Building People, Building Communities". The Trust upholds this approach and implements it across human capital management, asset and portfolio strategies, daily operations management and stakeholders' engagements. We are committed to maintaining a safe workplace and fostering the well-being of our employees and customers. CCT adheres to high standards of corporate governance and transparency to advance the interest of our Unitholders and the Trust. A process of regular review, assessment and feedback are adopted to measure the impact when managing ESG issues. This is to ensure adequate and effective implementation within the established frameworks and programmes, as well as alignment to our ESG goals.

Over the years, the Trust remained consistently committed to greening our developments and incorporating universal design features to enhance the portfolio's attractiveness in a highly competitive office market. With the emergence of new workplace trends and our continued quest to be operationally efficient, it becomes increasingly significant for us to leverage technology for quicker response and flexibility to achieve commercial viability and safeguard the environment for the long run.

Through these efforts, CCT seeks to add value to Unitholders, by delivering long-term sustainable distribution and total returns, and stakeholders by improving their environmental and social well-being.

Testament to our commitment, CCT has been a constituent of the FTSE4Good Index Series since 2009. In 2016, the Trust is included in two newly established sustainability indices - FTSE4Good ASEAN 5 Index, an ESG index introduced in April 2016 and jointly formed by FTSE Russell and the Association of Southeast Asian Nations (ASEAN) Exchanges as well as SGX Sustainability Indices, which was launched in May 2016 by the Stock Exchange of Singapore. During the year, CCT participated in the Global Real Estate Sustainability Benchmark (GRESB) survey and was awarded GRESB Rating 4-Star.

GRESB ★★★★ 2016

FTSE4Good

FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that CapitaLand Commercial Trust has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series. Created by the global index provider FTSE Russell, the FTSE4Good Index Series is designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE4Good indices are used by a wide variety of market participants to create and assess responsible investment funds and other products.

Sustainability Management

CapitaLand's Core Values

Respect: We believe in mutual trust and respect at all levels. This is fundamental to a high-performance culture that embraces diversity and teamwork as One CapitaLand.

Integrity: We embrace the highest standards of integrity. We have the courage to do what is right, and earn the trust of all our stakeholders.

Creativity: We constantly innovate to enhance value and stay ahead.

Excellence: We pursue excellence and persevere in everything we do.

Top Management Support and Employee Involvement

CapitaLand Group's Sustainability Council oversees the Trust's sustainability management through the Property Managers, and comprises members of CapitaLand's top management. It is supported by a Sustainability Steering Committee (SSC) which manages two work teams to advance the Group in the areas of ESG. The SSC and the work teams encompass representatives from all CapitaLand's business units (BUs). As BU environmental, health and safety (EHS) champions, the CEOs are accountable for their respective BU's performance in EHS. The Manager and Property Managers are under the BU, CapitaLand Singapore.

MATERIALITY

CCT engages our stakeholders through various programmes and channels. During the process, material issues which can significantly affect business operations and stakeholders are identified and assessed by the Manager and Property Managers.

One such avenue is the Group-wide Risk and Control Self-Assessment exercise, through which CCT's Manager identifies, reviews and documents material risks and the related internal controls. Regular stakeholder engagements surface issues that are considered important to the Trust. These engagements take various forms including member representations in government agencies such as the Building and Construction Authority (BCA), National Environment Agency (NEA) and Ministry of Manpower (MOM), participation in public forums and conferences, customer and employee engagement surveys, and CCT's support of the Corporate Governance Conference – an annual event by the Securities Investors Association (Singapore) (SIAS). CCT also gains insights into emerging material issues as identified by best practice peers, industry associations, investment bodies as well as sustainability surveys and benchmarks.

Through these channels, CCT has identified key areas deemed material to our business and operations. These include corporate governance, environmental performance, occupational health and safety (OHS), community and customer satisfaction. The Trust prioritises the areas to focus based on their significance to society and our business. CCT has aligned with GRI G4 guidelines to ensure that the structure and content of our sustainability reporting has adequately disclosed materiality issues and performance. The material aspects and the references to the Disclosure on Management Approach (DMA) are summarised on page 75.

FINANCIAL PERFORMANCE

With a forward-looking approach and a proactive business strategy, CCT achieved healthy financial returns alongside a higher DPU and a robust portfolio performance, despite a challenging environment in FY 2016 brought on by global political and economic uncertainty and an unprecedented amount of new office supply completion. For details on the financial performance, please refer to Financial Highlights, pages 03 to 05; Financial Review, pages 89 to 95; and Financial Statements, pages 120 to 188.

CORPORATE GOVERNANCE

In the interest of Unitholders, CCT's management observes a high standard of corporate governance and transparency in our execution of policies and processes. The Trust recognises governance as a critical component to build trust and confidence in the teams which indirectly leads to securing sustainable value and success. Details on corporate governance can be found on pages 26 to 46.

CCT is a member of the Investor Relations Professionals Association (Singapore) (IRPAS) and REIT Association of Singapore (REITAS). It is also a member of the Financial Industry Disputes Resolution Centre Ltd (FIDReC). The Trust participates and supports the activities organised by IRPAS, REITAS and the Securities Investors Association (Singapore) (SIAS). Alongside other listed companies, the Manager pledged to maintain high standards of good corporate governance practices during SIAS Singapore Corporate Governance Week in September 2016.

Code on Business Conduct

In ensuring a corrupt-free environment, all employees of the Manager and Property Managers are required to make declarations annually where they pledge to uphold the core values and not engage in any corrupt or unethical practices. The pledge also serves as a reminder to employees to maintain high levels of integrity while remaining committed to executing their responsibilities to the utmost standards. Employees adhere 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. Employees can access all the above information via the intranet of CapitaLand (iHub).

In addition, employees are notified of the email address for the reporting of any infringements or business malpractice. CapitaLand's Business Malpractice Incidents (BMIs) Reporting policy supports line and functional managers in reporting suspicious behaviour through BMI emails which will be routed to CapitaLand Internal Audit for initial assessment. CEOs will be informed of all BMIs arising from their respective BUs. To instil CapitaLand's core values and principles, new hires undergo the CapitaLand Immersion Program (CIP) which includes a mandatory module on anti-corruption policies and procedures. We have a comprehensive system in place where all employees and partners along the supply chain are apprised about our strict anti-corruption policy. Mandatory anti-corruption clauses are a standard part of all service contracts and agreements with our suppliers and partners. In the event of reports of suspicious activities, an investigation will be launched, after which offenders will be firmly dealt with while gaps in business processes are rectified. No cases of corruption were reported in 2016.

Enterprise Risk Management (ERM)

The Manager's ERM framework defines the required environmental and organisational components as well as related risk management policies which enable the Manager to manage risks in an integrated, systematic and consistent manner. Supported by the Audit Committee (AC), the Board exercises dedicated oversight of risk management at the Board level. The Board is responsible for determining the Group's risk appetite which defines the acceptable tolerance levels for material risks in achieving the Trust's strategic and business goals. In safeguarding the interests of key stakeholders, the Trust's Risk Appetite Statement (RAS) formally defines the specific risk limits that CCT is willing to accept at the operational level and is in line with our strategy and business plans. Please refer to pages 47 to 49 for full details.

Business Continuity Plan (BCP)

CCT has established a BCP to limit the impact of potential threats such as terrorism, epidemics, natural disasters and information systems failure. The BCP enables continuity in the Trust's core business operations, minimises financial and reputational damage and contains the effects of a disruption to our tenants. The BCP is pegged to global and industry best practices and complies with the applicable laws and regulations. It is regularly reviewed to ensure its relevance.

Sustainability Management

STAKEHOLDER ENGAGEMENT

CCT regularly engages its stakeholders through various channels to be attuned to issues that impact each group. In turn, we develop effective responses to address the issues and seek feedback with the ultimate objective of building sustainable and lasting relationships that benefit all stakeholders operating within the community.

Stakeholder	Objective(s)	Engagement Channels
Customers – tenants	1. Landlord of choice 2. Attract new and retain existing tenants	1. Biennial customer satisfaction survey. 2. Engagement programmes/activities. 3. Meetings with key existing and new tenants. 4. Tenant Relations Ambassadors/Specialists (TRAs/TRSs) serve as regular contact points for tenants. 5. Quarterly communication via newsletter – your CapitaLetter.
Investors (including business partners)	Choice investment	1. Announcements on SGXNET. 2. CCT website (www.cct.com.sg) – webcasts and transcripts. 3. Biannual media and analysts results briefings. 4. Annual General Meeting. 5. Meetings and teleconferences with investors and analysts.
Employees	A high performance culture that embraces diversity and teamwork	1. Regular communication sessions by senior management. 2. CapitaLand's biennial Employee Engagement Survey (EES). 3. Employee engagement programmes - volunteer and recreation club activities. 4. Annual cross-departmental or departmental team-building activities. 5. Employee participation in selected focus groups for new and developmental exposure. 6. Active employee involvement in property tours to enhance their understanding of own commercial properties.
Supply chain – vendors (term and main contractors), suppliers and service providers	1. Fair and reasonable employer for goods and services 2. Share industry best practices	Sharing of the following information with supply chain: 1. CapitaLand's EHS Policy. 2. Contractor management guidelines and house rules. 3. Standard operating procedures.
Community (including government/ national agencies and NGOs)	Responsible corporate citizen and contribute to the community we operate in	1. Senior management of CapitaLand is represented on various boards. 2. CEO of CCT is a Board Member of National Environment Agency. 3. Head of Property Services is a member of various taskforce teams and committees in BCA and MOM.

Issues	Responses
1. Quality and well managed office buildings 2. Safe working environment 3. Positive customer experience	1. Preserve efficient Green Mark-certified buildings. 2. Keep buildings relevant through an active portfolio reconstitution strategy. 3. Leverage technology to enhance product and service offerings and build tenant loyalty. 4. Regular tenant engagement by TRAs/TRSs builds relationships and ensure prompt responses to tenants' needs.
1. Long-term sustainable distribution and total returns 2. ESG risks and opportunities	1. Proactive portfolio and asset management. 2. Prudent capital management. 3. Strong corporate governance. 4. Disciplined approach to acquisitions for growth. 5. Gather investor feedback from investor meetings and conferences. 6. Participation in GRESB's annual sustainability survey. 7. Build win-win partnerships.
1. Work-life balance 2. Remuneration and benefits 3. Employee welfare and well-being 4. Training	1. Financial performance, target performance indicators, business strategy and employee engagement plan are shared at communication sessions. 2. Annual performance assessment for managers and direct reports to review performance and identify training and development goals. 3. Monitor OHS issues. 4. Identify action plans to improve employee welfare and well-being e.g. the BU Recreation Club surveys employees annually to gather new ideas and feedback to improve past years' activities. 5. CapitaLand channels up to 3% of its annual wage bill towards learning and development programmes for employees.
1. Fair and reasonable treatment 2. OHS practices 3. Environmental compliance	1. Feedback system to recognise supply chain for exceeding standards in design and quality. 2. Collaborate to manage EHS challenges such as an epidemic outbreak. 3. Quarterly EHS monitoring and reporting. 4. Half-yearly term contractor/vendor evaluation system including events, meetings and training sessions.
1. Sustainable buildings 2. Stakeholder programmes to generate wider sustainability awareness and promote green practices and behaviour	1. Commitment to pursue Green Mark certification for portfolio. 2. Employee has three days of volunteer leave. 3. Customers and employees participate in community engagement events such as Gifts of Joy to contribute gifts to beneficiaries and raise funds for CCT's adopted charity, STSPMF. 4. Partnered CHF and donated S$48,300 to STSPMF.

Sustainability Management

ENVIRONMENT

CCT is aligned with CapitaLand's commitment to minimise its environmental impact and contribute our part in achieving the desired outcomes that will benefit our stakeholders and future generations. These are achieved through a combination of energy-efficient practices, resource conservation, waste management and use of innovative technologies across our buildings.

Objectives

- Reduce energy consumption.
- Reduce water consumption, encourage use of recycled water and rainwater harvesting.
- Manage waste through construction efficiency and encourage recycling.
- Manage biodiversity to contribute positively to the natural environment.
- Engage stakeholders to make a difference.
- Identify opportunities in managing our property portfolio to deliver long-term benefits.

Accountability

- BU CEOs are EHS Champions.
- Setting performance targets, linked to remuneration for employees and tracking energy and water usage, waste generation and carbon emissions performance through the Environmental Tracking System (ETS), an in-house online system.
- The ISO 14001-certified Environmental Management System (EMS) ensures accountability to relevant managers and all employees.

Approach and Implementation

The EMS establishes a process that identifies and manages significant environmental aspects of our business operations that can potentially have a negative impact on the environment through the following means:

- Compliance with local environmental laws and regulations.
- Identification of significant environmental aspects and management of impact.
- Sustainable Building Guidelines (SBG), an in-house guide that ensures holistic incorporation of environmental considerations throughout all stages of our properties' life cycles; a key component of the guidelines is the Environmental Impact Assessment (EIA) which is conducted during the feasibility stage of a development project to identify environmental threats and opportunities related to the project site and its surroundings.
- Appointment of ISO 14001- certified main contractors or conduct EMS legal compliance on site.

Key Performance Indicators

CCT measures its performance based on a set of indicators. Most of the indicators are linked to the remuneration of employees including the senior management.

Material Environmental Issues	Performance Indicators	Environmental Performance
Operational Efficiency	Using 2008 as the base year to reduce energy and water intensities by 20.0% by 2020 as per CapitaLand's eco-efficiency targets; CCT's portfolio performance contributes to these targets.	• Achieved 18.8% and 19.0% reductions in energy and water intensities respectively. • Reductions in intensity figures computed exclude CapitaGreen (under stabilisation) in 2016.

Material Environmental Issues	Performance Indicators	Environmental Performance
Supply Chain Management	• Appoint contractors and service providers who comply with local government and other legal requirements. • All main contractors appointed to be ISO 14001 certified or to comply fully with local environmental laws and regulations, annually audited by an independent accredited assessor.	• Preference is given to ISO 14001-certified vendors and service providers. • All except one cleaning contractor at CCT properties are ISO 14001 certified. • All main contractors appointed are ISO 14001 certified.
Resource Consumption Management	• Meet minimum Green Mark Gold^{PLUS} certification for all new developments. • Achieve Green Mark certification for all CCT properties.	• Green Mark Gold^{PLUS} and above certification for 67% of CCT's certified properties. • Green Mark certification for all CCT properties except Bugis Village (No appropriate criteria under current Green Mark categories).
Environment Management System (EMS)	• Attain ISO 14001 certification for its EMS. • Ensure risk management of environmental aspects and impacts.	• Retained ISO 14001 certification. • No environmental non-compliance or occurrence of significant spills.
Stakeholder Engagement	Organise and participate in environmental activities to promote awareness and encourage green behaviour among stakeholder groups including employees.	Outreach activities included: • World Wide Fund for Nature's (WWF) annual Earth Hour and Urban Redevelopment Authority's (URA's) "Switch Off, Turn Up" campaign for the i Light Marina Bay festival held in March 2016 – switching off non-essential lights at all properties. • E-waste Recycling and Collection drive in partnership with Cimelia Resources Recovery. • Eco Race 2016 – promotes environmental awareness in an "Amazing Race" style event (refer to page 70 for details).

Tracking Our Environmental Footprint

Every employee is involved in reducing our impact on the environment and highlighting environmental issues including instances of non-compliance and complaints. The EMS, together with the Occupational Health and Safety Management System (OHSMS), are integrated as CapitaLand's Environmental Health and Safety Management System (EHSMS), externally audited and benchmarked to ISO 14001 and OHSAS 18001 standards. CapitaLand's EHS Committee and BU EHS Committees are responsible for driving the EHSMS.

Risk management of environmental aspects and impacts involves identifying and managing significant environmental aspects of our business operations that can potentially have a negative impact on the environment. The EMS provides a systematic approach to assess the significance of each environmental aspect and impact based on factors such as the likelihood of the occurrence, severity of the impact and control measures implemented.

Sustainability Management

CCT commits to minimise impacts such as resource depletion, carbon emissions and waste generation. CapitaLand establishes the environmental targets such as green building rating targets, carbon emissions, energy and water reduction targets, stakeholder engagement activities, while implementing various measures which CCT strives to achieve. Please refer to pages 58 to 59 – Key Performance Indicators for details.

CCT refers to CapitaLand's Sustainable Building Guidelines, for guidance on incorporating environmental considerations throughout all stages of its properties' life cycles. Specifically, the Guidelines emphasise four main goals – reducing carbon footprint and energy consumption, enhancing water management, minimising waste generation and promoting biodiversity – and offer a structured process where the respective persons-in-charge are accountable. A key component of the guidelines is the EIA which is conducted during the feasibility stage of a development project. It identifies environmental threats and opportunities related to the project site and its surroundings, covering areas such as floods, biodiversity, air quality, noise, connectivity, heritage and resources. There are no properties in the portfolio located within protected areas and no material biodiversity risk has been identified. CCT did not undertake any construction or major asset enhancement works in 2016.

Training and Awareness Programmes

Employees attend training and awareness programmes to facilitate effective implementation of CapitaLand's EHSMS. In 2016, employees attended more than 3,650 hours of EHS-related training. New employees are introduced to CapitaLand's EHS policy and EHSMS. Our efforts in addressing environmental issues extend beyond the Trust to our stakeholders. To drive greater awareness on sustainability, we engage with our service providers, tenants and the authorities, thus fostering a strong culture of sustainability aimed at benefiting the environment and the economy.

Measuring our Performance

CCT's properties are closely monitored for energy and water usage, waste generation and carbon emissions via CapitaLand's Environmental Tracking System (ETS). Through the ETS, Property Managers submit monthly data and supporting documentary evidence online. The system's control and monitoring tool allows the Property Managers to conduct analysis against set targets and past trends in order to better gauge consumption patterns and uncover potential areas in which we can augment eco-efficiency.

Energy

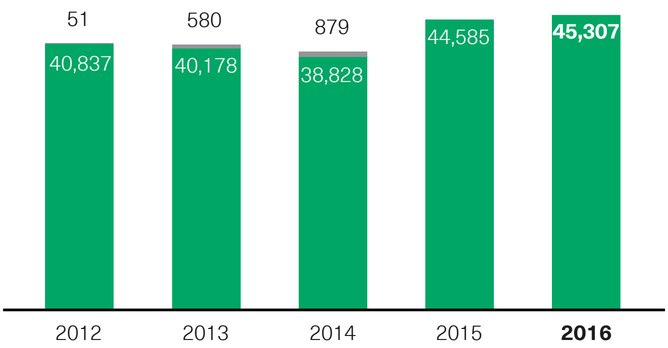
A key objective of the Trust's existing building environmental programmes is to reduce energy consumption. We refer to CapitaLand's long-term target for its portfolio to achieve reduction in energy intensity by 20.0% by 2020 compared to the base year of 2008.

The consumption data is captured for nine of the Trust's properties. The exception is a single-tenanted property where the tenant undertakes the property management of the building and as such we do not have access to the property's performance data. In 2016, a total of 45,307,004 kilowatt hours (kWh) was consumed across the portfolio. Despite the increase in consumption, we were able to achieve a reduction in energy intensity, measured in kWh per m^2 of 18.8% for the portfolio (excluding CapitaGreen) compared to base year 2008. We remain focused on attaining CapitaLand's 2020 eco-efficiency goal.

The Trust diligently ensured that our properties remain relevant and competitive and has embarked on a few major AEIs since inception in 2004. The upgrades to mechanical and electrical equipment, lighting retrofits to more efficient types, introduction of occupancy and daylight sensors as well as adoption of natural ventilation to reduce air-conditioning demands have improved the efficiency of the properties and reduced consumption.

As the buildings become more energy efficient, the reduction in energy intensity inevitably becomes less significant. While CCT remains committed to achieving reductions in energy intensity, we engage our tenants to encourage them to achieve the GMOI certification. The engagement aims to promote green practices and behaviour in workplaces. Six tenants received GMOI awards in 2016. CCT also supported two community efforts to create awareness on climate change and energy reduction by switching off all non-essential lights at all its properties – specifically on 19 March 2016 to support WWF's annual Earth Hour campaign and from 4 to 27 March 2016 in response to URA's "Switch Off, Turn Up" campaign for the i Light Marina Bay festival.

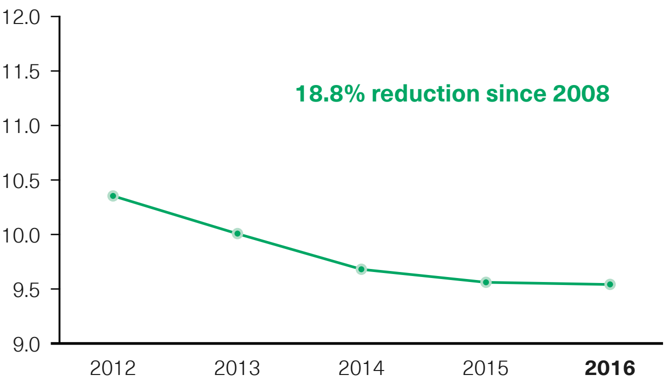
Electricity Usage YoY
('000 kWh)



Operational properties
2012 cumulative GFA: 3,942,926 sqm
2013 cumulative GFA: 4,013,180 sqm
2014 cumulative GFA: 4,013,180 sqm
2015 cumulative GFA: 4,997,217 sqm (includes CapitaGreen)
2016 cumulative GFA: 4,997,217 sqm (includes CapitaGreen)
CapitaGreen (under construction)

Energy Intensity[1]
(kWh/m²/month)

2008 as the base year



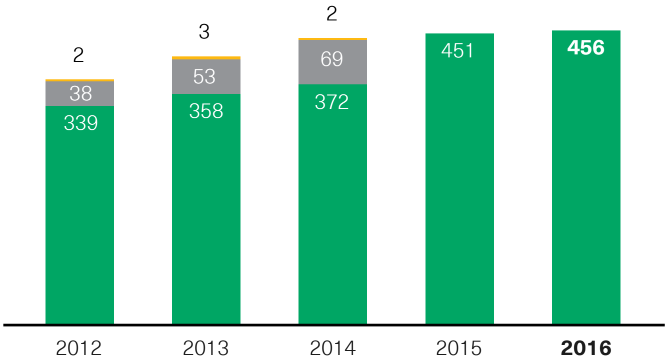
Water

CCT supports CapitaLand's long-term target for its portfolio to achieve reduction in water intensity by 20.0% by 2020 from the base year 2008.

The main water source for CCT's portfolio is from PUB, Singapore's national water agency. In 2016, CCT's total water consumption (including recycled water) amounted to 455,685m³ from nine of the properties, the exception being a single-tenanted property as we do not have access to their performance data. To reduce water consumption, we also utilise recycled water (NEWater[2]) in the cooling towers and sprinkler systems at five properties, which accounted for 196,310m³ or about 43% of the total amount of water used in 2016.

Compared to base year 2008, CCT was still able to achieve a reduction in water intensity, measured in m³ per m² of 19.0% in 2016 compared to 20.1% in 2015 (excluding CapitaGreen). The lower reduction in water intensity was due to additional water consumption for Capital Tower resulting from higher building occupancy. Properties with NEWater connection used NEWater in their cooling towers and sprinkler systems. For properties with storage tanks, rainwater is harvested for plant irrigation and hi-jetting car park decks and ramps, amongst other uses. We adopt stringent monitoring of the consumption and water intensity to ensure that fluctuations are duly accounted for and issues promptly addressed.

Total Water Usage YoY (including Recycled Water)
('000 m³)



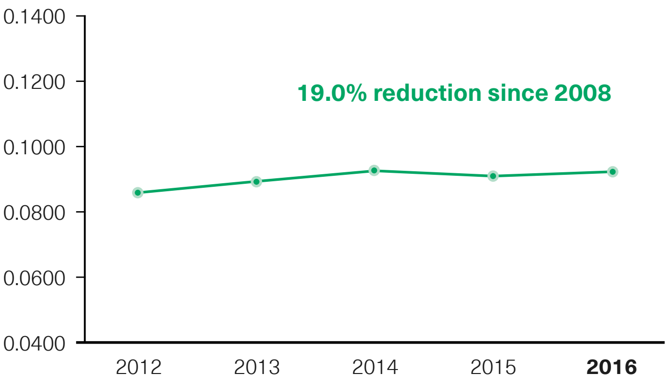
Total Water Usage: Operational Properties
2012 cumulative GFA: 3,942,926 sqm
2013 cumulative GFA: 4,013,180 sqm
2014 cumulative GFA: 4,013,180 sqm
2015 cumulative GFA: 4,997,217 sqm (includes CapitaGreen)
2016 cumulative GFA: 4,997,217 sqm (includes CapitaGreen)
Water: CapitaGreen (under construction)
Recycled Water: CapitaGreen (under construction)

1 Excludes CapitaGreen which was under stabilisation in 2016.
2 Treated waste water produced by PUB which has been purified using advanced membrane technologies and ultraviolet disinfection.

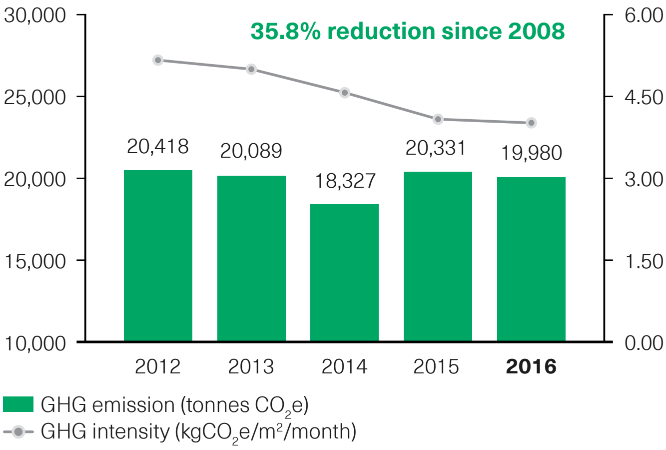
Sustainability Management

Water Intensity[1]

(m³/m²/month)



Total Carbon Emissions



Carbon Emissions

CCT seeks to lower energy usage and carbon footprint across its business operations to address climate change risk. Greenhouse gas emissions (GHG) stem largely from the operational properties and minimising energy consumption is therefore key to controlling emissions. Scope 2 emissions from purchased electricity consumption registered 19,980[2] tonnes in 2016. Scope 3 emissions from business travel by air by CCT employees was insignificant, contributing less than 0.5% of total emissions.

Emission intensity for operational properties continues to improve with a 35.8% reduction since 2008. In addition to our own efforts to lower energy consumption, we encourage the working community in our properties to use more environmentally-friendly modes of transport such as bicycles and green cars to lower the carbon footprint. Bicycle bays and green lots with charging stations were provided in our buildings. Most of our properties also have easy access to public transport modes such as MRT stations and bus stops, providing convenience of connectivity.

Waste Management

CCT is committed to managing the waste generated at its properties. As data is not available for all properties due to local supply chain issues, we only consolidated waste data for seven of the 10 operational properties in 2016. The collection and disposal of waste at the seven properties are being carried out by licensed contractors such as SembWaste.

2016 recorded 3,026.5 tonnes of non-recyclable waste and 80.7 tonnes of recyclable waste collected. Recyclable waste comprised 60.0 tonnes of paper, 2.2 tonnes of plastic, 1.3 tonnes of metal and 17.2 tonnes of other materials. Other materials comprise predominantly glass bottles contributed by a tenant. At CCT, we encourage and support our stakeholders' waste recycling efforts, with recycling bins placed throughout our operational properties.

For the first time, CCT embarked on an electronic waste (e-waste) collection and recycling programme which ran from 15 August to 31 December 2016. Partnering Cimelia Resources Recovery, this initiative was launched at eight of our properties to encourage tenants to safely dispose their personal and corporate e-waste. Awareness about e-waste collection and recycling was further generated with Cimelia's participation in a booth at CCT Eco Race 2016, an event that promotes sustainability, healthy living and philanthropy, held on 27 August 2016. This collection and recycling initiative will continue in 2017.

The total e-waste collected during the four and a half months period was 7,033 kilogrammes. This effort contributed to the overall donation by CHF to STSPMF, the adopted charity for 2016.

1 Excludes CapitaGreen which was under stabilisation in 2016.
2 This is computed from purchased electricity under Scope 2 as defined by the Greenhouse Gas (GHG) protocol and using Singapore's CO_2 emission factor retrieved from the IEA Statistics – CO_2 emission factors from fuel combustion 2016 edition.

Resource Consumption Management

Constructing, operating and maintaining green-rated buildings is significantly more resource efficient than non-green-rated developments and the targets set for such buildings ensure we are effective in managing our resource consumption. CCT uses BCA's Green Mark certification as the benchmark standard as CCT's portfolio resides in Singapore. For development work, CCT relies on CapitaLand who leverages Building Information Modelling (BIM) technology to improve the design and construction process while saving construction time and minimising material wastage through more integrated project coordination.

CCT adheres to CapitaLand's commitment to achieve minimum Green Mark certification for its existing portfolio in Singapore by 2020. To date, all the Trust's eligible properties have received at least a Green Mark certification, and six out of nine of our properties achieved at least Green Mark Gold^{PLUS} status. We are committed to re-certify all eligible properties in the portfolio and raise the bar when the opportunity arises. In 2016, CCT successfully upgraded the certifications for Six Battery Road Tenant Service Centre under the Green Mark for Office Interior scheme from Gold^{PLUS} to Platinum.

Embracing A Friendly Built Environment

CCT's buildings adhere to CapitaLand's commitment towards universal design, which is to ensure our buildings are safe, accessible and vibrant for users regardless of age and varying physical abilities. Its social integration criteria include (1) ensuring accessibility in the built environment for people of different age groups and varying mobility; (2) connectivity to public transport, roads, amenities and between buildings; and (3) providing community spaces as public gathering points. These criteria are in CapitaLand's Sustainable Building Guidelines to ensure that they are considered from the start of the project.

One of CCT's buildings, CapitaGreen received BCA's Universal Design Mark Gold^{PLUS} (design) award in 2013. The award was successfully upgraded to Platinum in 2016. This is a testament of our efforts to incorporate all inclusive and barrier-free features into our buildings, even during the design stage. Nine properties in CCT's portfolio have at least one disability access enabled facility. These facilities include underground pedestrian networks, sheltered and barrier-free drop-off areas, accessible parking lots and close proximity to both public transport and amenities. The Trust's portfolio of quality commercial buildings are well located in Singapore's Central Area with eight of them within the CBD. The portfolio enjoys convenient access to public transport hubs such as MRT stations, bus stops and taxi stands. We also encourage the use of environmentally friendly transportation modes by providing 191 bicycle bays across our 10 properties as well as green lots and charging stations in five of the properties. At Capital Tower and CapitaGreen, shower facilities are available for CapitaLand employees and tenants who cycle to work. Although communal spaces are not always a feature in office buildings, CCT has urban plazas/open spaces and public artwork display areas in half of the portfolio for the enjoyment of our tenants, employees and visitors to our buildings.

Building Certifications

	Green Mark Award
Capital Tower	Platinum
CapitaGreen	Platinum
Six Battery Road	Platinum
Twenty Anson	Platinum
Six Battery Road Tenant Service Centre (upgraded from Gold^{PLUS})	Platinum (Office Interior)
CapitaGreen Tenant Service Centre	Platinum (Office Interior)
One George Street	Gold^{PLUS}
Golden Shoe Car Park	Gold^{PLUS}
Raffles City Singapore	Gold
Wilkie Edge	Gold
HSBC Building	Certified

Sustainability Management

SOCIAL

Occupational Health and Safety (OHS)

The Manager and Property Managers ensure a safe and healthy environment within our properties for all stakeholders, comprising employees, tenants, supply chain, investors, business partners and the community. An effective OHS management enhances productivity, morale and well-being as risks are monitored systematically. CCT adopts CapitaLand's Occupational Health and Safety Management System (OHSMS) which has received accreditation from the international OHSAS 18001 OHS Management System. The framework involves identifying and reviewing OHS hazards, assessment of their risks, establishing policies and ensuring accountability, developing action plans and engaging stakeholders.

Commitments

- Reduce occupational injury rates with the aim to achieve zero harm.
- Meet or exceed OHS legal requirements.
- Provide a robust OHS Management System.
- Promote a culture of individual ownership and responsibility for OHS management.
- Seek proactive support and participation from stakeholders including top management, employees, contractors, suppliers and tenants.
- Drive continuous improvement in OHS performance.

Accountability

Aside from CCT's top management's commitment to championing OHS, BU CEOs are accountable for their OHS performance, while the OHSAS 18001 OHS Management System secures the accountability of relevant managers and employees.

Approach and Implementation

The OHS Management System is audited annually and sets out to achieve the following:

- Provides assurance to top management and external investors about its legal compliance and alignment with the firm's best practices.
- Covers various business functions such as property management, property development, operations and corporate management.
- Employs Hazards, Identification and Risk Assessments (HIRA) to identify OHS hazards for administration, development and operational functions and assess their risks.
- Adopts various standard operating procedures (SOPs) to minimise the incidence of hazards occuring at the properties.
- Adheres to CapitaLand's Sustainable Building Guidelines – Design for Safety (DfS) to manage health and safety risks throughout the buildings' life cycles, thus improving safety for the buildings' contractors, maintenance teams, building occupants and demolition workers.
- Involves training and awareness programmes for effective implementation to enable employees to create a safe work environment.

Stakeholder Engagement and Safety Performance

Stakeholder	Engagement Channels	Safety Performance
Employees	• OHS key performance indicators are linked to the remuneration of all employees, including top management. • All employees are encouraged to take ownership of OHS issues and be proactive in reporting all OHS-related incidences alongside non-compliance and non-conformities. • The Manager and Property Managers have instituted a series of SOPs to respond to an epidemic outbreak, including a 24 hours emergency response team. The HR department regularly updates employees about medical advice and travel alerts where necessary.	• Achieved absentee rate of 6.9 days. • Work-related injuries stood at two cases. The affected employees have since resumed work after investigations were conducted and follow-up actions included reinforced safety standards and improvements to existing SOPs. • No work-related fatalities were reported. • Employees attended more than 3,650 hours of EHS-related training. • There was no breach of local OHS laws and regulations.
Customers – tenants and visitors to the buildings	• Emergency response procedures are in place to manage OHS risks. • Periodic briefings such as safety talks and emergency evacuation drills are conducted to familiarise them with the response plan. • Timely circulars serve as an effective communication tool to disseminate important information.	• Conducted annual evacuation drills to familiarise tenants on the emergency response plan. • Circulars were issued to inform tenants of precautionary actions to manage the haze and Zika virus threats in August and September respectively.
Supply chain – vendors (term and main contractors), suppliers and service providers	• CapitaLand's contractor management guidelines require vendors, service providers and term contractors to comply with local government and other legal requirements. • Risk assessments need to be submitted if activities contain OHS hazards that may affect employees, tenants or visitors to the buildings. • Share CapitaLand EHS Policy and House Rules with contractors, suppliers and service providers to familiarise them with the safety requirements while working in our properties.	• Preference is given to OHSAS 18001-certified vendors and service providers. • Non-OHSAS 18001-certified vendors and service providers are encouraged to achieve certification of bizSAFE Level 3 and above. • All cleaning contractors at our properties are OHSAS 18001-certified. • 85% of term contractors appointed for the portfolio is minimally bizSAFE Level 3 and above. • Worked with our term contractors to use eco-friendly cleaning and servicing products across our properties.
Community – government/ national agencies and NGOs	• CCT believes a safe built environment and work environment contribute to the general well-being of employees and tenants. • We collaborate with government/ national agencies and NGOs to promote the well-being of our employees and tenants.	• We partnered HPB and Fitness First, a CCT tenant, to bring fitness to tenants at two CCT properties to encourage healthy workplace ecosystems in these buildings. • Weekly one-hour Zumba and BodyCombat classes were held. • The sessions were well received and will continue in 2017.

Sustainability Management

Human Capital

While CCT does not have employees, the Manager and Property Managers manage the property and portfolio operations in Singapore, and are vital to the Trust's success. Leveraging CapitaLand's integrated human capital strategy, CCT recruits, develops and motivates employees by upholding the principles of fair employment.

CapitaLand adheres to the Tripartite Guidelines on Fair Employment Practices conceded by the Singapore National Employers Federation and Council Member, Singapore Business Federation as well as National Trades Union Congress.

Anti-child Labour and Anti-forced Labour

CCT is against any form of coerced labor and discrimination, and adheres to the tenets of global human rights conventions that include the Universal Declaration of Human Rights and the International Labour Organisation (ILO) Conventions. To date, 20 ILO Conventions have been ratified by Singapore, spanning four critical aspects of employment standards: child labour, forced labour, collective bargaining and equal remuneration.

CapitaLand complies with five key principles of fair employment as a signatory of the Employers Pledge with the Tripartite Alliance for Fair Employment Practices:

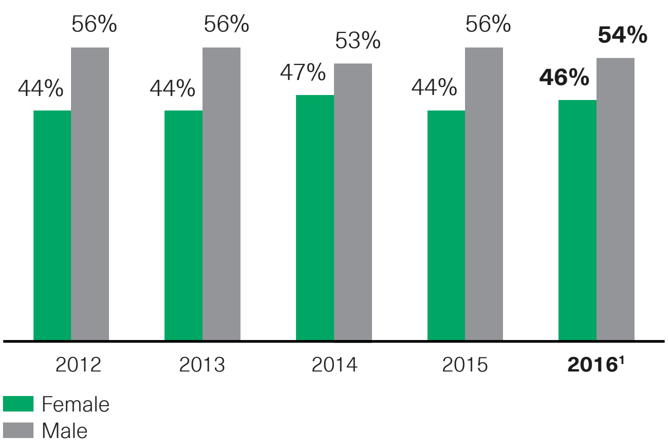
- Recruit and select employees on the basis of merit, such as skills, experience and ability, regardless of age, race, gender, religion or family status.
- Treat employees fairly and with respect and implement progressive human resource management systems.
- Provide employees with equal opportunities 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.
- Abide by labour laws and adopt Tripartite Guidelines which promote fair employment practices.

In 2016, no acts of discrimination or human rights violations were reported.

Fairness and Diversity

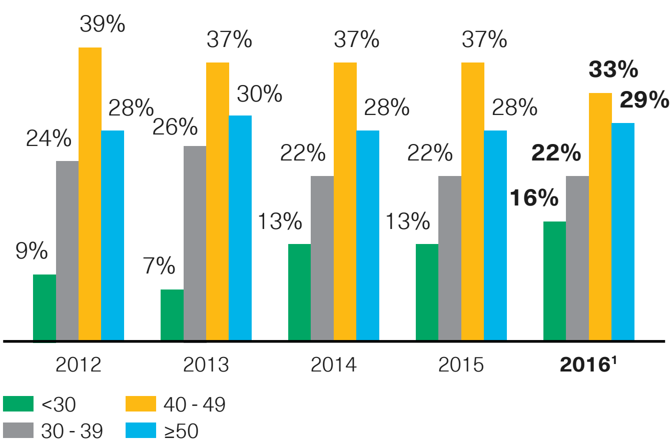
CCT has a performance-oriented culture that values diversity and teamwork in building a workplace of choice. Employees can make strong contributions based solely on their talent, expertise and experience, regardless of age, gender, ethnicity and religion. To draw high-calibre talent, all job opportunities in the Manager and Property Managers are publicly advertised through online job portals and newspapers advertisements, in line with CapitaLand's non-discriminatory employment practices. Merit is the sole criterion for selection. Our hires include fresh graduates, industry veterans and experienced mid-career professionals.

Employee Diversity by Gender
(%)



1 Employee base: 211

Employee Diversity by Age
(%)



1 Employee base: 211

Employee Diversity by Age and Gender

Female

Male

	Female %	Male %
<30	21	11
30 - 39	25	20
40 - 49	34	33
≥50	20	36

In 2016, all CCT's workforce were full-time employees with no personnel under 16 years of age. Over 55% possessed tertiary qualifications and above, while the female-to-male employee ratio was 46:54. The proportion of employees below the age of 30 rose to 16% compared to 13% in 2015. Meanwhile, 55% of the workforce comprised employees between the ages of 30 to 49. Bearing testament to the healthy representation of females in middle and senior management, close to 60% of managers, 67% of the Heads of Departments and the CEO of the Manager are female.

Re-employment Opportunities

We allow employees, with the ability and willingness, to continue their employment beyond the statutory retirement age of 62. While it is legally permitted to reduce the employee's salary upon re-employment, CCT continues to employ them at full pay under our re-employment policy, as companies increasingly shift away from a seniority-based remuneration system for these workers. There is one employee above the retirement age in 2016.

Respect for Freedom of Association

CCT upholds employees' rights to freedom of association, including the right to be trade union members. In permitting employees to be represented by trade unions for collective bargaining, CCT adheres to the Industrial Relations Act. More than half of CCT's employees are union members. Working together in a mutual and cordial relationship, the Trust and the union seek to foster positive work environments and raise productivity. No employee health and safety concerns were raised by the union in 2016.

Talent Management

CCT believes in strengthening employee proficiency and drive personal development. CapitaLand's core values form the foundation for its performance management and talent development programmes, which comprise formal classroom training, job rotation, on-the-job training and mentoring. CCT identifies candidates with the requisite qualities from within and outside the Trust on an annual basis, and evaluates their suitability for key appointments if required, for the immediate, medium or longer term.

Positive Work Environment

CCT maintains employees' high performance by championing their personal development, health and work-life balance. The compensation and benefits programmes include employee engagement initiatives, flexible work arrangements, flexible medical and benefits plans and subsidised employee rates at Ascott's serviced residences. Part-time workers enjoy the same benefits on a pro-rated basis and paid paternity leave is granted to male employees. Out of six female employees who took maternity leave in 2016, five returned to work in the same year.

The Central Provident Fund (CPF) was introduced by the Singapore government to implement savings by salaried workers for retirement. In line with regulations, CapitaLand and its employees make monthly contributions to the employees' CPF accounts.

Fair Remuneration

Fair remuneration is vital for CCT to remain competitive, attract and retain talents, and align employee performance targets with CCT's corporate objectives. CapitaLand engages external consultants to benchmark the Trust's compensation packages across different markets. Beyond base salaries, other components of the compensation packages encompass short-term cash bonuses and long term equity-based reward plans.

Employment contracts with clearly-stated terms and conditions are signed with all employees, who undergo an annual performance review involving an open discussion on the employee's performance, developmental needs, areas for improvement and career planning. Key performance indicators are set for the business and employee development. Employees participate in setting their individual and team level performance goals to clearly define performance and compensation expectations. Supervisors are encouraged to provide regular feedback on employee performance.

CCT complies with the CPF contribution requirements that form part of employees' compensation and adopts a flexible benefits scheme, providing employees

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with group medical insurance, personal accident insurance, health screenings and complimentary flu vaccinations.

2016 employee turnover was lower at 11.8% compared to 15.4% in 2015. A minimum of one month's notice is required for any employee resignation.

Learning and Development

CCT advocates developing the full potential of our employees. The senior management, comprising the CEO and Heads of Departments, meet to identify and manage learning and developmental needs, career planning and HR concerns. Suitable training is extended to employees to enable them to perform at optimal levels. Employees' training and development needs are determined at annual performance assessments with their immediate superior and the HR team.

CapitaLand channels up to 3% of its annual wage bill towards learning and development programmes for employees. Employees can participate in certified skills training programmes, personal development courses and participation in industry seminars and conferences. They may apply for a maximum of 10 days of paid leave annually for examinations supported by the company. CapitaLand's in-house training hub, CapitaLand Institute of Management and Business (CLIMB), also meets employees' training and development needs.

The average number of training hours per employee stood at 46.1 hours in 2016, with all employees completing at least one learning session during the year.

Employee Engagement

CCT supports opportunities for management-employee engagements to foster a vibrant and productive workforce. Employees can highlight issues or share suggestions with HR or management through various communication channels. The staff communication session is one platform for BUs and CCT's CEO and management team to update employees on the Trust's business results and operational performance, while addressing any work concerns. Another platform is the CapitaLand intranet which updates employees on the Group's latest developments, encompassing information on employment, benefits, corporate governance and ethics.

Employee engagement activities for the year ranged from staff communication sessions, CEO chat sessions, focus group discussions, team building activities, learning tea sessions and events organised by the BU Recreation Club and HR department. Some of the programmes that were well received by employees in 2016 included lunchtime talks, monthly chat-and-eat sessions on Fridays, property tours of our newly completed developments and after-work fitness classes.

A biennial CapitaLand Employee Engagement Survey (EES) was conducted in October 2015 by an independent consultancy.

The survey drew a 95.4% response rate from 328 employees – an increase from 2012. Our engagement score is within the industry norms for the global real estate, property management and asset management sectors.

Areas for improvement and those that performed well, were identified and focus group discussions were held to revalidate survey responses in the areas of leader effectiveness, performance management and career development. CapitaLand Singapore shared the survey findings and implementation plans proposed by EES focus groups populated by selected employees via a post-EES results session.

In 2016, efforts were made to improve communication of important decisions by senior management, setting of clearer department and individual performance targets and identifying employee training for future needs.

Community

CHF is the philanthropic arm of CapitaLand and supports the needs of underprivileged children. CCT collaborates with CHF in corporate philanthropy where employees volunteer in community development initiatives and engagement activities which raise funds for underprivileged youths and children. While ensuring sustainable business practices across our buildings, the Trust drives stakeholder awareness of community and sustainability via various activities and communication channels.

Volunteerism and Donations

CapitaLand employees are encouraged to volunteer for community service projects through special schemes including Volunteer Service Leave (VSL) of up to three days, Volunteer No Pay Leave and Volunteer Part-Time

Work Arrangement. The latter two allow employees engaged in CapitaLand's community development projects to spend longer periods away from the office. For employees who use the full three days of VSL, CHF will donate S$500 to a registered Singapore-based children's charity of their choice.

Over the years, CCT employees have demonstrated a humanitarian spirit by volunteering their time for community development projects. In 2016, 7.6% of CCT employees engaged in such activities including Gifts of Joy, putting in about 158 volunteering hours. The commitment level varies with the number of activities held each year, the length of time involved for each event and when they are held. We encourage our employees to utilise the VSL and participate when opportunities arise.

Stakeholder Engagement

During the year, CCT expanded its programmes and activities to include a wider stakeholder group and to fulfill multiple objectives covering knowledge sharing, raising awareness of sustainability and technological trends, healthy living, volunteerism, charity and enhanced customer service.

In 2016, CCT employed a philanthropic approach in its stakeholder engagements to raise funds for its adopted charity, STSPMF, in partnership with CHF. A total of S$48,300 was donated to STSPMF resulting from the participation and contributions of CHF, tenants and CapitaLand employees.

Engagement Activities

Stakeholders Involved		Objectives Met		
Employees	Supply chain	Knowledge sharing and promoting awareness	Volunteerism	Enhanced customer experience
Customers - tenants	Community, government/ national agencies/NGOs	Healthy living	Charity	

Initiatives	Stakeholders Involved: Employees	Customers - tenants	Supply chain	Community, government/ national agencies/NGOs	Objectives Met: Knowledge sharing and promoting awareness	Healthy living	Volunteerism	Charity	Enhanced customer experience
Eco Race 2016	✓	✓	✓	✓	✓	✓		✓	✓
Gifts of Joy	✓	✓		✓			✓	✓	✓
Tenants' Treats		✓	✓	✓					✓
Lease Anniversary Gifts		✓	✓						✓
HPB's Healthy Workplace Ecosystem	✓	✓		✓		✓			✓
CEO Breakfast Talk		✓			✓				✓
Earth Hour		✓		✓	✓				
E-waste Collection and Management	✓	✓	✓		✓			✓	
Green Journey Talk		✓		✓	✓				✓
Just Use	✓	✓	✓		✓				✓
Coworking		✓							✓

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CCT Eco Race 2016: One event. Multiple scores.

Held on 27 August, the fourth edition of CCT Eco Race grew in scale. Themed *Go Green, Be Fit,* the race had eight checkpoints around Singapore's CBD and various challenges that promoted awareness of sustainability issues. A carnival was added to the event where sponsors/partners with sustainable focus shared healthier food options and raised awareness of the e-waste recycling process. There was also a charity booth for the adoption of the Blue Boy coin banks in support of STSPMF.

30% jump in participation to over **370**

Raised a total of **S$27,120** for STSPMF

"The CCT Eco Race is a useful platform to engage office occupants on green buildings and green living in an interactive and informative way. This initiative is also in line with BCA's efforts under the 3rd Green Building Masterplan to reach out to building tenants and occupants and get them to come on board the green building movement."

Dr John Keung
Chief Executive Officer,
Building and Construction Authority

"CCT is committed to promoting the benefits of active, healthy and sustainable living among our tenant community. We also provide opportunities for our busy tenants to engage with and give back to the community in practical, meaningful ways. Partnering The Straits Times School Pocket Money Fund (STSPMF) for the CCT Eco Race in August through to Gifts of Joy in December enables us to synergise our corporate giving efforts to create a bigger impact for children from underprivileged families."

Ms Lynette Leong
Chief Executive Officer,
CapitaLand Commercial Trust Management Limited

Gifts of Joy: The Spirit of Giving Never Stops

Since 2013, Gifts of Joy has been promoting acts of kindness and compassion among CCT's tenants and employees during the Christmas period. Held over three days in December 2016, tenant and employee volunteers gathered together to wrap gifts donated by tenants and delivered them to the beneficiaries. Employee volunteers contributed to the volunteering hours through this annual initiative which will continue in 2017.

16% increase in gifts to **673**

50% increase in volunteers to **180**

"TSMP has supported the Gifts of Joy initiative since CCT first started this good cause by donating presents. In 2016, TSMP lawyers and staff were delighted to also contribute our time, joining hands with CCT as part of the two days we commit annually to volunteer with charitable organisations. Our team was very blessed to have been given this opportunity and we are encouraged to partner with CCT whose values so closely dovetail with ours."

Stefanie Yuen Thio
Joint Managing Director of TSMP Law Corporation at Six Battery Road

"I would like to thank CCT for organising Gifts of Joy, for allowing me a chance to give. It is a wonderful and meaningful activity, one that I look forward to annually close to Christmas."

Nelly Ng
a tenant at Six Battery Road

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Growing Partnership

Green Journey Talk 2016: Partnering Tenants in Greening Offices

On 27 May 2016, CCT tenants, CBRE Pte. Ltd. and South32, together with CapitaGreen's Tenant Service Centre shared how they greened their office spaces and attained the Green Mark for Office Interior (GMOI) awards. Green initiatives employed to lower carbon footprint included the installation of eco-efficient equipment and facilities, adopting measures to manage waste and conserve paper use, as well as introducing energy-efficient appliances.

In 2016, six tenants including Twitter Singapore Pte Ltd, CBRE Pte. Ltd., Lloyds TSB Merchant Bank Ltd, BHP Billiton Singapore (South 32), Schroder Investment Management (Singapore) Ltd. and CapitaLand Limited received GMOI awards.

"CapitaLand has been extremely supportive of CBRE's green journey. After upgrading Six Battery Road three years ago with energy-efficient features, it has paved the way for CBRE to secure the award – a crucial step in reducing the impact of building operations on the environment and creating positive effects in communities where we live and work."

Mr Garth Chapman
Senior Director, Project Management, South East Asia, CBRE

Earth Hour: Partnering tenants to encourage green behaviour
CCT is an ardent supporter of WWF's annual Earth Hour. In an effort to raise awareness of the impact of climate change and encourage sustainable behaviour, CCT's retail tenants supported by giving special discounts to customers for green acts such as bringing their own cups or lunch boxes for takeaways. Such practices aimed to reduce unnecessary wastage and promote a shared responsibility of environmental issues. Tenant partners including Joe & Dough, Grain Traders, H.O.T. and SaladStop! supported the event.

HPB's Healthy Workplace Ecosystem: Partnering HPB and tenant to promote well-being
CCT partnered the HPB and Fitness First to offer our tenants free workout sessions from September to December 2016 at Capital Tower and Twenty Anson. The weekly sessions, comprising activities such as BodyCombat and Zumba, were conducted by Fitness First trainers.

Tenant Engagement Programmes: Building Sustainable Relationships

Tenant Treats

In May, we distributed Häagen-Dazs ice-cream which was ordered from our tenant, General Mills. In November, we delivered Magnolia yoghurt drinks in response to feedback gathered in May. At the same time, we conducted a mini quiz and survey where participants who answered three questions correctly were entered into a lucky draw. Tenants enjoyed the treats.

"When Tenants' Treats roll by, it's great to see smiling faces all across the entrance lobby, bonding over a simple yummy treat. Suddenly, we feel like one big family."

Louisa Tan
a tenant at Capital Tower

"Awesome initiative that promotes social cohesion and raises interest among the stakeholders that are in the property."

Edwin Choo
a tenant at Raffles City Tower

Lease Anniversary Gifts

CCT presented tenants with CapitaLand Orchid Kebaya frames and Fairmont hampers to mark the anniversary of their leases. Such opportunities allow the CEO to show our appreciation and keep in touch with tenants as well as strengthen relationships. This is an ongoing initiative and will continue in 2017.

CEO Breakfast Talk

Held in November 2016, the event features speakers from our tenants including Accenture, Amazon Web Services and HSBC on current trending topics. It is an initiative that is targeted at the C-suites to keep them engaged as a stakeholder.

"Very informative, excellent speaker and panel participants. Many thanks for organising this."

Philip Hurley
a tenant at One George Street

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Just Use and Coworking: Keeping Pace With New Innovations, New Concepts

In a biennial customer survey conducted in 2015 by The Nielsen Company (Singapore) Pte Ltd (Nielsen) to gauge customer satisfaction across CCT's properties, the Trust attained an eQ Index of 77 out of a total of 100. This is above the industry average of 73 and marks an improvement from the score of 75 two years before.

Aimed at enhancing CCT's assets and customer experience through continuous improvement, service innovation and technology, the 2015 survey included forward-looking questions in addition to queries on CCT's performance in hygiene factors such as building attributes, building services and service delivery.

While the results revealed that tenants were satisfied with CCT's buildings, there were areas of improvement required for maintenance, security and access, signage and communications. The Property Managers have since taken actions and responded accordingly. Some of the actions are ongoing while most have been addressed in 2016.

Customers indicated more interest in two value-adding concepts amongst a few concepts proposed in the 2015 survey. The two concepts were further developed with tenants' needs in mind and resulted in Just Use, which was launched as a pilot project in 2016; and Collective Works Capital Tower, a joint venture between CapitaLand and Collective Works to offer coworking spaces.

Just Use is an online multi-service offering that aggregates the demands of our office community, allowing them convenient access to curated goods and services as well as special bulk discounts. CCT aims to deliver service excellence and build dynamic work communities in our buildings. This service has been rolled out in four CCT buildings, namely, Capital Tower, CapitaGreen, Six Battery Road and One George Street. More than 20% of the community working in the four CCT buildings have signed up for Just Use.

Apart from cost savings from economies of scale, employees of tenants enjoy the convenience of this platform and deem it as an additional perk in addition to their existing employee benefits. Hence, Just Use indirectly helped our tenants to engage their employees. More retailers are partnering Just Use and Just Use's dedicated portal which consists of a ready payment system and functions like inventory tracking makes it effortless for them to come on board.

Coworking has been evolving and gaining popularity in Singapore. CapitaLand has formed a joint venture with Collective Works to establish a coworking space at Capital Tower. CCT, as a progressive landlord, is currently observing the contributions coworking makes to the tenant-ecosystem through the addition of diversity and variety to the tenant mix. We see coworking spaces being complementary to our typical office space and it provides a pipeline of potential tenants should the companies in the coworking space grow in size.

"I enjoy the special tenant privileges on Just Use! Just Use gives us ideas when we need to look for vendors for our company events. In fact, we engaged one of the service providers from Just Use for one of our internal wellness event."

Tan Li Kiang
Corporate Services Manager,
Schroder Investment Management, CapitaGreen

Material Aspects and Boundaries

Material Aspects	Aspect Boundary	DMA Reference
Economic		
Economic performance	CCT	Financial performance (pg 54)
Indirect economic impacts	CCT, community	Environment (pg 63) Community (pg 68-69)
Environmental		
Energy	CCT, supply chain	Environment (pg 58-60)
Water	CCT, supply chain	
Emissions	CCT, supply chain	
Effluents and Waste	CCT, supply chain	
Product and Services	CCT, customers	
Compliance	CCT, investors	
Supplier Environmental Assessment	CCT, supply chain	
Social		
Labour Practices and Decent Work		
Employment	CCT	Human Capital (pg 66-67)
Labour/Management Relations	CCT	Human Capital (pg 67)
Occupational Health and Safety	CCT	OHS (pg 64-65)
Training and Education	CCT	Human Capital (pg 68)
Diversity and Equal Opportunity	CCT	Human Capital (pg 66-67)
Supplier Labour Practices Assessment	CCT, supply chain	OHS (pg 64-65)
Human Rights		
Non-discrimination	CCT	Human Capital (pg 66)
Child Labour	CCT	Human Capital (pg 66)
Forced Compulsory Labour	CCT	Human Capital (pg 66)
Assessment	CCT	OHS (pg 64-65)
Supplier Human Rights Assessment	CCT, supply chain	OHS (pg 64-65)
Human Rights Grievances Mechanisms	CCT	Human Capital (pg 66)
Society		
Anti-corruption	CCT, investors, customers, community	Corporate Governance (pg 44-45, 55)
Compliance	CCT	Corporate Governance (pg 26-45) Human Capital (pg 66)
Product Responsibility		
Customer Health and Safety	CCT, customers, vendors / suppliers and community	Environment (pg 63) OHS (pg 64-65)
Product and Service Labelling	CCT, customers	Community (pg 74)
Marketing Communications	CCT, customers	GRI Index (pg 81)
Customer Privacy	CCT, investors, customers	GRI Index (pg 81)

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GRI Content Index

GRI Indicator	Description	Page Reference and Remarks
General Standard Disclosure		
Strategy and Analysis		
G4-1	Statement from senior decision-maker	CEO's message (pg 52)
G4-2	Description of key impacts, risks, and opportunities	Corporate Governance (pg 26-45, 55) Enterprise Risk Management (pg 47-49) Environment (pg 58-60) OHS (pg 64) Community (pg 68-69)
Organisation Profile		
G4-3	Organisation's name	Corporate Profile (inside front cover (IFC))
G4-4	Primary brands, products, and services	Corporate Profile (IFC)
G4-5	Location of the organisation's headquarters	Corporate Information (inside back cover)
G4-6	Countries of operation	Corporate Profile (IFC)
G4-7	Nature of ownership and legal form	Corporate Profile (IFC)
G4-8	Markets served	Corporate Profile (IFC)
G4-9	Scale of the organisation	Corporate Profile (IFC)
G4-10	Workforce figures	Human Capital (pg 66-67)
G4-11	Percentage of total employees covered by collective bargaining agreements	Human Capital (pg 67)
G4-12	Organisation's supply chain	Stakeholder Engagement (pg 56-57) Environment (pg 59) OHS (pg 65)
G4-13	Significant changes during the reporting period	CEO's message (pg 52) Introduction (pg 53)
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation	Environment (pg 58-60, 63)
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes	Introduction (pg 53) Corporate Governance (pg 27) Human Capital (pg 66)

GRI Content Index

GRI Indicator	Description	Page Reference and Remarks
General Standard Disclosure		
Organisation Profile		
G4-16	Memberships of associations and national or international advocacy organisations	Member, Investor Relations Professional Association (Singapore) (IRPAS) Member, REIT Association of Singapore (REITAS) Member, Financial Industry Disputes Resolution Centre Ltd (FIDReC) Corporate Governance (pg 55)
Identified Material Aspects and Boundaries		
G4-17	Entities included in the organisation's consolidated financial statements	Introduction (pg 53)
G4-18	Process for defining the report content and the aspect boundaries	Introduction (pg 53) Materiality (pg 54)
G4-19	Material aspects identified in the process for defining report content	Material Aspects and Boundaries (pg 75)
G4-20	Aspect boundary within the organisation	Material Aspects and Boundaries (pg 75)
G4-21	Aspect boundary outside the organisation	Material Aspects and Boundaries (pg 75)
G4-22	Effect of any restatements of information provided in previous reports	There are no restatements
G4-23	Significant changes from previous reports in the scope and aspect boundaries	There are no significant changes from previous reports.
Stakeholder Engagement		
G4-24	List of stakeholder groups	Stakeholder Engagement (pg 56-57) OHS (pg 65) Human Capital (pg 68) Community (pg 69)
G4-25	Identification and selection of stakeholders	Stakeholder Engagement (pg 56-57) OHS (pg 65) Human Capital (pg 68) Community (pg 69)

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GRI Content Index

GRI Indicator		Description	Page Reference and Remarks
General Standard Disclosure			
Stakeholder Engagement			
G4-26		Approaches to stakeholder engagement	Stakeholder Engagement (pg 56-57) Environment (pg 59) OHS (pg 65) Human Capital (pg 68) Community (pg 69)
G4-27		Key topics and concerns raised through stakeholder engagement	Stakeholder Engagement (pg 56-57) OHS (pg 65) Human Capital (pg 68) Community (pg 69)
G4-28		Reporting period	Introduction (pg 53)
G4-29		Date of previous report	FY 1 January to 31 December 2015
G4-30		Reporting cycle	Introduction (pg 53)
G4-31		Contact point	Introduction (pg 53)
G4-32		GRI Content Index	GRI Index (pg 75-81)
G4-33		Assurance	No external assurance Introduction (pg 53)
Governance			
G4-34		Governance structure	Corporate Governance (pg 26-45)
Ethics and Integrity			
G4-56		Organisation's values, principles, standards and norms of behaviour	Corporate Profile (IFC) Corporate Governance (pg 26-45) Enterprise Risk Management (pg 47-49) Introduction (pg 53-54)
Specific Standard Disclosures			
Economic			
Economic Performance	G4-EC1	Direct economic value generated and distributed	Financial Highlights (pg 03-05) Financial Review (pg 89-95) Financial Statements (pg 120-188)
Market Presence	G4-EC6	Proportion of senior management hired from local community	100%
Indirect Economic Impacts	G4-EC7	Development and impact of infrastructure investments and services supported	Introduction (pg 53) Environment (pg 63) Community (pg 70-74)
	G4-EC8	Extent of impacts	

GRI Content Index

GRI Indicator		Description	Page Reference and Remarks
Specific Standard Disclosures			
Environmental			
Energy	G4-EN3	Energy consumption within the organisation	Environment (pg 60-61)
	G4-EN4	Energy consumption outside of the organisation	There is no development work for CCT in FY 2016. The most recently completed development project was CapitaGreen (obtained TOP in December 2014).
	G4-EN5	Energy intensity	Environment (pg 61)
	G4-EN6	Reduction of energy consumption	Environment (pg 60)
	G4-EN7	Reductions in energy requirements of products and services	Environment (pg 60)
Water	G4-EN8	Total water consumption	Environment (pg 61)
	G4-EN9	Water sources significantly affected by withdrawal of water	None during the reporting period. There is no development work for CCT in FY 2016. Environment (pg 61)
	G4-EN10	Water recycled and reused	Environment (pg 61)
Biodiversity	G4-EN11	Protected areas or areas of high biodiversity	None during the reporting period. There is no development work for CCT in FY 2016. Environment (pg 59-60)
	G4-EN12	Impact on biodiversity	
	G4-EN14	Endangered species effected	
Emissions	G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Environment (pg 62)
	G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3)	Environment (pg 62)
	G4-EN18	Greenhouse gas (GHG) emissions intensity	Environment (pg 62)
	G4-EN19	Reduction of greenhouse gas (GHG) emissions	Environment (pg 62)
Effluents and Waste	G4-EN22	Total water discharge by quality and destination	Wastewater is discharged into the public sewerage system or sewage treatment plant.
	G4-EN23	Waste management	Environment (pg 62)
	G4-EN24	Significant spills	None during the reporting period. Environment (pg 59)
	G4-EN26	Discharge and runoffs affecting protected water bodies	None during the reporting period. Waste water is discharged into the public sewerage system or sewage treatment plant.
Products and Services	G4-EN27	Initiatives to mitigate environmental impacts of products	Environment (pg 58-63)

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GRI Content Index

GRI Indicator		Description	Page Reference and Remarks
Specific Standard Disclosures			
Environmental			
Compliance	G4-EN29	Fines and non-monetary sanctions for non-compliance with environmental laws and regulations	Environment (pg 59)
Supplier Environmental Assessment	G4-EN32	% of new suppliers screened using environmental criteria	Environment (pg 59)
Social			
Labour Practices and Decent Work			
Employment	G4-LA1	Employee turnover	Human Capital (pg 68)
	G4-LA3	Return to work and retention rates after parental leave	Human Capital (pg 67)
Labour/Management Relations	G4-LA4	Notice period regarding operation changes	Human Capital (pg 68)
Occupational/Health and Safety	G4-LA5	% of staff represented in OHS committee	OHS (pg 64-65)
	G4-LA6	Occupational injury	OHS (pg 65)
Training and Education	G4-LA9	Average hours of training	Human Capital (pg 68)
	G4-LA10	Skills management and lifelong learning	Human Capital (pg 67-68) Environment (pg 60)
	G4-LA11	Performance and career development reviews	Human Capital (pg 67-68)
Diversity and Equal Opportunity	G4-LA12	Diversity	Human Capital (pg 66-67)
Supplier Labour Practices Assessment	G4-LA14	% of suppliers screened using labour practices criteria	OHS (pg 65)
Human Rights			
Non-discrimination	G4-HR3	Incidents of discrimination and corrective action taken	Human Capital (pg 66)
Child Labour	G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labour and measures taken to the effective abolition of child labour	OHS (pg 65) Human Capital (pg 66)
Forced or Compulsory Labour	G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures taken to eliminate it	OHS (pg 65) Human Capital (pg 66)

GRI Content Index

GRI Indicator		Description	Page Reference and Remarks
Specific Standard Disclosures			
Social			
Human Rights			
Assessment	G4-HR9	% of operations subjected to human rights reviews	OHS (pg 65) Human Capital (pg 67)
Supplier Human Rights Assessment	G4-HR10	% of suppliers screened using human rights criteria	OHS (pg 65)
Human Rights Grievances Mechanisms	G4-HR12	Number of grievances about human rights impacts	Human Capital (pg 66)
Society			
Local Communities	G4-SO1	Operations with local community engagement, impact assessments and development programmes	Stakeholder Engagement (pg 56-57) Environment (pg 59-60) OHS (pg 65) Human Capital (pg 67) Community (pg 68-74)
Anti-corruption	G4-SO2	Risk assessment for corruption	Corporate Governance (pg 44-45) Enterprise Risk Management (pg 47-49)
	G4-SO4	Communication and training on anti-corruption policies and procedures	Corporate Governance (pg 44-45, 55)
	G4-SO5	Incidents and action taken	Corporate Governance (pg 55)
Compliance	G4-SO8	Fines and non-monetary sanctions for non-compliance with laws and regulations	There were no fines or non-monetary sanctions for non-compliance with laws and regulations. OHS (pg 65) Human Capital (pg 66-67)
Product Responsibility			
Customer Health and Safety	G4-PR1	Health and safety impacts assessment of products and services	Environment (pg 63) OHS (pg 64)
	G4-PR2	Incidents of non-compliance	OHS (pg 65)
Product and Service Labelling	G4-PR5	Results of surveys measuring customer satisfaction	Community (pg 74)
Marketing Communications	G4-PR7	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	There were no incidents in CCT of non-compliance with regulations and voluntary codes concerning marketing communications, which include advertising, promotion and sponsorship during the reporting period.
Customer Privacy	G4-PR8	Substantiated complaints regarding breaches of customer privacy and losses of customer data	There were no known complaints during the reporting period.

Independent Market Review

THE SINGAPORE MARKET

Ministry of Trade and Industry (MTI) reported that Singapore's economy grew by 2.9% YoY in 4Q 2016. Expansion in 4Q 2016 was mainly supported by the manufacturing sector (growth of 11.5% YoY) which benefited from healthy demand for electronics and biomedical manufacturing clusters. This was supported by a recovery in the demand for global semiconductors and output growth in pharmaceuticals and medical technology respectively. The transportation & storage sector posted growth of 5.4% YoY in tandem with the increase in container throughput and volume of containerised cargo handled. Additionally, the information & communications sector reported a modest expansion of 1.4% on the back of rising demand for IT solutions by businesses. The construction sector registered a contraction of 2.8% YoY primarily due to the weakened private sector construction activities. Similarly, the business services sector contracted by 1.9% YoY.

GDP growth for the entire year came in at 2.0%, slightly higher than MTI's earlier announced GDP growth forecast of 1.8%.

While the subdued economic growth continues to weigh down on office demand, the commercial office market is still poised for growth as evidenced by the increase in leasing activity and enquiries in the second half of 2016.

THE OFFICE MARKET

Existing Supply

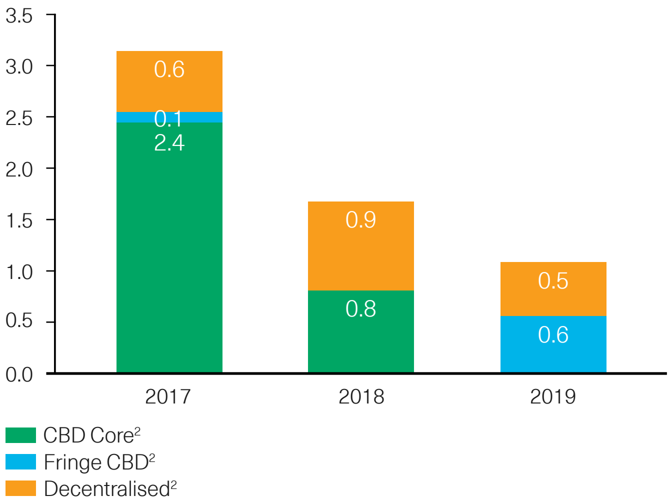
The total island-wide office stock edged up by 2.7% YoY to 57.2 million sq ft in 4Q 2016. This comes after the completion of several major office developments mainly in 2H 2016, including Guoco Tower (890,000 sq ft), DUO Tower (570,475 sq ft) and SBF Center (353,480 sq ft). The 2016 island-wide net new office supply[1] was at 1.5 million sq ft, on par with the 5-year average (2011 to 2015 inclusive) of 1.4 million sq ft.

The CBD Core is the most prominent choice location for office occupiers to house their businesses' front office functions and headquarters. This includes buildings such as CapitaGreen, Six Battery Road and One George Street. The CBD Core's sub-markets, comprising Marina Bay, Raffles Place, Shenton Way and Marina Centre, account for the majority of island-wide office stock (48.2%), yielding 27.6 million sq ft of space as at 4Q 2016. Of the CBD Core stock, 11.8 million sq ft (42.7%) is classified as Grade A office space. Typical premier Grade A office tenants in the CBD Core are in Banking & Finance, Insurance, Information Technology and Legal Services.

Future Supply

Over the next three years from 2017 to 2019, the total known island-wide new office supply is estimated to amount to 5.9 million sq ft. The majority of pipeline supply is located in the CBD Core (54.9%), while the balance 11.1% and 34.0% of new office space stems from the Fringe CBD and Decentralised markets respectively.

Island-wide Future Office Supply
NLA (mil sq ft)



Source: CBRE Research

1 Net new office supply takes into account the sum of new building completions, demolitions and conversions.
2 The CBD Core area comprises the four micro-markets: Raffles Place, Shenton Way, Marina Bay and Marina Bay Centre. The Fringe CBD area includes Tanjong Pagar, Beach Road/City Hall as well as Orchard Road. The Decentralised markets are anchored mainly by clusters of offices in Alexandra/Harbourfront, Western Suburban area and Eastern Suburban area.

New supply of office space slated for completion in 2017 amounts to 3.1 million sq ft, of which, approximately 2.4 million sq ft (77.6%) is located in the CBD Core. The significant volume is attributed to Marina One (1,875,630 sq ft), a landmark development strategically located in the Marina Bay Precinct. Within the Decentralised market, Vision Exchange in Jurong Gateway will add on 500,000 sq ft of office space.

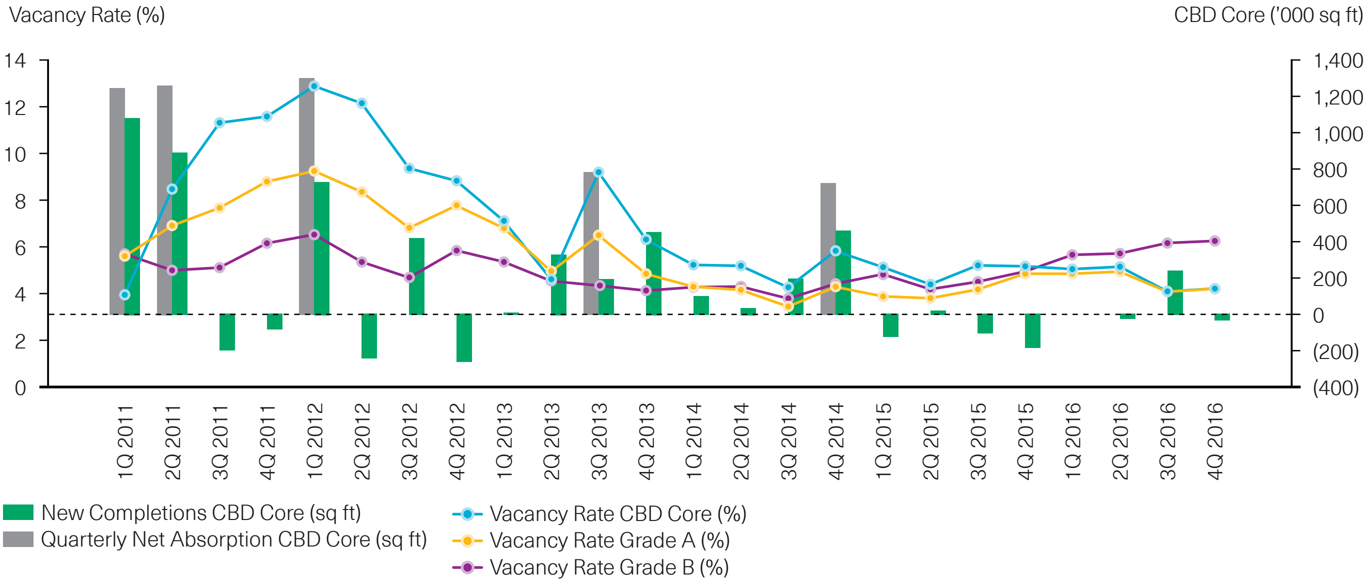
Supply eases in 2018 with 1.7 million sq ft of space coming on stream. This comprises two CBD Core office developments including the redevelopment of Robinson Towers (145,000 sq ft) and Frasers Tower (663,000 sq ft). Separately, Paya Lebar Quarter (872,000 sq ft) contributes to the Decentralised market.

Supply will further moderate in 2019, with the known supply projected to be 1.1 million sq ft. In the Fringe CBD market, the redevelopment of Funan DigitaLife Mall is expected to yield 204,172 sq ft of office space while the new supply in the Decentralised market will be anchored by Woods Square (534,500 sq ft).

In the long term, known new supply post-2019 remains manageable, with major new supply stemming from the Central Boulevard Government Land Sales (GLS) site which is expected to yield approximately 1.1 million sq ft of office space, the potential redevelopment of Golden Shoe Car Park with 1.0 million sq ft of commercial Gross Floor Area (GFA) and the redevelopment of 79 Robinson Road with over 0.5 million sq ft, all of which are projected to enter the market from 2020 and beyond.

Demand & Vacancy

CBD Core Office Supply and Demand



Source: CBRE Research

Despite a challenging start to the year, the CBD Core office net absorption for 2016 totalled 179,484 sq ft, reversing the contraction recorded in 2015. Similarly, the Grade A office net absorption reflected a growth, recording at 113,370 sq ft in 2016, up from 77,438 sq ft in 2015. The overall expansion in 2016 was largely due to relocation activities to higher quality office buildings located in the CBD Core including Marina One[1] which has seen progress in pre-commitment[2] levels. Grade A office buildings continue to attract tenants seeking to maximise office layout efficiencies, with tenant profiles typically comprising, among others, global financial institutions, infocomm media firms and insurance companies.

1 The development is currently under construction and is expected to obtain TOP in 2017.
2 CBRE considers the space absorbed when a unit or building is contractually committed to an occupier.

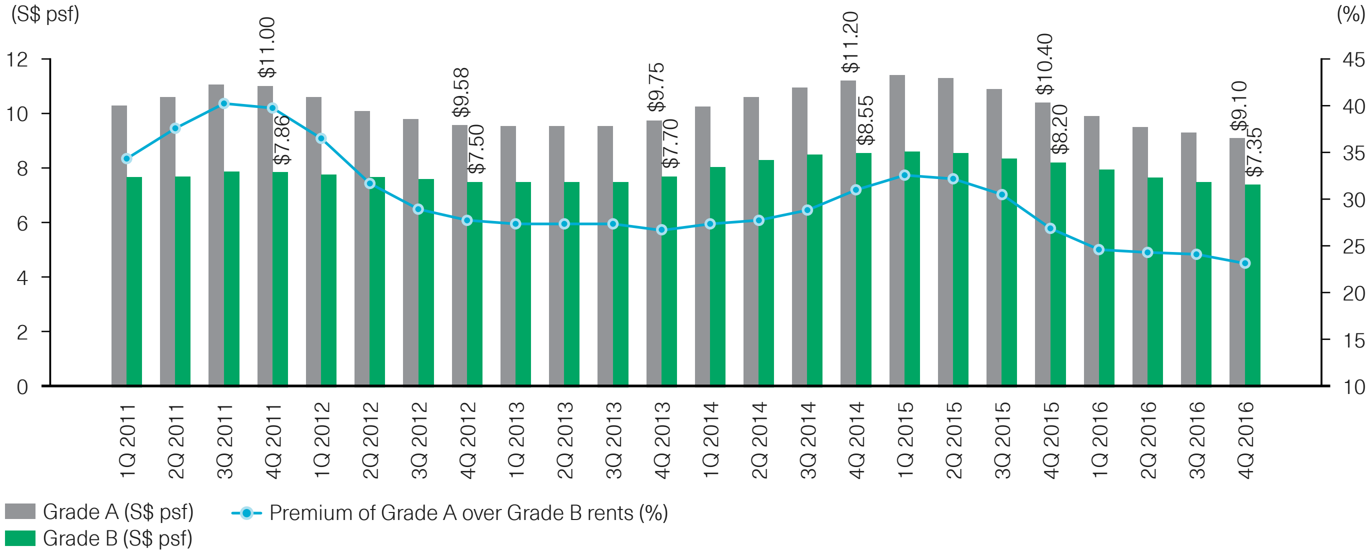
Independent Market Review

Due to the easing of rental levels, occupiers have taken the opportunity to relocate their businesses to better quality buildings with higher specifications and floor-plate efficiencies, giving rise to the "flight-to-quality" trend. Occupier movement was mostly driven by financial services, technology, insurance and diversified businesses. Examples include The Straits Trading Company, ING and Itochu Singapore who have committed office spaces in the recently completed Guoco Tower. The Bank of Tokyo-Mitsubishi UFJ (BTMU) (140,000 sq ft), Julius Baer (104,000 sq ft), PwC (180,000 sq ft) and Facebook (more than 250,000 sq ft) have reportedly signed leases in Marina One, while Prudential is in advanced negotiations for 90,000 sq ft of office space.

Some encouraging signs include the modest YoY tightening in both CBD Core and Grade A vacancy alongside the growth in net absorption. CBD Core vacancy rate of 4.2% was on par with the Grade A vacancy rate, dipping slightly by 0.7% and 1.0% YoY respectively. Vacancy levels are expected to increase in 2017 when the bulk of new office supply enters the market. However, Grade A vacancy may possibly find support from late 2017 if momentum from ongoing pre-commitment activity in upcoming prime offices sustains.

Rental Values

CBD Core Monthly Rental Values



Source: CBRE Research

Singapore's office rental market continues to face downward pressure, with Grade A CBD Core rents and Grade B CBD Core rents registering at S$9.10 psf (12.5% YoY decrease) and S$7.35 psf (10.4% YoY decrease) in 4Q 2016 respectively. This marks a continuation of the rental correction witnessed in 2015 to 2016, since its peak in 1Q 2015. Nevertheless, on a quarterly-basis, the rents are showing possible signs of stabilisation as the rate of decline in 4Q 2016 was similar to 3Q 2016 and appear close to finding support levels. A bright spot presents itself with a number of announced pre-let deals concentrated on new projects, indicating that demand for space in new projects is gaining momentum largely attributed to competitive rents and efficiency gains. Businesses which are focusing on consolidation of operations will continue to benefit from reasonably priced good quality office buildings. This could possibly lead to lower pressure on new projects if pre-commitment momentum sustains.

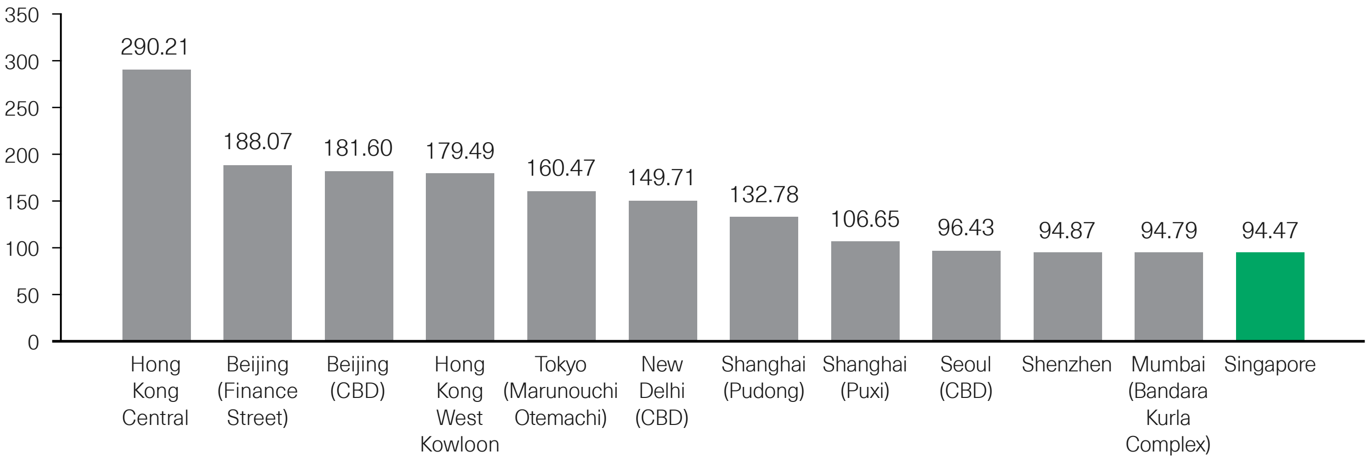
With a high level of anticipated supply coming on line in 2017 particularly in the CBD Core, further downward rental movement is likely to take place in 2017, though potentially at a slower rate.

CBRE Prime Office Occupancy Costs

Global prime office occupancy costs[1] rose by 2.4% despite the slowing economy, indicating that the primary occupiers of prime office space were not adversely impacted by headwinds in the market. Globally, occupancy costs in Europe, the Middle East and Africa (EMEA), Asia Pacific and the Americas registered YoY increases of 2.1% (up from 1.5% in 2015), 2.7% (up from 1.4% in 2015) and 2.3% (down from 2.9% in 2015) respectively.

Singapore ranks 20th and 12th on the Global and Asia Pacific indices of most expensive prime office markets, with an occupancy cost of US$94.47 psf per annum. Hong Kong Central (US$290.21) has overtaken the top place for the world's most expensive office market, displacing London Central West End (US$262.29) which came in at second place. Beijing (Finance Street) and Beijing (CBD) remain unchanged in terms of ranking from the previous survey, at US$188.07 and US$181.60 respectively. In Asia Pacific, prime office occupancy costs grew by 2.7% YoY, largely due to Hong Kong and some Chinese tier-one markets holding firm or witnessing some gains in their prime occupancy costs. However, several key Southeast Asian markets registered slight decreases including Singapore and Jakarta. Asia Pacific was home to 7 markets ranked among the top 10 most expensive globally – Hong Kong Central, Beijing (Finance Street), Beijing (CBD), Hong Kong West Kowloon, Tokyo (Marunouchi/Otemachi), New Delhi (Connaught Place CBD), and Shanghai (Pudong). Despite the slight drop in prime office occupancy costs in Singapore which is in line with the office market's rental decrease, our position within the Asia Pacific region is still well-placed for rental growth in the long-term. Singapore remains an attractive location for businesses from a costs perspective and in light of its strategic location in the heart of Southeast Asia. On a global perspective, Singapore is ranked higher than several key Asian gateway cities including Jakarta (US$71.32) and Taipei (US$65.14), EMEA cities such as Geneva (US$93.64), Dublin (US$80.13) and some cities in the Americas including Washington D.C. (US$88.30) and New York (US$86.08).

Prime Office Occupancy Costs Index (Asia Pacific Top 12 Cities)
(US$ psf per annum)



Source: CBRE Research (as at 2Q 2016)

The Office Investment Market and Capital Values

Foreign interest in the investment market is still healthy as it is backed by the long-term confidence in Singapore. The investment environment has gradually gathered pace in 2016, with the recent interest in prime office assets leading to the office sector standing as the main beneficiary of high investment volumes recorded this year.

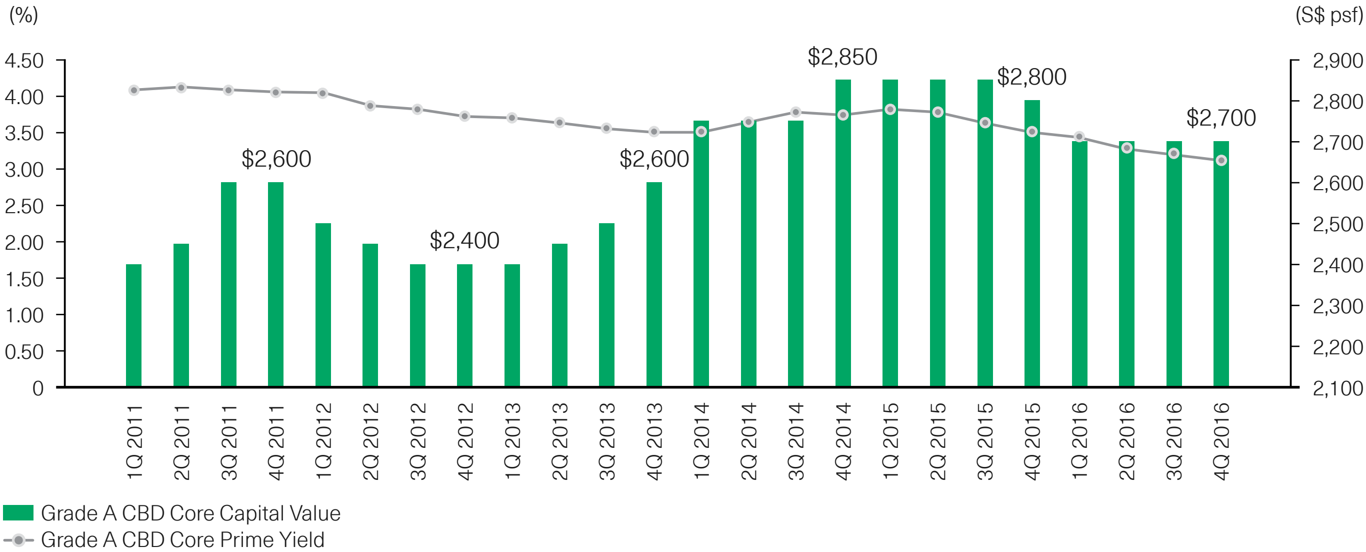
1 Occupancy costs include service charges and taxes and are standardised on a net internal area basis.

Independent Market Review

The total investment volume of private office transactions in 2016 amounted to an estimated S$7.5 billion as compared to 2015's transaction volume of S$3.7 billion. The strong performance in the investment market is attributed to the sale of Asia Square Tower 1 for S$3.4 billion in 2Q 2016 which was touted as the largest single-tower real estate transaction in the Asia Pacific region. Excluding the Asia Square Tower 1 deal, the total investment volume in 2016 would have registered at S$4.1 billion.

Over the year, the market has witnessed several big ticket office deals including the sale of Asia Square Tower 1 to Qatar Investment Authority (QIA) for S$3.4 billion (S$2,720 psf), CapitaLand Commercial Trust's related party acquisition of a 60.0% stake in CapitaGreen for S$960.3 million (S$2,276[1] psf), the purchase of Straits Trading Building for S$560.0 million (S$3,520 psf) by a private investor and the acquisition of Mapletree Business City Phase 1's office component at S$571.9 million (S$1,360 psf) by Mapletree Commercial Trust.

Prime Office Capital Values and Net Yields



Source: CBRE Research

In 4Q 2016, quarterly Grade A office capital value held stable at S$2,700 psf with yield compressing to 3.1% due to rental contractions, a slight dip of 0.4% YoY.

Despite the current market volatility, Singapore's investment market continues to see interest from foreign investors including sources of foreign capital from Qatar, Malaysia, Hong Kong, Switzerland and France.

For 2017, the investment market is expected to stay resilient, following a narrowing price gap between buyers and sellers which may lead to more deals being concluded. Demand for good quality office buildings is expected to remain healthy as investors continue to seek investment opportunities in the Singapore market amid a competitive landscape, due to the market's strong fundamentals. In addition, reasonably priced good quality office deals are relatively scarce in the market.

Office Market Outlook

Singapore's economic outlook for 2017 is modest, with continued challenges in the market likely to stay. Going forward, the economy's muted growth is unlikely to pick up significantly in the coming year, but growth is anticipated to expand at a gradual pace on the back of improved momentum in externally-oriented sectors including the manufacturing and transportation & storage sectors. A silver lining presents itself with crude oil prices starting to display sign of stabilisation. Growth for 2017 is expected to come in between 1.0% and 3.0%.

1 Based on the agreed market value of S$1.6 billion.

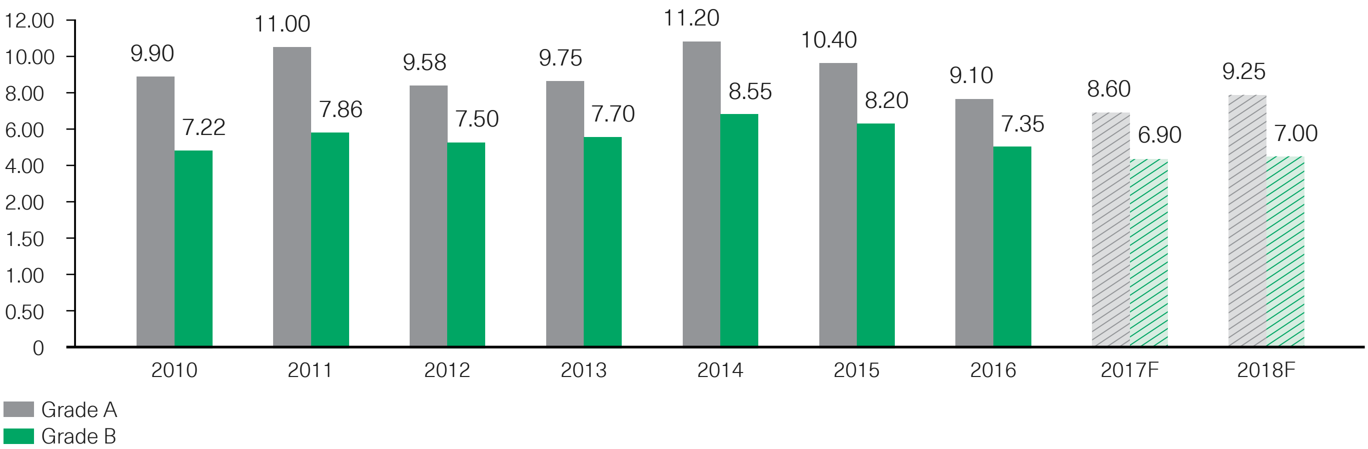
While the dim economic outlook may cloud the office sector and suppress leasing demand, the new supply may benefit from the "flight-to-quality" phenomenon as witnessed in the Grade A CBD Core market and will continue to fuel demand. In addition, favourable tenant market conditions may encourage tenants to lock in early renewals or re-negotiate lease structures at competitive rates.

Going forward, rental is expected to undergo further downward pressure, albeit at a slower pace; Grade A CBD Core monthly rents are forecasted to compress to S$8.60 psf in 2017, but are expected to rebound to S$9.25 psf in 2018. Similarly, Grade B CBD Core monthly rents are expected to decline to S$6.90 psf in 2017 and possibly witness a slight growth to S$7.00 psf in 2018. In the near to medium term, landlords are expected to focus on tenant retention given that the occupier market is characterised by consolidation of business operations rather than expansion. Notwithstanding, the dip in rents which is projected to reach its trough in 2017 may bring about more interest in new office developments, resulting in higher levels of pre-letting commitments due to the favourable lease terms.

Vacancy levels are expected to rise in 2017 with the influx of office supply pipeline entering the market. Nonetheless, as the office supply position in the two- and three-year horizon appears to be manageable, vacancy levels are expected to still remain low.

Barring any unforeseen circumstances, CBRE expects a possible market bottom in 2017 and a more sustained market recovery in 2018.

Projected CBD Core Monthly Rental Values
(S$ psf)



Source: CBRE Research
Note: 2017F and 2018F represent forecasts for the year.

Singapore REITs and Business Trusts Market Overview

Singapore Real Estate Investment Trusts[1] (S-REITs) are managed by REIT managers with the aim of investing in income generating real estate. This allows individual unitholders to access real estate property and share the benefits and risks of owning a portfolio of properties. The investment vehicle is attractive to investors due to the high level of distributable income of at least 90.0% of taxable income and the favourable tax exemption environment.

1 Singapore Exchange defined REITs as funds that invest in a portfolio of income generating real estate assets such as shopping malls, offices or hotels while business trusts are business enterprises set up as trusts, instead of companies. Business trusts are trusts that run and operate like a business enterprise. A business trust is not a separate legal entity. The underlying assets for business trusts could be real estate.

Independent Market Review

The REIT regime in Singapore was established with the objective of providing investors with a platform to gain exposure to real estate assets that allows for diversification of risks through pooling of capital. The first S-REIT listed on the Singapore Exchange (SGX) in July 2002 was CapitaLand Mall Trust. Since then, the number of S-REITs which have launched over the years has grown significantly, indicating S-REIT's popularity as an investment asset class due to its high yielding and recurring passive income. Traditionally, the S-REIT market has been dominated by office and retail REITs, but in recent years, the market has seen a diversification in terms of sector as well as geographical segment, including countries like Australia and People's Republic of China.

The S-REIT market now comprises REITs with portfolios of office, retail, industrial space as well as other non-traditional REIT assets including hospitals, hotels/serviced apartments and data centres. This illustrates that investors' appetite has grown over the years since the debut of the first S-REIT listing and the market has evolved such that investors are willing to explore new sectors.

The S-REIT market currently ranks third in size within the Asia Pacific region, after Japan and Australia. As at 4Q 2016, there were a total of 38 listed REITs and property business trusts in Singapore with an aggregate market capitalisation of about S$72.0 billion. Two major new REIT listings are Manulife US REIT and Frasers Logistics and Industrial Trust, which raised an estimated market capitalisation of US$520.0 million and S$903.0 million respectively, at the point of the IPO debut.

The Monetary Authority of Singapore (MAS) introduced a series of changes to upgrade the regulatory regime governing REITs in 2015, which include strengthening of corporate governance while allowing greater operational flexibility. This has enhanced safeguards for investors and unitholders and improved the sector's attractiveness to investors. The MAS also issued new guidelines on outsourcing risk management to financial institutes (including REIT managers) in July 2016. The guidelines lay out expanded guidance on prudent risk management practices for outsourcing, including cloud services.

There are concerns over the impact of rising interest rates on the performance of REITs, following the Federal Reserve's decision to raise interest rates in end-2015 and more recently, in end-2016. Although rising interest rates lead to increased borrowing and financing costs, there are several other underlying implications of rising interest rates, which are often associated with economic growth and inflation that are generally beneficial for real estate investments. As changes in the level of interest rates are typically reflective of the changes in the economy, the move to raise interest rates echoes the sentiments of confidence in the US economy and possibly the global economy at large. With job growth and an overall economy gaining momentum, business fundamentals could improve and in turn, translate to greater demand for real estate and better occupancy rates, driving the growth for office space. These could possibly boost future REIT earnings and dividends. That said, more REITs have restructured their loan terms from floating to fixed interest rates, thus mitigating against fluctuations in the interest rate environment.

REITs will continue to be a popular investment vehicle attributable to the attractive long-term returns, liquidity, high dividend yields, and its capacity to hedge against inflation. S-REITs are poised to perform well and are opined to be able to withstand gradual interest rate hikes going forward.

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Financial Review

Gross Revenue

Gross revenue for FY 2016 was S$298.6 million, a significant increase of S$25.4 million or 9.3% from S$273.2 million in FY 2015. Most of the increase was attributed to the inclusion of CapitaGreen's revenue from September to December 2016 in CCT's FY 2016 gross revenue compared to FY 2015 where CapitaGreen's revenue was not included.

Net Property Income

Higher gross revenue in turn led to higher net property income (NPI) which grew from S$212.8 million in FY 2015 to S$231.3 million in FY 2016, an increase of S$18.5 million or 8.7%. The increase was largely due to contributions from CapitaGreen.

FY 2016 Gross Revenue by Property

	2015					2016				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Capital Tower	18.1	18.4	17.1	16.9	70.5	16.5	17.1	17.9	18.4	69.9
Six Battery Road	16.8	17.2	17.4	17.3	68.7	17.2	18.0	17.1	17.2	69.5
One George Street	12.9	13.0	13.1	13.0	52.0	13.1	12.3	12.2	12.5	50.1
CapitaGreen (100.0%)	–	–	–	–	–	–	–	7.0[1]	21.6	28.6
Twenty Anson	5.4	5.4	5.8	5.6	22.2	5.5	5.6	5.6	5.6	22.3
HSBC Building	5.1	5.1	5.1	5.1	20.4	5.1	5.1	5.1	5.1	20.4
Golden Shoe Car Park	3.4	3.4	3.2	3.0	13.0	3.0	3.0	3.0	2.7	11.7
Bugis Village	3.0	3.0	3.1	3.0	12.1	3.2	3.0	3.0	3.0	12.2
Wilkie Edge	3.5	3.6	3.6	3.6	14.3	3.5	3.4	3.5	3.5	13.9
CCT Group	**68.2**	**69.1**	**68.4**	**67.5**	**273.2**	**67.1**	**67.5**	**74.4**	**89.6**	**298.6**
CapitaGreen (40.0%)	0.1	0.8	3.1	11.3[2]	15.3	6.8	7.7	5.4[3]	–	19.9
Raffles City Singapore (60.0%)	35.7	35.2	34.5	35.2	140.6	36.0	34.8	34.9	35.1	140.8
Portfolio Total	**104.0**	**105.1**	**106.0**	**114.0**	**429.1**	**109.9**	**110.0**	**114.7**	**124.7**	**459.3**

1 For the month of September
2 Included a non-recurring S$4.4 million adjustment
3 For the months of July and August

FY 2016 Net Property Income by Property

	2015					2016				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Capital Tower	13.8	13.7	12.4	12.2	52.1	12.2	12.1	13.3	14.2	51.8
Six Battery Road	13.4	13.1	13.6	13.6	53.7	13.2	13.7	13.2	13.0	53.1
One George Street	10.3	10.2	10.0	10.1	40.6	10.2	9.1	9.1	9.6	38.0
CapitaGreen (100%)	–	–	–	–	–	–	–	5.4[4]	18.0[5]	23.4
Twenty Anson	4.2	4.3	4.4	4.3	17.2	4.3	4.3	4.3	4.3	17.2
HSBC Building	5.1	5.0	5.1	5.1	20.3	5.1	5.0	5.1	5.1	20.3
Golden Shoe Car Park	2.5	2.5	2.4	2.2	9.6	2.2	2.2	2.1	1.9	8.4
Bugis Village	2.4	2.4	2.4	2.3	9.5	2.4	2.4	2.4	2.4	9.6
Wilkie Edge	2.2	2.6	2.5	2.5	9.8	2.5	2.5	2.2	2.3	9.5
CCT Group	**53.9**	**53.8**	**52.8**	**52.3**	**212.8**	**52.1**	**51.3**	**57.1**	**70.8**	**231.3**
CapitaGreen (40.0%)	(1.4)	(1.4)	1.4	9.8[6]	8.4	5.0	5.9	5.0[7]	–	15.9
Raffles City Singapore (60.0%)	26.3	26.0	25.6	26.0	103.9	27.3	26.2	25.9	25.6	105.0
Portfolio Total	**78.8**	**78.4**	**79.8**	**88.1**	**325.1**	**84.4**	**83.4**	**88.0**	**96.4**	**352.2**

4 For the month of September
5 Included a non-recurring S$1.8 million marketing commission adjustment
6 Included a non-recurring S$4.4 million adjustment
7 For the months of July and August

Financial Review

Distributions

Distribution for FY 2016 was S$269.0 million, an increase of S$14.6 million or 5.7% from S$254.5 million in FY 2015. DPU rose 0.46 cents or 5.3% from 8.62 cents in FY 2015 to 9.08 cents in FY 2016. The increase was largely contributed by CapitaGreen.

CCT had retained tax-exempt income from its investments in MRCB Quill REIT and MSO Trust which holds CapitaGreen, as well as Twenty Anson's yield stabilisation income. Cumulatively, the amount is S$20.4 million as at 31 December 2016, which could be used for capital expenditure, general corporate funding or distribution to Unitholders.

Breakdown of the Unitholders' DPU in cents for FY 2016 as compared with FY 2015 are as follows:

Year	1Q	2Q	3Q	4Q	Full Year
2015	2.12	2.19	2.14	2.17	8.62
2016	2.19	2.20	2.30	2.39	9.08

CCT had a DPU forecast of 2.24 cents for 4Q 2016 in CCT's circular dated 21 June 2016 to its Unitholders in relation to the proposed acquisition from CapitaLand and Mitsubishi Estate Asia of 50.0% and 10.0% respectively of units in MSO Trust. Actual DPU of 2.39 cents for 4Q 2016 was 0.15 cents or 6.7% higher than the forecast DPU of 2.24 cents due to lower property operating expenses and finance costs as well as higher distributions from RCS Trust and MSO Trust.

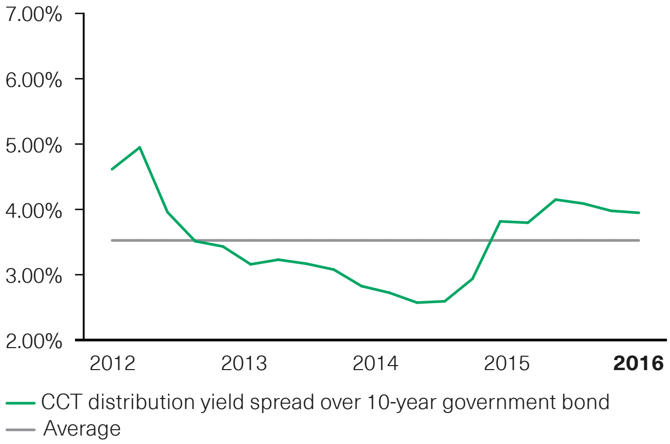
Distribution Yield

At the close of 2016, CCT's distribution yield was 6.1%. Over the past five years, CCT has been generating a higher yield than Singapore's 10-year government bond, delivering an average spread of 3.5% during this period.

The chart shows CCT distribution yield spread over the 10-year Singapore government bond yield.

CCT's Distribution Yield Spread over 10-year Government Bond Yield

(%)



Finance Cost

Finance cost of S$50.1 million in FY 2016 was up by 38.9% compared to FY 2015. The increase was largely due to the addition of CapitaGreen's finance cost for the period from September to December 2016. CapitaGreen's finance cost was not included in CCT's finance cost in FY 2015.

Share of Profits of Joint Ventures

Share of profits of joint ventures comprised CCT's 60.0% interest in RCS Trust and 40.0% interest in MSO Trust. CCT acquired the remaining 60.0% units of MSO Trust not already owned by CCT on 31 August 2016 and MSO Trust ceased to be accounted as a joint venture thereafter.

Management Fees in Units

Under the revised Code of Collective Investment Schemes in 2016, performance fees should be crystalised once a year. Accordingly, performance fees for FY 2016 (whether in cash or Units) will be paid in the first quarter of 2017.

Financial Performance from 2012 – 2015

2015

Gross revenue of S$273.2 million in FY 2015 was S$10.6 million or 4.0% higher than that of FY 2014, mainly due to positive rental reversions and higher portfolio occupancy. Most of the properties recorded higher revenue except for Golden Shoe Car Park and Twenty Anson.

Higher revenue in turn resulted in better NPI performance in FY 2015 compared to FY 2014. NPI of S$212.8 million was an increase of S$7.6 million or 3.7% from FY 2014.

2014

Gross revenue of S$262.6 million in FY 2014 increased S$11.1 million or 4.4% from S$251.5 million in FY 2013. All properties recorded higher revenue except for One George Street. One George Street's revenue registered a 5.8% drop from that of FY 2013 due to the loss of yield protection income which ceased on 10 July 2013. The yield protection income received up to 10 July 2013 was S$7.6 million.

NPI of S$205.2 million in FY 2014 grew S$8.1 million or 4.1% from FY 2013 due to higher revenue.

Revenue and net property income for 2013 and 2012 were accounted for using proportionate consolidation, which had included CCT's 60.0% interest in RCS Trust which holds Raffles City Singapore.

2013

Revenue for FY 2013 of S$386.9 million saw an increase of S$11.1 million or 3.0% over that of FY 2012 of S$375.8 million.

Six Battery Road's revenue of S$57.6 million in FY 2013 registered strong growth of 16.1% YoY, after the completion of asset enhancement initiatives that resulted in higher occupancies and rental rates. HSBC building revenue of S$20.4 million also saw a 20.5% growth resulting from the full year contribution of a new lease signed on 30 April 2012 with significant positive rent reversion. In addition, revenue at Twenty Anson was higher as a result of full year contribution in FY 2013 following its acquisition on 22 March 2012.

NPI of S$296.5 million in FY 2013 was S$1.0 million or 0.3% higher than that of FY 2012, mainly due to higher revenue.

2012

Revenue for FY 2012 of S$375.8 million was S$14.6 million or 4.0% higher than that of FY 2011. The acquisition of Twenty Anson on 22 March 2012 contributed to the increase. Positive rent reversion for the new lease signed at HSBC Building also added to the higher revenue. On the other hand, lower revenue at Six Battery Road due to the impact of asset enhancement initiatives which resulted in lower occupancy and the demolition of Market Street Car Park for the redevelopment of CapitaGreen offset the increase in revenue.

NPI of S$295.5 million in FY 2012 was S$18.2 million or 6.6% higher than that of FY 2011 primarily due to higher revenue.

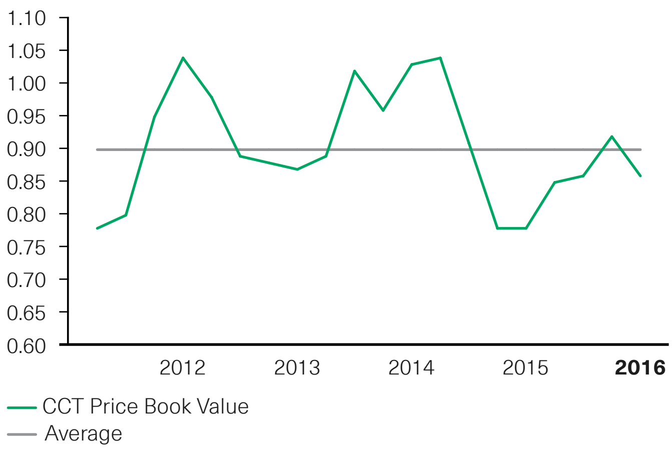
Assets

As at 31 December 2016, CCT Group's total assets of S$8,051.1 million represented an increase of S$1,458.6 million or 22.1% from S$6,592.5 million as at 31 December 2015. Contributing to this increase was the acquisition of the remaining 60.0% interest in MSO Trust resulting in total assets of MSO Trust being included in the total assets of CCT Group. In addition, marginally higher values of CCT's investment properties arising from the revaluation in 2016 further contributed to the increase.

Net Asset Value

At as 31 December 2016, CCT's NAV was S$1.73 per Unit, which had excluded the distributable income for the second half of FY 2016. CCT's price to book value has been trading at an average of 0.90 for the past five years, represented by the chart below:

CCT's Price to Book Value



Financial Review

Prudent Capital Management

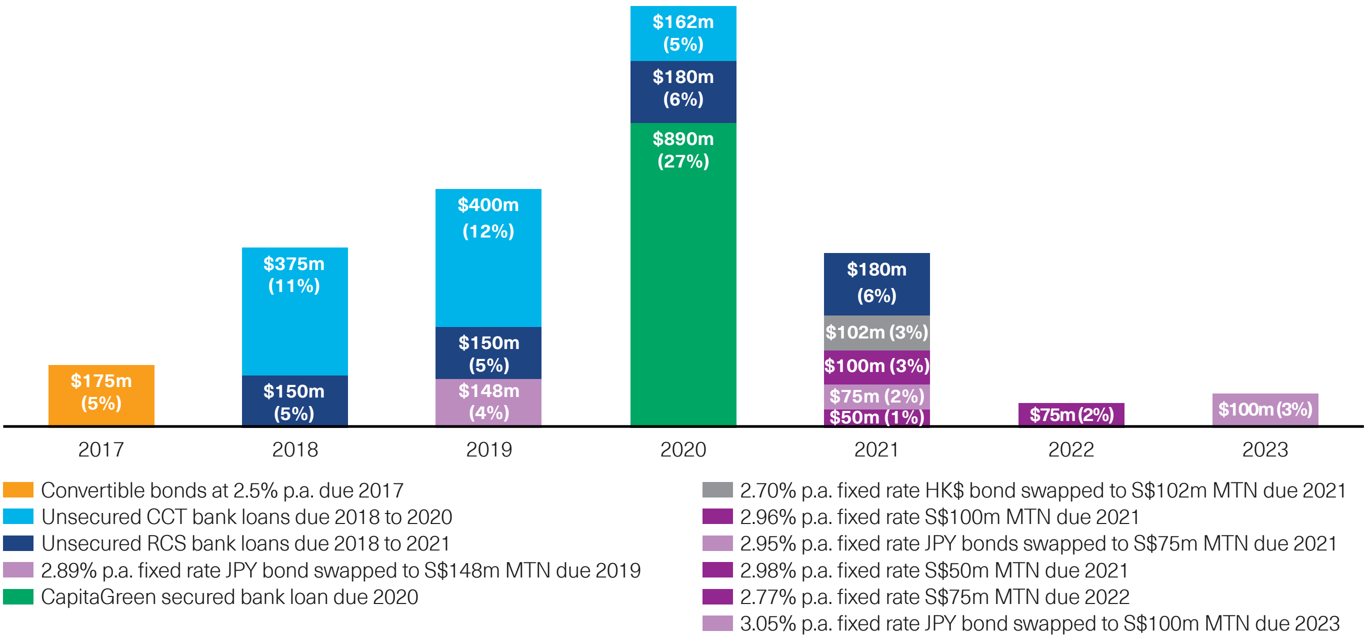
	Note	As at 31 December 2015	As at 31 December 2016
Aggregate Leverage (%)	1	29.5	**37.8**
Interest Coverage (times)	2	7.4	**5.8**
Average Term to Maturity (years)	3	4.2	**3.2**
Average Cost of Debt p.a. (%)	4	2.5	**2.6**
Unencumbered Assets as % of Total Assets (%)	5	100	**80**
CCT's Issuer Rating	6	A-	**A-**

1 In accordance with Property Funds Appendix, CCT's proportionate share of its joint ventures' borrowings and deposited property values are included when computing the aggregate leverage ratio.
2 Interest coverage is the ratio of EBITDA over finance costs which includes amortisation and transaction costs (excludes borrowings of joint ventures).
3 Excludes borrowings of joint ventures
4 Ratio of interest expense over weighted average borrowings (excludes borrowings of joint ventures)
5 Excludes joint ventures
6 Standard & Poor's has assigned a rating of A- with stable outlook

CCT's Debt Maturity Profile (including CCT's 60.0% interest in RCS Trust)

S$ (% of total borrowings)

As at 31 December 2016



Proactive Debt Refinancing

In FY 2016, CCT issued two medium term notes (MTN) under the S$2.0 billion multi-currency MTN Programme. The details are as follows:

1. HK$585.0 million five-year notes which was swapped to S$102.5 million at fixed interest rate of 2.70% per annum on 31 March 2016; and
2. S$75.0 million six-year notes at fixed interest rate of 2.77% per annum on 4 July 2016.

During the year, CCT had drawn on unsecured bank facilities to fund the acquisition of the remaining 60.0% interest in MSO Trust which holds CapitaGreen. MSO Trust is wholly owned by CCT and MSO Trust's secured borrowings are now included in CCT Group's borrowings for FY 2016.

CCT holds derivative financial instruments to hedge its currency and interest rate risk exposures. The fair value derivative for FY 2016 which was included in the financial statement as financial derivatives assets and financial derivatives liabilities were S$20.9 million and S$26.9 million respectively. The net amount represented 0.1% of the net assets of CCT Group as at 31 December 2016.

CCT's 60.0% Interest in RCS Trust

CCT has a 60.0% interest in RCS Trust. In 2011, under the loan agreements between Silver Oak Ltd. (Silver Oak) and RCS Trust Trustee-Manager, Silver Oak had granted RCS Trust a five-year term loan facility of S$1,000.0 million and a revolving credit facility of S$300.0 million.

On 15 April 2016, The RCS Trust Trustee-Manager entered into unsecured loan facilities agreements of S$1,400.0 million with various banks. On 21 June 2016, RCS Trust drawn down S$1,069.5 million of the unsecured loan facilities to refinance the borrowings. The unsecured bank loans drawn were of two- to five-year tenors with an average term to maturity of 3.1 years as of 31 December 2016. All securities granted by RCS Trust in favour of Silver Oak had also been released and discharged.

As at 31 December 2016, RCS Trust has drawn down S$1,100.0 million term loans. CCT's 60.0% share thereof is S$660.0 million.

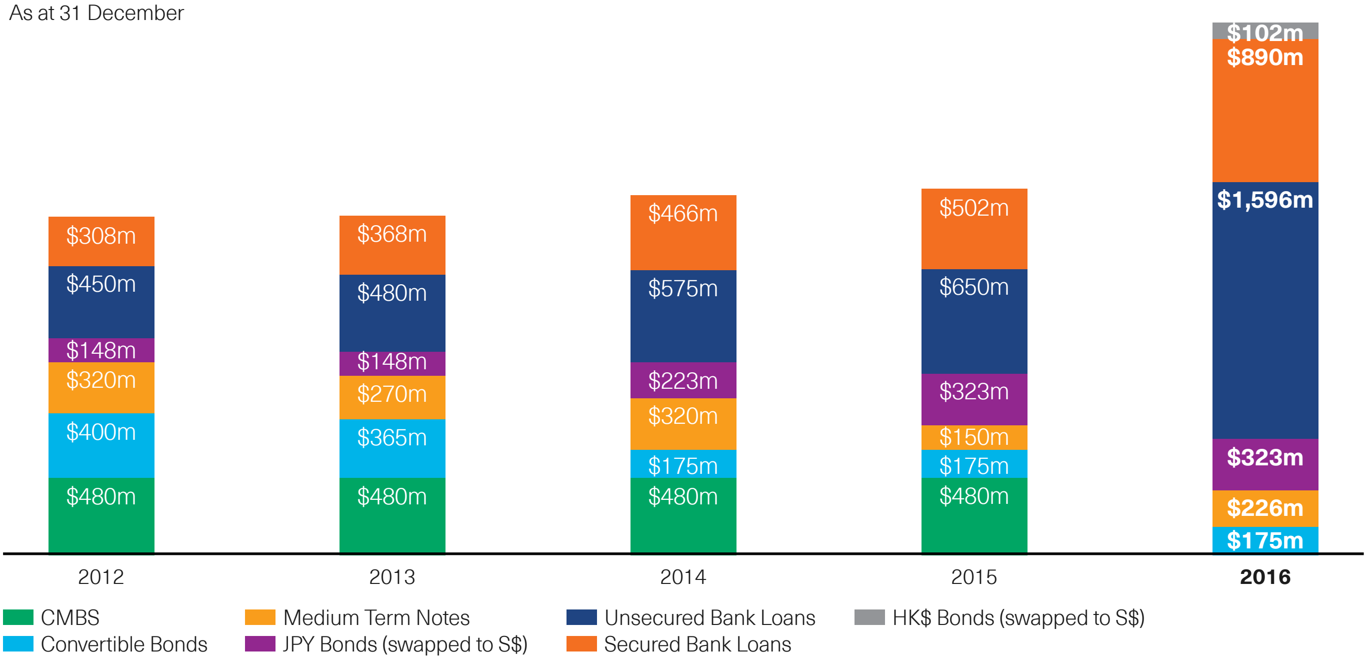
Diversified Sources of Funding

By tapping different debt markets through various financial instruments, CCT secures diversified sources of funding. At the close of the financial year, our funding sources comprised 48% unsecured bank loans, 27% secured bank loans, 10% JPY bonds, 7% medium-term notes, 5% convertible bonds and 3% HK$ bonds.

Achieved Diversification of Funding Sources

(S$ million)

As at 31 December



Financial Review

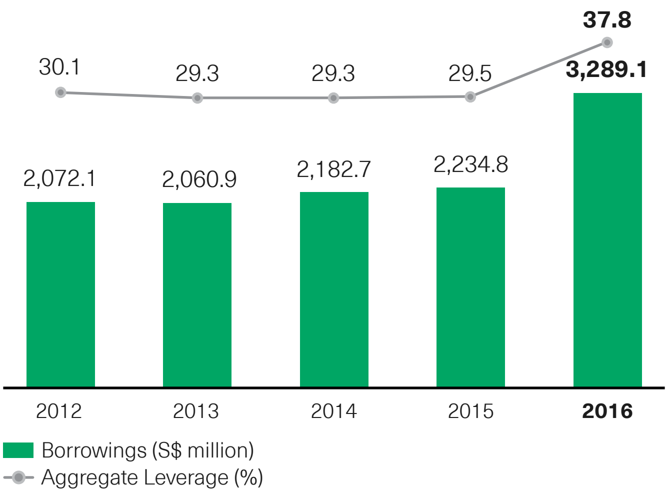
Prudent Capital Structure

As at 31 December 2016, CCT's aggregate leverage ratio was 37.8%, within the Manager's target aggregate leverage range of 30.0% to 40.0% through property market cycles.

Stable Cost of Debt

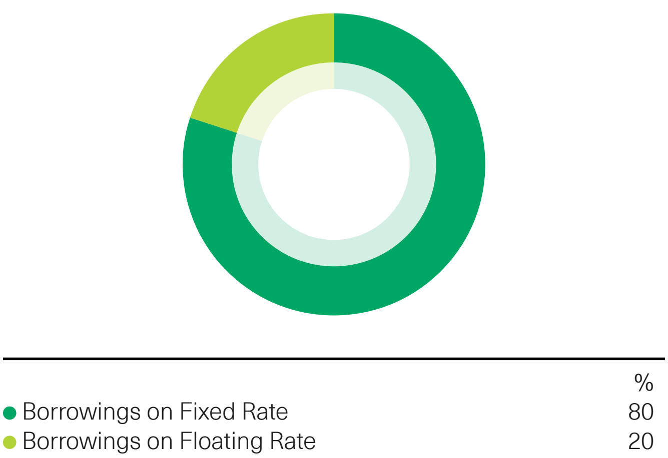
CCT continued to maintain a low cost of debt at 2.6% per annum. Approximately 80% of its total borrowings are on fixed interest rates which provide certainty of interest expense.

Target Gearing Below 40.0% through Market Cycles



Total Borrowings

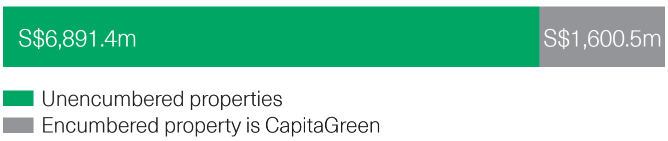
As at 31 December 2016



Strengthening Financial Flexibility

80% of CCT's assets were unencumbered as at 31 December 2016, which strategically provides financial flexibility. CCT has an untapped balance of approximately S$1.3 billion from its MTN programme.

Total Investment Properties S$8,491.9 million



Total MTN facilities S$2,000.0 million

Cash Flow and Liquidity

CCT's cash and cash equivalents was at S$160.0 million as at 31 December 2016, compared with S$81.2 million at the close of FY 2015.

Net cash generated from operating activities for FY 2016 was S$203.1 million. This was S$6.3 million higher than S$196.8 million in FY 2015.

Net cash used in investing activities was S$259.4 million during FY 2016, which was primarily due to the acquisition of the remaining 60.0% units in MSO Trust on 31 August 2016.

Net cash generated from financing activities for FY 2016 was S$135.1 million. This was mainly attributed to proceeds from borrowings totalling S$738.7 million, offset by repayment of S$275.0 million borrowings and payments of S$257.1 million distribution to Unitholders.

Unit Buy-back Mandate

CCT obtained approval from Unitholders for the Trust's unit buy-back mandate at its Annual General Meeting in 2016. Aside from mitigating short-term market volatilities, unit buy-backs can offset the effects of near-term speculation and bolster market confidence in the Units when leveraged at strategic junctures.

In 2016, the unit buy-back mandate was not used.

Robust Credit Rating by Standard & Poor's

Bearing testament to CCT's consistent business performance that was underpinned by its portfolio of quality assets and stable operations, Standard & Poor's continued to maintain CCT's long-term corporate credit rating at "A-" with stable outlook. Further underscoring the Trust's strong credit rating was CCT Group's good brand recognition, successful development track record together with stable earnings and cash flow.

Accounting Policies

The financial statements have been prepared in accordance with the "Statement of Recommended Accounting Practise (RAP) 7 (Revised 2016) Reporting Framework of Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore and the provisions of the Trust Deed.

Sensitivity Analysis

	Estimated DPU impact
0.1% increase in interest rate	-0.25%
0.1% decrease in interest rate	+0.25%

As at 31 December 2016, approximately 80% of the Trust's total borrowings are on fixed interest rates, therefore minimising the impact due to changes in interest rates. It is estimated that a 0.1% increase or decrease in interest rate would have a 0.25% negative or positive impact on DPU per annum, based on FY 2016 DPU on a pro-forma basis.

	Estimated aggregate leverage impact
0.25% increase in valuation	-0.09%
0.25% decrease in valuation	+0.09%

The Trust's aggregate leverage was 37.8% as at 31 December 2016. It is estimated that a 0.25% increase or decrease in valuation would decrease or increase the Trust's aggregate leverage by 0.09% per annum.

	Estimated rental income impact
1.0% increase in occupancy	+S$4.0m
1.0% decrease in occupancy	-S$4.0m
10.0% increase in committed rental rates	+S$1.9m
10.0% decrease in committed rental rates	-S$1.9m

CCT's rental income could be impacted by changes in its properties' occupancies and rental rates achieved. The analysis above took into account CCT's ownership of 40.0% interest in MSO Trust until 31 August 2016 and 100.0% interest in MSO Trust from 1 September 2016 to 31 December 2016.

Assuming that the current average rental rate is maintained, it is estimated that a 1.0% increase or decrease in occupancy would result in S$4.0 million increase or decrease in rental income for FY 2016.

Using leases committed in 2016 for lease renewals and vacant units as the baseline for assumption, the impact on rental income for every 10.0% increase or decrease in committed rental rates is approximately S$1.9 million for FY 2016.

Given that the assets of CCT Group are mainly based in Singapore, there is minimal foreign currency exposure.

Operations Review

CREATING SUSTAINABLE VALUE

Quality Portfolio

CCT owns a quality portfolio of 10 properties strategically located in the Singapore Central Area, comprising four Grade A office buildings, two prime office buildings, three integrated developments and one multi-storey car park with ancillary retail units.

Guided by a rigorous portfolio reconstitution strategy to optimise Unitholder returns, the Trust pursues accretive acquisitions and value creation opportunities. Our prudent capital management ensures financial flexibility for the Trust to capture any strategic market opportunities. We also continuously evaluate our properties to identify those that have reached the optimal stage of their life cycles for capital recycling, with proceeds being used for investments that yield higher returns.

Value Creation through Development, Asset Enhancements and Refurbishments

Through development, asset enhancements and refurbishments, CCT strengthens the competitiveness of its portfolio of properties and their rental potential, thereby creating value for the Trust.

The redevelopment of Market Street Car Park into CapitaGreen, an iconic Grade A office building is testament to the successful execution of CCT's portfolio reconstitution strategy. The value creation cycle was completed with the acquisition of the 60.0% interest in CapitaGreen not already owned by CCT on 31 August 2016. CCT's ownership of CapitaGreen increased from 40.0% to 100.0% post-acquisition, and this has generated higher returns for Unitholders and augmented the quality of the Trust's portfolio.

Aimed at reinforcing Raffles City Shopping Centre's position as one of Singapore's top shopping destinations, the mall is currently undergoing a S$54.0-million rejuvenation to enhance shopper experience. The works include an upgrade of the main entrance, ceilings, flooring and lift lobbies, as well as a new centre-piece at the Central Atrium on level 3. The rejuvenation is expected to complete by 1Q 2018.

CapitaGreen: Successful Value Creation

Car Park Valued at
S$53.3 million

Grade A Office Building Valued at
S$1,603.0 million

July 2011

Market Street Car Park redeveloped under MSO Trust, a joint venture between CCT (40.0%), CapitaLand (50.0%) and Mitsubishi Estate Asia (10.0%).

CCT had a call option to acquire the balance 60.0% interest in MSO Trust exercisable within three years after the building's completion.

December 2014

CapitaGreen obtained temporary occupation permit on 18 December 2014 and incurred a total development cost of S$1.3 billion.

August 2016

CCT exercised the call option and acquired the remaining 60.0% interest in MSO Trust which holds CapitaGreen, increasing CCT's stake to 100.0% with effect from September 2016.

CapitaGreen's Value Creation

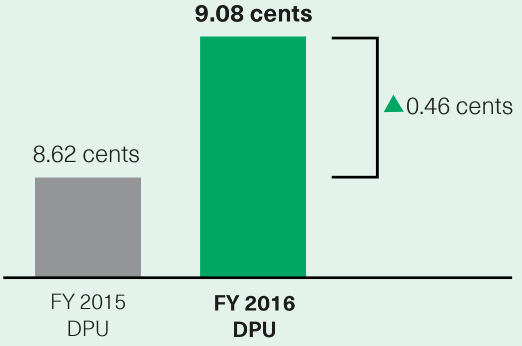
Increased Grade A office space in CCT's portfolio by 21.2%

2.0 million sq ft (FY 2015) to **2.4 million sq ft** (FY 2016)

Net property income contribution to CCT's portfolio based on proportionate interest

2.6% (FY 2015) to **11.1%** (FY 2016)

MSO Trust contributed 85% of 0.46 cents DPU growth YoY



Objectives for Continued Success

The Trust maintains differentiated investment objectives for each property type within its portfolio to ensure the competitiveness and optimum value of its assets.

- With its Grade A office buildings, the Trust aims to optimise financial performance and consolidate the standing of these properties as the preferred Grade A offices within the CBD. This is achieved by focusing on customer experience and building management services that are efficient and environmentally sustainable.
- For its prime office properties, the Trust aims to optimise financial performance and asset value, and capitalise on their strategic locations to ensure the long-term income stability of the portfolio.
- Likewise, the Trust aims to optimise the financial returns from its integrated developments while enhancing their positioning as unique offices and shopping destinations.

Operations Review

Enhanced Portfolio Value

CCT's portfolio value rose 13.6% YoY to S$8,491.9 million, due mainly to the additional 60.0% interest in MSO Trust which holds CapitaGreen that was included in the December 2016 valuation. The independent valuers adopted capitalisation rates ranging from 3.75% to 4.25% in the valuation of CCT's office portfolio, similar to the valuation as at 31 December 2015.

Investment Properties	Valuation as at 31 Dec 2015 (S$ mil)	2016 (S$ mil)	Variance (%)	2016 (S$ psf)	Cap rate per annum (%)	Discount rate per annum (%)
Capital Tower	1,317.0	1,325.0	0.6	1,795	3.85	7.25
Six Battery Road	1,358.0	1,371.0	1.0	2,769	3.75	7.25
One George Street	1,010.0	1,014.0	0.4	2,271	3.85	7.25
HSBC Building	452.0	455.0	0.7	2,270	3.75	7.25
Wilkie Edge	199.0	201.0	1.0	1,301	4.25	7.50
Golden Shoe Car Park	141.0	141.0	0.0	NM	6.25	8.50
Bugis Village[1]	53.7	48.5	-9.7	400	10.00	12.00
Twenty Anson	431.0	432.0	0.2	2,089	3.85	7.25
CapitaGreen (40.0% interest)	634.8	641.2	NM	NM	4.15	7.25
CapitaGreen (100.0% interest)	1,587.0	1,603.0	1.0	2,279	4.15	7.25
Raffles City Singapore (60.0% interest)	1,881.6	1,901.4	1.1	NM		
- Office					4.25	7.25
- Retail					5.25	7.50
- Hotel					5.11	7.40
Total	**7,478.1**	**8,491.9**	**13.6**			

1 Bugis Village valuation saw a diminution compared to 12 months ago as the valuation takes into account the right of the President of the Republic of Singapore, as Lessor under the State Lease, to terminate the State Lease on 1 April 2019 upon payment of S$6,610,208.53 plus accrued interest.

2 "NM" indicates "Not Meaningful".

PROACTIVE PORTFOLIO MANAGEMENT

Resilient Portfolio Performance

Leasing activities remained healthy in FY 2016. The year witnessed some 733,000 sq ft of new and renewal leases signed and the Trust achieved a tenant retention rate of 62%. CCT continued to attract new tenants, from diverse trade sectors, of which the three largest are 1) Business Consultancy, IT, Media and Telecommunications, 2) Banking, Insurance and Financial Services and 3) Retail Products and Services. CCT also successfully completed lease renewals with key tenants such as General Mills Singapore Pte. Ltd., TSMP Law Corporation, KCG Asia Pacific Pte. Ltd., The Northern Trust Company and Economic Development Board.

Business Sectors of New Leases Signed in 2016

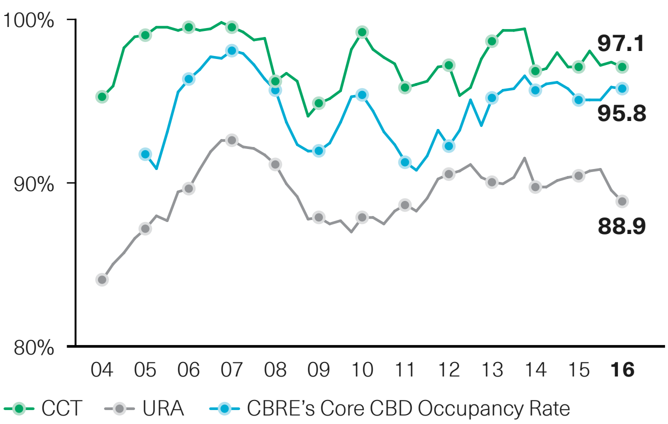
(Based on NLA of new leases committed and using 100.0% basis for Raffles City Singapore)

	%
Business Consultancy, IT, Media and Telecommunications	26
Banking, Insurance and Financial Services	24
Retail Products and Services	10
Energy, Commodities, Maritime and Logistics	9
Food and Beverage	9
Legal	7
Real Estate and Property Services	7
Manufacturing and Distribution	4
Education and Services	2
Hospitality	1
Government	1

As a result of our proactive leasing approach, CCT's portfolio committed occupancy rate of 97.1% surpassed CBRE's CBD Core market occupancy rate of 95.8% as at 31 December 2016. Since inception in 2004, CCT has consistently maintained a high portfolio occupancy rate, which is in excess of the market occupancy rate.

CCT's Committed Occupancy Since Inception

As at 31 December (%)



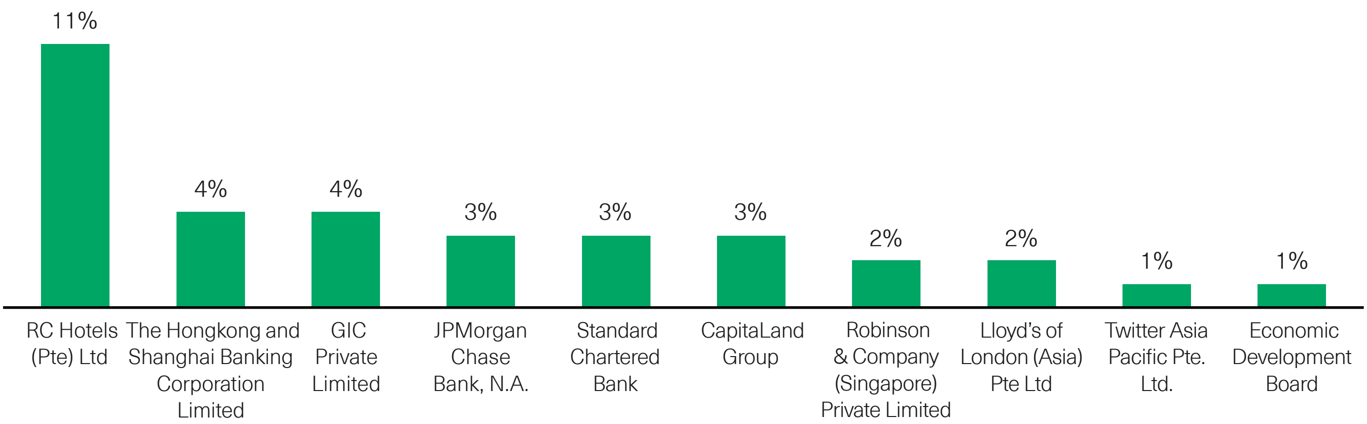
Regardless of lease commencement dates, the weighted average lease term to expiry for leases signed in 2016 is 3.3 years. The proportion of revenue attributed to these leases stands at approximately 18% of the portfolio's committed monthly gross rental income as at 31 December 2016, and includes the proportionate interests in the revenue of joint ventures while excluding retail and hotel turnover rent.

CCT's top 10 tenants contributed approximately 36% of the Trust's monthly gross rental income and continue to underpin revenue. The financial year's top three tenants in terms of monthly gross rental income were RC Hotels (Pte) Ltd, The Hongkong and Shanghai Banking Corporation Limited and GIC Private Limited.

Together with CapitaLand Mall Trust, we have completed the rent review with RC Hotels (Pte) Ltd for the second five-year sub-term of the lease expiring in 2036. We have also completed a forward renewal with Economic Development Board due 2017.

Top 10 Tenants Contribute about 36% of Portfolio Monthly Gross Rental Income

(Based on monthly gross rental income for December 2016 excluding retail turnover rent)

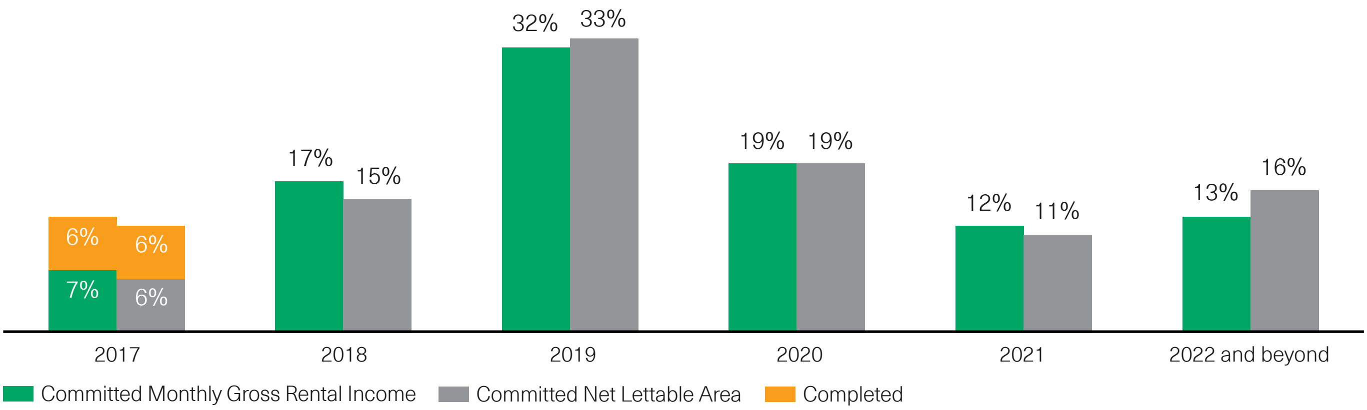


Well Spread Lease Expiry Profile

The portfolio, comprising office, retail and hotel leases, has a weighted average lease term to expiry of 6.6 years as at end December 2016. CCT adopts a proactive leasing strategy, including active tenant engagement, forward lease renewals and managing the lease expiry profiles. Of the 13% of office leases by monthly gross rental income expiring in 2017, we have already renewed leases representing about 6% as at 31 December 2016.

Operations Review

Office Lease Expiry Profile as at 31 December 2016

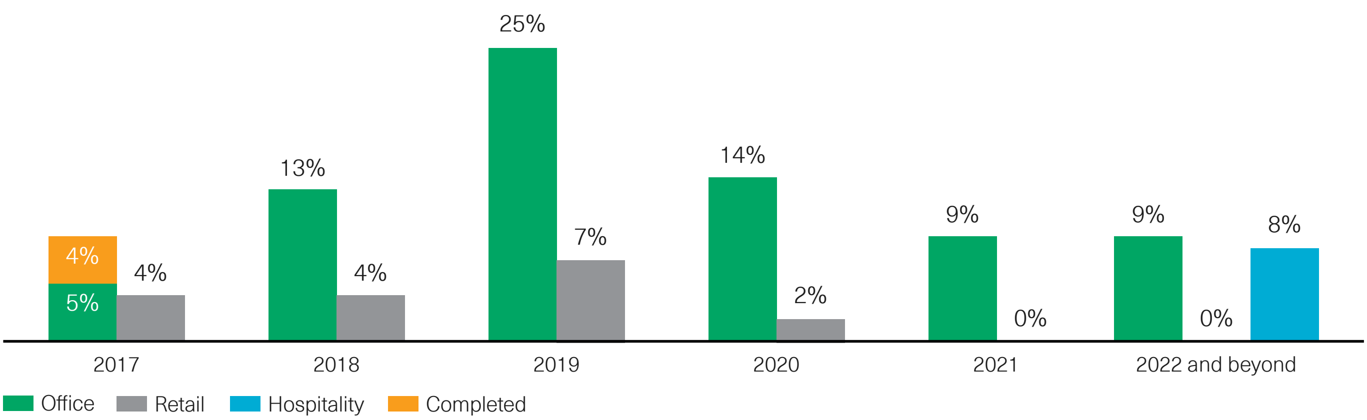


CCT's Key Buildings' Expiring Profiles as a Percentage of Office Portfolio Committed Gross Rental Income

As at 31 December	2017 % of Expiring Leases	2017 Expiring Average Gross Rental Rate (psf)	2018 % of Expiring Leases	2018 Expiring Average Gross Rental Rate (psf)	2019 % of Expiring Leases	2019 Expiring Average Gross Rental Rate (psf)
Capital Tower	No leases due	–	0.9%	$8.73	5.3%	$8.95
Six Battery Road	2.5%	$12.38	4.7%	$12.57	5.6%	$11.78
CapitaGreen	No leases due	–	3.3%	$12.99	6.5%	$11.36
One George Street	2.2%	$10.06	4.8%	$9.65	2.9%	$8.98
Raffles City Tower	0.6%	$10.11	0.6%	$9.92	2.3%	$8.63

Portfolio Lease Expiry Profile as at 31 December 2016

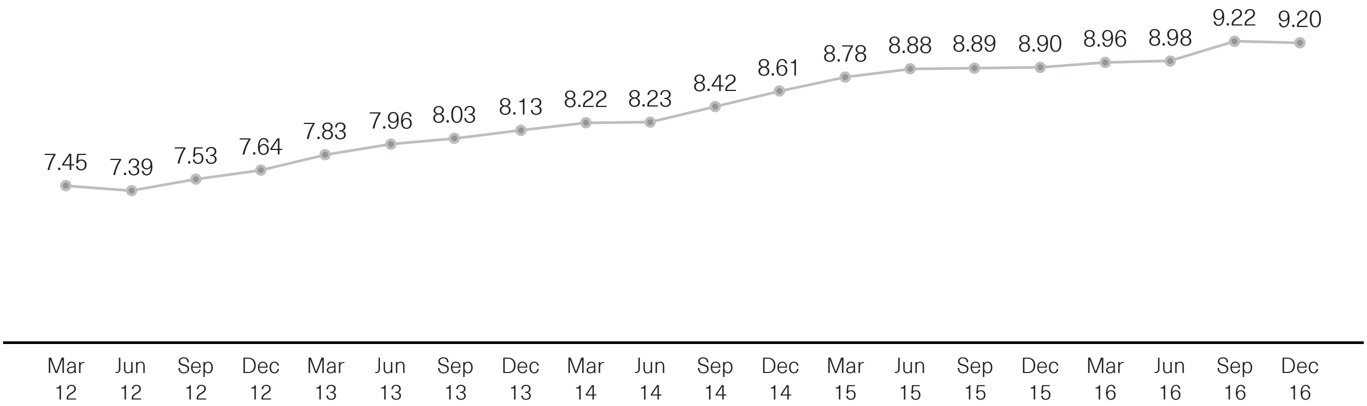
(Based on committed monthly gross rental income excluding retail and hotel turnover rent)



Office Portfolio Average Monthly Rent

CCT has consistently achieved rents above market rental rates reported by property consultants for renewals and new leases. During the year, average monthly rent for CCT's office portfolio continued on an upward trajectory, from S$8.90 psf as at 31 December 2015 to S$9.20 psf as at 31 December 2016. The uplift of 3.4% came on the back of higher committed rents for leases signed during the financial year, including CapitaGreen's committed rents.

CCT's Average Monthly Rent for Office Portfolio



Average gross rent per month for office portfolio (S$ psf) = Total committed gross rent for office per month / Committed area of office per month

Income Contribution

In FY 2016, CCT's gross rental income was made up of approximately 70% from the office component (2015: 68%), 18% from retail component (2015: 19%) and 12% from hotels and convention centre component (2015: 13%). About 55% of the Trust's gross rental income came from its top three trade sectors, with 34% from Banking, Insurance and Financial Services sector (2015: 33%), 11% from the Hospitality sector (2015: 13%) and another 10% (2015: 9%) from the Business Consultancy, IT, Media and Telecommunications sector.

CCT's Income Contribution by Sector

(Based on FY 2016 gross rental income excluding retail turnover rent)

	%
Office	70
Retail	18
Hotel & Convention Centre (Master lease to hotel operator with about 70% of rent on fixed basis)	12

Diverse Tenant Mix in CCT's Portfolio

(Based on committed monthly gross rental income excluding retail turnover rent as at 31 December 2016)

	%
Banking, Insurance and Financial Services	34
Hospitality	11
Business Consultancy, IT, Media and Telecommunications	10
Retail Products and Services	9
Energy, Commodities, Maritime and Logistics	7
Real Estate and Property Services	6
Food and Beverage	6
Manufacturing and Distribution	6
Education and Services	4
Legal	4
Government	3

Property Details

Capital Tower

Capital Tower is a 52-storey Grade A office building set in a landscaped plaza, integrated with meeting and conference facilities, ad hoc workspaces, fitness centre, retail and F&B outlets. It is seamlessly linked to the Tanjong Pagar MRT station and surrounding buildings via an underground pedestrian network.

Property Information

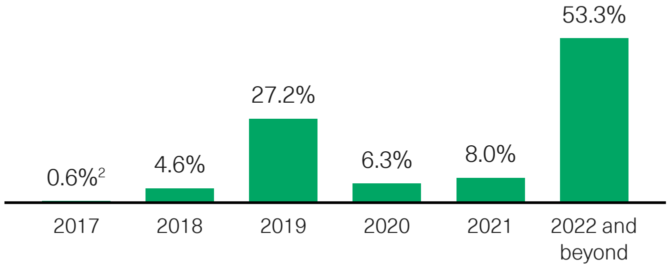
Location	168 Robinson Road
Title	Leasehold estate expiring 31 December 2094
Purchase Price in 2004 (S$ million)	793.9
Car Park Lots	415
Green Mark	Platinum

As At 31 December	2015	2016
Valuation (S$ million)	1,317.0	**1,325.0**
Net Lettable Area (sq m)	68,964	**68,567**
Net Lettable Area (sq ft)	742,328	**738,055**
Number of Tenants	22	**24**
Committed Occupancy (%)	94.1	**99.0**
Gross Rental Income (S$ million)	63.8	**63.6**
Gross Revenue (S$ million)	70.5	**69.9**
Net Property Income (S$ million)	52.1	**51.8**

Top 3 Tenants' Contribution to Portfolio Gross Rental Income for December 2016	%
GIC Private Limited	**4.4**
JP Morgan Chase Bank, N.A.	**3.4**
CapitaLand Group	**3.2**

Lease Expiry Profile[1]

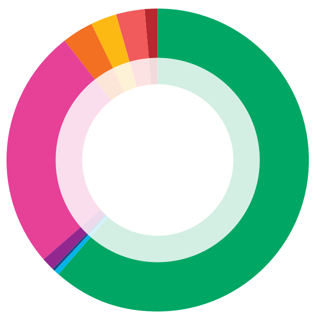
As at 31 December 2016



2 Ancillary retail

Tenant Mix[1]

As at 31 December 2016



	%
Banking, Insurance and Financial Services	61.6
Business Consultancy, IT, Media and Telecommunications	0.7
Retail Products and Services	0.1
Energy, Commodities, Maritime and Logistics	1.4
Real Estate and Property Services	25.7
Food and Beverage	3.5
Manufacturing and Distribution	2.8
Education and Services	2.9
Legal	1.3

1 Based on building's committed monthly gross rental income.

CapitaGreen

CapitaGreen is a 40-storey Grade A office tower located in the heart of Singapore's CBD, near the Raffles Place MRT interchange station and Telok Ayer MRT station. The tower was designed by Pritzker Prize winner Toyo Ito. CapitaGreen's environmentally sustainable and inclusive design has garnered numerous local and international awards, including BCA's Green Mark Platinum and Universal Design Mark Platinum awards as well as Best Tall Building (Asia and Australasia) 2015 conferred by the Council on Tall Buildings and Urban Habitat[1].

Property Information

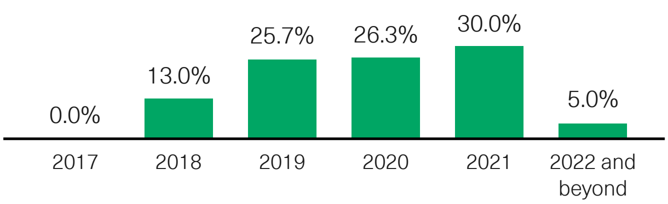
Location	138 Market Street
Title	Leasehold estate expiring 31 March 2073
Development Cost[2] (S$ million)	1,266.0
Property Price on Acquisition in 2016 (S$ million)	1,600.5
Car Park Lots	180
Green Mark	Platinum

As At 31 December	2015	2016
Valuation (S$ million)	1,587.0	**1,603.0**
Net Lettable Area (sq m)	65,428	**65,348**
Net Lettable Area (sq ft)	704,270	**703,407**
Number of Tenants	36	**47**
Committed Occupancy (%)	91.3	**95.9**
Gross Rental Income (S$ million)	35.7	**74.2**
Gross Revenue (S$ million)	38.3	**78.5**
Net Property Income (S$ million)	21.1	**63.0**

Top 3 Tenants' Contribution to Portfolio Gross Rental Income for December 2016	%
Lloyd's of London (Asia) Pte Ltd	**1.9**
Twitter Asia Pacific Pte. Ltd.	**1.5**
Cargill International Trading Pte Ltd	**1.2**

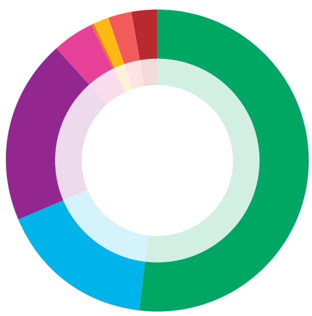
Lease Expiry Profile[3]

As at 31 December 2016



Tenant Mix[3]

As at 31 December 2016



	%
Banking, Insurance and Financial Services	52.0
Business Consultancy, IT, Media and Telecommunications	16.7
Energy, Commodities, Maritime and Logistics	19.7
Real Estate and Property Services	4.5
Food and Beverage	0.4
Manufacturing and Distribution	1.6
Education and Services	2.6
Legal	2.5

2016 Awards

SGBC-BCA Sustainability Leadership Awards 2016 Design & Performance COMMERCIAL

ASEAN Centre for Energy • ACE •

1 The Council on Tall Buildings and Urban Habitat is the world's leading resource for professionals focused on the design and construction of tall buildings and future cities.
2 CCT owns 40.0% of CapitaGreen when it was under development and acquired the remaining 60.0% from the JV partners on 31 August 2016.
3 Based on building's committed monthly gross rental income.

Property Details

Six Battery Road

Six Battery Road is a 42-storey Grade A office building and a Raffles Place landmark. Combining prime location with towering views, excellent amenities and revitalised interiors, it is the first operating CBD office building to attain the Green Mark Platinum accolade. Six Battery Road is well connected to other developments within the Raffles Place precinct and the Raffles Place MRT interchange station. It also boasts the first vertical indoor garden in Singapore, an iconic installation that is not only an attraction but also a representation of the Trust's commitment towards environmental sustainability.

Property Information

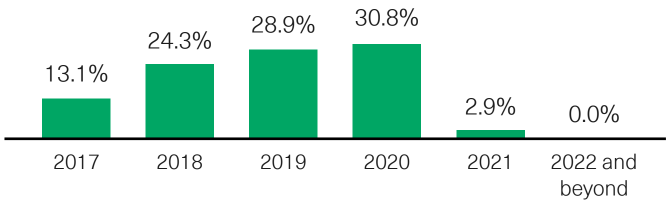
Location	6 Battery Road
Title	Leasehold estate expiring 19 April 2825
Purchase Price in 2004 (S$ million)	675.2
Car Park Lots	190
Green Mark	Platinum

As At 31 December	2015	2016
Valuation (S$ million)	1,358.0	**1,371.0**
Net Lettable Area (sq m)	45,911	**45,991**
Net Lettable Area (sq ft)	494,186	**495,052**
Number of Tenants	95	**95**
Committed Occupancy (%)	98.9	**98.6**
Gross Rental Income (S$ million)	65.0	**65.4**
Gross Revenue (S$ million)	68.7	**69.5**
Net Property Income (S$ million)	53.7	**53.1**

Top 3 Tenants' Contribution to Portfolio Gross Rental Income for December 2016	%
Standard Chartered Bank	**3.2**
Watson, Farley & Williams Asia Practice LLP	**0.5**
CBRE Pte. Ltd.	**0.5**

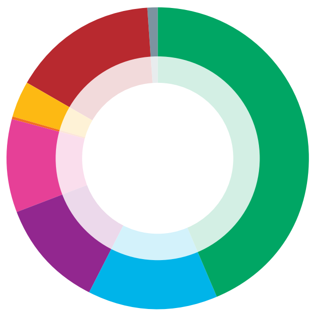
Lease Expiry Profile[1]

As at 31 December 2016



Tenant Mix[1]

As at 31 December 2016



	%
Banking, Insurance and Financial Services	43.8
Business Consultancy, IT, Media and Telecommunications	13.9
Energy, Commodities, Maritime and Logistics	11.7
Real Estate and Property Services	9.8
Food and Beverage	0.3
Manufacturing and Distribution	3.9
Legal	15.6
Government	1.0

1 Based on building's committed monthly gross rental income.

One George Street

One George Street is a 23-storey Grade A office building conveniently located close to Raffles Place MRT interchange station, Clarke Quay MRT station and Chinatown MRT station. The building features eco-friendly attributes, large and efficient floor plates, advanced building automation, generous car parking, spacious sky gardens and excellent views. It houses amenities including F&B outlets, a clinic, a fitness centre and a swimming pool.

Property Information

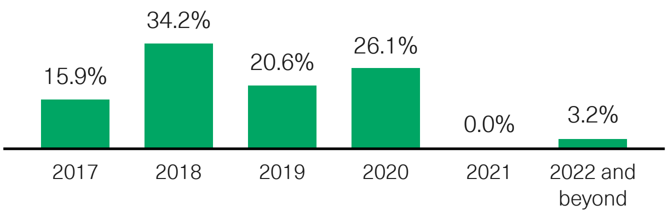
Location	1 George Street
Title	Leasehold estate expiring 21 January 2102
Purchase Price in 2008 (S$ million)	1,165.0
Car Park Lots	178
Green Mark	Gold PLUS

As At 31 December	2015	2016
Valuation (S$ million)	1,010.0	**1,014.0**
Net Lettable Area (sq m)	41,564	**41,478**
Net Lettable Area (sq ft)	447,395	**446,473**
Number of Tenants	48	**48**
Committed Occupancy (%)	98.2	**96.5**
Gross Rental Income (S$ million)	48.8	**46.9**
Gross Revenue (S$ million)	52.0	**50.1**
Net Property Income (S$ million)	40.6	**38.0**

Top 3 Tenants' Contribution to Portfolio Gross Rental Income for December 2016	%
Borouge Pte. Ltd.	**1.0**
Diageo Singapore Pte. Ltd.	**0.8**
Her Majesty The Queen in Right of Canada, as represented by the Minister of Foreign Affairs	**0.7**

Lease Expiry Profile[1]

As at 31 December 2016



Tenant Mix[1]

As at 31 December 2016

	%
Banking, Insurance and Financial Services	24.3
Business Consultancy, IT, Media and Telecommunications	13.2
Energy, Commodities, Maritime and Logistics	9.6
Real Estate and Property Services	4.1
Food and Beverage	0.5
Manufacturing and Distribution	29.5
Education and Services	3.2
Legal	6.6
Government	9.0

1 Based on building's committed monthly gross rental income.

Property Details

Raffles City Singapore

Raffles City Singapore is a prime landmark within the Civic and Cultural District and one of Singapore's largest integrated developments. Served by three MRT lines including City Hall MRT interchange station, it comprises the 42-storey Raffles City Tower, 5-storey Raffles City Shopping Centre, Raffles City Convention Centre, the 73-storey Swissôtel The Stamford Singapore and the 28-storey twin-towers Fairmont Singapore.

Property Information

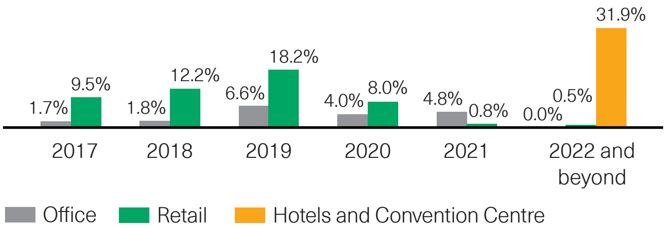
Location	250 & 252 North Bridge Road, 2 Stamford Road and 80 Bras Basah Road
Title	Leasehold estate expiring 15 July 2078
Purchase Price in 2006 (S$ million)	2,166.0
Joint Venture Partners (%)	CapitaLand Commercial Trust – 60.0% CapitaLand Mall Trust – 40.0%
Car Park Lots	1,045
Green Mark	Gold

As At 31 December	2015	2016
Valuation (S$ million)	3,136.0	**3,169.0**
Net Lettable Area (sq m)	74,699	**74,768**
Net Lettable Area (sq ft)	804,062	**804,798**
Number of Tenants	269	**276**
Committed Occupancy (%)	99.2	**97.8**
Gross Rental Income (S$ million)	223.7	**223.5**
Gross Revenue (S$ million)	234.4	**234.6**
Net Property Income (S$ million)	173.1	**175.1**
Annual Shopper Traffic (million)	33.8	**32.4**

Major Usage Mix	%
Hotels & Convention Centre	**31.9**
Retail	**49.3**
Office	**18.8**

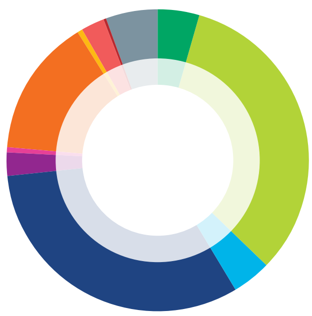
Lease Expiry Profile[1]

As at 31 December 2016



Tenant Mix[1]

As at 31 December 2016



	%
Banking, Insurance and Financial Services	4.5
Hospitality	32.8
Business Consultancy, IT, Media and Telecommunications	4.1
Retail Products and Services	32.1
Energy, Commodities, Maritime and Logistics	2.5
Real Estate and Property Services	0.5
Food and Beverage	14.8
Manufacturing and Distribution	0.7
Education and Services	2.5
Legal	0.1
Government	5.4

Top 3 Tenants' Contribution to Portfolio Gross Rental Income for December 2016	%
RC Hotels (Pte) Ltd	**11.0**
Robinson & Company (Singapore) Private Limited	**1.9**
Economic Development Board	**1.2**

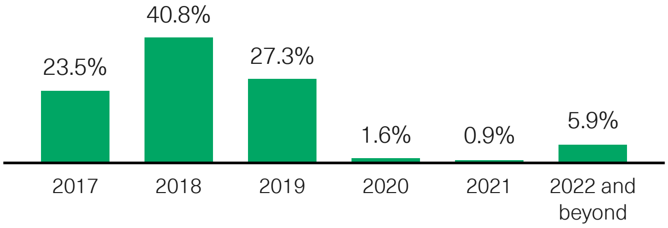
1 Based on building's committed monthly gross rental income, excluding retail and hotel turnover rent.

Twenty Anson

Twenty Anson is a 20-storey prime office building in downtown Tanjong Pagar. Served by Tanjong Pagar MRT station and major expressways, this Green Mark Platinum certified development features a modern facade, column-free floor plates, a sky garden and a café.

Lease Expiry Profile[1]

As at 31 December 2016

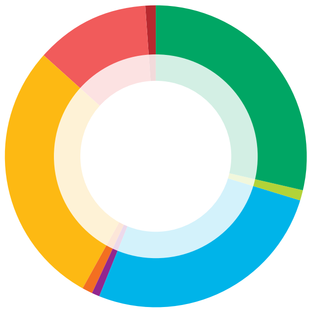


Property Information

Location	20 Anson Road
Title	Leasehold estate expiring 22 November 2106
Property Price on Acquisition in 2012[2] (S$ million)	430.0
Car Park Lots	55
Green Mark	Platinum

Tenant Mix[1]

As at 31 December 2016



	%
Banking, Insurance and Financial Services	28.7
Hospitality	1.2
Business Consultancy, IT, Media and Telecommunications	26.4
Energy, Commodities, Maritime and Logistics	0.9
Food and Beverage	1.1
Manufacturing and Distribution	28.3
Education and Services	12.5
Legal	0.9

As At 31 December	2015	2016
Valuation (S$ million)	431.0	**432.0**
Net Lettable Area (sq m)	19,117	**19,216**
Net Lettable Area (sq ft)	205,778	**206,837**
Number of Tenants	21	**21**
Committed Occupancy (%)	97.9	**91.7**
Gross Rental Income (S$ million)	19.6	**20.0**
Gross Revenue (S$ million)	22.2	**22.3**
Net Property Income (S$ million)	17.2	**17.2**

Top 3 Tenants' Contribution to Portfolio Gross Rental Income for December 2016	%
Toyota Motor Asia Pacific Pte Ltd	**1.0**
BlackRock Advisors Singapore Pte. Ltd.	**0.6**
KCG Asia Pacific Pte. Ltd.	**0.4**

1 Based on building's committed monthly gross rental income.
2 Acquisition of FirstOffice Pte. Ltd. which holds Twenty Anson on 22 March 2012 with the property price of S$430.0 million. The property was transferred to CCT on 1 July 2015.

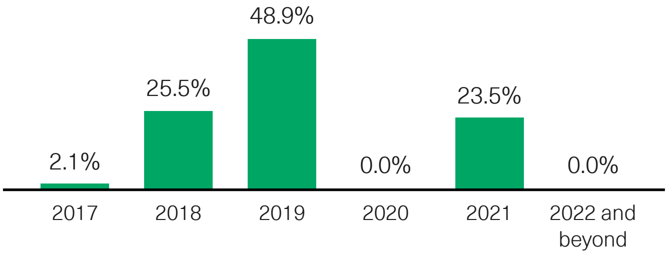
Property Details

Wilkie Edge

Wilkie Edge is a 12-storey integrated development comprising office space, retail units and a serviced residence. Its distinctive facade features a large LED screen that lights up the surrounding Civic and Cultural precinct. Located at the junction of Wilkie Road and Selegie Road, it enjoys proximity to Rochor MRT station and Dhoby Ghaut MRT interchange station.

Lease Expiry Profile[1]

As at 31 December 2016



Property Information

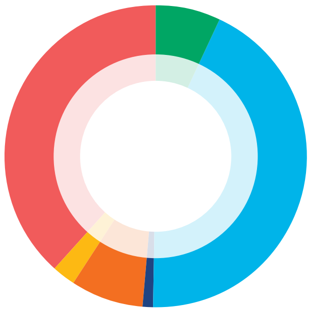
Location	8 Wilkie Road
Title	Leasehold expiring 20 February 2105
Purchase Price in 2007 (S$ million)	182.7
Car Park Lots	215
Green Mark	Gold

As At 31 December	2015	2016
Valuation (S$ million)	199.0	**201.0**
Net Lettable Area (sq m)	14,357	**14,356**
Net Lettable Area (sq ft)	154,539	**154,526**
Number of Tenants	23	**23**
Committed Occupancy (%)	100.0	**99.6**
Gross Rental Income (S$ million)	12.8	**12.4**
Gross Revenue (S$ million)	14.3	**13.9**
Net Property Income (S$ million)	9.8	**9.5**

Top 3 Tenants' Contribution to Portfolio Gross Rental Income for December 2016	%
SF Consulting Pte Ltd	**1.1**
Kaplan Learning Institute Pte. Ltd.	**1.0**
Tower Research Capital (Singapore) Pte. Ltd.	**0.2**

Tenant Mix[1]

As at 31 December 2016



	%
Banking, Insurance and Financial Services	7.2
Business Consultancy, IT, Media and Telecommunications	43.3
Retail Products and Services	1.0
Food and Beverage	7.7
Manufacturing and Distribution	2.6
Education and Services	38.2

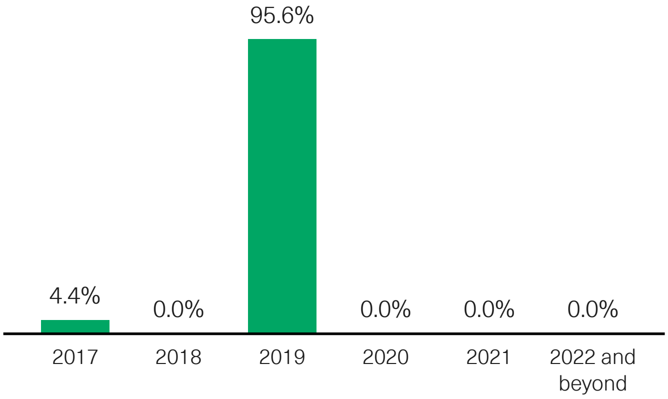
1 Based on building's committed monthly gross rental income and excluding retail turnover rent.

Bugis Village

Bugis Village comprises 34 restored pre-war shophouses in a vibrant heritage enclave. Located next to Bugis MRT station, the three-storey shophouses accommodate a mix of offices, music schools and tuition centres, as well as hair salons, restaurants and retail outlets.

Lease Expiry Profile[2]

As at 31 December 2016

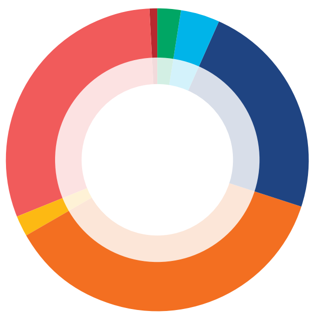


Property Information

Location	62 to 67 Queen Street, 151 to 166 Rochor Road, 229 to 253 Victoria Street (Odd numbers only)
Title	Leasehold estate expiring 30 March 2088[1]
Purchase Price in 2004 (S$ million)	56.5
Car Park Lots	NA

Tenant Mix[2]

As at 31 December 2016



	%
Banking, Insurance and Financial Services	2.5
Business Consultancy, IT, Media and Telecommunications	4.4
Retail Products and Services	23.1
Food and Beverage	36.8
Manufacturing and Distribution	2.1
Education and Services	30.4
Legal	0.7

As At 31 December	2015	2016
Valuation (S$ million)	53.7	**48.5**
Net Lettable Area (sq m)	11,254	**11,254**
Net Lettable Area (sq ft)	121,140	**121,140**
Number of Tenants	80	**76**
Committed Occupancy (%)	100.0	**97.2**
Gross Rental Income (S$ million)	11.7	**11.8**
Gross Revenue (S$ million)	12.1	**12.2**
Net Property Income (S$ million)	9.5	**9.6**

Top 3 Tenants' Contribution to Portfolio Gross Rental Income for December 2016	%
Golden Pass (S) Pte. Ltd.	**0.1**
Kentucky Fried Chicken Management Pte Ltd	**0.1**
Japan Home (Retail) Pte. Ltd.	**0.1**

1 The leasehold title and the valuation take into account the right of the President of the Republic of Singapore, as lessor under the State Lease, to terminate the State Lease on 1 April 2019 upon payment of S$6,610,208.53 plus accrued interest.
2 Based on building's committed monthly gross rental income and excluding retail turnover rent.

Property Details

HSBC Building

HSBC Building is a 21-storey office tower with views of Marina Bay and proximity to Raffles Place MRT station. It houses The Hongkong and Shanghai Banking Corporation Limited (HSBC Bank), the sole tenant who bears the building's operating expenses, including property tax, while CCT manages the insurance and structural maintenance matters. The lease to HSBC Bank will expire in April 2019.

Property Information	
Location	21 Collyer Quay
Title	Leasehold estate expiring 18 December 2849
Purchase Price in 2005 (S$ million)	153.9
Car Park Lots	55
Green Mark	Certified

As At 31 December	2015	2016
Valuation (S$ million)	452.0	**455.0**
Net Lettable Area (sq m)	18,624	**18,624**
Net Lettable Area (sq ft)	200,469	**200,469**
Number of Tenant	1	**1**
Committed Occupancy (%)	100.0	**100.0**
Gross Rental Income (S$ million)	20.4	**20.4**
Gross Revenue (S$ million)	20.4	**20.4**
Net Property Income (S$ million)	20.3	**20.3**

Golden Shoe Car Park

The 10-storey Golden Shoe Car Park on Market Street is the largest parking facility in the CBD. Besides offices on the top floor, it houses an array of retail and F&B outlets on the ground floor that cater to the office crowd. Market Street Food Centre located on the second and third storeys have been granted to the Singapore Ministry of the Environment and Water Resources, free of rent, for use as a food centre.

CCT has submitted plans to the relevant government authorities to redevelop Golden Shoe Car Park into a landmark commercial development.

Notwithstanding the pending approvals and completion of a feasibility study, tenants and vehicle owners have been given notice on 19 October 2016 that the last day of operations is 31 July 2017.

Property Information	
Location	50 Market Street
Title	Leasehold estate expiring 31 January 2081
Purchase Price in 2004 (S$ million)	72.1
Car Park Lots	1,053
Green Mark	Gold^{PLUS}

As At 31 December	2015	2016
Valuation (S$ million)	141.0	**141.0**
Net Lettable Area (sq m)	4,333	**4,333**
Net Lettable Area (sq ft)	46,637	**46,636**
Number of Tenants	39	**36**
Committed Occupancy (%)	97.3	**72.4**
Gross Rental Income (S$ million)	6.5	**5.6**
Car Park Income (S$ million)	6.3	**5.8**
Gross Revenue (S$ million)	13.0	**11.7**
Net Property Income (S$ million)	9.6	**8.4**

Top 3 Tenants' Contribution to Portfolio Gross Rental Income for December 2016	%
May Hua Food Court Pte. Ltd.	**0.2**
KKS International (S) Pte Ltd	**0.1**
The Bakery Depot Pte Ltd	**0.1**

Glossary

AEI	Asset enhancement initiative
CapitaLand	CapitaLand Limited
CapitaLand Group	CapitaLand and its subsidiaries (including the Manager)
CapitaLand Singapore or CLS	CapitaLand Singapore Limited, a wholly owned subsidiary of CapitaLand
CB	Convertible bonds
CBD	Central business district
CCT Group	CCT and its subsidiaries
CDP	The Central Depository (Pte) Limited
CIS Code	Code on Collective Investment Schemes
CMS	Capital Markets Services
CMBS	Commercial Mortgage Backed Securities
Committed Occupancy	Occupancy rate based on committed leases
CPI	Consumer price index
Direct Capitalisation Method	A valuation method appraisers use to estimate the value of income producing real estate where the net income of the property is capitalised for the remaining unexpired term of the lease period. An appropriate capitalisation rate derived from the relevant sales evidence, is then applied to the net income.
Discounted Cashflow Method	A valuation method appraisers use to estimate the value of income producing real estate, where net operating income is discounted at an appropriate discount rate to derive the market value. The capital value of the property considers the 10-year discounted income stream and the present value of its adopted terminal value.
GDP	Gross domestic product
GFA	Gross floor area
Gross Rental Income	Gross rental income comprises base rent (after rent rebates, where applicable, including turnover rent, advertising and promotion levy, where applicable) and tenant service charge, which is a contribution paid by tenants towards the property operating expenses.
Gross Revenue	Comprises gross rental income, car park income and other income
Interest Service Coverage Ratio	Ratio of earnings before interest, tax, depreciation and amortisation over interest expenses of CCT Group.
kg	Kilogram
kWh	Kilowatt-hour
LHS	Left-hand side
Listing Manual	Listing Manual of Singapore Exchange Securities Trading Limited (SGX-ST)

Glossary

Management Expense Ratio	Refers to the expenses of the Group excluding property expenses, borrowing costs and income tax expense as a percentage of weighted average net assets.
Manager	CapitaLand Commercial Trust Management Limited, in its capacity as manager of CCT
MAS	Monetary Authority of Singapore
MRT	Mass rapid transit
MTN	Medium term note
m^3	Cubic metres
NLA	Net lettable area
NPI	Net property income. Comprises gross revenue less property operating expenses for CCT Group or the RCS Trust.
%	Per centum or Percentage
psf	Per square foot
psm	Per square metre
Property Funds Appendix	The Property Funds Appendix of the Code on Collective Investment Schemes issued by the Monetary Authority of Singapore
Property Managers	CapitaLand Commercial Management Pte. Ltd. and CapitaLand (RCS) Property Management Pte. Ltd.
Property Operating Expenses	Comprises property tax, property management fee and other property operating expenses (comprising utility expenses, reimbursement of salaries and related expenses, marketing expenses, repairs and maintenance expenses, general and administrative expenses as well as other miscellaneous expenses).
Property Yield	Net property income as a percentage of the asset value
QoQ	Quarter-on-quarter
REIT / S-REITs	Real Estate Investment Trust / Singapore Real Estate Investment Trusts
RHS	Right-hand side
SFA	Securities and Futures Act, Chapter 289
sq ft	Square feet/foot
sq m	Square metre
S$	Singapore dollars
Trust	CapitaLand Commercial Trust or CCT
Trustee	HSBC Institutional Trust Services (Singapore) Limited, as trustee of CCT
Unit	A unit representing an undivided interest in CCT
Unitholder	The registered holder for the time being of a Unit, including a person so registered as a joint holder, except where the registered holder is CDP, the term “Unitholder” shall, in relation to Units registered in the name of CDP, meaning where the context requires, the Depositor whose Securities Account with CDP is credited with Units.
YoY	Year-on-year

Financial Statements

Report of the Trustee

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of CapitaLand Commercial 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 Commercial 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 6 February 2004 constituting the Trust, as amended, restated and supplemented by the first supplemental deed dated 15 July 2005, the second supplemental deed dated 20 April 2006, the third supplemental deed dated 11 August 2006, the fourth supplemental deed dated 31 October 2007, the first amending and restating deed dated 26 March 2008, the sixth supplemental deed dated 24 August 2010, the seventh supplemental deed dated 27 April 2012, the eighth supplemental deed dated 13 August 2012, the ninth supplemental deed dated 8 March 2013, the tenth supplemental deed dated 6 May 2015 and the eleventh supplemental deed dated 10 April 2016 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 Group during the period covered by these financial statements, set out on pages 120 to 188 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
Senior Vice President, Trustee Services

Singapore
27 February 2017

Statement by the Manager

In the opinion of the directors of CapitaLand Commercial Trust Management Limited, the accompanying financial statements set out on pages 120 to 188 comprising the Statements of Financial Position, Statements of Total Return, Distribution Statements, Statements of Movements in Unitholders' Funds, Portfolio Statements, Statements of Cash Flows and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position of CapitaLand Commercial Trust (the "Trust") and its subsidiaries (the "Group") and of the Trust as at 31 December 2016, 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 its financial obligations as and when they materialise.

For and on behalf of the Manager,
CapitaLand Commercial Trust Management Limited

Lynette Leong Chin Yee
Director

Singapore
27 February 2017

Independent Auditors' Report

Unitholders
CapitaLand Commercial Trust
(Constituted under a Trust Deed in the Republic of Singapore)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of CapitaLand Commercial Trust (the Trust) and its subsidiaries (the Group), which comprise the statement of financial position and portfolio statement of the Group and the Trust as at 31 December 2016, the statement of total return, distribution statement, statement of movements in unitholders' funds and statement 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 120 to 188.

In our opinion, the accompanying financial statements of the Group and the Trust present fairly, in all material respects, the financial position and the portfolio holdings of the Group and of the Trust as at 31 December 2016 and the total return, distributable income, movements in unitholders' funds and cash flows of the Group and the Trust for the year then ended on that date 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.

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 '*Auditor's responsibilities for the audit of the financial statements'* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority *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.

Independent Auditors' Report

Unitholders
CapitaLand Commercial Trust
(Constituted under a Trust Deed in the Republic of Singapore)

Valuation of investment properties
(Refer to Note 5 to the financial statements)

The key audit matter	How the matter was addressed in our audit
The Group has significant portfolio of investment properties comprising commercial properties located in Singapore. Investment properties represent the largest asset item on the statement of financial position. These investment properties are stated at their fair values based on independent external valuations. The valuation process involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. The valuations are highly sensitive to key assumptions applied in deriving at the capitalisation, discount and terminal yield rates i.e. a small change in the assumptions can have a significant impact to the valuation.	We assessed the Group's processes for the selection of the external valuers, the determination of the scope of work of the valuers, and the review and acceptance of the valuations reported by the external valuers. We evaluated the qualifications and competence of the external valuers. We also read the terms of engagement of the valuers with the Group to determine whether there were any matters that might have affected their objectivity or limited the scope of their work. We held discussions with the valuers to understand their valuation approach and basis. We considered the valuation methodologies used against those applied by other valuers for similar property types. We tested the integrity of inputs of the projected cash flows used in the valuation to supporting leases and other documents. We challenged the capitalisation, discount and terminal yield rates used in the valuation by comparing them against historical rates and available industry data, taking into consideration comparability and market factors. We also considered the adequacy of the disclosures in the financial statements, in describing the inherent degree of subjectivity and key assumptions in the estimates. This includes the relationships between the key unobservable inputs and fair values, in conveying the uncertainties.

Our findings

The Group has a structured process in appointing and in reviewing, challenging and accepting their valuations. The valuers are members of generally-recognised professional bodies for valuers and have considered their own independence in carrying out their work. The valuation methodologies used are in line with generally accepted market practices and the key assumptions used are within the range of market data. The disclosures in the financial statements are appropriate.

Other Information

CapitaLand Commercial Trust Management Limited, the Manager of the Trust (the Manager), is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon.

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.

Independent Auditors' Report

Unitholders
CapitaLand Commercial Trust
(Constituted under a Trust Deed in the Republic of Singapore)

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 Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* issued by the Institute of Singapore Chartered Accountants, and for such internal controls 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.

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.

Independent Auditors' Report

Unitholders
CapitaLand Commercial Trust
(Constituted under a Trust Deed in the Republic of Singapore)

- 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the 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 Lau Kam Yuen.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
27 February 2017

Statements of Financial Position
As at 31 December 2016

	Note	Group 2016 $'000	Group 2015 $'000	Trust 2016 $'000	Trust 2015 $'000
Non-current assets					
Plant and equipment	4	1,439	1,272	1,384	1,272
Investment properties	5	6,590,500	4,961,700	4,987,500	4,961,700
Intangible asset	6	2,086	3,416	2,086	3,416
Subsidiaries	7	–	–	718,043	167,657
Joint ventures	8	1,189,793	1,452,447	864,393	997,780
Available-for-sale quoted investment	9	44,834	41,621	44,834	41,621
Financial derivatives	14	20,624	5,611	17,405	5,611
		7,849,276	6,466,067	6,635,645	6,179,057
Current assets					
Trade and other receivables	10	41,636	43,540	48,574	43,451
Cash and cash equivalents	11	159,962	81,212	131,537	67,151
Financial derivatives	14	257	1,726	257	1,726
		201,855	126,478	180,368	112,328
Total assets		**8,051,131**	**6,592,545**	**6,816,013**	**6,291,385**
Current liabilities					
Trade and other payables	12	52,786	37,263	202,800	199,900
Current portion of security deposits		8,413	8,611	8,413	8,611
Current tax payable		1,506	64	226	60
Convertible bonds	15	173,450	–	173,450	–
		236,155	45,938	384,889	208,571
Non-current liabilities					
Non-current portion of security deposits		52,397	31,848	32,627	31,848
Interest-bearing liabilities	13	2,457,182	1,083,623	1,570,692	1,083,623
Financial derivatives	14	26,855	25,719	21,262	25,719
Convertible bonds	15	–	171,281	–	171,281
		2,536,434	1,312,471	1,624,581	1,312,471
Total liabilities		**2,772,589**	**1,358,409**	**2,009,470**	**1,521,042**
Net assets		**5,278,542**	**5,234,136**	**4,806,543**	**4,770,343**
Represented by:					
Unitholders' funds		**5,278,542**	**5,234,136**	**4,806,543**	**4,770,343**
Units issued and issuable ('000)	16	2,965,383	2,953,654	2,965,383	2,953,654
		$	**$**	**$**	**$**
Net asset value per issued and issuable Unit		1.78	1.77	1.62	1.62

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

Statements of Total Return
Year ended 31 December 2016

	Note	Group 2016 $'000	Group 2015 $'000	Trust 2016 $'000	Trust 2015 $'000
Gross revenue	17	298,577	273,219	269,949	262,408
Property operating expenses	18	(67,300)	(60,467)	(62,022)	(58,186)
Net property income		**231,277**	**212,752**	**207,927**	**204,222**
Investment income	19	4,920	871	107,980	88,424
Interest income		3,911	3,979	8,416	10,023
Base asset management fees	20	(5,854)	(5,131)	(5,310)	(5,131)
Performance asset management fees	20	(9,288)	(9,307)	(8,754)	(9,307)
Finance costs	21	(50,064)	(36,032)	(40,198)	(36,018)
Audit fees:					
- Statutory audit		(275)	(260)	(262)	(241)
- Non-statutory audit		(150)	–	(150)	–
Amortisation of intangible asset	6	(1,330)	(1,406)	(1,330)	(1,406)
Costs associated with acquisition of subsidiary	30	(10,551)	–	(10,551)	–
Trustee's fees		(708)	(644)	(687)	(644)
Valuation fees		(261)	(300)	(261)	(275)
Other expenses	22	(1,187)	(1,972)	(1,092)	(1,978)
Net income before share of profit of associate and joint ventures		**160,440**	**162,550**	**255,728**	**247,669**
Share of profit (net of tax) of:					
- Associate		–	1,820	–	–
- Joint ventures		85,713	95,510	–	–
Net income		**246,153**	**259,880**	**255,728**	**247,669**
Dilution (loss)/gain on investment in associate		–	(18,903)	–	2,629
Impairment of available-for-sale quoted investment	9	(8,916)	–	(8,916)	–
Loss on acquisition of subsidiary - net	30	(2,446)	–	–	–
Net increase in fair value of investment properties		27,055	66,452	24,152	66,949
Total return for the year before tax		**261,846**	**307,429**	**270,964**	**317,247**
Tax expense	23	(1,223)	(149)	(709)	(60)
Total return for the year		**260,623**	**307,280**	**270,255**	**317,187**
Earnings per Unit (cents)					
Basic	24	8.81	10.42	9.14	10.76
Diluted	24	8.67	10.24	8.98	10.57

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

Distribution Statements
Year ended 31 December 2016

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Amount available for distribution to Unitholders at 1 January	131,284	128,772	131,284	128,772
Net income before share of profit of associate and joint ventures	160,440	162,550	255,728	247,669
Net tax and other adjustments (Note A)	15,142	6,774	13,309	6,490
Tax-exempt income distribution	–	296	–	296
Distribution from joint ventures	93,455	84,835	–	–
	269,037	254,455	269,037	254,455
Amount available for distribution to Unitholders	400,321	383,227	400,321	383,227
Distributions to Unitholders:				
Distribution of 4.24 cents per Unit for the period from 1/7/2014 to 31/12/2014	–	(124,862)	–	(124,862)
Distribution of 4.31 cents per Unit for the period from 1/1/2015 to 30/6/2015	–	(127,081)	–	(127,081)
Distribution of 4.31 cents per Unit for the period from 1/7/2015 to 31/12/2015	(127,271)	–	(127,271)	–
Distribution of 4.39 cents per Unit for the period from 1/1/2016 to 30/6/2016	(129,783)	–	(129,783)	–
	(257,054)	(251,943)	(257,054)	(251,943)
Amount available for distribution to Unitholders at 31 December	**143,267**	**131,284**	**143,267**	**131,284**
Distribution per Unit (cents)[1]	**9.08**	**8.62**	**9.08**	**8.62**

1 The Distribution per Unit relates to the distributions in respect of the relevant financial year. The distribution relating to the second half of 2016 will be paid after 31 December 2016.

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

Distribution Statements (continued)

Year ended 31 December 2016

Note A – Net tax and other adjustments comprise:

	Group		Trust	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Non-tax deductible/(chargeable) items:				
- Amortisation of transaction costs on borrowings and convertible bonds	4,994	3,610	4,627	3,596
- Amortisation of lease incentives	1,552	1,238	1,149	1,149
- Amortisation of intangible asset	1,330	1,406	1,330	1,406
- Asset management fees paid and payable in Units	3,713	3,841	3,713	3,841
- Costs associated with acquisition of subsidiary	10,701	–	10,701	–
- Depreciation of plant and equipment	339	303	326	301
- Net profits from subsidiaries	(89)	(2,436)	–	–
- Trustee's fees	708	644	687	644
- Tax-exempt income retained	(6,749)	(763)	(6,749)	(3,187)
- Other items	(1,357)	(1,069)	(2,475)	(1,260)
Net tax and other adjustments	15,142	6,774	13,309	6,490

Statements of Movements in Unitholders' Funds

Year ended 31 December 2016

	Note	Group 2016 $'000	Group 2015 $'000	Trust 2016 $'000	Trust 2015 $'000
Net assets at 1 January		5,234,136	5,153,488	4,770,343	4,690,828
Operations					
Total return for the year		260,623	307,280	270,255	317,187
Unitholders' transactions					
Creation of Units:					
- Units issued in respect of RCS Trust's asset management fees		5,813	8,846	5,813	8,846
- Asset management fees paid and payable in Units		4,680	3,800	4,680	3,800
- Acquisition fees paid in Units		8,003	–	8,003	–
		18,496	12,646	18,496	12,646
Distributions to Unitholders		(257,054)	(251,943)	(257,054)	(251,943)
Net decrease in net assets resulting from Unitholders' transactions		(238,558)	(239,297)	(238,558)	(239,297)
Foreign currency translation reserves					
Foreign currency translation differences		–	10,010	–	–
Hedging reserves	25				
Effective portion of change in fair value of cash flow hedges		11,543	14,111	(7,626)	14,111
Share of hedging reserves of joint venture		(1,331)	1,030	–	–
		10,212	15,141	(7,626)	14,111
Available-for-sale reserves	26	12,129	(12,486)	12,129	(12,486)
		22,341	2,655	4,503	1,625
Net assets at 31 December		**5,278,542**	**5,234,136**	**4,806,543**	**4,770,343**

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

Portfolio Statements

As at 31 December 2016

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing Use	Carrying Value[1] 2016 $'000	Carrying Value[1] 2015 $'000	Percentage of Net Assets 2016 %	Percentage of Net Assets 2015 %
Group									
Investment properties - Office buildings									
Singapore									
Six Battery Road	Leasehold	999 years	808 years	6 Battery Road	Commercial	1,371,000	1,358,000	26.0	26.0
Capital Tower	Leasehold	99 years	78 years	168 Robinson Road	Commercial	1,325,000	1,317,000	25.1	25.2
One George Street	Leasehold	99 years	85 years	1 George Street	Commercial	1,014,000	1,010,000	19.2	19.3
HSBC Building	Leasehold	999 years	833 years	21 Collyer Quay	Commercial	455,000	452,000	8.6	8.6
Twenty Anson	Leasehold	99 years	90 years	20 Anson Road	Commercial	432,000	431,000	8.2	8.2
CapitaGreen[2]	Leasehold	99 years	56 years	138 Market Street	Commercial	1,603,000	–	30.4	–
Investment property - Car park building									
Singapore									
Golden Shoe Car Park	Leasehold	99 years	64 years	50 Market Street	Transport facilities	141,000	141,000	2.7	2.7
Investment properties - Other buildings									
Singapore									
Wilkie Edge	Leasehold	99 years	88 years	8 Wilkie Road	Commercial	201,000	199,000	3.8	3.8
Bugis Village[3]	Leasehold	99 years	71 years	62 to 67 Queen Street 151 to 166 Rochor Road 229 to 253 (odd numbers only) Victoria Street	Commercial	48,500	53,700	0.9	1.0
Investment properties, at valuation (Note 5)						6,590,500	4,961,700	124.9	94.8
Investment in joint ventures (Note 8)						1,189,793	1,452,447	22.5	27.7
Available-for-sale quoted investment (Note 9)						44,834	41,621	0.8	0.8
Other assets and liabilities (net)						(2,546,585)	(1,221,632)	(48.2)	(23.3)
Net assets						**5,278,542**	**5,234,136**	**100.0**	**100.0**

1 The carrying value of investment properties are at valuation.

2 In 2016, CapitaGreen is held by MSO Trust, a wholly owned subsidiary of the Trust. In 2015, the Group held 40% interest in MSO Trust as a joint venture.

3 The valuation of Bugis Village takes into account the right of the President of the Republic of Singapore, as Lessor under the State Lease, to terminate the said Lease on 1 April 2019, upon payment of a sum of S$6,610,208.53 plus accrued interest.

Portfolio Statements (continued)

As at 31 December 2016

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing Use	Carrying Value[1] 2016 $'000	Carrying Value[1] 2015 $'000	Percentage of Net Assets 2016 %	Percentage of Net Assets 2015 %
Trust									
Investment properties - Office buildings									
Singapore									
Six Battery Road	Leasehold	999 years	808 years	6 Battery Road	Commercial	1,371,000	1,358,000	28.5	28.5
Capital Tower	Leasehold	99 years	78 years	168 Robinson Road	Commercial	1,325,000	1,317,000	27.6	27.6
One George Street	Leasehold	99 years	85 years	1 George Street	Commercial	1,014,000	1,010,000	21.1	21.2
HSBC Building	Leasehold	999 years	833 years	21 Collyer Quay	Commercial	455,000	452,000	9.5	9.5
Twenty Anson	Leasehold	99 years	90 years	20 Anson Road	Commercial	432,000	431,000	9.0	9.0
Investment property - Car park building									
Singapore									
Golden Shoe Car Park	Leasehold	99 years	64 years	50 Market Street	Transport facilities	141,000	141,000	2.9	3.0
Investment properties - Other buildings									
Singapore									
Wilkie Edge	Leasehold	99 years	88 years	8 Wilkie Road	Commercial	201,000	199,000	4.2	4.2
Bugis Village[2]	Leasehold	99 years	71 years	62 to 67 Queen Street 151 to 166 Rochor Road 229 to 253 (odd numbers only) Victoria Street	Commercial	48,500	53,700	1.0	1.1
Investment properties, at valuation (Note 5)						4,987,500	4,961,700	103.8	104.1
Available-for-sale quoted investment (Note 9)						44,834	41,621	0.9	0.9
Other assets and liabilities (net)						(225,791)	(232,978)	(4.7)	(5.0)
Net assets						**4,806,543**	**4,770,343**	**100.0**	**100.0**

1 The carrying value of investment properties are at valuation.

2 The valuation of Bugis Village takes into account the right of the President of the Republic of Singapore, as Lessor under the State Lease, to terminate the said Lease on 1 April 2019, upon payment of a sum of S$6,610,208.53 plus accrued interest.

Portfolio Statements (continued)

As at 31 December 2016

Investment Properties

On 31 December 2016, independent valuations of Capital Tower, Six Battery Road, HSBC Building, One George Street, Twenty Anson and CapitaGreen were undertaken by Knight Frank Pte Ltd. (2015: CBRE Pte. Ltd.).

On 31 December 2016, independent valuations of Bugis Village, Wilkie Edge and Golden Shoe Car Park were undertaken by Jones Lang LaSalle Property Consultants Pte Ltd. (2015: CBRE Pte. Ltd.).

The Manager believes that the independent valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued. The valuations were based on direct capitalisation method and discounted cash flow analysis. The valuations were performed on the same basis as 2015.

The net increase in fair value of the investment properties has been taken to the Statements of Total Return.

Investment properties comprise mainly 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 lessee. Contingent rents recognised in the Statements of Total Return of the Group and of the Trust amounted to $604,000 (2015: $573,000) and $565,000 (2015: $568,000) respectively.

Statements of Cash Flows

Year ended 31 December 2016

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Cash flows from operating activities				
Total return for the year before tax	261,846	307,429	270,964	317,247
Adjustments for:				
Amortisation of intangible asset	1,330	1,406	1,330	1,406
Amortisation of lease incentives	1,552	1,238	1,149	1,149
Asset management fees paid and payable in Units	3,713	3,841	3,713	3,841
Costs associated with acquisition of subsidiary	10,701	–	10,701	–
Depreciation of plant and equipment	339	303	326	301
Dilution loss/(gain) on investment in associate	–	18,903	–	(2,629)
Finance costs	50,064	36,032	40,198	36,018
Foreign exchange loss	–	353	–	353
Loss on disposal of plant and equipment	1	*	*	*
Impairment on available-for-sale quoted investment	8,916	–	8,916	–
Interest income	(3,911)	(3,979)	(8,416)	(10,023)
Investment income	(4,920)	(871)	(107,980)	(88,424)
Loss on acquisition of subsidiary - net	2,446	–	–	–
Net increase in fair value of investment properties	(27,055)	(66,452)	(24,152)	(66,949)
Share of profit of associate and joint ventures	(85,713)	(97,330)	–	–
Operating income before working capital changes	219,309	200,873	196,749	192,290
Changes in working capital:				
Trade and other receivables	(6,219)	(2,360)	(3,963)	(3,289)
Trade and other payables	(11,817)	(2,329)	2,311	4,665
Security deposits	2,111	723	581	6,073
Cash generated from operations	203,384	196,907	195,678	199,739
Tax paid	(308)	(88)	(391)	–
Net cash from operating activities	**203,076**	**196,819**	**195,287**	**199,739**
Net cash from operating activities carried forward	203,076	196,819	195,287	199,739

* Less than $1,000

Statements of Cash Flows (continued)

Year ended 31 December 2016

	Note	Group 2016 $'000	Group 2015 $'000	Trust 2016 $'000	Trust 2015 $'000
Net cash from operating activities brought forward		203,076	196,819	195,287	199,739
Cash flows from investing activities					
Acquisition of subsidiary, net of cash acquired	30	(356,884)	–	–	–
Capital expenditure on investment properties		(17,108)	(21,131)	(5,119)	(20,132)
Distributions from associate		–	2,450	–	2,450
Distributions from available-for-sale quoted investment		4,920	786	4,920	786
Distributions from joint venture		90,729	84,717	90,729	84,717
Interest income received		19,156	1,020	19,028	7,402
Investment in subsidiary		–	–	(197,986)	–
Loan to joint venture		–	(4,000)	–	(4,000)
Loan to subsidiary		–	–	(213,200)	–
Purchase of plant and equipment		(199)	(173)	(228)	(184)
Repayment of loan by subsidiary		–	–	–	267,919
Acquisition of property		–	–	–	(267,919)
Net cash (used in)/from investing activities		**(259,386)**	**63,669**	**(301,856)**	**71,039**
Cash flows from financing activities					
Distributions to Unitholders		(257,054)	(251,943)	(257,054)	(251,943)
Interest paid		(71,536)	(33,418)	(35,641)	(33,403)
Proceeds from interest-bearing liabilities		738,650	490,000	738,650	490,000
Repayment of interest-bearing liabilities		(275,000)	(485,000)	(275,000)	(485,000)
Net cash from/(used in) financing activities		**135,060**	**(280,361)**	**170,955**	**(280,346)**
Net increase/(decrease) in cash and cash equivalents		78,750	(19,873)	64,386	(9,568)
Cash and cash equivalents at 1 January		81,212	101,085	67,151	76,719
Cash and cash equivalents at 31 December	11	**159,962**	**81,212**	**131,537**	**67,151**

Significant non-cash transactions

During the financial year ended 31 December 2016:

- 1,331,312 (2015: 2,429,531) Units were issued as payments of asset management fees in relation to One George Street and Wilkie Edge payable in Units to the Manager, amounting to a value of $1,877,000 (2015:$3,800,000);
- 4,062,434 (2015: 5,652,478) Units were issued as payments of asset management fees in relation to the Group's 60% interest in RCS Trust payable in Units to the Manager, amounting to a value of $5,813,000 (2015: $8,846,000); and
- 5,166,236 Units (2015: nil) were issued as payment for the acquisition fees of $8,003,000 in relation to the acquisition of 50% interest in MSO Trust that holds CapitaGreen from Market Street Office Pte. Ltd. (an indirect wholly owned subsidiary of CapitaLand Limited). In Appendix 6 of Code of Collective Investment Scheme, the acquisition fees paid in respect of transactions with interested parties will have to be in the form of units which shall not be sold within one year from the date of issuance of such units.

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

Notes to the Financial Statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Manager and the Trustee on 27 February 2017.

1 General

CapitaLand Commercial Trust (the "Trust") is a Singapore-domiciled unit trust established pursuant to the trust deed dated 6 February 2004 (as amended) (the "Trust Deed") between CapitaLand Commercial 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 and its subsidiaries (the "Group") 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 (the "SGX-ST") on 11 May 2004 and was included under the Central Provident Fund ("CPF") Investment Scheme on 11 May 2004.

The consolidated financial statements of the Trust as at and for the year ended 31 December 2016 comprise the Trust and its subsidiaries (together referred to as the 'Group' and individually as 'Group entities') and the Group's interest in its joint ventures.

For financial reporting purposes, the Group is regarded as a subsidiary of CapitaLand Singapore Limited. Accordingly, the ultimate holding Company is CapitaLand Limited. The immediate and ultimate holding companies are incorporated in the Republic of Singapore.

The principal activity of the Group is to invest in income producing real estate and real estate related assets, which are used or substantially used for commercial purposes, with the primary objective of achieving an attractive level of return from rental income and for long-term capital growth.

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:

(i) Property management fees

Under the property management agreements, property management fees are charged at 3.00% per annum of the net property income of the properties except for HSBC Building which is charged at 0.25% per annum of the net property income.

The property management fees are payable monthly in arrears.

Notes to the Financial Statements

1 General (continued)

(ii) Asset management fees

The Manager is entitled under Clause 15.1 of the Trust Deed to receive, the amount of asset management fees which comprise a base component of 0.10% per annum of the value of Deposited Property and a performance component of 5.25% per annum of net investment income of the Trust for each financial year.

The base and performance components of the asset management fees are payable quarterly and yearly in arrears respectively.

"Deposited Property" refers to all the assets of the Trust, including all its authorised investments for the time being held or deemed to be held upon the trusts of the Trust Deed, except for the investment in RCS Trust, a joint venture.

The Manager is entitled under Clause 15.1.3 of the Trust Deed to receive, at the option of the Manager, the asset management fees wholly in the form of cash, wholly in the form of Units or a combination of both. When paid in the form of Units, the Manager shall be entitled to receive such number of Units as may be purchased with the relevant amount of the asset management fees attributable to such period at an issue price equal to the market price (as defined in the Trust Deed).

(iii) Acquisition fee and divestment fee

The Manager is entitled under Clause 15.2 of the Trust Deed to receive acquisition fee at the rate of 1% (or such lower percentage as may be determined by the Manager in its absolute discretion) of the acquisition price and a divestment fee at the rate of 0.5% (or such lower percentage as may be determined by the Manager in its absolute discretion) of the sale price.

In Appendix 6 of Code of Collective Investment Scheme, where the manager receives a percentage-based fee when the property fund acquires and disposes of real estate assets from or to interested parties, such a fee should be in the form of units issued by the property fund at the prevailing market price. The units should not be sold within one year from their date of issuance.

(iv) Trustee's fees

Pursuant to Clause 15.3 of the Trust Deed, the Trustee's fees shall not exceed 0.10% per annum of the value of Deposited Property (except for the investment in RCS Trust, a joint venture), subject to a minimum sum of $8,000 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 ("RAP") 7 "Reporting Framework for Unit Trusts" issued by the Institute of Singapore Chartered Accountants and 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 should generally comply with the principles relating to recognition and measurement of the Singapore Financial Reporting Standards ("FRS").

2.2 Basis of measurement

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

Notes to the Financial Statements

2 Basis of preparation (continued)

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Trust'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 judgments

The preparation of the financial statements in conformity with RAP 7 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the 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 assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is included in following notes:

- Note 5 – Valuation of investment properties
- Note 27 – Valuation of financial instruments
- Note 30 – Acquisition of subsidiary

Measurement of fair values

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

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

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

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 – Valuation of investment properties
- Note 27 – Valuation of financial instruments
- Note 30 – Acquisition of subsidiary

Notes to the Financial Statements

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the date of acquisition, which is the date on which control is transferred to the Group.

The Group measures goodwill at the date of acquisition as:

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

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

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

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

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

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

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

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.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Notes to the Financial Statements

3 Significant accounting policies (continued)

3.1 Basis of consolidation (continued)

Investments in joint ventures

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 joint ventures are accounted for using the equity method. They are recognised initially at cost, which includes transactions 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 payments on behalf of the investee.

Transactions eliminated on consolidation

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

Accounting for subsidiaries and joint ventures by the Trust

Investments in subsidiaries and joint ventures are stated in the Trust's Statements of Financial Position at cost less accumulated impairment losses.

3.2 Plant and equipment

Recognition and measurement

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

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

The gain or loss on the disposal of an item of plant and equipment is determined as the difference between the proceeds from disposal and the carrying amount of the item, and is recognised net within other expenses in the Statements of Total Return on the date of disposal.

Notes to the Financial Statements

3 Significant accounting policies (continued)

3.2 Plant and equipment (continued)

Subsequent costs

The cost of replacing a component 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 component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in the Statements of Total Return as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Items of plant and equipment are depreciated on a straight-line basis in the Statements of Total Return over the estimated useful lives of each component.

The estimated useful lives for the current and comparative years of significant items of plant and equipment are as follows:

- Furniture, fittings and equipment 2 to 5 years

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

3.3 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in the Statements of Total Return.

Cost includes expenditure that is directly attributable to the acquisition, which includes transaction costs.

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

Any gain or loss on disposal of an investment property is calculated as the difference between the net proceeds from disposal and the carrying amount of the investment property. The gain or loss on disposal of investment property is recognised in Statements of Total Return.

Subsequent expenditure is recognised in the carrying amount of the investment property if it is probable that future economic benefits associated with the item will flow to the Trust and the cost of the item can be measured reliably.

3.4 Intangible asset

Intangible asset acquired by the Group and the Trust is measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated based on the costs of the asset and recognised in the Statements of Total Return on a systematic basis over the estimated useful life.

3 Significant accounting policies (continued)

3.5 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rates at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated 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 retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in the Statements of Total Return, except for differences arising on the retranslation of monetary items that in substance form part of the Group's net investment in a foreign operation and available-for-sale equity instruments.

3.6 Financial instruments

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 the Statements of Total Return.

On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged 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, 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 attributable to the hedged risk, 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 ultimately could affect the reported Statements of Total Return.

Derivative financial instruments are recognised initially at fair value; any attributable transaction costs are recognised in the Statements of Total Return as incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value, and changes therein are accounted for as described below.

Notes to the Financial Statements

3 Significant accounting policies (continued)

3.6 Financial instruments (continued)

Cash flow hedge

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 the Statements of Total Return, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income 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 the Statements of Total Return.

When the hedged item is a non-financial asset, the amount accumulated in the hedging reserve is reclassified to the Statements of Total Return in the same period or periods during which the non-financial item affects the Statements of Total Return. In other cases as well, the amount accumulated in the hedging reserve is reclassified to the Statements of Total Return in the same period that the hedged item affects the Statements 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 the hedging reserve is reclassified to the Statements of Total Return.

Separable embedded derivatives

Changes in the fair value of separable embedded derivatives are recognised immediately in the Statements of Total Return.

Other non-trading derivatives

When a derivative financial instrument is not held for trading, and is not designated in a hedge relationship that qualifies for hedge accounting, all changes in its fair value are recognised immediately in the Statements of Total Return.

Non-derivative financial instruments

The Group initially recognises loans and receivables, deposits and convertible bonds issued on the date that they are originated. All other financial instruments 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 transfer nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group 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 Statements of Financial Position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial instruments into the following categories: loans and receivables, available-for-sale financial assets and other financial liabilities.

Notes to the Financial Statements

3 Significant accounting policies (continued)

3.6 Financial instruments (continued)

Non-derivative financial instruments *(continued)*

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 on the date that they are originated 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 and cash and cash equivalents.

Cash and cash equivalents

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

Available-for-sale financial assets

The Group's investments in certain equity securities are classified as available-for-sale financial assets if they are not classified in any of the above categories of financial assets. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognised directly in Unitholders' funds. When an investment is derecognised, the gain or loss accumulated in Unitholders' funds is reclassified to the Statements of Total Return.

Other financial liabilities

Other financial liabilities comprise trade and other payables, security deposits and interest-bearing liabilities.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, other non-derivative financial instruments are measured at amortised cost using the effective interest method.

Notes to the Financial Statements

3 Significant accounting policies (continued)

3.6 Financial instruments (continued)

Convertible bonds accounted for as compound financial instruments

Convertible bonds that can be converted into units at the option of the holder where the number of units to be issued does not vary with changes in the fair value of the bonds are accounted for as compound financial instruments.

The liability component of the convertible bonds is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of convertible bonds is measured at amortised cost using the effective interest method. The equity component of convertible bonds is not remeasured subsequent to initial recognition. When the conversion option is exercised or lapsed, its carrying amount will be transferred to Unitholders' funds. No gain or loss is recognised on conversion.

When a convertible bond is being redeemed before its maturity date, the purchase consideration (including directly attributable costs, net of tax effects) are allocated to the liability and equity components of the instrument at the date of redemption. Any resulting gain or loss relating to the liability component is recognised in the Statements of Total Return. The remaining purchase consideration is recognised in Unitholders' funds.

3.7 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through the Statements of Total Return, including interest in jointly controlled entities, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) 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, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

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. The individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

Notes to the Financial Statements

3 Significant accounting policies (continued)

3.7 Impairment (continued)

***Loans and receivables** (continued)*

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 Statements of Total Return and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through Statements of Total Return.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve in Unitholders' funds to Statements of Total Return. The cumulative loss that is reclassified from Unitholders' funds to Statements of Total Return is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss recognised previously in Statements of Total Return. Changes in cumulative impairment provisions attributable to application of the effective interest method are reflected as a component of interest income. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed. The amount of the reversal is recognised in Statements of Total Return. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in Unitholders' funds.

Joint venture

An impairment loss in respect of a joint venture is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in Statements of Total Return. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

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 assets' recoverable amounts are estimated.

An impairment loss is recognised in the Statements of Total Return if the carrying amount of an asset or cash-generating unit ("CGU") exceeds its estimated recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows from continuing use that are largely independent from other assets or CGUs. Impairment losses are recognised in the statement of total return unless it reverses a previous revaluation, credited to Unitholders' funds, in which case it is charged to Unitholders' funds.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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.

Notes to the Financial Statements

3 Significant accounting policies (continued)

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 equity.

3.9 Revenue recognition

Rental income from operating leases

Rental income from operating leases is recognised as revenue in the Statements 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 in the Statements of Total Return on a receipt basis.

Interest income

Interest income is recognised in the Statements of Total Return as it accrues, using the effective interest method.

Investment income

Investment income is recognised in the Statements of Total Return on the date that the Group's right to receive payment is established.

3.10 Government grants

Grants that compensate the Group for expenses incurred are recognised in the Statements of Total Return as other income on a systematic basis in the periods in which the expenses are recognised or as a deduction to the cost in arriving at the carrying amount of the asset.

3.11 Expenses

Property operating expenses

Property operating expenses consist of property tax, utilities, maintenance, property management reimbursements, property management fees using the applicable formula stipulated in Note 1(i) for the Trust, and Note 7(i) for MSO Trust, marketing expenses and other property outgoings in relation to investment properties where such expenses are the responsibility of the Group.

Property operating expenses are recognised on an accrual basis.

Asset management fees

Asset management fees are recognised on an accrual basis using the applicable formula stipulated in Note 1(ii) for the Trust, Note 7(ii) for MSO Trust .

Trustee's fees

The Trustee's fees are recognised on an accrual basis using the applicable formula stipulated in Note 1(iv) for the Trust and Note 7(iii) for MSO Trust.

3 Significant accounting policies (continued)

3.12 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the Statements of Total Return except to the extent that it relates to a business combination, or items recognised directly in 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.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- 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; and

- taxable temporary differences arising on the initial recognition of goodwill.

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 period, 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 temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference 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 the ordinary course of business, there are many transactions and calculations for which the ultimate tax treatment is uncertain. Therefore, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognised when the Group believes that certain positions may not be fully sustained upon review by tax authorities, despite the Group's belief that its tax return positions are supportable. 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 multifaceted judgments about future events. New information may become available that causes the Group to change its judgment 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.

Notes to the Financial Statements

3 Significant accounting policies (continued)

3.12 Tax (continued)

The Inland Revenue Authority of Singapore ("IRAS") has issued a tax ruling on the taxation of the Trust for income earned and expenditure incurred after its listing on the SGX-ST. Subject to meeting the terms and conditions of the tax ruling, which includes a distribution of at least 90% of the taxable income of the Trust, the Trust will not be taxed on the portion of taxable income of the Trust that is distributed to Unitholders. Any portion of the taxable income that is not distributed to Unitholders will be taxed on the Trust. In the event that there are subsequent adjustments to the taxable income when the actual taxable income of the Trust is finally agreed with IRAS, such adjustments are taken up as an adjustment to the taxable income for the next distribution following the agreement with IRAS.

Individuals and Qualifying Unitholders are entitled to receive taxable income distributions at gross from the Trust. For other types of Unitholders (other than foreign non-individual Unitholders), the Trust is required to withhold tax at the prevailing corporate tax rate (currently 17%) on the taxable income distributions made by the Trust. Such 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 (currently 17%) by the Trust. Qualifying foreign non-individual Unitholders are entitled to receive taxable income distributions net of withholding tax at a reduced rate of 10% for distributions made on or before 31 March 2020.

A Qualifying Unitholder is a Unitholder who is:

(a) a Singapore-incorporated company which is tax resident in Singapore;

(b) a body of persons, other than a company or a partnership, registered or constituted in Singapore (for example, a town council, a statutory board, a registered charity, a registered co-operative society, a registered trade union, a management corporation, a club and a trade and industry association);

(c) a Singapore branch of a foreign company;

(d) an agent bank or a Supplementary Retirement Scheme ("SRS") operator acting as nominee for individuals who have purchased Units within the Central Provident Fund Investment Scheme ("CPFIS") or the SRS respectively; or

(e) a nominee who can demonstrate that the Units are held for beneficial owners who are individuals or who fall within the classes of Unitholders listed in (a) to (c) above.

The Trust has a distribution policy to distribute at least 90% of its taxable income, other than gains from the sale of real estate properties that are determined by 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 Trust. Where such retained taxable income is subsequently distributed, the Trust need not deduct tax at source.

Notes to the Financial Statements

3 Significant accounting policies (continued)

3.13 Finance costs

Finance costs comprise interest expense on borrowings and convertible bonds, amortisation of borrowings and convertible bonds related transaction costs and accretion of convertible bonds interest that are recognised in the Statements of Total Return using the effective interest method over the period of borrowings and the convertible bonds.

3.14 Earnings per unit

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

3.15 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Chief Executive Officer and Board of Directors of the Manager (the Group's "Chief Operating Decision Makers" or "CODMs") to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CODMs include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income tax assets and liabilities.

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

Notes to the Financial Statements

3 Significant accounting policies (continued)

3.16 New standards, interpretations and revised recommended accounting practice not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016 and earlier application is permitted; however, the Group and Trust has not early applied the following new or amended standards in preparing these statements.

RAP 7

The Recommended Accounting Practice 7 (RAP 7) was revised in June 2016 to take into account, amongst others, the changes made to FRS 32 *Financial Instruments: Presentation* and FRS 107 *Financial Instruments: Disclosures* in relation to the offsetting of financial assets and liabilities; and new standards issued after 2012 including FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosure of Interest in Other Entities* and FRS 113 *Fair Value Measurement*. RAP 7 (Revised June 2016) is applicable to unit trusts with annual periods beginning on or after 1 July 2016. Certain additional disclosures would be required by the Revised RAP 7.

Applicable to 2018 financial statements

New standards Summary of the requirements	**Potential impact on the 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.	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.

Notes to the Financial Statements

3 Significant accounting policies (continued)

3.16 New standards, interpretations and revised recommended accounting practice not yet adopted (continued)

Applicable to 2018 financial statements (continued)

New standards Summary of the requirements	**Potential impact on the financial statements**
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.	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

3 Significant accounting policies (continued)

3.16 New standards, interpretations and revised recommended accounting practice not yet adopted (continued)

Applicable to 2019 financial statements

New standards Summary of the requirements	**Potential impact on the financial statements**
FRS 116 *Leases*	
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. FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor. When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if FRS 115 is also applied.	The Group has performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee. Based on the preliminary assessment, the Group expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. The operating lease commitments on an undiscounted basis is not expected to be material. Assuming no additional new operating leases in future years until the effective date, the Group and Trust expects the amount of ROU asset and lease liability to be lower due to discounting and as the lease terms run down. The Group plans to adopt the standard when it becomes effective in 2019.

4 Plant and equipment

	Note	Furniture, fittings and equipment 2016 $'000	2015 $'000
Group			
Cost			
At 1 January		2,449	2,497
Additions		439	134
Acquisition through business combination	30	67	–
Disposals/write-off		(112)	(182)
At 31 December		2,843	2,449
Accumulated depreciation			
At 1 January		1,177	1,044
Charge for the year		339	303
Disposals/write-off		(112)	(170)
At 31 December		1,404	1,177
Carrying amounts			
At 1 January		1,272	1,453
At 31 December		1,439	1,272
Trust			
Cost			
At 1 January		2,449	2,472
Additions		438	133
Disposals/write-off		(112)	(156)
At 31 December		2,775	2,449
Accumulated depreciation			
At 1 January		1,177	1,032
Charge for the year		326	301
Disposals/write-off		(112)	(156)
At 31 December		1,391	1,177
Carrying amounts			
At 1 January		1,272	1,440
At 31 December		1,384	1,272

Notes to the Financial Statements

5 Investment properties

		Group		Trust	
	Note	2016 $'000	2015 $'000	2016 $'000	2015 $'000
At 1 January		4,961,700	4,882,400	4,961,700	4,451,400
Acquisition through business combination	30	1,600,500	–	–	431,000
Capital expenditure		1,245	12,848	1,648	12,351
Net change in fair value of investment properties		27,055	66,452	24,152	66,949
At 31 December		6,590,500	4,961,700	4,987,500	4,961,700

As at 31 December 2016, a mortgage over CapitaGreen is provided to the banks to secure bank facilities for MSO Trust, a wholly owned subsidiary of the Trust. In 2015, the investment properties held by the Group were unencumbered.

As at 31 December 2016 and 2015, investment properties held by the Trust were unencumbered.

Investment properties are stated at fair value based on valuations performed by independent professional valuers. In determining the fair value, the valuations are prepared by considering the estimated rental value of the property by applying the appropriate valuation methods i.e. the capitalisation method and discounted cashflow method.

The capitalisation method 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 ongoing vacancy to produce a net income on a fully leased basis. The adopted fully leased net income is capitalised over the remaining term of the land lease from the valuation date at an appropriate capitalisation rate. 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 above valuation methods involve 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 the view that the estimates are reflective of the current market conditions as at the reporting date. (See note 27 for further information)

Notes to the Financial Statements

6 Intangible asset

	Group and Trust 2016 $'000	Group and Trust 2015 $'000
Cost		
At 1 January and 31 December	17,100	17,100
Accumulated amortisation		
At 1 January	13,684	12,278
Amortisation for the year	1,330	1,406
At 31 December	15,014	13,684
Carrying amounts		
At 1 January	3,416	4,822
At 31 December	2,086	3,416

Intangible asset represents the unamortised yield stabilization sum received by the Group under the Deed of Yield Stabilization ("YS Deed") dated 22 March 2012 in relation to Twenty Anson. The YS Deed, together with the unutilised yield stabilization amount, was assigned to the Trust upon the acquisition of Twenty Anson on 1 July 2015 and had expired on 21 September 2016. The Manager has determined that the Trust will continue to utilise the yield stabilization sum to top up any shortfall or deficiency in the property income of Twenty Anson until the sum is fully utilised (see note 17).

7 Subsidiaries

	Trust 2016 $'000	Trust 2015 $'000
Unquoted equity investments at cost	388,043	167,657
Loan to a subsidiary	330,000	–
	718,043	167,657

The loan to a subsidiary is unsecured and bears an effective interest rate of 4.6% (2015: Nil) per annum. The loan to subsidiary forms part of the Trust's net investment in the subsidiary and settlement is neither planned nor likely to occur in the foreseeable future.

Notes to the Financial Statements

7 Subsidiaries (continued)

Details of the subsidiaries are as follows:

Name of subsidiaries	Place of incorporation/ business	Effective equity interest held by the Trust 2016 %	2015 %
CCT MTN Pte. Ltd. ("CCT MTN")[1]	Singapore	100	100
FirstOffice Pte. Ltd. ("FOPL")[1]	Singapore	100	100
MSO Trust[1]	Singapore	100	40[2]

[1] Audited by KPMG LLP Singapore

[2] Classified as joint venture in 2015

MSO Trust is an unlisted special purpose trust constituted under a trust deed ("Trust Deed of MSO Trust") dated 15 June 2011 (as amended) entered between Market Street Office Trustee Pte. Ltd. as trustee-manager of MSO Trust, the Trustee and the Manager.

On 13 July 2011, the Trustee and the Manager entered into a joint venture agreement with Market Street Office Pte. Ltd. ("MSOPL"), a subsidiary of CapitaLand Limited and Mitsubishi Estate Asia Pte. Ltd. ("MEA"). Under the agreement, the Trust, MSOPL and MEA own 40%, 50% and 10% equity interest respectively in MSO Trust. MSO Trust holds CapitaGreen, a commercial office tower located in the central business district.

On 31 August 2016, the Group acquired the remaining 60% interest in MSO Trust and as a result of the acquisition, the Group's investment in MSO Trust was reclassified from "Joint ventures" to "Subsidiaries".

On 12 December 2016, HSBC Institutional Trust Services (Singapore) Limited and CapitaLand Commercial Trust Management Limited replaced the Trustee and Trust Manager of MSO Trust respectively.

(i) Property management fees

Under the property management agreement, property management fees for MSO Trust are charged based on 3.00% per annum of the Net Property Income before the Property Manager's property management fees. The property management fees are payable monthly in arrears.

(ii) Asset management fees

Pursuant to Clause 13.3 of the Trust Deed of MSO Trust, the asset management fees comprise a base component of 0.10% per annum of the value of deposited property of MSO Trust and a performance component of 5.25% per annum of the net investment income of MSO Trust for each financial year. Deposited property refers to all the assets of MSO Trust, including all its authorised investments for the time being held or deemed to be held upon the trusts of the Trust Deed of MSO Trust.

The base and performance components of the asset management fees are payable quarterly and yearly in arrears respectively.

Pursuant to Clause 11.3 of the Trust Deed of MSO Trust, the asset management fees shall be paid in the form of cash.

Notes to the Financial Statements

7 Subsidiaries (continued)

(iii) Trustee fees

Pursuant to Clause 11.4 of the Trust Deed of MSO Trust, the Trustee's fees shall not exceed 0.10% per annum of the value of deposited property of MSO Trust, as defined in the Trust Deed of MSO Trust (subject to a minimum sum of $8,000 per month), payable out of the deposited property of MSO 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.

Based on the unitholder's loan agreement dated 31 August 2016 between the Trust and MSO Trust, the Trust agreed to make available to MSO Trust one or more loans up to an aggregate principle of $794.0 million (2015: $317.6 million), for the purpose of refinancing the unitholders' loan of S$292.0 million and working capital or general corporate funding purpose of S$502.0 million.

As at 31 December 2016, the Trust had provided a total of $330.0 million (2015: $116.8 million) as unitholder's loan to MSO Trust.

The Trust has also provided undertakings on security margin, in respect of its 100.0% (2015: 40.0%) interest on the $900.0 million (2015: $900.0 million) bank facility granted to MSO Trust. As at 31 December 2016, the amount drawn down under the bank facility was $890.0 million (2015: $890.0 million) of which the Trust provided undertakings on security margin relating to $890.0 million (2015: $356.0 million) of the amount drawn.

8 Joint ventures

	Group		Trust	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Investments in joint ventures	1,189,793	1,335,647	864,393	880,980
Loan to joint venture	–	116,800	–	116,800
	1,189,793	1,452,447	864,393	997,780

As at 31 December 2016, the loan to joint venture was unsecured and bore an average effective interest rate of 3.14% per annum.

Details of the joint ventures are as follows:

Name of joint ventures	**Place of constitution/ business**	**Effective equity interest held by the Trust**	
		2016 %	**2015 %**
RCS Trust[1]	Singapore	60	60
MSO Trust[1]	Singapore	–	40

[1] Audited by KPMG LLP Singapore

On 31 August 2016, the Group acquired the remaining 60% units in MSO Trust and MSO Trust became a wholly owned subsidiary from that date (refer to note 7 for more details).

Notes to the Financial Statements

8 Joint ventures (continued)

RCS Trust

RCS Trust is an unlisted special purpose trust constituted under a trust deed ("Trust Deed of RCS Trust") dated 18 July 2006 (as amended) entered into between HSBC Institutional Trust Services (Singapore) Limited as trustee-manager ("Trustee-Manager") of RCS Trust, HSBC Institutional Trust Services (Singapore) Limited as trustee of CapitaLand Mall Trust ("CMT"), the Trustee," CapitaLand Mall Trust Management Limited as Manager of CMT, and the Manager. RCS Trust is 60% owned by the Trust and 40% owned by CMT. RCS Trust holds Raffles City Singapore, an integrated development that which comprise retail, hotel, convention centre and office.

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

(i) Property management fees

Under the property management agreement, property management fees are charged as follows:

(a) 2.00% per annum of the property income of the property; and

(b) 2.50% per annum of the net property income of the property.

The property management fees are payable monthly in arrears.

(ii) Asset management fees

Pursuant to Clause 11.1 of the Trust Deed of RCS Trust, the asset 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 Trust Deed of RCS Trust.

The base and performance components of the asset management fees are payable quarterly and yearly in arrears respectively.

Pursuant to Clause 11.3 of the Trust Deed of RCS Trust, the asset management fees shall be paid entirely in the form of units or, with the unanimous approval of the Manager and CapitaLand Mall Trust Management Limited as Manager of CapitaLand Mall Trust, either partly in units and partly in cash or wholly in cash. When paid in the form of Units, pursuant to Clause 11.3.2 of the Trust Deed of RCS Trust, the Trustee-Manager shall be entitled to receive such number of Units as may be purchased with the relevant amount of the asset management fees attributable to such period at an issue price equal to the net asset value per Unit or at such other issue price as may be agreed in writing between the Trustee-Manager, the Trust's Manager and the CMT Manager.

(iii) Trustee-Manager's fees

Pursuant to Clause 11.4 of the Trust Deed of RCS Trust, the Trustee-Manager's fees shall not exceed 0.10% per annum of the value of deposited property of RCS Trust, as defined in the Trust Deed of RCS Trust (subject to a minimum sum of $15,000 per month), payable out of the deposited property of RCS Trust. The Trustee-Manager is also entitled to reimbursement of expenses incurred in the performance of its duties under the Trust Deed.

The Trustee-Manager's fees are payable quarterly in arrears.

Notes to the Financial Statements

8 Joint ventures (continued)

The following table summarises the financial information of joint ventures, based on the financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition, not adjusted for the percentage ownership held by the Group, were as follows:

	2016		2015	
	RCS Trust $'000	MSO Trust[1] $'000	RCS Trust $'000	MSO Trust $'000
Results				
Gross revenue	234,613	49,796	234,355	38,295
Expenses[2]	(104,263)	(39,573)	(111,732)	(48,006)
Net (decrease)/ increase in fair value of investment property	(18,739)	36,642	13,089	44,916
Total return for the year	111,611	46,865	135,712	35,205
Assets and liabilities				
Non-current assets	3,169,963	–	3,137,077	1,596,022
Current assets[3]	43,424	–	18,828	17,743
Total assets	3,213,387	–	3,155,905	1,613,765
Current liabilities[4]	112,225	–	1,130,184	95,024
Non-current liabilities[5]	1,118,173	–	15,340	1,195,193
Total liabilities	1,230,398	–	1,145,524	1,290,217
Net assets	1,982,989	–	2,010,381	323,548
Group's interest in net assets of investee at 1 January	1,206,229	129,418	1,200,790	114,305
Increase in investment in joint venture with no change in effective interest[6]	5,813	–	8,846	–
Share of total return for the year	66,967	18,746	81,428	14,082
Share of movement in hedging reserves for the year	(396)	(7,618)	–	1,031
Distributions received and receivable during the year	(88,820)	(4,635)	(84,835)	–
Disposal of joint venture	–	(135,911)	–	–
Carrying amount of interest in investee at 31 December	1,189,793	–	1,206,229	129,418
Group's share of joint ventures' capital commitment	30,098	–	23,197	–

Note

1 On 31 August 2016, the Group increased its equity interest in MSO Trust and it became a wholly owned subsidiary from that date (note 7). Accordingly, the information presented in the above table includes the results of MSO Trust only for the period from 1 January 2016 to 31 August 2016.

	RCS Trust 2016	MSO Trust 2016	RCS Trust 2015	MSO Trust 2015
2 Includes:				
Depreciation	209	26	205	23
Interest expense	29,093	27,224	35,031	29,082
Tax expense	–	3	–	–
3 Includes cash and cash equivalents	38,457	–	13,252	15,825
4 Includes current financial liabilities (excluding trade and other payables and provisions)	–	–	1,042,763	–
5 Includes non-current financial liabilities (excluding trade and other payables and provisions)	1,097,518	–	–	1,177,590

6 Increase in investment by way of issuance of units in RCS Trust.

Notes to the Financial Statements

9 Available-for-sale quoted investment

	Group and Trust	
	2016 $'000	2015 $'000
Available-for-sale quoted investment, fair value	44,834	41,621

Available-for-sale quoted investment represents the Group's and Trust's 11.0% (2015: 17.7%) interest in MRCB-Quill REIT ("MQREIT").

MQREIT (formerly known as QCT) is a real estate investment trust constituted in Malaysia and has its place of business in Malaysia. The principal activity of MQREIT is to own and invest in commercial properties, primarily in Malaysia.

In 2016, the Group recognised an impairment loss of $8,916,000 (2015: Nil) against its investment in available-for-sale quoted investment whose decline in fair value had been prolonged.

10 Trade and other receivables

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Trade receivables	579	621	575	621
Investment income receivable from joint venture	22,953	22,014	22,953	22,014
Interest receivable from joint venture	–	14,338	–	14,338
Distribution receivable from subsidiary	–	–	11,393	–
Interest receivable from subsidiary	–	–	4,633	–
Interest receivable from swaps	–	302	–	302
Amount due from related parties (trade)	70	2	70	2
Deposits	225	203	210	55
Other receivables	7,485	3,733	6,126	3,792
Loans and receivables	31,312	41,213	45,960	41,124
Prepayments	10,324	2,327	2,614	2,327
	41,636	43,540	48,574	43,451

There is no allowance for impairment arising from the amounts receivable from joint ventures.

The Group's most significant tenant accounts for $64,000 (2015: $49,000) of the trade receivables carrying amount at the reporting date.

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied tenants. These tenants are engaged in diversified businesses and are of good quality and strong credit standing. The Group's historical experience in collection of trade receivables 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.

Notes to the Financial Statements

10 Trade and other receivables (continued)

Impairment losses

The aging of trade receivables at the reporting date is as follows:

	2016 Gross $'000	2016 Impairment losses $'000	2015 Gross $'000	2015 Impairment losses $'000
Group				
Not past due	555	–	620	–
Past due 31 – 90 days	17	–	–	–
Past due more than 90 days	7	–	1	–
	579	–	621	–
Trust				
Not past due	553	–	620	–
Past due 31 – 90 days	16	–	–	–
Past due more than 90 days	6	–	1	–
	575	–	621	–

The Manager believes that no impairment allowance is necessary in respect of the trade receivables as these receivables relate mainly to tenants that have a good record with the Group or have sufficient security deposits as collateral.

11 Cash and cash equivalents

	Group 2016 $'000	Group 2015 $'000	Trust 2016 $'000	Trust 2015 $'000
Cash at bank and in hand	34,082	81,212	9,537	67,151
Fixed deposits with financial institutions	125,880	–	122,000	–
Cash and cash equivalents in the statements of cash flows	159,962	81,212	131,537	67,151

The weighted average effective interest rates relating to cash and cash equivalents at the reporting date for the Group and Trust were 0.92% (2015: 0.42%) and 1.02% (2015: 0.43%) per annum respectively.

Notes to the Financial Statements

12 Trade and other payables

	Group		Trust	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Trade payables and accrued operating expenses	22,370	19,697	16,437	19,261
Amounts due to related parties (trade)	10,998	4,081	9,253	4,077
Amounts due to subsidiary (non-trade)	–	–	163,082	163,082
Other deposits and advances	9,187	8,299	6,724	8,294
Interest payable	10,231	5,186	7,304	5,186
	52,786	37,263	202,800	199,900

Included in trade payables and accrued operating expenses was an amount due to the Trustee of $199,000 (2015: $166,000) for the Group and $178,000 (2015: $166,000) for the Trust.

Included in the amounts due to related parties (trade) was an amount due to the Manager of $8,053,000 (2015: $3,562,000) for the Group and $7,302,000 (2015: $3,562,000) for the Trust and an amount due to the property manager of $1,997,000 (2015: $497,000) for the Group and $1,769,000 (2015: $498,000) for the Trust.

Included in other deposits and advances for the Group and the Trust was the yield stabilization amount in relation to Twenty Anson.

Included in interest payable of the Trust was an amount due to the subsidiary of $3,570,000 (2015: $1,886,000).

13 Interest-bearing liabilities

This note provides information about the contractual terms of the Group's and the Trust's interest-bearing liabilities.

	Group		Trust	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Non-current liabilities				
Term loans (secured)	697,239	–	–	–
Term loans (unsecured)	523,037	447,024	523,037	447,024
Revolving credit facilities (secured)	189,251	–	–	–
Revolving credit facilities (unsecured)	411,200	200,000	411,200	200,000
Medium term notes (unsecured)	636,455	436,599	636,455	436,599
	2,457,182	1,083,623	1,570,692	1,083,623

Notes to the Financial Statements

13 Interest-bearing liabilities (continued)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Nominal interest rate	Year of maturity	2016 Face value $'000	2016 Carrying amount $'000	2015 Face value $'000	2015 Carrying amount $'000
Group						
Secured						
Floating rates						
SGD bank loans[1]	SOR[2] + margin	2020	890,000	886,490	–	–
Unsecured						
Floating rates						
SGD bank loans[1]	SOR[2] + margin	2018 to 2020	936,200	934,237	650,000	647,024
JPY[3] Medium Term Notes[4]	3M LIBOR[7] + margin	2021 to 2023	175,000	181,899	175,000	171,499
Fixed rates						
SGD Medium Term Notes	2.77% to 2.98%	2021 to 2022	225,000	225,000	150,000	150,000
JPY[3] Medium Term Notes[4]	1.35875%	2019	148,300	122,080	148,300	115,100
HKD[5] Medium Term Notes[6]	2.27%	2021	102,450	107,476	–	–
			2,476,950	2,457,182	1,123,300	1,083,623
Trust						
Unsecured						
Floating rates						
SGD bank loans[1]	SOR[2] + margin	2018 to 2020	936,200	934,237	650,000	647,024
JPY[3] Medium Term Notes[4]	3M LIBOR[7] + margin	2021 to 2023	175,000	181,899	175,000	171,499
Fixed rates						
SGD Medium Term Notes	2.77% to 2.98%	2021 to 2022	225,000	225,000	150,000	150,000
JPY[3] Medium Term Notes[4]	1.35875%	2019	148,300	122,080	148,300	115,100
HKD[5] Medium Term Notes[6]	2.27%	2021	102,450	107,476	–	–
			1,586,950	1,570,692	1,123,300	1,083,623

1 Included in the bank loans is an amount of $1,175.0 million (2015: $480.0 million) for the Group and $285.0 million (2015: $480.0 million) for the Trust which is hedged by interest rate swaps with notional contract amounts of $1,175.0 million (2015: $480.0 million) for the Group and $285.0 million (2015: $480.0 million) for the Trust. The interest rate swaps have fixed interest rates ranging from 0.95% to 2.49% (2015: 0.57% to 1.71%) for the Group and the Trust per annum.

2 Swap Offer Rate ("SOR").

3 Japanese Yen ("JPY").

4 The Group and the Trust has entered into cross currency swaps to hedge the total of JPY24.9 billion (2015: JPY24.9 billion) medium term notes into notional principal amount of $323.3 million (2015: $323.3 million) at fixed interest rates ranging from 2.8875% to 3.05% (2015: 2.8875% to 3.05%) per annum.

5 Hong Kong Dollar ("HKD")

6 The Group and the Trust has entered into cross currency swaps to hedge the total of HKD585.0 million (2015: Nil) medium term notes into notional principal amount of $102.5 million (2015: Nil) at fixed interest rates of 2.7% (2015: Nil) per annum.

7 3-Month London Interbank Offered Rate.

Notes to the Financial Statements

13 Interest-bearing liabilities (continued)

The interest-bearing liabilities comprised the following:

Secured floating rate bank loans and facilities

As at 31 December 2016, the Group has an aggregate of $900.0 million (2015: $900.0 million) secured loan facilities under its wholly owned subsidiary, MSO Trust. Under the facility agreement between the banks and MSO Trust, the banks have granted MSO Trust five-year loan facilities from 25 November 2015 comprising the secured term loan facility of $700.0 million (2015: $700.0 million) and the secured revolving loan facility of $200.0 million (2015: $200.0 million).

As at 31 December 2016, the total secured loan facility drawn down by MSO Trust was $890.0 million (2015: $890.0 million), at a floating interest rate of 2.20% (2015: 2.44%), which contain a security covenant requiring that the ratio of Total Loans to Total Security Value will not at any time exceed 0.70 to 1 (2015: 0.70 to 1) and are repayable in full in 2020.

As security for the facilities granted to MSO Trust, MSO Trust has granted in favour of the banks the following:

(i) A mortgage over the investment property;

(ii) Fixed and floating charge over all present and future assets of the Trust;

(iii) An assignment of proceeds, debentures and insurance policies; and

(iv) Undertakings from The Trust (refer to note 7).

Unsecured medium term notes

The Group has a $2.0 billion unsecured Multicurrency Medium Term Note Programme ("Programme") under its subsidiary, CCT MTN. Under the CCT MTN Programme, the Group may issue notes in any currency.

As at 31 December 2016, notes issued by the Group were as follows:

(i) $150.0 million (2015: $150.0 million) fixed rate notes maturing in 2021;

(ii) $75.0 million (2015: Nil) fixed rate notes maturity in 2022;

(iii) JPY24.9 billion (2015: JPY24.9 billion) medium term notes, which comprises JPY10.0 billion, JPY6.3 billion and JPY8.6 billion maturing between 2019 to 2023 (2015: 2019 to 2023). The Group had entered into cross currency swaps to swap the JPY notes into Singapore dollars; and

(iv) HKD585.0 million (2015: Nil) medium term notes maturing in 2021. The Group had entered into cross currency swaps to swap the HKD notes into Singapore dollars.

Unsecured bank facilities, overdraft and guarantee facilities of the Trust

As at 31 December 2016, the Trust has an aggregate of $1,180.0 million (2015: $780.0 million) unsecured bank facilities, comprising a combination of $525.0 million (2015: $450.0 million) term loans and $655.0 million (2015: $330.0 million) revolving credit facilities with various maturities of up to 3.7 years (2015: 4.7 years) from various banks. The Trust has drawn down $936.2 million (2015: $650.0 million) of the unsecured bank facilities.

The Trust also has an omnibus line facility of up to $5.0 million. As at 31 December 2016, the Trust has utilised $1.9 million (2015: $1.9 million) from the omnibus line facility for letter of guarantees.

14 Financial derivatives

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Non-current assets				
Interest rate swaps	3,219	–	–	–
Cross currency swaps	17,405	5,611	17,405	5,611
	20,624	5,611	17,405	5,611
Current assets				
Interest rate swaps	257	1,726	257	1,726
Non-current liabilities				
Interest rate swaps	5,593	–	–	–
Cross currency swaps	21,262	25,719	21,262	25,719
	26,855	25,719	21,262	25,719

Interest rate swaps

At 31 December 2016, the Group and the Trust held interest rate swaps with a total notional contract amount of $1,175.0 million (2015: $480.0 million) and $285.0 million (2015: $480.0 million) to provide fixed rate funding for terms up to 4 years for the Group and 1 year for the Trust (2015: up to 1 year for the Group and the Trust). The swaps are to hedge the exposure to varying cash flows due to changes in interest rates.

Cross currency swaps

At 31 December 2016, the Group held JPY/S$ and HKD/S$ (2015: JPY/S$) cross currency swaps of notional contract amount totalling JPY24.9 billion (2015: JPY24.9 billion) and HKD585 million (2015: Nil) to hedge its foreign currency risk arising from its JPY and HKD borrowings. The Group has designated the cross currency swaps as a hedging instrument in a cash flow hedge. The swap matures on the same date as the JPY and HKD borrowings.

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

14 Financial derivatives (continued)

Offsetting financial assets and financial liabilities *(continued)*

The following table sets out the carrying amounts of recognised financial instruments that are subject to an enforceable master netting arrangements:

	Gross amounts of recognised financial instruments $'000	Gross amounts of recognised financial instruments offset in the statement of financial position $'000	Net amounts of financial instruments included in the statement of financial position $'000	Related financial instruments that are not offset $'000	Net amount $'000
Group					
31 December 2016					
Financial assets					
Interest rate swaps	3,476	–	3,476	(3,257)	219
Cross currency swaps	17,405	–	17,405	(13,334)	4,071
Financial liabilities					
Interest rate swaps	5,593	–	5,593	(3,219)	2,374
Cross currency swaps	21,262	–	21,262	(13,372)	7,890
31 December 2015					
Financial assets					
Interest rate swaps	1,726	–	1,726	(1,285)	441
Cross currency swaps	5,611	–	5,611	(5,611)	–
Financial liabilities					
Cross currency swaps	25,719	–	25,719	(6,896)	18,823
Trust					
31 December 2016					
Financial assets					
Interest rate swaps	257	–	257	(38)	219
Cross currency swaps	17,405	–	17,405	(13,334)	4,071
Financial liabilities					
Cross currency swaps	21,262	–	21,262	(13,372)	(7,890)
31 December 2015					
Financial assets					
Interest rate swaps	1,726	–	1,726	(1,285)	441
Cross currency swaps	5,611	–	5,611	(5,611)	–
Financial liabilities					
Cross currency swaps	25,719	–	25,719	(6,896)	18,823

Notes to the Financial Statements

15 Convertible bonds

	Group and Trust 2016 $'000	2015 $'000
At 1 January	171,281	169,206
Interest accretion, including transaction costs	2,169	2,075
At 31 December	173,450	171,281

Convertible bonds due 2017

In September 2012, the Trust issued $175.0 million principal amount of convertible bonds due 2017 (the "CB 2017") with interest rate at 2.5% per annum. As at the reporting date, the CB 2017 can be converted by bondholders into Units at the current conversion price of $1.4816 (2015: $1.5409) up to the close of business on 2 September 2017. The conversion price is subject to the adjustments in certain events set out in the Trust Deed for the Convertible Bonds.

The CB 2017 may be redeemed, in whole or in part, at the option of the Trustee at any time after 12 September 2015 but not less than seven business days prior to 12 September 2017 (subject to satisfaction of certain conditions).

Unless previously redeemed, converted or purchased and cancelled, the CB 2017 will be redeemed on 12 September 2017 at 100% of its principal amount together with accrued interest.

As at 31 December 2016, the aggregate principal amount of the CB 2017 was $175.0 million (2015: $175.0 million).

16 Units in issue

	Group and Trust 2016 '000	2015 '000
Units in issue:		
At 1 January	2,952,931	2,944,849
Units created:		
- asset management fees in relation to RCS Trust paid in Units	4,063	5,652
- asset management fees in relation to One George Street and Wilkie Edge paid in Units	1,331	2,430
- Acquisition fees paid in Units	5,166	–
At 31 December	2,963,491	2,952,931
Units to be issued:		
- asset management fees in relation to One George Street and Wilkie Edge payable in Units	1,892	723
Total issued and issuable Units at 31 December	2,965,383	2,953,654

16 Units in issue (continued)

Units issued during the year were as follows:

(a) 4,062,434 (2015: 5,652,478) Units were issued at issue prices ranging from $1.3381 to $1.5936 (2015: $1.3375 to $1.7369) per Unit, amounting to $5,813,000 (2015: $8,846,000) as payment for the asset management fees in relation to the Group's 60.0% interest in RCS Trust for the period from 1 October 2015 to 30 September 2016 (2015: 1 October 2014 to 30 September 2015).

(b) 1,331,312 (2015: 2,429,531) Units were issued at issue prices ranging from $1.3381 to $1.5936 (2015: $1.3375 to $1.7369) per Unit, amounting to $1,877,000 (2015: $3,800,000) as payment for the asset management fees in relation to One George Street and Wilkie Edge for the period from 1 October 2015 to 30 September 2016 (2015: 1 October 2014 to 30 September 2015).

(c) 5,166,236 (2015: nil) Units were issued at issue price $1.5490, amounting to $8,003,000 (2015: nil) in relation to the acquisition of the 50.0% interest in MSO Trust from Market Street Office Pte. Ltd.

The issue prices were determined based on the volume weighted average traded price for all trades done on the SGX-ST in the ordinary course of trading for the last 10 business days of the relevant periods in which the fees accrue.

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 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.

Under the Trust Deed, 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.

17 Gross revenue

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Gross rental income	273,837	248,753	246,116	238,884
Car park income	11,617	11,510	11,282	11,406
Other income	13,123	12,956	12,551	12,118
	298,577	273,219	269,949	262,408

Other income includes yield stabilization income of $1,330,000 (2015: $1,406,000) accrued for Twenty Anson. In 2016, the yield stabilization income was part of the tax-exempt income retained and had no impact on the distribution per unit. Pursuant to the Deed of Yield Stabilization dated 22 March 2012 ("YS Deed") in relation to the acquisition of 100% equity interest in FOPL, a yield stabilization sum ("YS Sum") of $17.1 million was provided by the vendors to achieve a stabilized yield of up to 5.5% per annum of the property purchase value of $430.0 million, for a period of 3.5 years from 22 March 2012. The YS Deed was assigned to the Trust upon the acquisition of Twenty Anson on 1 July 2015 which expired on 21 September 2015. The Trust will continue to utilise the yield stabilization sum to top up any shortfall in net property income of Twenty Anson until it is fully utilised. For the year ended 31 December 2016, the yield stabilization sum was computed based on a yield of 4.0% (2015: 4.0%) per annum of the property purchase value of $430.0 million. The balance YS Sum was $2.1 million (2015: $3.4 million) as at 31 December 2016.

18 Property operating expenses

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Property tax	25,143	23,023	22,651	22,149
Utilities	7,086	7,303	6,496	7,013
Property management reimbursements	10,349	8,057	9,794	7,752
Property management fees	6,580	6,002	5,854	5,738
Marketing expenses	3,049	2,792	3,559	2,749
Maintenance and others	15,093	13,290	13,668	12,785
	67,300	60,467	62,022	58,186

19 Investment income

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Distribution income from subsidiary	–	–	9,605	–
Distribution income from joint ventures	–	–	93,455	84,835
Distribution income from associate	–	–	–	2,718
Distribution income from available-for-sale quoted investment	4,920	871	4,920	871
	4,920	871	107,980	88,424

Notes to the Financial Statements

20 Asset management fees

Asset management fees comprise base component and performance component. Asset management fees for One George Street and Wilkie Edge of $3,713,000 (2015: $3,841,000) are paid and payable in Units. Asset management fees are paid and payable in cash for the rest of the assets.

21 Finance costs

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Interest expense	45,070	32,422	35,571	32,422
Transaction costs	4,994	3,610	4,627	3,596
	50,064	36,032	40,198	36,018

Transaction costs includes commitment fees for loan facilities and upfront fees for new bank borrowings.

22 Other expenses

In 2016, there were no fees included in other expenses which were paid and payable to auditors of the Group and the Trust for non-audit services (2015: $15,000).

23 Tax expense

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Current tax expense				
Current year	1,309	64	709	60
Adjustment for prior year	(86)	85	–	–
	1,223	149	709	60
Reconciliation of effective tax rate				
Total return for the year before tax	261,846	307,429	270,964	317,247
Tax calculated using Singapore tax rate of 17% (2015: 17%)	44,514	52,263	46,064	53,932
Non-deductible expenses	4,977	3,819	4,487	716
Non-taxable income	(4,599)	(11,297)	(4,106)	(11,381)
Effects of profit of associate and joint ventures (net of tax)	2,153	(1,514)	–	–
Tax transparency	(45,736)	(43,207)	(45,736)	(43,207)
Adjustment for prior year	(86)	85	–	–
	1,223	149	709	60

Notes to the Financial Statements

24 Earnings per Unit

(a) Basic Earnings per Unit

The calculation of basic earnings per Unit is based on the total return for the year and weighted average number of Units during the year, calculated as follows:

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Total return for the year	260,623	307,280	270,255	317,187

	Group and Trust	
	2016 '000	2015 '000
Weighted average number of Units		
Issued Units at 1 January	2,952,931	2,944,849
Effect of creation of new Units:		
- issued as payment of RCS Trust's asset management fees	2,545	2,898
- issued as payment of asset management fees of One George Street and Wilkie Edge	920	1,238
- issued as acquisition fees paid in Units	1,553	–
- issuable as payment of asset management fees of George Street, Wilkie Edge and RCS Trust	2	–
Weighted average number of Units in issue at 31 December	2,957,951	2,948,985

	Group		Trust	
	2016 cents	2015 cents	2016 cents	2015 cents
Basic earnings per Unit	8.81	10.42	9.14	10.76

Notes to the Financial Statements

24 Earnings per Unit (continued)

(b) Diluted Earnings per Unit

In calculating diluted earnings per Unit, the total return for the year and weighted average number of Units during the year are adjusted for the effects of all dilutive potential Units, calculated as follows:

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Total return for the year	260,623	307,280	270,255	317,187
Interest expense on convertible bonds	6,544	6,450	6,544	6,450
	267,167	313,730	276,799	323,637

	Group and Trust	
	2016 '000	2015 '000
Number of Units		
Weighted average number of Units used in calculation of basic earnings per Unit	2,957,951	2,948,985
Effect of conversion of convertible bonds	118,116	113,570
Effect of payment of performance fees and base fees	5,546	–
Weighted average number of Units in issue (diluted)	3,081,613	3,062,555

	Group		Trust	
	2016 cents	2015 cents	2016 cents	2015 cents
Diluted earnings per Unit	8.67	10.24	8.98	10.57

Notes to the Financial Statements

25 Hedging reserves

Hedging reserves comprises the effective portion of the cumulative net change in the fair value of hedging instruments related to hedged transactions that have not yet to mature.

26 Available-for-sale reserves

Available-for-sale reserves comprises the cumulative net change in the fair value of available-for-sale financial assets until the assets are derecognised or impaired.

27 Financial risk management

Capital management

The Board of Directors of the Manager (the "Board") reviews the Group's and the Trust's capital management policy regularly so as to optimise the Group's and the Trust's funding structure. Capital consists of Unitholders' funds. The Board also monitors the Group's and the Trust's exposures to various risk elements and externally imposed requirements by closely adhering to clearly established management policies and procedures.

The Trust and its subsidiaries are 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% of its deposited property.

Standard & Poor's has assigned A- to the Group and the Trust's long-term corporate rating since 2014, with stable outlook. The Group and the Trust have complied with the Aggregate Leverage limit during the financial year. There were no changes in the Group'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 costs 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 adhoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Notes to the Financial Statements

27 Financial risk management (continued)

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations to the Group.

Exposure to credit risk

The carrying amounts of financial assets in the Statements of Financial Position represent the Group's and the Trust's maximum exposure to credit risk, before taking into account security deposits held as collateral.

Prior to signing lease agreements, credit assessments of prospective tenants are carried out. Security deposits are collected from tenants when the lease agreements are signed. On an ongoing basis, the Manager monitors the outstanding balances of the tenants continuously to minimise exposure to credit risk of the 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.

Cash and fixed deposits are placed with financial institutions which are regulated. The Group limits its credit risk exposure in respect of investments by investing only in liquid securities and only with counterparties that have sound credit ratings. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

At 31 December 2016 and 31 December 2015, there were no significant concentrations of credit risk at the Group and the Trust other than the amounts due from joint ventures of $22,953,000 (2015: $36,352,000).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Manager monitors its liquidity risk, maintains a level of cash and cash equivalents and refinances borrowings to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. In addition, the Manager also monitors and observes the CIS Code issued by MAS concerning limits on total borrowings.

Notwithstanding the negative working capital, the Group has sufficient undrawn bank facilities available for operating activities. As at 31 December 2016, the Group and the Trust have undrawn bank facilities available of $253.8 million (2015: $130.0 million) (see note 13). In addition, the Group may issue up to $1,349.2 million (2015: $1,526.7 million) notes under its $2.0 billion unsecured Multicurrency Medium Term Note Programme (see note 13).

Notes to the Financial Statements

27 Financial risk management (continued)

***Liquidity risk** (continued)*

Exposure to liquidity risk

The following are the expected contractual undiscounted cash outflows of financial liabilities, including estimated interest payments/components and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	Cash flows: Within 1 year $'000	Cash flows: Within 2 to 5 years $'000	Cash flows: More than 5 years $'000
Group					
31 December 2016					
Non-derivative financial liabilities					
Medium Term Notes	636,455	700,173	11,172	512,665	176,336
SGD floating rate term loans and revolving credit facilities	1,820,727	1,956,463	34,482	1,921,981	–
Convertible bonds	173,450	178,057	178,057	–	–
Trade and other payables	52,786	52,786	52,786	–	–
Security deposits	60,810	60,810	8,413	50,364	2,033
	2,744,228	2,948,289	284,910	2,485,010	178,369
Derivative financial instruments					
Interest rate swaps (net-settled)	2,117	47	6,007	(5,960)	–
Cross currency swaps (gross-settled)	3,857	–	–	–	–
- Outflow	–	479,506	12,311	363,744	103,451
- (Inflow)	–	(443,921)	(4,644)	(338,994)	(100,283)
	5,974	35,632	13,674	18,790	3,168
	2,750,202	2,983,921	298,584	2,503,800	181,537
31 December 2015					
Non-derivative financial liabilities					
Medium Term Notes	436,599	508,491	6,734	173,669	328,088
SGD floating rate term loans and revolving credit facilities	647,024	710,551	15,450	695,101	–
Convertible bonds	171,281	186,807	4,375	182,432	–
Trade and other payables	37,263	37,263	37,263	–	–
Security deposits	40,459	40,459	8,611	30,731	1,117
	1,332,626	1,483,571	72,433	1,081,933	329,205
Derivative financial instruments					
Interest rate swaps (net-settled)	(1,726)	(2,136)	(2,136)	–	–
Cross currency swaps (gross-settled)	20,108	–	–	–	–
- Outflow	–	374,923	9,545	182,034	183,344
- (Inflow)	–	(334,232)	(2,284)	(155,869)	(176,079)
	18,382	38,555	5,125	26,165	7,265
	1,351,008	1,522,126	77,558	1,108,098	336,470

Notes to the Financial Statements

27 Financial risk management (continued)

Liquidity risk *(continued)*

Exposure to liquidity risk (continued)

	Carrying amount $'000	Contractual cash flows $'000	Cash flows Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Trust					
31 December 2016					
Non-derivative financial liabilities					
Medium Term Notes	636,455	700,173	11,172	512,665	176,336
SGD floating rate term loans and revolving credit facilities	934,237	970,714	14,936	955,778	–
Convertible bonds	173,450	178,057	178,057	–	–
Trade and other payables	202,800	202,800	202,800	–	–
Security deposits	41,040	41,040	8,413	31,732	895
	1,987,982	2,092,784	415,378	1,500,175	177,231
Derivative financial instruments					
Interest rate swaps (net-settled)	(257)	(944)	(944)	–	–
Cross currency swaps (gross-settled)	3,857	–	–	–	–
- Outflow	–	479,506	12,311	363,744	103,451
- (Inflow)	–	(443,921)	(4,644)	(338,994)	(100,283)
	3,600	34,641	6,723	24,750	3,168
	1,991,582	2,127,425	422,101	1,524,925	180,399
31 December 2015					
Non-derivative financial liabilities					
Medium Term Notes	436,599	508,491	6,734	173,669	328,088
SGD floating rate term loans and revolving credit facilities	647,024	710,551	15,450	695,101	–
Convertible bonds	171,281	186,807	4,375	182,432	–
Trade and other payables	199,900	199,900	199,900	–	–
Security deposits	40,459	40,459	8,611	30,731	1,117
	1,495,263	1,646,208	235,070	1,081,933	329,205
Derivative financial instruments					
Interest rate swaps (net-settled)	(1,726)	(2,136)	(2,136)	–	–
Cross currency swaps (gross-settled)	20,108	–	–	–	–
- Outflow	–	374,923	9,545	182,034	183,344
- (Inflow)	–	(334,232)	(2,284)	(155,869)	(176,079)
	18,382	38,555	5,125	26,165	7,265
	1,513,645	1,684,763	240,195	1,108,098	336,470

Notes to the Financial Statements

27 Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices which will affect the Group's total return 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

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Exposure to 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 currency giving rise to this risk is the Japanese Yen ("JPY") and Hong Kong Dollar ("HKD"). The Group hedges this risk by entering into cross currency swaps with notional contract amounts totalling JPY24.9 billion (2015: JPY24.9 billion) and HKD585.0 million (2015: Nil). The cross currency swaps mature on the same date that the interest-bearing borrowings are due for repayment and are designated as a cash flow hedge. Total fair value of cross currency swaps as at 31 December 2016 for the Group and the Trust was $3.9 million (2015: $20.1 million) and it represented 0.07% (2015: 0.38%) of the net assets of the Group and 0.08% (2015: 0.42%) of the Trust.

The Group's and Trust's exposures to foreign currency based on notional amounts are as follows:

	Japanese Yen $'000	Hong Kong Dollar $'000
Group and Trust		
2016		
Interest-bearing liabilities	303,979	107,476
2015		
Interest-bearing liabilities	286,599	–

Notes to the Financial Statements

27 Financial risk management (continued)

Foreign currency risk *(continued)*

Sensitivity analysis

A 10% strengthening of the following foreign currency against Singapore Dollar at the reporting date would increase the Unitholders' Funds by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2015.

	Unitholders' funds $'000
Group and Trust	
31 December 2016	
Japanese Yen (10% strengthening)	10,321
Hong Kong Dollar (10% strengthening)	2,733
31 December 2015	
Japanese Yen (10% strengthening)	1,454

A 10% weakening of the above currency against Singapore Dollar at 31 December would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

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.

Interest rate swaps with a total notional amount of $1,175.0 million (2015: $480.0 million) by the Group have been entered into at the reporting date. The swaps are being used to hedge the exposure to varying cash flows due to changes in interest rates.

The fair value of interest rate swaps as at 31 December 2016 for the Group was $2.1 million net liability (2015: $1.7 million net asset) and for the Trust was $0.3 million net asset (2015: $1.7 million net asset). Interest rate swaps represented 0.040% (2015: 0.033%) of the net assets of the Group and 0.005% (2015: 0.036%) for the Trust.

Notes to the Financial Statements

27 Financial risk management (continued)

Interest rate risk *(continued)*

Sensitivity analysis

In managing the interest rate risk, the Manager aims to reduce the impact of short-term fluctuations on the Group's total return before income tax.

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 the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Statement of total return		Unitholders' funds	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
Group				
31 December 2016				
Variable rate instruments	(18,262)	18,262	–	–
Interest rate swaps	11,750	(11,750)	2,658	(7,539)
Cross currency swaps	1,819	(1,819)	478	(452)
Cashflow sensitivity (net)	(4,693)	4,693	3,136	(7,991)
31 December 2015				
Variable rate instruments	(8,215)	6,632	–	–
Interest rate swaps	4,800	(4,800)	1,204	(1,209)
Cross currency swaps	1,715	(132)	516	(34)
Cashflow sensitivity (net)	(1,700)	1,700	1,720	(1,243)
Trust				
31 December 2016				
Variable rate instruments	(9,362)	9,362	–	–
Interest rate swaps	2,850	(2,850)	705	(706)
Cross currency swaps	1,819	(1,819)	478	(452)
Cashflow sensitivity (net)	(4,693)	4,693	1,183	(1,158)
31 December 2015				
Variable rate instruments	(8,215)	6,632	–	–
Interest rate swaps	4,800	(4,800)	1,204	(1,209)
Cross currency swaps	1,715	(132)	516	(34)
Cashflow sensitivity (net)	(1,700)	1,700	1,720	(1,243)

Notes to the Financial Statements

27 Financial risk management (continued)

Equity price risk

The Group's exposures to changes in equity price relates to available-for-sale investment in a quoted security listed in Malaysia.

Sensitivity analysis

As at 31 December 2016, if the price for the equity security increased by 5% with all other variables being held constant, the increase in Unitholders' Funds would be $2.2 million (2015: $2.1 million). A similar 5% decrease in the prices would have an equal but opposite effect.

Accounting classification and fair values

The classification of financial assets and liabilities are as follows.

	Note	Fair value – hedging instruments $'000	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Total carrying amount $'000
Group						
31 December 2016						
Available-for-sale quoted investment	9	–	–	44,834	–	44,834
Trade and other receivables	10	–	31,312	–	–	31,312
Cash and cash equivalents	11	–	159,962	–	–	159,962
Financial derivatives	14	20,881	–	–	–	20,881
		20,881	191,274	44,834	–	256,989
Trade and other payables	12	–	–	–	(52,786)	(52,786)
Security deposits		–	–	–	(60,810)	(60,810)
Interest-bearing liabilities	13	–	–	–	(2,457,182)	(2,457,182)
Financial derivatives	14	(26,855)	–	–	–	(26,855)
Convertible bonds	15	–	–	–	(173,450)	(173,450)
		(26,855)	–	–	(2,744,228)	(2,771,083)
31 December 2015						
Available-for-sale quoted investment	9	–	–	41,621	–	41,621
Trade and other receivables	10	–	41,213	–	–	41,213
Cash and cash equivalents	11	–	81,212	–	–	81,212
Financial derivatives	14	7,337	–	–	–	7,337
		7,337	122,425	41,621	–	171,383
Trade and other payables	12	–	–	–	(37,263)	(37,263)
Security deposits		–	–	–	(40,459)	(40,459)
Interest-bearing liabilities	13	–	–	–	(1,083,623)	(1,083,623)
Financial derivatives	14	(25,719)	–	–	–	(25,719)
Convertible bonds	15	–	–	–	(171,281)	(171,281)
		(25,719)	–	–	(1,332,626)	(1,358,345)

Notes to the Financial Statements

27 Financial risk management (continued)

Accounting classification and fair values (continued)

	Note	Fair value – hedging instruments $'000	Loans and receivables $'000	Available-for-sale $'000	Other financial liabilities $'000	Total carrying amount $'000
Trust						
31 December 2016						
Available-for-sale quoted investment	9	–	–	44,834	–	44,834
Trade and other receivables	10	–	45,960	–	–	45,960
Cash and cash equivalents	11	–	131,537	–	–	131,537
Financial derivatives	14	17,662	–	–	–	17,662
		17,662	177,497	44,834	–	239,993
Trade and other payables	12	–	–	–	(202,800)	(202,800)
Security deposits		–	–	–	(41,040)	(41,040)
Interest-bearing liabilities	13	–	–	–	(1,570,692)	(1,570,692)
Financial derivatives	14	(21,262)	–	–	–	(21,262)
Convertible bonds	15	–	–	–	(173,450)	(173,450)
		(21,262)	–	–	(1,987,982)	(2,009,244)
31 December 2015						
Available-for-sale quoted investment	9	–	–	41,621	–	41,621
Trade and other receivables	10	–	41,124	–	–	41,124
Cash and cash equivalents	11	–	67,151	–	–	67,151
Financial derivatives	14	7,337	–	–	–	7,337
		7,337	108,275	41,621	–	157,233
Trade and other payables	12	–	–	–	(199,900)	(199,900)
Security deposits		–	–	–	(40,459)	(40,459)
Interest-bearing liabilities	13	–	–	–	(1,083,623)	(1,083,623)
Financial derivatives	14	(25,719)	–	–	–	(25,719)
Convertible bonds	15	–	–	–	(171,281)	(171,281)
		(25,719)	–	–	(1,495,263)	(1,520,982)

Notes to the Financial Statements

27 Financial risk management (continued)

Measurement of fair values

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and the Trust.

(i) Derivatives

The fair value of interest rate swaps is the estimated amount that would be received or paid to terminate the swaps at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Fair values of interest rate swaps and cross currency swaps are obtained based on quotes provided by the financial institution at the reporting date.

(ii) Other financial assets and liabilities

The fair value of quoted securities is their quoted bid price at the reporting date. The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair value.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate for a similar instrument in the Statements of Financial Position.

Fair value hierarchy

The table below analyses assets and liabilities carried at fair value. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within 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 inputs).

27 Financial risk management (continued)

Assets and liabilities carried at fair value

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2016				
Financial assets measured at fair value				
Available-for-sale quoted investment	44,834	–	–	44,834
Cross currency swaps	–	17,405	–	17,405
Interest rate swaps	–	3,476	–	3,476
	44,834	20,881	–	65,715
Non-financial asset measured at fair value				
Investment properties	–	–	6,590,500	6,590,500
Financial liability measured at fair value				
Cross currency swaps	–	5,593	–	5,593
Interest rate swaps	–	21,262	–	21,262
	–	26,855	–	26,855
31 December 2015				
Financial assets measured at fair value				
Available-for-sale quoted investment	41,621	–	–	41,621
Cross currency swaps	–	5,611	–	5,611
Interest rate swaps	–	1,726	–	1,726
	41,621	7,337	–	48,958
Non-financial asset measured at fair value				
Investment properties	–	–	4,961,700	4,961,700
Financial liability measured at fair value				
Cross currency swaps	–	25,719	–	25,719

Notes to the Financial Statements

27 Financial risk management (continued)

***Assets and liabilities carried at fair value** (continued)*

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Trust				
31 December 2016				
Financial assets measured at fair value				
Available-for-sale quoted investment	44,834	–	–	44,834
Cross currency swaps	–	17,405	–	17,405
Interest rate swaps	–	257	–	257
	44,834	17,662	–	62,496
Non-financial asset measured at fair value				
Investment properties	–	–	4,987,500	4,987,500
Financial liability measured at fair value				
Cross currency swaps	–	21,262	–	21,262
31 December 2015				
Financial assets measured at fair value				
Available-for-sale quoted investment	41,621	–	–	41,621
Cross currency swaps	–	5,611	–	5,611
Interest rate swaps	–	1,726	–	1,726
	41,621	7,337	–	48,958
Non-financial asset measured at fair value				
Investment properties	–	–	4,961,700	4,961,700
Financial liability measured at fair value				
Cross currency swaps	–	25,719	–	25,719

Notes to the Financial Statements

27 Financial risk management (continued)

Financial assets and financial liabilities not carried at fair value but for which fair values are disclosed[1]

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group				
31 December 2016				
Financial liabilities not measured at fair value				
Non-current portion of security deposits	–	–	49,631	49,631
Interest-bearing liabilities	–	2,491,964	–	2,491,964
Convertible bonds	183,601	–	–	183,601
	183,601	2,491,964	49,631	2,725,196
31 December 2015				
Financial liabilities not measured at fair value				
Non-current portion of security deposits	–	–	30,156	30,156
Interest-bearing liabilities	–	1,101,022	–	1,101,022
Convertible bonds	183,276	–	–	183,276
	183,276	1,101,022	30,156	1,314,454
Trust				
31 December 2016				
Financial liabilities not measured at fair value				
Non-current portion of security deposits	–	–	31,396	31,396
Interest-bearing liabilities	–	1,601,964	–	1,601,964
Convertible bonds	183,601	–	–	183,601
	183,601	1,601,964	31,396	1,816,961
31 December 2015				
Financial liabilities not measured at fair value				
Non-current portion of security deposits	–	–	30,156	30,156
Interest-bearing liabilities	–	1,101,022	–	1,101,022
Convertible bonds	183,276	–	–	183,276
	183,276	1,101,022	30,156	1,314,454

[1] Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

The entity's policy is to recognise transfers out of Level 3 as of the end of the reporting period during which the transfer has occurred. There were no transfers between levels during the year.

Notes to the Financial Statements

27 Financial risk management (continued)

Level 3 fair values

The reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy for investment properties is set out in note 5.

The following table shows the significant unobservable inputs used in the measurement of fair value of investment properties:

Valuation techniques	Significant unobservable inputs	Range	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flow analysis	Discount rate	7.25% - 7.50% (2015: 7.25%[1])	The estimated fair value increases with a lower discount rate
Capitalisation of income approach	Capitalisation rate	3.75% - 4.25% (2015: 3.75% - 4.25%[1])	The estimated fair value increases with a lower capitalisation rate

1 Excludes Bugis Village and Golden Shoe Car Park discount rate range of 8.5% to 12.00% (2015: 8.75% to 13.00%) and capitalisation rate range of 6.25% to 10.00% (2015: 6.50% to 13.00%).

Key unobservable inputs

Key unobservable inputs correspond to:

- Discount rate, based on the risk-free rate for 10-year bonds issued by the Singapore Government, adjusted for a risk premium to reflect the risk of investing in the asset class.

- Capitalisation rate, based on investment property yields derived from comparable sales transactions, taking into consideration the qualities of the respective properties.

Interest rates used in determining fair values for disclosures

The interest rates used to discount estimated cash flows, where applicable, is computed from the market rates as follows:

	Group		Trust	
	2016 %	2015 %	2016 %	2015 %
Security deposits	1.88	2.37	1.59	2.37
Interest-bearing borrowings	0.49 – 2.24	1.88 – 2.52	0.49 – 2.24	1.88 – 2.52

Notes to the Financial Statements

28 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common significant influence. Related parties may be individuals or other entities. The Manager (CapitaLand Commercial Trust Management Limited) and Property Manager (CapitaLand Commercial Management Pte. Ltd.) are indirect wholly owned subsidiaries of a substantial Unitholder of the Trust.

In the normal course of the operations of the Group, the asset management fees and the Trustee's fees have been paid or are payable to the Manager and Trustee respectively.

During the financial year, other than those disclosed elsewhere in the financial statements, there were significant related party transactions, which were carried out in the normal course of business as follows:

	Group		Trust	
	2016 $'000	**2015 $'000**	**2016 $'000**	**2015 $'000**
Acquisition fee and related expenses paid or payable to the Manager and related companies of the Manager	9,616	–	9,616	–
Administrative fees and reimbursables paid to subsidiary	–	–	41	43
Asset management fees paid or payable to the Manager	15,142	14,438	14,064	14,438
Interest received or receivable from joint venture	3,279	3,666	3,279	3,666
Interest received or receivable from subsidiary	–	–	4,633	6,111
Interest paid or payable to subsidiary	–	–	9,626	11,396
Leasing commissions paid or payable to related companies of the Manager	3,385	3,406	2,575	3,362
Marketing expenses paid or payable to related companies of the Manager	5	1	5	1
Project management fees paid or payable to related company of the Manager	349	532	349	513
Property management fees and reimbursables paid or payable to related company of the Manager	16,929	14,059	15,648	13,490
Rental income and other related income from related companies of the Manager	16,095	14,099	16,095	14,099
Rental income and other related income from joint venture	*	274	*	274
Trust expenses paid or payable to related companies of the Manager	15	–	15	–

* Less than $1,000

Notes to the Financial Statements

29 Operating segments

For the purpose of the assessment of segment performance, the Group's CODMs have focused on main business segments: Capital Tower, Six Battery Road, One George Street, CapitaGreen, Other office buildings and Car park and other buildings. This forms the basis of identifying the operating segments of the Group under FRS 108 *Operating Segments*.

This primary format is based on the Group's management and internal reporting structure for the purpose of allocating resources and assessing performance by the Group's CODMs.

Segment property income represents income generated from its tenants. Segment property income represents the income earned by each segment after allocating property operating expenses. This is the measure reported to the Group's CODMs for the purpose of assessment of segment performance.

For the purpose of monitoring segment performance, the Group's CODMs monitor the non-financial assets as well as financial assets attributable to each segment.

Segment results, assets and liabilities include terms 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. Information regarding the Group's reportable segments is presented in the tables below. Amounts reported for the prior year have been represented to conform to the requirements of FRS 108.

Reportable segments

The Group invest in the following:

Office buildings	Capital Tower, Six Battery Road, HSBC Building, One George Street, Twenty Anson and CapitaGreen
Car park and other buildings	Golden Shoe Car Park, Bugis Village and Wilkie Edge

Notes to the Financial Statements

29 Operating segments (continued)

Reportable segments

Group

31 December 2016

	Capital Tower $'000	Six Battery Road $'000	One George Street $'000	CapitaGreen $'000	Other office buildings $'000	Total office buildings $'000	Car park and other buildings $'000	All segments $'000
Gross rental income	63,631	65,353	46,913	27,720	40,423	244,040	29,797	273,837
Car park income	2,001	1,313	953	336	191	4,794	6,823	11,617
Others	4,215	2,877	2,279	572	2,101	12,044	1,079	13,123
Gross revenue	69,847	69,543	50,145	28,628	42,715	260,878	37,699	298,577
Segment net property income	51,799	53,131	38,025	23,347	37,506	203,808	27,469	231,277
Interest income								3,911
Finance costs								(50,064)
Unallocated expenses								(36,046)
Share of profit of joint ventures (net of tax)								85,713
Other material non-cash item:								
- Net increase in fair value of investment properties	7,896	12,961	3,873	2,903	3,510	31,143	(4,088)	27,055
Consolidated return for the year before tax								**261,846**
Tax expense								(1,223)
Consolidated return for the year after tax								**260,623**
Segment assets and liabilities								
Reportable segment assets	1,331,008	1,372,849	1,015,320	1,629,807	725,622	6,074,606	392,339	6,466,945
Available-for-sale quoted investment								44,834
Investment in joint ventures								1,189,794
Unallocated assets								349,558
Total assets								**8,051,131**
Reportable segment liabilities	11,302	17,983	15,687	1,272,120	10,332	1,327,424	9,797	1,337,221
Unallocated liabilities								1,435,368
Total liabilities								**2,772,589**
Other segmental information								
Depreciation and amortisation	492	262	380	416	258	1,808	83	1,891
Capital expenditure	104	39	127	(403)	490	357	888	1,245

Notes to the Financial Statements

29 Operating segments (continued)

Reportable segments *(continued)*

Group

31 December 2015

	Capital Tower $'000	Six Battery Road $'000	One George Street $'000	Other office buildings $'000	Total office buildings $'000	Car park and other buildings $'000	All segments $'000
Gross rental income	63,849	64,994	48,812	40,095	217,750	31,003	248,753
Car park income	1,848	1,241	850	206	4,145	7,365	11,510
Others	4,772	2,474	2,362	2,285	11,893	1,063	12,956
Gross revenue	70,469	68,709	52,024	42,586	233,788	39,431	273,219
Segment net property income	52,108	53,666	40,636	37,543	183,953	28,799	212,752
Interest income							3,979
Finance costs							(36,032)
Unallocated expenses							(37,052)
Share of profit of associate (net of tax)							1,820
Share of profit of joint ventures (net of tax)							95,510
Other material non-cash item:							
- Net increase in fair value of investment properties							66,452
Consolidated return for the year before tax							**307,429**
Tax expense							(149)
Consolidated return for the year after tax							**307,280**
Segment assets and liabilities							
Reportable segment assets	1,322,452	1,360,280	1,011,351	884,532	4,578,615	395,804	4,974,419
Available-for-sale quoted investment							41,621
Investment in joint ventures							1,452,447
Unallocated assets							124,058
Total assets							**6,592,545**
Reportable segment liabilities	10,222	19,875	15,532	11,482	57,111	10,051	67,162
Unallocated liabilities							1,291,247
Total liabilities							**1,358,409**
Other segmental information							
Depreciation and amortisation	475	230	535	183	1,423	118	1,541
Capital expenditure	10,084	1,113	708	633	12,538	310	12,848

29 Operating segments (continued)

Geographical segments

The Group's operations are all in Singapore.

	Revenue $'000	Non-current assets $'000
31 December 2016		
Singapore	298,577	7,804,422
31 December 2015		
Singapore	273,219	6,424,446

Major customers

Revenue from two major customers of the Group approximates $40,779,000 (2015: $41,028,000) and was attributable to tenants in HSBC Building and Capital Tower (2015: HSBC Building and Capital Tower).

30 Acquisition of subsidiary

On 31 August 2016, the Group acquired 60% of the units in MSO Trust from a related party, Market Street Office Pte. Ltd. ("MSOPL"), an indirect wholly owned subsidiary of CapitaLand Ltd, and Mitsubishi Estate Asia Pte. Ltd. ("MEA"). As a result, the Group's equity interest in MSO Trust increased from 40% to 100%, obtaining control of MSO Trust.

The acquisition is part of the Group's ongoing business development and is in line with the Group's strategy to invest in income producing real estate which are used or substantially used for commercial purposes to achieve an attractive level of return from rental income and for long-term capital growth.

From the date of acquisition to 31 December 2016, MSO Trust has contributed revenue of $28.6 million and net profit of $10.0 million to the Group's results. If the acquisition had occurred on 1 January 2016, management estimates that the contribution to the Group's revenue and net profits from MSO Trust would have been $78.5 million and $57.6 million respectively. In determining this amount, management has assumed that the fair value adjustments that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2016.

Notes to the Financial Statements

30 Acquisition of subsidiary (continued)

Purchase consideration

The consideration for the acquisition was $356.9 million, which included the assumption of unitholder's loan due to MSOPL and MEA, was settled in cash. No contingent consideration or indemnification asset was identified at the acquisition date.

A gain from bargain purchase of $6.1 million was recognised as a result of the difference between consideration transferred and the fair value of the identifiable net assets of MSO Trust. This amount was offset by the loss of $8.5 million, mainly arising from the realisation of the Group's initial 40% share of MSO Trust's hedging reserve (prior to the acquisition of the 60% interest in MSO Trust), resulting in a net loss of $2.4 million recognised in the Statement of Total Return.

The identifiable assets acquired, liabilities assumed and effect of cash flows are presented as follows:

	2016 $'000
Investment property	1,600,500
Plant and equipment	67
Derivative liability	(21,543)
Trade and other receivables	7,145
Cash and cash equivalents	16,302
Loans and borrowings	(1,216,190)
Security deposits	(18,240)
Trade and other payables	(27,974)
Total identifiable net assets	340,067
Less: Amount previously accounted for as an joint venture, at fair value	(136,027)
Net assets acquired	204,040
Gain from bargain purchase	(6,054)
Assumption of unitholder's loan	175,200
Total purchase consideration	373,186
Less: Cash and cash equivalents in subsidiary acquired	(16,302)
Net cash outflow on acquisition	356,884

Measurement of fair value

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	Valuation technique
Investment property	The fair value is determined by the average of the valuations by 2 independent valuers, CBRE Pte. Ltd. and Knight Frank Pte Ltd. The methods used by the independent valuers were the discounted cash flow method and the capitalization method.

Acquisition-related costs

The Group incurred acquisition-related costs of $10,551,000, which mainly relates to the acquisition fees paid to the manager, legal fees and, due diligence costs. These costs have been recognised in the Statements of Total Return.

Notes to the Financial Statements

31 Commitments

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Capital expenditure commitments:				
- contracted but not provided for	4,245	3,082	4,245	3,082

The Group and the Trust lease out their investment properties. Non-cancellable operating lease rentals are receivable as follows:

	Group		Trust	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Within 1 year	328,410	239,667	242,369	239,667
After 1 year but within 5 years	655,456	539,892	443,566	539,892
After 5 years	38,951	71,341	32,889	71,341
	1,022,817	850,900	718,824	850,900

32 Financial ratios

		Group	
	Note	2016 %	2015 %
Expenses to weighted average net assets	A		
- expenses ratio excluding performance related fees		0.16	0.16
- expenses ratio including performance related fees		0.34	0.34
Portfolio turnover rate	B	–	–

Note A: 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 operating expenses, borrowing cost and income tax expense.

Note B: 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 weighted average net asset value.

Additional Information

Interested Person (as defined in the Listing Manual) and Interested Party (as defined in the Property Funds Appendix) Transactions

The transactions entered into with interested persons during the financial year, which falls under the Listing Manual and Property Funds Appendix (excluding transactions of less than S$100,000 each), are as follows:

Name of Interested Person/ Interested Party	Aggregate value (excluding transactions of less than S$100,000 each and transactions conducted under unitholder's mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions during the financial year under review under unitholder's mandate pursuant to Rule 920 (excluding transactions less than S$100,000 each) S$'000
CapitaLand Limited and its subsidiaries or associates		
- Manager's management fees	24,488	–
- Property management fees and reimbursables	10,212	–
- Property management agreement extension	58,800	–
- Leasing commissions	229	–
- Project management fees	965	–
- Rental and service charge income	10,902	
- Acquisition of 50% interest in MSO Trust from Market Street Office Pte. Ltd.	762,747	–
	868,342	**–**
HSBC Institutional Trust Services (Singapore) Limited		
- Trustee's fee	927	–
	927	**–**

Save as disclosed above, there were no other related party transactions (excluding transactions of less than S$100,000 each) entered into during the financial year under review

CCT is deemed to have obtained Unitholders approval on 12 April 2004 through the approval of the shareholders of CapitaLand Limited (as outlined in the Introductory Document dated 16 March 2004) in relation to payments of the asset management fees and acquisition and divestment fees to the Manager, payments of property management fees, leasing commissions and reimbursements in respect of payroll and related expenses to the Property Managers as well as payment of Trustee fees. These payments are therefore not subject to Rules 905 and 906 of the SGX-ST Listing Manual and as such not included in the aggregate value of total related party transactions as governed by Rules 905 and 906 of the SGX-ST Listing Manual.

Please also see Related Parties on Note 28 in the financial statements.

According to disclosure requirements under paragraph 11, item (i) of Appendix 6 to the Code of Collective Investment Scheme, the total operating expenses incurred by CCT and its respective proportionate interest in joint ventures in FY 2016 was S$136.2 million. This translates to 2.6% of CCT's net asset value as at 31 December 2016. Taxation incurred was S$1.2 million.

Additional Information

Subscription of CCT Units

For the financial year ended 31 December 2016, an aggregate of 13,718,568 Units were issued and subscribed for. As at 31 December 2016, 2,963,491,301 Units were in issue and outstanding.

Asset Management Fee and Acquisition Fee Paid and Payable in Units

A summary of Units issued and issuable for payment of the asset management fee and acquisition fee during or in respect of the financial year are as follows:

For Period	Issue Date	Units issued	*Issue Price S$	Total Value S$'000
Base Asset Management Fee				
1 January 2016 to 31 March 2016	26 April 2016	1,013,333	1.4699	1,489
1 April 2016 to 30 June 2016	2 August 2016	1,042,410	1.4313	1,492
1 July 2016 to 30 September 2016	1 November 2016	947,643	1.5936	1,510
1 October 2016 to 31 December 2016	28 February 2017	1,027,205	1.4813	1,522
1 October 2016 to 31 December 2016	16 March 2017	207,031	1.4813	307
				6,320
Performance Asset Management Fee				
1 January 2016 to 31 December 2016	28 February 2017	2,836,544	1.4813	4,202
1 January 2016 to 31 December 2016	16 March 2017	1,685,197	1.4813	2,496
				6,698
Acquisition fee	13 September 2016	5,166,236	1.5490	8,003
				21,021

* Based on the volume weighted average traded price for a Unit for all trades on the SGX-ST in the ordinary course of trading on the SGX-ST for the last ten business days of the relevant period in which the management fees accrued.

Additional Information

31 December 2016

HSBC Institutional Trust Services (Singapore) Limited
as Trustee of CapitaLand Commercial Trust
21 Collyer Quay
#13-02 HSBC Building
Singapore 049320

CapitaLand Commercial Trust Management Limited
as Manager of CapitaLand Commercial Trust
168 Robinson Road
#30-01 Capital Tower
Singapore 068912

Dear Sirs

LETTER OF INDEPENDENT DECLARATION – CAPITALAND COMMERCIAL TRUST

We, Knight Frank Pte Ltd, being the Valuer of CapitaLand Commercial Trust ("CCT"), hereby declare and confirm that:

1. Our valuations are independent opinions of the market values of the properties based on our reported assumptions;

2. We are independent of CCT, CapitaLand Commercial Trust Management Limited in its capacity as Manager of CCT, HSBC Institutional Trust Services (Singapore) Limited in its capacity as Trustee of CCT, each of the significant holders of CCT, adviser or other party whom CCT is contracting with;

3. We do not have any pending business transactions, contracts under negotiation or other arrangements with the Manager, adviser or other party whom the Trustee is contracting with, and there are no other factors that would interfere with our ability to give an independent and professional valuation of the properties;

4. We confirm that we are authorized under the law of the state or country where the valuation takes place to practice as a valuer and issue a valuation report;

5. We confirm that we have the necessary expertise and experience in valuing properties of the type in question and in the relevant area;

6. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of CCT, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event; and

7. All of our directors are persons of good repute and have the necessary experience for the performance of their duties.

We have no objection to include the above declaration in your Annual Report.

Yours faithfully

Low Kin Hon
Deputy Group Managing Director
Managing Director, Valuation
For and on behalf of Knight Frank Pte Ltd

Knight Frank Pte Ltd 10 Collyer Quay #08-01 Ocean Financial Centre Singapore 049315
Tel: (65) 6222 1333 Fax: (65) 6224 5843 Reg. No: 198205243Z CEA Licence No: L3005536J
KnightFrank.com.sg

Other Offices:
Knight Frank Property Asset Management Pte Ltd 160 Paya Lebar Road #05-05 Orion@Paya Lebar Singapore 409022
KF Property Network Pte Ltd 491B River Valley Road #07-02 Valley Point Singapore 248373

Newmark Knight Frank Global

Additional Information

Jones Lang LaSalle

Jones Lang LaSalle Property Consultants Pte Ltd
Jones Lang LaSalle Property Management Pte Ltd
9 Raffles Place #39-00 Republic Plaza Singapore 048619
tel +65 6220 3888 fax +65 6438 3360

Company Reg No. 198004794D CEA Licence No. L3007326E
Company Reg No. 197600508N

Valuation (Land & Building)

31 December 2016

HSBC Institutional Trust Services (Singapore) Limited
As Trustee of CapitaLand Commercial Trust
21 Collyer Quay #10-02 HSBC Building
Singapore 049320

CapitaLand Commercial Trust Management Limited
As Manager of CapitaLand Commercial Trust
168 Robinson Road
#30-01 Capital Tower
Singapore 068912

Dear Sirs,

LETTER OF INDEPENDENT DECLARATION – CAPITALAND COMMERCIAL TRUST

We, Jones Lang LaSalle Property Consultants Pte Ltd, being the Valuer of CapitaLand Commercial Trust ("CCT"), hereby declare and confirm that:

1. Our valuations are independent opinions of the market values of the properties based on our reported assumptions;

2. We are independent of CCT, CapitaLand Commercial Trust Management Limited in its capacity as Manager of CCT, HSBC Institutional Trust Services (Singapore) Limited in its capacity as Trustee of CCT, each of the significant holders of CCT, adviser or other party whom CCT is contracting with;

3. We do not have any pending business transactions, contracts under negotiation or other arrangements with the Manager, adviser or other party whom the Trustee is contracting with, and there are no other factors that would interfere with our ability to give an independent and professional valuation of the properties;

4. We confirm that we are authorized under the law of the state or country where the valuation takes place to practice as a valuer and issue a valuation report;

5. We confirm that we have the necessary expertise and experience in valuing properties of the type in question and in the relevant area;

6. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of CCT, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event; and

7. All of our directors are persons of good repute and have the necessary experience for the performance of their duties.

We have no objection to include the above declaration in your Annual Report.

Yours faithfully
For and on behalf of
Jones Lang LaSalle Property Consultants Pte Ltd

Tan Keng Chiam
Regional Director

RESTRICTED

Additional Information

31 December 2016

HSBC Institutional Trust Services (Singapore) Limited
as Trustee-Manager of RCS Trust
21 Collyer Quay
#13-02 HSBC Building
Singapore 049320

CapitaLand Commercial Trust Management Limited
as Manager of CapitaLand Commercial Trust
168 Robinson Road
#30-01 Capital Tower
Singapore 068912

CapitaLand Mall Trust Management Limited
as Manager of CapitaLand Mall Trust
168 Robinson Road
#30-01 Capital Tower
Singapore 068912

Dear Sirs

LETTER OF INDEPENDENT DECLARATION – RCS TRUST

We, Knight Frank Pte Ltd, being the Valuer of RCS Trust hereby declare and confirm that:

1. Our valuation is an independent opinion of the market value of the property based on our reported assumptions;

2. We are independent of RCS Trust, CapitaLand Commercial Trust Management Limited as Manager of CapitaLand Commercial Trust ("CCT"), CapitaLand Mall Trust Management Limited as Manager of CapitaLand Mall Trust ("CMT"), HSBC Institutional Trust Services (Singapore) Limited as Trustee-Manager of RCS Trust, each of the significant holders of RCS Trust, adviser or other party whom CCT, CMT or RCS Trust is contracting with;

3. We do not have any pending business transactions, contracts under negotiation or other arrangements with the manager, adviser or other party whom the REIT is contracting with, and there are no other factors that would interfere with the valuer's ability to give an independent and professional valuation of the property;

4. We confirm that we are authorized under the law of the state or country where the valuation takes place to practice as a valuer and issue a valuation report;

5. We confirm that we have the necessary expertise and experience in valuing properties of the type in question and in the relevant area;

6. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of CCT, CMT or RCS Trust, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event; and

7. All of our directors are persons of good repute and have the necessary experience for the performance of their duties.

We have no objection to include the above declaration in your Annual Report.

Yours faithfully

Low Kin Hon
Deputy Group Managing Director
Managing Director, Valuation
For and on behalf of Knight Frank Pte Ltd

Knight Frank Pte Ltd 10 Collyer Quay #08-01 Ocean Financial Centre Singapore 049315
Tel: (65) 6222 1333 Fax: (65) 6224 5843 Reg. No: 198205243Z CEA Licence No: L3005536J
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KF Property Network Pte Ltd 491B River Valley Road #07-02 Valley Point Singapore 248373

Additional Information

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9 Raffles Place, #39-00 Republic Plaza Singapore 048619
tel +65 6536 0606 fax +65 6438 3360
Company Reg No. 198004794D
CEA License No. L3007326E

31 December 2016

HSBC Institutional Trust Services (Singapore) Limited
As Trustee-Manager of RCS Trust
21 Collyer Quay #10-02 HSBC Building
Singapore 049320

CapitaLand Commercial Trust Management Limited
As Manager of CapitaLand Commercial Trust
168 Robinson Road
#30-01 Capital Tower
Singapore 068912

CapitaLand Mall Trust Management Limited
As Manager of CapitaLand Mall Trust
168 Robinson Road
#30-01 Capital Tower
Singapore 068912

Dear Sirs,

LETTER OF INDEPENDENT DECLARATION – RCS TRUST

We, Jones Lang LaSalle Property Consultants Pte Ltd, being the Valuer of RCS Trust hereby declare and confirm that:

1. Our valuation is an independent opinion of the market value of the property based on our reported assumptions;

2. We are independent of RCS Trust, CapitaLand Commercial Trust Management Limited as Manager of CapitaLand Commercial Trust ("CCT"), CapitaLand Mall Trust Management Limited as Manager of CapitaLand Mall Trust ("CMT"), HSBC Institutional Trust Services (Singapore) Limited as Trustee-Manager of RCS Trust, each of the significant holders of RCS Trust, adviser or other party whom CCT, CMT or RCS Trust is contracting with;

3. We do not have any pending business transactions, contracts under negotiation or other arrangements with the manager, adviser or other party whom the REIT is contracting with, and there are no other factors that would interfere with the valuer's ability to give an independent and professional valuation of the property;

4. We confirm that we are authorized under the law of the state or country where the valuation takes place to practice as a valuer and issue a valuation report;

5. We confirm that we have the necessary expertise and experience in valuing properties of the type in question and in the relevant area;

6. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of CCT, CMT or RCS Trust, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event; and

7. All of our directors are persons of good repute and have the necessary experience for the performance of their duties.

We have no objection to include the above declaration in your Annual Report.

Yours faithfully
For and on behalf of
Jones Lang LaSalle Property Consultants Pte Ltd

Scott Hetherington Dip Val API
Chief Executive Officer Asia
Hotels & Hospitality Group

RESTRICTED

Statistics of Unitholdings

As at 23 February 2017

Issued and Fully Paid Units

2,963,491,301 Units (Voting Rights: 1 Vote per Unit)

Market capitalisation of S$4,637,863,886 based on market closing Unit price of S$1.565 on 23 February 2017

DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 - 99	344	1.3	7,273	0.0
100 - 1,000	7,162	26.3	4,478,151	0.2
1,001 - 10,000	14,938	54.9	65,962,468	2.2
10,001 - 1,000,000	4,720	17.4	196,292,257	6.6
1,000,001 and above	35	0.1	2,696,751,152	91.0
Total	**27,199**	**100.00**	**2,963,491,301**	**100.00**

LOCATION OF UNITHOLDERS

Country	No. of Unitholders	%	No. of Units	%
Singapore	26,091	95.9	2,952,867,811	99.6
Malaysia	600	2.2	5,381,515	0.2
Others	508	1.9	5,241,975	0.2
Total	**27,199**	**100.00**	**2,963,491,301**	**100.00**

TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	SBR Private Limited	640,349,000	21.6
2	Citibank Nominees Singapore Pte Ltd	596,023,332	20.1
3	DBS Nominees (Private) Limited	372,906,123	12.6
4	HSBC (Singapore) Nominees Pte Ltd	293,391,817	9.9
5	E-Pavilion Pte Ltd	185,137,000	6.2
6	DBSN Services Pte. Ltd.	161,926,205	5.5
7	Raffles Nominees (Pte) Limited	121,367,145	4.1
8	CapitaLand Commercial Trust Management Limited	126,501,814	4.3
9	United Overseas Bank Nominees (Private) Limited	72,246,635	2.4
10	BNP Paribas Securities Services Singapore Branch	25,867,369	0.9
11	DB Nominees (Singapore) Pte Ltd	21,452,322	0.7
12	Maybank Kim Eng Securities Pte. Ltd.	9,801,167	0.3
13	OCBC Securities Private Limited	8,982,768	0.3
14	OCBC Nominees Singapore Private Limited	6,149,779	0.2
15	Pei Hwa Foundation Limited	6,004,000	0.2
16	Gralf Max Hans Sieghold	5,000,000	0.2
17	Lee Pineapple Company Pte Ltd	4,620,000	0.2
18	ABN Amro Nominees Singapore Pte Ltd	4,436,460	0.2
19	Merrill Lynch (Singapore) Pte Ltd	3,111,885	0.1
20	Citigroup Global Markets Singapore Securities Pte. Ltd.	3,066,122	0.1
Total		**2,668,340,943**	**90.0**

Statistics of Unitholdings

As at 23 February 2017

DIRECTORS' INTERESTS IN UNITS AND CONVERTIBLE SECURITIES AS AT 21 JANUARY 2017

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 CCT.

	No. of Units		Contingent Awards of Units[1] under the Manager's	
Name of Director	Direct Interest	Deemed Interest	Performance Unit Plan	Restricted Unit Plan
Soo Kok Leng	30,836	–	–	–
Lim Ming Yan	195,000	–	–	–
Lynette Leong Chin Yee	102,000	–	0 to 383,488[2]	0 to 181,132[2,3]
Dato' Mohammed Hussein	124,263	–	–	–
Goh Kian Hwee	29,694	–	–	–
Wen Khai Meng	19,839	–	–	–

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 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 RUP, will also be released.

SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS AS AT 23 FEBRUARY 2017

Based on the information available to the Manager, as at 23 February 2017, the unitholdings of Substantial Unitholders of CCT are as follows:

	Direct Interest		Deemed Interest	
Name of Substantial Unitholder	No. of Units	%	No. of Units	%
Temasek Holdings (Private) Limited (THPL)	–	–	964,820,731[1]	32.6
CapitaLand Limited (CL)	–	–	951,987,814[2]	32.1
CapitaLand Singapore Limited (CLS)	–	–	951,987,814[3]	32.1
SBR Private Limited (SBR)	640,349,000	21.6	-	-
CapitaLand (Office) Investments Pte Ltd (COI)	–	–	640,349,000[4]	21.6
E-Pavilion Pte. Ltd. (E-Pavilion)	185,137,000	6.2	-	-
CapitaLand Investments Pte Ltd (CIPL)	–	–	185,137,000[5]	6.2
BlackRock, Inc. (BlackRock)	–	–	148,901,264[6]	5.0
The PNC Financial Services Group, Inc. (PNC)	–	–	148,901,264[7]	5.0

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, SBR, E-Pavilion and CapitaLand Commercial Trust Management Limited (CCTML). CCTML holds 126,501,814 Units.

3 CLS is deemed to have an interest in the unitholdings of its direct wholly owned subsidiary namely, CCTML and its indirect wholly owned subsidiaries namely, SBR and E-Pavilion.

4 COI is deemed to have an interest in the unitholding of its direct wholly owned subsidiary namely, SBR.

5 CIPL is deemed to have an interest in the unitholding of its direct wholly owned subsidiary namely, E-Pavilion.

6 BlackRock is deemed to have an interest in the unitholdings of its subsidiaries of which it has indirect control.

7 PNC is deemed to have an interest in the unitholding through its over 20% shareholding in BlackRock.

PUBLIC FLOAT

Based on the information available to the Manager, as at 23 February 2017, approximately 67% of the Units were held in the hands of the public. Rule 723 of the Listing Manual of the SGX-ST has accordingly been complied with.

Corporate Information

CAPITALAND COMMERCIAL TRUST

REGISTERED ADDRESS
HSBC Institutional Trust Services (Singapore) Limited
21 Collyer Quay
#13-02 HSBC Building
Singapore 049320
Email: ask-us@cct.com.sg
Website: www.cct.com.sg

TRUSTEE
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Fax: +65 6534 5526

AUDITOR
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Public Accountants and Chartered Accountants
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Tel: +65 6213 3388
Fax: +65 6225 0984
Partner-in-charge: Mr Lau Kam Yuen
(With effect from financial year ended 31 December 2014)

UNIT REGISTRAR
Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623
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Fax: +65 6536 1360

For updates or change of mailing address, please contact:
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Website: https://www1.cdp.sgx.com

THE MANAGER

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168 Robinson Road
#30-01 Capital Tower
Singapore 068912
Tel: +65 6713 2888
Fax: +65 6713 2999
Email: ask-us@cct.com.sg
Website: www.cct.com.sg

BOARD OF DIRECTORS
Soo Kok Leng
Chairman & Non-Executive Independent Director

Lim Ming Yan
Deputy Chairman & Non-Executive Non-Independent Director

Lynette Leong Chin Yee
Chief Executive Officer & Executive Non-Independent Director

Dato' Mohammed Hussein
Non-Executive Independent Director

Lam Yi Young
Non-Executive Independent Director

Goh Kian Hwee
Non-Executive Independent Director

Wen Khai Meng
Non-Executive Non-Independent Director

AUDIT COMMITTEE
Dato' Mohammed Hussein
Chairman

Lam Yi Young
Goh Kian Hwee

CORPORATE DISCLOSURE COMMITTEE
Soo Kok Leng
Chairman

Lim Ming Yan
Wen Khai Meng

EXECUTIVE COMMITTEE
Lim Ming Yan
Chairman

Lynette Leong Chin Yee
Wen Khai Meng

COMPANY SECRETARY
Toh Su Jin Jason
Honey Vaswani

THE PROPERTY MANAGERS

CapitaLand Commercial Management Pte. Ltd.
168 Robinson Road
#30-01 Capital Tower
Singapore 068912
Tel: +65 6713 2888
Fax: +65 6713 2999

CapitaLand (RCS) Property Management Pte. Ltd.
252 North Bridge Road
#B1-44D Raffles City Shopping Centre
Singapore 179103
Tel: +65 6338 7766
Fax: +65 6337 3618

Counter Name: CapitaCom Trust
Stock Symbol: C6IU

CapitaLand Commercial Trust Management Limited
Registration Number: 200309059W

168 Robinson Road
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www.fsc.org

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