

# REJUVENATING FOR GROWTH





## REJUVENATING FOR GROWTH

At CapitaLand Commercial Trust (CCT or the Trust), we strive to enrich lives through high-quality real estate products and services. Inspired by CapitaLand's credo of "Building People. Building Communities.", the design for the cover of this year's annual report symbolically melds CCT's properties and our stakeholders in a mosaic, featuring our latest acquisition, Asia Square Tower 2 and images of our various community engagement activities. The different pieces of the mosaic also represent CCT's ability to continuously build on our capabilities to create greater value and propel our growth for the future.

Our operational strengths and asset management strategies have enabled us to stay competitive and pave the way for the next phase of growth. Guided by a strong value creation model and portfolio reconstitution strategy, CCT is able to optimise and unlock value from our assets for our Unitholders. Through the rejuvenation of our assets, the acquisition of Asia Square Tower 2 and the Golden Shoe Car Park redevelopment, we have positioned the Trust for long term growth. Our focus on prudent capital management as well as proactive portfolio management will also keep us on track to seize the right opportunities and reinforce our presence as a market leader in the commercial real estate arena.

## MISSION

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

## CORPORATE PROFILE

CCT was the first and is the largest commercial REIT on Singapore Exchange Securities Trading Limited (SGX-ST) with a market capitalisation of S\$7.0 billion as at 31 December 2017. CCT aims to own and invest in commercial real estate and real estate-related assets which are largely income producing. The total deposited properties of CCT is S\$10.8 billion as at 31 December 2017, comprising a portfolio of 10 prime commercial properties in Singapore, including joint ventures.

Listed on the 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.

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.

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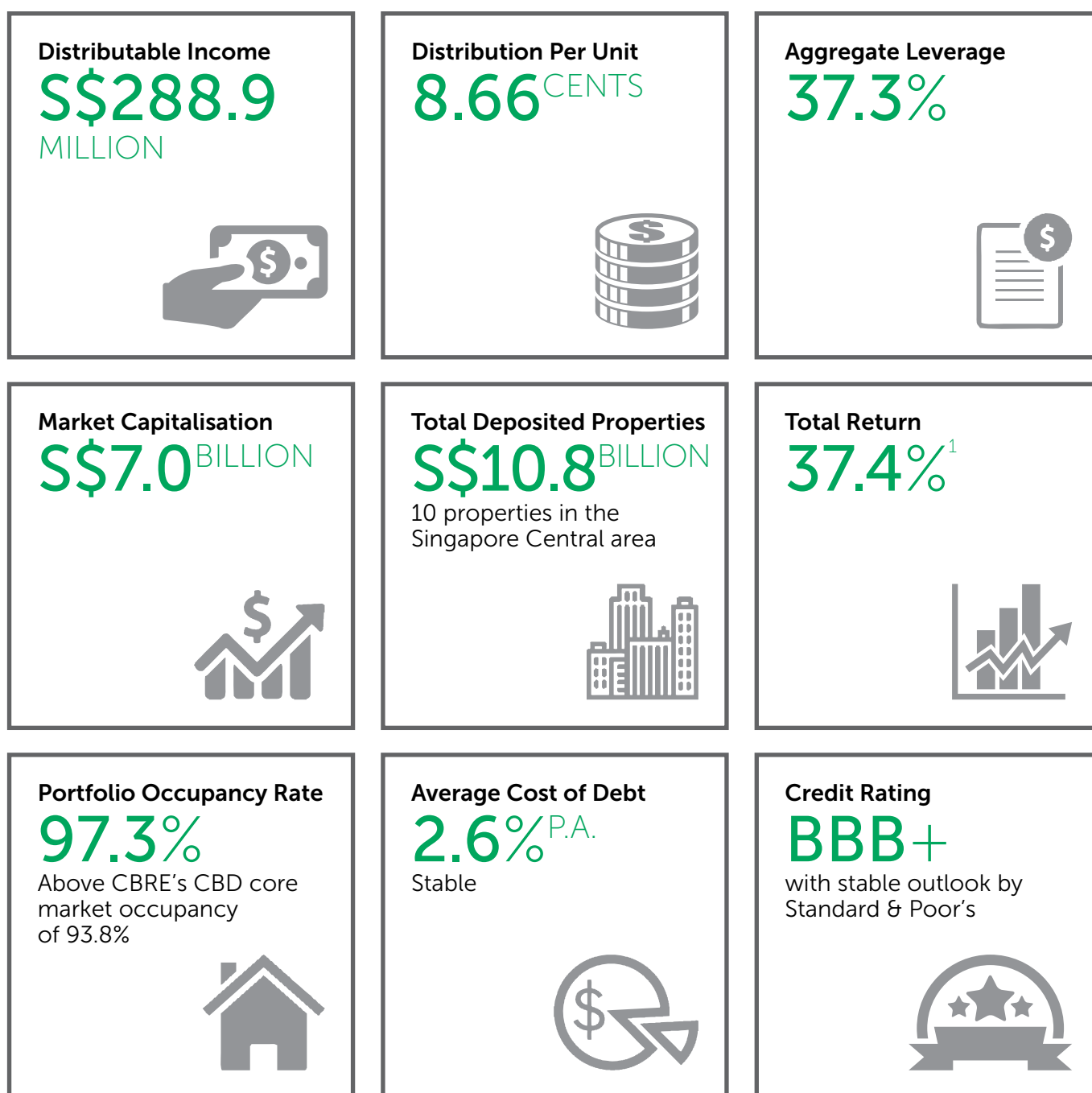
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# 2017 HIGHLIGHTS



1 Total Return assuming subscription to rights issue: calculated based on capital appreciation of rights units and existing Units held from 31 December 2016 to 31 December 2017 plus FY 2017 DPU over the weighted average of closing price as of 31 December 2016 and rights issue price.

# FINANCIAL HIGHLIGHTS

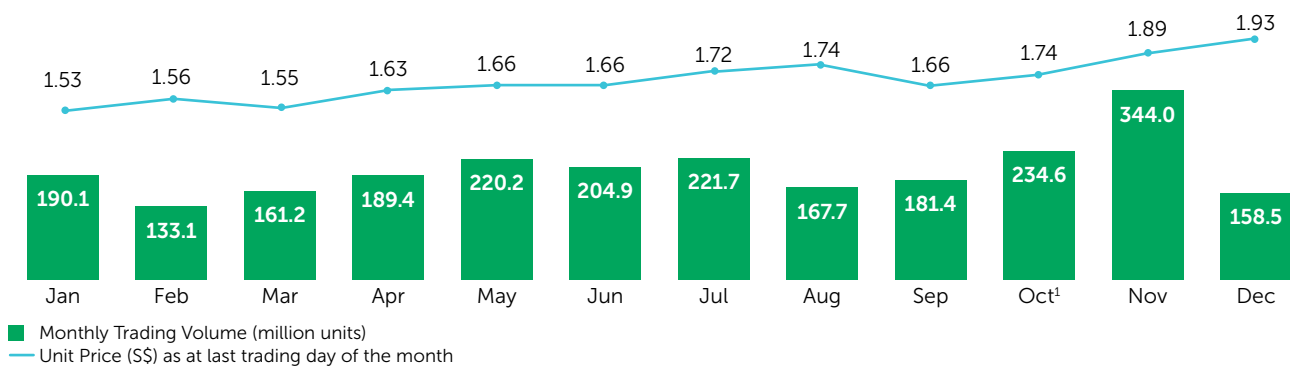
During the year, CCT's unit price increased 30.4% to close at S\$1.93 as at 31 December 2017, compared to S\$1.48 at the end of 2016. The strong performance was attributable to CCT's portfolio reconstitution and the recovery of the Singapore office market in 2017.

CCT outperformed the FTSE Straits Times Index (STI), FTSE ST Real Estate Investment Trusts (REIT) Index and FTSE ST Real Estate Index, which grew by 18.1%, 20.6% and 23.5% respectively.

The stock's trading volume for the year reached 2.4 billion units, translating to an average daily trading volume of approximately 9.7 million units. CCT's market capitalisation was approximately S\$7.0 billion as at 31 December 2017, up from S\$4.4 billion a year ago.

## Trading Performance for 2017

**+30.4% YoY**



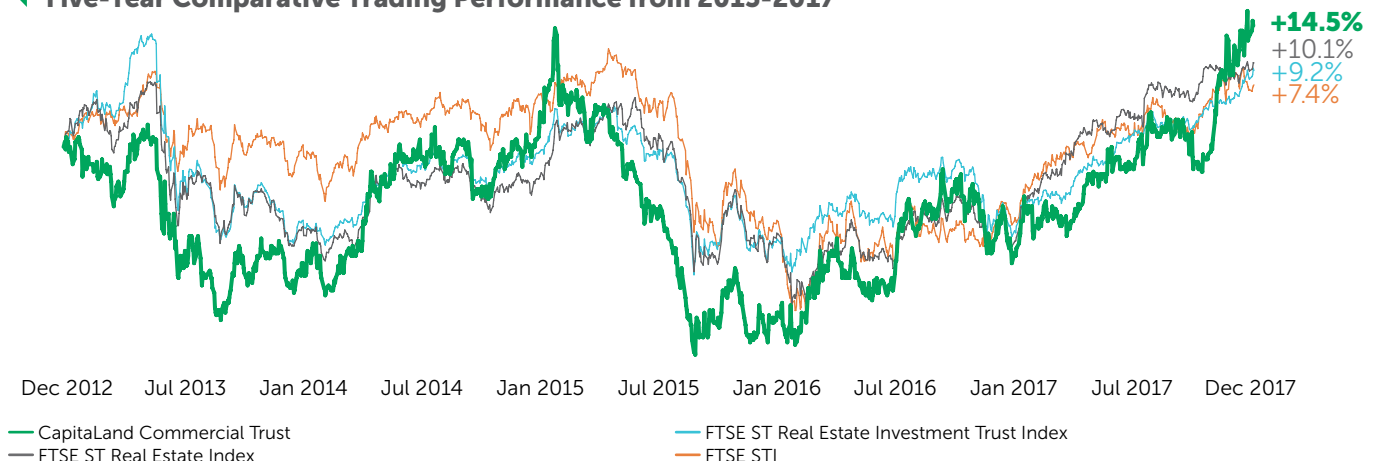
1 Subscription period for 166-for-1,000 rights issue at issue price of S\$1.363 per rights unit in October 2017.

## CCT Unit Price Performance

	2013	2014	2015	2016	2017
Opening price on first trading day of the year (S\$)	1.70	1.45	1.75	1.36	<b>1.49</b>
Closing price on last trading day of the year (S\$)	1.45	1.76	1.35	1.48	<b>1.93</b>
Highest (S\$)	1.73	1.76	1.93	1.64	<b>1.96</b>
Lowest (S\$)	1.34	1.39	1.27	1.29	<b>1.49</b>
Trading Volume (million units)	1,956.3	1,868.3	2,306.3	2,116.1	<b>2,406.8</b>

Based on closing prices.

## Five-Year Comparative Trading Performance from 2013-2017

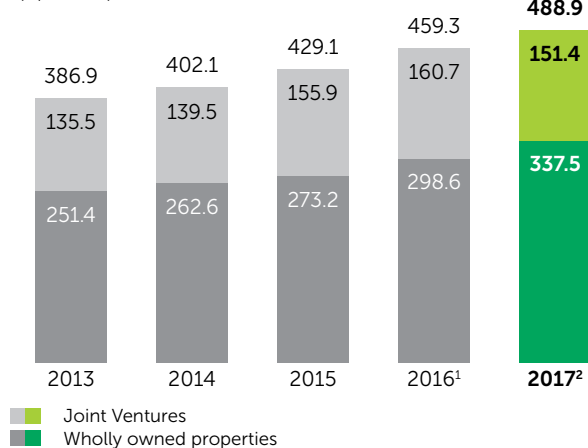


All trading information based on Bloomberg data.

# FINANCIAL HIGHLIGHTS

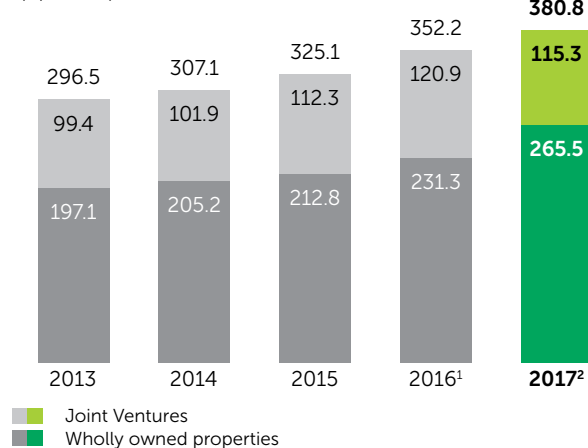
## Gross Revenue

(\$ million)



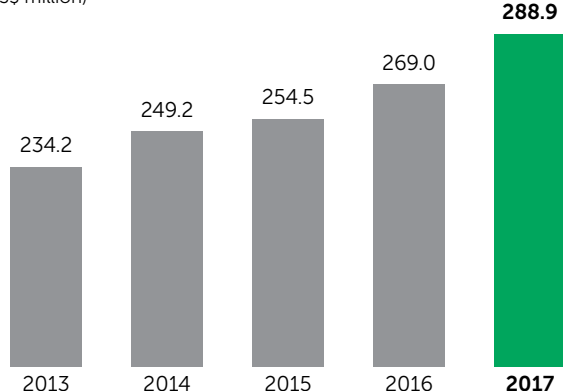
## Net Property Income

(\$ million)



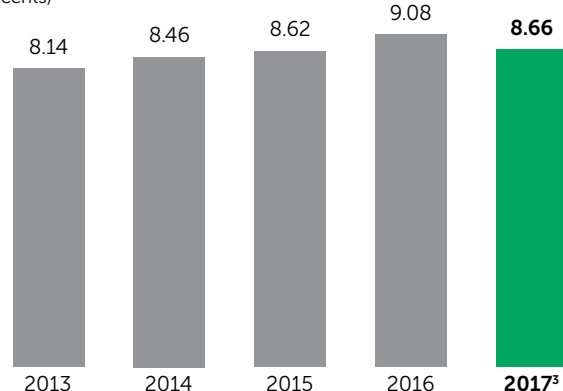
## Distributable Income

(\$ million)



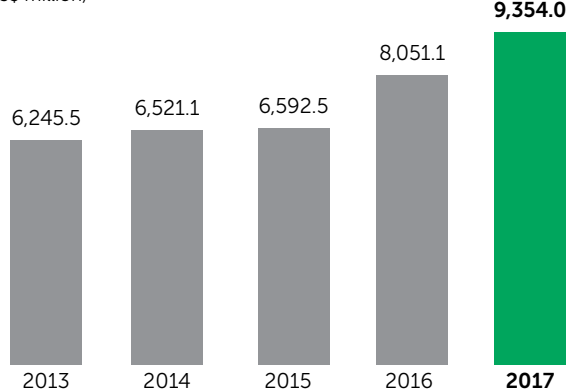
## Distribution Per Unit

(cents)



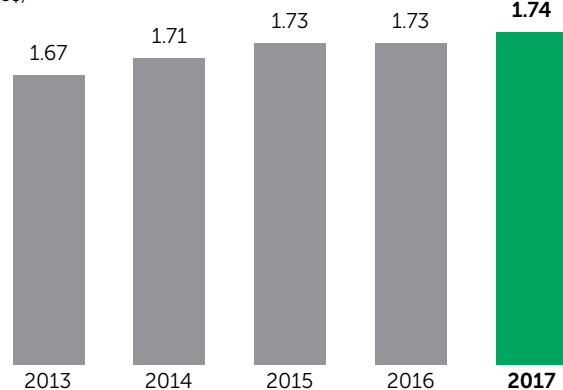
## Total Assets

(\$ million)



## Adjusted Net Asset Value Per Unit

(\$)



- 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.
- Contribution from CCT's 50.0% interest in One George Street LLP (OGS LLP) is reported as part of "share of profits of joint ventures" and no longer accounted for under CCT Group's gross revenue from 20 June 2017.
- DPU in FY 2017 of 8.66 cents was the aggregate of DPU in 1H 2017 of 4.56 cents announced on 27 July 2017 and DPU in 2H 2017 of 4.10 cents. 2H 2017 of 4.10 cents was computed based on 3,608.1 million of Units issued as at 31 December 2017.

### Selected Balance Sheet Data

(\$ million)

As at 31 December	2013	2014	2015	2016	2017
Valuation (including joint ventures)	6,959.8	7,358.5	7,478.1	8,491.9	<b>10,394.6<sup>1</sup></b>
Unitholders' Funds	4,912.7	5,153.5	5,234.1	5,278.5	<b>6,416.9<sup>2</sup></b>
Total Borrowings (including joint ventures)	2,060.9	2,182.7	2,234.8	3,289.1	<b>3,976.6</b>
Market Capitalisation	4,174.2	5,168.2	3,986.5	4,386.0	<b>6,963.7</b>

- 1 Due to acquisition of Asia Square Tower 2 and divestment of One George Street (50.0% interest), Wilkie Edge and redevelopment of Golden Shoe Car Park (45.0% interest).  
 2 Mainly due to rights issue.

### Key Financial Indicators

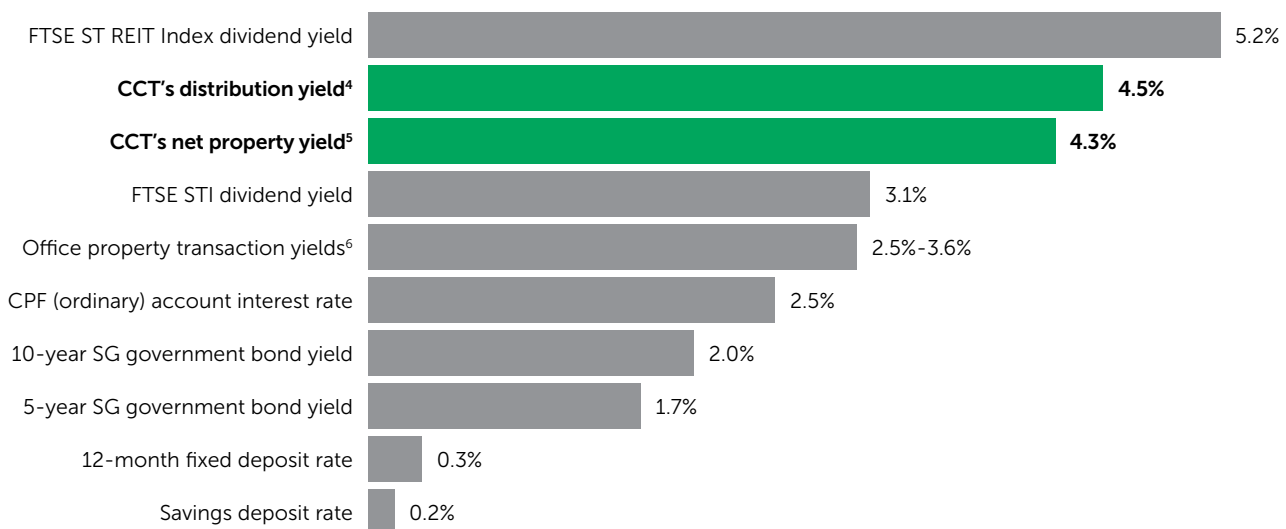
As at 31 December	2013	2014	2015	2016	2017
Actual Distribution Per Unit (cents)	8.14	8.46	8.62	9.08	<b>8.66</b>
Distribution Per Unit <sup>3</sup> (Adjusted) (cents)	7.31	7.68	7.84	8.25	<b>8.66</b>
Earnings Per Unit (cents)	13.08	15.41	10.42	8.81	<b>18.53</b>
Aggregate Leverage (%)	29.3	29.3	29.5	37.8	<b>37.3</b>
Interest Cover (times)	5.9	7.2	7.4	5.8	<b>4.9</b>
Management Expense Ratio (%)	0.32	0.33	0.34	0.34	<b>0.33</b>

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

- 3 For 2013-2016, the adjusted figures in the table were derived taking the sum of (i) the actual 1H DPU for that year with no adjustment and (ii) the 2H DPU for that year adjusted to the enlarged 3,608.1 million Units.

### The Trust Offers Attractive Yield Compared to Other Investments

As at 31 December 2017



4 CCT's distribution yield is based on FY 2017 DPU of 8.66 cents over closing price of S\$1.93 on 31 December 2017.

5 CCT's net property yield is based on 2017 annualised net property income including joint ventures over December 2017 valuation and excludes Wilkie Edge and Golden Shoe Car Park.

6 Estimated from reported market transactions in 2017.

# MESSAGE TO UNITHOLDERS



**SOO KOK LENG**  
Chairman

**KEVIN CHEE TIEN JIN**  
Chief Executive Officer

**Distributable income grew 7.4% year-on-year to S\$288.9 million, riding on CCT's successful portfolio reconstitution, prudent capital management, premium Grade A assets and strong fundamentals.**

**Dear Unitholders,**

2017 marked a new and exciting inflexion point for CCT. We divested One George Street (50.0% interest) and Wilkie Edge, and astutely redeployed the capital into higher yielding assets. We acquired Asia Square Tower 2 in the thriving Marina Bay financial district, expanding CCT's footprint in the Singapore Central Business District (CBD). We also embarked on the redevelopment of Golden Shoe Car Park which, when completed, will be an integrated landmark that will change the Singapore CBD skyline. These activities have greatly enhanced the resilience and quality of our portfolio and positioned CCT for long-term growth.

## Summary of Message

Rejuvenation of portfolio with the acquisition of Asia Square Tower 2<sup>1</sup> and redevelopment of Golden Shoe Car Park positions CCT for long-term growth.

Value creation from astute deployment of divestment proceeds into newer and higher yielding assets.

CCT reported a DPU of 8.66 cents and a total return of 37.4%<sup>2</sup> in FY 2017.

Well positioned to ride on the recovery of the office rental market. Proactive business partner focused on the provision of innovative, future-ready office space.

## GROWING FROM STRENGTH TO STRENGTH

The Trust reported a higher distributable income of S\$288.9 million. This was due to higher contributions from CapitaGreen and Raffles City Singapore, a top-up of S\$4.4 million for the loss of distributable income arising from the divestments of One George Street (50.0% interest) and Wilkie Edge, as well as a tax-exempt income distribution of S\$8.0 million. Year-on-year, gross revenue rose by 13.0% to S\$337.5 million while net property income grew by 14.8% to S\$265.5 million.

<sup>1</sup> Excludes the hotel premises which is owned by an unrelated third party.

<sup>2</sup> Total Return assuming subscription to rights issue: calculated based on capital appreciation of rights units and existing Units held from 31 December 2016 to 31 December 2017 plus FY 2017 DPU over the weighted average of closing price as of 31 December 2016 and rights issue price.



Due to the enlarged total units base following the rights issue to raise proceeds to partly fund the acquisition of Asia Square Tower 2, conversion of convertible bonds and issuance of Units for management fees in FY 2017, FY 2017 DPU of 8.66 cents was 4.6% lower than the actual FY 2016 DPU of 9.08 cents. However, when compared to the adjusted FY 2016 DPU of 8.25 cents<sup>3</sup>, FY 2017 DPU would be 5.0% higher. A CCT unitholder who had invested since end-December 2016 and subscribed to the rights units in 2017 would have seen a total return of 37.4%<sup>2</sup> in FY 2017.

The acquisition of Asia Square Tower 2 and growth in asset valuations increased CCT's portfolio value by 25.4% year-on-year to S\$10.4 billion as at 31 December 2017. This translates to an adjusted net asset value (NAV) per Unit of S\$1.74. CCT is trading close to NAV based on Unit price of S\$1.75 as at 26 February 2018.

CCT's consistently strong performance has been the culmination of years of hard work and prudent capital management by the CCT team. Our asset management strategies, prudent capital management, as well as timely divestments and acquisitions have created virtuous cycles of success in the portfolio. A case in point would be the redevelopment of Market Street Car Park into CapitaGreen through a joint venture and the subsequent acquisition of the remaining interest that CCT did not own in 2016. These actions have contributed significantly to the delivery of positive results in 2017 despite 10 successive quarters of rental decline in the Singapore office market, which bottomed out in 2Q 2017. We intend to build on these robust fundamentals to strengthen CCT for the next cycle of growth.

### BALANCING A RESILIENT PORTFOLIO

The portfolio reconstitution strategy has always focused on growing the REIT organically and through acquisitions, divestments and developments. Asia Square Tower 2 is a quintessential example of the successful execution of this strategy. We acquired the premium Grade A property for S\$2,094 million at an entry yield of 3.6% as compared with the lower exit yields of 3.2% and 3.4% achieved for One George Street (50.0% interest) and Wilkie Edge respectively.

Another example is Golden Shoe Car Park. It was sold for S\$161.1 million to a joint venture between CCT (45.0% interest), CapitaLand (45.0% interest) and Mitsubishi Estate Co., Ltd. (10.0% interest) and is being redeveloped into a 51-storey, integrated premium Grade A property in Raffles Place scheduled for completion in 1H 2021. The estimated

project development expenditure of S\$1.8 billion is expected to generate a target yield-on-cost of about 5.0% p.a.

With an address at Market Street, the landmark integrated development will feature premium Grade A offices, 299 units of serviced residences, ancillary retail component, a food centre, landscaped spaces as well as technology-enabled private and public areas. Tenants can enjoy unique shared spaces for collaboration, meetings, wellness programmes and other activities. "Future of work" innovations and concepts will be incorporated to enable personalisation of workspace, seamless connectivity and other cutting-edge smart building features.

With no new supply of commercial space completing in Raffles Place until 2021, the integrated development at Market Street is expected to become a location of choice for companies seeking a prestigious address, modern facilities and dynamic environment that actively promotes connectivity and collaboration within its vertical community.

These concerted efforts to reconstitute the portfolio have enlarged the proportion of CCT's Grade A NLA from 62.7% in 2016 to 79.2% in 2017, and reinforced CCT's market leadership as the largest owner of commercial buildings with more than 20% of Singapore's CBD Grade A stock. Contribution from the top 10 tenants has correspondingly reduced from 36% to 35% in our already-diversified tenant mix, thereby further mitigating the risk of reliance on a small group of tenants or industry sector.

### PROACTIVE CAPITAL MANAGEMENT

CCT maintains an aggregate leverage of between 30% and 40%, well below the regulatory limit of 45%. As at 31 December 2017, CCT's aggregate leverage was 37.3% with an average cost of debt at 2.6% p.a.

In March 2017, a US\$2.0 billion Euro Medium-Term Note (EMTN) Programme for Raffles City Singapore (RCS) Trust was established. Pursuant to this, S\$300.0 million 6-Year fixed rate notes were issued at an interest rate of 2.6% p.a. S\$175.0 million of convertible bonds, which were due in 2017, were fully converted by the holders and cancelled entirely.

The acquisition of Asia Square Tower 2 was funded by a combination of S\$1.1 billion in bank borrowings, S\$340.1 million in divestment proceeds from One George Street (50.0% interest) and Wilkie Edge, and a fully underwritten and renounceable rights issue of approximately S\$700 million. The rights issue received overwhelming support from

<sup>3</sup> Adjusted DPU for FY 2016 of 8.25 cents comprised actual 1H 2016 DPU of 4.39 cents announced on 26 July 2016 and adjusted 2H 2016 DPU of 3.86 cents, adjusted for the enlarged 3,608.1 million Units including those issued for equity raised, conversion of convertible bonds and management fees in FY 2017.

# MESSAGE TO UNITHOLDERS



investors. It was 1.8 times subscribed and demonstrated the market's confidence in Singapore as a commercial gateway city as well as investors' continued belief in CCT's capability to deliver long-term value.

Proceeds from the divestment of One George Street (50.0% interest), Golden Shoe Car Park and Wilkie Edge were also deployed to repay total borrowings of S\$886.2 million, maturing between 2018 to 2020.

CCT also obtained S\$600.0 million of term loan facilities, that was used to refinance part of the S\$1.1 billion of bank borrowings drawn down for the acquisition of Asia Square Tower 2, extending the proforma weighted average maturities as at 31 December 2017 of the Trust's debt portfolio from 2.4 years to 2.9 years.

## MAXIMISING PORTFOLIO OCCUPANCY

As at end 2017, CCT had a committed portfolio occupancy rate of 97.3%. This is well above CBRE's CBD Core market average of 93.8% and a testament of our proactive leasing and tenant engagement initiatives.

During periods of challenging market conditions, CCT had initiated forward renewals which boosted tenant retention in 2017 to 78% compared to 62% in 2016. Out of the 15% of office leases due in 2018, about half of the leases have been renewed or committed. With market rents rising, we expect to narrow the gap between expiring and committed rents for leases due in 2018. However, there will be a flow through of negative rent reversions into 2018 from leases signed in 2017.

## PREPARING FOR GROWTH IN THE NEXT LAP

Externally, the geopolitical environment remains volatile. Evolving issues, such as the recent corporate tax-cut in the US, rise of terrorism and the rapid growth of emerging markets in ASEAN, will no doubt have an impact on Singapore's economy. We are closely monitoring these situations and are taking steps to mitigate operational and financial risks.

One of our fundamental strategies is to progressively upgrade our properties. The ongoing S\$54.0 million rejuvenation of Raffles City Singapore will give a refreshed shopping experience for consumers and strengthen the mall as a favourite destination among tourists and locals.

On 9 February 2018, we held the groundbreaking of the redevelopment of Golden Shoe Car Park that was graced by guest of honour, Mr Lawrence Wong, Minister for National Development and Second Minister for Finance. The milestone event unveiled the work, live, play concepts of the redevelopment.

CCT has a call option to acquire the commercial component of the Golden Shoe Car Park redevelopment from its joint venture partners within five years upon receipt of Temporary Occupation Permit. This will provide CCT with another growth pipeline after 2021.

We are also evaluating opportunities to maximise organic growth in occupancy and rentals. Grade A Core CBD monthly rent rose by 3.3% quarter-on-quarter in 4Q 2017 and year-on-year to S\$9.40 psf. According to CBRE, market confidence has returned, evidenced by higher rental expectations of landlords of other prime-grade buildings.

While we can still expect some negative reversions for the limited number of leases due in 2018, expectations of rising rents will lift some pressure off upcoming renewals in CCT's portfolio that have expiring rents that are above market.

As a progressive partner for commercial space, CCT will monitor office and technology trends closely and test-bed promising innovations in our properties with the aim to modernise assets, create conducive spaces and foster community collaboration. We launched a pilot project at Twenty Anson offering fully furnished, plug-and-work office suites, meeting facilities and collaborative spaces.

## ENGAGING COMMUNITIES AND SUSTAINING OPERATIONS

We have organised a series of events throughout the year to engage stakeholders as well as to create a vibrant tenant community.

CCT Eco Race 2017 is a workplace community initiative with partners Building and Construction Authority, Health Promotion Board, National Environment Agency and Fitness First that attracted some 380 participants.

We also organised an inaugural mini Sports Day to engage in meaningful interaction with students from the Rainbow Centre as part of Gifts of Joy 2017. More than 150 volunteers from CapitaLand and its tenants came together to distribute 466 gifts. At the biannual Tenant Treats, we distributed Gula Melaka cakes purchased from our tenant, Joe & Dough, as well as cookies made by social enterprises.

In partnership with CapitaLand Hope Foundation, a total of S\$46,000 was contributed to Rainbow Centre Singapore, resulting from participation and pledges from tenants, partners and CapitaLand employees.

## AWARDS AND ACCOLADES

Industry awards have always been a welcomed affirmation of our efforts as well as a source of motivation to strive further. In 2017, CCT was recognised for the following achievements:

- ▼ Gold for Best Investor Relations and Bronze for Best Annual Report under the REITS and Business Trusts category by Singapore Corporate Awards 2017;
- ▼ Second in Singapore for the Most Honoured Companies under Developed Markets (Small and Mid cap) by the Institutional Investor 2017;
- ▼ Runner-up at Singapore Corporate Governance Award 2017 under REITs and Business Trusts category at the 18th Investors' Choice Awards 2017 by Securities Investors Association (Singapore);

- ▼ Second in the new REIT and Business Trust category of the annual Singapore Governance and Transparency Index 2017.

## ACKNOWLEDGEMENTS

CCT's success is the result of the hard work and commitment of a dedicated team, foremost of which is Lynette Leong Chin Yee. Her tenacity and leadership over the last 10 years as CEO of the Manager has built a strong foundation on which we will build on to take CCT into the next lap.

During the year, Dato' Mohammed Hussein and Mr Goh Kian Hwee, Non-Executive Independent Directors, Mr Wen Khai Meng and Mr Ronald Tay Boon Hwee, Non-Executive Non-Independent Directors, and Ms Lynette Leong Chin Yee, Executive Non-Independent Director and CEO, relinquished their respective roles on the board of the Manager. We would like to thank them for their invaluable contributions over the years. We would also like to welcome on board Ms Jessica Tan Soon Neo, Mrs Quek Bin Hwee and Mr Ng Wai King as Non-Executive Independent Directors, and Mr Andrew Geoffrey Lim Cho Pin and Mr Lee Chee Koon as Non-Executive Non-Independent Directors.

Special thanks also to the CCT team whose dedication has allowed the Trust to stay the course and deliver a strong performance for CCT in 2017. Most of all, our deepest gratitude goes to you, our Unitholders for your unwavering support and trust. Your confidence in us encourages us to constantly strive to deliver long term growth and build a stronger CCT.

**Soo Kok Leng**  
Chairman

**Kevin Chee Tien Jin**  
Chief Executive Officer

26 February 2018

# 致信托单位持有人之信函

得益于对其投资组合的成功重构、审慎资本管理、优质甲级资产和强健基础，凯德商务产业信托可分配收入同比增长7.4%，达2.889亿新元。

## 尊敬的信托单位持有人，

2017年对凯德商务产业信托（简称凯德信托）而言标志着一个崭新的、令人振奋的转折点。我们出售乔治街一号（50.0%权益）和威吉里，明智地将资本重新投资在收益率更高的资产。我们收购了位于滨海湾繁华金融区的亚洲广场第二大厦<sup>1</sup>，扩展了凯德商务产业信托在新加坡中央商务区的覆盖范围。我们还着手重新发展金鞋停车场，竣工之后，其将成为更改新加坡中央商务区天际线的综合性地标。这些活动大大增强了我们投资组合的强韧性和质量，为凯德信托的长期增长打下了基石。

### 日益壮大

凯德信托2017财政年的可分配收入增长至2.889亿新元。这归功于CapitaGreen和新加坡来福士城较高的收益，440万新元为补偿因出售乔治街一号（50.0%权益）和威吉里所产生的可分配收入损失，以及提供800万新元的免税收入分配。总收入达3.375亿新元，房地产净收入达2.655亿新元，分别同比增长13.0%和14.8%。

由于凯德信托发行附加单位，为收购亚洲广场第二大厦提供部分资金，也为付2017财政年管理费，另加转换成单位的可转换债券，使得总单位基数扩大。因此2017财政年每单位派息8.66新分比2016财政年的9.08新分低4.6%。但与调整后的2016财政年每单位派息8.25新分<sup>2</sup>相比，2017财政年每单位派息要高5.0%。对于自2016年12月末开始投资凯德信托的单位持有人。若在2017年认购附加单位，将在2017财政年获得高达37.4%<sup>3</sup>的总回报率。

截至2017年12月31日，收购亚洲广场第二大厦和资产估值的增长令凯德信托的投资组合价值同比增长了25.4%，达104亿新元。这相当于每单位资产净值1.74新元。截至2018年2月26日，凯德信托的每单位收价为1.75新元，交易接近每单位资产净值。

凯德信托一如既往的强劲业绩表现是凯德信托团队多年努力工作和审慎资本管理的成果。我们的资产管理战略、审慎资本管理以及适时出售和收购造就了投资组合的成功良性循环。通过合资经营方式将马吉街停车场重新发展成CapitaGreen以及后续收购凯德信托在2016年未取得的剩余权益就是一个成功案例。这些举措卓有成效，尽管新加坡办公楼市场自2017年第2季度触底以来租金连续10个季度下跌，但凯德信托在2017年仍然取得佳绩。我们将基于这些稳健的基本面增强凯德信托的实力，实现下一轮增长。

### 平衡强韧投资组合

我们的投资组合重构战略始终致力于通过收购、出售和开发促进房地产投资信托的有机增长。亚洲广场第二大厦正是成功执行该战略的一个经典案例。我们以20.94亿新元收购该大厦，初始收益率为3.6%，高于从乔治街一号（50.0%权益）和威吉里获得的退出收益率，分别为3.2%和3.4%。

另一个案例是金鞋停车场。其以1.611亿新元出售给凯德信托（45.0%权益）、凯德集团（45.0%权益）和三菱地所株式会社（10.0%权益）的合作项目，正被重新发展成位于莱佛士坊的一座51层综合性优质甲级物业，预期于2021年上半年竣工。预计项目开发将支出18亿新元，项目营运平稳时有望达到约5.0%的年度目标成本收益率。

重新发展后的金鞋停车场将成为地标性综合体，包含优质甲级办公楼、299套服务公寓、配套零售设施、一个美食中心、景观空间以及高科技私人公共区域。租户可将独具特色的共享空间用于合作、会议、康乐项目和其他活动。同时，纳入“未来办公”创新和理念，实现办公场所个性化、无缝连接以及其他先进智能建筑功能。

因为莱佛士坊直到2021年都不会有新商业空间完工，所以重新发展后的新综合性项目有望吸引寻求黄金地段、现代办公设施和动态环境的公司入驻，积极促进其垂直社区内的互联和协作。

在齐心协力重构投资组合的作用下，凯德信托的甲级办公楼可租用净面积比例从2016年的62.7%增加到2017年的79.2%，占新加坡中央商务区甲级办公楼存量的20%以上，巩固了凯德信托作为新加坡中央商务区最大商业建筑业主的市场领导地位。在我们业物已多元化的租户组合中，首10大租户的租赁收入相应从36%下降至35%，因此进一步缓解了依赖小群租户或行业部门的风险。

### 积极的资本管理

凯德信托的资产负债比率维持在30%和40%之间，远低于法定限额45%。截至2017年12月31日，凯德信托的资产负债比率为37.3%，年平均债务成本为2.6%。

2017年3月，新加坡来福士城信托成立了价值20亿美元的欧元中期票据计划。根据该计划，新加坡来福士城信托以2.6%的年利率发行了3亿新元的6年期定息票据。凯德信托于2017年到期的1.750亿新元可转换债券被持有人全数转换，完全撤销。

收购亚洲广场第二大厦的资金源于11亿新元银行借款、出售乔治街一号（50.0%权益）和威吉里所得的3.401亿新元以及发行约7亿新元可弃权全额包销附加单位所得。

发行的附加单位受到了投资者的全力支持。认购附加单位达1.8倍，证明了市场对于新加坡作为商业枢纽的信心，投资者依旧对凯德信托创造长期价值的能力深信不疑。

同时，从出售乔治街一号（50.0%权益）、金鞋停车场和威吉里所得收益也被用来偿还将于2018年至2020年期间到期的8.862亿新元总借款。

1 不包括由不相关第三方所属的酒店物业。  
2 假定附加单位发行获认购的总回报率：根据从2016年12月31日至2017年12月31日持有的附加单位和现有单位资本增值加上基于截至2016年12月31日加权平均收盘价的2017财政年每单位派息和附加单位发行价格计算。  
3 2016财政年调整后的每单位派息为8.25新分，包含于2016年7月26日公布的2016年上半年实际每单位派息4.39新分和2016年下半年调整后的每单位派息3.86新分，调整基于扩大的36.081亿单位，其中包括为募集股本、转换可转换债券和2017财年管理费发行的单位。

凯德信托已获得了6亿新元定期贷款，将为已提取用于收购亚洲广场第二大厦的11亿银行借款的一部分进行再融资。因此，截至2017年12月31日，该信托贷款投资组合的估算加权平均期限从2.4年延长至2.9年。

### 提高投资组合出租率

截至2017年底，凯德信托的投资组合实现了97.3%的出租率，远高于世邦魏理仕中央商务区核心市场平均水平93.8%，见证了我们的积极租赁和租户社群参与活动的成效。

面对严峻的市场环境，凯德信托采取提前续租战略，相比2016年的62%，2017年留租率上升至78%。于2018年到期的15%办公楼租约中，约一半的租户已续签或承诺续签租约。随着市场租金的不断上涨，我们期望缩小2018年到期租约的到期租金与承诺租金之间的差距。但是，2017年签署租约的租金负增长可能延续至2018年。

### 为下一轮增长做好准备

外部地缘政治环境仍然动荡不安。近期美国公司税减税、恐怖主义猖獗以及东盟新兴市场的快速发展等问题日益严峻，无疑会对新加坡经济造成冲击。我们密切监督这些形势，正采取措施缓解经营和财务风险。

我们的基本战略之一是逐步提升我们的物业质量。我们正投资5,400万新元重振新加坡来福士城。装修完成后，将为消费者带来焕然一新的购物体验，加强其为游客和当地居民最喜爱的购物中心。

在2018年2月9日，我们举行了金鞋停车场重新发展项目的动土奠基仪式，新加坡国家发展部部长兼财政部第二部长黄循财先生作为荣誉贵宾出席。在这重要的里程碑庆典上，我们呈现重新发展项目聚集工作、生活和娱乐于一体的概念。

凯德信托拥有认购期权，可在金鞋停车场重新发展项目取得临时占用许可证后的五年内，从其合作伙伴手中收购他们在项目中商业部分所拥有的股权。这将在2021年后为凯德信托提供另一增长渠道。

同时，我们正在评估能实现出租率和租金增长的机会。在2017年第4季度，甲级核心中央商务区月租金季度环比上涨3.3%，年同比上涨至每平方米9.40新元。根据世邦魏理仕数据，市场重拾信心，从其他办公楼业主期望更高的租金即可见一斑。虽然我们仍预计于2018年到期的少量租约的租金会呈现一定程度负增长，但对于到期租金高于市场价格的凯德信托投资组合，租金上涨预期将缓解未来续约租金的部分压力。

作为不断进取的商业空间开发合作伙伴，凯德信托将密切监督办公楼和技术发展趋势，在我们的物业中大胆测试富有前景的创新理念，以期实现资产现代化、打造有利空间和推动社群协同。我们在配套设施齐全的安顺二十实施了一个即插即用办公套件试点项目，完全满足各种办公设施和协作空间的需求。

### 参与社群互动，实现可持续经营

在2017财政年，我们组织了一系列社群活动，邀请各利益相关方参与，创建生机勃勃的租户社群。

我们与新加坡建设局、健康促进委员会、国家环境局和第一健身俱乐部等活动合作伙伴共同举办的工作场所社群活动—“CCT Eco Race 2017”吸引了380多人参加。

作为2017年“Gifts of Joy”活动的一部分，我们还组织了首届迷你运动会，与来自彩虹中心的学生进行有意义的互动。来自凯德集团及其租户的150多名自愿者汇聚一堂，分发了466份礼物。在一年两次的“租户享乐”（Tenant Treats）活动中，我们把向租户Joe和Doug购买的马六甲椰糖蛋糕以及由社会企业制作的曲奇饼分发给租户社群。

我们与凯德希望基金合作，在租户、合作伙伴及凯德员工的积极参与和认捐下，为新加坡彩虹中心共捐款46,000新元。

### 奖项与荣誉

各种行业奖项始终是对我们工作的高度肯定，也是激励我们不断进步的动力。2017年，凯德信托获得以下殊荣：

- ▶ 在2017年新加坡企业奖评选中，荣获“最佳投资者关系”金奖和“最佳年报”铜奖；
- ▶ 位列《机构投资者》杂志2017年“发达市场（中小型股）最受尊敬公司”新加坡排行榜第二名；
- ▶ 在2017年新加坡证券投资者协会第18届“投资者选择奖”评选中，荣获房地产投资信托和商业信托类“新加坡企业治理奖”亚军；
- ▶ 在2017年年度“新加坡公司治理与透明度指数”排名中，位列新房地产投资信托和商业信托类第二名。

### 致谢

凯德信托的成功离不开我们敬业团队的努力工作和无私奉献，其中梁静仪女士功不可没。她在担任首席执行官的10多年内所表现出的百折不挠和卓越领导力为我们不断缔造凯德信托的辉煌业绩打下了坚实基础。

2017年，独立非执行董事Dato' Mohammed Hussein和吴建辉先生、非独立非执行董事温啟明先生和郑文辉先生以及首席执行官梁静仪女士卸任其董事会职务。我们要对他们多年来作出的宝贵贡献表示衷心的感谢。同时，我们欢迎陈舜娘女士、蔡敏慧女士和吴伟權先生以独立非执行董事身份加入董事会，林卓斌先生和李志勤先生以非独立非执行董事身份加入董事会。

我们还要特别感谢凯德信托团队，正是他们的敬业奉献让本信托不断前进，在2017年取得骄人业绩。当然，最为重要的是，我们要对我们的单位持有人表达最诚挚的谢意，感谢您们对我们坚定不移的支持和信任。您们对我们的信心鼓励我们不断努力取得长期增长和壮大凯德信托。

司徒国玲  
主席

徐添锦  
首席执行官

2018年2月26日

# PROPERTY PORTFOLIO



1. Capital Tower



2. Asia Square Tower 2



3. CapitaGreen



4. Six Battery Road



5. One George Street



6. Raffles City Singapore



7. Twenty Anson




8. HSBC Building



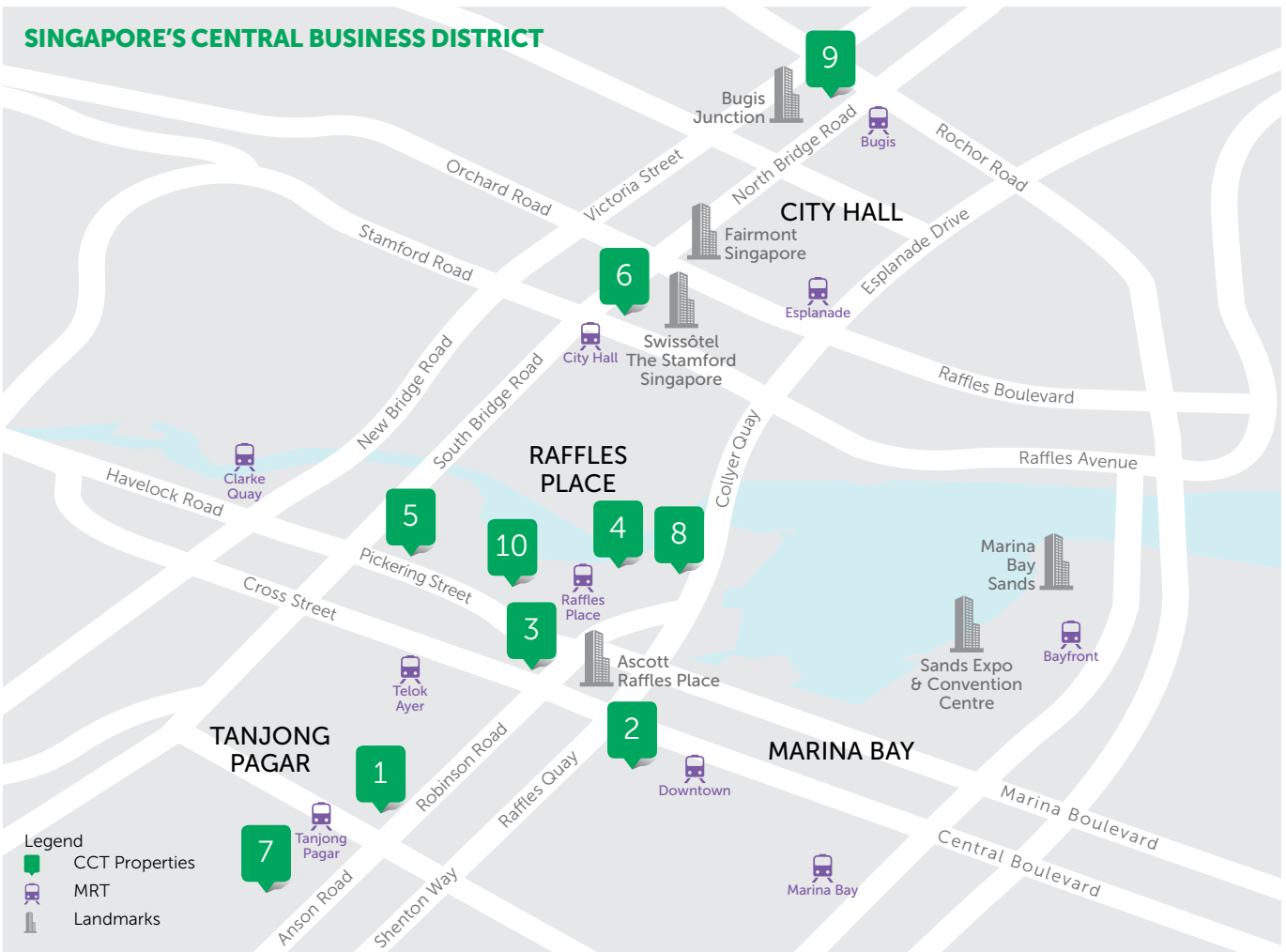
9. Bugis Village



10. Integrated development at Market Street  
*Artist Impression*



1. Capital Tower
2. Asia Square Tower 2
3. CapitaGreen
4. Six Battery Road
5. One George Street (50.0% interest)
6. Raffles City Singapore (60.0% interest)
7. Twenty Anson
8. HSBC Building
9. Bugis Village
10. Integrated development at Market Street (45.0% interest)



**Portfolio Statistics**  
As at 31 December

	2016	2017
Number of Properties	10	10
Total Net Lettable Area <sup>1</sup> (sq m) / (sq ft)	363,935 / 3,917,393	417,245 / 4,491,221
Total Attributable Net Lettable Area <sup>1</sup> (sq m) / (sq ft)	334,028 / 3,595,473	336,441 / 3,944,366
Valuation based on proportionate interests (S\$ million)	8,491.9	10,394.6 <sup>2</sup>
Number of Tenants <sup>3</sup>	647	657
Committed Occupancy (%)	97.1	97.3

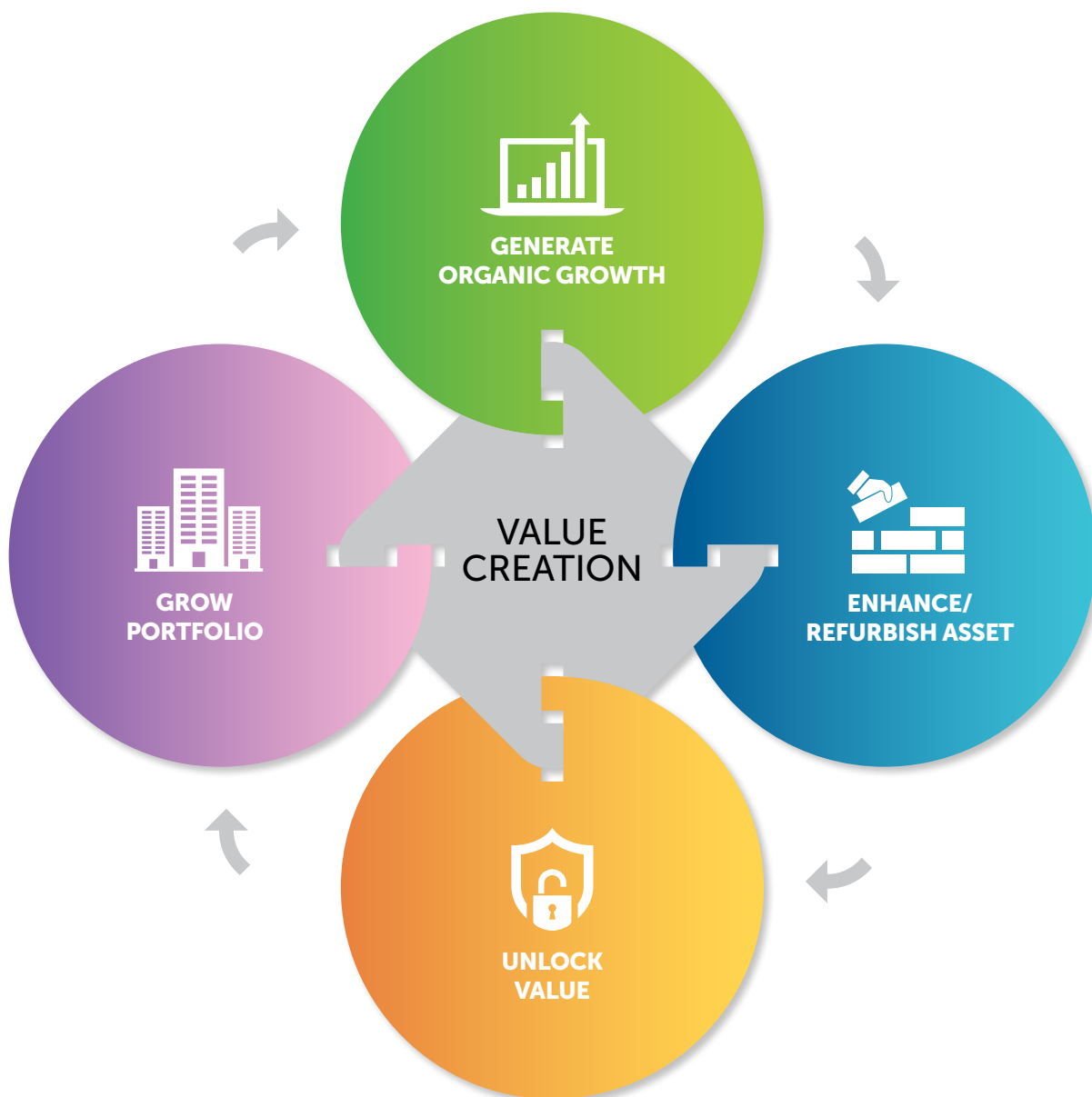
1 Net lettable area quoted was based on valuation reports as at respective periods. 2017 numbers exclude the integrated development at Market Street.  
 2 The portfolio value increase was mainly due to the acquisition of Asia Square Tower 2 and 45.0% interest in the integrated development at Market Street.  
 3 Number of tenants are accounted for on a 100.0% interest basis.

# 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 value from 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.








**GENERATE ORGANIC GROWTH**  
via increasing occupancy and rent

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



**ENHANCE/ REFURBISH ASSET**


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

**Proactive Portfolio Management**

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

**Asset Enhancements**

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



**UNLOCK VALUE**  
at optimal stage of property's life cycle

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



**GROW PORTFOLIO**

- Identify quality assets with growth potential
- Seize growth opportunities in the market

**Divestments**

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

**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

**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.

# YEAR IN BRIEF 2017

## JANUARY

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- 18 January – Reported distributable income of S\$269.0 million and DPU of 9.08 cents for FY 2016.

## MARCH

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- 22 March – Established US\$2.0 billion Euro Medium-Term Note Programme of RCS Trust.

## APRIL

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- 18 April – CCT Annual General Meeting held at The Star Gallery.
- 19 April – Reported distributable income of S\$71.3 million for 1Q 2017.

## MAY

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- 2 May – Announced divestment of One George Street to One George Street LLP (OGS LLP) at agreed value of S\$1,183.2 million or S\$2,650 psf. CCT to own 50.0% interest in OGS LLP.

## JUNE

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- 19 June – Completed divestment of One George Street to OGS LLP.

## JULY

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- 3 July – Announced divestment of Wilkie Edge at S\$280.0 million or S\$1,812 psf.
- 13 July – Announced the redevelopment of Golden Shoe Car Park into a 51-storey integrated development with target completion in 1H 2021. The redevelopment would be undertaken by a joint venture (JV) between CCT (45.0% interest), Capitaland (45.0% interest) and Mitsubishi Estate Co., Ltd. (10.0% interest).
- 18 July – CCT won Gold for Best Investor Relations and Bronze for Best Annual Report under the REITS and Business Trusts category at the Singapore Corporate Awards 2017.
- 19 July – Reported distributable income of S\$140.8 million and DPU of 4.59 cents for 1H 2017.

## AUGUST

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- 1 August – CCT ranked second under the new REIT and Business Trust category for the annual Singapore Governance and Transparency Index 2017.

## SEPTEMBER

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- 11 September – Completed divestment of Wilkie Edge.
- 12 September – Announced that S\$175.0 million of convertible bonds due 2017 have been fully converted and cancelled entirely due to the exercise of conversion rights by the holders.
- 19 September – CCT won Runner-up for Singapore Corporate Governance Award 2017 under REITs and Business Trusts category by Securities Investors Association (Singapore) 18th Investors' Choice Awards 2017.
- 21 September – Announced acquisition of Asia Square Tower 2 at agreed property value of S\$2,094.0 million or S\$2,689 psf, funded by a fully-underwritten and renounceable rights issue, bank borrowings and part of the divestment proceeds.
- 21 September – Announced rights issue ratio of 166 rights units for every 1,000 existing units at S\$1.363 per rights unit to raise approximately S\$700 million in gross proceeds.
- 22 September – Standard & Poors' changed CCT to "BBB+" on increasing leverage following portfolio enhancement with stable outlook.
- 30 September – CCT Eco Race 2017, a workplace community initiative, attracted about 380 participants and contributed S\$46,000 for our adopted charity of the year, Rainbow Centre Singapore, supported by Community Chest.

## OCTOBER

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- 20 October – Reported distributable income of S\$73.1 million for 3Q 2017.
- 23 October – CCT's rights issue was approximately 1.8 times subscribed.

## NOVEMBER

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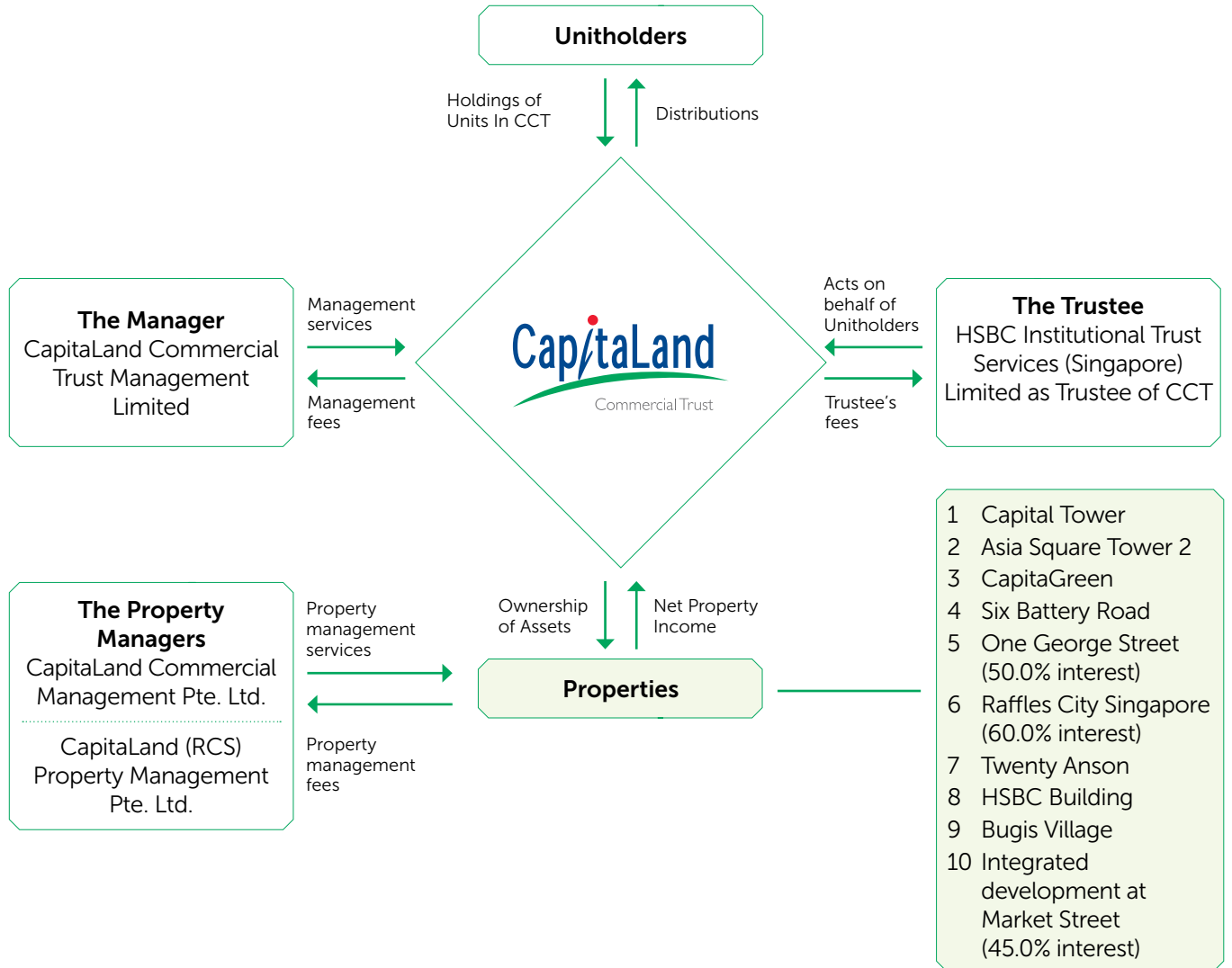
- 1 November – Completed acquisition of Asia Square Tower 2.
- 8-9 November – CCT Gifts of Joy 2017 distributed 466 gifts together with more than 150 volunteers to prepare and manage activities in an inaugural mini Sports Day for 367 students at Rainbow Centre.

## DECEMBER

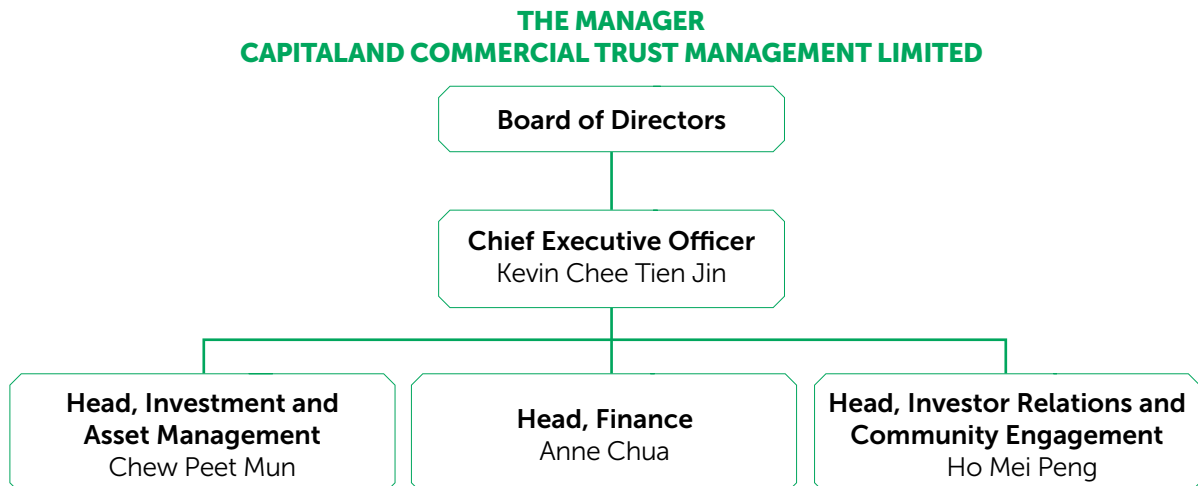
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- 6 December – CCT ranked second in Singapore for Most Honoured Companies under Developed Markets (Small and Mid cap) by Institutional Investor 2017.

# TRUST STRUCTURE



# ORGANISATION STRUCTURE



# BOARD OF DIRECTORS



## FIRST ROW (FROM LEFT TO RIGHT)

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- 1. Mr Soo Kok Leng**  
Chairman,  
Non-Executive Independent Director
- 2. Mr Lim Ming Yan**  
Deputy Chairman,  
Non-Executive Non-Independent Director
- 3. Ms Lynette Leong Chin Yee**  
Chief Executive Officer  
and Executive Non-Independent Director  
(Resigned with effect from 1 November 2017)
- 4. Mr Kevin Chee Tien Jin**  
Chief Executive Officer  
and Executive Non-Independent Director  
(With effect from 1 November 2017)
- 5. Dato' Mohammed Hussein**  
Non-Executive Independent Director  
(Resigned with effect from 1 January 2018)
- 6. Mr Goh Kian Hwee**  
Non-Executive Independent Director  
(Resigned with effect from 1 January 2018)
- 7. Mr Lam Yi Young**  
Non-Executive Independent Director

## SECOND ROW (FROM LEFT TO RIGHT)

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- 8. Ms Tan Soon Neo Jessica**  
Non-Executive Independent Director  
(With effect from 25 May 2017)
- 9. Mrs Quek Bin Hwee**  
Non-Executive Independent Director  
(With effect from 1 January 2018)
- 10. Mr Ng Wai King**  
Non-Executive Independent Director  
(With effect from 1 January 2018)
- 11. Mr Wen Khai Meng**  
Non-Executive Non-Independent Director  
(Resigned with effect from 1 May 2017)
- 12. Mr Tay Boon Hwee, Ronald**  
Non-Executive Non-Independent Director  
(Resigned with effect from 1 January 2018)
- 13. Mr Lim Cho Pin Andrew Geoffrey**  
Non-Executive Non-Independent Director  
(With effect from 1 May 2017)
- 14. Mr Lee Chee Koon**  
Non-Executive Non-Independent Director  
(With effect from 1 January 2018)



## BOARD OF DIRECTORS AS AT 1 JANUARY 2018

### Mr Soo Kok Leng

Chairman,  
Non-Executive Independent Director

### Mr Lim Ming Yan

Deputy Chairman,  
Non-Executive Non-Independent Director

### Mr Kevin Chee Tien Jin

Chief Executive Officer  
and Executive Non-Independent Director

### Mr Lam Yi Young

Non-Executive Independent Director

### Ms Tan Soon Neo Jessica

Non-Executive Independent Director

### Mrs Quek Bin Hwee

Non-Executive Independent Director

### Mr Ng Wai King

Non-Executive Independent Director

### Mr Lim Cho Pin Andrew Geoffrey

Non-Executive Non-Independent Director

### Mr Lee Chee Koon

Non-Executive Non-Independent Director

## AUDIT COMMITTEE

Mrs Quek Bin Hwee

Mr Lam Yi Young

Ms Tan Soon Neo Jessica

Mr Lim Cho Pin Andrew Geoffrey

## CORPORATE DISCLOSURE COMMITTEE

Mr Soo Kok Leng

Mr Lim Ming Yan

Mr Lee Chee Koon

## EXECUTIVE COMMITTEE

Mr Lim Ming Yan

Mr Kevin Chee Tien Jin

Mr Lim Cho Pin Andrew Geoffrey

Mr Lee Chee Koon

# BOARD OF DIRECTORS

## SOO KOK LENG, 66

### 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 2017):

**5 years**

#### Board committee served on

- Corporate Disclosure Committee (Chairman)

#### Present principal commitments

- Freelance management consulting
- Singapore Storage & Warehouse Pte Ltd (Chairman)
- Temasek Management Services Pte Ltd (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)
- Freelance management consultancy (Since 2002)
- Non-Resident Ambassador to Austria, Ministry of Foreign Affairs (From 2006 to April 2017)
- 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)

#### Awards

- The Public Service Medal (PBM, Pingat Bakti Masyarakat) in 2006
- The Public Service Star (BBM, Bintang Bakti Masyarakat) in 2017
- Grosses Goldenes Ehrenzeichen mit Stern* (Grand Decoration of Honour in Gold with Star) by the Republic of Austria in 2017

## LIM MING YAN, 55

### Deputy Chairman

#### Non-Executive Non-Independent Director

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

Date of first appointment as a director:

**1 January 2013**

Date of appointment as deputy chairman:

**1 January 2013**

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

**5 years**

#### Board committees served on

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

#### Background and working experience

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

#### Awards

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

**KEVIN CHEE TIEN JIN, 49**

**Chief Executive Officer**

**Executive Non-Independent Director**

Bachelor of Business (Honours), Nanyang Technological University, Singapore

Date of first appointment as a director:

**1 November 2017**

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

**2 months**

**Board committee served on**

- ▼ Executive Committee (Member)

**Background and working experience**

- ▼ Deputy Chief Executive Officer of CapitaLand Commercial Trust Management Limited (From March 2017 to October 2017)
- ▼ Head, Asset Management of CapitaLand Commercial Trust Management Limited (From February 2015 to February 2017)
- ▼ Senior Vice President, Retail Management of CapitaMalls Asia Limited (From October 2013 to January 2015)
- ▼ Country Head, India of CapitaMalls Asia Limited (From November 2009 to September 2013)
- ▼ Senior Vice President, Asset Management of YTL Starhill Global REIT Management Limited (From January 2007 to November 2009)

**LAM YI YOUNG, 45**

**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 2017):

**5 years 6 months**

**Board committee served on**

- ▼ Audit Committee (Member)

**Present principal commitments**

- ▼ Ministry of Trade and Industry (Deputy Secretary (Industry))
- ▼ Singapore GP Pte Ltd (Director)
- ▼ EDB Investments Pte Ltd (Director)

**Background and working experience**

- ▼ Deputy Secretary (Policy), Ministry of Education (From January 2014 to December 2016)
- ▼ Chief Executive, 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))

# BOARD OF DIRECTORS

## TAN SOON NEO JESSICA, 51

### Non-Executive Independent Director

Bachelor of Social Sciences (Honours), National University of Singapore

Bachelor of Arts, National University of Singapore

Date of first appointment as a director:

**25 May 2017**

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

**7 months**

#### Board committee served on

- ▼ Audit Committee (Member)

#### Present directorship in other listed company

- ▼ SATS Ltd.

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

- ▼ Changi Health Fund (Ltd.) (Director)
- ▼ East Coast and Fengshan Town Council (Chairman)
- ▼ Member of Parliament (Member)
- ▼ Nanyang Polytechnic (Vice Chairman, Board of Governors)
- ▼ Nanyang Polytechnic Information Technology, Advisory Committee (Chairman)
- ▼ Netball Singapore (Board Member and President)
- ▼ Public Accounts Committee, Parliament (Chairman)
- ▼ Raffles Medical Group Ltd (Director, Group Commercial)
- ▼ RM Network Pte Ltd (Director)
- ▼ Singapore Management University, The School of Information Systems (Member, Board of Advisors)

#### Background and working experience

- ▼ With Microsoft from 2003 to 2016, holding various senior positions in Singapore and Asia Pacific region. Last position held was Managing Director, Microsoft Operations, Singapore.
- ▼ With IBM from 1989 to 2003, holding several senior positions in Singapore and Asia Pacific region. Last position held was Director, Networking Services, IBM Global Services, Asia Pacific.

#### Award

- ▼ Singapore Computer Society IT Leader Award 2015

## QUEK BIN HWEE (MRS), 60

### Non-Executive Independent Director

Bachelor of Accountancy (Honours), University of Singapore

Chartered Accountant of Singapore

Date of first appointment as a director:

**1 January 2018**

#### Board committee served on

- ▼ Audit Committee (Chairman)

#### Present principal commitments

- ▼ Duke-NUS Graduate Medical School (Director, Chairman of Audit Committee and Member of Executive Committee)
- ▼ Health Promotion Board (Director and Chairman of Audit & Risk Management Committee)
- ▼ Mapletree Oakwood Holdings Pte. Ltd. (Director)
- ▼ Maritime and Port Authority of Singapore (Director, Member of Audit & Risk Management Committee, Member of Senior Personnel Board and Member of Investment Committee)
- ▼ National Heritage Board (Director and Chairman of Audit & Risk Committee)
- ▼ Singapore Anti-Narcotics Association (President)
- ▼ Singapore Mediation Centre (Principal Mediator)
- ▼ The Hongkong and Shanghai Banking Corporation Limited (Director and Member of Remuneration Committee)

#### Background and working experience

- ▼ Vice Chairman, Market and Industries, PricewaterhouseCoopers LLP Singapore (From 2013 to 2017)
- ▼ Deputy Markets Leader of PricewaterhouseCoopers ("PwC") Asia Pacific and Americas (From 2016 to 2017)
- ▼ Client & Markets Leader of PwC Asia Pacific (From 2012 to 2016)
- ▼ PwC Asia Leadership Team (From 2012 to 2016)
- ▼ PwC Singapore Leadership Team (From 2010 to 2016)
- ▼ Various leadership roles including asset management leader, government leader, real estate leader, head of human capital in the audit practice, PwC Singapore (From 1991 to 2010)
- ▼ Audit Partner, PwC Singapore (From 2009 to 2017)
- ▼ Audit Partner, Price Waterhouse Singapore (From 1991 to 2009)

#### Awards

- ▼ The Public Service Star (BBM, Bintang Bakti Masyarakat) in 2017
- ▼ The Public Service Medal (PBM, Pingat Bakti Masyarakat) in 2012



**NG WAI KING, 51****Non-Executive Independent Director**

Bachelor of Laws, National University of Singapore  
 Master of Laws, Columbia University  
 Advocate & Solicitor

Date of first appointment as a director:

**1 January 2018**

**Present principal commitments**

- ▼ WongPartnership (Managing Partner)
- ▼ National University of Singapore (Member of Board of Trustees)
- ▼ Singapore Institute of Directors (Director)
- ▼ Wah Hin and Company Private Limited (Director)

**Background and working experience**

- ▼ Wai King has been in private practice for more than 25 years, with a focus on M&A and private equity transactions. He also serves on the board of two voluntary welfare organisations – Lakeside Family Centre and Home Nursing Foundation.

**Awards**

- ▼ Financial Times: Asia-Pacific Innovative Lawyers Outstanding Individuals Awards 2016
- ▼ International Law Office Client Choice Awards 2015

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

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

Date of first appointment as a director:

**1 May 2017**

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

**8 months**

**Board committees served on**

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

**Present directorships in other listed companies**

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

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

- ▼ CapitaLand Limited (Group Chief Financial Officer)

**Background and working experience**

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

# BOARD OF DIRECTORS

**LEE CHEE KOON, 43****Non-Executive Non-Independent Director**

Bachelor of Science in Mechanical Engineering (First Class Honours), National University of Singapore  
Master of Science in Mechanical Engineering (Distinction), Imperial College London, UK

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Date of first appointment as a director:

**1 January 2018**

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**Board committees served on**

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

**Present directorships in other listed companies**

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

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

- ▼ CapitaLand Limited (Group Chief Investment Officer)
- ▼ Lifelong Learning Institute Pte Ltd (Director)
- ▼ National University of Singapore – Institute of Real Estate Studies (Member of the Management Board)
- ▼ Temasek Foundation Nurtures CLG Limited (Director)

**Background and working experience**

- ▼ CEO, The Ascott Limited (From June 2013 to December 2017)
- ▼ Deputy CEO, The Ascott Limited (From February 2012 to May 2013)
- ▼ Managing Director, North Asia, The Ascott Limited (From July 2009 to May 2013)
- ▼ Vice President, Office of the President, CapitaLand Limited (From February 2007 to June 2009)
- ▼ Head, International Relations & Economic Strategy, Ministry of Finance (From November 2003 to January 2007)
- ▼ Assistant Director, Ministry of Trade and Industry (From November 2001 to November 2003)

**Award**

- ▼ National Order of Merit (*Chevalier de l'Ordre National du Mérite*) in 2016

# THE MANAGER

## KEVIN CHEE TIEN JIN

### Chief Executive Officer and Executive Director

Kevin is responsible for the strategic management and growth of CCT. Reporting to the Manager's Board of Directors, he is committed to delivering stable investment returns to Unitholders. Together with the Board, he charts CCT's future directions, working closely with his management team to ensure that the Trust's day-to-day finance, investment and asset management strategies are executed according to its mission and corporate social responsibility objectives. His experience is detailed in the Board of Directors' section. Kevin has been with CCTML since March 2015 and took over as CEO from 1 November 2017.

## 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

Anne is responsible for CCT's financial management functions and oversees treasury, accounting and capital management. 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. Anne has been with CCTML since January 2009.

## INVESTMENT AND ASSET MANAGEMENT

The Investment and Asset Management team expands and optimises CCT's property portfolio mix through strategic acquisitions, asset enhancements and environmentally sustainable initiatives to realise CCT's portfolio value potential. 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, directs asset enhancement exercises to maximise rental income, and fosters close ties with tenants to understand and meet their needs. The team also works with the Property Managers to execute asset strategies, boost rental and non-rental incomes and manage operating expenses.

## MR CHEW PEET MUN

### Head, Investment and Asset Management

Peet Mun leads the Investment and Asset Management team at CCTML and is concurrently Head of Investment and Portfolio Management (Commercial) for CapitaLand Singapore, Malaysia and Indonesia. Peet Mun has been with CCTML since March 2008. Peet Mun's experience in finance and real estate spans over 15 years. Prior to CCTML, 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.

## INVESTOR RELATIONS AND COMMUNITY ENGAGEMENT

The Investor Relations and Community Engagement 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 press releases, 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 Community Engagement

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. Mei Peng has been with CCTML since March 2006.

# CORPORATE GOVERNANCE

## OUR ROLE

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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 or divestment 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 as well as the Alternative Investment Fund Managers Directive (AIFMD);
- (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, operations coordination and other property management activities) 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 56 to 83 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 CapitalLand Limited (CL) which holds a significant unitholding interest in CCT. CL is a long-term real estate developer and investor, with a vested interest in the long-term performance of CCT. CL's significant unitholding in CCT demonstrates 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 and Communications section on page 54 of this Annual Report.

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

## (A) BOARD MATTERS

### The Board's Conduct of Affairs

#### Principle 1:

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

The Manager is led by the Board with non-executive independent directors (IDs) constituting half of the Board. This exceeds the recommendations in the Code. The Board has diversity of skills and knowledge, experience, educational background and 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.

# CORPORATE GOVERNANCE

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 authority delegated from the Board, with the Board retaining overall oversight, and has its own terms of reference. The composition of the various Board Committees is set out on page 49 of this Annual Report.

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

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

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

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

A total of five Board meetings were held in FY 2017. A record of the Directors' attendance at Board and Board Committees meetings in FY 2017 is set out on page 49 of this Annual Report. The Manager believes in the manifest contributions of its Directors beyond attendance at formal Board and Board Committee meetings. To judge a Director's contributions based on his 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 the Directors' attendance at training and professional development courses. The costs of training are borne by the Manager. Upon appointment, each Director is provided with a formal letter of appointment and a copy of the Director's Manual (which includes information on a broad range of matters relating to the role and responsibilities of a director). All Directors, upon appointment, also undergo an induction programme which focuses on orientating the Director to 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 may contribute by highlighting relevant areas of interest. Directors also receive on-the-job training through being engaged in actual Board work. In FY 2017, the training and professional development programmes for Directors included forums and dialogues with experts and senior business leaders on issues facing boards and board practices.

## Board Composition and Guidance

### Principle 2:

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

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 nine Directors, five of whom (including the Chairman) are IDs. Profiles of the Directors are provided on pages 20 to 24 of this Annual Report. The recommendation in the Code for the appointment of a lead independent director does not apply to the Manager as the Chairman is an ID, and he and the CEO are separate individuals, and are not related to each other.

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

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

The Board has carried out the assessment of each of its Directors for FY 2017 as well as its Directors who were appointed on 1 January 2018, namely Mrs Quek Bin Hwee and Mr Ng Wai King. The paragraphs below set out the outcome of the assessment.

Mr Soo Kok Leng is a corporate advisor of Temasek International Advisors Pte Ltd and a non-executive director of a few subsidiaries of Temasek Holdings (Private) Limited (Temasek). Temasek is deemed to be a substantial unitholder through its direct and indirect interest in CL, which is a substantial unitholder of CCT. Mr Soo's role in these organisations is non-executive in nature and he is not involved in the day-to-day conduct of the business of these organisations. These roles also do not pose any conflict of interest issues for Mr Soo. The Board therefore considers that the relationships set out above did not impair his independence and objectivity.

Ms Tan Soon Neo Jessica is currently employed as Director, Group Commercial of Raffles Medical Group Ltd. (RMGL). RMGL and its related corporations provide healthcare insurance and medical services to CL and its subsidiaries (CL Group). These services were provided in the ordinary course of business, on arm's length basis and based on normal commercial terms. Ms Tan also serves as a non-executive director of SATS Ltd. (SATS), an associated company of Temasek. Ms Tan's role in SATS is non-executive in nature and she is not involved in the day-to-day conduct of the business of SATS. The Board therefore considers that the relationships set out above did not impair her independence and objectivity.

# CORPORATE GOVERNANCE

Mrs Quek Bin Hwee was Vice-Chairman (Market and Industries), PricewaterhouseCoopers LLP (PwC) Singapore until June 2017. PwC is one of the auditing, tax and consulting firms which CCT Group and CL Group engage to provide tax and consulting services. These services were provided in the ordinary course of business, on arm's length basis and based on normal commercial terms. Mrs Quek also serves as a non-executive director of The Hongkong and Shanghai Banking Corporation Limited (HSBC Bank) which provides banking services to CCT Group and CL Group; HSBC Bank's wholly owned subsidiary, the Trustee, provides trustee services to CCT Group. HSBC Bank is also the sole tenant of HSBC Building, which is a property in CCT's portfolio. The transactions with HSBC Bank and Trustee, were carried out in the ordinary course of business, on arm's length basis and based on normal commercial terms. Mrs Quek is also a non-executive director of Mapletree Oakwood Holdings Pte Ltd (MOH), a subsidiary of Temasek. Mrs Quek's role in MOH is non-executive in nature and she is not involved in the day-to-day conduct of the business of MOH. MOH invests in a different asset class from CCT and so this role does not pose any conflict of interest issues for Mrs Quek. The Board therefore considers that the relationships set out above did not impair her independence and objectivity.

Mr Ng Wai King is currently the managing partner of WongPartnership LLP which is one of the law firms that CCT Group and CL Group engage to provide legal services. These services were provided in the ordinary course of business, on arm's length basis and based on normal commercial terms. The Board therefore considers that the relationship set out above did not impair his independence and objectivity.

The Board also considered whether Mr Soo Kok Leng and Ms Tan Soon Neo Jessica had demonstrated independence of character and judgement in the discharge of their responsibilities as a Director in FY 2017, and is satisfied that each of Mr Soo and Ms Tan had acted with independent judgement.

With respect to Dato' Mohammed Hussein, Mr Lam Yi Young and Mr Goh Kian Hwee, the Board also considered whether each of them had demonstrated independence of character and judgement in the discharge of his responsibilities as a Director in FY 2017, and is also satisfied that each of Dato' Mohammed, Mr Lam and Mr Goh had acted with independent judgement. Both Dato' Mohammed and Mr Goh stepped down as Directors with effect from 1 January 2018.

It is noted that all of the current Directors have served on the Board for fewer than nine years.

On the bases of the declarations of independence provided by the relevant non-executive Directors and the guidance in the Code and SFR, the Board has determined that Mr Soo Kok Leng, Dato' Mohammed Hussein, Mr Lam Yi Young, Mr Goh Kian Hwee, Ms Tan Soon Neo Jessica, Mrs Quek Bin Hwee and Mr Ng Wai King are independent directors. Each of them had recused himself or herself from the Board's deliberations respectively on his or her 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 disclose their interests in transactions and any conflicts of interests, and recuse themselves from any discussions concerning a matter in which they may be in a conflict of interest situation. Each of the Directors has complied with this policy. Compliance by the Directors is duly minuted.

## Chairman and Chief Executive Officer

### Principle 3:

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

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

The non-executive independent Chairman, 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, Mr Kevin Chee Tien Jin, 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, direction, advice and guidance to the CEO and Management on strategies.

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

## Board Membership

### Principle 4:

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

The Board undertakes the functions of a nominating committee and therefore, the Manager does not have a nominating committee. The Board performs the functions that such a committee would otherwise perform, namely, it administers nominations to the Board, reviews the structure, size and composition of the Board, and reviews the performance and independence of Board members. The Board seeks to ensure that the composition of the Board provides an appropriate balance and diversity of skills, experience and knowledge of the industry and that the Directors, as a group, have the necessary core competencies relevant to 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. This also mitigates any concerns of conflict which can be managed by having the conflicted directors abstain from the decision making process. Further, conflict situations are less likely to arise in matters of nomination.

# CORPORATE GOVERNANCE

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

- (a) The Board, on an annual basis, carries out a review of the Board composition as well as on each occasion when an existing ID gives notice of his intention to retire or resign. The review includes assessing the collective skills, knowledge and experience of Directors represented on the Board to determine whether the Board, as a whole, has the skills, knowledge and experience required to achieve the Manager's objectives for CCT. In carrying out this review, the Board considers the need for the Board composition to reflect balance in matters such as skills representation, tenure, experience, age spread and diversity (including gender diversity), taking into account benchmarking within the industry as appropriate.
- (b) The Board reviews the suitability of any candidates put forward by any director for appointment, having regard to the skills required and the skills represented on the Board and whether a candidate's skills, knowledge and experience will complement the existing Board and whether he 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 is involved in any decision of the Board relating to his or her own appointment, reappointment or assessment of independence.
- (e) A newly appointed Director receives a formal appointment letter and a copy of the Director's Manual (which includes information on a broad range of matters relating to the role and responsibilities of a director).
- (f) All directors undergo an induction programme on appointment 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 is reviewed annually.
- (h) The Board proactively addresses any issues identified in the board performance evaluation.

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

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

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

The Board seeks to refresh Board membership progressively and in an orderly manner. In this regard, board succession planning is carried out through the annual review of Board composition as well as when an existing ID gives notice of his intention to retire or resign. On the issue of Board renewal, the Manager believes that Board renewal is a necessary and continual process, for good governance and ensuring that the Board has the skills, expertise and experience which are relevant to the evolving needs of 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 record of the Directors at the 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 Report, none of the IDs serves on more than one listed company board. Taking into account also the attendance record of the Directors at meetings of the Board and Board Committees in FY 2017 (set out on page 49 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.

#### **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 track record, and that each Director can bring to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made in the interests of CCT.

Whilst 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 approved and implemented a process to evaluate the effectiveness of the Board as a whole and the Board Committees on an annual basis. As part of the process, questionnaires were sent to the Directors, and the results were aggregated and reported to the Chairman of the Board. The areas of evaluation covered in the survey questionnaire include Board composition, Board processes, strategy, performance and governance, access to information and Board Committee effectiveness. As part of the survey questionnaire, the Board also considers whether the creation of value for Unitholders has been considered in the decision-making process. The results of the survey were deliberated upon by the Board, and the necessary follow up action will be taken with a view to enhancing the effectiveness of the Board in the discharge of its duties and responsibilities. The outcome of the evaluation was satisfactory with positive ratings received for all the attributes in the evaluation categories.

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

The Manager also believes that the collective Board performance and the contributions of individual Board members are also reflected in, and evidenced by, the synergistic performance of the Board in discharging its responsibilities as a whole by providing proper guidance, diligent oversight and able leadership, and lending support to Management in steering CCT in the appropriate direction, as well as the long-term performance of CCT whether under favourable or challenging market conditions.

# CORPORATE GOVERNANCE

## Access to Information

### Principle 6:

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

An effective and robust Board, whose members engage in open and constructive debate to develop and refine proposals on strategy, is fundamental to good corporate governance. In this regard, the Board must be kept well-informed of CCT Group's business and affairs and the industry in which CCT Group operates. The Manager recognises the importance of providing the Board with relevant information on a timely basis prior to Board meetings and on an ongoing basis to enable the Directors to make informed decisions to discharge their duties and responsibilities. Reports on 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 the progress 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 members of the Board 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 waste and reduce its carbon footprint, the Manager does not provide printed copies of Board papers. Instead, Directors are provided with tablet devices to enable them to access and read Board and Board Committee papers prior to and in meetings. This initiative also enhances information security as the papers are downloaded to the tablet devices through an encrypted channel.

In addition to providing complete, adequate and timely information to the Board on Board affairs and issues requiring the Board's decision, Management also provides ongoing reports relating to the operational and financial performance of 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 of the Manager (Company Secretary), at all times. The Company Secretary attends to corporate secretarial administration matters and is the corporate governance advisor on corporate matters to the Board and Management. The Company Secretary attends all Board meetings and assists the Chairman in ensuring that Board procedures are followed. The appointment and the removal of the Company Secretary is subject to the Board's approval. The Board, whether as an individual Director or as a group, is also entitled to have access to independent professional advice where required, with expenses borne by the Manager.

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

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

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

## (B) REMUNERATION MATTERS

### Procedures for Developing Remuneration Policies

#### Principle 7:

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

### Level and Mix of Remuneration

#### Principle 8:

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

### Disclosure on Remuneration

#### Principle 9:

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

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

- (a) the Manager is a dedicated manager to only 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) the IDs form at least half of the Board and the Chairman is an ID, which demonstrate that the IDs play a substantive role and assure the objectivity and independence of the decision making process concerning remuneration. This also mitigates any concerns of conflict which can be managed by having the conflicted directors abstain from the decision making process. Further, conflict situations are less likely to arise in matters of remuneration.

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

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

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

# CORPORATE GOVERNANCE

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

## Business Alignment

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

## Motivate Right Behaviour

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

## Fair & Appropriate

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

## Effective Implementation

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

## Remuneration for Key Management Personnel

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

### A. Fixed Components

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

### B. Variable Cash Components

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

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

- ▼ Financial : This includes targets relating to distribution per Unit, capital structure and cost management;
- ▼ Execution : This includes targets relating to occupancy rates, net property income and tenant retention;
- ▼ Growth : This includes targets relating to portfolio reconstitution and projects under development; and
- ▼ Organisation : This includes targets relating to talent management and competency development.

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

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

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

### C. Unit-based Components

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

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

#### CapitalLand Commercial Trust Management Limited Performance Unit Plan

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

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

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

#### CapitalLand Commercial Trust Management Limited Restricted Unit Plan

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

- ▼ Net property income of CCT Group
- ▼ Distribution per Unit of CCT Group

The above performance measures have been selected as they are the key drivers of business performance and are aligned to unitholder value. The final number of Units to be released will depend on CCT's performance against the pre-determined targets at the end of the one-year qualifying performance period. The Units will be released progressively over a vesting period of three years, which serves to align Management's interests with that of Unitholders in the longer-term, deter short term risk taking, as well as to facilitate talent retention. No Units will be released if the threshold targets are not met at the end of the qualifying performance period. On the other hand, if superior targets are met, more Units than the baseline award can be delivered up to a maximum of 150% of the baseline award. Recipients can receive fully paid Units, their equivalent cash value or combinations thereof, at no cost. This ensures alignment between remuneration and sustaining business performance in longer-term.

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

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

# CORPORATE GOVERNANCE

## D. Employee Benefits

The benefits provided are comparable with local market practices.

The remuneration for the CEO in bands of S\$250,000, and a breakdown of the remuneration of the CEO and other key management personnel of the Manager in percentage terms, are provided in the Key Management Personnel's Remuneration Table on page 50 of this Annual Report.

At present, there are only three key management personnel of the Manager (including the CEO). The Manager outsources various other services to a wholly owned subsidiary of CL (CL Subsidiary). The CL Subsidiary provides the services through its employees (Outsourced Personnel). This arrangement is put in place so as to provide flexibility and maximise efficiency in resource management to match the needs of 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 the CL Subsidiary, is not included as part of the disclosure of remuneration of key management personnel of the Manager in this Report.

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

### Quantitative Remuneration Disclosure under AIFMD

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

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

The aggregate amount of remuneration awarded by the Manager to its staff (including CEO and non-executive Directors) in respect of FY 2017 was approximately S\$3.9 million. This figure comprised of fixed pay of S\$1.8 million, variable pay of S\$1.9 million (including Units issued under the Unit Plans, where applicable) and allowances and benefits-in-kind of S\$0.2 million. There were a total of 11 beneficiaries of the remuneration described above. In respect of FY 2017, the aggregate amount of remuneration awarded by the Manager to its senior management (which are also members of staff whose actions have a material impact on the risk profile of CCT) was approximately S\$3.2 million, comprising four individuals identified having considered, among others, their roles and decision making powers.

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

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

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



### Non-executive Director Remuneration

The Directors' fees for FY 2017 are shown in the table below. The CEO as an executive director does not receive any fees for serving as a Director. Instead, he or 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 framework for the Directors' fees remains unchanged from that for the previous financial year.

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

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

### Directors' Fees<sup>1</sup>

Board Members	FY 2017	FY 2016
Soo Kok Leng	S\$111,000 <sup>2</sup>	S\$110,348 <sup>2,3</sup>
Lim Ming Yan	N.A. <sup>4</sup>	N.A. <sup>4</sup>
Lynette Leong Chin Yee <sup>5</sup>	N.A.	N.A.
Kevin Chee Tien Jin <sup>5</sup>	N.A.	N.A.
Dato' Mohammed Hussein	S\$122,000 <sup>6</sup>	S\$123,000 <sup>2</sup>
Lam Yi Young	S\$80,000 <sup>7</sup>	S\$81,000 <sup>7</sup>
Goh Kian Hwee	S\$80,000 <sup>6</sup>	S\$81,000 <sup>2</sup>
Tan Soon Neo Jessica	S\$48,329 <sup>2,8</sup>	N.A.
Lim Cho Pin Andrew Geoffrey	N.A. <sup>4,9</sup>	N.A.
Tay Boon Hwee, Ronald	N.A. <sup>4,9</sup>	N.A.
Wen Khai Meng	N.A. <sup>4,9</sup>	N.A. <sup>4</sup>

N.A. : Not Applicable

- 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.
- 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.
- Mr Soo Kok Leng was appointed as Chairman of the CDC with effect from 1 May 2016. Prior to this appointment, he was a member of the CDC.
- Non-executive Directors who are employees of CL do not receive Directors' fees.
- Mr Kevin Chee Tien Jin was appointed as the CEO, an Executive Director and a member of the EC with effect from 1 November 2017, in place of Ms Lynette Leong Chin Yee.
- Each of Dato' Mohammed Hussein and Mr Goh Kian Hwee who resigned from the Board with effect from 1 January 2018 will receive all of their Directors' fees in cash.
- 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.
- Ms Tan Soon Neo Jessica was appointed as a Non-Executive Independent Director and a member of the AC with effect from 25 May 2017.
- Mr Lim Cho Pin Andrew Geoffrey and Mr Tay Boon Hwee, Ronald were appointed as Non-Executive Directors, and Mr Wen Khai Meng stepped down as Non-Executive Director, with effect from 1 May 2017. On the same day, Mr Lim was appointed as a member of AC and EC respectively, and Mr Tay was appointed as a member of the CDC and EC respectively in place of Mr Wen.

# CORPORATE GOVERNANCE

## (C) ACCOUNTABILITY AND AUDIT

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### Accountability

#### Principle 10:

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

The Manager provides Unitholders with quarterly and annual financial statements within the relevant periods prescribed by the Listing Manual after they are reviewed by the AC and approved by the Board. These financial statements are accompanied by news releases issued to the media and which are also posted on the SGXNet. In presenting the quarterly and annual financial statements to Unitholders, the Board aims to provide Unitholders with a balanced, clear and understandable assessment of 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, the Manager also keeps the 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 for CCT Group.

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

- (a) makes recommendations to the Board on the risk appetite statement (RAS) for CCT Group;
- (b) assesses the 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) annually. As a result of the RCSA, the Manager produces and maintains a risk register which identifies the material risks the CCT Group faces and the corresponding internal controls it has in place to mitigate those risks. The material risks are reviewed annually by the AC and the Board. The AC also reviews the approach of identifying and assessing risks and internal controls in the risk register. The system of risk management and internal controls is reviewed and, where appropriate, refined 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 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 51 to 53 of this Annual Report.

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

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

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

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

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

Based on the ERM Framework established and the reviews conducted by 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 is adequate and effective to address the financial, operational, compliance and IT risks which the Manager considers relevant and material to the current business environment as at 31 December 2017.

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

# CORPORATE GOVERNANCE

## Audit Committee

### Principle 12:

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

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

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

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

- (a) reviews the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of 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 whistle-blowing policy and arrangements by which employees of the Manager and any other persons may, in confidence, report suspected fraud or irregularity or suspected infringement of any laws or regulations or rules or, raise concerns about possible improprieties in matters of financial reporting or other matters with a view to ensuring that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow up action to be taken.

The AC has reviewed the nature and extent of non-audit services provided by the external auditors in FY 2017 and the fees paid for such services. The AC also undertook a review of the independence of the external auditors, taking into consideration, amongst others, CCT's relationships with the external auditors in FY 2017, as well as the processes and safeguards adopted by the Manager and KPMG relating to audit independence, the fee proposals received from other audit firms, the relevant experience of the audit firms and the nature and requirements of the non-audit services. In particular, KPMG has confirmed that the teams which provided the audit services to CCT Group are separate from the teams which provided the non-audit services to CCT Group. Based on the review, the AC is satisfied that the independence of the external auditors has not been impaired by the provision of those services. The external auditors have also provided confirmation of their independence to the AC. The aggregate amount of fees paid and payable to the external auditors for FY 2017 was approximately S\$1,194,000, of which audit (and audit-related) fees amounted to approximately S\$424,000 and non-audit fees amounted to approximately S\$770,000.

In FY 2017, the AC also met with the internal and external auditors, without Management's presence, to discuss the reasonableness of the financial reporting process, the system of internal controls, and the significant comments and recommendations by the auditors. Where relevant, the AC makes reference to best practices and guidance for Audit Committees in Singapore including practice directions issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority of Singapore.

In the review of the financial statements of CCT Group for FY 2017, 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 and accounting for significant acquisition, being the key audit matters as reported by the external auditors for the FY 2017 as follows:

Key Audit Matters	How these issues were addressed by AC
Valuation of investment properties	<p>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.</p> <p>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.</p> <p>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.</p>
Accounting for significant acquisition	<p>The AC reviewed CCT Group's processes on the identification, classification and accounting for the significant acquisition and the basis applied in determining that the acquisition is appropriately accounted as an acquisition of an asset.</p> <p>The AC considered the findings of the external auditors, including CCT Group's processes for the classification and determination of the accounting for the significant acquisition.</p> <p>The AC was satisfied with the accounting and disclosures in the financial statements for CCT Group's significant acquisition.</p>

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

CL IA is a corporate member of the Singapore branch of the Institute of Internal Auditors Inc. (IIA), which has its headquarters in the United States of America (USA). CL IA subscribes to, and is guided by, the International Standards for the Professional Practice of Internal Auditing (Standards) developed by the IIA, and has incorporated these Standards into its audit practices. With respect to FY 2017, the AC has reviewed and is satisfied as to the adequacy and effectiveness of the IA function.

# CORPORATE GOVERNANCE

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

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

## **(D) SHAREHOLDER RIGHTS AND RESPONSIBILITIES**

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### **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 department which facilitates effective communication with Unitholders, analysts and fund managers.

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](http://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 and Communications section on pages 54 to 55 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 / National Association of Real Estate Investment Trust 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. Distributions are generally paid within 35 market days after the relevant books closure date.

### Conduct of Shareholder Meetings

#### Principle 16:

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

The Manager supports the principle of encouraging Unitholders' participation and voting at general meetings. Unitholders receive a CD-ROM containing the CCT annual report (printed copies are available upon request) and notice of the general meeting. Notices of the general meetings are also advertised in the press and issued on SGXNet. The requisite notice period for 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. All the Directors attended the general meeting held in FY 2017. A record of the Directors' attendance at the general meeting can be found in the records of their attendance of meetings set out at page 49 of this Annual Report.

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

Minutes of the general meetings, recording the substantial and relevant comments made and questions raised by Unitholders, are prepared and are available to Unitholders for their inspection upon request. Minutes of the annual general meetings are also available on CCT's website at [www.cct.com.sg](http://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 <sup>1</sup>	Approving Authority, Procedures and Disclosure
Below S\$100,000 per transaction	<ul style="list-style-type: none"> <li>▼ Trustee</li> </ul>
S\$100,000 and above per transaction (which singly, or when aggregated with other transactions <sup>2</sup> 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)	<ul style="list-style-type: none"> <li>▼ Trustee</li> <li>▼ Audit Committee</li> </ul>
Transaction <sup>2</sup> which:	<ul style="list-style-type: none"> <li>▼ Trustee</li> <li>▼ Audit Committee</li> <li>▼ Immediate announcement</li> </ul>
(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 <sup>2</sup> 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	
Transaction <sup>2</sup> which:	<ul style="list-style-type: none"> <li>▼ Trustee</li> <li>▼ Audit Committee</li> <li>▼ Unitholders<sup>3</sup></li> <li>▼ Immediate announcement</li> </ul>
(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 <sup>2,3</sup> 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	

<sup>1</sup> 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.

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

<sup>3</sup> In relation to approval by Unitholders for transactions that are equal to 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 2017 are disclosed on page 201 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.

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

### Dealings in Securities

The Manager has devised and adopted a securities dealing policy for the Manager's officers and employees which applies the best practice recommendations in the Listing Manual. To this end, the Manager has issued guidelines to its Directors and employees as well as certain relevant executives of the CL group, which set out prohibitions against dealings in 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 Services 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.

# CORPORATE GOVERNANCE

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**

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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.

### Composition and Attendance Record of Meetings

Board Members	Composition			Attendance Record of Meetings in FY 2017		
	Audit Committee	Corporate Disclosure Committee <sup>#</sup>	Executive Committee <sup>#</sup>	Board	Audit Committee	General Meeting
				Number of Meetings Held: 5	Number of Meetings Held: 5	Number of Meetings Held: 1
Soo Kok Leng, Chairman	–	Chairman	–	5 out of 5	N.A.	1 out of 1
Lim Ming Yan, Deputy Chairman	–	Member	Chairman	5 out of 5	N.A.	1 out of 1
Lynette Leong Chin Yee <sup>1</sup>	–	–	Member	5 out of 5	N.A.	1 out of 1
Kevin Chee Tien Jin, CEO <sup>2</sup>	–	–	Member	N.A.	N.A.	N.A.
Dato' Mohammed Hussein <sup>3</sup>	Chairman	–	–	5 out of 5	5 out of 5	1 out of 1
Lam Yi Young	Member	–	–	5 out of 5	5 out of 5	1 out of 1
Goh Kian Hwee <sup>4</sup>	Member	–	–	5 out of 5	5 out of 5	1 out of 1
Tan Soon Neo Jessica <sup>5</sup>	Member	–	–	3 out of 3	3 out of 3	N.A.
Lim Cho Pin Andrew Geoffrey <sup>6</sup>	Member	–	Member	3 out of 3	3 out of 3	N.A.
Tay Boon Hwee, Ronald <sup>7</sup>	–	Member	Member	3 out of 3	N.A.	N.A.
Wen Khai Meng <sup>8</sup>	–	Member	Member	2 out of 2	N.A.	1 out of 1
Quek Bin Hwee (Mrs) <sup>9</sup>	Chairman	–	–	N.A.	N.A.	N.A.
Ng Wai King <sup>10</sup>	–	–	–	N.A.	N.A.	N.A.
Lee Chee Koon <sup>11</sup>	–	Member	Member	N.A.	N.A.	N.A.

# Given the nature and scope of the work of CDC & EC, their business was discussed/transacted primarily through conference calls, correspondence and informed meetings.

N.A. : Not Applicable

1 Ms Lynette Leong Chin Yee stepped down as the CEO, an Executive Director and a member of EC with effect from 1 November 2017.

2 Mr Kevin Chee Tien Jin was appointed as the CEO, an Executive Director and a member of EC with effect from 1 November 2017.

3 Dato' Mohammed Hussein stepped down as a Non-Executive Independent Director and Chairman of the AC with effect from 1 January 2018.

4 Mr Goh Kian Hwee stepped down as a Non-Executive Independent Director and a member of the AC with effect from 1 January 2018.

5 Ms Tan Soon Neo Jessica was appointed as a Non-Executive Independent Director and a member of the AC with effect from 25 May 2017.

6 Mr Lim Cho Pin Andrew Geoffrey was appointed as a Non-Executive Director and a member of the AC and EC respectively with effect from 1 May 2017.

7 Mr Tay Boon Hwee, Ronald was appointed as a Non-Executive Director and a member of the CDC and EC respectively with effect from 1 May 2017, and stepped down from these positions with effect from 1 January 2018.

8 Mr Wen Khai Meng stepped down as a Non-Executive Director and a member of the CDC and EC respectively with effect from 1 May 2017.

9 Mrs Quek Bin Hwee was appointed as a Non-Executive Independent Director and Chairman of the AC with effect from 1 January 2018.

10 Mr Ng Wai King was appointed as a Non-Executive Independent Director with effect from 1 January 2018.

11 Mr Lee Chee Koon was appointed as a Non-Executive Director and a member of the CDC and EC with effect from 1 January 2018.

# CORPORATE GOVERNANCE

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

Total Remuneration Bands	Salary inclusive of AWS and employer's CPF	Bonus and Other Benefits inclusive of employer's CPF <sup>1</sup>	Award of Units <sup>2</sup>	Total
<b>Above S\$1,250,000 to S\$1,500,000</b>				
Lynette Leong Chin Yee (for the period from 1 January 2017 to 31 October 2017)	35%	35%	30%	100%
<b>Above S\$500,000 to S\$750,000</b>				
Kevin Chee Tien Jin <sup>3</sup> (for the period from 1 March 2017 to 31 December 2017)	45%	32%	23%	100%
<b>Key Officers<sup>4</sup></b>				
Anne Chua Tai Hua Ho Mei Peng	46%	36%	18%	100%
<b>Total for CEO and Key Officers</b>		<b>Total S\$3,228,066</b>		

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

<sup>2</sup> The proportion of value of 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 (RUP) and the CapitaLand Commercial Trust Management Limited Performance Unit Plan (PUP) at the time of grant in FY 2017. 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.

<sup>3</sup> Mr Kevin Chee Tien Jin was appointed as Deputy CEO with effect from 1 March 2017. He was appointed as CEO with effect from 1 November 2017. The remuneration of Mr Chee as the Head of Asset Management, for the period 1 January 2017 to 28 February 2017 was borne by CL and/or its subsidiaries (other than the Manager), to which the Manager outsources the Asset Management functions, among others.

<sup>4</sup> The remuneration of Mr Chew Peet Mun, the Head of Investment and Asset Management, was borne by CL and/or its subsidiaries (other than the Manager), 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.

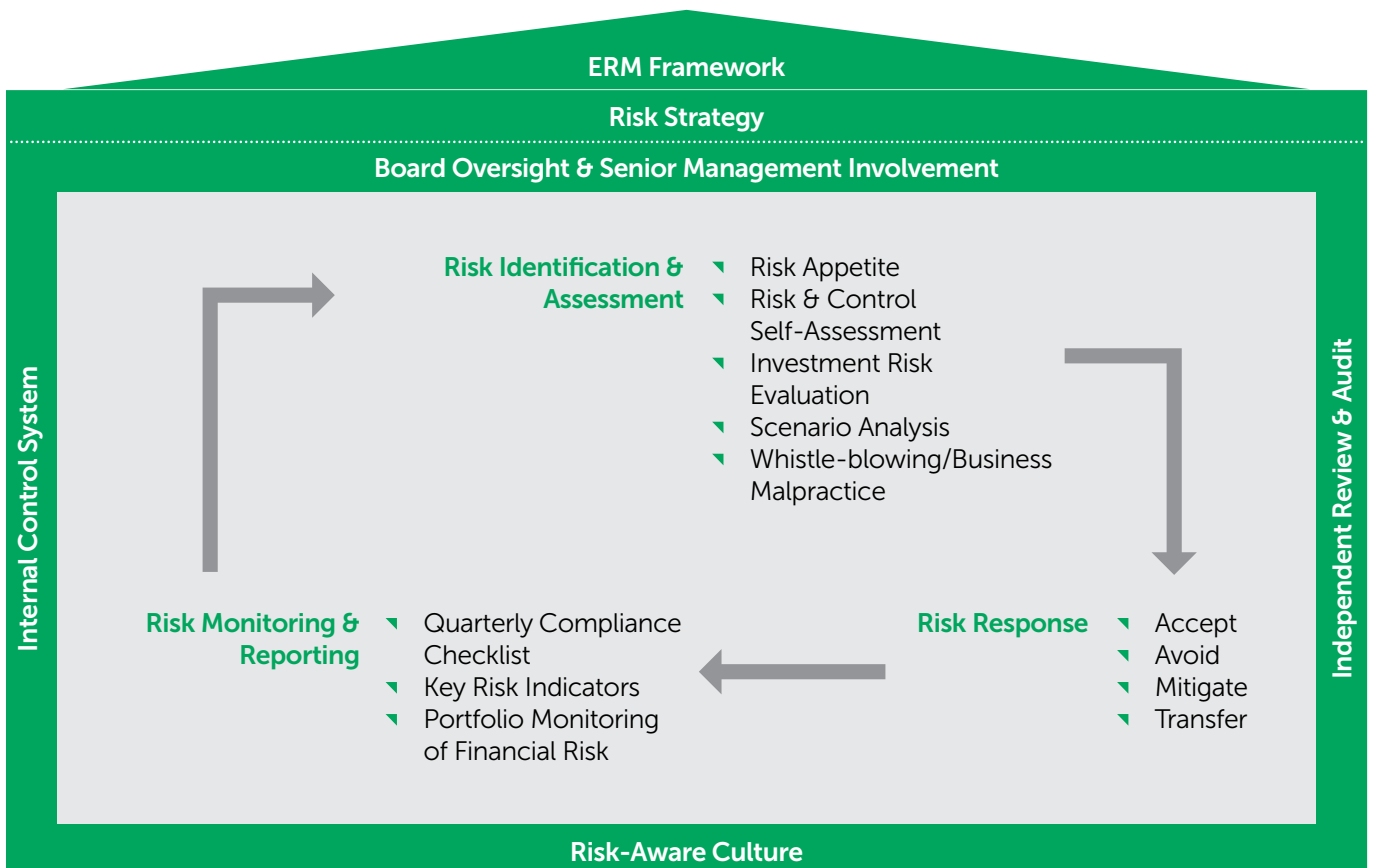
The Board of Directors of the Manager (Board) is responsible for the governance of risk across CCT Group. The responsibilities include determining CCT Group’s risk appetite, overseeing CCT Group’s Enterprise Risk Management (ERM) Framework, regularly reviewing CCT Group’s risk profile, material risks 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 four Board members and meets quarterly. 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 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 the 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 identify, manage, monitor and report material risks across CCT Group. Such material risks include:

### Business Interruption Risks

CCT Group is exposed to business interruption risk arising from sudden and major disaster event such as fire, prolonged power outages or other major infrastructure or equipment failures which may significantly disrupt operations of our tenants or our data centers. The Manager manages such risks through proactive facilities management (for example, routine inspection and scheduled maintenance) and having crisis management procedures at each property.

### 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 and operation management and closely monitors macroeconomic trends and their impact on the Singapore commercial property market.

### Climate Change Risks

CapitaLand recognises the importance of managing climate change faced in its operations and development projects. This includes physical risks such as rising sea levels, flash floods, fresh water depletion, violent storms, intense heat waves and other climate related developments. With the Paris Agreement in force since November 2016, countries are undertaking actions to mitigate climate change where more stringent regulations are expected. CCT Group is constantly reviewing its mitigation and adaption efforts which include a target to achieve green certification of its existing properties in Singapore by FY 2020. CCT Group is also ISO 14001 certified for its environmental management system and sets energy, water and carbon emission targets for its operational properties.

### Safety, Health & Well-being Risks

CCT Group recognises the importance of managing safety, health and well-being risks faced in its operations and development projects and the positive impact that a safe and healthy building and workplace can have on the tenants, public and employees. CCT Group has adopted CapitaLand's EHS Management System which has achieved the Occupational Health and Safety Assessment Series (OHSAS) 18001 certification.

### 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 focus on optimal risk-adjusted returns and maintaining a strong balance sheet to invest in suitable opportunities. Please refer to the Financial Statements section on pages 178 to 191 of this Annual Report for more information.

### 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 whistleblowing 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 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.

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.

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.

### 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. AEs are also planned and executed to maintain the relevance and appeal of CCT Group's assets.

### Regulatory & Compliance Risk

CCT Group is required to comply with applicable and relevant legislation and regulations that include the SGX-ST Listing Rules, Financial Reporting Standards, Securities and Futures Act, AIFMD, 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 framework that proactively identifies applicable laws, regulatory obligations and legal updates, and embeds compliance into its day-to-day operations.

### Physical Security Risk

To manage physical security risk of CCT Group, the Manager ensures that there are standard operating procedures in place at each of our property. In the event of terrorist attacks and sabotage, our Property Managers are prepared to manage the situations before the arrival of the police and civil defence force. Twice yearly evacuation drills are conducted at each property to familiarise the tenants and staff with the emergency response plan. Together with security agencies, CCT's property took part in the anti-terror exercise led by the Singapore Police Force. Our properties are equipped with automated defibrillators (AED) and our Property Managers undergo mandatory accredited trainings in AED, cardiopulmonary resuscitation and first aid every two years. In addition, our Emergency Response Teams undergo certified refresher trainings to prepare themselves adequately in times of emergency.

### Project Management Risk

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

# INVESTOR RELATIONS AND COMMUNICATIONS

CCT's Investor Relations policy and principles are focused on timely, unbiased and transparent communications with our stakeholders. Beyond complying with regulatory requirements, the aim is to communicate material information concerning our strategies, business developments and market environment in order to help all stakeholders make informed investment decisions. All of CCT's financial results, presentations for conferences and non-deal roadshows, annual reports, minutes of annual general meetings (AGMs) as well as historical financial information are published at [www.cct.com.sg](http://www.cct.com.sg). Our stakeholder groups include Unitholders, potential retail and institutional investors, analysts and the media.

The senior management and investor relations team meet and interact with stakeholders through a variety of platforms. These include regular business updates and the biannual financial results briefings for the media and analysts hosted by the CEO in January and July. The briefings as well as the question-and-answer sessions are broadcast "live" via [www.cct.com.sg](http://www.cct.com.sg), with the webcasts available on demand for up to a year.

The Board and senior management are present at the AGM to report on the Trust's performance for the year and address questions and comments from the Unitholders. All AGM resolutions are polled electronically and the results are published on SGXNet.

The redevelopment of Golden Shoe Car Park and the acquisition of Asia Square Tower 2 were key announcements in 2017. Strong market interest in these announcements was upheld through a few outreach programmes that included analysts and media briefings, and investor meetings in Singapore, Hong Kong, Australia, Japan and Europe.

Significantly, approximately S\$700 million rights issue for the acquisition of Asia Square Tower 2, which was 1.8 times subscribed, underscored the strong positive response from our Unitholders.

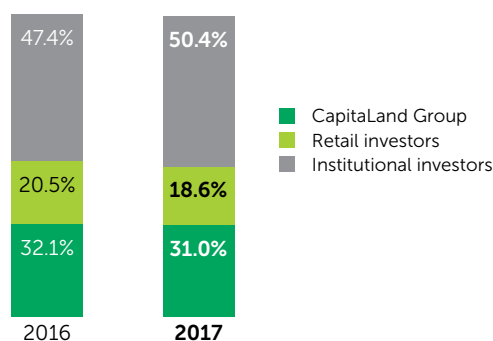
Throughout 2017, CCT has engaged with about 300 private and institutional investors in Singapore and globally through post-results meetings, conference calls, local conferences, non-deal roadshows and visits to the Trust's properties. CCT continued to support investor education through our participation in the REITs Symposium for the third year. The team also participated in outreach initiatives targeting retail investors, including pre-engagements with Unitholders before the AGM.

CCT remains in the FTSE Straits Times Index, FTSE4Good Index Series, the MSCI Global Standard Indices and other indices. CCT was also ranked second in the new REIT and Business Trust category of the Singapore Governance and Transparency Index 2017.

CCT continues to be a recognised leader for good investor relations and corporate governance practices. In 2017, the Trust secured second place in the Most Honoured Companies under Developed Markets (Small and Mid cap), by Institutional Investor 2017, and was named runner-up at the Singapore Corporate Governance Award under REITs and Business Trusts category at the Securities Investors Association (Singapore) 18th Investors' Choice Awards.

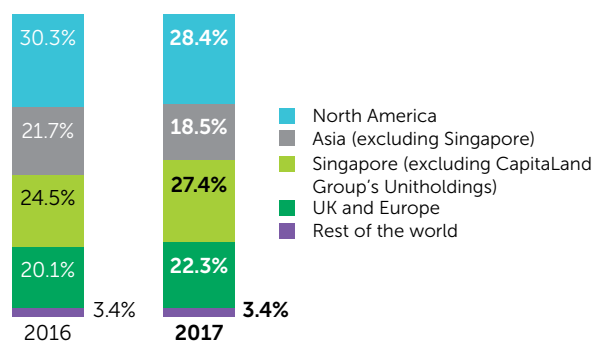
Additionally, CCT was awarded Gold for Best Investor Relations and Bronze for Annual Report under the REITs and Business Trusts category by the Singapore Corporate Awards 2017.

## Profile of CCT Unitholders by Unitholder Type<sup>1</sup>



<sup>1</sup> Source: CCT's unit register analysis as at 31 December.

## Profile of CCT Unitholders by Geography<sup>1</sup>



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## Calendar of Financial Events 2018/2019

Subject to changes by the Manager without prior notice

April 2018	Release of First Quarter 2018 Results / Annual General Meeting
July 2018	Release of Half Year 2018 Results Books closure to determine entitlement to distribution
August 2018	Payment of distribution to Unitholders (six months ending 30 June 2018)
October 2018	Release of Third Quarter 2018 Results
January 2019	Release of Financial Year 2018 Results Books closure to determine entitlement to distribution
February 2019	Payment of distribution to Unitholders (six months ending 31 December 2018)

## Investor Relations Activities in 2017

18 January	FY 2016 post-results investor meeting in Singapore
1 March	FY 2016 post-results fixed income investor meetings in Hong Kong
2 - 3 March	FY 2016 post-results investor meetings in Hong Kong
7 - 8 March	FY 2016 post-results fixed income investor meetings in Singapore
22 March	Maybank-Kim Eng Invest ASEAN conference in Singapore
11 April	Pre-AGM unitholders engagement session in Singapore
18 April	CCT's AGM held at The Star Gallery
19 April	1Q 2017 post-results investor meeting in Singapore
16 May	Deutsche Bank Access Asia Conference 2017 in Singapore
25 May	Citi ASEAN C-Suite Investor Conference 2017 in Singapore
27 May	Singapore's 3rd Annual REITs Symposium by REITAS and Shareinvestor
13 July	Analyst and media briefing for announcement of proposed redevelopment of Golden Shoe Car Park
19 July	2Q 2017 post-results investor meeting in Singapore
8 August	CapitaLand and REITs Corporate Day in Bangkok
22 August	Macquarie ASEAN Conference in Singapore
24 August	Citi, REITAS & SGX C-Suite Singapore REITs & Sponsors Corporate Day 2017 in Singapore
21 September	Analyst and media briefing for announcement of acquisition of Asia Square Tower 2 and rights issue to part fund the acquisition
22 - 28 September	Investor meetings for acquisition of Asia Square Tower 2 and rights issue in Singapore, Hong Kong, Amsterdam, Rotterdam, The Hague and London
2 - 3 October	Investor meetings for acquisition of Asia Square Tower 2 and rights issue in Singapore
20 October	3Q 2017 post-results investor meeting in Singapore
1 - 3 November	3Q 2017 post-results investor meetings in Tokyo
16 November	Morgan Stanley 16th Annual Asia Pacific Summit in Singapore
23 November	SGX-JPMorgan Real Estate Corporate Day in Sydney

## CCT's 2017 Distributions

Period	Distribution Per Unit (cents)			Total	Payment Date
	Taxable <sup>1</sup>	Tax-exempt <sup>2</sup>	Other gains <sup>3</sup>		
1 January to 30 June	4.56	Not Applicable	Not Applicable	<b>4.56</b>	25 August 2017
1 July to 31 December	3.76	0.22	0.12	<b>4.10</b>	28 February 2018

1 Taxable income distribution – qualifying investors and individuals (other than those who hold their Units through a partnership) will generally receive pre-tax 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%.

2 Tax-exempt income distribution – Tax-exempt income distribution is exempted from tax in the hands of Unitholders.

3 Other gains distribution – Distribution of other gains is not taxable in the hands of Unitholders.

# SUSTAINABILITY MANAGEMENT

## Dear Stakeholders,

2017 was a rewarding year for CCT. We successfully reconstituted our portfolio and delivered a strong performance in the midst of challenging market conditions.

CCT's total deposited properties grew 22.7% YoY to S\$10.8 billion and market capitalisation increased 59.1% YoY to S\$7.0 billion in 2017. Distributable income went up by 7.4% YoY to S\$288.9 million, translating to a distribution per Unit of 8.66 cents.

Being Singapore's largest commercial real estate owner in the CBD, we are mindful of the impact that our developments and operations have on the environment and the well-being of our stakeholders. We shape buildings that are operationally efficient and accessible to the community, promote a safe and healthy work environment and uphold a strong corporate governance and risk management culture.

As wholly owned subsidiaries of CapitaLand, the Manager and Property Managers of CCT firmly uphold CapitaLand's core values and deep commitment to sustainability. The Board Statement which affirms our commitment to sustainability is included for the first time in our report prepared in accordance to the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.

### Operational efficiency

We have been relentless in our efforts to enhance resource efficiency for the portfolio. In 2017, we achieved consumption reductions of 21.4% psm in energy, 21.8% psm in water as well as trimmed carbon emission intensity by 38.7% compared to the base year of 2008.

For our efforts, we received the PUB Water Efficiency Award for Asia Square Tower 2 and the ASEAN Energy Efficiency award for Six Battery Road. Capital Tower achieved the BCA Universal Design Mark Gold award, a mark of recognition by the industry that we have designed the building to be safe, accessible and welcoming.

### Stakeholder engagement

This year, we stepped up stakeholder engagement efforts through various channels and welcomed them as partners in our sustainability journey. Since 2015, we have been encouraging tenants to green their offices through the BCA Green Mark Office Interior certification. As at end 2017, we submitted 20 applications. Such collective efforts will go a long way to reduce the carbon footprint of our buildings. We organised another electronic waste (e-waste) recycling programme in 2017 and collected over 14,600 kilogrammes of e-waste. Designated bicycle sharing parking areas were introduced at Capital Tower and One George Street to encourage green mobility in the CBD.

We continued with our perennial activities to promote volunteerism, charity and well-being. We extended our partnership with Health Promotion Board to launch the Healthy Workplace Ecosystem at a third building, CapitaGreen, to overwhelming response. This year's CCT Eco Race attracted some 380 tenants and partners. For CCT Gifts of Joy, tenants and CapitaLand employees came together to organise a mini-Sports Day and grant 466 wishes for students of Rainbow Centre Margaret Drive School. Together with CapitaLand Hope Foundation, a total of S\$46,000 was contributed to Rainbow Centre Singapore.

### New opportunities

We have made good progress in energising workspaces and connecting vertical communities through placemaking. Some of these efforts like the breakout area on the 9th floor of Capital Tower and 4th floor of Twenty Anson have proven to be excellent spaces for chance encounters and informal event venues for tenants.

We intend to build on these successes, including piloting "office of the future" and "future of work" concepts that have the potential to transform office spaces from pure functional spaces for business transactions into dynamic enclaves that foster collaboration and enrich social experiences. Some of these exciting ideas included the flexible suites at Twenty Anson to meet growing demand for fitted-out space, and facial recognition at Capital Tower for secured and seamless building access.

### Forging partnerships and leveraging technology

Being able to operate sustainably is important not just for the environment, but also CCT's long-term viability as a responsible business partner to stakeholders depends on it. Our sustainability journey which began with humbler efforts in 2012 has since expanded in scope and involvement to include more stakeholder groups.

We are now systematically expanding the green portfolio agenda through asset enhancement initiatives, incorporation of resource-efficient features at the design stage and acquisition of properties, like Asia Square Tower 2, that have ongoing sustainability programmes such as tapping on renewable energy sourced from solar panels. With the unwavering support from our management and stakeholders, we shall forge ahead to enhance stakeholder engagements and deepen sustainability efforts. Technology, as an enabler, will facilitate the transformation of the office environment and improve customer experience.

### Kevin Chee

Chief Executive Officer  
CapitaLand Commercial Trust Management Limited  
(as Manager of CCT)

## INTRODUCTION

### About the Report

This report adopted the internationally recognised reporting guidelines under the Global Reporting Initiative (GRI) Standards: Core option, and covers CCT's 10 properties in Singapore from 1 January to 31 December 2017, unless otherwise indicated. In 2017, CCT reconstituted its portfolio which included the divestment of Wilkie Edge, divestment of Golden Shoe Car Park into a joint venture for redevelopment into an integrated development and acquisition of Asia Square Tower 2. Information of relevance are shared with our stakeholders comprising employees, investors (including business partners), customers, suppliers and the community. This is CCT's fifth framework-driven sustainability report prepared 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 2017 and can be viewed at or downloaded from [www.cct.com.sg](http://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](mailto:ask-us@cct.com.sg).

### Our Commitment and Approach

CCT, a CapitaLand-sponsored REIT, is managed externally by wholly owned subsidiaries of CapitaLand, which include the Manager (CCTML) and 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.

## CAPITALAND 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.

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, project development and stakeholders' engagements. We are committed to maintaining a safe workplace and fostering the well-being of our stakeholders and adhere 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 is 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 committed to greening its developments and incorporating universal design features to enhance the portfolio's attractiveness in a highly competitive office market. As workplace trends evolve and for us to continue 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 several sustainability indices including FTSE4Good Index Series, FTSE4Good ASEAN 5 Index, SGX Sustainability Indices and MSCI ACWI ESG Leaders Index. During the year, CCT participated in the Global Real Estate Sustainability Benchmark (GRESB) survey and was awarded GRESB 4-star.

# SUSTAINABILITY MANAGEMENT

## Board Statement

CCT is committed to sustainability and incorporates the key principles of environment, social and governance in setting out its business strategies and operations.

The Board of the Manager of CCT sets the Trust’s risk appetite, which determines the nature and extent of material risks that the Manager of CCT is willing to take to achieve its strategic and business objectives. The risk appetite incorporates ESG factors such as Fraud, Corruption and Bribery, Environment, Health and Safety.

The Board also approves the executive compensation framework based on the principle of linking pay to performance. The Group’s business plans are translated to both quantitative and qualitative performance targets including sustainable corporate practices and are cascaded throughout the organisation.

## 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.

## MATERIALITY

The Manager and Property Managers engages our stakeholders through various programmes and channels to identify and assess material issues which significantly impact business operations and stakeholders.

One such avenue is the Group-wide Risk and Control Self-Assessment exercise, through which the 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 include 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 based on their relevance and significance to our business and stakeholders. These areas are prioritized based on the likelihood and potential impact of issues affecting business continuity and development. For external stakeholders, we give priority to issues important to the society and applicable to CCT. The material topics and boundaries are summarised on page 79.

## ▼ Prioritisation of ESG Material Issues

Environment	Social/Labour Practices	Governance
<b>Critical</b>		
<ul style="list-style-type: none"> <li>▼ Energy efficiency</li> <li>▼ Climate change and emissions reduction</li> <li>▼ Water management</li> </ul>	<ul style="list-style-type: none"> <li>▼ Occupational Health &amp; Safety</li> <li>▼ Employment</li> <li>▼ Stakeholder engagement</li> <li>▼ Supply chain management</li> </ul>	<ul style="list-style-type: none"> <li>▼ Compliance</li> <li>▼ Business ethics</li> <li>▼ Product and services<sup>1</sup></li> </ul>
<b>Moderate and Emerging</b>		
<ul style="list-style-type: none"> <li>▼ Building materials</li> <li>▼ Construction and operational waste</li> <li>▼ Biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>▼ Diversity</li> <li>▼ Human rights</li> </ul>	

1 This includes customer health and safety.

## SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The SDGS are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. As a CapitaLand-sponsored REIT, CCT

contributes positively to sustainable development in the management of its business operations and practices and have in place frameworks and programmes to pursue some of these goals highlighted below.



Occupational health and safety is a priority for CCT and its stakeholders including its employees, tenants, contractors, suppliers and the communities who use its properties. CCT strives to ensure a safe working environment which enhances the general well-being of its employees.

For more information, please refer to chapter on Social.



The Manager is committed to:

- ▼ Reduce energy consumption.
- ▼ Reduce water consumption, encourage use of recycled water and rainwater harvesting.
- ▼ Achieve Green Mark certification for all CCT properties and minimum Green Mark Gold<sup>PLUS</sup> for new developments.
- ▼ Actively embrace innovation to ensure commercial viability without compromising the environment for future generations.
- ▼ Future proof our developments by addressing the risks of climate change at the design stage.
- ▼ Manage biodiversity to contribute positively to the natural environment.

For more information, please refer to chapter on Environment.



The Manager believes employees can make significant contributions based solely on their talent, expertise and experience, regardless of age, gender, ethnicity and religion. CCT leverages CapitaLand's integrated human capital strategy and recruits, develops and motivates employees by upholding the principles of fair employment.

For more information, please refer to chapter on Social.



The Manager adopts a strong stance against bribery and corruption.

- ▼ All employees of the Manager and Property Managers are required to make declarations annually where they pledge to uphold the core values and not to engage in any corrupt or unethical practices.
- ▼ Requires certain of its agreements with third party service providers to incorporate anti-bribery and anti-corruption provisions.
- ▼ Require main contractor to ensure that no child labour and forced labour at its project sites.

For more information, please refer to chapters on Environment and Social.

# SUSTAINABILITY MANAGEMENT

## FINANCIAL PERFORMANCE

2017 witnessed large office completions in a challenging office environment amidst economic uncertainty. With astute management stewardship and a forward-looking approach to managing the Trust, CCT delivered healthy financial returns with higher distributable income YoY and a strong portfolio performance. For details on the financial performance, please refer to Financial Highlights, pages 3 to 5; Financial Review, pages 98 to 105; and Financial Statements, pages 118 to 200.

## 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 50.

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 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 2017.

## Code on Business Conduct

In ensuring a corrupt-free environment, all employees of the Manager and Property Managers 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 and accessible via the intranet of CapitaLand (iHub).

## Bribery and Corruption Prevention Policy

Employees make declarations annually, pledging to uphold the core values and not engage in any corrupt or unethical practices. The pledge serves as a reminder to employees to maintain high levels of integrity while remaining committed to execute their responsibilities to the utmost standards. We have a comprehensive system in place where all employees and partners along the supply chain are apprised about our strict anti-corruption policy. Anti-corruption clauses are required in certain 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 2017.

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 any infringements or business malpractice 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, as much as possible, be protected from reprisal. To instill CapitaLand's core values and principles, new hires undergo the CapitaLand Immersion Program which includes a mandatory module on anti-corruption policies and procedures.

## Enterprise Risk Management (ERM)

The Manager's ERM framework defines 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.

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. Being aware and prepared for potential risks affecting its business continuity help minimise the impact of disruption to its business operations. CCT has a business continuity plan to limit the impact of potential threats such as terrorism, epidemics, natural disasters and information systems failure. It 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 regularly reviewed plan is pegged to global and industry best practices and complies with the applicable laws and regulations.

Sustainability risks identified include business interruption risk, fraud and corruption risk, climate change risks, safety, health and well-being risks and physical security risk. More information can be found on pages 51 to 53.

**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.

CCT views its stakeholders as partners that our business has a significant impact on and those with a vested interest in our operations. Our key stakeholders include employees, customers, investors/business associates, contractors and suppliers as well as the local community including regulators, key government agencies and non-governmental organisations. They are categorised into groups based on their impact on the Trust.

<b>CUSTOMERS – TENANTS</b>
<ul style="list-style-type: none"> <li>▼ As a landlord of choice</li> <li>▼ Attract new and retain existing tenants</li> </ul>
<p><b>Engagement channels</b></p> <ul style="list-style-type: none"> <li>▼ Customer satisfaction survey</li> <li>▼ Engagement programmes/activities</li> <li>▼ Meetings with key existing and new tenants</li> <li>▼ Tenant Relations Specialists (TRSs) serve as regular contact points for tenants</li> <li>▼ Quarterly communication via newsletter – yourCapitalLetter</li> </ul>
<p><b>Issues</b></p> <ul style="list-style-type: none"> <li>▼ Quality and well managed office buildings</li> <li>▼ Safe working environment</li> <li>▼ Positive customer experience</li> </ul>
<p><b>Responses</b></p> <ul style="list-style-type: none"> <li>▼ Preserve efficient Green Mark-certified buildings.</li> <li>▼ Keep buildings relevant through an active portfolio reconstitution strategy.</li> <li>▼ Leverage technology to enhance product and service offerings and build tenant loyalty.</li> <li>▼ Regular tenant engagement by TRSs builds relationships and ensure prompt responses to tenants’ needs.</li> </ul>

<b>INVESTORS (INCLUDING BUSINESS PARTNERS)</b>
<ul style="list-style-type: none"> <li>▼ Choice investment</li> </ul>
<p><b>Engagement channels</b></p> <ul style="list-style-type: none"> <li>▼ Announcements on SGXNET</li> <li>▼ CCT website (www.cct.com.sg) – webcasts and transcripts</li> <li>▼ Biannual media and analysts results briefings</li> <li>▼ Annual General Meeting</li> <li>▼ Meetings and teleconferences with investors and analysts</li> </ul>
<p><b>Issues</b></p> <ul style="list-style-type: none"> <li>▼ Long-term sustainable distribution and total returns</li> <li>▼ ESG risks and opportunities</li> </ul>
<p><b>Responses</b></p> <ul style="list-style-type: none"> <li>▼ Proactive portfolio and assets management.</li> <li>▼ Prudent capital management.</li> <li>▼ Strong corporate governance.</li> <li>▼ Disciplined approach to acquisitions for growth.</li> <li>▼ Investor feedback from investor meetings and teleconferences.</li> <li>▼ Participate in GRESB’s annual sustainability survey.</li> <li>▼ Build win-win partnerships.</li> </ul>

# SUSTAINABILITY MANAGEMENT

## EMPLOYEES

- As a high performance culture that embraces diversity and teamwork

**Engagement channels**

- Regular communication sessions by senior management
- CapitaLand's biennial Employee Engagement Survey (EES)
- Employee engagement programmes - volunteer and recreation club activities
- Staff participation in selected focus groups for new and developmental exposure
- Active staff involvement in property tour to enhance the understanding of own commercial properties

**Issues**

- Work-life balance
- Remuneration and benefits
- Employee welfare and well-being
- Training

**Responses**

- Financial performance, target performance indicators, business strategy and employee engagement plan are shared at communication sessions
- Annual performance assessment for managers and direct reports to review performance and identify training and development goals
- Monitor occupational health and safety issues
- Identify action plans to improve employee welfare and well-being e.g. the yearly BU Recreation Club survey to staff to gather new ideas and feedback to improve past years' activities.

## SUPPLY CHAIN – VENDORS, (TERM AND MAIN CONTRACTORS) SUPPLIERS AND SERVICE PROVIDERS

- As a fair and reasonable employer for goods and services
- Share industry best practices

**Engagement channels**

Sharing of the following information with supply chain:

- CapitaLand's EHS Policy
- Contractor management guidelines and house rules
- Standard Operating Procedures

**Issues**

- Fair and reasonable treatment
- OHS practices
- Environmental compliance

**Responses**

- Feedback system to recognise supply chain for exceeding standards in design and quality.
- Collaborate to manage EHS challenges such as an epidemic outbreak.
- Quarterly EHS monitoring and reporting.
- Half-yearly term contractor/ vendor evaluation system including events, meetings and training sessions.
- CapitaLand Suppliers' Code of Conduct sets out the requirements for its supply chain in the areas of legal compliance, anti-corruption, human rights, health and safety, as well as environmental management.
- Build win-win partnerships.

## COMMUNITY (INCLUDING GOVERNMENT /NATIONAL AGENCIES AND NGOS)

- As a responsible corporate citizen and contribute to the community we are in

**Engagement channels**

- Senior management of CapitaLand is represented on various boards
- CEO of CapitaLand Commercial is Board Member of National Environment Agency
- Head of Singapore Operations and Global Sustainability is a member of various taskforce teams and committees in the Building and Construction Authority and Ministry of Manpower

**Issues**

- Sustainable buildings
- Stakeholder programmes to generate wider sustainability awareness and promote green practices and behaviour

**Responses**

- Commitment to pursue Green Mark certification for portfolio.
- Employee has three days of volunteer leave.
- Customers and employees participate in community engagement events such as Gifts of Joy to donate gifts to beneficiaries and contribute funds to CCT's adopted charity, Rainbow Centre.
- Partnered CapitaLand Hope Foundation (CHF) and contributed S\$46,000 to Rainbow Centre.
- Partnered government/national agencies to promote green behaviour and healthy living through CCT Eco Race.



## 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.

### POLICY AND OBJECTIVES

- ▼ Identify and respond to climate change and 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 staff and monitoring 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 EMS ensures accountability to relevant managers and all staff

### 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:

- ▼ Legal compliances 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.

# SUSTAINABILITY MANAGEMENT

## 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.

	Targets	Performance
Operational Efficiency	<p>As per CapitaLand's eco-efficiency targets and using 2008 as the base year, to reduce:</p> <ul style="list-style-type: none"> <li>▼ energy and water intensities by 20.0% by 2020 and 30% by 2030</li> <li>▼ carbon emissions by 23% in 2020 and 30% by 2030.</li> </ul> <p>CCT's portfolio performance contributes to these targets.</p>	<ul style="list-style-type: none"> <li>▼ Achieved 21.4% and 21.8% reductions in energy and water usage psm respectively.</li> <li>▼ Achieved 38.7% carbon emission reduction psm.</li> <li>▼ Reductions in intensity figures computed exclude CapitaGreen and Asia Square Tower 2.</li> </ul>
Supply Chain Management	<ul style="list-style-type: none"> <li>▼ Appoint contractors and service providers who comply with local government and other legal requirements.</li> <li>▼ 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.</li> </ul>	<ul style="list-style-type: none"> <li>▼ Preference is given to ISO 14001-certified vendors and service providers.</li> <li>▼ All cleaning contractors at CCT properties are ISO 14001 certified.</li> <li>▼ All main contractors appointed are ISO 14001 certified.</li> </ul>
Resource Consumption Management	<ul style="list-style-type: none"> <li>▼ All new development projects to meet minimum Green Mark Gold<sup>PLUS</sup> certification</li> <li>▼ To achieve Green Mark certification for all CCT properties.</li> </ul>	<ul style="list-style-type: none"> <li>▼ Green Mark Gold<sup>PLUS</sup> and above certification for 78% of CCT's certified properties.</li> <li>▼ Green Mark certification for all CCT properties except for Bugis Village (No appropriate criteria under current Green Mark categories).</li> </ul>
Environment Management System (EMS)	<ul style="list-style-type: none"> <li>▼ To achieve ISO 14001 certification.</li> <li>▼ Risk management of environmental aspects and impacts.</li> </ul>	<ul style="list-style-type: none"> <li>▼ Retained ISO 14001 certification</li> <li>▼ No environmental non-compliance or occurrence of significant spills.</li> </ul>
Stakeholder Engagement	<ul style="list-style-type: none"> <li>▼ Organise and participate in environmental activities to promote awareness and encourage green behaviour among stakeholder groups including employees.</li> <li>▼ Participate in public forums/talks that promote sustainability.</li> </ul>	<p>Outreach activities included:</p> <ul style="list-style-type: none"> <li>▼ Worldwide Fund (WWF) for Nature's annual Earth Hour and Urban Redevelopment Authority's "Switch Off, Turn Up" campaign for the i Light Marina Bay festival held in March 2017 by switching off non-essential lights at CCT properties.</li> <li>▼ E-waste recycling and collection drive in partnership with Cimelia Resources Recovery.</li> <li>▼ Eco Race 2017 – promotes environmental awareness through fun and challenging game challenges in a race format (refer to Page 75 for details).</li> <li>▼ CEO of the Manager presented at BCA's Breakfast Talk for CEOs held on 14 September 2017.</li> </ul>

### Managing 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.

Climate change risks and opportunities are identified and mitigated through CCT's ERM framework and the externally certified ISO14001 Environmental Management System. CCT is ready to take on such challenges and contribute to CapitaLand's target to achieve green certification of existing properties by 2030. CCT's portfolio is minimally Green Mark certified except for Bugis Village as there is no appropriate criteria under current Green Mark categories.

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.

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 page 64 – 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.

### Training and Awareness Programmes

Employees attend training and awareness programmes to facilitate effective implementation of CapitaLand's EHSMS. In 2017, 34.7% of CCT employees attended more than 1,473 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 as partners to foster a strong culture of sustainability aimed at benefiting the environment and the economy.

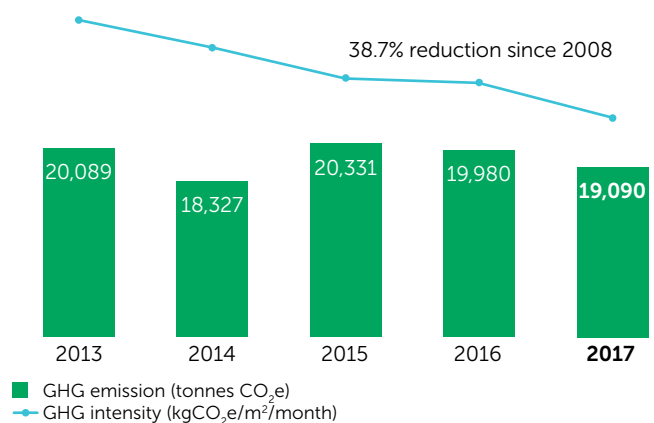
### Measuring our Performance

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 to better gauge consumption patterns and uncover potential areas in which we can augment eco-efficiency.

### 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 19,090<sup>1</sup> tonnes in 2017. Scope 3 emissions from business travel by

#### Total Carbon Emissions



1 This is computed from purchased electricity under Scope 2 as defined by the Greenhouse Gas (GHG) protocol and using Singapore's CO<sub>2</sub> emission factor retrieved from IEA statistics - CO<sub>2</sub> emission factors from fuel combustion 2017 edition.

# SUSTAINABILITY MANAGEMENT

air by CCT employees was insignificant, contributing less than 0.1% of total emissions.

Emission intensity for operational properties continues to improve with a 38.7% 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.

## Energy

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

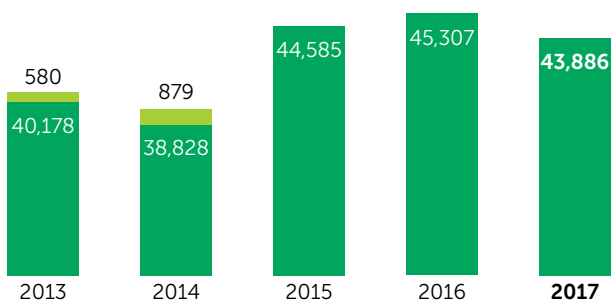
The consumption data is captured for nine<sup>1</sup> of the Trust's properties. The exception is a single-tenanted property where the tenant undertakes the property management of the building which we do not have access to the property's performance data. In 2017, 43,885,882 kilowatt hours (kWh) was consumed across the portfolio, registering a

3.0% decline YoY which is attributable to the closure of Golden Shoe Car Park for demolition and the divestment of Wilkie Edge as well as the lower consumption achieved by some of the properties. We achieved a reduction in energy intensity, measured in kWh per m<sup>2</sup> of 21.4% for the portfolio (excluding CapitaGreen and Asia Square Tower 2) compared to base year 2008. We will remain focused on attaining CapitaLand's 2030 eco-efficiency goal.

CCT recognises that 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 pursue the GMOI certification for their offices. The engagement aims to promote green practices and behaviour in workplaces. A total of 20 applications for GMOI certification was submitted to BCA as at end-December 2017.

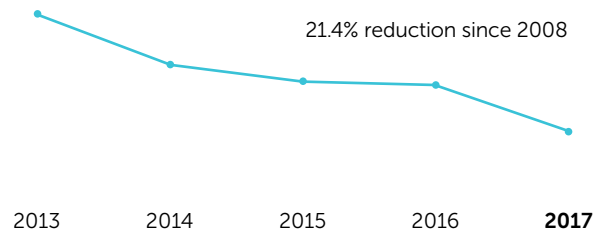
CCT also supported two community efforts to create awareness on climate change and energy reduction by switching off all non-essential lights at all its properties – specifically on 25 March 2017 to support WWF's annual Earth Hour campaign and from 3 to 26 March 2017 in response to URA's "Switch Off, Turn Up" campaign for the i Light Marina Bay festival.

## Electricity Usage YoY ('000kWh)



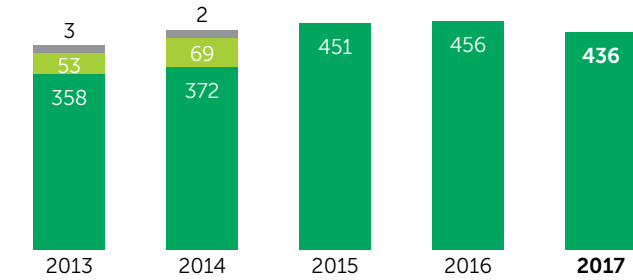
- Operational properties  
2013 cumulative GFA: 4,013,180 sqm  
2014 cumulative GFA: 4,013,180 sqm  
2015 cumulative GFA: 4,997,217 sqm (includes CapitaGreen)  
2016 cumulative GFA: 4,997,217 sqm (includes CapitaGreen)  
2017 cumulative GFA: 4,998,943 sqm (includes CapitaGreen and Asia Square Tower 2)
- CapitaGreen (under construction)

## Energy Intensity<sup>2</sup> (kWh/m<sup>2</sup>/month) 2008 as the base year



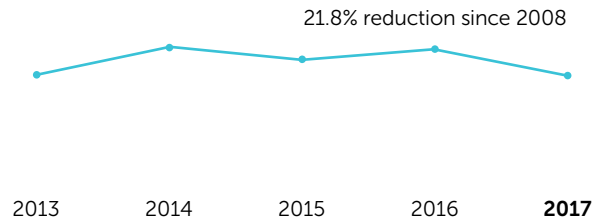
1 Properties include Capital Tower, CapitaGreen, Six Battery Road, One George Street, Twenty Anson, Bugis Village, Golden Shoe Car Park (up to the date of closure), Wilkie Edge (up to completion of divestment) and Asia Square Tower 2 (from completion of acquisition).  
2 Excludes CapitaGreen and Asia Square Tower 2.

**Total Water Usage YoY (including Recycled Water)**  
(‘000m<sup>3</sup>)



- Operational properties  
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)  
2017 cumulative GFA: 4,998,943 sqm (includes CapitaGreen and Asia Square Tower 2)
- Water Usage: CapitaGreen (under construction)
- Recycled Water: CapitaGreen (under construction)

**Water Intensity<sup>3</sup>**  
(m<sup>3</sup>/m<sup>2</sup>/month)  
2008 as the base year



**Water**

CCT supports CapitalLand’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 2017, CCT’s total water consumption (including recycled water) amounted to 435,707m<sup>3</sup> from nine<sup>1</sup> of the properties, the exception being a single-tenanted property that we do not have access to their performance data. To reduce water consumption, we also utilise recycled water (NEWater)<sup>2</sup> in the cooling towers and sprinkler systems at six properties, which accounted for 195,481m<sup>3</sup> or about 45.0% of the total amount of water used in 2017.

Compared to base year 2008, CCT was still able to achieve a reduction in water intensity, measured in m<sup>3</sup> per m<sup>2</sup> of 21.8% in 2017 compared to 19.0% in 2016 (excluding CapitaGreen and Asia Square Tower 2). The higher reduction in water intensity achieved was due mainly to the divestment of Wilkie Edge and closure of Golden Shoe Car Park for redevelopment. 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.

**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 2017. The collection and disposal of waste at the seven properties are being carried out by licensed contractors such as SembWaste.

2017 recorded 3,073 tonnes of non-recyclable waste and 86.8 tonnes of recyclable waste collected. Recyclable waste comprised 78.5 tonnes of paper, 1.8 tonnes of plastic, 1.1 tonnes of metal and 5.4 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.

In our continuing partnership with Cimelia Resource Recovery in the collection and management of e-waste, a total of 14,617 kilogrammes was collected from April to December 2017.

1 Properties include Capital Tower, CapitaGreen, Six Battery Road, One George Street, Twenty Anson, Bugis Village, Golden Shoe Car Park (up to the date of closure), Wilkie Edge (up to completion of divestment) and Asia Square Tower 2 (from completion of acquisition).  
2 Treated waste water produced by PUB which has been purified using advanced membrane technologies and ultraviolet disinfection.  
3 Excludes CapitaGreen and Asia Square Tower 2.

# SUSTAINABILITY MANAGEMENT

## 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 seven out of nine of our properties achieved at least Green Mark Gold<sup>PLUS</sup> status. We are committed to re-certify all eligible

properties in the portfolio and raise the bar when the opportunity arises. In 2017, Capital Tower achieved Universal Design Mark Gold award while Raffles City Singapore successfully upgraded its certification from Gold to Gold<sup>PLUS</sup>.

On 31 July 2017, CCT closed Golden Shoe Car Park in preparation for the redevelopment of a carpark into a landmark integrated development comprising office, ancillary retail, serviced residence and a food centre. The demolition target for the project was to recover at least 35% of crushed concrete from the demolished building. As at end December 2017, the actual concrete recovery rate was 75%. The crushed concrete waste was sent to approved recyclers with proper facilities where the waste is recycled into Recycled Concrete Aggregates (RCA), 20mm stones and dust. In addition to concrete waste, the project also segregated demolition waste into scrap metal and non-ferrous material. The above reiterates CCT's commitment to minimise waste in its business operations.

## Building Certifications

	Green Mark Award
Asia Square Tower 2	Platinum
Capital Tower	Platinum
CapitaGreen	Platinum
Six Battery Road	Platinum
Twenty Anson	Platinum
Six Battery Road Tenant Service Centre (upgraded from Gold <sup>PLUS</sup> )	Platinum (Office Interior)
CapitaGreen Tenant Service Centre	Platinum (Office Interior)
One George Street	Gold <sup>PLUS</sup>
Raffles City Singapore (upgraded from Gold)	Gold <sup>PLUS</sup>
HSBC Building	Certified

	Other Awards
CapitaGreen	UD Mark Platinum ASEAN Energy Efficiency Award
Asia Square Tower 2	Leed Core & Shell Platinum Water Efficiency Award
Capital Tower	UD Mark Gold
Six Battery Road	ASEAN Energy Efficiency Award

## SOCIAL

### Occupational Health and Safety (OHS)

The Manager and Property Managers ensure a safe and healthy environment at CCT properties for all stakeholders, comprising employees, tenants, supply chain, investors, business partners and the community. An effective OHS management system enhances productivity, morale and well-being as risks are monitored systematically. CCT

adopts CapitaLand's Occupational Health and Safety Management System (OHSMS) which is accredited to 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.

#### POLICY

- ▼ Reduce occupational injury rates with the aim to achieve zero harm
- ▼ Provide a robust OHS Management System
- ▼ Meet or exceed OHS legal requirements
- ▼ 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

- ▼ BU CEOs are accountable for their OHS performance
- ▼ The OHSAS 18001 OHS Management System secures the accountability of relevant managers and staff
- ▼ KPIs linked to remuneration of all staff:
  - OHS performance of staff
  - Stakeholder engagement

#### 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 and secure the administration, development and operational functions of CapitaLand's businesses
- ▼ Adopts various standard operating procedures (SOPs) to minimise the incidence of hazards such as slipping on escalators, to getting caught between elevator doors and falling from height
- ▼ Adheres to CapitaLand's Sustainable Building Guidelines – Design for Safety (DfS) to manage health and safety risks throughout the early stages of its buildings' life cycles; thus, improving safety for the buildings' contractors, maintenance teams, occupants and demolition workers
- ▼ Involves training and awareness programmes for employees to facilitate effective implementation and partnerships with stakeholders to create a safe work environment

# SUSTAINABILITY MANAGEMENT

## Stakeholder Engagement and Safety Performance

Stakeholder	Engagement Channels	Safety Performance
Employees	<ul style="list-style-type: none"> <li>▶ OHS key performance indicators are linked to the remuneration of all employees, including top management.</li> <li>▶ 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.</li> <li>▶ 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.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Absentee rate of 7.5 days.</li> <li>▶ One case of work-related injuries. The affected employee has since resumed work after investigations were conducted and follow-up actions included reinforced safety standards and improvements to existing SOPs.</li> <li>▶ No work-related fatalities were reported.</li> <li>▶ Attendance rate of 34.7% by CCT employees at EHS-related training, equivalent to 1,473 hours</li> <li>▶ No breach of local OHS laws and regulations.</li> </ul>
Customers – tenants and visitors to the buildings	<ul style="list-style-type: none"> <li>▶ Emergency response procedures are in place to manage OHS risks.</li> <li>▶ Periodic briefings such as safety talks and emergency evacuation drills are conducted to familiarise tenants with the emergency response plan.</li> <li>▶ Timely circulars serve as an effective communication tool to disseminate vital information.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Conducted annual evacuation drills to familiarise tenants on the emergency response plan.</li> </ul>
Supply chain – vendors (term and main contractors), suppliers and service providers	<ul style="list-style-type: none"> <li>▶ CapitalLand's contractor management guidelines require the supply chain to comply with local government and other legal requirements.</li> <li>▶ Risk assessments are to be submitted if activities contain OHS hazards that may affect employees, tenants or visitors to the buildings.</li> <li>▶ CapitalLand EHS Policy and House Rules are shared with the supply chain to familiarise them with the safety requirements while working in CCT properties.</li> <li>▶ CapitalLand Suppliers' Code of Conduct sets out the requirements for its supply chain in the areas of legal compliance, anti-corruption, human rights, health and safety, as well as environmental management.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Preference is given to OHSAS 18001-certified vendors, suppliers and service providers.</li> <li>▶ Non-OHSAS 18001-certified vendors, suppliers and service providers are encouraged to achieve bizSAFE Level 3 certification and above.</li> <li>▶ All cleaning contractors at our properties are OHSAS 18001-certified.</li> <li>▶ 87% of CCT's term contractors is minimally bizSAFE Level 3 and above.</li> <li>▶ Worked with term contractors to use eco-friendly cleaning and servicing products across CCT properties.</li> </ul>
Community – government/ national agencies and NGOs	<ul style="list-style-type: none"> <li>▶ CCT believes a safe built environment and work environment contribute to the general well-being of employees and tenants.</li> <li>▶ We collaborate with government/national agencies and NGOs to promote the well-being of CCT employees and tenants.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Partnered with Health Promotion Board (HPB), to bring fitness to tenants at a third CCT building in an ongoing effort to encourage healthy workplace ecosystems.</li> <li>▶ Supported Earth Hour through venue sponsorship and turning off non-essential lights at CCT properties.</li> </ul>



## Human Capital

As the employees of CCT, 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.

### Anti-child Labour and Anti-forced Labour

CCT is against any form of coerced labour 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 2017, there was no reported incident relating to child labour or forced labour in CCT.

### 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 with the Manager and Property Managers are advertised online and through newspaper advertisements, in line with CapitaLand's non-discriminatory employment practices. The selection and hiring of new recruits, whether fresh graduates, industry veterans or mid-career professionals, is solely based on merit.

In 2017, CCT's entire workforce comprised full-time employees above 16 years of age. The female-to-male employee ratio remains unchanged at 46:54. Employees between the ages of 30 to 49 accounted for 51% of the workforce, while those below the age of 30 was maintained at 16%. About 57% of the workforce possessed tertiary qualifications and above. The Trust's female employees are well represented with 37% in the middle and senior management. New hires represented 8.0% of the total headcount in 2017. All employees under CCT are Singaporeans and Singaporean permanent residents.

### Re-employment Opportunities

Employees who are able and willing are allowed to continue their employment with CCT beyond the statutory retirement age of 62. While it is legally permitted to reduce the salary of such employees, CCT continues to employ these individuals at full pay under its re-employment policy. There was one employee above the retirement age in 2017.

### 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. There were no employee health and safety concerns raised by the union in 2017.

### Talent Management

CCT believes in strengthening employee proficiency and driving personal development. CapitaLand's core values form the foundation for the Trust's 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

A positive work environment is essential to attract, motivate and retain talent. CCT drives high employee performance by championing their personal development healthcare needs and work-life balance. The compensation and benefits programmes include employee engagement initiatives, flexible work arrangements, flexible medical benefits and subsidised 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. There were six employees who took maternity leave in 2017, and four of them returned to work in the same year.

# SUSTAINABILITY MANAGEMENT

The Singapore Central Provident Fund (CPF) enables all working Singaporeans and Permanent Residents to save for retirement. In line with prevailing regulations, both CapitaLand and its employees make monthly contributions to employees' CPF accounts.

## Fair Remuneration

Fair remuneration is vital for CCT to remain competitive, attract and retain talent, and align employee performance targets with its 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. Performance review involving an open discussion on the employee's performance, developmental needs, areas for improvement and career planning are conducted annually. Key performance indicators are set to drive employee performance. Employees participate in the setting of team and individual 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. All CCT employees are also entitled to group medical insurance, personal accident insurance, health screenings and complimentary flu vaccinations.

The employee turnover for 2017 was higher at 12.4% compared to 11.8% in 2016. This is, however, below the national average of 21.6%. A minimum of one month's notice is required for any employee resignation.

## Learning and Development

CCT advocates development opportunities that allow employees to achieve their full potential. 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 the annual performance reviews 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 as well as 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), promotes continuous professional and personal development of CapitaLand employees.

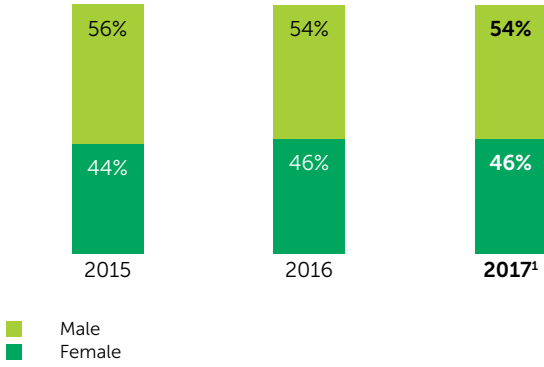
The average number of training hours per employee has increased to 66.6 per annum hours in 2017 from 46.1 hours in 2016 and well above the recommended industry guide of 40 hours per annum. About 98.5% of employees completed at least one learning session during the year.

## Employee Engagement

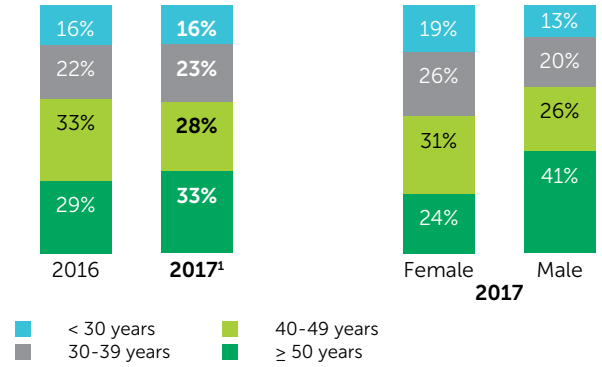
CCT supports opportunities for management-employee engagements to foster a vibrant and productive workforce. Employees can highlight issues and other feedback to HR or management through various communication channels. These include the staff communication session, which allows BUs and CCT's CEO and management team to update employees on the Trust's business results and operational performance and to address any work concerns. Another platform is the CapitaLand intranet, which updates employees on the Group's latest developments, employment policies, 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. These were in addition to the lunchtime talks, monthly chat-and-eat sessions on Fridays, property tours of our newly completed developments and after-work workout sessions, which were well received by employees.

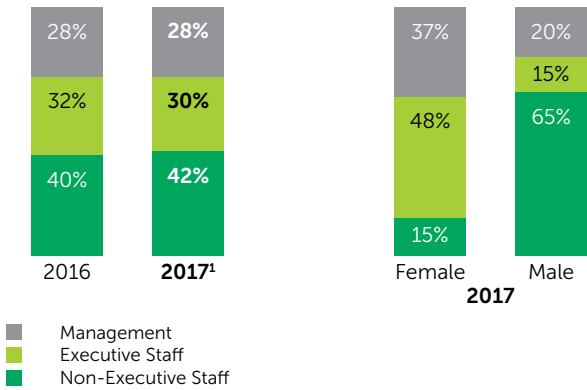
### Employee Diversity by Gender



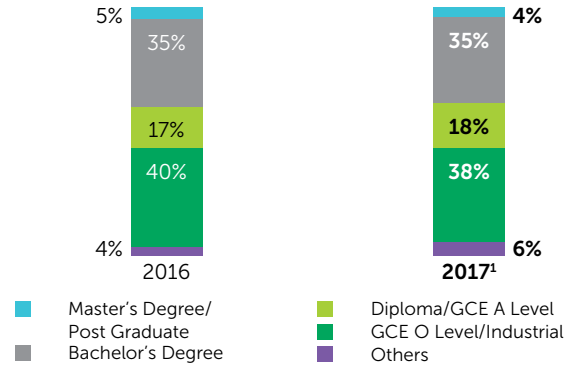
### Employee Profile by Age and Gender



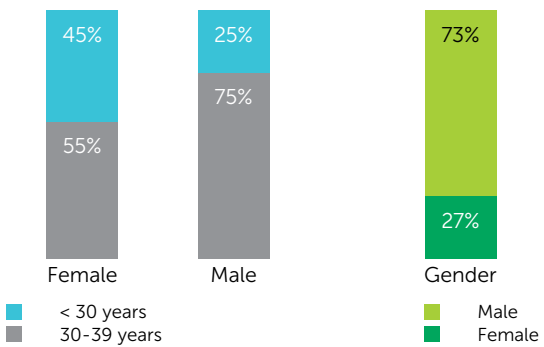
### Employee Profile by Seniority and Gender



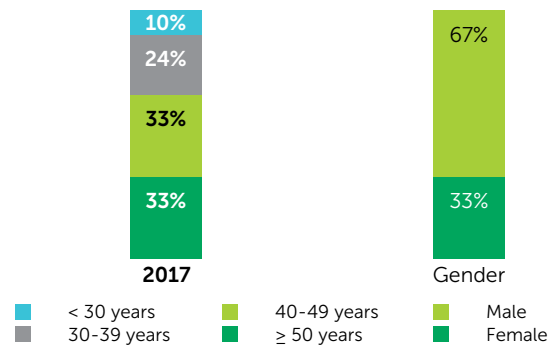
### Employee Profile by Educational Qualifications



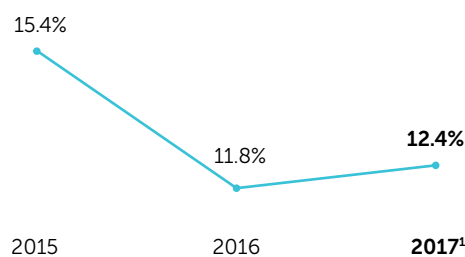
### New Hires by Age and Gender (2017)



### Voluntary Turnover by Age and Gender (2017)



### Employee Turnover Rate



1 Employee base: 193

# SUSTAINABILITY MANAGEMENT

## COMMUNITY

Community development is a key focus of CCT's sustainability strategy. The Trust collaborates with CapitaLand Hope Foundation (CHF), the philanthropic arm of CapitaLand, to promote social growth and development of underprivileged children up to 16 years of age. Employees volunteer in community development initiatives and engagement activities, while the proceeds received through such activities are contributed to underprivileged youths and children. The Trust also communicates its community and sustainability initiatives to its tenants and stakeholders, and invites them to take part by in various activities.

### 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 every employee who fully utilises the 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 continued to volunteer generously towards various social and community causes. In 2017, 8.3% of CCT employees engaged in community development projects such as Gifts of Joy, putting in a total of 237.5 volunteer 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. Employees are also encouraged to utilise their VSL and to support social and community causes whenever opportunities arise.

## STAKEHOLDER ENGAGEMENT

In 2017, CCT continued to expand its programmes and activities to engage different stakeholder groups on broader objectives ranging from knowledge sharing on sustainability and technological trends, to raising awareness about healthy living, volunteerism, charity as well as enhanced customer service.

CCT also collaborates with CHF to support a charity organisation each year. In 2017, registration fees and pledges received from tenants, partners and employees through engagement activities such as CCT Eco Race 2017 and Gifts of Joy were duly matched by CHF. A total of S\$46,000 was contributed to Rainbow Centre Singapore, a charity supported by Community Chest and CCT's adopted charity for 2017.

## ENGAGEMENT ACTIVITIES

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

Initiatives	Stakeholders Involved				Objectives Met				
Eco Race 2017	✓	✓	✓	✓	✓	✓	✓	✓	✓
CCT Gifts of Joy 2017	✓	✓		✓	✓		✓	✓	✓
Tenant Treats		✓	✓	✓					✓
Lease Anniversary Gifts		✓	✓						✓
HPB's Healthy Workplace Ecosystem	✓	✓		✓		✓			✓
Earth Hour		✓		✓	✓				
E-waste Collection and Management	✓	✓	✓		✓			✓	

**CCT ECO RACE 2017: LIVE GREEN, BE FIT!**

The CCT Eco Race is an annual event to promote greater awareness of environmental sustainability and a healthy lifestyle among our tenants. For its fifth edition, the Race featured fun and challenging game stations designed to test participants' environmental awareness and fitness at

various checkpoints in a new point system. Additionally, CCT Eco Race 2017 introduced two race categories, where participation was open to all CCT tenants and their family and friends.

**380**  
participants

**\$46,000**  
raised from CCT Eco Race 2017 and other initiatives for Rainbow Centre Singapore – CCT's adopted charity for 2017 and a charity sponsored by Community Chest



**2** race categories  
Competitive and Fun Run

**95**  
teams



**7** game challenges  
to heighten environmental sustainability awareness and promote a healthy lifestyle

**Partners**  
Building and Construction Authority, Fitness First, Health Promotion Board, National Environment Agency

**Sponsors**  
CapitaLand Hope Foundation, The Ascott Limited

"The format of the race where teams had to find out the next destinations was challenging and fun."

**Yee Jing Si,**  
Building and Construction Authority, Event Partner

"Thanks for a great race, we thoroughly enjoyed and appreciate the efforts of CapitaLand!"

**Mark Dargan,**  
Fitness First, Capital Tower

"The games in each station are quite interesting and well organised. Thank you so much for organising this event."

**Lee Huei Yih,**  
Cargill, CapitaGreen



About 380 participants rushed to the game stations after flag-off.



Activities like the Team Walker encouraged participants to pick up green office tips along the way.

# SUSTAINABILITY MANAGEMENT

## CCT GIFTS OF JOY 2017: BIG SMILES FOR MINI SPORTS DAY

Launched in 2013, CCT Gifts of Joy is an annual philanthropic activity whereby CapitalLand employees and the office tenants come together to bring joy to the community. This year, on top of the gift donations by tenants, two volunteer

days were set aside for gift wrapping and coordinating a Mini Sports Day for the students at Rainbow Centre Margaret Drive Singapore (RCMD).



Kevin Chee, CEO of CCT engaging with a student at RCMD.

158  
volunteers sign ups

A green rectangular box containing the number '158' in large white font, followed by the text 'volunteers sign ups' in smaller white font. To the right is a white icon of two hands holding a heart.

4  
game stations managed  
by tenant volunteers

A green rectangular box containing the number '4' in large white font, followed by the text 'game stations managed by tenant volunteers' in smaller white font. At the bottom is a white icon of a rocking horse.

367  
beneficiaries at RCMD  
aged 7-18 years old

A green rectangular box containing the number '367' in large white font, followed by the text 'beneficiaries at RCMD aged 7-18 years old' in smaller white font. At the bottom is a white icon of two smiling faces.

466  
gifts bought and distributed

A green rectangular box containing the number '466' in large white font, followed by the text 'gifts bought and distributed' in smaller white font. At the bottom is a white icon of a gift box.

"It was a sweet and thoughtful gesture on CCT's part to allocate volunteers of a particular tenant to distribute the gifts that their company bought. It helps to close the loop on the effort, and I'm sure the volunteers appreciate being able to see the reaction of the student when receiving the gift they bought. It builds bonds across tenants, and together with CapitalLand's volunteers, fosters a positive community within CCT's properties. With increased participation in future, it could help build a more pleasant atmosphere in CCT's premises, where tenants and staff say hi to one another when bumping into each other in the lobby and knowing the office building is not just a cold structure but a vibrant community with a heart."

**Roy Quek,**  
Harneys, CapitaGreen

"The activity was very well organised and participants were well informed on the activities within the day. The event is very interesting and it is such an eye opener to participate and volunteer to the children who have special needs. Thank you CapitalLand for giving me the chance to give back to the community through this event."

**Miny Liu,**  
Credit Agricole, Capital Tower

## TENANT ENGAGEMENT PROGRAMMES: BUILDING RELATIONSHIPS, CREATING VIBRANCY

### Tenant Treats

To engage with the office tenant community, create delightful experiences and show appreciation for their support, CCT distributes delectable treats to its tenants twice a year. In May 2017, CCT partnered one of its tenants, Joe & Dough, to distribute a healthier version of the outlet's signature Gula Melaka Pandan Cake with a natural sugar substitute. CCT tenants also enjoyed cookies baked by social enterprises during the November distribution.



Tenants at Six Battery Road enjoying their Gula Melaka Pandan Cake.



Tenants Treats in May and November 2017.

"Very good initiative as it gives a sense of belonging and inclusiveness with the CapitalLand family."

**Parul Sharma,**  
Wells Fargo Bank, CapitaGreen

"I love how they are making the tenants happy, at the same time helping out the community since the cookies are baked by MINDS."

**Fadilah Sidek,**  
Criteo, CapitaGreen

### Lease Anniversary Gifts

The practice of marking tenants' lease anniversaries with a small gift continued into 2017. This year, tenants were presented with a tile featuring the CapitalLand orchid motif and a tea lacquer box. These opportunities enable CCT and its CEO to connect with the tenants and strengthen tenant relationships.



An ornamental tile delicately embellished with Orchids, accompanied by an exclusive commissioned stamp

## GROWING PARTNERSHIPS

### Earth Hour

CCT continues to support the annual Earth Hour. To raise awareness of the impact of climate change, WWF set up a roving exhibition held at various CCT properties to spread the climate change message to the tenants.



WWF roving exhibition at CapitaGreen.

### HPB's Healthy Workplace Ecosystem

CCT continued the partnership with HPB to offer free workout sessions to tenants at Capital Tower and Twenty Anson. In 2017, the offer was extended to tenants at CapitaGreen. Activities include BodyCombat, Zumba and yoga.



HPB workout held at Capital Tower.

# SUSTAINABILITY MANAGEMENT

## SOCIAL INTEGRATION

CCT's buildings adhere to CapitalLand's commitment towards universal design to ensure our buildings are safe, accessible and vibrant for users regardless of age and varying physical abilities. The Group's 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 listed in CapitalLand's Sustainable Building Guidelines and are considered from the start of the project.

As an ongoing exercise, CCT reviews its portfolio to explore ways to improve accessibility for tenants and visitors to the buildings. Eight 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 as well as proximity to both public transport and amenities.

The Trust's portfolio of quality commercial buildings is well located in Singapore's Central Area with nine of them within the CBD. The portfolio enjoys convenient access to public transport hubs such as MRT stations, bus stops and taxi stands. To encourage the use of environmentally friendly transportation modes, the Trust has allocated 275 bicycle bays across eight of its properties, as well as green parking lots and charging stations at five properties. Riding on the growth of bike-sharing platforms, we have also launched dedicated bike-sharing parking zones at Capital Tower and One George Street in 2017 to bring greener transport options to our tenants. Shower facilities are available at most of CCT's buildings to cater to tenants who cycle to work.



Designated bike-sharing parking zone at One George Street.

Although communal spaces are not a standard feature in office buildings, CCT has urban plazas/open spaces and public artwork display areas in half of the portfolio for the enjoyment of tenants, employees and visitors.



Living World Series by Ju Ming, public artwork at CapitaGreen.

In 2017, Capital Tower achieved BCA's Universal Design Mark Gold certification, which recognised CCT's efforts to incorporate way-finding reference points such as atria and artworks to aid navigation and orientation. The conversion of a breakout space on the ninth storey into a social and recreational facility gained popularity among tenants and visitors when it was opened. The integration of an accessible sitting area and cafe to the transfer floor on the 36th storey has created a natural space for ad hoc meetings with visitors, without having to travel to the ground floor.



Newly renovated Breakout @ L9 in Capital Tower.



▼ **Material Topics And Boundaries**

<b>Material topics (GRI 102-47)</b>	<b>Topics Boundary Internal and External</b>	<b>Management Approach References (GRI 103)</b>
<b>Economic Performance</b>		
Economic Performance	CCT	Financial Performance (pg 60)
Indirect Economic Impacts	CCT, Community	Community (pg 74) Social Integration (pg 78)
Anti-corruption	CL, Investors, Customers, Community	Corporate Governance (pg 60)
<b>Environmental</b>		
Energy	CCT, Supply Chain	Environment (pg 63-68)
Water	CCT, Supply Chain	
Emissions	CCT, Supply Chain	
Biodiversity	CCT, Community	
Emisions	CCT, Supply Chain	
Effluents and Waste	CCT, Supply Chain	
Environmental Compliance	CCT, Investors	
Supplier Environmental Assessment	CCT, Supply Chain	
<b>Social</b>		
Employment	CCT	Human Capital (pg 71-73)
Labour/Management Relations	CCT	Human Capital (pg 71)
Occupational/Health and Safety	CCT	Human Capital (pg 69)
Training and Education	CCT	Human Capital (pg 72)
Diversity and Equal Opportunity	CCT	Human Capital (pg 71)
Non-discrimination	CCT	Human Capital (pg 71)
Child Labour	CCT	Human Capital (pg 71)
Forced or Compulsory Labour	CCT	Human Capital (pg 71)
Human Rights Assessment	CCT, Supply Chain	OHS (pg 69-70)
Local Communities	CCT, Community	Environment (pg 63) OHS (pg 69-70) Social Integration (pg 78)
Supplier Social Assessment	CCT, Supply Chain	OHS (pg 69-70)
Customer Health and Safety	CCT, Customers, Supply Chain and Community	OHS (pg 69-70) Social Integration (pg 78)
Marketing and Labelling	CCT, Customers	GRI 417-1
Customer Privacy	CCT, Customers, Investors	GRI 418-1
Socioeconomic Compliance	CCT, Investors	Corporate Governance (pg 60) OHS (pg 70) Human Capital (pg 71)

# SUSTAINABILITY MANAGEMENT

## ▼ GRI Content Index

Disclosure Number	Title	Page Reference and Remarks
<b>General Disclosures</b>		
102-1	Organisation's name	Corporate Profile (inside front cover (IFC))
102-2	Primary brands, products, and services	Corporate Profile (IFC)
102-3	Location of headquarters	Corporate Information (inside back cover)
102-4	Location of operations	Corporate Profile (IFC)
102-5	Nature of ownership and legal form	Corporate Profile (IFC)
102-6	Markets served	Corporate Profile (IFC)
102-7	Scale of the organisation	Corporate Profile (IFC)
102-8	Workforce figures	Human Capital (pg 71-73)
102-9	Organisation's supply chain	Stakeholder Engagement (pg 61-62) Environment (pg 64) OHS (pg 70)
102-10	Significant changes during the reporting period	CEO's message (pg 56) Introduction (pg 57)
102-11	Report whether and how the precautionary approach or principle is addressed by the organisation	Environment (pg 63-65)
102-12	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes	Introduction (pg 57) Corporate Governance (pg 60) Human Capital (pg 71)
102-13	Memberships of associations and national or international advocacy organisations	Corporate Governance (pg 60)
102-14	Statement from senior decision-maker	CEO's message (pg 56)
102-15	Description of key impacts, risks, and opportunities	Corporate Governance (pg 26-50, 60) Enterprise Risk Management (pg 51-53) Stakeholder Engagement (pg 61-62) Environment (pg 63) OHS (pg 69) Human Capital (pg 71-72)
102-16	Organisation's values, principles, standards and norms of behaviour	Corporate Profile (IFC) Corporate Governance (pg 48, 60) Enterprise Risk Management (pg 51-53)
102-18	Governance structure	Board of Directors (pg 18-24) Introduction (pg 58)
102-40	List of stakeholder groups	Stakeholder Engagement (pg 61-62) Environment (pg 64) OHS (pg 70)
102-41	Collective bargaining agreements	Human Capital (pg 71)
102-42	Identification and selection of stakeholders	Stakeholder Engagement (pg 61-62) Environment (Pg 64) OHS (pg 70)
102-43	Approaches to stakeholder engagement	Stakeholder Engagement (pg 61-62) Environment (Pg 64) OHS (pg 70) Human Capital (pg 72)

Disclosure Number	Title	Page Reference and Remarks
102-44	Key topics and concerns raised through stakeholder engagement	Stakeholder Engagement (pg 61-62) Environment (Pg 63) OHS (pg 70)
102-45	Entities included in the organisation's consolidated financial statements	Introduction (pg 57)
102-46	Defining the report content and the aspect boundaries	Introduction (pg 57-58)
102-47	List of material topics	Material Aspects and Boundaries (pg 79)
102-48	Effect of any restatements of information provided in previous reports	No restatements for 2017.
102-49	Significant changes from previous reports in the scope and aspect boundaries	There are no significant changes from previous reports.
102-50	Reporting period	Introduction (pg 57)
102-51	Date of previous report	FY 1 January to 31 December 2017
102-52	Reporting cycle	Introduction (pg 57)
102-53	Contact point	Introduction (pg 57)
102-54	Claims of reporting in accordance with GRI Standards	Introduction (pg 57)
102-55	GRI Content Index	GRI Index (pg 80-83)
102-56	Assurance	No external assurance
<b>Specific Standard Disclosures</b>		
<b>Economic</b>		
Economic Performance	201-1	Direct economic value generated and distributed Financial Highlights (pg 3-5) Financial Review (98-105) Financial Statements (pg 118-200)
	201-2	Financial implications, risk and opportunities due to climate change Introduction (pg 57) Environment (pg 63, 65)
Market Presence	202-2	Proportion of senior management hired from local community Human Capital (pg 71)
Indirect Economic Impacts	203-1	Development and impact of infrastructure investments and services supported Environment (pg 68) Social Integration (pg 78)
Anti-corruption	205-1	Risk assessment for corruption Corporate Governance (pg 60) Enterprise Risk Management (pg 53)
	205-2	Communication and training on anti-corruption policies and procedures Corporate Governance (pg 60) Human Capital (pg 72)
	205-3	Incidents and action taken Corporate Governance (pg 60)
<b>Environment</b>		
Energy	302-1	Energy consumption within the organisation Environment (pg 66)
	302-2	Energy consumption outside of the organisation None during the reporting period.
	302-3	Energy intensity Environment (pg 66)
	302-4	Reduction of energy consumption Environment (pg 66)
	302-5	Reductions in energy requirements of products and services Environment (pg 64)

# SUSTAINABILITY MANAGEMENT

Disclosure Number	Title	Page Reference and Remarks
Water	303-1	Total water consumption Environment (pg 67)
	303-2	Water sources significantly affected by withdrawal of water None during the reporting period.
	303-3	Water recycled and reused Environment (pg 67)
Biodiversity	304-1	Protected areas or areas of high biodiversity None during the reporting period.
	304-2	Impact on biodiversity Environment (pg 65)
	304-3	Endangered species effected
Emissions	305-1	Direct (Scope 1) greenhouse gas (GHG) emissions Environment (pg 65-66)
	305-2	Energy indirect greenhouse gas (GHG) emissions (Scope 2) Environment (pg 65-66)
	305-3	Other indirect (Scope 3) GHG emissions Environment (pg 65-66)
	305-4	Greenhouse gas (GHG) emissions intensity Environment (pg 65-66)
	305-5	Reduction of greenhouse gas (GHG) emissions Environment (pg 65-66)
Effluents and Waste	306-1	Total water discharge by quality and destination None during the reporting period. Wastewater is discharged into the public sewerage system or sewage treatment plant.
	306-2	Waste management Environment (pg 67)
	306-3	Significant spills None during the reporting period. Environment (pg 64)
	306-5	Discharge and runoffs affecting protected water bodies Waste water is discharged into the public sewerage system or sewage treatment plant.
Compliance	307-1	Fines and non-monetary sanctions for non-compliance with environmental laws and regulations Environment (pg 64)
Supplier Environmental Assessment	308-1	% of new suppliers screened using environmental criteria Environment (pg 64)
<b>Social</b>		
<b>Labour Practices and Decent Work</b>		
Employment	401-1	New hires and Employee turnover Human Capital (pg 73)
	401-3	Parental leave Human Capital (pg 71)
Labour/ Management Relations	402-1	Notice period regarding operation changes Human Capital (pg 72)
Occupational/ Health and Safety	403-1	% of staff represented in OHS committee OHS (pg 69-70)
	403-2	Occupational injury OHS (pg 70)
Training and Education	404-1	Average hours of training Human Capital (pg 72)
	404-2	Skills management and lifelong learning Human Capital (pg 72)
	404-3	Performance and career development reviews Human Capital (pg 72)
Diversity and Equal Opportunity	405-1	Diversity Human Capital (pg 71)
Non-discrimination	406-1	Incidents of discrimination and corrective action taken Human Capital (pg 71)

Disclosure Number		Title	Page Reference and Remarks
Child Labour	408-1	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 70) Human Capital (pg 71)
Forced or Compulsory Labour	409-1	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures taken to eliminate it	OHS (pg 70) Human Capital (pg 71)
Human Rights Assessment	412-1	% of operations subjected to human rights reviews	OHS (pg 69-70) Human Capital (pg 71)
Local Communities	413-1	Operations with local community engagement, impact assessments and development programmes	Environment (pg 65) OHS (pg 70) Community (pg 74-77) Social Integration (pg 78)
Supplier Social Assessment	414-1	% of suppliers screened using social criteria	OHS (pg 70)
Customer Health and Safety	416-1	Health and safety impacts assessment of products and services	OHS (pg 69-70) Social Integration (pg 78)
	416-2	Incidents of non-compliance	OHS (pg 70)
Marketing Communications	417-1	Incidents of non-compliance with regulations and voluntary codes concerning marketing communications	No incidents in CCT of non-compliance with regulations and voluntary codes concerning marketing communications.
Customer Privacy	418-1	Substantiated complaints regarding breaches of customer privacy and losses of customer data	There were no known complaints during the reporting period.
Socioeconomic Compliance	419-1	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.

# INDEPENDENT MARKET REVIEW

## THE SINGAPORE MARKET

According to the Ministry of Trade and Industry (MTI), the Singapore economy registered a growth of 3.6% for the whole of 2017. This was largely attributed to the expansion in the manufacturing sector which posted growth of 10.1% on the back of robust output expansions in the electronics and precision engineering clusters which outweighed declines in the biomedical manufacturing and transport engineering clusters. Similarly, growth of 2.8% was recorded in the services industries supported by strong performance in the finance & insurance, wholesale & retail trade and transportation & storage sectors. The construction sector, on the other hand, contracted by 8.4% due to weakness in private sector construction activities.

## THE OFFICE MARKET

### Existing Supply

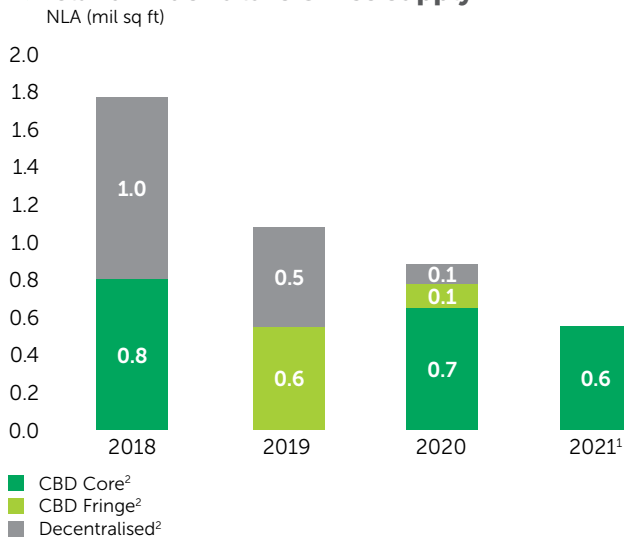
Total island-wide office stock edged up by 4.0% year-on-year (YoY) to 59.5 million sq ft in 4Q 2017. This comes after the completion of several major developments such as Marina One East & West Tower (1,875,630 sq ft) and UIC Building (277,540 sq ft).

The CBD Core is the most prominent location for office occupiers to house their businesses' front office functions and headquarters. This includes buildings such as Capital Tower, Asia Square Tower 2, Six Battery Road, CapitaGreen and One George Street in CCT's portfolio. Typical premier office tenants in the CBD Core area include firms from the financial & insurance, technology, media & telecommunications and legal services sectors. The CBD Core, comprising Marina Bay, Raffles Place, Shenton Way and Marina Centre, has a total office stock of 29.8 million sq ft as at 4Q 2017 (of which 13.7 million sq ft is classified as Grade A office space). This represents a 7.9% YoY increase and accounted for 50.0% of the island-wide office stock.

### Future Supply

Over the next three years from 2018 to 2020, island-wide new office supply is estimated to amount to 3.8 million sq ft. 43.0% of the pipeline supply is in the Decentralised market, while the remaining 38.8% and 18.2% stems from the CBD Core and CBD Fringe markets respectively.

## Island-wide Future Office Supply



New supply slated for completion in 2018 amounts to 1.8 million sq ft, of which 0.8 million sq ft, primarily attributable to Frasers Tower (663,000 sq ft), is in the CBD Core. Within the decentralised market, Paya Lebar Quarter will add on 872,000 sq ft of office space.

New supply will almost halve in 2019 and is projected to be 1.1 million sq ft. In the CBD Fringe market, the redevelopment of Funan DigitalLife Mall will add 204,172 sq ft of new office space while new supply in the decentralised market will come mainly from Woods Square (534,500 sq ft).

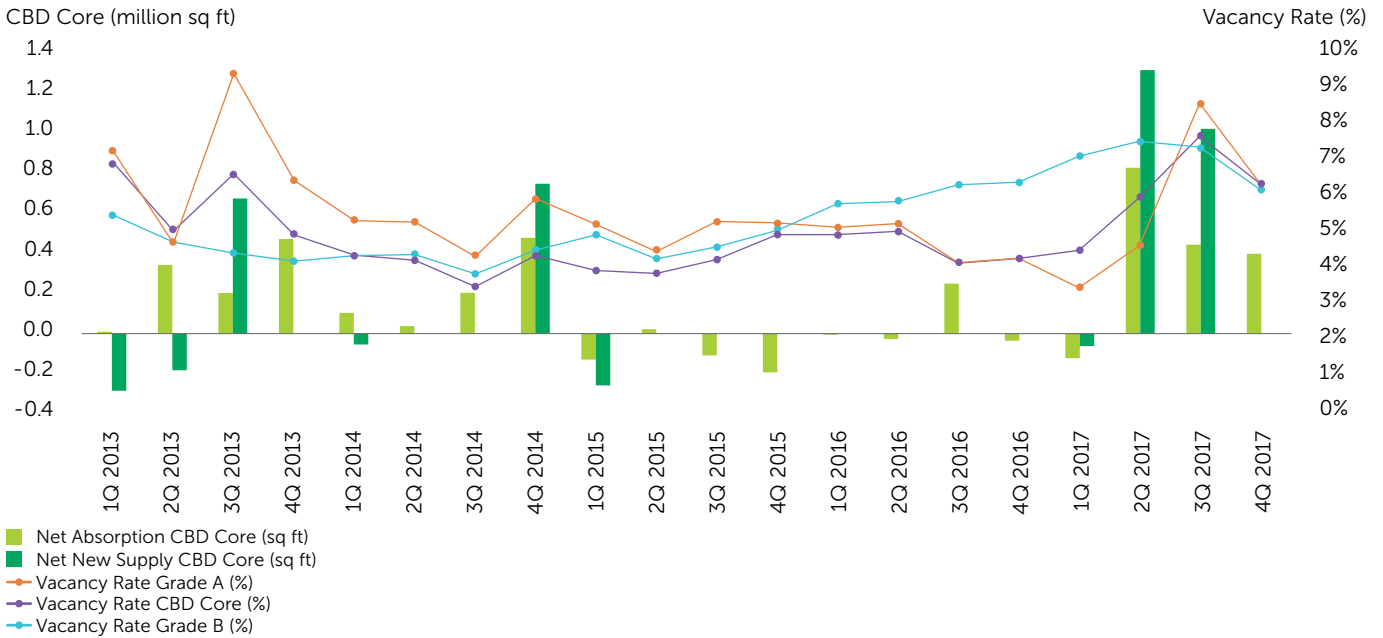
Office supply will further tighten in 2020, with only 0.9 million sq ft of new space coming onstream. Major completions would include 79 Robinson Road (500,000 sq ft) in the CBD Core, the redevelopment of Hub Synergy Point (128,456 sq ft) in the CBD Fringe and Centrium Square (107,041 sq ft) in the decentralised market.

In the long term, known new supply post-2020 remains manageable, with addition to new office stock mainly from CCT's redevelopment of Golden Shoe Car Park into an integrated Grade A office and serviced-residence building (2021), Central Boulevard Government Land Sales (GLS) site (post 2021), and the Beach Road GLS site (post 2021).

1 As at 31 December 2017, there is no other publicly known major supply in 2021 besides the redevelopment of Golden Shoe Car Park.  
2 The CBD Core area comprises the four micro-markets: Raffles Place, Shenton Way, Marina Bay and Marina Bay Centre. The CBD Fringe 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.

Demand & Vacancy

CBD Core Office Supply and Demand



Source: CBRE

2017 CBD Core net absorption increased to 1.5 million sq ft, on the back of stronger economic fundamentals, positive market sentiment and pre-commitments<sup>3</sup> in several buildings such as Marina One and UIC Building. Grade A office buildings continue to attract tenants seeking to maximise office efficiencies, with a typical tenant profile including global financial institutions, technology, media and telecommunications firms and insurance companies.

Occupiers are taking the opportunity to relocate their businesses to better quality buildings with higher specifications and floor-plate efficiencies, continuing the “flight-to-quality” and “flight-to-efficiency” trend seen in 2016. Absorption was driven by financial institutions,

technology firms and coworking spaces. Examples would include Grab Taxi (100,000 sq ft) and Arup (40,000 sq ft) while coworking operators such as WeWorks, Distrii, UrWorks and The Great Room etc. also took up new space in the CBD Core and CBD Fringe. This robust growth pattern is expected to continue into 2018.

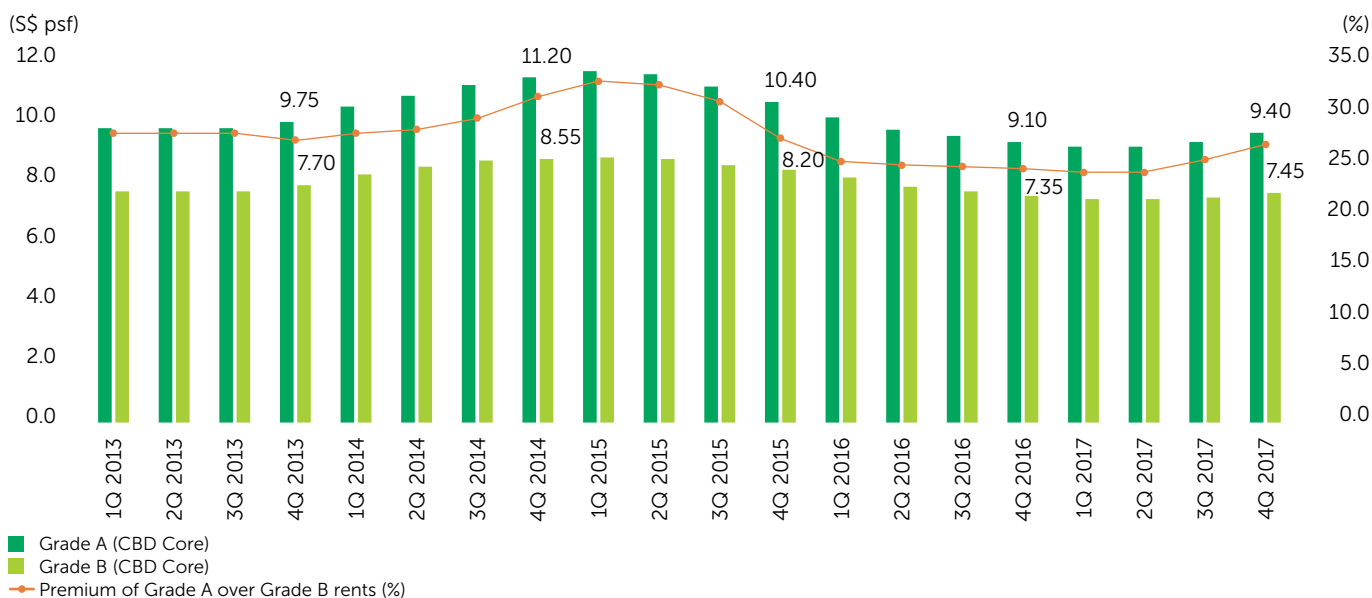
Vacancy rates for the CBD Core increased to 6.2% on the back of major completions such as Marina One and UIC Building. Despite the increase, vacancy levels are expected to decrease in 2018 as new office supply tapers and business sentiments improve amongst occupiers.

3 CBRE considers the space absorbed when a unit or building is contractually committed to an occupier.

# INDEPENDENT MARKET REVIEW

## Rental Values

### ▾ CBD Core Monthly Rental Values



Source: CBRE

Singapore's office rental market has shown signs of bottoming out, after eight consecutive quarters of decline after the last peak in 1Q 2015. Rents stabilised in 1Q and 2Q 2017 at S\$8.95 psf and S\$7.25 psf for Grade A (CBD Core) and Grade B (CBD Core), before closing the year higher at S\$9.40 psf (3.3% YoY increase) and S\$7.45 psf (1.4% YoY increase) respectively.

On the back of stronger economic fundamentals and global growth, the outlook for rental is optimistic. Landlords of better quality buildings look best placed to capture the projected upswing in rentals, with occupiers expected to continue the "flight-to-quality" trend. As the remaining space from the supply surge in 2016 and 2017 is absorbed, stronger rental performance is expected in 2018 and 2019 with limited new Grade A supply coming onstream until 2021.

### CBRE Prime Office Occupancy Costs

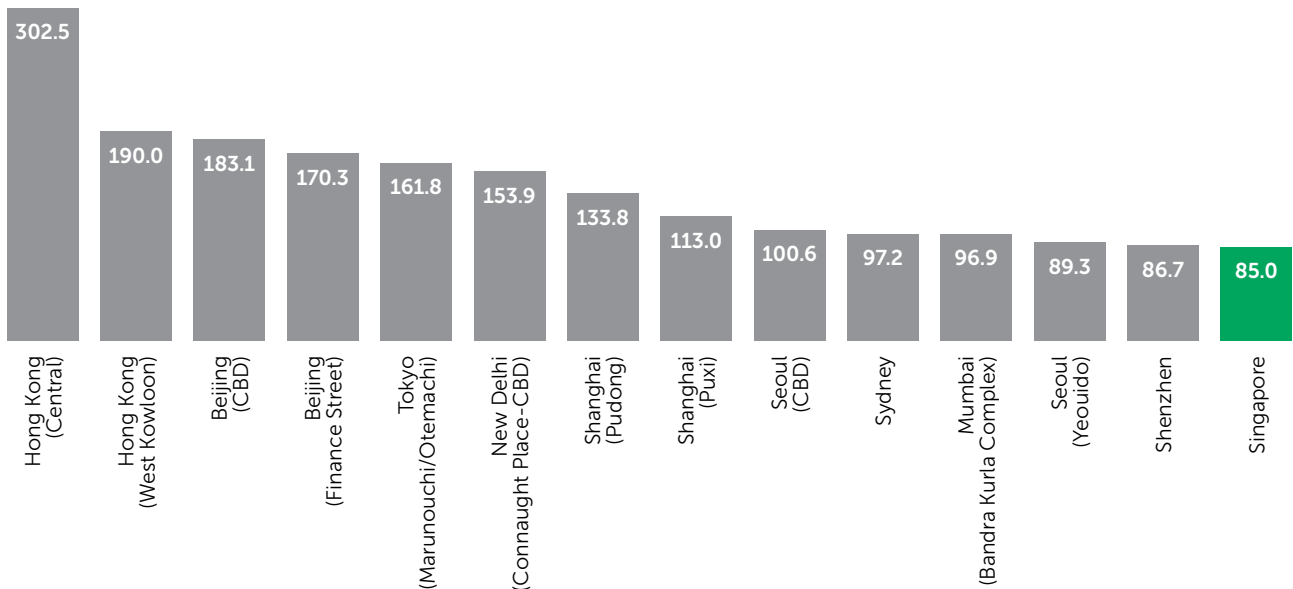
Global prime office occupancy costs<sup>4</sup> rose by 1.9% YoY, slowing down from the previous year. Specifically, the Americas, Asia Pacific and the Europe, Middle East and Africa (EMEA) registered YoY increases of 3.6%, 1.2% and 0.8% respectively.

Singapore ranked 27th and 14th on the Global and Asia Pacific indices of most expensive prime office markets, with an annual occupancy cost of US\$85.02 psf as of Q1 2017. The gateway city has become more competitive in terms of occupancy costs, dropping by seven and two places respectively from the previous edition of the survey. Hong Kong Central (US\$302.51) and London West End (US\$213.85) continued to be the world's first and second most expensive office markets. Midtown Manhattan, New York (US\$202.79) ranked third, displacing Beijing CBD (US\$183.10) and Beijing Finance Street (US\$170.29) to fifth and sixth place respectively.

<sup>4</sup> Total Occupancy Cost are reported for the highest-quality office space in a prime location. They are on a gross basis (inclusive of service charges and taxes) and have been adjusted to a net internal area of measurement.



### Prime Office Occupancy Costs Index (Asia Pacific Top 14 Cities) (US\$ psf per annum)



Source: CBRE

In Asia Pacific, occupancy costs in most of the cities continued to hold firm with Bangalore CBD witnessing the highest YoY change of 10.5%. However, several key Southeast Asian markets such as Jakarta (-20.0%), Kuala Lumpur (-11.9%) and Singapore (-10.0%) registered reductions in occupancy costs. Asia Pacific is home to 7 markets ranked among the top 10 most expensive globally – Hong Kong (Central), Hong Kong (West Kowloon), Beijing (CBD), Beijing (Finance Street), Tokyo (Marunouchi/Otemachi), New Delhi (Connaught Place-CBD) and Shanghai (Pudong). The drop in prime office occupancy costs in Singapore, in line with the office market's rental decrease, will make Singapore even more attractive as a location for businesses due to its strategic location as a key gateway city within the Asia Pacific region. On a global perspective, Singapore has outperformed several key Asian gateway cities including Taipei (US\$67.92),

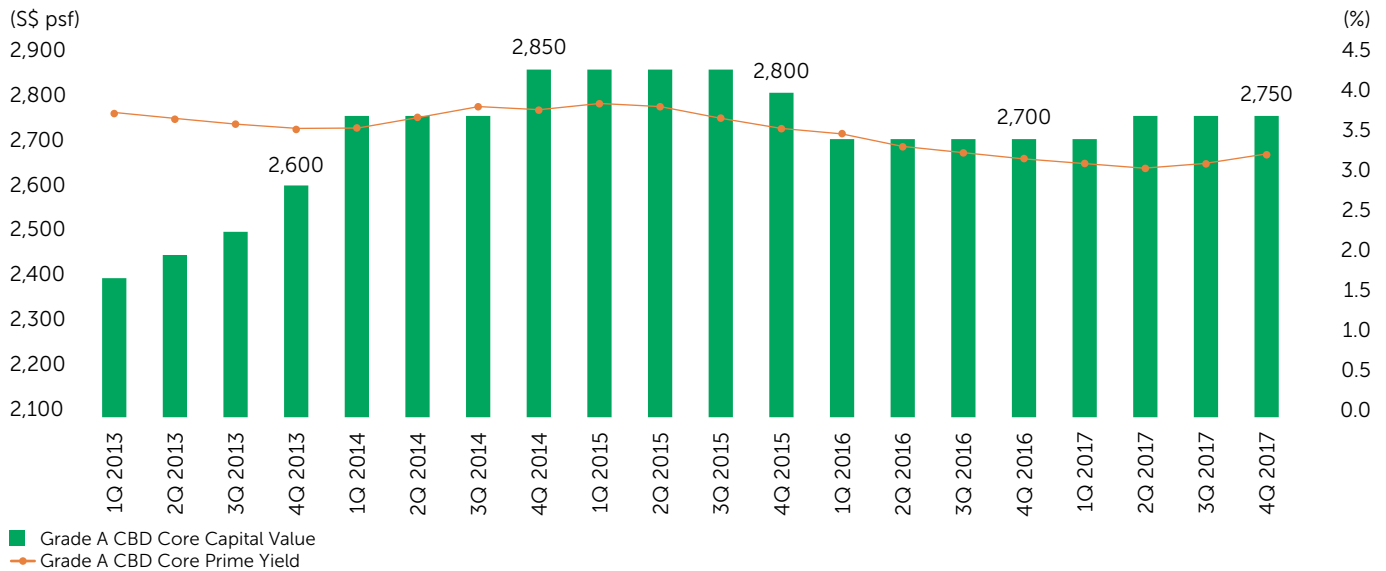
Jakarta (US\$57.02) and Bangkok (US\$32.57) and some cities in the Americas including Downtown Houston (US\$63.10) and Downtown Seattle (US\$61.12).

#### The Office Investment Market and Capital Values

Over the year, the market has witnessed several big ticket office investment deals which include the sale of Asia Square Tower 2 by BlackRock to CCT for S\$2.09 billion (S\$2,689 psf), unsold units in office component of GSH Plaza for S\$663.5 million (S\$2,930 psf) to Five Seasons XXII Pte Ltd, PWC Building by DBS Group to Manulife Financial Corp for S\$747 million (S\$2,100 psf) and 50.0% interest in One George Street by CCT to FWD Group for S\$591.6 million (S\$2,650 psf).

# INDEPENDENT MARKET REVIEW

## Prime Office Capital Values and Net Yields



Quarterly CBD Core Grade A office capital values increased by 1.9% YoY to S\$2,750 psf, with yield continuing its rebound from 3.06% in the preceding quarter to 3.18% on the back of a rental recovery.

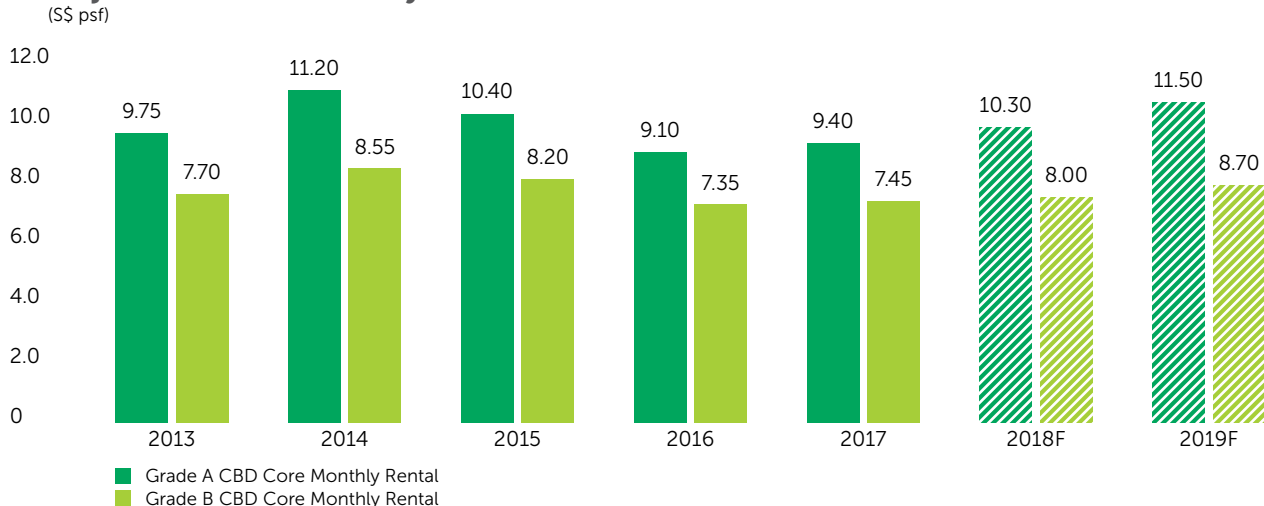
Investor sentiment has turned positive as they pursue portfolio diversification and price in possible rental reversion. As a result, the price gap between buyers and sellers has narrowed. Sovereign wealth funds, high net worth individuals and traditional property companies continue to be an active participant in the office real estate investment market.

## Office Market Outlook

Singapore’s economic outlook for 2018 is expected to remain firm on the back of steady global economic growth although expansion may moderate slightly. The manufacturing sector is expected to expand and support growth to the economy. Additionally, the financial services and retail sectors will benefit as the overall business climate and strength in global trade and growth continues to improve. MTI expects growth to come in slightly above the middle of the forecast range of 1.5-3.5% in 2018.

The positive economic outlook is anticipated to translate into improving demand from occupiers. The services sectors that typically occupy office space witnessed higher employment

## Projected CBD Core Monthly Rental



growth and stronger operating receipts in 2017, and this is expected to continue in 2018. Coworking operators are increasingly competing for market share and are actively growing their real estate footprint across the country. The technology sector is also expected to continue flourishing, albeit at a more modest growth rate as Singapore continues to remain as an attractive gateway to South East Asia with its pro-innovation and technology policies.

Barring any unforeseen circumstances, CBRE expects these drivers to translate into an office market recovery from 2018 onwards, especially with limited new supply after the latest supply wave in 2017. Grade A CBD Core rental is forecasted to rise to S\$10.30 psf in 2018F before increasing further by 11.7% to S\$11.50 psf in 2019F. Similarly, Grade B CBD Core rents are expected to increase to S\$8.00 psf and S\$8.70 psf in 2018F and 2019F respectively, albeit at a lower growth rate when compared with Grade A CBD Core office. The continued drive to optimise workplace efficiency via alternative workplace strategies is anticipated to continue to drive the “flight-to-quality” phenomenon. Vacancy levels are expected to tighten even as negotiating power is shifting towards the landlords.

### Singapore REITs and Business Trusts Market Overview

Singapore REITs (S-REITs) are managed by REIT managers to invest 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% of taxable income and the favourable tax exemption environment.

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 S-REITs market now comprises REITs with portfolios of office, retail, industrial

space as well as other non-traditional REIT assets including hospitals, hotels/serviced apartments, residential and data centres.

Since the listing of the first REIT in 2002, the number of S-REITs which have launched over the years has grown significantly, indicating its popularity as an investment asset class due to its high yielding and recurring passive income. As at 4Q 2017, there were a total of 41 listed REITs and Property Trusts in Singapore with an aggregate market capitalisation in excess of S\$80 billion. Two major new REIT listings were Cromwell European REIT and Keppel-KBS US REIT, which raised an estimated €866.0 million and US\$553.1 million respectively during its Initial Public Offering (IPO).

There are concerns over the impact of rising interest rates on the performance of REITs with the Fed expected to continue increasing rates in 2018. Although rising interest rates lead to increased borrowing and financing costs, it also implies an expectation that economic growth and inflation is on the rise – reflecting 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 repercussions could possibly boost future REIT earnings and dividends. That said, more REITs have restructured their loan terms from floating to fixed interest rates, mitigating against fluctuations in the interest rate environment.

Attractive long-term returns, liquidity, high dividend yields, and its capacity to hedge against inflation will continue to deem REITs as a popular investment vehicle. 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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# OPERATIONS REVIEW

## VALUE CREATION THROUGH PORTFOLIO RECONSTITUTION



### CCT'S VALUE CREATION JOURNEY

2017 marked the successful completion of another cycle of portfolio reconstitution at CCT, where the Trust completed three divestments, an acquisition and embarked on a redevelopment project. Despite maintaining the same number of properties in CCT's portfolio in the year, the mix of our properties was significantly strengthened, with the proportion of Grade A assets by NLA boosted to 79.2% in 2017 from 62.7% in 2016. As at 31 December 2017, CCT's portfolio comprises five Grade A office buildings, two prime office buildings, two integrated developments and the redevelopment of a multi-storey car park into another integrated development comprising Grade A office, serviced residence and ancillary retail components.

Highlights of CCT's reconstitution efforts included the divestment of One George Street to a JV, OGS LLP, in which CCT has a 50.0% interest; and the sale of Wilkie Edge to Lian Beng (8) Pte. Ltd.. One George Street and Wilkie Edge were divested at prices which were 16.7% and 39.3% above their respective 31 December 2016 valuation. The two appraisers, Knight Frank Pte Ltd (KF) and Jones Lang LaSalle Property Consultants Pte Ltd (JLL), who valued One George Street and Wilkie Edge respectively, as at 31 December 2016, had used the Discounted Cashflow Method and the Capitalisation Approach. Proceeds from both divestments were then redeployed into acquiring and developing higher yielding assets for our portfolio.

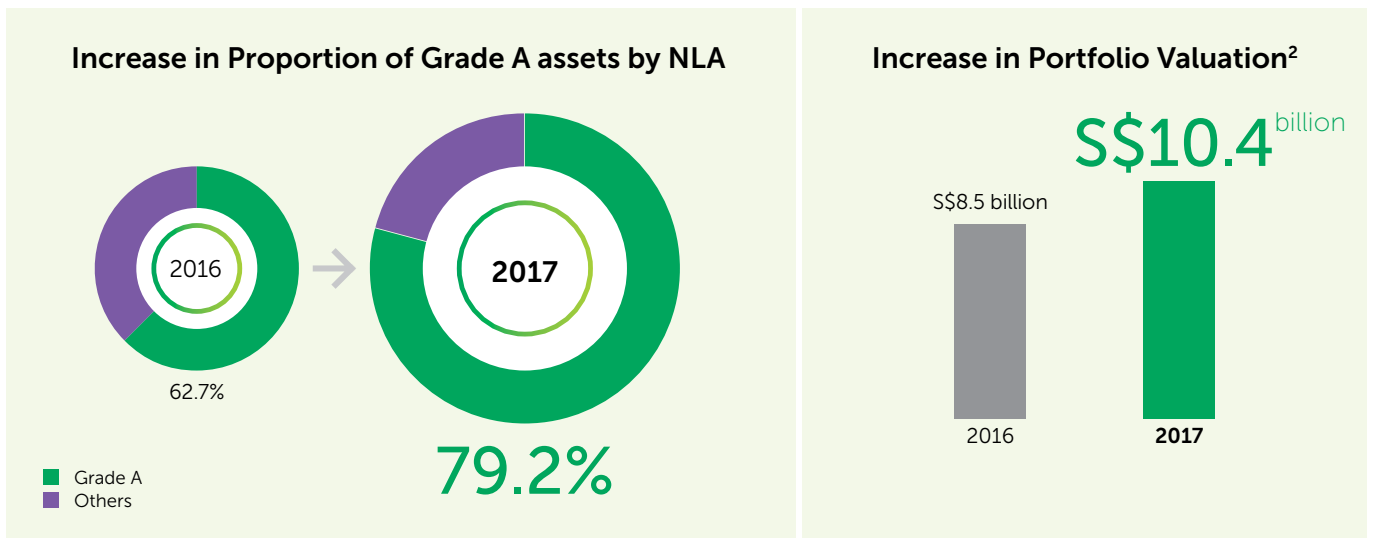
Significantly, CCT acquired Asia Square Tower 2, a newer premium Grade A asset at an attractive entry yield of 3.6% from BlackRock Asia Property Fund III L.P.. The agreed

property value of S\$2,094.0 million for Asia Square Tower 2 was below the valuation of S\$2,110.0 million by KF as at 15 September 2017, where KF used the Discounted Cashflow Method as well as Capitalisation Approach. The acquisition extended our footprint in Singapore's Central Business District to the Marina Bay area. CCT also raised approximately S\$700 million in equity through a 166-for-1,000 rights issue, which was used to partially fund this acquisition.

CCT also announced the redevelopment of Golden Shoe Car Park into an integrated development, which incorporates the office of the future and vibrant lifestyle offerings in July 2017. CCT divested Golden Shoe Car Park to a JV formed between CCT (45.0% interest), CapitalLand (45.0% interest) and Mitsubishi Estate Co., Ltd. (10.0% interest). The JV held the redevelopment project through Glory Office Trust and Glory SR Trust. The aggregate consideration of S\$161.1 million was 10.0% above the average market value of S\$146.5 million (as at 31 May 2017) appraised by KF and JLL, primarily based on residual land value approach. With a total project development estimate of S\$1.8 billion, its target yield on cost is 5.0%. CCT was granted a call option for the commercial component from the JV partners within five years after obtaining Temporary Occupation Permit, thereby creating a pipeline for CCT's portfolio. The exercise price, will be at market value subject to base price<sup>1</sup>.

Collectively, these activities have resulted in a rejuvenated portfolio with a stronger focus on the Grade A assets, anchoring the Trust's leadership as one of the largest commercial office providers in Singapore.

### ENHANCING RESILIENCE AND QUALITY OF CCT'S PORTFOLIO



1 Purchase price must be higher than a base price calculated as the total development costs incurred by Glory Office Trust (GOT) on the commercial component less any net property income attributable to GOT compounded quarterly at 6.3% p.a.  
 2 Based on basket and attributable share of properties owned as at the end of each respective year.

# OPERATIONS REVIEW

## ACQUISITION OF ASIA SQUARE TOWER 2 EXTENDING CCT'S FOOTPRINT INTO THE HEART OF MARINA BAY

Acquired at agreed  
property value of  
**S\$2,094.0**  
million  
or S\$2,689 per square foot

QUALITY TENANTS  
added to CCT's portfolio  
**61**

## AWARDS



**LEED Core & Shell Platinum Certification**  
by the U.S. Green Building Council



**BCA Green Mark Award (Platinum)**  
in 2017



**PUB Water Efficiency Building  
Gold Award**



Asia Square Tower 2



Interior Lobby of Asia Square Tower 2



The Cube



Food Garden

## NEW INTEGRATED DEVELOPMENT AT MARKET STREET

### FUTURE OF WORK, LIVE, PLAY

#### FLEXIBILITY

- Flexible spaces and solutions for businesses and individuals to choose where, when and how one wants to work.
- Collaborate in a coworking space, work in a bespoke office or hold a meeting at the Green Oasis.

#### MOBILITY

- Development strategically located in the heart of the CBD, with sheltered connection to Raffles Place MRT interchange and Telok Ayer MRT station.
- Incorporating green commute with a cycling path in its perimeter which is connected to the upcoming Central Area cycling network as well as end-of-trip facilities.

#### COMMUNITY

- Dynamic vertical community designed for a generation that values social interaction and unique experiences.
- Curated activities and events to engage and energise the community.



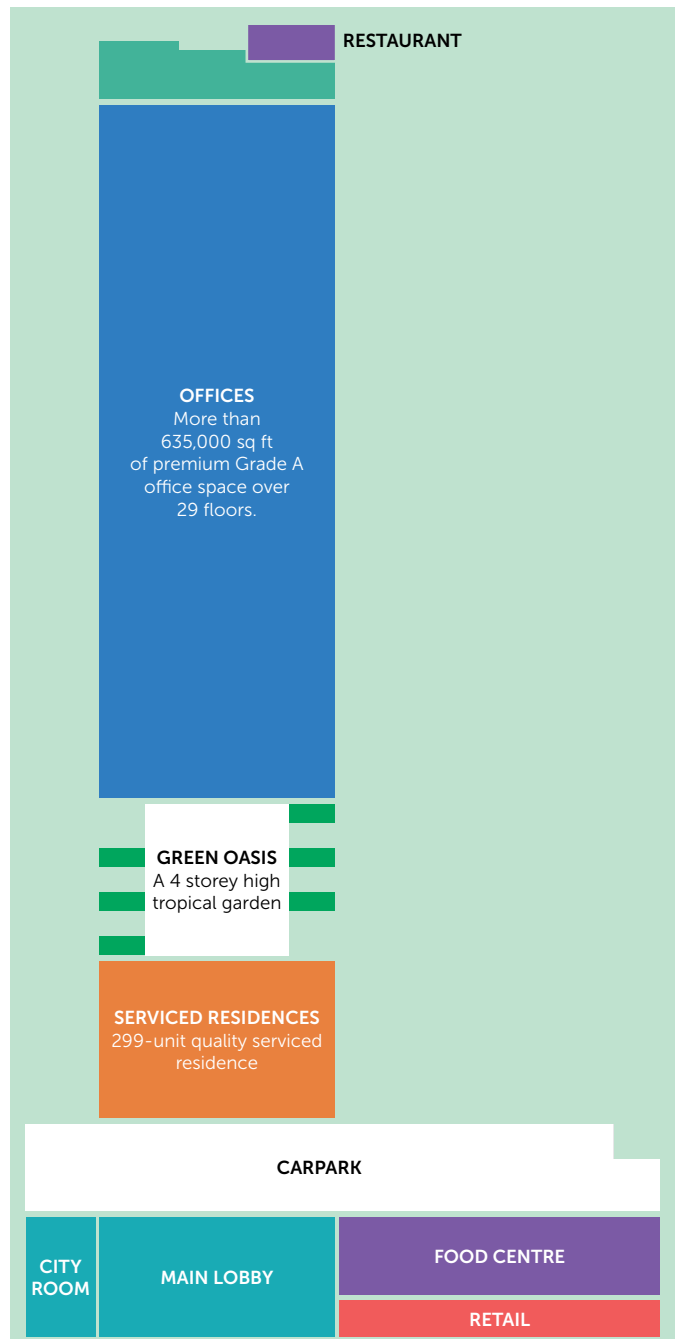
Artist Impression of pedestrianisation around the integrated development.

#### TECHNOLOGY

- Use of sensors, Internet of Things and artificial intelligence technology to enhance user experience and building operations.
- A digital application that provides one-stop interface to work, live and play features and services.



Artist Impression of Green Oasis



# OPERATIONS REVIEW

## ENHANCED PORTFOLIO VALUE FOLLOWING PORTFOLIO RECONSTITUTION

CCT's portfolio value rose 25.4% YoY to S\$10.4 billion, due mainly to the acquisition of Asia Square Tower 2 that was

completed on 1 November 2017. The independent valuers adopted capitalisation rates ranging from 3.60% to 4.10% in the valuation of CCT's office portfolio.

Investment Properties	Valuation as at 31 Dec			2017 S\$ psf	Cap rate per annum (%)	Discount rate per annum (%)
	2016 (S\$ m)	2017 (S\$ m)	Variance (%)			
Capital Tower	1,325.0	1,363.0	2.9	1,847	3.70	7.00
Six Battery Road	1,371.0	1,402.0	2.3	2,831	3.60	7.00
CapitaGreen	1,603.0	1,616.0	0.8	2,302	4.10	7.00
HSBC Building	455.0	456.0	0.2	2,275	3.60	7.00
Twenty Anson	432.0	433.0	0.2	2,160	3.70	7.00
Bugis Village <sup>1</sup>	48.5 <sup>2</sup>	44.0 <sup>2</sup>	-9.3	359	-	-
Asia Square Tower 2	-	2,094.0 <sup>3</sup>	-	2,689	-	-
Raffles City Singapore (60.0% interest)	1,901.4	1,956.0	2.9	NM <sup>4</sup>		
- Office					4.10	7.00
- Retail					4.85	7.25
- Hotel					4.75	7.15
One George Street (50.0% interest)	-	558.1	-	2,500	3.70	7.00
One George Street (100.0% interest)	1,014.0	1,116.2	10.1			
Integrated development at Market Street (45.0% interest)	-	472.5				
(100.0% interest)	141.0 <sup>5</sup>	1,050.0 <sup>6</sup>				
<b>Total<sup>7</sup></b>	<b>8,290.9<sup>8</sup></b>	<b>10,394.6<sup>9</sup></b>	<b>25.4</b>			

1 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 S\$6,610,208.53 plus accrued interest.

2 Calculated on a simple average basis.

3 Based on transacted value of the property.

4 NM indicates "Not Meaningful".

5 Valuation of Golden Shoe Car Park.

6 Including the differential premium paid for the change of use and increase in plot ratio.

7 Excludes Wilkie Edge, which was divested on 11 September 2017.

8 Based on CCT's 60.0% interest in Raffles City Singapore.

9 Based on CCT's 60.0% interest in Raffles City Singapore, 50.0% interest in One George Street and 45.0% interest in the integrated development of Market Street.

## PROACTIVE PORTFOLIO MANAGEMENT

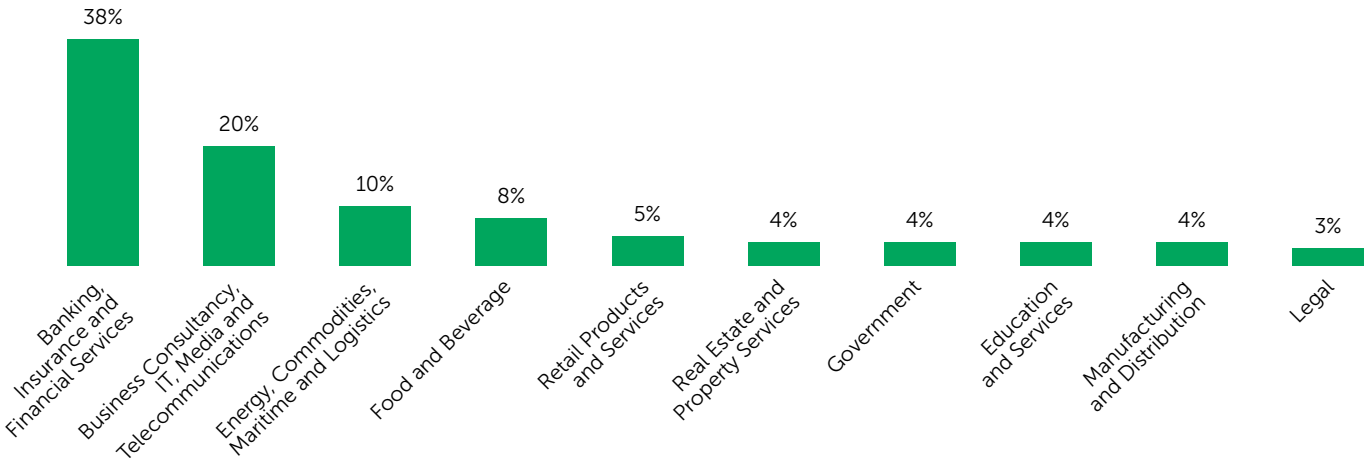
### Resilient Portfolio Performance

Leasing activities remained healthy in FY 2017. Some 666,000 sq ft of new and renewal leases were signed and the Trust achieved a tenant retention rate of 78%. CCT continued to attract new tenants, from diverse trade sectors, of which the three largest are 1) Banking, Insurance and Financial Services 2) Business Consultancy, IT, Media and Telecommunications and 3) Energy, Commodities, Maritime and Logistics. CCT

also successfully completed lease renewals with BCD Travel Asia Pacific Pte. Ltd., Diageo Singapore Pte. Ltd., ICBC Standard Bank PLC Singapore Branch, Linklaters LLP, Oldendorff Carriers (Singapore) Pte. Ltd., Sanetti Pte Ltd, The Executive Centre Singapore Pte Ltd and Toyota Motor Asia Pacific Pte Ltd.



### Business Sectors of New Leases Signed in 2017



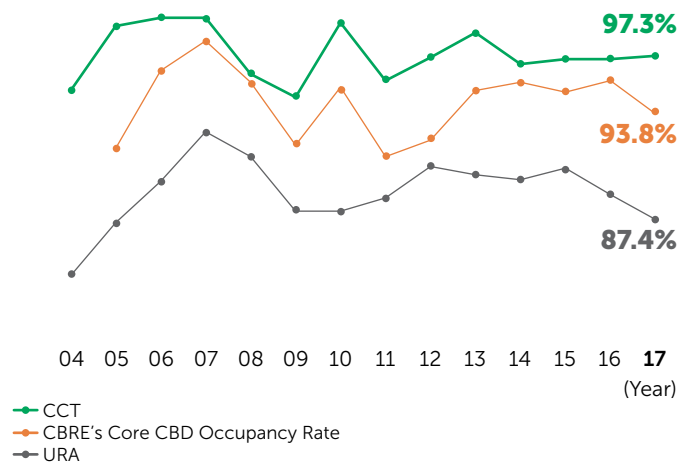
As a result of our proactive leasing approach, CCT's portfolio committed occupancy rate of 97.3% surpassed CBRE's CBD Core market occupancy rate of 93.8% as at 31 December 2017. Since inception in 2004, CCT has consistently maintained a high portfolio occupancy rate, which is in excess of the market occupancy rate.

The weighted average lease term to expiry for leases signed in 2017 is 3.3 years. The proportion of revenue attributed to these leases stands at approximately 15% of the portfolio's committed monthly gross rental income as at 31 December 2017, and includes the proportionate interests in the revenue of JVs while excluding retail and hotel turnover rent.

CCT's top 10 tenants contributed approximately 35% 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.

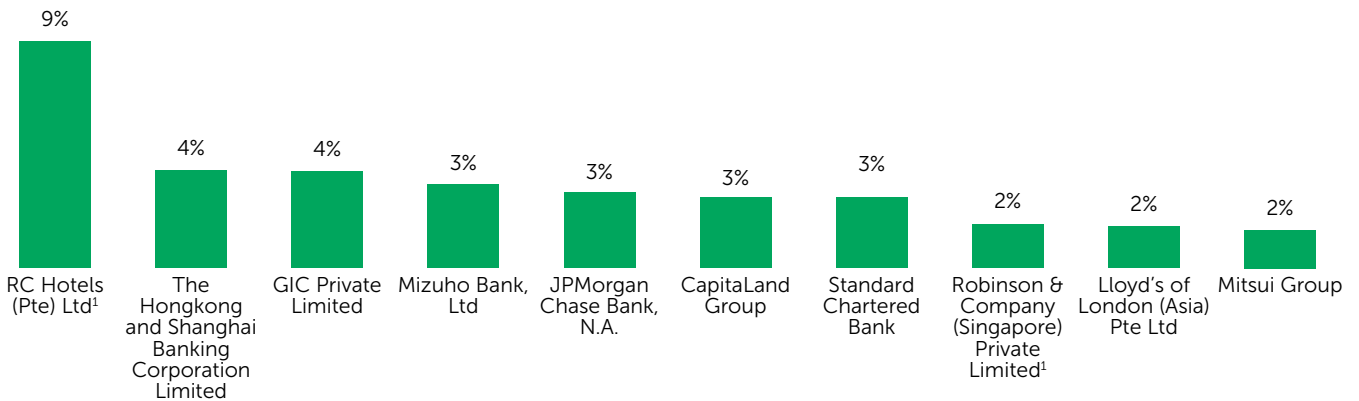
### CCT's Committed Occupancy Since Inception

As at 31 December



### Top 10 Tenants Contribute about 35% of Portfolio Monthly Gross Rental Income

(Based on monthly gross rental income for December 2017 excluding retail turnover rent)



1 Based on CCT's 60.0% interest in Raffles City Singapore.

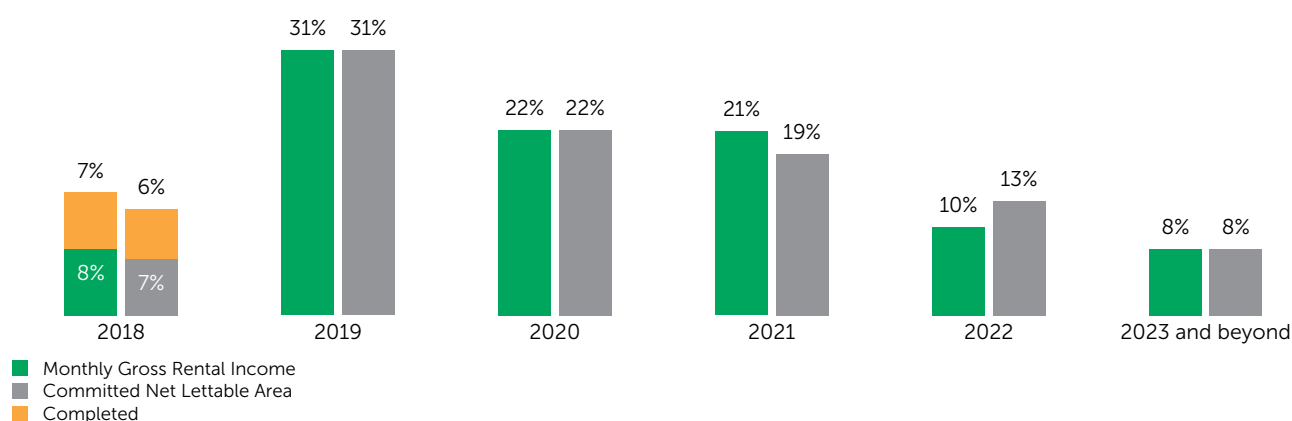
# OPERATIONS REVIEW

## WELL SPREAD LEASE EXPIRY PROFILE

The portfolio, comprising office, retail and hotel leases, has a weighted average lease term to expiry of 5.9 years as at end December 2017. CCT adopts a proactive leasing strategy, including active tenant engagement, forward lease

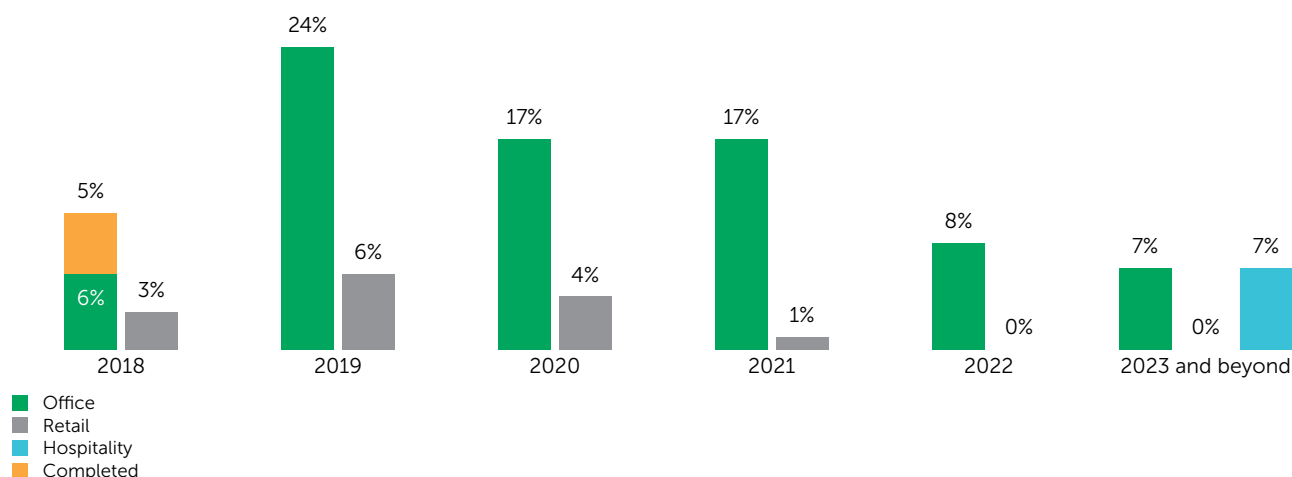
renewals and managing the lease expiry profiles. Of the 15% of office leases by monthly gross rental income expiring in 2018, we have already renewed leases representing about 7% as at 31 December 2017.

### Office Lease Expiry Profile as at 31 December 2017



### Portfolio Lease Expiry Profile as at 31 December 2017

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



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

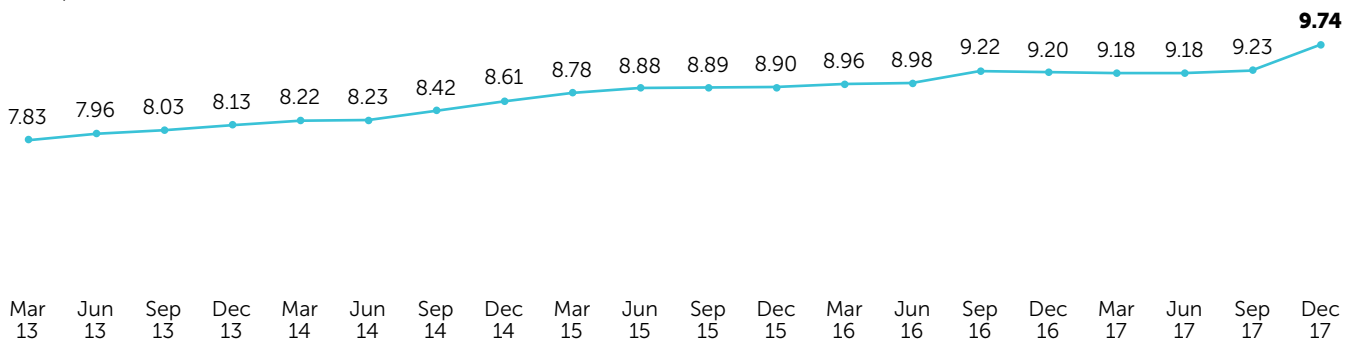
As at 31 December	2018		2019		2020	
	% of Expiring Leases	Expiring Average Gross Rental Rate (psf)	% of Expiring Leases	Expiring Average Gross Rental Rate (psf)	% of Expiring Leases	Expiring Average Gross Rental Rate (psf)
Capital Tower	0.8%	\$8.73	4.5%	\$8.95	1.2%	\$8.11
Six Battery Road	1.4%	\$12.28	5.0%	\$11.62	5.8%	\$10.04
CapitaGreen	2.1%	\$12.32	5.6%	\$11.36	6.0%	\$9.21
Asia Square Tower 2	1.0%	\$12.83	5.5%	\$11.32	5.0%	\$10.21
One George Street	1.2%	\$9.38	1.2%	\$8.92	1.7%	\$9.10
Raffles City Tower	0.5%	\$9.92	2.1%	\$8.65	1.3%	\$8.41

## 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\$9.20 psf as at 31 December 2016 to S\$9.74 psf as at 31 December 2017, driven largely by the inclusion of Asia Square Tower 2.

### CCT's Average Monthly Rent for Office Portfolio (S\$ psf)



— Average gross rent per month for office portfolio (S\$ psf) =  $\frac{\text{Total committed gross rent for office per month}}{\text{Committed area of office per month}}$

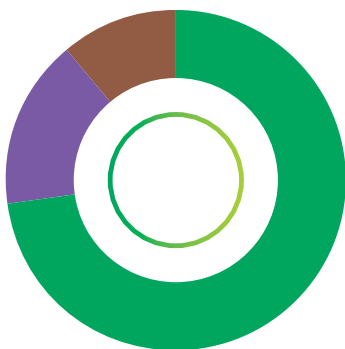
## INCOME CONTRIBUTION

In FY 2017, CCT's gross rental income was made up of approximately 74% from the office component (2016: 70%), 15% from retail component (2016: 18%) and 11% from hotels and convention centre component (2016: 12%).

About 42% of the Trust's gross rental income came from its top three trade sectors, with 19% from Banking (2016: 15%), 13% from Financial Services sector (2016: 14%) and 10% from the Energy, Commodities, Maritime and Logistics sector (2016: 7%).

### CCT's Income Contribution by Sector (%)

(Based on FY 2017 gross rental income excluding retail turnover rent and CCT's proportionate interests in the respective properties)



Office  
Retail  
Hotels & Convention Centre  
(Master lease to hotel operator with about 75% of rent on fixed basis)

### Diverse Tenant Mix in CCT's Portfolio (%)

(Based on committed monthly gross rental income excluding retail turnover rent as at 31 December 2017 and CCT's proportionate interests in the respective properties)



Banking  
Financial Services  
Energy, Commodities, Maritime and Logistics  
Hospitality  
Retail Products and Services  
Business Consultancy, IT, Media and Telecommunications  
Insurance  
Real Estate and Property Services  
Food and Beverage  
Manufacturing and Distribution  
Legal  
Education and Services  
Government

# FINANCIAL REVIEW

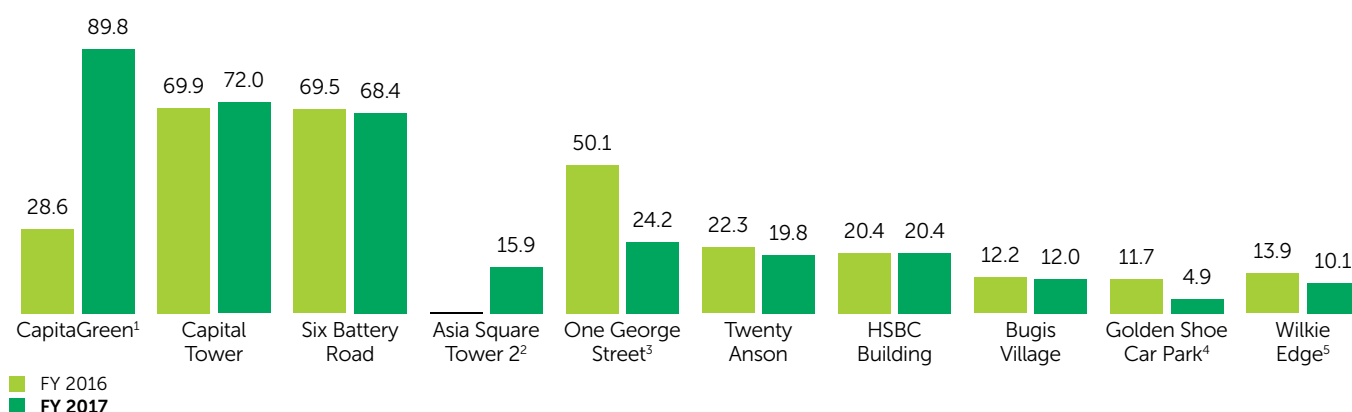
## GROSS REVENUE

Gross revenue for CCT Group in FY 2017 was S\$337.5 million, an increase of S\$38.9 million or 13.0% from FY 2016. CCT Group achieved higher gross revenue in FY 2017 notwithstanding the loss of revenue from the divestments of One George Street, Golden Shoe Car Park and Wilkie Edge. The increase was mainly due to contribution following the acquisition of Asia Square Tower 2 on 1 November 2017 as well as the consolidation of gross revenue from MSO Trust that holds CapitaGreen for the full financial year in 2017 vis-à-vis consolidation of gross revenue of MSO Trust for four months in 2016.

Gross revenue of joint ventures was not consolidated to CCT Group. CCT's interest in joint ventures' gross revenue are shown below for information:

Gross Revenue of joint ventures by Property (S\$ million)	2016	2017
Raffles City Singapore (60.0% interest)	140.8	<b>138.0</b>
One George Street <sup>a</sup> (50.0% interest)	-	<b>13.4</b>
CapitaGreen <sup>b</sup> (40.0% interest)	19.9	-

## FY 2017 Gross Revenue by Property (S\$ million)



- Revenue from CapitaGreen was consolidated to CCT Group from September 2016.
- Asia Square Tower 2 was acquired on 1 November 2017.
- The sale of One George Street was completed on 19 June 2017 to a joint venture, OGS LLP. CCT owns 50.0% of the joint venture.
- Golden Shoe Car Park ceased operations on 31 July 2017 for redevelopment.
- The sale of Wilkie Edge was completed on 11 September 2017.

## NET PROPERTY INCOME

As a result of the higher gross revenue, net property income (NPI) of S\$265.5 million was S\$34.2 million or 14.8% higher than FY 2016.

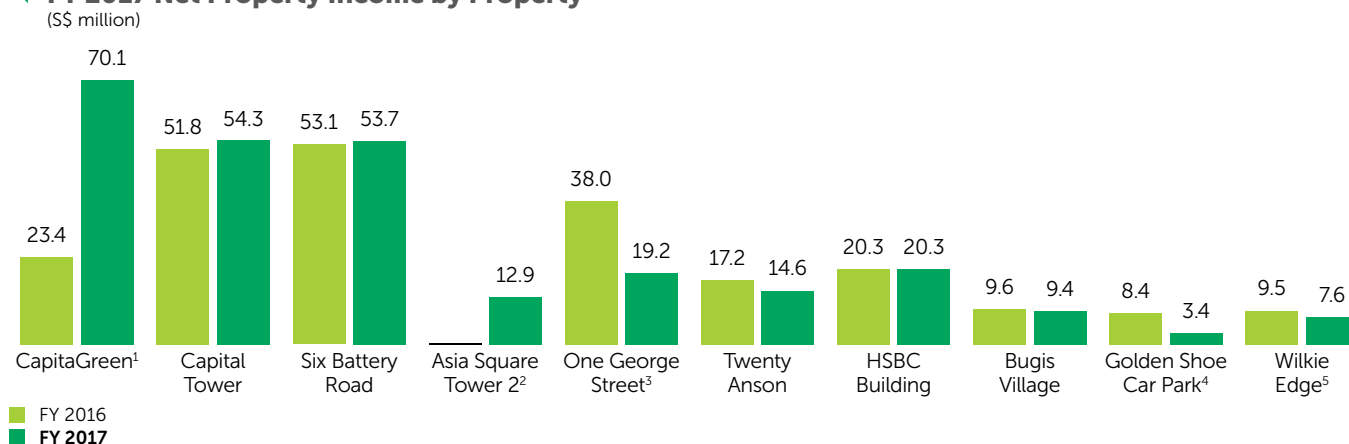
NPI from all properties were higher or the same in FY 2017 vis-à-vis FY 2016 except for Twenty Anson and Bugis Village due to lower occupancies and absence of yield stabilisation sum for Twenty Anson as well as Golden Shoe Car Park which ceased operations on 31 July 2017 and loss of NPI from the divestments of One George Street and Wilkie Edge. NPI of joint ventures was not consolidated to CCT Group.

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

Net Property Income of joint ventures by Property (S\$ million)	2016	2017
Raffles City Singapore (60.0% interest)	105.0	<b>105.2</b>
One George Street <sup>a</sup> (50.0% interest)	-	<b>10.1</b>
CapitaGreen <sup>b</sup> (40.0% interest)	15.9	-

- One George Street was divested to a joint venture, OGS LLP, on 19 June 2017 in which CCT has a 50.0% interest in OGS LLP. Revenue of OGS LLP was not consolidated to CCT Group with effect from 20 June 2017.
- CCT has a 40.0% interest in MSO Trust that owns CapitaGreen but acquired the remaining 60.0% interest on 31 August 2016. Gross revenue of CapitaGreen was consolidated to CCT Group with effect from 1 September 2016.

## FY 2017 Net Property Income by Property



1 Revenue from CapitaGreen was consolidated to CCT Group from September 2016.

2 Asia Square Tower 2 was acquired on 1 November 2017.

3 The sale of One George Street was completed on 19 June 2017 to a joint venture, OGS LLP. CCT owns 50.0% of the joint venture.

4 Golden Shoe Car Park ceased operations on 31 July 2017 for redevelopment.

5 The sale of Wilkie Edge was completed on 11 September 2017.

## FINANCE COSTS

Finance costs for FY 2017 were S\$69.0 million, an increase of S\$18.9 million or 37.8% higher from last year. The increase in finance costs was mainly due to increase in borrowings incurred for the acquisition of Asia Square Tower 2, as well as consolidation of MSO Trust's finance costs for 12 months in FY 2017 versus four months in FY 2016.

## SHARE OF PROFITS OF JOINT VENTURES

Share of profit of joint ventures for FY 2017 comprised 60.0% interest in RCS Trust and 50.0% interest in OGS LLP (From 20 June 2017 to 31 December 2017). Share of profits of joint ventures for FY 2016 comprised 60.0% interest in RCS Trust and 40.0% interest in MSO Trust that holds CapitaGreen.

Share of profits / (losses) of joint ventures (S\$ million)	2016	2017
Raffles City Singapore (60.0% interest)	67.0	112.0
One George Street <sup>a</sup> (50.0% interest)	-	(26.9)
CapitaGreen <sup>b</sup> (40.0% interest)	18.7	-
Glory Office Trust and Glory SR Trust <sup>c</sup> (45.0% interest)	-	(0.2)

a One George Street was divested to a joint venture, OGS LLP, on 19 June 2017 in which CCT has a 50.0% interest in OGS LLP. Revenue of OGS LLP was not consolidated to CCT Group with effect from 20 June 2017.

b CCT has a 40.0% interest in MSO Trust that owns CapitaGreen but acquired the remaining 60.0% interest on 31 August 2016. Gross revenue of CapitaGreen was consolidated to CCT Group with effect from 1 September 2016.

c Golden Shoe Car Park was divested to a joint venture which held the redevelopment through Glory Office Trust and Glory SR Trust. CCT has a 45.0% interest in the JV.

## DISTRIBUTIONS

Distributable income in FY 2017 was S\$288.9 million, an increase of S\$19.9 million or 7.4% higher than S\$269.0 million in FY 2016. The increase was mainly attributable to the acquisition of Asia Square Tower 2 as well as higher distribution from RCS Trust and MSO Trust. The acquisition was partly funded by the S\$690.4 million net proceeds raised through an issuance of 513.5 million new CCT units at an issue price per unit of S\$1.363, and the balance funded by S\$1,120.0 million bank borrowings and S\$340.1 million divestment proceeds arising from the divestments of One George Street (50.0% interest) and Wilkie Edge.

The distributable income comprised S\$4.4 million from other gains to top up the loss of distributable income in second half of 2017, due to the divestments of One George Street (50.0% interest) and Wilkie Edge, as well as S\$8.0 million of tax-exempt income.

Breakdown of the Unitholders' distribution per Unit in cents for FY 2017 as compared to FY 2016 are as follows:

Year	1 Jan to 30 Jun (cents)	1 Jul to 31 Dec (cents)	1 Jan to 31 Dec (cents)
2017	4.56	4.10	8.66
2016	4.39	4.69	9.08

# FINANCIAL REVIEW

## MANAGEMENT FEES IN UNITS

Under the CIS Code, performance fees should be paid to the Manager once a year. Accordingly, performance fees for FY 2017 (whether in cash or Units) will be paid in the first quarter of 2018.

## FINANCIAL PERFORMANCE FOR 2014 TO 2016

### 2016

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.

Higher gross revenue in turn led to higher 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.

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.

### 2015

Gross revenue for FY 2015 was S\$273.2 million, an increase of S\$10.6 million or 4.0% over FY 2014 arising from positive rent reversions and improved portfolio occupancy.

Capital Tower's S\$35 million AEI was completed in December 2015, and achieved a return on investment of 8.2%, which exceeded the target of 7.8%.

During the year, the Trust acquired Twenty Anson from FirstOffice Pte. Ltd. (a wholly owned subsidiary of CCT) in order to streamline the holding structure of the property.

Gross revenue contributions from properties owned directly by the Trust, namely Capital Tower, Six Battery Road, One George Street, HSBC Building, Bugis Village and Wilkie Edge, registered a rise in FY 2015 compared to a year ago. Revenue from Twenty Anson was marginally lower year-on-year due to a lesser amount of yield stabilisation income required to achieve the stabilised property yield of 4.0%. Revenue from Golden Shoe Car Park was lower due to a decrease in average occupancy and lower car park revenue.

Contributions from CCT's 60.0% interest in Raffles City and 40.0% interest in CapitaGreen were accounted as share of results of joint ventures. Revenue from Raffles City in FY 2015 was up from a year ago, contributed by the office, retail and hotel components of Raffles City. CapitaGreen commenced operations in FY 2015 with tenants progressively moving into their offices.

Higher gross revenue in turn accounted for the higher NPI which grew S\$7.6 million or 3.7% to S\$212.8 million.

NPI from all properties were higher or the same in FY 2015 vis-à-vis FY 2014 except Golden Shoe Car Park which saw lower revenue translating to lower NPI in FY 2015.

### 2014

Gross revenue for FY 2014 stood at S\$262.6 million, marking an increase of 4.4% or S\$11.1 million from the year before which resulted from higher revenue contributions from all properties except One George Street.

During the year in review, NPI grew 4.1% to S\$205.2 million on the back of improved revenue but was partially offset by higher property tax.

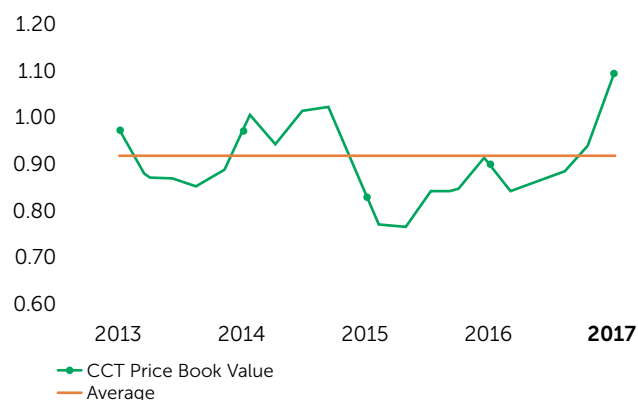
## ASSETS

As at 31 December 2017, the total assets for CCT Group were S\$9,354.0 million, which was S\$1,302.9 million or 16.2% higher as compared with S\$8,051.1 million as at 31 December 2016. The increase was mainly due to the acquisition of Asia Square Tower 2 but was partially offset by divestments of One George Street (50.0% interest) and Wilkie Edge.

## NET ASSET VALUE

As at 31 December 2017, CCT's adjusted NAV was S\$1.74 per Unit, which had excluded the distributable income for the second half of FY 2017. CCT price book value has been trading on average for the past 5-year of 0.92. Chart below shows CCT price book value quarterly for the past 5-years.

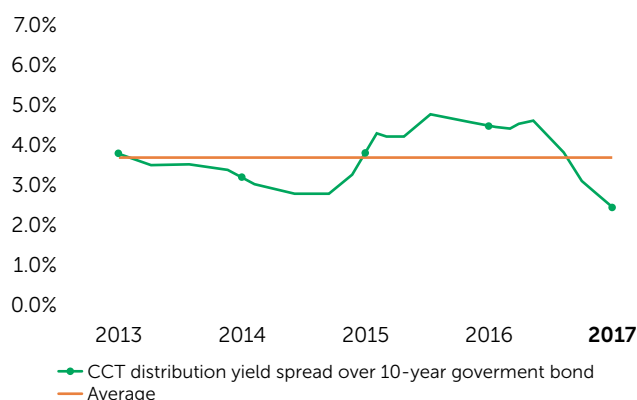
### CCT Price to Book Value



## DISTRIBUTION YIELD

CCT distribution yield as at 31 December 2017 was 4.5%. CCT has been consistently delivering yield higher than 10-year government bond. The chart below shows CCT distribution yield spread over 10-year government bond and on average over 5-years was 3.3%.

### CCT distribution yield spread over 10-year government bond



## Prudent Capital Management

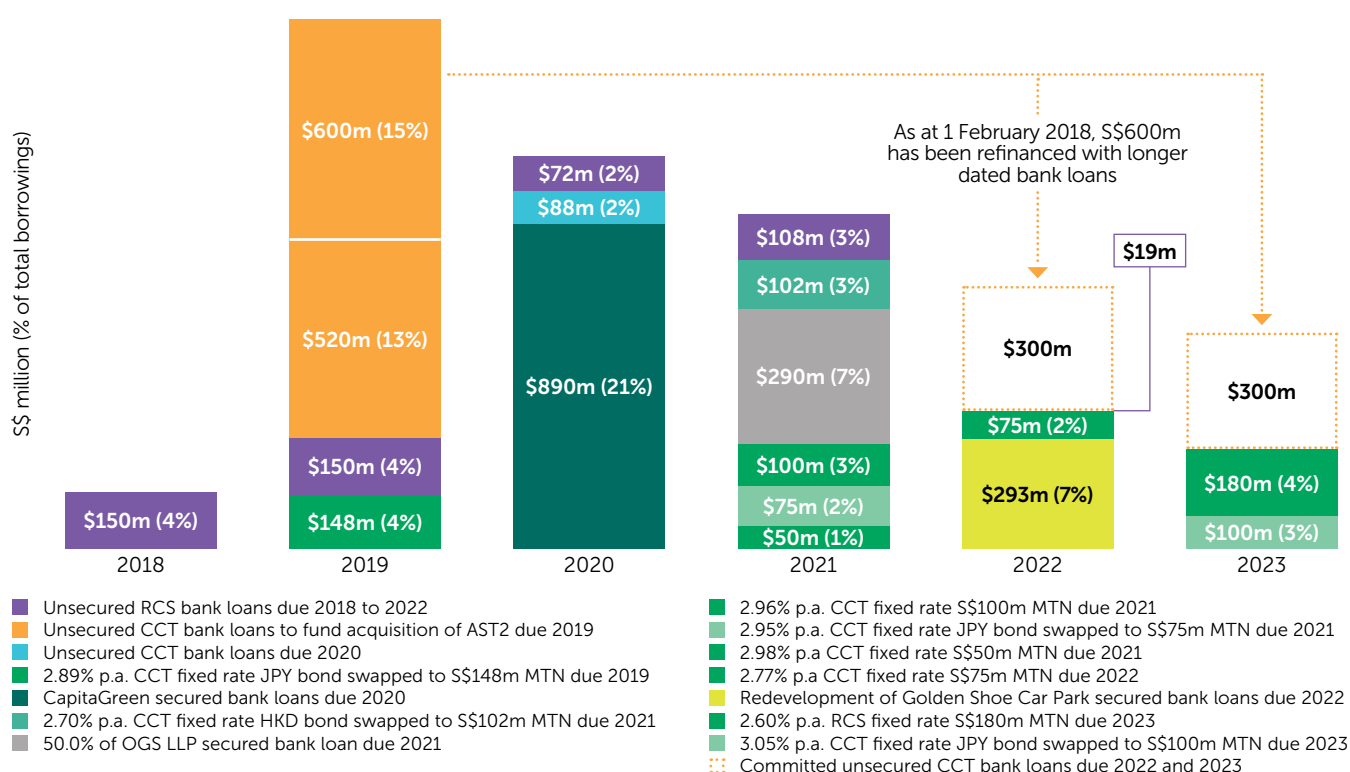
Period	Note	As at 31 Dec 2016	As at 31 Dec 2017
Aggregate Leverage (%)	1	37.8	<b>37.3</b>
Interest Coverage (times)	2	5.8	<b>4.9</b>
Average Term to Maturity (years)	3	3.2	<b>2.4</b>
Average Cost of Debt p.a. (%)	4	2.6	<b>2.6</b>
Unencumbered Assets as % of Total Assets (%)	5	80	<b>83</b>
CCT's Issuer Rating	6	A-	<b>BBB+</b>

- 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. Correspondingly, the ratio of total gross borrowings to total net assets is 62.5%.
- Interest coverage is the ratio of EBITDA over finance costs which includes amortisation and transaction costs (excludes borrowings of joint ventures).
- Excludes borrowings of joint ventures.
- Ratio of interest expense over weighted average borrowings (excludes borrowings of joint ventures).
- Excludes joint ventures.
- Standard & Poor's has assigned a rating of BBB+ with stable outlook as at 31 December 2017.

# FINANCIAL REVIEW

## ▼ CCT's Debt Maturity Profile as at 31 December 2017 (including CCT's Joint Ventures borrowings)

S\$ (% of total borrowings)



## CAPITAL MANAGEMENT

CCT adopts a prudent and disciplined approach towards capital management to ensure financial stability in its funding structure.

During the year, S\$175.0 million of convertible bonds matured on 12 September 2017. The S\$175.0 million convertible bonds was fully converted into CCT units. In total, 122.7 million of Units were issued at the conversion price of S\$1.4265 per Unit.

With the proceeds from the divestment of One George Street (50.0% interest), Golden Shoe Car Park and Wilkie Edge, CCT prepaid total borrowings of S\$886.2 million, maturing in various periods from 2018 to 2020.

On 22 January 2018, the CCT Manager announced that CCT had obtained S\$600.0 million of term loan facilities to refinance part of the bank borrowings drawn down for the acquisition of Asia Square Tower 2, extending the weighted average maturities of the Trust's debt portfolio from 2.4 years to 2.9 years.

The fair value derivative for FY 2017, which was included in the financial statement as financial derivatives assets and financial derivatives liabilities was nil and S\$53.0 million respectively. This represented 0.8% of the net assets of CCT Group as at 31 December 2017.

## CCT'S 60.0% INTEREST IN RCS TRUST

### Establishment of RCS Trust US\$2.0 billion Euro Medium-Term Note Programme

RCS Trust established a US\$2.0 billion EMTN Programme on 22 March 2017 to tap the debt capital market and diversify funding sources. Under the EMTN Programme, RCS Trust may from time to time issue notes in series or tranches in multi-currencies.



On 5 June 2017, RCS Trust issued its maiden S\$300.0 million six-year fixed rate medium term notes (MTN) pursuant to the EMTN Programme. The MTN due in 2023 were issued at an interest rate of 2.6% per annum and the proceeds were used to refinance RCS Trust's bank borrowings due in 2020 and 2021. RCS Trust obtained a grant of S\$400,000 from the MAS on eligible expenses arising from this first issuance of MTNs under the Asian Bond Grant Scheme.

**CCT's 50.0% interest in OGS LLP**

Following the formation of joint venture of OGS LLP, it obtained a S\$591.0 million four-year bank loan facility due on 2021, secured on One George Street. As at 31 December 2017, the total loan drawn down by OGS LLP was S\$580.0 million. CCT's 50.0% interest thereof is S\$290.0 million.

**CCT's 45.0% interest in Glory Office Trust and Glory SR Trust**

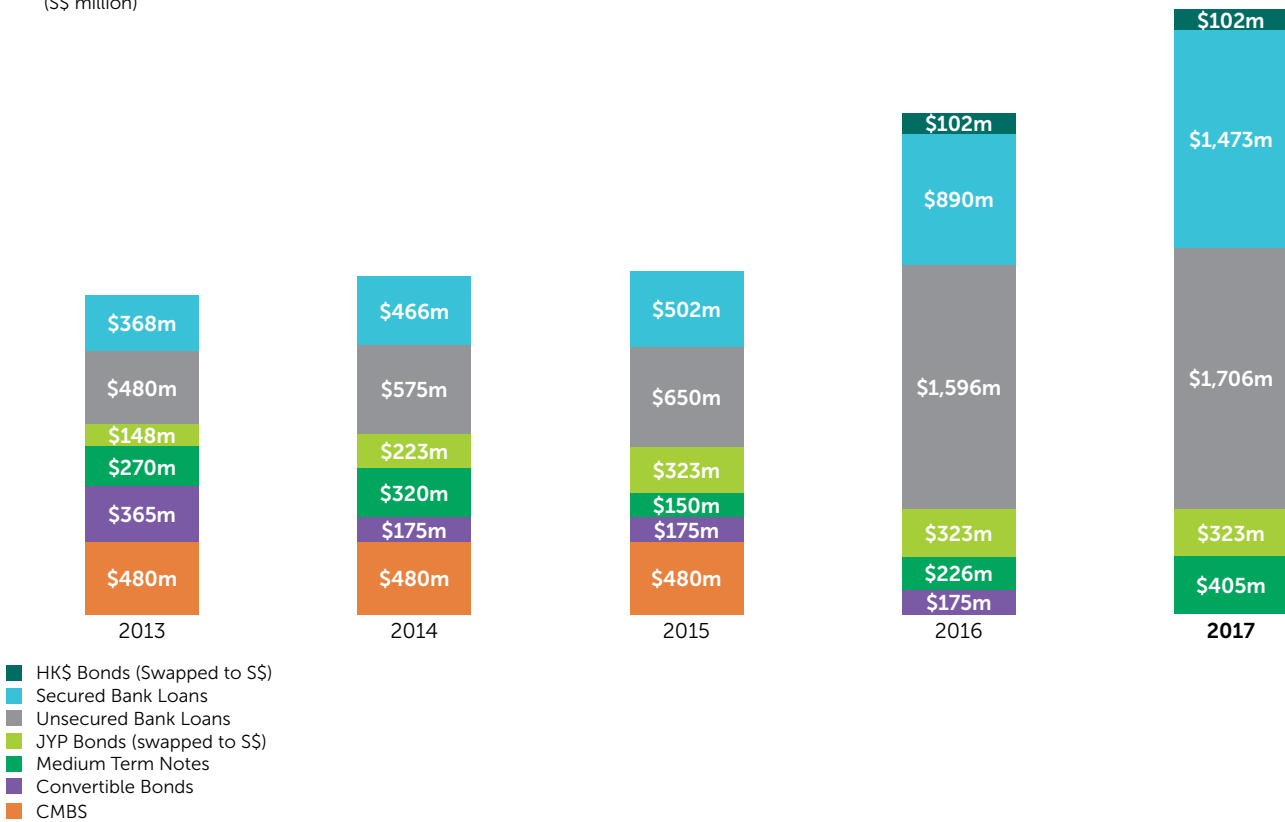
On 22 September 2017, Glory Office Trustee-Manager and Glory SR Trustee-Manager have obtained five-year term and committed revolving bank loan facilities in the aggregate principal of S\$1.18 billion for the purpose of financing part of purchase price of Golden Shoe Car Park and all other transaction costs relating thereto and as well as the project costs.

On 30 November 2017, S\$650.0 million of the term loan was drawn. CCT's 45.0% interest was S\$292.5 million.

**Diversity Funding Sources**

CCT ensures diversified sources of funding by tapping different debt markets through various financial instruments. As at 31 December 2017, our funding sources comprised 42.5% unsecured bank loans, 36.7% secured bank loans, 8.1% JPY bonds, 2.6% HKD bonds and 10.1% medium term notes.

**Achieved Diversification of Funding Sources through the Years**  
(S\$ million)

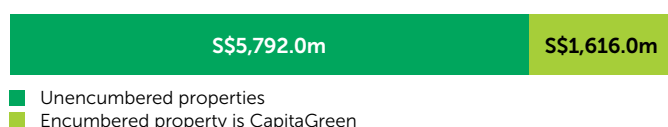


# FINANCIAL REVIEW

## Enhanced Financial Flexibility

CCT Group's unencumbered assets are valued at S\$5.8 billion as at 31 December 2017. CCT also has an untapped balance of S\$1.3 billion from its MTN programme as well as available bank credit facilities amounting to S\$787.3 million which can be utilised for working capital or future financial obligations.

### Total Investment Properties S\$7,408.0 million



### Total MTN facilities S\$2,000.0 million

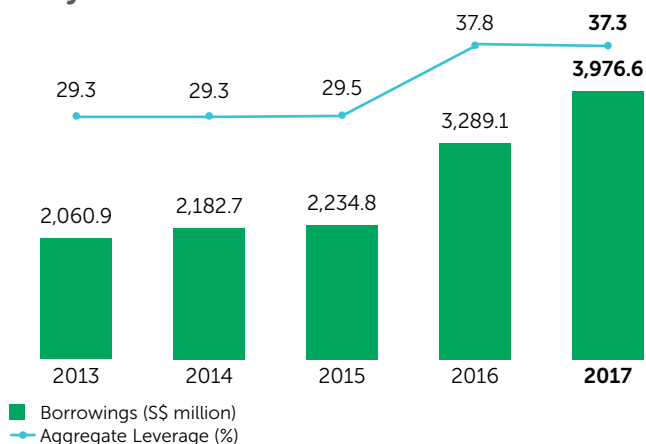


## Prudent Capital Structure with Aggregate Leverage below regulatory limit

CCT ended the financial year with an aggregate leverage level of 37.3%, below the regulatory limit of 45.0%.

Despite higher borrowings to finance the acquisition of a high-quality building, Asia Square Tower 2 and redevelopment of Golden Shoe Car Park into a landmark integrated development, CCT maintained healthy aggregate leverage. This is achieved by using proceeds from divestments, conversion of the entire S\$175.0 million convertible bonds due 2017 into CCT units as well as the launch of the approximately S\$700 million CCT rights issue<sup>1</sup>.

### Target Gearing Below 40.0% through Market Cycles



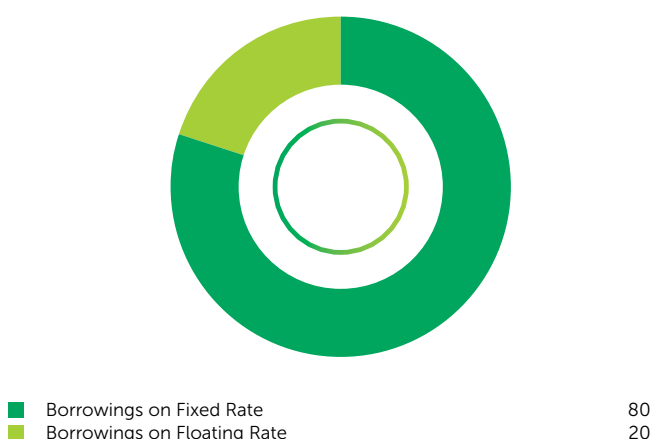
1 The Manager has fully disbursed the gross proceeds of the rights issue with 98.6% of the gross proceeds used to part finance the acquisition of Asia Square Tower 2 and 1.4% of the gross proceeds used to pay the underwriting commission, fees and expenses incurred in connection with the rights issue. Such use is in accordance with the intended use and is in accordance with the allocated percentage of the proceeds of the rights issue.

## Stable Cost of Debt

CCT's cost of debt remained low at 2.6% per annum, and with approximately 80% of its total borrowings on fixed interest rates, the fixed rate borrowings provide certainty of interest expense.

### Fixed Rate Borrowings (%)

As at 31 December 2017



## Cash Flows and Liquidity

As at 31 December 2017, CCT's cash and cash equivalents amounted to S\$122.6 million, as compared with S\$160.0 million as at 31 December 2016.

Net cash generated from operating activities for FY 2017 was S\$250.8 million. This was an increase from S\$47.7 million operating cash flow generated in the preceding year, a result of improved operational performance.

Net cash used in investing activities for FY 2017 was S\$902.0 million, which was an increase as compared with that for FY 2016 of S\$259.4 million. Acquisition of Asia Square Tower 2 accounted for the higher net cash used in investing activities in FY 2017 albeit offset by the proceeds from the divestment of One George Street (50.0% interest), Golden Shoe Car Park and Wilkie Edge.

On the other hand, net cash generated from financing activities in FY 2017 of S\$613.8 million was higher than that in FY 2016 of S\$135.1 million primarily due to proceeds from CCT's bank borrowings and rights issue offset by repayment of CCT's bank borrowings using divestment proceeds.

### Unit Buy-back Mandate

CCT obtained approval from Unitholders during its Annual General Meeting in 2017 for the Trust's Unit buy-back mandate. When engaged at strategic junctures, Unit buy-back mitigates short-term market volatilities, offsets the effects of short-term speculation and bolsters market confidence in the Units. The Unit buy-back mandate was not used in FY 2017.

### Credit Rating

Standard & Poor's (S&P) changed CCT's long-term corporate credit rating to "BBB+" from "A-" with stable outlook, due to that increased leverage following portfolio enhancement. With the equity and debt funded acquisition of Asia Square Tower 2, S&P anticipated that CCT's financial ratio will be weakened. However, S&P believed that the acquisition will improve CCT's portfolio quality and financial ratio progressively over the next three to four years.

### ACCOUNTING POLICIES

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practise (RAP) 7 (Revised 2012) Reporting Framework of Unit Trusts" issued by the Institute of Singapore Chartered Accountants and the applicable requirements of the CIS Code issued by the MAS and the provisions of the Trust Deed.

### Sensitivity Analysis

#### Estimated DPU impact per annum

0.1% increase in interest rate	-0.27%
0.1% decrease in interest rate	0.27%

As at 31 December 2017, 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 0.27% negative or positive impact on DPU per annum, based on FY 2017 DPU on a pro-forma basis.

#### Estimated aggregate leverage impact per annum

0.25% increase in valuation of investment properties	-0.09%
0.25% decrease in valuation of investment properties	0.09%

The Trust maintains a prudent low aggregate leverage of 37.3% as at 31 December 2017. 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 per annum

1.0% increase in occupancy	S\$4.3m
1.0% decrease in occupancy	-S\$4.3m
10.0% increase in committed rental rates	S\$1.4m
10.0% decrease in committed rental rates	-S\$1.4m

CCT's rental income could be impacted by changes in its properties' occupancies and rental rates achieved. Assuming that the monthly average rental rate is maintained for each month in 2017, it is estimated that a 1.0% increase or decrease in occupancy in each month of 2017 would correspondingly result in S\$4.3 million increase or decrease in rental income for FY 2017.

Using leases committed in 2017 for lease renewals, rent reviews and vacant units as the baseline for assumption, the impact on rental income for every 10.0% increase or decrease in committed rental rates would lead to a corresponding change of approximately S\$1.4 million for FY 2017. Given that the assets of CCT Group are mainly based in Singapore, there is minimal foreign currency exposure.

# PROPERTY DETAILS

## CAPITAL TOWER



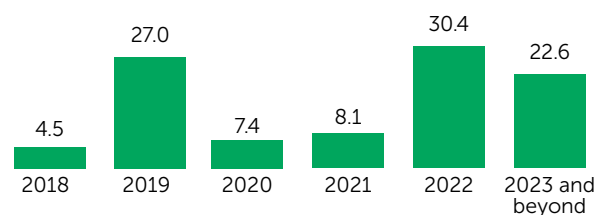
Capital Tower is a 52-storey Grade A office building set in a landscaped plaza, integrated with meeting and conference facilities, flexible workspaces, fitness centre, retail and F&B outlets. It is seamlessly linked to the Tanjong Pagar Mass Rapid Transit (MRT) station and surrounding buildings via an 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
Bicycle Lots	42
Awards	- BCA Green Mark Platinum - BCA Universal Design Mark Gold

As At 31 December	2016	2017
Valuation (S\$ million)	1,325.0	<b>1,363.0</b>
Net Lettable Area (sq m)	68,567	<b>68,545</b>
Net Lettable Area (sq ft)	738,055	<b>737,821</b>
Number of Tenants	24	<b>26</b>
Committed Occupancy (%)	99.0	<b>99.4</b>
Gross Rental Income (S\$ million)	63.6	<b>66.1</b>
Gross Revenue (S\$ million)	69.9	<b>72.0</b>
Net Property Income (S\$ million)	51.8	<b>54.2</b>

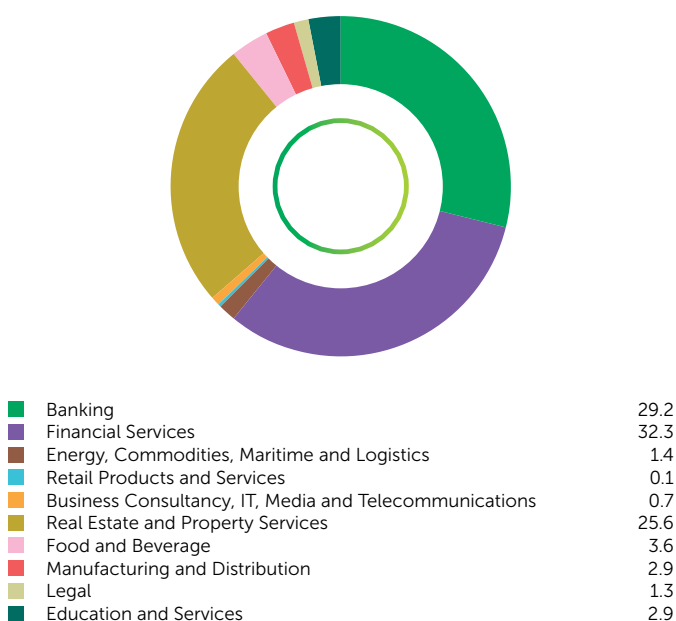
### Lease expiry profile<sup>1</sup> (%)

As at 31 December 2017



### Tenant Mix<sup>1</sup> (%)

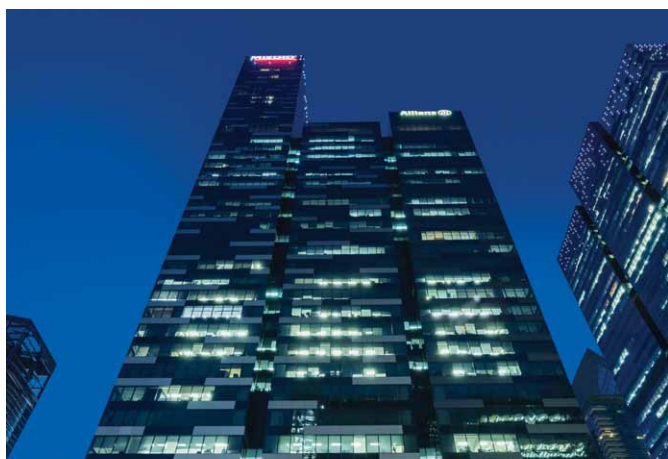
As at 31 December 2017



Top 3 tenants' contribution to portfolio gross rental income for December 2017	%
GIC Private Limited	<b>3.9</b>
JP Morgan Chase Bank, N.A.	<b>3.1</b>
CapitaLand Group	<b>2.9</b>

<sup>1</sup> Based on building's committed monthly gross rental income.

## ASIA SQUARE TOWER 2



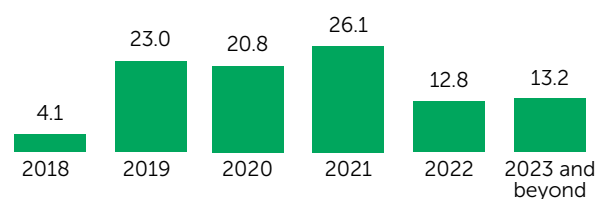
Asia Square Tower 2 is a 46-storey integrated development comprising premium Grade A offices with ancillary retail space and hotel premises (owned by an unrelated third party). Completed in September 2013, it is one of the newest buildings in the Marina Bay area and offers high quality office space through its large, efficient and column-free floor plates of up to 31,300 sq ft.

Property Information	
Location	12 Marina View
Title	Leasehold estate expiring 2 March 2107 (land lot only)
Agreed Property Value <sup>1</sup> in 2017 (S\$ million)	2,094.0
Car Park Lots	263
Bicycle Lots	87
Awards	BCA Green Mark Platinum & LEED Shell & Core Platinum

As At 31 December	2017
Valuation (S\$ million)	<b>2,094.0<sup>2</sup></b>
Net Lettable Area (sq m)	<b>72,345</b>
Net Lettable Area (sq ft)	<b>778,719</b>
Number of Tenants	<b>61</b>
Committed Occupancy (%)	<b>90.5</b>
Gross Rental Income <sup>3</sup> (S\$ million)	<b>15.3</b>
Gross Revenue <sup>3</sup> (S\$ million)	<b>15.9</b>
Net Property Income <sup>3</sup> (S\$ million)	<b>12.9</b>

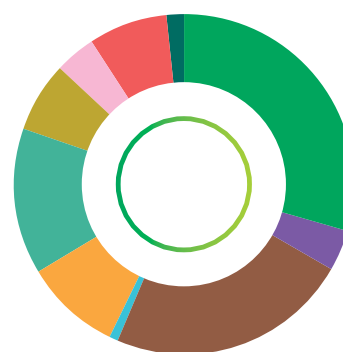
### Lease expiry profile<sup>4</sup> (%)

As at 31 December 2017



### Tenant Mix<sup>4</sup> (%)

As at 31 December 2017



Banking	29.7
Financial Services	3.8
Energy, Commodities, Maritime and Logistics	23.1
Retail Products and Services	0.8
Business Consultancy, IT, Media and Telecommunications	9.1
Insurance	13.8
Real Estate and Property Services	6.7
Food and Beverage	3.9
Manufacturing and Distribution	7.6
Education and Services	1.5

### Top 3 tenants' contribution to portfolio gross rental income for December 2017

Tenant	%
Mizuho Bank, Ltd	<b>3.4</b>
Mitsui Group	<b>1.5</b>
Allianz Technology SE, Singapore Branch	<b>1.5</b>

1 CCT acquired 100.0% equity interest in a special purpose vehicle which holds Asia Square Tower 2 Pte. Ltd., which in turn holds Asia Square Tower 2 (excluding the hotel premises) for a purchase consideration of S\$2.1 billion.  
 2 Based on transacted value of the property.  
 3 For two months following completion of acquisition of Asia Square Tower 2 on 1 November 2017.  
 4 Based on building's committed monthly gross rental income.

# PROPERTY DETAILS

## CAPITAGREEN



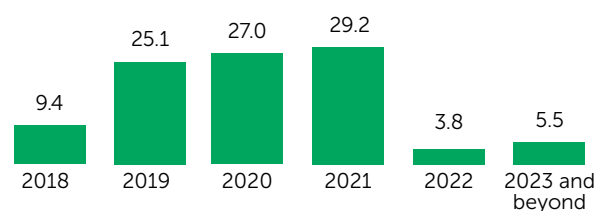
CapitaGreen is a 40-storey Grade A office tower located in the heart of Singapore's CBD, near the Raffles Place MRT interchange station and Telok Ayer MRT station. The tower was designed by Pritzker Prize winner Toyo Ito. CapitaGreen's environmentally sustainable and inclusive design has garnered numerous local and international awards, including BCA's Green Mark Platinum and Universal Design Mark Platinum awards.

Property Information	
Location	138 Market Street
Title	Leasehold estate expiring 31 March 2073
Development cost <sup>1</sup> (S\$ million)	1,266.0
Property Price on Acquisition in 2016 (S\$ million)	1,600.5
Car Park Lots	180
Bicycle Lots	80
Awards	<ul style="list-style-type: none"> <li>- BCA Green Mark Platinum</li> <li>- BCA Universal Design Mark Platinum</li> <li>- Best Tall Building (Asia and Australasia) 2015<sup>2</sup></li> </ul>

As At 31 December	2016	2017
Valuation (S\$ million)	1,603.0	<b>1,616.0</b>
Net Lettable Area (sq m)	65,348	<b>65,209</b>
Net Lettable Area (sq ft)	703,407	<b>701,913</b>
Number of Tenants	47	<b>45</b>
Committed Occupancy (%)	95.9	<b>100.0</b>
Gross Rental Income (S\$ million)	74.2	<b>85.5</b>
Gross Revenue (S\$ million)	78.5	<b>89.8</b>
Net Property Income (S\$ million)	63.0	<b>70.1</b>

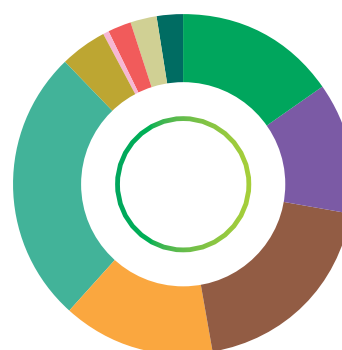
### Lease expiry profile<sup>3</sup> (%)

As at 31 December 2017



### Tenant Mix<sup>3</sup> (%)

As at 31 December 2017



Banking	15.4
Financial Services	12.4
Energy, Commodities, Maritime and Logistics	19.6
Business Consultancy, IT, Media and Telecommunications	14.3
Insurance	26.3
Real Estate and Property Services	4.4
Food and Beverage	0.4
Manufacturing and Distribution	2.3
Legal	2.4
Education and Services	2.5

Top 3 tenants' contribution to portfolio gross rental income for December 2017	%
Lloyd's of London (Asia) Pte Ltd	<b>1.7</b>
Cargill International Trading Pte Ltd	<b>1.1</b>
South32 Marketing Pte. Ltd.	<b>1.0</b>

1 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.

2 The award was conferred by The Council on Tall Buildings and Urban Habitat (CTBUH). CTBUH is the world's leading resource for professionals focused on the design and construction of tall buildings and future cities.

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

## SIX BATTERY ROAD



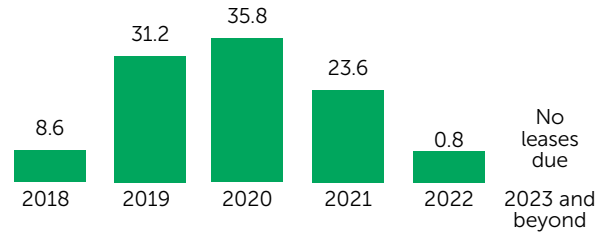
Six Battery Road is a 42-storey Grade A office building and a Raffles Place landmark. Combining prime location with towering views, excellent amenities and revitalised interiors, it is the first operating CBD office building to attain the Green Mark Platinum accolade. Six Battery Road is well connected 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.

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
Bicycle Lots	18
Green Mark	Platinum

As At 31 December	2016	2017
Valuation (S\$ million)	1,371.0	<b>1,402.0</b>
Net Lettable Area (sq m)	45,991	<b>46,004</b>
Net Lettable Area (sq ft)	495,052	<b>495,184</b>
Number of Tenants	95	<b>92</b>
Committed Occupancy (%)	98.6	<b>99.9</b>
Gross Rental Income (S\$ million)	65.4	<b>64.6</b>
Gross Revenue (S\$ million)	69.5	<b>68.4</b>
Net Property Income (S\$ million)	53.1	<b>53.8</b>

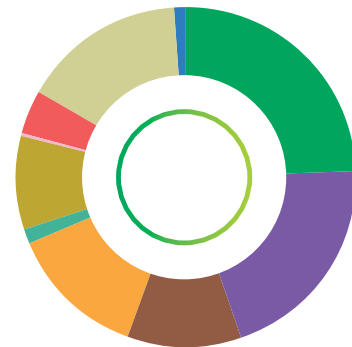
### Lease expiry profile<sup>1</sup> (%)

As at 31 December 2017



### Tenant Mix<sup>1</sup> (%)

As at 31 December 2017



Banking	24.5
Financial Services	20.3
Energy, Commodities, Maritime and Logistics	10.9
Business Consultancy, IT, Media and Telecommunications	13.0
Insurance	1.4
Real Estate and Property Services	9.0
Food and Beverage	0.3
Manufacturing and Distribution	4.0
Legal	15.6
Government	1.0

### Top 3 tenants' contribution to portfolio gross rental income for December 2017

Standard Chartered Bank	2.9
Watson Farley & Williams LLP	0.5
CBRE Pte. Ltd.	0.4

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

# PROPERTY DETAILS

## ONE GEORGE STREET



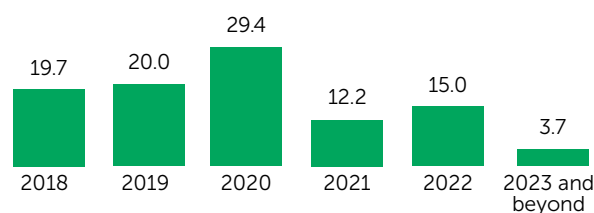
One George Street is a 23-storey Grade A office building conveniently located close to Raffles Place MRT interchange station, Clarke Quay MRT station and Chinatown MRT station. The building features eco-friendly attributes, large and efficient floor plates, advanced building automation, generous car 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
Divestment Price in 2017 (S\$ million)	1,183.2
Joint Venture Partners (% interest)	CCT - 50.0 OGS (II) Limited - 50.0
Car Park Lots	178
Bicycle Lots	10
Green Mark	Gold <sup>PLUS</sup>

As At 31 December	2016	2017
Valuation (S\$ million)	1,014.0	<b>1,116.2</b>
Net Lettable Area (sq m)	41,478	<b>41,490</b>
Net Lettable Area (sq ft)	446,473	<b>446,594</b>
Number of Tenants	48	<b>49</b>
Committed Occupancy (%)	96.5	<b>98.0</b>
Gross Rental Income (S\$ million)	46.9	<b>47.8</b>
Gross Revenue (S\$ million)	50.1	<b>50.8</b>
Net Property Income (S\$ million)	38.0	<b>39.5</b>

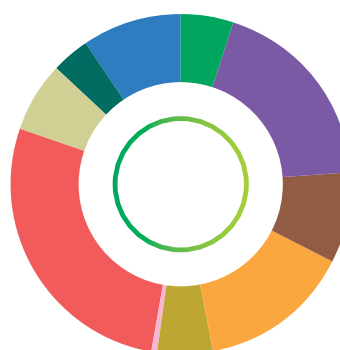
### Lease expiry profile<sup>1</sup> (%)

As at 31 December 2017



### Tenant Mix<sup>1</sup> (%)

As at 31 December 2017



Banking	5.2
Financial Services	18.8
Energy, Commodities, Maritime and Logistics	8.6
Business Consultancy, IT, Media and Telecommunications	14.5
Real Estate and Property Services	5.3
Food and Beverage	0.5
Manufacturing and Distribution	27.5
Legal	6.8
Education and Services	3.6
Government	9.2

### Top 3 tenants' contribution to portfolio gross rental income for December 2017

Top 3 tenants' contribution to portfolio gross rental income for December 2017	%
Borouge Pte. Ltd.	<b>0.5</b>
L'Oreal Singapore Pte Ltd	<b>0.3</b>
Her Majesty The Queen in Right of Canada as represented by the Minister of Foreign Affairs and as further represented by the High Commissioner of Canada to Singapore	<b>0.3</b>

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



## RAFFLES CITY SINGAPORE



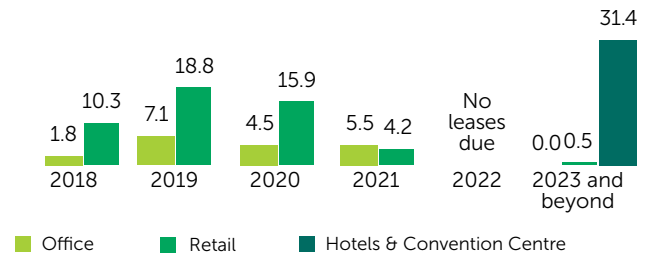
Raffles City Singapore is a prime landmark within the Civic and Cultural District and one of Singapore's largest integrated developments. Served by three MRT lines including City Hall MRT interchange station, it comprises the 42-storey Raffles City Tower, 5-storey Raffles City Shopping Centre, Raffles 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 (% interest)	CCT - 60.0 CapitaLand Mall Trust - 40.0
Car Park Lots	1,045
Bicycle Lots	10
Green Mark	Gold <sup>PLUS</sup>

As At 31 December	2016	2017
Valuation (S\$ million)	3,169.0	<b>3,260.0</b>
Net Lettable Area (sq m)	74,768	<b>75,148</b>
Net Lettable Area (sq ft)	804,798	<b>808,895</b>
Number of Tenants	276	<b>279</b>
Committed Occupancy (%)	97.8	<b>98.3</b>
Gross Rental Income (S\$ million)	223.5	<b>219.9</b>
Gross Revenue (S\$ million)	234.6	<b>229.9</b>
Net Property Income (S\$ million)	175.1	<b>175.3</b>
Annual Shopper Traffic (million)	32.4	<b>31.6</b>

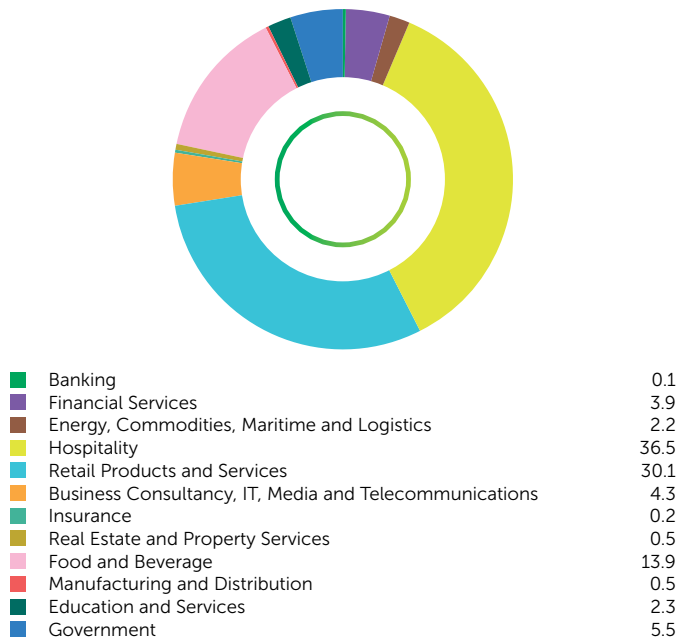
### Lease expiry profile<sup>1</sup> (%)

As at 31 December 2017



### Tenant Mix<sup>1</sup> (%)

As at 31 December 2017



### Major Usage Mix

(Based on building's monthly gross rental income, excluding retail and hotel turnover rent for December 2017)

Usage	Percentage (%)
Hotels & Convention Centre	<b>31.4</b>
Retail	<b>49.8</b>
Office	<b>18.8</b>

### Top 3 tenants' contribution to portfolio gross rental income for December 2017

Tenant	Percentage (%)
RC Hotels (Pte) Ltd	<b>9.3</b>
Robinson & Company (Singapore) Private Limited	<b>1.8</b>
Economic Development Board	<b>1.3</b>

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

# PROPERTY DETAILS

## TWENTY ANSON



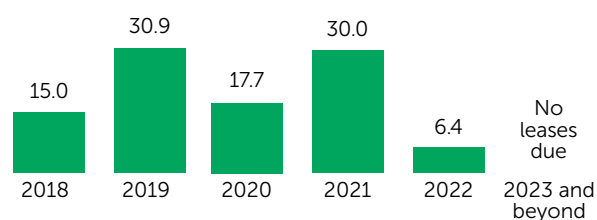
Twenty Anson is a 20-storey prime office building in downtown Tanjong Pagar. Served by Tanjong Pagar MRT station and major expressways, this Green Mark Platinum certified development features a modern facade, column-free floor plates, a sky garden and a café.

Property Information	
Location	20 Anson Road
Title	Leasehold estate expiring 22 November 2106
Purchase Price in 2012 <sup>1</sup> (S\$ million)	430.0
Car Park Lots	55
Bicycle Lots	18
Green Mark	Platinum

As At 31 December	2016	2017
Valuation (S\$ million)	432.0	<b>433.0</b>
Net Lettable Area (sq m)	19,216	<b>18,626</b>
Net Lettable Area (sq ft)	206,837	<b>200,486<sup>3</sup></b>
Number of Tenants	21	<b>26</b>
Committed Occupancy (%)	91.7	<b>92.6</b>
Gross Rental Income (S\$ million)	20.0	<b>17.1</b>
Gross Revenue (S\$ million)	22.3	<b>19.8</b>
Net Property Income (S\$ million)	17.2	<b>14.6</b>

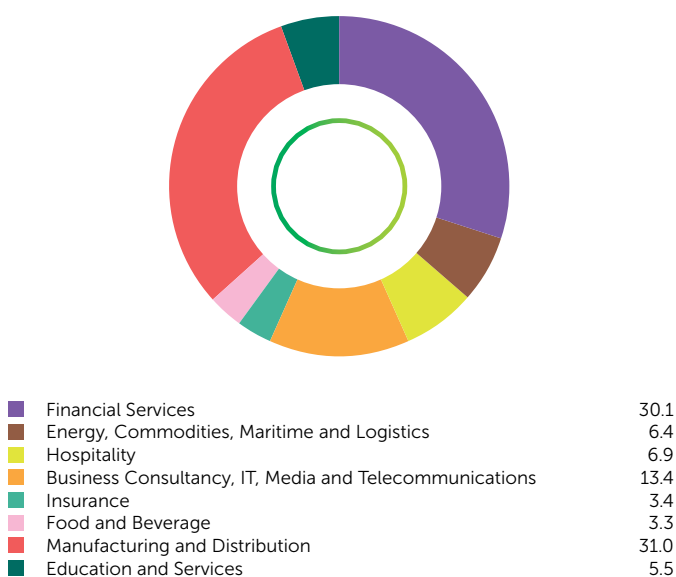
### Lease expiry profile<sup>2</sup> (%)

As at 31 December 2017



### Tenant Mix<sup>2</sup> (%)

As at 31 December 2017



Top 3 tenants' contribution to portfolio gross rental income for December 2017	%
Toyota Motor Asia Pacific Pte Ltd.	<b>0.9</b>
BlackRock Advisors Singapore Pte. Ltd.	<b>0.6</b>
BCD Travel Asia Pacific Pte. Ltd.	<b>0.3</b>

1 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.

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

3 Approximately 5,500 sq ft was converted into meeting facilities and collaborative spaces.

## BUGIS VILLAGE

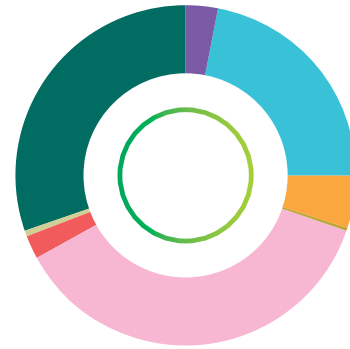


Bugis Village comprises 34 restored pre-war shophouses in a vibrant heritage enclave. Located next to Bugis MRT station, the three-storey shophouses accommodate a mix of offices, music schools and tuition centres, as well as hair salons, restaurants and retail outlets. All tenant leases will expire on 31 March 2019.

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 <sup>1</sup>
Purchase Price in 2004 (S\$ million)	56.5
Car Park Lots	NA

As At 31 December	2016	2017
Valuation (S\$ million)	48.5	<b>44.0</b>
Net Lettable Area (sq m)	11,254	<b>11,254</b>
Net Lettable Area (sq ft)	121,140	<b>121,140</b>
Number of Tenants	76	<b>78</b>
Committed Occupancy (%)	97.2	<b>100.0</b>
Gross Rental Income (S\$ million)	11.8	<b>11.7</b>
Gross Revenue (S\$ million)	12.2	<b>12.0</b>
Net Property Income (S\$ million)	9.6	<b>9.4</b>

Tenant Mix<sup>2</sup> (%)  
As at 31 December 2017



Financial Services	3.1
Retail Products and Services	22.0
Business Consultancy, IT, Media and Telecommunications	5.0
Real Estate and Property Services	0.3
Food and Beverage	36.7
Manufacturing and Distribution	2.1
Legal	0.7
Education and Services	30.1

Top 3 tenants' contribution to portfolio gross rental income for December 2017	%
Golden Pass (S) Pte. Ltd.	<b>0.1</b>
Kentucky Fried Chicken Management Pte Ltd	<b>0.1</b>
Japan Home (Retail) Pte. Ltd.	<b>0.1</b>

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
Bicycle Lots	10
Green Mark	Certified

As At 31 December	2016	2017
Valuation (S\$ million)	455.0	<b>456.0</b>
Net Lettable Area (sq m)	18,624	<b>18,624</b>
Net Lettable Area (sq ft)	200,469	<b>200,469</b>
Number of Tenants	1	<b>1</b>
Committed Occupancy (%)	100	<b>100</b>
Gross Rental Income (S\$ million)	20.4	<b>20.4</b>
Gross Revenue (S\$ million)	20.4	<b>20.4</b>
Net Property Income (S\$ million)	20.3	<b>20.3</b>

## INTEGRATED DEVELOPMENT AT MARKET STREET



The new 280-metre integrated development will offer work, live, play spaces in a vertically connected environment. Up in the tower, between the Grade A office floors and the modern serviced residences is a Green Oasis, with a height of more than 30 metres, designed with social and activity spaces spread out over four contiguous storeys of lush greenery and trees, a re-connection with nature in the middle of the city. Featuring an iconic façade and harnessing the latest workplace and lifestyle innovations, the new integrated development will redefine the skyline. In support of the government's drive toward a car-lite society and to promote healthy living, the integrated development will feature a cycling path in its perimeter, secure bicycle lots and end-of-trip facilities to encourage our office tenants to cycle to work.

Property Information	
Location	86 & 88 Market Street
Joint Venture Partners (% interest)	CCT - 45.0 CapitaLand - 45.0 Mitsubishi Estate Co., Ltd. - 10.0
Title	Leasehold estate expiring 31 January 2081
Project Development Estimate (S\$ million)	1,820
Target yield on Cost	about 5.0%
Concept Architect	Bjarke Ingels Group (BIG) and Carlo Ratti Associati (CRA)
Site Area (sq ft)	65,700
Gross Floor Area (sq ft)	1,005,000
Estimated Net Lettable Area (sq ft)	647,000
Serviced Residences	299 rooms
Typical Floor Plate (sq ft)	22,000
Car Park Lots	350
Bicycle Lots	165
No of Storeys	51
Target Completion	1H 2021

# GLOSSARY

AEI	Asset enhancement initiative
CapitaLand	CapitaLand Limited
CapitaLand Group	CapitaLand and its subsidiaries (including the Manager)
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
Capitalisation Approach	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)
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

## GLOSSARY

MRT	Mass rapid transit
MTN	Medium term note
m <sup>3</sup>	Cubic metres
NLA	Net lettable area
NPI	Net property income. Comprises gross revenue less property operating expenses for CCT, RCS Trust or OGS LLP.
%	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 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

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# REPORT OF THE TRUSTEE

HSBC Institutional Trust Services (Singapore) Limited (the "Trustee") is under a duty to take into custody and hold the assets of CapitaLand 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 125 to 200 in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

**For and on behalf of the Trustee,  
HSBC Institutional Trust Services (Singapore) Limited**



**Esther Fong**  
*Head of Trustee & Fiduciary Services – Singapore*

**Singapore**  
27 February 2018



# STATEMENT BY THE MANAGER

In the opinion of the directors of CapitaLand Commercial Trust Management Limited, the accompanying financial statements set out on pages 125 to 200 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 2017, 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**



**Chee Tien Jin Kevin**  
*Director*

**Singapore**  
27 February 2018

# 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 Statements of Financial Position and Portfolio Statements of the Group and the Trust as at 31 December 2017, the Statement of Total Return, Distribution Statements, Statement of Movements in Unitholders' Funds and Statements of Cash Flows of the Group and the Trust for the year then ended, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 125 to 200.

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 2017 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 this date in accordance with the recommendations of Statement of Recommended Accounting Practice 7 *Reporting Framework for Unit Trusts* ("RAP 7") issued by the Institute of Singapore Chartered Accountants.

#### *Basis for opinion*

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*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.

# INDEPENDENT AUDITORS' REPORT

## *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

#### *The key audit matter*

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 except for Asia Square Tower 2 ("AST2") whereby valuation is based on transacted value.

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.

#### *How the matter was addressed in our audit*

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 and management 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 documents such as leases agreements 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 challenged the management's basis for the use of recently transacted value of AST2 as the fair value as at year end.

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.

# INDEPENDENT AUDITORS' REPORT

## *Our findings*

The Group has a structured process in appointing external valuers 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 by the valuers and management are within the range of market data. The disclosures in the financial statements are appropriate.

## **Accounting for significant acquisition (Refer to Note 30(a) to the financial statements)**

### *The key audit matter*

The Group acquired MVKimi (BVI) Limited, which holds Asia Square Tower 2 Pte. Ltd. ("AST2 Co.") (collectively, referred to as MVKimi Group) during the year. The acquisition of MVKimi Group is a significant transaction. Significant judgement is involved in determining whether the acquisition is a business combination or acquisition of an asset, of which would have different accounting treatments.

### *How the matter was addressed in our audit*

We assessed the Group's processes for the determination of the accounting for acquisitions.

We reviewed the accounting of the acquisition by examining legal and contractual documents to determine whether the acquisition is appropriately classified and accounted for.

We also considered the adequacy of the disclosures for the significant acquisition during the financial year.

## *Our findings*

The Group has a process in place to ensure that the acquisition is appropriately classified and the relevant accounting treatment is applied. The judgement applied by the Group in determining the basis of accounting for the transaction as an asset acquisition was reasonable. The disclosures in the financial statements are appropriate.

## *Other information*

CapitalLand Commercial Trust Management Limited, the Manager of the Trust (the "Manager"), is responsible for the other information. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# INDEPENDENT AUDITORS' REPORT

## *Responsibilities of the Manager for the financial statements*

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal 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

- 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 2018

# STATEMENTS OF FINANCIAL POSITION

As at 31 December 2017

	Note	Group		Trust	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Non-current assets</b>					
Plant and equipment	4	1,002	1,439	980	1,384
Investment properties	5	7,408,000	6,590,500	3,698,000	4,987,500
Intangible asset	6	–	2,086	–	2,086
Subsidiaries	7	–	–	2,827,171	718,043
Joint ventures	8	1,732,140	1,189,793	1,420,289	864,393
Available-for-sale quoted investment	9	47,533	44,834	47,533	44,834
Financial derivatives	14	–	20,624	–	17,405
		<b>9,188,675</b>	<b>7,849,276</b>	<b>7,993,973</b>	<b>6,635,645</b>
<b>Current assets</b>					
Trade and other receivables	10	42,746	41,636	49,011	48,574
Cash and cash equivalents	11	122,581	159,962	72,346	131,537
Financial derivatives	14	–	257	–	257
		<b>165,327</b>	<b>201,855</b>	<b>121,357</b>	<b>180,368</b>
<b>Total assets</b>		<b>9,354,002</b>	<b>8,051,131</b>	<b>8,115,330</b>	<b>6,816,013</b>
<b>Current liabilities</b>					
Trade and other payables	12	90,293	52,786	226,571	202,800
Security deposits		4,002	8,413	2,545	8,413
Current tax payable		3,187	1,506	379	226
Convertible bonds	15	–	173,450	–	173,450
Financial derivatives	14	81	–	81	–
		<b>97,563</b>	<b>236,155</b>	<b>229,576</b>	<b>384,889</b>
<b>Non-current liabilities</b>					
Security deposits		66,404	52,397	21,694	32,627
Interest-bearing liabilities	13	2,720,208	2,457,182	1,832,818	1,570,692
Financial derivatives	14	52,904	26,855	37,476	21,262
		<b>2,839,516</b>	<b>2,536,434</b>	<b>1,891,988</b>	<b>1,624,581</b>
<b>Total liabilities</b>		<b>2,937,079</b>	<b>2,772,589</b>	<b>2,121,564</b>	<b>2,009,470</b>
<b>Net assets</b>		<b>6,416,923</b>	<b>5,278,542</b>	<b>5,993,766</b>	<b>4,806,543</b>
Represented by:					
<b>Unitholders' funds</b>		<b>6,416,923</b>	<b>5,278,542</b>	<b>5,993,766</b>	<b>4,806,543</b>
<b>Units issued and issuable ('000)</b>	16	<b>3,608,879</b>	<b>2,965,383</b>	<b>3,608,879</b>	<b>2,965,383</b>
		\$	\$	\$	\$
<b>Net asset value per issued and issuable Unit</b>		<b>1.78</b>	<b>1.78</b>	<b>1.66</b>	<b>1.62</b>

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

# STATEMENTS OF TOTAL RETURN

Year ended 31 December 2017

	Note	Group		Trust	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Gross revenue	17	<b>337,457</b>	298,577	<b>231,750</b>	269,949
Property operating expenses	18	<b>(71,989)</b>	(67,300)	<b>(49,345)</b>	(62,022)
<b>Net property income</b>		<b>265,468</b>	231,277	<b>182,405</b>	207,927
Investment income	19	<b>1,575</b>	4,920	<b>143,482</b>	107,980
Interest income		<b>3,007</b>	3,911	<b>19,867</b>	8,416
Base asset management fees	20	<b>(6,934)</b>	(5,854)	<b>(5,296)</b>	(5,310)
Performance asset management fees	20	<b>(9,487)</b>	(9,288)	<b>(8,111)</b>	(8,754)
Finance costs	21	<b>(68,977)</b>	(50,064)	<b>(39,123)</b>	(40,198)
Audit fees:					
– Statutory audit		<b>(322)</b>	(275)	<b>(248)</b>	(262)
– Non-statutory audit		–	(150)	–	(150)
Amortisation of intangible asset	6	<b>(2,086)</b>	(1,330)	<b>(2,086)</b>	(1,330)
Costs associated with acquisition of subsidiary	30(b)	–	(10,551)	–	(10,551)
Trustee's fees		<b>(890)</b>	(708)	<b>(683)</b>	(687)
Valuation fees		<b>(188)</b>	(261)	<b>(194)</b>	(261)
Other expenses		<b>(1,188)</b>	(1,187)	<b>(1,161)</b>	(1,092)
<b>Net income before share of profit of joint ventures</b>		<b>179,978</b>	160,440	<b>288,852</b>	255,728
Share of profit (net of tax) of:					
– Joint ventures	8	<b>84,883</b>	85,713	–	–
<b>Net income</b>		<b>264,861</b>	246,153	<b>288,852</b>	255,728
Impairment of available-for-sale quoted investment	9	–	(8,916)	–	(8,916)
Loss on acquisition of subsidiary – net	30(b)	–	(2,446)	–	–
Net gain on disposal of investment properties	31	<b>69,256</b>	–	<b>69,256</b>	–
Net increase in fair value of investment properties	5	<b>248,398</b>	27,055	<b>256,375</b>	24,152
<b>Total return for the year before tax</b>		<b>582,515</b>	261,846	<b>614,483</b>	270,964
Tax expense	22	<b>(3,688)</b>	(1,223)	<b>(533)</b>	(709)
<b>Total return for the year</b>		<b>578,827</b>	260,623	<b>613,950</b>	270,255
<b>Earnings per Unit (cents)</b>					
Basic	23	<b>18.53</b>	8.59 <sup>1</sup>	<b>19.66</b>	8.90 <sup>1</sup>
Diluted	23	<b>18.51</b>	8.45 <sup>1</sup>	<b>19.63</b>	8.75 <sup>1</sup>

1 2016 EPU's (basic and diluted) had been restated for the rights issue announced on 21 September 2017 to raise gross proceeds of about \$700 million, through which 513.5 million CCT units were issued on 26 October 2017. This is in accordance with paragraph 46 of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts".



# DISTRIBUTION STATEMENTS

Year ended 31 December 2017

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Amount available for distribution to Unitholders at 1 January	<b>143,267</b>	131,284	<b>143,267</b>	131,284
Net income before share of profit of joint ventures	<b>179,978</b>	160,440	<b>288,852</b>	255,728
Net tax and other adjustments (Note A)	<b>(1,245)</b>	15,142	<b>(12,353)</b>	13,309
Tax-exempt income distribution	<b>8,000</b>	–	<b>8,000</b>	–
Distribution from joint ventures	<b>97,766</b>	93,455	–	–
Other gains distribution	<b>4,400</b>	–	<b>4,400</b>	–
	<b>288,899</b>	269,037	<b>288,899</b>	269,037
Amount available for distribution to Unitholders	<b>432,166</b>	400,321	<b>432,166</b>	400,321
Distributions to Unitholders:				
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)
Distribution of 4.69 cents per Unit for the period from 1/7/2016 to 31/12/2016	<b>(138,988)</b>	–	<b>(138,988)</b>	–
Distribution of 4.56 cents per Unit for the period from 1/1/2017 to 30/6/2017	<b>(140,691)</b>	–	<b>(140,691)</b>	–
	<b>(279,679)</b>	(257,054)	<b>(279,679)</b>	(257,054)
<b>Amount available for distribution to Unitholders at 31 December</b>	<b>152,487</b>	143,267	<b>152,487</b>	143,267
<b>Distribution per Unit (cents) <sup>1</sup></b>	<b>8.66</b>	9.08	<b>8.66</b>	9.08
<b>Distribution per Unit (cents) restated <sup>2</sup></b>	–	8.85	–	8.85

1 The Distribution per Unit relates to the distributions in respect of the relevant financial year. The distribution relating to the second half of 2017 will be paid after 31 December 2017.

2 2016 DPU had been restated for the rights issue announced on 21 September 2017 to raise gross proceeds of about \$700 million, through which 513.5 million CCT units were issued on 26 October 2017. This is in accordance with paragraph 46 of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts".

# DISTRIBUTION STATEMENTS

Year ended 31 December 2017

## Note A – Net tax and other adjustments comprise:

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Non-tax deductible/(chargeable) items:				
– Amortisation of transaction costs on borrowings and convertible bonds	<b>3,850</b>	4,994	<b>2,875</b>	4,627
– Amortisation of lease incentives	<b>5,213</b>	1,552	<b>1,283</b>	1,149
– Amortisation of intangible asset	<b>2,086</b>	1,330	<b>2,086</b>	1,330
– Asset management fees paid and payable in Units	<b>2,070</b>	3,713	<b>2,070</b>	3,713
– Costs associated with acquisition of subsidiary	–	10,701	–	10,701
– Depreciation of plant and equipment	<b>288</b>	339	<b>249</b>	326
– Net profits from subsidiaries	<b>(8,224)</b>	(89)	–	–
– Trustee's fees	<b>890</b>	708	<b>683</b>	687
– Tax-exempt income retained	<b>(10,453)</b>	(6,749)	<b>(10,453)</b>	(6,749)
– Other items	<b>3,035</b>	(1,357)	<b>(11,146)</b>	(2,475)
Net tax and other adjustments	<b>(1,245)</b>	15,142	<b>(12,353)</b>	13,309

# STATEMENTS OF MOVEMENTS IN UNITHOLDERS' FUNDS

Year ended 31 December 2017

	Note	Group		Trust	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Net assets at 1 January</b>		<b>5,278,542</b>	5,234,136	<b>4,806,543</b>	4,770,343
<b>Operations</b>					
Total return for the year		<b>578,827</b>	260,623	<b>613,950</b>	270,255
<b>Unitholders' transactions</b>					
Creation of Units:					
– Units issued in respect of RCS Trust's asset management fees		<b>9,068</b>	5,813	<b>9,068</b>	5,813
– Asset management fees paid and payable in Units		<b>2,070</b>	4,680	<b>2,070</b>	4,680
– Divestment/acquisition fees paid in Units		<b>362</b>	8,003	<b>362</b>	8,003
– Conversion of convertible bonds		<b>181,938</b>	–	<b>181,938</b>	–
– Rights issue		<b>699,955</b>	–	<b>699,955</b>	–
		<b>893,393</b>	18,496	<b>893,393</b>	18,496
Distributions to Unitholders		<b>(279,679)</b>	(257,054)	<b>(279,679)</b>	(257,054)
Net increase/(decrease) in net assets resulting from Unitholders' transactions		<b>613,714</b>	(238,558)	<b>613,714</b>	(238,558)
<b>Capital reserves</b>	24	<b>(17,851)</b>	–	<b>(17,851)</b>	–
<b>Hedging reserves</b>	25				
Effective portion of change in fair value of cash flow hedges		<b>(38,342)</b>	11,543	<b>(25,289)</b>	(7,626)
Share of hedging reserves of joint ventures		<b>(666)</b>	(1,331)	–	–
		<b>(39,008)</b>	10,212	<b>(25,289)</b>	(7,626)
<b>Available-for-sale reserves</b>	26	<b>2,699</b>	12,129	<b>2,699</b>	12,129
		<b>(54,160)</b>	22,341	<b>(40,441)</b>	4,503
<b>Net assets at 31 December</b>		<b>6,416,923</b>	5,278,542	<b>5,993,766</b>	4,806,543

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

# PORTFOLIO STATEMENTS

As at 31 December 2017

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing Use	Carrying Value <sup>1</sup>		Percentage of Net Assets	
						2017 \$'000	2016 \$'000	2017 %	2016 %
<b>Group</b>									
<b>Investment properties – Office buildings</b>									
<i>Singapore</i>									
Six Battery Road	Leasehold	999 years	807 years	6 Battery Road	Commercial	<b>1,402,000</b>	1,371,000	<b>21.9</b>	26.0
Capital Tower	Leasehold	99 years	77 years	168 Robinson Road	Commercial	<b>1,363,000</b>	1,325,000	<b>21.2</b>	25.1
One George Street <sup>2</sup>	Leasehold	99 years	–	1 George Street	Commercial	–	1,014,000	–	19.2
HSBC Building	Leasehold	999 years	832 years	21 Collyer Quay	Commercial	<b>456,000</b>	455,000	<b>7.1</b>	8.6
Twenty Anson	Leasehold	99 years	89 years	20 Anson Road	Commercial	<b>433,000</b>	432,000	<b>6.7</b>	8.2
CapitaGreen <sup>3</sup>	Leasehold	99 years	55 years	138 Market Street	Commercial	<b>1,616,000</b>	1,603,000	<b>25.2</b>	30.4
<b>Investment property – Car park building</b>									
<i>Singapore</i>									
Golden Shoe Car Park <sup>2</sup>	Leasehold	99 years	–	50 Market Street	Transport facilities	–	141,000	–	2.7
<b>Investment properties – Other buildings</b>									
<i>Singapore</i>									
Asia Square Tower 2 <sup>4</sup>	Leasehold	99 years	89 years	12 Marina View	Commercial	<b>2,094,000</b>	–	<b>32.6</b>	–
Wilkie Edge <sup>2</sup>	Leasehold	99 years	–	8 Wilkie Road	Commercial	–	201,000	–	3.8
Bugis Village <sup>5</sup>	Leasehold	99 years	70 years	62 to 67 Queen Street	Commercial	<b>44,000</b>	48,500	<b>0.7</b>	0.9
				151 to 166 Rochor Road					
				229 to 253 (odd numbers only) Victoria Street					
<b>Investment properties, at valuation (Note 5)</b>						<b>7,408,000</b>	6,590,500	<b>115.4</b>	124.9
<b>Investment in joint ventures (Note 8)</b>						<b>1,732,140</b>	1,189,793	<b>27.0</b>	22.5
<b>Available-for-sale quoted investment (Note 9)</b>						<b>47,533</b>	44,834	<b>0.7</b>	0.8
<b>Other assets and liabilities (net)</b>						<b>(2,770,750)</b>	(2,546,585)	<b>(43.1)</b>	(48.2)
<b>Net assets</b>						<b>6,416,923</b>	5,278,542	<b>100.0</b>	100.0

1 The carrying value of investment properties are at valuation.

2 One George Street, Golden Shoe Car Park and Wilkie Edge were divested on 19 June 2017, 12 July 2017 and 11 September 2017 respectively.

3 CapitaGreen is held by MSO Trust, a wholly owned subsidiary of the Trust.

4 Asia Square Tower 2 is held by AST2 Co., which is in turn held through MVKimi (BVI) Limited, (collectively referred to as "MVKimi Group"), which the Trust acquired on 1 November 2017.

5 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 \$6,610,208 plus accrued interest.

# PORTFOLIO STATEMENTS

As at 31 December 2017

Description of Property	Tenure of Land	Term of Lease	Remaining Term of Lease	Location	Existing Use	Carrying Value <sup>1</sup>		Percentage of Net Assets	
						2017 \$'000	2016 \$'000	2017 %	2016 %
<b>Trust</b>									
<b>Investment properties – Office buildings</b>									
<i>Singapore</i>									
Six Battery Road	Leasehold	999 years	807 years	6 Battery Road	Commercial	<b>1,402,000</b>	1,371,000	<b>23.4</b>	28.5
Capital Tower	Leasehold	99 years	77 years	168 Robinson Road	Commercial	<b>1,363,000</b>	1,325,000	<b>22.8</b>	27.6
One George Street <sup>2</sup>	Leasehold	99 years	–	1 George Street	Commercial	–	1,014,000	–	21.1
HSBC Building	Leasehold	999 years	832 years	21 Collyer Quay	Commercial	<b>456,000</b>	455,000	<b>7.6</b>	9.5
Twenty Anson	Leasehold	99 years	89 years	20 Anson Road	Commercial	<b>433,000</b>	432,000	<b>7.2</b>	9.0
<b>Investment property – Car park building</b>									
<i>Singapore</i>									
Golden Shoe Car Park <sup>2</sup>	Leasehold	99 years	–	50 Market Street	Transport facilities	–	141,000	–	2.9
<b>Investment properties – Other buildings</b>									
<i>Singapore</i>									
Wilkie Edge <sup>2</sup>	Leasehold	99 years	–	8 Wilkie Road	Commercial	–	201,000	–	4.2
Bugis Village <sup>3</sup>	Leasehold	99 years	70 years	62 to 67 Queen Street 151 to 166 Rochor Road 229 to 253 (odd numbers only) Victoria Street	Commercial	<b>44,000</b>	48,500	<b>0.7</b>	1.0
<b>Investment properties, at valuation (Note 5)</b>						<b>3,698,000</b>	4,987,500	<b>61.7</b>	103.8
<b>Investment in joint ventures (Note 8)</b>						<b>1,420,289</b>	864,393	<b>23.7</b>	18.0
<b>Available-for-sale quoted investment (Note 9)</b>						<b>47,533</b>	44,834	<b>0.8</b>	0.9
<b>Other assets and liabilities (net)</b>						<b>827,944</b>	(1,090,184)	<b>13.8</b>	(22.7)
<b>Net assets</b>						<b>5,993,766</b>	4,806,543	<b>100.0</b>	100.0

1 The carrying value of investment properties are at valuation.

2 One George Street, Golden Shoe Car Park and Wilkie Edge were divested on 19 June 2017, 12 July 2017 and 11 September 2017 respectively

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 \$6,610,208 plus accrued interest.

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

# PORTFOLIO STATEMENTS

As at 31 December 2017

## Investment Properties

On 31 December 2017, independent valuations of Capital Tower, Six Battery Road, HSBC Building, Twenty Anson and CapitaGreen were undertaken by Knight Frank Pte Ltd ("Knight Frank") and independent valuation of Bugis Village was undertaken by Jones Lang LaSalle Property Consultants Pte Ltd ("JLL") while valuation of Asia Square Tower 2 was based on transacted value on 1 November 2017 due to proximity to the year end.

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, while the independent valuations of Bugis Village, Wilkie Edge and Golden Shoe Car Park were undertaken by JLL.

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 2016.

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 \$653,000 (2016: \$604,000) and \$490,000 (2016: \$565,000) respectively.

# STATEMENTS OF CASH FLOWS

Year ended 31 December 2017

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Cash flows from operating activities</b>				
Total return for the year before tax	<b>582,515</b>	261,846	<b>614,483</b>	270,964
Adjustments for:				
Amortisation of intangible asset	<b>2,086</b>	1,330	<b>2,086</b>	1,330
Amortisation of lease incentives	<b>5,213</b>	1,552	<b>1,283</b>	1,149
Asset management fees paid and payable in Units	<b>2,070</b>	3,713	<b>2,070</b>	3,713
Costs associated with acquisition of subsidiary	–	10,701	–	10,701
Depreciation of plant and equipment	<b>288</b>	339	<b>249</b>	326
Finance costs	<b>68,977</b>	50,064	<b>39,123</b>	40,198
Loss on disposal of plant and equipment	<b>168</b>	1	<b>168</b>	*
Impairment on available-for-sale quoted investment	–	8,916	–	8,916
Interest income	<b>(3,007)</b>	(3,911)	<b>(19,867)</b>	(8,416)
Investment income	<b>(1,575)</b>	(4,920)	<b>(143,482)</b>	(107,980)
Loss on acquisition of subsidiary – net	–	2,446	–	–
Net increase in fair value of investment properties	<b>(248,398)</b>	(27,055)	<b>(256,375)</b>	(24,152)
Net gain on disposal of investment properties	<b>(69,256)</b>	–	<b>(69,256)</b>	–
Share of profit of joint ventures	<b>(84,883)</b>	(85,713)	–	–
Operating income before working capital changes	<b>254,198</b>	219,309	<b>170,482</b>	196,749

\* Less than \$1,000

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

# STATEMENTS OF CASH FLOWS

Year ended 31 December 2017

	Note	Group		Trust	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Operating income before working capital changes brought forward		<b>254,198</b>	219,309	<b>170,482</b>	196,749
Changes in working capital:					
Trade and other receivables		<b>1,749</b>	(6,219)	<b>1,688</b>	(3,963)
Trade and other payables		<b>8,663</b>	(11,817)	<b>22,179</b>	2,311
Security deposits		<b>(12,948)</b>	2,111	<b>(16,801)</b>	581
<b>Cash generated from operations</b>		<b>251,662</b>	203,384	<b>177,548</b>	195,678
Tax paid		<b>(872)</b>	(308)	<b>(381)</b>	(391)
<b>Net cash from operating activities</b>		<b>250,790</b>	203,076	<b>177,167</b>	195,287
<b>Cash flows from investing activities</b>					
Acquisition of subsidiary, net of cash acquired	30	<b>(2,067,192)</b>	(356,884)	<b>(2,159,128)</b>	–
Capital expenditure on investment properties		<b>(5,017)</b>	(17,108)	<b>(2,343)</b>	(5,119)
Distributions from available-for-sale quoted investment		<b>1,575</b>	4,920	<b>1,575</b>	4,920
Distributions from joint venture		<b>94,158</b>	90,729	<b>94,158</b>	90,729
Distributions from subsidiaries		–	–	<b>48,553</b>	–
Interest income received		<b>3,156</b>	19,156	<b>16,439</b>	19,028
Investment in subsidiary		–	–	–	(197,986)
Loan to joint ventures		<b>(158,850)</b>	–	<b>(158,850)</b>	–
Loan to subsidiary		–	–	–	(213,200)
Repayment of loan from subsidiary		–	–	<b>50,000</b>	–
Purchase of plant and equipment		<b>(263)</b>	(199)	<b>(224)</b>	(228)
Net proceeds from divestment of investment properties	31	<b>1,230,436</b>	–	<b>1,230,436</b>	–
<b>Net cash used in investing activities</b>		<b>(901,997)</b>	(259,386)	<b>(879,384)</b>	(301,856)
Balance carried forward		<b>(651,207)</b>	(56,310)	<b>(702,217)</b>	(106,569)



# STATEMENTS OF CASH FLOWS

Year ended 31 December 2017

	Note	Group		Trust	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Balance brought forward		(651,207)	(56,310)	(702,217)	(106,569)
<b>Cash flows from financing activities</b>					
Distributions to Unitholders		(279,679)	(257,054)	(279,679)	(257,054)
Interest paid		(64,848)	(71,536)	(36,486)	(35,641)
Payment of transaction costs related to borrowings		(2,088)	–	(1,250)	–
Proceeds from interest-bearing liabilities		1,207,187	738,650	1,207,187	738,650
Repayment of interest-bearing liabilities		(936,200)	(275,000)	(936,200)	(275,000)
Net proceeds from rights issue		689,454	–	689,454	–
<b>Net cash from financing activities</b>		<b>613,826</b>	135,060	<b>643,026</b>	170,955
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(37,381)</b>	78,750	<b>(59,191)</b>	64,386
Cash and cash equivalents at 1 January		159,962	81,212	131,537	67,151
<b>Cash and cash equivalents at 31 December</b>	11	<b>122,581</b>	159,962	<b>72,346</b>	131,537

## Significant non-cash transactions

During the financial year ended 31 December 2017:

- 5,910,744 (2016: 4,062,434) Units were issued as payments of asset management fees in relation to the Group's 60% interest in RCS Trust, which is payable in Units to the Manager, amounting to a value of \$9,068,000 (2016: \$5,813,000);
- 2,309,602 (2016: 1,331,312) Units were issued as payments of asset management fees in relation to One George Street and Wilkie Edge, which is payable in Units to the Manager, amounting to a value of \$3,470,000 (2016: \$1,877,000);
- 215,848 Units (2016: Nil) were issued as payment for the divestment fees of \$362,000 in relation to the divestment of 45% interest in Golden Shoe Car Park to CapitaLand Singapore Limited (a wholly owned subsidiary of CapitaLand Limited). In Appendix 6 of Code of Collective Investment Scheme, the divestments 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;
- 122,677,866 Units (2016: Nil) were issued during the year for the conversion of convertible bonds due 2017 into Units by bond holders before its maturity date; and
- In 2016, 5,166,236 Units 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

# 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 2018.

## 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 2017 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.

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, 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

The financial statements have been prepared in accordance with the Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts" ("RAP 7") issued by the Institute of Singapore Chartered Accountants ("ISCA") 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.

### 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 critical judgement in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is described in the following notes:

- Note 30 – Acquisition of subsidiary

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

#### ***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.

# NOTES TO THE FINANCIAL STATEMENTS

## 2 BASIS OF PREPARATION (continued)

### 2.4 Use of estimates and judgments (continued)

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

### 2.5 Changes in accounting policies

#### **Revised standards**

The Group has applied the following amendments for the first time for the annual period beginning on 1 January 2017:

- *Disclosure Initiative (Amendments to FRS 7);*
- *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12); and*
- *Clarification of the scope of FRS 112 (Improvements to FRSs 2016).*

Other than the amendments to FRS 7, the adoption of these amendments did not have any impact on the current or prior period and is not likely to affect future periods.

#### *Disclosure Initiative (Amendments to FRS 7)*

From 1 January 2017, as a result of the amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 31 December 2017. Comparative information has not been presented (see note 13).

# 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, except as explained in note 2.5, which addresses change in accounting policies.

### 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.

#### *Business combinations and property acquisitions*

Where a property is acquired, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business.

The Group accounts for an acquisition as business combination where an integrated set of activities is acquired in addition to the property. More specifically, consideration is made of the extent to which significant processes are acquired (e.g. maintenance and office operations, etc.).

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Basis of consolidation (continued)

#### ***Business combinations and property acquisitions*** (continued)

When acquisition of an asset or a group of assets does not constitute a business combination, it is treated as property acquisition. In such cases, the individual identifiable assets acquired and liabilities assumed are recognised. The acquisition cost shall be allocated to the individual identifiable assets and liabilities on the basis of their relative fair values at the date of acquisition. Such a transaction does not give rise to goodwill.

#### ***Subsidiaries***

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

Where the Group acquires an asset or a group of assets that does not constitute a business, the cost of investment is allocated to the individual identifiable assets acquired and liabilities assumed at the date of acquisition.

#### ***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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Basis of consolidation (continued)

#### *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.

#### *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.



# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.3 Investment properties (continued)

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.

### 3.5 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 profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.6 Financial instruments (continued)

#### *Derivative financial instruments, including hedge accounting (continued)*

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 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.

#### **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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.6 Financial instruments (continued)

#### *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.

#### *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 (excluding prepayments) 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.6 Financial instruments (continued)

#### *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.

#### ***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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.7 Impairment (continued)

#### *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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## **3 SIGNIFICANT ACCOUNTING POLICIES** (continued)

### **3.7 Impairment** (continued)

#### ***Non-financial assets*** (continued)

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.

### **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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 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, 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.

#### *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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.12 Tax (continued)

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.

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.



# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.12 Tax (continued)

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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

## **3 SIGNIFICANT ACCOUNTING POLICIES** (continued)

### **3.15 Segment reporting** (continued)

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.

### **3.16 New standards and interpretations not yet adopted**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2017 and earlier application is permitted; however, the Group and Trust has not early applied the following new or amended standards in preparing these statements.

#### **Applicable to 2018 financial statements**

##### **FRS 115 Revenue from Contracts with Customers**

FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group plans to adopt FRS 115 in its financial statements when it becomes effective in 2018. The Group does not expect the impact on the financial statements to be significant.

##### **FRS 109 Financial Instruments**

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening unitholders' funds.

The Group has performed a preliminary impact assessment of adopting FRS 109 based on currently available information. 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 3 SIGNIFICANT ACCOUNTING POLICIES (continued)

### 3.16 New standards and interpretations not yet adopted (continued)

#### 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.

#### Applicable to 2019 financial statements

##### FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expenses and depreciation charges. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. The new leases standard is effective for annual periods beginning on or after 1 January 2019.

##### *The Group as lessee*

The Group expects its existing operating lease arrangements to be recognised as right-of-use ("ROU") assets with corresponding lease liabilities under FRS 116. The operating lease commitments on an undiscounted basis amount to approximately <1.0% of the consolidated total assets and <1.0% of consolidated total liabilities. 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.

Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. In addition, the nature of expenses related to those leases will now change as FRS 116 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

# NOTES TO THE FINANCIAL STATEMENTS

## **3 SIGNIFICANT ACCOUNTING POLICIES** (continued)

### **3.16 New standards and interpretations not yet adopted** (continued)

#### *The Group as lessor*

FRS 116 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Group continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.

The Group plans to adopt the standard when it becomes effective in 2019 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 January 2019. Accordingly, existing lease contracts that are still effective on 1 January 2019 continue to be accounted for as lease contracts under FRS 116. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements.

Until 2018, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

# NOTES TO THE FINANCIAL STATEMENTS

## 4 PLANT AND EQUIPMENT

	Note	Furniture, fittings and equipment	
		2017 \$'000	2016 \$'000
<b>Group</b>			
<b>Cost</b>			
At 1 January		2,843	2,449
Additions		24	439
Acquisition through business combination	30(b)	–	67
Disposals/write-off		(955)	(112)
At 31 December		<u>1,912</u>	<u>2,843</u>
<b>Accumulated depreciation</b>			
At 1 January		1,404	1,177
Charge for the year		288	339
Disposals/write-off		(782)	(112)
At 31 December		<u>910</u>	<u>1,404</u>
<b>Carrying amounts</b>			
At 1 January		<u>1,439</u>	<u>1,272</u>
At 31 December		<u>1,002</u>	<u>1,439</u>
<b>Trust</b>			
<b>Cost</b>			
At 1 January		2,775	2,449
Additions		18	438
Disposals/write-off		(955)	(112)
At 31 December		<u>1,838</u>	<u>2,775</u>
<b>Accumulated depreciation</b>			
At 1 January		1,391	1,177
Charge for the year		249	326
Disposals/write-off		(782)	(112)
At 31 December		<u>858</u>	<u>1,391</u>
<b>Carrying amounts</b>			
At 1 January		<u>1,384</u>	<u>1,272</u>
At 31 December		<u>980</u>	<u>1,384</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 5 INVESTMENT PROPERTIES

	Note	Group		Trust	
		2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
At 1 January		<b>6,590,500</b>	4,961,700	<b>4,987,500</b>	4,961,700
Acquisition of investment property and related costs	30(a)	<b>2,118,787</b>	–	–	–
Acquisition through business combination	30(b)	–	1,600,500	–	–
Capital expenditure		<b>3,504</b>	1,648	<b>3,384</b>	1,648
Disposal of investment properties		<b>(1,549,259)</b>	–	<b>(1,549,259)</b>	–
Effect of lease incentives amortisation		<b>(3,930)</b>	(403)	–	–
Net change in fair value of investment properties		<b>248,398</b>	27,055	<b>256,375</b>	24,152
At 31 December		<b>7,408,000</b>	6,590,500	<b>3,698,000</b>	4,987,500

As at 31 December 2017 and 2016, a mortgage over CapitaGreen is provided to the banks to secure bank facilities for MSO Trust, a wholly owned subsidiary of the Trust.

As at 31 December 2017 and 2016, investment properties held by the Group, except as aforementioned, and Trust were unencumbered.

Investment properties are stated at fair value based on valuations performed by independent professional valuers, with the exception of Asia Square Tower 2. 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)

Asia Square Tower 2 was valued using transacted value as the management determined that the agreed property value between the Trust and the vendor on the acquisition of MVKimi Group on 1 November 2017 was the best evidence of fair value, negotiated on a willing-buyer and willing-seller basis and there was no significant change in the market condition since 1 November 2017 to 31 December 2017.

# NOTES TO THE FINANCIAL STATEMENTS

## 6 INTANGIBLE ASSET

	Group and Trust	
	2017	2016
	\$'000	\$'000
<b>Cost</b>		
At 1 January and 31 December	<b>17,100</b>	17,100
<b>Accumulated amortisation</b>		
At 1 January	<b>15,014</b>	13,684
Amortisation for the year	<b>2,086</b>	1,330
At 31 December	<b>17,100</b>	15,014
<b>Carrying amounts</b>		
At 1 January	<b>2,086</b>	3,416
At 31 December	<b>–</b>	2,086

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 2015. However, the Manager has determined that the Trust could continue to utilise the yield stabilization sum to top up any shortfall or deficiency in the property income of Twenty Anson and had fully utilised the yield stabilization sum as at 31 December 2017 (see note 17).

## 7 SUBSIDIARIES

	Trust	
	2017	2016
	\$'000	\$'000
Unquoted equity investments at cost	<b>1,228,233</b>	388,043
Loans to subsidiaries	<b>1,598,938</b>	330,000
	<b>2,827,171</b>	718,043

Loans to subsidiaries are non-trade in nature, unsecured and bear an effective interest rate of 1.652% – 4.2% (2016: 4.6%) per annum. The loans to subsidiaries form part of the Trust's net investment in the subsidiaries and settlement are neither planned nor likely to occur in the foreseeable future. As the loans are in substance, part of the Trust's net investment in the subsidiaries, they are stated at cost.

# 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	
		2017 %	2016 %
CCT MTN Pte. Ltd. ("CCT MTN") <sup>1</sup>	Singapore	100	100
FirstOffice Pte. Ltd. ("FOPL") <sup>1,2</sup>	Singapore	100	100
MSO Trust <sup>1</sup>	Singapore	100	100
Asia Square Tower 2 Pte. Ltd. ("AST2 Co.") <sup>1,3</sup>	Singapore	100	–
MVKimi (BVI) Limited	Bermuda	100	–

1 Audited by KPMG LLP Singapore

2 The company is under members' voluntary liquidation as at 31 December 2017

3 Indirectly held through MVKimi (BVI) Limited

### MSO Trust

MSO Trust is an unlisted special purpose trust constituted under a trust deed ("Trust Deed of MSO Trust") dated 15 June 2011 (as amended). As at 31 December 2017 (31 December 2016), HSBC Institutional Trust Services (Singapore) Limited and CapitaLand Commercial Trust Management Limited is the Trustee and Trust Manager of MSO Trust respectively. MSO Trust holds CapitaGreen, a Grade A office tower.

The principal activity of MSO Trust is to invest in income producing real estate and real estate related assets, which are used or substantially used for commercial purposes.

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 (2016: \$794.0 million), for the purpose of refinancing the unitholders' loan of \$292.0 million and working capital or general corporate funding purpose of \$502.0 million.

As at 31 December 2017, the Trust had provided a total of \$330.0 million (2016: \$330.0 million) as unitholder's loan to MSO Trust.

The Trust has also provided undertakings on security margin, in respect of its 100% (2016: 100.0%) interest on the \$900.0 million (2016: \$900.0 million) bank facility granted to MSO Trust. As at 31 December 2017, the amount drawn down under the bank facility was \$890.0 million (2016: \$890.0 million).



# NOTES TO THE FINANCIAL STATEMENTS

## 8 JOINT VENTURES

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Investments in joint ventures	1,573,290	1,189,793	1,261,439	864,393
Loans to joint ventures	158,850	–	158,850	–
	<b>1,732,140</b>	<b>1,189,793</b>	<b>1,420,289</b>	<b>864,393</b>

As at 31 December 2017, the loans to joint ventures were unsecured and non-trade in nature. The loans have no fixed terms of repayment and are not expected to be repaid in the next twelve months from the reporting date. The loans bear an average effective interest rate of 2.5 % 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	
		2017 %	2016 %
RCS Trust <sup>1</sup>	Singapore	60	60
One George Street LLP <sup>1</sup>	Singapore	50	–
Glory Office Trust <sup>1</sup>	Singapore	45	–
Glory SR Trust <sup>1</sup>	Singapore	45	–

<sup>1</sup> Audited by KPMG LLP Singapore

### 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 which comprise retail, hotel, convention centre and office.

The principal activity of RCS Trust is to invest in income producing real estate and real estate related assets, which are used or substantially used for commercial purposes.

# NOTES TO THE FINANCIAL STATEMENTS

## 8 JOINT VENTURES (continued)

### One George Street LLP

One George Street LLP ("OGS LLP") is a limited liability partnership formed on 28 April 2017 between HSBC Institutional Trust Services (Singapore) Limited as Trustee of CapitalLand Commercial Trust ("the Trust") and OGS (II) Limited (the "JV Partner"), a special purpose vehicle owned by insurer FWD Group (which is unrelated to the Trust). OGS LLP is 50% owned by the Trust and the JV Partner respectively.

The Trust had divested One George Street to OGS LLP on 19 June 2017.

The principal activity of OGS LLP is to invest in income producing real estate and real estate related assets, which are used or substantially used for commercial purposes.

### Glory Office Trust and Glory SR Trust

Glory Office Trust ("GOT") and Glory SR Trust ("GSRT") are unlisted special purpose trusts constituted under trust deed dated 28 February 2017, entered between CL Office Trustee Pte. Ltd. and Glory SR Trustee Pte. Ltd. as trustee-manager of GOT and GSRT respectively, the Trustee and the Manager.

On 12 July 2017, the Trustee and the Manager entered into a joint venture agreement with CapitalLand Singapore Limited ("CLS") and Mitsubishi Estate Asia Pte. Ltd. ("MEA"). Under the agreement, the Trust, CLS and MEA own 45%, 45% and 10% equity interest respectively in GOT and GSRT respectively.

The Trust had divested Golden Shoe Car Park to the special purpose trusts on 12 July 2017, and the special purpose trusts will carry out the re-development of Golden Shoe Car Park to an integrated commercial and serviced residence development.

Based on the unitholder's loan agreements dated 22 September 2017 between the Trust and GOT and GSRT respectively, the Trust agreed to make available to GOT and GSRT one or more loans up to an aggregate principle of \$536.0 million, for the purpose of joint re-development.

As at 31 December 2017, the Trust had provided a total of \$158.9 million as unitholder's loan to GOT and GSRT.

The Trust has also provided sponsors' undertakings on cost overrun, interest shortfall, security margin and project completion, in respect of its 45% interest each of GOT and GSRT, on the \$1,180.0 million bank facility granted to GOT and GSRT. As at 31 December 2017, the amount drawn down under the bank facility was \$650.0 million.

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. The table also includes summarised financial information for the Group's interest in immaterial joint ventures, based on amounts reported in the Group's consolidated financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 8 JOINT VENTURES (continued)

	RCS Trust \$'000	OGS LLP <sup>1</sup> \$'000	Immaterial Joint Ventures <sup>2</sup> \$'000	Total \$'000
<b>2017</b>				
<b>Results</b>				
Gross revenue	229,939	26,631		
Expenses <sup>3</sup>	(95,190)	(13,466)		
Net increase/(decrease) in fair value of investment property	51,889	(67,011)		
Total return for the year	<u>186,638</u>	<u>(53,846)</u>		
<b>Assets and liabilities</b>				
Non-current assets	3,260,819	1,116,200		
Current assets <sup>4</sup>	20,177	22,511		
Total assets	<u>3,280,996</u>	<u>1,138,711</u>		
Current liabilities <sup>5</sup>	340,801	17,902		
Non-current liabilities <sup>6</sup>	897,761	585,021		
Total liabilities	<u>1,238,562</u>	<u>602,923</u>		
Net assets	<u>2,042,434</u>	<u>535,788</u>		
<b>Group's interest in net assets of investee at 1 January</b>				
	1,189,793	–	–	1,189,793
Increase in investment in joint venture with no change in effective interest <sup>7</sup>	9,068	–	–	9,068
Joint ventures – new investments <sup>1,2</sup>	–	301,578	86,400	387,978
Share of total return for the year	111,983	(26,923)	(177)	84,883
Share of movement in hedging reserves for the year	173	–	(839)	(666)
Distributions received and receivable during the year	(91,005)	(6,761)	–	(97,766)
<b>Carrying amount of interest in investee at 31 December</b>	<u>1,220,012</u>	<u>267,894</u>	<u>85,384</u>	<u>1,573,290</u>
Group's share of joint ventures' capital commitment	31,564	323	205,036	236,923

# NOTES TO THE FINANCIAL STATEMENTS

## 8 JOINT VENTURES (continued)

### Notes

- 1 On 19 June 2017, CCT had divested One George Street to OGS LLP. Accordingly, the information presented in the above table includes the results of OGS LLP only for the period from 20 June 2017 to 31 December 2017.
- 2 Immaterial joint ventures pertain to GOT and GSRT. On 12 July 2017, CCT had divested Golden Shoe Car Park to GOT and GSRT. Accordingly, the information presented in the above table includes the results of the immaterial joint ventures only for the period from 13 July 2017 to 31 December 2017.

	RCS Trust \$'000	OGS LLP \$'000	Immaterial Joint Ventures \$'000	Total \$'000
3 Includes:				
Depreciation	87	–		
Interest expense	14,870	2,833		
Tax expense	–	–		
4 Includes cash and cash equivalents	11,361	17,681		
5 Includes current financial liabilities (excluding trade and other payables and provisions)	204,259	–		
6 Includes non-current financial liabilities (excluding trade and other payables and provisions)	527,567	585,021		
7 Increase in investment by way of issuance of units in RCS Trust.	9,608	–		

# NOTES TO THE FINANCIAL STATEMENTS

## 8 JOINT VENTURES (continued)

	RCS Trust \$'000	MSO Trust <sup>1</sup> \$'000	Total \$'000
<b>2016</b>			
<b>Results</b>			
Gross revenue	234,613	49,796	284,409
Expenses <sup>2</sup>	(104,263)	(39,573)	(143,836)
Net (decrease)/increase in fair value of investment property	(18,739)	36,642	17,903
Total return for the year	111,611	46,865	158,476
<b>Assets and liabilities</b>			
Non-current assets	3,169,963	–	3,169,963
Current assets <sup>3</sup>	43,424	–	43,424
Total assets	3,213,387	–	3,213,387
Current liabilities	112,225	–	112,225
Non-current liabilities <sup>4</sup>	1,118,173	–	1,118,173
Total liabilities	1,230,398	–	1,230,398
Net assets	1,982,989	–	1,982,989
<b>Group's interest in net assets of investee at 1 January</b>	1,206,229	129,418	1,335,647
Increase in investment in joint venture with no change in effective interest <sup>5</sup>	5,813	–	5,813
Share of total return for the year	66,967	18,746	85,713
Share of movement in hedging reserves for the year	(396)	(7,618)	(8,014)
Distributions received and receivable during the year	(88,820)	(4,635)	(93,455)
Disposal of joint venture	–	(135,911)	(135,911)
<b>Carrying amount of interest in investee at 31 December</b>	1,189,793	–	1,189,793
Group's share of joint ventures' capital commitment	30,098	–	30,098

### Notes

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 \$'000	MSO Trust \$'000	Total \$'000
2 Includes:			
Depreciation	209	26	235
Interest expense	29,093	27,224	56,317
Tax expense	–	3	3
3 Includes cash and cash equivalents	38,457	–	38,457
4 Includes non-current financial liabilities (excluding trade and other payables and provisions)	1,097,518	–	1,097,518
5 Increase in investment by way of issuance of units in RCS Trust	5,813	–	5,813

# NOTES TO THE FINANCIAL STATEMENTS

## 9 AVAILABLE-FOR-SALE QUOTED INVESTMENT

	Group and Trust	
	2017	2016
	\$'000	\$'000
Available-for-sale quoted investment, fair value	<b>47,533</b>	44,834

Available-for-sale quoted investment represents the Group's and Trust's 11.0% (2016: 11.0%) interest in MRCB-Quill REIT ("MQREIT").

The principal activity of MQREIT is to own and invest in commercial properties, primarily in Malaysia.

In 2016, the Group and Trust had recognised an impairment loss of \$8,916,000 against its investment in available-for-sale quoted investment given a prolonged decline in fair value.

## 10 TRADE AND OTHER RECEIVABLES

	Group		Trust	
	2017	2016	2017	2016
	\$'000	\$'000	\$'000	\$'000
Trade receivables	<b>1,869</b>	579	<b>660</b>	575
Investment income receivable from joint ventures	<b>26,561</b>	22,953	<b>26,561</b>	22,953
Interest receivable from joint ventures	<b>426</b>	–	<b>426</b>	–
Distribution receivable from subsidiary	–	–	<b>6,981</b>	11,393
Interest receivable from subsidiary	–	–	<b>7,773</b>	4,633
Amount due from related parties (trade)	<b>209</b>	70	<b>209</b>	70
Deposits	<b>209</b>	225	<b>196</b>	210
Other receivables	<b>3,764</b>	7,485	<b>2,343</b>	6,126
Loans and receivables	<b>33,038</b>	31,312	<b>45,149</b>	45,960
Prepayments	<b>9,708</b>	10,324	<b>3,862</b>	2,614
	<b>42,746</b>	41,636	<b>49,011</b>	48,574

There is no allowance for impairment arising from the amounts receivable from joint ventures.

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:

	2017		2016	
	Gross \$'000	Impairment losses \$'000	Gross \$'000	Impairment losses \$'000
<b>Group</b>				
Not past due	1,311	–	555	–
Past due 31 – 90 days	508	–	17	–
Past due more than 90 days	50	–	7	–
	<b>1,869</b>	<b>–</b>	<b>579</b>	<b>–</b>
<b>Trust</b>				
Not past due	574	–	553	–
Past due 31 – 90 days	37	–	16	–
Past due more than 90 days	49	–	6	–
	<b>660</b>	<b>–</b>	<b>575</b>	<b>–</b>

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		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Cash at bank and in hand	122,581	34,082	72,346	9,537
Fixed deposits with financial institutions	–	125,880	–	122,000
Cash and cash equivalents in the statements of cash flows	<b>122,581</b>	<b>159,962</b>	<b>72,346</b>	<b>131,537</b>

The weighted average effective interest rates relating to cash and cash equivalents at the reporting date for the Group and Trust were 0.28% (2016: 0.92%) and 0.36% (2016: 1.02%) per annum respectively.

# NOTES TO THE FINANCIAL STATEMENTS

## 12 TRADE AND OTHER PAYABLES

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Trade payables and accrued operating expenses	<b>61,620</b>	22,370	<b>43,157</b>	16,437
Amounts due to related parties (trade)	<b>11,559</b>	10,998	<b>8,808</b>	9,253
Amounts due to subsidiary (non-trade)	–	–	<b>163,082</b>	163,082
Other deposits and advances	<b>6,593</b>	9,187	<b>3,772</b>	6,724
Interest payable	<b>10,521</b>	10,231	<b>7,752</b>	7,304
	<b>90,293</b>	52,786	<b>226,571</b>	202,800

Included in trade payables and accrued operating expenses was an amount due to the Trustee of \$256,000 (2016: \$199,000) for the Group and \$204,000 (2016: \$178,000) for the Trust.

Included in the amounts due to related parties (trade) was an amount due to the Manager of \$10,036,000 (2016: \$8,053,000) for the Group and \$8,247,000 (2016: \$7,302,000) for the Trust and an amount due to the property manager of \$1,355,000 (2016: \$1,997,000) for the Group and \$545,000 (2016: \$1,769,000) for the Trust.

Included in interest payable of the Trust was an amount due to the subsidiary of \$3,530,000 (2016: \$3,570,000).

## 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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Non-current liabilities</b>				
Term loans (secured)	<b>697,390</b>	697,239	–	–
Term loans (unsecured)	<b>1,118,484</b>	523,037	<b>1,118,484</b>	523,037
Revolving credit facilities (secured)	<b>190,000</b>	189,251	–	–
Revolving credit facilities (unsecured)	<b>86,546</b>	411,200	<b>86,546</b>	411,200
Medium term notes (unsecured)	<b>627,788</b>	636,455	<b>627,788</b>	636,455
	<b>2,720,208</b>	2,457,182	<b>1,832,818</b>	1,570,692



# 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:

Group	Nominal interest rate	Year of maturity	2017		2016	
			Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
<b>Secured</b>						
<b>Floating rates</b>						
SGD bank loans <sup>1</sup>	SOR <sup>2</sup> + margin	2020	<b>890,000</b>	<b>887,390</b>	890,000	886,490
<b>Unsecured</b>						
<b>Floating rates</b>						
SGD bank loans <sup>1</sup>	SOR <sup>2</sup> + margin	2018 to 2020	<b>1,207,187</b>	<b>1,205,030</b>	936,200	934,237
JPY <sup>3</sup> Medium Term Notes <sup>4</sup>	3M LIBOR <sup>7</sup> + margin	2021 to 2023	<b>175,000</b>	<b>180,588</b>	175,000	181,899
<b>Fixed rates</b>						
SGD Medium Term Notes	2.77% to 2.98%	2021 to 2022	<b>225,000</b>	<b>225,000</b>	225,000	225,000
JPY <sup>3</sup> Medium Term Notes <sup>4</sup>	1.35875%	2019	<b>148,300</b>	<b>121,200</b>	148,300	122,080
HKD <sup>5</sup> Medium Term Notes <sup>6</sup>	2.27%	2021	<b>102,450</b>	<b>101,000</b>	102,450	107,476
			<b>2,747,937</b>	<b>2,720,208</b>	2,476,950	2,457,182
<b>Trust</b>						
<b>Unsecured</b>						
<b>Floating rates</b>						
SGD bank loans <sup>1</sup>	SOR <sup>2</sup> + margin	2018 to 2020	<b>1,207,187</b>	<b>1,205,030</b>	936,200	934,237
JPY <sup>3</sup> Medium Term Notes <sup>4</sup>	3M LIBOR <sup>7</sup> + margin	2021 to 2023	<b>175,000</b>	<b>180,588</b>	175,000	181,899
<b>Fixed rates</b>						
SGD Medium Term Notes	2.77% to 2.98%	2021 to 2022	<b>225,000</b>	<b>225,000</b>	225,000	225,000
JPY <sup>3</sup> Medium Term Notes <sup>4</sup>	1.35875%	2019	<b>148,300</b>	<b>121,200</b>	148,300	122,080
HKD <sup>5</sup> Medium Term Notes <sup>6</sup>	2.27%	2021	<b>102,450</b>	<b>101,000</b>	102,450	107,476
			<b>1,857,937</b>	<b>1,832,818</b>	1,586,950	1,570,692

1 Included in the bank loans is an amount of \$1,777.6 million (2016: \$1,175.0 million) for the Group and \$887.6 million (2016: \$480.0 million) for the Trust which is hedged by interest rate swaps with notional contract amounts of \$1,777.6 million (2016: \$1,175.0 million) for the Group and \$887.6 million (2016: \$285.0 million) for the Trust. The interest rate swaps have fixed interest rates ranging from 1.28% to 2.49% (2016: 0.95% to 2.49%) for the Group and 1.28% to 1.74% (2016: 0.95% to 1.03%) for 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 (2016: JPY24.9 billion) medium term notes into notional principal amount of \$323.3 million (2016: \$323.3 million) at fixed interest rates ranging from 2.8875% to 3.05% (2016: 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 (2016: HKD585.0 million) medium term notes into notional principal amount of \$102.5 million (2016: \$102.5 million) at fixed interest rates of 2.7% (2016: 2.7%) 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 2017, the Group has an aggregate of \$900.0 million (2016: \$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 (2016: \$700.0 million) and the secured revolving loan facility of \$200.0 million (2016: \$200.0 million).

As at 31 December 2017, the total secured loan facility drawn down by MSO Trust was \$890.0 million (2016: \$890.0 million), at a floating interest rate of 2.16% (2016: 2.20%), 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 (2016: 0.70 to 1) and are repayable in full in 2020 (2016: 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 2017, notes issued by the Group were as follows:

- (i) \$150.0 million (2016: \$150.0 million) fixed rate notes maturing in 2021;
- (ii) \$75.0 million (2016: \$75.0) fixed rate notes maturity in 2022;
- (iii) JPY24.9 billion (2016: JPY24.9 billion) medium term notes, which comprises JPY10.0 billion, JPY6.3 billion and JPY8.6 billion maturing between 2019 to 2023 (2016: 2019 to 2023). The Group had entered into cross currency swaps to swap the JPY notes into Singapore dollars; and
- (iv) HKD585.0 million (2016: HKD585.0 million) medium term notes maturing in 2021 (2016: 2021). The Group had entered into cross currency swap to swap the HKD notes into Singapore dollars.

# NOTES TO THE FINANCIAL STATEMENTS

## 13 INTEREST-BEARING LIABILITIES (continued)

### Unsecured bank facilities, overdraft and guarantee facilities of the Trust

As at 31 December 2017, the Trust has an aggregate of \$2,000.0 million (2016: \$1,180.0 million) unsecured bank facilities, comprising a combination of \$1,425.0 million (2016: \$525.0 million) term loans and \$575.0 million (2016: \$655.0 million) revolving credit facilities with various maturities of up to 2.7 years (2016: 3.7 years) from various banks. The Trust has drawn down \$1,207.2 million (2016: \$936.2 million) of the unsecured bank facilities.

The Trust also has an omnibus line facility of up to \$5.0 million. As at 31 December 2017, the Trust has utilised \$1.8 million (2016: \$1.9 million) from the omnibus line facility for letter of guarantees.

### Reconciliation of movements of liabilities to cash flows arising from financing activities

	Note	1 January 2017 \$'000	Financing cash flows <sup>1</sup> \$'000	Non-cash changes				31 December 2017 \$'000
				Interest expense \$'000	Transaction cost \$'000	Foreign exchange movement \$'000	Change in fair value \$'000	
<b>Group</b>								
MTN Notes <sup>3</sup>		640,027	(11,195)	11,154	–	(8,669)	–	631,317
Bank loans <sup>2,3</sup>		1,826,152	217,415	53,134	2,711	–	–	2,099,412
Convertible bonds <sup>3</sup>	15	174,780	(2,169)	839	1,139	–	(174,589)	–
Financial derivatives	14	5,974	–	–	–	8,669	38,342	52,985
		<u>2,646,933</u>	<u>204,051</u>	<u>65,127</u>	<u>3,850</u>	<u>–</u>	<u>38,342</u>	<u>2,783,714</u>

1 Net of payment of issue and financing expenses, proceeds from interest-bearing borrowings, repayment of interest-bearing borrowings and interest paid.

2 Includes other payables – borrowing costs of \$96,000 as at 1 January 2017.

3 Includes interest payable (see note 12).

## 14 FINANCIAL DERIVATIVES

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Non-current assets</b>				
Interest rate swaps	–	3,219	–	–
Cross currency swaps	–	17,405	–	17,405
	–	<u>20,624</u>	–	<u>17,405</u>
<b>Current assets</b>				
Interest rate swaps	–	257	–	257
<b>Current liabilities</b>				
Interest rate swaps	<u>81</u>	–	<u>81</u>	–
<b>Non-current liabilities</b>				
Interest rate swaps	<u>15,428</u>	5,593	–	–
Cross currency swaps	<u>37,476</u>	21,262	<u>37,476</u>	21,262
	<u>52,904</u>	<u>26,855</u>	<u>37,476</u>	<u>21,262</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 14 FINANCIAL DERIVATIVES (continued)

### *Interest rate swaps*

At 31 December 2017, the Group and the Trust held interest rate swaps with total notional contract amounts of \$1,777.6 million (2016: \$1,175.0 million) and \$887.6 million (2016: \$285.0 million) respectively to provide fixed rate funding for terms up to 3.8 years for the Group and the Trust (2016: up to 4 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 2017, the Group held JPY/\$ and HKD/\$ (2016: JPY/\$ and HKD/\$) cross currency swaps with total notional contract amounts of JPY24.9 billion (2016: JPY24.9 billion) and HKD585 million (2016: HKD585 million) respectively 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 swaps mature 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)

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
<b>Group</b>					
<b>31 December 2017</b>					
<b>Financial liabilities</b>					
Interest rate swaps	15,509	–	15,509	–	15,509
Cross currency swaps	37,476	–	37,476	–	37,476
<b>31 December 2016</b>					
<b>Financial assets</b>					
Interest rate swaps	3,476	–	3,476	(3,257)	219
Cross currency swaps	17,405	–	17,405	(13,334)	4,071
<b>Financial liabilities</b>					
Interest rate swaps	5,593	–	5,593	(3,219)	2,374
Cross currency swaps	21,262	–	21,262	(13,372)	7,890
<b>Trust</b>					
<b>31 December 2017</b>					
<b>Financial liabilities</b>					
Interest rate swaps	81	–	81	–	81
Cross currency swaps	37,476	–	37,476	–	37,476
<b>31 December 2016</b>					
<b>Financial assets</b>					
Interest rate swaps	257	–	257	(38)	219
Cross currency swaps	17,405	–	17,405	(13,334)	4,071
<b>Financial liabilities</b>					
Cross currency swaps	21,262	–	21,262	(13,372)	(7,890)

# NOTES TO THE FINANCIAL STATEMENTS

## 15 CONVERTIBLE BONDS

	Group and Trust	
	2017	2016
	\$'000	\$'000
At 1 January	173,450	171,281
Interest accretion, including transaction costs	1,139	2,169
Conversion of convertible bonds	(174,589)	–
At 31 December	–	173,450

### Convertible bonds due 2017

In September 2012, the Trust issued \$175.0 million principal amount of convertible bonds due 2017 (“CB 2017”) with interest rate at 2.5% per annum.

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).

CB 2017 were convertible by bondholders into Units at the conversion price of \$1.4816 as at 31 December 2016. The conversion price was subject to adjustments under certain events set out in the Trust Deed for the Convertible Bonds.

During the year, CB 2017 were fully converted to 122.7 million Units at the conversion price of \$1.4625, arrived at after adjustments provided for in the Trust Deed for the Convertible Bonds.

## 16 UNITS IN ISSUE

	Group and Trust	
	2017	2016
	'000	'000
<b>Units in issue:</b>		
At 1 January	2,963,491	2,952,931
Units created:		
– Asset management fees in relation to RCS Trust paid in Units <sup>(a)</sup>	5,911	4,063
– Asset management fees in relation to One George Street and Wilkie Edge paid in Units <sup>(b)</sup>	2,310	1,331
– Acquisition fees paid in Units <sup>(c)</sup>	–	5,166
– Divestment fees paid in Units <sup>(d)</sup>	216	–
– Conversion of convertible bonds <sup>(e)</sup>	122,678	–
– Rights issue <sup>(f)</sup>	513,540	–
At 31 December	3,608,146	2,963,491
<b>Units to be issued:</b>		
– Asset management fees in relation to One George Street and Wilkie Edge payable in Units	733	1,892
Total issued and issuable Units at 31 December	3,608,879	2,965,383

# NOTES TO THE FINANCIAL STATEMENTS

## 16 UNITS IN ISSUE (continued)

Units issued during the year were as follows:

- (a) 5,910,744 (2016: 4,062,434) Units were issued at issue prices ranging from \$1.4813 to \$1.6793 (2016: \$1.3381 to \$1.5936) per Unit, amounting to \$9,068,000 (2016: \$5,813,000) 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 2016 to 30 September 2017 (2016: 1 October 2015 to 30 September 2016).
- (b) 2,309,602 (2016: 1,331,312) Units were issued at issue prices ranging from \$1.4813 to \$1.6793 (2016: \$1.3381 to \$1.5936) per Unit, amounting to \$3,470,000 (2016: \$1,877,000) as payment for the asset management fees in relation to One George Street and Wilkie Edge for the period from 1 October 2016 to 30 September 2017 (2016: 1 October 2015 to 30 September 2016).
- (c) In 2016, 5,166,236 Units were issued at issue price \$1.5490 per Unit, amounting to \$8,003,000 in relation to the acquisition of 50.0% interest in MSO Trust from Market Street Office Pte. Ltd.
- (d) 215,848 (2016: Nil) Units were issued at issue price \$1.6793, amounting to \$362,000 (2016: Nil) in relation to the divestment of the 45.0% interest in Golden Shoe Car Park to CapitaLand Singapore Limited.
- (e) 122,677,866 (2016: Nil) Units were issued at issue price \$1.4265, amounting to \$181,938,000 (2016: Nil) in relation to conversion of CB 2017.
- (f) Pursuant to the rights issue announced on 21 September 2017, 513,540,228 (2016: Nil) renounceable underwritten rights units were issued at the price of S\$1.363, amounting to \$699,955,000 (2016: Nil) on 26 October 2017.

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.

# NOTES TO THE FINANCIAL STATEMENTS

## 16 UNITS IN ISSUE (continued)

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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Gross rental income	<b>314,376</b>	273,837	<b>213,532</b>	246,116
Car park income	<b>8,767</b>	11,617	<b>7,135</b>	11,282
Other income	<b>14,314</b>	13,123	<b>11,083</b>	12,551
	<b>337,457</b>	298,577	<b>231,750</b>	269,949

Other income includes yield stabilization income of \$2,086,000 (2016: \$1,330,000) for Twenty Anson. In 2017, 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 and expired on 21 September 2015. Post expiry of the YS Deed, the Manager had determined that the Trust could continue to utilise the yield stabilization sum to top up any shortfall or deficiency in the property income of Twenty Anson. The remaining yield stabilization sum of \$2.1 million as at 31 December 2016 was fully utilised in 2017 based on a property yield of 4.0% (2016: 4.0%) per annum of the property purchase value of \$430.0 million. The balance YS Sum was Nil (2016: \$2,086,000) as at 31 December 2017.

## 18 PROPERTY OPERATING EXPENSES

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Property tax	<b>24,048</b>	25,143	<b>15,770</b>	22,651
Utilities	<b>7,837</b>	7,086	<b>5,642</b>	6,496
Property management reimbursements	<b>10,448</b>	10,349	<b>8,561</b>	9,794
Property management fees	<b>7,662</b>	6,580	<b>5,064</b>	5,854
Marketing expenses	<b>6,415</b>	3,049	<b>2,453</b>	3,559
Maintenance and others	<b>15,579</b>	15,093	<b>11,855</b>	13,668
	<b>71,989</b>	67,300	<b>49,345</b>	62,022



# NOTES TO THE FINANCIAL STATEMENTS

## 19 INVESTMENT INCOME

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Distribution income from subsidiary	–	–	44,141	9,605
Distribution income from joint ventures	–	–	97,766	93,455
Distribution income from available-for-sale quoted investment	1,575	4,920	1,575	4,920
	<b>1,575</b>	<b>4,920</b>	<b>143,482</b>	<b>107,980</b>

## 20 ASSET MANAGEMENT FEES

Asset management fees comprise base component and performance component. Asset management fees for One George Street and Wilkie Edge totalling \$2,070,000 (2016: \$3,713,000) were paid and payable in Units. Asset management fees were paid and payable in cash for the rest of the assets.

## 21 FINANCE COSTS

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Interest expense	65,127	45,070	36,248	35,571
Transaction costs	3,850	4,994	2,875	4,627
	<b>68,977</b>	<b>50,064</b>	<b>39,123</b>	<b>40,198</b>

Transaction costs includes commitment fees for loan facilities and upfront fees for new bank borrowings.

## 22 TAX EXPENSE

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Current tax expense</b>				
Current year	1,928	1,309	533	709
Over provision for prior year	–	(86)	–	–
	<b>1,928</b>	<b>1,223</b>	<b>533</b>	<b>709</b>
<b>Deferred tax expense</b>				
Reversal of temporary differences	1,760	–	–	–
	<b>1,760</b>	<b>–</b>	<b>–</b>	<b>–</b>
	<b>3,688</b>	<b>1,223</b>	<b>533</b>	<b>709</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 22 TAX EXPENSE (continued)

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
<b>Reconciliation of effective tax rate</b>				
Total return for the year before tax	<b>582,515</b>	261,846	<b>614,483</b>	270,964
Tax calculated using Singapore tax rate of 17% (2016: 17%)	<b>99,027</b>	44,514	<b>104,462</b>	46,064
Non-deductible expenses	<b>5,585</b>	4,977	<b>541</b>	4,487
Non-taxable income	<b>(54,001)</b>	(4,599)	<b>(55,357)</b>	(4,106)
Effects of profit of joint ventures (net of tax)	<b>2,190</b>	2,153	–	–
Tax transparency	<b>(49,113)</b>	(45,736)	<b>(49,113)</b>	(45,736)
Over provision for prior year	–	(86)	–	–
	<b>3,688</b>	1,223	<b>533</b>	709

## 23 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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Total return for the year	<b>578,827</b>	260,623	<b>613,950</b>	270,255
			<b>Group and Trust</b>	
			<b>2017</b>	<b>2016</b>
<b>Weighted average number of Units <sup>1</sup></b>			<b>'000</b>	<b>'000</b>
Issued Units at 1 January			<b>2,963,491</b>	2,952,931
Effect of creation of new Units:				
– Issued as payment of RCS Trust's asset management fees			<b>4,334</b>	2,545
– Issued as payment of asset management fees of One George Street and Wilkie Edge			<b>1,902</b>	920
– Issued as acquisition fees paid in Units			–	1,553
– Issued as divestment fees paid in Units			<b>38</b>	–
– Conversion of convertible bonds			<b>59,241</b>	–
– Rights issue			<b>94,266</b>	–
– Issuable as payment of asset management fees of One George Street and Wilkie Edge			<b>1</b>	2
– Effect of adjustment for rights issue			–	77,314
Weighted average number of Units in issue at 31 December			<b>3,123,273</b>	3,035,265

1 2016 EPU's had been restated for the rights issue announced on 21 September 2017 to raise gross proceeds of about \$700 million, through which 513.5 million CCT units were issued on 26 October 2017. This is in accordance with paragraph 46 of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts".

# NOTES TO THE FINANCIAL STATEMENTS

## 23 EARNINGS PER UNIT (continued)

### (a) Basic earnings per Unit (continued)

	Group		Trust	
	2017 cents	2016 cents	2017 cents	2016 cents
Basic earnings per Unit	<b>18.53</b>	8.59 <sup>1</sup>	<b>19.66</b>	8.90 <sup>1</sup>

1 2016 EPU's had been restated for the rights issue announced on 21 September 2017 to raise gross proceeds of about \$700 million, through which 513.5 million CCT units were issued on 26 October 2017. This is in accordance with paragraph 46 of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts".

### (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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Total return for the year	<b>578,827</b>	260,623	<b>613,950</b>	270,255
Interest expense on convertible bonds	–	6,544	–	6,544
	<b>578,827</b>	267,167	<b>613,950</b>	276,799

	Group and Trust	
	2017 '000	2016 '000

### Weighted average number of Units<sup>1</sup>

Weighted average number of Units used in calculation of basic earnings per Unit	<b>3,123,273</b>	3,035,265
Effect of conversion of convertible bonds	–	118,116
Effect of payment of performance fees and base fees	<b>3,577</b>	5,546
Effect of adjustment for rights issue	–	3,231
Weighted average number of Units in issue (diluted)	<b>3,126,850</b>	3,162,158

	Group		Trust	
	2017 cents	2016 cents	2017 cents	2016 cents
Diluted earnings per Unit	<b>18.51</b>	8.45 <sup>1</sup>	<b>19.63</b>	8.75 <sup>1</sup>

1 2016 EPU's had been restated for the rights issue announced on 21 September 2017 to raise gross proceeds of about \$700 million, through which 513.5 million CCT units were issued on 26 October 2017. This is in accordance with paragraph 46 of Statement of Recommended Accounting Practice 7 "Reporting Framework for Unit Trusts".

# NOTES TO THE FINANCIAL STATEMENTS

## 24 CAPITAL RESERVES

Movement in capital reserves relates to the option value of CB 2017 that were converted into Units during the year, as well as the related transaction costs incurred for the Rights Issue.

## 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 BBB+ to the Group and the Trust's long-term corporate rating as at 31 December 2017, 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 2017 and 31 December 2016, there were no significant concentrations of credit risk at the Group and the Trust other than the amounts due from joint ventures of \$27,187,000 (2016: \$22,953,000).

### *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.

As at 31 December 2017, the Group and the Trust have available undrawn bank facilities of \$701.0 million (2016: \$253.8 million) and \$691.0 million (2016: \$253.8 million) respectively (see note 13). In addition, the Group may issue up to \$1,349.2 million (2016: \$1,349.2 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	Within 2 to 5 years \$'000	More than 5 years \$'000
<b>Group</b>					
<b>31 December 2017</b>					
<b>Non-derivative financial liabilities</b>					
Medium Term Notes	627,788	688,569	11,022	577,511	100,036
SGD floating rate term loans and revolving credit facilities	2,092,420	2,176,182	125,951	2,050,231	–
Trade and other payables	90,293	90,293	90,293	–	–
Security deposits	70,406	70,406	4,002	60,240	6,164
	<b>2,880,907</b>	<b>3,025,450</b>	<b>231,268</b>	<b>2,687,982</b>	<b>106,200</b>
<b>Derivative financial instruments</b>					
Interest rate swaps (net-settled)	15,509	14,865	10,343	4,522	–
Cross currency swaps (gross-settled)	37,476	–	–	–	–
– Outflow	–	467,195	12,311	354,483	100,401
– (Inflow)	–	(438,845)	(4,494)	(334,315)	(100,036)
	<b>52,985</b>	<b>43,215</b>	<b>18,160</b>	<b>24,690</b>	<b>365</b>
	<b>2,933,892</b>	<b>3,068,665</b>	<b>249,428</b>	<b>2,712,672</b>	<b>106,565</b>
<b>31 December 2016</b>					
<b>Non-derivative financial liabilities</b>					
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
	<b>2,744,228</b>	<b>2,948,289</b>	<b>284,910</b>	<b>2,485,010</b>	<b>178,369</b>
<b>Derivative financial instruments</b>					
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)
	<b>5,974</b>	<b>35,632</b>	<b>13,674</b>	<b>18,790</b>	<b>3,168</b>
	<b>2,750,202</b>	<b>2,983,921</b>	<b>298,584</b>	<b>2,503,800</b>	<b>181,537</b>

# 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
<b>Trust</b>					
<b>31 December 2017</b>					
<b>Non-derivative financial liabilities</b>					
Medium Term Notes	627,788	688,569	11,022	577,511	100,036
SGD floating rate term loans and revolving credit facilities	1,205,030	1,230,418	106,713	1,123,705	–
Trade and other payables	226,571	226,571	226,571	–	–
Security deposits	24,239	24,239	2,545	21,650	44
	<b>2,083,628</b>	<b>2,169,797</b>	<b>346,851</b>	<b>1,722,866</b>	<b>100,080</b>
<b>Derivative financial instruments</b>					
Interest rate swaps (net-settled)	81	812	2,255	(1,443)	–
Cross currency swaps (gross-settled)	37,476	–	–	–	–
– Outflow	–	467,195	12,311	354,483	100,401
– (Inflow)	–	(438,845)	(4,494)	(334,315)	(100,036)
	<b>37,557</b>	<b>29,162</b>	<b>10,072</b>	<b>18,725</b>	<b>365</b>
	<b>2,121,185</b>	<b>2,198,959</b>	<b>356,923</b>	<b>1,741,591</b>	<b>100,445</b>
<b>31 December 2016</b>					
<b>Non-derivative financial liabilities</b>					
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
	<b>1,987,982</b>	<b>2,092,784</b>	<b>415,378</b>	<b>1,500,175</b>	<b>177,231</b>
<b>Derivative financial instruments</b>					
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)
	<b>3,600</b>	<b>34,641</b>	<b>6,723</b>	<b>24,750</b>	<b>3,168</b>
	<b>1,991,582</b>	<b>2,127,425</b>	<b>422,101</b>	<b>1,524,925</b>	<b>180,399</b>

# 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 (2016: JPY24.9 billion) and HKD585.0 million (2016: HKD585.0 million). 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 2017 for the Group and the Trust was \$37.5 million (2016: \$3.9 million) net liability and it represented 0.6% (2016: 0.07%) of the net assets of the Group and 0.6% (2016: 0.08%) 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
<b>Group and Trust</b>		
<b>2017</b>		
Interest-bearing liabilities	<b>301,788</b>	<b>101,000</b>
<b>2016</b>		
Interest-bearing liabilities	303,979	107,476

### *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 2016.



# NOTES TO THE FINANCIAL STATEMENTS

## 27 FINANCIAL RISK MANAGEMENT (continued)

### Foreign currency risk (continued)

#### Exposure to foreign currency risk (continued)

	Unitholders' funds \$'000
<b>Group and Trust</b>	
<b>31 December 2017</b>	
Japanese Yen (10% strengthening)	9,559
Hong Kong Dollar (10% strengthening)	<u>1,359</u>
<b>31 December 2016</b>	
Japanese Yen (10% strengthening)	10,321
Hong Kong Dollar (10% strengthening)	<u>2,733</u>

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 \$1,777.6 million (2016: \$1,175.0 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 2017 for the Group was \$15.5 million net liability (2016: \$2.1 million net liability) for the Group and \$0.01 million net liability for the Trust (2016: \$0.3 million net asset). Interest rate swaps represented 0.2% (2016: 0.040%) of the net assets of the Group and 0.001% (2016: 0.005%) for the Trust.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 27 FINANCIAL RISK MANAGEMENT (continued)

### *Interest rate risk (continued)*

#### *Sensitivity analysis (continued)*

	Statement of total return		Unitholders' funds	
	100 bp increase \$'000	100 bp decrease \$'000	100 bp increase \$'000	100 bp decrease \$'000
<b>Group</b>				
<b>31 December 2017</b>				
Variable rate instruments	(18,972)	18,972	–	–
Interest rate swaps	10,900	(10,900)	4,837	(4,837)
Cross currency swaps	1,806	(1,806)	449	(449)
Cashflow sensitivity (net)	<b>(6,266)</b>	<b>6,266</b>	<b>5,286</b>	<b>(5,286)</b>
<b>31 December 2016</b>				
Variable rate instruments	(18,262)	18,262	–	–
Interest rate swaps	11,750	(11,750)	5,098	(5,098)
Cross currency swaps	1,819	(1,819)	465	(465)
Cashflow sensitivity (net)	<b>(4,693)</b>	<b>4,693</b>	<b>5,563</b>	<b>(5,563)</b>
<b>Trust</b>				
<b>31 December 2017</b>				
Variable rate instruments	(10,072)	10,072	–	–
Interest rate swaps	2,000	(2,000)	492	(492)
Cross currency swaps	1,806	(1,806)	449	(449)
Cashflow sensitivity (net)	<b>(6,266)</b>	<b>6,266</b>	<b>941</b>	<b>(941)</b>
<b>31 December 2016</b>				
Variable rate instruments	(9,362)	9,362	–	–
Interest rate swaps	2,850	(2,850)	705	(705)
Cross currency swaps	1,819	(1,819)	465	(465)
Cashflow sensitivity (net)	<b>(4,693)</b>	<b>4,693</b>	<b>1,170</b>	<b>(1,170)</b>

### *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 2017, if the price for the equity security increased by 5% with all other variables being held constant, the increase in Unitholders' Funds would be \$2.4 million (2016: \$2.2 million). A similar 5% decrease in the prices would have an equal but opposite effect.

# NOTES TO THE FINANCIAL STATEMENTS

## 27 FINANCIAL RISK MANAGEMENT (continued)

### 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
<b>Group</b>						
<b>31 December 2017</b>						
Available-for-sale quoted investment	9	–	–	47,533	–	47,533
Trade and other receivables <sup>#</sup>	10	–	33,038	–	–	33,038
Cash and cash equivalents	11	–	122,581	–	–	122,581
		–	155,619	47,533	–	203,152
Trade and other payables	12	–	–	–	(90,293)	(90,293)
Security deposits		–	–	–	(70,406)	(70,406)
Interest-bearing liabilities	13	–	–	–	(2,720,208)	(2,720,208)
Financial derivatives	14	(52,985)	–	–	–	(52,985)
		(52,985)	–	–	(2,880,907)	(2,933,892)
<b>31 December 2016</b>						
Available-for-sale quoted investment	9	–	–	44,834	–	44,834
Trade and other receivables <sup>#</sup>	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)

<sup>#</sup> Excludes prepayments

# 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
<b>Trust</b>						
<b>31 December 2017</b>						
Available-for-sale quoted investment	9	–	–	47,533	–	47,533
Trade and other receivables <sup>#</sup>	10	–	45,149	–	–	45,149
Cash and cash equivalents	11	–	72,346	–	–	72,346
		–	117,495	47,533	–	165,028
Trade and other payables	12	–	–	–	(226,571)	(226,571)
Security deposits		–	–	–	(24,239)	(24,239)
Interest-bearing liabilities	13	–	–	–	(1,832,818)	(1,832,818)
Financial derivatives	14	(37,557)	–	–	–	(37,557)
		(37,557)	–	–	(2,083,628)	(2,121,185)
<b>31 December 2016</b>						
Available-for-sale quoted investment	9	–	–	44,834	–	44,834
Trade and other receivables <sup>#</sup>	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)

<sup>#</sup> Excludes prepayments

# 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 (excluding prepayments), 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.

# NOTES TO THE FINANCIAL STATEMENTS

## 27 FINANCIAL RISK MANAGEMENT (continued)

### Assets and liabilities carried at fair value

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Group</b>				
<b>31 December 2017</b>				
<b>Financial asset measured at fair value</b>				
Available-for-sale quoted investment	47,533	–	–	47,533
<b>Non-financial asset measured at fair value</b>				
Investment properties	–	–	7,408,000	7,408,000
<b>Financial liabilities measured at fair value</b>				
Cross currency swaps	–	37,476	–	37,476
Interest rate swaps	–	15,509	–	15,509
	–	52,985	–	52,985
<b>31 December 2016</b>				
<b>Financial assets measured at fair value</b>				
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
<b>Non-financial asset measured at fair value</b>				
Investment properties	–	–	6,590,500	6,590,500
<b>Financial liabilities measured at fair value</b>				
Cross currency swaps	–	21,262	–	21,262
Interest rate swaps	–	5,593	–	5,593
	–	26,855	–	26,855

# 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
<b>Trust</b>				
<b>31 December 2017</b>				
<b>Financial asset measured at fair value</b>				
Available-for-sale quoted investment	47,533	–	–	47,533
<b>Non-financial asset measured at fair value</b>				
Investment properties	–	–	3,698,000	3,698,000
<b>Financial liabilities measured at fair value</b>				
Cross currency swaps	–	37,476	–	37,476
Interest rate swaps	–	81	–	81
	–	37,557	–	37,557
<b>31 December 2016</b>				
<b>Financial assets measured at fair value</b>				
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
<b>Non-financial asset measured at fair value</b>				
Investment properties	–	–	4,987,500	4,987,500
<b>Financial liability measured at fair value</b>				
Cross currency swaps	–	21,262	–	21,262

# 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 <sup>1</sup>*

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>Group</b>				
<b>31 December 2017</b>				
<b>Financial liabilities not measured at fair value</b>				
Security deposits	–	–	66,838	66,838
Interest-bearing liabilities	–	2,762,682	–	2,762,682
	–	2,762,682	66,838	2,829,520
<b>31 December 2016</b>				
<b>Financial liabilities not measured at fair value</b>				
Security deposits	–	–	58,044	58,044
Interest-bearing liabilities	–	2,491,964	–	2,491,964
Convertible bonds	183,601	–	–	183,601
	183,601	2,491,964	58,044	2,733,609
<b>Trust</b>				
<b>31 December 2017</b>				
<b>Financial liabilities not measured at fair value</b>				
Security deposits	–	–	23,421	23,421
Interest-bearing liabilities	–	1,872,682	–	1,872,682
	–	1,872,682	23,421	1,896,103
<b>31 December 2016</b>				
<b>Financial liabilities not measured at fair value</b>				
Security deposits	–	–	39,809	39,809
Interest-bearing liabilities	–	1,601,964	–	1,601,964
Convertible bonds	183,601	–	–	183,601
	183,601	1,601,964	39,809	1,825,374

<sup>1</sup> 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	7.00% <sup>1,2</sup> (2016: 7.25% – 7.50%)	The estimated fair value increases with a lower discount rate
Capitalisation of income approach	Capitalisation rate	3.60% – 4.10% <sup>1,2</sup> (2016: 3.75% – 4.25%)	The estimated fair value increases with a lower capitalisation rate

- 1 Excludes Bugis Village which has a discount rate and capitalisation rate of 12.00% and 10.00% respectively (2016: Excludes Bugis Village and Golden Shoe Car Park discount rate range of 8.5% to 12.00% and capitalisation rate range of 6.25% to 10.00%).
- 2 Excludes Asia Square Tower 2 which fair value was based on transacted value on 1 November 2017 due to the proximity to the year end.

### 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	
	2017 %	2016 %	2017 %	2016 %
Security deposits	1.83	1.88	1.72	1.59
Interest-bearing borrowings	<b>0.51 – 2.77</b>	0.49 – 2.24	<b>0.51 – 2.77</b>	0.49 – 2.24

# 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	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Acquisition fee and related expenses paid or payable to the Manager	<b>20,940</b>	9,616	<b>20,940</b>	9,616
Divestment fee and related expenses paid or payable to the Manager	<b>4,801</b>	–	<b>4,801</b>	–
Administrative fees and reimbursables paid to subsidiary	–	–	<b>45</b>	41
Asset management fees paid or payable to the Manager	<b>16,421</b>	15,142	<b>13,407</b>	14,064
Interest received or receivable from joint ventures	<b>426</b>	3,279	<b>426</b>	3,279
Interest received or receivable from subsidiary	–	–	<b>17,426</b>	4,633
Interest paid or payable to subsidiary	–	–	<b>11,154</b>	9,626
Leasing commissions paid or payable to related companies of the Manager	<b>2,038</b>	3,385	<b>1,303</b>	2,575
Project management fees paid or payable to related company of the Manager	–	349	–	349
Property management fees and reimbursables paid or payable to related company of the Manager	<b>18,110</b>	16,929	<b>13,625</b>	15,648
Rental income and other related income from related companies of the Manager	<b>17,875</b>	16,095	<b>17,875</b>	16,095
Trust expenses paid or payable to related companies of the Manager	<b>16</b>	15	<b>16</b>	15

# 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 <sup>1</sup>	Capital Tower, Six Battery Road, HSBC Building, One George Street, Twenty Anson and CapitaGreen
Car park and other buildings <sup>1,2</sup>	Asia Square Tower 2, Golden Shoe Car Park, Bugis Village and Wilkie Edge

1 Includes One George Street, Golden Shoe Car Park and Wilkie Edge which were divested on 19 June 2017, 12 July 2017 and 11 September 2017 respectively.

2 Includes Asia Square Tower 2 which was acquired on 1 November 2017.

# NOTES TO THE FINANCIAL STATEMENTS

## 29 OPERATING SEGMENTS (continued)

### Reportable segments (continued)

#### Group

31 December 2017

	Capital Tower \$'000	Six Battery Road \$'000	One George Street \$'000	Capita-Green \$'000	Other office buildings \$'000	Total office buildings \$'000	Car park and other buildings \$'000	All segments \$'000
Gross rental income	66,099	64,615	22,442	85,503	37,563	<b>276,222</b>	38,154	<b>314,376</b>
Car park income	2,043	1,334	532	1,400	209	<b>5,518</b>	3,249	<b>8,767</b>
Others	3,813	2,489	1,223	2,852	2,499	<b>12,876</b>	1,438	<b>14,314</b>
Gross revenue	<b>71,955</b>	<b>68,438</b>	<b>24,197</b>	<b>89,755</b>	<b>40,271</b>	<b>294,616</b>	<b>42,841</b>	<b>337,457</b>
Segment net property income	54,247	53,744	19,169	70,143	34,912	<b>232,215</b>	33,253	<b>265,468</b>
Interest income								<b>3,007</b>
Finance costs								<b>(68,977)</b>
Unallocated expenses								<b>(19,520)</b>
Share of profit of joint ventures (net of tax)								<b>84,883</b>
Other material non-cash item:								
– Net change in fair value of investment properties	35,724	30,752	169,150	16,810	1,340	<b>253,776</b>	(5,378)	<b>248,398</b>
– Net gain on disposal of investment properties								<b>69,256</b>
<b>Consolidated return for the year before tax</b>								<b>582,515</b>
<b>Tax expense</b>								<b>(3,688)</b>
<b>Consolidated return for the year after tax</b>								<b>578,827</b>
<b>Segment assets and liabilities</b>								
Reportable segment assets	1,365,950	1,408,516	–	1,635,399	890,145	<b>5,300,010</b>	2,207,139	<b>7,507,149</b>
Available-for-sale quoted investment								<b>47,533</b>
Investment in joint ventures								<b>1,732,140</b>
Unallocated assets								<b>67,180</b>
<b>Total assets</b>								<b>9,354,002</b>
Reportable segment liabilities	11,788	20,538	–	1,281,100	7,279	<b>1,320,705</b>	1,314,774	<b>2,635,479</b>
Unallocated liabilities								<b>301,600</b>
<b>Total liabilities</b>								<b>2,937,079</b>
<b>Other segmental information</b>								
Depreciation and amortisation	611	232	409	3,970	229	<b>5,451</b>	50	<b>5,501</b>
Capital expenditure	2,280	248	6	120	660	<b>3,314</b>	190	<b>3,504</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 29 OPERATING SEGMENTS (continued)

### Reportable segments (continued)

#### Group

31 December 2016

	Capital Tower \$'000	Six Battery Road \$'000	One George Street \$'000	Capita-Green \$'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	<b>244,040</b>	29,797	<b>273,837</b>
Car park income	2,001	1,313	953	336	191	<b>4,794</b>	6,823	<b>11,617</b>
Others	4,215	2,877	2,279	572	2,101	<b>12,044</b>	1,079	<b>13,123</b>
Gross revenue	<b>69,847</b>	<b>69,543</b>	<b>50,145</b>	<b>28,628</b>	<b>42,715</b>	<b>260,878</b>	<b>37,699</b>	<b>298,577</b>
Segment net property income	51,799	53,131	38,025	23,347	37,506	<b>203,808</b>	27,469	<b>231,277</b>
Interest income								<b>3,911</b>
Finance costs								<b>(50,064)</b>
Unallocated expenses								<b>(36,046)</b>
Share of profit of joint ventures (net of tax)								<b>85,713</b>
Other material non-cash item:								
– Net change in fair value of investment properties	7,896	12,961	3,873	2,903	3,510	<b>31,143</b>	(4,088)	<b>27,055</b>
<b>Consolidated return for the year before tax</b>								<b>261,846</b>
<b>Tax expense</b>								<b>(1,223)</b>
<b>Consolidated return for the year after tax</b>								<b>260,623</b>
<b>Segment assets and liabilities</b>								
Reportable segment assets	1,331,008	1,372,849	1,015,320	1,629,807	725,622	<b>6,074,606</b>	392,339	<b>6,466,945</b>
Available-for-sale quoted investment								<b>44,834</b>
Investment in joint ventures								<b>1,189,794</b>
Unallocated assets								<b>349,558</b>
<b>Total assets</b>								<b>8,051,131</b>
Reportable segment liabilities	11,302	17,983	15,687	1,272,120	10,332	<b>1,327,424</b>	9,797	<b>1,337,221</b>
Unallocated liabilities								<b>1,435,368</b>
<b>Total liabilities</b>								<b>2,772,589</b>
<b>Other segmental information</b>								
Depreciation and amortisation	492	262	380	416	258	<b>1,808</b>	83	<b>1,891</b>
Capital expenditure	104	39	127	–	490	<b>760</b>	888	<b>1,648</b>

# NOTES TO THE FINANCIAL STATEMENTS

## 29 OPERATING SEGMENTS (continued)

### *Geographical segments*

The Group's operations are all in Singapore.

	Revenue \$'000	Non-current assets \$'000
<b>31 December 2017</b>		
Singapore	<u>337,457</u>	<u>9,141,142</u>
<b>31 December 2016</b>		
Singapore	<u>298,577</u>	<u>7,804,422</u>

### **Major customers**

Revenue from two major customers of the Group approximates \$41,218,000 (2016: \$40,779,000) and was attributable to tenants in HSBC Building and Capital Tower (2016: HSBC Building and Capital Tower).

## 30 ACQUISITION OF SUBSIDIARY

The Group acquires subsidiaries that own real estate. At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. Typically, the Group assesses the acquisition as a purchase of business when the strategic management function and the associated processes were purchased along with the underlying property.

In 2017, the Group had the following acquisition of an asset:

### (a) Acquisition of MVKimi Group

On 1 November 2017, the Group acquired 100% equity interest in MVKimi (BVI) Limited, which holds Asia Square Tower 2 Pte. Ltd. ("AST2 Co.") (collectively, referred to as "MVKimi Group"), which in turn, holds the property, Asia Square Tower 2 from an unrelated third party. The acquisition has been accounted for as an acquisition of assets where no integrated activities were acquired.

From the date of acquisition to 31 December 2017, MVKimi Group has contributed revenue of \$15.9 million and net profit of \$8.0 million to the Group's results. If the acquisition had occurred on 1 January 2017, the Manager estimates that the contribution to the Group's revenue and net loss from MVKimi Group would have been \$94.5 million and \$63.6 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 2017.

# NOTES TO THE FINANCIAL STATEMENTS

## 30 ACQUISITION OF SUBSIDIARY (continued)

### (a) Acquisition of MVKimi Group (continued)

The identifiable assets acquired, liabilities assumed and effect of cash flows are presented as follows:

	2017	
	Group \$'000	Trust \$'000
Investment property	2,094,000	
Trade and other receivables	1,447	
Cash and cash equivalents	72,040	
Security deposits	(22,993)	
Trade and other payables	(8,916)	
Amount due to previous shareholder	(198,784)	
Interest-bearing liabilities	(1,120,154)	
Total identifiable net assets acquired	<u>816,640</u>	
<b>Consideration transferred</b>		
Purchase consideration	816,640	816,640
Acquisition fee and other related expenses <sup>1</sup>	23,550	23,550
Loans to AST2 Co. for repayment of amounts due to previous shareholder and banks	1,318,938	1,318,938
Total purchase consideration, including acquisition costs	<u>2,159,128</u>	<u>2,159,128</u>
Less: Cash and cash equivalents in subsidiary acquired	(72,040)	–
Less: Purchase consideration payable	(19,896)	–
Net cash outflow on acquisition	<u>2,067,192</u>	<u>2,159,128</u>

1 Included in acquisition fee and other related expenses were non-audit fees paid and payable to auditors of the Group and the Trust of \$770,000.

In 2016, the Group had the following business combination:

### (b) Acquisition of MSO Trust

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 Limited, 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, the Manager 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 capitalisation method.

### Acquisition-related costs

In 2016, the Group incurred acquisition-related costs of \$10,701,000, which mainly relates to the acquisition fees paid to the manager, legal fees, non-statutory audit and due diligence costs. These costs have been recognised in the Statements of Total Return.



# NOTES TO THE FINANCIAL STATEMENTS

## 31 DISPOSAL OF INVESTMENT PROPERTIES

During the financial year, the Group and Trust had divested the following properties:

- (a) One George Street to OGS LLP at \$1.183.2 million;
- (b) Golden Shoe Car Park to GOT and GSRT at \$161.1 million; and
- (c) Wilkie Edge to an unrelated third party at \$280.0 million.

Accordingly, the Group and Trust recognised an increase in fair value of investment properties of \$189.3 million and net gain on disposal of \$69.3 million. The net proceeds from divestment of investment properties is \$1,230.4 million.

## 32 COMMITMENTS

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Capital expenditure commitments:				
– contracted but not provided for	<b>6,495</b>	4,245	<b>6,192</b>	4,245

The Group and the Trust lease out their investment properties. Non-cancellable operating lease rentals are receivable as follows:

	Group		Trust	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Within 1 year	<b>346,807</b>	328,410	<b>265,429</b>	242,369
After 1 year but within 5 years	<b>576,668</b>	655,456	<b>439,314</b>	443,566
After 5 years	<b>31,900</b>	38,951	<b>29,943</b>	32,889
	<b>955,375</b>	1,022,817	<b>734,686</b>	718,824

# NOTES TO THE FINANCIAL STATEMENTS

## 33 FINANCIAL RATIOS

	Note	Group	
		2017 %	2016 %
Expenses to weighted average net assets	A		
– expenses ratio excluding performance related fees		<b>0.17</b>	0.16
– expenses ratio including performance related fees		<b>0.33</b>	0.34
Portfolio turnover rate	B	<b>18.27</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.

## 34 CONTINGENCIES

AST2 Co., a subsidiary, which the Group acquired in 2017, was named in an arbitration in 2014, which the subsidiary defended. The subsidiary prevailed in the arbitration in June 2016, as well as all appeals therefrom and other related lawsuits, and only limited avenues of appeal remain. The vendor group has also agreed to indemnify the losses which AST2 Co. may incur arising from such arbitration and related proceedings (if any).

No adjustment has been reflected in the Statement of Financial Position as the outcomes to date indicate that the likelihood of a settlement causing a material adverse effect being awarded against the subsidiary is considered not probable.

# ADDITIONAL INFORMATION

## INTERESTED PERSON (AS DEFINED IN THE LISTING MANUAL) AND INTERESTED PARTY (AS DEFINED IN THE PROPERTY FUNDS APPENDIX) TRANSACTIONS

The transactions entered with interested persons into 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
<b>CapitaLand Limited and its subsidiaries or associates</b>		
– Leasing and marketing fees	1,514	–
– Property management fees and reimbursables	19,344	–
– Project management service	12,360	–
– Asset management fees	31,274	–
– Joint Venture commitment	327,600	–
– Interest related fees and income	60,300	–
	<b>452,391</b>	–
<b>Temasek Holdings (Pte) Ltd and its associates</b>		
– Leases	2,785	–
	<b>2,785</b>	–
<b>HSBC Institutional Trust Services (Singapore) Limited</b>		
– Trustee's fee	1,134	–
	<b>1,134</b>	–

Save as disclosed above, there were no other related party transactions (excluding transaction 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 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 payment 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 2017 was S\$142.1 million (FY 2016: S\$136.2 million). This translate to 2.2% of CCT's net asset value as at 31 December 2017 (31 December 2016: 2.6%). Taxation incurred was S\$3.7 million (FY2016: S\$1.2 million).

# ADDITIONAL INFORMATION

## SUBSCRIPTION OF CCT UNITS

For the financial year ended 31 December 2017, an aggregate of 644,654,288 Units were issued and subscribed for. As at 31 December 2017, 3,608,145,589 Units were in issue and outstanding.

## ASSET MANAGEMENT FEE PAID IN UNITS

A summary of Units issued for payment of the asset management fee (part payment) during or in respect of the financial year are as follows:

For Period	Issue Date	Units issued	*Issue Price S\$	Total Value S\$'000
<b>Base Asset Management Fee:</b>				
1 January 2017 to 31 March 2017	2 May 2017	966,489	1.5375	1,486
1 April 2017 to 30 June 2017	15 August 2017	931,235	1.6465	1,533
1 July 2017 to 30 September 2017	31 October 2017	773,676	1.6793	1,299
1 October 2017 to 31 December 2017	28 February 2018	647,807	1.9149	1,240
				5,558
<b>Performance Asset Management Fee:</b>				
1 January 2017 to 31 December 2017	28 February 2018	2,930,057	1.9149	5,611
				5,611
				<b>11,169</b>

\* 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 2017

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, 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; 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;
3. We confirm that we are authorized under any law of the state or country where the valuation takes place to practice as a valuer and issue a valuation report;
4. We confirm that we have the necessary expertise and experience in valuing properties of the type in question and in the relevant area;
5. 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
6. 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  
Knight Frank Pte Ltd

Low Kin Hon  
Deputy Group Managing Director  
Head, Valuations

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



# ADDITIONAL INFORMATION



Jones Lang LaSalle

31 December 2017

HSBC Institutional Trust Services (Singapore) Limited  
As Trustee of CapitalLand Commercial Trust  
21 Collyer Quay #10-02 HSBC Building  
Singapore 049320

CapitalLand Commercial Trust Management Limited  
As Manager of CapitalLand 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 CapitalLand 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, CapitalLand 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; 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;
3. We confirm that we are authorized under any law of the state or country where the valuation takes place to practice as a valuer and issue a valuation report;
4. We confirm that we have the necessary expertise and experience in valuing properties of the type in question and in the relevant area;
5. 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
6. 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

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)

# ADDITIONAL INFORMATION



Cushman & Wakefield VHS Pte. Ltd.  
3 Church Street  
#09-03 Samsung Hub  
Singapore 049483  
Tel +65 6535 3232  
Fax +65 6535 1028  
cushmanwakefield.com  
Company Registration No. 200709839D

31 December 2017

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, Cushman & Wakefield VHS 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; 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;
3. We confirm that we are authorized under any law of the state or country where the valuation takes place to practice as a valuer and issue a valuation report;
4. We confirm that we have the necessary expertise and experience in valuing properties of the type in question and in the relevant area;
5. 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
6. 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  
Cushman & Wakefield VHS Pte Ltd

A handwritten signature in black ink, appearing to read "Chew May Yen".

Chew May Yen  
Executive Director

# ADDITIONAL INFORMATION



31 December 2017

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, 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 confirm that we are authorized under any law of the state or country where the valuation takes place to practice as a valuer and issue a valuation report;
4. We confirm that we have the necessary expertise and experience in valuing properties of the type in question and in the relevant area;
5. 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
6. All of our directors are persons of good repute and have the necessary experience for the performance of their duties.

Yours faithfully  
For and on behalf of  
Knight Frank Pte Ltd

Low Kin Hon  
Deputy Group Managing Director  
Head, Valuations

Knight Frank Pte Ltd 10 Collyer Quay #08-01 Ocean Financial Centre Singapore 049315  
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# 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 2017

CL Office Trustee Pte. Ltd.  
As Trustee-manager of Glory Office Trust  
168 Robinson Road #30-01  
Capital Tower  
Singapore 068912

Glory SR Trustee Pte. Ltd.  
As Trustee-manager of Glory SR Trust  
168 Robinson Road #30-01  
Capital Tower  
Singapore 068912

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 – Glory Office Trust and Glory SR Trust

We, Jones Lang LaSalle Property Consultants Pte Ltd, being the Valuer of Glory Office Trust and Glory SR 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 Glory Office Trust, CL Office Trustee Pte. Ltd as Trustee-Manager of Glory Office Trust, Glory SR Trust, Glory SR Trustee Pte. Ltd as Trustee-Manager of Glory SR Trust, CapitaLand Commercial Trust Management Limited as Manager of CapitaLand Commercial Trust ("CCT"), each of the significant holders of Glory Office Trust and Glory SR Trust, adviser or other party whom Glory Office Trust and Glory SR Trust is contracting with; 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;
3. We confirm that we are authorized under any law of the state or country where the valuation takes place to practice as a valuer and issue a valuation report;
4. We confirm that we have the necessary expertise and experience in valuing properties of the type in question and in the relevant area;
5. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of Glory Office Trust, CL Office Trustee Pte. Ltd as Trustee-Manager of Glory Office Trust, Glory SR Trust, Glory SR Trustee Pte. Ltd as Trustee-Manager of Glory SR Trust and CapitaLand Commercial Trust Management Limited as Manager of CCT the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event; and
6. All of our directors are persons of good repute and have the necessary experience for the performance of their duties.

Yours faithfully  
For and on behalf of Jones Lang LaSalle Property Consultants Pte Ltd

Tan Keng Chiam  
Regional Director

RESTRICTED

# STATISTICS OF UNITHOLDINGS

As at 26 February 2018

## ISSUED AND FULLY PAID UNITS

3,608,145,589 Units (Voting Rights: 1 Vote per Unit)

Market capitalisation of S\$6,314,254,781 based on market closing Unit price of S\$1.750 on 26 February 2018

## DISTRIBUTION OF UNITHOLDINGS

Size of Unitholdings	No. of Unitholders	%	No. of Units	%
1 – 99	341	1.2	8,006	0.0
100 – 1,000	6,015	22.0	3,405,099	0.1
1,001 – 10,000	15,119	55.3	65,767,685	1.8
10,001 – 1,000,000	5,811	21.3	233,262,955	6.5
1,000,001 and above	35	0.1	3,305,701,844	91.6
<b>Total</b>	<b>27,321</b>	<b>100.0</b>	<b>3,608,145,589</b>	<b>100.0</b>

## LOCATION OF UNITHOLDERS

	No. of Unitholders	%	No. of Units	%
Singapore	26,228	95.9	3,597,780,111	99.7
Malaysia	607	2.2	5,785,394	0.2
Others	486	1.8	4,580,084	0.1
<b>Total</b>	<b>27,321</b>	<b>100.0</b>	<b>3,608,145,589</b>	<b>100.0</b>

## TWENTY LARGEST UNITHOLDERS

No.	Name	No. of Units	%
1	SBR Private Limited	746,646,934	20.7
2	Citibank Nominees Singapore Pte Ltd	706,703,579	19.6
3	DBS Nominees (Private) Limited	550,693,915	15.3
4	HSBC (Singapore) Nominees Pte Ltd	323,720,656	9.0
5	DBSN Services Pte. Ltd.	231,883,367	6.4
6	E-Pavilion Pte Ltd	215,869,742	6.0
7	CapitaLand Commercial Trust Management Limited	157,019,196	4.4
8	Raffles Nominees (Pte) Limited	124,384,545	3.5
9	United Overseas Bank Nominees (Private) Limited	108,748,909	3.0
10	BPSS Nominees Singapore (Private) Limited	30,591,400	0.9
11	DB Nominees (Singapore) Pte Ltd	20,419,309	0.6
12	Maybank Kim Eng Securities Pte. Ltd.	12,202,555	0.3
13	OCBC Securities Private Limited	9,569,747	0.3
14	OCBC Nominees Singapore Private Limited	7,093,259	0.2
15	Pei Hwa Foundation Limited	7,055,700	0.2
16	Toh Capital Pte Ltd	6,100,300	0.2
17	Gralf Max Hans Sieghold	6,000,000	0.2
18	UOB Kay Hian Private Limited	4,885,936	0.1
19	Merrill Lynch (Singapore) Pte Ltd	3,880,495	0.1
20	DBS Vickers Securities (Singapore) Pte Ltd	3,843,109	0.1
	<b>Total</b>	<b>3,277,312,653</b>	<b>90.9</b>

# STATISTICS OF UNITHOLDINGS

As at 26 February 2018

## DIRECTORS' INTERESTS IN UNITS AND CONVERTIBLE SECURITIES AS AT 21 JANUARY 2018

Based on the Register of Directors' Unitholdings, the interests of the Directors in Units and convertible securities issued by CCT are as follows:

Name of Director	No. of Units		Contingent Awards of Units <sup>1</sup> under the Manager's	
	Direct Interest	Deemed Interest	Performance Unit Plan	Restricted Unit Plan
Soo Kok Leng	51,840	–	–	–
Lim Ming Yan	227,370	–	–	–
Kevin Chee Tien Jin	46,640	–	0 to 113,764 <sup>2</sup>	0 to 83,316 <sup>2,3</sup>
Lam Yi Young	–	–	–	–
Tan Soon Neo Jessica	–	–	–	–
Quek Bin Hwee (Mrs)	–	–	–	–
Ng Wai King	–	–	–	–
Lim Cho Pin Andrew Geoffrey	–	–	–	–
Lee Chee Koon	–	–	–	–

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.

# STATISTICS OF UNITHOLDINGS

As at 26 February 2018

## SUBSTANTIAL UNITHOLDERS' UNITHOLDINGS AS AT 26 FEBRUARY 2018

Based on the information available to the Manager, as at 26 February 2018, the unitholdings of Substantial Unitholders of CCT are as follows:

Name of Substantial Unitholder	Direct Interest		Deemed Interest	
	No. of Units	%	No. of Units	%
Temasek Holdings (Private) Limited (THPL)	–	–	1,153,290,865 <sup>1</sup>	31.96
CapitaLand Limited (CL)	–	–	1,119,535,872 <sup>2</sup>	31.03
CapitaLand Singapore Limited (CLS)	–	–	1,119,535,872 <sup>3</sup>	31.03
SBR Private Limited (SBR)	746,646,934	20.69	–	–
CapitaLand (Office) Investments Pte Ltd (COI)	–	–	746,646,934 <sup>4</sup>	20.69
E-Pavilion Pte. Ltd. (E-Pavilion)	215,869,742	5.98	–	–
CapitaLand Investments Pte Ltd (CIPL)	–	–	215,869,742 <sup>5</sup>	5.98
BlackRock, Inc.	–	–	195,155,807 <sup>6</sup>	5.41
The PNC Financial Services Group, Inc. (PNC)	–	–	195,155,807 <sup>7</sup>	5.41

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 157,019,196 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, Inc. 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, Inc..

## PUBLIC FLOAT

Based on the information available to the Manager, as at 26 February 2018, approximately 62% 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.

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# 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

#### HSBC Institutional Trust Services (Singapore) Limited

21 Collyer Quay  
#03-01 HSBC Building  
Singapore 049320  
Tel: +65 6658 6667  
Fax: +65 6534 5526

### AUDITOR

#### KPMG LLP

Public Accountants and Chartered  
Accountants  
16 Raffles Quay  
#22-00 Hong Leong Building  
Singapore 048581  
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  
Tel: +65 6536 5355  
Fax: +65 6536 1360

For updates or change of mailing address,  
please contact:

#### The Central Depository (Pte) Limited

9 North Buona Vista Drive  
#01-19/20 The Metropolis  
Singapore 138588  
Tel: +65 6535 7511  
Fax: +65 6535 0775  
Email: asksgx@sgx.com  
Website: <https://www1.cdp.sg.com>

## THE MANAGER

### REGISTERED ADDRESS

#### CapitaLand Commercial Trust Management Limited

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

#### Kevin Chee Tien Jin

Chief Executive Officer & Executive  
Non-Independent Director

#### Lam Yi Young

Non-Executive Independent Director

#### Tan Soon Neo Jessica

Non-Executive Independent Director

#### Quek Bin Hwee (Mrs)

Non-Executive Independent Director

#### Ng Wai King

Non-Executive Independent Director

#### Lim Cho Pin Andrew Geoffrey

Non-Executive Non-Independent  
Director

#### Lee Chee Koon

Non-Executive Non-Independent  
Director

## AUDIT COMMITTEE

#### Quek Bin Hwee (Mrs)

Chairman

#### Lam Yi Young

#### Tan Soon Neo Jessica

#### Lim Cho Pin Andrew Geoffrey

## CORPORATE DISCLOSURE COMMITTEE

#### Soo Kok Leng

Chairman

#### Lim Ming Yan

#### Lee Chee Koon

## EXECUTIVE COMMITTEE

#### Lim Ming Yan

Chairman

#### Kevin Chee Tien Jin

#### Lim Cho Pin Andrew Geoffrey

#### Lee Chee Koon

## COMPANY SECRETARIES

#### Lee Ju Lin, Audrey

#### Tee Leng Li

## 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

This Annual Report to Unitholders may contain forward-looking statements. Forward-looking statement is subject to inherent uncertainties and is based on numerous assumptions. Actual performance, outcomes and results may differ materially from those expressed in forward-looking statements. Representative examples of factors which may cause the actual performance, outcomes and results to differ materially from those in the forward-looking statements include (without limitation) changes in general industry and economic conditions, interest rate trends, cost of capital and capital availability, availability of real estate investment opportunities, competition from other companies, shifts in customers' demands, changes in operating conditions, including employee wages, benefits and training, governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the current views of management on future events.

All rights are reserved.



**CapitaLand Commercial Trust Management Limited**

Registration Number: 200309059W

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